

128240 1000

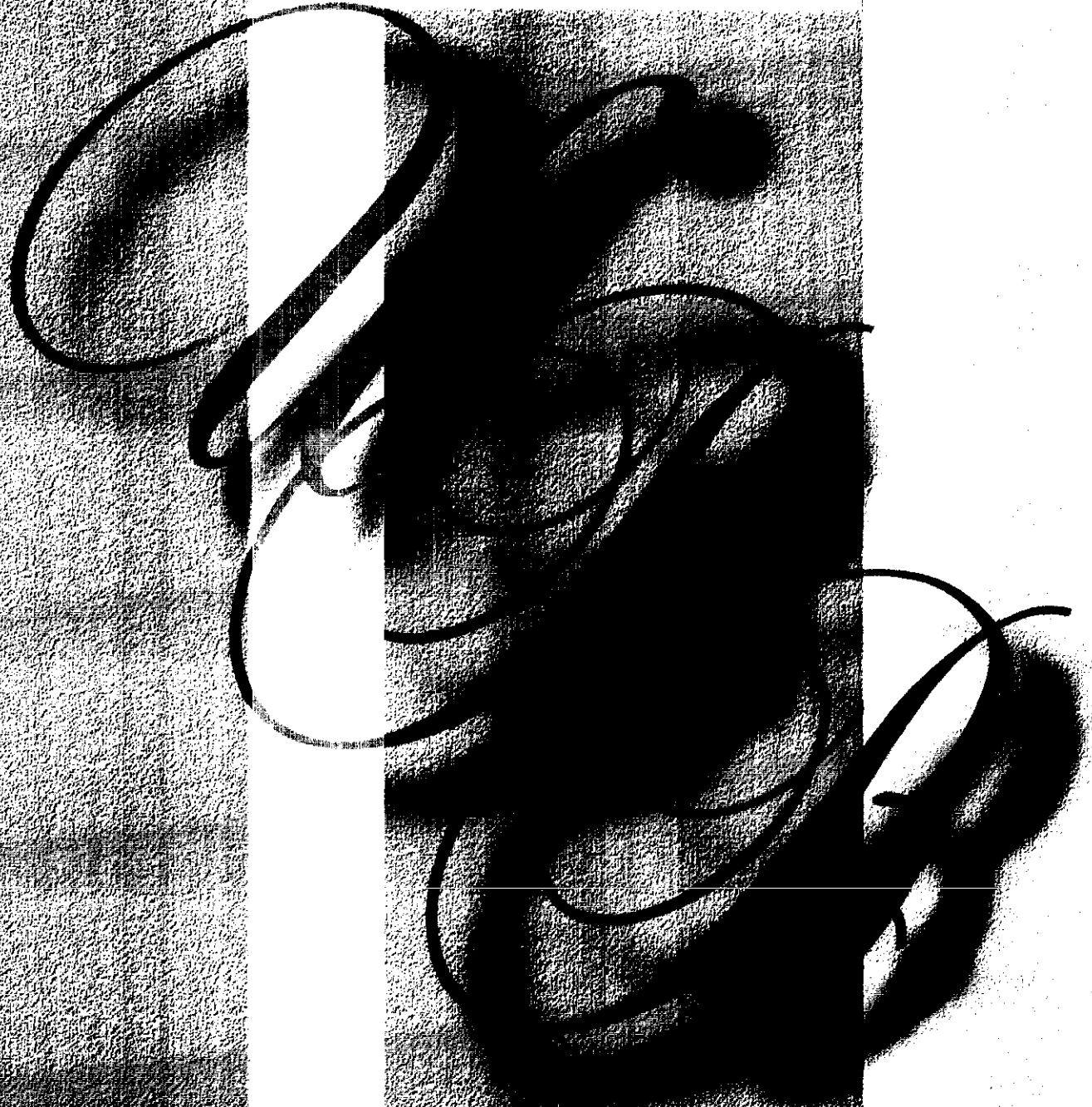
ENGLISH

12/31/97

Annual Report 1997

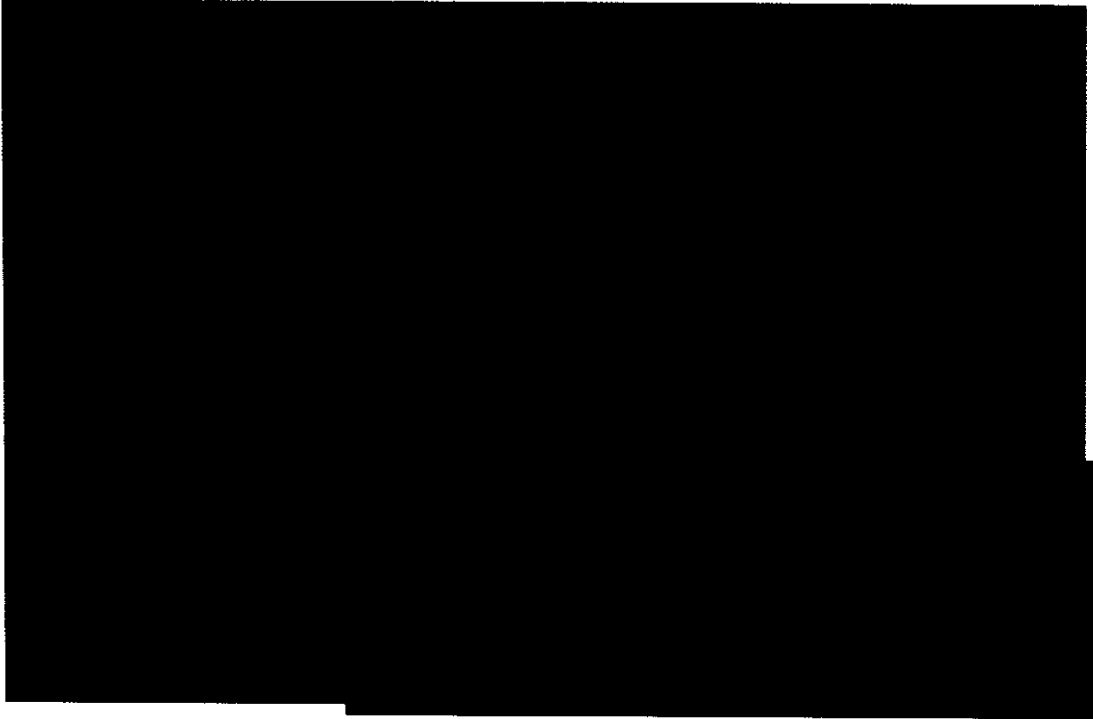
THAILAND

84 pgs. + 8 main
Balance
sheet +
P&L



ON BANK

LIMITED





At Year End (Million Baht)	1997	1996
Total assets	73,352.4	64,614.1
Deposits*	48,398.6	49,795.5
Interbank and money market items (Liabilities)	13,989.8	-
Lendings (net)	54,790.9	51,715.3
Cash**	746.7	2,257.3
Interbank and money market items (Assets)	6,216.2	-
Investment in securities	5,262.7	4,922.6
Borrowings***	3,284.8	7,417.6
Shareholders' equity	3,551.7	4,316.4
Number of employees (persons)	2,721	2,880
Number of branches	116	113
For the Year (Million Baht)		
Revenues from operations	8,889.5	6,773.3
Operating expenses	10,714.5	6,342.8
Profit before income tax	(1,825.0)	430.5

Note : * Deposits as at 31 December 1996, includes interest bearing dues to banks

** Cash as at 31 December 1996, includes deposits at banks and interest bearing dues from banks

*** Borrowings as at 31 December 1997, are subordinate long term debt only



A message from the Chairman of the Executive Board

The economic crisis gripping Thailand in 1997 could be attributed to a number of factors. Firstly, years of rapid but unbalanced growth have created problems for the entire economy. Thailand continued to rely heavily on foreign capital to fund domestic investment demand due to inadequate domestic savings, while the need to import relatively large volumes of raw materials for domestic production persisted. Stagnant export growth in 1997 served as an indication of Thailand's lower competitiveness for labour-intensive manufactured goods, while growth was hampered by the imposition of trade barriers to Thai exports. Secondly, investment eased back because supply in a number of sectors, especially real estate, was outstripping underlying demand. As a result, the levels of non-performing loans jumped sharply and, in turn, placed a heavy strain on considerable numbers of local financial companies and credit foncier companies which had overextended their credit lines. The situation undermined the entire financial sector. Thirdly, short-term foreign debts which accounted for almost half of the foreign debts remained sensitive to the prevailing economic conditions in Thailand. Finally, there were widespread rumours that the Government was on the verge of devaluing the baht. This sparked a massive flight of capital which increased pressures on the balance of payments and foreign exchange reserves. Under the circumstances, investor confidence both at home and abroad deteriorated.

As the downturn intensified over 1997, domestic spending and investment contracted. The situation created considerable difficulties for the most business operations across the country, causing their performances to falter markedly. The impact of

the adverse circumstances was particularly evident in the financial sector. A combination of factors led the authorities to announce, on 2 July 1997, that a managed float of the baht would be implemented. The baht promptly plunged in value and had subsequently fallen steadily. To alleviate pressures within the economy, the Thai Government turned to assistance from the International Monetary Fund (IMF) in August 1997, following which it announced that it would formally enter an economic restructuring programme with the IMF. Expectations were high that the acceptance of the IMF package, and honouring of the relevant commitments, would help stimulate the economy, and thus, quickly lead to a restoration of confidence in the value of the baht and in Thai financial institutions.

Thailand's commitment to implement the IMF programme has had a sharp impact on the financial sector. With a view to achieving higher adherence to international standards, a key element highlighted in the programme was the need to increase the stability of the entire sector. Amongst other things, the measures required financial institutions to boost their capital, and to classify and set aside separate reserve provisions for substandard debts. Compounding the situation was the requirement concerning the disclosure of revenues. Previously, financial institutions were permitted to cease recording as revenues interest which had accrued for more than 12 months in respect of loans with collateral, sufficient to cover the accrued interest. The same guideline applied to borrowers without collateral who had defaulted on principal or interest repayment for longer than six months. The existing requirement, however, calls on all institutions

to cease recording as revenues interest accrued for longer than six months, regardless of the underlying collateral held. This and the aforementioned requirements were major factors contributing to diminishing profits across the financial sector. Another blow to profits came from the Bank of Thailand's announcement that financial institutions would be required to increase their contributions to the Financial Institutions Development Fund.

The Union Bank of Bangkok Public Company Limited has been adversely affected by the implementation of the above measures. As at 31 December 1997 the Bank posted a loss of 1,825.0 million baht, which was the worst financial performance in 48 years. Notwithstanding the above and despite the deteriorating economy and a sharp increase in interest expenses, the Bank derived a year-on-year profit of 397 million baht from its operations in 1997. However, as the Bank of Thailand's measures are designed to increase the stability of the entire financial sector in the long term, implementing the measures as effectively as possible is crucial to the Bank's sound advancement. Consequently, the Bank took appropriate action to set aside an amount of 2,087 million baht as a provision for doubtful and substandard loans. In addition, the Bank contributed 118 million baht to the Financial Institutions Development Fund, an increase of 74 million baht over the contribution in 1997. The closure of a number of finance companies by the Ministry of Finance also led to the Bank having to write off an equity investment loss of approximately 87 million baht. Despite the resultant loss, the Bank's assets grew by 13.5 per cent, thereby bringing the Bank's total assets to 73,352.4 million baht. Moreover, the Bank's lend-

ing (exclusive of interest accrued) stood at 54,790.9 million baht, up by 5.9 per cent. On the other hand, the Bank's deposits (exclusive of interbank and money market items) totaled 48,398.6 million baht.

The crisis has sensitized the Bank to the need to adapt and adjust itself to the emerging conditions. It has also impressed on the Bank the importance of strengthening its capacities, so as to equip itself with the means essential for providing a better and comprehensive range of services to customers. Consequently, and in a pursuance of a decision taken by the Executive Board in June 1997, the Bank increased its registered capital from 800 million to 1,800 million baht. The new shares were fully paid up in October 1997. The plan to affect a further increase in the Bank's registered capital in 1998 prompted the Bank in October 1997, to commission a finance consultancy firm of international repute, namely Dresdner Kleinwort Benson, London, England, to identify and negotiate deals with foreign financial institutions who have expressed interest in becoming the Bank's strategic partners. The firm in question has branches in different countries across the globe.

In addition to recapitalization, a special focus has been given to improving the quality and efficiency of a comprehensive range of services that match customers' needs and requirements. Such strategy has enabled the Bank to improve its performance as it progresses towards its goal of becoming the best retail bank in the year 2000. On expansion, the Bank opened two new regional offices in Chiang Mai and Suksawad, thereby bringing the number of regional offices to 12 in total.

The opening of three new branches also brought the total number of branches to 116, while the modernization of 48 branch offices has increased the total number of modern branches to 63. In respect of customer services, the Bank launched tax-exempted fixed deposit accounts which add a 5-per cent bonus to the normal fixed deposit rates, while a special savings deposit rate of as high as 7 per cent per annum has been offered to customers. Moreover, ATM cardholders are now allowed to transfer funds from their respective ATM accounts to other accounts, or to a third party. Other modern facilities and services which are planned for customers' convenience include telephone banking. As regards its internal operations, an on-line loan payment system has been put into operation in Bangkok. According to the projected work plan, every branch in the country would be on-line by October 1998.

To strengthen its human resources and organizational development efforts, the Bank launched 16 programmes which are geared towards achieving higher levels of efficiency and effectiveness, and which would, in turn, contribute toward the

realization of the Bank's objectives. The projects include expanding vision both for the Bank and its various departments; implementing staff benefits and incentives; developing and improving existing personnel to their full potential; and improving the organizational structure, including ways and means of increasing performance efficiency.

On behalf of the Executive Board, I should like to avail myself of this opportunity to express my heartfelt appreciation of the excellent support and cooperation which have hitherto been extended by all shareholders, customers, local authorities and counterparts in the various financial institutions, to the Bank. I take great pride in the unwavering cooperation extended by members of the staff at all levels, especially the efforts made by all concerned to economize in the interest of the Bank. I deeply appreciate their willingness to sacrifice certain personal benefits, including their remarkable devotion to duty which contributed greatly to the successful implementation of the various tasks facing the Bank. I sincerely believe that the maintenance of such close cooperation and coordination is an engine for sustaining the Bank's growth and stability.

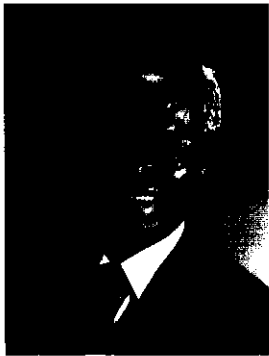


(Dr. Prabhas Chakkaphak)
Chairman of the Board

Board of Directors



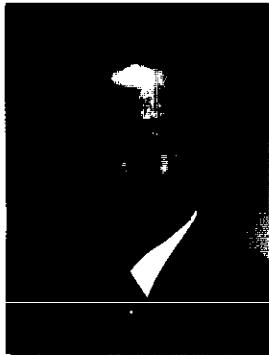
Dr. Prabhas Chakkaphak
Chairman of the Board



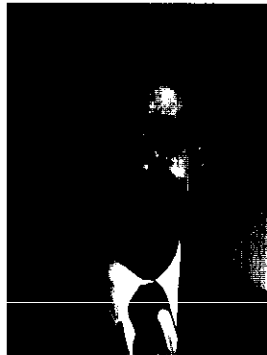
Dr. Chalermchai Vasinondha
Vice Chairman



Mr. Pradhan Duangratana
Director



Mr. Sujetana Seksarn
Director



Mr. Mounir Ben Slimane
Director



Mr. Mark Leo Leonard
Director



Miss Serene Ho Oi Kuen
Director

BOARD OF DIRECTORS

Dr. Prabhas Chakkaphak

Chairman

Dr. Chalermchai Vasinondha

Vice Chairman

Mr. Pradhan Duangratana

Director

Mr. Sujetana Seksarn

Director

Mr. Mounir Ben Slimane

Director

Mr. Mark Leo Leonard

Director

Miss Serene Ho Oi Khuen

Director

Mr. Piyabutr Cholvijarn

President & Chief Executive Officer

Mr. Rangsin Suebsaeng

Director & Executive Vice President

Mr. Goanpot Assinvichit

Director & Executive Vice President

Mrs. Lalivan Karnchanachari

Secretary to the Board



Mr. Piyabutr Cholvijarn
President & Chief Executive Officer



Mr. Rangsin Suebsaeng
Director & Executive Vice President



Mr. Goanpot Assinvichit
Director & Executive Vice President



Mrs. Lalivan Karnchanachari
Secretary to the Board

BOARD OF EXECUTIVE DIRECTORS

Dr. Prabhas Chakkaphak

Chairman Of the Executive Board

Mr. Piyabutr Cholvijarn

President & Chief Executive Officer

Mr. Rangsin Suebsaeng

Director & Executive Vice President

Mr. Goanpot Assinvichit

Director & Executive Vice President

Mrs. Busarat Sihanonth

Secretary to the Board



Mrs. Busarat Sihanonth
Secretary to the Board

Executive Officers



Dr. Prabhas Chakkaphak
Chairman



Mr. Piyabutr Cholvijarn
President & Chief Executive Officer



Mr. Rangsin Suebsaeng
Director & Executive Vice President



Mr. Goanpot Asvinvichit
Director & Executive Vice President

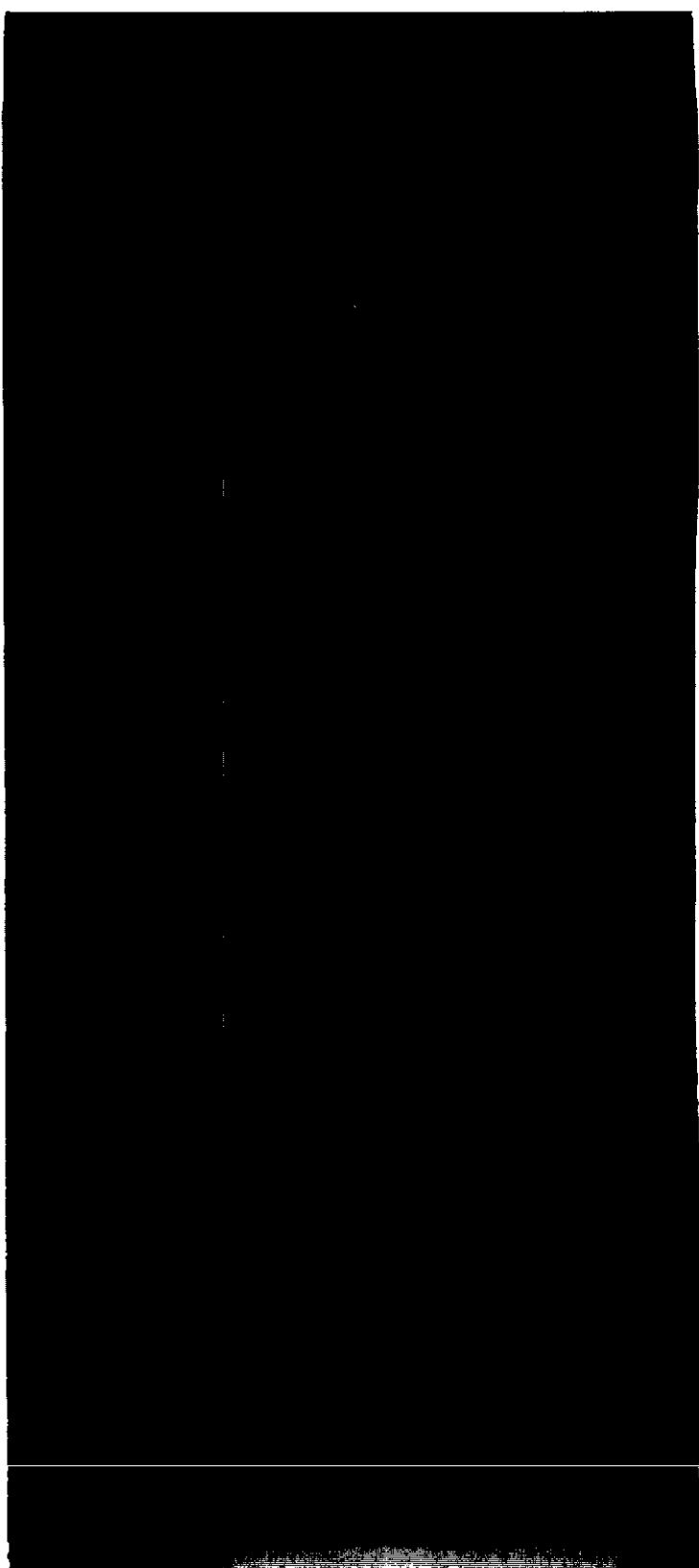


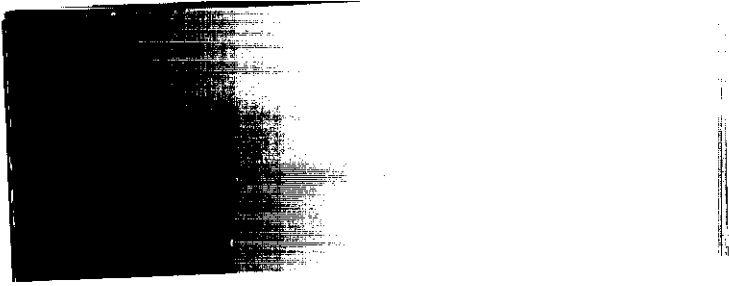
- | | |
|--------------------------------|----------------------|
| 1. Mr. Prawit Kitpaisalrattana | First Vice President |
| 2. Mrs. Suttharug Panya | First Vice President |
| 3. Mr. Songwud Boakhem | First Vice President |
| 4. Mr. Kitti Gajanandana | First Vice President |
| 5. Mr. Grunt Wattanathum | First Vice President |

THE UNION BANK OF BANGKOK
PUBLIC COMPANY LIMITED

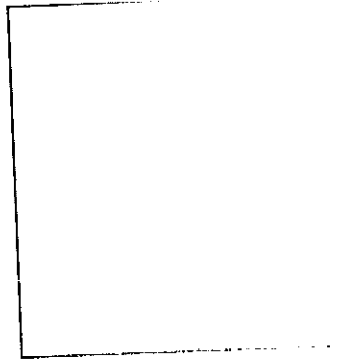


THE UNION BANK OF BANGKOK
PUBLIC COMPANY LIMITED





THE UNION BANK OF BANGKOK
PUBLIC COMPANY LIMITED



BALANCE SHEET

As at June 30, 1997

ASSETS

Current assets

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

Non-current assets

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

—

LIST OF BRANCHES

REGIONAL OFFICES
IN METROPOLITAN

REGIONAL OFFICES
IN PROVINCES

53 METROPOLITAN BRANCHES

62 PROVINCIAL BRANCHES

NORTHERN

EASTERN

NORTHEASTERN

SOUTHERN

CENTRAL

HEAD OFFICE

BALANCE SHEET

As at June 30, 1997

LIABILITIES AND SHAREHOLDERS' EQUITY

STATEMENT OF PROFIT

For the Half Year Ended June 30, 1997

INTEREST AND DIVIDEND INCOME

BOARD OF DIRECTORS

List of Executive Officers

MR.PRAWIT KITPAISALRATTANA	FIRST VICE PRESIDENT
MRS.SUTTHARUG PANYA	FIRST VICE PRESIDENT
MR.SONGWUD BOAKHEM	FIRST VICE PRESIDENT
MR.KITTI GAJANANDANA	FIRST VICE PRESIDENT
MR.GRUNT WATTANATHUM	FIRST VICE PRESIDENT

ADMINISTRATION DEPARTMENT

MR.SUPHONG LIMTHONG	VICE PRESIDENT
MR.SURIN SIRIMANKALALO	ASSISTANT VICE PRESIDENT
MR.VINAI ANONTAPHAN	ASSISTANT VICE PRESIDENT
MRS.CHIITPINYA CHOOMSAI NA AYUTHAYA	ASSISTANT VICE PRESIDENT
MR.SOMCHAI APICHARTVORAKIT	ASSISTANT VICE PRESIDENT
MR.MANOON TUMSAN	ASSISTANT VICE PRESIDENT

AUDIT DEPARTMENT

MR.SUWAT CHEEWAKASEMSI K	VICE PRESIDENT
MRS.MALINI APIWATANANONT	SECOND VICE PRESIDENT
MISS.DUSSADEE POTHONG	SECOND VICE PRESIDENT
MR.BOONKEAT EKWANICH	SECOND VICE PRESIDENT
MR.SAVIN APIWATANANONT	SECOND VICE PRESIDENT
MR.CHATCHAI VORASINGHA	ASSISTANT VICE PRESIDENT
MR.SOMSAK NENBUMRUNG	ASSISTANT VICE PRESIDENT
MR.SUWAT SUKARASUT	ASSISTANT VICE PRESIDENT

