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THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED

HIGHLIGHTS

AT END OF PERIOD	DECEMBER 31, 1997 (MILLIONS OF BAHT)	DECEMBER 31, 1996 (MILLIONS OF BAHT)	CHANGE (PERCENT)
ASSETS	717,160.7	541,231.5	32.5
DEPOSITS	558,979.6	394,876.0	41.6
LOANS (net of doubtful accounts)	550,007.0	441,891.2	24.5
SHAREHOLDERS' EQUITY	41,715.2	40,692.9	2.5
NUMBER OF SHARES (SHARE)	545,626,568	380,803,214	43.3
NUMBER OF OFFICES (BRANCH)			
- NATIONWIDE	463	441	22
- OVERSEAS	7	7	-
NUMBER OF EMPLOYEES (PERSON)	12,679	12,904	(225)
FOR THE YEAR			
PROFIT BEFORE INCOME TAX	5,232.0	12,202.7	(57.1)
NET PROFIT	3,194.3	9,014.6	(64.6)
EARNINGS PER SHARE (BAHT)	8.37	23.68	(64.7)
DIVIDENDS PER SHARE (BAHT)			
(1997 dividend as proposed in shareholders' meeting)	3.50	9.00	(61.1)
ROA (%)	0.51	1.81	(71.8)
ROE (%)	7.75	23.73	(67.3)

The Board of Directors' Report

Dear Shareholders:

1997 was the year in which Thailand's economy ground to a halt, with economic growth rate in the first half decreasing from the 1996 level, continuing to decrease even further in the second half, and registering only 0.8% for the entire year. The contraction of consumption expenditure in both private and government sectors, together with foreign investors' perception of higher risk, led to a significant slowdown in investments. The change into "managed float" regime of foreign exchange, announced on July 2, brought about the worst depreciation in the baht's value. As a direct consequence, the second-half export value increased while imports greatly decreased, resulting in Thailand's first current-account surplus in ten years. For the entire 1997, however, Thailand still suffered a current-account deficit of 2.2% of GDP.

The financial sector received the full impact of this economic slowdown. Other business sectors were equally adversely affected in the form of liquidity crunch, caused to a certain extent by a general lack of confidence in the viability of Thai financial institutions, especially finance companies. In addition, the government's implementation of restrictive financial policy pushed interest rates higher for both deposits and loans. Even though conditions were not really conducive to saving amid a general tightening of liquidity and higher-than-average inflation, deposits in commercial banks, especially larger ones, increased thanks to an emigration of funds from the 58 finance companies that were ordered closed. In contrast, loans by commercial banks increased only moderately, since the current economic conditions were not amenable to expansion of investments and financial institutions became more conservative in credit screening and approval. In the previous ten years, bank operations and performance progressed at an admirable rate. But in 1997, the severe economic slowdown caused every bank to adjust for its own survival. The disclosure of a significant number of low-quality loans in the banking sector and the resultant decrease of confidence in the domestic financial institutions compelled the government to apply a variety of measures to help enhance public confidence in, and financial strength of, those banks, principally by urging for an increase in both loan loss provisioning and equity capital.

Whatever conditions have prevailed in the economy, the Bank has always been managed with extreme care and caution, with ample preparation and readiness to face any situation that may occur. As a result, the Bank has always achieved superior performance. Even amid such an unaccommodating situation for business operations as 1997, it still won trust and confidence from its customers, as evident from the Bank's total deposits of Baht 558,980 million, a 41.6% year-on-year growth and the highest in the banking sector. The Bank also recorded Baht 550,007 million in total loans net of doubtful accounts, a growth of 24.5%, and total assets of Baht 717,161 million, a 32.5% increase. In addition, the Bank's shareholders approved a resolution to increase its registered share capital from Baht 4,000 million to Baht 10,000 million. The new share issue was fully subscribed by the current shareholders, resulting in an inflow of Baht 8,220 million in new capital at year-end. The Sanwa Bank Ltd. of Japan, ranked third in the world and long-time business associate and shareholder, not only exercised fully its subscription rights but also added to the Bank's financial strength in a private placement. The Crown Property Bureau, however, remained the Bank's largest shareholder by increasing its ownership from 26.2% to 28.4%.

The economic slowdown affected business performance in every sector. As a consequence, no commercial bank could avoid the deterioration of quality in its loan portfolio, the obligatory increase in provisioning for loss and doubtful accounts, and the

resultant reduction in profitability. For 1997, the Bank announced a net profit of Baht 3,194 million and a per-share earnings of Baht 8.37, a decrease of 64.6% compared with the previous year, principally as a result of additional provisioning for loss and doubtful accounts of Baht 11,597 million. Amid difficulties in banking operations, however, the Bank's personnel worked hard to increase revenues and to control operating expenses. Hence, the Bank's income before income tax and before bad-debt allowance amounted to Baht 16,829 million, 26.3% higher than the prior year.

To be fully prepared for any kind of business or economic conditions, the Bank has continually throughout the years endeavored to improve its organizational structure, with quality as its main guideline. In 1997, the Bank reached yet another milestone of success when it was awarded an ISO 9002 certification on general credit for 13 concurrent branches from Rheinisch-Westfälischer TÜV e.V. (RWTÜV) from Germany after spending just eight months in preparation for the inspection. At the same time, technological developments in finance and banking have also been applied to modernize as well as improve the Bank's technological infrastructure, such as the establishment of a Secondary Network to cater to the increase in communication traffic, an upgrade of the mainframe computer, or the development of data warehouses in order to utilize existing data for the benefit of the Bank's services and management. Since 1996, its domestic network of over 400 branches, six overseas branches, one agency, and one representative office have been electronically linked via the Intranet. The web technology was also used to develop work process, data system, and various services. For customers, the Bank introduced such service as Web L/G, Electronic Savings Account, and a new service that allows the use of National Identity card as an ATM card.

As an evident of quality, readiness, and success of its operations in 1997, in addition to the ISO 9002 certification, the Bank also was awarded Bank of the Year 1997 by *Money and Banking Magazine* for the unprecedented seventh time, and was selected for the second consecutive year as one of the top ten leading Thai corporations for 1997 by *the Far Eastern Economic Review*.

For social benefits, the Bank organized a variety of Community Action Programs such as the National Children's Day, the Blood Bank Drive, the Golden Jubilee Doctoral project, Arts to the Divine Exhibit, the Young Artists Drawing Contest during the Contemporary Arts Festival, the Reforestation in His Majesty's Honor, the Vegetable Bank, and SCB Fitness Park. The objectives for these activities have been to develop friendship with communities nearby, to forge a closer relationship with the customers in appreciation for their patronage, and to improve the well-being of the surrounding communities – an equivalent of plowing profits back to the society. These activities earned the Bank "The Organization Most Beneficial to Youth Award – Mass Media Category" for 1997 from the National Community for Youth Development and Coordination.

With the deepest gratitude for His Majesty's benevolence towards all his subjects, the Bank joined the Supreme Command in organizing the 21st "December 5th Birthday Celebration" with the Bank's Chief Executive Officer as its private-sector Chairman. The Bank is most proud to be a part of this exhibition of love for, and devotion to, our great sovereign.

One of the most significant components that ensure success in a banking business is personnel. To boost their morale and to enhance their potential, the Bank made improvement in several aspects of its personnel's welfare such as an increase in accidental insurance benefits, relaxation on borrowing conditions and an increase in the maximum credit limits for various types of staff loans. In addition, the Bank made a one-time special contribution –

equal to one-month salary – to each of the staff’s provident fund in order to enhance the benefits to be received at retirement.

Although the foreseeable future appears to be fraught with hardship and dangers, and although the current economic crisis is certain to take a while longer to subside, the Bank would like to express sincere appreciation for the support and confidence from its shareholders. The Bank will adhere to its 1998 mission: “Work Analysis, Marketing Focus, Customer Relationship, Learning Organization, and Quality System (ISO 9002)” and stand ready to overcome every obstacle with utmost caution, to take every step in the conduct of its business with steadiness, and to minimize the adverse impact from business and economic turbulences, with full confidence that the Bank shall continue to provide its customers with true quality services.

Board of Directors

1. DR. CHIRAYU ISARANGKUN NA AYUTHAYA

- POSITION : Chairman *
- EDUCATION : - B. Sc. (Economics) Hons., London School of Economics, University of London, U.K.
- Ph. D. (Economics), Australian National University, Australia
- PRESENT POSITIONS : - Director-General, The Crown Property Bureau
- Grand Chamberlain, The Royal Household Bureau
- Chairman, Dheves Insurance Public Company Limited

2. MR. PRACHITR YOSSUNDARA

- POSITION : Director
- EDUCATION : B. Comm., Birmingham University, U.K.
- PAST POSITIONS : - 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, Princess Maha Chakri Sirindhorn Foundation

3. M.L. THAWISAN LADAWAN

- POSITION : Director
- EDUCATION : - LL.B., Thammasat University, Thailand
- Diplome d' Etudes Superieures de Droit International Public, Universite de Paris, France
- LL.D. honoris causa, Ramkumheang University, Thailand
- PAST POSITIONS : - First Secretary, Royal Thai Embassy, Brussels, Belgium
- Deputy Director-General, Department of Protocol, Ministry of Foreign Affairs
- His Majesty's Principal Private Secretary
- PRESENT POSITION : - Privy Councillor

4. MR. ANAND PANYARACHUN

- POSITION : Director
- EDUCATION : B.A. (Honours), Trinity College, University of Cambridge, U.K.
- 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, Thailand Development Research Institute Foundation (TDRI)
- Chairman, Saha-Union Public Company Limited
- Chairman, The Post Publishing Public Company Limited

5. MR. VIROJ PHUTRAKUL

- POSITION : Director
- EDUCATION : B.A. (Economics), Sheffield University, U.K.
- 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

6. MR. SANSERN KRAICHITTI

- POSITION : Director
- EDUCATION :
- LL.B., Thammasat University, Thailand
- Barrister-at-Law, Lincoln's Inn, U.K.
- 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

7. M.L. USNI PRAMOJ

- POSITION : Director
- EDUCATION :
- B.A. (Jurisprudence), Oxford University, U.K.
- Barrister-at-Law, Gray's Inn, London, U.K.
- PRESENT POSITIONS :
- Privy Councillor
- Manager, His Majesty's Private Property
- Chairman, affiliate companies of The Crown Property Bureau

8. MR. PIYA BHIROM BHAKDI

- POSITION : Director
- EDUCATION :
- Master Brewer (Domens Lehr-und Versuchsanstalt Puer Brauer), Germany
- Doctorate Degree honoris causa in Engineering from Chiangmai University, Thailand
- Doctorate Degree honoris causa in Agricultural Development from Kasetsart University, Thailand
- PRESENT POSITIONS :
- President and Chairman of the Executive Board, Boonrawd Brewery Company Limited
- Chairman, B.B. Group Company Limited
- Chairman, Samithipol Company Limited

9. M.R. DISNADDA DISKUL

- POSITION : Director
- EDUCATION : B. Sc. (Economics), Indiana University (Bloomington), U.S.A.

- PAST POSITIONS : - Private Secretary of Her Royal Highness The Princess Mother
 - Civil Servant, Research Division, National Economic Development Board
- PRESENT POSITIONS : - Secretary-General, Mae Fah Luang Foundations under Royal Patronage
 - Chairman, Committee for Implementation of The Doi Tung Development Project
 - Managing Director, Doi Tung Development Project Coordinating Center
 - Advisory Board Member, The Crown Property Bureau
 - 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

10. MR. CHUMPOL NA LAMLIENG

- POSITION : Director
- EDUCATION :
- PAST POSITION :
- PRESENT POSITIONS :

11. DR. OLARN CHAIPRAVAT

- POSITION : President and Chief Executive Officer
- EDUCATION : - B.S. (magna cum laude), Economics, Wharton School, University of Pennsylvania, U.S.A.
 - Ph. D. (Economics), Massachusetts Institute of Technology, U.S.A.
- PAST POSITION : - Director, Financial Institution Supervision & Examination Department, Bank of Thailand
- PRESENT POSITIONS : - Senator
 - Chairman, The Thai Bankers' Association
 - Chairman, ASEAN Bankers Association
 - Vice Chairman, Suksapattana Foundation
 - Director, National Economics and Social Development Board
 - Director, The Board of Investment
 - Chairman, Siam Panich Leasing Public Company Limited

12. MR. PRAKIT PRADIPASEN

- POSITION : Director and Senior Executive Vice President
- EDUCATION : - B.S.B.A., Silliman University, Dumaguete, The 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, MIT, 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 Directors 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

* : Effective from February 1, 1998.

Executive Committee

1. MR. PRACHITR YOSSUNDARA

- POSITION : Chairman of Executive Committee
- EDUCATION : B. Comm., Birmingham University, U.K.
- PRESENT POSITIONS :
- Chairman, The Samaggi Insurance Public Company Limited
 - Chairman, Carpets International Thailand Company Limited
 - Chairman, Samitivej Public Company Limited
 - Chairman, Princess Maha Chakri Sirindhorn Foundation

2. M.R. DISNADDA DISKUL

- POSITION : Director
- EDUCATION : B. Sc. (Economics), Indiana University (Bloomington), U.S.A.
- PRESENT POSITIONS :
- Secretary-General, Mae Fah Luang Foundations under Royal Patronage
 - Chairman, Committee for Implementation of The Doi Tung Development Project
 - Managing Director, Doi Tung Development Project Coordinating Center
 - Advisory Board Member, The Crown Property Bureau
 - Board Member, Volunteer Doctors Foundation of Her Royal Highness The Princess Mother
 - Board Member, Protheses Foundation under The Patronage of Her Royal Highness The Princess Mother

3. MR. CHUMPOL NA LUMLEANG

- POSITION : Director
- EDUCATION :
- PAST POSITION :
- PRESENT POSITIONS :

4. DR. OLARN CHAIPRAVAT

- POSITION : President and Chief Executive Officer
- EDUCATION :
- B.S. (magna cum laude), Economics, Wharton School, University of Pennsylvania, U.S.A.
 - Ph. D. (Economics), Massachusetts Institute of Technology, U.S.A.
- PRESENT POSITIONS :
- Senator
 - Chairman, The Thai Bankers' Association
 - Chairman, ASEAN Bankers Association
 - Vice Chairman, Suksapattana Foundation
 - Director, National Economics and Social Development Board
 - Director, The Board of Investment
 - Chairman, Siam Panich Leasing Public Company Limited

5. MR. PRAKIT PRADIPASEN

POSITION : Director and Senior Executive Vice President

EDUCATION : - B.S.B.A., Silliman University, Dumaguete, The 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, MIT, U.S.A.

PRESENT POSITIONS : - Chairperson of The Executive Board of Directors 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

Management Committee

1. MR. OLARN CHAIPRAVAT

- POSITION : President and Chief Executive Officer
- EDUCATION : - B.S. (magna cum laude) Economics, Wharton School, University of Pennsylvania, U.S.A.
- Ph. D. (Economics), Massachusetts Institute of Technology, U.S.A.

2. MR. PRAKIT PRADIPASEN

- POSITION : Director and Senior Executive Vice President
- EDUCATION : - B.S.B.A., Silliman University, Dumaguete, The 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, MIT, U.S.A.

3. MRS. JADA WATTANASIRITHAM

- POSITION : Senior Executive Vice President
- EDUCATION : - B.A. (Economics), Cambridge University, U.K.
- M.A. (Economics), Cambridge University, U.K.
- M.A. (Economics), Williams College, U.S.A.

4. MR. KRIANG KIATFUENGFOO

- POSITION : First Executive Vice President - Corporate Group 2
- EDUCATION : - B. Sc. (Economics), University of Wisconsin, U.S.A.
- M.B.A., Michigan State University, U.S.A.

5. MR. VICHIT AMONVIRATSKUL

- POSITION : First Executive Vice President - Technology Group
- EDUCATION : - B.S. (Hons.) Statistics, Chulalongkorn University
- M.S. (Computer Science), The University of Iowa, U.S.A.

6. MR. WIRUTT RUTTANAPORN

- POSITION : First Executive Vice President - Business Development Group
- EDUCATION : - B.B.A., Thammasat University
- M.B.A., Michigan State University, U.S.A.

7. MR. SATAPORN JINACHITRA

- POSITION : First Executive Vice President - International Banking Group
- EDUCATION : - B. Sc. (Economics), University College, London, U.K.
- M. Sc. (Economics), London School of Economics, University of London, U.K.

8. MR. CHATCHAVAL BHANALAPH

POSITION : First Executive Vice President - Money and Capital Markets Group
EDUCATION : - B.B.A. (Commerce), Chulalongkorn University
- M.S. (Business), Fort Hays Kansas State College, U.S.A.

