

**The Siam Commercial Bank Public Company Limited
and its Subsidiaries**

Annual financial statements
and
Audit Report of Certified Public Accountant

For the years ended
31 December 2008 and 2007

Audit Report of Certified Public Accountant

To the Shareholders of The Siam Commercial Bank Public Company Limited

I have audited the accompanying consolidated and separate balance sheets as at 31 December 2008, and the related statements of income, changes in equity and cash flows for the year then ended of The Siam Commercial Bank Public Company Limited and its subsidiaries, and of The Siam Commercial Bank Public Company Limited, respectively. The Bank's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits. The consolidated and separate financial statements of The Siam Commercial Bank Public Company Limited and its subsidiaries, and of The Siam Commercial Bank Public Company Limited, respectively, for the year ended 31 December 2007 were audited by another auditor whose report dated 19 February 2008 expressed an unqualified opinion on those statements.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2008 and the results of operations and cash flows for the year then ended of The Siam Commercial Bank Public Company Limited and its subsidiaries, and of The Siam Commercial Bank Public Company Limited, respectively, in accordance with generally accepted accounting principles.

As a result of the change in accounting standard, I draw attention to Note 3.1 to the financial statements regarding the change in accounting policy arising from the adoption of TAS 43 (revised 2007) on accounting for goodwill and negative goodwill from business combination.

(Thirathong Thepmongkorn)
Certified Public Accountant
Registration No. 3787

KPMG Phoomchai Audit Ltd.
Bangkok
19 February 2009

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Balance sheets

As at 31 December 2008 and 2007

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		2008	2007	2008	2007
		(in Baht)			
Cash		29,940,840,387	21,460,446,867	29,784,860,675	21,234,625,540
Interbank and money market items	4.1				
Domestic items					
Interest bearing		55,401,882,782	25,480,221,337	54,879,515,435	23,806,766,729
Non-interest bearing		10,157,273,726	5,993,291,970	9,888,346,078	5,831,638,388
Foreign items					
Interest bearing		18,289,619,166	74,789,050,394	15,965,146,923	72,100,679,816
Non-interest bearing		3,858,161,662	4,597,139,630	2,906,567,583	3,644,772,954
Total interbank and money market items, net		<u>87,706,937,336</u>	<u>110,859,703,331</u>	<u>83,639,576,019</u>	<u>105,383,857,887</u>
Investments	4.2				
Short-term investments, net		51,340,228,272	40,022,421,046	49,475,324,697	38,345,689,627
Long-term investments, net		99,645,997,500	84,984,203,975	99,488,434,837	82,161,437,336
Investments in subsidiaries and associated companies, net		<u>4,210,890,055</u>	<u>3,633,329,127</u>	<u>23,431,592,782</u>	<u>25,959,772,490</u>
Total investments, net		<u>155,197,115,827</u>	<u>128,639,954,148</u>	<u>172,395,352,316</u>	<u>146,466,899,453</u>
Loans and accrued interest receivables	4.3				
Loans		916,920,343,771	868,174,897,344	892,849,597,675	804,447,934,172
Accrued interest receivables		<u>2,270,351,313</u>	<u>2,171,158,090</u>	<u>2,712,461,162</u>	<u>2,133,123,346</u>
Total loans and accrued interest receivables		919,190,695,084	870,346,055,434	895,562,058,837	806,581,057,518
Less allowance for doubtful accounts	4.3.5, 4.4	(41,037,596,325)	(45,722,894,734)	(38,033,933,509)	(41,096,964,654)
Less revaluation allowance for debt restructured	4.5	<u>(673,262,741)</u>	<u>(1,073,582,036)</u>	<u>(673,262,741)</u>	<u>(1,073,582,036)</u>
Total loans and accrued interest receivables, net		<u>877,479,836,018</u>	<u>823,549,578,664</u>	<u>856,854,862,587</u>	<u>764,410,510,828</u>
Properties foreclosed, net	4.7	11,986,847,238	16,943,138,234	11,492,055,361	16,349,252,150
Customers' liability under acceptances		186,124,467	322,083,681	186,124,467	322,083,681
Premises and equipment, net	4.8	29,111,794,386	26,463,277,388	27,616,241,172	25,270,438,806
Assets pending transfer	4.9	1,548,198,130	4,733,528,177	1,462,079,947	4,056,457,385
Receivables from selling of investments		30,359,164,684	17,754,210,951	30,359,164,684	17,706,519,848
Receivables from disposal of assets		1,183,636,654	1,906,823,090	1,182,306,654	1,903,873,091
Other assets, net	4.10	16,939,179,288	12,934,911,189	13,520,936,638	9,719,396,230
Total assets		<u><u>1,241,639,674,415</u></u>	<u><u>1,165,567,655,720</u></u>	<u><u>1,228,493,560,520</u></u>	<u><u>1,112,823,914,899</u></u>

