



ธนาคารกสิกรไทย  
KASIKORNBANK 泰华农民银行



ACHIEVEMENT Annual Report 2003

# ACHIEVEMENT

Annual Report 2003

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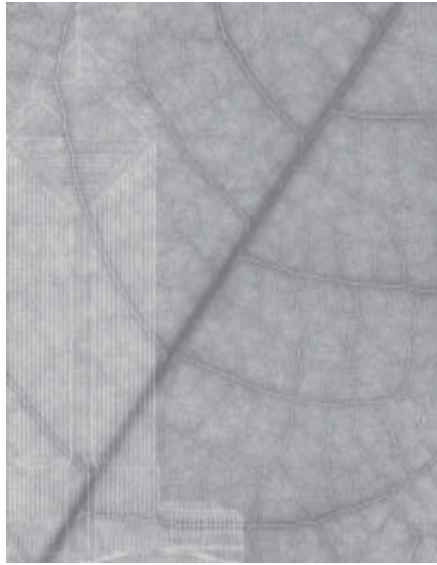
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KASIKORNBANK 泰华农民银行





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## **Financial Highlights**



## Financial Highlights (Consolidated Financial Statements)

As of or for the year ended December 31,	2003	2002	2001	2000	1999
<b>Common Share Information</b>					
Per share					
- basic earnings	6.30	2.84	0.43	0.54	(30.10)
- book value	20.59	14.91	11.50	10.87	8.93
Share price <sup>1)</sup>					
- high	66.00	32.50	28.75	45.25	60.51
- low	25.75	18.50	13.75	19.00	30.58
- closing	65.00	26.00	18.60	19.50	43.00
Common shares outstanding					
- average basic (share)	2,353,010	2,352,547	2,352,547	2,352,547	1,874,219
- end of year (share)	2,353,518	2,352,547	2,352,547	2,352,547	2,352,547
Market capitalization (Million Baht)	152,979	61,166	43,757	45,875	101,160
<b>Value Measures</b>					
Price to earnings ratio (PER)	10.32	9.15	43.26	36.11	(1.43)
Price to book value ratio (PBV)	3.16	1.74	1.62	1.79	4.82
<b>Operating Results (Million Baht)</b>					
Interest and dividend income	32,786	35,909	39,002	40,927	45,237
Interest expenses	13,212	17,287	21,427	25,565	35,901
Net income from interest and dividends	19,574	18,622	17,575	15,362	9,336
Bad debt and doubtful accounts (reversal) <sup>2)</sup>	1,434	1,723	2,158	(339)	50,646
Non-interest income	13,693	7,995	8,178	7,003	7,003
Non-interest expenses	16,953	18,262	21,917	20,560	21,362
Total income <sup>3)</sup>	33,267	26,617	25,753	22,365	16,339
Net income (loss)	14,814	6,684	1,008	1,265	(56,420)
<b>Operating Measures</b>					
Interest margin	2.43%	2.39%	2.28%	2.05%	1.23%
Efficiency ratio	50.96%	68.61%	85.10%	91.93%	130.74%
Return on average assets (ROA)	1.87%	0.87%	0.13%	0.17%	(7.62%)
Return on average equity (ROE)	35.47%	21.51%	3.83%	5.43%	(153.66%)
Number of employees	9,912	9,688	10,472	11,499	13,401
<b>Balance Sheet Information (Million Baht)</b>					
Loans	547,918	506,203	476,487	496,141	530,815
Allowance for doubtful accounts <sup>4)</sup>	67,533	80,505	55,107	57,846	58,980
Non-performing Loans (NPL)	92,319	124,063	98,741	136,833	172,509
Total assets	821,331	760,782	774,599	767,513	724,882
Deposits	684,946	651,393	664,532	646,997	608,554
Total liabilities	772,518	725,337	747,159	741,693	703,602
Shareholders' equity <sup>5)</sup>	48,458	35,075	27,072	25,580	21,019
Average assets	791,057	767,691	771,056	746,198	740,861
Average earning assets	805,246	780,092	770,521	750,624	761,194
Average shareholders' equity <sup>5)</sup>	41,767	31,074	26,326	23,300	36,718
Risk weighted assets	543,878	509,263	523,905	534,532	527,820
<b>Balance Sheet Quality Measures</b>					
Loans to deposits ratio	79.99%	77.71%	71.70%	76.68%	87.23%
Equity to risk weighted assets	8.91%	6.89%	5.17%	4.79%	3.98%
Return on risk weighted assets	2.72%	1.31%	0.19%	0.24%	(10.69%)
Tier 1 capital ratio	10.46%	8.44%	7.27%	7.06%	6.89%
Total capital ratio	17.48%	14.34%	12.73%	11.75%	11.53%
NPL to loans <sup>6)</sup>	16.85%	24.30%	20.19%	23.49%	31.71%
Total allowance to loans	12.33%	15.90%	11.57%	11.66%	11.11%
Total allowance to NPL	73.15%	64.89%	55.81%	42.27%	34.19%
NPL after allowance (Million Baht)	24,786	43,558	43,634	78,987	113,529

<sup>1)</sup> Local board / High - low share prices during the year

<sup>2)</sup> Including loss on debt restructuring and normalized provisions

<sup>3)</sup> Total income = Net income from interest and dividends + Non-interest income

<sup>4)</sup> Including revaluation allowance for debt restructuring and normalized provisioning

<sup>5)</sup> Excluding minority interest

<sup>6)</sup> Loans used in calculation are loans to general customers and loans to financial institutions

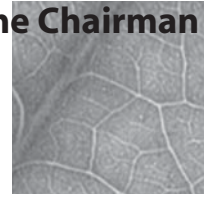




The Bank formulated operational strategies to meet the rapidly changing business environment. Audit and internal control systems were fortified along with high standards of good corporate governance.



## Message from the Chairman



The Thai economy grew at a relatively high rate in 2003. Agricultural production and prices rose substantially, bringing higher income to the farming sector. The manufacturing sector has increased capacity utilization. Tourism industry returned to an appreciable level after the SARS epidemic was put under control. The country's exports advanced strongly, despite the mildly appreciating Baht. The financial sector was still dominated by high liquidity that softened interest rates, which brought about greater credit expansion and higher economic growth.

The Thai banking system recorded favorable performance. The majority realized substantially improved profits. The operating results of KBANK achieved notably higher profits. In the meantime, competition remained strong in the market, making it desirable for the Bank to formulate operational strategies to meet the rapidly changing business environment. Audit and internal control systems were fortified along with high standards of good corporate governance. Risk management came under closer scrutiny, as corporate management and other organizational structures were streamlined to heighten flexibility. Diverse products and services are being offered in response to the more complex customer requirements in the fast expanding economy.

**In 2003, KASIKORNBANK PUBLIC COMPANY LIMITED successfully overcame various challenges and obstacles through the combined efforts of KBANK employees, the stable and continued support of our shareholders, customers, and investors, both at home and abroad, and the general public, for which the Board of Directors would like to express its sincere appreciation.**

**(Banyong Lamsam)**

Chairman



# Management Discussion and Analysis (MD&A)

For the year ending December 31, 2003

## 1. Overview

### 1.1 Economic Overview and Regulatory Changes

#### ○ Thai Economy in 2003 and Outlook for 2004

The Thai economy was expected to register a growth rate of around 6.30 percent in 2003, rising from 5.41 percent in 2002. The healthy GDP growth could be attributed to both domestic spending and exports. Private consumption in 2003 was expected to grow 5.70 percent, increasing from 4.94 percent in 2002, while private investment should grow 16.50 percent, against 13.15 percent in 2002. At the same time, exports (in USD) rose 17.39 percent in 2003, increasing significantly from the 5.71 percent of 2002.

Major points concerning the Thai economic outlook in 2004 include:

- Despite the avian influenza outbreak, the Thai economy is likely to grow by some 6.30-7.30 percent in 2004, up from 6.30 percent expected for 2003 and 5.41 percent in 2002.

#### Thai Economic Growth Projection

Unit: Growth (%) over-year, unless otherwise stated

	2004	2003	2002
Private consumption	5.20%-5.60%	5.70%	4.94%
Private investment	14.00%-16.00%	16.50%	13.15%
Public investment	5.00%-10.00%	-6.00%	-5.81%
Public consumption	3.00%	-1.20%	2.53%
Exports (in USD)	7.00%-9.00%	17.39%	5.71%
Imports (in USD)	7.00%-10.00%	17.13%	4.45%
Current account surplus to GDP	4.40%-4.90%	5.64%	6.05%
Headline inflation	2.00%-2.50%	1.80%	0.70%
Average Crude oil (Brent) USD/Barrel	28.00	28.80	25.00
Gross Domestic Product (GDP)	6.30%-7.30%	6.30%	5.41%

Source: KRC

- The projection of 6.30-7.30 percent economic growth for 2004 is based on the following assumptions:

**First**, the avian virus epidemic could be contained within the first quarter of the year, and Thailand's poultry export could resume its normal business by July;

**Second**, domestic interest rates stay low until at least the end of 2004;

**Third**, world oil prices are, on average, weaker in 2004, especially during the second half of the year as Iraq will likely resume its oil exports to the global market, and;

**Fourth**, the economies of the US, Euro Zone and most Asian countries should post higher growth in 2004 as widely anticipated.



### Growth Estimates for Major Economies in the Region and the World

Economy:	2004	2003
The US	4.50%	3.10%
Japan	2.10%	2.30%
Euro Group	1.80%	0.50%
China	8.30%	9.10%
Hong Kong	5.10%	2.90%
Singapore	5.30%	0.90%
South Korea	5.20%	2.70%
Taiwan	4.70%	3.20%

Source: KRC

- Also, if we look at the various components of the 2004 GDP, one can see that private consumption is likely to cool down. This is due to comparison with the higher base of 2003, higher domestic inflation in 2004, and the expectation of higher interest rates in the near future that may affect consumers' decisions on long-term borrowing.

- For private investment, growth is expected to be sustained on the back of economic expansion, improvements in private business performance, and increased foreign direct investment. Public investment is likely to rebound with a growth rate of around 5.00-10.00 percent in 2004, after dropping by 6.00 percent in 2003. This growth in public investment will be supported by the government's improved fiscal standing, while the government has clearly shown that it will accelerate spending for infrastructure and other transport-related projects.

- Despite global economies likely gaining in 2004, Thailand's export growth may decelerate to 7.00-9.00 percent this year from 17.39 percent in 2003. This is due to several factors, including a comparison with 2003's higher base, the rising value of the Baht against the greenback, and moderating commodity prices in world markets which may affect the export value of major Thai agricultural produce. In addition, even though imports should likewise be cooling down in line with exports, 2004 import growth might probably exceed that of exports, as a result of increased domestic spending, particularly for investment. Thus, Thailand's 2004 trade and current account surpluses may decline, and the ratio of current account surplus to GDP is expected to soften to around 4.40-4.90 percent in 2004, from 5.64 in 2003 and 6.05 in 2002.

- With weaker oil prices, on average, especially in the second half of the year, Thailand's headline inflation in 2004 should be around 2.00-2.50 percent, up slightly from 1.80 percent in 2003. Although core inflation (excluding fresh food and energy) could edge up to 1.00-2.00 percent, over 0.10 percent in 2003, it is still lower than the ceiling of 3.50 percent set by the Bank of Thailand. Therefore, we think that in 2004 the central bank is unlikely to be pressured into lifting the benchmark 14-day repurchase rate (R/P) to put a curb on inflation.

In conclusion, the Thai economy is likely to grow faster in 2004 as the avian influenza outbreak is expected to be brought under control and the damages are contained. The continued economic growth should contribute to rising demand for loans, thus resulting in a gradual reduction of excess liquidity in the banking system. Meanwhile, the fact that core inflation is expected to remain lower than the ceiling set by the Bank of Thailand while excess liquidity remains high, interest rates in the Thai banking system are likely to stay low, at least throughout the first half of 2004.

## ○ Regulatory Changes

### ● Changes in Credit Card Business Regulations

On November 12, 2002, the Bank of Thailand issued directive BOT. FPG. (21) C. 207/2545 regarding credit card businesses, effective January 12, 2003. This directive tightens the minimum income requirement and states that interest, penalties, fees, and other service charges on unpaid debts collected by commercial banks shall not exceed 18.00 percent per annum of the aggregate amount. In addition, fees and costs on the aggregate amount shall not exceed 3.00 percent per annum of the amount of cash withdrawn through the credit card, also effective January 12, 2003. On January 7, 2003, the BoT issued a directive, BOT. FPG. (22) C. 49/2546, concerning rules, procedures and conditions on bank credit card business. This directive also clarifies limitations on service fees and penalties incurred in debt collection, stated in directive BOT. FPG. (21) C. 207/2545, dated November 12, 2002. On February 25, 2003, the BoT issued directive BOT. FPG. (21) 535/2546 clarifying the qualifications for cardholders in bank credit card business, including renewals of cards of existing cardholders.

As the Bank's interest is below the BoT's 18.00 percent ceiling, the impact of these three directives on the Bank's current interest income is likely to be minimal. However, to have fee collection records meet BoT requirements, the Bank had to improve a debt processing system, thus raising operational costs.

### ● Changes in Accounting Procedures for the Purchase and Transfer of Debts

On December 3, 2002, the Bank of Thailand issued directive BOT. FPG. (31) C. 2775/2545, regarding accounting procedures for the purchase and transfer of debts, as well as supervision guidelines. This directive provides guidelines for the classification of items in financial statements relating to purchased or transferred restructured debts, to comply with the Institute of Certified Accountants and Auditors of Thailand's standards and to promote clearer supervision. On February 27, 2003, the Bank of Thailand also issued directive FPG. (31) C. 29/2546, concerning the sending of the BoT's notification, dated February 5, 2003, defining non-performing assets and other regulations that asset management companies (AMCs) must follow. According to these two directives, if commercial banks' AMCs transfer their restructured loans from investments-in-receivables, recorded at cost, to loan items, the amount must be recorded at fair value. In addition, the difference between cost and fair value must be immediately recognized in profit and loss statements as of the transferal date. This practice came into effect for financial statements as of December 31, 2003, or thereafter. This led to an increase in the Bank's share of profits from investments using the equity method in 2003. For non-restructured loans, these amounts must be booked as investments-in-receivables and recorded at cost.



In addition, the Bank's recognized interest income, on a cash basis, will be lower than recognized interest income under the old criteria, which was based on an accrual method. However, when considered over the entire period of restructuring agreements, AMCs' operating performance under the new criteria will not substantially change from that under the old criteria and have no significant impact on the Bank's operating results.

The effects of changes in accounting procedures of the asset management subsidiaries in the Bank's consolidated financial statements are shown below:

*(Million Baht)*

	<b>Changes on Consolidated Financial Statements</b>
<b>As of December 31, 2003</b>	
Decrease in long-term investments - net	6,939
Increase in investments in subsidiaries and associated companies - net	-
Increase in loans - net	12,251
<b>For the year ending December 31, 2003</b>	
Decrease in interest income on loans	(1,265)
Decrease in interest income from investments	(1,247)
Decrease in bad debt and doubtful accounts	2,008
Increase in gains on transfer of financial assets	2,578
Increase in share of profits from investments on equity method	-
Increase in net income	2,074
Increase in earnings per share	0.88

- **Changes in Definition of Non-Performing Loans**

On January 16, 2003, the Bank of Thailand issued directive BOT. FPG. (22) C. 7/2546 regarding the redefinition of non-performing loans and preparation of reports to the BoT. In this directive, commercial banks are instructed to record previously written-off doubtful debts that have been fully provisioned at 100 percent as non-performing loans and in total loans. In so doing, both the total amount of NPLs and the ratio of NPLs to total loans reported by commercial banks necessarily increase.

- **Changes in Loan Classification Criteria**

On March 4, 2003, the Bank of Thailand issued directive BOT. FPG. (21) C. 32/2546, concerning the sending of notification of the directive dated February 28, 2003, regarding worthless or irrecoverable assets of commercial banks, as well as doubtful assets that may be worthless or irrecoverable. This directive instructs commercial banks to record back on their books any previously written-off doubtful debts that have been fully provisioned at 100 percent. However, as the Bank had already added back such debts onto accounting for the period ending December 31, 2002, this directive did not affect the Bank's performance in 2003.

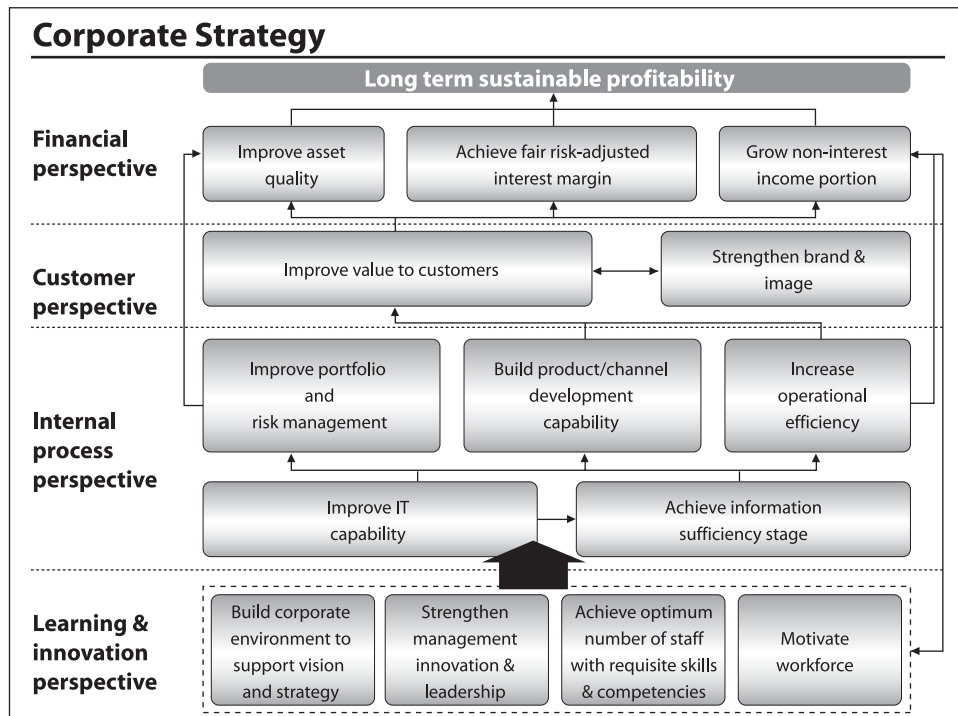
## 1.2 Direction of Business Operations

### ○ KASIKORNBANK PCL in 2003 and Outlook in 2004

In 2003, the Bank continued to improve our business through aggressive initiatives in line with fast changing economic, banking and financial environment. We believe that innovation helps create new opportunities, thereby enhancing our growth potential. Competitors have been divided into several categories, including the large private Thai banks, state-owned banks, foreign-owned banks, small-to-medium sized Thai banks and the non-banking financial companies. Each group has employed specific strategies to match different customer segments. The Bank also improved our business operations by using the Balanced Scorecard concept as a tool to effectively achieve our goals, while incorporating the Value Creation concept to align goals and operations of all units.

In the midst of intensified rivalry and other external factors, strategies are continually reviewed. The Bank's main strategies, based on the Balanced Scorecard concept, are shown in the following chart:

#### ● KASIKORNBANK PCL Strategy



#### ● Strategic Programs in Running a Modern Banking Business

In order to achieve our goals and to ensure that operations are in line with our vision and values, the Bank has developed eight strategic programs:



**Program 1: Customer Relationship Management (CRM) Development Program**

This program developed sales and service deliveries through a customer relationship management system. In 2003, the Bank opened 23 Business Banking Centers, a Platinum Signature Center, and 18 In-Store branches, and is planning to open more of these centers in 2004. The customer relationship management system has already been developed and will be implemented in 2004.

**Program 2: Credit Transformation (CT) Program**

This program creates a new credit culture and develops sound underwriting standards and efficient and effective risk management. The Bank has developed tools and systems to maintain credit quality, minimize credit risk, while promoting solid new business development. In 2002, a new credit approval process was instituted for corporate business customers nationwide and to retail business customers in Bangkok and its Metropolitan region. In 2003, the Bank also developed support systems for loan origination and debt collection, which are expected to be ready for some customer groups in 2004.

**Program 3: Fee-based Business Development (FBD) Program**

The main objective of this program is to enhance the Bank's fee income and to increase market share using the Trade Finance Project (TF) and the Electronic Delivery System & Cash Management Project (EDCM). For TF, the Bank will separate customer relationship management from operational units, as the latter will be relocated to Centralized Processing Centers, which are core units that will handle all business operations. The sales force personnel can thereafter focus primarily on marketing and customer service. In the EDCM Project, a full-time online electronic banking system was developed, with cash management, trade finance and foreign exchange services included. In 2003, the Bank enhanced a cash connect system that allows customers to conduct their financial transactions via computer systems, using a "Secure Pass" system to ensure transaction security.

**Program 4: E-Approach Development (EAD) Project**

This project prepares the Bank for efficient use of Internet technology and improves the Bank web-site to achieve higher public recognition. In addition, Internet-based transactions have been made more secure. The project focus has been on swift implementation and broad categories of information to provide better service to all.

**Program 5: Centralized Back Office (CBO) Reconfiguration Program**

All operational units will be placed under the supervision of the Central Operations Department in order to improve efficiency and allow the branches to focus primarily on sales and customer service. Work processes and centralized operations tasks are being streamlined, and training courses are provided to enhance employee's skills in sales and service. The centralization of back office operations for all branches in Bangkok and its Metropolitan region was completed in 2002 and will be continuously improved under the supervision of the Central Operations Department.

**Program 6: IT Infrastructure Development (ITD) Program**

Great emphasis has been placed on the continuing development of our IT infrastructure and a secure database to meet changing requirements. In 2003, to prepare for changes in our core banking system and to promote greater efficiency, the Bank developed a Customer Information System and created a linkage between operational systems through the use of an Enterprise Application Integration (EAI) system. An improved data warehousing system is also underway.

### **Program 7: Value-Based Management (VBM) Program**

The program was designed to help align the Bank's units and employees' goals. The Balanced Scorecard concept has been adopted as a management tool to provide a framework for strategy using several linked perspectives. A Profitability Analysis (PA) system has also been developed for use in reviewing business groups, departments, products and customers. Visions and strategies under the Balanced Scorecard concept have been applied to every operational level and were monitored and evaluated to ensure that all operations comply with the Bank's goals.

### **Program 8: Human Resources Management Development (HRMD) Program**

The Bank has targeted the development of effective human resources management comparable to international standards. To achieve effective management and placement of key personnel, the Bank has implemented performance evaluations and new compensation plans (Performance-Based Compensation), while establishing a database system to foster planning and human resource management tasks. In 2003, various programs such as position restructuring, compensation system development, and career development were initiated to attract and retain high-caliber personnel, and to provide them with better opportunities to fully utilize their potential.

## **○ Corporate Governance**

The Bank strongly believes that conducting operations in accordance with world-class corporate governance standards are critical for reaching the Bank's primary objective of maximizing shareholder and stakeholder value. In 2003, the Bank regularly monitored risk and revised our operations to comply with new government regulations. To further promote good corporate governance and management, the Bank

- Improved guidelines for good corporate governance practices for the President's evaluation program, which was overseen by the Board of Directors and the President himself. The program is documented in writing and follows the same good corporate governance practices used by other leading international organizations.
- At the Board of Directors Meeting No 3/2003, on April 3, 2003, it was agreed to upgrade the Internal Risk Management Sub-committee to being the Risk Management Committee.
- Revised regulations to comply with BoT practices regarding the structure of the Board of Directors to encourage good governance in banking operations.
- Initiated guidelines for management audits to establish a coherent planning, implementation, control, and problem solving, through a revision of management and operational systems. This management audit is expected to help ensure internal operational harmony.
- At the Board of Directors Meeting No 12/2003, on November 27, 2003, the Board approved establishment of guidelines and procedures for performance evaluations of the Board of Directors of the Bank. The evaluations will be conducted on overall performance of the Board of Directors and the performance of each member of the Board.



### **Board of Directors**

The Board of Directors of the Bank is composed of individuals with profound knowledge, capabilities and broad experience in business. Each director is expected to participate in the governance of the Bank, independently and objectively, for the benefit of all shareholders and other stakeholders. The duties and responsibilities of directors are defined in the Board of Directors Charter. The Board is comprised of 9 independent directors so as to ensure quality judgements, free of bias, in all issues. Directors are initially appointed for 3 years, and may be reelected for further terms by shareholders. The role of the Board is to oversee the Bank's management, ensuring that management continually strives for superior performance, taking into account all possible risks.

The relationship between the Board and Management Committee is one of partnership. The President, as Chairman of the Management Board, is responsible to the Board for the day-to-day management of the Bank, while the Board provides strategic overview, tactical input, and monitoring of corporate governance, implementation and results.

The Board of Directors has established four Sub-committees to assist the Board in fulfilling its responsibilities, their purpose being to consider in greater depth than is practical at Board meetings, matters for which the Board retains responsibility. The type and composition of Board Committees is reviewed annually by the Board. The minutes of committee meetings are circulated to all Directors for their information, and for formal recognition by the Board. This provides directors with an opportunity to seek additional information and/or to comment and express views on issues being addressed at Committee level. Roles and responsibilities of the Board and Sub-committees are documented in writing.

### **Corporate Governance Committee**

The Corporate Governance Committee is made up of four directors appointed by the Board. Its main responsibility is to oversee business practices and the conduct of the Board of Directors, Board committees, management and other employees. This helps ensure compliance with the Statement of Corporate Governance Principles and Bank policies, laws and regulations, as well as the policies of government agencies and institutions supervising commercial banks.

To undertake these responsibilities, the Corporate Governance Committee has established and reviews the Bank's Code of Conduct, as prescribed in the Statement of Corporate Governance Principles. Other duties include reviewing policies, principles and guidelines for the Good Corporate Governance Practices, and making recommendations on ethics and the Code of Best Practices in business operations to ensure that corporate governance principles are effective in practice.

### **Audit Committee**

The Audit Committee is composed of four independent directors. It oversees risk management, internal control, financial report and audit processes to ensure compliance with laws and regulations, and the Bank's Code of Conduct. The external auditor and the Head of the Internal Audit Department may be invited to attend meetings of this Committee. Management may be required to attend Audit Committee meetings, which would then be held separately for management and the external auditor. At least six Audit Committee meetings are held each year.

Ultimate responsibility, however, for the approval of the annual, semi-annual and quarterly financial statements rests with the Board.

### **Human Resources and Remuneration Committee**

The Human Resources and Remuneration Committee is composed of four non-executive directors. It recommends qualified director candidates to be appointed as Board membership to the Board of Directors. Other duties include reviewing benefits and compensation for the Board of Directors prior to approval by the General Meetings of Shareholders, and overseeing the formulation of remuneration policy for the President and senior executives in compliance with the Bank's business strategies.

### **Risk Management Committee**

The Risk Management Committee consists of the President, as Chairman, a total of twelve directors and senior executives from the business groups. The Committee is responsible for monitoring and controlling the magnitude of risks incurred by operations, as well as providing recommendations to the Committee regarding risk management policy, standard practices, strategies, and risk evaluations. Other responsibilities include identifying, evaluating, and managing the Bank's policies, credit, market, liquidity, and operational risks. This Committee reports to the Audit Committee and the Board of Directors on the Bank's portfolio exposure and changes in risk appetites.

In 2003, the Bank received eight awards for good management and corporate governance, as follows:

1. The Stock Exchange of Thailand (SET), in collaboration with the Thai Institute of Directors Association, Board of Trade of Thailand, the Federation of Thai Industries, and the Listed Companies Association, selected the Bank as one among the eight listed companies receiving the "2002 Board of the Year Awards". These awards were presented to companies that managed their business adhering to good governance principles.

2. On April 29, 2003, the Thailand Management Association (TMA), in cooperation with the Sasin Graduate Institute of Business Administration of Chulalongkorn University, released results of a poll for its "Thailand Corporate Excellence Awards 2002". Two excellence awards were given to the Bank, in "Corporate Excellence in Financial Management" and "Leadership Vision".

3. On June 12, 2003, the Bank received the "Best Managed Company in Thailand Awards in 2002" from the Euromoney magazine. The award was based on an opinion survey on the Best Managed Companies in Asia in 2002, by polling analysts from 150 leading research institutes and banks in Asia. The criteria included operating results, growth rates, and management quality.



4. On July 21, 2003, the Bank received three awards for good management and corporate governance in the "SET AWARD 2003", held by the Stock Exchange of Thailand (SET) and Money and Banking Magazine. These awards included -



- "Best Corporate Governance Report Award" for listed firms with outstanding corporate governance reporting in accordance with SET regulations.

- "Best Performance Award" for listed companies in various industries having distinguished financial position and operations in 2002. The Bank was selected as the company having the best performance in the financial industry.



- “Best Chief Executive Officer Award” for the CEO who has demonstrated great vision, clearly set the company’s goals and strategies, and achieved remarkable financial management, while also contributing to society.

5. The Bank received “The Bankers Awards 2003” from the globally-distributed “The Banker” magazine, which provides world financial institution data. The award was based on a survey of 124 financial institutions worldwide having the best management and corporate governance, as well as sound prospects in the short-term and long-term will be selected.

6. From “Money and Banking” magazine’s ranking of all banks in Thailand, KASIKORNBANK PCL was awarded as “Bank of 2003” for having exceptional performance and efficient management. This was the Bank’s second straight winning of this award after also winning it in 2002. The award was based on ranking the performance of all banks in Thailand during July 2002 to June 2003 by using financial ratios as criteria.



7. The Bank received the “Disclosure Report Awards 2003” from the Securities and Exchange Commission (SEC) for the Bank’s efforts and willingness in disclosing information. In addition, on November 19, 2003, the Bank received the “Popular Awards 2003” for having sound information disclosure, based on the views of investors and other data users’ views.



8. The globally distributed investment information magazine, “IR Magazine” awarded the Bank with “Best IR by a Thai Company 2003”. The award was based on a survey of 3,500 fund managers and investment personnel on quality, communications channels, information disclosure, and corporate governance of their public relations units.

## 2. Operating Performance and Financial Position Analysis

### 2.1 Operating Performance

#### ○ Operating Performance in 2003

<b>Operating Performance</b>		<i>(Million Baht)</i>		
	<b>2003</b>	<b>2002</b>	<b>Changes</b>	
			<b>Million Baht</b>	<b>Percentage change</b>
Income from interest and dividends	32,786	35,909	(3,123)	(8.70%)
Interest expenses	13,212	17,287	(4,075)	(23.57%)
Net income from interest and dividends	19,574	18,622	952	5.11%
Bad debts and doubtful accounts (reversals)	(12,826)	(3,304)	(9,522)	(288.20%)
Losses on debt restructuring	13,461	4,227	9,234	218.45%
Normalized provisions	800	800	-	-
Non-interest income	13,693	7,995	5,698	71.27%
Non-interest expenses	16,953	18,262	(1,309)	(7.17%)
Income tax expense	33	(75)	108	144.00%
Minority interest in net income	(32)	(23)	(9)	(39.13%)
<b>Net Income</b>	<b>14,814</b>	<b>6,684</b>	<b>8,130</b>	<b>121.63%</b>

In 2003, the Bank's consolidated net income was Baht 14,814 million, increasing by Baht 8,130 million, or 121.63 percent, from last year. The increase was due to an increase in non-interest income of Baht 5,698 million, following gains on reclassification of investments totaling Baht 2,578 million. This was mainly attributable to the BoT's directives instructing AMC's to immediately recognize the difference between cost and fair value of their transferred restructured loans in their profit and loss statements as of the transferal date, mentioned in the Regulatory Changes section of the previous chapter. Further boosting non-interest income in 2003 was a rise in gains on investments totaling Baht 1,486 million, due to the improved capital market, and a rise in gains on exchange, amounting to Baht 837 million, mainly due to realized profits from the closing of foreign branches.

At the same time, non-interest expenses showed a decrease of Baht 1,309 million.



## ○ Net Income from Interest and Dividends

In 2003, the Bank's consolidated net income from interest and dividends was Baht 19,574 million, rising by Baht 952 million, or 5.11 percent, over 2002. This was due to interest rate cuts, which, despite leading to a drop in interest and dividend income, but reduced interest expenses by a much greater amount, as the deposit base was larger than the loan base.

## ○ Provisions for Allowance for Doubtful Accounts

From the third quarter of 2003 onward, to facilitate analysis and monitoring of the Bank's allowance for doubtful accounts, doubtful accounts are divided into the following 3 categories:

- Allowances for doubtful accounts on normal loans based on BoT regulations.
- Allowances for doubtful accounts among other classified loans, and the revaluation allowance for debt restructuring per BoT regulations, and allowances maintained in excess of BoT regulations.
- Normalized provisions.

Previously, in accordance with BoT regulations, the Bank set a target for allowances on normal loans of 1%, which is included in the total allowances for doubtful accounts. However, from the third quarter of 2003 onward, the Bank set aside an allowance for this category in proportion to the net increment of normal loans, using the level of normal loans as of June 30, 2003, as the base reference for calculations of this allowance in 2003. As a result, in 2003, the Bank has thus incurred loan loss expenses due to an increase in normal loans equal to Baht 587 million, following an increase in normal loans from Baht 393,791 million as of June 30, 2003, to Baht 452,506 million as of December 31, 2003.

Regarding normalized provisions, the Bank has targeted normalized provisioning of 0.50 percent of total loans for both performing and non-performing loans. Normalized provisioning has been gradually accumulated on a quarterly basis starting from the second quarter of 2002. For 2003, the Bank set up normalized provisions of Baht 800 million, resulting in an accumulated amount of Baht 1,600 million as of December 31, 2003.

## ○ Non-interest Income

In 2003, the Bank's consolidated non-interest income was Baht 13,693 million, increasing by Baht 5,698 million, or 71.27 percent, over 2002. This was generated from gains on reclassification of investments totaling Baht 2,578 million, following the aforementioned new BoT regulations.

Also contributing to the increase in non-interest income were rises in gains on investments and gains on exchange amounting to Baht 1,486 million and 837 million, respectively. Larger gains on investments were due to a buoyant capital market in 2003 as compared to 2002, which led to higher profits on the sales of bonds and securities, increased value of investments in some securities, and lower allowances for impairment of investments in securities. As for gains on exchange, the increase was mainly due to realized profits from the closing of foreign branches. Also leading to the rise in non-interest income was an increase in fee and service income amounting to Baht 292 million, mainly due to increased fee and service income from financial services.

## ○ Non-interest Expenses

The Bank's consolidated non-interest expenses in 2003 were Baht 16,953 million, declining by a total of Baht 1,309 million, or 7.17 percent, from 2002. The decrease was due to a decline in taxes and duties amounting to Baht 368 million and a drop in premises and losses on impairment of foreclosed properties totaling Baht 329 million, as there were less transfers of assets compared to 2002. Also contributing to the drop in non-interest expenses were decreases in equipment and personnel expenses totaling Baht 155 million and 54 million, respectively. Other expenses also dropped.

## 2.2 Financial Position Analysis

	Dec 31, 2003	Dec 31, 2002	Changes	
			Million Baht	Percentage change
<b>Assets</b>	<b>821,331</b>	<b>760,782</b>	<b>60,549</b>	<b>7.96%</b>
Liabilities and Shareholders' Equity				
- Total liabilities	772,518	725,337	47,181	6.50%
- Total shareholders' equity	48,813	35,445	13,368	37.71%
<b>Total Liabilities and Shareholders' Equity</b>	<b>821,331</b>	<b>760,782</b>	<b>60,549</b>	<b>7.96%</b>

## ○ Assets

As of December 31, 2003, the Bank's total consolidated assets were Baht 821,331 million, increasing by Baht 60,549 million, or 7.96 percent, over the end of 2002. The items having significant changes are as follows:

- Loans, as of December 31, 2003, were at Baht 547,918 million, rising by Baht 41,715 million, or 8.24 percent, over the end of 2002. This followed an increase in net-of-repayment loans totaling Baht 44,797 million, offsetting the write-off of bad loans from debt restructuring and legal liquidations of Baht 11,232 million.
- Securities purchased under resale agreements, as of the end of December 2003, totaled Baht 31,710 million, increasing by Baht 13,310 million, or 72.34 percent, over the end of 2002. This rise was due to the Bank's increased liquidity.
- Interbank and money market items, as of December 31, 2003, totaled Baht 104,922 million, increasing by Baht 10,082 million, or 10.63 percent, from the end of 2002. This increase was due to an increase in term deposits abroad, following higher returns.
- Cash, as of December 31, 2003, was at Baht 18,699 million, increasing by Baht 8,935 million, or 91.51 percent, from the end of 2002. This was due to the Bank's increase of cash reserve to prepare for customer needs during the New Year holiday.
- Net investments, as of December 31, 2003, stood at Baht 135,254 million, decreasing by Baht 29,610 million, or 17.96 percent, from the end of 2002, as part of investments came due.



## ○ Liabilities and Shareholders' Equity

Total consolidated liabilities of the Bank, as of December 31, 2003, were Baht 772,518 million, increasing by Baht 47,181 million, or 6.50 percent, over the end of 2002. The liabilities that changed significantly are as follows:

- Deposits, as of December 31, 2003, were Baht 684,946 million, rising by Baht 33,553 million, or 5.15 percent, over the end of 2002. The increased deposits were mainly in savings accounts.
- Long-term borrowing, as of the end of December 2003, totaled Baht 59,841 million, increasing by Baht 11,285 million, or 23.24 percent, over the end of 2002. The increase was due to the issuance of subordinated debentures of KASIKORNBANK PCL No. 3 of Baht 12,000 million.

As of December 31, 2003, total shareholders' equity was Baht 48,813 million, increasing by Baht 13,368 million, or 37.71 percent, over the end of 2002. This was due to a decrease in retained losses of Baht 14,949 million, following an increase in the Bank's consolidated net income of Baht 14,814 million in 2003.

## ○ Relationship Between Sources and Uses of Funds

As of December 31, 2003, the funding structure as shown in the Consolidated Financial Statement comprised Baht 772,518 million in liabilities and Baht 48,813 million in shareholders' equity, resulting in a liability-to-shareholders' equity ratio of 15.83. The major source of funds on the liability side was deposits, which accounted for 83.39 percent of the total. Other sources of funds included interbank and money market items and borrowing, which accounted for 0.86 percent and 7.29 percent of the total, respectively.

The Bank and its subsidiaries' major use of funds was loans. As of December 31, 2003, loans amounted to Baht 547,918 million, resulting in a loan-to-deposit ratio of 79.99 percent. For the remaining liquidity, the Bank has invested in various liquid assets such as interbank and money market items, securities purchased under resale agreements, and investments in securities.

The major sources and uses of funds as of the end of December 2003 are categorized by contractual maturity periods in the following table:

Period	Deposits				Loans			
	2003	%	2002	%	2003	%	2002	%
≤ 1 year	676,843	98.82%	638,654	98.04%	357,154	65.18	337,303	66.63%
> 1 year	8,103	1.18%	12,739	1.96%	190,764	34.82	168,900	33.37%
<b>Total</b>	<b>684,946</b>	<b>100.00%</b>	<b>651,393</b>	<b>100.00%</b>	<b>547,918</b>	<b>100.00</b>	<b>506,203</b>	<b>100.00%</b>

*Note: Details of deposits and loans appear in the item, "Liquidity Risk Management" in the Analysis of Remaining Maturity of Assets and Liabilities.*

The Bank and its subsidiaries' deposits with remaining maturities of less than or equal to 1 year at the end of December 2003 totaled Baht 676,843 million, rising by Baht 38,189 million, or 5.98 percent, over Baht 638,654 million at the end of 2002. Deposits with remaining maturities of over 1 year at the end of December 2003 were Baht 8,103 million, dropping by Baht 4,636 million, or 36.39 percent, from Baht 12,739 million at the end of 2002.

At the end of December 2003, the Bank and its subsidiaries had loans with remaining maturities of less than or equal to 1 year totaling Baht 357,154 million, rising by Baht 19,851 million, or 5.89 percent, over Baht 337,303 million at the end of 2002. Loans with remaining maturities of over 1 year amounted to Baht 190,764 million, increasing by Baht 21,864 million, or 12.94 percent, from Baht 168,900 million at the end of 2002.

From the above table, it can be seen that as of December 31, 2003, deposits with remaining maturities of less than or equal to 1 year were higher than loans with remaining maturities of less than or equal to 1 year. This is considered normal for commercial banks in Thailand, as they normally fund their lending or investments in long-term assets from short-term liabilities. However, it is likely that the deposits will remain with the Bank longer than their stated contractual maturity, as most deposits are renewed when their maturity comes due. This helps to support the Bank's lending. The Bank also increased the proportion of loans with remaining maturities of less than or equal to 1 year by issuing subordinated debentures, with a ten-year maturity, totaling Baht 12,000 million in October 2003.

## ○ Investments

The Bank and its subsidiaries' investments in securities consist of trading investments, available-for-sale investments, debt instruments held to maturity, and investments in subsidiaries and associated companies. A review of impairment of investments is carried out when there is a factor indicating that an investment might have become impaired. Investments in securities, classified by type of investments, as of the end of December 2003 and December 2002, are shown below:

(Million Baht)

Type of Investments	Dec 31, 2003	%	Dec 31, 2002	%
<b>Debt Instruments</b>	<b>127,870</b>	<b>944%</b>	<b>148,145</b>	<b>89.86%</b>
Government and State				
Enterprise Securities				
• Trading Investments	806	0.60%	6,988	4.24%
• Available-for-sale Investments	69,260	51.21%	55,787	33.84%
• Held-to-maturity Investments	26,140	19.33%	45,881	27.83%
Private Enterprise Debt Instruments				
• Trading Investments	369	0.27%	-	-
• Available-for-sale Investments	4,157	3.07%	5,862	3.56%
• Held-to-maturity Investments	864	0.64%	425	0.26%
Foreign Debt Instruments				
• Available-for-sale Investments	17,401	12.86%	19,175	11.63%
• Held-to-maturity Investments	8,873	6.56%	14,027	8.50%
<b>Equity Securities</b>	<b>7,232</b>	<b>5.35%</b>	<b>16,569</b>	<b>10.05%</b>
Available-for-sale Investments	1,347	1.00%	1,883	1.14%
General Investments	5,362	3.96%	13,406	8.13%
Investments in Subsidiary and Associated Companies	523	0.39%	1,280	0.78%
<b>Other</b>	<b>152</b>	<b>0.11%</b>	<b>150</b>	<b>0.09%</b>
<b>Total Investments - Net</b>	<b>135,254</b>	<b>100.00%</b>	<b>164,864</b>	<b>100.00%</b>

## ○ Capital Investments

In 2003, the majority of capital investment was for information technology (IT), totaling Baht 1,970 million. Other capital investments of Baht 490 million were also made to enhance service efficiency.

## ○ Liquidity

Cash and cash equivalents, according to the Bank's consolidated financial statement for the end of December 2003 totaled Baht 18,699 million, increasing by Baht 8,935 million over the end of 2002, due to the following activities:

- Net cash used in operating activities totaled Baht 13,939 million, as a result of changes in key operating assets and liabilities. Interbank and money market items (on the asset side) increased by Baht 10,031 million, while securities purchased under resale agreements rose by Baht 13,310 million. At the same time, loans and deposits showed increases of Baht 48,601 million and 33,553 million, respectively.

- Net cash from investment activities was Baht 10,892 million. This amount comprises cash received from the disposal of available-for-sale investments, totaling Baht 40,575 million, redemption of debt instruments held to maturity of Baht 54,311 million, cash payments for available-for-sale investments of Baht 53,555 million, and cash payments for debt instruments held to maturity of Baht 30,918 million.

- Net cash from financial activities totaled Baht 11,982 million, due to cash received from an issuance of subordinated debentures totaling Baht 12,000 million.



## 2.3 Capital Requirements and Credit Ratings

### ○ Capital Funds

As of December 31, 2003, the Bank and its subsidiaries had a capital base of Baht 95,075 million, comprising Tier-1 capital totaling Baht 56,871 million, and Tier-2 capital totaling Baht 38,203 million. The capital adequacy ratio of the Bank and its asset management companies, Phethai and Ploy AMCs, equaled 17.48 percent, significantly above the Bank of Thailand's minimum requirement of 8.50 percent. Details are as follows:

**Capital Adequacy Ratios\***

	Dec 31, 03	Sep 30, 03	Jun 30, 03	Mar 31, 03	Dec 31, 02	Sep 30, 02
Tier-1 Capital	10.46%**	10.73%	8.82%	8.27%	8.44%	8.48%
Tier-2 Capital	7.02%	4.92%	5.05%	5.01%	5.90%	5.84%
Total Capital						
Requirements	17.48%**	15.64%	13.87%	13.28%	14.34%	14.32%

Note: \* These ratios do not include the net profits of each accounting period. According to BoT regulations, the first period's net profits shall be included in capital, after approval by the Board of Directors, per Bank's regulations. The second period's net profits shall be included in capital after approval by a General Meeting of Shareholders. However, in the case of a net loss, the loss must be deducted from capital immediately.

\*\* Not including the second period's net profits as of December 31, 2003. Should the second period's net profits, as of December 31, 2003, be included, the capital adequacy ratio of Tier-1 capital and of total capital requirements would be equal to 11.18 percent and 18.20 percent, respectively.

### ○ Maintenance of Ratios

The Bank maintains liquid assets, on average, of at least 6.00 percent of deposits and borrowing, in compliance with BoT regulations. As of December 31, 2003, the Bank had cash and deposits at the Bank of Thailand, including eligible securities, totaling Baht 149,185 million.

### ○ Credit Ratings

In 2003, Moody's Investor Services raised its credit rating on the Bank, while Standard & Poor's upgraded its outlook for the Bank's long-term debt. In addition, Fitch Ratings assigned ratings on the Bank's long-term subordinated debt as shown in the following table.

Credit Ratings Agency	December 31, 2003	December 31, 2002
<b>Moody's Investors Services ***</b>		
Long-term - Debt	n.a.*	n.a.*
- Subordinated Debt	Baa2	Ba2
- Deposit	Baa1 **	Ba1**
Short-term - Debt/Deposit	P-2	NP
Outlook	Stable	Stable
<b>Standard &amp; Poor's ***</b>		
Long-term - Debt	BB	BB
- Subordinated Debt	B+	B+
Short-term - Debt/Deposit	B	B
Outlook	Positive	Stable
<b>Fitch Ratings ***</b>		
<b>International credit ratings</b>		
Long-term - Debt	BBB-	BBB-
- Subordinated Debt	BB+	n.a.
Short-term - Debt/Deposit	F3	F3
Outlook	Stable	Stable
<b>National credit ratings</b>		
Long-term - Debt	AA-(tha)	AA-(tha)
- Subordinated Debt	A+(tha)	n.a.
Short-term - Debt/Deposit	F1+(tha)	F1+(tha)
Outlook	stable	stable

Remarks \* Moody's Investor Services does not assign ratings on the Bank's long-term debt.

\*\* Long-term deposit is rated only by Moody's Investor Services.

\*\*\* The investment grade of long-term credit ratings for Moody's Investors Services, Standard & Poor's, and Fitch Ratings are from Baa3, from BBB- and from BBB-, respectively. For short-term credit ratings, the investment grade for these three agencies is from P-3, A-3, and F3, respectively.

### 3. Operations of Business Groups

#### 3.1 Business Overview

KASIKORNBANK PCL's operations are divided into three main groups:

**1. The Corporate Business Group** is responsible for overseeing customer relationships with corporate customers. The main products of the group include loans, trade finance, cash management services, foreign exchange, corporate finance and securities services.

**2. The Retail Business Group** is responsible for supervising customer relationships with retail business and individual customers. Various products are offered to fulfill customer needs such as retail business loans, consumer loans and credit cards. This group also provides service to customers through branch channel network, direct sales teams, a call center and other electronic channels.

**3. The Treasury Group** is responsible for managing the assets and liabilities of the Bank, including trading securities, foreign exchange and derivatives.

## 3.2 Corporate Business Group

The Corporate Business Group provides services to customers with sales volumes over Baht 50 million per annum. To enhance product presentation and financial services, the Corporate Business Group divides its customers into 3 segments: multi-corporate banking, corporate banking, and business banking segments. The main products of the group include loans, trade finance, cash management services, foreign exchange, corporate finance, and securities services.

### ○ Customer Segment

#### ● Multi-Corporate Banking Segment

##### Overview

This unit provides sophisticated financial products and services for multi-corporate and investment project customers. One of the main services is capital financing services, which include end-to-end financial offerings such as loan arrangement services, financial advisories, debt instrument underwriting and a complete range of products such as working capital financing, trade finance, tailor-made loans, project finance lending and syndicated loans. Other financial services include advisory services, cash management, and foreign exchange.

##### Changes in Operating Environment and Business Operations

In 2003, amid intense competition for corporate business, the Bank achieved higher-than-target loan growth, due to continued expansion in the domestic manufacturing sector, especially during the fourth quarter. Although domestic business during the first half of 2003 was affected by the US-led war on Iraq and the outbreak of the SARS, fluctuations in returns in the debt market helped increase loan demand from banks. Fee-based income also increased, especially from corporate finance, domestic credit product, and letters of indemnity-borrowing, as the Bank gained new customer groups, including automobile manufacturers, leasing businesses, and conglomerates. To capture these new customers, various strategies were employed, including the introduction of new products designed to better fit customer needs and provide better service. In addition, the Bank also focused on establishing sound and lasting relationships with customers through the Bank's widely accepted image and well-trained staff.

#### ● Corporate Banking Segment

##### Overview

This unit provides a full range of financial products and services to corporations with sales volumes of Baht 400-5,000 million per annum. Capital financing services include financial products, such as working capital financing, capital expenditure loans, project finance loans, and trade finance. Other financial services include cash management, foreign exchange and advisory services.

##### Changes in Operating Environment and Business Operations

A strategy of countering uncertainties and intense competition has been used since 2002, and our operating results in 2003 have remained on-target, particularly in trade finance, which has shown high growth, in line with the country's current export and import growth. Fee-based income also increased, as the Bank gained new customers, while also successfully expanded corporate finance services, particularly domestic credit product, letters of indemnity-borrowing, cash management, and foreign exchange service.



- **Business Banking Segment**

- Overview**

- This unit provides financial services to corporations with sales volumes of Baht 50-400 million per annum in Bangkok and upcountry. Corporate Relationship Managers deliver a full range of domestic credit, trade finance, and cash management products to meet the needs of this growing segment.

- Changes in Operating Environment and Business Operations**

- Despite strong interest rate competition, the interest rate spread in loans extended to the business banking group has been maintained. The Bank continued to focus on domestic credit products. Due to continued credit extension, our fee-based income rose above target, especially in letters of indemnity-borrowing, and cash management services. The Bank's strategy has been to retain existing customers with constant growth and sound credit records, while also seeking new customers, especially SME customers, through the introduction of a new range of products, as well as complete services with superior efficiency.

- **Product Group**

- **Domestic Credit Products and Letters of Indemnity-Borrowing**

- Overview**

- There are two domestic credit product categories: working capital finance (overdrafts and promissory notes), and investment & capital financing (several types of loans). The Bank also offers several contingent bank guarantee products, such as letters of indemnity, avals and financial statement letters.

- Changes in Operating Environment and Business Operations**

- During 2003, not only has the Bank developed new products to fit diverse business needs, it has also sped up credit approvals utilizing new technology and electronic channels. The Risk-adjusted Return on Capital (RAROC) system is used to achieve competitive and fair prices. With these, higher-than-target domestic credit expansion and fee-based income have been realized. To further enhance the efficiency of services, the Bank focuses on continual training for our staff to have greater knowledge about credit products and process.

- **Trade Finance**

- Overview**

- Trade Finance offers for import business many types of letters of credit such as sight L/Cs at sight, term L/Cs, trust receipts, and bills for collection (B/C). Export business is offered several services such as export bills for collection under letters of credit and export bills for collection.

- Changes in Operating Environment and Business Operations**

- Following intense competition and high growth in the country's exports and imports, various marketing campaigns and more service channels were used to increase market share, including additional International Business Centers, targeting at a total of 30 centers. To further facilitate transactions, a new electronic transferal form and express international check clearing service have also been provided.

- **Corporate Finance**

- Overview**

- There are two major categories of services provided by Corporate Finance. **Financial Advisory Services** provide a full range of financial advisory services such as fund-raising services, debt restructuring, mergers and acquisitions, bond issuance advisories, and customer rating advisories. **Corporate Finance Services** provide end-to-end services including developing, marketing and distributing financial products for fund-raising. These services are offered through Bank facilities such as syndicated loans and project finance lending, and through debt capital market products, for which the Bank is a broker-dealer and underwriter. As for secondary market trading, the Bank is a bond-trading broker. In addition, Corporate Finance is a distributor of state enterprise bonds and is responsible for researching the debt capital market, the economy, foreign exchange and capital markets, as well as providing information to issuers and investors.

- Changes in Operating Environment and Business Operations**

- In 2003, although the active bond market has attracted many financial institutions into the broker-dealer business, the Bank continued to be one of the top three underwriters with the largest market share in both private and public bonds listed at the Thai Bond Dealing Center (TBDC). The main factor boosting interest in the bond market was a decline in returns in the debt market during the first half of 2003. This led corporate businesses to switch their funding to debt market instruments, including bond issues, totaling more than Baht 150 billion during the first nine months of 2003. Although the fluctuation of returns during the last quarter of 2003 caused some corporate businesses to postpone bond issues, fee-based income continued to rise.

- As for syndicated loan and project finance services, fee-based income derived from syndicated loan increased, while financial advisory services were provided to several large projects. New capital market products were introduced and an improved credit structure was implemented.

- **Foreign Exchange Service**

**Overview**

Foreign exchange services and products for international trade include spot transactions and hedging instruments such as forward contracts and other financial derivatives.

**Changes in Operating Environment and Business Operations**

Due to exchange rate fluctuation, especially during the last quarter of 2003, the Bank offered a wider range of exchange rate risk management products, including new hedging instruments and arranging seminars relevant to this matter for customers. Staff was trained to promote understanding about risk and hedging.

In addition, due to a volatile trend in money market returns, financial derivative instruments are being developed to help reduce interest rate risks. These instruments are expected to be launched by the first quarter of 2004. The Bank is planning to develop derivative instruments for exchange rate risk and other risks.

To further enhance foreign exchange services, the Bank provided financial information through various media and improved contact channels, such as international trade centers and branches.

- **Cash Management**

**Overview**

Cash Management Services provide an efficient, effective, end-to-end solution in cash management, enabling more control over costs of funding, interest paid, liquidity, and time expended. There are 3 key services provided under Cash Management. **Collection management services** help companies manage check collection and/or cash from payments made by their customers. **Payment management services** facilitate payables management for companies by arranging scheduled payments to their account payables or other beneficiaries. These services also help companies improve their payment management efficiency. **Liquidity management services** manage customers' account receivables, account payables, plus other payments and collections to minimize interest paid.

**Changes in Operating Environment and Business Operations**

Aiming to be a leading collection bank, the Bank has continually improved our payment systems, including payments through an electronic system and branches. The Electronic Bill Presentation and Payment (EBPP) system, and Online Direct Debit system, which allows payments to be automatically deducted through the Bank's electronic system, were developed to facilitate customers' payments. The Bank also utilizes a two-step password system to promote greater transaction security.



- **Securities Services**

- Overview**

- Securities Services consist of custodial services for retirement funds, private funds, other mutual funds, and registrar services for bonds, securities, and mutual funds. The Bank also provides support service in syndicated loans such as acting as the security agent for collateral control, and facility agent for coordinating and controlling lenders and their borrowers to comply with agreements.

- Changes in Operating Environment and Business Operations**

- In 2003, securities business continued to perform well, due to new BoT regulations permitting investments in foreign securities, and a series of interest rate cuts since the beginning of the year, which led depositors to invest more in mutual funds. This helped boost securities investment services in the mutual fund area, such as in custodial and registrar services.

- To better serve and satisfy customers' needs, the Bank opened additional KBANK e-Custodian service for custodians and mutual fund supervisor customers during the fourth quarter of 2003. This service provides asset account information and news of corporate action via the Bank's website for asset management companies, private funds, retirement funds, and institutional and retail customers, both domestic and overseas.

- Increasing custodial services to new customers is a new focus, especially to insurance companies, many of which have switched to use outsourced custodial services, due to lower cost. The Bank plans to extend custodial services to foreign investors, who are now using more of these services from domestic banks.

- **Business Banking Center : BBC**

- The Corporate Business Group has established Business Banking Centers to improve sales and service to corporate business customers. In sales, current strategies include introductions of more products and loan facilities, and the promotion of better bank-customer relationships. On the service front, Centers not only provide a full range of financial services, and also simultaneously handle complex transactions, as well as standard banking transactions, commercial loans, and cash management services, with trade finance to be added in the near future. In 2003, 20 Centers were opened in Bangkok and the Metropolitan Region, 2 Centers upcountry, and there are plans to open a total of 26 Centers.

## ○ Financial Position

### Corporate Business Group Credits Classified by Customer Segment *(Million Baht)*

	Percent of total CBG's loans	Loans		Changes	
		Dec 31, 2003	Dec 31, 2002	Million Baht	Percentage change
<b>Corporate Business Group</b>	<b>100.00%</b>	<b>160,004</b>	<b>129,500</b>	<b>30,504</b>	<b>23.56%</b>
Customer segment					
Multi-corporate					
Banking Segment	28.84%	46,146	31,508	14,638	46.46%
Corporate Banking Segment	36.48%	58,372	49,462	8,910	18.01%
Business Banking Segment	34.68%	55,486	48,530	6,956	14.33%

As of the end of 2003, the Corporate Business Group's total loans stood at Baht 160,004 million, increasing by Baht 30,504 million or 23.56 percent from the end of 2002. Categorized by customer segment, the increase in the Group's total loans in 2003 was mainly due to a 46.46 percent increase in multi-corporate banking segment's credit from the end of 2002. This was due to some multi-corporate banking businesses switching their funding to domestic loans, following an increase in rates in the debt market. The corporate banking segment's credit grew by 18.01 percent from the end of 2002, following higher trade finance credit for export-import related business, while the business banking segment's loans expanded by 14.33 percent.

### Corporate Business Group Credits Classified by Product Group *(Million Baht)*

	Percent of total CBG's loans	Loans		Changes	
		Dec 31, 2003	Dec 31, 2002	Million Baht	Percentage change
<b>Corporate Business Group</b>	<b>100.00%</b>	<b>160,004</b>	<b>129,500</b>	<b>30,504</b>	<b>23.56%</b>
Product group					
Domestic credit products	75.31%	120,496	97,260	23,236	23.89%
Trade finance	22.75%	36,400	27,147	9,253	34.08%
BIBF	1.68%	2,688	4,602	(1,914)	(41.60%)
Other loans	0.26%	420	491	(71)	(14.46%)

Categorized by product group, as of the end of December 2003, the products having the highest growth were trade finance loans, which increased by 34.08 percent over the end of 2002, due to higher volumes in export and import transactions. Meanwhile, domestic credit loans rose by 23.89 percent over the end of 2002, though BIBF showed a decrease, due to customers cutting their foreign exchange exposures and domestic interest rates setting at near foreign interest rates.

### 3.3 Retail Business Group

The Retail Business Group is responsible for developing and managing customer relationships with retail businesses and individual customers. Based on monthly sales or income, customers are divided into 4 segments: owner-operators, platinum customers, middle-income customers, and transactors. To meet demands of each customer segment, Retail Business offers a wide variety of products, including loans and working capital lines for businesses, consumer loans, mortgages, credit cards, and deposit and fee-based products. Sales and service channels used include direct sales teams, the branch network, customer service centers, and electronic and telephonic channels.

#### ○ Sales and Service Channels

In order to reach retail banking customers, multiple service and sales channels are employed. In 2003, the Bank continued to improve the use of sales channels comprised of the following:

- **Branch Network**

This remains the primary channel for customers to conduct financial transactions with the Bank and certain product sales. To enhance acceptable cost-to-serve ratios, branches are classified into 2 groups, based upon their internal and external potential to facilitate sales and service to targeted customer segments in a highly efficient manner.

#### **Bangkok and the Metropolitan area:**

Branches in Bangkok and the Metropolitan area utilize reactive sales and service strategies, and are grouped into clusters to enhance management efficiency. Each cluster consists of differing branch types and sizes to ensure that each cluster is commensurate with the business potential and customer service requirements of a given location. Branches are divided into 3 groups as follows:

- **Retail Branches** provide financial services to customers in all segments, coordinate with Direct Sales Units to sell credit products to targeted customers as well as maintain customer relationships.
- **In-store Branches** aim to serve transactors and middle-income customers during non-traditional banking hours at locations such as malls, stores, offices, and in urban areas.
- **Transaction Outlets** focus primarily on providing and maintaining transaction services for customers, selling non-credit products, providing advice on Bank's products and encouraging credit and financial service through cross selling.



**Upcountry:**

Upcountry branches are classified into 2 groups as follows:

- **Branch Clusters** for branches that are located near each other.
- **Single Full Branches** are branches in many upcountry areas that cannot be clustered because they are located too far apart and are not convenient for customers. Such branches therefore are maintained and managed as a single unit.

- **Direct Sales Force**

Pursuing a proactive sales posture, the Bank uses a dedicated sales force, consisting of 5 units: the Specialized Services Unit, the Housing Loan Unit, the Consumer Loans and Credit Card Unit, the Business and Professional Unit, and the Platinum Signature Unit.