9. MR. CHARLIE WANNAWASU

POSITION : Executive Vice President - Corporate Group 1
EDUCATION : B.S. (Economics), Meisei University, Japan

10. MR. NA BHENGBHASANG KRISHNAMRA

POSITION : Executive Vice President - Consumer Banking Group
EDUCATION : - B.S., University of Pennsylvania, U.S.A.
- M.S., University of Pennsylvania, U.S.A.

11. MR. PERMPOON KRAIRIKSH

POSITION : Executive Vice President - Corporate Group 3
EDUCATION : B.A., Boston University, U.S.A.

12. MR. VACHARA PALAKAWONG NA AYUDHAYA

POSITION : Executive Vice President - Banking Development Group
EDUCATION : - LL.B., Thammasat University
- B.S. (Political Science), Utah State University, U.S.A.

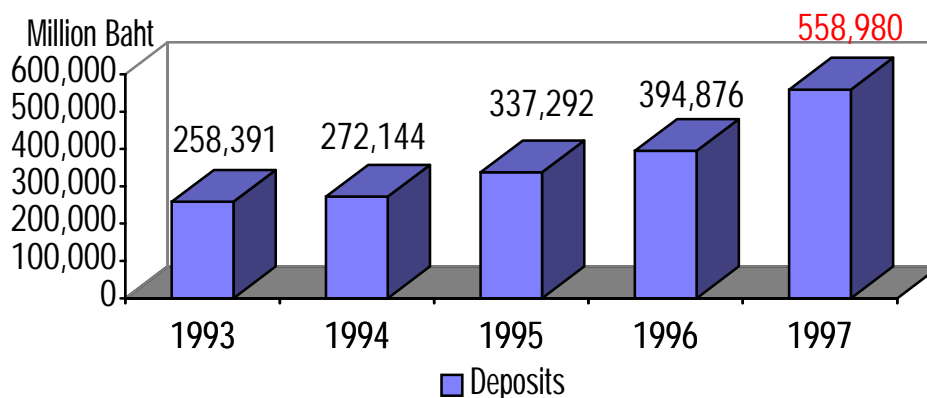
13. MR. VISSUT SETHAPUT

POSITION : Executive Vice President - Human Resource and Control Group
EDUCATION : - B. Eng. (Mining), McGill University, Canada
- M. Eng. (Mineral Economics), McGill University, Canada

Report on Performance

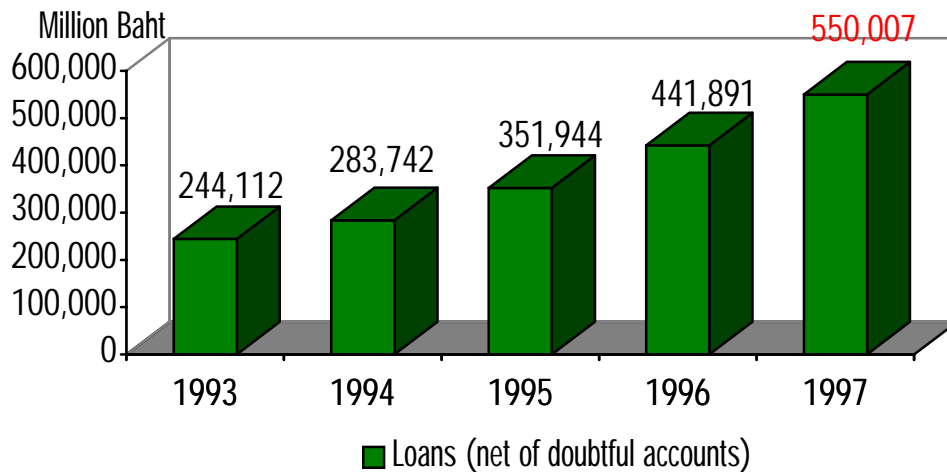
The current economic downturn caused many enterprises that specialized in only a specific aspect of business to suffer more intensely than those diversified businesses which were managed conservatively and with quality. A large number of firms faced liquidity problems, leading to operating losses and eventual closedown. The finance and banking sector was also seriously affected. A number of finance companies were ordered closed, whereas the entire Thai commercial banking sector managed to survive. But almost every bank had to face the inferior-quality-loan problem, leading to a rapid buildup in the level of non-performing loans. As a consequence, every bank was obliged to increase its rate of provisioning for loan losses in order to build up financial strength while announcing a much lower level of net profits. The majority of Thai commercial banks had to raise new equity capital in order to comply with the Bank of Thailand's new regulations, and some had a change in management as a result of recapitalization and hence a change in shareholder structure. Foreign financial institutions increased both their role and market share. It is time for the banking industry to make a pivotal adjustment: family-run commercial banks are disappearing from the scene. In sum, it was the year for keeping oneself intact for survival.

Amid these economic and financial turbulences never before encountered in the past ten years, operating a commercial bank in 1997 became extraordinarily difficult. The Bank, however, has been anticipating and preparing for such eventualities, and succeeded in maintaining a satisfactory result in its operations. Even with the increased burden in higher level of loan-loss provisioning, the Bank was still able to declare a superior performance relative to other Thai financial institutions.



Deposits

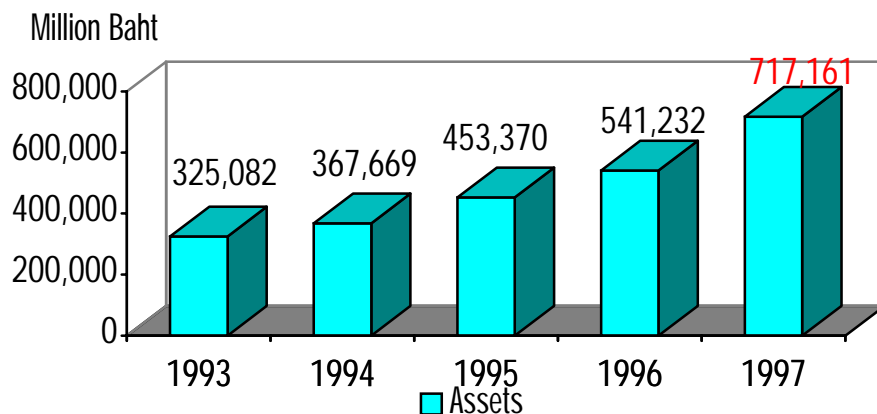
Despite a downtrend in deposits for the commercial banking sector, brought about by a severe slowdown in economic activities and a lower level of investor confidence, the Bank's total deposits as of December 31, 1997 amounted to Baht 558,980 million, an increase over 1996 of Baht 164,104 million, or 41.6%, compared with only 9.9% industry average. Other commercial banks, especially medium- and small-sized ones, saw their deposits greatly diminished, whereas large commercial banks as a group announced a deposit rise. As a result, the Bank increased its market share in deposit from 10.3% to 14.3%. In 1997, deposits constituted a major source of funds for the Bank and the deposit surplus was invested in the interbank market to help ease the liquidity problems in other banks.



Loans

In 1997, the Bank reported Baht 568,160 million in total loans. At the beginning of the year, the Bank had adequate loan-loss provisions, in full compliance with the existing regulations. After the Bank of Thailand, in order to strengthen the Thai financial institutions, decreed a higher level of provisioning requirement, the Bank increased its loan-loss reserves by Baht 11,597 million so that as of December 31, 1997 a total of Baht 18,153 million was provisioned, with some adverse impact on the Bank's financial position and operating results. In sum, the Bank had total loans net of doubtful accounts in the amount of Baht 550,007 million, higher than the prior-year level by Baht 108,116 million, or 24.5%, of which 67.9% was the direct result of changes in the exchange rates.

The healthy growth in loans was an evidence that the Bank continued to provide liquidity to priority economic sectors even as the economy went into the recession mode and there was a greater likelihood of low-quality loans. The Bank realized that, for business enterprises to survive, the economy still needed an infusion of considerable liquidity. As a precaution, various measures were taken to manage credit risk that was expected to elevate. Most importantly, since the majority of the Bank's loan customers are of superior quality—a result of stricter credit policy, higher level of quality consciousness, and plain conservatism—the proportion of problem loans was still within an acceptable level. In addition, since the Bank was able to attract more than its proportionate share of deposits, surplus liquidity resulted, and its loan-to-deposit ratio of 101.6% was still low compared with 136.5% for the banking sector average.



Assets

Total assets increased by Baht 175,929 million, or 32.5%, over the prior year. Included in this sum were Baht 7,480 million in cash, Baht 48,432 million due from banks and money markets, Baht 33,600 million in repurchase agreements, and Baht 37,999 million in net investments in securities. In addition, net loans and accrued interest receivables amounted to Baht 559,976 million, while Baht 19,182 million in net premises and equipment was recorded. As of December 31, 1997 the Bank had Baht 717,161 million in total assets.

Recapitalization

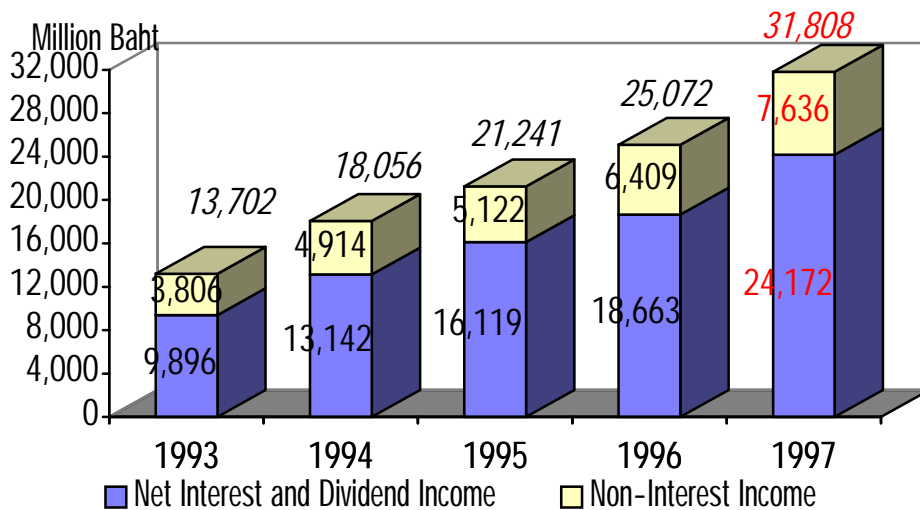
In order to better cope with business and economic challenges, and to comply with the Bank of Thailand's new measures to improve commercial banks' financial strength by requiring each domestic bank to add more capital and thus build up long-term financial strength and stability, the Bank increased, by a resolution of the extraordinary shareholders' meeting in November, 1997, the authorized share capital from Baht 4,000 million to Baht 10,000 million. The first issue of 618.91 million shares of common stock, each at Baht 10 par value, was fully subscribed, bringing in Baht 8,220 million in fresh capital.

Of these newly issued shares, 127.03 million were for sale to current shareholders on a preemptive right basis in the proportion of three old shares to one new share. The existing shareholders' support was overwhelming, resulting in a sellout. One hundred million shares were sold to the existing shareholders who wished to exercise their preemptive right, 2.8 million to the Bank's staff's provident fund, and 2.2 million to the Bank's staff's cooperative. The remaining 22.03 million shares were allocated to the Crown Property Bureau, which increased its holding to 28.4%, from 26.2% previously.

The extraordinary shareholders' meeting also voted to offer for sale in a private placement up to 50 million shares to qualified foreign investors. Of these, 37.5 million shares were sold to the Sanwa Bank Limited of Japan, an existing shareholder and close business ally for quite some time. As of March, 1997 the Sanwa Bank Limited had US\$446,866 million in total assets, ranked third in the world, and a Moody's rating of Aa3 for deposits. Currently, the Sanwa Bank holds 7.4% of the Bank's shares, becoming the fourth largest shareholder, from ninth previously. More recently, the Bank sold 5.67 million shares on January 23, 1998 to the Long-Term Credit Bank of Japan Limited, one of the world's top ten banks and with a Moody's rating of Baa1 and Prime-2 for long-term and short-term deposits.

Another 139.53 million shares were reserved for the exercise of warrants, while 22 million shares for the conversion of subordinated convertible bonds, issued in 1993. The remaining 280.34 million shares were left at the Board of Directors' discretion to find an appropriate means of allocation subject to shareholders' approval in a future meeting.

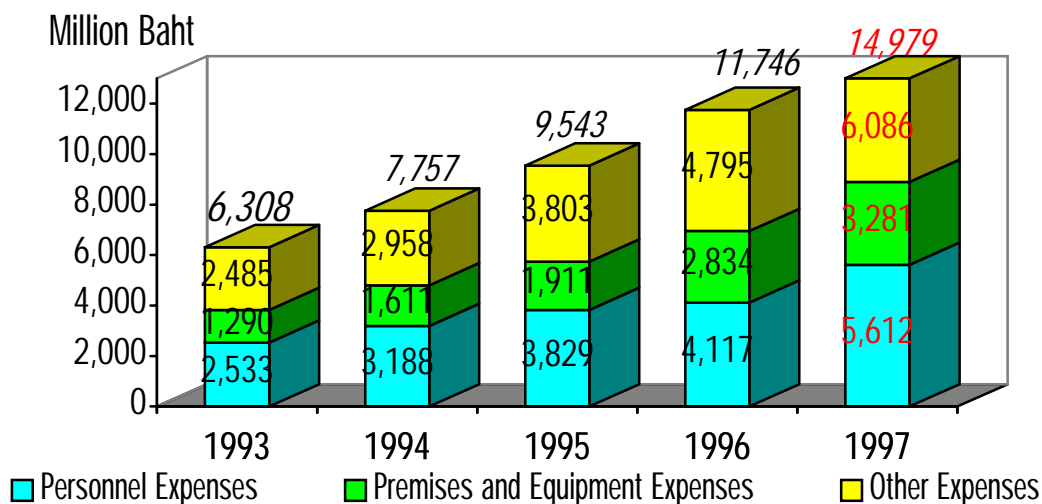
After the recapitalization, the Bank had Baht 41,715 million in shareholders' equity, of which Baht 5,456 million is issued and paid-up share capital. As of December 31, 1997, the Bank's tier-1 and tier-2 capital adds up to Baht 56,922 million, or 9.6% of risk assets, far higher than the Bank of Thailand's requirement.



Total Revenues

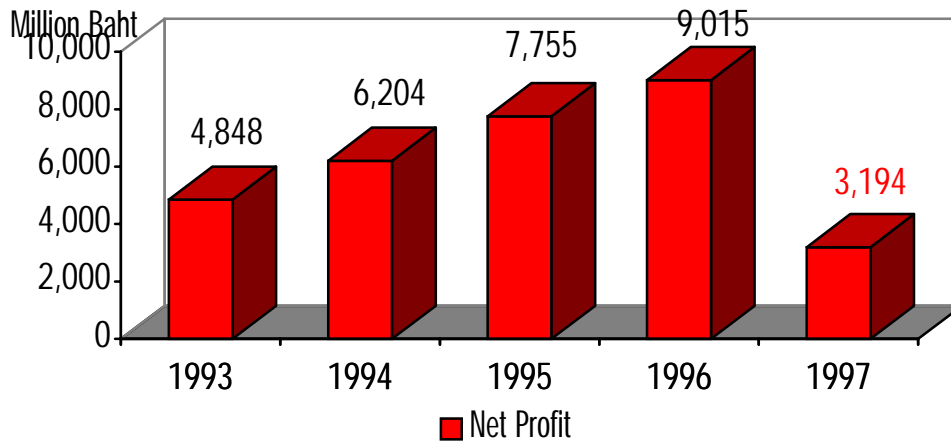
The increasing trend in both deposit and loan interest rates, in accordance with the government's strict monetary policy to slow down capital outflow and to stabilize the baht's value, especially in the second half of the year, led to a higher level in interest income and expenses. For 1997, the Bank earned Baht 68,401 million in interest income and dividends, an increase of Baht 15,042 million, or 28.2%, over the prior year. The interest expenses amounted to Baht 44,229 million, an increase of Baht 9,534 million, or 27.5%, over the previous year, partly as a result of the 41.6% increase in the Bank's deposits. The Bank reported Baht 24,172 million in net interest and dividend income in 1997, an increase of Baht 5,509 million, or 29.5%, over the prior year.

Thanks to a healthy expansion in financial services, the Bank's non-interest income increased by Baht 1,227 million, or 19.2%, over the previous year. Its non-interest income of Baht 7,636 million consisted of Baht 2,028 million gain on exchange and Baht 5,608 million in fees and services and other income. For 1997, the Bank had a total revenues of Baht 31,808 million, and a net-interest to non-interest income ratio of 76 : 24.



Operating Expenses

Although the Bank registered a higher level of total revenues than the prior year, a strict control on operating expenses was still maintained, always with economy and efficiency as the principal concern. The Bank reported Baht 14,979 million in operating expenses, an increase of Baht 3,233 million, or 27.5%, over the prior year. Major components of this item were Baht 5,612 million (37.5%) in personnel, Baht 3,281 million (21.9%) in premises and equipment, and Baht 6,086 million (40.6%) in other expenses.