BANKING DEPARTMENT

MR.BOONYAPONGSE CHANTRAOURAI	VICE PRESIDENT
MR.PRASARTPORN LU-KKANAKUL	SECOND VICE PRESIDENT
MR.BOONSONG POOLSASDI	ASSISTANT VICE PRESIDENT
MR.SOMKUAN KAHATTHA	ASSISTANT VICE PRESIDENT

BRANCH ADMINISTRATION DEPARTMENT

MISS.SIRIMA SITTISINTORN	VICE PRESIDENT
MR.CHANIN VEERAWAN	VICE PRESIDENT
MR.VIRAT AUPPATHU MPSIRIKUL	SECOND VICE PRESIDENT
MR.WIBOON SUPHANURAK	SECOND VICE PRESIDENT
MR.BURANA VAMNUTJINDA	SECOND VICE PRESIDENT
MR.KUMTHORNSAWAT YUTYATAT	SECOND VICE PRESIDENT
MR.SONGKRAN WONGWACHARAAMPHON	ASSISTANT VICE PRESIDENT
MR.AMPON SUKUMSRI	ASSISTANT VICE PRESIDENT
MR.APINAN SIRIPHAN	ASSISTANT VICE PRESIDENT
MRS.BENJAWUN SIDIHIBHLAKORN	ASSISTANT VICE PRESIDENT

COMMERCIAL BANKING DEPARTMENT

MRS.SANSANEE THANAVUTH	VICE PRESIDENT
MR.TIRAPONG TRITEPCHANCHAI	VICE PRESIDENT
MRS.CHUTIMA MEKASAWAT	VICE PRESIDENT
MR.BUNJOB THONGVICHIT	VICE PRESIDENT
MRS.SIRILUCK INTULUCK	SECOND VICE PRESIDENT
MISS.KANCHANA KOSIYANANT	SECOND VICE PRESIDENT
MR.SAKCHAI WONGCHAISURIYA	SENIOR CREDIT MANAGER
MR.STAPORN PORNPRAPUNT	SENIOR CREDIT MANAGER
MR.PHONGSAK KHUNAMARNLERT	SENIOR CREDIT MANAGER
MR.SAMRAN UMASANGTHONGKUL	SENIOR CREDIT MANAGER

CONSUMER MORTGAGE DEPARTMENT

MR.PIPAT HONGMEESIENGSR	VICE PRESIDENT
MR.PISUTU PITAMONTREKUL	SECOND VICE PRESIDENT
MR.NATAVAT CHANTRASORN	SECOND VICE PRESIDENT
MRS.LINLEE MATHUROSPORNWATANA	ASSISTANT VICE PRESIDENT
MRS.JINIDA LAKANATHAMPICHIT	ASSISTANT VICE PRESIDENT
MR.SURIYA CHAKAVARNPITUK	ASSISTANT VICE PRESIDENT

CREDIT ADMINISTRATION DEPARTMENT

MRS.PRATUANG CHAROENPORN	SECOND VICE PRESIDENT
MR.KRIANGKRAI WONGHOM	ASSISTANT VICE PRESIDENT
MR.RIWAY PISANTHUKSIN	ASSISTANT VICE PRESIDENT

MR.NIWAT KANJANAPHOONIN	VICE PRESIDENT
MR.SURAWAT KIRDSIN	ASSISTANT VICE PRESIDENT
MR.NITHAT KHANAWAN	ASSISTANT VICE PRESIDENT
MR.THITIWATNA SUKKIUBUMRUNG	ASSISTANT VICE PRESIDENT
MR.NATTAWUT THONNARATANA	ASSISTANT VICE PRESIDENT

CREDIT OPERATION DEPARTMENT

MR.SANYA KICHPECHR	SECOND VICE PRESIDENT
MR.CHOOKIAT YONGSOMBOON	SECOND VICE PRESIDENT
MRS.NUNTHA SINPRASERTRAT	ASSISTANT VICE PRESIDENT
MR.SOMCHAI SANEPUN	ASSISTANT VICE PRESIDENT

CREDIT POLICY AND RISK MANAGEMENT DEPARTMENT

MISS.TIPAVAN PRASITLAMKAM	VICE PRESIDENT
MR.ADINUN SOOKMARK	ASSISTANT VICE PRESIDENT
MR.WIWAT WUTHIPUNTHACHAI	ASSISTANT VICE PRESIDENT

RECOVERY AND LEGAL DEPARTMENT

MISS.SIRILUCK WONGTHAI	SECOND VICE PRESIDENT
MR.PONGDEJ WONGPOOM	SECOND VICE PRESIDENT
MRS.KRONGKARN PICHAYAKUL	SECOND VICE PRESIDENT
MR.WISUTR LEENAWAT	ASSISTANT VICE PRESIDENT
MR.RAVI NAKABUT	ASSISTANT VICE PRESIDENT
MRS.WIPAVEE BURANASOMPJOB	ASSISTANT VICE PRESIDENT
MR.KISANA PATTAMAKOM	ASSISTANT VICE PRESIDENT
MISS.RAPEEPORN VANASANT	ASSISTANT VICE PRESIDENT
MR.CHALONG VISESHOM	ASSISTANT VICE PRESIDENT

INFORMATION DEPARTMENT

MISS.JIRAYU KHOOMPEETI	VICE PRESIDENT
MRS.VILAIWAN TIASIRI	SECOND VICE PRESIDENT
MISS.RATANA VATANAPUKDEE	ASSISTANT VICE PRESIDENT
MR.PICHAI YIMAIPOONSUP	ASSISTANT VICE PRESIDENT

INFORMATION TECHNOLOGY DEPARTMENT

POL.CAPT.DANAI KHAOPHAIARN	VICE PRESIDENT
MR.PAIBOON SIRICHUCHNIN	SECOND VICE PRESIDENT
MISS.YUPA PIPATKORNKUL	SECOND VICE PRESIDENT
MRS.WILAIORN KASEMPANNARAJ	ASSISTANT VICE PRESIDENT
MRS.NATTAYA NIPATKUSOLKIT	ASSISTANT VICE PRESIDENT
MR.WEERARAT RATANAMUNGMEKAR	ASSISTANT VICE PRESIDENT
MR.TAWEE RATANAWILAIWAN	ASSISTANT VICE PRESIDENT

INTERNATIONAL BANKING DEPARTMENT

MR.SUWICH DHIRAVIBULYA	SECOND VICE PRESIDENT
MR.SAMART SRIMELARP	ASSISTANT VICE PRESIDENT
MR.YINGSAK TAKSINANONTH	ASSISTANT VICE PRESIDENT

OFFICE OF THE PRESIDENT

MRS.BU SARAT SIHANONTH	VICE PRESIDENT
MRS.THAPTHIM SINGHASENI	SECOND VICE PRESIDENT
MRS.SIRIRAT ISARABHAKDI	ASSISTANT VICE PRESIDENT

ORGANIZATION AND SYSTEM DEVELOPMENT DEPARTMENT

MR.CHAIKAJORN THAMPATHEEP	VICE PRESIDENT
MRS.SONGSUDA YUTYATAT	SECOND VICE PRESIDENT
MR.WIPACH PREDAWUT	ASSISTANT VICE PRESIDENT
MR.ADIREK SATPHAISARNKIT	ASSISTANT VICE PRESIDENT
MRS.YUPHADEE INTARAKASET	ASSISTANT VICE PRESIDENT

PERSONNEL DEPARTMENT

MRS.PHANIT WONGPHAET	VICE PRESIDENT
MR.WANCHAI SIRINUSRIWONG	ASSISTANT VICE PRESIDENT
MRS.MALIWAN WONGPOOM	ASSISTANT VICE PRESIDENT

TRAINING CENTER

MR.KRISDA SRIBUNNAK	VICE PRESIDENT
MRS.VERAORN WATKANAD	SECOND VICE PRESIDENT
MRS.RUDEE USANNO	SECOND VICE PRESIDENT
MRS.PHAYOMTHIP PHAAM	ASSISTANT VICE PRESIDENT
MISS.PONGSETHIDA KASEMSIN	ASSISTANT VICE PRESIDENT

TREASURY DEPARTMENT

MRS.MALEEKANYA SAGARIK	VICE PRESIDENT
MRS.SRISAANG BOONRAWD	ASSISTANT VICE PRESIDENT
MR.UDOM KASIPHAIBUL	ASSISTANT VICE PRESIDENT

CHARANSITWONGSE REGION

MR.SUTIT UPAMASINTU	REGIONAL MANAGER
---------------------	------------------

HUAMARK REGION

MRS.CHUNIL JIJNITI	SENIOR REGIONAL MANAGER
--------------------	-------------------------

RAJDMARN REGION

MR.VIRIYA JARUANSUK	REGIONAL MANAGER
---------------------	------------------

SUKSAWAD REGION

MR.THAWESAK JENPRAJAK	REGIONAL MANAGER
-----------------------	------------------

YANAWA REGION

MR.UDOMSAK LEHLEAKBHAI	SENIOR REGIONAL MANAGER
------------------------	-------------------------

CHIANG MAI REGION

MISS.RANGSIMA LOHASONGSAENG	REGIONAL MANAGER
-----------------------------	------------------

CHON BURI REGION

MR.WICHAI PRUKSACHARTANAN	REGIONAL MANAGER
---------------------------	------------------

KHON KAEN REGION

MR.SERMSUK WONGPAIBOON	REGIONAL MANAGER
------------------------	------------------

NAKHON RATCHASIMA REGION

MR.NATEE VONGCHAVALITKUL	REGIONAL MANAGER
--------------------------	------------------

NAKHON SAWAN REGION

MR.PORNCHAI DESAWATSRIPET	SENIOR REGIONAL MANAGER
---------------------------	-------------------------

PHETCHABURI REGION

MR.CHAMROEN SIRIKUL	REGIONAL MANAGER
---------------------	------------------

SONGKHLA REGION

MISS.SIRIMA SITTISUNTORN	VICE PRESIDENT
--------------------------	----------------

As at December 30, 1997

An Overview of the Bank's Operations, Developments, Advancements and Activities

TO THE SHAREHOLDERS :

The economic crisis gripping Thailand in 1997 prompted the Government to turn to the International Monetary Fund (IMF) for assistance. In the financial sector, the year saw drastic structural changes that made history, especially in the commercial banking sector. As part of the restructuring measures, financial institutions were required to implement large-scale adjustments, so as to contribute toward increasing the stability of the entire financial sector. The measures required financial institutions to, amongst other things, disclose accrued interest figures, set aside separate reserve provisions for substandard debts, and contribute to the Financial Institutions Development Fund. Implementation of a combination of measures is expected to lead to the realization of a higher level of adherence to international standards, as well as to equip the financial sector with the means essential for responding to a turbulent economic environment, especially in future.

The adverse circumstances prompted the Union Bank of Bangkok Public Company Limited to implement its operations cautiously, while exerting best efforts to adapt and adjust itself to the ever-changing environment. In that context, the Bank implemented a range of measures aimed at strengthening its financial position and stability. For example, the Bank increased its registered capital from 800 million baht to 1,800 million baht, while action has been taken to maintain and boost liquidity by expediting the expansion of its domestic deposit base. As a result, the Bank was compelled to shoulder higher interest expenses. Moreover, the Bank adhered strictly to the financial restructuring plan outlined by the Bank of Thailand. A sore blow to profits was, however, the closure of 56 finance companies by the Ministry of Finance, the consequence of which was a loss of equity investments for the Bank. As a result, the Bank suffered its first loss in 48 years, albeit a show of profits from its operations in 1997.

Strict adherence to the Bank of Thailand's financial restructuring plan has contributed in many ways to increasing the Bank's stability, in accordance with international standards. In this context, considerable progress has been achieved in the continuing implementation of measures aimed at preparing the Bank for future challenges and opportunities in the financial sector. These measures underscore the Bank's sound advancement and efficiency, as well as its ability to cope with increasing competition in the commercial banking sector. Consequently, the long-term prognosis for the Bank's future is encouraging.

TOTAL ASSETS

As at 31 December 1997, the Bank's total assets stood at 73,352.4 million baht, up by 13.5 per cent over 1996. This rate of expansion, though lower than in 1996 clearly reflected the prevailing economic conditions.

DEPOSITS

A massive flight of capital which was compounded by difficulties experienced in the Thai financial sector and the closure of 56 finance companies by the Ministry of Finance combined to diminish public confidence in the financial system as never before. The Bank's efforts were, therefore, directed at maintaining and boosting its liquidity. As at 31 December 1997, the Bank's total deposits (exclusive of interbank and money market items) amounted to 48,398.6 million baht. As a consequence, liquidity management problems did not have too deep an effect on the Bank.

CREDITS

In the light of the acute deterioration in the economy, coupled with the Bank's determined effort to maintain its asset quality, the Bank's credit growth in 1997 was moderate. As at 31 December 1997, the Bank's net lending (exclusive of accrued interest receivables) totaled 54,790.9 million baht, an increase of 14.8 per cent over 1996.

LIQUID ASSETS AND CAPITAL FUNDS

As at 31 December 1997, the Bank's total liquid assets stood at 1,315.7 million baht which consisted of cash-in-hand and deposits of 1,205.3 million baht, and unobligated government securities of 110.4 million baht.

As at 31 December 1997, the Bank's capital funds showed a slight drop of 1.4 per cent to 4,253.9 million baht. The amount included first-tier capital funds of 2,887.1 million baht and second-tier capital funds of 1,366.8 million baht.

REVENUE, EXPENDITURE, PROFIT AND LOSS

In 1997, the Bank's revenues from operations stood at 8,889.5 million baht, an increase of 31.2 per cent over 1996, with interest earnings and dividends increasing by 31.7 per cent due to high interest rates in the money market. On the other hand, non interest earnings increased by 27.1 per cent because of an increase in profits derivable from currency exchange and other revenues.

The Bank's operating expenses totaled 10,714.5 million baht in 1997, a jump of 68.9 per cent from 1996. The major factors contributing to the increase were firstly the Bank of Thailand's requirement that banks should set aside separate reserve provisions for substandard and doubtful loans; and secondly an increase of 43.1 per cent in interest expenses due to the Bank's determined effort to mobilize deposits in pursuit of sound liquidity. Furthermore, the Bank's non interest expenses jumped 14.4 per cent from the previous year as banks were required to increase their contributions to the Financial Institutions Development Fund. On the other hand, staff costs decreased, while expenses related to building management and equipment increased nominally. This was achieved through the Bank's special efforts to manage, and thereby to reduce, expenses incurred in connection with its operations, so as to keep in line with the

prevailing economic conditions and levels of revenues. On the basis of the above revenue and expenditure figures, the Bank posted a net loss of 1,825.0 million baht.

DEVELOPMENTS, ADVANCEMENTS AND ACTIVITIES

In line with the Bank's 5-year Plan (1996-2000), the year 1997 saw the Bank achieving considerable progress in improving the quality of its customer services with the aim of becoming the best retail bank.

Improvements in service

The Bank continued to give special emphasis to improving the quality of , and expanding, customer services, with a view to ensuring that retail customers, including small-and medium-sized businesses derived as much satisfaction as possible from its operations. Essentially, these measures are expected to assist the Bank in achieving its principal objective of becoming the best retail bank in the year 2000.

Concerning deposits, the Bank exerted its best efforts to encourage savings and ensure that customers consequently derived a good return. Toward that aim, the Bank launched a range of facilities, namely tax-exempted fixed deposit accounts which add a special 5-per cent bonus to the normal fixed deposit rates. Furthermore, the Bank now offers a special savings deposit rate of as high as 7 per cent per annum to customers.

The Bank continued to assign high priority to its international banking facilities and services, especially improvement of the international business centre. The objective was to add to the convenience of customers in their overseas business dealings. In this respect, foreign exchange facilities have been set up in three additional branches, thereby making available these facilities at 39 branches in total.

With respect to ATM facilities and services, work continued on the expansion of facilities and extension of value-added services to customers. In that direction, appropriate action has been taken by the Bank to install another 19 ATMs, thereby bringing the total number of existing ATMs to 90. On value-added services, ATMs are currently accessible to customers on a 24-hour basis across the country. Furthermore, customers can now transfer funds from the ATM account to other accounts, or to a third party, and settle payments for goods and services through the ATM.

On credit card facilities, in addition to allowing members to buy goods and services on credit, the Bank will be able to check the credit balance of card holders of the Union Bank of Bangkok visa card and Kwan Nakorn credit card with in one day, which faster than previous 2-3 days,. Other special privileges currently extended to members include the Miles & More and Go For It schemes, which provide members with the facility to exchange bonus points for rewards. In addition, improvements have been made to the customer service centre where advisory services are provided to customers on credit card facilities. As part of its innovative approach, the Bank established a telephone banking system, which has added to the

convenience customers. The system has contributed substantially to facilitating and expediting banking transactions such as inter-account transfers, sequestration of cheques and ATM cards, payment for goods and services, and acquisition of current account statements.

Development of the branch network

With a view to providing all customers with greater access to the Bank's facilities and a comprehensive range of services, the year 1997 saw the establishment of three new branches, namely a full-fledged branch at Ngarm Wong Wan and sub-branches at Ramkamhaeng and Nern Ma Prang. Furthermore, the Pran Nok sub-branch has been upgraded to a branch, while the closing hour at Ramkamhaeng sub-branch has been extended to 19.00 hours. The Bank currently operates 116 branches, with 99 enjoying branch status.

On branch management, the Bank opened two new regional offices in Chiang Mai and Suk Sawad. A major role of these offices is to enhance management and operational efficiency.

Special emphasis has also been given to modernizing branches for the third consecutive year. Progress achieved in that direction is expected to contribute toward preparing the Bank for its role as the best retail bank. The year 1997, therefore, saw the modernization of 48 branches, and as such the Bank now has 63 modern branches at its disposal.

Management and operations

Subsequent to the establishment of the Processing Cheque Centre (PCC) in 1996, follow-up action has been taken by the Bank to set up a comprehensive Cheque Clearing Centre and in-house Cheque Centre. The major functions of the Centres include inspection of the authenticity of cheques and drawer signatures, processing outgoing cheques, modifying current account details, and debit checking fees against the relevant accounts. The different branches in Bangkok and its perimeter have applied the systems to their day-to-day management and operations.

The Bank continued to affect improvements in the Loan Payment System, which is an on-line system that is complemented with visual aid equipment. The role of the visual aid equipment is to help expedite credit extension once all the relevant formalities have been finalized. In this respect, customers will eventually be able to affect loan repayments at any branch in the country. During the initial stages, only the branches in Bangkok have the capacity to provide such services. However, according to the projected work plan, branches nationwide will have access to the on-line loan payment system by October 1998. Currently, the system is already operational at three southern branches, namely Phuket, Songkhla and Hat Yai; and four sub-branches, namely Thanon Vichien Chom, Juldis, Na Mom and Ranong Road.

Upgrading of the information systems continued to receive the priority attention of the Bank, particularly in relation to credit information. This is designed to enhance the efficiency of the Bank in planning, monitoring and managing loans. To strengthen its capacities in this regard, a special unit has

been set up by the Bank to assume responsibilities related to credit information. In other words, this unit serves as a data bank for personal and business loans. Moreover and recognizing that accurate and timely data and information are necessary inputs for effective day-to-day management and operations, special emphasis has been given to verifying the data and information at all times. In this context, the year 1997 saw the Bank stepping up efforts to, for example, determine the trends of non-performing loans and to follow up on repayments.

On technological innovations, the Bank has a two-year contract with IBM for the use of a copyright software for personal computers and servers. The software is expected to serve as a useful mechanism in supplementing the Bank's efforts to enhance its efficiency, and will have a role to play in the implementation of future projects.

Other technological advancements included the adoption of the CA-Express Bundle Programme whose primary function is to sort and compile reports, as well as to disseminate these reports to the departments or branches concerned. The programme has contributed to reducing the time required for sorting reports, let alone expediting the process. This is because the programme has the capability to sort reports automatically by branch, as well as to facilitate dissemination. Moreover, if a department or branch needs additional copies or copies of old reports, the programme has the capacity to locate them promptly and expeditiously. This represents a significant advancement compared with the previous system.

In addition to the above, the operation system of the mainframe has been upgraded, while improvements have also been made to various other systems such as savings and general ledgers (G/L) systems. These measures were considered to be of critical importance for increasing the preparedness of the Bank to meet challenges and opportunities in the year 2000, as well as for enhancing the efficiency and effectiveness of its banking operations.

Human resources and organization development

To supplement the Bank's efforts to become the best retail bank in the year 2000, the Bank continued to affect improvements in its organizational structure and culture. These measures have a vital role to play in the Bank's strive to meet the challenges of fierce competition and the ever-changing environment. In this respect, the Bank has made adjustments to its organizational structure with an emphasis on bettering the performance of the various departments. During the period under review, the Bank launched a human resources and organization development package consisting of four components and 16 interrelated programmes, the details of which are presented below. The first component of the package concerns "Bank Vision" and "Department Vision," which is designed to increase interaction and understanding between the Management and staff, and thereby enabling them to plan and implement their activities effectively.

The second component places emphasis on staff benefits and incentives, and comprises four programmes, namely Merit Budget, Salary Alignment, Incentive and Performance Appraisal.

The third component focuses on developing and improving existing personnel to their full potential, thereby increasing their performance efficiency. It is also designed to instil in the staff a sense of customer service. This package incorporates five programmes, namely Customer Satisfaction, Management as Role Model, 360 Degree Feed Back, Career Path Matrix and Fast Track.

With a view to strengthening the Bank's efforts to satisfy customers' needs and requirements in the best possible ways, the fourth component embraces improvements in the organizational framework and operations. This package consists of five programmes, namely Right Sizing, Goal Setting, Branch Viability, Customer Satisfaction Survey and Effective Communication.

It can be said that the Bank has achieved considerable success in firming its foundation through the implementation of the 16 programmes, and that these efforts have an essential role to play in sustaining the Bank's advancement. At the same time, the fact that the Bank continues to attach importance to its human resources development efforts is because staff are the cornerstone of the Bank's success, especially as it strives to become the best retail bank of Thailand in the year 2000. Consequently, in 1997, the staff had the opportunity to participate in 124 internal and external training programmes and seminars on various topics of interest. Additionally, staff have been encouraged to follow "Self Study" programmes which use cassette tapes and videos as the media of instruction. The principal objective of this strategy is to improve staff knowledge and appreciation of the activities of the Bank, for example, in the fields of accounting, management, marketing, credit and international banking.

In addition to the above and in line with the organizational culture, the Bank intends to implement measures aimed at developing and improving the personnel to their full potential. A major plan of the Bank in this regard is the implementation of a "Training Bank" programme, the foremost objective of which is to increase the abilities of new recruits through on-the-job training while on probation. In addition, the Bank has devised a "Training Master Plan" as well as developed a database for staff training, so as to improve the skills and capabilities of the existing personnel as they progress along an appropriate career path.

As at 31 December 1997, the Bank had 2,721 staff members on the payroll, a fall of 159 from the previous year. This fall stemmed from the Bank's efforts since 1995 to lower the levels of new recruits, so as to increase the capacities of the Bank to adjust itself to the changes in the organizational framework and organizational culture, which have been in the pipeline since 1996.

Strengthening of social welfare activities

The Bank continued to extend its full support and cooperation to the implementation of social welfare activities, including the areas of education, religion, cultural promotion, community service and social welfare. During the period under review, the Bank played a role in the following activities:

Education and cultural promotion: The Bank made a donation to the Krittanusorn Foundation, a practice which the Bank has adopted for the thirteenth consecutive year. The Foundation caters for the

children of armed forces personnel, police officers and volunteers who are assigned to border areas. In addition, the Bank provided teaching materials, including computers, TVs and VCRs for urban schools. The Bank also supported the seminar entitled "A new decade for Thai businesses: how to compete successfully," which was organized by the Kasetsart University as part of its postgraduate programme for administrators. Moreover, the Bank contributed to a programme which was launched in honour of His Majesty the King entitled "Arts during the Reign of King Rama IX." In recognition of His Majesty the King's overwhelming artistic talents, the programme highlights His Majesty's major achievements.

Religion: The Bank participated in the Community Tod Kratin Ceremony at Dhamma Kayaram Temple, Ratchaburi Province. The proceeds were used in constructing a refectory and a kitchen for the monks, as well as in educating monks, novices and the general public. Furthermore, the Bank took part in other Tod Kratin ceremonies at Bang Dua Temple, Ayuthaya Province; Nong Waeng Temple under Royal patronage, Khon Kaen Province; and Tanon Tung Temple, Nakorn Ratchasima Province. Also, the Bank participated in a Tod Pa Pa ceremony whose proceeds went towards the construction of a chapel at Klong Hin Poon Temple, Nakorn Ratchasima Province.

Social and public welfare activities: On the occasion of the Golden Jubilee of His Majesty the King's accession to the throne, the Bank joined in the celebrations by helping to sell "We love His Majesty the King" pins, as part of the Golden Jubilee Diamond Programme. Moreover, the Bank published a booklet in cooperation with the Green Earth Foundation entitled "The State of the Environment in Thailand, 1996". The purpose of the publication was to highlight important events and movements on the issue of environmental protection in Thailand. In addition, the Bank made a financial contribution to the construction of an infant care centre and repairs of the buildings of the Border Patrol Police School. The Bank also took part in a number of charity golf tournaments, the proceeds of which were donated to the various worthy causes. Last but not least, the Bank set up contribution boxes for the benefit of the Urban Development Foundation at its branches in Bangkok and its perimeter. The contributions were used to support activities implemented for the benefit of urban slum communities, including the underprivileged children.

