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A Self-Sufficient Economy

ANNUAL REPORT 1998

 **Bangkok Bank**



A Eulogy to the Late Chairman Mr. Prasit Kanchanawat

The Bank deeply regrets to inform the shareholders, banking and financial business friends both in and out of the country, customers and benefactors of the peaceful passing away of its late Chairman of the Board, *Mr. Prasit Kanchanawat*, on Sunday February 14, 1999. He was 84 years of age, having chaired the Bank's Board of Directors for 13 years.

He ought to be regarded as one of the Bank's pillars, having worked for the Bank since its pioneer days in close cooperation with its founder, *Mr. Chin Sophonpanich*. From the start when the Bank was located at the twin-unit shophouse till the Bank became the largest commercial bank in the country and ASEAN, *Mr. Prasit* worked untiringly, contributing to its rapid growth.

Besides his contribution to Bangkok Bank, *Mr. Prasit* also played an important part in enabling the country to achieve progress. He began his career as a teacher. He served as a civil servant in the Economic Affairs Ministry, then became a journalist, followed by a stint as a lawyer. Later on, he entered politics and was elected a Member of Parliament for Chachoengsao Province. He went on to hold many important political positions, including the Cabinet posts, as *the Deputy Minister of Cooperatives, the Minister of Commerce, the Minister of Justice and Deputy Prime Minister. He was also chosen as the House Speaker and President of Parliament.* One of his important deeds highly beneficial to the country was his contribution to the laying down of the foundation for Thailand and the People's Republic of China bilateral relationships, which have thrived and borne fruit to the present time.

Indeed, the departure of *Mr. Prasit Kanchanawat* is a great loss for the Bank and the Thai nation.

Bangkok Bank Public Company Limited

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FINANCIAL HIGHLIGHTS

	1998	1997	Percentage Change
Bangkok Bank and Subsidiaries at Year-End (Baht Thousand)			
Assets	1,271,273,525	1,416,434,980	- 10.2
Loans and Advances (Net of Provision for Possible Loan Losses) ¹	855,396,100	1,022,971,542	- 16.4
Deposits ¹	975,037,935	952,149,920	+ 2.4
Liabilities	1,170,105,798	1,312,630,341	- 10.9
Shareholders' Equity-net	101,145,181	103,804,639	- 2.6
Interest and Dividend Income	113,570,422	133,687,232	- 15.0
Total Income	133,781,570	155,418,486	- 13.9
Profit (Loss) Before Tax	(49,862,924)	8,663,922	- 675.5
Net Profit (Loss)	(49,863,017)	4,213,922	- 1,283.3
Per Share (Baht)			
Profit (Loss) Before Tax	(37.92)	8.65	- 538.4
Income Tax	-	4.44	- 100.0
Net Profit (Loss)	(37.92)	4.21	- 1,000.7
Dividends Paid	-	2.00	- 100.0
Par Value	10.00	10.00	-
Book Value	68.97	103.65	- 33.5
Share Prices -Range	108.00 - 19.25	195.00 - 78.00	-
-Year-End	52.00	86.00	- 39.5
Financial Ratio (%)			
Rate of Return on Average Assets	(3.71)	0.33	- 4.04
Rate of Return on Average Equity	(48.66)	3.98	- 52.64
Net Profit (Loss) to Total Income	(37.27)	2.71	- 39.98
Capital to Risk Assets	13.42	11.72	+ 1.70

Remark 1 : Not including interbank and money market items

During 1998, dark clouds gathered to cast an ominous shadow over the whole world as an economic crisis of unparalleled gravity played havoc with countries after countries. This crisis, erupting in Asia in mid-1997, will surely prove itself to be one of the most devastating to the world community in modern times. The crisis has sent strong shocks sweeping across the international landscape submitting the world's economic power structure to a severe jolt. This is because this crisis has automatically raised the clout of the US, which has suffered the least shock, to a highly prominent level. At the same time, other world powers, be it Russia, Japan or the People's Republic of China, have markedly weakened. The ASEAN bloc, which used to shine brilliantly in the global political arena, has found that its political muscle has been vastly enfeebled, losing the bargaining power it once enjoyed.



On the economic front, since economic crisis materialized in Thailand in 1997, it has been spreading swiftly to South Korea and Indonesia. In fact, countries in other regions, such as Russia and some Latin American countries, were, in tandem, ravaged by the economic malaise. Given the depressed economic situation in most parts of the world, the global economy in 1998 tended downwards. Negative factors included particularly a lack of confidence in emerging market countries trapped in the crisis. Moreover, with their financial institutions and production sector increasingly linked up with those of the emerging market countries, the advanced countries, namely the US, the EU and Japan, witnessed the lack of investor confidence turning around to hit them as well. As a result, the World Bank estimated that in 1998 world economic expansion was only 1.8 per cent, rising marginally to 1.9 per cent in 1999. The Bank also noted that its growth forecast might not be actually achieved if the Japanese economy kept on contracting.

On the domestic front, 1998 saw the Thai economy continue to slacken further from prior year as a result of decreased consumption expenditure in line with the weakened purchasing power of the public. Eroding the buying power of the populace were rising unemployment and inflation, a fall in the public and private sector investment and bearish exports on account of economic recession in the majority of leading world markets. However, although the implementation of restrictive monetary and fiscal measures in the past might lead to contraction of the domestic economy, overall economic stability was on the rise. Reflecting this trend were increased stability and strength of the baht, cooling inflation, a sharp increase in foreign direct investment and the growing current account surplus in several past consecutive months. Apart from that, problems facing financial institutions were solved to a certain extent. This situation eased liquidity and, in turn, interest rates steadily. As a consequence, the government relaxed its fiscal policy by stepping up budgetary outlay and increased the planned budgetary deficit. This was intended to stimulate the economy, particularly the real production sector. In addition, pressure was put on financial institutions to restructure debts owed by the business sector to



them. The overall situation consequently improved and it is expected that the Thai economy plagued by the economic crisis should bottom out in the second quarter of 1999. It is estimated that the Thai economy shrank 8.5 per cent in 1998 and will contract further by a marginal 0.4 per cent in 1999. There is, however, a distinct possibility that the latter rate of growth will become a positive one if government budgetary disbursement is efficiently executed.

Signs of improvement in some areas notwithstanding, Thailand still faces several worrisome problems. Of course, it is true that the authorities have tried their best to mitigate and overcome the economic crisis, particularly by resorting to measures as outlined in the Letter of Intent nos. 1-6 presented to the IMF. The major outcome of these efforts has included an increase in stability in certain economic aspects, as noted above. Yet, Thailand still appears not to have been completely out of the woods. Problems facing its financial institutions have still not been completely resolved. The country's credit rating has still not improved. Exports have not recovered. Corporate bankruptcies continue to take place, aggravating the unemployment situation, which will, in turn, spawn other social problems. This situation indicates clearly that the rehabilitation of the domestic economy is still not fully achieved and still remains a daunting task. However, the situation is not entirely hopeless as the nation may still resort to His Majesty's advice. This is contained in the royal personal address to the Thai public on December 4, 1997 on the occasion of His Majesty's Birthday Anniversary. Parts of this address are quoted below.

"Why has the crisis taken place? We are a food-surplus nation and have been on the way to becoming a trade power..... Recently, a variety of projects have been undertaken and factories have mushroomed. People have, consequently, begun to think of us as a small tiger, which will shortly grow into a full-sized one. We have, therefore, been mesmerized by the "tiger" fad. On the contrary, I have always said at this type of meetings that to become a tiger is not important. What is important is that we have life's necessities in sufficient quantities, with our economy being of a type that corresponds to this concept. In other words it is a self-sufficient economy which denotes a system whereby we are sufficiently self-supportive. I do not mean that with this system every household has to produce its own food, its own clothing, etc. This would be unrealistic. However, a village or a district must be self-sufficient enough, with things that are produced in excess of demand being sold off. But the market should not be too far away to incur expensive transportation costs..... Whatever projects are implemented must be of suitable sizes, proportionate to the amount of self requirements and the environs..... They must be carried out with care and not greed..... If we can change only part of the economy, say one-half or even one-fourth, into a self-sufficient economy, we shall be able to go on existing and functioning as a nation. But the corrective measures take time to implement and are not easy. In a majority of cases, people are in haste because they are facing hardships. However, if we begin to get things moving now we shall be able to remedy the situation in due course."

The royal address, parts of which are quoted above, should throw some light on the present situation. Its full text should, therefore, be carefully studied and lessons drawn from it for practical applications. This, it is believed, will help Thai society weather the storm more effectively.

In respect to the Bank's operations, the economic crisis and instability of 1998 provided a most inhospitable environment for the Bank's activities. In fact, the situation has never deteriorated this much during the 54 years of the Bank's history. Domestic aggregate demand weakened drastically while exports fell precipitously. This gravely affected the majority of businesses, including the Bank's numerous customers. As a result, a large amount of the Bank's credits turned sour and were classified as non-performing loans (NPLs), which greatly affected the Bank's operations. Be that as it may, the Bank tried its best to extend support to its customers facing problems through restructuring their debts or approving fresh loans granted to good customers with potential — albeit plagued by problems — to enable them to continue to operate. The Bank also provided consultatory services aimed at helping them make use of resources efficiently until business recovery was achieved. In addition, the Bank tried to lighten the burden of its customers by successively cutting its lending rates to the lowest level, thereby recording the narrowest spread between its deposit and credit interest rate in the entire banking system several times. This was in spite of the fact that in doing so the Bank's earnings might be considerably affected. Nonetheless, the Bank firmly believes that if it succeeds in assisting its customers to last out the crisis it will automatically be assured of its own survival, while playing a part in helping the country achieving economic recovery as well.

Given such adverse circumstances as recounted above, operational results of Bangkok Bank and its subsidiaries were in keeping with the dour economic conditions. As of end-1998, assets totalled Baht 1,271.3 billion, a decrease of 10.2 per cent from the previous year. Deposits amounted to Baht 975.0 billion, up 2.4 per cent. Meanwhile, economic recession and poor investment performance coupled with the Bank's stronger emphasis on credit quality reined in credit extension. As a result at end-1998, the Bank's credits amounted to Baht 855.4 billion, a decrease of 16.4 per cent from prior year. As the impact from the Bank's NPLs was severe and massive provisions had to be set aside in accordance with the Bank of Thailand's requirements, the Bank consequently suffered a loss of Baht 49.9 billion.

In 1998, the Bank actively made preparations to come to grips with the notorious Y2K problem. To adequately cope with the situation, a Committee on the Year 2000 Compliance Project was set up and a budget of almost Baht 600 million was earmarked to cover related expenditure. The committee thoroughly examined and made all the necessary corrections on related equipment and operational systems. To provide for unforeseen eventualities, it also drew up an emergency plan. The target date was set up for it to fully complete its assignments within January 1999.

The year 1999 is highly auspicious as it will mark His Majesty's full completion of 6 age cycles. (An age cycle comprises 12 years.) Thus, on December 5, 1999, His Majesty's 72nd Birthday Anniversary, Thais throughout the Kingdom will join hands to celebrate in order to express their happiness and gratitude. The former because they have been fortunate enough to have one of the world's best monarch to lead them with vision and sincere concern for over half a century. And the latter, because His Majesty has played an important part in enhancing economic and social welfare of his subjects — witness of the hundreds of royally-initiated projects implemented across the length and breadth of the Kingdom. Therefore, on the Bank's part, it will, along with the rest of Thai citizenry, participate in programmes, which will surely be numerous, to commemorate the occasion through gala festivities as a way to say thanks to His Majesty and to wish Him many happy returns of the day.

The year 1998 also marked the 13th anniversary of my appointment as the Bank's Chairman of the Board. However, prior to actually joining the Bank I had the opportunity, during its pioneer days, to undertake many tasks on its behalf. It can, consequently, be claimed that I have been, unofficially or officially, an employee of the Bank throughout its existence. It has, therefore, been a lengthy period of my service to the Bank. Naturally, I have felt happy and proud to witness its rapid growth, enabling it to rank, first, as the largest commercial bank in Thailand and, then, as the largest in the ASEAN region. Be that as it may, the on-going economic crisis has strongly affected Thailand, this region and, for that matter, the world at large. Given the adverse environment, Bangkok Bank, along with all other financial institutions in the country, have suffered from the severe impact. I have tried my best to play my part as the Bank's Chairman. However, the pressure on me has become increasingly strong. At the same time, my health has not been robust enough to enable me to fulfill my responsibilities made more onerous by mounting economic problems. I have, therefore, decided that it is time to hand over the responsibilities to the younger generations of the Bank's executives. They have proved their mettle and I am fully confident of their capabilities. My resignation has subsequently been tendered to the Board of Directors, which has accepted it. The Board has moved to appoint Mr. Chatri Sophonpanich, the Bank's Executive Chairman, to take my place as the new Chairman of the Board. Mr. Kosit Panpiemras, an Executive Director, takes over as the Bank's new CEO or Executive Chairman. To these two new appointees, I offer my congratulations and sincerely wish them success. They, I am sure, are fully capable of guiding the Bank through the current crisis successfully.

Although 1998 proved to be a very difficult period, and the Bank's operations were accordingly affected, much assistance and cooperation were given to us by our customers, shareholders, various agencies and the public. To these, I would like to offer sincere thanks. I should, moreover, like to express my great appreciation to all our staff members for their hard work and valuable creative contributions.

A handwritten signature in black ink, appearing to read 'K. Panmit', with a stylized flourish below the name.

(Prasit Kanchanawat)

The economic and financial crisis originating in Asia has been spreading to various other regions throughout the world in 1998. In fact, the impact on the global economy from the economic meltdown in the world's largest continent was much stronger than expected. The International Monetary Fund (IMF) was, for instance, led to forecast growth of the world economy at only 2.2 per cent in 1998 and 2.0 per cent in 1999, compared to a commendable 4 per cent average in the past couple of years. All East and Southeast Asian countries, with the exception of only China and Taiwan, posted very low or negative growth rates in 1998.

Nonetheless, the IMF expects some easing of the crisis in these countries in 1999, with their economic contraction rates declining. For instance, Indonesia, Malaysia and South Korea are predicted to see negative growth rates of 3.4 per cent, 2.0 per cent and 1 per cent in 1999, compared to minus 15.3 per cent, 7.5 per cent and 7.0 per cent respectively in 1998. In the meantime, some countries may even witness some positive growth, for instance, Thailand may record a marginal growth rate of 1.0 per cent in 1999, compared to a contraction rate of 8.0 per cent in 1998. As a whole, Asia (excluding Japan) is estimated to expand economically by 4 per cent in 1999, compared to 2.6 per cent in the preceding year. Meanwhile, Africa's economic growth will speed up slightly to 3.8 per cent from 3.6 per cent. Central and East Europe's economy will however expand more slowly by 2.2 per cent, against 2.5 per cent, Latin America's economy 1.5 per cent, against 2.5 per cent and the Middle East's economy 2.9 per cent, against 3.3 per cent.



The G-7 countries have also suffered ill effects from the Asian economic crisis as Asia has actually become a major outlet for their exports. The IMF predicts the G-7's economic expansion rate to shrink from 2.1 per cent in 1998 to 1.5 per cent in 1999. That of the US is expected to halve from 3.6 per cent to 1.8 per cent while that of Germany will fall from 2.7 per cent to 2.0 per cent. Japan, in the meantime, will post a decrease in its economic contraction rate to 0.5 per cent, compared to 2.8 per cent in 1998. The Japanese government has, in fact, tried very hard to achieve economic recovery. It spent as much as 16.6 trillion yen in keeping with its April economic rehabilitation programme only to find that relatively little was accomplished. Lately, in last November, another economic stimulative programme was launched, with a massive amount of funds worth 20 trillion yen having been set aside.



If Japan becomes successful this time around it will be in a position again to act as a locomotive, pulling other Asian countries out of the current severe economic doldrums.

In 1998, the Thai economy was much more deeply mired in recession than many sources had expected. Earlier in the year, both the public and private sectors were, in the majority of cases, of the opinion that the Thai economy would contract by only 2-3 per cent. They were, moreover, confident that the Thai economy would recover in the third or fourth quarter. However, as events unfolded, the situation deteriorated steadily. The projected GDP growth rate was gradually adjusted downwards to minus 5 per cent by mid-year, minus 7 per cent by the third quarter and further to minus 8.5 per cent by the end of the year. If the 8.5 per cent contraction rate proves accurate, Thailand's economic recession is the worst ever in its modern history.

The economic situation over the past year changed quickly from one affected by the baht crisis early in the year to one destabilized by an imbalance and severe liquidity shortage later on. The liquidity shortage resulted from the mountain of debts of the Financial Institutions Development Fund piled up from its attempts to rescue first the finance companies and then commercial banks faced with the bank-run and non-performing loan (NPL) problems in the second half of the year. As a result of the prevailing liquidity scarcity, interest rates on deposits and credits therefore rose sharply. In August, several commercial banks began to encounter the problem of insufficient capital funds and inability to recapitalize to such an extent that the Bank of Thailand had to intervene. NPLs in the commercial banking sector expanded at an alarming rate from 8 per cent of outstanding credits towards end-1997 to 20 per cent in mid-1998 and further to 43.9 per cent at the year's end. This trend was caused, in part, by severe economic recession and, in part, by the change in the requirements for provisionings to cover NPLs from a 12-month to 6-month and finally to a 3-month interest non-accrual basis.

The problem-plagued financial sector constitutes a major factor drastically slowing down activities in the real economic sector and domestic demand. In respect to production, demand in the manufacturing and construction sectors turned markedly bearish. This is reflected by the index of industrial production, which shows a persistent drop in output of cement and steel bars due to weak sales of these products. Moreover, the lack of consumer's purchasing power led to a sharp drop in sales of practically all products to such an extent that a large excess production capacity developed. In the meantime, there were also structural problems and the problem of rising costs brought about by a sharp drop of the baht.

Furthermore, domestic aggregate demand was affected by the burgeoning of the number of unemployed workers, which more than doubled from roughly 600,000 in 1997 to 1.3 million in 1998. At the same time, those still employed were forced to accept cuts in their salaries and bonuses. Businesses suffered losses, with those terminating operations numbering as many as 12,000. The public lacked confidence in the future and were consequently unwilling to spend money. This reduced consumption expenditure. Apart from this, there were excess production capacities in many industries as well as an excess supply of homes. This led to a severe contraction of private sector investment expenditure.

Thailand's Key Economic Indicators

	1996	1997	1998 ^e	1999 ^f
GDP (current prices, billion baht)	4,598	4,775	4,779	4,797
Real GDP growth (%)	5.5	-0.4	-8.5	-0.4
- Agriculture	3.8	1.5	2.8	2.3
- Manufacturing	6.9	-0.7	-12.6	0.1
- Construction	6.1	-7.9	-26.8	-6.9
- Others	5.0	0.3	-6.3	-0.7
Consumption (%)	6.7	-1.5	-8.3	0.1
- Private sector	6.3	-0.9	-8.6	-0.8
- Public sector	9.5	-5.6	-6.4	6.3
Investment (%)	6.0	-14.5	-29.2	-7.2
- Private sector	2.0	-21.8	-26.0	-4.0
Residence	-2.3	-68.0	-32.0	-5.9
Machinery and equipment	3.1	-10.0	-25.5	-3.8
- Public sector	20.8	8.4	-36.4	-15.8
Inflation (%)				
- Consumer price index	5.9	5.6	8.1	0.8
- Wholesale price index	4.7	4.0	13.8	-1.5
Baht : US dollar (average)	25.4	31.4	41.4	37.0
External position				
- Exports (billion baht)	1,378.9	1,790.1	2,178.1	1,966.8
	(-0.2)	(29.8)	(21.7)	(-9.7)
(Million US dollar)	54,667	56,721	52,818	53,293
	(-1.9)	(3.8)	(-6.9)	(0.9)
- Imports (billion baht)	1,796.5	1,874.5	1,696.5	1,506.5
	(2.3)	(4.3)	(-9.5)	(-11.2)
(Million USdollar)	70,816	61,348	40,809	40,482
	(0.6)	(-13.4)	(-33.5)	(-0.8)
- Trade balance (billion baht)	-417.6	-84.8	481.6	460.3
As % of GDP	-9.1	-1.8	10.1	9.6
- Current account balance (billion baht)	-372.2	-40.3	535.3	505.6
As % of GDP	-8.1	-0.8	11.2	10.5
- Balance of payments (billion baht)	54.6	-299.2	57.6	
- International reserves (billion US dollar)	38.7	27.0	29.5	
Tourism				
- Tourist arrivals (million)	7.19	7.26	7.65	
	(3.5)	(0.9)	(7.5)	
- Outbound Thai tourists (million)	1.85	1.64	1.26 ¹¹	
	(1.4)	(-10.2)	(-17.6)	

	1996	1997	1998 ^e	1999 ^f
Commercial banking (billion baht)				
- Deposits	3,643.3 (13.7)	4,224.7 (16.0)	4,586.2 (8.6)	4,861.5 (6.0)
- Credits including BIBF	4,911.4 (14.2)	5,953.8 (21.2)	5,380.8 (-9.6)	5,596.0 (4.0)
Credits/deposits (%)	134.8	140.9	117.3	115.1
- Credits excluding BIBF	4,103.8 (13.4)	4,542.2 (10.7)	4,616.1 (1.6)	4,893.0 (6.0)
Credits/deposits (%)	112.6	107.5	100.7	100.6
Fiscal position (fiscal year, billion baht)				
- Revenue	843.2 (17.9)	925.0 (9.7)	782.0 (-15.5)	800.0 (2.3)
- Expenditure	843.2 (17.9)	925.0 (9.7)	830.0 (-10.3)	825.0 (-0.6)
- Capital expenditure	327.3 (28.9)	380.1 (16.1)	279.3 (-26.5)	234.1 (-16.2)
Actual revenue ^{2/}	850.2 (11.8)	844.2 (-0.7)	727.4 (-13.8)	
Actual expenditure ^{2/}	750.2 (16.6)	888.4 (18.4)	835.3 (-6.0)	
Budgetary balance ^{2/}	100.0	-44.2	-107.9	
Cash balance ^{2/}	104.3	-31.1	-114.9	
As % of GDP	2.2	-1.0	-2.2	
State enterprises' expenditure ^{3/}				
(fiscal year, billion baht)	861.6	1,045.7	1,114.4	1,104.3
- Capital expenditure	152.3	196.6	190.8	268.7
- Current expenditure	709.3	849.1	923.6	835.6
Actual capital expenditure ^{2/}	141.5 (-4.5)	186.1 (31.5)	185.5 (-0.3)	
Securities transactions				
- Volume (million shares)	19,359.1	29,902.4	70,836.0	
- Value (billion baht)	1,303.1	929.6	855.2	
SET index (closing)	831.57	372.69	355.81	

Notes : () Percentage change from the same period of prior year.

1/ Jan-Nov

2/ Bank of Thailand

3/ Budget Bureau

The implementation of high interest rate policy to shore up the baht by the government at the behest of the IMF early in the year further aggravated the illiquidity problem of the business sector and the NPL problem of financial institutions. In the meantime, the attempts to achieve the target of budgetary surplus by curtailing the public sector's expenditure led to more severe contraction of domestic aggregate demand. Later on in mid-1998, the government and the IMF reformulated the macroeconomic policy, calling for commercial banks to lower the loan rates and for the budgetary balance to be at a deficit through stepping up the public sector's expenditure to make up for the drop in that of the private sector. As it turned out, this boosted the budgetary deficit to as much as Baht 120 billion, equivalent to 2.2 per cent of GDP in fiscal 1998.

On the export front, at first many parties expected that Thai exports would become more competitive on account of a sharp fall in the value of the baht. They further hoped that the export sector would pull the Thai economy out of recession. Instead, Thai exports in dollar terms contracted by 6.9 per cent as they did not enjoy as large an edge as expected because the currencies of Thailand's competitors dropped sharply also. Moreover, the country's major markets in Asia were plagued by the economic crisis and were able to absorb less imports from Thailand. At the same time, overseas buyers pressed down prices while producers of these exported products faced the illiquidity problem.



Be that as it may, not all aspects of the Thai economy failed to show signs of improvement. In fact, the country's economic stability increased, with inflation having cooled down markedly. After attaining the peak of 10.7 per cent in June, the rate of inflation fell gradually to a mere 4.3 per cent in December. Thus, the inflation rate for the year was, on an average, only 8.1 per cent. In the meantime, the baht firmed up satisfactorily, appreciating from Baht 57 to a US dollar in January to Baht 36 in December, while its stability has also increased. The trade and current account balances were in surplus by as much as 10.1 per cent and 11.2 per cent of GDP. At the same time, although the net foreign fund inflow continued to be negative, the overall balance of payments in 1998 was Baht 57.6 billion in surplus. International reserves rose from US\$ 27 billion at end-1997 to US\$ 29.5 billion at end-1998. In addition, agricultural sector continued to expand at 2.8 per cent in real terms and the number of tourists visiting Thailand rose by 7.5 per cent in 1998.

Production

Agriculture Overall crop output in 1998 is estimated to increase somewhat, even though the second (dry season) paddy crop fell from 3.52 million tons in 1997 to 3.43 million tons in 1998. However, the main paddy crop is slated to rise at the usual rate of 3.7 per cent to 18.5 million tons as climatic conditions were favourable during the past rainy season and farmers enjoyed high baht price of paddy. Production of maize jumped sharply from 3.84 million tons to around 5 million while that of sugarcane slid almost 10 per cent to about 45 million tons. Livestock production posted fairly good growth, particularly that of broilers which rose substantially. This was due to a weak baht, strengthening demand for Thai frozen chickens in the world market. Fishery production, particularly that of black tiger

prawn, expanded commendably, due largely to a substantial increase in overseas demand for frozen prawn. Farmers were consequently encouraged to expand production to meet rising demand. On the whole, it is estimated that agricultural production grew by 2.8 per cent.

Manufacturing

The manufacturing sector faced several problems, viz., liquidity shortage resulting from a drastic drop in sales and insufficient credits extended by commercial banks; instability of the baht early in the year; mounting production costs on account of a weak baht; and a drastic drop in capacity utilization in spite of the fact that many of the affected industries had invested in expanding their production capacities in the past 1-2 years. Examples of these industries were vehicles, petrochemicals and construction materials (cement, tiles, etc.). Manufacturers had to resort to exports to overseas outlets at low prices. It is estimated that manufacturing output contracted 12.6 per cent.

Construction

This sector shrank drastically in line with the bearish real estate sector, due to a large excess supply of both homes and office buildings. The problems materializing in the financial sector continued also to greatly weaken demand for homes from the previous year. The bulk of construction projects were undertaken mostly by the public sector. Thus, the overall construction sector is estimated to shrink by 26.8 per cent.

Expenditure

Private sector consumption expenditure fell sharply mainly on account of affected consumer confidence, worker lay-offs and reduction of salaries and bonuses. This greatly dampened sales of goods, particularly those of the durable variety, ranging from motor vehicles and electrical appliances to homes and home decoration items. It is estimated that private sector consumption expenditure dropped 8.6 per cent.

Private sector investment expenditure slid precipitously because the business sector had already invested considerably to expand production capacity to answer rising demand of the market prior to the economic crisis. However, with the economy abruptly entering the doldrums, the bulk of producers were caught with large excess production capacity. As a consequence, private sector investment expenditure is estimated to fall by a large 26.0 per cent.

Prices

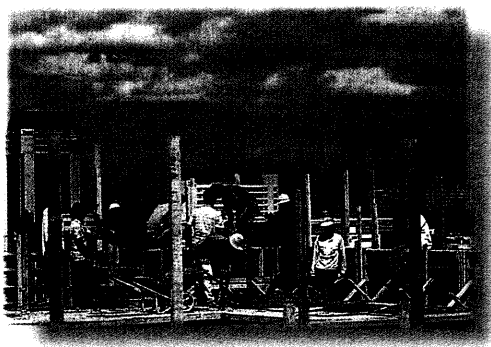
In the first half of the year, the consumer price index rose more sharply than in the second half. On the average, the increase in prices in the first half was 9.7 per cent. This was the result of the weakening of the baht, which boosted production costs, the increase in the VAT rate and decreased output due to unfavourable weather conditions. The rate of increase in the CPI finally peaked at 10.7 per cent in June. Later on, with the pressure from the weakening of the baht and the raising of the VAT rate having worked itself out and the flows of farm products to the market rising in line with their seasonal factors, the inflation rate declined gradually to the lowest level of 4.3 per cent at the end of the year. On the average, the rate of price increase in the second half of 1998 was 6.6 per cent. As it turned out, the firming of the baht in the second half of the year and the drop in the world oil price contributed greatly to the reduction of production costs. In consequence, the inflation rate averaged 8.1 per cent in 1998, lower than the 8.8 per cent rate we projected early in the year.

External position

The trade and current account balances, which had been continually in deficit (except in 1986 when the current account balance was Baht 6.5 billion in the black), switched to being in surplus to the tune of Baht 481.6 billion and Baht 535.3 billion in 1998, equivalent to 10.1 per cent and 11.2 per cent of GDP respectively. Moreover, although net capital movements were negative foreign direct investment was on the rise, causing the balance of payments surplus to amount to Baht 57.6 billion in 1998.

The fact that the baht became more stable and stronger towards the end of the year was good in enhancing foreign investor confidence. However, this trend of the baht value had a negative impact on Thai exports, which were further affected by exporters' shortage of liquidity and economic recession in ASEAN and Japan reducing their purchases of Thai goods sharply (although Thai exports to the EU and the US rose). As a consequence, of all these factors Thai exports are estimated to contract 6.9 per cent in US dollar terms or to expand only 21.7 per cent in baht terms in 1998. In regards to imports, they fell in US dollar terms by 33.5 per cent and in baht terms by 9.5 per cent. In particular, imports of oil dropped 43.0 per cent in US dollar terms. The services and unrequited transfer balance was in surplus slightly more than in the previous year, due to the depreciated baht, unrests in some ASEAN countries, the Amazing Thailand Years 1998 and 1999 campaign and the holding of the 13th Asian Games.

The offshore swap obligations were fully settled by September. With huge surpluses in trade and current accounts and the help of loans from the IMF, the World Bank and the Asian Development Bank, Thailand's international reserves managed to stay above the target level of US\$ 23 billion throughout the year. In fact, as of December 30, 1998, they stood at US\$ 29.5 billion.



At the end of the fiscal year (September 30, 1998), foreign debts totalled US\$ 86.6 billion, down 8.3 per cent from prior fiscal year. The decline was due to the repayment of private sector debt, especially that of commercial banks. In the meantime, public sector and Bank of Thailand debts rose, with all of the debts being long-term ones. This reduced the short-term to long-term debt ratio from 35 to 65 per cent in the previous fiscal year to 30 to 70 per cent in fiscal 1998. This improved the overall outstanding foreign debt position of the country, both in terms of the amount and the ratio of short-term debts to long-term ones.

Public finance

Fiscal 1998 saw more changes of fiscal policy than in any other fiscal year in the past. At the start of fiscal 1998, a balanced budget policy was formulated in accordance with LOI no.1. This was, then, changed to achieve a budgetary surplus of 1 per cent of GDP in line with LOI no.2. Both of these targets were for the sake of maintaining economic stability as advised by the IMF. However, while the baht stability was accordingly achieved, the overall economy went more deeply into recession. The government, therefore, reformulated its policy, allowing a budgetary deficit of 2 and 3 per cent of GDP

in keeping with LOI nos. 3 and 4 respectively. This is with the hope that larger public sector expenditure will provide a stronger stimulant to the Thai economy.

In fiscal 1998, total revenue collection continued to fall short of total expenditure, making it the second consecutive year in slightly more than a decade that Thailand suffered a budgetary deficit. The cash balance was in the red to an amount of Baht 115.0 billion, or 2.2 per cent of GDP, while the overall budgetary balance was a negative Baht 107.9 billion, leading to a drawdown of Baht 132.4 billion from treasury reserves. This left the remaining reserves at Baht 144.4 billion.

On the revenue side, economic recession affected revenue collection, which consequently dropped 13.8 per cent to Baht 727.4 billion still lower than the latest planned amount of Baht 782.0 billion. Earlier on, the planned amount had been set at Baht 923.0 billion. Revenue failed to meet the target in spite of the increases in the rates of the VAT and certain items of the customs and excise taxes. In the meantime, however, collection of the corporate income tax and import duties fell sharply. Moreover, the revenue shortfall was also a result of the government's measure to stimulate the economy, allowing state enterprises to slow down the delivery of their earnings to the treasury and firms to delay payment of their corporate income tax for the first half and then to pay a lump sum in May 1999 instead.

On the expenditure side, the planned spending amount was also adjusted downwards from Baht 923 billion to only Baht 830 billion. However, actual outlay came to Baht 835.3 billion, a decline of 6.0 per cent from prior fiscal year. Disbursement of the budget was stepped up sharply towards the end of fiscal 1998 due to the steadily raising of the budgetary deficit in accordance with successive LOI's.

The financial sector

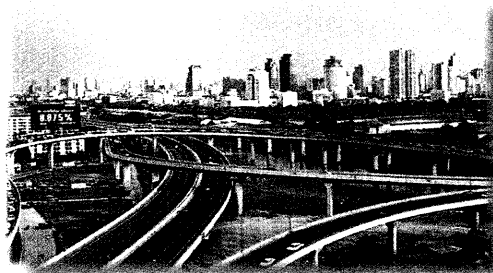
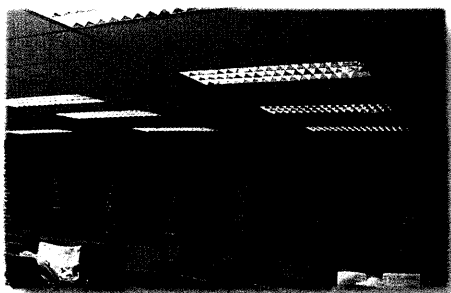
In 1998, Thailand continued to energetically address problems facing the financial sector in keeping with the agreements made with the IMF. The country's efforts were directed at strengthening stability of financial institutions still continuing operative, solving problems facing financial institutions in which the authorities had intervened and stepping up pressure to get financial institutions to distribute liquidity to the real economic sector.

The NPL problem intensified in 1998 in tandem with the deterioration in the overall economic situation and the rise in the interest rate to a very high level. The latter trend made it impossible for the majority of customers to service their debts, eroding their creditworthiness. In consequence, the proportion of NPLs of the entire commercial banking system rose to as high as 43.9 per cent of total credits (on a 3-month interest non accrual basis) at end-1998. Moreover, the situation was aggravated further when financial institutions were required to set aside provisions and to classify their debtor accounts more stringently, using qualitative criteria. These accounts were to be classified into 6 categories, namely normal, specially-mentioned (failing to pay back principal and interest due in excess of 1 month), substandard (failing to pay back principal and interest due in excess of 3 months), doubtful (failing to pay back principal and interest due in excess of 6 months), doubtful-of-loss (failing to pay back principal and interest due in excess of 12 months) and finally lost accounts. Provisioning requirements for the first 5 categories were respectively 1, 2, 20, 50 and 100 per cent, whereas the last category, i.e. the lost accounts, was to be written off altogether. However, banks were permitted to set aside provisions in successive amounts of 20 per cent each, with the last amount to be put up by the end of 2000. These requirements were new to Thai financial institutions, necessitating them to raise their provisions very sharply. Apart from that, commercial bank earnings dropped further on account of the requirement that banks must cease accruing interest income on any account where interest due had not been received in excess of 6 months as of January 1, 1998 and then in excess of 3 months as

of January 1, 1999. This caused commercial banks to suffer a huge amount of loss of as much as Baht 330.9 billion in 1998.

Large losses sustained by financial institutions have eroded the capital bases of commercial banks, curtailing their ability to extend credits. Meanwhile, the creditworthiness of borrowing customers deteriorated steadily, forcing each bank to increase caution in its lending activity for fear that they would become low quality credits. These would, then, have a new round of negative repercussions on bank operations later on.

The authorities attempted to implement remedial measures by prodding financial institutions to recapitalize since November 1997. In consequence, several financial institutions have successfully done so, aided by a private sector inflow of over US\$ 3 billion from abroad. However, a number of financial institutions failed to follow the official behest, prompting the authorities to intervene on 3 occasions, in a total of 18 financial institutions — 6 commercial banks and 12 finance companies. These were ordered to write down their capital, to obtain a debt to equity conversion of outstanding Financial Institutions Development Fund (FIDF) lending and to effect a change in the management team, totally or partially.



Besides urging financial institutions to step up their recapitalization efforts, the authorities also provide incentives to encourage negotiations to restructure debts of those facing problems and spur sales of assets of 56 finance companies ordered to terminate operations. Nonetheless, the NPL problem failed to mitigate while financial institutions were necessitated to again recapitalize. Thus, the authorities launched the so-called August 14 package of measures to rehabilitate the financial institution sector. It called for, among other things, the floating of government bonds worth Baht 300 billion to provide financial assistance to financial institutions, which joined the project, to pursue recapitalization in both the 1st and 2nd tier components. Another measure called for the solving of problems of financial institutions, in which the authorities intervened in 1998, by offering them for sale to the private sector and by merging them with those still operative. Concerning debt restructuring, the authorities had already removed obstacles in the form of taxes. However, obstacles still remained to hinder actual practice. To come to grips with these, the government introduced bills to parliament, amending the Bankruptcy Law, Law of Civil Procedures and the Alien Business Law. Apart from this, the lack of macro-economic data and those of micro nature on the levels of firms and industries prevented the problem addressing process from making headway satisfactorily in 1998.

