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**BANGKOK BANK PUBLIC COMPANY
LIMITED AND SUBSIDIARIES**

***Consolidated and the Bank's
Financial Statements***

Year ended December 31, 2003

ARIS
12-31-03

Deloitte.

บริษัท ดีลอยท์ ทูเช่ โรมาตสุ
ไชยยศ จำกัด
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REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS BANGKOK BANK PUBLIC COMPANY LIMITED

We have audited the accompanying consolidated balance sheets of Bangkok Bank Public Company Limited and its subsidiaries and the balance sheets of Bangkok Bank Public Company Limited as at December 31, 2003 and 2002, and the related consolidated and the Bank's statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management as to their correctness and completeness of the presentation. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance as to 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned consolidated and the Bank's financial statements present fairly, in all material respects, the financial position of Bangkok Bank Public Company Limited and its subsidiaries, and of Bangkok Bank Public Company Limited as at December 31, 2003 and 2002 and the results of operations and the cash flows for the years then ended in conformity with generally accepted accounting principles.



Dr. Suphamit Techamontrikul
Certified Public Accountant (Thailand)

Registration No. 3356

DELOITTE TOUCHE TOHMATSU JAIYOS

BANGKOK
February 17, 2004

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT DECEMBER 31,

Baht

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2003	2002	2003	2002
ASSETS				
CASH	28,379,322,953	23,899,817,994	28,239,949,393	23,783,877,885
INTERBANK AND MONEY MARKET ITEMS (Note 4.2)				
Domestic items				
Interest bearing	6,856,415,362	9,060,526,374	6,443,362,042	8,506,960,463
Non-interest bearing	4,593,347,616	7,261,656,656	4,190,202,246	7,224,865,547
Foreign items				
Interest bearing	85,408,892,998	109,828,925,391	93,490,484,615	119,862,093,521
Non-interest bearing	9,473,172,623	4,487,721,233	9,233,566,232	4,114,493,453
Total interbank and money market items, net	<u>106,331,828,599</u>	<u>130,638,829,654</u>	<u>113,357,615,135</u>	<u>139,708,412,984</u>
SECURITIES PURCHASED UNDER RESALE AGREEMENTS (Note 4.3)	77,174,000,000	6,180,000,000	77,094,000,000	6,000,000,000
INVESTMENTS (Notes 3.4 and 4.4)				
Current investments, net	94,840,510,022	65,894,182,824	91,147,498,987	59,826,059,266
Long-term investments, net	256,903,798,067	255,076,762,725	254,902,151,721	250,391,240,857
Investments in subsidiaries and associated companies, net	<u>2,594,718,345</u>	<u>2,322,423,843</u>	<u>9,701,794,563</u>	<u>7,944,294,793</u>
Total investments, net	<u>354,339,026,434</u>	<u>323,293,369,392</u>	<u>355,751,445,271</u>	<u>318,161,594,916</u>
LOANS AND ACCRUED INTEREST RECEIVABLE				
Loans (Notes 3.5 and 4.5)	851,900,485,553	837,853,886,685	848,858,840,522	830,622,403,628
Accrued interest receivable	1,046,767,283	1,473,371,725	1,032,342,856	1,459,147,451
Total loans and accrued interest receivable	<u>852,947,252,836</u>	<u>839,327,258,410</u>	<u>849,891,183,378</u>	<u>832,081,551,079</u>
Less Allowance for doubtful accounts (Notes 3.6 and 4.6)	<u>(124,589,950,488)</u>	<u>(138,137,319,243)</u>	<u>(124,032,406,197)</u>	<u>(137,529,844,164)</u>
Less Revaluation allowance for debt restructuring (Note 4.7)	<u>(11,346,546,650)</u>	<u>(13,224,311,237)</u>	<u>(11,346,546,650)</u>	<u>(13,224,311,237)</u>
Total loans and accrued interest receivable, net	<u>717,010,755,698</u>	<u>687,965,627,930</u>	<u>714,512,230,531</u>	<u>681,327,395,678</u>
PROPERTIES FORECLOSED, NET (Notes 3.8 and 4.8)	33,694,639,710	33,741,081,616	26,007,863,872	31,605,689,578
CUSTOMERS' LIABILITIES UNDER ACCEPTANCES	1,139,411,676	1,178,513,869	1,139,411,676	1,178,513,869
PREMISES AND EQUIPMENT, NET (Notes 3.9 and 4.9)	30,040,510,356	30,027,940,763	29,878,803,771	29,846,121,188

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS (CONTINUED)

AS AT DECEMBER 31,

Baht

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2003	2002	2003	2002
ASSETS (CONTINUED)				
LEGAL EXPENSE PAID IN ADVANCE	1,509,610,022	1,925,871,864	1,506,247,921	1,921,086,447
ACCRUED INTEREST RECEIVABLE FROM INVESTMENTS	3,593,022,260	3,893,854,492	3,473,159,390	3,733,209,068
LEASEHOLDS, NET (Note 3.11)	2,455,477,605	2,698,225,088	2,437,412,335	2,698,225,088
OTHER ASSETS, NET	7,671,325,045	5,512,546,078	5,450,838,691	5,134,335,606
TOTAL ASSETS	<u>1,363,338,930,358</u>	<u>1,250,955,678,740</u>	<u>1,358,848,977,986</u>	<u>1,245,098,462,307</u>

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
BALANCE SHEETS (CONTINUED)
AS AT DECEMBER 31,

Baht

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2003	2002	2003	2002
LIABILITIES AND SHAREHOLDERS' EQUITY				
DEPOSITS (Note 4.10)				
Deposits in Baht	1,033,865,432,953	977,677,526,140	1,031,472,700,477	975,658,350,630
Deposits in foreign currencies	89,428,679,495	93,016,907,507	83,437,197,529	87,006,319,962
Total deposits	<u>1,123,294,112,448</u>	<u>1,070,694,433,647</u>	<u>1,114,909,898,006</u>	<u>1,062,664,670,592</u>
INTERBANK AND MONEY MARKET ITEMS				
(Note 4.11)				
Domestic items				
Interest bearing	4,633,198,105	1,783,215,463	4,374,698,105	1,783,215,463
Non-interest bearing	5,892,161,014	2,353,200,508	5,967,043,259	2,406,006,617
Foreign items				
Interest bearing	19,324,061,516	15,777,177,291	26,017,960,566	18,374,098,271
Non-interest bearing	1,751,165,252	1,389,229,244	1,806,581,117	1,433,208,763
Total interbank and money market items, net	<u>31,600,585,887</u>	<u>21,302,822,506</u>	<u>38,166,283,047</u>	<u>23,996,529,114</u>
LIABILITIES PAYABLE ON DEMAND	<u>6,955,201,378</u>	<u>3,592,004,734</u>	<u>6,743,281,614</u>	<u>3,549,489,211</u>
BORROWINGS (Note 4.12)				
Short-term borrowings	13,931,054,772	4,356,299,115	13,931,054,772	4,356,299,115
Long-term borrowings	29,195,222,803	39,928,654,861	29,195,222,803	39,928,654,861
Total borrowings	<u>43,126,277,575</u>	<u>44,284,953,976</u>	<u>43,126,277,575</u>	<u>44,284,953,976</u>
SUBORDINATED DEBENTURES CUM				
PREFERRED SHARES (Note 4.18)	34,496,550,000	34,496,550,000	34,496,550,000	34,496,550,000
BANK'S LIABILITIES UNDER ACCEPTANCES	1,139,411,676	1,178,513,869	1,139,411,676	1,178,513,869
INTEREST PAYABLE	3,445,106,144	4,640,064,141	3,431,309,279	4,590,758,385
INTER ACCOUNT BALANCE, NET	4,627,416,784	6,080,468,964	4,599,454,540	6,072,280,876
OTHER LIABILITIES	12,164,244,700	8,991,329,065	10,007,983,011	8,762,592,801
TOTAL LIABILITIES	<u>1,260,848,906,592</u>	<u>1,195,261,140,902</u>	<u>1,256,620,448,748</u>	<u>1,189,596,338,824</u>

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
BALANCE SHEETS (CONTINUED)
AS AT DECEMBER 31,

Baht

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2003	2002	2003	2002
LIABILITIES AND SHAREHOLDERS' EQUITY				
(CONTINUED)				
SHAREHOLDERS' EQUITY				
SHARE CAPITAL (Note 4.19)				
Registered share capital				
3,998,000,000 ordinary shares of				
Baht 10 each	39,980,000,000	39,980,000,000	39,980,000,000	39,980,000,000
2,000,000 preferred shares of Baht 10 each	20,000,000	20,000,000	20,000,000	20,000,000
Issued and paid-up share capital				
1,466,495,694 ordinary shares of				
Baht 10 each	-	14,664,956,940	-	14,664,956,940
1,908,497,894 ordinary shares of				
Baht 10 each	19,084,978,940	-	19,084,978,940	-
345,000 preferred shares of Baht 10 each				
(Notes 4.18 and 4.19)	3,450,000	3,450,000	3,450,000	3,450,000
PREMIUM ON ORDINARY SHARE CAPITAL	82,121,708,352	49,741,738,452	82,121,708,352	49,741,738,452
UNREALIZED INCREMENT PER LAND				
APPRAISAL (Note 3.9)	10,200,890,371	10,209,272,989	10,200,890,371	10,209,272,989
UNREALIZED INCREMENT PER PREMISES				
APPRAISAL (Note 3.9)	4,987,005,139	5,655,283,543	4,987,005,139	5,655,283,543
FOREIGN EXCHANGE ADJUSTMENT	676,451,457	1,584,794,664	676,451,457	1,584,794,664
UNREALIZED GAINS ON INVESTMENT				
(Note 3.4)	12,825,912,550	13,896,851,337	12,825,912,550	13,896,851,337
UNREALIZED LOSSES ON INVESTMENT				
(Note 3.4)	(1,896,391,232)	(2,448,629,103)	(1,896,391,232)	(2,448,629,103)
RETAINED EARNINGS (DEFICIT)				
Appropriated				
Legal reserves (Note 4.22)	11,544,800,000	11,544,800,000	11,544,800,000	11,544,800,000
Other reserves (Note 4.22)	63,266,975,948	63,266,975,948	63,266,975,948	63,266,975,948
Unappropriated (Deficit)	(100,587,252,287)	(112,617,371,287)	(100,587,252,287)	(112,617,371,287)
TOTAL	102,228,529,238	55,502,123,483	102,228,529,238	55,502,123,483
MINORITY INTEREST	261,494,528	192,414,355	-	-
TOTAL SHAREHOLDERS' EQUITY, NET	102,490,023,766	55,694,537,838	102,228,529,238	55,502,123,483
TOTAL LIABILITIES AND				
SHAREHOLDERS' EQUITY	1,363,338,930,358	1,250,955,678,740	1,358,848,977,986	1,245,098,462,307

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
BALANCE SHEETS (CONTINUED)
AS AT DECEMBER 31,

Baht

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2003	2002	2003	2002
OFF-BALANCE-SHEET ITEMS				
CONTINGENCIES (Note 4.23)				
AVALS TO BILLS AND GUARANTEES OF LOANS	14,282,455,278	20,964,323,977	14,247,855,278	20,890,823,977
LIABILITY UNDER UNMATURED IMPORT BILLS	9,380,251,211	8,920,775,091	9,199,972,715	8,824,740,556
LETTERS OF CREDIT	28,789,642,528	26,143,944,990	28,459,194,068	25,933,002,861
OTHER CONTINGENCIES	580,565,509,823	522,172,553,145	596,530,158,864	538,208,714,781

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

Chartsiri Sophonpanich

(Mr. Chartsiri Sophonpanich)

Teera Aphaiwongse

(Mr. Teera Aphaiwongse)

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31,

Baht

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2003	2002	2003	2002
INTEREST AND DIVIDEND INCOME				
Interest on loans	32,884,529,863	34,640,266,708	32,473,669,094	34,275,116,493
Interest on interbank and money market items	2,801,122,421	5,747,673,599	3,505,511,825	6,292,379,735
Hire purchase and financial lease income	7,354,031	751,059	-	-
Investments	12,501,787,136	12,116,644,373	12,093,620,659	11,621,362,465
Total interest and dividend income	<u>48,194,793,451</u>	<u>52,505,335,739</u>	<u>48,072,801,578</u>	<u>52,188,858,693</u>
INTEREST EXPENSES				
Interest on deposits	13,296,367,172	19,540,459,848	13,085,246,529	19,314,670,108
Interest on interbank and money market items	325,101,108	586,981,173	402,047,169	634,845,997
Interest on short-term borrowings	3,256,027,621	1,726,821,272	3,256,027,621	1,726,821,272
Interest on long-term borrowings	6,776,143,665	8,186,283,099	6,776,143,665	8,186,283,099
Total interest expenses	<u>23,653,639,566</u>	<u>30,040,545,392</u>	<u>23,519,464,984</u>	<u>29,862,620,476</u>
NET INTEREST AND DIVIDEND INCOME	<u>24,541,153,885</u>	<u>22,464,790,347</u>	<u>24,553,336,594</u>	<u>22,326,238,217</u>
BAD DEBT AND DOUBTFUL ACCOUNTS (REVERSAL) (Note 4.6)	<u>(1,084,390,598)</u>	<u>(8,137,531,908)</u>	<u>(1,140,221,624)</u>	<u>(8,185,593,020)</u>
LOSS ON DEBT RESTRUCTURING	<u>5,872,794,586</u>	<u>12,416,730,736</u>	<u>5,872,794,586</u>	<u>12,416,730,736</u>
NET INTEREST AND DIVIDEND INCOME AFTER BAD DEBT AND DOUBTFUL ACCOUNTS AND LOSS ON DEBT RESTRUCTURING	<u>19,752,749,897</u>	<u>18,185,591,519</u>	<u>19,820,763,632</u>	<u>18,095,100,501</u>
NON-INTEREST INCOME				
Gain (loss) on investments, net	5,479,516,306	192,039,430	5,474,275,355	184,270,818
Equity in undistributed net income (loss) of subsidiaries and associated companies	269,491,380	(436,436,338)	328,691,123	(456,859,015)
Fees and service income				
Acceptances, aval and guarantees	334,187,016	347,482,687	334,078,688	347,138,044
Others	12,314,674,705	10,941,545,830	11,387,712,138	10,495,549,333
Gain on exchange, net	2,718,129,328	2,335,371,213	2,665,089,218	2,294,376,717
Gain on disposal of assets	315,284,579	361,434,103	289,001,870	355,411,488
Other income	614,685,125	1,351,317,973	345,858,214	1,305,840,592
Total non-interest income	<u>22,045,968,439</u>	<u>15,092,754,898</u>	<u>20,824,706,606</u>	<u>14,525,727,977</u>
NET INTEREST AND DIVIDEND INCOME AFTER BAD DEBT AND DOUBTFUL ACCOUNTS AND LOSS ON DEBT RESTRUCTURING AND NON-INTEREST INCOME	<u>41,798,718,336</u>	<u>33,278,346,417</u>	<u>40,645,470,238</u>	<u>32,620,828,478</u>

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

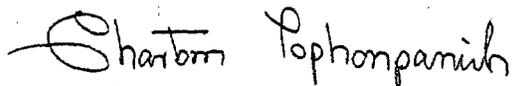
STATEMENTS OF INCOME (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31,

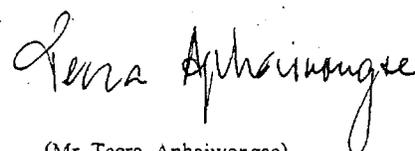
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	CONSOLIDATED		THE BANK'S		
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS		
	2003	2002	2003	2002	
NON-INTEREST EXPENSES					
Personnel expenses	9,017,910,518	8,600,642,283	8,407,513,300	8,283,402,327	
Premises and equipment expenses	4,818,441,537	4,910,001,976	4,640,624,601	4,777,993,975	
Taxes and duties	2,292,916,524	2,078,089,890	2,292,720,522	2,067,681,386	
Fees and service expenses	3,040,044,758	1,968,863,684	2,919,636,107	1,910,867,666	
Directors' remuneration	38,981,495	34,471,304	33,000,000	30,773,305	
Contributions to the Financial Institutions					
Development Fund	4,058,118,197	4,113,102,055	4,049,295,345	4,105,521,532	
Other expenses	7,018,496,946	5,286,662,930	6,947,869,198	5,173,604,368	
Total non-interest expenses	<u>30,284,909,975</u>	<u>26,991,834,122</u>	<u>29,290,659,073</u>	<u>26,349,844,559</u>	
INCOME BEFORE INCOME TAX	11,513,808,361	6,286,512,295	11,354,811,165	6,270,983,919	
INCOME TAX EXPENSES (Note 4.28)	<u>85,830,280</u>	<u>7,196,918</u>	-	-	
INCOME BEFORE MINORITY INTEREST	11,427,978,081	6,279,315,377	11,354,811,165	6,270,983,919	
MINORITY INTERESTS IN SUBSIDIARIES'					
PROFIT	<u>73,166,916</u>	<u>8,331,458</u>	-	-	
NET INCOME	<u>11,354,811,165</u>	<u>6,270,983,919</u>	<u>11,354,811,165</u>	<u>6,270,983,919</u>	
BASIC EARNINGS PER SHARE (Note 3.18)	7.69	4.28	7.69	4.28	
WEIGHTED AVERAGE NUMBER					
OF ORDINARY SHARES	SHARES	1,477,183,777	1,466,495,694	1,477,183,777	1,466,495,694

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



(Mr. Chatsiri Sophonpanich)
President



(Mr. Teera Aphaiwongse)
Senior Executive Vice President

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31,

Baht

CONSOLIDATED FINANCIAL STATEMENTS

	Issued and Paid-up Share Capital Ordinary Shares	Issued and Paid-up Share Capital Preferred Shares	Premium on Ordinary Share Capital	Unrealized Increment per Land Appraisal	Unrealized Increment per Premises Appraisal	Foreign Exchange Adjustment	Unrealized Gains on Investment	Unrealized Losses on Investment	Retained Earnings (Deficit)	Minority Interest	Total
at January 1, 2002	14,664,956,940	3,450,000	49,741,738,452	10,293,557,225	6,257,794,426	1,783,339,273	8,538,151,062	(3,364,166,192)	(44,721,685,683)	134,142,290	43,331,277,793
per premises appraisal	-	-	-	(84,284,236)	(602,510,883)	-	-	-	-	-	(686,795,119)
es) on investment	-	-	-	-	-	-	5,358,700,275	915,537,089	-	-	6,274,237,364
stment	-	-	-	-	-	(198,544,609)	-	-	-	-	(198,544,609)
not recognised in the statement of income	-	-	-	(84,284,236)	(602,510,883)	(198,544,609)	5,358,700,275	915,537,089	-	-	5,388,897,636
ng appraisal (Note 4.1.2.6)	-	-	-	-	-	-	-	-	6,270,983,919	-	6,270,983,919
	-	-	-	-	-	-	-	-	653,587,628	-	653,587,628
	-	-	-	-	-	-	-	-	(8,481,203)	-	(8,481,203)
	-	-	-	-	-	-	-	-	-	58,272,065	58,272,065
December 31, 2002	14,664,956,940	3,450,000	49,741,738,452	10,209,272,989	5,655,283,543	1,584,794,664	13,896,851,337	(2,448,629,103)	(37,805,595,339)	192,414,355	55,694,537,838
are capital (ordinary shares)	4,420,022,000	-	-	-	-	-	-	-	-	-	4,420,022,000
share capital	-	-	32,379,969,900	-	-	-	-	-	-	-	32,379,969,900
per premises appraisal	-	-	-	(8,382,618)	(668,278,404)	-	-	-	-	-	(676,661,022)
es) on investment	-	-	-	-	-	-	(1,070,938,787)	552,237,871	-	-	(518,700,916)
stment	-	-	-	-	-	(908,343,207)	-	-	-	-	(908,343,207)
not recognised in the statement of income	-	-	32,379,969,900	(8,382,618)	(668,278,404)	(908,343,207)	(1,070,938,787)	552,237,871	-	-	34,696,286,755
ng appraisal (Note 4.1.2.6)	-	-	-	-	-	-	-	-	11,354,811,165	-	11,354,811,165
assets appraisal (Note 4.1.2.7)	-	-	-	-	-	-	-	-	668,278,403	-	668,278,403
	-	-	-	-	-	-	-	-	7,029,432	-	7,029,432
	-	-	-	-	-	-	-	-	-	69,080,173	69,080,173
December 31, 2003	19,084,978,940	3,450,000	82,121,708,352	10,200,890,371	4,987,005,139	676,451,457	12,825,912,550	(1,896,391,232)	(25,775,476,339)	261,494,528	102,490,023,766

statements form an integral part of these financial statements

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31,

	THE BANK'S FINANCIAL STATEMENTS										Baht
	Issued and Paid-up Share Capital Ordinary Shares	Issued and Paid-up Share Capital Preferred Shares	Premium on Ordinary Share Capital	Unrealized Increment per Land Appraisal	Unrealized Increment per Premises Appraisal	Foreign Exchange Adjustment	Unrealized Gains on Investment	Unrealized Losses on Investment	Retained Earnings (Deficit)	Total	
Balance as at January 1, 2002	14,664,956,940	3,450,000	49,741,738,452	10,293,557,225	6,257,794,426	1,783,339,273	8,538,151,062	(3,364,166,192)	(44,721,685,683)	43,197,135,503	
Increment per premises appraisal	-	-	-	(84,284,236)	(602,510,883)	-	-	-	-	(686,795,119)	
Losses (losses) on investment	-	-	-	-	-	-	5,358,700,275	915,537,089	-	6,274,237,364	
Foreign exchange adjustment	-	-	-	-	-	(198,544,609)	-	-	-	(198,544,609)	
(Loss) not recognised in the statement of income	-	-	-	(84,284,236)	(602,510,883)	(198,544,609)	5,358,700,275	915,537,089	-	5,388,887,636	
Building appraisal (Note 4.1.2.6)	-	-	-	-	-	-	-	-	6,270,983,919	6,270,983,919	
Balance as at December 31, 2002	14,664,956,940	3,450,000	49,741,738,452	10,209,272,989	5,655,283,543	1,584,794,664	13,896,851,337	(2,448,629,103)	(37,805,595,339)	55,502,123,483	
Increment per share capital (ordinary shares)	4,420,022,000	-	-	-	-	-	-	-	-	4,420,022,000	
Increment per ordinary share capital	-	-	32,379,969,900	-	-	-	-	-	-	32,379,969,900	
Increment per premises appraisal	-	-	-	(8,382,618)	(668,278,404)	-	-	-	-	(676,661,022)	
Losses (losses) on investment	-	-	-	-	-	-	(1,070,938,787)	552,237,871	-	(518,700,916)	
Foreign exchange adjustment	-	-	-	-	-	(908,343,207)	-	-	-	(908,343,207)	
(Loss) not recognised in the statement of income	4,420,022,000	-	32,379,969,900	(8,382,618)	(668,278,404)	(908,343,207)	(1,070,938,787)	552,237,871	-	34,696,286,755	
Building appraisal (Note 4.1.2.6)	-	-	-	-	-	-	-	-	11,354,811,165	11,354,811,165	
Increment of assets appraisal (Note 4.1.2.7)	-	-	-	-	-	-	-	-	668,278,403	668,278,403	
Balance as at December 31, 2003	19,084,978,940	3,450,000	82,121,708,352	10,200,890,371	4,987,005,139	676,451,457	12,825,912,550	(1,896,391,232)	(25,775,476,339)	102,228,529,238	

Financial statements form an integral part of these financial statements

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

Baht

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2003	2002	2003	2002
CASH FLOWS FROM OPERATING				
ACTIVITIES				
Net income	11,354,811,165	6,270,983,919	11,354,811,165	6,270,983,919
Item to reconcile net income to net cash flows from operating activities				
Depreciation and amortization expenses	10,187,128,061	10,048,241,433	10,199,031,128	10,064,812,292
Bad debt and doubtful accounts (reversal)	(1,084,390,598)	(8,137,531,908)	(1,140,221,624)	(8,185,593,020)
Loss on debt restructuring	5,872,794,586	12,416,730,736	5,872,794,586	12,416,730,736
Loss on foreign exchange	729,776,908	1,350,263,720	730,801,883	1,351,136,215
Loss (gain) on disposal of assets	(9,483,663)	(139,880,064)	9,729,792	(137,670,665)
Unrealized loss on revaluation of trading securities	77,051,372	96,853,412	77,051,372	96,853,412
Gain on disposal of securities for investment	(7,085,728,234)	(1,632,540,765)	(7,078,784,358)	(1,624,676,152)
Loss on impairment of investments	1,641,509,609	1,158,700,388	1,641,509,609	1,158,700,388
Loss from investments written off	111,808,004	417,554,431	111,808,004	417,554,431
Loss of loan receivable	3,679,298	-	3,679,298	-
Gain on reversal of impairment of investments	-	(24,185,368)	-	(24,185,368)
Gain on revaluation of land and premises	-	(11,299,706)	-	(11,299,706)
Equity in undistributed net loss (income) of subsidiaries and associated companies	(269,491,380)	436,436,338	(328,691,123)	456,859,015
Dividend income from subsidiaries and associated companies	4,199,580	24,497,130	4,199,580	24,497,130
Stock dividend received	-	(9,968,250)	-	(9,968,250)
Damage claim expense	222,991,617	-	222,991,617	-
Loss on impairment of properties foreclosed	2,182,065,285	1,103,518,979	2,165,790,339	1,033,058,319
Gain on reversal of impairment of properties foreclosed	(15,566,926)	(20,515,340)	-	-
Loss on impairment of other assets	67,999,917	167,462,126	63,921,804	163,756,830
Loss from redemption prior to the maturity of subordinated bonds	-	9,923,216	-	9,923,216
Accrued interest receivable and dividend decrease	1,377,835,364	1,227,406,812	1,341,302,289	971,898,102
Accrued receivable - other decrease (increase)	473,927	(73,460)	7,721,929	(56,098,087)
Accrued interest payable decrease	(1,194,957,997)	(1,108,924,454)	(1,159,449,106)	(1,135,604,487)
Accrued other expenses increase	256,668,497	50,176,155	297,218,501	5,986,561
Minority interest in profit of subsidiaries	73,166,916	8,331,458	-	-
Income from operations before changes in operating assets and liabilities	24,504,341,308	23,702,160,938	24,397,216,685	23,257,654,831