Community service: The Bank is one of the financial institutions which recognize the importance of community services. During the period under review, the Bank became a foundation member of the "Napa Pad Foundation". The objective of the Foundation is to create a network of medical planes among private hospitals, private sector companies, financial institutions and the Army. Moreover, the year 1997 saw the Bank cooperating with the Love Music Train Team in organizing a charity rally, the proceeds of which were donated to the Programme on Collective Generosity of the staff of Union Bank towards the Students of Union Bank of Bangkok Schools. The proceeds were used to host lunches for the students, implement the Agriculture for Lunch Project, as well as to purchase different types of medication for the schools. At the same time, the Bank made a financial contribution to the Urban Development Foundation, for the establishment of funds for the implementation of the activities of the Foundation. The activities

include the implementation of, for example, the Project on the Development of Children and Youth in Slums, the Project on Measures against AIDS, and the Project on the Centre for Generation of Employment and Income Opportunities.

Recapitalization

In order to equip the Bank with the means essential for addressing emerging issues and to enhance its stability in a sustainable manner, as well as to improve the quality and efficiency of customer services, a decision was taken by the Executive Board of the Bank in June 1997, in accordance with the Shareholder Agreement to authorize the original group of shareholders to acquire five million shares, which were sequestered by the Civil Court of Bangkok in 1989. Furthermore, the Board decided to increase the registered capital of the Bank from 800 million to 1,800 million baht. The sale of new shares generated overwhelming interest on the part of major shareholders, therefore, the results exceeded expectations, in spite of the current adverse economic and financial conditions. Consequently, between 20 and 29 August 1997, 80.9 million shares were sold to shareholders, while 19.1 million remained unsold. This prompted the Board to decide in September 1997, to offer the shares to members of the Board. All the new shares were fully paid up by 14 October 1997. This immediately increased the paid-up registered capital of the Bank to 1,800 million baht. In this context, the Arab Bank Group which is one of the top 100 banks in the world and a major shareholder of the Union Bank of Bangkok Public Company Limited (it has a 25-per cent stake in the Bank) has manifested its confidence in the stability of the Bank by exercising its right to buy up 25 per cent of the recapitalized amount of 1,000 million baht. Furthermore and with a view to sustaining its advancement, the Bank plans to increase its registered capital further in 1998. As a move in that direction, the Bank decided in October 1997 to commission a financial consultancy firm of international repute, namely Dresdner Kleinwort Benson, London, England, to identify and negotiate deals with foreign financial institutions who have expressed interest in becoming the Bank's strategic partners. The firm in question has branches in different countries across the globe.

APPROPRIATION OF PROFIT IN 1997

The Bank's accounts for the first half of the year ended 30 June 1997 showed a total profit before tax of 206,109,087.54 baht. This excluded Unappropriated Retained Earnings of 45,020.80 baht which were carried forward from 31 December 1996. It is proposed that the total profit for the period amounting to 206,154,108.34 baht is appropriated as follows :-

Legal reserve	Baht	2,000,000.00
General reserve	Baht	77,900,000.00
Dividend Equalization reserve	Baht	56,000,000.00
Reserve for income tax	Baht	70,200,000.00



Unappropriated Retained Earnings C/F	Baht	54,108.34
Total	Baht	<u>206,154,108.34</u>

For the second half of the year ended 31 December 1997 the Bank's loss totalled (2,031,140,624.51) baht and income tax for the first half was readjust to baht 70,200,000 because the bank has not liable to pay income tax for this year. So the total loss is amounting to 1,960,886,516.17 baht included unappropriated retained earnings carried forward from 30 June 1997 amounting to 54,108.34 baht. The Board of Directors proposes to reappropriate from General Reserve and Dividened Equalization Reserve to Unappropriated Retained Earnings and Propose appropriate as follow :-

General Reserve	Baht	1,285,000,000.00
Dividend Equalization Reserve	Baht	765,000,000.00
Directors Fees	Baht	(4,270,000.00)
Unappropriated Retained Earnings C/F	Baht	84,843,483.83
Total	Baht	<u>(1,960,886,516.17)</u>

Expiry of Terms of Appointment

The terms of appointment of the following four Directors were due to expire :

1. Dr. Banjurd Cholvijarn (passed away)
2. Dr. Chalermchai Vasinondha
3. Mr. Mounir Ben Slimane
4. Mr. Piyabutr Cholvijarn

Dr. Chalermchai Vasinondha, Mr. Mounir Ben Slimane, Mr. Piyabutr Cholvijarn have applied for an extension of their respective terms of appointment

Auditor : Mr. Toemsakdi Krishnamra of Deloitte Touche Tohmatsu Jaiyos Office has applied for a renewal of his appointment as an auditor.

Chairman

President

List of Branches

REGIONAL OFFICES IN METROPOLIS

CHARANSNITWONGSE REGION
529/9 CHARANSNITWONGSE ROAD
BANGKOK 10700
TEL. 4180775-6 4182732
FAX 4180776
REGIONAL MANAGER :
MR. SUTIT UPAMASINTU

HUAMARK REGION
2314/15-17 RAMKAMHAENG ROAD
BANGKOK 10240
TEL. 3742858 3742993 3752307
FAX 3756035
SENIOR REGIONAL MANAGER :
MRS. CHUNH JUANITI

RAJADAMNERN REGION
108-110 RAJADAMNERN ROAD
BANGKOK 10200
TEL. 2217679 6211288
FAX 2217395
REGIONAL MANAGER :
MR. VIRIYA JARUANSAK

SUKSAWAD REGION
139 M.19 SUKSAWAD ROAD
A.PHRA PRADAENG,
SAMUTHPRAKARN 10130
TEL. 8171787-8
FAX 8171787
REGIONAL MANAGER :
MR. THAWESAK JENPRAJAK

YANNAWA REGION
2074/7 NEW ROAD BANGKOK
10120
TEL. 2912650 2912874
FAX 2912650
SENIOR REGIONAL MANAGER :
MR. UDOMSAK LEHLEAKHAI

REGIONAL OFFICES IN PROVINCES

CHIANG MAI REGION
64 CHANGPHNAK ROAD
A. MUANG, CHIANG MAI 50200
TEL. (053) 418400 418402
FAX 418401
REGIONAL MANAGER :
MISS RANGSIMA LOHASONGSAENG

CHON BURI REGION
797 799 CHIECHAMNONG ROAD
A. MUANG, CHONBURI 20000
TEL. (038) 282039
FAX 282994
REGIONAL MANAGER :
MR. WICHAI PRUKSACHARTANAN

KHON KAEN REGION
142-148 SRICHAN ROAD
A.MUANG, KHON KAEN 40000
TEL. (043) 220812 220925
FAX 222654
REGIONAL MANAGER :
MR. SERMSUK WONGPAIBOON

NAKHON RATCHASIMA REGION
353 MITRAPHAB ROAD A.MUANG,
NAKHON RATCHASIMA 30000
TEL. (044) 243714 262447
FAX 243785
REGIONAL MANAGER :
MR. NATEE VONGCHAVALITKUL

NAKHON SAWAN REGION
169/4 SAWANWITHI ROAD
A. MUANG, NAKHON SAWAN
60000
TEL. (056) 226354 227003 227473
FAX 227474
SENIOR REGIONAL MANAGER :
MR. PORNHAI DESAWAISRIPET

PHETCHABURI REGION
4 PHONGSURIYA ROAD
A. MUANG, PHETCHABURI 76000
TEL. (032) 414980 424206
FAX 424205
REGIONAL MANAGER :
MR. CHAMROEN SIRIKUL

SONGKHLA REGION
354 TRAIIBURI ROAD A. MUANG,
SONGKHLA 90000
TEL. (074) 324815 324052-3
FAX 324814
VICE PRESIDENT :
MISS SIRIMA SITTISUNTORN

METROPOLITAN BRANCHES

1. PETCHBURI OFFICE
1600 NEW PETCHBURI ROAD
BANGKOK 10320
TEL. 2056015 30
FAX 6528296
SVP. :
MRS. KITIPA SITTISUNTORN

2. JAWARAD OFFICE
632-636 JAWARAD ROAD
BANGKOK 10100
TEL. 2338696 2342551 2344002
2344527 2346713
FAX 2344525
SVP. :
MR. CHERAPONG BURANASIN PIN

3. BANG PHLI BRANCH
129/1 M.8 SUKHA PHIBAN ROAD
A.BANG PHLI, SAMUTHPRAKARN
10540
TEL. 3373424-6
FAX 3373426
MANAGER :
MR. SAKCHAI DEESWATSEI-PET

4. BANGBON BRANCH
59/14-5 M.6 EKACHAI ROAD
BANGKOK 10150
TEL. 4168277-8
FAX 4168279
MANAGER :
MR. SUCHART SAPBORIBOON

5. BANGKAPI BRANCH
390/4-5 SUKHUMVIT ROAD
BANGKOK 10110
TEL. 2581913 2581916 2581939
2590601
FAX 2581939
MANAGER :
MR. TITRADEJ WONGWIS

6. BANGKHEN BRANCH
188/13 PHAHOLYOTHIN ROAD
BANGKOK 10900
TEL. 5114353 5121716 5121791
FAX 5114320
MANAGER :
MISS SUREE PRADISTYOINT

7. BANGNA BRANCH
4099 SUKHUMVIT ROAD
BANGKOK 10260
TEL. 3930788-9 7475322
FAX 3930788
MANAGER :
MR. VEERAYUT NAKSUMRID

8. BANGNA-TRAD BRANCH
11/31 M.7 BANGNA TRAD ROAD
A.BANG PHLI, SAMUTHPRAKARN
10540
TEL. 3126752-4
FAX 3126755
MANAGER :
MR. PRASARN CHAROENSOK

9. BANGLAD BRANCH
779/42 CHARANSNITWONGSE
ROAD BANGKOK 10700
TEL. 4243361-2 4338188
FAX 4243361
MANAGER :

10. BANGPO BRANCH
48/2-3 PRACHARAT ROAD
BANGKOK 10800
TEL. 5850192 5850260 5858180
5873454
FAX 5850260
MANAGER :
MR. SARAVUT OBSI-WAN

11. BANGRAK BRANCH
1401-1403 NEW ROAD BANGKOK
10500
TEL. 2335020 2346209 2346435
2349884
FAX 2335020
MANAGER :
MRS. ARUNSRI RATAPANYAWATH

12. BANGYEEKHAN BRANCH
729/204-205 CHARANSNITWONGSE
ROAD BANGKOK 10700
TEL. 4335920-3
FAX 4335921
MANAGER :
MR. PONGSAKD THURDSURENTRA

13. BUKKALO BRANCH
564/3 CHAROEN NAKHON ROAD
BANGKOK 10600
TEL. 4687141-2 4688202
FAX 4688203
MANAGER :
MR. DANAI LAUNGKOCHINART

14. CHAENGWATTHANA BRANCH
281/27-128 M.4
CHAENGWATTHANA ROAD
NONTHA BURI 11120
TEL. 5741502-3
FAX 5738785
MANAGER :
MISS CHUNCHIRA WONGTAPHIA

15. CHARANSNITWONGSE BRANCH
529/9 CHARANSNITWONGSE ROAD
BANGKOK 10700
TEL. 4110339 4113603-4
FAX 4112245
MANAGER :
MRS. SUJIPHAN TANTITHAWORN

16. DONMUANG BRANCH
310/10-112 SRONGPRAPA ROAD
BANGKOK 10210
TEL. 5661357 5661588 5661593
5661610
FAX 5661357
MANAGER :
MRS. SUWANNA PHUMPHAKORN

17. HUAMARK BRANCH
2314/15-17 RAMKAMHAENG ROAD
BANGKOK 10240
TEL. 3771362-3 3771365 3772555
FAX 3771365
MANAGER :
MRS. PATTCHARIN SRISAKDANUWAT

18. HUEY KWANG BRANCH
246 SUTHISAN VINICHAI ROAD
BANGKOK 10320
TEL. 2770554 2770903 2772863
2779955
FAX 2770903
MANAGER :
MRS. SUPAVADEE WEERAWAN

19. KLUAYNAMTHAI BRANCH
4236 RAMA 4 ROAD BANGKOK
10260
TEL. 3919112-3 3927824 3929208
FAX 3927824
MANAGER :
MRS. PATTCHARIN MIRINTAPA

20. LADPRAO BRANCH
2109 M.11 LAD PRAO ROAD
BANGKOK 10310
TEL. 5301372 5382493-4
FAX 5301371
MANAGER :
MISS SUREE THIENPHUT

21. LUMPINI BRANCH
1032/10-12 RAMA 4 ROAD
BANGKOK 10120
TEL. 2860149 2865388 2865761
FAX 2860223
MANAGER :
MR. PAKORN PRECHAPORN

22. MAHANAK BRANCH
1168 KRUNG KASEM ROAD
BANGKOK 10100
TEL. 2232650 2236624
FAX 2247022
MANAGER :
MR. JAET NETRPRAWONG

23. NGAMWONGWAN BRANCH
19200-201 M.2 NGAMWONGWAN
ROAD A.MUANG, NONGTHA BURI
11000
TEL. 5801601 5801920 5802451
FAX 5802451
MANAGER :
MISS APHALAI PONGSAWASDI

24. NONG KHAEM BRANCH
12/3 M.7 PHET KASEM (K.M. 19TH)
ROAD BANGKOK 10160
TEL. 4211122 4211991 4213787
8089549
FAX 4213788
MANAGER :
MR. PRASIT THIDARATSAKUL

25. PAKKLONGTALAD BRANCH
373-375 BANMOH ROAD
BANGKOK 10200
TEL. 2247207-8 2247210
FAX 2247209
MANAGER :
MRS. JESDA LAOHAMONTRI

26. PHAHOLYOTHIN BRANCH
670/51-52 PHAHOLYOTHIN ROAD
BANGKOK 10400
TEL. 2781079 2795088 2798662
FAX 2790737
MANAGER :
MISS RACHANE BENJATACHA

27. PHASI CHAROEN BRANCH
11 M.1 PHET KASEM ROAD
BANGKOK 10160
TEL. 4673106 4675453-4 8688338
FAX 4675453
MANAGER :
MR. WANCHAI SANWORANATHI

28. POOCHAOSAMINGPRAI BRANCH
279 M.2 POOCHAOSAMINGPRAI
ROAD A.PHIRA-PRADAENG,
SAMUTHPRAKARN 10130
TEL. 3843670 3847604-6
FAX 3847605
MANAGER :
MR. SUNGE SAPPHANSAN

29. PRANNOK BRANCH
307/5-7 ISSARAPHAP ROAD
BANGKOK 10700
TEL. 4181572-4
FAX 4181574
MANAGER :
MISS KARANEE CHANTARAPALNIK

30. PRATUNAM BRANCH
425/1-2 RAJAPRAROP ROAD
BANGKOK 10400
TEL. 2515510 2515569 2535542-3
FAX 2515415
MANAGER :
MR. WEERACHAI JANGKONG

31. RAJADAMNERN BRANCH
108-110 RAJADAMNERN KLANG
ROAD BANGKOK 10200
TEL. 2223773 2248052-3
FAX 2248053
MANAGER :
MR. SERMSAK TANTITHAWORN

32. RAJAWONGSE BRANCH
2 RAJAWONGSE ROAD
BANGKOK 10100
TEL. 2223190 2248162-3
FAX 2223190
MANAGER :
MR. SOMCHAI BUMPENBOON

33. RAMINTRA BRANCH
110/19-20 M.11 RAMINTRA ROAD
BANGKOK 10230
TEL. 5095713 5104448 5192203
FAX 5095712
MANAGER :
MRS. CHAMAIPORN TANTARAT

34. RANGSIT BRANCH
265/76-77 M.2 RANGSIT-
PRATUMTHANI ROAD
A.TANYABURI, PATHUM THANI
12130
TEL. 5313020 5315893 5672232
9591990
FAX 5313020
MANAGER :
MR. PHIPHOP PANYASANG

35. RAT BURANA BRANCH
349/2-5 SUKSAWAT ROAD
BANGKOK 10140
TEL. 4272249 4274403 4274405
FAX 4274404
MANAGER :
MR. CHAKRIT SUKTHEVA

36. SATHUPRADIT BRANCH
501/98-100 SATHUPRADIT ROAD
BANGKOK 10120
TEL. 2102723-6
FAX 2102723
MANAGER :
MRS. NAIYANA KAEWMANEE

37. SRINAKHARIN BRANCH
13/31-32 M.1 SRINAKHARIN ROAD
BANGKOK 10260
TEL. 3616414-6
FAX 3616417
MANAGER :
MR. ANUCHIT DENPRAYUNWONG

38. ST. LOUIS BRANCH
10/35-36 CHAN ROAD
BANGKOK 10120
TEL. 2860335 2860374 2862438
FAX 2860318
MANAGER :
MR. PAISARN LIKITAROONRAT

39. SUKSAWAD BRANCH
139 M.19 SUKSAWAD ROAD
A.PHIRA-PRADAENG,
SAMUTHPRAKARN 10130
TEL. 4632130 4635345-6
FAX 4635344
MANAGER :
MR. VINIJ SUWANLAOR

40. THATIEN BRANCH
394/6-8 MAHA RAT ROAD
BANGKOK 10200
TEL. 2216719 2224323 2248164-5
FAX 2248164
MANAGER :
MISS LAWAN PHATANAPIDOL

41. THEWET BRANCH
435 SAMSEN ROAD
BANGKOK 10300
TEL. 2800481-2 2815453 2823568
FAX 2824085
MANAGER :
MR. TANATAT BOONNATHEEPHISIT

42. THON BURI BRANCH
56,58 SOMDET PHRA-CHAO TAK
SIN ROAD BANGKOK 10600
TEL. 4650442 4658758
FAX 4721058
MANAGER :
MRS. SUPORN SORNSUWAN

43. THONGLOR BRANCH
103/11 SUKHUMVIT 53/1 ROAD
BANGKOK 10110
TEL. 3914788-9 3921584
FAX 3914790
MANAGER :
MR. SOMCHAI SAENGSP

44. TIVANON BRANCH
1/124 M.5 BANGKOK-NONGTHA
BURI ROAD A.MUANG,
NONGTHA BURI 11000
TEL. 5250586 5252561 5270264
FAX 5252561
MANAGER :
MR. TAWAN SUKSUPHACHAI

45. WAT SAI BRANCH
112/41 M.2 EKACHAI ROAD
BANGKOK 10150
TEL. 4150909 4151235 4152712
FAX 4152712
MANAGER :
MR. PRAJAKS SINGHAKITVATIN

46. YANNAWA BRANCH
2074/7 NEW ROAD
BANGKOK 10120
TEL. 2893872-3
FAX 2890560
MANAGER :
MRS. WANPHEN PHENGSIK

47. YOMARAJ BRANCH
806/33-36 RAMA 6 ROAD
BANGKOK 10400
TEL. 2157382
FAX 2157383
MANAGER :
MR. PRAMOT CHAYAWISAN

48. BANGKHAE SUB BRANCH
80/20 M.4 PHET KASEM ROAD
BANGKOK 10160
TEL. 4130739 4553515 8010767-8
FAX 8010768
MANAGER :
MRS. AKANEE UTAMARUP

49. RAMKHAMHAENG SUB BRANCH
1991/4 RAMKHAMHAENG ROAD
BANGKOK 10240
TEL. 3198617
FAX 3198575
MANAGER :
MRS. SAYUMPORN TANGKARNCHANA

50. SAMPENG SUB BRANCH
414 JAWARAD ROAD
BANGKOK 10100
TEL. 2242313 2242333 2260367
FAX 2242333
MANAGER :
MRS. WANNEE POLPO

51. SAMUTHPRAKARN SUB BRANCH
117 PRAKHONCHAI ROAD
A.MUANG, SAMUTHPRAKARN
10270
TEL. 3871806 3871849
FAX 3891349
MANAGER :
MR. PUNTAVEE LUXSAMEETHITI

52. SILOM SUB BRANCH
269 SILOM ROAD BANGKOK 10500
TEL. 2343010 2364747-8
FAX 2364749
MANAGER :
MISS PITTSAMAI KWANGKAEW

53. THANON CHAN SUB BRANCH
26/33-34 THANON CHAN TAD MAI
ROAD BANGKOK 10120
TEL. 6785670-1
FAX 6785672
MANAGER :
MR. PRASERT TABCHAROEN

54. VORACHAK SUB BRANCH
190 LUANG ROAD
BANGKOK 10100
TEL. 2234988 2235058
FAX 2249011
MANAGER :
MR. THAWATCHAI KITTIYANASAP

PROVINCIAL BRANCHES
NORTHERN

55. CHIANG MAI BRANCH
64 CHANGPHNAK ROAD
A.MUANG, CHIANG MAI 50200
TEL. (053) 211633 214035 418222
FAX 211637
MANAGER :
MR. ANUPAP CHAIWASI

