



KRUNG THAI BANK
PUBLIC COMPANY LIMITED

Annual Report 2002



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Financial Highlights

	Consolidated			Krung Thai Bank		
	2002	2001	2000	2002	2001	2000
Financial Figures (Million Baht)						
Total assets	1,058,442.8	976,740.9	990,019.7	1,058,387.9	976,468.3	989,606.6
Loans	785,849.7	671,272.8	696,380.3	785,851.8	671,279.8	696,446.1
Total liabilities	993,307.1	913,253.9	924,458.3	993,252.8	912,981.7	924,045.7
Deposits	958,551.5	866,645.6	843,792.7	958,731.8	866,955.2	844,057.1
Borrowings	71.2	21.2	12,771.0	1.2	1.2	12,733.8
Shareholders' equity	65,135.6	63,487.0	65,561.4	65,135.2	63,486.6	65,561.0
Total income	48,096.4	45,536.8	46,468.7	46,908.8	40,032.8	45,322.9
Total expenses	38,055.4	40,150.9	47,559.6	36,884.8	38,681.9	46,471.8
Bad debt and doubtful accounts and loss of debt restructuring	2,014.8	9,766.5	27,790.3	2,014.8	27,790.3	27,790.3
Net profit (loss)	8,009.2	(4,415.6)	76,260.8	8,009.2	76,260.8	76,260.8
Earnings (loss) per share (Baht)	0.66	(0.36)	3.93	0.66	(0.36)	3.93
Book value per share (Baht)	-	-	-	5.82	5.68	5.86
Financial Ratios (%)						
Net profit (loss) to total income	16.65	(9.70)	164.11	17.1	(10.03)	168.26
Debt to equity (times)	15.25	14.38	14.10	15.2	14.38	14.09
Return on average assets	0.79	(0.45)	7.69	0.8	(0.45)	7.69
Return on average equity	12.45	(6.84)	91.50	12.5	(6.84)	91.51
Capital fund to risk assets	-	-	-	12.63	15.67	19.21



Message from the Chairman and the President

Thai economic condition which has been adversely affected by world economic slowdown since 1997 makes it necessary for Thai commercial banks to adjust themselves for survival in the competition. Krung Thai Bank has been having the vital adjustment through improvement of its operations to offer better services to meet the customers' needs and enhance good relations with both public agencies and private sector for stronger business bases with sustainable growth.

The bank's adjustment can be carried out successfully according to its objectives and goals. Financial services that have been improved include those relating to deposits, loans and debt settlements through its network of 618 branches nationwide. It also plans to expand and diversify its business by working as the government budget paying agent in order to earn more income in the form of fees and commission.

At the end of 2002, the bank adjusted its capital structure by using the excess funds to buy back warrants from The Financial Institutions Development Fund, and later had all those warrants cancelled. In December 2002, the bank transferred all the reserves and reduced its capital by writing down all the ordinary shares and preferred shares so as to eliminate all the accumulated or retained losses. All this has helped the bank to be among the first group of Thai commercial banks that have been able to pay dividends to the shareholders after the economic impacts starting from 1997. The bank, in 2002, was able to keep its capital adequacy ratio at 12.63%, which was higher than the minimum requirement of 8.5% stipulated by the Bank of Thailand.

In addition, the bank has set up its business strategy to consolidate its position as lead bank by focusing on continuous improvement of risk management covering credit risk, financial risk, market risk, liquidity risk, legal risk and operational risk through enhancement of information technology. Regarding internal control, the bank has developed and improved the control standards and procedures aiming at higher efficiency and productivity. Besides, the bank has paid more attention to human resources or staff development by means of training to improve skills and competencies as well as conscious spirit for good governance that enable the bank staff to be ready for future business expansion.

On behalf of the Board of Directors, we both would like to express our heartfelt thanks to all the supporters including valued customers, Financial Institutions Development Fund, Ministry of Finance, Bank of Thailand, shareholders, government agencies and the general public. We also extend our thanks to the bank staff for their strong and continued devotion to their duties and responsibilities. We do believe that, with all this support, the bank will keep going strong for the brighter future.

Suphachai Phisitvanich
(Mr. Suphachai Phisitvanich)
Chairman

Viroj Nualkhair
(Mr. Viroj Nualkhair)
President

Directors' Biography in Brief



As at February 15, 2003

1.	Mr. Suphachai	Phisitvanich	Chairman
2.	Mr. Suparut	Kawatkul	Vice Chairman
3.	Mr. Viroj	Nualkhair	President
4.	Mr. Machima	Kunjara Na Ayudhya	Director
5.	Mr. Chainarong	Indharameesup	Director
6.	Lt. Suchai	Jaovisidha	Director
7.	Mr. Uttama	Savanayana	Director
8.	Mr. Supat	Tansathitikorn	Director
9.	Mr. Wichian	Wiriyaprasit	Director
10.	General (Ret.) Mongkon	Ampornpisit	Director
11.	Mr. Chetthavee	Charoenpitaks	Director

Executive Officers' Biography in Brief

As at February 15, 2003

1.	Mr. Viroj	Nualkhair	President
2.	Mr. Pongsathorn	Siriyodhin	First Senior Executive Vice President
3.	Mr. Narin	Darunaithorn	First Senior Executive Vice President
4.	Mr. Sahas	Treetipbut	Senior Executive Vice President
5.	Mr. Suwit	Udomsab	Senior Executive Vice President
6.	Mr. Dusit	Tengniyom	Senior Executive Vice President
7.	Mr. Somanat	Chutima	Senior Executive Vice President
8.	Mr. Wanchai	Thanittiraporn	Senior Executive Vice President
9.	Ms. Kittiya	Todhanakasem	Senior Executive Vice President
10.	Mr. Chaichan	Kangwanpong	Senior Executive Vice President
11.	Mr. Sthit	Chupatanakul	Senior Executive Vice President
12.	Mr. Sayan	Satangmongkol	Senior Executive Vice President
13.	Mr. Suwan	Damnernthong	First Executive Vice President
14.	Mr. Somgiat	Sangsurane	First Executive Vice President
15.	Mr. Boonlers	Srichareon	First Executive Vice President
16.	Ms. Sumana	Vongapan	First Executive Vice President
17.	Ms. Nongnutch	Thienpaitoon	First Executive Vice President
18.	Ms. Chujit	Niyamosot	First Executive Vice President
19.	Mr. Teerapol	Pussadet	Executive Vice President
20.	Mr. Ithinant	Punyanyitya	Executive Vice President
21.	Mr. Prasert	Sophan	Executive Vice President
22.	Mr. Preecha	Phukham	Executive Vice President
23.	Ms. Vannee	Chareonthong	Executive Vice President
24.	Mr. Toedpong	Kosaikanont	Executive Vice President
25.	Mr. Kirati	Charanyanond	Executive Vice President
26.	Mr. Thiravatna	Vathanathorn	Executive Vice President
27.	Mr. Assanee	Subvanich	Executive Vice President
28.	Mr. Pairote	Ratanasopa	Executive Vice President
29.	Mr. Kanoksak	Soontornkitprapai	Executive Vice President
30.	Mr. Pichai	Kojamitr	Executive Vice President
31.	Ms. Pannipa	Apichatabutra	Executive Vice President
32.	Ms. Supang	Pattamadilok	Executive Vice President
33.	Mr. Worachai	Aruntat	Executive Vice President
34.	Ms. Patcharasiri	Kiatkumjai	Executive Vice President



Report of the Board of Directors

The Board of Directors of Krung Thai Bank Public Company Limited has constantly realized that it assumes the duty and responsibility for creating the competence to conduct banking business steadily in order to offer optimum return to the shareholders under the policy to support the guidelines for good monitoring of business, to build the efficient internal control system with focusing on risk management in various aspects including the preparation of financial reports according to the generally accepted accounting principles. In this regard, the Board of Directors is committed to service providing with readiness in competing fairly through the network system of broad coverage supported by efficient and effective information technology system that will further add value in sound business expansion in the years to come.

The Board has its policy on good monitoring and supervision by having appointed the Corporate Governance Committee to formulate the policies and practices in accordance with the good corporate governance of Krung Thai Bank Public Company Limited. This includes the formulation of operational plan for enthusiastic practices at all levels of the organization and the attachment of importance to any transactions that might have conflict of interest and related-party items of all the stakeholders by means of formulating the operating regulations and procedures governing bank employees' securities trading and requiring the senior management and directors of the bank to report on their changes in the bank shareholding to the Securities and Exchange Commission (SEC) and also to the Board of Directors. All this is because the bank realizes well that the bank's information, both financial and non-financial in its nature, has impact on decision making of the investors and stakeholders of the bank.

Krung Thai Bank has attached importance to the good internal control system and strongly believe that this will pave the way for good monitoring that will benefit the organization. It has thus formulated the policy to require all the business units to establish the internal control system and operational authority in order that the Office of Internal Audit can be coordinator for supporting and assessing the adequacy of the bank's internal control system for more efficiency on the continuous and regular basis through the Audit Committee.

The Board of Directors has placed an emphasis on developing risk management system in various important aspects by means of delegating the job of risk management to the responsible authorities or units so that such risk will be at the acceptable level at all times.

The Board of Directors is responsible for the accounting policy through the preparation of the bank's overall financial statements and those of the subsidiaries including financial information that appears in the annual report so as to show facts and figures which are material in correctly and completely recording such information according to the generally accepted accounting standards.

The Board of Directors has participated in the determination of the bank's vision and the approvals of the mission, strategies, targets and business plan as well as the monitoring of the bank's management so that they will operate according to such business plan with new development of service providing for financial product system under the nationwide coverage of service points. All these are anticipated to increase business value within the efficiently allocated budget that will be beneficial and supportive for Thailand's sustainable overall economic growth and stability. This will, in turn, respond to the bank's business expansion to create optimum yields to the shareholders on a continued basis.

Board of Directors

As at February 15, 2003

1.	Mr. Suphachai	Phisitvanich	Chairman
2.	Mr. Suparut	Kawatkul	Vice Chairman
3.	Mr. Viroj	Nualkhair	President
4.	Mr. Machima	Kunjara Na Ayudhya	Director
5.	Mr. Chainarong	Indharameesup	Director
6.	Lt. Suchai	Jaovisidha	Director
7.	Mr. Uttama	Savanayana	Director
8.	Mr. Supat	Tansathitkorn	Director (Chairman of the Audit Committee)
9.	Mr. Wichian	Wiryaprasit	Director (Director of the Audit Committee)
10.	General (Ret.) Mongkon	Ampornpisit	Director
11.	Mr. Chetthavee	Charoenpitaks	Director
12.	Mr. Somgiat	Sangsurane	Secretary to the Board of Directors
13.	Mr. Suchart	Dejittirut	Assistant Secretary to the Board of Directors

Note: Directors leaving their office during 2002 - February 15, 2003

1.	Mr. Kamolchai	Pattarodom	Director (resigning from office, effective April 25, 2002)
2.	Ms. Supachai	Manusphaibool	Director (resigning from office, effective April 25, 2002)
3.	Mr. Anucha	Chintakanond	Director & Audit Director (leaving upon completion of term of office, effective April 26, 2002)
4.	Mr. Krit	Garnjana - Goonchon	Director & Audit Director (resigning from office, effective January 15, 2003)

Scope of the powers and duties of the Board

The powers and duties of the Board are set out in Article 35 of the Bank's Articles of Association, which states that:

"All the Bank's businesses shall be under the power of the Board of Directors."

Board of Executive Directors

As at February 15, 2003

1.	Mr. Suphachai	Phisitvanich	Chairman of the Board of Executive Directors
2.	Mr. Viroj	Nualkhair	Executive Director
3.	Mr. Chainarong	Indharameesup	Executive Director
4.	Lt. Suchai	Jaovisidha	Executive Director
5.	Mr. Uttama	Savanayana	Executive Director
6.	Mr. Somgiat	Sangsurane	Secretary to the Board of Directors
7.	Mr. Suchart	Dejittirut	Assistant Secretary to the Board of Directors

Note: Executive Directors leaving their office during 2002

Mr. Machima Kunjara Na Ayudhya Executive Director (resigning from office, effective October 15, 2002)

Scope of the powers and duties of the Executive Board of Directors

The Bank's Board has given the Executive Board of Directors the authority to consider the following matters:

1. Consider the approval of all business transactions within the authorities set forth by the Bank's Board.
2. Consider the approval of all types of credit as the Board sees fit.
3. Consider the approval of debt restructuring and the write-off as the Board sees fit.
4. Consider the approval of property matters (purchasing, hiring, renting, selling property, and selling leasehold)
5. Consider the approval of stocks, both those registered on the Stock Exchange of Thailand and those that are unlisted.
6. Consider the approval of hiring advisors and employees.
7. Consider the procedures and implementation as well as other policies in the Bank's operation to be put forward to the Bank's Board for further consideration.
8. Consider the implementation of tasks as assigned by the Bank's Board.

Report of the Audit Committee

During 2002 the Audit Committee was entrusted with the mission by the Board of Director in supervising the bank to set up its internal control system, risk management system, management relating to good corporate governance and internal audit process that would assist in increasing the efficiency and effectiveness of the operating performance of the Board of Directors and the Management of various departments and business unit in order to achieve the objectives and targets set. All this will have significant impacts on the overall performance of the bank as follows:

1. The Audit Committee has been fully aware of the importance of the internal control system by means of designating the office of Internal Audit to be coordinator among all the business units in setting up the internal control system according to the regulation stipulated by the State Audit Office governing the establishment of internal control standards, B.E. 2544 (2001) with the confidence that this will lead to good supervision and monitoring.

2. The Audit Committee jointly consider the financial statements with the external auditor (i.e. the State Audit Office) to ensure correctness and credibility of such financial reports before submitting them to the Board of Directors and prior to further submission to the Stock Exchange of Thailand (SET). The Committee also performs its supervisory duty to ensure that there will be disclosure of the bank's financial information and the operation so that they will correspond to the facts for all the joint beneficiaries.

3. The Committee supervises the Office of Internal Audit to monitor all the business units or branches nationwide to correct their improper practices or irregularities in the stringent and continuous manner.

4. The Committee gives support to the Office of Internal Audit in developing, at all times, the audit team and their capability and in organizing the Quality Assurance Review (QAR) of the Office of Internal Audit by the Internal Audit Institute, USA in order to enhance and strengthen the internal audit system up to the international standards.

5. The Committee promotes and supports the Bank's requirements for management and administration in accordance with the principle of good corporate governance with transparency and accuracy at each and every stage, system and business unit by means of supporting an establishment of the Good Governance Committee for the first time ever in Krung Thai Bank.

6. It has developed an integration in the Bank's internal audit system online based on risk so as to assure that the Bank has good and efficient risk management system.

7. The Committee has focused on its neutrality in the capacity as good partner and advisor to all the business units so that they will perform the task with fair mind and independence

8. The Audit Committee is confident that the above mentioned performance has assisted in pushing Krung Thai Bank PCL for being a well – managed and systematic commercial bank with principle of good corporate governance thus adhering to transparency in its operation that can be audited while maintaining the interests of all the stakeholders along with standards of establishing good internal control system and risk management.

(Mr. Supat Tansathitikorn)
Chairman of the Audit Committee

Audit Committee

As at February 15, 2003

- | | | |
|----------------|----------------|----------------------------------|
| 1. Mr. Supat | Tansathitikorn | Chairman of the Audit Committee |
| 2. Mr. Wichian | Wiriyaprasit | Director |
| 3. Mr. Sayan | Satangmongkol | Secretary to the Audit Committee |

Note: Directors leaving their office during 2003

- | | | |
|------------------|---------------------|--|
| 1. Mr. Kamolchai | Pattarodom | Director (resigning from office, effective April 25, 2002) |
| 2. Mr. Anucha | Chintakanond | Director (leaving upon completion of term of office, effective April 26, 2002) |
| 3. Mr. Krit | Garnjana - Goonchon | Director (resigning from office, effective January 15, 2003) |

Scope of the powers and duties of the Audit Committee

1. Ensure that the Bank reports its finances correctly and adequately.
2. Ensure that the Bank's internal control system and internal audit system are appropriate and effective.
3. Ensure that the Bank operates in accordance with the SET regulations, and in accordance with laws relating to banking.
4. Consider the selection, nomination of the Bank's auditors, and the remuneration given to these auditors.
5. Consider the disclosure of Bank information in the case of reports relating to one another and reports that might contain conflicts of interest, ensuring that the information given is complete and correct.
6. Report on the overseeing of the Audit Committee in the Bank's annual report, which must be certified by the chairperson of the Audit Committee.
7. Other procedures entrusted by the Bank's Board as approved by the Audit Committee.

Nominating Directors and Executive Officers

The Bank's nomination of Directors on the Board is done through the election by the shareholders. The Directors whose terms of office expires may be re-elected.

Appointment of Directors

Appointments can be made in two cases, namely:

1. The appointment of new directors in place of those who have completed their term of office is made via election among shareholders at the shareholders' meeting. Those who have completed their term of office may be reelected for another term.

2. The appointment of new directors in place of those who left their post before completing their term of office. In such cases, no less than three-fourths of the remaining directors is required to nominate a candidate with the required qualifications and for whom there are no impediments to taking up the post. Such appointees are appointed only for the remaining tenure of the person they are replacing.

Rights of Shareholders in appointing Directors

Directors are elected at shareholders' meeting based on the following criteria:

1. Each shareholder has one vote per share.
2. Each shareholder may exercise the votes as specified in clause 1 above to elect a single director or several directors, but cannot divide their votes in such a way as to give one person more votes than others.
3. Individuals receiving the highest votes are elected directors at the election held. If more than one person receives an equal number of votes, and this causes the number of people elected to be greater than the number of vacancies or the number of places coming up for election, the chairperson of the meeting shall cast the deciding vote.

Regarding the nomination of and executive to the Office of President, the Bank shall abide by the requirements of Standard Qualifications for Directors and Employees of State Enterprises Act (Volume 4), B.E. 2543 (2000). For high-ranking executives, the Bank has appointed a Nominating Committee to select the candidates whose knowledge and competence meet the requirements of each post.

Nominating Subcommittee

1.	Mr. Wichian	Wiriyaprasit	Chairman
2.	Mr. Chainarong	Indharameesup	Member
3.	Mr. Machima	Kunjara Na Ayudhya	Member
4.	Mr. Krit	Kanjana-Goonchorn	Member (resigning from office, effective January 15, 2003)
5.	Ms. Puntip	Surathin	Advisor

Duty and Responsibility

1. The Board of Directors appointed the Nominating Subcommittee to perform the duty of overseeing the size and organization of the Board of Directors to fit in with those of the Bank including their adjustments to be in line with the changing environment, and to assess the performance of the Board of Directors at least once a year.

2. The Nominating Subcommittee has established the minimum qualifications of the Directors with the Board of Directors' consent. At each appointment of Directors, the appointed Directors must have all the required qualifications i.e. he/she shall be able to devote his/her time to the Bank, must have Knowledge, competence and experience in various fields, have leadership and strategic thoughts as well as ability in his/ her own profession including appropriate personal qualifications.

3. Regarding appointment process of directors, the Nominating Subcommittee shall nominate the list of qualified persons according to the Subcommittee's opinion to the Board of Directors for consideration. Directors nomination may be derived from Director's resignation from office or completion of term. As for other cases, Director's appointment shall be submitted to the shareholders for consideration in accordance with the requirements stipulated in the Bank's Articles of Association.

4. Nominating Subcommittee starts the process of nominating the Bank's executive officers by nominating candidates at Senior Executive Vice President level and higher as assigned by the Board of Directors. The Subcommittee is able to nominate persons both from inside and outside the organization. In the event that the organization requires specialists but is unable to nominate any person internally, external candidates can be nominated instead so that the organization's operation can well achieve the objectives. This type of candidate is considered as important to the organization.

Remuneration Subcommittee

1. Mr. Wichian	Wiriyaprasit	Chairman
2. Mr. Chainarong	Indharameesup	Member
3. Mr. Machima	Kunjara Na Ayudhya	Member
4. Mr. Krit	Kanjana - Goonchorn	Member (resigning from office, effective January15, 2003)
5. Ms. Puntip	Surathin	Advisor

Duty and Responsibility

1. The Board of Directors appointed the Remuneration Subcommittee to perform the duty of formulating the Bank's remuneration and other benefit payment including amounts of remuneration and benefit to Directors and senior management from the level of Senior Executive Vice President and higher based on clear and transparent standard criteria for further submission to the Board of Directors for consideration.

2. Remuneration Subcommittee oversees its assignment to make sure that Directors and senior management at the level of Senior Executive Vice President and higher receive remuneration that is appropriate for their duty and responsibility toward the Bank

3. The Subcommittee formulates guidelines for assessing the Board of Directors' performance and that of the senior management at the level of Senior Executive Vice President and higher in order to consider adjusting their annual remuneration by taking into account their responsibility and risk involved as well as attaching importance to the long-term increase of equity in assessing the Board's performance.

Executive Officers *

As at February 15, 2003

1.	Mr. Viroj	Nualkhair	President
2.	Mr. Pongsathorn	Siriyodhin	First Senior Executive Vice President
3.	Mr. Narin	Darunaithorn	First Senior Executive Vice President
4.	Mr. Sahas	Treetipbut	Senior Executive Vice President
5.	Mr. Suwit	Udomsab	Senior Executive Vice President
6.	Mr. Dusit	Tengniyom	Senior Executive Vice President
7.	Mr. Somanat	Chutima	Senior Executive Vice President
8.	Mr. Wanchai	Thanittiraporn	Senior Executive Vice President
9.	Ms. Kittiya	Todhanakasem	Senior Executive Vice President (effective from November 25, 2002)
10.	Mr. Chaichan	Kangwanpong	Senior Executive Vice President (effective from November 25,2002)
11.	Mr. Sthit	Chupatanakul	Senior Executive Vice President (effective from November 25,2002)
12.	Mr. Sayan	Satangmongkol	Senior Executive Vice President (effective from November 25,2002)

* Executive officers according to definition of the Securities and Exchange Commission (SEC)

Remunerations for Executives of KTB, as at December 31, 2002

- Remunerations for 12 Directors totalled Baht 3,428,989.24 (remunerations for attending Board of Directors meetings)
- Remunerations for 5 Executive Directors totalled Baht 4,529,032.26 and 12 Executive Officers totalled Baht 65,738,324.13 (in the form of salaries, bonuses, cost-of-living allowances and child allowances. Mr.Viroj Nualkhair holds the positions both of Executive Director and President.)
- Other remunerations

The Bank paid matching fund amounting to 10% of the salaries to the Provident Fund (except Mr. Viroj Nualkhair, President, who is employed on a contractual basis.)

Change in shareholding in KTB for the Board of Directors and Executive Officers For the years ending 2002

No.	Name	Position	No. of Shares
1.	Mr. Suphachai Phisitvanich	Chairman	-
2.	Mr. Suparut Kawatkul	Vice Chairman	-
3.	Mr. Viroj Nualkhair	President	-
4.	Mr. Machima Kunjara Na Ayudhya	Director	220
5.	Mr. Chainarong Indharameesup	Director	-
6.	Mr. Supat Tansathitikorn	Director	20,000 (Foreign)
7.	Lt. Suchai Jaovisidha	Director	-
8.	Mr. Uttama Savanayana	Director	-
	Ms. Itchaya Savanayana (Spouse)		200
9.	Mr. Wichian Wiriyaprasit	Director	-
10.	Mr. Krit Garnjana - Goonchon	Director	11,000
11.	General (Ret.) Mongkon Ampornpisit	Director	-
12.	Mr. Chetthavee Charoenpitaks	Director	3,663
13.	Mr. Pongsathorn Siriyodhin	First Senior Executive Vice President	-
14.	Mr. Narin Darunaithorn	First Senior Executive Vice President	297
	Ms. Rungluk Darunaithorn (Spouse)		2,994
15.	Mr. Sahas Treetipbut	Senior Executive Vice President	-
16.	Mr. Suwit Udomsab	Senior Executive Vice President	-
17.	Mr. Dusit Tengniyom	Senior Executive Vice President	100,000
18.	Mr. Somanat Chutima	Senior Executive Vice President	-
19.	Mr. Wanchai Thanittiraporn	Senior Executive Vice President	-
20.	Mrs. Kittiya Todhanakasem	Senior Executive Vice President	-
21.	Mr. Chaichan Kangwanpong	Senior Executive Vice President	-
22.	Mr. Sthit Chupatanakul	Senior Executive Vice President	-
23.	Mr. Sayan Satangmongkol	Senior Executive Vice President	-
24.	Mr. Ithinant Punyanitya	Executive Vice President	-
25.	Ms. Yaovaluk Lerksantivong	Accounting Department SVP, Manager	-

Related Party Transactions (For details see Notes to Financial Statements Section 3.17)

Related-party transactions refer to loans and credit extended to executives with the ranks of Senior Vice President and higher, including loans to their family members, which are considered normal benefits to eligible individuals. Loans and obligations to businesses considered as related-parties transactions include those between the Bank and its subsidiaries and affiliated/associated companies, namely those in which the Bank is a joint investor, and debtors of the Bank whose loans have been restructured and on whose boards the Bank is represented. These transactions are considered normal business operation in accordance with general business practices as the Bank follows the policy of determining the costs of lending and obligations between related parties on the same basis as applied to other clients in general.

Explanation of Operating Performance and Analysis of Financial Status

Operating Performance

Overall Operations

The Bank, in 2002, earned net profit of Baht 8,009 million compared to net loss of Baht 4,415 million in 2001. This was due to the previous year's provisioning for bad debts and doubtful accounts of Baht 9,766 million. Regarding impairment of collateral for substandard assets to be transferred to the Thai Asset Management Corporation (TAMC). For 2002, the Bank pursued its sound policy by raising provision for bad debts and doubtful accounts by Baht 2,015 million. Considering the Bank's performance before making provision for bad debts and doubtful accounts, it registered a total profit of Baht 10,024 million, an improvement from the 2001 profit of Baht 5,351 million. This improvement resulted from the Bank's increase of channels for earning fee-based income to compensate with the net interest income that was adversely affected by competition in the markets regarding interest rates.

Significant Items Profit / Loss Statement	2002	2001	% Up (Down)
	(Mil. Baht)	(Mil. Baht)	
Total income	46,908	44,033	6.5
Interest and non-interest expenses	36,884	38,682	(4.6)
Profit (loss) before bad debts and doubtful accounts	10,024	5,351	87.3
Bad debt and doubtful accounts	2,015	9,766	(79.4)
Profit (loss) after bad debts and doubtful accounts	8,009	(4,415)	281.4
Income tax	-	-	-
Net profit (loss)	8,009	(4,415)	281.4

Net Interest and Dividend Income

In 2002 the Bank's interest and dividend income increased by 0.8% from the previous year partly due to its expanded lending thus making its outstanding loans rise from the last year-end by Baht 149,363 million. However the interest rates on loans declined as a result of competition in the market with respect to interest rates. Interbank and money market interest income decreased due to decline in interbank transactions and interest rates. Apart from this, the Bank properly managed and controlled its interest paid in line with the lending. This resulted in its interest expense rising only by 0.3%. Despite the Bank's increase in deposit from the last year-end by Baht 91,777 million, there were continued announcements of interest rate cuts. When combined with the fact that the Bank had no burden of interest expenses on subordinated debentures already redeemed in 2001 before reaching maturity, the net interest and dividend income stood at Baht 19,735 million, an increase of Baht 251 million or 1.3% in 2002. The interest and dividend income remained the Bank's principal source of income, accounting for 84.8% of total income, compared to 89.7% in the previous years.

Interest and Dividend Income	2002	2001	% Up (Down)
	(Mil. Baht)	(Mil. Baht)	
Interest and dividend income	39,801	39,485	0.8
Interest expenses	20,066	20,001	0.3
Net interest and dividend income	19,735	19,484	1.3
Non-interest income	7,107	4,548	56.3
Interest and dividend income to total income (%)	84.8	89.7	-

Non-Interest Income

Non-interest income excluding gain (loss) on investments and gain (loss) on equity was in the amount of Baht 7,608 million, up 29.4% from the previous year. This was attributed to the 19.8% of fee and service income increase as against the 10.8% rise a year earlier. Foreign exchange gains rose by 145.1% compared to 149.9% in 2001.

The Bank registered Baht 413 million in loss from its investments compared to a loss of Baht 1,227 million in the previous year as a result of the 2001 provisioning for substandard bonds and other substandard investments.

Non-Interest Income	2002	2001	% Up (Down)
	(Mil. Baht)	(Mil. Baht)	
Fees and services	6,293	5,252	19.8
Gain (loss) on foreign exchange	897	366	145.1
Other income	418	260	60.8
Total	7,608	5,878	29.4
Gain (loss) on investment	(413)	(1,227)	(66.3)
Gain (loss) on equity	(88)	(103)	(14.6)
Total non-interest income	7,107	4,548	56.3

Non-Interest Expenses

Non-interest expenses amounted to Baht 16,818 million, a decrease of Baht 1,863 million, or 10.0% from the previous year. Considering only operating expenses excluding contribution to the Financial Institutions Development Funds (FIDF), loss from land and foreclosed property appraisal, and other special expense items, the Bank's operating expense stood at Baht 13,072 million compared to Baht 13,007 million in 2001. An increase of 0.5% from the year earlier was due to the Bank's advertising for publicizing its new financial products to build the overall image that would most benefit the Bank in terms of income.

Non-Interest Expenses	2002	2001	% Up (Down)
	(Mil. Baht)	(Mil. Baht)	
Personnel expenses	6,243	6,136	1.7
Premises and equipment expenses	3,060	3,063	(0.1)
Taxes and duties	1,451	1,491	(2.7)
Fees and service expenses	236	246	(4.1)
Directors' remuneration	3	4	(25.0)
Contribution to FIDF	3,746	3,543	5.7
Loss on land and foreclosed property appraisal	-	1,469	(100.0)
Other expenses	2,079	2,729	(23.8)
Total non-interest expenses	16,818	18,681	(10.0)

Bad Debts and Doubtful Accounts

In 2002 the Bank's provision for bad debts and doubtful accounts increased by Baht 2,015 million, a decline by 79.4% from the year before. This resulted from its provisioning for collateral impairment in the previous year for the debtors to be transferred to the Thai Asset Management Corporation (TAMC). However as the economy was just recovering from the recent crisis, the Bank thus had to carefully maintain its asset quality. As of month-end December 2002, the Bank had a total of provision for bad debts and doubtful accounts amounting to Baht 63,924 million, higher than the provisioning according to the BOT 's quality requirement.

Analysis of Financial Status

Assets

As at December 31, 2002, the Bank had total assets of Baht 1,058,388 million, 8.4% higher than the previous year mainly because in 2002 the Bank increased its lending as a result of high liquidity.

Significant asset items consisted of loans, which accounted for 80.3% of total assets. This was followed by interbank and money market items and investments, amounting to 13.3% and 5.7% of total assets respectively.

Significant Balance Sheet Items	2002	2001	% Up (Down)
	(Mil. Baht)	(Mil. Baht)	
Loans	849,776	700,413	21.3
Interbank and money market items	141,184	165,123	(14.5)
Investments	60,491	43,054	40.5
Total assets	1,058,388	976,468	8.4
Deposits	958,732	866,955	10.6
Shareholders' equity	65,135	63,486	2.6

Quality of Assets

As at year-end 2002, the Bank's outstanding loans including those to financial institutions stood at Baht 941,006 million. Such loans were classified according to the BOT's rules as follows : 87.7% normal loans, 0.8% special-mention loans, 0.9% substandard loans, 1.2% doubtful loans and 9.4% doubtful-of-loss loans.

As at December 31, 2002, the Bank had a total of Baht 107,844 million in non-performing loans (NPLs), accounting for 11.5% of total lending including that to financial institutions. This represented an increase of 66.8% from the year before as a result of the Bank's write-back of doubtful-of-loss debtors that had already been 100% provisioned, and its compliance with the BOT's requirement for loan classification with regard to asset quality.

The Bank spread its lending risks by focusing on making loans to the manufacturing industry and commerce sectors. Loans to these sectors represented the highest proportion, accounting for 40.3% of total loans. This was followed by loans made to the public utilities and services sector and other economic sectors, accounting for 18.4% and 12.0% respectively.

