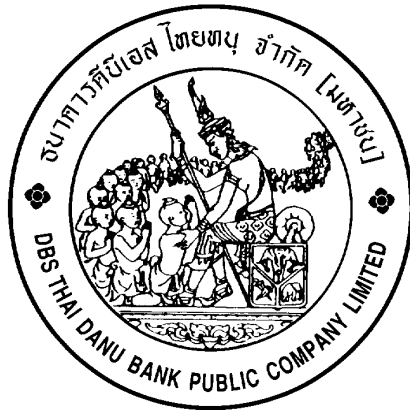


DBS THAI DANU BANK
ANNUAL REPORT 1999



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Financial Summary

	Baht'000			
	Consolidated		DTDB	
	1999	1998	1999	1998
Income Statement				
Net interest income	967,949	1,955,260	965,059	1,952,904
Non-interest income	1,002,058	734,882	992,921	733,390
Profit (loss) before provision and income tax	(3,543,214)	(2,101,067)	(3,477,404)	(2,095,264)
Provision for possible loan losses	(9,446,291)	(7,021,014)	(9,446,291)	(7,021,014)
Net profit (loss)	(12,978,615)	(9,131,593)	(12,940,173)	(9,125,659)
Balance Sheet				
Total assets	107,570,861	132,949,456	107,709,162	132,954,826
Total loans (gross)	98,866,113	107,572,214	98,866,113	107,572,214
Allowance for possible loan losses	(18,627,615)	(10,350,000)	(18,627,615)	(10,350,000)
Total deposits	89,269,452	109,093,593	89,269,452	109,102,586
Total shareholders' equity	3,752,156	8,319,747	3,796,982	8,329,789
Per Share Data (Baht)				
Earnings per share	(14.60)	(18.51)	(14.56)	(18.50)
Dividend	-	-	-	-
Book value	3.41	15.13	3.45	15.15
Ratios				
Return on average assets (%)	(10.79)	(6.87)	(10.75)	(6.93)
Return on average equity (%)	(215.02)	(109.76)	(213.41)	(104.69)
Loan loss provision/regulatory requirement(%)	80.66	46.67	80.66	46.67
Capital adequacy (%)				
Tier 1	7.71	7.00	7.71	7.00
Tier 2	3.44	2.20	3.44	2.20
Total	11.15	9.20	11.15	9.20

Message from the Board of Directors

Dear Shareholders, Valued Customers and Friends,

We are pleased to present this annual report to you, including the financial statements and the DBS Thai Danu Bank Review for 1999. The financial statements, which were audited by PricewaterhouseCoopers, ABAS Ltd., have been adopted by our Board unchanged.

Highlights of 1999

1999 proved to be another difficult year with limited lending opportunities and continuing NPL drag on the bottom line. The Bank reported a net loss of BHT 12,940 million after provisions, restructuring costs and tax (BHT 12,979 million on a consolidated basis) for 1999, compared to a loss of BHT 9,126 million the previous year. The poorer results were mainly due to increased provisions for non-performing loans, declining interest income and revaluation losses.

After peaking in the first quarter of 1999 at BHT 66,697 million, NPLs, classified on a customer basis and without immediate upgrade to performing status upon restructuring, declined by 25.3% to BHT 49,809 million by end-1999. As a percentage of total loans, NPLs fell from 62% at the peak to 48.5% of the reduced loan base. Based on current BOT guidelines to classify NPLs on account basis and to upgrade to performing loans once restructured, NPLs stood at BHT 42,187 million (principal only BHT 40,631 million), or 41% of total loans.

With the harsh operating environment, there was the need to recapitalise in order to maintain provisions for NPLs at the prescribed levels and expand lending possibilities. Our capital raising exercise in June 1999 raised BHT 5,500 million from a 1 for 1 rights issue, BHT 6,670 million of Capital Augmented Preference Shares (CAPs) and another BHT 1,500 million of Special CAPs.

The Bank reorganised its internal structure in January 1999 to better manage synergies across functions. At the same time, the Bank embarked on an integration programme to align its operations with that of majority shareholder, DBS Bank. The Bank changed its name from The Thai Danu Bank Public Company Limited to DBS Thai Danu Bank Public Company Limited on 22 April 1999.

Repositioning Programme

On 23 December 1999, we announced a broad plan to put behind us the problems arising from the economic downturn in Thailand and the rest of Asia. Our objective is to return to operating profitability as soon as possible and to reposition DBS Thai Danu Bank as a market leader in the banking industry in Thailand. The Bank will re-focus its sales and marketing activities on more credit-worthy, higher-value business, rationalise its branch network in Thailand, undertake a bank-wide review of staffing levels and deal even more assertively with NPLs.

In order to refocus and restructure the retail business, we have to withdraw from the less attractive markets where business potential is limited and rationalise overlapping branches. A total of 35 branches will be merged into a smaller but healthier and more competitive outfit of 60 branches. Moving forward, our focus will be on delivery of products and services at a more effective and efficient pace and at lower cost to the Bank through the application of new technology and communications network.

An important lesson from the crisis is the need for us to change the way we do business. Thus, we are seeking to re-configure our internal processes and procedures which would allow us to compete effectively. We will therefore be staff rightsizing after a careful and thorough review of manpower needs to achieve optimal levels. We expect to release up to 700 staff members.

Efforts are underway to hasten the resolution of NPLs and we are conscientiously exploring alternative ways of restructuring our NPLs in order to free up management focus towards new business.

With the hastening of integration by DBS Bank of its overseas subsidiaries under a Regional Operating Model, DBS Thai Danu Bank can expect to have in place technology and systems to move forward regional banking and cross selling of DBS products and services to our customers.

Subsidiary

DBS Thai Danu Securities Limited is our only subsidiary that is currently in operation. As it had just commenced its operations in mid-1999, the company had to invest substantially in human resources and equipment at the same time. Consequently, it registered a loss of BHT 55.85 million for the year. The company had strategically focused its business activities on institutional clients to minimise the risk profile of its portfolio. For 2000, the company plans to expand into the retail market as well as the financial advisory business and underwriting businesses.

Y2K

In preparation for the zero day, the Bank's Y2K Management Committee had taken rigorous efforts to ensure a smooth cross-over. Fortunately, the occasion was a non-event with no Y2K-related problems. Total Y2K remedial cost amounted to BHT 61.3 million. Given the readiness of the Bank's critical systems, we do not anticipate any major disruptions on other sensitive dates in the year 2000.

In addition, we are pleased to inform that on 9 November 1999 the Bank launched its own website with the address <http://dbs.co.th>. The website will enable greater reach by its customers as well as the general public on the activities of DBS Thai Danu Bank.

Board News

The Board of Directors is pleased to disclose its compliance with the Code of Best Practice pursuant to The Stock Exchange of Thailand's (SET) Code of Best Practice for Directors of listed companies. We have been awarded the inaugural "1999 Best Practice on Corporate Governance Award Contest" challenge trophy for 1999.

Mr. Khan Prachuabmoh, Board member and Senior Executive Vice President of the Bank retired on 29 February 2000 after 23 years of service. On behalf of the Bank, we would like to express our gratitude to Mr. Khan for his invaluable contribution and efforts. Khunying Chatchani Chatikavanij, Mrs. Benjawan Kumpanartsanyakorn and Mr. Paisal Koomalayavisai also stepped down as Directors of the Board on 13 August 1999, 30 December 1999 and 18 February 2000 respectively. The Board would like to thank the three Board members for their support.

We also wish to welcome Mr. Howard Choo who was appointed as a Director on 8 April 1999 and subsequently as an Executive Committee member on 23 April 1999. Mr. Choo brings with him over 20 years of banking experience.

The Future Beckons

One sobering lesson from the economic downturn is that our competitors are not only the other Thai banks, but also the truly global banks, such as HSBC and Citibank. To meet these challenges, the Bank is undergoing changes, some of which would inevitably be painful, but all of which are necessary. We do not believe the recovery will be overnight, but we have planted the necessary seeds to restore profitability as soon as possible. And once the initiatives come to realise their full effect, and as the economy continues to improve, the year 2000 should begin to yield our share of opportunities.

With 50 years of heritage, we remain committed to our employees, shareholders, customers and clients. We would like to offer our warmest thanks and appreciation to every employee of DBS Thai Danu Bank, for their steadfastness through this difficult period, and also to all our customers for their faithful business support. Let us look forward to better times ahead.



Pakorn Thavisin
Chairman



Pornsanong Tuchinda
President

Board of Directors

(as at 31 December 1999)

Mr.Pakorn Thavisin	Chairman
M.R.Bajarisan Jumbala	Independent Director
Mr.Paisal Koomalayavisai (resigned wef 18/2/2000)	Independent Director
Mr.Tan Keng Boon	Independent Director
Mr.Pairash Thajchayapong	Independent Director
Mr.Tanan Punwatanawit	
Mr.Ng Kee Choe	
Mr.Tan Soo Nan	
Mr.Chong Kie Cheong	
Mr.Peter Ong Boon Kwee	
Mr.Pornsanong Tuchinda	
Mr.Howard Choo	
Mr.Khan Prachuabmoh (retired wef 29/2/2000)	
Mrs. Prangmas Nititham	Secretary

Executive Committee

(as at 31 December 1999)

Mr.Chong Kie Cheong (wef 1/1/2000)	Chairman
Mr. Ng Kee Choe	
Mr. Tan Soo Nan	
Mr. Pornsanong Tuchinda	
Mr. Howard Choo	
Mr. Khan Prachuabmoh (retired wef 29/2/2000)	
Mr. Pakorn Thavisin (wef 1/1/2000)	Advisor
Mrs. Prangmas Nititham	Secretary

Audit Committee

Mr.Paisal Koomalayavisai (resigned wef 18/2/2000)	Chairman
M.R.Bajarisan Jumbala	
Mr.Tan Keng Boon	
Mr.Pairash Thajchayapong	
Mr.Peera Chinwannabutr	Secretary

Discussion of the Banking Industry in Thailand

The health of the banking industry in Thailand continues to be determined by the state of recovery and growth in the real economy and the pace of restructuring of the non-performing loans (NPLs). At the same time, global trends in banking will challenge all local players.

Economy is on the Rebound

With signs of an economic rebound, opportunities for renewed lending and more assertive NPL restructuring should follow suit.

After the two years of economic turmoil, GDP grew by about 4.0% (1998: 10.4% contraction), led by strong export growth; the projection of 5% growth in 2001 seems realistic. At the same time, the country's balance of payments position has strengthened considerably since 1998, resulting in a more stable Thai baht that is conducive for business growth. Private sector external debt declined significantly from the peak of US\$ 79.9 billion in March 1997 to around US\$ 40 billion by end of 1999 and during 1998-1999, Thailand registered a healthy current account surplus of US\$ 25.5 billion. Interest rates have also declined with the minimum-lending rate (MLR) falling by 7% to 8.25% during the past two years. As a result, the financial burden on the private sector has eased and the lending environment has improved.

However, despite the recovering economy, commercial bank credit in 1999 continued to contract by 4.3% after a sharp contraction of 9.7% in the previous year. This is due to the repayment of foreign currency loans by borrowers, the writing off of bad debts and the transfer of loans to asset management companies. Moreover, economic recovery has been largely fuelled by government expenditure which will become constrained by increasing government debt. The public sector external debt has risen from US\$ 16.1 billion in March 1998 to US\$ 36.7 billion by end-1999. Companies remain conservative about new investments or business expansion and most of the new credit extensions have been for business working capital. This trend is likely to continue throughout 2000.

NPL Resolution

NPLs of banks and finance companies rose enormously to peak at BHT 2.73 trillion or 47.7% of total loans in May 1999, thus imposing a severe drag on profits and capital. Private commercial banks reported their NPLs at 42.8% of total loans, compared to 69.4% of state-owned banks and 67.2% of finance companies. However, some progress has been made. Despite the fact that new non-performing loans are still adding into the pool, the non-performing loans ratio of the system has declined to 38.5% of total loan as of December 1999. Private commercial banks reported their non-performing loan ratios at

about 30.7% for the same period. However, several high profile NPLs remain to be restructured and continue to impose heavy capital demands on banks. It is likely that up to 20% of NPLs will have to be eventually written off.

With the formation of CDRAC by the Board of Trade of Thailand, Federation of Thai Industries, the Thai Bankers' Association, the Association of Finance Companies and the Foreign Banks' Association and with the co-operation of the Bank of Thailand, it is hoped that aggressive NPL resolution can be achieved through timely co-operation among debtor and creditors and more active corporate restructuring for viable businesses.

Future Trends

Disintermediation: Large corporates are likely to take advantage of low interest rates to issue debt instruments, many of which have foreign debt position and wish to convert them into local currency debt. On the other hand, increasingly sophisticated depositors are moving away from traditional savings accounts towards alternative investments. Asset management companies are beginning to launch fixed income funds to capture the increasing demand. As a result, we may continue to see contraction in both asset size and deposit base of commercial banks in 2000.

Increasing Competition: Competition in the financial services industry will become more intense. Several smaller banks have found strategic partners whilst foreign banks are aggressively building up their portfolio. This trend is forcing Thai financial institutions to improve their efficiency in order to provide better services to clients through technology upgrades, downsize to lower operating cost and move away from collateral-based to cash flows based analysis. Hedging devises and credit derivatives are increasingly demanded by the savvy customer against uncertainty in the markets. However, we believe that over the longer term, these developments will improve the atmosphere of doing business in Thailand and will attract more investments.

DBS Thai Danu 1999 Review

DBS Thai Danu Bank 1999 Review

1999 marks several milestones in the Bank's history. We celebrated the Bank's Golden Jubilee since its inception on 8 April 1949. The Bank was renamed as DBS Thai Danu Bank (DTDB) on 22 April 1999 to usher in a new era in the Bank's future.

Financial Analysis and Management Review

Background

It has been over 2 years since the onset of the currency and financial crisis in Thailand. Although there have been some positive indicators of economic recovery, the negative drag on the Thai banking system as a whole persists for 3 main reasons. Firstly, the level of non-performing loans remains high. Non-performing loans (NPLs) to total loans (on account basis) represented 38.5% of total loans in December 1999. Secondly, capital constraints due to the new and more rigid loans classification and provisioning guidelines issued by the Bank of Thailand demanded increased provisions. Thirdly, the majority stakes in some Thai banks are now held by foreign institutions, leading to a paradigmic shift in the competitive outlook of the banking industry in Thailand. Even though the government has implemented several measures to assist financial institutions, most of the commercial banks are still reeling from operational losses.

Results

The Bank reported a consolidated operating loss of BHT 1,853 million (before one-time expense and loan loss provisions) for 1999 versus last year's loss of BHT 2,022 million. The loss was mainly due to 2 factors.

Firstly, the Bank's consolidated total interest and dividend income fell by a hefty 57% to BHT 6,971 million for the year ended 1999 (1998: BHT 16,264). Continuing NPL drag and concessionary rates charged on restructured loans, lower interest rates charged on loans (MLR declined from a high of 17% in April 1998 to below 9% by end-1999) and lower interest income from the deployment of excess liquidity on the inter-bank market (in fact, the bank earned a negative margin on its inter-bank activities). There was marginal improvement at the operating level resulting from an increase in non-interest income particularly from investment and trading activities. Total non-interest income gained 36% from BHT 735 million in 1998 to BHT 1,002 million in 1999. Nevertheless, total income fell by 53% to BHT 7,973 million for the year under review as compared with BHT 16,999 million a year earlier.

Secondly, total non-interest expense rose 15%, on a consolidated basis, over 1998 to BHT 5,513 million.

This was due to increased expenditure on legal fees arising from litigation of our NPLs and significant

losses of BHT 338 million arising from sales of bank assets.

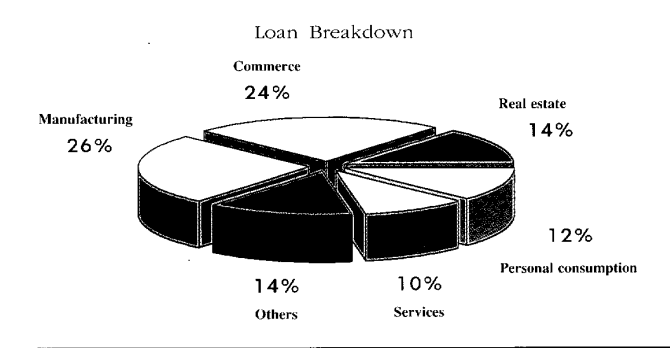
In 1999, the Bank incurred several major non-operating expenses totaling BHT 1,690 million. These are costs associated with voluntary retirement scheme for staff (known as the Mutual Separation Programme, or MSP), losses from revaluation of the Bank's premises and foreclosed properties, and the costs of the restructuring and repositioning exercise that will be elaborated upon later in this Review. Also, in the first half of 1999, we increased the level of specific provisioning by an additional BHT 8,700 million as at end of June 1999 to increase the ratio of provisions from 16.36% to 35.21% of total NPLs.

After loans provisioning and debt write-off totalling BHT 9,446 million, the Bank's consolidated net loss for 1999 was a hefty BHT 12,979 million and BHT 12,940 million for the Bank alone, representing an increase of 42% over 1998 (1998: losses of BHT 9,131 million and BHT 9,126 million respectively).

Liquidity, Deposits and Loans

As part of the Bank's liquidity management, several interest rate adjustments were implemented in order to reduce its excess liquidity. As a result, our deposit base shrunk by 18% to BHT 89,269 million (1998: BHT 109,093 million). Our market share of non-bank customer deposits decreased from 2.5% in 1998 to 2.1% in 1999.

Gross Loans (customer only) decreased from BHT 107,572 million to BHT 98,866 million, a reduction of BHT 8,706 million or 8.09% from 1998 as a result of a more cautious lending policy coupled with aggressive resolutions of the Bank's NPLs. Consequently, our market share of loans decreased from 2.5% in 1998 to 2.2% in 1999. Our top 5 exposures are to the following sectors: manufacturing 26%, commerce 24%, real estate 14%, personal consumption 12%, services 10% and others at 14%.



Assets and Equity

Total assets stood at BHT 107,571 million, a decrease of BHT 25,379 million or 19% from the previous year. Shareholders' equity was BHT 3,752 million, a decrease of BHT 4,568 million from December 1998. DTDB's capital adequacy ratio in 1999 was 11.2%, exceeding the minimum requirement of 8.5%.

Over the past two years, DTDB increased its capital twice. The first capital call was made on 11 March 1998 and DTDB was the first Thai bank to recapitalise after the financial crisis in 1997. The Bank doubled its registered capital to BHT 5,500 million from the previous BHT 2,500 million. On 22 April 1999, the Bank enlarged its registered capital to BHT 15,000 million. This was followed by a capital raising exercise consisting of a rights issue of ordinary shares, an issue of Capital Augmented Preferred Shares (CAPS) to be placed in Thailand, and CAPs with a convertible feature to be placed with The Development Bank of Singapore Ltd. (DBS, or DBS Bank). This resulted in an increase in the Bank's paid-up capital to BHT 11,000,650,000 (BHT 11,000,000,000 for common shares and BHT 650,000 for preferred shares). The exercise was aimed at allowing DTDB to meet BOT's provisioning ahead of year 2000 as well as for future expansion.

Non Performing Loans Management

NPLs, on a customer basis and without immediate upgrade to performing status upon restructuring, declined from its peak of BHT 66,697 million in the first half of 1999 (62% to total loans), to BHT 49,809 million (48.5% to total loans in December 1999) as a result of a continuing debt restructuring programme.

Based on current BOT guidelines of classifying NPLs on an account basis and upgrading NPLs to performing loans status once restructured, our NPLs will have significantly been reduced to BHT 42,187 million (BHT 40,631 million for principal only) by 31 December 1999, or 41% of total loans. Provisions for loan loss as at 31 December 1999 was BHT 17,540 million or 81% of total requirement, thereby exceeding the minimum 60% target of BOT.

Subsidiary's Performance

For the fiscal year 1999, only DBS Thai Danu Securities Limited (DBSTDS) and The Preferred Shares - Subordinated Debentures of DBS Thai Danu Plc. Fund (which is considered a special entity) were consolidated into the financial statements. The consolidated statements exclude Thai Danu-DBS Company Limited, as the company is in the process of liquidation and has not engaged in any business since 1999, and Inter-Roof Manufacturing Co., Ltd. (as the Bank holds shares to this company as part of a TDR (Troubled Debt Restructuring) workout).

Operations review: DBSTDS commenced operations in mid-1999. The company had incurred substantial expenses in hiring high-calibre personnel as well as purchase of office equipment and licence fee amortization. Therefore, it reported a net loss of BHT 55.8 million for the fiscal year.

Capital raising: DBSTDS increased its capital twice in 1999. The first capital call was made in January 1999 for BHT 100 million which increased the total paid-up capital to BHT 275 million. Later in March 1999, the Company wrote-down its retained losses of BHT 161 million, therefore reducing paid-up capital

to BHT 114 million. A second capital call was made in April 1999 for BHT 400 million thus enlarging the total paid-up capital to BHT 514 million.

Increase business licence: On 8 April 1999, the company was granted securities brokerage licence by the Ministry of Finance upon recommendation from the SEC. The company started the business on 1 June 1999 that concentrated on institutional clients in cash account only. The future prospects of DBSTDS is expected to be positive with its recent expansion into the retail market in 2000.

Achievements and Other Highlights

Organisational Realignment

The Bank started off in January 1999 with a "Restructuring for Success" initiative which involved a realignment of the organisational structure from a largely decentralised layout into 7 centralised core groups, reflecting DBS structure and matches internal capabilities with new roles which would enable DTDB to leverage on DBS resources. They are:

- Retail Banking Group
- Corporate Banking Group
- Risk Management Group
- Finance Planning and Operations Group
- Human Resources Group
- Information Technology Group
- Corporate Services Group

The following are the highlights of activities in the Bank:

Due to limited lending opportunities in 1999, the Corporate Banking Group concentrated on servicing existing customers. However, Treasury has had a good year and enjoyed good returns from its trading and investment activities, thus contributing to the better performance of the Bank at the operating level.

The Retail Banking Group has been developing various financial products and services with wider customer reach to suit target customers. Some examples of new services that have been introduced are Auto Banking, Telephone Banking, CheckPlus and the Mobile Bank. On 15 January 2000, the Bank launched its first Kiosk Bank at Movie Walk - Siam Discovery. The Kiosk Bank provides full banking services and is open 7 days a week. This new concept, if well received by the market, will be expanded into other popular and well patronised areas. MicroCash Card, a flagship product, is being promoted to encourage its greater usage in view of its popularity.

In 1999 the Retail Banking Group launched the successful Yim Pon Baan - Mortgage Loan Programme which attracted BHT 2,500 million worth of new loans.

Good Corporate Governance: The Bank has strongly emphasized good corporate governance, which would create working efficiency and transparency at all levels and gradually lead to greater accountability. DTDB has set up an Audit Committee in April 1999 which also supervises the Bank's Internal Audit Department. To continue the good corporate governance, the Bank has developed additional guidelines and department handbooks that place emphasis on trustworthiness, and integrity. DTDB was conferred The Best Practice Award on Corporate Governance in the Banking and Finance Category for the year 1999.

Restructuring and Repositioning

In the last quarter of 1999, after extensive analysis and much consideration, the Bank announced a **Major Restructuring and Repositioning Exercise** to put it back on the path to financial health. The exercise will commence in early 2000 and requires the Bank to refocus on branch consolidation, personnel rightsizing, revenue growth and NPLs resolution.

Branch Consolidation: We are carrying out a branch network rationalisation programme to merge the existing 95 branches into a healthier and more competitive outfit of 60 branches. This decision arose from recognition on the part of the management that the future of retail banking is no longer about building branch networks. Instead, our focus will be on the ability to deliver products and services at a more effective and efficient pace and at lower cost to the Bank through the application of new technology and communications network.

Personnel Rightsizing: An important lesson from the crisis is the need for us to change the way we do business. Thus, we are seeking to re-configure our internal processes and procedures which would allow us to compete effectively. We will therefore be staff rightsizing after a careful and thorough review of manpower needs to achieve optimal levels. We expect to release 700 staff members as a result of this redundancy exercise.

Revenue Growth: Following the poor lending climate over the past 3 years, the Bank now believes that time is ripe for renewed vigour in business growth. The Bank has launched "Yim Pon Baan" programme in 1999 and will continue developing further on this proven formula. At the same time, the Bank is confident of reaching out to a quality pool of corporate customers through joint marketing and product development with DBS Bank. Fee based income will also be an area of priority.

NPL Resolution: An integrated NPL management process has been developed with the formation of the Debt Restructuring Group to manage all of the Bank's NPLs. This effort will see further co-operation and co-ordination in the Bank's effort to reduce its NPLs.

Regional Operating Model: DTDB will be moving towards a Regional Operating Model in line with the rest of the DBS Group. This will ensure further integration with DBS and other regional subsidiaries with the objective of making DTDB an integral part of a world class regional bank.

Y2K & Other Technology Issues

In preparation for the zero day, the Bank's Y2K Management Committee had taken rigorous efforts to ensure a smooth cross-over. Fortunately, the occasion was a non-event with no Y2K-related problems. Total Y2K remedial cost amounted to BHT 61.3 million. Given the readiness of the Bank's critical systems, we do not anticipate any major disruptions on other sensitive dates in the year 2000.

In addition, on 9 November 1999 the Bank launched its own website at <http://dbs.co.th>. The website will enable greater reach by its customers as well as the general public on the activities of DTDB.