Exchange rate

In 1998, the baht became more stable than in prior year. Early in the year, the Thai currency weakened, averaging Baht 56.81 to a US dollar in January due to fluctuation of other currencies in Asia. Thereafter, the baht firmed and gained in stability, moving in a Baht 36-41 band in the second half of the year. The increased stability of the baht was a result of the measure to unify the 2-tier exchange market, the

steady inflow of foreign direct investment (FDI) which totalled a large US\$ 4.9 billion last year and an increase in portfolio investment. However, the single most important factor was the fact that Thailand had enjoyed a surplus in its current account balance in an amount of about Baht 1 billion per month since September 1997, continuing throughout 1998. At the same time, the country's debt burden began to decline, with some of the debt having been rolled over, while the authorities had fulfilled all offshore swap obligations. As a consequence, demand for foreign currencies for repayment of debt dropped.

Liquidity

Shortage of liquidity constituted an important problem in the first half of the year. This put strong pressure on the short-term repurchase rate, with the 1-day rate soaring to 25 per cent per annum in January. This was caused by the authorities' policy of maintaining the interest rate at a high level to minimize fluctuation of the exchange rate. In addition, the Financial Institutions Development Fund entered the market to compete for liquidity by offering high interest rate for short-term loanable funds from financial institutions which still had some liquidity left. In the meantime, some financial institutions were short of liquidity and had to compete in the mobilization of deposits by offering to pay an interest rate as high as 15-16 per cent.

In the second half of the year, the financial system turned highly liquid as a result of the Bank of Thailand's policy allowing short-term interest rates in the money market to decline after the baht had regained stability. At the same time, the Ministry of Finance quickly rectified distortion of liquidity through restructuring debt of the Financial Institutions Development Fund through changing its maturity from a long to short one by issuing government bonds worth Baht 500 billion. Apart from that, the government implemented a budget-deficit policy and accelerated disbursement of budgetary funds. Meanwhile, funds flowed into the country from overseas to participate in the auction of assets by the Financial Sector Restructuring Authority and to undertake recapitalization of financial institutions. Excess liquidity in the financial system subsequently dampened the 1-day repurchase rate which fell to lower than 4 per cent towards the end of the year.

Domestic interest rates

Deposit and loan interest rates were raised in the first half of the year because interest rates in the short-term money market rose to over 20 per cent early in the year. However, in the second half the liquidity problem ameliorated following the government's restructure of the debt of Financial Institutions Development Fund, reducing distortion of interest rates in the short-term money market. Furthermore, the Bank of Thailand regulated interest rate competition by requiring commercial banks to announce payments of deposit interest rates equally at every branch. Commercial banks consequently restructured their costs by reducing interest rates on fixed deposits continuously until the fixed deposit rate at large banks fell to 6 per cent at end-1998. In the meantime, the rate on savings accounts dropped to 4.5 per cent. On the credit side, the loan rates fell gradually in tandem with high-cost deposits reaching maturity. Moreover, the loan rates were brought lower, in answer to the official economic stimulative policy. Thus, the final quarter witnessed loan rates sliding rapidly, with the MLR of large banks decreasing to only 11.5 per cent.

Commercial bank deposits and credits

In 1998, deposits are estimated to grow 8.6 per cent, slower than the 16.0 per cent recorded in 1997. Commercial bank deposits still expanded at a rather high rate despite economic recession and worker salary reductions and lay-offs largely because savings were diverted from finance companies to

especially large commercial banks and because interest on deposits which was paid to depositors at a very high rate almost throughout the year was compounded to the principal.

Credits (including BIBF credits) in the commercial bank system in 1998 are estimated to contract 9.6 per cent in the face of economic conditions, which dampened expenditure and domestic investment. Businesses terminating operations numbered more than 12,000 in 1998. Demand for credits consequently weakened. Furthermore, credits granted through BIBF offices dropped sharply because overseas debt was repaid during the period when the baht strengthened. Concomitantly, borrowers' ability to pay back debt was affected, necessitating commercial banks to maintain loan loss provisions at a higher level. Thus, banks had to exercise more caution in credit extension. Meanwhile, credits (excluding BIBF) grew at an estimated 1.6 per cent.

Stock market

It could be said that the local bourse crashed in 1998. The SET price index peaked at 558.92 points in the first quarter. Afterwards, it slid through the second and third quarters to close at the lowest level of 207.31 points on September 4, 1998, which approximated the level where the price index stood when the Stock Exchange of Thailand was officially opened. Nonetheless, the index began to climb again, reaching 355.81 points at the end of the year. This was, in part, due to the sharp drop in the interest rate and, in part, due to the fact that prices of some stocks had already fallen below the levels deemed appropriate for them. Investors were, consequently, prompted to pay more attention to the Thai stock market. Meanwhile, several measures which were implemented during the year, viz., the permission to conduct short sales, hardly played a part in stimulating the stock exchange.



Trends for 1999

After having gone through an exceptionally difficult and painful year in 1998, all parties have hoped that the current 1999 will see the Thai economy finally bottom out. In fact, confirming this belief are a certain number of economic statistics which have reflected steady trends of improvement in several economic aspects since late 1998. They indicate quite clearly that the Thai economy will likely hit the nadir in the second quarter of 1999 and will gradually bounce back in the last half of the year. Nonetheless, after a thorough analysis of the situation it is more realistic to expect that the country will continue to post a negative, albeit marginal, rate of GDP growth of 0.4 per cent in 1999. Supporting this projection are a number of factors in both the real and financial sectors which will prevent the domestic economy from achieving full recovery this year.

In the real sector, the bellwether culprit is the expected weak aggregate domestic demand. Although expenditure on certain products tended to contract less markedly towards the end of 1998 the consumers themselves, viz., factory workers, private sector employees, entrepreneurs, civil servants as well as juristic persons, like companies and other corporate entities do not fare any better than in the previous year. A large number of workers remain idle while those still employed must agree to cuts in

salaries and bonuses. In the meantime, those tilling the land in the agricultural sector are this year facing the twin problems of a drop in output and falling commodity prices. The situation is further aggravated in many localities by a water shortage on account of the very low level of water in the reservoirs of dams throughout the country. It is, thus, expected that private sector consumption expenditure in 1999 will approximate that in prior year. As for private sector investment expenditure, this likewise shows no signs of recovery as the majority of industries still have large excess capacity.

Besides domestic demand, that in overseas markets for Thai exports is expected to weaken also. This is on account of factors, including a slowdown in world economic growth, a stronger baht compared to currencies of major trade rivals and the revoking of GSP privileges given to certain Thai agricultural products by the EU. The last-mentioned is expected to have a strong impact on overseas sales of Thai export products, especially frozen prawn and processed food.

On the financial sector front, a number of favourable factors will be at work in 1999. These include a fall in the domestic and overseas interest rates, the measure implemented by the Bank of Thailand requiring each commercial bank to expand their credits by 4-8 per cent and several measures being effected to address problems of financial institutions, such as, debt restructuring, auction of assets of defunct finance companies by the Financial Sector Restructuring Authority, amendment of laws to promote financial business and the proposed establishment of a deposit insurance institution. Although the afore-mentioned factors will assist in distributing liquidity to the real economic sector more than in the past year the key factor needed for the recovery of the financial sector is the successful effort to recapitalize financial institutions in 1999, which the authorities intend to fully implement by mid-1999. Obviously, with every financial institution succeeding in its recapitalization effort as planned, the public and foreign investor confidence will be strengthened considerably. Nonetheless, it will take some time before the NPL problem will gradually ameliorate to the point where it will be feasible again for commercial banks to extend credits as in normal times. As a consequence of all this, the Thai financial sector will still have to face grave problem through 1999.

In the meantime, in the real economic sector noted above there are, nonetheless, two important positive factors. First, economic stability has been achieved satisfactorily. The inflation rate is expected to cool to a marginal 0.8 per cent although the unemployment rate will rise sharply and the budgetary balance will be in deficit. Moreover, the trade and current account balance will be in surplus by as much as 9.6 per cent and 10.5 per cent of GDP. The baht will likewise gain in stability, standing for the most part at about Baht 37 to a US dollar. Apart from that, international reserves will total no less than US\$ 30 billion, which is sufficient to strengthen foreign investor confidence. Second, public sector expenditure will rise to a level where the budgetary deficit will, according to LOI no.6, increase to 5 per cent of GDP or, in absolute terms, about Baht 250 billion. In the government sector, the budgetary deficit is set at 3.0 per cent of GDP and in the state enterprise sector 2.0 per cent. The former figure comprises 0.5 per cent of GDP for strictly budgetary deficit, 1.0 per cent for economic stimulation and employment creation and the remaining 1.5 per cent for reserves for revenue collection failing to achieve the target, for expenditure exceeding the planned level and for interest to be paid on borrowings and bonds. A simulation through usage of the econometric model by Bangkok Bank's Research Department reveals that if the government budgetary deficit is raised to 3 per cent of GDP the country's economy will expand by as much as 2.7 per cent — assuming that expenditure is efficient and in keeping with the target while the economy on the private sector front is not affected adversely by deteriorating external condition.

Production

Agriculture The water level in reservoirs of most major dams throughout the country is at a historically low level early in 1999. This will have a very strong impact on the second (dry season) paddy crop in 1999, which will consequently fall sharply. Production of cassava roots is likewise expected to decline on account of drought and weakened overseas demand. Livestock output will tend

downwards due to a stronger baht, which reduces the competitiveness and, consequently, exports of Thai frozen chicken to the world market. As well, exports of fishery products will be strongly affected by both the rising value of the baht and the canceling of GSP privileges by the EU. It is expected that in 1999 agricultural production will expand by about 2.3 per cent.

Manufacturing Output tends to rise slightly due to the substantial drawdown of inventories, the necessity of maintaining production at a sufficiently high level in certain industries and a drop in the costs of imported raw materials due to a stronger baht. However, domestic demand still remains stagnant while exports face sluggish world demand and are losing competitiveness because of the appreciation of the baht. Given these factors, production of the manufacturing sector is expected to expand marginally by 0.1 per cent.

Construction Public sector projects to put up utilities will play the leading role in preventing the construction sector from contracting too markedly in 1999. As for private sector construction, be it for putting up homes, shopping complexes or office buildings, this all continues inactive as there is still a large oversupply. Consequently, the construction sector is estimated to contract by 6.9 per cent.

Expenditure

Private sector consumption expenditure Contraction will be much less marked, with the rate being estimated at a marginal 0.8 per cent in 1999. A leading factor is the fact that lay-offs are declining sharply. Moreover, although the minimum wage rate is likely to stay put in the near future the inflation rate and the interest rate on loans are tending downwards, strengthening consumers' confidence.

Private sector investment expenditure In the production sector, on account of large excess production capacity in many industries, investment for plant or capacity expansion purposes is not



undertaken for the time being. In the meantime, investment in housing construction is expected to shrink further. Thus, the bulk of private sector investment will be accounted for by that in projects under concession from the government, viz., the sky train project, the subway project and the various phases of the expressway projects. It is expected that private sector investment expenditure will drop 4.0 per cent.

Prices

The appreciation (on an average) of the baht in 1999, compared to 1998 and the low price of oil in the world market, dampens pressure on production costs. Furthermore, if domestic expenditure continues to contract as forecasted it is estimated that the inflation rate as measured by CPI in 1999 will be only 0.8 per cent, with the increase rate in the first half being smaller than that in the second half.

External position

In 1999, it is expected that the trade and current account surpluses will be smaller than in prior year, due to the appreciation of the baht, leading to drops (in baht terms) of about 9.7 per cent and 11.2 per cent in exports and imports respectively. The fall in exports is also a result of weakened world demand and the EU. termination of GSP privileges on 3 categories of Thai agricultural products

(fisheries ; vegetables, fruit and fresh flowers ; and prepared food). Meanwhile, the fact that the offshore swap obligations were completely settled in 1998 will contribute to an increase in international reserves in 1999.

Public finance

Fiscal 1999 sees the Thai government, for the first time in a decade, decides beforehand to draw up a planned budget deficits with the shortfall being set at Baht 25 billion. This reflects the government's intention to use fiscal stimulus to complement their less restrictive monetary policy stance. This being the case, planned budgetary expenditure is established at Baht 825 billion. It comprises current expenditure, capital expenditure and loan repayment outlay in the following proportions : 62.5 per cent, 28.4 per cent and 9.1 per cent. In the specific case of loan repayment, the amount set aside in the 1999 budget increases by 140.8 per cent over the previous fiscal year. On the revenue side, the planned amount is Baht 800 billion. The planned budgetary shortfall of Baht 25 billion will be funded through the issuance of treasury bills.

However, due to the continued recessionary pressure, fiscal deficit targets have consequently been raised, with the budgetary cash deficit being widened from 3 per cent to 5 per cent of GDP in LOI no.6. The state enterprise budgetary gap will account for 2 per cent and that of the central government 3 per cent. The central government deficit portion comprises the following : 0.5 per cent strictly fiscal 1999 budgetary deficit, 1.0 per cent for assisting those seriously affected by the economic downturn and rural development, 0.5 per cent in case of below-target revenue collection, 0.5 per cent in case of expenditure exceeding the planned level and 0.5 per cent interest on borrowings and bonds issued by government entities.

Apparently, only the planned budgetary deficit equivalent to 1.5 per cent of GDP will directly and immediately have direct repercussions on the economy. The remaining 1.5 per cent constitutes reserves for a variety of purposes. Thus, the efficiency of disbursement and utilization of funds will be of great importance to the successful usage of fiscal measures as a tool for economic stimulation purposes.

Financial sector

In 1999, the financial sector will continue to undergo restructuring. This is effected through implementing measures begun in prior year, viz., the August 14, 1998 package of measures, the auction of assets by the Financial Sector Restructuring Authority, debt restructuring and the reform of the financial sector through the promulgation of a number of laws.

It is expected that liquidity in the financial system will continue to ease due to low investment demand and continued inflows of foreign capital from Japan, under the "Miyazawa Plan", and other international organizations, including the World Bank, the Asian Development Bank and the International Monetary Fund. Moreover, overseas funds are expected to flow into the country more copiously to participate in the auctioning of assets by FRA or to directly acquire assets in the country because Thailand's economic fundamentals are still better than those of many other countries in the region. In addition fiscal 1999 calls for a budgetary cash deficit equivalent to 5 per cent of GDP.

Nonetheless, although the liquidity situation continue to improve and the interest and exchange rates are increasingly stable, these factors will prove to be favourable to economic recovery only when banks' measures to recapitalize and to effectively address the non-performing loan (NPL) problem turn out to be successful.

In 1999, deposits in the commercial bank system are projected to expand by 6.0 per cent, which is slower than in 1998. Negative factors include stagnant income of the public; declining bank interest rates in the face of investors having more venues for investment, viz., debt instruments and subordinated debentures.

Credits in the commercial bank system (including BIBF) are expected to grow by 4.0 per cent in 1999. Excluding BIBF, the increase rate is likely to be at 6.0 per cent. Factors positively affecting credit expansion include interest rates tending downwards enhancing debt repayment ability of borrowers; the government policy for economic stimulation, requiring each bank to increase their credits by 4-8 per cent; the acceleration of credit extension through the state specialized financial institutions to small and medium-sized enterprises (SMEs); the support given to the export sector through the EXIM Bank; and the role played by the Bank for Agriculture and Agricultural cooperatives in extending credits to the agricultural sector. These factors will revitalize the country's credit system, enabling it to distribute more credits to the real productive sector. It is likewise expected that the authorities will complete the amendment of the bankruptcy law in mid-1999 and will promulgate the law for the establishment of the credit bureau to help raise the efficiency of credit allocation in the future.

An expensive lesson

The economic and financial crisis arising in Thailand in 1997 reflects clearly the failure of the country in its attempt to develop itself to the rank of a newly industrialized country. Although this setback should provide one with sober thoughts, one may still be relieved as luckily the country's economic and political structures are strong enough to withstand the resultant disruptions. In fact, complete economic meltdown has not taken place to undermine stability to such an extent that political violence has taken place as has been the case in several countries. Be that as it may, this crisis has been highly costly in terms of its severity and widespread damage to the country as has never been witnessed before. Numerous financial institutions have ceased to operate. More than ten thousand business entities have become insolvent. The nation's assets have depreciated by almost 50 per cent, with a large portion of them being sold to foreign parties — cheaply. Meanwhile, millions of workers have become idle. The public have suddenly experienced growing hardship and deterioration of their mental health. Surely, this entire episode constitutes an invaluable expensive lesson. It is consequently appropriate to study and review the situation to find out what mistakes have been committed and how can we prevent them from occurring again in the years ahead so that history may not repeat itself. Offhand, one may point the finger at the overly dependence on overseas sources for capital and technology as a main factor hindering the achievement of success in the development process. Other factors include neglect of the economic sectors in which Thailand enjoys natural comparative advantage, namely, agriculture and agro-industry; wanton usage of resources; disregard of the preservation of the environment leading to a rapid depletion of valuable natural resources and the deterioration of environmental quality. Apart from that, Thais are inclined to overdo things, particularly to live beyond their means, and to follow their *"jump-on-the-bandwagon"* instinct disregarding what is appropriate and due consideration of their own capabilities, causing damage to the overall sector. Thus, it behooves both the public and private sectors to look back at the experience gained from the past lesson, maximizing what is beneficial and minimizing what is baneful so that the development process in the years to come will be a distinct improvement over that in the past. Above all, however, the outline of thoughts was given by His Majesty the King to the Thai public on December 4, 1997 on *"the self-sufficient economy"*. If the government succeeds in promoting the use of these concepts to produce concrete results through proper planning and effective target setting the country will be assisted in weathering the crisis and in achieving sustained growth in the years ahead.

BANK OPERATIONS

The economic and financial crisis in Asia became a worldwide phenomenon in 1998. Widespread economic recession took place in Asia, Europe and Latin America. The International Monetary Fund (IMF) has estimated world economic growth rate at only 2.2 per cent in 1998, compared with 4 per cent in the preceding two years.

In 1998, the Thai economy was deeply in recession, contracting by 8.5 per cent. Private sector investment dropped sharply due to the liquidity crunch in the first half of the year. Excess production capacity in many industries, reduced private sector consumption caused by worker layoffs and price increases also played key roles in the recession.

Public sector expenditure, especially investment outlay, also dropped due to restrictive monetary and fiscal measures implemented in line with the IMF's policy. International trade became sluggish as the crisis spread throughout the world. Exports, in US dollar terms, dropped since the beginning of the year. Imports also fell sharply, in line with declining domestic demand, resulting in trade and current account surpluses. Meanwhile, inflation averaged 8.1 per cent, rather low for an economy undergoing adjustment.

The government policy during the first half of the year focused on economic stability. This was reasonably successful, resulting in a stable baht, a reasonable rate of inflation and greater international reserves. However, it also resulted in a more severe liquidity crunch and a sharp rise in non-performing loans (NPLs) in the banking system, severely damaging the real economic sectors. A large number of businesses had to terminate operations due to lack of working capital and high interest rates. Therefore, the economy contracted at a greater rate than expected.

In the second half of the year, the government adopted more relaxed fiscal and monetary measures to help increase liquidity. These included an increased budgetary deficit to allow greater government spending - especially on improving infrastructure, creating jobs in rural areas and strengthening economic communities.

Attempts were made to stimulate private sector demand by encouraging commercial banks and financial institutions to extend more trade and housing credits. Meanwhile, the Bank of Thailand (BOT) was successful in pushing down interest rates, resulting in ample liquidity in the money market. Interest rates dropped sharply and rapidly in the last quarter. The minimum lending rates (MLR) of large banks dropped from 15.25-15.50 per cent to 11.50-12.00 per cent and fixed deposit rates from 10.00-11.50 per cent to 6.00-8.00 per cent.

To strengthen the financial system and build up investor confidence, the authorities had implemented a number of measures to address the problem of NPLs. The rapid rise in NPLs discouraged new bank lending needed for economic recovery. The measures included:

- Promotion of debt restructuring and debt settlements
- Amendment of laws and taxes to facilitate debt restructuring
- Financial sector rehabilitation package to help banks recapitalize both Tier 1 and Tier 2 capital.

These measures were designed to enable financial institutions to function more efficiently and help other economic sectors recover.

However, the economic and financial crisis resulted in unprecedented damage to the commercial banking sector. In addition to the effects of the crisis, banks were required to comply with new rules and regulations, enforcing stricter standards on debt classification, income recognition and loan loss reserves.

As a consequence, the whole commercial banking system suffered a huge loss of Baht 330,000 million in 1998. Bangkok Bank and its subsidiaries posted an unprecedented net loss of Baht 49,863.0 million. Total assets at end-1998 amounted to Baht 1,271,273.5 million, a decrease of 10.2 per cent. Credits, net of loan loss provisions, totaled Baht 855,396.1 million, a decrease of 16.4 per cent, while deposits rose by 2.4 per cent to Baht 975,037.9 million. Shareholders' equity dropped 2.6 per cent to Baht 101,145.2 million. At year-end, loan loss reserves totaled Baht 102,954.6 million, up 77.2 per cent. This is aimed at boosting the confidence of investors, shareholders and customers.

Operating Fund

The operating fund of Bangkok Bank and its subsidiaries at end-1998 totaled Baht 1,240,793.4 million, a decrease of Baht 112,580.8 million or 8.3 per cent. Deposits totaled Baht 975,037.9 million, accounting for 78.6 per cent of the operating fund. Interbank and money market items amounted to Baht 103,819.4 million, accounting for 8.4 per cent. Borrowings amounted to Baht 60,790.8 million, making up 4.9 per cent. The Bank's shareholders' equity totaled Baht 101,145.2 million, equivalent to 8.1 per cent of the operating fund. The Bank's shares at end-1998 numbered 1,466,495,694, an increase of 465 million shares, reflecting the first quarter successful recapitalization of the Bank. This was the region's largest transaction for the year and reflected investor confidence in the Bank.

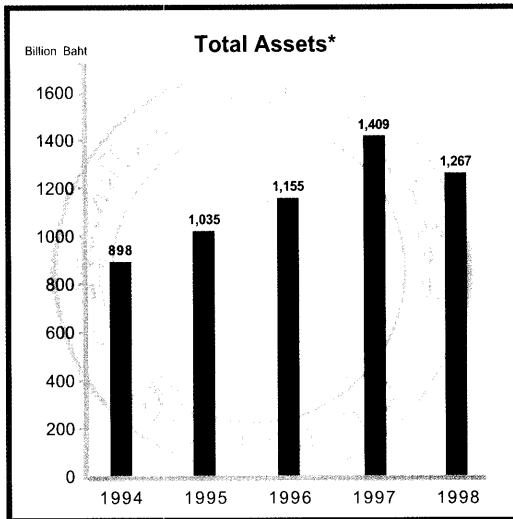
Deposits and Liquid Assets

During the first half of 1998, all financial institutions faced a shortage of liquidity and had to compete for deposits by offering high interest rates. The problem declined in the second half when liquidity was restored and the Bank of Thailand required commercial banks to offer equal interest rates at all branches. As a result, time deposit interest rates dropped sharply, with that on 3-month deposits being 6.00 per cent at year-end, compared with 10.00-11.50 per cent at the end of 1997.

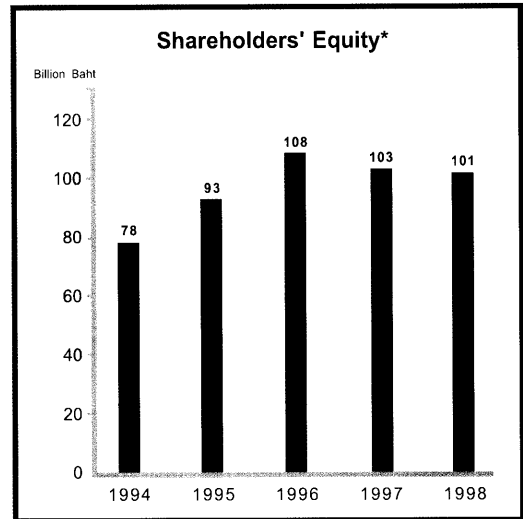
Meanwhile, interest rates on savings deposit fell from 5.00 per cent to 4.50 per cent. Despite the overall decline in savings due to the economic crisis, the Bank's deposits continued to grow. At end-1998, deposits at the Bank and its subsidiaries totaled Baht 975,037.9 million. Of this amount, Baht 969,779.8 million were accounted for by Bangkok Bank (not including interbank and money market items), representing an increase of Baht 23,232.11 million or 2.5 per cent. Deposit accounts numbered 11,176,343. The ratio of liquid assets to deposits equaled 26.4 per cent compared with 18.4 per cent at the end of the previous year.

Loans

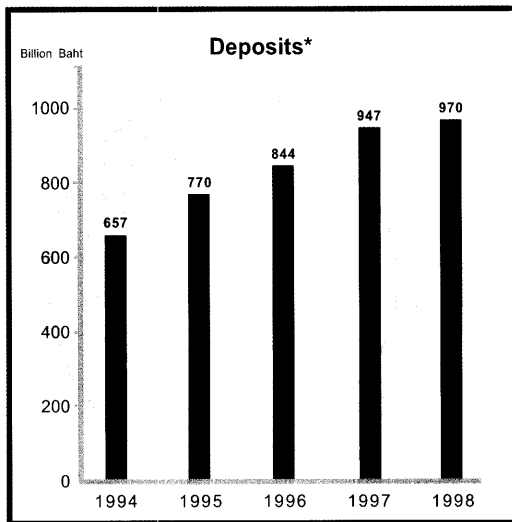
The NPL problem continued to deteriorate as the economy remained sluggish. In addition, commercial banks had to comply with more stringent rules on provisioning for possible loan losses. Furthermore, the losses suffered by banks since the second half of 1997 had weakened the capital base. Loan growth was thus constrained as financial institutions needed to maintain acceptable capital adequacy ratios.



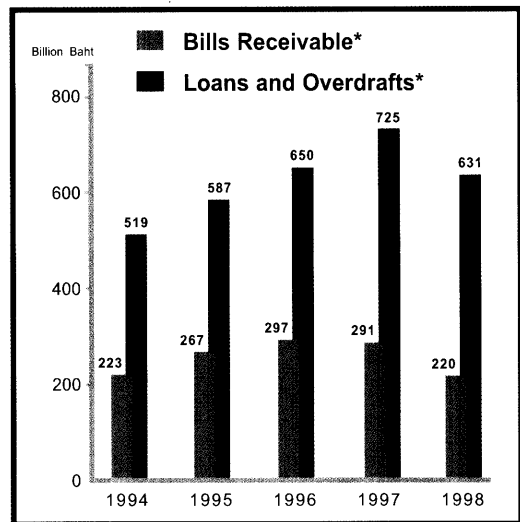
* Bangkok Bank (excluding subsidiaries)



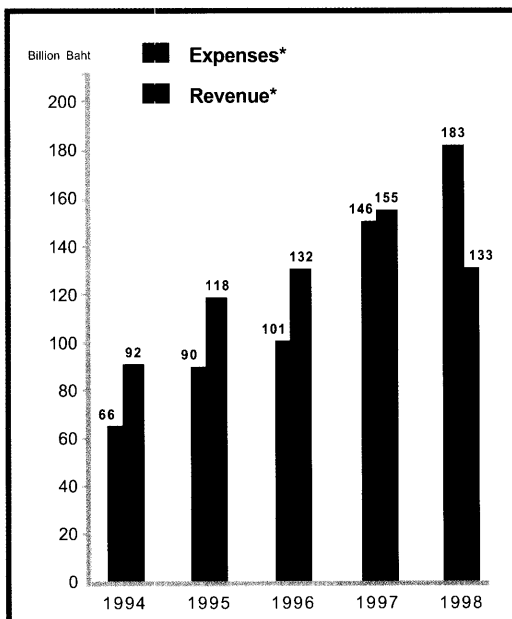
* Bangkok Bank (excluding subsidiaries)



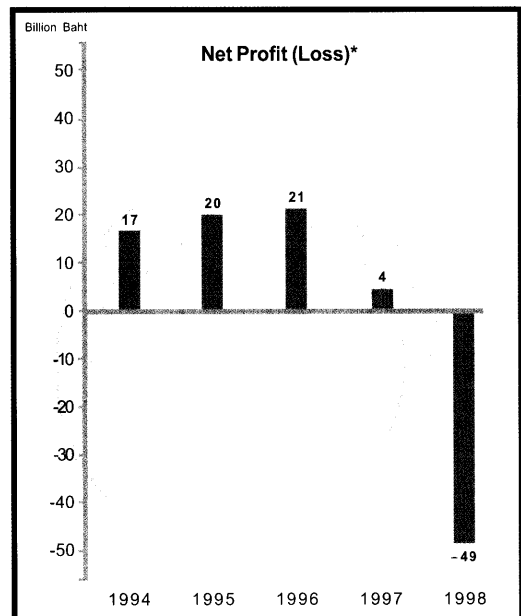
* Bangkok Bank (excluding subsidiaries)



* Bangkok Bank (excluding subsidiaries)



* Bangkok Bank (excluding subsidiaries)



* Bangkok Bank (excluding subsidiaries)

At end-1998, net outstanding credits of the Bank and its subsidiaries totaled Baht 855,396.1 million. Credits extended by Bangkok Bank (not including interbank and money market items) amounted to Baht 850,468.4 million, a decrease of Baht 166,002.3 million or 16.3 per cent from the end of the previous year. These comprised:

- Baht 55,888.4 million of BIBF lending, a decrease of 57.5 per cent (the stronger baht resulted in a lower value of outstanding foreign debt when converted into baht)
- Baht 574,730.9 million in loans and overdrafts, a drop of Baht 19,338.6 million or 3.3 per cent
- Baht 219,849.1 million in bills discounted, a decrease of Baht 71,137.2 million or 24.4 per cent.

Rural credits at year-end amounted to Baht 155,266.3 million, which was Baht 21,602.3 million or 12.2 per cent lower than the target set by the BOT. Lending rates were high during the first half of the year and were adjusted downward rapidly in the last quarter. The MOR, MLR and MRR dropped from 15.25-15.75 per cent at end-1997 to 11.50-12.25 per cent at the end of last year.

The Bank has placed great emphasis on the management of sub-standard assets. It has been actively engaged in debt restructuring efforts and has played a leading role in negotiating large and complicated cases. It has also been proactive in increasing provisioning to accelerate the fulfillment of the Year 2000 loan loss reserve requirements of the Bank of Thailand.

Public sector activities

The Bank continued to cooperate with the government in its policy of stimulating the economy. During the year it underwrote a number of public sector bonds. These comprised bonds issued by the Government Housing Bank, the Electricity Generating Authority of Thailand, the Expressway and Rapid Transit Authority of Thailand and the Metropolitan Rapid Transit Authority. The Bank remained a forerunner in this business undertaking.



Results of operations

In 1998, the consolidated operating income of the Bank and its subsidiaries totaled Baht 133,781.5 million, a decline of Baht 21,637.0 million or 13.9 per cent from the previous year. Consolidated operating expenses was Baht 183,644.5 million, representing an increase of Baht 36,889.9 million or 25.1 per cent. Of this amount, the majority was accounted for by the Bank's own operations.

In 1998, the unconsolidated operating income of Bangkok Bank was Baht 133,078.3 million, down Baht 21,505.2 million or 13.9 per cent from the previous year. Interest and discounts together represented 79.5 per cent of total income and amounted to Baht 105,785.9 million, down Baht 21,247.0 million or 16.7 per cent. This was a result of the contraction in loans, the decline in the debt repayment capacity of customers and a sharp fall in lending rates in the last quarter of the year.

Interest and dividends from investments grew by 19.9 per cent but total non-interest income shrank by 6.7 per cent. This was accounted for by a decline of 16.6 per cent in fees and service charges. Profits from sale of debt instruments also dropped by 66.0 per cent in line with prevailing economic recession. Meanwhile, profits from sale of securities amounted to Baht 543.9 million.

Operating expenses for the Bank in 1998, amounted to Baht 182,567.7 million, an increase of Baht 36,491.2 million or 25.0 per cent. Principal expenses were interest on deposits, totaling Baht 90,413.6 million. These rose by Baht 20,411.1 million or 29.2 per cent, accounting for 67.9 per cent of total income.

Interest paid on interbank and money market items amounted to Baht 9,661.3 million, a decline of 31.6 per cent. Interest paid on long-term borrowings stood at Baht 4,029.2 million, up 16.6 per cent. Non-interest expenses amounted to Baht 30,471.8 million, increasing by only Baht 349.0 million or 1.2 per cent, and equivalent to 22.9 per cent of total income. Major expenses included:

- Personnel expenses, amounting to Baht 9,342.6 million, down Baht 1,193.1 million or 11.3 per cent
- Losses from sales of securities, amounting to Baht 228.9 million, down Baht 5,097.0 million
- Write-off of capital losses, totaling Baht 4,835.5 million, up Baht 3,855.7 million
- Contribution to the Financial Institutions Development Fund totaled Baht 4,292.1 million, up Baht 2,465.5 million or 1.3 times.

As previously mentioned, Bangkok Bank has accelerated the fulfillment of the Year 2000 loan loss reserve requirements of the Bank of Thailand. Provisions set aside in 1998 consequently increased from Baht 28,368.2 million to Baht 47,991.7 million, an increase of 69.2 per cent and an equivalent of 36.1 per cent of total income. However, it underlined the Bank's commitment to recovery and demonstrated the ability of the Bank to meet the minimum reserve requirements.

During the year, the Bank opened five branches, three in the metropolitan area, one in the provincial area and another in Xiamen in the People's Republic of China. Three other international offices were also closed down during the year, namely Jakarta Kota sub-branch, Los Angeles branch and the Chengdu representative office. At end-1998, the Bank's network numbered 545 branches, of which 525 are within the Kingdom, and 20 are located overseas. Additionally, the Bank has two representative offices located in Beijing and Yangon and one wholly owned subsidiary in Kuala Lumpur

Staff numbered 21,652 at year-end, down 3,348 or 13.4 per cent. Benefits to the staff totaled Baht 9,342.6 million, a drop of 11.3 per cent, equivalent to 7.0 per cent of total income.

The Bank and its subsidiaries paid Baht 3,738.2 million in specific business tax and stamp duty in 1998, equivalent to 2.8 per cent of total income, and representing a decline of 26.5 per cent from the previous year. As the Bank experienced a net loss for the year, it was exempted from the payment of corporate income tax in 1998. This contrasted with the payment of Baht 4,450.0 million for corporate income tax in 1997.

For the year 1998, the Bank and subsidiaries posted a combined loss of Baht 49,863.0 million, which equaled Baht 37.92 per share. This contrasted with a net profit of Baht 4,213.9 million or Baht 4.21 per share for 1997. Bangkok Bank itself posted a loss of Baht 49,489.4 million in 1998 or Baht 37.64 per share, as against the previous year's net profit of Baht 4,057.0 million or Baht 4.05 per share.

Improving the efficiency of operations

Although the Bank's operations were affected by the financial and economic crisis, confidence in the Bank remained positive. The Banker magazine ranked Bangkok Bank, in terms of Tier 1 capital, as the 155th largest of the world's leading commercial banks and the 16th largest among commercial banks in Asia. In terms of total assets, Asiaweek placed the Bank in the 55th spot among 500 Asian banks. Meanwhile, the Global Custodian journal ranked the Bank as "top-rated" for excellence in custodial services in emerging stock markets. Bangkok Bank is the first Thai bank ever to be given this distinction. Specifically, the journal gave the Bank highest scores on settlement services and securities delivery services.

The Bank's operations policy has continued to place strong emphasis on excellence in customer service and on enhancing efficiency of operations. These two related programmes are aimed at developing the quality of personnel and improving technological and business efficiency. The year saw the Bank launch the "Managing People" project to increase the potential of its people. Customer Satisfaction Units have been formed to enhance customers' satisfaction. The Bank has also continued to grant scholarships to staff members, as well as to the general public, to pursue higher education at tertiary levels.

Technology

The Bank opened its new computer centre at the recently constructed building on Rama 3 Road during the year. Operations are divided between this new centre and the original computer centre at the headquarters on Silom Road. The two centres provide back-up facilities for each other. This is to ensure uninterrupted customer service.



The Bank has upgraded the communication network for metropolitan branches to a 64 kbps digital line. Consequently, the Bank is now able to provide immediate cheque cashing facilities for customers, not only at the home branch, but also at any metropolitan branch. The Bank is also expanding the use of the "Lotus mail" system for metropolitan branches to enhance internal communications.

Between July and December 1998, the Bank installed another 42 ATM machines, bringing the total number of machines in the Bank's ATM system to 1,066. Meanwhile, the Bank has taken steps to improve a number of its internal operations for greater administration efficiency. This includes an enhanced credit report system and a comprehensive credit risk rating system. Information in the datawarehouse system have been improved while the electronic report system has also been upgraded to the web technology (intranet) system.

To cope with the Year 2000 Date Change problem (the Y2K problem or "Millennium Bug"), the Bank has conducted integrated tests on all major operations systems. Important operational applications, such as deposits, credits and fund transfer have all been addressed and tested. All applications will have been fully modified and tested by the first quarter of 1999.