Loan Quality	2002		2001		% Up (Down)
	(Mil. Baht)	(%)	(Mil. Baht)	(%)	
1. Loan classification					
Pass	825,149	87.7	703,430	89.1	17.3
Special mention	8,014	0.8	16,342	2.1	(51.0)
Substandard	8,475	0.9	13,221	1.7	(35.9)
Doubtful	11,188	1.2	4,684	0.6	138.9
Doubtful of loss	88,180	9.4	51,838	6.5	70.1
Total	941,006	100.0	789,515	100.0	19.2
2. Non-performing loans	*107,844	-	64,654	-	66.8

* Prepared in accordance with the BOT 's new definition of NPLs by including "write back" items

Lending classified by business sector (excluding financial institutions & SAM)	2002		2001		% Up (Down)
	(Mil. Baht)	(%)	(Mil. Baht)	(%)	
Agriculture and mining	43,507	7.7	35,512	8.5	22.5
Manufacturing and trading	229,061	40.3	166,632	39.8	37.5
Real estate and construction	55,397	9.7	47,002	11.2	17.9
Public utilities and services	104,641	18.4	73,773	17.6	41.8
Mortgage	67,339	11.9	51,094	12.2	31.8
Others	68,110	12.0	44,710	10.7	52.3
Total	568,055	100.0	418,723	100.0	35.7

Investments

The Bank attached importance to the uses of funds. Besides lending, the Bank had a total of investments amounting to Baht 60,491 million, up Baht 17,437 million from the previous year or 40.5%, most of which were investment funds in bonds issued by the Ministry of Finance. The Bank's investments comprised 46.6% of net current investments, 49.4% of net long-term investments and 4.0% of investments in subsidiaries and affiliated companies.

Investments	2002		2001		% Up (Down)
	(Mil. Baht)	(%)	(Mil. Baht)	(%)	
Net current investments	28,164	46.6	12,093	28.1	132.9
Net long-term investments	29,895	49.4	29,125	67.6	2.6
Investments in subsidiaries and associated companies	2,432	4.0	1,836	4.3	32.5
Total investments	60,491	100.0	43,054	100.0	40.5

Liquidity

The government's economic stimulus policy resulted in greater demand for loans. The Bank thus used its excess liquidity to boost lending. As the savers were not quite confident of the economic recovery, they were rather prudent about spending their money in spite of the government's issuance of savings bonds that absorbed part of liquidity in the market. However, this resulted in the Bank having more deposits than the year before but such deposits increased at lower rates than those of loans. As a result, the ratio of loans to deposits adjusted 88.6% higher than 80.8% in the previous year.

Liquidity	2002	2001	% Up (Down)
	(Mil. Baht)	(Mil. Baht)	
Deposits	958,732	866,955	10.6
Loans	849,776	700,413	21.3
Loans/Deposits (%)	88.6	80.8	-

Sources of Funds

The Bank's funds of Baht 1,044,532 million were at a higher level than the year before as liquidity was still high in continuation from the prior year. The principal sources of funds were deposits which accounted for 91.8% of total funds. Of these, 64.1% were time deposits, 33.4% savings deposits, and 2.5% checking deposits.

Source of Investment	2002		2001	
	(Mil. Baht)	(%)	(Mil. Baht)	(%)
Deposits	958,732	91.8	866,955	89.9
Interbank and money market items	20,664	2.0	34,220	3.5
Borrowings	1	-	1	-
Shareholders' Equity	65,135	6.2	63,486	6.6
Total	1,044,532	100.0	964,662	100.0

Capital Adequacy

The Bank had a total capital of Baht 62,463 million, or 12.6% of risk-weighted assets. Of this, Baht 57,674 million was Tier 1 capital, accounting for 11.7% which was higher than the BOT 's requirement and was adequate for sound business expansion.

The Bank's Performance from 1998-2002

	2002		2001		2000		1999		1998	
	Mil.Baht	Change (%)	Mil.Baht	Change (%)	Mil.Baht	Change (%)	Mil.Baht	Change (%)	Mil.Baht	Change (%)
Income	46,908.8	6.5	44,032.8	(2.8)	45,322.9	(17.8)	55,112.9	(40.7)	92,890.6	8.3
Expenses	36,884.8	(4.6)	38,681.9	(16.8)	46,471.8	(25.8)	62,666.1	(29.8)	89,301.3	34.3
Bad debts and doubtful accounts and loss of debt restructuring	2,014.8	(79.4)	9,766.5	(64.9)	27,790.3	(67.1)	84,383.6	29.8	64,988.7	242.5
Pre-tax profit	8,009.2	(281.4)	(4,415.6)	(84.7)	(28,939.2)	68.5	(91,936.7)	(49.7)	(61,399.4)	(18,249.4)
Conversion of provision to income	-	-	-	-	108,000.0	-	-	-	-	-
Income tax	-	-	-	-	2,800.0	-	-	-	185.4	44.8
Net profit (loss)	8,009.2	(281.4)	(4,415.6)	(105.8)	76,260.8	182.9	(91,936.7)	(49.3)	(61,584.8)	(29,384.3)
Net profit (loss) : total income (%)	17.1	(270.3)	(10.0)	(106.0)	168.3	-	(166.8)	-	(66.3)	-
Earnings per share (Baht)	0.66	(283.3)	(0.4)	(109.2)	3.9	164.7	(6.1)	65.1	(17.4)	(12,507.1)
Dividend per share (Baht)	-	-	-	-	-	-	-	-	-	-
Book value per share (Baht)	5.82	2.5	5.68	(3.1)	5.9	27.4	4.6	(38.3)	7.46	(75.8)
Total assets	1,058,387.9	8.4	976,468.3	(1.3)	989,606.6	(0.3)	992,668.3	(6.8)	1,065,401.9	34.7
- interbank and money market items	141,184.1	(14.5)	165,122.7	1.4	162,870.7	12.8	144,425.6	123.8	64,532.9	98.1
- investments in securities	60,490.8	40.5	43,054.1	31.2	32,817.5	(28.0)	45,600.8	12.0	40,716.1	74.5
- net loans and accrued interest receivable	799,071.4	17.3	680,938.3	(3.3)	703,965.2	(6.3)	750,896.4	(12.5)	858,195.7	28.1
- other assets	57,641.6	(34.0)	87,353.2	(2.9)	89,953.2	73.8	51,745.5	(49.2)	101,957.2	56.3

	2002		2001		2000		1999		1998	
	Mil.Baht	Change (%)	Mil.Baht	Change (%)	Mil.Baht	Change (%)	Mil.Baht	Change (%)	Mil.Baht	Change (%)
Total liabilities	993,252.7	8.8	912,981.7	(1.2)	924,045.7	3.6	891,550.9	(9.2)	981,925.3	31.7
- deposits	958,731.7	10.6	866,955.2	2.7	844,057.1	5.2	802,101.8	(0.2)	803,715.8	38.6
- borrowings	1.2	-	1.2	(100.0)	12,733.8	(39.2)	20,929.1	(1.7)	21,295.3	(20.7)
- other liabilities	34,519.8	(25.0)	46,025.3	(31.6)	67,254.8	(1.8)	68,520.0	(56.3)	156,914.2	13.4
Shareholders' equity	65,135.2	2.6	63,486.6	(3.2)	65,561.0	(35.2)	101,117.5	21.1	83,476.6	82.4
Equity : risk assets (%)	12.63	-	15.67	-	19.21	-	15.04	-	10.74	-
Number of employees	14,653	-	15,233	-	15,751	-	18,169	-	18,422	-
Number of domestic branches	618	-	610	-	617	-	643	-	643	-
Number of overseas branches	7	-	8	-	8	-	8	-	8	-
Number of representative offices	-	-	2	-	2	-	2	-	3	-

Report of the Independent Certified Public Accountants

To the Shareholders of Krung Thai Bank Public Company Limited

Office of the Auditor General has audited the accompanying consolidated and the Bank's balance sheet of Krung Thai Bank Public Company Limited and its subsidiaries as at December 31, 2002 and 2001 and the related consolidated statements of income, changes in shareholders' equity, retained earnings and cash flow statements for the year then ended. These financial statements are the responsibility of the bank's management as to their correctness and completeness of the presentation. The responsibility of the Auditor General is to express an opinion on these financial statements based on the audit of the Auditor General.

Office of the Auditor General conducted the audits in accordance with generally accepted auditing standard. Those standards require that Office of the Auditor General plans and performs 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 statements presentation. Office of the Auditor General believes that the audits provides a reasonable basis for the opinion.

In the opinion of Office of the Auditor General, the consolidated and the Bank's financial statements in respect of the years ended December 31, 2002 and 2001 present fairly, in all material respects, the consolidated financial position of Krung Thai Bank Public Company Limited and its subsidiaries and the consolidated results of their operations, changes in shareholders' equity, retained earnings and cash flows for the year then ended in conformity with generally accepted accounting principles.

Without further qualifying opinion on the financial statements, Office of the Auditor General draws attention to Note 4.4.5 referring to loans and accrued interest receivables classified by loan classification as at December 31, 2001 in which the Baht 42,542.68 million of debts classified as doubtful of loss net of collateral were provided for in full and written off. Debts classified as doubtful of loss as such were written back as at December 31, 2002 as prescribed by the Bank of Thailand's guidelines which resulted in the increase of loans and accrued interest receivables by the same amount.

(Mrs. Jaruwan Maintaka)
Auditor General

(Miss Bubpa Rungsritong)
Auditor in Charge
Acting Director of Audit Office 1

The State Audit Office

February 28, 2003

BALANCE SHEET

AS AT 31 DECEMBER 2002 AND 2001

(in Baht)

	NOTES	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2002	2001	2002	2001
ASSETS					
CASH		9,118,225,767	7,227,644,936	9,117,918,940	7,227,322,877
INTERBANK AND MONEY MARKET ITEMS	4.1				
DOMESTIC ITEMS					
INTEREST BEARING		108,833,183,376	129,815,903,479	108,806,815,895	129,764,408,168
NON - INTEREST BEARING		10,790,769,302	8,052,980,674	10,790,516,752	8,053,103,704
FOREIGN ITEMS					
INTEREST BEARING		18,790,890,702	24,302,496,529	18,790,890,702	24,302,496,530
NON - INTEREST BEARING		2,795,940,849	3,002,723,521	2,795,940,849	3,002,723,521
TOTAL INTERBANK AND MONEY MARKET ITEMS, NET		141,210,784,229	165,174,104,203	141,184,164,198	165,122,731,923
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	4.2	1,812,000,000	33,000,000,000	1,812,000,000	33,000,000,000
INVESTMENTS	3.7 4.3				
CURRENT INVESTMENTS, NET		28,164,086,075	12,152,694,624	28,164,086,075	12,093,359,522
LONG - TERM INVESTMENTS, NET		29,895,211,080	29,124,617,885	29,895,211,060	29,124,617,875
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES, NET		1,842,646,134	1,194,014,788	2,431,519,590	1,836,139,889
TOTAL INVESTMENTS, NET		59,901,943,289	42,471,327,297	60,490,816,725	43,054,117,286
LOANS AND ACCRUED INTEREST RECEIVABLES	3.4 4.4				
LOANS		849,774,215,111	700,406,325,605	849,776,256,823	700,413,275,556
ACCRUED INTEREST RECEIVABLES		13,219,572,961	9,658,506,809	13,219,568,455	9,658,505,596
TOTAL LOANS AND ACCRUED INTEREST RECEIVABLES		862,993,788,072	710,064,832,414	862,995,825,278	710,071,781,152
LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS	3.5 4.5	55,545,132,245	26,912,157,220	55,545,132,245	26,912,157,220
LESS REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING	3.6 4.6	8,379,315,398	2,221,340,617	8,379,315,398	2,221,340,617
TOTAL LOANS AND ACCRUED INTEREST RECEIVABLES, NET		799,069,340,429	680,931,334,577	799,071,377,635	680,938,283,315
PROPERTIES FORECLOSED, NET	3.11 4.7	15,367,565,404	14,564,853,186	15,367,565,404	14,564,853,186
CUSTOMERS' LIABILITIES UNDER ACCEPTANCES		2,500,802,904	2,264,225,952	2,500,802,904	2,264,225,952
PREMISES AND EQUIPMENT, NET	3.9 4.8	15,377,654,323	17,181,961,085	15,122,194,325	16,977,409,234
OTHER DEBTORS - SUKHUMMIT ASSET MANAGEMENT CO.,LTD.	4.30.2	5,433,415,189	6,323,591,775	5,433,415,189	6,323,591,775
OTHER ASSETS	4.9	8,651,018,932	7,601,893,807	8,287,692,966	6,995,779,314
TOTAL ASSETS		1,058,442,750,466	976,740,936,818	1,058,387,948,286	976,468,314,862

NOTES TO THE FINANCIAL STATEMENTS FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BALANCE SHEET

AS AT 31 DECEMBER 2002 AND 2001

(in Baht)

	NOTES	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2002	2001	2002	2001
LIABILITIES AND SHAREHOLDERS' EQUITY					
DEPOSITS	3.14 4.10				
DEPOSITS IN BAHT		941,977,306,912	846,921,398,796	942,157,534,133	847,231,013,293
DEPOSITS IN FOREIGN CURRENCIES		16,574,222,949	19,724,204,478	16,574,222,949	19,724,204,478
TOTAL DEPOSITS		<u>958,551,529,861</u>	<u>866,645,603,274</u>	<u>958,731,757,082</u>	<u>866,955,217,771</u>
INTERBANK AND MONEY MARKET ITEMS	4.11				
DOMESTIC ITEMS					
INTEREST BEARING		18,266,575,841	25,593,000,741	18,269,206,500	25,597,027,863
NON - INTEREST BEARING		1,271,876,662	3,790,501,402	1,269,443,378	3,790,501,402
FOREIGN ITEMS					
INTEREST BEARING		874,088,441	4,532,163,305	874,088,441	4,532,163,305
NON - INTEREST BEARING		250,839,176	300,328,507	250,839,176	300,328,507
TOTAL INTERBANK AND MONEY MARKET ITEMS		<u>20,663,380,120</u>	<u>34,215,993,955</u>	<u>20,663,577,495</u>	<u>34,220,021,077</u>
LIABILITIES PAYABLE ON DEMAND		2,297,889,396	1,437,357,964	2,297,889,396	1,437,357,964
BORROWINGS	4.12				
SHORT - TERM BORROWINGS		-	20,000,000	-	-
LONG - TERM BORROWINGS		71,173,779	1,173,779	1,173,779	1,173,779
TOTAL BORROWINGS		<u>71,173,779</u>	<u>21,173,779</u>	<u>1,173,779</u>	<u>1,173,779</u>
BANK'S LIABILITIES UNDER ACCEPTANCES		2,500,802,904	2,264,225,952	2,500,802,904	2,264,225,952
ACCRUED INTEREST PAYABLES		4,615,370,675	3,652,852,423	4,615,370,675	3,652,794,546
OTHER CREDITORS - THAI ASSET MANAGEMENT COR.		18,228,704	-	18,228,704	-
OTHER LIABILITIES	4.13	4,588,741,840	5,016,693,273	4,423,986,522	4,450,952,590
TOTAL LIABILITIES		<u>993,307,117,279</u>	<u>913,253,900,620</u>	<u>993,252,786,557</u>	<u>912,981,743,679</u>
SHAREHOLDERS' EQUITY					
SHARE CAPITAL	4.14				
AUTHORIZED SHARE CAPITAL					
PREFERRED SHARE CAPITAL 5,500,000 @ 5.15 Bht.		28,325,000	-	28,325,000	-
ORDINARY SHARE CAPITAL 11,191,412,250 @ 5.15 Bht.		57,635,773,087	-	57,635,773,087	-
PREFERRED SHARE CAPITAL 10,805,500,000 @ 10.00 Bht.		-	108,055,000,000	-	108,055,000,000
ORDINARY SHARE CAPITAL 11,191,412,250 @ 10.00 Bht.		-	111,914,122,500	-	111,914,122,500
ISSUED AND PAID - UP SHARE CAPITAL					
PREFERRED SHARE CAPITAL 5,500,000 @ 5.15 Bht.		28,325,000	-	28,325,000	-
ORDINARY SHARE CAPITAL 11,179,500,000 @ 5.15 Bht.		57,574,425,000	-	57,574,425,000	-
PREFERRED SHARE CAPITAL 5,500,000 @ 10.00 Bht.		-	55,000,000	-	55,000,000
ORDINARY SHARE CAPITAL 11,179,500,000 @ 10.00 Bht.		-	111,795,000,000	-	111,795,000,000

NOTES TO THE FINANCIAL STATEMENTS FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

BALANCE SHEET

AS AT 31 DECEMBER 2002 AND 2001

(in Baht)

	NOTES	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2002	2001	2002	2001
LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)					
PREMIUM (DISCOUNT) ON SHARE CAPITAL					
PREMIUM (DISCOUNT) ON ORDINARY SHARE CAPITAL		-	5,079,291,814	-	5,079,291,814
APPRAISAL SURPLUS ON ASSETS REVALUATION		3,980,646,675	5,535,973,595	3,980,646,675	5,535,973,595
REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS	4.3.5	423,365,823	(1,359,393,198)	423,365,823	(1,359,393,198)
RETAINED EARNINGS (DIFICIT)					
APPROPRIATED					
LEGAL RESERVE	4.28	156,419,961	1,485,000,000	156,419,961	1,485,000,000
OTHERS		-	22,679,944,685	-	22,679,944,685
UNAPPROPRIATED		2,971,979,270	(81,784,245,713)	2,971,979,270	(81,784,245,713)
MINORITY INTERESTS		471,458	465,015	-	-
TOTAL SHAREHOLDERS' EQUITY		<u>65,135,633,187</u>	<u>63,487,036,198</u>	<u>65,135,161,729</u>	<u>63,486,571,183</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>1,058,442,750,466</u>	<u>976,740,936,818</u>	<u>1,058,387,948,286</u>	<u>976,468,314,862</u>
OFF - BALANCE SHEET ITEMS - CONTINGENCIES					
4.15					
AVAL TO BILLS AND GUARANTEES OF LOANS		14,562,337,702	17,488,806,544	14,562,337,702	17,488,806,544
LIABILITIES UNDER UNMATURED IMPORT BILLS		290,082,778	83,185,263	290,082,778	83,185,263
LETTERS OF CREDIT		15,685,626,196	16,348,841,688	15,685,626,196	16,348,841,688
OTHER CONTINGENCIES		364,522,255,864	267,015,707,367	364,522,255,864	267,015,707,367

NOTES TO THE FINANCIAL STATEMENTS FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

SUPHACHAI PHISITVANICH

VIROJ NUALKHAIR

.....
(MR. SUPHACHAI PHISITVANICH)

.....
(MR. VIROJ NUALKHAIR)

CHAIRMAN

PRESIDENT

INCOME STATEMENT

FOR THE YEARS ENDED 31 DECEMBER 2002 AND 2001

(in Baht)

	NOTES	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2002	2001	2002	2001
INTEREST AND DIVIDEND INCOME	3.2				
INTEREST ON LOANS		32,523,137,274	30,823,697,082	32,523,263,602	30,823,950,901
INTEREST ON INTERBANK AND MONEY MARKET ITEMS		5,874,742,339	6,781,421,929	5,874,396,543	6,780,258,614
INVESTMENTS		1,404,283,534	1,880,356,539	1,403,725,425	1,880,356,539
TOTAL INTEREST AND DIVIDEND INCOME		39,802,163,147	39,485,475,550	39,801,385,570	39,484,566,054
INTEREST EXPENSES	3.3				
INTEREST ON DEPOSITS		19,778,844,831	19,203,726,772	19,779,554,117	19,204,756,293
INTEREST ON INTERBANK AND MONEY MARKET ITEMS		286,660,260	329,185,322	286,725,696	327,651,903
INTEREST ON SHORT - TERM BORROWINGS		195,890	556,418	-	-
INTEREST ON LONG - TERM BORROWINGS		42,668	470,896,265	-	468,451,532
TOTAL INTEREST EXPENSES		20,065,743,649	20,004,364,777	20,066,279,813	20,000,859,728
NET INTEREST AND DIVIDEND INCOME		19,736,419,498	19,481,110,773	19,735,105,757	19,483,706,326
BAD DEBT AND DOUBTFUL ACCOUNTS		1,811,324,894	15,489,580,004	1,811,324,894	15,489,580,004
LOSS ON DEBT RESTRUCTURING		203,476,432	(5,723,084,568)	203,476,432	(5,723,084,568)
NET INTEREST AND DIVIDEND INCOME AFTER BAD DEBT AND DOUBTFUL ACCOUNTS AND LOSS ON DEBT RESTRUCTURING		17,721,618,172	9,714,615,337	17,720,304,431	9,717,210,890
NON - INTEREST INCOME					
GAIN (LOSS) ON INVESTMENTS		(412,512,164)	(1,226,925,440)	(412,512,164)	(1,226,925,440)
SHARE OF GAIN (LOSS) FROM INVESTMENTS ON EQUITY METHOD		(48,078,291)	(85,921,429)	(88,442,118)	(103,323,205)
FEES AND SERVICE INCOME					
ACCEPTANCES, AVAL AND GUARANTEES		681,514,673	818,958,269	682,153,117	818,958,269
OTHERS		5,723,763,414	4,429,837,964	5,610,777,357	4,433,613,317
GAIN (LOSS) ON EXCHANGES		895,927,167	372,786,601	897,456,570	366,010,270
OTHER INCOME		1,453,660,984	1,742,587,847	417,965,893	259,917,786
TOTAL NON - INTEREST INCOME		8,294,275,783	6,051,323,812	7,107,398,655	4,548,250,997

NOTES TO THE FINANCIAL STATEMENTS FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

INCOME STATEMENT

FOR THE YEARS ENDED 31 DECEMBER 2002 AND 2001

(in Baht)

	NOTES	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2002	2001	2002	2001
NON - INTEREST EXPENSES					
PERSONNEL EXPENSES		6,629,122,245	6,868,126,783	6,242,504,226	6,135,925,314
PREMISES AND EQUIPMENT EXPENSES		3,117,916,539	3,153,972,653	3,060,494,879	3,063,076,894
TAXES AND DUTIES		1,451,929,484	1,492,902,242	1,451,452,109	1,491,054,303
FEES AND SERVICE EXPENSES		256,361,920	246,576,644	235,946,744	245,922,578
DIRECTORS' REMUNERATION		10,039,402	9,167,064	3,428,989	4,074,172
CONTRIBUTION TO FUND FOR THE REHABILITATION AND DEVELOPMENT OF FINANCIAL INSTITUTIONS		3,746,082,314	3,543,497,129	3,746,082,314	3,543,497,129
LOSS ON LAND REVALUATION		-	1,337,908,331	-	1,337,908,331
LOSS ON IMPAIRMENT OF PROPERTIES FORCLOSED		-	130,786,520	-	130,786,520
OTHER EXPENSES		2,778,257,418	3,363,551,967	2,078,635,380	2,728,771,275
TOTAL NON - INTEREST EXPENSES		17,989,709,322	20,146,489,333	16,818,544,641	18,681,016,516
INCOME BEFORE INCOME TAX		8,026,184,633	(4,380,550,184)	8,009,158,445	(4,415,554,629)
INCOME TAX EXPENSES		17,018,817	35,009,036	-	-
INCOME BEFORE MINORITY INTERESTS		8,009,165,816	(4,415,559,220)	8,009,158,445	(4,415,554,629)
NET (INCOME) LOSS FOR MINORITY INTERESTS		(7,371)	4,591	-	-
NET INCOME		8,009,158,445	(4,415,554,629)	8,009,158,445	(4,415,554,629)
BASIC EARNINGS PER SHARE	3.16	0.72	(0.39)	0.72	(0.39)
DILUTED EARNINGS PER SHARE	3.16	0.66	(0.36)	0.66	(0.36)

NOTES TO THE FINANCIAL STATEMENTS FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

SUPHACHAI PHISITVANICH
.....
(MR. SUPHACHAI PHISITVANICH)
CHAIRMAN

VIROJ NUALKHAIR
.....
(MR. VIROJ NUALKHAIR)
PRESIDENT

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

(in Baht)

CONSOLIDATED FINANCIAL STATEMENTS

	<u>NOTE</u>	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUM OR DISCOUNT ON SHARE CAPITAL	APPRAISAL SURPLUS	REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS	RETAINED EARNINGS	MINORITY SHAREHOLDERS	TOTAL
BEGINNING BALANCE AS AT 1 JANUARY 2001		111,850,000,000	5,079,291,814	4,005,182,660	(2,163,858,108)	(53,209,656,052)	470,041	65,561,430,355
ADJUSTMENT B/F RETAINED EARNINGS OF SUBSIDIARIES AND ASSOCIATED		-	-	-	-	5,909,653	-	5,909,653
BALANCE AFTER ADJUSTMENT		111,850,000,000	5,079,291,814	4,005,182,660	(2,163,858,108)	(53,203,746,399)	470,041	65,567,340,008
APPRAISAL SURPLUS		-	-	1,530,790,935	-	-	-	1,530,790,935
REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS UN-RECOGNIZED ITEMS IN INCOME STATEMENTS		-	-	-	804,464,910	-	(435)	804,464,475
NET INCOME		-	-	1,530,790,935	804,464,910	-	-	2,335,255,410
ENDING BALANCE AS AT 31 DECEMBER 2001		111,850,000,000	5,079,291,814	5,535,973,595	(1,359,393,198)	(57,619,301,028)	465,015	63,487,036,198
BEGINNING BALANCE AS AT 1 JANUARY 2002		111,850,000,000	5,079,291,814	5,535,973,595	(1,359,393,198)	(57,619,301,028)	465,015	63,487,036,198
ADJUSTMENT B/F RETAINED EARNINGS OF SUBSIDIARIES AND ASSOCIATED		-	-	-	-	-	(928)	(928)
BALANCE AFTER ADJUSTMENT		111,850,000,000	5,079,291,814	5,535,973,595	(1,359,393,198)	(57,619,301,028)	464,087	63,487,035,270
APPRAISAL SURPLUS		-	-	(1,555,326,920)	-	-	-	(1,555,326,920)
REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS UN-RECOGNIZED ITEMS IN INCOME STATEMENTS		-	-	-	1,782,759,021	-	-	1,782,759,021
REPURCHASE OF WARRANTS	2	-	-	-	-	(6,588,000,000)	-	(6,588,000,000)
DECREASE ISSUED AND PAID - UP SHARE CAPITAL FOR REDUCTION OF RETAINED DEFICITS	2	(54,247,250,000)	-	-	-	54,247,250,000	-	-
DECREASE PREMIUM (DISCOUNT) ON ORDINARY SHARE CAPITAL FOR REDUCTION OF RETAINED DEFICITS	2	-	(5,079,291,814)	-	-	5,079,291,814	-	-
NET INCOME		-	-	-	-	8,009,158,445	7,371	8,009,165,816
ENDING BALANCE AS AT 31 DECEMBER 2002		57,602,750,000	-	3,980,646,675	423,365,823	3,128,399,231	471,458	65,135,633,187

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

(in Baht)

THE BANK'S FINANCIAL STATEMENTS

	<u>NOTE</u>	ISSUED AND PAID-UP SHARE CAPITAL	PREMIUM OR DISCOUNT ON SHARE CAPITAL	APPRAISAL SURPLUS	REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS	RETAINED EARNINGS	TOTAL
BEGINNING BALANCE AS AT 1 JANUARY 2001		111,850,000,000	5,079,291,814	4,005,182,660	(2,163,858,108)	(53,209,656,052)	65,560,960,314
ADJUSTMENT B/F RETAINED EARNINGS OF SUBSIDIARIES AND ASSOCIATED		-	-	-	-	5,909,653	5,909,653
BALANCE AFTER ADJUSTMENT		111,850,000,000	5,079,291,814	4,005,182,660	(2,163,858,108)	(53,203,746,399)	65,566,869,967
APPRAISAL SURPLUS		-	-	1,530,790,935	-	-	1,530,790,935
REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS		-	-	-	804,464,910	-	804,464,910
UN-RECOGNIZED ITEMS IN INCOME STATEMENTS		-	-	1,530,790,935	804,464,910	-	2,335,255,845
NET INCOME		-	-	-	-	(4,415,554,629)	(4,415,554,629)
ENDING BALANCE AS AT 31 DECEMBER 2001		111,850,000,000	5,079,291,814	5,535,973,595	(1,359,393,198)	(57,619,301,028)	63,486,571,183
BEGINNING BALANCE AS AT 1 JANUARY 2002		111,850,000,000	5,079,291,814	5,535,973,595	(1,359,393,198)	(57,619,301,028)	63,486,571,183
APPRAISAL SURPLUS		-	-	(1,555,326,920)	-	-	(1,555,326,920)
REVALUATION SURPLUS (DEFICIT) ON INVESTMENTS		-	-	-	1,782,759,021	-	1,782,759,021
UN-RECOGNIZED ITEMS IN INCOME STATEMENTS		-	-	(1,555,326,920)	1,782,759,021	-	227,432,101
REPURCHASE OF WARRANTS	2	-	-	-	-	(6,588,000,000)	(6,588,000,000)
DECREASE ISSUED AND PAID - UP SHARE CAPITAL FOR REDUCTION OF RETAINED DEFICITS	2	(54,247,250,000)	-	-	-	54,247,250,000	-
DECREASE PREMIUM (DISCOUNT) ON ORDINARY SHARE CAPITAL FOR REDUCTION OF RETAINED DEFICITS	2	-	(5,079,291,814)	-	-	5,079,291,814	-
NET INCOME		-	-	-	-	8,009,158,445	8,009,158,445
ENDING BALANCE AS AT 31 DECEMBER 2002		57,602,750,000	-	3,980,646,675	423,365,823	3,128,399,231	65,135,161,729

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

RETAINED EARNINGS STATEMENT

FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

(in Baht)

	NOTE	CONSOLIDATED		THE BANK'S	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2002	2001	2002	2001
UNAPPROPRIATED RETAINED EARNINGS (DEFICITS) :					
BALANCE B/F		(81,784,245,713)	(77,374,600,737)	(81,784,245,713)	(77,374,600,737)
ADJUSTMENT B/F RETAINED EARNINGS					
OF SUBSIDIARIES AND ASSOCIATED		-	5,909,653	-	5,909,653
ADJUSTMENT TO REDUCE RETAINED DEFICITS					
ISSUED AND PAID - UP SHARE CAPITAL	2	54,247,250,000	-	54,247,250,000	-
PREMIUM (DISCOUNT) ON ORDINARY SHARE CAPITAL	2	5,079,291,814	-	5,079,291,814	-
LEGAL RESERVE	2	1,485,000,000	-	1,485,000,000	-
OTHER RESERVES	2	16,091,944,685	-	16,091,944,685	-
RETAINED EARNINGS (DEFICITS) AFTER ADJUSTMENT :		(4,880,759,214)	(77,368,691,084)	(4,880,759,214)	(77,368,691,084)
NET INCOME (LOSS)		8,009,158,445	(4,415,554,629)	8,009,158,445	(4,415,554,629)
UNAPPROPRIATED RETAINED EARNINGS (DEFICITS) :		3,128,399,231	(81,784,245,713)	3,128,399,231	(81,784,245,713)
<u>LESS</u> LEGAL RESERVE		(156,419,961)	-	(156,419,961)	-
TOTAL UNAPPROPRIATED RETAINED EARNINGS (DEFICITS) :		2,971,979,270	(81,784,245,713)	2,971,979,270	(81,784,245,713)
APPROPRIATED RETAINED EARNINGS (DEFICITS) :					
LEGAL RESERVE	4.28	156,419,961	1,485,000,000	156,419,961	1,485,000,000
OTHER RESERVES					
BALANCE B/F		22,679,944,685	22,679,944,685	22,679,944,685	22,679,944,685
<u>LESS</u> REPURCHASE OF WARRANT	2	(6,588,000,000)	-	(6,588,000,000)	-
TRANSFERED TO REDUCE RETAINED DEFICITS	2	(16,091,944,685)	-	(16,091,944,685)	-
BALANCE C/F		-	22,679,944,685	-	22,679,944,685
TOTAL APPROPRIATED RETAINED EARNINGS (DEFICITS)		156,419,961	24,164,944,685	156,419,961	24,164,944,685
TOTAL RETAINED EARNINGS (DEFICITS)		3,128,399,231	(57,619,301,028)	3,128,399,231	(57,619,301,028)

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CASH FLOW STATEMENT

FOR THE YEARS ENDED 31 DECEMBER 2002 AND 2001

(in Baht)