Social Responsibilities

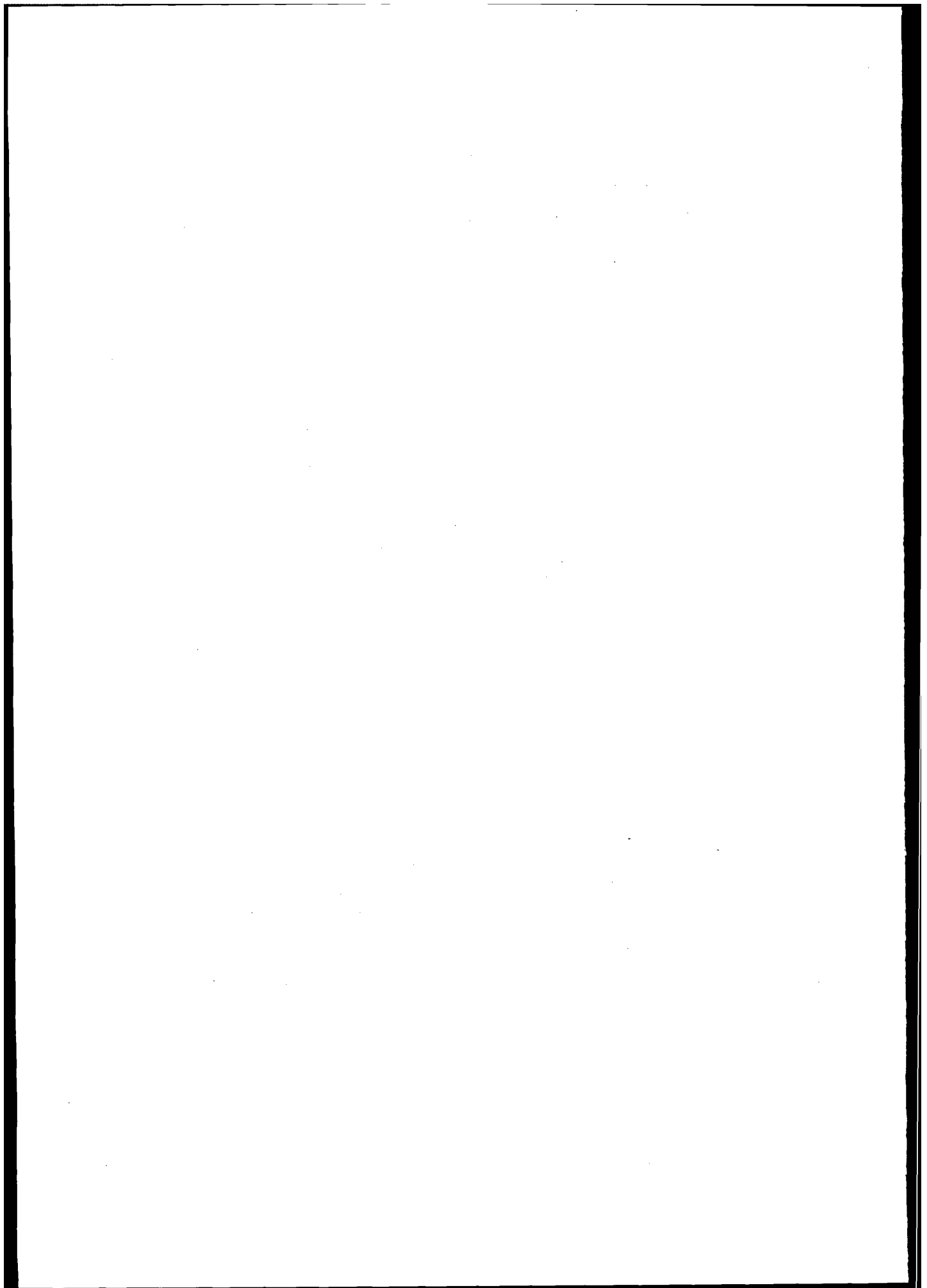
Whilst running its business, the Bank also finds time to assume its responsibility in the Thai society. In 1999, DTDB initiated a number of socially beneficial programmes.

Royal family-related activities: The most respected and beloved person in Thailand - His Majesty the King - reached his sixth cycle birthday in 1999. DTDB participated as a distribution channel for the collectible books and coin projects. In addition, DTDB initiated a charity rally in which all the proceeds, including the fully support amount contributed by DTDB and DBS Bank, amounting to BHT 3,275,000, were presented to His Majesty the King

Academic assistance activities: In 1999, 468 scholarships were awarded to deserving Thai students, amounting to BHT 1,829,500. DTDB also sponsored the Thai Danu School, located in Amphur Mae Eye, Chiang Mai and Thai Danu Housewife Club, for homemakers to earn additional income.

Religious activities: DTDB performed an annual Katin Ceremony, receiving royal robes from the royal family and presenting it to Yannawa Temple, Khet Sathon. The donation for 1999 was BHT 666,329.

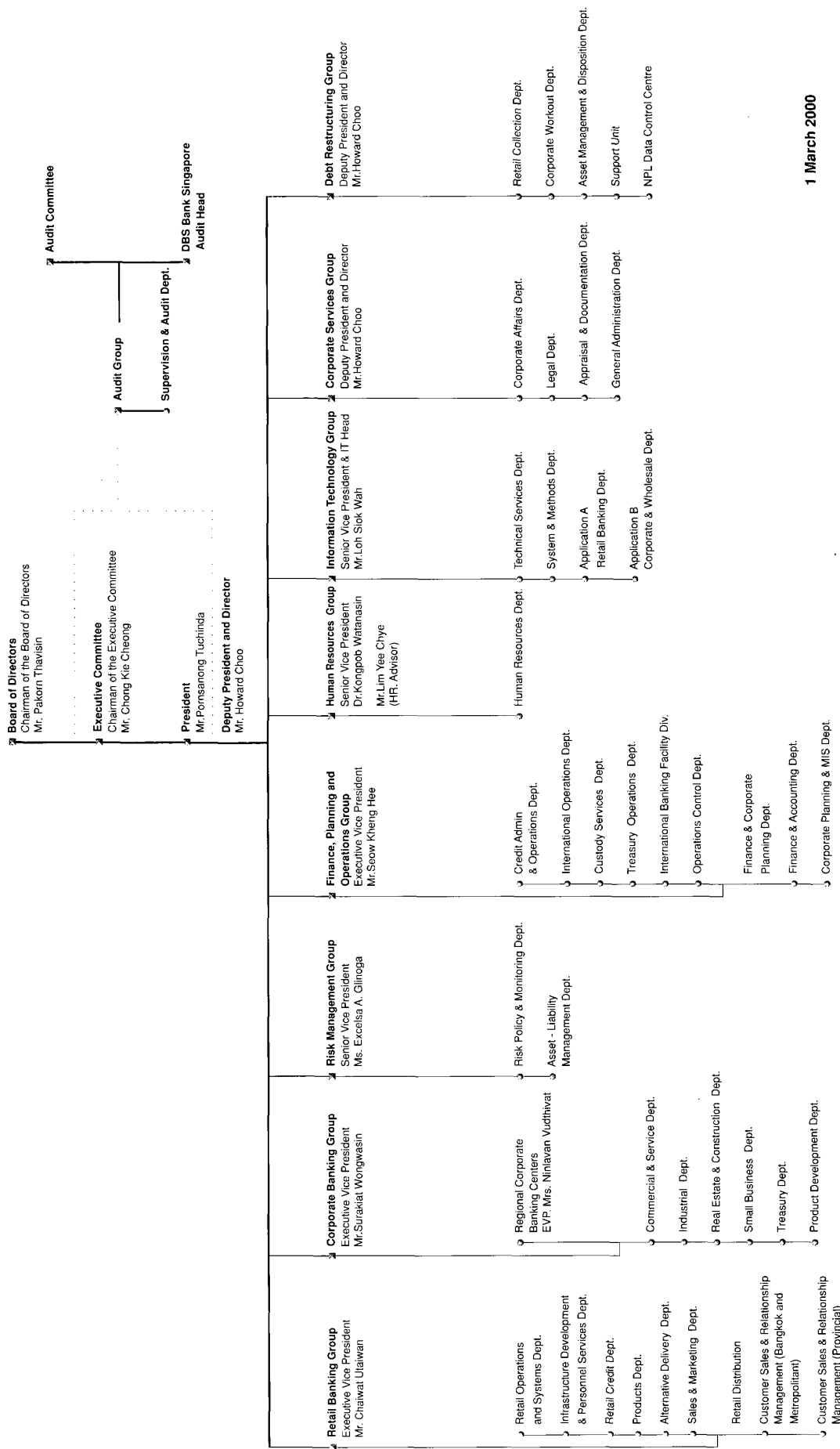
Community services activities: DTDB donated 300 units of computers to schools and government sectors where teaching and hi-tech equipment were needed. They form part of the IT project under the patronage of H.R.H. Princess Maha Chakri Sirindhorn.



Organization Chart

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Organization Chart



1 March 2000

The new committee structure is made up of five focus groups charged with responsibility for the following:

Policy Committee

- Bank - wide management and policies
- Strategic decision making
- Substantial investments approval
- Regulatory compliance

Risk Management Committee

- Asset and liability management
- Liquidity management
- Credit, market and operational risks

Technology and Operations Committee

- IT planning and investment
- Automation of back - office operations
- Systems operational procedures and control
- Products and services IT support

Products and Services Committee

- Retail and corporate product development, marketing and launch

Human Resources Committee.

- Staff recruitment and deployment
- Compensation and benefits
- Performance evaluation and promotion
- Training and skills development

Each Committee is comprised of senior management and relevant staff from across the Bank's business and functions, drawn for their experience and expertise and day-to-day involvement in the business. Meetings are held depending on needs either weekly, fortnightly or monthly.

The decision making process with focus groups enable formulation of business strategies to steer the Bank forward. Given the cross-fertilisation of ideas from specialist staff, new products are being researched and developed. Furthermore, DTDB has also access to DBS products and therefore has an upper hand in the introduction of new products to Thailand without spending too much resources on product development.

Executive Officers

(as at March 2000)

Mr.Pornsanong Tuchinda	President
Mr.Howard Choo	Deputy President
Mr.Chaiwat Utaiwan	Executive Vice President
Mr.Surakiat Wongwasin	Executive Vice President
Mr.Seow Kheng Hee	Executive Vice President
Mrs.Ninlavan Vudthivat	Executive Vice President
Mr.Loh Siok Wah	Senior Vice President
Ms.Excelsa A. Glinoga	Senior Vice President
Mrs.Prangmas Nititham	Senior Vice President
M.L.Ayuth Jayant	Senior Vice President
Mr.Satian Tantanasarit	Senior Vice President
Ms.Utoomporn Kunakorn	Senior Vice President
Mrs.Suttharug Panya	Senior Vice President
Mr.Lim Yee Chye	Advisor to HR Department
Dr.Kongpob Watanasin	Senior Vice President
Mr.Lor Chee Leng, Michael	Senior Vice President

Statement from the Audit Committee

The Audit Committee was established by the Board of Directors on 23 April 1999. The committee comprises of at least 3 independent Directors who are neither DBS Thai Danu Bank management nor staff. The Board of Directors also appointed the Chief Internal Auditor as the committee's secretary.

The committee is set to meet quarterly. Additional meeting could be called in case there is the need. During 1999 the committee had called five meetings, including a meeting prior to its formal formation.

The primary function of the committee is to assist the Board of Directors in fulfilling its control and oversight responsibilities. It also reviews financial information to be provided to the shareholders and the public. The committee also considers the appropriateness of internal controls, which the bank management and the Board of Directors have established. The committee also performs the following functions:

- (1) Review and approve Supervision & Audit Department's audit plan and audit report. Review auditor's comment and the management remedy measures.
- (2) Recommend the appointment of Bank's external auditor and to review the external auditor's report.
- (3) Review the Bank financial status and operations report.



Mr. Paisal Koomalayavisai

Chairman of the Audit Committee

17 February 2000

DBS Thai Danu Bank

Report from the Auditors

Financial Statements

Auditor's Report

**To the Shareholders of DBS Thai Danu Bank Public Company Limited
(Formerly Thai Danu Bank Public Company Limited)**

I have audited the accompanying consolidated and bank balance sheets of DBS Thai Danu Bank Public Company Limited as at 31 December 1999 and the related consolidated and bank statements of income, changes in shareholders' equity, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the bank's management. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated and bank financial statements of DBS Thai Danu Bank Public Company Limited for the year ended 31 December 1998 (before reclassifications and revisions to the notes disclosure referred to in Note 4.19) were audited by another auditor whose report dated 19 February 1999 expressed a qualified opinion on those statements because of an under provision for doubtful accounts amounting to Baht 11,829 million as at 31 December 1998.

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

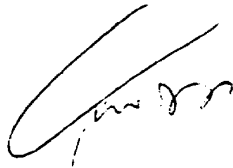
As more fully described in Note 9 to the consolidated and bank financial statements, the allowance for doubtful loans as at 31 December 1999, determined on the basis of loan classifications and percentage of allowance as contained in the Bank of Thailand's guidelines, is estimated at Baht 21,746 million. The Bank of Thailand, however, allows all commercial banks to recognise the loan loss spread over the period up to December 2000, with a required minimum amount of the allowance during the periods. Accordingly, the bank has not made the full allowance of Baht 21,746 million as at 31 December 1999, which treatment in our opinion does not conform to generally accepted accounting principles, but has made an allowance of Baht 17,540 million, which is in excess of the minimum of Baht 13,048 million required by the Bank of Thailand's guidelines as at 31 December 1999.

In my opinion, except for the effects of the understatement of the allowance for doubtful accounts described in the third paragraph, the consolidated and bank financial statements referred to above present

· fairly, in all material respects, the consolidated and bank financial position of DBS Thai Danu Bank Public
· Company Limited as at 31 December 1999, the consolidated and bank results of operations, and the
· consolidated and bank cash flows for the year then ended in accordance with generally accepted
· accounting principles in Thailand.

· Without qualifying my opinion in these respects, I draw attention to Note 3, 4.5 and 34 to the consolidated
· and bank financial statements. Note 3 describes the change in accounting estimates in relation to
· recognition of overdue accrued interest income and the change of collateral value used in calculating the
· allowance for doubtful accounts. Notes 4.5 describes the change in accounting policy on investment in
· debt and equity securities to be in accordance with the new accounting standard. Note 34 describes the
· economic crisis and its effects on the bank's operations.

· I also draw attention to Note 36 which is marked "unaudited". Information regarding the Year 2000 issue
· as presented in this note has not been subjected to auditing procedures and accordingly, I express no
· opinion on it.



· UNAKORN PHRUITHITHADA

· Certified Public Accountant

· (Thailand) No. 3257

· PricewaterhouseCoopers ABAS Limited

· Bangkok

· 18 February 2000

Balance Sheets

AS AT 31 DECEMBER

	CONSOLIDATED		BANK	
	1999 Baht'000	1998 Baht'000	1999 Baht'000	1998 Baht'000
Assets				
Cash	1,258,594	781,372	1,258,534	781,362
Interbank and money market items (Note 5)				
Domestic items				
Interest bearing	1,904,432	1,381,056	1,894,329	1,369,499
Non-interest bearing	646,262	1,497,428	646,062	1,497,428
Foreign items				
Interest bearing	388,144	4,020,679	388,144	4,020,679
Non-interest bearing	472,239	447,918	472,239	447,918
Total interbank and money market items	3,411,077	7,347,081	3,400,774	7,335,524
Securities purchased under resale agreements (Note 6)	500,000	2,000,000	500,000	2,000,000
Investment in securities, net (Note 7)	8,602,062	15,997,167	8,937,762	16,133,167
Loans and accrued interest receivables (Note 8)				
Loans	98,866,113	107,572,214	98,866,113	107,572,214
Accrued interest receivable	3,310,444	4,068,897	3,310,444	4,068,897
Total loans and accrued interest receivables	102,176,557	111,641,111	102,176,557	111,641,111
Less Allowance for doubtful accounts (Note 9)	(18,627,615)	(10,350,000)	(18,627,615)	(10,350,000)
Loans and accrued interest receivables, net	83,548,942	101,291,111	83,548,942	101,291,111
Properties foreclosed	4,767,755	550,046	4,767,755	550,046
Customers' liability under acceptances	177,875	177,068	177,875	177,068
Property and equipment, net (Note 10)	4,029,155	3,537,412	4,004,390	3,533,884
Accrued interest receivable	190,038	294,124	190,038	294,100
Refundable income tax (Note 11)	330,092	310,595	330,092	310,595
Goodwill (Note 7)	65,201	115,342	-	-
Other assets	690,070	548,138	593,000	547,969
Total assets	107,570,861	132,949,456	107,709,162	132,954,826

The notes to the consolidated and bank financial statements on pages 36 to 93 form an integral part of these financial statements.

Balance Sheets

AS AT 31 DECEMBER

	CONSOLIDATED		BANK	
	1999	1998	1999	1998
	Baht'000	Baht'000	Baht'000	Baht'000
Liabilities and Shareholders' Equity				
Deposits (Note 12)				
Deposits in Baht	89,031,429	108,730,737	89,031,429	108,739,730
Deposits in foreign currencies	238,023	362,856	238,023	362,856
Total deposits	89,269,452	109,093,593	89,269,452	109,102,586
Interbank and money market items (Note 13)				
Domestic items				
Interest bearing	2,128,469	2,373,121	2,537,646	2,426,316
Non-interest bearing	712,011	400,449	712,011	400,459
Foreign items				
Interest bearing	10,493	6,631,737	10,493	6,631,737
Total interbank and money market items	2,850,973	9,405,307	3,260,150	9,458,512
Liabilities payable on demand	232,842	202,668	232,842	202,668
Securities sold under repurchase agreements	-	800,000	-	800,000
Long-term borrowings (Note 14)	8,995,774	2,958,096	8,995,774	2,958,096
Bank's liability under acceptances	177,875	177,068	177,875	177,068
Interest payable	665,974	1,449,245	665,991	1,449,245
Provision for restructuring and repositioning (Note 33)	462,000	-	462,000	-
Other liabilities	939,657	477,020	848,096	476,862
Total liabilities	103,594,547	124,562,997	103,912,180	124,625,037
Minority interest	224,158	66,712	-	-

Balance Sheets

AS AT 31 DECEMBER

	CONSOLIDATED		BANK	
	1999 Baht'000	1998 Baht'000	1999 Baht'000	1998 Baht'000
Liabilities and Shareholders' Equity (Cont'd)				
Shareholders' equity				
Share capital (Note 15)				
Registered share capital				
1,500,000,000 ordinary shares				
of Baht 10 each	15,000,000	-	15,000,000	-
550,000,000 ordinary shares				
of Baht 10 each	-	5,500,000	-	5,500,000
65,000 preferred shares				
of Baht 10 each	650	-	650	-
Issued and paid-up share capital				
1,100,000,000 ordinary shares				
of Baht 10 each	11,000,000	-	11,000,000	-
550,000,000 ordinary shares				
of Baht 10 each	-	5,500,000	-	5,500,000
65,000 preferred shares				
of Baht 10 each (Note 14)	650	-	650	-
Premium on ordinary shares	9,687,431	9,687,431	9,687,431	9,687,431
Premium on preferred shares (Note 14)	1,500,487	-	1,500,487	-
Revaluation surplus on land	1,433,205	833,550	1,433,205	833,550
Revaluation surplus on buildings	122,508	60,814	122,508	60,814
Unrealised gains (losses) on investments				
in securities (Note 16)	272,997	(471,883)	272,997	(471,883)
Retained earnings (deficit)				
Appropriated				
Legal reserve (Note 18)	200,000	200,000	200,000	200,000
Others	350,000	350,000	350,000	350,000
Unappropriated	(20,815,122)	(7,840,165)	(20,770,296)	(7,830,123)
Total shareholders' equity	3,752,156	8,319,747	3,796,982	8,329,789
Total liabilities and shareholders' equity	107,570,861	132,949,456	107,709,162	132,954,826
Off-balance sheet items - contingencies (Note 19)				
Avals to bills and guarantees on loans	1,064,536	1,372,547	1,064,536	1,372,547
Liabilities under unmatured import bills	890,284	1,052,798	890,284	1,052,798
Letters of credit	850,432	922,129	850,432	922,129
Other contingencies	36,004,962	40,731,372	36,004,962	40,731,372

The notes to the consolidated and bank financial statements on pages 36 to 93 form an integral part of these financial statements.

DBS THAI DANU BANK PUBLIC COMPANY LIMITED
Statements of Income
FOR THE YEAR ENDED 31 DECEMBER

	CONSOLIDATED		BANK	
	1999	1998	1999	1998
	Baht'000	Baht'000	Baht'000	Baht'000
Interest and dividend income				
Interest on loans	5,655,523	13,615,705	5,655,523	13,615,705
Interest on interbank and money market items	609,674	1,712,923	609,665	1,712,303
Interest on government and state enterprise securities	481,264	649,639	481,264	649,639
Interest and dividend on other securities	224,691	286,430	224,691	286,430
Total interest and dividend income	6,971,152	16,264,697	6,971,143	16,264,077
Interest expenses				
Interest on deposits	4,877,805	12,743,926	4,877,805	12,743,926
Interest on interbank and money market items	471,919	1,267,063	474,800	1,268,799
Interest on short-term borrowings	-	16,101	-	16,101
Interest on long-term borrowings	653,479	282,347	653,479	282,347
Total interest expenses	6,003,203	14,309,437	6,006,084	14,311,173
Net interest and dividend income	967,949	1,955,260	965,059	1,952,904
Bad debts and doubtful accounts	9,446,291	7,021,014	9,446,291	7,021,014
Net interest and dividend income after bad debts and doubtful accounts	(8,478,342)	(5,065,754)	(8,481,232)	(5,068,110)
Non-interest income				
Fee and service income				
Acceptances, avals and guarantees	113,489	109,265	113,489	109,265
Others	156,102	177,607	156,102	177,607
Gains on foreign exchange	96,907	320,745	96,907	320,745
Unrealised gains on investments in securities held for trading	-	62,463	-	62,463
Gains on sales of investment in securities	503,867	-	503,957	-
Other income	131,693	64,802	122,466	63,310
Total non-interest income	1,002,058	734,882	992,921	733,390

Statements of Income

FOR THE YEAR ENDED 31 DECEMBER

	CONSOLIDATED		BANK	
	1999	1998	1999	1998
	Baht'000	Baht'000	Baht'000	Baht'000
Non-interest expenses				
Personnel expenses	1,088,694	932,015	1,053,357	931,077
Properties and equipment expenses	619,085	554,497	604,663	552,967
Taxes and duties	271,449	484,508	271,345	484,507
Fees and service expenses	286,463	116,731	286,463	116,761
Directors' remuneration	7,052	6,450	6,813	6,450
Losses on sales of investment in securities	-	157,717	-	157,717
Impairment losses on investment in securities	375,283	1,667,046	415,283	1,667,046
Contribution to the Financial Institutions				
Development Fund	439,194	456,396	439,194	456,396
Losses on sales of properties foreclosed	337,562	-	337,562	-
Impairment losses on properties foreclosed	795,000	-	795,000	-
Impairment losses on land and buildings	304,919	-	304,919	-
Restructuring and repositioning charges	462,000	-	462,000	-
Amortisation of goodwill	50,141	6,071	-	-
Other expenses	476,379	409,778	458,785	408,637
Total non-interest expenses	5,513,221	4,791,209	5,435,384	4,781,558
Loss before income tax and minority interest	(12,989,505)	(9,122,081)	(12,923,695)	(9,116,278)
Income tax	16,478	9,381	16,478	9,381
Loss before minority interest	(13,005,983)	(9,131,462)	(12,940,173)	(9,125,659)
Minority interest in net loss/(profit) of subsidiary	27,368	(131)	-	-
Net loss for the year	(12,978,615)	(9,131,593)	(12,940,173)	(9,125,659)
Loss per share				
Net loss for the year (Baht)	(14.60)	(18.51)	(14.56)	(18.50)
Weighted average number				
of ordinary shares in issue (Shares)	889,041,096	493,287,671	889,041,096	493,287,671

The notes to the consolidated and bank financial statements on pages 36 to 93 form an integral part of these financial statements.