Customer Service

A number of applications have been modified to enhance customer service such as the development of an electronic system for the verification of signatures for cheque clearing purposes, thereby extending the time when customers can present cheques for next day clearing. Procedures for new accounts have also been streamlined, with customer information being captured on-line directly during the interview, using the OSI (One Stop Interview) service. To provide added convenience, customers can now request for new passbooks at any metropolitan branch without having to make a special trip to the home branch where the account has been opened. Passbook update machines, located in self-service areas, and which were previously restricted to servicing only savings account passbooks, have been enhanced and can now be used for updating fixed deposit accounts as well.

The Bank has expanded the utility of credit cards by providing customers with the option of holding a VISA Corporate Card or a VISA Purchasing Card. Both cards provide added convenience for corporates. The former is designed for executives to pay for travelling and entertainment expenses, while the latter is designed for facilitating payment for goods and services, instead of the usual mixture of cash - and paper-based transactions.

To provide added convenience, customers now have the option of using either their VISA Electron debit card or their credit card to pay for goods and services. The Bank's ATM machines have also been enhanced to support cash withdrawal by holders of Cirrus-ATM cards issued by MasterCard. This feature is particularly useful for tourists visiting Thailand, whose numbers have increased dramatically in the "Amazing Thailand" year. To provide greater convenience to service establishments, the credit card authorization unit now employs the use of a 24-hour "Voice Response Unit" (VRU) system to accelerate card usage authorization for all cards including non-BBL VISA cardholders and non-BBL MasterCard cardholders.

Management Changes

During the year, there were some major changes in the Bank's top management. The Bank's Board of Directors appointed Mr. Chatri Sophonpanich as Chairman of the Board and Mr. Kosit Panpiemras as Chairman of the Executive Board, effective as of January 1, 1999. Subsequently in February 1999, the previous Chairman, Mr. Prasit Kanchanawat, passed away after a prolonged illness.

As a corporate citizen of Thailand, Bangkok Bank is fully aware of its duty and responsibility to the community, particularly during this time of economic crisis. It has therefore endeavoured to cooperate actively with both the public and private sectors in supporting initiatives for the benefit of the public at large.

Meanwhile, Bangkok Bank is continually enhancing its operations in order to remain in the forefront of the industry. Staffs are knowledgeable and well trained and are strongly committed to seeing the Bank emerge from this crisis even stronger than before. Although the banking industry is currently undergoing severe stress, steps are being undertaken to ensure the rebuilding of a healthy financial system which will provide a firm foundation for the recovery and continued development of the economy.

Community Services

During the past year, one of the most popular books ever published was “Mahajanaka”, whose author is His Majesty the King Himself. It is filled with philosophical thoughts and lessons that can be made use of by institutions and people in all walks of life.

In chapter 18 of this book, His Majesty extols the virtue of perseverance or, strictly speaking, self-reliance. Its concept is vividly portrayed in this particular chapter, that depicts a scene, in which Mahajanaka’s ship sank and Mahajanaka himself had to struggle, along with fellow passengers, to stay afloat in the vast expanse of the sea. Describing the scene, His Majesty wrote, *“The ship floundered in the middle of the ocean. All the passengers feared death; they cried and wailed, and invoked and exhorted the gods for help. But the Great Being did not cry nor wail, did not invoke nor exhort the gods for help.”* Through this passage, His Majesty reminds His subjects not to wait for other people to come to their assistance in time of difficulty or catastrophe, such as the current crisis. They must rather rely more on themselves; in other words, they must themselves persevere and soldier on until the problems facing them are overcome.

Obviously, the royally-written “Mahajanaka” is of great value to the Thai nation, providing it with a highly pertinent lesson. To weather the current crisis successfully, this nation must itself perseveringly exert



strong efforts, however painful, that are deemed necessary to achieve the goals. Heeding this advice of His Majesty, Bangkok Bank has not been sitting on its hands but has itself tried perseveringly to take all the necessary steps to cope with the unfavourable situation. Nevertheless, while it is trying its best to improve its own lot, it has not forgotten its customers and Thai society. It has undertaken activities that are beneficial to the public at large. For instance, a television programme funded by the Bank is serially broadcasted on TV Channel 3 and Channel 11. The programme is designed to train workers in skills required by the job market.

In fact, this programme has become so popular that the Thai Television Promotion Club and the Council of the Mass Communication Faculty Members of Thailand have chosen Bangkok Bank as the recipient of the **TV Gold Award**. This was bestowed on the Bank on February 14, 1998.

On the educational front, the Bank has continued to provide scholarships for secondary education to students in schools throughout the country. At university level, scholarships have been granted to students to take bachelors degree courses at several universities and to monks studying at the two Buddhist universities.

In the religious field, Kathina offerings have been made to a number of monasteries and scholarships granted to monks and novices undertaking pali studies. As of end-1998, a total of 621 monks and novices received these scholarships.

In the art and culture area, Bangkok Bank's Art Centre has continued in its efforts to preserve and promote Thai art. Given its farflung reputation, the Art Centre was selected as a tourism destination (for recreational purposes) in the 2nd Tourism Industry Contest for 1998 held by the Tourism Authority of



Thailand. On behalf of the TAT, the Prime Minister bestowed the “**Golden Kinaree Award**” on the Art Centre on July 27,1998.

Apart from the foregoing, the Bank has played a part in various activities beneficial to the community. These have included its participation in a campaign to raise funds arranged by a well-known monk, Phra Rajawisoothisophon. The Bank along with its customers and other parties contributed over Baht 3 million, which was donated to the related authorities to be used by them in time of economic crisis.

	1998	1997	1996	1995
For the Year (Baht Thousand)				
Operating Income	133,078,277	154,583,459	132,201,596	118,205,918
Operating Expenses	182,567,717	146,076,490	101,134,662	89,544,001
Profit (Loss) before Tax	(49,489,440)	8,506,969	31,066,934	28,661,917
Income Tax	-	4,450,000	10,320,000	8,960,000
Net Profit (Loss)	(49,489,440)	4,056,969	20,746,934	19,701,917
At Year-End (Baht Thousand)				
Total Assets	1,266,949,114	1,408,618,771	1,155,109,053	1,035,447,886
Cash ¹	13,002,822	16,376,938	59,114,943	63,617,953
Securities	111,251,460	68,649,042	79,384,473	65,114,862
Bills Receivable ¹	219,849,104	290,986,326	296,715,961	266,542,169
Loans and Overdrafts ¹				
(Net of provision for possible loan losses)	630,619,263	725,484,351	650,235,578	587,017,184
Premises and Equipment	29,444,068	31,090,459	26,880,425	24,206,560
Deposits ¹	969,779,830	946,547,760	843,682,491	770,422,642
Shareholders' Equity-Net	101,087,931	103,294,193	107,535,902	92,953,939
Per Share (Baht)²				
Operating Income	101.21	154.36	132.03	118.10
Profit (Loss) before Tax	(37.64)	8.49	31.03	28.63
Net Profit (Loss)	(37.64)	4.05	20.72	19.68
Dividends ³	-	2.00	6.00	5.50
Book Value	68.93	103.14	107.40	92.84
Number of Staff	21,652	25,000	26,218	26,310
Number of shareholders	17,970	17,826	17,830	18,646
Number of Branches	545	541	521	478

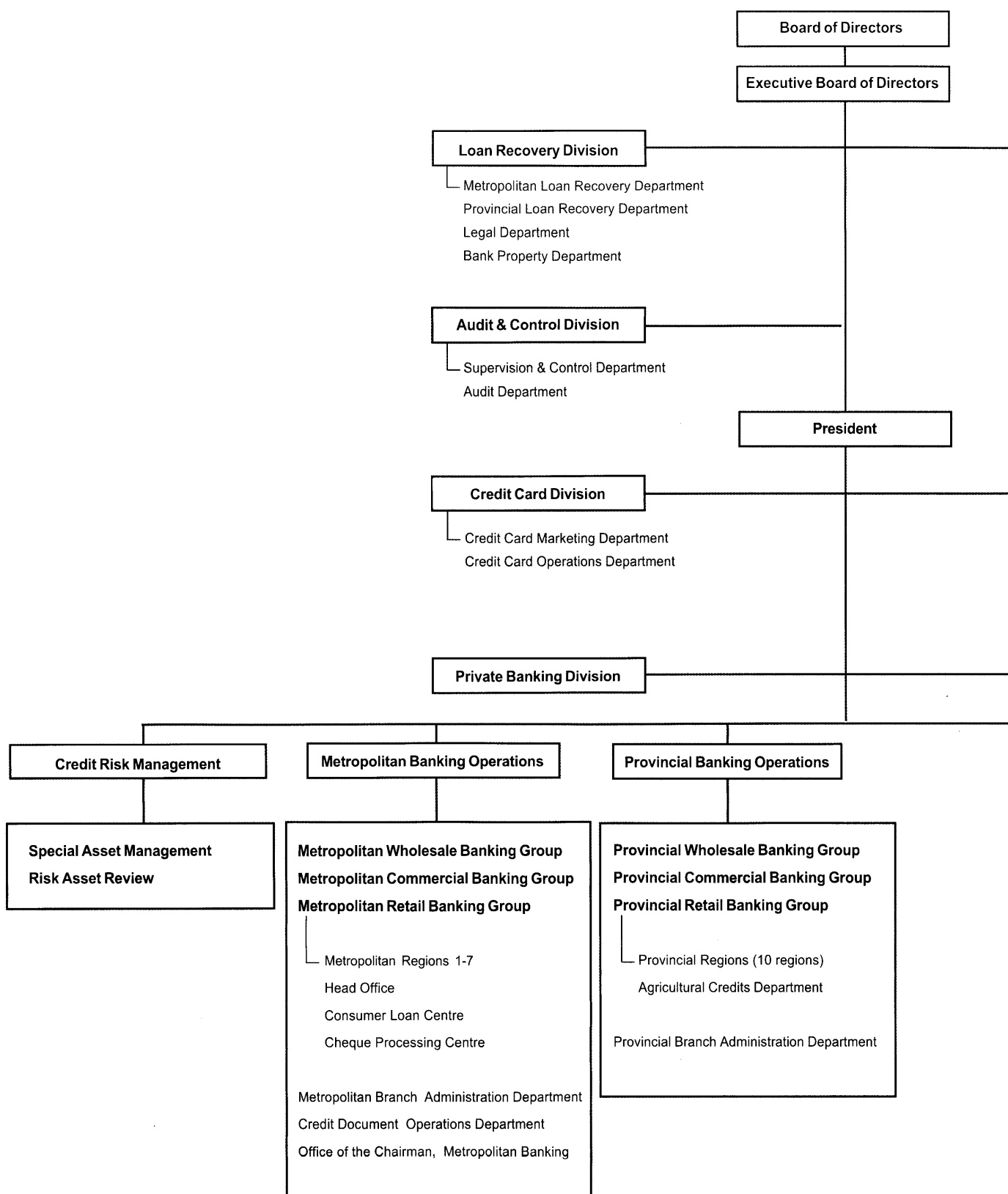
1. From 1997, not including interbank and money market items.

2. On May 4, 1992, the Bank split its share's par value from Baht 100 to Baht 10 each.

3. Dividends paid for the whole year. Those for 1994 excluded a special interim dividend of Baht 2.00 per share.



1994	1993	1992	1991	1990	1989
91,697,123	83,747,816	75,884,369	77,270,633	59,940,894	42,081,689
65,657,183	62,399,031	59,669,274	66,361,122	52,281,524	37,881,841
26,039,940	21,348,785	16,215,095	10,909,511	7,659,370	4,199,848
8,680,000	7,445,000	5,675,000	3,655,000	2,970,000	1,725,000
17,359,940	13,903,785	10,540,095	7,254,511	4,689,370	2,474,848
898,373,473	782,870,385	666,008,672	595,803,563	520,600,821	413,205,923
55,096,275	43,851,511	33,769,038	36,426,745	43,829,981	34,384,136
55,226,260	41,198,739	34,839,894	35,201,282	37,427,156	35,004,704
222,542,740	196,589,376	182,693,163	162,106,034	122,456,244	96,696,317
519,134,678	462,052,748	389,626,890	336,061,327	295,672,201	229,480,157
22,791,400	21,413,515	7,568,231	6,798,112	4,628,889	3,897,420
657,282,065	591,534,303	498,753,886	448,333,572	399,837,226	326,095,527
78,173,083	66,845,880	45,335,307	37,695,212	26,854,601	19,056,754
91.69	83.75	75.88	876.66	862.68	701.36
26.04	21.35	16.22	123.77	110.24	70.00
17.36	13.90	10.54	82.30	67.49	41.25
4.50	3.70	3.10	28.00	26.00	24.00
78.16	66.85	45.34	376.95	346.06	317.61
25,355	24,689	24,035	23,642	22,270	20,838
19,502	25,194	24,445	30,438	31,067	30,866
453	427	414	405	367	358



Chairman's Division

- Office of the Chairman
- Office of the Executive Chairman
- Chinese Relations Department
- Business Investment Department
- Executive Services Department

Policy Formulation Division

- Research Department
- Corporate Plans Department
- Budget Department
- Marketing Policy Department
- Public Relations Department

Office of the President

Investment Banking Operations

Treasury Division

- Foreign Exchange Trading Department
- Funds & Liquidity Department

Merchant Banking Division

- Project Department
- Corporate Finance Department
- Securities Services Department
- Provident Fund management Department

International Banking Operations

International Financial Institutions Division

- Correspondent Banking Department

International Branch Division

- International Branch Administration Department
- International Branch Credit Department
- BIBF

Support Services Operations

Technology Division

- Information Processing Department
- System Development Department

Financial Information Services Division

- Accounting Department
- Costing & Financial Statement Department

General Services Division

- Bank Premises Department
- General Affairs Department

Operations Division

- Import Services Department
- Export Services Department
- Foreign Remittances Department
- Foreign Exchange Department
- Domestic Collection Department
- Cash Department

Human Resources Division

- Personnel Department
- Training Department

BOARD OF DIRECTORS

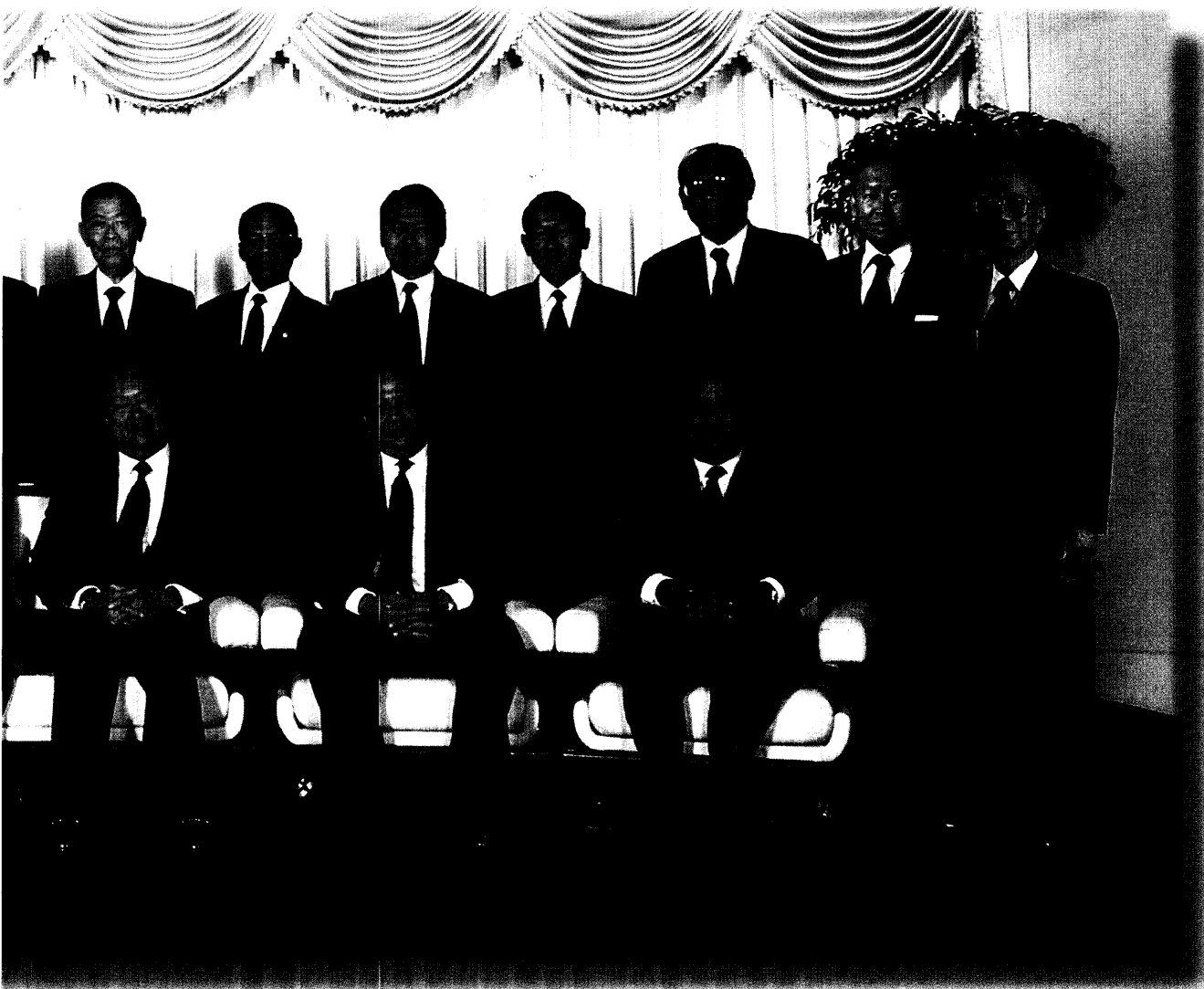


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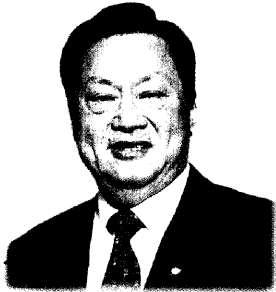
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|-----------------------------------|----------------------|--|
| 1. Yongsak Kanathanavanich | : Chairman | Laemthong Corporation Group of Companies |
| 2. Pipat Tantipitpong | : Chairman | Pornpat Development Company Limited |
| 3. Arsa Sarasin | : Vice Chairman | Bangkok Bank Public Company Limited |
| 4. Prasit Kanchanawat | : Chairman | Bangkok Bank Public Company Limited |
| 5. Chatri Sophonpanich | : Executive Chairman | Bangkok Bank Public Company Limited |
| 6. Staporn Kavitanon | : Secretary General | Board of investment |
| 7. Kitti Damnernchanvanich | : President | Soon Hua Seng Group |

Standing (from left)

- | | | |
|---------------------------------|-----------------------------------|-------------------------------------|
| 1. Teera Aphaiwongse | : Senior Executive Vice President | Bangkok Bank Public Company Limited |
| 2. Amorn Chandarasomboon | : Executive Director | Bangkok Bank Public Company Limited |
| 3. Charn Sophonpanich | : Executive Director | Bangkok Bank Public Company Limited |



- | | | |
|----------------------------------|-----------------------------------|-------------------------------------|
| 4. Vira Ramyarupa | : Executive Director | Bangkok Bank Public Company Limited |
| 5. Chartsiri Sophonpanich | : President | Bangkok Bank Public Company Limited |
| 6. Thamnoon Laukaikul | : Senior Executive Vice President | Bangkok Bank Public Company Limited |
| 7. Piti Sithi-Amnuai | : Executive Vice Chairman | Bangkok Bank Public Company Limited |
| 8. Piya Sivayathorn | : Former Executive Director | Bangkok Bank Public Company Limited |
| 9. Damrong Krishnamara | : Executive Vice Chairman | Bangkok Bank Public Company Limited |
| 10. Deja Tulananda | : Senior Executive Vice President | Bangkok Bank Public Company Limited |
| 11. Chote Sophonpanich | : Executive Chairman | Green Spot (Thailand) Limited |
| 12. Kosit Panpiemras | : Executive Director | Bangkok Bank Public Company Limited |
| 13. Phornthep Phornprapha | : President | Siam Motors Group of Companies |
| 14. Damri Darakananda | : Executive Chairman | Saha-Union Corporation Limited |



Chatri Sophonpanich

Executive Chairman



Damrong Krishnamara

Executive Vice Chairman



Piti Sithi-Amnuai

Executive Vice Chairman

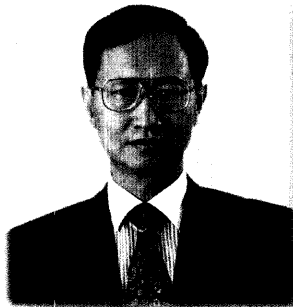


Chartsiri Sophonpanich

President



Vira Ramyarupa
Executive Director



Charn Sophonpanich
Executive Director



Amorn Chandarasomboon
Executive Director



Kosit Panpiemras
Executive Director



Daja Tulananda

Senior Executive Vice President



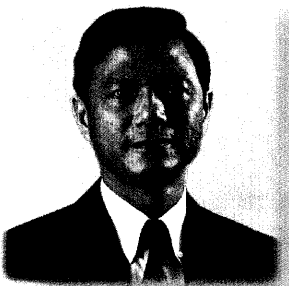
Thamnoon Laukaikul

Senior Executive Vice President



Teera Aphaiwongse

Senior Executive Vice President



Suvarn Thansathit

Senior Executive Vice President



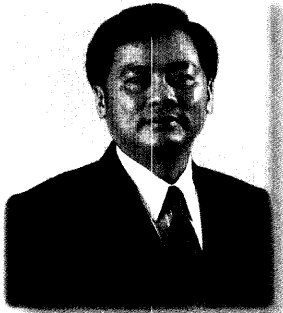
Prasong Uthaisangchai

Senior Executive Vice President



Charoen Chinalai

Group Executive Vice President



Chansak Fuangfu

Group Executive Vice President



Rangsan Wongphayak

Group Executive Vice President



Sathit Uthaisri

Group Executive Vice President



Chana Kanchanawat

Group Executive Vice President



Ubol Somprasong
Executive Vice President



Chavalit Sankhavadhana
Executive Vice President



Komkai Rodloytuk
Executive Vice President



Achriyar Pattanawong
Executive Vice President



Subin Sinchai
Executive Vice President



Sangsawang mallikamas
Executive Vice President



Ruangchai Siriworakul
Executive Vice President



Ladavan Tanatanit
Executive Vice President



Promote Pasuwat
Executive Vice President



Sumalee Wangprakobsook
Executive Vice President



Nimit Nontapunthawat
Executive Vice President



Chotivid Chayavadhanangkur
Executive Vice President



Seri Seriwathanopas
Executive Vice President

Bunyaraks Ninsananda
Executive Vice President



Suthisak Lohsawat
Executive Vice President

Thira Tayanganon
Executive Vice President



Apichart Ramyarupa
Executive Vice President

Kulathida Sivayathorn
Executive Vice President



Anuja Avilasakul
Executive Vice President

Piyada Sucharitkul
Executive Vice President



Boonsong Bunyasanand
Executive Vice President

Goh Puay Kiak
Executive Vice President



Banlue Chantadisai
Executive Vice President

Prasit Kanchanawat

Chairman of the Board of Directors, Executive Board Adviser

- Member of Parliament, Senator
- Minister of Commerce, Minister of Justice
- Deputy Prime Minister
- Speaker of the House of Representatives
- President of Parliament
- President of the Foundation for Rural Education
- President of the Foundation for Medicine and Public Health

Chatri Sophonpanich

Executive Chairman

- President, Thailand - U.S. Business Council
- Director, International Monetary Council
- Member of Executive Management Committee, Association of Development and Industrial Banks of Asia (ADIBA)
- Chairman, Bangkok Entertainment PCL.
- Chairman of the Fund Raising for the Construction of Princess Maha Chakri Sirindhorn Building, Srinakharinwirot University

Damrong Krishnamara

Executive Vice Chairman

- Senior Executive Vice President
- Director for the Domestic Banking Group
- Managing Director

Piti Sithi-Amnuai

Executive Vice Chairman

- Director for the Head Office and Metropolitan Branch Activities
- Senior Executive Vice President

Chartsiri Sophonpanich

President

- Senior Executive Vice President
- Member of the Board, Airports Authority of Thailand
- Chairman of the Fund Raising Sub - Committee of the Thai Red-Cross Society
- A Committee Member with Expertise in Money and Banking, Faculty of Commerce and Accounting, Thammasat University
- Member of The Board, International Foundation For Human Resource Development

Vira Ramyarupa

Executive Director

- Senior Executive Vice President - Administration
- Member of Parliament
- Senator

Charn Sophonpanich

Executive Director

- Senior Vice President & Manager, Planning, Systems and Research Department
- Chairman of the Board of Directors, Compunet Corporation Ltd.

Amorn Chandarasomboon

Executive Director

- Secretary-General, Office of the Council of State
- Senator

Kosit Panpiemras

Executive Director

- Deputy Secretary - General, National Economic and Social Development Board
- Minister of Agriculture and Cooperatives
- Minister of Industry
- Minister of Finance

Deja Tulananda

Senior Executive Vice President

Chairman, Metropolitan Banking Operations

- Executive Vice President in charge, Head Office and Metropolitan Branch Activities
- Chairman of the Metropolitan Branch Group

Thamnoon Laukaikul

Senior Executive Vice President

Chairman, Provincial Banking Operations

- Executive Vice President in Charge, Provincial Branch Activities
- Chairman of the Provincial Branch Group

Teera Aphaiwongse

Senior Executive Vice President

- Executive Vice President in Charge, Technology, Credit Card and Financial Information Services Divisions

Suvarn Thansathit

Senior Executive Vice President

Director for Special Asset Management

- Executive Vice President
- Director for Provincial Branch Group
- Director for Metropolitan Branch Group
- Group Executive Vice President

Prasong Uthaisangchai

Senior Executive Vice President, International Banking operations

- Executive Vice President, International Banking Group
- Group Executive Vice President

Charoen Chinalai

Group Executive Vice President, International Financial Institution Activities Division

- Executive Vice President, International Financial Institution Activities Division
- Special Adviser, Manila Branch

Chansak Fuangfu

Group Executive Vice President

Director for Metropolitan Wholesale Banking Group

In Charge (Acting) of Agro - Industries Lending Group and

Multinational Corporate Banking Group

- Senior Vice President in Charge, Corporate Lending Group III
- Executive Vice President in Charge, Agro - Industries Lending Group and Multinational Corporate Banking Group

Rangsan Wongphayak

Group Executive Vice President, Audit and Control Division

- Senior Vice President & Manager, Audit Department
- Executive Vice President, Audit and Control Division

Sathit Uthaisri

Group Executive Vice President, Executive Chairman's Division

- Executive Vice President, Administration Division
- Executive Vice President, Executive Chairman's Division

Chana Kanchanawat

Group Executive Vice President

Director for Special Asset Management

- Senior Vice President, Corporate Lending Group I
- Executive Vice President, Light industries Lending Group

Ubol Somprasong (Mrs.)

Executive Vice President, Executive Chairman's Division

- Senior Vice President, Loan Recovery and Law Division

Komkai Rodloytuk (Mrs.)

Executive Vice President, Human Resources Division

- Senior Vice President, Personnel Division

Subin Sinchai

Executive Vice President

Director for Provincial Wholesale Banking Group

- Assistant Director for Provincial Branch Banking Group
- Executive Vice President, Provincial Wholesale Banking Group

Ruangchai Siriworakul

Executive Vice President, Executive Chairman's Division

- Senior Vice President, Executive Chairman's Division

Pramote Pasuwat

Executive Vice President

Director for Provincial Retail Banking Group

- Senior Vice President, Audit Division
- Executive Vice President, Audit Division

Nimit Nontapunthawat

Executive Vice President, Policy Formulation Division

- Senior Vice President & Manager, Research Department

Chavalit Sankhavadhana

Executive Vice President

Director for Provincial Commercial Banking Group

- Executive Vice President, Assistant Director for Provincial Wholesale Banking Group

Achriyar Pattanawong (Mrs.)

Executive Vice President

Director for Metropolitan Commercial Banking Group

- Senior Vice President, Corporate Lending Group II
- Executive Vice President, Corporate Lending Group II

Sangsawang mallikamas (Mrs.)

Executive Vice President

Light Industries Lending Group

- Senior Vice President, Corporate Lending Group I
- Executive Vice President, Domestic Conglomerate Lending Group I

Ladavan Tanatanit (Mrs.)

Executive Vice President, Real Estate Lending Group

- Senior Vice President, Corporate Lending Group II

Sumalee Wangprakobsook (Miss)

Executive Vice President, Operations Division

- Senior Vice President, Operations Division

Chotivid Chayavadhanangkur

Executive Vice President, Technology Division

- Senior Vice President & Manager, System Development Department

Seri Seriwathanopas

Executive Vice President, Domestic Conglomerate Lending Group

- Executive Vice President, Metropolitan Banking Operations

Suthisak Lohsawat

Executive Vice President, Special Asset Management

- Senior Vice President, Heavy Industries Lending Group
- Executive Vice President, Heavy Industries Lending Group

Apichart Ramyarupa

Executive Vice President

Assistant Director for Provincial Wholesale Banking Group and Manager (Acting), Public Relations Department

- Senior Vice President & Manager, Office of the President

Anuja Avilasakul

Executive Vice President, Treasury Division

- Senior Vice President, Treasury Division

Boonsong Bunyasanand

Executive Vice President & Manager

Foreign Exchange Trading Department

- Senior Vice President & Manager, Foreign Exchange Trading Department

Banlue Chantadisai

Executive Vice President, Investment Banking Operations

Bunyaraks Ninsananda

Executive Vice President

- Director for Metropolitan Retail Banking Group

Thira Tayanganon

Executive Vice President

Services and Domestic Trading Lending Groups

- Senior Vice President, Services and Domestic Trading Lending Group and Trading Lending Group

Kulathida Sivayathorn (Mrs.)

Executive Vice President & Manager, Office of the President

- Senior Vice President & Manager, Marketing Policy Department
- Senior Vice President & Manager, Office of the President

Piyada Sucharitkul (Miss)

Executive Vice President, Office of the President

- Senior Vice President, Office of the President

Goh Puay Kiak

Executive Vice President, Overseas Treasury Centre

BOARD OF DIRECTORS**CHAIRMAN**

Prasit Kanchanawat

VICE CHAIRMAN

Arsa Sarasin

Directors :

Chatri Sophonpanich
 Damrong Krishnamara
 Piti Sithi-Amnuai
 Chartsiri Sophonpanich
 Vira Ramyarupa
 Piya Sivayathorn
 Chote Sophonpanich
 Charn Sophonpanich
 Pipat Tantipatpong
 Yongsak Kanathanavanich
 Amorn Chandarasomboon
 Kitti Damnernchanvanich
 Damri Darakananda
 Deja Tulananda
 Thamnoon Laukaikul
 Kosit Panpiemras
 Staporn Kavitanon
 Phornthep Phornprapha
 Teera Aphaiwongse

**ADVISERS TO
THE EXECUTIVE BOARD**

Prasit Kanchanawat
 Staporn Kavitanon

**CHAIRMAN OF
THE EXECUTIVE BOARD**

Chatri Sophonpanich

Vice Chairmen :

Damrong Krishnamara
 Piti Sithi-Amnuai

Directors :

Amorn Chandarasomboon
 Charn Sophonpanich
 Chartsiri Sophonpanich
 Deja Tulananda
 Kosit Panpiemras
 Thamnoon Laukaikul
 Teera Aphaiwongse

PRESIDENT

Chartsiri Sophonpanich

OFFICE OF THE PRESIDENT*Executive Vice President &**Manager :*

Kulathida Sivayathorn (Mrs.)

*Executive Vice President &**Manager :*

Piyada Sucharitkul (Miss)

Senior Vice Presidents :

Ian Gillard

Virasak Sutanthavibul

Vice President & Manager :

Prachuab In-Odd

*Vice President & FMIS**Project Manager :*

Narit Chiraguna

CREDIT CARD DIVISION*Senior Vice President in Charge :*

Krip Rojanastien

Vice President & Manager :

Boonrat Kositanurit (Mrs.)

**CREDIT CARD MARKETING
DEPARTMENT**

-

**CREDIT CARD OPERATIONS
DEPARTMENT***Vice President & Manager :*

Sumeth Thipayarata

PRIVATE BANKING DIVISION*Vice President in Charge :*

Bordin Unakul

**ADMINISTRATION AND
OPERATIONS DEPARTMENT**

-

**CONSULTING AND ADVISORY
SERVICES DEPARTMENT**

-

**POLICY FORMULATION DIVISION
RESEARCH DEPARTMENT***Executive Vice President & Manager :*

Nimit Nontapunhawatt

**CORPORATE PLANS
DEPARTMENT***Vice President & Manager (Acting) :*

Sudavadee Laosinchai (Mrs.)

BUDGET DEPARTMENT

-

**MARKETING POLICY
DEPARTMENT***Vice President & Manager :*

Vites Techangam

**PUBLIC RELATIONS
DEPARTMENT***Executive Vice President &**Manager (Acting) :*

Apichart Ramyarupa

CHAIRMAN'S DIVISION*Group Executive Vice President :*

Sathit Uthaisiri

Executive Vice Presidents :

Komkai Rodloytuk (Mrs.)

Ruangchai Siriworakul

Ubol Somprasong (Mrs.)

Senior Vice Presidents :

Sandee Kanchanachaya (Mrs.)

Pansak Leelawankulsiri

OFFICE OF THE CHAIRMAN

-

**OFFICE OF THE EXECUTIVE
CHAIRMAN***Senior Vice President :*

Stephen S. Bennett

**BUSINESS INVESTMENT
DEPARTMENT**

-

**CHINESE RELATIONS
DEPARTMENT***Vice President & Manager :*

Pichai Komolvitayathorn

**EXECUTIVE SERVICES
DEPARTMENT***Vice President & Manager :*

Suralai Panikabutr (Mrs.)

**LOAN RECOVERY DIVISION
METROPOLITAN LOAN
RECOVERY DEPARTMENT**

Senior Vice President & Manager :
Sorasakdi Simanontaprianya

**PROVINCIAL LOAN
RECOVERY DEPARTMENT**

Senior Vice President & Manager :
Suchati Limpodom

LEGAL DEPARTMENT

Senior Vice President & Manager :
Songkram Sakulphramana

**BANK PROPERTY
DEPARTMENT**

Vice President & Manager :
Suthichin Na Lumpoon (Mrs.)

**AUDIT AND CONTROL
DIVISION**

Group Executive
Vice President in Charge :
Rangsan Wongphayak
Senior Vice President :
Piyapan Tayanithi

**SUPERVISION AND
CONTROL DEPARTMENT**

Vice President & Manager :
Pornthep Kidsanayotin

AUDIT DEPARTMENT

*Senior Vice President &
Manager :*
Soempong Pitakwatchara

**INVESTMENT BANKING
OPERATIONS**

Executive Vice President :
Banlue Chantadisai

**PROVIDENT FUND MANAGEMENT
DEPARTMENT**

-

TREASURY DIVISION

Executive Vice President in Charge :
Anuja Avilasakul
Senior Vice President :
Chonticha Chitraporn (Miss)

*Vice President & Expert in
Accounting Structure :*
Sauwaluck Meesilpa (Mrs.)

**FOREIGN EXCHANGE TRADING
DEPARTMENT**

Executive Vice President & Manager :
Boonsong Bunyasanand

Vice Presidents & Managers :
Manop Tamrongtanakitkarn
Sa-ard Theerarojanawong

**FUND & LIQUIDITY
MANAGEMENT DEPARTMENT**

Vice President :
Weerakit Daraphong

**MERCHANT BANKING DIVISION
PROJECT DEPARTMENT**

Vice President :
M.L.Chandchuta Chandratat

CORPORATE FINANCE DEPARTMENT

Vice President :
Torphong Charungcharoenvej

SECURITIES SERVICES DEPARTMENT

Vice President & Manager (Acting) :
Bordin Unakul

**INTERNATIONAL BANKING
OPERATIONS**

Senior Executive Vice President in Charge :
Prasong Uthaisangchai

**INTERNATIONAL BRANCH DIVISION
INTERNATIONAL BRANCH CREDIT
DEPARTMENT**

-

**INTERNATIONAL BRANCH
ADMINISTRATION DEPARTMENT**

-

**INTERNATIONAL BANKING
FACILITY DEPARTMENT**

Vice President & Manager :
Pornnit Dunnvatanachit (Mrs.)

OVERSEAS TREASURY CENTRE

Executive Vice President :
Goh Puay Kiak

**INTERNATIONAL FINANCIAL
INSTITUTION ACTIVITIES
DIVISION**

Group Executive
Vice President in Charge :
Charoen Chinalai

**CORRESPONDENT BANKING
DEPARTMENT**

Senior Vice President & Manager :
Wallapa Klinpratoom (Mrs.)

**METROPOLITAN
BANKING OPERATIONS**

Senior Executive
Vice President & Chairman :
Deja Tulananda

OFFICE OF THE CHAIRMAN

Senior Vice President :
Ruchanee Nopmuang (Mrs.)