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2002	2001	2002	2001
CASH FLOW FROM OPERATING ACTIVITIES				
NET INCOME	8,009,158,445	(4,415,554,629)	8,009,158,445	(4,415,554,629)
ADJUSTMENT TO RECONCILE NET PROFIT TO NET CASH FLOWS				
FROM OPERATION				
DEPRECIATION AND AMORTIZATION	1,078,032,218	1,116,958,289	1,006,576,944	1,041,086,403
BAD DEBT AND DOUBTFUL ACCOUNTS	1,811,324,894	15,489,580,004	1,811,324,894	15,489,580,004
LOSS ON DEBT RESTRUCTURING	203,476,432	(5,723,084,568)	203,476,432	(5,723,084,568)
(GAIN) LOSS ON EQUITY	48,078,291	85,921,429	88,442,118	103,323,205
(GAIN) LOSS ON SALES OF ASSETS	(150,725,523)	(59,358,111)	(150,725,523)	(58,821,794)
(GAIN) LOSS ON SALES OF INVESTMENTS	814,326,370	1,177,438,866	814,326,370	1,177,438,866
LOSS ON IMPAIRMENT OF PROPERTIES FORCLOSED	(240,337,680)	130,786,520	(240,337,680)	130,786,520
LOSS ON IMPAIRMENT OF INVESTMENTS	1,332,724,068	1,326,184,427	1,332,724,068	1,326,184,427
LOSS ON IMPAIRMENT OF LAND	(485,739,346)	1,337,908,331	(485,739,346)	1,337,908,331
INCOME - CONVERTED ALLOWANCE FOR DIMINUTION IN VALUE OF SECL	-	(55,804,938)	-	(55,804,938)
DEFERRED (DISCOUNT) PREMIUM ON INVESTMENTS-PAID	58,810,989	(87,336,097)	58,810,989	(87,336,097)
(GAIN) LOSS ON REVALUATION OF FOREIGN CURRENCIES	265,193,594	(328,527,302)	265,193,594	(328,527,302)
(INCREASE) DECREASE IN ACCRUED INTEREST INCOME AND DIVIDEND R	(3,386,445,881)	(1,182,807,443)	(3,386,442,589)	(1,176,170,878)
(INCREASE) DECREASE IN OTHER ACCRUED INCOME	(914,110,931)	(270,000,000)	(914,110,931)	(270,000,000)
INCREASE (DECREASE) IN ACCRUED INTEREST EXPENSES PAYABLE	962,518,252	(1,729,777,998)	962,576,129	(1,729,777,998)
INCREASE (DECREASE) IN OTHER ACCRUED EXPENSES PAYABLE	(261,762,306)	165,417,651	(261,762,306)	165,417,651
NET INCOME FOR MINORITY INTERESTS	7,371	(4,591)	-	-
OPERATING INCOME BEFORE CHANGES IN				
OPERATING ASSETS AND LIABILITIES	9,144,529,257	6,977,939,840	9,113,491,608	6,926,647,203
(INCREASE) DECREASE IN OPERATING ASSETS				
INTERBANK AND MONEY MARKET ITEMS	23,585,399,491	(867,643,379)	23,560,647,243	(975,013,651)
SECURITIES PURCHASED UNDER RESALE AGREEMENTS	31,188,000,000	8,000,000,000	31,188,000,000	8,000,000,000
NET INVESTMENT IN SECURITIES FOR TRADING	(2,495,221,357)	(205,188,390)	(2,495,221,357)	(205,188,390)
NET LOANS	(118,146,640,574)	(13,397,388,150)	(118,141,732,334)	(13,338,536,862)
PROPERTIES FORECLOSED	616,057,803	(945,934,274)	616,057,803	(945,934,274)
NET OTHER ASSETS	(196,907,576)	420,114,496	(439,696,103)	356,742,680
INCREASE (DECREASE) IN OPERATING LIABILITIES				
DEPOSITS	91,905,926,587	22,852,909,522	91,776,539,310	22,898,151,221
INTERBANK AND MONEY MARKET	(13,552,613,834)	(9,320,217,128)	(13,556,443,582)	(9,316,190,006)
LIABILITY PAYABLE ON DEMAND	860,531,432	375,040,547	860,531,432	375,040,547
SHORT - TERM BORROWINGS	(20,000,000)	(17,144,778)	-	-
OTHER LIABILITIES	(166,189,127)	(838,398,551)	234,796,238	(764,320,636)
NET CASH FLOW FROM OPERATING ACTIVITIES	22,722,872,102	13,034,089,755	22,716,970,258	13,011,397,832

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CASH FLOW STATEMENT

FOR THE YEARS ENDED 31 DECEMBER 2002 AND 2001

(in Baht)

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2002	2001	2002	2001
CASH FLOW FROM INVESTMENT ACTIVITIES				
PURCHASE OF INVESTMENT	(31,901,150,302)	(26,220,255,382)	(31,901,150,302)	(26,220,255,382)
CASH RECEIVED FROM SALE OF INVESTMENT	18,957,878,881	25,452,755,453	18,911,432,536	25,436,876,900
PURCHASE OF PREMISES AND EQUIPMENT	(1,546,714,474)	(2,419,499,833)	(1,424,351,053)	(2,380,375,025)
CASH RECEIVED FROM SALE OF PREMISES AND EQUIPMENT	175,694,624	1,369,637,942	175,694,624	1,369,101,626
NET CASH FLOW FROM INVESTMENT ACTIVITIES	(14,314,291,271)	(1,817,361,820)	(14,238,374,195)	(1,794,651,881)
CASH FLOW FROM FINANCING ACTIVITIES				
LONG - TERM BORROWINGS PAID IN CASH	-	(12,732,669,594)	-	(12,732,669,594)
CASH RECEIVED FROM LONG - TERM BORROWINGS	70,000,000	-	-	-
REPURCHASED OF WARRANT	(6,588,000,000)	-	(6,588,000,000)	-
NET CASH FLOW FROM FINANCING ACTIVITIES	(6,518,000,000)	(12,732,669,594)	(6,588,000,000)	(12,732,669,594)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,890,580,831	(1,515,941,659)	1,890,596,063	(1,515,923,643)
BEGINNING BALANCE OF CASH AND CASH EQUIVALENTS	7,227,644,936	8,743,586,595	7,227,322,877	8,743,246,520
ENDING BALANCE OF CASH AND CASH EQUIVALENTS	9,118,225,767	7,227,644,936	9,117,918,940	7,227,322,877
ADDITIONAL DISCLOSURE OF CASH FLOW				
CASH PAID FOR THE PERIOD				
INTEREST PAID	19,164,372,158	21,745,867,934	19,163,998,596	21,730,008,853
INCOME TAX	186,340,339	171,412,957	178,611,810	113,470,570
SIGNIFICANT NON - CASH ITEMS				
1. REDUCED ACCUMULATED LOSSES BY (NOTES 2)				
1.1 TRANSFERRED OF OTHER RESERVE	16,091,944,685	-	16,091,944,685	-
1.2 TRANSFERRED OF LEGAL RESERVE	1,485,000,000	-	1,485,000,000	-
1.3 REDUCED PREMIUM ON SHARE	5,079,291,814	-	5,079,291,814	-
1.4 REDUCED THE BANK'S SHARE PAR VALUE	54,247,250,000	-	54,247,250,000	-
2. LEGAL RESERVE APPROPRIATED	156,419,961	-	156,419,961	-

NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2002 and 2001

1. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The Bank is a public limited company registered in the Kingdom of Thailand with its head office located at 35 Sukhumvit Road, Klongtoey Nua, Wattana, Bangkok, Thailand. It engages in Commercial Banking Business and conducts its business through a nationwide branch network and in certain major centres around the world. Total employees as at December 31, 2002 and 2001 are 14,653 and 15,233, respectively.

1.1 Basis of Presentation of Consolidated Financial Statements

The consolidated financial statements are presented in accordance with the Notification issued by the Bank of Thailand dated May 10, B.E. 2544 prescribing the form of Balance Sheet and Statement of Profit and Loss for Commercial Banks, and the Ministerial Regulation No.7 B.E. 2539 issued under the Public Companies Limited Act B.E. 2535, and prepared in accordance with generally accepted accounting principles in Thailand.

The consolidated financial statements for the year 2001 comprise the accounts of the Bank and its subsidiaries where the bank possesses ownership control and more than 50 percent of paid-up shares capital (after eliminating material inter-company transactions and balances). The seven consolidated subsidiaries are Krung Thai Legal Service Co.Ltd., Krung Thai General Business Services Co.Ltd., Krung Thai Card Public Co.Ltd., Krung Thai Asset Management Co.Ltd., Krung Thai Land and House Co.Ltd., Krung Thai Computer Services Co. Ltd., and NC Associates Co.Ltd. The accounts of Krung Thai Holding Co.Ltd. were not consolidated due to its dissolution in accordance with a special resolution passed by the Extraordinary Meeting of its shareholders on December 28, 2000. The liquidation was registered to the of Commerce for its completeness on November 25, 2002. The consolidated financial Ministry statements for the year 2002 comprised the accounts of six subsidiaries, excluding Krung Thai Card Public Co.,Ltd. in which the Bank's shareholdings declined to 49 percent of paid-up share capital. The Bank's ownership control over Krung Thai Card Public Co.,Ltd. was terminated and it was deemed as associated company.

The consolidated financial statements for the year ended December 31, 2002 and 2001 also include the accounts of domestic and oversea branches, after eliminating material inter-company transactions and balances.

1.2 Changes in Accounting Policies

Translation of Foreign Currencies

For the financial year ended December 31, 2001 the Bank's assets and liabilities denominated in foreign currencies including forward exchange and swap contract were recorded in such currencies and translated into Thai Baht at reference exchange rate announced by Bank of Thailand at month-end. Foreign exchange gains or losses were recognised as either income or expense in the relevant period. With effect from the year 2002, forward exchange and swap contract has been translated at fair value using Mark-to-Market approach. The foreign exchange gains or losses arising from translation recognised as income or expense, have resulted in the increase of net loss amounted to Baht 37.46 million at this year-end.

2. CAPITAL RESTRUCTURE

An extraordinary shareholders' meeting No. 1/2002 held on September 24, 2002 has passed a resolution regarding the Bank's capital restructuring plan (see Note 4.14) mandatory to the followings :

1. repurchased the warrants currently held by the FIDF exercisable for KTB's 10,800 million units of class A preferred shares at a price of Baht 0.61 per warrant, for a total of Baht 6,588.00 million and subsequently revoked such warrants.
2. reduced registered shares by 10,800 million units of its registered class A preferred shares at Baht 10.00 per share, for a total of Baht 108,000.00 million from the previous Baht 219,969,122,500.00 to Baht 111,969,122,500.00.

3. amended the Bank's Memorandum of Association No. 4 accordingly to the reduction of its registered shares from the previous Baht 219,969,122,500.00 to Baht 111,969,122,500.00.

4. transferred the following reserves to reduce accumulated losses :

4.1 the Baht 16,091.94 million of other reserve excessive from warrants repurchasing mentioned in No. 1

4.2 the Baht 1,485.00 million of legal reserve

4.3 the Baht 5,079.29 million of premium on share capital

5. reduced its share par value to Baht 5.15 from Baht 10.00 to set off accumulated losses.

6. amended the Bank's Memorandum of Association No. 4 accordingly to the reduction of its registered shares.

7. amended the Bank's prescription section 2 No. 4 accordingly to the reduction of its registered shares.

8. issued and offered sales of subordinated debentures upto Baht 10,000.00 million or other currencies worth equivalent.

The reduction of accumulated losses as such was completely undertaken. The repurchase of warrants exercisable for 10,800 million of preferred shares amounting to Baht 6,588.00 million was done on September 27, 2002, while on October 9, 2002, the Bank has reduced its preceding registered class A preferred shares. On December 18, 2002 the reduction of registered shares as such was applied to the Public Company Registra Office Ministry of Commerce. The Bank's registered shares capital, therefore, remained at Baht 57,664.10 million whereas paid-up shares capital remained at Baht 57,602.75 million.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and Cash Equivalents

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

3.2 Recognition of Interest Income

Interest income is recognized on an accrual basis using the effective interest rate method, except for interest on loans classified as delinquent over 3 months. With effect from January 1, 2000, and in accordance with the Bank of Thailand's regulation, interest income on delinquent loans over 3 months from the due date is reversed from the statement of income and recognised on a cash received basis.

3.3 Recognition of Interest Expenses

Interest expense on deposits and borrowings are recognised on an accrual basis using the effective interest rate method.

3.4 Loans

Loans represent the outstanding principal amounts, except for bank overdrafts which include accrued interest receivable in the drawn amounts. Unearned discounts are presented as a deductions from the loans.

3.5 Allowance for doubtful accounts

The Bank makes allowance for bad debt and doubtful accounts in each accounting period in accordance with the Bank of Thailand's regulation on interest recognition, loan classification and provisioning.

Loans [excluding accrued interest receivable], classified as normal and special mention (net of collateral) are used to determine the allowance for doubtful accounts.

Bad debts written off and bad debts recovered are deducted from or added to the allowance for doubtful accounts.

3.6 Troubled Debt Restructuring (TDR)

The Bank established a new basis for calculating the book value of outstanding loans when determining the loss on troubled debt restructuring as follows:

1. Where the Bank accepts modification of loan terms, the book value of outstanding loans is calculated based on:

- 1.1 The present value of future cash inflows under the new repayment term, discounted at market interest rates where the original loan is on a clean basis or where the collateral is insufficient to cover the outstanding balance and accrued interest before restructuring.

1.2 The market value of the debt if there is an active market for the debt.

1.3 The fair value of assets pledged as collateral estimated in accordance with the BOT's guidelines where the collateral is insufficient to cover the outstanding balance and accrued interest before restructuring.

2. Where the Bank accepts assets transferred, financial instruments, mutual fund or debt-equity conversion for repayment, any losses arising from TDR are determined based on the fair value of the assets received.

Losses resulting from troubled debt restructuring are charged to expense.

3.7 Investments in Securities

3.7.1 Basis for Classification of Investments

The Bank classified its debt securities and/or marketable equity securities as trading securities and/or an available - for - sale securities. Non - marketable equity securities are classified as general investments. Securities held for less than 1 year are presented as current investments, while those exceeding 1 year, and those held to maturity are presented as long-term investments. Trading securities are classified as current investments.

3.7.2 Basis for Valuation of Investments

Investments in debt and marketable equity securities classified as trading securities are stated at fair value. Unrealized gains or losses arising from the revaluation of trading securities are credited or charged direct to the statement of income.

Investments in debt and marketable equity securities (including investments in subsidiaries) classified as available-for-sale securities are stated at fair value. Unrealized gains or losses arising from the revaluation of available-for-sale securities are shown as a separate component of shareholders'equity and are realized in the statement of income on disposal.

Investments in held to maturity debt securities are stated at amortized cost. Premiums or discounts arising from the acquisition of securities are amortized over the term of the securities by using the straight-line method.

Investments in non-marketable equity securities, including investments in subsidiaries and associates are classified as general investments and are stated at cost net of allowance for impairment. Losses on impairment are charged to the statement of income.

Investments in subsidiaries and associates are accounted for under the equity method.

The cost of investments on disposal is determined by using the weighted average method. Dividend income from investments is recognized as income when declared.

3.8 Translation of foreign currencies

For the financial year ended December 31, 2001 the Bank's assets and liabilities denominated in foreign currencies including forward exchange and swap contract were recorded in such currencies on the transaction date. Translation into Thai Baht is made using reference rate announced by the Bank of Thailand at each month-end. Foreign exchange gains or losses arising from such translation are recognised as income or expense in the relevant period. The Bank's forward exchange and swap contract have been translated at fair value using Mark-to-Market approach since year 2002.

Risk management in relation to assets and liabilities in foreign currencies is performed under the Bank of Thailand's supervision. Net average foreign exchange position is maintained on a weekly basis as long or short position not exceeding 15 percent of capital fund or USD 5.0 million whichever is higher.

An allowance against exchange rate volatility is provided to moderate the impact of losses in subsequent periods.

3.9 Premises and Equipment

Land is revalued on a 3-5 year basis. Deductions in the appraised value of land are recognized as a loss on impairment and charged to the statement of income.

A surplus on the revaluation of land is booked as an appraisal surplus on asset revaluation.

Depreciation is calculated on the straight-line method based on the estimated useful lives of the assets at the rate of 5 percent per annum for premises and 20 percent per annum for equipment. Equipment with an acquisition cost not exceeding Baht 3,000 is charged directly to expense in the acquisition period.

3.10 Leasehold properties amortized over the lease term or over 10 years where there is no lease agreement.

3.11 Properties foreclosed immovable and movable properties and are stated at lower of cost or market value.

Losses on impairment are recognized as non-interest expense in the statement of income. Gains or losses on sale are recognized as other income or non-interest expense in the statement of income on disposal.

3.12 Derivatives

3.12.1 Forward Foreign Exchange Contract Bought or Sold.

The Bank's forward exchange contract is recorded in foreign currencies on the transaction date. Translation into Thai Baht is made using reference rate announced by the Bank of Thailand at each month-end. Foreign exchange gains or losses arising from such translation are recognised as income or expense in the relevant period. The Bank's forward exchange and swap contract have been translated at fair value using Mark-to-Market approach since year 2002. Foreign exchange gains or losses arising from translation were recognised as income or expense.

3.12.2 Interest Rate Swap Contract

Interest rate spread was booked and recognised as income or expense on an accrual basis.

3.12.3 Credit Linked Note Contract

Credit Linked Notes were booked as investments according to its type of instrument, whereas, credit risk related to reference asset was booked as contingencies and disclosed in off-balance sheet items. The Bank has maintained capital fund to underly risk related to such reference asset as pursuant to the Bank of Thailand's regulation.

3.13 Provident Fund and Retirement

On June 25, 1992 the Bank established and registered a Provident Fund for its staff in accordance with the Provident Fund Act B.E. 2530.

Permanent employees of the bank are eligible to apply for membership in accordance with the Fund's regulations. Employees contribute to the Fund at the rate of 3%, 6% or 10% of basic salary and the bank's contribution is at 10% of the employees' basic salary.

Employees whose working tenure is ten years or more are entitled to other special remuneration prescribed by the Bank and this is charged to expenses when paid.

3.14 Unclaimed Balances

Unclaimed balances which remain dormant for more than 10 years are taken to income at the accounting period-end.

3.15 Income Tax

Corporate income tax is recognized either as an expense or income. Income tax consists of current tax (calculated based on the provisions of the Revenue Code) and deferred income tax (calculated based on temporary differences arising between the book value of assets and their carrying value for tax purposes).

3.16 Basic Earnings/(Loss) per share is computed by dividing net income/(loss) by the weighted average number of ordinary shares outstanding.

Diluted Earnings (Loss) per share is computed by dividing net income/(loss) by the weighted average number of ordinary shares, plus the weighted average number of potentially dilutable ordinary shares.

The weighted average number of shares used in computing diluted earnings per share is the weighted average number of ordinary shares, plus the weighted average number of converted preference shares outstanding, plus additional shares issued without consideration.

3.17 Accounting estimates

In preparing the financial statements in compliance with generally accepted accounting principles, the Bank is required to make estimates and assumptions that affect the reported amounts of income, expense, assets and liabilities and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

4. SUPPLEMENTARY INFORMATION

4.1 Interbank and money market items

4.1.1 Domestic items

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>December 31, 2002</u>			<u>December 31, 2001</u>		
	Demand	Time	Total	Demand	Time	Total
Bank of Thailand and Financial Institutions Development Fund	10,700.75	16,020.44	26,721.19	7,998.72	36,366.31	44,365.03
Commercial Banks	99.41	475.44	574.85	283.68	2,138.08	2,421.76
Other Banks	18.23	-	18.23	17.42	-	17.42
Finance Co., Finance & Securities Co., Securities Co., and Credit Fonciers Co.	55.49	56.15	111.64	30.19	86.29	116.48
Other Financial Institutions	79,312.20	10,747.87	90,060.07	79,186.83	9,164.10	88,350.93
Total Domestic Items	90,186.08	27,299.90	117,485.98	87,516.84	47,754.78	135,271.62
Add: Accrued Interest Receivable	2,047.27	247.12	2,294.39	2,171.44	502.32	2,673.76
Less: Allowance for doubtful accounts	-	156.42	156.42	-	76.50	76.50
Total	92,233.35	27,390.60	119,623.95	89,688.28	48,180.60	137,868.88

4.1.2 Foreign items

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>December 31, 2002</u>			<u>December 31, 2001</u>		
	Demand	Time	Total	Demand	Time	Total
US Dollar	2,355.02	16,567.06	18,922.08	2,699.63	21,716.63	24,416.26
Japanese Yen	1,547.12	2.08	1,549.20	1,728.22	-	1,728.22
Deutsche Mark	-	-	-	30.48	-	30.48
Other currencies	899.78	551.08	1,450.86	918.77	205.60	1,124.37
Total Foreign Items	4,801.92	17,120.22	21,922.14	5,377.10	21,922.23	27,299.33
Add: Accrued Interest Receivable	0.04	10.41	10.45	-	9.00	9.00
Less: Allowance for doubtful accounts	-	345.76	345.76	-	3.11	3.11
Total	4,801.96	16,784.87	21,586.83	5,377.10	21,928.12	27,305.22
Total Domestic and Foreign Items	97,035.31	44,175.47	141,210.78	95,065.38	70,108.72	165,174.10

4.1.1 Domestic items

(Million Baht)

	<u>The Bank's Financial Statements</u>					
	<u>December 31, 2002</u>			<u>December 31, 2001</u>		
	Demand	Time	Total	Demand	Time	Total
Bank of Thailand and Financial						
Institutions Development Fund	10,700.75	16,020.44	26,721.19	7,998.72	36,366.31	44,365.03
Commercial Banks	72.79	475.44	548.23	232.31	2,138.08	2,370.39
Other Banks	18.23	-	18.23	17.42	-	17.42
Finance Co., Finance & Securities Co.,						
Securities Co.,and Credit Fonciers Co.	55.49	56.15	111.64	30.19	86.29	116.48
Other Financial Institutions	79,312.20	10,747.87	90,060.07	79,186.83	9,164.10	88,350.93
Total Domestic Items	90,159.46	27,299.90	117,459.36	87,465.47	47,754.78	135,220.25
Add: Accrued Interest Receivable	2,047.27	247.12	2,294.39	2,171.44	502.32	2,673.76
Less: Allowance for doubtful accounts	-	156.42	156.42	-	76.50	76.50
Total	92,206.73	27,390.60	119,597.33	89,636.91	48,180.60	137,817.51

4.1.2 Foreign items

(Million Baht)

	<u>The Bank's Financial Statements</u>					
	<u>December 31, 2002</u>			<u>December 31, 2001</u>		
	Demand	Time	Total	Demand	Time	Total
US Dollar	2,355.02	16,567.06	18,922.08	2,699.63	21,716.63	24,416.26
Japanese Yen	1,547.12	2.08	1,549.20	1,728.22	-	1,728.22
Deutsche Mark	-	-	-	30.48	-	30.48
Other currencies	899.78	551.08	1,450.86	918.77	205.60	1,124.37
Total Foreign Items	4,801.92	17,120.22	21,922.14	5,377.10	21,922.23	27,299.33
Add: Accrued Interest Receivable	0.04	10.41	10.45	-	9.00	9.00
Less: Allowance for doubtful accounts	-	345.76	345.76	-	3.11	3.11
Total	4,801.96	16,784.87	21,586.83	5,377.10	21,928.12	27,305.22
Total Domestic and Foreign Items	97,008.69	44,175.47	141,184.16	95,014.01	70,108.72	165,122.73

As at December 31, 2002, the Bank has disclosed notes receivable from The Bangkok Bank of Commerce Public Co.,Ltd., amounted to Baht 78,680.57 million as receivable on demand. Previously, these items were classified as time notes receivable from other financial institutions. The outstanding principal of the notes in such amount were adjusted and classified as receivable on demand on December 31, 2001.

As at December 31, 2002 and 2001, loans to the Bank of Thailand and FIDF included NCDs under FNX.42 purchased at a discount, totalling Baht 16,020.44 million and Baht 35,900.72 million, respectively. Loans to finance companies included loans for the Stock Market Stabilization Fund at Baht 1.46 million and Baht 1.46 million, respectively.

As at December 31, 2002, the Bank had loans outstanding to 11 debtors whose businesses were closed, amounting to Baht 497.45 million, of which 4 debtors with outstanding balances totalling of Baht 415.78 million have been exchanged for NCDs. The amounts outstanding in relation to the remaining 7 debtors totalling to Baht 81.67 million, were fully provided for the allowance under the BOT's requirements.

4.2 Securities Purchased under Resale Agreements

	(Million Baht)	
	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>December 31, 2002</u>	<u>December 31, 2001</u>
Government & BOT Bonds	1,812.00	33,000.00
Total	<u>1,812.00</u>	<u>33,000.00</u>

4.3 Investments

	(Million Baht)			
	<u>Consolidated Financial Statements</u>			
	<u>December 31, 2002</u>		<u>December 31, 2001</u>	
	<u>Cost/ Amortized Cost</u>	<u>Market Value</u>	<u>Cost/ Amortized Cost</u>	<u>Market Value</u>
4.3.1 Current Investments				
Trading Securities				
Private Enterprise Debt Securities	2,611.20	2,608.88	-	-
Domestic Marketable Equity Securities	89.21	196.78	205.19	197.16
Total	<u>2,700.41</u>	<u>2,805.66</u>	<u>205.19</u>	<u>197.16</u>
<u>Add</u> (Less) Allowance for Revaluation	105.25	-	(8.03)	-
Total	<u>2,805.66</u>	<u>2,805.66</u>	<u>197.16</u>	<u>197.16</u>
Available-for-sale Securities				
Government and State Enterprise Securities	471.29	471.22	56.95	59.33
Private Enterprise Debt Securities	15.00	-	15.00	-
Foreign Debt Securities	630.31	393.76	1,585.27	1,393.71
Domestic Marketable Equity Securities	-	-	237.98	139.55
Total	<u>1,116.60</u>	<u>864.98</u>	<u>1,895.20</u>	<u>1,592.59</u>
<u>Add</u> (Less) Allowance for Revaluation	(0.07)	-	(98.43)	-
<u>Less</u> Allowance for Impairment	(251.55)	-	(204.18)	-
Total	<u>864.98</u>	<u>864.98</u>	<u>1,592.59</u>	<u>1,592.59</u>
Held-to-Maturity Debt Securities				
Government & State Enterprise Securities	7,121.89	7,121.89	6,706.56	6,706.56
Private Enterprise Debt Securities	-	-	339.73	339.73
Foreign Debt Securities	17,382.37	17,371.56	3,316.65	3,316.65
Total	<u>24,504.26</u>	<u>24,493.45</u>	<u>10,362.94</u>	<u>10,362.94</u>
<u>Less</u> Allowance for Impairment	(10.81)	-	-	-
Total	<u>24,493.45</u>	<u>24,493.45</u>	<u>10,362.94</u>	<u>10,362.94</u>
Total Current Investments - net	<u>28,164.09</u>	<u>28,164.09</u>	<u>12,152.69</u>	<u>12,152.69</u>

(Million Baht)

Consolidated Financial Statements

	<u>December 31, 2002</u>		<u>December 31, 2001</u>	
	<u>Cost /</u>		<u>Cost /</u>	
	<u>Amortized Cost</u>	<u>Market Value</u>	<u>Amortized Cost</u>	<u>Market Value</u>
4.3.2 Long-Term Investments				
Available-for-sale Securities				
Government & State Enterprise Securities	6,593.12	6,942.52	-	-
Private Enterprise Debt Securities	3.73	5.15	105.77	41.31
Foreign Debt Securities	812.87	805.52	1,192.66	1,116.42
Domestic Marketable Equity Securities	1,965.25	1,744.07	2,955.57	1,682.49
Foreign Marketable Equity Securities	-	-	972.99	928.68
Total	9,374.97	9,497.26	5,226.99	3,768.90
<u>Add</u> (Less) Allowance for Revaluation	129.13	-	(1,296.56)	-
<u>Less</u> Allowance for Impairment	(6.84)	-	(161.53)	-
Total	9,497.26	9,497.26	3,768.90	3,768.90
Held-to-Maturity Debt Securities				
Government & State Enterprise Securities	14,313.17	12,353.49	23,436.01	23,436.01
Private Enterprise Debt Securities	258.32	112.80	299.48	156.48
Foreign Debt Securities	648.60	642.11	-	-
Others	918.85	319.85	918.85	319.85
Total	16,138.94	13,428.25	24,654.34	23,912.34
<u>Less</u> Allowance for Impairment	(2,710.69)	-	(742.00)	-
Total	13,428.25	13,428.25	23,912.34	23,912.34
General Investments				
Domestic Non-marketable Equity Securities	5,756.48	3,971.56	3,051.02	1,022.19
Foreign Non-marketable Equity Securities	98.24	54.47	94.39	47.89
Others	2,951.63	2,943.67	396.33	373.30
Total	8,806.35	6,969.70	3,541.74	1,443.38
<u>Less</u> Allowance for Impairment	(1,836.65)	-	(2,098.36)	-
Total	6,969.70	6,969.70	1,443.38	1,443.38
Total Long-Term Investments-net	29,895.21	29,895.21	29,124.62	29,124.62

(Million Baht)

Consolidated Financial StatementsDecember 31, 2002

	<u>Maturity</u>			<u>Total</u>
	within 1 yr	over 1 to 5 yrs	over 5 yrs	
	4.3.3 Remaining Maturity of Debt Securities			
Available-for-sale Securities				
Government & State Enterprise Securities	471.29	5,101.12	1,492.00	7,064.41
Private Enterprise Debt Securities	15.00	-	3.73	18.73
Foreign Debt Securities	630.31	808.06	4.81	1,443.18
Total	1,116.60	5,909.18	1,500.54	8,526.32
<u>Add</u> (Less) Allowance for Revaluation	(0.07)	285.58	64.73	350.24
<u>Less</u> Allowance for Impairment	(251.55)	(7.35)	0.51	(258.39)
Total	864.98	6,187.41	1,565.78	8,618.17
Held-to-Maturity Debt Securities				
Government & State Enterprise Securities	7,121.89	5,967.92	8,345.25	21,435.06
Private Enterprise Debt Securities	-	-	258.32	258.32
Foreign Debt Securities	17,382.37	648.60	-	18,030.97
Others	-	-	918.85	918.85
Total	24,504.26	6,616.52	9,522.42	40,643.20
<u>Less</u> Allowance for Impairment	(10.81)	(789.31)	(1,921.38)	(2,721.50)
Total	24,493.45	5,827.21	7,601.04	37,921.70
Total Debt Securities	25,358.43	12,014.62	9,166.82	46,539.87

(Million Baht)

Consolidated Financial StatementsDecember 31, 2001

	<u>Maturity</u>			<u>Total</u>
	within 1 yr	over 1 to 5 yrs	over 5 yrs	
	4.3.3 Remaining Maturity of Debt Securities			
Available-for-sale Securities				
Government & State Enterprise Securities	56.95	-	-	56.95
Private Enterprise Debt Securities	15.00	101.79	3.98	120.77
Foreign Debt Securities	1,585.27	1,181.35	11.31	2,777.93
Total	1,657.22	1,283.14	15.29	2,955.65
<u>Add</u> (Less) Allowance for Revaluation	-	20.23	0.60	20.83
<u>Less</u> Allowance for Impairment	(204.18)	(162.06)	0.53	(365.71)
Total	1,453.04	1,141.31	16.42	2,610.77
Held-to-Maturity Debt Securities				
Government & State Enterprise Securities	6,706.56	8,448.56	14,987.45	30,142.57
Private Enterprise Debt Securities	339.73	43.68	255.80	639.21
Foreign Debt Securities	3,316.65	-	-	3,316.65
Others	-	-	918.85	918.85
Total	10,362.94	8,492.24	16,162.10	35,017.28
<u>Less</u> Allowance for Impairment	-	-	(742.00)	(742.00)
Total	10,362.94	8,492.24	15,420.10	34,275.28
Total Debt Securities	11,815.98	9,633.55	15,436.52	36,886.05

The Bank's Financial Statements

	December 31, 2002		December 31, 2001	
	Cost /		Cost /	
	Amortized Cost	Market Value	Amortized Cost	Market Value
4.3.1 Current Investments				
Trading Securities				
Private Enterprise Debt Securities	2,611.20	2,608.88	-	-
Domestic Marketable Equity Securities	89.21	196.78	205.19	197.16
Total	2,700.41	2,805.66	205.19	197.16
<u>Add</u> (Less) Allowance for Revaluation	105.25	-	(8.03)	-
Total	2,805.66	2,805.66	197.16	197.16
Available-for-sale Securities				
Government & State Enterprise Securities	471.29	471.22	-	-
Private Enterprise Debt Securities	15.00	-	15.00	-
Foreign Debt Securities	630.31	393.76	1,585.27	1,393.71
Domestic Marketable Equity Securities	-	-	237.98	139.55
Total	1,116.60	864.98	1,838.25	1,533.26
<u>Add</u> (Less) Allowance for Revaluation	(0.07)	-	(98.43)	-
<u>Less</u> Allowance for Impairment	(251.55)	-	(206.56)	-
Total	864.98	864.98	1,533.26	1,533.26
Held-to-Maturity Debt Securities				
Government & State Enterprise Securities	7,121.89	7,121.89	6,706.56	6,706.56
Private Enterprise Debt Securities	-	-	339.73	339.73
Foreign Debt Securities	17,382.37	17,371.56	3,316.65	3,316.65
Total	24,504.26	24,493.45	10,362.94	10,362.94
<u>Less</u> Allowance for Revaluation	(10.81)	-	-	-
Total	24,493.45	24,493.45	10,362.94	10,362.94
Total Current Investments-net	28,164.09	28,164.09	12,093.36	12,093.36
4.3.2 Long Term Investments				
Available-for-sale Securities				
Government & State Enterprise Securities	6,593.12	6,942.52	-	-
Private Enterprise Debt Securities	3.73	5.15	105.77	41.31
Foreign Debt Securities	812.87	805.52	1,192.66	1,116.42
Domestic Marketable Equity Securities	1,965.25	1,744.07	2,955.57	1,682.49
Foreign Marketable Equity Securities	-	-	972.99	928.68
Total	9,374.97	9,497.26	5,226.99	3,768.90
<u>Add</u> (Less) Allowance for Revaluation	129.13	-	(1,296.56)	-
<u>Less</u> Allowance for Impairment	(6.84)	-	(161.53)	-
Total	9,497.26	9,497.26	3,768.90	3,768.90

(Million Baht)

The Bank's Financial Statements

	<u>December 31, 2002</u>		<u>December 31, 2001</u>	
	<u>Cost /</u>		<u>Cost /</u>	
	<u>Amortized Cost</u>	<u>Market Value</u>	<u>Amortized Cost</u>	<u>Market Value</u>
Held-to-Maturity Debt Securities				
Government & State Enterprise Securities	14,313.17	12,353.49	23,436.01	23,436.01
Private Enterprise Debt Securities	258.32	112.80	299.48	156.48
Foreign Debt Securities	648.60	642.11	-	-
Others	918.85	319.85	918.85	319.85
Total	16,138.94	13,428.25	24,654.34	23,912.34
<u>Less</u> Allowance for Impairment	(2,710.69)	-	(742.00)	-
Total	13,428.25	13,428.25	23,912.34	23,912.34
General Investments				
Domestic Non-marketable Equity Securities	5,756.48	3,971.56	3,051.02	1,022.19
Foreign Non-marketable Equity Securities	98.24	54.47	94.39	47.89
Others	2,951.63	2,943.67	396.33	373.30
Total	8,806.35	6,969.70	3,541.74	1,443.38
<u>Less</u> Allowance for Impairment	(1,836.65)	-	(2,098.36)	-
Total	6,969.70	6,969.70	1,443.38	1,443.38
Total Long Term Investments-net	29,895.21	29,895.21	29,124.62	29,124.62

As at December 31, 2002 and 2001, the Bank's long term investment in Government & State Enterprise debt securities held-to-maturity included promissory notes those are to be issued by the Thai Asset Management Corporation (TAMC) in exchange for the transfer of the Bank's NPL portfolio (see Note 4.26) amounting to Baht 13,064.59 million and Baht 10,848.34 million.