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31,

Baht

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2003	2002	2003	2002
CASH FLOWS FROM OPERATING				
ACTIVITIES (CONTINUED)				
Operating assets (increase) decrease				
Interbank and money market items	17,533,455,932	75,827,383,674	19,577,252,726	75,101,221,153
Negotiable certificates of deposit	6,099,337,329	1,317,245,944	6,099,337,329	1,317,245,944
Securities purchased under resale agreements	(70,994,000,000)	20,062,000,000	(71,094,000,000)	19,521,000,000
Current investments - trading securities	(1,155,841,320)	3,334,709,172	(1,155,811,570)	3,334,709,172
Loans	(39,544,094,523)	(43,896,764,559)	(43,611,137,795)	(42,375,365,358)
Properties foreclosed	3,137,219,261	1,869,395,527	8,633,932,762	1,643,325,204
Other assets	(1,849,851,551)	514,233,877	(16,218,201)	159,595,859
Operating liabilities increase (decrease)				
Interbank and money market items	10,297,763,381	(2,601,411,574)	14,169,753,933	(5,322,297,784)
Negotiable certificates of deposit	(113,450,751)	(27,930,132)	12,983,004	(6,950,154)
Deposits	52,713,129,551	(8,895,207,971)	52,232,244,409	(9,258,922,107)
Liabilities payable on demand	3,363,196,644	20,526,670	3,193,792,403	51,568,109
Other liabilities	(271,121,892)	(3,004,907,307)	(2,352,932,184)	(2,588,279,268)
Net cash provided by operating activities	<u>3,720,083,369</u>	<u>68,221,434,259</u>	<u>10,086,413,501</u>	<u>64,834,505,601</u>
CASH FLOWS FROM INVESTING				
ACTIVITIES				
Purchase of available for sale securities	(311,216,290,289)	(257,767,519,928)	(309,222,049,527)	(255,588,482,565)
Proceeds from disposal of available for sale securities	290,195,453,547	203,495,886,940	286,812,927,530	201,236,766,114
Purchase of held to maturity debt securities	(53,666,540,205)	(30,863,157,434)	(42,210,738,717)	(19,378,786,351)
Proceeds from redemption of held to maturity debt securities	41,884,254,562	30,839,634,758	27,153,640,262	22,791,640,023
Purchase of general investments	(122,246,493)	(518,262,032)	(122,246,493)	(518,262,032)
Proceeds from disposal of general investments	4,372,829,906	1,270,503,676	4,372,829,906	1,270,503,676
Purchase of investments in subsidiaries and associated companies	-	-	(1,771,573,730)	-
Proceeds from disposal of investments in subsidiaries and associated companies	29,113,817	7,800,000	29,113,817	7,800,000
Purchase of premises, equipment and leasehold	(2,527,890,399)	(1,868,914,011)	(2,474,920,404)	(1,824,725,995)
Proceeds from disposal of premises, equipment and leasehold	93,203,750	155,034,952	72,809,485	148,451,263
Net cash used in investing activities	<u>(30,958,111,804)</u>	<u>(55,248,993,079)</u>	<u>(37,360,207,871)</u>	<u>(51,855,095,867)</u>

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31,

Baht

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2003	2002	2003	2002
CASH FLOWS FROM FINANCING				
ACTIVITIES				
Cash received from issued of common stock and premium of common stock	36,799,991,900	-	36,799,991,900	-
Cash paid for redemption prior to the maturity of subordinated bonds	-	(210,454,600)	-	(210,454,600)
Cash paid for subordinated bonds extinguishment	(5,060,000,000)	(5,060,000,000)	(5,060,000,000)	(5,060,000,000)
Net cash used in financing activities	31,739,991,900	(5,270,454,600)	31,739,991,900	(5,270,454,600)
Effect on cash due to changes in the exchange rates	(22,458,506)	56,004,207	(10,126,022)	57,016,644
Net increase (decrease) in cash	4,479,504,959	7,757,990,787	4,456,071,508	7,765,971,778
Cash as at January 1,	23,899,817,994	16,141,827,207	23,783,877,885	16,017,906,107
Cash as at December 31,	28,379,322,953	23,899,817,994	28,239,949,393	23,783,877,885

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED AND THE BANK'S FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

1. ECONOMIC SITUATION AND THE OPERATIONS OF THE BANK AND ITS SUBSIDIARIES

1.1 Economic situation and the operations of the Bank and its subsidiaries

Thailand and many Asia-Pacific countries continued to experience economic difficulties. Such conditions have affected and may continue to adversely affect bank operations in Thailand, including Bangkok Bank Public Company Limited. The presenting consolidated and Bank's financial statements reflect management's assessment of the possible impact of the economic conditions on the financial position of the Bank and subsidiaries. The ultimate effect of such uncertainties on the financial position of the Bank and subsidiaries cannot be presently determined.

1.2 Allowance for doubtful accounts

The Bank of Thailand's (the BOT) requires banks to categorize their loan portfolios and set up the allowance for doubtful accounts on account-by-account basis, or alternatively, on a customer basis which is more stringent. In this respect, the Bank has adopted the more stringent requirement to classify loans on a customer basis as previously performed. The Bank classifies all loan categories belonging to one customer as the lowest quality category of such customer as well as sets up the allowance for doubtful accounts according to six loan portfolio categories at the required rate. The BOT's guidelines require banks to establish new interest accrual and reversal policies and maximum collateral valuation limits for the purpose of calculating the allowance for doubtful accounts. The guidelines require banks to perform the qualitative reviews of their loans and commitments, including off-balance-sheet exposures, on a periodic basis and to implement appropriate risk management systems and controls. However, for the first half of the year 2002, the Bank had performed the qualitative loans reviews in accordance with the BOT's guidelines in effect at the time. For the second half of the year 2002, the BOT had replaced the guidelines on qualitative loans reviews per the BOT's notification dated August 26, 1998 with the new guidelines regarding the amendment of the notification of qualitative review of loans, commitments and its related reports dated September 20, 2002 and December 20, 2002, which requires banks to perform qualitative reviews of their loans and commitments in accordance with the new guidelines at 25% of outstanding loans and commitments as at the end of the year 2002. As at December 31, 2002, the Bank has already performed loans reviews in accordance with the above notifications.

For the year ended December 31, 2003 onwards, the Bank has performed reviews of all loans which have outstanding balance as at the end of the calendar year. (Except loans that have been brought to and finalized by the court, new loans that are approved within the end of the calendar year and retail loans that are reviewed by statistical methods.) In addition, the BOT has also issued an additional amendment of the qualitative loans reviews guidelines per the notification dated March 31, 2003. The main idea of the notification was to elaborate on the qualitative loans reviews by using statistical methods for loans that have outstanding balance less than Baht 20 million as at the end of the calendar year instead of retail loans. As at December 31, 2003, the Bank has already performed loans reviews in accordance with the above notifications.

Furthermore, the BOT has also issued several additional guidelines to clearly clarify the aforementioned guidelines, such as the guideline for the basis for debt restructuring and collateral appraisal of the financial institutions, worthless or irrecoverable assets or assets with doubtful value of recoverability including reports required to submit to the BOT.

1.3 Other regulatory requirements

The Bank is subject to various capital and regulatory requirements administered by the BOT. Under these capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must satisfy specific capital guidelines that involve quantitative measurements of the Bank's assets, liabilities and certain off-balance-sheet items as calculated in accordance with regulatory requirements. The Bank's capital amounts and classification are also subject to qualitative judgement by the BOT about components, risk weightings and other factors. The Bank believes that as at December 31, 2003 and 2002, the Bank met all capital adequacy requirements. However, these capital and regulatory requirements are subject to change, as considered necessary by the BOT.

In January 2004, the Ministry of Finance and the Bank of Thailand announced the Financial Sector Master Plan (the Plan) defining the framework for the financial services industry and for financial institutions. The future shareholding of the Bank in subsidiaries and associated companies that are in the local financial services sector may be affected by the Plan.

2. BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE BANK'S FINANCIAL STATEMENTS

Bangkok Bank Public Company Limited is a public company registered in the Kingdom of Thailand with its head office located at 333 Silom Road, Bangrak, Bangkok. The Bank's main business is commercial banking and the Bank conducts its businesses through a network of branches covering all parts of Thailand and some major parts of the world. As at December 31, 2003 and 2002, the Bank has a total staff of 18,531 and 18,416, respectively.

2.1 The consolidated and the Bank's financial statements are presented in accordance with the regulations of the Stock Exchange of Thailand (SET) dated January 22, 2001, regarding the basis, conditions and procedures for the preparation and submission of financial statements position and results of operations of listed companies B.E. 2544, and with the BOT's notification regarding the balance sheets and statements of income of commercial banks dated May 10, 2001, and its related letter of July 9, 2001.

The preparation of financial statements in conformity with GAAP also requires the Bank to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

The Bank prepares its statutory financial statements in the Thai language in conformity with financial accounting standards in Thailand and as stated above. The accompanying financial statements are prepared in accordance with accounting principles and practices generally accepted in Thailand.

2.2 The consolidated financial statements include the accounts of all branches of the Bank and its six subsidiaries and eliminate significant business transactions and outstanding balances between the Bank and its subsidiaries. The six subsidiaries are BBL (Cayman) Limited, Bangkok Bank Berhad, Bualuang Finance Company Limited, Sinnsuptawee Asset Management Company Limited, Bualuang Capital Augmented Preferred Securities (CAPS) Fund, the juristic entity established to raise capital on behalf of the Bank, and BBL Asset Management Company Limited. The consolidated financial statements do not include the financial statements of Noble Place Company Limited and Thai Precision Manufacturing Company Limited in which the Bank holds 60.61% and 59.77%, respectively, stake through debt restructuring as the Bank intends to hold such investments on a temporary basis. Noble Place Company Limited reported total assets in their December 31, 2002 audited financial statements amounting to Baht 710.0 million and Thai Precision Manufacturing Company Limited reported total assets in their December 31, 2002 audited financial statements amounting to Baht 387.6 million.

The consolidated financial statements for the year ended December 31, 2003 included BBL Nominees (Tempatan) SDN BHD, the 100.00% owned subsidiary of Bangkok Bank Berhad.

The consolidated financial statements for the year ended December 31, 2002 included BBL Nominees (Tempatan) SDN BHD and BBL Nominees (Asing) SDN BHD, the 100.00% owned subsidiaries of Bangkok Bank Berhad.

In addition, the consolidated financial statements for the years ended December 31, 2003 and 2002, also included Bualuang Securities Company Limited, the 65.00% owned subsidiary of Bualuang Finance Company Limited.

All subsidiaries of the Bank were registered in the Kingdom of Thailand except for BBL (Cayman) Limited which was registered in Cayman Islands British West Indies and Bangkok Bank Berhad which was registered in Malaysia.

2.3 The Bank's financial statements include the accounts of all branches of the Bank and account for investment in subsidiaries and associated companies by the equity method. However, the Bank's interest in subsidiaries was taken from the audited financial statements of these companies and the Bank's interest in associated companies' equity was taken from the unaudited financial statements of these companies except for Asia Credit Public Company Limited's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of interest income

The Bank recognizes interest income from loans on an accrual basis, except for interest which was accrued over 3 months, such interest is recognized when received. The Bank reverses all accrued interest income for items which are no longer on an accrual basis.

3.2 Recognition of interest expenses and other expenses

The Bank recognizes interest expenses and other expenses includes contribution to the Financial Institutions Development Fund on an accrual basis.

Costs in issuing shares capital are included in non-interest expense.

3.3 Cash

Cash are cash on hand and cash in transit.

3.4 Investments

The Bank's investments portfolios, consisting of debt, equity securities and investments in receivables are classified as trading securities, available for sale securities, held to maturity securities, general investment and investment in subsidiaries and associated companies which the Bank presents as current investments, long-term investments, and investments in subsidiaries and associated companies.

Current investments are investments which the Bank intends to hold for one year or less. Current investments include trading securities, available for sale securities and debt securities maturing within one year.

Long-term investments are investments which the Bank intends to hold for more than one year. Long-term investments include equity securities that are classified as available for sale securities, general investment and debt securities maturing more than one year.

Investment in debt securities or marketable equity securities with readily determinable market values that are acquired with the intent to hold for a short period of time in order to take advantage of anticipated changes in market values are classified as trading securities and carried at fair value. Unrealized gains and losses from changes in fair value are recognized as non-interest income.

Debt securities and investments in receivables for which the Bank has the intent and the ability to hold until maturity are classified as held to maturity debt securities and carried at the amortized cost, net of valuation allowances for impairment, if any.

Debt securities, investments in receivables and marketable equity securities with readily determinable market values that are not classified as either held to maturity securities, or trading securities or investments in subsidiaries and associated companies are classified as available for sale securities and carried at fair value, net of valuation allowances for impairment, if any. The unrealized gains or losses related to available for sale securities are reported as a component of shareholders' equity until realized, after which it will be recognized in the statement of income.

Non-marketable equity securities and listed securities acquired through debt restructuring with trading restriction are classified as general investment and carried at cost, net of valuation allowances for impairment, if any.

The Bank presents investment in subsidiaries and associated companies by the equity method, net of valuation allowances for impairment.

The Bank classifies the non-negotiable promissory note and the rights of the Bank against the promissory note, which is avaled by the Financial Institutions Development Fund (FIDF) and given to the Bank by the Thai Asset Management Corporation (TAMC) upon entering into the Asset Transfer Agreement in order to transfer impaired assets of the Bank, as held to maturity debt securities.

The Bank recognizes interest income on the aforementioned rights on an accrual basis and concurrently provides reserve for loss sharing from TAMC by the same amount.

Realized gains and losses arising from the sale of debt and equity securities are computed based on the weighted average method and are included in non-interest income.

Interest income on debt securities is recognized on an accrual basis. The amortization of premiums and accretion of discounts use methods that produce a level yield. Dividend is recognized as income on an accrual basis. (Year 2002 : on a cash basis which the effect is immaterial.) These are included in interest and dividend income.

Valuation allowances for impairment are established by recognizing an unrealized loss upon impairment of investments in the statement of income as per Bank's assessment.

The fair value calculation of debt instruments

- For debt instruments of government, state enterprise bonds and other domestic debt instruments, the Thai Bond Dealing Center debt instruments bid yield is used in the case where debt instruments are listed in the Thai Bond Dealing Center. For such debt instruments that are not listed in the Thai Bond Dealing Center, the average bid yield from three reliable financial institutions will be used.
- For foreign debt instruments, the value quoted by reliable international financial institutions will be used.

The fair value determination of equity securities

For marketable equity securities with readily determinable market values, the fair value is determined by the last bid price on The Stock Exchange of Thailand on the last business day of the period. If the last bid price is not available, the last closing price will be used.

Investment in marketable unit trusts are stated at fair value based on redemption value as at the end of the year.

3.5 Loans

Overdrafts are carried at the drawn amounts including interest. Other loans are carried at the principal amounts. Unearned discounts on bills are eliminated from loans. (See Note 4.5)

3.6 Allowance for doubtful accounts

As at December 31, 2003 and 2002, the Bank estimated the minimum required allowance for doubtful accounts pursuant to the BOT's guidelines regarding worthless or irrecoverable assets or assets with doubtful value of recoverability dated February 28, 2003 and February 18, 2002, respectively, to be Baht 87,044.3 million* and Baht 90,879.5 million,** respectively, in the consolidated financial statements and Baht 86,595.5 million* and Baht 90,469.2 million,** respectively, in the Bank's financial statements.

As at December 31, 2003 and 2002, the Bank and its subsidiary companies recorded allowance for doubtful accounts in excess of the minimum required reserves calculated pursuant to the BOT's guidelines in the amount of Baht 37,405.5 million and Baht 47,113.9 million, respectively, in the consolidated financial statements and of Baht 37,352.2 million and Baht 46,918.2 million, respectively, in the Bank's financial statements.

Debts that are determined to be irrecoverable are written off in the period in which the decision is taken. Bad debts recovered are recorded as an increase in allowance for doubtful accounts.

In the event of loss on debt restructuring, the Bank will reduce bad debt and doubtful accounts and allowance for doubtful accounts by the lower amount of loss on debt restructuring or allowance for doubtful accounts recorded in the previous period.

3.7 Troubled debt restructurings

The Bank's restructuring methodology includes reduction of principal and/or accrued interest receivable, asset transfer, debt-equity conversion, and modification of payment schedule.

For debt repayment through asset transfer or debt-equity conversion according to debt restructuring contract, the Bank uses conservative basis in recognizing the transferred asset or equity at the lower of recorded loan amount or asset fair value, of which the effect is not material from recording the transfer at the fair value following TAS No. 34.

For debt restructuring using modification of payment schedule, the Bank calculates the fair value of loans based on the present value of the expected future cash flows discounted by the market rate. The Bank applies lending interest rate published by the Bank and in force at the time of restructuring as the benchmarking discount rate in calculating the resulting future loss, and recognizes this loss on restructuring as expense as incurred. Subsequently, the Bank recalculates the above-mentioned future loss periodically using the lending interest rate published by the Bank and in force as at the balance sheet date as the benchmarking discount rate and recognizes the change of the above-mentioned future loss as an increase or decrease in expense in loss on restructuring accounts.

3.8 Properties foreclosed

Properties foreclosed consist of immovable and movable properties which are stated at the lower of cost or market value at the date of acquisition. In the event where the Bank considers that there is a decline in net realizable value, the impairment is recognized in the statement of income as a non-interest expense.

For the quarter ended September 30, 2002 onwards, net realizable value is estimated based on the appraised value together with other factors which can affect the realizable value such as related selling expenses and future discounts expenses.

Gains or losses on disposal of such properties are recognized as non-interest income or expense on the date of disposal.

3.9 Premises, equipment and depreciation

In 2000, land and premises were reappraised by independent professional appraisers according to the guidelines established by the BOT. The land and premises increment resulting from the appraisal was recorded in the accounts as unrealized increment per land and premises appraisal and shown as shareholders' equity. Depreciation of the premises appraisal increase was recognized as an expense in the statement of income and the amortization of the unrealized increment per premises appraisal was transferred to the retained earnings by the same amount of such depreciation. The appraisal decrease was charged directly against any related appraisal increase of the same piece of asset. The residual appraisal decrease was recognized as an expense in the statement of income.

In 2002, condominiums were reappraised by independent professional appraisers according to the guidelines established by the BOT.

Land is stated at new appraised value. Premises are stated at new appraised value net of accumulated depreciation. Equipment is stated at cost net of accumulated depreciation. Depreciation is calculated by the straight-line method, based on the estimated useful lives of the assets, as follows :

Premises-reappraised	20 - 30 years
Premises-newly construct	20 years
Equipment	5 years

Premises and equipment in foreign countries are depreciated at the legal rates applicable in each locality.

3.10 Legal expense paid in advance

Legal expense paid in advance represents legal expense paid for the prosecution of defaulting debtors. The Bank has made full allowance for the item as per the BOT's requirement. (See Note 4.6)

3.11 Leaseholds

Leaseholds are stated at cost less amortization. Amortization charge is calculated by the straight-line method, based on the lease period, which range between 2-30 years. Leasehold in foreign countries are amortized at the legal rates applicable in each locality.

3.12 Assets and liabilities in foreign currencies

Transactions denominated in foreign currencies are translated into Baht at the rates of exchange prevailing at the transaction dates. Balances of assets and liabilities in foreign currencies including the balance sheets of overseas branches and foreign subsidiaries are converted at the reference rates, as announced by the BOT at the end of the period. Statements of income of overseas branches and foreign subsidiaries are converted at the reference rates, as announced by the BOT at the end of the month.

Gains and losses on foreign transactions and translation gains and losses are recognized in the statement of income. Foreign exchange translation of the financial statements of overseas branches and foreign subsidiaries are included as a component in shareholders' equity.

3.13 Sales of note receivables

For the sales of bills of exchange and promissory notes, purchased by the Bank, realized gains or losses are computed based on the purchasing cost and are included in non-interest income or expense.

3.14 Derivatives

Forward foreign exchange contracts entered into for trading purposes are marked to market with the resultant gains and losses being included in non-interest income in statement of income in the current period. Gains or losses on such contracts are taken to statement of income in the current period. Contracts entered into for hedging purposes are accounted for in a manner consistent with the accounting treatment of the hedged item.

Interest rate swap and currency swap agreements entered into for trading purposes are valued at their net present value after allowance for future costs and risk exposure. Gains and losses on such agreements are taken to statement of income in the current period. Agreements entered into for hedging purposes are accounted for in a manner consistent with the accounting treatment of the hedged item.

3.15 Provident fund

On June 27, 1990, the Bank registered the provident fund, which is managed by external fund manager, for its staff in accordance with the Provident Fund Act B.E. 2530 (1987). According to the Funds regulations, every employee is entitled to apply for membership. The participating employees' contribution to the fund is at the rate of 4.5% and 3% of basic salary respectively for executive level and non-executive, while the Bank's contribution is at the rate of 4.5%. The employees are entitled to benefits upon termination of employment status.

The provident fund for overseas branches are established in accordance with each country's legal requirement and any withdrawal is made in compliance therewith.

The Bank records the contribution to the provident fund as personnel expenses in statements of income on an accrual basis.

3.16 Compound financial instruments

The Institute of Certified Accountants and Auditors of Thailand ("ICAAT") issued the Interpretation of Accounting Standard No.3, on the issue of compound financial instruments by financial institutions. The interpretation requires that in summary.

- 1) The equity instrument component (preferred shares) is valued at fair value, or by reference to ordinary share's market price at the time of issue, if there is no market value for the preferred shares, and the face value is to be recorded separately from the premium.
- 2) The balance of the financial instruments, calculated by the net amount received from the issuance of the financial instruments, deducted by the fair value of equity instrument component, is shown as a liability in the balance sheet.
- 3) The payment for the right under the compound instrument is not recognized as an asset in the balance sheet.

3.17 Income tax

The Bank's income tax expenses, if any, are recorded based on tax paid and tax accrued for the year.

3.18 Earnings (losses) per share

Basic earnings (losses) per share are calculated by dividing the net income (loss) by the average number of ordinary shares outstanding and issued during the year, weighted according to time and amount paid.

Diluted earnings (losses) per share are computed from adjusting the net income (loss) attributable to ordinary shares and the number of ordinary shares by the effect of dilutive potential ordinary share. The Bank has issued convertible bonds that the bondholders have the right to convert into ordinary shares. However, for the years ended December 31, 2003 and 2002, since the exercise price of the convertible bonds was higher than the average market value for the year of ordinary shares, calculation of the diluted earnings (losses) per share is not affected.

4. ADDITIONAL INFORMATION

4.1 Supplementary disclosures of cash flow information.

4.1.1 Cash paid for interest and income tax for the years ended December 31, 2003 and 2002 are as follows :

	Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2003	2002	2003	2002
Interest	24,850.9	31,149.5	24,678.8	30,998.2
Income tax	340.1	401.8	329.0	393.8

4.1.2 Significant non-cash items are as follows :

4.1.2.1 For the year ended December 31, 2003, the Bank recorded an decrease in unrealized gain on investment, added to equity, in the consolidated and the Bank's financial statements amounting to Baht 1,070.9 million. The Bank also recorded a decrease in unrealized loss on investment, deducted from equity, in the consolidated and the Bank's financial statements amounting to Baht 552.2 million.

For the year ended December 31, 2002, the Bank recorded an increase in unrealized gain on investment, added to equity, in the consolidated and the Bank's financial statements amounting to Baht 5,358.7 million. The Bank also recorded a decrease in unrealized loss on investment, deducted from equity, in the consolidated and the Bank's financial statements amounting to Baht 915.5 million.

4.1.2.2 The Bank has accepted the transfer of equity securities, debt securities and other assets through debt restructuring amounting to Baht 591.0 million, Baht 0.1 million and Baht 3,268.1 million, respectively, for the year ended December 31, 2003 and amounting to Baht 968.1 million, Baht 18.8 million and Baht 4,057.2 million, respectively, for the year ended December 31, 2002.

4.1.2.3 For the year ended December 31, 2003 and 2002, the Bank has received the non-negotiable promissory note and the right of the Bank against the promissory note (the Notes) which was classified as held to maturity debt securities amounting to Baht 81.8 million and Baht 2,372.6 million, respectively, from TAMC. During the year ended December 31, 2003, TAMC had revised up the balances of the Notes in the net amount of Baht 484.7 Million. (See Note 4.5.7)

4.1.2.4 For the year ended December 31, 2003, the Bank has received payment of interest receivables from investment amounting to Baht 365.2 million in form of the non-negotiable promissory notes from TAMC, which was classified as other assets.

- 4.1.2.5 For the years ended December 31, 2003 and 2002, the Bank recognized interest income on the right of the promissory note on an accrual basis and concurrently provides reserve for loss sharing from TAMC amounting to Baht 341.2 million and Baht 434.6 million, respectively.
- 4.1.2.6 For the years ended December 31, 2003 and 2002, the Bank recognized the depreciation of building-appraisal increase as expenses in the consolidated and the Bank's financial statements and transferred the unrealized increment per bank premises appraisal to retained earnings amounting to Baht 668.3 million and Baht 653.6 million, respectively.
- 4.1.2.7 For the year ended December 31, 2003, the Bank had transferred inactive assets to properties foreclosed amounting to Baht 125.5 million and transferred unrealized increment per the above assets appraisal to retained earnings amounting to Baht 7.0 million.
- 4.1.2.8 For the year ended December 31, 2003, the Bank had transferred properties foreclosed to Sinnsuptawee Asset Management Co., Ltd. and received promissory note amounting to Baht 5,539.2 million as payment.

