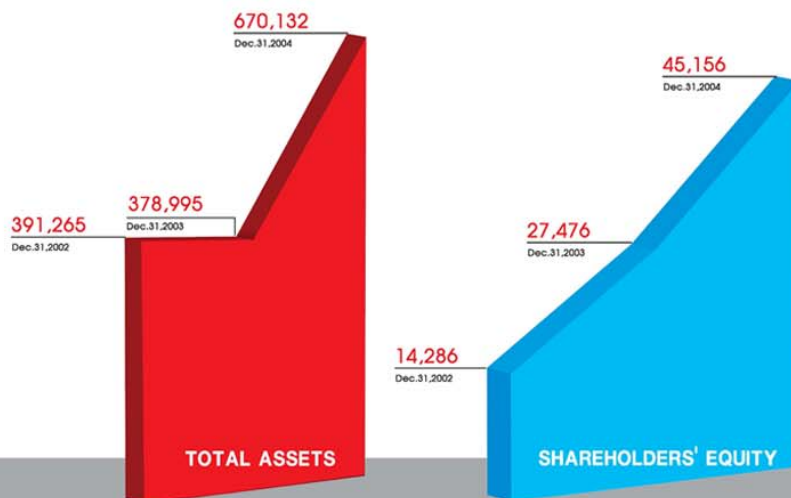


FINANCIAL HIGHLIGHTS

Amounts : Million Baht

	Consolidated Financial Statements			Bank Only Financial Statements		
	Dec.31.2004	Dec.31.2003	Dec.31.2002	Dec.31.2004	Dec.31.2003	Dec.31.2002
FIANCIAL STATEMENT INFORMATION						
TOTAL ASSETS	670,132	378,995	391,265	672,739	379,147	391,296
TOTAL LIABILITIES	624,976	351,519	376,979	627,588	351,671	377,010
SHAREHOLDERS' EQUITY	45,156	27,476	14,286	45,151	27,476	14,286
INTEREST AND DIVIDEND INCOME	17,552	15,681	16,418	17,162	14,754	16,008
INTEREST EXPENSES	6,401	8,263	10,356	6,400	8,263	10,358
NET INTEREST AND DIVIDEND INCOME	11,151	7,418	6,062	10,762	6,491	5,650
NON-INTEREST INCOME	4,576	3,946	4,281	4,429	3,403	4,189
NON-INTEREST EXPENSES	9,305	11,287	7,540	8,772	7,786	7,348
TOTAL INCOME	22,128	19,627	20,699	21,591	18,157	20,197
NET PROFIT (LOSS)	948	(14,054)	(160)	948	(14,054)	(160)
FIANCIAL RATIOS						
NET PROFIT (LOSS) TO TOTAL INCOME RATIO (%)	4.28	(71.61)	(0.77)	4.39	(77.40)	(0.79)
RETURN ON EQUITY (%)	2.61	(67.30)	(1.15)	2.61	(67.30)	(1.15)
RETURN ON ASSET (%)	0.18	(3.65)	(0.04)	0.18	(3.65)	(0.04)
BASIC EARNINGS (LOSS) PER SHARE (BAHT)	0.09	(3.79)	(0.08)	0.09	(3.79)	(0.08)
DILUTED EARNINGS (LOSS) PER SHARE (BAHT)	0.07	(2.46)	(0.04)	0.07	(2.46)	(0.04)
DIVIDEND PER SHARE (BAHT)	-	-	-	-	-	-
PAYOUT RATIO (%)	-	-	-	-	-	-
BOOK VALUE PER SHARE (BAHT)	2.95	2.64	3.57	2.95	2.64	3.57
CAPITAL ADEQUACY RATIO (%)	8.79	10.63	11.32	8.80	10.59	11.26



Amounts : Million Baht



Message from the Chairman

On behalf of the Board of Thai Military Bank I am delighted to report to you a significantly improved performance for the period ended December 31, 2004 culminating in the delivery of a record operating profit of Baht 6,422 million. I am also pleased to advise you that we successfully concluded our merger with DBS Thai Danu, and The Industrial Finance Corporation of Thailand which has resulted in our Bank emerging as the fifth largest commercial bank in Thailand.

The merger was completed in record time with minimal disruption to our customers and stakeholders, and resulted in us being awarded "Best Domestic M&A Deal of the Year" by Finance Asia, a well respected financial magazine covering the Asian market place.

The successful integration of the three businesses has led to a significant expansion of the underlying franchise with a network of over 450 branches across Thailand, and more than 4 million customers. The key business segments of Consumers, Small & Medium Enterprises, and Corporates are now more enhanced and will be receiving greater investment and support as the Bank begins to expand its products and service capabilities.

In terms of the balance sheet, the merger has created an enlarged asset base of Baht 670,132 million with outstanding loans of Baht 514,374 million and a market share of more than 11%. Outstanding deposits increased by 41.57% from a year ago, and market share now stands at 8.59%.

Turning to the revenue performance, I am pleased to report that net interest and dividend income jumped by 50.33% to Baht 11,151 million representing an increase of Baht 3,733 million. Non interest income increased by 15.99% to Baht 4,576 million. As a consequence, the bank posted an operating profit of Baht 6,422 million an increase of Baht 6,346 million from 2003. In closing the book for 2004, the Bank decided to set aside additional provision of Baht 4,486 million to comply with regulatory requirements as well as an additional Baht 938 million in provision for losses from debt restructuring. The net result of these adjustments has led to the delivery of a net profit of Baht 948 million representing a significantly improved performance year on year and producing a good base for growth over the coming twelve months.



Our merger has produced a strong platform for growth and we are excited about the opportunities which are opening up to us to expand our customer base as well as our product capabilities. The Bank will build on its baseline strategy as a Universal Bank, leveraging on the underlying strengths of the three combined entities as well as the efficiencies and expertise of the enlarged franchise.

The enlarged Bank will also be looking to invest in new processes and practices. This will be enhanced by means of a Master Service Agreement signed with DBS Group of Singapore to help share best practice and provide technical support for new business projects. The Bank is also well advanced in selecting external support to help prepare itself for Basel II readiness by 2007/2008. I will update you each year from now on, as to our plans and readiness to meet this important milestone.

As I look forward over the next twelve months, I and the Board are very excited about the opportunities which are opening up to us. We have a strong base upon which we can build, and we are committed to providing better services and support to our customers as the economy expands. We have also committed to a significant increase in our training programmes to help equip our staff with new skills and services to respond to customer needs, as well as broaden their skills to meet competitive pressures from the market place.

As I close this note, allow me this opportunity to thank the staff of the newly enlarged Bank for their hard work last year. They achieved a great deal in a very short time frame and they are looking forward to growing our products and services in the years ahead.

I would also like to take this opportunity to thank our enlarged customer base for their business last year and we look forward to serving you further over the next twelve months. Most importantly, allow me this opportunity to thank our shareholders for their support in 2004. We are looking forward to growing our business over the next twelve months and enhancing our shareholders' value even further.

(Mr. Somchainuk Engtrakul)
Chairman



Mr. Somchainuk Engtrakul

Position ■ Chairman of the Board of Directors ■ Chairman of the Nomination and Remuneration Committee ■ Age 60 (Yrs)
 Education ■ BA (Economics), Upsala College, New Jersey, U.S.A. ■ LL.B, Sripathum University ■ National Defense College
 ■ Executive Program for Leaders in Development, Harvard University, U.S.A. ■ Chairman 2000 Program, Thai Institute of Directors Association
 Working Experience In the Last 5 Years ■ 2005 - Present - Vice Minister for Office of the Prime Minister ■ 2001 - Present - Vice Chairman of the Board, Thai Airways International Plc. ■ 2000 - Present Member of the Sub Committee for Counter Corruption Measure, Office of the National Counter Corruption Commission ■ 2000 - Present - Directors, Slam Plwat Co., Ltd. ■ 1995 - Present - Chairman of the Board, The Dhipaya Insurance Plc. ■ Apr - Sep 2004 - Directors, Electricity Generating Authority of Thailand ■ 2000 - 2004 - Director, The Civil Service Commission ■ 2000 - 2004 - Directors, The Securities and Exchange Commission ■ 2000 - 2004 - Permanent Secretary, Ministry of Finance ■ 2000 - 2004 - Chairman of the Board, The Government Lottery Office ■ 2000 - 2004 - Chairman of the Board, The Government Pension Fund ■ 2000 - 2004 - Vice Chairman of the Board, Financial Institution Development Fund



General Chaisit Shinawatra

Position ■ Vice Chairman of the Board of Directors ■ Age 59 (Yrs) ■ Education ■ Chulachomkijao Royal Military Academy
 ■ Engineer Officer Advance Course, Fort Belvoir, Virginia, U.S.A ■ Command and General Staff College ■ National Defense College
 Working Experience In the Last 5 Years ■ 2004 - Present - Supreme Commander ■ 2003 - 2004 - Commander-in-Chief
 ■ 2003 - 2004 - Executive Director, Thai Military Bank Plc. ■ 2002 - 2003 - Assistant Commander-in-Chief
 ■ Apr - Sep 2002 - Special Advisor, Supreme Command Headquarters
 ■ 2001 - 2002 - Deputy Commanding General, Armed Forces Development Command

BOARD OF DIRECTORS

Mr. Sommai Phasee



Position ■ Director ■ Chairman of the Board of Executive Directors ■ Age 60 (Yrs) ■ Education ■ BA (Economics), Thammasat University,
 ■ MA (Economics), Thammasat University ■ MA (Planning and Development), Vanderbilt University, Tennessee, U.S.A. ■ Chairman 2000 Program,
 Thai Institute of Directors Association ■ National Defense College ■ Training clause for High Level Executives, Office of the Civil Service Commission
 Working Experience In the Last 5 Years ■ 2004 - Present - Chairman of the Board, Asean Potash Mining Plc. ■ 2004 - Present - Chairman of the Board, Gulf Electric Plc. ■ 2004 - Present - Chairman of the Board, Thai Bond Dealing Center (Thai BDC) ■ 2003 - Present - Director, Electricity Generating Plc. ■ 2001 - Present - Chairman of the Board, Sai Nam Yen Co., Ltd. ■ 2001 - Present - Chairman of the Board, Andaman Beach Suite Co., Ltd. ■ 2002 - Jan 2005 - Chairman of the Board, Thai Maritime Navigation Co., Ltd. ■ 2003 - 2004 - Chairman of the Board of Directors, Thai Military Bank Plc. ■ 2003 - 2004 - Chairman of the Board and Chairman of the Board of Executive Directors, The Industrial Finance Corporation of Thailand ■ 1999 - 2004 - Director, Financial Institutions Development Fund ■ 1998 - 2004 - Deputy Permanent Secretary, Ministry of Finance ■ Apr - Dec 2003 - Chairman of the Board, Electricity Generating Plc. ■ 2001 - 2003 - Director, Electricity Generating Authority of Thailand ■ 2001 - 2003 - Chairman of the Board, Bangchak Petroleum Plc. ■ 1999 - 2000 - Director, Tisco Financial Plc. ■ 1998 - 2000 - Chairman of the Board, Property Loan Management Organization ■ 1997 - 2000 - Chairman of the Board, Khanom Electricity Generating Co., Ltd.

Air Chief Marshal Kongsak Vantana

Position ■ Director ■ Audit Director ■ Independent Director ■ Age 59 (Yrs) ■ Education ■ Armed Forces Academics Preparatory School
 ■ Royal Thai Air Force Academy ■ Flying Training School, RTAF ■ Royal Thai Air Force, Senior Officer School ■ Air Command and Staff College ■ Air War College ■ National Defense College ■ Directors Certification Program, Thai Institute of Directors Association
 Working Experience In the Last 5 Years ■ 2004 - Present - Chairman of the Board, Thai Aviation Industry Co., Ltd.
 ■ 2004 - Present - Chairman of the Board, Thai Aerospace Management Co., Ltd. ■ 2002 - Present - Commander-in-Chief, RTAF
 ■ 2002 - Present - Chairman of the Board, Aeronautical Radio of Thailand Co., Ltd. ■ 2001 - Present - Deputy Chairman, Airports of Thailand Plc. ■ 2000 - Present - Director, Thai Airways International Plc. ■ 2001 - 2002 - Deputy Commander-in-Chief, RTAF
 ■ 2000 - 2001 - Chief of the Air Staff ■ 1999 - 2000 - Deputy Chief of the Air Staff





General Pang Malakul

Position ■ Director ■ Executive Director ■ Age 65 (Yrs) ■ Education ■ Chulachomklao Royal Military Academy ■ Sandhurst Royal Military Academy, England ■ Command and General Staff College, RTA ■ Australian Armed Forces Staff College ■ National Defense College ■ Directors Accreditation Program, Thai Institute of Directors Association

Working Experience in the Last 5 Years ■ 2003 - Present - Chairman of Audit committee, Kantana Group Plc. ■ 1999 - Present - Chairman of the Board, Pibool Insurance Co., Ltd. ■ 1997 - Present - Honorable Director, Mae Joe University ■ 1994 - Present - Director, Thai Asia Pacific Brewery Co., Ltd. ■ 1997 - 2004 - Chairman of the Board, Don Muang Tollway Plc. ■ 2000 - 2001 - Director, the Phayathai Asset Management Co., Ltd. ■ 1998 - 1999 - Chairman of Army Advisory Board ■ 1995 - 1999 - Director, Royal Thai Army Radio and Television Station



Mr. Bodi Chunnananda

Position ■ Director ■ Chairman of Audit committee ■ Independent Director ■ Age 69 (Yrs) ■ Education ■ BA (Accountancy), Chulalongkorn University ■ MA (Business Administration), Wayne State University, U.S.A ■ Honorary Doctorate Degree (Financial Economics), Ramkhamhaeng University ■ National Defense College

Working Experience in the Last 5 Years ■ 2004 - Present - Law Draft Committee 12, Office of the Council of State ■ 1988 - Present - Chairman of the Board of Executive Directors, Phuthatham Insurance Co., Ltd. ■ 1984 - 1999 - Senator

At 31 December 2004



Mr. Paiboon Limpaphayom

Position ■ Director ■ Executive Director ■ Age 63 (Yrs) ■ Education ■ BA (Electrical Engineering), Chulalongkorn University ■ MA (Electrical Engineering), University of Illinois, U.S.A. ■ Ph.D. (Electrical Engineering), Iowa State University, U.S.A. ■ Certificate of Advanced Management, Banff School of Advanced Management (BSAM), Alberta, Canada ■ National Defense College

Working Experience in the Last 5 Years ■ 2003 - Present - Secretary of Distance Learning Foundation ■ 1999 - Present - Chairman of the Board, Advance Info Service Plc. ■ 1999 - 2002 - Vice Chairman of the Board, Shin Corporations Plc. ■ 1999 - 2002 - Vice Chairman of the Board, Lao Telecommunication Co., Ltd. ■ 2000 - 2001 - Director, ITV Plc. ■ 1992 - 2000 - Senator ■ 1995 - 1999 - Chairman of the Board, Rajabhat Institute Suan Sunandha

Mr. Sirote Swadipanich

Position ■ Director ■ Member of the Nomination and Remuneration Committee ■ Age 56 (Yrs) ■ Education ■ BA Honours (Commerce), Faculty of Commerce and Accountancy, Chulalongkorn University ■ MBA, University of Missouri-Columbia, U.S.A. ■ National Defense College ■ Certificate on Energy, Alberta University, Canada ■ Certificate on Finance, IMF, Washington ■ Certificate on Administration, Sasin, Chulalongkorn University

Working Experience in the Last 5 Years ■ 2004 - Present - Director-General, Revenue Department ■ 2004 - Present - Director, Thailand Tobacco Monopoly ■ 2003 - Present - Director, Industrial Estate Authority of Thailand ■ 2003 - 2004 - Director General, Fiscal Policy Office ■ 2003 - 2004 - Chairman of the Board, Secondary Mortgage Corporation ■ 2003 - 2004 - Director and Executive Director, Exim Bank of Thailand ■ 2003 - 2004 - Director, RTA Entertainment Plc. ■ 2002 - 2003 - Senior Advisor, Revenue Department ■ 2002 - 2003 - Director, PTI Intertrade Co., Ltd. ■ 1997 - 2003 - Director, PTI Philippines Co., Ltd. ■ 2000 - 2001 - Deputy Director-General, Revenue Department ■ 1998 - 2000 - Director, Bureau of Information Technology, Revenue Department





Mr. Kampree Kaocharern

Position ■ Director ■ Audit Director ■ Independent Director ■ Age 60 (Yrs)

■ Education ■ Bachelor of Laws, Thammasat University ■ Barrister-At-Law, Office of Law Study of The Thai Bar ■ BA (Political Science), Ramkhamhaeng University ■ Master of Laws, Tulane University, U.S.A. ■ National Defense College ■ Judge Advocate, The Judge Advocate General's Department ■ High Level Administrator, Local Administration College ■ Justice College ■ Attorney Development Institute
Working Experience In the Last 5 Years ■ 2004 - Present - Attorney General ■ 2003 - Present - Legal Advisor and Chairman of the Legal Committee, The Engineer Council ■ 2003 - Present - Director, The Electronic Transaction Commission ■ 2003 - Present - Chairman of the Legal Committee, The Engineer Council ■ 2000 - Present - Director, Legislative Committee, Committee No 5, Office of the Council of State
■ 2000 - Present - Director, Thai Bar Council ■ 1997 - Present - Elected Member and Member of the State Attorney Commission
■ 2000 - 2004 - Deputy Attorney General ■ 2000 - 2002 - Director, Industrial Estate Authority ■ 2000 - 2002 - Director, Provincial Water Works Authority ■ Jun - Sep 2000 - Director-General, Department of Legal Counsel, Office of Attorney General ■ 1999 - 2000 - Director - General, Department of the State Attorney Commission, Office of Attorney General ■ 1996 - 1999 - Director-General, International Affairs Department, Office of Attorney General

Mr. Amorn Asvanunt

Position ■ Director ■ Executive Director ■ Member of Risk Management Committee ■ Age 56 (Yrs)

■ Education ■ BA (Accountancy), Chulalongkorn University ■ MBA, Bowling Green State University, Ohio, U.S.A.
■ Directors Certification Program, Thai Institute of Directors Association ■ Directors Accreditation Program, Thai Institute of Directors Association ■ Stanford-NUS Executive Program, Stanford University and National University of Singapore ■ Changing Organizational Behavior, Wharton School, University of Pennsylvania, U.S.A.

Working Experience In the Last 5 Years ■ 2003 - Present - Chairman of the Audit Committee, Sahacogen (Chonburi) Plc

■ 2003 - Present - Chairman of the Audit Committee, People's Garment Plc. ■ 2003 - Present - Audit Director, I.C.C International Plc.

■ 2003 - Present - Audit Director, Far East DDB Plc. ■ 2003 - Present - Director, Christiani & Nielsen (Thai) Plc. ■ 2003 - Present - Director,

BNH Medical Center Co., Ltd. ■ 2003 - 2004 - Director, T.L. and Sons Co., Ltd. ■ 1979 - 2004 - Executive Director, Donmuang

International Airport Hotel Co., Ltd. ■ Jun - Oct 2003 - Director, Worldclass Rent A Car Co., Ltd. ■ 1989 - 2003 - Chairman of the

Board, Siam Panich Leasing Plc. ■ 1997 - 2002 - Director, Intertec Contracting A/S (Danish Co.) ■ 1998 - 2001 - Chairman of the Board,

Kempinski S/A (Swiss Co.) ■ 1997 - 2001 - Chairman of the Board, Christiani & Nielsen A/S (Danish Public Co.) ■ 1997 - 2001 - Vice

Chairman of the Board, Kempinski AG (German Public Co.) ■ 1995 - 2001 - Director, Dusit Sinthorn Co., Ltd. ■ 1995 - 2001 - Director,

Dusit Beteiligung GmbH, (German Co.) ■ 1994 - 2001 - Executive Vice President, Siam Commercial Bank Plc. ■ 1994 - 2001 - Chairman

of the Board of Executive Directors, Siam Sinthorn Co., Ltd. ■ 1994 - 2001 - Director, S.C.B. Holding Co., Ltd. ■ 1997 - 2000 - Chairman

of the Board, Christiani & Nielsen Limited (English Co.) ■ * - 2001 - Chairman of the Board, S.P.L Transport Plc.

■ * - 2000 - Director, Mahachal Development Industry Co., Ltd. Remark : * The beginning year cannot be searched



Mr. Vudhibhandhu Vichairatana

Position ■ Director ■ Independent Director ■ Age 56 (Yrs) ■ Education ■ BA (Economics), Stephen F.Austin State University,

Texas, U.S.A. ■ MA (Economics), University of Arkansas, Arkansas, U.S.A. ■ National Defense College

■ Training course for High Level Executives, Office of the Civil Service Commission

Working Experience In the Last 5 Years ■ Jan 2005 - Present - Audit Director, Thai Airways International Plc. ■ 2004 - Present - Director,

Thai Airways International Plc. ■ 2003 - Present - Director, Bureau of the Budget ■ 2002 - Present - Director and Chairman of the

Audit Committee, Airports of Thailand Plc. ■ 2002 - Present - Honorable Director, Board of the National Defence College

■ 2002 - Present - Chairman of the Savings Co-operatives, Bureau of the Budget ■ 2001 - Present - Director, Provincial Electricity

Authority ■ 2001 - Present - Director, Thaiol Power Co., Ltd. ■ 1999 - Present - Director and Chairman of the Audit Committee,

PIT Exploration and Production Plc. ■ 2003 - 2004 - Director, The Government Lottery Office

■ 1997 - 2003 - Deputy Director (Administrator Level 10), Bureau of the Budget

Mrs. Chantra Purnariksha

Position ■ Director ■ Member of the Nomination and Remuneration Committee ■ Independent Director ■ Age 58 (Yrs)

■ Education ■ BA (Hons) (International Relations), University of California, U.S.A. ■ MA (Diplomacy and Comparative Economics), University of Kentucky, U.S.A. ■ National Defense College ■ Training course for High Level Executives, Office of the Civil Service Commission

Working Experience In the Last 5 Years ■ 2003 - Present - Director-General, Department of Export Promotion (DEP), Ministry of Commerce

■ 2002 - 2003 - Acting President, Public Warehouse Organization ■ 2001 - 2002 - Inspector-General, Ministry of Commerce

■ 1999 - 2001 - Deputy Director-General, Department of Foreign Trade





Mr. Christopher John King

Position ■ Director ■ Member of the Nomination and Remuneration Committee ■ Independent Director ■ Age 60 (Yrs)
 ■ Education ■ Bachelor of Laws (LL.B) (Hons), University of Bristol, England
 ■ Postgraduate Practical Certificate in Law, University of Singapore
 Working Experience in the Last 5 Years ■ 1997 - 2004 - Partner and Director, Linklaters (Thailand) Ltd.
 ■ 1997 - 2003 - Managing Partner, Linklaters (Thailand) Ltd.

Mr. Rajan Raju Kankipati

Position ■ Director ■ Age 39 (Yrs) ■ Education ■ BA, Bombay University ■ Post Graduate Diploma in Management, The Indian Institute of Management, Ahmedabad.
 Working Experience in the Last 5 Years ■ 2004 - Present - Alternate Director, ASEAN Finance Corporation Ltd. (AFC Merchant Bank)
 ■ 2003 - Present - Managing Director & Head, South/ South East Asia, DBS Bank Limited ■ 2003 - Present - Director, Bank of the Philippine Islands Capital Corporation ■ 2003 - Present - Member of the Board of Commissioners, PT Bank DBS Indonesia ■ 2003 - Present - Director, SP Services Ltd. ■ 2003 - Present - Director, Capital OK Company Limited
 ■ 2002 - Present - Director, CLS Group Holdings AG ■ 2002 - Present - Director, Bank of the Philippine Islands
 ■ 2003 - 2004 - Director, DBS Thai Danu Bank Plc. ■ 2003 - 2004 - Member of the Board of Commissioners, PT Bank Danamon, Tbk
 ■ 2000 - 2003 - Managing Director & Head (Processing/ Servicing), DBS Bank Limited ■ 1999 - 2000 - Managing Director & CAO (Treasury & Markets), DBS Bank Limited



Mr. Michael Andrew Hague

Position ■ Director ■ Executive Director ■ Member of Risk Management Committee ■ Chief Financial Officer ■ Age 45 (Yrs)
 ■ Education ■ BSc (Honors) in Economics, Loughborough University, UK ■ Fellow-Institute of Banks, Malaysia (F.I.B.M.)
 ■ Associate-Chartered Institute of Bankers (A.C.I.B.)
 Working Experience in the Last 5 Years ■ Sep 2004 - Present - M.D. of DBS Bank Limited
 ■ Feb - Sep 2004 - President & CEO, DBS Thai Danu Bank Plc. ■ 2002 - Jan 2004 - Chief Executive Officer/ Managing Director, RHB Bank Berhad, Kuala Lumpur, Malaysia
 ■ 1998 - 2002 - Country Chief Executive & Head, Corporates & Institutions Standard Chartered Bank, Malaysia

Mr. Kraithip Krairiksh

Position ■ Director ■ Executive Director ■ Member of Risk Management Committee ■ Chief Operating Officer ■ Age 50 (Yrs)
 ■ Education ■ BA (Economics), Tufts University, U.S.A. ■ MA (Development Economics), Northeastern University ■ Executive Development Program, India ■ Asian Executive Training Class, U.S.A. ■ Financial Executive Seminar, Bangkok (FINEX V) ■ National Defense College
 Working Experience in the Last 5 Years ■ 2004 - Present - Director, Capital Market Development Fund Foundation
 ■ 2003 - Present - Director, Thai Rating and Information Services Co., Ltd. ■ 2003 - Present - Director, Siam Samsung Life Insurance Co., Ltd. ■ 1997 - Present - Chairman of the Board, IFCT Advisory Co., Ltd. ■ 2002 - Mar 2005 - Director and Audit Director, United Standard Terminal Plc. ■ 1999 - Jan 2005 - Director and Audit Director, Summakorn Plc.
 ■ May - Nov 2004 - President, The Industrial Finance Corporation of Thailand ■ Mar - Nov 2004 - Director, Thaioli Plc.
 ■ 2003 - 2004 - Senior Executive Vice President, The Industrial Finance Corporation of Thailand ■ 2000 - 2003 - Executive Vice President, The Industrial Finance Corporation of Thailand





Mr. Subhak Siwaraksa

Position ■ Director ■ Executive Director ■ Chairman of Risk Management Committee ■ Chief Executive Officer ■ Age 48 (Yrs)
■ Education ■ BA (English Literature and Economics) (Honors Program), Georgetown University, Washington, D.C., U.S.A.
■ MA (Law and Diplomacy), Fletcher School of Law and Diplomacy, Tufts University, Massachusetts, U.S.A. ■ Ph.D (Econometrics and Monetary Econometrics), University of Pennsylvania, U.S.A. ■ Financial Executive Seminar, Bangkok (FINEX IV)
Working Experience in the Last 5 Years ■ 2004 - Present- President and Chief Executive Officer, Thai Military Bank Plc.
■ 2003 - 2004 - President, Thai Military Bank Plc. ■ July - Dec 2003 - First Executive Vice President and Acting President, Thai Military Bank Plc. ■ 1998 - 2003 - Executive Vice President, Thai Military Bank Plc.

BOARD OF DIRECTORS

Chairman of the Board of Executive Directors
Mr. Sommai Phasee

Executive Director
General Pang Malakul
Mr. Paiboon Limpaphayom
Mr. Amorn Asvanunt
Mr. Michael Andrew Hague
Mr. Kraithip Krairiksh

Executive Director and Secretary
Mr. Subhak Siwaraksa

AUDIT COMMITTEE

Chairman of Audit Committee
Mr. Bodi Chunnananda

Audit Director
Mr. Kampree Kaocharern
Air Chief Marshal Kongsak Vantana

NOMINATION AND REMUNERATION COMMITTEE

Chairman of the Nomination and Remuneration Committee
Mr. Somchainuk Engtrakul

Member of the Nomination and Remuneration Committee
Mr. Sirote Swasdipanich
Mrs. Chantra Purnariksha

Chief Executive Officer

Mr.Subhak Siwaraksa

President and Chief Executive Officer (CEO)
 Education Ph.D. (Economics) University of Pennsylvania, U.S.A
 Experience Jan.1, 2004-Present President and Chief Executive Officer (CEO), Thai Military Bank Plc.
 Dec.26, 2003 President and Chief Executive Officer, Thai Military Bank Plc.
 2003 First Executive Vice President, Thai Military Bank Plc.
 1998 - 2001 Executive Vice President, Thai Military Bank Plc.

Mr. Kraithip Krairiksh

Chief Operation Officer (COO)
 Education M.A. (Economics), Northeastern University, Boston, U.S.A.
 Experience 2004 - Present Chief Operation Officer, Thai Military Bank Plc.
 2004 President, The Industrial Finance Corporation of Thailand
 2003 - 2004 Acting General Manager, The Industrial Finance Corporation of Thailand
 2000 - 2003 Senior Executive Vice President, The Industrial Finance Corporation of Thailand
 1995 - 2000 Executive Vice President, The Industrial Finance Corporation of Thailand

Mr.Michael Andrew Hague

Chief Financial Officer (CFO)
 Education B. A.(Hons) Science (Economics), Loughborough University, U.K.
 Experience 2004 - Present Chief Financial Officer (CFO), Thai Military Bank Plc.
 2004 President and Chief Executive Officer, DBS Thai Danu Bank Plc.
 2002 - 2004 Chief Executive Officer/MD, RHB Bank Berhad, Malaysia

Mr.Akadej Bijaphala

Advisor to the President
 Education M.A. (Business Administration), National Institute of Development Administration
 Experience 2003 - Present Advisor to the President, Thai Military Bank Plc.
 1997 - 2003 Director and Senior Executive Vice President, Thai Military Bank Plc.
 1997 Senior Executive Vice President, Thai Military Bank Plc.
 1994 - 1996 First Executive Vice President, Thai Military Bank Plc.
 1991 - 1993 Executive Vice President, Thai Military Bank Plc.

Executive Officer

Business Unit

Chandreaka Wiriyawit

Finance Group

Prakarn Tawisuwan

Branch Banking Group

Vallapa Assakul

Corporate and Investment
Banking Group

Tanate Phutrakul

Corporate and Investment
Banking Group

Ladda Siriwattanakosol

Credit Management Group

Vim Tayapatch

SME and Development Banking Group

Satian Tantanasarit

Treasury and Market Group

Rattana Hothanyarot

Consumer Banking Group

Vera Chantachaeng

Office of Private Banking

Montri Visoldilokpun
Information Technology Group
Sompol Chalyachow
Human Resource Group
Yada Prapinmongkolkarn
Corporate Strategy Group
Visit Vongruamlarp
Asset Recovery Group

Pensri Thaiprasithiporn
Corporate Services Group
Sirima Taecharungnirun
Operations and Services Group
Peera Chinwannabutr
Audit Group
- **Vacancy** -
Risk Management Group

Support Business Unit

- **Vacancy** -
Office of Corporate Governance
and Compliance
Thiva Inthaseni
Office of Corporate Counsel

Executive Officer

Kamolwan Silapiruti
Corporate Treasury
Chutima Natathanapat
Financial Accounting and Tax
Supamas Woranantakul
General Accounting

Vasan Choophaichitr
Branch Banking - BKK 1
Luecha Sukrasebya
Branch Banking - BKK 2
Sakulrak Watanasittin
Branch Banking - UPC 1
(Northern Region)

Chariwan Chatikavanij
Corporate Banking 1
Thawatchai Techawatanawana
Corporate Banking 2
Yuwadee Chawawatnpong
Corporate Banking 3
Nuanual Swasdikula Na Ayudhaya
Corporate Banking 4
Surachal Chotlwoongsuroj
Corporate Banking 5
Visut Kittisamuth
Corporate Banking 6
Surakiat Wongwaen
Corporate Banking 7

Sittibhan Supasornadiwat
Consumer Credit
Sithipong Narkvajara
SME Credit

Charan Mongkolchan
SME Banking - BKK 1
Thanita Vongruamlarp
SME Banking - BKK 2
Nuanwan Sanvises
SME Banking - UPC 1
(Northern Region)

Woraboon Chinwatanakit
Trading
Luesak Lohjitseleng
Sales

Nutta Ratanachaichan
Investor Relations
Surin Matayatana
Information Management

Sompop Pookkapund
Branch Banking - UPC 2
(Central and Eastern Region)
Kitti Kokpol
Branch Banking - UPC 3
(Northeastern Region)

Vallapa Posyanond
Corporate Banking 8
Wadaporn Techasuwanana
Trade Finance - Corporate
Pong-In Chitayapantagul
Business Support
Narumol Noi-Am
Corporate Finance 1
Kraisit Tanpaltoondit
Corporate Finance 2
Kalaya Chaiyawan
Financial Institution Banking
and Overseas Branches

Sunthorn Ruckpanich
Corporate Credit

Sopon Kluaymai Na Ayudhaya
SME Banking - UPC 2
(Eastern Region)
Suvit Vithayasai
SME Banking - UPC 3
(Northeastern Region)

Nitus Lertpittayanukun
Exposure and Capital Management

Finance Group

Ruamporn Nanthawong
Financial Planning and Budgeting
Voraluck Chokchaltam
Management Accounting

Branch Banking Group

Amorn Sukhonpitumart
Branch Banking - UPC 4
(Southern and Western Region)
Anan Santichewasatlan
Business Support

Corporate and Investment Banking Group

Boonlert Nithi-Uthai
Investment Business
Ratanaporn Thepchatr
Investor Services
Silawat Santivisit
Cash Management
Palchit Ko-Amornsap
Trade Finance - SME
- **Vacancy** -
Fund Management

Credit Management Group

Puangpet Orankitvanit
Credit Administration

SME and Development Banking Group

Pichai Chirungsapprasuk
SME Banking - UPC 4
(Southern Region)
Vorayuth Charoenloet
SME Marketing and Development

Treasury and Markets Group

Vatchara Thitithanyanont
Sales
- **Vacancy** -
Business Support

Surasak Klattiyotsakun
Alternative Channels
Sumalee Promkham
Product Development and Support

Veerapong Pourprasert
IT Support and Services
Boonkear Sornint
IT Support and Services
Uboluck Luevoravinyu
IT Development 1

Thanomsri Suvannaratana
Human Resource Strategy
and Development
Choorit Comolrujjananda
Human Resource Services

Surapoi Opassatien
Corporate Planning
Jirapan Pankongchuen
Corporate Development

Viraj Techaroen
Credit Collection and
Consumer Restructuring
Anchalee Sekanandana
SME Restructuring - BKK
Sornchal Pongsuwan
SME Restructuring - UPC

Kuasak Laorsuwan
General Administration
Uthai Monthawornwong
Procurement

Kitti Panmanee
Banking Services
Pichet Triratanavanit
Card Operations
Somsri Prukpaiboon
Credit Operations

Bhavinee Hansompob
Branch Audit
Sorachoat Kuntlseth
Credit Audit

Chamaree Ananatsiri
Independent Credit Review
Jaroonsak Hengtragul
Credit Risk Management

Nuntawan Suwunnasri
Banking Business Compliance

Office of Corporate Counsel

Poonpol Ngeardee
Corporate Counsel

Office of Chief Executive Officer

Sompote Parsherat
Office of the Board

Siriporn Lerdsutayalerdsuksal
Business Support
- Vacancy -
Cards

Salpin Kittipornplimol
IT Development 2
Poonsin Anantakul
Information Security
Sunisa Lapruttanatral
Planning and Vendor Management

Supattra Augkasith
Human Resource Development

Patara Vasantasingh
Corporate Communication
and Promotion

Utoomphorn Kunakorn
Corporate Restructuring
Somsak Khuncharoen
Legal

Supat Natathanapat
Premise and Building Management
Somyos Limppanavetyanont
Asset Appraisal

Prakit Pilungasa
Customer Information Monitoring
and Management
Vajira Ditsarapong
Treasury and Markets Operations
Kittima Choonchuongchoti
Investor Services and
Investment Banking Operations

Narong Preedanran
Financial Market Audit
Sudarat Kongtreekaew
IT Audit

Buntoon Tohtong
Market Risk Management

Haruthai Sukying
Securities Business Compliance

Consumer Banking Group

Rojareak Smaplavapun
Marketing

Information Technology Group

Sujintana Subhadit
Corporate Transformation Office
Somsak Phokhawannakorn
IT Infrastructure
Arunee Arkaraprasertkul
Corporate Transformation Office

Human Resource Group

Chuenjit Potranun
Performance
and Results Management

Corporate Strategy Group

Ratana Lengsriwat
Research

Asset Recovery Group

Kavee Tovijit
Business Support
Egsak Chungpanich
NPA Management

Corporate Services Group

Somsak Woravijak
Legal

Operations and Services Group

Punnee Bunchongkiat
International Banking Operations
Poodpong Areingsamanunta
Operations Control and Support

Audit Group

Sethasak Srisuchai
Audit Support

Risk Management Group

Srida Sampanyooth
Enterprise Risk Management

Office of Corporate Governance and Compliance

M.L. Ayuth Jayant
Corporate Governance and Compliance

Office of the Board

Achara Sirikhandha
Office of the Board

Economic Situation in 2004



The world economy

The world economy in 2004 continued to gain momentum, with growth of about 5 percent over 2003 according to the International Monetary Fund's estimate. Growth rates in the US and Japan, the world's two largest economies, were at 4 percent while the European Union's overall growth was about 2.2 percent. However the US was the only country to start tightening its monetary policy since mid 2004. The Fed funds rate was raised 100 basis points to 2.25 percent. Japan's economy had recovered but still showed deflationary signs thus did not warrant a tightening. Crude oil prices rose by an unexpected 33 percent to more than 50 dollars per barrel, but high oil prices did not have negative effects on the world economy as they did three decades ago. Exchange rates continued to be volatile but manageable. Central banks stepped in to intervene as the dollars weakened too rapidly on chronic US current account and budget deficits that undermined confidence in the US dollar and expectations of China's currency revaluation.

For 2005, the IMF forecasts a growth of 4.3 percent for the world economy. US interest rates will be on the uptrend. TMB research expects the Fed funds rate to rise to 3.5 percent. The US dollar is expected to weaken to 1.36 to the euro while the yen will exchange at 100 to the dollar.

The Thai Economy

The Thai economic growth remained robust although the pace of growth for 2004 had slowed to 6.2 percent as growth rates of consumption spending and private-sector investment eased to 5.6 percent and 15.8 percent respectively. Factors which negatively affected consumer and business confidence included the bird flu epidemic, violence in the 3 southern border provinces, and rising world crude oil prices. The government had frozen domestic diesel price and gradually lifted gasoline prices before they were allowed to float near the end of 2004. Consequently, the average inflation rate jumped to 2.7 percent in 2004 from 1.8 percent in 2003 although the core inflation rate remained subdued at 0.4 percent. On the other hand, increases in government consumption and investment spending helped to spur economic growth as the government boosted civil servants' pay and public-sector investment started to increase after years of continuous tightening after the economic crisis. The government made a mid-year budget increase of Baht 135 billion to support expenditures. Improvements in the world economic growth, particularly those of Thailand's major trading partners also helped to buoy the Thai economy. Exports expanded at a strong 23.3 percent clip in 2004 compared to a 18.2 percent growth in 2003. However, with imports growing at 28 percent on the back of hikes in oil and raw material imports, the trade surplus shrank to about USD 1,140 million, a fall of 70 percent from 2003. Thanks to higher tourism revenues despite the bird flu epidemic, the services account rose by 21.5 percent. But with a large contraction in the trade surplus, the current account surplus shrank to USD 6,250 million or 3.9 percent of GDP. Interest rates trended up in 2004 as the Monetary Policy Committee raised the 14-day repurchase rate by 75 basis points from the year end 2004's level to 2 percent almost in step with the Federal Reserve's increases of short term rate from 1.25 percent to 2.25 percent and as inflation in Thailand rose, MLR of 4 big commercial banks was unchanged at 5.5 percent. The Baht strengthened to 40.27 to the US dollar.





Looking into 2005, the Thai economy is expected to see slower growth. Major risk factors include slackening growth in the world economic regions, high crude oil prices driving domestic oil prices and domestic diesel price upward or eventual flotation of diesel price, in turn forcing up production costs and product prices. At the same time domestic interest rates are also trending up. Other concerns are: new bird flu outbreaks, worsening drought situation, and the after-effects of the tsunami disaster in the 6 southern provinces as well as continuing unrest in the 3 southern border provinces which may have negative psychological impact on consumer and investor confidence. On the other hand, continued growth will be supported by election campaign spending estimated at about Baht 6,000 million, and importantly an estimated Baht 1.5 trillion in public investment in mega-projects. The government spending on emergency relief and rehabilitation of tsunami victims and tourist spots, income tax reduction and pay increases for state enterprise employees and local government officers will also boost purchasing power of consumers.

TMB Research forecasts a 5.2 percent GDP growth for Thailand in 2005 with inflation rising 3 percent and a slowdown in private consumption spending. Growth in private investment is also expected to slow but remain robust as average capacity utilization in the manufacturing sector rises to over 70 percent. Foreign direct investment will, in part, help support private investment growth. Public-sector investment is expected to grow at a faster pace, driven by investment in mega-infrastructure projects. On the external front, export growth is expected to slow to 11.8 percent in line with a slowdown in the economies of Thailand's trading partners while imports will grow at 14.7 percent, resulting in the first trade deficit in 8 years of USD 900 million. Despite a contraction in the services account surplus as tourism income falls, the current account will remain in surplus but the size of the surplus will shrink to USD 4,200 million or 2.4 percent of GDP. Higher interest rates are expected with the 14-day repurchase rate increasing 75 - 100 basis points from the end of 2004 to 2.75 - 3.0 percent as the Federal Reserve continues to increase its Fed funds rate and inflation in Thailand rises. MLR is expected to increase by 50 basis points to 6 percent and the Baht is expected to appreciate to 39.3 to the US dollar.

Economic Projection for 2004 – 2005

	2003	2004	2005
GDP Growth Rate (%)	6.9	6.2	5.2
Private Consumption (%)	6.4	5.6	5.2
Total Investment (%)	11.9	13.7	13.3
Private Sector	17.5	15.8	14.5
Government Sector	-0.8	8.0	10.0
Export (USD Billion)	78.1	96.1	107.4
% Change	18.2	23.0	11.8
Import (USD Billion)	74.3	94.4	108.3
% Change	17.4	27.0	14.7
Trade Balance (USD Billion)	3.8	1.7	-0.9
Current Account Balance (USD Billion)	8.0	7.3	4.2
% to GDP	5.6	4.5	2.4
Inflation Rate (%)	1.8	2.7	3.0
MLR (At year end)*	5.50	5.50	6.00
Baht to USD (in average)	41.53	40.27	39.30

Remark : f - Estimated by Research Team of Thai Military Bank Plc. as of January 2005

* Minimum rate quoted by the 4 largest local banks





Financial Statement & Results of Operations 2004

AUDIT REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders of Thai Military Bank Public Company Limited

I have audited the accompanying consolidated balance sheets of Thai Military Bank Public Company Limited and its subsidiaries as at December 31, 2004 and 2003 and the consolidated statements of income, changes in shareholders' equity and cash flows for each of the years then ended. I have also audited balance sheets of Thai Military Bank Public Company Limited as at December 31, 2004 and 2003 and the statements of income, changes in shareholders' equity and cash flows for each of the years then ended. The management of the Bank is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

As at December 31, 2002 the Bank and a subsidiary have non-performing loans classified in accordance with the announcement of the Bank of Thailand's regulation, in the amount of Baht 68,194 million. The Bank and a subsidiary have provided an allowance for doubtful accounts (including the revaluation allowance for debt restructuring) in the amount of Baht 18,406 million, which represents 26.99 % of total non-performing loans in the consolidated financial statements, and in the Bank's management point of view such allowance is above the minimum amount required by the Bank of Thailand's regulation. However, according to the examination report from the Bank of Thailand and its letter dated December 26, 2002 and February 27, 2003, respectively, the Bank has to provide additional allowance for doubtful accounts, no later than the quarter ended September 30, 2003, to cover the additional loss in the amount not less than of Baht 10,940 million. For the year ended December 31, 2003, the Bank has provided provisions in the amount of Baht 17,461 million in the consolidated financial statements and in the amount of Baht 16,744 million in the Bank only financial statements respectively. However, in order to comply with generally accepted accounting principles, the Bank should have provided allowance for doubtful accounts and provision for other loss for the period ended December 31, 2002 in the amount of Baht 14,790 million in the consolidated and the Bank only financial statements. Consequently, the net loss for the year ended December 31, 2003 is over-stated by Baht 14,790 million in both the consolidated and the Bank only financial statements.

In my opinion, except for the effects on the consolidated statements of income, changes in shareholders' equity and cash flows for the year ended December 31, 2003, and the Bank only statements of income, changes in shareholders' equity and cash flows for the year ended December 31, 2003, from not adjusting the allowance for doubtful accounts and provision for other losses in the consolidated and the Bank only financial statements for the year ended December 31, 2002 as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Thai Military Bank Public Company Limited and subsidiaries as at December 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for each of the years then ended, and the separate financial position and the results of its operations and its cash flows of Thai Military Bank Public Company Limited for the same period, in conformity with generally accepted accounting principles.