- 56. CHIANG RAI BRANCH**
879/14 PHAHOLYOTHIN ROAD
A.MUANG, CHIANG RAI 57000
TEL. (053) 714029-30
FAX 715905
MANAGER :
MR. ARNOLD RATGAN
- 57. MANOROM BRANCH**
331/6 M.4 T.KHUNG SAMPHAO
A.MANOROM, CHAI NAT 17110
TEL. (056) 491006 491223
FAX 491224
MANAGER :
MRS. VANPEN VIRIYAPANICH
- 58. NAKHON SAWAN BRANCH**
169/4 SAWAN WITHI ROAD
A.MUANG, NAKHON SAWAN 60000
TEL. (056) 221137 222939 224182
FAX 224183
MANAGER :
MR. THANOO WONGTANYAGORN
- 59. NONG CHANG BRANCH**
9/9 M.5 SUKHA PHIBAN ROAD
A.NONG CHANG, UTHAI THANI
61110
TEL. (056) 531110-1
FAX 531338
MANAGER :
MR. TAWEEESAK RUNGRUANGSAK
- 60. PHAYAO BRANCH**
68/1 DON SANAM ROAD
A.MUANG, PHAYAO 56000
TEL. (054) 431347 480222-3
FAX 431347
MANAGER : —
- 61. PHAYUHA KHIRI BRANCH**
153/1 M.4 SI PHAYUHA ROAD
A.PHAYUHA KHIRI,
NAKHON SAWAN 60130
TEL. (056) 341001-2
FAX 341713
MANAGER :
MR. PONGSAK TONSAKUNDET
- 62. PHICHAI BRANCH**
52-54 M.3 CHAOKHUN PHICHAI
ROAD A.PHICHAI, UTTRARADIT
53120
TEL. (055) 421010-1 421248
FAX 421011
MANAGER :
MR. CHALERM BOONPITURUK
- 63. PHITSANULOK BRANCH**
209/39 BAROMTYAILOKNAD ROAD
A.MUANG, PHITSANULOK 65000
TEL. (055) 244060 252179 252199
FAX 244061
MANAGER :
MR. CHOOSAK YOOKTANAN
- 64. SALOKBART BRANCH**
855 M.1 PHAHOLYOTHIN ROAD
A.KHANU WORALAKSABURI,
KAMPHAENG PHET 62140
TEL. (055) 771021-2
FAX 771023
MANAGER :
MR.TANID PALOTHAI
- 65. SI SATCHANALAI BRANCH**
570-572 TALADHATSIEO T.HAT
SIEO A.SI SATCHANALAI,
SUKHOTHAI 64130
TEL. (055) 671232-3
FAX 671231
MANAGER :
MISS ANCHAREE PARIYAWATEE
- 66. HUAI KAE0 SUB BRANCH**
100/9 HUAI KAE0 ROAD
A.MUANG, CHIANG MAI 50200
TEL. (053) 224666-8
FAX 224668
MANAGER :
MRS. PORNPIMOL JIRATTIPHONG
- 67. NOENMAPRANG SUB BRANCH**
400/9 M.2 NOEN MAPRANG-
KOKMAIDANG ROAD
A. NOENMAPRANG,
PHITSANULOK 65190
TEL. (055) 399100
FAX 399124
MANAGER :
MRS. PRAPHAR SOONTHONSOPHON
- 68. THA PHAE SUB BRANCH**
396 THA PHAE ROAD A.MUANG,
CHIANG MAI 50300
TEL. (053) 252222-3
FAX 252222
MANAGER :
MR. CHAKRAPAN SURAJINDA
- CENTRAL
- 69. ANG THONG BRANCH**
82 THETSABAN 10 ROAD
A.MUANG, ANG THONG 14000
TEL. (035) 611334 611515 626142
FAX 611334
MANAGER :
MR. TANU RATANA
- 70. BAN LAEM BRANCH**
360/13 M.2 SUKHA PHIBAN 1
ROAD A.BAN LAEM,
PHETCHABURI 76110
TEL. (032) 481137-8 481654
FAX 481138
MANAGER :
MR. ANANTA CHAIBOONMA
- 71. BAN PHAEO BRANCH**
35/8 M.1 T.BAN PHAEO A.BAN
PHAEO, SAMUT SAKHON 74120
TEL. (034) 481309-10 483035
FAX 481309
MANAGER :
MR. THAWATCHAI SARAKANEE
- 72. DOEMBANG NANGBUAT BRANCH**
330 M.5 T.KHAOPHRA
A.DOEMBANG NANGBUAT,
SUPHAN BURI 72120
TEL. (035) 578007-8
FAX 578378
MANAGER :
MRS. REANGQUAN RAKSORN
- 73. DON CHEDI BRANCH**
791 M.5 T.DON CHEDI A.DON
CHEDI, SUPHAN BURI 72170
TEL. (035) 591005-6
FAX 591043
MANAGER :
MR. CHAIPORN WONGTANABOON
- 74. HIN KONG BRANCH**
203 M.8 T.HUEYSAI
A.NONG KHAE, SARABURI 18230
TEL. (036) 371149 379062
FAX 379063
MANAGER :
MR. WISNUCHAI PONGSATTASIN
- 75. LOOK KAE BRANCH**
82 M.6 T.DONKAMIN A.THA
MAKA, KANCHANABURI 71120
TEL. (034) 566170 566346
FAX 566170
MANAGER :
MR. RANGSEE CHITCHAROEN
- 76. NAKHON PATHOM BRANCH**
153 RATCHAWITHI ROAD
A.MUANG, NAKHON PATHOM
73000
TEL. (034) 251028 254233-4
FAX 254234
MANAGER :
MR. REANGSUK KASAMANE
- 77. PHETCHABURI BRANCH**
4 PHONGSURIYA ROAD A.MUANG,
PHETCHABURI 76000
TEL. (032) 425148 425302
FAX 428227
MANAGER :
MRS. ANCHUREE KLAICHID
- 78. POTHARAM BRANCH**
74-76 POTHARAM ROAD
A.POTHARAM,
RATCHABURI 70120
TEL. (032) 231121 232102
FAX 232083
MANAGER :
MR.MONGKOL SONGPAIROJ
- 79. PRAN BURI BRANCH**
26/2 M.2 PHET KASEM ROAD
A.PRAN BURI, PRACHUAP
KHIRI KHAN 77120
TEL. (032) 622191
FAX 622365
MANAGER :
MR. RAPIN PRAPLUETTRAKOON
- 80. SAKAEO BRANCH**
636 M.2 SAVAMASARA ROAD,
T.SAKAEO A.MUANG,
SAKAEO 27000
TEL. (037) 241005-6
FAX 241006
MANAGER :
MR. VICHAI THAVALSAKBOVORN
- 81. SAMUT SONGKHRAM BRANCH**
131/2 THON BURI-PAK THO
HIGHWAY A.MUANG,
SAMUT SONGKHRAM 75000
TEL. (034) 711442 712429
FAX 712429
MANAGER :
MR. VICHEIN SUKCHOO
- EASTERN
- 82. AO UDOM BRANCH**
166/38 M.7 SUKHUMVIT ROAD
A.SIRACHA, CHON BURI 20230
TEL. (038) 352189 352270
FAX 352110
MANAGER :
MR. PARICHINDA CHOMCHUEN
- 83. BANG LAMUNG BRANCH**
298/4 M.5 SAWANGFA ROAD
A.BANG LAMUNG, CHON BURI
20150
TEL. (038) 425386 427658 428121
FAX 425386
MANAGER :
MR. ANANT SOMRAT
- 84. CHON BURI BRANCH**
797-799 CHETCHAMNONG ROAD
A.MUANG, CHON BURI 20000
TEL. (038) 273030-1 282914
FAX 274266
MANAGER : —
- 85. RAYONG BRANCH**
144/53-55 SUKHUMVIT ROAD
A.MUANG, RAYONG 21000
TEL. (038) 611220 611588-9
FAX 614870
MANAGER :
MR. NARONGDACH CHATGITISAN
- 86. BAN SUAN SUB BRANCH**
843/69 SUKHUMVIT ROAD
A.MUANG, CHON BURI 20000
TEL. (038) 285711-3
FAX 285333
MANAGER :
MISS SUNANTA SRIPUCHARANUKUL
- 87. PATTAYA SUB BRANCH**
31/12 M.10 PATTAYA ROAD
A.BANGLAMUNG, CHONBURI
20260
TEL. (038) 420278-9
FAX 420278
MANAGER :
MR. THANAPHAT PANTHONG

NORTH EASTERN

88. CHATTURAT BRANCH

12/23 M.2 CHAYAPHUM-SIKHUU
HIGHWAY ROAD A.CHATTURAT,
CHAYAPHUM 36130
TEL. (044) 851323 851333 851397
FAX 851333
MANAGER :
MR. THAMRONG KERDSIN

89. KAENG KHOI BRANCH

395/1-2 PHRA PHAYAP ROAD
A.KAENG KHOI, SARABURI 18110
TEL. (036) 244510 245511-2
FAX 244510
MANAGER :
MR. SURAPONG MAHAVONGVIRIYA

90. KHON KAEN BRANCH

142-148 SRICHAN ROAD
A.MUANG, KHON KAEN 40000
TEL. (043) 221457 221731
FAX 224631
MANAGER :
MR. SAIYOUTH SRICHAIWAN

91. KRANUAN BRANCH

175/1 NIMIT MUANG ROAD
A.KRANUAN, KHON KAEN 40170
TEL. (043) 251312 3
FAX 251313
MANAGER :
MR. WATCHARIN DARARAT

92. KUMPHAWAPI BRANCH

221-222 CHAELAE ROAD
A.KUMPHAWAPI UDON THANI
41110
TEL. (042) 331082 331966-7
FAX 331083
MANAGER :
MR. BOONNARK AKARKPIPATKUI

93. MAHA SARAKHAM BRANCH

673 WORABUTR ROAD A.MUANG,
MAHA SARAKHAM 44000
TEL. (043) 711298 721139
FAX 721139
MANAGER :
MR. ARUN PITAKSANG

94. NAKHON RATCHASIMA BRANCH

353 MITRAPHAB ROAD A.MUANG,
NAKHON RATCHASIMA 30000
TEL. (044) 244133 244153 258162
FAX 258161
MANAGER :
MR. NARONG RUENGRATANAAMPORN

95. NONG KHAI BRANCH

1245 PRAJACT ROAD A.MUANG,
NONG KHAI 43000
TEL. (042) 411728 411738 412624
412791
FAX 412624
MANAGER :
MR. UTHAI BOONLERT

**96. PHAYAKKAPHUM PHISAI
BRANCH**

692 M.1 WICHITRAT BAMRUNG
ROAD A.PHAYAKKAPHUM PHISAI,
MAHA SARAKHAM 44110
TEL. (043) 791119
FAX 791120
MANAGER :
MR. MANOCH SUNGSAWAT

97. PHIBUN MANGSAHAN BRANCH

57/3 PHIBUN ROAD A.PHIBUN
MANGSAHAN,
UBON RATCHATHANI 34110
TEL. (045) 441141 441158 441573
FAX 441158
MANAGER :
MR. MATHEE CHAIVICHEN

98. SAKON NAKHON BRANCH

1395 SUK KASEM ROAD
A.MUANG, SAKON NAKHON 47000
TEL. (042) 711190 730557 730919
FAX 711701
MANAGER :
MISS PRANEE JAROONTHAM

99. SAWANG DAEN DIN BRANCH

125 M.11 NITTAYO ROAD
A.SAWANG DAEN DIN, SAKON
NAKHON 47110
TEL. (042) 721066-7 721466
FAX 721466
MANAGER :
MR. KITTIBHONG KOTILAKAL

100. SIKHUU BRANCH

242/1 CHUMKHA ROAD A.SIKHUU,
NAKHON RATCHASIMA 30140
TEL. (044) 411064 411104
FAX 412468
MANAGER :
MR. WIVAT KHAGTHATE

101. SURIN BRANCH

423 THANASAN ROAD A.MUANG,
SURIN 32000
TEL. (044) 512030-1
FAX 512031
MANAGER :
MR. VIRAT NIMPAIBOON

102. U-THUMPHON PHISAI BRANCH

473 M.7 PHIAN PHOTCHANAKIT
ROAD A.U-THUMPHON PHISAI,
SI SA KET 33120
TEL. (045) 691435-6
FAX 691436
MANAGER :
MR. SATHAPHORN LOHACHALA

103. UBON RATCHATHANI BRANCH

316 CHAYANGKUN ROAD
A.MUANG, UBON RATCHATHANI
34000
TEL. (045) 284224-5 313395
FAX 313467
MANAGER :
MR. SOMSAK VASUTHEPRUX

104. UDON THANI BRANCH

499/1 PHOSI ROAD A.MUANG,
UDON THANI 41000
TEL. (042) 223248-9 344097
FAX 247184
MANAGER :
MR. WERASAK AUPEONGKAROON

105. SURANAREE SUB BRANCH

191 M.3 RATCHASIMA-CHOKCHAI
ROAD A.MUANG,
NAKHON-RATCHASIMA 30000
TEL. (044) 212888-9
FAX 212888
MANAGER :
MR. PFERA BHATTHARNAVIG

SOUTHERN

106. CHAIYA BRANCH

556 M.1 RAKNORAKIT ROAD
A.CHAIYA, SURAT THANI 84110
TEL. (077) 431121 431141
FAX 431141
MANAGER :
MR. CHANAI CHANINTHORNTHAP

107. CHUMPHON BRANCH

36/3 PORAMIN MAKKA ROAD
A.MUANG, CHUMPHON 86000
TEL. (077) 504825 511661 511698
570259
FAX 511661
MANAGER :
MR. THANI SIRIPHAISALKULL

108. HAT YAI BRANCH

129/8 NIPHAT UTHIT 3 ROAD
A. HAT YAI, SONGKHLA 90110
TEL. (074) 233037 245011 245022
FAX 233037 245011 245022
MANAGER :
MRS. NATCHAPHOL TANAWONGWIBOOL

109. KRABI BRANCH

117 MAHARAJ ROAD A.MUANG,
KRABI 81000
TEL. (075) 612977-80
FAX 612979
MANAGER :
MR. PANUWAT THIRASATTAYAPITTHAK

110. PHUKET BRANCH

31 PHUKET ROAD A.MUANG,
PHUKET 83000
TEL. (076) 211501-2 214651-2
FAX 211502
MANAGER :
MR. KRAINGSAK SUKSOMBOON

111. SONGKHLA BRANCH

354 TRAIBURI ROAD A.MUANG,
SONGKHLA 90000
TEL. (074) 311906 324050-1
FAX 314391
MANAGER :
MRS. THASANE RATANAMANE

112. SURAT THANI BRANCH

323/1 NARMUANG ROAD
A.MUANG, SURAT THANI 84000
TEL. (077) 213640 213643 273574
FAX 273575
MANAGER :
MR. PONGPEICH YAIKWAWONG

113. JULDIS SUB BRANCH

200/101-103 NIPHAT UTHIT 3 ROAD
A.HAT YAI, SONGKHLA 90110
TEL. (074) 230973-4
FAX 230975
MANAGER :
MR. NITIKORN PHONHARN

114. NAMOM SUB BRANCH

15/16 M.8 ASIA 43 ROAD
A.NAMOM, SONGKHLA 90310
TEL. (074) 433620
FAX 433620
MANAGER :
MISS SUPA SRISAOVACHART

115. THANON RANONG SUB BRANCH

66 RANONG ROAD A. MUANG,
PHUKET 83000
TEL. (076) 217153-4
FAX 217155
MANAGER :
MR. KUABOON SUDCHADUM

**116. THANON VICHEN CHOM
SUB BRANCH**

11/4 VICHENCHOM ROAD
A.MUANG, SONGKHLA 90000
TEL. (074) 311478 441568
FAX 441568
MANAGER :
MRS. PONGSRI VACHARA



BRANCHES PROVIDING CURRENCY EXCHANGE SERVICE

Metropolitan Branches

1. Phetchburi Office
2. Jawarad Office
3. Bangbon
4. Bangkokhen
5. Bangpo
6. Bangrak
7. Bangyeekhan
8. Huamark
9. Mahanak
10. Nong Khaem
11. Pakklongtalad
12. Pratunam
13. Rajadamnern
14. Rajawongse
15. Rangsit
16. Thatien
17. Thewet
18. Thon Buri
19. Thonglor
20. Tivanon
21. Ramkamhaeng Sub Branch
22. Sampeng Sub Branch

Provincial Branches

1. Bang Lamung
2. Chaiya
3. Chiang Mai
4. Chon Buri
5. Chumphon
6. Hat Yai
7. Nakhon Ratchasima
8. Nong Khai
9. Phetchaburi
10. Phitsanulok
11. Phuket
12. Pran Buri
13. Rayong
14. Songkhla
15. Surat Thani
16. Huai Kaeo Sub Branch
17. Juldis Sub Branch

CURRENCY EXCHANGE OFFICE INSIDE THE BANK'S PREMISES

- | | |
|--|--|
| 1. Bangkapi Branch
390/4-5 Sukhumvit Road, Bangkok | 5. Silom Sub Branch
269 Silom Road, Bangkok |
| 2. Chiang Rai Branch
879/14 Phaholyothin Road, A. Muang,
Chiang Rai | 6. Thanon Ranong Sub Branch
66 Ranong Road, A. Muang, Phuket |
| 3. Lumpini Branch
1032/10-12 Rama 4 Road, Bangkok | 7. Tha Phae Sub Branch
396 Tha Phae Road, A. Muang, Chiang Mai |
| 4. Pattaya Sub Branch
31/12 Pattaya Road, A. Banglamung, Chonburi | 8. Yannawa Branch
2074/7 New Road, Bangkok |

CURRENCY EXCHANGE OFFICE OUTSIDE THE BANK'S PREMISES

- | | |
|---|--|
| 1. Kaw San Road
24/2 Kaw San Road, Talad Yod,
Pranakorn, Bangkok | 5. Soi Na Na Tai
(Opposite Nana Hotel)
1/4 Soi Na Na Tai, Sukumvit 4 Road,
Prakanong, Bangkok |
| 2. Kaw San 2 Road
181 Kaw San Road, Talad Yod,
Pranakorn, Bangkok | 6. Soi Na Na Tai 2
(Opposite Raja Hotel)
21/9 Soi Na Na Tai, Sukumvit 4 Road,
Prakanong, Bangkok |
| 3. Ocean Time Square
38-44 Tilokutid 1 Road, Talad Yai,
A. Muang, Phuket | 7. Sompetch
34/4 Chang Moi Road, A. Muang,
Chiang Mai |
| 4. Pa Tong Beach
(In Front Of Tara Patong Hotel)
81/34 Mu 3 Taveewong Road,
A. Krathu, Phuket | |

Mobile Exchange 1 Unit

*Financial Statements
Fiscal Year Ended June 30, 1968*

A large, stylized, white signature or logo, possibly reading 'R', is centered on the page. The signature is highly decorative, with multiple loops and flourishes, characteristic of a cursive or calligraphic style.



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED

Report of the Auditors

We report to the shareholders of The Union Bank of Bangkok Public Company Limited that we have examined the balance sheet as at June 30, 1997, and the related statements of profit and loss, changes in shareholders' equity, retained earnings and cash flows for the half year then ended of The Union Bank of Bangkok Public Company Limited. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position as at June 30, 1997, and the results of operations, the changes in shareholders' equity and the cash flows for the half year then ended of The Union Bank of Bangkok Public Company Limited, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

(Toemsakdi Krishnamra)

Certified Public Accountant

DELOITTE TOUCHE TOHMATSU JAIYOS

BANGKOK

August 15, 1997



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED

Balance Sheet

AS AT JUNE 30, 1997

ASSETS	
CASH	1,687,901,749
INTERBANK AND MONEY MARKET ITEMS (Note 3.2)	
Domestic items	
Interest bearing	3,401,517,962
Non-interest bearing	951,555,685
Foreign items	
Interest bearing	873,276,483
Non-interest bearing	190,634,023
Total interbank and money market items	5,416,984,153
INVESTMENT IN SECURITIES (Notes 2.3 and 3.3)	
Securities for investment	5,408,116,395
<u>Less</u> Allowance for diminution in value of securities	(470,104,701)
Net investment in securities	4,938,011,694
LOANS AND ACCRUED INTEREST RECEIVABLES (Notes 2.4 and 3.5)	
Loans	54,615,659,483
Accrued interest receivables	2,027,520,978
Total loans and accrued interest receivables	56,643,180,461
<u>Less</u> Allowance for doubtful accounts (Notes 2.5 and 3.6)	(786,319,338)
Net loans and accrued interest receivables	55,856,861,123
PROPERTIES FORECLOSED (Note 2.6)	279,870,058
CUSTOMERS' LIABILITY UNDER ACCEPTANCES	1,202,147,718
PREMISES AND EQUIPMENT, NET (Notes 2.7 and 3.7)	2,154,008,635
OTHER ASSETS	432,280,471
TOTAL ASSETS	BAHT 71,968,065,601

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



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED

Balance Sheet

AS AT JUNE 30, 1997

LIABILITIES AND SHAREHOLDERS' EQUITY

DEPOSITS (Note 3.8)	
Deposits in Baht	52,734,854,458
Deposits in foreign currencies	10,677,993
Total deposits	52,745,532,451
INTERBANK AND MONEY MARKET ITEMS (Note 3.9)	
Domestic items	
Interest bearing	5,963,421,423
Non-interest bearing	402,429,858
Foreign items	
Interest bearing	4,084,894,352
Non-interest bearing	17,277,266
Total interbank and money market items	10,468,022,899
LIABILITY PAYABLE ON DEMAND	152,702,156
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Note 3.10)	300,000,000
BORROWINGS (Note 3.11)	
Long-term borrowings	1,997,400,000
Total borrowings	1,997,400,000
BANK'S LIABILITY UNDER ACCEPTANCES	1,202,147,718
ACCRUED INTEREST PAYABLE	787,549,400
OTHER LIABILITIES	269,220,673
TOTAL LIABILITIES	67,922,575,297
SHAREHOLDERS' EQUITY	
SHARE CAPITAL (Note 3.12)	
Authorized share capital	
80,000,000 ordinary shares of Baht 10.00 each	800,000,000
Issued and paid-up share capital	
75,000,000 ordinary shares of Baht 10.00 each, fully paid	750,000,000
SUBSCRIPTION RECEIVED IN ADVANCE BEFORE REGISTRATION	75,000,000
PREMIUM ON SHARE CAPITAL	265,776,835
UNREALIZED INCREMENT PER LAND APPRAISAL	398,184,271
UNREALIZED INCREMENT PER PREMISES APPRAISAL	199,046,790
RETAINED EARNINGS	
Appropriated	
Legal reserve (Note 3.13)	53,500,000
Other reserve	1,929,133,000
Reserve for dividend equalization	709,000,000
Unappropriated	135,954,109
TOTAL SHAREHOLDERS' EQUITY	4,515,595,005
LESS UNREALIZED LOSS ON SECURITIES FOR INVESTMENT	(470,104,701)
TOTAL SHAREHOLDERS' EQUITY NET	4,045,490,304
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	BAHT 71,968,065,601
OFF-BALANCE SHEET ITEMS - CONTINGENCIES	
AVAL TO BILLS AND GUARANTEES OF LOANS	BAHT 3,898,494,550
LIABILITY UNDER UNMATURED IMPORT BILLS	BAHT 947,070,302
LETTER OF CREDIT	BAHT 1,824,601,854
OTHER CONTINGENCIES	BAHT 18,194,738,950

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



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED

Statement of Profit and Loss

FOR THE HALF YEAR ENDED JUNE 30, 1997

INTEREST AND DIVIDEND INCOME

Interest on loans	3,321,741,342
Interest on interbank and money market items	145,293,968
Interest on government securities and state enterprise securities	120,302,869
Interest and dividend on other securities	35,450,828
Total interest and dividend income	3,622,789,007

INTEREST EXPENSES

Deposits	2,308,919,303
Interbank and money market items	270,306,828
Short-term borrowings	155,350,314
Long-term borrowings	125,275,716
Total interest expenses	2,859,852,161

NET INTEREST AND DIVIDEND INCOME

762,936,846

BAD DEBT AND DOUBTFUL ACCOUNTS

103,000,000

NET INTEREST AND DIVIDEND INCOME AFTER BAD DEBT AND DOUBTFUL ACCOUNTS

659,936,846

NON-INTEREST INCOME

Fees and service income	
Acceptances, aval and guarantees	81,211,817
Others	93,209,944
Gain on exchange	76,411,753
Gain on sale of investment in securities	130,528,825
Other income	17,085,086
Total non-interest income	398,447,425

NON-INTEREST EXPENSES

Personnel expenses	394,715,597
Premises and equipment expenses	175,646,052
Taxes and duties	155,839,018
Fees and service expenses	21,504,841
Directors' remuneration	7,130,234
Other administrative expenses	35,638,946
Amortization expenses	43,380,908
Other expenses	18,419,587
Total non-interest expenses	852,275,183

INCOME BEFORE INCOME TAX

206,109,088

INCOME TAX

70,200,000

NET PROFIT

BAHT 135,909,088

NET PROFIT FOR THE HALF YEAR PER SHARE (Note 2.13)

BAHT 1.81

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



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED

Statement of Changes in Shareholders' Equity

FOR THE HALF YEAR ENDED JUNE 30, 1997

Beginning balance	750,000,000
Ending balance	750,000,000
SUBSCRIPTION RECEIVED IN ADVANCE BEFORE REGISTRATION	
Beginning balance	-
Additions	75,000,000
Ending balance	75,000,000
PREMIUM ON SHARE CAPITAL	
Beginning balance	265,776,835
Ending balance	265,776,835
UNREALIZED INCREMENT PER LAND APPRAISAL	
Beginning balance	398,184,271
Ending balance	398,184,271
UNREALIZED INCREMENT PER PREMISES APPRAISAL	
Beginning balance	201,985,455
Deductions-Depreciation of premises appraisal for the period	(2,938,665)
Ending balance	199,046,790
STATUTORY RESERVE	
Beginning balance	51,500,000
Additions	2,000,000
Ending balance	53,500,000
GENERAL RESERVE	
Beginning balance	1,860,633,000
Additions	68,500,000
Ending balance	1,929,133,000
RESERVE FOR DIVIDEND EQUALIZATION	
Beginning balance	656,500,000
Additions	52,500,000
Ending balance	709,000,000
UNAPPROPRIATED RETAINED EARNINGS	
Beginning balance	131,781,021
Additions	
Net profit	135,909,088
Deductions - Appropriation for prior period	
Legal reserve	(2,000,000)
General reserve	(68,500,000)
Reserve for dividend equalization	(52,500,000)
Directors' fee	(8,736,000)
Ending balance	135,954,109
UNREALIZED LOSS ON DIMINUTION IN VALUE OF SECURITIES HELD FOR INVESTMENT	
Beginning balance	(185,345,989)
Deductions	(284,758,712)
Ending balance	(470,104,701)
TOTAL SHAREHOLDERS' EQUITY NET	BAHT 4,045,490,304

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



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED

Statement of Retained Earnings

FOR THE HALF YEAR ENDED JUNE 30, 1997

UNAPPROPRIATED RETAINED EARNINGS

Retained earnings brought forward from prior period	131,781,021
<u>Less</u> Appropriation for prior period	
Legal reserve	(2,000,000)
General reserve	(68,500,000)
Reserve for dividend equalization	(52,500,000)
Directors' fee	(8,736,000)
Net profit for the period	135,909,088
Total unappropriated retained earnings	<u>135,954,109</u>
APPROPRIATED RETAINED EARNINGS	
Legal reserve	53,500,000
General reserve	1,929,133,000
Reserve for dividend equalization	709,000,000
Total appropriated retained earnings	<u>2,691,633,000</u>
TOTAL RETAINED EARNINGS	BAHT <u>2,827,587,109</u>

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



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED

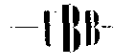
Statement of Cash Flows

FOR THE HALF YEAR ENDED JUNE 30, 1997

CASH FLOWS FROM OPERATING ACTIVITIES

Net profit	135,909,088
Items to reconcile net profit to cash received (paid) :	
from operating activities	
Depreciation and amortization expenses	111,065,022
Allowance for doubtful accounts	103,000,000
Gain from sales of properties foreclosed	(1,954,083)
Gain from sales of assets	(8,687,303)
Loss on exchange rate	34,328,091
Increase in interest income and dividend receivable	(320,059,235)
Increase in accrued income - others	(23,044,110)
Increase in accrued interest payable	17,248,123
Increase in accrued expenses-others	16,365,774
Income from operation before changes in operating assets and liabilities	64,171,367
Operating assets (increase) decrease	
Deposits, loans with interbank and money market items	(6,359,286,869)
Properties foreclosed	(71,282,669)
Other assets	14,245,260
Operating liabilities increase (decrease)	
Deposits, loans with interbank and money market items	7,553,545,017
Liabilities payable on demand	10,488,180
Negotiable certificates of deposit	410,000,000
Securities sold under repurchase agreements	(497,000,000)
Other liabilities	(51,427,595)
Directors' fee	(8,736,000)
Net cash provided (used) by operating activities	1,064,716,691
CASH FLOWS FROM INVESTING ACTIVITIES	
Increase in securities for investment	(310,496,136)
Cash paid for purchasing of premises and equipment	(123,825,813)
Net cash provided (used) by investing activities	(434,321,949)
CASH FLOWS FROM FINANCING ACTIVITIES	
Subscription received in advance before registration	75,000,000
Net cash provided (used) by financing activities	75,000,000
Net increase in cash and cash equivalents	705,394,742
Cash and cash equivalents as at January 1,	982,507,007
Cash and cash equivalents as at June 30,	BAHT 1,687,901,749

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



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED

Notes to the Financial Statements

FOR THE HALF YEAR ENDED JUNE 30, 1997

1. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

- 1.1 The financial statements for the half year ended June 30, 1997 are presented in accordance with the form of balance sheet and profit and loss statement for public limited companies, as required by the Ministerial Regulation No. 7 (B.E. 1996) dated October 25, 1996, issued under the Public Companies Act, B.E. 1992, effective as from the accounting period starting on January 1, 1997. The financial statements for the half year ended June 30, 1996 are not presented for comparison because of the lack of information for reclassification.
- 1.2 The financial statements include the accounts of all branches of the Bank.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash on collection.