4.2 Interbank and money market items (assets)

Interbank and money market items (assets) consisted of the following as at December 31, 2003 and 2002 :

	Million Baht					
	CONSOLIDATED FINANCIAL STATEMENTS					
	2003			2002		
	Demand	Time	Total	Demand	Time	Total
Domestic items						
Bank of Thailand and Financial Institutions						
Development Fund	4,153.9	-	4,153.9	7,150.3	33.3	7,183.6
Commercial banks	1,428.7	3,492.4	4,921.1	69.2	7,752.5	7,821.7
Other banks	6.2	-	6.2	2.6	-	2.6
Finance companies, Finance and securities companies, Securities companies and Credit foncier companies	800.0	138.9	938.9	157.0	490.7	647.7
Other financial institutions	<u>106.0</u>	<u>1,376.9</u>	<u>1,482.9</u>	<u>88.8</u>	<u>500.0</u>	<u>588.8</u>
Total	6,494.8	5,008.2	11,503.0	7,467.9	8,776.5	16,244.4
<u>Add</u> Accrued interest receivables	-	4.1	4.1	-	96.7	96.7
<u>Less</u> Allowance for doubtful accounts	<u>(20.1)</u>	<u>(37.2)</u>	<u>(57.3)</u>	<u>(0.8)</u>	<u>(18.1)</u>	<u>(18.9)</u>
Total domestic items	<u>6,474.7</u>	<u>4,975.1</u>	<u>11,449.8</u>	<u>7,467.1</u>	<u>8,855.1</u>	<u>16,322.2</u>
Foreign items						
USD	7,022.5	71,659.0	78,681.5	7,127.3	89,485.2	96,612.5
JPY	3,442.0	18.1	3,460.1	2,346.3	485.5	2,831.8
Others	<u>1,595.7</u>	<u>10,574.0</u>	<u>12,169.7</u>	<u>1,213.0</u>	<u>12,547.1</u>	<u>13,760.1</u>
Total	12,060.2	82,251.1	94,311.3	10,686.6	102,517.8	113,204.4
<u>Add</u> Accrued interest receivables	-	683.1	683.1	-	1,256.0	1,256.0
<u>Less</u> Allowance for doubtful accounts	<u>(0.1)</u>	<u>(112.3)</u>	<u>(112.4)</u>	<u>(2.3)</u>	<u>(141.5)</u>	<u>(143.8)</u>
Total foreign items	<u>12,060.1</u>	<u>82,821.9</u>	<u>94,882.0</u>	<u>10,684.3</u>	<u>103,632.3</u>	<u>114,316.6</u>
Total domestic and foreign items	<u><u>18,534.8</u></u>	<u><u>87,797.0</u></u>	<u><u>106,331.8</u></u>	<u><u>18,151.4</u></u>	<u><u>112,487.4</u></u>	<u><u>130,638.8</u></u>

Million Baht

THE BANK'S FINANCIAL STATEMENTS

	2003			2002		
	Demand	Time	Total	Demand	Time	Total
Domestic items						
Bank of Thailand and Financial Institutions						
Development Fund	4,143.3	-	4,143.3	7,139.6	33.3	7,172.9
Commercial banks	1,014.8	3,362.4	4,377.2	53.3	7,528.5	7,581.8
Other banks	2.1	-	2.1	2.6	-	2.6
Finance companies, Finance and securities companies, Securities companies and Credit foncier companies	700.0	4.8	704.8	-	310.7	310.7
Other financial institutions	106.0	1,356.9	1,462.9	88.8	500.0	588.8
Total	5,966.2	4,724.1	10,690.3	7,284.3	8,372.5	15,656.8
<u>Add</u> Accrued interest receivables	-	0.6	0.6	-	93.9	93.9
<u>Less</u> Allowance for doubtful accounts	(20.1)	(37.2)	(57.3)	(0.8)	(18.1)	(18.9)
Total domestic items	5,946.1	4,687.5	10,633.6	7,283.5	8,448.3	15,731.8
Foreign items						
USD	7,021.8	72,240.6	79,262.4	7,126.5	90,119.9	97,246.4
JPY	3,442.0	18.1	3,460.1	2,346.3	485.5	2,831.8
Others	1,356.8	18,076.1	19,432.9	840.6	21,946.7	22,787.3
Total	11,820.6	90,334.8	102,155.4	10,313.4	112,552.1	122,865.5
<u>Add</u> Accrued interest receivables	-	681.0	681.0	-	1,254.9	1,254.9
<u>Less</u> Allowance for doubtful accounts	(0.1)	(112.3)	(112.4)	(2.3)	(141.5)	(143.8)
Total foreign items	11,820.5	90,903.5	102,724.0	10,311.1	113,665.5	123,976.6
Total domestic and foreign items	<u>17,766.6</u>	<u>95,591.0</u>	<u>113,357.6</u>	<u>17,594.6</u>	<u>122,113.8</u>	<u>139,708.4</u>

In accordance with the BOT's letter number THOR POR TOR. SOR NOR SOR. (22) WOR. 7/2546 regarding the redefinition of non-performing loans dated January 16, 2003, defining impaired loans as loans that are classified as substandard, doubtful, doubtful of loss and loss; and inclusive of doubtful of loss loans in excess of collateral that had been fully provisioned for in accordance with the notification of the BOT and had previously been written off, which the Bank had already reversed back onto its accounts.

As at December 31, 2003 and 2002, the Bank had impaired loans to financial institutions amounting to Baht 118.7 million and Baht 139.3 million, respectively.

4.3 Securities purchased under resale agreements

Securities purchased under resale agreements consisted of the following as at December 31, 2003 and 2002 :

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2003	2002	2003	2002
	Million Baht			
Government bonds and Bank of Thailand bonds	76,977.4	6,180.0	76,897.4	6,000.0
State enterprise securities	196.6	-	196.6	-
Total	<u>77,174.0</u>	<u>6,180.0</u>	<u>77,094.0</u>	<u>6,000.0</u>

4.4 Investments

4.4.1 As at December 31, 2003 and 2002, the Bank classified investments as follows :

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2003	2002	2003	2002
	Million Baht			
Trading securities	2,239.6	1,164.9	2,239.6	1,164.9
Available for sale securities	250,375.4	230,521.9	246,511.9	224,998.5
Held to maturity debt securities	90,065.9	77,701.1	88,252.4	72,489.4
General investments	9,063.4	11,583.1	9,045.7	11,564.5
Investment in subsidiaries and associated companies (Note 4.4.2)	2,594.7	2,322.4	9,701.8	7,944.3
Total investments, net	<u>354,339.0</u>	<u>323,293.4</u>	<u>355,751.4</u>	<u>318,161.6</u>

Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

2003

	Cost/ Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Current investments				
Trading securities				
Government and state enterprise securities	2,224.3	1.8	(53.4)	2,172.7
Private enterprise debt securities	67.0	0.2	(0.3)	66.9
Total	2,291.3	2.0	(53.7)	2,239.6
<u>Add (less) Revaluation allowance</u>	<u>(51.7)</u>			<u>-</u>
Total	<u>2,239.6</u>			<u>2,239.6</u>
Available for sale securities				
Government and state enterprise securities	47,013.9	215.5	(0.1)	47,229.3
Private enterprise debt securities	3,640.9	62.2	(184.3)	3,518.8
Foreign debt securities	4,314.2	9.5	(9.5)	4,314.2
Domestic marketable equity securities	53.5	-	(1.4)	52.1
Total	55,022.5	287.2	(195.3)	55,114.4
<u>Add (less) Revaluation allowance</u>	<u>91.9</u>			<u>-</u>
Total	<u>55,114.4</u>			<u>55,114.4</u>
Held to maturity debt securities				
Government and state enterprise securities	28,690.2	166.9	-	28,857.1
Private enterprise debt securities	102.4	0.3	(0.1)	102.6
Foreign debt securities	8,693.9	7.5	(2.9)	8,698.5
Total	37,486.5	174.7	(3.0)	37,658.2
<u>Less Allowance for impairment</u>	<u>-</u>			<u>-</u>
Total	<u>37,486.5</u>			<u>37,658.2</u>
Total current investments, net	<u><u>94,840.5</u></u>			<u><u>95,012.2</u></u>

Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

2003

	Cost/ Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Long-term investments				
Available for sale securities				
Government and state enterprise securities	100,136.8	3,220.8	(945.2)	102,412.4
Private enterprise debt securities	11,510.9	285.8	(114.4)	11,682.3
Foreign debt securities	68,007.3	107.2	(1,385.5)	66,729.0
Domestic marketable equity securities	4,947.9	8,701.4	(429.3)	13,220.0
Foreign marketable equity securities	1,388.3	197.7	(406.7)	1,179.3
Investments in receivables	31.6	6.4	-	38.0
Total	186,022.8	12,519.3	(3,281.1)	195,261.0
<u>Add (less) Revaluation allowance</u>	10,822.2			-
<u>Less Allowance for impairment</u>	(1,584.0)			-
Total	195,261.0			195,261.0
Held to maturity debt securities				
Government and state enterprise securities	48,112.2	1,281.2	(369.1)	49,024.3
Private enterprise debt securities	1,851.9	22.1	(0.1)	1,873.9
Foreign debt securities	2,564.6	30.4	(3.8)	2,591.2
Investments in receivables	50.7	-	-	50.7
Total	52,579.4	1,333.7	(373.0)	53,540.1
<u>Less Allowance for impairment</u>	-			-
Total	52,579.4			53,540.1
General investments				
Regular equity securities				
Domestic non-marketable equity securities	4,817.5			6,471.3
Foreign non-marketable equity securities	490.6			480.1
Total regular equity securities	5,308.1			6,951.4
Equity securities received through debt restructuring				
Domestic non-marketable equity securities				
Listed securities	3,515.6			3,672.1
Non-listed securities	2,993.4			4,114.5
Total equity securities received through debt restructuring	6,509.0			7,786.6
Total	11,817.1			14,738.0
<u>Add (less) Allowance for transferred of investments</u>	0.1			-
<u>Less Allowance for impairment</u>	(2,753.8)			-
Total	9,063.4			14,738.0
Total long-term investments, net	256,903.8			263,539.1

Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

2002

	Cost/ Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Current investments				
Trading securities				
Government and state enterprise securities	991.7	19.8	-	1,011.5
Private enterprise debt securities	149.5	3.9	-	153.4
Total	1,141.2	23.7	-	1,164.9
<u>Add (less) Revaluation allowance</u>	<u>23.7</u>			<u>-</u>
Total	<u>1,164.9</u>			<u>1,164.9</u>
Available for sale securities				
Government and state enterprise securities	36,345.4	91.4	(0.2)	36,436.6
Private enterprise debt securities	1,261.9	18.5	-	1,280.4
Foreign debt securities	5,665.0	40.6	(30.5)	5,675.1
Domestic marketable equity securities	53.5	0.8	-	54.3
Total	43,325.8	151.3	(30.7)	43,446.4
<u>Add (less) Revaluation allowance</u>	<u>120.6</u>			<u>-</u>
Total	<u>43,446.4</u>			<u>43,446.4</u>
Held to maturity debt securities				
Government and state enterprise securities	13,507.7	481.9	-	13,989.6
Foreign debt securities	7,775.3	5.7	(3.4)	7,777.6
Total	21,283.0	487.6	(3.4)	21,767.2
<u>Less Allowance for impairment</u>	<u>-</u>			<u>-</u>
Total	<u>21,283.0</u>			<u>21,767.2</u>
Total current investments, net	<u>65,894.3</u>			<u>66,378.5</u>

Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

2002

	Cost/ Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Long-term investments				
Available for sale securities				
Government and state enterprise securities	113,041.4	9,450.5	(6.3)	122,485.6
Private enterprise debt securities	12,338.1	718.5	(196.0)	12,860.6
Foreign debt securities	44,453.0	894.3	(5.4)	45,341.9
Domestic marketable equity securities	4,273.2	2,176.1	(932.2)	5,517.1
Foreign marketable equity securities	1,619.3	1.0	(786.3)	834.0
Investments in receivables	<u>36.3</u>	<u>-</u>	<u>-</u>	<u>36.3</u>
Total	175,761.3	13,240.4	(1,926.2)	187,075.5
<u>Add (less) Revaluation allowance</u>	11,356.7			-
<u>Less Allowance for impairment</u>	(42.5)			-
Total	<u>187,075.5</u>			<u>187,075.5</u>
Held to maturity debt securities				
Government and state enterprise securities	50,234.7	2,080.6	-	52,315.3
Private enterprise debt securities	17.9	-	-	17.9
Foreign debt securities	6,119.1	26.8	(11.1)	6,134.8
Investments in receivables	<u>46.4</u>	<u>-</u>	<u>-</u>	<u>46.4</u>
Total	56,418.1	2,107.4	(11.1)	58,514.4
<u>Less Allowance for impairment</u>	-			-
Total	<u>56,418.1</u>			<u>58,514.4</u>
General investments				
Regular equity securities				
Domestic non-marketable equity securities	5,158.6			5,553.8
Foreign non-marketable equity securities	<u>496.4</u>			<u>440.9</u>
Total regular equity securities	<u>5,655.0</u>			<u>5,994.7</u>
Equity securities received through debt restructuring				
Domestic non-marketable equity securities				
Listed securities	3,972.4			3,992.5*
Non-listed securities	<u>4,712.2</u>			<u>4,896.2</u>
Total equity securities received through debt restructuring	<u>8,684.6</u>			<u>8,888.7</u>
Total	14,339.6			14,883.4
<u>Add (less) Allowance for transferred of investments</u>	(30.4)			-
<u>Less Allowance for impairment</u>	(2,726.1)			-
Total	<u>11,583.1</u>			<u>14,883.4</u>
Total long-term investments, net	<u>255,076.7</u>			<u>260,473.3</u>

Million Baht

THE BANK'S FINANCIAL STATEMENTS

2003

	Cost/ Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Current investments				
Trading securities				
Government and state enterprise securities	2,224.3	1.8	(53.4)	2,172.7
Private enterprise debt securities	67.0	0.2	(0.3)	66.9
Total	2,291.3	2.0	(53.7)	2,239.6
<u>Add (less) Revaluation allowance</u>	(51.7)			-
Total	2,239.6			2,239.6
Available for sale securities				
Government and state enterprise securities	46,984.0	215.5	(0.1)	47,199.4
Private enterprise debt securities	3,640.9	62.2	(184.3)	3,518.8
Foreign debt securities	1,835.6	2.1	(0.1)	1,837.6
Total	52,460.5	279.8	(184.5)	52,555.8
<u>Add (less) Revaluation allowance</u>	95.3			-
Total	52,555.8			52,555.8
Held to maturity debt securities				
Government and state enterprise securities	28,680.2	166.9	-	28,847.1
Private enterprise debt securities	102.4	0.3	(0.1)	102.6
Foreign debt securities	7,569.5	5.3	(2.9)	7,571.9
Total	36,352.1	172.5	(3.0)	36,521.6
<u>Less Allowance for impairment</u>	-			-
Total	36,352.1			36,521.6
Total current investments, net	<u>91,147.5</u>			<u>91,317.0</u>

Million Baht

THE BANK'S FINANCIAL STATEMENTS

2003

	Cost/ Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Long-term investments				
Available for sale securities				
Government and state enterprise securities	100,085.6	3,220.8	(945.2)	102,361.2
Private enterprise debt securities	11,490.9	285.8	(114.4)	11,662.3
Foreign debt securities	66,858.9	26.3	(1,385.5)	65,499.7
Domestic marketable equity securities	4,947.9	8,701.4	(429.3)	13,220.0
Foreign marketable equity securities	1,388.3	193.3	(406.7)	1,174.9
Investments in receivables	31.6	6.4	-	38.0
Total	184,803.2	12,434.0	(3,281.1)	193,956.1
<u>Add (less) Revaluation allowance</u>	10,736.9			-
<u>Less Allowance for impairment</u>	(1,584.0)			-
Total	193,956.1			193,956.1
Held to maturity debt securities				
Government and state enterprise securities	48,112.2	1,281.2	(369.1)	49,024.3
Private enterprise debt securities	1,851.9	22.1	(0.1)	1,873.9
Foreign debt securities	1,885.5	20.0	-	1,905.5
Investments in receivables	50.7	-	-	50.7
Total	51,900.3	1,323.3	(369.2)	52,854.4
<u>Less Allowance for impairment</u>	-			-
Total	51,900.3			52,854.4
General investments				
Regular equity securities				
Domestic non-marketable equity securities	4,807.7			6,462.7
Foreign non-marketable equity securities	475.4			439.0
Total regular equity securities	5,283.1			6,901.7
Equity securities received through debt restructuring				
Domestic non-marketable equity securities				
Listed securities	3,515.6			3,672.1
Non-listed securities	2,993.4			4,114.5
Total equity securities received through debt restructuring	6,509.0			7,786.6
Total	11,792.1			14,688.3
<u>Add (less) Allowance for transferred of investments</u>	0.1			-
<u>Less Allowance for impairment</u>	(2,746.5)			-
Total	9,045.7			14,688.3
Total long-term investments, net	254,902.1			261,498.8

Million Baht

THE BANK'S FINANCIAL STATEMENTS

2002

	Cost/ Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Current investments				
Trading securities				
Government and state enterprise securities	991.7	19.8	-	1,011.5
Private enterprise debt securities	149.5	3.9	-	153.4
Total	1,141.2	23.7	-	1,164.9
<u>Add (less) Revaluation allowance</u>	23.7			-
Total	1,164.9			1,164.9
Available for sale securities				
Government and state enterprise securities	36,273.3	91.2	(0.2)	36,364.3
Private enterprise debt securities	1,261.9	18.5	-	1,280.4
Foreign debt securities	3,489.6	7.0	(6.7)	3,489.9
Total	41,024.8	116.7	(6.9)	41,134.6
<u>Add (less) Revaluation allowance</u>	109.8			-
Total	41,134.6			41,134.6
Held to maturity debt securities				
Government and state enterprise securities	13,497.7	481.9	-	13,979.6
Foreign debt securities	4,028.9	5.6	(2.0)	4,032.5
Total	17,526.6	487.5	(2.0)	18,012.1
<u>Less Allowance for impairment</u>	-			-
Total	17,526.6			18,012.1
Total current investments, net	<u>59,826.1</u>			<u>60,311.6</u>

Million Baht

THE BANK'S FINANCIAL STATEMENTS

2002

	Cost/ Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Long-term investments				
Available for sale securities				
Government and state enterprise securities	113,020.3	9,448.2	(6.3)	122,462.2
Private enterprise debt securities	12,217.7	710.1	(196.0)	12,731.8
Foreign debt securities	41,562.8	725.1	(5.4)	42,282.5
Domestic marketable equity securities	4,273.2	2,176.1	(932.2)	5,517.1
Foreign marketable equity securities	1,619.3	1.0	(786.3)	834.0
Investments in receivables	36.3	-	-	36.3
Total	172,729.6	13,060.5	(1,926.2)	183,863.9
<u>Add (less) Revaluation allowance</u>	11,176.8			-
<u>Less Allowance for impairment</u>	(42.5)			-
Total	183,863.9			183,863.9
Held to maturity debt securities				
Government and state enterprise securities	50,234.7	2,080.6	-	52,315.3
Private enterprise debt securities	17.9	-	-	17.9
Foreign debt securities	4,663.8	26.6	(9.9)	4,680.5
Investments in receivables	46.4	-	-	46.4
Total	54,962.8	2,107.2	(9.9)	57,060.1
<u>Less Allowance for impairment</u>	-			-
Total	54,962.8			57,060.1
General investments				
Regular equity securities				
Domestic non-marketable equity securities	5,148.7			5,545.1
Foreign non-marketable equity securities	479.9			396.7
Total regular equity securities	5,628.6			5,941.8
Equity securities received through debt restructuring				
Domestic non-marketable equity securities				
Listed securities	3,972.4			3,992.5*
Non-listed securities	4,712.2			4,896.2
Total equity securities received through debt restructuring	8,684.6			8,888.7
Total	14,313.2			14,830.5
<u>Add (less) Allowance for transferred of investments</u>	(30.4)			-
<u>Less Allowance for impairment</u>	(2,718.3)			-
Total	11,564.5			14,830.5
Total long-term investments, net	<u>250,391.2</u>			<u>255,754.5</u>

Investments classified in accordance with the notification of the BOT as at December 31, 2003 and 2002 are presented in Note 4.5.8.

As at December 31, 2003, the Bank accounts for investments in the companies, in which the Bank has equal to or more than 20% holding, that were acquired through debt restructuring by the cost method because the Bank intends to hold these investments on a temporary basis. Such companies are Noble Place Co., Ltd., Better Rice Co., Ltd., Kamolkij Co., Ltd., Bumrungrad Hospital Public Co., Ltd., Thai Precision Manufacturing Co., Ltd., C.P. Plaza Co., Ltd., Thai Petrochemical Industry Public Co., Ltd., CBNP (Thailand) Co., Ltd., Bangkok Synthetics Co., Ltd., UMC Metals Co., Ltd., UB-Haworth (Thailand) Co., Ltd., Sri U-Thong Co., Ltd., Tre-atthaboon Industry Co., Ltd. Quality Inn Co., Ltd. and Srithepthai Plaschem Co., Ltd.

As at December 31, 2002, the Bank accounts for investments in the companies, in which the Bank has equal to or more than 20% holding, that were acquired through debt restructuring by the cost method because the Bank intends to hold these investments on a temporary basis. Such companies are Noble Place Co., Ltd., City Realty Co., Ltd., Better Rice Co., Ltd., Kamolkij Co., Ltd., Bumrungrad Hospital Public Co., Ltd., Thai Precision Manufacturing Co., Ltd., C.P. Plaza Co., Ltd., Thai Petrochemical Industry Public Co., Ltd., EMC Public Co., Ltd., CBNP (Thailand) Co., Ltd., Bangkok Synthetics Co., Ltd., UMC Metals Co., Ltd., UB-Haworth (Thailand) Co., Ltd., Krisdamahanakorn Public Co., Ltd., Sri U-Thong Co., Ltd., Tre-atthaboon Industry Co., Ltd. and Quality Inn Co., Ltd.

For the years ended December 31, 2003 and 2002, the Bank has set allowance for impairment of investments amounting to Baht 4,330.5 million and Baht 1,158.7 million, respectively.

For the year ended December 31, 2002, the Bank wrote off goodwill in investments in subsidiaries and associated companies amounting to Baht 1,909.3 million in the consolidated and the Bank's financial statements. However, since the Bank had previously set aside allowance for impairment amounting to Baht 1,491.8 million, the Bank thus recognized loss on goodwill written off amounting to Baht 417.6 million in the statement of income.

As at December 31, 2003 and 2002, investments in debt securities classified as held to maturity securities which were government and state enterprise securities included the non-negotiable promissory note and the right of the Bank against the promissory note from TAMC amounting to Baht 25,396.2 million and Baht 24,829.7 million, respectively.

The contractual maturity of the Bank's investments in debt securities classified as available for sale securities and held to maturity securities as at December 31, 2003 and 2002 are presented below. Expected maturities may differ from contractual maturities due to some borrowers having the right to call or prepay obligations with or without prepayment penalties.