Thirdthong Thepmongkorn
Certified Public Accountant
Registration No. 3787

KPMG Phoomchai Audit Ltd.
Bangkok
February 18, 2005

THAI MILITARY BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT DECEMBER 31, 2004 AND 2003

	Notes	Baht			
		Consolidated		The Bank Only	
		2004	2003	2004	2003
ASSETS					
Cash		10,926,493,321	8,925,329,112	10,925,448,865	8,922,419,218
Interbank and money market items	4.2				
Domestic items - Interest bearing		888,033,117	546,665,522	820,291,620	546,665,522
- Non - interest bearing		4,644,342,787	3,405,595,186	4,645,076,463	3,406,155,186
Foreign items - Interest bearing		2,732,150,223	4,037,564,588	2,732,150,223	4,037,564,588
- Non - interest bearing		1,855,628,549	669,328,882	1,855,628,549	669,328,882
Total Interbank and Money Market Items - net		10,120,154,676	8,659,154,178	10,053,146,855	8,659,714,178
Securities purchased under resale agreements	4.3	12,000,000,000	6,200,000,000	12,000,000,000	6,200,000,000
Investments	3.6, 4.4, 4.6, 4.20				
Current investments - net		26,575,158,690	3,415,013,353	25,290,593,268	2,458,364,756
Long-term investments - net		61,090,917,455	43,107,664,407	60,165,342,990	41,967,462,401
Investments in subsidiary and associated companies - net		3,009,966,761	458,309,026	9,053,493,525	3,126,716,725
Total Investments - net		90,676,042,906	46,980,986,786	94,509,429,783	47,552,543,882
Loans and accrued interest receivable	3.3, 4.5, 4.6				
Loans		514,373,502,137	299,748,095,286	516,185,396,428	301,184,140,745
Accrued interest receivable		6,882,369,420	3,449,095,332	6,849,092,307	3,446,761,186
Total Loans and Accrued Interest Receivable		521,255,871,557	303,197,190,618	523,034,488,735	304,630,901,931
Less Allowance for doubtful accounts	3.4, 4.7	(37,396,013,473)	(25,343,345,171)	(36,884,906,456)	(24,850,183,569)
Less Revaluation allowance for debt restructuring	3.5, 4.8	(6,887,399,443)	(1,975,458,533)	(6,887,399,443)	(1,975,458,533)
Loans and Accrued Interest Receivable - net		476,972,458,641	275,878,386,914	479,262,182,836	277,805,259,829
Properties foreclosed - net	3.7, 4.6, 4.9	31,782,829,132	18,533,609,885	28,452,785,596	16,324,912,862
Customers' liabilities under acceptances		923,871,138	571,319,970	923,871,138	571,319,970
Premises and equipment - net	3.8, 4.6, 4.10	13,288,564,884	9,503,395,521	13,275,542,026	9,495,363,214
Accrued interest receivable - net		899,459,963	759,678,406	891,034,390	733,894,452
Accounts receivable - net		4,319,808,059	869,081,833	4,251,359,414	771,114,175
Goodwill from transferred business - net	3.9, 1	14,019,057,044	-	14,019,057,044	-
Other assets - net	3.9, 3.10, 3.11, 4.6, 4.24	4,203,341,007	2,114,655,579	4,174,732,079	2,110,758,222
TOTAL ASSETS		670,132,080,771	378,995,598,184	672,738,590,026	379,147,300,002

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

THAI MILITARY BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT DECEMBER 31, 2004 AND 2003

	Notes	Baht			
		Consolidated		The Bank Only	
		2004	2003	2004	2003
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits	4.11				
Deposits in Baht		455,218,149,502	321,007,794,869	455,280,660,248	321,189,566,352
Deposits in foreign currencies		726,796,824	1,049,893,938	726,796,824	1,049,893,938
Total Deposits		455,944,946,326	322,057,688,807	456,007,457,072	322,239,460,290
Interbank and money market items	4.12				
Domestic items - Interest bearing		31,268,100,524	7,570,375,958	31,268,100,524	7,570,375,958
- Non - interest		1,859,150,349	1,892,316,906	1,859,150,349	1,892,316,906
Foreign items - Interest bearing		29,613,616,744	4,533,330,065	29,613,616,744	4,533,330,065
- Non - interest		84,302,309	10,054,694	84,302,309	10,054,694
Total Interbank and Money Market Items		62,825,169,926	14,006,077,623	62,825,169,926	14,006,077,623
Liabilities payable on demand		1,221,375,988	2,400,618,994	1,221,375,988	2,400,618,994
Borrowings	4.13				
Short-term borrowings		3,921,903,958	-	3,921,903,958	-
Long-term borrowings		82,947,506,876	7,287,000,000	82,947,506,876	7,287,000,000
Subordinated debentures cum preferred shares	4.14	4,999,837,000	-	4,999,837,000	-
Total Borrowings		91,869,247,834	7,287,000,000	91,869,247,834	7,287,000,000
Bank's liabilities under acceptances		923,871,138	571,319,970	923,871,138	571,319,970
Accrued interest payable		1,926,261,300	728,310,481	1,925,780,678	728,310,481
Other payables		3,903,467,899	2,018,899,572	3,382,877,364	2,011,411,951
Other liabilities	3.10, 3.11, 3.12	6,361,508,712	2,449,180,572	9,431,448,309	2,426,598,528
Total Liabilities		624,975,849,123	351,519,096,019	627,587,228,309	351,670,797,837

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

THAI MILITARY BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT DECEMBER 31, 2004 AND 2003

	Notes	Baht			
		Consolidated		The Bank Only	
		2004	2003	2004	2003
LIABILITIES AND SHAREHOLDERS' EQUITY					
(Continued)					
SHAREHOLDERS' EQUITY					
Share capital					
Authorized share capital, Baht 10 par value					
1,992,100,000 preferred shares in 2004					
1,991,999,900 preferred shares in 2003					
and 16,127,867,200 ordinary shares in 2004					
8,415,967,300 ordinary shares in 2003					
Issued and fully paid-up share capital	4.15				
1,992,048,600 preferred shares in 2004		19,920,486,000	-	19,920,486,000	-
1,991,999,900 preferred shares in 2003		-	19,919,999,000	-	19,919,999,000
and 13,314,300,579 ordinary shares in 2004		133,143,005,790	-	133,143,005,790	-
8,415,967,300 ordinary shares in 2003		-	84,159,673,000	-	84,159,673,000
Discount on preferred shares	4.15	(337,000)	-	(337,000)	-
Premium (discount) on ordinary shares - net	4.15	(67,757,754,264)	(36,344,416,220)	(67,757,754,264)	(36,344,416,220)
Surplus on fixed assets revaluation	3.8, 4.17	3,486,624,989	3,537,709,315	3,486,624,989	3,537,709,315
Unrealized gain (loss) on revaluation					
of investments - net	3.6, 4.4	1,297,603,681	2,144,237,171	1,297,603,681	2,144,237,171
Foreign currency translation	3.10	(34,797,928)	(37,943,091)	(34,797,928)	(37,943,091)
Retained earnings (deficit)					
Appropriated					
Legal reserve		2,100,000,000	2,100,000,000	2,100,000,000	2,100,000,000
Others		8,717,165,400	8,717,165,400	8,717,165,400	8,717,165,400
Unappropriated (deficit)		(55,720,634,951)	(56,719,922,410)	(55,720,634,951)	(56,719,922,410)
Shareholders' Equity of the Parent Company		45,151,361,717	27,476,502,165	45,151,361,717	27,476,502,165
Minority interests		4,869,931	-	-	-
Total Shareholders' Equity		45,156,231,648	27,476,502,165	45,151,361,717	27,476,502,165
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		670,132,080,771	378,995,598,184	672,738,590,026	379,147,300,002

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

THAI MILITARY BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT DECEMBER 31, 2004 AND 2003

	Notes	Baht			
		Consolidated		The Bank Only	
		2004	2003	2004	2003
LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)					
OFF-BALANCE SHEET ITEMS - CONTINGENCIES	4.19				
Aval to bills and guarantees of loans		7,722,450,660	4,702,382,216	7,722,450,660	4,702,382,216
Liabilities under unmatured import bills		1,508,611,922	690,936,284	1,508,611,922	690,936,284
Letters of credit		12,980,208,027	10,082,616,493	12,980,208,027	10,082,616,493
Other contingencies		183,839,102,573	84,808,669,535	183,839,102,573	84,808,669,535



(Subhak Siwaraksa)
President and Chief Executive
Officer Director



(Bodi Chunnananda)
Officer Director

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

THAI MILITARY BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF INCOME

FOR EACH OF THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	Notes	Baht			
		Consolidated		The Bank Only	
		2004	2003	2004	2003
Interest and dividend income					
Loans	3.1	15,669,827,947	14,248,732,037	15,291,349,469	13,333,894,270
Interbank and money market items		248,683,840	166,444,101	248,610,623	166,444,101
Investments		1,633,417,398	1,266,186,803	1,621,940,183	1,254,132,488
Total Interest and Dividend Income		17,551,929,185	15,681,362,941	17,161,900,275	14,754,470,859
Interest expense	3.2				
Deposits		4,185,619,808	5,358,721,488	4,185,634,919	5,358,758,477
Interbank and money market items		520,132,864	338,296,262	519,666,389	338,296,262
Short-term borrowings		65,858,867	2,618,768	65,885,609	2,618,768
Long-term borrowings		1,629,261,444	2,563,930,350	1,629,238,649	2,563,891,912
Total Interest Expense		6,400,872,983	8,263,566,868	6,400,425,566	8,263,565,419
Net income from interest and dividend		11,151,056,202	7,417,796,073	10,761,474,709	6,490,905,440
Bad debts and doubtful accounts	3.4, 4.7	4,485,534,379	14,666,844,378	4,508,402,994	16,759,081,570
Loss on debt restructuring (reversal)	3.5, 4.8	937,757,934	(582,387,894)	911,844,091	(641,894,319)
Net income from interest after bad debts, doubtful accounts and loss on debt restructuring		5,727,763,889	(6,666,660,411)	5,341,227,624	(9,626,281,811)
Non-interest income					
Gain on investments		1,151,492,456	597,277,186	1,104,753,611	574,246,810
Share of profit (loss) on equity	3.6	87,350,701	397,229,558	(249,838,224)	(320,037,571)
Fees and service income					
Acceptances, aval and guarantees		450,606,103	522,180,712	450,647,337	522,180,712
Others		1,989,079,365	1,826,190,409	1,997,439,366	1,826,190,409
Gain on exchange	3.10	600,979,279	470,013,556	600,979,279	470,013,556
Gain on sales of assets		-	-	251,604,000	202,821,010
Other income		296,955,324	132,763,699	273,526,416	127,411,771
Total Non-interest Income		4,576,463,228	3,945,655,120	4,429,111,785	3,402,826,697

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

THAI MILITARY BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF INCOME (Continued)
FOR EACH OF THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	Notes	Baht			
		Consolidated		The Bank Only	
		2004	2003	2004	2003
Non-interest expenses					
Personal expenses		2,540,258,003	2,036,877,948	2,512,970,172	2,012,736,781
Premises and equipment expenses		1,650,731,470	1,500,744,810	1,678,205,801	1,530,372,988
Taxes and duties		853,932,800	587,535,764	849,794,175	580,969,365
Fees and service expenses		625,968,109	400,544,137	623,289,919	400,544,137
Directors' remuneration		34,620,440	31,577,500	32,205,440	28,137,500
Loss on impairment of properties foreclosed and other assets		201,759,608	956,092,884	123,752,324	924,680,372
Contributions to Financial Institutions Development Fund		1,481,178,605	1,352,328,680	1,481,178,605	1,352,328,680
Loss on sales of assets		367,073,488	3,377,034,312	-	-
Other expenses		1,549,843,454	1,044,657,919	1,470,752,849	955,810,178
Total Non-interest Expenses		9,305,365,977	11,287,393,954	8,772,149,285	7,785,580,001
Net income (loss) before income tax		998,861,140	(14,008,399,245)	998,190,124	(14,009,035,115)
Income tax	3.13	50,658,007	46,005,882	49,986,991	45,370,012
NET INCOME (LOSS)		948,203,133	(14,054,405,127)	948,203,133	(14,054,405,127)
Basic Earnings (Loss) Per Share	3.14, 4.16	0.09	(3.79)	0.09	(3.79)
Number of weighted average ordinary shares (shares)		10,856,750,625	3,713,022,406	10,856,750,625	3,713,022,406
Diluted Earnings (Loss) Per Share	3.14, 4.16	0.07	(2.46)	0.07	(2.46)
Number of weighted average ordinary shares (Including potential ordinary shares) (shares)		12,848,764,324	5,705,117,885	12,848,764,324	5,705,117,885



(Subhak Siwaraksa)
 President
 and Chief Executive Officer



(Bodi Chunnananda)
 Director

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

THAI MILITARY BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

**STATEMENTS OF CHANGES IN
SHAREHOLDERS' EQUITY**

FOR EACH OF THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	Baht							Total
	Consolidated							
	Issued and fully paid-up share capital	Premium (discount) on share capital	Surplus on fixed assets revaluation	Unrealized gain (loss) on revaluation of investments	Foreign currency translation	Retained earnings (deficit)	Minority interests	
BALANCE AS AT								
JANUARY 1, 2003	40,029,672,000	5,450,708,918	942,172,000	(141,729,914)	(68,725,590)	(31,926,320,153)	-	14,285,777,261
Surplus on fixed assets revaluation	-	-	2,730,666,230	-	-	77,968,270	-	2,808,634,500
Loss on fixed assets revaluation	-	-	(135,128,915)	-	-	-	-	(135,128,915)
Unrealized gain (loss)								
on revaluation of investments	-	-	-	2,285,967,085	-	-	-	2,285,967,085
Foreign currency translation	-	-	-	-	30,782,499	-	-	30,782,499
Unrecognized transactions								
in the statements of income	-	-	2,595,537,315	2,285,967,085	30,782,499	77,968,270	-	4,990,255,169
Net loss	-	-	-	-	-	(14,054,405,127)	-	(14,054,405,127)
Increase in issued and fully paid-up ordinary shares	64,050,000,000	-	-	-	-	-	-	64,050,000,000
Increase in discount on ordinary shares	-	(41,795,125,138)	-	-	-	-	-	(41,795,125,138)
BALANCE AS AT								
DECEMBER 31, 2003	104,079,672,000	(36,344,416,220)	3,537,709,315	2,144,237,171	(37,943,091)	(45,902,757,010)	-	27,476,502,165
Surplus on fixed assets revaluation	-	-	(51,084,326)	-	-	51,084,326	-	-
Unrealized loss on revaluation of investments	-	-	-	(846,633,490)	-	-	-	(846,633,490)
Foreign currency translation	-	-	-	-	3,145,163	-	-	3,145,163
Unrecognized transactions								
in the statements of income	-	-	(51,084,326)	(846,633,490)	3,145,163	51,084,326	-	(843,488,327)
Net income	-	-	-	-	-	948,203,133	-	948,203,133
Increase in issued and fully paid-up ordinary shares	48,983,332,790	-	-	-	-	-	-	48,983,332,790
Increase in issued and fully paid-up preferred shares	487,000	-	-	-	-	-	-	487,000
Increase in discount on ordinary shares	-	(31,413,338,044)	-	-	-	-	-	(31,413,338,044)
Increase in discount on preferred shares	-	(337,000)	-	-	-	-	-	(337,000)
Increase in minority interests	-	-	-	-	-	-	4,869,931	4,869,931
BALANCE AS AT								
DECEMBER 31, 2004	153,063,491,790	(67,758,091,264)	3,486,624,989	1,297,603,681	(34,797,928)	(44,903,469,551)	4,869,931	45,156,231,648

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

THAI MILITARY BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

**STATEMENTS OF CHANGES IN
SHAREHOLDERS' EQUITY (Continued)**

FOR EACH OF THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	Baht						Total
	Consolidated						
	Issued and fully paid-up share capital	Premium (discount) on share capital	Surplus on fixed assets revaluation	Unrealized gain (loss) on revaluation of investments	Foreign currency translation	Retained earnings (deficit)	
BALANCE AS AT							
JANUARY 1, 2003	40,029,672,000	5,450,708,918	942,172,000	(141,729,914)	(68,725,590)	(31,926,320,153)	14,285,777,261
Surplus on fixed assets revaluation	-	-	2,730,666,230	-	-	77,968,270	2,808,634,500
Loss on fixed assets revaluation	-	-	(135,128,915)	-	-	-	(135,128,915)
Unrealized gain (loss) on revaluation of investments	-	-	-	2,285,967,085	-	-	2,285,967,085
Foreign currency translation	-	-	-	-	30,782,499	-	30,782,499
Unrecognized transactions in the statements of income	-	-	2,595,537,315	2,285,967,085	30,782,499	77,968,270	4,990,255,169
Net loss	-	-	-	-	-	(14,054,405,127)	(14,054,405,127)
Increase in issued and fully paid-up ordinary shares	64,050,000,000	-	-	-	-	-	64,050,000,000
Increase in discount on ordinary shares	-	(41,795,125,138)	-	-	-	-	(41,795,125,138)
BALANCE AS AT							
DECEMBER 31, 2003	104,079,672,000	(36,344,416,220)	3,537,709,315	2,144,237,171	(37,943,091)	(45,902,757,010)	27,476,502,165
Surplus on fixed assets revaluation	-	-	(51,084,326)	-	-	51,084,326	-
Unrealized loss on revaluation of investments	-	-	-	(846,633,490)	-	-	(846,633,490)
Foreign currency translation	-	-	-	-	3,145,163	-	3,145,163
Unrecognized transactions in the statements of income	-	-	(51,084,326)	(846,633,490)	3,145,163	51,084,326	(843,488,327)
Net income	-	-	-	-	-	948,203,133	948,203,133
Increase in issued and fully paid-up ordinary shares	48,983,332,790	-	-	-	-	-	48,983,332,790
Increase in issued and fully paid-up preferred shares	487,000	-	-	-	-	-	487,000
Increase in discount on preferred shares	-	(31,413,338,044)	-	-	-	-	(31,413,338,044)
Increase in discount on preferred shares	-	(337,000)	-	-	-	-	(337,000)
BALANCE AS AT							
DECEMBER 31, 2004	<u>153,063,491,790</u>	<u>(67,758,091,264)</u>	<u>3,486,624,989</u>	<u>1,297,603,681</u>	<u>(34,797,928)</u>	<u>(44,903,469,551)</u>	<u>45,151,361,717</u>

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

THAI MILITARY BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR EACH OF THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	Baht			
	Consolidated		The Bank Only	
	2004	2003	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	948,203,133	(14,054,405,127)	948,203,133	(14,054,405,127)
Adjustments to reconcile net income(loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	1,020,389,657	712,264,626	1,017,354,540	710,342,262
Loss on diminution in value of securities and other assets	989,977,985	988,620,684	911,970,701	957,335,522
Share of (profit) loss in subsidiary and associated companies	(87,350,701)	(397,229,558)	249,838,224	320,037,571
Bad debts, doubtful accounts and loss on debt restructuring	5,423,292,313	14,084,296,715	5,420,247,085	16,117,187,251
(Gain) loss on sales of premises and equipment	(2,826,891)	6,383,891	(2,961,419)	6,383,891
(Gain) on sales of investments	(1,939,710,833)	(629,804,985)	(1,892,971,988)	(606,901,960)
Amortization of premium (discount) on investments	(152,164,231)	21,390,053	(152,164,231)	21,390,053
Amortization of premium on debentures	(65,555,300)	-	(65,555,300)	-
Loss on redemption of debentures and subordinated debentures cum preferred shares	-	2,216,100	-	2,216,100
Decrease in interest and dividends receivable	508,078,267	1,036,683,425	521,662,852	1,060,773,676
Increase in non-interest receivable	(3,424,640,509)	(679,680,898)	(3,448,934,201)	(609,686,924)
Decrease in accrued interest expense	(136,440,181)	(629,118,589)	(136,920,802)	(629,118,589)
Increase (decrease) in accrued non-interest expenses	(136,429,168)	58,556,169	(142,042,616)	54,355,394
Net income from operations before changes in operating assets and liabilities	2,944,823,541	520,172,506	3,227,725,978	3,349,909,120
(Increase) decrease in operating assets				
Interbank and money market items (assets)	5,459,762,655	12,187,694,794	5,527,330,476	12,187,134,794
Securities purchased under resale agreements	(5,800,000,000)	(3,200,000,000)	(5,800,000,000)	(3,200,000,000)
Investment in trading securities	(392,723,873)	(88,026,401)	(392,723,873)	(88,026,401)
Loans	8,337,252,972	(7,603,574,416)	8,430,788,383	(8,521,057,685)
Properties foreclosed	100,114,436	3,549,738,704	438,813,225	1,444,684,818
Other assets	3,884,518,951	783,914,812	3,951,900,511	780,546,376
Increase (decrease) in operating liabilities				
Deposits	50,281,304,519	36,785,231	50,162,043,782	169,909,917
Interbank and money market items (liabilities)	(6,488,254,698)	(7,186,371,036)	(6,488,254,698)	(7,186,371,036)
Liabilities payable on demand	(1,590,888,006)	1,531,793,463	(1,590,888,006)	1,531,793,463
Short-term borrowings	3,921,903,957	-	3,921,903,957	-
Other liabilities	4,060,215,027	(357,534,325)	3,225,988,260	(365,692,638)
Net cash provided by operating activities	64,718,029,481	174,593,332	64,614,627,995	102,830,728

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

THAI MILITARY BANK PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (Continued)
FOR EACH OF THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	Baht			
	Consolidated		The Bank Only	
	2004	2003	2004	2003 ^z
CASH FLOWS FROM OPERATING ACTIVITIES				
Purchases of available-for-sale investments	(38,952,224,932)	(25,748,889,827)	(37,048,989,432)	(22,061,889,827)
Proceeds from sales of available-for-sale investments	25,985,817,463	25,796,994,434	24,310,124,661	22,577,520,650
Purchases of held-to-maturity investments	(74,270,958)	(1,211,211,747)	(74,270,958)	(1,211,211,747)
Proceeds from sales of held-to-maturity investments	1,268,455,301	71,866,201	1,148,455,301	71,866,201
Purchases of general investments	(186,724,457)	(276,272,169)	(197,160,428)	(635,252,035)
Proceeds from sales of general investments and investments in subsidiary companies	2,109,664,884	152,545,888	2,109,799,412	152,545,888
Purchases of premises and equipment	(199,611,587)	(431,592,709)	(191,585,918)	(429,773,177)
Proceeds from sales of premises and equipment	5,301,995	51,451,783	5,301,995	51,451,783
Net cash used in investing activities	(10,043,592,291)	(1,595,108,146)	(9,938,325,367)	(1,484,742,264)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long-term borrowings	(49,418,234,854)	-	(49,418,234,854)	-
Redemption of debenture and subordinated debentures cum preferred shares	(3,258,183,290)	(13,280,000,000)	(3,258,183,290)	(13,280,000,000)
Increase in issued and fully paid-up ordinary shares	-	64,050,000,000	-	64,050,000,000
Increase in discount on ordinary shares	-	(41,795,125,137)	-	(41,795,125,137)
Redemption of subordinated debentures	-	(6,000,000,000)	-	(6,000,000,000)
Foreign currency translation	3,145,163	30,782,499	3,145,163	30,782,499
Net cash provided by (used in) financing activities	(52,673,272,981)	3,005,657,362	(52,673,272,981)	3,005,657,362
Increase in cash and cash equivalents	2,001,164,209	1,585,142,548	2,003,029,647	1,623,745,826
Cash and cash equivalents as at January 1,	8,925,329,112	7,340,186,564	8,922,419,218	7,298,673,392
Cash and cash equivalents as at December 31,	10,926,493,321	8,925,329,112	10,925,448,865	8,922,419,218
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION				
Cash paid during the year for				
Interest expense	5,202,922,163	8,892,685,457	5,202,955,368	8,892,684,009
Income tax	51,077,319	42,136,112	49,732,625	41,500,242

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

1. GENERAL INFORMATION

Thai Military Bank Public Company Limited "the Bank" is a company registered in Thailand and listed on the Stock Exchange of Thailand. The Bank has been granted a license to conduct commercial banking business. Its Head Office is located at 3000 Phahon Yothin Road, Ladyao Subdistrict, Chatuchak District, Bangkok, Thailand. The Bank has branches throughout Thailand and in certain overseas countries. As at December 31, 2004 and 2003 the numbers of the Bank's staff were 7,925 and 5,922 respectively.

On January 20, 2004, the Cabinet endorsed the Draft Emergency Decree amending the Industrial Finance Corporation of Thailand Act proposed by the Ministry of Finance (MOF) to allow the Industrial Finance Corporation of Thailand (IFCT) to merge with Thai Military Bank Public Company Limited (TMB). If the Bank and DBS Thai Danu Bank Public Company Limited (DTDB) have agreed on merging, IFCT would have been considered on merging also.

The 2004 Annual General Meeting of Shareholders held on April 29, 2004 passed the following merger resolutions:

1. To acknowledge the consent given by the Ministry of Finance on the Merger and Transfer of Business Project among Thai Military Bank Public Company Limited and DBS Thai Danu Bank Public Company Limited and the Industrial Finance Corporation of Thailand, of which proposed by the Bank.

2. To approve the Bank to integrate and transfer processes by purchasing DBS Thai Danu Bank Public Company Limited (DTDB)'s shares and transferred businesses by issuing a tender offer to shareholders of DTDB, and TMB would like to take all bank businesses of DTDB, such as assets, liabilities, commitments and obligations. Transfer of assets, liabilities, commitments and obligations to TMB will base on adjusted book values as at the last date prior to the transfer date, and transfer assets will base on value after net off necessary reserves. Swap ratios for TMB's ordinary shares with the offer price for DTDB are as follows:

- One DTDB ordinary share swaps to 0.900 TMB ordinary share;
- One Class-A, Class-B, Class-C, Class-D and Class-E DTDB preferred shares swap to 0.900 TMB ordinary share;
- One unit of DTDB subordinated debentures No.1 amounted of Baht 100,000;
- 75,000 units of DTDB convertible subordinated debentures Nos. 4 - 7 swap to 1,256,342,967 TMB ordinary shares;
- One unit DTDB warrants swaps to 0.093 TMB ordinary share;
- One DTDB ordinary share converted from DTDB Class-F preferred shares cum subordinated debentures No.3 swaps to 0.900 TMB ordinary share.

3. To approve the Bank to integrate and transfer processes by purchasing the Industrial Finance Corporation of Thailand (IFCT)'s shares and transferred businesses by issuing a tender offer to shareholders of IFCT. Swap ratios for TMB's ordinary shares with the offer price for IFCT are as follows:

- One IFCT ordinary share swaps to 1.124 TMB ordinary share;

- One unit IFCT warrant swaps to 0.303 TMB ordinary share

As the Bank has made a Tender Offer for both securities from the securityholders of DBS Thai Danu Bank Public Company Limited and the Industrial Finance Corporation of Thailand by issuing new ordinary shares of the Bank. The tender offer period was May 21, 2004 to June 25, 2004. The result of tender offer for the securities was that the Bank has issued new ordinary shares amounting to 4,872,106,297 shares, of Baht 10 par value , summarized as follows :

1. 2,060,864,292 DBS Thai Danu Bank ordinary shares swapped to 1,854,777,888 TMB ordinary shares
2. 1,348,251,063 DBS Thai Danu Bank warrants swapped to 125,387,359 TMB ordinary shares
3. 75,000 units of DBS Thai Danu Bank preferred shares cum convertible subordinated debentures Nos. 4-7 swaped to 1,256,410,467 TMB ordinary shares
4. 1,438,924,038 the Industrial Finance Corporation of Thailand ordinary share swaped to 1,617,350,583 TMB ordinary shares
5. 60,000,000 the Industrial Finance Corporation of Thailand warrants swaped to 18,180,000 TMB ordinary shares

The Extra Ordinary of Shareholders Meeting No.1/2004 held on August 26, 2004 passed the following merger resolutions:

1. To approve to delist the securities of the Industrial Finance Corporation of Thailand (IFCT) from the Stock Exchange of Thailand.
2. To approve the Bank to purchase IFCT's shares from the remaining minority shareholders after the closing of tender offer for IFCT's securities. The purchasing price or consideration for those shares will be in the form of the Bank's ordinary shares at the ratio equivalent to that offered in the previous tender offer for IFCT's securities.
3. To approve the Bank to accept transfer all businesses of IFCT, such as assets, liabilities, commitments and obligations to TMB on September 1, 2004 and will based on adjusted book values as at the last date prior to the transfer date, and transfer assets will base on value after net off necessary reserves.

The Bank registered its new increasing paid - up share capital with the Ministry of Commerce after the tender offer period from May 21, 2004 to June 25, 2004 and consequently as of the transfer business date the Bank holds 2,060,864,292 DTDB ordinary shares or 99.32% and 1,438,924,038 IFCT ordinary share or 98.45 % respectively, making both financial institutions to be subsidiaries of the Bank.

The net asset value of DBS Thai Danu Bank Public Company Limited, at the transfer business date, consisted of the followings:

	Amounts: Million Baht
Assets	
Cash	483
Interbank and money market items net	5,411
Investments - net	11,480
Loans - net	75,553
Properties foreclosed - net	6,734
Customer's liabilities under acceptances	180
Premises and equipment - net	2,932
Other assets - net	1,100
Total Assets	<u><u>103,873</u></u>

Amounts : Million Baht

Liabilities	
Deposits	83,606
Interbank and money market items	6,633
Liabilities payable on demand	412
Borrowings	8,010
Bank's liabilities under acceptances	180
Other liabilities	1,286
Total Liabilities	<u>100,127</u>
Total net asset value	<u>3,746</u>
Percentage of investment by the Bank (%)	99.59
Purchase Price	<u>11,849</u>
Excess of the cost of the investment over the net asset value	<u>8,103</u>

Consequently, the Bank has adjusted net investment value was increasing and effected on the goodwill was decreasing to Baht 30 million.

The Bank has recorded the excess of the cost of the investment over the net asset value after adjusted as goodwill and amortized to be expenses using the straight - line method within 20 years.

The net asset value of the Industrial Finance Corporation of Thailand, at the transfer business date, consisted of the followings:

Amounts: Million Baht

Assets	
Cash and deposits with financial institutions	1,509
Investments in promissory notes - net	236
Investments - net	21,466
Loans receivables and accrued interest receivable - net	142,306
Properties foreclosed - net	4,664
Customers' liabilities under acceptances	117
Premises and equipment - net	1,359
Other assets - net	3,995
Total Assets	<u>175,652</u>
Liabilities	
Notes payable	97,249
Borrowings	39,073
Debentures and subordinate debentures	37,751
Corporation's liabilities under acceptances	117
Other liabilities	1,434
Total Liabilities	<u>175,624</u>
Total net asset value	<u>28</u>
Percentage of investment by the Bank (%)	98.45
Purchase Price	<u>6,113</u>
Excess of the cost of the investment over the net asset value	<u>6,085</u>

Consequently, the Bank has adjusted net investment value was increasing and effected on the goodwill was decreasing to Baht 28 million.

The Bank has recorded the excess of the cost of the investment over the net asset value after adjusted as goodwill and amortized to be expenses using the straight - line method within 20 years.

However the Bank has made a Tender Offer for both securities from the securityholders of DBS Thai Danu Bank Public Company Limited and the Industrial Finance Corporation of Thailand by issuing new ordinary shares of the Bank. The extension tender offer period was September 16, 2004 to October 20, 2004. The result of extension tender offer for both securities was that the Bank has issued new ordinary shares amounting to 26,225,682 shares, of Baht 10 par value, summarized as follows:

1. 10,658,907 DBS Thai Danu Bank ordinary shares swapped to 9,593,019 TMB ordinary shares
2. 769,469 DBS Thai Danu Bank warrants swapped to 71,560 TMB ordinary shares
3. 14,734,082 the Industrial Finance Corporation of Thailand ordinary share swapped to 16,561,103 TMB ordinary shares

As the result of the extension tender offer period ended the Bank holds 2,071,523,199 DTDB ordinary shares or 99.83 % and 1,453,658,120 IFCT ordinary shares or 99.45 %.

2. BASIS OF FINANCIAL STATEMENT PREPARATION AND PRINCIPLES OF CONSOLIDATION

The financial statements are presented in the Thai Baht, in Thai language, and in conformity with generally accepted accounting standards in Thailand and have been presented in accordance with the announcement of the Bank of Thailand dated May 10, 2001 prescribing the form of the balance sheet and profit and loss account of commercial banks. Accordingly the financial statements are intended solely to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in Thailand.

Other than those specified in the notes to the financial statements, all other balances presented in these financial statements are prepared under the historical cost convention.

For the convenience of the readers, an English language translation of the financial statements has been prepared from the Thai language financial statements which are issued for domestic reporting purposes.

The consolidated financial statements of the Bank for the years ended December 31, 2004 and 2003 comprise the Head Office, all domestic and overseas branches, the Bangkok International Banking Facilities, its subsidiaries, (together referred to as the “Group”) and the Group’s interest in associates.

Details of the Bank’s subsidiaries are as follows:

	Holding Percentage	
	2004	2003
Phayathai Asset Management Company Limited.	100.00%	100.00%
DBS Thai Danu Bank Public Co., Ltd. ^{1/3}	99.87%	-
Industrial Finance Corporation of Thailand. ^{1/2}	99.45%	-
Asset Development Co., Ltd. ¹	100.00%	-
IFCT Advisory Co., Ltd. ¹	100.00%	-

1. These were acquired from the merger and transfer business agreements.
2. IFCT was suspended on the corporation status according to the Emergency Decree Amending the Industrial Finance Corporation of Thailand Act. B.E.2502, B.E.2547 Section No.34
3. At present, it is in the processing of submitting the banking business licence to the Ministry of Finance and liquidation.

The consolidated financial statements of the Bank for the years ended December 31, 2004 and 2003 excluded one subsidiary as the financial statements of this subsidiary was deemed not have a material effect on the consolidated financial position and results of operations and cash flows and excluded investments in which the Bank held more than 50% of the issued investment units as the Bank does not have any control in the financial and operating policies of both mutual funds. Details of the Bank's subsidiary and mutual funds are as follows:

	Holding Percentage	
	2004	2003
Designee for ETA Contract Limited	99.40%	99.40%
The Thai Business Fund 1	50.00%	-
Siam Resort Fund	60.71%	-

Significant inter - group transactions between the Bank and its subsidiaries are eliminated on consolidation.

Subsidiaries are those entities controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized income and losses of associates on an equity accounted basis, from the date significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of Interest Income

Interest and discount income on loans are generally recognized on an accrual basis. In accordance with the Bank of Thailand's regulation, interest in arrears for more than three months, regardless of whether the loans are covered by collateral, is not accrued but is instead recognized as income on a cash basis.

The Bank has reversed accrued interest income on loans, which has been recognized as income, for interest in arrears more than three months, in accordance with Bank of Thailand's regulations.

Lease income of a subsidiary is recognized as follow:

Income under hire purchase and finance lease agreements is recognized on the basis of installment payments due by using the effective yield method. Income under these agreements was not recognized when these agreements were terminated.

Income under operating lease agreements is recognized on the basis of equal monthly payments. Income under these agreements was not recognized when these agreements were terminated.

3.2 Recognition of Interest Expense

Interest expense on deposits, borrowings, and deferred discount or premium is recognized on an accrual basis. Premiums on currency hedging contracts of borrowings are amortized using the straight-line method over the term of the contracts.

3.3 Loans

Loans (except overdrafts) are show the exclusive of accrued interest receivable. Unearned discounts received in advance on loans are shown as deductions from the loans.

Investments in receivables are investments in receivables of the subsidiary, Phayathai Asset Management Co., Ltd., which are shown at cost, net of allowances for impairment of investments in receivables and revaluation allowance for debt restructuring. As at December 31,

2003, the subsidiary has applied a new accounting policy to on its financial assets to comply with the Bank of Thailand's notification. The new accounting procedures were to be adopted in the financial statements for accounting periods ended on or after December 31, 2003. The new procedures require that investments in receivables, if they are restructured debts,(including the restructured debtors before 2003), must be recorded as loans and receivables at fair value as at the transfer date. The value shall not exceed the book value of the investments, based on the present value of the future collections according to the restructuring agreements and discounted by the discount rate with the result that the present value of the future collections is equal to the book value of the investments in receivables. Differences between the net book value and the fair value at the transfer date must be shown as a loss on debt restructuring from transferring financial assets in the statement of income.

3.4 Allowance for Doubtful Accounts

The Bank provides an allowance for doubtful accounts by analysing individual accounts based on previous collection experience and in compliance with the Commercial Banking Act and the prescriptions of the Bank of Thailand.

The Bank of Thailand announced revised regulations regarding loan classification that require banks to categorize their loan portfolios into six categories and to set minimum reserves based on these categories. These are 1%, 2%, 20%, 50% and 100% for Pass, Special Mention, Substandard, Doubtful and Doubtful of Loss, respectively and those classified as Loss which are required to be written off. The period that a loan is past due is the principal criteria utilized 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. However, the regulations regarding the minimum allowance for doubtful accounts are subject to change.

Any additional allowances for doubtful accounts are charged to the expense of the period.

The Bank writes off bad debts against the allowance for doubtful accounts.

Bad debts recovered are credited to the allowance for doubtful accounts.

3.5 Troubled Debt Restructuring

Foreclosed assets transferred from troubled debt restructuring are recorded at the lower of the fair value of the assets or the total amount of debt. Where restructuring a loan involves modification of its terms, the present value of the future cash flows expected to be received from those customers is calculated by using discount rates equivalent to the market rates received from those customers and the outstanding balances of investment in loans is recorded as an allowance for revaluation on debt restructuring in the balance sheet. This allowance for revaluation is amortized to the statement of income according to the amounts received over the remaining period of the debt restructuring contract.

3.6 Investments

The Bank classifies debt instruments and marketable equity securities as trading securities, available-for-sale securities or held-to-maturity debt instruments, and classifies non-marketable equity securities as general investments or investments in subsidiary / associated companies.

Investments in subsidiaries and associates in the separate financial statements of the Bank are accounted for using the equity method. This does not include investments in related companies in which the Bank owns over 20% of the paid up capital, and which the Bank intends to hold on a temporary basis, as these companies are in liquidation and the Bank has recorded these investments at cost, net of allowance for impairment.

The recording of investments in subsidiary and associated companies using the equity method is based either on financial information from financial statements audited or reviewed by other auditors, or based on unaudited management information.

Debt securities and marketable equity securities held for trading are classified as current investments and are stated at fair value, with any resultant gain or loss recognized in the income statement.

Debt securities and marketable equity securities other than those securities held for trading or intended to be held to maturity, are classified as being available-for-sale and are stated at fair value. Any resultant gains or losses are recognized in equity, except for impairment losses, until disposal whereupon the gain or loss is recognized in the income statement.

Debt securities (including the right to non-negotiable promissory notes availed by FIDF and received on the transfer of impaired assets to Thai Asset Management Corporation) that the Group intends and is able to hold to maturity are stated at amortized cost less impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortized using the effective interest rate method over the period to maturity.

Equity securities which are not marketable are stated at cost less impairment losses.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognized in the income statement.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

The market values of debt instruments in government securities are computed using the Bank of Thailand's yield curve, adjusted by an appropriate risk factor.

The market values of debt instruments in the domestic market (other than listed bonds) are based on the market values appraised by reliable institutions, by using yields of those debt instruments, or by computations based on the Bank of Thailand's yield curve, adjusted by an appropriate risk factor. The institutions performing appraisals have to provide written documentation of the basis of their appraisal. In the case of marketable securities, the market values of investments represent the latest bidding price at the end of the period. Interest income on investments is recognized on an accrual basis and dividend income is recognized when declared.

3.7 Properties Foreclosed

Immovable properties foreclosed acquired from debt settlement before 2002 were stated at the lower of appraised value or book value of the related debts, and immovable properties foreclosed acquired from debt settlement as from 2002 recognized at the net fair value, not exceeding the investment in loans and unearned interest to which the Bank is legally entitled.

Loss on impairment is charged to the statement of income. Gains or losses on the sales of properties foreclosed are recognized in the statement of income upon disposal.

3.8 Premises and Equipment

In 2003, land and building were reappraised by independent appraisal companies, in compliance with the Bank of Thailand's notification. The surplus on the fixed asset revaluation is presented in shareholders' equity. In case of a revaluation decrease, the decline in value is deducted from such surplus on fixed asset revaluation to the extent that the new value is above original cost and recognized in the statement of income to the extent that the new value is below original cost.

Land is stated at revalued cost. Buildings are stated at revalued cost less accumulated depreciation. Surplus on fixed asset revaluation is presented in shareholders' equity.

Equipment is stated at cost less accumulated depreciation.

Depreciation of buildings and equipment is charged to the income statement using the straight-line method over the useful lives of assets as follows:

As from November 1, 2003, depreciation of buildings is computed using the straight-line method over their remaining useful lives, (total useful lives are not more than 50 years), as assessed by independent appraisal companies. Depreciation is included in premises and equipment expenses.

Prior to November 1, 2003, depreciation of buildings was computed using the straight - line method over their useful lives of 20 years, and was included in premises and equipment expenses.

As from November 1, 2003, depreciation on the revalued incremental cost of buildings has been computed using the straight-line method over their remaining useful lives, (total useful lives is not more than 50 years), as assessed by independent appraisal companies. Depreciation on the revalued incremental cost of buildings is included in premises and equipment expenses.

Prior to November 1, 2003, depreciation on the revalued incremental cost of buildings in 1992 was computed using the straight-line method over their remaining useful lives, (total useful lives are not more than 20 years), and was included in premises and equipment expenses.

Depreciation of equipment is computed using the straight-line method over their useful lives of 5 years.

No depreciation is provided on land, assets under construction or installation work.

Depreciation of fixed assets of overseas branches is computed at rates specified by the laws applicable in each locality at 20-25% cost.

Loss on impairment of assets is included in the statement of income.

3.9 Intangible Assets

Business combination and goodwill: the Bank uses the purchase method for accounting for business combination.

The Bank accounted for the net excess of the cost of the acquisition over the adjusted book values of net assets of the acquired subsidiaries, as goodwill at the acquisition date. This is presented as assets in the balance sheet and is amortized over 20 years period.

The adjusted book values of net assets transferred from the subsidiaries to the Bank were audited by the subsidiaries' auditors.

Leasehold improvements are amortized over the lease terms or within 10 years if there is no lease term.

3.10 Foreign Currency Transactions

Assets and liabilities in foreign currencies are recorded at the buying and selling rates specified by the Bank when the transactions occur. On the balance sheet date, these amounts are translated at the reference rates announced by the Bank of Thailand at the year end and gain or loss on translation is recognized in the income statement.

The financial statements of overseas branches and the Bangkok International Banking Facilities are translated at the reference rates announced by the Bank of Thailand at the year end, and gain or loss on translation is presented in shareholders' equity.

3.11 Derivatives

As from May 1, 2003, the Bank changed its accounting policy for financial derivatives. Financial derivatives in the term of forward exchange contracts are stated on the market value basis by using the market price as at the balance sheet date for the same remaining period. The difference on the market value fluctuation is recognized as income or expenses in the statement of income.

The accounting treatment for financial derivatives, entered into for September 1, 2004 onwards is as follows:

Trading financial derivatives are stated on the market value basis by using the market price. The difference on the market value was recognized in the statement of income.

For the Bank is management of funding, financial derivatives in the form of interest rate contracts such as interest rate swaps are recognized on an accrual basis. Foreign currency funding of financial derivatives such as currency / FX swap are recognized on an amortization basis. The difference between the forward rate and the spot rate at the contract date is recognized as income or expense using the straight-line method over the period of contract.

The effects from the changes in the accounting policy for financial derivatives is considered not to have had a material effect on the financial statements.

The Bank manages exchange rate exposure by buying or selling forward contracts and by managing the net position in foreign currencies in compliance with the Bank's policies and prescriptions of the Bank of Thailand.

3.12 Provident Fund and Retirement Fund

The Bank and its permanent employees jointly established provident funds as approved by the Ministry of Finance in accordance with the Provident Fund Act B.E. 2530. The employees and the Bank contribute to the funds. The funds are managed by Thai Life Insurance Company Limited, TISCO Assets Management Company Limited, and MFC Assets Management Public Company Limited, with returns and rights of employees as prescribed by the regulations on Provident Funds and it is therefore not presented in the balance sheets. The Bank has a retirement fund payable to employees at the time of termination of services with the Bank. According to the Bank's regulations, only the Bank (not the employees) is required to contribute to the fund, which is credited to individual employee accounts. The amounts contributed to the fund are recognized as expenses in that period.

Provident funds of certain overseas branches have been established for local employees and are managed by independent financial institutions.

3.13 Income Tax

Income tax is computed on taxable income specified in the Revenue Code and recognized as an expense in the period on an accrual basis.

3.14 Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing the net income (loss) for ordinary shares for the year by the number of ordinary shares outstanding and called up at the end of year.

Diluted earnings (loss) per share is computed by dividing net income (loss) for the year adjusted by the dividend of the convertible preferred shares and interest expense of the convertible subordinated debentures (if any), by the aggregate weighted average number of ordinary shares, on the assumption that conversion of all ordinary share equivalents has been made at the beginning of year. Ordinary share equivalents consist of convertible preferred shares.

3.15 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cash in the process of collection.