- **Alliance Partners**

Affiliated companies and alliance partnerships are used to source customers, develop products and services and to build brand awareness, including such activities as co-branded cards, loyalty program benefits, mutual funds, bancassurance, leasing and hire purchase.

- **Direct Marketing**

Promotes cross selling opportunities for existing customers and targeting of alliance customer basis.

- **KBANK e-Phone**

In 2003, KBANK e-Phone added additional services that can be accessed via the Bank's telephone systems such as credit card activation, charitable contribution payments, utilities payments, and other fee-based services such as sales and purchase of unit trusts. To minimize losses incurred from the loss of credit cards, ATM cards, and debit cards, additional phone lines were added, thereby facilitating card loss notification and quick replacement processing.

- **Platinum Phone Service**

Dedicated phone numbers for Platinum customers were installed, offering general financial transactions and information, 24-hour access to service staff, and a message system when staff is not available. Platinum phone service also acts as a center for contacting platinum Relationship Managers when urgent matters arise.

- **KBANK Corporate Call Service**

To promote relationships with corporate customers, the Bank opened service centers in selected branches. Check purchases, product and service information advice, and problem resolution are a few of the many customer benefits offered by these centers.

- **KBANK e-ATM**

In 2003, to enhance our ability to meet the needs of an increasing number of ATM/debit card customers, the Bank installed 80 additional ATM machines, bringing the total number to 1,184. To further expand our customer base, the system payments to the TOT Corporation and to the Metropolitan Electricity Authority to be processed through the e-ATM system.

- **KBANK e-Internet Banking**

To increase Internet banking usage, beginning in 2003, applications for Internet banking can be processed through our ATM machines. Additional new features also offered, including e-Internet service for transactors and KBANK e-BizLink for medium and small business customers. As of the end of 2003, the Bank had over 16,000 e-Internet banking customers, both personal and corporate.

- **KBANK e-Mobile Phone Banking**

In July 2003, the Bank, in cooperation with Hutchison Telecommunications (Thailand) Co., Ltd., launched a new e-mobile Phone Banking service under the name M'Wallet & Pay Station using the CDMA network. This new service provides bill payment facilities via mobile phone systems for more than 50 participating stores.

- **KBANK e-Commerce & m-Commerce**

Presently, more than 170 merchants use e-Commerce services, which are provided via Advance Info Service PLC. mobile phones. We are planning to expand the number of merchants using e-commerce services.

- **e-Cash Deposit Machines**

In 2003, 14 additional cash deposit machines were installed at all In-Store, New Look & Feel, and Coffee Banking branches, making a total of 51 machines. There are plans to install more every year.

- **Customer Segment**

To efficiently meet customer needs, the Retail Business Group divides customers into the following segments:

- **Business & Professional Customer**

These are entrepreneurs and professionals who operate small businesses with turnovers of up to Baht 50 million. Such customers mainly need local currency for working capital funds. The focus is on reducing the cost of delivery to this sector and offering improved products and services to induce customers to make us their main bank.

- **Platinum Customer**

Platinum customers have monthly incomes exceeding Baht 100,000. The high net worth customers often use various types of the Bank's services such as savings accounts, loans, credit cards, as well as mutual funds and fixed income investment services. To maintain such customers, the Bank uses highly skilled Platinum Customer Managers and staff offering tailored asset and loan management advice. The Bank also established the Platinum Signature Unit to provide exclusive services for these customers, while regularly arranging special activities to promote better relations.

- **Middle Income**

These customers are wage earners with salaries ranging from Baht 15,000-100,000 and most of them currently have Bank credit cards and housing mortgages. The Bank's Direct Sales units together with in-store branches, operating 7 days a week will continue to offer on a broad menu of financial products and services to this segment.

- **Transactor**

These are customers with incomes of less than Baht 15,000, most of who maintain only small balances on savings accounts but frequently visit branches for cash related transactions. The credit needs of this segment will be met through our partnership with Cetelem (Thailand) Co., Ltd. and through the development of debit card activated personal lines of credit.

## ○ **Product Group**

In 2003, the Retail Business Group developed and improved products and services to each customer group as follows:

- **Retail Business Lending**

### **Overview**

Retail Business Lending involves secured credit facilities to businesses, entrepreneurs and professionals for short-term and long-term commercial purposes. To meet the financial requirements of business customers, various financial products and services are provided, including overdrafts, promissory notes, term loans, bills of exchange, letters of indemnity, and bills of exchange acceptances.

### **Changes in Operating Environment and Business Operations**

During 2003, competition in retail business continued to be strong, evidenced by a series of interest rate cuts. This was partly due to the government's SME lending stimulus measures. Continued excess production capacity in some industries and an upward trend of retail loan demand further intensified competition to gain new customers from the retail segments.

To retain existing customers and our competitiveness, our tactical thrusts in 2003 were aimed at speeding up credit approval processes, offering Business & Professional (B&P) Fixed Rate Loans, and promoting line utilization. Moreover, the Bank signed a guarantee contract for SME loans with the Small Industrial Finance Cooperation (SIFC) and credit lines were increased during the second half of the year. Throughout the year the Bank organized many seminars for customers nationwide, and issued a bi-monthly KBANK B&P Newsletter, which informs customers about general economic matters and the Bank's new products and services, plus other related information. Moreover, the Bank also cooperated with authorities in providing operation management advice to SME customers at the Thailand SME Expo, while carrying out research on B&P customer satisfaction and B&P customer segments and using those findings to adjust and develop products that meet customer needs.

- **Consumer Loans**

- Overview**

- Consumer Loans offers a variety of products to serve the changing needs of individuals and households. Products include housing loans, Pitaksin loans, multi-purpose loans, KBANK Privilege loans, provident fund loans, loans for executive MBA study, and vehicle loans.

- Changes in Operating Environment and Business Operations**

- In 2003, competition in housing loans remained strong, following the growing economy that helped to raise household incomes and increased housing demand in Bangkok and the Metropolitan Region. Also helping to boost housing loans were low interest rates and the government's property stimulus measures, including an extension of the title transfer fee-reduction and tax-exemption from 2002 to the end of 2003.

- For 2003, to promote growth in housing loans, the Bank employed a product-based sales force and offered products with various interest rates, while organizing marketing campaigns such as setting up booths at many fairs. The Bank continued to arrange sales point activity to expedite housing loan demand, especially before the expiration of the government's property stimulus measures. In addition, in cooperation with project allies, special interest rates were offered to transactors and at the same time, the search for new project allies continued. In fact, marketing campaigns, especially the "Lucky Draw" project helped gain new customers.

- **Credit Cards**

- Overview**

- To ensure the highest satisfaction of customers, the Bank has continuously developed and improved credit card services and programs, and maintained an upgraded network of almost 52,000 card accepting stores throughout Thailand. A broad array of products and services are offered: services classified by card usage (silver, gold, platinum cards for individual and corporate) and services classified by card issuer (KBANK Card, KBANK-VISA Card, VISA Card, KBANK-MasterCard and MasterCard Card).



### **Changes in Operating Environment and Business Operations**

In 2003, the competition in credit card business remained intense, both in credit card products and share of card accepting stores. As for credit card products, the BoT's directives concerning credit card business regulations issued early in the year, the war in Iraq and the outbreak of the SARS during the second quarter, as well as increased spending during the Christmas and New Year holidays heightened the competition. To increase their competitive postures, credit card issuers employed various strategies such as marketing campaigns, credit card design and size changes which have been successful in other countries, installment purchase programs, and brand awareness building as evidenced by the variety and frequency of public announcements and media hype.

To increase fee-based income from credit card products, the Bank utilized various techniques, including the establishment of competitive programs for credit card agents and new product launches in cooperation with business allies such as leading department stores, leading direct sales companies, state-enterprise unions, and Thammasat University. The Bank also continued to emphasize sustained card spending, through marketing campaigns in cooperation with the Tourist Authority of Thailand (TAT), department stores, merchants, restaurants, bookstores, and mobile phone distributors, as well as an establishment of installment purchase programs with the Bank's allies. At the same time, segment targeted strategies were conducted through the introduction of the Platinum Signature Card to Platinum customers and the Kurve Card to new generation users. All together, these sales promotion campaigns have led to an increase in credit card spending in 2003, with 310,000 new credit cards being issued.

The competition to increase share of card accepting stores continued to be strong in 2003, especially late in the year. This was partly due to an increase in the purchase of sales slips incurred through tourist transactions both domestic and overseas, which was in line with the increase in the number of cards. Credit card businesses have employed pricing schemes and organized sales promoting campaigns in cooperation with card accepting stores, while improving technology to enhance security of transactions via the Bank's electronic systems.

To increase the market share of card accepting stores, the Bank organized various marketing campaigns in cooperation with card accepting stores, especially hotel and tourism related businesses, and broadening the Bank's service offering in cooperation with the corporate business group or business allies. In cooperation with IBM (Thailand) Co., Ltd., the EDC Network was developed, which connects with the computer networks (LAN) of large-scale stores and their branches. The Bank also installed over 2,000 EDC machines at stores, which has helped reduce the Bank's interchange fee, while implementing new technology to be ready to handle new types of credit cards. At the same time, the Bank introduced TA Free Phone and opened 2 additional upcountry communication service centers, Prajinburi center and Kanjanaburi center, making a total of 30 centers nationwide. These centers will help reduce stores' communication costs, as well as the Bank's network investment cost.

- **Deposit and Fee-based Income**

**Overview**

The Bank continues to enhance the variety of deposit products in order to satisfy the needs of customers in different segments. A wide range of deposit and card access products are offered including savings accounts, fixed deposits, current accounts, *Taweessup* Special Fixed Deposit accounts, e-savings accounts, ATM cards, global ATM cards, KBANK e-Cash Card, KBANK Flex-C Visa Electron cards, and KBANK e-web cards.

As for domestic fund transfers and payment services, the Bank has continued to improve services to fulfill customer needs using new technology and various electronic payment channels, such as the KBANK e-ATM, KBANK e-Phone, KBANK e-Mobile Phone Banking, and KBANK e-Internet Banking systems. Services being offered including domestic fund transfers through ATMs to any receiver who holds a bank account anywhere, bill payment services for mobile phones, credit cards, and cable TV, and a tax payment service through the Bank's electronic channels.

**Changes in Operating Environment and Business Operations**

To promote the Bank's image and to improve the customer information system, the Bank has modified application forms for various accounts, deposit slips, withdrawal slips, receipts for loan account repayment, checkbooks, all types of passbooks, ATM cards, as well as bank checks, drafts, and gift checks. To expand our customer base, various sales promotion campaigns for Debit and ATM cards were organized and automatic account link for individual customers was provided. The Bank also used a direct sales force for each specific customer group such as the establishment of the Platinum Signature Unit to provide services exclusively for Platinum customers, which focuses on delivering convenience, proper financial advice, and privilege to these customers.

As for bank note trading and traveler's check products, sales promotion campaigns were organized for frequent travelers and corporate business customers. To further increase fee-based income, in cooperation with Muang Thai Life Assurance Co., Ltd., the Bank started Bancassurance business, which offers life assurance counseling services. At the same time, to serve customers who prefer long-term investments and require consistent returns above current deposit rate, the Bank, in cooperation with KASIKORN Asset Management Co., Ltd., established the Ruang Khao Income 3 Fund (RKI3), for investments in long-term corporate debentures.

## ○ Financial Position

### ● Loans

	Percent of total RBG's loans	Loans		Changes	
		Dec 31, 2003	Dec 31, 2002	Million Baht	Percentage change
<b>Total</b>	<b>100.00%</b>	<b>224,185</b>	178,659	<b>45,526</b>	<b>25.48%</b>
Retail business lending	76.63%	171,789	146,376	25,413	17.36%
Housing loans	18.13%	40,653	25,895	14,758	56.99%
Credit card products	4.39%	9,848	5,524	4,324	78.28%
Other loans	0.85%	1,895	864	1,031	119.33%

As of December 31, 2003, the Retail Business Group's total outstanding loans were Baht 224,185 million, increasing by Baht 45,526 million, or 25.48 percent, over the end of 2002. The increase was attributable to rises in credit card products and housing loans, which showed increases by 78.28 and 56.99 percent over the end of 2002, respectively.

## ○ Deposit Products

	Percent of total RBG's deposits	Deposits		Changes	
		Dec 31, 2003	Dec 31, 2002	Million Baht	Percentage change
<b>Total</b>	100.00%	688,318	654,564	33,755	5.16%
Current account	5.74%	39,502	27,913	11,589	41.52%
Savings account	49.22%	338,822	281,711	57,111	20.27%
Fixed deposit account	45.04%	309,994	344,940	(34,946)	(10.13%)
3 months	34.66%	238,591	273,457	(34,866)	(12.75%)
6 months	0.80%	5,513	5,738	(225)	(3.92%)
1 year	6.58%	45,291	46,115	(824)	(1.79%)
> 2 year	2.99%	20,599	19,630	969	(4.94%)

As of December 31, 2003, the Bank's total deposits amounted to Baht 688,318 million, rising by Baht 33,755 million or 5.16 percent over the end of 2002, following an increase in passbook savings deposits, especially with individual depositors. The Bank's total deposits were recorded as the third largest deposits in the Thai banking system.

### 3.4 Treasury Group

The Treasury Group's responsibilities include asset and liability management and the trading of foreign currencies, equity securities, debt instruments, and derivatives. The goal is to manage investments to achieve maximum benefit within appropriate risk levels, and in line with the Bank's policies and governing authorities' rules and regulations. The Group's tasks also include liquidity management in accordance with the Bank's policies and BoT requirements. The Group manages investments for trading purposes, which are generally short-term investments, to provide service to customers, while conducting financial instrument transactions for trading purposes in the area of foreign exchange, debt instruments, and derivative instruments.

#### ○ Changes in Operating Environment and Business Operations

In 2003, the Treasury Group continued to manage interest rate risk, exchange rate risk, and liquidity. A full range of money and capital market related services were provided.

During 2003, although commercial banks' liquidity continued to rise over 2002, rates of return on both domestic and overseas transactions were uneven. During the first half of 2003 and early in the third quarter, rates of return moved lower, due to reductions in interest rates by the Bank of Thailand and the Federal Reserve at the end of the second quarter. With the decline in interest rates, investment strategies were to focus on investments that yielded more lucrative benefits within acceptable risk levels. To provide new alternatives for investment and risk management, the Treasury Group developed derivative instruments in cooperation with the Corporate Business Group. As for equity market investments, the Bank followed the strategy of not expanding investments in equity securities, while reducing portfolios when the opportunity arises. For fixed income securities, the strategy was to adjust the investment scale to the current market situation.

However, during the fourth quarter of 2003, long-term rates of return on both domestic and overseas investments returned to an upward trend, due to optimism about the domestic and global economic outlook. Although the increase in rates of return was beneficial to the equity market, it has led to a drop in prices of debt instruments, thereby calling for an adjustment in investment strategy. This was to increase investments in the short-term money market, while investments in the long-term debt market will be taken when the opportunity arises. As for equity market investments, the Bank continued to follow the strategy utilized during the first nine months. At the same time, bilateral repurchase transactions with the BoT and private repurchase transactions in cooperation with other financial institutions were established.

For 2004, the Treasury Group's investment strategy is to increase fee-based income derived from derivative instruments and not to expand investments in equity securities. The Group will also increase investments in high return products, especially structured products.



## ○ Financial Position and Operating Performance

As of the end of December 2003, total investments of the Treasury Group were Baht 278,807 million, decreasing by Baht 3,555 million, or 1.26 percent, from the end of 2002. Investments in the money market accounted for 49.00 percent of the total investments, while investments in the capital market accounted for the remaining 51.00 percent.

Type of Transaction	Percent of total TG's income	2003	2002	Changes	
				Million Baht	Percentage change
<b>Money Market</b>	<b>34.36%</b>	<b>3,365</b>	<b>3,765</b>	<b>(400)</b>	<b>(10.62%)</b>
Interest income	21.78%	2,133	3,360	(1,227)	(36.50%)
Non-interest income	12.58%	1,232	405	827	204.20%
<b>Capital Market</b>	<b>65.64%</b>	<b>6,427</b>	<b>5,947</b>	<b>480</b>	<b>8.08%</b>
Interest income	45.50%	4,455	4,927	(472)	(9.58%)
Non-interest income	20.14%	1,972	1,020	952	93.33%
<b>Total</b>	<b>100.00%</b>	<b>9,792</b>	<b>9,712</b>	<b>80</b>	<b>0.82%</b>

In 2003, the Treasury Group's income totaled Baht 9,792 million, rising by Baht 80 million, or 0.82 percent, over 2002. This was due to an increase in non-interest income of Baht 1,779 million, mainly from increases in gains in foreign exchange and debt instruments. However, interest and dividend income declined by Baht 1,699 million, as a result of continuously declining market returns.

## 4. Risk Management and Risk Factors

### 4.1 Overall Risk Management

The Bank believes that effective risk management and risk control is vital to maximizing sustainable returns to shareholders. The overall risk management framework encompasses the following organizational structure:

- The Board of Directors has ultimate responsibility for approving all risk management policies and guidelines, setting risk limits and risk appetites, and ensuring the establishment of effective risk management systems and procedures in line with international standards.
- The Audit Committee is responsible for reviewing risk management procedures and the internal risk control system.

Furthermore, the Board of Directors has assigned the following Committees and Sub-committees to assist in managing various risks.

- The Risk Management Committee is responsible for overseeing and monitoring the risk management policies and overall risk profile under the policies and guidelines approved by the Board of Directors.
- The Asset and Liabilities Management Sub-committee is responsible for managing interest rate, liquidity, and foreign exchange risk.
- The Credit Policy Sub-committee is responsible for establishing credit policies that are in line with the Bank's strategies and credit risk appetite.

The day-to-day responsibility for measuring and monitoring all related risk has been delegated to the Internal Risk Management Department. This department is accountable for developing sophisticated risk management tools by converting all related risk into a single comparable term of capital. This concept enables the Bank to estimate and control the magnitude of various types of risks, set pricing that reflects the risk level of different customers and businesses, and allocate capital properly reflecting returns and risk levels.

## 4.2 Risk Management Principles

The Bank adheres to the following Risk Management principles:

- Defined Risk Management Policy
- Independent Risk Controls
- Integrated Risk Management
- Business Lines Accountable for Risk
- Risk-Adjusted Performance Measurement

## 4.3 Risk Management

### ○ Credit Risk Management

#### **Credit Risk Management Overview**

Having completed the Credit Transformation (CT) project in Corporate Business Group and Retail Business Group in Bangkok and the Metropolitan Region since December 2002, the Bank was able to enhance the quality of credit risk management and promote efficiency with strong monitoring and control, as well as improved workflow in 2003. In order to ensure continuous improvement of credit process efficiency, the Bank has established working groups consisting of people from the related departments to follow up and monitor the project's efficiency and to recommend any improvements of credit risk management. In the year 2004, in the Retail Business Group, the Bank will roll out credit transformation to upcountry to enhance credit management standards and efficiency throughout the organization.

Moreover, the Credit Transformation project has reorganized credit operations for compliance with the centralization of credit approval processes and separation of sales and credit decisions to promote the Bank's transparency. Nevertheless, Relationship Managers and Underwriters do share the goal of credit quality and business development. Clear roles and responsibilities have been defined and disseminated to all staff levels. Credit management tools, including a credit policy manual, decision support models, and credit risk ratings, have been developed, and staff have steadily received credit skills training based on internationally recognized curricula. Clear guiding principles and goals are used to increase value in credit operations, improve the credit culture, and foster a common credit language. Building the credit culture cannot happen overnight, it requires nurturing and continuous reinforcement. In 2003, the Bank had a number of activities such seminars, communication via several internally televised programs, and incorporate credit culture in staff's training. Consequently, due to the survey around the end of 2003, it was revealed that credit staff have a better understanding of credit culture and expected behavior. The survey also provided areas of potential culture improvements.

### **Credit Policies and Credit Risk Management Tools**

In 2003, the Bank continued to improve credit risk management tools to enhance credit risk management efficiency. Business strategies based on acceptable risk appetite were established in order to define clearer operational targets for staff. These business strategies are translated into a consistent set of credit policies and action plans that cover all customer segments and all product lines. Minimum qualifications for credit eligibility are established within these policies and guidelines, which comply with the rules and regulations of the Bank of Thailand. Credit policies are regularly reviewed and updated to ensure that they are in line with guiding principles and rationale and are always available for staff through the Bank's online information system.

Credit risk management tools are essential to assessing the credit risk of customers and of the credit portfolio. Customer and industry risk rating tools and an automated credit evaluation system are in place and utilized. In order to set an appropriate price for each customer, an international-standard risk-based pricing framework has been adopted to measure the risk-adjusted return. When calculating the Return on Risk Adjusted Capital (RAROC), the cost of funds and related operating expenses are included, while the expected loss component from the credit risk are factored, as well. Portfolio management tools have also been implemented to ensure that growth opportunities are identified, while at the same time an acceptable level of diversification is maintained.

### **Credit Underwriting and Approval Procedures**

Credit underwriting and approval procedures have been designed to effectively serve customers, whose needs and characteristics are multi-dimensional. For Corporate Business Group, the credit requests are underwritten centrally, where personnel responsible for credit applications and approval base their decisions on credit policies and rigorous credit analysis. Each customer is rated based on the financial status and performance. In the year 2003, a "Qualitative Risk Rating System" was also introduced, bringing further refinement of a borrower's credit quality and importantly giving the Bank another tool to anticipate both potential problems and potential credit opportunities. The Bank has lending, short-term investment, and trading products with financial institutions for liquidity management purpose. To manage that particular credit risk, the Bank also developed credit rating systems and credit policies for countries and financial institutions. For Retail Business Group customers in the consumer segment, such as credit card and home loan, and for the lower credit limit segment of the SME segment, Credit Scoring, which is an automated credit evaluation system, and other tools such as customer and behavioral scoring are used to assist in decision making.

### **Post Credit Approval Operations**

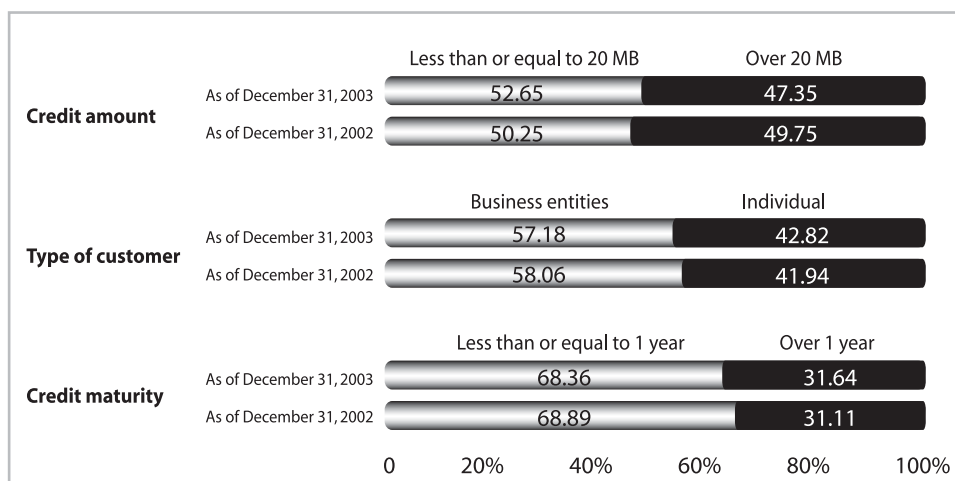
The Bank has centralized all post credit approval operations in order to promote efficiency to take advantage of scale economies. The responsibility of this centralized unit is to consolidate all required contracts, set up credit lines, and maintain lending records. For credit monitoring and control, the Bank has set up the Risk Asset Review Department (RAR Department) to review credit quality of underwriting process and the overall credit process efficiency. To continuously improve credit process efficiency, the RAR Department provides regular reports incorporating relating to results and potential improvement opportunities to executives and related departments.

- **Outstanding Loans**

As of December 31, 2003, the Bank's consolidated outstanding loans stood at Baht 547,918 million, increasing by 8.24 percent over Baht 506,203 million at the end of 2002, and by 4.56 percent over Baht 524,025 million at the end of the third quarter. This increase is attributable to the Bank's proactive credit extension strategies, together with the economic recovery, and gains on reclassification of investments in receivables, particularly restructured loans, in accordance with the BoT's directives FPG. (31) C. 29/2546, dated February 27, 2003, and BOT. FPG. (31) C. 2775/2545, dated December 3, 2002.

At the end of 2003, 52.65 percent of the Bank's outstanding loans to customers were loans not exceeding Baht 20 million. Credit extended to the 20 largest borrowers, excluding Phethai and Ploy Asset Management Companies, accounted for Baht 41,067 million, or 7.75 percent of the Bank's total loan portfolio. In the breakdown of loans by customer type, business entities accounted for Baht 303,105 million, or 57.18 percent of outstanding loans, while loans for individuals accounted for the remaining 42.82 percent. In terms of maturity, credit aging less than or equal to 1 year accounted for 68.36 percent of the Bank's total loans.

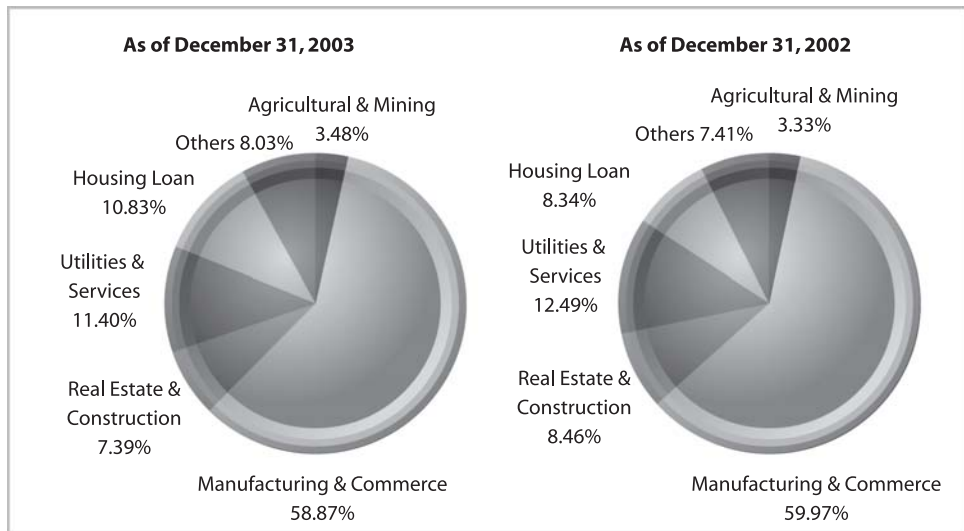
**The Bank's Consolidated Lending Portfolio - Profile**



The Bank's consolidated lending portfolio, including accrued interest receivables, as of the end of 2003 and 2002, were as follows:



**The Bank's Consolidated Lending Portfolio** (including Accrued Interest Receivables)



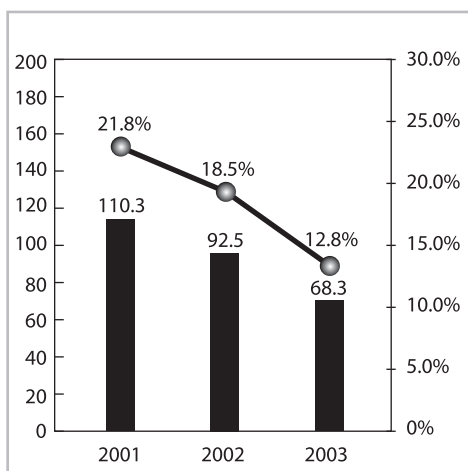
Loan portfolios are reviewed monthly, focusing on overall performance as well as each industry and business group's performance in terms of growth and quality. In 2003, the Bank's loan growth was higher than target.

● **Non-performing Loans**

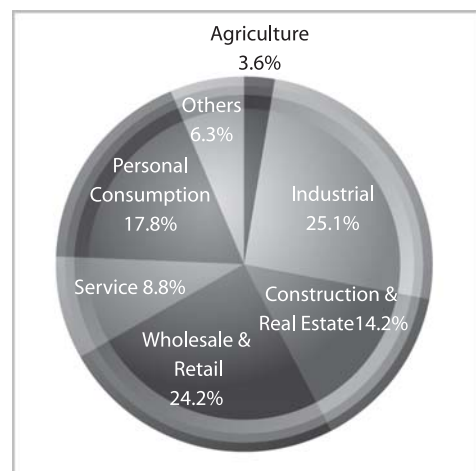
As of December 31, 2003, the Bank's NPLs (using the BoT's new definition as in the directive, dated January 16, 2003) stood at Baht 68,316 million, equal to 12.84 percent of the total outstanding credit (including financial institutions). The Bank's NPLs over time (with historical NPLs restated in accordance with the BoT's new definitions for comparison purposes) and NPLs categorized by sector, classification, and litigation status are shown below.

**Percent NPLs over the Last 3 Years**

(Baht Billion)

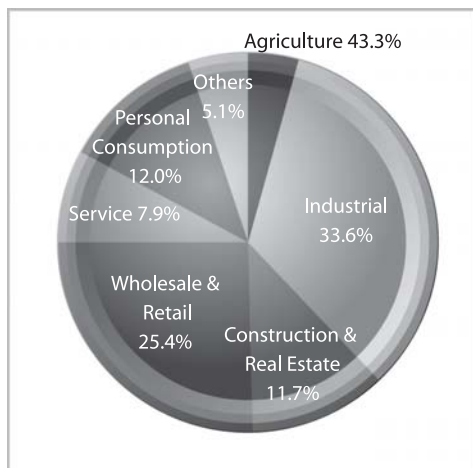


**NPLs by Sector**

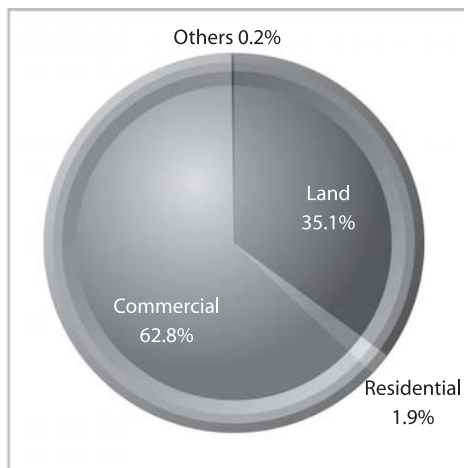


In 2003, the Bank entered into debt restructuring agreements with borrowers with pre-written-off outstanding credit totaling Baht 63,788 million. Debt restructuring activities by sector, strategy, and the type of assets acquired through restructuring in 2003 are shown below.

**Debt Restructuring by Sector in 2003**



**Assets Owned through Debt Restructuring in 2003**



● **Allowance for Doubtful Accounts**

The Bank has a policy to provide an allowance for doubtful accounts for total loans above BoT minimum requirement. Furthermore, the Bank has also set aside normalized provisioning apart from the allowance for doubtful accounts, targeting to 0.5% of total loans to accommodate unforeseen losses.

From the third quarter of 2003 onward, to facilitate analysis and monitoring of the Bank's allowance for doubtful accounts, doubtful accounts are divided into the following 3 categories:

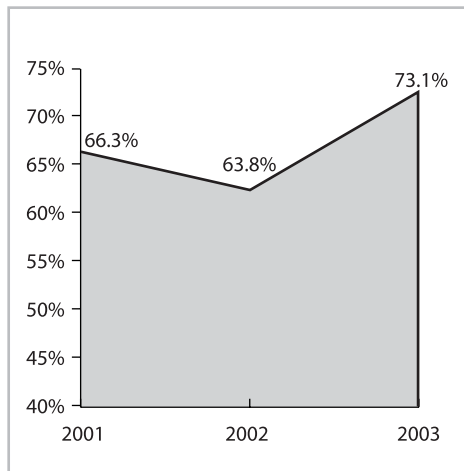
- 1) Allowances for doubtful accounts on normal loans based on BoT regulations.
- 2) Allowances for doubtful accounts, which are among other classified loans, as well as the revaluation allowance for debt restructuring according to BoT regulations, and allowances maintained in excess of BoT regulations.
- 3) Normalized provisions.

Previously, in accordance with BoT regulations, the Bank set a target for allowances on normal loans of 1%, which is included in the total allowances for doubtful accounts. However, from the third quarter of 2003 onward, the Bank set aside an allowance for this category in proportion to net incremental normal loans, using the level of normal loans as of June 30, 2003, as the reference point for calculations of this allowance in 2003.

As of December 31, 2003, the Bank's allowances for doubtful accounts stood at Baht 49,915 million. This amount accounted for 9.38 percent of total outstanding credit, which was equivalent to 143.85 percent of the level required by the BoT. Current allowances are believed to be adequate to absorb estimated and potential losses from debt restructuring, relapses in performing restructured loans, depreciation in collateral value, and potential loss sharing in debt restructured accounts, which have been transferred to the Thai Asset Management Corporation.

According to BoT regulations, covering loan loss provisions, banks deduct the value of collateral from the outstanding debt in order to determine the required allowances for doubtful accounts. To qualify for such deductions, all collateral is appraised in compliance with BoT guidelines, including engagement of independent appraisers to annually appraise collateral in non-performing loans with outstanding balances exceeding Baht 50 million. As of December 31, 2003, in the calculation of allowances, the value of collateral eligible for deductions from outstanding NPLs amounted to 63.36 percent of the value of outstanding NPLs. The percentage of allowances for doubtful accounts out of total outstanding NPLs stood at 73.06 percent.

**Percent Allowance for Doubtful Accounts to NPLs**

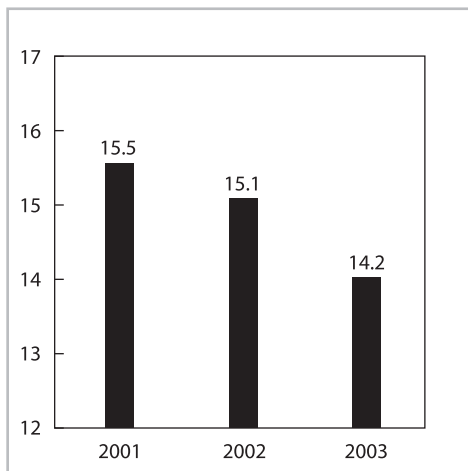


● **Foreclosed Properties**

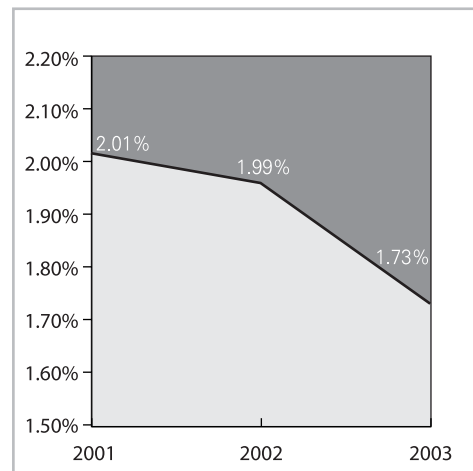
According to BoT regulations, the Bank is required to dispose of properties acquired through debt restructuring or foreclosure between January 1, 1997 to December 31, 2002, within 10 years after the acquisition. Foreclosed properties held for five years or more have to be liquidated at a value not less than that set by BoT regulations.

As of December 31, 2003, foreclosed properties had a book value of Baht 14,202 million, accounting for 1.73 percent of the Bank's total assets. Foreclosed properties acquired over the last 3 years and the composition of our portfolio are shown below.

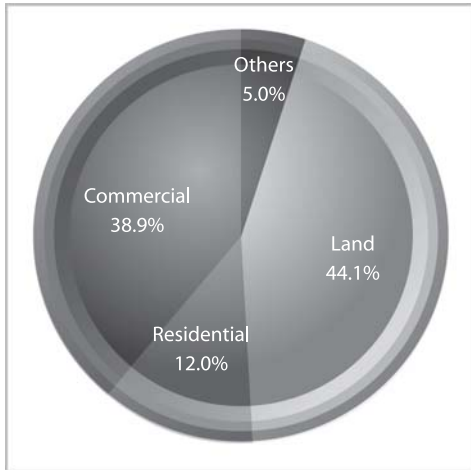
**Quantity of Foreclosed Properties**  
(Baht Billion)



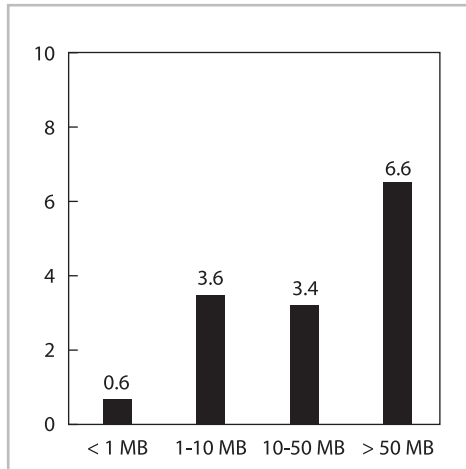
**Percent Foreclosed Properties to Total Assets**



**Foreclosed Properties  
by Type of Properties**

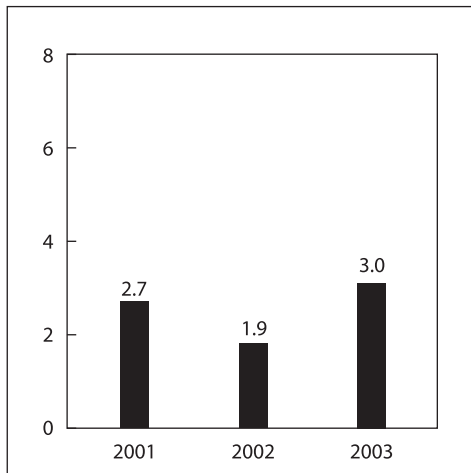


**Foreclosed Properties by Book Value  
(Baht Billion)**

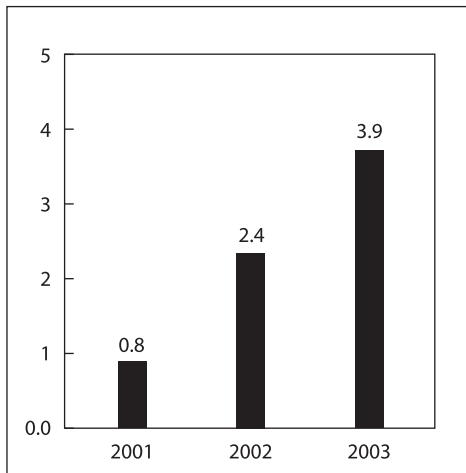


As of December 31, 2003, allowances for impairment of foreclosed properties stood at Baht 3,342 million, accounting for 23.53 percent of the book value of foreclosed properties. This amount is sufficient to cover holding, maintenance and disposal expenses, as well as losses on the liquidation of foreclosed properties. In 2003, the Bank acquired and sold foreclosed properties with a total book value of Baht 2,987 million and 3,888 million, respectively, incurring losses on these sales totaling Baht 636 million, accounting for 16.36 percent of book value.

**Foreclosed Properties Acquired  
(at book value) (Baht Billion)**



**Foreclosed Properties Sold  
(at book value) (Baht Billion)**



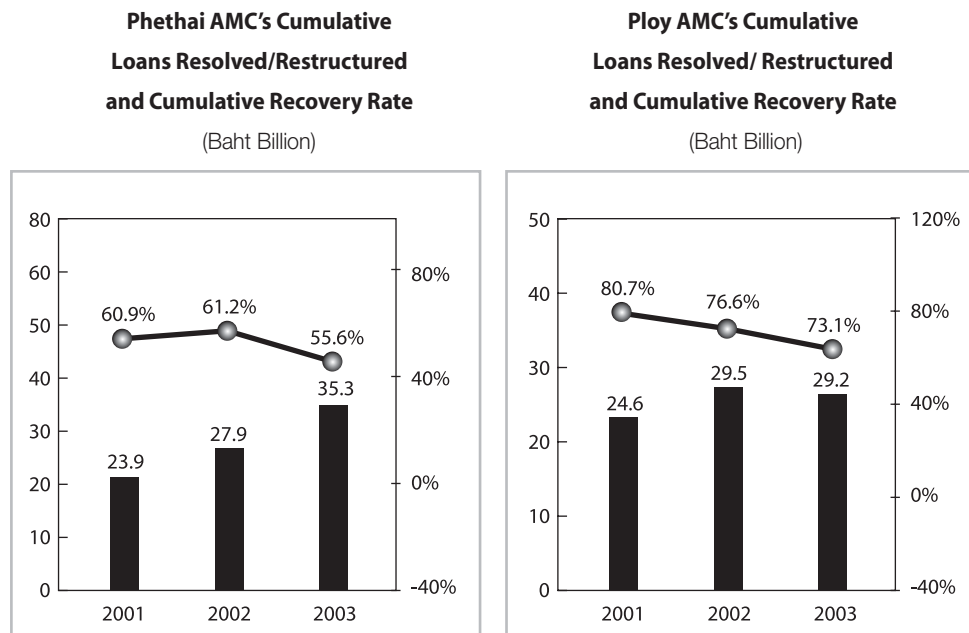
● **Phethai Asset Management Company Limited, and Ploy Asset Management Company Limited**

In 1999, the Bank founded Thonburi AMC, later renamed Phethai AMC, to acquire and manage a portion of the Bank's NPLs amounting to Baht 64,481 million at a discount to the net book value <sup>(2)</sup>. Chanthaburi AMC, later renamed Ploy AMC, was also founded to acquire and manage Phatra Thanakij Finance Public Company Limited's NPLs, amounting to Baht 41,191 million at net book value. To

<sup>(2)</sup> Net book value is the book value of NPLs after subtracting the allowance for doubtful accounts determined per the Bank of Thailand.

compensate the Financial Institution Development Fund (FIDF) for its financial assistance amounting to Baht 4,396 million to Phatra Thanakij Finance PCL for repayment to the finance company's depositors and creditors, the Bank agreed to apportion two-thirds of Ploy AMC's profit to FIDF at the end of 2004. Any assets remaining within Ploy AMC would be appraised by independent appraisers and deemed liquidated at that appraised value for the purpose of profit determination.

As of December 31, 2003, Phethai AMC had resolved and/or restructured NPLs amounting to Baht 35,321 million, or 54.55 percent of the total initial unpaid principal balance, with an expected recovery rate of 55.61 percent. Ploy AMC had resolved and/or restructured NPLs totaling Baht 29,238 million, or 70.98 percent of the total initial unpaid principal balance, with an expected recovery rate of 73.14 percent.



● **Thai Asset Management Corporation (TAMC)**

From 2001 to 2003, the Bank transferred sub-quality debts of 273 borrowers, who had all characteristics as stipulated in the Emergency Decree on the Thai Asset Management Corporation (B.E. 2544) and the Asset Transfer Agreement, to TAMC. Benchmarked to the appraised value of collateral in accordance with BoT regulations, total transferred assets with a gross book value of Baht 14,510 million as of their dates of transfer, were priced at Baht 10,175 million or 70.12 percent of gross book value.

*(Million Baht)*

Year	Number of Borrowers	Gross Book Value as of Transferred Date	Transferred Price
2001	216	12,171	9,339
2002	45	2,215	797
2003	12	124	66
<b>Total</b>	<b>273</b>	<b>14,510</b>	<b>10,202</b>



In exchange for the transferred assets, TAMC issued the Bank a 10-year, non-transferable, callable note, guaranteed by the Financial Institution Development Fund (FIDF). The note yields an annual coupon, reset quarterly, at the weighted average of deposit rates of 5 major Thai commercial banks, paid with 1-year, extendable, non-transferable, FIDF-guaranteed note. In 2003, the Bank recorded interest amounting to Baht 108.2 million, equivalent to a yield of 1.40 percent.

Despite the asset transfer to TAMC, the Bank remains exposed to a proportion of risk in our share of TAMC potential losses. According to the Emergency Decree on the Thai Asset Management Corporation (B.E. 2544) and the Asset Transfer Agreement, at the end of the fifth and tenth years beginning July 1, 2001, TAMC and the Bank will share gains or losses arising out of the resolution of the Bank's transferred assets. From this, the Bank may be liable to up to 30 percent of the aggregate transferred price, or Baht 3,041 million. However, the Bank's existing allowances for doubtful accounts, which are in excess of the regulatory requirement, are expected to sufficiently cover the maximum loss-sharing scenario.

## ○ Market Risk Management

Market risk stems from changes in interest rates, exchange rates, and securities prices, which can cause volatility in net interest income or the economic value of assets and liabilities. The purpose of market risk management is to handle the risk in accordance with international standards, while maximizing returns at acceptable risk levels, and to comply with the Bank's policies and procedures.

Core banking business that is exposed to market risk can be divided into 2 major groups: asset and liability management activities and trading activities.

### 1. Market Risk in Asset and Liability Management Activities

#### 1.1 Interest Rate Risk Management

The Asset and Liability Management Sub-committee (ALCO) is responsible for monitoring and controlling interest rate risk stemming from mismatches between the asset and liability structures of the Bank. ALCO's purpose is to generate the highest returns to the Bank, while maintaining risk within levels approved by the Internal Risk Committee and Board of Directors.

The Bank's approach to evaluating interest rate risk is through analysis of repricing periods of Bank's assets and liabilities. Mismatches in asset and liability repricing periods indicate the interest rate risk level taken by the Bank. Sensitivity Analyses are used to analyze the effect of changes in deposit rate, lending rate, money market rate and capital market rate on the Bank's net interest income over the next 12 months and our financial position.

The Value at Risk (VaR) concept is also employed. VaR is a statistical tool that attempts to specify the probability distribution of risks by using historical data of relevant variables. This helps forecast the potential maximum loss to the Bank.

Analysis of financial assets and liabilities based on contractual repricing periods, as of December 31, 2003 and 2002 are shown below:

**Consolidated Financial Statement as of December 31, 2003** *(Million Baht)*

	<b>Immediate Repricing</b>	<b>Less than 6 months</b>	<b>6 months to 1 year</b>	<b>1 year to 5 years</b>	<b>More than 5 years</b>	<b>Non- interest bearing</b>	<b>Stop accrued</b>	<b>Total</b>
<b>Financial Assets</b>								
Cash	-	-	-	-	-	18,699	-	18,699
Interbank and money								
market items	1,663	7,916	83,800	60	-	11,493	588	105,520
Securities purchased under								
resale agreements	-	31,710	-	-	-	-	-	31,710
Investment	15,012	20,082	26,442	58,681	5,450	6,749	6,875	139,291
Loans	306,092	47,246	3,867	32,516	8,069	909	149,219	547,918
Accrued interest receivables	-	-	-	-	-	2,971	-	2,971
Customers' liability under								
acceptances	-	-	-	-	-	676	-	676
Accrued income receivables	-	-	-	-	-	1,671	-	1,671
Other assets	-	-	-	-	-	2,699	-	2,699
<b>Total</b>	<b>322,767</b>	<b>106,954</b>	<b>114,109</b>	<b>91,257</b>	<b>13,519</b>	<b>45,867</b>	<b>156,682</b>	<b>851,155</b>
<b>Financial Liabilities</b>								
Deposits	339,806	273,617	27,305	8,103	-	36,115	-	684,946
Interbank and money								
market items	1,117	146	1,113	-	-	4,725	-	7,101
Demand liabilities	-	-	-	-	-	7,042	-	7,042
Borrowing	-	39,967	-	-	19,874	-	-	59,841
Bank's liability under acceptances	-	-	-	-	-	676	-	676
Accrued interest payables	-	-	-	-	-	2,564	-	2,564
Other liabilities	-	-	-	-	-	1,626	-	1,626
<b>Total</b>	<b>340,923</b>	<b>313,730</b>	<b>28,418</b>	<b>8,103</b>	<b>19,874</b>	<b>52,748</b>	<b>-</b>	<b>763,796</b>
<b>Repricing Gap</b>	<b>(18,156)</b>	<b>(206,776)</b>	<b>85,691</b>	<b>83,154</b>	<b>(6,355)</b>	<b>(6,881)</b>	<b>156,682</b>	<b>87,359</b>
<b>Off-balance Sheet Items</b>								
Forward exchange contracts	-	-	-	-	-	243,796	-	243,796
Cross-currency swaps	-	158	-	802	-	-	-	960
Interest rate swaps	-	14,271	2,974	-	-	14,779	-	32,024
Credit default swaps	-	-	-	-	-	792	-	792
<b>Total off-balance sheet items</b>	<b>-</b>	<b>14,429</b>	<b>2,974</b>	<b>802</b>	<b>-</b>	<b>259,367</b>	<b>-</b>	<b>277,572</b>

**Consolidated Financial Statement as of December 31, 2002**

*(Million Baht)*

	<b>Immediate Repricing</b>	<b>Less than 6 months</b>	<b>6 months to 1 year</b>	<b>1 year to 5 years</b>	<b>More than 5 years</b>	<b>Non- interest bearing</b>	<b>Stop accrued</b>	<b>Total</b>
<b>Financial Assets</b>								
Cash	-	-	-	-	-	9,764	-	9,764
Interbank and money market items	3,758	54,608	31,135	130	-	4,850	1,003	95,484
Securities purchased under resale agreements	-	18,400	-	-	-	-	-	18,400
Investment	15,241	38,055	4,487	69,689	16,632	8,502	15,583	168,189
Loans	256,679	36,928	1,425	15,510	9,973	1,079	184,609	506,203
Accrued interest receivables	-	-	-	-	-	3,410	-	3,410
Customers' liability under acceptances	-	-	-	-	-	597	-	597
Accrued income receivables	-	-	-	-	-	1,950	-	1,950
Other assets	-	-	-	-	-	138	-	138
<b>Total</b>	<b>275,678</b>	<b>147,991</b>	<b>37,047</b>	<b>85,329</b>	<b>26,605</b>	<b>30,290</b>	<b>201,195</b>	<b>804,135</b>
<b>Financial Liabilities</b>								
Deposits	282,026	304,025	26,171	12,739	-	26,432	-	651,393
Interbank and money market items	1,522	174	2,023	-	-	1,974	-	5,693
Demand liabilities	-	-	-	-	-	3,423	-	3,423
Borrowing	-	-	-	20,000	28,556	-	-	48,556
Bank's liability under acceptances	-	-	-	-	-	597	-	597
Accrued interest payables	-	-	-	-	-	3,030	-	3,030
Other liabilities	-	-	-	-	-	884	-	884
<b>Total</b>	<b>283,548</b>	<b>304,199</b>	<b>28,194</b>	<b>32,739</b>	<b>28,556</b>	<b>36,340</b>	<b>-</b>	<b>713,576</b>
<b>Repricing Gap</b>	<b>(7,870)</b>	<b>(156,208)</b>	<b>8,853</b>	<b>52,590</b>	<b>(1,951)</b>	<b>(6,050)</b>	<b>201,195</b>	<b>90,559</b>
<b>Off-balance Sheet Items</b>								
Forward exchange contracts	-	-	-	-	-	220,727	-	220,727
Cross-currency swaps	-	-	-	627	-	-	-	627
Interest rate swaps	-	8,648	-	2,911	-	-	-	11,559
<b>Total off-balance sheet items</b>	<b>-</b>	<b>8,648</b>	<b>-</b>	<b>3,538</b>	<b>-</b>	<b>220,727</b>	<b>-</b>	<b>232,913</b>

### **1.2 Foreign Exchange Risk Management**

The Treasury Department carries out daily purchases and sales of foreign currencies, which can create exchange rate risk, thereby affecting the Bank's Profit and Loss, and the economic value of assets and liabilities. The Bank has policies to keep this risk at a low level by setting limits for foreign currency positions in accordance with the Bank's business and requirements of the BoT. These limits are under the close supervision of the Internal Risk Management Department and Asset and Liability Management Sub-committee.

In addition, the Value at Risk (VaR) method is used to manage foreign exchange risk.

### **1.3 Equity Risk Management**

The Bank plans to reduce the size of equity investments that are unrelated to core financial business. In this endeavor, we will analyze relevant information and timing to ensure maximum benefit to the Bank.

## **2. Market Risk in Trading Activities**

Trading activities mainly involve the purchase and sale of fixed income securities and derivative instruments, as well as the purchase and sale of major currencies. Market risk in these transactions is managed by the Treasury Department under the close supervision of the Internal Risk Management Department so that risk inherent in the Balance Sheet is within limits. The Value at Risk (VaR) and Sensitivity Analyses are also used to monitor market risk.

In 2003, the Bank employed various strategies to manage market risk, including the introduction of 3-year fixed deposits and the issuance of subordinated debentures of KASIKORNBANK PCL No. 3 totaling Baht 12,000 million to adjust the Bank's asset and liability structure in line with the current market situation. The Bank also developed a new system to comply with the BoT's new regulations regarding capital adequacy for market risk in trading activities, which will be implemented in 2005. Fundamental structures have been developed to enhance proper risk management for derivative instrument transactions.

## **○ Liquidity Risk Management**

Liquidity risk stems from failure to meet obligations when they come due, due to being unable to convert assets into cash or to obtain sufficient funds to meet the cash needs with appropriate costs within limited time periods.

The Treasury Department is responsible for managing liquidity in order to meet the cash needs of the Head Office and branches by managing highly liquid Baht and foreign currency assets and balancing short-term and long-term funding alternatives. The Asset and Liability Management Sub-committee (ALCO) is responsible for setting policy and procedures for managing liquidity, which must comply with liquidity risk standards approved by the Internal Risk Committee and Board of Directors.

In managing liquidity risk, the Bank has established appropriate levels of liquid assets that should be maintained to sufficiently meet cash needs when demand arises, and to be in line with BoT guidelines. As of December 31, 2003, liquid assets held by the Bank and its subsidiaries were Baht 290,585 million, consisting of cash, interbank and money market items, securities purchased under resale agreements, and investments in securities (net of foreign securities and general investments). This amount increased by Baht 2,717 million over the level on December 31, 2002, partly due to deposit growth and subordinated debt issuance in October 2003.

In addition to setting appropriate levels of liquid assets, calculations and analyses of liquidity ratios are used to measure liquidity position. An important liquidity ratio is the Loan-to-Deposit Ratio, which stood at 79.99 percent as of December 31, 2003, increasing from 77.71 percent at the end of 2002.

Designing an appropriate liability structure is another important approach for Liquidity Risk Management. To diversify risk, the Bank obtains funds from various sources, while focusing on the proper proportion of short-term and long-term funds. The future liquidity requirements are assessed by estimating expected cash inflows and outflows based on the current environment, and on the liquidity situation. In addition, a contingency funding plan that outlines processes for dealing with liquidity shortages and identifies sources of funds during crisis has been set.

In 2003, to enhance liquidity risk management efficiency, the Bank has engaged in private repurchase transactions and improved guidelines, procedures and reports to comply with BoT regulations.

Financial assets and liabilities as of December 31, 2003 and 2002, based on their contractual maturity are shown below:



**Consolidated Financial Statement as of December 31, 2003**

*(Million Baht)*

	<b>At call</b>	<b>Less than 6 months</b>	<b>6 months to 1 year</b>	<b>1 year to 5 years</b>	<b>More than 5 years</b>	<b>Non- maturity Items</b>	<b>Total</b>
<b>Financial Assets</b>							
Cash	-	-	-	-	-	18,699	18,699
Interbank and money market items	5,273	88,696	11,490	60	-	1	105,520
Securities purchased under resale agreements	-	31,710	-	-	-	-	31,710
Investment	4,629	19,807	26,815	65,971	16,238	5,831	139,291
Loans	183,956	161,910	11,288	80,232	110,532	-	547,918
Accrued interest receivables	-	2,971	-	-	-	-	2,971
Customers' liability under acceptances	-	676	-	-	-	-	676
Accrued income receivables	-	1,671	-	-	-	-	1,671
Other assets	-	-	-	-	-	2,699	2,699
<b>Total</b>	<b>193,858</b>	<b>307,441</b>	<b>49,593</b>	<b>146,263</b>	<b>126,770</b>	<b>27,230</b>	<b>851,155</b>
<b>Financial Liabilities</b>							
Deposits	375,921	273,617	27,305	8,103	-	-	684,946
Interbank and money market items	5,842	146	1,113	-	-	-	7,101
Demand liabilities	7,042	-	-	-	-	-	7,042
Borrowing	-	39,967	-	-	19,874	-	59,841
Bank's liability under acceptances	-	676	-	-	-	-	676
Accrued interest payables	87	777	131	1,238	331	-	2,564
Other liabilities	-	-	-	-	-	1,626	1,626
<b>Total</b>	<b>388,892</b>	<b>315,183</b>	<b>28,549</b>	<b>9,341</b>	<b>20,205</b>	<b>1,626</b>	<b>763,796</b>
<b>Maturity Gap</b>	<b>(195,034)</b>	<b>(7,742)</b>	<b>21,044</b>	<b>136,922</b>	<b>106,565</b>	<b>25,604</b>	<b>87,359</b>
<b>Off-balance sheet items</b>							
Avals on bills	-	459	-	-	-	-	459
Letters of indemnity borrowing	393	61	64	788	71	3,701	5,078
Other guarantees	3,381	6,025	5,488	1,823	7	13,337	30,061
Letters of credit	-	9,996	-	-	-	-	9,996
Forward exchange contracts	-	224,101	19,618	77	-	-	243,796
Cross-currency swaps	-	-	-	960	-	-	960
Interest rate swaps	-	-	11,332	17,148	3,544	-	32,024
Credit default swaps	-	-	-	792	-	-	792
<b>Total off-balance sheet items</b>	<b>3,774</b>	<b>240,642</b>	<b>36,502</b>	<b>21,588</b>	<b>3,622</b>	<b>17,038</b>	<b>323,166</b>

**Consolidated Financial Statement as of December 31, 2002**

(Million Baht)

	At call	Less than 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Non- maturity Items	Total
<b>Financial Assets</b>							
Cash	-	-	-	-	-	9,764	9,764
Interbank and money market items	8,280	55,450	31,134	251	198	171	95,484
Securities purchased under resale agreements	-	18,400	-	-	-	-	18,400
Investment	10,085	40,798	5,537	72,833	31,030	7,906	168,189
Loans	211,370	120,456	5,477	74,385	94,515	-	506,203
Accrued interest receivables	-	3,410	-	-	-	-	3,410
Customers' liability under acceptances	-	597	-	-	-	-	597
Accrued income receivables	-	1,950	-	-	-	-	1,950
Other assets	-	-	-	-	-	138	138
<b>Total</b>	<b>229,735</b>	<b>241,061</b>	<b>42,148</b>	<b>147,469</b>	<b>125,743</b>	<b>17,979</b>	<b>804,135</b>
<b>Financial Liabilities</b>							
Deposits	308,458	304,025	26,171	12,739	-	-	651,393
Interbank and money market items	3,496	174	2,023	-	-	-	5,693
Demand liabilities	3,423	-	-	-	-	-	3,423
Borrowing	-	-	-	20,000	8,589	19,967	48,556
Bank's liability under acceptances	-	597	-	-	-	-	597
Accrued interest payables	-	2,641	197	192	-	-	3,030
Other liabilities	-	-	-	-	-	884	884
<b>Total</b>	<b>315,377</b>	<b>307,437</b>	<b>28,391</b>	<b>32,931</b>	<b>8,589</b>	<b>20,851</b>	<b>713,576</b>
<b>Maturity Gap</b>	<b>(85,642)</b>	<b>(66,376)</b>	<b>13,757</b>	<b>114,538</b>	<b>117,154</b>	<b>(2,872)</b>	<b>90,559</b>
<b>Off-balance sheet items</b>							
Avals on bills	-	261	-	-	-	-	261
Letters of indemnity borrowing	433	57	56	723	287	4,774	6,330
Other guarantees	3,187	5,559	5,576	2,194	6	12,139	28,661
Letters of credit	-	8,876	-	-	-	-	8,876
Forward exchange contracts	-	209,069	11,442	216	-	-	220,727
Cross-currency swaps	-	-	-	627	-	-	627
Interest rate swaps	-	8,648	-	2,911	-	-	11,559
<b>Total off-balance sheet items</b>	<b>3,620</b>	<b>232,470</b>	<b>17,074</b>	<b>6,671</b>	<b>293</b>	<b>16,913</b>	<b>277,041</b>

## ○ Operational Risk Management

Operational Risk is defined as risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events. The resulting losses may be financial or non-financial in nature, such as the loss of reputation or regulatory standing, which may directly or indirectly impact the Bank's revenue and/or capital.

The Bank's framework for the management of operational risk comprises identification, assessment, control, monitoring and report. This framework helps promote a strong and efficient risk management within all levels of the Bank.

In 2003, the Bank continued to improve the operational risk management to ensure that all units have appropriate operational risk management processes. Under the Bank's integrated risk management policy that governs the management of operational risk, the Risk Management Committee has the responsibility of managing operational risk through the Internal Risk Management Department, which is in charge of developing effective management tools and processes. The independent Internal Audit Department also plays an important role in the governance process for integrity and transparency.

## ○ Performance Measurement using Risk-adjusted Return on Capital (RAROC) and Economic Profit

In 2003, the Bank employed a performance measurement framework called the Risk-adjusted Return on Capital (RAROC) and Economic Profit, which is the net profit after adjusting both the risk charge and the cost of capital, to measure performance of each business unit. This framework has been improved to provide a better and more complete performance measurement that reflects the true risk and return profile of the Bank. It will be used as a tool for determining business strategies to achieve returns at appropriate risk levels, to help in capital adequacy management, and to efficiently support capital allocation to all business units. The ultimate objective is to build sustainable profit for the Bank's shareholders through standardized and widely recognized framework.