MATURITY SCHEDULE OF DEBT SECURITIES

Million Baht

**CONSOLIDATED FINANCIAL STATEMENTS
2003**

	MATURITY			
	1 Year	1 to 5 Years	Over 5 Years	Total
Available for sale securities				
Government and state enterprise securities	47,013.9	68,539.5	31,597.3	147,150.7
Private enterprise debt securities	3,640.9	9,706.4	1,804.5	15,151.8
Foreign debt securities	<u>4,314.2</u>	<u>36,043.0</u>	<u>31,964.3</u>	<u>72,321.5</u>
Total	54,969.0	114,288.9	65,366.1	234,624.0
<u>Add (less) Revaluation allowance</u>	93.3	2,688.7	(720.0)	2,062.0
<u>Less Allowance for impairment</u>	<u>-</u>	<u>(226.7)</u>	<u>(573.3)</u>	<u>(800.0)</u>
Total	<u>55,062.3</u>	<u>116,750.9</u>	<u>64,072.8</u>	<u>235,886.0</u>
Held to maturity debt securities				
Government and state enterprise securities	28,690.2	15,981.8	32,130.4	76,802.4
Private enterprise debt securities	102.4	1,851.9	-	1,954.3
Foreign debt securities	<u>8,693.9</u>	<u>2,441.6</u>	<u>123.0</u>	<u>11,258.5</u>
Total	37,486.5	20,275.3	32,253.4	90,015.2
<u>Less Allowance for impairment</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>37,486.5</u>	<u>20,275.3</u>	<u>32,253.4</u>	<u>90,015.2</u>
Total debt securities	<u><u>92,548.8</u></u>	<u><u>137,026.2</u></u>	<u><u>96,326.2</u></u>	<u><u>325,901.2</u></u>

Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

2002

MATURITY

	1 Year	1 to 5 Years	Over 5 Years	Total
Available for sale securities				
Government and state enterprise securities	36,345.4	71,590.1	41,451.3	149,386.8
Private enterprise debt securities	1,261.9	9,745.4	2,592.7	13,600.0
Foreign debt securities	5,665.0	16,320.2	28,132.8	50,118.0
Total	43,272.3	97,655.7	72,176.8	213,104.8
<u>Add (less) Revaluation allowance</u>	119.8	6,126.6	4,735.5	10,981.9
<u>Less Allowance for impairment</u>	-	(6.5)	-	(6.5)
Total	43,392.1	103,775.8	76,912.3	224,080.2
Held to maturity debt securities				
Government and state enterprise securities	13,507.7	22,091.4	28,143.3	63,742.4
Private enterprise debt securities	-	17.4	0.5	17.9
Foreign debt securities	7,775.3	5,556.7	562.4	13,894.4
Total	21,283.0	27,665.5	28,706.2	77,654.7
<u>Less Allowance for impairment</u>	-	-	-	-
Total	21,283.0	27,665.5	28,706.2	77,654.7
Total debt securities	64,675.1	131,441.3	105,618.5	301,734.9

Million Baht

THE BANK'S FINANCIAL STATEMENTS
2003

	MATURITY			
	1 Year	1 to 5 Years	Over 5 Years	Total
Available for sale securities				
Government and state enterprise securities	46,984.0	68,488.3	31,597.3	147,069.6
Private enterprise debt securities	3,640.9	9,686.4	1,804.5	15,131.8
Foreign debt securities	1,835.6	34,894.6	31,964.3	68,694.5
Total	52,460.5	113,069.3	65,366.1	230,895.9
<u>Add (less) Revaluation allowance</u>	95.3	2,607.8	(720.0)	1,983.1
<u>Less Allowance for impairment</u>	-	(226.7)	(573.3)	(800.0)
Total	52,555.8	115,450.4	64,072.8	232,079.0
Held to maturity debt securities				
Government and state enterprise securities	28,680.2	15,981.8	32,130.4	76,792.4
Private enterprise debt securities	102.4	1,851.9	-	1,954.3
Foreign debt securities	7,569.5	1,762.5	123.0	9,455.0
Total	36,352.1	19,596.2	32,253.4	88,201.7
<u>Less Allowance for impairment</u>	-	-	-	-
Total	36,352.1	19,596.2	32,253.4	88,201.7
Total debt securities	<u>88,907.9</u>	<u>135,046.6</u>	<u>96,326.2</u>	<u>320,280.7</u>

Million Baht

THE BANK'S FINANCIAL STATEMENTS
2002

	MATURITY			
	1 Year	1 to 5 Years	Over 5 Years	Total
Available for sale securities				
Government and state enterprise securities	36,273.3	71,569.0	41,451.3	149,293.6
Private enterprise debt securities	1,261.9	9,625.0	2,592.7	13,479.6
Foreign debt securities	3,489.6	13,430.0	28,132.8	45,052.4
Total	41,024.8	94,624.0	72,176.8	207,825.6
<u>Add (less) Revaluation allowance</u>	109.8	5,946.7	4,735.5	10,792.0
<u>Less Allowance for impairment</u>	-	(6.5)	-	(6.5)
Total	41,134.6	100,564.2	76,912.3	218,611.1
Held to maturity debt securities				
Government and state enterprise securities	13,497.7	22,091.4	28,143.3	63,732.4
Private enterprise debt securities	-	17.4	0.5	17.9
Foreign debt securities	4,028.9	4,101.4	562.4	8,692.7
Total	17,526.6	26,210.2	28,706.2	72,443.0
<u>Less Allowance for impairment</u>	-	-	-	-
Total	17,526.6	26,210.2	28,706.2	72,443.0
Total debt securities	58,661.2	126,774.4	105,618.5	291,054.1

4.4.2 As at December 31, 2003 and 2002, the Bank had investments in subsidiaries and associated companies, net as follows :

Million Baht							
CONSOLIDATED FINANCIAL STATEMENTS							
2003							
Company	Type of Business	Securities Type	Share Capital	Holding	Investment (Cost Method)	Investment (Equity Method)	Dividend Received
Associated companies							
BSL Leasing Co., Ltd.	Finance	Ordinary share	60.0	25.88%	- *	37.4	-
Processing Center Co., Ltd.	Service	Ordinary share	10.0	30.00%	3.0	144.3	4.2
WTA (Thailand) Co., Ltd.	Service	Ordinary share	0.0	24.90%	0.0	0.0	-
MC Private Equity Management							
PTE Ltd.	Finance	Ordinary share	2.5	30.00%	0.8 *	1.7	-
Thai Filament Finishing Co., Ltd.	Manufacturing	Ordinary share	194.3	46.85%	45.8 *	-	-
Thai Polymer Textile Co., Ltd.	Manufacturing	Ordinary share	472.0	38.75%	0.0 *	-	-
Thai Taffeta Textile Co., Ltd.	Manufacturing	Ordinary share	71.8	41.78%	24.1 *	-	-
Asia Credit Public Co., Ltd.	Finance	Ordinary share and Preferred share	15,904.5	27.49%	2,446.0 **	2,411.3 **	-
Total					2,519.7	2,594.7	
<u>Less</u> Allowance for impairment					-	-	
Investments in associated companies, net					2,519.7	2,594.7	

Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

2002

Company	Type of Business	Securities Type	Share Capital	Holding	Investment (Cost Method)	Investment (Equity Method)	Dividend Received
Associated companies							
PT BBL Danatama Finance TBK	Finance	Ordinary share	256.5	22.50%	75.1 *	-	-
BSL Leasing Co., Ltd.	Finance	Ordinary share	60.0	25.88%	-	31.5	-
Processing Center Co., Ltd.	Service	Ordinary share	10.0	30.00%	3.0	126.9	3.0
WTA (Thailand) Co., Ltd.	Service	Ordinary share	0.0	24.90%	0.0	0.0	-
MC Private Equity Management							
PTE Ltd.	Finance	Ordinary share	2.5	30.00%	0.8 *	8.3	18.0
Thai Filament Finishing Co., Ltd.	Manufacturing	Ordinary share	194.3	46.85%	45.8 *	-	-
Thai Polymer Textile Co., Ltd.	Manufacturing	Ordinary share	472.0	38.75%	0.0 *	-	-
Thai Taffeta Textile Co., Ltd.	Manufacturing	Ordinary share	71.8	41.78%	24.1 *	-	-
Asia Credit Public Co., Ltd.	Finance	Ordinary share and Preferred share	15,904.5	27.49%	2,446.0 **	2,155.7 **	-
Total					2,594.8	2,322.4	
<u>Less Allowance for impairment</u>					-	-	
Investments in associated companies, net					<u>2,594.8</u>	<u>2,322.4</u>	

* net of investment diminution

Million Baht

THE BANK'S FINANCIAL STATEMENTS

Company	Type of Business	Securities Type	Share Capital	2003		Investment (Cost Method)	Investment (Equity Method)	Dividend Received
				Holding				
Subsidiaries								
BBL (Cayman) Limited	Finance	Ordinary share	2.0	100.00%		2.0	747.1	-
Bangkok Bank Berhad	Banking	Ordinary share	2,780.2	100.00%		2,780.2	3,102.6	-
Sinnsuptawee Asset Management Co., Ltd.	Service	Ordinary share	2,500.0	100.00%		2,500.0	2,325.6	-
Bualuang Finance Co., Ltd.	Finance	Ordinary share and Preferred share	700.0	96.83%		677.8	866.1	-
BBL Asset Management Co., Ltd.	Finance	Ordinary share	100.0	50.00%		53.0	59.4	-
Bualuang Securities Co., Ltd.*	Securities	Ordinary share	250.0	1.24%		3.5	6.3	-
Associated companies								
BSL Leasing Co., Ltd.	Finance	Ordinary share	60.0	25.88%		- **	37.4	-
Processing Center Co., Ltd.	Service	Ordinary share	10.0	30.00%		3.0	144.3	4.2
WTA (Thailand) Co., Ltd.	Service	Ordinary share	0.0	24.90%		0.0	0.0	-
MC Private Equity Management PTE Ltd.	Finance	Ordinary share	2.5	30.00%		0.8	1.7	-
Thai Filament Finishing Co., Ltd.	Manufacturing	Ordinary share	194.3	46.85%		45.8 **	-	-
Thai Polymer Textile Co., Ltd.	Manufacturing	Ordinary share	472.0	38.75%		0.0 **	-	-
Thai Taffeta Textile Co., Ltd.	Manufacturing	Ordinary share	71.8	41.78%		24.1 **	-	-
Asia Credit Public Co., Ltd.	Finance	Ordinary share and Preferred share	15,904.5	27.49%		2,446.0 ***	2,411.3 ***	-
Total						8,536.2	9,701.8	
Less Allowance for impairment						-	-	
Investments in subsidiaries and associated companies, net						<u>8,536.2</u>	<u>9,701.8</u>	

* Because a subsidiary of the Bank through indirect shareholding in Bualuang Finance Co., Ltd.

Million Baht

THE BANK'S FINANCIAL STATEMENTS

2002

Company	Type of Business	Securities Type	Share Capital	Holding	Investment (Cost Method)	Investment (Equity Method)	Dividend Received
Subsidiaries							
BBL (Cayman) Limited	Finance	Ordinary share	2.0	100.00%	2.0	1,179.8	-
Bangkok Bank Berhad	Banking	Ordinary share	1,012.2	100.00%	1,012.2	1,355.9	-
Sinnsuptawee Asset Management Co., Ltd.	Service	Ordinary share	2,500.0	100.00%	2,500.0	2,324.6	-
Bualuang Finance Co., Ltd.	Finance	Ordinary share and Preferred share	700.0	96.83%	677.8	707.7	-
BBL Asset Management Co., Ltd.	Finance	Ordinary share	100.0	50.00%	53.0	53.9	-
Associated companies							
PT BBL Danatama Finance TBK	Finance	Ordinary share	256.5	22.50%	75.1*	-	-
BSL Leasing Co., Ltd.	Finance	Ordinary share	60.0	25.88%	-*	31.5	-
Processing Center Co., Ltd.	Service	Ordinary share	10.0	30.00%	3.0	126.9	3.0
WTA (Thailand) Co., Ltd.	Service	Ordinary share	0.0	24.90%	0.0	0.0	-
MC Private Equity Management PTE Ltd.	Finance	Ordinary share	2.5	30.00%	0.8	8.3	18.0
Thai Filament Finishing Co., Ltd.	Manufacturing	Ordinary share	194.3	46.85%	45.8*	-	-
Thai Polymer Textile Co., Ltd.	Manufacturing	Ordinary share	472.0	38.75%	0.0*	-	-
Thai Taffeta Textile Co., Ltd.	Manufacturing	Ordinary share	71.8	41.78%	24.1*	-	-
Asia Credit Public Co., Ltd.	Finance	Ordinary share and Preferred share	15,904.5	27.49%	2,446.0**	2,155.7**	-
Total					6,839.8	7,944.3	
<u>Less Allowance for impairment</u>					-	-	
Investments in subsidiaries and associated companies, net					<u>6,839.8</u>	<u>7,944.3</u>	

Investments which represent more than 10% of the paid-up capital and not investments in subsidiaries and associated companies are classified according to industry group, consisted of the following as at December 31, 2003 and 2002 :

	Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2003	2002	2003	2002
Agriculture and mining	-	-	-	-
Manufacturing and commercial	4,799.4	4,579.6	4,799.4	4,579.6
Real estate and construction	454.3	454.3	454.3	454.3
Utilities and services	3,344.5	2,940.9	3,344.5	2,940.9
Others	269.1	218.4	269.1	218.4
Total	<u>8,867.3</u>	<u>8,193.2</u>	<u>8,867.3</u>	<u>8,193.2</u>

Gains and losses related to investments included in statement of income for the years ended December 31, 2003 and 2002 are as follows :

	Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS		CONSOLIDATED FINANCIAL STATEMENTS	
	2003		2002	
	Gains	Losses	Gains	Losses
Gains (losses) on sales of trading securities	175.1	(59.1)	241.5	(33.0)
Gains (losses) on sales of available for sale securities	6,040.6	(563.8)	1,376.8	(273.8)
Gains (losses) on sales of general investment	1,554.1	(0.6)	476.3	-
Losses on sales of investments in subsidiaries and associated companies	-	(64.3)	-	(0.2)
Unrealized losses on revaluation of trading securities	-	(77.0)	-	(96.9)
Losses on impairment of investments	-	(1,641.5)	-	(1,158.7)
Gains on reversal of impairment of investments	-	-	24.2	-
Gains on redemption investments in receivable of available for sale securities	-	-	49.0	-
Gains (losses) on debt redemption of available for sale securities	1.6	(75.7)	-	-
Gains on capital recovery from equity securities of general investment	193.8	-	4.4	-
Loss on investment written off	-	-	-	(417.6)
Loss on loan receivable	-	(3.7)	-	-

	Million Baht			
	THE BANK'S FINANCIAL STATEMENTS			
	2003		2002	
	Gains	Losses	Gains	Losses
Gains (losses) on sales of trading securities	174.9	(57.2)	241.5	(33.0)
Gains (losses) on sales of available for sale securities	6,033.7	(563.8)	1,368.9	(273.6)
Gains (losses) on sales of general investment	1,554.1	(0.6)	476.3	-
Losses on sales of investment				
in subsidiaries and associated companies	-	(64.3)	-	(0.2)
Unrealized losses on revaluation				
of trading securities	-	(77.0)	-	(96.9)
Losses on impairment of investments	-	(1,641.5)	-	(1,158.7)
Gains on reversal of impairment of investments	-	-	24.2	-
Gains on redemption investments in receivable				
of available for sale securities	-	-	49.0	-
Gains (losses) on debt redemption of				
available for sale securities	1.6	(75.7)	-	-
Gains on capital recovery from equity securities				
of general investment	193.8	-	4.4	-
Loss on investment written off	-	-	-	(417.6)
Loss on loan receivable	-	(3.7)	-	-

For the year ended December 31, 2002, the Bank reversed impairment of certain investments of overseas branches since there were indications that the impairment losses recognized for investments in the prior years has decreased or no longer exist.

As at December 31, 2003, the Bank had investments in 26 companies whose going concern are uncertain or unlisted companies whose financial positions and operations are the same as companies that are under SET delisting criteria amounting to cost value of Baht 260.5 million. These companies had net book value totaling Baht 0.7 million. The Bank had set aside allowance for impairment of these investments amounting to Baht 259.8 million.

As at December 31, 2002, the Bank had investments in 32 companies whose going concern are uncertain or unlisted companies whose financial positions and operations are the same as companies that are under SET delisting criteria amounting to cost value of Baht 749.5 million. These companies had net book value totaling Baht 182.7 million. The Bank had set aside allowance for impairment of these investments amounting to Baht 566.8 million.

As at December 31, 2003, the Bank had investments in 18 listed companies that are under SET delisting criteria amounting to Baht 3,683.5 million with the fair value of Baht 3,784.9 million. However, the fair value of some investment is lower than book value. Therefore, the Bank had set aside allowance for impairment of these investments amounting to Baht 78.5 million.

As at December 31, 2002, the Bank had investments in 16 listed companies that are under SET delisting criteria amounting to Baht 4,145.8 million with the fair value of Baht 4,144.6 million. However, the fair value of some investment is lower than book value. Therefore, the Bank had set aside allowance for impairment of these investments amounting to Baht 29.5 million.

4.5 Loans and accrued interest receivable

4.5.1 Classified by product as at December 31, 2003 and 2002 :

	Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2003	2002	2003	2002
Overdrafts	88,117.1	87,063.2	87,199.1	86,067.5
Loans	588,606.7	593,810.7	585,250.0	591,218.9
Bills	174,959.4	157,172.8	176,639.6	153,583.0
Hire purchase receivables	31.6	30.3	-	-
Others	435.1	43.7	-	-
Total	<u>852,149.9</u>	<u>838,120.7</u>	<u>849,088.7</u>	<u>830,869.4</u>
<u>Less</u> Unearned discounts	<u>(249.5)</u>	<u>(266.9)</u>	<u>(229.9)</u>	<u>(247.0)</u>
Total	851,900.4	837,853.8	848,858.8	830,622.4
<u>Add</u> Accrued interest receivable	1,046.8	1,473.4	1,032.3	1,459.1
<u>Less</u> Allowance for doubtful accounts	<u>(124,590.0)</u>	<u>(138,137.3)</u>	<u>(124,032.4)</u>	<u>(137,529.8)</u>
Revaluation allowance				
For debt restructuring	<u>(11,346.5)</u>	<u>(13,224.3)</u>	<u>(11,346.5)</u>	<u>(13,224.3)</u>
Total	<u><u>717,010.7</u></u>	<u><u>687,965.6</u></u>	<u><u>714,512.2</u></u>	<u><u>681,327.4</u></u>

4.5.2 Classified by remaining maturity as at December 31, 2003 and 2002 :

	Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2003	2002	2003	2002
Up to 1 year*	502,866.5	522,741.8	502,215.2	516,698.0
Over 1 year	<u>349,283.4</u>	<u>315,378.9</u>	<u>346,873.5</u>	<u>314,171.4</u>
Total	852,149.9	838,120.7	849,088.7	830,869.4
<u>Less</u> Unearned discounts	<u>(249.5)</u>	<u>(266.9)</u>	<u>(229.9)</u>	<u>(247.0)</u>
Total	851,900.4	837,853.8	848,858.8	830,622.4
<u>Add</u> Accrued interest receivable	1,046.8	1,473.4	1,032.3	1,459.1
Total	<u><u>852,947.2</u></u>	<u><u>839,327.2</u></u>	<u><u>849,891.1</u></u>	<u><u>832,081.5</u></u>

4.5.3 Classified by currency and customer's residence as at December 31, 2003 and 2002 :

Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
	2003			2002		
	Domestic	Foreign	Total	Domestic	Foreign	Total
BAHT	721,919.9	5,983.1	727,903.0	710,729.2	5,662.3	716,391.5
USD	31,982.2	51,049.0	83,031.2	34,752.5	54,102.2	88,854.7
Others	<u>11,635.7</u>	<u>29,580.0</u>	<u>41,215.7</u>	<u>4,877.1</u>	<u>27,997.4</u>	<u>32,874.5</u>
	<u>765,537.8</u>	<u>86,612.1</u>	<u>852,149.9</u>	<u>750,358.8</u>	<u>87,761.9</u>	<u>838,120.7</u>
<u>Less</u> Unearned discounts			(249.5)			(266.9)
Total			851,900.4			837,853.8
<u>Add</u> Accrued interest						
receivable			<u>1,046.8</u>			<u>1,473.4</u>
Total			<u>852,947.2</u>			<u>839,327.2</u>

Million Baht						
THE BANK'S FINANCIAL STATEMENTS						
	2003			2002		
	Domestic	Foreign	Total	Domestic	Foreign	Total
BAHT	727,459.2	5,983.0	733,442.2	708,675.1	5,662.3	714,337.4
USD	31,982.2	50,964.3	82,946.5	34,752.5	54,071.6	88,824.1
Others	<u>8,323.9</u>	<u>24,376.1</u>	<u>32,700.0</u>	<u>4,877.1</u>	<u>22,830.8</u>	<u>27,707.9</u>
	<u>767,765.3</u>	<u>81,323.4</u>	<u>849,088.7</u>	<u>748,304.7</u>	<u>82,564.7</u>	<u>830,869.4</u>
<u>Less</u> Unearned discounts			(229.9)			(247.0)
Total			848,858.8			830,622.4
<u>Add</u> Accrued interest						
receivable			<u>1,032.3</u>			<u>1,459.1</u>
Total			<u>849,891.1</u>			<u>832,081.5</u>

4.5.4 Classified by business type and in accordance with the notification of the BOT as at December 31, 2003 and 2002 :

CONSOLIDATED FINANCIAL STATEMENTS						Million Baht
2003						
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of loss	Total
Agriculture and mining	12,558.0	858.8	712.5	485.8	4,619.9	19,235.0
Manufacturing and commercial	380,916.7	12,298.3	11,647.3	55,397.8	66,153.2	526,413.3
Real estate and construction	46,299.9	7,233.5	3,000.9	653.5	19,516.0	76,703.8
Utilities and services	81,561.0	1,716.7	4,213.3	1,673.4	14,638.3	103,802.7
Housing loans	47,037.1	1,452.7	1,414.4	1,310.9	17,469.3	68,684.4
Others	45,942.2	2,861.2	2,051.6	725.7	5,730.0	57,310.7
	<u>614,314.9</u>	<u>26,421.2</u>	<u>23,040.0</u>	<u>60,247.1</u>	<u>128,126.7</u>	852,149.9
<u>Less</u> Unearned discounts						(249.5)
Total						851,900.4
<u>Add</u> Accrued interest receivable						1,046.8
Total						<u>852,947.2</u>

CONSOLIDATED FINANCIAL STATEMENTS						Million Baht
2002						
	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of loss	Total
Agriculture and mining	12,019.1	572.6	872.5	1,343.5	4,841.0	19,648.7
Manufacturing and commercial	393,667.6	12,300.8	11,422.3	14,485.1	84,766.4	516,642.2
Real estate and construction	42,677.3	7,636.0	5,224.0	1,709.8	31,563.5	88,810.6
Utilities and services	68,040.8	2,708.3	1,595.7	2,454.6	20,083.0	94,882.4
Housing loans	37,650.4	1,448.5	1,871.5	1,498.7	20,755.9	63,225.0
Others	39,603.4	3,283.6	1,580.6	735.1	9,709.1	54,911.8
	<u>593,658.6</u>	<u>27,949.8</u>	<u>22,566.6</u>	<u>22,226.8</u>	<u>171,718.9</u>	838,120.7
<u>Less</u> Unearned discounts						(266.9)
Total						837,853.8
<u>Add</u> Accrued interest receivable						1,473.4
Total						<u>839,327.2</u>

Million Baht

THE BANK'S FINANCIAL STATEMENTS
2003

	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of loss	Total
Agriculture and mining	12,090.7	837.3	712.5	485.8	4,605.9	18,732.2
Manufacturing and commercial	376,685.4	12,154.6	11,645.7	55,393.9	65,702.8	521,582.4
Real estate and construction	45,244.8	7,163.4	2,999.7	642.5	19,447.7	75,498.1
Utilities and services	81,066.5	1,704.0	4,205.6	1,673.4	14,635.4	103,284.9
Housing loans	46,445.2	1,431.2	1,402.8	1,295.0	17,394.5	67,968.7
Others	50,681.5	2,847.7	2,050.4	724.2	5,718.6	62,022.4
	<u>612,214.1</u>	<u>26,138.2</u>	<u>23,016.7</u>	<u>60,214.8</u>	<u>127,504.9</u>	849,088.7
<u>Less</u> Unearned discounts						(229.9)
Total						848,858.8
<u>Add</u> Accrued interest receivable						1,032.3
Total						<u>849,891.1</u>

Million Baht

THE BANK'S FINANCIAL STATEMENTS
2002

	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of loss	Total
Agriculture and mining	11,600.5	572.6	872.5	1,343.5	4,824.4	19,213.5
Manufacturing and commercial	389,949.8	11,995.5	11,413.8	14,471.7	84,496.3	512,327.1
Real estate and construction	42,087.1	7,555.1	5,214.0	1,700.9	31,414.0	87,971.1
Utilities and services	67,605.2	2,706.6	1,595.6	2,454.6	20,050.4	94,412.4
Housing loans	37,128.0	1,430.2	1,856.2	1,483.0	20,687.8	62,585.2
Others	39,135.4	3,256.9	1,577.2	734.8	9,655.8	54,360.1
	<u>587,506.0</u>	<u>27,516.9</u>	<u>22,529.3</u>	<u>22,188.5</u>	<u>171,128.7</u>	830,869.4
<u>Less</u> Unearned discounts						(247.0)
Total						830,622.4
<u>Add</u> Accrued interest receivable						1,459.1
Total						<u>832,081.5</u>

As at December 31, 2003 and 2002, the Bank had impaired loans in accordance with the BOT's definition (See Note 4.2) amounting to Baht 210,845.6 million and Baht 215,985.9 million, respectively.