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Balance sheets

As at 31 December 2008 and 2007

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		2008	2007	2008	2007
		(in Baht)			
Deposits	4.11				
Deposits in Baht		895,114,617,639	832,947,731,990	901,375,885,993	836,522,466,393
Deposits in foreign currencies		16,367,665,287	17,281,531,945	12,158,152,169	12,811,432,584
Total deposits		<u>911,482,282,926</u>	<u>850,229,263,935</u>	<u>913,534,038,162</u>	<u>849,333,898,977</u>
Interbank and money market items	4.12				
Domestic items					
Interest bearing		25,546,869,434	48,730,660,021	22,366,709,242	27,533,816,003
Non-interest bearing		2,418,853,811	3,116,689,541	2,493,602,363	3,152,212,800
Foreign items					
Interest bearing		113,159,981	473,845,322	107,320,735	562,758,645
Non-interest bearing		799,442,768	509,484,632	853,173,407	546,502,522
Total interbank and money market items		<u>28,878,325,994</u>	<u>52,830,679,516</u>	<u>25,820,805,747</u>	<u>31,795,289,970</u>
Liabilities payable on demand		3,686,008,269	4,158,640,237	3,733,745,341	4,156,479,550
Borrowings	4.13				
Short-term borrowings		53,277,457,855	63,365,076,041	53,495,457,855	47,096,483,093
Long-term borrowings		29,133,305,374	25,294,644,699	24,933,305,374	20,794,644,699
Total borrowings		<u>82,410,763,229</u>	<u>88,659,720,740</u>	<u>78,428,763,229</u>	<u>67,891,127,792</u>
Bank's liabilities under acceptances		186,124,467	322,083,681	186,124,467	322,083,681
Interest payable on deposits		3,314,865,088	3,390,364,466	3,311,681,281	3,388,105,266
Liabilities pending transfer	4.14	11,488,805,352	11,055,601,456	11,480,294,468	11,039,775,138
Payables from purchases of investments		51,035,459,691	22,900,452,392	51,035,459,691	22,900,452,392
Provisions	4.15	3,205,197,627	3,075,458,516	2,733,552,738	2,562,429,227
Other liabilities	4.16	18,056,179,754	17,127,796,028	13,668,515,652	10,919,179,998
Total liabilities		<u>1,113,744,012,397</u>	<u>1,053,750,060,967</u>	<u>1,103,932,980,776</u>	<u>1,004,308,821,991</u>