In addition, many advanced models and tools to estimate and quantify risks in terms of capital have been developed. In addition, plans and processes to establish a full risk-based performance measurement framework in the future have been initiated.

## ○ Other Risk Factors

### ● Risks Associated with Foreclosing Procedures

Most of the Bank's loans are secured by collateral, but the current Bankruptcy Law and asset foreclosing process have not been developed to international standards. Although Thailand has been amending its bankruptcy laws and foreclosure laws, the legal execution and foreclosure process has yet to be significantly accelerated. The Bank has nevertheless, set guidelines to closely monitor all foreclosure-related work.

- **Risks from Guarantees and Avals**

Certain transactions with customers are in the form of guarantees on borrowing or performance, letters of credit, or avals on notes. Such transactions are considered as credit loans, which require submission of collateral. Regarding risk control in this area, the Bank uses the same criteria as those used for the Bank's normal credit approval process. At the end of December 2003, the Bank's contingent obligations were Baht 44,541 million, compared to Baht 44,128 million at the end of December 2002.

- **Risks Incurred from Contractual Obligations of Derivative Instruments**

The Bank conducts various derivative transactions as a tool for risk hedging, including exchange rate, interest rate, and the Bank's securities price risks. The Bank also provides derivative instrument trading services to customers and business allies to increase our fee-based income. As of December 31, 2003, the Bank had foreign exchange contracts on the purchase side of Baht 53,309 million, with Baht 191,447 million on the sales side, compared to Baht 48,819 million and 172,535 million at the end of December 2002, respectively. In addition, the Bank had interest rate contracts on the purchase side of Baht 23,742 million and Baht 25,525 million on the sales side, compared to Baht 11,559 million and 11,559 million at the end of December 2002, respectively.

- **Risks Related to Capital Adequacy**

As of December 31, 2003, the Bank's capital adequacy ratio, including the risk assets of Phethai and Ploy AMCs, was at 17.48 percent, which is significantly above the BoT minimum requirement of 8.50 percent. The Bank also monitors capital closely, as it fluctuates with operations, while preparing our operations to be ready for the BoT's New Capital Accord, which will be implemented in the near future.

## **5. Functional Groups**

### **5.1 Human Resources**

#### **○ Building for Higher Performance-based Effectiveness**

With the objective of being a performance and competency based organization, the Bank has implemented the PRO (Performance, Reward, and Opportunity) project. In fact, the year 2003 was the first year that the performance management system was used throughout an entire year. In addition to regularly updating employees about the progress of the PRO, other operations initiated to promote greater performance include:

- Redefinition of job structures to fit changing business environment. Job titles were changed to better represent corporate responsibility.
- Helping assessors set goals with each employee and provide proper advice through the Managing High Performance (MHP) course, which provides guidelines in performance planning, evaluation and feedback.
- Establishing the Career Opportunity and Career Path program for each individual business unit and job family to align employee's career management plans with the Bank's future needs and opportunities, while providing basic information about opportunities and rewards within the Bank. The Bank is in the process of setting up a Career Counseling Center, expected to be open in January 2004.

- Providing advice to employees for developing their competencies and plans for professional growth through Competency Development Center. The Competency Development System, which consists of development tools, an inventory of employees' skills and their learning history, was established to help employees and assessors evaluate employees' competencies and use the information to develop plans for professional growth.

- Preparing employees with high potential and ability for lines of succession to important posts.
- Preparing assessors for fair performance evaluations by establishing performance review, opportunity, and reward guides, as well as performance review tips. Examples of coaching tips are also provided.

- Carrying out a salary survey among commercial banks to ensure compensation is competitive. KASIKORNBANK Labor Union was informed about the framework of the performance evaluation and reward systems to foster better understanding, thus encouraging employees to perform their best.

- Seeking employee's opinions about changes in the Bank's human resource business processes and strategic projects with an employee survey, which was carried out by KASIKORN Research Center, in cooperation with Suan Dusit Poll.

## **5.2 Back Office Reconfiguration**

### **○ Centralized Back Office Reconfiguration Project**

Under the Centralized Back Reconfiguration Office Project, operations previously processed at branches and the Head Office, such as clearing, cash management, and deposits and payments, have been transferred to processing centers located at Ratburana, Phaholyothin and Ramkamhaeng. This will enable processing centers to support and standardize branch operations under the Service Level Agreement (SLA).

In 2003, the Centralized Back Reconfiguration Office Project operations included:

- To comply with BoT policy, a new clearing process for cross-zone clearing is now used, replacing the destination clearing system that takes 6 operating days with a B/C-3D clearing system, which takes only 3 operating days. The first phase was initiated in the first quarter and was implemented at branches in Bangkok for checks issued by branches located in the 22 provinces of the Central region. The second phase was started in the fourth quarter, for nationwide operations.

- If any processing center becomes inoperational, the Bank has established a backup system that enables operations to be processed at two other processing centers to prevent disruption of services. The Business Continuity Plan was prepared to minimize operational risk at processing centers.

- To reduce operational costs, during the first quarter of 2003, cash management tasks, such as counting and sorting bills for ATMs, were moved to the subsidiary company Kanpai Co. Ltd. In the third quarter, bill sorting and counting hours went to a 2-shift schedule, in order to ensure that bills put in ATMs are sufficient for customers' needs. It also helped to ensure that cash operations comply with BoT bill management policy, which restricts cash that banks deposit at the BoT to only old bills.



In 2002, the CBO project helped reduce the back office operational costs by as much as 53.62 percent, from the level before the implementation of the project. In 2003, this project further lowered the back office operational costs by 6.19 percent over the target, while also standardizing operations and allowing branch staff to provide better service. On August 28, 2003, the Centralized Back Office Reconfiguration (CBO) Project received a second place award from “Thailand’s Best Innovation Awards 2003”, organized by the Nation and Accenture (Thailand) Co., Ltd., for having an outstanding large corporate business management innovation.

## ○ Credit Services Unit & Centralized Lending Services Project: CSU/CLS

The Credit Services Unit & Centralized Lending Services Unit project was established to centralize all post-approval processes and thus standardize and increase service quality levels.

In 2003, CSU/CLS project operations included:

- During the first quarter, a new contract form was added to the Document Management System (DMS) in order to reduce the Legal Department’s workload. During the fourth quarter, to further expedite the contract preparation process, the Bank continued to develop the DMS further to the fourth phase, expected to be implemented in the second quarter of 2004.

- In the first quarter, the Bank replaced the Legal Department’s draft contracts with editable standard contracts in a package called “Smart Contract” to shorten the contract preparation period. The Bank is planning to improve the Smart Contract to replace more draft contracts, expected to be implemented in 2004.

- To improve the records and documentation system, the Bank implemented the Document and Collateral Control System (DCS), which gathers credit approval documents, main contracts, subcontracts, and collateral documents, and records them in the form of an image file. During 2003, this system was used to integrate documents from branches in Bangkok and the Metropolitan Region. In the fourth quarter, the second phase of the system was started, which will help improve temporary document access and refiling processes, as well as expedite document searches. This second phase is expected to be completed by the end of the second quarter of 2004.

- As for the CLS project, the Credit Control Department has completed the transferal of all rights and collateral documents to the CLS unit. The transferred documents include retail business lending documentation for Bangkok and the Metropolitan Region, as well as lending documentation of customers of the Debt Restructuring Department Recovery Network. Contracts and collateral documents on all business loans emanating from the sales and service network in Bangkok and the Metropolitan Region were also transferred. This transferal system is expected to help confirm the completeness and accuracy of the documents, as well.

- To expedite service to customers, during the fourth quarter, the Fast Lane system was started to facilitate contract preparation processes and credit line setting. There are plans to further enhance credit operations by aligning post-credit approval operations with pre-credit approval operations such as credit application submission and credit approval processes.

- The CSU/CLS project, in coordination with CBO project, is planned to expand the CSU/CLS concept to upcountry branches, where models, guidelines, and technology for improving operations have already been selected.

- To prepare the CSU/CLS for any problems that may arise, a Business Continuity Plan manual has been developed to prevent disruption of service. The Bank plans to expand this continuity plan to other units’ operations in 2004.

## 5.3 Information Technology (IT)

### ○ IT Security Policy and Implementation

To ensure the security of customer information, the Bank has developed an IT Security Policy and IT Implementation Project. Significant programs established during 2003 are as follows:

- Circulation of articles and newsletters to keep all staff updated.
- The Bank and IBM (Thailand) Co., Ltd. set up a security standard for the computer systems of various platforms to improve computer security systems.
- For virus protection, all computers at the Head Office and branches were upgraded and reconfigured.
- The Cash Connect and Internet Banking systems were improved and standardized.
- An introduction and an improvement of the Secure Pass system to ensure transaction security of the Corporate Connect system.
- Improvements in security systems for cash management and other money market transactions were undertaken in accordance with external auditors' advice.
- The Bank, in cooperation with a consulting company PricewaterhouseCoopers, has improved an IT security structure to enhance security, while reducing its complexity, thereby allowing it to be properly managed.

### ○ IT Outsourcing

Following the completion of an IT outsourcing transition in June 2003, IBM started a Transformation Plan in the third quarter. This program aims to improve the Service Level Agreement (SLA) quality and service expense management through the use of world-class standardization technology and practices.

Activities conducted under the Transformation Plan included:

- The development of a framework and guidelines for IT enterprise architecture, particularly regarding applications, infrastructure, and data. The project will help the Bank adopt technology that is consistent with overall policies, and enhances technology investment efficiency, while reducing technology management costs.
- To better handle increased transactions and services, the Bank and IBM have upgraded mainframe computer systems.
- During the third quarter, IBM improved the Wide Area Network system, from using the Frame Relay Network to the worldwide standard IP Network. This helps to facilitate the Bank's increased e-business and e-banking services, while lowering leased line expenses by at least 20.00 percent. During the fourth quarter, the Bank successfully implemented this Wide Area Network system at five branches. The Bank is now expanding this system to all branches and the project is expected to be completed in July 2004.
- To further promote management and resource utilization, IBM has conducted a Server consolidation during the third quarter. This project is expected to be operational by early 2004.
- The Bank and IBM have established a joint plan for IT services in 2004, through a projection of transaction volume in 2004 and corresponding changes in human resources, as well as computers and equipment required. This will help promote better IT outsource budgeting.

## 6. KASIKORNBANK PCL's Investments in Subsidiary and Associated Companies

### KASIKORNBANK PCL's Investment Policy

The Bank's policy is to invest in businesses that are in line with and can be beneficial to, core business from strategic and supportive standpoints. Different investment criteria to target companies are applied, depending on their type of their business. Strategic investment criteria are applied to associated companies, while supportive investment criteria are applied to subsidiary companies.

#### ○ Subsidiary and Associated Companies

Subsidiary Companies refer to companies where the Bank has the authority to stipulate their financial and operating policies in order to benefit the Bank, and where the Bank has invested, both directly and indirectly, in more than 50 percent of the fully paid equity of the company.

Associated Companies refer to companies where the Bank has the authority to make decisions with regard to the financial and operating policies, and the Bank has invested, both directly and indirectly, in more than 20 percent of the fully paid equity of the company.

#### ○ Investment Policy

##### ● Strategic Investments

The Bank invests in businesses that benefit it strategically. The Bank and associated companies collaborate in reviewing business plans of these companies and find ways to integrate them into the Bank's business. One objective is to employ the resources, equipment, tools and other existing channels of the Bank to create maximum efficiency without causing operating redundancies.

##### ● Supportive Investments

The Bank invests in companies that provide support to the Bank's core business. These are companies provide services to supplement other operating units that are not core business of the Bank and would cause inefficiency in the Bank's operations if they remained as part of the Bank. We appoint executives to co-manage these companies in order to create efficiency, effectiveness and define standards for providing services to the Bank.

The Bank's investments in subsidiary and associated companies as of December 31, 2003 are listed in the table below.

### Details of Investments

Company Name	Place	Type of Business	No. of Shares Issued	No. of Shares Held	Percentage Held (%)	Type of Shares	2003 Operating Performance (Baht)
<b>Investments in Asset Management Company</b>							
<b>1. Phethai Asset Management Co., Ltd.</b> (Formerly Thonburi Asset Management Co., Ltd.) Tel. 0 2694 5000 Fax. 0 2694 5202	Bangkok	Services	800,000,000	799,999,993	99.99	Ordinary	1,761,741,457
<b>2. Ploy Asset Management Co., Ltd.</b> (Formerly Chanthaburi Asset Management Co., Ltd.) Tel. 0 2693 2020 Fax. 0 2693 2525	Bangkok	Services	500,000,000	499,999,993	99.99	Ordinary	1,292,236,711
<b>Investments in Strategic and Supportive Company</b>							
<b>1. Kanpai Co., Ltd.</b> Tel. 0 2270 1261 Fax. 0 2270 1262	Bangkok	Services	200,000	199,993	99.99	Ordinary	14,708,567
<b>2. Progress Plus Co., Ltd.</b> Tel. 0 2270 1272 Fax. 0 2270 1273	Bangkok	Services	230,000	229,993	99.99	Ordinary	11,866,421
<b>3. Kasikorn Factoring Co., Ltd.</b> (Formerly Thai Farmers Heller Factoring Co., Ltd.) Tel. 0 2290 2900 Fax. 0 2275 5165	Bangkok	Factoring	1,600,000	1,599,994	99.99	Ordinary	61,370,926
<b>4. Progress Land and Buildings Co., Ltd.</b> Tel. 0 2273 3884 Fax. 0 2273 3883	Bangkok	Real Estate Development	20,000,000	19,999,992	99.99	Ordinary	(791,503)
<b>5. Kasikorn Research Center Co., Ltd.</b> (Formerly Thai Farmers Research Center Co., Ltd.) Tel. 0 2273 1874 Fax. 0 2270 1569	Bangkok	Services	100,000	99,993	99.99	Ordinary	4,384,192
<b>6. Progress Facilities Management Co., Ltd.</b> Tel. 0 2273 3289-91 Fax. 0 2273 3292	Bangkok	Services	50,000	49,993	99.99	Ordinary	3,549,899
<b>7. Progress Management Co., Ltd.</b> Tel. 0 2273 3880-2 Fax. 0 2273 3883	Bangkok	Services	60,000	59,993	99.99	Ordinary	571,742
<b>8. Progress Storage Co., Ltd.</b> Tel. 0 2273 3833 Fax. 0 2271 4784	Bangkok	Services	30,000	29,993	99.98	Ordinary	5,963,393
<b>9. Progress Service Co., Ltd.</b> Tel. 0 2273 3293-4 Fax. 0 2273 3292	Bangkok	Services	20,000	19,993	99.97	Ordinary	10,936,721
<b>10. Progress Appraisal Co., Ltd.</b> Tel. 0 2273 3654-6 Fax. 0 2270 1051	Bangkok	Services	5,000	4,992	99.84	Ordinary	19,675,955
<b>11. Kasikorn Asset Management Co., Ltd.</b> (Formerly Thai Farmers Asset Management Co., Ltd.) Tel. 0 2693 2300 Fax. 0 2693 2320	Bangkok	Mutual Fund Management	27,154,274	19,394,156	71.42	Ordinary	111,875,667
<b>12. Progress Software Co., Ltd.</b> Tel. 0 2273 3829-30 Fax. 0 2270 1197	Bangkok	Services	100,000	60,000	60.00	Ordinary	16,442,283
<b>13. Thai Administration Services Co., Ltd.</b> Tel. 0 2670 9494 Fax. 0 2670 9499	Bangkok	Services	10,000,000	5,099,997	51.00	Ordinary	14,969,061
<b>14. Processing Center Co., Ltd.</b> Tel. 0 2237 6330-4 Fax. 0 2634 3231	Bangkok	Services	100,000	30,000	30.00	Ordinary	70,640,437
<b>15. N.C. Associate Co., Ltd.</b> Tel. 0 2661 5200 Fax. 0 2661 4136	Bangkok	Agro-Industry	10,000	2,823	28.23	Ordinary	794,074
<b>16. Rural Capital Partners Co., Ltd.</b> Tel. 0 2318 3958 Fax. 0 2319 5019	Bangkok	Joint Venture	1,000,000	275,000	27.50	Ordinary	521,017
<b>17. Progress Information Co., Ltd.</b> Tel. 0 2263 8050 Fax. 0 2263 8051	Bangkok	Services	1,000,000	200,000	20.00	Ordinary	(276,376)
<b>18. M Grand Hotel Co., Ltd.</b> Tel. 0 2617 1949 Fax. 0 2617 1940-1	Bangkok	Hotel	100,000,000	20,000,000	20.00	Ordinary	(25,750,434)
<b>19. E.S. Industries Co., Ltd.</b> Tel. 0 2516 9124-8 Fax. 0 2516 9202	Pathum Thani	Textiles	1,100,000	220,000	20.00	Ordinary	-

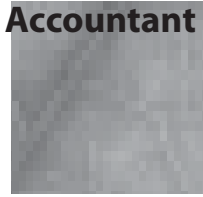




In 2003, the operating results of KASIKORNBANK PCL achieved notably higher profits through the combined efforts of KBANK employees, the stable and continued support of our shareholders, customers, and investors, both at home and abroad, and the general public.



## Audit Report of Certified Public Accountant



### To the Shareholders of KASIKORNBANK PUBLIC COMPANY LIMITED (Formerly: Thai Farmers Bank Public Company Limited):

I have audited the accompanying consolidated balance sheets of KASIKORNBANK PUBLIC COMPANY LIMITED and subsidiaries as at December 31, 2003 and 2002, and the consolidated statements of income, changes in shareholders' equity and cash flows for each of the years then ended. I have also audited the balance sheets of KASIKORNBANK PUBLIC COMPANY LIMITED as at December 31, 2003 and 2002, and the statements of income, changes in shareholders' equity and cash flows for each of the years then ended. The management of the KASIKORNBANK PUBLIC COMPANY LIMITED is responsible for the correctness and completeness of the information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of KASIKORNBANK PUBLIC COMPANY LIMITED and subsidiaries as at December 31, 2003 and 2002, and the consolidated results of their operations and cash flows for each of the years then ended, and the separate financial position and the results of operations and cash flows of KASIKORNBANK PUBLIC COMPANY LIMITED for the same period, in conformity with generally accepted accounting principles.

**Without qualifying my opinion, I draw attention to Note 35 to the financial statements. In the year 2003, the asset management subsidiaries changed their accounting procedure in relation to the transfer of financial assets in accordance with the Bank of Thailand's notification, dated December 3, 2002, "Re : Accounting procedures regarding purchasing or taking of transfer of loan debtors and supervision guidelines", which is applicable to financial statements for accounting periods ended on or after December 31, 2003 onwards. Accordingly, the Bank has disclosed the effect to the financial statements in the note referred to above.**

*A. Singhasaneh*

(Supot Singhasaneh)

Certified Public Accountant

Registration No. 2826

KPMG Phoomchai Audit Ltd.

Bangkok,


February 13, 2004



**KASIKORNBANK PUBLIC COMPANY LIMITED and Subsidiaries**  
(Formerly: Thai Farmers Bank Public Company Limited)  
**Balance Sheets**

As of December 31, 2003 and 2002

	Consolidated		The Bank	
	2003 Baht	2002 Baht	2003 Baht	2002 Baht
<b>Assets</b>				
Cash	18,699,183,946	9,764,205,922	18,699,095,513	9,764,122,408
Interbank and money market items (Note 5)				
Domestic items				
Interest bearing	419,048,121	3,457,672,905	131,540,875	3,385,334,110
Non-interest bearing	2,844,647,738	4,489,524,682	2,854,343,708	4,494,663,469
Foreign items				
Interest bearing	101,492,418,240	86,532,213,914	101,492,418,240	86,532,213,914
Non-interest bearing	165,862,338	360,919,334	165,862,338	360,919,334
Total interbank and money market items - net	104,921,976,437	94,840,330,835	104,644,165,161	94,773,130,827
Securities purchased under resale agreements (Note 6)	31,710,000,000	18,400,000,000	31,710,000,000	18,400,000,000
Investments (Notes 3.4, 7, 29 and 35)				
Current investments - net	65,490,620,866	72,699,392,490	65,006,385,567	72,310,121,354
Long-term investments - net	69,240,414,800	90,884,228,616	65,939,348,013	79,212,635,427
Investments in subsidiaries and associated companies - net	523,151,117	1,280,376,526	9,818,950,721	7,245,945,739
Total investments - net	135,254,186,783	164,863,997,632	140,764,684,301	158,768,702,520
Loans and accrued interest receivables (Note 8)				
Loans (Notes 3.5, 3.7, 9 and 35)	547,917,919,934	506,202,917,373	530,089,906,029	496,525,046,751
Accrued interest receivables	2,970,945,258	3,410,052,280	1,485,101,972	1,934,392,812
Total loans and accrued interest receivables	550,888,865,192	509,612,969,653	531,575,008,001	498,459,439,563
Less Allowance for doubtful accounts (Notes 3.6 and 10)	(59,268,090,726)	(76,949,724,803)	(42,995,675,552)	(54,919,951,503)
Less Revaluation allowance for debt restructuring (Notes 3.7 and 11)	(6,665,399,431)	(2,755,014,099)	(4,721,214,714)	(2,647,233,500)
Less Normalized provisioning (Notes 3.8 and 12)	(1,600,000,000)	(800,000,000)	(1,600,000,000)	(800,000,000)
Total loans and accrued interest receivables - net	483,355,375,035	429,108,230,751	482,258,117,735	440,092,254,560
Properties foreclosed - net (Notes 3.9 and 13)	14,516,837,350	15,086,828,304	10,860,375,379	11,068,607,580
Customers' liability under acceptances	676,184,148	597,096,484	676,184,148	597,096,484
Premises and equipment - net (Notes 3.10 and 15)	22,257,887,644	22,394,500,475	21,697,577,198	21,801,037,448
Deferred tax assets (Notes 3.11 and 16)	43,053,850	14,338,255	-	-
Accrued income receivables	1,671,418,278	1,949,493,103	1,597,517,159	1,883,698,624
Forward exchange contract revaluation	3,713,330,067	745,642,925	3,713,330,067	745,642,925
Other assets - net (Note 3.16)	4,511,107,107	3,017,408,434	4,254,568,688	2,807,958,299
Total Assets	821,330,540,645	760,782,073,120	820,875,615,349	760,702,251,675

  
**(Pol. Gen. Pow Sarasin)**  
Vice Chairman

  
**(Bantoon Lamsam)**  
President

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

**KASIKORNBANK PUBLIC COMPANY LIMITED and Subsidiaries**  
(Formerly: Thai Farmers Bank Public Company Limited)  
**Balance Sheets**

As of December 31, 2003 and 2002


	Consolidated		The Bank	
	2003 Baht	2002 Baht	2003 Baht	2002 Baht
<b>Liabilities and Shareholders' Equity</b>				
Deposits (Note 17)				
Deposits in baht	682,385,560,027	649,141,061,291	682,661,690,672	649,748,041,873
Deposits in foreign currencies	2,560,416,551	2,252,107,009	2,560,416,551	2,252,107,009
Total deposits	684,945,976,578	651,393,168,300	685,222,107,223	652,000,148,882
Interbank and money market items (Note 18)				
Domestic items				
Interest bearing	1,890,287,247	3,461,073,197	1,685,287,247	3,461,073,197
Non-interest bearing	4,221,597,522	1,788,470,188	4,221,597,522	1,788,470,188
Foreign items				
Interest bearing	486,057,709	258,049,517	486,057,709	258,049,517
Non-interest bearing	502,928,879	185,799,516	502,928,880	185,799,516
Total interbank and money market items	7,100,871,357	5,693,392,418	6,895,871,358	5,693,392,418
Liability payable on demand	7,041,817,603	3,422,940,129	7,041,817,602	3,422,940,129
Borrowings				
Long-term borrowings (Notes 19, 20 and 21)	59,841,317,549	48,555,994,110	59,841,317,549	48,555,994,110
Total borrowings	59,841,317,549	48,555,994,110	59,841,317,549	48,555,994,110
Bank's liability under acceptances	676,184,148	597,096,484	676,184,148	597,096,484
Deferred tax liabilities (Notes 3.11 and 16)	3,346,832,442	4,062,196,493	3,346,832,442	4,062,196,493
Forward exchange contract revaluation	719,697,679	1,625,905,192	719,697,679	1,625,905,192
Accrued interest payables	2,564,045,074	3,030,042,472	2,563,807,047	3,030,042,472
Other liabilities	6,281,045,539	6,955,923,241	6,110,424,710	6,639,519,926
Total liabilities	772,517,787,969	725,336,658,839	772,418,059,758	725,627,236,106
Shareholders' equity				
Share capital (Notes 20 and 22)				
Authorized share capital				
547,345 class A preferred shares, Baht 10 par value	5,473,450	5,473,450	5,473,450	5,473,450
2,689,547,345 ordinary shares, Baht 10 par value	26,895,473,450	26,895,473,450	26,895,473,450	26,895,473,450
Issued and paid-up share capital				
547,345 class A preferred shares, Baht 10 par value	5,473,450	5,473,450	5,473,450	5,473,450
2,353,518,072 ordinary shares, Baht 10 par value in 2003 and	23,535,180,720		23,535,180,720	
2,352,547,372 ordinary shares, Baht 10 par value in 2002		23,525,473,720		23,525,473,720
Premium on share capital				
Premium on preferred shares (Note 21)	27,367,250	27,367,250	27,367,250	27,367,250
Premium on ordinary shares	49,497,553,190	49,478,139,190	49,497,553,190	49,478,139,190
Premium on expired warrants (Note 20)	5,520,432,199	5,520,432,199	5,520,432,199	5,520,432,199
Appraisal surplus on asset revaluation (Notes 3.10 and 15)	6,231,844,414	6,367,116,973	6,231,844,414	6,367,116,973
Revaluation surplus on investments (Notes 3.4 and 7)	1,312,639,266	2,773,163,462	1,312,639,266	2,773,163,462
Retained earnings (deficit)				
Appropriated				
Legal reserve (Note 24)	800,000,000	800,000,000	800,000,000	800,000,000
Other reserves (Note 25)	26,675,300,000	26,675,300,000	26,675,300,000	26,675,300,000
Unappropriated (deficit)	(65,148,234,898)	(80,097,450,675)	(65,148,234,898)	(80,097,450,675)
Total shareholders' equity	48,457,555,591	35,075,015,569	48,457,555,591	35,075,015,569
Minority interests	355,197,085	370,398,712	-	-
Total shareholders' equity	48,812,752,676	35,445,414,281	48,457,555,591	35,075,015,569
Total Liabilities and Shareholders' Equity	821,330,540,645	760,782,073,120	820,875,615,349	760,702,251,675
Off-balance sheet items - contingencies (Note 30)				
Aval to bills and guarantees of loans	5,536,811,552	6,591,460,563	5,536,811,552	6,591,460,563
Liability under unmatured import bills	3,187,732,093	2,632,020,016	3,187,732,093	2,632,020,016
Letters of credit	9,995,789,834	8,875,631,993	9,995,789,834	8,875,631,993
Other contingencies	431,328,285,406	380,115,619,710	431,274,387,968	380,115,619,710

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

**KASIKORNBANK PUBLIC COMPANY LIMITED and Subsidiaries**  
(Formerly: Thai Farmers Bank Public Company Limited)  
**Statements of Income**

For Each of the Years Ended December 31, 2003 and 2002

	Consolidated		The Bank	
	2003 Baht	2002 Baht	2003 Baht	2002 Baht
Interest and dividend income (Notes 3.2, 3.4 and 35)				
Loans	26,121,173,077	25,900,395,644	24,383,366,146	25,006,666,327
Interbank and money market items	2,250,097,811	3,577,886,091	2,247,867,481	3,575,109,741
Investments	4,414,400,286	6,430,280,792	4,404,510,774	4,756,086,614
Total interest and dividend income	32,785,671,174	35,908,562,527	31,035,744,401	33,337,862,682
Interest expense (Note 3.3)				
Deposits	7,746,913,447	11,812,429,201	7,746,913,447	11,812,429,201
Interbank and money market items	232,891,476	310,711,952	212,173,252	310,711,952
Long-term borrowings	5,232,031,456	5,163,071,118	5,232,031,456	5,163,071,118
Total interest expense	13,211,836,379	17,286,212,271	13,191,118,155	17,286,212,271
Net income from interest and dividend	19,573,834,795	18,622,350,256	17,844,626,246	16,051,650,411
Reversal on bad debt and doubtful accounts (Notes 3.6 26 and 35)	(12,826,315,337)	(3,303,664,035)	(10,607,913,648)	(3,548,870,068)
Loss on debt restructuring (Notes 3.7 and 27)	13,460,603,293	4,226,605,282	11,195,062,389	3,548,870,068
Normalized provisions (Notes 3.8 and 12)	800,000,000	800,000,000	800,000,000	800,000,000
Net income from interest and dividend after bad debt and doubtful accounts and loss on debt restructuring and normalized provisions	18,139,546,839	16,899,409,009	16,457,477,505	15,251,650,411
Non-interest income				
Gain (loss) on investments (Notes 3.4 and 7)	1,450,823,973	(34,605,862)	1,980,972,380	1,180,225,469
Share of profit (loss) from investments on equity method (Notes 3.4 and 35)	211,463,325	56,809,167	3,438,493,385	(668,149,717)
Fees and service income				
Acceptances, aval and guarantees	597,986,827	567,948,151	597,986,827	567,948,151
Others	6,090,797,905	5,829,175,204	5,577,810,206	5,370,034,588
Gain on exchanges (Note 3.12)	1,822,435,939	984,688,580	1,822,435,939	984,688,580
Gain on transfer of financial assets (Notes 3.4 and 35)	2,578,129,356	-	-	-
Other income	941,062,718	591,332,705	768,906,582	554,077,018
Total non-interest income	13,692,700,043	7,995,347,945	14,186,605,319	7,988,824,089
Non-interest expenses				
Personnel expenses	5,246,423,216	5,300,393,569	5,041,290,289	5,120,935,133
Premises and equipment expenses (Notes 3.10 and 15)	3,269,866,629	3,425,042,840	3,174,955,779	3,350,715,149
Taxes and duties	1,232,843,002	1,600,399,055	1,197,467,883	1,557,938,966
Fees and service expenses	2,661,892,627	2,221,374,072	2,062,322,288	1,432,312,226
Directors' remuneration	55,128,435	48,764,300	47,545,935	42,341,800
Loss on impairment of properties foreclosed (Note 3.9)	429,498,050	758,866,768	429,498,050	557,872,623
Contributions to Financial Institutions Development Fund	2,693,797,430	2,732,417,103	2,693,797,430	2,732,417,103
Other expenses	1,363,554,550	2,175,038,936	1,241,235,906	1,876,307,413
Total non-interest expenses	16,953,003,939	18,262,296,643	15,888,113,560	16,670,840,413
Income before income tax	14,879,242,943	6,632,460,311	14,755,969,264	6,569,634,087
Income tax expense (Notes 3.11 and 28)	33,164,632	(75,019,067)	(57,973,954)	(114,749,799)
Net income before minority interests	14,846,078,311	6,707,479,378	14,813,943,218	6,684,383,886
Minority interests in net income	(32,135,093)	(23,095,492)	-	-
Net income (Note 35)	14,813,943,218	6,684,383,886	14,813,943,218	6,684,383,886
Basic earnings per share (Note 3.17)	6.30	2.84	6.30	2.84
Number of the weighted average number of ordinary shares (shares)	2,353,010,117	2,352,547,372	2,353,010,117	2,352,547,372

  
**(Pol. Gen. Pow Sarasin)**  
Vice Chairman

  
**(Bantoon Lamsam)**  
President

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

**KASIKORNBANK PUBLIC COMPANY LIMITED and Subsidiaries**  
(Formerly: Thai Farmers Bank Public Company Limited)  
**Statements of Changes in Shareholders' Equity**

For Each of the Years Ended December 31, 2003 and 2002

**Consolidated**

	Issued and Paid-up Share Capital	Premium on Share Capital	Premium on Expired Warrants	Appraisal Surplus on Asset Revaluation	Revaluation Surplus (Deficit) on Investments	Deficit	Minority Interests	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Beginning balance as of December 31, 2001	23,530,947,170	49,505,506,440	5,520,432,199	6,515,961,788	1,524,876,723	(59,526,181,185)	368,688,967	27,440,232,102
Appraisal surplus on asset revaluation	-	-	-	(148,844,815)	-	219,646,624	-	70,801,809
Revaluation surplus on investments	-	-	-	-	1,248,286,739	-	-	1,248,286,739
Net gain (loss) not recognised in the statement of income	-	-	-	(148,844,815)	1,248,286,739	219,646,624	-	1,319,088,548
Net income	-	-	-	-	-	6,684,383,886	-	6,684,383,886
Minority interests	-	-	-	-	-	-	1,709,745	1,709,745
Ending balance as of December 31, 2002	23,530,947,170	49,505,506,440	5,520,432,199	6,367,116,973	2,773,163,462	(52,622,150,675)	370,398,712	35,445,414,281
Issued and paid-up share capital	9,707,000	-	-	-	-	-	-	9,707,000
Premium on share capital	-	19,414,000	-	-	-	-	-	19,414,000
Appraisal surplus on asset revaluation	-	-	-	(135,272,559)	-	135,272,559	-	-
Revaluation deficit on investments	-	-	-	-	(1,460,524,196)	-	-	(1,460,524,196)
Net gain (loss) not recognised in the statement of income	9,707,000	19,414,000	-	(135,272,559)	(1,460,524,196)	135,272,559	-	(1,431,403,196)
Net income	-	-	-	-	-	14,813,943,218	-	14,813,943,218
Minority interests	-	-	-	-	-	-	(15,201,627)	(15,201,627)
Ending balance as of December 31, 2003	23,540,654,170	49,524,920,440	5,520,432,199	6,231,844,414	1,312,639,266	(37,672,934,898)	355,197,085	48,812,752,676

**The Bank**

	Issued and Paid-up Share Capital	Premium on Share Capital	Premium on Expired Warrants	Appraisal Surplus on Asset Revaluation	Revaluation Surplus (Deficit) on Investments	Deficit	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Beginning balance as of December 31, 2001	23,530,947,170	49,505,506,440	5,520,432,199	6,515,961,788	1,524,876,723	(59,526,181,185)	27,071,543,135
Appraisal surplus on asset revaluation	-	-	-	(148,844,815)	-	219,646,624	70,801,809
Revaluation surplus on investments	-	-	-	-	1,248,286,739	-	1,248,286,739
Net gain (loss) not recognised in the statement of income	-	-	-	(148,844,815)	1,248,286,739	219,646,624	1,319,088,548
Net income	-	-	-	-	-	6,684,383,886	6,684,383,886
Ending balance as of December 31, 2002	23,530,947,170	49,505,506,440	5,520,432,199	6,367,116,973	2,773,163,462	(52,622,150,675)	35,075,015,569
Issued and paid-up share capital	9,707,000	-	-	-	-	-	9,707,000
Premium on share capital	-	19,414,000	-	-	-	-	19,414,000
Appraisal surplus on asset revaluation	-	-	-	(135,272,559)	-	135,272,559	-
Revaluation deficit on investments	-	-	-	-	(1,460,524,196)	-	(1,460,524,196)
Net gain (loss) not recognised in the statement of income	9,707,000	19,414,000	-	(135,272,559)	(1,460,524,196)	135,272,559	(1,431,403,196)
Net income	-	-	-	-	-	14,813,943,218	14,813,943,218
Ending balance as of December 31, 2003	23,540,654,170	49,524,920,440	5,520,432,199	6,231,844,414	1,312,639,266	(37,672,934,898)	48,457,555,591

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

**KASIKORNBANK PUBLIC COMPANY LIMITED and Subsidiaries**  
(Formerly: Thai Farmers Bank Public Company Limited)  
**Statements of Cash Flows**

For Each of the Years Ended December 31, 2003 and 2002

	Consolidated		The Bank	
	2003 Baht	2002 Baht	2003 Baht	2002 Baht
Cash Flows from Operating Activities				
Net income	14,813,943,218	6,684,383,886	14,813,943,218	6,684,383,886
Add (Less) Adjustments to reconcile net income to net cash from operating activities				
Depreciation and amortization	1,596,957,689	1,682,954,896	1,555,132,035	1,649,549,514
Reversal on bad debt and doubtful accounts	(12,826,315,337)	(3,303,664,035)	(10,607,913,648)	(3,548,870,068)
Loss on debt restructuring	13,460,603,293	4,226,605,282	11,195,062,389	3,548,870,068
Normalized provisions	800,000,000	800,000,000	800,000,000	800,000,000
Interest income from amortization of revaluation allowance for debt restructuring	(2,024,009,160)	(633,156,381)	(668,293,809)	(426,737,089)
Interest income from amortization of revaluation allowance for investment in receivables	-	(148,622,052)	-	-
Loss on revaluation of investments	9,169,937	6,512,743	9,169,937	6,512,743
(Reversal) loss on impairment of investments	(545,357,305)	1,528,678,910	(1,209,495,760)	(365,131,384)
Amortization of excess of fair value of assets acquired over cost of investment in subsidiary	(11,163,399)	(12,536,993)	-	-
Gain on disposal of securities for investments	(830,650,326)	(1,433,481,785)	(696,326,263)	(754,502,821)
Amortization of premium and discount on debt instruments	4,049,106,932	828,438,042	4,046,305,536	827,289,760
Loss on impairment of foreclosed properties	429,498,050	758,866,768	429,498,050	557,872,623
(Reversal) loss on impairment of other assets	(133,483,894)	(22,435,983)	43,816,009	(137,327,612)
Loss (gain) on disposal of premises and equipment	1,540,969	(2,869,319)	(1,622,324)	(5,153,569)
Revesal on impairment of premises and equipment	(22,177,607)	(6,300,827)	(16,163,839)	(3,749,222)
Gain on transfer of financial assets	(2,578,129,356)	-	-	-
Share of (profit) loss from investments on equity method	(211,463,325)	(56,809,167)	(3,438,493,385)	668,149,717
Dividend income from subsidiaries and associated companies	28,573,946	68,463,246	206,878,073	131,882,136
Deferred income tax	(86,689,549)	(113,941,742)	(57,973,954)	(114,749,799)
Amortization of discount on debentures	4,158,787	4,311,879	4,158,787	4,311,879
Decrease in accrued interest receivables	439,107,022	662,455,808	449,290,841	168,418,544
Decrease (increase) in other accrued income	278,074,824	(93,803,161)	286,181,465	(90,782,577)
Decrease in accrued interest payables	(465,997,398)	(655,109,244)	(466,235,426)	(655,109,244)
(Decrease) increase in other accrued expenses	(75,339,762)	(245,921,825)	83,544,674	(376,165,125)
(Decrease) increase in other reserves	(438,737,100)	39,172,445	(438,737,100)	39,172,445
Minority interests in net income	32,135,093	23,095,492	-	-
Net income from operations before changes in operating assets and liabilities	15,693,356,242	10,585,286,883	16,321,725,506	8,608,134,805
(Increase) decrease in operating assets				
Interbank and money market items (assets)	(10,030,590,944)	70,264,550,006	(9,824,042,413)	69,822,708,604
Securities purchased under resale agreements	(13,310,000,000)	(14,700,000,000)	(13,310,000,000)	(14,700,000,000)
Investment for trading	6,196,717,795	(4,504,363,108)	6,196,717,795	(4,504,363,108)
Loans	(48,600,669,253)	(8,305,359,021)	(46,225,130,399)	(3,409,541,206)
Properties foreclosed	4,602,873,243	2,490,171,747	2,687,233,803	1,829,120,534
Other assets	(4,349,819,188)	1,168,689,849	(4,510,261,322)	1,213,023,020

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

**KASIKORNBANK PUBLIC COMPANY LIMITED and Subsidiaries**  
(Formerly: Thai Farmers Bank Public Company Limited)  
**Statements of Cash Flows**

*For Each of the Years Ended December 31, 2003 and 2002*

	Consolidated		The Bank	
	2003 Baht	2002 Baht	2003 Baht	2002 Baht
Increase (decrease) in operating liabilities				
Deposits	33,552,808,278	(13,138,563,225)	33,221,958,342	(12,845,375,050)
Interbank and money market items (liabilities)	443,478,939	(8,129,207,016)	1,202,478,939	(8,137,949,263)
Liabilities payable on demand	3,618,877,474	(32,578,474)	3,618,877,474	(32,578,474)
Other liabilities	(1,756,017,939)	21,323,249	(1,750,805,389)	3,133,271
Net Cash (Used in) Provided by Operating Activities	(13,938,985,353)	35,719,950,890	(12,371,247,664)	37,846,313,133
Cash Flows from Investing Activities				
Proceeds from disposal of available for sale investments	40,574,574,995	58,406,367,553	40,570,118,067	58,366,667,893
Proceeds from redemption of held to maturity debt instruments	54,311,470,265	26,490,498,362	53,485,130,265	25,620,498,362
Proceeds from disposal of general investments	3,526,537,522	2,960,734,151	1,861,356,923	311,996,727
Purchase of available for sale investments	(53,555,470,937)	(80,338,610,956)	(53,541,323,527)	(80,338,610,956)
Purchase of held to maturity debt instruments	(30,918,003,788)	(43,190,849,999)	(30,000,027,837)	(41,810,610,594)
Purchase of general investments	(1,306,409,989)	(909,508,353)	(1,360,805,668)	(909,508,353)
Purchase of investment in a subsidiary	(212,456,000)	-	(212,480,000)	-
Proceeds from disposal of premises and equipment	17,732,001	18,686,154	2,875,349	17,601,533
Purchase of premises and equipment	(1,545,794,972)	(1,510,200,676)	(1,527,743,803)	(1,482,637,719)
Net Cash Provided by (Used in) Investing Activities	10,892,179,097	(38,072,883,764)	9,277,099,769	(40,224,603,107)
Cash Flows from Financing Activities				
Proceeds from issuance of subordinated debentures	12,000,000,000	-	12,000,000,000	-
Increase in ordinary shares	9,707,000	-	9,707,000	-
Increase in premium on share capital	19,414,000	-	19,414,000	-
Dividend paid to minority interests	(47,336,720)	(25,375,586)	-	-
Net Cash Provided by (Used in) Financing Activities	11,981,784,280	(25,375,586)	12,029,121,000	-
Net increase (decrease) in cash and cash equivalents	8,934,978,024	(2,378,308,460)	8,934,973,105	(2,378,289,974)
Cash and cash equivalents at beginning of the year (Notes 3.1 and 4)	9,764,205,922	12,142,514,382	9,764,122,408	12,142,412,382
Cash and cash equivalents at end of the year (Notes 3.1 and 4)	18,699,183,946	9,764,205,922	18,699,095,513	9,764,122,408
<b>Supplemental Disclosures of Cash Flows Information</b>				
Cash paid during the year				
Interest expense	13,677,833,777	17,941,321,515	13,657,353,580	17,941,321,515
Income tax	217,341,714	168,240,555	138,138,594	127,798,373

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



# KASIKORNBANK PUBLIC COMPANY LIMITED and Subsidiaries

(Formerly: Thai Farmers Bank Public Company Limited)

## Notes to Financial Statements

December 31, 2003 and 2002

### 1 General Information

KASIKORNBANK PUBLIC COMPANY LIMITED ("the Bank") is a public company registered in the Kingdom of Thailand with its head office located at 1 Soi Kasikornthai, Ratburana Road, Bangkok. The Bank's main business is commercial banking and the Bank conducts its businesses through a network of branches covering all regions of Thailand and other parts of the world. As of December 31, 2003 and 2002, the Bank had total staffing of 9,912 and 9,688 persons, respectively.

The Bank registered the change of its English name to "KASIKORNBANK PUBLIC COMPANY LIMITED" with the Ministry of Commerce on April 8, 2003.

### 2 Basis of Financial Statement Presentation

2.1 The consolidated and Bank-only financial statements are prepared in accordance with the regulations of the Stock Exchange of Thailand (SET), dated January 22, 2001, regarding the "Preparation and Filing of Financial Statements and Reports Concerning the Financial Status and Results of Business Operations of Listed Companies" (B.E. 2544), and with the Bank of Thailand (BoT) directive dated May 10, 2001, prescribing the forms for balance sheets and the profit and loss accounts for commercial banks; and in conformity with generally accepted accounting principles in Thailand.

As required by Thai law and specific regulatory requirements, the Bank's financial statements have been prepared in the Thai language. They have been translated into English here for the convenience of the reader.

2.2 The Consolidated financial statements as of December 31, 2003 and 2002 consist of KASIKORNBANK PUBLIC COMPANY LIMITED's financial statements and the following subsidiaries' financial statements:

	% Shareholding	
	2003	2002
Phethai Asset Management Co., Ltd. ("Phethai-AMC")	99.99	99.99
Ploy Asset Management Co., Ltd. ("Ploy-AMC")	99.99	99.99
Progress Land and Buildings Co., Ltd. ("PLB")	99.99	99.99
Kasikorn Factoring Co., Ltd. ("KF")	99.99	20.00
(In 2002 presented as investments in associated companies, which are not included in the consolidated financial statements)		
Kasikorn Asset Management Co., Ltd. ("K-ASSET")	71.42	71.42

Phethai Asset Management Company Limited (formerly: "Thonburi Asset Management Company Limited"), a company registered in the Kingdom of Thailand on September 24, 1999, was also approved by the BoT on October 13, 1999 to act as an asset management company under the Ministerial Regulations (B.E. 2541) under the provisions of the Asset Management Company Act (B.E. 2541). The company is located at 252/6 Muang Thai - Phatra Office Tower 1, Floor 14, Ratchadaphisek Road, Huaykwang, Bangkok and was established with the objective of managing substandard assets transferred from the Bank.

Ploy Asset Management Company Limited (formerly: "Chantaburi Asset Management Company Limited"), a company registered in the Kingdom of Thailand on September 30, 1999, was also approved by the BoT on October 13, 1999 to act as an asset management company under the Ministerial Regulations (B.E. 2541) under the provisions of the Asset Management Company Act (B.E. 2541). The company is located at 252/6 Muang Thai - Phatra Office Tower 1, Floor 5, Ratchadaphisek Road, Huaykwang, Bangkok and was established with the objective of managing substandard assets purchased or transferred from Phatra Thanakit Public company Limited under the Memorandum of Understanding (MOU) between the Financial Institution Development Fund (FIDF), the Bank and Phatra Thanakit Public Company Limited, dated September 29, 1999. Under this MOU, the management of substandard assets must be completed by December 31, 2004 and the resulting profit or loss would thereafter be shared among the aforementioned companies and the FIDF, in accordance with the conditions set forth in the MOU.

Progress Land and Buildings Company Limited is a company registered in the Kingdom of Thailand on November 18, 1999, and is located at 400/22 KASIKORNBANK Building, Floor 16, Phaholyothin Road, Samsennai, Phayathai, Bangkok. The company was established to receive, manage and sell properties that have been foreclosed as well as the premises of Phatra Thanakit Public Company Limited.

Kasikorn Asset Management Company Limited (formerly: "Thai Farmers Asset Management Company Limited") is a company registered in the Kingdom of Thailand on March 18, 1992, and is located at 252/6 Muang Thai - Phatra Office Tower 1, Floor 30 - 32, office No. 252/38 - 41, Ratchadaphisek Road, Huaykwang, Bangkok. The company's main businesses are assets and fund management.

Kasikorn Factoring Company Limited (formerly: "Thai Farmers Heller Factoring Company Limited"), is a company registered in the Kingdom of Thailand on July 9, 1990, and is located at 252 Phatra Insurance Building, Floor 1, Ratchadapisek Road, Huaykwang, Bangkok. The company was established to furnish commercial financial services to businesses and provide service in the area of factoring, finance leases, operating leases and hire purchases. In March 2003, the Bank increased its shareholding in this company from 20.00% to 99.99%. In so doing, it became a subsidiary of the Bank and it is included in the consolidated financial statements in 2003.

Significant inter-company transactions and accounts are eliminated from the consolidated financial statements.

The consolidated financial statements exclude the financial statements of subsidiaries whose financial statements are not material to the Bank. The financial position and results of operations of subsidiaries, which are not included in the consolidated financial statements, are presented as supplementary information in the accompanying Note 7 to these financial statements.

The consolidated and the Bank only financial statements include the accounts of all branches, domestic and outside Thailand, and of the Bank's International Banking Facility. Interoffice transactions have been eliminated.

### **3 Summary of Significant Accounting Policies**

#### **3.1 Cash and Cash Equivalents**

Cash and cash equivalents represent cash in hand and cash items in process of collection.

#### **3.2 Recognition of Interest Income**

Interest and discount income on loans are recognized on an accrual basis, except when interest payments are in arrears for more than three months when, regardless of collateral, the cash basis is adopted.

Income from hire-purchase agreements is recognized by using the sum-of-the digits method.

In compliance with the BoT regulation the Bank reverses accrued interest receivable on loans for which repayments are more than 3 months in arrears.

Beginning 2003, the asset management subsidiaries recognized interest on investments in receivables and loans on a cash basis, whereas previously they had recognized interest on investments in receivables using the effective interest yield method (Note 35).

Lease income of a subsidiary is recognized as follows:

Income under finance lease agreements is recognized on the basis of installment payments due using the effective yield method, calculated on the balance of the net investment in each installment. When installment payments are in arrears for more than six months the cash basis is adopted.

Income under operating lease agreements is recognized on the basis of equal monthly installments. When installment payments are in arrears for more than six months the cash basis is adopted.

The other interest income is recognized on an accrual basis.

#### **3.3 Recognition of Interest Expense**

Interest expense is recognized on an accrual basis.

#### **3.4 Investments**

Investments in debt instruments and marketable equity securities classified as trading investments are stated at fair value. Unrealized gains or losses arising from their revaluation are reflected in the statement of income.

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

Investments in debt instruments classified as held-to-maturity investments are stated at their amortized cost, after deduction of any allowance for impairment. Premiums and discounts are amortized using the effective interest yield method.

Investments in non-marketable equity securities that are not investments in subsidiaries or associated companies are stated at cost, after deduction of allowance for impairment.

Investments in the receivables of Ploy Asset Management Company Limited were stated at cost, after deduction of allowance for impairment and revaluation allowance for debt restructuring. In the accounting period 2003, Ploy Asset Management Company Limited accounted for the transfer of financial assets by recording the transfer of investments in receivables, which were restructured, to loans, at the fair value on the transfer date, which is based on the present value of future cash collections calculated using discount rates equivalent to the market interest rate, adjusted by a risk premium. The difference between the carrying value and fair value at that date was recognized as gain/loss on transfer of financial assets. (Note 35)

In the consolidated and the Bank only financial statements, investments in associated companies are accounted for using the equity method, so as to incorporate the Bank's share of profit (loss) and net assets in these companies in the financial statements.

In the Bank only accounts, investments in subsidiaries are accounted for using the equity method, so as to incorporate the Bank's share of profit (loss) and net assets in these companies in the financial statements.

An impairment review for investments is carried out when there is a factor indicating that an investment might be impaired. Losses on impairment for all classifications of investments are charged to the statement of income.

Interest income from investments is recognized on an accrual basis. Dividends are recognized as income on a cash basis. Gains or losses on sales of securities are recognized in the statement of income upon disposal.

Cost of investments sold is calculated using the weighted average method.

Investments in marketable equity securities classified as trading investments and available-for-sale investments are stated at fair value based on the latest Stock Exchange of Thailand (SET) bid prices as of the end of the year.

Investments in marketable unit trusts classified as trading investments and available-for-sale investments are stated at fair value based on the net assets value as at the end of the year.

Investments in government securities and state enterprise securities guaranteed by the government, and classified as trading investments or available-for-sale investments, are stated at fair value based on the Thai Bond Dealing Center Government Bond Yield Curve as of the end of the year. State enterprise securities not guaranteed by the government and private debt instruments are stated at fair value based on bid prices from the Thai Bond Dealing Center as of the end of the year. If not available, the Government Bond Yield for the same period, adjusted by an appropriate risk premium, is used.

### **3.5 Loans**

Except in case of loans effected through overdraft agreements, loans represent only principal amounts. Unearned discounts received in advance are presented as a reduction in loans.

### **3.6 Allowance for Doubtful Accounts**

Allowance for doubtful accounts is determined through methods based on the BoT's regulations, the Bank's analysis of each loan, and an appraisal of the financial standing of each borrower, taking into consideration the Bank's experience in loan risk and collateral value.

In accordance with the regulations of the BoT, the Bank and its asset management companies categorize their loan portfolios into six categories and set minimum reserves based on these categories (Note 10). The period that a loan is past due is the principal criteria used in classifying a loan. The maximum collateral value used in calculating the required allowance for doubtful accounts is based on the type of collateral and the date of the most recent valuation. Allowance for normal and special mention loans are provided for based on the outstanding debt before deduction of collateral value.

Allowance for doubtful accounts is charged as an expense in each accounting year.

Bad debts written off or recovered are recorded as charges or credits, respectively, to the allowance for doubtful accounts.

### **3.7 Troubled Debt Restructuring**

The Bank and asset management subsidiaries record foreclosed assets acquired from troubled debt restructuring at fair value up to the legal claim for the debt including interest receivable. Where restructuring a loan involves modification of its terms, the present value of the expected future cash collections is calculated by using discount rates equivalent to the market rates of interest at the time of restructuring. The difference between the present value of the future cash flows expected to be received and the outstanding balances of investment in loans is recorded in the revaluation allowance for debt restructuring. This revaluation allowance for debt restructuring is amortized to the statement of income according to the amounts received over the remaining period of the debt-restructuring contracts.

### **3.8 Normalized Provisioning**

The Bank has begun to set aside normalized provisions above the current level of allowance for doubtful accounts to accommodate unforeseen losses. The Bank will set aside normalized provisions up to approximately 0.5 percent of all normal and non-performing loans. Normalized provisioning is being gradually accumulated on a quarterly basis starting from the quarter ending June 30, 2002 and will continue until the target has been achieved.

Normalized provisioning is charged as an expense in each accounting year.

### **3.9 Properties Foreclosed**

Properties foreclosed are recorded at the lower of market value or the amount of the legal claim on the related debt, including interest receivable. The market value is estimated by using the latest appraisal value after deduction of estimated disposal expenses and holding cost.

Losses on impairment are charged to the statement of income. Gains or losses on disposal of properties foreclosed are recorded as other income or expenses upon disposal.

### **3.10 Premises and Equipment and Depreciation**

Land is stated at revalued cost. Buildings are stated at revalued cost less accumulated depreciation. The revaluation surplus of land and buildings is shown as a component of shareholders' equity. When surpluses arising from the revaluation of fixed assets are realized, the Bank transfers these directly to retained earnings.

Equipment is stated at cost less accumulated depreciation.

Depreciation on buildings acquired before July 1996 is computed using the declining-balance method at the annual rate of 4 - 5% of cost. Depreciation on buildings acquired after July 1996 is computed using the straight-line method on the acquisition cost at an annual rate of 3.33%.

Depreciation on the revalued incremental cost of buildings is computed using the same method and the same rate as the acquisition cost.

Depreciation on equipment is computed using the straight-line method on the acquisition cost at an annual rate of 12.5 - 20.0%.

Gains or losses on disposal of premises and equipment are recorded as other income or expense upon disposal.

### **3.11 Income Tax and Deferred Income Tax**

Tax expense comprises current tax expense and deferred tax expense.

Current tax expense is the amount of income tax payable on the taxable profit for a year.

Income tax recoverable in future resulting from temporary differences between the carrying amount of an asset or liability and its tax base value is recorded as a deferred tax asset only to the extent of the amount expected to be realized in the future.

All income tax payable in future resulting from temporary differences between the carrying amount of an asset or liability and its tax base is recorded as a deferred tax liability.

### **3.12 Translation of Foreign Currencies**

Assets, liabilities and forward contracts denominated in foreign currencies are translated into Baht at the rates of exchange prevailing on the dates of the transactions. Assets, liabilities and forward contracts denominated in foreign currencies at the end of the period are translated into Baht at the reference rates announced by the BoT on that date.

Exchange gains or losses on translation and on transactions in foreign currencies are included in revenues and expenses for the year.

### **3.13 Derivatives**

#### **Forward Exchange Contracts**

For hedging transactions, the difference between the forward rate and the spot rate on the date of entering into a forward exchange contract is amortized to the statement of income over the period of the contract.

Trading transactions are carried at fair value using the Mark-to-Market approach for the period 2003. Gains or losses resulting from changes in fair values are included in revenues and expenses for the year.

#### **Cross Currency Swaps and Interest Rate Swaps**

The accounting for these derivative transactions depends on their purpose:

##### **1. Hedging of the Bank's Exposure to Financial Risks**

Derivative contracts are recorded off-balance sheet. Revenues, expenses and gains or losses resulting from changes in the fair values of contracts are recognized in accordance with the standard accounting treatment for revenues, expenses, gains or losses on underlying assets, liabilities or other financial obligations as follows:

Where gains or losses on the underlying transactions are recorded based on fair value, losses or gains on derivative transactions used as the hedge are recognized based on fair value throughout the corresponding hedging period.

Where gains or losses on the underlying transactions are recorded on an accrual basis, losses or gains on derivative transactions used as a hedge are also recognized on an accrual basis over the period of the contracts.

##### **2. Trading**

Mark-to-market accounting is applied to trading transactions. Hence, traded derivative transactions are carried at their fair values. Gains or losses resulting from changes in fair values are included in revenues and expenses.

### **3.14 Staff Retirement Fund**

Staff members are entitled to retirement pay upon termination of employment depending upon length of service and other conditions. It is management's policy to contribute an appropriate amount to the Fund each period.

### **3.15 Provident Fund**

The Bank established a provident fund under the Provident Fund Act (B.E. 2530), and registered this Fund with the Ministry of Finance on August 16, 1994.

According to the Fund's Articles, every employee is entitled to apply for membership, and each member must contribute to the Fund at the rate of 3% of their basic salary, while and the Bank contributes an additional 3.0 - 4.5%. Upon termination of employment employees are entitled to receive this benefit except when terminated "without compensation".

### **3.16 Goodwill**

Goodwill, representing the difference between the fair value of assets of subsidiaries acquired and the cost of investments in subsidiaries at the time of acquisition, is amortized over a period of ten years. Goodwill is presented under other assets in the consolidated financial statements.

### **3.17 Basic Earnings per Share**

Basic earnings per share is computed by dividing net income by the number of ordinary shares outstanding at the end of year.

There is no diluting effect on earnings per share that might result from an assumed exercise of warrants and convertible preferred shares.

### **3.18 Use of Accounting Estimates**

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

#### 4 Supplementary Information

Non-cash items are as follows:

The Bank and its subsidiaries have provided for a revaluation surplus (deficit) on investments and have presented as change in shareholders' equity for each year ending December 31, 2003 and 2002 as follows:

(Million Baht)

	Consolidated and The Bank	
	2003	2002
Revaluation surplus (deficit) on investments	(1,461)	1,248

For each year ending December 31, 2003 and 2002, the Bank recognized the realized portion of the appraised surplus on asset revaluation amounting to Baht 135 million and Baht 220 million, respectively, by transferring these amounts to retained earnings from appraisal surplus on asset revaluation.

For each year ending December 31, 2003 and 2002, the Bank and its subsidiaries received foreclosed properties arising from debt settlement amounting to Baht 4,219 million and Baht 3,179 million, respectively on a consolidated basis and Baht 2,819 million and Baht 1,520 million, respectively for the Bank only.