**METROPOLITAN BRANCH
ADMINISTRATION DEPARTMENT**

Senior Vice President & Manager :
Khemaphat Visudharomn

**CREDIT DOCUMENT OPERATIONS
DEPARTMENT**

Vice President & Manager :
Dulprasert Barose

**METROPOLITAN WHOLESALE
BANKING GROUP**

Group Executive
Vice President & Director :
Chansak Fuangfu

**LIGHT INDUSTRIES
LENDING GROUP**

Executive Vice President in Charge :
Sangsawang Mallikamas (Mrs.)

**HEAVY INDUSTRIES
LENDING GROUP**

Senior Vice President in Charge :
Panit Dunnvatanachit

**CHEMICAL INDUSTRIES
LENDING GROUP**

Senior Vice President in Charge :
Khanit Khongthanarat

REAL ESTATE LENDING GROUP

Executive Vice President in Charge :
Ladavan Tanatanit (Mrs.)

CONSTRUCTION LENDING GROUP

Senior Vice President in Charge :
Manusiri Kanchanachaya

SERVICES AND DOMESTIC**TRADING LENDING GROUPS**

Executive Vice President in Charge :
Thira Tayanganon

DOMESTIC CONGLOMERATE LENDING GROUP

Executive Vice President in Charge :
Seri Seriwathanophas

CORPORATE LENDING GROUP I

Senior Vice President in Charge :
Vira Suravilas

CORPORATE LENDING GROUP II

Senior Vice President in Charge :
Pornthep Ongsaranakom

AGRO-INDUSTRIES LENDING GROUP AND MULTINATIONAL CORPORATE BANKING GROUP

Group Executive Vice President in Charge (Acting) :
Chansak Fuangfu

MULTINATIONAL CORPORATE BANKING GROUP

Senior Vice Presidents :
Prasit Mokarakorn
Vongthip Chumpani (Mrs.)

METROPOLITAN COMMERCIAL BANKING GROUP

Executive Vice President & Director :
Achriyar Pattanawong (Mrs.)
Senior Vice President :
Taweechai Amornprasertsri

METROPOLITAN RETAIL BANKING GROUP

Executive Vice President & Director :
Bunyaraks Ninsananda

CHEQUE PROCESSING CENTRE

Vice President & Manager :
Suwat Limpodom

CONSUMER LOAN CENTRE

Vice President & Manager :
Riam Chantarangkul (Mrs.)

H.O. OFFICE

Vice President & Manager :
Thanisr Chaturongkul

FIRST REGIONAL - METROPOLITAN AREA

Vice President & Manager :
Suthin Krittayapongphun

SECOND REGIONAL - METROPOLITAN AREA

Vice President & Manager :
Varaporn Tubsuan (Mrs.)

THIRD REGIONAL - METROPOLITAN AREA

Senior Vice President & Manager :
Boontiva Israsena Na Ayudhaya (Mrs.)

FOURTH REGIONAL - METROPOLITAN AREA

Vice President & Manager :
Wansuda Thanasaranart (Mrs.)

FIFTH REGIONAL - METROPOLITAN AREA

Vice President & Manager :
Ratana Supakavanich (Mrs.)

SIXTH REGIONAL - METROPOLITAN AREA

Vice President & Manager :
Saowanee Siripat (Mrs.)

SEVENTH REGIONAL - METROPOLITAN AREA

Vice President & Manager :
Vichai Trepetch

CREDIT RISK MANAGEMENT SPECIAL ASSET MANAGEMENT

Senior Executive
Vice President & Director :
Suvam Thansathit

Group Executive

Vice President & Director :
Chana Kanchanawat

Executive Vice President :
Suthisak Lohsawat

Senior Vice Presidents :
Surapong Winyawonk
Yaowadee Nakhata (Mrs.)
Jitwatana Jaruwatanachai (Mrs.)

RISK ASSET REVIEW

Senior Vice President :
Ayuth Krishnamara

PROVINCIAL BANKING OPERATIONS

Senior Executive
Vice President & Chairman :
Thamnoon Laukaikul
Senior Vice President :
Praphund Sujaritpanich

PROVINCIAL BRANCH ADMINISTRATION DEPARTMENT

Vice President & Manager :
Asa Siriphuthichaikul

PROVINCIAL WHOLESALE BANKING GROUP

Executive Vice President & Assistant Director :
Apichart Ramyarupa

Senior Vice Presidents :
Sa-Ad Kamlang
Thaweesak Thanadsang

PROVINCIAL COMMERCIAL BANKING GROUP

Executive Vice President & Director :
Chavalit Sankhavadhana

PROVINCIAL RETAIL BANKING GROUP

Executive Vice President & Director :
Pramote Pasuwat

AGRICULTURAL CREDITS DEPARTMENT**NORTHERN REGIONAL I - PROVINCIAL AREA**

Vice President & Manager :
Wichian Methawath

NORTHERN REGIONAL II - PROVINCIAL AREA

Vice President & Manager :
Damrongsak Kouythong

**CENTRAL REGIONAL I -
PROVINCIAL AREA**

Vice President & Manager :
Rattanachai Waraviriyapong

**CENTRAL REGIONAL II -
PROVINCIAL AREA**

Senior Vice President & Manager :
Phaiboon Sornamphon

**CENTRAL REGIONAL III -
PROVINCIAL AREA**

**CENTRAL REGIONAL IV -
PROVINCIAL AREA**

Vice President & Manager :
Chirawut Khananukhro

**NORTHEASTERN REGIONAL I -
PROVINCIAL AREA**

Vice President & Manager :
Anek Amornkiat

**NORTHEASTERN REGIONAL II -
PROVINCIAL AREA**

Vice President & Manager :
Apiratana Kanchanomai

**SOUTHERN REGIONAL I -
PROVINCIAL AREA**

Senior Vice President & Manager :
Chaisak Charavetwanit

**SOUTHERN REGIONAL II -
PROVINCIAL AREA**

Vice President & Manager :
Sumet Chirametatorn

**SUPPORT SERVICES
OPERATIONS**

**FINANCIAL INFORMATION
SERVICES DIVISION**

Senior Vice President in Charge :
Chartchai Srirussamee

ACCOUNTING DEPARTMENT

Senior Vice President & Manager :
Prasert Wangratanapranee

**COSTING AND FINANCIAL
STATEMENT DEPARTMENT**

OPERATIONS DIVISION

Executive Vice President in Charge :
Sumalee Wangprakobsook (Miss)

IMPORT SERVICES DEPARTMENT

Senior Vice President & Manager :
Vanaporn Covavisaruch (Miss)

EXPORT SERVICES DEPARTMENT

Vice President & Manager :
Chairat Udomnit

**FOREIGN REMITTANCES
DEPARTMENT**

**FOREIGN EXCHANGE
DEPARTMENT**

Vice President & Manager :
Wilawan Sukhyanga (Mrs.)

**DOMESTIC COLLECTION
DEPARTMENT**

Vice President & Manager :
Asanee Chunhagasikarn

CASH DEPARTMENT

Vice President & Manager :
Kate Mangkalodom

GENERAL SERVICES DIVISION

Senior Vice President in Charge :
Suthanyah Vichitranondha

BANK PREMISES DEPARTMENT

Vice President & Manager :
Bhakorn Vanuptikul

GENERAL AFFAIRS DEPARTMENT

Senior Vice President & Manager :
Taveepong Senivong Na Ayuthaya

HUMAN RESOURCES DIVISION

Executive Vice President in Charge :
Komkai Rodloytuk (Mrs.)

PERSONNEL DEPARTMENT

Senior Vice President & Manager :
Tosak Chongkeutrakul

TRAINING DEPARTMENT

Vice President & Manager :
Sivaporn Thapanasut (Mrs.)

TECHNOLOGY DIVISION

Executive Vice President in Charge :
Chotivid Chayavadhanangkur
Senior Vice President & Manager :
Pipat Eamsherangkoon

**SYSTEM DEVELOPMENT
DEPARTMENT**

*Executive Vice President &
Manager (Acting) :*
Chotivid Chayavadhanangkur
Senior Vice Presidents & Managers :
Kajornvut Tayanukorn
Suteera Sripaibulya (Miss)
Vice President & Expert in Computer :
Oranuj Kangwanpong (Mrs.)

**INFORMATION PROCESSING
DEPARTMENT**

NO.	COMPANY	TYPE OF BUSINESS	TYPE OF SHARES	NO. OF SHARES HELD	% OF COMPANY'S PAID - UP CAPITAL
1.	BANGKOK BANK BERHAD 105 Jalan Tun H.S.Lee 50000 Kuala Lumpur Malaysia, Tel. (Dir.) 03-201-7959, (Gen) 03-232-4555 Fax. 03-238-8569	BANK	ORDINARY	48,500,002	100.00
2.	BBL (CAYMAN) LIMITED Cayman International Building, P.O.Box 309, George Town, Grand Cayman, Cayman Island.	FINANCIAL	ORDINARY	100,000	100.00
3.	THAKSIN FINANCE COMPANY LIMITED 9/2 Chee Uthit Road, Hatyai, Songkhla Tel. (074) 354-760 Fax. (074) 233-275	FINANCIAL	ORDINARY PREFERENCE	67,702,416 80,000	} 96.83
4.	THAI FILAMENT FINISHING CO.,LTD. 57 Moo 10 Soi Watsriwaree - Noi, Bangna - Trad Road, (km.18) Bangplee, Samutprakarn. 10540 Tel. 337-1267-75 Fax. 337-1222	GARMENT	ORDINARY	9,105,000	
5.	THAI POLYMER TEXTILE CO.,LTD. 59 Moo 10 Soi Watsriwaree - Noi, Bangna - Trad Road, (km. 18) Bangplee, Samutprakarn. 10540 Tel. 337-1267-75 Fax. 337-1522	GARMENT	ORDINARY	18,288,000	45.42
6.	THAI TAFFETA TEXTILE CO.,LTD. 58 Moo 10 Soi Watsriwaree - Noi, Bangna - Trad Road, (km. 18) Bangplee, Samutprakarn. 10540 Tel. 337-1267-75 Fax. 337-1522	GARMENT	ORDINARY	3,000,000	41.78
7.	BANGKOK SAKURA SOFTWARE SERVICE CO.,LTD. 11 Q.House Building Sathorn 19th Floor South Sathorn Road, Tungmahamek Bangkok. 10120 Tel. 679-1878-80 Fax. 679-1882	SERVICES	ORDINARY	78,000	39.00
8.	SG ASIA CREDIT PUBLIC COMPANY LIMITED 320 Rama 4 Road, Bangkok. 10500 Tel. 235-1477, 237-4811 Fax. 238-4722	FINANCIAL	ORDINARY	263,215,700	38.91
9.	SMART LOYALTY (THAILAND) CO.,LTD. 8th Floor Lake Rachada Office Complex 193/31 Rachadapisek Road, Klongtoey Bangkok 10110 Tel. 661-8909, 264-0376-9 Fax. 264-0380	SERVICES	ORDINARY	5,000,000	33.33
10.	LOCAL TELEPHONE CO.,LTD. Sathorn City Tower, 11/1 th Floor, 175 South Sathorn Road, Sathorn, Bangkok 10120	SERVICES	ORDINARY	832	33.28
11.	MC. PRIVATE EQUITY MANAGEMENT LIMITED 1 Temasek Avenue, # 20-02A, Millenia Tower, Singapore 039192 Tel. 65-434-4247 Fax. 65-338-2823, 65-434-4246	SERVICES	ORDINARY	30,000	30.00
12.	PROCESSING CENTER CO.,LTD. 142 Thai Farmers Bank Building 4th Floor, Silom Road, Bangkok 10500 Tel. 237-6330-4 Fax. 237-6340	SERVICES	ORDINARY	29,997	30.00
13.	BANGKOK SAKURA LEASING CO.,LTD. 175 Sathorn City Tower 19th Floor, South Sathorn Road, Bangkok 10120 Tel. 679-6161 Fax. 679-6160	LEASING	ORDINARY	258,750	25.88
14.	MC. PRIVATE EQUITY PARTNERS ASIA LIMITED Maples And Calder, P.O. Box 309 Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies Tel. 65-338-5778 Fax. 65-338-2823	INVESTMENT	ORDINARY PREFERENCE	2,400 59,607	} 25.00
15.	BBL ASSET MANAGEMENT CO.,LTD. Suite 1701, 17th Floor, Bangkok Bank Building 333 Silom Road, Bangkok 10500 Thailand Tel. 231-4955 Fax. 231-4884-5	FINANCIAL	ORDINARY	250,000	

NO.	COMPANY	TYPE OF BUSINESS	TYPE OF SHARES	NO. OF SHARES HELD	% OF COMPANY'S PAID - UP CAPITAL
16.	WTA (THAILAND) LIMITED 313 C.P Tower Silom Road, Silom Bangrak Bangkok 10500 Tel. 636-2000	SERVICES	ORDINARY	249	24.90
17.	ONG ASIA LIMITED 24 Raffles Place # 12-00 Clifford Centre Singapore 048621 Tel. (65) 533-3368 Fax. (65) 533-3365	INVESTMENT	ORDINARY PREFERENCE	7,840,209 1,016	} 24.50
18.	AMERICAN EXPRESS (THAI) CO.,LTD. 388 S.P.Building Phaholyothin Road Bangkok 10400 Thailand. Tel. 273-0033 Fax. 273-0261	SERVICES	ORDINARY	45,000	22.50
19.	P.T.BBL DHARMALA FINANCE Bangkok Bank Building, 7-8 th Floor, Jl. MH. Thamrin No. 3, Jarkarta 10110, Indonesia Tel. (021) 380-1223, 385-4410 Fax. (021) 345-3944, 345-6190	FINANCIAL	ORDINARY	20,250,000	22.50
20.	NORTH PARK CITY CO.,LTD. 100 Moo 3, 2 nd Floor, North Park Project Rajchapruk Club Building, Vipawadee-Rangsit Road, Tungshonghong, Laksi Bangkok 10210 Thailand Tel. 955-0093 Fax. 955-0094	REAL ESTATE	ORDINARY	17,994	12.85
21.	THAI FOODS INTERNATIONAL CO.,LTD. 18 Moo 5 Suchart - Patana Rd, Tambol Bangsaipa Amphur Banglen Nakompathorn Province 73130 Tel. (034) 391-016-9 Fax. (034) 391-020	CHEMICAL	ORDINARY	500,000	12.50
22.	SMALL INDUSTRY CREDIT GUARANTEE CORPORATION 2922/243 Chan Isara Tower Building II, 18th Floor, Phetburi Road, Bangkok, Bangkok 10210 Tel. 308-2741-8 Fax. 308-2749	SERVICES	ORDINARY	476,600	11.92
23.	THAI OBAYASHI CORP.,LTD. 16th Floor, Thai Obayashi Building, Rajdamri 161 Rajdamri Road, Bangkok 10330, Thailand. Tel. 252-5200 Fax. 252-5381	CONSTRUCTION	ORDINARY	2,000	10.00
24.	BANGKOK POLYETHYLENE PUBLIC CO.,LTD. 175 Sathorn City Tower 20/1th Floor, South Sathorn Road, Bangkok 10120 Tel. 679-6363 Fax. 679-6355-6	CHEMICAL	ORDINARY	17,000,000	10.00
25.	HMC POLYMER CO.,LTD. 175 Sathorn City Tower 20th Floor, South Sathorn Road, Sathorn, Bangkok 10120 Tel. 679-6388-89 Fax. 679-6380	CHEMICAL	ORDINARY PREFERENCE	700,000 1,300,000	} 10.00
26.	RAYONG OLEFINS CO.,LTD. 1 Siam Cement Road, Bangsue, Bangkok 10800 Tel. 586-2513-4 Fax. 910-3117	CHEMICAL	ORDINARY	7,000,000	10.00
27.	ZEON CHEMICALS (THAILAND) COMPANY LIMITED 175 Sathorn City Tower 13/1th Floor South Sathorn Road, Bangkok 10120 Tel. 679-5342-3 Fax. 679-5344	CHEMICAL	ORDINARY	17,500	10.00
28.	ASPAC CO.,LTD. 717 Sukhumvit Road, Soi 55 (Thonglor) Bangkok 10110 Tel. 381-2050 Fax. 381-2570	COMMERCE	ORDINARY	26,000	10.00
29.	RHODIA (THAILAND) LTD 3195/8 Vibulthani Tower I 3rd Floor, Rama IV Road, Kwang Klontan Klongtoey, Bangkok 10110 Tel. 661-3322 Fax. 661-3316-7	COMMERCE	PREFERENCE	100	10.00
30.	MERIAL (THAILAND) LIMITED 3195/8 Vibulthani Tower I 3rd Floor, Rama IV Road, Kwang Klontan Klongtoey, Bangkok 10110 Tel. 661-3377 Fax. 661-3379	COMMERCE	PREFERENCE	1,000	10.00

NO.	COMPANY	TYPE OF BUSINESS	TYPE OF SHARES	NO. OF SHARES HELD	% OF COMPANY'S PAID - UP CAPITAL
31.	MATSUSHITA ELECTRIC WORKS SALES (THAILAND) CO.,LTD. 18th Floor Silom Complex Building 191 Silom Road Bangrak Bangkok 10500 Tel. 231-3683-7 Fax. 231-3688	COMMERCE	ORDINARY	40,000	10.00
32.	ANEW CORPORATION LTD. Anew Building 23 Soi Charoen Nakorn 14, Charoen Nakorn Road, Klongtongsai, Klongsan, Bangkok 10600 Tel. 861-1555 Fax. 861-1545	SERVICES	ORDINARY	500,000	10.00
33.	ASIA LAMP INDUSTRY CO.,LTD. 390/6-8 Sukumvit Road, Bangkok 10110 Tel. 258-0210-5	ELECTRIC	ORDINARY	700,000	10.00
34.	ELECTRICAL LAMP MANUFACTURERS THAILAND LTD. 60/14 Moo 11 Bangna - Trad Road km. 13 Prakanong, Bangkok 10260 Tel. 398-3695, 399-3280-9 Fax. 399-2417	ELECTRIC	PREFERENCE	2,000	10.00
35.	CHIVA - SOM INTERNATIONAL HEALTH RESORTS CO.,LTD. 87 Modern Town Building 10th Floor Sukumvit 63, Bangkok 10110 Tel. 381-4459-60 Fax. 381-5852	SERVICES	ORDINARY	750,000	10.00
36.	BANGKOK FIRST TOKAI CO.,LTD. 25th Floor, C.P. Tower Building 313 Silom Road, Bangkok 10500 Tel. 231-0946-51 Fax. 231-0955	FINANCIAL	ORDINARY	150,000	10.00
37.	UNI - MEDIA CO.,LTD. 1828 Sukumvit Road, Prakanong, Bangkok 10250 Tel. 311-5111 Fax. 331-5668	INVESTMENT	ORDINARY	1,850,000	10.00
38.	BANGKOK CENTRAL LEASING CO.,LTD. 16th Fl, Sethiwan Tower 139 Pan Road, Silom, Bangrak Bangkok 10500 Tel. 266-6640 Fax. 237-4492	LEASING	ORDINARY	60,000	10.00
39.	TOYOTA LEASING (THAILAND) CO.,LTD. 990 Abdulrattim Place 18th-19th Floor, Rama IV Road, Silom, Bangrak, Bangkok 10500 Tel. 636-1313, 636-1333 Fax. 636-1410-12	LEASING	ORDINARY	40,000	10.00
40.	ASSET PLUS SECURITIES CO.,LTD. 193-111-115 Lake Rajada building 27th Floor New Rajadapisek Road, Klongtoey Bangkok 10110 Tel. 661-9999 Fax. 661-9988	FINANCIAL	ORDINARY	5,400,000	10.00
41.	BANGKOK ARTS AND CRAFTS PUBLIC CO.,LTD. 178 Moo 2, Phaholyothin, Wangnoi, Ayuthaya 13170 Tel. (035) 271-548-52, 271-545-6 Fax. (035) 271-547	APPLIANCE	ORDINARY	500,000	10.00
42.	PASTEUR MERIEUX CONNAUGHT (THAILAND) LTD. 3195/9 Vibulthani Tower 1, 4th Floor Rama 4 Road, Klongton, Klongtoey Bangkok 10110 Tel. 661-3366 Fax. 661-3373	MEDICAL SUPPLIES	ORDINARY	1,000	10.00
43.	SECURITY PRINTERS LTD. 9/9 Soi Pipat Silom Road, Silom, Bangkok 10500 Tel. 636-6191-5	PRINTING	ORDINARY	1,000	10.00
44.	THANATHEP PRINTING CO.,LTD. 111 Ladprao km.9 Bangkapi, Bangkok 10240 Tel. 377-5074-6 Fax. 377-6289	PRINTING	ORDINARY	10,000	10.00
45.	BANGKOK BANKERS INSTITUTE LTD. 101 Ratchadamnoen Road, Phanakorn Bangkok 10200	SERVICES	ORDINARY	200	10.00
46.	H & Q (THAILAND) LTD. Suite 1207, 12th Floor, Sathorn City Tower 175 South Sathorn Road, Bangkok 10500 Tel. 679-6312-5 Fax. 679-6316	INVESTMENT	ORDINARY	5,000	10.00

NO.	COMPANY	TYPE OF BUSINESS	TYPE OF SHARES	NO. OF SHARES HELD	% OF COMPANY'S PAID - UP CAPITAL
47.	THAI NUSA DEVELOPMENT CO.,LTD. 1/61 Moo 5 Khanharm Sub - Dist, Rojana Industrial Park, Ayuthaya Tel. (035) 330-221-2 Fax. (035) 330-230	INVESTMENT	ORDINARY	1,800,000	10.00
48.	SINN BUALUANG PUBLIC CO.,LTD. 9/1 Suapa Road Pomprab Bangkok 10100 Tel. 623-1400 Fax. 223-1953	SERVICES	ORDINARY	10,000,000	10.00
49.	BANGKOK SUMIGIN CONSULTING CO.,LTD. 952 Ramaland Building 1 st Floor, Rama 4 Suriwong Bangkok Bangkok 10500 Tel. 632-9210 Fax. 932-9208	SERVICES	ORDINARY	2,000	10.00
50.	ASIAN CAPITAL MANAGEMENT LIMITED 153/3 4th Floor, Goldden Pavillion Building Rajdamri Road, Patumwan Bangkok Tel. 652-1234	SERVICES	ORDINARY	24,000	10.00
51.	GAMMA DEVELOPMENT CO.,LTD. 19 Sunthornkosa Road, Klong Toey Bangkok 10500 Tel. 249-0451 Fax. 249-3869	REAL ESTATE	ORDINARY	1,000	10.00
52.	SEACON DEVELOPMENT CO.,LTD. 904 Srinakarini Road, Norgbon, Prawet, Bangkok 10260 Tel. 721-8888 Fax. 721-9444	REAL ESTATE	ORDINARY	574,000	10.00
53.	BANGKOK WATER RESOURCE CO.,LTD. 49 Asia Sermkij Tower 6th Floor Soi Pipat, Silom Road, Bangrak Bangkok 10500 Tel. 231-5989-91 Fax. 231-5993	REAL ESTATE	ORDINARY PREFERENCE	1,000,000 300,000	} 10.00
54.	UNITED SILO AND SERVICE CO.,LTD. 177 United Flour Mill Building, 9th Floor, Rajawongse Road, Bangkok 10110 Tel. 226-0680, 226-6120-29 Fax. 224-5670	SERVICES	ORDINARY	200,000	10.00
55.	SIAM UNION CONTAINER CO.,LTD. 1199/1 Rungsaeng Building 4th Floor, Bangna-Trad Road. km.2 1/2 Bangna Phrakanong Bangkok 10260 Tel. 398-0102-4 Fax. 399-3315	SERVICES	ORDINARY	19,998	10.00
56.	ASIA TRADERS INSURANCE CORPORATION 15 th Floor, Tytana Plaza, Plaza Lorenzo Ruiz, Binondo Manila, Philippines. Tel. (63) 241-5201 Fax. (63) 241-6257, 243-3216	INSURANCE	ORDINARY	150,000	10.00
57.	AAC CAPITAL FUND LIMITED C/O Asia & Oceania Division, LTCB. 1-8, Uchisaiwaicho 2-chome, Chiyoda-ku, Tokyo 100 Tel. (81) 3-5511-5421 Fax. (81) 3-511-5088	INVESTMENT	ORDINARY	1,000	10.00
58.	CAPMAC ASIA LTD. 885 Third Avenue New York, NY 10022 Tel. (212) 891-4289 Fax. (212) 755-5462	FINANCE	PREFERENCE	50,000	10.00
59.	TUAS TECHNOLOGY PARK PTE. LTD. 14 Scotts Road # 06-00 Far East Plaza, Singapore 228213 Tel. 235-2411 Fax. 733-8781	REAL ESTATE	ORDINARY	10,000	10.00
60.	TUAS HI-TECH PARK PTE. LTD. 14 Scotts Road # 06-00 Far East Plaza, Singapore 228213 Tel. 235-2411 Fax. 733-8781	REAL ESTATE	ORDINARY	10,000	10.00
61.	BBL NOMINEES (H.K.) LTD. 28 Des Voeux Road, Central Hong Kong Tel. (852) 280-16688 Fax. (852) 281-05679	BROKER	ORDINARY	1	10.00

**REMUNERATION AND BENEFITS IN KIND
RECEIVED BY THE BOARD OF DIRECTORS
AND EXECUTIVE OFFICERS IN 1998**

BOARD OF DIRECTORS		TOTAL (BAHT)
1.	Prasit Kanchanawat	1,600,000
2.	Arsa Sarasin	1,100,000
3.	Chatri Sophonpanich	800,000
4.	Damrong Krishnamara	800,000
5.	Piti Sithi-Amnuai	800,000
6.	Chartsiri Sophonpanich	800,000
7.	Vira Ramyarupa*	920,000
8.	Piya Sivayathorn	800,000
9.	Chote Sophonpanich	800,000
10.	Charn Sophonpanich	800,000
11.	Pipat Tantipatpong	800,000
12.	Yongsak Kanathanavanich	800,000
13.	Amorn Chandarasomboon	800,000
14.	Kitti Damnernchanvanich	800,000
15.	Damri Darakananda	800,000
16.	Deja Tulananda	800,000
17.	Thamnoon Laukaikul	800,000
18.	Kosit Panpiemras	800,000
19.	Staporn Kavitanon	800,000
20.	Phornthep Phornprapha	800,000
21.	Vichit Suraphongchai**	100,000
22.	Teera Aphaiwongse ***	700,000

* Director and Secretary to the Board of Directors

** Resigned on February 10, 1998

*** Replacing Vichit Suraphongchai on March 19, 1998

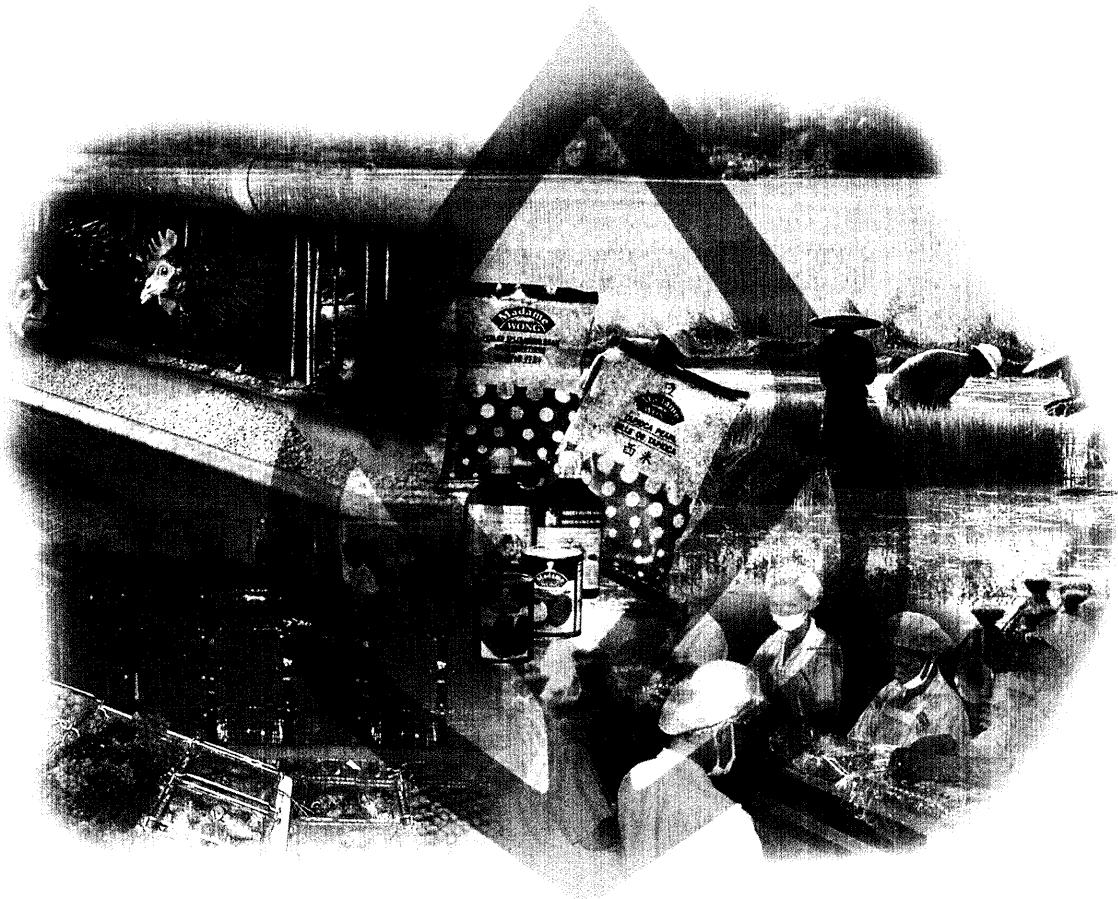
Remuneration

1. Remuneration to the Board of Directors : Baht 18.0 million
2. Remuneration to Executive Officers : Baht 429.7 million
3. Remuneration to Top 15 Executive Officers : Baht 111.1 million

Benefits in - kind : None

CHANGE IN SHAREHOLDINGS OF THE BOARD OF DIRECTORS AS AT END-1997 AND END-1998

BOARD OF DIRECTORS		AS AT END-1997	AS AT END-1998	CHANGE
1.	Prasit Kanchanawat	51,000	51,000	-
2.	Arsa Sarasin	1,330	1,330	-
3.	Chatri Sophonpanich	5,294,478	5,294,478	-
4.	Damrong Krishnamara	211,360	211,980	+620
5.	Piti Sithi-Amnuai	135,520	135,520	-
6.	Chartsiri Sophonpanich	1,420,940	1,420,940	-
7.	Vira Ramyarupa	284,860	154,860	-130,000
8.	Piya Sivayathorn	44,890	44,890	-
9.	Chote Sophonpanich	129,530	117,850	-11,680
10.	Charn Sophonpanich	355,910	355,910	-
11.	Pipat Tantipipatpong	15,910	15,910	-
12.	Yongsak Kanathanavanich	567,460	619,530	+52,070
13.	Amorn Chandarasomboon	9,150	9,150	-
14.	Kitti Damnernchanvanich	-	-	-
15.	Damri Darakananda	77,500	77,500	-
16.	Deja Tulananda	71,270	71,270	-
17.	Thamnoon Laukaikul	25,950	25,950	-
18.	Kosit Panpiemras	-	-	-
19.	Staporn Kavitanon	-	-	-
20.	Phornthep Phornprapha	-	-	-
21.	Teera Aphaiwongse	-	-	-



REPORT OF THE AUDITORS

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

We have audited the accompanying consolidated balance sheet of Bangkok Bank Public Company Limited and subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of profit and loss, changes in shareholders' equity, retained earnings and cash flows for each of the years then ended, and the balance sheet of Bangkok Bank Public Company Limited as of December 31, 1998 and 1997, and the related statements of profit and loss, changes in shareholders' equity, retained earnings and cash flows for each of 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.

As described in Notes 1.2 and 3.4, the Bank of Thailand ("BOT") on March 31, 1998 issued new guidelines (the "Guidelines") for estimating and recording a minimum allowance for doubtful accounts. Those Guidelines specify certain allowance percentages to be applied to certain classifications of loans and also require the Bank to utilize BOT defined qualitative review procedures in estimating the total required allowance for doubtful accounts. The Guidelines permit the Bank to phase in the minimum required reserve through December 31, 2000. In our opinion under generally accepted accounting principles the allowance for doubtful accounts should be fully recorded. The Bank has estimated the minimum total allowance under such Guidelines of Baht 159,719.1 million and as at December 31, 1998 has recorded an allowance of Baht 102,077.4 million or 63.91% of the minimum total allowance.

In our opinion, except for the effect on the 1998 consolidated financial statements and the 1998 financial statements of estimating the allowance for doubtful accounts as discussed in the third paragraph, the aforementioned consolidated financial statements of Bangkok Bank Public Company Limited and subsidiaries and the financial statements of Bangkok Bank Public Company Limited present fairly the financial position as of December 31, 1998 and 1997, and the results of its operations, the changes in shareholders' equity and the cash flows for each of the years then ended of Bangkok Bank Public Company Limited and subsidiaries, and of Bangkok Bank Public Company Limited, in accordance with generally accepted accounting principles and as described in Notes 2 and 3.

As discussed in Note 1 to the financial statements, Thailand and many other Asia-Pacific countries are experiencing severe economic difficulties, including currency instability, business contraction, financial system instability and a sharp rise in loan defaults. This has and may continue to adversely affect the operations of banks operating in Thailand, including the Bank. It is not possible to forecast the effect which a continuation of adverse economic conditions might have on the Bank. In the event the level of non-performing assets exceeds the amount estimated by management, additional allowances may be required which could affect the capital adequacy of the Bank. In addition, the Government of Thailand regulators are taking actions intended to restructure the banking and finance business systems in Thailand, as such additional actions may be forthcoming.