The promissory notes have been treated and disclosed in accordance with the BOT's guidance as stated in its letter of consent of BOT. SOR BOR SOR. (21) WOR. 2508/B.E. 2544 regarding Accounting for Investments dated November 8, 2001.

As at December 31, 2002, the Bank has provided Baht 1,959.69 million of allowance for doubtful of loss against losses arising from such transfer shown in allowance for impairment. (see Note 4.5)

(Million Baht)

The Bank's Financial Statements

	<u>December 31, 2002</u>			<u>Total</u>
	<u>Maturity</u>			
	<u>within 1 yr</u>	<u>over 1 to 5 yrs</u>	<u>over 5 yrs</u>	
4.3.3 Remaining Maturity of Debt Securities				
Available-for-sale Securities				
Government & State Enterprise Securities	471.29	5,101.12	1,492.00	7,064.41
Private Enterprise Debt Securities	15.00	-	3.73	18.73
Foreign Debt Securities	630.31	808.06	4.81	1,443.18
Total	1,116.60	5,909.18	1,500.54	8,526.32
<u>Add</u> (Less) Allowance for Revaluation	(0.07)	285.58	64.73	350.24
<u>Less</u> Allowance for Impairment	(251.55)	(7.35)	0.51	(258.39)
Total	864.98	6,187.41	1,565.78	8,618.17

(Million Baht)

The Bank's Financial StatementsDecember 31, 2002

	<u>Maturity</u>			<u>Total</u>
	within 1 yr	Over 1 to 5 yrs	over 5 yrs	
Held-to-Maturity Debt Securities				
Government & State Enterprise Securities	7,121.89	5,967.92	8,345.25	21,435.06
Private Enterprise Debt Securities	-	-	258.32	258.32
Foreign Debt Securities	17,382.37	648.60	-	18,030.97
Others	-	-	918.85	918.85
Total	24,504.26	6,616.52	9,522.42	40,643.20
<u>Less</u> Allowance for Impairment	(10.81)	(789.31)	(1,921.38)	(2,721.50)
Total	24,493.45	5,827.21	7,601.04	37,921.70
Total Debt Securities	25,358.43	12,014.62	9,166.82	46,539.87

(Million Baht)

The Bank's Financial StatementsDecember 31, 2001

	<u>Maturity</u>			<u>Total</u>
	within 1 yr	over 1 to 5 yrs	over 5 yrs	
4.3.3 Remaining Maturity of Debt Securities				
Available-for-sale Securities				
Private Enterprise Debt Securities	15.00	101.79	3.98	120.77
Foreign Debt Securities	1,585.27	1,181.35	11.31	2,777.93
Total	1,600.27	1,283.14	15.29	2,898.70
<u>Add</u> (Less) Allowance for Revaluation	-	20.23	0.60	20.83
<u>Less</u> Allowance for Impairment	(206.56)	(162.06)	0.53	(368.09)
Total	1,393.71	1,141.31	16.42	2,551.44
Held-to-Maturity Debt Securities				
Government & State Enterprise Securities	6,706.56	8,448.56	14,987.45	30,142.57
Private Enterprise Debt Securities	339.73	43.68	255.80	639.21
Foreign Debt Securities	3,316.65	-	-	3,316.65
Others	-	-	918.85	918.85
Total	10,362.94	8,492.24	16,162.10	35,017.28
<u>Less</u> Allowance for Impairment	-	-	(742.00)	(742.00)
Total	10,362.94	8,492.24	15,420.10	34,275.28
Total Debt Securities	11,756.65	9,633.55	15,436.52	36,826.72

4.3.4 Investments in Subsidiaries and Associated Companies

(Million Baht)

		<u>Consolidated Financial Statements</u>			
		<u>December 31, 2002</u>			
<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	<u>% of Shareholding</u>	<u>Investments</u>	<u>Investments</u>
		<u>(Preferred /</u>	<u>(Preferred /</u>	<u>(Cost Method)</u>	<u>(Book Value)</u>
		<u>Ordinary Shares)</u>	<u>Ordinary Shares)</u>		
Associated Companies					
Krung Thai Axa Life Insurance Co.,Ltd.	Life Insurance	Ordinary	50.00	446.08	54.81
Krung Thai Card Public Co.,Ltd.	Credit Card Business	Ordinary	49.00	490.00	761.76
Krung Thai Panich Insurance Co.,Ltd.	Non Life & Life Insurance	Ordinary	40.00	719.20	795.22
Krung Thai C.S. Co.,Ltd.	Hire Purchase	Ordinary	35.00	71.93	124.32
Krung Thai Charoensri Co.,Ltd.	Hire Purchase	Ordinary	35.00	35.00	-
Krung Thai IBJ Leasing Co.,Ltd.	Hire Purchase	Ordinary	39.99	50.95	106.54
Total				1,813.16	1,842.65
Total Investments in Subsidiaries and Associated Companies-net				1,813.16	1,842.65

(Million Baht)

		<u>Consolidated Financial Statements</u>			
		<u>December 31, 2001</u>			
<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	<u>% of Shareholding</u>	<u>Investments</u>	<u>Investments</u>
		<u>(Preferred /</u>	<u>(Preferred /</u>	<u>(Cost Method)</u>	<u>(Book Value)</u>
		<u>Ordinary Shares)</u>	<u>Ordinary Shares)</u>		
Subsidiary					
Krung Thai Holding Co.,Ltd. *	Holding Company	Ordinary	100.00	225.50	140.89
Total				225.50	140.89
Associated Companies					
Krung Thai Axa Life Insurance Co.,Ltd.	Life Insurance	Ordinary	50.00	336.08	136.72
Krung Thai Panich Insurance Co.,Ltd.	Non Life & Life Insurance	Ordinary	40.00	719.20	687.33
Krung Thai C.S. Co.,Ltd.	Hire Purchase	Ordinary	35.00	71.93	112.86
Krung Thai Charoensri Co.,Ltd.	Hire Purchase	Ordinary	35.00	35.00	27.23
Krung Thai IBJ Leasing Co.,Ltd.	Hire Purchase	Ordinary	39.99	50.95	88.99
Total				1,213.16	1,053.13
Total Investments in Subsidiaries and Associated Companies-net				1,438.66	1,194.02

* Krung Thai Holding Co.,Ltd. completed its liquidation on November 25, 2002 while the value of investments worth of Baht 141.54 million were reversed back to the Bank on October 17, 2002.

(Million Baht)

<u>The Bank's Financial Statements</u>					
<u>December 31, 2002</u>					
<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	<u>% of Shareholding</u>	<u>Investments</u>	<u>Investments</u>
		<u>(Preferred /</u>	<u>(Preferred /</u>	<u>(Cost Method)</u>	<u>(Book Value)</u>
		<u>Ordinary Shares)</u>	<u>Ordinary Shares)</u>		
Subsidiaries					
Krung Thai Legal Services Co.,Ltd.	Legal Services	Ordinary	100.00	30.00	182.68
Krung Thai General Business Services Co.,Ltd.	General Services	Ordinary	100.00	140.00	120.91
Krung Thai Asset Management	Asset Management	Ordinary	100.00	210.90	98.47
Krung Thai Computer Services Co.,Ltd.	IT Services	Ordinary	99.99	40.00	62.44
Krung Thai Land and House Co.,Ltd.	Project Consultant & Land appraisal	Ordinary	99.99	204.33	123.82
N.C. Associates Co.,Ltd.	Rubberwood Agent	Ordinary	54.39	0.54	0.55
Total				625.77	588.87
Associated Companies					
Krung Thai Axa Life Insurance Co.,Ltd.	Life Insurance	Ordinary	50.00	446.08	54.81
Krung Thai Card Public Co.,Ltd.	Credit Card Business	Ordinary	49.00	490.00	761.76
Krung Thai Panich Insurance Co.,Ltd.	Non Life & Life Insurance	Ordinary	40.00	719.20	795.22
Krung Thai C.S. Co.,Ltd.	Hire Purchase	Ordinary	35.00	71.93	124.32
Krung Thai Charoensri Co.,Ltd.	Hire Purchase	Ordinary	35.00	35.00	-
Krung Thai IBJ Leasing Co.,Ltd.	Hire Purchase	Ordinary	39.99	50.95	106.54
Total				1,813.16	1,842.65
Total Investments in Subsidiaries and Associated Companies-net				2,438.93	2,431.52

(Million Baht)

<u>The Bank's Financial Statements</u>					
<u>December 31, 2001</u>					
<u>Name of Company</u>	<u>Type of Business</u>	<u>Type of Shares</u>	<u>% of Shareholding</u>	<u>Investments</u>	<u>Investments</u>
		<u>(Preferred /</u>	<u>(Preferred /</u>	<u>(Cost Method)</u>	<u>(Book Value)</u>
		<u>Ordinary Shares)</u>	<u>Ordinary Shares)</u>		
Subsidiaries					
Krung Thai Legal Services Co.,Ltd.	Legal Services	Ordinary	100.00	30.00	210.74
Krung Thai Holding Co.,Ltd. *	Holding Company	Ordinary	100.00	225.50	140.89
Krung Thai General Business Services Co.,Ltd.	General Services	Ordinary	100.00	60.00	91.61
Krung Thai Asset Management	Asset Management	Ordinary	100.00	210.90	99.91
Krung Thai Card Co.,Ltd.	Credit Card Business	Ordinary	99.99	45.00	59.31
Krung Thai Computer Services Co.,Ltd.	IT Services	Ordinary	99.99	40.00	57.64
Krung Thai Land and House Co.,Ltd.	Project Consultant & Land appraisal	Ordinary	99.99	204.33	122.36
N.C. Associates Co.,Ltd.	Rubberwood Agent	Ordinary	54.39	0.54	0.55
Total				816.27	783.01
Associated Companies					
Krung Thai Axa Life Insurance Co.,Ltd.	Life Insurance	Ordinary	50.00	336.08	136.72
Krung Thai Panich Insurance Co.,Ltd.	Non Life & Life Insurance	Ordinary	40.00	719.20	687.33
Krung Thai C.S. Co.,Ltd.	Hire Purchase	Ordinary	35.00	71.93	112.86
Krung Thai Charoensri Co.,Ltd.	Hire Purchase	Ordinary	35.00	35.00	27.23
Krung Thai IBJ Leasing Co.,Ltd.	Hire Purchase	Ordinary	39.99	50.95	88.99
Total				1,213.16	1,053.13
Total Investments in Subsidiaries and Associated Companies-net				2,029.43	1,836.14

* Krung Thai Holding Co.,Ltd. completed its liquidation on November 25, 2002 while the value of investments worth of Baht 141.54 million were reversed back to the Bank on October 17, 2002.

Krung Thai Card Public Company Limited, formerly one of the Bank's subsidiaries, has registered to Ministry of Commerce and become a public limited company on July 2, 2002. Public share offerings were held on October 16-18, 2002. It has become public listed on the Stock Exchange of Thailand (SET) on October 28, 2002 and held initial stock trading on the same day. The Bank's shareholdings was Baht 489.99 million out of Baht 1,000.00 million of issued and fully paid-up share capital or a decline to 49% of paid-up share capital, thus, the Bank's ownership control over Krung Thai Card Public Co.,Ltd. was terminated. Krung Thai Card Public Co.,Ltd. has become the Bank's associated company.

Krung Thai Card Public Co.,Ltd's financial position and operating results as at December 31, 2002 were as follows:

	(Million Baht)
Total Assets	9,238.03
Total Liabilities	7,683.42
Paid-up share capital	1,000.00
Premium on Ordinary Share	399.00
Retained Earnings	
Legal Reserve	8.00
Unappropriated	147.61
Net Income (loss) for 2002	141.31

4.3.5 Revaluation Surplus/(Deficit) on Investments

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>
Balance brought forward	(1,359.39)	(2,163.86)	(1,359.39)	(2,163.86)
Changes for the period	1,782.76	804.47	1,782.76	804.47
Balance carried forward	423.37	(1,359.39)	423.37	(1,359.39)

In addition, investments in other securities in which the bank holds 10% or more of the shareholding are classified by industrial sector as follows:

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>
Manufacturing	205.97	8.10	205.97	8.10
Commercial	3.22	3.22	3.22	3.22
Banking and Finance	197.93	-	197.93	-
Public Utilities and Services	390.00	92.45	390.00	92.45
Others	39.90	301.68	39.90	301.68
TOTAL	837.02	405.45	837.02	405.45

As at December 31, 2002, the Bank's investments in foreign debt securities were affected by adverse foreign exchange rate movements, resulting in a decline of Baht 87.44 million.

4.3.6 Investments in listed companies whose financial position fall under delisted criteria

These investments as at December 31, 2002 were as follows:

	<u>Cost Value</u>	<u>Market Value</u>	(Million Baht) <u>Allowance for Impairment</u>
Equity Securities			
Sikarin Hospital	25.00	-	25.00
Thai Nam Plastic Co.,Ltd.	0.03	26.19	-
Data Mat Plc.	69.54	38.01	-
Debt Securities			
Sun Tech Group Co.,Ltd.	150.00	-	150.00

An allowance for revaluation for investments in Data Mat Plc. was Baht 31.53 million as at December 31, 2002.

4.4 Loans and Accrued Interest Receivable

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>
Promissory Notes - SAM	281,763.15	281,763.15	281,763.15	281,763.15
Accrued Interest Receivable	5,517.45	5,330.83	5,517.45	5,330.83
Total	287,280.60	287,093.98	287,280.60	287,093.98
Loans (normal operations)	568,052.56	418,716.36	568,054.60	418,723.31
Accrued Interest Receivable	7,702.12	4,327.67	7,702.12	4,327.67
<u>Less</u> Unearned Discounts	(41.49)	(73.18)	(41.49)	(73.18)
Total	575,713.19	422,970.85	575,715.23	422,977.80
Total Loans and Accrued Interest Receivable	862,993.79	710,064.83	862,995.83	710,071.78

The Bank's loans and accrued interest receivable related to SAM's promissory notes were Baht 287,280.60 million and Baht 287,093.98 million as at December 31, 2002 and 2001. Such notes receivable from SAM were classified as Pass category and availed by The Financial Institutions Development Fund (FIDF) and, as such, no allowance for doubtful accounts is required under the BOT's regulation (see Note 4.25).

4.4.1 Classified by Type of Loans

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>
Overdrafts	106,114.02	95,400.27	106,116.46	95,407.22
Fixed loans	303,600.48	221,873.05	303,600.48	221,873.05
Bills receivable				
SAM	281,763.15	281,763.15	281,763.15	281,763.15
Other	141,317.90	85,226.80	141,317.50	85,226.80
Others	17,020.16	16,216.24	17,020.16	16,216.24
Total	849,815.71	700,479.51	849,817.75	700,486.46
<u>Add</u> Accrued Interest Receivable				
SAM	5,517.45	5,330.83	5,517.45	5,330.83
Others	7,702.12	4,327.67	7,702.12	4,327.67
<u>Less</u> Allowance for Doubtful Accounts	(55,545.13)	(26,912.16)	(55,545.13)	(26,912.16)
Allowance for TDR Revaluation	(8,379.32)	(2,221.34)	(8,379.32)	(2,221.34)
Total	799,110.83	681,004.51	799,112.87	681,011.46
<u>Less</u> Unearned Discounts	(41.49)	(73.18)	(41.49)	(73.18)
Total	799,069.34	680,931.33	799,071.38	680,938.28

As at December 31, 2002 and 2001, other loans of Baht 17,020.16 million and Baht 16,216.24 million included those Baht 9,902.95 million and Baht 8,112.51 million, respectively, of debts resulting from the Bank's liabilities under acceptances or guarantees.

As at December 31, 2002 and 2001, the Bank had loans and accrued interest receivable outstanding to 9 and 10 debtors respectively whose financial position and operations fall under delisted criteria. The loan balances of these debtors were Baht 6,084.26 million and Baht 5,784.22 million, respectively, and accrued interest receivable was Baht 300.57 million and Baht 310.56 million, respectively, totalling Baht 6,384.83 million and Baht 6,094.78 million, all of which were provided by Baht 38.90 million and Baht 126.16 million of an allowance against doubtful accounts in accordance with the BOT regulations for debts classified as "Pass" category. (see Note 4.5)

4.4.2 Classified by Remaining Maturity

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>
Within 1 year	262,677.08	191,370.33	262,679.12	191,377.28
Over 1 year				
SAM	281,763.15	281,763.15	281,763.15	281,763.15
Others	305,375.48	227,346.03	305,375.48	227,346.03
Total	<u>849,815.71</u>	<u>700,479.51</u>	<u>849,817.75</u>	<u>700,486.46</u>
<u>Add</u> Accrued Interest Receivable				
SAM	5,517.45	5,330.83	5,517.45	5,330.83
Others	7,702.12	4,327.67	7,702.12	4,327.67
Total	<u>863,035.28</u>	<u>710,138.01</u>	<u>863,037.32</u>	<u>710,144.96</u>
<u>Less</u> Unearned Discounts	(41.49)	(73.18)	(41.49)	(73.18)
Total	<u>862,993.79</u>	<u>710,064.83</u>	<u>862,995.83</u>	<u>710,071.78</u>

4.4.3 Classified by Currency and Customer's Residence

	(Million Baht)					
	<u>Consolidated Financial Statements</u>					
	<u>December 31, 2002</u>			<u>December 31, 2001</u>		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Thai Baht						
SAM	281,763.15	-	281,763.15	281,763.15	-	281,763.15
Others	549,507.55	26.26	549,533.81	402,595.71	17.19	402,612.90
US Dollar	13,240.29	2,712.33	15,952.62	13,287.23	1,141.06	14,428.29
Other currencies	2,495.59	70.54	2,566.13	1,575.41	99.76	1,675.17
Total	<u>847,006.58</u>	<u>2,809.13</u>	<u>849,815.71</u>	<u>699,221.50</u>	<u>1,258.01</u>	<u>700,479.51</u>
<u>Add</u> Accrued Interest Receivable						
SAM	5,517.45	-	5,517.45	5,330.83	-	5,330.83
Others	7,702.12	-	7,702.12	4,327.67	-	4,327.67
Total	<u>860,226.15</u>	<u>2,809.13</u>	<u>863,035.28</u>	<u>708,880.00</u>	<u>1,258.01</u>	<u>710,138.01</u>
<u>Less</u> Unearned Discounts			(41.49)			(73.18)
Total			<u>862,993.79</u>			<u>710,064.83</u>

(Million Baht)

The Bank's Financial Statements

	<u>December 31, 2002</u>			<u>December 31, 2001</u>		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Thai Baht						
SAM	281,763.15	-	281,763.15	281,763.15	-	281,763.15
Others	549,509.59	26.26	549,535.85	402,602.66	17.19	402,619.85
US Dollar	13,240.29	2,712.33	15,952.62	13,287.23	1,141.06	14,428.29
Other currencies	2,495.59	70.54	2,566.13	1,575.41	99.76	1,675.17
Total	847,008.62	2,809.13	849,817.75	699,228.45	1,258.01	700,486.46
<u>Add</u> Accrued Interest Receivable						
SAM	5,517.45	-	5,517.45	5,330.83	-	5,330.83
Others	7,702.12	-	7,702.12	4,327.67	-	4,327.67
Total	860,228.19	2,809.13	863,037.32	708,886.95	1,258.01	710,144.96
<u>Less</u> Unearned Discounts			(41.49)			(73.18)
Total			862,995.83			710,071.78

4.4.4 Classified by Business Types and Loan Classification

(Million Baht)

Consolidated Financial Statements

	<u>December 31, 2002</u>					
	<u>Pass</u>	<u>Special mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Total</u>
Agriculture and Mining	36,095.91	699.53	916.14	712.12	5,082.86	43,506.56
Manufacturing and Commercial	170,670.87	4,739.92	4,200.87	6,250.33	43,198.53	229,060.52
Real Estate and Construction	45,172.41	485.57	639.56	1,120.24	7,979.47	55,397.25
Public Utilities and Services	96,388.59	548.99	1,172.69	740.86	5,787.98	104,639.11
Housing loans	44,618.04	775.93	1,014.47	1,683.75	19,246.73	67,338.92
Financial Institution (SAM)	281,763.15	-	-	-	-	281,763.15
Others	59,972.57	509.30	477.89	681.08	6,469.36	68,110.20
Total	734,681.54	7,759.24	8,421.62	11,188.38	87,764.93	849,815.71
<u>Add</u> Accrued Interest Receivable						
SAM	5,517.45	-	-	-	-	5,517.45
Others	2,673.85	53.49	158.33	249.32	4,567.13	7,702.12
Total	742,872.84	7,812.73	8,579.95	11,437.70	92,332.06	863,035.28
<u>Less</u> Unearned Discounts						(41.49)
Total						862,993.79

(Million Baht)

Consolidated Financial StatementsDecember 31, 2001

	<u>Pass</u>	<u>Special mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Total</u>
Agriculture and Mining	28,176.11	728.14	1,140.46	714.71	4,752.91	35,512.33
Manufacturing and Commercial	135,964.53	8,488.57	3,582.09	1,840.45	16,754.34	166,629.98
Real Estate and Construction	38,134.61	936.47	876.24	814.79	6,239.31	47,001.42
Public Utilities and Services	62,357.63	690.22	5,734.45	415.27	4,571.46	73,769.03
Housing loans	32,330.15	1,005.96	1,141.19	504.98	16,111.63	51,093.91
Financial Institution (SAM)	281,763.15	-	-	-	-	281,763.15
Others	35,706.54	4,487.00	746.50	393.42	3,376.23	44,709.69
Total	614,432.72	16,336.36	13,220.93	4,683.62	51,805.88	700,479.51
<u>Add</u> Accrued Interest Receivable						
SAM	5,330.83	-	-	-	-	5,330.83
Others	3,036.24	322.76	385.09	49.79	533.79	4,327.67
Total	622,799.79	16,659.12	13,606.02	4,733.41	52,339.67	710,138.01
<u>Less</u> Unearned Discounts						(73.18)
Total						710,064.83

(Million Baht)

The Bank's Financial StatementsDecember 31, 2002

	<u>Pass</u>	<u>Special mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Total</u>
Agriculture and Mining	36,095.91	699.53	916.14	712.12	5,082.86	43,506.56
Manufacturing and Commercial	170,670.87	4,739.92	4,200.87	6,250.33	43,198.53	229,060.52
Real Estate and Construction	45,172.41	485.57	639.56	1,120.24	7,979.47	55,397.25
Public Utilities and Services	96,390.63	548.99	1,172.69	740.86	5,787.98	104,641.15
Housing loans	44,618.04	775.93	1,014.47	1,683.75	19,246.73	67,338.92
Financial Institution (SAM)	281,763.15	-	-	-	-	281,763.15
Others	59,972.57	509.30	477.89	681.08	6,469.36	68,110.20
Total	734,683.58	7,759.24	8,421.62	11,188.38	87,764.93	849,817.75
<u>Add</u> Accrued Interest Receivable						
SAM	5,517.45	-	-	-	-	5,517.45
Others	2,673.85	53.49	158.33	249.32	4,567.13	7,702.12
Total	742,874.88	7,812.73	8,579.95	11,437.70	92,332.06	863,037.32
<u>Less</u> Unearned Discounts						(41.49)
Total						862,995.83

(Million Baht)

The Bank's Financial StatementsDecember 31, 2001

	<u>Pass</u>	<u>Special mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Total</u>
Agriculture and Mining	28,176.11	728.14	1,140.46	714.71	4,752.91	35,512.33
Manufacturing and Commercial	135,966.87	8,488.57	3,582.09	1,840.45	16,754.34	166,632.32
Real Estate and Construction	38,135.09	936.47	876.24	814.79	6,239.31	47,001.90
Public Utilities and Services	62,361.76	690.22	5,734.45	415.27	4,571.46	73,773.16
Housing loans	32,330.15	1,005.96	1,141.19	504.98	16,111.63	51,093.91
Financial Institution (SAM)	281,763.15	-	-	-	-	281,763.15
Others	35,706.54	4,487.00	746.50	393.42	3,376.23	44,709.69
Total	614,439.67	16,336.36	13,220.93	4,683.62	51,805.88	700,486.46
<u>Add</u> Accrued Interest Receivable						
SAM	5,330.83	-	-	-	-	5,330.83
Others	3,036.24	322.76	385.09	49.79	533.79	4,327.67
Total	622,806.74	16,659.12	13,606.02	4,733.41	52,339.67	710,144.96
<u>Less</u> Unearned Discounts						(73.18)
Total						710,071.78

4.4.5 Classified by Loan Classification

(Million Baht)

Consolidated and the Bank's Financial StatementsDecember 31, 2002

	<u>Loans and Accruec</u>	<u>Debt</u>	<u>Allowance</u>	
	<u>Interest</u>	<u>net of</u>	<u>Rate</u>	<u>Allowance</u>
	<u>Receivable</u>	<u>Collateral</u>	<u>(%)</u>	<u>Established</u>
Pass	425,616.29	200,486.34	1	2,004.86
Special Mention	7,692.36	2,138.18	2	42.76
Substandard	8,289.73	3,255.42	20	651.08
Doubtful	11,437.70	3,816.84	50	1,908.42
Doubtful of Loss	93,792.52	42,657.60	100	42,657.60
Total	546,828.60	252,354.38		47,264.72
Allowance for doubtful accounts on period overdue and credit-quality basis				47,264.72
<u>Less</u> Allowance for doubtful accounts for inter-bank and money market items				(502.18)
Allowance for doubtful accounts for loans under BOT regulations				46,762.54
Allowance for doubtful accounts on conservative basis				8,115.00
Minimum required allowance for doubtful accounts as at Dec. 31, 2002				54,877.54
Allowance for doubtful accounts provided as at Dec. 31, 2002 (The Bank) (see Note 4.5)				55,545.13
Excess allowance for doubtful accounts over and above the BOT minimum requirement				667.59

On December 31, 2002, the Baht 42,542.68 million of accumulated written-off balance (comprising Baht 38,662.10 million of loans and Baht 3,880.58 million of accrued interest receivable respectively), shown in balance sheet as at December 31, 2001 of debts, classified as doubtful of loss, net of collateral with an allowance provided for in full, was written back and recognized as an additional part of loans and accrued interest receivable against an allowance for doubtful accounts by the same amount pursuant to the Notification of Bank of Thailand dated February 18, 2002 on Worthless or Irrecoverable Assets and Other Doubtful Assets which may be worthless or Irrecoverable of Commercial Bank No.13 which required the Bank to write back the written-off assets with an allowance provided for in full.

As at December 31, 2002, of the debts classified as doubtful of loss amounting to Baht 93,792.52 million together with an allowance for doubtful accounts amounting to Baht 55,545.13 million have included the written-back portion of debts classified as doubtful of loss and an allowance for doubtful accounts amounting to Baht 42,542.68 million as mentioned in the preceding paragraph.

(Million Baht)

Consolidated and the Bank's Financial Statements

December 31, 2001

	Loans and Accrued Interest Receivable	Debt balance net of Collateral	Allowance Rate as per BOT (%)	Allowance Established
Pass	324,023.40	160,592.25	1	1,605.92
Special Mention	16,342.00	8,471.75	2	169.44
Substandard	13,579.72	6,100.99	20	1,220.20
Doubtful	4,733.41	1,538.09	50	769.04
* Doubtful of Loss	52,343.10	-	100	-
Total	411,021.63	176,703.08		3,764.60
Allowance for doubtful accounts as per minimum requirements under BOT regulations				3,764.60
<u>Less</u> Allowance for doubtful accounts for inter-bank and money market items				(79.62)
Allowance for doubtful accounts for loans under BOT regulations				3,684.98
Allowance for doubtful accounts for TDR based on the review of loan quality (see Note 4.5)				13,304.50
Minimum required allowance for doubtful accounts as at Dec. 31, 2001				16,989.48
Allowance for doubtful accounts provided as at December 31, 2001 (see Note 4.5)				26,912.16
Excess allowance for doubtful accounts over and above the BOT minimum requirement				9,922.68

* Of the total Baht 52,343.10 million debts classified as doubtful of loss, net value of debts at Baht 42,542.68 million (after the deduction of collateral) were provided for in full and written off, as prescribed by the BOT's guidelines over 2000 (Baht 38,934.97 million), and 2001 (Baht 3,607.71 million) (see Note 4.5). As such, it was noticeable that an allowance for doubtful accounts as per minimum requirement under BOT regulation of Baht 3,764.60 million and an allowance for doubtful of loss provided of Baht 26,912.16 million were net of the same written-off portion of Baht 42,542.68 million.

As at December 31, 2002 and 2001 the Bank's classified loans and accrued interest receivable totalled Baht 546,828.60 million and Baht 411,021.63 million, respectively. These loans included inter-bank and money market items and excluded exempt classified debts (including promissory note issued by the Bangkok Bank of Commerce Public Co.,Ltd. And Sukhumvit Asset Management Co.,Ltd.) and also excluded restructured loans on which a loss has been recognised and the loss exceeding the allowance as per loan classification guidelines.

The Bank's non-performing loans as at December 31, 2002 and 2001 were Baht 107,843.65 and 64,654.45 million or 11.46 and 8.19 percent, respectively of the Bank's loan portfolio (including loans to banks and financial institutions). Non-performing loans as of December 31, 2002 as such were reported in accordance with the new definition prescribed by the BOT with effective from period-end as at December 2002. The increment portion mainly resulted from the inclusion of the written-back debts classified as doubtful of loss which were provided for in full.

The original value of the 11,326 troubled debt restructured during the year ended December 31, 2002 was Baht 18,805.90 million. Interest and principal repayment on these loans amounted to Baht 4,134.75 million whereas lending increased by Baht 490.84 million and losses resulted from restructuring was Baht 558.92 million.

Troubled Debt Restructuring for the year ended December 31, 2002 was as follows:

(Million Baht)

Troubled Debt Restructuring Approaches	<u>The Bank's Financial Statements</u>			
	No. of Contracts	Book Value of Debt as to original term	Type of Assets Transferred	Fair Value
Asset transferred	7	129.00	Land & Building	129.00
Debt-equity conversion	7	6.72		
Loan Terms Modification	2,940	3,584.90		
Various approach	8,372	15,085.28		
	<u>11,326</u>	<u>18,805.90</u>		

As at December 31, 2002 the bank had completed loans restructuring for 94,509 contracts amounting to Baht 347,661.95 million. Of this total, 80,518 contracts still have outstanding loans amounting to Baht 103,243.98 million, of which 5,631 contracts amounting to Baht 4,350.03 million are being monitored under the new contractual agreements.