Net Profit

In 1997, provisions for loss and doubtful accounts, at Baht 11,597 million, was one of the major expenses incurred, compared with only Baht 1,124 million in 1996. The objective was to build up the Bank's long-term financial strength in preparation for the potential default and market risk that were expected to increase during the anticipated economic downturn, and also to build the customers' confidence. The supplemental provisioning caused the Bank's net profit to decrease to Baht 3,194 million, a 64.6% reduction from the prior year. But the income before income tax and before bad-debt allowance for 1997 was Baht 16,829 million, a 26.3% increase over the same item for the prior year. This indicates that the reduction in the Bank's net profit was due not to a less profitable operation, but to a strengthening of the Bank's financial position.

Significant Progress and Developments

Organizational Development and Process Management

The principal guidelines for the Bank's management remain focused on the transformation of work process into a closed-loop system to efficiently satisfy the customer's need (Customer-based Business Process Management: CBPM) and working as a team so that the Bank evolves into a learning organization. In 1997, modifications were made on some of the Bank's functions to enhance their flexibility to conduct business in a proactive manner. One example is the organizational restructuring of the Training Department, whose name was also changed into "Learning Support" to reflect a shift of emphasis from training of personnel to analyzing their need for learning and facilitating their acquisition of knowledge as appropriate for their functions and advancement potential. This department was subsequently merged with Personnel to form the Human Resource Department, with responsibilities for all aspects of personnel development.

The Central Security Office was established to set specifications, monitor, and conduct tests concerning all aspects of the Bank's physical security. The Branch Operations Support Office, on the other hand, was set up to prepare personnel, work system, and equipment for their eventual deployment in a branch.

The importance of quality in work and services cannot be overemphasized. To develop a further competitive advantage, and to assure the customers that their maximum satisfaction and benefits are the Bank's ultimate objectives, the International Standard (ISO 9002) has been applied to a number of the Bank's products on such diverse aspects as service, documentation, installation, and production. In December, 1997 the Bank became the first Thai commercial bank to be awarded the ISO 9002 certification for general credit service for 13 metropolitan branches by Rheinisch-Westfalisher TÜV e.V. (RWTÜV) of Germany.

Technological Developments

On its ninth decade of existence and as a leader in finance and banking technology, the Bank still places strong emphasis on technological developments, in order to adapt to the modern world's fluctuating economic conditions and business competition. The following details some of the modification and modernization of the Bank's Conceptual IT Structure in 1997.

First came the improvement on technological infrastructure and the addition of a new network. Originally, the Bank maintained a branch communication network principally to facilitate customer service. As more extensive use of information technology was made in the management and back office administration, the system became overburdened. Secondary Network is a new high-speed communication network set up expressly for back-office operations in order to expand the boundary of the Bank's operations and services for more efficient and timely support. In conjunction, the Bank's mainframe processor was upgraded to Complementary Metal-Oxide Semiconductor (CMOS) which boasts a smaller circuit, better energy saving, lower cost, but higher efficiency.

The bank's data warehouses, on development since 1994, came to completion in 1997. They contain data for all operational systems concerning marketing, performance, and strategic information.

The Credit Management Information System (CMIS) is used as a reference in loan management to assess, monitor, and control the overall credit picture of each customer, with market and other data necessary for high-quality branch decision-making, in accordance with the Bank's policy of quality growth.

Since 1996, the web technology has been applied in conjunction with the development of data systems for both internal and external use. The Intranet is normally used for internal linkage of data, whereas the Extranet offers services and data between the Bank and its customers. Furthermore, for correct, complete, and timely information, the Bank of Thailand Reporting System assembles such data as classified loans from diverse operating units and branches, for summary and report to the Bank of Thailand after confirmation from the original operating units. Finally, the Standard Printing Form System was implemented in order for operating units to retrieve templates for blank forms through a server for their specific use. This saves on printing costs and the warehousing cost of the inventory of blank print forms.

Branch Development

In 1997, the Bank opened 22 new branches, consisting of four within the Bangkok metropolitan area, one in the metropolitan region, and the remaining 17 in the provinces. Additionally, to support import and export businesses, the Bank also opened an international trade service center at Bangkhlo. As of December 31, 1997 SCB branch network consisted of 463 domestic branches, 16 international trade service centers, 39 exchange booths, seven overseas branches and agency, one representative office, and three joint-venture banks.

A new branch opening takes into consideration the business potential of that location and the customer's convenience. The expansion of the Bank's branch network was done in full consideration of efficiency in providing service. Each individual branch must have comparable service quality in accordance with ISO 9002. 1998 will witness the implementation of "Penta-relations," which consists of (1) Customer-based Business Process Management (CBPM) to improve a branch working system, premises, equipment, and technology, (2) the infusion of personnel with knowledge on management and the Bank's various types of services, to bring about a higher standard of service and to attain the goal of becoming a learning organization, (3) the development of personnel skills in interpersonal dealings with customers and colleagues, (4) planning for more efficient proactive marketing, and (5) quality system according to ISO 9002, to be applied to each of the Bank's products, with emphasis on clarity and uniformity of service throughout the organization in order to meet or exceed the customer's expectations, and thus to create customer satisfaction and confidence in the Bank's services.

Development of New Services

After tremendous successes from a series of contractual long-term savings accounts such as Educational Deposits, Happy Wedding Deposits, and Wealth Builder Deposits, the Bank unveiled its "Happy Life Deposit Account" as part of the promotion for long-term savings in Thailand and also as a rejoinder to the government policy which designated 1997 as the Year of Savings. Happy Life Deposit boasts such innovative features as a choice to receive the proceeds either in a lump sum or as an annuity, and a free life-insurance policy, among many others.

The Bank has been well known for its leadership in the development of new products and services to which were applied recent technological advances, such as the web technology or innovative electronic equipment. Among the modern technological innovations developed by the Bank in 1997 to provide services to customers are:

The Electronic Savings Account has all the features of an ordinary savings account, but with an ATM-like plastic card instead of the usual passbook. It is a melding of various existing technologies such as the ATM fast-cash service, tele-banking, electronic payment system, and all other complementary services. The depositor can use the account both at the

counter and from any ATM. The service is currently being offered at branches in Bangkok and the metropolitan region, with a choice of silver or gold cards. On Chulalongkorn University's 80th anniversary, the Chula Electronic Card, a gold card, was issued to the Bank's customers who are also Chula's alumni, faculty, or personnel.

SCB's National Identity card ATM service is a novel development in finance and banking whereby the government's data system can be linked with private ones. After the Interior Ministry applied the card technology to its new national identification card, the Bank succeeded in modifying its ATM system so that it is now able to read the information recorded on the magnetic band on the card. This enables the new ID card holders to use the Bank's ATMs without any modification. All the card owner needs to do is to apply for a personal code and then use this new national ID card at any ATM, adding convenience without having to carry additional cards.

Automatic Exchange Machines (AEMs) were also installed at such major tourist attractions as the Grand Palace and several resorts to accommodate the foreign tourists' need for currency exchange and to expand the Bank's branch network.

Since 1996, the Bank has, with the application of the web technology, been developing new systems to provide service to customers in different sectors of business to provide convenience and timely service plus maximum benefits. Strategic Corporate Banking Solution System (SCBS) offers the customer an array of services to choose from such as SCB Trade, SCB Cash Management, or SCB Custodian. The Web L/G service facilitates the issuance of a letter of guarantee via the Extranet to importers of raw materials and other goods who are currently required by the Excise Department to post such a letter of guarantee. The time for issuing letter of guarantee can now be shortened by two to three days compared with the manual system which required the customers to come to apply in person, hand in a completed form to the Bank, and appear in person for the L/G pickup. Currently, the customers who use this service are able to apply for a letter of guarantee via the extranet and come to pick up the L/G within the same day.

SCB Call Center (544-5000) has been in operation since 1996 in its capacity as a center of communication between the Bank and its customers, information provider service via Automatic Call Distribution (ACD) and Automatic Voice Response (AVR). In 1997, additional services such as ATM card cancellation via SCB Call Center or any other business units were implemented. Furthermore, the SCB Call Center can arrange tele-marketing projects to offer new services to the customers.

Personnel Development

The Quadrilateral Relations project, in operation since 1996, emphasizes skills and personal development to enhance efficiency of the Bank's branch network. In addition, the Bank continued to maintain the same intense level of development of its personnel as in previous years since personnel are deemed valuable resources that will ultimately bring success in business competition in the current world. But, according to the learning organization concept, as well as the Bank's policy in expeditious personnel development without wasting too much time in acquiring experience or learning, only a small part of theoretical knowledge is utilized in day-to-day work while actual work experience is far more valuable for problem solving. Hence, a variety of technological advances could be applied for use in the personnel development, with a special emphasis on intensive self-learning, to the point that they possess "Broad Vision, Deep Knowledge, and Systematic Thinking," which would prove to be much more effective than classroom learning.

Business Simulation Game was thus developed for use in the training of the Bank's personnel in various products and services. Business Simulation Game is an abstraction of

information or situations in various aspects of banking business which bring together past experience of the Bank's personnel to be analyzed to find out which factors have major effect on business dealings. Personnel from different business units were brought together to learn a new process and managed to master a new skill in a matter of only few days of simulation. Computer-based self learning was another means for the Bank's personnel to acquire knowledge at their own pace, in the location of their choice, and in their own spare time, without having to wait for their turn in attending the course at the Bank's headquarters. Various subjects such as Basic Laws Concerning Credits, Credit Monitoring and Evaluation, Credit Operations, Negotiating Skills, Management, and even basic computer program usage are currently available.

The above-mentioned development of personnel was only a start. The Bank is well cognizant of its personnel as a vital ingredient in the Bank's success formula, and has consistently sought ways to enhance their morale and their potential and effectiveness. In 1997, the Bank improved various aspects of welfare for its personnel by increasing the accidental insurance amounts, arranging for a quicker and easier payment of proceeds, making several improvements on staff loan program, modifying interest rate structure rules on residential mortgage loan, increasing the limits on loans for home remodeling and expansion, and relaxing rules for the calculation of staff repayment ability.

In 1997, after the staff's provident fund was established, the Bank made a contribution to each employee's provident fund an amount equal to one month's salary in order to lay a solid foundation upon which the employee can build his future nest egg.

Organization

President and Chief Executive Officer ***Dr. Olarn Chaipravat***

Director And Senior Executive Vice President **Prakit Pradipasen**

Credit Policy Office
Corporate Service Department

Chaleo Wannasawat
Narong Chandanachulaka

Corporate Group 3

Corporate Department 5
Corporate Department 6
Corporate Department 7

Permpoon Krairiksh

Chantima Chaturaphat
Meechai Angsurat
Thongchai Na Nakorn

Business Development Group

Business Development Department 1
Business Development Department 2
Business Development Department 3
Litigation Department
Real Estate Management Division

Wirutt Ruttanaporn

Adul Chandanachulaka
Chalit Satidthong
Nibondh Namdhavaj
Thanawat Natipodhi

Human Resource and Control Group

Human Resource Department
Internal Audit Department
Information Systems Audit Department

Vissut Sethaput

Cherdsiri Sukserm
Prapai Charuchinda
Thongchai Pingkarawat

Banking Development Group

Banking Development Department 1
Banking Development Department 2
Banking Development Department 3
Banking Development Department 4
Clearing Department
Design and Construction Office
Central Security Office
Branch Operations Support Office
Chidlom Office
Rutchayothin Office
4 Special Branches

Vachara Palakawong Na Ayudhaya

Payap Hansapandhu
Anek Chalermnan
Wirasak Chiraset
Saroch Indragajita
Varin Chalanuchpong
Prinya Buranasiri
Sunthorn Chalermpong
Suraphong Summart
Preecha Praechinavong
Yothin Pibulkasetkij

Senior Executive Vice President

Jada Wattanasiritham

Corporate Group 1

Corporate Department 1
Corporate Department 2
Data Security Management Office

Charlie Wannawasu

Silpajai Kharuhatana
Chainarong Sombatsiri
Thongchai Luengluesak

Corporate Group 2

Corporate Department 3
Corporate Department 4
International Banking Facilities and Financial Institutions Department

Kriang Kiatfuengfoo

Somrudee Amatayakul

Chiravuthi Bunyasiri

International Banking Group

International Banking Department
International Trade Department 1
International Trade Department 2
Corporate Planning and Information Department

Sataporn Jinachitra

Panit Visutyothapibal
Namthip Potisat
Songsak Wairatpanij
Dr. Pochara Theerathorn

Money and Capital Markets Group

Treasury Department
Capital Market Department
Foreign Exchange and Remittance Department

Chatchaval Bhanalaph

Somchai Sanyalaksiri
Yokporn Tantisawetrat
Sutharntip Phisitbuntoon

Consumer Banking Group

Credit Operation Department
Consumer Finance Department 1
Consumer Finance Department 2
Business Promotion Department

Na Bhengbhasang Krishnamra

Chokedi Natkukananont
Somana Siksamat
Meechai Kongsangchai
Anchalipan Amornvivat

Technology Group

Systems Engineering Department
Technology And Process Engineering Department
Business Relations Department
Applied Technology Office

Vichit Amonviratskul

Mana Varapukde
Sinchai Chaisiripoomkere
Pisit Jirapinyo
Dr. Amarit Laorakpong

as at March 1, 1998

Executive Officers

1. MRS. CHANTIMA CHATURAPHAT

POSITION : Senior Vice President, Corporate Department 5
EDUCATION : - B. Acc., Chulalongkorn University
- M.B.A. (General), Central State University, U.S.A.

2. MR. MEECHAI ANGSURAT

POSITION : Senior Vice President, Corporate Department 6
EDUCATION : - B.S. (Agriculture), Kasetsart University
- LL.B., Thammasat University
- M.A.I. (Ag. Econ.), Utah State University, Utah, U.S.A.

3. MR. THONGCHAI NA NAKORN

POSITION : Senior Vice President, Corporate Department 7
EDUCATION : Higher National Diploma in Business Studies, Manchester Polytechnic, U.K.

4. MR. ADUL CHANDANACHULAKA

POSITION : Senior Vice President, Business Development Department 1
EDUCATION : B.B.A., Chulalongkorn University

5. MR. CHALIT SATIDTHONG

POSITION : Senior Vice President, Business Development Department 2
EDUCATION : - LL.B., Thammasat University
- Thai Barrister at Law

6. MR. NIBONDH NAMDHAVAJ

POSITION : Senior Vice President, Business Development Department 3
EDUCATION : - B.S., Kasetsart University
- M.B.A., Kasetsart University

7. MR. THANAWAT NATIPODHI

POSITION : Senior Vice President, Litigation Department
EDUCATION : - LL.B. (Hons.), Chulalongkorn University
- Thai Barrister at Law
- LL.M., Chulalongkorn University
- M.B.A., Chulalongkorn University

8. MISS CHERDSIRI SUKSERM

POSITION : Senior Vice President, Human Resource Department
EDUCATION : - B.B.A. (Accounting), Thammasat University
- Diploma (Programming Technology), Control Data Institute, Australia

9. MRS. PRAPAI CHARUCHINDA

POSITION : Senior Vice President, Internal Audit Department
EDUCATION : - B.B.A. (Accounting), Thammasat University
- B.B.A., Thammasat University

10. MR. THONGCHAI PINGKARAWAT

POSITION : Senior Vice President, Information Systems Audit Department
EDUCATION : - B.S. (Public Health), Mahidol University
- M.B.A., Roosevelt University, U.S.A.
- M.S. (Computer Science), Depaul University, U.S.A.

11. MR. PAYAP HANSAPANDHU

POSITION : Senior Vice President, Banking Development Department 1
EDUCATION : B.S., Chulalongkorn University

12. MR. ANEK CHALERMSAN

POSITION : Senior Vice President, Banking Development Department 2
EDUCATION : B.B.A., Thammasat University

13. MR. WIRASAK CHIRASET

POSITION : Senior Vice President, Banking Development Department 3
EDUCATION : - B.B.A., Chulalongkorn University
- M.B.A. (Business Administration), Kasetsart University

14. MR. SAROCH INDRAGAJITA

POSITION : Senior Vice President, Banking Development Department 4
EDUCATION : - B.S. (Statistics), Chulalongkorn University
- M.A. (Educational Administration), Chulalongkorn University

15. MR. VARIN CHALANUCHPONG

POSITION : Senior Vice President, Clearing Department
EDUCATION : B. Acc., Chulalongkorn University

16. MR. PREECHA PRAECHINAVONG

POSITION : Senior Vice President, Chidlom Office
EDUCATION : - B. Comm., Chulalongkorn University
- M.B.A., Kasetsart University

17. MR. YOTHIN PIBULKASETJIJ

POSITION : Senior Vice President, Rutchayothin Office
EDUCATION : B.B.A., Chulalongkorn University

18. MR. SILPAJAI KHARUHARATANA

POSITION : Senior Vice President, Corporate Department 1
EDUCATION : - B.B.A. (Business Administration), Bangkok University
- B.A. (Management), Curry College, Milton, Mass., U.S.A.
- M.P.A. (Management and Budgeting), Suffolk University, Boston, Mass., U.S.A.