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Balance sheets

As at 31 December 2008 and 2007

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
<i>(in Baht)</i>					
Equity					
Share capital					
Authorised share capital					
5,077,705,299 preferred shares of Baht 10 each	4.17	50,777,052,990		50,777,052,990	
5,083,584,607 preferred shares of Baht 10 each			50,835,846,070		50,835,846,070
1,922,294,701 ordinary shares of Baht 10 each		19,222,947,010		19,222,947,010	
1,916,415,393 ordinary shares of Baht 10 each			19,164,153,930		19,164,153,930
Issued and fully paid-up share capital					
916,307,592 preferred shares of Baht 10 each	4.17	9,163,075,920	-	9,163,075,920	-
1,499,407,175 preferred shares of Baht 10 each		-	14,994,071,750	-	14,994,071,750
2,482,884,606 ordinary shares of Baht 10 each		24,828,846,060	-	24,828,846,060	-
1,899,785,023 ordinary shares of Baht 10 each		-	18,997,850,230	-	18,997,850,230
Premium on preferred shares		3,583,176,130	5,863,358,599	3,583,176,130	5,863,358,599
Premium on ordinary shares		7,541,014,496	5,260,832,027	7,541,014,496	5,260,832,027
Revaluation surplus on land appraisal		6,102,022,066	5,783,328,455	5,770,828,192	5,783,328,455
Revaluation surplus on premises appraisal		5,278,653,102	5,360,228,397	5,199,916,611	5,360,228,397
Revaluation surplus on investments		3,140,869,328	1,919,394,028	2,955,166,342	1,597,704,435
Foreign currency translation		(215,747,439)	(283,629,796)	-	-
Unrealised gain from capital surplus on					
investment in subsidiary of associated company		60,454,357	60,454,357	-	-
Retained earnings					
Appropriated					
Legal reserve	4.18	5,062,683,827	3,987,724,794	5,062,683,827	3,987,724,794
Unappropriated		62,659,470,199	48,959,072,759	60,455,872,166	46,669,994,221
Total equity of the bank		127,204,518,046	110,902,685,600	124,560,579,744	108,515,092,908
Minority interests		691,143,972	914,909,153	-	-
Total equity		127,895,662,018	111,817,594,753	124,560,579,744	108,515,092,908
Total liabilities and equity		1,241,639,674,415	1,165,567,655,720	1,228,493,560,520	1,112,823,914,899
		0	0	0	0
Off-balance sheet items - contingencies					
Avals to bills and guarantees of loans	4.20	5,883,266,490	11,435,717,990	5,883,266,490	11,435,717,990
Liability under unmatured import bills		5,880,414,365	3,691,231,550	5,880,414,365	3,691,231,550
Letter of credit		12,424,814,355	15,968,353,932	12,308,311,664	15,782,470,711
Other contingencies		2,001,854,711,521	2,118,881,065,768	2,001,249,906,857	2,118,479,353,115

(Mrs. Kannikar Chalitaporn)

President

(Mr. Vichit Suraphongchai)

Chairman of the Executive Committee

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statements of income

For the years ended 31 December 2008 and 2007

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
		<i>(in Baht)</i>			
Interest and dividend income	5.1				
Loans		48,802,177,745	44,103,458,113	49,935,346,222	44,398,652,151
Interbank and money market items		4,162,836,294	6,738,144,459	4,038,110,239	6,536,664,912
Hire purchase and financial lease		5,169,791,380	4,625,138,885	286,989,559	-
Investments		5,196,527,648	4,978,843,837	6,218,354,928	5,650,261,757
Total interest and dividend income		<u>63,331,333,067</u>	<u>60,445,585,294</u>	<u>60,478,800,948</u>	<u>56,585,578,820</u>
Interest expenses					
Deposits		14,580,975,489	16,850,401,639	14,546,631,013	16,824,728,006
Interbank and money market items		1,307,875,531	1,872,473,425	566,720,069	706,091,060
Short-term borrowings		1,792,598,022	1,304,689,054	1,535,825,377	854,710,763
Long-term borrowings		1,320,248,755	1,240,741,398	1,127,684,289	1,042,348,946
Total interest expenses		<u>19,001,697,797</u>	<u>21,268,305,516</u>	<u>17,776,860,748</u>	<u>19,427,878,775</u>
Net interest and dividend income		44,329,635,270	39,177,279,778	42,701,940,200	37,157,700,045
Bad debt and doubtful accounts	4.4, 5.2	4,840,430,848	3,570,377,466	4,086,367,470	3,134,620,000
Loss on debt restructuring	4.3.9, 5.3	113,632,530	465,380,000	113,632,530	465,380,000
Net interest and dividend income after bad debt and doubtful accounts and loss on debt restructuring		<u>39,375,571,892</u>	<u>35,141,522,312</u>	<u>38,501,940,200</u>	<u>33,557,700,045</u>
Non-interest income					
Gain (loss) on investments	5.4	(909,004,594)	104,097,358	368,205,319	335,161,224
Income from equity interest in associated companies		692,304,257	452,025,503	-	-
Fees and service income					
Acceptances, avals and guarantees		1,085,175,410	1,043,229,942	1,085,206,990	1,043,367,410
Others		15,976,511,430	14,331,289,968	14,750,386,036	12,395,084,368
Gain on exchanges		3,821,823,617	2,618,700,558	3,819,775,390	2,615,025,941
Underwriting income		2,224,960,139	1,843,289,649	-	-
Other income		2,249,069,718	1,973,901,723	992,611,624	701,126,292
Total non-interest income		<u>25,140,839,977</u>	<u>22,366,534,701</u>	<u>21,016,185,359</u>	<u>17,089,765,235</u>