For each year ending December 31, 2003 and 2002, the Bank transferred sub-quality assets to Thai Assets Management Corporation (TAMC) and in return received non-transferable promissory notes from TAMC, which has been included in investments in held-to-maturity debt instruments amounting to Baht 66 million and Baht 797 million, respectively. (Note 8)

#### 5 Interbank and Money Market Items (Assets)

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

(Million Baht)

	Consolidated					
	2003			2002		
	At call	Term	Total	At call	Term	Total
<b>1. Domestic</b>						
The BoT and FIDF	2,611	-	2,611	4,332	-	4,332
Commercial banks	434	161	595	2,029	740	2,769
Other banks	3	-	3	5	865	870
Finance, securities and credit foncier companies	644	-	644	80	531	611
Other financial institutions	-	-	-	1	-	1
Total Domestic	3,692	161	3,853	6,447	2,136	8,583
Less Allowance for doubtful accounts	(589)	-	(589)	(91)	(545)	(636)
Total	3,103	161	3,264	6,356	1,591	7,947
<b>2. Foreign</b>						
US Dollar	1,450	100,085	101,535	1,737	85,063	86,800
Japanese Yen	21	-	21	-	-	-
Other currencies	110	1	111	96	5	101
Total Foreign	1,581	100,086	101,667	1,833	85,068	86,901
Add Accrued interest receivables	-	-	-	-	1	1
Less Allowance for doubtful accounts	(8)	(1)	(9)	(8)	(1)	(9)
Total	1,573	100,085	101,658	1,825	85,068	86,893
Total Domestic and Foreign	4,676	100,246	104,922	8,181	86,659	94,840



(Million Baht)

	The Bank					
	2003			2002		
	At call	Term	Total	At call	Term	Total
<b>1. Domestic</b>						
The BoT and FIDF	2,611	-	2,611	4,332	-	4,332
Commercial banks	242	75	317	1,962	740	2,702
Other banks	3	-	3	5	865	870
Finance, securities and credit foncier companies	644	-	644	80	531	611
Other financial institutions	-	-	-	1	-	1
Total Domestic	3,500	75	3,575	6,380	2,136	8,516
Less Allowance for doubtful accounts	(589)	-	(589)	(91)	(545)	(636)
Total	2,911	75	2,986	6,289	1,591	7,880
<b>2. Foreign</b>						
US Dollar	1,450	100,085	101,535	1,737	85,063	86,800
Japanese Yen	21	-	21	-	-	-
Other currencies	110	1	111	96	5	101
Total Foreign	1,581	100,086	101,667	1,833	85,068	86,901
Add Accrued interest receivables	-	-	-	-	1	1
Less Allowance for doubtful accounts	(8)	(1)	(9)	(8)	(1)	(9)
Total	1,573	100,085	101,658	1,825	85,068	86,893
Total Domestic and Foreign	4,484	100,160	104,644	8,114	86,659	94,773

## 6 Securities Purchased Under Resale Agreements

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

(Million Baht)

	Consolidated and The Bank	
	2003	2002
Government Bonds and BoT Bonds	31,710	17,400
State enterprises Bonds	-	1,000
Total	31,710	18,400

## 7 Investments

Investments as of December 31, 2003 and 2002 consisted of:

(Million Baht)

	Consolidated			
	2003			
	Cost Value/ Amortized Cost Value	Unrealized Gain	Unrealized Loss	Fair Value
<b>1. Current investments</b>				
1.1 Trading investments				
1.1.1 Government and state enterprises securities	805	1	-	806
1.1.2 Private enterprises debt instruments	369	-	-	369
Total	1,174	1	-	1,175
Add Allowance for revaluation	1			-
Total	1,175			1,175
1.2 Available-for-sale investments				
1.2.1 Government and state enterprises securities	45,061	895	(164)	45,792
1.2.2 Private enterprises debt instruments	1,692	9	(11)	1,690
1.2.3 Foreign debt instruments	5,470	26	(1)	5,495
1.2.4 Marketable equity securities - domestic	556	161	(52)	665
1.2.5 Others	186	11	(45)	152
Total	52,965	1,102	(273)	53,794
Add Allowance for revaluation	923			-
Less Allowance for impairment	(94)			-
Total	53,794			53,794
1.3 Held-to-maturity debt instruments				
1.3.1 Government and state enterprises securities	4,895	27	-	4,922
1.3.2 Private enterprises debt instruments	257	-	-	257
1.3.3 Foreign debt instruments	5,370	4	-	5,374
Total	10,522	31	-	10,553
Total Current Investments - net	65,491			65,522

	<b>Consolidated</b>			
	<b>2003</b>			
	<b>Cost Value/ Amortized Cost Value</b>	<b>Unrealized Gain</b>	<b>Unrealized Loss</b>	<b>Fair Value</b>
<b>2. Long-term investments</b>				
2.1 Available-for-sale investments				
2.1.1 Government and state enterprises securities	22,917	594	(42)	23,469
2.1.2 Private enterprises debt instruments	2,462	20	(15)	2,467
2.1.3 Foreign debt instruments	11,833	100	(28)	11,905
2.1.4 Marketable equity securities - domestic	322	440	(80)	682
Total	37,534	1,154	(165)	38,523
Add Allowance for revaluation	1,065			-
Less Allowance for impairment	(76)			-
Total	38,523			38,523
2.2 Held-to-maturity debt instruments				
2.2.1 Government and state enterprises securities	21,246	729	(368)	21,607
2.2.2 Private enterprises debt instruments	1,919	1	(948)	972
2.2.3 Foreign debt instruments	3,544	48	(45)	3,547
Total	26,709	778	(1,361)	26,126
Less Allowance for impairment	(1,354)			-
Total	25,355			26,126
2.3 General investments				
2.3.1 Non-marketable equity securities - domestic	3,667	-	(1,264)	2,403
2.3.2 Non-marketable equity securities - overseas	479	-	(365)	114
2.3.3 Investments in receivables	5,618	-	(2,773)	2,845
Total	9,764	-	(4,402)	5,362
Less Allowance for impairment	(4,402)			-
Total	5,362			5,362
Total Long-term Investments - net	69,240			70,011

	Consolidated			
	2002			
	Cost Value/ Amortized Cost Value	Unrealized Gain	Unrealized Loss	Fair Value
<b>1. Current investments</b>				
1.1 Trading investments				
1.1.1 Government and state enterprises securities	6,978	10	-	6,988
Add Allowance for revaluation	10			-
Total	6,988			6,988
1.2 Available-for-sale investments				
1.2.1 Government and state enterprises securities	22,982	1,686	(1)	24,667
1.2.2 Private enterprises debt instruments	2,956	29	-	2,985
1.2.3 Foreign debt instruments	3,298	145	(303)	3,140
1.2.4 Marketable equity securities - domestic	1,166	514	(477)	1,203
1.2.5 Others	213	7	(70)	150
Total	30,615	2,381	(851)	32,145
Add Allowance for revaluation	2,060			-
Less Allowance for impairment	(530)			-
Total	32,145			32,145
1.3 Held-to-maturity debt instruments				
1.3.1 Government and state enterprises securities	22,521	89	(1)	22,609
1.3.2 Foreign debt instruments	11,045	21	-	11,066
Total	33,566	110	(1)	33,675
Total Current Investments - net	72,699			72,808

	<b>Consolidated</b>			
	<b>2002</b>			
	<b>Cost Value/ Amortized Cost Value</b>	<b>Unrealized Gain</b>	<b>Unrealized Loss</b>	<b>Fair Value</b>
<b>2. Long-term investments</b>				
2.1 Available-for-sale investments				
2.1.1 Government and state enterprises securities	30,208	911	-	31,119
2.1.2 Private enterprises debt instruments	2,778	104	(5)	2,877
2.1.3 Foreign debt instruments	15,287	754	(6)	16,035
2.1.4 Marketable equity securities - domestic	547	295	(162)	680
Total	48,820	2,064	(173)	50,711
Add Allowance for revaluation	2,046			-
Less Allowance for impairment	(155)			-
Total	50,711			50,711
2.2 Held-to-maturity debt instruments				
2.2.1 Government and state enterprises securities	23,360	1,042	-	24,402
2.2.2 Private enterprises debt instruments	1,605	1	(1,180)	426
2.2.3 Foreign debt instruments	3,055	87	(80)	3,062
Total	28,020	1,130	(1,260)	27,890
Less Allowance for impairment	(1,253)			-
Total	26,767			27,890
2.3 General investments				
2.3.1 Non-marketable equity securities - domestic	3,422	-	(1,381)	2,041
2.3.2 Non-marketable equity securities - overseas	419	-	(323)	96
2.3.3 Investments in receivables	14,210	-	(2,941)	11,269
Total	18,051	-	(4,645)	13,406
Less Allowance for impairment	(4,645)			-
Total	13,406			13,406
Total Long-term Investments - net	90,884			92,007

	<b>The Bank</b>			
	<b>2003</b>			
	<b>Cost Value/ Amortized Cost Value</b>	<b>Unrealized Gain</b>	<b>Unrealized Loss</b>	<b>Fair Value</b>
<b>1. Current investments</b>				
1.1 Trading investments				
1.1.1 Government and state enterprises securities	805	1	-	806
1.1.2 Private enterprises debt instruments	369	-	-	369
Total	1,174	1	-	1,175
Add Allowance for revaluation	1			-
Total	1,175			1,175
1.2 Available-for-sale investments				
1.2.1 Government and state enterprises securities	45,061	895	(164)	45,792
1.2.2 Private enterprises debt instruments	1,692	9	(11)	1,690
1.2.3 Foreign debt instruments	5,470	26	(1)	5,495
1.2.4 Marketable equity securities - domestic	556	161	(52)	665
1.2.5 Others	186	11	(45)	152
Total	52,965	1,102	(273)	53,794
Add Allowance for revaluation	923			-
Less Allowance for impairment	(94)			-
Total	53,794			53,794
1.3 Held-to-maturity debt instruments				
1.3.1 Government and state enterprises securities	4,410	27	-	4,437
1.3.2 Private enterprises debt instruments	257	-	-	257
1.3.3 Foreign debt instruments	5,370	4	-	5,374
Total	10,037	31	-	10,068
Total Current Investments - net	65,006			65,037



	<b>The Bank</b>			
	<b>2003</b>			
	<b>Cost Value/ Amortized Cost Value</b>	<b>Unrealized Gain</b>	<b>Unrealized Loss</b>	<b>Fair Value</b>
<b>2. Long-term investments</b>				
2.1 Available-for-sale investments				
2.1.1 Government and state enterprises securities	22,917	594	(42)	23,469
2.1.2 Private enterprises debt instruments	2,462	20	(15)	2,467
2.1.3 Foreign debt instruments	11,833	100	(28)	11,905
2.1.4 Marketable equity securities - domestic	302	427	(78)	651
Total	37,514	1,141	(163)	38,492
Add Allowance for revaluation	1,054			-
Less Allowance for impairment	(76)			-
Total	38,492			38,492
2.2 Held-to-maturity debt instruments				
2.2.1 Government and state enterprises securities	21,065	724	(368)	21,421
2.2.2 Private enterprises debt instruments	1,804	1	(926)	879
2.2.3 Foreign debt instruments	3,544	48	(45)	3,547
Total	26,413	773	(1,339)	25,847
Less Allowance for impairment	(1,332)			-
Total	25,081			25,847
2.3 General investments				
2.3.1 Non-marketable equity securities - domestic	3,466	-	(1,196)	2,270
2.3.2 Non-marketable equity securities - overseas	419	-	(323)	96
Total	3,885	-	(1,519)	2,366
Less Allowance for impairment	(1,519)			-
Total	2,366			2,366
Total Long-term Investments - net	65,939			66,705

	<b>The Bank</b>			
	<b>2002</b>			
	<b>Cost Value/ Amortized Cost Value</b>	<b>Unrealized Gain</b>	<b>Unrealized Loss</b>	<b>Fair Value</b>
<b>1. Current investments</b>				
1.1 Trading investments				
1.1.1 Government and state enterprises securities	6,978	10	-	6,988
Add Allowance for revaluation	10			-
Total	6,988			6,988
1.2 Available-for-sale investments				
1.2.1 Government and state enterprises securities	22,982	1,686	(1)	24,667
1.2.2 Private enterprises debt instruments	2,956	29	-	2,985
1.2.3 Foreign debt instruments	3,298	145	(303)	3,140
1.2.4 Marketable equity securities - domestic	1,166	514	(477)	1,203
1.2.5 Others	213	7	(70)	150
Total	30,615	2,381	(851)	32,145
Add Allowance for revaluation	2,060			-
Less Allowance for impairment	(530)			-
Total	32,145			32,145
1.3 Held-to-maturity debt instruments				
1.3.1 Government and state enterprises securities	22,132	88	(1)	22,219
1.3.2 Foreign debt instruments	11,045	21	-	11,066
Total	33,177	109	(1)	33,285
Total Current Investments - net	72,310			72,418

	<b>The Bank</b>			
	<b>2002</b>			
	<b>Cost Value/ Amortized Cost Value</b>	<b>Unrealized Gain</b>	<b>Unrealized Loss</b>	<b>Fair Value</b>
<b>2. Long-term investments</b>				
2.1 Available-for-sale investments				
2.1.1 Government and state enterprises securities	30,208	911	-	31,119
2.1.2 Private enterprises debt instruments	2,778	104	(5)	2,877
2.1.3 Foreign debt instruments	15,287	754	(6)	16,035
2.1.4 Marketable equity securities - domestic	537	293	(156)	674
Total	48,810	2,062	(167)	50,705
Add Allowance for revaluation	2,050			-
Less Allowance for impairment	(155)			-
Total	50,705			50,705
2.2 Held-to-maturity debt instruments				
2.2.1 Government and state enterprises securities	23,172	1,037	-	24,209
2.2.2 Private enterprises debt instruments	1,489	1	(1,122)	368
2.2.3 Foreign debt instruments	3,055	87	(80)	3,062
Total	27,716	1,125	(1,202)	27,639
Less Allowance for impairment	(1,195)			-
Total	26,521			27,639
2.3 General investments				
2.3.1 Non-marketable equity securities - domestic	3,161	-	(1,271)	1,890
2.3.2 Non-marketable equity securities - overseas	419	-	(323)	96
Total	3,580	-	(1,594)	1,986
Less Allowance for impairment	(1,594)			-
Total	1,986			1,986
Total Long-term Investments - net	79,212			80,330

As of December 31, 2003 and 2002, investments in held-to-maturity debt instruments, which are government or state enterprises securities, included promissory notes from TAMC of Baht 7,315 million and Baht 9,619 million, respectively, and the right to receive promissory notes from TAMC of Baht 95 million and Baht 517 million, respectively.

Gain (loss) on investments presented in the statement of income for each of the years to December 31, 2003 and 2002, consisted of:

(Million Baht)

	Consolidated		The Bank	
	2003	2002	2003	2002
Gain on disposal of investments				
Held for trading investments	206	197	206	197
Available-for-sale investments	2,171	1,561	2,168	1,553
General investments	403	73	403	69
Investments in receivables	132	667	-	-
Total	2,912	2,498	2,777	1,819
Loss on disposal of investments				
Held for trading investments	(121)	(131)	(121)	(131)
Available-for-sale investments	(631)	(622)	(630)	(622)
Held-to-maturity debt instruments	-	(45)	-	(45)
General investments	(1,245)	(201)	(1,245)	(201)
Total	(1,997)	(999)	(1,996)	(999)
Loss from revaluation	(9)	(5)	(9)	(5)
(Loss) reversal on impairment	545	(1,529)	1,209	365
Total Gain (Loss) on Investments	1,451	(35)	1,981	1,180

Revaluation surplus (deficit) on investments as of December 31, 2003 and 2002 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2003	2002	2003	2002
Revaluation surplus (deficit) on investments				
Debt instruments	1,384	3,325	1,384	3,325
Equity securities	605	781	593	785
Share of revaluation surplus (deficit) in subsidiaries and associated companies using the equity method	-	-	12	(4)
Less Deferred tax liabilities	(676)	(1,333)	(676)	(1,333)
Total	1,313	2,773	1,313	2,773

As of December 31, 2003 and 2002, a maturity analysis for debt instruments resulted in the following:

(Million Baht)

	Consolidated							
	2003				2002			
	Maturity				Maturity			
	1 year	Over 1 year to 5 years	Over 5 years	Total	1 year	Over 1 year to 5 years	Over 5 years	Total
1. Available-for-sale investments								
1.1 Government and state enterprise securities	29,628	34,272	4,078	67,978	2,598	36,135	14,457	53,190
1.2 Private enterprise debt instruments	919	3,235	-	4,154	2,706	3,028	-	5,734
1.3 Foreign debt instruments	5,470	10,601	1,232	17,303	2,332	14,556	1,697	18,585
Total	36,017	48,108	5,310	89,435	7,636	53,719	16,154	77,509
Add (Less) Allowance for revaluation	261	1,121	1	1,383	(150)	2,138	1,337	3,325
Less Allowance for impairment	-	-	-	-	(10)	-	-	(10)
Total	36,278	49,229	5,311	90,818	7,476	55,857	17,491	80,824
2. Held-to-maturity debt instruments								
2.1 Government and state enterprise securities	4,894	13,837	7,410	26,141	22,521	13,224	10,136	45,881
2.2 Private enterprise debt instruments	257	226	1,693	2,176	583	22	1,000	1,605
2.3 Foreign debt instruments	5,371	3,543	-	8,914	11,045	3,055	-	14,100
Total	10,522	17,606	9,103	37,231	34,149	16,301	11,136	61,586
Less Allowance for impairment	-	(46)	(1,308)	(1,354)	(583)	(77)	(593)	(1,253)
Total	10,522	17,560	7,795	35,877	33,566	16,224	10,543	60,333
Total Debt Instruments	46,800	66,789	13,106	126,695	41,042	72,081	28,034	141,157

	The Bank							
	2003				2002			
	Maturity				Maturity			
	1 year	Over 1 year to 5 years	Over 5 years	Total	1 year	Over 1 year to 5 years	Over 5 years	Total
1. Available-for-sale investments								
1.1 Government and state enterprise securities	29,628	34,272	4,078	67,978	2,598	36,135	14,457	53,190
1.2 Private enterprise debt instruments	919	3,235	-	4,154	2,706	3,028	-	5,734
1.3 Foreign debt instruments	5,470	10,601	1,232	17,303	2,332	14,556	1,697	18,585
Total	36,017	48,108	5,310	89,435	7,636	53,719	16,154	77,509
Add (Less) Allowance for revaluation	261	1,121	1	1,383	(150)	2,138	1,337	3,325
Less Allowance for impairment	-	-	-	-	(10)	-	-	(10)
Total	36,278	49,229	5,311	90,818	7,476	55,857	17,491	80,824
2. Held-to-maturity debt instruments								
2.1 Government and state enterprise securities	4,410	13,655	7,410	25,475	22,132	13,036	10,136	45,304
2.2 Private enterprise debt instruments	257	226	1,578	2,061	583	22	884	1,489
2.3 Foreign debt instruments	5,371	3,543	-	8,914	11,045	3,055	-	14,100
Total	10,038	17,424	8,988	36,450	33,760	16,113	11,020	60,893
Less Allowance for impairment	-	(46)	(1,286)	(1,332)	(583)	(77)	(535)	(1,195)
Total	10,038	17,378	7,702	35,118	33,177	16,036	10,485	59,698
Total Debt Instruments	46,316	66,607	13,013	125,936	40,653	71,893	27,976	140,522



As of December 31, 2003 and 2002, investments held by the Bank and its subsidiaries in financial institutions that were closed on December 8, 1997, or investments in listed companies which meet SET's criteria for delisting, and are in default on debt instruments, or companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are the same as companies which meet SET's criteria for delisting are as follows:

(Million Baht)

	Consolidated						
	2003						
	Cost Value / Book Value			Fair Value			Allowance for Impairment
	Investments in Receivables	Equity Securities	Debt Instruments	Investments in Receivables	Equity Securities	Debt Instruments	
1. Closed financial institutions	-	1	131	-	-	-	(132)
2. Listed companies which meet SET's criteria for delisting, and are in default on debt instruments	330	296	204	9	361	-	(576)
3. Companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are the same as companies which meet SET's criteria for delisting	-	1,108	568	-	43	93	(1,540)
Total	330	1,405	903	9	404	93	(2,248)

(Million Baht)

	Consolidated						
	2002						
	Cost Value / Book Value			Fair Value			Allowance for Impairment
	Investments in Receivables	Equity Securities	Debt Instruments	Investments in Receivables	Equity Securities	Debt Instruments	
1. Closed financial institutions	-	1	131	-	-	-	(132)
2. Listed companies which meet SET's criteria for delisting and are in default on debt instruments	20	96	672	20	8	16	(744)
3. Companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are the same as companies which meet SET's criteria for delisting	-	1,199	785	-	35	392	(1,557)
Total	20	1,296	1,588	20	43	408	(2,433)

(Million Baht)

	The Bank				
	2003				
	Cost Value / Book Value		Fair Value		Allowance for Impairment
	Equity Securities	Debt Instruments	Equity Securities	Debt Instruments	
1. Closed financial institutions	1	131	-	-	(132)
2. Listed companies which meet SET's criteria for delisting and are in default on debt instruments	296	204	361	-	(255)
3. Companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are the same as companies which meet SET's criteria for delisting	1,108	452	43	-	(1,517)
Total	1,405	787	404	-	(1,904)

(Million Baht)

	The Bank				
	2002				
	Cost Value / Book Value		Fair Value		Allowance for Impairment
	Equity Securities	Debt Instruments	Equity Securities	Debt Instruments	
1. Closed financial institutions	1	131	-	-	(132)
2. Listed companies which meet SET's criteria for delisting and are in default on debt instruments	96	672	8	16	(744)
3. Companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are the same as companies which meet SET's criteria for delisting	1,199	669	35	334	(1,499)
Total	1,296	1,472	43	350	(2,375)

Investments in ordinary shares of subsidiaries and associated companies as of December 31, 2003 and 2002 were as follows:

(Million Baht)

	Type of Business	% Shareholding		Consolidated				The Bank			
		2003	2002	Investments		Investments		Investments		Equity method	
				Cost method	Equity method	Cost method	Equity method	Cost method	Equity method	Cost method	Equity method
Phethai Asset Management Co., Ltd.	Asset Management	99.99%	99.99%	-	-	5,998	-	5,998	-	3,723	1,961
Ploy Asset Management Co., Ltd.	Asset Management	99.99%	99.99%	-	-	5,000	-	5,000	-	3,305	1,999
Kasikorn Research Center Co., Ltd.	Service	99.99%	99.99%	3	3	3	35	3	3	22	35
Progress Land and Buildings Co., Ltd.	Property										
	Development	99.99%	99.99%	-	-	1,700	-	1,700	-	1,360	1,358
Kanpai Co., Ltd.	Service	99.99%	99.99%	21	21	21	48	21	21	60	48
Progress Plus Co., Ltd.	Service	99.99%	99.99%	4	4	4	11	4	4	22	11
Kasikorn Factoring Co., Ltd.	Lending	99.99%	20.00%	-	25	237	53	25	25	258	53
Progress Facilities Management Co., Ltd.	Service	99.98%	99.98%	5	5	5	9	5	5	13	9
Progress Services Co., Ltd.	Service	99.97%	99.97%	2	2	2	5	2	2	16	5
Progress Management Co., Ltd.	Service	99.93%	99.93%	6	6	6	10	6	6	10	10
Progress Storage Co., Ltd.	Service	99.92%	99.92%	3	3	3	4	3	3	10	4
Progress Appraisal Co., Ltd.	Service	99.84%	99.84%	5	5	5	48	5	5	67	48

	Type of Business	% Shareholding		Consolidated						The Bank					
				Investments			Investments			Investments			Investments		
				Cost method	Equity method	Cost method	Equity method	Cost method	Equity method	Cost method	Equity method	Cost method	Equity method	Cost method	Equity method
		2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
Kasikorn Asset Management Co., Ltd.	Mutual Fund Management	71.42%	71.42%	-	-	-	-	683	683	683	683	649	648		
Progress Software Co., Ltd.	Service	60.00%	60.00%	6	33	6	29	6	6	6	6	33	29		
Thai Administration Services Co., Ltd.	Service	51.00%	51.00%	13	21	51	61	13	13	51	21	21	61		
Merrill Lynch Phatra Securities Co., Ltd.	Securities	-	49.00%	-	-	1,935	1,476	-	1,935	1,935	-	-	1,476		
Processing Center Co., Ltd.	Service	30.00%	30.00%	3	144	3	127	3	3	3	144	144	127		
N.C. Associate Co., Ltd.	Manufacturing	28.23%	28.23%	1	1	1	1	1	1	1	1	1	1		
Rural Capital Partners Co., Ltd.	Venture Capital	27.50%	27.50%	2	3	2	3	2	2	2	3	3	3		
Progress Information Co., Ltd.	Service	20.00%	20.00%	14	4	14	4	14	14	14	4	4	4		
M. Grand Hotel Co., Ltd.	Hotel	20.00%	20.00%	355	184	355	203	355	355	355	184	184	203		
E.S. Industries Co., Ltd.															
(allowance for diminution in value has been fully provided)	Industry	20.00%	20.00%	11	11	11	11	11	11	11	11	11	11		
Total				454	621	2,452	2,138	14,072	15,833	15,833	9,916	9,916	8,104		
Less Allowance for impairment				(261)	(98)	(1,443)	(858)	(3,212)	(4,394)	(4,394)	(98)	(98)	(858)		
Investments in subsidiaries and associated companies - net				193	523	1,009	1,280	10,860	11,439	11,439	9,818	9,818	7,246		

The recording of investments in subsidiaries and associated companies using the equity method in the financial statements is based on financial information obtained from audited or reviewed financial statements.

As of December 31, 2003 and 2002, investments held by the Bank and its subsidiaries, that comprised more than 10% of those companies' shares and not investments in subsidiaries and associated companies, classified by industry were as follows:

(Million Baht)

	Consolidated		The Bank	
	2003	2002	2003	2002
Manufacturing and commerce	285	317	285	317
Property development and construction	1,274	1,094	1,274	1,094
Infrastructure and services	6	7	1	1
Others	420	570	420	570
Total	1,985	1,988	1,980	1,982

The financial position and results of operations of the Bank's subsidiaries in the consolidated financial statements based on the audited financial statements are set out below:

**Phethai Asset Management Company Limited**

(Formerly: Thonburi Asset Management Company Limited)

**Condensed Balance Sheets**

As of December 31, 2003 and 2002

	2003	2002
	Thousand Baht	Thousand Baht
<b>Assets</b>		
Cash and deposits at financial institutions	112,119	317,363
Investments in receivables - net	8,745,981	18,320,106
Loans, receivables and accrued interest receivables - net	6,354,827	-
Properties foreclosed - net	365,641	383,867
Equipment - net	20,107	21,404
Other assets - net	30,794	13,370
Total Assets	15,629,469	19,056,110
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
Borrowings from financial institutions	11,850,000	16,850,000
Other liabilities	56,345	244,727
Shareholders' Equity	3,723,124	1,961,383
Total Liabilities and Shareholders' Equity	15,629,469	19,056,110

**Phethai Asset Management Company Limited**

(Formerly: Thonburi Asset Management Company Limited)

**Condensed Statements of Income***For the Years Ended December 31, 2003 and 2002*

	<b>2003</b>	<b>2002</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Interest income	969,237	1,614,682
Interest expense	204,347	390,514
Net income from interest	764,890	1,224,168
Bad debt and doubtful accounts (reversal)	(37,941)	-
Loss on debt restructuring	1,468,541	677,219
Net income (expense) from interest after bad debt and doubtful accounts and loss on debt restructuring	(665,710)	546,949
Non-interest income	3,035,734	(169,865)
Non-interest expense	608,283	1,003,599
Net profit (loss)	1,761,741	(626,515)
Basic earnings (loss) per share (Baht)	2.94	(1.04)



**Phethai Asset Management Company Limited**

(Formerly: Thonburi Asset Management Company Limited)

**Statements of Cash Flows**

*For the Years Ended December 31, 2003 and 2002*

	<b>2003</b>	<b>2002</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Cash Flows from Operating Activities		
Net profit (loss)	1,761,741	(626,515)
Add (less) Adjustments to reconcile net profit (loss) to net cash from operating activities		
Gain on investments in securities	(414)	(141)
Gain on transfer of financial assets	(2,734,406)	-
(Reversal) loss on impairment of investments in receivables	(6,661)	245,206
Bad debt and doubtful account (reversal)	(37,941)	-
Loss on debt restructuring	1,468,542	677,219
Interest income from amortization of revaluation allowance for debt restructuring	(699,156)	(206,419)
Depreciation and amortization	5,113	33,182
(Reversal) loss on impairment of properties foreclosed	(11,731)	71,504
(Reversal) loss on impairment of other assets	(170,126)	122,727
(Decrease) increase in accrued interest payables	(28,491)	10,413
(Decrease) increase in accrued expenses	(145,617)	102,010
Net (loss) income from operations before changes in operating assets and liabilities	(599,147)	429,186
(Increase) decrease in operating assets		
Investments in receivables	1,621,808	3,317,786
Loans and receivables	3,350,442	-
Properties foreclosed	286,627	321,153
Other assets	152,702	(125,416)
Increase (decrease) in operating liabilities		
Other liabilities	(14,273)	27,231
Net Cash Provided by Operating Activities	4,798,159	3,969,940
Cash Flows from Investing Activities		
Proceeds from disposal of investments in securities	414	464
Purchases of equipment	(3,817)	(21,259)
Net Cash Used in Investing Activities	(3,403)	(20,795)
Cash Flows from Financing Activities		
Cash paid for repayment of borrowings from financial institutions	(5,000,000)	(3,750,000)
Net Cash Used in Financing Activities	(5,000,000)	(3,750,000)
Net (decrease) increase in cash and cash equivalents	(205,244)	199,145
Cash and cash equivalents at the beginning of the year	317,363	118,218
Cash and cash equivalents at the end of the year	112,119	317,363
Supplemental Disclosures of Cash Flows Information		
Cash paid during the year		
Interest expense	232,838	380,100
Income tax	298	1,863

**Ploy Asset Management Company Limited**

(Formerly: Chantaburi Asset Management Company Limited)

**Condensed Balance Sheets**

*As of December 31, 2003 and 2002*

	<b>2003</b>	<b>2002</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
<b>Assets</b>		
Cash and deposits at financial institutions	84,070	153,063
Investments - net	266,491	207,002
Investments in receivables - net	2,845,030	11,268,894
Loans receivables and accrued interest receivables - net	5,510,410	-
Properties foreclosed - net	2,595,212	2,780,831
Leasehold improvement and equipment - net	2,695	4,881
Other assets - net	33,538	19,887
<b>Total Assets</b>	<b>11,337,446</b>	<b>14,434,558</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
Borrowings from financial institutions	8,005,000	12,370,000
Other liabilities	26,818	66,037
Shareholders' Equity	3,305,628	1,998,521
<b>Total Liabilities and Shareholders' Equity</b>	<b>11,337,446</b>	<b>14,434,558</b>

**Ploy Asset Management Company Limited**

(Formerly: Chantaburi Asset Management Company Limited)

**Condensed Statements of Income**

*For the Years Ended December 31, 2003 and 2002*

	<b>2003</b>	<b>2002</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Interest income	1,008,476	1,673,509
Interest expense	145,511	302,123
Net income from interest	862,965	1,371,386
Bad debt and doubtful accounts	764,042	-
Loss on debt restructuring	796,999	1,306,582
Net (expense) income from interest after bad debt and doubtful accounts and loss on debt restructuring	(698,076)	64,804
Non-interest income	2,187,113	105,155
Non-interest expense	196,800	283,961
Net profit (loss)	1,292,237	(114,002)
Basic earnings (loss) per share (Baht)	2.58	(0.23)

**Ploy Asset Management Company Limited**

(Formerly: Chantaburi Asset Management Company Limited)

**Statements of Cash Flows**

For the Years Ended December 31, 2003 and 2002

	<b>2003</b>	<b>2002</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Cash Flows from Operating Activities		
Net profit (loss)	1,292,237	(114,002)
Add (less) Adjustments to reconcile net profit (loss) to net cash from operating activities		
Gain from investments in securities	(37,011)	(11,681)
Reversal of loss on revalue of investment in securities	-	(52,303)
Gain on transfer of financial assets	(2,578,129)	-
Loss on impairment of investments in receivables	699,229	639,673
Bad debt and doubtful accounts	764,042	-
Loss on debt restructuring	796,999	1,306,582
Interest income from amortization of revaluation allowance for debt restructuring	(656,559)	(148,622)
Depreciation and amortization	1,910	6,137
Amortization of premiums on bond	12	16
Gain on disposal of equipment	(1,009)	(556)
(Reversal) loss on impairment of properties foreclosed	(415)	79,604
Reversal of loss on impairment of other assets	(7,174)	(5,284)
Decrease in accrued interest income	6	-
(Decrease) increase in accrued interest payables	(3,068)	1,704
(Decrease) increase in accrued expenses	(36,030)	20,307
Net income from operations before changes in operating assets and liabilities	235,040	1,721,575
(Increase) decrease in operating assets		
Investments in receivables	1,530,934	1,968,492
Loans and receivables	1,204,777	-
Properties foreclosed	1,329,925	311,238
Prepaid income tax	(13,892)	(3,323)
Advance payments	7,467	5,709
Other assets	(58)	3,935
Increase (decrease) in operating liabilities		
Deferred income	27	(1,260)
Other liabilities	(148)	7,799
Net Cash Provided by Operating Activities	4,294,072	4,014,165

**Ploy Asset Management Company Limited**

(Formerly: Chantaburi Asset Management Company Limited)

**Statements of Cash Flows**

For the Years Ended December 31, 2003 and 2002

	<b>2003</b>	<b>2002</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Cash Flows from Investing Activities		
Proceeds from disposal of investments	6,527	42,910
Proceeds from disposal of equipment	1,291	1,043
Purchases of investment	(5,877)	-
Purchases of equipment	(6)	(209)
Net Cash Provided by Investing Activities	1,935	43,744
Cash Flows from Financing Activities		
Cash paid for repayment of borrowing from financial institutions	(4,365,000)	(4,010,000)
Net Cash Used in Financing Activities	(4,365,000)	(4,010,000)
Net (decrease) increase in cash and cash equivalents	(68,993)	47,909
Cash and cash equivalents at the beginning of the year	153,063	105,154
Cash and cash equivalents at the end of the year	84,070	153,063
Supplemental Disclosures of Cash Flows Information		
Cash paid during the year		
Interest expense	148,579	300,419
Income tax	13,892	3,323

**Progress Land and Buildings Company Limited**

**Condensed Balance Sheets**

As of December 31, 2003 and 2002

	<b>2003</b>	<b>2002</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Assets		
Cash and deposits at financial institutions	23,233	127,946
Investments - net	299,803	-
Other current assets	7,042	6,718
Properties foreclosed - net	692,214	854,701
Premises and equipment - net	359,154	381,358
Other assets	111	129
Total Assets	1,381,557	1,370,852
Liabilities and Shareholders' Equity		
Liabilities	23,046	10,099
Shareholders' equity	1,358,511	1,360,753
Total Liabilities and Shareholders' Equity	1,381,557	1,370,852

**Progress Land and Buildings Company Limited**

**Condensed Statements of Income**

*For the Years Ended December 31, 2003 and 2002*

	<b>2003</b>	<b>2002</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Revenue	39,564	41,121
Expenses	41,806	129,280
Net loss	(2,242)	(88,159)
Loss per share (Baht)	(0.11)	(4.41)

**Kasikorn Factoring Company Limited**

(Formerly: Thai Farmers Heller Factoring Company Limited)

**Condensed Balance Sheets**

*As of December 31, 2003 and 2002*

	<b>2003</b>	<b>2002</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and deposits at financial institutions	39,350	19,551
Factoring receivables - net	1,835,874	1,730,818
Current portion of finance lease receivables - net	146,432	191,272
Current portion of hire purchases receivables - net	-	987
Other current assets	14,834	19,231
<b>Non-Current Assets</b>		
Finance lease receivables - net	119,243	194,800
Installment receivables - net	32,200	-
Deferred tax assets	28,735	26,057
Other non-current assets	9,345	11,629
<b>Total Assets</b>	<b>2,226,013</b>	<b>2,194,345</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities</b>		
Short-term loans from financial institutions	1,090,000	1,520,000
Accounts payables	1,308	3,107
Factoring payables	403,727	350,743
Current portion of long-term loan	100,000	-
Long term loan-net	300,000	-
Other liabilities	84,397	75,285
<b>Shareholders' Equity</b>	<b>246,581</b>	<b>245,210</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>2,226,013</b>	<b>2,194,345</b>

**Kasikorn Factoring Company Limited**  
(Formerly: Thai Farmers Heller Factoring Company Limited)

**Condensed Statements of Income**

*For the Years Ended December 31, 2003 and 2002*

	<b>2003</b>	<b>2002</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Revenue	214,997	195,802
Expenses	153,626	144,088
Net profit	61,371	51,714
Earnings per share (Baht)	38.36	32.32

**Kasikorn Asset Management Company Limited**

(Formerly: Thai Farmers Asset Management Company Limited)

**Condensed Balance Sheets**

*As of December 31, 2003 and 2002*

	<b>2003</b>	<b>2002</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
<b>Assets</b>		
Cash and cash equivalents	295,259	75,900
Investments - net	373,978	584,648
Fee receivables	73,241	62,748
Properties foreclosed - net	1,944	1,373
Premises and equipment - net	175,640	185,614
Other assets	406,336	453,683
Total Assets	1,326,398	1,363,966
<b>Liabilities and Shareholders' Equity</b>		
Liabilities	95,244	67,205
Shareholders' Equity	1,231,154	1,296,761
Total Liabilities and Shareholders' Equity	1,326,398	1,363,966

**Kasikorn Asset Management Company Limited**

(Formerly: Thai Farmers Asset Management Company Limited)

**Condensed Statements of Income**

*For the Years Ended December 31, 2003 and 2002*

	<b>2003</b>	<b>2002</b>
	<b>Thousand Baht</b>	<b>Thousand Baht</b>
Revenue	488,748	430,057
Expenses	388,713	338,699
Net profit	100,035	91,358
Earnings per share (Baht)	3.68	3.36

The summary of financial position and results of operations of its subsidiaries, which are not included in the consolidated financial statements, are as follows:

(Million Baht)

	<b>Balance Sheets</b>					
	<b>As of December 31,</b>					
	<b>2003</b>			<b>2002</b>		
	<b>(Unaudited) (Reviewed)</b>			<b>(Audited)</b>		
	<b>Total Assets</b>	<b>Total Liabilities</b>	<b>Shareholders' Equity</b>	<b>Total Assets</b>	<b>Total Liabilities</b>	<b>Shareholders' Equity</b>
Kasikorn Research Center Co., Ltd.	24	2	22	37	4	33
Kanpai Co., Ltd.	105	44	61	80	34	46
Progress Plus Co., Ltd.	56	34	22	45	35	10
Progress Facilities Management Co., Ltd.	19	7	12	13	4	9
Progress Services Co., Ltd.	23	6	17	9	4	5
Progress Management Co., Ltd.	18	8	10	15	6	9
Progress Storage Co., Ltd.	13	3	10	5	1	4
Progress Appraisal Co., Ltd.	88	21	67	55	8	47
Progress Software Co., Ltd.	73	17	56	58	13	45
Thai Administration Services Co., Ltd.	113	72	41	145	31	114
	532	214	318	462	140	322

(Million Baht except for Earnings (Loss) per Share)

	<b>Statements of Income</b>							
	<b>For Each of the Years Ended December 31,</b>							
	<b>2003</b>				<b>2002</b>			
	<b>(Unaudited) (Reviewed)</b>				<b>(Audited)</b>			
	<b>Revenue</b>	<b>Expenses</b>	<b>Net Income</b>	<b>Earnings per Share (Baht)</b>	<b>Revenue</b>	<b>Expenses</b>	<b>Net Income (Loss)</b>	<b>Earnings (Loss) per Share (Baht)</b>
Kasikorn Research Center Co., Ltd.	51	47	4	43.84	40	42	(2)	(19.57)
Kanpai Co., Ltd.	155	140	15	73.54	120	109	11	53.45
Progress Plus Co., Ltd.	387	375	12	51.59	215	209	6	26.13
Progress Facilities Management Co., Ltd.	57	53	4	71.00	182	180	2	29.17
Progress Services Co., Ltd.	138	127	11	546.84	97	96	1	35.20
Progress Management Co., Ltd.	32	31	1	9.53	25	24	1	12.12
Progress Storage Co., Ltd.	20	14	6	198.78	5	4	1	49.94
Progress Appraisal Co., Ltd.	131	111	20	3,935.19	92	79	13	2,667.08
Progress Software Co., Ltd.	13	12	1	8.90	89	75	14	139.21
Thai Administration Services Co., Ltd.	89	74	15	1.50	97	64	33	3.29
	1,073	984	89		962	882	80	



## 8 Loans and Accrued Interest Receivables

Loans and accrued interest receivables as of December 31, 2003 and 2002 consisted of:

### 1. Classified by Type of Loans

(Million Baht)

	Consolidated		The Bank	
	2003	2002	2003	2002
Overdrafts	142,022	137,992	124,024	127,773
Loans	236,523	232,579	224,433	219,011
Bills	149,970	121,638	163,758	136,767
Others	19,403	13,994	17,875	12,974
Total	547,918	506,203	530,090	496,525
Add Accrued interest receivables	2,971	3,410	1,485	1,934
	550,889	509,613	531,575	498,459
Less Allowance for doubtful accounts	(59,268)	(76,950)	(42,996)	(54,920)
Less Revaluation allowance for debt restructuring	(6,666)	(2,755)	(4,721)	(2,647)
Less Normalized provisioning	(1,600)	(800)	(1,600)	(800)
Total	483,355	429,108	482,258	440,092

### 2. Classified by Maturity of Contracts

(Million Baht)

	Consolidated		The Bank	
	2003	2002	2003	2002
Within 1 year	359,150	340,254	363,400	343,386
Over 1 year	191,739	169,359	168,175	155,073
Total	550,889	509,613	531,575	498,459

### 3. Classified by Currencies and Residency of Borrowers

(Million Baht)

	Consolidated					
	2003			2002		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	529,593	12	529,605	488,150	726	488,876
US Dollars	16,945	1,958	18,903	17,028	1,778	18,806
Other currencies	2,317	64	2,381	1,807	124	1,931
Total	548,855	2,034	550,889	506,985	2,628	509,613

(Million Baht)

	The Bank					
	2003			2002		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	510,279	12	510,291	476,996	726	477,722
US Dollars	16,945	1,958	18,903	17,028	1,778	18,806
Other currencies	2,317	64	2,381	1,807	124	1,931
Total	529,541	2,034	531,575	495,831	2,628	498,459

## 4. Classified by Type of Business and Account Status

(Million Baht)

	Consolidated					
	2003					
	Normal	Special Mention	Sub- Standard	Doubtful	Loss	Total
Agricultural and mining	15,100	727	130	171	2,971	19,099
Manufacturing and commerce	267,235	6,902	1,598	3,417	44,237	323,389
Property development and construction	25,416	1,495	278	754	12,661	40,604
Infrastructure and services	50,550	1,971	378	1,325	8,409	62,633
Housing loans	43,757	2,210	722	1,016	11,760	59,465
Others	40,378	496	209	173	2,870	44,126
	442,436	13,801	3,315	6,856	82,908	549,316
Kasikorn Factoring Co., Ltd.						1,752
Unearned discounts received in advance						(179)
Total						550,889

(Million Baht)

	Consolidated					
	2002					
	Normal	Special Mention	Sub- Standard	Doubtful	Loss	Total
Agricultural and mining	12,428	462	207	449	3,434	16,980
Manufacturing and commerce	229,116	7,271	2,525	7,187	59,611	305,710
Property development and construction	22,620	1,489	442	1,481	17,085	43,117
Infrastructure and services	50,308	1,271	610	1,565	9,916	63,670
Housing loans	26,586	1,357	548	1,023	12,996	42,510
Others	31,158	565	166	327	5,585	37,801
	372,216	12,415	4,498	12,032	108,627	509,788
Unearned discounts received in advance						(175)
Total						509,613

(Million Baht)

	The Bank					
	2003					
	Normal	Special Mention	Sub- Standard	Doubtful	Loss	Total
Agricultural and mining	15,081	721	130	171	2,541	18,644
Manufacturing and commerce	261,136	6,273	1,598	3,417	30,240	302,664
Property development and construction	23,303	1,169	278	754	8,634	34,138
Infrastructure and services	48,160	1,558	378	1,325	6,212	57,633
Housing loans	43,163	2,056	722	1,016	8,598	55,555
Others	60,617	459	209	173	1,662	63,120
	451,460	12,236	3,315	6,856	57,887	531,754
Unearned discounts received in advance						(179)
Total						531,575

(Million Baht)

	The Bank					
	2002					
	Normal	Special Mention	Sub- Standard	Doubtful	Loss	Total
Agricultural and mining	12,376	457	207	449	2,929	16,418
Manufacturing and commerces	227,099	6,859	2,525	7,187	39,253	282,923
Property development and construction	22,062	1,355	442	1,481	12,262	37,602
Infrastructure and services	49,113	1,141	610	1,565	7,430	59,859
Housing loans	25,758	1,238	548	1,023	9,225	37,792
Others	58,661	406	166	327	4,480	64,040
	395,069	11,456	4,498	12,032	75,579	498,634
Unearned discounts received in advance						(175)
Total						498,459

5. Classified by Account Status

(Million Baht)

	Consolidated			
	2003			
	Loans and Accrued Interest Receivables	Outstanding Debt after Deduction of Collateral Value	% Used for Providing The Provision	Providing Amounts
Normal	442,436	152,758	1	4,424
Special Mention	13,801	2,214	2	276
Sub-Standard	3,315	650	20	130
Doubtful	6,856	1,856	50	928
Loss	82,908	34,891	100	34,891
Allowance established in excess of BOT regulations	-	-		18,545
	549,316	192,369		59,194
Kasikorn Factoring Co., Ltd.	1,752	1,698		74
Unearned discounts received in advance	(179)	(179)		-
<b>Total</b>	<b>550,889</b>	<b>193,888</b>		<b>59,268</b>

(Million Baht)

	Consolidated			
	2002			
	Loans and Accrued Interest Receivables	Outstanding Debt after Deduction of Collateral Value	% Used for Providing The Provision	Providing Amounts
Normal	372,216	97,040	1	3,722
Special Mention	12,415	1,776	2	248
Sub-Standard	4,498	1,272	20	255
Doubtful	12,032	3,988	50	1,994
Loss	108,627	43,983	100	43,983
Allowance established in excess of BOT regulations	-	-		26,748
	509,788	148,059		76,950
Unearned discounts received in advance	(175)	(175)		
<b>Total</b>	<b>509,613</b>	<b>147,884</b>		

(Million Baht)

	<b>The Bank</b>			
	<b>2003</b>			
	<b>Loans and Accrued Interest Receivables</b>	<b>Outstanding Debt after Deduction of Collateral Value</b>	<b>% Used for Providing The Provision</b>	<b>Providing Amounts</b>
Normal	451,460	167,041	1	4,515
Special Mention	12,236	1,900	2	245
Sub-Standard	3,315	650	20	130
Doubtful	6,856	1,856	50	928
Loss	57,887	23,563	100	23,563
Allowance established in excess of BOT regulations	-	-		13,615
	531,754	195,010		42,996
Unearned discounts received in advance	(179)	(179)		
<b>Total</b>	<b>531,575</b>	<b>194,831</b>		

(Million Baht)

	<b>The Bank</b>			
	<b>2002</b>			
	<b>Loans and Accrued Interest Receivables</b>	<b>Outstanding Debt after Deduction of Collateral Value</b>	<b>% Used for Providing The Provision</b>	<b>Providing Amounts</b>
Normal	395,069	124,640	1	3,950
Special Mention	11,456	1,667	2	229
Sub-Standard	4,498	1,272	20	255
Doubtful	12,032	3,988	50	1,994
Loss	75,579	28,606	100	28,606
Allowance established in excess of BOT regulations	-	-		19,886
	498,634	160,173		54,920
Unearned discounts received in advance	(175)	(175)		
<b>Total</b>	<b>498,459</b>	<b>159,998</b>		

### Non-performing loans (NPL)

According to the BoT's directive dated January 16, 2003, effective for financial statements as of December 31, 2002, non-performing loans (NPL) were redefined as sub-quality loans, being outstanding loans of sub-standard, doubtful and loss loan accounts in accordance with BoT's guidelines. This included fully - provisioned loans which had previously been written - off.

As of December 31, 2003 and 2002, non-performing loans (including financial institutions) based on the above directive can be summarized as follows:

(Million Baht)

	2003			
	The Bank	Phethai - AMC (Original principal)	Ploy - AMC	The Bank and AMC
Non-performing loans	68,316	22,610	1,393	92,319
Total loans used for NPL ratio calculation <sup>(1)</sup>	531,903	28,908	8,307	547,979
Percentage of total loans	12.84	78.21	16.77	16.85

(Million Baht)

	2002		
	The Bank	Phethai - AMC (Original principals)	The Bank and AMC
Non-performing loans	92,482	31,581	124,063
Total loans used for NPL ratio calculation <sup>(1)</sup>	500,890	38,898	510,568
Percentage of total loans	18.46	81.19	24.30

<sup>(1)</sup> Total loans used for NPL ratio calculation are loans to general customers as presented in the balance sheet and loans to financial institutions as included in interbank and money market items.

As of December 31, 2003 and 2002, non-accrual loans (including financial institutions) were as follows:

(Million Baht)

	2003				
	The Bank	Phethai - AMC (Original principals)	Ploy - AMC	Kasikorn Factoring	The Bank and Subsidiaries
Non-accrual loans	112,532	28,908	8,307	61	149,808
Total loans used for ratio calculation	531,903	28,908	8,307	1,752	549,731
Percentage of total loans	21.16	100.00	100.00	3.48	27.25

(Million Baht)

	2002		
	The Bank	Phethai - AMC (Original principals)	The Bank and Subsidiaries
Non-accrual loans	146,714	38,898	185,612
Percentage of total loans	29.29	100.00	36.35

As of December 31, 2003 and 2002, loans to listed companies that meet SET's criteria for delisting were as follows:

(Million Baht)

	Consolidated					
	2003			2002		
	Loans and Accrued Interest Receivables	Collateral Value	Allowance for Doubtful Accounts	Loans and Accrued Interest Receivables	Collateral Value	Allowance for Doubtful Accounts
Listed companies which meet SET's criteria for delisting	1,784	478	413	1,875	1,174	504

(Million Baht)

	The Bank					
	2003			2002		
	Loans and Accrued Interest Receivables	Collateral Value	Allowance for Doubtful Accounts	Loans and Accrued Interest Receivables	Collateral Value	Allowance for Doubtful Accounts
Listed companies which meet SET's criteria for delisting	1,454	469	92	1,834	1,073	483



As of December 31, 2003 and 2002, the outstanding balances of loans to the Bank's wholly owned subsidiaries were as follows:

(Million Baht)

	2003			
	Type of loans	Maturity	Interest rate	Amount
Phethai Asset Management Co., Ltd.	Bills	3 Months	3-Month Fixed Deposit	11,850
Ploy Asset Management Co., Ltd.	Bills	3 Months	3-Month Fixed Deposit	8,005
Kasikorn Factoring Co., Ltd.	Bills	1-6 Months	Money Market Rate + 2.20%-2.50%	885
	Loans	3 Years	Fixed Rate	400

(Million Baht)

	2002			
	Type of loans	Maturity	Interest rate	Amount
Phethai Asset Management Co., Ltd.	Bills	3 Months	3-Month Fixed Deposit	16,850
Ploy Asset Management Co., Ltd.	Bills	3 Months	3-Month Fixed Deposit	12,370

#### Transferring of Sub-Standard Quality Assets to Thai Assets Management Corporation (TAMC)

In accordance with the Emergency Decree on the Thai Assets Management Corporation B.E. 2544, on October 12, 2001, the Bank signed an Asset Transfer Agreement with TAMC to transfer eligible sub-standard quality assets outstanding as of December 31, 2000 to TAMC. All rights and duties associated with each transferred sub-standard quality asset were transferred to TAMC at a price determined by the appraised value of the underlying collateral assets, provided that the price did not exceed the book value of credits extended, less existing provisions outstanding, as required by law on the transfer date. TAMC has 180 days from the date of each transfer to examine any transferred assets. TAMC will then quote the transfer price within seven days after the end of the examination period. After confirming the price, TAMC will issue non-transferable 10-year callable promissory notes guaranteed by FIDF. The notes bear interest equal to the weighted average of the deposit rates of five major banks, and are paid at the end of each year by means of a non-transferable, extendable 1-year promissory note, guaranteed by FIDF. The rights to these notes and the received notes are included in investments in held-to-maturity debt instruments.

In accordance with the Emergency Decree and the Asset Transfer Agreement, TAMC and the Bank will share jointly the profits and responsibility for any losses on transferred assets, which are payable on the fifth and the tenth anniversaries of the transfers, starting from July 1, 2001. In the case of losses, the Bank will first be responsible for any loss, not exceeding 20% of the transfer price. The second portion of losses, again not exceeding 20% of the transfer price, will be equally shared by TAMC and the Bank. Any remaining loss would then be absorbed by TAMC. In addition, expenses of TAMC are included in the calculation the gain or loss sharing. In the case of profit, the first portion of profits up to 20% of transfer price is to be shared equally by TAMC and the Bank. Should there be any profit over and above this, the Bank is entitled to the remainder up to the gross book value of the assets, less the transfer price and the Bank's share in the first portion of the profits.

For the years ended December 31, 2003 and 2002, the Bank transferred to TAMC sub-quality assets relating to 12 borrowers and 45 borrowers respectively with gross book values (as of their transfer dates) of Baht 124 million and Baht 2,215 million, (up to December 31, 2003 totaling Baht 14,510 million). The estimated total transfer prices were Baht 66 million and Baht 797 million (up to December 31, 2003 totaling Baht 10,175 million). As of December 31, 2003, the Bank had received promissory notes from TAMC totaling Baht 10,080 million; TAMC is examining the remaining assets of Baht 95 million and will confirm the transfer price in order to issue notes to the Bank within the aforementioned timeframe.

## 9 Troubled Debt Restructuring

During the years to December 31, 2003 and 2002, the Bank and its subsidiaries (Phethai - AMC and Ploy - AMC) engaged in debt restructuring contracts as follows:

(Million Baht)

	Consolidated				The Bank			
	2003		2002		2003		2002	
	Cases	Total Outstanding Debt Before Restructuring	Cases	Total Outstanding Debt After Restructuring	Cases	Total Outstanding Debt Before Restructuring	Cases	Total Outstanding Debt After Restructuring
Debt restructuring contracts that incurred losses	6,378	46,089	4,259	20,436	5,484	32,678	3,643	13,321
Debt restructuring contracts that incurred no losses	18,053	35,765	23,037	49,024	16,609	31,111	20,440	40,717
Total	24,431	81,854	27,296	69,460	22,093	63,789	24,083	54,038

Losses on debt restructuring for each of the years to December 31, 2003 and 2002, were as follows:

(Million Baht)

Types of Restructuring	Consolidated					
	2003					
	Cases	The Outstanding Debt		Transferred Assets		Loss on Debt Restructuring
		Before Restructuring	After Restructuring	Types	Fair Value	
Transfers of assets	5,299	23,473	-	Cash, land, premises and investments	15,322	8,151
Changes of repayment conditions	816	16,463	14,885	-	-	3,203
Debt restructuring in various forms	263	6,153	3,812	Cash, land, premises and investments	1,809	2,401
Total	6,378	46,089	18,697		17,131	13,755

(Million Baht)

Types of Restructuring	Consolidated					
	2002					
	Cases	The Outstanding Debt		Transferred Assets		Loss on Debt Restructuring
Before Restructuring		After Restructuring	Types	Fair Value		
Transfers of assets	3,655	9,998	-	Cash, land, premises and investments	6,228	3,770
Changes of repayment conditions	510	5,536	5,029	-	-	1,201
Debt restructuring in various forms	94	4,902	2,504	Cash, land, premises and investments	1,380	1,655
Total	4,259	20,436	7,533		7,608	6,626

(Million Baht)

Types of Restructuring	The Bank					
	2003					
	Cases	The Outstanding Debt		Transferred Assets		Loss on Debt Restructuring
Before Restructuring		After Restructuring	Types	Fair Value		
Transfers of assets	5,027	20,709	-	Cash, land, premises and investments	13,234	7,475
Changes of repayment conditions	213	6,557	5,891	-	-	1,918
Debt restructuring in various forms	244	5,412	3,770	Cash, land, premises and investments	1,372	2,110
Total	5,484	32,678	9,661		14,606	11,503

(Million Baht)

Types of Restructuring	The Bank					
	2002					
	Cases	The Outstanding Debt		Transferred Assets		Loss on Debt Restructuring
		Before Restructuring	After Restructuring	Types	Fair Value	
Transfers of assets	3,369	8,576	-	Cash, land, premises and investments	5,137	3,439
Changes of repayment conditions	220	2,331	2,275	-	-	325
Debt restructuring in various forms	54	2,414	1,381	Cash, land, premises and investments	722	877
Total	3,643	13,321	3,656		5,859	4,641

The Bank and its subsidiaries measure expected recoverable amounts of restructured loans by changing repayment conditions using the present value of future cash flows discounted by the market rate.