Statements of Changes in Shareholders' Equity

FOR THE YEAR ENDED 31 DECEMBER

	CONSOLIDATED		BANK	
	1999 Baht'000	1998 Baht'000	1999 Baht'000	1998 Baht'000
Ordinary share capital				
Balance at beginning of the year	5,500,000	2,500,000	5,500,000	2,500,000
Increase during the year	5,500,000	3,000,000	5,500,000	3,000,000
Balance at end of the year	11,000,000	5,500,000	11,000,000	5,500,000
Premium on ordinary shares				
Balance at beginning of the year	9,687,431	6,687,431	9,687,431	6,687,431
Increase during the year	-	3,000,000	-	3,000,000
Balance at end of the year	9,687,431	9,687,431	9,687,431	9,687,431
Preferred share capital				
Balance at beginning of the year	-	-	-	-
Increase during the year	650	-	650	-
Balance at end of the year	650	-	650	-
Premium on preferred shares				
Balance at beginning of the year	-	-	-	-
Increase during the year	1,500,487	-	1,500,487	-
Balance at end of the year	1,500,487	-	1,500,487	-
Revaluation surplus on land				
Balance at beginning of the year	833,550	833,550	833,550	833,550
Increase during the year	599,655	-	599,655	-
Balance at end of the year	1,433,205	833,550	1,433,205	833,550
Revaluation surplus on buildings				
Balance at beginning of the year	60,814	63,424	60,814	63,424
Increase during the year	64,304	-	64,304	-
Depreciation charge for the year	(2,610)	(2,610)	(2,610)	(2,610)
Balance at end of the year	122,508	60,814	122,508	60,814
Unrealised gains (losses) on investment in securities				
Balance at beginning of the year	(471,883)	(2,826,528)	(471,883)	(2,826,528)
Changes during the year	744,880	2,354,645	744,880	2,354,645
Balance at end of the year	272,997	(471,883)	272,997	(471,883)
Retained earnings (deficit)				
Appropriated				
Legal reserve				
Balance at beginning of the year	200,000	200,000	200,000	200,000
Changes during the year	-	-	-	-
Balance at end of the year	200,000	200,000	200,000	200,000
Others				
Balance at beginning of the year	350,000	350,000	350,000	350,000
Changes during the year	-	-	-	-
Balance at end of the year	350,000	350,000	350,000	350,000

DBS THAI DANU BANK PUBLIC COMPANY LIMITED
Statements of Changes in Shareholders' Equity
FOR THE YEAR ENDED 31 DECEMBER

	CONSOLIDATED		BANK	
	1999	1998	1999	1998
	Baht'000	Baht'000	Baht'000	Baht'000
Retained earnings (deficit) (cont'd)				
Unappropriated				
Balance at beginning of the year	(7,840,165)	1,295,536	(7,830,123)	1,295,536
Retroactive adjustment to recognise the equity of a subsidiary	3,658	(4,108)	-	-
Net loss for the year	(12,978,615)	(9,131,593)	(12,940,173)	(9,125,659)
Balance at end of the year	(20,815,122)	(7,840,165)	(20,770,296)	(7,830,123)
Total shareholders' equity	3,752,156	8,319,747	3,796,982	8,329,789

The notes to the consolidated and bank financial statements on pages 36 to 93 form an integral part of these financial statements.

Statements of Retained Earnings

FOR THE YEAR ENDED 31 DECEMBER

	CONSOLIDATED		BANK	
	1999	1998	1999	1998
	Baht'000	Baht'000	Baht'000	Baht'000
Unappropriated retained earnings (deficit)				
Balance at beginning of the year	(7,840,165)	1,295,536	(7,830,123)	1,295,536
Retroactive adjustment to recognise the equity of a subsidiary	3,658	(4,108)	-	-
Net loss for the year	(12,978,615)	(9,131,593)	(12,940,173)	(9,125,659)
Total unappropriate retained earnings (deficit)	(20,815,122)	(7,840,165)	(20,770,296)	(7,830,123)
Appropriated retained earnings				
Legal reserve	200,000	200,000	200,000	200,000
Other reserve	350,000	350,000	350,000	350,000
Total appropriated retained earnings	550,000	550,000	550,000	550,000
Total retained earnings (deficit)	(20,265,122)	(7,290,165)	(20,220,296)	(7,280,123)

Statements of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER

	CONSOLIDATED		BANK	
	1999 Baht'000	1998 Baht'000	1999 Baht'000	1998 Baht'000
Cash flows from operating activities				
Net loss for the year	(12,978,615)	(9,131,593)	(12,940,173)	(9,125,659)
Adjustments to reconcile net loss				
to cash received (paid) from				
operating activities:				
Depreciation and amortisation	289,017	221,780	269,218	220,581
Bad debts and doubtful accounts	9,446,291	7,021,014	9,446,291	7,021,014
(Gains)/losses on sales of investments	(503,867)	157,717	(503,957)	157,717
Losses on sales of properties foreclosed	337,562	83	337,562	83
Unrealised gains on foreign exchange	(89,787)	(250,259)	(89,787)	(250,259)
Amortisation of goodwill	50,141	6,071	-	-
Amortisation of deferred interest expense	-	-	60,020	-
Minority interest in net (loss)/profit of				
subsidiaries	(27,368)	131	-	-
Unrealised gains on investment in securities				
held for trading	-	(62,463)	-	(62,463)
Impairment losses on investment in securities	375,283	1,667,046	415,283	1,667,046
Impairment losses on properties foreclosed	795,000	-	795,000	-
Impairment losses on land and buildings	304,919	-	304,919	-
(Increase) decrease in accrued interest				
and dividend income	871,746	(1,862,887)	871,746	(1,862,863)
Increase (decrease) in accrued				
interest payable	(780,876)	(478,010)	(780,859)	(478,010)
Increase (decrease) in accrued expenses	683,147	250,434	683,147	250,334
Loss from operations before changes in				
operating assets and liabilities (carried forward)	(1,227,407)	(2,460,936)	(1,131,590)	(2,462,479)

The notes to the consolidated and bank financial statements on pages 36 to 93 form an integral part of these financial statements.

DBS THAI DANU BANK PUBLIC COMPANY LIMITED
Statements of Cash Flows
FOR THE YEAR ENDED 31 DECEMBER

	CONSOLIDATED		BANK	
	1999 Baht'000	1998 Baht'000	1999 Baht'000	1998 Baht'000
Loss from operations before changes in				
operating assets and liabilities (brought forward)	(1,227,407)	(2,460,936)	(1,131,590)	(2,462,479)
(Increase) decrease in operating assets				
Interbank and money market items	4,041,160	(2,076,698)	4,051,463	(2,072,489)
Securities purchased under resale				
agreements	1,500,000	(300,000)	1,500,000	(300,000)
Investment in securities for trading	-	(2,620,409)	-	(2,620,409)
Loans	7,719,524	4,635,630	7,719,524	4,635,630
Properties foreclosed	(5,499,904)	(541,859)	(5,499,904)	(541,859)
Other assets	(204,419)	4,015	(95,746)	2,814
Increase (decrease) in operating liabilities				
Deposits	(19,831,736)	19,285,629	(19,831,736)	19,284,423
Interbank and money market items	(6,704,511)	(11,389,536)	(6,348,539)	(11,340,534)
Liabilities payable on demand	30,174	(47,182)	30,174	(47,182)
Securities sold under repurchase agreements	(800,000)	800,000	(800,000)	800,000
Short-term borrowings	-	(1,225,000)	-	(1,225,000)
Minority interest	196,000	-	-	-
Other liabilities	237,359	47,731	145,926	47,984
Net cash provided by (used in)				
operating activities	(20,543,760)	4,111,385	(20,260,428)	4,160,899
Cash flows from investing activities				
Increase in investment in securities	-	(9,903,380)	-	(9,896,272)
for investment				
Decrease in investment in securities	8,321,141	-	8,321,231	-
Cash flow on acquisition, net of cash acquired	-	(121,412)	-	-
Increase in investment in subsidiaries	-	-	(255,000)	(128,520)
Purchase of property and equipment	(433,688)	(246,324)	(402,140)	(246,750)
Proceeds from sales of property				
and equipment	174,666	3,295	174,666	3,295
Net cash provided by (used in)				
investing activities	8,062,119	(10,267,821)	7,838,757	(10,268,247)

Statements of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER

	CONSOLIDATED		BANK	
	1999 Baht'000	1998 Baht'000	1999 Baht'000	1998 Baht'000
Cash flows from financing activities				
Decrease in long-term borrowings	(708,137)	(122,481)	(768,157)	(122,481)
Increase share capital of subsidiary companies from minority interest	-	49,000	-	-
Proceeds from issuance of ordinary share capital	5,500,000	3,000,000	5,500,000	3,000,000
Proceeds from premium on share capital	-	3,000,000	-	3,000,000
Proceeds from issuance of preferred shares with non-detachable subordinated debentures	8,167,000	-	8,167,000	-
Net cash provided by (used in) financing activities	12,958,863	5,926,519	12,898,843	5,877,519
Net increase (decrease) in cash	477,222	(229,917)	477,172	(229,829)
Cash at beginning of the year	781,372	1,011,289	781,362	1,011,191
Cash at end of the year	1,258,594	781,372	1,258,534	781,362
Supplementary information on cash flows :				
Income tax paid	28,852	43,070	28,852	43,070
Interest paid	5,222,829	12,637,311	5,222,829	12,637,311

The notes to the consolidated and bank financial statements on pages 36 to 93 form an integral part of these financial statements.

Notes to the Consolidated and Bank Financial Statements

1. General information

DBS Thai Danu Bank Public Company Limited ("the Bank") is a commercial bank which provides full banking services e.g. corporate lending, retail loans, trade finance, etc. The parent bank of the Bank is Development Bank of Singapore Ltd. (DBS Bank). As at 31 December 1999, the Bank employs 2,845 staffs, with 95 branches over the country.

2. Basis for preparation of the consolidated and bank financial statements

The consolidated and bank financial statements for the year ended 31 December 1999 and 1998 are prepared in accordance with the basis prescribed by the generally accepted accounting principles in Thailand and the Stock Exchange of Thailand. The consolidated and bank financial statements are also prepared under the historical cost convention as modified by the revaluation of certain property and equipment, and marketable securities.

The consolidated financial statements

Subsidiaries are companies in which the Bank has control over financial and operating policies of those companies. Subsidiaries are consolidated from the date on which effective control is transferred to the Bank and are no longer consolidated from the date of disposal. Significant accounting policies of subsidiaries are also consistent with the policies adopted by the Bank. The effects to the consolidated financial statements of all transactions between the Bank and its subsidiaries are eliminated in the consolidated financial statements including investment in subsidiaries and share capital of subsidiaries. Separate disclosure is made for *minority interests* in the consolidated balance sheet and consolidated income statement.

The subsidiary included in the consolidated financial statements is DBS Thai Danu Securities Limited (Formerly named "Sri Dhana DBS Securities Company Limited"). The consolidated financial statements as at 31 December 1999 also included the financial statements of The Preferred Shares - Subordinated Debentures of DBS Thai Danu Plc. Fund ("the Fund") as the Fund is considered as a special purpose entity which raises fundings on behalf of the Bank.

The consolidated financial statements for the year ended 31 December 1999 and 1998, however, do not include the financial statements of Inter-Roof Manufacturing Company Limited in which the Bank directly holds 76% (1998: 70.91%) because the Bank intends to hold such investment on a temporary basis. The investment in this subsidiary was acquired as a result of debt restructuring in 1998. Total assets as at 30 June 1999 and net loss for the six month period then ended based on the

million) and Baht 26 million (for the year ended 31 December 1998: Baht 276 million), respectively, which are not material to the consolidated financial statements of the Bank.

The consolidated financial statements also exclude the financial statements of Thai Danu-DBS Company Limited, a subsidiary in which the Bank holds 51% of the equity, because the subsidiary has discontinued its business operations in 1999. The total assets as at 31 December 1999 and net loss for the year then ended of the subsidiary were Baht 22.6 million and Baht 0.4 million, respectively, which are not material to the consolidated financial statements of the Bank.

The bank financial statements

The bank financial statements are prepared in accordance with requirements of the Ministerial Regulation No.7 B.E.2539 (1996) under the Public Companies Act B.E.2535 (1992) dated 25 October 1996, regarding the preparation of balance sheet and statement of income for public limited companies, effective from the accounting period beginning on 1 January 1997, and in accordance with the Procedures, Policies and Notifications of the Bank of Thailand regarding the preparation of the financial statements of commercial banks.

3. Accounting change

Changes in accounting estimate

- 3.1 Interest income is recognised on the accrual basis unless collectability is in doubt. Therefore, with effect from 1 January 1999, the Bank changed its accounting estimate for recognition of overdue accrued interest income from more than six months to three months since the due date. This is in accordance with the Bank of Thailand's Notification dated 31 March 1998 regarding change in basis of recognition of interest income, loan classifications, allowance for doubtful accounts and related measures. The effect of this change cannot be quantified and accordingly is not presented.
- 3.2 With effect from 1 January 1999, the Bank of Thailand allows the change of collateral value used in calculating provision for classified loans, as per notification No. BOT Ngor (Vor) 2382/2542 dated 2 July 1999 regarding the relaxation for basis of calculation of collateral value used for deducting from outstanding classified loans. Previously, the collaterals which have been appraised within 6 months are allowed to use the maximum of 90% of collateral value and which have been appraised more than 6 months are allowed to use the maximum of 50% of collateral value, to be deducted from outstanding classified loans. According to the new notification, the collaterals which have been appraised within 12 months are allowed to use the maximum of 90% of collateral value and which have been appraised over 12 months are

allowed to use maximum of 50% of collateral value, to be deducted from outstanding classified loans. For retail customer whose outstanding balance is less than Baht 5 million, 90% of collateral value will be deducted from outstanding balance of classified loan if such collateral has been appraised within 36 months. Whereas, only 50% of collateral value will be deducted from classified outstanding balance if the last appraisal is over 36 months. The effect of this change cannot be quantified and accordingly is not presented.

4. Significant accounting policies

4.1 Cash and cash equivalents

Cash and cash equivalents include cash and cash on collection.

4.2 Recognition of income

For the year ended 31 December 1999, the Bank has accrued interest on all loans except for those which are uncollected after a period of 3 months after which interest is recognised on a collection basis. This is in accordance with the Bank of Thailand's notification dated 31 March 1998.

For the year ended 31 December 1998, the Bank has accrued interest on all loans except for those which are uncollected after a period of 6 months. This is in accordance with the instructions of the Bank of Thailand dated 12 November 1997.

Interest on investment is recognised as income on an accrual basis. Dividend income is recognised on a cash basis.

4.3 Recognition of expenses

Expenses, including interest expense, are recognised on an accrual basis.

4.4 Securities purchased under resale agreements and securities sold under repurchase agreements

Securities purchased under agreements to resell and securities sold under agreements to repurchase retained in the financial statements and recorded as assets and liabilities as appropriate. Interest income on securities purchased under resale agreements and interest expense on securities sold under repurchase agreements are recognised over the respective periods of the agreements.

4.5 Investment in securities

The Bank has adopted the Thai Accounting Standard No. 40 on "Accounting for Investment in Debt and Equity Securities" with effect from 1 January 1999. The standard requires such change to be made prospectively from the effective date without retroactive adjustment. The new accounting policy on investment in securities can be summarised as follows:

Investment in securities available for sale consists of all debt securities, units trust and marketable equity securities which are presented at fair value in the balance sheet. Fair value are calculated on the following basis:

- For debt securities which are traded in the Bond Dealing Club (BDC), fair value are calculated by reference to the last bid price on the last business day of the period. Where fair value of other debt securities, which are not traded in the BDC, are calculated by reference to the risk-free yield curve adjusted by the appropriate risk premium.
- For units trust, fair value are calculated by reference to the Net Asset Value as at the last business day of the period published by fund managers.
- For marketable equity securities, fair value are calculated by reference to Stock Exchange quoted bid prices on the last business day of the period.

Unrealised gains or losses resulting from changes in fair value of securities classified as available for sale is included in the shareholders' equity.

Investment in non-marketable equity securities is classified as general investment and is stated at cost subject to impairment.

Investment in subsidiaries is accounted for in the bank financial statements by the cost method in accordance with the Notification of the Bank of Thailand dated 15 February 1995.

An impairment review is carried out when there is a factor indicating that such investment might be impaired. If the carrying amount of the investment is higher than its recoverable amount, impairment loss is charged to the statement of income as impairment loss on investment in securities.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of income.

When disposing of part of the Bank's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined from the weighted average carrying amount of the total holding of the investment.

For the year ended 31 December 1998

4.5.1 Investment in securities are stated at the lower of aggregate cost and aggregate market value, except as stated in Note 4.5.2. Market values of securities are calculated on the following basis:

4.5.1.1 For government debt instruments, the average monthly auction value of the government bonds, the Bank of Thailand's bonds, and state enterprise bonds

guaranteed by the Government is used. If there is no such auction value, the Bank's yield curve for debt instruments of the Government sector will be used which is in accordance with guideline that the Bank has notified the Bank of Thailand for acknowledgement. In case of state enterprise bonds without government guarantee, an appropriate risk premium will be adjusted.

4.5.1.2 For equity securities which are listed securities, market values are the closing prices of The Stock Exchange of Thailand on the last business day of the period.

4.5.1.3 For private sector's debt instruments, the last closing prices are used as standard in determining the market value. In the absence of such prices, market values are determined by applying the aforementioned risk adjusted yield curve, under guideline that the Bank has notified the Bank of Thailand for acknowledgment and conservative approach also has been firstly applied.

4.5.2 Equity securities which are non-listed securities are stated at the lower of cost and book value, except in the case when a permanent decline in value is deemed to have occurred, of which loss will be charged to the statement of income.

Investments in units trust which are non-listed securities are stated at the lower of aggregate cost and aggregate net assets value, being the prices according to the report of the Association of Securities on the last business day of period.

4.5.3 In case of temporary decline, the declined value of securities held for trading is to be recognised in the statement of income, whereas the decline in value of securities held for investment is to be presented as a deduction from the shareholders' equity. When it is a permanent decline, the declined value is charged to the statement of income.

4.5.4 Investment in subsidiaries in the bank financial statements is stated at cost in accordance with the Notification of the Bank of Thailand dated 15 February 1995.

4.6 Loans

Overdrafts are stated at the drawn amounts including interest outstanding.

Other loans are stated at the principal amounts.

Unearned discounts on notes receivable are included in other liabilities.

4.7 Allowance for doubtful accounts

For the year ended 31 December 1999, the Bank conforms with the Bank of Thailand's Notification dated 31 March 1998, which allowed the Bank to gradually set allowance for doubtful accounts in portion every six-month period commencing from 31 December 1998 to 31 December 2000.

On 30 December 1999, the Bank of Thailand announced the revised regulations regarding loan classification that require banks to categorise their loan portfolios into six categories and set minimum reserve based on these categories. The period that a loan is past due and the ability to repay the debt are the principal criteria utilised in classifying a loan. The maximum collateral value used in calculating the required allowance for doubtful accounts is based on the type of collateral and the date of the most recent valuation.

An increase in an allowance for doubtful accounts is charged as an expense in each accounting period. Bad debts written off or bad debts recovered are recorded as a decrease or an increase in the allowance for doubtful accounts.

4.8 Troubled Debt Restructurings

The Bank follows the guidelines on the troubled debt restructurings issued by the Bank of Thailand. The Bank records the transferred assets or equity interest received at the lower of fair value of the assets or equity interest and total amount of loans (including both accrued interest and non-accrued interest as at the restructuring date).

Where the troubled debt restructurings involve modification of terms of the remaining loans, the fair value of investment in loans after the restructuring is calculated based on the expected future cash flows discounted by the minimum lending rate (MLR) of the Bank as at the restructuring date.

Losses arising from restructuring, less recorded allowance for doubtful accounts, are recognised in the statement of income when incurred.

Legal fees and other direct costs incurred to effect the debt restructurings are recorded as expenses when incurred.

4.9 Assets and liabilities in foreign currencies

Transactions in foreign currencies are converted into Baht at the rates of exchange prevailing at the transaction dates.

Balances of monetary assets and monetary liabilities in foreign currencies and forward exchange contracts at the end of the period are converted at the reference exchange rates of the Bank of Thailand at the end of the period.

Gains and losses from foreign exchange transactions, and translation gains and losses are taken up in the statement of income. Swap points resulting from the difference between the contracted forward rate and the spot rate at the date of transaction is deferred and amortised as gains or losses using straight-line method over the contract period.

The Bank managed foreign exchange rate risk by maintaining a foreign exchange position

which comprises net assets and liabilities, net spot and forward contracts under limits approved by the Bank's Board of Directors and in accordance with Bank of Thailand's rules.

4.10 Properties foreclosed

Properties foreclosed consist of movable and immovable properties which are stated at the lower of cost and market value. Market value is determined by reference to independent appraiser. The decrease resulting from the lower of cost and market value is recognised as an impairment loss on properties foreclosed in the statement of income.

Gains or losses on disposals of such properties are recognised in the income statement at the date of disposal.

4.11 Property and equipment

All property and equipment is initially recorded at cost. Land and buildings are subsequently presented at market value, based on valuations performed by external independent valuers if the carrying amount of such property exceeds Baht 50 million and by internal valuers for property of which the carrying amount is lower than Baht 50 million. Revaluation is carried out every five years. All other property and equipment is stated at historical cost less accumulated depreciation or amortisation.

Increases in the carrying amount arising on revaluation are credited to revaluation surplus on land and buildings in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the revaluation surplus; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the income statement) and depreciation based on the asset's original cost is transferred from the income statement to reduce the revaluation surplus.

Depreciation and amortisation are calculated by the straight-line method, based on the estimated useful lives of the assets or the lease period, within the rates allowed by the Revenue Code, as follows:

Buildings	20	years
Equipment	5	years
Leasehold	lease period 3-30	years

Where the carrying amount of equipment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Estimated recoverable amount is the higher of the value in use of the asset and the amount obtainable from the sale of the asset less any costs of disposal.

Cost associated with the maintenance of existing computer software programmes and for modification for the Year 2000 are recorded as an expense when incurred.

Expenditures for additions, renewal and betterment, which result in a substantial increase in an asset's current replacement value, are capitalised at cost. Repair and maintenance costs are recognised as expenses when incurred.

Gains and losses on disposal of property and equipment are determined by reference to the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of income. On disposal of revalued asset, amount in the revaluation surplus relating to that asset is transferred to the income statement.

4.12 Provident and pension funds

In 1977, the Bank initiated a plan to pay gratuities to certain staff upon their leaving after completing 10 years or more of service. The gratuities will be based upon the number of years of service and the last salaries paid.

The cost of the plan is expensed in the period in which payments are made. A reserve for this purpose is being built up for the amount as the Bank considers appropriate.

The Bank has established a provident fund for those employees who indicate their willingness to join. The contributions of the fund are received from deducting monthly salary of the employees who are the members of the fund and the Bank pays up to 3 times of the individual deduction. The Bank has assigned a financial institution to manage the fund. The fund has been registered as a provident fund in accordance with the Provident Fund Act B.E. 2530 (1987).

4.13 Contributions to the Financial Institution Development Fund are recorded as an expense on the accrual basis.

4.14 Income tax expense

Income tax expense represents corporate income tax payable on taxable profit for the year.

4.15 Earnings (loss) per share

Earnings (loss) per share is computed by dividing the net profit (loss) attributable to shareholders by the weighted average number of ordinary shares in issue and outstanding during the period.

For the fully diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Bank has two dilutive potential ordinary shares i.e. convertible preferred shares and convertible subordinated debentures.

In the fully diluted earnings per share calculation, the convertible preferred share and convertible subordinated debentures are assumed to have been converted into ordinary shares and the net profit is adjusted to eliminate the applicable dividend and interest expense less the tax effect.

For the year ended 31 December 1999, all potential ordinary shares caused anti-dilutive to the loss per share. Therefore, the Bank did not include the anti-dilutive potential ordinary shares in the loss per share calculation.

4.16 Use of accounting estimates

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

4.17. Goodwill

Goodwill in the consolidated financial statements arose from the book value of investment in subsidiaries being lower than the cost of investment on the acquisition date and is amortised using the straight-line method over its estimated useful life of 10 years. The Bank will adjust the carrying amount of goodwill if there is a factor indicating that such goodwill might be impaired.

4.18. Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

4.19. Reclassification

Certain reclassifications and revised disclosures in the notes to the consolidated and bank financial statements have been made in the financial statements for the year ended 31 December 1998 to conform with the classifications and disclosures in the financial statements for the year ended 31 December 1999.

5. Interbank and money market items

Interbank and money market items consisted of the following as at 31 December :

	Baht'000		
	CONSOLIDATED		
	1999		
Domestic items	Demand	Time	Total
The Bank of Thailand	642,959	-	642,959
Commercial banks	13,381	1,836,035	1,849,416
Other banks	43	-	43
Finance companies, finance and securities companies, securities companies and credit foncier companies	58,276	-	58,276
Total domestic items	714,659	1,836,035	2,550,694
Foreign items			
USD	314,174	388,144	702,318
YEN	48,210	-	48,210
DM	6,362	-	6,362
Others	103,493	-	103,493
Total foreign items	472,239	388,144	860,383
Total domestic and foreign items	1,186,898	2,224,179	3,411,077

	Baht'000		
	CONSOLIDATED		
	1998		
Domestic items	Demand	Time	Total
The Bank of Thailand	1,491,113	-	1,491,113
Commercial banks	48,291	-	48,291
Other banks	65	-	65
Finance companies, finance and securities companies, securities companies and credit foncier companies	1,000,000	339,015	1,339,015
Total domestic items	2,539,469	339,015	2,878,484
Foreign items			
USD	333,002	4,020,679	4,353,681
YEN	25,983	-	25,983
DM	20,825	-	20,825
Others	68,108	-	68,108
Total foreign items	447,918	4,020,679	4,468,597
Total domestic and foreign items	2,987,387	4,359,694	7,347,081

	Baht'000		
	BANK		
	1999		
	Demand	Time	Total
Domestic items			
The Bank of Thailand	642,959	-	642,959
Commercial banks	3,078	1,836,035	1,839,113
Other banks	43	-	43
Finance companies, finance and securities companies, securities companies and credit foncier companies	58,276	-	58,276
Total domestic items	704,356	1,836,035	2,540,391
Foreign items			
USD	314,174	388,144	702,318
YEN	48,210	-	48,210
DM	6,362	-	6,362
Others	103,493	-	103,493
Total foreign items	472,239	388,144	860,383
Total domestic and foreign items	1,176,595	2,224,179	3,400,774

	Baht'000		
	BANK		
	1998		
	Demand	Time	Total
Domestic items			
The Bank of Thailand	1,491,113	-	1,491,113
Commercial banks	36,733	-	36,733
Other banks	66	-	66
Finance companies, finance and securities companies, securities companies and credit foncier companies	1,000,000	339,015	1,339,015
Total domestic items	2,527,912	339,015	2,866,927
Foreign items			
USD	333,002	4,020,679	4,353,681
YEN	25,983	-	25,983
DM	20,825	-	20,825
Others	68,108	-	68,108
Total foreign items	447,918	4,020,679	4,468,597
Total domestic and foreign items	2,975,830	4,359,694	7,335,524

Interbank and money market items - domestic items as at 31 December 1999 included Negotiable Certificates of Deposit bearing 2% interest of Krung Thai Bank amounting to Baht 582 million which are

held for reserve purpose and presented herewith in accordance with the Ministerial Regulation No. 7 (B.E.2539).