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statements of income

For the years ended 31 December 2008 and 2007

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
<i>(in Baht)</i>					
Non-interest expenses					
Personnel expenses		11,775,474,607	11,135,122,809	10,359,724,831	9,378,279,572
Premises and equipment expenses		8,022,999,086	7,313,307,287	7,129,195,785	6,356,551,135
Taxes and duties		1,926,909,012	2,316,778,088	1,884,544,667	2,221,719,025
Fees and service expenses		3,064,569,753	2,637,824,368	3,219,458,617	2,841,839,040
Directors' remuneration	5.5	120,006,986	84,036,715	103,894,400	66,972,801
Contributions to the Financial Institutions					
Development Fund and the Deposit Protection Agency		3,466,029,753	3,179,517,285	3,466,029,754	3,179,517,285
Loss from adjustment of selling price of loans to TAMC		-	48,386,581	-	25,346,581
Underwriting expenses		1,299,242,248	1,177,977,419	-	-
Other expenses		4,661,747,892	4,700,795,431	3,519,909,022	3,248,171,358
Total non-interest expenses		<u>34,336,979,337</u>	<u>32,593,745,983</u>	<u>29,682,757,076</u>	<u>27,318,396,797</u>
Income before income tax		30,179,432,532	24,914,311,030	29,835,368,483	23,329,068,483
Income tax		8,888,259,394	7,433,573,694	8,336,187,832	6,692,115,081
Net income		<u><u>21,291,173,138</u></u>	<u><u>17,480,737,336</u></u>	<u><u>21,499,180,651</u></u>	<u><u>16,636,953,402</u></u>
Attributable to:					
Equity holders of the bank		21,413,700,146	17,355,956,602	21,499,180,651	16,636,953,402
Minority interests		(122,527,008)	124,780,734	-	-
Net income		<u><u>21,291,173,138</u></u>	<u><u>17,480,737,336</u></u>	<u><u>21,499,180,651</u></u>	<u><u>16,636,953,402</u></u>
Basic earnings per share	5.6	<u>9.03</u>	<u>7.56</u>	<u>9.07</u>	<u>7.19</u>
Diluted earnings per share	5.6	<u>6.30</u>	<u>5.11</u>	<u>6.32</u>	<u>4.89</u>

(Mrs. Kannikar Chalitaporn)

President

(Mr. Vichit Suraphongchai)

Chairman of the Executive Committee

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statements of changes in equity