4.5 Allowances for Doubtful Accounts

(Million Baht)

	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>December 31, 2002</u>	<u>December 31, 2001</u>
Opening balance	26,912.16	5,962.30
Increase in allowance for doubtful accounts	2,014.80	9,766.50
Transfer of allowance for doubtful accounts to/from TDR revaluation	(5,955.46)	5,723.09
Bad debt recovered	11.87	23.74
Bad debt written off	(423.75)	(1,073.14)
Allowance for fully provided doubtful accounts written back/(written off)	42,542.68	(3,607.71)
Others	(898.57)	(82.10)
Total	<u>64,203.73</u>	<u>16,712.68</u>
Allowance for doubtful accounts transferred to/from Sukhumvit Asset Management Co.,Ltd. (Net)	42.96	15,505.99
Allowance for doubtful accounts transferred to/from TAMC (Net)	(5,336.83)	(5,306.51)
Transfer to allowance for impairment losses on investment arising from debts transferred to TAMC (see Note 4.3.2)	(1,959.69)	-
Allowance for doubtful accounts for debtors transferred to/Krung Thai Card Public Co.,Ltd. (Net)	(1,405.04)	-
Closing balance	<u>55,545.13</u>	<u>26,912.16</u>

(Million Baht)

Consolidated and the Bank's Financial StatementsDecember 31, 2002

	<u>Pass</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Allowance in excess of BOT's Guideline</u>	<u>Total</u>
Opening balance	1,605.92	169.44	1,220.20	769.04	-	23,227.18	26,991.78
Changes for the period	398.94	(126.68)	(569.12)	1,139.38	42,657.60	(14,444.59)	29,055.53
Closing balance	2,004.86	42.76	651.08	1,908.42	42,657.60	8,782.59	56,047.31
Allowance for doubtful accounts							56,047.31
<u>Less</u> Allowance for doubtful accounts for inter-bank and money market items							(502.18)
Allowance for doubtful accounts for Loans and Accrued Interest Receivable (The Bank)							55,545.13

As at December 31, 2002 the allowance for doubtful accounts as required under the BOT's provisioning guidelines and on a conservative basis was Baht 54,877.54 million. The Bank has provided Baht 55,545.13 million, which exceeds the minimum requirement by Baht 667.59 million. (see Note 4.4.5)

Included in Baht 55,545.13 million and Baht 26,912.16 million of allowance for doubtful accounts as at December 31, 2002 and 2001 respectively were those to the 9 and 10 delisted companies, amounted to Baht 38.90 million and 126.16 million, respectively. (see Note 4.4.1)

4.6 Revaluation Allowance for Debt Restructuring

(Million Baht)

	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>December 31, 2002</u>	<u>December 31, 2001</u>
Opening balance	2,221.34	7,944.43
Adjustment to opening balance	9,515.17	-
Increase	330.31	21.76
Decrease	(3,687.50)	(5,744.85)
Closing balance	<u>8,379.32</u>	<u>2,221.34</u>

The allowance for revaluation on TDR has not been amortized and recognized as income upon receipt of debt repayment, as the restructured debts may become non-performing again due to economic instability.

4.7 Properties Forclosed

(Million Baht)

<u>Type of Properties</u>	<u>Consolidated and the Bank's Financial Statements</u>			
	<u>December 31, 2002</u>			
	<u>Opening balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Closing balance</u>
Acquired from debt settlement				
Immovable assets	20,213.48	1,141.12	1,085.71	20,268.89
Movable assets	2.83	-	-	2.83
Total	<u>20,216.31</u>	<u>1,141.12</u>	<u>1,085.71</u>	<u>20,271.72</u>
Others (Closed Branches)	205.22	1,178.43	671.47	712.18
Total	<u>20,421.53</u>	<u>2,319.55</u>	<u>1,757.18</u>	<u>20,983.90</u>
<u>Less</u> Allowance for Properties Forclosed Impairment	(5,856.68)	-	(240.35)	(5,616.33)
Net Properties Forclosed	<u>14,564.85</u>	<u>2,319.55</u>	<u>1,516.83</u>	<u>15,367.57</u>

(Million Baht)

<u>Type of Properties</u>	<u>Consolidated and the Bank's Financial Statements</u>			
	<u>December 31, 2001</u>			
	<u>Opening balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Closing balance</u>
Acquired from debt settlement				
Immovable assets	18,935.38	2,895.29	1,617.19	20,213.48
Movable assets	2.83	-	-	2.83
Total	<u>18,938.21</u>	<u>2,895.29</u>	<u>1,617.19</u>	<u>20,216.31</u>
Others (Closed Branches)	537.39	27.08	359.25	205.22
Total	<u>19,475.60</u>	<u>2,922.37</u>	<u>1,976.44</u>	<u>20,421.53</u>
<u>Less</u> Allowance for Properties Forclosed Impairment	(5,725.89)	(238.09)	(107.30)	(5,856.68)
Net Properties Forclosed	<u>13,749.71</u>	<u>2,684.28</u>	<u>1,869.14</u>	<u>14,564.85</u>

4.8 Premises and Equipment

Premises and equipment as at December 31, 2002 and 2001 were as follows:

(Million Baht)

Consolidated Financial Statements

December 31, 2002

	<u>Cost</u>				<u>Accumulated Depreciation</u>			<u>Allowance for</u>		<u>(Net)</u>
	<u>Opening balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Closing balance</u>	<u>Opening balance</u>	<u>Depreciation</u>	<u>Disposals</u>	<u>Closing balance</u>	<u>Impairment</u>	<u>Premises and Equipment</u>
Land										
Historical cost	6,253.39	895.44	1,405.15	5,743.68	-	-	-	-	1,212.83	4,530.85
Revaluation surplus	5,535.97	265.27	1,820.59	3,980.65	-	-	-	-	-	3,980.65
Premises										
Historical cost	8,008.28	229.35	450.29	7,787.34	2,793.44	365.85	287.39	2,871.90	-	4,915.44
Equipment	7,991.98	596.19	598.13	7,990.04	6,219.71	631.46	577.76	6,273.41	-	1,716.63
Others	104.06	130.02	-	234.08	-	-	-	-	-	234.08
Total	27,893.68	2,116.27	4,274.16	25,735.79	9,013.15	997.31	865.15	9,145.31	1,212.83	15,377.65

(Million Baht)

Consolidated Financial Statements

December 31, 2001

	<u>Cost</u>				<u>Accumulated Depreciation</u>			<u>(Net)</u>		
	<u>Opening balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Closing balance</u>	<u>Opening balance</u>	<u>Depreciation</u>	<u>Disposals</u>	<u>Closing balance</u>	<u>Allowance for Impairment</u>	<u>Premises and Equipment</u>
Land										
Historical cost	5,965.91	1,115.94	828.46	6,253.39	-	-	-	-	1,698.57	4,554.82
Revaluation surplus	4,005.18	1,900.81	370.02	5,535.97	-	-	-	-	-	5,535.97
Premises										
Historical cost	7,842.22	369.56	203.50	8,008.28	2,384.14	497.13	87.83	2,793.44	-	5,214.84
Equipment	7,637.41	594.44	239.87	7,991.98	5,791.90	663.27	235.46	6,219.71	-	1,772.27
Others	857.19	1,126.83	1,879.96	104.06	-	-	-	-	-	104.06
Total	26,307.91	5,107.58	3,521.81	27,893.68	8,176.04	1,160.40	323.29	9,013.15	1,698.57	17,181.96

(Million Baht)

The Bank's Financial Statements

December 31, 2002

	<u>Cost</u>				<u>Accumulated Depreciation</u>			<u>(Net)</u>		
	<u>Opening balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Closing balance</u>	<u>Opening balance</u>	<u>Depreciation</u>	<u>Disposals</u>	<u>Closing balance</u>	<u>Allowance for Impairment</u>	<u>Premises and Equipment</u>
Land										
Historical cost	6,250.25	878.55	1,405.15	5,723.65	-	-	-	-	1,212.83	4,510.82
Revaluation surplus	5,535.97	265.27	1,820.59	3,980.65	-	-	-	-	-	3,980.65
Premises										
Historical cost	7,999.08	223.06	450.29	7,771.85	2,787.61	365.85	284.98	2,868.48	-	4,903.37
Equipment	7,567.02	539.62	598.13	7,508.51	5,992.79	600.21	577.76	6,015.24	-	1,493.27
Others	104.06	130.02	-	234.08	-	-	-	-	-	234.08
Total	27,456.38	2,036.52	4,274.16	25,218.74	8,780.40	966.06	862.74	8,883.72	1,212.83	15,122.19

(Million Baht)

The Bank' s Financial StatementsDecember 31, 2001

	<u>Cost</u>				<u>Accumulated Depreciation</u>				<u>(Net)</u>	
	<u>Opening balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Closing balance</u>	<u>Opening balance</u>	<u>Depreciation</u>	<u>Disposals</u>	<u>Closing balance</u>	<u>Allowance for Impairment</u>	<u>Premises and Equipment</u>
Land										
Historical cost	5,962.77	1,115.94	828.46	6,250.25	-	-	-	-	1,698.57	4,551.68
Revaluation surplus	4,005.18	1,900.81	370.02	5,535.97	-	-	-	-	-	5,535.97
Premises										
Historical cost	7,840.61	361.97	203.50	7,999.08	2,383.14	492.30	87.83	2,787.61	-	5,211.47
Equipment	7,238.98	567.91	239.87	7,567.02	5,627.39	600.86	235.46	5,992.79	-	1,574.23
Others	857.19	1,126.83	1,879.96	104.06	-	-	-	-	-	104.06
Total	25,904.73	5,073.46	3,521.81	27,456.38	8,010.53	1,093.16	323.29	8,780.40	1,698.57	16,977.41

4.9 Other assets

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>
Accrued Interest Receivable and Dividend Income	615.95	412.65	615.95	412.65
Prepaid Expense	244.68	310.06	242.47	303.21
Advance and Prepayments	623.98	559.12	616.65	555.35
Inter - office Accounts	941.10	-	941.10	-
Account Receivable - Dhipyasin Co. Ltd. (former Sayam Bank Ltd.)	1,980.00	2,230.00	1,980.00	2,230.00
Intangible Assets	1,169.63	1,215.97	1,167.03	1,215.95
Sundry Debtors and Assets	3,075.68	2,874.09	2,724.49	2,278.62
Total	8,651.02	7,601.89	8,287.69	6,995.78

Included in "Accrue Interest Receivable and Dividend Income" as at December 31, 2002 and 2001 were baht 172.03 million and baht 304.89 million respectively, representing accrued interest receivable on government and state enterprise bonds.

Included in "Sundry Debtors and Assets" as at December 31, 2002 and 2001 were the differences between debts transferred to BBC Asset Management Co.,Ltd. and a promissory note received amounting to Baht 139.30 million which was informed to the FIDF on August 15, 2002

4.10 Deposits

4.10.1 Classified by Product

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>
Demand deposits	23,978.23	22,305.55	23,982.84	22,333.12
Savings deposits	319,910.14	330,628.95	320,085.74	330,911.00
Time deposits				
- Less than 6 month	238,337.32	264,894.90	238,337.34	264,894.90
- 6 month - Less than 1 year	6.96	31.67	6.96	31.67
- 1 year and over	376,318.88	248,784.53	376,318.88	248,784.53
Total	958,551.53	866,645.60	958,731.76	866,955.22

4.10.2 Classified by Remaining Maturity

(Million Baht)

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>
Within 1 year	702,778.30	717,796.66	702,958.53	718,106.28
Over 1 year	255,773.23	148,848.94	255,773.23	148,848.94
Total	958,551.53	866,645.60	958,731.76	866,955.22

4.10.3 Classified by Currency and Residence of Depositors

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>December 31, 2002</u>			<u>December 31, 2001</u>		
	<u>Domestic</u>	<u>Overseas</u>	<u>Total</u>	<u>Domestic</u>	<u>Overseas</u>	<u>Total</u>
Thai Baht	941,965.36	11.95	941,977.31	846,913.11	8.29	846,921.40
US Dollar	14,820.33	1,155.34	15,975.67	16,908.75	1,032.32	17,941.07
Other Currencies	476.51	122.04	598.55	1,121.95	661.18	1,783.13
Total	957,262.20	1,289.33	958,551.53	864,943.81	1,701.79	866,645.60

(Million Baht)

	<u>The Bank's Financial Statements</u>					
	<u>December 31, 2002</u>			<u>December 31, 2001</u>		
	<u>Domestic</u>	<u>Overseas</u>	<u>Total</u>	<u>Domestic</u>	<u>Overseas</u>	<u>Total</u>
Thai Baht	942,145.59	11.95	942,157.54	847,222.73	8.29	847,231.02
US Dollar	14,820.33	1,155.34	15,975.67	16,908.75	1,032.32	17,941.07
Other Currencies	476.51	122.04	598.55	1,121.95	661.18	1,783.13
Total	957,442.43	1,289.33	958,731.76	865,253.43	1,701.79	866,955.22

4.11 Interbank and Money Market Items

4.11.1 Domestic items

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>December 31, 2002</u>			<u>December 31, 2001</u>		
	<u>Demand</u>	<u>Time</u>	<u>Total</u>	<u>Demand</u>	<u>Time</u>	<u>Total</u>
Bank of Thailand and Financial Institutions Development Fund	-	1,886.87	1,886.87	-	4,423.63	4,423.63
Commercial Banks	178.01	6,500.01	6,678.02	226.13	0.01	226.14
Other Banks	548.96	1.30	550.26	824.64	197.03	1,021.67
Finance Co., Finance & Securities Co., Securities Co., and Credit Foncier Co.	1,746.49	18.68	1,765.17	14,889.99	446.96	15,336.95
Other Financial Institutions	7,651.93	1,006.20	8,658.13	7,018.59	1,356.52	8,375.11
Total Domestic Items	10,125.39	9,413.06	19,538.45	22,959.35	6,424.15	29,383.50

4.11.2 Foreign items

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>December 31, 2002</u>			<u>December 31, 2001</u>		
	<u>Demand</u>	<u>Time</u>	<u>Total</u>	<u>Demand</u>	<u>Time</u>	<u>Total</u>
US Dollar	1.98	830.94	832.92	19.81	4,511.78	4,531.59
Japanese Yen	-	-	-	-	-	-
Deutsche Mark	-	-	-	-	-	-
Other Currencies	282.56	9.45	292.01	294.26	6.64	300.90
Total Foreign Items	284.54	840.39	1,124.93	314.07	4,518.42	4,832.49
Total Domestic&Foreign Items	10,409.93	10,253.45	20,663.38	23,273.42	10,942.57	34,215.99

4.11.1 Domestic items

(Million Baht)

	<u>The Bank's Financial Statements</u>					
	<u>December 31, 2002</u>			<u>December 31, 2001</u>		
	<u>Demand</u>	<u>Time</u>	<u>Total</u>	<u>Demand</u>	<u>Time</u>	<u>Total</u>
Bank of Thailand and Financial Institutions Development Fund	-	1,886.87	1,886.87	-	4,423.63	4,423.63
Commercial Banks	178.01	6,500.01	6,678.02	226.13	0.01	226.14
Other Banks	548.96	1.30	550.26	824.64	197.03	1,021.67
Finance Co., Finance&Securities Co., Securities Co., and Credit Foncier Co.	1,746.59	18.78	1,765.37	14,893.92	447.06	15,340.98
Other Financial Institutions	7,651.93	1,006.20	8,658.13	7,018.59	1,356.52	8,375.11
Total Domestic Items	10,125.49	9,413.16	19,538.65	22,963.28	6,424.25	29,387.53

4.11.2 Foreign items

(Million Baht)

	<u>The Bank's Financial Statements</u>					
	<u>December 31, 2002</u>			<u>December 31, 2001</u>		
	<u>Demand</u>	<u>Time</u>	<u>Total</u>	<u>Demand</u>	<u>Time</u>	<u>Total</u>
US Dollar	1.98	830.94	832.92	19.81	4,511.78	4,531.59
Japanese Yen	-	-	-	-	-	-
Deutsche Mark	-	-	-	-	-	-
Other Currencies	282.56	9.45	292.01	294.26	6.64	300.90
Total Foreign Items	284.54	840.39	1,124.93	314.07	4,518.42	4,832.49
Total Domestic&Foreign Items	10,410.03	10,253.55	20,663.58	23,277.35	10,942.67	34,220.02

4.12 Borrowings

Borrowings classified by type of debt instrument and source of fund were as follows:

(Million Baht)

		<u>Consolidated Financial Statements</u>					
		<u>December 31, 2002</u>			<u>December 31, 2001</u>		
		Domestic	Overseas	Total	Domestic	Overseas	Total
Others		71.17	-	71.17	21.17	-	21.17
	Total	71.17	-	71.17	21.17	-	21.17

(Million Baht)

		<u>The Bank's Financial Statements</u>					
		<u>December 31, 2002</u>			<u>December 31, 2001</u>		
		Domestic	Overseas	Total	Domestic	Overseas	Total
Others		1.17	-	1.17	1.17	-	1.17
	Total	1.17	-	1.17	1.17	-	1.17

Included in the Baht 1.17 million were long-term borrowings as follows:

(Million Baht)

		<u>The Bank's Financial Statements</u>			
				<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>
Lenders	Lending Period	Maturity Year	Interest Rate (%per annum)		
Ministry of Finance	3-12 years	1989-1998	-	1.17	1.17
				1.17	1.17

4.13 Other liabilities

Other liabilities comprised the followings:

(Million Baht)

		<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
		<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>
Suspense Account Creditors		2,850.09	2,436.02	2,850.09	2,436.02
Sundry Liabilities		1,398.76	2,238.12	1,234.01	1,672.38
FBCB Account Payable		339.89	342.55	339.89	342.55
	Total	4,588.74	5,016.69	4,423.99	4,450.95

4.14 Share Capital

Warrants exercised for Ordinary Shares

On April 26, 2002 the shareholders authorized the Bank to revoke the issuance of 11,912,250 warrants in accordance with a resolution passed on the 7th ordinary meeting of the shareholders on April 28, 2000, and approved the issuance of 11,912,250 warrants to the Bank's employees, with a 15 year or more working tenures, who have volunteered for the mutual separation plan for right

sizing of the organization. These warrants will be exercisable between January 1, 2003 to December 31, 2004 at an exercise price not less than the par value of Baht 10.00 but not more than Baht 20.00. In addition, the shareholders have authorized the Bank to reduce and increase the registered ordinary share by the same amount at Baht 119,122,500. The Bank's total registered ordinary share capital would be 11,912,250 shares at Baht 10.00 par value. This aim to provide adequate registered ordinary share capital to cover the issuance of shares when and if the warrants are exercised.

As at December 31, 2002 the Bank issued the warrants to the employees to buy 11,884,750 of ordinary shares at Baht 10.00 per warrant which will be exercisable between January 1,2003 to December 31,2004.

Warrants exercised for Preferred Shares

On June 22, 2000, the shareholders' extraordinary meeting passed the following resolutions:

1. Approval was given for writing down Baht 108,000.00 million of the registered capital from Baht 219,969.12 million to Baht 111,969.12 million by reducing 10,800 million class A preferred shares of Baht 10.00 par value totalling Baht 108,000 million and repaying the amount to the FIDF, the majority shareholder.

2. Approval was given for the issuance of warrants to the FIDF to buy 10,800 million class A preferred shares.

3. Approval was given to increase the registered capital by Baht 108,000 million from Baht 111,969.12 million to Baht 219,969.12 million by the issuance of 10,800 million class A preferred shares at Baht 10.00 par value, underwriting the issuance of warrants to the FIDF.

On September 21, 2000, Baht 108,000 million was paid to the FIDF for the redemption of preferred shares.

On September 25, 2000 the Bank registered the write-down of registered and paid-up preferred shares amounting to Baht 108,000 million. The remaining registered preferred shares was equal to the issued and paid-up preferred share capital amounting to Baht 55 million. The 10,800 million class A preferred shares to be issued on exercise of the warrants by FIDF was registered at Baht 10.00 par value totalling Baht 108,000 million on September 27, 2000.

On September 27, 2002 the Bank repurchased the warrants in accordance with the resolution passed by an extraordinary shareholders' meeting held on September 24, 2002.

On October 9, 2002 the Bank reduced registered shares by 10,800 million unit of class A preferred shares to cover the issuance of warrants exercisable for class A preferred shaes amounting to 10,800 million shares.

CAPITAL RESTRUCTURE

An extraordinary shareholders'meeting held on September 24, 2002 has passed a resolution regarding the Bank's capital restructuring plan as mentioned in Notes to the financial statements #2, mandatory to the followings :

1. repurchased the warrants currently held by the FIDF exercisable for KTB's 10,800 million units of class A preferred shares at a price of Baht 0.61 per warrant, for a total of Baht 6,588.00 million and subsequently revoked such warrants.

2. reduced registered shares by 10,800 million units of its registered class A preferred shares at Baht 10.00 per share, for a total of Baht 108,000.00 million from the previous Baht 219,969,122,500.00 to Baht 111,969,122,500.00.

3. amended the Bank's Memorandum of Association No. 4 accordingly to the reduction of its registered shares from the previous Baht 219,969,122,500.00 to Baht 111,969,122,500.00.

4. transferred the following reserves to reduce accumulated losses :

4.1 the Baht 16,091.94 million of other reserve excessive from warrants repurchasing mentioned in No. 1

4.2 the Baht 1,485.00 million of legal reserve

4.3 the Baht 5,079.29 million of premium on share capital

5. reduced its share par value to Baht 5.15 from Baht 10.00 to set off accumulated losses.

6. amended the Bank's Memorandum of Association No. 4 accordingly to the reduction of its registered shares.

7. amended the Bank's prescription section 2 No. 4 accordingly to the reduction of its registered shares.

8. issued and offered sales of subordinated debentures upto Baht 10,000.00 million or other currencies worth equivalent.

The reduction of accumulated losses as such was completely undertaken. The repurchase of warrants exercisable for 10,800 million of preferred shares amounting to Baht 6,588.00 million was done on September 27, 2002, while on October 9, 2002, the Bank has reduced its preceding registered class A preferred shares. On December 18, 2002 the reduction of registered shares as such was applied to the Public Company Registra Office Ministry of Commerce. The Bank's registered shares capital, therefore, remained at Baht 57,664.10 million whereas paid-up shares capital remained at Baht 57,602.75 million.

Registered Share Capital

The Bank's registered share capital as at December 31, 2002 and 2001 were Baht 57,664.10 million and Baht 219,969.12 million which comprised 5.50 million and 10,805.50 million of preferred shares at Baht 5.15 and Baht 10.00 par value and 11,191.41 million and 11,191.41 million of ordinary shares at Baht 5.15 and Baht 10.00 par value, respectively.

Issued and Paid-up Share Capital

The Bank's paid-up share capital as at December 31, 2002 and 2001 were Baht 57,602.75 million and Baht 111,850 million which comprised 5.50 million and 5.50 million preferred shares at Baht 5.15 and Baht 10.00 par value and 11,179.50 million and 11,179.50 million of ordinary shares at Baht 5.15 and Baht 10.00 par value, respectively.

As at December 31, 2002 and 2001, the bank's shareholders were as follows:

	(Million Baht)					
	<u>The Bank's Financial Statements</u>					
	<u>December 31, 2002</u>			<u>December 31, 2001</u>		
	Ordinary Shares (No.of Shares)	Preferred Shares (No.of Shares)	Total (%)	Ordinary Shares (No.of Shares)	Preferred Shares (No.of Shares)	Total (%)
<u>Top ten shareholders</u>						
<u>Financial Institutions</u>						
Development Fund	9,756,635,967	-	87.23	9,756,635,967	-	87.23
<u>Thailand Securities Depository</u>						
Co.Ltd. for Depositors	227,591,313	-	2.03	352,521,153	-	3.15
Ministry of Finance	414,339,615	5,452,190	3.75	414,339,615	5,452,190	3.75
<u>Thailand Securities Depository Co.Ltd.</u>						
for Thai Depositors	599,666,620	4,040	5.36	473,441,789	1,590	4.23
The Government Savings Bank	88,145,858	-	0.79	88,145,858	-	0.79
Mr. Somsak PongKriangyos	-	-	-	3,500,086	-	0.03
Mrs. Charoonsri PongKriangyos	3,500,086	-	0.03	-	-	-
Mr. Naris Singhawangsha	3,000,000	-	0.03	-	-	-
Ms. Nipa Maleenond	1,528,700	-	0.01	1,528,700	-	0.01
Mr. Sien Chaturapitr	-	-	-	893,528	-	0.01
Colonel Peerapat Viriyadhambhumi	890,000	-	0.01	890,000	-	0.01
Mr. Jugraj Singh Chawla	735,722	-	0.01	735,722	-	0.01
Total	11,096,033,881	5,456,230		11,092,632,418	5,453,780	
<u>Juristic entities</u>						
Thais (67 entities in 2002)	1,563,370	240	0.02	1,944,786	240	0.02
Foreigners (2 entities in 2002)	12	-	-	12	-	-
Total	1,563,382	240		1,944,798	240	

(Million Baht)

The Bank's Financial Statements

	<u>December 31, 2002</u>			<u>December 31, 2001</u>		
	Ordinary	Preferred	Total	Ordinary	Preferred	Total
	Shares	Shares		Shares	Shares	
	(No. of Shares)	(No. of Shares)	(%)	(No. of Shares)	(No. of Shares)	(%)
<u>Individuals</u>						
Thais (11,396 individual in 2002)	80,462,492	43,530	0.72	82,741,817	45,980	0.74
Foreigners (71 individual in 2002)	1,440,245	-	0.01	2,180,967	-	0.02
Total	81,902,737	43,530		84,922,784	45,980	
Grand Total	11,179,500,000	5,500,000	100.00	11,179,500,000	5,500,000	100.00

Statutory capital fund

(Million Baht)

Consolidated and the Bank's Financial Statements

	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>
Tier 1 Capital	57,674.48	56,672.92
Tier 2 Capital	4,788.88	4,402.71
	<u>62,463.36</u>	<u>61,075.63</u>

As at December 31, 2002 and 2001 the Bank maintained Tier 1 capital of 11.66% and 14.54% respectively of the Bank's total risk-weighted assets; and Tier 1 capital coupled with Tier 2 capital of 12.63% and 15.67% respectively of the total risk-weighted assets.

4.15 Contingencies

(Million Baht)

Consolidated and the Bank's Financial Statements

	<u>December 31, 2002</u>			<u>December 31, 2001</u>		
	Thai Baht	Foreign Currencies	Total	Thai Baht	Foreign Currencies	Total
<u>Aval and Guarantees</u>						
Aval to bills	1,916.35	-	1,916.35	1,018.10	-	1,018.10
Guarantees for Loan (L/G)	2,010.39	10,635.60	12,645.99	4,638.69	11,832.02	16,470.71
Total	3,926.74	10,635.60	14,562.34	5,656.79	11,832.02	17,488.81
<u>Liability under unmatured</u>						
import bills	-	290.08	290.08	-	83.19	83.19
Letters of Credit	1,457.03	14,228.60	15,685.63	669.80	15,679.04	16,348.84
<u>Other Contingencies</u>						
Firm underwriting	71.84	-	71.84	4.33	-	4.33
Other L/Gs	23,808.60	3,390.53	27,199.13	23,152.78	3,081.44	26,234.22
<u>FX Forward/Swap Contracts</u>						
- Bought	82,205.44	46,400.34	128,605.78	53,292.59	29,778.36	83,070.95
- Sold	40,303.54	88,302.24	128,605.78	27,273.95	55,720.94	82,994.89
<u>Interest Rate Swap Contracts</u>						
- Bought	1,215.80	648.60	1,864.40	-	-	-
- Sold	1,215.80	648.60	1,864.40	-	-	-
Undrawn Overdraft	74,517.27	54.92	74,572.19	74,689.79	10.66	74,700.45
Credit Linked Notes (CLN)	-	1,729.60	1,729.60	-	-	-
Others	-	9.13	9.13	-	10.86	10.86
Total	223,338.29	141,183.96	364,522.25	178,413.44	88,602.26	267,015.70
Grand Total	228,722.06	166,338.24	395,060.30	184,740.03	116,196.51	300,936.54

The Bank's investment in CLN's as at December 31, 2002 was USD 40 million equivalent to Baht 1,729.60 million.

The CLN's have been booked as investments and disclosed in off-balance sheet items.

The Bank's other material contingent liabilities as at December 31, 2002 and 2001 were Baht 32,060.18 million and Baht 31,712.19 million respectively of claim against the Bank. Included in the Baht 32,060.18 million of claim against the Bank was Baht 26,131.59 million which relate to a lawsuit in which the Bank is a joint-defendant.

4.16 Assets Pledged as Collateral

	(Million Baht)	
	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>
Government and State Enterprise bonds pledged as collateral		
- to maintain conditions for branch establishment	1,000.13	1,000.00
- to loans and promissory notes from the Bank of Thailand	-	28.27
- at court	0.50	0.50
Total	1,000.63	1,028.77

4.17 Related-party Transactions

4.17.1 Loans to the Bank's executives, (Senior Vice President and above), as at December 31, 2002 and 2001 were Baht 72.78 and baht 28.40 million, respectively. The average outstanding balances of loans at month-end was Baht 53.99 and Baht 31.28 million, respectively.

The loan outstanding as at December 31, 2002 and 2001 to family members of the Bank's executive were Baht 28.23 million and 29.75 million, respectively.

4.17.2 The Bank's loans and contingencies to businesses in which the Bank, its directors or those mentioned in the preceding paragraph hold 10 percent or more of the shares, were as follows :

		(Million Baht)			
		<u>The Bank's Financial Statements</u>			
		<u>December 31, 2002</u>		<u>December 31, 2001</u>	
Pricing Policy for loans and contingencies		Loans	Contingencies	Loans	Contingencies
Krung Thai Thanakit Public Co., Ltd.	Normal Bank Policy	-	-	-	20.06
Dhipaya Insurance Public Co., Ltd.	Normal Bank Policy	-	-	-	5.45
Vejthani Public Co., Ltd.	Normal Bank Policy	1,568.63	6.17	1,582.39	1.33
Thai Baroda Industries Limited	Normal Bank Policy	433.34	188.19	507.46	162.93
Cermas Co., Ltd	Normal Bank Policy	-	1.09	1.26	0.85
Thai Nam Plastic Public Co.,Ltd.	Normal Bank Policy	93.42	-	-	-
Bangkok Mass Transit System Public Co.,Ltd.	Normal Bank Policy	2,241.86	-	-	-

4.17.3 Transactions with Subsidiaries, Associated and Related Companies

(Million Baht)

		<u>The Bank's Financial Statements</u>			
		<u>December 31, 2002</u>		<u>December 31, 2001</u>	
Pricing Policy for Loans and Contingencies		Loans	Contingencies	Loans	Contingencies
<u>Loans to and Contingencies associated with subsidiaries and associated companies</u>					
<u>Subsidiaries</u>					
Krung Thai General Business Services Co., Ltd.	Normal Bank Policy	-	-	11.50	10.00
Krung Thai Land and House Ltd.	Normal Bank Policy	-	0.02	-	0.30
Krung Thai Computer Services Co., Ltd.	Normal Bank Policy	70.00	-	-	-
N.C. Associated Co. Ltd.	Normal Bank Policy	-	28.63	-	21.25
<u>Associated Companies</u>					
Krung Thai Panich Insurance Co., Ltd.	Normal Bank Policy	-	0.03	-	0.18
Krung Thai C.S. Co. Ltd.	Normal Bank Policy	2,863.82	-	2,362.09	-
Krung Thai Charoensri Co. Ltd.	Normal Bank Policy	110.91	-	139.61	-
Krung Thai IBJ Leasing Co. Ltd.	Normal Bank Policy	405.01	2.23	462.08	3.16
Krung Thai Card Public Co., Ltd.	Normal Bank Policy	7,007.78	-	-	-
Lanna Agribusiness Co., Ltd.	Normal Bank Policy	63.29	-	48.36	-
Kamol Kit Co., Ltd.	Normal Bank Policy	591.68	-	629.99	-
Alphatech Electronics Public Co., Ltd.	Normal Bank Policy	3,702.31	-	170.45	-
Farm Kirikan Co., Ltd.	Normal Bank Policy	-	8.33	-	8.33
Amorn-Chai Co., Ltd.	Normal Bank Policy	165.44	-	171.37	-
<u>Loans to Related Companies (Common-Director)</u>					
National Fertilizer Public Co., Ltd.	Normal Bank Policy	-	-	-	11.15
Loxley Public Co., Ltd.	Normal Bank Policy	462.51	0.92	-	3.45

4.17.4 As at December 31, 2002 and 2001, the Bank received premises rental income from subsidiaries and associated companies amounting to Baht 8.03 million and Baht 14.68 million, respectively, upon the agreed rate.