As at 31 December, the Bank has the following outstanding loans and accrued interest to borrowers who subsequently have problems in their financial positions and operating results:

	1999			Baht'000
	No.of	Loans	Collateral	Amount of
	companies	outstanding	provision	provision
Financial institutions				
ordered to be closed down				
on 8 December 1997	2	27,058	-	27,058
	1998			Baht'000
	No.of	Loans	Collateral	Amount of
	companies	outstanding	provision	provision
Financial institutions				
ordered to be closed down				
on 8 December 1997	3	1,274,053	-	33,127
Financial institutions controlled				
by order of BOT to decrease				
and increase capital	1	18,894	-	-
Total	4	1,292,947	-	33,127

6. Securities purchased under resale agreements

As at 31 December, securities purchased under resale agreements consisted of the following:

	1999			Baht'000
	CONSOLIDATED AND BANK			
	Bank of Thailand repurchase market	Other repurchase market	Total	
Government bonds and the				
Bank of Thailand bonds	500,000	-	500,000	
Total	500,000	-	500,000	
	1998			Baht'000
	CONSOLIDATED AND BANK			
	Bank of Thailand repurchase market	Other repurchase market	Total	
Government bonds and the				
Bank of Thailand bonds	2,000,000	-	2,000,000	
Total	2,000,000	-	2,000,000	

7. Investment in securities

7.1 Investment as at 31 December 1999 is classified in accordance with the new accounting policy, which is in accordance with the Accounting Standard No. 40, and can be shown as follows:

	CONSOLIDATED		BANK	
	Cost/		Cost/	
	Book Value	Fair Value	Book Value	Fair Value
Available for sale securities				
Government and state enterprise securities	5,807,640	5,954,425	5,807,640	5,954,425
Corporate debt instruments	419,120	260,682	419,120	260,682
Foreign debt instruments	1,114,293	1,115,578	1,114,293	1,115,578
Marketable equity securities	383,321	456,999	383,321	456,999
Others	723,105	641,375	723,105	641,375
	<u>8,447,479</u>	<u>8,429,059</u>	<u>8,447,479</u>	<u>8,429,059</u>
Add/(Less) Mark to market adjustment	279,997	-	279,997	-
Allowance for impairment				
in value of securities	(298,417)	-	(298,417)	-
Subtotal	<u>8,429,059</u>	<u>8,429,059</u>	<u>8,429,059</u>	<u>8,429,059</u>
General investments and investment in subsidiaries				
Non-marketable equity securities	239,634		231,814	
Foreign securities	2,472		2,472	
Investment in subsidiaries	15,300		398,820	
	<u>257,406</u>		<u>633,106</u>	
Less Allowance for impairment				
in value of securities	(84,403)		(124,403)	
Subtotal	<u>173,003</u>		<u>508,703</u>	
Total investment in securities	8,704,885		9,080,585	
Add/(Less) Mark to market adjustment	279,997		279,997	
Allowance for impairment				
in value of securities	(382,820)		(422,820)	
Total investment in securities, net	<u>8,602,062</u>		<u>8,937,762</u>	

7.2 Investment as at 31 December 1998 is classified in accordance with the previous accounting policy and can be shown as follows:

	Baht'000			
	CONSOLIDATED		BANK	
	Cost/ Book Value	Fair Value	Cost/ Book Value	Fair Value
Securities for trading				
Debt instruments				
Government and state enterprise securities	2,192,831	2,279,464	2,192,831	2,279,464
Corporate debt instruments	60,791	52,000	60,791	52,000
Foreign debt instruments	307,602	314,630	307,602	314,630
Total	2,561,224	2,646,094	2,561,224	2,646,094
Less Allowance for diminution in value of securities	-	-	-	-
Net debt instruments	2,561,224	2,646,094	2,561,224	2,646,094
Equities				
Listed securities	153,065	21,180	153,065	21,180
Less Allowance for diminution in value of securities	(131,885)	-	(131,885)	-
Net equities	21,180	21,180	21,180	21,180
Net securities for trading	2,582,404	2,667,274	2,582,404	2,667,274
Securities for investment				
Debt instruments				
Government and state enterprise securities	10,760,227	11,260,567	10,760,227	11,260,567
Corporate debt instruments	570,677	412,852	570,677	412,852
Foreign debt instruments	1,126,112	1,149,664	1,126,112	1,149,664
Total	12,457,016	12,823,083	12,457,016	12,823,083
Less Allowance for diminution in value of securities	(5,052)	-	(5,052)	-
Net debt instruments	12,451,964	12,823,083	12,451,964	12,823,083
Equities				
Listed securities	520,343	306,901	520,343	306,901
Foreign securities	2,471	5,368	2,471	5,368
Others	906,816	783,818	1,042,816	919,818
Total	1,429,630	1,096,087	1,565,630	1,232,087
Less Allowance for diminution in value of securities	(466,831)	-	(466,831)	-
Net equities	962,799	1,096,087	1,098,799	1,232,087
Net securities for investment	13,414,763	13,919,170	13,550,763	14,055,170
Total investment in securities, net	15,997,167	16,586,444	16,133,167	16,722,444

7.3 Investment in equity securities in which the Bank holds equal to and more than 10% of the paid up capital in each company as follows:

31 December 1999						
Company Name	Business	Paid-up share capital (Million Baht)	% of investment	Amount of investment at cost method (Baht'000)	Dividend for year (Baht'000)	
Subsidiaries						
1. Thai Danu - DBS Co., Ltd.	Custodian	30.00	51%	15,300	-	
2. DBS Thai Danu Securities Ltd. (Formerly named "Sri Dhana DBS Securities Co.,Ltd")	Securities	514.00	51%	383,520	-	
3. Inter-Roof Manufacturing Co.,Ltd.	Roof Tile Manufacturer	200.00	76%	0.005	-	
Associated Company						
— NONE —						
Related Companies						
1. Thailand Carpet Manufacturing Public Co.,Ltd.	Carpet Manufacturer	555.56	46%	153,333	-	
2. The Thai Insurance Public Co., Ltd.	Insurance	60.00	10%	12,035	900	
3. Siam Regal Co.,Ltd.	Distributor Toothpaste " DARLIE"	1.00	10%	100	12	
4. Navanakorn Distribution Centre Co., Ltd.	Renting Containers	120.00	10%	12,000	564	
5. Danu Thai Holding Co., Ltd.	Holding Company	37.00	10%	3,700	-	
6. Roche Diagnostic (Thailand) Co.,Ltd. (Formerly named " Boehringer Mannheim Group (Thailand) Co.,Ltd.")	Distributor's Medical Products	22.00	10%	2,200	-	
7. Electrical Lamp Manufactures (Thailand) Co., Ltd.	Electrical Lamp Manufacturer	12.50	10%	500	55	
8. Bangkok Payment Technology Co., Ltd.	Computer Software and Smart Card	7.50	10%	0.0	-	

31 December 1999

Company Name	Business	Paid-up share capital (Million Baht)	% of investment	Amount of investment at cost method (Baht'000)	Dividend for year (Baht'000)
9. TSD Leasing Co., Ltd.	Leasing and Hire- Purchase	150.00	10%	0.00	-
10. SCB Biotech Co., Ltd.	Sponsor for Medical Research & Vaccine	112.75	10%	11,275	-
11. Pattanadhorn Co., Ltd.	Holding Company	47.50	10%	4,750	-
12. Business Venture . Promotion Co.,Ltd	Venture Capital	120.00	10%	12,000	-

The investment in Thailand Carpet Manufacturing Public Company Limited which the Bank holds 46% was occurred as a result of debt restructuring in 1999. The Bank intends to hold such investment on a temporary basis and the Bank does not have significant involvement in management of this company. In accordance with the restructuring agreement, the former shareholder has an option to repurchase the share up to maximum 30% of such investment by 18 September 2002 at Baht 6 per share plus interest at MLR+2% from the first date of right to the transfer date. The Bank, therefore, does not treat this company as an associated company of the Bank and has not accounted for the amount of investment using the equity method.

31 December 1998

Company Name	Business	Paid-up share capital (Million Baht)	% of investment	Amount of investment at cost method (Baht'000)	Dividend for year (Baht'000)
Subsidiaries					
1. Thai Danu - DBS Co., Ltd.	Custodian	30.00	51%	15,300	-
2. Sri Dhana DBS Securities Co., Ltd.	Securities	175.00	51%	128,520	-
3. Inter-Roof Manufacturing Co., Ltd.	Roof Tile Manufacturer	200.00	70.91%	0.004	-
Associated Company					
—NONE—					
Related Companies					
1. The Thai Insurance Public Co., Ltd.	Insurance	60.00	10%	12,035	900
2. Navanakorn Distribution Centre Co., Ltd.	Renting Containers	120.00	10%	12,000	542
3. Danu Thai Holding Co., Ltd.	Holding Company	37.00	10%	3,700	-
4. Boehringer Mannheim Group (Thailand) Co., Ltd.	Distributor's Medical Products	22.00	10%	2,200	-
5. Electrical Lamp Manufactures (Thailand) Co., Ltd.	Electrical Lamp Manufacture	20.00	10%	500	80
6. Bangkok Payment Technology Co., Ltd.	Computer Software And Smart Card	30.00	10%	3,000	-
7. TSD Leasing Co., Ltd.	Leasing and Hire- Purchase	150.00	10%	0.00	-
8. SCB Biotech Co., Ltd.	Sponsor for Medical Research & Vaccine	112.75	10%	11,275	-
9. Pattanadhorn Co., Ltd.	Holding Company	47.50	10%	4,750	100
10. New Generation Farm Produce Co., Ltd.	Farm Produce	15.00	10%	0.00	-
11. Business Venture Promotion Co., Ltd.	Venture Capital	120.00	10%	12,000	-

- 7.4 DBS Thai Danu Securities Limited (a subsidiary company of the Bank) increased its share capital from Baht 175 million to Baht 275 million by issuing 10 million new ordinary shares at Baht 10 each and were allotted to the Bank in the ration of 51% of registered capital and the remaining was allotted to DBS Securities Holding Pte Ltd. The company had its new capital increase registered with the Ministry of Commerce on 4 January 1999. The Bank paid Baht 51 million to the company for the additional capital on 7 January 1999.

Thereafter, the company decreased its share capital from Baht 275 million to Baht 114 million by reducing 16.1 million ordinary shares. The reduced sum, however, was not returned to shareholders but was offset against the accumulative losses of the company after which the balance sheet of the company would show no accumulated losses. The company registered the capital reduction with the Ministry of Commerce on 31 March 1999.

Moreover, the company increased its share capital from Baht 114 million to Baht 514 million by issuing 40 million new ordinary shares at Baht 10 each and were allotted to the Bank in the ration of 51% of registered capital and the remaining was allocated to DBS Securities Holding Pte Ltd. The company had its new capital increase registered with the Ministry of Commerce on 1 April 1999. The Bank paid Baht 204 million to the company for the additional capital on 28 April 1999.

- 7.5 Investment in subsidiaries is presented by the cost method. Had such investment been presented by the equity method, the effect on the financial statement would be as follows:

	Baht'000			
	CONSOLIDATED		BANK	
	1999	1998	1999	1998
Increase (decrease) in investment in securities	(3,756)	-	(32,555)	10,403
(Increase) decrease in deficit brought forward	(3,658)	-	(3,972)	4,109
(Increase) decrease in net loss for the year	(98)	-	(28,583)	5,934
(Increase) decrease in loss per share (Baht)	(0.0001)	-	(0.03)	0.01

- 7.6 Quality of assets - classifications of investment as required by the Office of Securities and Exchange Commission as at 31 December 1999 are as follows:

7.6.1 *Investment in debt securities*

	Baht'000			
	CONSOLIDATED AND BANK			
	No. of companies	Cost after permanent diminution	Market Value	Allowance for diminution
1. Listed companies under SET delisting criteria	4	7,221	1,877	5,344
2. Companies which defaulted interest payment	3	15,000	15,000	-
	7	22,221	16,877	5,344

7.6.2 Investment in equity securities

	CONSOLIDATED AND BANK			Baht'000
	No. of companies	Cost after permanent diminution	Market Value	Allowance for diminution
1. Listed companies				
under SET delisting criteria	1	-	-	-
2. Finance companies				
controlled by BOT's order to decrease and then increase capital	2	5,407	1	5,406
	3	5,407	1	5,406

As at 31 December 1998, there was no investment in debt and equity securities which must be classified about quality of assets as required by the Office of Securities and Exchange Commission.

The Bank does not have updated information to disclose in respect of the investment in companies whose auditor's reports identify that they are under going concern issue and unlisted companies whose financial position and operations are the same as the companies which are under SET delisting criteria.

- 7.7 Investment of less than 20% of the paid-up capital, classified according to industry groups, consists of the following:

	CONSOLIDATED		BANK	
	1999	1998	1999	1998
Agriculture and forestry	-	703	-	703
Commercial	2,300	3,291	2,300	3,291
Manufacturing	74,873	122,011	74,873	122,011
Banking and finance	51,386	190,000	43,566	182,180
Real estate	40,632	155,670	40,632	155,670
Utilities	12,000	38,292	12,000	38,292
Services	76,466	82,565	76,466	82,565
Construction	96,000	96,000	96,000	96,000
Investment units	841,540	894,164	841,540	894,164
Total	1,195,197	1,582,696	1,187,377	1,574,876

- 7.8 Goodwill

	CONSOLIDATED	
	1999	1998
Opening net book amount	115,342	121,412
Impairment charge	(40,000)	-
Amortisation charge	(10,141)	(6,070)
Goodwill, net	65,201	115,342
Cost	121,412	121,412
Accumulated amortisation	(56,211)	(6,070)
Goodwill, net	65,201	115,342

8. Loans

8.1 Grouped by products as at 31 December :

	Baht'000	
	CONSOLIDATED AND BANK	
	1999	1998
Overdrafts	24,140,718	29,251,245
Loans	68,494,501	69,940,615
Bills	5,661,061	7,354,618
Others	569,833	1,025,736
Total	98,866,113	107,572,214

8.2 Grouped by maturity as at 31 December:

	Baht'000	
	CONSOLIDATED AND BANK	
	1999	1998
Up to 1 year *	68,803,947	57,657,652
Over 1 year	30,062,166	49,914,562
Total	98,866,113	107,572,214

* including loans without agreement and those with agreement but terms of payment are overdue.

8.3 Grouped by currencies and customer locations as at 31 December:

	Baht'000		
	CONSOLIDATED AND BANK		
	1999		
	Domestic	Foreign	Total
Baht	94,120,525	-	94,120,525
USD	4,644,665	-	4,644,665
Others	100,923	-	100,923
Total	98,866,113	-	98,866,113

	Baht'000		
	CONSOLIDATED AND BANK		
	1998		
	Domestic	Foreign	Total
Baht	98,774,911	-	98,774,911
USD	8,254,707	-	8,254,707
Others	542,596	-	542,596
Total	107,572,214	-	107,572,214

8.4 Grouped by business types as at 31 December:

	Baht'000	
	CONSOLIDATED AND BANK	
	1999	1998
Agriculture and mining	4,249,866	5,408,961
Manufacturing and commercial	49,615,913	57,875,171
Real estate and construction	18,172,434	18,743,064
Utilities and services	11,439,102	11,743,966
Housing loans	9,264,331	8,144,721
Others	6,124,467	5,656,331
Total	98,866,113	107,572,214

Corporate Banking business focuses on a selected target of customers coupled with cautious lending policy. Loans are mainly intended to 5 major business sectors i.e. manufacturing, commercial, real estate, personal consumption and services while Retail Banking business focuses on mortgage loans.

As at 31 December, the Bank has the following outstanding loans and accrued interest with borrowers who subsequently have problems in financial position and operating results:

	Baht'000			
	CONSOLIDATED AND BANK			
	1999			
	No. of companies	Loans outstanding	Collateral	Amount of provision
Listed companies under SET				
delisting criteria	6	456,467	128,806	221,467
Listed companies under SET				
delisting criteria	5	691,989	82,905	543,383

The Bank does not have updated information ready to disclose in respect of loans to companies whose auditor's reports identify that they are under going concern issue and unlisted companies whose the financial position and operations are the same as the listed companies which are under SET delisting criteria.

9. Allowance for doubtful accounts

	Baht'000	
	CONSOLIDATED AND BANK	
	1999	1998
Allowance for doubtful accounts		
Balance brought forward	10,350,000	3,566,999
Add Provision for bad debt and doubtful accounts	8,700,000	7,021,014
Bad debt recovered	6,414	-
Less Bad debt written off	(68,165)	(238,013)
Reversal of allowance due to troubled debt restructurings	(1,448,684)	-
Balance carried forward	17,539,565	10,350,000
Allowance for troubled debt restructurings	1,088,050	-
Total	18,627,615	10,350,000

The classifications of the Bank's total loans as at 31 December, based on the Bank of Thailand's guidelines, are as follows:

	Baht'000		
	CONSOLIDATED AND BANK		
	1999		
Loan classifications	Allowance for doubtful accounts		
	Loans and accrued interest (including interbank and money market items)	Full allowance based on BOT'S regulation	Amount provided excluding allowance for TDR
Normal	49,387,680	493,877	
Special Mention	3,419,492	68,390	
Substandard	4,428,228	327,156	
Doubtful	2,744,835	492,030	
Loss	42,636,882	20,364,333	
Total	102,617,117	21,745,786	17,539,565

CONSOLIDATED AND BANK			Baht'000
1998			
Loan classifications	Loans and accrued interest (including interbank and money market items)	Allowance for doubtful accounts Full allowance based on BOT'S regulation	Amount provided excluding allowance for TDR
Normal	45,764,226	457,641	
Special Mention	8,503,477	170,070	
Substandard	7,447,040	743,302	
Doubtful	16,400,247	3,882,771	
Loss	39,436,088	16,924,994	
Total	117,551,078	22,178,778	10,350,000

Loans and accrued interest as at 31 December 1999 included loans to interbank and money market items totaling Baht 441 million (1998 : Baht 5,910 million).

As at 31 December 1999, the allowance for doubtful accounts determined on the basis of loan classifications and percentage of allowance according to the Bank of Thailand's guidelines, is estimated at Baht 21,746 million. The Bank of Thailand, however, allows all commercial banks to recognise the allowance for doubtful accounts in portion every six-month periods from 31 December 1998 to 31 December 2000, with a required minimum amount of the allowance during the interim periods. Accordingly, the Bank has not made the full allowance of Baht 21,746 million but has made an allowance of Baht 17,540 million, which is in excess of the minimum of Baht 13,048 million required as at 31 December 1999 under the Bank of Thailand's guidelines. If the full allowance of Baht 21,746 million were made, the consolidated and bank total assets and shareholders' equity as at 31 December 1999 would decrease by Baht 4,206 million. Should the full allowance have correctly been recorded since December 1998, the consolidated and bank net loss for year ended 31 December 1999 would decrease by Baht 433 million, and the net loss per share would decrease by Baht 0.49 per share.

As at 31 December 1999, the total loans which the Bank discontinued recognising interest income in accordance with the criteria set out in the Bank of Thailand's guideline was Baht 40,631 million (1998: Baht 52,357 million - identified as per six month overdue criteria according to the Bank of Thailand's guideline).

The Bank has followed the Bank of Thailand's guidelines in classification of restructured debts. Debt classified as doubtful or loss will be migrated to substandard at the signing date of troubled debt restructuring (TDR) agreement. However, debt classified as substandard and special mention will be remained in the existing class until repayment of 3 months or 3 installments have been fulfilled. After that they will be upgraded to pass category.

For TDR cases that conform to the Bank of Thailand's guideline will be exempted from fulfilling 3 months or 3 installments obligation and are able to be upgraded to pass category immediately after the TDR contract is signed.

For the year ended 31 December 1999, loss from TDR was offset against allowance for doubtful accounts of such loan. If the amount of TDR loss is higher than allowance for doubtful, the exceeding amount was recognised as loss from TDR in the statement of income.

10. Property and equipment

10.1 Property and equipment as at 31 December 1999 consisted of:

	CONSOLIDATED					Baht'000
	Land	Buildings	Equipment	Leasehold	Construction in progress	Total
	At 31 December 1998					
Cost or revaluation	1,936,198	1,349,175	1,391,609	201,838	65,424	4,944,244
Accumulated depreciation	-	(420,741)	(899,249)	(86,842)	-	(1,406,832)
Net book value	1,936,198	928,434	492,360	114,996	65,424	3,537,412
Year ended						
31 December 1999						
Opening net book value	1,936,198	928,434	492,360	114,996	65,424	3,537,412
Adjust net book amount of Thai Danu DBS	-	-	(2,179)	-	-	(2,179)
Additions	-	4,593	417,506	35,322	95,690	553,111
Disposals	-	-	(290,666)	-	(119,205)	(409,871)
Change in revaluation surplus	599,655	64,304	-	-	-	663,959
Impairment charge	(115,198)	(189,721)	-	-	-	(304,919)
Depreciation charge	-	(64,886)	(199,388)	(9,718)	-	(273,992)
Accumulated depreciation on disposal	-	-	265,634	-	-	265,634
Closing net book value	2,420,655	742,724	683,267	140,600	41,909	4,029,155
At 31 December 1999						
Cost or revaluation	2,420,655	1,228,351	1,516,270	237,160	41,909	5,444,345
Accumulated depreciation	-	(485,627)	(833,003)	(96,560)	-	(1,415,190)
Net book value	2,420,655	742,724	683,267	140,600	41,909	4,029,155
BANK						
At 31 December 1998						
Cost or revaluation	1,936,198	1,349,175	1,384,436	201,838	65,424	4,937,071
Accumulated depreciation	-	(420,741)	(895,604)	(86,842)	-	(1,403,187)
Net book value	1,936,198	928,434	488,832	114,996	65,424	3,533,884

	BANK					Baht'000
	Land	Buildings	Equipment	Leasehold	Construction in progress	Total
Year ended						
31 December 1999						
Opening net book						
value	1,936,198	928,434	488,832	114,996	65,424	3,533,884
Additions	-	4,593	386,067	35,322	95,690	521,672
Disposals	-	-	(290,666)	-	(119,205)	(409,871)
Change in revaluation						
surplus	599,655	64,304	-	-	-	663,959
Impairment charge	(115,198)	(189,721)	-	-	-	(304,919)
Depreciation charge	-	(64,886)	(191,365)	(9,718)	-	(265,969)
Accumulated						
depreciation on						
disposal	-	-	265,634	-	-	265,634
Closing net book						
value	2,420,655	742,724	658,502	140,600	41,909	4,004,390
At 31 December 1999						
Cost or revaluation	2,420,655	1,228,351	1,479,837	237,160	41,909	5,407,912
Accumulated						
depreciation	-	(485,627)	(821,335)	(96,560)	-	1,403,522
Net book value	2,420,655	742,724	658,502	140,600	41,909	4,004,390

During 1999, the Bank has appraised land and buildings by using both external and internal appraisers. Internal appraisers are used when the following conditions are met:

- the carrying amount of land and buildings is lower than Baht 50 millions;
- the appraisers are independent from the land and buildings being appraised; and
- the appraisers have followed the appropriate guidelines of appraisal, such as the standard of The Valuers Association of Thailand, Thailand Appraisal Association and the Thai Bankers Association.

The impairment charge in 1999 relates to the appraisal of land and buildings conducted in December 1999. The recoverable amount of the impaired land and buildings represents the revalued amount, determined by reference to the market price of similar assets. The bank believes that cost related to disposal of such assets is immaterial.

As at 31 December 1999, the cost of the Bank's equipment that has been fully depreciated but is currently still in use amounting to Baht 405 million.

10.2 Property and equipment as at 31 December 1998 consisted of :

	Baht'000	
	CONSOLIDATED	BANK
Land		
Cost	1,102,648	1,102,648
Appraisal increase (In 1993)	833,550	833,550
Buildings		
Cost	1,274,005	1,274,005
Appraisal increase (In 1994)	75,169	75,169
Equipment	1,391,609	1,384,436
Leasehold (net)	114,997	114,997
Construction in progress	65,424	65,424
Total	4,857,402	4,850,229
Less Accumulated depreciation - cost	(1,305,634)	(1,301,989)
Accumulated depreciation - appraisal increase	(14,356)	(14,356)
Premises and equipment, net	3,537,412	3,533,884
Depreciation and amortisation for the year	215,572	214,373

11. Refundable corporate income tax

Refundable corporate income tax is a corporate income tax paid to the Revenue Department for the year ended 31 December 1997 and income tax deducted at source for the year ended 31 December 1999 and 1998. This amount will be requested for refund from the Revenue Department since the operations showed the loss results. The refundable amount is subject to an approval of the Revenue Department after the Bank submits a claim for refund.