In the statement of cash flows, cash and deposits at banks used as collateral are not included in cash and cash equivalents but are presented as part of other assets.

2.2 Foreign currencies

Assets and liabilities in foreign currencies are converted into Baht at the rates of exchange prevailing at the transaction dates. Balances of assets and liabilities in foreign currencies and forward exchange contracts at the end of the period are converted at the current rates, as determined by the Exchange Equalization Fund.

Gains and losses from foreign exchange transactions, and translation gains or losses are taken up in the profit and loss statement.

Gains and losses on forward exchange contracts are realized on their due dates.

The Bank extends import and export credits, and helps customers to minimize risks on the fluctuation of exchange rates but does not speculate in trading of foreign currencies. The bank is aware of risks from foreign interest rates which may occur from mismatching of liabilities and assets, therefore, the Bank has determined the matching limit (amount), time and rates of interest for assets and liabilities in order to minimize the risk from foreign exchange position and interest rate fluctuation.

2.3 Investment in securities

2.3.1 Investment in securities are stated at the lower of aggregate cost or market, except as stated in note 2.3.2 market values of securities are calculated on the following bases:

2.3.1.1 Government securities and securities guaranteed by the Government, market values are calculated by using the Bank of Thailand formula, based on the risk free yield curve of a bank. For government bonds and state enterprise bonds without guarantee, the calculation is based on the aforementioned yield curve adjusted by appropriate risk premium.

2.3.1.2 For private sector's debt instruments and equity securities which are listed securities and securities in Bangkok Stock Dealing Center, market values are the closing

prices at The Stock Exchange of Thailand and Bangkok Stock Dealing Center on the last business day of the period.

2.3.1.3 For private sector's debt instruments which are non-listed securities, the last closing prices of the Bond Dealers' Club are used as market values. In the absence of such prices, market values are determined by applying the aforementioned risk adjusted yield curve, in accordance with the criteria established by the Bank of Thailand.

2.3.1.4 For investment units which are non-listed securities, market values are the net assets value according to the report of the Association of Securities Companies on the last business day of the period.

2.3.2 Equity securities which are non-listed securities in local and foreign countries are stated at cost, except in the case where a permanent decline in value is deemed to have occurred.

2.3.3 Where the investment is stated at the lower of cost or market value, and the aggregate market value is lower than aggregate cost, in the case of securities held for trading, the resultant loss is recognized in the profit and loss statement, and in the case of securities held for investment, such a loss is shown as a deduction from the shareholders' equity for a temporary decline in market value, and charged to the profit and loss statement for a permanent decline in market value.

2.3.4 Cost of securities sold during the year is calculated by the weighted average method.

2.4 Overdrafts are stated at the drawn amounts including interest; loans and bills receivable are stated at the principal amounts.

2.5 Allowance for possible loan losses

The provision for loan losses is prepared in accordance with the requirements of the Notification of the Bank of Thailand and based on the analysis of outstanding loans according to the Bank's experience in assessing the risks involved and the value of collateral for the loans, and also after consideration of the results of classification of debts as prepared by the Bank of Thailand.

The allowance for doubtful accounts is provided for loans and receivables which were classified as doubtful or substandard by the Bank of Thailand. The allowance for doubtful accounts has been made in full and is being made at 15% over 5 years, by providing cumulatively every 6 months for substandard accounts. These allowances are in accordance with the requirement of the Notifications of the Bank of Thailand dated March 3, 1997 (regarding the provision for doubtful assets which may be irrecoverable) and dated June 30, 1997 (regarding substandard accounts).

2.6 Properties foreclosed

Properties foreclosed are immovable properties which are stated at the lower of cost or market value at the date of acquisition.

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

2.7 Property, premises and equipment are stated at cost.

During 1993, land and premises were professionally appraised according to guidelines laid down by the Bank of Thailand. The increment resulting from the appraisal, approved by the Bank of Thailand, was recorded in the accounts as unrealized increment per land appraisal and per premises appraisal and shown as shareholders' equity.

Depreciation for the premises appraisal increase is deducted from unrealized increment per premises appraisal account.

Depreciation and amortization are calculated by the straight-line method, based on the estimated useful lives of the assets and the lease periods.

Premises	20-40 years
Equipment	5-10 years
Leasehold	3-30 years

2.8 Staff leaving gratuity

The Bank has a staff leaving gratuity plan for its employees who have completed ten years' service and leaving employment on specified causes, based on the length of service and the last salary paid.

Such gratuities are expensed in the period in which they are paid.

2.9 Recognition of revenues

The Bank recognizes interest and discounts on loans as income on an accrual basis, except for interest on fixed loans which are accrued over 6 months and the collateral is considered lower than the obligation or over 12 months and the collateral is considered more than the obligation and discounts received in advance relating to promissory notes which are recognized when received. Interest income is recognized on an accrual basis and dividend income is recognized on a cash basis.

2.10 Recognition of interest expense

Interest expense is recognized on an accrual basis.

2.11 Contributions to the Financial Institution Development Fund

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

2.12 Income tax

Income tax payable is recorded as an expense for the period.

2.13 Net profit per share

Net profit per share are computed on the basis of number of outstanding ordinary shares at the balance sheet date.

In case of a capital increase, the number of shares are weighted according to time of subscriptions received for increased issued and paid-up capital.

3. ADDITIONAL INFORMATION

3.1 Supplemental disclosures of cash flow information

3.1.1 Cash paid for interest and income tax is as follows:

	Baht
Interest	2,842,604,038
Income tax	54,282,241

3.1.2 Non-cash transactions

For the half year ended June 30, 1997, unrealized loss on securities held for investment is recorded by presenting as the contra account to the shareholders' equity for the amount of Baht 284,758,712.

3.2 Interbank and money market items

3.2.1 Domestic items

	Demand	Time	Total
Bank of Thailand	901,786,921	2,540,000	904,326,921
Commercial banks	49,218,947	502,650,000	551,868,947
Other banks	1,713,999	-	1,713,999

		Demand	Time	Total
Finance companies, Finance and securities companies, Securities companies and Credit Foncier companies		870,000,000	1,977,491,612	2,847,491,612
Other financial institution		-	47,672,168	47,672,168
Total domestic items	Baht	<u>1,822,719,867</u>	<u>2,530,353,780</u>	<u>4,353,073,647</u>
3.2.2 Foreign items				
		Demand	Time	Total
USD		698,414,597	257,900,000	956,314,597
YEN		15,462,141	-	15,462,141
DM		28,775,438	-	28,775,438
Others		63,358,330	-	63,358,330
Total foreign items		<u>806,010,506</u>	<u>257,900,000</u>	<u>1,063,910,506</u>
Total domestic and foreign items	Baht	<u>2,628,730,373</u>	<u>2,788,253,780</u>	<u>5,416,984,153</u>

3.3 Investments in securities

3.3.1 Securities for investment

	Cost	Market value
Debt instruments		
Government and state enterprise securities	2,649,940,525	2,481,862,565
Corporate debt instruments	647,233,410	646,307,125
Total	<u>3,297,173,935</u>	<u>3,128,169,690</u>
<u>Less</u> Allowance for diminution in value of securities	(169,004,245)	-
Debt instruments - net	<u>3,128,169,690</u>	<u>3,128,169,690</u>
Equities		
Listed securities	446,722,795	184,225,640
Foreign securities	3,608,159	3,608,159
Other securities	1,660,611,506	1,622,008,205
Total	<u>2,110,942,460</u>	<u>1,809,842,004</u>
<u>Less</u> Allowance for diminution in value of securities	(301,100,456)	-
Equities - net	<u>1,809,842,004</u>	<u>1,809,842,004</u>
Total securities for investment	Baht <u>4,938,011,694</u>	<u>4,938,011,694</u>

3.3.2 Investment in companies, in which the Bank holds more than 20% of the paid-up capital are presented by percentage of beneficial ownership and amount of investments as follows:

	Ownership	Amount
Called and fully paid-up		
Vajiradhanathun Finance Company Limited	62.36 %	871,920,801
Vajirathanasin Insurance Company Limited	92.00 %	398,741,922
One Investment Management Company Limited	25.00 %	25,000,000

	Ownership	Amount
P.C. Pattanasub Co., Ltd.	100.00 %	1,000,000
R.S. Sahakij Co., Ltd.	100.00 %	1,000,000
L.K. Business Co., Ltd.	100.00 %	1,000,000
S.S. Subtavee Co., Ltd.	100.00 %	1,000,000
S.C. Settakarn Co., Ltd.	100.00 %	1,000,000
Sahasin Leasing Co., Ltd.	100.00 %	1,000,000
25.00% called and paid- up		
Rungrueng Sahakarn Co., Ltd.	100.00 %	250,000
Sahasup Dhamrong Co.,Ltd.	100.00 %	250,000
R.S. Sahamongkol Co., Ltd.	100.00 %	250,000
P.C. Sahapatara Co., Ltd.	100.00 %	250,000
P.S. Sahapol Co., Ltd.	100.00 %	250,000
L.A. Union Co., Ltd.	100.00 %	250,000
S.C. Sahakij Co., Ltd.	100.00 %	250,000
Panichsahakij Co., Ltd.	100.00 %	250,000
L.K. Settakarn Co., Ltd.	100.00 %	250,000
Sahadhanabodee Co., Ltd.	100.00 %	250,000
	BAHT	<u>1,304,162,723</u>

Investment in subsidiary and associated companies are stated at cost, in accordance with procedures and conditions specified in the Notification of the Bank of Thailand No. Tor Por Tor. Nor Wor. (Wor) 370/2538 for presentation of investment in subsidiary and associated companies dated February 15, 1995.

The investment in Vajiradhanathun Finance Company Limited includes loss from capital decrease amounting to Baht 232,028,182. The Bank was allowed by the Bank of Thailand to provide for such decrease in the increasing annual proportion by the sum-of-the-years-digits method within 10 years as determined by the Bank of Thailand.

Had such investment been presented by the equity method, the effects on the financial statements would be as follows:

	Baht
Decrease in other securities	(489,818,424)
Decrease in retained earnings brought forward	(225,946,559)
Decrease in net profit for the half year	(263,871,865)
Decrease in net profit for the half year per share	(3.52)

3.3.3 Investments in companies, of which the Bank holds less than 20% of the paid-up capital in each company, classified according to industrial groups, are as follows:

Manufacturing	48,685,916
Banking and finance	96,741,500
Services	96,659
Others	214,532,864
	Baht <u>360,056,939</u>

As at June 30, 1997, the Bank has investments in finance companies which have had their operations suspended by the Ministry of Finance on June 27, 1997 which consist of equity securities amounting to Baht 126,400 and stock rights and warrants amounting to Baht 4,666 and then on August 5, 1997 which consist of investment in capital stock amounting to Baht 26,981,500 and debt instruments amounting to Baht 327,349,607. Such financial institutions must submit their plans to the Ministry of Finance for approval in order to continue their operations again. The Bank has not made a provision for unrealized loss on securities after June 30, 1997 since most part of such investments is debt instruments which the Bank is confident will be collectible in accordance with the announcement of the Ministry of Finance and Bank of Thailand dated August 5, 1997. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

3.4 Securities used as collateral

Government securities having face values of Baht 303,405,000 is deposited as cover for loans and the Bank's promissory notes and for other commitments with government agency and state enterprise are classified as follows:

Loans and promissory notes	300,000,000
Use of electricity	3,393,000
Land lease	12,000
Baht	<u>303,405,000</u>

3.5 Loans

3.5.1 Classified by product

Overdrafts	14,500,287,423
Loans	23,926,845,097
Bills	14,764,467,892
Others	1,424,059,071
Baht	<u>54,615,659,483</u>

3.5.2 Classified by maturity

Up to 1 year*	34,444,622,001
Over 1 year	20,171,037,482
Total	<u>Baht 54,615,659,483</u>

* including without contract and matured contract

3.5.3 Classified by currency and customer location

	DOMESTIC	FOREIGN	TOTAL
Baht	49,343,184,998	-	49,343,184,998
USD	5,056,816,362	-	5,056,816,362
Others	215,658,123	-	215,658,123
Total	<u>Baht 54,615,659,483</u>	-	<u>54,615,659,483</u>

3.5.4 Classified by business type

Agriculture and mining	3,310,495,646
Manufacturing and commercial	28,484,298,108
Real estate and construction	7,165,430,622
Utilities and services	7,469,446,330
Housing loans	6,747,262,983

Others	1,438,725,794
Total	Baht <u>54,615,659,483</u>

Loans that the bank extended to the financial institutions whose operations were temporarily ceased as per the order of the Ministry of Finance dated June 27 and August 5, 1997 amounted to Baht 4,916,658 and Baht 1,300,059,034, respectively. Such financial institutions must submit their plans to the Ministry of Finance for approval in order to continue their operations. For loans to financial institutions amounting to Baht 4,916,658, the Bank had not provided an allowance for doubtful accounts because the Bank believes that they are collectible. The financial statements do not include any adjustment that might result from the outcome of this uncertainty. The bank is in the process of exchanging promissory notes of Baht 1,300,059,034 loans to those financial institutions for the Certificates of Deposit of the Krung Thai Bank Public Company Limited in accordance with the announcement of the Ministry of Finance and Bank of Thailand dated August 5, 1997. The certificates terms are for repayment at the end of five years. Management is considering alternatives regarding early repayment.

3.6 Allowance for doubtful accounts

Allowance for doubtful accounts is as follows:

Beginning balance	684,731,124
	103,000,000
	(1,411,786)
	Baht <u>786,319,338</u>

The bank had non-performing loans amounting to Baht 6,514,558,483 for which interest has not been accrued in accordance with the Notification of the Bank of Thailand No. Tor Por Tor. Ngor Por (Wor) 509/2538 dated March 6, 1995 regarding the recording of accrued interest and No. Nor Wor (Wor) 34/2540 dated January 28, 1997 regarding the balance sheet and profit and loss statement of a commercial bank.

The major factor that has been taken into consideration in determining an allowance for doubtful accounts is the value of collateral.

As the real estate and building business is currently facing marketing and liquidity problems, the value of collateral for the loans which consist of land, building and buildings under construction appraised by the independent appraiser or the appraiser of the Bank is dependent upon the ability of the debtors to continue to make payments as liabilities become due until the completion of the project.

3.7 Property, premises and equipment

Property, premises and equipment are as follows:

Land	334,037,094
Land - Appraisal increase	398,184,271
Premises	888,127,977
Premises - Appraisal increase	222,556,106
Equipment	992,393,468
Leasehold (net)	62,398,994
Properties under construction	117,646,705

Others	26,549,560
Total	3,041,894,175
Less Accumulated depreciation - cost	(864,376,224)
- appraisal increase	(23,509,316)
	Baht 2,154,008,635
Depreciation and amortization for the half year	Baht 67,684,114

3.8 Deposits

3.8.1 Classified by product

Demand	787,049,002
Savings	7,714,022,074
Fixed	
- Less than 6 months	38,518,622,493
- 6 months and up to 1 years	739,525,692
- Over 1 year	4,576,313,190
Negotiable certificates of deposits	410,000,000
	Baht 52,745,532,451

3.8.2 Classified by maturity

Up to 1 year	52,743,994,951
Over 1 year	1,537,500
	Baht 52,745,532,451

3.8.3 Classified by currency and customer location

	Domestic	foreign	Total
Baht	52,689,070,067	45,785,391	52,734,855,458
USD	7,060,969	868,142	7,929,111
Others	2,747,882	-	2,747,882
Baht	52,698,878,918	46,653,533	52,745,532,451

3.9 Interbank and money market items

3.9.1 Domestic items

	Demand	Time	Total
Bank of Thailand and Financial			
Insitutions Development Fund	100,000,000	234,481,800	334,481,800
Commercial banks	22,627,624	-	22,627,624
Other banks	1,533,124,131	2,459,366,500	3,992,490,631
Finance companies,			
Finance and securities companies,			
Securities companies			
and Credit Foncier companies	1,976,152,892	294,602	1,976,447,494
Other financial institutions	27,023,821	12,779,911	39,803,732
Total Domestic	3,658,928,468	2,706,922,813	6,365,851,281

3.9.2 Foreign items

	Demand	Time	Total
USD	12,969,026	3,955,539,253	3,968,508,279
YEN	-	1,648,073	1,648,073
DM	-	114,574,315	114,574,315
Others	17,440,951	-	17,440,951
Total Foreign	30,409,977	4,071,761,641	4,102,171,618
Total Domestic and Foreign	Baht 3,689,338,445	6,778,684,454	10,468,022,899

3.10 Securities sold under repurchase agreements

	Bank of Thailand repurchase market	Other repurchase markets	Total
Government bond and the Bank of Thailand's bond	10,000,000	-	10,000,000
State enterprise securities	290,000,000	-	290,000,000
	Baht 300,000,000	-	300,000,000

3.11 Borrowings

Borrowing by types of instruments and sources:

	Domestic	Foreign	Total
Subordinated term-debt repayable 8 years from 1992 to 2000 with floating interest rate at 1% over the interest rate for 3 month fixed deposit of a finance and securities company	450,000,000	-	450,000,000
Subordinated term-debt of US\$ 40 million repayable 5 years and 6 months from 1995 to 2000, with interest rate at LIBOR+1.50% per annum	-	1,031,600,000	1,031,600,000
Subordinated term-debt of US\$ 20 million repayable 5 years and 6 months from 1996 to 2002, with interest rate at LIBOR+1.50% per annum	-	515,800,000	515,800,000
Total	Baht 450,000,000	1,547,400,000	1,997,400,000

3.12 Share capital

On May 25, 1989, the Board of Directors resolved to issue 2,000,000 additional ordinary shares of Baht 100.00 each, by allotting to the existing shareholders, except those who were not entitled to more shares in accordance with the Banking Act. (No 2) of 1979 section 5 (bis), on the basis of 3 old shares for 1 new share at Baht 150.00 each. The remainder was sold to the public at Baht 200.00 per share.

On July 3 and 7, 1989 the bank received temporary injunction orders from the Civil Court forbidding it from allotting 500,000 of the new shares to be issued. Thus 1,500,000 additional

ordinary shares were issued and sold and duly registered with the Registrar of Partnerships and Companies on September 4, 1989.

On May 27, 1994, the shareholders by special resolution at the Extraordinary General Meeting of shareholders decided to convert The Union Bank of Bangkok Limited to become a public limited company and to change the par value of shares from Baht 100.00 par value per share to Baht 10.00 par value per share, and confirmed the registered capital per special resolution dated April 28, 1988 of Baht 800,000,000, divided to 80,000,000 shares of Baht 10.00 each with paid-up capital of Baht 750,000,000. The special resolution was registered with Department of Commercial Registration, in accordance with the Public Companies Act B.E. 2535 (1992) on June 24, 1994. Thus The Union Bank of Bangkok is converted into The Union Bank of Bangkok Public Company Limited and the number of authorized shares from 8,000,000 shares of Baht 100.00 each to 80,000,000 shares of Baht 10.00 each.

On June 13, 1997, the Civil Court permitted the Bank to issued 5,000,000 ordinary shares which had received temporary injunction orders forbidding the Bank from allotting on July 3 and 7, 1989. The Bank then issued such ordinary shares to the existing shareholders at Baht 15.00 per share. The shares were fully subscribed and the capital increase was duly registered with the Department of Commercial registration on July 15, 1997.

The shareholders passed a resolution on August 1, 1997 to increase the registered share capital from Baht 800,000,000, divided into 80,000,000 shares of Baht 10.00 par value each to Baht 1,800,000,000, divided into 180,000,000 shares of Baht 10.00 par value each to the existing shareholders at the ratio of 1.25 new share to 1 old shares, at Baht 10.00 par value each. The subscription dates for the increased share capital are from August 20 to 29, 1997.

Capital fund

Capital fund is as follows:

Issued and paid-up share capital	750,000,000
Subscription received in advance before registration	75,000,000
Premium on share capital	265,776,835
Legal reserve	53,500,000
General and others reserve	2,638,133,000
Net profit after appropriation	45,021
Unrealized increment per land and premises appraisal	378,252,385
Subordinated debt instruments	1,080,080,000
Total capital fund	Baht 5,240,787,241

3.13 Statutory Reserve

Under the public Companies Act, the Bank is required to set aside as statutory reserve at least 5% of its net profit after accumulated deficit brought forward (if any), until the reserve is not less than 10% of the authorized capital.

3.14 Restriction on Dividend Payment

The Bank is allowed by the Bank of Thailand to set up an allowance for doubtful accounts at 1.5% semi-annually on substandard loans over a period of 5 years. However, during such period only a profit determined on the basis of a full allowance on doubtful loans and 15% substandard loans can be appropriated as dividend, unless a special permission is granted by the Bank of Thailand.

3.15 Contingencies

Contingencies are as follows:

	Baht	Foreign currencies	Total
Avals to bills	2,216,759,336	-	2,216,759,336
Guarantees of loans	745,558,214	936,177,000	1,681,735,214
Other guarantees	7,292,737,309	243,759,383	7,536,496,692
Customers' liabilities under unmatured bills			
issued under letters of credit	-	947,070,302	947,070,302
Letters of credit	177,515,205	1,647,086,649	1,824,601,854
Forward foreign exchange contracts			
Bought	-	3,008,167,121	3,008,167,121
Sold	-	1,666,771,121	1,666,771,121
Amount of unused bank overdraft	5,983,304,016	-	5,983,304,016
Total	Baht 16,415,874,080	8,449,031,576	24,864,905,656

3.16 Properties used as collateral

Government securities, Bank of Thailand securities and State Enterprise securities guaranteed by the government having face values amounting to Baht 950,381,000 are collateral for electrical use and leasing of government land and are deposited with the Bank of Thailand according to the Regulation of the Bank of Thailand regarding Repurchase of Government Bond.

The Bank had liabilities for government securities and State enterprise securities sold under repurchase agreements with face value amounting to Baht 300,000,000, which were fully collateralized according to the Regulation of the Bank of Thailand regarding Repurchase of Government Bond.

3.17 Related-party transactions

Loans and obligations to certain officers from the level of departmental chief upwards, and the companies in which they and/or the Bank, or the Bank's directors, have 10% or more beneficial ownership are as follows:

Loans

Balance as at June 30, 1997	Baht 1,354,029,009
Average balance at the end of the month	Baht 1,563,428,220

Obligations

Balance as at June 30, 1997	Baht 1,027,899,471
Average balance at the end of the month	Baht 752,039,172

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

Transactions with the related companies whose shares are more than 50 percent owned by the Bank consisted mainly of the following:

	Baht
Deposits	44,334,152
Loans	1,480,029,009
Accrued Interest payable	10,048
Accrued Interest Receivable	5,253,967
Interest Expenses	423,461

	Baht
Interest and dividend income	108,965,599
Non-interest income	1,488,016

3.18 Long-term lease

Type of lease	Period	Rental Baht
Land and/or premises	July 1, 1997 - June 30, 1998	2,970,036
Land and/or premises	July 1, 1998 - June 30, 1999	2,943,914
Land and/or premises	July 1, 1999 - June 30, 2000	3,014,329
Land and/or premises	July 1, 2000 - June 30, 2001	3,178,494
Land and/or premises	July 1, 2001 - June 30, 2002	3,153,608
Land and/or premises	July 1, 2002 - Apr 30, 2025	44,402,304

3.19 Significant events occurring after the balance sheet date

On July 2, 1997, the Ministry of Finance announced that the Baht would be traded under a "managed float system" whereby the value of the Baht will be determined by market forces to reflect economic fundamentals.

The potential loss that may occur from the change of foreign exchange system, calculated by the conversion of foreign currency assets and liabilities as at June 30, 1997 into Baht at the reference rates quoted by the Bank of Thailand, averaged for the period from July 2 to 31, 1997 is not material in amount.