In 2002 the Bank's property was sold to Krung Thai General Business Services Co., Ltd. with the appraised value at Baht 82.50 million and posed profit from sale amounting to Baht 64.85 million.

4.17.5 The Bank incurred services charges by its subsidiaries for the year ended December 31, 2002, amounting to Baht 1,194.90 million, upon the agreed rate.

4.18 Overseas Branches

The Bank operates overseas branches and representative offices. It had 8 branches, one each in New York, Los Angeles, Phnom Penh, Kunming, Vientiane, Cayman Island, Singapore, and Mumbai. These branches engage other certified accountants to audit their financial statements annually. The Bank maintains 3 representative offices one each in Hanoi, Yangon and Shanghai. The BOT does not require these representative offices to be audited. However, the Yangon representative office engaged certified accountant to audit its financial statements to comply with the regulations of the Central Bank of Myanmar. The Bank's overseas branch and representative office were closed in accordance with the Bank's Board of Directors' resolution. The liquidations for representative office in Shanghai was completed on February 28, 2002, Cayman Island on March 29, 2002 and representative office in Hanoi and Yangon on October 31, 2002

The assets and liabilities of the overseas branches and representative office included in consolidated financial statements (after elimination of inter-branch items) for the year ended December 31, 2002 and 2001, were as follows:

(Million Baht)

	<u>The Bank's Financial Statements</u>	
	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>
	Assets	7,860.99
Ratio to total Assets	0.74	0.85
Liabilities	4,611.79	8,723.51
Ratio to total Liabilities	0.46	0.96

Included in Baht 43.10 million and Baht (539.09) million of net income (loss) as at December 31, 2002 and 2001 were gains (losses) of Baht 129.23 million and Baht (22.22) million from the foreign exchange translation of the financial statements of overseas branches and representative offices.

Besides, the overseas branches' assets, liabilities and net income including inter-office items as at December 31, 2002 and 2001 were Baht 7,860.99 million and 8,790.59 million (or 0.74 percent and 0.90 percent), respectively for assets, Baht 7,908.81 million and Baht 8,723.51 million (or 0.80 percent and 0.96 percent), respectively for liabilities, and Baht 108.20 million and 129.22 million respectively for net income.

4.19 Significant Financial Position and Operations classified by Domestic and International Business Segment.

4.19.1 Financial Position Classified by Business Segment

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>December 31, 2002</u>			<u>December 31, 2001</u>		
	Domestic Business Segment	International Business Segment	Total	Domestic Business Segment	International Business Segment	Total
Total Assets	1,056,934.26	4,563.96	1,061,498.22	974,164.95	8,790.59	982,955.54
Interbank&Money Market Items	138,502.06	2,708.72	141,210.78	160,737.81	4,436.29	165,174.10
Loans	847,617.90	2,156.31	849,774.21	699,147.98	1,258.35	700,406.33
Investments	56,990.36	2,911.58	59,901.94	39,961.20	2,510.13	42,471.33
Deposits	957,014.96	1,536.57	958,551.53	864,643.02	2,002.58	866,645.60
Interbank&Money Market Items	17,968.63	2,694.75	20,663.38	27,848.51	6,367.48	34,215.99
Borrowings	71.17	-	71.17	21.17	-	21.17
Contingencies	391,858.02	3,202.28	395,060.30	300,804.79	131.75	300,936.54

(Million Baht)

	<u>The Bank's Financial Statements</u>					
	<u>December 31, 2002</u>			<u>December 31, 2001</u>		
	Domestic Business Segment	International Business Segment	Total	Domestic Business Segment	International Business Segment	Total
Total Assets	1,056,879.46	4,563.96	1,061,443.42	973,892.32	8,790.59	982,682.91
Interbank&Money Market Items	138,475.44	2,708.72	141,184.16	160,686.44	4,436.29	165,122.73
Loans	847,619.94	2,156.31	849,776.25	699,154.93	1,258.35	700,413.28
Investments	57,579.23	2,911.58	60,490.81	40,543.99	2,510.13	43,054.12
Deposits	957,195.19	1,536.57	958,731.76	864,952.64	2,002.58	866,955.22
Interbank&Money Market Items	17,968.83	2,694.75	20,663.58	27,852.54	6,367.48	34,220.02
Borrowings	1.17	-	1.17	1.17	-	1.17
Contingencies	391,858.02	3,202.28	395,060.30	300,804.79	131.75	300,936.54

Total assets in the Bank's Financial Statements as at December 31, 2002 and 2001 of Baht 1,061,443.42 million and Baht 982,682.91 million respectively, were before eliminating inter-company items of Baht 3,055.47 million and Baht 6,214.60 million, respectively.

4.19.2 Operation Classified by Business Segment.

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>December 31, 2002</u>			<u>December 31, 2001</u>		
	Domestic	International	Total	Domestic	International	Total
	Business	Business		Business	Business	
Segment	Segment		Segment	Segment		
Interest and Dividend Income	39,602.03	352.00	39,954.03	39,348.31	1,375.93	40,724.24
Interest Expenses	(20,038.75)	(178.86)	(20,217.61)	(20,153.01)	(1,090.12)	(21,243.13)
Net Interest Income	19,563.28	173.14	19,736.42	19,195.30	285.81	19,481.11
Non-Interest Income	8,081.86	212.41	8,294.27	5,965.44	85.88	6,051.32
Non-Interest Expense	(19,735.07)	(269.44)	(20,004.51)	(29,670.51)	(242.47)	(29,912.98)
Income(Loss) before Income Tax and minority interests	7,910.07	116.11	8,026.18	(4,509.77)	129.22	(4,380.55)

(Million Baht)

	<u>The Bank's Financial Statements</u>					
	<u>December 31, 2002</u>			<u>December 31, 2001</u>		
	Domestic	International	Total	Domestic	International	Total
	Business	Business		Business	Business	
Segment	Segment		Segment	Segment		
Interest and Dividend Income	39,601.25	352.00	39,953.25	39,347.41	1,375.93	40,723.34
Interest Expenses	(20,039.29)	(178.86)	(20,218.15)	(20,149.51)	(1,090.12)	(21,239.63)
Net Interest Income	19,561.96	173.14	19,735.10	19,197.90	285.81	19,483.71
Non-Interest Income	6,894.99	212.41	7,107.40	4,462.37	85.88	4,548.25
Non-Interest Expense	(18,563.90)	(269.44)	(18,833.34)	(28,205.04)	(242.47)	(28,447.51)
Income(Loss) before Income Tax	7,893.05	116.11	8,009.16	(4,544.77)	129.22	(4,415.55)

Total Interest & Dividend Income and Interest Expenses in the Bank's financial statements as at December 31, 2002 and 2001 of Baht 39,953.25 million and Baht 40,723.34 million and Baht 20,218.15 and Baht 21,239.63 million were before eliminating inter-company items of Baht 151.87 million and Baht 1,238.77 million, respectively.

4.20 Net Foreign Exchange Position

The Bank's net foreign exchange position (USD equivalent) as at December 31, 2002 and 2001 was as follows:

(Million USD)

	<u>Consolidated and the Bank's Financial Statements</u>					
	<u>December 31, 2002</u>			<u>December 31, 2001</u>		
	Domestic Business Segment	International Business Segment	Total	Domestic Business Segment	International Business Segment	Total
Spot	1,003.40	(1.11)	1,002.29	604.98	1.52	606.50
Forward						
Forward Contract	(110.60)	-	(110.60)	(110.78)	-	(110.78)
Swap Contract	(709.57)	-	(709.57)	(475.79)	-	(475.79)
CCS Contract	(152.94)	-	(152.94)	-	-	-
	30.29	(1.11)	29.18	18.41	1.52	19.93

4.21 Disclosure of Financial Instruments

Thai Accounting Standard No. 48 "Financial Instruments: Disclosure and Presentation" is used as a reference for disclosing information on the bank's financial instruments. The information aims to assist users of the financial statements to assess the exposure to risks associated with significant financial instruments.

Financial Instruments

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

A financial asset is any asset that is:

- Cash
- A contractual right to receive cash or another financial asset from another enterprise
- A contractual right to exchange financial instruments with another enterprise under conditions that are potentially favorable
- An equity instrument of another enterprise

A financial liability is any liability that is a contractual obligation:

- to deliver cash or another financial asset to another enterprise
- to exchange financial instruments with another enterprise under conditions that are potentially unfavorable.

An equity instrument is any contract that evidences a residual interest in the assets of an enterprise after deducting all of its liabilities.

Financial instruments include both:

- primary instruments such as receivable, payables and equity securities
- derivative instruments such as option contract, future contract, forward contract, interest rate swaps contract, currency swap contract, and credit linked notes.

Derivative instruments, whether recognised or unrecognised, meet the definition of a financial instrument.

4.21.1 Interest Rate Risk

Interest rate risk in the balance sheet arises from market interest rate volatility and the mismatch in repricing dates of its assets and liabilities which may have an adverse effect on the net interest earnings of the Bank.

The majority of the Bank's financial assets earn interest at floating rates such as MOR, MRR and MLR except for investments in bonds with a fixed interest rate. The majority of the Bank's financial liabilities, including those in the

domestic money market and saving deposits, pay interest at floating rates, and 3-mth, 6-mth and 12-mth time deposits pay at short-term fixed interest rates.

Basic information relating to fixed and floating interest rates of loans as at December 31, 2002 and 2001 is as follows:

	(Million Baht)			
	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>
Fixed interest rate	95,820.75	74,907.83	95,820.75	74,907.83
Floating interest rate	845,183.97	714,525.28	845,186.01	714,534.20
Total loans (Financial Institutions Included)	941,004.72	789,433.11	941,006.76	789,442.03

4.21.2 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Bank and subsidiaries to incur a financial loss.

The carrying amount for each class of financial asset recognised in the balance sheet, net of applicable allowance for doubtful debts, represents the Bank's exposure to credit risk. (see Note 4.5). There is no material concentration of credit risk.

Credit risks also arises from the potential default on its contractual obligations by the other party including aval to bills, guarantees of loans , liability under unmatured import bills, letter of credit and other contingencies. The credit exposure on these instruments is represented by the notional amount recorded off-balance sheet.

The bank has established the credit policies to mitigate the risk of financial loss arising from obligations as follows:

- to conduct business research which includes economic & industry research, industry risk rating, business profile and Banking industry analysis.
- to establish standard operating procedure (SOP) as well as standard credit tools, forms and reports.
- to conduct credit training and development through the Credit Skill I, Credit Skill II and Credit Skill III courses.
- to establish Delegated Lending Authorities (DLA) and Delegated Structuring Authorities (DRA.)
- to analyze customer risk rating from a customer' s profile
- to closely monitor the approved loans activities to ensure customer compliance with the loan agreement. Preventive Monitoring System.
- to manage non-performing loans (NPLs) through the establishment of business units which directly accountable for trouble debt restructuring.
- to perform independent loan reviews to ensure compliance with credit procedures and troubled debt restructuring standard. In addition, the Bank evaluates loan quality and related sundry assets for both loan classification purposes and the establishment of allowance for doubtful accounts or uncollectible assets and assets written off.

The Bank's credit risk arising from derivatives as at December 31, 2002 and 2001 was as follows:

	(Million Baht)	
	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>December 31, 2002</u>	<u>December 31, 2001</u>
Forward Contract	33,520.64	15,961.90

4.21.3 Interest Earning Financial Assets and Interest-bearing Financial Liabilities

The table below represents the Bank's average outstanding balances, interest income/expense and average interest rates on earning-financial assets and interest-bearing financial liabilities, for the year ended December 31, 2002 and 2001

(Million Baht)

	<u>Consolidated Financial Statements</u>					
	<u>December 31, 2002</u>			<u>December 31, 2001</u>		
	Average Outstanding <u>balance</u>	Interest <u>Interest/Expense</u>	Average <u>Rate(%)</u>	Average Outstanding <u>balance</u>	Interest <u>Interest/Expense</u>	Average <u>Rate(%)</u>
Interest Earning Financial Assets						
Interbank and money market items and securities purchased under resale agreement	200,411.01	5,874.74	2.93%	208,128.17	6,781.42	3.26%
Investments in securities	44,487.91	1,404.28	3.16%	35,695.56	1,880.36	5.27%
Loans	794,908.45	32,523.14	4.09%	706,009.62	30,823.70	4.37%
Total	1,039,807.37	39,802.16	3.83%	949,833.35	39,485.48	4.16%
Interest-bearing Financial Liabilities						
Deposits	949,895.04	19,778.84	2.08%	856,465.72	19,203.92	2.24%
Interbank and money market items	21,490.70	286.66	1.33%	35,762.09	329.00	0.92%
Long-term borrowings	18.67	0.04	0.21%	4,053.66	470.90	11.62%
Total	971,404.41	20,065.54	2.07%	896,281.47	20,003.82	2.23%

(Million Baht)

	<u>The Bank's Financial Statements</u>					
	<u>December 31, 2002</u>			<u>December 31, 2001</u>		
	Average Outstanding <u>balance</u>	Interest <u>Income/Expense</u>	Average <u>Rate(%)</u>	Average Outstanding <u>balance</u>	Interest <u>Income/Expense</u>	Average <u>Rate(%)</u>
Interest Earning Financial Assets						
Interbank and money market items and securities purchased under resale agreement	200,380.81	5,874.40	2.93%	208,092.06	6,780.26	3.26%
Investments in securities	45,129.63	1,403.73	3.11%	36,312.68	1,880.36	5.18%
Loans	793,261.84	32,523.26	4.10%	706,062.51	30,823.95	4.37%
Total	1,038,772.28	39,801.39	3.83%	950,467.25	39,484.57	4.15%

(Million Baht)

	The Bank's Financial Statements					
	December 31, 2002			December 31, 2001		
	Average Outstanding balance	Interest Income/Expense	Average Rate(%)	Average Outstanding balance	Interest Income/Expense	Average Rate(%)
Interest-bearing Financial Liabilities						
Deposits	950,378.28	19,779.55	2.08%	856,805.72	19,204.95	2.24%
Interbank and money market items	21,493.97	286.73	1.33%	35,771.51	327.46	0.92%
Long-term borrowings	1.17	-	-	4,053.66	468.45	11.56%
Total	971,873.42	20,066.28	2.06%	896,630.89	20,000.86	2.23%

4.21.4 Maturity Profile of Assets and Liabilities

The table below represents the Bank's maturity profile of on-balance sheet financial assets and financial liabilities as at December 31, 2002 and 2001.

	December 31, 2002					
	Less than 1 mth	1-3 mths	Over 3 mths- upto 1 yr	over 1 yr.	No Maturity	Total
	<u>Financial Assets</u>					
Interbank and money market items	97,088.69	42,298.88	-	1,320.95	475.64	141,184.16
Securities purchased under resale agreeme	-	1,812.00	-	-	-	1,812.00
Investments in securities	-	-	28,164.09	29,895.21	2,431.52	60,490.82
Loans	106,116.46	93,988.90	62,573.76	587,097.14	-	849,776.26
Total	203,205.15	138,099.78	90,737.85	618,313.30	2,907.16	1,053,263.24
<u>Financial Liabilities</u>						
Deposits	344,068.58	218,795.82	140,094.13	255,773.23	-	958,731.76
Interbank and money market items	10,410.03	3,269.40	484.15	6,500.00	-	20,663.58
Borrowings	-	-	1.17	-	-	1.17
Total	354,478.61	222,065.22	140,579.45	262,273.23	-	979,396.51

	December 31, 2001					
	Less than 1 mth	1-3 mths	Over 3 mths- upto 1 yr	over 1 yr.	No Maturity	Total
	<u>Financial Assets</u>					
Interbank and money market items	700.53	22,019.06	2,826.82	139,089.82	486.50	165,122.73
Securities purchased under resale agreeme	-	33,000.00	-	-	-	33,000.00
Investments in securities	-	-	12,093.35	29,124.62	1,836.15	43,054.12
Loans	77,660.34	67,561.83	24,113.07	531,078.04	-	700,413.28
Total	78,360.87	122,580.89	39,033.24	699,292.48	2,322.65	941,590.13
<u>Financial Liabilities</u>						
Deposits	352,345.16	236,581.88	129,179.24	148,848.94	-	866,955.22
Interbank and money market items	23,258.79	362.30	10,598.93	-	-	34,220.02
Borrowings	-	-	1.17	-	-	1.17
Total	375,603.95	236,944.18	139,779.34	148,848.94	-	901,176.41

4.21.5 Derivatives

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

Asset and Liability Management

The bank uses derivative to hedge its market risk arising from its assets and liabilities which are predominantly interest rate and foreign exchange risks in relation to customer transactions and proprietary trading positions. The Bank primarily uses foreign exchange contracts and currency and interest rate swap. The Bank's customers are also exposed to market risks and may choose to use derivatives as part of their risk management strategies. The Bank's general policy is to hedge risks arising from customer positions. Derivative contracts comprise foreign exchange contracts and currency swaps at the end of the period. Unmatured forward contracts at accounting period-ends are as noted in Note 4.20. The Bank's policy is to maintain foreign exchange positions as prescribed by the Bank of Thailand and as noted in Note 3.8 and to hedge the interest rate risk arising from asset and liability re-pricing gaps.

Fair Value of Derivatives

Fair value represents the amount the Bank expects to pay or receive to exchange or settle the derivative contract. The net fair value may be determined by several generally accepted methods based on the economic characteristics of a derivative and a financial market in which it operates. When a financial instrument with standard terms and condition is traded in an active and liquid market, its quoted market price provides the best evidence of fair value. A fair value may be obtained from quoted market prices such as interest and foreign exchange rate which are subsequently incorporated into generally accepted discount cash flow models.

Derivative financial instruments as at December 31, 2002 and 2001 were as follows:

	<u>December 31, 2002</u>			(Million Baht)
	<u>Notional amount</u>			<u>Fair Value</u>
	<u>upto 1 yr.</u>	<u>over 1 yr</u>	<u>total</u>	
Forward Contract	243,468.24	13,743.32	257,211.56	257,174.10
	<u>December 31, 2001</u>			
	<u>Notional amount</u>			<u>Fair Value</u>
	<u>upto 1 yr.</u>	<u>over 1 yr</u>	<u>total</u>	
Forward Contract	166,065.84	-	166,065.84	166,077.07

The net income (loss) as at December 31, 2002 and 2001, together with the contract or notional amounts, were used as the base for the Bank's estimation of financial instruments' fair value.

4.21.6 Fair Value

Fair value is the value for which the Bank's and its subsidiaries' financial assets and liabilities could be exchanged or settled. Quoted market price or present value estimates derived from generally accepted financial modes are used to determine fair value.

The table below summarises the outstanding balance of on-balance sheet items and the estimated fair value of financial assets and liabilities as at December 31, 2002 and 2001

(Million Baht)

	<u>Consolidated Financial Statements</u>			
	<u>December 31, 2002</u>		<u>December 31, 2001</u>	
	Outstanding <u>Balance</u>	<u>Fair Value</u>	Outstanding <u>Balance</u>	<u>Fair Value</u>
<u>Financial Assets</u>				
Cash	9,118.23	9,118.23	7,227.64	7,227.64
Interbank and money market items	141,210.78	141,210.78	165,174.10	165,174.10
Securities purchased under resale agreement	1,812.00	1,812.00	33,000.00	33,000.00
Investments in securities, net	59,901.94	60,133.59	42,471.33	42,990.79
Loans and accrued interest receivable, net	799,069.34	799,069.34	680,931.33	680,931.33
Customers' liabilities under acceptances	2,500.80	2,500.80	2,264.23	2,264.23
Other assets	8,651.02	8,651.02	7,601.89	7,601.89
<u>Financial Liabilities</u>				
Deposits	958,551.53	958,551.53	866,645.60	866,645.60
Interbank and money market items	20,663.38	20,663.38	34,215.99	34,215.99
Liabilities payable on demand	2,297.89	2,297.89	1,437.36	1,437.36
Borrowings	71.17	71.17	21.17	21.17
Customers' liabilities under acceptances	2,500.80	2,500.80	2,264.23	2,264.23
Other liabilities	4,588.74	4,588.74	5,016.69	5,016.69
<u>Off-Balance Sheet Items-Contingencies</u>				
Aval to bills and guarantees of loans	14,562.34	14,562.34	17,488.81	17,488.81
Liability under unmatured import bills	290.08	290.08	83.18	83.18
Letters of Credit	15,685.63	15,685.63	16,348.84	16,348.84
Other contingencies	364,522.26	364,522.26	267,015.71	267,015.71

(Million Baht)

	<u>The Bank's Financial Statements</u>			
	<u>December 31, 2002</u>		<u>December 31, 2001</u>	
	Outstanding <u>Balance</u>	<u>Fair Value</u>	Outstanding <u>Balance</u>	<u>Fair Value</u>
<u>Financial Assets</u>				
Cash	9,117.92	9,117.92	7,227.32	7,227.32
Interbank and money market items	141,184.16	141,184.16	165,122.73	165,122.73
Securities purchased under resale agreement	1,812.00	1,812.00	33,000.00	33,000.00
Investments in securities, net	60,490.82	60,722.47	43,054.12	43,573.58
Loans and accrued interest receivable, net	799,071.38	799,071.38	680,938.28	680,938.28
Customers' liabilities under acceptances	2,500.80	2,500.80	2,264.23	2,264.23
Other assets	8,287.69	8,287.69	6,995.78	6,995.78

The Bank's Financial Statements

	<u>December 31, 2002</u>		<u>December 31, 2001</u>	
	Outstanding		Outstanding	
	<u>Balance</u>	<u>Fair Value</u>	<u>Balance</u>	<u>Fair Value</u>
<u>Financial Liabilities</u>				
Deposits	958,731.76	958,731.76	866,955.22	866,955.22
Interbank and money market items	20,663.58	20,663.58	34,220.02	34,220.02
Liabilities payable on demand	2,297.89	2,297.89	1,437.36	1,437.36
Borrowings	1.17	1.17	1.17	1.17
Customers' liabilities under acceptances	2,500.80	2,500.80	2,264.23	2,264.23
Other liabilities	4,423.99	4,423.99	4,450.95	4,450.95
<u>Off-Balance Sheet Items-Contingencies</u>				
Aval to bills and guarantees of loans	14,562.34	14,562.34	17,488.81	17,488.81
Liability under unmatured import bills	290.08	290.08	83.18	83.18
Letters of Credit	15,685.63	15,685.63	16,348.84	16,348.84
Other contingencies	364,522.26	364,522.26	267,015.71	267,015.71

The significant assumptions made in measuring the fair value of financial assets and financial liabilities are as follows:

The carrying value of cash, interbank and money market items (assets and liabilities), securities purchased under resale agreements, deposits, liabilities payable on demand, customers' liabilities under acceptances and off-balance sheet contingencies, approximate to their fair value.

The quoted market values of trading, available-for-sale and held to maturity debt securities determine their fair value, and market prices for government bonds based on the most recent yield curve characteristics if available. Where such prices are not available, a yield curve established by the Bank is used with the consent of the BOT.

The net carrying amount of other investments approximates to their fair value.

The carrying value of loans and accrued interest receivable (net of allowance for doubtful accounts fully provided as required by BOT) approximates to their fair value, as most of loans bear floating interest rate.

The carrying value as disclosed in the balance sheet represent estimated fair value of borrowings.

4.22 Long-term Leased Asset

(Million Baht)

The Bank's Financial Statements

Lease Payment

<u>Period</u>	<u>Land/Premises</u>		<u>Equipment</u>	
	<u>Dec. 31,2002</u>	<u>Dec. 31,2001</u>	<u>Dec. 31,2002</u>	<u>Dec. 31,2001</u>
	1 Jan - 31 Dec. 2002	-	70.20	-
1 Jan - 31 Dec. 2003	52.06	34.44	174.40	89.95
1 Jan - 31 Dec. 2004	38.53	19.87	164.90	81.00
1 Jan - 31 Dec. 2005	24.16	11.52	104.40	70.59
1 Jan 2006 onwards	74.17	133.22	62.28	58.16

4.23 The Acquisition of Assets and Liabilities

4.23.1 The Acquisition of Assets and Liabilities of Siam Bank Public Company Limited

On August 17, 1987, the assets and liabilities of Sayam Bank Limited, (now called Dhipyasin Co., Ltd.) were transferred to the Bank with liabilities exceeding assets by Baht 7,371.60 million (The excess was Baht 1,980.00 million and 2,230.00 million as at December 31, 2002 and December 31, 2001 respectively). The Bank recorded the net liabilities of Dhipyasin Co., Ltd., as a debtor with non-interest bearing. Any adverse effect, arising from the transfer, borne by the Bank will be compensated by the government.

4.23.2 The Acquisition of Assets and Liabilities of Bangkok Bank of Commerce Public Company limited (BBC)

During the period from October 8, 1998 to December 31, 1998 the Bank acquired liabilities (deposits and creditors) and performing assets of BBC. The amount of deposits and other liabilities, as well as, loans and other assets transferred were Baht 24,260.25 million and Baht 7,679.78 million, respectively. BBC was recorded as the Bank's debtor for the difference of Baht 16,580.47 million and was liable to pay interest at the weighted average cost of 3 mth-fixed deposit rate of the previous month, plus 1 percent p.a. On April 30, 1999 BBC issued promissory notes, availed by FIDF to the Bank. Any adverse interest rate differences (between deposit rates of the Bank and BBC) on deposits transferred and borne by the Bank will be compensated by the Bank of Thailand, Ministry of Finance and FIDF.

On October 31, 1999 the Baht 444.40 million of unqualified loans were returned to BBC, (now Called the Bangkok Commerce Public Co.,Ltd.) including an additional adjustment, bringing the total of unqualified assets returned to Baht 444.45 million. On November 1, 1999, the BBC Asset Management Co.,Ltd. has repaid the Baht 333.15 million. This amount was Baht 31.80 million greater than it should have been, at Baht 301.35 million. The differences of Baht 143.10 million (after other adjustments) is covered by a promissory note, availed by the FIDF, totalling baht 138.94 million.

On August 15, 2002 the notice letter has been delivered to the FIDF, BOT and MOF. The FIDF, as the guarantor to a promissory note issued by BBC, would be subject to repay the Bank amounted to Baht 79,647.27 million including the Baht 1,329.14 million of accrued interest receivable (calculated upto June 30, 2002), thus, bringing up the total to Baht 80,976.41 million. The Baht 79,647.27 million paid by the FIDF has included debts arising from the guarantee of 2 promissory notes, one was from the transfer of BBC's assets and liabilities amounted to Baht 16,580.47 million, the other was from debt-equity swap amounted to Baht 62,100.00 million and the rest of Baht 966.80 million for debts of the Bangkok Commerce Public Co., Ltd., as specified in the transferred contract.

On September 25, 2002 Krung Thai Legal Services Co.,Ltd., acting as a fiduciary for the Bank filed a claim with the Receiver against the Bangkok Commerce Public Co.,Ltd., as a debtor in Bankruptcy, for the repayment amounting to Baht 80,835.07 million including interest, calculated upto June 5, 2002 (the final Receivership day).

On September 30, 2002, the FIDF paid to the Bank an accrued interest for the Bangkok Commerce Public Co.,Ltd., as to a promissory note due in 6 months (from December 1, 2001 upto May 31, 2002) totalling Baht 1,144.41 million.

As of December 31, 2002, P/N-BBC held by the Bank was Baht 78,680.57 million and Baht 2,047.27 of accrued interest receivable.

4.23.3 The Acquisition of Assets and Liabilities of First Bangkok City Bank Public Company Limited (FBCB)

First Bangkok City Bank Public Company Limited (FBCB)'s total assets and liabilities of Baht 284,532.01 million were transferred to the Bank on November 1, 1998. Interest rate or cost of funds differences on deposits or other liabilities transferred and borne by the Bank will be compensated by the Bank of Thailand, Ministry of Finance and the FIDF.

On April 18, 2000, the Cabinet approved guidelines to manage delinquent loan problem including the assets and liabilities totalling Baht 284,532.01 million transferred from FBCB through the establishment of the Asset Management Company. The Bank has transferred such delinquent loans to Sukhumvit Asset Management Co. (see Note 4.25). As of December 31, 2002, FBCB account payable outstanding was Baht 339.89 million.

4.24 KTB' s 42 Finance Companies Promissory Note Exchange Program

On August 5, 1997 the Government temporarily suspended 42 ailing finance and securities companies as part of its strategy to alleviate the problems in the financial sector and to protect depositors and creditors. Holders of promissory notes issued

by these institutions were given the options of either rolling over old P/Ns at the existing institution, or exchanging their notes with Negotiable Certificates of Deposit (NCD) issued by Krung Thai Bank Public Company Limited. The maturity date for new NCDs would be 6 months, 3 years or 5 years respectively and, depositors would be entitled to interest at rates prescribed by the Bank. In this arrangement, the Bank is acting as an intermediary for the Financial Institutions Development Fund and all transactions are guaranteed by the Government under this program.

As of February 14, 2002, 43,393 PN holders had exchanged their notes for NCDs amounting to Baht 137,613.41 million, of which 43,303 NCD holders with 6 months maturity have redeemed their notes worth Baht 135,538.33 million. The 985 other creditors have also exchanged the liabilities to NCDs amounting to Baht 68,288.92 million of which 217 holders have redeemed their notes amounting Baht 1,509.87 million.

4.25 The Transfer of Non-performing Loans to Sukhumvit Asset Management Co., Ltd.

On April 18, 2000 the Cabinet approved a plan to manage delinquent loans of the Bank through the establishment of the Asset Management Company as follows:

1. Approve the Financial Institutions Development Fund (FIDF) to wholly own 100 percent of the Asset Management Company and to provide the initial capital of Baht 25.00 million as prescribed by the Ministerial Regulation B.E. 2541 issued under the Royal Enactment regarding Asset Management Company Act B.E. 2541
2. The Asset Management Company took over those loans of Krung Thai Bank including those transferred from FBCB that were overdue for more than 12 months and such portion that exceeds half of the total outstanding balance of each debtor. The loans transferred included debtors under litigation but excluded those debtors which total outstanding loans not exceeding Baht 5.00 million. The criteria used in transferring the KTB'S non-performing loans (NPLs) to the Asset Management Company was also applicable to those transferred from FBCB, as those NPLs of FBCB were taken over and managed by KTB.
3. The pricing of the assets transferred to the Asset Management Company was determined by the following guidelines:
 - 3.1 The FBCB' s NPLs were transferred at carrying value (net of allowance for doubtful accounts at the date of merger. November 1, 1998) after deduction of impairment loss of certain assets. This is in accordance with Government policy to compensate any loss from the transferred assets borne by the Bank.
 - 3.2 The Bank's own NPLs were transferred at their carrying value (net of allowance for doubtful accounts fully provided under BOT's guideline). A further Baht 108,000 million allowance for doubtful accounts will be reversed to reduce the Bank's accumulated losses. This is expected to make the Bank more attractive and as its price rises, the FIDF' s return would rise accordingly. The FIDF has also applied similar criteria to select the strategic partners to take over another Commercial Bank with loan problem.
 - 3.3 To protect the FIDF from bearing the burden of a shortage in the allowance for NPLs transferred by KTB and to prevent the Bank's capital from rising to an excessively high level, the Bank will return to the FIDF the additional gain from the reversal of the allowance for doubtful accounts amounting to Baht 108,000 million. The FIDF will then be able to finance the promissory notes issued in respect of the loans transferred from KTB at a lesser amount than that required if no reversal of allowance was made.
 - 3.4 The Asset Management Company would pay the Bank for the assets transferred by issuing promissory notes availed by the FIDF. The FIDF would be liable to pay Krung Thai Bank interest on the promissory notes semi-annually at the rate equivalent to the Bank's average deposit rate, including transfer cost and special business tax. The notes would matured during five years and would be gradually redeemed, thus, increasing the FIDF' s ability to efficiently manage its cash flow.
4. After the loans have been transferred, Krung Thai Bank's ratio of NPLs against total loans fell and, accordingly, after transferring to the FIDF, Baht 108,000 million recognised as income as a result of reversal of allowance for doubtful accounts, its Tier-1 capital ratio was higher than the rate required by the BOT, and sufficient for expanding its scope of business.
5. The Baht 108,000 million returned to the FIDF would reduce the FIDF' s holdings in the Bank from 93.5 percent down to 87.2 percent. With the decrease in the FIDF' s share holding, Krung Thai Bank would need to issue 10,800 million warrants at Baht 10.00 each amounting to Baht 108,000 million to FIDF. The warrants can be exercised any time before they expire in 10 years time, which will enable the FIDF to benefit from the stronger performance of Krung Thai Bank in the future.
6. When the assets transferred to Asset Management Company achieves healthier performance, additional loans may be granted by the Bank provided such loans are guaranteed by the Asset Management Company itself.