The terms of debt restructuring agreements with debts which were restructured by changing the repayment conditions and restructured in various other ways and resulted in losses on debt restructuring during the years to December 31, 2003 and 2002 were as follows:

(Million Baht)

Terms of debt restructuring agreements	The Bank							
	2003				2002			
	The Outstanding Debt				The Outstanding Debt			
	Cases	Before Restructuring	After Restructuring	End of Year	Cases	Before Restructuring	After Restructuring	End of Year
	Less than 5 years	415	5,468	3,962	2,692	203	1,789	834
5 to 10 years	27	2,765	1,976	1,974	37	624	610	527
Over 10 years	15	3,736	3,723	3,695	34	2,332	2,212	2,153
Total	457	11,969	9,661	8,361	274	4,745	3,656	3,236

(Million Baht)

Terms of debt restructuring agreements	Phethai - AMC							
	2003				2002			
	The Outstanding Debt				The Outstanding Debt			
	Cases	Before Restructuring	After Restructuring	End of Year	Cases	Before Restructuring	After Restructuring	End of Year
	Less than 5 years	223	3,520	2,847	1,311	133	1,127	807
5 to 10 years	75	1,187	856	761	58	912	621	400
Over 10 years	251	1,466	1,197	1,052	87	366	343	229
Total	549	6,173	4,900	3,124	278	2,405	1,771	935

(Million Baht)

Terms of debt Restructuring Agreements	Ploy - AMC							
	2003				2002			
	The Outstanding Debt				The Outstanding Debt			
	Cases	Before Restruc- turing	After Restruc- turing	End of Year	Cases	Before Restruc- turing	After Restruc- turing	End of Year
Less than 5 years	41	1,569	1,236	854	34	1,979	1,269	889
5 to 10 years	13	1,379	1,374	1,289	11	1,141	672	505
Over 10 years	19	1,526	1,526	1,498	7	168	165	146
Total	73	4,474	4,136	3,641	52	3,288	2,106	1,540

The Bank and its subsidiaries recognized interest income from debt restructuring for each of the years to December 31, 2003 and 2002, as follows:

(Million Baht)

	Consolidated		The Bank	
	2003	2002	2003	2002
	Debt restructuring contracts that incurred losses	2,858	1,481	1,320

As of December 31, 2003 and 2002, the Bank had commitments to extend additional loans to these borrowers as follows:

(Million Baht)

	Consolidated and The Bank	
	2003	2002
	Debt restructuring contracts that incurred losses	117

As of December 31, 2003 and 2002, the Bank and its subsidiaries had outstanding balances on loans which were restructured during the year as follows:

(Million Baht)

	Consolidated		The Bank	
	2003	2002	2003	2002
	Debt restructuring contracts that incurred losses	15,126	5,711	8,361
Debt restructuring contracts that incurred no losses	22,702	30,716	21,237	28,270
Total	37,828	36,427	29,598	31,506

As of December 31, 2003 and 2002, the Bank and its subsidiaries had outstanding balances relating to all restructured loans which had been performing in accordance with debt restructuring agreements as follows:

(Million Baht)

	Consolidated		The Bank	
	2003	2002	2003	2002
	Debt restructuring contracts that incurred losses	28,354	20,546	20,940
Debt restructuring contracts that incurred no losses	57,298	81,698	50,941	73,877
Total	85,652	102,244	71,881	92,005

## 10 Allowance for Doubtful Accounts

The movements in the allowance for doubtful accounts during the years were as follows:

(Million Baht)

	Consolidated						
	2003						
	Normal	Special Mention	Sub- Standard	Doubtful	Loss	Allowances Established in Excess of BoT Regulations	Total
Balance at beginning of the year	3,722	248	255	1,994	43,983	26,748	76,950
Transferred from investments in receivables	39	8	-	-	575	44	666
Doubtful accounts (reversal)	663	20	(125)	(1,066)	(4,030)	(8,247)	(12,785)
Bad debts recovered	-	-	-	-	1,795	-	1,795
Bad debts written off	-	-	-	-	(8,259)	-	(8,259)
Allowance for loans transferred to TAMC	-	-	-	-	(60)	-	(60)
Others	-	-	-	-	887	-	887
Balance at ended of the year	4,424	276	130	928	34,891	18,545	59,194
Kasikorn Factoring Co., Ltd.							74
Balance at end of the year							59,268

(Million Baht)

	Consolidated						
	2002						
	Normal	Special Mention	Sub- Standard	Doubtful	Loss	Allowances Established in Excess of BoT Regulations	Total
Balance at beginning of the year	3,562	223	685	3,411	17,798	25,647	51,326
Doubtful accounts (reversal)	160	25	(430)	(1,417)	(2,920)	1,101	(3,481)
Bad debts recovered	-	-	-	-	10,525	-	10,525
Bad debts written off	-	-	-	-	(4,570)	-	(4,570)
Reversal based on BoT policy	-	-	-	-	25,686	-	25,686
Allowances for loans transferred to TAMC	-	-	-	-	(1,418)	-	(1,418)
Others	-	-	-	-	(1,118)	-	(1,118)
Balance at end of the year	3,722	248	255	1,994	43,983	26,748	76,950

(Million Baht)

	The Bank						
	2003						
	Normal	Special Mention	Sub- Standard	Doubtful	Loss	Allowances Established in Excess of BoT Regulations	Total
Balance at beginning of the year	3,950	229	255	1,994	28,606	19,886	54,920
Doubtful accounts (reversal)	565	16	(125)	(1,066)	(3,679)	(6,271)	(10,560)
Bad debt recovered	-	-	-	-	1,795	-	1,795
Bad debt written off	-	-	-	-	(3,039)	-	(3,039)
Allowance for loans transferred to TAMC	-	-	-	-	(60)	-	(60)
Others	-	-	-	-	(60)	-	(60)
Balance at end of the year	4,515	245	130	928	23,563	13,615	42,996

(Million Baht)

	The Bank						
	2002						
	Normal	Special Mention	Sub- Standard	Doubtful	Loss	Allowances Established in Excess of BoT Regulations	Total
Balance at beginning of the year	3,828	204	647	3,410	-	16,912	25,001
Doubtful accounts (reversals)	122	25	(392)	(1,416)	(5,039)	2,974	(3,726)
Bad debts recovered	-	-	-	-	10,525	-	10,525
Bad debts written off	-	-	-	-	(1,193)	-	(1,193)
Reversal based on BoT policy	-	-	-	-	25,686	-	25,686
Allowances for loans sold to TAMC	-	-	-	-	(1,418)	-	(1,418)
Others	-	-	-	-	45	-	45
Balance at end of the year	3,950	229	255	1,994	28,606	19,886	54,920



## 11 Revaluation Allowance for Debt Restructuring

The movements in the revaluation allowance for debt restructuring during the year were as follows:

(Million Baht)

	Consolidated		The Bank	
	2003	2002	2003	2002
Balance at beginning of the year	2,755	3,781	2,647	3,699
Addition (reversal)	5,130	(393)	2,825	(625)
Change of classification	887	-	-	-
Amortization	(2,106)	(633)	(751)	(427)
Balance at end of the year	6,666	2,755	4,721	2,647

## 12 Normalized Provisioning

The movements in the normalized provisioning during the year were as follows:

(Million Baht)

	Consolidated and The Bank	
	2003	2002
Balance at beginning of the year	800	-
Addition	800	800
Balance at end of the year	1,600	800

## 13 Properties Foreclosed

Properties Foreclosed as of December 31, 2003 and 2002 consisted of:

(Million Baht)

Type of Foreclosed Properties	Consolidated			
	2003			
	Beginning Balance	Addition	Disposal	Ending Balance
1. Assets acquired through debt settlements				
1.1 Immovable assets	18,063	4,326	(5,352)	17,037
1.2 Movable assets	26	2	-	28
Total	18,089	4,328	(5,352)	17,065
2. Others	1,442	90	(363)	1,169
Total Foreclosed Properties	19,531	4,418	(5,715)	18,234
Less Allowances for impairment	(4,444)	(434)	1,161	(3,717)
Total Foreclosed Properties - net	15,087	3,984	(4,554)	14,517

(Million Baht)

Type of Foreclosed Properties	Consolidated			
	2002			
	Beginning Balance	Addition	Disposal	Ending Balance
1. Assets acquired through debt settlements				
1.1 Immovable assets	17,847	3,232	(3,016)	18,063
1.2 Movable assets	26	-	-	26
Total	17,873	3,232	(3,016)	18,089
2. Others	1,100	377	(35)	1,442
Total Foreclosed Properties	18,973	3,609	(3,051)	19,531
Less Allowances for impairment	(4,121)	(838)	515	(4,444)
Total Foreclosed Properties - net	14,852	2,771	(2,536)	15,087

(Million Baht)

Type of Foreclosed Properties	The Bank			
	2003			
	Beginning Balance	Addition	Disposal	Ending Balance
1. Assets acquired through debt settlements				
1.1 Immovable assets	14,701	2,895	(3,705)	13,891
1.2 Movable assets	26	2	-	28
Total	14,727	2,897	(3,705)	13,919
2. Others	376	90	(183)	283
Total Foreclosed Properties	15,103	2,987	(3,888)	14,202
Less Allowances for impairment	(4,034)	(446)	1,138	(3,342)
Total Foreclosed Properties - net	11,069	2,541	(2,750)	10,860

(Million Baht)

Type of Foreclosed Properties	The Bank			
	2002			
	Beginning Balance	Addition	Disposal	Ending Balance
1. Assets acquired through debt settlements				
1.1 Immovable assets	15,512	1,559	(2,370)	14,701
1.2 Movable assets	26	-	-	26
Total	15,538	1,559	(2,370)	14,727
2. Others	6	375	(5)	376
Total Foreclosed Properties	15,544	1,934	(2,375)	15,103
Less Allowances for impairment	(3,910)	(630)	506	(4,034)
Total Foreclosed Properties - net	11,634	1,304	(1,869)	11,069

## 14 Classified Assets

As of December 31, 2003 and 2002, assets of the Bank and its subsidiaries classified as investments, loans and accrued interest receivable (including financial institutions), or properties foreclosed or other assets were categorized by quality in compliance with BoT regulations, taking into account analyses of each loan and appraisals of the financial standing of each borrower, as follows:

(Million Baht)

	Consolidated				
	2003				
	Investments	Loans and Accrued Interest Receivables	Properties Foreclosed	Other Assets	Total
Normal	-	445,174	-	21	445,195
Special Mention	-	13,800	-	-	13,800
Sub-Standard	-	3,315	-	-	3,315
Doubtful	-	6,883	-	-	6,883
Loss	5,648	83,529	1,582	1,420	92,179
Total	5,648	552,701	1,582	1,441	561,372

(Million Baht)

	Consolidated				
	2002				
	Investments	Loans and Accrued Interest Receivables	Properties Foreclosed	Other Assets	Total
Normal	-	375,755	-	9	375,764
Special Mention	-	12,415	-	-	12,415
Sub-Standard	-	4,498	-	-	4,498
Doubtful	-	12,032	-	-	12,032
Loss	6,957	109,280	2,024	1,553	119,814
Total	6,957	513,980	2,024	1,562	524,523

(Million Baht)

	<b>The Bank</b>				
	<b>2003</b>				
	<b>Investments</b>	<b>Loans and Accrued Interest Receivables</b>	<b>Properties Foreclosed</b>	<b>Other Assets</b>	<b>Total</b>
Normal	-	452,506	-	-	452,506
Special Mention	-	12,236	-	-	12,236
Sub-Standard	-	3,315	-	-	3,315
Doubtful	-	6,856	-	-	6,856
Loss	3,664	58,474	1,360	1,339	64,837
Total	3,664	533,387	1,360	1,339	539,750

(Million Baht)

	<b>The Bank</b>				
	<b>2002</b>				
	<b>Investments</b>	<b>Loans and Accrued Interest Receivables</b>	<b>Properties Foreclosed</b>	<b>Other Assets</b>	<b>Total</b>
Normal	-	398,652	-	-	398,652
Special Mention	-	11,456	-	-	11,456
Sub-Standard	-	4,498	-	-	4,498
Doubtful	-	12,032	-	-	12,032
Loss	4,843	76,188	1,829	1,294	84,154
Total	4,843	502,826	1,829	1,294	510,792

## 15 Premises and Equipment

Changes in premises and equipment for the year to December 31, 2003 are summarized as follows:

(Million Baht)

	Consolidated												
	2003												
	Change of Cost			Change of Accumulated Depreciation			Change of Allowance for Impairment			Book Value			
Beginning Balance	Purchase/ Transfer in	Disposal/ Transfer out	Ending Balance	Beginning Balance	Depreciation	Disposal/ Transfer out	Ending Balance	Beginning Balance	Decrease	Ending Balance	Beginning Balance	Ending Balance	
<b>Land</b>													
Cost	2,991	-	(55)	2,936	-	-	-	-	492	(13)	479	2,499	2,457
Revalued cost in 2000	5,992	-	(35)	5,957	-	-	-	-	-	-	-	5,992	5,957
<b>Building</b>													
Cost	9,337	31	(65)	9,303	2,821	270	3,074	343	(9)	334	6,173	5,895	
Revalued cost													
- in 2000	4,903	-	(26)	4,877	1,805	147	1,937	-	-	-	3,098	2,940	
- in 2002	10	-	-	10	4	1	5	-	-	-	6	5	
<b>Equipment</b>	13,960	876	(239)	14,597	9,876	1,050	10,707	-	-	-	4,084	3,890	
<b>Others</b>	584	1,537	(960)	1,161	41	8	48	-	-	-	543	1,113	
<b>Total</b>	37,777	2,444	(1,380)	38,841	14,547	1,476	15,771	835	(22)	813	22,395	22,257	

Depreciation presented in the statement of income of the Bank and its subsidiaries for the years to December 31, 2003 and 2002, amounted to Baht 1,476 million and Baht 1,512 million, respectively (including depreciation on building revaluation of Baht 148 million and Baht 155 million, respectively). As of December 31, 2003 and 2002, premises and equipment with an original cost of Baht 7,005 million and Baht 6,309 million, respectively, were fully depreciated but still in use.

The Bank													
2003													
	Change of Cost			Change of Accumulated Depreciation				Change of Allowance for Impairment			Book Value		
	Beginning Balance	Purchase/ Transfer in	Disposal/ Transfer out	Ending Balance	Beginning Balance	Depreciation	Disposal/ Transfer out	Ending Balance	Beginning Balance	Decrease	Ending Balance	Beginning Balance	Ending Balance
<b>Land</b>													
Cost	2,895	-	(53)	2,842	-	-	-	-	473	(12)	461	2,422	2,381
Revalued cost in 2000	5,992	-	(35)	5,957	-	-	-	-	-	-	-	5,992	5,957
<b>Building</b>													
Cost	8,679	30	(49)	8,660	2,728	249	(16)	2,961	244	(4)	240	5,707	5,459
Revalued cost													
- in 2000	4,903	-	(26)	4,877	1,805	147	(15)	1,937	-	-	-	3,098	2,940
- in 2002	10	-	-	10	4	1	-	5	-	-	-	6	5
<b>Equipment</b>	13,915	858	(239)	14,534	9,861	1,031	(219)	10,673	-	-	-	4,054	3,861
<b>Others</b>	522	1,528	(956)	1,094	-	-	-	-	-	-	-	522	1,094
<b>Total</b>	36,916	2,416	(1,358)	37,974	14,398	1,428	(250)	15,576	717	(16)	701	21,801	21,697

Depreciation presented in the statement of income of the Bank for the years to December 31, 2003 and 2002, amounted to Baht 1,428 million and Baht 1,479 million, respectively (including depreciation on building revaluation of Baht 148 million and Baht 155 million, respectively). As of December 31, 2003 and 2002, premises and equipment with an original cost of Baht 6,964 million and Baht 6,278 million, respectively, were fully depreciated but still in use.

## 16 Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets as of December 31, 2003 and 2002 consisted of:

(Million Baht)

	Consolidated	
	2003	2002
Allowance for impairment of investments	13	13
Allowance for impairment of buildings	1	1
Allowance for doubtful accounts	22	-
Adjustment from operating leases to financial leases	7	-
Total	43	14

Deferred tax liabilities as of December 31, 2003 and 2002 consisted of:

(Million Baht)

	Consolidated and The Bank	
	2003	2002
Appraisal surplus	2,671	2,729
Revaluation surplus on investments	676	1,333
Total	3,347	4,062

## 17 Deposits

Deposits as of December 31, 2003 and 2002 were classified as follows:

- Classified by Type of Deposits

(Million Baht)

	Consolidated		The Bank	
	2003	2002	2003	2002
Current	36,048	26,499	36,292	26,978
Savings	339,873	281,959	339,905	282,087
Term				
- Less than 6 months	238,488	273,333	238,488	273,333
- 6 months and less than 1 year	5,679	5,903	5,679	5,903
- 1 year and over 1 year	64,858	63,699	64,858	63,699
Total	684,946	651,393	685,222	652,000



2. Classified by Maturity of Contracts

(Million Baht)

	Consolidated		The Bank	
	2003	2002	2003	2002
Within 1 year	676,843	638,654	677,119	639,261
Over 1 year	8,103	12,739	8,103	12,739
Total	684,946	651,393	685,222	652,000

3. Classified by Currencies and Residency of Depositors

(Million Baht)

	Consolidated					
	2003			2002		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	668,878	13,507	682,385	637,385	11,756	649,141
US Dollars	1,766	295	2,061	1,678	177	1,855
Other currencies	423	77	500	324	73	397
Total	671,067	13,879	684,946	639,387	12,006	651,393

(Million Baht)

	The Bank					
	2003			2002		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	669,154	13,507	682,661	637,992	11,756	649,748
US Dollars	1,766	295	2,061	1,678	177	1,855
Other currencies	423	77	500	324	73	397
Total	671,343	13,879	685,222	639,994	12,006	652,000

## 18 Interbank and Money Market Items (Liabilities)

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

(Million Baht)

	Consolidated					
	2003			2002		
	At call	Term	Total	At call	Term	Total
<b>1. Domestic</b>						
The BoT and FIDF	-	68	68	-	28	28
Commercial banks	369	205	574	444	-	444
Other banks	201	-	201	172	-	172
Finance, securities and credit foncier companies	3,535	81	3,616	878	97	975
Other financial institutions	617	1,036	1,653	1,577	2,053	3,630
Total Domestic	4,722	1,390	6,112	3,071	2,178	5,249
<b>2. Foreign</b>						
US Dollars	446	3	449	97	19	116
Yen	31	-	31	78	-	78
Pounds	2	-	2	-	-	-
Euro	8	-	8	-	-	-
Other currencies	499	-	499	250	-	250
Total Foreign	986	3	989	425	19	444
Total Domestic and Foreign	5,708	1,393	7,101	3,496	2,197	5,693

(Million Baht)

	The Bank					
	2003			2002		
	At call	Term	Total	At call	Term	Total
<b>1. Domestic</b>						
The BoT and FIDF	-	68	68	-	28	28
Commercial banks	369	-	369	444	-	444
Other banks	201	-	201	172	-	172
Finance, securities and credit foncier companies	3,535	81	3,616	878	97	975
Other financial institutions	617	1,036	1,653	1,577	2,053	3,630
Total Domestic	4,722	1,185	5,907	3,071	2,178	5,249
<b>2. Foreign</b>						
US Dollars	446	3	449	97	19	116
Yen	31	-	31	78	-	78
Pounds	2	-	2	-	-	-
Euro	8	-	8	-	-	-
Other currencies	499	-	499	250	-	250
Total Foreign	986	3	989	425	19	444
Total Domestic and Foreign	5,708	1,188	6,896	3,496	2,197	5,693

## 19 Long-term Borrowings

Long-term borrowings as of December 31, 2003 and 2002 consisted of:

(Million Baht)

	Consolidated and The Bank					
	2003			2002		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Subordinated Debentures (Note 20)	-	7,874	7,874	-	8,589	8,589
Subordinated Debentures cum Preferred Shares (Note 21)	19,967	-	19,967	19,967	-	19,967
Subordinated Debentures of the Thai Farmers Bank Pcl. No.2 (Note 21)	20,000	-	20,000	20,000	-	20,000
Subordinated Debentures of the KASIKORNBANK Pcl. No.3 (Note 21)	12,000	-	12,000	-	-	-
Total	51,967	7,874	59,841	39,967	8,589	48,556

## 20 Subordinated Debentures and Warrants

The Board of Directors, in its meeting on July 25, 1996, approved the issuance of US\$ 200 million in unsecured subordinated debentures, having a face value of US\$ 100,000 each, with a twenty-year maturity offered at a price of US\$ 98,997 each on August 21, 1996 carrying a 8.25 percent coupon rate payable semi-annually.

In addition, the second issuance of 100 million units of warrants having a six-year maturity, were offered to existing shareholders in the ratio of eight ordinary shares per warrant, at a price of Baht 25 each totaling Baht 2,500 million. Each warrant may be exercised quarterly through to maturity for a Baht 10 par value ordinary share at a price of Baht 200 per share. The subscription period ran from September 4-12, 1996. On August 20, 1999, the exercise price was adjusted to Baht 131.832 and the exercise ratio on ordinary shares was 1.51708 per warrant. The last exercise date was September 16, 2002 and expired warrants amounting to Baht 2,520 million have been presented in the financial statements as premiums on expired warrants.

A resolution was passed by the Extraordinary Meeting of Shareholders held on August 11, 1999 authorizing (i) the issuance and offering for sale of 50,000,000 units of warrants for ordinary shares of the Bank to the Bank's employees, except for directors, under a three-year scheme (ii) allocating 50,000,000 new ordinary shares from the increase of the authorized share capital, with a par value of Baht 10 each, to support the exercise of the warrants for ordinary shares of the Bank issued and offered for sale to Bank employees, except for directors, under the above scheme.

Warrants issued to Bank employees (except directors) consisted of:

Details of Warrants	Phase 1	Phase 2	Phase 3
1. Offering date	August 1-31, 2000	December 7-28, 2001	December 2-30, 2002
2. Maturity	five-year and four-month	five-year and one-day	five-year
3. Offering price	zero Baht	zero Baht	zero Baht
4. Right to exercise	1 warrant : 1 ordinary share	1 warrant : 1 ordinary share	1 warrant : 1 ordinary share
5. Exercise price	30 Baht	30 Baht	27.82 Baht
6. Exercise date (every last business day)	June and December	June and December	March , June , September and December
7. Term of exercise period	Dec. 28, 2001 - Dec. 30, 2005	Dec. 30, 2002 - Dec. 29, 2006	Dec. 30, 2003 - Dec. 30, 2007
8. Total offered	18,500,000 units	5,000,000 units	26,500,000 units
9. Total allocated	15,612,600 units	3,962,500 units	26,490,560 units
10. Total allocated and accepted	15,586,300 units	3,885,300 units	26,048,380 units

(Unit : Unit)

The movements of warrants during the year	Phase 1	Phase 2	Phase 3	Total
Beginning balance as of January 1, 2002	14,359,900	3,885,300	-	18,245,200
Add Warrant issued during the year	-	-	26,048,380	26,048,380
Less Exercised right terminated from employee's retirement	(546,000)	(591,900)	-	(1,137,900)
Ending balance as of December 31, 2002	13,813,900	3,293,400	26,048,380	43,155,680
Less Exercised	(5,045,940)	(739,720)	(2,670,872)	(8,456,532)
Less Exercised right terminated from employee's retirement	(522,200)	(131,560)	(229,980)	(883,740)
Ending balance as of December 31, 2003	8,245,760	2,422,120	23,147,528	33,815,408

## 21 Subordinated Debentures

### Subordinated Debentures cum Preferred Shares No. 1 (commonly referred to as "SLIPS")

On January 11, 1999, the Bank jointly and simultaneously issued 547,345 Class A Preferred Shares (the "Preferred Shares"), with a par value of Baht 10 per share and a liquidation preference of US\$ 1,000 per share, and 547,345 Subordinated Debentures Cum Preferred Shares of the Thai Farmers Bank Public Company Limited No. 1 ("Debentures #1"), with a face value of US\$ 1,000 per debenture, for total proceeds of US\$ 547,345,000 (Baht 19,999,986,300). These securities were purchased by The Preferred Shares-Subordinated Debentures of Thai Farmers Bank Plc. Fund (the "Fund") with the proceeds from the Fund's offering of Investment Units to institutional investors. The Bank and the Fund entered into a Master Investment Contract (the "Contract") that sets forth certain terms and conditions for the securities.

The Preferred Shares are noncumulative. The Bank must declare and pay a full dividend on the Preferred Shares if it declares and pays a dividend on ordinary shares of the Bank. The amount of the dividend on the Preferred Shares shall be limited to Baht 1 per share per annum if either the Bank continues to pay interest on the Debentures #1 in full or the liquidation preference of the Preferred Shares has been reduced to par as discussed below. If the Bank has not continued to pay interest in full on the Debentures #1, the dividend on the Preferred Shares shall be equal to the annual interest not paid on the Debentures #1. If the Bank does not declare and pay a dividend to ordinary shareholders and, therefore, is not required to pay a dividend on the Preferred Shares, the Bank still has the option to pay part or all of the dividends on the Preferred Shares if there are sufficient retained profits or not to pay any dividend. Upon a redemption of the Debentures #1, the liquidation preference of the Preferred Shares is reduced to par value and each Preferred Share shall be converted into one ordinary share of the Bank under the terms set forth in the Contract.

The Debentures #1 mature upon liquidation of the Bank. They are redeemable early at the option of the Bank, and upon approval of the Bank of Thailand, if the Debentures #1 and Preferred Shares no longer qualify as tier 1 capital of the Bank or if interest payments under the Debentures #1 are no longer deductible as an expense for income tax purposes. Otherwise, they are redeemable at the option of the Bank after five years. The Debentures #1 bear interest at a stated rate of 19.32% per annum payable semi-annually, though the effective interest rate is higher as discussed below. The Bank is only required to pay such interest if it would otherwise be required to pay dividends on the Preferred Shares. If the Bank is not required to pay interest, the Bank still may pay part or all of the interest at its option.

The Contract stipulates that, prior to redemption of the Debentures #1, the Preferred Shares may only be transferred to another person if the Fund simultaneously transfers the Debentures #1 to the same person and such person agrees to be bound by the Contract. Also under the Contract, the Fund and the Bank agree that, upon redemption of the Debentures #1, the liquidation preference of the Preferred Shares is reduced to par and each Preferred Share shall be converted into one ordinary share of the Bank. The Contract also effectively converts the Debentures #1 from a US\$ obligation to a Baht obligation by fixing the Baht equivalent exchange rate for interest payments and redemption to the exchange rate officially declared by the Bank of Thailand on the day immediately prior to the issue date of the Debentures #1. The resulting effective Baht denominated interest rate for the Debentures #1 is 23% per annum. Under the Contract, it is understood that redemption of the Debentures #1 by the Bank shall be deemed to be full payment to the Fund under the terms of the Debentures #1 and Preferred Shares as set forth in the prospectus and the Articles of Association, respectively.

#### **Subordinated Debentures No. 2**

Also on January 11, 1999, the Bank issued 20,000,000 Subordinated Debentures of the Thai Farmers Bank Public Company Limited No. 2 Due 2549 ("Debentures #2"), with a face value of Baht 1,000 per debenture, for total proceeds of Baht 20,000,000,000. The Debentures #2 mature seven years after the issue date. They are redeemable early at the option of the Bank, and upon approval of the Bank of Thailand, after five years. The Debentures #2 bear interest at 22.296175% per annum payable quarterly.

The Bank presented the transactions of the subordinated debentures cum preferred shares of Baht 19,999 million to conform with the Institute of Certified Accountants and Auditors of Thailand's third interpretation titled, "The Hybrid Financial Instruments," Issued by a Financial Institution. In this regard, the Bank presents the preferred shares and the premiums on preferred shares totaling Baht 33 million as a part of shareholders' equity, and presents the remaining Baht 19,967 million in a separate item under "Subordinated debentures cum preferred shares" as a part of liabilities. However the total amount of subordinated debentures cum preferred shares can be counted as tier 1 capital as permitted by the Bank of Thailand. The Debentures #2 of the Baht 20,000 million are presented as part of long-term borrowings.

#### **Subordinated Debentures No. 3**

The Board of Directors in its meeting on September 25, 2003 approved the issuance of the Subordinated Debentures in name certificates without security and non-convertible, having debenture holder represented in Thai Baht currency not exceeding Baht 12,000 million, with a maturity of no greater than 10 years in order to raise long-term funding at reasonable cost, to efficiently manage the interest rate risk and liquidity risk, as well as to strengthen the status of the Banks tier two capital funds. On October 16, 2003, the Bank issued the Subordinated Debentures of KASIKORNBANK PUBLIC COMPANY LIMITED No.3 Due A.D. 2013 in the amount of Baht 12,000 million, with a ten-year maturity. In accordance with certain terms and conditions and with the approval of the Bank of Thailand, the Bank may redeem the debentures before maturity as follows: (1) on the fifth anniversary of the issue date or any subsequent interest payment date after the fifth anniversary of the issue date; or (2) if the Bank can demonstrate that interest payments under the Debentures are no longer, or will no longer be, deductible as an expense for income tax purposes; or (3) in any other case as may be later stipulated by the Bank of Thailand. The debentures bear interest at the fixed interest rate for the first five years of 3.75 percent per annum and the fixed interest rate for the second five years of 4.25 percent per annum. Interest is payable quarterly.

### **The Early Redemption of the Subordinated Debentures cum Preferred Shares No. 1 (commonly referred to as “SLIPS”)**

The Board of Directors at its meeting on October 30, 2003, approved the early redemption on January 12, 2004, of the Subordinated Debentures cum Preferred Shares of the Thai Farmers Bank Public Company Limited No.1 Due upon Liquidation in the amount of Baht 19,999,986,300 and the Subordinated Debentures of the Thai Farmers Bank Public Company Limited No.2 Due A.D. 2006 in the amount of Baht 20,000,000,000 and approved any actions pertaining to the Redemption of the Instruments and the conversion of the Class A Preferred Shares into ordinary shares in accordance with the Bank's Articles of Association, Terms and Conditions of the Instruments, Agreements and relevant laws. The Bank obtained approval from the Bank of Thailand to proceed with the early redemption, subject to the condition that the ratio of capital funds to risk assets of the Bank shall not thereby become lower than 9% and that the Bank must comply with the Bank of Thailand's relevant letter.

## **22 Share Capital**

On July 11, 2003, the Bank registered the change in its paid-up share capital as a result of the increase in paid-up capital of 970,700 shares at Baht 10 par value, totaling Baht 9,707,000, from the exercise of warrants for ordinary shares, which were issued and offered for sale to Bank employees (except for directors). As of December 31, 2003, the Bank had total paid-up share capital of Baht 23,540,654,170 which consisted of 2,353,518,072 ordinary shares and 547,345 class preferred shares.

## **23 Capital Requirements**

The ratios of capital to assets (Capital Adequacy Ratio) as of December 31, 2003 and 2002 were calculated from the financial statements of the Bank and include the risk assets of the Bank's two subsidiary asset management companies as follows:

(Million Baht)

	<b>2003</b>	<b>2002</b>
Tier 1 Capital		
Issued and fully paid up share capital, premiums on share capital, warrants and premiums on warrants	78,586	78,557
Legal reserves	800	800
Other reserves	26,675	26,675
Net loss after appropriation	(69,157)	(83,029)
Subordinated debentures cum preferred shares	19,967	19,967
Total Tier 1 Capital	56,871	42,970
Tier 2 Capital		
Surplus on land revaluation	4,168	4,192
Surplus on premises revaluation	1,471	1,550
Surplus on marketable equity securities revaluation	272	-
Provision for normal assets	4,448	3,758
Subordinated debentures	27,845	20,561
Total Tier 2 Capital	38,204	30,061
Total Capital Requirements	95,075	73,031

The BoT's regulations requires that banks registered in Thailand maintain a ratio of capital fund to assets and contingencies of not less than 8.5% and that tier-1 capital must not be less than 4.25% of such assets and contingencies. Capital adequacy ratios maintained by the Bank were as follows:

	Percentage	
	2003	2002
Total Capital Requirements	17.48	14.34
Tier-1 Capital	10.46	8.44

## 24 Legal Reserve

According to Public Company Act, the Bank has to allocate at least 5 percent of its net income for the year, less accumulated net loss (if any), to capital reserves until this reserved capital is not less than 10 percent of authorized share capital, and under the provision of the Civil and Commercial Code of Thailand, subsidiary companies are required to set aside as a legal reserve at least 5 percent of their net income each time a dividend is declared until the reserve reaches 10 percent of authorized share capital. The reserve is not available for dividend distribution.

## 25 Other Reserves

The Bank allocates part of its net income for the year to become other reserves which are classified or considered to be general capital with no specific purpose.

## 26 Bad Debt and Doubtful Accounts (Reversal)

Bad debt and doubtful accounts (reversals) for each of the years to December 31, 2003 and 2002 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2003	2002	2003	2002
General customers	(12,785)	(3,481)	(10,560)	(3,726)
Financial institutions	(47)	177	(47)	177
Total	(12,832)	(3,304)	(10,607)	(3,549)
Kasikorn Factoring Co.,Ltd.	6	-	-	-
	(12,826)	(3,304)	(10,607)	(3,549)

## 27 Loss on Debt Restructuring

Loss on debt restructuring for each of the years to December 31, 2003 and 2002 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2003	2002	2003	2002
Net present value of cash flows lower than investments in receivables	3,357	(393)	2,825	(625)
Transferred assets lower than investments in receivables	10,103	4,620	8,370	4,174
Total	13,460	4,227	11,195	3,549



## 28 Income Tax

Income tax for each of the years to December 31, 2003 and 2002 consisted of:

(Million Baht)

	Consolidated		The Bank	
	2003	2002	2003	2002
Current income tax expense	94	39	-	-
Deferred income tax expense relating to the origination and reversal of temporary difference	(61)	(114)	(58)	(115)
Income tax expense	33	(75)	(58)	(115)

The Bank has deferred income tax, which has been transferred directly to shareholders' equity consisting of:

(Million Baht)

	Consolidated and The Bank	
	2003	2002
Deferred income tax relating to appraisal revaluation surplus decreased	(58)	(64)
Deferred income tax relating to changes in value of investment (decreased) increased	(657)	502

## 29 Assets Pledged as Collateral

Assets pledged as collateral as of December 31, 2003 and 2002 consisted of:

(Million Baht)

	Consolidated and The Bank	
	2003	2002
Government bonds	5	5
State enterprise bonds	28	28
Total	33	33

The Bank has pledged these assets as collateral for electricity consumption and using as court collateral.

### 30 Contingencies

Contingencies as of December 31, 2003 and 2002 consisted of:

(Million Baht)

	Consolidated					
	2003			2002		
	Baht	Foreign Currency	Total	Baht	Foreign Currency	Total
Avals on bills	459	-	459	261	-	261
Letters of indemnity - borrowing	69	5,009	5,078	140	6,190	6,330
Other guarantees	25,889	4,172	30,061	24,706	3,955	28,661
Letters of credit	493	9,503	9,996	380	8,496	8,876
Exchange rate agreements						
Purchase agreements	469	52,840	53,309	-	48,819	48,819
Sale agreements	-	191,447	191,447	324	172,211	172,535
Interest rate agreements						
Purchase agreements	2,000	21,743	23,743	-	11,559	11,559
Sale agreements	2,000	23,526	25,526	-	11,559	11,559
Credit Default Swap	-	792	792	-	-	-
Unused credit line of overdraft	105,176	-	105,176	103,353	-	103,353
Others	174	4,286	4,460	137	6,125	6,262
Total	136,729	313,318	450,047	129,301	268,914	398,215

(Million Baht)

	The Bank					
	2003			2002		
	Baht	Foreign Currency	Total	Baht	Foreign Currency	Total
Avals on bills	459	-	459	261	-	261
Letters of indemnity - borrowing	69	5,009	5,078	140	6,190	6,330
Other guarantees	25,891	4,118	30,009	24,706	3,955	28,661
Letters of credit	493	9,503	9,996	380	8,496	8,876
Exchange rate agreements						
Purchase agreements	469	52,840	53,309	-	48,819	48,819
Sale agreements	-	191,447	191,447	324	172,211	172,535
Interest rate agreements						
Purchase agreements	2,000	21,743	23,743	-	11,559	11,559
Sale agreements	2,000	23,526	25,526	-	11,559	11,559
Credit Default Swap	-	792	792	-	-	-
Unused credit line of overdraft	105,176	-	105,176	103,353	-	103,353
Others	174	4,286	4,460	137	6,125	6,262
Total	136,731	313,264	449,995	129,301	268,914	398,215

As a part of normal business operations, the Bank is a defendant in litigations against the Bank. These include cases of wrongful acts brought against the Bank, with total claims amounting to Baht 935 million and Baht 792 million as of December 31, 2003 and 2002, respectively. The Management believes that any liability resulting from these litigations will not be material to the Bank's financial position or on the results of operations.

### 31 Related Party Transactions

1. Loans and contingencies made to executive officers and to business entities where the Bank and its subsidiaries, their directors or executive officers, holds 10% or more of their paid-up capital, as of December 31, 2003 and 2002 are summarized as follows:

(Million Baht)

	Consolidated	
	2003	2002
	End of Year	End of Year
<b>Loans</b>		
1. Executive officers	20	24
2. Business entities where the Bank and subsidiaries, their directors or executive officers, hold 10% or more of the paid - up capital <sup>(1)</sup>	1,629	2,530
Total	1,649	2,554
<b>Contingencies</b>		
1. Executive officers	-	-
2. Business entities where the Bank and subsidiaries, their directors or executive officers, hold 10% or more of the paid - up capital	69	76
Total	69	76

(Million Baht)

	The Bank	
	2003	2002
	End of Year	End of Year
<b>Loans</b>		
1. Executive officers	20	24
2. Business entities where the Bank, its directors or executive officers, hold 10% or more of the paid - up capital	22,769	31,750
Total	22,789	31,774
<b>Contingencies</b>		
1. Executive officers	-	-
2. Business entities where the Bank, its directors or executive officers, hold 10% or more of the paid - up capital	72	76
Total	72	76

<sup>(1)</sup> Transactions occurring between the Bank and related business entities are charged at market price as with other normal business.

2. Related Party

Relationships between the Bank and other business entities where control exists consisted of:

Company Name	Type of Relationship	% Shareholding		Type of share	Type of Business
		December 31, 2003	December 31, 2002		
Phethai Asset Management Co., Ltd.	Subsidiary	99.99%	99.99%	Ordinary share	Asset Management
Ploy Asset Management Co., Ltd.	Subsidiary	99.99%	99.99%	Ordinary share	Asset Management
Kasikorn Research Center Co., Ltd.	Subsidiary	99.99%	99.99%	Ordinary share	Service
Progress Land and Buildings Co., Ltd.	Subsidiary	99.99%	99.99%	Ordinary share	Property Development
Kasikorn Factoring Co., Ltd.	Subsidiary	99.99%	20.00%	Ordinary share	Lending
Kanpai Co., Ltd.	Subsidiary	99.99%	99.99%	Ordinary share	Service
Progress Plus Co., Ltd.	Subsidiary	99.99%	99.99%	Ordinary share	Service
Progress Facilities Management Co., Ltd.	Subsidiary	99.98%	99.98%	Ordinary share	Service
Progress Services Co., Ltd.	Subsidiary	99.97%	99.97%	Ordinary share	Service
Progress Management Co., Ltd.	Subsidiary	99.93%	99.93%	Ordinary share	Service
Progress Storage Co., Ltd.	Subsidiary	99.98%	99.98%	Ordinary share	Service
Progress Appraisal Co., Ltd.	Subsidiary	99.84%	99.84%	Ordinary share	Service
Kasikorn Asset Management Co., Ltd.	Subsidiary	71.42%	71.42%	Ordinary share	Mutual Fund Management
Progress Software Co., Ltd.	Subsidiary	60.00%	60.00%	Ordinary share	Service
Thai Administration Services Co., Ltd.	Subsidiary	51.00%	51.00%	Ordinary share	Service

3. Significant transactions occurring between the Bank and related parties are summarized as follows:

(Million Baht)

	The Bank	
	December 31, 2003	December 31, 2002
<b>Loans</b>		
Subsidiary Companies		
Phethai Asset Management Co., Ltd.		
Beginning balance	16,850	20,600
Deductions	(5,000)	(3,750)
Ending balance	11,850	16,850
Ploy Asset Management Co., Ltd.		
Beginning balance	12,370	16,380
Deductions	(4,365)	(4,010)
Ending balance	8,005	12,370
<b>Accrued interest receivables</b>		
Subsidiary Companies		
- Phethai Asset Management Co., Ltd.	27	56
- Ploy Asset Management Co., Ltd.	5	8
<b>Deposits</b>		
Subsidiary Companies		
- Phethai Asset Management Co., Ltd.	115	322
- Ploy Asset Management Co., Ltd.	84	153

(Million Baht)

	<b>The Bank</b>	
	<b>For the Years Ended December 31</b>	
	<b>2003</b>	<b>2002</b>
<b>Interest income</b>		
Subsidiary Companies		
- Phethai Asset Management Co., Ltd.	204	391
- Ploy Asset Management Co., Ltd.	146	302

Loans to Phethai Asset Management Company Limited are 3-month bills with interest rates equal to the interest rate of a 3-month fixed deposit, on which deposits are pledged as collateral. As of December 31, 2003 and 2002, the pledged deposits were Baht 115 million and Baht 322 million, respectively.

Loans to Ploy Asset Management Company Limited are 3-month bills with interest rates equal to the interest rate of a 3-month fixed deposit, on which deposits are pledged as collateral. As of December 31, 2003 and 2002, the pledged deposits were Baht 84 million and Baht 153 million, respectively.

As of December 31, 2003 and 2002, the Bank has provided an allowance for doubtful accounts for Phethai Asset Management Company Limited, classified as normal loans, amounting to Baht 119 million and Baht 169 million, respectively.

As of December 31, 2003 and December 31, 2002, the Bank has provided an allowance for doubtful accounts for Ploy Asset Management Company Limited, classified as normal loans, amounting to Baht 80 million and Baht 124 million, respectively.

Income and expenses shared between the Bank, Phethai Asset Management Company Limited and Ploy Asset Management Company Limited are charged at cost, except for fee income, which is charged at market price.

The Bank has provided an allowance for doubtful accounts for related business entities using the same method as for general customers and in accordance with the BoT regulations.

4. Additional transactions occurring between the Bank and related business entities, which are charged at market value as with other normal business, are as follows:

1. Assets, liabilities and contingencies shared between the Bank, its subsidiaries and associated companies as of December 31, 2003 and 2002 are summarized as follows:

(Million Baht)

	Consolidated		The Bank	
	2003	2002	2003	2002
<b>Loans</b>				
Subsidiary Companies				
- Kasikorn Factoring Co., Ltd.	-	70	1,285	70
- Thai Administration Services Co., Ltd.	48	-	48	-
Associated Companies				
- E. S. Industry Co., Ltd.	325	325	325	325
(As a result of reversal of loans and allowance for doubtful accounts in 2002)				
<b>Deposits</b>				
Subsidiary Companies				
- Kasikorn Research Center Co., Ltd.	18	31	18	31
- Progress Appraisal Co., Ltd.	40	21	40	21
- Progress Land and Buildings Co., Ltd.	-	-	23	128
- Progress Software Co., Ltd.	22	34	22	34
- Thai Administration Services Co., Ltd.	5	41	5	41
- Kanpai Co., Ltd.	9	14	9	14
- Progress Plus Co., Ltd.	11	13	11	13
- Progress Service Co., Ltd.	16	1	16	1
- Progress Management Co., Ltd.	10	7	10	7
- Kasikorn Factoring Co., Ltd.	-	20	40	20
Associated Companies				
- Processing Center Co., Ltd.	56	19	56	19
<b>Interbank and Money Market Items (Liabilities)</b>				
Subsidiary Company				
- Kasikorn Asset Management Co., Ltd.	-	-	14	4
<b>Other Liabilities</b>				
Subsidiary Companies				
- Progress Software Co., Ltd.	40	20	40	20
- Progress Plus Co., Ltd.	21	16	21	16
<b>Contingencies</b>				
Subsidiary Company				
- Thai Administration Services Co., Ltd.	33	50	33	50
Associated Companies				
- E.S. Industry Co., Ltd.	16	16	16	16

Certain subsidiaries and associated companies have entered into 2-year building lease agreements. Rentals are charged at cost. As of December 31, 2003 and 2002, the Bank and its related parties had rental agreements with remaining tenures amounting to Baht 3 million and Baht 7 million, respectively.

2. Revenue and expenses occurring between the Bank, its subsidiaries and associated companies for each of the years to December 31, 2003 and 2002 are summarized as follows:

(Million Baht)

	<b>Consolidated</b>		<b>The Bank</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
Subsidiary Companies				
Revenue:				
Interest income	-	-	18	-
Dividend income	24	-	203	65
Fee income	1	-	66	47
Other Income	12	10	13	11
Expenses:				
Other expenses	974	665	974	666
Associated Companies				
Revenues:				
Interest income	-	5	-	5
Dividend income	4	3	4	3
Fee income	-	2	-	2
Expenses:				
Other expenses	36	33	36	33

3. Assets, liabilities and contingencies shared between the Bank and other business entities in which the directors, key executive officers and close members of their families have significant influence as of December 31, 2003 and 2002 are summarized as follows:

(Million Baht)

	<b>Consolidated and The Bank</b>	
	<b>2003</b>	<b>2002</b>
<b>Loans</b>		
- TT & T Public Co., Ltd.	2,425	2,557
- Siam Food Products Public Co., Ltd.	86	51
- Jutha Maritime Public Co., Ltd.	10	10
- Indo Worth (Thailand) Ltd.	44	24
- Charoen Pokhaphand Feedmill Public Co., Ltd.	100	3
<b>Deposits</b>		
- Sermsuk Public Co., Ltd.	262	385
- Sermsuk Y.H.S. Beverage Co., Ltd.	13	16
- Com - Link Co., Ltd.	60	228
- Muang Thai Life Assurance Co., Ltd.	257	234
- Siam Food Products Public Co., Ltd.	14	26
- Mitsubishi Elevator Asia Co., Ltd.	81	86
- Bangkok Glass Industry Co., Ltd.	20	65
- Thai British Security Printing Ltd.	46	36
- Punyariddhi Law Office Co., Ltd.	8	15
- TT & T Public Co., Ltd.	2,125	1,419
- Muangthai Holding Co., Ltd.	10	7
- Siam Motors Parts Co., Ltd.	18	8
- Samart Corporation Public Co., Ltd.	110	3
<b>Contingencies</b>		
- Dole Thailand Ltd.	71	87
- SermSuk Co., Ltd.	18	13
- Com - Link Co., Ltd.	59	59
- Thai British Security Printing Ltd.	22	21
- Siam Food Products Public Co., Ltd.	1,177	17
- Yip in Tsoi & Jacks Ltd.	19	11
- Bangkok Glass Industry Co., Ltd.	91	-



4. Assets, liabilities and contingencies shared between the Bank and its directors and key executive officers or the Bank's employees in which such persons have authority and responsibility for planning, directing and controlling the activities of the Bank as of December 31, 2003 and 2002 are summarized as follows:

(Million Baht)

	<b>Consolidated and The Bank</b>	
	<b>2003</b>	<b>2002</b>
Deposits	579	445

### 32 Benefits of Directors and Executives

The Bank and its subsidiary companies have not paid other benefits to directors and executives except for the benefits that are normally paid, such as directors' fees, directors' bonuses (if any) and income tax, executives' salary and bonuses (if any).

### 33 Long-term Lease Agreements

#### 1. Lease Agreement

As of December 31, 2003 and 2002, the Bank and its subsidiary companies have entered into land/building lease agreements for branch offices and for vehicles. The Bank and its subsidiary companies were committed to pay future rentals, which are summarized as follows:

(Million Baht)

<b>Type of Lease Agreement</b>	<b>Remaining of Period</b>	<b>Consolidated</b>	<b>The Bank</b>
		<b>2003</b>	<b>2003</b>
Land/building lease agreements	January 1, 2004 - October 17, 2027	368	368
Vehicle lease agreements	January 1, 2004 - November 30, 2007	399	377
Total		767	745

(Million Baht)

<b>Type of Lease Agreement</b>	<b>Remaining of Period</b>	<b>Consolidated</b>	<b>The Bank</b>
		<b>2002</b>	<b>2002</b>
Land/building lease agreements	January 1, 2003 - October 17, 2027	411	411
Vehicle lease agreements	January 1, 2003 - November 30, 2006	525	514
Total		936	925

#### 2. Service Agreement

On November 12, 2002, the Bank has entered into an Information Technology Service Agreement with IBM Thailand Co., Ltd., under which service will be provided until December 31, 2012 and for which, as of December 31, 2003, the Bank is committed to pay a total service fee of Baht 9,143 million.

### 34 Subsequent Events

On January 12, 2004, the Bank redeemed early the Subordinated Debentures cum Preferred Shares of the Thai Farmers Bank Public Company Limited No.1 in the amount of Baht 19,999,986,300 and the Subordinated Debentures of the Thai Farmers Bank Public Company Limited No.2 in the amount of Baht 20,000,000,000, the payment for which has been made to the Preferred Shares-Subordinated Debentures of Thai Farmers Bank Pcl. Fund. These preferred shares were converted to of 547,345 ordinary shares at the same date.

On January 9, 2004, the Bank registered a change in its paid-up capital as a result of the increase in paid-up capital of 7,485,832 shares at Baht 10 par value, totaling Baht 74,858,320, from the exercise of warrants for ordinary shares, which were issued and offered for sale to Bank employees, except for directors (Note 20); on January 13, 2004, the Bank also registered a change in its paid-up capital as a result of the conversion of Class A Preferred Shares into of 547,345 ordinary shares at Baht 10 par value, totaling Baht 5,473,450 (Note 21). The Bank has total paid-up share capital of Baht 23,615,512,490 representing 2,361,551,249 ordinary shares.

### 35 Chance of Accounting Procedure of the Asset Management Subsidiaries

In the accounting year 2003, the asset management subsidiaries accounted for the transfer of financial assets from investment in receivables to loans, in accordance with the Bank of Thailand's directive, dated December 3, 2002, "Re: Accounting procedures regarding purchasing or taking of transfer of loan debtors and supervision guidelines", which is applicable to financial statements for accounting periods ending on or after December 31, 2003 onwards, as follows ;

Investments in receivables, which were restructured, have been transferred to loans at the fair value on the transfer date, including loans restructured before the year 2003. The subsidiaries recognized interest income on loans on a cash basis in 2003, whereas previously they recognized interest income using the effective yield method.

The effects of the change in the accounting procedure of the asset management subsidiaries in the consolidated and separate financial statements of the Bank are summarized as follows:

(Million Baht)

	Consolidated	The Bank
<b>As of December 31, 2003</b>		
Decrease in long-term investments - net	6,939	-
Increase in investment in subsidiaries and associated companies - net	-	2,074
Increase in loans - net	12,251	-
<b>For the year ended December 31, 2003</b>		
Decrease in interest income on loans	(1,265)	-
Decrease in interest income from investments	(1,247)	-
Decrease in bad debt and doubtful accounts	2,008	-
Increase in gain on transfer of financial assets	2,578	-
Increase in share of profit from investments on equity method	-	2,074
Increase in net income	2,074	2,074
Increase in earnings per share	0.88	0.88

In accordance with the Bank of Thailand's notification, dated December 3, 2002, there is no requirement to apply this change in accounting procedure retroactively.

### 36 The Financial Position and Results of Operations Differentiated by Domestic and Overseas Business

The financial position and results of operations differentiated by domestic and foreign business can be summarized as follows:

#### 1. Financial Position Classified by Types of Business

(Million Baht)

	Consolidated				
	December 31, 2003				
	Domestic Business	Foreign Business	Total	Eliminated Transactions	Total
Total assets	810,873	20,470	831,343	(10,012)	821,331
Interbank and money market items - net (assets)	99,088	5,834	104,922	-	104,922
Investments - net	121,417	13,837	135,254	-	135,254
Loans	547,151	767	547,918	-	547,918
Deposits	684,874	72	684,946	-	684,946
Interbank and money market items (liabilities)	7,101	-	7,101	-	7,101
Borrowings	51,967	7,874	59,841	-	59,841
Contingencies	444,163	21,841	466,004	(15,957)	450,047

(Million Baht)

	Consolidated				
	December 31, 2002				
	Domestic Business	Foreign Business	Total	Eliminated Transactions	Total
Total assets	749,056	26,112	775,168	(14,386)	760,782
Interbank and money market items - net (assets)	89,581	5,259	94,840	-	94,840
Investments - net	144,963	19,901	164,864	-	164,864
Loans	505,259	944	506,203	-	506,203
Deposits	651,315	78	651,393	-	651,393
Interbank and money market items (liabilities)	5,693	-	5,693	-	5,693
Borrowings	39,967	8,589	48,556	-	48,556
Contingencies	395,106	20,674	415,780	(17,565)	398,215

(Million Baht)

	<b>The Bank</b>				
	<b>December 31, 2003</b>				
	<b>Domestic Business</b>	<b>Foreign Business</b>	<b>Total</b>	<b>Eliminated Transactions</b>	<b>Total</b>
Total assets	810,418	20,470	830,888	(10,012)	820,876
Interbank and money market items-net (assets)	98,810	5,834	104,644	-	104,644
Investments - net	126,927	13,838	140,765	-	140,765
Loans	529,323	767	530,090	-	530,090
Deposits	685,150	72	685,222	-	685,222
Interbank and money market items (liabilities)	6,896	-	6,896	-	6,896
Borrowings	51,967	7,874	59,841	-	59,841
Contingencies	444,111	21,841	465,952	(15,957)	449,995

(Million Baht)

	<b>The Bank</b>				
	<b>December 31, 2002</b>				
	<b>Domestic Business</b>	<b>Foreign Business</b>	<b>Total</b>	<b>Eliminated Transactions</b>	<b>Total</b>
Total assets	748,976	26,112	775,088	(14,386)	760,702
Interbank and money market items-net (assets)	89,514	5,259	94,773	-	94,773
Investments - net	138,868	19,901	158,769	-	158,769
Loans	495,582	943	496,525	-	496,525
Deposits	651,922	78	652,000	-	652,000
Interbank and money market items (liabilities)	5,693	-	5,693	-	5,693
Borrowings	39,967	8,589	48,556	-	48,556
Contingencies	395,106	20,674	415,780	(17,565)	398,215

## 2. Results of Operations Classified by Types of Business

(Million Baht)

	<b>Consolidated</b>				
	<b>For the Year Ended December 31, 2003</b>				
	<b>Domestic Business</b>	<b>Foreign Business</b>	<b>Total</b>	<b>Eliminated Transactions</b>	<b>Total</b>
Interest and dividend income	32,514	527	33,041	(256)	32,785
Interest expense	12,529	938	13,467	(256)	13,211
Net income (expense) from interest and dividend	19,985	(411)	19,574	-	19,574
Non-interest income	12,475	1,218	13,693	-	13,693
Non-interest expense	18,309	79	18,388	-	18,388
Income before income tax	14,151	728	14,879	-	14,879

(Million Baht)

	<b>Consolidated</b>				
	<b>For the Year Ended December 31, 2002</b>				
	<b>Domestic Business</b>	<b>Foreign Business</b>	<b>Total</b>	<b>Eliminated Transactions</b>	<b>Total</b>
Interest and dividend income	35,525	837	36,362	(453)	35,909
Interest expense	16,497	1,243	17,740	(453)	17,287
Net income (expense) from interest and dividend	19,028	(406)	18,622	-	18,622
Non-interest income	7,375	632	8,007	(11)	7,996
Non-interest expense	19,884	113	19,997	(11)	19,986
Income before income tax	6,519	113	6,632	-	6,632

(Million Baht)

	<b>The Bank</b>				
	<b>For the Year Ended December 31, 2003</b>				
	<b>Domestic Business</b>	<b>Foreign Business</b>	<b>Total</b>	<b>Eliminated Transactions</b>	<b>Total</b>
Interest and dividend income	30,765	527	31,292	(256)	31,036
Interest expense	12,509	938	13,447	(256)	13,191
Net income (expense) from interest and dividend	18,256	(411)	17,845	-	17,845
Non-interest income	12,969	1,218	14,187	-	14,187
Non-interest expense	17,197	79	17,276	-	17,276
Income before income tax	14,028	728	14,756	-	14,756

(Million Baht)

	<b>The Bank</b>				
	<b>For the Year Ended December 31, 2002</b>				
	<b>Domestic Business</b>	<b>Foreign Business</b>	<b>Total</b>	<b>Eliminated Transactions</b>	<b>Total</b>
Interest and dividend income	32,954	837	33,791	(453)	33,338
Interest expense	16,497	1,243	17,740	(453)	17,287
Net income (expense) from interest and dividend	16,457	(406)	16,051	-	16,051
Non-interest income	7,368	632	8,000	(11)	7,989
Non-interest expense	17,369	113	17,482	(11)	17,471
Income before income tax	6,456	113	6,569	-	6,569

## 37 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.

### Credit risk

Credit risk refers to the risk that a counterparty or a borrower may default on its contractual obligations and agreements. Such default may be caused by the counterparty's inability to pay due to financial encumbrances or their intention not to abide by the contractual agreements, resulting in a loss to the Bank.

The Bank has implemented credit risk management processes to measure and control credit risk. Through the use of credit risk rating tools for assessing customers' credit risk rating, the Bank is capable of granting better quality loans and is able to determine an appropriate return given the risk level of each loan. In addition, the Bank is able to allocate credit concentration to various business sectors and industries, so as to diversify credit risk as a whole. In the credit approval process, the Bank considers the customer's ability to repay and the loan objectives as key factors in the approval of credit and may obtain sufficient collateral or other securities, where appropriate, as a means of mitigating the risk of financial losses from default. To maximize the effectiveness of the credit approval process, credit analysis and approval functions are separated from the units responsible for maintaining customer relationships. The Bank also has processes for regularly reviewing customers' credit rating and performance on all approved transactions. For non-performing loans (NPL), the Bank has closely and continuously monitored, resolved and/or restructured them to retain maximum benefits for the organization.

Of the "loans" item shown in the balance sheet, the Bank's maximum credit loss is the carrying amount of net loans after deduction of applicable provision for losses without considering the value of collateral. In addition, credit risk may arise from off-balance sheet items or contingencies.

### Market risk

Market risk is any risk due to changes in interest rates, foreign exchange rates or securities prices that will have an effect on the Bank's funding costs, investment position or foreign currency position, resulting in possible loss to the Bank. Market risk for the Bank can be categorized as interest rate risk, foreign exchange risk and equity position risk.

#### 1. Interest rate risk

Interest rate risk refers to any risk that arises from changes in interest rates which may affect the value of the Bank's financial instruments or may cause volatility in the Bank's earnings or fluctuations in the value of the Bank's financial assets and liabilities, both in the current reporting period and in future years. Interest rate risk also arises from the structure and characteristics of the Bank's assets, liabilities and equities.

Most of the Bank's credit is based on the Bank's floating interest rates (MLR, MOR and MRR). Deposit interest rates are in line with the announcements made by the Bank. As a result, the interest rate risk faced by the Bank is generally low. However, the Bank actively manages such risk by adjusting its asset and liability structure in order to maximize returns under the acceptable risk levels in order to the best fit current market conditions and trends. Management of interest rate risk is under the supervision of the Bank's Asset and Liability Management Sub-Committee.

An analysis of loans (including financial institutions) at fixed and floating interest rates (MLR, MOR and MRR) as of December 31, 2003 and 2002 is as follows:

(Million Baht)

	Consolidated		The Bank	
	2003	2002	2003	2002
Fixed interest rate	118,160	80,871	123,733	104,534
Floating interest rate	431,571	429,697	408,170	396,356
Total Loans (including financial institutions)	549,731	510,568	531,903	500,890

The following are interest-bearing financial assets and liabilities of the Bank and its subsidiaries, the average balances of which are calculated by using beginning and ending balances. The average interest and dividend rates during the years to December 31, 2003 and 2002 is as follows:

(Million Baht)

	Consolidated					
	2003			2002		
	Average Balance	Interest and Dividend Income/Expense	Average Rate (%)	Average Balance	Interest and Dividend Income/Expense	Average Rate (%)
Interest-bearing Financial Assets						
Interbank and money market items	100,502	1,685	1.68	130,303	3,175	2.44
Securities purchased under resale agreements	25,055	566	2.26	11,050	403	3.65
Investments	153,740	4,414	2.87	148,011	6,430	4.34
Loans	527,061	26,121	4.96	491,345	25,900	5.27
Total	806,358	32,786	4.07	780,709	35,908	4.60
Interest-bearing Liabilities						
Deposits	668,170	7,747	1.16	657,962	11,812	1.80
Interbank and money market items	6,397	227	3.54	9,758	300	3.07
Securities sold under repurchase agreements	1,363	6	0.44	1,030	11	1.05
Borrowings	54,199	5,232	9.65	48,652	5,163	10.61
Total	730,129	13,212	1.81	717,402	17,286	2.41

(Million Baht)

	The Bank					
	2003			2002		
	Average Balance	Interest and Dividend Income/Expense	Average Rate (%)	Average Balance	Interest and Dividend Income/Expense	Average Rate (%)
Interest-bearing Financial Assets						
Interbank and money market items	100,330	1,682	1.68	130,014	3,172	2.44
Securities purchased under resale agreements	25,055	566	2.26	11,050	403	3.65
Investments	150,444	4,405	2.93	137,384	4,756	3.46
Loans	513,308	24,383	4.75	481,333	25,007	5.20
Total	789,137	31,036	3.93	759,781	33,338	4.39
Interest-bearing Liabilities						
Deposits	668,611	7,747	1.16	658,423	11,812	1.79
Interbank and money market items	6,295	206	3.27	9,762	300	3.07
Securities sold under repurchase agreements	1,363	6	0.44	1,030	11	1.05
Borrowings	54,199	5,232	9.65	48,652	5,163	10.61
Total	730,468	13,191	1.81	717,867	17,286	2.41

Financial assets and liabilities, classified by maturity of interest repricing, as of December 31, 2003 and 2002 are shown below:

(Million Baht)

	Consolidated							
	2003							
	Immediate Repricing	Less than 6 months	6 months to 1 Year	Over 1 Year	Over 5 Years	Non-interest Bearing	Stop Accrued	Total
<b>Financial Assets</b>								
Cash	-	-	-	-	-	18,699	-	18,699
Interbank and money market items	1,663	7,916	83,800	60	-	11,493	588	105,520
Securities purchased under resale agreements	-	31,710	-	-	-	-	-	31,710
Investments	15,012	20,082	26,442	58,681	5,450	6,749	6,875	139,291
Loans	306,092	47,246	3,867	32,516	8,069	909	149,219	547,918
Accrued interest receivable	-	-	-	-	-	2,971	-	2,971
Customers' liability under acceptances	-	-	-	-	-	676	-	676
Accrued income receivable	-	-	-	-	-	1,671	-	1,671
Other assets	-	-	-	-	-	2,699	-	2,699
<b>Total Financial Assets</b>	<b>322,767</b>	<b>106,954</b>	<b>114,109</b>	<b>91,257</b>	<b>13,519</b>	<b>45,867</b>	<b>156,682</b>	<b>851,155</b>
<b>Financial Liabilities</b>								
Deposits	339,806	273,617	27,305	8,103	-	36,115	-	684,946
Interbank and money market items	1,117	146	1,113	-	-	4,725	-	7,101
Liabilities payable on demand	-	-	-	-	-	7,042	-	7,042
Borrowings	-	39,967	-	-	19,874	-	-	59,841
Bank's liability under acceptances	-	-	-	-	-	676	-	676
Accrued interest payable	-	-	-	-	-	2,564	-	2,564
Other liabilities	-	-	-	-	-	1,626	-	1,626
<b>Total Financial Liabilities</b>	<b>340,923</b>	<b>313,730</b>	<b>28,418</b>	<b>8,103</b>	<b>19,874</b>	<b>52,748</b>	<b>-</b>	<b>763,796</b>
On-balance sheet items	(18,156)	(206,776)	85,691	83,154	(6,355)	(6,881)	156,682	87,359
<b>Off-balance sheet items</b>								
Forward exchange contracts	-	-	-	-	-	243,796	-	243,796
Cross currency swaps	-	158	-	802	-	-	-	960
Interest rate swaps	-	14,271	2,974	-	-	14,779	-	32,024
Credit default swap	-	-	-	-	-	792	-	792
<b>Total off-balance sheet items</b>	<b>-</b>	<b>14,429</b>	<b>2,974</b>	<b>802</b>	<b>-</b>	<b>259,367</b>	<b>-</b>	<b>277,572</b>



	Consolidated							Total
	2002							
	Immediate Repricing	Less than 6 months	6 months to 1 Year	Over 1 Year	Over 5 Years	Non-interest Bearing	Stop Accrued	
<b>Financial Assets</b>								
Cash	-	-	-	-	-	9,764	-	9,764
Interbank and money market items	3,758	54,608	31,135	130	-	4,850	1,003	95,484
Securities purchased under resale agreements	-	18,400	-	-	-	-	-	18,400
Investments	15,241	38,055	4,487	69,689	16,632	8,502	15,583	168,189
Loans	256,679	36,928	1,425	15,510	9,973	1,079	184,609	506,203
Accrued interest receivable	-	-	-	-	-	3,410	-	3,410
Customers' liability under acceptances	-	-	-	-	-	597	-	597
Accrued income receivable	-	-	-	-	-	1,950	-	1,950
Other assets	-	-	-	-	-	138	-	138
<b>Total Financial Assets</b>	<b>275,678</b>	<b>147,991</b>	<b>37,047</b>	<b>85,329</b>	<b>26,605</b>	<b>30,290</b>	<b>201,195</b>	<b>804,135</b>
<b>Financial Liabilities</b>								
Deposits	282,026	304,025	26,171	12,739	-	26,432	-	651,393
Interbank and money market items	1,522	174	2,023	-	-	1,974	-	5,693
Liabilities payable on demand	-	-	-	-	-	3,423	-	3,423
Borrowings	-	-	-	20,000	28,556	-	-	48,556
Bank's liability under acceptances	-	-	-	-	-	597	-	597
Accrued interest payable	-	-	-	-	-	3,030	-	3,030
Other liabilities	-	-	-	-	-	884	-	884
<b>Total Financial Liabilities</b>	<b>283,548</b>	<b>304,199</b>	<b>28,194</b>	<b>32,739</b>	<b>28,556</b>	<b>36,340</b>	<b>-</b>	<b>713,576</b>
On-balance sheet items	(7,870)	(156,208)	8,853	52,590	(1,951)	(6,050)	201,195	90,559
<b>Off-balance sheet items</b>								
Forward exchange contracts	-	-	-	-	-	220,727	-	220,727
Cross currency swaps	-	-	-	627	-	-	-	627
Interest rate swaps	-	8,648	-	2,911	-	-	-	11,559
<b>Total off-balance sheet items</b>	<b>-</b>	<b>8,648</b>	<b>-</b>	<b>3,538</b>	<b>-</b>	<b>220,727</b>	<b>-</b>	<b>232,913</b>

	The Bank							
	2003							
	Immediate Repricing	Less than 6 months	6 months to 1 Year	Over 1 Year	Over 5 Years	Non- interest Bearing	Stop Accrued	Total
<b>Financial Assets</b>								
Cash	-	-	-	-	-	18,699	-	18,699
Interbank and money market items	1,461	7,830	83,801	60	-	11,503	588	105,243
Securities purchased under resale agreements	-	31,710	-	-	-	-	-	31,710
Investments	15,012	19,598	26,442	58,499	5,450	15,649	1,256	141,906
Loans	306,977	65,971	3,803	32,418	8,069	909	111,943	530,090
Accrued interest receivable	-	-	-	-	-	1,485	-	1,485
Customers' liability under acceptances	-	-	-	-	-	676	-	676
Accrued income receivable	-	-	-	-	-	1,597	-	1,597
Other assets	-	-	-	-	-	2,664	-	2,664
<b>Total Financial Assets</b>	<b>323,450</b>	<b>125,109</b>	<b>114,046</b>	<b>90,977</b>	<b>13,519</b>	<b>53,182</b>	<b>113,787</b>	<b>834,070</b>
<b>Financial Liabilities</b>								
Deposits	340,046	273,617	27,305	8,103	-	36,151	-	685,222
Interbank and money market items	942	216	1,013	-	-	4,725	-	6,896
Liabilities payable on demand	-	-	-	-	-	7,042	-	7,042
Borrowings	-	39,967	-	-	19,874	-	-	59,841
Bank's liability under acceptances	-	-	-	-	-	676	-	676
Accrued interest payable	-	-	-	-	-	2,564	-	2,564
Other liabilities	-	-	-	-	-	1,532	-	1,532
<b>Total Financial Liabilities</b>	<b>340,988</b>	<b>313,800</b>	<b>28,318</b>	<b>8,103</b>	<b>19,874</b>	<b>52,690</b>	<b>-</b>	<b>763,773</b>
On-balance sheet items	(17,538)	(188,691)	85,728	82,874	(6,355)	492	113,787	70,297
<b>Off-balance sheet items</b>								
Forward exchange contracts	-	-	-	-	-	243,796	-	243,796
Cross currency swaps	-	158	-	802	-	-	-	960
Interest rate swaps	-	14,271	2,974	-	-	14,779	-	32,024
Credit default swap	-	-	-	-	-	792	-	792
<b>Total off-balance sheet items</b>	<b>-</b>	<b>14,429</b>	<b>2,974</b>	<b>802</b>	<b>-</b>	<b>259,367</b>	<b>-</b>	<b>277,572</b>

	The Bank							Total
	2002							
	Immediate Repricing	Less than 6 months	6 months to 1 Year	Over 1 Year	Over 5 Years	Non-interest Bearing	Stop Accrued	
<b>Financial Assets</b>								
Cash	-	-	-	-	-	9,764	-	9,764
Interbank and money market items	3,686	54,608	31,135	130	-	4,855	1,003	95,417
Securities purchased under resale agreements	-	18,400	-	-	-	-	-	18,400
Investments	15,240	37,666	4,487	69,501	16,632	14,197	1,258	158,981
Loans	256,679	66,148	1,425	15,510	9,973	1,079	145,711	496,525
Accrued interest receivable	-	-	-	-	-	1,934	-	1,934
Customers' liability under acceptances	-	-	-	-	-	597	-	597
Accrued income receivable	-	-	-	-	-	1,884	-	1,884
Other assets	-	-	-	-	-	120	-	120
<b>Total Financial Assets</b>	<b>275,605</b>	<b>176,822</b>	<b>37,047</b>	<b>85,141</b>	<b>26,605</b>	<b>34,430</b>	<b>147,972</b>	<b>783,622</b>
<b>Financial Liabilities</b>								
Deposits	282,154	304,025	26,171	12,739	-	26,911	-	652,000
Interbank and money market items	1,522	174	2,023	-	-	1,974	-	5,693
Liabilities payable on demand	-	-	-	-	-	3,423	-	3,423
Borrowings	-	-	-	20,000	28,556	-	-	48,556
Bank's liability under acceptances	-	-	-	-	-	597	-	597
Accrued interest payable	-	-	-	-	-	3,030	-	3,030
Other liabilities	-	-	-	-	-	621	-	621
<b>Total Financial Liabilities</b>	<b>283,676</b>	<b>304,199</b>	<b>28,194</b>	<b>32,739</b>	<b>28,556</b>	<b>36,556</b>	<b>-</b>	<b>713,920</b>
On-balance sheet items	(8,071)	(127,377)	8,853	52,402	(1,951)	(2,126)	147,972	69,702
<b>Off-balance sheet items</b>								
Forward exchange contracts	-	-	-	-	-	220,727	-	220,727
Cross currency swaps	-	-	-	627	-	-	-	627
Interest rate swaps	-	8,648	-	2,911	-	-	-	11,559
<b>Total off-balance sheet items</b>	<b>-</b>	<b>8,648</b>	<b>-</b>	<b>3,538</b>	<b>-</b>	<b>220,727</b>	<b>-</b>	<b>232,913</b>

## 2. Foreign exchange risk

Foreign exchange risk is the risk that occurs from changes in exchange rates which may affect the value of the Bank's financial instruments or may cause volatility in the Bank's earnings or fluctuations in the value of the Bank's assets and liabilities.