12. Deposits

12.1 Grouped by products as at 31 December:

	Baht'000			
	CONSOLIDATED		BANK	
	1999	1998	1999	1998
Demand	1,349,134	1,112,070	1,349,134	1,112,090
Savings	16,954,979	12,396,385	16,954,979	12,397,358
Fixed				
- Less than 6 months	53,824,052	82,940,466	53,824,052	82,948,466
- 6 months and up to 1 year	8,738,829	5,165,434	8,738,829	5,165,434
- Over 1 year	7,585,188	6,472,559	7,585,188	6,472,559
Thai Danu Plus	817,270	1,006,679	817,270	1,006,679
Total	89,269,452	109,093,593	89,269,452	109,102,586

12.2 Grouped by maturity as at 31 December:

	Baht'000			
	CONSOLIDATED		BANK	
	1999	1998	1999	1998
Up to 1 year	89,053,475	108,799,230	89,053,475	108,808,223
Over 1 year	215,977	294,363	215,977	294,363
Total	89,269,452	109,093,593	89,269,452	109,102,586

12.3 Grouped by currencies and customer locations as at 31 December:

	Baht'000		
	CONSOLIDATED AND BANK		
	1999		
	Domestic	Foreign	Total
Baht	89,031,429	-	89,031,429
USD	233,501	-	233,501
Others	4,522	-	4,522
Total	89,269,452	-	89,269,452
	Baht'000		
	CONSOLIDATED		
	1998		
	Domestic	Foreign	Total
Baht	108,730,736	-	108,730,736
USD	360,200	-	360,200
Others	2,657	-	2,657
Total	109,093,593	-	109,093,593
	Baht'000		
	BANK		
	1998		
	Domestic	Foreign	Total
Baht	108,739,729	-	108,739,729
USD	360,200	-	360,200
Others	2,657	-	2,657
Total	109,102,586	-	109,102,586

13. Interbank and money market items

Interbank and money market items consists of the following as at 31 December:

	Baht'000		
	CONSOLIDATED		
	1999		
	Demand	Time	Total
Domestic items			
The Bank of Thailand	-	107,492	107,492
Commercial banks	542,961	370,983	913,944
Other banks	103,110	800,000	903,110
Finance companies, finance and securities companies, securities companies and credit foncier companies	716,617	199,317	915,934
Total domestic items	1,362,688	1,477,792	2,840,480
Foreign items			
USD	9,869	-	9,869
Others	624	-	624
Total foreign items	10,493	-	10,493
Total domestic and foreign items	1,373,181	1,477,792	2,850,973

	Baht'000		
	CONSOLIDATED		
	1998		
	Demand	Time	Total
Domestic items			
The Bank of Thailand	-	128,018	128,018
Commercial banks	375,068	235,170	610,238
Other banks	897,715	581,839	1,479,554
Finance companies, finance and securities companies, securities companies and credit foncier companies	413,465	142,295	555,760
Total domestic items	1,686,248	1,087,322	2,773,570
Foreign items			
USD	26,431	6,604,626	6,631,057
Others	680	-	680
Total foreign items	27,111	6,604,626	6,631,737
Total domestic and foreign items	1,713,359	7,691,948	9,405,307

	Baht'000		
	BANK		
	1999		
	Demand	Time	Total
Domestic items			
The Bank of Thailand	-	107,492	107,492
Commercial banks	542,961	370,983	913,944
Other banks	103,110	800,000	903,110
Finance companies, finance and securities companies, securities companies and credit foncier companies	925,794	399,317	1,325,111
Total domestic items	1,571,865	1,677,792	3,249,657
Foreign items			
USD	9,869	-	9,869
Others	624	-	624
Total foreign items	10,493	-	10,493
Total domestic and foreign items	1,582,358	1,677,792	3,260,150

	Baht'000		
	BANK		
	1998		
	Demand	Time	Total
Domestic items			
The Bank of Thailand	-	128,018	128,018
Commercial banks	375,068	235,170	610,238
Other banks	897,715	581,839	1,479,554
Finance companies, finance and securities companies, securities companies and credit foncier companies	466,670	142,295	608,965
Total domestic items	1,739,453	1,087,322	2,826,775
Foreign items			
USD	26,431	6,604,626	6,631,057
Others	680	-	680
Total foreign items	27,111	6,604,626	6,631,737
Total domestic and foreign items	1,766,564	7,691,948	9,458,512

14. Borrowings

As at 31 December, borrowings consisted of the following:

	Baht'000		
	CONSOLIDATED AND BANK		
	1999		
	Domestic	Foreign	Total
Subordinated debt			
Subordinated term debt repayable after 8 years which is due in 2001, with the average of interest rate at MOR on the first day of the 6 months	500,000	-	500,000
Subordinated term debt repayable 10 years from 1995 to 2005 for US\$ 47,000,000 with interest rate at LIBOR 6 months +1.25% for the first 5 years and LIBOR 6 months + 3.00% for the last 5 years	-	1,763,440	1,763,440
Preferred Shares with non-detachable Subordinated Debentures No.1	4,998,863	-	4,998,863
Subordinated Debentures No.2	1,733,471	-	1,733,471
	7,232,334	1,763,440	8,995,774

	Baht'000		
	CONSOLIDATED AND BANK		
	1998		
	Domestic	Foreign	Total
Subordinated debt			
Subordinated term debt repayable 8 years from 1993 to 2001, with the average of interest rate at MOR on the first day of the 6 months	500,000	-	500,000
Subordinated term debt repayable 10 years from 1994 to 2004 for US\$ 20,000,000 with interest rate at LIBOR 6 months +1.35% for the first 5 years and LIBOR 6 months + 3.0% for the last 5 years	-	623,696	623,696
Subordinated term debt repayable 10 years from 1995 to 2005 for US\$ 50,000,000 with interest rate at LIBOR 6 months +1.25% for the first 5 years and LIBOR 6 months + 3.0% for the last 5 years	-	1,834,400	1,834,400
	500,000	2,458,096	2,958,096

CAPITAL AUGMENTED PREFERRED SHARES ("CAPS")

Class A Preferred Shares with non-detachable Subordinated Debentures No. 1

On 3 June 1999, the Bank issued 50,000 Class A Preferred Shares ("Preferred Shares") at a par value of Baht 10 each together with non-detachable 50,000 perpetual Subordinated Debentures ("Subordinated Debentures No. 1") at a par value of Baht 100,000 each. The Bank sold the Preferred Shares with non-detachable Subordinated Debentures No. 1 to a fund called The "Preferred Shares - Subordinated Debentures of DBS Thai Danu Bank PLC. Fund" ("the Funds") and received proceeds totaling Baht 5,000,000,000. On the same date, the Bank also entered into an agreement governing the terms and conditions of the investment in the above securities ("Master Agreement") with the Funds.

The Preferred Shares are non-cumulative. Upon the declaration and payment of dividends of the Ordinary Shares, the dividend of Baht 1 per share per annum for Preferred Shares shall be payable if the interest for Subordinated Debentures No. 1 have been fully paid or upon the redemption of Subordinated Debentures No.1. However, if the interest for Subordinated Debentures No.1 has not been paid in full, the dividend payable for the Preferred Shares will be equal to the interest of Subordinated Debentures No. 1 less the amount that has already been paid in that year. If the Bank does not declare and pay a dividend on the Ordinary Shares, the Bank has an option to pay part or not to pay any dividends on the Preferred Shares. The redemption amount of Subordinated Debenture No. 1 is limited to the face value of the Subordinated Debentures No. 1 and each Preferred Share has an option to be converted into one ordinary share of the Bank according to the terms and conditions set forth in the Master Agreement. One Preferred Share has 1 voting right.

The Subordinated Debentures No. 1 has an interest rate of 15% per annum. Interest shall be payable semi-annually upon the dividend payment made to Preferred Shares. The Bank has an option to pay the full or part of the interest. Interest not paid in any year shall not be accrued for the succeeding year.

The Subordinated Debentures No. 1 is perpetual and will be due upon liquidation of the Bank. They are redeemable early at the option of the Bank and with the consent from the Bank of Thailand under any one of the following conditions; (1) Preferred Shares issued with the Subordinated Debentures No. 1 can no longer be qualified as Tier 1 capital funds; or (2) interest payments under the Subordinated Debentures No. 1 are no longer tax deductible; or (3) redemption option is exercised after 5 years; or (4) replacement of other source of funds or the Bank's Tier 1 Capital Funds is higher than the minimum requirement.

According to the Master Agreement, transferring of Preferred Shares before the redemption shall be made together with transferring of Subordinated Debentures. The transferee shall be bound by the terms and conditions set forth under the Master Agreement.

Subordinated Debentures No. 2/1 to 2/29

On the same date, the Bank also issued Subordinated Debentures No. 2/1 to 2/29 ("Subordinated Debentures No. 2") at a par value of Baht 100,000 each with varying maturity dates. A series of Subordinated Debentures No. 2 will mature every 3 months on the date stated in the prospectus. Subordinated Debentures No. 2/1 matured on 28 August 1999 and Subordinated Debentures No. 2/29 will mature on 28 May 2006. The face value of the Subordinated Debentures No. 2 totaled Baht 6,791,000,000 of which the Bank received a total proceed of Baht 1,667,000,000. The difference between the face value and the amount received is recognised as a discount from issuance of the Subordinated Debentures No. 2. The discount is amortised and recognised as an expense over the respective periods using the effective interest rate method. The Subordinated Debentures No. 2 are redeemable early at the option of the Bank after 5 years commencing from the issuing date of the Subordinated Debenture No. 2 or the due date of any Subordinated Debentures. Any early redemption shall be made for the full remaining Subordinated Debentures No. 2 according to the book value as at the redemption date.

Class G Preferred Shares with non-detachable Convertible Subordinated Debentures No. 3

On the same date, the Bank issued 15,000 Class G Preferred Shares at a par value of Baht 10 each ("Preferred Share G") in connection with 15,000 convertible Subordinated Debentures No. 3 at a par value of Baht 100,000 each with maturity upon the liquidation of the Bank. The Preferred Share G and Subordinated Debentures No. 3 have been sold to The Development Bank of Singapore Ltd. ("DBS") for a consideration of Baht 1,500,000,000. At the same date, the Bank also entered into an agreement governing the terms and conditions of the investment in the above securities ("Master Agreement DBS") with DBS.

The Preferred Shares G are non-cumulative. Upon the declaration of dividends of the Ordinary Shares, the dividend of Baht 1 per share per annum for Preferred Share G shall be payable if the interest for Subordinated Debentures No. 3 have been fully paid or upon the redemption of Subordinated Debentures No. 3. However, if the interest for Subordinated Debentures has not been paid in full, the dividends payable for the Preferred Shares G will be equal to the interest of the Subordinated Debentures No. 3 less the amount that has already been paid in that year. If the Bank does not declare and pay a dividend on the ordinary shares, the Bank has an option to pay

part or not to pay any dividends on the Preferred Shares G. The redemption amount of Subordinated Debentures No. 3 is limited to Baht 100,000 and each Preferred Share G has an option to be converted into one ordinary share of the Bank upon the redemption of the Subordinated Debentures No.1 according to the terms and conditions set forth in the Master Agreement DBS. One Preferred Share G has 1 voting right.

Subordinated Debentures No. 3 has an interest rate of 4% per annum. Interest shall be payable semi-annually upon the dividend payment made to Class G Preferred Shares. The Bank has an option to pay the full or part of the interest. Interest not paid in any year shall not be accrued for the succeeding year.

Subordinated Debentures No. 3 is perpetual and will be due upon liquidation of the Bank. They are redeemable early at the option of the Bank and with the consent from the Bank of Thailand under any one of the following conditions; (1) Preferred Share G and Subordinated Debentures No. 3 can no longer be qualified as Tier 1 capital funds; or (2) interest payments under the Subordinated Debentures No. 3 is no longer tax deductible.

The holder of the convertible Subordinated Debentures No. 3 may convert the debentures into Ordinary Shares after 1 year from the issuing date. The conversion price will be based on the net asset value per Ordinary Share as stated in the latest Bank audited financial statements at the conversion date.

Principle of accounting treatment

Principle of accounting treatment for CAPS that the Bank currently applies for the initial measurement is in accordance with accounting standards interpretation of the Accounting Standards Committee of the Institute of Certified Accountants and Auditors of Thailand. Since, for accounting purpose, the Class A Preferred Shares with non-detachable Subordinated Debentures No.1 consists of both equity and debt elements, the market value of the Bank's Ordinary Share as at 28 May 1999 is used as a guideline in determining the fair value of the Class A Preferred Shares and included in the shareholders' equity by presenting separately the par value and the share premium, and the remaining amount of the proceeds received from the issuance of such financial instrument is shown as a liability in the balance sheet. Therefore, the equity element of the Preferred Shares with non-detachable Subordinated Debentures No. 1 with par value of Baht 500,000 and with a share premium of Baht 637,500 is presented under the shareholders' equity section and the remaining amount of Baht 4,998,862,500 is presented as the Preferred Shares with non-detachable Subordinated Debenture No. 1 under long term borrowings. However, the total of Baht 5,000,000,000 qualifies as tier 1 capital funds which is in accordance with the guideline of the Bank of Thailand.

Subordinated Debenture No.2 is presented as long term borrowings of Baht 1,733,471,644 and Baht 206,000,000 qualifies as tier 2 capital funds.

On the other hand, the Class G Preferred Shares with non-detachable Convertible Subordinated Debentures No.3, in substance, consists of only equity element and the proceeds received from the issuance of this financial instrument is included in the shareholders' equity by presenting separately the par value and the share premium. Therefore, the Preferred Shares of Baht 150,000 with a share premium of Baht 1,499,850,000 are presented under the shareholders' equity section. The total of Baht 1,500,000,000 qualifies as tier 1 capital funds.

15. Share Capital

15.1 At the 1/2541 Extraordinary Meeting of the Shareholders on 26 January 1998, the shareholders voted to decrease the registered share capital of Baht 2,550 million to Baht 2,500 million by canceling 5 million ordinary shares which have not been issued. In addition, the shareholders voted to cancel the resolution of the Extraordinary Meeting of the Shareholders No. 2/2539 which authorised the issuance of 5 million warrants and the allocation of 5 million shares to accommodate the exercise of the right of the holders of the said warrants and resolved to increase the registered capital from Baht 2,500 million to Baht 5,500 million by an issue of 300 million new shares at Baht 10 each by way of a private placement at Baht 20 each as follows:

- 268 million shares to the Development Bank of Singapore Ltd.
- 22 million shares to Seletar Investment Pte Ltd.
- 10 million shares to Government of Singapore Investment Corporation Pte Ltd.

The Bank had its new capital increase registered with the Ministry of Commerce on 29 January 1998.

On 11 March 1998, the Bank received subscription of 300 million additional shares at Baht 10 par value which was priced at Baht 20 per share. The resultant paid-up share capital and premium on share capital totalled Baht 5,500 million and Baht 9,687.43 million respectively. The Bank registered the increased share capital with the Ministry of Commerce on 11 March 1998.

15.2 At the Sixth General Shareholders' Meeting on 8 April 1999, the shareholders unanimously approved for an increase in the registered capital of the Bank from Baht 5,500 million to Baht 15,000 million by issuing the following new shares:

- a) Ordinary shares totaling 949.8 million shares with the par value of Baht 10 each and being allocated as follows:
 - Ordinary shares totaling 550 million shares offered for sale to the existing shareholders based on one new ordinary share to one existing share at the price of Baht 10 each.
 - Ordinary shares totaling 399.8 million shares to take into account of the conversion of the Convertible Subordinated Debentures No. 3 offered to The Development Bank of Singapore Ltd.
- b) Class A Preferred shares totaling 50,000 shares with the par value of Baht 10 each.
- c) Class B Preferred shares totaling 10,000 shares with the par value of Baht 10 each.
- d) Class C Preferred shares totaling 10,000 shares with the par value of Baht 10 each.
- e) Class D Preferred shares totaling 10,000 shares with the par value of Baht 10 each.
- f) Class E Preferred shares totaling 10,000 shares with the par value of Baht 10 each.
- g) Class F Preferred shares totaling 10,000 shares with the par value of Baht 10 each.
- h) Class H Preferred shares totaling 50,000 shares with the par value of Baht 10 each.

Class A to F and H Preferred shares to be offered for sale to the Mutual Fund to be set up under the Regulations of the Office of the Securities and Exchange Commission for investment by the specific investors being no more than 35 persons and/or the 17 types of institutional investors pursuant to the relevant notifications to the Securities and Exchange Commission. The offering price of the Class A Preferred shares is Baht 100,000 each and details of offering price and related matters of Class B to F and H Preferred shares, once

issued and offered for sale, shall be substantially similar to those outlined in the offering for sale of the Class A Preferred shares.

- i) 15,000 shares out of total 50,000 shares of Class G Preferred shares with the par value of Baht 10 each were approved to allocate to The Development Bank of Singapore Ltd. The offering prices and details of this a connected party transaction were approved by the Board of Directors.

The Bank had its new capital increase registered with the Ministry of Commerce on 26 April 1999 and registered the issue of ordinary shares and preferred shares on 2 June 1999 and 3 June 1999 respectively.

16. Unrealised gain (loss) on investments in securities

Unrealised gain (loss) on investments in available for sale securities as at 31 December comprised of:

	Baht'000	
	CONSOLIDATED AND BANK	
	1999	1998
Revaluation surplus on investment		
Debt Securities	157,196	-
Equity Securities	115,801	-
Total	<u>272,997</u>	<u>-</u>
Revaluation loss on investment		
Debt Securities	-	(5,052)
Equity Securities	-	(466,831)
Total	<u>-</u>	<u>(471,883)</u>
Net revaluation surplus (loss) on investment		
Debt Securities	157,196	(5,052)
Equity Securities	115,801	(466,831)
Total	<u>272,997</u>	<u>(471,883)</u>

17. Capital fund

Capital fund as at 31 December comprised of the following:

	Baht'000	
	1999	1998
Tier 1 capital		
Ordinary share capital	11,000,000	5,500,000
Preferred shares with non-detachable		
Subordinated Debentures No.1 and No.3	4,999,513	-
Premium on ordinary shares	9,687,431	9,687,431
Premium on preferred shares	1,500,487	-
Legal reserve	200,000	200,000
Other reserve	350,000	350,000
Net profit (loss) after appropriation	<u>(20,770,296)</u>	<u>(7,830,123)</u>
	<u>6,967,135</u>	<u>7,907,308</u>

	Baht'000	
	1999	1998
Tier 2 capital		
Revaluation surplus on land	583,485	583,485
Revaluation surplus on buildings	29,102	30,407
Long-term subordinated debt instruments	1,863,440	1,868,540
Subordinated Debentures No.2	206,000	-
Allowance for loan classification - Normal	493,877	-
	<u>3,175,904</u>	<u>2,482,432</u>
Total Capital Fund	<u>10,143,039</u>	<u>10,389,740</u>

18. Legal reserve

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

19. Contingencies

	Baht'000		
	CONSOLIDATED AND BANK		
	1999		
	Thai Baht	Foreign Currencies	Total
Avals to bills	114,513	11,713	126,226
Guarantees of loans	938,310	-	938,310
Liability under unmatured			
import bills	40,688	849,596	890,284
Other guarantees	5,945,084	428,634	6,373,718
Letters of credit	13	850,419	850,432
Foreign exchange agreement			
Bought	-	7,477,640	7,477,640
Sold	-	12,010,127	12,010,127
Unutilised overdraft facilities	10,143,477	-	10,143,477
Total	<u>17,182,085</u>	<u>21,628,129</u>	<u>38,810,214</u>

	Baht'000		
	CONSOLIDATED AND BANK		
	1998		
	Thai Baht	Foreign Currencies	Total
Avals to bills	214,141	23,378	237,519
Guarantees of loans	1,128,273	6,755	1,135,028
Liability under unmatured	150,212	902,586	1,052,798
import bills			
Other guarantees	6,391,763	328,091	6,719,854
Letters of credit	31,067	891,062	922,129
Foreign exchange agreement			
Bought	-	7,388,315	7,388,315
Sold	-	13,060,526	13,060,526
Unutilised overdraft facilities	13,562,677	-	13,562,677
Total	<u>21,478,133</u>	<u>22,600,713</u>	<u>44,078,846</u>

20. Restrictions on dividend payment

In accordance with Bank of Thailand's announcement dated 30 June 1998 regarding bad or irrecoverable assets and doubtful or irrecoverable assets, the Bank are not allowed to pay any dividend to the shareholders during any period in which the bad or irrecoverable assets have not been written off or an allowance for doubtful asset has not been fully recorded.

21. Related-party transactions

21.1 The Bank extended loans and contingent liabilities to its officers at the position of department head upward and to companies that the Bank or its officers at the position of department head upward hold more than 10% of paid-up share capital are as follows :

	Baht'000			
	CONSOLIDATED AND BANK			
	31 December			
	Balance		Average balance	
	1999	1998	1999	1998
Loans	1,345,529	1,748,761	1,384,130	1,656,178
Contingencies	16,768	49,083	19,910	92,195

21.2 As at 31 December, the Bank has significant transactions with its related parties as follows:

	Baht'000			
	CONSOLIDATED		BANK	
	1999	1998	1999	1998
Balance sheets				
Loans, receivable and accrued interest receivable	1,732,609	2,733,569	1,732,609	2,733,569
Borrowings, deposits and accrued interest payable	349,133	395,301	758,036	460,952
Contingencies	16,868	49,083	16,868	49,083
Income statements				
Interest income	52,401	210,209	52,401	210,209
Interest expenses	37,583	25,908	40,297	268,818

Transactions between the Bank subsidiaries and related companies had been priced at and contain similar conditions with the Bank's general customers and conformed to normal banking practice.

On the other hand, the Bank was guaranteed by the parent bank in Singapore for contingent liability in issuing master cards amounting to USD 800,000.

In addition, the parent bank in Singapore issued letters of guarantee amounting to Baht 797 million to guarantee customers' loans and contingencies.

22. Other benefits paid to the executives

For the year ended 31 December 1999 and 1998, no other benefits were paid to the executives apart from the directors' remuneration as disclosed in the income statement.

23. Long - term leases

Type of Leases	Period	Baht'000 Rental	
		1999	1998
Land and / or premises	1 January 1999 - 31 December 1999	-	14,179
Land and / or premises	1 January 2000 - 31 December 2000	14,547	9,619
Land and / or premises	1 January 2001 - 31 December 2001	8,172	3,698
Land and / or premises	1 January 2002 - 31 December 2002	3,976	2,459
Land and / or premises	1 January 2003 - 31 December 2003	2,470	2,470
Land and / or premises	1 January 2004 - 31 December 2027	36,653	36,653

24. Trouble debt restructurings

Details of customers whose debts have been restructured during the year compared with the total customers, both in the consolidated and the Bank's financial statements, are as follows:

Consolidated and Bank as at 31 December 1999

Items	No. of customers	Amount of debt before restructuring Baht'000
Restructured debts	473	20,662,552
Total customers	25,478	102,228,972

Details of the restructured debts during the year, classified into the restructuring methods are as follows :

Consolidated and Bank as at 31 December 1999

Restructuring Method	No. of customer	Amount of debt before restructuring (Baht'000)	Type of transferred assets	Fair value (Baht'000)
Asset transferring	59	5,643,050	Land, buildings and shares	4,996,055
Modification of terms and conditions	414	15,019,502		13,774,927
Total	473	20,662,552		18,770,982

As at 31 December 1999, the Bank has a total outstanding loan of Baht 13,698 million which has been restructured. The Bank recognised loss from the restructuring debts of Baht 746 million during the year in the consolidated and the Bank's financial statements. The Bank also recognised interest income from customers whose debts have been restructured totaling Baht 219 million for the year ended 31 December 1999.

As at 31 December 1999, the Bank has no commitment to lend additional funds to the restructured customers.

The amount of debt restructuring for the period ended 31 December 1998 was immaterial.