3.16 Estimation

In order to prepare financial statements in conformity with generally accepted accounting standards in Thailand, management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimated is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. SUPPLEMENTARY INFORMATION

4.1 Supplemental Disclosures of Cash Flow Information

For the year ended December 31, 2004, significant non - cash transactions was the assets and liabilities transferring from the merger of the two financial institutions (DBS Thai Danu Bank and the Industrial Finance Corporation of Thailand) and the Bank had tender offered from their shareholders by issuing the Bank's ordinary shares for swap with securities of these two financial institutions as follow :

	Amounts: Million Baht	
	Consolidated	The Bank Only
Interbank and money market items (assets) - net	6,919	6,919
Investments - net	32,917	32,945
Loans - net	213,597	214,045
Properties foreclosed - net	11,398	11,398
Premises and equipment - net	4,291	4,291
Other assets - net	4,797	4,797
Deposits	83,606	83,606
Interbank and money market items (liabilities)	55,293	55,307
Liabilities payable on demand	412	412
Borrowings	126,735	126,735
Other liabilities	1,013	1,013
Increased in new issued ordinary shares	48,983	48,983
Increased in discount on new issued ordinary shares	31,413	31,413
Increased in goodwill	14,257	14,257
Increased investments in subsidiary - net	-	3,746
Increased in other account payable - subsidiary	-	3,746

4.2 Interbank and Money Market Items

Interbank and money market items at December 31, 2004 consisted of:

	Amounts: Million Baht		
	Consolidated December 31, 2004		
1. <u>Domestic</u>	At Call	Term	Total
The Bank of Thailand and Financial Institutions Development Fund	4,185	-	4,185
Commercial banks	511	70	581
Other banks	16	19	35
Other financial institutions	51	684	735
Total	4,763	773	5,536
Add Accrued interest receivable	-	4	4
(Less) Allowance for doubtful accounts	(1)	(7)	(8)
Total Domestic	4,762	770	5,532

Amounts : Million Baht

Consolidated
December 31, 2004

2. Foreign

	At Call	Term	Total
US Dollar	924	2,585	3,509
Japanese Yen	400	-	400
Other currencies	533	147	680
Total	1,857	2,732	4,589
Add Accrued interest receivable	-	1	1
(Less) Allowance for doubtful accounts	-	(2)	(2)
Total Foreign	1,857	2,731	4,588
Total Domestic and Foreign	6,619	3,501	10,120

Amounts : Million Baht

The Bank Only
December 31, 2004

1. Domestic

	At Call	Term	Total
The Bank of Thailand and Financial Institutions Development Fund	4,185	-	4,185
Commercial banks	444	70	514
Other banks	16	19	35
Other financial institutions	51	684	735
Total	4,696	773	5,469
Add Accrued interest receivable	-	4	4
(Less) Allowance for doubtful accounts	(1)	(7)	(8)
Total Domestic	4,695	770	5,465

2. Foreign

	At Call	Term	Total
US Dollar	924	2,585	3,509
Japanese Yen	400	-	400
Other currencies	533	147	680
Total	1,857	2,732	4,589
Add Accrued interest receivable	-	1	1
(Less) Allowance for doubtful accounts	-	(2)	(2)
Total Foreign	1,857	2,731	4,588
Total Domestic and Foreign	6,552	3,501	10,053

Interbank and money market items at December 31, 2003 consisted of:

Amounts : Million Baht

Consolidated December 31, 2004			
	At Call	Term	Total
1. Domestic			
The Bank of Thailand and Financial Institutions Development Fund	3,368	-	3,368
Commercial banks	35	-	35
Other banks	2	-	2
Other financial institutions	99	450	549
Total	3,504	450	3,954
Add Accrued interest receivable	-	3	3
(Less) Allowance for doubtful accounts	(1)	(4)	(5)
Total Domestic	3,503	449	3,952
2. Foreign			
US Dollar	260	3,999	4,259
Japanese Yen	157	-	157
Other currencies	253	36	289
Total	670	4,035	4,705
Add Accrued interest receivable	-	2	2
Total Foreign	670	4,037	4,707
Total Domestic and Foreign	4,173	4,486	8,659

Amounts : Million Baht

The Bank Only December 31, 2004			
	At Call	Term	Total
1. Domestic			
The Bank of Thailand and Financial Institutions Development Fund	3,369	-	3,369
Commercial banks	35	-	35
Other banks	2	-	2
Other financial institutions	99	450	549
Total	3,505	450	3,955
Add Accrued interest receivable	-	3	3
(Less) Allowance for doubtful accounts	(1)	(4)	(5)
Total Domestic	3,504	449	3,953
2. Foreign			
US Dollar	260	3,999	4,259
Japanese Yen	157	-	157
Other currencies	253	36	289
Total	670	4,035	4,705
Add Accrued interest receivable	-	2	2
Total Foreign	670	4,037	4,707
Total Domestic and Foreign	4,174	4,486	8,660

4.3 Securities Purchased under Resale Agreements

Securities purchased under resale agreements at December 31, 2004 and 2003 consisted of:

	Amounts : Million Baht	
	Consolidated Financial Statements and The Bank Only Financial Statements	
	December 31, 2004	December 31, 2003
The bonds of government and the Financial Institutions Development Fund	12,000	6,200
Total	12,000	6,200

4.4 Investments

Investments at December 31, 2004 and 2003 consisted of:

	Amounts : Million Baht			
	Consolidated		The Bank Only	
	December 31, 2004		December 31, 2003	
	Cost Value/ Book Value	Market Value	Cost Value/ Book Value	Market Value
Current investments				
Trading investments				
Government and state enterprise securities	690	690	690	690
Marketable equity securities	88	89	88	89
Total	778	779	778	779
Add Allowance for revaluation	1	-	1	-
Total	779	779	779	779
Available for-sale securities				
Government and state enterprise securities	23,334	23,311	23,334	23,311
Private debt instruments	159	110	159	110
Marketable equity securities	2,311	2,375	1,032	1,091
Total	25,804	25,796	24,525	24,512
Add Allowance for revaluation	42	-	37	-
(Less) Allowance for impairment	(50)	-	(50)	-
Total	25,796	25,796	24,512	24,512
Total Current Investments - net	26,575	26,575	25,291	25,291

	Amounts : Million Baht			
	Consolidated		The Bank Only	
	December 31, 2004		December 31, 2003	
	Cost Value/ Book Value	Market Value	Cost Value/ Book Value	Market Value
Long-term investments				
Available-for-sale securities				
Government and state enterprise securities	5,394	5,346	5,394	5,346
Private debt instruments	1,906	1,887	1,906	1,887
Foreign debt instruments	973	974	973	974
Marketable equity securities	6,795	8,108	6,782	8,088
Total	15,068	16,315	15,055	16,295
Add Allowance for revaluation	1,247	-	1,240	-
Total	16,315	16,315	16,295	16,295
Held-to-maturity debt instruments				
Government and state enterprise securities	37,785	36,634	36,898	35,747
Private debt instruments	2,205	2,207	2,205	2,207
Total	39,990	38,841	39,103	37,954
Add Allowance for revaluation	8	-	8	-
Total	39,998	38,841	39,111	37,954
General investments				
Domestic non-marketable equity securities	5,886	6,874	5,862	6,851
Foreign non-marketable equity securities	82	20	82	20
Total	5,968	6,894	5,944	6,871
(Less) Allowance for impairment	(1,190)	(5)	(1,185)	-
Total	4,778	6,889	4,759	6,871
Total Long-term Investments-net	61,091	62,045	60,165	61,120

	Amounts : Million Baht			
	Consolidated		The Bank Only	
	December 31, 2003		December 31, 2003	
	Cost Value/ Book Value	Market Value	Cost Value/ Book Value	Market Value
Current investments				
Trading investments				
Marketable equity securities	119	130	119	130
Add Allowance for revaluation	11	-	11	-
Total	130	130	130	130
Available for-sale securities				
Government and state enterprise securities	537	544	537	544
Private debt instruments	765	729	765	729
Marketable equity securities	1,973	2,012	1,018	1,055
Total	3,275	3,285	2,320	2,328
Add Allowance for revaluation	60	-	58	-
(Less) Allowance for impairment	(50)	-	(50)	-
Total	3,285	3,285	2,328	2,328
Total Current Investments - net	3,415	3,415	2,458	2,458

Amounts : Million Baht

	Consolidated		The Bank Only	
	December 31, 2004		December 31, 2003	
	Cost Value/ Book Value	Market Value	Cost Value/ Book Value	Market Value
Long-term investments				
Available-for-sale securities				
Government and state enterprise securities	3,613	3,688	3,613	3,688
Private debt instruments	982	964	982	964
Marketable equity securities	1,918	3,937	1,888	3,814
Total	6,513	8,589	6,483	8,466
Add Allowance for revaluation	2,077	-	1,983	-
Total	8,590	8,589	8,466	8,466
Held-to-maturity debt instruments				
Government and state enterprise securities	31,224	30,466	30,217	29,459
Private debt instruments	1,510	1,890	1,510	1,890
Total	32,734	32,356	31,727	31,349
Add Allowance for revaluation	8	-	8	-
Total	32,742	32,356	31,735	31,349
General investments				
Domestic non-marketable equity securities	2,218	2,596	2,208	2,586
Foreign non-marketable equity securities	69	11	69	11
Total	2,287	2,607	2,277	2,597
(Less) Allowance for impairment	(511)	-	(511)	-
Total	1,776	2,607	1,766	2,597
Total Long-term Investments-net	43,108	43,552	41,967	42,412

At December 31, 2004 available-for-sale and held-to-maturity debt instruments classified by the remaining maturity were as follows :

Amounts : Million Baht

	Consolidated				Total
	December 31, 2004				
	Maturity				
	Within 1 year	Over 1-5 year	Over 5-10 year	Over 10 year	
Available-for-sale securities					
Government and state enterprise securities	23,334	3,984	1,410	-	28,728
Private debt instruments	159	1,906	-	-	2,065
Foreign debt instruments	-	972	-	-	972
Total	23,493	6,862	1,410	-	31,765
(Less) Allowance for revaluation	(22)	(53)	(12)	-	(87)
(Less) Allowance for impairment	(50)	-	-	-	(50)
Total	23,421	6,809	1,398	-	31,628
Held-to-maturity debt instruments					
Government and state enterprise securities	-	742	33,396	3,647	37,785
Private debt instruments	-	2,201	4	-	2,205
Total	-	2,943	33,400	3,647	39,990
Add Allowance for revaluation	-	-	-	8	8
Total	-	2,943	33,400	3,655	39,998
Total Debt Instruments	23,421	9,752	34,798	3,655	71,626

Amounts : Million Baht

The Bank Only					
December 31, 2003					
	Maturity				Total
	Within 1 year	Over 1-5 year	Over 5-10 year	Over 10 year	
Available-for-sale securities					
Government and state enterprise securities	23,334	3,984	1,410	-	28,728
Private debt instruments	159	1,906	-	-	2,065
Foreign debt instruments	-	972	-	-	972
Total	23,493	6,862	1,410	-	31,765
(Less) Allowance for revaluation	(22)	(53)	(12)	-	(87)
(Less) Allowance for impairment	(50)	-	-	-	(50)
Total	23,421	6,809	1,398	-	31,628
Held-to-maturity debt instruments					
Government and state enterprise securities	-	742	32,509	3,647	36,898
Private debt instruments	-	2,201	4	-	2,205
Total	-	2,943	32,513	3,647	39,103
Add Allowance for revaluation	-	-	-	8	8
Total	-	2,943	32,513	3,655	39,111
Total Debt Instruments	23,421	9,752	33,911	3,655	70,739

At December 31, 2003 available-for-sale and held-to-maturity debt instruments classified by the remaining maturity were as follows :

Amounts : Million Baht

Consolidated					
December 31, 2003					
	Maturity				Total
	Within 1 year	Over 1-5 year	Over 5-10 year	Over 10 year	
Available-for-sale securities					
Government and state enterprise securities	537	929	-	2,684	4,150
Private debt instruments	765	802	180	-	1,747
Total	1,302	1,731	180	2,684	5,897
Add (Less) Allowance for revaluation	22	(5)	(4)	66	79
(Less) Allowance for impairment	(50)	-	-	-	(50)
Total	1,274	1,726	176	2,750	5,926
Held-to-maturity debt instruments					
Government and state enterprise securities	-	-	27,900	3,324	31,224
Private debt instruments	-	1,212	-	298	1,510
Total	-	1,212	27,900	3,622	32,734
Add Allowance for revaluation	-	-	-	8	8
Total	-	1,212	27,900	3,630	32,742
Total Debt Instruments	1,274	2,938	28,076	6,380	38,668

Amounts : Million Baht

The Bank Only December 31, 2003					
	Maturity				Total
	Within 1 year	Over 1-5 year	Over 5-10 year	Over 10 year	
Available-for-sale securities					
Government and state enterprise securities	537	929	-	2,684	4,150
Private debt instruments	765	802	180	-	1,747
Total	1,302	1,731	180	2,684	5,897
Add (Less) Allowance for revaluation	22	(5)	(4)	66	79
(Less) Allowance for impairment	(50)	-	-	-	(50)
Total	1,274	1,726	176	2,750	5,926
Held-to-maturity debt instruments					
Government and state enterprise securities	-	-	26,893	3,324	30,217
Private debt instruments	-	1,212	-	298	1,510
Total	-	1,212	26,893	3,622	31,727
Add Allowance for revaluation	-	-	-	8	8
Total	-	1,212	26,893	3,630	31,735
Total Debt Instruments	1,274	2,938	27,069	6,380	37,661

Unrealized gain (loss) on revaluation of investments as of December 31, 2004 and 2003 were as follows.

Amounts : Million Baht

Consolidated Financial Statements and The Bank Only Financial Statements		
	December 31, 2004	December 31, 2003
Unrealized gain on revaluation of investments		
Debt instruments	18	119
Equity securities	1,494	2,071
Total	1,512	2,190
Unrealized loss on revaluation of investments		
Debt instruments	(98)	(32)
Equity securities	(116)	(14)
Total	(214)	(46)
Unrealized gain (loss) on revaluation of investments-net		
Debt instruments	(80)	87
Equity securities	1,378	2,057
Total	1,298	2,144

For each of the years ended December 31, 2004 and 2003 the Bank and Subsidiary Companies had gains on sales of securities of Baht 1,939 million and Baht 630 million, respectively; losses on impairment of investments of Baht 765 million for 2004 and Baht 63 million for 2003, and reversal of allowance for impairment of securities of Baht 1 million for 2004 and Baht 14 million for 2003, all of which were included in the statements of income.

Investments with over 10 % shareholding of the paid-up share capital (excluding investments in subsidiaries and associates) can be summarized as follows:

	Amounts : Million Baht	
	Consolidated Financial Statements and The Bank Only Financial Statements	
	December 31, 2004	December 31, 2003
Manufacturing and commerce	281	5
Property development and construction	122	1,247
Infrastructure and service	123	95
Others	2,192	689
Total	2,718	2,036
Add Allowance for revaluation	64	1,511
(Less) Allowance for impairment	(283)	(111)
Net	2,499	3,436

At December 31, 2004 the Bank had listed equity securities (available-for-sale) under rehabilitation plans and presented at fair value of Baht 1,461 million. The Bank had general investments in securities of Baht 479 million which were presented at net of allowance for impairment.

At December 31, 2004 and 2003 the Bank had investments in securities in other distressed companies under rehabilitation plans, which are investments in ordinary shares (general investments) and were shown at a book value (net of allowance for decline in value of securities) amounting to Baht 1,205 million and Baht 134 million, respectively

Investments in Subsidiary and Associated Companies

Investments in subsidiary and associated companies as at December 31, 2004 and 2003 were as follows:

	Consolidated				The Bank Only			
	December 31, 2004		December 31, 2003		December 31, 2004		December 31, 2003	
	Cost Method	Equity Method	Cost Method	Equity Method	Cost Method	Equity Method	Cost Method	Equity Method
Investments								
Subsidiary Companies	-	-	-	-	7,301	6,048	3,500	2,668
Associated Companies	2,918	3,010	409	458	2,918	3,005	409	458
Total	2,918	3,010	409	458	10,219	9,053	3,909	3,126

The following are the financial statements of subsidiary companies in which the Bank owns more than 50% of the paid-up share capital:

Phayathai Asset Management Company Limited

Condensed Balance Sheets

As at December 31, 2004 and 2003

	2004	2003
	Baht	Baht
Assets		
Cash and deposits at financial institutions	44,235,538	184,121,378
Investments in securities - net	2,201,769,631	2,096,850,603
Investments in receivables - net	1,321,881,951	2,719,657,461
Total Investments - net	3,523,651,582	4,816,508,064
Loans and receivables and accrued interest receivable - net	1,704,503,671	1,768,786,726
Properties foreclosed - net	3,048,111,396	2,208,697,023
Equipment - net	2,384,940	3,711,518
Other receivables	67,063,658	92,942,185
Other assets	19,141,698	39,031,922
Total Assets	8,409,092,483	9,113,798,816

	2004	2003
	Baht	Baht
Liabilities and Shareholders' Equity		
Liabilities		
Borrowings from financial institutions	5,000,000,000	6,407,362,870
Accrued interest payable	1,565,098	2,208,708
Other payable	518,263,810	-
Provision for adjustments of the selling prices for non-performing loans	566,237,185	-
Other liabilities	44,511,398	30,074,015
Total Liabilities	6,130,577,491	6,439,645,593
Shareholders' Equity	2,278,514,992	2,674,153,223
Total Liabilities and Shareholders' Equity	8,409,092,483	9,113,798,816

Phayathai Asset Management Company Limited

Condensed Statements of Income

For Each of the Years Ended December 31, 2004 and 2003

	2004	2003
	Baht	Baht
Interest income		
Loan and deposits	308,397,626	239,914,064
Investments in receivables	127,484,619	995,280,585
Investments in securities	11,477,215	12,054,315
Total interest income	447,359,460	1,247,248,964
Interest expense		
Interest expense	57,457,563	320,358,331
Net interest income	389,901,897	926,890,633
Bad debts and doubtful accounts (reversal)	(13,523,556)	56,389,423
Loss on impairment of investments in receivables (reversal)	(14,844,816)	566,064,304
Loss on debt restructuring of investments in receivables	25,913,843	59,506,425
Net income from interest after bad debts, doubtful accounts, loss on impairment of investments in receivables and loss on debt restructuring	392,356,426	244,930,481
Non - interest income	(550,561,871)	(1,828,272,655)
Non - interest expenses	154,826,604	1,846,843,481
Net loss before income tax	(313,032,049)	(3,430,185,655)
Income tax	805,825	635,870
Net loss before extraordinary item	(313,837,874)	(3,430,821,525)
Extraordinary items - Gain on debt restructuring of borrowings from financial institutions	-	3,000,000,000
Net loss after extraordinary item	(313,837,874)	(430,821,525)

Phayathai Asset Management Company Limited

Condensed Statements of Cash Flows

For Each of the Years Ended December 31, 2004 and 2003

	2004	2003
	Baht	Baht
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(313,837,874)	(430,821,525)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities :		
Depreciation and amortization	2,482,673	1,961,766
Bad debts and doubtful accounts (reversal)	(13,523,556)	56,389,423
Loss on impairment of investments in receivables (reversal)	(14,844,816)	566,064,304
Loss on debt restructuring of investments in receivables	25,913,843	59,506,425
Loss on sale of investments in receivables	656,179,219	1,896,068,186
Gain on sale of investments	(28,766,024)	(23,030,375)
Gain on collections	(68,016,767)	(141,643,714)
Loss on impairment of properties foreclosed and other assets	78,007,284	31,412,512
Extraordinary item - Gain on debt restructuring of borrowings from financial institutions	-	(3,000,000,000)
(Increase) decrease in accrued interest receivable	18,805,125	(15,840,207)
Decrease in accrued interest payable	(643,610)	(8,250,043)
Increase (decrease) in accrued non-interest expenses	(2,413,747)	3,661,279
Net income (loss) from operations before changes in operating assets and liabilities	339,341,750	(1,004,521,969)
(Increase) decrease in operating assets		
Investments in receivables	(17,810,119)	21,389,857,369
Loans and receivables	860,833,659	(1,735,159,609)
Properties foreclosed	(220,474,875)	5,149,949,680
Other account receivable	25,826,919	(63,681,233)
Other assets	(7,203,156)	3,391,290
Increase (decrease) in operating liabilities		
Other account payable	420,834,155	(3,527,150)
Other liabilities	24,552,766	5,553,694
Net cash provided by operating activities	1,425,901,099	23,741,862,072
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of available-for-sale investments	(1,903,235,500)	(3,687,000,000)
Proceeds from sales of available-for-sale investments	1,625,282,139	3,219,473,785
Proceeds from redemption of held-to-maturity in debt securities	120,000,000	-
Purchases of equipment	(96,193)	(639,442)
Purchases of intangible assets	(160,500)	(1,017,210)
Net cash used in investing activities	(158,210,054)	(469,182,867)

Phayathai Asset Management Company Limited

Condensed Statements of Cash Flows

For Each of the Years Ended December 31, 2004 and 2003

	2004	2003
	Baht	Baht
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of loans from financial institutions	(1,407,362,870)	(23,178,727,372)
Liabilities under finance lease agreements	-	211,921
Payments of finance lease agreements	(214,015)	(202,346)
Net cash used in financing activities	(1,407,576,885)	(23,178,717,797)
Increase (decrease) in cash and cash equivalents	(139,885,840)	93,961,408
Cash and cash equivalents as at beginning of year	184,121,378	90,159,970
Cash and cash equivalents as at end of year	44,235,538	184,121,378
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for		
Interest expenses	57,634,698	328,608,375
Income tax	805,825	635,870

Designee for ETA Contract Limited

Condensed Balance Sheets

As at December 31, 2004 and 2003

	“Unaudited” 2004 Baht	“Audited” 2003 Baht
Assets		
Current assets	25,700	23,700
Total Assets	25,700	23,700
Liabilities and Shareholders' Equity		
Current Liabilities	12,000	10,000
Shareholders' equity	13,700	13,700
Total Liabilities and Shareholders' Equity	25,700	23,700

Designee for ETA Contract Limited

Condensed Statements of Income

For each of the Years Ended December 31, 2004 and 2003

	“Unaudited” 2004 Baht	“Audited” 2003 Baht
Income	12,000	10,000
Expenses	12,000	10,000
Net income	-	-

4.5 Loans and Accrued Interest Receivable

Loans at December 31, 2004 and 2003 were classified as follows:

Classified by Types of Loan

	Amounts : Million Baht			
	Consolidated		The Bank Only	
	December 31, 2004	December 31, 2003	December 31, 2004	December 31, 2003
Overdrafts	43,155	32,027	42,956	31,683
Loans	354,057	202,427	356,285	204,471
Bills	116,160	62,409	116,217	62,220
Hire purchase receivables	72	-	-	-
Financial lease receivables	166	-	-	-
Others	764	2,885	727	2,810
Total	514,374	299,748	516,185	301,184
Add Accrued interest receivables	6,882	3,449	6,849	3,447
(Less) Allowance for doubtful accounts	(37,396)	(25,343)	(36,885)	(24,850)
Revaluation allowance for debt restructuring	(6,887)	(1,976)	(6,887)	(1,976)
Total	476,973	275,878	479,262	277,805

Classified by the Maturity of Contracts

	Amounts : Million Baht			
	Consolidated		The Bank Only	
	December 31, 2004	December 31, 2003	December 31, 2004	December 31, 2003
Within 1 year	204,560	94,801	202,246	90,982
Over 1 year	309,814	204,947	313,939	210,202
Total	514,374	299,748	516,185	301,184

Classified by currencies and residency of Debtors

	Amounts : Million Baht					
	Consolidated					
	December 31, 2004			December 31, 2003		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	482,537	48	482,585	293,014	62	293,076
US Dollar	29,673	6	29,679	5,980	177	6,157
Other currencies	1,914	196	2,110	315	200	515
Total	514,124	250	514,374	299,309	439	299,748

	The Bank Only					
	December 31, 2004			December 31, 2003		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	484,348	48	484,396	294,450	62	294,512
US Dollar	29,673	6	29,679	5,980	177	6,157
Other currencies	1,914	196	2,110	315	200	515
Total	515,935	250	516,185	300,745	439	301,184

Classified by type of business and by Loan Classification

Amounts : Million Baht

	Consolidated					Total
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	
Agriculture and mining	12,453	1,431	857	335	2,889	17,965
Manufacturing and commerce	205,171	10,652	5,277	3,809	24,569	249,478
Property development and construction	30,554	1,568	972	903	4,819	38,816
Infrastructure and services	95,218	2,102	2,079	1,299	5,366	106,064
Housing loans	35,761	1,637	1,056	570	5,560	44,584
Others	52,427	931	1,805	572	1,494	57,229
Total	431,584	18,321	12,046	7,488	44,697	514,136
Asset Development Co., Ltd.						238
Total						514,374

Amounts : Million Baht

	Consolidated					Total
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	
Agriculture and mining	7,064	578	126	134	1,273	9,175
Manufacturing and commerce	111,070	4,817	1,392	2,237	11,196	130,712
Property development and construction	21,101	762	392	780	4,564	27,599
Infrastructure and services	47,792	552	427	183	2,489	51,443
Housing loans	29,272	862	399	560	5,795	36,888
Others	41,802	472	177	181	1,299	43,931
Total	258,101	8,043	2,913	4,075	26,616	299,748

Amounts : Million Baht

	The Bank Only					Total
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	
Agriculture and mining	12,447	1,430	805	335	2,829	17,846
Manufacturing and commerce	204,789	10,625	4,948	3,809	23,813	247,984
Property development and construction	30,340	1,518	654	903	4,155	37,570
Infrastructure and services	95,147	2,096	2,046	1,299	5,196	105,784
Housing loans	35,761	1,637	1,056	570	5,560	44,584
Others	57,827	871	1,762	572	1,385	62,417
Total	436,311	18,177	11,271	7,488	42,938	516,185

Amounts : Million Baht

The Bank Only
December 31, 2004

	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Agriculture and mining	7,001	578	54	134	1,186	8,953
Manufacturing and commerce	110,666	4,779	1,291	2,237	9,503	128,476
Property development and construction	20,619	720	199	780	3,663	25,981
Infrastructure and services	47,711	552	337	183	2,123	50,906
Housing loans	29,272	862	399	560	5,795	36,888
Others	48,162	431	155	181	1,051	49,980
Total	263,431	7,922	2,435	4,075	23,321	301,184

Classification of Loans and Accrued Interest Receivable

At December 31, 2004, the Bank and the subsidiary have classified loans and accrued interest receivable (excluding loans to banks and money market items) in accordance with the announcement of the Bank of Thailand, regarding loan loss classification as follows:

Amounts : Million Baht

Consolidated
December 31, 2004

	Loans and Accrued Interest	Total Debt %Net of Receivables	Minimum Provision Collateral	Provision Amounts
Pass	432,012	174,030	1	1,740
Special mention	18,321	3,839	2	77
Substandard	12,249	3,329	20	1,147*
Doubtful	7,657	2,313	50	2,218*
Doubtful of loss	46,505	19,808	100	23,436*
Total	516,744	203,319		28,618
Excess over Bank of Thailand minimum requirement				8,623
Loans of Asset Development Co., Ltd.	270			155
Total				37,396

*An allowance for doubtful accounts (after being previously written off) was included in the categories of Substandard, Doubtful and Doubtful of Loss and amounted to Baht 481 million Baht 1,062 million and Baht 2,357 million, respectively as required by the Bank of Thailand's letter dated February 27, 2003

At December 31, 2004, Phayathai Asset Management Company Limited (subsidiary) has classified its investments in receivables and loans in accordance with the announcement of the Bank of Thailand, regarding loan loss classification as follows:

Amounts : Million Baht

December 31, 2004				
	Investments in Receivables and Loans	Total Debt % Net of Collateral	Minimum Provision	Provision Amounts
Pass	700	16	1	16
Special mention	144	8	2	8
Substandard	775	28	20	28
Doubtful of loss	1,761	121	100	121
Total	3,380	173		173
Excess over Bank of Thailand minimum requirement				184
Total				357

As at December 31, 2003, the Bank and the subsidiary have classified loans and accrued interest receivable (excluding loans to banks and money market items) in accordance with the announcement of the Bank of Thailand, regarding loan loss classification as follows:

Amounts : Million Baht

Consolidated December 31, 2004				
	Loans and Accrued Interest Receivables	Total Debt % Net of Collateral	Minimum Provision	Provision Amounts
Pass	258,101	109,191	1	1,092
Special mention	8,043	1,921	2	38
Substandard	3,107	1,136	20	227
Doubtful	4,182	789	50	1,514*
Doubtful of loss	27,699	8,118	100	17,153*
Total	301,132	121,155		20,024
Excess over Bank of Thailand minimum requirement				5,319
Total				25,343

* An allowance for doubtful accounts (after being previously written off) was included in the categories of Doubtful and Doubtful of Loss and amounted to Baht 1,119 million and Baht 9,035 million, respectively as required by the Bank of Thailand's letter dated February 27, 2003

As at December 31, 2003, Phayathai Asset Management Company Limited (subsidiary) has classified its investments in receivables and loans in accordance with the announcement of the Bank of Thailand, regarding loan loss classification as follows:

Amounts : Million Baht

	December 31, 2004			
	Investments in Receivables and Loans	Total Debt % Net of Collateral	Minimum Provision	Provision Amounts
Pass	1,083	84	1	1
Special mention	121	6	2	-
Substandard	478	33	20	6
Doubtful of loss	3,302	149	100	149
Total	<u>4,984</u>	<u>272</u>		<u>156</u>
Excess over Bank of Thailand minimum requirement				<u>344</u>
Total				<u>500</u>

As at December 31, 2004 and 2003 non-performing loans (excluding inter-bank and money market items) of the Bank and its subsidiary represent loans which are classified as substandard, doubtful, and doubtful of loss, in accordance with the rules on classification in the Notification of the Bank of Thailand Re: Worthless and irrecoverable assets and doubtful assets which may be worthless or irrecoverable of commercial banks. Non-performing loans of the Bank and its subsidiary as defined by this announcement amounted to Baht 64,230 million which represented 12.48 % of total loans (excluding inter-bank and money market items) for 2004 and Baht 33,604 million which represented 11.21 % for 2003.

As at December 31, 2004 and 2003 investment in non-performing loans of Phayathai Asset Management Company Limited (the subsidiary) included investment in receivables and loans and receivables which are classified as substandard, doubtful and doubtful of loss. The Company's investments in such receivables and loans and receivables amounted to Baht 2,536 million for 2004 and Baht 3,780 million for 2003.

As at December 31, 2004, non-performing loans of Asset Development Co.,Ltd., (the subsidiary) represented loans, which were the installment payment amounts from the leasing and hire purchasing businesses, and were overdue for more than three installment periods. The subsidiary had the non-performing loans for 2004 amounted to Baht 166 million.

At December 31, 2004 and 2003 the Bank and the subsidiary have provided an allowance for doubtful accounts of Baht 37,396 million and Baht 25,343 million, respectively, which is above the minimum allowance for doubtful accounts required to be provided by the Bank of Thailand. The Bank and subsidiaries' loans are still in the process of being collected, restructured and renegotiated, and the Bank is in the process of improving credit management and risk management and performing a qualitative review, which may affect the classification of loans and accrued interest receivable and the resulting estimate of allowance for doubtful accounts.

As at December 31, 2004 and 2003 the Bank has classified loans and accrued interest receivable (excluding loans to banks and money market items) in accordance with the announcement of the Bank of Thailand, regarding loan loss classification as follows:

Amounts: Million Baht

The Bank Only December 31, 2004				
	Loans and Accrued Interest Receivable	Total Debt % Net of Collateral	Minimum Provision	Provision Amounts
Pass	436,311	172,411	1	1,724
Special mention	18,177	3,426	2	68
Substandard	11,475	3,191	20	1,120*
Doubtful	7,657	2,313	50	2,218*
Doubtful of loss	44,746	19,688	100	23,316*
Total	518,366	201,029		28,446
Excess over Bank of Thailand minimum requirement				8,439
Total				36,885

* An allowance for doubtful accounts (after being previously written off) was included in the categories of Substandard, Doubtful and Doubtful of Loss and amounted to Baht 481 million, Baht 1,062 million and Baht 2,357 million, respectively as required by the Bank of Thailand's letter dated February 27, 2003

Amounts: Million Baht

The Bank Only December 31, 2003				
	Loans and Accrued Interest Receivables	Total Debt % Net of Collateral	Minimum Provision	Provision Amounts
Pass	263,431	109,162	1	1,092
Special mention	7,922	1,915	2	38
Substandard	2,629	1,103	20	221
Doubtful	4,182	789	50	1,514*
Doubtful of loss	24,404	7,975	100	17,010*
Total	302,568	120,944		19,875
Excess over Bank of Thailand minimum requirement				4,975
Total				24,850

* An allowance for doubtful accounts (after being previously written off) was included in the categories of Doubtful and Doubtful of Loss and amounted to Baht 1,119 million and Baht 9,035 million, respectively as required by the Bank of Thailand's letter dated February 27, 2003

As at December 31, 2004 and 2003 the Bank had loans and accrued interest receivable with listed companies under rehabilitation plans of Baht 6,232 million and Baht 2,256 million, respectively, in respect of which provisions were provided of Baht 446 million and Baht 153 million, respectively.

As at December 31, 2004 and 2003 non-performing loans (excluding inter-bank and money market items) of the Bank represented loans which are classified as substandard, doubtful, and doubtful of loss, in accordance with the rules on classification in the Notification of the Bank of Thailand Re: Worthless and irrecoverable assets and doubtful assets which may be worthless or irrecoverable of commercial banks. Non-performing loans of the Bank as defined by this announcement amounted to Baht 61,697 million which represented 11.95 % of total loans (excluding inter-bank and money market items) for 2004 and Baht 29,831 million, which represented 9.90 % for 2003.

As at December 31, 2004 and 2003 the Bank has provided an allowance for doubtful accounts of Baht 36,885 million and Baht 24,850 million, respectively, which is above the minimum allowance for doubtful accounts required to be provided by the Bank of Thailand. The Bank's loans are still in the process of being collected, restructured and renegotiated, and the Bank is in the process of improving credit management and risk management and performing a qualitative review, which may affect the classification of loans and accrued interest receivable and the resulting estimate of allowance for doubtful accounts.

Troubled Debt Restructuring

During the year ended December 31, 2004, the Bank and subsidiary entered into contracts for troubled debt restructuring as follows:

Amounts: Million Baht

Type of Restructuring	Consolidated						
	For the Year Ended December 31, 2004						
	Recorded Amounts of Debt				Asset Acquired		Loss on Debt Restructuring
	Numbers of Receivables	Before Restructuring	Numbers of Receivables	Before Restructuring	Type	Fair Restructuring	
Transfer of assets	2	55	-	-	Cash	10	-
					Land	30	14
Modification of terms	38	8,980	33	8,667	-	-	1,042
Various restructuring	6	355	2	117	-	-	175
Total	46	9,390	35	8,784		40	1,231

Amounts: Million Baht

Term of debt Restructuring agreements	Consolidated	
	Number of Receivables	Amount of Debt After Restructuring
Not over 5 years	20	1,664
Over 5 - 10 years	15	1,361
Over 10 years	9	5,093
Total	44	8,118

For the year ended December 31, 2004, the Bank and the subsidiary have received and recognized interest income on restructured loans of Baht 107 million; principal and interest of Baht 377 million was collected.

As at December 31, 2004, the Bank and the subsidiary had 83 troubled debt restructuring receivables with a total carrying value of Baht 13,639 million.

Amounts : Million Baht

The Bank Only
For the Year Ended December 31, 2004

Type of Restructuring	Recorded Amounts of Debt				Loss on Debt Restructuring
	Numbers of Receivables	Before Restructuring	Numbers of Receivables	After Restructuring	
Modification of terms	35	8,946	30	8,634	1,039
Various restructuring	6	355	2	117	175
Total	41	9,301	32	8,751	1,214

Amounts : Million Baht

The Bank Only

For the Year Ended December 31, 2004

Term of debt Restructuring agreements	Number of Receivables	Amount of Debt After Restructuring
Not over 5 years	20	1,664
Over 5 - 10 years	15	1,361
Over 10 years	6	5,062
Total	41	8,087

For the year ended December 31, 2004, the Bank has received and recognized interest income on restructured loans of Baht 90 million; principal and interest of Baht 263 million was collected.

As at December 31, 2004, the Bank had 72 troubled debt restructuring receivables with a total carrying value of Baht 13,292 million.

During the year ended December 31, 2003 the Bank and subsidiary entered into contracts for troubled debt restructuring as follows:

Amounts : Million Baht

Consolidated

For the Year Ended December 31, 2004

Type of Restructuring	Recorded Amounts of Debt				Asset Acquired		Loss on Debt Restructuring
	Numbers of Receivables	Before Restructuring	Numbers of Receivables	Before Restructuring	Type	Fair Restructuring	
Transfer of assets	9	106	-	-	Cash	95	11
Modification of terms	22	4,854	15	4,409	-	-	1,560
Various restructuring	16	2,769	11	742	Land	672	1,237
					And Building, Shares		
Total	47	7,729	26	5,151	And Cash	767	2,808

Amounts : Million Baht

The Bank Only		
For the Year Ended December 31, 2003		
Term of debt	Number of	Amount of Debt
Restructuring agreements	Receivables	After Restructuring
Not over 5 years	31	2,005
Over 5 - 10 years	9	2,172
Over 10 years	7	743
Total	47	4,920

For the year ended December 31, 2003, the Bank and the subsidiary received and recognized interest income on restructured loans of Baht 111 million; principal and interest of Baht 1,195 million was collected.

As at December 31, 2003, the Bank and the subsidiary had 45 troubled debt restructuring receivables with a total carrying value of Baht 7,231 million.

Amounts : Million Baht

The Bank Only							
For the Year Ended December 31, 2004							
Type of Restructuring	Recorded Amounts of Debt				Asset Acquired		Loss on
	Numbers of Receivables	Before Restructuring	Numbers of Receivables	Before Restructuring	Type	Fair Restructuring	Debt Restructuring
Modification of terms	22	4,854	15	4,409	-	-	1,560
Various restructuring	12	2,535	8	598	Land		
					And Building		
					And shares	602	1,217
Total	34	7,389	23	5,007		602	2,777

Amounts : Million Baht

The Bank Only		
For the Year Ended December 31, 2003		
Term of debt	Number of	Amount of Debt
Restructuring agreements	Receivables	After Restructuring
Not over 5 years	18	1,697
Over 5 -10 years	9	2,172
Over 10 years	7	743
Total	34	4,612

For the year ended December 31, 2003, the Bank has received and recognized interest income on restructured loans of Baht 93 million; principal and interest of Baht 995 million was collected.

As at December 31, 2003, the Bank had 36 troubled debt restructuring receivables with a total carrying value of Baht 6,861 million.

4.6 Classified Assets

Classified assets, which consist of investment in securities, loans and accrued interest receivable (including loans to banks and money market items), properties foreclosed, premises and equipment and other assets, as at December 31, 2004 and 2003, were classified as follows:

Amounts : Million Baht

Consolidated						
December 31, 2004						
Type of Assets						
	Investments in Securities	Accrued Interest Receivables	Properties Foreclosed	Premises and Equipment	Other Assets	Total
Pass	-	433,051	-	-	-	433,051
Special mention	-	18,321	-	-	-	18,321
Substandard	-	12,249	-	-	-	12,249
Doubtful	-	7,657	-	-	-	7,657
Doubtful of loss	1,454	46,505	605	759	452	49,775
	1,454	517,783	605	759	452	521,053
Loans of Asset Development Co., Ltd.	-	270	-	-	-	270
Total	1,454	518,053	605	759	452	521,323

At December 31, 2004, Phayathai Asset Management Company Limited (subsidiary) had classified assets as follows:

Amounts : Million Baht

December 31, 2004					
Type of Assets					
	Investments in Receivables	Loans Foreclosed	Properties	Other Assets	Total
Pass	23	677	-	-	700
Special mention	-	144	-	-	144
Substandard	-	775	-	-	775
Doubtful of loss	1,570	191	48	9	1,818
Total	1,593	1,787	48	9	3,437

Amounts : Million Baht

Consolidated
December 31, 2003

Type of Assets

	Investments in Securities	Accrued Interest Receivables	Properties Foreclosed	Premises and Equipment	Other Assets	Total
Pass	-	258,650	-	-	-	258,650
Special mention	-	8,043	-	-	-	8,043
Substandard	-	3,107	-	-	-	3,107
Doubtful	-	4,182	-	-	-	4,182
Doubtful of loss	609	27,699	592	759	433	30,092
Total	609	301,681	592	759	433	304,074

As at December 31, 2003, Phayathai Asset Management Company Limited (subsidiary) had classified assets as follows:

Amounts : Million Baht

December 31, 2003

Type of Assets

	Investments in Receivables	Loans	Properties Foreclosed	Total
Pass	-	1,083	-	1,083
Special mention	-	121	-	121
Substandard	-	478	-	478
Doubtful of loss	3,152	150	24	3,326
Total	3,152	1,832	24	5,008

Amounts : Million Baht

The Bank Only
December 31, 2004

Type of Assets

	Investments in Securities	Accrued Interest Receivables	Properties Foreclosed	Premises and Equipment	Other Assets	Total
Pass	-	437,350	-	-	-	437,350
Special mention	-	18,177	-	-	-	18,177
Substandard	-	11,475	-	-	-	11,475
Doubtful	-	7,657	-	-	-	7,657
Doubtful of loss	1,454	44,746	545	759	443	47,947
Total	1,454	519,405	545	759	443	522,606

Amounts : Million Baht

Consolidated
December 31, 2003
Type of Assets

	Investments in Securities	Accrued Interest Receivables	Properties Foreclosed	Premises and Equipment	Other Assets	Total
Pass	-	263,979	-	-	-	263,979
Special mention	-	7,922	-	-	-	7,922
Substandard	-	2,629	-	-	-	2,629
Doubtful	-	4,182	-	-	-	4,182
Doubtful of loss	609	24,404	568	759	433	26,773
Total	609	303,116	568	759	433	305,485

4.7 Allowance for Doubtful Accounts

Movements in the allowance for doubtful accounts for the years ended December 31, 2004 and 2003 were as follows:

Amounts : Million Baht

Consolidated
December 31, 2004

	Pass	Special Mention Requirement	Substandard	Doubtful of Loss	Doubtful	Allowance for Doubtful Accounts in Excess of the BOT Minimum	Total
Balance at beginning of the year	1,092	38	227	1,514	17,153	5,319	25,343
Transfer as at September 1, 2004	957	587	483	745	7,028	2,637	12,437
Provision during the year	(309)	(548)	437	(41)	4,015	667	4,221
Bad debts recovered	-	-	-	-	446	-	446
Bad debts written off	-	-	-	-	(5,204)	-	(5,204)
Others	-	-	-	-	(2)	-	(2)
Balance at end of the year	1,740	77	1,147*	2,218*	23,436*	8,623	37,241
Allowance for Doubtful Asset Development Co., Ltd.							155
Total							37,396

*Including an allowance for doubtful accounts previously written off of Baht 3,900 million, in accordance with the Bank of Thailand's letter dated February 27, 2003.

Amounts : Million Baht

The Bank Only

December 31, 2004

	Pass	Special Mention Requirement	Substandard	Doubtful of Loss	Doubtful	Allowance for Doubtful Accounts in Excess of the BOT Minimum	Total
Balance at beginning of the year	1,092	38	221	1,514	17,010	4,975	24,850
Transfer as at September 1, 2004	957	587	483	745	7,028	2,637	12,437
Provision during the year	(325)	(557)	416	(41)	4,038	827	4,358
Bad debts recovered	-	-	-	-	446	-	446
Bad debts written off	-	-	-	-	(5,204)	-	(5,204)
Others	-	-	-	-	(2)	-	(2)
Balance at end of the year	1,724	68	1,120*	2,218*	23,316*	8,439	36,885

*Including an allowance for doubtful accounts previously written off of Baht 3,900 million, in accordance with the Bank of Thailand's letter dated February 27, 2003.

Amounts : Million Baht

Consolidated

December 31, 2003

	Pass	Special Mention Requirement	Substandard	Doubtful of Loss	Doubtful	Allowance for Doubtful Accounts in Excess of the BOT Minimum	Total
Balance at beginning of the year	1,060	23	352	1,457	9,582	3,197	15,671
Provision during the year	34	15	(125)	57	14,818	2,122	16,921
Bad debts recovered	-	-	-	-	122	-	122
Bad debts written off	-	-	-	-	(7,347)	-	(7,347)
Others	(2)	-	-	-	(22)	-	(24)
Balance at end of the year	1,092	38	227	1,514*	17,153*	5,319	25,343

*Including an allowance for doubtful accounts previously written off of Baht 10,154 million, set up in 2003, in accordance with the Bank of Thailand's letter dated February 27, 2003.

Amounts : Million Baht

The Bank Only

December 31, 2003

	Pass	Special Mention Requirement	Substandard	Doubtful of Loss	Doubtful	Allowance for Doubtful Accounts in Excess of the BOT Minimum	Total
Balance at beginning of the year	1,060	23	340	1,457	9,322	3,133	15,335
Provision during the year	34	15	(119)	57	14,935	1,842	16,764
Bad debts recovered	-	-	-	-	122	-	122
Bad debts written off	-	-	-	-	(7,347)	-	(7,347)
Others	(2)	-	-	-	(22)	-	(24)
Balance at end of the year	1,092	38	221	1,514*	17,010*	4,975	24,850

*Including an allowance for doubtful accounts previously written off of Baht 10,154 million, set up in 2003, in accordance with the Bank of Thailand's letter dated February 27, 2003.