As at September 21, 2000, Baht 519,378.17 million and 198,126.15 million of non-performing assets and allowance for doubtful accounts respectively, were transferred to Sukhumvit Asset Management Co., Ltd.(SAM), in accordance with the guidelines issued by the Cabinet on April 18, 2000. The 5-year promissory note availed by the FIDF of Baht 321,252.02 million was issued for payment to the Bank. The transferred price can be adjusted under the terms and conditions specified in the contract, such as the inaccuracy of information relating the transferred assets, unqualified assets or other circumstances as otherwise stated. The price adjustment can be made up to three times, with the third adjustment expiring on May 15, 2001 unless a mutual agreement for time expansion is met. The transfer price shall be subsequently adjustable over time. As specified in the contract, the Bank will be obliged to compensate any damage or expense incurred by SAM. On September 21, 2000, a Bank received the Baht 108,000 million promissory note, availed by FIDF, from SAM to off-set the reversal of the allowance for doubtful accounts. The promissory note was repaid to the FIDF to reduce the share capital. As of December 31, 2002 the net assets returned totalled Baht 44,477.01 million together with allowance for doubtful accounts of Baht 7,798.88 million. An allowance for doubtful accounts amounting to Baht 7,750.09 million was returned to the Bank due to the increase in appraised value of collateral.

On September 14, 2001 SAM adjusted transfer prices by issuing a second P/N due in 4 years, availed by FIDF, amounting to Baht 281,763.15 million in exchange for the P/N issued on April 18, 2000, bearing interest calculated from the Bank's weighted average deposit rate.

SAM signed 2 contracts hiring KTB to manage the above assets for the initial period of six months from September 21, 2000 upto March 21, 2001. The contract was extended to March 31, 2002 to cover the followings:

1. Asset management covering collection, debt and collateral management, debt restructuring, bookkeeping and reporting, providing customer information system and other information and providing appropriate facilities to SAM.
2. Serving as an intermediary for debt workout, including payment over KTB' s counter as well as preparing workout and payment reports.

4.26 The Transfer of Non-performing Loans to Thai Asset Management Corporation (TAMC)

The TAMC is established under the TAMC Emergency Decree B.E. 2544 to manage non-performing assets of financial institutions. Under this Decree, financial institutions are required to transfer to TAMC the non-performing assets, including the right over assets pledged as collateral according to terms and conditions prescribed by TAMC. The transfer price would be the valuation of collateral of the non-performing assets as appraised according to the Bank of Thailand's regulations. The Bank is eligible to request reappraisal of pledge assets under prescribed rules and time frame. TAMC and the Bank agreed to share gains/losses resulting from asset management at the end of the 5th and 10th year as from July 1, 2001, providing that the gains/losses are calculated in respect of debtors whose debts have been fully paid, or collateral which has been sold and the proceeds from its sale have been received after taking into account the transfer cost, total operating expenses incurred, and interest expense paid to the Bank.

Non-performing assets at net carrying value of approximately Baht 13,064.59 million and Baht 10,848.34 million (net of allowance for doubtful accounts amounting to Baht 10,643.35 million and Baht 5,306.63 million, respectively) were transferred to TAMC as at December 31, 2002 and 2001. TAMC would verify the initial transfer price within 180 days after each transfer date. Having confirmed the price, TAMC would issue 10-year non-transferable promissory notes, availed by the FIDF, to pay for the assets at transfer values. The notes could be redeemed prematurely. Interest rates will be determined on the basis of the weighted average of all types of Baht deposit rate (including current account), quoted by Bangkok Bank Public Co., Ltd., Krung Thai Bank Public Co., Ltd., Thai Farmer Bank Public Co., Ltd. Siam Commercial Bank Public Co., Ltd., and Bank of Ayudhya Public Co., Ltd. and paid annually, at year-end. As at december 31, 2002 an allowance for doubtful accounts amounting to Baht 1,959.69 million has been provided against losses arising from such assets transferred. On December 31, 2002, the Bank received 9 promissory notes issued by TAMC amounting to Baht 7,845.73 million and another 7 promissory notes on January 31, 2003 amounting to Baht 4,223.05 million.

TAMC hired the Bank to manage non-performing loans transferred to TAMC. The management fee would be calculated on a monthly basis at the rate of 0.25 percent, calculated on the outstanding carrying value of designated transferred assets of previous

month plus VAT. Payment would be made once every six months within 30 days from the invoice date. Further, incentive fee to the Bank would be agreed upon within two months from the signing date. Such agreement started on December 14, 2001 and lasted within a period of one year. The agreement was terminated when due.

Based on discussion with TAMC, the fee would be at 0.25 percent per annum. Therefore, management, would likewise accrue the fee at the same rate where a conservative measure is applicable.

4.27 The Transfer of Loans related to Credit Card To Krung Thai Card Public Co.Ltd.(KTC.)

Loans related to credit card at net carrying value amounted to Baht 4,008.78 million, (net of allowance for doubtful accounts amounting to Baht 1,405.04 million), have been transferred to KTC on June 30, 2002. Non-transferable promissory note issued by KTC was paid to the Bank on July 1, 2002.

4.28 Legal Reserve

On December 18, 2002, the Bank transferred Baht 1,485.00 million of legal reserve to reduce accumulated losses as approved by an extraordinary shareholders' meeting held on September 24, 2002.

In compliance with Public Company Act, the Bank is required to set aside 5 percent of net income for the year to set up legal reserve appropriation and by taking into account the accumulated losses, the legal reserve as at December 31, 2002 will be calculated as follow:

	(Million Baht)
Net Income	8,009.16
<u>less</u> accumulated losses as at December 31, 2002	4,880.76
unappropriated retained earnings (before legal reserve)	<u>3,128.40</u>
legal reserve (5%)	<u>156.42</u>

4.29 Financial Restatements

Financial statements for the year ended December 31, 2001 have been restated in line with the presentation of financial statements for the year 2002 without causing an effect on net income presented herein.

4.30 Other Issues

4.30.1 Land Revaluation

In the third quarter of 2001, the revaluation of land was made in accordance with Thai Accounting Standard No.32 by independent professional valuers, approved by The Securities and Exchange Commission. The appraisal was completed in September 2001 using a market approach.

On September 30, 2001 Baht 1,540.56 million in revaluation surplus was booked in the land account against the revaluation surplus account, whereas a deficit of Baht 948.89 million was charged to expenses against an allowance for land impairment.

4.30.2 Sundry Debtors (Net)-Sukhumvit Asset Management Co.,Ltd.

This represents outstanding balances arising from non-performing assets transferred from the Bank to SAM which are subject to verification in order to acquire the right for repricing, and to exchange for a further promissory note.

4.30.3 Islamic Banking and Financial Service

The Bank provides the initial capital of Baht 1,000.00 million for the establishment of Islamic Banking. It provides services in line with Islamic principle "shariah" which comprises saving account deposits or "Wadiah", deposit for general investments account based on "Mudharabah" and other services. As of December 31, 2002, the Bank has operated Islamic Banking system in nine branches.

KTB's income structure

Income	2002		2001		2000	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Net interest income and dividend (less allowance for bad debt and doubtful accounts)	17,720.3	71.37	9,717.2	68.12	(14,095.6)	129.69
Non-interest income	7,107.4	28.63	4,548.3	31.88	3,227.1	(29.69)
Total	24,827.7	100.00	14,265.5	100.00	(10,868.5)	100.00

Income structure earned by affiliated and associated companies in 2002 and 2001

Managed by	Product / Service	Percentage of KTB's Holding	Type of Income	2002 (unaudited)		2001	
				Income (Million Baht)	(%)	Income (Million Baht)	(%)
1 Krungthai Legal Services Company Limited	Legal services to KTB and its subsidiaries	99.99	Services fees	112.25	100.00	244.21	99.75
			Other income	-	-	0.60	0.25
			Total	112.25	100.00	244.81	100.00
2 Krung Thai Computer Services Company Limited	IT services	99.99	Services fees	274.65	99.07	522.13	99.82
			Other income	2.57	0.93	0.95	0.18
			Total	277.22	100.00	523.08	100.00
3 Krung Thai Land and House Company Limited	Project consultant, land appraisal	99.99	Services fees	67.65	99.69	35.02	47.10
			Other income	0.21	0.31	39.34	52.90
			Total	67.86	100.00	74.36	100.00
4 Krung Thai General Business Services Company Limited	General services to KTB and its subsidiaries	99.99	Services fees	408.55	99.95	372.80	99.99
			Other income	0.21	0.05	0.03	0.01
			Total	408.76	100.00	372.83	100.00
5 Krung Thai Asset Management Public Company Limited	Asset management	99.99	Services fees	119.54	98.38	27.21	82.40
			Income from investment	0.50	0.41	5.61	16.99
			Other income	1.47	1.21	0.20	0.61
			Total	121.51	100.00	33.02	100.00
6 NC Associates Company Limited	Rubberwood agent	54.39	Income from sales	1,025.82	99.97	1,368.76	99.92
			Interest	0.30	0.03	-	-
			Other income	-	-	1.10	0.08
			Total	1,026.12	100.00	1,369.86	100.00
7 Krungthai AXA Life Insurance Company Limited	Insurance	50.00	Services fees	745.94	95.66	443.90	94.92
			Income from investment	32.25	4.14	23.78	5.08
			Other income	1.61	0.21	-	-
			Total	779.81	100.00	467.68	100.00
8 Amorn-Chai Company Limited	Vegetable oil production	49.78	Income from sales	waiting for financial statement		611.09	97.02
			Other income	waiting for financial statement		18.75	2.98
			Total	waiting for financial statement		629.84	100.00
9 Krungthai Card Public Company Limited	Credit card business	49.00	Services fees	1,278.52	97.93	393.01	98.90
			Other income	27.07	2.07	4.38	1.10
			Total	1,305.59	100.00	397.39	100.00
10 Krungthai Panich Insurance Company Limited	Non-life insurance	40.00	Services fees	673.10	84.58	625.42	85.08
			Income from investment	122.73	15.42	109.67	14.92
			Total	795.83	100.00	735.09	100.00
11 Krung Thai IBJ Leasing Company Limited	Hire purchase	39.99	Services fees	160.36	95.77	178.09	96.76
			Other income	7.09	4.23	5.97	3.24
			Total	167.45	100.00	184.06	100.00
12 Krung Thai C.S. Company Limited	Hire purchase	35.00	Services fees	355.81	98.21	387.18	98.18
			Other income	6.48	1.79	7.17	1.82
			Total	362.29	100.00	394.35	100.00
13 Krungthai Charoensri Company Limited	Hire purchase	35.00	Services fees	7.14	66.67	26.70	80.13
			Other income	3.57	33.33	6.62	19.87
			Total	10.71	100.00	33.32	100.00
14 Lanna Agribusiness Company Limited	Vegetable oil, fat oil production	30.97	Income from sales	waiting for financial statement		352.66	99.08
			Other income	waiting for financial statement		3.26	0.92
			Total	waiting for financial statement		355.92	100.00
15 Alphatec Electronics Public Company Limited	Electronic components production	30.51	Income from sales	waiting for financial statement		no financial statement	
			Other income	waiting for financial statement		no financial statement	
			Total	waiting for financial statement		no financial statement	
16 Vejthani Public Company Limited	Hospital	30.00	Services fees	waiting for financial statement		252.39	98.52
			Other income	waiting for financial statement		3.80	1.48
			Total	waiting for financial statement		256.19	100.00
17 Kamol Kij Company Limited	Rice export and vegetable oil production	28.90	Income from sales	waiting for financial statement		4,065.39	99.95
			Other income	waiting for financial statement		2.11	0.05
			Total	waiting for financial statement		4,067.50	100.00
18 Farm Kirikan Company Limited	Land development	26.67	Income from sales	waiting for financial statement		30.79	73.66
			Other income	waiting for financial statement		11.01	26.34
			Total	waiting for financial statement		41.80	100.00

**Income structure earned by affiliated and associated companies
in 2002 and 2001**

Managed by	Product / Service	Percentage of KTB's Holding	Type of Income	2002 (unaudited)		2001	
				Income (Million Baht)	(%)	Income (Million Baht)	(%)
19 WTA (Thailand) Company Limited	Business taken over from TelecomAsia Corporation Public Company Limited	25.00	Services fees Other income Total	waiting for financial statement		no financial statement	
20 Trinity Watthana Public Company Limited	Holding Company	19.60	Income from investment Other income Total	waiting for financial statement	(19.27)	100.00	
					-	-	
					(19.27)	100.00	
21 Dhipaya Insurance Public Company Limited	Non-life insurance	16.96	Services fees Income from investment Other income Total	waiting for financial statement	1,655.88	93.41	
					110.15	6.21	
					6.59	0.37	
					1,772.62	100.00	
22 Thai Nam Plastics Public Company Limited	Production and sales of artificial leather sheets	15.46	Income from sales Other income Total	waiting for financial statement	1,171.43	98.54	
					17.38	1.46	
					1,188.81	100.00	
23 Thai - German Products Public Company Limited	Production and sales of stainless steel pipes	15.30	Income from sales Other income Total	waiting for financial statement	1,037.93	99.04	
					10.07	0.96	
					1,048.00	100.00	
24 M Grand Hotel Company Limited	Hotel	15.00	Services fees Other income Total	waiting for financial statement	-	-	
					8.23	100.00	
					8.23	100.00	
25 Thai Baroda Industries Company Limited	Canvass for tyres	11.44	Income from sales Other income Total	waiting for financial statement	1,538.06	98.80	
					18.69	1.20	
					1,556.75	100.00	
26 K.M.B.International Company Limited	Canned pineapple production	10.00	Income from sales Other income Total	waiting for financial statement			no financial statement
27 Cermas Company Limited	Mining	10.00	Income from sales Other income Total	waiting for financial statement	92.43	99.49	
					0.47	0.51	
					92.90	100.00	
28 Thai Smart Card Company Limited	Isser Smart Card	10.00	Services fees Other income Total	waiting for financial statement			no financial statement
29 Thanathep Printing Company Limited	Printing and publishing	10.00	Services fees Other income Total	waiting for financial statement	61.50	97.34	
					1.68	2.66	
					63.18	100.00	
30 Saraburi New Industrial City Company Limited	Industrial estate projects management	10.00	Services fees Other income Total	waiting for financial statement	0.86	98.85	
					0.01	1.15	
					0.87	100.00	
31 Bangkok Metro Company Limited	Transportation	10.00	Services fees Other income Total	waiting for financial statement	-	-	
					27.13	100.00	
					27.13	100.00	
32 NSRF (Thailand) Limited	Business taken over from Northern Bangkok Expressway Company Limited	10.00	Services fees Other income Total	waiting for financial statement	-	-	
					0.01	100.00	
					0.01	100.00	
33 M.B.T.B52 Factoring Company Limited	Manufacturing plant	10.00	Services fees Other income Total	waiting for financial statement			no financial statement

**Companies in which Krung Thai Bank holds 10% or more of the listed shares
as at December 31, 2002**

Name	Type of Business	Percentage of Shareholding	No. of Shares Invested	Total Share Issued	Address
1 Krungthai Legal Services Company Limited	Legal services to KTB and its subsidiaries	99.99	299,993	300,000	191/50-53 C.T.I. Tower, 19th Floor, Ratchadapisek Road, Klongtoey, Bangkok 10110 Tel.+66 (0) 2261-2222 ext. 300 Fax.+66 (0) 2261-5267
2 Krung Thai Computer Services Company Limited	IT services	99.99	399,994	400,000	22 Sawai Brown Building, Sukhumvit 1, Klongtoeynua, Wattana, Bangkok 10110 Tel.+66 (0) 2655-1921-40 Fax.+66 (0) 2655-6195
3 Krung Thai Land and House Company Limited	Project consultant, land appraisal	99.99	1,999,957	2,000,000	191/50-53 C.T.I. Tower, 14th Floor, Ratchadapisek Road, Klongtoey, Bangkok 10110 Tel.+66 (0) 2204-1677 Fax.+66 (0) 2204-1676
4 Krung Thai General Business Services Company Limited	General services to KTB and its subsidiaries	99.99	1,399,990	1,400,000	38 Rama I Road, Patumwan, Bangkok 10330 Tel.+66 (0) 2216-9194-6 Fax.+66 (0) 2216-9192
5 Krung Thai Asset Management Public Company Limited	Asset management	99.99	19,999,994	20,000,000	11 Q-House Sathorn Building, M Floor, South Sathorn Road, Sathorn, Bangkok 10120 Tel.+66 (0) 2670-4900 Fax.+66 (0) 2679-1824
6 NC Associates Company Limited	Rubberwood agent	54.39	5,439	10,000	3195/11 Viboonanee Tower 1, 6th Floor, Rama IV Road, Bangkok 10110 Tel.+66 (0) 2661-5200 ext. 6332-3 Fax.+66 (0) 2661-4136
7 Krungthai AXA Life Insurance Company Limited	Insurance	50.00	53,000,000	106,000,000	87/1 Capital Tower, 25th Floor, Wireless Road, Bangkok 10330 Tel.+66 (0) 2654-3150 Fax.+66 (0) 2654-3140
8 Amorn-Chai Company Limited	Vegetable oil production	49.78	22,400	45,000	293/23-26 Surawongse Road, Bangruk, Bangkok 10500 Tel.+66 (0) 2234-1502-9 Fax.+66 (0) 2236-5197
9 Krungthai Card Public Company Limited	Credit card business	49.000	48,999,993	100,000,000	591 United Business Centre II Building, 11th Floor, Sukhumvit Road, Wattana, Bangkok 10110 Tel.+66 (0) 2665-5100 Fax.+66 (0) 2665-5497

**Companies in which Krung Thai Bank holds 10% or more of the listed shares
as at December 31, 2002**

Name	Type of Business	Percentage of Shareholding	No. of Shares Invested	Total Share Issued	Address
10 Krungthai Panich Insurance Company Limited	Non-life insurance	40.00	4,000,000	10,000,000	208 Wireless Road, Patumwan, Bangkok 10330 Tel.+66 (0) 2302-0111, 2651-5500 Fax.+66 (0) 2651-5511
11 Krung Thai IBJ Leasing Company Limited	Hire purchase	39.99	3,999,998	10,000,000	161 Nantawan Building, 18th Floor, Rajdamri Road, Patumwan, Bangkok 10330 Tel.+66 (0) 2252-9620, 2651-8120 Fax.+66 (0) 2254-6119
12 Krung Thai C.S. Company Limited	Hire purchase	35.00	700,000	2,000,000	1483 Petchkasem Road, Hat Yai, Songkhla 90110 Tel.+66 (0) 7422-0832-4, 7442-3830-7 Fax.+66 (0) 7422-0824, 7442-3829
13 Krung Thai Charoensri Company Limited	Hire purchase	35.00	350,000	1,000,000	277/3 Charoensri Complex Building, Prajak Road, Muang, Udonthani 41000 Tel.+66 (0) 4224-9216-20 Fax.+66 (0) 4224-9221
14 Lanna Agribusiness Company Limited	Vegetable oil, fat oil production	30.97	120,000	387,500	293/23-26 Surawong Road, Bangruk, Bangkok 10500 Tel.+66 (0) 2234-1502-9 Fax.+66 (0) 2236-5197
15 Alphatec Electronics Public Company Limited	Electronics components production	30.51	806	2,642	17/2 Suvintawongse Road, Saladaeng, Bangnamprieo, Chachoengsao 24150 Tel.+66 (0) 3851-4711, 3851-4713
16 Vejthani Public Company Limited	Hospital	30.00	26,238,000	87,459,681	1 Ladprao 111 Road, Bangkapi, Bangkok 10240 Tel.+66 (0) 2734-0000 Fax.+66 (0) 2734-0044
17 Kamol Kij Company Limited	Rice export and vegetable oil production	28.90	113,000	391,000	293/23-26 Surawong Road, Bangruk, Bangkok 10500 Tel.+66 (0) 2234-1502-9 Fax.+66 (0) 2236-5197
18 Farm Kirikan Company Limited	Land development	26.67	12,000	45,000	293/23-26 Surawong Road, Bangruk, Bangkok 10500 Tel.+66 (0) 2234-1502-9 Fax.+66 (0) 2236-5197
19 WTA (Thailand) Company Limited	Business taken over from TelecomAsia Corporation Public Company Limited	25.00	250	1,000	313 C.P.Tower, Silom Road, Bangruk, Bangkok 10500 Tel.+66 (0) 2230-2019 Fax.+ 66 (0) 2236-0499

**Companies in which Krung Thai Bank holds 10% or more of the listed shares
as at December 31, 2002**

Name	Type of Business	Percentage of Shareholding	No. of Shares		Address
			Invested	Total Share Issued	
20 Trinity Watthana Public Company Limited	Holding Company	19.60	27,300,000	139,300,000	179/111 Bangkok City Tower, 26th Floor, South Sathorn Road, Sathorn, Bangkok 10120 Tel.+66 (0) 2670-9100 Fax.+66 (0) 2286-9000
21 Dhipaya Insurance Public Company Limited	Non-life insurance	16.96	4,070,400	24,000,000	63/2 Rama IX Road, Huaykwang, Bangkok 10320 Tel.+66 (0) 2248-0059 Fax.+66 (0) 2248-7850
22 Thai Nam Plastics Public Company Limited	Production and sales of artificial leather sheets	15.46	3,273,811	21,175,004	40 Moo 7 Petchkasem Road Km.23, Kratoomban, Samut Sakhon 74130 Tel.+66 (0) 2810-3000, 2420-9968-74 Tax.+66 (0) 2420-9967
23 Thai - German Products Public Company Limited	Production and sales of stainless steel pipes	15.30	3,215,560	21,012,069	170 Ocean Tower 1, 10th Floor, Ratchadapisek Road, Klongtoey, Bangkok 10110 Tel.+66 (0) 2261-3300 Fax.+66 (0) 2261-2769-70
24 M Grand Hotel Company Limited	Hotel	15.00	15,000,000	100,000,000	1045 Phaholyothin Road, Phayathai, Bangkok 10400 Tel.+66 (0) 2617-1949 Fax.+66 (0) 2617-1940
25 Thai Baroda Industries Company Limited	Canvass for tyres	11.44	1,035,600	9,050,000	3 Map-Ta-Phut Industrial Estate, Muang, Rayong 21150 Tel.+66 (0) 3868-3102-3 ext.152 Fax.+66 (0) 3863-8101
26 K.M.B.International Company Limited	Canned pineapple production	10.00	10,000	100,000	401/1 Moo 8, Abico Building, 2nd Floor, Phaholyothin Road, Lumlooka, Pathumtani 12130 Tel.+66 (0) 2992-5757-70 Fax.+66 (0) 2992-5781-2
27 Cermas Company Limited	Mining	10.00	8,000	80,000	116/77-78 Nonsee Road, Yannawa, Bangkok 10120 Tel.+66 (0) 2295-2281-5 Fax.+66 (0) 2295-2280
28 Thai Smart Card Company Limited	Issuer Samrt Card	10.00	3,950,000	39,500,000	283 Sriboonrueng 1, 6th Floor, Silom Road, Bangruk, Bangkok 10500
29 Thanathep Printing Company Limited	Printing and publishing	10.00	10,000	100,000	111 Ladprao Road Km.9, Bangkapi, Bangkok 10240 Tel.+66 (0) 2377-5074-6 Fax.+66 (0) 02377-6289
30 Saraburi New Industrial City Company Limited	Industrial estate projects management	10.00	2,500,000	25,000,000	123 Thai Life Insurance Building, 12th Floor, Ratchadapisek Road, Huaykwang, Bangkok 10320 Tel.+66 (0) 2247-0247 ext 2112 Fax.+66 (0) 2246-9487

**Companies in which Krung Thai Bank holds 10% or more of the listed shares
as at December 31, 2002**

Name	Type of Business	Percentage of Shareholding	No. of Shares Invested	Total Share Issued	Address
31 Bangkok Metro Company Limited	Transportation	10.00	6,500,000	65,000,000	587 Suthisan Road, Dindaeng, Bangkok 10400 Tel.+66 (0) 2690-8200
32 NSRF (Thailand) Limited	Business taken over from Northern Bangkok Expressway Company Limited	10.00	100	1,000	Thai Military Bank Public Company Limited 3000 Phahon Yothin Road, Chatuchak, Bangkok 10900 Tel.+66 (0) 2299-1111
33 M.B.T.Factoring Company Limited	Manufacturing plant	10.00	10,000	100,000	1976 Khao Larm Road, Samphanthawong, Bangkok 10100

Major Shareholders

As at September 11, 2002 (book closed)

No.	Shareholders	No. of Shares held			
		Ordinary Shares	Preferred Shares	Total	% of Total Shares
1.	Financial Institutions Development Fund	9,756,635,967		9,756,635,967	87.23
2.	Ministry of Finance	414,339,615	5,452,190	419,791,802	3.75
3.	Government Savings Bank	88,145,858	-	88,145,858	0.79
4.	CLEARSTREAM NOMINEES LTD	57,959,603	-	57,959,603	0.52
5.	HSBC (SINGAPORE) NOMINEES PTE LTD	35,986,678	-	35,986,678	0.32
6.	JAPAN TRUSTEE SERVICES BANK,LTD	23,882,000		23,882,000	0.21
7.	RAFFLES NOMINEES PTE LTD	22,517,614	-	22,517,614	0.20
8.	The Government Pension Fund	19,492,600	-	19,492,600	0.17
9.	Thai NVDR Company Limited	14,760,770	-	14,760,770	-
10.	GERLACH&CO-THE DFA INVESTMENT TRUST COMPANY -THE EMERGING MARKET SERIES	12,981,770	-	12,981,770	0.12
	TOTAL	10,446,702,475	5,452,190	10,452,154,665	93.45



References

1. Registrar

Thailand Securities Depository Co., Ltd.
62 Stock Exchange of Thailand Building, 4th and 7th Floor,
Ratchadapisek Road, Klongtoey,
Bangkok 10110
Tel. +66 (0) 2229-2800, +66 (0) 2654-5599

2. Auditors

The State Audit Office
Rama VI Road, Sam Sen Nai, Phaya Thai,
Bangkok 10400
Tel. +66 (0) 2273-9674-91

3. Legal Consultant

Krungthai Legal Services Co., Ltd.
191/50-53 CTI Tower, 19th Floor,
Ratchadapisek Road, Klongtoey,
Bangkok 10110
Tel. +66 (0) 2262-1444, +66 (0) 2261-2222 ext. 306

Bank's Policies in 2003

The year 2002 signified Thailand's economic rehabilitation. Krung Thai Bank played a vital role to stimulate economic growth by taking the lead in extending credit to all the economic sectors including agriculture, manufacturing industry, real estate, export and services ranging from government projects, corporate or large businesses and small and medium enterprises (SMEs). All this brought about capital circulation down to the grassroots level generating employment and strengthening the economy of the communities that were regarded as significant base for development to create value added to the country. For 2003, the Bank would still be aware of its participation in accelerating Thai economy for continuous and sustainable growth. Meanwhile the Bank was well determined to prepare itself for competition with other financial institutions, both domestic and international, amidst the changing environment by formulating its operational policies as follows :

Systematic Creation of Assets for Income Generation

The Bank had the policy to operate its core banking business to the full covering deposits acceptance, lending and payment settlement in order to strengthen its foundation for stable growth in the future. In this connection, the Bank still had more channels in assets expansion through its capital funds base that was large enough for operation by means of lending to respective government projects and state enterprise projects guaranteed by the government. Regarding corporate customers, the Bank would focus on continuously retaining its good customer base. The Bank also had the policy to give more support in the form of credit facility to the small and medium enterprises (SMEs) and retail customer groups so that they could become, in the future, its significant customer base. In addition, the Bank was aware of the importance of the community economy by providing managerial support, training and working capital in developing and making extra loans to the community to finance the project on "One Tambon, One Product." This was for the benefits of the producing communities at grassroots level with strong management under the Bank's risk management system for obtaining quality credit. As for non-performing loans (NPLs) or problem loans, the Bank pursued the policy on expedition of repayment, collection and restructuring on a continuous basis. The Bank focused on having quality asset management by creating value added from properly managing foreclosed property or assets disposition. However, the intense competition combined with the rapid changes of customers financial needs, increase of fee-based income has become more important to the Bank by concentrating its future growth in settlement and clearing markets in both public and private sectors.

Improvement of Operational Efficiency

As a result of increasingly severe competition in commercial banking business, information technology (IT) has turned to be major factor in conducting business. In 2003, the Bank would emphasize on developing its IT system through the operation of the Core Banking System (CBS) project so as to be ready for accommodating instant banking transactions by the customers and able to develop modern financial products and services that meet the customers requirements. Besides, the Bank would still attach the importance to its internal operational cost cutting in continuation from the previous year through mergers of unnecessary or unprofitable branches together with reengineering of branches nationwide. The

branches' methods of operation would also be adjusted so that those branches could serve as efficient service units for all the clients. In addition, the Bank would focus on adjusting its process of internal operation by reducing or eliminating non-value jobs or unprofitable jobs.

Risk Control Management

Under the constantly changing situation with respect to the economy, finance and competition, it has been unavoidable for the Bank to confront with business risk. Having been aware of the respective risk factors, the Bank thus created its risk control system in preparation for coping with various types of risk by acquiring tools for measuring or assessing risk involved as well as for risk control management in order to reduce the chance of incurring operational risk. The risk control system also included standardization of the Bank's internal control system together with the audit or examination of all applications or work systems aiming at risk prevention.

Personnel Development and Enhancement of Competence

The Bank has realized the importance of staff development and the enhancement of their competence over time since this would contribute to the organization's success by means of recruiting young generation of personnel with suitable qualifications corresponding to competency of each position to join the Bank staff. Such recruitment was meant to cope with the Bank's future business expansion. Staff development included personnel training focusing on enhancement of their knowledge in line with modern-day needs and skills that could be put into practice. Teamwork has been promoted with improvement of compensation system based on performance in order to increase operational potential and competence.

Bank's Vision and Mission

Vision

- "To be a convenience bank" : presents best financial products for sale on the market through bank's customers database
- Center of a wide variety of quality financial products to meet customers requirements
 - Suitable location
 - Being convenience bank for buying financial products and making payment with pleasure and time saving
 - 24 hours service daily

Mission

- Presents financial services to all interested people.
- Speedy and accurate services at competitive prices.
- Having service points and technology network covering all areas.
- Adheres to principle of management with transparency, equality and efficiency.

Business Operation

Krung Thai Bank Public Company Limited has been conducting commercial banking business under the license issued by the Ministry of Finance and the authorities concerned. Its main business includes deposits acceptance and lending. Deposits are placed with the Bank by the general public and respective juristic persons both in public and private sectors. The Bank borrows money from various sources of funds both onshore and offshore in order to earn its income by lending to customers. Other business represent revenue from providing respective services such as domestic and international funds transfer, foreign exchange business, aval of bills and guarantee, provident funds management, securities registrar, broker for non-life insurance and life insurance etc.

The Bank's issued and paid-up share capital stood at Baht 57,602,750,000 comprising 5,500,000 preferred shares at par value of Baht 5.15 each and 11,179,500,000 ordinary shares at par value of Baht 5.15 each.

Its Head Office is located at No. 35 Sukhumvit Road, Klong Toey Nua Subdistrict, Wattana District, Bangkok 10110, tel +66 (0) 2255-2222, fax +66 (0) 2255-9391-6 and website is <http://www.ktb.co.th> with public limited company registration No.335.

Market Condition and Competition

In 2002, competition in the financial system was more intense. Both financial institutions and non-financial institutions sped up their income and cost structures while resolving bad debts problem in order to increase operational efficiency to the highest possible level. The state bank group, with the government supports in tackling the problems of loan losses and capital adequacy, was able to reduce non-performing loans (NPLs) and loan losses provision thus resulting in better capital funds to risk assets ratio and improved interest spread. This enabled the state bank group to increase lending to better respond to the government policy. The Thai commercial banks and partly foreign-owned commercial banks could achieve good ratio of loan loss provision to NPLs and gain higher market shares from fee-based income. These banks placed an emphasis on services and diversified products to meet customers needs as much as possible. Apart from these, the non-bank financial institutions such as Aeon (Thailand), GE Capital (Thailand) came in to seize the opportunity of conducting business by mainly making personal loans such as housing/mortgage loan, installment loan, car hire-purchase loan, first class/voluntary car insurance loan, credit card loan etc.