25. The financial position and the results of operations by domestic and foreign operations

25.1 The financial positions classified by business type as at 31 December:

	CONSOLIDATED			Baht'000
	1999			
	Domestic operations	Foreign operations	Eliminated transaction	Total
Total assets	109,466,464	5,132,073	(7,027,676)	107,570,861
Interbank and money				
market items	5,923,306	4,515,447	(7,027,676)	3,411,077
Investment in securities	8,286,749	315,313	-	8,602,062
Loans	98,565,953	300,160	-	98,866,113
Deposits	89,269,452	-	-	89,269,452
Interbank and money				
market items	6,548,861	3,231,286	(6,929,174)	2,850,973
Borrowings	7,232,334	1,763,440	-	8,995,774
Contingencies	38,461,214	349,000	-	38,810,214
				Baht'000
	CONSOLIDATED			
	1998			
	Domestic operations	Foreign operations	Eliminated transaction	Total
Total assets	134,492,426	15,115,641	(16,658,611)	132,949,456
Interbank and money	10,413,572	13,592,120	(16,658,611)	7,347,081
market items				
Investment in securities	14,599,782	1,397,385	-	15,997,167
Loans	107,572,214	-	-	107,572,214
Deposits	109,093,593	-	-	109,093,593
Interbank and money	13,438,410	12,445,034	(16,478,137)	9,405,307
market items				
Borrowings	500,000	2,458,096	-	2,958,096
Contingencies	42,592,029	3,135,717	(1,648,900)	44,078,846
				Baht'000
	BANK			
	1999			
	Domestic operations	Foreign operations	Eliminated transaction	Total
Total assets	109,604,765	5,132,073	(7,027,676)	107,709,162
Interbank and money				
market items	5,913,003	4,515,447	(7,027,676)	3,400,774
Investment in securities	8,622,449	315,313	-	8,937,762
Loans	98,565,953	300,160	-	98,866,113
Deposits	89,269,452	-	-	89,269,452
Interbank and money				
market items	6,958,038	3,231,286	(6,929,174)	3,260,150
Borrowings	7,232,334	1,763,440	-	8,995,774
Contingencies	38,461,214	349,000	-	38,810,214

	Baht'000			
	BANK			
	1998			
	Domestic operations	Foreign operations	Eliminated transaction	Total
Total assets	134,497,795	15,115,642	(16,658,611)	132,954,826
Interbank and money market items	10,402,014	13,592,121	(16,658,611)	7,335,524
Investment in securities	14,735,782	1,397,385	-	16,133,167
Loans	107,572,214	-	-	107,572,214
Deposits	109,102,586	-	-	109,102,586
Interbank and money market items	13,491,615	12,445,034	(16,478,137)	9,458,512
Borrowings	500,000	2,458,096	-	2,958,096
Contingencies	42,592,029	3,135,717	(1,648,900)	44,078,846

25.2 The results of operations classified by business type for the year ended 31 December:

	Baht'000			
	CONSOLIDATED			
	1999			
	Domestic operations	Foreign operations	Eliminated transaction	Total
Interest and dividend income	7,063,224	732,910	(824,982)	6,971,152
Interest expense	(6,117,639)	(710,546)	824,982	(6,003,203)
Net interest income	945,585	22,364	-	967,949
Non-interest income	793,272	208,786	-	1,002,058
Non-interest expense	(14,958,266)	(1,246)	-	(14,959,512)
Income (loss) before income tax and minority interest	(13,219,409)	229,904	-	(12,989,505)

	Baht'000			
	CONSOLIDATED			
	1998			
	Domestic operations	Foreign operations	Eliminated transaction	Total
Interest and dividend income	16,155,467	1,090,439	(981,209)	16,264,697
Interest expense	(14,202,901)	(1,087,745)	981,209	(14,309,437)
Net interest income	1,952,566	2,694	-	1,955,260
Non-interest income	702,610	32,272	-	734,882
Non-interest expense	(11,810,537)	(1,686)	-	(11,812,223)
Income (loss) before income tax and minority interest	(9,155,361)	33,280	-	(9,122,081)

	BANK			Baht'000
	1999			
	Domestic operations	Foreign operations	Eliminated transaction	Total
Interest and dividend income	7,063,215	732,910	(824,982)	6,971,143
Interest expense	(6,120,520)	(710,546)	824,982	(6,006,084)
Net interest income	942,695	22,364	-	965,059
Non-interest income	784,135	208,786	-	992,921
Non-interest expense	(14,880,429)	(1,246)	-	(14,881,675)
Income (loss) before income tax	(13,153,599)	229,904	-	(12,923,695)

	BANK			Baht'000
	1998			
	Domestic operations	Foreign operations	Eliminated transaction	Total
Interest and dividend income	16,154,848	1,090,438	(981,209)	16,264,077
Interest expense	(14,204,637)	(1,087,745)	981,209	(14,311,173)
Net interest income	1,950,211	2,693	-	1,952,904
Non-interest income	701,118	32,272	-	733,390
Non-interest expense	(11,800,886)	(1,686)	-	(11,802,572)
Income (loss) before income tax	(9,149,557)	33,279	-	(9,116,278)

26. Derivative financial instruments

In the normal course of business, the Bank uses derivative financial instruments to meet the financing needs of its customers and to manage its exposure to fluctuations in exchange rates and interest rates.

Off-balance sheet financial instruments include forward exchange contracts and cross currency swaps.

The following is a summary of the notional amounts and the fair value of derivative financial instruments classified by maturity as at 31 December

	CONSOLIDATED AND BANK			Baht'000
	1999			
	Notional < 1 year	Notional > 1 year	Notional Total	Fair Value
Foreign exchange contracts				
Spot and forward contracts	19,138,767	-	19,138,767	240,407
Currency swap agreements	349,000	-	349,000	(26,200)
Total	19,487,767	-	19,487,767	214,207

				Baht'000
CONSOLIDATED AND BANK				
1998				
	Notional < 1 year	Notional > 1 year	Notional Total	Fair Value
Foreign exchange contracts				
Spot and forward contracts	19,844,340	-	19,844,340	217,183
Currency swap agreements	255,500	349,000	604,500	93,500
Total	20,099,840	349,000	20,448,840	310,683

The following tables show the nominal value of all derivative financial instruments as at 31 December 1999 classified by geographical locations.

		Baht'000	
		CONSOLIDATED AND BANK	
		1999	1998
Thailand		18,609,587	17,313,125
America		125,060	100,000
Japan		100,000	186,350
Others		653,120	2,849,365
Total		19,487,767	20,448,840

Foreign exchange risk: The Bank of Thailand set limits on net foreign exchange position of all banks at 15% of the Bank's capital funds. Under the limits, movement of foreign exchange rates, therefore, may not have severe effects to the Bank. As at 31 December 1999, the Bank had foreign exchange contracts outstanding of Baht 19,139 million and the Bank incurred unrealised gains of Baht 240 million when those contracts were revalued at the fair market value. The Bank also had an outstanding of Baht 349 million in currency swap agreements with the losses of Baht 26.2 million as a result of fair value measurement. The fair value of these contracts will change according to movements in foreign exchange and interest rate.

27. Interest earning and interest bearing financial instruments

The following table presents the average balance, related interest income or expense and average interest rate for the year ended 31 December.

				CONSOLIDATED		
				1999		
	Average balance Baht'000	Interest Baht'000	Average rate(%)			
Interest Earning Financial Assets						
Due from other financial institutions	7,875,425	434,976	5.52			
Securities purchase under resale agreements	1,983,333	79,125	3.99			
Investment in securities	7,395,046	705,955	9.55			
Loans	55,115,453	5,655,523	10.26			
	<u>72,369,257</u>	<u>6,875,579</u>	<u>9.50</u>			
Interest income on derivative instruments		95,573				
Total		<u>6,971,152</u>				

CONSOLIDATED			
1999			
	Average balance Baht'000	Interest Baht'000	Average rate(%)
Interest Bearing Financial Liabilities			
Due to other financial institutions	3,417,960	223,920	6.55
Securities sold under repurchase agreements	650,000	13,915	2.14
Deposits	95,106,416	4,877,805	5.13
Borrowings	8,083,686	653,479	8.08
	<u>107,258,062</u>	<u>5,769,119</u>	<u>5.38</u>
Interest expense on derivative instruments		234,084	
Total		<u>6,003,203</u>	

CONSOLIDATED			
1998			
	Average balance Baht'000	Interest Baht'000	Average rate(%)
Interest Earning Financial Assets			
Due from other financial institutions	11,195,869	1,514,640	13.53
Investment in securities	9,295,168	926,954	9.97
Loans	112,077,913	13,615,705	12.15
	<u>132,568,950</u>	<u>16,057,299</u>	<u>12.11</u>
Interest income on derivative instruments		174,964	
Total		<u>16,232,263</u>	
Interest Bearing Financial Liabilities			
Due to other financial institutions	17,624,121	1,391,662	7.90
Deposits	105,905,616	12,742,858	12.03
	<u>123,529,737</u>	<u>14,134,520</u>	<u>11.44</u>
Interest expense on derivative instruments		199,211	
Total		<u>14,333,731</u>	

	BANK		
	1999		
	Average balance Baht'000	Interest Baht'000	Average rate(%)
Interest Earning Financial Assets			
Due from other financial institutions	7,870,425	434,967	5.53
Securities purchase under resale agreement	1,983,333	79,125	3.99
Investment in securities	7,395,046	705,955	9.55
Loans	55,115,453	5,655,523	10.26
	<u>72,364,257</u>	<u>6,875,570</u>	<u>9.50</u>
Interest income on derivative instruments		95,573	
Total		<u>6,971,143</u>	
Interest Bearing Financial Liabilities			
Due to other financial institutions	3,764,635	226,801	6.02
Securities sold under repurchase agreements	650,000	13,915	2.14
Deposits	95,106,416	4,877,805	5.13
Borrowings	8,083,686	653,479	8.08
	<u>107,604,737</u>	<u>5,772,000</u>	<u>5.36</u>
Interest expense on derivative instruments		234,084	
Total		<u>6,006,084</u>	

	BANK		
	1998		
	Average balance Baht'000	Interest Baht'000	Average rate(%)
Interest Earning Financial Assets			
Due from other financial institutions	11,186,209	1,513,092	13.53
Investment in securities	9,295,168	926,954	9.97
Loans	112,077,913	13,615,705	12.15
	<u>132,559,290</u>	<u>16,055,751</u>	<u>12.11</u>
Interest income on derivative instruments		174,964	
Total		<u>16,230,715</u>	
Interest Bearing Financial Liabilities			
Due to other financial institutions	17,642,078	1,392,284	7.89
Deposits	105,923,573	12,743,925	12.03
	<u>123,565,651</u>	<u>14,136,209</u>	<u>11.44</u>
Interest expense on derivative instruments		199,211	
Total		<u>14,335,420</u>	

Credit risk: Since the country plunged into the severe financial crisis in 1997, Thai economy went into recession. The country experienced economic contraction, which cause many corporations fail to meet their loan obligations. Eventhough, the Bank has complied with the single lending limit, which is 25% of the Bank's capital fund according to the Bank of Thailand's order, the Bank faced the large-scale of non-performing loan (NPL) which is the same as other commercial banks. With high level of NPL, the Bank faced two problems as follows:

1. Decline in earnings
2. Higher loan loss provisioning.

The Bank is well aware of the credit risk factors and the management took the following actions.

1. Establishing Debt Restructuring Department. The Bank centralised all NPL related activities into Debt Restructuring Department in order to speed up the NPL restructuring process.
2. Establishing Credit Risk Management team. In early 1999, the Bank set up Credit Risk Management team under the supervision of Risk Policy and Monitoring Department. Credit Risk Management team will mainly responsible for these issues:
 - Reviewing the Bank's credit policy manual and lending guideline.
 - Controlling the Bank's credit risk; and
 - Developing method to assess credit risk both individual and portfolio basis.

28. Liquidity risk

The following table presents a maturity analysis for on balance sheet financial assets and liabilities as at 31 December

Baht' 000								
CONSOLIDATED								
1999								
	At Call	O/D	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	NPL	Total
Cash	1,258,594	-	-	-	-	-	-	1,258,594
Interbank and money market items	1,166,288	-	388,144	-	1,836,053	-	20,592	3,411,077
Securities purchased under resale agreement	-	-	500,000	-	-	-	-	500,000
Investment in securities	-	-	2,084,525	2,412,908	2,794,419	1,310,210	-	8,602,062
Loans and accrued interest receivable	-	13,189,501	8,567,294	5,943,997	13,661,946	11,024,466	49,789,353	102,176,557
Customers' liability under acceptances	-	-	177,875	-	-	-	-	177,875
Other financial assets	-	-	88,505	111,507	429,107	628,585	17,697	1,275,401
Total financial assets	2,424,882	13,189,501	11,806,343	8,468,412	18,721,525	12,963,261	49,827,642	117,401,566
Deposits	18,304,113	-	61,166,593	9,389,462	409,284	-	-	89,269,452
Interbank and money market items	1,368,295	-	1,412,160	70,518	-	-	-	2,850,973
Liability payable on demand	232,842	-	-	-	-	-	-	232,842
Long-term borrowings	-	-	171,399	419,822	3,190,220	5,214,333	-	8,995,774
Bank's liability under acceptances	-	-	177,875	-	-	-	-	177,875
Interest Payable	-	-	647,227	18,747	-	-	-	665,974
Other financial liabilities	-	-	-	-	-	1,401,657	-	1,401,657
Total financial liabilities	19,905,250	-	63,575,254	9,898,549	3,599,504	6,615,990	-	103,594,547

Baht' 000

CONSOLIDATED								
1998								
	At Call	O/D	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	NPL	Total
Interbank								
and money								
market items	-	80,947	5,628,186	2,000	1,174,064	461,884	-	7,347,081
Investment								
in securities	-	-	76,253	8,781,439	6,320,762	818,713	-	15,997,167
Loans and								
accrued								
interest								
receivable	1,460,492	29,251,244	11,337,994	10,684,371	15,562,868	43,344,142	-	111,641,111
Total financial								
assets	1,460,492	29,332,191	17,042,433	19,467,810	23,057,694	44,624,739	-	134,985,359
Deposits	13,500,455	-	83,677,970	11,620,815	294,353	-	-	109,093,593
Interbank								
and money								
market items	1,713,359	-	1,025,139	4,098,649	2,568,160	-	-	9,405,307
Long-term								
borrowings	-	-	-	-	500,000	2,458,096	-	2,958,096
Total financial								
liabilities	15,213,814	-	84,703,109	15,719,464	3,362,513	2,458,096	-	121,456,996

								Baht' 000
BANK								
1999								
	At Call	O/D	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	NPL	Total
Cash	1,258,534	-	-	-	-	-	-	1,258,534
Interbank and money market items	1,155,985	-	388,144	-	1,836,053	-	20,592	3,400,774
Securities purchased under resale agreement	-	-	500,000	-	-	-	-	500,000
Investment in securities	-	-	2,084,525	2,412,908	2,794,419	1,645,910	-	8,937,762
Loans and accrued interest receivable	-	13,189,501	8,567,294	5,943,997	13,661,946	11,024,466	49,789,353	102,176,557
Customers' liability under acceptances	-	-	177,875	-	-	-	-	177,875
Other financial assets	-	-	81,587	90,754	330,092	593,000	17,697	1,113,130
Total financial assets	2,414,519	13,189,501	11,799,425	8,447,659	18,622,510	13,263,376	49,827,642	117,564,632
Deposits	18,304,113	-	61,166,593	9,389,462	409,284	-	-	89,269,452
Interbank and money market items	1,577,472	-	1,612,160	70,518	-	-	-	3,260,150
Liability payable on demand	232,842	-	-	-	-	-	-	232,842
Long-term borrowings	-	-	171,399	419,822	3,190,220	5,214,333	-	8,995,774
Bank's liability under acceptances	-	-	177,875	-	-	-	-	177,875
Interest Payable	-	-	647,244	18,747	-	-	-	665,991
Other financial liabilities	-	-	-	-	-	1,310,096	-	1,310,096
Total financial liabilities	20,114,427	-	63,775,271	9,898,549	3,599,504	6,524,429	-	103,912,180

Baht' 000								
BANK 1998								
	At Call	O/D	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	NPL	Total
Interbank and money market items	-	69,390	5,628,185	2,000	1,174,064	461,884	-	7,335,523
Investment in securities	-	-	76,253	8,781,439	6,320,762	40,000	914,713	16,133,167
Loans and accrued interest receivable	1,460,492	29,251,244	11,337,994	10,684,371	15,562,868	43,344,142	-	111,641,111
Total financial assets	1,460,492	29,320,634	17,042,432	19,467,810	23,057,694	43,846,026	914,713	135,109,801
Deposits	13,509,448	-	83,677,970	11,620,815	294,353	-	-	109,102,586
Interbank and money market items	1,766,564	-	1,025,139	4,098,649	2,568,160	-	-	9,458,512
Long-term borrowings	-	-	-	-	500,000	2,458,096	-	2,958,096
Total financial liabilities	15,276,012	-	84,703,109	15,719,464	3,362,513	2,458,096	-	121,519,194

Liquidity risk: there are mismatching of maturity profiles of the Bank assets and liabilities. The major liabilities are deposits, which mostly will mature in 3 months. The Bank, in effect, used 3 months deposits to finance its performing assets, which have longer maturity profiles and also non-performing loan. Therefore, the Bank has to manage its liquidity efficiently.

29. Fair values of financial assets and liabilities

The following is a summary of carrying amount and estimated fair value of financial assets and liabilities as at 31 December :

Baht'000				
	CONSOLIDATED 1999		BANK 1999	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial Assets:				
1. Cash	1,258,594	1,258,594	1,258,534	1,258,534
2. Interbank and money market items	3,411,077	3,411,077	3,400,774	3,400,774
3. Securities purchased under resale agreement	500,000	500,000	500,000	500,000
4. Investment in securities	8,602,062	8,602,062	8,937,762	8,937,762
5. Loans and accrued interest receivable, net	83,548,942	79,342,721	83,548,942	79,342,721
6. Customers' liability under acceptances	177,875	177,875	177,875	177,875
7. Other financial assets	1,275,401	1,275,401	1,113,130	1,113,130
Total Financial Assets	98,773,951	94,567,730	98,937,017	94,730,796

	Baht'000			
	CONSOLIDATED		BANK	
	1999		1999	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial Liabilities:				
1. Deposits	89,269,452	89,269,452	89,269,452	89,269,452
2. Interbank and money market items	2,850,973	2,850,973	3,260,150	3,260,150
3. Liability payable on demand	232,842	232,842	232,842	232,842
4. Long-term borrowings	8,995,774	8,995,774	8,995,774	8,995,774
5. Bank's Liability under acceptances	177,875	177,875	177,875	177,875
6. Interest payable	665,974	665,974	665,991	665,991
7. Other financial liabilities	1,401,657	1,401,657	1,310,096	1,310,096
Total Financial Liabilities	103,594,547	103,594,547	103,912,180	103,912,180
8. Off-balance sheet:	9,069,930	9,069,930	9,069,930	9,069,930
8.1 Bank's liability under aval	126,226	126,226	126,226	126,226
8.2 Bank's liability under L/G	7,021,774	7,021,774	7,021,774	7,021,774
8.3 Bank's liability under L/C	1,910,074	1,910,074	1,910,074	1,910,074
8.4 Standby letters of credit	11,856	11,856	11,856	11,856

The following methods and assumptions were used by the Bank in estimating fair value of financial assets and liabilities, except for loans and accrued interest receivable, as disclosed above.

- The fair value of cash, interbank and money market items (assets and liabilities), securities purchased under resale agreements, customers' and bank's liability under acceptances, other financial assets, deposits, liabilities payable on demand, long-term borrowings and interest payables and other financial liabilities approximate to carrying amount as at the reporting date.
- The fair value of marketable securities are based on market prices. Where the fair value of non-marketable debt securities is determined by the Risk Free Yield Curve adjusted by an appropriate risk factor.
- The fair values of general investments and investment in subsidiaries are based on the original cost of investment adjusted for any impairment losses.

Loans and accrued interest receivable presented in the fair value column are based on the carrying amount of loans and accrued interest receivable net of full allowance for doubtful accounts required by the Bank of Thailand.

	Baht'000			
	CONSOLIDATED		BANK	
	1998		1998	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets:				
1. Cash	781,372	781,372	781,362	781,362
2. Interbank and money market items	7,347,081	7,347,081	7,335,524	7,335,524
3. Securities purchased under resale agreement	2,000,000	2,000,000	2,000,000	2,000,000
4. Investment in securities	15,997,167	16,586,444	16,133,167	16,722,444
5. Loans and accrued interest receivable	101,291,111	101,291,111	101,291,111	101,291,111
6. Customers' liability under acceptances	177,068	177,068	177,068	177,068
7. Other financial assets	1,268,199	1,268,199	1,152,664	1,152,664
Total Financial Assets	128,861,998	129,451,275	128,870,896	129,460,173
Financial liabilities:				
1. Deposits	109,093,593	109,093,593	109,102,586	109,102,586
2. Interbank and money market items	9,405,307	9,405,307	9,458,512	9,458,512
3. Liability payable on demand	202,668	202,668	202,668	202,668
4. Securities sold under repurchase agreements	800,000	800,000	800,000	800,000
5. Borrowings	2,958,096	2,958,096	2,958,096	2,958,096
6. Bank's Liability under acceptances	177,068	177,068	177,068	177,068
7. Interest payable	1,449,245	1,449,245	1,449,245	1,449,245
8. Other financial liabilities	477,020	477,020	476,862	476,862
Total Financial Liabilities	124,562,997	124,562,997	124,625,037	124,625,037
9. Off-balance sheet:	9,873,711	9,873,711	9,873,711	9,873,711
9.1 Bank's liability under aval	237,519	237,519	237,519	237,519
9.2 Bank's liability under L/G	7,616,741	7,616,741	7,616,741	7,616,741
9.3 Bank's liability under L/C	2,011,380	2,011,380	2,011,380	2,011,380
9.4 Standby letters of credit	8,071	8,071	8,071	8,071

The following methods and assumptions were used by the Bank in estimating fair value of financial assets and liabilities as disclosed above.

Interbank and money market items include:

- Negotiable Certificates of Deposit of Krung Thai Bank Plc. of Baht 30 million with interest rate of 2% p.a.
- Loans to financial institutions ordered to be closed and financial institutions controlled by order of the Bank of Thailand to decrease and increase capital respectively amounting to Baht 1,274 million and Baht 19 million. The Bank will be protected according to the measures of the Ministry of Finance and the Bank of Thailand. On January 11, 1999, the Bank has received the NCD's of Krungthai Bank Public Company Limited amount of Baht 1,225 million with interest rate of 2% p.a.

Investment in securities:

- a. Carrying amount of investment in securities are amount of investment at cost after deducting permanent decline in value.
- b. Market value of investment in securities are carrying amount after deducting permanent decline in value and unrealised loss.

Loans and accrued interest receivable:

Market value of loan are net carrying amount of loan after deducting allowance for doubtful debt and discounted by interest rates currently offered to the Banks' customers (Consist of mainly variable rate). Thus, market value will equal net carrying amount of loan after deducting allowance for doubtful debt.

Borrowings:

Market value of borrowing are net carrying amount of borrowings and discounted by interest rate currently offered to the Bank (consist of mainly variable rate). Thus, market value of borrowing will equal net carrying amount of borrowings.

30. Interest rate risk

The following table represents the interest repricing on maturity dates of the Bank as at reporting date. One of the major causes of the mismatches is timing difference in the repricing of the assets and liabilities. These mismatches are actively managed as part of the overall interest rate risk management process, which is conducted in accordance with the Bank's policy.