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

3.20.1 The financial position

	Domestic operations Baht	Foreign operations Baht	Total operations Baht
Total assets	71,968,065,601	-	71,968,065,601
Interbank and money market items	5,416,984,153	-	5,416,984,153
Loans	54,615,659,483	-	54,615,659,483
Investment-Net	4,938,011,694	-	4,938,011,694
Deposits	52,745,532,451	-	52,745,532,451
Interbank and money market items	10,468,022,899	-	10,468,022,899
Borrowings	1,997,400,000	-	1,997,400,000
Contingencies	24,864,905,656	-	24,864,905,656

3.20.2 The results of operation

	Domestic operations Baht	Foreign operations Baht	Total operations Baht
Interest and dividend income	3,622,789,007	-	3,622,789,007
Interest expenses	2,859,852,161	-	2,859,852,161
Net interest income	762,936,846	-	762,936,846
Bad debt and doubtful accounts	103,000,000	-	103,000,000
Non-interest income	398,447,425	-	398,447,425
Non-interest expenses	852,275,183	-	852,275,183
Income before income tax	206,109,088	-	206,109,088

Financial Statements
Year Ended December 31, 1997

A large, white, calligraphic logo consisting of two intertwined, flowing letters, likely 'A' and 'P', set against a black background.



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED

Report of the Auditors

TO THE SHAREHOLDERS

THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED

We have examined the consolidated balance sheet as at December 31, 1997, and the related consolidated statements of profit and loss, changes in shareholders' equity, retained earnings and cash flows for the year then ended of The Union Bank of Bangkok Public Company Limited and subsidiaries, and have examined the balance sheet as at December 31, 1997 and the related statements of profit and loss, changes in shareholders' equity, retained earnings and cash flows for the year then ended and the statement of profit and loss for the half year ended December 31, 1997 of The Union Bank of Bangkok Public Company Limited. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As disclosed in Note 4.6 to the financial statements, the subsidiary company had loans and accrued interest receivable where the collateral is considered to be lower than the obligation and personal guarantees amounting to Baht 613 million as at December 31, 1997. The subsidiary company has recorded provisions for possible loans losses according to Bank of Thailand regulations. Management believes that the said accounts receivable are collectible. However, the auditors are of a different opinion regarding the classification of such accounts receivable. Had further provisions been made, net loss and net loss per share in the consolidated financial statements as of December 31, 1997 would increase by Baht 577 million and Baht 5.47, respectively.

As disclosed in Notes 1.2 and 4.12 to the financial statements, as at December 31, 1997, the Bank satisfies all capital adequacy requirements per the regulatory requirements of the Bank of Thailand. If the Bank had included the net loss for the half year ended 1997 in the capital fund, the Bank may not meet the various capital and regulatory requirement of the Bank of Thailand. However management of the Bank is in the process of finding a strategic partner to increase capital.

In our opinion, except for the effect of not setting up adequate allowance for doubtful accounts, referred to in the second paragraph and subject to the outcome of the uncertainty referred to the third paragraph, the financial statements of The Union Bank of Bangkok Public Company Limited and subsidiaries and the financial statement of The Union Bank of Bangkok Public Company Limited referred to in the first paragraph present fairly the financial position as at December 31, 1997, and the results of operations, the changes in shareholders' equity and the cash flows



for the year then ended and the results of operations for the half year ended December 31, 1997 of The Union Bank of Bangkok Public Company Limited and subsidiaries, and of The Union Bank of Bangkok Public Company Limited in conformity with generally accepted accounting principles as described in Notes 2 and 3 to the financial statements applied on a basis consistent with that of the preceding year.

Without further qualifying our opinion, we draw attention to Notes 1 to the financial statements. The country's unstable economy has significantly affected, and may continue to significantly affect, the operations and the maintenance of the status of assets and liabilities of the commercial banking system.

As disclosed in Note 2.2 to the financial statements, the financial statements for the year ended December 31, 1996 are not presented for comparison due to changes in presentation of the financial statements in accordance with the Ministerial Regulation No. 7 B.E. 2539 (1996) resulting in the classification of certain items of assets, liabilities, revenues, expenses and notes to the financial statements for the year ended December 31, 1996 being inconsistent with those for the year ended December 31, 1997.

(Toemsakdi Krishnamra)

Certified Public Accountant

DELOITTE TOUCHE TOHMATSU JAIYOS

BANGKOK
February 20, 1998



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Balance Sheet

FOR THE YEAR ENDED DECEMBER 31, 1997

	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS
ASSETS		
CASH	746,740,630	746,668,696
INTERBANK AND MONEY MARKET ITEMS (Note 4.2)		
Domestic items		
Interest bearing	3,260,310,270	4,705,124,241
Non-interest bearing	627,379,542	685,059,608
Foreign items		
Interest bearing	652,531,773	652,531,773
Non-interest bearing	173,499,534	173,499,534
Total interbank and money market items	4,713,721,119	6,216,215,156
INVESTMENT IN SECURITIES (Notes 3.3 and 4.3)		
Securities for trading	470,067,216	-
Securities for investment	4,354,805,090	5,262,678,097
Total investment in securities	4,824,872,306	5,262,678,097
<u>Less</u> Allowance for diminution in value of securities	(1,362,116,417)	(566,219,598)
Net investment in securities	3,462,755,889	4,696,458,499
ACCOUNT WITH SECURITIES COMPANIES	17,044,958	-
LOANS AND ACCRUED INTEREST RECEIVABLES (Notes 3.4 and 4.5)		
Loans	64,730,891,460	57,560,585,665
Accrued interest receivables	3,031,862,504	2,636,942,805
Total loans and accrued interest receivables	67,762,753,964	60,197,528,470
<u>Less</u> Allowance for doubtful accounts (Notes 3.5 and 4.6)	(3,707,768,631)	(2,769,673,555)
Net loans and accrued interest receivables	64,054,985,333	57,427,854,915
PROPERTIES FORECLOSED (Note 3.6)	681,217,616	622,467,358
CUSTOMERS' LIABILITY UNDER ACCEPTANCES	691,549,086	691,549,086
PREMISES AND EQUIPMENT, NET (Notes 3.7 and 4.7)	2,302,482,296	2,235,181,395
OTHER ASSETS	886,029,322	715,959,453
TOTAL ASSETS	77,556,526,249	73,352,354,558
	BAHT	

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



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Balance Sheet

FOR THE YEAR ENDED DECEMBER 31, 1997

	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS
LIABILITIES AND SHAREHOLDERS' EQUITY		
DEPOSITS (Note 4.8)		
Deposits in Baht	51,982,806,271	48,379,028,954
Deposits in foreign currencies	19,663,962	19,663,962
Total deposits	52,002,470,233	48,398,692,916
INTERBANK AND MONEY MARKET ITEMS (Note 4.9)		
Domestic items		
Interest bearing	13,113,538,509	11,423,437,268
Non-interest bearing	79,680,763	79,693,503
Foreign items		
Interest bearing	2,479,017,421	2,479,017,421
Non-interest bearing	7,662,533	7,662,533
Total interbank and money market items	15,679,899,226	13,989,810,725
LIABILITY PAYABLE ON DEMAND	124,941,535	124,941,535
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Note 4.10)	2,555,432,973	2,204,432,973
ACCOUNTS WITH SECURITIES COMPANY	19,020	-
CUSTOMERS ACCOUNTS	18,389,182	-
DEFERRED GAIN FROM SALE OF PROPERTIES FORECLOSED	43,585,001	-
BORROWINGS (Note 4.11)		
Long-term borrowings	3,284,820,000	3,284,820,000
Total borrowings	3,284,820,000	3,284,820,000
BANK'S LIABILITY UNDER ACCEPTANCES	691,549,086	691,549,086
ACCRUED INTEREST PAYABLE	1,160,989,548	1,092,318,239
OTHER LIABILITIES	713,921,048	580,292,966
TOTAL LIABILITIES	76,276,016,852	70,366,858,440
MINORITY	-	-



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Balance Sheet (Continued)

FOR THE YEAR ENDED DECEMBER 31, 1997

	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 4.12)		
Authorized share capital		
180,000,000 ordinary shares of Baht 10.00 each	1,800,000,000	1,800,000,000
Issued and paid-up share capital		
180,000,000 ordinary shares of Baht 10.00 each, fully paid	1,800,000,000	1,800,000,000
PREMIUM ON SHARE CAPITAL	290,776,835	290,776,835
UNREALIZED INCREMENT PER LAND APPRAISAL	398,184,271	398,184,271
UNREALIZED INCREMENT PER PREMISES APPRAISAL	196,108,126	196,108,126
RETAINED EARNINGS		
Appropriated		
Legal reserve (Note 4.13)	57,500,000	55,500,000
Other reserve	2,019,033,000	2,007,033,000
Reserve for dividend equalization	765,000,000	765,000,000
Unappropriated (deficit)	(3,415,047,251)	(1,960,886,516)
TOTAL SHAREHOLDERS' EQUITY	2,111,554,981	3,551,715,716
LESS Deferred loss from decrease in investment in subsidiary company	(219,137,727)	-
UNREALIZED LOSS ON SECURITIES FOR INVESTMENT	(611,907,857)	(566,219,598)
TOTAL SHAREHOLDERS' EQUITY NET	1,280,509,397	2,985,496,118
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	BAHT 77,556,526,249	73,352,354,558
OFF-BALANCE SHEET ITEMS - CONTINGENCIES		
AVAL TO BILLS AND GUARANTEES OF LOANS	BAHT 5,429,594,280	5,419,382,584
LIABILITY UNDER UNMATURED IMPORT BILLS	BAHT 916,057,333	916,057,333
LETTER OF CREDIT	BAHT 684,256,479	684,256,479
OTHER CONTINGENCIES	BAHT 20,303,278,526	20,303,278,526

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



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Statement of Profit and Loss

FOR THE YEAR ENDED DECEMBER 31, 1997

	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS
INTEREST AND DIVIDEND INCOME		
Interest on loans	8,479,900,646	7,224,658,099
Interest on interbank and money market items	207,510,483	529,702,506
Interest on government securities and state enterprise securities	258,647,670	223,895,961
Interest on other securities	110,478,276	80,768,171
Total interest and dividend income	9,056,537,075	8,059,024,737
INTEREST EXPENSES		
Interest on deposits	5,647,919,974	4,936,302,414
Interest on interbank and money market items	1,811,888,243	1,480,333,542
Interest on short-term borrowings	155,350,314	155,350,314
Interest long-term borrowings	263,046,954	263,046,954
Total interest expenses	7,878,205,485	6,835,033,224
NET INTEREST AND DIVIDEND INCOME	1,178,331,590	1,223,991,513
BAD DEBT AND DOUBTFUL ACCOUNTS	2,958,240,007	2,087,000,000
NET INTEREST AND DIVIDEND INCOME AFTER BAD DEBT AND DOUBTFUL ACCOUNTS	(1,779,908,417)	(863,008,487)
NON-INTEREST INCOME		
Fees and service income		
Acceptances, aval and guarantees	161,274,066	161,194,500
Others	272,500,066	213,870,124
Gain on exchange	85,285,521	171,810,260
Gain on sale of investment in securities	170,511,792	132,310,148
Other income	147,641,354	151,250,170
Total non-interest income	837,212,799	830,435,202
NON-INTEREST EXPENSES		
Personnel expenses	779,057,767	691,253,459
Premises and equipment expenses	393,729,669	344,536,304
Taxes and duties	382,595,940	345,410,499
Fees and service expenses	72,996,092	37,456,923
Directors' remuneration	14,610,301	11,970,969
Other administrative expenses	75,810,509	75,810,509
Financial institution development funds expenses	133,837,199	117,684,441
Amortization goodwill	59,276,082	-
Loss for diminution in value of securities	418,306,390	87,886,367
Other expenses	158,462,575	80,448,781
Total non-interest expenses	2,488,682,524	1,792,458,252
NET PROFIT (LOSS) BEFORE INCOME TAX	(3,431,378,142)	(1,825,031,537)
INCOME TAX	476,227	-
NET PROFIT (LOSS) BEFORE MINORITY INTEREST	(3,431,854,369)	(1,825,031,537)
MINORITY INTEREST IN SUBSIDIARY'S NET LOSS	450,367,998	-
NET PROFIT (LOSS)	(2,981,486,371)	(1,825,031,537)
NET PROFIT (LOSS) FOR THE YEAR PER SHARE (Note 3.13)	BAHT (28.24)	BAHT (17.29)

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



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Statement of Profit and Loss

FOR THE HALF YEAR ENDED DECEMBER 31, 1997

	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS
INTEREST AND DIVIDEND INCOME		
Interest on loans	4,527,233,136	4,053,824,460
Interest on interbank and money market items	142,873,102	233,500,835
Interest on government securities and state enterprise securities	121,070,007	103,593,092
Interest and dividend on other securities	55,640,977	45,317,343
Total interest and dividend income	4,846,817,222	4,436,235,730
INTEREST EXPENSES		
Interest on deposits	2,929,884,449	2,627,383,111
Interest on interbank and money market items	1,415,618,879	1,210,026,714
Interest on long-term borrowings	137,771,238	137,771,238
Total interest expenses	4,483,274,566	3,975,181,063
NET INTEREST AND DIVIDEND INCOME	363,542,656	461,054,667
BAD DEBT AND DOUBTFUL ACCOUNTS	2,528,399,128	1,984,000,000
NET INTEREST AND DIVIDEND INCOME AFTER BAD DEBT AND DOUBTFUL ACCOUNTS	(2,164,856,472)	(1,522,945,333)
NON-INTEREST INCOME		
Fees and service income		
Acceptances, aval and guarantees	79,982,683	79,982,683
Others	149,675,166	120,660,180
Gain on exchange	9,570,507	95,398,507
Gain (loss) on sale of investment in securities	(8,647,766)	1,781,323
Other income	126,641,906	134,165,084
Total non-interest income	357,222,496	431,987,777
NON-INTEREST EXPENSES		
Personnel expenses	333,774,647	296,537,862
Premises and equipment expenses	193,404,337	168,890,252
Taxes and duties	205,797,893	189,571,481
Fees and service expenses	38,525,961	15,952,082
Directors' remuneration	6,700,067	4,840,735
Other administrative expenses	40,171,563	40,171,563
Financial institution development funds expenses	107,101,273	94,899,331
Loss for diminution in value of securities	407,299,511	87,886,367
Amortization goodwill	12,185,492	-
Other expenses	91,964,866	41,433,396
Total non-interest expenses	1,436,925,610	940,183,069
NET PROFIT (LOSS) BEFORE INCOME TAX	(3,244,559,586)	(2,031,140,625)
MINORITY INTEREST IN SUBSIDIARY'S NET LOSS	286,978,729	-
NET PROFIT (LOSS)	BAHT (2,957,580,857)	(2,031,140,625)
NET PROFIT (LOSS) FOR THE HALF YEAR PER SHARE (Note 3.13)	BAHT (21.75)	(14.94)

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



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Statement of Changes in Shareholders' Equity

FOR THE YEAR ENDED DECEMBER 31, 1997

	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS
ORDINARY SHARE CAPITAL		
Beginning balance	750,000,000	750,000,000
Additions	1,050,000,000	1,050,000,000
Ending balance	1,800,000,000	1,800,000,000
PREMIUM ON SHARE CAPITAL		
Beginning balance	265,776,835	265,776,835
Additions	25,000,000	25,000,000
Ending balance	290,776,835	290,776,835
UNREALIZED INCREMENT PER LAND APPRAISAL		
Beginning balance	398,184,271	398,184,271
Ending balance	398,184,271	398,184,271
UNREALIZED INCREMENT PER PREMISES APPRAISAL		
Beginning balance	201,985,455	201,985,455
Deductions - Depreciation of premises appraisal for the year	(5,877,329)	(5,877,329)
Ending balance	196,108,126	196,108,126
STATUTORY RESERVE		
Beginning balance	53,500,000	51,500,000
Additions	4,000,000	4,000,000
Ending balance	57,500,000	55,500,000
GENERAL RESERVE		
Beginning balance	1,872,633,000	1,860,633,000
Additions	146,400,000	146,400,000
Ending balance	2,019,033,000	2,007,033,000
RESERVE FOR DIVIDEND EQUALIZATION		
Beginning balance	656,500,000	656,500,000
Additions	108,500,000	108,500,000
Ending balance	765,000,000	765,000,000
UNAPPROPRIATED RETAINED EARNINGS		
Beginning balance	(165,924,880)	131,781,021
Deductions		
Net loss	(2,981,486,371)	(1,825,031,537)
Deductions - Appropriation for prior period		
Legal reserve	(4,000,000)	(4,000,000)
General reserve	(146,400,000)	(146,400,000)
Reserve for dividend equalization	(108,500,000)	(108,500,000)
Directors' fee	(8,736,000)	(8,736,000)
Ending balance	(3,415,047,251)	(1,960,886,516)
DEFERRED LOSS FROM DECREASE IN SUBSIDIARY COMPANIES		
Beginning balance	(242,340,545)	-
Additions	23,202,818	-
Ending balance	(219,137,727)	-
UNREALIZED LOSS ON DIMINUTION IN VALUE OF SECURITIES HELD FOR INVESTMENT		
Beginning balance	(199,739,375)	(185,345,989)
Additions	(412,168,482)	(380,873,609)
Ending balance	(611,907,857)	(566,219,598)
TOTAL SHAREHOLDERS' EQUITY NET	BAHT 1,280,509,397	2,985,496,118

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



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 1997

	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit (loss)	(2,981,486,371)	(1,825,031,537)
Items to reconcile net profit to cash received (paid): from operating activities		
Depreciation and amortization expenses	219,007,405	188,464,173
Allowance for doubtful accounts	2,937,993,814	2,087,000,000
(Gain) loss from sales of properties foreclosed	16,040,420	(2,282,433)
(Gain) loss from sales of assets	(2,562,119)	(7,916,325)
Loss on exchange rate	2,237,066,596	2,237,066,596
Provision for diminution in value of properties foreclosed	10,194,500	-
Provision for diminution in value of assets	29,138,171	-
(Gain) loss on revaluation of securities	630,417,924	-
Increase in interest income and dividend receivable	(1,103,271,500)	(960,955,720)
(Increase) decrease in accrued income - others	1,066,266	(3,734)
Increase (decrease) in accrued interest payable	263,349,575	322,016,962
Increase (decrease) in accrued expenses - others	(46,229,802)	(45,231,659)
Minority interest in subsidiaries' net loss	(450,367,998)	-
Income from operation before changes in operating assets and liabilities	1,760,356,881	1,993,126,323
Operating assets (increase) decrease		
Deposits, loans with interbank and money market items	(7,409,265,590)	(10,104,089,838)
Securities purchased under resale agreement	95,000,000	-
Accounts with securities companies	6,450,636	-
Properties foreclosed	(471,855,853)	(413,551,619)
Other assets	(165,895,782)	(249,782,649)
Operating liabilities increase (decrease)		
Deposits, loans with interbank and money market items	998,632,703	5,621,474,802
Liabilities payable on demand	(17,272,440)	(17,272,440)
Negotiable certificates of deposit	1,701,636,641	601,700,000
Accounts with securities companies	(53,401)	-
Customer accounts	(2,111,032)	-
Securities sold under repurchase agreements	1,758,432,973	1,407,432,973
Other liabilities	99,183,819	321,242,131
Directors' fee	(8,736,000)	(8,736,000)
Net cash provided (used) by operating activities	(1,655,496,445)	(848,456,317)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in securities for investment	359,677,255	(177,948,294)
Cash paid for purchasing of premises and equipment	(300,338,585)	(284,433,700)
Net cash provided (used) by investing activities	59,338,670	(462,381,994)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from share capital	1,075,000,000	1,075,000,000
Minority interest	285,344,134	-
Net cash provided (used) by financing activities	1,360,344,134	1,075,000,000
Net increase (decrease) in cash and cash equivalents	(235,813,641)	(235,838,311)
Cash and cash equivalents as at January 1,	982,554,271	982,507,007
Cash and cash equivalents as at December 31,	BAHT 746,740,630	746,668,696

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



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Statement of Retained Earnings

FOR THE YEAR ENDED DECEMBER 31, 1997

	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS
UNAPPROPRIATED RETAINED EARNINGS		
Retained earnings (deficit) brought forward from prior year	(165,924,880)	131,781,021
<u>Less</u> Appropriation for prior year		
Legal reserve	(4,000,000)	(4,000,000)
General reserve	(146,400,000)	(146,400,000)
Reserve for dividend equalization	(108,500,000)	(108,500,000)
Directors' fee	(8,736,000)	(8,736,000)
Net profit (loss) for the year	(2,981,486,371)	(1,825,031,537)
Total unappropriated retained earnings (deficit)	<u>(3,415,047,251)</u>	<u>(1,960,886,516)</u>
APPROPRIATED RETAINED EARNINGS		
Legal reserve	57,500,000	55,500,000
General reserve	2,019,033,000	2,007,033,000
Reserve for dividend equalization	765,000,000	765,000,000
Total appropriated retained earnings	<u>2,841,533,000</u>	<u>2,827,533,000</u>
TOTAL RETAINED EARNINGS (DEFICIT)	BAHT	
	<u>(573,514,251)</u>	<u>866,646,484</u>

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



THE UNION BANK OF BANGKOK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Notes to the Financial Statements

FOR THE YEAR ENDED DECEMBER 31, 1997

1. ECONOMIC TURMOIL AND THE OPERATIONS OF THE BANK

1.1 Many Asia-Pacific countries, including Thailand are experiencing severe economic difficulties relating to currency devaluations, volatile stock markets, and slowdown in growth. The country's unstable economy has significantly affected, and may continue to significantly affect the operations and the maintenance of status of assets and liabilities of the commercial banking system.

1.2 Regulatory requirements

The Bank is subject to various capital and regulatory requirements by the Bank of Thailand. Under these capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must satisfy specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-balance sheet items as calculated in accordance with regulatory accounting practices. The Bank's capital amounts and classification are also subject to qualitative judgements by the Bank of Thailand about components, risk weightings, and other factors.

Quantitative measures established by the Bank of Thailand to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of total capital and Tier 1 capital (as defined by the regulations) to risk-weighted assets (as defined by the regulations). Management believes that as at December 31, 1997, the Bank satisfies all capital adequacy requirements to which it is subject.

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

2.1 The consolidated financial statements and the Bank's financial statements for the year ended December 31, 1997 are presented in accordance with the requirements of the Ministerial Regulation No. 7 B.E. 2539 (1996) under the Public Companies Act B.E. 2535 (1992) dated October 25, 1996, regarding the form of the balance sheet and profit and loss statement for public limited companies, effective as from the accounting period starting on January 1, 1997. The financial statements of the Bank account for its investment in subsidiary and associated companies by the cost method (see Note 4.3.3), and are in accordance with the Procedures, Policy and Notifications of The Bank of Thailand relating to the financial statements of commercial banks.

2.2 The consolidated financial statements and the Bank's financial statements for the year ended December 31, 1996 are not presented for comparison because the information for the classification is not consistent with the consolidated financial statements and the Bank's financial statements for the year ended December 31, 1997, summarized as follows:

2.2.1 Balance sheet

Interbank and money market items (assets)

Investment in securities

Loans and accrued interest receivables

Interbank and money market items (Liabilities)

2.2.2 Statement of profit and loss

Interest and dividend income

Interest on loans

Interest on interbank and money market items

Interest expenses

Interest on deposit

Interest on interbank and money market items

Non-interest expenses

Directors' remuneration

The consolidated financial statement and the Bank's financial statements for the year ended December 31, 1996, classified such items differently from the financial statements for the year ended December 31, 1997, in addition the components of each classification also differ.

2.2.3 Notes to the financial statements

Information for disclosures in the notes to the consolidated financial statements and the Bank's financial statements for the year ended December 31, 1997 differs from those in the consolidated financial statements and the Bank's financial statements for the year ended December 31, 1996, summarized as follows:

- Details of balance sheet items, ie. Interbank and money market items, for both assets and liabilities, and investment in securities, have been changed to conform to the new classifications and there are additional information.
- Details of loans and accrued interest receivables have been classified by product, maturity, currency, and customer location and business type.
- Details of deposits have been classified by product, maturity, currency, and customer location.
- The financial position and the results of operation for domestic and foreign operations disclose more information of assets used in operation, liabilities and types of income and in addition certain significant expenses are disclosed.

2.3 The consolidated financial statements and the Bank's financial statements include the account of all branches of the Bank.

2.4 The consolidated financial statements include the accounts of the Vajiradhanathun Finance Company Limited, in which the Bank holds 72.81%, and all significant intercompany transaction and balances are eliminated. In addition, the consolidated financial statements also include the account balance of Vajira Securities Company Limited where share capital is 99.99% held by Vajiradhanathun Finance Company Limited.

2.5 The consolidated financial statements for the year ended December 31, 1997 do not include the accounts of 17 subsidiary companies which are more than 50 percent owned by the Bank and are carried at cost. They are considered immaterial to the financial position of and different in operations to the Bank. The financial position and result of the operation of one subsidiary is material and summarized in Note 4.3.5 of the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash on collection.