4.8 Revaluation Allowance for Debt Restructuring

Changes in the revaluation allowance for debt restructuring for the years ended December 31, 2004 and 2003 are as follows:

	Amounts : Million Baht	
	Consolidated Financial Statements and The Bank Only Financial Statements	
	December 31, 2004	December 31, 2003
Balance at beginning of the year	1,976	2,735
Transfer as at September 1, 2004	4,737	-
Increase (decrease) during the year	174	(759)
Balance at end of the year	6,887	1,976

4.9 Properties Foreclosed

Changes in properties foreclosed for the years ended December 31, 2004 and 2003 were as follows:

	Amounts : Million Baht			
	Consolidated December 31, 2004			
Type of Properties Foreclosed	Beginning Balance	Increase	Disposal	Ending Balance
Assets from settlement				
Immovable assets	18,617	14,154	(1,972)	30,799
Movable assets	-	587	-	587
Unutilized assets				
Immovable assets	509	511	(18)	1,002
(Less) Allowance for impairment	(592)	(91)	78	(605)
Properties Foreclosed - net	18,534	15,161	(1,912)	31,783

	Amounts : Million Baht			
	Consolidated December 31, 2003			
Type of Properties Foreclosed	Beginning Balance	Increase	Disposal	Ending Balance
Assets from settlement				
Immovable assets	23,025	2,419	(6,827)	18,617
Movable assets				
Unutilized assets	540	(1)	(30)	509
Immovable assets	(1,279)	640	47	(592)
Properties Foreclosed - net	22,286	3,058	(6,810)	18,534

	Amounts : Million Baht			
	The Bank Only December 31, 2004			
Type of Properties Foreclosed	Beginning Balance	Increase	Disposal	Ending Balance
Assets from settlement				
Immovable assets	16,384	13,128	(1,810)	27,702
Movable assets	-	588	-	588
Unutilized assets				
Immovable assets	509	212	(13)	708
(Less) Allowance for impairment	(568)	(51)	74	(545)
Properties Foreclosed - net	16,325	13,877	(1,749)	28,453

Amounts : Million Baht

Type of Properties Foreclosed	The Bank Only December 31, 2004			
	Beginning Balance	Increase	Disposal	Ending Balance
Assets from settlement				
Immovable assets	16,210	1,831	(1,657)	16,384
Unutilized assets				
Immovable assets	540	(1)	(30)	509
(Less) Allowance for impairment	(471)	(140)	43	(568)
Properties Foreclosed - net	<u>16,279</u>	<u>1,690</u>	<u>(1,644)</u>	<u>16,325</u>

4.10 Premises and Equipment

Changes in premises and equipment (including revalued incremental cost) for the years ended December 31, 2004 are summarized as follows:

	Consolidated December 31, 2004						Total
	Land		Buildings		Equipment	Installation	
	Cost	Revalued Incremental Cost(Y 2003)	Cost	Revalued Incremental Cost(Y 2003)		Work	
Book Value							
At Beginning of Year	2,491	1,873	1,873	1,665	1,520	81	9,503
Changes in Cost during the Year							
At Beginning of Year	3,160	1,873	4,001	1,929	5,932	81	16,976
Transfer as at 1 Sep 04	2,994	-	909	-	267	-	4,170
Purchased	-	-	13	-	428	11	452
Transfer from Other Assets	-	-	1	-	-	-	1
Disposal / Transfer	-	-	(23)	-	(171)	-	(194)
At End of Year	<u>6,154</u>	<u>1,873</u>	<u>4,901</u>	<u>1,929</u>	<u>6,456</u>	<u>92</u>	<u>21,405</u>
Changes in Accumulated Depreciation during the Year							
At Beginning of Year	-	-	2,037	264	4,412	-	6,713
Depreciation	-	-	105	51	650	-	806
Disposal / Transfer	-	-	-	-	(161)	-	(161)
At End of Year	-	-	2,142	315	4,901	-	7,358
(Less) Allowance for Impairment	<u>(669)</u>	<u>-</u>	<u>(90)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(759)</u>
Book Value At End of Year	<u>5,485</u>	<u>1,873</u>	<u>2,669</u>	<u>1,614</u>	<u>1,555</u>	<u>92</u>	<u>13,288</u>

1. Depreciation for the year ended December 31, 2004 in the amount of Baht 702 million was included in premises and equipment expenses.
2. At December 31, 2004, premises and equipment with a cost of Baht 5,516 million were fully depreciated, but still in use. Changes in premises and equipment (including revalued incremental cost) for the year ended December 31, 2003 are summarized as follows:

Changes in premises and equipment (including revalued incremental cost) for the year ended December 31, 2003 are summarized as follows:

Amounts : Million Baht

	Consolidated								
	December 31, 2004								
	Land			Buildings			Equipment	Installation	Total
	Cost	Revalued	Revalued	Cost	Revalued	Revalued		Work	
	Incremental	Incremental		Incremental	Incremental				
	Cost(Y 1993)	Cost(Y 2003)		Cost(Y 1993)	Cost(Y 2003)				
Book Value									
At Beginning of Year	3,148	881	-	2,098	62	-	1,615	52	7,856
Changes in Cost during the Year									
At Beginning of Year	3,164	881	-	3,975	304	-	5,642	52	14,018
Transfer from Other Assets	-	-	-	-	-	-	(1)	-	(1)
Purchased	-	-	1,182	32	-	1,627	379	32	3,252
Transfer from Other Assets	46	-	-	18	-	-	-	-	64
Disposal / Transfer	(50)	(190)	-	(24)	(2)	-	(88)	(3)	(357)
At End of Year	<u>3,160</u>	<u>691</u>	<u>1,182</u>	<u>4,001</u>	<u>302</u>	<u>1,627</u>	<u>5,932</u>	<u>81</u>	<u>16,976</u>
Changes in Accumulated Depreciation during the Year									
At Beginning of Year	-	-	-	1,871	242	-	4,027	-	6,140
Transfer from Other Assets	-	-	-	-	-	-	(1)	-	(1)
Depreciation	-	-	-	176	15	8	469	-	668
Disposal / Transfer	-	-	-	(9)	(1)	-	(83)	-	(93)
At End of Year	-	-	-	2,038	256	8	4,412	-	6,714
(Less) Allowance for Impairment	<u>(669)</u>	-	-	<u>(90)</u>	-	-	-	-	<u>(759)</u>
Book Value									
At End of Year	<u>2,491</u>	<u>691</u>	<u>1,182</u>	<u>1,873</u>	<u>46</u>	<u>1,619</u>	<u>1,520</u>	<u>81</u>	<u>9,503</u>

1. Depreciation for the year ended December 31, 2003 in the amount of Baht 668 million was included in premises and equipment expenses.
2. As at December 31, 2003, premises and equipment with a cost of Baht 3,596 million were fully depreciated, but still in use.

Changes in premises and equipment (including revalued incremental cost) for the year ended December 31, 2004 are summarized as follows:

Amounts : Million Baht

Consolidated December 31, 2004							
	Land		Buildings		Equipment	Installation	
	Cost	Revalued Incremental Cost(Y 2003)	Cost	Revalued Incremental Cost(Y 2003)		Work	Total
Book Value							
At Beginning of Year	2,491	1,873	1,873	1,665	1,512	81	9,495
Changes in Cost during the Year							
At Beginning of Year	3,160	1,873	4,001	1,929	5,920	81	16,964
Transfer as at 1 Sep 04	2,994	-	909	-	267	-	4,170
Purchased	-	-	13	-	316	11	340
Transfer from Other Assets	-	-	1	-	-	-	1
Disposal / Transfer	-	-	(23)	-	(159)	-	(182)
At End of Year	6,154	1,873	4,901	1,929	6,344	92	21,293
Changes in Accumulated Depreciation during the Year							
At Beginning of Year	-	-	2,038	264	4,408	-	6,710
Depreciation	-	-	105	51	543	-	699
Disposal / Transfer	-	-	-	-	(150)	-	(150)
At End of Year	-	-	2,143	315	4,801	-	7,259
(Less) Allowance for Impairment (669)	-	-	(90)	-	-	-	(759)
Book Value							
At End of Year	5,485	1,873	2,668	1,614	1,543	92	13,275

1. Depreciation for the year ended December 31, 2004 in the amount of Baht 699 million was included in premises and equipment expenses.
2. As at December 31, 2004, premises and equipment with a cost of Baht 5,427 million were fully depreciated, but still in use.

Changes in premises and equipment (including revalued incremental cost) for the year ended December 31, 2003 are summarized as follows:

Amounts : Million Baht

Consolidated December 31, 2004									
	Land			Buildings			Equipment	Installation	Total
	Cost	Revalued Incremental Cost (Y 1993)	Revalued Incremental Cost (Y 2003)	Cost	Revalued Incremental Cost (Y 1993)	Revalued Incremental Cost (Y 2003)		Work	
Book Value									
At Beginning of Year	3,148	881	-	2,098	62	-	1,609	50	7,848
Changes in Cost during the Year									
At Beginning of Year	3,164	881	-	3,975	304	-	5,634	50	14,008
Transfer from Other Assets	-	-	-	-	-	-	(1)	-	(1)
Purchased	-	-	1,182	32	-	1,627	375	31	3,247
Transfer from Other Assets	46	-	-	18	-	-	-	-	64
Disposal / Transfer	(50)	(190)	-	(24)	(2)	-	(88)	-	(354)
At End of Year	<u>3,160</u>	<u>691</u>	<u>1,182</u>	<u>4,001</u>	<u>302</u>	<u>1,627</u>	<u>5,920</u>	<u>81</u>	<u>16,964</u>
Changes in Accumulated Depreciation during the Year									
At Beginning of Year	-	-	-	1,871	242	-	4,025	-	6,138
Transfer from Other Assets	-	-	-	-	-	-	(1)	-	(1)
Depreciation	-	-	-	176	15	8	467	-	666
Disposal / Transfer	-	-	-	(9)	(1)	-	(83)	-	(93)
At End of Year	-	-	-	2,038	256	8	4,408	-	6,710
(Less) Allowance for Impairment	(669)	-	-	(90)	-	-	-	-	(759)
Book Value									
At End of Year	<u>2,491</u>	<u>691</u>	<u>1,182</u>	<u>1,873</u>	<u>46</u>	<u>1,619</u>	<u>1,512</u>	<u>81</u>	<u>9,495</u>

1. Depreciation for the year ended December 31, 2003 in the amount of Baht 668 million was included in premises and equipment expenses.
2. As at December 31, 2003, premises and equipment with a cost of Baht 3,596 million were fully depreciated, but still in use.

4.11 Deposits

Deposits as at December 31, 2004 and 2003 were classified as follows:

	Amounts : Million Baht			
	Consolidated		The Bank Only	
	December 31, 2004	December 31, 2003	December 31, 2004	December 31, 2003
Classified by type of Deposits				
Current	13,207	10,226	13,218	10,235
Savings	164,061	123,219	164,099	123,391
Term				
- Within 6 months	136,496	98,254	136,506	98,254
- 6 months not over 1 year	22,130	4,615	22,133	4,615
- Over 1 year	114,705	83,219	114,705	83,219
Certificates of deposit	5,346	2,525	5,346	2,525
Total	455,945	322,058	456,007	322,239

Classified by maturity of contracts

Within 1 year	399,629	317,014	399,691	317,195
Over 1 year	56,316	5,044	56,316	5,044
Total	455,945	322,058	456,007	322,239

Classified by Currencies and Residency of Depositors

	Amounts : Million Baht					
	Consolidated					
	December 31, 2004			December 31, 2003		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	455,067	151	455,218	320,864	144	321,008
US Dollar	199	176	375	157	194	351
Other currencies	325	27	352	681	18	699
Total	455,591	354	455,945	321,702	356	322,058

	Amounts : Million Baht					
	The Bank Only					
	December 31, 2004			December 31, 2003		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	455,129	151	455,280	321,045	144	321,189
US Dollar	199	176	375	157	194	351
Other currencies	325	27	352	681	18	699
Total	455,653	354	456,007	321,883	356	322,239

4.12 Interbank and money market items

Interbank and money market items as at December 31, 2004 consisted of:

Amounts : Million Baht

Consolidated Financial Statements and The Bank Only Financial Statements			
December 31, 2004			
	At Call	Term	Total
1. Domestic			
The Bank of Thailand and Financial Institutions Development Fund	-	10,957	10,957
Commercial banks	1,723	18	1,741
Other banks	80	12,257	12,337
Finance, securities and credit foncier companies	36	1	37
Other financial institutions	2,291	5,764	8,055
Total Domestic	4,130	28,997	33,127
	At Call	Term	Total
2. Foreign			
US Dollar	270	8,145	8,415
Other currencies	200	21,083	21,283
Total Foreign	470	29,228	29,698
Total Domestic and Foreign	4,600	58,225	62,825

Interbank and money market items as at December 31, 2003 consisted of:

Amounts : Million Baht

Consolidated Financial Statements and The Bank Only Financial Statements			
December 31, 2003			
	At Call	Term	Total
1. Domestic			
The Bank of Thailand and Financial Institutions Development Fund	-	2,274	2,274
Commercial banks	1,746	-	1,746
Other banks	76	192	268
Finance, securities and credit foncier companies	10	-	10
Other financial institutions	1,900	3,265	5,165
Total Domestic	3,732	5,731	9,463
	At Call	Term	Total
2. Foreign			
US Dollar	146	3,962	4,108
Other currencies	386	49	435
Total Foreign	532	4,011	4,543
Total Domestic and Foreign	4,264	9,742	14,006

4.13 Borrowings

Borrowings as at December 31, 2004 and 2003, classified by type of instruments and source of borrowing were as follows:

Amounts : Million Baht

	Consolidated Financial Statements and The Bank Only Financial Statements					
	December 31, 2004			December 31, 2003		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Subordinated debentures	14,082	-	14,082	7,287	-	7,287
Subordinated debentures cum preferred shares	5,000	-	5,000	-	-	-
Hybrid debentures	2,050	-	2,050	-	-	-
Debentures	21,146	4,772	25,918	-	-	-
Fixed-rate note payables	32,768	90	32,858	-	-	-
Float-rate note payables	3,000	-	3,000	-	-	-
Others	8,935	26	8,961	-	-	-
Total	86,981	4,888	91,869	7,287	-	7,287

Borrowings as at December 31, 2004 and 2003, classified by type of instruments and maturities were as follows:

Amounts : Million Baht

Type	Consolidated Financial Statements and The Bank Only Financial Statements				
	Interest rate	Maturities	December 31, 2003	December 31, 2003	
Subordinated debentures 1/ preferred shares4/	3.50% - 18.02%	2006 - 2013	14,082	7,287	-
Hybrid debentures 2/ 3/	4.4375% - 4.625%	2010 - 2013	2,050	-	-
Debentures	2.75% - 12.75%	2005 - 2010	25,918	-	-
Fixed-rate note payables	0% - 10.50 %	2004 - 2009	32,858	-	-
Float-rate note payables	1.85%	2007	3,000	-	-
Others	0% - 8.25%	2005 - 2013	8,961	-	-
Total			91,869	7,287	

1/ The interest rates for the first 5 years of the principal amounting to Baht 800 million and Baht 2,000 million (face value) were 4% per annum and 18.02% per annum, respectively, and the remaining 5 years interest rates were MLR-2% per annum which was not lower than 3.23% per annum.

2/ The interest rates for the first 5 years of the principal amounting to Baht 1,800 million and Baht 250 million were MLR-1.25% per annum and 4.625% per annum, respectively, and the remaining 5 years interest rates were MLR-0.5% per annum and MLR-1.5% per annum, respectively.

3/ The Bank can redeem hybrid debentures before the maturity date, 5 years after the issuing date or according to the specified conditions. The hybrid debenture has the right to receive the debt repayments in sequence after the general subordinate debentures.

4/ The interest rates was 1% per annum, provided that the interest will be paid only when the Bank is required to make dividend payments on the Preferred Shares.

Borrowings with specific uses as of December 31, 2004 were as follows:

Borrowings	Consolidated Financial Statements and The Bank Only Financial Statements	
	Objectives of the borrowings	Outstanding balances (Baht : Million)
Borrowing from the Ministry of Finance	For lending to small and medium enterprises	7,405
Borrowing from the Energy Conservation Promotion Fund	For enterprises investing in energy conservation	128
Borrowing from the National Science and Technology Development Agency	For lending to research and development activities	202
Borrowing from Eksport Kredit Fonden	For lending to those who use Danish machinery and equipment	U.S. Dollars 0.67 million or approximately Baht 26 million

Borrowings as at December 31, 2004 separated by currencies were as follows:

Currencies	Consolidate Financial Statements and The Bank Only Financial Statements			
	December 31, 2004		December 31, 2003	
	In Foreign Currencies (Million)	Equivalent to Baht (Million)	In Foreign Currencies (Million)	Equivalent to Baht (Million)
U.S. Dollar	99	3,861	-	-
Yen	1,160	437	-	-
Euro	1	58	-	-
Baht		87,513		7,287
Total		91,869		7,287

4.14 The Issuance of the Subordinated Debentures cum Preferred Shares and the Issuance of 11/1st to 11/8th Subordinated Debentures.

On August 30, 2004, the Bank issued 50,000 Class C Preferred Shares (“Preferred Shares”) with a par value of Baht 10 together with 50,000 Subordinated Debentures No.10 due upon liquidation (“Subordinated Debentures No.10”) with a par value of Baht 100,000 each. The Bank sold the securities to the Preferred Shares and Subordinated Debentures of Thai Military Bank Plc. Fund No.2 (“Mutual Fund”) and received proceeds totaling Baht 5,000 million. On the same day, the Bank also entered into the Master Investment in Securities Agreement (“Master Agreement”) with the Mutual Fund in order to specify various terms and conditions on these two inter-related securities.

The preferred shares are noncumulative. In the event that the Bank declares a dividend to the holders of the ordinary shares in any accounting year, the Bank shall declare dividends to the holders of the Preferred Shares in that accounting year, at the following rate per Preferred Shares per year:

1. If the Bank has paid interest on the Subordinated Debentures cum Preferred Shares in full on each due date as specified in the terms and conditions of the Subordinated Debentures cum Preferred Shares, or if the Subordinated Debentures cum Preferred Shares are redeemed, the dividend shall be at the rate of Baht 1; or
2. If the Bank has not paid interest on the Subordinated Debentures cum Preferred Shares in full on each due date as specified in the terms and conditions of the Subordinated Debentures cum Preferred Shares, the dividend shall be at a rate equal to the amount of the annual interest on the Subordinated Debentures cum Preferred Shares as specified in the Prospectus, less the interest paid on the Subordinated Debentures cum Preferred Shares in such accounting year.

In the event the Bank does not pay a dividend to the ordinary shareholders and consequently is not required to pay all or some of the dividends to the holders of the Preferred Shares in such accounting year.

Upon the redemption of the Subordinated Debentures cum Preferred Shares, the redemption amount of subordinated debentures cum Preferred Shares shall be equaled to par value each and the Preferred Shares may be converted into ordinary shares of the Bank at a ratio of one Preferred Share per one ordinary share according to the terms and conditions set forth in the Master Agreement.

The interest rate on the Subordinated Debentures cum Preferred Shares is 1% per annum payable every six months on the last business day in August and February of each year, provided that the interest will be paid only when the Bank is required to make dividend payments on the Preferred Shares. The Bank shall have the right to pay all or part of the interest if the Bank has an option to pay the dividend on the Preferred Shares. The interest unpaid in any year shall not be cumulative for payment in the following year.

The Subordinated Debentures cum Preferred Shares will be due upon liquidation. However, the Bank may redeem the Subordinated Debentures cum Preferred Shares prior to their due date under the following conditions:

1. On May 28, 2006; or
2. If the Bank can demonstrate that the interest on the Subordinated Debentures cum Preferred Shares can or will no longer be deducted as the Bank's expenses for tax purposes; or
3. Preferred Shares cum Subordinated Debentures can no longer be counted as part of the Bank's Tier 1 capital fund; or
4. If the Bank can raise capital in an equal or greater amount than the Subordinated Debentures cum Preferred Shares or the Bank has Tier 1 capital funds in excess of the minimum ratio stipulated by the Bank of Thailand after the redemption of the Subordinated Debentures cum Preferred Shares.

All of the above cases require prior approval from the Bank of Thailand.

In addition, the redemption price of the Subordinated Debentures cum Preferred Shares per unit will be reduced proportionately with the declining rate (if any) of the Tier 1 capital to risk asset ratio.

The Master Agreement has specified that prior to the redemption of the Subordinated Debentures cum Preferred Shares, the transfer of Preferred Shares to any person may be made only if the Fund transfers the Preferred Shares simultaneously with the Subordinated Debentures to the same transferee and such transferee agrees in writing to be bound according to the terms and conditions of the Master Agreement in all respects.

On the same date, the Bank issued the 11/1st to 11/8th Subordinated Debentures of Thai Military Bank Plc. with a final redemption in May 2006, in the amount of 21,045 units, with a par value of Baht 100,000 per unit, totaling Baht 2,104.50 million. The Bank offered the 11/1st to 11/8th Subordinated Debentures at a discount from par value and received total proceeds of Baht 1,667 million. Debentures 11/1st through 11/7th will mature in successive three month intervals from August 2004, each having a par value of Baht 62.50 million and bearing no interest. Subordinated Debenture 11/8th will be redeemed in May 2006 (together with Subordinated Debentures 11/7th), at a par value of Baht 1,667 million and bear no interest. The Bank may redeem all outstanding Subordinated Debentures, in whole only, at their accreted value on the prior to the redemption date, by advising the debenture holders at least 30 days but not over 60 days prior to the redemption date.

The Bank presented the above mentioned financial instruments in the financial statements as preferred shares of approximately Baht 0.5 million and discount on preferred shares of Baht 0.34 million in shareholders' equity, subordinated debentures cum preferred shares of Baht 4,999.84 million in borrowings, and subordinated debentures of Baht 1,667 million in borrowings. However, the above mentioned subordinated debentures cum preferred shares are still treated as Tier 1 capital totaling Baht 5,000 million according to Bank of Thailand's letter ref. No.Sor Kor Sor(02)970/2547 dated September 10,2004.

For the year ended December 31, 2004, the Bank recognized interest expense from such subordinated debentures of Baht 86 million.

4.15 Share Capital

As at December 31, 2003, the Bank ("TMB") had authorized and fully paid-up share capital of Baht 104,080 million, consisting of 8,415,967,300 ordinary shares of Baht 10 par value, and 1,991,999,900 preferred shares of Baht 10 par value.

The 2004 Annual General Meeting of Shareholders held on April 29, 2004 passed the following resolutions :

1. To increase the authorized share capital from Baht 104,080 million to Baht 181,200 million by issuing 7,712 million ordinary shares, of Baht 10 par value, and 100,000 new class C preferred shares, of Baht 10 par value.
2. To allocate newly issued shares as follows:
 - 2.1 To allocate not exceeding 4,911.4 million new ordinary shares of Baht 10 par value, for offering to the shareholders and securityholders of Industrial Finance Corporation of Thailand, (IFCT) and DBS Thai Danu Bank Public Company Limited, (DTDB) by TMB's tender offering for IFCT shares and DTDB shares and TMB will swap its ordinary shares with IFCT shares and DTDB shares at ratios as approved by the annual general meeting of shareholders. The offering price of TMB ordinary shares as fixed in the exchange ratios will be lower than the Baht 10 par value of TMB's shares.
 - 2.2 To allocate not exceeding 2,800.5 million new ordinary shares for public offering.
 - 2.3 To allocate not exceeding 0.1 million new Class-C preferred shares of Baht 10 par value, for offering to investors in and/or outside the country and/or mutual funds set up according to the regulations of the Securities and Exchange Commission. The offering may be in bundle with subordinated or non- subordinated debentures.

On May 12, 2004 the Bank registered the new increased authorized share capital with the Ministry of Commerce from Baht 104,080 million to Baht 181,200 million by issuing 7,712 million new ordinary shares, of Baht 10 par value, and 100,000 new Class C preferred shares, of Baht 10 par value.

On July 2, 2004 the Bank registered its fully paid-up share capital of Baht 152,800 million with the Ministry of Commerce, consisting of 13,288,074,897 ordinary shares of Baht 10 par value and 1,991,998,600 preferred shares of Baht 10 par value, after the Bank has concluded the result of the first tender offer (between May 21, 2004 to June 25, 2004) from the security holders of DBS Thai Danu Bank Public Company Limited and the Industrial Finance Corporation of Thailand.

On October 27, 2004 the Bank registered its fully paid-up share capital of Baht 153,063 million with the Ministry of Commerce, consisting of 13,314,300,579 ordinary shares of Baht 10 par value and 1,992,048,600 preferred shares of Baht 10 par value, after the Bank has concluded the result of the second tender offer (between September 16, 2004 to October 20, 2004) from the security holders of DBS Thai Danu Bank Public Company Limited and the Industrial Finance Corporation of Thailand.

During 2004, preferred shareholders have converted their shares into of 1,300 ordinary shares

As at December 31, 2004, the Bank's paid-up share capital amounted to Baht 153,063 million, which comprised were 13,314,300,579 ordinary shares, of Baht 10 par value and 1,992,048,600 preferred shares of Baht 10 par value.

The structure of shareholders as at December 31, 2004 and 2003 was summarized as follow:

Classified by Type of Persons

	Percentage	
	Consolidated Financial Statements and The Bank Only Financial Statements	
	December 31, 2004	December 31, 2003
Individuals	3	3
Juristic entities	97	97

Classified by Nationality

	Percentage	
	Consolidated Financial Statements and The Bank Only Financial Statements	
	December 31, 2004	December 31, 2003
Thai	77	95
Foreign	23	5

Restrictions on Dividend Payment

In accordance with the Bank of Thailand's announcement regarding bad or doubtful assets, the Bank is not allowed to pay any dividends to the shareholders during any period in which the bad or irrecoverable assets have not been written off or an allowance for doubtful assets has not been fully provided.

According to the Bank of Thailand's announcement on guideline for commercial bank dividend payment, the commercial banks should not take unrealized profit or profit that is not based on actual cash flow to make dividend payments such as profit from mark-to-market securities value, or any profit deriving from the reclassifying of financial assets or the profit sharing from associated and subsidiary companies. Commercial banks should not make dividend payments out of profit from the sale of assets, which is not actually completed, which may result in abnormally raising profit or loss as well as sale of foreclosed properties where repurchase conditions are part of the arrangement.

4.16 Earnings (Loss) per Share

	Consolidated Financial Statements and The Bank Only Financial Statements For the Year Ended December 31, 2004		
	Net income (Baht)	Shares	Earnings per Share (Baht)
Basic earnings per share			
Net income of ordinary shareholders	948,203,133	10,856,750,625	0.09
The effect of equivalent ordinary share dilution			
Convertible-preferred shares	-	1,992,013,699	-
Diluted earnings per share	948,203,133	12,848,764,324	0.07

	Consolidated Financial Statements and The Bank Only Financial Statements For the Year Ended December 31, 2004		
	Net income (Baht)	Shares	Earnings per Share (Baht)
Basic loss per share			
Net loss of ordinary shareholders	(14,054,405,127)	3,713,022,406	(3.79)
The effect of equivalent ordinary share dilution			
Convertible-preferred share	-	1,992,095,479	-
Diluted loss per share	(14,054,405,127)	5,705,117,885	(2.46)

4.17 Surplus on Fixed Asset Revaluation

As at December 31, 2004 and 2003, the surplus on fixed asset revaluation represented the surplus on land revaluation of Baht 1,873 million and Baht 1,873 million, respectively, and the surplus on building revaluation of Baht 1,614 million and Baht 1,665 million, respectively, (net of accumulated depreciation of Baht 315 million and Baht 264 million, respectively). In 2003, the land and building revaluation was assessed by independent appraisal companies. The land and building revaluation was approved by the Bank of Thailand in its letter dated March 24, 2004.

Surplus on building revaluation is transferred directly to offset the accumulated deficit when the surplus is realized.

4.18 Capital Requirements

The Bank's capital maintained in ratio to risk assets, as required by the Bank of Thailand, as at December 31, 2004 and 2003 consisted of:

	Amounts : Million Baht	
	Consolidated Financial Statements and The Bank Only Financial Statements	
	December 31, 2004	December 31, 2003
Tier 1 capital		
Issued and fully paid share capital and premium (discount) on ordinary and preferred shares	85,305	67,735
Subordinated debentures cum preferred shares	5,000	-
Legal reserve	2,100	2,100
Other reserves	8,717	8,717
Net loss after appropriation	(55,771)	(56,798)
Less Goodwill	(14,019)	-
Total Tier 1 capital	31,332	21,754
Tier 2 capital		
Surplus on land revaluation	1,305	484
Surplus on premises revaluation	806	23
Provision for assets classified as "pass"	2,000	2,000
Hybrid debt-capital instruments	2,050	-
Subordinated debentures	7,676	4,887
Unrealized gain on revaluation of available-for-sales equity securities (net)	614	883
Total Tier 2 capital	14,451	8,277
Total	45,783	30,031

		Consolidated		The Bank Only	
		December 31,	December 31,	December 31,	December 31,
		2004	2003	2004	2003
Tier 1 capital	Percentage	6.02	7.70	6.02	7.67
Total capital	Percentage	8.79	10.63	8.80	10.59
Minimum tier 1 capital ratio requirement	Percentage	4.25	4.25	4.25	4.25
Minimum total capital ratio requirement	Percentage	8.50	8.50	8.50	8.50

The consolidated financial statements include the financial statements of the Bank and Phayathai Asset Management Company Limited.

4.19 Contingencies

Contingencies as at December 31, 2004 and 2003 consisted of:

Amounts : Million Baht

	Consolidated Financial Statements and The Bank Only Financial Statements					
	December 31, 2004			December 31, 2003		
	Baht	Foreign Currency	Total	Baht	Foreign Currency	Total
Aval to bills	1,350	-	1,350	1,627	-	1,627
Loan guarantees	2,788	3,585	6,373	2,325	750	3,075
Other guarantees	32,807	3,771	36,578	28,310	3,258	31,568
Letters of credit	847	12,133	12,980	616	9,467	10,083
Forward foreign exchange agreements						
Bought	-	21,859	21,859	-	8,257	8,257
Sold	-	32,215	32,215	-	14,447	14,447
FX Options						
Bought	-	1,766	1,766	-	-	-
Sold	-	594	594	-	-	-
Currency swaps	-	31,665	31,665	-	-	-
Interest rate swaps	12,988	1,344	14,332	-	-	-
Swaption	200	-	200	-	-	-
Unused overdraft credit lines	44,628	1	44,629	30,536	1	30,537
Others	310	1,199	1,509	87	604	691
Total	95,918	110,132	206,050	63,501	36,784	100,285

The Bank issued a letter of guarantee to a foreign bank in accordance with a share purchase contract dated April 3, 1996 in proportion with its shareholding percentage of 10% amounting to Hong Kong Dollar 73 million and USD 0.07 million. At December 31, 2004 and 2003 the outstanding amount, in proportion with the shareholding percentage, is Hong Kong Dollar 4 million.

In addition, as at December 31, 2004 and 2003 legal proceedings from guarantees and others, had been brought against the Bank in 148 cases amounting to Baht 480 million for 2004 and in 132 cases amounting to Baht 2,944 million for 2003, Management believes that the liability, if any, resulting from the litigation will not be material to the Bank's financial position and results of operations.

As at December 31, 2004 and 2003 the Bank had commitments with listed companies under rehabilitation plans of Baht 735 million and Baht 164 million, respectively.

4.20 Pledged Assets

As at December 31, 2004 and 2003, government securities has been used as collateral at face value as follows:

Amounts : Million Baht

	Consolidated Financial Statements and The Bank Only Financial Statements	
	December 31, 2004	December 31, 2003
Pledged as securities for repurchase agreements	12,773	6,156
Pledged as securities for daily liquidit	5,576	500
Pledged as securities for Ruam Jai Housing Loan	57	57
Pledged as securities with the cour	1	6
Total	18,407	6,719

4.21 Related Party Transactions

Loans and commitments made to employees from the rank of department manager upward, and to enterprises, the shares of which are held by the Bank, directors or employees from the rank of department manager upward totalling over 10% of their paid-up capital, according to the prescriptions of the Bank of Thailand, are summarized as follows:

Amounts : Million Baht

	Consolidated		The Bank Only	
	Average Balance	Average Balance	Average Balance	Average Balance
	At the End	At the End	At the End	At the End
	of Month	of Month	of Month	of Month
	December 31, 2004	December 31, 2004	December 31, 2004	December 31, 2004
Loans	6,721	6,771	12,149	12,872
Commitments	128	517	135	526

	Consolidated		The Bank Only	
	Average Balance	Average Balance	Average Balance	Average Balance
	At the End	At the End	At the End	At the End
	of Month	of Month	of Month	of Month
	December 31, 2003	December 31, 2003	December 31, 2003	December 31, 2003
Loans	717	1,198	7,071	23,508
Commitments	1,704	1,615	1,705	1,615

4.22 Transactions with Related Parties

Related parties are those parties linked to companies in the Group by common shareholders or directors. Related parties were as follow :

1. A financial institution who is a major shareholder and holds over 10% of the Bank paid-up share capital and related companies of the major shareholder.
2. Companies who were controlled by the Bank
3. Companies who were significant influenced by the Bank
4. Companies who were controlled or significant influenced by the directors who were the Bank's executive officers.
5. Companies, in which the Bank's executive officers own shares, or who are the directors with control or significant influence.
6. Directors and employees from the rank of department manager upward.

Investments in subsidiary, associated and related companies as at December 31, 2004 and 2003 were as follows:

Amounts : Million Baht

Consolidated December 31, 2004						
	Type of	Type of	Holding	Investment		Dividend
	Business	Share Capital		Percentage	Cost Method	
<u>Subsidiary Companies</u>						
Designee for						
ETA Contract Limited	Utility	Ordinary	99.40%	0.01	0.01	-
<u>Associated Companies</u>						
Siam Resort Fund	Mutual Fund	Unit	60.71%	744	751	4
The Thai Business Fund I	Mutual Fund	Unit	50.00%	381	381	13
Thai ORIX Leasing Co., Ltd.	Financial Institution	Ordinary	45.96%	337	353	-
TMB Asset Management Company Limited	Financial Institution	Ordinary	45.00%	36	75	9
The Thai Business Fund 2	Mutual Fund	Unit	32.00%	563	563	11
Phayathai Property Fund	Mutual Fund	Unit	30.00%	180	205	13
Siam Samsung Insurance Co., Ltd.	Life Insurance	Ordinary	25.00%	112	106	-
MFC Asset .	Financial	Ordinary	24.85%	340	353	-
Management Public Co., Ltd.	Institution					
Alcan Packaging	Packaging	Ordinary	23.01%	225	218	-
Strongpack Public Co., Ltd.	Material					
<u>Related Companies</u>						
Ajala Company Limited	Property	Ordinary	99.99%	0.05	-	-
TMB Property Development Company Limited	Property	Ordinary	99.93%	4	-	-
Total				2,922.06	3,005.01	50

Amounts : Million Baht

Consolidated
December 31, 2003

	Type of Business	Type of Share Capital	Holding Percentage	Investment		Dividend
				Cost Method	Equity Method	
<u>Subsidiary Companies</u>						
Designee for ETA Contract Limited	Utility	Ordinary	99.40%	0.01	0.01	-
<u>Associated Companies</u>						
TMB Asset Management Company Limited	Financial Institution	Ordinary	45.00%	36	72	16
Phayathai Property Fund	Mutual Fund	Unit	30.00%	180	193	12
The Thai Business Fund I	Mutual Fund	Unit	22.22%	193	193	13
<u>Related Companies</u>						
Ajala Company Limited	Property	Ordinary	99.99%	0.05	-	-
TMB Property Development Company Limited	Property	Ordinary	99.93%	4	-	-
NSRF (Thailand) Company Limited	Utility	Ordinary	59.80%	0.01	0.01	-
Total				413.07	458.02	41

Investments in subsidiary, associated and related companies as at December 31, 2004 and 2003 were as follows:

Amounts : Million Baht

The Bank Only
December 31, 2004

	Type of Business	Type of Share Capital	Holding Percentage	Investment		Dividend
				Cost Method	Equity Method	
<u>Subsidiary Companies</u>						
Phayathai Asset Management Company Limited	Financial Institution	Ordinary	100.00%	3,500	2,277	-
IFCT Advisory Co., Ltd.	Financial Institution	Ordinary	100.00%	27	25	-
Asset Development Co., Ltd. Designee for	Financial Institution	Ordinary	100.00%	28	-	-
ETA Contract Limited	Utility	Ordinary	99.40%	0.01	0.01	-
DBS Thai Danu Bank Public Co., Ltd.	Bank	Ordinary Warrant, Preferred share	99.87%	3,746	3,746	-
Industrial Finance Corporation of Thailand	Financial Institution	Ordinary Warrant	99.45%	-	-	-

The Bank Only
December 31, 2004

	Type of	Type of	Holding	Investment		Dividend
	Business	Share Capital		Percentage	Cost Method	
<u>Associated Companies</u>						
Siam Resort Fund	Mutual Fund	Unit	60.71%	744	751	4
The Thai Business Fund I	Mutual Fund	Unit	50.00%	381	381	13
Thai ORIX Leasing Co.,Ltd.	Financial	Ordinary	45.96%	337	353	-
	Institution					
TMB Asset Management Company Limited	Financial	Ordinary	45.00%	36	75	9
	Institution					
The Thai Business Fund 2	Mutual Fund	Unit	32.00%	563	563	11
Phayathai Property Fund	Mutual Fund	Unit	30.00%	180	205	13
Siam Samsung Insurance Co., Ltd.	Life Insurance	Ordinary	25.00%	112	106	-
MFC Asset Management Public Co., Ltd.	Financial	Ordinary	24.85%	340	353	-
	Institution					
Alcan Packaging	Packaging	Ordinary	23.01%	225	218	-
Strongpack Public Co., Ltd.	Material					
<u>Related Companies</u>						
Ajala Company Limited	Property	Ordinary	99.99%	0.05	-	-
TMB Property Development Company Limited	Property	Ordinary	99.93%	4	-	-
Total				10,223.06	9,053.01	50

Amounts : Million Baht

The Bank Only
December 31, 2004

	Type of Business	Type of Share Capital	Holding Percentage	Investment		Dividend
				Cost Method	Equity Method	
<u>Subsidiary Companies</u>						
Phayathai Asset Management Company Limited	Financial Institution	Ordinary	100.00%	3,500	2,668	-
Designee for ETA Contract Limited	Utility	Ordinary	99.40%	0.01	0.01	-
<u>Associated Companies</u>						
TMB Asset Management Company Limited	Financial Institution	Ordinary	45.00%	36	72	16
Phayathai Property Fund	Mutual Fund	Unit	30.00%	180	193	12
The Thai Business Fund I	Mutual Fund	Unit	22.22%	193	193	13
<u>Related Companies</u>						
Ajala Company Limited	Property	Ordinary	99.99%	0.05	-	-
TMB Property Development Company Limited	Property	Ordinary	99.93%	4	-	-
NSRF (Thailand) Company Limited	Utility	Ordinary	59.80%	0.01	0.01	-
Total				<u>3,913.07</u>	<u>3,126.02</u>	<u>41</u>

Significant loans and accrued interest receivable, other assets, deposits, other liabilities, contingencies, income and expenses of the Bank with its subsidiary, associated and related companies (over 20 % of whose paid-up capital is held by the Bank) as at December 31, 2004 and 2003 and for each of the years ended December 31, 2004 and 2003 were as follows:

	Amounts : Million Baht			
	Consolidated		The Bank Only	
	2004	2003	2004	2003
Loans and Accrued Interest Receivable (Before allowance for doubtful accounts)				
<u>Subsidiary Company</u>				
Phayathai Asset Management Company Limited	-	-	5,002	6,410
Asset Development Company Limited	-	-	429	-
<u>Associated Company</u>				
Thai Orix Leasing Company Limited	704	-	704	-
<u>Related Companies</u>				
Thumrin Hotel Company Limited	822	-	822	-
<u>Other Assets</u>				
<u>Subsidiary Company</u>				
Phayathai Asset Management Company Limited	-	-	4	-
<u>Associated Company</u>				
The Thai Business Fund I	6	42	6	42
The Thai Business Fund II	9	-	9	-
<u>Deposits</u>				
<u>Subsidiary Company</u>				
Phayathai Asset Management Company Limited	-	-	44	182
IFCT Advisory Company Limited	-	-	3	-
Asset Development Company Limited	-	-	5	-
<u>Associated Companies</u>				
TMB Asset Management Company Limited	-	2	-	2
The Thai Business Fund II	41	-	41	-
Phayathai Property Fund	21	29	21	29
MFC Assets Management Public Co., Ltd.	209	-	209	-
<u>Related Companies</u>				
Ajala Company Limited	59	58	59	58
TMB Property Development Company Limited	4	4	4	4
<u>Borrowings</u>				
<u>Associated Company</u>				
TMB Asset Management Company Limited	20	-	20	-
MFC Assets Management Public Co., Ltd.	180	-	180	-

Amounts : Million Baht

	Consolidated		The Bank Only	
	2004	2003	2004	2003
<u>Contingencies</u>				
<u>Subsidiary Company</u>				
IFCT Advisory Company Limited	-	-	4	-
Asset Development Company Limited	-	-	1	-
<u>Interest and Dividend Income</u>				
Subsidiary Companies	-	-	58	320
Associated Companies	7	-	7	-
Related Companies	6	-	6	-
<u>Non-interest Income (Commission and Service Income)</u>				
Associated Companies	71	76	71	76
<u>Non-interest Expenses</u>				
Subsidiary Companies	-	-	-	3,000
<u>Other Expenses</u>				
Associated Companies	16	21	16	18

As at December 31, 2004 average balances of loans, deposits and contingencies were as follows:

Amounts : Million Baht

	Consolidated		
	December 31, 2004		
	Average Loans	Average Deposits	Average Borrowings
	At the End	At the End	At the End
	of Month	of Month	of Month
<u>Associated Companies</u>			
Siam Samsung Insurance Company Limited	-	-	10
TMB Asset Management Public Company Limited	-	1	20
Phayathai Property Fund	-	20	-
MFC Assets Management Public Company Limited	-	334	229
Thai Orix Leasing Company Limited	725	-	-
The Thai Business Fund II	-	40	-
<u>Related Companies</u>			
Ajala Company Limited	-	58	-
TMB Property Development Company Limited	-	4	-
Fang Agri Foods Products Company Limited	25	-	-
Thumrin Hotel Company Limited	817	-	-

Amounts : Million Baht

	The Bank Only December 31, 2004		
	Average Loans	Average Deposits	Average Borrowings
	At the End of Month	At the End of Month	At the End of Month
<u>Subsidiary Company</u>			
Phayathai Asset Management Company Limited	5,663	47	-
IFCT Advisory Company Limited	-	3	9
Asset Development Company Limited	483	3	-
<u>Associated Companies</u>			
Siam Samsung Insurance Company Limited	-	-	10
TMB Asset Management Public Company Limited	-	1	20
Phayathai Property Fund	-	20	-
MFC Assets Management Public Company Limited	-	334	229
Thai Orix Leasing Company Limited	725	-	-
The Thai Business Fund II	-	40	-
<u>Related Companies</u>			
Ajala Company Limited	-	58	-
TMB Property Development Company Limited	-	4	-
Fang Agri Foods Products Company Limited	25	-	-
Thumrin Hotel Company Limited	817	-	-

As at December 31, 2003 average balances of loans, deposits and contingencies were as follows:

Amounts : Million Baht

	Consolidated December 31, 2003		
	Average Loans	Average Deposits	Average Borrowings
	At the End of Month	At the End of Month	At the End of Month
<u>Associated Companies</u>			
TMB Asset Management Company Limited	-	1	-
Phayathai Property Fund	-	37	-
<u>Related Companies</u>			
Ajala Company Limited	-	58	-
TMB Property Development Company Limited	-	4	-
<u>The Bank Only December 31, 2003</u>			
	Average Loans	Average Deposits	Average Borrowings
	At the End of Month	At the End of Month	At the End of Month
<u>Subsidiary Company</u>			
Phayathai Asset Management Company Limited	22,364	117	-
<u>Associated Companies</u>			
TMB Asset Management Company Limited	-	1	-
Phayathai Property Fund	-	37	-

	The Bank Only December 31, 2003		
	Average Loans At the End of Month	Average Deposits At the End of Month	Average Borrowings At the End of Month
	<u>Related Companies</u>		
Ajala Company Limited	-	58	-
TMB Property Development Company Limited	-	4	-

Amounts : Million Baht

	Consolidated Financial Statements and The Bank Only Financial Statements	
	December 31, 2004	December 31, 2003
<u>Allowance for doubtful accounts</u>		
<u>Subsidiary Company</u>	52	64
<u>Associated Companies</u>	7	-
<u>Related Companies</u>	56	-

Significant transactions between the Bank and its related parties, in which the Bank's executive officers are the directors with control or significant influence and in which the Bank owns equal to or more than 10% to 20% of their paid-up capital as at December 31, 2004 and 2003 and for each of the years ended December 31, 2004 and 2003 are as follows :

Amounts : Million Baht

	Consolidated		The Bank Only	
	2004	2003	2004	2003
Loans and accrued interest receivable(Before allowance for doubtful account)				
CH. Karnchang PCL	-	554	-	554
Siam Steel Syndicate Co.,Ltd.	-	29	-	29
Thoon Ruamkarn Co.,Ltd.	12	12	12	12
M. Thai Estate Co.,Ltd	-	54	-	-
M Home SPV1 Co.,Ltd.	45	45	45	45
Thai-German Products PCL.	446	-	446	-
Thai Asia Rice Products Co.,Ltd.	54	-	54	-
Thai Nam Plastic PCL.	236	-	236	-
Bi Joux B.S. Co.,Ltd.	1	-	1	-
Thai Chareonphol Industry Co.,Ltd.	5	-	5	-
Northern Material And Concrete Co.,Ltd.	7	-	7	-
Piboon Concrete Co.,Ltd.	75	-	75	-
Sanwa Inter Food Co.,Ltd.	193	-	193	-
Ferry Line PCL.	255	-	255	-
Lanna Agro Industry Co.,Ltd.	156	-	156	-
Petpak Co.,Ltd.	49	-	49	-
Siam Buyck Co.,Ltd.	233	-	233	-
Siam Steel International Co.,Ltd.	87	-	87	-
B N H Medical Center Co.,Ltd	316	-	316	-
The Thai Insurance PCL.	19	-	19	-
Thai Free Session Manufacturing Co.,Ltd.	96	-	96	-
Nakhorn Thai Strip mill PCL.	1,737	-	1,737	-
Thai Baroda Industry Co.,Ltd.	308	-	308	-
Pathumthani Jute Mill Co.,Ltd.	-	1	-	1
Total	4,330	695	4,330	641

Amounts : Million Baht

	Consolidated		The Bank Only	
	2004	2003	2004	2003
<u>Deposits</u>				
CH. Karnchang PCL.	-	74	-	74
M Thai Estate Co.,Ltd.	1	1	1	1
Pathumthani Jute Mill Co.,Ltd.	6	-	6	-
Paiboon Insurance Co.,Ltd.	47	29	47	29
Ace Capital Co.,Ltd.	22	42	22	42
Nam Seng Insurance PCL.	191	-	191	-
The Thai Insurance PCL.	39	-	39	-
Danu Thai Holding Co.,Ltd.	1	-	1	-
Bangkok Pattaya Hospital Co.,Ltd.	-	1	-	1
Total	307	147	307	147
<u>Borrowings</u>				
Bangkok Visypak Co.,Ltd.	11	-	11	-
Nam Seng Insurance PCL.	30	-	30	-
The Thai Insurance PCL.	12	-	12	-
Paiboon Insurance Co.,Ltd.	46	-	46	-
Total	99	-	99	-
<u>Contingencies</u>	128	1,702	128	1,702

As at December 31, 2004 average balances of loans, deposits and borrowings were as follows:

Amounts : Million Baht

Consolidated Financial Statements
and The Bank Only Financial Statements

December 31, 2003

	Average Loans	Average Deposits	Average Borrowings
	At the End of Month	At the End of Month	At the End of Month
M Thai Estate Co.,Ltd.	-	1	-
Paiboon Insurance Co.,Ltd	1	61	46
Ace Capital Co.,Ltd.	-	28	-
Thoon Ruamkarn Co.,Ltd.	12	-	-
Pathumthani Jute Mill Co.,Ltd.	2	2	-
M Home SPV1 Co., Ltd.	45	-	-
Thai-German Products PCL.	431	-	-
Thai Asia Rice Products Co.,Ltd.	48	-	-
Thai Nam Plastic PCL.	225	-	-
Bi Joux B.S. Co.,Ltd.	1	-	-
Nam Seng Insurance PCL.	-	158	39
Siam Steel Syndicate Co.,Ltd.	21	-	-
Thai Chareonphol Industry Co.,Ltd.	5	-	-
Northern Material And Concrete Co.,Ltd.	7	-	-
Piboon Concrete Co.,Ltd.	68	-	-

Amounts : Million Baht

Consolidated Financial Statements
and The Bank Only Financial Statements
December 31, 2003

	Average Loans At the End of Month	Average Deposits At the End of Month	Average Borrowings At the End of Month
Sunwa Inter Food Co.,Ltd.	177	-	-
Ferry Line PCL.	235	-	-
Lanna Agro Industry Co.,Ltd.	158	-	-
Modular Samko Co.,Ltd.	27	-	-
Petpak Co.,Ltd	50	-	20
Siam Buyck Co.,Ltd.	213	-	-
Sima Thani Co.,Ltd.	469	-	-
Bangkok Visypak Co.,Ltd.	-	-	16
The Thai Insurance PCL.	19	57	19
Danu Thai Holding Co.,Ltd.	-	1	-
Nava Nakorn Distribution Center Co.,Ltd.	5	-	-
Siam Regal Co.,Ltd.	-	140	-
Saim Steel International Co.,Ltd.	101	-	-
B N H Medical Center Co.,Ltd.	275	-	-
Thai Free Session Manufacturing Co.,Ltd.	96	-	-
Nakhon Thai Strip mill Co.,Ltd.	1,499	-	-
Thai Baroda Industry Co.,Ltd.	289	-	-
Total	4,479	448	140

As at December 31, 2003 average balances of loans and deposits were as follows:

Amounts : Million Baht

	Consolidated		The Bank Only	
	December 31, 2004		December 31, 2004	
	Average Loans At the End of Month	Average Deposits At the End of Month	Average Loans At the End of Month	Average Deposits At the End of Month
M. Thai Estate Co.,Ltd.	54	2	-	2
Paiboon Insurance Co.,Ltd.	2	26	2	26
Thoon Ruamkarn Co.,Ltd.	12	-	12	-
CH. Karnchang PCL.	1,016	69	1,016	69
Pathumthani Jute Mill Co.,Ltd.	1	1	1	1
M Home SPV1 Co., Ltd.	45	-	45	-
Ace Capital Co.,Ltd.	-	21	-	21
Siam Steel Syndicate Co.,Ltd	36	-	36	-
Total	1,166	119	1,112	119

At December 31,2004 and 2003 the balances of allowance for doubtful accounts and average contingencies were as follows:

	Amounts : Million Baht			
	Consolidated		The Bank Only	
	December 31, 2004	December 31, 2003	December 31, 2004	December 31, 2003
Allowance for doubtful accounts	808	61	808	61
Average contingencies	513	1,613	513	1,613

For each of the years ended December 31,2004 and 2003 the balances of interest income, non-interest income and interest expenses were as follows:

	Consolidated		The Bank Only	
	December 31, 2004	December 31, 2003	December 31, 2004	December 31, 2003
Interest income	397	67	397	67
Non-interest income	-	1	-	-
Interest expense	1	1	1	1

The related parties include debtors under restructuring.