For the years ended 31 December 2008 and 2007

Note	Consolidated financial statements													
	Issued and fully paid-up share capital		Premium on		Revaluation surplus on	Revaluation surplus on	Revaluation surplus on	Foreign currency translation	Unrealised gain resulting from	Retained earnings		Total equity	Minority interests	Total equity
	Preferred shares	Ordinary shares	Preferred shares	Ordinary shares	land appraisal	premises appraisal	investment		capital surplus on investment in subsidiary of associated company	Appropriated Legal reserve	Unappropriated	attributable to the Bank's shareholders		equity
	(in Baht)													
Balance at 1 January 2007	15,055,923,210	18,935,998,770	5,887,545,311	5,236,645,315	5,783,328,455	5,520,575,837	986,763,453	(199,594,686)	75,980,818	3,155,877,124	39,073,129,495	99,512,173,102	1,047,505,957	100,559,679,059
Revaluation surplus on premises appraisal increase (decrease)	-	-	-	-	-	(160,347,440)	-	-	-	-	160,311,786	(35,654)	-	(35,654)
Revaluation surplus on investments increase	-	-	-	-	-	-	932,630,575	-	-	-	-	932,630,575	16,960,880	949,591,455
Foreign currency translation	-	-	-	-	-	-	-	(84,035,110)	-	-	-	(84,035,110)	(417)	(84,035,527)
Unrealised gain resulting from capital surplus on investment in subsidiary of associated company decrease	-	-	-	-	-	-	-	-	(15,526,461)	-	-	(15,526,461)	-	(15,526,461)
Income (expense) recognised directly in equity	-	-	-	-	-	(160,347,440)	932,630,575	(84,035,110)	(15,526,461)	-	160,311,786	833,033,350	16,960,463	849,993,813
Net income	-	-	-	-	-	-	-	-	-	-	17,355,956,602	17,355,956,602	124,780,734	17,480,737,336
Total recognised income (expense) for the year	-	-	-	-	-	(160,347,440)	932,630,575	(84,035,110)	(15,526,461)	-	17,516,268,388	18,188,989,952	141,741,197	18,330,731,149
Appropriation of net income to legal reserve	4.18	-	-	-	-	-	-	-	-	831,847,670	(831,847,670)	-	-	-
Dividend paid	4.19	-	-	-	-	-	-	-	-	-	(6,798,477,454)	(6,798,477,454)	(99,718,100)	(6,898,195,554)
Conversion of preferred shares to ordinary shares		(61,851,460)	61,851,460	(24,186,712)	24,186,712	-	-	-	-	-	-	-	-	-
Increase in shareholding and increase in share capital in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(174,619,901)	(174,619,901)
Balance at 31 December 2007	14,994,071,750	18,997,850,230	5,863,358,599	5,260,832,027	5,783,328,455	5,360,228,397	1,919,394,028	(283,629,796)	60,454,357	3,987,724,794	48,959,072,759	110,902,685,600	914,909,153	111,817,594,753
Balance at 1 January 2008	14,994,071,750	18,997,850,230	5,863,358,599	5,260,832,027	5,783,328,455	5,360,228,397	1,919,394,028	(283,629,796)	60,454,357	3,987,724,794	48,959,072,759	110,902,685,600	914,909,153	111,817,594,753
Revaluation surplus on land and premises appraisal increase (decrease)	-	-	-	-	318,693,611	(81,575,295)	-	-	-	-	160,311,786	397,430,102	30,815,540	428,245,642
Revaluation surplus on investments increase (decrease)	-	-	-	-	-	-	1,221,475,300	-	-	-	-	1,221,475,300	(23,495,496)	1,197,979,804
Foreign currency translation	-	-	-	-	-	-	-	67,882,357	-	-	-	67,882,357	319	67,882,676
Income (expense) recognised directly in equity	-	-	-	-	318,693,611	(81,575,295)	1,221,475,300	67,882,357	-	-	160,311,786	1,686,787,759	7,320,363	1,694,108,122
Net income	-	-	-	-	-	-	-	-	-	-	21,413,700,146	21,413,700,146	(122,527,008)	21,291,173,138
Total recognised income (expense) for the year	-	-	-	-	318,693,611	(81,575,295)	1,221,475,300	67,882,357	-	-	21,574,011,932	23,100,487,905	(115,206,645)	22,985,281,260
Appropriation of net income to legal reserve	4.18	-	-	-	-	-	-	-	-	1,074,959,033	(1,074,959,033)	-	-	-
Dividend paid	4.19	-	-	-	-	-	-	-	-	-	(6,798,655,459)	(6,798,655,459)	(106,104,352)	(6,904,759,811)
Conversion of preferred shares to ordinary shares		(5,830,995,830)	5,830,995,830	(2,280,182,469)	2,280,182,469	-	-	-	-	-	-	-	-	-
Increase in shareholding in subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(2,454,184)	(2,454,184)
Balance at 31 December 2008	9,163,075,920	24,828,846,060	3,583,176,130	7,541,014,496	6,102,022,066	5,278,653,102	3,140,869,328	(215,747,439)	60,454,357	5,062,683,827	62,659,470,199	127,204,518,046	691,143,972	127,895,662,018

The accompanying notes are an integral part of these financial statements.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statements of changes in equity