4.5.5 As at December 31, 2003 and 2002, classified loans and allowance for doubtful accounts in accordance with the notification of the BOT are as follows :

Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
2003				
	Loans and Accrued Interest Receivables	Loans and Accrued Interest Receivables Net of Collateral Permitted by BOT	% Required per BOT	Provision Recorded by the Bank
Normal	615,175.2	291,357.0	1	2,913.6
Special mentioned	26,571.4	5,845.0	2	116.8
Substandard	23,073.5	9,629.3	20	1,925.6
Doubtful	60,249.9	43,395.5	50	21,701.8
Doubtful of loss	<u>128,126.7</u>	<u>60,386.5</u>	100	<u>60,386.5</u>
Total	853,196.7	<u>410,613.3</u>		87,044.3
<u>Less</u> Unearned discounts	(249.5)			
<u>Add</u> Allowance for doubtful accounts which exceed minimum provision required by the BOT				<u>37,461.0</u>
Total	<u>852,947.2</u>			<u>124,505.3*</u>

Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
2002				
	Loans and Accrued Interest Receivables	Loans and Accrued Interest Receivables Net of Collateral Permitted by BOT	% Required per BOT	Provision Recorded by the Bank
Normal	594,755.7	296,158.0	1	2,961.6
Special mentioned	28,244.9	5,875.8	2	117.5
Substandard	22,647.7	3,883.4	20	776.7
Doubtful	22,226.8	7,969.4	50	3,984.7
Doubtful of loss	<u>171,719.0</u>	<u>83,039.0</u>	100	<u>83,039.0</u>
Total	839,594.1	<u>396,925.6</u>		90,879.5
<u>Less</u> Unearned discounts	(266.9)			
<u>Add</u> Allowance for doubtful accounts which exceed minimum provision required by the BOT				<u>47,115.4</u>
Total	<u>839,327.2</u>			<u>137,994.9**</u>

Million Baht

THE BANK'S FINANCIAL STATEMENTS

2003

	Loans and Accrued Interest Receivables	Loans and Accrued Interest Receivables Net of Collateral Permitted by BOT	% Required per BOT	Provision Recorded by the Bank
Normal	613,061.3	292,890.5	1	2,928.9
Special mentioned	26,287.2	5,761.5	2	115.2
Substandard	23,050.2	9,626.0	20	1,925.2
Doubtful	60,217.4	43,388.7	50	21,694.4
Doubtful of loss	127,504.9	59,931.8	100	59,931.8
Total	850,121.0	411,598.5		86,595.5
<u>Less</u> Unearned discounts	(229.9)			
<u>Add</u> Allowance for doubtful accounts which exceed minimum provision required by the BOT				37,352.2
Total	<u>849,891.1</u>			<u>123,947.7</u>

Million Baht

THE BANK'S FINANCIAL STATEMENTS

2002

	Loans and Accrued Interest Receivables	Loans and Accrued Interest Receivables Net of Collateral Permitted by BOT	% Required per BOT	Provision Recorded by the Bank
Normal	588,589.3	291,975.0	1	2,919.8
Special mentioned	27,811.6	5,660.8	2	113.2
Substandard	22,610.3	3,869.7	20	774.0
Doubtful	22,188.5	7,952.5	50	3,976.2
Doubtful of loss	171,128.8	82,686.0	100	82,686.0
Total	832,328.5	392,144.0		90,469.2
<u>Less</u> Unearned discounts	(247.0)			
<u>Add</u> Allowance for doubtful accounts which exceed minimum provision required by the BOT				46,918.2
Total	<u>832,081.5</u>			<u>137,387.4</u> **

* Doubtful accounts for legal expense paid in advance amounting to Baht 84.6 million. (See Note 4.6)

4.5.6 As at December 31, 2003 and 2002, the Bank and subsidiaries have loans and accrued interest receivables to companies with certain financial positions and results of operation problems as defined in the SET's guidelines, regarding quality of assets and related party transactions, dated July 17, 1998, for which the Bank has provided an allowance for the related doubtful accounts in the caption of loan and accrued interest receivables, as follows :

Million Baht					
CONSOLIDATED FINANCIAL STATEMENTS					
2003					
	No. of Companies	Outstanding Balance	Collateral Value	Provision Required by the BOT	Provision Recorded by the Bank
Financial institutions ordered closed	8	817.6	-	817.6	817.6
Financial institutions taken control and ordered to decrease and increase capital by the BOT	-	-	-	-	-
Listed companies identified for delisting	18	22,749.5	3,565.9	4,366.4	4,366.4
Total	26	23,567.1	3,565.9	5,184.0	5,184.0

Million Baht					
CONSOLIDATED FINANCIAL STATEMENTS					
2002					
	No. of Companies	Outstanding Balance	Collateral Value	Provision Required by the BOT	Provision Recorded by the Bank
Financial institutions ordered closed	8	817.2	-	817.2	817.2
Financial institutions taken control and ordered to decrease and increase capital by the BOT	-	-	-	-	-
Listed companies identified for delisting	27	24,276.7	3,257.5	703.9	703.9
Total	35	25,093.9	3,257.5	1,521.1	1,521.1

Million Baht					
THE BANK'S FINANCIAL STATEMENTS					
2003					
	No. of Companies	Outstanding Balance	Collateral Value	Provision Required by the BOT	Provision Recorded by the Bank
Financial institutions ordered closed	8	817.6	-	817.6	817.6
Financial institutions taken control and ordered to decrease and increase capital by the BOT	-	-	-	-	-
Listed companies identified for delisting	18	22,749.5	3,565.9	4,366.4	4,366.4
Total	26	23,567.1	3,565.9	5,184.0	5,184.0

THE BANK'S FINANCIAL STATEMENTS					Million Baht
2002					
	No. of Companies	Outstanding Balance	Collateral Value	Provision Required by the BOT	Provision Recorded by the Bank
Financial institutions ordered closed	8	817.2	-	817.2	817.2
Financial institutions taken control and ordered to decrease and increase capital by the BOT	-	-	-	-	-
Listed companies identified for delisting	27	24,276.7	3,257.5	703.9	703.9
Total	<u>35</u>	<u>25,093.9</u>	<u>3,257.5</u>	<u>1,521.1</u>	<u>1,521.1</u>

4.5.7 Transfer of assets to Thai Asset Management Corporation (TAMC)

On October 12, 2001, the Bank has entered into the Asset Transfer Agreement (the Agreement) with TAMC in order to transfer the impaired assets of the Bank including all rights over the assets securing such assets as at December 31, 2000, as well as any other related rights or contingencies of the Bank against those debtors pursuant to the terms and conditions of the Agreement and the applicable provisions of the Royal Ordinance establishing TAMC B.E. 2544 (TAMC Law). The price payable by TAMC to the Bank for such impaired assets transferred shall be the value of collateral of such loan but shall not exceed the book value of the loan less the allowance for doubtful accounts as at the transfer date which has been set aside pursuant to the notification of the Bank of Thailand. TAMC will make payments for assets transferred after preliminary confirmation of the transfer price by issuing a non-negotiable promissory note which is given aval by the Financial Institutions Development Fund (FIDF), to be due at the end of 10 years from the date of issuance. Such promissory note may be redeemable by TAMC prior to its maturity. The interest rate shall be the weighted average rate of deposits as defined in the Agreement and shall be determined on a quarterly basis. The interest accrued shall be payable by TAMC to the Bank annually by issuing to the Bank a non-negotiable promissory note which is given aval by the FIDF, to be due at the end of one year from the date of issuance.

The Bank and TAMC agreed to recognize any profits or losses arising from the management of the impaired assets at the end of the fifth and the tenth year starting from July 1, 2001. The profits or losses shall be calculated based on all accumulated asset recoveries on cash basis up to the date of calculation of such profits or losses less the transfer costs and other operating expenses incurred by TAMC including all interest paid by TAMC to the Bank.

In the case whereby profits are realized, the first portion of the profits, not exceeding 20% of the transfer price of the impaired assets transferred to TAMC, will be allocated to the Bank and TAMC at 50 % each. The second portion of the profits will be given to the Bank at the amount such that when included with the first profit portion shall not exceed the difference between the book value of the impaired assets of the Bank and the transfer price of such assets transferred to TAMC. The residual amount of the second profit portion will be given to TAMC. In the case whereby

losses are realized, the first portion of the losses will be borne by the Bank but not exceeding 20% of the transfer price of the impaired assets transferred to TAMC. The second portion of the losses, not exceeding 20% of the transfer price of the impaired assets transferred to TAMC, will be allocated to the Bank and TAMC at 50% each. The residual amount of the second losses portion will be borne by TAMC.

The Bank has transferred impaired assets at the net amount of loan, after deducting the allowance for doubtful accounts set aside pursuant to the notification of the Bank of Thailand from the date that the Bank has entered into the Agreement until as at December 31, 2003 amounting to Baht 25,396.2 million, and for the year ended December 31, 2003, the Bank has transferred impaired assets amounting to Baht 81.8 million to TAMC. In addition, TAMC had revised up the balance of assets transferred prior to 2003 in the net amount of Baht 484.7 million. Subsequent transfers of impaired assets will occur pursuant to the conditions stated in the Agreement.

The Bank has transferred impaired assets at the net amount of loan after deducting the allowance for doubtful accounts set aside pursuant to the notification of the Bank of Thailand from the date that the Bank has entered into the Agreement until as at December 31, 2002 and for the year ended December 31, 2002, amounting to Baht 24,829.7 million and Baht 2,372.6 million to TAMC, respectively.

As at December 31, 2003 and 2002, the Bank received promissory notes from TAMC relating to certain portions of transferred impaired assets amounting to Baht 23,485.2 million and Baht 18,880.6 million, respectively.

4.5.8 As at December 31, 2003 and 2002, assets classified in accordance with the notification of the BOT are as follows :

	CONSOLIDATED FINANCIAL STATEMENTS				Million Baht
	2003				
	Loans and Accrued Interest Receivables	Investments	Properties Foreclosed	Other Assets	Total
Normal	615,175.2	-	-	148.4	615,323.6
Special mentioned	26,571.4	-	-	22.2	26,593.6
Substandard	23,073.5	-	-	17.9	23,091.4
Doubtful	60,249.9	-	-	42.8	60,292.7
Doubtful of loss	128,126.7	6,151.5	1,670.9	1,866.3	137,815.4
Loss	-	-	-	-	-
Total	853,196.7	6,151.5	1,670.9	2,097.6	863,116.7
Less Unearned discounts	(249.5)				
Total	852,947.2				

CONSOLIDATED FINANCIAL STATEMENTS					Million Baht
2002					
	Loans and Accrued Interest Receivables	Investments	Properties Foreclosed	Other Assets	Total
Normal	594,755.7	-	-	160.5	594,916.2
Special mentioned	28,244.9	-	-	19.8	28,264.7
Substandard	22,647.7	-	-	26.4	22,674.1
Doubtful	22,226.8	-	-	51.7	22,278.5
Doubtful of loss	171,719.0	4,634.0	1,656.2	2,175.1	180,184.3
Loss	-	-	-	-	-
Total	<u>839,594.1</u>	<u>4,634.0</u>	<u>1,656.2</u>	<u>2,433.5</u>	<u>848,317.8</u>
<u>Less</u> Unearned discounts	(266.9)				
Total	<u>839,327.2</u>				

THE BANK'S FINANCIAL STATEMENTS					Million Baht
2003					
	Loans and Accrued Interest Receivables	Investments	Properties Foreclosed	Other Assets	Total
Normal	613,061.3	-	-	148.3	613,209.6
Special mentioned	26,287.2	-	-	22.0	26,309.2
Substandard	23,050.2	-	-	17.8	23,068.0
Doubtful	60,217.4	-	-	42.8	60,260.2
Doubtful of loss	127,504.9	6,142.7	1,503.8	1,863.1	137,014.5
Loss	-	-	-	-	-
Total	<u>850,121.0</u>	<u>6,142.7</u>	<u>1,503.8</u>	<u>2,094.0</u>	<u>859,861.5</u>
<u>Less</u> Unearned discounts	(229.9)				
Total	<u>849,891.1</u>				

THE BANK'S FINANCIAL STATEMENTS					Million Baht
2002					
	Loans and Accrued Interest Receivables	Investments	Properties Foreclosed	Other Assets	Total
Normal	588,589.3	-	-	160.4	588,749.7
Special mentioned	27,811.6	-	-	19.2	27,830.8
Substandard	22,610.3	-	-	26.3	22,636.6
Doubtful	22,188.5	-	-	51.7	22,240.2
Doubtful of loss	171,128.8	4,627.4	1,491.6	2,170.7	179,418.5
Loss	-	-	-	-	-
Total	<u>832,328.5</u>	<u>4,627.4</u>	<u>1,491.6</u>	<u>2,428.3</u>	<u>840,875.8</u>
<u>Less</u> Unearned discounts	(247.0)				
Total	<u>832,081.5</u>				

4.5.9 Troubled debt restructurings

Details of the restructured debts of the Bank for the years ended December 31, 2003 and 2002, classified into the restructuring methods are as follows :

Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
2003				
Restructuring Method	Cases	Outstanding Debt before Restructuring	Type of Transferred Assets	Fair Value
Asset transfer	425	4,470.2	Land, building, machinery, condominium, share capital	2,300.7
Debt-equity conversion	12	497.3	Share capital	490.9
Debt restructuring in various forms	<u>19,182</u>	<u>90,612.3</u>		
Total	<u><u>19,619</u></u>	<u><u>95,579.8</u></u>		

The weighted average tenure of the above-mentioned restructuring is 2.0 years and the total debt outstanding after debt restructuring is Baht 95,278.4 million.

Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
2002				
Restructuring Method	Cases	Outstanding Debt before Restructuring	Type of Transferred Assets	Fair Value
Asset transfer	217	4,272.4	Land, building, machinery, share capital, leasehold	3,570.1
Debt-equity conversion	20	1,699.3	Share capital	1,691.9
Debt restructuring in various forms	<u>20,956</u>	<u>60,989.7</u>		
Total	<u><u>21,193</u></u>	<u><u>66,961.4</u></u>		

The weighted average tenure of the above-mentioned restructuring is 1.9 years and the total debt outstanding after debt restructuring is Baht 66,252.6 million.

For the years ended December 31, 2003 and 2002, the Bank recognized interest income from restructured debts amounting to Baht 10,415.3 million and Baht 13,293.3 million, respectively.

As at December 31, 2003 and 2002, the Bank had balance of loan to restructured debtors amounting to Baht 234,145.0 million and Baht 261,869.9 million, respectively.

Consolidated disclosures for troubled debt restructurings which occurred during the years ended December 31, 2003 and 2002 have not been provided, as such information is not significantly different than the above disclosures relating to the Bank for the years then ended.

4.6 Allowance for doubtful accounts

Allowance for doubtful accounts consisted of the following as at December 31, 2003 and 2002 :

CONSOLIDATED FINANCIAL STATEMENTS							Million Baht
2003							
Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Allowance for Doubtful Accounts in Excess of The BOT's Minimum Requirement	Total	
Balance brought forward	2,963.1	117.9	781.9	3,996.1	83,164.4	47,113.9	138,137.3
Doubtful accounts	10.9	0.7	1,144.8	17,706.9	(22,655.6)	2,707.9	(1,084.4)
Bad debt recovered	-	-	-	-	(10.7)	433.2	422.5
Bad debt written off	-	-	-	-	(23.0)	(10,614.2)	(10,637.2)
Others	(4.8)	(1.7)	(0.7)	(0.7)	(5.0)	(2,235.3)	(2,248.2)
Balance carried forward	<u>2,969.2</u>	<u>116.9</u>	<u>1,926.0</u>	<u>21,702.3</u>	<u>60,470.1</u>	<u>37,405.5</u>	<u>124,590.0</u>

CONSOLIDATED FINANCIAL STATEMENTS							Million Baht
2002							
Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Allowance for Doubtful Accounts in Excess of The BOT's Minimum Requirement	Total	
Balance brought forward	2,489.2	193.9	1,864.7	8,723.5	465.0	44,406.2	58,142.5
Doubtful accounts	475.4	4.4	(1,081.0)	6.3	16.7	(7,559.3)	(8,137.5)
Bad debt recovered	-	-	-	-	(9.5)	230.3	220.8
Bad debt written off	(1.5)	(4.4)	(1.8)	(3.5)	131.3	(2,959.5)	(2,839.4)
Others	-	(76.0)	-	(4,730.2)	82,560.9	12,996.2	90,750.9
Balance carried forward	<u>2,963.1</u>	<u>117.9</u>	<u>781.9</u>	<u>3,996.1</u>	<u>83,164.4</u>	<u>47,113.9</u>	<u>138,137.3</u>

Million Baht

THE BANK'S FINANCIAL STATEMENTS

2003

	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Allowance for Doubtful Accounts in Excess of The BOT's Minimum Requirement	Total
Balance brought forward	2,921.4	113.6	779.0	3,987.7	82,809.9	46,918.2	137,529.8
Doubtful accounts	7.7	1.7	1,146.5	17,707.2	(22,794.5)	2,791.2	(1,140.2)
Bad debt recovered	-	-	-	-	-	433.2	433.2
Bad debt written off	-	-	-	-	-	(10,582.5)	(10,582.5)
Others	-	-	-	-	-	(2,207.9)	(2,207.9)
Balance carried forward	<u>2,929.1</u>	<u>115.3</u>	<u>1,925.5</u>	<u>21,694.9</u>	<u>60,015.4</u>	<u>37,352.2</u>	<u>124,032.4</u>

Million Baht

THE BANK'S FINANCIAL STATEMENTS

2002

	Normal	Special Mentioned	Substandard	Doubtful	Doubtful of Loss	Allowance for Doubtful Accounts in Excess of The BOT's Minimum Requirement	Total
Balance brought forward	2,456.5	190.7	1,864.1	8,718.8	-	44,204.6	57,434.7
Doubtful accounts	464.9	-	(1,085.1)	-	-	(7,565.4)	(8,185.6)
Bad debt recovered	-	-	-	-	-	230.3	230.3
Bad debt written off	-	-	-	-	-	(2,707.9)	(2,707.9)
Others	-	(77.1)	-	(4,731.1)	82,809.9	12,756.6	90,758.3
Balance carried forward	<u>2,921.4</u>	<u>113.6</u>	<u>779.0</u>	<u>3,987.7</u>	<u>82,809.9</u>	<u>46,918.2</u>	<u>137,529.8</u>

As at December 31, 2003, the allowance for doubtful accounts of Baht 124,590.0 million and Baht 124,032.4 million in the consolidated and the Bank's financial statements, respectively, include an allowance for doubtful accounts for legal expense paid in advance of Baht 84.6 million.

As at December 31, 2002, the allowance for doubtful accounts of Baht 138,137.3 million and Baht 137,529.8 million in the consolidated and the Bank's financial statements, respectively, include an allowance for doubtful accounts for legal expense paid in advance of Baht 142.4 million.

As at December 31, 2003 and 2002, the Bank had established allowance for doubtful accounts in excess of the minimum level required by the BOT's guideline as described in Note 3.6 since the Bank takes into consideration potential additional loss from the debtors not being able to perform according to the lending agreements.

For the years ended December 31, 2003 and 2002 collateral supporting significant loans were reappraised by either independent appraisers approved by the BOT or internal appraisers of the Bank and the subsidiaries. For collateral valuation, the Bank followed the notification of the BOT regarding worthless or irrecoverable assets or assets with doubtful value of recoverability dated February 28, 2003 and February 18, 2002, respectively, in that up to 90% of appraised value is deducted from the debtor's balance before provision for collateral that have been marked to market or appraised within 12 months. For collateral that are less frequently appraised, up to 50% deduction is applied.

For debtors with balance of less than Baht 5 million, up to 90% of the appraised value of collaterals is deducted from the debtor's balance before provision if the collateral have been marked to market or appraised within 36 months. For collateral that are less frequently appraised, up to 50% deduction is applied.

For the years ended December 31, 2003 and 2002, the Bank classified its assets and provisions for loan losses using guidelines in the BOT's Notification on the subject of worthless or irrecoverable assets and assets with doubtful value of recoverability dated February 28, 2003 and February 18, 2002, respectively.

4.7 Revaluation allowance for debt restructuring

Revaluation allowance for debt restructuring as at December 31, 2003 and 2002 are as follows :

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2003	2002	2003	2002
Balance brought forward	13,224.3	11,118.7	13,224.3	11,104.8
Increase during the period	4,050.1	7,728.2	4,050.1	7,728.2
Write off/ decrease during the period	(5,927.9)	(5,622.6)	(5,927.9)	(5,608.7)
Balance carried forward	<u>11,346.5</u>	<u>13,224.3</u>	<u>11,346.5</u>	<u>13,224.3</u>

4.8 Properties foreclosed, net

Properties foreclosed consisted of the following as at December 31, 2003 and 2002 :

				Million Baht
CONSOLIDATED FINANCIAL STATEMENTS				
2003				
Type of properties foreclosed	Balance Brought Forward	Additions	Disposals	Balance Carried Forward
Assets from debt repayment				
Immovable assets	35,137.9	5,129.9	(3,244.6)	37,023.2
Movable assets	<u>881.9</u>	<u>91.9</u>	<u>(232.0)</u>	<u>741.8</u>
Total	36,019.8	5,221.8	(3,476.6)	37,765.0
Others	<u>-</u>	<u>125.5</u>	<u>-</u>	<u>125.5</u>
Total properties foreclosed	36,019.8	5,347.3	(3,476.6)	37,890.5
<u>Less</u> Allowance for impairment	<u>(2,278.7)</u>	<u>(2,184.2)</u>	<u>267.0</u>	<u>(4,195.9)</u>
Total properties foreclosed, net	<u>33,741.1</u>	<u>3,163.1</u>	<u>(3,209.6)</u>	<u>33,694.6</u>

				Million Baht
CONSOLIDATED FINANCIAL STATEMENTS				
2002				
Type of properties foreclosed	Balance Brought Forward	Additions	Disposals	Balance Carried Forward
Assets from debt repayment				
Immovable assets	32,391.2	4,719.6	(1,972.9)	35,137.9
Movable assets	<u>787.7</u>	<u>141.9</u>	<u>(47.7)</u>	<u>881.9</u>
Total properties foreclosed	33,178.9	4,861.5	(2,020.6)	36,019.8
<u>Less</u> Allowance for impairment	<u>(1,298.1)</u>	<u>(1,103.5)</u>	<u>122.9</u>	<u>(2,278.7)</u>
Total properties foreclosed, net	<u>31,880.8</u>	<u>3,758.0</u>	<u>(1,897.7)</u>	<u>33,741.1</u>

				Million Baht
THE BANK'S FINANCIAL STATEMENTS				
2003				
Type of properties foreclosed	Balance Brought Forward	Additions	Disposals	Balance Carried Forward
Assets from debt repayment				
Immovable assets	32,837.9	5,072.3	(8,834.2)	29,076.0
Movable assets	<u>881.9</u>	<u>91.9</u>	<u>(232.0)</u>	<u>741.8</u>
Total	33,719.8	5,164.2	(9,066.2)	29,817.8
Others	<u>-</u>	<u>125.5</u>	<u>-</u>	<u>125.5</u>
Total properties foreclosed	33,719.8	5,289.7	(9,066.2)	29,943.3
<u>Less</u> Allowance for impairment	<u>(2,114.1)</u>	<u>(2,165.8)</u>	<u>344.5</u>	<u>(3,935.4)</u>
Total properties foreclosed, net	<u>31,605.7</u>	<u>3,123.9</u>	<u>(8,721.7)</u>	<u>26,007.9</u>

Million Baht

THE BANK'S FINANCIAL STATEMENTS

2002

Type of properties foreclosed	Balance Brought Forward	Additions	Disposals	Balance Carried Forward
Assets from debt repayment				
Immovable assets	29,926.4	4,661.6	(1,750.1)	32,837.9
Movable assets	<u>787.7</u>	<u>141.9</u>	<u>(47.7)</u>	<u>881.9</u>
Total properties foreclosed	30,714.1	4,803.5	(1,797.8)	33,719.8
<u>Less Allowance for impairment</u>	<u>(1,183.4)</u>	<u>(1,033.1)</u>	<u>102.4</u>	<u>(2,114.1)</u>
Total properties foreclosed, net	<u>29,530.7</u>	<u>3,770.4</u>	<u>(1,695.4)</u>	<u>31,605.7</u>

Properties foreclosed classified in accordance with the notification of the BOT as at December 31, 2003 and 2002 are presented in Note 4.5.8.

4.9 Premises and equipment, net

Premises and equipment consisted of the following as at December 31, 2003 and 2002 :

	Million Baht				
	CONSOLIDATED FINANCIAL STATEMENTS				
	2003				
	Land	Premises	Equipment	Others	Total
Opening amount					
Cost	7,205.4	8,659.2	15,789.4	892.0	32,546.0
Appraisal increase (year 2000 and year 2002)	10,209.4	15,204.3	-	-	25,413.7
Appraisal decrease (year 2000 and year 2002)	(989.0)	(509.3)	-	-	(1,498.3)
<u>Less Accumulated</u>					
Depreciation - cost	-	(4,415.7)	(12,604.3)	-	(17,020.0)
<u>Less Accumulated depreciation - appraisal increase</u>	-	(9,413.5)	-	-	(9,413.5)
Net opening amount	16,425.8	9,525.0	3,185.1	892.0	30,027.9
Additions/acquisitions - cost	-	7.6	2,011.7	1,101.5	3,120.8
Disposals/transfers - cost	(220.8)	(2.6)	(4,512.4)	(423.9)	(5,159.7)
Disposals/transfers					
- appraisal increase	(8.4)	-	-	-	(8.4)
Disposals/transfers					
- appraisal decrease	76.7	-	-	-	76.7
Depreciation for the period - cost	-	(332.3)	(1,285.0)	-	(1,617.3)
Depreciation for the period					
- appraisal increase	-	(668.3)	-	-	(668.3)
Accumulated depreciation					
- disposals - cost	-	2.6	4,321.1	-	4,323.7
Exchange rate adjustments	(31.8)	(11.0)	(12.1)	-	(54.9)
Total	<u>16,241.5</u>	<u>8,521.0</u>	<u>3,708.4</u>	<u>1,569.6</u>	<u>30,040.5</u>
Closing amount					
Cost	6,952.8	8,616.8	13,238.2	1,569.6	30,377.4
Appraisal increase (year 2000 and year 2002)	10,201.0	15,204.3	-	-	25,405.3
Appraisal decrease (year 2000 and year 2002)	(912.3)	(509.3)	-	-	(1,421.6)
<u>Less Accumulated</u>					
depreciation - cost	-	(4,709.1)	(9,529.8)	-	(14,238.9)
<u>Less Accumulated depreciation - appraisal increase</u>	-	(10,081.7)	-	-	(10,081.7)
Net closing amount	<u>16,241.5</u>	<u>8,521.0</u>	<u>3,708.4</u>	<u>1,569.6</u>	<u>30,040.5</u>

Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

	2002				
	Land	Premises	Equipment	Others	Total
Opening amount					
Cost	7,179.4	8,540.1	14,440.1	730.0	30,889.6
Appraisal increase (year 2000)	10,281.5	15,131.8	-	-	25,413.3
Appraisal decrease (year 2000)	(989.0)	(522.4)	-	-	(1,511.4)
<u>Less Accumulated</u>					
depreciation - cost	-	(4,051.9)	(11,686.6)	-	(15,738.5)
<u>Less Accumulated</u>					
depreciation -					
appraisal increase	-	(8,741.6)	-	-	(8,741.6)
Net opening amount	<u>16,471.9</u>	<u>10,356.0</u>	<u>2,753.5</u>	<u>730.0</u>	<u>30,311.4</u>
Additions/acquisitions - cost	-	86.9	1,587.4	784.4	2,458.7
Appraisal increase	-	335.1	-	-	335.1
Appraisal decrease					
- charge against previous					
appraisal increase	-	(89.5)	-	-	(89.5)
Appraisal increase - charge against					
previous appraisal decrease	-	13.1	-	-	13.1
Disposals/transfers - cost	(6.5)	(12.7)	(244.2)	(622.4)	(885.8)
Disposals/transfers					
- appraisal increase	(72.2)	(173.1)	-	-	(245.3)
Depreciation for the period - cost	-	(345.7)	(1,148.6)	-	(1,494.3)
Depreciation for the period					
- appraisal increase	-	(654.0)	-	-	(654.0)
Accumulated depreciation					
- disposals - cost	-	12.7	232.6	-	245.3
Accumulated depreciation					
- disposals - appraisal increase	-	123.8	-	-	123.8
Accumulated depreciation					
- appraisal increase	-	(141.7)	-	-	(141.7)
Exchange rate adjustments	32.6	14.1	4.4	-	51.1
Total	<u>16,425.8</u>	<u>9,525.0</u>	<u>3,185.1</u>	<u>892.0</u>	<u>30,027.9</u>
Closing amount					
Cost	7,205.4	8,659.2	15,789.4	892.0	32,546.0
Appraisal increase (year 2000 and					
year 2002)	10,209.4	15,204.3	-	-	25,413.7
Appraisal decrease (year 2000 and					
year 2002)	(989.0)	(509.3)	-	-	(1,498.3)
<u>Less Accumulated</u>					
depreciation - cost	-	(4,415.7)	(12,604.3)	-	(17,020.0)
<u>Less Accumulated</u>					
depreciation -					
appraisal increase	-	(9,413.5)	-	-	(9,413.5)
Net closing amount	<u>16,425.8</u>	<u>9,525.0</u>	<u>3,185.1</u>	<u>892.0</u>	<u>30,027.9</u>