Significant transactions between the Bank and its related parties, in which the Bank's executive officers are the directors with control or significant influence and in which the Bank owns less than 10 % of their paid-up capital as at December 31, 2004 and 2003 and for each of the years ended December 31, 2004 and 2003 are as follows :

	Amounts : Million Baht	
	Consolidated Financial Statements and The Bank Only Financial Statements	
	December 31, 2004	December 31, 2003
<u>Loans and accrued interest receivable (Before allowance for doubtful accounts)</u>	<u>2004</u>	<u>2003</u>
Thai Watana Pharmaceutical Dextrose Co.,Ltd.	-	1,140
Charan Insurance PCL.	-	5
Bangkok Polyester PCL.	1,167	1,180
Bangkok Expressway PCL.	4,603	4,970
Kangwal Polyester Co.,Ltd.	1,583	1,619
Thai Oil PCL.	2	-
Kulthorn Kirby PCL.	1,119	-
Don Muang Tollway PCL.	3,725	-
Mahachai Land Development Co.,Ltd.	46	48
Advance Info Service PCL.	-	923
Thai Asia Pacific Brewery Co.,Ltd.	-	1,212
Bridge View Co.,Ltd.	-	937
Vibhavadi Medical Center PCL.	-	86
Bangkok Metro Co.,Ltd.	-	2,855
Total	<u>12,245</u>	<u>14,975</u>

Amounts : Million Baht

Consolidated Financial Statements
and The Bank Only Financial Statements

December 31, 2004 December 31, 2003

Deposits

Nava Leasing PCL.	19	41
Charan Insurance PCL.	179	167
AVIVA Insurance (Thai) Co.,Ltd	223	186
Bangkok Polyester PCL.	6	4
Bangkok Expressway PCL.	27	18
Advance Info Service PCL.	45	3
Mahachai Land Development Co.,Ltd.	13	20
Thai Asia Pacific Brewery Co.,Ltd.	-	99
Bridge View Co.,Ltd.	-	34
Vibhavadi Medical Center PCL.	-	6
Total	512	578

Borrowing

Charan Insurance PCL. 15 -

Contingencies 56 321

As at December 31, 2004 and 2003 average balances of loans, deposits and borrowings are as follows:

Amounts : Million Baht

	Consolidated Financial Statements and The Bank Only Financial Statements				
	December 31, 2004			December 31, 2003	
	Average Loans At the End of Month	Average Deposits At the End of Month	Average Borrowings At the End of Month	Average Loans At the End of Month	Average Deposits At the End of Month
Mahachai Land Development Co.,Ltd.	44	17	-	45	25
Nava Leasing PCL.	56	31	-	48	29
Charan Insurance PCL.	2	188	15	2	207
AVIVA Insurance (Thai) Co.,Ltd	-	218	-	-	156
Bangkok Polyester PCL.	1,154	6	-	1,187	4
Bangkok Expressway PCL.	4,783	88	-	4,640	88
Kangwal Polyester Co.,Ltd.	2,074	2	-	1,602	1
Thai Oil PCL.	2,413	-	-	-	-
Advance Info Service PCL.	920	50	-	988	2
Kulthorn Kirby PCL.	1,070	-	-	-	-
Don Muang Tollway PCL.	3,378	-	-	-	-
Thai Watana Pharmaceutical Dextrose Co.,Ltd.	-	-	-	1,070	-
Thai Asia Pacific Brewery Co.,Ltd.	-	-	-	1,144	41
Bridge View Co.,Ltd.	-	-	-	903	33
Bangkok Metro Co.,Ltd.	-	-	-	2,532	-
Vibhavadi Medical Center PCL.	-	-	-	281	14
Kad Suan Kaew Co.,Ltd.	-	-	-	-	1
Total	15,894	600	15	14,442	601

At December 31,2004 and 2003 the balances of allowance for doubtful accounts and average contingencies were as follows:

Amounts : Million Baht

	Consolidated Financial Statements and The Bank Only Financial Statements	
	December 31, 2004	December 31, 2003
Allowance for doubtful accounts	232	325
Average contingencies	187	413

For each of the years ended December 31,2004 and 2003 the balances of interest income, non-interest income and interest expenses were as follows:

Amounts : Million Baht

<u>For each of the years ended</u>	Consolidated Financial Statements and The Bank Only Financial Statements	
	December 31, 2004	December 31, 2003
Interest income	736	635
Non-interest income	10	4
Interest expenses	2	4

The related parties included debtors under restructuring.

Significant transactions between the Bank and its related parties, in which the Bank's executive officers own shares, or who are the directors with control or significant influence as at December 31, 2004 and 2003 and for each of the years ended December 31, 2004 and 2003 were as follows :

Amounts : Million Baht

<u>Loans and accrued interest receivable</u> <u>(Before allowance for doubtful accounts)</u>	Consolidated Financial Statements and The Bank Only Financial Statements	
	December 31, 2004	December 31, 2003
Wang Kanai Sugar Co.,Ltd.	-	1,855
RTA Entertainment Co.,Ltd. (Tor Tor Bor 5)	1,537	1,536
TSFC Securities Limited.	500	-
Wattanswat PCL.	2	-
Term Engineering Co.,Ltd.	-	13
Sai Num Yen Co.,Ltd.	174	-
Total	2,213	3,404
<u>Deposits</u>		
Phutathum Insurance Co.,Ltd.	103	66
Wang Kanai Sugar Co.,Ltd.	2	3
RTA Entertainment Co.,Ltd. (Tor Tor Bor 5)	969	1,270
Thai British Security Printing PCL.	1	1
Airport of Thailand PCL.	2,882	1,095
Term Engineering Co.,Ltd.	-	20
Far East DDB PCL.	33	54
Aeronautical Industrial Co.,Ltd.	12	-
Thai Aerospace Development Corporation Co.,Ltd.	2	-
T M Phyathai Property Co.,Ltd.	3	-
North Bangkok Expressway Co.,Ltd.	-	26
Thai Airways International PCL.	-	75
Syn Mun Kong Insurance PCL.	-	10
Subsawsai Co.,Ltd.	-	1
Total	4,007	2,621
<u>Other liabilities</u>	-	5
<u>Contingencies</u>	26	53

At December 31, 2004 and 2003 average balances of loans, deposits and contingencies were as follows:

Amounts : Million Baht

	Consolidated Financial Statements and The Bank Only Financial Statements			
	December 31, 2004		December 31, 2003	
	Average Loans	Average Deposits	Average Loans	Average Deposits
	At the End of Month	At the End of Month	At the End of Month	At the End of Month
Phutathum Insurance Co.,Ltd.	-	54	-	23
Wang Kanai Sugar Co.,Ltd.	2,030	56	1,922	38
RTA Entertainment Co.,Ltd. (Tor Tor Bor 5)	1,536	1,252	1,536	1,024
Airport of Thailand PCL.	-	4,302	-	916
Aeronautical Radio of Thailand Co.,Ltd.	-	-	68	-
Term Engineering Co.,Ltd.	15	19	30	25
Aeronautical Industrial Co.,Ltd.	-	17	-	-
Thai Aerospace Development Corporation Co.,Ltd.	-	2	-	-
Far East DDB PCL.	-	21	-	31
Sai Num Yen Co.,Ltd.	174	-	-	-
T M Phyathai Property Co.,Ltd.	-	4	-	-
T.C.C Business Co.,Ltd.	-	-	6	-
North Bangkok Expressway Co.,Ltd.	-	-	746	13
Ratchaburi Electricity Generating PCL.	-	-	2,498	-
Riverside Pavilion Hotel Co., Ltd.	-	-	373	2
Land & House PCL.	-	-	-	44
Thai Vegetable Oil PCL.	-	-	314	3
Thai Airways International PCL.	-	-	-	129
Syn Mun Kong Insurance PCL.	-	-	-	10
Subsawai Co.,Ltd.	-	-	-	1
Pan Pacific Engineering Co.,Ltd	-	-	-	1
Thai British Security Printing PCL.	-	-	-	1
Total	3,755	5,727	7,493	2,261

At December 31,2004 and 2003 the balances of allowance for doubtful accounts and average contingencies were as follows:

Amounts : Million Baht

	Consolidated Financial Statements and The Bank Only Financial Statements	
	December 31, 2004	December 31, 2003
	Allowance for doubtful accounts	22
Average contingencies	38	345

For each of the years ended December 31,2004 and 2003 the balances of interest income and interest expenses were as follows:

Amounts : Million Baht

For each of the years ended	Consolidated Financial Statements and The Bank Only Financial Statements	
	December 31, 2004	December 31, 2003
	Interest income	80
Interest expenses	114	36

Additionally significant transactions between the Bank and its directors and employees from the rank of department manager upward as at December 31, 2004 and 2003 and for each of the years ended December 31, 2004 and 2003 were as follows:

Amounts : Million Baht

	Consolidated Financial Statements and The Bank Only Financial Statements	
	December 31, 2004	December 31, 2003
Loans and accrued interest receivable	20	23
Welfare loans	48	28
Deposits	253	246
Borrowings	15	-
Accrued interest payable	-	1

As at December 31, 2004 and 2003 average balances of loans, deposits, borrowings and contingencies were as follows:

Amounts : Million Baht

	Consolidated Financial Statements and The Bank Only Financial Statements	
	December 31, 2004	December 31, 2003
Average loans at the end of month	26	32
Average welfare loans at the end of month	63	28
Average deposits at the end of month	477	269
Average Borrowings	15	-
Average contingencies at the end of month	4	2

As at December 31, 2004 and 2003 the balances of allowance for doubtful accounts and contingencies were as follows:

Amounts : Million Baht

	Consolidated Financial Statements and The Bank Only Financial Statements	
	December 31, 2004	December 31, 2003
contingencies	-	2

For each of the years December 31, 2004 and 2003 the balances of interest income and interest expenses were as follows:

Amounts : Million Baht

For each of the years ended	Consolidated Financial Statements and The Bank Only Financial Statements	
	December 31, 2004	December 31, 2003
Interest income	2	2
Interest expenses	3	6

Financial institute shareholder whose shares are over 10% of the Bank paid-up capital and as at December 31, 2004 and 2003 and for each of the years ended December 31, 2004 and 2003 were as follows :

Amounts : Million Baht

	Consolidated Financial Statements and The Bank Only Financial Statements	
	December 31, 2004	December 31, 2003
<u>Deposits</u>		
DBS Bank Ltd., Singapore	29	-
DBS Bank (Hong Kong) Ltd., Hong Kong	4	-
PT DBS BUANA Bank , Jakarta	3	-
DBS Vicker Security (Thailand) Co.,Ltd.	226	-
Total	262	-
<u>Borrowings</u>		
DBS Bank Ltd., Singapore	1,856	-
<u>Commitments</u>	2,551	-

At December 31, 2004 and 2003 average balances of loans, deposits and contingencies were as follows:

Amounts : Million Baht

	Consolidated Financial Statements and The Bank Only Financial Statements			
	December 31, 2004		December 31, 2003	
	Average Deposits At the End of Month	Average Borrowing At the End of Month	Average Deposits At the End of Month	Average Borrowing At the End of Month
DBS Bank Ltd., Singapore	96	1,914	-	-
DBS Bank (Hong Kong) Ltd., Hong Kong	3	-	-	-
PT DBS BUANA Bank , Jakarta	2	-	-	-
DBS Vicker Security (Thailand) Co.,Ltd.	159	-	-	-
Total	260	1,914	-	-

Amounts : Million Baht

	Consolidated Financial Statements and The Bank Only Financial Statements	
	December 31, 2004	December 31, 2003
	Average contingencies	2,342

Amounts : Million Baht

	Consolidated Financial Statements and The Bank Only Financial Statements	
	December 31, 2004	December 31, 2003
	<u>For each of the years ended</u> Interest expenses	5

Pricing and interest rate policy for related party transactions

The Bank 's pricing and interest rate policy is as follows :

- Interest rates of loans are in accordance with the market rate except for the interest rate of staff welfare loans which are in accordance with the Bank's regulations and the interest rate of loans to certain subsidiary and related companies which are based on the deposit interest rate.
- Fee and service income such as the annual registrar fee and the service fee for acting as paying agent from an associated company, for the funds managed by that company and as the trailing agent from that associated company are charged at rate based on conditions specified in contracts negotiated in the normal course of business, which are determined by the size of funds and the purchase and sale volumes of investment units in respect of which the Bank acts as the selling agent.
- Interest rate on deposits is in accordance with the market rate.
- Fee and service income is in accordance with the market price except that the monthly service income for acting as the agent for debt collection and receiving debt repayment for a subsidiary is equal to Baht 10,000 and fees and service income for providing collateral appraisal services to a subsidiary company, is equal to Baht 500 per case. If the appraisal involves more than one piece of title document, an additional fee is charged of Baht 200 per piece. For verification on land right-holding documents, the actual charge will be reimbursed. For appraisal and verification of documents outside Bangkok, there is an extra service charge of Baht 500 per day.
- The Bank entered into office rental and service agreements with an associated company for its branch, and the rental and service fees were determined on a mutually agreed basis.

In the year 2004, the Bank entered into a Master Service Agreement with a major shareholder (the service provider). The agreement is for an initial two years with the option to extend every two years. It periods for the providing of services which are in accordance with the business relevant regulation and law, which are to accepted commercial banking standards and the same market group of the service providers, and can be applied in product, customer or the market of those product with the Thai commercial banking business. The service charges are calculated based on the job scope and the conditions of the subcontracts which accepted by both parties.

A Subsidiary company had entered the Accounting and Taxes Assisted Management Agreements and the Assisted Management Agreements with another subsidiary company. Service fee was charged semi-annually in which totally Baht 12 million. The term of agreements were two years which effected as from January 1, 2004 to December 31, 2005.

Fee and service expense paid to Associated company, a Provident Fund Manager of Bank employees who were merged, the company charged to the Bank based on an agreement rate and the Net asset value of that provident fund.

4.23 Other Benefits Payable to the Directors and Executives

The Bank's directors and executives from the rank of department manager upward do not receive other benefits, monetary or non-monetary items, except for the benefits that are normally paid such as salary, bonus, directors' fees and pension funds.

4.24 Long-Term Lease Agreements

As at December 31, 2004 and 2003 the Bank had lease contracts covering branch offices amounting to Baht 271 million and Baht 218 million, respectively, the majority of which were with the Ministry of Finance. The Bank is required to arrange for fire insurance with the lessor as a beneficiary. The Bank is responsible for property tax and is not allowed to sublease the properties.

4.25 The Financial Position and Results of Operations

The financial position categorised by domestic and overseas business as at December 31, 2004 and 2003 is summarized as follows:

Financial Position Categorised Separated by Type of Business

Amounts : Million Baht

	Consolidated			Total
	Domestic Business	Overseas Business	Eliminated Transactions	
	December 31, 2004			
Total assets	955,469	8,559	(293,896)	670,132
Interbank and money market items (assets)	10,112	2,065	(2,057)	10,120
Securities purchased under resale agreements	12,000	-	-	12,000
Loans	514,116	258	-	514,374
Investments	93,396	974	(3,694)	90,676
Deposits	455,576	369	-	455,945
Interbank and money market items (liabilities)	56,772	8,162	(2,109)	62,825
Borrowings	91,869	-	-	91,869
Contingencies	204,977	1,073	-	206,050

Amounts : Million Baht

	Consolidated			Total
	Domestic Business	Overseas Business	Eliminated Transactions	
	December 31, 2004			
Total assets	614,125	4,450	(239,579)	378,996
Interbank and money market items (assets)	8,684	1,863	(1,888)	8,659
Securities purchased under resale agreements	6,200	-	-	6,200
Loans	299,299	449	-	299,748
Investments	46,981	-	-	46,981
Deposits	321,681	377	-	322,058
Interbank and money market items (liabilities)	11,827	4,067	(1,888)	14,006
Borrowings	7,287	-	-	7,287
Contingencies	100,229	104	(48)	100,285

The results of operations categorised by domestic and overseas business for each of the years ended December 31, 2004 and 2003 are summarized as follows:

Results of Operations Categorised by Type of Business

Amounts : Million Baht

	Consolidated			Total
	Domestic Business	Overseas Business	Eliminated Transactions	
	December 31, 2004			
Interest and dividend income	17,522	156	(126)	17,552
Interest expense	6,400	128	(127)	6,401
Net income from interest	11,122	28	1	11,151
Non-interest income	4,194	16	366	4,576
Non-interest expenses	14,323	38	367	14,728
Net income before income tax	993	6	-	999

Amounts : Million Baht

	Consolidate			Total
	Domestic Business	Overseas Business	Eliminated Transactions	
Interest and dividend income	15,666	120	(105)	15,681
Interest expenses	8,275	92	(104)	8,263
Net income from interest	7,391	28	(1)	7,418
Non-interest income	3,925	20	1	3,946
Non-interest expenses	25,340	32	-	25,372
Net income (loss) before income tax	(14,024)	16	-	(14,008)

4.26 Financial Instruments

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

Accounting Policies

Details of significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which revenue and expenses are recognized in respect of each class of financial assets and financial liabilities are disclosed in Note. 3

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Bank and its subsidiaries. The Bank and its subsidiaries have adopted the policy of only dealing with creditworthy counterparts and obtaining sufficient collateral or other security, where appropriate, as a means of mitigating the risk of financial losses from defaults.

In addition, the Bank has determined the credit service processes, and the credit risk grading. The Bank has developed and used risk grading tools for customers and group businesses. The Bank has diversified risks to various businesses by setting policies to support credit for various businesses and customers appropriately. The Bank has set up conditions and demands the placement of adequate collateral by customers to minimize the risk of financial losses from defaults.

In the case of recognized financial assets, the carrying amount of the assets recorded in the balance sheets net of any applicable provision for loss, represents the Bank's maximum exposure to credit risk.

The Bank has to take certain risks related to its issuing of guarantees against loans and other obligations as well as its issuing of letters of credit and endorsements on commercial bills and notes for its customers. Such activities require that careful attention be paid to financial information provided by the customers in the same manner as for direct lending. The Bank normally demands the placement of adequate collateral by customers in various forms including, for example, bank deposits, securities and personal guarantees. The Bank also makes it a standard practice to set conditions to minimize the elements of risk in the same manner as for other credit granting procedures.

Risk on NPLs and Debt Restructuring

In its effort to reduce the level of NPLs, the Bank took various approaches to arrange debt restructuring with customers. The approaches included interest rate reduction, a cut in past due interest receivable, repayment term extension, transfer of assets as a means for debt settlement and debt-to-equity conversion.

Market Risk

Market risk refers to the risk of the fluctuation of foreign exchange rates, volatility in interest rates and prices of equity securities, all of which have strong impacts on the Bank's assets and liabilities.

The Bank has set up a risk management policy delimiting market risk into trading and banking books. For trading book, the Bank has a policy and compiled a market risk management manual, aiming to control the financial instruments including foreign exchange transactions derivatives, debt and equity securities. The Bank also sets position and loss limits and a warning system called "Management Action

Trigger.” The Risk Management Group will follow up the status and manage market risk at appropriate level in line with the policy. Overall market risk management will be under the authority of the Risk Management Committee to comply with the Bank’s policy and the Bank of Thailand requirements.

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Bank’s ALCO (Asset and Liability Management Committee) has one of its responsibilities to define the direction and procedure for the management of interest rate risk. This is to enable the Bank to be able to assess the interest rate trends and prepare to adjust its financial positions as necessary. The Bank readjusts its financial positions to keep the interest rate risk at a safe level. The Central Treasury Unit (CTU) is responsible for monitoring interest trends and the preparing of a repricing gap report on a regular basis to determine and set the Bank’s asset and liability positions at proper levels based on the Bank’s interest rate adjustment period. The Bank’s assessment and analysis of interest rate risk is done through the use of computer-software, using the data available from the Bank’s database. Analysis covers the impact on the Bank’s assets and liabilities deriving from interest rate changes. Sensitivity analysis is also conducted to determine the proper change in interest rates when necessary. The analysis helps the Bank to gauge the impact of interest rate change on the Bank’s asset and liability positions, allowing the Bank’s to readjust the positions to be consistent with its circumstances and business strategies. This mainly aims to protect the interests of the customers and shareholders of the Bank.

Interest rate movements are materially significant to the Bank’s largest source of income because interest rates directly affect the Bank’s income and expenses from assets and liabilities.

Most of the Bank’s financial assets earn interest at floating rates, based on MRR, MLR, MOR, interest rate of time deposits or other benchmark floating rates (e.g. SIBOR or LIBOR).

Information concerning fixed versus floating rates of loans as at December 31, 2004 and 2003 is as follows.

Amounts : Million Baht

	Consolidated		The Bank Only	
	December 31, 04	December 31, 03	December 31, 04	December 31, 03
Fixed interest rate	28,233	15,234	27,123	14,008
Floating interest rate	486,141	284,551	489,062	287,213
Total	514,374	299,785	516,185	301,221

The significant financial assets and liabilities classified by maturity of interest repricing as at December 31, 2004 are as follows:

Amounts : Million Baht

	Consolidated					Total
	December 31, 2004					
	Immediate Repricing within 3 months	Over 3-12 months	Over 1 year	Non-interest bearing	Non-performing Assets	
Financial Assets						
Securities purchased under resale agreements	12,000	-	-	-	-	12,000
Investments	13,034	22,654	36,629	18,359	-	90,676
Loans and interbank and money market items	367,780	17,026	68,793	6,563	64,337	524,499
Financial Liabilities						
Deposits and interbank and money market items	378,432	64,282	62,524	13,532	-	518,770
Borrowings	9,191	21,820	60,858	-	-	91,869

The significant financial assets and liabilities classified by maturity of interest repricing as at December 31, 2003 are as follows:

	Amounts : Million Baht					
	Consolidated					
	December 31, 2003					
	Immediate Repricing within 3 months	Over 3-12 months	Over 1 year	Non- interest bearing	Non-performing Assets	Total
Financial Assets						
Securities purchased under resale agreements	6,200	-	-	-	-	6,200
Investments	6,842	1,124	30,702	8,313	-	46,981
Loans and interbank and money market items	218,426	18,257	34,034	4,085	33,605	308,407
Financial Liabilities						
Deposits and interbank and money market items	257,944	63,476	5,096	9,548	-	336,064
Borrowings	-	-	7,287	-	-	7,287

The significant financial assets and liabilities classified by maturity of interest repricing as at December 31, 2004 are as follows:

Amounts : Million Baht

	Consolidated					Total
	December 31, 2003					
	Immediate Repricing within 3 months	Over 3-12 months	Over 1 year	Non- interest bearing	Non-performing Assets	
Financial Assets						
Securities purchased under resale agreements	12,000	-	-	-	-	12,000
Investments	12,147	22,654	36,629	23,079	-	94,509
Loans and interbank and money market items	372,297	17,026	68,723	6,500	61,697	526,243
Financial Liabilities						
Deposits and interbank and money market items	378,494	64,282	62,524	13,532	-	518,832
Borrowings	9,191	21,820	60,858	-	-	91,869

The significant financial assets and liabilities classified by maturity of interest repricing as at December 31, 2003 are as follows:

Amounts : Million Baht

	Consolidated					Total
	December 31, 2003					
	Immediate Repricing within 3 months	Over 3-12 months	Over 1 year	Non- interest bearing	Non-performing Assets	
Financial Assets						
Securities purchased under resale agreements	6,200	-	-	-	-	6,200
Investments	5,835	1,124	30,702	9,892	-	47,553
Loans and interbank and money market items	224,002	18,257	33,677	4,077	29,831	309,844
Financial Liabilities						
Deposits and interbank and money market items	258,124	63,476	5,096	9,549	-	336,245
Borrowings	-	-	7,287	-	-	7,287

Investment Risk

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

The Bank's securities investment is separated into two parts. Investment in equity instruments and unit trusts at the operative level in the corporate and investment banking group and Investment in debt securities and interest rate related securities by the Finance Group. Then two parts are carefully processed starting into a series of screenings starting that goes all the way up to the Investment Committee (IC) and/or Chief Executive Committee (CEC) and the Executive Board of Directors before being approved by the Bank's Board of Directors. IC/CEC are responsible for setting investment policy under the Bank's investment objectives as well as the picking of potential securities for investment and the setting of the gross and loss limits. IC/CEC is also responsible for ensuring that securities investment remains at all time within the Bank's policy and the limits as approved. Fund for securities investment and counterparts involved. Gross limit and loss limit for each securities marked for investment are set in relation to the Bank's ability to support the risk according to its capital adequacy position. The Risk Management Department is responsible for reporting the portfolio position, the results of investment and the risk exposure to IC/CEC so they have information to effect policy changes that would make securities investment consistent with the Bank's mainline business as well as the trends in the local money and capital markets.

Liquidity Risk

Liquidity risk refers to risk that arises when assets cannot be liquidated into cash at current market prices or from an inability to raise funds at a normal cost.

The Bank's ALCO (Assets and Liability Management Committee) is responsible for oversight of liquidity management. Its main purposes are to maintain the Bank's liquidity level as required by the Bank of Thailand's regulations and to keep watch to ensure that the Bank's liquidity position is sufficient for the Bank's normal operations as well as at any critical situation that may arise. In addition, ALCO is also responsible for considering appropriate funding sources to cope with the change in market situation. The CTU (Central Treasury Unit) is the Bank's unit tasked with monitoring, assessing, reporting as well as proposing fund raising strategy to ALCO beyond the liquidity risk policy. The policy is always reviewed in order to make sure that it is proper for all situation.

The liquidity limits/guidelines are established for managing and controlling liquidity risk. Maturity profiles reports based on contractual and actuarial or consumer behavioral maturity dates are routinely prepared. MCO (Maximum Cumulative Outflows) are established for measuring the Bank's biggest liquidity shortfall at a particular point in time enabling future planning to be done to prepare liquidity reserves. Liquid asset and credit line assessments are also prepared for managing liquidity problems. Finally, liquidity assessments in critical situation are also set up in order to serve with unexpected situation.

The Bank uses a standard computer software program to process data from Bank's own database and collecting historical data to forecast customer behavior.

The significant financial assets and liabilities classified by maturity with average effective rate of interest and dividend as at December 31, 2004 are summarized as follows:

Amounts : Million Baht

	Consolidated								Average Rate(%) per annum	
	December 31, 2004									
	At call	within 1 month	over 1-3 months	over 3-12 months	over 1-5 years	over 5-10 years	over 10 years	No Maturity	Total	
Financial Assets										
Cash	10,926	-	-	-	-	-	-	-	10,926	-
Interbank and money market items	6,620	263	2,937	215	90	-	-	-	10,125	2.23
Securities purchased under resale agreements	-	12,000	-	-	-	-	-	-	12,000	1.87
Investments in securities_net	-	-	2,349	21,568	9,849	34,896	3,655	18,359	90,676	2.67
Loans	45,319	72,605	43,863	42,773	136,948	100,762	72,104	-	514,374	4.28
Financial Liabilities										
Deposits	177,268	53,278	115,279	53,804	56,316	-	-	-	455,945	1.15
Interbank and money market items	4,600	2,222	11,216	14,367	24,630	2,140	3,650	-	62,825	1.98
Securities sold under repurchase agreements	-	-	-	-	-	-	-	-	-	1.89
Borrowings	-	-	1,727	14,500	60,018	10,624	-	5,000	91,869	4.36

The significant financial assets and liabilities classified by maturity with average effective rate of interest and dividend as at December 31, 2003 are summarized as follows:

Amounts : Million Baht

	Consolidated								Average Rate(%) per annum	
	December 31, 2004									
	At call	within 1 month	over 1-3 months	over 3-12 months	over 1-5 years	over 5-10 years	over 10 years	No Maturity	Total	
Financial Assets										
Cash	8,925	-	-	-	-	-	-	-	8,925	-
Interbank and money market items	4,174	3,876	357	214	38	-	-	-	8,659	1.49
Securities purchased under resale agreements	-	6,200	-	-	-	-	-	-	6,200	2.05
Investments in securities_net	-	50	100	1,124	2,938	28,076	6,380	8,313	46,981	3.00
Loans	46,957	12,968	20,105	14,771	50,197	84,120	70,630	-	299,748	4.71
Financial Liabilities										
Deposits	133,445	41,221	81,429	60,919	5,044	-	-	-	322,058	1.69
Interbank and money market items	4,264	839	1,481	3,403	4,019	-	-	-	14,006	2.04
Securities sold under repurchase agreements	-	-	-	-	-	-	-	-	-	2.16
Borrowings	-	-	-	-	6,000	1,287	-	-	7,287	10.41

The significant financial assets and liabilities classified by maturity with average effective rate of interest and dividend as at December 31, 2003 are summarized as follows:

Amounts : Million Baht

	Consolidated								Average Rate(%) per annum	
	December 31, 2004									
	At call	within 1 month	over 1-3 months	over 3-12 months	over 1-5 years	over 5-10 years	over 10 years	No Maturity		Total
Financial Assets										
Cash	10,926	-	-	-	-	-	-	-	10,926	-
Interbank and money market items	6,553	263	2,937	215	90	-	-	-	10,058	2.23
Securities purchased under resale agreements	-	12,000	-	-	-	-	-	-	12,000	1.87
Investments in securities_net	-	-	2,349	21,568	9,848	34,009	3,655	23,080	94,509	2.65
Loans	43,102	72,552	43,935	42,657	136,177	105,659	72,103	-	516,185	4.16
Financial Liabilities										
Deposits	177,317	53,278	115,292	53,804	56,316	-	-	-	456,007	1.15
Interbank and money market items	4,600	2,222	11,216	14,367	24,630	2,140	3,650	-	62,825	1.98
Securities sold under repurchase agreements	-	-	-	-	-	-	-	-	-	1.89
Borrowings	-	-	1,727	14,500	60,018	10,624	-	5,000	91,869	4.29

The significant financial assets and liabilities classified by maturity with average effective rate of interest and dividend as at December 31, 2003 are summarized as follows:

Amounts : Million Baht

	Consolidated									
	December 31, 2004									
	At call	within 1 month	over 1-3 months	over 3-12 months	over 1-5 years	over 5-10 years	over 10 years	No Maturity	Total	Average Rate(%) per annum
Financial Assets										
Cash	8,922	-	-	-	-	-	-	-	8,922	-
Interbank and money market items	4,175	3,876	357	214	38	-	-	-	8,660	1.49
Securities purchased under resale agreements	-	6,200	-	-	-	-	-	-	6,200	2.05
Investments in securities_net	-	50	100	1,124	2,938	27,069	6,380	9,892	47,553	2.97
Loans	43,615	12,968	20,105	14,294	49,113	90,459	70,630	-	301,184	4.35
Financial Liabilities										
Deposits	133,626	41,221	81,429	60,919	5,044	-	-	-	322,239	1.69
Interbank and money market items	4,264	839	1,481	3,403	4,019	-	-	-	14,006	2.04
Securities sold under repurchase agreements	-	-	-	-	-	-	-	-	-	2.16
Borrowings	-	-	-	-	6,000	1,287	-	-	7,287	10.41

Off-Balance Sheet Contingencies by maturity as at December 31, 2004 are summarized as follows:

Amounts : Million Baht

	Consolidated Financial Statements and The Bank Only Financial Statements							Total
	December 31, 2004							
	At call	within 1 month	over 1-3 months	over 3-12 months	over 1-5 years	over 5-10 years	over 10 years	
Off-balance Sheet								
Aval to bills	44	173	314	384	435	-	-	1,350
Loan guarantees	1,022	315	670	2,970	1,396	-	-	6,373
Other guarantees	16,540	1,357	3,834	10,208	3,333	450	856	36,578
Letters of credit	2,651	1,542	2,369	3,078	3,340	-	-	12,980
Forward foreign exchange agreements								
Bought	-	7,201	4,245	10,413	-	-	-	21,859
Sold	-	12,552	6,815	12,848	-	-	-	32,215

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Amounts : Million Baht

Consolidated Financial Statements and The Bank Only Financial Statements

December 31, 2004

	At call	within 1 month	over 1-3 months	over 3-12 months	over 1-5 years	over 5-10 years	over 10 years	Total
FX Options								
Bought	-	694	1,072	-	-	-	-	1,766
Sold	-	263	331	-	-	-	-	594
Cross Currency swaps	-	1,842	-	1,098	28,602	99	24	31,665
Interest rate swaps	-	-	500	3,561	8,479	1,354	438	14,332
Swaption	-	-	-	-	-	200	-	200
Others	-	476	762	271	-	-	-	1,509

Off-Balance Sheet Contingencies by maturity as at December 31, 2003 are summarized as follows:

Amounts : Million Baht

	Consolidated Financial Statements and The Bank Only Financial Statements							
	December 31, 2004							
	At call	within 1 month	over 1-3 months	over 3-12 months	over 1-5 years	over 5-10 years	over 10 years	Total
Off-balance Sheet								
Aval to bills	89	246	365	540	387	-	-	1,627
Loan guarantees	828	280	470	1,449	48	-	-	3,075
Other guarantees	14,154	943	3,436	9,364	3,651	16	4	31,568
Letters of credit	1,181	414	2,356	2,013	4,119	-	-	10,083
Forward foreign exchange agreements								
Bought	-	2,613	1,407	4,237	-	-	-	8,257
Sold	-	6,846	4,969	2,632	-	-	-	14,447
Others	-	209	275	206	-	-	1	691

Estimated Market Value of Financial Instruments

The market values have been estimated by using available market information and appropriate valuation methodologies. The following is a summary of carrying amounts and estimated market values of significant financial instruments as at December 31, 2004 and 2003 :

	Consolidated		The Bank Only	
	December 31, 2004		December 31, 2004	
	Carrying Amounts	Market Value	Carrying Amounts	Market Value
Amounts : Million Baht				
Financial Assets:				
Cash	10,926	10,926	10,926	10,926
Interbank and money market items	10,120	10,120	10,053	10,053
Securities purchased under resale agreements	12,000	12,000	12,000	12,000
Investments in securities-net	90,676	93,932	94,509	95,463
Loans and accrued interest receivable-net	476,972	476,972	479,262	479,262
Customer's liabilities under acceptances	924	924	924	924
Financial Liabilities:				
Deposits	455,945	456,078	456,007	456,140
Interbank and money market items	62,825	64,119	62,825	64,119
Borrowings	91,869	91,869	91,869	91,869
Bank's liabilities under acceptances	924	924	924	924
Derivatives:				
Forward foreign exchange agreements				
Bought	21,859	21,859	21,859	21,859
Sold	32,215	32,215	32,215	32,215
FX options				
Bought	1,766	10	1,766	10
Sold	594	(16)	594	(16)
Currency swaps	31,665	1,300	31,665	1,300
Interest rate swaps	14,332	69	14,332	69
Swaption	200	2	200	2

Amounts : Million Baht

	Consolidated		The Bank Only	
	December 31, 2004		December 31, 2004	
	Carrying Amounts	Market Value	Carrying Amounts	Market Value
Financial Assets:				
Cash	8,925	8,925	8,922	8,922
Interbank and money market items	8,659	8,659	8,660	8,660
Securities purchased under resale agreements	6,200	6,200	6,200	6,200
Investments in securities-net	46,981	47,425	47,553	48,002
Loans and accrued interest receivable-net	275,878	275,878	277,805	277,805
Customer's liabilities under acceptances	571	571	571	571
Financial Liabilities:				
Deposits	322,058	322,227	322,239	322,409
Interbank and money market items	14,006	14,013	14,006	14,013
Borrowings	7,287	7,287	7,287	7,287
Bank's liabilities under acceptances	571	571	571	571
Derivatives:				
Forward foreign exchange agreements				
Bought	8,257	8,257	8,257	8,257
Sold	14,447	14,447	14,447	14,447

Methods and assumptions in estimating market value or fair value of financial instruments are as follows:

- Cash and interbank and money market items (Assets)
The fair value is approximated by the carrying value.
- Securities purchased under resale agreements
The fair value is approximated by the carrying value.
- Investments in securities - net
The market value of investments in securities is disclosed in Notes 3.6 and 4.4
- Loans and accrued interest receivable
The fair value is based on the carrying value of loans and accrued interest receivable net of allowance for doubtful accounts as most of loans are floating rate loans.
- Customer's liabilities under acceptances
The fair value is approximated by the carrying value.
- Deposits
The carrying value of deposits approximates fair value, except for the negotiable certificates of deposit which have been valued using the current yield of negotiable certificates of deposit.
- Interbank and money market items (Liabilities)
The fair value is calculated by using the expected yield of borrowings, except for the negotiable certificates of deposit which have been valued using the current yield of negotiable certificates of deposit.
- Borrowings.
The fair value is approximated by the carrying value.
- Bank's liabilities under acceptances
The fair value is approximated by the carrying value.
- Derivatives.
The fair value is approximated by the market value.

Derivative financial instruments risk

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

These instruments allow the Bank and its customers to transfer, modify or reduce their foreign exchange and interest rate risks.

The Bank has established risk policies and limits, reporting lines and control procedures, to manage and control its derivative activities. Risk control functions are independent from the trading units.

The related credit risk exposures are managed as part of the overall credit limits granted to customers. To control the level of credit risk taken, the Bank assesses counterparties using the same techniques as for lending decisions.

As noted above, the notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. Therefore, the extent to which the financial derivative instruments are favourable or unfavourable can fluctuate significantly from time to time.

4.27 Thai Asset Management Corporation (TAMC)

As at December 31, 2004 and 2003, the Bank and the subsidiary had received non-negotiable promissory notes availed by the FIDF of Baht 11,594 million and Baht 5,954 million, respectively for the loans transferred to TAMC. These promissory notes are due in 2011 to 2014 and were classified as held-to-maturity debt instruments. TAMC has an option to redeem each of them before the due date. The interest rate of the promissory notes is the average rate of the five largest domestic commercial banks and the interest is payable on the last working day of each year.

For year 2004 and 2003, the Bank and the subsidiary withdrew non-negotiable promissory notes availed by the FIDF of Baht 1,273 million and Baht 24 million, respectively.

As at December 31, 2004 and 2003, the Bank and the subsidiary have the transferred assets pending for examination and confirmation totalling Baht 177 million and Baht 738 million, respectively. TAMC is still examining the transferred price in order to confirm and issue promissory notes or is in the process of issuing promissory notes to the Bank and the subsidiary.

For year 2004 and 2003, the Bank and the subsidiary recognized interest income from TAMC in the amount of Baht 88 million and Baht 84 million, respectively.

In accordance with the conditions of the Emergency Decree on The Thai Asset Management Corporation B.E. 2544, the TAMC and transferors are jointly responsible for sharing the profits or losses from managing the non-performing assets by the TAMC, in accordance with the conditions specified in the agreements, at the end of the fifth year and at the end of the tenth year commencing July 1, 2001.

In case of losses, the transferors will be responsible for the first portion of losses, not exceeding 20% of the transfer price. The second portion of losses, not exceeding 20% of the transfer price, will be equally shared between the TAMC and the transferors. The remaining losses will be absorbed by the TAMC.

In case of profits, the first portion of profits, not exceeding 20% of the transfer price, will be equally shared between the TAMC and the transferors. Should there be any profits remaining, the transferors are intitled to the remaining profits up to an amount not exceeding the book value of non-performing assets less the transfer price and the transferor's share in the first portion of the profits.

4.28 The Selling of Assets of Phayathai Asset Management Company Limited

On September 3, 2003, the subsidiary (as transferor) signed an agreement with BBC Asset Management Co., Ltd. (as transferee) for the sale of its assets as mentioned above. The effective date of the asset transfer was on September 30, 2003. The transfer of the assets and their underlying securities was arranged under the provisions of the Royal Decree on Asset Management Company, BE 2541 (1998) allowing the fixing of transfer prices as agreed by the transferor and the transferee. This agreement would be effective only when the Bank signs its letter of consent for the transfer.