In the statement of cash flows, cash and deposits at banks used as collateral are not included in cash and cash equivalents but are presented as part of other assets.

3.2 Foreign currencies

Assets and liabilities in foreign currencies are converted into Baht at the rates of exchange prevailing at the transaction dates. Balances of assets and liabilities in foreign currencies and forward exchange contracts at the end of the period are converted at the current rates, as determined by the reference exchange rates of the Bank of Thailand.

Gains and losses from foreign exchange transactions, and translation gains or losses are taken up in the profit and loss statement.

Gains and losses on forward exchange contracts are realized over the remaining period of the contracts.

The Bank extends import and export credits, and helps customers to minimize risks on the fluctuation of exchange rates but does not speculate in trading of foreign currencies. The bank is aware of risks from foreign interest rates which may occur from mismatching of liabilities and assets, therefore, the Bank has determined the matching limit (amount), time and rates of interest for assets and liabilities in order to minimize the risk from foreign exchange position and interest rate fluctuation.

3.3 Investment in securities

3.3.1 Investment in securities are stated at the lower of aggregate cost or market, except as stated in Note 3.3.2 market values of securities are calculated on the following bases:

3.3.1.1 Government securities and securities guaranteed by the Government, market values are calculated by using the Bank of Thailand formula, based on the risk free yield curve of a bank. For government bonds and state enterprise bonds without guarantee, the calculation is based on the aforementioned yield curve adjusted by appropriate risk premium.

3.3.1.2 For private sector's debt instruments and equity securities which are listed securities and securities in Bangkok Stock Dealing Center, market values are the closing prices at The Stock Exchange of Thailand and Bangkok Stock Dealing Center on the last business day of the period.

3.3.1.3 For private sector's debt instruments which are non-listed securities, the last closing prices of the Bond Dealers' Club are used as market values. In the absence of such prices, market values are determined by applying the aforementioned risk adjusted yield curve, in accordance with the criteria established by the Bank of Thailand.

3.3.1.4 For investment units which are non-listed securities, market values are the net assets value according to the report of the Association of Securities Companies on the last business day of the period.

3.3.2 Equity securities which are non-listed securities in local and foreign countries are stated at cost, except in the case where a permanent decline in value is deemed to have occurred.

3.3.3 Where the investment is stated at the lower of cost or market value, and the aggregate market value is lower than aggregate cost, in the case of securities held for trading, the

resultant loss is recognized in the profit and loss statement, and in the case of securities held for investment, such a loss is shown as a deduction from the shareholders' equity for a temporary decline in market value, and charged to the profit and loss statement for a permanent decline in market value.

3.3.4 Cost of securities sold during the year is calculated by the weighted average method.

3.4 Overdrafts are stated at the drawn amounts including interest; loans and bills receivable are stated at the principal amounts.

3.5 Allowance for possible loan losses

The provision for loan losses is prepared in accordance with the requirements of the Notification of the Bank of Thailand and based on the analysis of outstanding loans according to the Bank's experience in assessing the risks involved and the value of collateral for the loans, and also after consideration of the results of classification of debts as prepared by the Bank of Thailand. However if future economic and business conditions differ substantially from the assumptions used by the Bank in making such assessment, the Bank may need to make additional allowance as appropriate.

The Bank and the subsidiary company have made allowance for doubtful accounts in regard to loans and receivables which were classified as doubtful or substandard by the Bank of Thailand. The allowance for bad and doubtful accounts has been made in full, and for substandard loans as at June 30, 1997 is to be made at 15% for the Bank and 20% for the financial institution within 1998, but not less than 50% as provision in the second half 1997 and not less than 75% in the first half 1998. For substandard accounts as from June 30, 1997, the allowance for bad and doubtful accounts have been made in full and 15% for substandard accounts for the Bank and 20% for financial institution. These allowances are in accordance with the requirement of the Notification of the Bank of Thailand dated November 12, 1997 regarding official guidelines and policies in improving the standards of financial institution supervision.

The increase in allowance for possible loan losses is recorded as an expense for the year.

Bad debts recovered are recorded as an increase in the allowance for doubtful accounts.

Bad debts written off are recorded as a charge to the allowance for doubtful accounts.

3.6 Properties foreclosed

Properties foreclosed are immovable properties which are stated at the lower of cost or market value at the date of acquisition.

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

3.7 Property, premises and equipment are stated at cost.

In 1993, land and premises were professionally appraised according to guidelines laid down by the Bank of Thailand. The increments resulting from the appraisal, approved by the Bank of Thailand was recorded in the accounts as unrealized increment per land appraisal and per premises appraisal and shown as shareholders' equity.

Depreciation for the premises appraisal increase is deducted from unrealized increment per premises appraisal account.

Depreciation and amortization are calculated by the straight-line method, based on the estimated useful lives of the assets and the lease periods.

Premises	20 - 40 years
Equipment	5 - 10 years
Leasehold	3 - 30 years

3.8 Staff leaving gratuity

The Bank has a staff leaving gratuity plan for its employees who have completed ten years' service and leaving employment on specified causes, based on the length of service and the last salary paid.

Such gratuities are expensed in the period in which they are paid.

3.9 Recognition of revenues

The Bank and the subsidiary companies recognizes interest and discounts on loans as income on an accrual basis, except for interest on fixed loans which are accrued over 6 months where the collateral is considered lower than the obligation, or over 12 months where the collateral is considered higher than the obligation, and discounts received in advance relating to promissory notes which are recognized when received.

Interest income from investment is recognized on an accrual basis and dividend income is recognized on a cash basis.

3.10 Recognition of interest expense

The Bank and the subsidiary companies recognizes interest expense on an accrual basis.

3.11 Contributions to the Financial Institution Development Fund

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

3.12 Income tax

Income tax payable is recorded as an expense for the period.

3.13 Net profit per share

Net profit per share is computed on the basis of number of outstanding ordinary shares at the balance sheet date.

In case of a capital increase, the number of shares are weighted according to time of subscriptions received for increased issued and paid-up capital.

3.14 Use of accounting estimates

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

4. ADDITIONAL INFORMATION

4.1 Supplemental disclosures of cash flow information

4.1.1 Cash paid for interest and income tax is as follows:

	CONSOLIDATED FINANCIAL STATEMENTS Baht	THE BANK'S FINANCIAL STATEMENTS Baht
Interest	7,966,899,313	6,513,016,262
Income tax	124,405,586	124,405,586

4.1.2 Non-cash transactions

For the year ended December 31, 1997, unrealized loss on securities held for investment is recorded by presenting as the contra account to the shareholders' equity for the amount of Baht 611,907,857 and Baht 566,219,598, respectively.

4.2 Interbank and money market items

4.2.1 Domestic items

	CONSOLIDATED			THE BANK'S		
	FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
	Demand	Time	Total	Demand	Time	Total
Bank of Thailand	749,743,006	-	749,743,006	674,095,777	-	674,095,777
Commercial banks	76,050,781	-	76,050,781	131,094,114	-	131,094,114
Other banks	1,123,642	-	1,123,642	1,123,642	-	1,123,642
Finance companies, Finance and securities companies, Securities companies and Credit Foncier companies	2,889,733,469	130,584,039	3,020,317,508	4,543,415,441	-	4,543,415,441
Other financial institution	40,454,875	-	40,454,875	40,454,875	-	40,454,875
Total domestic items	3,757,105,773	130,584,039	3,887,689,812	5,390,183,849	-	5,390,183,849

4.2.2 Foreign items

	CONSOLIDATED			THE BANK'S		
	FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
	Demand	Time	Total	Demand	Time	Total
USD	103,496,089	556,169,576	659,665,665	103,496,089	556,169,576	659,665,665
YEN	54,379,476	-	54,379,476	54,379,476	-	54,379,476
DM	23,205,034	-	23,205,034	23,205,034	-	23,205,034
Others	88,781,132	-	88,781,132	88,781,132	-	88,781,132
Total foreign items	269,861,731	556,169,576	826,031,307	269,861,731	556,169,576	826,031,307
Total domestic and foreign items Baht	4,026,967,504	686,753,615	4,713,721,119	5,660,045,580	556,169,576	6,216,215,156

The Bank and the subsidiary companies have loans to financial institutions which were closed down by the order of the Ministry of Finance on December 8, 1997, in the consolidated financial statements and the Bank's financial statements, amounting to Baht 1,937,974,255 and Baht 1,807,391,215, respectively. Part of such loans is under consideration to be changed to NCDs of Krung Thai Bank Public Company Limited, amounting to Baht 1,884,419,132 or the Bank will take other procedures for a quick recovery of the amount. The Bank maintains its claim to protection by the Government in accordance with an announcement by the Ministry of Finance and Bank of Thailand regarding measures to give additional confidence to the financial institution system, dated August 5, 1997. If the Bank changed its claim for the NCD, such NCDs bear interest at 2% p.a.

4.3 Investments in securities

4.3.1 Securities for trade

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Cost	Market Value	Cost	Market Value
Debt instruments				
Corporate debt instruments	369,982,646	54,068,150	-	-
<u>Less</u> Allowance for diminution in value of securities	(315,914,496)	-	-	-
Debt instruments - net	54,068,150	54,068,150	-	-
Equities				
Listed securities	91,231,029	17,136,719	-	-
Other securities	885,354	955,000	-	-
Foreign securities	7,968,187	733,950	-	-
Total	100,084,570	18,825,669	-	-
<u>Less</u> Allowance for diminution in value of securities	(82,063,173)	-	-	-
Equities - net	18,021,397	18,825,669	-	-
Total securities for trade - net	72,089,547	72,893,819	-	-

4.3.2 Securities for investment

	CONSOLIDATED		THE BANK'S	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	Cost	Market Value	Cost	Market Value
Debt instruments				
Government and state enterprise securities	2,751,000,588	2,355,104,853	2,325,000,588	2,000,477,953
Corporate debt instruments	838,000,000	836,107,759	728,000,000	728,000,000
Total	3,589,000,588	3,191,212,612	3,053,000,588	2,728,477,953
<u>Less</u> Allowance for diminution in value of securities	(397,787,976)	-	(324,522,635)	-
Debt instruments - net	3,191,212,612	3,191,212,612	2,728,477,953	2,728,477,953
Equities				
Listed securities	308,540,803	102,423,851	308,540,804	102,423,852
Foreign securities	3,608,159	9,661,428	3,608,159	9,661,428
Other securities	453,655,540	87,368,451	1,897,528,546	1,855,895,266
Total	765,804,502	199,453,730	2,209,677,509	1,967,980,546
<u>Less</u> Allowance for diminution in value of securities	(566,350,772)	-	(241,696,963)	-
Equities - net	199,453,730	199,453,730	1,967,980,546	1,967,980,546
Total securities for investment	3,390,666,342	3,390,666,342	4,696,458,499	4,696,458,499
Total investment in securities Baht	3,462,755,889	3,463,560,161	4,696,458,499	4,696,458,499

4.3.3 Investment in companies, in which the Bank holds more than 20% of the paid-up capital are presented by percentage of beneficial ownership and amount of investments as follows:

	Ownership	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS
Called and fully paid-up			
Vajiradhanathun Finance Company Limited	72.81 %	-	1,109,030,026
Vajiradhanasin Insurance Company Limited	92.00%	398,741,922	398,741,922
One Asset Management Limited	25.00%	25,000,000	25,000,000
P.C. Pattanasub Co., Ltd.	100.00%	1,000,000	1,000,000
R.S. Sahakij Co., Ltd.	100.00%	1,000,000	1,000,000
L.K. Business Co., Ltd.	100.00%	1,000,000	1,000,000
S.S. Subtavee Co., Ltd.	100.00%	1,000,000	1,000,000
S.C. Settakarn Co., Ltd.	100.00%	1,000,000	1,000,000
Sahasin Leasing Co., Ltd.	100.00%	1,000,000	1,000,000
25.00% called and paid-up			
Rungrueng Sahakarn Co., Ltd.	100.00%	250,000	250,000
Sahasup Dhamrong Co., Ltd.	100.00%	250,000	250,000
R.S. Sahamongkol Co., Ltd.	100.00%	250,000	250,000
P.C. Sahapatara Co., Ltd.	100.00%	250,000	250,000
P.S. Sahapol Co., Ltd.	100.00%	250,000	250,000
L.A. Union Co., Ltd.	100.00%	250,000	250,000
S.C. Sahakij Co., Ltd.	100.00%	250,000	250,000
Panichsahakij Co., Ltd.	100.00%	250,000	250,000
L.K. Settakarn Co., Ltd.	100.00%	250,000	250,000
Sahadhanabodee Co., Ltd.	100.00%	250,000	250,000
BAHT		432,241,922	1,541,271,948

Investment in subsidiary and associated companies are stated at cost, in accordance with procedures and conditions specified in the Notification of the Bank of Thailand No. TorPorTor. NorWor. (Wor) 370/2538 for presentation of investment in subsidiary and associated companies dated February 15, 1995.

As at December 31, 1997, the investment in Vajiradhanathun Finance Company Limited in the Bank's financial statements includes loss from a capital decrease amounting to Baht 219,137,727. The Bank was allowed by the Bank of Thailand to provide for such decrease in the increasing annual proportion by the sum-of-the-years-digits method over 10 years as determined by the Bank of Thailand (see Note 4.6). In the consolidated financial statements the loss from capital decrease is shown as a deduction from the shareholders' equity.

The consolidated financial statement do not include the accounts of 17 subsidiary companies which are more than 50 percent owned by the Bank and are carried at cost. They are

considered immaterial to the financial position of and different in operations from the Bank, except one subsidiary which financial position and result of the operation is material (see Note 4.3.5).

Had all such investment been presented by the equity method, the effects on the financial statements would be as follows:

	CONSOLIDATED FINANCIAL STATEMENTS Baht	THE BANK'S FINANCIAL STATEMENTS Baht
Increase (decrease) in other securities	(21,659,102)	(1,475,819,837)
Increase (decrease) in retained earnings (deficit) brought forward	28,174,341	(269,531,560)
Increase (decrease) in net profit for the year	(49,833,443)	1,206,288,277
Increase (decrease) in net profit for the year per share	(0.47)	(11.43)

4.3.4 Investment in companies, of which the Bank holds more than 20% of the paid-up capital in each company, classified according to industrial groups are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS Baht	THE BANK'S FINANCIAL STATEMENTS Baht
Manufacturing	234,927,838	197,758,732
Banking and finance	190,609,444	57,662,160
Services	116,718,007	90,636,660
Others	110,850,368	70,705,259
Baht	653,105,657	416,762,811

As at December 31, 1997, the Bank has investments in finance companies which have had their operations closed down by the Ministry of Finance on December 8, 1997. The Bank has written off such investment in the finance companies to Baht 0.10 per share resulting in the remaining value of equity securities amounting to Baht 326,660 and stock rights and warrants amounting to Baht 333.

Additionally, the subsidiary companies had also invested in the financial institutions that were closed down by the Ministry of Finance on December 8, 1997. The subsidiary companies investment in capital stock amounting to Baht 18,875,620 as well as in debt instruments amounting to Baht 315,096,979. The subsidiary companies had set up full allowance for diminution in value of the securities.

4.3.5 Information about financial position and result of the operation of a subsidiary company that is material and that bank held more than 50% of its shares for the year ended December 31, 1997 (unaudited), is as follows:

VAJIRADHANASIN INSURANCE COMPANY LIMITED

Balance Sheet

AS AT DECEMBER 31, 1997

"UNAUDITED"

ASSETS

CURRENT ASSETS

Cash and bank	123,714,086
Promissory note-financial	46,000,000
Premium due and uncollected	104,010,490
Due from reinsurers	1,723,553
Receivable and advance	7,464,408
Other current assets	7,309,308
Total current assets	290,221,845

INVESTMENT

Bonds	132,500
Stocks	10,686,190
Listed securities	3,794,078
Stock rights, warrants and options	2,500
Allowance for diminution in value of-securities	(2,345,516)
Total Investment	12,269,752

Equipment-net

11,259,847

Other assets

2,888,228

TOTAL ASSETS

BAHT 316,639,672

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Bank overdrafts	1,547,774
Outstanding claims : non-life insurance	67,594,689
Due to reinsurers	4,435,086
Allowance for risk	98,105,455
Amount withheld on reinsurance treaties	2,591,432
Commission payable	14,216,922
Other current liabilities	18,079,759
Total current liabilities	206,571,117

SHAREHOLDERS' EQUITY

SHARE CAPITAL

Authorized share capital

2,000,000 ordinary shares of Baht 100.00 each 200,000,000

Issued and paid-up capital

2,000,000 ordinary shares of Baht 100.00 each, fully paid 200,000,000

RETAINED EARNINGS

Unappropriated

(89,931,445)

TOTAL SHAREHOLDERS' EQUITY

110,068,555

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

BAHT 316,639,672



VAJRADHANASIN INSURANCE COMPANY LIMITED

Balance Sheet

AS AT DECEMBER 31, 1997

“UNAUDITED”

UNDERWRITING INCOME	
Premium written	273,670,785
<u>Less</u> Premium ceded and refunded	(32,456,834)
Net premium written	241,213,951
UNDERWRITING EXPENSES	
Unearned premium reserve increase from previous year	5,675,004
Losses incurred	142,597,317
Commissions and brokerages	22,837,650
Loss adjustment expenses	2,833,138
Representative office expenses	9,572,737
Total underwriting expenses	183,515,846
INCOME ON UNDERWRITING	57,698,105
INCOME ON INVESTMENT	
Interest and dividends	22,000,739
Loss appraisal in securities	(2,598,388)
Other income	3,505,444
Total income on investment	22,907,795
TOTAL PROFIT ON UNDERWRITING AND INVESTMENT	80,605,900
OTHER OPERATING EXPENSES	75,024,353
INCOME BEFORE INCOME TAX	5,581,547
INCOME TAX EXPENSES	-
NET INCOME	5,581,547
RETAINED EARNING (DEFICIT) BROUGHT FORWARD	(95,512,992)
RETAINED EARNINGS (DEFICIT) CARRIED ON	BAHT (89,931,445)
EARNINGS PER SHARE	BAHT 2.79

4.4 Securities used as collateral

Government bonds, Bank of Thailand bonds, and state enterprise bonds having face values in the consolidated and the Bank's financial statements amounting to Baht 2,640,649,000 and Baht 2,214,649,000 respectively are deposited as cover for the loans and the Bank's promissory notes and for other commitments with government agency and state enterprise are classified as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS
Bank of Thailand	2,462,000,000	2,111,000,000
Financial Institution Development Fund	75,000,000	-
Government provident fund	100,000,000	100,000,000
Use of electricity	3,637,000	3,637,000
Land lease	12,000	12,000
Baht	2,640,649,000	2,214,649,000

4.5 Loans

4.5.1 Classified by product

	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS
Overdrafts	14,536,209,961	14,536,209,961
Loans	25,171,727,620	24,193,018,986
Bills	20,413,300,763	17,045,017,364
Others	4,609,653,116	1,786,339,354
Baht	64,730,891,460	57,560,585,665

4.5.2 Classified by maturity

	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS
Up to 1 year*	41,271,413,965	36,510,712,249
Over 1 year	23,459,477,495	21,049,873,416
Total	64,730,891,460	57,560,585,665

* including without contract and matured contract

4.5.3 Classified by currency and customer location

	CONSOLIDATED FINANCIAL STATEMENTS			THE BANK'S FINANCIAL STATEMENTS		
	DOMESTIC	FOREIGN	TOTAL	DOMESTIC	FOREIGN	TOTAL
Baht	59,571,622,896	-	59,571,622,896	52,401,317,101	-	52,401,317,101
USD	3,338,760,645	753,536,733	4,092,297,378	3,338,760,645	753,536,733	4,092,297,378
Others	1,066,971,186	-	1,066,971,186	1,066,971,186	-	1,066,971,186
Total	63,977,354,727	753,536,733	64,730,891,460	56,807,048,932	753,536,733	57,560,585,665

4.5.4 Classified by business type

	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS
Agriculture and mining	3,399,648,691	3,358,755,690
Manufacturing and commercial	30,180,601,237	27,032,811,916
Real estate and construction	12,628,695,969	11,167,040,364
Utilities and services	8,141,311,549	7,817,531,687
Housing loans	6,919,215,182	6,915,840,211
Others	3,461,418,832	1,268,605,797
Total	Baht 64,730,891,460	57,560,585,665

As of December 31, 1997, the loans stated in the consolidated and the Bank's financial statements amounting to Baht 8,440,543,362 and Baht 4,462,219,295, respectively, are deposited as the guarantee to the Financial Institution Development Fund (see Note 4.9).

4.6 Allowance for doubtful accounts

Allowance for doubtful accounts is as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS
Beginning balance	771,832,386	684,731,124
Doubtful accounts	2,937,993,814	2,087,000,000
Bad debts written off	(2,057,569)	(2,057,569)
Ending balance	Baht 3,707,768,631	2,769,673,555

As at December 31, 1997, non-performing loans, interest receivable and other assets in the consolidated financial statements and the Bank's financial statements amounting to Baht 16,508,003,313 and Baht 14,279,548,000, respectively for which interest has not been accrued in accordance with the Notification of the Bank of Thailand No. TorPorTor. NgorPor (Wor) 4219/2540 dated December 22, 1997 regarding the recording of accrued interest and dated January 28, 1997 regarding the form of balance sheet and profit and loss statement of a commercial bank and the subsidiary company and Notification of the Bank of Thailand No. TorPorTor. ForTor. 2040/2540 dated July 18, 1997 regarding disclosure of non-performing loans in the financial statements and provision for substandard assets.

The subsidiary company had loans and accrued interest receivable where the collateral is considered to be lower than the obligation and personal guarantees amounting to Baht 613 million as at December 31, 1997. The subsidiary company has recorded provisions for possible loans losses according to Bank of Thailand regulations. Management believes that the said accounts receivable are collectible.

The major factor that has been taken into consideration in determining an allowance for doubtful accounts is the value of collateral. As the real estate and building business is currently facing marketing and liquidity problems, the value of collateral for the loans which consist of land,

building and buildings under construction appraised by the independent appraiser or the appraiser of the Bank is dependent upon the ability of the debtors to continue to make payments as liabilities become due until the completion of the project.

As at December 31, 1997, The Bank and subsidiaries have classified assets as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS
Classified as substandard assets		
Investment	88,342	-
Loans and other assets	13,606,868	12,755,584
Classified as doubtful assets		
Investment	526,823	219,138
Loans and other assets	2,937,894	1,523,964

Investment in Vajiradhanathun Finance Company Limited amounting to Baht 219,138 thousand is classified as doubtful assets, but a waiver is obtained from the Bank of Thailand (see Note 4.3.3).

4.7 Property, premises and equipment

Property, premises and equipment are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS Baht Thousand	THE BANK'S FINANCIAL STATEMENTS Baht Thousand
Land	334,037,094	334,037,094
Land - Appraisal increase	398,184,271	398,184,271
Premises	980,405,700	980,405,700
Premises - Appraisal increase	222,556,106	222,556,106
Leasehold improvement	40,973,912	-
Office furniture and equipment	48,715,536	-
Office furniture and fixtures	720,977	-
Motor vehicles	17,644,902	-
Equipment	1,059,260,735	1,059,260,735
Leasehold (net)	75,637,541	75,637,541
Properties under construction	80,720,199	80,720,199
Others	20,202,966	20,202,966
	<hr/> 3,279,059,939	<hr/> 3,171,004,612
<u>Less</u> Accumulated depreciation - cost	(950,129,663)	(909,375,237)
- appraisal increase	(26,447,980)	(26,447,980)
	<hr/> Baht 2,302,482,296	<hr/> Baht 2,235,181,395
Depreciation and amortization for the year	<hr/> Baht 158,503,621	<hr/> Baht 143,409,600

4.8 Deposits

4.8.1 Classified by product

	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS
Demand	474,431,724	441,809,421
Savings	5,815,110,195	5,815,110,195
Fixed		
- Less than 6 months	37,975,269,113	36,322,915,831
- 6 months - less than 1 years	2,188,690,518	1,395,326,014
- 1 year and over	3,854,632,042	3,821,831,455
Negotiable certificates of deposits	1,694,336,641	601,700,000
Baht	52,002,470,233	48,398,692,916

4.8.2 Classified by maturity

	CONSOLIDATED FINANCIAL STATEMENTS	THE BANK'S FINANCIAL STATEMENTS
At Call	32,622,303	-
Up to 1 year	51,894,391,643	48,356,037,216
Over 1 year	75,456,287	42,655,700
Baht	52,002,470,233	48,398,692,916

4.8.3 Classified by currency and customer location

	CONSOLIDATED FINANCIAL STATEMENTS			THE BANK'S FINANCIAL STATEMENTS		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	51,930,365,238	52,441,033	51,982,806,271	48,326,587,921	52,441,033	48,379,028,954
USD	18,756,129	907,833	19,663,962	18,756,129	907,833	19,663,962
Baht	51,949,121,367	53,348,866	52,002,470,233	48,345,344,050	53,348,866	48,398,692,916

4.9 Interbank and money market items

4.9.1 Domestic items

	CONSOLIDATED FINANCIAL STATEMENTS			THE BANK'S FINANCIAL STATEMENTS		
	Demand	Time	Total	Demand	Time	Total
Bank of Thailand and Financial Institutions						
Development Fund	1,646,000,000	3,711,395,700	5,357,395,700	100,000,000	3,711,395,700	3,811,395,700
Commercial banks	489,253,162	1,686,451,960	2,175,705,122	721,013,881	1,536,235,000	2,257,248,881
Other banks	1,177,818,500	4,000,000,000	5,177,818,500	1,177,818,500	4,000,000,000	5,177,818,500
Finance companies, Finance and securities companies, Securities companies and Credit Foncier companies	193,718,610	204,806,712	398,525,322	68,086,350	104,806,712	172,893,062

	CONSOLIDATED			THE BANK'S		
	FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
	Demand	Time	Total	Demand	Time	Total
Other financial institutions	24,751,907	59,022,721	83,774,628	24,751,907	59,022,721	83,774,628
Total Domestic	3,531,542,179	9,661,677,093	13,193,219,272	2,091,670,638	9,411,460,133	11,503,130,771

4.9.2 Foreign items

	CONSOLIDATED			THE BANK'S		
	FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
	Demand	Time	Total	Demand	Time	Total
USD	75,318,489	2,399,988,881	2,475,307,370	75,318,489	2,399,988,881	2,475,307,370
DM	-	3,216,068	3,216,068	-	3,216,068	3,216,068
Others	8,156,516	-	8,156,516	8,156,516	-	8,156,516
Total Foreign	83,475,005	2,403,204,949	2,486,679,954	83,475,005	2,403,204,949	2,486,679,954
Total Domestic and Foreign	Baht 3,615,017,184	12,064,882,042	15,679,899,226	2,175,145,643	11,814,665,082	13,989,810,725

As at December 31, 1997, interbank and money market items in the consolidated and the Bank's financial statements include the loans from the Financial Institution Development Fund amounting to Baht 4,159,000,000 and Baht 2,613,000,000, respectively. State enterprise bonds and loans of the Bank and the subsidiary company are used as collateral (see Notes 4.4 and 4.5).