Million Baht

THE BANK'S FINANCIAL STATEMENTS
2003

	Land	Premises	Equipment	Others	Total
Opening amount					
Cost	7,197.1	8,519.2	15,600.8	892.0	32,209.1
Appraisal increase (year 2000 and year 2002)	10,209.4	15,204.3	-	-	25,413.7
Appraisal decrease (year 2000 and year 2002)	(989.0)	(509.3)	-	-	(1,498.3)
<u>Less Accumulated</u>					
depreciation - cost	-	(4,357.8)	(12,507.1)	-	(16,864.9)
<u>Less Accumulated depreciation -</u>					
appraisal increase	-	(9,413.5)	-	-	(9,413.5)
Net opening amount	<u>16,417.5</u>	<u>9,442.9</u>	<u>3,093.7</u>	<u>892.0</u>	<u>29,846.1</u>
Additions/acquisitions - cost	-	7.6	1,967.8	1,099.3	3,074.7
Disposals/transfers - cost	(220.6)	(2.0)	(4,481.1)	(423.9)	(5,127.6)
Disposals/transfers					
- appraisal increase	(8.4)	-	-	-	(8.4)
Disposals/transfers					
- appraisal decrease	76.7	-	-	-	76.7
Depreciation for the period - cost	-	(330.5)	(1,251.7)	-	(1,582.2)
Depreciation for the period					
- appraisal increase	-	(668.3)	-	-	(668.3)
Accumulated depreciation					
- disposals - cost	-	2.0	4,312.7	-	4,314.7
Exchange rate adjustments	(31.2)	(4.3)	(11.4)	-	(46.9)
Total	<u><u>16,234.0</u></u>	<u><u>8,447.4</u></u>	<u><u>3,630.0</u></u>	<u><u>1,567.4</u></u>	<u><u>29,878.8</u></u>
Closing amount					
Cost	6,945.3	8,488.7	13,041.5	1,567.4	30,042.9
Appraisal increase (year 2000 and year 2002)	10,201.0	15,204.3	-	-	25,405.3
Appraisal decrease (year 2000 and year 2002)	(912.3)	(509.3)	-	-	(1,421.6)
<u>Less Accumulated</u>					
depreciation - cost	-	(4,654.6)	(9,411.5)	-	(14,066.1)
<u>Less Accumulated depreciation -</u>					
appraisal increase	-	(10,081.7)	-	-	(10,081.7)
Net closing amount	<u><u>16,234.0</u></u>	<u><u>8,447.4</u></u>	<u><u>3,630.0</u></u>	<u><u>1,567.4</u></u>	<u><u>29,878.8</u></u>

Million Baht

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2002

	Land	Premises	Equipment	Others	Total
Opening amount					
Cost	7,170.8	8,396.5	14,277.5	730.0	30,574.8
Appraisal increase (year 2000)	10,281.5	15,131.8	-	-	25,413.3
Appraisal decrease (year 2000)	(989.0)	(522.4)	-	-	(1,511.4)
<u>Less</u> Accumulated					
depreciation - cost	-	(3,994.3)	(11,610.6)	-	(15,604.9)
<u>Less</u> Accumulated					
depreciation -					
appraisal increase	-	(8,741.6)	-	-	(8,741.6)
Net opening amount	<u>16,463.3</u>	<u>10,270.0</u>	<u>2,666.9</u>	<u>730.0</u>	<u>30,130.2</u>
Additions/acquisitions - cost	-	86.9	1,543.3	784.4	2,414.6
Appraisal increase	-	335.1	-	-	335.1
Appraisal decrease					
- charge against previous					
appraisal increase	-	(89.5)	-	-	(89.5)
Appraisal increase - charge against					
previous appraisal decrease	-	13.1	-	-	13.1
Disposals/transfers - cost	(6.5)	(12.7)	(227.4)	(622.4)	(869.0)
Disposals/transfers					
- appraisal increase	(72.2)	(173.1)	-	-	(245.3)
Depreciation for the period - cost	-	(343.9)	(1,114.4)	-	(1,458.3)
Depreciation for the period					
- appraisal increase	-	(654.0)	-	-	(654.0)
Accumulated depreciation					
- disposals - cost	-	12.7	220.7	-	233.4
Accumulated depreciation					
- disposals - appraisal increase	-	123.8	-	-	123.8
Accumulated depreciation					
- appraisal increase	-	(141.7)	-	-	(141.7)
Exchange rate adjustments	32.9	16.2	4.6	-	53.7
Total	<u>16,417.5</u>	<u>9,442.9</u>	<u>3,093.7</u>	<u>892.0</u>	<u>29,846.1</u>
Closing amount					
Cost	7,197.1	8,519.2	15,600.8	892.0	32,209.1
Appraisal increase (year 2000 and					
year 2002)	10,209.4	15,204.3	-	-	25,413.7
Appraisal decrease (year 2000 and					
year 2002)	(989.0)	(509.3)	-	-	(1,498.3)
<u>Less</u> Accumulated					
depreciation - cost	-	(4,357.8)	(12,507.1)	-	(16,864.9)
<u>Less</u> Accumulated					
depreciation -					
appraisal increase	-	(9,413.5)	-	-	(9,413.5)
Net closing amount	<u>16,417.5</u>	<u>9,442.9</u>	<u>3,093.7</u>	<u>892.0</u>	<u>29,846.1</u>

4.10 Deposits

4.10.1 Classified by product as at December 31, 2003 and 2002 :

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2003	2002	2003	2002
	Million Baht			
Demand	48,287.1	37,736.4	47,531.8	37,116.7
Savings	462,953.1	380,444.5	462,985.3	380,380.2
Fixed				
Up to 6 months	431,001.2	464,596.1	430,055.6	463,725.0
6 months-less than 1 year	30,396.4	39,092.8	29,091.7	37,976.0
1 year and over	149,465.1	147,520.0	144,670.1	142,904.3
Negotiable certificates of deposit	1,191.2	1,304.6	575.4	562.4
Total	<u>1,123,294.1</u>	<u>1,070,694.4</u>	<u>1,114,909.9</u>	<u>1,062,664.6</u>

4.10.2 Classified by remaining maturity as at December 31, 2003 and 2002 :

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2003	2002	2003	2002
	Million Baht			
Up to 1 year	1,109,120.9	1,053,544.7	1,101,436.5	1,046,017.6
Over 1 year	14,173.2	17,149.7	13,473.4	16,647.0
Total	<u>1,123,294.1</u>	<u>1,070,694.4</u>	<u>1,114,909.9</u>	<u>1,062,664.6</u>

4.10.3 Classified by currency and customer's residence as at December 31, 2003 and 2002 :

	CONSOLIDATED FINANCIAL STATEMENTS					
	2003			2002		
	Domestic	Foreign	Total	Domestic	Foreign	Total
BAHT	1,001,559.3	32,306.1	1,033,865.4	949,335.2	28,342.3	977,677.5
USD	6,710.1	37,491.5	44,201.6	14,166.0	42,112.6	56,278.6
Others	10,115.6	35,111.5	45,227.1	3,019.8	33,718.5	36,738.3
Total	<u>1,018,385.0</u>	<u>104,909.1</u>	<u>1,123,294.1</u>	<u>966,521.0</u>	<u>104,173.4</u>	<u>1,070,694.4</u>

	THE BANK'S FINANCIAL STATEMENTS					
	2003			2002		
	Domestic	Foreign	Total	Domestic	Foreign	Total
BAHT	999,166.6	32,306.1	1,031,472.7	947,316.0	28,342.3	975,658.3
USD	6,673.6	37,491.4	44,165.0	14,125.3	42,111.2	56,236.5
Others	10,076.2	29,196.0	39,272.2	2,980.2	27,789.6	30,769.8
Total	<u>1,015,916.4</u>	<u>98,993.5</u>	<u>1,114,909.9</u>	<u>964,421.5</u>	<u>98,243.1</u>	<u>1,062,664.6</u>

4.11 Interbank and money market items (liabilities)

Interbank and money market items (liabilities) consisted of the following as at December 31, 2003 and 2002 :

	CONSOLIDATED FINANCIAL STATEMENTS						Million Baht
	2003			2002			
	Demand	Time	Total	Demand	Time	Total	
Domestic items							
Bank of Thailand and Financial Institutions							
Development Fund	12.9	2,996.8	3,009.7	-	127.3	127.3	
Commercial banks	792.8	-	792.8	462.9	84.6	547.5	
Other banks	327.6	178.8	506.4	383.7	239.7	623.4	
Finance companies, Finance and securities companies, Securities companies and Credit foncier companies	3,863.2	86.9	3,950.1	910.5	47.3	957.8	
Other financial institutions	<u>2,125.9</u>	<u>140.4</u>	<u>2,266.3</u>	<u>1,824.6</u>	<u>55.8</u>	<u>1,880.4</u>	
Total domestic items	<u>7,122.4</u>	<u>3,402.9</u>	<u>10,525.3</u>	<u>3,581.7</u>	<u>554.7</u>	<u>4,136.4</u>	
Foreign items							
USD	1,453.8	9,381.3	10,835.1	433.0	6,587.8	7,020.8	
JPY	5.8	3,595.6	3,601.4	22.5	6,318.6	6,341.1	
Others	<u>1,906.5</u>	<u>4,732.3</u>	<u>6,638.8</u>	<u>1,526.7</u>	<u>2,277.8</u>	<u>3,804.5</u>	
Total foreign items	<u>3,366.1</u>	<u>17,709.2</u>	<u>21,075.3</u>	<u>1,982.2</u>	<u>15,184.2</u>	<u>17,166.4</u>	
Total domestic and foreign items	<u><u>10,488.5</u></u>	<u><u>21,112.1</u></u>	<u><u>31,600.6</u></u>	<u><u>5,563.9</u></u>	<u><u>15,738.9</u></u>	<u><u>21,302.8</u></u>	

Million Baht

	THE BANK'S FINANCIAL STATEMENTS					
	2003			2002		
	Demand	Time	Total	Demand	Time	Total
Domestic items						
Bank of Thailand and Financial Institutions						
Development Fund	12.9	2,996.8	3,009.7	-	127.3	127.3
Commercial banks	667.8	-	667.8	462.9	84.6	547.5
Other banks	327.6	178.8	506.4	383.7	239.7	623.4
Finance companies,						
Finance and securities companies, Securities companies and Credit foncier companies						
	3,938.1	46.9	3,985.0	963.3	47.3	1,010.6
Other financial institutions						
	2,125.9	46.9	2,172.8	1,824.6	55.8	1,880.4
Total domestic items	<u>7,072.3</u>	<u>3,269.4</u>	<u>10,341.7</u>	<u>3,634.5</u>	<u>554.7</u>	<u>4,189.2</u>
Foreign items						
USD	1,495.4	16,136.9	17,632.3	457.6	9,344.3	9,801.9
JPY	6.3	3,595.6	3,601.9	24.1	6,318.6	6,342.7
Others	1,919.8	4,670.6	6,590.4	1,544.5	2,118.2	3,662.7
Total foreign items	<u>3,421.5</u>	<u>24,403.1</u>	<u>27,824.6</u>	<u>2,026.2</u>	<u>17,781.1</u>	<u>19,807.3</u>
Total domestic and foreign items	<u><u>10,493.8</u></u>	<u><u>27,672.5</u></u>	<u><u>38,166.3</u></u>	<u><u>5,660.7</u></u>	<u><u>18,335.8</u></u>	<u><u>23,996.5</u></u>

4.12 Borrowings

4.12.1 Classified by types of securities and sources of fund as at December 31, 2003 and 2002 :

	CONSOLIDATED FINANCIAL STATEMENTS					
	2003			2002		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Unsecured subordinated notes	37,030.0	29,519.5	66,549.5	42,090.0	32,171.4	74,261.4
<u>Less Master Investments</u>						
Agreement	(34,500.0)	-	(34,500.0)	(34,500.0)	-	(34,500.0)
Subordinated convertible bonds	21,620.0	9,768.0	31,388.0	21,620.0	9,768.0	31,388.0
<u>Less Discount on borrowings</u>	<u>(11,385.0)</u>	<u>(8,926.2)</u>	<u>(20,311.2)</u>	<u>(16,445.0)</u>	<u>(10,419.4)</u>	<u>(26,864.4)</u>
Total	<u><u>12,765.0</u></u>	<u><u>30,361.3</u></u>	<u><u>43,126.3</u></u>	<u><u>12,765.0</u></u>	<u><u>31,520.0</u></u>	<u><u>44,285.0</u></u>

Million Baht

THE BANK'S FINANCIAL STATEMENTS							Million Baht
	2003			2002			
	Domestic	Foreign	Total	Domestic	Foreign	Total	
Unsecured subordinated notes	37,030.0	29,519.5	66,549.5	42,090.0	32,171.4	74,261.4	
<u>Less Master Investment Agreement</u>							
Agreement	(34,500.0)	-	(34,500.0)	(34,500.0)	-	(34,500.0)	
Subordinated convertible bonds	21,620.0	9,768.0	31,388.0	21,620.0	9,768.0	31,388.0	
<u>Less Discount on borrowings</u>	<u>(11,385.0)</u>	<u>(8,926.2)</u>	<u>(20,311.2)</u>	<u>(16,445.0)</u>	<u>(10,419.4)</u>	<u>(26,864.4)</u>	
Total	<u>12,765.0</u>	<u>30,361.3</u>	<u>43,126.3</u>	<u>12,765.0</u>	<u>31,520.0</u>	<u>44,285.0</u>	

4.12.2 Classified by types of securities, currency, maturity and interest rate as at December 31, 2003 and 2002 :

Types	Currency	Maturity	Interest Rate	Million Baht	
				Amount	
				2003	2002
Short-term borrowings					
Unsecured					
subordinated notes					
(Notes 4.13 and 4.18)	THB	2003 - 2004	None	2,530.0	5,060.0
Subordinated					
convertible bonds					
(Notes 4.14 and 4.18)	THB	2004	4.589%	9,768.0	-
	THB	2004	None	2,530.0	-
<u>Less Discount on borrowings</u>				<u>(896.9)</u>	<u>(703.7)</u>
Total short-term borrowings				<u>13,931.1</u>	<u>4,356.3</u>
Long-term borrowings					
Unsecured					
subordinated notes					
(Notes 4.13 and 4.18)	USD	2005 - 2029	7.25% - 9.025%	29,519.5	32,171.4
	THB	2004	None	-	2,530.0
	THB	Perpetual	15.00% *	34,500.0	34,500.0
<u>Less Master Investment Agreement</u>				<u>(34,500.0)</u>	<u>(34,500.0)</u>
Subordinated					
convertible bonds					
(Notes 4.14 and 4.18)	THB	2004	4.589%	-	9,768.0
	THB	2004 - 2006	None	19,090.0	21,620.0
<u>Less Discount on borrowings</u>				<u>(19,414.3)</u>	<u>(26,160.7)</u>
Total long-term borrowings				<u>29,195.2</u>	<u>39,928.7</u>
Total				<u>43,126.3</u>	<u>44,285.0</u>

THE BANK'S FINANCIAL STATEMENTS					Million Baht	
Types	Currency	Maturity	Interest Rate	Amount		
				2003	2002	
Short-term borrowings						
Unsecured						
subordinated notes						
(Notes 4.13 and 4.18)	THB	2003 - 2004	None	2,530.0	5,060.0	
Subordinated						
convertible bonds						
(Notes 4.14 and 4.18)	THB	2004	4.589%	9,768.0	-	
	THB	2004	None	2,530.0	-	
<u>Less</u> Discount on borrowings				(896.9)	(703.7)	
Total short-term borrowings				<u>13,931.1</u>	<u>4,356.3</u>	
Long-term borrowings						
Unsecured						
subordinated notes						
(Notes 4.13 and 4.18)	USD	2005 - 2029	7.25% - 9.025%	29,519.5	32,171.4	
	THB	2004	None	-	2,530.0	
	THB	Perpetual	15.00% *	34,500.0	34,500.0	
<u>Less</u> Master Investment Agreement				(34,500.0)	(34,500.0)	
Subordinated						
convertible bonds						
(Notes 4.14 and 4.18)	THB	2004	4.589%	-	9,768.0	
	THB	2004 - 2006	None	19,090.0	21,620.0	
<u>Less</u> Discount on borrowings				(19,414.3)	(26,160.7)	
Total long-term borrowings				<u>29,195.2</u>	<u>39,928.7</u>	
Total				<u><u>43,126.3</u></u>	<u><u>44,285.0</u></u>	

4.13 Unsecured subordinated notes

On March 29, 1995, the shareholders passed a resolution for the Bank to issue and offer unsecured subordinated notes for sale to foreign and/or domestic markets in the amount not exceeding Baht 15,000 million or its equivalent in other currencies with a maturity of not exceeding 30 years. The Board of Directors was authorized to proceed with the issue.

- On June 22, 1995, the Board of Directors passed a resolution for the Bank to issue and offer unsecured subordinated notes. On September 18, 1995, the Bank issued US\$ 300 million of unsecured subordinated notes for sale to foreign investors with a maturity of 10 years at a coupon of 7.25% p.a.
- On December 21, 1995, the Board of Directors passed a resolution for the Bank to issue and offer unsecured subordinated notes. On March 25, 1996, the Bank issued US\$ 150

million of unsecured subordinated notes for sale to foreign investors with a maturity of 20 years at a coupon of 8.25% p.a.

On April 2, 1996, the shareholders passed a resolution for the Bank to issue and offer unsecured subordinated notes for sale to foreign and/or domestic markets in the amount not exceeding US\$ 400 million or its equivalent in other currencies with a maturity of not exceeding 30 years. The Board of Directors was authorized to proceed with the issue. On August 27, 1996, the Board of Directors passed a resolution for the Bank to issue and offer unsecured subordinated notes. On January 21, 1997, the Bank issued US\$ 300 million of unsecured subordinated notes for sale to foreign investors with a maturity of 30 years at a coupon of 8.375% p.a.

On January 28, 1999, the Bank issued US\$ 266.9 million of unsecured subordinated notes due 2007 with a maturity of 8 years at a coupon of 8.75% p.a. for sale to foreign investors in exchange for the Bank's existing 7.25% unsecured subordinated notes due 2005 being redeemed before their maturity, which was approved by the BOT. The Bank also issued US\$ 449.8 million of unsecured subordinated notes due 2029 with a maturity of 30 years at a coupon of 9.025% p.a. for sale to foreign investors in exchange for the Bank's existing 8.25% unsecured subordinated notes due 2016 and existing 8.375% unsecured subordinated notes due 2027 being redeemed before their maturity, which was approved by the BOT. Since TAS do not provide accounting guidance for the extinguishment of debt, this transaction was accounted for as an extinguishment of debt under the International Financial Reporting Standard (IFRS). As a result, the Bank recognized in the 1999 statement of income, a gain of US\$ 259.0 million (Baht 9,503.5 million), the difference between the market price of the notes being redeemed, which is lower than the par value. The Bank recorded the book value of the unsecured subordinated notes due 2007 and the unsecured subordinated notes due 2029 in the amount of US\$ 177.5 million (Baht 6,543.1 million) and US\$ 258.7 million (Baht 9,535.1 million). The difference between the book value and the redemption value of the notes will be amortized on a monthly basis throughout the life of the notes. (See Note 4.12) The Bank paid in cash additional benefit to the unsecured subordinated note holders amounting to Baht 388.4 million.

On November 15, 1999, the Bank redeemed US\$ 0.5 million of 7.25% unsecured subordinated notes due 2005 before their maturity, which was approved by the BOT.

On August 30, 2002, the Bank redeemed US\$ 4.75 million of 7.25% unsecured subordinated notes due 2005 before their maturity, which was approved by the BOT.

4.14 Subordinated convertible bonds

On January 13, 1994, the shareholders passed a resolution for the Bank to issue and offer subordinated convertible bonds for sale to foreign markets in the amount not exceeding US\$ 500 million with a maturity of 10 years and a conversion period within 10 years, and to reserve 60 million ordinary shares to accommodate the conversion right. The Board of Directors was authorized to proceed with the issue. On January 25, 1994, the Board of Directors passed a resolution for the Bank to issue subordinated convertible bonds. On March 3, 1994, the Bank issued US\$ 400 million of subordinated convertible bonds with a maturity of 10 years at a coupon of 3.25% p.a. and conversion price of Baht 230 per share at

bonds before maturity. The bondholders have the right to convert the bonds into ordinary shares from May 24, 1994 onwards.

On January 29, 1999, the Bank amended the terms and conditions of the subordinated convertible bonds by increasing the coupon from 3.25% p.a. to 4.589% p.a. which have been approved by the trustee. This transaction was accounted as an extinguishment of debt under the IFRS, since TAS do not provide accounting guidance for the extinguishment of debt. The amended bonds were recorded at Baht 5,778.4 million, which was the fair value at the date of issuance. The difference between the book value and the redemption value of the bonds will be amortized on a monthly basis throughout the life of the bonds. As a result, the Bank recognized a gain of Baht 3,816.6 million in the 1999 statement of income. (See Note 4.12)

On April 5, 2000, the shareholders passed a resolution for the Bank to allocate 11,495,694 ordinary shares, to be reserved additionally for the exercise of the subordinated convertible bonds.

From May 24, 1994 until December 31, 2003, the bondholders have exercised the right to convert the bonds into ordinary shares totaling 1,495,694 shares. As at December 31, 2003 the outstanding number of shares reserved to accommodate the conversion right totaled 70 million share. (See Note 4.19)

4.15 Convertible bonds

On April 2, 1996, the shareholders passed a resolution for the Bank to issue and offer subordinated convertible bonds and/or convertible bonds for sale to foreign and/or domestic markets in the amount not exceeding US\$ 400 million or its equivalent in other currencies with maturity not exceeding 10 years, and resolved to reserve 50 million ordinary shares to accommodate for such convertible bonds. The Board of Directors was authorized to proceed with the issue. On June 17, 1996, the Board of Directors passed a resolution for the Bank to issue and offer convertible bonds. On August 7, 1996, the Bank issued US\$ 350 million of convertible bonds with a maturity of 10 years at a coupon of 1.50% p.a. and conversion price of Baht 270 per share at the exchange rate of US\$ 1 to Baht 25.28 for sale to foreign investors. The bonds will be mandatorily redeemed at a premium at the end of year 5 subject to the terms and conditions as stated in the offering circular. The bondholders have the right to convert the bonds into ordinary shares from September 16, 1996 onwards. (See Note 4.12). The Bank has entered into interest rate swap contracts in order to hedge the risk of redemption at the end of year 5 should the above mentioned terms and conditions are met. (See Note 4.31)

On April 5, 2000, the shareholders passed a resolution for the Bank to allocate 10 million ordinary shares, to be reserved additionally for the exercise of the convertible bonds.

From September 16, 1996 until December 31, 2003, the bondholders have not exercised the right to convert the bonds into ordinary shares. As at December 31, 2003 the outstanding number of shares reserved to accommodate the conversion right totaled 60 million shares. (See Note 4.19)

4.16 Bonds

On April 5, 2000, the shareholders passed a resolution for the Bank to issue subordinated bonds and/or unsubordinated bonds and/or perpetual bonds, both subordinated and unsubordinated, and/or subordinated convertible bonds and/or convertible bonds (together "the Bonds") in an amount not exceeding US\$ 3,000 million or its equivalent in other currencies, offered and sold in foreign and/or domestic markets. The subordinated bonds and/or unsubordinated bonds shall have a maturity of not exceeding 100 years. The subordinated convertible bonds and/or convertible bonds shall have a maturity of not exceeding 30 years, and the amount of not exceeding US\$ 1,000 million or its equivalent in other currencies. The shareholders also approved the allocation of 292 million ordinary shares, to be reserved additionally with 208 million ordinary shares which remain unexercised, totaling 500 million ordinary shares to accommodate the conversion right of the subordinated convertible bonds and/or convertible bond holders. (See Note 4.19)

4.17 Medium Term Note Program

On March 26, 1997, the shareholders passed a resolution for the Bank to issue and offer bonds including subordinated bonds and unsubordinated bonds under the Medium Term Note Program in an amount of not exceeding US\$ 1,500 million or its equivalent in other currencies. The bonds shall have a maturity of not exceeding 30 years and be offered and sold in foreign and/or domestic markets. The Bank may be given the right to redeem the bonds prior to their maturity and/or the bondholders may be given the right to call the Bank to redeem the bonds prior to their maturity in accordance with the condition of the bonds. The Board of Directors was authorized to proceed with the issue.

On August 28, 1997, the Board of Directors passed a resolution to give the authority to the Executive Board to consider and make decision, in respect of regulations, conditions and other details for the issue and offering of the bonds.

4.18 Capital Augmented Preferred Securities

On April 2, 1999, the Bank issued Capital Augmented Preferred Securities (CAPS) to Bualuang CAPS Fund, with a minimum return of 11.00 % p.a. and a maximum return of 22.25% p.a., payable quarterly, whereby the Bank issued two groups of securities and received proceeds of Baht 46,000 million.

The first group of securities consisted of 345,000 shares of non-cumulative Class A preferred shares (Preferred Shares) with a par value of Baht 10 per share and 345,000 units of subordinated perpetual bonds cum preferred shares (Group 1 Subordinated Bonds) with a par value of Baht 100,000 per unit. The dividend paid on the Preferred Shares is non-cumulative, and the unpaid dividend for any year will not be carried forward to the subsequent years. If the Bank declares dividend on the ordinary shares, the Bank has to pay a dividend of Baht 1 (one) per share on the Preferred Shares as long as the Bank still pays interest on these Bonds in full on each due date or when the liquidation preference is reduced to equal the par value of the Preferred Shares. If the Bank has not paid interest on these bonds in full on each due date, the Bank will pay the dividend on the Preferred Shares an amount equal the interest on these bonds less the amount of interest already paid in such

year. The Group 1 Subordinated Bonds have a coupon of 15.00% p.a., payable semi-annually, the interest will be paid only when the Bank has paid dividend on the Preferred Shares. The unpaid interest for any year will not be carried forward to the subsequent year. The Bank may redeem the Group 1 Subordinated Bonds subject to the approval by the BOT under the following conditions.