19. MR. CHAINARONG SOMBATSIRI

POSITION : Senior Vice President, Corporate Department 2
EDUCATION : - B.S. (Statistics), Chulalongkorn University
- M.A. (Economics), University of Detroit, U.S.A.

20. MISS SOMRUDEE AMATAYAKUL

POSITION : Senior Vice President, Corporate Department 3
EDUCATION : - B.S. (Business Administration), Kasetsart University
- M.B.A., Marshall University, U.S.A.

21.

POSITION : Senior Vice President, Corporate Department 4
EDUCATION :

22. MR. CHIRAVUTHI BUNYASIRI

POSITION : Senior Vice President, International Banking Facilities and Financial Institutions Department
EDUCATION : - B.A. (Commerce), Chulalongkorn University
- M.B.A., University of Dallas, U.S.A.

23. MISS PANIT VISUTYOTHAPIBAL

POSITION : Senior Vice President, International Banking Department
EDUCATION : - B.A. (Political Science), Chulalongkorn University
- M.P.A. (Public Administration), Syracuse University, U.S.A.

24. MRS. NAMTHIP POTISAT

POSITION : Senior Vice President, International Trade Department 1
EDUCATION : - B.A. (Accounting), Chulalongkorn University
- M.B.A., New York University, U.S.A.

25. MR. SONGSAK WAIRATPANUJ

POSITION : Senior Vice President, International Trade Department 2
EDUCATION : - B. Acc., Chulalongkorn University
- M.B.A., College of Notre Dame, U.S.A.

26. DR. POCHARA THEERATHORN

POSITION : Senior Vice President, Corporate Planning and Information Department
EDUCATION : - B. Sc. (Maths), Imperial College, University of London, U.K.
- M.B.A. (Management), Thammasat University
- Ph. D. (Finance), Northwestern University, Evanston, IL, U.S.A.

27. MR. SOMCHAI SANYALAKSIRI

POSITION : Senior Vice President, Treasury Department
EDUCATION : - B.S. (Economics), Kasetsart University
- M.A. (Economics), The University of Kansas, U.S.A.

28. MR. YOKPORN TANTISAWETRAT

POSITION : Senior Vice President, Capital Market Department
EDUCATION : - B.A. (Economics), Chulalongkorn University
- M.A. (Economics), Thammasat University

29. MRS. SUTHARNTIP PHISITBUNTOON

POSITION : Senior Vice President, Foreign Exchange and Remittance Department
EDUCATION : - B.A. (Economics), Chulalongkorn University
- M.A. (Economics), Thammasat University

30. MR. CHOKEDI NATKUKANANONT

POSITION : Senior Vice President, Credit Operation Department
EDUCATION : LL.B., Thammasat University

31. MRS. SOMANA SIKSAMAT

POSITION : Senior Vice President, Consumer Finance Department 1
EDUCATION : - B.A. (Political Science), Thammasat University
- M.A., Tarleton State University, U.S.A.

32. MR. MEECHAI KONGSANGCHAI

POSITION : Senior Vice President, Consumer Finance Department 2
EDUCATION : - B. Acc. (Accounting), Chulalongkorn University
- Executive M.B.A., Chulalongkorn University

33. MRS. ANCHALIPAN AMORNVIVAT

POSITION : Senior Vice President, Business Promotion Department
EDUCATION : - B.A. (Political Science), Chulalongkorn University
- M.P.A. (Public Administration), NIDA
- M.M., Sasin

34. MR. MANA VARAPUKDE

POSITION : Senior Vice President, Systems Engineering Department
EDUCATION : - B.S. (Applied Statistics), Chulalongkorn University
- M.B.A. (Business Administration), Thammasat University

35. MR. SINCHAI CHAISIRIPOOMKERE

POSITION : Senior Vice President, Technology and Process Engineering Department
EDUCATION : B.A. (Statistics), Thammasat University

36. MR. PISIT JIRAPINYO

POSITION : Senior Vice President, Business Relations Department
EDUCATION : - B. Eng., University of Electro-Communications, Tokyo, Japan
- M. Eng., University of Electro-Communications, Tokyo, Japan

37. MR. NARONG CHANDANACHULAKA

POSITION : Senior Vice President, Corporate Service Department
EDUCATION : M.S.3, Amnuay Silpa School

MR. UBHASRI KRISHNAMRA

POSITION : Senior Vice President, Banking Development Department 4

MR. NIMIT SAVETKAIROP

POSITION : Senior Vice President, Business Development Office 9

MR. SOMPHOB CHAIPRAPAR

POSITION : Senior Vice President, Banglumpu Branch

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

1. MR. BANNAWIT BUNYARAT

POSITION : Chairman of The Executive Board, Siam Media and Communication Co., Ltd.

2. MR. AMORN ASVANUNT

POSITION : Chairman of The Board of Executive Directors and Group Chief Executive Officer, Siam Sindhorn Co., Ltd.

3. MRS. MALEERATNA PLUMCHITCHOM

POSITION : President, SCB Business Services Co., Ltd.

4. MR. CHARAMPORN JOTIKASTHIRA

POSITION : President, and Chief Executive, SCB Securities Co., Ltd.

5. MR. SOMCHAI MITPAIBUL

POSITION : President, SCB Assets Co., Ltd.

6. MR. SARUNTHORN CHUTIMA

POSITION : President, Siam Infotainment Co., Ltd.

The Bank's Executives on assignment at the Bank of Thailand's request

1. MR. SOMPOCH INTRANUKUL

POSITION : President, Siam City Bank PCL

2. MR. PHAITHOON KJSAMREJ

POSITION : First Senior Executive Vice President, Siam City Bank PCL

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, 1997, and the related statements of profit and loss, changes in shareholders' equity, retained earnings and cash flows for the half year and the year then ended 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, 1997, and the results of operations, the changes in shareholders' equity, and the cash flows for the half year and the year then ended of The Siam Commercial Bank Public Company Limited, in conformity with generally accepted accounting principles as described in Notes 2 and 3 to the financial statements applied on a basis consistent with that of the preceding year.

Without qualifying our opinion, we draw attention to Note 1.1 to the financial statements. The country's unstable economy has to a certain extent affected, and may continue to affect, the operations and the maintenance of the status of assets and liabilities of the commercial banking system.

As disclosed in Note 2.2 to the financial statements, the financial statements for the year ended December 31, 1996 are not presented for comparison due to changes in presentation of the financial statements in accordance with the Ministerial Regulation No. 7 B.E. 2539 (1996) resulting in the classification of certain items of assets, liabilities, revenues, expenses and notes to the financial statements for the year ended December 31, 1996 being inconsistent with those for the year ended December 31, 1997.

BANGKOK
February 20, 1998

Toemsakdi Krishnamra
Certified Public Accountant
DELOITTE TOUCHE TOHMATSU JAIYOS

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 1997

ASSETS	
CASH	7,479,958,387
INTERBANK AND MONEY MARKET ITEMS (Note 4.2)	
Domestic items	
Interest bearing	27,847,186,912
Non-interest bearing	5,739,233,235
Foreign items	
Interest bearing	7,983,911,984
Non-interest bearing	<u>6,861,826,112</u>
Total interbank and money market items	<u>48,432,158,243</u>
SECURITIES PURCHASED UNDER RESALE AGREEMENTS (Note 4.3)	33,600,000,000
INVESTMENT IN SECURITIES (Notes 3.3, 4.4 and 4.15)	
Securities for trading	1,928,390,075
Securities for investment	<u>43,280,428,287</u>
Total investment in securities	45,208,818,362
<u>Less</u> Allowance for diminution in value of securities	<u>(7,209,322,299)</u>
Net investment in securities	<u>37,999,496,063</u>
LOANS AND ACCRUED INTEREST RECEIVABLES	
Loans (Notes 3.4 and 4.5)	568,160,533,105
Accrued interest receivables	<u>9,968,593,548</u>
Total loans and accrued interest receivables	578,129,126,653
<u>Less</u> Allowance for doubtful accounts (Notes 3.5 and 4.6)	<u>(18,153,466,107)</u>
Net loans and accrued interest receivables	<u>559,975,660,546</u>
PROPERTIES FORECLOSED (Note 3.6)	2,619,837,796
CUSTOMERS' LIABILITY UNDER ACCEPTANCES	2,763,744,421
PREMISES AND EQUIPMENT, NET (Notes 3.7 and 4.7)	19,181,731,667
NET INTER-ACCOUNT BALANCE	1,561,554,384
OTHER ASSETS PENDING TRANSFER	1,498,998,806
OTHER ASSETS	<u>2,047,605,799</u>
TOTAL ASSETS	BAHT <u><u>717,160,746,112</u></u>

Notes to the financial statements form an integral part of these statements

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 1997

LIABILITIES AND SHAREHOLDERS' EQUITY

DEPOSITS (Note 4.8)	
Deposits in Baht	496,663,781,249
Deposits in foreign currencies	<u>62,315,861,246</u>
Total deposits	<u>558,979,642,495</u>
INTERBANK AND MONEY MARKET ITEMS (Note 4.9)	
Domestic items	
Interest bearing	15,554,442,299
Non-interest bearing	725,185,287
Foreign items	
Interest bearing	52,973,882,261
Non-interest bearing	<u>2,128,681,965</u>
Total interbank and money market items	<u>71,382,191,812</u>
LIABILITY PAYABLE ON DEMAND	1,555,986,395
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Note 4.10)	980,000,000
BORROWINGS (Note 4.11)	
Short-term borrowings	2,645,439,824
Long-term borrowings	<u>12,710,623,961</u>
Total borrowings	<u>15,356,063,785</u>
BANK'S LIABILITY UNDER ACCEPTANCES	2,763,744,421
INTEREST PAYABLE ON DEPOSITS	9,586,318,210
OTHER LIABILITIES PENDING TRANSFER	9,718,535,949
OTHER LIABILITIES	<u>5,123,067,306</u>
TOTAL LIABILITIES	<u>675,445,550,373</u>

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED
BALANCE SHEET (CONTINUED)
AS AT DECEMBER 31, 1997

LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 4.12)		
Authorized share capital		
1,000,000,000 ordinary shares of Baht 10.00 each		<u>10,000,000,000</u>
Issued and paid-up share capital		
545,626,568 ordinary shares of Baht 10.00 each, fully paid		5,456,265,680
PREMIUM ON SHARE CAPITAL		13,555,643,496
UNREALIZED INCREMENT PER LAND APPRAISAL		2,397,957,250
UNREALIZED INCREMENT PER PREMISES APPRAISAL		1,196,821,155
RETAINED EARNINGS		
Appropriated		
Legal reserve (Note 4.13)		495,000,000
Others		23,081,000,000
Unappropriated		2,741,830,457
<u>LESS UNREALIZED LOSS ON SECURITIES FOR INVESTMENT</u>		<u>(7,209,322,299)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>41,715,195,739</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	BAHT	<u><u>717,160,746,112</u></u>
OFF-BALANCE SHEET ITEMS - CONTINGENCIES (Note 4.14)		
AVALS TO BILLS AND GUARANTEES OF LOANS	BAHT	47,517,890,570
LIABILITY UNDER UNMATURED IMPORT BILLS	BAHT	19,745,410,798
LETTERS OF CREDIT	BAHT	13,872,124,359
OTHER CONTINGENCIES	BAHT	433,426,775,475

Notes to the financial statements form an integral part of these statements

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS
FOR THE HALF YEAR ENDED DECEMBER 31, 1997

INTEREST AND DIVIDEND INCOME

Interest on loans	34,288,102,381
Interest on interbank and money market items	3,598,545,625
Interest on government and state enterprise securities	563,410,523
Interest and dividend on other securities	<u>759,859,816</u>
Total Interest and Dividend Income	<u>39,209,918,345</u>

INTEREST EXPENSES

Interest on deposits	22,977,856,038
Interest on interbank and money market items	2,400,255,085
Interest on short-term borrowings	36,273,031
Interest on long-term borrowings	<u>481,972,155</u>
Total Interest Expenses	<u>25,896,356,309</u>
Net Interest and Dividend Income	13,313,562,036

BAD DEBT AND DOUBTFUL ACCOUNTS

Net Interest and Dividend Income after Bad Debt and Doubtful Accounts	<u>9,656,425,835</u>
	<u>3,657,136,201</u>

NON-INTEREST INCOME

Fees and service income	
Acceptances, aval and guarantees	758,732,950
Others	1,987,959,839
Gain on exchanges	1,410,219,074
Gain on trading in securities	206,129,092
Other income	<u>102,588,828</u>
Total Non-Interest Income	<u>4,465,629,783</u>

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS (CONTINUED)
FOR THE HALF YEAR ENDED DECEMBER 31, 1997

NON-INTEREST EXPENSES		
Personnel expenses		2,702,499,063
Premises and equipment expenses		1,719,792,410
Taxes and duties		1,125,721,267
Fees and service expenses		132,485,327
Directors' remuneration		5,276,271
Contributions to the Financial Institutions Development Fund		674,315,081
Unrealized loss on securities (Note 3.3.3)		563,587,746
Other expenses		<u>1,313,551,553</u>
Total Non-Interest Expenses		<u>8,237,228,718</u>
INCOME (LOSS) BEFORE INCOME TAX		(114,462,734)
INCOME TAX EXPENSES		<u>371,750,248</u>
NET PROFIT (LOSS)	BAHT	<u><u>(486,212,982)</u></u>
EARNINGS (LOSS) FOR THE HALF YEAR PER SHARE (Note 3.13)	BAHT	(1.27)
NUMBER OF SHARES FOR CALCULATING EARNINGS PER SHARE	SHARES	381,989,120

Notes to the financial statements form an integral part of these statements

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED DECEMBER 31, 1997

INTEREST AND DIVIDEND INCOME

Interest on loans	61,336,809,260
Interest on interbank and money market items	4,449,701,599
Interest on government and state enterprise securities	1,099,670,275
Interest and dividend on other securities	<u>1,515,008,955</u>
Total Interest and Dividend Income	<u>68,401,190,089</u>

INTEREST EXPENSES

Interest on deposits	38,956,313,324
Interest on interbank and money market items	4,500,499,599
Interest on short-term borrowings	59,064,274
Interest on long-term borrowings	<u>713,698,861</u>
Total Interest Expenses	<u>44,229,576,058</u>
Net Interest and Dividend Income	24,171,614,031

BAD DEBT AND DOUBTFUL ACCOUNTS

Net Interest and Dividend Income after Bad Debt and Doubtful Accounts	<u>11,596,555,568</u>
	<u>12,575,058,463</u>

NON-INTEREST INCOME

Fees and service income	
Acceptances, aval and guarantees	1,303,040,636
Others	3,591,515,873
Gain on exchanges	2,028,410,579
Gain on trading in securities	419,956,299
Other income	<u>293,489,208</u>
Total Non-Interest Income	<u>7,636,412,595</u>

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1997

NON-INTEREST EXPENSES		
Personnel expenses		5,612,023,774
Premises and equipment expenses		3,280,936,415
Taxes and duties		2,035,940,676
Fees and service expenses		270,915,713
Directors' remuneration		10,530,275
Contributions to the Financial Institutions Development Fund		855,575,468
Other expenses		<u>2,913,577,324</u>
Total Non-Interest Expenses		<u>14,979,499,645</u>
INCOME BEFORE INCOME TAX		5,231,971,413
INCOME TAX EXPENSES		<u>2,037,712,699</u>
NET PROFIT	BAHT	<u><u>3,194,258,714</u></u>
EARNINGS FOR THE YEAR PER SHARE (Note 3.13)	BAHT	8.37
NUMBER OF SHARES FOR CALCULATING EARNINGS PER SHARE	SHARES	381,524,918