Type of Assets/Liabilities	Baht'000				
	CONSOLIDATED				
	1999				
	Balance Sheet as at 31 December 1999	Remaining maturities			Non interest bearing
		0 to 3 months	3 months to 12 months	1-5 years	
ASSETS					
1. Cash	1,258,594	-	-	-	1,258,594
2. Interbank and money market items	3,411,077	423,186	1,254,322	581,731	1,151,838
3. Securities purchased under resale agreement	500,000	500,000	-	-	-
4. Investment in securities	8,602,062	5,713,190	1,617,495	-	1,271,377
5. Loans	98,866,113	41,419,202	2,263,021	11,645,634	43,538,256
6. Accrued interest receivable	3,310,444	-	-	-	3,310,444
7. Allowance for doubtful accounts	(18,627,615)	(363,563)	(11,462)	(106,617)	(18,145,973)
8. Property foreclosed, property plant and equipment	8,796,910	-	-	-	8,796,910
9. Customers' liabilities under acceptance	177,875	-	-	-	177,875
10. Other assets	1,275,401	-	-	-	1,275,401
TOTAL ASSETS	107,570,861	47,692,015	5,123,376	12,120,748	42,634,722
LIABILITIES					
1. Deposits	89,269,452	78,121,572	8,740,111	1,058,635	1,349,134
2. Interbank and money market items	2,850,973	2,049,356	89,517	-	712,100
3. Liability payable on demand	232,842	-	-	-	232,842
4. Borrowings	8,995,774	2,446,440	549,000	6,000,334	-
5. Bank's liabilities under acceptance	177,875	-	-	-	177,875
6. Other liabilities	2,067,631	-	-	-	2,067,631
TOTAL LIABILITIES	103,594,547	82,617,368	9,378,628	7,058,969	4,539,582
On balance sheet gap	3,976,314	(34,925,353)	(4,255,252)	5,061,779	38,095,140
Off balance sheet gap	(4,183,487)	-	(4,183,487)	-	-
Total interest rate sensitivity gap	(207,173)	(34,925,353)	(8,438,739)	5,061,779	38,095,140

Type of Assets/Liabilities.	Baht'000				
	CONSOLIDATED				
	1998				
	Balance Sheet as at 31 December 1998	Remaining maturities			Non interest bearing
	0 to 3 months	3 months to 12 months	1-5 years		
ASSETS					
1. Cash	781,372	-	-	-	781,372
2. Interbank and money market items	7,347,081	5,183,760	-	-	2,163,321
3. Securities purchased under resale agreement	2,000,000	1,400,000	600,000	-	-
4. Investment in securities	15,997,167	5,565,726	9,447,462	-	983,979
5. Loans	107,572,214	105,449,742	550,320	767,885	804,267
6. Accrued interest receivable	4,068,897	-	-	-	4,068,897
7. Allowance for doubtful accounts	(10,350,000)	-	-	-	(10,350,000)
8. Property foreclosed, property plant and equipment	4,087,458	-	-	-	4,087,458
9. Customers' liabilities under acceptance	177,068	-	-	-	177,068
10. Other assets	1,268,199	-	-	-	1,268,199
TOTAL ASSETS	132,949,456	117,599,228	10,597,782	767,885	3,984,561
LIABILITIES					
1. Deposits	109,093,593	97,063,014	10,918,489	-	1,112,090
2. Interbank and money market items	9,405,307	3,289,196	5,686,640	-	429,471
3. Liability payable on demand	202,668	-	-	-	202,668
4. Securities sold under repurchase	800,000	400,000	400,000	-	-
5. Borrowings	2,958,096	2,334,400	623,696	-	-
6. Bank's liabilities under acceptance	177,068	-	-	-	177,068
7. Other liabilities	1,926,265	-	-	-	1,926,265
TOTAL LIABILITIES	124,562,997	103,086,610	17,628,825	-	3,847,562
On balance sheet gap	8,386,459	14,512,618	(7,031,043)	767,885	136,999
Off balance sheet gap	(5,252,508)	(5,062,008)	(190,500)	-	-
Total interest rate sensitivity gap	3,133,951	9,450,610	(7,221,543)	767,885	136,999

Type of Assets/Liabilities	Baht'000				
	BANK				
	1999				
	Balance Sheet as at 31 December 1999	Remaining maturities			Non interest bearing
		0 to 3 months	3 months to 12 months	1-5 years	
ASSETS					
1. Cash	1,258,534	-	-	-	1,258,534
2. Interbank and money market items	3,400,774	412,883	1,254,322	581,731	1,151,838
3. Securities purchased under resale agreement	500,000	500,000	-	-	-
4. Investment in securities	8,937,762	5,713,190	1,617,495	-	1,607,077
5. Loans	98,866,113	41,419,202	2,263,021	11,645,634	43,538,256
6. Accrued interest receivable	3,310,444	-	-	-	3,310,444
7. Allowance for doubtful accounts	(18,627,615)	(363,563)	(11,462)	(106,617)	(18,145,973)
8. Property foreclosed, property plant and equipment	8,772,145	-	-	-	8,772,145
9. Customers' liabilities under acceptance	177,875	-	-	-	177,875
10. Other assets	1,113,130	-	-	-	1,113,130
TOTAL ASSETS	107,709,162	47,681,712	5,123,376	12,120,748	42,783,326
LIABILITIES					
1. Deposits	89,269,452	78,121,572	8,740,111	1,058,635	1,349,134
2. Interbank and money market items	3,260,150	2,458,533	89,517	-	712,100
3. Liability payable on demand	232,842	-	-	-	232,842
4. Borrowings	8,995,774	2,446,440	549,000	6,000,334	-
5. Bank's liabilities under acceptance	177,875	-	-	-	177,875
6. Other liabilities	1,976,087	-	-	-	1,976,087
TOTAL LIABILITIES	103,912,180	83,026,545	9,378,628	7,058,969	4,448,038
On balance sheet gap	3,796,982	(35,344,833)	(4,255,252)	5,061,779	38,335,288
Off balance sheet gap	(4,183,487)	-	(4,183,487)	-	-
Total interest rate sensitivity gap	(386,505)	(35,344,833)	(8,438,739)	5,061,779	38,335,288

Type of Assets/Liabilities	Baht'000				
	BANK				
	1998				
	Balance Sheet as at 31 December 1998	Remaining maturities			Non interest bearing
	0 to 3 months	3 months to 12 months	1-5 years		
ASSETS					
1. Cash	781,362	-	-	-	781,362
2. Interbank and money market items	7,335,524	5,172,203	-	-	2,163,321
3. Securities purchased under resale agreement	2,000,000	1,400,000	600,000	-	-
4. Investment in securities	16,133,167	5,565,726	9,447,462	-	1,119,979
5. Loans	107,572,214	105,449,742	550,320	767,885	804,267
6. Accrued interest receivable	4,068,897	-	-	-	4,068,897
7. Allowance for doubtful accounts	(10,350,000)	-	-	-	(10,350,000)
8. Property foreclosed, property plant and equipment	4,083,930	-	-	-	4,083,930
9. Customers' liabilities under acceptance	177,068	-	-	-	177,068
10. Other assets	1,152,664	-	-	-	1,152,664
TOTAL ASSETS	132,954,826	117,587,671	10,597,782	767,885	4,001,488
LIABILITIES					
1. Deposits	109,102,586	97,072,007	10,918,489	-	1,112,090
2. Interbank and money market items	9,458,512	3,342,391	5,686,640	-	429,481
3. Liability payable on demand	202,668	-	-	-	202,668
4. Securities sold under repurchase	800,000	400,000	400,000	-	-
5. Borrowings	2,958,096	2,334,400	623,696	-	-
6. Bank's liabilities under acceptance	177,068	-	-	-	177,068
7. Other liabilities	1,926,107	-	-	-	1,926,107
TOTAL LIABILITIES	124,625,037	103,148,798	17,628,825	-	3,847,414
On balance sheet gap	8,329,789	14,438,873	(7,031,043)	767,885	154,074
Off balance sheet gap	(5,252,508)	(5,062,008)	(190,500)	-	-
Total interest rate sensitivity gap	3,077,281	9,376,865	(7,221,543)	767,885	154,074

31. Currency risk

The Bank had the following significant foreign currency positions as at 31 December 1999:

	CONSOLIDATED					Baht'000
	THB	JPY	DEM	USD	Other	Total
Assets						
Cash	1,223,864	7,224	4,458	14,645	8,403	1,258,594
Interbank and money market items	2,550,694	48,210	6,362	702,318	103,493	3,411,077
Securities purchased under resale agreement	500,000	-	-	-	-	500,000
Investment in securities	7,489,054	-	-	1,113,008	-	8,602,062
Loans	94,120,524	26,082	-	4,644,665	74,842	98,866,113
Accrued interest receivable	3,261,625	486	-	47,410	923	3,310,444
Allowance for doubtful account	(18,627,615)	-	-	-	-	(18,627,615)
Property foreclosed, property, plant and equipment	8,796,910	-	-	-	-	8,796,910
Customers' liabilities under acceptance	177,875	-	-	-	-	177,875
Other assets	1,223,021	514	1,572	44,900	5,394	1,275,401
Total assets	100,715,952	82,516	12,392	6,566,946	193,055	107,570,861
Liabilities						
Deposits	89,031,429	2,432	1,814	233,501	276	89,269,452
Interbank and money market items	2,469,296	-	-	381,054	623	2,850,973
Liability payable on demand	232,842	-	-	-	-	232,842
Borrowings	7,232,334	-	-	1,763,440	-	8,995,774
Bank's liabilities under acceptance	177,875	-	-	-	-	177,875
Other liabilities	2,008,980	-	1	58,650	-	2,067,631
Total liabilities	101,152,756	2,432	1,815	2,436,645	899	103,594,547
On balance sheet - net foreign currency position	(436,804)	80,084	10,577	4,130,301	192,156	3,976,314
Off balance sheet - net foreign currency position	17,182,086	163,583	71,007	21,134,082	259,456	38,810,214

	BANK					Baht'000
	THB	JPY	DEM	USD	Other	Total
Assets						
Cash	1,223,804	7,224	4,458	14,645	8,403	1,258,534
Interbank and money						
market items	2,540,391	48,210	6,362	702,318	103,493	3,400,774
Securities purchased						
under resale agreement	500,000	-	-	-	-	500,000
Investment in securities	7,824,754	-	-	1,113,008	-	8,937,762
Loans	94,120,524	26,082	-	4,644,665	74,842	98,866,113
Accrued interest						
receivable	3,261,625	486	-	47,410	923	3,310,444
Allowance for doubtful						
account	(18,627,615)	-	-	-	-	(18,627,615)
Property foreclosed,						
property, plant and						
equipment	8,772,145	-	-	-	-	8,772,145
Customers' liabilities						
under acceptance	177,875	-	-	-	-	177,875
Other assets	1,060,750	514	1,572	44,900	5,394	1,113,130
Total assets	100,854,253	82,516	12,392	6,566,946	193,055	107,709,162
Liabilities						
Deposits	89,031,429	2,432	1,814	233,501	276	89,269,452
Interbank and money						
market items	2,878,473	-	-	381,054	623	3,260,150
Liability payable on						
demand	232,842	-	-	-	-	232,842
Borrowings	7,232,334	-	-	1,763,440	-	8,995,774
Bank's liabilities						
under acceptance	177,875	-	-	-	-	177,875
Other liabilities	1,917,436	-	1	58,650	-	1,976,087
Total liabilities	101,470,389	2,432	1,815	2,436,645	899	103,912,180
On balance sheet - net						
foreign currency						
position	(616,136)	80,084	10,577	4,130,301	192,156	3,796,982
Off balance sheet - net						
foreign currency						
position	17,182,086	163,583	71,007	21,134,082	259,456	38,810,214

32. Early retirement program

The Bank has implemented an early retirement program called "Mutual Separation Program" during this year for the staff who wish to retire early or are unable to adapt to new job demands to join this program and obtain some special benefits with approval from the Bank.

The Bank has finalised and approved for 588 staff to join the program. Total cost of this program was Baht 207 million of which Baht 128 million and Baht 79 million were recorded in the statement of income in 1999 and 1998, respectively.

33. Restructuring and reposition program

The Bank has planned to restructure its organisation to increase its efficiency, effectiveness, and productivity by bringing world-class banking standard and innovative financial products. To achieve its goals, the Bank needs to down size both branches and employees. As a result of this program, 35 branches will be closed down and 700 headcount reduction to concur with the business plan which is targeted to finish in March 2000. The Bank also reserved Baht 462 million for this program in 1999.

34. Economic turmoil and the operations of the Bank and its subsidiaries

The economic and liquidity crisis which began in mid 1997 in Thailand and other countries in the Asia Pacific Region brought about such adverse effects as significant depreciation in the value of the Thai Baht, reduced opportunity for refinancing or refunding of maturing debts, and a general reduction in spending throughout the region. These conditions have had a material adverse effect on the operation of the Bank. Recently, however, many of these economic difficulties have begun to moderate as evidenced by, for example, an increase in foreign exchange reserves, renewed interest by foreign investors, economic growth, lower interest rates and a stabilized foreign exchange rate. Nevertheless, it would be premature to be certain about the economic recovery given, among other factors, the remaining residual effects of the economic crisis which could have a continuing impact on the economy.

35. Litigations

The Bank is a defendant in a number of litigations and is claimed Baht 91 million, most of which the Court of First Instance has already decided to set aside the action of plaintiff, and some cases are still pending before the Court of Appeal. Management believes that the liability, if any, resulting from the litigations will not be material to the Bank.

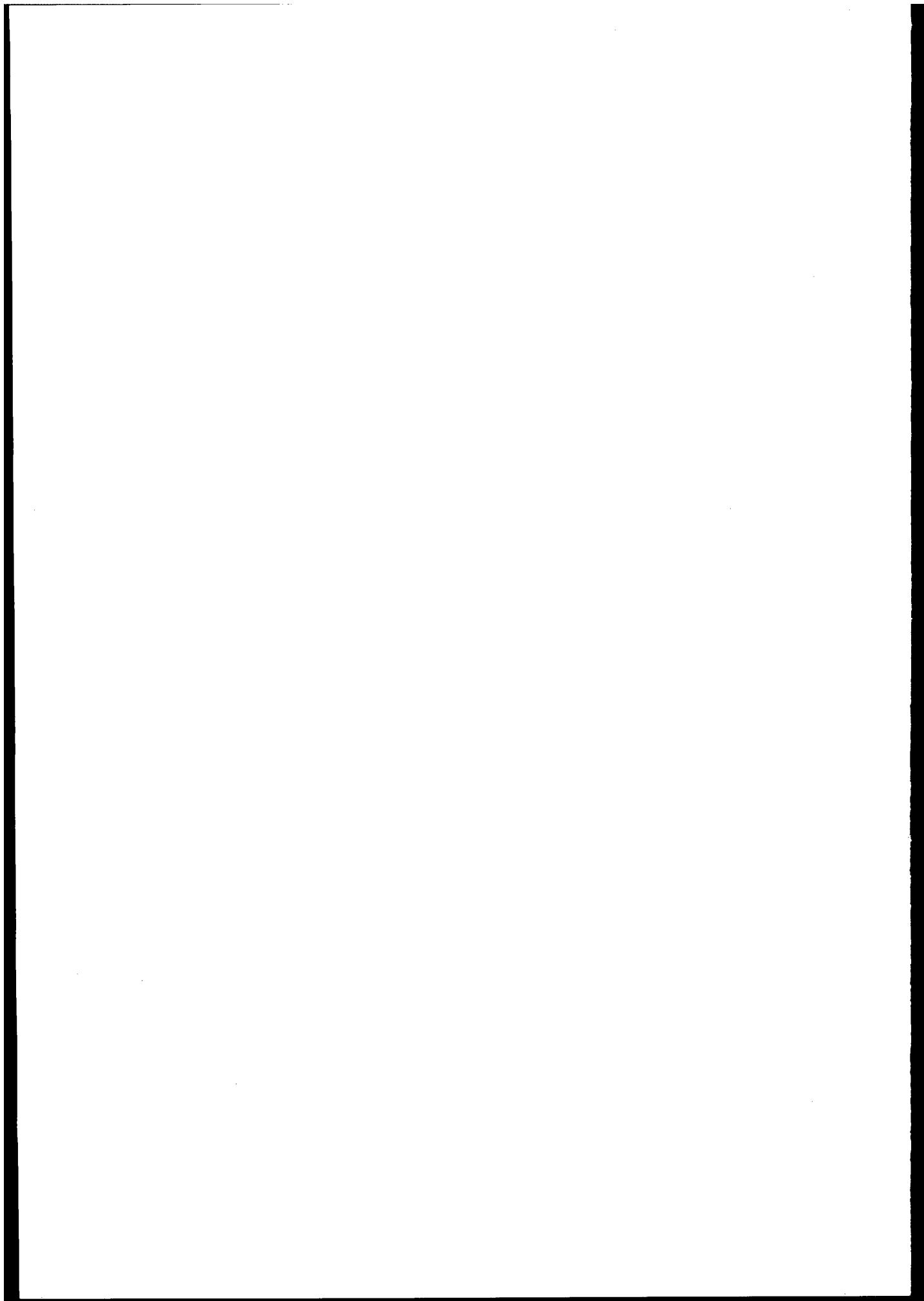
36. Year 2000 problem (This note is unaudited.)

As per our good preparation for the new millennium, the Bank had successfully passed the Y2K Crossover without any problem. All application Systems, IT and Non-IT equipment has been functioning normally including our customer's services.

For the Business Contingency Plan, the Bank set up our Back up site at Chaeng Wattana Data Centre and had been printing out all necessary statement for back up purpose since 1 December 1999 until 31 December 1999 for that critical period. During the crossover period, the Bank also set up the Main Command Centre as well as Sub-Command Centres in order to perform Wellness Checks of all application Systems, Office Automation & Facilities, PCs, Data Centre and etc., the result of this Wellness Check were reported to the Bank of Thailand and DBS Bank in Singapore. There were no disruptions or Y2K related mishaps over the 6 days of monitoring period from 31 December 1999 to 5 January 2000.

For the next schedule, the stand by period will be from 28 February to 1 March 2000. The Bank is looking for the Leap Year Rollover preparation and coordinating with relevant Business Units and Departments to ensure our readiness, providing that customers and external counterparties can be assured of smooth transition into that period.

Total Y2K remediation cost of Baht 61.3 million has been accounted for in 1999.



Company Information

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Company Information

General information

Head Office:	393 Silom Road, Bangrak, Bangkok 10500. Tel.: 230-5000 Fax: 236-7939
Registered capital:	BHT 15,000,000,000
Paid-up capital:	BHT 11,000,650,000 composed of 1) 1,100 million common shares at Baht10 par value each 2) 65,000 preference shares at Baht10 par value each
Share Registrar:	Thailand Securities Depository Co., Ltd. 62 The Stock Exchange of Thailand Building 4, 6-7th Floor, Rachadapisek Road Klongtoey, Bangkok 10110 Tel.359-1200 Fax359-1259
Trustee (Subordinated FRN):	Hanvit Finance Limited 13th Floor, Bank of America Tower 12 Harcourt Road, Central, Hongkong
Auditors:	Mr.Suchart Luengsurawat CPA (Thailand)No.2807 Mr.Unakorn Phruithithada CPA (Thailand)No.3257 Mrs.Nattaporn Phan-Udom CPA (Thailand)No.3430 Ms.Wimon Chiamchitrong CPA (Thailand)No.3365 PricewaterhouseCoopers ABAS Ltd. 15th Floor Bangkok City Tower 179/74-80 South Sathorn Road Bangkok 10120 Tel 286-9999, 344-1000
Legal Adviser:	Sanong Tuchinda Law Office 20-20/3 Soi Ruamrudee, Pathumwan, Bangkok 10330 Tel 252-9383-4
Financial Adviser:	-Nil-

Nature of Business

The Bank provides a broad range of consumer, commercial and corporate banking products and services, including lending, deposit-taking, credit card services, prepaid electronic cash card, international trade financing, custodian services, asset management, capital markets and investment banking. As of April 2000, the Bank has 60 branches after its branch rationalisation exercise from 95 branches previously.

Revenue Structure (the Bank only)

	Baht'000			
	1998	%	1999	%
Interest income and dividend income				
Loans	15,328,008	90.18	6,265,188	78.67
Government securities	649,639	3.82	481,264	6.04
Other securities	286,430	1.69	224,691	2.82
Total interest and dividend income	16,264,077	95.69	6,971,143	87.53
Non-interest income				
Fees and services income	286,872	1.69	269,591	3.38
Gain on foreign exchange	320,745	1.89	96,907	1.22
Realized gain on investment & trading	62,463	0.36	503,957	6.33
Other income	63,310	0.37	122,466	1.54
Total non-interest income	733,390	4.31	992,921	12.47
Total income	16,997,467	100.00	7,964,064	100.00

Revenue Structure (the Bank & Subsidiaries)

Company	%holding	Revenues	Baht'000			
			1998	%	1999	%
DBS Thai Danu Bank	100%	Interest & Dividend Income	16,264,077	95.66	6,971,143	87.38
(commercial bank)		Non-Interest Income	733,390	4.31	992,921	12.45
DBS Thai Danu Securities	51%	Securities business income	-	0.00	12,491	0.16
(Securities business)		Other Income	1,498	0.01	34	0.00
Thai Danu-DBS	51%	Services Income	1,522	0.01	11	0.00
(custodian)		Other Income	2,193	0.01	927	0.01
		Total	17,002,680	100.00	7,977,527	100.00

Remark : In 1999, Thai Danu-DBS is not consolidated as the Company is in the process of liquidation and not engaged in any business since 1999.

Subsidiaries

DBS Thai Danu Securities Co., Ltd.

Address: 18th Floor SSP 3 Building 88 Silom Road

Suriyawongse Bangrak Bangkok 10500

Business: Securities Broker

Paid-up Capital: BHT 514.00 million

Shareholding:	DBS Thai Danu Bank Plc.Ltd.	51%
	DBS Securities Holding Co., Ltd.	49%

Revenue Structure

Sources of revenue	1998	%	Baht '000	
			1999	%
Commission	-	-	9,874	79.05
Gain (loss) from securities trading	-	-	(89)	(0.71)
Interest income	-	-	2,706	21.66
Total	-	-	12,491	100.00

Remark: the company commenced operations in mid of 1999

Note: the revenue structure of The Preferred Shares - Subordinated Debentures of DBS Thai Danu Plc.(Fund) is not presented, as the Fund is considered a special purpose entity which raised funds on behalf of the Bank.

LIST OF MAJOR ORDINARY SHAREHOLDERS

30/12/1999

No.	Name	No.of shares	%
*1	THAILAND SECURITIES DEPOSITORY COMPANY LIMITED FOR FOREIGN DEPOSITORS	687,577,227	62.51
2	THAILAND SECURITIES DEPOSITORY COMPANY LIMITED FOR THAI DEPOSITORS	182,773,048	16.62
3	ROMAN CATHOLIC MISSION OF BANGKOK	19,008,297	1.73
4	SANONG TUCHINDA CO.,LTD.	13,500,000	1.23
5	THAI PETROCHEMICAL INDUSTRY PUBLIC CO.,LTD.	12,500,000	1.14
6	RASA CORPORATION COMPANY LIMITED	9,901,340	0.90
7	RASA HOLDING CO.,LTD.	6,676,823	0.61
8	HIS MAJESTY KING BHUMIBOL ADULYADEJ	5,953,230	0.54
9	MR. TANAN PUNWATANAWIT	5,596,059	0.51
10	MR. SOMPONG NAKORNSRI	5,549,324	0.50

**Remark : as at 9 June 1999, the following entities have deposited their share certificates with Thailand Securities Depository Company Limited for Foreign Depositors.*

	No. of shares	%
1. THE DEVELOPMENT BANK OF SINGAPORE LTD.	569,591,260	51.78
2. SELETAR INVESTMENTS PTE. LTD.	44,000,000	4.00
3. GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION PTE. LTD.	27,500,000	2.50

List of Preferred Shareholders as at 30/12/99

1. The Preferred Shares-Subordinated Debentures of DBS Thai Danu Bank Plc . Fund	50,000 shares
2. The Development Bank of Singapore LTD.	15,000 shares

Management

- DTDB's Directors and Executive Names and partial experience and their Share Ownership as December 31, 1999

No.	Name	Bank		Related Company	
		Shareholding	+ (-)	Shareholding	+ (-)
Directors					
1	Mr.Pakorn Thavisin	778,512	389,256	-	-
	Chairman, DBS Thai Danu Bank Pcl.				
	Chairman of the Executive Committee, Samitivej Pcl.				
	Independent Director, Royal Orchid Hotel (Thailand) Pcl.				
	Director, Colgate Palmolive (Thailand) Co., Ltd.				
	Chairman, The Thai Institute of Banking & Finance Association.				
2	Mr.Bajarisan Jumbala	146,910	3,910	-	-
	Independent Director, DBS Thai Danu Bank Pcl.				
	Acting Chairman, The Thai Insurance Pcl.				
	Director, Samitivej Pcl.				
3	Mr.Paisal Koomalayavisai	6,400	3,306	-	-
	Independent Director, DBS Thai Danu Bank Pcl.				
	Senator, Chairman of an Extraordinary Committee on Law Enforcement				
	Arbitrator, Ministry of Justice				
	Law Counselor, Office of the Juridical Council,				
	Prime Minister's Office				
4	Mr.Tan Keng Boon	-	-	-	-
	Independent Director, DBS Thai Danu Bank Pcl.				
	Managing Director, Seavi Venture Service Pte. Ltd.				
	Director, Teledata (Singapore) Ltd.				
	Director, Amtek Engineering Ltd.				
	Director, Ssangyong Cement (Singapore) Ltd.				
5	Mr.Pairash Thajchayapong	-	-	-	-
	Independent Director, DBS Thai Danu Bank Pcl.				
	Director, Circuit Electronics Industries Pcl.				
	Director, Internet Thailand Co., Ltd.				
	Director, EDI Trade Siam Co., Ltd.				
	Director, National Science and Technology Development Agency, Ministry of Science and Environment				
6	Mr.Tanan Punwatanawit	5,596,059	2,890,811	-	-
	Director, DBS Thai Danu Bank Pcl.				
	Managing Partner, Asia Drug and Chemical Ltd. Partn.				
	Vice President, Druggist Association of Thailand.				

No.	Name	Bank		Related Company	
		Shareholding	+ (-)	Shareholding	+ (-)
7	Mr.Ng Kee Choe	-	-	-	-
	Director, DBS Thai Danu Bank Pcl.				
	President & Chief Operating Officer, The Development Bank of Singapore Ltd.				
	Chairman & Director, The Insurance Corporation of Singapore Ltd.				
	Director, DBS Group Holdings Ltd.				
	Director, Kwong On Bank Ltd.				
8	Mr.Tan Soo Nan	-	-	-	-
	Director, DBS Thai Danu Bank Pcl.				
	Senior Managing Director, The Development Bank of Singapore Ltd.				
	Chairman & Director, DBS Asia Capital Ltd. (EX Prusias DBS Ltd.)				
	Director, DBS Bank Philippines, Inc.				
	Director, Kwong On Bank Ltd.				
9	Mr.Chong Kie Cheong	-	-	-	-
	Director & Chairman of the Executive Committee, DBS Thai Danu Bank Pcl.				
	Managing Director, The Development Bank of Singapore Ltd.				
	Director, The Insurance Corporation of Singapore Ltd.				
	Director, DBS Bank Philippines Inc.				
	Director, Kwong On Bank Ltd.				
10	Mr.Peter Ong Boon Kwee	-	-	-	-
	Director, DBS Thai Danu Bank Pcl.				
	Executive Vice President, Temasek Holdings (Private) Limited.				
	Director, Singapore Power Ltd.				
	Director, China-Singapore Suzhou Industrial Park Development Co., Ltd.				
	Director, National Neuroscience Institute of Singapore Pte Ltd.				
11	Mr.Pornsangong Tuchinda	-	-	-	-
	President, DBS Thai Danu Bank Pcl.				
	Director, DBS Thai Danu Securities Ltd.				
	Director, The Thai Bankers' Association				
12	Mr.Howard Choo	-	-	-	-
	Deputy President and Director, DBS Thai Danu Bank Pcl.				
13	Mr.Khan Prachuabmoh	439,059	172,654	-	-
	Senior Executive Vice President and Director, DBS Thai Danu Bank Pcl.				
	Chairman, Nava Nakorn Distribution Centre Co.,Ltd.				
	Director, Hua Thai Pcl.				
	Director, Multi Risk Consultants (Thailand) Ltd.				