At the transfer date, the transferee would pay the transferor the total value of the assets in the form of negotiable promissory note issued on September 30, 2003 with a maturity date on September 30, 2015. The face value of the promissory note would be the same as fixed in the asset verification document. The interest on the promissory note was fixed at a rate, equivalent to the weighted average interest rates for all types of Thai Baht deposits at the 5 largest local commercial banks. The interest rate calculation was based on quarterly data on each calendar year, beginning from October 1, 2003. Interest payment was by a 12-month period but the first payment will be effective on the 6th anniversary of promissory note issuing date while subsequent payments will be on a yearly basis after the first payment until the maturity date. One condition was that endorsement on the promissory note by the transferor to negotiate the promissory note with any party other than the Thai Military Bank Plc. the Bank of Thailand or the Financial Institutions Development Fund was non-exercisable. In case of the transferee's decision to go into liquidation before the promissory note's maturity date, the transferee is required to transfer the rights and obligatory commitments over the promissory note to an other juristic person as consented to by the transferor.

At the transfer date, the transferor was required to deliver to the transferee completed information on the assets as recorded in transitional documents as well as in electronic media and accompanied by asset verification documents.

Both transferor and transferee have the right to call for adjustment on the prices of the transferred assets within 180 days from the transfer date. The price adjustment, if in effect, can be done by issuing an additional promissory note by the transferee or by the transferor as the case may be.

In recognition of profit or loss from the transfer, an agreement was made between the transferor and transferee that recognition of profit or loss for groups 1, 2 and 4 would be computed at the end of year 6 and year 12 after the transfer date.

Computation of profit or loss from management of groups 1, 2, and 4 is to be made on the value received from the debt collection process. The debt collection can be accumulated on a cash basis until the computation date only on the debts that are fully settled. The recognition must come from the value received less cost of each asset at the transfer date, administrative expenses on each of the debts settled and interest expense on the promissory note. At the end of year 6 and year 12 from the transfer date, results of the asset management, under the agreement must be brought up for sharing between the transferor and the transferee. In case of debt settlement done through asset transfer, recognition of profit or loss is to be done only after the asset is successfully disposed of to clear the debt.

In case of loss from the management of group 1 assets, sharing of loss by the transferor will be at 20%. For the next 20% of the loss, the loss will be shared equally at 1:1 between the transferor and the transferee. The rest of the loss will be absorbed fully by the transferee.

In case of loss in the group 2 assets, sharing of loss will be done in different manners, as follows:

(a) If the transfer prices were not at a discount, the transferor will absorb the loss at the first 30% while the next 20% of the loss will be shared equally at a ratio of 1:1 between the transferor and transferee. The rest of the loss will be absorbed fully by the transferee. (b) If the transfer prices were at a discount of 5%, the transferor will share the first 25% while the next 20% will be shared equally between the transferor and the transferee at a ratio of 1:1. The rest of the loss will be absorbed in full by the transferee. (c) If the transfer prices were at a discount of 10%, the transferor will absorb the loss at the first 20% while the next 20% of the loss will be shared equally at a ratio of 1:1 between the transferor and transferee. The rest of the loss will be absorbed fully by the transferee. (d) If the transfer prices were at a discount of 15%, the transferor will absorb the loss at the first 20% while the next 20% of the loss will be shared equally at a ratio of 1:1 between the transferor and transferee. The rest of the loss will be absorbed fully by the transferee.

In case of profit, the first portion at not over 20% of the transfer prices, the portion will be shared equally at a ratio of 1:1 between the transferor and the transferee and the rest of the profit will be taken by the transferor. However, this portion must not be higher than the margin between the book value and the transfer prices. The rest of the profit, if any, will be taken by the transferee.

During the third quarter of 2003, the subsidiary (as the transferor) has transferred its loans and investment in loans of various categories previously transferred from its parent company (the Bank) to BBC Asset Management Co., Ltd. (as the transferee). These assets were in the forms of loans and debts, both secured and unsecured, as well as foreclosed properties and related assets. The total transfer price was Baht 19,533 million and at the transfer date the transferee paid for those assets to the transferor in the form of negotiable promissory note. The net book values of the transferred assets were summarized as follows:

	Amounts : Million Baht
	<u>Net Book Value</u>
Investments in loans transferred from the Bank	18,522
Loans and receivables, including accrued interest receivable	1
Foreclosed properties	4,630
Related assets	7
Total	<u><u>23,160</u></u>

The transfer of the said assets as described above resulted in a loss to the subsidiary of Baht 3,627 million, which was recognized in its financial statements for the year ended December 31, 2003, in the financial statements of the subsidiary company and consolidated and the Bank only financial statements.

Consequently, as the results of the transferee checking, it was found that certain assets on the list to be transferred under the conditions of sales were incorrect price. Therefore, the selling prices of certain items on the assets list were readjusted. It was found that some debtors item in the asset list and some foreclosed properties were unqualified for sale and were transferred back to the subsidiary. And the transferee requested the subsidiary to transfer other debtors. The subsidiary has transferred additional debtors in 2004, and the subsidiary company and the transferee have mutually made an endorsement agreement and memorandum in order to readjustment prices and transferred assets. The transferee has issued a promissory note to the subsidiary, according to settle the mutually partial amounts. The effects of adjusting these transactions on the subsidiary financial statements (and the consolidated financial statements of the Bank and subsidiary and the Bank only financial statements) as at December 31, 2004 were as follows:

	Amounts : Million Baht
	<u>Net Book Value</u>
Increase in investments in receivables (net of allowance for impairment) - net	1
Increase in property foreclosed (net of allowance for impairment) - net	254
Increase in other payables - transferee	516
Increase in promissory notes issued and paid by the transferee	164
Increase in loss on sales of investments in receivables	27
Increase in loss on sales of properties foreclosed	48
Increase in loss on impairment of investments in receivables	24

In addition, according to the new appraisal value, the transferee would like to readjust the selling prices of 340 debtors amounted to Baht 567 million in which are non-performing loans. As at December 31, 2004 the transferee and the subsidiary agreed to assign the independent appraisal companies who be represented for both parties to finalize the mutual appraisal prices. As at December 31, 2004, the subsidiary has estimated the effects of these readjusting amount of the provision for adjustments of selling price for non-performing loans for 2004, and presented to be loss on investments in receivables of Baht 567 million in the subsidiaries, the Bank and the consolidated financial statement for the year 2004.

As at December 31, 2004 and 2003, the transferor and the transferee were in the process of verifying the prices of the transferred assets.

4.29 Phayathai Asset Management Company Limited

Phayathai Asset Management Company Limited (the “PAMC”) was registered with the Ministry of Commerce on August 9, 2000 and registered with the Bank of Thailand to operate as an asset management company on September 1, 2000. The Bank holds approximately 100% of the share capital of PAMC.

In 2004, the Bank entered into to transfer non - performing assets with collaterals and without collaterals to Phayathai Asset Management Company Limited (the “PAMC”) of Baht 116 million with net book value (net of allowance for doubtful accounts) summarized as follows:

Classified Asset Categories	Amounts : Million Baht
	Net Book Value
Loans and accrued interest receivable	<u>106</u>

The Bank earned a profit from the mentioned asset transfers and realized a reduction in its share of profit in subsidiary company of the same amount according to the equity method. This mentioned profit has been eliminated in the consolidated financial statements. The Bank will receive the payment to the above transferred non-performing assets to the subsidiary company.

In 2003, the Bank entered into to transfer assets under the category of Doubtful of Loss debtors with collaterals and without collaterals to Phayathai Asset Management Company Limited (the “PAMC”) of Baht 1,877 million with net book value (net of allowance for doubtful accounts) summarized as follows:

Classified Asset Categories	Amounts : Million Baht
	Net Book Value
Loans and accrued interest receivable	<u>1,876</u>

The Bank earned a profit from the mentioned asset transfers of Baht 1 million and realized a reduction in its share of profit in subsidiary company of the same amount according to the equity method. This mentioned profit has been eliminated in the consolidated financial statements. The Bank will receive the payment to the above transferred non-performing assets to the subsidiary company.

At December 31,2004 and 2003, the Bank had obligations to register the transfer of ownership of the mentioned transferred assets.

The conditions of the asset transfers are that the Bank (transferor) would deliver the documents relating to these assets to the PAMC (transferee) within 30 days from the transfer date (the date stated in the contract to transfer non - performing assets) except that the contracting parties can agree to extend the delivery period. Thus, the transferor or transferee has the right to revise the transfer prices of such assets within 180 days from the transfer date.

4.30 Subsequent Events

The Board of Executive Directors’ Meeting held on January 20, 2005 resolved for a issuance of a subordinated debenture in the amount of not exceeding Baht 8,000 million to offer to the investors and the general public. The details of the terms and conditions of the securities to be issued together with the determination of the interest rate and the offering period upon the permission given by the authorities concerned.

4.31 Reclassification

Certain accounts in the 2003 financial statements have been reclassified to conform with the 2004 financial statements presentation.

THAI MILITARY BANK PUBLIC COMPANY LIMITED
Financial Statistics and Results of Operations
AS AT DECEMBER 31, 2004, 2003, 2002, 2001 and 2000

(Million Baht)

	2004	2003	2002	2001 (Restated)	2000
ASSETS					
Cash	10,926	8,922	7,298	6,246	5,497
Interbank and money market items - net	10,053	8,660	21,019	18,112	13,995
Securities purchased under resale agreements	12,000	6,200	3,000	-	-
Investment - net	94,509	47,553	43,819	52,241	38,071
Loans and accrued interest receivables - net	479,262	277,805	288,475	270,248	264,715
Properties foreclosed - net	28,453	16,325	16,279	10,060	3,056
Customers's liability under acceptances	924	571	450	1,269	1,660
Premises and equipment - net	13,276	9,495	7,848	8,220	7,966
Accrued interest receivables - net	891	734	739	744	617
Accounts receivable - net	4,251	771	184	23	27
Goodwill from transferred business - net	14,019	-	-	-	-
Other assets - net	4,175	2,111	2,185	1,899	1,051
Total Assets	672,739	379,147	391,296	369,062	336,655
LIABILITIES AND SHAREHOLDERS' EQUITY					
Deposits	456,008	322,240	322,070	300,894	268,588
Interbank and money market items	62,825	14,006	21,192	16,576	15,923
Liability payable on demand	1,221	2,401	869	841	481
Borrowings	91,869	7,287	26,565	27,565	32,713
Bank's liability under acceptances	924	571	450	1,269	1,660
Accrued interest payables	1,926	728	1,357	1,439	1,728
Other payable	3,383	2,011	3,640	5,469	1,054
Other liabilities	9,432	2,427	867	1,390	1,475
Total Liabilities	627,588	351,671	377,010	355,443	323,622
Shareholders' Equity	45,151	27,476	14,286	13,619	13,033
Total Liabilities and Shareholders' Equity	672,739	379,147	391,296	369,062	336,655
OFF-BALANCE SHEET ITEMS-CONTINGENCES					
Aval to bills and guarantees of loan	7,723	4,702	5,419	8,847	6,762
Liability under unmatured import bills	1,509	691	865	1,169	1,118
Letters of credit	12,980	10,083	7,493	10,065	6,665
Other contingencies	183,839	84,809	76,196	71,120	80,330
Interest and dividend income	17,162	14,754	16,008	15,237	14,890
Interest expenses	6,400	8,263	10,358	11,501	12,943
Net income from interest	10,762	6,491	5,650	3,736	1,947
Bad debt and doubtful accounts	4,509	16,759	1,100	272	23,170
Loss on debt restructuring	912	(642)	1,505	(253)	50
Net income (loss) from interest after bad debt, doubtful accounts and loss on debt restructuring	5,341	(9,626)	3,045	3,717	(21,273)
Non-interest income	4,429	3,403	4,189	3,491	2,707
Non-interest expenses	8,772	7,786	7,348	6,509	6,467
NET INCOME (LOSS) BEFORE INCOME TAX	998	(14,009)	(114)	699	(25,033)
Income Tax	50	45	46	44	31
NET INCOME (LOSS)	948	(14,054)	(160)	655	(25,064)
BASIC EARNINGS (LOSS) PER SHARE (Baht)	0.09	(3.79)	(0.08)	0.33	(15.35)
ORDINARY SHARES (Million shares)	13,314.3006	8,415.9673	2,010.8676	2,010.8676	2,010.8676
NUMBER OF EMPLOYEES	7,925	5,922	6,072	7,074	7,273
NUMBER OF BRANCHES	407	368	363	366	367

RESULTS OF OPERATIONS IN 2004

The Bank's Board of Directors has reported the results of the operations on follows:

Amounts : Baht

Retained deficit brought forward	(56,719,922,410)
Net profit for the year ending December 31, 2004	948,203,133
Amortization of surplus on fixed assets revaluation	51,084,326
Retained deficit carried forward	<u>(55,720,634,951)</u>

The Banks' Board of Directors has decided that there will be no dividend payments.

Statement of the Audit Committee

In 2004, the Bank's Audit Committee, served fully by independent directors who were not the bank's executives or employees of any kind, carried out its responsibilities, within its given authority and in accordance with the guidelines set out by the Stock Exchange of Thailand and the Bank of Thailand. Major areas of responsibilities can be summarised as follows.

1. Reviewing the Bank's quarterly, half-yearly and yearly financial statements for the Bank to report its financial statements basing on true and accurate data and information in a manner consistent with the generally accepted accounting standards and regulatory requirements.
2. Reviewing the Bank's internal control system to ensure that appropriate, adequate and effective procedures are in place.
3. Reviewing the disclosure of connected transactions or transactions that may lead to conflict of interest so as to ensure the transparency, accuracy and completeness.
4. Reviewing the Bank's compliance practices to ensure that the Bank strictly complied with the provisions of the Commercial Banking Act and the Securities and Exchange Act and other related regulatory and legal requirements. Points of observation and recommendations were given to the Bank's management to prevent damaging circumstances. The Committee also insisted that the management be required to supervise the staff to strictly adhere to all legal and regulatory requirements.
5. Taking the responsibility of considering and selecting external auditor and fixing of appropriate auditing fee for the annual ordinary general shareholders' meeting to approve. In addition, the Committee is responsible for reviewing the non-audit-related engagements with the Bank's external auditor.
6. Closely supervising the Bank's internal audit function including approving internal audit plans and assessing audit performance to ensure sufficient audit resources and that all auditing activities were independently and effectively conducted in accordance with the regulatory requirements.

The Audit Committee gained full co-operation from the Management as well as full access to all information relevant to the Bank's operations, necessary for them to discharge their responsibilities. The Committee held twenty-four meeting in 2004. Relevant executive officers were discretionary invited to attend and clarify issues in the meetings. Throughout the year, there was no transaction that had materially affected the Bank. The Bank's Board of Directors and the Management had taken internal control and audit as well as the principles of good governance practices very seriously.



Bodi Chunnananda
Chairman of Audit Committee

Additional Information (Form 56-2)

1. General Information

1.1 Name of the company	:	Thai Military Bank Public Company Limited
Main business	:	Commercial banking
Head Office	:	3000 Phahon Yothin Road, Chatuchak, Bangkok 10900
Registration No.	:	Bor Mor Jor (Public Limited Company) 248
Tel.	:	0-2299-1111
Fax	:	0-2273-7121-4, 0-2273-7857
Website	:	http://www.tmb.co.th

Registered capital / paid-up capital / number of shares

The Bank's registered capital was Bt. 181,199,672,000 million of which Bt. 153,063,491,790 was paid up, divided into:

- Ordinary shares 13,314,300,579 shares at par value of Bt. 10 / share
- Preferred shares 1,992,048,600 shares at par value of Bt. 10 / share

1.2 Investment of Thai Military Bank Public Company Limited in Other Companies

As at Dec. 31,2003 investments in companies in which the Thai Military Bank Public Company Limited held more than 10% of the paid-up capital in each company were as follows:

Company	Type of Business	Type of Capital (Share)	Paid - up Capital (Share)	TMB's ownership		
				Amount (Share)	Percentage	Amount (Baht) (net of allowance for diminution in value)
1. PHAYATHAI ASSET MANAGEMENT CO.,LTD.	FINANCE	COMMON STOCK	70,000,000	70,000,000	100.00	0.00
2. AJALA CO., LTD.	REAL ESTATE	COMMON STOCK	50,000	49,994	99.99	49,994.00
3. ADVANCE INFO SERVICE PUBLIC CO.,LTD.	SERVICES	COMMON STOCK	1,000,000	999,991	99.99	0.00
4. IFCT ADVISORY CO.,LTD.	SERVICES	COMMON STOCK	1,000,000	999,993	99.99	0.00
5. TMB PROPERTY DEVELOPMENT CO.,LTD.	REAL ESTATE	COMMON STOCK	10,000	9,993	99.93	4,169,342.92
6. DBS THAI DANU BANK Plc.- WARRANT 1	FINANCE	WARRANT	1,350,000,000	1,349,020,532	99.93	0.00
7. THAI DANU PANPOL FIXED INCOME FUND	FINANCE	UNIT TRUST	37,228,368	37,163,317	99.82	401,363.84
8. DBS THAI DANU BANK Plc.	FINANCE	COMMON STOCK	2,075,140,069	2,071,523,199	99.82	0.00
9. DESIGNEE FOR ETA CONTRACT CO.,LTD.	PROPERTY	COMMON STOCK	1,000	994	99.40	0.00
10. THAI DANU TAWEE KAMRAI FIXED INCOME	FINANCE	UNIT TRUST	5,033,405	5,000,000	99.34	326,500.00
11. THE DIVIDEND FUND OF FUNDS	FINANCE	UNIT TRUST	5,097,000	5,000,000	98.10	10,693,000.00
12. IFCT RUAM THOON	FINANCE	UNIT TRUST	58,109,844	50,000,000	86.04	35,045,000.00
13. SRF	MUTUAL FUND	UNIT TRUST	122,500,000	74,365,462	60.71	0.00
14. THAI BUSINESS FUND 1	FINANCE	UNIT TRUST	135,000,000	67,500,000	50.00	0.00
15. THAI ORIX LEASING CO.,LTD.	SERVICES	COMMON STOCK	20,000,000	9,192,960	45.96	0.00
16. TMB ASSET MANAGEMENT CO. LTD.	FINANCE	COMMON STOCK	10,000,000	4,499,999	45.00	0.00
17. SINPATTANA	FINANCE	UNIT TRUST	15,329,389	6,664,100	43.47	1,838,625.19
18. DYNAMIC EASTERN ONE	FINANCE	UNIT TRUST	42,012,600	17,450,000	41.53	5,943,470.00
19. SINPINO FIVE FUND	FINANCE	UNIT TRUST	18,806,067	7,669,900	40.78	6,435,813.09
20. UNITED FUND	FINANCE	UNIT TRUST	17,386,540	6,518,000	37.49	2,180,271.00
21. THAILAND CARPET PCL.	PRODUCTION	COMMON STOCK	55,555,556	19,915,556	35.85	7,966,222.40
22. THAI BUSINESS FUND 2	FINANCE	UNIT TRUST	150,000,000	80,000,000	31.99	0.00
23. PHAYATHAI PROPERTY FUND	MUTUAL FUND	UNIT TRUST	60,000,000	17,999,900	29.99	0.00
24. THANA PHUM	FINANCE	UNIT TRUST	19,247,776	5,299,500	27.53	3,327,026.10
25. SINPINO FOUR FUND	FINANCE	UNIT TRUST	7,633,138	2,009,400	26.32	2,680,740.54
26. GOLDEN SHOWER TREE CO.,LTD.	WHOLESALE/RETAIL	COMMON STOCK	200,000	50,000	25.00	0.00
27. N D GROUP FEEDMILL CO.,LTD.	WHOLESALE/RETAIL	COMMON STOCK	120,000	30,000	25.00	0.00
28. WING GROUP CO.,LTD.	WHOLESALE/RETAIL	COMMON STOCK	9,000	2,250	25.00	0.00
29. SIAM SAMSUNG LIFE INSURANCE CO.,LTD.	SERVICES	COMMON STOCK	50,000,000	12,500,000	25.00	0.00
30. MFC ASSET MANAGEMENT Plc.	FINANCE	COMMON STOCK	120,000,000	29,814,000	24.85	0.00
31. THAI HEAT EXCHANGE Plc.	PRODUCTION	COMMON STOCK	51,298,800	12,412,900	24.20	(9,185,546.00)
32. THAI-GERMAN PRODUCTS Plc.	PRODUCTION	COMMON STOCK	324,583,333	77,815,493	23.97	0.00
33. ALCAN PACKAGING STRONGPACK Plc.	PRODUCTION	COMMON STOCK	33,000,000	7,594,080	23.01	0.00
34. THUMRIN HOTELN CO.,LTD.	HOTEL	PREFERRED STOCK	93,035,797	20,159,000	21.67	0.00
35. SIAM-FERRO INDUSTRIES CO.,LTD.	PRODUCTION	COMMON STOCK	2,500,000	538,271	21.53	0.00
36. RUAM PATTANA TWO	FINANCE	UNIT TRUST	31,601,618	6,366,100	20.14	(2,928,406.00)
37. PROSPECTITY INDUSTRIAL ESTATE	CONSTRUCTION	COMMON STOCK	4,739,840	947,967	20.00	45,165,608.00
38. HIGH PRESSURE STEEL PIPE INDUSTRY CO.,LTD.	PRODUCTION	COMMON STOCK	500,000	99,880	19.98	0.00
39. THAI PATTANA FUND 1	FINANCE	UNIT TRUST	108,000,000	21,000,000	19.44	184,744,990.50
40. BANGKOK VISYAPK CO.,LTD.	PRODUCTION	COMMON STOCK	700,000	133,333	19.05	13,333,300.00
41. ZIGMA CONCRETE CO.,LTD.	PRODUCTION	PREFERRED STOCK	10,853,762	1,914,020	17.63	0.00
42. RURAL CAPITAL PARTNERS CO.,LTD.	FINANCE	COMMON STOCK	1,000,000	175,000	17.50	257,250.00
43. SATANG DAENG TWO	FINANCE	UNIT TRUST	59,281,938	10,034,200	16.93	2,145,311.96

Company	Type of Business	Type of Capital (Share)	Paid - up Capital (Share)	TMB's ownership		
				Amount (Share)	Percentage	Amount (Baht) (net of allowance for diminution in value)
44. THUN RAUM KARN CO., LTD.	FINANCE	COMMON STOCK	240,000	40,000	16.67	1,044,400.00
45. BI JOUX B.S. CO.,LTD.	WHOLESALE/RETAIL	COMMON STOCK	120,000	20,000	16.67	0.00
46. THAI CHAREONPHOL INDUSTRY CO.,LTD.	PRODUCTION	COMMON STOCK	15,500	2,500	16.13	0.00
48. ONE-FLEXIBLE FUND	FINANCE	UNIT TRUST	19,376,780	1,841,470	15.33	(1,780,517.15)
49. THAI RATING AND INFORMATION SERVICE CO.,LTD.	SERVICES	COMMON STOCK	1,000,000	153,000	15.30	14,361,948.00
50. PIBOON CONCRETE CO.,LTD.	PRODUCTION	COMMON STOCK	8,000,000	1,200,000	15.00	0.00
51. SANWA INTER FOOD CO.,LTD.	PRODUCTION	COMMON STOCK	10,000,000	1,500,000	15.00	0.00
52. NORTHERN MATERIAL AND CONCRETE CO.,LTD.	REAL ESTATE	COMMON STOCK	200,000	30,000	15.00	0.00
53. NAM SENG INSURANCE Plc.	SERVICES	COMMON STOCK	13,900,000	2,059,063	14.81	(1,029,531.50)
54. M-HOME SPV 1 CO.,LTD.	CONSTRUCTION	COMMON STOCK	10,000	1,471	14.71	0.00
55. THAI ASIA RICE PRODUCTS CO.,LTD.	PRODUCTION	COMMON STOCK	350,000	50,000	14.28	5,000,000.00
56. ASEAN POTASH MINING Plc.	MINING	COMMON STOCK	12,870,000	1,818,500	14.13	126,585,464.11
57. ADKINSON GROWTH FUND	FINANCE	UNIT TRUST	42,485,440	5,896,600	13.88	(1,536,653.96)
58. THAI BUSINESS FUND 5	FINANCE	UNIT TRUST	147,000,000	30,000,000	13.64	263,271,000.00
59. OLYMPIA	PRODUCTION	COMMON STOCK	1,941,516	251,816	12.97	0.00
60. WONGPAITON GROUP PUBLIC CO.,LTD.	PRODUCTION	COMMON STOCK	604,845,880	76,693,851	12.68	0.00
61. THAI PRECISION MANUFACTURING CO.,LTD.	PRODUCTION	COMMON STOCK	4,017,984	501,356	12.48	0.00
62. THE THAI INRURANCE Plc.	SERVICES	COMMON STOCK	9,599,966	1,180,800	12.30	(2,243,520.00)
63. SCB MUNKHONG OPEN-END FUND	FINANCE	UNIT TRUST	70,567,365	8,268,800	11.72	3,880,547.84
64. THAI NAM PLASTIC Plc.	PRODUCTION	COMMON STOCK	21,175,004	2,425,772	11.46	23,772,565.60
65. SIAM STEEL SYNDICATE CO.,LTD.	PRODUCTION	PREFERRED STOCK	47,238,120	5,398,006	11.43	1,781,341.98
66. THAI BUSINESS FUND 4	FINANCE	UNIT TRUST	315,000,000	35,000,000	11.11	350,000,000.00
67. THAI BARODA INDUSTRIES CO.,LTD.	WHOLESALE/RETAIL	COMMON STOCK	9,050,000	968,130	10.70	0.00
68. SINCHADA	FINANCE	UNIT TRUST	17,213,011	1,789,400	10.39	199,339.16
69. ISUZUHY	PRODUCTION	PREFERRED STOCK	310,892	31,700	10.20	0.00
70. PAIBOON INSURANCE CO.,LTD.	SERVICES	COMMON STOCK	2,000,000	200,000	10.00	30,200,000.00
71. DANU THAI HOLDING CO.,LTD.	FINANCE	COMMON STOCK	370,000	37,000	10.00	3,700,000.00
72. NAVA SC SECURITIES INVESMENT CO,LTD.	FINANCE	COMMON STOCK	190,151,850	9,507,592	10.00	0.00
73. BANGKOK PATAYA HOSPITAL CO.,LTD.	HEALTHY	COMMON STOCK	28,000,000	2,800,000	10.00	60,762,000.00
74. ELECTRICAL	PRODUCTION	PREFERRED STOCK	20,000	2,000	10.00	500,000.00
75. LANNA AGRO INDUSTRY CO.,LTD.	PRODUCTION	COMMON STOCK	700,000	70,000	10.00	921,900.00
76. PETPAK CO.,LTD.	PRODUCTION	COMMON STOCK	800,000	80,000	10.00	0.00
77. PATHUMTHANI JUTE MILL CO.,LTD.	PRODUCTION	COMMON STOCK	330,000	33,000	10.00	3,300,000.00
78. RIVON FOOD (THAILAND) CO.,LTD.	PRODUCTION	COMMON STOCK	1,500,000	150,000	10.00	0.00
79. SIAM BUYCK COMPANY LIMITED	CONSTRUCTION	COMMON STOCK	9,000,000	900,000	10.00	0.00
80. FERRY LINE PUBLIC CO.,LTD.	TRANSPORTATION	COMMON STOCK	19,000,000	1,900,000	10.00	0.00
81. WHOLESALE TOWN CO.,LTD.	TRANSPORTATION	COMMON STOCK	22,000	2,200	10.00	0.00
82. ACE CAPITAL CO.,LTD.	FINANCE	COMMON STOCK	30,000,000	3,000,000	10.00	0.00
83. T.A.B. BROKER CO.,LTD.	FINANCE	COMMON STOCK	50,000	5,000	10.00	500,000.00
84. TPF LEASING CO.,LTD.	FINANCE	COMMON STOCK	6,000,000	600,000	10.00	0.00
85. M THAI ESTATE CO.,LTD.	REAL ESTATE	COMMON STOCK	30,000,000	3,000,000	10.00	0.00
86. NAVA NAKORN DISTRIBUTION CENTER CO.,LTD.	REAL ESTATE	COMMON STOCK	1,800,000	180,000	10.00	18,000,000.00
87. SIMA THANI CO.,LTD.	REAL ESTATE	COMMON STOCK	27,000,000	2,700,000	10.00	0.00
88. SIAM REGAL CO.,LTD.	REAL ESTATE	PREFERRED STOCK	10,000	1,000	10.00	100,000.00
89. THAI CONTAINER SYSTEMS CO.,LTD.	REAL ESTATE	COMMON STOCK	2,678,600	267,860	10.00	24,937,766.00

1.3 Other referral parties

- (1) Share Registrar: Thailand Securities Depository Co., Ltd.
The Stock Exchange of Thailand Building
62 Ratchadapisek Road, Klongtoey
Bangkok 10110, Thailand
Tel. 0-2229-2800
- (2) Auditors: Mr. Nirand Lilamethwat CPA No. 2316
Or Mr. Winij Silamongkon CPA No. 3378
Or Mr. Thirdthong Thepmungkorn CPA No. 3787
Or Mrs. Wilai Buranakittisophon CPA No. 3920
KPMG Bhumichai Audit Co., Ltd.
22 Fl., Empire Tower
195 South Sathorn Road, Yannawa
Sathorn District, Bangkok 10120
Tel. 0-2677-2000
- (3) Legal Advisor: Ms. Nattanich Satitjindavongee
Service Contract dated September 1, 2004
From September 1, 2004 to June 30, 2005
BFS Law Co., Ltd. by Ms. Nattanich Satitjindavongee
50/32 Langsuan Road, Lumpini
Pathumwan District, Bangkok 10300

2. FINANCIAL HIGHLIGHTS

Amounts : Million Baht

	Consolidated Financial Statements			Bank Only Financial Statements		
	Dec,31, 2004	Dec,31, 2003	Dec,31, 2002	Dec,31, 2004	Dec,31, 2003	Dec,31, 2002
FINANCIAL STATEMENT INFORMATION						
TOTAL ASSETS	670,132	378,995	391,265	672,739	379,147	391,296
TOTAL LIABILITIES	624,976	351,519	376,979	627,588	351,671	377,010
SHAREHOLDERS' EQUITY	45,156	27,476	14,286	45,151	27,476	14,286
INTEREST AND DIVIDEND INCOME	17,552	15,681	16,418	17,162	14,754	16,008
INTEREST EXPENSES	6,401	8,263	10,356	6,400	8,263	10,358
NET INTEREST AND DIVIDEND INCOME	11,151	7,418	6,062	10,762	6,491	5,650
NON-INTEREST INCOME	4,576	3,946	4,281	4,429	3,403	4,189
NON-INTEREST EXPENSES	9,305	11,287	7,540	8,772	7,786	7,348
TOTAL INCOME	22,128	19,627	20,699	21,591	18,157	20,197
NET PROFIT (LOSS)	948	(14,054)	(160)	948	(14,054)	(160)
FINANCIAL RATIOS						
NET PROFIT (LOSS) TO TOTAL INCOME RATIO (%)	4.28	(71.61)	(0.77)	4.39	(77.40)	(0.79)
RETURN ON EQUITY (%)	2.61	(67.30)	(1.15)	2.61	(67.30)	(1.15)
RETURN ON ASSETS (%)	0.18	(3.65)	(0.04)	0.18	(3.65)	(0.04)
BASIC EARNINGS (LOSS) PER SHARE (BAHT)	0.09	(3.79)	(0.08)	0.09	(3.79)	(0.08)
DILUTED EARNINGS (LOSS) PER SHARE (BAHT)	0.07	(2.46)	(0.04)	0.07	(2.46)	(0.04)
DIVIDEND PER SHARE (BAHT)	-	-	-	-	-	-
PAYOUT RATIO (%)	-	-	-	-	-	-
BOOK VALUE PER SHARE (BAHT)	2.95	2.64	3.57	2.95	2.64	3.57
CAPITAL ADEQUACY RATIO (%)	8.79	10.63	11.32	8.80	10.59	11.26

3. Nature of Business

3.1 Background

Thai Military Bank Plc (“TMB” or “the Bank”) was established on November 8, 1957 at Mansion 2, Rajdamnern Avenue. At the time, Field Marshal Saridi Dhanarajata was the Chairman of the Board of Directors and Mr. Chote Guna-Kasem was the Bank’s President, with total workforce of 26 employees. TMB’s initial registered capital was Bt. 10 million, divided into 100,000 shares each of Bt. 100 par value. Most of its shareholders in the initial stage were military personnel both in and out of service. In 1994, the Bank was transformed into a public limited company. It joined in the tier 1 capital enhancement project in May 2000. In September 2003, the Bank increased its registered capital by Bt. 22.417 billion, making up a total of Bt. 104.080 billion fully paid-up capital. At its Ordinary General Meeting of Shareholders held on April 29, 2004, TMB was resolved to raise its registered capital from Bt. 104.080 billion to Bt. 181.200 billion through issuance of 7,712 million ordinary shares at par value of Bt. 10 per share and 100,000 class C preferred shares at par value of Bt. 10 per share.

As of December 31, 2004, the Bank’s paid-up registered capital accounted for Bt. 153.063 billion, involving 13,314,300,579 ordinary shares at par value of Bt. 10 per share and 1,992,048,600 preferred shares at par value of Bt. 10 per share.

As of August 13, 2004 TMB’s major shareholders are Ministry of Finance holding a stake of 31.23%, DBS Bank A/C 003 16.10%, and Royal Thai Army 3.47%.

3.2 Business merger

The Bank’s competitive strategy mapped out amid the intensifying competition is to become a universal bank with high potentiality and economy of scale, offering full-fledged services to cater for all customer groups and cover all regions through its broad networks across the country. To achieve this, the Ministry of Finance (MoF) and the shareholders of the Bank, DBS Thai Danu Bank Plc. (DTDB) and the Industrial Finance Corporation of Thailand (IFCT) entered into a merger deal with a view to generating benefits to all the parties concerned in line with the above strategy. The deal corresponded with the adoption of the Financial Master Plan engineered by the MoF and the Bank of Thailand (BoT) which aims at consolidating financial institutions to boost their competitive edge and enhance their service capabilities. In this respect, amendment was made to the Industrial Finance Corporation of Thailand Act B.E. 2502 to allow for IFCT’s merger with other financial institutions.

Therefore, to boost the competitive edge and stability, and to cope with the changing situation as well as to adapt to the changing financial regime under the Financial Sector Master Plan, Ministry of Finance and shareholders of the three institutions, namely TMB, DTDB and IFCT embarked on the merger proceeding to benefit the financial sector, the general customers, and the parties involved according to the government policy which will fortify the economy as a whole. The merits from the business merger can be concluded below:

1. The post-merger bank will be financially strong with total assets of Bt. 670.132 billion, the fifth largest in the Thai financial system, around 4 million clients and loan portfolios of Bt. 514.374 billion as per the consolidated financial statements ended December 31, 2004.
2. As of December 31, 2004, the post-merger bank has 453 branches both at home and overseas, and 1,004 automated teller machines (ATM) nationwide, contributing to its thorough service provision to the clients and bringing about synergy based on their distinguished strengths.
3. It will be able to offer full-fledged services with quality up to the standard acceptable to the public and private sectors as well as the general individuals, covering project financing, consumer banking, investment banking, acceptance of deposits, credit card services, and so on. One example of this is cross selling business thereby existing corporate and SME customers who earlier could not find such facilities as current account, overdraft and money transfer services available from IFCT, due to its business restrictions under the law, can now access full facilities offered by the post-merger bank. This will not only provide convenience to the clients but also help level up interest income and fee income to the bank.

4. The post-merger bank will be able to compete well against other large banks due to the economy of scale created by the merger which helps lower operating cost per unit. Its interest and fee income base will be expanded with new financial services introduced. Overlapping expenses of head office will be relieved, the same as IT expenses. Low-cost funds will replace the higher cost funds raised by IFCT which was prohibited by the law from accepting deposits from the public.

Net asset values of DTDB and IFCT as of the business transfer date were given in Notes Nos. 1 (General Information) of the Notes to Financial Statements.

3.3 Significant changes and developments in 2004

TMB responded to the Cabinet resolution on January 20, 2004 and the policy of Ministry of Finance as the major shareholder by proceeding with the business merger and transfer with DTDB and IFCT, as detailed in clause 3.2 on business merger. Key changes and developments in 2004 are thus focused on the issue as concluded below:

On January 20, 2004, the Cabinet endorsed the draft Emergency Decree amending the Industrial Finance Corporation of Thailand Act B.E. 2502, B.E. 2547, and Ministry of Finance notified its policy to have IFCT merged with TMB. IFCT would also join in case of TMB-DTDB merger.

The Bank's Board of Director' meeting no. 1/2547 held on January 27, 2004 resolved for the merger proceeding as follows:

- (1) Approval in principle for the merger between TMB and DTDB to be undertaken by way of making a tender offer and transfer of the whole business pursuant to Section 38 quarter of Commercial Banking Act B.E. 2505 as approved by Ministry of Finance and under the recommendation of Bank of Thailand, and approval of the execution of Memorandum of Understanding with DTDB to draw preliminary guidelines of the merger.
- (2) Approval for TMB in collaboration with DTDB to negotiate and proceed with the merger with IFCT.
- (3) Authorization of certain members of the Board of Executive Directors together with key management personnel to sit on the Integration Steering Committee to consider merger details on a fair and explainable basis.

The above procedures which are key changes and developments are categorized into three stages below:

- Study and preparation - handled in parallel with share swap of the three parties, scheduled for completion by July 2, 2004 (Ownership Day 1).
- Structure-related implementation - the three parties integrated into one single entity in legal term, scheduled for completion by September 1, 2004 (Legal Day 1).
- System-related implementation - the work process and computer systems of the three parties harmonized to efficiently offer services to customers and the public, scheduled for completion by October 18, 2004 (System Day 1).

The implementation of the three stages was completed, posing impacts on the Bank's organization structure, service network and products and services as follows:

1. Organization structure

The Bank has embarked on the restructuring of its organization on the basis of universal banking, with the strengths of the three parties blended to ensure administration flexibility and efficiency, and allow for transparency being open for inspection in line with the good governance principles. The new organization took effect on September 1, 2004, details of which are in clause 5.2 on management.

2. Service network

The post-merger Bank has a larger service network, comprising one head office and 453 branches divided into 450 domestic ones and three overseas. Of the total domestic branches, 197 are in Bangkok and Greater Bangkok and 253 are in the provinces. Altogether 388 of these branches are full branches while the other 62 are sub-branches. There are 1,004 ATMs across the country.

3. Products and services

The post-merger Bank will be able to offer fully integrated services to all target groups no longer with any limitations. This will facilitate full service provision to the clients of each merge party. The bolstered potentiality of the Bank in development of new products and services on a broader and deeper scale will give customer access to quality products with world-class services.

Table showing products and financial services of the post-merger bank

Product Portfolio	TMB	DTDB	IFCT	Product Portfolio	TMB	DTDB	IFCT
<u>Deposit</u>				<u>Fee-based</u>			
• Saving	✓	✓	TMB	• ATM/debit Cards	✓	✓	
• Fixed	✓	✓		• Smart card/Micro cash cards		✓	
• Current	✓	✓		• Phone/mobile, internet banking	✓	✓	
• Insurance linked saving	✓	✓		• Fund management	✓		
• Bond/Debenture	✓		✓	• Aval/Acceptance	✓	✓	✓
• Interest checking (Check Plus)		✓		• L/C	✓	✓	✓
• Foreign Currency a/c	✓	✓	DTDB	• LG	✓	✓	✓
<u>Lending</u>				• Chq Collection services	✓	✓	
• Credit card	✓	✓		• Collections: against payment Acceptance	✓	✓	✓
• Personal loan-secured	✓	✓		• FX/Remittance	✓	✓	✓
• Personal loan-unsecured	DTDB	✓		• Payments	✓	✓	
• Entrepreneur loan	✓	✓		• Cash management services	✓	✓	TMB/DTDB
• Education loans	✓	✓		• Gift chq/Bank draft	✓	✓	
• SME loans	✓		✓	• Investment banking & financial advisory services			
• Project finance loan		✓	✓	- Fund raising			✓
• CapEx loans	IFCT	IFCT		- Corporatization & private	IFCT	IFCT	✓
• OD	✓	✓		- Feasibility study			✓
• Packing Credit	✓	✓	✓	- Valuation, M&A			✓
• T/R		✓	✓	- Venture capital services	IFCT		✓
• Export/Import loans		✓	✓	• Business advisory			✓
• Corporate lending	✓	✓	✓	• Research			✓



means the product is already available from such institution.

means the indicated institution can offer the product to another institution

3.4 Business operations

3.4.1 Business overview of the Bank and its subsidiary and associated companies

TMB has operated its commercial banking business under the license granted by the Ministry of Finance and with the consent given by the Bank of Thailand. It has also operated securities business as licensed by the Ministry of Finance and consented by the Securities and Exchange Commission. The Bank aims at responding to the needs of the clients through its branch network of 453 branches and 1,004 ATMs, as well as electronics banking systems. Its businesses can be summed up as follows:

- Commercial banking business is carried out in accordance with the provisions of the Commercial Banking Act, covering accepting of deposits, extension of credit facilities, money transfer, issuance of guarantee and aval facilities, foreign exchange transactions, international remittance, issuance of letter of credit, ATM card and credit card services, custodian services, and telephone banking services.
- Offshore banking business (Bangkok International Banking Facilities) covers loan lending with funds available from outside to overseas customers (out-out transactions) and to local customers (out-in transactions). Other offshore banking services include foreign currency trading, aval facility, acceptances and guarantee facilities in foreign currencies, forward exchange contracts, etc.
- Investment banking business includes financial advisory service, being selling agent of unit trusts and equity instruments, securities trading and dealing, pension fund management, private fund management and custodian service.
- Other businesses as permitted by the regulatory authorities include acting as alliance partners with insurance companies as their agents etc.

3.4.2 Subsidiary companies

1. Phayathai Asset Management Co., Ltd.

Established by the Bank to manage non-performing assets and collateralized assets transferred from the Bank to ensure optimum return.

2. IFCT Advisory Co., Ltd.

Providing financial advisory services to customers in general, in relation to the such areas as fund raising, loan arrangement, project feasibility study, debt restructuring, business and financial structuring etc.

3. Asset Development Co., Ltd.

Established to operate leasing and hire-purchase businesses, trading and lease of real estate, accounting service and investment in securities.

4. Designee for ETA Contracts Co., Ltd.

Established under the agreement made between a group of lenders and Bangkok Expressway Plc. to hold all transferable titles prescribed in the concession agreement of the second stage expressway construction signed between the Expressway and Rapid Transit Authority of Thailand and Bangkok Expressway Plc. The Bank, acting as its security agent, is the subsidiary's major shareholder.

5. DBS Thai Danu Bank Plc.

Operate full-scale commercial banking business as prescribed by the Commercial Banking Act and other related businesses as permitted by the Ministry of Finance, the Bank of Thailand and the relevant agencies. As of December 31, 2004, its merger with TMB legally took effect. Its business liquidation is underway which will eventually lead to business dissolution.

Shareholding by TMB in subsidiaries as of December 31, 2004

Company name	Type of business	Paid-up registered capital (Bt.)	TMB's shareholding as of Dec. 31, 04 (%)
Subsidiaries			
Phayathai Asset Management Co.,Ltd.	Financial business	700,000,000	100.00
IFCT Advisory Co., Ltd.	Financial business	10,000,000	100.00
Asset Development Co., Ltd.	Financial business	100,000,000	100.00
Designee for ETA Contracts Co., Ltd.	Infrastructure	75,000	99.40
DBS Thai Danu Bank Plc.	Banking business	20,751,400,000	99.87

3.4.3 Associated companies

Classified into two types below:

(1) Associated companies (with over 20% but not over 50% stake held by the Bank) which are juristic persons of limited company type are:

- Thai Orix Leasing Co., Ltd.

Provide leasing and hire-purchase services of office equipment, machinery and vehicles to SMEs.

- TMB Asset Management Co., Ltd. and MFC Asset Management Plc.

Deal with fund management under the law on securities and exchange and investment businesses as permitted by the Securities and Exchange Commission.

- Siam Samsung Life Insurance Co., Ltd.

Engage in life and accident insurance business.

- Alcan Packaging Stronpack Plc.

Be a manufacturer of flexible film packaging.

(2) Associated companies which are juristic persons of mutual fund type are:

- Thai Business Fund 1 and Thai Business Fund 2

Established to mobilize funds from institutional investors for investment in properties or right claims in the form of non-redeemable investment units.

- Siam Resort Fund and Phayathai Property Fund

Established to mobilize funds from institutional investors for investment in properties or right claims in the form of non-redeemable investment units.