Notes to the financial statements form an integral part of these statements

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 1997

<hr/>		
ORDINARY SHARE CAPITAL		
Beginning balance		3,810,949,260
Additions		<u>1,645,316,420</u>
Ending balance		<u>5,456,265,680</u>
PREMIUM ON SHARE CAPITAL		
Beginning balance		6,980,472,742
Additions		<u>6,575,170,754</u>
Ending balance		<u>13,555,643,496</u>
UNREALIZED INCREMENT PER LAND APPRAISAL		
Beginning balance		<u>2,397,957,250</u>
Ending balance		<u>2,397,957,250</u>
UNREALIZED INCREMENT PER PREMISES APPRAISAL		
Beginning balance		1,218,273,657
Deduction - Depreciation for the period		<u>(21,452,502)</u>
Ending balance		<u>1,196,821,155</u>
RETAINED EARNINGS		
Appropriated		
Legal reserve		
Beginning balance		<u>495,000,000</u>
Ending balance		<u>495,000,000</u>
Others		
Beginning balance		21,581,000,000
Additions		<u>1,500,000,000</u>
Ending balance		<u>23,081,000,000</u>
Unappropriated		
Beginning balance		6,075,213,680
Deductions		<u>(3,333,383,223)</u>
Ending balance		<u>2,741,830,457</u>
		<u>26,317,830,457</u>
NET UNREALIZED LOSS ON SECURITIES FOR INVESTMENT		
Beginning balance		(1,750,302,430)
Additions		<u>(5,459,019,869)</u>
Ending balance		<u>(7,209,322,299)</u>
TOTAL	BAHT	<u><u>41,715,195,739</u></u>

Notes to the financial statements form an integral part of these statements

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED
STATEMENT OF RETAINED EARNINGS
FOR THE HALF YEAR ENDED DECEMBER 31, 1997

UNAPPROPRIATED RETAINED EARNINGS	
Beginning balance	6,075,213,680
Deduction : Appropriation for the prior period	
Other reserve	(1,500,000,000)
Dividends	(1,333,832,241)
Directors' bonus	(13,338,000)
Net loss	(486,212,982)
Total unappropriated retained earnings	<u>2,741,830,457</u>
APPROPRIATED RETAINED EARNINGS	
Legal reserve	495,000,000
Others	<u>23,081,000,000</u>
Total appropriated retained earnings	<u>23,576,000,000</u>
TOTAL RETAINED EARNINGS	BAHT <u><u>26,317,830,457</u></u>

Notes to the financial statements form an integral part of these statements

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 1997

ORDINARY SHARE CAPITAL		
Beginning balance		3,808,032,140
Additions		<u>1,648,233,540</u>
Ending balance		<u>5,456,265,680</u>
PREMIUM ON SHARE CAPITAL		
Beginning balance		6,909,294,862
Additions		<u>6,646,348,634</u>
Ending balance		<u>13,555,643,496</u>
UNREALIZED INCREMENT PER LAND APPRAISAL		
Beginning balance		<u>2,397,957,250</u>
Ending balance		<u>2,397,957,250</u>
UNREALIZED INCREMENT PER PREMISES APPRAISAL		
Beginning balance		1,239,726,159
Deduction - Depreciation for the year		<u>(42,905,004)</u>
Ending balance		<u>1,196,821,155</u>
RETAINED EARNINGS		
Appropriated		
Legal reserve		
Beginning balance		<u>495,000,000</u>
Ending balance		<u>495,000,000</u>
Others		
Beginning balance		19,081,000,000
Additions		<u>4,000,000,000</u>
Ending balance		<u>23,081,000,000</u>
Unappropriated		
Beginning balance		7,011,724,477
Additions		3,194,258,714
Deductions		<u>(7,464,152,734)</u>
Ending balance		<u>2,741,830,457</u>
		<u>26,317,830,457</u>
NET UNREALIZED LOSS ON SECURITIES FOR INVESTMENT		
Beginning balance		(249,855,884)
Additions		<u>(6,959,466,415)</u>
Ending balance		<u>(7,209,322,299)</u>
TOTAL	BAHT	<u><u>41,715,195,739</u></u>

Notes to the financial statements form an integral part of these statements

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED
STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1997

UNAPPROPRIATED RETAINED EARNINGS	
Beginning balance	7,011,724,477
Deduction : Appropriation for the prior period	
Other reserve	(4,000,000,000)
Dividends	(3,429,854,334)
Directors' bonus	(34,298,400)
Net income	<u>3,194,258,714</u>
Total unappropriated retained earnings	<u>2,741,830,457</u>
APPROPRIATED RETAINED EARNINGS	
Legal reserve	495,000,000
Others	<u>23,081,000,000</u>
Total appropriated retained earnings	<u>23,576,000,000</u>
TOTAL RETAINED EARNINGS	BAHT <u><u>26,317,830,457</u></u>

Notes to the financial statements form an integral part of these statements

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED DECEMBER 31, 1997

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	(486,212,982)
Items to reconcile net income (loss) to cash received (paid)	
From operating activities:	
Depreciation and amortization	847,391,150
Bad debts and doubtful accounts	9,656,425,835
Profit on sales of assets	(19,311,372)
Profit on exchange rate	(4,541,703,640)
Unrealized losses on securities for trading	5,788,889
Unrealized losses on securities for investment	557,798,857
Increase in accrued interest and dividend income	(3,334,804,814)
Increase in accrued interest payable	4,164,720,125
Increase in other accrued expenses	<u>263,236,495</u>
Income from operations before changes in operating assets and liabilities	7,113,328,543
Operating assets (increase) decrease	
Interbank and money market items	(24,626,006,939)
Securities purchased under resale agreement	(33,600,000,000)
Securities for trading	(794,170,541)
Loans and accrued interest receivable	(99,476,805,922)
Properties foreclosed	(1,835,298,589)
Other assets	10,575,107,201
Operating liabilities increase (decrease)	
Deposits	127,206,253,230
Interbank and money market items	12,675,599,747
Demand liabilities	216,824,274
Securities sold under repurchase agreements	(3,975,000,000)
Short-term borrowings	2,001,439,777
Other liabilities	4,762,648,053
Directors' bonus	<u>(13,338,000)</u>
Net cash provided (used) by operating activities	<u>230,580,834</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Increase in securities for investment	(8,683,572,321)
Net purchase of property, premises and equipment	<u>(1,124,385,425)</u>
Net cash provided (used) by investing activities	<u>(9,807,957,746)</u>

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE HALF YEAR ENDED DECEMBER 31, 1997

CASH FLOWS FROM FINANCING ACTIVITIES

Increase in long-term borrowings	3,909,595,426
Increase in share capital	1,645,316,420
Increase in premium on share capital	6,575,170,754
Dividends paid	<u>(1,333,832,241)</u>
Net cash provided (used) by financing activities	<u>10,796,250,359</u>
Net increase in cash and cash equivalents	1,218,873,447
Cash and cash equivalents as at July 1, 1997	<u>6,261,084,940</u>
Cash and cash equivalents as at December 31, 1997	BAHT <u>7,479,958,387</u>

Notes to the financial statements form an integral part of these statements

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 1997

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	3,194,258,714
Items to reconcile net income to cash received (paid)	
From operating activities:	
Depreciation and amortization	1,660,432,988
Bad debts and doubtful accounts	11,596,555,568
Profit on sales of assets	(44,259,195)
Profit on exchange rate	(4,719,706,672)
Unrealized losses on securities for trading	5,788,889
Unrealized losses on securities for investment	630,662,857
Increase in accrued interest and dividend income	(3,795,069,870)
Increase in accrued interest payable	4,383,606,894
Increase in other accrued expenses	<u>180,970,750</u>
Income from operations before changes in operating assets and liabilities	13,093,240,923
Operating assets (increase) decrease	
Interbank and money market items	(21,254,878,293)
Securities purchased under resale agreement	(33,600,000,000)
Securities for trading	(791,402,943)
Loans and accrued interest receivable	(119,712,438,886)
Properties foreclosed	(1,948,660,141)
Other assets	3,913,330,649
Operating liabilities increase (decrease)	
Deposits	164,103,676,296
Interbank and money market items	767,706,038
Demand liabilities	(123,305,424)
Securities sold under repurchase agreements	(6,004,000,000)
Short-term borrowings	2,645,439,824
Other liabilities	5,044,643,824
Directors' bonus	<u>(34,298,400)</u>
Net cash provided (used) by operating activities	<u>6,099,053,467</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Increase in securities for investment	(13,958,354,938)
Net purchase of property, premises and equipment	<u>(1,852,461,349)</u>
Net cash provided (used) by investing activities	<u>(15,810,816,287)</u>

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1997

CASH FLOWS FROM FINANCING ACTIVITIES

Increase in long-term borrowings	3,984,936,101
Increase in share capital	1,645,316,420
Increase in premium on share capital	6,575,170,754
Dividends paid	<u>(3,429,854,334)</u>
Net cash provided (used) by financing activities	<u>8,775,568,941</u>
Net decrease in cash and cash equivalents	(936,193,879)
Cash and cash equivalents as at January 1, 1997	<u>8,416,152,266</u>
Cash and cash equivalents as at December 31, 1997	BAHT <u><u>7,479,958,387</u></u>

Notes to the financial statements form an integral part of these statements

**THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1997**

1. ECONOMIC TURMOIL AND THE BANK'S OPERATIONS

1.1 Economic Turmoil

Many Asia-Pacific countries, including Thailand are experiencing severe economic difficulties relating to currency devaluations, volatile stock markets, and slowdown in growth. The country's unstable economy has to a certain extent affected, and may continue to affect, the operations and the maintenance of status of assets and liabilities of the commercial banking system.

1.2 Allowance for doubtful accounts

As disclosed in Note 4.6 to the financial statements, the allowance for doubtful accounts is determined in accordance with the Bank's past loan loss experience, loan portfolio trends, specific loan reviews, estimated fair value of collateral, current economic and business conditions and other relevant factors. While management uses the best information available to evaluate the adequacy of the allowance for doubtful accounts, future adjustments to the provision may be necessary in the event that future economic and business conditions differ substantially from the assumptions used in making such evaluations.

1.3 Regulatory Requirements

The Bank is subject to various capital and regulatory requirements administered by the Bank of Thailand. Under these capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must satisfy specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-balance sheet items as calculated in accordance with regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgements by the Bank of Thailand about components, risk weightings, and other factors.

Quantitative measures established by the Bank of Thailand to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of total capital and Tier 1 capital (as defined by the regulations) to risk-weighted assets (as defined by the regulations). Management believes that as of December 31, 1997, the Bank satisfies all capital adequacy requirements to which it is subject. These capital and regulatory requirements are subject to change, as considered necessary by the Bank of Thailand.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

2.1 The financial statements for the year ended December 31, 1997 are presented in accordance with the form of balance sheet and statement of profit and loss for public limited companies as required by the Ministerial Regulation No. 7 B.E. 2539 (1996), dated October 25, 1996, issued under the Public Companies Act B.E. 2535 (1992) and effective for accounting periods starting on January 1, 1997, and are in accordance with the Procedures, Policies and Notifications of the Bank of Thailand relating to the financial statements of commercial banks.

2.2 The financial statements for the year ended December 31, 1996 are not presented for comparison due to the lack of sufficient information for reclassification of certain items to conform to the financial statements format for the year ended December 31, 1997, which are presented in accordance with the Ministerial Regulation No. 7 B.E. 2539 (1996) summarised as follows:

2.2.1 Balance sheet

- Interbank and money market items (assets)
- Investment in securities
- Loans and accrued interest receivables
- Interbank and money market items (liabilities)

2.2.2 Statement of profit and loss

Interest and dividend income

- Loans
- Interbank and money market items

Interest expenses

- Deposits
- Interbank and money market items

Non-interest expenses

- Directors' remuneration

2.2.3 Notes to the financial statements

Certain information disclosed in the notes to the financial statements for the year ended December 31, 1997 differs from the information disclosed in the financial statements for the year ended December 31, 1996, including:

- Interbank and money market items
- Loans and accrued interest receivables
- Deposits
- Financial position and results from operations of domestic and foreign operations.

- 2.3 The financial statements include the accounts of all branches of the Bank, but exclude seven 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 six 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.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash on collection.

3.2 Assets and liabilities in foreign currencies

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 period are converted into Baht at the reference exchange rates of the Bank of Thailand at the end of the period.

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

In managing its foreign-exchange risk, it is the Bank's policy to square off its foreign-currency denominated assets and liabilities positions in order to effect a net balance of foreign exchange. The Bank therefore endeavors to match its foreign-currency denominated lending with same currency funding sources in order to minimize its exposure to foreign currency fluctuations.

3.3 Investment in securities

- 3.3.1 Investment in securities is stated at the lower of aggregate cost or aggregate market value, except as stated in Note 3.3.2. Market values of securities are calculated on the following bases:

- 3.3.1.1 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.
- 3.3.1.2 For private sector's debt instruments and equity securities which are listed securities, market values are the closing prices at The Stock Exchange of Thailand on the last business day of the period.
- 3.3.1.3 For private sector's debt instruments which are non-listed securities, the last closing prices of the Bond Dealers' Club are used as market values. In the absence of such prices, market values are determined by applying the aforementioned risk adjusted yield curve, in accordance with the criteria established by the Bank of Thailand.
- 3.3.1.4 For equity securities and debt instruments which are listed securities in a foreign stock exchange, market values are the closing prices at such foreign stock exchange on the last business day of the period.
- 3.3.1.5 For debt instruments and securities which are non-listed securities in foreign countries, the value quoted by reliable international financial institutions will be used.

Investment in subsidiary and associated companies are stated at cost, according to the Notification of the Bank of Thailand dated February 15, 1995 (see Note 4.4.2).

- 3.3.2 Other securities which are non-listed securities are stated at cost, except in the case where a permanent decline in value is deemed to have occurred, which loss will be charged to the statement of profit and loss.
- 3.3.3 Concerning a loss caused by the aggregate market value being lower than aggregate cost, in the case of securities held for trading, the resultant loss is to be recognized in the statement of profit and loss, and in the case of securities held for investment, such a loss is to be shown as a deduction from the shareholders' equity for a temporary decline in market value, and charged to the statement of profit and loss for a permanent decline in market value.

Cost of securities sold during the period is calculated by the specific identification method.

3.4 Loans

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.

3.5 Allowance for doubtful accounts

The allowance for doubtful accounts 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.

An increase in an allowance for doubtful accounts 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 doubtful accounts.

3.6 Properties foreclosed

Properties 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.

3.7 Premises and equipment

Premises and equipment are stated at cost. Land and premises were professionally appraised according to guidelines laid down by the Bank of Thailand. The increment resulting from the appraisal and 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 under shareholders' equity. Depreciation is recorded by reducing the unrealized increment per premises appraisal.

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

- 3.8 The Bank has a pension plan upon retirement for its employees with long service rendered before January 1, 1979. Thereafter the Bank has 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 employees who started employment before January 1, 1995 who have the right to indicate their willingness to join up to March 31, 1997. The contributions from employees are deducted from the monthly salaries, with the Bank matching the individuals' contributions. The fund is managed by two authorized fund managers and has been registered in accordance with the Provident Fund Act B.E. 2530 (1987).

- 3.9 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.

- 3.10 Interest and dividend income

Interest on investment is recognized as income on an accrual basis. Dividend income is recognized on a cash basis.

- 3.11 Contributions to the Financial Institutions Development Fund are recorded as an expense on a cash basis.

- 3.12 Income tax expenses

Income tax payable is recorded as an expense for the period.

3.13 Earnings per share

Earnings (loss) 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 4.11 and 4.12). As at December, 1997, had all the bondholders exercised their conversion rights, the difference between fully diluted and primary earnings per share would not be significant.

3.14 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires the Bank to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities.

4. ADDITIONAL INFORMATION

4.1 Supplemental disclosures of cash flow information

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

	Baht
Interest	39,845,969,165
Income tax	3,411,113,692

4.1.2 Non-cash items are as follows:

4.1.2.1 Subordinated convertible bonds converted into ordinary shares

Ordinary shares	2,917,120
Premium on share capital	<u>71,177,880</u>
Conversion price of subordinated convertible bonds	Baht <u><u>74,095,000</u></u>

4.1.2.2 An increase in a provision for diminution in value of securities held for investment by Baht 6,959,466,415 was shown as a deduction from shareholders' equity.

4.2 Interbank and money market items

4.2.1 Domestic items

	Demand	Time	Total
Bank of Thailand and Financial Institutions			
Development Fund	5,541,817,264	707,809,750	6,249,627,014
Commercial banks	197,415,971	3,521,959,523	3,719,375,494
Other banks	47,449	2,509,561,082	2,509,608,531
Finance companies, Finance and securities companies, Securities companies and Credit Foncier companies	224,227,000	20,544,307,458	20,768,534,458
Other financial institutions	<u>296,597,000</u>	<u>42,677,650</u>	<u>339,274,650</u>
Total domestic	<u>6,260,104,684</u>	<u>27,326,315,463</u>	<u>33,586,420,147</u>

The Bank's loans outstanding to the finance companies whose operations were halted by the Ministry of Finance's orders dated June 27 and August 5, 1997 and subsequently closed by the Financial Sector Restructuring Authority on December 8, 1997, amounting to Baht 173.1 million to the 16 finance companies group. The Bank has made appropriate provisions and included them in the allowance for doubtful accounts under loans and accrued interest receivable. For the Baht 5,019 million loans to the 40 finance companies group, a provision is not required as the Bank is covered by the government's measures to reclaim and liquidate the remaining assets of the closed finance companies. The Bank can exchange these latter loans for Krung Thai Bank's certificates of deposit with annual interest of 2 percent or the Bank may await distribution of the financial institutions' assets.