No.	Name	Bank		Related Company	
		Shareholding	+ (-)	Shareholding	+ (-)
Retail Banking Group					
14	Mr.Chaiwat Utaiwan	-	-	-	-
	EVP., DBS Thai Danu Bank Pcl.				
1994 - 1995	VP, Marketing and sales, Digital Equipment Corporation (Thailand) Co., Ltd.				
15	Mr.Lor Chee Leng, Michael	-	-	-	-
	SVP., Customer Sales & Relationship Management Center, DBS Thai Danu Bank Pcl.				
1988 - 1997	Officer - Vice President, DBS Bank				
16	Mrs.Sudasirawatana Kaewamput	-	-	-	-
	VP., Infrastructure Development & Personnel Service Dept., DBS Thai Danu Bank Pcl.				
1979 - 1996	Assistant VP. Marketing Dept., Bangkok Bank Pcl.				
17	Mr.Veerajak Suntornpongsatorn	-	-	-	-
	VP., Retail Credit Dept., DBS Thai Danu Bank Pcl.				
1997 - 1998	Financial Controller, Standard Chartered Bank				
18	Miss Supawan Sinsiripong	-	-	-	-
	VP., Retail Credit Dept., DBS Thai Danu Bank Pcl.				
1978 - 1999	VP., Credit Training Head, Citibank N.A. Thailand				
19	Mr.Luecha Sukrasebya	11,804	0	-	-
	VP. Customer Sales & Relationship Management Dept., DBS Thai Danu Bank Pcl.				
1983 - 1984	Manager, K.C. Center Co.,Ltd.				
20	Mr.Kriengsak Niratpattanasai	-	-	-	-
	VP., Sales & Marketing Dept., DBS Thai Danu Bank Pcl.				
1994 - 1998	Marketing Director, Kepner-Tregoe Thailand Co.,Ltd.				
21	Mr.Visal Suchatphan	148	74	-	-
	VP., Provincial Dept., DBS Thai Danu Bank Pcl.				
22	Mrs.Pralomjit Ghooprasert	31,200	0	-	-
	BDM/VP.& Branch Mgr., Wang Burapa Branch, (BR), DBS Thai Danu Bank Pcl.				
1967 - 1970	Auditor, Jaiyos & Co.,Ltd.				
23	Miss Wallee Wongprakdee	1,481,552	743,176	-	-
	BDM/ VP.& Branch Mgr., Patpong Branch, (BR), DBS Thai Danu Bank Pcl.				

No.	Name	Bank		Related Company	
		+ (-)Shareholding		+ (-)	
Corporate Banking Group					
24	Mr.Surakiat Wongwasin	-	-	1 (2)	0
	EVP., DBS Thai Danu Bank Pcl.				
1996 - 1997	Managing Director, Multi-Credit Corporation of Thailand Pcl.				
25	Mrs.Ninlavan Vudthivat	26,892	13,892	-	-
	EVP., Regional Corporate Banking Centers, DBS Thai Danu Bank Pcl.				
26	Mr.Satian Tantasarit	-	-	1(1)	0
	SVP., Treasury Dept., DBS Thai Danu Bank Pcl.				
1994	VP., Treasury Dept., Multi-Credit Corporation of Thailand Pcl.				
27	Mr.Somchai Wongsapak	-	-	1(2)	0
	VP., Corporate Restructuring Dept., DBS Thai Danu Bank Pcl.				
1987 - 1996	Executive Editor, Manager Media Group				
28	Mr.Anuphun Tungnga	-	-	-	-
	VP., Real Estate & Construction Dept., DBS Thai Danu Bank Pcl.				
1992 - 1998	VP, Corporate Banking Group, Real Estate Development Dept., Head, Multi-Credit Corporation of Thailand Pcl.				
29	Mrs.Kampoo Visuthiphol	-	-	-	-
	VP., Industrial Dept., DBS Thai Danu Bank Pcl.				
1989 - 1998	VP, Head of Lending Dept., Poonpipat Finance and Securities Pcl.				
Debt Restructuring Group					
30	Miss Utoomphorn Kunakorn	-	-	1(2)	0
	SVP., Corporate Restructuring Dept., DBS Thai Danu Bank Pcl.				
1985 - 1998	Director and EVP., Head of Lending Group, Multi-Credit Corporation of Thailand Pcl.				
31	Miss Napahathai Wongprecha	-	-	-	-
	VP., Corporate Restructuring Dept., DBS Thai Danu Bank Pcl.				
1985 - 1990	Credit Manager, Citibank NA				

No.	Name	Bank		Related Company	
		Shareholding	+ (-)	Shareholding	+ (-)
Risk Management Group					
32	Mr.Padej Pirounsit	-	-	1(1)	0
	VP., Asset - Liability Management Dept., DBS Thai Danu Bank Pcl.				
1997 - 1998	VP., Corporate Finance Dept., United Communication Industry Pcl.				
Finance, Planning and Operations Group					
33	Mr.Seow Kheng Hee	-	-	-	-
	EVP., DBS Thai Danu Bank Pcl.				
1977 - 1998	Senior VP, International, The Development Bank of Singapore.				
34	M.L.Ayuth Jayant	762,528	382,636	1(1)	0
	SVP., Credit Administration & Operations Dept., DBS Thai Danu Bank Pcl.				
35	Mrs. Suttharug Panya	-	-	-	-
	SVP., Finance & Corporate Planning Dept., DBS Thai Danu Bank Pcl.				
1987 - 1999	FVP., Information and Office of Management Information System, The Bank Thai Pcl.				
36	Miss Punnee Bunchongkiat	-	-	-	-
	VP., International Operations Dept., DBS Thai Danu Bank Pcl.				
1991 - 1997	VP., International Dept., Bangkok Bank of Commerce				
37	Mrs.Duanpen Thatphithakkul	-	-	-	-
	VP., Custody Services Dept., DBS Thai Danu Bank Pcl.				
1996 -1998	Manager Depository Dept., Depository Division Clearing and Thailand Securities Depository				
Human Resources Group					
38	Mr.Lim Yee Chye	-	-	-	-
	Human Resource Advisor, DBS Thai Danu Bank Pcl.				
1983 - 1999	Vice President, HR.-Per Planning & Development and Training				
39	Dr.Kongpob Watanasin	-	-	-	-
	SVP., Human Resources Dept., DBS Thai Danu Bank Pcl.				
1996 - 1999	Human Resources Director, Credit Agricole Indosuez, Bangkok Branch				

No.	Name	Bank		Related Company	
		Shareholding	+ (-)	Shareholding	+ (-)
Information Technology Group					
40	Mr.Loh Siok Wah	-	-	-	-
	SVP. & Chief Information Officer, DBS Thai Danu Bank Pcl.				
1998	Testlab Coordinator, Brunei Shell Petroleum Co.,Ltd.				
41	Mr.Prasit Veerakiatikit	-	-	-	-
	VP., Technical Services Dept., DBS Thai Danu Bank Pcl.				
1997 - 1999	VP. consulting and technical support activities to customers, Loxley Business Information Technology Co., Ltd.				
42	Mr.Boonkear Sornint	-	-	-	-
	VP., Application A (Retail Banking Dept.), DBS Thai Danu Bank Pcl.				
1994 - 1999	Project Manager, Technology Dept., Citibank N.A.				
Corporate Services Group					
43	Mrs. Prangmas Nititham	62,248	30,606	-	-
	SVP., Corporate Affairs Dept., Company Secretary, DBS Thai Danu Bank Pcl.				
44	Mr.Bhichar Damrongpiwat	-	-	-	-
	General Counsel., DBS Thai Danu Bank Pcl.				
1996 - 1999	CEO., ISOFT Group				
45	Mr.Uthai Monthawornwong	13,640	6,820	-	-
	VP., General Administration Dept.,DBS Thai Danu Bank Pcl.				
Audit Group					
46	Mr.Peera Chinwannabutr	-	-	1(1)	0
	VP., Supervision & Audit Dept., DBS Thai Danu Bank Pcl.				
1975 - 1993	Auditor, Audit Dept., Bank of Thailand				

Remarks :

- (1) Shareholding in DBS-Thai Danu Securities Co.,Ltd.
- (2) Shareholding in Inter-Roof Manufacturing Co.,Ltd.

Remuneration

1) Remuneration paid to Directors in 1999

	Gross payment (Baht)
Mr. Pakorn Thavisin	720,000.00
M.R. Bajarisan Jumbala	450,000.00
Khunying Chatchani Chatikavanij (resigned 13/8/99)	250,000.00
Mr. Paisal Koomalayavisai	540,000.00
Mr. Tan Keng Boon	450,000.00
Mr. Pairash Thajchayapong	450,000.00
Mrs. Benjawan Kumpanartsanyakorn (resigned 30/12/99)	480,000.00
Mr. Tanan Punwatanawit	360,000.00
Mr. Ng Kee Choe	480,000.00
Mr. Tan Soo Nan	480,000.00
Mr. Chong Kie Cheong	480,000.00
Mr. Peter Ong Boon Kwee	360,000.00
Mr. Pornsanong Tuchinda	480,000.00
Mr. Howard Choo (wef 8/4/99)	350,000.00
Mr. Khan Prachuabmoh (retired 29/2/00)	480,000.00
Total	6,810,000.00

2) Other Remuneration for 1999

-Nil-

3) Remuneration paid to Executives in 1999

Financial Remuneration

- Remuneration paid to executives totalled BHT 119,740,194.70
- Top 15 of highest remuneration paid to executives in 1999 totalled BHT 75,826,324.90
- Other remuneration

-Nil-

Related Party Transactions

Interested Person and Cross-Over Transactions.

During the fiscal year of 1999, there was a connected transaction between the Bank and its parent company, The Development Bank of Singapore Ltd, (DBS Bank). Apart from the said connected transaction, there were no other cross-over entries for interested person, no cross-over entries between the Bank, subsidiaries and associated companies in cases where the interested person hold shares amounting to more than 5 percent with voting rights in subsidiaries or associated companies.

Significant Information on Connected Transaction

The Shareholders' Meeting of DBS Thai Danu Bank Pcl. has resolved to allocate the class G Preferred Shares for the issuance and offering with the Convertible Subordinated Debentures No. 3 (M-CAPS) of value BHT 1,500 million to DBS, the parent company and major shareholder of the Bank, whereby DBS Thai Danu Bank will enter into a master investment agreement with DBS. Such agreement will determine the rights and duties of the parties relating to the investment and consideration payment in entering into master investment agreement by DBS.

The transaction mentioned above is considered as a connected transaction according to the Notification of the Stock Exchange of Thailand Re: Rules, Procedures and Disclosure of Connected Transaction of Listed Companies. The Bank had already obtained an opinion on the reasonableness and fairness transaction from its Financial Advisor, Jardine Fleming Thanakom Securities Limited this transaction was assessed as fair to the Bank and its shareholders.

Details that the Director disclosed regarding direct or indirect interest and share ownership of Board members.

- Details of Direct or Indirect Interest of the Directors Notified to the Company According to Section 88 of Public Limited Companies Act B.E. 2535 for the year of 1999.

Name of Directors	Name of the Contracting Party	Position	Name of Contract	Amount (Baht)
Mr. Pakorn Thavisin	Samitivej Pcl.	Director	Overdrafts	1,510,310.30
			Bank Guarantee	6,587,900.00
			Total	8,098,210.30
	Colgate Palmolive (Thailand) Co., Ltd.	Director	Overdrafts	95,179.76
			Total	95,179.76
			<hr/>	
M.R.Bajarisan Jumbala	Samitivej Pcl.	Director	Overdrafts	1,510,310.30
			Bank Guarantee	6,587,900.00
			Total	8,098,210.30
<hr/>				
Mr. Pairash Thajchayapong	Circuit Electronics Industries Pcl.	Director	Overdrafts	9,983,779.89
			Packing Credit	39,750,000.00
			with Exim	
			Total	49,733,779.89
<hr/>				
Mr. Khan Prachuabmoh	Nava Nakorn Distribution Centre Co., Ltd.	Director	Bank Guarantee	7,000,000.00
			Total	7,000,000.00
			<hr/>	

Risk Factors

The Bank would like to disclose several key risk factors to the public as follows:

1. **Credit risk:** arises from the possibility of a default from a counterparty or the non-compliance in adhering to a repayment schedule in respect of credit facilities advanced by the Bank.

The banking industry is still burdened by a high level of NPLs at over 38% of total banking system loans as of Dec. 1999. With a high level of NPLs, banks will continue to face the issues of declining interest income and loan loss provisioning demand.

The Bank is managing the above proactively with its Debt Restructuring Group under the direct charge of its Deputy President and the formation of a Credit Risk Management Team under the supervision of Risk Management Group with direct reporting to DBS Bank.

2. **Market risk, interest rate and liquidity risk:** This is risk associated with the potential change in value caused by movements in market rates and foreign exchange levels. Exposure to market risk may be reduced through offsetting on- and off- balance sheet positions. The Risk Management Group of the Bank has formed a market risk management team to proactively manage this risk area. They are guided on a framework governing: total position limits, stop loss limits, monitoring system and market risk assessment tools.

Similarly a Risk Management Committee, comprising of Business and Operational Group Heads, deliberates regularly to monitor and control the Bank's liquidity position in relation to interest rate risk.

Risk Management Group: To comprehensively manage all key aspects of credit risk, market risk and liquidity risk, the Bank in early 1999 has formed a Risk Management Group that oversees this function. Today the Group has formed several departments with direct lines of reporting to DBS Bank Risk Management Unit. The Bank's credit risk policies and lending guidelines have been developed and are in application by the Bank's credit personnel. On market risk, the use of Daily Earnings at Risk (DEaR) models and risk analytics modelling are being guided by DBS Bank Risk Management Unit. On this end, there is the transfer of technology that will greatly benefit DBS Thai Danu Bank's ability to successfully manage the major risks as outlined above.

Factors likely to affect Investment Decision in DTDB

Legal disputes

With the exception of lawsuits which ordinarily occur in general commercial bank operations, the Bank at present has no conflicts with business counterparts, no pending or any lawsuits involving any principal (excluding interest and expenses) exceeding 5 percent of the total Shares' Equity as stated in the latest year-end balance sheet.

Binding obligation on future share issues

The Sixth General Shareholders' Meeting held on April 8, 1999 has resolved to allocate the authorized but unissued new ordinary shares and preferred shares as per the following details:

Ordinary shares of 399,800,000 shares reserved for the Convertible Subordinated Debenture under M-CAP issued to The Development Bank of Singapore Ltd.

Class B-F preferred shares, each of 10,000 shares with the par value of Baht 10 each, to be offered for sale to a Mutual Fund, to be set up under the Regulation of the Office of the Securities and Exchange Commission, the specific investors being not more than 35 persons and/or the 17 types of institutional investors pursuant to the relevant notifications of the Securities and Exchange Commission

The details and conditions, in relation to the share offering, such as offering prices, terms, method of the offering and other details including the offering for sale of shares at the price higher than their par value will be decided by the Board of Directors or the Executive Committee or the Chairman or the President or any person authorized by the Board of Directors or the Executive Committee or the Chairman or the President.

Head Office and Branches Network

Head Office: 393 Silom Road, Bangrak, Bangkok 10500.

Tel. 230-5000 Fax. 236-7939

Head Office

Retail Banking Group

Retail Operations and systems Dept.	Tel. 230-5239
Infrastructure Development & Personnel Services Dept.	Tel. 230-6066
Retail Credit Dept	Tel. 230-5556
Products Dept.	Tel. 634-1733
Alternative Delivery Dept.	Tel. 634-1745
Sales & Marketing Dept.	Tel. 634-1733
Retail Distribution	Tel. 230-5171
-Customer Sales & Relationship Management (Bangkok and Metropolitan)	Tel. 230-5216
-Customer Sales & Relationship Management (Provincial)	Tel. 230-5222

Corporate Banking Group

Regional Corporate Banking Centers	Tel. 230-5056
Commercial & Service Dept.	Tel. 230-5743
Industrial Dept.	Tel. 230-5040
Real Estate & Construction Dept.	Tel. 230-5417
Small Business Dept.	Tel. 230-5315
Treasury Dept.	Tel. 230-5792
Product Development Dept.	Tel. 230-5245

Debt Restructuring Group

Retail Collection Dept.	Tel. 230-5293
Corporate Workout Dept.	Tel. 230-6131
Asset Management & Disposition Dept.	Tel. 230-5996
Support Unit	Tel. 230-5996
NPL Data Control Centre	Tel. 230-6205

Risk Management Group

Risk Policy & Monitoring Dept.	Tel. 230-5925
Asset-Liability Management Dept.	Tel. 230-6114

Finance, Planning and Operations Group

Credit Admin. & Operations Dept.	Tel. 230-5215
International Operations Dept.	Tel. 230-5370
Custody Services Dept.	Tel. 230-5647
Treasury Operations Dept.	Tel. 230-5345
International Banking Facility Div.	Tel. 230-5370
Operations Control Dept.	Tel. 230-6066
Finance & Corporate Planning Dept.	Tel. 230-5367
- Finance & Accounting Dept.	Tel. 230-5367
- Corporate Planning & MIS Dept.	Tel. 230-6311

Human Resources Group

Human Resources Dept.	Tel. 712-7617-23
-----------------------	------------------

Information Technology Group

Technical Services Dept.	Tel. 230-5847, 962-0193-4
System & Methods Dept.	Tel. 962-2601-10
Application A Retail Banking Dept.	Tel. 230-5835
Application B Corporate & Wholesale Dept.	Tel. 230-5834

Corporate Services Group

Corporate Affairs Dept.	Tel. 230-5035
Legal Dept.	Tel. 962-1400-14
Appraisal & Documentation Dept.	Tel. 962-1432-9
General Administration Dept.	Tel. 230-5558

Audit Group

Supervision & Audit Dept.	Tel. 962-1420-7
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Branches Network

Bangkok Branches

BANGKAE BRANCH

381 Mu 3 Phet Kasem Road,
Khwaeng Bang Kae Nua,
Khet Bang Kae, Bangkok 10160
Tel. 413-0922-3, 413-0932, 413-3179-80, 454-2869,
809-2813-4
Fax. 413-3181

HUAI KHUANG BRANCH

576/1 Pracha Uthit Road,
Khwaeng Huai Khwang,
Khet Huai Khwang, Bangkok 10310
Tel. 274-3200-5, 690-2605-7
Fax. 274-3206

LADPRAO BRANCH

166/6 Ladprao Road,
Khwaeng Ladyao,
Khet Chatuchak, Bangkok 10900
Tel. 511-3982-3, 511-1819, 512-5718, 513-4052,
513-5186, 513-0779, 938-6618-9
Fax. 513-8112

LADPRAO SOI 136 BRANCH

3474 Ladprao Road,
Khwaeng Khlong Chan,
Khet Bang Kapi, Bangkok 10240
Tel. 378-1300, 378-0792, 374-4616-7, 377-0179,
374-5496, 374-5523, 704-7460-1
Fax. 374-5001

LAT KRABANG BRANCH

296/16-18 Mu 1,
Khwaeng Lat Krabang,
Khet Lat Krabang, Bangkok 10520
Tel. 326-9848, 326-6899, 326-7417, 326-6671,
326-6899, 739-1020-4
Fax. 326-8479

NGAMWONGWAN BRANCH

55/277 Mu 6,
Khwaeng Thung Song Hong,
Khet Don Muang, Bangkok 10210
Tel. 580-9859-60, 589-3228, 953-3901-7
Fax. 953-3906

NONG KHAEM BRANCH

119/1 Mu 2 Phet Kasem Road,
Khwaeng Nongkhangphu,
Khet Nong Khaem, Bangkok 10160
Tel. 431-0308-12, 810-6874-7
Fax. 431-0313

NONHABURI BRANCH

2/15 Mu 4 Pracharaj Road,
Tuambon Suan Yai,
Amphoe Muang, Nonthaburi 11000
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967-5501-6
Fax. 526-3526

PATPONG BRANCH

109 The Foundation Of The Church Of
Christ In Thailand Building, Surawong Road,
Khwaeng Suriyawong,
Khet Bang Rak, Bangkok 10500
Tel. 236-9395-9
Fax. 236-0112

PATUMWAN BRANCH

186/5-8 Siam Square Soi 7, Rama 1 Road,
Khwaeng Pathum Wan,
Khet Pathum Wan, Bangkok 10330
Tel. 251-2232, 251-3797, 251-7672,
252-6049, 251-5714-5, 658-1751-3
Fax. 252-5856

PENINSULA PLAZA SUBBRANCH

153 Peninsula Plaza, Rachadumri Road,
Khwaeng Lumpinee,
Khet Phatumwan, Bangkok 10330
Tel. 253-9756-7, 253-0067-8
Fax. 253-9755

PHRAPINKLAO BRANCH

632/137 Charan Sanit Wong Road,
Khwaeng Bangyikhan,
Khet Bang Phlat, Bangkok 10700
Tel. 433-5406-7, 433-7051, 433-3370-2,
883-2884-7
Fax. 433-5470

RAJAWONGSE BRANCH

261 Rajawongse Road, Khwaeng Chakkrawat,
Khet Samphanthawong, Bangkok 10100
Tel. 221-0599, 222-0478, 225-3721,
226-3324-5, 221-7526, 225-0499
Fax. 226-3323

RAJPRASONG BRANCH

Danu Thai Holding Building Lang Suan
34/3 Soi Lang Suan, Khwaeng Lumpini,
Khet Pathum Wan, Bangkok 10330
Tel. 652-2090-4, 652-1762, 652-2096-7
Fax. 652-2095

RAMKHAMHAENG BRANCH

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Khwaeng Huamak, Khet Bang Kapi, Bangkok 10240
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Fax. 375-7931

RANGSIT BRANCH

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Tuambon Phrachatiphat, Amphoe Thanyaburi,
Pathum Thani 12140
Tel. 516-8551, 516-8686, 516-2907-8, 958-1007-9,
958-1477-9, 516-8892-4, 567-0858-60
Fax. 516-8551

SAMRONG BRANCH

1584/4-7 Mu 1 Sukhumvit Road,
Tuambon Samrong Nua,
Amphoe Muang, Samut Prakan 10270
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Fax. 384-2856

SAPHAN KHWAI BRANCH

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Khwaeng Samsen Nai,
Khet Phaya Thai, Bangkok 10400
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Fax. 279-0413

SIAM DISCOVERY CENTER SUB-BRANCH

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Khet Pathum Wan, Bangkok 10330
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Fax. 658-0559

**SI YAK SOI ON NUJ-THANON SRINAKARIND
BRANCH**

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SI YAK THANON BANG KHUN THIAN-THANON**RAMA 2 BRANCH**

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415-0151-3
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SILOM BRANCH

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ST. LOUIS HOSPITAL BRANCH

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391-0708, 711-3080-3
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SUBBRANCH**

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THANON SAI LUAT-SAMUT PRAKAN BRANCH

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YANNAWA BRANCH

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882-669-72
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CHIANG RAI BRANCH

913 Mu 4 Phahon Yothin Road,
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276-564, 792-294-5
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HUA HIN BRANCH

226/2 Phetkasem Road,
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532-200, 532-606-8
Fax. (032) 512-347

KLAENG BRANCH

191 Sukhumvit Road,
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Amphoe Klaeng, Rayong 21110
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LAMPANG BRANCH

399/1 Chatchai Road,
Tuambon Hua Wiang,
Amphoe Muang, Lampang 52000
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NIPHAT UTHIT 3 HAT YAI BRANCH

155, 157, 159, 159/1 Niphat Uthit 3 Road,
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Songkhla 90110
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Fax. (074) 237-858

RAYONG 2 BRANCH

139-1 Sukhumvit Road,
Tuambon Choeng Noen,
Amphoe Muang, Rayong 21000
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Fax. (038) 617-475

ROYAL GARDEN SUBBRANCH

218 Mu 10 Pattaya Beach Road,
Tuambon Nong Pru, Amphoe Bang Lamung,
Muang Pattaya, Chon Buri 20260
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Fax. (038) 411-752

THANON CHANGPUAK CHIANGMAI BRANCH

171/21 Changpuak Road,
Tuambon Si Phum, Amphoe Muang,
Chiang Mai 50000
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Fax. (053) 221-545

THANON KHATHATHORN-RATCHA BURI BRANCH

9 Khathathorn Road,
Tuambon Na Muang,
Amphoe Muang, Ratcha Buri 70000
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Fax. (032) 315-817

THANON MITTRAPHAP-KHON KAEN BRANCH

381/32 Mu 17, Mittraphap Road,
Tuambon Nai Muang,
Amphoe Muang, Khon Kaen 40000
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Fax. (043) 324-867

THANON PRAJAG NAKORNRAJSIMA BRANCH

129/6-9 Prajak Road,
Tuambon Nai Muang, Amphoe Muang,
Nakhon Ratchasima 30000
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267-471
Fax. (044) 256-202

THANON RAJVITHEE NAKHON PATHOM BRANCH

124/10 Rajvithee Road,
Tuambon Phra Pathom Che-di,
Amphoe Muang, Nakhon Pathom 73000
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Fax. (034) 250-826

THANON SANGCHOOTO KANCHANABURI BRANCH

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Tuambon Ban Nua, Amphoe Muang,
Kanchanaburi 71000
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Fax. (034) 512-496

THANON SUTBANTAT - SARABURI BRANCH

72/1 Sutbantat Road,
Tuambon Pak Phrieo, Amphoe Muang,
Saraburi 18000
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315-718-20
Fax. (036) 221-312

THANON THAHAN - UDON THANI BRANCH

37/10 Mu 7 Thahan Road,
Tuambon Nong Khon Kwang,
Amphoe Muang, Udon Thani 41000
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FOREIGN BRANCH

CAYMAN ISLANDS BRANCH

Cadinal Avenue
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Grand Cayman, Cayman Island

List of Information in accordance with the regulations of the Securities and Exchange Commission (SEC)

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DBS THAI DANU BANK PUBLIC COMPANY LIMITED

393 Silom Road, Bangrak, Bangkok 10500
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Public Company Registration No.107

Handwritten marks or signatures at the bottom of the page.