TMB's shareholding in associated companies as of December 31, 2004

Company name	Type of business	Paid-up registered capital (Bt.)	TMB's shareholding as of Dec. 31, 04 (%)
Limited companies			
Thai Orix Leasing Co., Ltd.	Financial business	200,000,000	45.96
TMB Asset Management Co., Ltd.	Financial business	100,000,000	45.00
Siam Samsung Life Insurance Co., Ltd.	Life insurance	500,000,000	25.00
MFC Asset Management Plc.	Financial business	120,000,000	24.85
Alcan Packaging Strongpack Plc.	Packaging business	330,000,000	23.01
Mutual fund			
Siam Resort Fund	Mutual fund	1,225,000,000	60.71
Thai Business Fund 1	Mutual fund	1,350,000,000	50.00
Thai Business Fund 2	Mutual fund	2,500,000,000	31.99
Phayathai Property Fund	Mutual fund	600,000,000	29.99

3.4.4 Business delegation policy

Business operations are delegated among the companies in the group by type of business as classified below:

1. Companies in financial or core business-invested by the Bank with an aim to provide supports and development of financial services to its customers with optimum efficiency and fully-integrated service.
2. Companies in back-up business-invested by the Bank to provide services back to the Bank or operate other businesses on behalf of the Bank.
3. Companies in general or non-core business-the Bank has a policy to reduce its investment in these types of companies by divesting at the fair prices.
4. Investments in unit trusts of all types-aimed at enhancing liquidity management and being alternative source of additional income as well as supporting the Bank's and the group's securities selling agent role.
5. Debt-tied companies-under the policy to divest holdings in companies owned through debt restructuring, divestment to be made according to the Bank of Thailand's regulations.

3.5 Income Structure

From its non-consolidated and consolidated financial statements as of the end of 2004, the Bank's net interest and dividend income after provision of bad and doubtful debts and losses from debt restructuring amounted to Bt. 5.341 billion and Bt. 5.728 billion respectively. Non-interest income accounted for Bt. 4.429 billion and Bt. 4.576 billion, earned mainly from fees and service charges, followed by profit from investments and foreign exchange gains respectively.

Thai Military Bank Plc. (TMB)

Unit : Bt. million

	Consolidated financial statements						Non-consolidated financial statements					
	2004		2003		2002		2004		2003		2002	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Net interest and dividend income after provision for bad and doubtful debts and losses from debt restructuring	5,728	55.6	(6,667)	(245.0)	3,145	42.4	5,341	54.7	(9,626)	(154.7)	3,045	42.1
Non-interest income												
Profit from investments	1,151	11.2	598	22.0	835	11.3	1,105	11.3	574	9.2	828	11.5
Sharing of profit from investments on equity method	87	0.8	397	14.6	200	2.7	(250)	(2.6)	(320)	(5.1)	161	2.2
Frees and service charges	2,440	23.7	2,348	86.3	2,253	30.3	2,448	25.1	2,348	37.7	2,253	31.2
Gains from foreign exchange	601	5.8	470	17.3	863	11.6	601	6.2	470	7.6	863	11.9
Profit from asset disposition	-	-	-	-	61	0.8	252	2.6	203	3.3	15	0.2
Other income	297	2.9	133	4.9	69	0.9	274	2.8	128	2.1	68	0.9
Total non-interest income	4,576	44.4	3,946	145.0	4,281	57.7	4,429	45.3	3,403	54.7	4,188	57.9
Total income	10,304	100.0	(2,721)	(100.0)	7,426	100.00	9,770	100.0	(6,223)	(100.0)	7,233	100.0

3.6 Business groups' operations

With its focus to provide full services to customers, the Bank has classified its services into 3 main types; the accepting of money deposit, credit facilities extension, and other services such as Bancassurance, credit card, fleet card, bill payment, Bahtnet or direct debit, foreign currency, investment banking, international banking facility, financial advisory service, phone banking, and electronic banking. Details of deposit services and credit facilities extension, which are the Bank's main businesses, are as follows:

3.6.1 Deposit services

Deposit is regarded as the Bank's major source of fund. The Bank accepts deposit from individuals and business entities through branch network. Deposit services can be categorized into 4 main types; current, savings, times, and others such as certificates of deposit.

Type of Deposit	December 31, 2004		December 31, 2003	
	Amount (Bt. Million)	Portion (%)	Amount (Bt. Million)	Portion (%)
Current	13,207	2.8	10,226	3.1
Savings	164,061	36.0	123,219	38.3
Times	273,331	60.0	186,088	57.8
Others (Certificates of Deposit)	5,346	1.2	2,525	0.7
Total	455,945	100.0	322,058	100.0

As of December 31, 2004, the Bank has total deposits of Bt. 455,945 million. Times deposit has the highest portion of 60% of total deposits, the second is the savings account which are 36% of total deposits. However, the portion of times deposit is declined while savings account has a higher portion because the Bank has increased the savings accounts which have a lower cost of fund. Besides, the times deposits with high interest rate gradually reach their maturity which resulted in the Bank's declining operating costs.

3.6.2 Credit facilities

(1) Proportion of credit facilities granting

The Bank has 3 main types of credit facilities categorized by function units as follows:

1. Corporate credit refers to credit facilities granted to juristic entities at a minimum loan amount of Bt. 300 million. It comprises project finance, agriculture and agricultural industry finance, commercial finance, industrial and services finance, and syndicated loans.

2. SMEs refers to credit facilities granted to individuals or juristic entities within the loan amount of Bt. 300 million. Qualifications of the customers would be in accordance with the definition of SMEs defined by the regulatory agencies.

3. Consumer credit refers to credit facilities granted to individuals for consuming and purchasing houses such as premier housing loan and loan for high education. Details of credit facilities are as follows:

	<u>Dec. 31, 2004</u>
Corporate Credit	40%
SMEs	47%
Consumer Credit	13%

(2) Credit facilities granting policy and collateral

The Bank has a policy of credit facilities granting of both short-term credit for business revolving funds and long-term credit for investment in assets to enhance economic stability. The guidelines of credit facilities granting are as follows:

1. To support industrial businesses that generate profits into Thailand and enhance employment in significant economic sectors. The main emphasis is placed on the expansion of SMEs and consumer business.

2. To support businesses with good trends and good rate of return with an avoidance of credit extension to any businesses that have no substantial contributions to the nation's economy or harmful to the society.

3. Credit granting would be done by taking into consideration the business potential, business performance, individual income and pay back abilities. The Bank would also consider the stability of assets being placed as collateral which is the secondary source of income.

4. The Bank's return from credit granting would be imposed from the return fluctuated by the Bank's liquidity position and operating costs, the customer's status, as well as the competitive situation.

As of December 31, 2004, credit facilities were largely given to manufacturing and commercial sectors at 48.5% of the total credit given to all sectors. The second largest amount of credit at a combined ratio of 20.6% was given to the public utility and service sectors.

(3) Policies on supervision, credit approval and loan follow - up

(3.1) Supervision

1. To grant credit facilities to each customer or any business group of not exceeding 25% of the Bank's Tier 1 capital.

2. To control the lending in order that it would not concentrate in any particular business sector which may cause damages to the Bank if it encounters loss. The Bank takes into consideration the qualifications of customer, customer of the same business group or subsidiary company as prescribed in the Commercial Banking Act and the notification of the Bank of Thailand, the industry condition and trends, and economic conditions that would result in the customer capabilities.

3. To set a minimum requirement of collateral to secured credit line of not exceeding the appraisal value of the assets or to control the clean credit. The Bank will consider the type of collateral according to the risk of cash convertible, set the appraisal value for the approval authority such as the land, which would be calculated up to 90% of its collateral value within 1 year from the appraisal date. The Bank also set the portion of collateral value to credit line regarding of the direct loan, obligatory commitments, payment liability, or contingent liability. Besides, an approval of the guarantee on loan would be considered according to the customer grades such as when the customer is the SMEs business and being class A juristic entity, the chairman / directors or a significant number of managing partners have to place the personal guarantee in the full amount of credit line.

4. Credit approval would be done in accordance with the risk analysis with sufficient reasons or protection, and reduction of the possible risk at a manageable level.

5. Credit approval process of the Bank is done through separated credit committees in order that the authority would not be given to a specific committee as follows:

<u>Approval Authority</u>	<u>Amount*</u>
The Board of Directors	Bt. 7 billion and above
The Board of Executive Directors	Not exceeding Bt. 7 billion
Credit Committee	Not exceeding Bt. 7 billion
Corporate/SMEs Committee	Not exceeding Bt. 3 billion**
SMEs-Sub Credit Committee	Not exceeding Bt. 200 million

* The approval authority is based on the collateral, type of credit, and the overall risk

**The maximum approval amount is Bt. 7 billion for grade A clients and subject to unanimous approval

6. The Bank has the Credit Review, which responsible for the credit review in accordance with the regulations of the Bank of Thailand. This function unit operates independently under Audit Group, which acts as a secretary to the Audit Committee and is not a member of the Credit Screening Committee.

7. The Bank also has the Audit Committee which operates independently from the Management. The Audit Committee is responsible for the review of the Bank's performance and all process of credit approval.

(3.2) Follow-up of the debtors

1. There is a report of overdue credit classified by number of months overdue of each unit.
2. The Bank would send a letter of notification for payment to any customer with 1-month overdue.
3. The Bank would send a letter of second notification for payment to any customer with 2-month overdue.
4. The Bank would issue a notice to any customer with 3-month overdue.

5. Besides a letter of notification for payment to a customer with 1-month overdue, the Bank's staff will follow up the customer to solve the problem regularly and to negotiate for the debt restructuring by setting up the payment conditions in accordance with the customer's ability. Otherwise, the Bank would bring the lawsuit against the customer for debt compromising or file the case.

3.7 Market conditions and competition

(1) Deposits

In 2004, deposits of commercial banking system expanded slowly by about 2.6%, which were lower than that of 2003. Many commercial banks had redeemed the SLIPS/CAPS at the beginning of 2004, the total deposit flow into the system more than Bt. 90,000 million.

However, the interest rate is still low, thus, some portion of deposits has been transferred to other sources with higher interest rate. Besides, in the third quarter, the Bank of Thailand had offered the government bonds in the total amount of Bt. 90,000 million.

In 2005, it is expected that the total deposits of commercial banking would be expanded at the same rate of 2004 of about 2.5% - 3.0%. Factors affected the expansion of deposits are the good economic growth and domestic interest rate started to move up. Commercial banks trend to increase deposit interest rate gradually, at about 0.75% at the overall by 2004. However, the funding of the government's large-scale infrastructures through the securitization might cause the outflow of deposits from the commercial banking system. If the Deposits Guarantee Corporation is founded by this year, the depositors especially those of the large amount may transfer the portion exceeding the secured amount to invest in other financial instruments.

(2) Credit facilities

In 2004, total loans of the commercial banking system expanded by about 6.8%, which were in line with the expansion of the country's economic transactions. Three types of loans that have the highest growth are manufacturing loans, housing loans, and real-estate business loans.

In 2005, though the growth of country's economic tends to be slow down from 6.2% in 2004 to 5.2% this year, investments is expected to be expanded at a high rate. Significant factor affect the business sector's investment is the rate of manufacturing capacity of manufacturing sectors which is increased to be higher than 70%. This would create business expansion and investment. Significant industries which have production capacity of more than 85% are tyres, automobiles, petrochemical, pulp, electrical circuit, and plastic products. The government sector has a policy of investment in mega projects in the preliminary amount of Bt. 880 billion in 2005-2008. The main investments are in the transportation and energy, through various fund mobilizations. A portion of funding would be from domestic borrowings. In 2005, investment amount would be about 140 billion, which is expected to expand credit continuously from 2004. The private sector's consumption would expand at a slower rate than 2004 due to the previous year's continued high growth and the consumers' confidence affected on the needs of consumer loans and real estate business loans. Besides, the tendency of commercial banks to increase interest rate in this year, in which loan interest rate would be increased at about 0.5% in the second half of 2005, would be another factor that affects the expansion of consumption. Thus, the growth of loans in 2005 would be at 7.0%

(3) Future Trend

Due to strong economic expansion, demand for credit facilities in the financial market is expected to increase significantly in 2005. This would lead to stronger competition among commercial banks in lending. Banks would have to intensify their marketing efforts, particularly in customer service and service channel improvement, to protect their customer bases. Banking services are as follows:

SME credit service

Due to the strong economic growth in 2005, the SMEs customers are strong with business potential. Since SMEs is the group that has a large amount of customers, it would result in stiff competition in credit granting to SMEs. There may be a competition to hold the customer base to spread the risks. Strategy of financial institution is to make a segment and penetrate through each segment by holding a seminar to create relationship, provide effective service and knowledge in business operations to SMEs entrepreneurs.

Consumer credit

There may be a stiff competition, especially in the unsecured personal credit. Since the government's strategy is to stipulate the expenses of people, the level of consuming tends to be higher. Credit providers, thus, improve their financial products to cope with the consumer's needs and to penetrate the customer bases. The clients were centralized by placing emphasis on customer relationship management. The consumers would be clearly categorized in order that the product packages would be proposed to in accordance with their classification and the packages proposed would cope with their needs.

Housing loans

In 2005, the housing loans would be expanded at a slower rate since the past 2 years housing loans expanded continuously at a higher rate while the supporting factors are reduced due to the tendency of higher interest rate and high oil prices.

Credit card business

Competition in this business among commercial banks will remain strong throughout 2005 since the consumers prefer the usage of credit card than cash. Commercial banks thus need to come up with the sale promotion, finding more cardholders along with the keeping of the existing cardholder bases.

Trend of Competition

In 2005, competition in commercial banks tends to be stiffer since the government has a policy to upgrade finance company and Credit Foncier Company to be commercial banks in accordance with the Financial Sector Master Plan. Besides, the private investment, export business, and investment in Mega Projects of the government tend to be expanded continuously. This would have positive results to the loan expansion of commercial banks and employment. Thus, commercial banks have to adjust their strategies by launching the products that serves consumers' needs and increase their effectiveness in service rendered for the competition that would be occurred, to maintain the existing market share, and to increase the market share. At present, the Ministry of Finance approved an upgrade of 9 financial institutions to be commercial banks, each of which has to proceed an upgrade within 1 year from the approval date.

It is expected that the Thai commercial banking system's performance would reflect the changing of loans-deposits and the adjustment of commercial bank's interest rate. Loans would be expanded at a higher rate than deposits continuously from the latest year, which will be a positive factor for the Thai commercial banking system's net interest income. Besides, an attempt to cut down the NPL levels to be in line with the legal requirement would have a positive result in the actual rate of return to credit portfolio in the next year.

Besides, commercial banks' business operations in 2005 would encounter various risk factors, especially the factor in the expansion of economic, which would affect the expansion of loans, the quality of debt, the sufficient of provisions, the liquidity surplus, and the increasing of interest rate. Moreover, some commercial banks might take into consideration the alternatives to strengthen their capital funds for business expansion and the implementation of the Basel II within the next 2-3 years.

3.8 Procurement of products and services

Commercial bank's main businesses are the mobilization of deposits from general public, borrowings from creditors, and fund mobilization from the shareholders with a key conditions in maintaining its capital to risk assets in accordance with the requirements of the Bank of Thailand. The Bank's sources of procurement of products and services are as follows:

(1) Sources of fund

The Bank's major source of fund is the deposits, accounting for 68.04% of the total sources of fund. Others are from borrowings and issuance of securities and financial instruments, depending on the conditions of economic, financial, and investment according to the appropriateness considered by the Bank's Board of Directors.

As of December 31, 2004, according to consolidated financial statements of the Bank and its subsidiaries, there were deposits of Bt. 455,945 million, interbank and money market items of Bt. 62,825 million, borrowings of Bt. 91,869 million, and the shareholder's equity of Bt. 45,145 million, being 68.04%, 9.38%, 13.71%, and 6.74% respectively.

(2) Capital requirements

According to the Bank of Thailand's notification, any commercial bank incorporated in Thailand is required to maintain its capital to assets and liabilities in the ratio of not less than 8.5%. Tier 1 capital must be maintained at a minimum of 4.25% of total assets and liabilities in accordance with the criteria of capital requirement of the Bank of Thailand. As of December 31, 2004, the Bank maintained its capital of Bt. 45,783 million, comprising Tier 1 Capital of Bt. 31,332 million and Tier 2 Capital of Bt. 14,451 million. The Bank's capital maintained in ratio to risk assets of 8.8%, which was higher than the minimum requirements of the Bank of Thailand.

The Bank's capital requirement under the law as of December 31, 2004

(Amount: Bt. million)

Tier 1 capital

Issued and fully paid-up capital and premium on	
Ordinary and preferred shares	85,305
Subordinated debentures cum preferred shares	5,000
Legal reserve	2,100
Other reserves	8,717
Net loss after appropriation	(55,771)
Less Goodwill	(14,019)
Total Tier 1 capital	31,332

Tier 2 capital

Surplus on land revaluation	1,305
Surplus on premises revaluation	806
Provision for assets classified as "normal"	2,000
Quasi equity subordinated debenture	2,050
Subordinated debenture	7,676
(Net) Unrealized gain on revaluation of available-for-sales equity securities	614
Total Tier 2 Capital	14,451
Total capital under law	45,783

Capital to Risk Assets Ratio

(%)

	Consolidated Financial Statements		Only the Bank's Financial Statements	
	2004	2003	2004	2003
Tier 1 capital	6.02	7.70	6.02	7.67
Total Capital	8.79	10.63	8.80	10.59

4. Risk Factors

Commercial banking is deeply intertwined with financial market and economic conditions internally and externally. Changes are commonplace and may take place swiftly. The business environment both in terms of regulatory changes and competitors' adaptation gives effects to the operations of the commercial banks. The main risk factors in operating banking business include:-

4.1 Credit risk

The credit risk is coming from the situation when a customer or a counterpart fails to comply with the terms and conditions of the credit given or avoids paying back the borrowed fund as agreed. The Bank has a policy to lessen this kind of risk through a careful credit granting procedures. Financial position of each customer or a counterpart is thoroughly analyzed while credit granting is to be done step by step under a set of practice rules. Credit is sufficiently secured against certain collateral assets or guarantees to protect the Bank from possible credit loss or any financial damages. Besides, the Bank also takes the business or industrial trend into consideration to determine the viability of a customer's business and ability to pay back. The Bank's lending business is not concentrating in any particular business sector. This is to spread out the credit risk the Bank has to take in its normal operations.

In addition to risk spreading, the Bank takes it seriously not to give credit to any single customer or a business group in excess of the standard limit set by the Bank of Thailand. However, there was an exception for the case that has been granted permission from the Bank of Thailand.

As regards to credit approval procedure, the approval is done through a committee system while all applications for credit received from customers are processed by separated units, the two units responsible for customer service are Corporate and Investment Banking and SME and Development Banking. The other unit responsible for credit analysis and proposal to the committee according to the approval authority is Credit Management. A function unit known as Credit Risk Management is responsible for business trend analysis, assessment, providing supporting information, setting risk spreading policy and setting of appropriate risk-return policy. The Bank also uses risk grading tool and credit scoring model to evaluate the credit risk exposure of each credit facility applied by a customer. After a credit facility is granted to a customer, the Bank would closely monitor the customer's credit utilization. In addition, the Bank has set a credit review procedures, appraisal of customers' quality and regular guarantee review as required by the Bank of Thailand.

4.2 Risk on NPLs and debt restructuring

As of December 31, 2004, the Bank's NPL (excluding interbank and money market items) totaled Bt. 64,230 million or 12.5% of the Bank's total loans. The Bank has set aside the doubtful debts allowance not lower than the minimum requirements of the Bank of Thailand of Bt. 37,396 million. In its effort to reduce the level of NPLs, the bank took different approaches to arrange debt restructuring with customers in financial troubles. The approaches ranged from interest rate reduction, a cut in past due interest payable, repayment term extension, transfer of asset as a means for debt settlement and debt-to-equity conversion. The debt restructuring would be in line with the regulations of the Bank of Thailand. Details of debt restructuring were given in Notes to Financial Statements No. 4.5 on loans and accrued interest receivable.

4.3 Market risk

Market risk involves the risk brought about by the fluctuation of foreign exchange rate, volatility in interest rates and prices of equity securities, all of which have strong impacts on the Bank's assets and liabilities.

The Bank has laid down a policy on risk management and compiled market risk management manual, aiming to control foreign exchange transactions and trading of financial instruments including derivatives, debt and equity securities. Market risk in securities trading is managed basically through a technique known as Value at Risk (VaR). The Bank also sets position and loss limits for its securities investment portfolio and uses a warning system known as Management Action Trigger (MAT).

Corporate Treasury of Finance is a function unit with direct responsibility in producing a daily report on market risk for other units concerned and the senior executives. A monthly report is also compiled for the Asset and Liability Committee (ALCO) to take action as necessary as ALCO is in charge of overall risk control and making top-level strategic policy changes to keep the Bank's market risk exposure at manageable level. The bank has also set up overall risk control system to be consistent with the Bank's policy and regulatory requirements.

As regards to foreign exchange risk, the Bank has set a policy to manage the risk on two purposes. One is to protect the bank from being damaged from various transactions. Another is to protect the customer's interests. Derivative instruments used for the transactions are foreign currency forward bought/sold contracts. All foreign exchange transactions are conducted in compliance with the regulations set by the Bank of Thailand and strictly in line with the Bank's policy. The Bank has no policy to speculate those transactions for profit. Market risk in foreign exchange transactions is related mainly to default by counterpart, which is known specifically as counter party risk. The Bank manages this kind of risk through risk analysis and the setting of transaction limit and timeframe. The Board of Directors would first approve transaction limit set for any counterparts. It is the responsibility of Corporate Treasury of Finance and Exposure and Capital Management of Treasury and Markets to see to it that each transaction is done within the limit as approved by the Board.

4.4 Investment risk

The Bank's securities investment is carefully processed in a series of screenings starting at the operative level in the Corporate and Investment Banking and goes all the way up to the ALCO and the Executive Board before being approved by the Bank's Board of Directors. Investment Business of Corporate and Investment Banking is responsible for setting investment policy under the Bank's investment objectives as well as picking of potential securities for investment and setting of the gross and loss limits. It is also responsible for ensuring that securities investment remains at all time within the Bank's policy and the limits as approved.

Fund for securities investment is set aside under a procedure known as capital allocation, basing on risk data available on each securities picked for investment and counterparts involved. Gross limit and loss limit for each securities marked for investment are set in relation to the Bank's ability to support the risk according to its capital adequacy position.

Investment Business of Corporate and Investment Banking is responsible for reporting portfolio position, results of investment and risk exposure to Chief Executive Officer on a regular basis in order to have information to effect policy changes that would make securities investment consistent with the Bank's mainline business as well as the trends in the local money and capital markets.

In investment accounting, the Bank has strictly followed the generally accepted accounting practices. The bank's investment portfolio is evaluated on a monthly basis. This is to know exactly how much each type of investment in the portfolio is worth at market prices. If the actual value of any investment at market prices or return on the investment is lower than the cost, the Bank will set aside allowance for diminution in value of the securities and recognize the investment loss immediately. This particular accounting practice is in compliance with the accounting standards relating to impairment of assets. It is very helpful as the Bank's investment position is constantly updated and any necessary change in investment policy can be taken at an appropriate time to reduce the impact of the risks taken.

As of the end of 2004, the Bank's net investment in securities at fair value in the consolidated financial statements amounted to Bt. 90,676 million comprising trading investments of Bt. 778 million, available-for-sale securities of Bt. 40,872 million, held-to-maturity debt instruments of Bt. 39,990 million, general investment of Bt. 5,968 million, Investments in subsidiary and associated companies of Bt. 3,010 million. Thus, the total investment is Bt. 90,618 million, adjusted by allowance for revaluation of Bt. 1,298 million and allowance for impairment of Bt. 1,240 million. Details were given in Notes to Financial Statements No.4.4 on investments.

4.5 Liquidity risk

Liquidity risk refers to the situation when the Bank fails to comply with its obligations as the assets cannot be liquidated into cash at current market prices or the Bank fails to raise funds at a normal cost which thus cause damages to the Bank.

The Bank's ALCO is responsible for supervision of liquidity management. The main purposes are to maintain the Bank's liquidity level as required by the Bank of Thailand's regulations and keep watch to ensure that the Bank's liquidity position is sufficient for the Bank's normal operations as well as at any critical situation that may arise. ALCO is also responsible for finding funding sources that can provide appropriate support when needed.

The Bank has a policy to control liquidity risk. A maturity profile report is being prepared, by reporting the maturity and the trends of consumer behavior. The Bank has set up the Maximize Cumulative Outflow (MCO) to assess the Bank's maximum insufficient liquidity at a single point of time in order to plan for the proper liquidity position for future operations and to prepare for the liquidity assets and funding from other financial institutions. Besides, the Bank has an assessment of risk at any unexpected situation that may arise.

The maturity profile assessment and tracking of consumer behavior trends is done by using a computer software to process data available from the Bank's own database. Details of significant assets and liabilities by analyzing in accordance with the maturity term and the consolidated financial statements as of December 31, 2004 were given in Notes No.4.26 on Financial Instruments.

4.6 Interest rate risk

The Bank's ALCO has one of its responsibilities in defining direction and procedure for the management of interest rate risk. This is to make the Bank able to assess the restructuring status and prepare for the interest rate trends immediately and to keep the interest rate risk at the designated level.

The Bank's assessment and analysis of interest rate risk is done through the use of a computer software, using the data available from the Bank's own database. Analysis covers the impact on the Bank's assets and liabilities deriving from interest rate changes. The analysis helps the Bank to gauge the impact of interest rate change on the Bank's asset and liability positions, allowing the Bank to readjust the positions to be consistent with the circumstances and business strategies. This mainly aims to protect the interests of the customers and shareholders of the Bank. Details of significant financial assets and liabilities classified by maturity of interest rate as of December 31, 2004 were given in Notes No.4.26 on Financial Instruments.

4.7 Risks from loan guarantee and aval

The Bank normally makes its obligatory commitments by providing guarantees on loans and other types of credit facility including the issuing of its letter of credit. Each commitment is made after thorough checking of each customer's financial standing and credit worthiness. Collateral against the commitment is also called for. The process is the same with the standard procedure used in granting loans to customers. As of December 31, 2004, the Bank's total obligatory commitments amounted to Bt. 57,281 million, comprising Bt. 1,350 million in aval on bills, Bt. 6,373 million in loan guarantees and Bt. 36,578 million in other guarantees, and Bt. 12,980 million in outstanding letters of credit.

4.8 Risk associated with impairment in value of loan security

The Bank's loans given to customers are normally secured against real estate class assets. Reappraisal of such assets is required on a regular basis by the Bank of Thailand's regulations. This would make certain pieces of those assets become impaired to the point that each of the loans secured by those assets would have its outstanding amount higher than the value of its security. This situation requires the Bank to set aside additional allowance to cover the impairment of such loan securities. However, the Bank had increased its allowance for loan loss as much as required. The bank has regularly engaged outside professional appraisers to carry out the reappraisal process aside from that done by internal appraisers as required by the Bank of Thailand's guidelines.

4.9 Risk associated with properties foreclosed

According to the regulations set by the Bank of Thailand, all commercial banks are required to dispose their properties foreclosed taken over between January 1, 1997 to December 31, 2001 within a period of 10 years. Disposition of the properties foreclosed is to be done on a piece by piece basis after 5 years of possession as per the Bank of Thailand's requirement.

4.10 Operational risk

In normal circumstances, any business undertaking involves more or less a number of risks that come with mistakes or failures to operate properly. Business operators are all aware of such a risk which is known as operational risk. All business operators at present are exposed to operational risk in an intensive and wider scale because most of the businesses are increasingly complicated and involved with a large number of parties inside or outside. Chances for human errors and mistakes being done are multiplying. Large organizations, therefore, pay serious attention to control of operational risk. The Bank has recognized this kind of risk by assignment of the Operational Risk Management, Risk Management to take supervisory role to ensure that all of the Bank's operating units carried out their responsibilities on an international basis.

4.11 Risk associated with changes in regulatory requirements

Regulatory requirements are normally certain in banking business even though some changes of the requirements are curtailing the

banking business. But it is compulsory for every bank to accept, understand and put them into practice. Every change in regulations serves at least a purpose and applies fairly to all parties whether in the debtor or the creditor side or whether they are board members or staff members. The Corporate Governance and Compliance, thus takes supervisory role to ensure that all of the Bank's operating units carried their responsibilities in strict compliance with all legal and regulatory requirements. This unit is also responsible for informing all other units and the Bank's executives of the legal and regulatory requirements relating to the Bank's entire business and see to it that practices conforming to the requirements are carried out. The unit also takes responsibility in advising and guiding all operating units on how to follow the legal and regulatory requirements and to be consistent in their practices. The Bank during the past year effectively complied with all legal and regulatory requirements.

4.12 Risk associated with inadequacy of capital fund

As of December 31, 2004 based on the Bank's consolidated financial statements, the Bank's capital fund stood at Bt. 45,783 million, divided into Tier 1 Capital at Bt. 31,332 million and Tier 2 Capital at Bt. 14,451 million. The capital fund to risk assets ratio was at 8.8%, higher than the standard minimum ratio set by the Bank of Thailand.

However, in order to strengthen the Bank's capital fund, in February 2005 the Bank had offered TMB Subordinated Debenture No. 12 redeemable in 2015 at a minimum amount of Bt. 6,000 million and reserved for additional offering of Bt. 2,000 million. The total amount received from the subordinated debenture would be put in Tier 2 Capital.

4.13 Risk for shareholders

As of December 31, 2004, the Bank recorded a net loss from operations of Bt. 55,721 million. According to a regulatory requirement, the Bank is barred from paying dividends to its shareholders if accumulated loss is still stated in its financial statements. However, the Bank has been trying hard to solve every problem. New strategies have been formulated and implemented to create more operating profit and enable the Bank to pay dividend. The Bank also plans to wipe out accumulated loss on a step by step basis.

5. Shareholding and Management Structures

5.1 Shareholders

List of 10 largest shareholders and their shareholding percentages

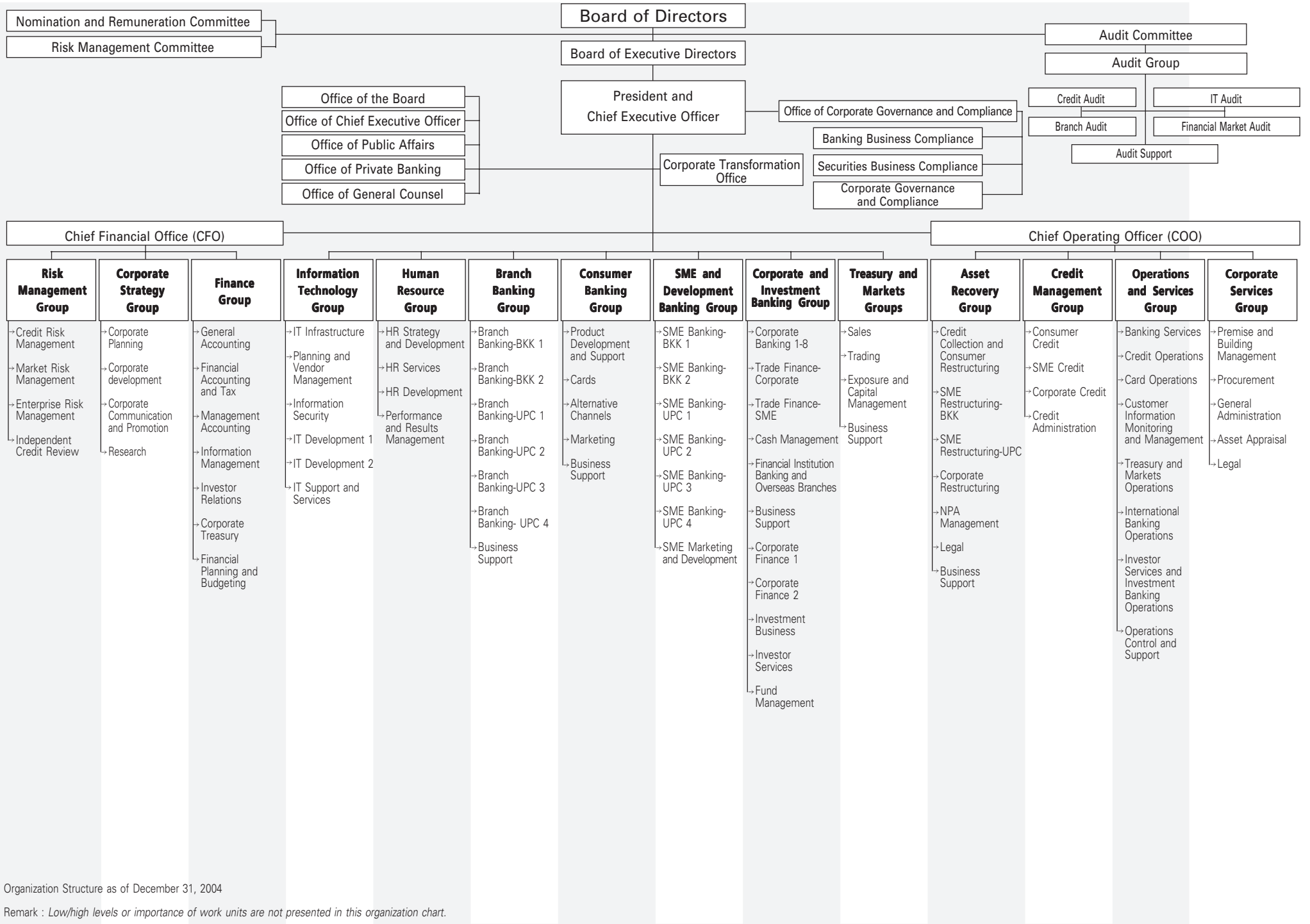
As of the latest share register closing date on August 13, 2004 to determine the right to attend the 1st/2547 Extraordinary General Meeting of Shareholders held on August 26, 2004:

Shareholders	August 13, 2004		
	Holding percentage (share)		
	Ordinary shares	Class B Preferred Shares	%
1. Ministry of Finance	2,780,582,427	1,991,992,200	31.23
2. DBS Bank A/C 003	2,460,078,607	-	16.10
3. Royal Thai Army	530,753,312	-	3.47
4. Thai Life Insurance Co., Ltd.	348,394,633	-	2.28
5. Thai NVDR Co., Ltd.	259,755,833	-	1.70
6. Littledown Nominees Limited 5	165,915,300	-	1.09
7. Mr. Panthongtae Shinawatra	161,857,192	-	1.06
8. Ladawan Fund Co., Ltd.	148,587,700	-	0.97
9. RTA Entertainment Plc. *	137,241,694	-	0.90
10. Government Savings Bank	133,478,822	-	0.87

Notes: - Ordinary shares subscribed and fully paid up amounted to 13,314,300,579 shares.

- Class B Preferred Shares subscribed and fully paid up amounted to 1,991,998,600 shares.

* Registered to change the company name from Tor Tor Bor 5 Co., Ltd. on May 11, 2004.



Organization Structure as of December 31, 2004

Remark : Low/high levels or importance of work units are not presented in this organization chart.

5.2 Management

5.2.1 Management structure

(1) Structure of the Board of Directors

The Board of Directors has appointed one junior board and three committees, namely the Board of Executive Directors, the Audit Committee, the Nomination and Remuneration Committee and the Risk Management Committee. The duties and responsibilities of each board and committee are clearly determined. Most of the board and committees' members are not the Bank's executives and can independently screen, recommend, control and monitor the Bank's operations closely and comprehensively. A review system has also been set up to align the operations with the Bank's policies and regulations under the laws and regulatory requirements as well as good corporate governance principles.

(2) Scope of responsibilities and lists of the boards and committees

- The Board of Directors

The Board meeting is usually held on a monthly basis. The scope of responsibilities is as follows:

- 1) To set overall strategic direction and target as well as review and approve policy, operation framework, business plan and budget.
- 2) To monitor and ensure the management's operations in line with the vision and mission set forth to enhance competitive operations with efficiency and effectiveness for the maximum benefits of the Bank and the shareholders.
- 3) To monitor and ensure that the Bank's operations are transparent and open to inspection in the context of corporate governance principles.
- 4) To set up Board of Executive Directors composed of members from the Board of Directors to supervise the Bank's operations as assigned by the Board of Directors.
- 5) To evaluate performance of the President and Chief Executive Officer, Chief Financial Officer and Chief Operating Officer on a semi-annual basis.
- 6) To ensure that the management has set out policy and procedure in risk management, with approval of related policy made, as well as review of relevant policy, strategy and practices, on a regular basis. Policies are to be considered in the following areas:
 - Credit, market, investment, operations, reputation and legal risks.
 - Assets and liabilities management (ALM) as well as liquidity and interest rate risks.
 - Other areas as prescribed by the Bank of Thailand.
- 7) To consider and approve delegation of authority that will be binding over the Bank and a third party and authorization of a third party to act on behalf of the Bank.
- 8) To examine operational and accounting reports on a quarterly basis.
- 9) To examine and ensure the Bank's compliance with the rules and regulations as well as the policies of the authorities and the Bank, such as proper capital adequacy ratio, on a monthly basis.
- 10) To ensure that efficient and adequate internal control and audit systems are put in place and appoint Audit Committee and Risk Management Committee to take full responsibility in this area.
- 11) To consider and approve the hiring and appointment, rotation, dismissal, fixing of remuneration, taking disciplinary actions, termination of employment and resignation of top executives as well as recommendations made by Nomination and Remuneration Committee.
- 12) To ensure that the management can timely and appropriately deliver its report on important matters to the Board of Directors.
- 13) To ensure that the codes of best practices and business ethics for directors, executives and staff members are established as internal guidelines.
- 14) To consider and approve the roles and duties of the committees and their structures as well as consider and approve changes in their structures and other changes of material significance to their operations.

16) To consider and ensure proper review of the Bank's Memorandum and Articles of Association and acknowledgement thereof by the shareholders.

17) To consider capital increase plan.

The Board of Directors as of December 31, 2004 was composed of:

1.	Mr. Somchainuk	Engtrakul	Chairman
2.	Gen. Chaisit	Shinawatra	Vice Chairman
3.	Mr. Sommai	Phasee	Director
4.	ACM. Kongsak	Vantana	Director / Independent Director
5.	Gen. Pang	Malakul	Director
6.	Mr. Bodi	Chunnananda	Director / Independent Director
7.	Mr. Paiboon	Limpaphayom	Director
8.	Mr. Sirote	Swasdipanich	Director
9.	Mr. Amorn	Asvanunt	Director
10.	Mr. Kampree	Kaocharern	Director / Independent Director
11.	Mr. Vudhibhandhu	Vichairatana	Director / Independent Director
12.	Mrs. Chantra	Purnariksha	Director / Independent Director
13.	Mr. Christopher John King		Director / Independent Director
14.	Mr. Rajan Raju Kankipati		Director
15.	Mr. Subhak	Siwaraksa	President and Chief Executive Officer
16.	Mr. Kraithip	Krairiksh	Director and Chief Operating Officer
17.	Mr. Michael Andrew Hague		Director and Chief Financial Officer
18.	Miss Achara	Sirikhandha	Secretary to the Board

(3) Junior board and committees

(3.1) **The Board of Executive Directors** The Board of Executive Director's meeting is usually held every 1-2 weeks (once a week if there is high workload). The scope of responsibilities is as follows:

- 1) To screen the Bank's business policies, strategies and plans, and operating budget before submitting for the Board of Director's approval as well as regularly follow up the implementation of such matters;
- 2) To provide advice to the Chief Executives on urgent or important issues;
- 3) To examine the performance of the Chief Executive Committee and report the examination results to the Board of Directors;
- 4) To ensure that the management can timely and appropriately propose important issues to the Board of Directors;
- 5) To approve investment or divestment which is beyond the management's approval authority;
- 6) To consider and approve credits beyond the management's approval authority;
- 7) To consider and approve investment, expenditure, equity participation, business transaction, debt restructuring and human resource management which are beyond the management's approval authority;
- 8) To review the medium and large-sized NPLs every two months;
- 9) To approve the hiring and appointment, reshuffling, dismissal, fixing of remuneration, taking of disciplinary actions, severance of employment, and resignation of executives in the ranks specified;
- 10) To consider and approve the change in organizational structure at executive level and above;

- 11) To monitor the necessity of amending the Bank's Memorandum and Articles of Association;
- 12) To screen all matters submitted by the management before passing on to the Board of Directors for approval;
- 13) To carry out other responsibilities as assigned by the Board of Directors.

The Board of Executives as of December 31, 2004 was composed of:

1.	Mr. Sommai	Phasee	Chairman of the Board of Executive Directors	(not holding executive position)
2.	Gen. Pang	Malakul	Executive Director	(not holding executive position)
3.	Mr. Paiboon	Limpaphayom	Executive Director	(not holding executive position)
4.	Mr. Amorn	Asvanunt	Executive Director	(not holding executive position)
5.	Mr. Kraithip	Krairiksh	Executive Director	(holding executive position)
6.	Mr. Michael Andrew Hague		Executive Director	(holding executive position)
7.	Mr. Subhak	Siwaraksa	Executive Director and Secretary to the Board of Executive Directors	(holding executive position)

(3.2) The Audit Committee The Audit Committee's meeting is usually held every two weeks. The scope of responsibilities is as follows:

- 1) To review and make sure that the Bank's financial reports are adequate and accurate;
- 2) To see to it that the Bank's internal control system is in place with appropriate and effective internal audit as well as to ensure that the Audit Group has appropriate and adequate personnel to effectively perform its duties;
- 3) To ensure that the Bank strictly operates in compliance with the laws and regulatory requirements;
- 4) To provide opinions regarding the selection of a person to be appointed as the Bank's auditor and the fixing of appropriate auditing fee by taking into account the reliability, experience, personnel adequacy and independence of such audit office;
- 5) To approve the hiring or the making of agreement with the auditor in missions other than the auditing work;
- 6) To ensure that the Bank's information disclosure is sufficient and accurate as regards interrelated transactions or transactions that may possibly be in conflicts of interest;
- 7) To report the Committee's supervisory and review activities and disclose the contents of the report in the Bank's annual report, and to have the Chairman of the Audit Committee affix his signature to certify such report;
- 8) To report to the Board of Directors so that solution guidelines can be set out in case of the following observations:
 - Conflicts of interest;
 - Dishonest acts or possible dishonest acts, operations which are over-exposed to risk and may cause damage to the Bank, and material deficiencies in administration system;
 - Practices not in compliance with relevant laws or regulatory requirements.
- 9) To investigate the facts behind complaints made by the Bank's employees and customers;
- 10) To consider the examination results and orders of the Bank of Thailand, the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand and other relevant agencies, and to consider the appropriateness of the measures and solutions taken by the management;
- 11) To carry out any assignment as given by the Board of Directors as consented by the Audit Committee itself;
- 12) To comply with the regulations of the Bank of Thailand, the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand and other relevant government agencies.

The Audit Committee as of December 31, 2004 was composed of:

- | | | | |
|----|--------------|--------------|--|
| 1. | Mr. Bodi | Chunnananda | Chairman of the Audit Committee / Independent Director |
| 2. | ACM. Kongsak | Vantana | Committee Member / Independent Director |
| 3. | Mr. Kampree | Kaocharern | Committee Member / Independent Director |
| | Mr. Peera | Chinwanabutr | Secretary to the Audit Committee |

(3.3) The Nomination and Remuneration Committee The meeting of this Committee is usually held four times a year and as deemed necessary. Its scope of responsibilities is as follows:

- 1) To set policies, criteria and methods for nomination of directors and senior executives for the Board of Director's consideration and approval;
- 2) To select and nominate qualified persons to be appointed as members of the Board of Directors, senior executives and directors on the board of any company in which the Bank holds at least 50% of its equity, and to be submitted to the Board of Directors;
- 3) To set policy on the payment of remuneration and other benefits as well as on the amount of remuneration and other benefits for directors and senior executives in a clear and transparent manner for the Board of Directors' consideration and approval;
- 4) To oversee that Board members and senior executives of the Bank receive remuneration appropriate and commensurate with their roles and responsibilities;
- 5) To lay down guidelines on performance appraisal for the Board members and senior executives in relation to annual adjustment of their remuneration based on the scope of their responsibilities and the risks involved and also on the increase of shareholders' value in the long term.

The Nomination and Remuneration Committee as of December 31, 2004 was composed of:

- | | | | | |
|----|-----------------|---------------|----------------------------|----------------------------------|
| 1. | Mr. Somchainuk | Engrakul | Chairman | (not holding executive position) |
| 2. | Mr. Sirote | Swasdiapanich | Committee Member | (not holding executive position) |
| 3. | Mrs. Chantra | Purnariksha | Committee Member | (Independent Director) |
| 4. | Mr. Christopher | John King | Committee Member | (Independent Director) |
| | Mr. Sompol | Chaiyachow | Secretary to the Committee | |

(3.4) The Risk Management Committee The meeting of this Committee is usually held on a monthly basis. Its scope of responsibilities is as follows:

- 1) To set policy and guidelines on the Bank's risk management in a manner consistent with the bank's business objectives and criteria laid down by the authorities;
- 2) To supervise, revise and monitor the Bank's operations to be in line with the risk management policy, to consider the risk information proposed by executive officers and to provide guidelines and advice relating to the Bank's practices in risk management;
- 3) To develop and improve risk management systems with an aim to increase efficiency in the Bank's operations from which optimization of the Bank's benefits can be expected;
- 4) To prepare for, support and ensure that the Bank's risk management operations are in line with BIS's standards and requirements;
- 5) To propose a report on risk management and recommendations to the Audit Committee, the Board of Executive Directors, and the Board of Directors respectively as well as to consider the report proposed by the management;
- 6) To set up working groups as deemed fit.