4.2.2 Foreign items

	Demand	Time	Total
USD	8,246,854,214	5,146,634,216	13,393,488,430
YEN	173,904,246	-	173,904,246
DM	661,826,447	-	661,826,447
Others	<u>543,438,973</u>	<u>73,080,000</u>	<u>616,518,973</u>
Total foreign	<u>9,626,023,880</u>	<u>5,219,714,216</u>	<u>14,845,738,096</u>
Total domestic and foreign Baht	<u>15,886,128,564</u>	<u>32,546,029,679</u>	<u>48,432,158,243</u>

4.3 Securities purchased under resale agreements

	Bank of Thailand repurchase market	Other markets	Total
Financial Institutions			
Development Fund	33,550,000,000	-	33,550,000,000
State enterprise securities	50,000,000	-	50,000,000
Total Baht	<u><u>33,600,000,000</u></u>	<u><u>-</u></u>	<u><u>33,600,000,000</u></u>

4.4 Investment in securities

	Cost/Book value	Market value
4.4.1 Securities for trading		
Debt instruments		
Corporate debt instruments	1,928,390,075	2,224,983,302
Total	<u>1,928,390,075</u>	<u>2,224,983,302</u>
Net securities for trading	<u>1,928,390,075</u>	<u>2,224,983,302</u>
4.4.2 Securities for investment		
Debt instruments		
Government and state enterprise securities	16,837,994,882	15,153,429,760
Corporate debt instruments	2,075,550,000	1,973,432,980
Foreign debt instruments	10,306,656,873	9,039,191,400
Others	2,424,410,782	2,355,331,594
Total	<u>31,644,612,537</u>	<u>28,521,385,734</u>
<u>Less</u> Allowance for diminution in value of securities	<u>(3,123,226,803)</u>	<u>-</u>
Net debt instruments	<u>28,521,385,734</u>	<u>28,521,385,734</u>
Equities		
Listed securities	4,574,215,987	2,252,135,018
Foreign securities	762,399,504	741,416,101
Others	6,299,200,259	6,245,709,620
Total	<u>11,635,815,750</u>	<u>9,239,260,739</u>
<u>Less</u> Allowance for diminution in value of securities	<u>(4,086,095,496)</u>	<u>-</u>
Net equities	<u>7,549,720,254</u>	<u>9,239,260,739</u>
Net securities for investment	<u>36,071,105,988</u>	<u>37,760,646,473</u>
Net investment in securities Baht	<u><u>37,999,496,063</u></u>	<u><u>39,985,629,775</u></u>

The Bank holds Baht 30.8 million in debt instruments issued by the finance companies whose operations were halted by the Ministry of Finance's order dated August 5, 1997 and subsequently closed by the Financial Sector Restructuring Authority on December 8, 1997. The Bank is covered by the government's measures to reclaim and liquidate the remaining assets of the closed finance companies and has a choice of exchanging these loans for Krung Thai Bank's certificates of deposit or the Bank may await distribution of the financial institutions' assets.

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

	Ownership %	Amount
Singburi Sugar Co., Ltd.	100.00	350,000
Siam Appraisal and Service Co., Ltd.	99.99	3,564,731
SCB Advisory Service Co., Ltd.	99.99	9,999,300
Siam Pitiwat Co., Ltd.	99.99	3,999,720
SCB Securities Co., Ltd.	69.99	431,199,860
SCB Research Co., Ltd.	60.00	22,500,000
Siam-JLC Leasing Co., Ltd.	51.00	50,999,920
The Cambodian Commercial Bank Ltd.	40.00	247,660,424
Siam Sanwa Trilease Co., Ltd.	35.00	21,000,000
Business Venture Promotion Co., Ltd.	32.50	39,000,000
Bank of Kathmandu Ltd.	30.00	25,690,747
SCB Training Center Co., Ltd.	25.00	115,000,000
The Vinasiam Bank	25.00	177,150,000
SCB Asset Management Co., Ltd.	25.00	25,000,000
Siam Sindhorn Co., Ltd.	24.99	302,413,320
	Baht	<u><u>1,475,528,022</u></u>

Investment in companies, of which the Bank holds less than 20% of the paid up capital in each company, classified by industries, is as follows:

Manufacturing	2,256,393,624
Commercial	57,947,264
Banking and finance	5,754,202,281
Others	<u>2,043,281,650</u>
	Baht <u><u>10,111,824,819</u></u>

Investment in subsidiary and associated companies is presented by the cost method (see Note 3.3). Had such investments been presented by the equity method, the effect on the financial statements would be as follows:

	Baht
Decrease in investments in other securities	366,631,127
Decrease in unrealized loss on securities for investment	26,603,564
Decrease in loans	257,911,032
Increase in retained earnings brought forward	315,422,733
Decrease in net profit	913,361,328
Decrease in earnings per share	2.39

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, 1997 (unaudited) are given below:

**SINGBURI SUGAR COMPANY LIMITED
BALANCE SHEET
AS AT OCTOBER 31, 1997**

ASSETS	
CURRENT ASSETS	654,405,316
PREMISES AND EQUIPMENT, NET	306,197,756
OTHER ASSETS	<u>476,431,334</u>
TOTAL ASSETS	BAHT <u>1,437,034,406</u>
LIABILITIES AND SHAREHOLDERS' EQUITY	
CURRENT LIABILITIES	152,228,730
OTHER LIABILITIES	1,542,716,708
SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY)	<u>(257,911,032)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	BAHT <u>1,437,034,406</u>

**SINGBURI SUGAR COMPANY LIMITED
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED OCTOBER 31, 1997**

REVENUES	1,157,731,749
EXPENSES	<u>1,316,382,835</u>
NET LOSS	BAHT <u>(158,651,086)</u>
RETAINED EARNINGS (DEFICIT) BROUGHT FORWARD	(399,259,945)
NET LOSS	<u>(158,651,086)</u>
RETAINED EARNINGS (DEFICIT) CARRIED FORWARD	BAHT <u>(557,911,031)</u>
NET LOSS PER SHARE	BAHT (528.84)

The financial position and the results of operations of Siam Appraisal and Service Company Limited for the year ended December 31, 1997 (unaudited) are given below:

**SIAM APPRAISAL AND SERVICE COMPANY LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 1997**

ASSETS		
CURRENT ASSETS		4,377,786
PREMISES AND EQUIPMENT, NET		2,886,069
OTHER ASSETS		<u>1,717,557</u>
TOTAL ASSETS	BAHT	<u><u>8,981,412</u></u>

LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		1,642,166
SHAREHOLDERS' EQUITY		<u>7,339,246</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	BAHT	<u><u>8,981,412</u></u>

**SIAM APPRAISAL AND SERVICE COMPANY LIMITED
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1997**

REVENUES		46,476,504
EXPENSES		<u>47,987,718</u>
NET LOSS	BAHT	<u><u>(1,511,214)</u></u>
RETAINED EARNINGS (DEFICIT) BROUGHT FORWARD		9,850,460
<u>Less</u> Legal reserve		(266,184)
Dividends		(2,000,000)
NET LOSS		<u>(1,511,214)</u>
RETAINED EARNINGS (DEFICIT) CARRIED FORWARD	BAHT	<u><u>6,073,062</u></u>
NET LOSS PER SHARE	BAHT	(15.11)

The financial position and the results of operations of SCB Advisory Service Company Limited for the year ended December 31, 1997 (unaudited) are given below:

**SCB ADVISORY SERVICE COMPANY LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 1997**

ASSETS	
CURRENT ASSETS	22,343,940
PREMISES AND EQUIPMENT, NET	5,782,424
OTHER ASSETS	<u>1,931,920</u>
TOTAL ASSETS	BAHT <u>30,058,284</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY	
CURRENT LIABILITIES	356,845
SHAREHOLDERS' EQUITY	<u>29,701,439</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	BAHT <u>30,058,284</u>

**SCB ADVISORY SERVICE COMPANY LIMITED
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1997**

REVENUES	20,548,040
EXPENSES	<u>24,290,782</u>
NET LOSS	BAHT <u>(3,742,742)</u>
RETAINED EARNINGS BROUGHT FORWARD	22,444,181
NET LOSS	<u>(3,742,742)</u>
RETAINED EARNINGS CARRIED FORWARD	BAHT <u>18,701,439</u>
NET LOSS PER SHARE	BAHT (37.43)

The financial position and the results of operations of Siam Pitiwat Company Limited for the year ended December 31, 1997 (unaudited) are given below:

**SIAM PITIWAT COMPANY LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 1997**

ASSETS	
CURRENT ASSETS	1,999,726
PREMISES AND EQUIPMENT, NET	465,374
OTHER ASSETS	<u>989,561</u>
TOTAL ASSETS	BAHT <u>3,454,661</u>
LIABILITIES AND SHAREHOLDERS' EQUITY	
CURRENT LIABILITIES	2,941,400
SHAREHOLDERS' EQUITY	<u>513,261</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	BAHT <u>3,454,661</u>

**SIAM PITIWAT COMPANY LIMITED
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1997**

REVENUES	30,187,932
EXPENSES	<u>27,382,847</u>
NET EARNINGS	BAHT <u>2,805,085</u>
RETAINED EARNINGS BROUGHT FORWARD	(6,291,824)
NET EARNINGS	<u>2,805,085</u>
RETAINED EARNINGS CARRIED FORWARD	BAHT <u>(3,486,739)</u>
NET EARNINGS PER SHARE	BAHT 7.01

The financial position and the results of operations of SCB Securities Company Limited for the year ended December 31, 1997 (unaudited) are given below:

**SCB SECURITIES CO., LTD.
BALANCE SHEET
AS AT DECEMBER 31, 1997**

ASSETS	
CURRENT ASSETS	558,354,658
PREMISES AND EQUIPMENT, NET	17,758,053
OTHER ASSETS	<u>31,785,062</u>
TOTAL ASSETS	BAHT <u>607,897,773</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY	
CURRENT LIABILITIES	781,424,154
SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY)	<u>(173,526,381)</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	BAHT <u>607,897,773</u>

**SCB SECURITIES CO., LTD.
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1997**

REVENUES	143,530,375
EXPENSES	<u>621,190,975</u>
NET LOSS	BAHT <u>(477,660,600)</u>
RETAINED EARNINGS BROUGHT FORWARD	6,392,409
NET LOSS	<u>(477,660,600)</u>
RETAINED EARNINGS (DEFICIT) CARRIED FORWARD	BAHT <u>(471,268,191)</u>
 NET LOSS PER SHARE	 BAHT (14.47)

The financial position and the results of operations of SCB Research Company Limited for the year ended December 31, 1997 (unaudited) are given below:

**SCB RESEARCH CO., LTD.
BALANCE SHEET
AS AT DECEMBER 31, 1997**

ASSETS	
CURRENT ASSETS	18,437,678
PREMISES AND EQUIPMENT, NET	5,614,897
OTHER ASSETS	<u>3,259,225</u>
TOTAL ASSETS	BAHT <u><u>27,311,800</u></u>

LIABILITIES AND SHAREHOLDERS' EQUITY	
CURRENT LIABILITIES	2,465,989
OTHER LIABILITIES	17,040
SHAREHOLDERS' EQUITY	<u>24,828,771</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	BAHT <u><u>27,311,800</u></u>

**SCB RESEARCH CO., LTD.
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1997**

REVENUES	28,828,708
EXPENSES	<u>42,351,398</u>
NET LOSS	BAHT <u><u>(13,522,690)</u></u>
RETAINED EARNINGS BROUGHT FORWARD	851,460
NET LOSS	<u>(13,522,690)</u>
RETAINED EARNINGS (DEFICIT) CARRIED FORWARD	BAHT <u><u>(12,671,230)</u></u>
NET LOSS PER SHARE	BAHT (2.71)

The financial position and the results of operations of Siam-JLC Leasing Company Limited for the year ended December 31, 1997 (unaudited) are given below:

**SIAM-JLC LEASING CO., LTD.
BALANCE SHEET
AS AT DECEMBER 31, 1997**

ASSETS	
CURRENT ASSETS	2,537,541,428
PREMISES AND EQUIPMENT, NET	5,024,646
OTHER ASSETS	<u>28,327,096</u>
TOTAL ASSETS	BAHT <u>2,570,893,170</u>
LIABILITIES AND SHAREHOLDERS' EQUITY	
CURRENT LIABILITIES	2,490,381,570
SHAREHOLDERS' EQUITY	<u>80,511,600</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	BAHT <u>2,570,893,170</u>

**SIAM-JLC LEASING CO., LTD.
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1997**

REVENUES	337,557,340
EXPENSES	<u>399,247,035</u>
NET LOSS	BAHT <u>(61,689,695)</u>
RETAINED EARNINGS BROUGHT FORWARD	52,201,295
<u>Less</u> Legal reserve	(2,455,846)
Dividends	(10,000,000)
NET LOSS	<u>(61,689,695)</u>
RETAINED EARNINGS (DEFICIT) CARRIED FORWARD	BAHT <u>(21,944,246)</u>
NET LOSS PER SHARE	BAHT (6.17)

4.5 Loans

4.5.1 Classified by product

Overdrafts	106,855,339,152
Loans	382,914,891,992
Bills	67,922,247,238
Others	<u>10,468,054,723</u>
Total	Baht <u><u>568,160,533,105</u></u>

4.5.2 Classified by maturity

Up to 1 year*	338,779,734,070
Over 1 year	<u>229,380,799,035</u>
Total	Baht <u><u>568,160,533,105</u></u>

* Including agreements without contracts and past-due agreements

4.5.3 Classified by currency and customer location

	Domestic	Foreign	Total
Baht	430,993,208,665	45,759,431	431,038,968,096
USD	87,222,108,828	31,015,400,468	118,237,509,296
Others	<u>7,384,197,939</u>	<u>11,499,857,774</u>	<u>18,884,055,713</u>
Total Baht	<u><u>525,599,515,432</u></u>	<u><u>42,561,017,673</u></u>	<u><u>568,160,533,105</u></u>

4.5.4 Classified by business type

Agriculture and mining	21,854,880,523
Manufacturing and commercial	271,005,034,503
Real estate and construction	79,489,591,230
Utilities and services	95,239,537,265
Housing loans	81,705,373,432
Others	<u>18,866,116,152</u>
Total	Baht <u><u>568,160,533,105</u></u>

Due to inequilibrium in demand and supply of the real estate and construction industry, those who engage in such business are facing difficulty in managing liquidity and in marketing which may affect their ability to repay the loans to the Bank. Nevertheless, real estate and construction loans are collateralized by land, building and construction in progress, appraised by related companies.

4.6 Allowance for doubtful accounts

Beginning balance		6,230,775,837
<u>Add</u> General doubtful accounts		11,423,455,568
Doubtful account of closed finance companies		173,100,000
Bad debt recovered		133,044,279
Others		586,629,410
<u>Less</u> Bad debt written off		<u>(393,538,987)</u>
Ending balance	Baht	<u><u>18,153,466,107</u></u>

The Bank's non-accrual loans, an aggregate of loss, doubtful, and substandard loans based on the Bank of Thailand's most recent examination on March 31, 1997, and also on The Bank's supplemental classification on December 31, 1997, amount to Baht 66,403 million, in accordance with the classification criteria in the Bank of Thailand's Notification dated December 29, 1997 on the subject of worthless or irrecoverable assets and assets with doubtful value or recoverability.

The Bank has Baht 64,894 million in substandard assets, consisting of Baht 61,166 million in loans, Baht 3,728 million in other assets, and Baht 6,059 million in doubtful assets, consisting of Baht 5,237 million in loans, Baht 812 million in other assets, and Baht 10 million for properties foreclosed.

The Bank has already made full provisions for 100% of the outstanding balance for doubtful assets and at least 15% of the outstanding balance for substandard assets, as required by the Bank of Thailand.

4.7 Premises and equipment

Land		
Cost		3,550,843,845
Appraisal increase (In 1993)		2,397,957,250
Premises		
Cost		9,295,813,889
Appraisal increase (In 1993)		1,403,545,000
Equipment		8,856,841,397
Leasehold (net)		589,883,657
Others		<u>115,553,011</u>
		26,210,438,049
<u>Less</u> Accumulated depreciation - cost		<u>(6,822,409,540)</u>
- appraisal increase		<u>(206,296,842)</u>
Net premises and equipment	Baht	<u><u>19,181,731,667</u></u>
Depreciation and amortization for the year	Baht	<u><u>1,660,432,988</u></u>

The Bank has a commitment with regard to the construction of the new head office building amounting to Baht 17,026,958.