Toemsakdi Krishnamra

Certified Public Accountant

BANGKOK

February 17, 1999

DELOITTE TOUCHE TOHMATSU JAIYOS

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES AS AT DECEMBER 31,

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	1998	1997	1998	1997
ASSETS				
CASH	13,076,337,004	16,548,431,763	13,002,822,193	16,376,937,647
INTERBANK AND MONEY MARKET ITEMS (Note 4.2)				
Domestic items				
Interest bearing	4,535,440,304	61,028,848,760	4,535,440,304	61,028,848,760
Non – interest bearing	8,302,263,651	18,925,800,309	8,299,126,018	18,925,800,309
Foreign items				
Interest bearing	115,476,874,186	120,006,455,126	117,918,191,820	120,543,993,770
Non – interest bearing	2,085,693,493	3,771,940,550	1,818,690,913	2,896,228,392
Total interbank and money market items	130,400,271,634	203,733,044,745	132,571,449,055	203,394,871,231
SECURITIES PURCHASED UNDER RESALE AGREEMENTS (Note 4.3)	109,520,000,000	48,382,536,871	109,520,000,000	48,382,536,871
INVESTMENT IN SECURITIES (Notes 3.2, 4.4 and 4.23)				
Securities for trading	39,518,242,504	11,023,402,844	39,518,242,504	11,023,402,844
Securities for investment	74,538,339,192	61,783,580,452	73,316,303,846	61,204,320,089
Total investment in securities	114,056,581,696	72,806,983,296	112,834,546,350	72,227,722,933
Less Allowance for diminution in value of securities	(1,597,864,091)	(3,585,593,138)	(1,583,086,264)	(3,578,680,509)
Total investment in securities, net	112,458,717,605	69,221,390,158	111,251,460,086	68,649,042,424
LOANS AND ACCRUED INTEREST RECEIVABLES				
Loans (Notes 3.3 and 4.5)	958,350,653,833	1,081,084,642,498	952,545,786,127	1,074,396,075,261
Accrued interest receivables	7,048,472,797	10,031,310,728	6,947,985,529	9,988,470,555
Total loans and accrued interest receivables	965,399,126,630	1,091,115,953,226	959,493,771,656	1,084,384,545,816
Less Allowance for doubtful accounts (Notes 3.4 and 4.6)	(102,954,553,672)	(58,113,100,507)	(102,077,418,791)	(57,925,397,839)
Total loans and accrued interest receivables, net	862,444,572,958	1,033,002,852,719	857,416,352,865	1,026,459,147,977
PROPERTIES FORECLOSED	6,706,938,840	5,493,573,620	6,702,513,737	5,493,573,620
Less Allowance for diminution in value of property foreclosed	(773,932,628)	(201,015,006)	(773,932,628)	(201,015,006)
Total properties foreclosed, net	5,933,006,212	5,292,558,614	5,928,581,109	5,292,558,614
CUSTOMERS' LIABILITY UNDER ACCEPTANCES	1,712,556,395	3,568,943,677	1,712,156,395	3,568,943,677
PREMISES AND EQUIPMENT, NET (Notes 3.6 and 4.7)	29,548,156,610	31,223,385,564	29,444,068,421	31,090,458,537
OTHER ASSETS	6,179,906,157	5,461,835,581	6,102,223,559	5,404,273,758
TOTAL ASSETS	BAHT 1,271,273,524,575	1,416,434,979,692	1,266,949,113,683	1,408,618,770,736

Notes to the consolidated and the Bank's financial statements form an integral part of these statements

CONSOLIDATED FINANCIAL STATEMENTS

THE BANK'S FINANCIAL STATEMENTS

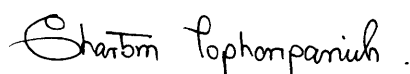
	1998	1997	1998	1997
LIABILITIES AND SHAREHOLDERS' EQUITY				
DEPOSITS (Note 4.8)				
Deposits in Baht	910,729,999,395	867,210,112,392	910,259,526,761	867,210,112,392
Deposits in foreign currencies	64,307,935,619	84,939,807,702	59,520,302,909	79,337,647,811
Total deposits	975,037,935,014	952,149,920,094	969,779,829,670	946,547,760,203
INTERBANK AND MONEY MARKET ITEMS (Note 4.9)				
Domestic items				
Interest bearing	27,567,897,321	39,810,772,169	27,624,482,812	39,810,772,169
Non – interest bearing	2,032,699,399	1,383,938,976	2,033,427,604	1,381,020,892
Foreign items				
Interest bearing	73,030,325,843	173,477,553,405	73,890,431,362	172,288,112,144
Non – interest bearing	1,188,508,215	2,062,820,827	1,258,195,970	2,052,848,978
Total interbank and money market items	103,819,430,778	216,735,085,377	104,806,537,748	215,532,754,183
LIABILITY PAYABLE ON DEMAND	2,765,166,735	3,889,464,709	2,732,244,852	3,823,918,736
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Note 4.10)	-	169,065,000	-	169,065,000
BORROWINGS (Notes 4.11, 4.12, 4.13 and 4.14)				
Long – term borrowings	60,790,803,736	80,684,479,052	61,012,423,824	80,684,479,052
Total borrowings	60,790,803,736	80,684,479,052	61,012,423,824	80,684,479,052
BANK'S LIABILITY UNDER ACCEPTANCES				
INTEREST PAYABLE	14,783,906,355	18,851,228,665	14,697,607,400	18,600,348,808
OTHER LIABILITIES	11,195,998,532	36,582,154,256	11,120,383,071	36,397,307,655
TOTAL LIABILITIES	1,170,105,797,545	1,312,630,340,830	1,165,861,182,960	1,305,324,577,314
Minority interest	22,546,244			
SHAREHOLDERS' EQUITY				
SHARE CAPITAL (Note 4.18)				
Authorized share capital				
2,000,000,000 ordinary shares of Baht 10.00 each	20,000,000,000	20,000,000,000	20,000,000,000	20,000,000,000

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES AS AT DECEMBER 31,

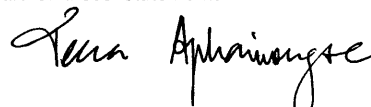
CONSOLIDATED FINANCIAL STATEMENTS THE BANK'S FINANCIAL STATEMENTS

	1998	1997	1998	1997
LIABILITIES AND SHAREHOLDERS' EQUITY (Con't)				
Issued and paid-up share capital				
1,466,495,694 ordinary shares of Baht 10.00 each, fully paid	14,664,956,940		14,664,956,940	
Issued and paid-up share capital				
1,001,495,694 ordinary shares of Baht 10.00 each, fully paid		10,014,956,940		10,014,956,940
PREMIUM ON SHARE CAPITAL	49,741,738,452	11,146,738,452	49,741,738,452	11,146,738,452
UNREALIZED INCREMENT PER LAND APPRAISAL (Note 3.6)	5,940,633,430	5,940,633,430	5,940,633,430	5,940,633,430
UNREALIZED INCREMENT PER BANK PREMISES APPRAISAL (Note 3.6)	3,935,517,418	4,089,807,636	3,935,517,418	4,089,807,636
RETAINED EARNINGS				
Appropriated				
Legal reserve (Note 4.21)	11,544,800,000	11,544,800,000	11,544,800,000	11,544,800,000
Other reserve	63,266,975,948	68,266,975,948	63,266,975,948	68,266,975,948
Unappropriated (deficit)	(48,906,003,324)	(4,042,986,593)	(49,010,497,939)	(4,521,057,866)
<u>ADD</u> (LESS) FOREIGN EXCHANGE ADJUSTMENT	956,561,922	32,374,167	1,003,806,474	-
<u>LESS</u> UNREALIZED LOSS ON SECURITIES FOR INVESTMENT (Note 3.2.4)	-	(3,188,661,118)	-	(3,188,661,118)
TOTAL SHAREHOLDERS' EQUITY - NET	101,145,180,786	103,804,638,862	101,087,930,723	103,294,193,422
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	BAHT 1,271,273,524,575	1,416,434,979,692	1,266,949,113,683	1,408,618,770,736
OFF - BALANCE - SHEET ITEMS				
CONTINGENCIES (Note 4.22)				
AVAL TO BILLS AND GUARANTEES OF LOANS	BAHT 50,497,474,960	77,200,358,457	56,052,274,560	84,856,617,257
LIABILITY UNDER UNMATURED IMPORT BILLS	BAHT 14,638,649,699	32,903,591,498	14,575,947,598	32,846,832,405
LETTERS OF CREDIT	BAHT 19,689,246,198	36,852,996,534	19,666,852,144	36,499,649,892
OTHER CONTINGENCIES	BAHT 485,704,849,757	836,402,457,022	483,477,416,409	838,787,012,608

Notes to the consolidated and the Bank's financial statements form an integral part of these statements



(Mr. Chartsiri Sophonpanich)
President



(Mr. Teera Aphaiwongse)
Senior Executive Vice President

STATEMENT OF PROFIT AND LOSS

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31,

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	1998	1997	1998	1997
INTEREST AND DIVIDEND INCOME				
Interest on loans	88,374,688,580	110,508,504,963	87,768,812,202	109,829,525,350
Interest on interbank and money market items	17,988,463,600	17,212,849,670	18,017,119,989	17,203,393,965
Interest on government and state enterprise securities	5,707,402,275	3,993,496,468	5,673,542,618	3,993,496,468
Interest on other securities	1,499,867,916	1,972,380,744	1,491,879,016	1,983,398,527
Total interest and dividend income	113,570,422,371	133,687,231,845	112,951,353,825	133,009,814,310
INTEREST EXPENSES				
Interest on deposits	90,838,415,324	70,436,000,829	90,413,631,142	70,002,521,785
Interest on interbank and money market items	9,659,187,133	14,132,595,296	9,661,323,714	14,127,526,767
Interest on long-term borrowings	4,026,983,644	3,455,455,803	4,029,243,168	3,455,455,803
Total interest expenses	104,524,586,101	88,024,051,928	104,104,198,024	87,585,504,355
NET INTEREST AND DIVIDEND INCOME	9,045,836,270	45,663,179,917	8,847,155,801	45,424,309,955
BAD DEBT AND DOUBTFUL ACCOUNTS	(48,518,424,266)	(28,413,969,774)	(47,991,720,493)	(28,368,191,836)
NET INTEREST AND DIVIDEND INCOME AFTER BAD DEBT AND DOUBTFUL ACCOUNTS	(39,472,587,996)	17,249,210,143	(39,144,564,692)	17,056,118,119
NON-INTEREST INCOME				
Fees and service income				
Acceptances, aval and guarantees	501,725,908	740,721,999	501,723,908	740,721,999
Others	8,037,161,707	9,511,875,365	8,005,562,765	9,464,603,830
Gains on foreign exchange	10,581,201,626	10,467,661,399	10,544,295,456	10,418,470,494
Gains on sales of securities	550,174,099	-	543,882,329	-
Gains on sales of debt instruments	238,691,817	702,506,929	238,691,817	702,506,929
Other income	302,192,019	308,488,442	292,766,617	247,341,432
Total non-interest income	20,211,147,176	21,731,254,134	20,126,922,892	21,573,644,684

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31,

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	1998	1997	1998	1997
NON-INTEREST EXPENSES				
Personnel expenses	9,417,691,045	10,625,822,781	9,342,559,046	10,535,720,574
Premises and equipment expenses	3,461,727,392	3,214,017,182	3,450,380,025	3,204,028,271
Taxes and duties	3,738,215,744	5,082,823,505	3,745,469,804	5,003,084,406
Fees and service expenses	1,235,576,515	996,188,111	1,233,828,567	994,125,078
Directors' remuneration	25,812,000	30,400,000	25,560,000	30,400,000
Loss on sales of securities	228,922,054	5,325,908,163	228,882,154	5,325,908,163
Loss on securities written off	4,835,506,569	979,767,705	4,835,506,569	979,767,705
Contributions to the Financial Institutions Development Fund	4,293,682,062	1,826,607,793	4,292,119,695	1,826,607,793
Other expenses	3,364,349,878	2,235,006,896	3,317,492,413	2,223,152,123
Total non-interest expenses	30,601,483,259	30,316,542,136	30,471,798,273	30,122,794,113
INCOME (LOSS) BEFORE INCOME TAX	(49,862,924,079)	8,663,922,141	(49,489,440,073)	8,506,968,690
INCOME TAX EXPENSES	-	4,450,000,000	-	4,450,000,000
PROFIT (LOSS) BEFORE MINORITY INTERESTS	(49,862,924,079)	4,213,922,141	(49,489,440,073)	4,056,968,690
MINORITY INTERESTS IN SUBSIDIARIES' LOSSES	(92,652)	-	-	-
NET INCOME (LOSS) BAHT	(49,863,016,731)	4,213,922,141	(49,489,440,073)	4,056,968,690
NET INCOME (LOSS) FOR THE YEAR PER SHARE BAHT	(37.92)	4.21	(37.64)	4.05

Notes to the consolidated and the Bank's financial statements form an integral part of these statements

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	1998	1997	1998	1997
ORDINARY SHARE CAPITAL				
Beginning balance	10,014,956,940	10,012,758,680	10,014,956,940	10,012,758,680
Additions	4,650,000,000	2,198,260	4,650,000,000	2,198,260
Ending balance	14,664,956,940	10,014,956,940	14,664,956,940	10,014,956,940
PREMIUM ON SHARE CAPITAL				
Beginning balance	11,146,738,452	11,098,376,712	11,146,738,452	11,098,376,712
Additions	38,595,000,000	48,361,740	38,595,000,000	48,361,740
Ending balance	49,741,738,452	11,146,738,452	49,741,738,452	11,146,738,452
UNREALIZED INCREMENT PER LAND APPRAISAL				
Beginning balance	5,940,633,430	5,940,633,430	5,940,633,430	5,940,633,430
Ending balance	5,940,633,430	5,940,633,430	5,940,633,430	5,940,633,430
UNREALIZED INCREMENT PER PREMISES APPRAISAL				
Beginning balance	4,089,807,636	4,242,905,591	4,089,807,636	4,242,905,591
Deductions	(154,290,218)	(153,097,955)	(154,290,218)	(153,097,955)
Ending balance	3,935,517,418	4,089,807,636	3,935,517,418	4,089,807,636

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31,

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	1998	1997	1998	1997
RETAINED EARNINGS				
Appropriated				
LEGAL RESERVE				
Beginning balance	11,544,800,000	10,544,800,000	11,544,800,000	10,544,800,000
Additions	-	1,000,000,000	-	1,000,000,000
Ending balance	11,544,800,000	11,544,800,000	11,544,800,000	11,544,800,000
OTHER RESERVE				
Beginning balance	68,266,975,948	55,141,975,948	68,266,975,948	55,141,975,948
Additions	-	13,125,000,000	-	13,125,000,000
Deductions	(5,000,000,000)	-	(5,000,000,000)	-
Ending balance	63,266,975,948	68,266,975,948	63,266,975,948	68,266,975,948
Unappropriated				
Beginning balance	(4,042,986,593)	10,875,569,736	(4,521,057,866)	10,554,451,914
Additions	5,000,000,000	4,213,922,141	5,000,000,000	4,056,968,690
Deductions	(49,863,016,731)	(19,132,478,470)	(49,489,440,073)	(19,132,478,470)
Ending balance	(48,906,003,324)	(4,042,986,593)	(49,010,497,939)	(4,521,057,866)
FOREIGN EXCHANGE ADJUSTMENT				
Beginning balance	32,374,167	778,739	-	-
Additions	995,788,428	31,595,428	1,003,806,474	-
Deductions	(71,600,673)	-	-	-
Ending balance	956,561,922	32,374,167	1,003,806,474	-
UNREALIZED LOSS ON SECURITIES FOR INVESTMENT				
Beginning balance	(3,188,661,118)	-	(3,188,661,118)	-
Additions	-	(3,188,661,118)	-	(3,188,661,118)
Deductions	3,188,661,118	-	3,188,661,118	-
Ending balance	-	(3,188,661,118)	-	(3,188,661,118)
TOTAL	BAHT			
	101,145,180,786	103,804,638,862	101,087,930,723	103,294,193,422

Notes to the consolidated and the Bank's financial statements form an integral part of these statements

STATEMENT OF RETAINED EARNINGS

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	1998	1997	1998	1997
UNAPPROPRIATED RETAINED EARNINGS				
Beginning	(4,042,986,593)	10,875,569,736	(4,521,057,866)	10,554,451,914
Additions :				
Net profit	-	4,213,922,141	-	4,056,968,690
Other reserve	5,000,000,000	-	5,000,000,000	-
Deductions :				
Net loss	(49,863,016,731)	-	(49,489,440,073)	-
Appropriation for last year :				
Statutory reserve	-	(500,000,000)	-	(500,000,000)
Other reserve	-	(7,000,000,000)	-	(7,000,000,000)
Dividends	-	(3,004,487,082)	-	(3,004,487,082)
Appropriation during the year :				
Statutory reserve	-	(500,000,000)	-	(500,000,000)
Other reserve	-	(6,125,000,000)	-	(6,125,000,000)
Dividends	-	(2,002,991,388)	-	(2,002,991,388)
Total unappropriated retained earnings (deficit)	(48,906,003,324)	(4,042,986,593)	(49,010,497,939)	(4,521,057,866)
APPROPRIATED RETAINED EARNINGS				
Legal reserve	11,544,800,000	11,544,800,000	11,544,800,000	11,544,800,000
Other reserve	63,266,975,948	68,266,975,948	63,266,975,948	68,266,975,948
Total appropriated retained earnings	74,811,775,948	79,811,775,948	74,811,775,948	79,811,775,948
TOTAL RETAINED EARNINGS				
BAHT	25,905,772,624	75,768,789,355	25,801,278,009	75,290,718,082

Notes to the consolidated and the Bank's financial statements form an integral part of these statements

BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31,

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	1998	1997	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	(49,863,016,731)	4,213,922,141	(49,489,440,073)	4,056,968,690
Items to reconcile net income to net cash flows from operations				
Depreciation and amortization				
Expenses	1,802,033,493	1,704,569,005	1,790,508,257	1,694,460,655
Bad debt and doubtful accounts	48,518,424,266	28,413,969,774	47,991,720,493	28,368,191,836
(Gains) losses on foreign exchange	(2,346,176,366)	3,499,424,725	(2,346,176,366)	3,499,424,725
(Gains) losses of securities valuation	169,499,546	34,839,260	169,499,546	34,839,260
(Gains) losses of securities written off	4,835,506,569	979,767,705	4,835,506,569	979,767,705
(Gain) losses of properties valuation	816,713,585	-	816,713,585	-
Accrued interest receivable and dividend (increase) decrease	2,625,527,285	(4,604,343,894)	2,644,743,683	(4,675,169,449)
Interest receivable - other (increase) decrease	(46,827,027)	135,130,467	(46,827,026)	135,130,467
Interest payable increase (decrease)	(4,067,322,310)	4,846,091,927	(3,902,741,408)	4,866,559,138
Accrued other expenses increase (decrease)	(1,392,561,472)	591,507,191	(1,384,804,867)	583,728,783
Income from operations before changes in operating assets and liabilities	1,051,800,838	39,814,878,301	1,078,702,393	39,543,901,810
Operating assets (increase) decrease				
Negotiable certificates of deposit	67,355,905	(569,861,545)	67,355,905	(569,861,545)
Securities purchased under resale agreements	(61,123,718,033)	(35,476,003,842)	(61,123,718,033)	(35,476,003,842)
Investment in securities for trading	(28,756,015,470)	2,657,901,348	(28,756,015,470)	2,657,901,348
Deposits, loans and Interbank and money market items	193,895,315,666	(256,633,062,827)	190,339,564,832	(255,540,171,504)
Properties foreclosed	(1,258,289,077)	(39,331,130)	(1,253,863,974)	(39,331,130)
Other assets	2,132,340,460	1,447,111,241	2,190,863,858	1,481,764,519
Operating liabilities increase (decrease)				
Deposits, borrowings and Interbank and money market items	(87,272,464,196)	211,834,037,997	(84,715,957,327)	211,045,693,614

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	1998	1997	1998	1997
Demand liabilities	(1,124,297,974)	919,943,735	(1,091,673,884)	1,040,844,921
Negotiable certificates of deposit	(2,755,175,483)	(13,779,121,012)	(2,778,189,641)	(14,143,642,377)
Securities sold under repurchase agreements	(169,065,000)	169,065,000	(169,065,000)	169,065,000
Other liabilities	(38,300,756,707)	46,268,212,163	(37,898,043,364)	46,116,923,356
Minority interest	22,546,244	-	-	-
Net cash used by operating activities	(24,642,223,665)	(43,201,108,872)	(25,188,742,098)	(43,256,817,640)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in securities for investment (increase) decrease	(18,183,252,070)	5,386,316,617	(17,548,342,284)	5,600,145,218
Purchase of premises and equipment	(300,200,058)	(6,199,183,102)	(307,364,682)	(6,151,789,329)
Proceeds from sales of premises and equipment	19,105,301	94,197,167	8,956,322	94,197,167
Net cash used by investing activities	(18,464,346,827)	(718,669,318)	(17,846,750,644)	(457,446,944)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issuance of unsecured subordinated debt	-	7,722,000,000	-	7,722,000,000
Payment for floating rate notes	(4,662,325,105)	-	(4,662,325,105)	-
Proceeds from issuance of ordinary shares and premium on share capital	43,245,000,000	-	43,245,000,000	-
Dividends paid	-	(5,007,478,470)	-	(5,007,478,470)
Net cash provided by financing activities	38,582,674,895	2,714,521,530	38,582,674,895	2,714,521,530
Net decrease in cash and cash equivalents	(3,472,094,759)	(1,390,378,359)	(3,374,115,454)	(1,455,841,244)
Cash and cash equivalents as at January 1,	16,548,431,763	17,938,810,122	16,376,937,647	17,832,778,891
Cash and cash equivalents as at December 31, BAHT	13,076,337,004	16,548,431,763	13,002,822,193	16,376,937,647

Notes to the consolidated and the Bank's financial statements form an integral part of these statements

**BANGKOK BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 1998 AND 1997**

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

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

Thailand and many Asia-Pacific countries are experiencing severe economic difficulties, including currency instability, business contraction, financial system instability and a sharp rise in loan defaults. This has affected and may continue to adversely affect bank operations in Thailand, including Bangkok Bank Public Company Limited. Specifically, it has led to many of the customers of the Bank becoming unable to meet their obligations when due. As of December 31, 1998 the Bank has estimated that allowances for doubtful account of Baht 159,719.1 million would adequately provide against the effects of the deteriorating economy and the resultant likely increase in loan payment defaults. In the face of possible further economic turmoil and deterioration, the adequacy of this estimate will be dependent on many factors external to the Bank and its subsidiaries, and which cannot be controlled or accurately forecasted at this time. It is therefore not possible to anticipate the effect of continuation of adverse economic conditions on the earnings and balance sheet of the Bank and its subsidiaries. Should further increase in non-performing loans above the amount estimated occur, then additional allowances would be required, with resultant impact on the adequacy of the Bank's and its subsidiaries' capital base.

1.2 New allowance for doubtful accounts

On March 31, 1998, the Bank of Thailand (the "BOT") announced new guidelines ("the New Guidelines") regarding loan classification and determination of minimum allowance for doubtful accounts, interest recognition, collateral valuations, and other related measures. The New Guidelines require banks to categorize their loan portfolios into six categories subject to different levels of provisioning. The New Guidelines also establish new interest accrual and reversal policies and maximum collateral valuation limits for the purpose of calculating the allowance for doubtful accounts. The New Guidelines require banks to perform BOT defined qualitative reviews of their loans and all commitments, including off-balance-sheet exposures, on a periodic basis and to implement appropriate risk management systems and controls. From June to August 1998, the BOT issued additional guidelines clarifying the above New Guidelines, namely the basis for debt restructuring and collateral appraisal of the financial institutions, bad and doubtful assets and reports to be submitted to the BOT. Recording the estimated minimum allowance for doubtful accounts determined pursuant to the New Guidelines may be phased-in on a pro-rated basis semi-annually from December 31, 1998 through December 31, 2000, with 20% of the total required to be recorded at December 31, 1998. The Bank is required to periodically report the progress of its compliance with these guidelines to the BOT.

1.3 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 measures of the Bank's assets, liabilities and certain off-balance-sheet items as calculated in accordance with regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgment by the BOT about components, risk weightings and other factors. Management believes that as of December 31, 1998, the Bank met all capital adequacy requirements. However these capital and regulatory requirements are subject to change, as considered necessary by the BOT.

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

2.1 The consolidated financial statements and the Bank's financial statements for the years ended December 31, 1998 and 1997 are presented in accordance with the requirements of the Ministerial Regulation No. 7 B.E. 2539 (1996) under the Public Limited Companies Act B.E. 2535 (1992) dated October 25, 1996, regarding the form of balance sheet and statement of profit and loss for public limited companies, effective as from the accounting period starting on January 1, 1997. The Bank's financial statements account for its investment in subsidiaries and associated companies by the cost method (see Note 3.2.5), and are in accordance with the Procedures, Policies and Notifications of BOT relating to the financial statements of commercial banks.

2.2 The consolidated financial statements include the accounts of all branches of the Bank and three subsidiaries whose shares are more than 50 percent owned by the Bank (financial statements of two subsidiaries used in the consolidated financial statements are unaudited), after eliminating material inter-company transactions and balances. The three subsidiaries are BBL Cayman Limited, Bangkok Bank Berhad and Thaksin Finance Company Limited (see Note 4.4.3)

The financial statements of the subsidiaries, whose functional currency is not the Thai Baht, and which are consolidated, are translated into Baht at the rates as announced by the BOT at the end of the year.

2.3 The Bank's financial statements include the accounts of all branches of the Bank but exclude certain companies which are more than 50 percent owned by the Bank and carried at cost in the book, the financial position and the results of operations of which are presented in Note 4.4.4 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Assets and liabilities in foreign currencies are converted into Baht at the rates of exchange prevailing at the transaction dates. Balances of assets and liabilities in foreign currencies and forward exchange contracts at the end of the year are converted at the reference rates, as announced by BOT at the end of the year.

All foreign exchange gains or losses are recognized in the statement of profit and loss except for foreign exchange adjustment which is a component in shareholders' equity.

3.2 Investments which are debt instruments are stated at the lower of aggregate cost or aggregate market value in accordance with the BOT's Notification dated October 3, 1995, regarding the accounting for investment in debt instruments. Under the Notification, when aggregate market value is lower than aggregate cost, in case of debt instruments held for trading, the resultant loss is to be recognized in the statement of profit and loss, and in case of debt instruments held for investment, such loss is to be shown as a deduction from the shareholders' equity, except for a permanent decline in the aggregate market value, in which case it is recognized in the statement of profit and loss.

3.2.1 The market value of debt instruments is calculated as follows:

The market value of Government sector debt instruments is based on the monthly auction value of the BOT bonds and state enterprise bonds guaranteed by the government. If there is no such auction value, the Bank's yield curve for debt instruments of government sector is applied to estimate a market value, in accordance with the BOT's guidelines. The market value of state enterprise bonds without government guarantee is estimated by applying an appropriate risk premium to aforementioned yield curve.

For other domestic debt instruments, in case of bonds traded in The Thai Bond Dealing Centre, the price on the last business day of the year is applied as market value. The market value of instruments not traded in The Thai Bond Dealing Centre is estimated using the Bank's yield curve for debt instruments of government sector, with an appropriate risk premium.

Market values for foreign debt instruments are based on current quoted prices obtained from reliable and independent international financial institutions.

3.2.2 Investments in listed securities are stated at the lower of aggregate cost or aggregate market value (being the closing price at The Stock Exchange of Thailand at close of the last business day of the year).

3.2.3 Investments in other securities, except investments in debt instruments and listed securities, are stated at the lower of cost or estimated net realizable value.

3.2.4 In the consolidated financial statements and the Bank's financial statements for the year ended December 31, 1997, the unrealized loss on securities for investment resulted from the aggregate market value of debt instruments and/or equity instruments held for investment being lower than aggregate cost, on a temporary basis.

3.2.5 In the consolidated financial statements, investments in associated companies are stated at cost and in the Bank's financial statements, investments in associated companies and subsidiary companies are stated at cost.

3.3 Overdrafts are stated at the drawn amounts including interest. Other loans are stated at the principal amounts.

3.4 At December 31, 1998, the Bank followed the BOT New Guidelines described in Note 1.2 in establishing its minimum required allowance for doubtful accounts. The total estimated amount of required allowance for doubtful accounts estimated pursuant to the New Guidelines described in the preceding sentence was Baht 159,719.1 million.

As permitted under the New Guidelines in phasing in the recording of the full allowance until December 31, 2000, the minimum allowance of 20 percent of the full allowance is required at December 31, 1998. The Bank has recorded an allowance for doubtful accounts of Baht 102,077.4 million at December 31, 1998, or 63.91 percent, pursuant to the phase in provisions of the New Guidelines. The Bank believes this is adequate under the current circumstances and is in excess of the 20 percent minimum required by the BOT.

Debts which 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 such allowance.

3.5 Properties foreclosed consist of immovable properties which are stated at the lower of cost or market value at the date of acquisition. In case it is considered that there is a decline in net realizable value, an allowance will be made.

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

3.6 In 1993, land and buildings were professionally appraised according to guidelines established by the BOT. The increment resulting from the appraisal, approved by the BOT was recorded in the accounts as unrealized increment per land and premises appraisal and shown as shareholders' equity. Depreciation for the premises appraisal increase was deducted from the unrealized increment per premises appraisal account.

Land is stated at cost. Premises and equipment are stated at cost less accumulated depreciation. Leasehold property is stated at cost less amortization. Depreciation and amortization are calculated by the straight-line method, based on the estimated useful lives of the assets, as follows:

Premises	20 years
Equipment	5 years
Leasehold property	2-30 years

Assets in foreign countries are depreciated at the legal rates applicable in each locality of between 1-28 years.

3.7 On June 27, 1990, the Bank registered the provident fund for its staff in accordance with the Provident Fund Act B.E. 2530 (1987).

For overseas branches there are provident funds in accordance with each country's legal requirement and any withdrawal is made in compliance therewith.

3.8 Prior to September 1997, the Bank recognized interest and discounts on loans as income on an accrual basis, except for interest which was accrued over 6 months and the collateral was considered to be lower than the obligations, and interest which was accrued over 1 year and the collateral covered the obligations, such interest was recognized when received.

From September 1997, the Bank changed its accounting for recognition of interest income and discounts on loans to an accrual basis except for interest on loans which is accrued over 6 month, such interest is recognized when received.

The change has no significant effect on the operations of the Bank.

Interest expenses are recognized on an accrual basis.

3.9 Interest on securities is recognized as income on an accrual basis. Dividend income is recognized on a cash basis. Gains or losses on sales, or changes in the market value of securities, are computed by the specific identification method and included in other income or other expenses, as the case may be.

3.10 Contributions to the Financial Institutions Development Fund are recorded as expenses for the year.

3.11 Income tax payable is recorded as an expense for the year.

3.12 Net income (loss) per share is calculated from the net profit (loss) divided by the average number of ordinary shares outstanding, weighted according to time and the amount paid.

The Bank has issued convertible bonds which the bondholders have the right to convert into ordinary shares.

As at December 31, 1998 due to a net loss per share, reporting of fully diluted earnings per share information is not required.

As at December 31, 1997, had all bondholders exercised their conversion rights, the difference between fully diluted and primary earnings per share would not be significant.

3.13 Use of accounting estimates

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

3.14 Certain reclassifications have been made to financial statements for the year ended December 31, 1997 to conform to the classifications used in the financial statements for the year ended December 31, 1998.

3.15 The International Accounting Standard (IAS) No. 32, Financial Instruments : Disclosure and Presentation is used as a reference for disclosure of the Bank and its subsidiaries' financial instruments, as recommended by The Stock Exchange of Thailand. As a result, the following disclosures have been included in these consolidated financial statements and the Bank's financial statements for the year ended December 31, 1998.

- Interest earning and interest bearing financial instruments
- Maturity analysis of assets and liabilities
- Financial instruments
- Fair value of financial instruments

3.16 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 the Statement of Profit and Loss in the current period. Gains and losses on such contracts are taken to profit and loss 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 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 profit and loss. Agreements entered into for hedging purposes are accounted for in a manner consistent with the accounting treatment of the hedged item.

4. ADDITIONAL INFORMATION

4.1 Supplemental disclosures of cash flow information

4.1.1 Cash paid for interest and income tax for the years ended December 31

		CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		1998	1997	1998	1997
Interest	Baht	108,591,908,411	83,177,960,001	108,006,939,432	82,718,945,217
Income tax	Baht	356,830,539	10,622,989,166	356,692,291	10,622,989,166

4.1.2 Non-cash items are as follows:

4.1.2.1 Conversion of subordinated convertible bonds into ordinary shares during the year ended December 31

		CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		1998	1997	1998	1997
Ordinary shares		-	2,198,260	-	2,198,260
Premium on share capital		-	48,361,740	-	48,361,740
Conversion amount	Baht	-	50,560,000	-	50,560,000

4.1.2.2 At December 31, 1997, unrealized loss on securities for investment of Baht 3,188,661,118 was shown as a deduction from shareholders' equity in the consolidated financial statements and the Bank's financial statements.

4.1.2.3 Acquisition of a subsidiary

The consolidated financial statements for the year ended December 31, 1998 included transactions of a new subsidiary. In 1998, the Bank acquired ordinary shares in Thaksin Finance Company Limited. Acquisition of these shares resulted in the Bank owning 97.27 percent of the ordinary shares outstanding, thereby requiring the entity to be consolidated in the Bank and its subsidiaries' financial statements for financial reporting purposes.

The transfer of assets, liabilities and the payment of shares purchased as of the date of acquisition are as follows:

Cash	344,714
Other assets	1,214,605,519
<u>Less</u> Liabilities transferred	(536,357,504)
Net assets	678,592,729
<u>Less</u> Excess of book values over cost	(1,568,569)
Cash payment to acquire additional shares	677,024,160
<u>Less</u> Cash transferred from the subsidiary	(344,714)
Net cash paid	Baht 676,679,446

4.2 Interbank and money market items

4.2.1 Interbank and money market items for 1998 consisted of the following at December 31:

	CONSOLIDATED FINANCIAL STATEMENTS			THE BANK'S FINANCIAL STATEMENTS		
	Demand	Time	Total	Demand	Time	Total
Domestic items						
Bank of Thailand and Financial Institutions						
Development Fund	8,181,324,050	-	8,181,324,050	8,178,186,416	-	8,178,186,416
Commercial banks	120,770,077	938,551,001	1,059,321,078	120,770,077	938,551,001	1,059,321,078
Other banks	10,997,343	-	10,997,343	10,997,343	-	10,997,343
Finance companies, Finance and Securities companies, Securities companies and Credit Foncier companies	247,345,742	2,404,283,536	2,651,629,278	247,345,742	2,404,283,536	2,651,629,278
Other financial institutions	408,959,486	525,472,720	934,432,206	408,959,487	525,472,720	934,432,207
Baht	8,969,396,698	3,868,307,257	12,837,703,955	8,966,259,065	3,868,307,257	12,834,566,322
Foreign items						
USD	9,124,077,332	95,794,237,472	104,918,314,804	9,124,077,332	98,122,311,133	107,246,388,465
YEN	595,492,149	1,806,269,310	2,401,761,459	595,492,149	2,556,773,066	3,152,265,215
DM	195,582,352		195,582,352	192,153,089		192,153,089
Others	1,338,363,731	8,708,545,333	10,046,909,064	1,065,884,052	8,080,191,912	9,146,075,964
	11,253,515,564	106,309,052,115	117,562,567,679	10,977,606,622	108,759,276,111	119,736,882,733
Baht	20,222,912,262	110,177,359,372	130,400,271,634	19,943,865,687	112,627,583,368	132,571,449,055

4.2.2 Interbank and money market items for 1997 consisted of the following at December 31:

	CONSOLIDATED FINANCIAL STATEMENTS			THE BANK'S FINANCIAL STATEMENTS		
	Demand	Time	Total	Demand	Time	Total
Domestic items						
Bank of Thailand and Financial Institutions						
Development Fund	23,738,926,096	9,297,553,889	33,036,479,985	23,738,926,096	9,297,553,889	33,036,479,985
Commercial banks	186,319,230	1,857,464,503	2,043,783,733	186,319,230	1,857,464,503	2,043,783,733
Other banks	14,498,660	-	14,498,660	14,498,660	-	14,498,660
Finance companies, Finance and Securities companies, Securities companies and Credit Foncier companies	3,097,000,862	12,166,283,794	15,263,284,656	3,097,000,862	12,166,283,794	15,263,284,656
Other financial institutions	1,686,100,947	27,910,501,088	29,596,602,035	1,686,100,947	27,910,501,088	29,596,602,035
Baht	28,722,845,795	51,231,803,274	79,954,649,069	28,722,845,795	51,231,803,274	79,954,649,069
Foreign items						
USD	17,946,026,269	90,746,356,327	108,692,382,596	17,976,486,444	90,986,856,586	108,963,343,030
YEN	319,228,215	2,363,450,881	2,682,679,096	319,228,215	3,325,319,774	3,644,547,989
DM	243,278,435	475,368,296	718,646,731	243,278,435	475,368,296	718,646,731
Others	2,377,678,480	9,307,008,773	11,684,687,253	1,233,156,763	8,880,527,649	10,113,684,412
	20,886,211,399	102,892,184,277	123,778,395,676	19,772,149,857	103,668,072,305	123,440,222,162
Baht	49,609,057,194	154,123,987,551	203,733,044,745	48,494,995,652	154,899,875,579	203,394,871,231

The Bank has loans to financial institutions, which were closed down by the order of the Ministry of Finance on December 8, 1997, amounting to Baht 1,409.0 million. The Bank has applied for an exchange of these loans into Krung Thai Bank's certificates of deposit with 2% annual interest. The Bank has received partly such certificates of deposit, amounting to Baht 244.4 million.

The Bank has made a full allowance for the related doubtful accounts in the caption of loans and accrued interest receivables.

The Bank has loans to four financial institutions, which were taken under control and ordered to decrease and increase the share capital by the order of the BOT on May 18, 1998, amounting to Baht 79.5 million. The Bank has made the allowance in accordance with loan allowance classifications.

4.3 Securities purchased under resale agreements

Securities purchased under resale agreements consisted of the following at December 31:

1998

	CONSOLIDATED FINANCIAL STATEMENTS			THE BANK'S FINANCIAL STATEMENTS		
	Bank of Thailand repurchase market	Other repurchase markets	Total	Bank of Thailand repurchase market	Other repurchase markets	Total
Government bonds and Bank of Thailand bonds	109,216,000,000	-	109,216,000,000	109,216,000,000	-	109,216,000,000
State enterprise securities	304,000,000	-	304,000,000	304,000,000	-	304,000,000
Baht	109,520,000,000	-	109,520,000,000	109,520,000,000	-	109,520,000,000

1997

CONSOLIDATED FINANCIAL STATEMENTS

THE BANK'S FINANCIAL STATEMENTS

	Bank of Thailand repurchase market	Other repurchase markets	Total	Bank of Thailand repurchase market	Other repurchase markets	Total
Government bonds and Bank of Thailand bonds	48,000,000,000	-	48,000,000,000	48,000,000,000	-	48,000,000,000
State enterprise securities	-	236,758,920	236,758,920	-	236,758,920	236,758,920
Foreign other securities	-	159,523,047	159,523,047	-	159,523,047	159,523,047
	48,000,000,000	396,281,967	48,396,281,967	48,000,000,000	396,281,967	48,396,281,967
<u>less</u> Allowance for diminution in value of securities	-	(13,745,096)	(13,745,096)	-	(13,745,096)	(13,745,096)
Baht	48,000,000,000	382,536,871	48,382,536,871	48,000,000,000	382,536,871	48,382,536,871

4.4 Investment in securities

Investment in securities consisted of the following at December 31 :

4.4.1 Securities for trading

1998

CONSOLIDATED FINANCIAL STATEMENTS

	Cost/Book value Baht	Gross unrealized gains Baht	Gross unrealized Losses Baht	Market value Baht
Debt instruments				
Government and state enterprise securities	36,244,584,636	2,322,566,145	-	38,567,150,781
Corporate debt instruments	2,300,717,490	77,373,002	185,859,301	2,192,231,191
Foreign debt instruments	972,940,378	-	-	972,940,378
	39,518,242,504	2,399,939,147	185,859,301	41,732,322,350
Equities	-	-	-	-
	39,518,242,504	2,399,939,147	185,859,301	41,732,322,350

1997

CONSOLIDATED FINANCIAL STATEMENTS

	Cost/Book value Baht	Gross unrealized gains Baht	Gross unrealized Losses Baht	Market value Baht
Debt instruments				
Government and state enterprise securities	8,456,494,875	32,056,948	29,196,291	8,459,355,532
Corporate debt instruments	2,566,907,969	48,871,060	72,825,881	2,542,953,148
	11,023,402,844	80,928,008	102,022,172	11,002,308,680
<u>Less</u> Allowance for diminution in value of securities	(21,094,164)	-	-	-
	11,002,308,680	80,928,008	102,022,172	11,002,308,680
Equities	-	-	-	-
	11,002,308,680	80,928,008	102,022,172	11,002,308,680

1998

THE BANK'S FINANCIAL STATEMENTS

	Cost/Book value	Gross unrealized gains	Gross unrealize losses	Market value
	Baht	Baht	Baht	Baht
Debt instruments				
Government and state enterprise securities	36,244,584,636	2,322,566,145	-	38,567,150,781
Corporate debt instruments	2,300,717,490	77,373,002	185,859,301	2,192,231,191
Foreign debt instruments	972,940,378	-	-	972,940,378
	39,518,242,504	2,399,939,147	185,859,301	41,732,322,350
Equities	-	-	-	-
	39,518,242,504	2,399,939,147	185,859,301	41,732,322,350

1997

THE BANK'S FINANCIAL STATEMENTS

	Cost/Book value	Gross unrealized gains	Gross unrealize losses	Market value
	Baht	Baht	Baht	Baht
Debt instruments				
Government and state enterprise securities	8,456,494,875	32,056,948	29,196,291	8,459,355,532
Corporate debt instruments	2,566,907,969	48,871,060	72,825,881	2,542,953,148
	11,023,402,844	80,928,008	102,022,172	11,002,308,680
Less Allowance for diminution in value of securities	(21,094,164)	-	-	-
	11,002,308,680	80,928,008	102,022,172	11,002,308,680
Equities	-	-	-	-
	11,002,308,680	80,928,008	102,022,172	11,002,308,680

In the 1998 consolidated financial statements and the Bank's financial statements, the Bank did not need to make an allowance for diminution in value of securities, however for 1997, the Bank made an allowance of Baht 21.1 million.