The Bank engages in foreign exchange related transactions, which may create foreign exchange risk. However, the Bank believes that such risk is low, as most foreign currency transactions are protected by customers' underlying transactions. The Bank's policy is to minimize foreign exchange risk by closing its foreign exchange position on a daily basis. Management of foreign exchange risk is under the supervision of the Asset and Liability Management Sub-Committee.

The Bank and its subsidiaries' foreign currency position, as of December 31, 2003 and 2002 were as follows:

(Million Baht)

	<b>Consolidated</b>					
	<b>2003</b>					
	<b>Currency</b>					
	<b>US Dollar</b>	<b>Yen</b>	<b>Pounds</b>	<b>Euro</b>	<b>Others</b>	<b>Total</b>
<b>Assets</b>						
Cash	92	9	6	72	36	215
Interbank and money market items - net	101,526	21	10	49	52	101,658
Investments - net	25,885	333	-	-	-	26,218
Loans and accrued interest receivables - net	17,943	861	123	1,182	431	20,540
Accrued income receivables	304	3	-	-	-	307
Other assets	87	-	1	-	-	88
Total assets	145,837	1,227	140	1,303	519	149,026
<b>Liabilities</b>						
Deposits	2,061	259	40	155	46	2,561
Interbank and money market items	449	31	2	8	499	989
Borrowing	7,874	-	-	-	-	7,874
Accrued interest payables	236	-	-	-	-	236
Other liabilities	43	9	16	10	31	109
Total liabilities	10,663	299	58	173	576	11,769
Foreign currency position of						
on-balance items - net	135,174	928	82	1,130	(57)	137,257
Off-balance sheet items - net						
(Forward exchange contracts and cross currency swaps)	(135,824)	(915)	(62)	(1,094)	(324)	(138,219)

(Million Baht)

	<b>Consolidated</b>					
	<b>2002</b>					
	<b>Currency</b>					
	<b>US Dollar</b>	<b>Yen</b>	<b>Pounds</b>	<b>Euro</b>	<b>Others</b>	<b>Total</b>
<b>Assets</b>						
Cash	80	14	8	91	36	229
Interbank and money market items - net	86,792	-	2	41	58	86,893
Investments - net	32,773	324	-	-	-	33,097
Loans and accrued interest receivables - net	17,695	677	174	711	368	19,625
Accrued income receivables	477	3	-	-	-	480
Other assets	62	3	-	-	5	70
Total assets	137,879	1,021	184	843	467	140,394
<b>Liabilities</b>						
Deposits	1,855	224	34	111	28	2,252
Interbank and money market items	116	78	8	38	204	444
Borrowing	8,589	-	-	-	-	8,589
Accrued interest payables	258	-	-	-	-	258
Other liabilities	260	10	2	5	41	318
Total liabilities	11,078	312	44	154	273	11,861
Foreign currency position of on-balance items - net	126,801	709	140	689	194	128,533
Off-balance sheet items - net (Forward exchange contracts and cross currency swaps)	(121,326)	(1,021)	(157)	(726)	(597)	(123,827)

(Million Baht)

	<b>The Bank</b>					
	<b>2003</b>					
	<b>Currency</b>					
	<b>US Dollar</b>	<b>Yen</b>	<b>Pounds</b>	<b>Euro</b>	<b>Others</b>	<b>Total</b>
<b>Assets</b>						
Cash	92	9	6	72	36	215
Interbank and money market items - net	101,526	21	10	49	52	101,658
Investments - net	25,885	333	-	-	-	26,218
Loans and accrued interest receivables - net	17,943	861	123	1,182	431	20,540
Accrued income receivables	304	3	-	-	-	307
Other assets	87	-	1	-	-	88
Total assets	145,837	1,227	140	1,303	519	149,026
<b>Liabilities</b>						
Deposits	2,061	259	40	155	46	2,561
Interbank and money market items	449	31	2	8	499	989
Borrowing	7,874	-	-	-	-	7,874
Accrued interest payables	236	-	-	-	-	236
Other liabilities	43	9	14	10	31	107
Total liabilities	10,663	299	56	173	576	11,767
Foreign currency position of on-balance items - net	135,174	928	84	1,130	(57)	137,259
Off-balance sheet items - net (Forward exchange contracts and cross currency swaps)	(135,824)	(915)	(62)	(1,094)	(324)	(138,219)

(Million Baht)

	<b>The Bank</b>					
	<b>2002</b>					
	<b>Currency</b>					
	<b>US Dollar</b>	<b>Yen</b>	<b>Pounds</b>	<b>Euro</b>	<b>Others</b>	<b>Total</b>
<b>Assets</b>						
Cash	80	14	8	91	36	229
Interbank and money market items - net	86,792	-	2	41	58	86,893
Investments - net	32,773	324	-	-	-	33,097
Loans and accrued interest receivables - net	17,695	677	174	711	368	19,625
Accrued income receivables	477	3	-	-	-	480
Other assets	62	3	-	-	5	70
Total assets	137,879	1,021	184	843	467	140,394
<b>Liabilities</b>						
Deposits	1,855	224	34	111	28	2,252
Interbank and money market items	116	78	8	38	204	444
Borrowing	8,589	-	-	-	-	8,589
Accrued interest payables	258	-	-	-	-	258
Other liabilities	260	10	-	5	41	316
Total liabilities	11,078	312	42	154	273	11,859
Foreign currency position of on-balance items - net	126,801	709	142	689	194	128,535
Off-balance sheet items - net (Forward exchange contracts and cross currency swaps)	(121,326)	(1,021)	(157)	(726)	(597)	(123,827)

### 3. Equity position risk

Equity position risk is any risk that arises from changes in the price of equities or common stock that may cause volatility in the Bank's earnings or fluctuations in the value of the Bank's financial assets.

The Bank's policy is not to increase its equity investments, but to divest any equity position that is not directly related to its main banking business. The Bank manages and monitors market situations closely in order to acquire supportive information for proper management and retain maximum benefits for the Bank.

### Liquidity risk

Liquidity risk is the risk that the Bank may not be able to meet its obligations as they fall due, because of inability to realise its assets or to cover funding requirements at an appropriate price which results in a loss to the Bank.

The Bank manages its liquidity position under the Bank of Thailand's liquidity reserve regulation and other applicable regulations. The Treasury Department is accountable for managing the Bank's liquidity position by providing short-term and long-term funding sources as well as investing in highly liquid assets in both domestic and foreign currencies. The Bank also ensures that its liquidity position is suitable and sufficient for the current and foreseeable market conditions. The Asset and Liabilities Management Sub-Committee supervise management of liquidity risk.

A maturity analysis of financial assets and liabilities and off-balance sheet items as of December 31, 2003 and 2002 is shown as follows:

	Consolidated						
	2003						
	At call	Less than 6 months	6 months to 1 Year	Over 1 Year	Over 5 Years	No Maturity	Total
<b>Financial Assets</b>							
Cash	-	-	-	-	-	18,699	18,699
Interbank and money market items	5,273	88,696	11,490	60	-	1	105,520
Securities purchased under resale agreements	-	31,710	-	-	-	-	31,710
Investments	4,629	19,807	26,815	65,971	16,238	5,831	139,291
Loans	183,956	161,910	11,288	80,232	110,532	-	547,918
Accrued interest receivables	-	2,971	-	-	-	-	2,971
Customers' liability under acceptance	-	676	-	-	-	-	676
Accrued income receivables	-	1,671	-	-	-	-	1,671
Other assets	-	-	-	-	-	2,699	2,699
<b>Total Financial Assets</b>	<b>193,858</b>	<b>307,441</b>	<b>49,593</b>	<b>146,263</b>	<b>126,770</b>	<b>27,230</b>	<b>851,155</b>
<b>Financial Liabilities</b>							
Deposits	375,921	273,617	27,305	8,103	-	-	684,946
Interbank and money market items	5,842	146	1,113	-	-	-	7,101
Liability payable on demand	7,042	-	-	-	-	-	7,042
Borrowings	-	39,967	-	-	19,874	-	59,841
Bank's liability under acceptances	-	676	-	-	-	-	676
Accrued interest payables	87	777	131	1,238	331	-	2,564
Other liabilities	-	-	-	-	-	1,626	1,626
<b>Total Financial Liabilities</b>	<b>388,892</b>	<b>315,183</b>	<b>28,549</b>	<b>9,341</b>	<b>20,205</b>	<b>1,626</b>	<b>763,796</b>
Liquidity - net	(195,034)	(7,742)	21,044	136,922	106,565	25,604	87,359
<b>Off-balance sheet items</b>							
Avals on bills	-	459	-	-	-	-	459
Letter of indemnity borrowings	393	61	64	788	71	3,701	5,078
Other guarantees	3,381	6,025	5,488	1,823	7	13,337	30,061
Letter of credit	-	9,996	-	-	-	-	9,996
Forward exchange contracts	-	224,101	19,618	77	-	-	243,796
Cross currency swaps	-	-	-	960	-	-	960
Interest rate swaps	-	-	11,332	17,148	3,544	-	32,024
Credit default swap	-	-	-	792	-	-	792
<b>Total off-balance sheet items</b>	<b>3,774</b>	<b>240,642</b>	<b>36,502</b>	<b>21,588</b>	<b>3,622</b>	<b>17,038</b>	<b>323,166</b>



	Consolidated						
	2002						
	At call	Less than 6 months	6 months to 1 Year	Over 1 Year	Over 5 Years	No Maturity	Total
<b>Financial Assets</b>							
Cash	-	-	-	-	-	9,764	9,764
Interbank and money market items	8,280	55,450	31,134	251	198	171	95,484
Securities purchased under resale agreements	-	18,400	-	-	-	-	18,400
Investments	10,085	40,798	5,537	72,833	31,030	7,906	168,189
Loans	211,370	120,456	5,477	74,385	94,515	-	506,203
Accrued interest receivables	-	3,410	-	-	-	-	3,410
Customers' liability under acceptances	-	597	-	-	-	-	597
Accrued income receivables	-	1,950	-	-	-	-	1,950
Other assets	-	-	-	-	-	138	138
<b>Total Financial Assets</b>	<b>229,735</b>	<b>241,061</b>	<b>42,148</b>	<b>147,469</b>	<b>125,743</b>	<b>17,979</b>	<b>804,135</b>
<b>Financial Liabilities</b>							
Deposits	308,458	304,025	26,171	12,739	-	-	651,393
Interbank and money market items	3,496	174	2,023	-	-	-	5,693
Liability payable on demand	3,423	-	-	-	-	-	3,423
Borrowings	-	-	-	20,000	8,589	19,967	48,556
Bank's liability under acceptances	-	597	-	-	-	-	597
Accrued interest payables	-	2,641	197	192	-	-	3,030
Other liabilities	-	-	-	-	-	884	884
<b>Total Financial Liabilities</b>	<b>315,377</b>	<b>307,437</b>	<b>28,391</b>	<b>32,931</b>	<b>8,589</b>	<b>20,851</b>	<b>713,576</b>
Liquidity - net	(85,642)	(66,376)	13,757	114,538	117,154	(2,872)	90,559
<b>Off-balance sheet items</b>							
Avals on bills	-	261	-	-	-	-	261
Letter of indemnity borrowings	433	57	56	723	287	4,774	6,330
Other guarantees	3,187	5,559	5,576	2,194	6	12,139	28,661
Letter of credit	-	8,876	-	-	-	-	8,876
Forward exchange contracts	-	209,069	11,442	216	-	-	220,727
Cross currency swaps	-	-	-	627	-	-	627
Interest rate swaps	-	8,648	-	2,911	-	-	11,559
<b>Total off-balance sheet items</b>	<b>3,620</b>	<b>232,470</b>	<b>17,074</b>	<b>6,671</b>	<b>293</b>	<b>16,913</b>	<b>277,041</b>

	The Bank						
	2003						
	At call	Less than 6 months	6 months to 1 Year	Over 1 Year	Over 5 Years	No Maturity	Total
<b>Financial Assets</b>							
Cash	-	-	-	-	-	18,699	18,699
Interbank and money market items	5,081	88,611	11,490	60	-	1	105,243
Securities purchased under resale agreements	-	31,710	-	-	-	-	31,710
Investments	803	19,322	26,723	65,689	14,522	14,847	141,906
Loans	171,920	179,822	10,172	76,501	91,675	-	530,090
Accrued interest receivables	-	1,485	-	-	-	-	1,485
Customers' liability under acceptances	-	676	-	-	-	-	676
Accrued income receivables	-	1,597	-	-	-	-	1,597
Other assets	-	-	-	-	-	2,664	2,664
<b>Total Financial Assets</b>	<b>177,804</b>	<b>323,223</b>	<b>48,385</b>	<b>142,250</b>	<b>106,197</b>	<b>36,211</b>	<b>834,070</b>
<b>Financial Liabilities</b>							
Deposits	376,197	273,617	27,305	8,103	-	-	685,222
Interbank and money market items	5,667	216	1,013	-	-	-	6,896
Liability payable on demand	7,042	-	-	-	-	-	7,042
Borrowings	-	39,967	-	-	19,874	-	59,841
Bank's liability under acceptances	-	676	-	-	-	-	676
Accrued interest payables	87	777	131	1,238	331	-	2,564
Other liabilities	-	-	-	-	-	1,532	1,532
<b>Total Financial Liabilities</b>	<b>388,993</b>	<b>315,253</b>	<b>28,449</b>	<b>9,341</b>	<b>20,205</b>	<b>1,532</b>	<b>763,773</b>
Liquidity - net	(211,189)	7,970	19,936	132,909	85,992	34,679	70,297
<b>Off-balance sheet items</b>							
Avals on bills	-	459	-	-	-	-	459
Letter of indemnity borrowings	393	61	64	788	71	3,701	5,078
Other guarantees	3,381	5,971	5,490	1,823	7	13,337	30,009
Letter of credit	-	9,996	-	-	-	-	9,996
Forward exchange contracts	-	224,101	19,618	77	-	-	243,796
Cross currency swaps	-	-	-	960	-	-	960
Interest rate swaps	-	-	11,332	17,148	3,544	-	32,024
Credit default swap	-	-	-	792	-	-	792
<b>Total off-balance sheet items</b>	<b>3,774</b>	<b>240,588</b>	<b>36,504</b>	<b>21,588</b>	<b>3,622</b>	<b>17,038</b>	<b>323,114</b>

	The Bank						
	2002						
	At call	Less than 6 months	6 months to 1 Year	Over 1 Year	Over 5 Years	No Maturity	Total
<b>Financial Assets</b>							
Cash	-	-	-	-	-	9,764	9,764
Interbank and money market items	8,213	55,450	31,134	251	198	171	95,417
Securities purchased under resale agreements	-	18,400	-	-	-	-	18,400
Investments	722	39,800	5,429	71,636	27,793	13,601	158,981
Loans	187,504	148,680	5,268	72,409	82,664	-	496,525
Accrued interest receivables	-	1,934	-	-	-	-	1,934
Customers' liability under acceptances	-	597	-	-	-	-	597
Accrued income receivables	-	1,884	-	-	-	-	1,884
Other assets	-	-	-	-	-	120	120
<b>Total Financial Assets</b>	<b>196,439</b>	<b>266,745</b>	<b>41,831</b>	<b>144,296</b>	<b>110,655</b>	<b>23,656</b>	<b>783,622</b>
<b>Financial Liabilities</b>							
Deposits	309,065	304,025	26,171	12,739	-	-	652,000
Interbank and money market items	3,496	174	2,023	-	-	-	5,693
Liability payable on demand	3,423	-	-	-	-	-	3,423
Borrowings	-	-	-	20,000	8,589	19,967	48,556
Bank's liability under acceptances	-	597	-	-	-	-	597
Accrued interest payables	-	2,641	197	192	-	-	3,030
Other liabilities	-	-	-	-	-	621	621
<b>Total Financial Liabilities</b>	<b>315,984</b>	<b>307,437</b>	<b>28,391</b>	<b>32,931</b>	<b>8,589</b>	<b>20,588</b>	<b>713,920</b>
Liquidity - net	(119,545)	(40,692)	13,440	111,365	102,066	3,068	69,702
<b>Off-balance sheet items</b>							
Avals on bills	-	261	-	-	-	-	261
Letter of indemnity borrowings	433	57	56	723	287	4,774	6,330
Other guarantees	3,187	5,559	5,576	2,194	6	12,139	28,661
Letter of credit	-	8,876	-	-	-	-	8,876
Forward exchange contracts	-	209,069	11,442	216	-	-	220,727
Cross currency swaps	-	-	-	627	-	-	627
Interest rate swaps	-	8,648	-	2,911	-	-	11,559
<b>Total off-balance sheet items</b>	<b>3,620</b>	<b>232,470</b>	<b>17,074</b>	<b>6,671</b>	<b>293</b>	<b>16,913</b>	<b>277,041</b>

## Fair value

Fair value is the estimated value that the Bank and its subsidiaries could receive from the sale of financial assets, or the estimated cost of redeeming their financial liabilities. Fair values are based on market value, or estimated values derived from using general market principles of calculation.

The following is a summary of carrying amounts and estimated fair values of financial assets and liabilities and off-balance sheet items as of December 31, 2003 and 2002.

(Million Baht)

	Consolidated			
	2003		2002	
	Carrying Amount	Fair value	Carrying Amount	Fair value
<b>Financial Assets</b>				
Cash	18,699	18,699	9,764	9,764
Interbank and money market items - net	104,922	104,922	94,840	94,840
Securities purchased under resale agreements	31,710	31,710	18,400	18,400
Investments - net	135,254	201,063	164,863	166,095
Loans and accrued interest receivables - net	483,355	483,355	429,108	429,108
Customers' liability under acceptances	676	676	597	597
Accrued income receivable	1,671	1,671	1,950	1,950
Other assets	2,699	2,699	138	138
Total Financial Assets	778,986	844,795	719,660	720,892
<b>Financial Liabilities</b>				
Deposits	684,946	684,946	651,393	651,393
Interbank and money market items	7,101	7,101	5,693	5,693
Liabilities payable on demand	7,042	7,042	3,423	3,423
Borrowings	59,841	60,930	48,556	49,791
Bank's liability under acceptances	676	676	597	597
Accrued interest payable	2,564	2,564	3,030	3,030
Other liabilities	1,626	1,626	884	884
Total Financial Liabilities	763,796	764,885	713,576	714,811
<b>Off-balance sheet items</b>				
Forward exchange contracts	243,796	2,733	220,727	(1,114)
Cross currency swaps	960	(38)	627	(30)
Interest rate swaps	32,024	62	11,559	38
Total off-balance sheet items	276,780	2,757	232,913	(1,106)

	<b>The Bank</b>			
	<b>2003</b>		<b>2002</b>	
	<b>Carrying Amount</b>	<b>Fair value</b>	<b>Carrying Amount</b>	<b>Fair value</b>
<b>Financial Assets</b>				
Cash	18,699	18,699	9,764	9,764
Interbank and money market items - net	104,644	104,644	94,773	94,773
Securities purchased under resale agreements	31,710	31,710	18,400	18,400
Investments - net	140,765	206,599	158,768	159,994
Loans and accrued interest receivables - net	482,258	482,258	440,092	440,092
Customers' liability under acceptances	676	676	597	597
Accrued income receivable	1,598	1,598	1,884	1,884
Other assets	2,664	2,664	120	120
Total Financial Assets	783,014	848,848	724,398	725,624
<b>Financial Liabilities</b>				
Deposits	685,222	685,222	652,000	652,000
Interbank and money market items	6,896	6,896	5,693	5,693
Liabilities payable on demand	7,042	7,042	3,423	3,423
Borrowings	59,841	60,930	48,556	49,791
Bank's liability under acceptances	676	676	597	597
Accrued interest payable	2,564	2,564	3,030	3,030
Other liabilities	1,532	1,532	621	621
Total Financial Liabilities	763,773	764,862	713,920	715,155
<b>Off-balance sheet items</b>				
Forward exchange contracts	243,796	2,733	220,727	(1,114)
Cross currency swaps	960	(38)	627	(30)
Interest rate swaps	32,024	62	11,559	38
Total off-balance sheet items	276,780	2,757	232,913	(1,106)

The following methods and assumptions were used by the Bank in estimating fair values of financial assets and liabilities as disclosed herein:

The fair values of cash, interbank and money market items (assets and liabilities), securities purchased under resale agreements, customers' liability under acceptances, liabilities payable on demand, securities sold under repurchase agreements, bank's liabilities under acceptances and accrued interest payables are stated at their carrying values at the reporting date.

The fair values of held-for-trading investments, available-for-sale investments and held-to-maturity investments are stated according to the Bank's policy mentioned in Note 3.4.

The fair value of general investments is stated at cost, net of allowance for their impairment.

The fair values of loans and accrued interest receivables are based on the carrying values of loans and accrued interest receivables, net of allowance for doubtful accounts since most loans are floating rate ones.

The carrying values of deposits usually approximate fair values, except for negotiable certificates of deposit (NCD) for which fair value is calculated by using the expected yield on borrowings.

The fair values of borrowings are estimated by using market values.

## **Derivatives**

The Bank enters into derivative transactions for the following main reasons:

### **1. Hedging of the Bank's exposure to financial risks.**

Hedging activities are designed to reduce or eliminate exchange rate and/or interest rate risk related to the Bank's financial assets, liabilities, contingent accounts or expected transactions in the future.

Derivatives undertaken for this purpose include Forward Exchange Contracts, Cross Currency Swaps and Interest Rate Swaps.

The Bank controls credit risk on derivatives transactions by using procedures similar to those used when granting general loans.

### **2. Hedging of the customer's exposure to financial risks.**

At the request of a customer, the Bank will enter into certain derivative contracts to allow customers to hedge financial risk. The Bank uses appropriate hedging tools to take advantage of price differences or net market price changes.

The derivatives used for this purpose are Forward Exchange Contracts, Cross Currency Swaps and Interest Rate Swaps.

The market risk of derivative transactions used to hedge the customer's exposure comprises exchange rate risk and interest rate risk. To minimize risks, the Bank's policy is to conduct full-amount hedges with customers or counterparties. The Bank controls credit risk and liquidity risk by using procedures to those used when granting general loans.

### **3. Trading Purposes**

The objective of derivatives for trading purposes is to take advantage of price movements in the short-term market.

Derivatives used for this purpose include Forward Exchange Contracts, Cross Currency Swaps and Interest Rate Swaps.

The Bank controls credit risk and liquidity risk by using procedures similar to those used when granting general loans.

## **38 Reclassification of Accounts**

Certain accounts in the financial statements for the year to December 31, 2002 have been reclassified to conform with the presentation in the financial statements for the year to December 31, 2003.

## Operating Results and Profits Appropriation for the Year 2003



The Board of Directors presents the following operating results:

(Baht)

Deficit brought forward from December 31, 2002	(80,097,450,675.45)
Net income for the year 2003	14,813,943,218.09
Amortization of appraisal surpluses	135,272,559.13
Total deficit carried forward	(65,148,234,898.23)

No dividend was paid for the year 2003

## Financial Summary

### The Bank

(Million Baht)

	2003	2002	2001	2000	1999
<b>Assets</b>					
Cash	18,699	9,764	12,142	11,959	14,612
Interbank and money market item - net	104,644	94,773	164,596	172,048	94,767
Securities purchased under resale agreements	31,710	18,400	3,700	200	23,800
Investments - net	140,765	158,769	113,465	83,777	87,040
Loans - net	480,773	438,158	437,440	455,810	467,089
Accrued interest receivables	1,485	1,934	2,103	2,231	2,607
Properties foreclosed - net	10,860	11,069	11,634	12,670	6,705
Customers' liabilities under acceptances	676	597	612	706	845
Premises and equipment - net	21,698	21,801	22,173	22,290	18,851
Other assets	9,565	5,437	6,520	6,386	8,380
<b>Total Assets</b>	<b>820,875</b>	<b>760,702</b>	<b>774,385</b>	<b>768,077</b>	<b>724,696</b>
<b>Liabilities and Shareholders' Equity</b>					
Deposits	685,222	652,000	664,846	647,334	608,734
Interbank and money market items	6,896	5,693	13,831	16,825	23,734
Liability payable on demand	7,042	3,423	3,456	2,251	3,643
Securities sold under repurchase agreements	-	-	-	10	-
Short-term borrowing	-	-	-	7,500	-
Long-term borrowing	59,841	48,556	48,748	48,551	54,908
Bank's liability under acceptances	676	597	612	706	845
Other liabilities	12,741	15,358	15,821	19,320	11,813
<b>Total liabilities</b>	<b>772,418</b>	<b>725,627</b>	<b>747,314</b>	<b>742,497</b>	<b>703,677</b>
Shareholders' equity	48,457	35,075	27,071	25,580	21,019
<b>Total Liabilities and Shareholders' Equity</b>	<b>820,875</b>	<b>760,702</b>	<b>774,385</b>	<b>768,077</b>	<b>724,696</b>
Material Commitments	18,720	18,099	18,399	22,826	23,020



## The Bank

(Million Baht)

	2003	2002	2001	2000	1999
Interest and dividend income	31,036	33,338	37,818	40,747	44,223
Interest expense	13,191	17,286	21,427	25,565	34,219
Net income from interest and dividend	17,845	16,052	16,391	15,182	10,004
Bad debt and doubtful accounts (reversal)	(10,607)	(3,549)	(1,101)	(4,404)	47,352
Loss on debt restructuring	11,195	3,549	2,391	4,404	-
Normalized provisions	800	800	-	-	-
Net income (loss) from interest and dividend after bad debt and doubtful accounts, loss on debt restructuring and normalized provisions	16,457	15,252	15,101	15,182	(37,348)
Non-interest income	14,187	7,989	7,003	6,680	3,662
Non-interest expenses	15,888	16,671	20,472	19,788	20,138
Income (loss) before income tax	14,756	6,570	1,632	2,074	(53,824)
Income tax expense	(58)	(114)	624	810	2,596
Net Income (loss)	14,814	6,684	1,008	1,264	(56,420)
Basic earnings (loss) per share (Baht)	6.30	2.84	0.43	0.54	(30.10)

Financial statements from 1999 are presented in accordance with the Commerce Ministerial Regulation No.7 (B.E. 2539)

Financial statements from 2000 - 2003 are presented in accordance with the directives of the Bank of Thailand dated May 10, 2001

## Corporate Governance

KASIKORNBANK PUBLIC COMPANY LIMITED (KBANK) recognizes the importance of good corporate governance principles for transparency at all levels of operations, including employees, management and directors. The principle serves as a central element for improving efficiency and effectiveness of its banking operations, building confidence which allows the Bank to compete transparently and fairly, and enhancing operating performance for sustainable profitability—a key to maximization of value to shareholders, customers, investors and the general public. The Bank focuses on applying principles that are of international standard and corresponding with the regulators' policies. Therefore, the Bank has set up a standard of good governance, which covers 15 principles of the Corporate Governance principle of the Stock Exchange of Thailand (SET).

KBANK's Board of Directors comprises members of profound knowledge, competence and experience in business. The board's main function is to set policies, visions, strategies, goals, mission and business direction. The board must ensure that the management implement policies efficiently and effectively and maintain risk at appropriate level. All these must be conducted within the legal framework, objectives, regulations and shareholder resolutions with accountability, integrity and prudence, and in compliance with the good governance principles while considering the rights and maximum benefits of the Bank and stakeholders in order to increase the Bank's economic value. The board's performance is to be evaluated for its efficiency, effectiveness and transparency, and should be verifiable.

The Board of Directors pays attention to good governance by continuously improving and developing operational processes relating to the corporate governance and administration. It also strives to enhance efficiency and effectiveness to ensure alignment with international standard. The board also focuses on internal controls and audits as well as risk management to protect the Bank from potential losses. It has set up other four committees, being the Audit Committee, the Corporate Governance Committee, the Human Resources and Remuneration Committee and the Risk Management Committee, to assist the board in overseeing various business operations and promoting the good governance principles within the Bank. All board committees are composed of members with qualifications and responsibilities in accordance with the SET regulations, which have been set clearly in writing.

The Bank also set up nine sub-committees to assist the board in monitoring various operations to ensure that goals are met, and to establish rules and a code of ethics that employees must comply with.

### **Code of Business Conduct**

The Bank embraces the main characteristics of good governance, namely transparency, integrity and fairness. Executive management and all employees are to perform duties in their areas of responsibility for the Bank and stakeholders with integrity and in compliance with the laws and the Bank regulations on the basis of professional ethics.

The Bank believes strongly that the code of Business Conduct enhances the strength of organization, builds trust, and supports sustainable growth of performance. The Bank requires all employees to adopt the Code of Conduct and the Code of Business Conduct and assigns the Compliance Department (CO) to monitor compliance of the code. The Bank also continuously organizes activities to promote ethics and good governance principle through various training program and transfer of knowledge and provide publications for employees and management.

### **Internal Control and Internal Audit System**

The Bank greatly recognizes the importance of internal control system by emphasizing appropriateness and adequacy of the system to prevent potential damage to the Bank and to cover areas of financial, operations and risk management. Moreover, the Bank has built an organizational structure that enhances efficiency of management and allows the establishment of goals, strategies and clear and measurable guidelines. The Bank also sets policies and rules in writing to minimize potential loss to the assets of the Bank and its subsidiaries and prevent conflicts of interest. The Bank recognizes the importance of internal audits, and thus has set up the Compliance and Audit Group to monitor and audit work operations and perform internal control. The group reports the results directly to the Audit Committee on a regular basis. In addition, the Bank recognizes the importance of recommendations and the opinions of independent auditors and Bank of Thailand auditors, that are useful for the development of effective and efficient internal control and risk management systems.

The internal control and internal audit systems are summarized as follows:

1. The Audit Committee reviews the adequacy of the Bank's internal controls by continuously evaluating performance of the Compliance and Audit Group and the independent auditors. The focus is on sufficiency and appropriateness of the internal control system used in supervision of operations to ensure compliance with laws and government regulations. Moreover, the Bank also encourages the group to participate in discussions and exchange of views and to report on these results quarterly for the committee to consider the appropriateness, scope and adequacy of operational plans.
2. The Bank has set up the Risk Management Committee to monitor and maintain overall risk at appropriate levels. The committee also makes recommendations to the board concerning policies, standard practices, strategies and measurements for effectiveness and efficiency of risk management.
3. The Bank has designated the work functions and authority of officers and management clearly in writing. The duties of officers, supervisors and evaluators are segregated for check and balance purposes. The Bank's subsidiaries are also being monitored on a regular basis.
4. In addition to setting clearly policies and procedures for practices in writing, the Bank also organizes programs to enhance knowledge and develop skills for employees for better understanding and efficiency. The Bank has published manuals outlining rules and regulations for employees, including guidelines for the code of conduct, to create transparency and fairness for stakeholders.

5. The Compliance and Audit Group is responsible for supervising and examining the operations of the Bank and its subsidiaries by using risk levels, laws and government regulations and the Bank's policies and code of ethics as criteria. The group also evaluates the adequacy of internal controls and appropriateness of risk management, and reports on audits to the Audit Committee on a quarterly basis. Any issues or recommendation are presented to the heads of each business group. For important issues, the head of the Compliance and Audit Group will report them to the President for action and report to the Audit Committee. Moreover, the Bank also requires all business units to perform self-assessments of operations and internal controls on a regular basis to increase the level of caution when performing duties.

6. The Bank recognizes the importance of the continuous development of Information Technology (IT) and information systems for accuracy, completeness, timeliness and adequacy of information used by management and the board. These include the database system, documents relating to accounting records, and accounting records themselves that are categorized according to accounting policies and accounting standards as well as the directives of the Bank of Thailand.

7. In terms of reporting and evaluation, the Bank has monitored performance by comparing it to set goals on a monthly basis. If actual performance deviates from goals, appropriate action is taken.

### **Rules for Proper Use of Inside Information**

The Bank has established policies to prevent management from misuse of information for personal benefit by preventing management, including their spouses and children under legal age from using inside information for trading and transfer of securities issued by the Bank before the information is released to the public. This practice is in accordance with the provisions concerning securities business. Transactions resulting from the purchase, sale or transfer of securities issued by the Bank must be reported to the Office of Securities and Exchange Commission (SEC) within three business days after the date of change in ownership.

### **Prevention of Conflicts of Interest**

The Board of Directors places great importance on reviewing conflicts of interest and all related transactions by setting policies, rules of practice and underwriting procedures clearly and in compliance with the law, Bank of Thailand regulations, and the good governance principles to avoid conflicts of interest. Parties connected to the related transactions must disclose to the Bank their relationship or connection in the transaction. They are not permitted to take part in the decision making and will not have the authority to approve the transaction. Further, the approval of such transactions must be done without special favorable terms and conditions.

### **Shareholders' Rights**

The Bank normally holds the Annual General Meeting of Shareholders once a year within four months from the end of the fiscal year. In 2003, the Bank held the 91<sup>st</sup> Annual General Meeting of Shareholders on April 3, 2003. The Bank must send out its Notice of Meeting and all related documents to shareholders not less than 14 days prior to the Meeting date. In addition, the Bank publishes a Notice of Annual General Meeting of Shareholders in Thai newspapers for three consecutive days not less than three days before the Meeting. The notice was published by the middle of March, last year.

The screening process for items of agenda for the Annual General Meeting of Shareholders usually takes place starting at the end of January, each year. The preliminary agenda will be submitted to the President and Chairman of the Board of Directors, and then to the Board of Directors Meeting for approval, including the Notice and related documents. The Meeting will review whether those documents constitute sufficient information for voting during the session. A proxy form is also attached to the Notice allowing shareholders who wish to assign a proxy to vote on their behalf during the Meeting. The assigned proxy may be any person, including the Chairman of the Board, the President, or an independent director.

Issues to be included in the agenda of an Annual General Meeting of Shareholders are generally classified into two categories, i.e.

1. Normal business in Annual General Meetings of Shareholders:
  - 1.1 Reports on Bank business in the past year
  - 1.2 Approval of the Balance Sheet and the Statement of Income
  - 1.3 Consultations on dividends and provisioning requirements
  - 1.4 Election of directors to replace those retiring by rotation
  - 1.5 Appointment of independent auditors and setting of annual audit fees
  - 1.6 Consultations on other business, as deemed appropriate by the Chairman of the Meeting
2. Issues to be submitted to Annual General Meeting of Shareholders per the Public Company Limited Act, or requirements of the Securities and Exchange Commission, or the Bank of Thailand, such as:
  - 2.1 Capital Increase
  - 2.2 Issuance of Bonds/Debentures
  - 2.3 Amendments of the Bank's Articles of Association

If there is an urgent need for any special item of agenda to be proposed for approval by the shareholders that may affect or relate to shareholder benefits, or may relate to the conditions or regulations of the authorities, the Bank shall arrange an Extraordinary Meeting of Shareholders on a case-by-case basis.

### **Rights of Stakeholders**

The Bank recognizes the legitimate rights of all stakeholders, both inside and outside the Bank, whether they be customers, shareholders, or employees, as well as its social responsibility to the public and the Bank itself. The written Code of Business Conduct is publicized on the Bank's website, and is strictly adhered to by the directors and employees at all levels. The Code of Business Conduct and Code of Conduct have been distributed to all employees for their acknowledgement and compliance. Common understanding of the Code is greatly essential, so the Bank disseminates related information through the KASIKORN Newsletter and the internal closed-circuit TV system - KASIKORN TV. In order to monitor subsequent actions toward compliance with good governance principles, the Bank assigns the Compliance Department (CO) to closely monitor operations and report results to the Corporate Governance Committee for their acknowledgement. All departments must strictly adhere to these rules.

## Investor Relations

The Bank's information has been disseminated to investors and the general public via various channels:

1. The Stock Exchange of Thailand
  - 1.1 The Annual Report Form (56-1 Reporting Form)
  - 1.2 The Bank's Financial Statements (C.B. 1-1 Reporting Form, the Quarterly Financial Statement, and the Annual Financial Statement)
  - 1.3 Notification of the Board of Directors' resolutions and others
2. The Office of the Securities and Exchange Commission
3. The Ministry of Commerce
4. Newspapers
5. Magazines
6. Television
7. KBANK PR News
8. KBANK website
9. Company visits / One-on-one Meetings
10. Non-dealing roadshows
11. Analyst Meetings
12. Press Conferences
13. Notices to KBANK shareholders

The Investor Relations Unit was established on May 18, 1998, being initially called the Investor Relations and Shareholders' Services Unit, under the Executive Office of the Corporate Secretariat Group. Then, on December 20, 2001, the Investor Relations and Shareholders' Services Unit was transferred to the Corporate Communications Department (CN), of the Corporate Secretariat Group. It was restructured on September 29, 2003, and the CN was renamed the Corporate Communications and Executive Services Department, which directly supervises the Investor Relations Unit. It serves as the focal point for information services to investors, analysts, shareholders, and credit rating agencies, both local and foreign. Accurate and timely information enhances the good image and reliability of the Bank to investors, as well as helping to provide service to shareholders more efficiently.

In 2003, KBANK Investor Relations Unit won citation awards and praise from many investor polls conducted by magazines distributed globally, i.e.

1. ***Institutional Investor Magazine***, June 2003, presented to KBANK with the "Best Company Investor Relations in Thailand: Buy-side view".

2. ***IR Magazine*** presented the "Best IR by a Thai Company" Award to KBANK on November 20, 2003.

3. ***Asiamoney Magazine*** presented the "Best Investor Relations 2003 for Thailand" Award to KBANK, in first place for three consecutive years.

**Related Transactions**

The Bank has set the policies on related transactions based on the directives of the Stock Exchange of Thailand (SET) concerning related transactions of listed companies and transfers of assets by listed companies. These policies also conform with Bank of Thailand regulations on disclosing related transactions in the notes to financial statements under the section, "Related Transactions."

**Factors Affecting Investment Decisions****Legal Disputes**

With the exception of lawsuits which ordinarily occur in general commercial bank operations, KBANK at present has no conflicts with business counterparts, nor pending lawsuits or any litigation involving loan principal (excluding interest and expenses) exceeding 5 percent of the Total Shareholders' Equity as stated in the latest year-end balance sheet.

## Report of the Audit Committee



The Board of Directors of the KASIKORNBANK PUBLIC COMPANY LIMITED appointed an Audit Committee consisting of M.R. Sarisdiguna Kitiyakara as Chairman, and Mr. Somchai Bulsook, Professor Dr. Suchada Kiranandana, and Ms. Elizabeth Sam as Members. Neither the Chairman nor the Members are officers or employees of the company.

The Audit Committee functions in accordance with the scope of work, duties and responsibilities stipulated in the Audit Committee Charter and the regulations of the Stock Exchange of Thailand. The committee reviews financial reports, as well as the effectiveness and sufficiency of the risk management process and the internal control system. The Audit Committee is charged with overseeing that the Bank's operations are in compliance with the Securities and Exchange Act, and any other laws related to commercial banking operations in Thailand. This includes monitoring the disclosures of information on related transactions in a transparent manner, as well as overseeing the appointment of external auditors and the determination of annual audit fees.

In 2003, the Audit Committee held 9 meetings to oversee the Bank's operations on behalf of the Board of Directors as stipulated under the scope of work and responsibilities. The Committee considered the list of external auditors and the setting of annual audit fees for 2004, for further deliberation of the Board of Directors before submission for approval at the Annual General Meeting of shareholders. The Audit Committee reviewed relevant financial statements on a quarterly basis and at the end of each accounting period. Also, it held joint meetings with external auditors in order to exchange observations, views and opinions with regard to the results of audits and assessments of the Bank's internal control system. Other joint meetings were held regularly with internal auditors in order to assess the effectiveness and sufficiency of the internal control system, and to review the annual audit plans. A pilot Management Audit Project proposed for consideration by the Audit Committee in 2003 was implemented in order to identify the proper scope and methodology of audits. All joint meetings with external and internal auditors were held separately from KBANK executives. With regard to risk management, the Audit Committee assessed the situation through direct discussions with relevant Bank executives, with particular attention to Credit Risk and Market Risk including Foreign Exchange Risk and Interest Rate Risk. Executives of related business groups usually attended joint meetings with the Audit Committee in order to discuss problems and suggestions concerning banking operations. The Audit Committee also oversaw that the Bank's operations were in compliance with the Securities and Exchange Act, including regulations and laws related to commercial banking business, and related transactions, in which the need for transparency is fully recognized. These reviews revealed no irregularities, which would significantly affect the Bank's operations. The Audit Committee has reported the results to the Board of Directors for acknowledgement.

**(M.R. Sarisdiguna Kitiyakara)**

**Chairman, Audit Committee**

**February 5, 2004**



## Shareholders and Management



### Top Ten Major Shareholders of KASIKORNBANK PUBLIC COMPANY LIMITED

(At the closing registration date for determining the right to attend  
the General Meeting of Shareholders No. 91)

As of March 13, 2003

Name	No. of shares	Percentage
1. THAI NVDR CO., LTD.	256,883,958	10.92
2. STATE STREET BANK AND TRUST COMPANY	85,102,076	3.62
3. CLEARSTREAM NOMINEES LTD.	73,099,510	3.11
4. GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION "C"	68,250,500	2.90
5. HSBC (SINGAPORE) NOMINEES PTE LTD.	67,169,719	2.86
6. THAILAND SECURITIES DEPOSITORY COMPANY LIMITED FOR DEPOSITORS (THAI SECURITIES- HOLDER ACCOUNT)	57,250,341	2.43
7. CHASE NOMINEES LIMITED 1	46,241,645	1.97
8. THAILAND SECURITIES DEPOSITORY COMPANY LIMITED FOR DEPOSITORS (FOREIGN SECURITIES- HOLDER ACCOUNT)	45,743,824	1.94
9. BOSTON SAFE DEPOSIT AND TRUST COMPANY	44,778,392	1.90
10. GOVERNMENT PENSION FUND	41,805,500	1.78

Note: Issued and fully-paid shares comprise of 2,352,547,372 common shares and 547,345 Class A preferred shares. All Class A preferred shares are held by "The Preferred Shares-Subordinated Debentures of KASIKORNBANK PCL Fund"

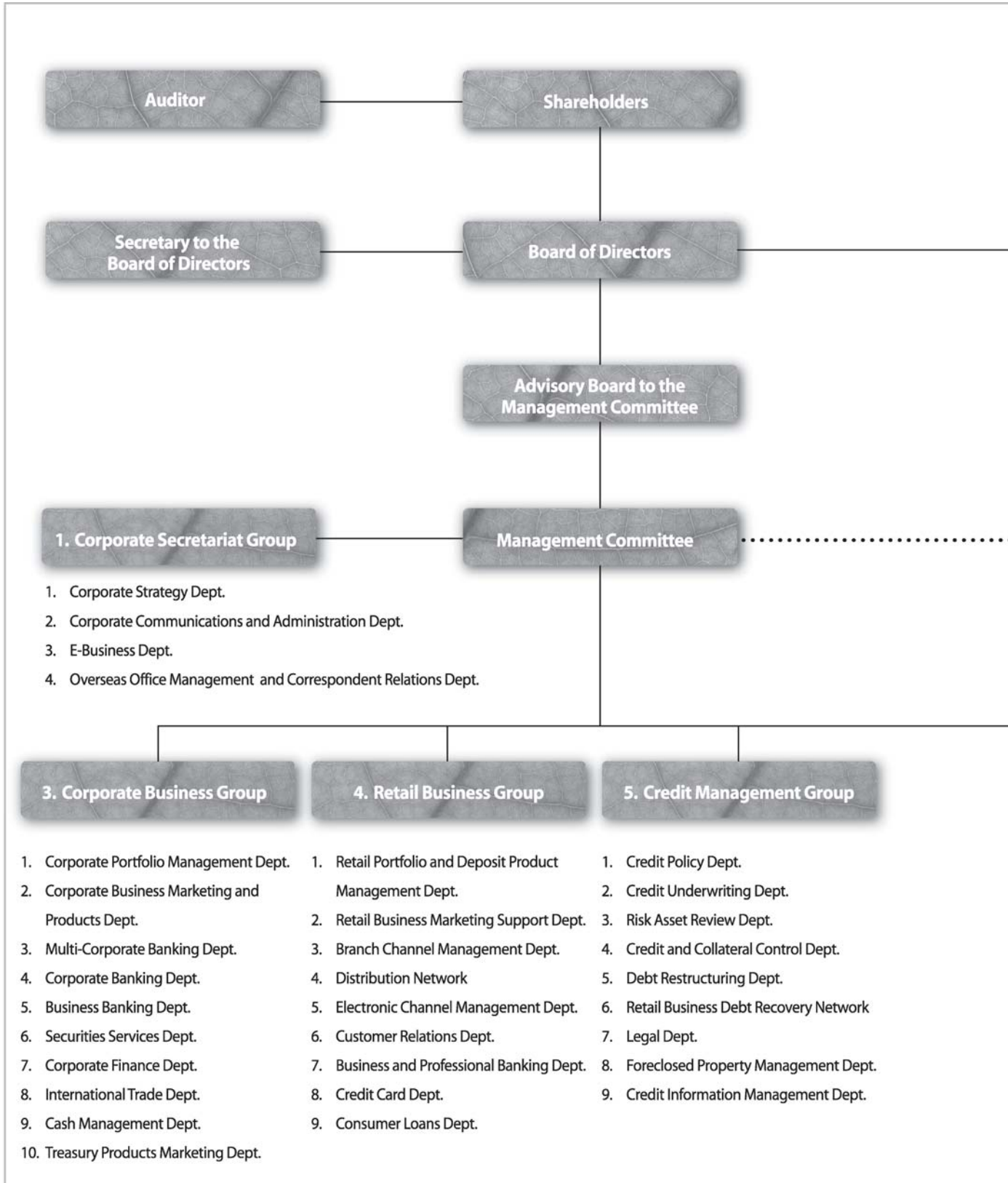
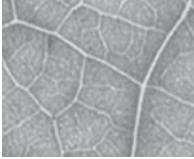
## Holding of Shares in the Bank and Affiliates by KBANK Directors

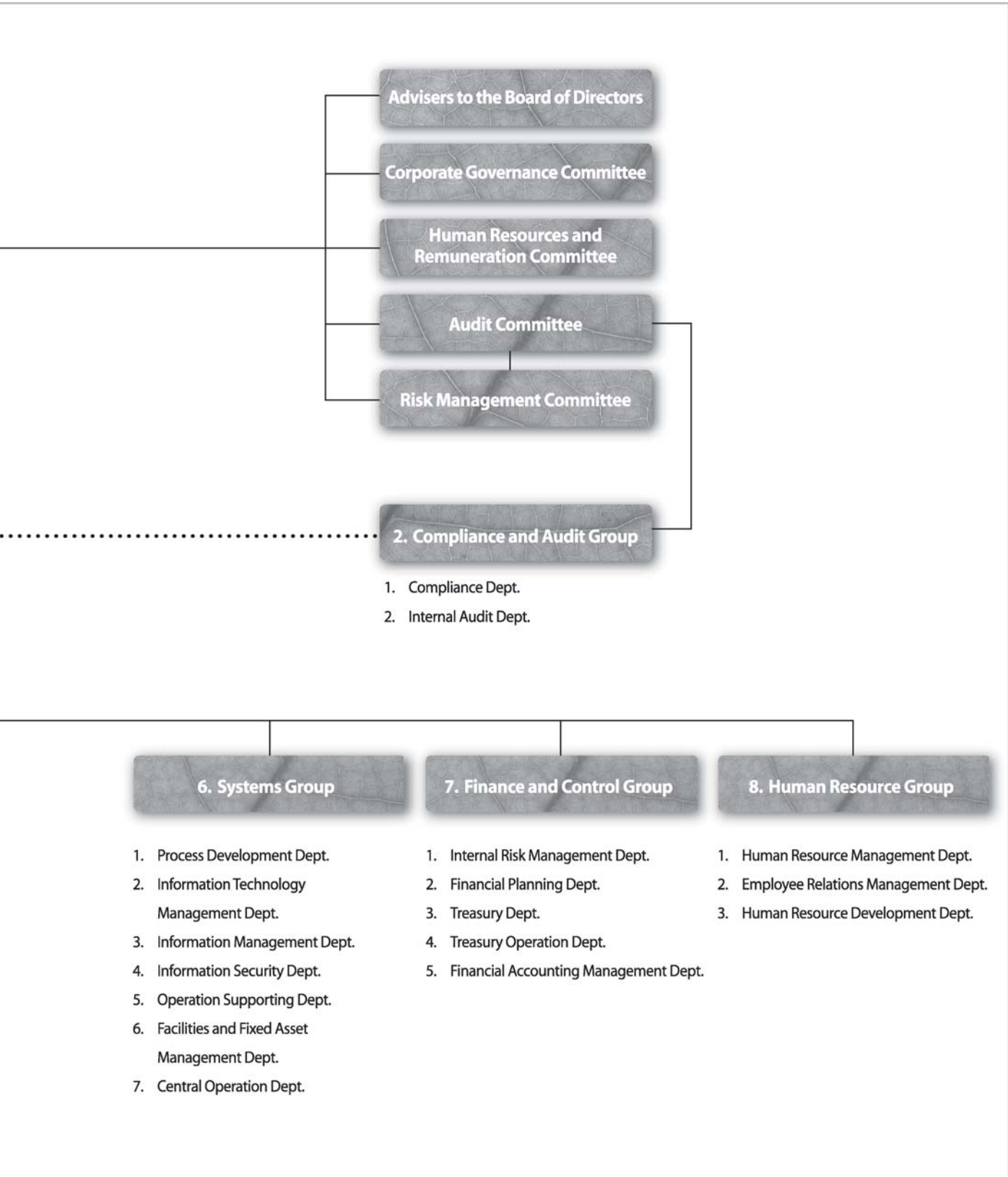
as of December 31, 2003 and remuneration received in 2003

<b>Mr. Banyong Lamsam</b>	As a director and a member of the Advisory Board to the Management Committee, he received remuneration amounting to Baht 6,960,000. He held 3,095,760 KBANK shares with no change in number of shares during the accounting year.
<b>Pol. Gen. Pow Sarasin</b>	As a director, a member of the Advisory Board to the Management Committee and a member of the Corporate Governance Committee, he received remuneration amounting to Baht 5,556,000. He held 253,948 KBANK shares with no change in number of shares during the accounting year.
<b>Mr. Bantoon Lamsam</b>	As a director, he received remuneration amounting to Baht 840,000. He held no KBANK shares and 1 share of the Kasikorn Research Center Company Limited with no change in number of shares during the accounting year.
<b>Mr. Sukri Kaocharern</b>	As a director, a member of the Advisory Board to the Management Committee and a member of the Corporate Governance Committee, he received remuneration amounting to Baht 2,280,000. He held 9,200 KBANK shares with no change in number of shares during the accounting year.
<b>M.R. Sarisdiguna Kitiyakara</b>	As a director and a member of the Audit Committee, he received remuneration amounting to Baht 1,560,000. He held 10,000 KBANK shares, a decrease of 5,000 shares during the accounting year.
<b>M.R. Yongswasdi Kridakon</b>	As a director, a member of the Advisory Board to the Management Committee and a member of the Human Resources and Remuneration Committee, he received remuneration amounting to Baht 2,880,000. He held 260 KBANK shares with no change in number of shares during the accounting year.
<b>Mr. Somchai Bulsook</b>	As a director and a member of the Audit Committee, he received remuneration, amounting to Baht 1,440,000. He held 271,150 KBANK shares with no change in number of shares during the accounting year.

<b>Ms. Sujitpan Lamsam</b>	As a director, she received remuneration amounting to Baht 840,000. She held 50,000 KBANK shares, an increase of 30,000 shares during the accounting year.
<b>Professor Dr. Suchada Kiranandana</b>	As a director and a member of the Audit Committee, she received remuneration amounting to Baht 1,440,000. She held 1,000 KBANK shares with no change in number of shares during the accounting year.
<b>Professor Dr. Yongyuth Yuthavong</b>	As a director and a member of the Corporate Governance Committee, he received remuneration amounting to Baht 1,080,000.
<b>Dr. Abhijai Chandrasen</b>	As a director and legal adviser, he received remuneration amounting to Baht 4,440,000. He held 10,000 KBANK shares with no change in number of shares during the accounting year.
<b>Mr. Charles L. Coltman, III</b>	As a director and a member of the Human Resources and Remuneration Committee, he received remuneration amounting to Baht 1,200,000. He held 15,000 KBANK shares with no change in number of shares during the accounting year.
<b>Mr. William Mark Evans</b>	As a director and a member of the Corporate Governance Committee, he received remuneration amounting to Baht 1,080,000.
<b>Ms. Elizabeth Sam</b>	As a director and a member of the Audit Committee, she received remuneration amounting to Baht 1,440,000. She held 75,000 KBANK shares, an increase of 45,000 shares during the accounting year.
<b>Mr. Chaisak Saeng-Xuto</b>	As a director and a member of the Human Resources and Remuneration Committee, he received remuneration amounting to Baht 1,080,000.
<b>Dr. Schwin Dhammanungune</b>	As a director and a member of the Human Resources and Remuneration Committee, he received remuneration amounting to Baht 1,080,000.

# KASIKORNBANK PUBLIC COMPANY LIMITED Organization Chart





## The Management Structure

The Bank's management structure comprises the Board of Directors, the Advisers to the Board of Directors, the Audit Committee, the Corporate Governance Committee, the Human Resources and Remuneration Committee, the Risk Management Committee, the Advisory Board to the Management Committee, the Management Committee, and nine Sub-committees. Each committee and sub-committee has the following roles and responsibilities:

## The Board of Directors

The Board of Directors of KASIKORNBANK PUBLIC COMPANY LIMITED, according to the certification letter of the Ministry of Commerce, dated July 11, 2003, comprises 16 members, including:

- 3 executive Directors
- 4 non-executive Directors
- 9 independent Directors, representing over half of the Board members

The members of the Board of Directors are:

1.	Mr. Banyong	Lamsam	<i>Chairman</i>
2.	Pol. Gen. Pow	Sarasin	<i>Vice Chairman</i>
3.	Mr. Banthoon	Lamsam	<i>President</i>
4.	Mr. Sukri	Kaocharern	<i>Director</i>
5.	M.R. Sarisdiguna	Kitiyakara	<i>Director</i>
6.	M.R. Yongswasdi	Kridakon	<i>Director</i>
7.	Mr. Somchai	Bulsook	<i>Director</i>
8.	Ms. Sujitpan	Lamsam	<i>Director</i>
9.	Prof. Dr. Suchada	Kiranandana	<i>Director</i>
10.	Prof. Dr. Yongyuth	Yuthavong	<i>Director</i>
11.	Dr. Abhijai	Chandrasen	<i>Director</i>
12.	Mr. Charles L.	Coltman, III	<i>Director</i>
13.	Mr. William Mark	Evans	<i>Director</i>
14.	Ms. Elizabeth	Sam	<i>Director</i>
15.	Mr. Chaisak	Saeng-Xuto	<i>Director</i>
16.	Dr. Schwin	Dhammanungune	<i>Director</i>

The Directors with authorized signatures include either the Chairman or the President, who signs his name and affixes the Bank's official seal, or two out of the following five Directors - Pol. Gen. Pow Sarasin, Mr. Sukri Kaocharern, M.R. Sarisdiguna Kitiyakara, M.R. Yongswasdi Kridakon and Mr. Somchai Bulsook - who sign their names and affix the Bank's official seal.

## Authorities of the Board of Directors

1. The Board has the authority to supervise and manage the Bank in accordance with the laws and the Bank's objectives and regulations, as well as the resolutions of the Shareholders' Meetings.

2. The Board has the authority to appoint a Director as Chairman of the Board and may as well appoint Vice Chairman as deemed appropriate.

3. The Board has the authority to appoint the President, and may as well appoint one or more Executive Vice Presidents as deemed appropriate.

4. The Board has the authority to appoint a Management Committee, which comprises the President and a number of the Bank's employees, who have the authority and responsibility of managing and operating the Bank as determined by the Board. The President shall act as Chairman of the Management Committee by position.