4.8 Deposits

4.8.1 Classified by product

Demand		10,629,374,692
Savings		99,632,906,029
Fixed		
Less than 6 months		296,851,388,861
6 months and up to 1 year		90,137,160,867
Over 1 year		55,133,823,453
Negotiable certificates of deposit		<u>6,594,988,593</u>
Total	Baht	<u><u>558,979,642,495</u></u>

4.8.2 Classified by maturity

Up to 1 year		534,782,869,995
Over 1 year		<u>24,196,772,500</u>
Total	Baht	<u><u>558,979,642,495</u></u>

4.8.3 Classified by currency and customer location

	Domestic	Foreign	Total
Baht	489,478,105,096	7,185,676,153	496,663,781,249
USD	6,077,184,178	48,945,893,240	55,023,077,418
Others	<u>476,409,511</u>	<u>6,816,374,317</u>	<u>7,292,783,828</u>
Total Baht	<u><u>496,031,698,785</u></u>	<u><u>62,947,943,710</u></u>	<u><u>558,979,642,495</u></u>

4.9 Interbank and money market items

4.9.1 Domestic items

	Demand	Time	Total
Bank of Thailand and Financial Institutions Development Fund	-	1,915,670,429	1,915,670,429
Commercial banks	185,055,918	3,895,028,306	4,080,084,224
Other banks	44,933,814	3,146,620,952	3,191,554,766
Finance companies, Finance and securities companies, Securities companies and Credit Foncier companies	1,898,206,169	1,397,612,700	3,295,818,869
Other financial institutions	<u>274,948,787</u>	<u>3,521,550,511</u>	<u>3,796,499,298</u>
Total domestic items	<u>2,403,144,688</u>	<u>13,876,482,898</u>	<u>16,279,627,586</u>

4.9.2 Foreign items

	Demand	Time	Total
USD	1,623,125,760	51,167,273,645	52,790,399,405
YEN	27,151,344	190,337,879	217,489,223
DM	2,665,907	91,678,809	94,344,716
Others	<u>343,223,935</u>	<u>1,657,106,947</u>	<u>2,000,330,882</u>
Total foreign items	<u>1,996,166,946</u>	<u>53,106,397,280</u>	<u>55,102,564,226</u>
Total domestic items and foreign items			
Baht	<u>4,399,311,634</u>	<u>66,982,880,178</u>	<u>71,382,191,812</u>

4.10 Securities sold under repurchase agreements

	Bank of Thailand repurchase market	Other repurchase markets	Total
Government bonds and Bank of Thailand bonds	180,000,000	-	180,000,000
Financial Institutions Development Fund	300,000,000	-	300,000,000
State enterprise securities	<u>500,000,000</u>	<u>-</u>	<u>500,000,000</u>
Baht	<u><u>980,000,000</u></u>	<u><u>-</u></u>	<u><u>980,000,000</u></u>

4.11 Borrowings

	Domestic	Foreign	Total
Subordinated convertible bonds	-	3,809,888,250	3,809,888,250
Subordinated notes	-	8,900,735,711	8,900,735,711
Others	<u>-</u>	<u>2,645,439,824</u>	<u>2,645,439,824</u>
Baht	<u><u>-</u></u>	<u><u>15,356,063,785</u></u>	<u><u>15,356,063,785</u></u>

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 the extraordinary meeting on November 28, 1997, the shareholders pass a resolution to reserve the common shares from 20,000,000 shares to 22,000,000 shares.

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 of 3.25 per cent per annum 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 conversion price was adjusted to Baht 223.51 effective December 9, 1997.

The first portion of the subordinated convertible bonds were converted on May 25, 1995. As at December 31, 1997, the value of subordinated convertible bonds which have not been converted amounted to Baht 3,809,888,250.

On December 29, 1994, the Bank issued subordinated notes for Yen 5,000,000,000, repayable in 10 years, with interest rate of 5.60% per annum payable annually.

On March 15, 1996, the Bank issued subordinated notes for US\$ 150,000,000, repayable in 10 years, with interest rate of 7.5% per annum payable twice a year.

The Bank has short-term borrowing by issuing on July 27, 1997, bills of exchange for US\$ 56,000,000, maturing on January 27, 1998, with interest rate at 6.20% per annum.

4.12 Share capital

During the year ended December 31, 1997 the issued and paid-up share capital increased by 291,712 shares arising from the conversion of the subordinated convertible bonds, making the issued and paid-up share capital of Baht 3,810,949,260 and premium on share capital of Baht 6,980,472,743. The Bank registered the increased issued share capital with the Department of Commercial Registration on January 27, 1997.

In the Extraordinary Meeting on November 28, 1997, the shareholders approved the motion to reduce the registered share capital from Baht 4,000,000,000 to Baht 3,810,949,260 and then to increase the issued and paid-up share capital from Baht 3,810,949,260 to Baht 10,000,000,000 by issuing 618,905,074 new common shares, each with Baht 10 par value, for a total value of Baht 6,189,050,740. In addition, the shareholders approved the motion to issue 139,531,642 units of warrant, of which 127,031,642 units would be reserved for the current shareholders, who would receive one warrant for each new share subscribed. Other investors and current shareholders who oversubscribe would receive one warrant for every four new shares subscribed. These warrants would be issued at no cost to the shareholders, with a subscription price of Baht 118 and the expiration date no later than five years from the date of issue.

During December 18-24, 1997, the Bank sold 164,531,642 new shares at Baht 47-60 per share, increasing the issued and paid-up share capital by Baht 1,645,316,420, and the premium on share capital by Baht 6,575,170,754. As a result, the Bank has 545,626,568 issued and paid-up shares, with a total par value of Baht 5,456,265,680. This increase in share capital was registered with the Department of Commercial Registration on December 31, 1997.

Regarding the warrants which were issued with the new shares, as of December 31, 1997, no shareholders exercised these warrants to buy the Bank's common shares.

Capital Funds

The Bank maintains its capital funds as a proportion of risk assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. As at December 31, 1997, the Bank's total capital funds can be categorized as follows:

Tier 1 capital		
Issued and paid-up share capital		5,456,265,680
Premium on share capital		13,555,643,496
Legal reserve		495,000,000
Others		23,081,000,000
Net profit after appropriations		<u>3,228,043,440</u>
Total Tier 1 capital		<u>45,815,952,616</u>
Tier 2 capital		
Unrealized increment per assets appraisal		2,276,977,652
Subordinated convertible bonds		3,809,888,250
Subordinated notes		<u>5,018,714,875</u>
Total Tier 2 capital		<u>11,105,580,777</u>
Total Capital Funds	Baht	<u><u>56,921,533,393</u></u>

4.13 Legal reserve

Under the Public Companies Act, the Bank is required to set aside as legal 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.

4.14 Contingencies

	Baht	Foreign Currency	Total
Avals to bills	21,606,479,387	2,080,487,995	23,686,967,382
Guarantees of loans	2,808,760,386	21,022,162,802	23,830,923,188
Liability under unmatured import bills	1,269,651,657	18,475,759,141	19,745,410,798
Other guarantees	48,156,246,027	20,900,468,793	69,056,714,820
Letters of credit	1,464,604,861	12,407,519,498	13,872,124,359
Exchange rate contracts			
Bought	-	140,591,567,637	140,591,567,637
Sold	-	160,392,823,508	160,392,823,508
Interest rate contracts			
Bought	-	236,200,000	236,200,000
Sold	-	8,321,203,650	8,321,203,650
Amount of unused bank overdraft	54,628,153,287	-	54,628,153,287
Other	-	200,112,573	200,112,573
Baht	<u><u>129,933,895,605</u></u>	<u><u>384,628,305,597</u></u>	<u><u>514,562,201,202</u></u>

The Bank has contingencies of Baht 372.4 million in connection with the 16 finance companies group, and Baht 831.5 million in connection with the 40 finance companies group, whose operations were closed down permanently by the Financial Sector Restructuring Authority on December 8, 1997.

4.15 Securities used as collateral

Government securities with Baht 2,855,000 face value are deposited at the court to guarantee the amount of payment that the Bank has to make on the court's verdict, while appealing the court's verdict or on requesting the postponement of a verdict's enforcement.

4.16 Related-party transactions

4.16.1 As of December 31, 1997, loans and commitments to certain officers from the levels of departmental managers upward, and the companies in which they or the Bank or the Bank's directors own at least 10% of each Company's paid-up capital are as follows:

	Balance as at December 31, 1997 Baht	Average balance at the end of the month Baht
Companies with at least 10% ownership		
Loans	18,653,071,661	14,466,943,177
Commitments	6,336,233,536	6,526,023,020
Officers from departmental managers upward		
Loans	51,930,942	56,363,572

4.16.2 Investments in subsidiary, associated, and related companies:

Company	Type of Business	Relationship	Paid-up Capital Baht	Percentage of Ownership	Investment Cost Method Baht
Subsidiary Companies					
Singburi Sugar Co., Ltd.	Industry	Shareholders and Board	300,000,000	100.00	350,000
Siam Appraisal and Service Co., Ltd.	Services	Shareholders and Board	1,000,000	99.99	3,564,731
Siam Pitiwat Co., Ltd.	Services	Shareholders and Board	4,000,000	99.99	3,999,720
SCB Advisory Service Co., Ltd	Services	Shareholders and Board	10,000,000	99.99	9,999,300
SCB Securities Co., Ltd.	Finance	Shareholders and Board	330,000,000	69.99	431,199,860
SCB Research Co., Ltd.	Research	Shareholders and Board	37,500,000	60.00	22,500,000
Siam-JLC Leasing Co., Ltd.	Leasing	Shareholders and Board	100,000,000	51.00	50,999,920

Company	Type of Business	Relationship	Paid-up Capital Baht	Percentage of Ownership	Investment Cost Method Baht
Associated Companies					
The Cambodian Commercial Bank Ltd. (Cambodia)	Banking	Shareholders and Board	472,400,400	40.00	247,660,424
Siam Sanwa Trilease Co., Ltd.	Leasing	Shareholders and Board	60,000,0000	35.00	21,000,000
Business Venture Promotion Co., Ltd.	Finance	Shareholders and Board	120,000,000	32.50	39,000,000
Bank of Kathmandu Ltd. (Nepal)	Banking	Shareholders and Board	85,635,823	30.00	25,690,747
SCB Training Center Co., Ltd.	Training Center	Shareholders and Board	460,000,000	25.00	115,000,000
SCB Asset Management Co., Ltd.	Mutual Fund	Shareholders and Board	100,000,000	25.00	25,000,000
The Vinasiam Bank (Vietnam)	Banking	Shareholders and Board	708,600,000	25.00	177,150,000
Siam Sindhorn Co., Ltd.	Real Estate	Shareholders and Board	1,000,000,000	24.99	302,413,320

4.16.3 Loans between the Bank and subsidiary, associated, and related companies

	Balance as at December 31, 1997 Baht	Pricing policy for intercompany lending Baht
Subsidiary Companies		
Singburi Sugar Co., Ltd.	24,727,051	Same as regular customers
Siam Pitiwat Co., Ltd.	2,414,716	Same as regular customers
SCB Securities Co., Ltd.	480,230,506	Same as regular customers
Siam-JLC Leasing Co., Ltd.	461,130,490	Same as regular customers
Associated companies		
Siam Sindhorn Co., Ltd.	463,122,000	Same as regular customers
SCB Training Center Co., Ltd.	37,000,000	Same as regular customers

4.16.4 Accounts between the Bank or subsidiary companies and the holding or associated companies, officers, major shareholders, or related persons

	Total annual amount Baht	Type of accounts
Related transactions		
Subsidiary Companies		
SCB Research Co., Ltd.	12,000,000	Research service
Siam-JLC Leasing Co., Ltd.	282,248,451	Computer leasing
Associated companies		
SCB Training Center Co., Ltd.	11,728,299	Training service
SCB Asset Management Co., Ltd.	92,957,591	Fund Management fee
Major shareholders		
Crown Property Bureau	1,738,072	Land and premises rentals

4.17 Long-term lease

Type of Lease	Period	Baht
Land and/or Premises	Jan 1,1999-Dec 31, 2001	178,499,199
Land and/or Premises	Jan 1,2002-Dec 31, 2004	157,308,575
Land and/or Premises	Jan 1,2005-Dec 31, 2007	155,415,421
Land and/or Premises	Jan 1,2008-Dec 31, 2010	146,723,751
Land and/or Premises	Jan 1,2011-Dec 31, 2027	562,562,590

4.18 Events occurring after the balance sheet date

4.18.1 On January 23, 1998, the Board of Directors passed a resolution to offer for sale 5,667,467 of the Bank's newly issued shares, at Baht 67 each, to the Long-Term Credit Bank of Japan, together with the right to receive one warrant for every four shares purchased. As a result, the Bank has 551,294,035 common shares outstanding, or Baht 5,512,940,350 of issued and paid-up share capital. The Bank registered this increase in share capital with the Department of Commercial Registration on February 2, 1998.

4.18.2 On February 23, 1998, the Board of Directors passed a resolution to omit dividends for the second half year ended December 31, 1997.

4.19 The financial position and the results from operations by domestic and foreign operations

4.19.1 The financial position classified by business type

	Domestic operations Baht	Foreign operations Baht	Total operations Baht
Total assets	582,248,946,574	134,911,799,538	717,160,746,112
Interbank and money market items	42,631,124,875	5,801,033,368	48,432,158,243
Loans	536,637,207,294	31,523,325,811	568,160,533,105
Investment	32,041,611,633	5,957,884,430	37,999,496,063
Deposits	496,543,579,784	62,436,065,711	558,979,645,495
Interbank and money market items	19,916,784,814	51,465,406,998	71,382,191,812
Borrowings	-	15,356,063,785	15,356,063,785
Contingencies	451,671,513,468	62,890,687,734	514,562,201,202

4.19.2 The results of operations classified by business type

	Domestic operations	Foreign operations	Elimination operation	Total operations
Interest and dividend income	65,458,338,554	9,133,864,839	(6,191,013,304)	68,401,190,089
Interest expenses	<u>42,250,004,276</u>	<u>8,170,585,086</u>	<u>(6,191,013,304)</u>	<u>44,229,576,058</u>
Net interest income	23,208,334,278	963,279,753	-	24,171,614,031
Non-interest income	7,242,751,207	393,661,388	-	7,636,412,595
Non-interest expenses	<u>25,655,295,933</u>	<u>920,759,279</u>	<u>-</u>	<u>26,576,055,212</u>
Income before income tax Baht	<u><u>4,795,789,552</u></u>	<u><u>436,181,862</u></u>	<u><u>-</u></u>	<u><u>5,231,971,414</u></u>

4.20 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. This note has been prepared in accordance with International Accounting Standard, IAS 32, Presentation and Disclosure of Financial Instruments.

4.20.1 Derivative Financial Instruments

A derivative is a financial contract whose value is derived from the value of an underlying reference rate, index or other instrument.

Asset and liability management

Derivatives are used to manage the market risk arising from SCB's underlying financial assets and liabilities. These risks are predominantly foreign exchange and interest rate related. The types of derivative contracts used for this purpose are foreign exchange, currency and interest rate swaps.

Financial Intermediary

SCB's customers are also exposed to market risk and accordingly seek to manage the risk via the utilisation of derivatives. The Bank, as a financial intermediary, operates in this market and where possible seeks to offset positions created by its customers. The types of derivative contracts used for this purpose are foreign exchange and currency swaps. The outstanding derivative contracts at year end are considered not to be significant.

Fair Value of Derivative Financial Instruments

The fair value is the amount that SCB expects to pay or receive to exchange or settle the derivative contract. The Bank uses different methodologies for determining the net fair value. The methodology used is dependent upon the characteristics of the derivative and the financial market in which it operates. Derivative contracts that have standard terms and conditions and trade on an active and liquid market have their fair value determined by the quoted market price. In other circumstances, the fair value is derived from quoted market rates such as interest rates and foreign exchange rates, which are then subsequently incorporated into generally accepted pricing models, based on discounted cash flow theory, to determine the fair value.

It should be noted that the fair value at any particular point in time does not provide an indication of any future gains or losses.

Credit Risk of Derivative Financial Instruments

The credit risk of derivative financial instruments arises from the potential for a counterparty to default on its obligation. A credit risk arises from the Bank's perspective when the derivative has a positive fair value, that is the fair value of the derivative financial instrument is in favour of SCB. SCB measures credit risk on a fair value basis.

4.20.2 Physical Financial Instruments

Disaggregation of physical financial assets has taken place in consideration of significant differences between financial instruments within balance sheet classifications and the capabilities of the Bank's management information systems.

The fair value has been determined in accordance with generally applied financial market principles as described above under derivative instruments. The fair value of floating rate instruments are not restated as the carrying amount is considered a reasonable estimate of the financial instrument's fair value. The fair value of equities is calculated by the cost method in accordance with the Notification of the Bank of Thailand dated February 15, 1995. The fair value of fixed rate financial instruments is slightly lower than their face value.