4.4.2 Securities for investment

1998

CONSOLIDATED FINANCIAL STATEMENTS

	Cost/Book value	Gross unrealized gains	Gross unrealized losses	Market value
	Baht	Baht	Baht	Baht
Debt instruments				
Government and state enterprise securities	49,107,579,655	4,769,888,037	6,767,645	53,870,700,047
Corporate debt instruments	1,960,433,738	108,858,699	306,502,694	1,762,789,743
Foreign debt instruments	8,439,267,199	93,516,938	1,225,351,974	7,307,432,163
	59,507,280,592	4,972,263,674	1,538,622,313	62,940,921,953
Less Allowance for diminution in value of securities	(1,309,804,877)	-	-	-
	58,197,475,715	4,972,263,674	1,538,622,313	62,940,921,953
Equities				
Listed securities	6,757,810,708	3,099,487,155	767,841,792	9,089,456,071
O.T.C. Market securities	9,200,000	-	8,920,000	280,000
Foreign securities	1,792,812,491	640,629,880	165,972,694	2,267,469,677
Others	6,471,235,401	1,973,443,808	226,930,941	8,217,748,267
	15,031,058,600	5,713,560,843	1,169,665,427	19,574,954,015
Less Allowance for diminution in value of securities	(288,059,214)	-	-	-
	14,742,999,386	5,713,560,843	1,169,665,427	19,574,954,015
	72,940,475,101	10,685,824,517	2,708,287,740	82,515,875,968

1997

CONSOLIDATED FINANCIAL STATEMENTS

	Cost/Book value	Gross unrealized gains	Gross unrealized losses	Market value
	Baht	Baht	Baht	Baht
Debt instruments				
Government and state enterprise securities	33,992,204,744	-	3,061,107,405	30,931,097,339
Corporate debt instruments	2,346,326,787	-	397,649,445	1,948,677,341
Foreign debt instruments	10,016,168,524	41,005,491	146,414,696	9,910,759,319
	46,354,700,055	41,005,491	3,605,171,546	42,790,533,999
<u>Less</u> Allowance for diminution in value of securities	(3,540,669,532)	-	-	
	42,814,030,523	41,005,491	3,605,171,546	42,790,533,999
Equities				
Listed securities	3,330,038,800	1,440,725,503	1,015,102,098	3,755,662,206
O.T.C. Market securities	9,200,000	-	8,860,000	340,000
Foreign securities	2,894,874,733	2,244,580,385	33,717,543	4,573,612,943
Others	9,194,766,864	1,271,679,419	1,155,771,172	9,310,675,112
	15,428,880,397	4,956,985,307	2,213,450,813	17,640,290,261
<u>Less</u> Allowance for diminution in value of securities	(23,829,442)	-	-	
	15,405,050,955	4,956,985,307	2,213,450,813	17,640,290,261
	58,219,081,478	4,997,990,798	5,818,622,359	60,430,824,260

In the 1998 and 1997 consolidated financial statements, the Bank made an allowance for diminution in value of securities for investments of approximately Baht 1,597.8 million and Baht 3,564.4 million respectively.

1998

THE BANK'S FINANCIAL STATEMENTS

	Cost/Book value	Gross unrealized gains	Gross unrealized losses	Market value
	Baht	Baht	Baht	Baht
Debt instruments				
Government and state enterprise securities	49,029,579,655	4,769,888,037	-	53,799,467,692
Corporate debt instruments	1,960,433,738	108,858,699	306,502,694	1,762,789,743
Foreign debt instruments	6,152,645,845	40,981,586	1,211,196,040	4,982,431,391
	57,142,659,238	4,919,728,322	1,517,698,734	60,544,688,826
<u>Less</u> Allowance for diminution in value of securities	(1,303,037,232)	-	-	
	55,839,622,006	4,919,728,322	1,517,698,734	60,544,688,826
Equities				
Listed securities	6,755,130,587	3,099,487,155	765,277,382	9,089,340,360
O.T.C. Market securities	9,200,000	-	8,920,000	280,000
Foreign securities	2,260,254,460	642,252,180	170,167,267	2,732,339,373
Others	7,149,059,561	1,973,443,808	221,902,922	8,900,600,446
	16,173,644,608	5,715,183,143	1,166,267,571	20,722,560,179
<u>Less</u> Allowance for diminution in value of securities	(280,049,032)	-	-	
	15,893,595,576	5,715,183,143	1,166,267,571	20,722,560,179
	71,733,217,582	10,634,911,465	2,683,966,305	81,267,249,005

1997

THE BANK'S FINANCIAL STATEMENTS

	Cost/Book value Baht	Gross unrealized gains Baht	Gross unrealized losses Baht	Market value Baht
Debt instruments				
Government and state enterprise securities	33,992,204,744	-	3,061,107,405	30,931,097,339
Corporate debt instruments	2,346,326,787	-	397,649,445	1,948,677,341
Foreign debt instruments	8,994,635,634	41,005,491	130,656,330	8,904,984,795
	45,333,167,165	41,005,491	3,589,413,180	41,784,759,475
<u>Less</u> Allowance for diminution in value of securities	(3,540,669,532)	-	-	
	41,792,497,633	41,005,491	3,589,413,180	41,784,759,475
Equities				
Listed securities	3,330,038,800	1,440,725,503	1,015,102,098	3,755,662,206
O.T.C. Market securities	9,200,000	-	8,860,000	340,000
Foreign securities	3,337,147,260	2,239,026,713	20,953,062	5,555,220,911
Others	9,194,766,864	1,271,679,419	1,155,771,172	9,310,675,112
	15,871,152,924	4,951,431,635	2,200,686,332	18,621,898,229
<u>Less</u> Allowance for diminution in value of securities	(16,916,813)	-	-	
	15,854,236,111	4,951,431,635	2,200,686,332	18,621,898,229
	57,646,733,744	4,992,437,126	5,790,099,512	60,406,657,704

In the Bank's 1998 and 1997 financial statements, an allowance for diminution in value of securities for investment of approximately Baht 1,583.0 million and Baht 3,557.5 million respectively has been made.

On a consolidated basis, the gross realized gains and gross realized losses on sales of investment in securities were Baht 789 million and Baht 229 million respectively, in 1998 and Baht 703 million and Baht 5,326 million respectively, in 1997. The Bank had gross realized gains and gross realized losses on sales of investment in securities of Baht 782 million and Baht 229 million respectively, in 1998 and Baht 703 million and Baht 5,326 million respectively, in 1997.

The scheduled maturities of securities for investment (other than equity securities) on a consolidated basis and for the Bank at December 31, 1998, were as follows:

	CONSOLIDATED FINANCIAL STATEMENTS (in million of Baht)		THE BANK'S FINANCIAL STATEMENTS (in million of Baht)	
	Amortized Cost	Market Value	Amortized Cost	Market Value
Due in one year or less	10,262	9,950	9,744	9,437
Due from one to five years	42,621	45,441	40,795	43,576
Due after five years	6,624	7,550	6,602	7,531
	59,507	62,941	57,141	60,544

4.4.3 Investments in companies:

With investment of 20 percent or more of the paid-up capital consisted of the following at December 31:

	CONSOLIDATED FINANCIAL STATEMENTS			
	% of holding		Amount	
	1998	1997	1998	1997
P.T. BBL Dharmala Finance	22.50	22.50	75,107,250	329,265,000
BBL Asset Management Co., Ltd.	25.00	25.00	25,000,000	25,000,000
Bangkok Sakura Leasing Co., Ltd.	25.88	25.88	-	15,850,755
American Express (Thai) Co., Ltd.	22.50	22.50	4,500,000	4,500,000
Bangkok Sakura Software Service Co., Ltd.	39.00	39.00	7,800,000	7,800,000
Ong Asia Limited	24.50	24.50	173,762,774	220,917,771
Processing Center Co., Ltd.	30.00	30.00	2,999,700	2,999,700
WTA (Thailand) Co., Ltd.	24.90	24.90	5,259	6,225
MC Private Equity Partners Asia Limited	25.00	30.00	156,570,302	158,826,793
MC Private Equity Management Limited	30.00	30.00	756,900	756,900
Thai Filament Finishing Co., Ltd.	46.85	46.85	45,760,883	91,050,000
Thai Polymer Textile Co., Ltd.	45.42	45.42	-	182,880,000
Thai Taffeta Textile Co., Ltd.	41.78	41.78	24,062,385	30,000,000
Smart Loyalty (Thailand) Co., Ltd.	33.33	33.33	6,292,373	1,000,000
SG Asia Credit Public Co., Ltd.	38.91	8.35	2,683,277,000	428,064,875
Local Telephone Co., Ltd.	33.28	-	83,200	-
		Baht	3,205,978,026	1,498,918,019

	THE BANK'S FINANCIAL STATEMENTS			
	% of holding		Amount	
	1998	1997	1998	1997
BBL (Cayman) Limited	100.00	100.00	2,046,500	2,046,500
Bangkok Bank Berhad	100.00	100.00	475,451,340	475,451,340
Thaksin Finance Company Limited	97.27	-	677,024,160	-
P.T. BBL Dharmala Finance	22.50	22.50	75,107,250	329,265,000
BBL Asset Management Co.,Ltd.	25.00	25.00	25,000,000	25,000,000
Bangkok Sakura Leasing Co.,Ltd.	25.88	25.88	-	15,850,755
American Express (Thai) Co.,Ltd.	22.50	22.50	4,500,000	4,500,000
Bangkok Sakura Software Service Co.,Ltd.	39.00	39.00	7,800,000	7,800,000
Ong Asia Limited	24.50	24.50	173,762,774	220,917,771
Processing Center Co.,Ltd.	30.00	30.00	2,999,700	2,999,700
WTA (Thailand) Co.,Ltd.	24.90	24.90	5,259	6,225
MC Private Equity Partners Asia Limited	25.00	30.00	156,570,302	158,826,793
MC Private Equity Management Limited	30.00	30.00	756,900	756,900
Thai Filament Finishing Co., Ltd.	46.85	46.85	45,760,883	91,050,000
Thai Polymer Textile Co., Ltd.	45.42	45.42	-	182,880,000
Thai Taffeta Textile Co., Ltd.	41.78	41.78	24,062,385	30,000,000
Smart Loyalty (Thailand) Co., Ltd.	33.33	33.33	6,292,373	1,000,000
SG Asia Credit Public Co., Ltd.	38.91	8.35	2,683,277,000	428,064,875
Local Telephone Co., Ltd.	33.28	-	83,200	-
		Baht	4,360,500,026	1,976,415,859

Investment in associated companies and subsidiary companies are presented by the cost method (see Note 3.2.5). Had such investment been presented by the equity method, the effect on the financial statements for the year ended December 31, 1998 would be as follows:

Decrease in investments in other companies	Baht	760,941,248
Increase in net loss	Baht	760,941,248
Increase in loss per share	Baht	0.58

With investment of less than 20 percent of the paid-up capital according to industry group, consisted of the following at December 31:

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	1998	1997	1998	1997
Manufacturing	5,626,310,166	4,460,829,305	5,620,864,384	4,460,829,305
Construction	213,459,010	212,759,010	213,459,010	212,759,010
Commercial	187,175,883	233,371,958	187,175,883	233,371,958
Banking and finance	982,202,912	1,323,853,016	977,640,846	1,295,601,289
Real estate	450,925,436	314,654,696	450,925,436	314,654,696
Utilities	2,700,708	2,700,708	2,700,708	2,700,708
Services	2,038,419,104	2,775,546,640	2,038,371,082	2,775,485,683
Baht	9,501,193,219	9,323,715,333	9,491,137,349	9,295,402,649

4.4.4 The financial position and the results of operations of BBL (Cayman) Limited, summarized from the audited financial statements, and those of Bangkok Bank Berhad and Thaksin Finance Company Limited, summarized from the unaudited financial statements, are as follows:

BBL (CAYMAN) LIMITED

AS AT DECEMBER 31,

ASSETS

Interbank and money market items

Investment in securities

Other assets

Total assets

Baht

LIABILITIES AND SHAREHOLDERS' EQUITY

Interbank and money market items

Other Liabilities

Shareholders' equity

Total liabilities and shareholders' equity

Baht

OFF-BALANCE SHEET ITEMS-CONTINGENCIES

Other contingencies

Baht

BALANCE SHEET

	1998	1997
	4,149,222,754	8,896,955,407
	2,844,476,262	-
	79,584,941	29,444,675
Baht	7,073,283,957	8,926,400,082
	6,851,866,049	8,704,717,329
	133,451,690	159,324,310
	87,966,218	62,358,443
Baht	7,073,283,957	8,926,400,082
	6,954,679,423	13,629,674,658

BBL (CAYMAN) LIMITED

FOR THE YEARS ENDED DECEMBER 31,

Interest and dividend income

Other income

Total income

Interest expenses

Other expenses

Total expenses

Net income

Baht

STATEMENT OF PROFIT AND LOSS

	1998	1997
	456,572,748	674,912,132
	5,014,526	-
	461,587,274	674,912,132
	377,227,932	613,972,612
	61,895	3,305,777
	377,289,827	617,278,389
Baht	84,297,447	57,633,743

BANGKOK BANK BERHAD

AS AT DECEMBER 31,

“UNAUDITED”

BALANCE SHEET

	1998	1997
ASSETS		
Cash	73,150,603	171,494,115
Interbank and money market items	966,718,900	1,633,481,558
Investment in securities	686,339,923	1,049,845,573
Loans and accrued interest receivables (Net of allowance for doubtful accounts)	3,978,306,672	6,543,704,743
Premises and equipment, net	99,728,131	132,927,027
Other assets	14,000,590	71,583,492
Total assets	5,818,244,819	9,603,036,508
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits	4,787,632,710	5,602,159,891
Interbank and money market items	458,602,967	2,615,795,105
Liability payable on demand	32,921,883	65,545,973
Other liabilities	105,503,081	275,443,344
Shareholders' equity	433,584,178	1,044,092,195
Total liabilities and shareholders' equity	5,818,244,819	9,603,036,508
OFF-BALANCE SHEET ITEMS-CONTINGENCIES		
Liability under unmatured import bills	64,201,710	61,535,198
Letters of credit	140,803,143	353,415,251
Other contingencies	1,457,834,236	3,056,724,451

BANGKOK BANK BERHAD

FOR THE YEARS ENDED DECEMBER 31,

“UNAUDITED”

STATEMENT OF PROFIT AND LOSS

	1998	1997
Interest and dividend income	644,060,060	706,443,020
Other income	68,768,995	94,230,380
Total income	712,829,055	800,673,400
Interest expenses	490,858,870	474,198,371
Other expenses	620,981,957	149,483,888
Income tax expenses	(10,059,736)	71,560,656
Total expenses	1,101,781,091	695,242,915
Net income (loss)	(388,952,036)	105,430,485

THAKSIN FINANCE COMPANY LIMITED
AS AT DECEMBER 31, 1998
"UNAUDITED"

ASSETS		BALANCE SHEET
Cash		364,207
Interbank and money market items		60,499,130
Investment in securities		71,348,067
Loans and accrued interest receivables (Net of allowance for doubtful accounts)		1,049,913,422
Properties foreclosed		4,425,102
Customers' liability under acceptances		400,000
Premises and equipment, net		4,360,058
Other assets		4,742,636
Total assets	Baht	1,196,052,622
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		470,472,634
Interbank and money market items		400,000
Other liabilities		11,612,077
Shareholders' equity		713,567,911
Total liabilities and shareholders' equity	Baht	1,196,052,622

THAKSIN FINANCE COMPANY LIMITED
FOR THE YEAR ENDED DECEMBER 31, 1998
"UNAUDITED"

		STATEMENT OF PROFIT AND LOSS
Interest and dividend income		130,366,473
Other income		2,605,420
Total income		132,971,893
Interest expenses		146,910,223
Other expenses		109,466,622
Total expenses		256,376,845
Net income (Loss)	Baht	(123,404,952)

4.4.5 For the year ended December 31, 1998, the Bank has investments amounting to Baht 2,216.3 million in 62 unlisted companies whose financial position and operations would fall under SET delisting criteria for listed companies. Such investments have been written off as at December 31, 1998.

4.5 Loans

4.5.1 Classified by product at December 31:

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	1998	1997	1998	1997
Overdrafts	137,058,430,902	176,881,685,378	135,660,433,836	175,170,969,232
Loans	599,843,557,791	611,245,261,083	597,036,247,835	608,238,779,613
Bills	221,448,665,140	292,957,696,037	219,849,104,456	290,986,326,416
Baht	958,350,653,833	1,081,084,642,498	952,545,786,127	1,074,396,075,261

4.5.2 Classified by maturity at December 31:

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	1998	1997	1998	1997
Up to 1 year	639,562,623,181	685,242,768,347	634,838,489,971	679,344,595,210
Over 1 year	318,788,030,652	395,841,874,151	317,707,296,156	395,051,480,051
Baht	958,350,653,833	1,081,084,642,498	952,545,786,127	1,074,396,075,261

4.5.3 Classified by currency and customer's residence at December 31:

	CONSOLIDATED FINANCIAL STATEMENTS			1997		
	1998	1998	Total	Domestic	Foreign	Total
BAHT	818,424,482,744	113,595,230	818,538,077,974	787,150,087,739	111,703,725	787,261,791,464
USD	58,106,290,648	49,941,478,011	108,047,768,659	147,095,314,988	88,418,456,654	235,513,771,642
Others	12,913,800,698	18,851,006,502	31,764,807,200	19,996,188,201	38,312,891,191	58,309,079,392
Baht	889,444,574,090	68,906,079,743	958,350,653,833	954,241,590,928	126,843,051,570	1,081,084,642,498

	1998			1997		
	Domestic	Foreign	Total	Domestic	Foreign	Total
BAHT	817,253,383,729	113,595,230	817,366,978,959	787,150,087,739	111,703,725	787,261,791,464
USD	58,106,290,648	49,921,064,293	108,027,354,941	147,095,314,988	88,351,875,247	235,447,190,235
Others	12,913,800,699	14,237,651,528	27,151,452,227	19,996,188,201	31,690,905,361	51,687,093,562
Baht	888,273,475,076	64,272,311,051	952,545,786,127	954,241,590,928	120,154,484,333	1,074,396,075,261

4.5.4 Classified by business type at December 31 :

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	1998	1997	1998	1997
Agriculture and mining	28,154,217,980	33,772,769,601	28,103,222,913	33,736,500,502
Manufacturing and commercial	539,610,916,581	620,772,285,057	537,618,635,542	620,772,285,057
Real estate and construction	134,896,816,191	151,282,988,050	133,704,287,615	150,680,064,703
Utilities and services	111,266,103,345	115,580,958,349	111,123,352,778	115,132,943,947
Housing loans	85,799,179,538	98,127,835,141	84,382,374,827	96,719,815,333
Others	58,623,420,198	61,547,806,300	57,613,912,452	57,354,465,719
Baht	958,350,653,833	1,081,084,642,498	952,545,786,127	1,074,396,075,261

Due to the downturn in the real estate and construction industry, those who engage in such businesses are facing difficulty in cash or liquidity management and which may impair their ability to repay the loans to the Bank. Real estate and construction loans are collateralized by land, building and construction in progress, which are appraised by the Bank and/or independent appraisers.

4.6 Allowance for doubtful accounts

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	1998	1997	1998	1997
Balance brought forward	58,113,100,507	30,073,243,546	57,925,397,839	29,946,887,879
<u>Add</u> Bad debt and doubtful accounts	48,728,424,266	28,413,969,774	47,991,720,493	28,368,191,836
Bad debt recovered	151,162,659	198,538,613	151,162,659	198,538,613
Others	-	2,467,749,111	-	2,448,006,861
<u>Less</u> Bad debt written off	(2,025,069,043)	(3,040,400,537)	(2,017,233,859)	(3,036,227,350)
Others	(2,013,064,717)	-	(1,973,628,341)	-
Balance carried forward	102,954,553,672	58,113,100,507	102,077,418,791	57,925,397,839

A significant factor in the determination of the allowance for doubtful accounts is the value of collateral. Collateral pledged as support for loans typically consists of land buildings, and buildings under construction. Value of such collateral is based on independent and/or internally performed appraisals.

In 1998 collaterals supporting either a portion of classified loans or certain significant loans were reappraised by either independent appraisers approved by the BOT or internal appraisers of the Bank and the subsidiaries. For collateral valuation, according to the BOT's Guideline, collaterals that have been marked to market or appraised within six months, 90 percent of estimated market value is permitted to be deducted from the debtor's balance before provision. For collaterals that are less frequently appraised, 50 percent deduction is permitted.

The Bank classified its assets and provisions for loan losses using guidelines in the BOT's Notification dated June 30, 1998 on the subject of worthless or irrecoverable assets or assets with doubtful value of recoverability to be effective in the accounting period spanning the last six months of 1998 onward.

Loans classified in accordance with the Notification of the BOT as at December 31 1998 are as follows:

(in millions of Baht)

ALLOWANCE FOR DOUBTFUL ACCOUNTS				
	Outstanding Balance Net of collateral Permitted by BOT	% required per Bank of Thailand	Provision	Minimum Provision allowed by the BOT
Normal	449,348	1	4,493	899
Special mentioned	42,463	2	849	170
Substandard	10,009	20	2,002	400
Doubtful	44,429	50	22,215	4,443
Doubtful of loss	130,160	100	130,160	26,032
	676,409		159,719	31,944

As at December 31, 1998, the Bank had established allowance for doubtful accounts amounting to Baht 102,077.4 million, which exceeded the minimum reserves required by the BOT's Guidelines. The Bank cannot allocate the amount of allowance for doubtful accounts to each specific loan or each loan category.

4.7 Premises and equipment

Premises and equipment consisted of the following at December 31:

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	1998	1997	1998	1997
Land				
Cost	7,059,543,249	7,221,734,349	7,050,921,369	7,212,778,298
Appraisal increase (In 1993)	5,940,633,430	5,940,633,430	5,940,633,430	5,940,633,430
Premises				
Cost	7,069,733,851	6,517,227,881	6,950,638,234	6,409,771,648
Appraisal increase (In 1993)	4,894,982,000	4,894,982,000	4,894,982,000	4,894,982,000
Equipment	12,105,387,420	11,533,090,362	12,045,159,657	11,470,258,638
Leasehold (net)	3,114,337,514	4,017,211,461	3,114,337,514	4,017,211,461
Others	1,990,604,522	2,616,813,120	1,990,604,522	2,571,620,822
	42,175,221,986	42,741,692,603	41,987,276,726	42,517,256,297
<u>Less</u> Accumulated depreciation				
- cost	(11,667,600,794)	(10,713,132,675)	(11,583,743,723)	(10,621,623,396)
Accumulated depreciation				
- appraisal increase	(959,464,582)	(805,174,364)	(959,464,582)	(805,174,364)
Baht	29,548,156,610	31,223,385,564	29,444,068,421	31,090,458,537

4.8 Deposits

4.8.1 Classified by product at December 31:

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	1998	1997	1998	1997
Demand	21,216,045,830	24,545,212,669	20,669,105,057	23,865,219,530
Savings	194,606,213,359	194,223,226,946	194,560,024,583	194,157,015,937
Fixed				
Less than 6 months	627,469,798,589	594,678,478,522	623,796,602,322	591,486,249,637
6 months - less than 1 year	39,121,678,061	36,512,109,618	38,931,429,804	36,395,887,234
1 year and over	86,906,346,548	93,717,864,229	86,492,350,800	92,534,881,120
Negotiable certificates of Deposit	5,717,852,627	8,473,028,110	5,330,317,104	8,108,506,745
Baht	975,037,935,014	952,149,920,094	969,779,829,670	946,547,760,203

4.8.2 Classified by maturity at December 31:

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	1998	1997	1998	1997
Up to 1 year	973,029,111,735	949,882,186,039	967,771,006,392	944,325,600,101
Over 1 year	2,008,823,279	2,267,734,055	2,008,823,278	2,222,160,102
Baht	975,037,935,014	952,149,920,094	969,779,829,670	946,547,760,203

4.8.3 Classified by currency and customer's residence at December 31 :

	CONSOLIDATED FINANCIAL STATEMENTS					
	1998			1997		
	Domestic	Foreign	Total	Domestic	Foreign	Total
BAHT	893,073,787,274	17,656,212,121	910,729,999,395	852,885,746,144	14,324,366,248	867,210,112,392
USD	10,302,380,356	29,172,823,700	39,475,204,056	13,575,729,796	39,492,385,227	53,068,115,023
Others	2,586,205,470	22,246,526,093	24,832,731,563	2,122,203,007	29,749,489,672	31,871,692,679
Baht	905,962,373,100	69,075,561,914	975,037,935,014	868,583,678,947	83,566,241,147	952,149,920,094

	THE BANK'S FINANCIAL STATEMENTS					
	1998			1997		
	Domestic	Foreign	Total	Domestic	Foreign	Total
BAHT	892,603,314,640	17,656,212,121	910,259,526,761	852,885,746,144	14,324,366,248	867,210,112,392
USD	10,247,479,003	29,169,898,040	39,417,377,043	13,556,221,932	39,482,353,730	53,038,575,662
Others	2,557,593,202	17,545,332,664	20,102,925,866	2,080,157,528	24,218,914,621	26,299,072,149
Baht	905,408,386,845	64,371,442,825	969,779,829,670	868,522,125,604	78,025,634,599	946,547,760,203

4.9 Interbank and money market items

4.9.1 Interbank and money market items for 1998 consisted of the following at December 31 :

	CONSOLIDATED FINANCIAL STATEMENTS			THE BANK'S FINANCIAL STATEMENTS		
	Demand	Time	Total	Demand	Time	Total
Domestic items						
Bank of Thailand and Financial Institutions						
Development Fund	222,920	1,729,419,450	1,729,642,370	222,920	1,729,419,450	1,729,642,370
Commercial banks	312,015,542	990,600	313,006,142	312,015,542	990,600	313,006,142
Other banks	1,648,351,518	4,724,133,537	6,372,485,055	1,648,351,518	4,724,133,537	6,372,485,055
Finance companies, Finance and Securities companies, Securities companies and Credit Foncier companies	4,313,036,765	718,415,901	5,031,452,666	4,370,350,460	718,415,901	5,088,766,361
Other financial institutions	4,206,763,553	11,947,246,935	16,154,010,488	4,206,763,553	11,947,246,935	16,154,010,488
Baht	10,480,390,298	19,120,206,423	29,600,596,721	10,537,703,993	19,120,206,423	29,657,910,416
Foreign items						
USD	441,361,967	38,226,702,901	38,668,064,868	733,991,895	41,038,132,853	41,772,124,748
YEN	100,018,153	21,206,659,617	21,306,677,770	106,372,122	18,876,156,657	18,982,528,779
DM	19,944,273	246,445,226	266,389,499	19,944,273	246,445,226	266,389,499
Other	1,216,086,608	12,761,615,312	13,977,701,920	1,217,924,866	12,909,659,440	14,127,584,306
	1,777,411,001	72,441,423,056	74,218,834,057	2,078,233,156	73,070,394,176	75,148,627,332
Baht	12,257,801,299	91,561,629,479	103,819,430,778	12,615,937,149	92,190,600,599	104,806,537,748

4.9.2 Interbank and money market items for 1997 consisted of the following at December 31 :

	CONSOLIDATED FINANCIAL STATEMENTS			THE BANK'S FINANCIAL STATEMENTS		
	Demand	Time	Total	Demand	Time	Total
Domestic items						
Bank of Thailand and Financial Institutions						
Development Fund	254,985	4,532,666,241	4,532,921,226	254,985	4,532,666,241	4,532,921,226
Commercial Banks	433,715,336	95,494,000	529,209,336	430,797,252	95,494,000	526,291,252
Other banks	1,625,700,154	10,584,955,773	12,210,655,927	1,625,700,154	10,584,955,773	12,210,655,927
Finance companies, Finance and Securities Companies, Securities Companies and Credit Foncier Companies	2,058,510,641	9,286,998,550	11,345,509,191	2,058,510,641	9,286,998,550	11,345,509,191
Other financial institutions	1,925,948,865	10,650,466,600	12,576,415,465	1,925,948,865	10,650,466,600	12,576,415,465
Baht	6,044,129,981	35,150,581,164	41,194,711,145	6,041,211,897	35,150,581,164	41,191,793,061
Foreign items						
USD	356,748,852	118,464,028,040	118,820,776,892	362,590,545	125,340,758,939	125,703,349,484
YEN	55,256,349	31,323,303,771	31,378,560,120	56,133,879	25,476,334,405	25,532,468,284
DM	120,539,568	634,559,632	755,099,200	123,917,667	634,559,632	758,477,299
Others	2,966,268,030	21,619,669,990	24,585,938,020	2,956,003,712	19,390,662,343	22,346,666,055
	3,498,812,799	172,041,561,433	175,540,374,232	3,498,645,803	170,842,315,319	174,340,961,122
Baht	9,542,942,780	207,192,142,597	216,735,085,377	9,539,857,700	205,992,896,483	215,532,754,183

4.10 Securities sold under repurchase agreements

Securities sold under repurchase agreements consisted of the following at December 31 :

1997

	CONSOLIDATED FINANCIAL STATEMENTS			THE BANK'S FINANCIAL STATEMENTS		
	Bank of Thailand repurchase market	Other repurchase markets	Total	Bank of Thailand repurchase market	Other repurchase markets	Total
Foreign securities	-	169,065,000	169,065,000	-	169,065,000	169,065,000
Baht	-	169,065,000	169,065,000	-	169,065,000	169,065,000

4.11 Borrowings

4.11.1 Borrowings by types of securities and sources at December 31 :

	CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
	1998	1997	1998	1997
Bonds	1,580,069,374	1,880,760,984	1,580,069,374	1,880,760,984
Unsecured subordinated notes	27,570,544,031	35,461,604,925	27,570,544,031	35,461,604,925
Subordinated convertible bonds	9,767,989,760	9,767,989,760	9,767,989,760	9,767,989,760
Convertible bonds	12,698,859,799	16,548,748,965	12,866,253,881	16,548,748,965
Floating rate notes	9,173,340,772	17,025,374,418	9,227,566,778	17,025,374,418
Baht	60,790,803,736	80,684,479,052	61,012,423,824	80,684,479,052

4.11.2 Borrowings by types of securities, currency, maturity and interest rate at December 31

Types	Currency	Maturity	Interest rate	Amount	
				1998	1997
Bonds	ATS	1999	5.125%	1,580,069,374	1,880,760,984
Unsecured subordinated notes	USD	2005-2027	7.25%-8.375%	27,570,544,031	35,461,604,925
Subordinated convertible bonds	THB	2004	3.25%	9,767,989,760	9,767,989,760
Convertible bonds	USD	2006	1.50%	12,698,859,799	16,548,748,965
Floating rate notes	USD	1999-2001	3M/6M LIBOR + 0.40%-0.45%	9,173,340,772	17,025,374,418
Baht				60,790,803,736	80,684,479,052

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Types	Currency	Maturity	Interest rate	Amount	
				1998	1997
Bonds	ATS	1999	5.125%	1,580,069,374	1,880,760,984
Unsecured subordinated notes	USD	2005-2027	7.25%-8.375%	27,570,544,031	35,461,604,925
Subordinated convertible bonds	THB	2004	3.25%	9,767,989,760	9,767,989,760
Convertible bonds	USD	2006	1.50%	12,866,253,881	16,548,748,965
Floating rate notes	USD	1999-2001	3M/6M LIBOR + 0.40%-0.45%	9,227,566,778	17,025,374,418
			Baht	61,012,423,824	80,684,479,052

4.12 Interest earning and interest bearing financial instruments

The following table presents the Bank's average balance and interest amount for the year-ended December 31, 1998.

(in millions of Baht)

	Average Balance (12 month average)	Interest Amount	Average Rate %
Interest Earning Financial Assets			
Interbank and Money Market			
Items, Securities purchased under resale agreement	239,164	18,017	7.5%
Investment in securities	82,895	7,165	8.6%
Loans	1,011,821	87,769	8.7%
Total	1,333,880	112,951	
Interest Bearing Financial Instruments			
Deposits	948,348	90,413	9.5%
Interbank and Money Market Items	137,255	9,661	7.0%
Long-term Borrowings	68,942	4,029	5.8%
Total	1,154,545	104,103	

4.13 Maturity analysis of assets and liabilities

The following table presents the Bank's maturity analysis of on balance sheet financial assets and liabilities as of December 31, 1998.

(in millions of Baht)

	Up to 1 year	1 to 5 years	Over 5 years	No Maturity	Total
Interbank and Money Market Items	131,632	939	-	-	132,571
Investment in securities, Securities purchased under resale agreement	138,235	53,685	14,262	16,173	222,355
Loans	634,839	207,105	110,602	-	952,546
Deposits	967,771	2,007	2	-	969,780
Interbank and money market items, securities sold under repurchase agreement	56,467	45,796	2,543	-	104,806
Borrowings	8,013	12,562	40,437	-	61,012

4.14 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. (see Note 4.28)

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. (see Note 4.28)

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. (see Note 4.28)

4.15 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 redemption period of 10 years and a conversion period within 10 years, and resolved to reserve 60 million ordinary shares to accommodate for the subordinated convertible bonds. 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 an exchange rate of US\$ 1 to Baht 25.28 on the condition that the Bank may convert the bonds before maturity. The bondholders have the right to convert the bonds into ordinary shares from May 24, 1994 onwards. (See Note 4.28)

4.16 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 an exchange rate of US\$ 1 to Baht 25.28. 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.

4.17 Bonds and warrants representing the right to purchase bonds

On March 26, 1997, the shareholders passed the following resolutions:

- 4.17.1 To issue and offer bonds, both subordinated bonds and unsubordinated bonds, including perpetual bonds and/or convertible bonds, both subordinated convertible bonds and/or convertible bonds (together "the Bonds") in the amount not exceeding US\$ 1,500 million or its equivalent in other currencies, to be offered and sold in foreign and/or domestic markets. The Bank may issue different types of Bonds simultaneously and/or issue the Bonds in lots. The subordinated bonds shall have a maturity of not exceeding 100 years. The unsubordinated bonds shall have a maturity of not exceeding 50 years. The convertible bonds shall have a maturity of not exceeding 10 years with an amount of not exceeding US\$ 500 million or its equivalent in other currencies. 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 each issue of the Bonds. The Board of Directors was authorized to proceed with the issue. The shareholders resolved to reserve 75 million ordinary shares to accommodate for the convertible bonds, increased to 190 million ordinary shares by the shareholder's resolution on April 21, 1998.

- 4.17.2 To issue warrants representing the right to purchase the Bonds, with a maturity of not exceeding 5 years, to be offered and sold in foreign and/or domestic markets. The Bank may use the Bonds which the shareholders resolved to issue as stated in Note 4.17.1 in whole or in part, to accommodate the exercise of right by the warrants holders. The Board of Directors was authorized to proceed with the issue.
- 4.17.3 To issue 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 which the shareholders have approved on March 26, 1997.

4.18 Share capital

In January 1997, the subordinated convertible bondholders converted the bonds, thus increasing the issued and paid-up capital to Baht 10,014,956,940 which the Bank registered with the Department of Commercial Registration on January 15, 1997.