- on or after 5 years from the issue date; or
- the Preferred Shares Cum Group 1 Subordinated Bonds can no longer be counted as Tier 1 capital; or
- the interests on the Group 1 Subordinated Bonds are no longer tax deductible; or
- the Bank can raise an equivalent or greater amount of fund to replace the Group 1 Subordinated Bonds; or if the Bank's Tier 1 capital ratio, after the redemption of these Bonds, exceeds the minimum ratio stipulated by the BOT.

The Master Investment Agreement has terms and conditions relating to the transfer of shares, redemption of the bonds, reduction of liquidation preference of the preferred shares, payment to the preferred shareholders as specified in the Articles of Association of the Bank, and ratio of conversion into the Bank's ordinary share of the preferred share at 1:1.

The second group of securities issued consisted of 469,200 units of discounted zero coupon subordinated bonds and subordinated convertible bonds with a par value of Baht 100,000 per unit. The total issuance price of such bonds was Baht 11,500 million. The bonds serially mature in 29 groups. Bond groups 1 to 20 serially mature at intervals of 3 months and mature within 3 months to 5 years. Each Bond groups has a par value of Baht 1,265 million.

Bond groups 21-28 consisted of discounted subordinated convertible bonds that have a par value of Baht 1,265 million per group. These convertible bonds have a maturity between 5 years 3 months and 7 years with a maturity interval of 3 months. Bond group 29 with a par value of Baht 11,500 million, has maturity of 7 years.

The Bank has the option to call all of the Bonds in the second group (groups 21-29) on or after 5 years from the date of issue at the accreted value. Upon redemption the Bond groups 21-29 may be converted into the Bank's ordinary shares at Baht 100 per share as outlined in the terms and conditions. The Bank has reserved 115 million ordinary shares to accommodate such conversion right. On April 5, 2000, the shareholders passed a resolution for the Bank to allocate 35 million ordinary shares, to be reserved additionally to accommodate such conversion right.

As at December 31, 2003 the outstanding number of shares reserved to accommodate the conversion right totaled 150 million shares. (See Note 4.19)

According to the ICAAT's interpretation of accounting standard No.3 on the issue of compound financial instruments by financial institutions, (See Note 3.16) in summary, the first group of securities should be separated into 3 parts : 1) liabilities 2) premium on preferred shares and 3) preferred shares. However, since the amount categorized as

premium on preferred shares (Baht 15.2 million) is not material, it was included as liabilities in the balance sheets. As at December 31, 2003 and 2002, the presentation of the first group of securities is as follows :

Subordinated bonds cum preferred shares	Baht	34,496,550,000
Preferred shares	Baht	3,450,000

Had the Bank accounted for the first group of Securities in accordance with the shareholder's resolution, which was approved by the BOT and registered with the Department of Commercial Registration on April 16, 1999, the presentation in the balance sheets as at December 31, 2003 and 2002 would be as follows :

Preferred shares	Baht	3,450,000
Premium on preferred shares	Baht	34,496,550,000

4.19 Share capital

As at December 31, 2002, the Bank had registered share capital of Baht 40,000,000,000, divided into 4,000,000,000 shares with par value of Baht 10 each, comprising of ordinary shares and preferred shares as follows :

4.19.1 3,998,000,000 ordinary shares, consisting of :

- 1,466,495,694 ordinary shares which are issued and paid-up,
- 1,551,504,306 unissued ordinary shares which shall be allocated for offer and sale to general public, including the existing shareholders and the beneficial owners of the shares held by the custodian or by any other similar arrangements and may be issued and offered for sale in foreign markets and/or domestic markets in full amount or in part overtime,
- 70,000,000 unissued ordinary shares which are reserved for the exercise of conversion right of the subordinated convertible bonds, which had already been issued (See Note 4.14),
- 60,000,000 unissued ordinary shares which are reserved for the exercise of conversion right of the convertible bonds, which had already been issued (See Note 4.15),
- 150,000,000 unissued ordinary shares which are reserved for the exercise of conversion right of the subordinated convertible bonds of CAPS, which had already been issued (See Note 4.18),
- 500,000,000 unissued ordinary shares which are reserved for the exercise of conversion right of the subordinated convertible bonds and/or convertible bonds, which remain unissued (See Note 4.16),

- 200,000,000 unissued ordinary shares which are reserved for the exercise of right to purchase ordinary shares of the warrants, which remain unissued. (See Note 4.20)

4.19.2 1,000,000 Class A preferred shares, consisting of :

- 345,000 Class A preferred shares which are issued and paid-up,
- 655,000 unissued Class A preferred shares which may be offered and sold in foreign markets and/or domestic markets, and may be offered and sold in conjunction with subordinated bonds.

4.19.3 1,000,000 unissued Class B preferred shares which may be offered and sold in foreign markets and/or domestic markets, and may be offered and sold in conjunction with subordinated bonds and/or unsubordinated bonds and/or subordinated convertible bonds and/or convertible bonds.

In the quarter ended December 31, 2003, the Bank had allocated 384,349,800 unissued ordinary shares for offer and sale to general public, consisting of a domestic offering of 202,531,600 shares and an international offering of 181,818,200 shares. The Bank had registered the change in paid-up share capital with the Ministry of Commerce on December 22, 2003. The Bank had allocated 57,652,400 unissued ordinary shares, upon a greenshoe option exercised by the lead underwriter who is an over-allotment agent, which comprise of 30,379,700 ordinary shares issued to Thai shareholders and 27,272,700 ordinary shares issued to foreign shareholders; and the Bank had registered the change in paid-up share capital with the Ministry of Commerce on December 31, 2003. After the registrations of all changes in paid-up share capital, the number of the issued and paid-up shares changed from 1,466,495,694 shares to 1,908,497,894 shares, and the number of the unissued ordinary shares allocated for offer and sale to general public changed from 1,551,504,306 shares to 1,109,502,106 shares.

As at December 31, 2003 and 2002, the registered shares and their allocations are as follows :

Type	Number of Registered Shares	Description	Allocation			
			2003	2002		
Ordinary share	3,998,000,000	Shares issued	1,908,497,894	1,466,495,694		
		Share allocated for sale in the future	1,109,502,106	1,551,504,306		
		Share reserved for the exercise of right of the subordinated convertible bonds (See Note 4.14)	70,000,000	70,000,000		
		Share reserved for the exercise of right of the convertible bonds (See Note 4.15)	60,000,000	60,000,000		
		Share reserved for the exercise of right of the subordinated convertible bonds of CAPS (See Note 4.18)	150,000,000	150,000,000		
		Share reserved for the exercise of right of the convertible bonds, which remain unissued (See Note 4.16)	500,000,000	500,000,000		
		Share reserved for the exercise of right of the warrants, which remain unissued (See Note 4.20)	200,000,000	200,000,000		
		Class A				
		preferred shares	1,000,000	Shares issued	345,000	345,000
Share allocated for sale in the future	655,000			655,000		
Class B						
preferred shares	1,000,000	Share allocated for sale in the future	1,000,000	1,000,000		
Total	<u>4,000,000,000</u>		<u>4,000,000,000</u>	<u>4,000,000,000</u>		

The Class A preferred shares and Class B preferred shares confer the following rights on the holders as follows :

- 1) Upon liquidation or bankruptcy of the Bank, any amount remaining after payment of all debts and liabilities of the Bank shall be divided and shared among the holders of Class A preferred shares and/or the holders of Class B preferred shares in priority to the holders of ordinary shares but pari passu with the holders of Class A preferred shares or the holders of Class B preferred shares, as the case may be, in proportion to the number of the preferred shares held by each holder thereof, in an amount equal to the first offering price of the preferred shares.

- 2) On the redemption date of the Bank's debentures which are offered simultaneously with the preferred shares, the Bank will pay to the holders of the preferred shares an amount equal to the first offered price of the preferred shares minus the par value of such preferred shares. The liquidation or bankruptcy preference under clause 1) shall be reduced to an amount equal to the par value of the preferred shares, and the preferred shares shall be converted in to ordinary shares.
- 3) The holder of the preferred shares shall have preferential right to receive dividends in respect of the preferred shares in each year in priority to the holders of ordinary shares at the following rate :

In case of Class A preferred shares

- At the rate of 1 Baht per share, in the event that the Bank has paid interest on the subordinated debentures which are offered simultaneously with Class A preferred shares in full as specified in its terms and conditions or in the event that the subordinated debentures have been redeemed, and
- At the rate equal to an amount of interest on the subordinated debentures which are offered simultaneously with class A preferred shares as specified in its terms and conditions minus an interest amount on the subordinated debentures paid in that fiscal year,

In case of Class B preferred shares

- At the fixed rate determined when Class B preferred shares have firstly been issued, but not less than 1 Baht per share and not more than 20% of the first offered price of Class B preferred shares.

- 4) Each of preferred shares shall carry the right to one vote, equal to that of an ordinary share, at the meeting of the shareholders of the Bank.

The reconciliation of weighted average number of share are as follows :

	Number of Share Issued	Accumulated Number of Shares Outstanding	From	To	Number of Days	Weighted Average Number of Shares
Beginning balance		1,466,495,694	January 1, 2003	December 31, 2003	355	1,426,317,730
Ordinary shares, to be offered and sold to general public	384,349,800	1,850,845,494	December 22, 2003	December 30, 2003	9	45,637,286
Ordinary shares, to be offered and sold to selling agents and underwriters	57,652,400	1,908,497,894	December 31, 2003	December 31, 2003	1	5,228,761
Total					<u>365</u>	<u>1,477,183,777</u>

Capital fund as at December 31, 2003 and 2002 are as follows :

	Million Baht	
	2003	2002
Tier 1 capital		
Issued and paid-up share capital and premium on share capital	135,706.7	98,906.7
Legal reserve	11,544.8	11,544.8
Other reserve	63,266.9	63,266.9
Net income (loss) after appropriation	<u>(107,634.5)</u>	<u>(116,113.7)</u>
	<u>102,883.9</u>	<u>57,604.7</u>
Tier 2 capital		
Unrealized increment per land appraisal	6,870.6	6,871.5
Unrealized increment per premises appraisal	2,401.8	2,736.0
Provision for normal assets	2,987.6	2,949.5
Unrealized gain (net) on equity security revaluation-available for sale	3,979.2	-
Long-term subordinated debt instruments		
Subordinated convertible bonds	797.9	2,748.0
Unsecured subordinated notes	<u>16,194.9</u>	<u>16,992.8</u>
<u>Less</u> Debt instrument in excess of 50% of Tier 1 capital	<u>-</u>	<u>-</u>
	<u>33,232.0</u>	<u>34,685.0</u>
Total	<u><u>136,115.9</u></u>	<u><u>92,289.7</u></u>

The Bank of Thailand regulation requires that banks registered in Thailand maintain a ratio of capital fund to assets and contingencies of not less than 8.5% and that Tier 1 capital must not be less than 4.25% of such assets and contingencies.

As at December 31, 2003 and 2002, capital adequacy ratios maintained by the Bank in accordance with the notification of the BOT are as follows :

	Percentage	
	2003	2002
Total capital	15.9	11.5
Tier 1 capital	12.0	7.2
Tier 2 capital	3.9	4.3

4.20 Warrants

On April 5, 2000, the shareholders passed a resolution to cancel 100 million units of warrants with a maturity of not exceeding 5 years, which was approved by the shareholders on March 18, 1999, and remain unissued. The shareholders passed a resolution for the Bank to issue up to 200 million units of warrants with a maturity of not exceeding 10 years, to be offered and sold in foreign and/or domestic markets. The shareholders also approved to allocate 100 million ordinary shares, to be reserved additionally with 100 million ordinary

shares which remain unexercised, totaling 200 million ordinary shares, to accommodate the exercise right of the warrant holders. (See Note 4.19)

4.21 The establishment of Special Purpose Vehicle to issue capital securities

On April 21, 1998, the shareholders passed a resolution for the Bank to establish Special Purpose Vehicle (SPV) to issue capital securities in the amount not exceeding US\$ 1,000 million or its equivalent in other currencies, to be offered in private placement and/or to institutional investors in accordance with the rules and guidelines of the Securities and Exchange Commission. The Bank may issue capital securities in whole amount or in lots. The Board of Directors was authorized to proceed with the establishment of the SPV.

Such capital securities may be perpetual, non-cumulative, and redeemable by the SPV or may be guaranteed by the Bank. The terms and conditions in the offering of the capital securities may state that upon specific conditions, the Bank must or may issue other securities in exchange for the capital securities.

Upon the issuance of capital securities by the SPV, the Bank may issue securities which may be subordinated; secured; convertible into ordinary shares or other securities of the Bank; or any other securities in the amount not exceeding US\$ 1,100 million or its equivalent in other currencies to the SPV. The Board of Directors has been authorized to proceed with the issuance of the capital securities by the SPV and those securities that the Bank may have to issue to the SPV. The terms and conditions of the offering of the capital securities by the SPV may include dividend payment or other kind of payment as determined by the Board of Directors and such payment may be related to payment of dividend or other payment on other securities of the Bank.

On March 18, 1999, the shareholders passed a resolution for the Bank to establish or to invest in a subsidiary or SPV for the purpose of raising fund of the Bank, by issuing preferred shares and/or bonds to the subsidiary or SPV, or the Bank may issue the preferred shares and/or bonds to a mutual fund or a juristic entity that is established for investing mainly in the Bank's preferred shares and/or bonds; and the Bank is authorized to enter into trust agreement or Master Investment Agreement between the Bank and the subsidiary or SPV or mutual fund or any other juristic entity.

4.22 Statutory reserve and other reserve

4.22.1 Under the Public Limited Companies Act, the Bank is required to allocate to a reserve fund at least 5% of its net profit after accumulated losses brought forward (if any) until the reserve fund is not less than 10% of the registered capital. However, the Bank's Articles of Association require that the Bank shall allocate to the reserve fund until the reserve fund reaches an amount of not less than 25% of the registered capital. The Bank has fully complied with such reserve requirements.

4.22.2 The Bank appropriated annual profit as other reserve, which is treated as general reserve with no specific purpose.

4.23 Commitments

As at December 31, 2003 and 2002, the Bank had commitments as follows :

	CONSOLIDATED FINANCIAL STATEMENTS						Million Baht
	2003			2002			
	Baht	Foreign Currencies	Total	Baht	Foreign Currencies	Total	
Avals to bills	2,458.9	845.2	3,304.1	1,738.6	1,258.7	2,997.3	
Guarantees of loans	438.9	10,539.5	10,978.4	440.1	17,526.9	17,967.0	
Other guarantees	50,689.9	11,984.0	62,673.9	44,918.6	13,700.8	58,619.4	
Customers' liabilities under unmatured bills issued under letters of credit	414.8	8,965.5	9,380.3	581.6	8,339.2	8,920.8	
Letters of credit	737.7	28,052.0	28,789.7	709.6	25,434.3	26,143.9	
Forward foreign exchange contracts							
Bought	14,136.7	110,498.6	124,635.3	15,303.9	80,021.4	95,325.3	
Sold	4,449.3	237,745.5	242,194.8	6,368.8	197,978.8	204,347.6	
Currency swaps	800.5	1,169.6	1,970.1	7,622.1	13,766.6	21,388.7	
Interest rate swaps	-	15,999.2	15,999.2	-	23,531.8	23,531.8	
Amount of unused bank overdraft	113,893.3	2,815.6	116,708.9	110,681.1	4,654.6	115,335.7	
Others	179.0	16,204.2	16,383.2	1,526.9	2,097.2	3,624.1	
Total	<u>188,199.0</u>	<u>444,818.9</u>	<u>633,017.9</u>	<u>189,891.3</u>	<u>388,310.3</u>	<u>578,201.6</u>	

	THE BANK'S FINANCIAL STATEMENTS						Million Baht
	2003			2002			
	Baht	Foreign Currencies	Total	Baht	Foreign Currencies	Total	
Avals to bills	2,424.3	845.2	3,269.5	1,665.1	1,258.7	2,923.8	
Guarantees of loans	438.9	10,539.4	10,978.3	440.1	17,526.9	17,967.0	
Other guarantees	50,621.9	11,461.1	62,083.0	44,910.5	13,162.0	58,072.5	
Customers' liabilities under unmatured bills issued under letters of credit	414.8	8,785.2	9,200.0	581.6	8,243.2	8,824.8	
Letters of credit	717.4	27,741.8	28,459.2	709.6	25,223.4	25,933.0	
Forward foreign exchange contracts							
Bought	14,136.7	118,545.6	132,682.3	15,303.9	86,253.9	101,557.8	
Sold	12,603.5	237,775.2	250,378.7	12,564.4	197,990.2	210,554.6	
Currency swaps	1,601.1	1,863.2	3,464.3	9,873.5	15,959.1	25,832.6	
Interest rate swaps	-	15,999.2	15,999.2	-	24,413.4	24,413.4	
Amount of unused bank overdraft	113,893.3	2,042.4	115,935.7	110,681.1	3,905.0	114,586.1	
Others	179.0	15,808.0	15,987.0	1,526.9	1,664.8	3,191.7	
Total	<u>197,030.9</u>	<u>451,406.3</u>	<u>648,437.2</u>	<u>198,256.7</u>	<u>395,600.6</u>	<u>593,857.3</u>	

4.24 Properties used as collateral

Government and State enterprises securities having face value of Baht 102,126.0 million and Baht 94,673.0 million as at December 31, 2003 and 2002, respectively, are deposited as cover for commitments with government agencies, the BOT and for securities sold under repurchase agreements in favour of the BOT.

4.25 Litigation

As at December 31, 2003 and 2002, there has been a number of civil proceedings brought against the Bank in the ordinary course of business. The Bank believes that such proceedings when resolved will not materially affect the Bank's financial position and result of operation.

4.26 Related party transactions

As at December 31, 2003 and 2002, related parties of the Bank consisted of the Bank's executives, at the departmental manager level and higher including close family members of executive vice president level and higher; those entities in which the Bank, or the Bank's directors, or executives at the departmental manager level and higher, or close family members of executive vice president level and higher together had 10% or more combined beneficial ownership; and those entities of which the Bank's directors, or executives at executive vice president level and higher, or close family members of these individuals, held directorship position; and those related companies as indicated in the BOT's report.

As at December 31, 2003 and 2002, the Bank had significant loans and commitments to related parties, as follows :

	Million Baht		
	2003		
	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS	MATURITIES
Related restructured debtors			
Loans			
Ending balance	74,801.4	74,801.4	April 11, 1997 - December 30, 2020
Average month end balance	74,620.2	74,620.2	
Commitments			
Ending balance	5,605.9	5,605.9	December 1, 2003 - May 12, 2018
Average month end balance	5,993.8	5,993.8	
Other related parties			
Loans			
Ending balance	11,830.5	17,369.7	November 4, 1993 - May 28, 2018
Average month end balance	9,585.3	10,046.9	
Commitments			
Ending balance	1,658.2	1,663.6	December 1, 2003 - October 8, 2020
Average month end balance	1,989.5	2,000.7	

	2002		Million Baht
	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS	MATURITIES
Related restructured debtors			
Loans			
Ending balance	76,612.8	76,612.8	April 11, 1997 - December 31, 2016
Average month end balance	72,666.9	72,666.9	
Commitments			
Ending balance	7,458.2	7,458.2	December 15, 2002 - May 12, 2018
Average month end balance	7,151.3	7,151.3	
Other related parties			
Loans			
Ending balance	9,325.6	9,325.6	May 23, 1999 - May 28, 2018
Average month end balance	8,187.0	8,187.0	
Commitments			
Ending balance	1,843.3	1,843.3	December 31, 2002 - October 8, 2020
Average month end balance	1,587.7	1,591.1	

For the year ended December 31, 2003, the Bank charged interests between 1.0% to 14.0% on loans to these related parties, which are classified into interest rate charged on restructured loans between 1.312% to 2.425%, on money market loans were between 1.0% to 9.5%, on default loans at 14.0% and on other loans between 1.25% to 9.75%. Determination of interest rates was dependent on the type of loans and collateral.

For the year ended December 31, 2002, the Bank charged interests between 1.0% to 14.0% on loans to these related parties, which are classified into interest rate charged on restructured loans between 1.0% to 10.5%, on money market loans between 2.062% to 2.937%, on default loans were at 14.0% and on other loans between 3.0% to 10.5%. Determination of interest rates was dependent on the type of loans and collateral.

As at December 31, 2003 and 2002, the Bank had allowance for doubtful accounts of loans to related parties amounting to Baht 13,301.0 million and Baht 2,025.4 million, respectively.

The Bank follows the BOT guidelines in estimating the minimum allowance for doubtful accounts on loans to related parties as per loans to normal debtors.

In the consolidated and Bank's financial statements, investments between the Bank and the subsidiaries and associated companies as at December 31, 2003 and 2002 are shown in Note 4.4.2.

In the consolidated financial statements, loans to and commitments between the Bank and associated companies, and in the Bank's financial statements, loans to and commitments between the Bank and subsidiaries and associated companies, consisted of the following as at December 31, 2003 and 2002 :

LOANS

	Million Baht			
	CONSOLIDATED STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2003	2002	2003	2002
Subsidiary companies				
Sinnsuptawee Asset Management Co., Ltd.	-	-	5,539.2	-
Associated companies				
BSL Leasing Co., Ltd.	810.0	565.0	810.0	565.0
PT BBL Danatama Finance TBK*	-	132.2	-	132.2
Thai Filament Finishing Co., Ltd.	161.8	183.9	161.8	183.9
Thai Polymer Textile Co., Ltd.	1,514.3	1,496.8	1,514.3	1,496.8
Thai Taffeta Textile Co., Ltd.	163.5	137.6	163.5	137.6

COMMITMENTS

	Million Baht			
	CONSOLIDATED STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2003	2002	2003	2002
Subsidiary companies				
Bangkok Bank Berhad	-	-	5.3	-
BBL Asset Management Co., Ltd.	-	-	0.0	0.0
Associated companies				
Asia Credit Public Co., Ltd.	0.3	1.4	0.3	1.4
BSL Leasing Co., Ltd.	85.7	80.4	85.7	80.4
Thai Filament Finishing Co., Ltd.	11.2	12.0	11.2	12.0
Thai Polymer Textile Co., Ltd.	56.2	77.3	56.2	77.3
Thai Taffeta Textile Co., Ltd.	6.4	6.4	6.4	6.4

In the consolidated and the Bank's financial statements, loans to and commitments between the Bank and related companies, in which the Bank has between 10% to 20% shareholding through normal investments consisted mainly of the following as at December 31, 2003 and 2002 :

LOANS

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	Million Baht			
	2003	2002	2003	2002
Bangkok Central Leasing Co., Ltd.	401.0	278.0	401.0	278.0
Bangkok Polyethylene Co., Ltd.	1,601.0	1,696.1	1,601.0	1,696.1
Bangkok UFJ Co., Ltd.	76.0	1,341.0	76.0	1,341.0
Toyota Leasing (Thailand) Co., Ltd.	400.0	200.0	400.0	200.0

COMMITMENTS

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	Million Baht			
	2003	2002	2003	2002
Asia Lamp Industry Co., Ltd.	2.2	4.2	2.2	4.2
Bangkok Central Leasing Co., Ltd.	209.2	53.1	209.2	53.1
Bangkok Polyethylene Co., Ltd.	211.6	266.2	211.6	266.2
Thana Thep Printing Co., Ltd.	0.3	0.8	0.3	0.8
Toyota Leasing (Thailand) Co., Ltd.	0.4	0.4	0.4	0.4

As at December 31, 2003 and 2002, the Bank had placement with BBL (Cayman) Limited, the Bank's subsidiary, amounting to Baht 9,768.0 million.

As at December 31, 2003, the Bank had borrowings from BBL (Cayman) Limited, the Bank's subsidiary, amounting to Baht 6,787.2 million.

As at December 31, 2003 and 2002, the Bank had deposits from related parties as follows :

	2003	Million Baht 2002
Subsidiaries		
BBL (Cayman) Limited	0.3	2,753.9
Bangkok Bank Berhad	13.0	25.4
Sinnsuptawee Asset Management Co., Ltd.	110.5	26.6
Bualuang Finance Co., Ltd.	37.8	38.9
BBL Asset Management Co., Ltd.	6.6	2.0
Associated companies		
BSL Leasing Co., Ltd.	16.5	0.0
PT BBL Danatama Finance TBK*	-	51.7
WTA (Thailand) Co., Ltd.	0.0	0.0
Processing Center Co., Ltd.	171.8	178.3
Asia Credit Public Co., Ltd.	19.0	15.1
Thai Filament Finishing Co., Ltd.	0.0	0.4
Thai Polymer Textile Co., Ltd.	0.1	0.3
Thai Taffeta Textile Co., Ltd.	0.0	15.4
Other related parties	11,384.7	10,114.4

* As of December 31, 2003, became non-related company

As at December 31, 2003 and 2002, the Bank had placement with, loans to, commitments to, deposits from and borrowings from related parties, changing are as follows :

	2003	2002	Million Baht Change
PLACEMENT			
Subsidiaries	<u>9,768.0</u>	<u>9,768.0</u>	<u>0.0</u>
LOANS			
Subsidiaries	5,539.2	-	5,539.2
Associated companies	2,649.6	2,515.5	134.1
Related restructured debtors *	72,961.8	74,794.5	(1,832.7)
Other related parties *	<u>11,020.5</u>	<u>8,628.4</u>	<u>2,392.1</u>
Total	<u>92,171.1</u>	<u>85,938.4</u>	<u>6,232.7</u>
COMMITMENTS			
Subsidiaries	5.3	-	5.3
Associated companies	159.9	177.5	(17.6)
Related restructured debtors *	5,532.1	7,362.5	(1,830.4)
Other related parties *	<u>1,572.2</u>	<u>1,761.5</u>	<u>(189.3)</u>
Total	<u>7,269.5</u>	<u>9,301.5</u>	<u>(2,032.0)</u>
DEPOSITS			
Subsidiaries	168.2	2,846.8	(2,678.6)
Associated companies	207.4	261.2	(53.8)
Other related parties **	<u>11,384.7</u>	<u>10,114.4</u>	<u>1,270.3</u>
Total	<u>11,760.3</u>	<u>13,222.4</u>	<u>(1,462.1)</u>
BORROWING			
Subsidiaries	<u>6,787.2</u>	<u>-</u>	<u>6,787.2</u>

Significant accounting transactions between the Bank and subsidiaries, associated companies and other related parties were transacted under normal business practices. The price, interest rates, commission charges, terms and conditions are considered to be at arms length. Significant accounting transactions between the Bank and certain restructured debtors were transacted under special debt restructuring conditions.