For the years ended 31 December 2008 and 2007

Note	Issued and fully				Separate financial statements			Retained earnings		Total equity
	paid-up share capital		Premium on		Revaluation surplus on	Revaluation surplus on	Revaluation surplus on	Appropriated	Unappropriated	
	Preferred shares	Ordinary shares	Preferred shares	Ordinary shares	land appraisal	premises appraisal	investment	Legal reserve		
	<i>(in Baht)</i>									
Balance at 1 January 2007	15,055,923,210	18,935,998,770	5,887,545,311	5,236,645,315	5,783,328,455	5,520,540,183	768,505,004	3,155,877,124	37,503,054,157	97,847,417,529
Revaluation surplus on premises appraisal increase (decrease)	-	-	-	-	-	(160,311,786)	-	-	160,311,786	-
Revaluation surplus on investments increase	-	-	-	-	-	-	829,199,431	-	-	829,199,431
Income (expense) recognised directly in equity	-	-	-	-	-	(160,311,786)	829,199,431	-	160,311,786	829,199,431
Net income	-	-	-	-	-	-	-	-	16,636,953,402	16,636,953,402
Total recognised income (expense) for the year	-	-	-	-	-	(160,311,786)	829,199,431	-	16,797,265,188	17,466,152,833
Appropriation of net income to legal reserve	4.18	-	-	-	-	-	-	831,847,670	(831,847,670)	-
Dividend paid	4.19	-	-	-	-	-	-	-	(6,798,477,454)	(6,798,477,454)
Conversion of preferred shares to ordinary shares	(61,851,460)	61,851,460	(24,186,712)	24,186,712	-	-	-	-	-	-
Balance at 31 December 2007	14,994,071,750	18,997,850,230	5,863,358,599	5,260,832,027	5,783,328,455	5,360,228,397	1,597,704,435	3,987,724,794	46,669,994,221	108,515,092,908
Balance at 1 January 2008	14,994,071,750	18,997,850,230	5,863,358,599	5,260,832,027	5,783,328,455	5,360,228,397	1,597,704,435	3,987,724,794	46,669,994,221	108,515,092,908
Revaluation surplus on land and premises appraisal increase (decrease)	-	-	-	-	(12,500,263)	(160,311,786)	-	-	160,311,786	(12,500,263)
Revaluation surplus on investments increase	-	-	-	-	-	-	1,357,461,907	-	-	1,357,461,907
Income (expense) recognised directly in equity	-	-	-	-	(12,500,263)	(160,311,786)	1,357,461,907	-	160,311,786	1,344,961,644
Net income	-	-	-	-	-	-	-	-	21,499,180,651	21,499,180,651
Total recognised income (expense) for the year	-	-	-	-	(12,500,263)	(160,311,786)	1,357,461,907	-	21,659,492,437	22,844,142,295
Appropriation of net income to legal reserve	4.18	-	-	-	-	-	-	1,074,959,033	(1,074,959,033)	-
Dividend paid	4.19	-	-	-	-	-	-	-	(6,798,655,459)	(6,798,655,459)
Conversion of preferred shares to ordinary shares	(5,830,995,830)	5,830,995,830	(2,280,182,469)	2,280,182,469	-	-	-	-	-	-
Balance at 31 December 2008	9,163,075,920	24,828,846,060	3,583,176,130	7,541,014,496	5,770,828,192	5,199,916,611	2,955,166,342	5,062,683,827	60,455,872,166	124,560,579,744

The accompanying notes are an integral part of these financial statements.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statements of cash flows

For the years ended 31 December 2008 and 2007

	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
	<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>				
Income before income tax	30,179,432,532	24,914,311,030	29,835,368,483	23,329,068,483
<i>Adjustments for</i>				
Depreciation and amortisation	2,653,823,291	2,520,435,360	2,482,014,154	2,305,178,889
Bad debt and doubtful accounts	4,840,430,848	3,570,377,466	4,086,367,470	3,134,620,000
Loss on debt restructuring	113,632,530	465,380,000	113,632,530	465,380,000
Loss (reversal) of impairment of assets	11,048,184	-	(6,375,369)	-
Loss of impairment of properties foreclosed	6,849,493	-	6,849,493	-
Loss (reversal) of impairment of investment in securities	(481,915,153)	294,621,350	(947,967,899)	(20,351,123)
(Gain) loss on sales of investments	1,390,584,291	(384,248,216)	709,552,345	(305,811,103)
(Gain) loss on transferring investment portfolio	76,922,571	-	(1)	-
(Gain) loss on sales of premises and equipment	(11,829,812)	(56,102,169)	635,908	(43,120,401)
(Gain) loss on sales of properties foreclosed	(56,676,792)	319,785,281	(745,992,273)	(309,944,648)
Gain on exchange	(3,821,823,617)	(2,618,700,558)	(3,819,775,390)	(2,615,025,941)
Unrealised gain on revaluation of securities	(76,587,115)	(14,470,492)	(129,789,764)	(8,998,998)
Amortisation of goodwill (derecognition of negative goodwill)	(3,326,348)	252,767,196	-	-
Loss from adjustment of selling price of loans to TAMC	-	48,386,581	-	25,346,581
Prepaid interest amortisation	653,551,003	980,193,910	-	-
Increase (decrease) in other accrued expenses	(43,381,919)	44,564,730	(332,153,300)	(446,744,656)
Income from equity interest in associated companies	(692,304,257)	(452,025,503)	-	-
	<u>34,738,429,730</u>	<u>29,885,275,966</u>	<u>31,252,366,387</u>	<u>25,509,597,083</u>
Net interest and dividend income	(44,329,635,270)	(39,177,279,778)	(42,701,940,200)	(37,157,700,045)
Proceed from interest and dividend	64,164,895,568	59,732,820,589	60,833,077,086	55,892,365,844
Interest paid	(18,877,757,473)	(23,099,679,625)	(17,595,912,810)	(21,201,423,856)
Income tax paid	(9,365,482,514)	(5,448,532,700)	(8,476,483,763)	(4,960,257,764)
Income from operations before changes in operating assets and liabilities	26,330,450,041	21,892,604,452	23,311,106,700	18,082,581,262
<i>(Increase) decrease in operating assets</i>				
Interbank and money market items	22,070,696,752	23,148,683,363	20,660,419,964	23,679,926,266
Securities purchased under resale agreements	-	9,300,000,000	-	9,300,000,000
Investment in securities for trading	(13,793,596,468)	(2,223,432,849)	(13,879,747,672)	(2,230,655,862)
Loans and accrued interest receivables	(64,864,917,207)	(133,453,859,757)	(98,769,603,087)	(120,542,353,965)
Properties foreclosed	8,007,316,330	4,904,170,731	5,222,337,050	4,006,354,691
Other assets	(9,622,890,667)	(7,817,442,901)	(9,383,570,537)	(6,579,312,787)