On April 21, 1998, the shareholders passed a resolution for the Bank to issue 700 million ordinary shares, to be offered in private placement or to institutional investors in accordance with the rules and guidelines of Securities and Exchange Commission. The Bank may issue the ordinary shares in whole amount or in lots. The Board of Executive Directors was authorized to proceed with the issue.

On April 29, 1998, the Bank issued 440 million ordinary shares to foreign investors at Baht 93 per share. The Bank registered the increase in issued and paid-up capital to Baht 14,414,956,940 with the Department of Commercial Registration. The Bank also granted an over allotment option of up to 30 million ordinary shares to the underwriter.

On May 13, 1998, the underwriter exercised the over-allotment option of 25 million ordinary shares at Baht 93 per share. The Bank registered the increase in issued and paid-up capital to Baht 14,664,956,940 with the Department of Commercial Registration on May 18, 1998.

Capital fund at December 31 :

	1998		1997	
Tier 1 capital				
Issued and paid-up share capital and premium on share capital		64,406,695,392		21,161,695,392
Legal reserve		11,544,800,000		11,544,800,000
Other reserve		63,266,975,948		68,266,975,948
Net income after appropriation		478,942,134		47,737,722
Net loss for the year		(49,489,440,073)		-
		90,207,973,401		101,021,209,062
Tier 2 capital				
Unrealized increment per land appraisal		4,158,443,604		4,158,443,604
Unrealized increment per bank premises appraisal		1,967,758,709		2,044,903,818
Long term subordinated debt instruments				
Subordinated convertible Bonds	9,767,989,760		9,767,989,760	
Unsecured subordinated Notes	19,042,084,636	28,810,074,396	19,042,084,636	28,810,074,396
		34,936,276,709		35,013,421,818
	Baht	125,144,250,110		136,034,630,880

4.19 Restriction on dividend payment

According to the announcement of the BOT dated June 30, 1998 regarding bad or doubtful assets, the Bank is not allowed to pay any dividends to the shareholders during the period in which the bad or irrecoverable assets have not been written off or an allowance for doubtful assets has not been fully recorded.

4.20 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 or to institutional investors in accordance with the rules and guidelines of 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 SPV.

Such capital securities may be perpetual, non-cumulative, 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 to exchange for the capital securities.

Upon the issuance of capital securities by the SPV, the Bank may issue securities: 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 which 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.

4.21 Statutory reserve

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 Contingencies at December 31 :

1998			
CONSOLIDATED FINANCIAL STATEMENTS			
	Baht	Foreign Currencies	Total
Avals to bills	1,781,263,805	3,116,050,090	4,897,313,895
Guarantees of loans	2,226,108,971	43,374,052,094	45,600,161,065
Other guarantees	53,510,985,042	14,258,385,163	67,769,370,205
Customers' liabilities under unmatured bills issued under letters of credit	1,604,235,781	13,034,413,918	14,638,649,699
Letters of credit	377,247,422	19,311,998,776	19,689,246,198
Forward foreign exchange contracts			
Bought	11,081,963,222	85,010,586,829	96,092,550,051
Sold	3,893,688,579	146,729,660,701	150,623,349,280
Currency swaps	7,197,785,147	23,092,905,192	30,290,690,339
Interest rate swaps	-	23,613,215,951	23,613,215,951
Amount of unused bank overdraft	101,784,391,585	3,021,661,333	104,806,052,918
Others	795,700	12,508,825,313	12,509,621,013
Baht	183,458,465,254	387,071,755,360	570,530,220,614

1997

CONSOLIDATED FINANCIAL STATEMENTS

	Baht	Foreign Currencies	Total
Avals to bills	5,756,462,658	3,553,575,363	9,310,038,021
Guarantees of loans	2,088,422,138	65,801,898,298	67,890,320,436
Other guarantees	63,726,934,397	31,825,202,642	95,552,137,039
Customers' liabilities under unmatured bills issued under letters of credit	2,423,686,649	30,479,904,849	32,903,591,498
Letters of credit	1,119,820,464	35,733,176,070	36,852,996,534
Forward foreign exchange contracts			
Bought	13,598,152,645	232,453,332,631	246,051,485,276
Sold	6,512,975,569	303,024,589,767	309,537,565,336
Currency swaps	9,922,723,139	27,768,385,251	37,691,108,390
Interest rate swaps	-	31,813,119,781	31,813,119,781
Amount of unused bank overdraft	97,265,166,645	7,949,458,918	105,214,625,563
Others	165,752,030	10,376,663,607	10,542,415,637
Baht	202,580,096,334	780,779,307,177	983,359,403,511

1998

THE BANK'S FINANCIAL STATEMENTS

	Baht	Foreign Currencies	Total
Avals to bills	1,781,263,805	3,116,050,090	4,897,313,895
Guarantees of loans	2,225,708,971	43,374,052,094	45,599,761,065
Guarantees on behalf of subsidiary companies	-	5,555,199,600	5,555,199,600
Guarantees on exchange rate of subsidiary companies	-	3,077,408,498	3,077,408,498
Other guarantees	53,510,985,042	13,574,282,427	67,085,267,469
Customers' liabilities under unmatured bills issued under letters of credit	1,604,235,781	12,971,711,817	14,575,947,598
Letters of credit	377,247,422	19,289,604,722	19,666,852,144
Forward foreign exchange contracts			
Bought	11,081,963,222	84,997,034,461	96,078,997,683
Sold	3,893,688,579	145,917,027,552	149,810,716,131
Currency swaps	7,197,785,147	20,015,496,694	27,213,281,841
Interest rate swaps		23,613,215,951	23,613,215,951
Amount of unused bank overdraft	101,784,391,585	2,304,516,238	104,088,907,823
Others	795,700	12,508,825,313	12,509,621,013
Baht	183,458,065,254	390,314,425,457	573,772,490,711

1997

THE BANK'S FINANCIAL STATEMENTS

	Baht	Foreign Currencies	Total
Avals to bills	5,756,462,658	3,553,575,363	9,310,038,021
Guarantees of loans	2,088,422,138	65,801,898,298	67,890,320,436
Guarantees on behalf of subsidiary companies	-	7,656,258,800	7,656,258,800
Guarantees on exchange rate of subsidiary companies	-	6,814,837,329	6,814,837,329
Other guarantees	63,726,934,397	30,176,228,136	93,903,162,533
Customers' liabilities under unmatured bills issued under letters of credit	2,423,686,649	30,423,145,756	32,846,832,405
Letters of credit	1,119,820,464	35,379,829,428	36,499,649,892
Forward foreign exchange contracts			
Bought	13,598,152,645	231,646,231,549	245,244,384,194
Sold	6,512,975,569	302,423,940,904	308,936,916,473
Currency swaps	9,922,723,139	27,768,385,251	37,691,108,390
Interest rate swaps	-	31,813,119,781	31,813,119,781
Amount of unused bank overdraft	97,265,166,645	6,575,901,626	103,841,068,271
Others	165,752,030	10,376,663,607	10,542,415,637
Baht	202,580,096,334	790,410,015,828	992,990,112,162

In the Bank's financial statements, guarantees on behalf of subsidiary companies are for amounts which have been placed with the Bank and reflected in the Bank's balance sheet as liabilities.

4.23 Properties used as collateral

Government securities and securities guaranteed by the Government having face value of Baht 13,544,754,000 and Baht 4,844,294,000 on December 31, 1998 and 1997 respectively, are deposited as cover for loans from, and the Bank's promissory notes in favour of, the BOT and for other commitments with government agencies and state enterprises and for securities sold under repurchase agreements.

4.24 Related-party transactions

Loans to and contingencies on account of executives, from the departmental manager level upwards, and to the companies in which they and/or the Bank, or the Bank's directors, have 10 percent or more beneficial ownership were as follows at December 31:

		CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		1998	1997	1998	1997
Loans					
Balance as at December 31,	Baht	24,677,348,986	24,341,583,497	25,471,998,986	25,250,533,497
Average balance at the end of the month	Baht	26,989,426,444	19,836,901,512	27,770,753,528	20,491,240,091
Obligations					
Balance as at December 31,	Baht	2,834,403,508	2,377,334,194	8,389,603,108	16,848,430,323
Average balance at the end of the month	Baht	2,241,450,660	1,819,808,588	12,208,701,895	13,556,978,652

As at December 31, 1998, in addition to the above the Bank has loans and obligations to the related entities according to the latest BOT's report consisting of loans amounting to Baht 48,148 million and obligations amounting to Baht 19,036 million.

A portion of the Bank's business is represented by transactions with its related companies and the financial statements reflect the effect of these transactions.

Additional information in respect of these loans and obligations as at December 31, 1998 is as follows:

	Amount (in millions of Baht)	Interest rate	Maturities
Loans	73,620	3.00%-19.75%	November 15, 1992 - April 16, 2010
Obligations	27,426		November 6, 1997 - October 18, 2020

In the consolidated financial statements, balances between the Bank and the related companies, whose shares are more than 20 percent owned by the Bank, consisted mainly of the following at December 31:

INVESTMENTS

1998

	Type of Business	Share capital Baht	Holding	Investment (Cost method) Baht	Dividend received Baht
ASSOCIATED COMPANY					
P.T. BBL Dharmala Finance	FINANCE	256,500,000	22.50%	75,107,250	-
BBL Asset Management Co., Ltd.	FINANCE	100,000,000	25.00%	25,000,000	4,375,000
Bangkok Sakura Leasing Co., Ltd.	LEASING	60,000,000	25.88%	-	-
American Express (Thai) Co., Ltd.	SERVICE	20,000,000	22.50%	4,500,000	3,150,000
Bangkok Sakura (Thai) Co.,Ltd. Service Co.,Ltd.	SERVICE	20,000,000	39.00%	7,800,000	-
Ong Asia Limited	JOINT VENTURE	709,326,815	24.50%	173,762,774	-
Processing Center Co.,Ltd.	SERVICE	10,000,000	30.00%	2,999,700	4,049,595
WTA (Thailand) Co.,Ltd.	SERVICE	25,000	24.90%	5,259	-
MC Private Equity Partner Asia Limited	JOINT VENTURE	647,330,024	25.00%	156,570,302	-
MC Private Equity Management Limited	FUND	2,523,000	30.00%	756,900	-
Thai Filament Finishing Co.,Ltd.	TEXTILE	194,352,400	46.85%	45,760,883	-
Thai Polymert Textile Co.,Ltd.	TEXTILE	402,607,000	45.42%	-	-
Thai Taffeta Textile Co.,Ltd.	TEXTILE	71,800,000	41.78%	24,062,385	-
Smart Loyalty (Thailand) Co.,Ltd.	SERVICE	150,000,000	33.33%	6,292,373	-
SG Asia Credit Public Co.,Ltd.	FINANCE	6,765,034,180	38.91%	2,683,277,000	-
Local Telephone Co.,Ltd.	SERVICE	250,000	33.28%	83,200	-

1997

	Type of Business	Share capital Baht	Holding	Investment (Cost method) Baht	Dividend Received Baht
ASSOCIATED COMPANY					
	P.T. BBL Dharmala Finance	975,600,000	22.50%	329,265,000	19,350,443
	BBL Asset Management Co., Ltd.	100,000,000	25.00%	25,000,000	9,000,000
	Bangkok Sakura Leasing Co., Ltd.	60,000,000	25.88%	15,850,755	-
	American Express (Thai) Co., Ltd.	20,000,000	22.50%	4,500,000	3,015,000
	Bangkok Sakura Software Service Co., Ltd.	20,000,000	39.00%	7,800,000	-
	Ong Asia Limited	901,820,888	33.33%	220,917,771	-
	Processing Center Co., Ltd.	10,000,000	30.00%	2,999,700	3,899,610
	WTA (Thailand) Co., Ltd.	25,000	24.90%	6,225	-
	MC Private Equity Management Asia Limited	545,985,407	30.00%	158,826,793	-
	MC Private Equity Management Limited	2,523,000	30.00%	756,900	-
	Thai Filament Finishing Co., Ltd.	194,352,400	46.85%	91,050,000	-
	Thai Polymer Textile Co., Ltd.	402,607,000	45.42%	182,880,000	-
	Thai Taffeta Textile Co., Ltd.	71,800,000	41.78%	30,000,000	-
	Smart Loyalty (Thailand) Co., Ltd.	3,000,000	33.33%	1,000,000	-

LOANS

Amount
Baht

ASSOCIATED COMPANY

	1998	1997
P.T. BBL Dharmala Finance	146,752,000	188,988,000
Bangkok Sakura Leasing Co., Ltd.	-	495,000,000
American Express (Thai) Co., Ltd.	106,963,070	166,881,531
Thai Filament Finishing Co., Ltd.	300,038,803	310,108,392
Thai Polymer Textile Co., Ltd.	1,416,746,331	1,118,841,622
Thai Taffeta Textile Co., Ltd.	221,904,440	324,325,413
Smart Loyalty (Thailand) Co., Ltd.	5,000,000	10,000,000
SG Asia Credit Public Co., Ltd.	321,615,250	3,446,899,412

CONTINGENCIES

Amount
Baht

ASSOCIATED COMPANY

	1998	1997
P.T. BBL Dharmala Finance	-	17,423,357
Thai Filament Finishing Co., Ltd.	1,991,200	1,630,300
Thai Polymer Textile Co., Ltd.	39,544,886	17,402,100
Thai Taffeta Textile Co., Ltd.	3,676,000	3,073,100
SG Asia Credit Public Co., Ltd.	548,344,013	678,864,036
Ong Asia Limited	1,108,105	1,408,875
Bangkok Sakura Leasing Co., Ltd.	50,000,000	-
Processing Center Co., Ltd.	10,000	10,000
American Express (Thai) Co., Ltd.	3,048,367	2,731,167
Smart Loyalty (Thailand) Co., Ltd.	100,000	-

In the consolidated financial statements, balances between the Bank and the related companies whose shares are owned between 10 to 20 percent by the Bank consisted mainly of the following at December 31:

LOANS

	Amount Baht	
	1998	1997
Thai Food International Co., Ltd.	1,579	-
Asia Lamp Industry Co., Ltd.	188,246	886,117
Bangkok Arts and Crafts Public Co., Ltd.	51,551,503	51,539,269
Bangkok Central Leasing Co., Ltd.	-	10,000,000
Bangkok First Tokai Co., Ltd.	207,000,000	-
Bangkok Polyethylene Co., Ltd.	844,283,334	956,090,292
Bangkok Water Resource Co., Ltd.	1,103,500,224	1,261,494,900
Chiva - Som International Health Resorts Co., Ltd.	280,000,000	355,000,000
Electrical Lamp Manufacturers Thailand Co., Ltd.	96,680	463,203
HMC Polymers Co., Ltd.	3,027,253,609	2,222,437,282
Pasteur Merieux Connaught Thailand Co., Ltd.	5,668,838	-
Merial (Thailand) Co., Ltd.	2,658,576	2,856,755
Rhodia (Thailand) Co., Ltd.	2,476,940	3,676,738
Seacon Development Co., Ltd.	448,078,628	419,626,997
Shin Ho Paper (Thailand) Co., Ltd.	-	1,404,363,457
Thai Aliphatics Co., Ltd.	-	12,377
United Industry Development Co., Ltd.	-	62,907
United Silo & Service Co., Ltd.	-	5,292,843

CONTINGENCIES

	Amount Baht	
	1998	1997
Asia Lamp Industry Co., Ltd.	14,062,802	1,976,309
Bangkok Arts and Crafts Public Co., Ltd.	3,502,452	3,633,452
Bangkok Polyethylene Co., Ltd.	419,994,340	886,899,643
HMC Polymers Co., Ltd.	137,258,962	14,067,400
Pasteur Merieux Connaught Thailand Co., Ltd.	110,125	-
Rayong Olefins Co., Ltd.	962,510,635	20,444,500
Seacon Development Co., Ltd.	15,809,000	15,799,000
Shin Ho Paper (Thailand) Co., Ltd.	-	68,992,940
Siam Union Container Co., Ltd.	53,448,035	65,830,661
Thai Obayashi Co., Ltd.	52,575	-
Thana Thep Printing Co., Ltd.	315,051	370,700
Toyota Leasing (Thailand) Co., Ltd.	250,000	250,000
Aspac Co., Ltd.	-	3,111,720
Sinn Bualuang Co., Ltd.	1,600,000	1,600,000
Merial (Thailand) Co., Ltd.	-	3,157,918

In the Bank's financial statements, balances between the Bank and the related companies, whose shares are more than 20 percent owned by the Bank, consisted mainly of the following at December 31:

INVESTMENTS

		1998			
	Type of Business	Share capital Baht	Holding	Investment (Cost method) Baht	Dividend Received Baht
SUBSIDIARY COMPANY					
BBL (Cayman) Limited	FINANCE	2,046,500	100.00%	2,046,500	51,178,387
Bangkok Bank Berhad	FINANCE	475,451,340	100.00%	475,451,340	-
Thaksin Finance Co., Ltd.	FINANCE	700,000,000	97.27%	677,024,160	-
ASSOCIATED COMPANY					
P.T. BBL Dharmala Finance	FINANCE	256,500,000	22.50%	75,107,250	-
BBL Asset Management Co., Ltd.	FINANCE	100,000,000	25.00%	25,000,000	4,375,000
Bangkok Sakura Leasing Co., Ltd.	LEASING	60,000,000	25.88%	-	-
American Express (Thai) Co., Ltd.	SERVICE	20,000,000	22.50%	4,500,000	3,150,000
Bangkok Sakura Software Service Co., Ltd.	SERVICE	20,000,000	39.00%	7,800,000	-
Ong Asia Limited	JOINT VENTURE	709,326,815	24.50%	173,762,774	-
Processing Center Co., Ltd.	SERVICE	10,000,000	30.00%	2,999,700	4,049,595
WTA (Thailand) Co., Ltd.	SERVICE	25,000	24.90%	5,259	-
MC Private Equity Partner Asia Limited	JOINT VENTURE	647,330,024	25.00%	156,570,302	-
MC Private Equity Management Limited	FUND	2,523,000	30.00%	756,900	-
Thai Filament Finishing Co., Ltd.	TEXTILE	194,352,400	46.85%	45,760,883	-
Thai Polymer Textile Co., Ltd.	TEXTILE	402,607,000	45.42%	-	-
Thai Taffeta Textile Co., Ltd.	TEXTILE	71,800,000	41.78%	24,062,385	-
Smart Loyalty (Thailand) Co., Ltd.	SERVICE	150,000,000	33.33%	6,292,373	-
SG Asia Credit Public Co., Ltd.	FINANCE	6,765,034,180	38.91%	2,683,277,000	-
Local Telephone Co., Ltd.	SERVICE	250,000	33.28%	83,200	-

		1997			
	Type of Business	Share capital Baht	Holding	Investment (Cost method) Baht	Dividend Received Baht
SUBSIDIARY COMPANY					
BBL (Cayman) Limited	FINANCE	2,046,500	100.00%	2,046,500	55,644,248
Bangkok Bank Berhad	FINANCE	475,451,340	100.00%	475,451,340	-
ASSOCIATED COMPANY					
P.T. BBL Dharmala Finance	FINANCE	975,600,000	22.50%	329,265,000	19,350,443
BBL Asset Management Co., Ltd.	FINANCE	100,000,000	25.00%	25,000,000	9,000,000
Bangkok Sakura Leasing Co., Ltd.	LEASING	60,000,000	25.88%	15,850,755	-

1997

	Type of Business	Share capital Baht	Holding	Investment (Cost method) Baht	Dividend Received Baht
American Express (Thai) Co., Ltd.	SERVICE	20,000,000	22.50%	4,500,000	3,015,000
Bangkok Sakura Software Service Co., Ltd.	SERVICE	20,000,000	39.00%	7,800,000	-
Ong Asia Limited	JOINT VENTURE	901,820,888	33.33%	220,917,771	-
Processing Center Co., Ltd.	SERVICE	10,000,000	30.00%	2,999,700	3,899,610
WTA (Thailand) Co., Ltd.	SERVICE	25,000	24.90%	6,225	-
MC Private Equity Management Asia Limited	JOINT VENTURE	545,985,407	30.00%	158,826,793	-
MC Private Equity Management Limited	FUND	2,523,000	30.00%	756,900	-
Thai Filament Finishing Co., Ltd.	TEXTILE	194,352,400	46.85%	91,050,000	-
Thai Polymer Textile Co., Ltd.	TEXTILE	402,607,000	45.42%	182,880,000	-
Thai Taffeta Textile Co., Ltd.	TEXTILE	71,800,000	41.78%	30,000,000	-
Smart Loyalty (Thailand) Co., Ltd.	SERVICE	3,000,000	33.33%	1,000,000	-

LOANS

	Amount Baht	
	1998	1997
SUBSIDIARY COMPANY		
BBL (Cayman) Limited	794,650,000	908,950,000
ASSOCIATED COMPANY		
P.T. BBL Dharmala Finance	146,752,000	188,988,000
Bangkok Sakura Leasing Co., Ltd.	-	495,000,000
American Express (Thai) Co., Ltd.	106,963,070	166,881,531
Thai Filament Finishing Co., Ltd.	300,038,803	310,108,392
Thai Polymer Textile Co., Ltd.	1,416,746,331	1,118,841,622
Thai Taffeta Textile Co., Ltd.	221,904,440	324,325,413
Smart Loyalty (Thailand) Co., Ltd.	5,000,000	10,000,000
SG Asia Credit Public Co., Ltd.	321,615,250	3,446,899,412

CONTINGENCIES

	Amount Baht	
	1998	1997
SUBSIDIARY COMPANY		
BBL (Cayman) Limited	5,555,199,600	14,471,096,129
ASSOCIATED COMPANY		
P.T. BBL Dharmala Finance	-	17,423,357
Thai Filament Finishing Co., Ltd.	1,991,200	1,630,300
Thai Polymer Textile Co., Ltd.	39,544,886	17,402,100
Thai Taffeta Textile Co., Ltd.	3,676,000	3,073,100
SG Asia Credit Public Co., Ltd.	548,344,013	678,864,036
Ong Asia Limited	1,108,105	1,408,875
Bangkok Sakura Leasing Co., Ltd.	50,000,000	-
Processing Center Co., Ltd.	10,000	10,000
American Express (Thai) Co., Ltd.	3,048,367	2,731,167
Smart Loyalty (Thailand) Co., Ltd.	100,000	-

In the Bank's financial statements, balances between the Bank and the related companies whose shares are owned from 10 to 20 percent by the Bank consisted mainly of the following at December 31:

LOANS

	Amount Baht	
	1998	1997
Thai Foods International Co., Ltd.	1,579	-
Asia Lamp Industry Co., Ltd.	188,246	886,117
Bangkok Arts and Crafts Public Co., Ltd.	51,551,503	51,539,269
Bangkok Central Leasing Co., Ltd.	-	10,000,000
Bangkok First Tokai Co., Ltd.	207,000,000	-
Bangkok Polyethylene Co., Ltd.	844,283,334	956,090,292
Bangkok Water Resource Co., Ltd.	1,103,500,224	1,261,494,900
Chiva - Som International Health Resorts Co., Ltd.	280,000,000	355,000,000
Electrical Lamp Manufacturers Thailand Co., Ltd.	96,680	463,203
HMC Polymers Co., Ltd.	3,027,253,609	2,222,437,282
Pasteur Merieux Connaught Thailand Co., Ltd.	5,668,838	-
Merial (Thailand) Co., Ltd.	2,658,576	2,856,755
Rhodia (Thailand) Co., Ltd.	2,476,940	3,676,738
Seacon Development Co., Ltd.	448,078,628	419,626,997
Shin Ho Paper (Thailand) Co., Ltd.	-	1,404,363,457
Thai Aliphatics Co., Ltd.	-	12,377
United Industry Development Co., Ltd.	-	62,907
United Silo & Service Co., Ltd.	-	5,292,843

CONTINGENCIES

	Amount Baht	
	1998	1997
Asia Lamp Industry Co., Ltd.	14,062,802	1,976,309
Bangkok Arts and Crafts Public Co., Ltd.	3,502,452	3,633,452
Bangkok Polyethylene Co., Ltd.	419,994,340	886,899,643
HMC Polymers Co., Ltd.	137,258,962	14,067,400
Pasteur Merieux Connaught Thailand Co., Ltd.	110,125	-
Rayong Olefins Co., Ltd.	962,510,635	20,444,500
Seacon Development Co., Ltd.	15,809,000	15,799,000
Shin Ho Paper (Thailand) Co., Ltd.	-	68,992,940
Siam Union Container Co., Ltd.	53,448,035	68,830,661
Thai Obayashi Co., Ltd.	52,575	-
Thana Thep Printing Co., Ltd.	315,051	370,700
Toyota Leasing (Thailand) Co., Ltd.	250,000	250,000
Aspac Co., Ltd.	-	3,111,720
Sinn Bualuang Co., Ltd.	1,600,000	1,600,000
Merial (Thailand) Co., Ltd.	-	3,157,918

4.25 Other benefits to directors and executives

The Bank has not extended monetary or non-monetary benefit to the directors and executives from departmental manager level upwards, inclusive of equivalent position, except for normal benefit to the directors and executives.

4.26 Long-term leases

Type of lease	Period	Remaining rental expenses			
		CONSOLIDATED FINANCIAL STATEMENTS		THE BANK'S FINANCIAL STATEMENTS	
		1998	1997	1998	1997
Land and/or building	1998-2007	38,592,443	128,243,561	38,592,443	128,243,561
" "	2008-2017	250,106,960	329,227,559	250,106,960	329,227,559
" "	2018-2026	30,777,945	31,514,907	30,777,945	31,514,907
	Baht	319,477,348	488,986,027	319,477,348	488,986,027

4.27 The change in Thailand's exchange rate system

The change in Thailand's exchange rate system as specified in the Notification of the Ministry of Finance dated July 2, 1997 has not caused any negative impacts on the Bank, since 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, where interest rates are floated on the same basis. If needs are in other currencies, the Bank will use swaps so that the interest rate and exchange risks can be properly hedged. Under this policy, the Bank strictly complies with the BOT's rules and regulations.

Nevertheless, this Notification directly affects customers who have foreign currency liabilities, which were not hedged. When the value of Baht is weakened, these customers may be exposed to higher risks, which in turn may effect their ability to repay the loans to the Bank.

4.28 Subsequent events

4.28.1 On January 29, 1999 the Bank had 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. Under the U.S. GAAP, such amendment was accounted for as an extinguishment of the debt, which resulted in a capital gain of Baht 3,816.64 million to the Bank. The whole amount was used by the Bank for its loan loss provision. The book value of the bonds was Baht 5,778.35 million prior to extinguishment, where 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.

4.28.2 On January 28, 1999, the Bank issued US\$ 266.9 million of subordinated notes due 2007 with a coupon of 8.75% p.a. in exchange for the Bank's existing 7.25% subordinated notes due 2005 being redeemed before the maturity, which was approved by the BOT. The Bank also issued US\$ 449.825 million of subordinated notes due 2029 with a coupon of 9.025% p.a. in exchange for the Bank's existing 8.25% subordinated notes due 2016 and existing 8.375% subordinated notes due 2027 being redeemed before the maturity, which was approved by the BOT. Under the U.S GAAP, the Bank recognized a capital gain of US\$ 259.0 million, the book value of the subordinated notes due 2007 and the subordinated notes due 2029 in the amount of US\$ 177.49 million and US\$ 258.65 million, being redeemed at market value below the par value. The whole amount was used by the Bank for its loans loss provision, where 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.

4.28.3 A change in accounting policy

From January, 1999, the Bank changed its accounting for recognition of interest income from recognizing accrual interest income for maximum of six months to maximum of three months, after which the recognized accrued interest income will be reversed out.

4.28.4 On February 11, 1999, the Board of Directors passed the following resolutions:

- The decrease of the Bank's registered capital from Baht 20,000,000,000 to Baht 15,750,000,000
- The increase of the Bank's registered capital from Baht 15,750,000,000 to Baht 20,000,000,000 by issuing 423,000,000 of ordinary shares, 1,000,000 of Class A preferred shares and 1,000,000 of Class B preferred shares.
- The issuance of subordinated bonds and/or unsubordinated bonds and/or perpetual bonds in an amount not exceeding US\$4,000 million, or its equivalent in other currencies, to be 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 issuance of up to 100 million units of warrants with a maturity of not exceeding 5 years, to be offered and sold in foreign and/or domestic markets.
- The allocation of 423,000,000 ordinary shares as follows:
 - 300,000,000 shares, reserved for the conversion of the Bank's subordinated convertible bonds and/or convertible bonds which have been approved by the 4th ordinary shareholders meeting on March 26, 1997 and have not been issued yet.
 - 100,000,000 shares, reserved for the exercise of right of the holders of warrants.
 - 23,000,000 shares to be allocated in future periods.
- The allocation of 2,000,000 preferred shares as follows:
 - 1,000,000 Class A preferred shares to be offered and sold in foreign and/or domestic markets, which may be sold with the subordinated bonds and/or unsubordinated bonds and/or subordinated convertible bonds and/or convertible bonds to investors in foreign and/or domestic markets.
 - 1,000,000 Class B preferred shares to be offered and sold in foreign and/or domestic markets, which may be sold with the subordinated bonds and/or unsubordinated bonds and/or subordinated convertible bonds and/or convertible bonds to investors in foreign and/or domestic markets.
- The approval to the Bank to set up or hold shares in a subsidiary or Special Purpose Vehicle (SPV) for the purpose of the fund raising of the Bank by the issuance of preferred shares and/or subordinated bonds and/or unsubordinated bonds and/or subordinated convertible bonds and/or convertible bonds, and to enter into a Trust Agreement between the Bank and any person or subsidiary or SPV, who will invest in the Bank's preferred shares and/or subordinated bonds and/or unsubordinated bonds and/or subordinated convertible bonds and/or convertible bonds.

The Board of Directors resolved to submit such resolutions to the shareholders for consideration on March 18, 1999.

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

4.29.1 The financial position at December 31 :

1998			
CONSOLIDATED FINANCIAL STATEMENTS			
	Domestic Operations	Foreign Operations	Total Operations
	Baht	Baht	Baht
ASSETS			
Total assets	1,085,919,856,756	185,353,667,819	1,271,273,524,575
Interbank and money			
market items	13,999,358,397	116,400,913,237	130,400,271,634
Loans	891,510,393,765	66,840,260,068	958,350,653,833
Investment	103,079,361,145	9,379,356,460	112,458,717,605
LIABILITIES			
Deposits	910,224,979,377	64,812,955,637	975,037,935,014
Interbank and money			
market items	30,798,086,331	73,021,344,448	103,819,430,779
Borrowings	-	60,790,803,736	60,790,803,736
CONTINGENCIES	416,180,194,709	154,350,025,906	570,530,220,615

1997

CONSOLIDATED FINANCIAL STATEMENTS

	Domestic Operations Baht	Foreign Operations Baht	Total Operations Baht
ASSETS			
Total assets	1,151,511,550,652	264,923,429,040	1,416,434,979,692
Interbank and money market items	84,271,764,403	121,333,130,342	205,604,894,745
Loans	950,975,858,240	130,108,784,258	1,081,084,642,498
Investment	55,887,968,804	11,461,571,354	67,349,540,158
LIABILITIES			
Deposits	867,447,041,688	84,702,878,406	952,149,920,094
Interbank and money market items	42,503,372,453	174,231,712,924	216,735,085,377
Borrowings	-	80,684,479,052	80,684,479,052
CONTINGENCIES	705,416,245,316	277,943,158,195	983,359,403,511

1998

THE BANK'S FINANCIAL STATEMENTS

	Domestic Operations Baht	Foreign Operations Baht	Total Operations Baht
ASSETS			
Total assets	1,085,945,480,125	181,003,633,558	1,266,949,113,683
Interbank and money market items	14,005,213,258	118,566,235,797	132,571,449,055
Loans	890,339,294,751	62,206,491,376	952,545,786,127
Investment	104,163,335,078	7,088,125,008	111,251,460,086
LIABILITIES			
Deposits	909,754,506,743	60,025,322,927	969,779,829,670
Interbank and money market items	31,457,947,247	73,348,590,501	104,806,537,748
Borrowings	-	61,012,423,824	61,012,423,824
CONTINGENCIES	424,932,311,503	148,840,179,208	573,772,490,711

1997

THE BANK'S FINANCIAL STATEMENTS

	Domestic Operations Baht	Foreign Operations Baht	Total Operations Baht
ASSETS			
Total assets	1,152,034,384,075	256,584,386,661	1,408,618,770,736
Interbank and money market items	84,273,633,642	120,993,087,589	205,266,721,231
Loans	950,975,858,240	123,420,217,021	1,074,396,075,261
Investment	56,365,466,644	10,411,725,780	66,777,192,424
LIABILITIES			
Deposits	867,447,041,688	79,100,718,515	946,547,760,203
Interbank and money market items	43,510,887,894	172,021,866,289	215,532,754,183
Borrowings	-	80,684,479,052	80,684,479,052
CONTINGENCIES	705,421,090,030	287,569,022,132	992,990,112,162

4.29.2 The results of operations for the year ended December 31 :

1998

CONSOLIDATED FINANCIAL STATEMENTS

	Domestic Operations Baht	Foreign Operations Baht	Elimination Baht	Total Baht
Interest and				
dividend income	105,963,313,500	26,184,479,269	(18,577,370,399)	113,570,422,370
Interest expenses	(100,529,209,005)	(22,572,747,495)	18,577,370,399	(104,524,586,101)
Net interest income	5,434,104,495	3,611,731,774	-	9,045,836,269
Bad debt and				
doubtful accounts	(42,806,673,805)	(5,711,750,461)	-	(48,518,424,266)
Non-interest income	17,769,738,361	2,454,126,552	(12,717,737)	20,211,147,176
Non-interest expenses	(26,189,028,422)	(4,425,172,573)	12,717,737	(30,601,483,258)
Income before income tax	(45,791,859,371)	(4,071,064,708)	-	(49,862,924,079)

1997

CONSOLIDATED FINANCIAL STATEMENTS

	Domestic Operations Baht	Foreign Operations Baht	Elimination Baht	Total Baht
Interest and				
dividend income	121,973,626,626	28,153,909,538	(16,440,304,319)	133,687,231,845
Interest expenses	(80,490,855,380)	(23,973,500,867)	16,440,304,319	(88,024,051,928)
Net interest income	41,482,771,246	4,180,408,671	-	45,663,179,917
Bad debt and				
doubtful accounts	(26,711,893,187)	(1,702,076,587)	-	(28,413,969,774)
Non-interest income	18,509,841,865	3,254,534,566	(33,122,297)	21,731,254,134
Non-interest expenses	(25,938,459,707)	(4,411,204,726)	33,122,297	(30,316,542,136)
Income before income tax	7,342,260,217	1,321,661,924	-	8,663,922,141

1998

THE BANK'S FINANCIAL STATEMENTS

	Domestic Operations Baht	Foreign Operations Baht	Elimination Baht	Total Baht
Interest and				
dividend income	105,934,985,922	25,083,846,461	(18,067,478,558)	112,951,353,825
Interest expenses	(100,511,769,380)	(21,659,907,203)	18,067,478,558	(104,104,198,025)
Net interest income	5,423,216,542	3,423,939,258	-	8,847,155,800
Bad debt and				
doubtful accounts	(42,806,433,918)	(5,185,286,575)	-	(47,991,720,493)
Non-interest income	17,759,297,598	2,380,343,031	(12,717,737)	20,126,922,892
Non-interest expenses	(26,181,229,752)	(4,303,286,258)	12,717,737	(30,471,798,273)
Income before income tax	(45,805,149,530)	(3,684,290,544)	-	(49,489,440,074)

THE BANK'S FINANCIAL STATEMENTS

	Domestic Operations Baht	Foreign Operations Baht	Elimination Baht	Total Baht
Interest and				
dividend income	121,973,626,626	26,711,637,717	(15,675,450,033)	133,009,814,310
Interest expenses	(80,490,855,380)	(22,770,099,008)	15,675,450,033	(87,585,504,355)
Net interest income	41,482,771,246	3,941,538,709	-	45,424,309,955
Bad debt and				
doubtful accounts	(26,711,893,187)	(1,656,298,649)	-	(28,368,191,836)
Non-interest income	18,509,841,865	3,096,925,116	(33,122,297)	21,573,644,684
Non-interest expenses	(25,938,459,707)	(4,217,456,703)	33,122,297	(30,122,794,113)
Income before income tax	7,342,260,217	1,164,708,473	-	8,506,968,690

4.30 Disclosure of financial instruments

4.30.1 Derivative financial instruments

The Bank uses derivative financial instruments to hedge its balance sheet, 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 and Currency Swaps

Swap transactions generally involve the exchange of fixed- and floating-rate interest-payment obligations without the exchange of the underlying principal amounts. Though the Bank uses swaps mainly as part of its asset/liability management, the Bank also acts as an intermediary in arranging swaps transactions for customers. The Bank typically becomes a principal in the exchange of payments between the two parties and, therefore, is exposed to 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 of the Bank's derivative financial instruments at 31 December 1998.