5. The Board has the authority to appoint a number of Directors as the Advisory Board to the Management Committee, whose role is to make recommendations as deemed appropriate.

#### **The Aggregation and Segregation of Positions**

Chairman of the Board and the President shall not be the same person. Also, he shall not be the Bank's employee or executive officer. The Bank has clearly set the limitations, authority and responsibility for corporate governance as stated in the Board of Directors' Charter. If and when the Chairman and President has a relationship with a business in any way, then the Board shall nominate a senior director, who is a non-executive Director, to chair the meeting for considering such cases without any involvement from the Chairman and the President.

#### **Roles and Responsibilities of the Board of Directors**

The Board has the role and responsibilities according to the Board of Directors' Charter, which are:

1. Supervise and manage the Bank so that it is in accordance with the laws and the Bank's objectives, the Articles of Association and the resolutions of the Shareholders' Meetings

2. Approve the Vision, Mission, Value and Statement of Business Conduct

3. Review and approve the Bank's strategic objectives, annual business plans and budget as well as monitor operations and performance of the Management to ensure that they effectively align with the set business plans and budget

4. The Board shall vest in the President the authority to initiate, commit and approve payments for all the expenditures approved in the Capital Expenditure Budget and those budgets approved by the Board for the purpose of project undertaking. The Board shall also review and approve credit proposals of over Baht 3 billion, and all types of financial transactions over the agreed limits of the President

5. Review and approve the human resources vision and strategy, management development plans and remuneration policy, as well as appraise the performance of the President

6. Ensure an effective internal control system and appropriate risk management framework

7. Ensure an effective audit system performed both by internal and external auditors

8. Approve the Bank's quarterly, and annual financial statements, and ensure that the financial statements comply with the Generally Accepted Accounting Principles

9. Ensure a proper communication system to Stakeholders and the Public

#### **Appointment and Removal of Directors of the Board**

1. The Bank's shareholders shall appoint no less than 7 and no more than 16 directors whereby no fewer than half of all directors shall have domicile in the Kingdom. The director may or may not be the Bank's shareholder. Directors shall be elected by a meeting of shareholders in accordance with the following rules and procedures:

(1) Directors may be elected individually or in a set.

(2) Each shareholder shall have one vote per share held by him.

(3) Each shareholder shall use all of his votes in the election of directors.

(4) The persons receiving the highest number of votes of all candidates to be elected at that meeting shall be appointed as directors.

(5) In the event of equal votes for the last person, the chairman of the meeting shall have the deciding vote.

2. At each General Meeting of Shareholders, one-third of the Directors, or, if their number is not a multiple of three, then the number nearest to one-third must retire from office.

3. The directors who have been in the office longest shall retire first. In the case of disagreement as to who should retire, it shall be decided by drawing lots. The retired Directors may be re-elected.

4. Any director who passes away, or tenders his/her resignation prior to the end of his/her term, or is resolved to be removed by the meeting, or ordered by a Court of law to resign, or lacks the qualifications stipulated in the regulations, shall be removed from the office immediately.

5. In the case of vacancy in the Board of Directors for reasons other than the expiration of the director's term of office, the remaining Board of Directors shall elect a person who has the qualifications and has no prohibited characteristic as the substitute director at the next meeting of the Board of Directors, unless the remaining term of the office of the said director is less than two months. Such resolution of the Board of Directors shall consist of the votes not less than three-fourths of the remaining directors. The substitute director shall hold office only for the remaining term of the director whom he or she replaces.

### **The Board Meeting**

The Board schedules the Board Meeting on every last Thursday of the month, and, in addition, may hold special meetings as deemed appropriate. The agendas for the Board Meeting shall be categorized into groups, such as agendas for approval, agendas for ratification and agendas for acknowledgment. And the Secretary to the Board shall arrange for a Notice of the Board Meeting, agendas and related documents to be delivered to each Director at least 7 days prior to the meeting. Each meeting normally takes approximately 3 hours. Each item of agenda and resolution is recorded in writing, and the Minutes of the Board Meeting are certified by the Board and filed for examination by the Board, or others concerned.

In 2003, the Board held a total of 13 meetings: Details of each Director's attendance are as follows:

Board Members	Ordinary Meetings		Extraordinary Meetings		Total
	Attendance in person	Tele-conference	Attendance in person	Tele-conference	
Mr. Banyong Lamsam	12	-	1	-	13
Pol. Gen. Pow Sarasin	12	-	1	-	13
Mr. Banthoon Lamsam	11	1	1	-	13
Mr. Sukri Kaocharern	12	-	1	-	13
M.R. Sarisdiguna Kitiyakara	12	-	1	-	13
M.R. Yongswasdi Kridakon	11	-	1	-	12
Mr. Somchai Bulsook	11	-	-	-	11
Ms. Sujitpan Lamsam	8	4	1	-	13
Prof. Dr. Suchada Kiranandana	11	-	-	-	11
Prof. Dr. Yongyuth Yuthavong	11	-	1	-	12
Mr. Charles L. Coltman, III	2	9	-	1	12
Mr. William Mark Evans	1	10	-	-	11
Dr. Abhijai Chandrasen	12	-	1	-	13
Ms. Elizabeth Sam	9	2	-	1	12
Mr. Chaisak Saeng-Xuto	12	-	1	-	13
Dr. Schwin Dhammanungune	12	-	-	-	12



### **General Meetings of Shareholders**

The Bank normally holds a General Meeting of Shareholders once a year within four months from the end of the fiscal year. The Bank shall disseminate the Notice of the General Meeting of Shareholders to shareholders not less than 14 days prior to the meeting date. If there is an urgent need for any special item agenda to be proposed for approval by the shareholders that may affect or relate to the shareholders' benefit, or may relate to conditions or regulations of governmental authorities and which require shareholders' approval, the Bank shall arrange an Extraordinary Meeting of Shareholders on a case-by-case basis.

For the General Meeting of Shareholders in 2003, 13 Board members attended the meeting, including Chairman of the Audit Committee, Chairman of the Corporate Governance Committee, Chairman of the Human Resources and Remuneration Committee and Chairman of the Risk Management Committee. The Chairman of the meeting provided shareholders with equal opportunity to review the Bank's operations and make inquiries and recommendations. The Bank has also recorded all major issues and noteworthy opinions in the Minutes of the General Meeting of Shareholders.

### **Empowerment Process by the Board of Directors**

The Board of Directors at the Meeting No. 6/2000, on May 25, 2000, approved the empowerment of executive authority to the Bank's officers from the level of Executive Vice President to conduct legal acts on behalf of the Bank. Two of the empowered Management may delegate the authority to related Bank employees to act on behalf of the Bank within the limit of each employee's responsibility.

### **Executive Authority of the Bank**

In addition to the aforementioned empowerment of the executive authority, the Bank has also established a set of criteria and scheme for exercising internal executive authority. These principles help the Bank to delegate authority among employees in various positions, enabling them to perform specific functions and make effective decisions with flexibility yet without losing control. Internal executive authority is categorized into 3 groups:

- (1) Executive authority shared by various entities
- (2) Departmental executive authority
- (3) Branch executive authority

### **Principles**

The following are the main points of the structure and contents of the internal executive authority:

(1) The empowerment of executive authority is the distribution of the President's authority to administer and execute various business tasks within the Bank to the next lower level management in line.

(2) The President is assigned by the Board of Directors to approve the internal executive authority and its Principles.

(3) The internal executive authority hereby includes:

3.1 The executive authority specified in monetary terms within the limits of the Bank's approved budget

3.2 Other executive authority that is non-financial but represents the required authority which management at various levels and positions use to manage functions, such as the authority to increase or decrease manpower, the authority to disclose sensitive information and the authority to hire outside companies.

(4) For thorough control, executive authority is divided into categories according to the work function as follows:

4.1 Executive authority shared among various entities refers to authority that is not assigned specifically to any one particular entity, but may be specified according to the work performed by authority users in various departments. This includes executive authority in 9 areas:

- 4.1.1 Executive authority relating to human resources
- 4.1.2 Executive authority relating to credit approval
- 4.1.3 Executive authority relating to collateral
- 4.1.4 Executive authority in debt restructuring and litigation
- 4.1.5 Executive authority relating to expenditures
- 4.1.6 Executive authority relating to other aspects
- 4.1.7 Executive authority to quote exchange rates and offer fee and interest rate discounts to domestic and foreign businesses
- 4.1.8 Executive authority to provide service to customers in export-import businesses
- 4.1.9 Executive authority of the Assets and Liabilities Management Subcommittee

4.2 Departmental executive authority is executive authority given to a specific department in relative to its business activities being delegated to the management of that group or department, as well as to individuals in various positions in the department.

4.3 Branch executive authority is the authority given to a specific branch relative to its business activities, being delegated to District Managers, Zone Managers and Branch Managers, as well as individuals in various positions in the branch.

(5) Executive authority principles are work related principles based on the aspect of the work and the department, and is presented in tabular form as an attachment to the executive authority principles for each function or department. On the whole, the Bank has a clear control over the usage of authority in each position. The Bank has also established the executive authority by function, including the authority to approve the execution of transactions and the authority to approve expenditures and credit extension.

### **Advisers to the Board of Directors**

Advisers to the Board of Directors comprise the following members, namely:

1. Mr. Pirote Lamsam
2. Mr. Chaleo Yoovidhya

### **Roles and Responsibilities of the Advisers to the Board of Directors**

They make recommendations to the Board of Directors in matters that are relevant to, and within, the authority and responsibilities of the Board of Directors. These include, for example, the Bank's policies or issues that require compliance with the law and established regulations, as well as on other important business that, once undertaken, may create changes or may clearly impact the Bank's operations.

### **Audit Committee**

The Board of Directors approved the establishment of the Audit Committee on June 25, 1998. Each member has a 3-year term. The committee comprises 4 independent members, namely:

- |    |                   |                  |                  |                             |
|----|-------------------|------------------|------------------|-----------------------------|
| 1. | M.R. Sarisdiguna  | Kitiyakara       | <i>Chairman</i>  | <i>Independent Director</i> |
| 2. | Mr. Somchai       | Bulsook          | <i>Member</i>    | <i>Independent Director</i> |
| 3. | Prof. Dr. Suchada | Kiranandana      | <i>Member</i>    | <i>Independent Director</i> |
| 4. | Ms. Elizabeth     | Sam              | <i>Member</i>    | <i>Independent Director</i> |
| 5. | Mr. Vasant        | Chariyatantiwate | <i>Secretary</i> |                             |

The committee holds meetings and report resolutions to the Board of Directors regularly. In 2003, the Committee held a total of nine meetings.

#### **Roles and Responsibilities of Audit Committee**

1. Review the Bank's quarterly, mid-year and annual financial statements
2. Review the effectiveness and adequacy of all risk management processes and the internal control system
3. Review the effectiveness and adequacy of the internal audit system and evaluate the work performed by internal auditors
4. Review the Bank's operations to ensure that they comply with Securities and Exchange Acts, Stock Exchange of Thailand regulations, banking laws and regulations pertaining to banking business
5. Prevent conflicts of interest from arising, and consider disclosures of information on related transactions, or those that might contain a conflict of interest to ensure transparency and fairness
6. Select and appoint the external auditor and evaluate the work performed by the auditor

### **Corporate Governance Committee**

The Board of Directors approved the establishment of the Corporate Governance Committee on April 3, 2002. Each member has a 3-year term. The committee comprises 4 members who are either non-executive Directors or independent Directors, namely:

- |    |                    |            |                  |                               |
|----|--------------------|------------|------------------|-------------------------------|
| 1. | Pol. Gen. Pow      | Sarasin    | <i>Chairman</i>  | <i>Non-executive Director</i> |
| 2. | Mr. Sukri          | Kaocharern | <i>Member</i>    | <i>Non-executive Director</i> |
| 3. | Prof. Dr. Yongyuth | Yuthavong  | <i>Member</i>    | <i>Independent Director</i>   |
| 4. | Mr. William Mark   | Evans      | <i>Member</i>    | <i>Independent Director</i>   |
| 5. | Ms. Sumonthip      | Otrakul    | <i>Secretary</i> |                               |

In 2003, the Corporate Governance Committee held 5 meetings and has reported meeting resolutions to the Board of Directors.

#### **Roles and Responsibilities of the Corporate Governance Committee**

1. Establish the principles and key initiatives for corporate governance supervision that are effective and appropriate for the Bank
2. Encourage the formulation of a Code of Ethics for the Bank's business practices and a Code of Conduct for the Bank's management and personnel
3. Ensure effective implementation of Corporate Governance principles
4. Review and report to the Board of Directors regarding Corporate Governance and give opinions on matters relating to it and suggest improvements as required
5. Disclose information concerning Corporate Governance to related governmental units and in the Bank's annual report

### **Human Resources and Remuneration Committee**

The Board approved the establishment of the Human Resources and Remuneration Committee on April 3, 2002. Each member has a 3-year term. The committee comprises 4 members who are either non-executive Directors or independent Directors, namely:

- |    |                |               |                  |                               |
|----|----------------|---------------|------------------|-------------------------------|
| 1. | Mr.Charles L.  | Coltman, III  | <i>Chairman</i>  | <i>Independent Director</i>   |
| 2. | M.R.Yongswasdi | Kridakon      | <i>Member</i>    | <i>Non-executive director</i> |
| 3. | Mr.Chaisak     | Saeng-Xuto    | <i>Member</i>    | <i>Independent Director</i>   |
| 4. | Dr.Schwin      | Dhammanungune | <i>Member</i>    | <i>Independent Director</i>   |
| 5. | Mr.Wanarak     | Eckachai      | <i>Secretary</i> |                               |

In 2003, the Human Resources and Remuneration Committee held a total of 3 meetings and has reported all meeting resolutions to the Board of Directors.

### **Roles and Responsibilities of Human Resources and Remuneration Committee**

1. Review the proportion, number and experience of the Board of Directors as well as nominate substitute Directors to fill vacated positions, and propose appropriate benefits and compensation for the Bank's Directors for the approval of the shareholders
2. Determine the terms and conditions in the President's employment contract, evaluate his performance and develop a succession plan for the President
3. Review and propose to the Board of Directors for approval issues relating to the human resources vision, policies and strategies, and offer benefits that are aligned with the Bank's business strategy
4. Develop a succession plan for senior management in specific positions, and maintain an updated list of candidates
5. Make recommendations concerning salaries and benefits of senior Management

### **The Risk Management Committee**

The Board of Directors approved to change the status of the Internal Risk Management Sub-committee to the Risk Management Committee on April 3, 2003. Each member has a 2-year term. At present, the committee comprises 12 members which includes 2 Executive Directors and 10 Bank management, namely:

- |     |                |                  |                             |                           |
|-----|----------------|------------------|-----------------------------|---------------------------|
| 1.  | Mr.Banthoon    | Lamsam           | <i>Chairman</i>             | <i>Executive Director</i> |
| 2.  | Ms.Sujitpan    | Lamsam           | <i>Member</i>               | <i>Executive Director</i> |
| 3.  | Dr.Piengchai   | Pookakupt        | <i>Member</i>               | <i>Management</i>         |
| 4.  | Mr.Boontuck    | Wungcharoen      | <i>Member</i>               | <i>Management</i>         |
| 5.  | Mr.David L.    | Hendrix          | <i>Member</i>               | <i>Management</i>         |
| 6.  | Mr.Richard A.  | Clarke           | <i>Member</i>               | <i>Management</i>         |
| 7.  | Mr.Teeranun    | Srihong          | <i>Member</i>               | <i>Management</i>         |
| 8.  | Ms.Patcharin   | Vongsiridej      | <i>Member</i>               | <i>Management</i>         |
| 9.  | Mr.Sasawat     | Virapriya        | <i>Member</i>               | <i>Management</i>         |
| 10. | Mr.Surasak     | Dudsdeemaytha    | <i>Member</i>               | <i>Management</i>         |
| 11. | Mr.Pattanapong | Tansomboon       | <i>Member</i>               | <i>Management</i>         |
| 12. | Mr.Prasopsuk   | Damrongchietanon | <i>Member and Secretary</i> | <i>Management</i>         |

### **Roles and Responsibilities of the Risk Management Committee**

1. Define the Bank's risk management policies and propose them to the Board of Directors for their consideration
2. Define strategies for the organization's structure and resources used in the Bank's risk management
3. Define maximum credit lines according to risk appetite and propose this to the Board of Directors for consideration
4. Monitor, review and propose to the Board risk management policy, standard practices, strategies and the overall risk management system in order to ensure that risk management procedures are effectively implemented
5. Report the Board of Directors and the Audit Committee about the status of risk and changes in the level of risk appetite, including factors that may significantly affect the risk status of the Bank

### **Selection of Board members**

The Bank established the Human Resource and Remuneration Committee, which selects qualified director candidates for consideration by the Board of Directors, who would then be nominated and appointed to Board membership at the General Meeting of Shareholders.

### **Selection of Management**

The Management Committee's function is to select qualified candidates to be approved by the Board and appointed as management at the position of First Senior Vice President and above. As for the appointment of management of lower rankings, Group Heads shall select qualified candidates to be nominated and approved by the Management Committee or the President.

### **The Advisory Board to the Management Committee**

The Board of Directors, and shareholders at the 88<sup>th</sup> Annual General Meeting on April 4, 2000, approved the establishment of the Advisory Board to the Management Committee, comprising 5 members that are either executive Directors or non-executive Directors, namely:

- |    |                 |              |                                     |                               |
|----|-----------------|--------------|-------------------------------------|-------------------------------|
| 1. | Mr. Banyong     | Lamsam       | <i>Chairman</i>                     | <i>Executive Director</i>     |
| 2. | Pol. Gen. Pow   | Sarasin      | <i>Member</i>                       | <i>Non-executive Director</i> |
| 3. | M.R. Yongswasdi | Kridakon     | <i>Member</i>                       | <i>Non-executive Director</i> |
| 4. | Mr. Sukri       | Kaocharern   | <i>Member</i>                       | <i>Non-executive Director</i> |
| 5. | Dr. Abhijai     | Chandrasen   | <i>Member and<br/>Legal Adviser</i> | <i>Non-executive Director</i> |
| 6. | Mr. Somkiat     | Sirichatchai | <i>Secretary</i>                    |                               |

### **Roles and Responsibilities of the Advisory Board to the Management Committee**

1. Acknowledge and make recommendations to the Management Committee about matters relating to the Bank's policies and issues that, once undertaken, may create major changes to the Bank's business, or issues that require compliance with laws or established regulations
2. Ensure efficiency of the Bank's management and operations

## Management Committee

The Board of Directors, and shareholders at the 88<sup>th</sup> General Meeting on April 4, 2000, approved the establishment of the Management Committee, comprising 8 members, namely:

- |    |                |              |                  |
|----|----------------|--------------|------------------|
| 1. | Mr. Banthoon   | Lamsam       | <i>Chairman</i>  |
| 2. | Ms. Tida       | Samalapa     | <i>Member</i>    |
| 3. | Mr. Apichai    | Bunyakiat    | <i>Member</i>    |
| 4. | Dr. Piengchai  | Pookakupt    | <i>Member</i>    |
| 5. | Mr. Boontuck   | Wungcharoen  | <i>Member</i>    |
| 6. | Mr. David L.   | Hendrix      | <i>Member</i>    |
| 7. | Mr. Richard A. | Clarke       | <i>Member</i>    |
| 8. | Mr. Wanarak    | Eckachai     | <i>Member</i>    |
| 9. | Mr. Somkiat    | Sirichatchai | <i>Secretary</i> |

In 2003, the Management Committee held a total of 43 meetings and has reported all meeting resolutions to the Board of Directors

### Roles and Responsibilities of the Management Committee

1. Review and propose to the Board of Directors for approval of issues relating to the Bank's policies that, once undertaken, may create major changes to the Bank's business, or issues that require compliance with laws or established regulations, as well as matters that the Management Committee proposes for approval, case-by-case, or according to established criteria, such as in matters of credit approval

2. Manage and operate the Bank's business according to the policies set by the Board of Directors

3. Report activities carried out by the Management Committee to the Board of Directors

### The Sub-committees

The Sub-committees' roles are to review and manage various matters within the Bank to ensure fairness, appropriateness, effectiveness and the highest efficiency of the Bank's operations. There are 9 Sub-committees, namely:

1. Information Technology Sub-committee
2. Assets and Liabilities Management Sub-committee
3. Retail Business Credit Sub-committee
4. Corporate Business Debt Recovering and Restructuring Sub-committee
5. Retail Business Debt Recovering and Restructuring Sub-committee
6. Foreclosed Property Management Sub-committee
7. Information Infrastructure Sub-committee
8. Product Pricing Sub-committee
9. Credit Policy Sub-committee

## Executives of KASIKORNBANK PUBLIC COMPANY LIMITED

Name - Last Name/Position	Education	Experiences	Increase or (Decrease) in the KBANK Shares Held in 2003
<p><b>1 Mr. Banyong Lamsam</b> Chairman of the Board and Chairman of the Advisory Board to the Management Committee (Authorized Signature)</p>	<p>BBA (Banking and Finance), University of New Mexico, U.S.A.</p>	<p>1992 - Present Chairman KASIKORNBANK PUBLIC COMPANY LIMITED 2000 - Present Chairman of the Advisory Board to the Management Committee KASIKORNBANK PUBLIC COMPANY LIMITED 1992 - Present Director Com-Link Company Limited 1991 - Present Chairman Dole Thailand Limited</p>	<p>-</p>
<p><b>2 Pol. Gen. Pow Sarasin</b> Vice Chairman, Member of the Advisory Board to the Management Committee and Chairman of the Corporate Governance Committee (Authorized Signature)</p>	<p>Bachelor of Science (Chemistry), John Hopkins University, U.S.A. Bachelor of Science (Criminology), University of California, U.S.A.</p>	<p>1992 - Present Vice Chairman KASIKORNBANK PUBLIC COMPANY LIMITED 2000 - Present Member of the Advisory Board to the Management Committee KASIKORNBANK PUBLIC COMPANY LIMITED 2002 - Present Chairman of the Corporate Governance Committee KASIKORNBANK PUBLIC COMPANY LIMITED 2002 - Present Director Siam Food Public Company Limited 2002 - Present Director Quality House Public Company Limited 1994 - Present Independent Director Charoen Pokphand Foods Public Company Limited 1993 - Present Chairman Mitsubishi Elevator Asia Company Limited</p>	<p>-</p>

Name - Last Name/Position	Education	Experiences	Increase or (Decrease) in the KBANK Shares Held in 2003
<p><b>3 Mr. Banthoon Lamsam</b> Director President and Chief Executive Officer (Authorized Signature)</p>	<p>MBA, Harvard University, U.S.A. Directors Certification, Thai Institute of Directors Association</p>	<p>1992 - Present President KASIKORNBANK PUBLIC COMPANY LIMITED 1999 - Present Chairman KASIKORN Research Center Company Limited 1997 - Present Director Santikaset Company Limited</p>	<p>-</p>
<p><b>4 Mr. Sukri Kaocharern</b> Director, Member of the Advisory Board to the Management Committee and Member of the Corporate Governance Committee (Authorized Signature)</p>	<p>Master of Science (Accounting), Southern Illinois University, U.S.A.</p>	<p>1981 - Present Director KASIKORNBANK PUBLIC COMPANY LIMITED 2000 - Present Member of the Advisory Board to the Management Committee KASIKORNBANK PUBLIC COMPANY LIMITED 2002 - Present Member of the Corporate Governance Committee KASIKORNBANK PUBLIC COMPANY LIMITED 2001 - Present Commissioner Agricultural Futures Trading Commission 2000 - Present Chairman of the Audit Committee Ministry of Commerce 2000 - Present Director and Chairman of the Audit Committee Jutha Maritime Public Company Limited 1994 - Present Chairman Indo-Worth (Thailand) Company Limited 1979 - Present Chairman Thai Caster Oil Company Limited</p>	<p>-</p>
<p><b>5 M.R. Sarisdiguna Kitiyakara</b> Director and Chairman of the Audit Committee (Authorized Signature)</p>	<p>M.A. (Engineering), Cambridge University, England</p>	<p>1985 - Present Director KASIKORNBANK PUBLIC COMPANY LIMITED 2000 - Present Chairman of the Audit Committee KASIKORNBANK PUBLIC COMPANY LIMITED</p>	<p>(5,000)</p>



Name - Last Name/Position	Education	Experiences	Increase or (Decrease) in the KBANK Shares Held in 2003
		1994 - Present Director Goodyear (Thailand) Public Company Limited	
<b>6 M.R. Yongswasdi Kridakon</b> Director, Member of the Advisory Board to the Management Committee and Member of the Human Resources and Remuneration Committee (Authorized Signature)	Bachelor of Liberal Arts, Randolph - Macon College, U.S.A.	1991 - Present Director KASIKORNBANK PUBLIC COMPANY LIMITED 2000 - Present Member of the Advisory Board to the Management Committee KASIKORNBANK PUBLIC COMPANY LIMITED 2002 - Present Member of the Human Resources and Remuneration Committee KASIKORNBANK PUBLIC COMPANY LIMITED 2000 - Present Director CPB Property Company Limited 1997 - Present Director CPB Equity Company Limited 1990 - Present Director Deves Insurance Public Company Limited 1988 - Present Deputy Director General Bureau of the Crown Property	-
<b>7 Mr. Somchai Bulsook</b> Director and Member of the Audit Committee (Authorized Signature)	BBA, Menlo School of Business, U.S.A.	1993 - Present Director KASIKORNBANK PUBLIC COMPANY LIMITED 1998 - Present Audit Committee Member KASIKORNBANK PUBLIC COMPANY LIMITED 2002 - Present Director Petform (Thailand) Company Limited 1997 - Present Chairman Serm Suk YHS Beverage Company Limited 1996 - Present President & C.E.O. Serm Suk Public Company Limited	-

Name - Last Name/Position	Education	Experiences	Increase or (Decrease) in the KBANK Shares Held in 2003
		1992 - Present Director Bangkok Glass Industry Company Limited	
<b>8 Ms. Sujitpan Lamsam</b> Director	MA Honours (Economics), Cambridge University, England Master of Science in Management, Massachusetts Institute of Technology, U.S.A.	1999 - Present Director KASIKORNBANK PUBLIC COMPANY LIMITED 2000 - Present Director Muang Thai Life Assurance Company Limited 2000 - Present Chairman Ploy Asset Management Company Limited 2000 - Present Chairman Phethai Asset Management Company Limited	30,000
<b>9 Professor Dr. Suchada Kiranandana</b> Director and Member of the Audit Committee	Ph.D. (Statistics), Harvard University, U.S.A.	2000 - Present Director KASIKORNBANK PUBLIC COMPANY LIMITED 2000 - Present Audit Committee Member KASIKORNBANK PUBLIC COMPANY LIMITED 1999 - Present Dean The Graduate School, Chulalongkorn University 1998 - Present Professor Department of Statistics, Faculty of Commerce and Accountancy, Chulalongkorn University 1997 - Present President Thai Statistical Association	-
<b>10 Professor Dr. Yongyuth Yuthavong</b> Director and Member of the Corporate Governance Committee	Ph.D. (Organic Chemistry), Oxford University, England	2000 - Present Director KASIKORNBANK PUBLIC COMPANY LIMITED 2002 - Present Member of the Corporate Governance Committee KASIKORNBANK PUBLIC COMPANY LIMITED	-

Name - Last Name/Position	Education	Experiences	Increase or (Decrease) in the KBANK Shares Held in 2003
		1999 - Present President Thai Academy of Science and Technology 1998 - Present Acting Director Thailand Graduate Institute of Science and Technology, NSTDA 1998 - Present Senior Researcher National Center for Genetic Engineering and Biotechnology 1998 - Present Chairman ASEAN Subcommittee on Infrastructure and Resources Development ASEAN Committee on Science and Technology 1984 - Present Member of the Council of Trustee and the Board of Directors Thailand Development Research Institute Foundation	
<b>11 Dr. Abhijai Chandrasen</b> Director and Legal Adviser and Member of the Advisory Board to the Management Committee	Docteur en Droit (with Honors), Paris University (Sorbonne), France	2000 - Present Director and Legal Adviser and Member of the Advisory Board to the Management Committee KASIKORNBANK PUBLIC COMPANY LIMITED 2000 - Present Director Punyariddhi Law Office Company Limited 1994 - Present Director Sammakorn Public Company Limited 1979 - Present Director Siam Motors Parts Company Limited	-
<b>12 Mr. Charles L. Coltman, III</b> Director and Chairman of the Human Resources and Remuneration Committee	Graduate Study in Asian Affairs, American University, U.S.A.	2000 - Present Director KASIKORNBANK PUBLIC COMPANY LIMITED 2002 - Present Chairman of the Human Resources and Remuneration Committee KASIKORNBANK PUBLIC COMPANY LIMITED	-

Name - Last Name/Position	Education	Experiences	Increase or (Decrease) in the KBANK Shares Held in 2003
		2001 - Present Chairman of International Advisory Committee National City Bank	
<b>13 Mr. William Mark Evans</b> Director and Member of the Corporate Governance Committee	M. Litt. In Management Studies, Oxford University, England	2000 - Present Director KASIKORNBANK PUBLIC COMPANY LIMITED 2002 - Present Member of the Corporate Governance Committee KASIKORNBANK PUBLIC COMPANY LIMITED 2002 - Present General Partner Benchmark Capital LLC	-
<b>14 Ms. Elizabeth Sam</b> Director and Member of the Audit Committee	BA Honours (Economics), University of Singapore, Singapore	2001 - Present Director and Audit Committee Member KASIKORNBANK PUBLIC COMPANY LIMITED 2001 - Present Director Blu Inc. Limited 2000 - Present Independent Director Boardroom Limited 1999 - Present Director Asia Investment Corporation	45,000
<b>15 Mr. Chaisak Saeng-Xuto</b> Director and Member of the Human Resources and Remuneration Committee	MS (Engineering), University of California, Berkeley, U.S.A.	2001 - Present Director KASIKORNBANK PUBLIC COMPANY LIMITED 2002 - Present Member of the Human Resources and Remuneration Committee KASIKORNBANK PUBLIC COMPANY LIMITED 2001 - Present Adviser Siam Cement Public Company Limited 2001 - Present Adviser to the Board Siam Pulp and Paper Public Company Limited	-

Name - Last Name/Position	Education	Experiences	Increase or (Decrease) in the KBANK Shares Held in 2003
		2000 - Present Audit Committee Member Samakki Insurance Public Company Limited 1999 - Present Director Thai British Security Printing Public Company Limited	
<b>16 Dr. Schwin Dhammanungune</b> Director and Member of the Human Resources and Remuneration Committee	D.B.A.(International Business Administration), US International University, U.S.A. Ph.D.(I/O Psychology), US International University, U.S.A.	2001 - Present Director KASIKORNBANK PUBLIC COMPANY LIMITED 2002 - Present Member of the Human Resources and Remuneration Committee KASIKORNBANK PUBLIC COMPANY LIMITED 1999 - Present Member of the Regulatory Committee of International Business Program Eastern Asia University 1996 - Present Chairman of the Industrial Organization Program Faculty of Psychology, Chulalongkorn University 1995 - Present President Business Intelligence & Creativity Company Limited 1993 - Present President LEARNET International (Thailand) Company Limited	-
<b>17 Mr. Sirivuthi Siamphakdee</b> Executive Vice President	Bachelor of Business Administration, Thammasat University	1994 - 2003 Executive Vice President KASIKORNBANK PUBLIC COMPANY LIMITED 1990 - 1993 First Senior Vice President KASIKORNBANK PUBLIC COMPANY LIMITED	-

Name - Last Name/Position	Education	Experiences	Increase or (Decrease) in the KBANK Shares Held in 2003
<b>18 Ms. Tida Samalapa</b> Executive Vice President	Bachelor of Education, Chulalongkorn University	1997 - 2003 Executive Vice President KASIKORNBANK PUBLIC COMPANY LIMITED 1994 - 1996 First Senior Vice President KASIKORNBANK PUBLIC COMPANY LIMITED	(2,000)
<b>19 Mr. Apichai Bunyakiat</b> Executive Vice President	Master of Science in Commerce, St. Louis University, U.S.A.	1997 - Present Executive Vice President KASIKORNBANK PUBLIC COMPANY LIMITED 1994 - 1996 First Senior Vice President KASIKORNBANK PUBLIC COMPANY LIMITED	(7,470)
<b>20 Dr. Piengchai Pookakupt</b> Executive Vice President	Ph.D. International Business, University of Wisconsin - Madison, U.S.A. Directors Certification, Thai Institute of Directors Association	1999 - Present Executive Vice President KASIKORNBANK PUBLIC COMPANY LIMITED 1995 - 1998 First Senior Vice President KASIKORNBANK PUBLIC COMPANY LIMITED	(11,960)
<b>21 Mr. Boontuck Wungcharoen</b> Executive Vice President	Master of Business Administration, New York University, U.S.A.	1999 - Present Executive Vice President KASIKORNBANK PUBLIC COMPANY LIMITED 1995 - 1998 First Senior Vice President KASIKORNBANK PUBLIC COMPANY LIMITED	-
<b>22 Mr. Richard A. Clarke</b> Executive Vice President	Bachelor Of Arts, University of Notre Dame, Indiana, U.S.A.	2002 - Present Executive Vice President KASIKORNBANK PUBLIC COMPANY LIMITED 1998 - 2001 Managing Director and Group Head- Leveraged - Finance, Philadelphia First Union Corporation, Philadelphia, PA 1995 - 1998 SVP and Senior Managing Director Corporate Finance, Philadelphia Corest Financial, Corporation, Philadelphia, PA 1991 - 1995 SVP and Managing Director-Syndication Philadelphia, Corest Financial, Corporation, Philadelphia, PA	-

Name - Last Name/Position	Education	Experiences	Increase or (Decrease) in the KBANK Shares Held in 2003
		1989 - 1991 SVP, Specialized Banking Group Head Philadelphia, Corest Financial, Corporation, Philadelphia, PA	
23 <b>Mr. David L. Hendrix</b> Executive Vice President	Master of Arts, Tufts University, U.S.A.	2001 - Present Executive Vice President KASIKORNBANK PUBLIC COMPANY LIMITED 1997 - 2000 Executive Vice President Consumer Banking Group, Bank of Asia, Bangkok, Thailand 1995 - 1996 VP and GCB Country Head Citibank, Taiwan 1986 - 1995 General Manager and CCO Citibank, Thailand	(5,000)
24 <b>Mr. Wanarak Eckachai</b> Executive Vice President	Bachelor of Science, Madison Business College, U.S.A.	December 2002 - Present Executive Vice President KASIKORNBANK PUBLIC COMPANY LIMITED	-
25 <b>Ms. Chawiwat Varophas</b> First Senior Vice President	Master of Science, Syracuse University, U.S.A. M.B.A. (Management Data Systems), Syracuse University, U.S.A.	2001 - Present First Senior Vice President KASIKORNBANK PUBLIC COMPANY LIMITED 1996 - 2001 Senior Vice President Financial Planning Department KASIKORNBANK PUBLIC COMPANY LIMITED 1995 - 1996 Financial Planning Department KASIKORNBANK PUBLIC COMPANY LIMITED	(4,100)
26 <b>Mr. Sasawat Virapriya</b> First Senior Vice President	Master of Science, North Texas State University, U.S.A.	2001 - Present First Senior Vice President KASIKORNBANK PUBLIC COMPANY LIMITED 1999 - 2001 Senior Vice President Financial Planning Department KASIKORNBANK PUBLIC COMPANY LIMITED 1997 - 1999 First Vice President Financial Planning Department KASIKORNBANK PUBLIC COMPANY LIMITED	-

Name - Last Name/Position	Education	Experiences	Increase or (Decrease) in the KBANK Shares Held in 2003
		1996 - 1997 First Vice President Manufacturing and Agro-Industry Credit Department KASIKORNBANK PUBLIC COMPANY LIMITED	
27 <b>Mr. Som Pisarnsopon</b> Senior Vice President Financial Planning Department	Master of Science, Carnegie - Mellon University, U.S.A.	2001 - Present Senior Vice President Financial Planning Department KASIKORNBANK PUBLIC COMPANY LIMITED 2000 First Vice President Financial Planning Department KASIKORNBANK PUBLIC COMPANY LIMITED 1998 - 1999 First Vice President Executive Services Department KASIKORNBANK PUBLIC COMPANY LIMITED	(100)
28 <b>Ms. Pranee Tirasest</b> Senior Vice President Financial Accounting Management Department	Master of Science, Carnegie - Mellon University, U.S.A.	1998 - Present Senior Vice President Financial Accounting Management Department KASIKORNBANK PUBLIC COMPANY LIMITED 1992 - 1997 First Vice President Financial Accounting Management Department KASIKORNBANK PUBLIC COMPANY LIMITED	-

## Remuneration to Directors and Executives

### 1. Financial remuneration

1.1 Directors' remuneration: The Bank has established a set of well-defined and transparent remuneration policies for directors. The Human Resources and Remuneration Committee is responsible for reviewing these policies by taking into consideration the appropriateness of remuneration with respect to the obligations and responsibilities of each director, and the Bank's financial status, to ensure that remuneration is comparable to other commercial banks. A member of a committee who is also a member of other committees shall receive additional remuneration according to the increased responsibilities. The Bank has already received approval on its remuneration policies from the General Meeting of Shareholders.



Sixteen directors received meeting allowances from meetings of the Board of Directors, the Advisory Board to the Management Committee, the Audit Committee, the Corporate Governance Committee and the Human Resources and Remuneration Committee. Also included would be the remuneration for legal advisory services. In 2003, the Bank paid total remuneration of Baht 35,196,000, and taxes on meeting allowances and compensation for legal advisory services of Baht 12,349,934.89.

1.2 Management's remuneration: The remuneration to Management is paid according to the policies and criteria set by the Board of Directors. It ties directly to the performance of the Bank and Management. The Human Resources and Remuneration Committee shall propose to the Board of Directors for consideration and approval of appropriate remuneration.

In 2003, the 8 Executive Vice Presidents and the President, totally 9 persons, received remuneration including salaries, living expenses, special pensions and bonuses from the Bank totaling Baht 118,277,279.08.

## **2. Other remuneration**

The Extraordinary Meeting of Shareholders No. 1/1999, approved the offering and issuance of 50 million units of warrants to the Bank's employees (excluding directors) in 3 phases of the ESOP program. The shareholders' delegates or other persons delegated by them shall allocate the warrants to employees by taking into consideration competency and potential of each employee.

The warrants are irrevocable subscription certificates offered at Baht 0 (zero) per unit. Each warrant can be exercised to purchase one Baht 10 (par) common share at a price of Baht 30 per share. The Bank received approval from the shareholders to offer 18.5 million units, of which 15,612,600 units were allocated to employees in Phase 1, August 2000. The first exercise date was December 28, 2001, and the final exercise date will be December 30, 2005. The Bank also received approval to offer 5 million warrants in Phase 2, of which 3,962,500 units were allocated to employees in December 2001. The first exercise date was December 30, 2002, and the final exercise date is December 29, 2006.

As for Phase 3, the Bank offered 26.5 million warrants, of which 26,490,560 units were allocated to employees in December 2002. The first exercise date is December 30, 2003, and the last exercise date is December 30, 2007. For Phase 3, the rules and conditions were revised to comply with resolution of the General Meeting of Shareholders No. 90 on April 3, 2002, as follows:

1. Adjustment of the exercise price from Baht 30 per share to a weighted average price of the last 5 trading days before the offering date, which was then equal to Baht 27.82 per share;
2. Adjustment of the warrant exercise dates from twice a year to four times a year. Exercise dates shall be the last working day of each March, June, September and December, until the expiration of each warrant.

Bank management-level personnel received allocations of warrants at the ratios of 7.68%, 11.68% and 11.28% of the total number of warrants allocated in Phase 1, Phase 2 and Phase 3, respectively. As of December 31, 2003, the total number of exercised warrants was 8,456,532 units, comprising 5,045,940 units from Phase 1, 739,720 units from Phase 2, and 2,670,872 units from Phase 3.

## Investments of the KASIKORNBANK PUBLIC COMPANY LIMITED in Other Companies

The following is a list of companies in which KBANK, as of December 31, 2003 made investments in the form of stockholding of 10 percent or more of the total number of stocks issued.

Name of Company	Location of Corporate Headquarters	Type of Business	Total Number of Paid-up Stocks	Total Number of Stocks Held	Proportion of Total Stocks Held (%)	Type of Stock
<b>1 PLOY ASSET MANAGEMENT CO., LTD.</b> Tel 0 2693 2020 Fax 0 2693 2525	Bangkok	Services	500,000,000	499,999,993	99.99	Common Stock
<b>2 PHETHAI ASSET MANAGEMENT CO., LTD.</b> Tel 0 2694 5000 Ext. 5208 Fax 0 2694 5203	Bangkok	Services	800,000,000	799,999,993	99.99	Common Stock
<b>3 KANPAI CO., LTD.</b> Tel 0 2270 1261 Fax 0 2270 1262	Bangkok	Services	200,000	199,993	99.99	Common Stock
<b>4 PROGRESS PLUS CO., LTD.</b> Tel 0 2270 1272 Fax 0 2270 1273	Bangkok	Services	230,000	229,993	99.99	Common Stock
<b>5 KASIKORN FACTORING CO., LTD.</b> Tel 0 2290 2900 Fax 0 2275 5165	Bangkok	Factoring	1,600,000	1,599,994	99.99	Common Stock
<b>6 PROGRESS LAND AND BUILDINGS CO., LTD.</b> Tel 0 2273 3884 Fax 0 2273 3883	Bangkok	Real Estate Development	20,000,000	19,999,992	99.99	Common Stock
<b>7 KASIKORN RESEARCH CENTER CO., LTD.</b> Tel 0 2273 1874 Fax 0 2270 1569	Bangkok	Services	100,000	99,993	99.99	Common Stock
<b>8 PROGRESS FACILITIES MANAGEMENT CO., LTD.</b> Tel 0 2273 3289-91 Fax 0 2273 3292	Bangkok	Services	50,000	49,993	99.99	Common Stock
<b>9 PROGRESS MANAGEMENT CO., LTD.</b> Tel 0 2273 3880-2 Fax 0 2273 3883	Bangkok	Services	60,000	59,993	99.99	Common Stock

Name of Company	Location of Corporate Headquarters	Type of Business	Total Number of Paid-up Stocks	Total Number of Stocks Held	Proportion of Total Stocks Held (%)	Type of Stock
<b>10 PROGRESS STORAGE CO., LTD.</b> Tel 0 2273 3833 Fax 0 2271 4784	Bangkok	Services	30,000	29,993	99.98	Common Stock
<b>11 PROGRESS SERVICE CO., LTD.</b> Tel 0 2273 3293-4 Fax 0 2273 3292	Bangkok	Services	20,000	19,993	99.97	Common Stock
<b>12 PROGRESS APPRAISAL CO., LTD.</b> Tel 0 2273 3654-6 Fax 0 2270 1051	Bangkok	Services	5,000	4,992	99.84	Common Stock
<b>13 SIAM CONTAINER PIPE CO., LTD.</b> Tel 0 2639 6699 Fax -	Bangkok	Metal Industries	20,041	15,367	76.68	Common Stock
<b>14 PHATRA REAL ESTATE PUBLIC CO., LTD.</b> Tel 0 2693 3990-9 Fax 0 2693 3950	Bangkok	Real Estate Development	383,406,405	277,018,336	72.25	Preferred Stock
<b>15 KASIKORN ASSET MANAGEMENT CO., LTD.</b> Tel 0 2693 2300 Fax 0 2693 2320	Bangkok	Mutual Fund Management	27,154,274	19,394,156	71.42	Common Stock
<b>16 PROGRESS SOFTWARE CO., LTD.</b> Tel 0 2273 3829-30 Fax 0 2270 1197	Bangkok	Services	100,000	60,000	60.00	Common Stock
<b>17 THAI ADMINISTRATION SERVICES CO., LTD.</b> Tel 0 2670 9494 Fax 0 2670 9499	Bangkok	Services	2,500,000	1,274,997	51.00	Common Stock
<b>18 CONTINENTAL PETROCHEMICAL (THAILAND) CO., LTD.</b> Tel 0 2315 1478 Fax -	Samutprakarn	Manufacture	62,160	27,327	43.96	Preferred Stock
<b>19 FUEL PIPELINE TRANSPORTATION LTD.</b> Tel 0 2574 6180-3 Fax 0 2574 6101	Bangkok	Fuel Pipeline Transportation	7,960,000	2,481,138	31.17	Preferred Stock
<b>20 PROCESSING CENTER CO., LTD.</b> Tel 0 2237 6330-4 Fax 0 2634 3231	Bangkok	Services	100,000	30,000	30.00	Common Stock
<b>21 SIAM PHIWAN CO., LTD.</b> Tel 0 2658 1000-19 Fax 0 2658 1020-1	Bangkok	Services	1,000,000	298,700	29.87	Preferred Stock
<b>22 N.C. ASSOCIATE CO., LTD.</b> Tel 0 2661 5200 Fax 0 2661 4136	Bangkok	Agro-Industry	10,000	2,823	28.23	Common Stock
<b>23 RURAL CAPITAL PARTNERS CO., LTD.</b> Tel 0 2318 3958 Fax 0 2318 3958 Ext.406	Bangkok	Joint Venture	1,000,000	275,000	27.50	Common Stock

Name of Company	Location of Corporate Headquarters	Type of Business	Total Number of Paid-up Stocks	Total Number of Stocks Held	Proportion of Total Stocks Held (%)	Type of Stock
<b>24 WTA (THAILAND) CO., LTD.</b> Tel 0 2699 1609 Fax 0 2643 1881	Bangkok	Joint Venture	1,000	249	24.90	Common Stock
<b>25 PROGRESS INFORMATION CO., LTD.</b> Tel 0 2263 3850 Fax 0 2263 8051	Bangkok	Services	1,000,000	200,000	20.00	Common Stock
<b>26 M GRAND HOTEL CO., LTD.</b> Tel 0 2617 1949 Fax 0 2617 1940-1	Bangkok	Hotel	100,000,000	20,000,000	20.00	Common Stock
<b>27 E.S. INDUSTRIES CO., LTD.</b> Tel 0 2516 9124-8 Fax 0 2516 9202	Pathum Thani	Textiles	1,100,000	220,000	20.00	Common Stock
<b>28 UNITAS CO., LTD.</b> Tel 0 2249 0491 Fax 0 2249 0503	Bangkok	Joint Venture	110,532	21,152	19.14	Common Stock
<b>29 PHATRA REAL ESTATE PUBLIC CO., LTD.</b> Tel 0 2693 3990-9 Fax 0 2693 3950	Bangkok	Real Estate Development	96,000,000	16,500,000	17.19	Common Stock
<b>30 MANAGER MEDIA GROUP CO., LTD.</b> Tel 0 2281 8333 Fax 0 2280 0724	Bangkok	Services	62,500,000	10,237,643	16.38	Common Stock
<b>31 SIAM TECHNO CITY CO., LTD.</b> Tel 0 2634 0655-6 Fax 0 2634 0657	Bangkok	Real Estate Development	10,000,000	1,500,000	15.00	Common Stock
<b>32 AMERICAN APPRAISAL (THAILAND) CO., LTD.</b> Tel 0 2675 8403-15 Fax 0 2675 8427-8	Bangkok	Services	10,000	1,165	11.65	Common Stock
<b>33 MISUHO CORPORATION LEASING (THAILAND) CO., LTD.</b> Tel 0 2266 6431-6 Fax 0 2266 6440	Bangkok	Leasing	60,000	6,000	10.00	Common Stock
<b>34 E.C. LEASING CO., LTD.</b> Tel 0 2664 1366 Fax 0 2664 1367	Bangkok	Leasing	100,000	10,000	10.00	Common Stock
<b>35 TELESAT CORPORATION CO., LTD.</b> Tel 0 2682 6111 Fax 0 2682 6306	Bangkok	Telecommunications	30,000,000	3,000,000	10.00	Common Stock
<b>36 DIRECT MARKETING SERVICES PUBLIC CO., LTD.</b> Tel 0 2436 9000 Fax 0 2436 9029	Bangkok	Services	500,000	50,000	10.00	Common Stock
<b>37 ZIN SUAPAH CO., LTD.</b> Tel 0 2221 5895 Fax 0 2224 4499	Bangkok	Services	6,000	600	10.00	Common Stock

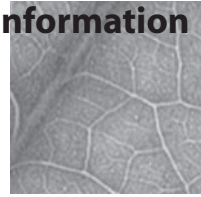
Name of Company	Location of Corporate Headquarters	Type of Business	Total Number of Paid-up Stocks	Total Number of Stocks Held	Proportion of Total Stocks Held (%)	Type of Stock
<b>38 SEACON DEVELOPMENT CO., LTD.</b> Tel 0 2721 8888 Fax 0 2721 9444	Bangkok	Real Estate Development	5,740,000	574,000	10.00	Common Stock
<b>39 BAAN SOMTHAVIL CO., LTD.</b> Tel 0 2332 0352 Fax 0 2332 0372-4	Bangkok	Real Estate Development	1,000,000	100,000	10.00	Common Stock
<b>40 MOJDARA ESTATE CO., LTD.</b> Tel 0 2251 2526-7 Fax 0 2252 6837	Bangkok	Real Estate Development	200,000	20,000	10.00	Common Stock
<b>41 SUN VALLEY CO., LTD.</b> Tel 0 2226 3390 Fax 0 2222 9021	Bangkok	Real Estate Development	1,000,000	100,000	10.00	Common Stock
<b>42 MUANG THAI HOLDING CO., LTD.</b> Tel 0 2274 9400 Fax 0 2276 1997-8	Bangkok	Joint Venture	42,000,000	4,200,000	10.00	Common Stock
<b>43 INTERNATIONAL SOFTWARE FACTORY CO., LTD.</b> Tel 0 2273 1840-9 Fax 0 2270 1145	Bangkok	Services	5,000,000	500,000	10.00	Common Stock
<b>44 SIAM FOODS PUBLIC CO., LTD.</b> Tel 0 2661 3440-7 Fax 0 2661 3422-3	Bangkok	Agro-Industry	21,000,000	2,099,930	10.00	Common Stock
<b>45 ADVANCE MICRO TECH CO., LTD.</b> Tel 0 2739 4095-8 Fax 0 2739 4099	Bangkok	Electronics	600,000	60,000	10.00	Common Stock
<b>46 WEI POA CO., LTD.</b> Tel 0 2224 3839 Fax 0 2224 8031	Hongkong	Agro-Industry	5,500,000	550,000	10.00	Common Stock
<b>47 KHUNKA PALANG THAI CO., LTD.</b> Tel 0 2716 1600 Fax 0 2716 1488	Bangkok	Energy	10,000	1,000	10.00	Common Stock
<b>48 PALIT PALANGGAN CO., LTD.</b> Tel 0 2716 1600 Fax 0 2716 1488	Bangkok	Energy	10,000	1,000	10.00	Common Stock
<b>49 PALANG THAI KAOWNA CO., LTD.</b> Tel 0 2716 1600 Fax 0 2716 1488	Bangkok	Energy	10,000	1,000	10.00	Common Stock
<b>50 KHUNKA FAIFA THAI CO., LTD.</b> Tel 0 2716 1600 Fax 0 2716 1488	Bangkok	Energy	10,000	1,000	10.00	Common Stock

## Income Structure

Income structure for the year ending December 31, is as follows:

(Million Baht)

	2003		2002	
	Amounts	Percentage	Amounts	Percentage
<b>Income and dividend income</b>				
<b>1. Income from loans</b>	<b>24,383</b>	<b>53.92</b>	<b>25,007</b>	<b>60.51</b>
1.1 Borrowing	11,792	26.08	11,353	27.47
1.2 Overdrafts	7,821	17.29	7,509	18.17
1.3 Bills	4,770	10.55	6,145	14.87
<b>2. Interbank and money market income</b>	<b>2,248</b>	<b>4.97</b>	<b>3,575</b>	<b>8.65</b>
2.1 Deposits	1,659	3.67	3,027	7.33
2.2 Loans	23	0.05	146	0.35
2.3 Securities sold under repurchase agreement	566	1.25	402	0.97
<b>3. Gain on securities investment</b>	<b>4,405</b>	<b>9.74</b>	<b>4,756</b>	<b>11.51</b>
<b>Total interest and dividend income</b>	<b>31,036</b>	<b>68.63</b>	<b>33,338</b>	<b>80.67</b>
<b>Non-interest income</b>				
<b>1. Fees and service income</b>	<b>6,176</b>	<b>13.66</b>	<b>5,938</b>	<b>14.37</b>
1.1 Acceptances, aval, and guarantees	598	1.32	568	1.38
1.2 Others	5,578	12.34	5,370	12.99
<b>2. Gain on foreign exchanges</b>	<b>1,822</b>	<b>4.03</b>	<b>985</b>	<b>2.38</b>
<b>3. Other income</b>	<b>6,188</b>	<b>13.68</b>	<b>1,066</b>	<b>2.58</b>
<b>Total non-interest income</b>	<b>14,186</b>	<b>31.37</b>	<b>7,989</b>	<b>19.33</b>
<b>Total Income</b>	<b>45,222</b>	<b>100.00</b>	<b>41,327</b>	<b>100.00</b>



### **Charitable Activities**

KASIKORNBANK PUBLIC COMPANY LIMITED has taken part in the continuing progress of social development by coordinating with both public and private sectors to organize socially beneficial activities, including social contributions and religious and educational supports. The key activities undertaken in 2003 include:

#### **Help Me and The Elephants Please Project**

The Bank initiated and supported the “**Help Me and the Elephants Please**” Project with the objective of raising Baht 100 million in funding for ten selected foundations, seven of which support the HIV-infected children and three which helped cure wounded elephants. The campaign launched on July 8, 2003. Baht 50 million was raised from the general public; the Bank contributed an equal amount. The project received widespread and generous support from the public. The Bank thus reached the fund target in only 23 days, much earlier than expected. By the time the Bank ended the campaign on November 30, 2003, a total of Baht 111 million was raised. The success was owed largely to the support of the media, who helped promote the project promptly and widely.

#### **Royal Khatin Robe Presentation Ceremony**

On October 11, 2003, the Bank organized a Royal Khatin Robe Presentation Ceremony at the monastery hall of Tha Sa-arn Temple in Tambon Tha Sa-arn, Bangpakong District, Chachoengsao Province. The Bank also received financial contributions of Baht 5.1 million from the Board of Directors, employees, customers and the general public. The sum was used for the construction of a traditional Thai-architecture building and for spending on public activities of government agencies and charitable organizations that organize functions that benefit the public.

#### **Scholarships**

Acknowledging that education is vital to the development of children and youths, the Bank has, since 1969, provided scholarships to students with financial hardship and excellent academic records all over the country. In 2003, the Bank provided 1,264 scholarships with a total funding of Baht 2,916,400. Ninety-two scholarships were for institutions in Greater Bangkok, 1,165 for institutions in the provinces, one for post-graduate study, and six for funding the writing of theses.

## Awards and Recognition

Many honorary awards and mentions of recognition were given to the Bank in 2003. These include:

- **The Board of the Year:** by the National Corporate Governance Committee of the Stock Exchange of Thailand.
- **Best Performance** and **Best Corporate Governance** Report: at the SET Awards 2003 ceremony organized by the Stock Exchange of Thailand and *Money and Banking* Magazine. **Mr. Banthoon Lamsam**, KBANK's President and Chief Executive Officer was also awarded the **Best CEO**.
- **The Banker Awards 2003:** *The Banker* Magazine recognized KBANK as Thailand's best bank.
- **Bank of the Year 2003** (for two consecutive years): by the *Money and Banking* Magazine.
- **Best Company Investor Relations in Thailand:** by *Institutional Investor* Magazine.
- **Disclosure Report Award 2003** and **Popular Award 2003:** by The Office of the Securities and Exchange Commission
- **Best IR by a Thai Company 2003:** by *IR* Magazine.
- **Best Investor Relations 2003 for Thailand:** by *Asiamoney* Magazine
- **No.1 in Corporate Governance** (weighted by Assets of Responding Investing Institutions): by *The Asset* Magazine

## General Information

KASIKORNBANK PUBLIC COMPANY LIMITED (KBANK) conducts commercial banking business under the regulations of the Commercial Banking Act and other related directives of the Bank of Thailand. Its head office is located at 1 Soi Kasikornthai, Ratburana Road, Bangkok 10140. The Bank's registration number is PCL.105. Its Home Page is [www.kasikornbank.com](http://www.kasikornbank.com). Its central telephone number has been changed to 0 2222 0000, effective from April 2004, and fax numbers are 0 2470 1144-5. As of December 31, 2003, the Bank's paid-up capital stood at Baht 23,540,654,170; comprising 2,353,518,072 ordinary shares at par value Baht 10 totaling Baht 23,535,180,720; and 547,345 Class A preferred shares at par value Baht 10 amounting to Baht 5,473,450.

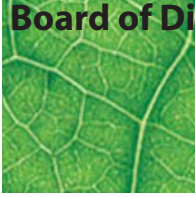
The Bank changed its English name from "Thai Farmers Bank Public Company Limited" to "KASIKORNBANK PUBLIC COMPANY LIMITED" on April 8, 2003. The new name is compact and pronounced the same as the Thai name of the Bank. The official abbreviation of the new name is "KBANK", replacing the former trading symbol of the Bank's shares, TFB, at the Stock Exchange of Thailand. Meanwhile, the Bank's website address was changed from [www.gototfb.com](http://www.gototfb.com) to [www.kasikornbank.com](http://www.kasikornbank.com). The Bank has notified the Bank of Thailand, the Stock Exchange of Thailand and relevant government agencies of the registration of the new English name.