* Excluding subsidiaries and associated companies.

** Excluding subsidiaries and associated companies but including related restructured debtors.

As at December 31, 2003 and 2002, material accrued income and expenses between the Bank and related parties are as follows :

	Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2003	2002	2003	2002
Subsidiaries				
Interest receivable	-	-	583.9	634.7
Interest payable	-	-	41.8	5.7
Associated companies				
Interest receivable	2.5	1.9	2.5	1.9
Interest payable	0.0	0.1	0.0	0.1
Other related parties				
Interest receivable	124.8	88.3	124.8	88.3
Interest payable	3.2	8.0	3.2	8.0

For the years ended December 31, 2003 and 2002, material income and expenses between the Bank and related parties are as follows :

	Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	FOR THE YEARS ENDED DECEMBER		FOR THE YEARS ENDED DECEMBER	
	2003	2002	2003	2002
Subsidiaries				
Interest and discount received	-	-	754.1	791.4
Fees and service income	-	-	32.4	40.4
Other income	-	-	1.7	1.5
Interest paid	-	-	111.9	184.0
Other expenses	-	-	0.0	0.0
Associated companies				
Interest and discount received	65.8	91.1	65.8	91.1
Fees and service income	4.2	5.7	4.2	5.7
Other income	0.0	0.1	0.0	0.1
Dividend income	4.2	24.5	4.2	24.5
Interest paid	1.1	7.8	1.1	7.8
Other expenses	59.0	57.9	59.0	57.9
Other related parties				
Interest and discount received	3,358.6	4,678.6	3,358.6	4,678.6
Fees and service income	55.8	64.0	55.8	64.0
Interest paid	48.4	60.3	48.4	60.3
Other expenses	398.0	273.3	398.0	273.3

For the year ended December 31, 2003 and 2002, the Bank sold properties foreclosed to Sinnsuptawee Asset Management Co., Ltd. amounting to Baht 5,936.7 million for Baht 5,843.5 million and Baht 24.4 million for Baht 16.1 million, respectively which were its fair value. However, since the Bank had previously set aside allowance for impairment of properties foreclosed amounting to Baht 93.2 million and Baht 8.3 million, respectively there was no gain or loss to the Bank from these sale transactions.

Disclosure of the statements of cash flows of Sinnsuptawee Asset Management Co., Ltd.

In accordance with the BOT's letter number THOR POR TOR. SOR NOR SOR. (01) WOR. 3258/2543 relating to the operation regulation of the Asset Management Company (AMC), dated November 27, 2000, required the Bank to disclose the statements of cash flows of the AMC in the notes to the financial statements. The statements of cash flows of Sinnsuptawee Asset Management Co., Ltd. are as follows :

**SINNSUPTAWEE ASSET MANAGEMENT COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

	Million Baht	
	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	1.0	(68.0)
Items to reconcile net income (loss) to net cash flows from operations		
Depreciation	0.7	0.6
Loss on impairment of properties foreclosed	6.1	70.5
Withholding tax recoverable written off	0.0	0.0
Income from operations before changes in operating assets and liabilities	<u>7.8</u>	<u>3.1</u>
Operating assets (increase) decrease		
Deposit at financial institution	160.0	(340.0)
Accounts receivable	(10.0)	-
Properties foreclosed	(5,567.2)	118.5
Income tax recoverable	(0.7)	(0.2)
Prepaid expenses	(0.1)	0.1
Deposits	0.0	0.0
Advance payment for properties foreclose	(42.7)	-
Accrued interest receivable	(0.7)	(2.5)
Operating liabilities increase (decrease)		
Accounts payable	0.0	-
Accrued expenses	0.4	0.0
Deposits	(2.0)	2.2
Deferred rental	(0.0)	0.5
Deposit for properties foreclosed rental	0.1	0.1
Other liabilities	0.0	0.0
Net cash provided (used) by operating activities	<u>(5,455.1)</u>	<u>(218.2)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of premise and equipment	(0.0)	(0.1)
Net cash provided (used) by investing activities	<u>(0.0)</u>	<u>(0.1)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash receivable from promissory note issued	5,539.2	-
Net cash provided (used) by financing activities	<u>5,539.2</u>	<u>-</u>
Net increase (decrease) in cash	<u>84.1</u>	<u>(218.3)</u>
Cash and cash equivalent items as at January 1,	26.4	244.7
Cash and cash equivalent items as at December 31,	<u>110.5</u>	<u>26.4</u>

4.27 Other benefits to directors and executives

The Bank has not extended extraordinary monetary and/or non-monetary benefits to the directors and executives from the level and inclusive of department manager upwards, except for ordinary benefit to the directors and executives.

4.28 Income Tax

For the years ended December 31, 2003 and 2002, the consolidated financial statements presented income tax amounting to Baht 85.8 million and Baht 7.2 million, respectively, which is the income tax of its subsidiaries.

For the years ended December 31, 2003 and 2002, the Bank's financial statements presented net income but no income tax expenses as the Bank has losses carried forward being taxable expenses.

4.29 Long-term leases

Long-term leases consisted of the following as at December 31, 2003 and 2002 :

Type of lease	Period	Million Baht			
		REMAINING RENTAL EXPENSES		THE BANK'S FINANCIAL	
		CONSOLIDATED FINANCIAL	STATEMENTS	STATEMENTS	STATEMENTS
		2003	2002	2003	2002
Land and/or premises	2002-2007	139.2	147.6	121.5	147.6
Land and/or premises	2008-2017	124.4	121.6	124.4	121.6
Land and/or premises	2018-2026	13.1	13.1	13.1	13.1
Total		<u>276.7</u>	<u>282.3</u>	<u>259.0</u>	<u>282.3</u>

4.30 The financial position and the results of operation by domestic and foreign operations

4.30.1 The financial position as at December 31, 2003 and 2002 :

	CONSOLIDATED FINANCIAL STATEMENTS					Million Baht
	2003			2002		Total
	Domestic Operations	Foreign Operations	Total	Domestic Operations	Foreign Operations	
ASSETS						
Total assets	1,178,655.0	184,683.9	1,363,338.9	1,038,695.3	212,260.4	1,250,955.7
Interbank and money						
market items	14,677.9	91,653.9	106,331.8	16,282.3	114,356.5	130,638.8
Loans	773,092.1	78,808.4	851,900.5	757,117.2	80,736.7	837,853.9
Investments	339,804.7	14,534.3	354,339.0	300,721.3	22,572.1	323,293.4
LIABILITIES						
Deposits	1,039,348.3	83,945.8	1,123,294.1	982,676.7	88,017.7	1,070,694.4
Interbank and money						
market items	13,419.0	18,181.6	31,600.6	5,824.0	15,478.8	21,302.8
Borrowings	12,765.0	30,361.3	43,126.3	12,765.0	31,520.0	44,285.0
Subordinated bonds						
cum preferred shares	34,496.6	-	34,496.6	34,496.6	-	34,496.6
CONTINGENCIES	491,730.2	141,287.7	633,017.9	423,355.1	154,846.5	578,201.6

	THE BANK'S FINANCIAL STATEMENTS					Million Baht
	2003			2002		Total
	Domestic Operations	Foreign Operations	Total	Domestic Operations	Foreign Operations	
ASSETS						
Total assets	1,173,530.3	185,318.7	1,358,849.0	1,036,296.5	208,802.0	1,245,098.5
Interbank and money						
market items	13,861.7	99,495.9	113,357.6	15,692.0	124,016.4	139,708.4
Loans	775,319.5	73,539.3	848,858.8	755,063.1	75,559.3	830,622.4
Investments	342,890.4	12,861.0	355,751.4	303,510.1	14,651.5	318,161.6
LIABILITIES						
Deposits	1,036,955.6	77,954.3	1,114,909.9	980,657.6	82,007.1	1,062,664.7
Interbank and money						
market items	13,235.4	24,930.9	38,166.3	5,876.8	18,119.7	23,996.5
Borrowings	12,765.0	30,361.3	43,126.3	12,765.0	31,520.0	44,285.0
Subordinated bonds						
cum preferred shares	34,496.6	-	34,496.6	34,496.6	-	34,496.6
CONTINGENCIES	491,627.6	156,809.6	648,437.2	423,273.5	170,583.8	593,857.3

4.30.2 The results of operations for the years ended December 31, 2003 and 2002 :

Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
2003				
	Domestic Operations	Foreign Operations	Elimination	Total
Interest and dividend income	44,190.7	8,782.6	(4,778.5)	48,194.8
Interest expenses	<u>(21,261.9)</u>	<u>(7,170.2)</u>	<u>4,778.5</u>	<u>(23,653.6)</u>
Net interest income	22,928.8	1,612.4	-	24,541.2
Non-interest income	19,950.0	1,991.8	104.1	22,045.9
Non-interest expenses	<u>(32,323.9)</u>	<u>(2,766.2)</u>	<u>16.8</u>	<u>(35,073.3)</u>
Income (loss) before income tax	<u>10,554.9</u>	<u>838.0</u>	<u>120.9</u>	<u>11,513.8</u>

Million Baht				
CONSOLIDATED FINANCIAL STATEMENTS				
2002				
	Domestic Operations	Foreign Operations	Elimination	Total
Interest and dividend income	47,687.9	11,786.9	(6,969.5)	52,505.3
Interest expenses	<u>(27,230.7)</u>	<u>(9,779.3)</u>	<u>6,969.5</u>	<u>(30,040.5)</u>
Net interest income	20,457.2	2,007.6	-	22,464.8
Non-interest income	12,665.3	2,470.9	(43.5)	15,092.7
Non-interest expenses	<u>(27,461.9)</u>	<u>(3,825.0)</u>	<u>15.9</u>	<u>(31,271.0)</u>
Income (loss) before income tax	<u>5,660.6</u>	<u>653.5</u>	<u>(27.6)</u>	<u>6,286.5</u>

Million Baht				
THE BANK'S FINANCIAL STATEMENTS				
2003				
	Domestic Operations	Foreign Operations	Elimination	Total
Interest and dividend income	44,004.8	7,992.3	(3,924.3)	48,072.8
Interest expenses	<u>(21,197.9)</u>	<u>(6,245.9)</u>	<u>3,924.3</u>	<u>(23,519.5)</u>
Net interest income	22,806.9	1,746.4	-	24,553.3
Non-interest income	18,988.4	1,853.1	(16.8)	20,824.7
Non-interest expenses	<u>(31,399.4)</u>	<u>(2,640.6)</u>	<u>16.8</u>	<u>(34,023.2)</u>
Income (loss) before income tax	<u>10,395.9</u>	<u>958.9</u>	<u>-</u>	<u>11,354.8</u>

Million Baht

THE BANK'S FINANCIAL STATEMENTS
2002

	Domestic Operations	Foreign Operations	Elimination	Total
Interest and dividend income	47,533.1	10,768.8	(6,113.0)	52,188.9
Interest expenses	(27,157.1)	(8,818.6)	6,113.0	(29,862.7)
Net interest income	20,376.0	1,950.2	-	22,326.2
Non-interest income	12,150.4	2,391.2	(15.9)	14,525.7
Non-interest expenses	(26,881.3)	(3,715.5)	15.9	(30,580.9)
Income before income tax	<u>5,645.1</u>	<u>625.9</u>	<u>-</u>	<u>6,271.0</u>

The basis for the determination of income and expenses charge between the branches and head office, and between the branches is established by the head office, which is closed to the funding cost.

4.31 Disclosure of financial instruments

A financial instruments is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise at the same time.

4.31.1 Interest rate risk

Interest rate risk in the financial statements arises from the potential change in interest rates which may have an adverse effect on the net interest earnings of the Bank in the current reporting period, and in future years. Interest rate risk arises from the structure and characteristics of the Bank's assets, liabilities and equity, and in the mismatch in repricing dates of its assets and liabilities.

The Bank uses various derivative transactions to manage its assets and liabilities position in order to manage interest rate exposure.

The following table presents the Bank's on-balance-sheet financial assets and financial liabilities repricing profile, period to earlier of contractual repricing date or maturity, as at December 31, 2003 and 2002 :

	2003							Total
	Call to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non- Interest bearing	Non- Accrual Loans	
Financial Assets								
Interbank and money market items *	58,996.8	28,421.5	10,778.2	1,225.5	-	14,105.4 **	-	113,527.4
Investment in securities and securities purchased under resale agreement	93,718.4	15,491.4	62,503.1	131,048.1	96,941.9	33,142.5	-	432,845.4
Loans	421,982.0	70,825.3	74,401.2	71,601.0	94,902.9	-	115,146.4	848,858.8
Financial Liabilities								
Deposits	653,341.8	311,669.2	92,496.0	13,473.1	0.3	43,929.5	-	1,114,909.9
Interbank and money market items and securities sold under repurchase agreement	18,551.9	9,936.9	3,194.2	-	-	6,483.3	-	38,166.3
Liabilities payable on demand	6,743.3	-	-	-	-	-	-	6,743.3
Borrowings	1,265.0	9,574.8	3,091.3	18,292.7	10,902.5	-	-	43,126.3

* Excluding allowance for doubtful accounts amounting to Baht 169.8 million.

** Including accrued interest receivables.

	2002					Million Baht		
	Call to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non - Interest bearing	Non - Accrual Loans	Total
Financial Assets								
Interbank and money market items *	55,272.7	30,629.2	30,526.2	10,784.4	-	12,658.6 **	-	139,871.1
Investment in securities and securities purchased under resale agreement	24,604.5	21,217.6	27,016.0	119,200.5	106,263.1	25,859.9	-	324,161.6
Loans	408,990.2	52,503.7	57,904.0	87,755.9	74,048.1	-	149,420.5	830,622.4
Financial Liabilities								
Deposits	584,622.5	333,445.6	93,692.2	16,646.6	0.8	34,257.0	-	1,062,664.7
Interbank and money market items and securities sold under repurchase agreement	13,152.5	4,650.4	3,341.5	5.8	-	2,846.3	-	23,996.5
Liabilities payable on demand	-	-	-	-	-	3,549.5	-	3,549.5
Borrowings	1,265.0	-	2,166.4	28,370.4	12,483.2	-	-	44,285.0

Most of the Bank's financial assets pay interest at floating rates such as Minimum Lending Rate (MLR), Minimum Overdraft Rate (MOR) and Minimum Retail Rate (MRR).

Basic information concerning fixed versus floating rate of domestic loans as at December 31, 2003 and 2002 are as follows :

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	2003	2002	2003	2002
Fixed interest rate	216,816.3	203,504.2	216,187.3	203,504.2
Floating interest rate	<u>561,815.0</u>	<u>551,558.8</u>	<u>559,132.2</u>	<u>551,558.8</u>
Total	<u><u>778,631.3</u></u>	<u><u>755,063.0</u></u>	<u><u>775,319.5</u></u>	<u><u>755,063.0</u></u>

4.31.2 The Bank follows the prudent asset and liability management policy in managing its foreign currencies. Specifically, the Bank funds its foreign currency assets by using the same currency offshore borrowings. In the event that the assets are funded by borrowings in other currencies, the Bank will use currency swaps so that the exchange risks can be properly hedged. Under this policy, the Bank strictly complies with the BOT's rules and regulations.

* Excluding allowance for doubtful accounts amounting to Baht 162.7 million.

4.31.3 Concentration of credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss to the Bank. The Bank has established the credit policy of evaluating creditworthiness of its customers and requesting for sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

In the case of recognized financial assets, the carrying amount of the assets recorded in the balance sheets, net of any applicable provision for loss, represents the Bank's maximum exposure to credit risk.

With respect to significant geographical concentration of credit risk, since a vast majority of the Bank's businesses are conducted domestically, no additional disclosure as to concentration of credit risk from recognized financial assets is necessary.

Credit risk also arises from the possibility that the counterparty to a derivative financial instrument will not adhere to the terms of the contract with the Bank when settlement becomes due. For the forward foreign exchange contracts, approximately three-fifth of the total exposure as at December 31, 2003 and half of the total exposure as at December 31, 2002 were to domestic banks and banks in Organization for Economic Co-operation and Development (OECD) countries while the rest was to banks in non OECD countries or customers from transactions undertaken to meet their risk management needs. Average tenor for forward foreign exchange contracts as at December 31, 2003 and 2002 were six months, almost all contracts was under one year tenor. For the currency swaps and interest rate swaps, almost all exposure as at December 31, 2003 and 2002 were to financial institutions.

The following table shows the credit risk of the Bank's derivative financial instruments as at December 31, 2003 and 2002 :

	2003	Million Baht 2002
Forward foreign exchange contracts	2,502.8	610.8
Currency swaps	247.5	1,950.5
Interest rate swaps	585.7	909.4
Total	<u>3,336.0</u>	<u>3,470.7</u>

4.31.4 Earning financial assets and interest-bearing financial liabilities

The following table presents the Bank's average balance of earning financial assets and interest-bearing financial liabilities, interest income/expense and dividend income and average interest and dividend rates for the years ended December 31, 2003 and 2002 :

	Average Balance	2003	
		Interest Income / Expense and Dividend Income	Average Rate (%) Per Annum
Million Baht			
Earning Financial Assets			
Interbank and money market items and securities purchased under resale agreement	159,616.0	3,505.5	2.2%
Investments, net	332,467.9	12,093.6	3.6%
Loans	834,168.1	32,473.7	3.9%
Total	<u>1,326,252.0</u>	<u>48,072.8</u>	

Interest-bearing Financial Liabilities

Deposits	1,083,428.2	13,085.2	1.2%
Interbank and money market items	26,753.4	402.0	1.5%
Long-term borrowings and subordinated bonds cum preferred shares	75,275.6	10,032.2	13.3%
Total	<u>1,185,457.2</u>	<u>23,519.4</u>	

	Average Balance	2002	
		Interest Income / Expense and Dividend Income	Average Rate (%) Per Annum
Million Baht			
Earning Financial Assets			
Interbank and money market items and securities purchased under resale agreement	219,646.2	6,292.4	2.9%
Investments, net	284,000.3	11,621.4	4.1%
Loans	768,393.0	34,275.1	4.5%
Total	<u>1,272,039.5</u>	<u>52,188.9</u>	

Interest-bearing Financial Liabilities

Deposits	1,074,728.0	19,314.7	1.8%
Interbank and money market items	26,185.2	634.8	2.4%
Long-term borrowings and subordinated bonds cum preferred shares	77,807.1	9,913.1	12.7%
Total	<u>1,178,720.3</u>	<u>29,862.6</u>	

4.31.5 Maturity profile of assets and liabilities

The following table presents the Bank's maturity profile of on-balance-sheet financial assets and financial liabilities as at December 31, 2003 and 2002 :

	Million Baht					
	2003					
	Up to 1 Year	1 to 5 Years	Over 5 Years	No Maturity	Non - accrual Loans	Total
Interbank and money market items *	112,301.9	1,225.5	-	-	-	113,527.4
Investments and securities purchased						
under resale agreement	167,139.8	135,451.9	97,111.2	33,142.5	-	432,845.4
Loans **	386,838.8	236,992.8	109,880.8	-	115,146.4	848,858.8
Deposits	1,101,436.5	13,473.1	0.3	-	-	1,114,909.9
Interbank and money market						
items and securities sold under						
repurchase agreement	37,054.3	1,112.0	-	-	-	38,166.3
Liabilities payable on demand	6,743.3	-	-	-	-	6,743.3
Borrowings	13,931.1	18,292.7	10,902.5	-	-	43,126.3
Subordinated bonds cum preferred shares	-	-	-	34,496.6	-	34,496.6

	Million Baht					
	2002					
	Up to 1 Year	1 to 5 Years	Over 5 Years	No Maturity	Non - accrual Loans	Total
Interbank and money market items ***	128,447.1	11,424.0	-	-	-	139,871.1
Investments and securities purchased						
under resale agreement	64,678.9	127,120.0	106,502.8	25,859.9	-	324,161.6
Loans **	367,032.2	205,654.6	108,515.1	-	149,420.5	830,622.4
Deposits	1,046,017.3	16,646.6	0.8	-	-	1,062,664.7
Interbank and money market						
items and securities sold under						
repurchase agreement	21,113.0	2,883.5	-	-	-	23,996.5
Liabilities payable on demand	3,549.5	-	-	-	-	3,549.5
Borrowings	3,431.4	28,370.4	12,483.2	-	-	44,285.0
Subordinated bonds cum preferred shares	-	-	-	34,496.6	-	34,496.6

* Excluding allowance for doubtful amounting to Baht 169.8 million.

** Excluding allowance for doubtful accounts and accrued interest receivable.

*** Excluding allowance for doubtful amounting to Baht 162.7 million.

4.31.6 Derivative financial instruments

The Bank uses derivative financial instruments to hedge its balance sheets, to serve the needs of its customers, and for trading purposes. Derivatives used include currency swaps, interest rate swaps, and forward foreign exchange contracts. The contract or notional amounts of these instruments reflect the extent of the Bank's involvement in particular classes of financial instruments but the amounts potentially subject to credit risk are much smaller.

Forward foreign exchange contracts

Forward foreign exchange contracts are contracts that effectively fix a future foreign exchange rate. The contract provides that, at a predetermined future date, a cash delivery will be made between the parties at a specified contracted rate. The Bank uses forward foreign exchange contracts as part of its asset/liability management and to satisfy the customers' foreign exchange risk management needs.

Interest rate swaps and currency swaps

Interest rate swaps are contracts which involve the exchange of fixed and floating rate interest payment obligations without the exchange of the underlying principal amounts. Currency swaps are contracts which involve the exchange of interest in two different currencies, the majority of the contracts also involve the exchange of underlying principal amounts in two different currencies. Though the Bank uses swaps mainly as part of its asset/liability management, the Bank also acts as an intermediary in arranging swap transactions for customers. The Bank typically becomes a principal in the exchange of payments between the two parties and, therefore, may be exposed to a loss should one of the parties default. The Bank minimizes this risk by performing normal credit reviews on its swap customers and minimizes its exposure to the interest rate and foreign exchange risks inherent in intermediated swaps by entering into offsetting swap position that essentially counterbalance each other.

The following is a summary of the notional amounts and the fair value of the Bank's derivative financial instruments as at December 31, 2003 and 2002 :

	2003			Million Baht
	Notional Amount		Total	Fair Value
	Up to 1 Year	Over 1 Year		
Forward foreign exchange contracts	383,061.0	-	383,061.0	(1,116.6)
Currency swaps	3,464.3	-	3,464.3	247.5
Interest rate swaps	2,817.0	12,948.7	15,765.7	570.8

	2002			Million Baht
	Up to 1 Year	Notional Amount Over 1 Year	Total	Fair Value
Forward foreign exchange contracts	312,094.6	17.8	312,112.4	(388.1)
Currency swaps	22,718.0	3,114.6	25,832.6	116.0
Interest rate swaps	6,376.1	18,037.3	24,413.4	846.9

4.31.7 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The Bank uses different methodologies for determining the fair value of financial instruments. The methodology used is dependent upon the characteristics of the financial instrument and the financial market in which it operates.

Financial instruments that have standard terms and conditions and are traded on an active and liquid market, such as investments in securities, have their fair value determined by the quoted market price. In other circumstances, the fair value is ordinarily 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 the discounted cash flow theory, to determine the fair value.

Although the management uses its best judgment in estimating fair values of financial instruments, estimation methodologies and assumptions used to estimate fair values are inherently subjective. Accordingly, the use of different estimation methodologies and/or market assumptions may have a significant effect on the estimated fair values.

The following table presents the Bank's carrying amount and estimated fair value of financial instruments as at December 31, 2003 and 2002 :

	Million Baht			
	THE BANK'S FINANCIAL STATEMENTS			
	2003		2002	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash	28,239.9	28,239.9	23,783.9	23,783.9
Interbank and money market items	113,357.6	113,357.6	139,708.4	139,708.4
Securities purchased under resale agreement	77,094.0	77,094.0	6,000.0	6,000.0
Investments	355,751.4	362,517.6	318,161.6	324,010.4
Loans and accrued interest receivables, net	714,512.2	714,512.2	681,327.4	681,327.4
Customers' liabilities under acceptances	1,139.4	1,139.4	1,178.5	1,178.5
Financial Liabilities				
Deposits	1,114,909.9	1,114,909.9	1,062,664.7	1,062,664.7
Interbank and money market items	38,166.3	38,166.3	23,996.5	23,996.5
Liability payable on demand	6,743.3	6,743.3	3,549.5	3,549.5
Borrowings and subordinated bonds cum preferred shares	77,622.8	93,064.7	78,781.5	96,225.1
Bank's liabilities under acceptances	1,139.4	1,139.4	1,178.5	1,178.5
Interest payable	3,431.3	3,431.3	4,590.8	4,590.8

The following methods and assumptions were used by the Bank in estimating fair value of financial instruments as disclosed herein :

Cash, interbank and money market items (assets and liabilities), securities purchased under resale agreement, customers' liabilities under acceptances, deposits, liability payable on demand, securities sold under repurchase agreement, interest payable, and Bank's liability under acceptances: the carrying amounts approximate fair value in the balance sheets.

Trading securities, available for sale securities, and held to maturity debt securities: the fair value is based on market value. For non-marketable debt securities, fair value is determined by the average bid yield from three reliable financial institutions.

General investment consists of non-marketable equity securities, of which fair value is estimated based on discounted cash flow method or net book value amount, and listed securities acquired through debt restructuring with trading restriction, of which fair value is estimated based on discounted cash flow method or the last bid price on SET on the day that securities are transferred for debt repayment.

Loans and accrued interest receivables: fair value is based on carrying value of loans and accrued interest receivables net of allowance for doubtful accounts as most of loans are floating rate loans.

Borrowings and subordinated bonds cum preferred shares: fair value is based on market value.

Forward foreign exchange contracts: fair value is determined using quoted market prices of instruments with similar characteristics and maturities. Interest rate swaps and currency swaps: fair value is calculated using discounted cash flow models based on current market yields and the maturity of similar instruments.