	(in millions of Baht)		
	Notional < 1 year	Notional > 1 year	Total Notional
Forward Foreign Exchange			
Contracts	245,409	481	245,890
Currency swaps	7,966	19,247	27,213
Interest rate swaps	-	23,613	23,613

4.30.2 Concentration of Credit Risk

Credit risk refers to the risk that a counterparty will 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 losses from defaults.

In the case of recognized financial assets, the carrying amount of the assets recorded in the consolidated balance sheet, 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 50 percent of the total exposure was to banks in OECD countries while the rest was to customers from transactions undertaken to meet their risk management needs. Average tenor for forward foreign exchange contracts was three months; almost all contracts were under one year tenor. For the currency swaps and interest rate swaps, approximately two-thirds of the total exposure was to banks in OECD countries while the rest was to customers from transactions undertaken to meet their risk management needs.

The following table shows the credit risk of the Bank's derivative financial instruments at December 31, 1998.

(in millions of Baht)	
Credit Risk	
Forward foreign exchange contracts	5,822
Currency swaps	3,191
Interest rate swaps	<u>2,054</u>
Total	<u>11,067</u>

4.31 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.

4.31.1 Financial assets

Financial assets for which fair values approximate carrying values.

The fair values of certain financial assets, including cash, interbank and money market items, and loans are considered to approximate their respective carrying values as the financial instruments are either predominantly subject to regular interest rate repricing such as MLR or MOR or if fixed, are of a short term nature.

Financial assets for which fair values differ from carrying values.

Although the fair values of the remaining classes of financial assets differ from their carrying values, the aggregate carrying values of these financial assets account for less than 10% of the Bank's total assets as at December 31, 1998. Consequently, in aggregate, the total differences between the fair values and carrying values of these classes of financial assets are considered to be immaterial.

4.31.2 Financial liabilities

Financial liabilities for which fair values approximate carrying values.

The fair value of deposits, and interbank and money market items are considered to approximate their respective carrying values for the same reasons described above.

Financial liabilities for which fair values differ from carrying values.

Although the fair values of the remaining classes of financial liabilities differ from their carrying values, the aggregate carrying values of these financial liabilities account for less than 5% of the Bank's total liabilities as at December 31, 1998. Consequently, in aggregate, the total differences between the fair values and carrying values of these classes of financial liabilities are considered to be immaterial.

4.31.3 Derivative financial instruments

Derivative financial instruments include currency swaps, interest rate swaps, and forward foreign exchange contracts, all of which derive their value from underlying interest rates, and foreign exchange rates. Fair value for derivative financial instruments are generally calculated using discounted cash flow models based on current market yields for similar instruments and the maturity of each instrument.

The following is a summary of estimated fair value of the Bank's derivative financial instruments at December 31, 1998

	(in millions of Baht)
	Fair Value
Derivative Financial Instruments	
Foreign exchange forward contracts	1,520
Interest rate swaps	1,944
Currency swaps	(2,201)

4.32 Plan for the Year 2000 Date Change problem (Unaudited - not covered by the Report of Independent Certified Public Accountants)

The Bank recognizes the potential impact to the Year 2000 Date Change problem on the Bank's computer systems and operations.

The Bank began addressing the Year 2000 problem since the middle of 1996, by forming the project team comprised of the executive officers, responsible for determining the project direction and creating the project plan. Subsequently, a working team was created, which comprised of application specialists, systems analysts, operations specialists and EDP Auditor. The team's responsibility was to manage the project to the plan.

The total budget allocated for the Year 2000 Date Change problem is Baht 578 million, of which Baht 433 million has been utilized, with Baht 145 million allocated for the remainder of the project.

Approximately 95% of impacted computer systems have already been corrected, the remaining 5% are scheduled to be corrected by the end of March, 1999. At that time, all our major computer systems will have passed our Year 2000 testing criteria.

The Bank believes that the Bank can correct the Year 2000 Date Change problem in all our internal computer systems and operations. However, if companies the Bank and its subsidiaries do business with do not correct this problem, this may have a material impact on the operations of the Bank. While we are striving to increase awareness of the Year 2000 solve and modify all systems before the coming Year 2000 Date Change problem among the Bank's customers and suppliers, it is impossible to estimate this residual exposure at this time

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1, Jianguomenwai Avenue, Beijing 100004

Tel. : (86-10) 6505-5526 Fax. : (86-10) 6505-5528
Telex : (085) 222246 BJBBL

HONG KONG

HONG KONG MAIN OFFICE

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28 Des Voeux Road, Central

Tel. : (85-2) 2801-6688 Fax. : (85-2) 2810-5679
Telex : (0802) 73679 BBANK HX Swift : BKKB HK HH

CENTRAL DISTRICT BRANCH

Bangkok Bank Building, 28 Des Voeux Road, Central

Tel. : (85-2) 2801-6688 Fax. : (85-2) 2845-1805

WESTERN BRANCH

Bangkok Bank Building, 18 Bonham Strand, West

Tel. : (85-2) 2851-1888 Fax. : (85-2) 2850-6069

KOWLOON BRANCH

Bangkok Bank Building, 490-492
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Tel. : (85-2) 2300-1888 Fax. : (85-2) 2780-5896

INDONESIA

JAKARTA BRANCH

Jalan M.H. Thamrin No.3, Jakarta 10110

Tel. : (62-21) 231-1008, 380-8065 Fax. : (62-21) 385-3881, 231-0070
Telex : (073) 42762, 46193 BKBANK IA Swift : BKKB ID JA

JAPAN

TOKYO BRANCH

Bangkok Bank Building, 8-10 Nishi-Shimbashi
2-Chome, Minato-ku, Tokyo 105-0003
(C.P.O. Box 1602 Tokyo)

Tel. : (81-3) 3503-3333 Fax. : (81-3) 3502-6420
Telex : (072) 24373 BANKOKBK Swift : BKKB JP JT

OSAKA BRANCH

Bangkok Bank Building, 9-16, Kyutaromachi
1- Chome Chuo-ku, Osaka 541

Tel. : (81-6) 6263-7100, 6263-6283 Fax. : (81-6) 6263-6286
Telex : (072) 63667 BANKOKBK Swift : BKKB JP JT OSA

LAO PEOPLE'S DEMOCRATIC REPUBLIC

VIENTIANE BRANCH

38/13-15, Hatsadee Road, Vientiane
(P.O. Box 5400, Vientiane)

Tel. : (856-21) 213-560, 213-562 Fax. : (856-21) 213-561
Telex : (0804) 4399 BBLVTE LS

UNION OF MYANMAR**YANGON REPRESENTATIVE OFFICE**

12/6B, Myawaddy Street, Myenegone (North)
Sanchaung Township, Yangon

Tel. : (95-1) 527-224

Fax. : (95-1) 527-280

REPUBLIC OF THE PHILIPPINES**MANILA BRANCH**

25th Floor, Far East Bank Center
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Metro Manila, 1200 Philippines

Tel. : (63-2) 891-4024-30

Fax. : (63-2) 891-4035

Telex : (075) 62897 BBL MNL PN

Swift : BKKB PH MM

REPUBLIC OF SINGAPORE**SINGAPORE BRANCH**

Bangkok Bank Building, 180 Cecil Street,
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Tel. : (65) 221-9400, 223-8741, 229-7400

Fax. : (65) 225-5852

Telex : (087) 21359, 25639 BKBANK RS

Swift : BKKB SG SG

TAIWAN**TAIPEI BRANCH**

121, Sung Chiang Road, Taipei 10429, Taiwan
(P.O. Box 22419 Taipei, Taiwan)

Tel. : (886-2) 2507-3275

Fax. : (886-2) 2506-4625

Telex : (0769) 11289 BANKOKBK

Swift : BKKB TW TP

KAOHSIUNG SUB-BRANCH

Floor 1-2, Asia Pacific Commercial Building,
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Tel. : (886-7) 271-0000, 271-5188

Fax. : (886-7) 271-3730, 271-3731

Telex : (0769) 11289 BANKOKBK

Swift : BKKB TW T1 OTK

TAICHUNG SUB-BRANCH

9F-1, Lin-Ding Summit Building
345 Taichung Kang Road, Section 1
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Tel. : (886-4) 326-9623

Fax. : (886-4) 323-3685

Telex : (0769) 11289 BANKOKBK

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UNITED KINGDOM**LONDON BRANCH**

61 St. Mary Axe, London EC3A 8BY

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Telex : (051) 8812448 BKBANK G

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UNITED STATES OF AMERICA**NEW YORK BRANCH**

29 Broadway, 20th Floor, New York, NY 10006

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Fax. : (1-212) 422-0728

Telex : (023) 175459 BKBK UT

Swift : BKKB US 33

THE SOCIALIST REPUBLIC OF VIETNAM**HO CHI MINH CITY BRANCH**

Harbour View Tower, 35 Nguyen Hue Street,
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Fax. : (84-8) 821-3772

Telex : (0805) 813080, 813083 BBL HCM VT

Swift : BKKB VN VX

HANOI SUB - BRANCH

41B Ly Thai To Street, Hoan Kiem District, Hanoi

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Fax. : (84-4) 826-7397

Telex : (0805) 411366 BBL HN VT

Swift : BKKB VN VX HAN

MALAYSIA**BANGKOK BANK BERHAD****(Wholly owned subsidiary)**

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Fax. : (603) 238-8569

Telex : (084) 30359 BK BANK MA

Swift : BKKB MY KL

METROPOLITAN BRANCHES

Anusawari Chaisamorphum	Kluai Nam Thai	Ratchathewi
Asok-Din Daeng	Ko Pho Office	Ratchawat
Bang Bon	Lak Si	Ratchawithi
Bang Chak	Lak Si Plaza	Ratchawong
Bang Kapi	Lat Krabang	Sai Luat Road
Bang Khae	Lat Phrao	*Samakki Road Prachaniwet
Bang Khen	Lat Phrao Soi 44	Sampheng
Bang Khru (Phra Pradaeng)	Lat Phrao Soi 99	Samrong
Bang Khun Non	Lumphini	Samut Prakan
Bang Khun Thian	Mahanak	Sam Yaek Fai Chai
Bangkok Airport	Metro Trade Centre	Samyot
Bangkok Noi	Minburi	Saphan Khao
Bang Kruai	Muang Thong Chaeng Watthana	Saphan Loeng
Bang Lamphu	Nana Nua	Saphan Mai-Don Muang
Bang Na	New Phetchaburi Road	Saphan Phan Fa
Bang Phlat	Nong Chok	Sathon
Bang Phli	Nong Khaem	Sathupradit
Bang Pho	Nonthaburi	Seacon Square
Bang Rak	*On Nuch Soi 16	Sena Nikom
Bang Sue	*Oriental	Siam Square
Bang Yai	Pak Khlong Talat	Silom
Bang Yikhan	Phahurat	Sinakharin-Samrong Nua
Bukkhalo	*Phasi Charoen	Si Phraya
Chalaem Nimit	Phathanakan	*Si Yaek Bangna
Chan Road Saphan 5	Phlapphlachai Branch Office	Si Yan
Charoen Phat	Phloen Chit	Soi Ari
Charoen Phon	Phra Khanong	*Song Pra Pha Road
Chokchai 4-Lat Phrao	Phra Pin Klao	Suan Chatuchak
Din Daeng Road	Phra Pradaeng	Suan Phlu
Ekkamai	*Phra Pradaeng	Suan Sayam
Ha Yaek Pakkret	Prachachun	Sukhaphiban 1 Road K.M. 8
Hua Lamphong	*Pracha Utit Road	Sukhaphiban 3 Road Buengkum
Hua Mak	Pradiphat	Sukhumvit 43
Huai Khwang	Pratunam	Suksawat Road
Inthamara	Puchao Samingphrai	Sunthornkosa
Intharak	Rama II-K.M.7	Surawong
Jewelry Trade Center	Rama IX Road	Taksin
July 22nd. Circle	Ram Inthra	Talat Noi
Khae Lai	*Ram Inthra K.M. 10	Talat Phlu
Khlong Chan	*Ramkhamhaeng	Talat Si Mum Muang
Khlong Dan	Rangsit	Taling Chan
Khlong Luang Pathumthani	Ratburana	Tanao Road
Khlong San	Rattanaibet Road	Tha Phra
Khlong Tan	Ratchada-Lat Phrao Road	Tha Tian
Khlong Toei	Ratchada-Sathupradit Intersection	*The Mall Bang Kapi
King Kaew Road	Ratchada-Tha Phra	The Mall Bang Khae

Thepharak	Chiang Mai (Chang Khlan)	Chonburi (Suan Utsahakam
Trok Chan	Chiang Mai (Chom Thong)	Sahaphatthanaphibul)
Thonburi	Chiang Mai (Doi Saket)	Chumphon
Thonglor Road	Chiang Mai (Fang)	Chumphon (Lang Suan)
Uruphong	Chiang Mai (Hang Dong)	Chumphon (Mab Amrit)
Vanit Building	Chiang Mai (Hot)	Chumphon (Pak Nam Chumphon)
Viphavadi Rangsit	Chiang Mai (Kad Suan Kaew)	Chumphon (Sawi)
Visutkasat	*Chiang Mai (Kuang Sing)	Chumphon (Si Yaek Patomphon)
Vorachak	Chiang Mai (Mae Ai)	Chumphon (Tha Sae)
Wongsawang	Chiang Mai (Mae Jo)	Kalasin
Yannawa	Chiang Mai (Mae Rim)	Kalasin (Khao Wong)
	Chiang Mai (Muang Samut Road)	Kalasin (Somdet)
	Chiang Mai (Pratu Chang Phuak)	Kamphaengphet
	Chiang Mai (Pratu Chiang Mai)	*Kamphaengphet (Khanu Worakabsaburi)
	Chiang Mai (Sa Moeng)	*Kamphaengphet (Nakhon Chum)
	Chiang Mai (San Kamphaeng)	Kamphaengphet (Salokbat)
	Chiang Mai (San Pa Khoi)	*Kamphaengphet (Tha Makhua)
	Chiang Mai (San Pa Thong)	Kanchanaburi
	Chiang Mai (Saraphi)	Kanchanaburi (Tha Muang)
	Chiang Mai (Si Nakhon Phing)	Kanchanaburi (Tha Rua)
	Chiang Mai (Suthep Road)	Khon Kaen
	Chiang Mai (Talat Mae Malai)	Khon Kaen (Ban Phai)
	Chiang Mai (Tha Phae)	Khon Kaen (Chumphae)
	Chiang Rai	Khon Kaen (Khao Suan Kwang)
	Chiang Rai (Ha Yaek Phokhun Mengrai)	Khon Kaen (Kra Nuan)
	Chiang Rai (Mae Chan)	Khon Kaen (Mancha Khiri)
	*Chiang Rai (Mae Khachan)	Khon Kaen (Muang Phon)
	Chiang Rai (Mae Sai)	Khon Kaen (Na Muang Road)
	Chiang Rai (Mae Saruai)	Khon Kaen (Prachasamoson Road)
	Chiang Rai (Phan)	Krabi
	Chonburi	Krabi (Ao Luk)
	Chonburi (Ao Udom)	*Krabi (Nua Klong)
	Chonburi (Ban Bung)	Lampang
	Chonburi (Bang Lamung)	Lampang (Chat Chai)
	Chonburi (Bang Pla Soi)	Lampang (Ko Kha)
	*Chonburi (Khlung Tamru)	Lampang (Muang Pan)
	Chonburi (Muang Pattaya)	Lampang (Sop Tui)
	Chonburi (Noen Teng)	Lampang (Thoen)
	Chonburi (Nong Mon)	Lamphun
	Chonburi (Phan Thong)	Lamphun (Ban Thi)
	Chonburi (Phanat Nikhom)	*Lamphun (Umong)
	*Chonburi (Phra Tamnak Road)	Loei
	*Chonburi (Ratprasong Road)	Loei (Wang Saphung)
	Chonburi (Sattahip)	Lopburi
	Chonburi (Si Racha)	Lopburi (Ban Mi)
PROVINCIAL BRANCHES		
Amnat Charoen		
Amnat Charoen (Pathum Ratchawongsa)		
Ang Thong		
Ang Thong (Wiset Chaichan)		
Buriram		
Buriram (Ban Kruat)		
Buriram (Lam Plaimat)		
Buriram (Nang Rong)		
Buriram (Pakhom)		
Buriram (Satuk)		
Chachoengsao		
*Chachoengsao (Ban Pho)		
Chachoengsao (Bang Khla)		
Chachoengsao (Bang Nam Prieo)		
Chachoengsao (Bang Pakong)		
*Chachoengsao (Bang Wua)		
Chachoengsao (Phanom Sarakham)		
Chachoengsao (Thanon Chumpon)		
Chainat		
Chainat (Han Kha)		
Chainat (Phonangdam)		
Chaiyaphum		
Chaiyaphum (Chatturat)		
Chaiyaphum (Ha Yaek Non Hai)		
Chaiyaphum (Nong Bua Daeng)		
Chanthaburi		
Chanthaburi (Khlung)		
Chanthaburi (Ma-kham)		
Chanthaburi (Na Yai Am)		
Chanthaburi (Soi Dao)		
Chanthaburi (Tha Chalaep Road)		
Chanthaburi (Tha Mai)		
*Chiang Mai (Bo Sang)		

Lopburi (Khok Samrong)	Nakhon Si Thammarat (Hua Sai)	Phichit (Bang Mun Nak)
Lopburi (Lam Narai)	Nakhon Si Thammarat (Karom Road)	Phitsanulok
Lopburi (Sa Kaeo)	Nakhon Si Thammarat (Na Bon)	Phitsanulok (Bang Krathum)
Mae Hong Son	Nakhon Si Thammarat (Pak Phanang)	Phitsanulok (Ha Yaek Khok Matum)
Maha Sarakham	*Nakhon Si Thammarat (Phattanakan Road)	*Phitsanulok (Naresuan Road)
Maha Sarakham (Chiang Yun)	Nakhon Si Thammarat (Ron Phibun)	*Phitsanulok (Singha Wat Road)
Maha Sarakham (Kantharawichai)	Nakhon Si Thammarat (Sichon)	Phitsanulok (Wang Thong)
Mukdahan	Nakhon Si Thammarat (Thung Song)	Phra Nakhon Si Ayuthaya
Nakhon Nayok	Nan	Phra Nakhon Si Ayuthaya (Nakhon Luang)
Nakhon Pathom	Narathiwat	Phra Nakhon Si Ayuthaya (Pratunam Phra In)
Nakhon Pathom (Bang Len)	Narathiwat (Sungai Kolok)	Phra Nakhon Si Ayuthaya (Rotchana)
Nakhon Pathom (Budhamonton)	Narathiwat (Sungai Padi)	Phra Nakhon Si Ayuthaya (Sena)
Nakhon Pathom (Don Tum)	Narathiwat (Waeng)	Phra Nakhon Si Ayuthaya (Talat Chaophrom)
Nakhon Pathom (Kamphaeng Saen)	Nong Bua Lamphu	Phra Nakhon Si Ayuthaya (Tha Rua)
*Nakhon Pathom (Nakhon Chaisi)	Nong Khai	Phra Nakhon Si Ayuthaya (Wang Noi)
Nakhon Pathom (Om-Yai)	*Nong Khai (Mitrphab Road)	Phrae
Nakhon Pathom (Sam Phran)	Nong Khai (Phon Phisai)	Phrae (Den Chai)
Nakhon Pathom (Songphon Road)	Nonthaburi (Bang Bua Thong)	Phrae (Wang Chin)
Nakhon Phanom	Pathum Thani	Phuket
Nakhon Phanom (Ban Phaeng)	Pathum Thani (Nava Nakhon)	Phuket (Pa Tong)
Nakhon Ratchasima	Pathum Thani (Noppawong)	*Phuket (Thalang)
Nakhon Ratchasima (Atsadang Road)	Pattani	Phuket (Thep Kasatri Road)
Nakhon Ratchasima (Bua Yai)	Pattani (Khok Pho)	Prachinburi
Nakhon Ratchasima (Chakarat)	*Pattani (Nong Chik)	Prachinburi (Kabin Buri)
*Nakhon Ratchasima (Cho Ho)	Phang-Nga	Prachuap Khiri Khan
Nakhon Ratchasima (Chokchai)	Phang-Nga (Khok Kloi)	Prachuap Khiri Khan (Bang Saphan)
Nakhon Ratchasima (Chomsurang Yat)	Phang-Nga (Thai Muang)	Prachuap Khiri Khan (Bang Saphan Noi)
Nakhon Ratchasima (Chum Phuang)	Phang-Nga (Yan Yao)	Prachuap Khiri Khan (Hua Hin)
Nakhon Ratchasima (Dan Khun Thot)	Phatthalung	*Prachuap Khiri Khan (Khlung Wan)
Nakhon Ratchasima (Hua Thale)	Phatthalung (Khuan Khanun)	*Prachuap Khiri Khan (Pak Nam Pran)
Nakhon Ratchasima (Mitrphap Road)	Phayao	Prachuap Khiri Khan (Pran Buri)
Nakhon Ratchasima (Non Thai)	Phayao (Chiang Muan)	Prachuap Khiri Khan (Thap Sakae)
Nakhon Ratchasima (Pak Chong)	Phayao (Chiang Kham)	Ranong
Nakhon Ratchasima (Pak Tongchai)	*Phayao (Dok Kham Tai)	Ranong (Kapoe)
Nakhon Ratchasima (Phimai)	Phayao (Mae Chai)	*Ranong (Saphan Pla)
Nakhon Ratchasima (Sikhiu)	Phetchabun	Ratchaburi
*Nakhon Ratchasima (Sung Noen)	Phetchabun (Lom Sak)	Ratchaburi (Ban Pong)
Nakhon Sawan	Phetchabun (Sap Samo Thot)	Ratchaburi (Chombung)
Nakhon Sawan (Chum Saeng)	Phetchabun (Srithep)	Ratchaburi (Damnoen Saduak)
Nakhon Sawan (Lat Yao)	Phetchaburi	*Ratchaburi (Nong Pho)
*Nakhon Sawan (Matulee Road)	Phetchaburi (Cha Am)	Ratchaburi (Photharam)
Nakhon Sawan (Nong Bua)	Phetchaburi (Khao Wang)	Ratchaburi (Sam Yaek Wang Manao)
Nakhon Sawan (Phayuha Khiri)	Phetchaburi (Khao Yoi)	Ratchaburi (Si Suriyawong Road)
Nakhon Sawan (Sawanwithi Road)	Phetchaburi (Tha Yang)	Ratchaburi (Wat Phleng)
Nakhon Sawan (Takhli)	Phichit	Rayong
Nakhon Si Thammarat	Phichit (Taphan Hin)	Rayong (Ban Chang)
		Rayong (Ban Phe)

Rayong (Choeng Noen)	Songkhla (Hat Yai Yan Phetkasem)	Trat (Khao Saming)
Rayong (Klaeng)	Songkhla (Ha Yaek Saphan Tinsulanonda)	Trat (Khlung Yai)
Rayong (Maptaphut)	*Songkhla (Kho Hong)	Ubon Ratchathani
Rayong (Nikhom Phatthana)	Songkhla (Muang Mai)	Ubon Ratchathani (Det Udom)
Roi Et	Songkhla (Na Thawi)	Ubon Ratchathani (Khemarat)
Roi Et (Kaset Wisai)	Songkhla (Padang Besar)	Ubon Ratchathani (Kilo Sun)
*Roi Et (Ratchakan Damnoen Road)	Songkhla (Ranot)	Ubon Ratchathani (Nam Yun)
Sakaeo	Songkhla (Rattaphum)	Ubon Ratchathani (Sapphasit Road)
Sakaeo (Aranya Prathet)	Songkhla (Saba Yoi)	Ubon Ratchathani (Trakan Phutphon)
Sakon Nakhon	Songkhla (Sadao)	Ubon Ratchathani (Warin Chamrap)
Sakon Nakhon (Ban Muang)	Songkhla (Si Phuvanat Road)	Udon Thani
Sakon Nakhon (Phang Khon)	Sukhothai	Udon Thani (Kumphawapi)
Sakon Nakhon (Sawang Daen Din)	Sukhothai (Sawankhalok)	Udon Thani (Nong Han)
Sakon Nakhon (Waritchaphum)	Sukhothai (Si Satchanalai)	Udon Thani (Phosi Road)
Samut Sakhon	Sukhothai (Thung Saliam)	Udon Thani (Pracharaksa)
Samut Sakhon (Ban Phaeo)	Suphanburi	Uthai Thani
Samut Sakhon (Krathum Baen)	Suphanburi (Sam Chuk)	Uthai Thani (Nong Chang)
Samut Sakhon (Lak Sam Ban Phaeo)	Suphanburi (Si Prachan)	Uttaradit
Samut Sakhon (Om Noi)	Suphanburi (Suan Taeng)	*Uttaradit (Boromma-at Road)
Samut Sakhon (Setthakit Road)	Suphanburi (U-Thong)	Uttaradit (Phichai)
Samut Sakhon (Tha Chalom)	Surat Thani	Uttaradit (Thong Saen Khan)
Samut Songkhram	Surat Thani (Chon Kasem Road)	Yala
Samut Songkhram (Amphawa)	Surat Thani (Don Sak)	Yala (Betong)
Samut Songkhram (Bang Khonthi)	Surat Thani (Ko Samui)	Yasothon
Saraburi	Surat Thani (Phra Saeng)	Yasothon (Pa Tiu)
Saraburi (Kaeng Khoi)	Surat Thani (Phunphin)	
Saraburi (Nong Kae)		Note : * = Sub-branches
*Saraburi (Nong Saeng)	*Surat Thani (Talad Makham Tia)	
Saraburi (Phra-Phutthabat)	Surat Thani (Tha Chana)	
Saraburi (Sutbanthat Road)	Surat Thani (Wiang Sa)	
Satun	Surin	
Satun (La Ngu)	Surin (Kap Choeng)	
*Satun (Thung Wa)	Surin (Lamduan)	
Singburi	Surin (Prasat)	
Singburi (In Buri)	Surin (Sikhoraphum)	
Si Sa Ket	Tak	
Si Sa Ket (Kanthararom)	Tak (Mae Sot)	
Si Sa Ket (Khukhan)	Trang	
Si Sa Ket (Rasi Salai)	Trang (Huai Yot)	
Si Sa Ket (Kantharalak)	Trang (Kantang)	
Si Sa Ket (Yang Chum Noi)	Trang (Na Yong)	
Songkhla	Trang (Palian)	
Songkhla (Chana)	*Trang (Rama VI Road)	
Songkhla (Hat Yai)	Trat	
Songkhla (Hat Yai Nai)		

OTHER INFORMATION

1. References

a) Share registrar

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132 Sinhorn Building, 2nd floor, Wireless Road
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b) Bond-holders' representatives

- Convertible subordinated debentures

Citicorp Trustee Co.,Ltd.
Citibank House
336 Strand

London WC2R 1 HB

- Convertible debentures

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c) Auditor

Professor Toemsakdi Krishnamara
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Deloitte Touche Tohmatsu Jaiyos Co.,Ltd.
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d) Legal advisers

Mr. Kanueng Ruechai	
Kanueng and Partners Law Office	Tel. 230-1610
Mr. Amnuay Intuputi	
Manuthep Office	Tel. 230-2729

2. Major shareholders as at End-December 1998

No.	Name	No. of shares	%of total
1.	Thailand Securities Depository Co.,Ltd. for Overseas Depositors	670,230,716	45.70
2.	Thailand Securities Depository Co.,Ltd. for Local Depositors	441,186,545	30.08
3.	Ministry of Finance	34,134,380	2.33
4.	Bangkok Insurance Public Company Limited	34,007,970	2.32
5.	Asia Sermkij Co.,Ltd.	16,491,910	1.12
6.	Wen Hsing Development Co.,Ltd.	14,056,400	0.96
7.	Swai-Prapas & Butra Co.,Ltd.	11,409,700	0.78
8.	Pornpat Co.,Ltd.	11,370,140	0.78
9.	Chatrian Holding Co.,Ltd.	11,362,270	0.77
10.	Mondalay pioneer (Siam) Co.,Ltd.	11,000,000	0.75

3. Debentures

Type of debentures	Due date	Million US\$	Credit Rating (Moody's/ S&P's)
Convertible subordinated debenture	3 March 2004	386.392	-
Convertible debenture	7 August 2006	350	-
Unsecured subordinated debenture	15 September 2005	300	B2/B+
Unsecured subordinated debenture	15 March 2016	150	B2/B+
Unsecured subordinated debenture	15 March 2027	300	B2/B+

4. Preparing for Year 2000 Compliance

Bangkok Bank Public Company Limited has been aware of the business impact of Year 2000 to its computer systems.

The Bank initiated the Year 2000 Compliance Project in 1996 as a Technology Division's activity. In 1997, a committee of top executives was established to oversee, delegate and ensure the success and continuity of the project on a Bank-wide basis. In addition, the Bank has formulated a team of computer system specialists and analysts, process specialists, and computer audit specialists to undertake the Year 2000 Compliance Project with clear project planning objectives.

1. Analysis and Evaluation of Impact - The Bank has given great consideration to the Year 2000 in regards to the repercussions on its computer systems (which may affect business continuity) through the impact on those that receive the Bank's services. The Bank has set up a project group solely devoted to Year 2000 Compliance. This includes top executives of the Bank, information system officers, computer system officers and other related teams. This project group has been initiated for the purposes of gaining knowledge, understanding, and finding a solution for the Year 2000 Compliance as well as getting the necessary budget approval. In order to illustrate and gain confidence that the Bank has seriously considered and taken steps to analyze and evaluate the impact of Year 2000, the following is a summary of issues at hand:

1.1. Hardware - Computer equipment and equipment operated by microprocessors have a system clock which functions with a 2-digit year. Therefore when the clock reaches 23.59 hours on the 31st of December 1999, the next year shown will be 1900 or 1980 instead of the year 2000. For PCs the problem is in the RTC and BIOS. Therefore there have to be a hardware test to see whether or not it is Year 2000 Compliant.

1.2. Software - Application software and systems software acknowledge only the final 2-digit year. As the year 2000 approaches, it will face the problem of defaulting to 1900. This will have direct impact on the Bank, as follows:

1.2.1 Operating System - There have to be an upgrade to versions that are Year 2000 Compliant. For example, the O/S for the IBM Mainframe system has to be upgraded to OS390 R2 and that for the Tandem system to Version D30.

1.2.2 Compiler - There have to be an upgrade to versions that are Year 2000 Compliant.

1.2.3 Applications - For computer systems that acknowledge only 2-digit year, there will be a renovation to change the logic of the programme.

2. Impact of Year 2000 on Business Continuity - The Bank has already evaluated the impact of Year 2000 on the entire organization. It has identified business plans and processes which include the preparation of an inventory of computer systems/software as well as equipment operated by microprocessor systems. Surveys and analyses have been completed based on the order and timely steps needed to be taken in order to maintain business continuity by renovating or replacing existing systems and software to ones which are Year 2000 Compliant. In addition, the Bank has also allocated the necessary resources to support the above-stated business plans as well as to formulate a contingency plan. The following is a summary of exposures the Bank would have if the Year 2000 problem is not properly corrected:

2.1 Impact on Computer Systems and other Internal Systems - Once the Year 2000 approaches and should the computer systems be non-Year 2000 Compliant, then these are possible problems that may occur:

- input validation problem caused by an invalid date
- calculation problem (interest, balances, late fees etc.)
- sorting problem - years 20xx will be put before years 19xx
- calculating incorrect working days and holidays
- equipment operated by microprocessor systems may not function in the Year 2000 (non-IT problem)

2.2 Impact on Business Continuity - The Bank has been aware of the impact of the Year 2000 problem on its computer systems and business continuity. Should the computer systems be non-Year 2000 Compliant, this may adversely affect the Bank's business. For example, Bank's customers may not be able to deposit/withdraw through the Bank's online system. The Bank has therefore given top priority to the solution to the Year 2000 problem. In addition the Bank has also taken a further step in formulating a contingency plan to accommodate any unforeseeable problem in order to ensure business continuity.

2.3 Impact from External Factors - The Bank is prepared for the impact of external factors that may occur. For subsidiaries in which the Bank has complete management authority, the Bank will be responsible for solving their Year 2000 problem. As for associated companies, the Bank has taken action by surveying impacts and the processes/actions taken for Year 2000 Compliance. As for customers, the Bank held a seminar on June 16, 1998 to educate them and suggest solutions for Year 2000 Compliance. In November 1998, the Bank took further action by sending out questionnaires to 98 largest credit customers surveying the steps that they have taken for Year 2000 Compliance.

3. Planning - The Bank has set up a team responsible for the Year 2000 Compliance issue for its computer systems and equipment operated by microprocessors. The Bank has completed planning, delegation of works and setting of time frame for processes to be taken as follows:

3.1 Awareness Phase - starting in August 1997

- set up the Year 2000 Technology Committee
- distribute materials to educate and advise branches of the Bank about the Year 2000 problem
- publish articles on the issue of Year 2000 in the Bank's internal newspaper
- distribute materials to educate and advise departments in the Bank's Head Office about the Year 2000 problem
- organize a seminar on the issue of Year 2000 for the Bank's officers
- organize a seminar on the issue of Year 2000 for the Bank's customers

3.2 Assessment Phase - starting in November 1997

- survey the inventory accounts of computer equipment
- request for letters of confirmation in usage of software package and equipment from Vendors
- survey the inventory accounts of equipment operated by microprocessor systems
- survey and evaluate PC usage of the Bank's branches and departments

3.3 Renovation Phase - starting at the beginning of 1997 (by the Technology Division)

- renovate computer systems that are non-Year 2000 Compliant
- upgrade/renovate computers that are non-Year 2000 Compliant

3.4 Validation Phase - starting in January 1998 (by the Supervision and Control Department). Set up a QA Committee comprising officers from the Technology Division, Audit and Control Division and other Divisions that are users of the above-stated computer systems.

- testing the processes and computer systems
- set up a QA Committee

3.5 Implementation Phase - starting in June 1998 (by the Technology Division)

- implement the processes and computer systems that passed the test

Besides the above-stated phases, the Bank has consulted with auditors/computer system specialists for the purpose of auditing and validating the Bank's Year 2000 Compliance Project. The Bank has earmarked a total budget of Baht 578 million for the Year 2000 Compliance Project.

- budget for human resources and consultants, Baht 248 million
- budget for hardware acquisition and upgrade, Baht 261 million
- budget for software upgrade, Baht 69 million

4. The Bank's status of the Year 2000 Compliance Project as of December 31, 1998 was as follows:

4.1 Renovation of Computer Systems (Head Office and Domestic Branches) - The Bank has completely renovated its computer systems utilized domestically so that they are all Year 2000 Compliant. In order to ensure that the renovation process has been administered correctly and completely, the Bank has also completed testing of 60 systems. The remaining 5 systems are to be tested by the QA Testing Group by February 1999.

4.2 Renovation of Computer Systems (Overseas Branches) - The Bank has completely renovated 6 computer systems utilized overseas. The remaining 1 sub-system (Equation DBA System) which is to be renovated in accordance with the conditions set by the countries where overseas branches located, is targeted to be completed by February 1999. As for the testing progress, the Bank has been able to complete testing of 4 systems with 3 remaining to be completed by February 1999.

- 4.3 A Survey of the Equipment Operated by Microprocessor Systems** - The Bank realized that the equipment operated by microprocessor systems such as elevators, telephones, CCTV, electricity, security and automatic sprinklers systems might also be affected by the Year 2000 problem. The Bank has surveyed those facilities and has requested documentation from respective companies. Through a group of assigned engineers who are in charge of the above stated-equipment, the Bank has completed testing of 26 systems with 6 remaining to be completed by January 1999.
- 4.4 A Survey on Associated Companies, Subsidiaries and Customers** - The Bank has surveyed the impact of Year 2000 for associated companies and subsidiaries. The survey was conducted in accordance with the Bank's directive and policy to prepare for possible external Year 2000 problems. For subsidiaries in which the Bank has full management authority, it will address these issues itself. For associated companies, a survey was conducted to explore the impacts and their plans to address these problems. All of the responded companies said they have taken action preparing for Year 2000 Compliance, with 45% to be completed by December 31, 1998 and the remaining to be completed by June 30, 1999. With regard to customers, the Bank held a seminar in June 1998 to educate them and suggest solutions for year 2000 Compliance. In November 1998, the Bank took further action by sending out questionnaires to 98 largest credit customers to survey the steps that they have taken for Year 2000 Compliance. All returned questionnaires (25%) indicate that they have taken some action for Year 2000 Compliance.
- 4.5 Contingency Planning** - The Bank has cooperated with the Thai Bankers Association in determining the scope and details of the contingency plan for member banks to cope with unexpected problems arising from their computer systems or from public utilities companies that may pose a business continuity risk. The Bank plans to formulate a contingency plan for the Year 2000 in January 1999 once the programmes and computer systems have been renovated.
- 5. Analysis and Explanation from the Management** - The Executive Board of Bangkok Bank Public Company Limited has completed evaluation of the Year 2000 Compliance Project, in renovating and upgrading computer systems, including microprocessor-operated equipment for the Bank, as well as associated companies and subsidiaries. It has concluded that **the project committee has the capability to continue and complete the project following the directives received from top management. The project has progressed according to schedule. The Board is therefore confident that the Bank will complete the Year 2000 Compliance Project on schedule.**

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