## Names, Offices, Telephone and Fax Numbers of Referenced Entities

<b>Registrar</b>	<ul style="list-style-type: none"> <li>- Ordinary Shares</li> <li>- KBANK Class A Preferred Shares</li> <li>- KBANK Subordinated Debentures cum the Preferred Shares No. 1 due on liquidation</li> <li>- KBANK Subordinated Debentures No. 2 due 2006</li> <li>- KBANK Subordinated Debentures No. 3 due 2013</li> <li>- Warrants for Ordinary Shares No.3, 4 and 5 (offered to employees)</li> <li>- KBANK 8 1/4% Subordinated Bonds due 2016</li> </ul>	<ul style="list-style-type: none"> <li>: Thailand Securities Depository Company Ltd. The Stock Exchange of Thailand Building, 62 Ratchadaphisek, Klongtoey, Bangkok 10110 Tel. 0 2229 2800; Fax. 0 2359 1262-3</li> <li>: KASIKORNBANK PUBLIC COMPANY LIMITED 1 Soi Kasikornthai, Ratburana Road, Bangkok 10140 Tel. 0 2222 0000 Fax. 0 2470 1144-5</li> <li>: The Bank of New York One Wall Street New York, N.Y. 10286, USA Tel. (212) 495-1784; Fax. (212) 635-1799</li> </ul>
<b>Auditor</b>		<ul style="list-style-type: none"> <li>: Mr. Supoj Singhasaneh CPA No. 2826</li> <li>Mr. Nirand Lilamethwat CPA No. 2316</li> <li>Mr. Thirathong Thepmangkorn CPA No. 3787</li> <li>Ms. Wilai Buranakittisophon CPA No. 3920</li> <li>KPMG Phoomchai Audit Limited Empire Tower 21 Fl., 195 South Sathorn Rd. Yannawa, Sathorn District, Bangkok 10120 Tel. 0 2658 5000; Fax. 0 2658 0660-3</li> </ul>
<b>Legal Adviser</b>		<ul style="list-style-type: none"> <li>: Dr. Abhijai Chandrasen 22 Soi Soonthornsaratoon (On Nut 21/1), Sukhumvit 77, Suanluang District, Bangkok 10250 Tel. 0 2730 6969-76 Fax. 0 2730 6967-8</li> </ul>

## Board of Directors



### **Chairman**

Mr. Banyong Lamsam

### **Vice Chairman**

Pol. Gen. Pow Sarasin

### **Directors**

Mr. Banthoon Lamsam

Professor Dr. Yongyuth Yuthavong

Ms. Elizabeth Sam

Dr. Abhijai Chandrasen

**Chairman**

Mr. Banyong Lamsam

**Vice Chairman**

Pol. Gen. Pow Sarasin

**Directors**

Mr. Bantoon Lamsam

Mr. Sukri Kaocharern

M.R. Sarisdiguna Kitiyakara

M.R. Yongswasdi Kridakon

Mr. Somchai Bulsook

Ms. Sujitpan Lamsam

Professor Dr. Suchada Kiranandana

Professor Dr. Yongyuth Yuthavong

Dr. Abhijai Chandrasen

Mr. Charles L. Coltman, III

Mr. William Mark Evans

Ms. Elizabeth Sam

Mr. Chaisak Saeng-Xuto

Dr. Schwin Dhammanungune

**Legal Adviser**

Dr. Abhijai Chandrasen

**Secretary to the Board of Directors**

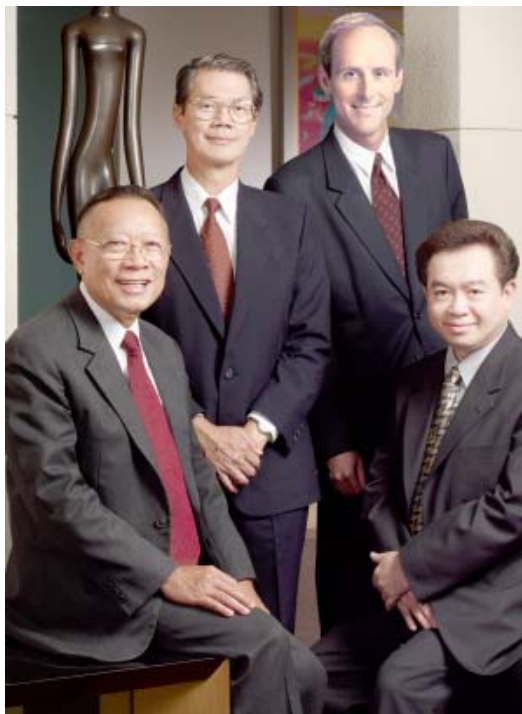
Ms. Tida Samalapa

**Assistant Secretary to the Board of Directors**

Ms. Arasa Ampornpong

Ms. Prayoonsri Katanyutanon

Dr. Adit Laixuthai



Professor Dr. Suchada Kiranandana

M.R. Yongswasdi Kridakon

Mr. Somchai Bulsook

Mr. Sukri Kaocharern

Mr. Chaisak Saeng-Xuto

Mr. William Mark Evans

Dr. Schwin Dhammanungune

Mr. Charles L. Coltman, III

Ms. Sujitpan Lamsam

M.R. Sarisdiguna Kitiyakara

## Executive Board



### President

Mr. Banthoon Lamsam

### Executive Vice President

Mr. Sirivuthi Siamphakdee

Ms. Tida Samalapa

Mr. Apichai Bunyakiat

Dr. Piengchai Pookakupt

Mr. Boontuck Wungcharoen

Mr. David L. Hendrix

Mr. Richard A. Clarke

Mr. Wanarak Eckachai

### First Senior Vice President

Ms. Aranee Sukhavanij

Mr. Tongchai Charoensit

Mr. Methee Pattarakornkul

Ms. Chawiwat Varophas

Mr. Pramoth Chaiamphorn

Ms. Buranee Arunpairojana

Mr. Siripongs Kalayanarooj

Ms. Patcharin Vongsiridej

Mr. Predee Daochai

Mr. Sasawat Virapriya

Mr. Tawit Thanachanan

Mr. Teeranun Srihong

Mr. Surasak Dudsdeemaytha

Mr. Ampol Polohakul

Mr. Prasopsuk Damrongchietanon

Mr. Somkiat Sirichatchai

Mr. Krisada Lamsam

Mr. Chartchai Sundharagiati

### Corporate Strategy Department

#### Senior Vice President

Ms. Kattiya Indaravijaya

#### First Vice President

Mr. Kittipong Koomman

### Corporate Communications and Administration Department

#### Senior Vice President

Ms. Daranee Tanchaiswasd

Dr. Adit Laixuthai

Ms. Arasa Ampornpong

#### First Vice President

Ms. Prayoonsri Katanyutanon

### E-Business Department

#### First Vice President

Ms. Phoranee Rhuwadhana

### Overseas Office Management and Correspondent Relations Department

#### First Vice President

Mr. Sahaschai Siridhab

Mr. Chaivudh Chaiphan

### Compliance Department

#### Senior Vice President

Mr. Vasant Chariyatantiwate

#### First Vice President

Ms. Vaurarat Hunsakulbunteng

Ms. Warathorn Engsombon

Ms. Janjaree Buranavej

Ms. Amara Wamasuree

### Internal Audit Department

#### Senior Vice President

Ms. Sumontip Otrakul

#### First Vice President

Mr. Veerasak Farkmitra

Mr. Krisana Tesprasit

### Corporate Portfolio Management Department

#### First Vice President

Mr. Pongpichet Nananukool

### Corporate Business Marketing and Products Department

#### First Vice President

Ms. Savitri Chatsirivichaikul

### Multi-Corporate Banking Department

#### Senior Vice President

Mr. Pattanapong Tansomboon

#### First Vice President

Mr. Vikran Paovarojkit

### Corporate Banking Department

#### First Vice President

Ms. Nartsinee Sarnvanichpitak

Mr. Surin Seubvongpataya

Mr. Prasong Hanpiyavatanasakul

### Business Banking Department

#### Senior Vice President

Mr. Pakorn Partanapat

#### First Vice President

Ms. Oratai Nateeratanakamjai

Mr. Thanit Shumnij

### Securities Services Department

#### First Vice President

Ms. Pranee Buranawatanachoke

### Corporate Finance Department

#### First Vice President

Mr. Photjanart Sangpruaksa

Ms. Nattharin Talhthong

Mr. Piti Tantakasem

**International Trade Department****First Vice President**

Mr. Vichai Dittasri

Mr. Gunt Aungsuthanatharn

Mr. Boonyong Puapongsathorn

**Cash Management Department****First Vice President**

Mr. Weerachai Amornrat-Tana

**Treasury Product****Marketing Department****First Vice President**

Mr. Songpol Chevapanyaroj

**Retail Portfolio and Deposit****Product Management****Department****First Vice President**

Ms. Kanokwan Tantivongskorn

**Retail Business Marketing****Support Department****First Vice President**

Ms. Somsri Kanungvanichkul

**Branch Channel****Management Department****Senior Vice President**

Mr. Charcree Tirachuli

**Distribution Network****Region 1****First Vice President**

Mr. Chalot Nongkai

**Region 2****Senior Vice President**

Mr. Vichien Juprasurtporn

**Region 3****First Vice President**

Mr. Phole Dhanashoti

**Region 4****First Vice President**

Mr. Chutchaval Viruttanachai

**Region 5****Vice President**

Mr. Akadej Chotivanich

**Region 6****First Vice President**

Mr. Vinit Nopkhun

**Region 7****First Vice President**

Mr. Somchai Trilerklith

**Region 8****Vice President**

Mr. Suwat Pisuthiporn

**Electronic Channel****Management Department****First Vice President**

Ms. Passamon Vichitkamthorn

**Customer Relations Department****First Vice President**

Ms. Kwannet Ratanapruk

**Business and Professional****Banking Department****First Vice President**

Mr. Pipit Aneaknithi

**Credit Card Department****First Vice President**

Ms. Porawan Sudsok

**Consumer Loans Department****Senior Vice President**

Mr. Chatchai Payuhanaveechai

**Credit Policy Department****First Vice President**

Mr. Pattarapong Kanhasuwan

**Credit Underwriting Department****Senior Vice President**

Ms. Pannee Lertchanyakul

**First Vice President**

Ms. Sarunya Leelarasamee

**Risk Asset Review Department****First Vice President**

Mr. Dolapar Petpiroon

**Credit and Collateral****Control Department****First Vice President**

Mr. Vachara Tuntariyanond

Ms. Chalida Sirampuj

Mr. Supoj Limsopatham

Ms. Warunee Chumnansipet

**Debt Restructuring Department****First Vice President**

Mr. Wirawat Panthawangkun

Ms. Nidapa Sutiratana

Mr. Thitipat Na-Pombejra

Mr. Chitcharoen Phichitkurugarn

Mr. Weeranant Chuensuwan

Mr. Worawut Piyasachaboon

Mr. Wichai Yongchaitrakul

**Retail Business Debt****Recovery Network****Senior Vice President**

Mr. Somchai Visitkitchakarn

**First Vice President**

Mr. Tanong Sombutpanit

Mr. Samphant Takasiyanant

Mr. Supol Khunprasert

**Legal Department****Senior Vice President**

Mr. Pornsak Sakpunpanom

**First Vice President**

Mr. Sittiporn Mahaswat

**Foreclosed Property****Management Department****First Vice President**

Mr. Surapong Bumroongsook

**Credit Information Management Department**

**First Vice President**

Mr. Niasinn Lamsam

**Information Management Department**

**First Vice President**

Ms. Apiwan Suttitossatum

**Information Technology Management Department**

**Senior Vice President**

Ms. Orn-Anong Thonguthai

Mr. Suwat Charoenvijitchai

**First Vice President**

Mr. Wichai Jermhansa

Mr. Winij Panamaeta

**Process Development Department**

**First Vice President**

Mr. Nimit Polchai

**Information Security Department**

**First Vice President**

Mr. Surose Petchakich

**Operation Supporting Department**

**Senior Vice President**

Mr. Yuthchai Chusakpakdee

**Facilities and Fixed Asset Management Department**

**Senior Vice President**

Mr. Thamrong Nakornratanachai

**First Vice President**

Mr. Sawai Kheawkao

**Central Operation Department**

**First Vice President**

Mr. Sakchai Sombatsrisomboon

Mr. Yudhana Sinswasd

Mr. Noppadol Chotigagamthorn

**Internal Risk Management Department**

**First Vice President**

Mr. Krit Jitjang

**Financial Planning Department**

**Senior Vice President**

Mr. Som Pisarnsopon

**First Vice President**

Ms. Choompit Wattanachai

**Treasury Department**

**Senior Vice President**

Mr. Paritat Lerngutai

**Financial Accounting Management Department**

**Senior Vice President**

Ms. Pranee Tirasest

**First Vice President**

Ms. Siriluck Ratanachai

**Treasury Operation Department**

**Senior Vice President**

Ms. Chantana Soi-Ampornkun

**First Vice President**

Ms. Pensri Rounpong

**Human Resource Management Department**

**First Vice President**

Ms. Duenpen Pawakranond

**Employee Relations Management Department**

**Senior Vice President**

Mr. Thanawat Duang-Udom

**Human Resource Development Department**

**First Vice President**

Ms. Pranee Visitkitchakarn



## 496 Domestic Branches



### 153 Metropolitan Branches

Open 8.30 - 15.30 hrs. (Monday - Friday, except holidays)

	Tel	Fax
<b>Asok Sub-Branch</b>	0 2664 1350-3	0 2664 2570
<b>Ban Thad Thong</b>	0 2612 3538-41	0 2215 5971
<b>Bang Bon</b>	0 2899 8330-7	0 2416 4396
<b>Bang Chak</b>	0 2741 7661-5	0 2741 8352
<b>Bang Khae</b>	0 2801 0610-9	0 2454 2891
<b>Bang Khen</b>	0 2930 1234-7	0 2513 9040
<b>Bang Khun Non</b>	0 2882 5818, 0 2882 5756	0 2882 5495
<b>Bang Khun Thian</b>	0 2878 0023-4	0 2878 0526
<b>Bang Krabu</b>	0 2669 0870-6	0 2669 0877
<b>Bang Lamphu</b>	0 2629 1123-8	0 2629 0947
<b>Bang Mot</b>	0 2870 0224-33	0 2428 2025
<b>Bang Pakok</b>	0 2874 4764-5	0 2428 3523
<b>Bang Phlat</b>	0 2885 3333-41	0 2434 6197
<b>Bang Pho</b>	0 2912 6790-9	0 2585 7700
<b>Bang Rak</b>	0 2630 6370-7	0 2266 7540
<b>Bang Son</b>	0 2910 8768-9	0 2587 0094
<b>Bang Su</b>	0 2910 4144-8	0 2587 0652
<b>Bang Yikhan</b>	0 2883 0163-9	0 2433 1337
<b>BIG-C Ratburana Sub-Branch</b>	0 2873 1268	0 2873 1269
<b>Bukhalo</b>	0 2877 6689-96	0 2477 2812
<b>Chakkrawat</b>	0 2225 5807-8	0 2225 9675
<b>Charansanitwong 11</b>	0 2412 0068-71	0 2412 8296
<b>Charoen Nakhon 36 Sub-Branch</b>	0 2862 7920-2	0 2862 7924
<b>Chok Chai 4 Sub-Branch</b>	0 2539 8735-7	0 2530 4584
<b>Chong Nonsi Sub-Branch</b>	0 2285 2071-3	0 2678 0844
<b>Dao-Khanong</b>	0 2877 5671-2	0 2476 4463
<b>Din Daeng Sub-Branch</b>	0 2248 1841, 0 2642 9603	0 2248 1843
<b>Ekkamai</b>	0 2714 1081-8	0 2714 0410
<b>Hua Mak</b>	0 2732 2560-3	0 2375 6487
<b>Huay Kwang</b>	0 2692 1375-9	0 2276 1820

	Tel	Fax
<b>Khlong Chan</b>	0 2733 7136-40	0 2733 7141
<b>Khlong San</b>	0 2437 0260-2	0 2439 3344
<b>Khlong Toei</b>	0 2671 2042-7	0 2249 5011
<b>Khlong Ton</b>	0 2717 8870-3	0 2319 8352
<b>King Phet</b>	0 2612 0463-74	0 2612 1550
<b>Kluai Num Thai</b>	0 2367 3111-7	0 2367 3109
<b>Lat Krabang</b>	0 2739 0187-94	0 2326 7198
<b>Lat Phrao 10</b>	0 2938 7425-9	0 2512 5565
<b>Lat Phrao 25</b>	0 2938 3040-2	0 2513 1603
<b>Lat Phrao 67</b>	0 2933 0960-8	0 2539 3273
<b>Lat Phrao 99</b>	0 2932 3289-4	0 2530 0548
<b>Maha Phruttharam</b>	0 2639 0740-9	0 2236 5566
<b>Min Buri</b>	0 2918 7708-12	0 2518 1475
<b>Na-Na Nua</b>	0 2655 0735-40	0 2253 0298, 0 2655 0741
<b>Nang Loeng</b>	0 2629 8810-7	0 2629 9379
<b>On Nut 39 Sub-Branch</b>	0 2322 6514-5, 0 2721 3030	0 2721 3031
<b>On Nut</b>	0 2742 5080-4	0 2332 5285
<b>Phasi Charoen</b>	0 2869 7462-7	0 2869 7128
<b>Phat Phong</b>	0 2637 0041-8	0 2637 0477
<b>Phetkasem 51</b>	0 2801 3626-9	0 2454 2975
<b>Pho Sam Ton</b>	0 2891 0037-8	0 2465 4660
<b>Phra Khanong</b>	0 2711 2748-53	0 2711 1682
<b>Phran Nok</b>	0 2866 1323-7	0 2866 1328
<b>Pin Klao</b>	0 2884 6380-90	0 2433 9920
<b>Pracha Niwet 1 Sub-Branch</b>	0 2954 3334-7	0 2589 2914
<b>Pratu Nam (Bai Yoke) Sub-Branch</b>	0 2208 0120-1	0 2208 0118
<b>Pratu Nam Pathum Wan</b>	0 2653 7423-30	0 2653 8470
<b>Prawet</b>	0 2726 0484-92	0 2726 0494
<b>Ratburana Main Branch</b>	0 2871 3650-5	0 2871 3645
<b>Ratchadamri</b>	0 2655 0275-83	0 2253 1423
<b>Ratchawat Sub-Branch</b>	0 2243 7815-7	0 2668 5637
<b>Sampheng Sub-Branch</b>	0 2622 6326-8	0 2224 8059
<b>Samre</b>	0 2438 0050-1	0 2437 8236

	Tel	Fax		Tel	Fax
<b>Sanam Pao</b>	0 2617 2838-41	0 2617 2842	<b>Thanon Phanit Chayakan</b>	0 2865 7364-5	0 2865 7367
<b>Sao Chingcha</b>	0 2622 0034-6	0 2622 1344	<b>Thonburi Sub-Branch</b>		
<b>Saphan Krung Thon</b>	0 2883 0172-9	0 2433 4554	<b>Thanon Phattanakan</b>	0 2722 1004-8	0 2322 2589
<b>Saphan Luang</b>	0 2611 6183-6	0 2215 9240	<b>Thanon Phetchaburi Tat Mai</b>	0 2716 5205-7	0 2716 5209
<b>Saphan Mai Don Muang</b>	0 2972 5512-20	0 2552 6544	<b>Thanon Pracha Chun</b>	0 2586 9352-3	0 2586 0757
<b>Saphan Phut</b>	0 2623 7504-8	0 2623 7613	<b>Thanon Pracha Uthit</b>	0 2428 7390-2	0 2428 3987
<b>Seacon Square</b>	0 2721 8554-61	0 2721 8562	<b>Thanon Pradiphat</b>	0 2618 4168-70	0 2618 6042
<b>Si Yaek Bang Na</b>	0 2745 2900-5	0 2393 5546	<b>Thanon Rama II</b>	0 2894 0274-7	0 2416 5554
<b>Si Yaek Saphan Krung Thep</b>	0 2689 0094-8	0 2689 0694	<b>Thanon Rama III</b>	0 2683 4250-62	0 2683 4264
<b>Si Yaek Thanon Chan -</b>	0 2678 4101-4	0 2678 4105	<b>Thanon Rama IX</b>	0 2719 6809-19	0 2318 4820
<b>Liab Khlong Chong Nonsi Sub-Branch</b>			<b>Thanon Ramkham Haeng</b>	0 2718 8066-8	0 2314 1873
<b>Si Yaek Wang Hin</b>	0 2940 4826-33	0 2940 4840	<b>Sub-Branch</b>		
<b>Siangkong</b>	0 2639 4041-5	0 2237 4990	<b>Thanon Rang Nam</b>	0 2642 4611-6	0 2640 0128
<b>Silom Main Branch</b>	0 2234 7050-99	0 2234 7445	<b>Thanon Rarm Intra</b>	0 2552 3060-2	0 2971 6515
<b>Soi Chalaem Nimit</b>	0 2688 4250-4	0 2291 1079	<b>Thanon Ratchada Phisek</b>	0 2264 0213-6	0 2264 0221
<b>(Pha Du 1)</b>			<b>(Sukhumvit-Rama IV)</b>		
<b>Soi Charurat</b>	0 2651 7093-8	0 2253 3537	<b>Thanon Ratchada Phisek</b>	0 2878 8670-5	0 2476 8862
<b>Soi Thong Lo Sub-Branch</b>	0 2712 8770-2	0 2390 0457	<b>(Taksin-Thaphra)</b>		
<b>Soi Udomsuk Sub-Branch</b>	0 2361 7666-7	0 2361 7668	<b>Thanon Ratchada Phisek</b>	0 2693 2460-9	0 2693 2472
<b>Song Prapha-Don Muang</b>	0 2566 4345-6	0 2566 4347	<b>Huay Kwang</b>		
<b>Sub-Branch</b>			<b>Thanon Sathon</b>	0 2633 8013-6	0 2633 8018
<b>Suan Chatuchak</b>	0 2617 6040-7	0 2272 0857	<b>Thanon Sathu Pradit</b>	0 2674 0164-71	0 2212 2900
<b>Suan Phlu</b>	0 2679 4246-53	0 2213 1362	<b>Thanon Si Rinthon</b>	0 2881 9818,	0 2423 0918
<b>Sukhaphiban 1 (Bang Bon)</b>	0 2454 4331-2	0 2454 4333	<b>Sub-Branch</b>	0 2423 0787	
<b>Sub-Branch</b>			<b>Thanon Sri Nakharin Km. 9</b>	0 2393 5850-4	0 2361 7236
<b>Sukhumvit 57</b>	0 2714 1089-94	0 2390 0784	<b>Sub-Branch</b>		
<b>Surawong</b>	0 2639 4056-60	0 2639 0927	<b>Thanon Suapa Main Branch</b>	0 2226 4560-79	0 2225 6573
<b>Sutthisan</b>	0 2616 9990-5	0 2616 9997	<b>Thanon Sukhaphiban 1</b>	0 2374 0269-72	0 2375 0986
<b>Suwinthawong Nong Chok</b>	0 2988 0680-7	0 2988 0692	<b>Bang Kapi</b>		
<b>Talat Phattanakan</b>	0 2321 7426-7,	0 2321 7425	<b>Thanon Sukhaphiban 2</b>	0 2919 9861-9	0 2518 2043
<b>Sub-Branch</b>	0 2722 1011		<b>Suan Siam</b>		
<b>Talat Phlu</b>	0 2891 4022-9	0 2891 4278	<b>Thanon Sukhaphiban 3</b>	0 2373 0981-4	0 2373 0985
<b>Taopoon Sub-Branch</b>	0 2911 3126-8	0 2911 3129	<b>Bung Kum</b>		
<b>Tha Phra</b>	0 2868 0125-35	0 2457 8812	<b>Thanon Suksawat</b>	0 2877 0350-5	0 2877 1090
<b>Tha Rua Sathu Pradit</b>	0 2295 0123-9	0 2294 6661	<b>Thanon Witthayu</b>	0 2252 2177-9	0 2252 2055
<b>Thanon Asok Din Daeng</b>	0 2641 8660-2	0 2247 7552	<b>Thanon Wutthakat</b>	0 2875 4536	0 2875 4535
<b>Thanon Bang Na-Trad Km. 4</b>	0 2399 0871-2	0 2399 4275	<b>Sub-Branch</b>		
<b>Thanon Chan</b>	0 2212 9788-9	0 2673 0438	<b>The Mall Bang Khae</b>	0 2454 9023-6	0 2454 9027
<b>Thanon Charoen Rat</b>	0 2437 0256-8	0 2437 0259	<b>Sub-Branch</b>		
<b>Sub-Branch</b>			<b>Thewet</b>	0 2628 5051-3	0 2628 5050
<b>Thanon Lan Luang</b>	0 2628 1391-6	0 2628 1406	<b>Thiam Ruam Mit</b>	0 2274 4200,	0 2274 4203
<b>Thanon Lang Suan</b>	0 2652 1981-5	0 2652 1987	<b>Sub-Branch</b>	0 2274 3547	
<b>Thanon Lat Ya</b>	0 2861 4415-25	0 2438 0538	<b>Thon Buri</b>	0 2861 4357-64	0 2438 9921
<b>Thanon Maha Chai</b>	0 2621 0764-6	0 2226 4805	<b>Tung Khru Sub-Branch</b>	0 2873 5140-1	0 2873 5144
			<b>Wat Sai</b>	0 2893 6285-93	0 2416 5371



	Tel	Fax
<b>Wong Wan Rob Nok</b> (Ekachai-Bang Bon)	0 2899 6930-9	0 2416 0356
<b>Wong Wian 22 Karakada</b>	0 2623 3760-4	0 2224 9860
<b>Worachak</b>	0 2621 6679-83	0 2621 5635
<b>Yan Nawa</b>	0 2675 5120-7	0 2212 3281
<b>Yaowarat</b>	0 2623 0016-9	0 2226 4806
<b>Yotse</b>	0 2621 6650-2	0 2224 4819

#### In-store Branches

Open everyday, 11.00 - 19.00 hrs.

	Tel	Fax
<b>Big-C Saphan Khwai</b> Sub-Branch	0 2616 7468-70	0 2616 7471
<b>Central Ladprao Sub-Branch</b>	0 2541 1543-5	0 2541 1548
<b>Central Pinklao Sub-Branch</b>	0 2424 3595-6	0 2424 2834
<b>Central Rama II Sub-Branch</b>	0 2872 4250-2	0 2872 4555
<b>Central Rama III Sub-Branch</b>	0 2673 6338-9	0 2673 6240
<b>Fashion Island Ramindra</b>	0 2519 4813-6	0 2519 5167
<b>Lotus Rama IV Sub-Branch</b>	0 2672 7953, 0 2672 7985	0 2617 4661
<b>Mahboonkrong Center</b> Sub-Branch	0 2216 4820, 0 2216 4822	0 2216 4821
<b>The Mall Bang Kapi</b> Sub-Branch	0 2374 4261-3	0 2374 7298
<b>Victory Monument</b> Sub-Branch	0 2644 6879-80	0 2644 6881

#### Coffee Banking Branches

	Tel	Fax
<i>Open Monday - Friday 8.30 - 19.00 hrs., and Saturday - Sunday 11.00 - 19.00 hrs.</i>		
<b>Bang Kapi</b>	0 2261 0151-7	0 2261 0164
<b>Wang Burapha</b>	0 2623 7681-90	0 2225 0344

*Open Monday - Friday 10.00 - 19.00 hrs.,  
and Saturday - Sunday 11.00 - 19.00 hrs.*

<b>Siam Square</b>	0 2658 1755-9	0 2658 1754
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*Open Monday - Friday 8.30 - 15.30 hrs.*

<b>Phahon Yothin Main Branch</b>	0 2273 1199, 0 2270 1122	0 2273 1090
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## 343 Up-country Branches

Open 8.30 - 15.30 hrs. (Monday - Friday, except holidays)

### Central 107 Branches

	Tel	Fax
<b>Ang Thong</b>		
Ang Thong	0 3561 1306-7	0 3561 1346
Pa Mok	0 3566 1235-6	0 3566 1237
Wiset Chai Chan	0 3562 7229-31	0 3563 1262
<b>Ayutthaya</b>		
Ayutthaya	0 3525 2260-2	0 3525 2256
Phak Hai	0 3523 9324-5	0 3539 1298
Pratu Nam Phra In	0 3521 9524-7	0 3536 1123
Sena	0 3521 7332-4	0 3520 1551
Thanon Rojjana Ayutthaya	0 3521 3870-2	0 3521 3875
Wang Noi	0 3521 5286-8	0 3521 5289
<b>Chai Nat</b>		
Chai Nat	0 5641 1264, 0 5641 1293	0 5641 1331
Hankha	0 5645 1373-5	0 5645 1378
Sankhaburi	0 5648 1362-3	0 5648 1004
Wat Sing	0 5646 1080-3	0 5646 1085
<b>Kanchanaburi</b>		
Kanchanaburi	0 3462 3273-4	0 3451 2382
Tha Rua	0 3463 6859-60	0 3456 1994
<b>Lopburi</b>		
Ban Mi	0 3662 8729-32	0 3647 1675
Khok Samrong	0 3662 4992-3	0 3644 1581
Lam-Narai	0 3646 1151-2	0 3646 1153
Nong Muang	0 3664 8452-6	0 3643 1103
Thanon Surasongkhram	0 3661 7282-5	0 3641 3761
Lopburi		
Wong Wian Sa Kaew Lopburi	0 3661 3770-1	0 3641 3733
<b>Nakhon Nayok</b>		
Nakhon Nayok	0 3732 1159-64	0 3731 1854
Ongkharak	0 3739 1486-90	0 3739 1492
<b>Nakhon Pathom</b>		
Huay Plu	0 3423 9662-4	0 3438 9121
Nakhon Pathom	0 3425 3822-9	0 3425 2510
Om Yai	0 2811 5860-6	0 2420 8607
Sam Phran	0 3422 5649-51	0 3432 2990
Thanon Phetkasem	0 3421 3387-9	0 3421 3390
Nakhon Chaisi Sub-Branch		
Thanon Phetkasem	0 3423 0513-6	0 3423 0517
Nakhon Pathom		

	Tel	Fax
<b>Nonthaburi</b>		
Bang Kruai	0 2879 3060-6	0 2447 0696
Bang Yai	0 2921 1145-56	0 2594 0626
Nonthaburi	0 2967 4023-30	0 2967 2006
Pak Kret	0 2960 8940-5	0 2583 8919
Sam Yaek Nonthaburi	0 2965 9070-8	0 2965 9086
Talat Amphoe Bang Kruai	0 2883 6218-9	0 2883 6222
<b>Sub-Branch</b>		
Talat Bang Yai Sub-Branch	0 2595 1261-3	0 2595 1264
Thanon Chaeng Watthana	0 2982 9760-5	0 2982 9934
Thanon Ngam Wong Wan	0 2951 0930-4	0 2589 5091
Thanon Ratanathibet	0 2969 8085-90	0 2526 8009
Thanon Samakee Sub-Branch	0 2573 6191, 0 2573 8501	0 2573 8542
Thanon Tiwanon (Khaerai)	0 2950 2005-12	0 2580 2838
<b>Pathum Thani</b>		
AIT Sub-Branch	0 2524 5098-9	0 2516 2033
Khlong 2 Thanyaburi	0 2996 0772-3	0 2996 0774
<b>Sub-Branch</b>		
Khlong 6 Thanyaburi	0 2577 2360-3	0 2577 2366
Khlong Luang	0 2986 9380-5	0 2516 2998
Lat Lum Kaew	0 2979 3434, 0 2979 3535	0 2979 3131
Nava Nakorn	0 2909 1123-5	0 2529 2904
Pathum Thani	0 2978 0112-8	0 2581 1773
Rangsit	0 2959 0001-10	0 2531 4124
Talat Si Mum Muang-Rangsit	0 2992 0046-54	0 2536 7171
<b>Phetchaburi</b>		
Ban Laem	0 3248 1184-6	0 3248 1118
Cha-am	0 3243 3894-6	0 3247 1409
Phetchaburi	0 3241 4977-9	0 3242 6245
Tha Yang	0 3246 1444, 0 3246 1166	0 3246 1222
<b>Prachuap Khiri Khan</b>		
Bang Saphan	0 3254 8435-7	0 3269 1249
Hua Hin	0 3253 0501-9	0 3251 2585
Prachuap Khiri Khan	0 3255 0933-5	0 3261 1101
Pran Buri	0 3262 1992-3	0 3262 1942
Sam Roi Yot	0 3257 3317-9	0 3268 8553
Thap Sakae	0 3254 6686-8	0 3267 1212
<b>Ratchaburi</b>		
Ban Pong	0 3220 0714-5	0 3220 1193
Ratchaburi	0 3231 5049-56	0 3232 5834
Thanon Pracha Niyom	0 3234 4669-71	0 3220 0712
Ban Pong Sub-Branch		
Thanon Srisuriyawong	0 3231 0630-3	0 3231 0634
Ratchaburi Sub-Branch		

	Tel	Fax
<b>Samut Prakan</b>		
Bang Bo	0 2338 1184-7	0 2338 1113
Bang Khru	0 2819 0858-9	0 2463 4549
Bang Mek Khao	0 2703 8524-31	0 2387 2779
Bang Phli	0 2751 0650-4	0 2316 7827
Khlong Dan	0 2707 3080-5	0 2330 1136
Phra Pradaeng	0 2818 0990-9	0 2463 1976
Phra Samut Chedi	0 2819 7747-50	0 2819 7967
Pu Chao Saming Phrai	0 2754 3348-52	0 2754 5531
Samrong (Pu Chao Center)	0 2757 8963-8	0 2384 3413
Samut Prakan	0 2701 7800-4	0 2701 7805
Talat Bang Bo	0 2708 4686-9	0 2338 1188
Talat Namdaeng Sub-Branch	0 2754 7160-1	0 2754 7844
Talat Samut Prakan	0 2387 0995,	0 2387 1794
Sub-Branch	0 2395 4175	
Thanon Bang Na-Trad Km.18	0 2740 6611-8	0 2740 6623
Thanon Sri Nakharin Km.15	0 2385 7901-2	0 2385 7149
Sub-Branch		
Thanon Sri Nakharin Km.17	0 2385 6968-71	0 2385 6977
Thanon Thepharak	0 2758 2770-5	0 2394 6966
<b>Samut Sakhon</b>		
Ban Phaeo Lak Sam	0 3485 0597-9	0 3448 1463
Om Noi Sub-Branch	0 2420 1571,	0 2420 2364
	0 2420 3516	
Phutta Monthon Sai 4	0 2813 1701-7	0 2420 9978
Samut Sakhon	0 3481 1087-91	0 3442 3013
Talat Samut Sakhon	0 3442 7138,	0 3442 7137
Sub-Branch	0 3481 1100	
Thanon Setthakit 1	0 3481 6662-9	0 3481 6671
Samut Sakhon		
<b>Samut Songkhram</b>		
Samut Songkhram	0 3471 1522-3	0 3471 2433
<b>Saraburi</b>		
Nong Khae	0 3632 6281-5	0 3632 6290
Phra Phuttha Bat	0 3626 6716-7	0 3626 6998
Saraburi	0 3622 0414-8	0 3622 0422
Thanon Sutbanchad Saraburi	0 3622 1132-3	0 3622 1941
<b>Sing Buri</b>		
In Buri	0 3653 3519-21	0 3658 1722
Sing Buri	0 3652 0035-7	0 3651 1308
Talat Channasut Bang Rachan	0 3654 4226-7	0 3659 1479
Tha Chang	0 3653 6265-6	0 3659 5237
<b>Suphan Buri</b>		
Dan Chang	0 3559 5013,	0 3559 5252
	0 3550 9487	
Doembang Nangbuat	0 3550 8672-3	0 3557 8099
Song Phi Nong	0 3553 1943-4	0 3553 1092
Suphan Buri	0 3551 1522-3	0 3552 2155

	Tel	Fax
Talat Nangbuat	0 3540 9327-8	0 3557 8471
Thanon Malaiman	0 3552 4044-6	0 3552 4047
Suphan Buri		
U Thong	0 3540 4202-4	0 3555 1405

#### In-store Branches

Open everyday, 11.00 - 19.00 hrs.

	Tel	Fax
<b>Nonthaburi</b>		
The Mall Ngamwongwan	0 2550 0790,	0 2550 0799
Sub-Branch	0 2550 0909	
<b>Pathum Thani</b>		
Future Park Rangsit	0 2958 0971-2	0 2958 0974
Sub-Branch		
Zeer Rangsit Sub-Branch	0 2992 6112-4	0 2992 6117
<b>Samut Prakan</b>		
Big-C Suksawat	0 2464 4281-5	0 2464 4284

#### North 71 Branches

	Tel	Fax
<b>Chiang Mai</b>		
Bo Sang	0 5338 6850-1	0 5333 9036
Chang Phuak Chiang Mai	0 5341 2697-9	0 5321 2013
Chom Thong	0 5334 1181-2	0 5334 1180
Fang	0 5345 1111-3	0 5345 1114
Mae Chaem	0 5348 5124-5	0 5382 8192
Night Bazaar Sub-Branch	0 5381 9117-9	0 5327 3552
Sam Yaek San Sai Sub-Branch	0 5349 1822,	0 5349 1821
	0 5338 0381	
San Pa Tong	0 5382 3503-4	0 5331 1113
Saraphi	0 5342 3248-50	0 5332 1591
Si Yaek Sanambin Chiang Mai	0 5320 2529-37	0 5327 0825
Talat Warorot Sub-Branch	0 5325 2960-1	0 5325 2961
Thanon Chang Klan	0 5328 1850-3	0 5328 1859
Chiang Mai		
Thanon Charoen Muang	0 5330 8661-4	0 5324 2901
Chiang Mai		
Thanon Chiang Mai-Maejo	0 5385 4217-9	0 5324 3853
Sub-Branch		
Thanon Moon Muang	0 5321 8210-3	0 5321 8217
Chiang Mai		
Thanon Ratchawong	0 5325 1852-3	0 5323 3918
Chiang Mai		
Thanon Si Don Chai	0 5320 6533-8	0 5327 9026
Chiang Mai		
Thanon Suthep Chiang Mai	0 5380 8514-6	0 5380 8523
Thanon Tha Phae Chiang Mai	0 5327 0151-8	0 5328 2679

	Tel	Fax		Tel	Fax
<b>Chiang Rai</b>			<b>Phetchabun</b>		
<b>Chiang Khong</b>	0 5365 5393-4	0 5379 1112	<b>Dong Khui</b>	0 5676 9223-5	0 5676 9226
<b>Chiang Rai</b>	0 5375 2225-9	0 5371 4003	<b>Lom Sak</b>	0 5670 2627-9	0 5670 1119
<b>Ha Yaek Po Khun Mengrai</b>	0 5374 8311-3	0 5374 8314	<b>Phetchabun</b>	0 5672 2262-3	0 5671 1163
<b>Sub-Branch</b>			<b>Sap Samo Thot</b>	0 5656 1548-51	0 5673 1169
<b>Huai Khrai Mae Chan</b>	0 5376 3003-4	0 5376 3004	<b>Talat Huay Phai</b>	0 5675 0045-8	0 5675 0050
<b>Sub-Branch</b>					
<b>Mae Chan</b>	0 5377 1230-2	0 5377 1054	<b>Phichit</b>		
<b>Mae Sai</b>	0 5364 0786-90	0 5373 3101	<b>Bang Mun Nak</b>	0 5666 0758-60	0 5663 1278
<b>Pa Daet</b>	0 5365 4282-4	0 5376 1011	<b>Phichit</b>	0 5661 2532-4	0 5661 2178
<b>Thanon Super Highway</b>	0 5375 4144-5	0 5371 7489	<b>Taphan Hin</b>	0 5662 2836-8	0 5662 1488
<b>Chiang Rai</b>			<b>Thap Khlo</b>	0 5664 1237-8	0 5665 4430
<b>Kamphaeng Phet</b>			<b>Phitsanulok</b>		
<b>Kamphaeng Phet</b>	0 5571 1244,	0 5571 3702	<b>Ha Yaek Khok Matum</b>	0 5524 5215-9	0 5524 1984
	0 5571 1255		<b>Nong Tom</b>	0 5536 6000-1	0 5536 6002
<b>Khlong Khlung</b>	0 5572 4383-7	0 5572 4390	<b>Phitsanulok</b>	0 5524 9141-3	0 5524 1744
<b>Khlong Lan Kamphaeng Phet</b>	0 5573 5252-4	0 5578 6233			
			<b>Phrae</b>		
<b>Lampang</b>			<b>Phrae</b>	0 5462 7230-2	0 5452 1483
<b>Thanon Chatchai</b>	0 5422 4826-7	0 5422 1994			
<b>Thanon Robwiang Lampang</b>	0 5432 3501-4	0 5422 7676	<b>Sukhothai</b>		
			<b>Sawankalok</b>	0 5562 3771-3	0 5564 1392
<b>Lamphun</b>			<b>Sukhothai</b>	0 5562 0253-5	0 5561 2887
<b>Lamphun</b>	0 5356 1115-7	0 5356 1118			
<b>Li</b>	0 5359 9101-2	0 5359 9111	<b>Tak</b>		
<b>Pa Sang</b>	0 5355 7264-8	0 5352 0227	<b>Mae Sot</b>	0 5554 4824-8	0 5553 2738
			<b>Tak</b>	0 5554 0609-11	0 5551 1188
<b>Mae Hong Son</b>					
<b>Mae Hong Son</b>	0 5362 0337-9	0 5361 1557	<b>Uthai Thani</b>		
			<b>Lan Sak</b>	0 5653 7002-4	0 5653 7003
<b>Nan</b>			<b>Nong Chang</b>	0 5653 1037-8	0 5653 1190
<b>Nan</b>	0 5471 0162,	0 5471 0566	<b>Uthai Thani</b>	0 5651 1414-5	0 5651 1962
	0 5471 0248				
<b>Pua</b>	0 5479 1106-7	0 5479 1108	<b>Uttaradit</b>		
			<b>Uttaradit</b>	0 5544 1829-31	0 5541 2082
<b>Nakhonsawan</b>					
<b>Lat Yao</b>	0 5631 7640-2	0 5627 1438			
<b>Nong Bua</b>	0 5632 3533-4	0 5625 1053			
<b>Takhli</b>	0 5632 9007-8	0 5626 1972			
<b>Tha Tako</b>	0 5636 0636-8	0 5624 9330			
<b>Thanon Kosi Nakhonsawan</b>	0 5631 2885-8	0 5622 5202			
<b>Thanon Sai Asia Nakhonsawan</b>	0 5622 9120-1	0 5622 9122			
<b>Sub-Branch</b>					
<b>Thanon Sawanwithee</b>	0 5631 1500-3	0 5622 1581			
<b>Nakhonsawan</b>					
<b>Phayao</b>					
<b>Chiang Kham</b>	0 5441 6340-3	0 5445 1432			
<b>Chun</b>	0 5442 0186-7	0 5445 9033			
<b>Phayao</b>	0 5441 2210-6	0 5443 1774			
<b>Si Yaek-Maetam Phayao</b>	0 5441 2526-9	0 5441 2530			
<b>Sub-Branch</b>					

<b>In-store Branch</b>		
<i>Open everyday, 11.00 - 19.00 hrs.</i>		
	Tel	Fax
<b>Chiangmai</b>		
<b>Central Airport Plaza</b>	0 5390 3607-8	0 5390 3612
<b>Chiangmai Sub-Branch</b>		
<b>Northeast 69 Branches</b>		
	Tel	Fax
<b>Amnat Charoen</b>		
<b>Amnat Charoen</b>	0 4527 0803-5	0 4551 1560
<b>Buri Ram</b>		
<b>Buri Ram</b>	0 4461 3458-9	0 4461 2590

	Tel	Fax		Tel	Fax
<b>Nang Rong</b>	0 4462 4466-8	0 4463 1863	<b>Pak Thong Chai</b>	0 4428 3970-1	0 4444 1433
<b>Prakhon Chai</b>	0 4467 1627-9	0 4467 1483	<b>Phimai</b>	0 4428 7403-6	0 4447 1394
<b>Satuk</b>	0 4462 7407-9	0 4468 1325	<b>Sam Yaek Pak Thong Chai</b>	0 4421 3542-3	0 4421 3541
<b>Chaiyaphum</b>			<b>Nakhon Ratchasima</b>		
<b>Chaiyaphum</b>	0 4483 8015-7	0 4481 1267	<b>Soeng Sang</b>	0 4444 7150-4	0 4444 7079
<b>Kaeng Khro</b>	0 4483 1784-6	0 4488 2758	<b>Thanon Chomphon</b>	0 4426 8206-12	0 4425 3225
<b>Phu Khieo</b>	0 4484 4900-2	0 4486 1498	<b>Nakhon Ratchasima</b>		
<b>Thep Sathit</b>	0 4485 7005, 0 4485 7066	0 4485 7131	<b>Thanon Mittraphap</b>	0 4426 8239-42	0 4425 1367
<b>Kalasin</b>			<b>Nakhon Ratchasima</b>		
<b>Kalasin</b>	0 4381 1024, 0 4381 1210	0 4381 1497	<b>The Mall Nakhon Ratchasima</b>	0 4428 8490-2	0 4428 8493
<b>Khon Kaen</b>			<b>Sub-Branch</b>		
<b>Ban Phai</b>	0 4337 4934-6	0 4327 2435	<b>Wang Nam Khieo</b>	0 4422 8023-5	0 4422 8026
<b>Chum Phae</b>	0 4338 7025-7	0 4331 1007	<b>Nong Bua Lamphu</b>		
<b>Kranuan</b>	0 4325 2205-6	0 4325 1683	<b>Nong Bua Lamphu</b>	0 4236 0843-7	0 4236 0852
<b>Muang Phon</b>	0 4333 9202-4	0 4341 4138	<b>Si Bun Ruang</b>	0 4235 1039-40	0 4235 1041
<b>Thanon Mittraphap</b>	0 4332 5519-24	0 4332 5442	<b>Nong Khai</b>		
<b>Khon Kaen</b>			<b>Bung Kan</b>	0 4249 1667-90	0 4249 1666
<b>Thanon Na Muang</b>	0 4322 5771-5	0 4322 5069	<b>Nong Khai</b>	0 4241 1669-70	0 4241 1058
<b>Khon Kaen</b>			<b>Pak Khat</b>	0 4240 4260-4	0 4248 0016
<b>Thanon Pracha Samoson</b>	0 4333 3761-7	0 4323 7709	<b>Si Chiang Mai Nong Khai</b>	0 4240 6503-5	0 4245 1449
<b>Khon Kaen</b>			<b>Sub-Branch</b>		
<b>Thanon Sri Chan Khon Kaen</b>	0 4332 6154-5	0 4332 6156	<b>Tha Bo</b>	0 4243 1329-31	0 4243 1332
<b>Sub-Branch</b>			<b>Roi Et</b>		
<b>Loei</b>			<b>Roi Et</b>	0 4352 2790-1	0 4351 2426
<b>Loei</b>	0 4281 1080, 0 4281 1593	0 4281 1443	<b>Thanon Thevaphiban Roi Et</b>	0 4352 4627-30	0 4351 3023
<b>Wang Saphung</b>	0 4285 0920-2	0 4284 1043	<b>Sakon Nakhon</b>		
<b>Maha Sarakham</b>			<b>Phang Khon</b>	0 4273 4928-30	0 4277 1282
<b>Maha Sarakham</b>	0 4374 0920-4	0 4371 1242	<b>Sakon Nakhon</b>	0 4273 3581-2	0 4271 1712
<b>Wapi Pathum</b>	0 4379 9375-8	0 4379 9380	<b>Sawang Daen Din</b>	0 4272 1588-90	0 4272 1592
<b>Mukdahan</b>			<b>Si Sa Ket</b>		
<b>Mukdahan</b>	0 4263 1200-5	0 4263 1206	<b>Kantharakak</b>	0 4563 5893-4	0 4566 1160
<b>Talat Mukdahan Sub-Branch</b>	0 4261 1655, 0 4261 1677	0 4261 1620	<b>Si Sa Ket</b>	0 4562 0708-9	0 4561 2874
<b>Nakhon Phanom</b>			<b>Uthumphon Phisai</b>	0 4569 1202-4	0 4569 1440
<b>Nakhon Phanom</b>	0 4252 2896-7	0 4251 1411	<b>Surin</b>		
<b>Si Songkhram</b>	0 4259 9160-2	0 4259 9165	<b>Samrong Thap</b>	0 4456 9098-9	0 4456 9103
<b>Tha Uthen</b>	0 4252 4131-3	0 4258 1116	<b>Sangkha</b>	0 4457 1071-3	0 4457 1020
<b>Nakhon Ratchasima</b>			<b>Surin</b>	0 4451 1543, 0 4451 2360	0 4451 4416
<b>Dan Khun Thot Sub-Branch</b>	0 4420 4875-8	0 4420 4874	<b>Ubon Ratchathani</b>		
<b>Hua Tha Le</b>	0 4425 1372-4	0 4425 6394	<b>Det Udom</b>	0 4528 9114-6	0 4536 1199
<b>Nakhon Ratchasima</b>			<b>Phibun Mangsahan</b>	0 4520 4817-9	0 4544 1871
<b>Khon Buri</b>	0 4444 8011-2	0 4444 8012	<b>Thanon Chayangkun</b>	0 4526 1598-9	0 4524 2803
<b>Pak Chong</b>	0 4428 0383-6	0 4431 1387	<b>Ubon Ratchathani</b>		
			<b>Thanon Phrom Thep</b>	0 4526 1280-5	0 4525 5675
			<b>Ubon Ratchathani</b>		
			<b>Warin Chamrap</b>	0 4526 9416-8	0 4526 9415

	Tel	Fax
<b>Udon Thani</b>		
Ban Dung	0 4227 1097-8	0 4227 1100
Kumphawapi	0 4220 2941-4	0 4233 1993
Nam Som	0 4228 9174-8	0 4228 9179
Talat Ban Huay Udon Thani	0 4224 6419,	0 4224 6274
Sub-Branch	0 4224 6437	
Thanon Prajak Udon Thani	0 4224 8570-5	0 4222 2416
Udon Thani	0 4224 1121-2,	0 4224 3320
	0 4222 1615	
<b>Yasothon</b>		
Yasothon	0 4572 0827-8	0 4571 2679

### East 50 Branches

	Tel	Fax
<b>Chachoengsao</b>		
Bang Khla	0 3882 5445-7	0 3854 1391
Bang Pakong	0 3883 2449-51	0 3853 2815
Bang Wua Sub-Branch	0 3884 1040-2	0 3884 1043
Bus Station Chachoengsao	0 3881 2085-6	0 3881 2087
Sub-Branch		
Chachoengsao	0 3881 6296,	0 3851 2195
	0 3951 1025	
Phanom Sarakham	0 3883 8059-62	0 3855 1025
Suwinthawong Chachoengsao	0 3859 3470-3	0 3859 3475
Talat Khlong Suan	0 3859 5061-2	0 3859 5063
<b>Chantaburi</b>		
Khlong	0 3936 6405-7	0 3944 1367
Soi Dao	0 3938 1384-6	0 3938 1387
Tha Mai	0 3935 6810-2	0 3943 1547
Thanon Sri Rong	0 3932 5964-7	0 3932 1172
Muang Chantaburi		
Thanon Triratana Chantaburi	0 3932 1822-3	0 3932 1824
<b>Chon Buri</b>		
Ban Bung	0 3844 3097-8	0 3844 3707
Bang Lamung	0 3822 5660-3	0 3822 5664
Bang Pakong Industrial Estate	0 3821 3555-8	0 3821 3560
Bo Thong	0 3821 1001-3	0 3821 1005
Ko Sichang	0 3821 6131-2	0 3821 6133
Laem Chabang	0 3849 3624-7	0 3849 3628
Naklue	0 3872 7450-2	0 3872 7454
Nong Mon Chon Buri	0 3839 2601-3	0 3839 2604
Nong Pru	0 3829 2444-8	0 3829 2450
Om Muang Chon Buri	0 3827 1995,	0 3879 8993
Sub-Branch	0 3828 6643	
Pattaya Klang	0 3842 5583-8	0 3842 5582
Pattaya Tai	0 3842 8513-5	0 3842 7696
Phanat Nikhom	0 3847 3080-3	0 3847 3085
Saha Industrial Park Si Racha	0 3876 2787-90	0 3876 2791
Sub-Branch		

	Tel	Fax
<b>Sattahip</b>	0 3843 7626-7	0 3843 7666
<b>Si Racha</b>	0 3831 1194-5	0 3832 2476
<b>Talat Ko Pho</b>	0 3820 9101-3	0 3820 9104
<b>Thanon Sukhumvit</b>	0 3827 3862-6	0 3827 3867
<b>Chon Buri 1</b>		
<b>Thanon Sukhumvit</b>	0 3827 2055-7	0 3827 2058
<b>Chon Buri 2</b>		
<b>Thanon Sukhumvit</b>	0 3879 4689-92	0 3879 4593
<b>Chon Buri 3 (Si Yaek Chalermthai)</b>		
<b>Thanon Wachira Prakan</b>	0 3827 3850-5	0 3827 3856
<b>Chon Buri</b>		
<b>Prachin Buri</b>		
<b>Kabin Buri</b>	0 3720 2385-7	0 3728 1880
<b>Prachin Buri</b>	0 3721 1440-1	0 3721 2305
<b>Simahosot</b>	0 3727 6509-10	0 3727 6511
<b>Rayong</b>		
<b>Ban Chang</b>	0 3860 2335-6	0 3860 2577
<b>Klaeng</b>	0 3888 4119-21	0 3867 1360
<b>Mabtapud</b>	0 3860 7518-21	0 3860 7525
<b>Rayong</b>	0 3887 6581-5	0 3861 3969
<b>Thanon Chantaudom Rayong</b>	0 3861 6002-5	0 3861 6006
<b>Sa Kaew</b>		
<b>Aranyaprathet</b>	0 3722 6026-7	0 3723 1072
<b>Khlong Hat</b>	0 3751 2251-4	0 3751 2249
<b>Sa Kaew</b>	0 3722 0522-3	0 3724 1022
<b>Wang Nam Yen</b>	0 3725 1002-3	0 3725 1001
<b>Trat</b>		
<b>Khlong Yai</b>	0 3958 1123-4	0 3958 1255
<b>Laem Ngop</b>	0 3959 7045-6	0 3953 8297
<b>Trat</b>	0 3953 2853-5	0 3953 2857

### In-store Branch

Open everyday, 11.00 - 19.00 hrs.

	Tel	Fax
<b>Chon Buri</b>		
<b>Central Festival Pattaya</b>	0 3841 5273-4	0 3841 5277
<b>Sub-Branch</b>		

### South 46 Branches

	Tel	Fax
<b>Chumphon</b>		
<b>Chumphon</b>	0 7757 1498-9	0 7750 1029
<b>Lang Suan Chumphon</b>	0 7758 1490-2	0 7754 1071
<b>Pak Nam Chumphon</b>	0 7752 1013,	0 7752 1620
	0 7752 1126	
<b>Tha Sae</b>	0 7759 9260-1	0 7759 9262

	Tel	Fax		Tel	Fax
<b>Krabi</b>			<b>Thanon Si Phuwanat Hat Yai</b>	0 7435 4727-9	0 7423 5770
<b>Krabi</b>	0 7563 1460-2	0 7563 1465	<b>Thanon Supphasan Rangsang Hat Yai</b>	0 7435 0785-8	0 7424 5233
<b>Talat Kao Krabi Sub-Branch</b>	0 7561 2804-5	0 7561 1512			
<b>Nakhon Si Thammarat</b>			<b>Surat Thani</b>		
<b>Chandi</b>	0 7548 6490-3	0 7548 6446	<b>Ban Ta Khun</b>	0 7739 7003-4	0 7739 7055
<b>Nakhon Si Thammarat</b>	0 7531 2085-9	0 7534 2891	<b>Chaiburi</b>	0 7736 7141-3	0 7736 7150
<b>Talat Hua It</b>	0 7534 5771-2	0 7534 5773	<b>Ko Samui</b>	0 7742 1200-1	0 7742 0141
<b>Tha Sala</b>	0 7552 1337-8	0 7552 1336	<b>Phunphin</b>	0 7724 0160-3	0 7731 1000
<b>Thung Song</b>	0 7533 2423-5	0 7541 1798	<b>Si Yaek Sang Phet Surat Thani Sub-Branch</b>	0 7721 8392, 0 7721 9346	0 7721 9594
<b>Narathiwat</b>			<b>Surat Thani</b>	0 7727 2200, 0 7728 2210	0 7728 3972
<b>Narathiwat</b>	0 7351 1360, 0 7351 1870	0 7351 1231	<b>Thanon Talat Mai Surat Thani</b>	0 7728 4093-5	0 7728 4096
<b>Rue Soh</b>	0 7357 1186-7	0 7357 1196	<b>Wiang Sa</b>	0 7736 1661-3	0 7736 2007
<b>Sungai Kolok</b>	0 7361 5501-3	0 7361 2455			
<b>Pattani</b>			<b>Trang</b>		
<b>Pa Lat</b>	0 7348 5184-5	0 7348 5186	<b>Kantang</b>	0 7523 8100-4	0 7523 8111
<b>Pattani</b>	0 7331 1518-20	0 7333 1039	<b>Trang</b>	0 7521 0137-8	0 7521 8200
<b>Phangnga</b>			<b>Yala</b>		
<b>Phangnga</b>	0 7643 0250-3	0 7641 1888	<b>Betong</b>	0 7323 1385	0 7323 1386
<b>Talat Yan Yao</b>	0 7642 1555, 0 7642 1006	0 7642 1389	<b>Yala</b>	0 7321 2729, 0 7324 0816-8	0 7321 4190
<b>Thai Muang</b>	0 7643 2183-4	0 7657 1203			
<b>Phatthalung</b>					
<b>Phatthalung</b>	0 7462 7808-9	0 7461 2214			
<b>Phuket</b>					
<b>Hat Patong</b>	0 7634 0447-9	0 7634 0198			
<b>Phuket</b>	0 7621 3903-4	0 7621 3561			
<b>Tilok Center Phuket</b>	0 7621 8068-70	0 7621 8074			
<b>Ranong</b>					
<b>Ranong</b>	0 7783 2188-9, 0 7783 3711-3	0 7781 1345			
<b>Thanon Saphan Pla Ranong Sub-Branch</b>	0 7783 5216-8	0 7783 5219			
<b>Satun</b>					
<b>Satun</b>	0 7473 0431-5	0 7472 1358			
<b>Songkhla</b>					
<b>Hat Yai Nai</b>	0 7423 4840-2	0 7423 4849			
<b>Padang Besa</b>	0 7452 1977-8	0 7452 1980			
<b>Songkhla</b>	0 7444 0420-6	0 7432 1071			
<b>Thanon Nakhon Nai Songkhla Sub-Branch</b>	0 7432 1063-4	0 7432 1065			
<b>Thanon Phetkasem Hat Yai</b>	0 7436 6151-2	0 7424 6923			
<b>Thanon Saiburi Songkhla</b>	0 7431 3222, 0 7431 3422	0 7431 3322			

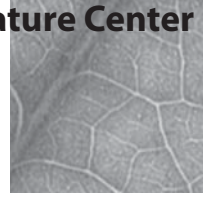
## Business Banking Centers

Open 8.30 - 15.30 hrs. (Monday - Friday, except holidays)

Province	Business Banking Center	Tel	Fax
<b>Bangkok Metropolitan</b>			
Bangkok	Dao Khanong	0 2877 5670-81 ext. 121	0 2476 4463
Bangkok	Tha Rua Sathu Pradit	0 2682 0172-5 ext. 132, 133	0 2294 6661
Bangkok	Bang Kapi	0 2261 0161-2	0 2261 0164
Bangkok	Bang Bon	0 2899 8336-9 ext. 101	0 2416 4396
Bangkok	Bang Yikhan	0 2883 0163-9 ext. 500-1	0 2433 1337
Bangkok	Thanon Sri Nakharin Km. 9 Sub-Center	0 2393 5850-4 ext. 129	0 2361 7236
Bangkok	Ratchadamri	0 2655 0275-83 ext. 112, 113	0 2253 1423
Bangkok	Lat Krabang	0 2739 0187-9 ext. 131, 132	0 2326 7198
Bangkok	Lat Phrao 25	0 2938 3040-2 ext. 103	0 2513 1603
Bangkok	Thanon Suapa	0 2226 4560-79 ext. 5521	0 2222 5741
Bangkok	Phahon Yothin Main	0 2273 1398	0 2273 1399
Bangkok	Silom Main	0 2234 9289, 0 2234 7050 ext. 5208	0 2234 5145
Bangkok	Ekkamai	0 2714 1081-8 ext. 109, 110	0 2714 0410
Nakhon Pathom	Om Yai	0 2811 5860-1 ext. 103	0 2420 8607
Nonthaburi	Thanon Ngam Wong Wan	0 2591 7895-7 ext. 106	0 2951 0953
Pathum Thani	Nava Nakorn	0 2909 1121-6 ext. 123, 124	0 2529 2904
Samut Prakan	Bang Phli	0 2751 0647-9 ext. 110	0 2316 7827
Samut Prakan	Phra Pradaeng	0 2818 0990-5 ext. 119, 142	0 2463 1976
Samut Prakan	Samut Prakan	0 2701 7800-4 ext. 137, 138	0 2701 7805
Samut Sakhon	Thanon Setthakit 1 Samut Sakhon	0 3481 6662-8 ext. 115	0 3481 6671
<b>Up-country</b>			
Chiang Mai	Thanon Tha Phae Chiang Mai	0 5327 0151-8 ext. 130	0 5328 2679
Nakhon Ratchasima	Hua Tha Le Nakhon Ratchasima	0 4425 1372-4 ext. 138, 139	0 4425 6394
Songkhla	Thanon Phetkasem Hat Yai	0 7422 0504 ext. 107	0 7424 6923



## Platinum Signature Center



*Open Monday - Friday 9.00 - 18.00 hrs., Saturday - Sunday and holidays 9.00 - 16.00 hrs.*

<b>Platinum Signature Center</b>	<b>Tel</b>	<b>Fax</b>
Platinum Signature Center - Phahon Yothin	0 2273 1211-2	0 2273 1234

## International Trade Centers



### Bangkok Metropolitan and Vicinity International Trade Centers

#### International Trade Center Pahon Yothin

Tel : 0 2273 1401-10  
Fax : 0 2273 3631, 0 2273 1635, 0 2273 1472

#### International Trade Center Silom

Tel : 0 2234 7050, 0 2634 0580-9  
Fax : 0 2234 6178, 0 2234 9650, 0 2234 5140

#### International Trade Center Thanon Suapa

Tel : 0 2221 3131-8, 0 2223 1337-8, 0 2226 4560-79  
Fax : 0 2225 6575, 0 2226 1795

#### International Trade Center Sukhumvit

Tel : 0 2261 0133-44  
Fax : 0 2261 0145-7

#### International Trade Center Thanon Srinakharin

Tel : 0 2399 4225-7, 0 2361 7235  
Fax : 0 2398 0477

#### International Trade Center Ladkrabang

Tel : 0 2739 0191-5, 0 2326 8304  
Fax : 0 2326 8303

#### International Trade Center Samutprakan

Tel : 0 2395 3085, 0 2395 3799, 0 2395 3441,  
0 2387 0039  
Fax : 0 2387 1192

#### International Trade Center Dao Khanong

Tel : 0 2476 0617-9, 0 2877 5641-7  
Fax : 0 2476 0620, 0 2877 5697

#### International Trade Center Thanon Setthakit 1 Samutsakhon

Tel : 0 3481 6666, 0 3481 6707  
Fax : 0 3481 6708

#### International Trade Center Omyai

Tel : 0 2811 6845-6  
Fax : 0 2431 2042

#### International Trade Center Nava Nakorn

Tel : 0 2529 1572-3, 0 2529 1231  
Fax : 0 2529 1963, 0 2529 1522

### Up-Country International Trade Centers

#### International Trade Center Hat Yai

Tel : 0 7422 0501-2, 0 7424 6716  
Fax : 0 7423 5772

#### International Trade Center Laem Chabang

Tel : 0 3833 0053-4, 0 3849 3620-1  
Fax : 0 3833 0055, 0 3849 3622

#### International Trade Center Bangpakong

Tel : 0 3874 3853-5  
Fax : 0 3874 3856

#### International Trade Center Chiang Mai

Tel : 0 5328 2681, 0 5327 1677  
Fax : 0 5328 2680

#### International Trade Center Mabtapud

Tel : 0 3860 9490  
Fax : 0 3860 9489

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Cable : SCOTIATRUST GRAND CAYMAN  
Fax : (1)(345) 949-7097

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## Summary of Specified Items per Form 56-2 In 2003 Annual Report

(Presented in accordance with SEC notification Ref.Kor.Jor.40/2540 regarding principles, conditions and methods in presentation of financial data and operation results of a company which issues securities)

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