SCB's financial instruments are exposed to movements in interest and foreign exchange rates.

(Mr. Prachitr Yossundara)
Chairman of Executive Committee

(Dr. Olarn Chaipravat)
President and Chief Executive Officer

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED
PROPOSAL FOR PROFIT APPROPRIATION
FOR THE YEAR ENDED DECEMBER 31, 1997

1. FOR THE HALF YEAR ENDED JUNE 30, 1997

Profit available for distribution for this half-year period amounts to Baht 6,075,213,680.35 consisting of net profit for the period ended 30th June 1997 of Baht 3,680,471,696.82 and surplus carried forward from the preceding period of Baht 2,394,741,983.53 The Board of Directors has distributed since July 28, 1997 as:-

1. Dividend (Baht 3.50 per share)	Baht	1,333,832,241.00
2. Director Remuneration	Baht	13,338,000.00
3. Transfer to Other reserve from period ended June 30,1997	Baht	1,500,000,000.00
4. Carried forward profit	Baht	<u>3,228,043,439.35</u>
Total	Baht	<u>6,075,213,680.35</u>

2. FOR THE HALF YEAR ENDED DECEMBER 31, 1997

Profit available for distribution for this half-year period amounts to Baht 2,741,830,456.74 consisting of net loss for the period ended 31st December 1997 of Baht 486,212,982.61 and surplus carried forward from the preceding period of Baht 3,228,043,439.35 The Board of Directors recommends distribution as follows:-

1. Legal reserve	Baht	200,000,000.00
2. Carried forward profit	Baht	<u>2,541,830,456.74</u>
Total	Baht	<u>2,741,830,456.74</u>

Board of Directors' Remuneration in 1997

			BAHT
1. MR. PRACHITR	YOSSUNDARA	CHAIRMAN	7,396,400.00
2. M.L. THAWISAN	LADAWAN	DIRECTOR	3,698,200.00
3. MR. ANAND	PANYARACHUN	DIRECTOR	3,698,200.00
4. MR. VIROJ	PHUTRAKUL	DIRECTOR	3,698,200.00
5. MR. SANSERN	KRAICHITTI	DIRECTOR	3,698,200.00
6. DR. CHIRAYU	ISARANGKUN NA AYUTHAYA	DIRECTOR	3,698,200.00
7. M.L. USNI	PRAMOJ	DIRECTOR	3,698,200.00
8. MR. PIYA	BHIROM BHAKDI	DIRECTOR	3,698,200.00
9. M.R. DISNADDA	DISKUL	DIRECTOR	2,242,616.67
10. DR. OLARN	CHAIPRAVAT	DIRECTOR	3,698,200.00
11. MR. PRAKIT	PRADIPASEN	DIRECTOR	3,698,200.00
			<u>42,922,816.67</u>

Scb. Shareholding of The Board of Directors as at December 31, 1997

			Amount of Shares	
			1997	1996
1. MR. PRACHITR	YOSSUNDARA	CHAIRMAN	36,400	36,400
2. M.L. THAWISAN	LADAWAN	DIRECTOR	74,270	74,270
3. MR. ANAND	PANYARACHUN	DIRECTOR	41,270	41,270
4. MR. VIROJ	PHUTRAKUL	DIRECTOR	80,000	3,000
5. MR. SANSERN	KRAICHITTI	DIRECTOR	47,800	33,800
6. DR. CHIRAYU	ISARANGKUN NA AYUTHAYA	DIRECTOR	2,000	-
7. M.L. USNI	PRAMOJ	DIRECTOR	118,340	118,340
8. MR. PIYA	BHIROM BHAKDI	DIRECTOR	313,746	155,746
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	16,700	-

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. DISNADDA	DISKUL	-	-
10. DR. OLARN	CHAIPRAVAT	-	-
11. MR. PRAKIT	PRADIPASEN	-	-

Directors whose term expires in 1998

- | | |
|------------------|---------------|
| 1. MR. ANAND | PANYARACHUN |
| 2. MR. SANSERN | KRAICHITTI |
| 3. MR. PIYA | BHIROM BHAKDI |
| 4. M.R. DISNADDA | DISKUL |

Other Investments as at December 31, 1997

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	Thai Thamrong Finance Co.,Ltd.	Bangkok	Finance	Ordinary	243,500,000	37,200,000	15.28%	355,245,750.00
3	Siam Sindhorn Co.,Ltd.	Bangkok	Real Estate	Ordinary	100,000,000	24,990,000	24.99%	302,413,320.00
4	The Cambodian Commercial Bank Ltd.	Cambodia	Banking	Ordinary	100,000	40,000	40.00%	247,660,424.00
5	VinaSiam Bank	Vietnam	Banking	Ordinary	150,000	37,500	25.00%	177,150,000.00
6	Mahisorn Co.,Ltd.	Bangkok	Real Estate	Ordinary	15,000,000	1,500,000	10.00%	150,000,000.00
7	Thai Baroda Industries Co.,Ltd.	Rayong	Vehicles & Parts	Ordinary	12,500,000	1,250,000	10.00%	126,654,794.52
8	Thai Public Port Co.,Ltd.	Bangkok	Warehouse	Ordinary	12,500,000	1,250,000	10.00%	125,000,000.00
9	SCB Training Centre Co.,Ltd.	Bangkok	Hotel	Ordinary	4,600,000	1,150,000	25.00%	115,000,000.00
10	Thai Industrial Gases PCL	Samutprakan	Energy	Ordinary	51,840,000	5,184,000	10.00%	114,120,000.00
11	Siam General Factoring PCL	Bangkok	Finance	Ordinary	23,048,824	2,400,000	10.41%	90,650,000.00
12	Siam Media and Communication Co.,Ltd.	Bangkok	Communication	Ordinary	7,000,000	700,000	10.00%	70,000,000.00
13	The Petro Chain (Thailand) Co.,Ltd.	Bangkok	Chemicals	Ordinary	6,000,000	600,000	10.00%	60,000,000.00
14	BNH Medical Centre Co.,Ltd.	Bangkok	Hospital	Ordinary	59,250,000	5,928,000	10.00%	59,250,000.00
15	Samaggi Insurance PCL	Bangkok	Insurance	Ordinary	15,000,000	1,500,000	10.00%	56,250,000.00
16	Bangkok Int'l Hotel Co.,Ltd.	Bangkok	Hotel & Shopping Center	Ordinary	17,400,000	1,740,000	10.00%	52,200,000.00
17	Siam JLC Leasing Co.,Ltd.	Bangkok	Leasing	Ordinary	10,000,000	5,099,992	51.00%	50,999,920.00
18	Uni-Media Co.,Ltd.	Bangkok	Consultant	Ordinary	40,000,000	4,000,000	10.00%	40,000,000.00
19	Business Venture Promotion Co.,Ltd.	Bangkok	Finance	Ordinary	12,000,000	3,900,000	32.50%	39,000,000.00
20	Bank of Kathmandu Ltd.	Nepal	Banking	Ordinary	1,800,000	540,000	30.00%	25,690,747.45
21	SCB Asset Management Co.,Ltd.	Bangkok	Mutual Fund	Ordinary	20,000,000	5,000,000	25.00%	25,000,000.00
22	Alcan Nikkei Siam Co.,Ltd.	Bangkok	Industry	Ordinary	1,411,760	141,176	10.00%	23,271,451.84
23	SCB Research Company Limited	Bangkok	Research	Ordinary	5,000,000	3,000,000	60.00%	22,500,000.00
24	Alcan Nikkei Thai Co.,Ltd.	Bangkok	Industry	Ordinary	100,000	10,000	10.00%	22,037,970.91
25	Siam Sanwa Trilease Co.,Ltd.	Bangkok	Leasing	Ordinary	600,000	210,000	35.00%	21,000,000.00
26	Thai U.S.Leather Co.,Ltd.	Samutsakhon	Leather	Ordinary	25,000,000	2,500,000	10.00%	19,375,000.00
27	Sonoco Asia Corporation (Thailand) Ltd.	Pathumthani	Industry	Ordinary	300,000	30,000	10.00%	18,500,000.00
28	Sino-Thai Resources Development PCL	Bangkok	Mining	Ordinary	13,000,000	1,300,000	10.00%	13,000,000.00
29	SCB Advisory Service Co.,Ltd.	Bangkok	Services	Ordinary	100,000	99,993	99.99%	9,999,300.00
30	Siam Tele Marketing Co.,Ltd.	Bangkok	Services	Ordinary	5,000,000	500,000	10.00%	5,000,000.00
31	Angthong Sugar Terminal Co.,Ltd.	Bangkok	Warehouse	Ordinary	500,000	50,000	10.00%	5,000,000.00
32	Cargill Siam Co.,Ltd.	Bangkok	Agribusiness	Ordinary	480,030	48,000	10.00%	4,800,000.00
33	Thai Fuji Xerox Co.,Ltd.	Bangkok	Electrical Products	Ordinary	4,000	400	10.00%	4,000,000.00
34	Navuti Co.,Ltd.	Bangkok	Agribusiness	Ordinary	600,000	60,000	10.00%	4,000,000.00
35	Fortis Co.,Ltd.	Samutprakan	Commerce	Ordinary	400,000	40,000	10.00%	4,000,000.00
36	Siam Pitiwat Co.,Ltd.	Bangkok	Services	Ordinary	400,000	399,972	99.99%	3,999,720.00
37	Siam Appraisal and Service Co.,Ltd.	Bangkok	Services	Ordinary	100,000	99,999	99.99%	3,564,730.50
38	Siam Technology Service Co.,Ltd.	Bangkok	Consultant	Ordinary	3,000,000	300,000	10.00%	3,000,000.00
39	Dhanamitr Factoring Co.,Ltd.	Bangkok	Finance	Ordinary	2,000,000	200,000	10.00%	2,000,000.00
40	Siam Niti Law Office Co.,Ltd.	Bangkok	Consultant	Ordinary	160,000	16,000	10.00%	1,600,000.00
41	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)
42	Siam Cement Myanmar Trading Ltd.	Myanmar	Industry	Ordinary	220	22	10.00%	1,047,263.56
43	Thai Ohbayashi Corporation Ltd.	Bangkok	Construction	Ordinary	20,000	2,000	10.00%	1,000,000.00
44	Siam Cosmos Service Co.,Ltd.	Bangkok	Consultant	Ordinary	60,000	6,000	10.00%	600,000.00
45	CCB Holding Ltd.	Hong Kong	Finance	Ordinary	1,000	100	10.00%	472,400.00
46	Singburi Sugar Co.,Ltd.	Bangkok	Industry	Ordinary	300,000	300,000	100.00%	350,000.00
47	Thai Hoya Lens Co.,Ltd.	Bangkok	Industry	Ordinary	40,000	4,000	10.00%	200,000.00
48	American Appraisal (Thailand) Ltd.	Bangkok	Services	Ordinary	10,000	1,000	10.00%	100,000.00
49	Sriracha Power Co.,Ltd.	Bangkok	Energy	Ordinary	10,000	1,000	10.00%	10,000.00
50	Suthakarn Co.,Ltd.	Bangkok	Commerce	Ordinary	1,000	100	10.00%	2,500.00
								2,939,040,152.78

Nationwide Branches as at December 31, 1997

Bangkok	135	Branches
Central Region	61	Branches
Eastern Region	59	Branches
North Eastern Region	61	Branches
North Region	60	Branches
Western Region	42	Branches
Southern Region	<u>45</u>	Branches
Total	<u>463</u>	Branches

International Trade Service Centers

International Trade Service Center, Chiang Mai	Tel: (053) 818-483, 282-098
International Trade Service Center, Bang Lampu	Tel: 281-7618, 280-3638
International Trade Service Center, Bangkadi	Tel: 963-7153-6
International Trade Service Center, Surawongse	Tel: 237-8589, 233-7115-9
International Trade Service Center, Rajawongse	Tel: 222-9479, 224-4640
International Trade Service Center, Khlong Luang	Tel: 516-3311, 516-8017
International Trade Service Center, Lat Phrao Soi 10	Tel: 513-9384, 511-3402
International Trade Service Center, Talat Noi	Tel: 639-6834-5
International Trade Service Center, Laem Chabang	Tel: (038) 331-282-4
International Trade Service Center, Bangjak	Tel: 333-0492-4, 332-9063
International Trade Service Center, Bangkapi	Tel: 258-9679, 259-2598
International Trade Service Center, Chidlom	Tel: 256-1450, 250-1119, 251-3250
International Trade Service Center, Omyai	Tel: 420-1117-9
International Trade Service Center, Muang Mai Bangphli	Tel: 315-3004, 315-3009
International Trade Service Center, Thanon Taksin	Tel: 438-1315-7, 438-1126-7
International Trade Service Center, Bangkhlo	Tel: 689-7510-2

Exchange Booths

BANGKOK BOOTHS

Soi Chai Yot	9.00 a.m.-7.00 p.m.	Tel: 255-2999
Thanon Ratchadaphisek	10.00 a.m.-8.00 p.m.	Tel: 247-1886
Sala Daeng	10.00 a.m.-8.00 p.m.	Tel: 267-0050, 234-8125
Wat Phra Kaeo	8.30 a.m.-4.30 p.m.	Tel: 225-2770-1
Thanon Khao San	9.00 a.m.-7.00 p.m.	Tel: 280-1452 , 280-1811
Phloenchit	10.00 a.m.-8.00 p.m.	Tel: 255-2998
Siam Center	10.00 a.m.-8.00 p.m.	Tel: 255-3928
Surawong	8.30 a.m.-6.30 p.m.	Tel: 235-7877 Ext. 44
Silom	10.00 a.m.-8.00 p.m.	Tel: 235-9595, 267-0197
Wat Trai Mit	8.30 a.m.-5.00 p.m.	Tel: 225-9307
Ngamdu Phli	10.00 a.m.-8.00 p.m.	Tel: 213-1331, 213-1246
Surawong 2	10.00 a.m.-8.00 p.m.	Tel: 236-2546
Royal Orchid	7.00 a.m.-8.00 p.m.	Tel: 235-6240, 237-0969
Bang Rak	10.00 a.m.-8.00 p.m.	Tel: 237-0968, 234-5407
Robinson Sukhumwit	10.00 a.m.-8.00 p.m.	Tel: 254-4332

UP-COUNTRY BOOTHS

Krabi	8.30 a.m.-5.30 p.m.	Tel: (075) 620-624, 611-787
Patong (Phuket)	10.00 a.m.-8.00 p.m.	Tel: (076) 340-523, 342-592
Patong Branch	10.00 a.m.-8.00 p.m.	Tel: (076) 341-590, 341-588
Patong (Phuket 2)	10.00 a.m.-8.00 p.m.	Tel: (076) 340-523
Phuket	8.30 a.m.-8.00 p.m.	Tel: (076) 214-459
Kata Plaza	9.00 a.m.-9.00 p.m.	Tel: (076) 330-473, 381-473
Karon	9.00 a.m.-9.00 p.m.	Tel: (076) 396-475, 381-474
Black Cat	9.30 a.m.-7.00 p.m.	Tel: (077) 422-488, 422-507
Chaweng	8.15 a.m.-7.00 p.m.	Tel: (077) 422-445, 422-489
Ko Samui	8.30 a.m.-5.50 p.m.	Tel: (077) 420-190
Talad Bophut	9.00 a.m.-7.00 p.m.	Tel: (077) 425-009
Farmingo	9.30 a.m.-7.00 p.m.	Tel: (077) 424-387, 424-507
Ko Phan-Gan	8.30 a.m.-5.30 p.m.	Tel: (077) 377-003-4
Chaweng 2	12.00 a.m.-9.00 p.m.	Tel: (077) 230-493
Phattaya	12.00 a.m.-9.00 p.m.	Tel: (038) 421-987, 340-523
Phattaya Tai	2.00 p.m.-10.00 p.m.	Tel: (038) 429-985, 710-360
Tha Phae	10.00 a.m.-8.00 p.m.	Tel: (053) 273-171, 274-732
Talat Anusarn	11.00 a.m.-11.00 p.m.	Tel: (053) 273-732, 282-283

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Pratu Thaphae	8.30 a.m.-6.30 p.m.	Tel: (053) 281-201
Chiang Rai	10.00 a.m.-10.00 a.m.	Tel: (053) 711-579, 715-281
Sam Liam Thong Kham	9.00 a.m.-6.00 p.m.	Tel: (053) 784-190-1
Phraratchawang Bang Pa-In	8.30 a.m.-3.30 p.m.	Tel: (035) 261-547
Wat Phra Sirattanamahathat	7.00 a.m.-3.00 p.m.	Tel: (055) 243-293
Sukhothai History Park	8.30 a.m.-5.00 p.m.	Tel: (055) 697-089, 613-245