Financial products and services with fierce competition were housing loans, credit card and debit card loans, packing credit or export loan, SMEs loan including "Payment Gateway" for paying costs of goods and services especially housing loans that were given government support in order to stimulate economic expansion. Financial institutions and commercial banks utilized their marketing strategies to gain higher market shares and retain customer bases. More importantly, loan interest rate cuts among them caused severe price war and immediately affected customer decision. All this had widespread impact since the customers were able to save their money and pay in installment with more ease. In addition, these institutions adopted strategies to persuade the clients by adding value to this type of credit such as increase of credit line for life insurance and home decorations and lengthening of repayment period. Other strategies included service providing on holiday and sales promotion such as giving cars as rewards. Competition in credit card and debit card loans

and payment gateway was also interesting because of sizeable market with ability to generate large and continuous income such as entrance fee, annual fee, commission from shops accepting those cards including income from high interest charged from cardholders. Each competitor used marketing strategy in various different aspects to gain more customers including those relating to prices, products, distribution channels and sales promotion for instance, rewards offer, product discount coupon, gift for new card-member, cumulative points for rewards exchange as specified, lowering of card-member's salary ceiling, one-hour card approval, extension of repayment period etc.

Bank Marketing Strategies : Focusing on Target Customers Group

Krung Thai Bank Public Company Limited has developed its strategies in several aspects to be in line with the changing situation to enable it to compete efficiently with other commercial banks and financial institutions. At the same time, the Bank has responded to the government policy on resolving national economic problems by expediting credit extension to stimulate spending in the private sector especially personal loans to the general public, retail entrepreneurs and SMEs including communities at the grassroots level.

Major marketing strategies are as follows:

- Grouping target customers and selecting suitable products to match the target groups.
- Developing new products with the use of marketing approaches and sales promotion to match the consumption behavior of the target groups.
- Using the nationwide branch network which is the Bank's strength as channels for products distribution in both aggressive and defensive ways by enhancing branch employees' knowledge about the products through training work plan meetings and preparation of media for direct marketing.
- Encouraging, in both direct and indirect ways, the branch employees to accept the products so that they will be willing to sell them and efficiently serve the customers.
- Setting up Sales Team to take up the duty of products sales with clearly specified responsibilities and targets.
- Setting up business unit for sales support with the Bank's monitoring and coordination in order to help solve the unit's problems and provide sales tools and equipment.
- Allocate adequate budget for marketing according to specified objectives and work plan with close control of operation.
- Using professional advertising agency in planning and implementation on advertising and sales promotion campaign for target products and services.

Products and Services : Meeting Customers Requirements

In 2002, the Bank developed several financial products to meet the customers needs as follows:

- Krung Thai Suktavee Home Loan : a housing loan for buying land with house or having a house built, extended, repaired and refinance from other financial institution at low interest rates with three alternatives and high credit line.
- Krung Thai Housing Loan as a project under special agreement in the form of personal loan for buying house on land under the Royal Parkville Project of Ying Ruay Thani Company Limited.
- Krung Thai Permsuk Loan for customer of the Bank's Housing Loan for buying consumer goods, home decorations, paying personal expenses or life insurance premium under the Mortgage Reducing Term Assurance (MRTA) project.
- Increase of credit line under the welfare project for members of senate
- Education Loan for Krung Thai Bank staff to cover expenses in further studies abroad.
- Second Home Loan for Bank staff
- Retirement Mutual Fund (RMF) by means of being agent for sales promotion and repurchase of investment units through various channels of Krung Thai Bank.
- Krung Thai Circle Loan and Special Circle Loan Plus Insurance in the form of loan for personal consumption made to customers who are government officials, state enterprise employees and well-established companies employees whose salaries are paid through Krung Thai Bank accounts.
- KTB inter-branch withdrawal from current/checking deposit account to enable the customers to have more flexibility in doing business.
- Service of changing and issuing new savings account passbook at any KTB branch for customers convenience.
- Government bonds selling project by being selling agent for the Bank of Thailand bonds worth Baht 56,857 million were sold by KTB.
- Selling Agent Project with purpose to sell shares/stocks of various institutions such as PTT, ITV.
- Welfare Loan Project for the benefits of the National Human Rights Committee. The loan is a general fixed loan at low interest rates for personal expenses.

Technology Development and Efficiency Enhancement

Apart from the aforementioned development of financial products and services, the Bank also developed its electronic products and technology in respective aspects in order to enhance the efficiency in service providing and meet the customers satisfaction as follows :

1. Increasing number of ATM cards to 4.8 million by the end of 2002. These ATM cards consisted of ATM Classic, ATM Gold, Visa Electron, IPAC (Identification Personal ATM card) which can be used as ATM card. Development was also made for storing system of database of all card types for the Bank's marketing strategy plan. Meanwhile the Bank increased its ATMs to a total of 1,035 consisting of 385 ATMs in Bangkok and 650 ATMs in the provinces.

In addition, the Bank developed and added more services at the ATMs as follows:

- Increased new model ATMs with OMRON Deposit for instant deposits and OMRON 3 in 1 consisting of automatic withdrawal, automatic deposit and passbook update combined in one machine. This was currently in the process.

- Increased companies/work units for payment of services as follows :

- | | |
|---------------------------------------|-----------------------------|
| ● Telephone / pager bills | ● Credit card / Loan |
| - D prompt | - HSBC credit card |
| - Orange (Talkplan) | - Aeon credit card |
| - Asious | - Aeon hire purchase / loan |
| - Hutchison | |
| ● Insurance company | ● Internet |
| - AIA | - KSC |
| - Muang Thai Life Insurance Co., Ltd. | |
| ● Income tax payment | ● Education Loan repayment |
| ● Investment units trading service | ● Registration payment |
| - KTAM / RMF open-end Fund | - Chiang Mai University |
| ● Other utility payments | |
| - Metropolitan Electricity Authority | - Mistine Co., Ltd. |
| - Avon (cosmetics company) | - SOS Foundation (Thailand) |

- Display of funds transferee's account in Thai Language for money transfer within KTB network and interbank transfer of so-called "Online Retail Funds Transfer (ORFT)

2. Internet Banking for providing services relating to deposit accounts and bank information on the Web Site www.ktb.co.th by developing and adding the following services :

- "Trade Securities Online" (providing services of shares subscription and IPO share payment) covering :
- | | |
|---------------------------------|------------------------|
| - ITV | - KTC (Krungthai Card) |
| - New Web Pages English Version | |
- Added companies/ agencies for service payment namely :

- | | |
|------------------------------|-------------------------------|
| ● Credit card/loan | ● Insurance company |
| - HSBC credit card | - Bangkok Insurance Co., Ltd. |
| ● Utility and other payments | ● Registration fee payment |
| - MEA | - Chiang Mai University |
| - Income tax payments | |

3. Through the Financial Electronic Data Interface (FEDI), the Bank expanded custom duties payment service in conjunction with other five member banks in their capacity as Trader Bank namely the Bangkok Bank, Thai Farmers Bank, Bank of Ayudhya, Thai Military Bank and Bank of Asia via VAN operated by the Communication Authority of Thailand (CAT) on 13 November 2002.

4. Through its “Tele Banking”, the Bank provided services relating to various accounts and information via touch-tone telephone number 1551. The following services were added:

- Service of KTAM and RMF investment units trading.
- Cheque / Check stop-payment service
- Service of information inquiry an Education Loan balances
- More companies/agencies for service payments were added:
 - Telephone/pager
 - TA Orange
 - Insurance Company
 - Bangkok Insurance Co., Ltd.
 - AIA
 - Utility / other payments
 - MEA
 - Revenue Department
 - Avon (cosmetics company)
 - Credit card / loan
 - HSBC credit card
 - Registration fee payment
 - Chiang Mai University

5. Clearing and Settlement

- The Bank participated in the “Set in the City” fair organized by the Stock Exchange of Thailand (SET) by

- setting up a booth and acting as an exclusive bank in providing account opening service for share subscription payment from investors who chose their method of payment through bank clearing or direct debit of account. At the fair, the United Securities Company invited the investors to subscribe to two IPO securities namely Sun Thai Rubber Industry Co., Ltd. and Daidomon Group during 12-14 July 2002.

- joining in the investment portal of Settrade.com for publicity of the Bank’s e-payment products.

- The Bank set up the payment service system for Thailand Securities Deposit Center (TSD), starting from providing payment service for securities trading of securities companies with TSD.

- Service payment using bar code reader at the standards set by five large commercial banks.

- The Bank added direct debit service for making payment for public utility at its branches using online system.

- Added utility payment service using bar code reader for payments made to the Telephone Organization of Thailand (TOT) and Metropolitan Electricity Authority (MEA) (only at branches in Bangkok)

Risk Factors

Risk management is of great importance to the Bank's business operation. Krung Thai Bank has realized well that it must study, assess, monitor and manage respective types of risk with efficiency and effectiveness so that the Bank executive officers are able to understand various risk factors and manage such risk factors to be at acceptable levels. All this is to achieve the ultimate goal in satisfying the shareholders. The main risk factors that the Bank has considered of significance and aimed at developing processes, tools and standards for risk management include credit risk, financial risk and operational risk.

Credit Risk

1. Non-performing Loans (NPLs), Assets Classification and Loan Losses Provision

As at 31 December 2002, the Bank's non-performing loans (NPLs) stood at Baht 107,844 million or 11.5% of the total loans. During 2002, the Bank succeeded in expediting loan repayment resulting in NPLs decreasing by the net amount of Baht 831 million. Nevertheless, when comparing NPLs figure as at year-end 2002 to that as at year-end 2001 of Baht 64,654 million, NPLs turned out to increase by the net amount of Baht 43,190 million. This represented an impact from the new definition of NPLs prescribed in the Bank of Thailand's notification amounting to Baht 44,021 million. The Bank had loans that were not regarded as NPLs by the BOT in 2001 but later in 2002 were considered as NPLs. These included loans classified as doubtful of loss with 100% provisioning that the Bank had already written off and were recorded back in the account as NPLs or unsecured or non-collateral loans of Baht 37,816 million and restructured loans still awaiting restructuring results amounting to Baht 6,205 million.

In 2002 the Bank took stringent corrective measures and controls of credit risk by assigning the Credit Examination Department to closely monitor the quality of debtors and report all the Credit Business Groups of the information on provisioning for possible loan losses so that these Groups would be able to use such information for their planning of problem loan management. If any debtor tended to become NPL re-entry, the responsible business units for such debtor would be informed to take preventive measures in advance. Substandard Debts Management Group was set up to enable the Bank to take legal action efficiently regarding problem loans.

For 2003, the Bank planned to expedite NPL problem solving nationwide. In this regard, the executives at all levels would be participating in the review of terms and conditions of loan repayment by each problem debtor as well as debtors under debt restructuring and those already restructured. This would enable the Bank to get maximum loan repayment and reduce its provision for loan losses.

2. Impairment of Collateral

The Bank's loans are mostly secured with collateral in the form of immovable property, the value of which depends largely on the economic condition. Should there be economic recession in the future, the impairment of collateral value for the Bank's substandard loans would result in the Bank receiving less money from foreclosed property auctions. As a result, the Bank would have to increase its provision for classified assets while its operating performance would decline.

However, the Bank has attached importance to the updating of collateral appraisal and verification of information on collateral/security in its collateral program applications on a continuous basis so that loan losses provisioning can be made accurately.

3. Loan Concentration

As at 31 December 2002, the Bank had total loans of Baht 941,007 million. After having deducted the promissory notes (P/Ns) of Sukhumvit Asset Management Company (SAM) worth Baht 281,761 million and P/Ns of Bangkok Bank of Commerce (BBC) worth Baht 78,681 million, the remaining parts were loans of Baht 580,563 million or 61.7% of the total loans comprising loans to public sector of 5.7% and 56.0% to private sector.

The Bank's loans made to top-ten largest debtors totalled Baht 78,806 million or 8.4% of the total loans. Of this, Baht 39,962 million was credit extended to respective projects operated by the government and state enterprises or 4.3% of the total loans.

Concerning loans to various business sectors, there was no significant loan concentration in any particular sector. Loans were mostly made to major economic sectors i.e. Baht 115,859.0 million loans to manufacturing industry, Baht 113,201.5 million to commerce (wholesale and retail trade, import and export business) and Baht 105,752.6 million loans for personal consumption (including housing or mortgage loans) accounting for 12.3%, 12.0% and 11.2% of the total loans respectively.

Financial Risk

Financial risk consists of two major risks i.e. market risk covering volatility of interest rates and foreign exchange rates, and liquidity risk.

1. Interest Rates and Foreign Exchange Rates

Changes of interest rates in domestic and international money markets have impacts on the Bank's interest income and expenses. Mismatch between the types of interest rates on assets and liabilities is considered as risk from interest rates. The Bank's mismatch was still low since most of its interest rates were floating rates both on assets and liabilities. On the asset side, interest rates particularly on loans were mostly floating in the form of MOR, MRR and MLR except for investments in bonds with fixed interest rates according to specified maturities. Interest rates on liability side were subject to those in Thailand's money market system. All these consisted of current/checking deposits and savings deposits with floating interest rates, and fixed deposits for 3, 6 and 12 months at short-term fixed interest rates.

Regarding foreign exchange rates on respective currencies in the money markets with constantly rapid changes, the bank was not much affected by the risk of this type since most of its transactions were handled for customers' accounts. However, the Bank has a standard model analysis called Value at Risk (VaR), which enables it to identify value of interest rate risk and foreign exchange rate risk in aggregate base system.

In addition, the Bank has risk management of Structural Interest Rate Sensitivity by means of Gap Analysis combined with Earning at Risk (EaR) and Duration as important tools in assessing risk from interest rate volatility.

2. Excess Liquidity

Due to large volume of excess liquidity in the banking system in early 2002, the Bank implemented its business plan by expanding credit facilities mostly as loans for projects relating to the government and state enterprises, corporate loans, SMEs loans and personal loans to retail consumers. The Bank's net loan volume has continuously increased thus enabling excess liquidity to be at satisfactory levels.

Operational Risk

The Bank has realized the importance of operational risk resulting in loss or damage that may arise from deficiency of operational system, operational errors or operational failure as a result of external incidents etc. To be in compliance with the rules and regulations of the State Audit office governing internal control standards, B.E. 2544 (2001), the Bank instructed all its business units to establish internal control system by adopting the internal control standards of the State Audit Office as guidelines and to report on the progress of such operation to the Bank and the State Audit Office for information.

Since the establishment of a good internal control system would involve all the staff members at all levels in the organization, the Bank instructed each business unit to study and assess its own sub-activities or operational procedures. Any point assessed as having high risk should be taken into consideration for specifying control activities aiming at reducing such risk. The business units must take necessary actions to achieve the objectives of internal control with respect to effectiveness and efficiency of operation including maintenance or upkeep of property, prevention or reduction of errors, damages, waste or fraud.

Apart from these, the Bank was in the process of conducting studies for coping with the impacts of operational risk on its future capital adequacy when the Bank of Thailand accepts the new accord or the so-called "Basel II Accord" stipulated by the Bank for International Settlements (BIS) with which Thai commercial banks must comply.

KTB Risk Management in 2002

In 2002, the Bank adjusted its risk management process to have more prudence by taking the following supervisory measures :

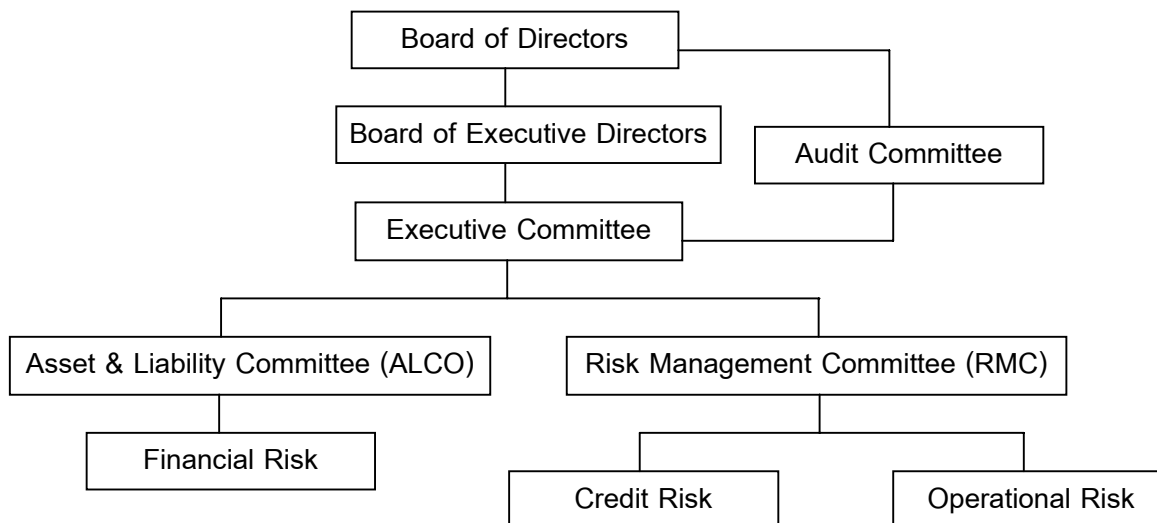
1. Organizational restructuring by dividing duties of the Credit Groups on the basis of geographical area and customer size. The Substandard Debts Management Group was established to be responsible for legal action in parallel with problem loan management. The Risk Management Group was set up to supervise the management of credit risk and financial risk.

2. Appointments of two committees to be informed and make decisions concerning solutions to various issues, problems and arguments relating to the management of respective risk as follows:

Risk Management Committee (RMC) : to supervise and formulate credit policy, credit approval authority, credit risk management and financial risk management.

Asset and Liability Committee (ALCO) : to supervise and formulate policy on market risk management and liquidity risk management, consider impacts on the Bank's assets and liabilities arising from changes of interest rates, foreign exchange rates, capital instruments market, debts instruments market and sources of funds.

Committees Supervising Risk Management



3. Procurement and introduction of Core Banking System (CBS) to enable the Bank to develop financial products and services of modern times to satisfy customer needs while providing the Bank executives with accurate and timely information. Such information would be beneficial to the Bank's asset and liability management and risk control at all levels of customers and products with greater efficiency. In addition, the Bank planned to acquire the computer system called "End to End Credit Process Management System" that could be interfaced with the new Core Banking System.

4. Development and improvement of tools for risk analysis and rating to suit each customer group of the Bank.

5. Formulation of Credit Policy to be used as guidelines for the Bank's lending and be notified to all business units in the organization as well as gathering of operational issues and obstacles and interpretation in order to review and revise such Credit Policy.

6. Training courses in risk management for the Bank executive offices were organized and development of staff members was made to be internal instructors in order to accommodate the Bank's personnel training plan nationwide.

7. Establishment of a working group to study and make preparation for changes in regulations relating to maintaining at of capital funds to risk assets according to the new accord of the Bank for International Settlement (BIS) or the so-called Basel II Accord. Since the Basel II Accord has attached importance to credit risk, market risk and operational risk more than in the past, Krung Thai Bank must be well prepared in all aspects such as tools, information and personnel including close coordination with the Bank of Thailand (BOT). Apart from these, the Bank received support funds from the Japanese government through the World Bank in hiring international advisors to review the Bank's risk management process and develop risk management tools up to world standards and to be in line with the Basel II Accord. The implementation was scheduled to start in late 2002 and complete by year-end 2003.

Major Changes in 2002

Management

- The Bank adopted the Management Cockpit, a modern-day business management concept by having built the KTB Corporate War Room with four interior walls showing key information i.e. Financial Wall, Internal Wall and Dynamic Wall containing data on finance, internal and external information and vital movements in various aspects totalling 108 pictures. All these served as the Bank's tools for speedy and timely decision-making by the Board of Directors and the Management.

- The Balanced Scorecard was introduced for use at the Business Group and Department levels. This served as a tool for formulating strategic plan and putting strategy into practice. In this regard, the Bank executives were able to use the Balanced Scorecard as guidelines for assessing the Bank's operating performance as a whole and those of the business groups and departments whether they were in line with The Bank's strategy.

- The Bank introduced the Work Improvement Project so that its executive officers were able to set their targets for job efficiency increase by fully utilizing the available resources and to understand how to properly manage staff members under their supervision for tangible use of employees' potential and to create the corporate culture with focus on efficiency and effectiveness. In this connection, the groups of executive officers have acted as change leaders.

- The Bank implemented the Corporate Identity (CI) Project in order to improve and standardize the Bank's image nationwide. Included in the CI Project were logo, bank sign and fascia, ATM banner sticker and exchange booth sign-board as well as other printing media. The new Vayupaksa logo was changed from the former quadrilateral to a circle representing the business world in the form of three-dimensional image with supportive speed mark for distinctive and modern look. Marine remained the principal color signifying stable business operation, sky-blue symbolizing vastness and mint-green meaning awareness of the environment. The name "Krung Thai Bank PCL" was adopted to replace "Krung Thai Bank Public Company Limited."

Personnel Management

- The Bank delegated authority in personnel management to the Business Group executives to enable flexibility and business success.

- Staff career path was improved so that promotion could be made on basis of knowledge and competence.

- Staff salary structure was enhanced for higher morale and intention to work.

- Bank organizational structure was improved for compactness and shorter line of command.

- Job Function and Job Description were prepared so that the staff would know the scope and authority of business units and role and responsibility of each position

- The Bank established the Organization Knowledge Warehouse Project, Book Club Project, Talent Group Project as well as training projects for executive officers and employees by organizing 121 training totalling 467 classes for bank executives and employees. In addition, approvals were made to allow 306 employees to attend 170 seminars and training courses at external institutions, and 43 employees to attend 20 course of seminars and study tours abroad including approvals granted to employees for further study both in Thailand and foreign countries.

Technology

- The Bank adopted the New Core Banking System to replace the existing one so that it would have the main system that could interface data from respective systems covering deposits, loans, accounting and customer information. The new system enabled the Bank to provide the customers with various banking services around the clock. This also served as a system that was able to develop financial products and services to meet the customer needs. The Core Banking System Project was currently underway and on-going until 2004. The Islamic Bank adopted the Islamic Core Banking System as well.

- To enable the Bank's customer service providing to be "One-StopService" and increase customer service channels for complete service range, the Bank set up its "Contact Center" to serve the purposes. This job was currently in continuation from 2002.

- A Data Ware house was established to store the entire information/data of the organization. Such data would be used as central information as database in the Decision Support System and Executive Information System.

- In 2002, the Bank transferred its substandard assets or NPLs to the Thai Asset Management Corporation (TAMC) altogether 14 times accounting for 554 cases of substandard assets with book value of Baht 23,610.07 million.

Branch Banking Services

- The Bank has had the policy to privatize Krung Thai Card Co., Ltd., subsidiary under hiring contract to manage the Bank's credit card business and to have it listed on the Stock Exchange of Thailand. In this regard the Bank's shareholding of 49% was retained in order to increase competitive edge and build up business value on the basis of standard business operation that would be beneficial to the Bank as a whole.

- The Bank acted as agent in purchase and repurchase of investment units of Thanasan's open-end mutual fund and provident fund of Krung Thai Asset Management Co., Ltd., KTB subsidiary, in order to create fee-based income for the Bank.

- The Bank allowed Thailand Securities Depository Center to use securities trading payments by means of direct debit under the Settlement Banking Project through the Data Delivery System (DDS) with only 15 minutes data sending in advance as compared with the existing 3 days.

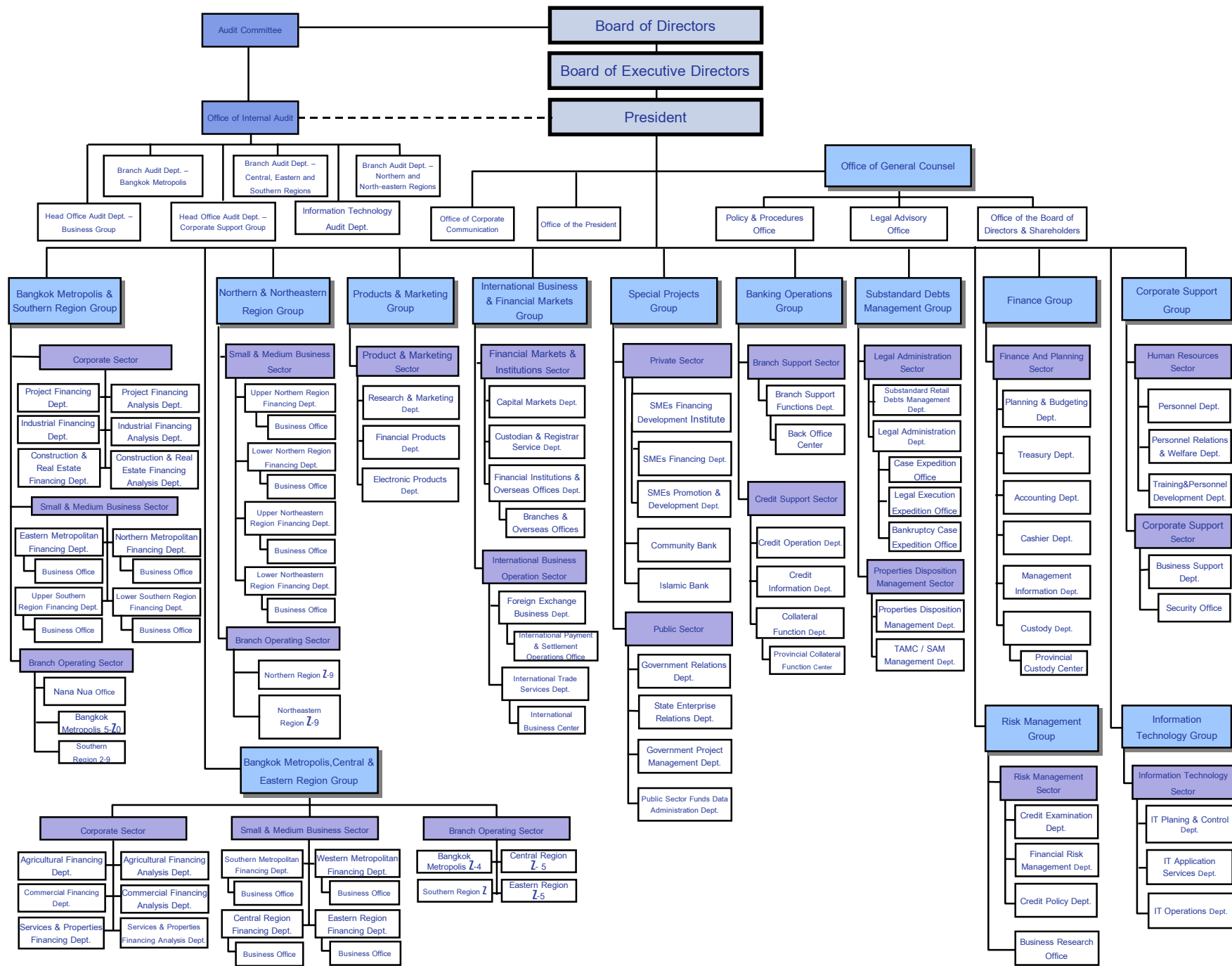
- The Bank set up a full-fledged Bangkok Branch Support Center to serve as a focal point for various branch operation in the area. The Center's operation included payments system by cheques, bills and financial instruments of all types in the financial institution system both in Bangkok Clearing House and beyond the Clearing House by acting on behalf of 193 KTB branches in the Bangkok Clearing House area and provincial branches that have no clearing house or are not members of the Provincial Clearing House as yet.

Financial Products

- Krung Thai Bank was the first Thai commercial bank that opened full-service operation of Islamic Bank on 12 July 2002 at Vijitchaiyaboon Road Branch, Narathiwat Province by providing financial services according to the Islamic principles in the form of "Wadiah" deposits (comprising current and savings accounts) and "Mudharabah" general deposits for

investment purpose as well as other financial services that were not related to interest calculation. Besides, eight full-service Islamic Bank operations were also opened and another 16 service counters in branches by year-end 2002 in five southern provinces namely Narathiwat, Songkhla, Yaly, Pattani, Satul and two more in northern provinces i.e. Chiangrai and Chiangmai. The Bank planned to open the Islamic Bank Head office in Bangkok and 40 more branches in 2003 for nationwide coverage. This would meet the financial needs of approximately 8 million Muslim Thai all over the country as well as general customers accepting the principle of profit distribution instead of charging or giving interest. In addition, the Bank provided the service of issuing letters of guarantee to more than 40 companies engaged in Haj pilgrimage business so that all the Muslim Thai pilgrims would be able to travel to Saudi Arabia for the Haj.

● The Bank has had the policy to establish "Community Bank" to supplement the growth foundations at grassroots level for self-sufficiency and sustainable economic growth. In this regard, the Bank would join hands with its allied organizations in developing the potential in production management and marketing and strengthening the financial system. The Bank would also give capital supports to the strong community network groups. In 2002, the Bank already started the pilot project for Community Bank and studies models of respective communities for further analysis and design of lending tools including coordination with the network to create database. For 2003, the Bank would diversify its service for broader coverage areas so that its branches would have knowledge and understanding and would be able to have access to community network groups of various types. In the early stage, those branches would have authority to approve credit to the communities under the Krung Thai Bank's Community Bank Project.



Organizational Restructuring : Reforming Operations Management

Having completed its organizational restructuring plan, the Bank will put it into effect on February 4, 2002. The plan will see the Bank scaling down in size or merging work units with overlapping functions together; responsibilities will be clearly separated, more importance will be given to risk management in order to promote security for the Bank's future operations, and an inter- and intra-Group check and balance system will be established.

The main objective of organizational restructuring effort is to increase operational efficiency, reduce expenses and increase revenue.

Accordingly, the organizational restructuring establishes separate operational groups, comprising lending, marketing, operations, finance, and support groups that will enable the main business groups to function efficiently. Management under the new organizational structure must take into account different areas of business-related risks, including:

- Marketing, product and public relations management must take into consideration risks relating to the Bank's image;
- Credit extension management for both the domestic and overseas credit markets must take into account liquidity risks, credit risks, market risks, financial risks, and risks relating to financial reports;
- Policy management must take into consideration legal risks, regulatory risks, and supervisory risks;
- Internal audit management must take into account risks relating to the Bank's operations.

The new organizational structure of Krung Thai Bank consists of 13 Groups, each supported by sectors, departments, offices, and centers, respectively. Included in the 13 Groups are:

- Three Credit Groups comprising the Bangkok Metropolis and Southern Region Group, the Northern and Northeastern Region Group, and the Bangkok Metropolis, Central and Eastern Region Group. They are entrusted with supervising corporate sectors, business offices and branches. The corporate, medium and small loan sectors and business offices are responsible for marketing activities, lending support and collection, while the Bank's 610 branches provide customer services related to savings, loans and electronic services as well as ongoing monitoring services.

- The Products and Marketing Group is responsible for pro-active market research, sales promotion, market and product development, development of loan and savings products as well as those related to electronic services. It is also involved in analyzing costs and product pricing, as well as monitoring operational results in order to maintain and expand market share, increase revenue and lower service cost.

- The International Business and Financial Markets Group has the role to provide the Bank's customers with services relating to international business overseas and coordinate activities with other business Groups. In addition, it provides advisory services to customers on investments and overseas services related to financial and capital markets. The

Group also acts as a center for foreign exchange payments to be in line with the Bank's policy to combine operations with similar functions.

- The Special Projects Group is established in response to policies aimed at economic recovery. Amongst its roles are support for the Bank's credit extension activities to small- and medium-sized enterprises (SMEs), financial services to communities and businesses related to government initiatives.

- The Banking Operations Group provides support for and controls operational risks related to credit and branch operations. It combines all the operations in the country in order to reduce operating cost and increase management efficiency.

- The Substandard Debts Management Group is established for its specific expertise to coordinate activities with the Credit and Branch Operating Groups. While it is in charge of litigation on overdue loans before they become substandard, it also manages the Bank's assets to ensure optimal efficiency.

- The Risk Management Group in the Bank's reorganized structure reflects the importance the Bank gives to its overall business risk management. Therefore, it establishes measures for financial risk control and draws debt management policies and strategies based on critical business and financial data and information.

- The Finance Group is responsible for determining the direction of the Bank's own business plan, budget, policies, accounting and financial management. It oversees the Bank's liquidity and investments in the financial and capital markets. Moreover, it acts as the Bank's center for distributing and filing contracts and documents related to bank collateral.

- The Corporate Support Group has an important function related to all other Groups, which involves it in personnel search and selection. It also has the role to raise employees' morale and establish good rapport with staff. And in addition to conducting personnel development activities, it supports operations of all other Groups.

- The Information Technology Group provides technical support to all work units. It oversees the work plans and demands for information technology, establishes operations and network systems to ensure effectiveness and meets established targets.

- The Office of General Counsel is a new device designed as a center for regulations, policies, legal matters, and work of the Secretary to the Board of Directors in order to ensure that supervisory functions are clear and risk is managed properly.

Meanwhile, the Office of Internal Audit reports to the Audit committee.

Other than the above organizational Groups, there are work units that report directly to the President. The Office of Corporate Communication and the Office of the President make it possible for the President to respond effectively to the Bank's policies.

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