4.10 Securities sold under repurchase agreements

	CONSOLIDATED			THE BANK'S		
	FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
	Bank of Thailand repurchase market	Other repurchase market	Total	Bank of Thailand repurchase market	Other repurchase market	Total
Government bond and the Bank of Thailand's bond	27,000,000	93,432,973	120,432,973	27,000,000	93,432,973	120,432,973
State enterprise securities	2,435,000,000	-	2,435,000,000	2,084,000,000	-	2,084,000,000
Total	Baht 2,462,000,000	93,432,973	2,555,432,973	2,111,000,000	93,432,973	2,204,432,973

4.11 Borrowings

Borrowing by types of instruments and sources:

	CONSOLIDATED			THE BANK'S		
	FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Subordinated term-debt repayable 8 years from 1992 to 2000 with floating interest rate at 1% over the interest rate for 3 month fixed deposit of a finance and securities company	450,000,000	-	450,000,000	450,000,000	-	450,000,000

	CONSOLIDATED FINANCIAL STATEMENTS			THE BANK'S FINANCIAL STATEMENTS		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Subordinated term-debt of US\$ 40 million repayable 5 years and 6 months from 1995 to 2000, with interest rate at LIBOR+1.50% per annum	-	1,889,880,000	1,889,880,000	-	1,889,880,000	1,889,880,000
Subordinated term-debt of US\$ 20 million repayable 5 years and 6 months from 1996 to 2002, with interest rate at LIBOR+1.50% per annum	-	944,940,000	944,940,000	-	944,940,000	944,940,000
Total	Baht	450,000,000	2,834,820,000	3,284,820,000	450,000,000	2,834,820,000
		3,284,820,000	3,284,820,000	450,000,000	2,834,820,000	3,284,820,000

4.12 Share capital

On May 25, 1989, the Board of Directors resolved to issue 2,000,000 additional ordinary shares of Baht 100.00 each, by allotting to the existing shareholders, except those who were not entitled to more shares in accordance with the Banking Act. (No. 2) of 1979 section 5 (bis), on the basis of 3 old shares for 1 new share at Baht 150.00 each. The remainder was sold to the public at Baht 200.00 per share.

On July 3 and 7, 1989 the bank received temporary injunction orders from the Civil Court forbidding it from allotting 500,000 of the new shares to be issued. Thus 1,500,000 additional ordinary shares were issued and sold and duly registered with the Registrar of Partnerships and Companies on September 4, 1989.

On May 27, 1994, the shareholders by special resolution at the Extraordinary General Meeting of shareholders decided to convert The Union Bank of Bangkok Limited to become a public limited company and to change the par value of shares from Baht 100.00 par value per share to Baht 10.00 par value per share, and confirmed the registered capital per special resolution dated April 28, 1988 of Baht 800,000,000, divided to 80,000,000 shares of Baht 10.00 each with paid-up capital of Baht 750,000,000. The special resolution was registered with Department of Commercial Registration, in accordance with the Public Companies Act B.E. 2535 (1992) on June 24, 1994. Thus The Union Bank of Bangkok is converted into The Union Bank of Bangkok Public Company Limited and the number of authorized shares from 8,000,000 shares of Baht 100.00 each to 80,000,000 shares of Baht 10.00 each.

On June 13, 1997, the Civil Court permitted the Bank to issue 5,000,000 ordinary shares which had received temporary injunction orders forbidding the Bank from allotting on July 3 and 7, 1989. The Bank then issued such ordinary shares to the existing shareholders at Baht 15.00 per share. The shares were fully subscribed and the capital increase was duly registered with the Department of Commercial registration on July 15, 1997.

The shareholders passed a resolution on August 1, 1997 to increase the registered share capital from Baht 800,000,000, divided into 80,000,000 shares of Baht 10.00 par value each to Baht 1,800,000,000, divided into 180,000,000 shares of Baht 10.00 par value each to the existing shareholders at the ratio of 1.25 new shares to 1 old share, at Baht 10.00 par value each. The subscription dates for the increased share capital were from August 20 to 29, 1997.

Capital fund

Capital fund is as follows:

Issued and paid-up share capital	1,800,000,000
Premium on share capital	290,776,835
Legal reserve	55,500,000
General and other reserves	2,772,033,000
Net profit after appropriation	54,108
Unrealized increment per land and premises appraisals	376,783,053
Subordinated debt instruments	990,080,000
Total capital fund	Baht <u>6,285,226,996</u>

As at December 31, 1997, the Bank satisfies all capital adequacy requirements per the regulatory requirements of the Bank of Thailand. If the Bank had included the net loss for the second half year 1997 in the capital fund, then the Bank may not meet the various capital and regulatory requirement of the Bank of Thailand. However management of the Bank is in the process of finding a strategic partner to increase capital.

4.13 Statutory Reserve

Under the public Companies Act, the Bank is required to set aside as statutory reserve at least 5% of its net profit after accumulated deficit brought forward (if any), until the reserve is not less than 10% of the authorized capital.

4.14 Restriction on Dividend Payment

The Bank and the subsidiary company obtained a waiver from the Bank of Thailand for loans and receivables which were classified as doubtful or substandard as of June 30, 1997. The allowance for doubtful accounts for substandard accounts has to be made in full at 15% by the Bank and 20% by the financial institution in 1998, but not less than 50% as provision for the second half 1997 and not less than 75% in the first half 1998. However, dividend can only be paid from profit determined after allowance for doubtful accounts has been made in full for bad and doubtful accounts and 15% for substandard accounts by the Bank and 20% for substandard accounts by financial institution, unless a special permission is granted by the Bank of Thailand.

4.15 Contingencies

Contingencies are as follows:

	CONSOLIDATED			THE BANK'S		
	FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
	Baht	Foreign currencies	Total	Baht	Foreign currencies	Total
Avals to bills	2,651,781,147	447,656,358	3,099,437,505	2,641,569,451	447,656,358	3,089,225,809
Guarantees of loans	166,470,000	2,163,686,775	2,330,156,775	166,470,000	2,163,686,775	2,330,156,775
Other guarantees	6,081,247,633	153,669,865	6,234,917,498	6,081,247,633	153,669,865	6,234,917,498



	CONSOLIDATED			THE BANK'S		
	FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
	Baht	Foreign currencies	Total	Baht	Foreign currencies	Total
Customers' liabilities under unmatured bills issued under letters of credit	916,057,333	-	916,057,333	916,057,333	-	916,057,333
Letters of credit	684,256,479	-	684,256,479	684,256,479	-	684,256,479
Forward foreign exchange contracts						
Bought	-	4,801,341,865	4,801,341,865	-	4,801,341,865	4,801,341,865
Sold	-	3,618,219,801	3,618,219,801	-	3,618,219,801	3,618,219,801
Amount of unused bank overdraft	5,648,799,362	-	5,648,799,362	5,648,799,362	-	5,648,799,362
Total	Baht	16,148,611,954	11,184,574,664	27,333,186,618	16,138,400,258	11,184,574,664
		27,322,974,922			27,322,974,922	

4.16 Properties used as collateral

As of December 31, 1997, Government bonds, Bank of Thailand bonds, and State Enterprise bonds stated in the consolidated and the Bank's financial statements with face values amounting to Baht 2,640,649,000 and Baht 2,214,649,000, respectively are provided as collateral to the Financial Institution Development Fund and for the electrical usage and lease of the government land, as well as deposited with the Bank of Thailand according to the regulation of the Bank of Thailand in regarding to the repurchase of government bonds.

The Bank had liabilities for government securities and state enterprise securities sold under repurchase agreements stated in the consolidated financial statements and the Bank's financial statement with face values amounting to Baht 2,462,000,000 and Baht 2,111,000,000, respectively which were fully collateralized according to the regulation of the Bank of Thailand regarding repurchase of government bonds. Another set of the government bonds which having the face values amounting to Baht 100,000,000 are sold under a repurchase agreement with the Government Provident Fund.

4.17 Related-party transactions

Loans and obligations to certain officers from the level of departmental chief upwards, and the companies in which they and/or the Bank, or the Bank's directors, have 10% or more beneficial ownership are as follows:

		CONSOLIDATED	THE BANK'S
		FINANCIAL	FINANCIAL
		STATEMENTS	STATEMENTS
Loans			
Balance as at December 31, 1997	Baht	18,066,393	18,066,393
Average balance at the end of the month	Baht	17,897,911	17,897,911

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

companies concerned. Transactions with the related companies whose shares are more than 50 percent owned by the Bank consisted mainly of the following:

	Business Type	Paid-up capital	Ownership	Amount	Loan	Obligations
Called and fully paid-up						
Vajiradhanathun Finance Company Limited	Financial	900,000,000	72.81%	1,109,030,026	1,535,556,250	2,406,080,804
Vajirathanasin Insurance Company Limited	Insurance	200,000,000	92.00%	398,741,922	-	-
One Asset Management Limited						
P.C. Pattanasub Co., Ltd.	Commercial	1,000,000	100.00%	1,000,000	-	10,000,000
R.S. Sahakij Co., Ltd.	Commercial	1,000,000	100.00%	1,000,000	-	10,000,000
L.K. Business Co., Ltd.	Commercial	1,000,000	100.00%	1,000,000	-	10,000,000
S.S. Subtavee Co., Ltd.	Commercial	1,000,000	100.00%	1,000,000	-	10,000,000
S.C. Settakarn Co., Ltd.	Commercial	1,000,000	100.00%	1,000,000	-	10,000,000
Sahasin Leasing Co., Ltd.	Commercial	1,000,000	100.00%	1,000,000	-	-
25.00% called and paid-up						
Rungrueng Sahakarn Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-
Sahasupthamrong Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-
R.S. Sahamongkol Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-
P.C. Sahapatara Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-
P.S. Sahapol Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-
L.A. Union Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-
S.C. Sahakij Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-
Panichsahakij Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-
L.K. Setthakarn Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-
Sahadhanabodee Co., Ltd.	Commercial	1,000,000	100.00%	250,000	-	-
BAHT				1,541,271,948	1,535,556,250	2,456,080,804

4.18 Long-term lease

Type of lease	Period	CONSOLIDATED	THE BANK'S
		FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
		Rental Baht	Rental Baht
Land and/or premises	January 1, 1998 - December 31, 1998	8,554,872	2,943,416
Land and/or premises	January 1, 1999 - December 31, 1999	6,670,148	2,956,314
Land and/or premises	January 1, 2000 - December 31, 2000	3,124,329	3,124,329
Land and/or premises	January 1, 2001 - December 31, 2001	3,189,678	3,189,678
Land and/or premises	January 1, 2002 - December 31, 2002	3,183,608	3,183,608
Land and/or premises	January 1, 2003 - April 30, 2025	43,768,340	43,768,340
Equipment	January 1, 1998 - December 31, 1998	8,258,624	-
Equipment	January 1, 1999 - December 31, 1999	5,346,714	-

Type of lease	Period	CONSOLIDATED	THE BANK'S
		FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
		Rental	Rental
		Baht	Baht
Service	January 1, 1998 - December 31, 1998	5,002,236	-
Service	January 1, 1999 - December 31, 1999	3,509,100	-
Motor vehicles	January 1, 1998 - December 31, 1998	141,642	-

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

4.19.1 The financial position

	CONSOLIDATED			THE BANK'S		
	FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	operations	operations	operations	operations	operations	operations
	Baht	Baht	Baht	Baht	Baht	Baht
Total assets	77,556,526,429	-	77,556,526,429	73,352,354,558	-	73,352,354,558
Interbank and money						
market items	4,173,721,119	-	4,173,721,119	6,216,215,156	-	6,216,215,156
Loans	64,730,891,460	-	64,730,891,460	57,560,585,665	-	57,560,585,665
Investment-Net	3,462,755,889	-	3,462,755,889	4,696,458,499	-	4,696,458,499
Deposits	52,002,470,233	-	52,002,470,233	48,398,692,916	-	48,398,692,916
Interbank and money						
market items	15,679,899,226	-	15,679,899,226	13,989,810,725	-	13,989,810,725
Borrowings	3,284,820,000	-	3,284,820,000	3,284,820,000	-	3,284,820,000
Contingencies	27,333,186,618	-	27,333,186,618	27,322,974,922	-	27,322,974,922

4.19.2 The results of operation

	CONSOLIDATED			THE BANK'S		
	FINANCIAL STATEMENTS			FINANCIAL STATEMENTS		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	operations	operations	operations	operations	operations	operations
	Baht	Baht	Baht	Baht	Baht	Baht
Interest and dividend income	9,056,537,075	-	9,056,537,075	8,059,024,737	-	8,059,024,737
Interest expenses	7,878,205,485	-	7,878,205,485	6,835,033,224	-	6,835,033,224
Net interest income	1,178,331,590	-	1,178,331,590	1,223,991,513	-	1,223,991,513
Bad debt and doubtful accounts	2,958,240,007	-	2,958,240,007	2,087,000,000	-	2,087,000,000
Non-interest income	837,212,799	-	837,212,799	830,435,202	-	830,435,202
Non-interest expenses	2,488,682,524	-	2,488,682,524	1,792,458,252	-	1,792,458,252
Income before income tax	(3,431,378,142)	-	(3,431,378,142)	(1,825,031,537)	-	(1,825,031,537)

4.20 Fair value of financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. The fair value of the Bank's underlying financial assets and liabilities can be determined by calculating the present value of the expected cash flows associated with the financial assets and liabilities.

Financial Assets

The Bank's financial assets, other than investments in debt securities, consist of cash (1.07%), interbank and money market items (6.78%) and loans (92.15%).

The Bank uses different methodologies for determining the fair value. The methodology used is dependent upon the characteristics of the financial instrument and the financial market in which it operates. Financial instruments that have standard terms and conditions and trade on an active and liquid market, such as investments in securities, have their fair value determined by the quoted market price (see Note 4.4).

In other circumstances, the fair value is ordinarily derived from quoted market rates such as interest rates and foreign exchange rates, which are then subsequently incorporated into generally accepted pricing models, based on discounted cash flow theory, to determine the fair value. The Bank considers that the carrying amount for the remaining classifications (that is, cash, interbank and money market items and loans) approximate the fair value as the financial instruments are either predominantly subject to regular interest rate repricing such as MLR and MOR or if fixed, are of a short term nature.

Financial Liabilities

The Bank's major financial liability classifications are deposits (73.28%) interbank and money market items (22.09%) and borrowings (4.63%). The Bank considers that the carrying amount for deposits and interbank and money market items approximate the fair value for the same reasons described above under Financial Assets (see Notes 4.8.1 and 4.8.2).

The Bank's borrowings as described in Note 4.11 are for a fixed term at a fixed rate. Accordingly, the fair value would be expected to diverge from the face value to reflect the movement in interest rates. The exception is the loans which has been issued at a floating rate.

Forward foreign exchange

The forward foreign exchange contracts bought and sold are mainly not more than 180 days. The principal currency is US. Dollar.

Additional Information

1. Name, location, type of business, number and type of fully-paid shares as at December 31, 1997

Name : The Union Bank of Bangkok Public Company Limited
 Registered Number : Bor mor Jor 480
 Registered Date : June 24, 1994
 Registered Address : 1600 New Phetchburi Road, Kwang Makkasan,
 Khet Rajatevee, Bangkok 10320
 Type of Business : Commercial Banking
 Fully Paid-up share
 Type of Shares : Ordinary Share
 Number of Shares : 180,000,000 Share
 Par Value : Baht 10.00 per share
 Registered Capital
 Registered Capital : Baht 1,800,000,000
 Fully Paid-up Capital : Baht 1,800,000,000

2. Investment in companies of which the bank holds more than 10% of the paid-up capital, are as follows :

Company Name	Location	Type of Business	Type of Shares	Paid-Up Capital	Number of Shares Withheld	Ownership %
1. Vajiradhanathun Finance Co., Ltd.	Bangkok	Finance	Ordinary	90,000,000	65,531,802	72.81
2. T.P.F. Leasing Co., Ltd.	Bangkok	Leasing	Ordinary	6,000,000	600,000	10.00
3. Toon Ruam Karn Co., Ltd.	Bangkok	Service	Ordinary	240,000	40,000	16.67
4. Panichsahakij Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
5. P.C. Patanasub Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
6. P.C. Sahapatara Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
7. P.S. Sahaphol Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
8. Rungrueng Sahakarn Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
9. Vajirathanasin Insurance Co., Ltd.	Bangkok	Insurance	Ordinary	2,000,000	1,840,000	92.00
10. Sahasubthamrong Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
11. Sahadhanabodee Co., Ltd.	Bangkok	Real Estate	Ordinary	10,000	10,000	100.00
12. Sahasin Leasing Co., Ltd.	Bangkok	Leasing	Ordinary	10,000	10,000	100.00
13. Asset Insurance Co., Ltd.	Bangkok	Insurance	Ordinary	14,769,052	1,500,000	10.16
14. One Asset Management Limited	Bangkok	Management of Unit Trust	Ordinary	10,000,000	2,500,000	25.00
15. R.S. Sahakij Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
16. R.S. Sahamongkol Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
17. S.G. Sahakarnkeha Co., Ltd.	Bangkok	Real Estate	Ordinary	100,000	10,000	10.00
18. S.C. Sahakij Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
19. S.C. Setthakarn Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
20. S-One Capital Co., Ltd.	Bangkok	Leasing	Ordinary	30,000,000	3,000,000	10.00
21. S.S. Subtavee Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
22. L.A. Union Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
23. L.K. Business Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00
24. L.K. Setthakarn Co., Ltd.	Bangkok	Commercial	Ordinary	10,000	10,000	100.00

3. Share offered to the members of the Executive Board (As at 14 October 1997)

The remaining 19,122,203 shares which were offered to the members of the Executive Board were taken up at a price of 10 baht per share, which was the same price as that paid by the original shareholders. This realized 191,222,030 or 5.83 per cent of the existing assets and liabilities of the Bank. The Executive Board members taking up the shares were as follows :

Name to	Functional Titel	Shares held	Shares about be acquires
Dr. Prabhas Chakkaphak	Vice Chairman	4,500	1,500,000
Dr. Chalermchai Vasinondha	Director	45,742	7,500,000
Mr. Sujetana Seksarn	Director	44,100	1,780,000
Mr. Mounir Ben Slimane	Director	225	1
Mr. Piyabutr Cholvijarn	President & Chief Executive Officer	1,510,785	2,342,202
Mr. Rangsin Suebsaeng	Director & Executive Vice President	702,652	6,000,000

4. Share ownership of Board members as from December 31, 1996 to December 31, 1997

		1997	1996
1. Dr. Prabhas Chakkaphak	Chairman	4,500	2,000
2. Dr. Chalermchai Vasinondha	Vice Chairman	45,742	20,330
3. Mr. Pradhan Duangratana	Director	11,812	5,250
4. Mr. Sujetana Seksarn	Director	44,100	19,600
5. Mr. Mounir Ben Slimane	Director	226	-
6. Mr. Mark Leo Leonard	Director	200	-
7. Miss Serene Ho Oi Khuen	Director	200	-
8. Mr. Piyabutr Cholvijarn	President & Chief Executive Officer	1,510,785	317,760
9. Mr. Rangsin Suebsaeng	Director & Executive Vice President	702,652	312,290
10. Mr. Goanpot Asvinvichit	Director & Executive Vice President	41,760	18,560

5. Compensation of Board members received from the Bank as at December 31, 1997

List of the Board of Directors of the Union Bank Public Company Limited

		Amount (Baht)
1. Dr. Prabhas Chakkaphak	Chairman	3,294,000.00
2. Dr. Chalermchai Vasinondha	Vice Chairman	612,000.00
3. Mr. Pradhan Duangratana	Director	612,000.00
4. Mr. Sujetana Seksarn	Director	999,000.00
5. Mr. Mounir Ben Slimane	Director	153,000.00
6. Mr. Mark Leo Leonard	Director	68,000.00
7. Miss Serene Ho Oi Khuen	Director	68,000.00
8. Mr. Piyabutr Cholvijarn	President & Chief Executive Officer	1,602,000.00
9. Mr. Rangsin Suebsaeng	Director & Executive Vice President	1,812,894.24
10. Mr. Goanpot Asvinvichit	Director & Executive Vice President	1,152,000.00

Statistics of Results of Operations in The Past 10 Years

At Year End (Million Baht)	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
Total assets	73,352.4	64,614.1	55,989.7	45,658.1	41,378.2	36,296.4	32,611.9	30,453.8	23,024.2	19,794.6
Deposits*	48,398.6	49,795.5	41,005.6	35,386.3	33,091.8	30,120.9	27,303.7	25,139.8	18,786.9	16,370.8
Interbank and money market items (Liabilities)	13,989.8	-	-	-	-	-	-	-	-	-
Lendings (net)	54,790.9	51,715.3	45,067.4	37,104.3	33,106.5	29,523.5	26,013.1	23,973.2	17,392.1	13,875.2
Cash**	746.7	2,257.3	2,280.3	1,606.9	1,745.6	1,472.7	1,509.5	1,403.1	1,085.5	1,573.7
Interbank and money market items (Assets)	6,216.2	-	-	-	-	-	-	-	-	-
Investment in securities	5,262.7	4,922.6	4,086.4	3,025.3	2,761.9	2,196.0	2,302.2	2,403.9	2,212.5	2,181.0
Borrowings***	3,284.8	7,417.6	8,268.8	4,879.8	3,251.1	1,871.7	1,485.8	1,050.8	801.9	689.9
Paid-up capital	1,800.0	750.0	750.0	750.0	750.0	750.0	750.0	750.0	750.0	600.0
Shareholders' equity	3,551.7	4,316.4	4,025.2	3,549.3	2,990.3	1,859.0	1,498.0	1,433.0	1,424.8	1,187.8
Number of employees (persons)	2,721	2,880	3,020	3,051	2,972	2,831	2,740	2,815	2,606	2,501
Number of branches	116	113	108	107	105	98	94	89	87	87
For the Year (Million Baht)										
Revenues from operations	8,889.5	6,773.3	6,270.0	4,826.1	4,606.2	4,236.7	4,432.3	3,203.8	2,261.6	1,725.7
Operating expenses	10,714.5	6,342.8	5,557.4	3,979.4	3,906.8	3,707.0	4,312.3	3,039.9	2,115.2	1,585.4
Profit before income tax	(1,825.0)	430.5	712.6	846.8	699.4	529.7	120.0	163.9	146.4	140.3
Income tax	-	124.4	221.5	280.0	185.2	165.0	51.3	62.0	53.2	46.2
Net profit	(1,825.0)	306.1	491.1	566.8	514.2	364.7	68.7	101.9	93.2	94.1
Dividend (% per year)	-	-	-	-	-	-	-	12.0	12.0	14.0

Note : * Deposits from the year 1988-1996, includes interest bearing dues to banks

** Cash from the year 1988-1996, includes deposits at banks and interest bearing dues from banks

*** Borrowings as at 31 December 1997, are subordinate long term debt only