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statements of cash flows

For the years ended 31 December 2008 and 2007

	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
	<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>				
<i>Increase (decrease) in operating liabilities</i>				
Deposits	61,253,018,991	58,147,904,524	64,200,139,184	60,107,200,959
Interbank and money market items	(23,952,353,522)	8,093,857,412	(5,974,484,223)	8,172,116,978
Liabilities payable on demand	(472,631,968)	762,219,000	(422,734,209)	799,919,660
Short-term borrowings	(10,087,618,186)	47,010,847,048	6,398,974,761	40,737,348,971
Other liabilities	29,513,341,237	11,587,299,339	31,317,530,178	10,534,975,010
Net cash provided by operating activities	24,380,815,333	41,352,850,362	22,680,368,109	46,068,101,183
<i>Cash flows from investing activities</i>				
Purchases of available-for-sale securities	(72,652,798,036)	(54,999,120,018)	(55,978,976,992)	(22,813,390,401)
Proceeds from sales of available-for-sale securities	55,364,053,400	49,456,434,938	38,683,785,678	13,152,410,740
Purchases of held-to-maturity securities	(9,363,075,543)	(23,492,639,801)	(10,409,457,539)	(22,908,311,918)
Proceeds from redemption of held-to-maturity securities	14,539,095,984	756,821,982	14,183,917,274	448,314,185
Purchases of general securities	(25,595,259)	(7,760,100)	(818,734)	(7,300,500)
Proceeds from sales of general securities	940,981,297	13,479,922	901,183,920	13,479,922
Purchases of investments in subsidiaries and/or associated companies	(434,494,295)	(172,466,076)	(496,859,590)	(3,947,648,035)
Proceeds from sales of investments in subsidiaries and/or associated companies	546,141,831	136,730,697	3,415,771,147	-
Purchases of premises and equipment	(1,566,493,543)	(2,301,408,570)	(1,465,374,804)	(2,153,169,123)
Proceeds from sales of premises and equipment	103,979,131	583,340,156	50,691,450	529,541,878
Net cash used in investing activities	(12,548,205,033)	(30,026,586,870)	(11,116,138,190)	(37,686,073,252)
<i>Cash flows from financing activities</i>				
Increase (decrease) in long-term borrowings	3,484,660,675	(2,613,681,238)	3,784,660,675	119,643,142
Dividend paid	(6,798,655,459)	(6,798,477,454)	(6,798,655,459)	(6,798,477,454)
Dividend paid to minority interests	(106,104,352)	(100,448,547)	-	-
Net cash used in financing activities	(3,420,099,136)	(9,512,607,239)	(3,013,994,784)	(6,678,834,312)
Increase (decrease) in foreign currency translation	67,882,356	(84,035,110)	-	-
Net increase in cash and cash equivalents	8,480,393,520	1,729,621,143	8,550,235,135	1,703,193,619
Cash and cash equivalents at beginning of year	21,460,446,867	19,730,825,724	21,234,625,540	19,531,431,921
Cash and cash equivalents at end of year	29,940,840,387	21,460,446,867	29,784,860,675	21,234,625,540