The Risk Management Committee as of December 31, 2004 was composed of:

- | | | |
|----|-------------------------------------|------------------|
| 1. | President & Chief Executive Officer | Chairman |
| 2. | Mr. Amorn Asvanunt | Committee Member |
| 3. | Chief Operating Officer | Committee Member |
| 4. | Chief Financial Officer | Committee Member |

5.	Executive Officer, Branch Banking	Committee Member
6.	Executive Officer, Treasury & Markets	Committee Member
7.	Executive Officer, Operations & Services	Committee Member
8.	Executive Officer, Risk Management	Committee Member
9.	Executive Officer, Finance	Committee Member
10.	Executive Officer, Credit Management	Committee Member and Secretary to the Committee

(4) The Bank's directors and independent directors

The Bank's Board of Directors consists of 17 members, of which six are independent directors, eight do not hold executive positions of the Bank and three hold executive positions. This structure clearly is in compliance with the Bank of Thailand's practice guidelines regarding the structure of the Board which aims at promoting commercial banks' good corporate governance.

In this respect, the Bank's independent directors are composed of persons with appropriate qualifications and experience, having independent opinions and justice in operations. The preliminary qualifications of the independent directors are in accordance with the definitions prescribed by the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand and the Bank of Thailand and in line with the good corporate governance guidelines. Definitions of independent directors are as follows:

- Holding not over 0.5% of paid-up shares of the Bank, its subsidiary companies, associated companies, related companies or persons with possible conflicts, inclusive of shares held by related persons as per Section 258 of securities laws.
- Not participating in the administration of the Bank, its subsidiary companies, associated companies, related companies or the Bank's major shareholders, or not being employees or officials who receive regular salaries from the Bank, its subsidiary companies, associated companies, related companies or the Bank's major shareholders, and moreover, not being advisors who receive regular salaries from the Bank, its subsidiary companies, associated companies, or the Bank's major shareholders or persons with possible conflicts. In this regard, the termination of such benefits or interest received must not be less than one year.
- Not having business relationship, benefits, or interest, either direct or indirect, in financial or administrative aspects in the Bank, its subsidiary companies, associated companies, or the Bank's major shareholders or persons with possible conflicts in such manner that may cause the lack of independence.
- Not being related to or being close relatives of the Bank's executives, major shareholders, subsidiary companies, associated companies, or persons with possible conflicts, and not being appointed as representatives to protect the benefits of the directors and major shareholders.

Moreover, it is the Bank's policy that the person who serves as the Board Chairman shall not also serve as the Bank's President. This is to separate the duty of directing supervisory policy from the day-to-day management activities.

The Board Chairman does not have any relationship with the management.

List of independent directors as of December 31, 2004 was as follows:

1. Mr. Bodi Chunnananda
2. ACM. Kongsak Vantana
3. Mr. Kampree Kaocharern
4. Mr. Vudhibhandhu Vichairatana
5. Mrs. Chantra Purnariksha
6. Mr. Christopher John King

(5) Other committees/working groups

In addition to the above junior board and committees, the Bank has set up various committees / working groups to manage and supervise different areas of operations in accordance with the plans and guidelines laid down by the management as well as to prevent and solve the problems arising. There are 25 committees to manage and supervise key functions, among them 4 for policy matters, 3 for health-related issues, 15 for credit management, 1 for human resource issues and two for information technology.

Policy issues (4 Committees)

1. Chief Executive Committee

Duties and responsibilities: To supervise and ensure the Bank's operations are aligned with its vision, objectives and strategies; develop business strategies and plans and annual budgets; supervise, manage, encourage and follow up the operations and performances of all functional groups to ensure they meet the targets; approve investments, investment expenses, transactions, and human resource management that are beyond the approval authority of group chiefs and committees at management level; and approve IT projects.

2. Management Committee

Duties and responsibilities: To acknowledge the operational policy and direction as well as resolutions given by the Board of Directors, the Board of Executive Directors and the Chief Executive Committee and ensure they are translated into action by group chiefs; hold discussions on urgent/important issues requiring policy, guideline or principle and comments from the Chief Executive Committee, or any cross-group issues requiring co-working guidelines.

3. Asset and Liability Management Committee

Duties and responsibilities: To contain risks associated with interest rate, liquidity and exchange rate; draw up income strategy; approve transactions involving determination of interest rates on basic products of the Bank; set guidelines on determination of loan and deposit interest rates; propose asset and liability management policy and determine indicators and risk levels acceptable to the Bank; and approve fund transfer pricing policy.

4. Fund Management Committee

Duties and responsibilities: To define the investment scope and trend for all funds, approve the securities and amount to be invested; approve the dealers and amount for securities trading through those dealers; set guidelines and contain investment risks.

Health-related issues (3 Committees)

The Bank has set up 1 committee to take charge of Head office's safety, sanitation and working environment committee and other 2 committees at Ragadamnuen Branch and Phayathai Branch. These committees are responsible for arranging projects and activities and formulating regulations related to the safety, sanitation and working environment of the head office in line with the regulations of the Ministry of Labor and Social Welfare.

Credit management (15 Committees)

1. Credit Committee Duties and responsibilities: To consider loans proposed by Corporate Banking and SME Banking within its approval authority and scrutinize the matters within the approval authority of the Board of Directors and the Board of Executive Directors.
2. Corporate Credit Committee Duties and responsibilities: To consider loans proposed by Corporate Banking and overseas branches within its approval authority.
3. SME Credit Committee and SME Sub-Committee 1 and 2 Duties and responsibilities: To consider loans proposed by SME Banking within its approval authority.
4. Appraisal Consideration and Approval Committee Duties and responsibilities: To approve list of outside independent appraisers; formulate appraisal procedures; and approve appraisal of all properties.
5. Problem Asset Management Committee (PAMC), PAMC Sub-Committee 1, 2 and PAMC Sub-Committee for Branch Banking 1, 2 and Assets Buying Working Committee Duties and responsibilities: To review and maintain sub-quality assets and evaluate the trend and impacts on the Bank.

Human resources (1 Committees)

The Bank has formed a Personnel Committee to be responsible for proposing principles, policies, guidelines and regulations on human resource management and development; approving manpower plan, rotation plan, job description, training plan and performance management; and proposing salary, compensation and welfare structure.

Information technology (IT) (2 Committees)

The Bank has appointed an IT and Work Process Development Committee with the duty to devise policies and plans on IT and work process development in the short and long term; follow up the progress and review the plans on IT and work process development; select and modify hardware and software programs; follow up and control procurement; and comment on budgeting for work process and IT systems. A working group is also set up to acquire technology equipment and system as deemed appropriate and to set conditions for vendors to follow through.

Details of the Bank's executives who assume the positions in subsidiaries, associated companies, and related companies as of December 31, 2004

List of the Bank's executives	Thai Military Bank Public Co., Ltd.	Subsidiaries					Associated Companies									Related Companies		
		1	2	3	4	5	1	2	3	4	5	6	7	8	9	1	2	
Mr. Kraithip Krairiksh	Chief Operating Officer			X														
Mr. Michael Andrew Hague	Chief Financial Officer				X													
Mr. Prakarn Tawisuwan	Chief of Branch Banking	W																
Mrs. Vallapa Assakul	Chief of Corporate and Investment Banking	W																
Mr. Visit Vongruamlarp	Chief of Asset Recovery											W		X				
Mr. Montri Visoldilokpun	Chief of IT				W													W
Mr. Vim Tayaputch	Chief of SME & Development Banking										W							
Mrs. Chandreleka Wiriyawit	Chief of Finance				W													
Mr. Tanate Phutrakul	Chief of Corporate and Investment Banking				W													
Mr. Satian Tantanararit	Chief of Treasury & Markets				W													
Mrs. Yada Prapinmongkolkarn	Chief of Corporate Strategy											W						
Mrs. Narumol Noi-am	Head of Investment Banking 1			W									W					
Mrs. Kittima Choonchuongchotti	Head of Investor Service & IB Operations						W											
Mr. Thawatchai Techawatanawana	Head of Corporate Banking 2		W						W									
Mr. Somsak Kooncharoen	Head of Legal Support		W															
Mrs. Vallapa Posyanond	Head of Corporate Banking 8														W			
Mrs. Nuanual Swasdikula	Head of Corporate Banking 4																W	
Mr. Somyos Limpanavetyanont	Head of Asset Appraisal																	W
Mr. Suthat Lomjansook	Head of Legal Services																	W
Mr. Sittipong Narkvajara	Head of SME Credit																	W
Mrs. Sujintana Subhadith	Head of Corporate Transformation Office																	W
Mr. Jaroonsak Hengtragul	Head of Credit Risk Management																	W
Mr. Kavee Tovijit	Head of Business Support																	X
Mr. Poonpol Ngearndee	Senior Specialist, Office of Corporate Counsel																	W
Mr. Supat Natathanapat	Head of Premise & Building Management																	W
Mrs. Patara Vasantasingh	Head of Corporate Promotion and Communication																	W

Note : X = Chairman W = Director

Subsidiaries

1. Phayathai Asset Management Co., Ltd.
2. Designee for ETA Contracts Co., Ltd.
3. IFCT Advisory Co., Ltd.
4. DBS Thai Danu Bank Public Co. Ltd.
5. Asset Development Co., Ltd

Associated Companies

1. TMB Asset Management Co., Ltd.
2. Phayathai Property Fund
3. Thai Business Fund 1
4. Thai Business Fund 2
5. Alcan Packaging Strongpack Public Co., Ltd.
6. MFC Asset Management Public Co., Ltd.
7. Siam Sumsung Insurance Co., Ltd.
8. Thai ORIX Leasing Co., Ltd.
9. Siam Resort Fund

Related Companies

1. Ajala Co., Ltd.
2. TMB Property Development Co., Ltd.

Details of the Subsidiaries' Directors

1. Phayathai Asset Management Co., Ltd.

The company's directors consist of 4 persons as follows:

1. Mr. Julpracha Soonthornsartool
2. Mr. Prakarn Tawisuwan
3. Mrs. Vallapa Assakul
4. Lieutenant General Vinij Boonyaprapatsorn

2. Designee for ETA Contracts Co., Ltd.

The company's directors consist of 3 persons as follows:

1. Mr. Thawatchai Techawatanawana
2. Ms. Sawittree Chaichoavalit
3. Mr. Somsak Koonchareon

3. IFCT Advisory Co., Ltd.

The company's directors consist of 5 persons as follows:

1. Mr. Kraithip Krairiksh
2. Mrs. Narumol Noi-am
3. Mrs. Nisaporn Rerkaram
4. Mrs. Suchewin Chantrasuriyarat
5. Mr. Teera Ashakul

4. DBS Thai Danu Bank Public Co., Ltd.

The company's directors consist of 5 persons as follows:

1. Mr. Michael Andrew Hague
2. Mr. Montri Visoldilokpun
3. Mrs. Chandaleka Wiriyawit
4. Mr. Tanate Phutrakul
5. Mr. Satian Tantanasarit

5. Asset Development Co., Ltd.

The company's directors consist of 6 persons as follows:

1. Mr. Jaroonsak Hengtragul
2. Mrs. Duangchai Mittakarin
3. Mr. Kavee Tovijit
4. Mr. Poonpol Ngearndee
5. Mr. Supat Natathanapat
6. Mrs. Patara Vasantasingh

5.2.2 Nomination of directors and executives

(1) Selection method for directors

According to the Bank's director appointment process, the Nomination and Remuneration Committee is responsible for the selection, screening and nomination of qualified persons to the Board of Directors for consideration before proposing to the shareholder's meeting for further election as directors of the Bank. Apart from the qualifications as prescribed in the Bank's Articles of Association and the appropriate personal qualifications, the persons nominated must be competent and experienced in business operations with the possession of leadership skills, vision and strategic ideas that can lead the Bank to balanced and sustainable growth and must be able to dedicate their time for the optimum benefits of the Bank.

In case of vacancy due to the resignation of a director, the Board of Directors shall appoint a person to fill the vacant position through the nomination made by the Nomination and Remuneration Committee.

The nomination of a person to be elected as a director is carried out in a transparent manner with complete information for the shareholder's consideration. Small shareholders are not, by any means, deprived of their voting rights to such election.

(2) The number of directors representing major shareholders

Small shareholders are entitled to the appointment of directors in accordance with Article 16 which stipulates as follows:

1. A shareholder has the right to vote on the appointment of a director on a one-share-one-vote basis.
2. Each shareholder shall exercise all of his/her voting rights as in No. 1 above to vote for a candidate or several candidates as the meeting deems appropriate. However, each shareholder may not split out his/her voting rights in any number in favor of any candidate.
3. The candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order until all of the director positions are filled. If any number of candidates receiving votes in an equal number exceeds the number of vacancies, the chairman of the meeting will have a casting vote.

5.2.3 Remuneration for directors and executives

(1) Cash remuneration

(1.1) Remuneration for individual directors

	Name of director	Details
1.	Mr. Somchainuk Engtrakul (Aug 26-Dec 2004)	Receiving Bt. 1,640,000 for serving on the Board of Directors and the Nomination and Remuneration Committee
2.	Mr. Sommai Phasee	Receiving Bt. 5,638,000 for serving on the Board of Directors and the Board of Executive Directors
3.	General Chaisit Shinawatra	Receiving Bt. 1,651,000 for serving on the Board of Directors and the Board of Executive Directors
4.	General Somdhat Attanand (Jan-Apr 29, 2004)	Receiving Bt. 400,000 for serving on the Board of Directors and the Nomination and Remuneration Committee
5.	Admiral Chumpol Pachusanon (Jan-Aug 24, 2004)	Receiving Bt. 320,000 for serving on the Board of Directors
6.	ACM. Kongsak Vantana	Receiving Bt. 1,509,200 for serving on the Board of Directors and the Audit Committee
7.	General Pang Malakul	Receiving Bt. 3,292,600 for serving on the Board of Directors, the Board of Executive Directors and the Integration Steering Committee

	Name of director	Details
8.	Mr. Bodi Chunnananda	Receiving Bt. 2,449,000 for serving on the Board of Directors and the Audit Committee
9.	Mr. Twatchai Yongkittikul (Jan-Aug 24, 2004)	Receiving Bt. 1,625,000 for serving on the Board of Directors, the Audit Committee, and the Nomination and Remuneration Committee
10.	Mr. Paiboon Limpaphayom	Receiving Bt. 1,954,000 for serving on the Board of Directors, the Board of Executive Directors, the Nomination and Remuneration Committee, and the Integration Steering Committee
11.	Mr. Sirote Swasdiapanich	Receiving Bt. 2,461,000 for serving on the Board of Directors, the Board of Executive Directors, the Nomination and Remuneration Committee, and the Integration Steering Committee
12.	Mr. Amorn Asvanunt	Receiving Bt. 3,754,600 for serving on the Board of Directors, the Board of Executive Directors, the Credit Screening Committee, the Integration Steering Committee, and the Risk Management Committee
13.	Mr. Somchai Apiwattananorn (Jan-Aug 25, 2004)	Receiving Bt. 810,000 for serving on the Board of Directors, the Nomination and Remuneration Committee, and the Bank Property Management Committee
14.	Mr. Kampree Kaocharern	Receiving Bt. 1,663,800 for serving on the Board of Directors and the Audit Committee
15.	Mr. Vudhibhandhu Vichairatana (Aug 26-Dec, 2004)	Receiving Bt. 346,000 for serving on the Board of Directors
16.	Mrs. Chantira Purnariksha (Aug 26-Dec, 2004)	Receiving Bt. 532,800 for serving on the Board of Directors and the Nomination and Remuneration Committee
17.	Mr. Christopher John King (Aug 26-Dec, 2004)	Receiving Bt. 289,600 for serving on the Board of Directors and the Nomination and Remuneration Committee
18.	Mr. Rajan Raju Kankipati (Aug 26-Dec, 2004)	Declining to receive the remuneration
19.	Mr. Subhak Siwaraksa	Receiving Bt. 1,835,000 for serving on the Board of Directors and the Board of Executive Directors
20.	Mr. Kraithip Krairiksh (Aug 26-Dec, 2004)	Declining to receive the remuneration
21.	Mr. Michael Andrew Hague (Aug 26-Dec, 2004)	Declining to receive the remuneration

(1.2) Total remuneration

1. All of the 18 directors received cash remuneration and meeting allowances for the Board of Directors, the Nomination and Remuneration Committee, the Credit Screening Committee, the Integration Steering Committee and the Bank Property Management Committee in a total amount of Bt. 16.7 million.

2. All 7 members of the Board of Executive Directors received remuneration and meeting allowances of Bt. 11.6 million in total.
3. All 4 members of the Audit Committee received remuneration and meeting allowances of Bt. 3.9 million in total.
4. The 17 top executive officers altogether received their remuneration of Bt. 88.45 million in total.

(2) Other compensations

The directors and executive officers at group chief level and higher did not receive any compensation, either cash or non-cash, other than the normal obtainable compensations in the form of salary, bonus, meeting allowance and other fringe benefits.

5.2.4 Corporate Governance

The Bank continuously recognizes the importance of good corporate governance principles. The Bank strongly believes that the practices of good corporate governance and transparency in operating the business by board of directors, executives, and staff at every level will be a key to bring the bank to succeed under the severe competition of financial business. The principles will maximize benefit of all shareholders,

customers, investors and other related parties. In addition, The Bank commits to focus on applying banking operations and good corporate governance principles that are of international standard and strictly comply with rules, regulations and policies of all relevant regulators.

The Bank has set up a standard of corporate governance, which covers the 15 principles of good corporate governance as issued by the Stock Exchange of Thailand (SET). The details are as follows:-

(1) Policy on Corporate Governance

The board of directors has role and responsibility to supervise and monitor the management of bank business to ensure transparency is in place and to be easily assessed as per good corporate governance principles. The board of directors focuses on the importance of internal control system and risk management by arranging efficient mechanisms for auditing and balancing of power. This will prevent any damage to the bank. The board of directors has appointed 1 junior board and 3 committees namely the Board of Executive Directors, Audit Committee, Nomination and Remuneration Committee, and Risk Management Committee. The roles and responsibilities of each committee have been stated in writing. Not only that, every committee also support and supervise the management to ensure all banking activities are in compliance with any regulatory requirements and bank practices as well as to build good corporate governance culture in the organization. The Bank will continue to improve the corporate governance policy and guidelines by regularly evaluating the performance and practices related to good corporate governance. The revised practices may be needed to be in line with changes in business environment.

(2) Shareholders: Right and equitable treatment

The Bank has been aware of its responsibility to the shareholders and given importance to the rights of all shareholders on an equitable basis such as the right to access accurate, adequate and up-to-date information in an appropriate form, the right to be treated fairly, and the right to attend and vote at a shareholders' meeting, at which convenience must be provided for the shareholders.

All shareholders are given right and equitable treatment to know the progress and development as well as the financial position and the outlook of the Bank. In this relation, the Bank has prepared an annual report (in both Thai and English versions) to report all progress and information to the shareholders in a clear manner. The annual general meeting of shareholders is set to be held within four months after the end of each accounting year, for which the shareholders will receive the information on the agenda and other relevant information at least 14 days before the meeting date.

In the shareholders' meeting, the Bank has complied with the relevant laws and regulations, with due regard for the principles of good corporate governance through meeting procedure that encourages equitable treatment to all shareholders and provision of adequate information for shareholders' scrutiny. In this regard, the Bank sends invitation letters accompanied with opinions of the Board of Directors and the information of each agenda to the shareholders at least seven days before the meeting date. Besides, the proxy process is convenient and uncomplicated. The proxy form indicates clearly the details regarding the required documents or evidence. There are the Bank's officials providing services to the shareholders and the proxies attending the meeting. In this light, the shareholders can appoint the independent directors as their proxy in the event that they cannot attend the meeting.

(3) Rights of stakeholders

The Bank has realized the importance of all stakeholders who are entitled to receive full right on a fair and appropriate basis and in line with the laws and regulatory requirements as well as the Bank's internal regulations.

Shareholders The Bank has set out target to achieve satisfactory operational performance, with constant growth in returns which will level up the Bank's value.

Employees The Bank is determined to provide development and training programs for its employees to create optimal benefits to the Bank. In addition, the Bank has realized the significance of the creation of good workplace environment and organizational culture and given its employees attractive and reasonable compensations, which will enhance their pooled efforts in operations.

Clients The Bank is determined to provide its clients with diversified services and products which can well respond to their needs.

Investors and creditors The Bank complies strictly with all agreements with emphasis placed on the creation of long-term and sustainable business partnership.

Society With a strong commitment to and awareness of its accountability to the society, the Bank has involved in and supported various activities relating to the promotion of the social quality in many aspects and has followed up the results for further improvement.

In this regard, the Bank has set out the directions for this practice in "Business Ethics and Code of Conducts" of the Bank for distribution to the employees for their information and for them to strictly and willingly follow.

(4) Shareholder's meeting

There were two shareholder's meetings held in 2004. One was the annual general meeting of shareholders held on April 29, 2004, with altogether 759 shareholders and seven directors attending. The other was the extraordinary general meeting of shareholders held on August 26, 2004 to consider the business merger and transfer with DBS Thai Danu Bank Plc. (DTDB) and the Industrial Finance Corporation of Thailand (IFCT) and the amendment to the Bank's memorandum of association, with altogether 269 shareholders and seven directors attending. The said meetings were proceeded with transparency, fairness and benefits to all shareholders on an equitable basis. The Chairman and the President were present at all meetings and the Chairman proceeded the meetings in line with the agenda and encouraged the shareholders to cast a vote. The Chairman also welcomed questions and comments from the shareholders and clearly answered all queries. Importance was given to the recommendations or comments made by the shareholders, with all questions clarified and all useful suggestions accepted to be further taken into action.

The meeting minutes were prepared by the Board Secretary, accurately and completely indicating the crucial questions, answers and comments, and were made available for the shareholders' inspection.

(5) Leadership and vision

TMB Board of Directors consists of persons of high caliber who have well-rounded knowledge and diversified business experiences. The Board of Directors plays a key role in setting out the Bank's visions, policies, targets, and operational direction both short-term and long-term. The Board also supervises and ensures that the management operates the business in line with the set policies and plans in an effective, efficient, and transparent manner. In addition, the Board monitors the Bank's risk management to ensure it is performed properly with the set-up of sound audit and internal control systems under the laws and regulatory requirements and in the best interest of the Bank, the shareholders, and all stakeholders.

(6) Conflict of interest

The Bank has scrupulously placed importance on the management of conflict of interest on a transparent and fair basis and disclosed information and transactions in a complete and timely manner. The consideration of the transactions that may involve conflict of interest or the connected transactions or the mutual transactions is to be made stringently in accordance with the regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission, and the Bank of Thailand. Furthermore, regarding the monitoring of the use of inside information, the Bank requires that all directors, executive officers and concerned officials observe the rules and regulations regarding the securities trading and completely disclose their securities holding. They must also acknowledge the prohibitions and penalties relating to the use of inside information for their personal or others' benefits and the premature disclosure of information to the general public.

(7) Business ethics

The Bank is confident that business ethics will strengthen the organization and build up confidence among its shareholders, customers, and stakeholders. To enhance sustainable growth in the operational performance, the Bank has prepared a "Code of Business Ethics and Code of Conduct" handbook to be distributed to individual employees. The Bank has encouraged and supported its employees to adhere to these principles regularly. Currently, the Bank is under the review and improvement of the details of the handbook to be more appropriate and correspond to the present and future circumstances.

(8) Check and balance by non-executive directors

TMB Board of Directors consists of 17 members, as follows:

- 3 Directors holding executive positions
- 8 Directors not holding executive positions
- 6 Independent directors

The above board composition conforms to the Bank of Thailand's notification regarding the structure of board of directors to enhance corporate governance of commercial banks. The said notification prescribes that a commercial bank's board of directors should not have over one-third of its total members hold executive positions and should have at least three members or one-fourth of its total members, whichever is higher, as independent directors. Furthermore, the Bank has regularly reviewed the qualifications of the independent directors to be in accordance with the concerned authorities' regulations. This board composition can assure that the Board of Directors will perform duty independently and make decisions in a transparent and efficient manner.

(9) Consolidation or segregation of positions

The Bank clearly states that the Chairman and the President who runs the operations of the Bank are not the same person. This is to clearly separate the duties of policymaking and monitoring from the day-to-day operations of the Bank.

(10) Remuneration for directors and executives

The Bank has a policy on setting the remuneration for directors on a transparent basis and in line with the commercial bank's good corporate governance principles. The remuneration budget must obtain the shareholders' approval and the remuneration for executives should be set on a par with that of other institutions of the similar nature based on the following criteria:

1) For the Board of Directors and other committees appointed by the Board of Directors based on the commercial bank's good governance principles to handle policy matters comprising the Board of Executive Directors, the Audit Committee, and the Nomination and Remuneration Committee, remuneration is set as follows:

- Directors or committee members who are outside persons shall receive both monthly remuneration and meeting allowance.
- Directors or committee members who are the Bank's employees shall receive only meeting allowance.

2) For other committees appointed by the Board of Directors to be responsible for specific tasks comprising the Credit Screening Committee, the Bank Property Management Committee, and the Risk Management Committee, remuneration shall only be paid to committee members who are outside persons in the form of meeting allowance.

3) Remuneration for directors and executives depends on the operational performance of the Bank and the individual performance. (see additional information in Item 5.2.3)

(11) Board of Directors' meeting

The Board of Directors' meeting is held regularly on a monthly basis. Meeting date shall be set in advance so that the board members are able to attend each meeting. Besides normal meetings, special meeting sessions may be arranged as deemed necessary. The meeting agenda shall be set by the President and approved by the Board Chairman. Meeting documents shall be dispatched to the directors in advance so that the directors can study the information for decision making. The Chairman will process the comments and conclude the consideration results of the meeting. The Board Secretary is responsible for preparation of the meeting minutes to be adopted by the meeting as well as for storage of meeting documents for use as reference and for inspection.

Meeting attendance of board and committee members in 2004 is tabulated below:

(Unit: Time)

Name	Board of Directors		Board of Executive Directors		Audit Committee		Nomination and Remuneration Committee	Risk Management Committee
	Regular	Special	Regular	Special	Regular	Special		
Mr. Somchainuk Engtrakul (from Aug. 26, 2004)	4/4	1/1					3/3	
Gen. Chaisit Shinawatra	6/12	3/8	2/21 (Until 6 Sep, 04)	1/3				
Mr. Sommai Phasee	12/12	8/8	36/36	3/3				
ACM. Kongsak Vantana	7/12	7/8			19/21	1/3		
Gen. Pang Malakul	12/12	8/8	35/36	3/3				
Gen. Somdhat Attanand (until Apr. 29, 04)	4/4	4/5					4/4	
Admiral Chumpol Pachusanon (until Aug. 24, 04)	5/8	3/7						
Mr. Somchai Apiwatanaporn (until Aug. 25, 04)	7/8	6/7					5/5	
Mr. Bodi Chunnananda	12/12	8/8			21/21	3/3		
Mr. Paiboon Limpaphayom	9/12	5/8	19/25 (Jan 1- Apr 30, 04) (Sep 6-Dec 31, 04)	2/3				
Mr. Sirote Swasdipanich	10/12	7/8	17/21 (until Sep 6, 04)	3/3			3/3 (from Sep 6, 04)	
Mr. Amorn Asvanunt	12/12	7/8	36/36	3/3				3/3 (from Sep 6, 04)

Name	Board of Directors		Board of Executive Directors		Audit Committee Remuneration		Nomination and Committee Committee	Risk Management
	Regular	Special	Regular	Special	Regular	Special		
Mr. Twatchai Yongkittikul (Until Aug 24, 04)	8/8	7/7			14/16	3/3	5/5	
Mr. Kampree Kaocharern	12/12	7/8			20/21	2/3		
Mr. Vudhibhandhu Vichairatana (from Aug 26, 04)	2/4	1/1						
Mrs. Chantra Purnariksha (from Aug. 26, 04)	3/4	1/1					2/3	
Mr. Christopher John King (from Nov. 1, 04)	2/2	-					2/2	
Mr. Rajan Raju Kankipati (from Aug. 26, 04)	3/4	1/1						
Mr. Michael Andrew Hague (from Aug. 26, 04)	4/4	1/1	15/15					3/3
Mr. Kraithip Krairiksh (from Aug. 26, 04)	4/4	1/1	14/15					3/3
Mr. Subhak Siwaraksa	12/12	8/8	33/36	3/3				5/5
Total No. of meetings in 2004	12	8	36	3	21	3	8	5

(12) Other committees

In addition to the above four committees, the Bank has set up committees/work groups to manage various activities. The policy laid down by the management is used as a basis for formulation of action plans and guidelines on control and monitoring of the operations to be aligned with the plans and protection and prevention of the problems arising. There are 25 committees formed to manage and supervise key functions, four of which are for policy matters, three for health-related issues, 15 for credit management, one for human resource issue, and two for information technology.

(13) Internal control and audit system

The Bank has put in place an efficient internal control and audit system and established a charter for the audit works in written form as well as relevant documents to ensure that the benefits of the shareholders, clients, and the Bank are appropriately taken care of. The role and responsibilities as well as the reporting order of business and support units, delegation of authority, control process and work procedure have been stipulated and produced in handbooks and disseminated to all employees.

(14) Report of the Board of Directors

The Board of Directors is responsible for the Bank's financial reports, which are accurate, complete, and reasonable, as well as consistent with the generally accepted accounting standards. The accounting policy adopted is appropriate and regularly observed.

(15) Relationship with investors

Investor Relations work unit has been set up since 2001 attached to the Financial Institution and Investor Relations Unit to enhance good corporate governance and promote the credibility of the Bank. In 2004, after the merger between TMB, DTDB, and IFCT, the Bank set up Investor Relations Department under Finance Group with an objective to focus on the transparent, adequate, equitable, and efficient disclosure of information so that investors will receive useful information for their investment decisions. This will help build up confidence and good image to the Bank and be in line with the practical procedure relating to the disclosure of information of listed companies. In view of this, the Bank has arranged to have the information disseminated through the following channels:

1. The Stock Exchange of Thailand
2. The Securities and Exchange Commission
3. Company visit

4. One-on-one meeting
5. Analyst meeting
6. Presentation for credit rating agencies
7. Non-dealing roadshow
8. Electronic media
 - 8.1 TMB website (www.tmb.co.th)
 - 8.2 Question & answer service via e-mail
 - 8.3 Call center
9. Newspapers/magazines
10. Televisions
11. News release and conference
12. Newsletters to shareholders/clients/creditors

Interested persons may contact this unit at TMB Head Office by telephone numbers 02-299-2926 or 02-299-1178.

5.2.5 Taking Care on Utilization of Inside Information

- Policies and methods of monitoring executives in using inside information

The Board of Directors sets out a policy that the Bank's financial statement and report on financial position to be submitted to the Stock Exchange of Thailand is confidential information having an impact on the Bank's share price and status. The Board thus required the Financial Statement Unit to submit the Bank's financial statement and related financial reports for the Audit Committee's consideration before passing them on to the Board of Executive Directors for further consideration. After that, such information will be forwarded to the Stock Exchange of Thailand for dissemination to shareholders and general investors for public disclosure.

Moreover, the Bank's Code of Business Ethics and Code of Conduct has stated the guidelines for executives neither to seek interests for their own benefits and concerned persons by using the organization's non-disclosure information, nor to reveal the confidential information to outside persons especially the competitors. Any actions that may cause conflicts of interest to the Bank are also not allowed.

- Punitive measures

With regards to the control over the use of inside information by executives, the Bank has imposed a penalty provision to be in line with the Securities and Exchange Act B.E. 2535. In addition, it is regarded as misconduct in accordance with the Bank's Code of Business Ethics and Code of Conduct.

5.2.6 Internal Control

Opinion of the Board of Directors

The Bank has set its policy and direction with a strong focus on its internal control at all levels from the management down to the operations to ensure that customers as well as the Bank's interests are adequately protected. To this end, the Bank has also set up Audit Committee, Risk Management Committee, Risk Management Group and Compliance & Governance Office to oversee the Bank's governance process, risk management and system of internal control. In addition, the Audit Group conducts regular review of the Bank's operations and interrelated transactions. The Audit Group will present the audit reports to the Board of Directors via the Audit Committee.

The Board of Directors, in its meeting no. 3/2005 on March 15, 2005, with all Independent Directors and Audit Committee Members attended, considered a report on the internal control assessment proposed by Chief of Audit Group. The conduct of such internal audit assessment was based on the Bank's five material components, namely organization body and environment, risk management, operational control by the Management, information system and communications as well as monitoring system. The Board is of opinion that the Bank and its subsidiary companies provide adequate internal control over the activities done with their major shareholders, directors, executives or any persons connected. The Board also acknowledges the report of internal audit assessment and views that the Bank's internal audit system is appropriately and adequately in place.

5.2.7 Dividend payment policy

(1) The Bank's policy

TMB has set out policy on dividend payment to shareholders, aiming at enabling shareholders to have appropriate return on investment in line with the Bank's operational performance and legal conditions as well as capital adequacy and allocation for reserves.

In 2004, dividend payment was not made by TMB due to the accumulated loss of Bt. 55,721 million from the operational performance as of December 31, 2004. The Bank will begin to make dividend payment after the offset of all the accumulated loss which is in accordance with the Public Limited Company Act B.E. 2535. However, in making dividend payment, the BoT's restrictions on dividend payment shall also have to be taken into account.

(2) Restrictions on dividend payment

In accordance with the BoT's announcement regarding bad or doubtful assets, the bank is 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 assets has not been fully provided.

According to the BoT's announcement on guidelines for commercial Banks' dividend payment, the commercial banks should not take unrealized profit or profit that is not based on actual cash flow to make dividend payments such as profit from mark-to-market securities value, or any profit deriving from the reclassifying of financial assets or the profit sharing from associated and subsidiary companies. Commercial banks should not make dividend payments out of profit from the sale of assets, which is not actually completed, which may result in abnormally raising profit or loss level as well as sale of foreclosed properties where repurchase conditions are part of the deal.

(3) Policy of subsidiary companies

Subsidiary companies have no dividend payment policy.

6. Interrelated Transactions

6.1 Independent Director's opinion on the interrelated transactions

The Bank's Independent Directors have considered the interrelated transactions in accordance with the announcement of the Securities and Exchange Commission and the Stock Exchange of Thailand at Kor Jor. 44/2543 dated November 1, 1999, and had an opinion that the occurred transactions during January 1, 2004 and December 31, 2004 were necessary and determined by the fair market value and rate.

6.2 Details of interrelated transactions

Loans and accrued interest receivable, other assets, deposits, other liabilities, contingencies, significant income and expenses between the Bank and its subsidiaries, associated companies, and related companies (Bank holds more than 20 % of their paid-up capital) as at December 31, 2004 and 2003 and for each of the year ended December 31, 2004 and 2003 were as follows:

	Dec. 31 ,2004 (Bt. Million)	Dec. 31, 03 (Bt. Million)	The Bank's Holding Percentage	Co-Directors / Executives
<u>Loans and Accrued Interest Receivable</u> (Before allowance for doubtful account)				
<u>Subsidiary Companies</u>				
Phayathai Asset Management Co., Ltd.	5,002	6,410	100.00	Mr. Prakarn Tawisuwan Mrs. Vallapa Assakul
Asset Development Co., Ltd.	429	-	100.00	Mr. Jaroonsak Hengtragul Mr. Supat Natathanapat Mr. Poonpol Ngearndee Mrs. Patara Vasantasingh

	Dec. 31, 04 (Bt. Million)	Dec. 31, 03 (Bt. Million)	The Bank's Holding Percentage	Co-Directors / Executives
<u>Associated Company</u>				
Thai ORIX Leasing Co., Ltd.	704	-	45.96	Mr. Visit Vongruamlarp
<u>Related Companies</u>				
Thumrin Hotel Co., Ltd.	822	-	31.67	-
<u>Other Assets</u>				
<u>Subsidiary Company</u>				
Phayathai Asset Management Co., Ltd.	4	-	100.00	Mr. Prakarn Tawisuwan Mrs. Vallapa Assakul
<u>Associated Companies</u>				
Thai Business Fund 1	6	42	50.00	Mr. Thawatchai Techawatanawana
Thai Business Fund 1	9	-	32.00	-
<u>Deposits</u>				
<u>Subsidiary Companies</u>				
Phayathai Asset Management Co., Ltd.	44	182	100.00	Mr. Prakarn Tawisuwan Mrs. Vallapa Assakul
IFCT Advisory Co., Ltd.	3	-	100.00	Mr. Kraithip Krairiksh Mrs. Narumol Noi-am
Asset Development Co., Ltd.	5	-	100.00	Mr. Jaroonsak Hengtragul Mr. Supat Natathanapat Mr. Poonpol Ngearndee Mrs. Patara Vasantasingh
<u>Associated Companies</u>				
TMB Asset Management Co., Ltd.	-	2	45.00	Mrs. Kittima Choonchuongchotti
Thai Business Fund 2	41	-	32.00	-
Phayathai Property Fund	21	29	30.00	-
MFC Asset Management Public Co., Ltd.	209	-	24.85	Mr. Visit Vongruamlarp Mrs. Yada Prapinmongkolkarn
<u>Related Companies</u>				
Ajala Co., Ltd.	59	58	99.99	-
TMB Asset Management Co., Ltd.	4	4	99.93	-
<u>Loans</u>				
<u>Associated Companies</u>				
TMB Asset Management Co., Ltd.	20	-	45.00	Mrs. Kittima Choonchuongchotti
MFC Asset Management Public Co., Ltd.	180	-	24.85	Mr. Visit Vongruamlarp Mrs. Yada Prapinmongkolkarn
<u>Contingencies</u>				
<u>Subsidiary Companies</u>				
IFCT Advisory Co., Ltd.	4	-	100.00	Mr. Kraithip Krairiksh Mrs. Narumol Noi-am
Asset Development Co., Ltd.	1	-	100.00	Mr. Jaroonsak Hengtragul Mr. Supat Natathanapat Mr. Poonpol Ngearndee Mrs. Patara Vasantasingh
<u>Interest and Dividend Income</u>				
Subsidiary Company	58	320		
Associated Company	7	-		
Related Company	6	-		

	Dec. 31, 04 (Bt. Million)	Dec. 31, 03 (Bt. Million)	The Bank's Holding Percentage	Co-Directors / Executives
<u>Non-interest Income (Commission and Service Income)</u>				
Associated Company	71	76		
<u>Non-interest Expenses</u>				
Subsidiary Company	-	3,000		
<u>Other Expenses</u>				
Associated Company	16	18		
<u>Allowance for Doubtful Accounts</u>				
Subsidiary Company	52	64		
Associated Company	7	-		
Related Company	56	-		

Significant transactions between the bank and its related parties, in which the Bank's executive officers are the directors with control or significant influence and in which the bank owns their paid-up capital as at December 31, 2004 and 2003 and for each of the year ended December 31, 2004 and 2003 are as follows:

	Dec. 31, 04 (Bt. Million)	Dec. 31, 03 (Bt. Million)	The Bank's Holding Percentage	Co-Directors / Executives
<u>Loans and Accrued Interest Receivables (Before Allowance for Doubtful Accounts)</u>				
Thoon Ruamkarn Co., Ltd.	12	12	16.67	-
M Home SPV1 Co., Ltd.	45	45	14.71	-
Thai-German Products Plc.	446	-	23.97	-
Thai Asia Rice Products Co., Ltd.	54	-	14.29	-
Thai-Nam Plastics Plc.	236	-	11.46	-
Bijoux B.S Co., Ltd.	1	-	16.67	-
Thai Chareonphol Industry Co., Ltd.	5	-	16.13	-
Northern Material and Concrete Ltd.	7	-	15.00	-
Piboon Concrete Co., Ltd.	75	-	15.00	-
Sanwa Inter Food Co., Ltd.	193	-	15.00	-
Ferry Line Plc.	255	-	10.00	-
Lanna Agro Industry Co., Ltd.	156	-	10.00	-
Petpak Co., Ltd.	49	-	10.00	Mrs. Vallapa Posyanond
Siam Buyck Co., Ltd.	233	-	10.00	-
Siam Steel International Plc.	87	-	12.43	-
BHN Medical Centre Co., Ltd.	316	-	13.00	Mr. Amorn Asvanunt
The Thai Insurance Plc.	19	-	12.30	-
Thai Precision Manufacturing Ltd.	96	-	12.48	-
Nakornthai Strip Mill Plc.	1,737	-	11.73	-
Thai Baroda Industries Co., Ltd.	308	-	10.70	Mr. Sornchai Pongsuwan
Phatumthani Jute Mill Co., Ltd.	-	1	10.00	-
Thai Watana Pharmaceutical Dextrose Co., Ltd.	-	1,140	-	Mrs. Anchalee Sekanandana
Charan Insurance Plc.	-	5	8.00	Mr. Sompol Chaichachow Mr. Vorayuth Charoenloet
Bangkok Polyester Plc.	1,167	1,180	7.59	Mr. Thawatchai Techawatanawana Mrs. Anchalee Sekanandana
Bangkok Expressway Plc.	4,603	4,970	4.26	Mr. Akadej Bijaphala Mrs. Vallapa Assakul

	Dec. 31, 04 (Bt. Million)	Dec. 31, 03 (Bt. Million)	The Bank's Holding Percentage	Co-Directors / Executives
Kangwal Polyester Plc.	1,583	1,619	2.35	Mrs. Vallapa Assakul
Thai Oil Plc.	2	-	0.52	-
Kulthorn Kirby Plc.	1,119	-	6.59	Mr. Visit Vongruamlarp
Don Muang Tollway Plc.	3,725	-	2.64	Mr. Visit Vongruamlarp
Mahachai Land Development Ltd	46	48	9.71	Mrs. Anchalee Sekanandana
Advance Info Service Plc.	-	923	0.01	Mr. Paiboon Limpaphayorm
Bridge View Co., Ltd.	-	937	-	Mr. Charan Mongkolchan
Vibhavadi Medical Center Plc.	-	86	-	Mrs. Chamaree Ananatsiri
Total	16,575	10,966		
<u>Deposits</u>				
M. Thai Estate Co., Ltd.	1	1	10.00	-
Phathumthani Jute Mill Co., Ltd.	6	-	10.00	-
Paiboon Insurance Co., Ltd.	47	29	10.00	General Pang Malakul Mr. Akadej Bijaphala
Ace Capital Co., Ltd.	22	42	10.00	Mrs. Chamaree Ananatsiri
Nam Seng Insurance Plc.	191	-	14.81	Mrs. Nutta Ratanachaichan Mr. Thiva Inthaseni
The Thai Insurance Plc.	39	-	12.30	-
Danu Thai Holding Co., Ltd.	1	-	10.00	-
Bangkok Pattaya Hospital Co., Ltd.	-	1	10.00	-
Nava Leasing Plc.	19	41	5.60	Mr. Wera Chantachaeng
Charan Insurance Plc.	179	167	8.00	Mr. Sompol Chaiyachow Mr. Vorayuth Charoenloet
AVIVA Insurance (Thai) Co., Ltd.	223	186	8.32	Mrs. Chandreleka Wiriyawit
Bangkok Polyester Plc.	6	4	7.59	Mr. Thawatchai Techawatanawana Mrs. Anchalee Sekanandana
Bangkok Expressway Plc.	27	18	4.26	Mr. Akadej Bijaphala Mrs. Vallapa Assakul
Advance Info Service Plc.	45	3	0.01	Mr. Paiboon Limpaphayorm
Mahachai Land Development Co., Ltd.	13	20	9.71	Mrs. Anchalee Sekanandana
Bridge View Co., Ltd.	-	34	-	Mr. Charan Mongkolchan
Vibhavadi Medical Center Plc.	-	6	-	Mrs. Chamaree Ananatsiri
Total	819	552		
<u>Loans</u>				
Bangkok Visypak Co.,Ltd.	11	-	19.05	Mr. Surachai Chotiwoongsuroj
Nam Seng Insurance Plc.	30	-	14.81	Mrs. Nutta Ratanachaichan Mr. Thiva Inthaseni
The Thai Insurance Plc.	12	-	12.30	-
Paiboon Insurance Co., Ltd.	46	-	10.00	General Pang Malakul Mr. Akadej Bijaphala
Charan Insurance Plc.	15	-	8.00	Mr. Sompol Chaiyachow Mr. Vorayuth Charoenloet
Total	114	-		
Contingencies	184	2,023		
Allowance for doubtful accounts	1,040	386		

Interest income, non-interest income, and interest expenses for each year ended December 31, 2004 and 2003 were as follows:

For each of the year ended	Dec. 31, 04 (Bt. Million)	Dec. 31, 03 (Bt. Million)	The Bank's Holding Percentage	Co-Directors / Executives
Interest income	1,133	702		
Non-interest income	10	4		
Interest expenses	3	5		

The related parties included debtors under restructuring.

Significant transactions between the bank and its related parties, in which the Bank's executive officers are the directors with control or significant influence and in which the bank owns their paid-up capital as at December 31, 2004 and 2003 and for each of the year ended December 31, 2004 and 2003 are as follows:

	Dec. 31, 04 (Bt. Million)	Dec. 31, 03 (Bt. Million)	The Bank's Holding Percentage	Co-Directors / Executives
<u>Loans and Accrued Interest Receivable (Before allowance for doubtful account)</u>				
Wang Kanai Sugar Co., Ltd.	-	1,855	-	
RTA Entertainment Co., Ltd. (Tor Tor Bor 5)	1,537	1,536	-	
TSFC Securities Limited	500	-		Mrs. Pensri Thaiprasithiporn
Wattanaswat Plc.	2	-		Child of Mr. Sirote Sawadipanich
Term Engineering Co., Ltd.	-	13		Spouse and child of General Pang Malakul
Sai Nam Yen Co., Ltd.	174	-		Mr. Sommai Phasee, spouse and child
Total	2,213	3,404		
<u>Deposits</u>				
Phutthatham Insurance Co., Ltd.	103	66		Mr. Bodi Chunnananda
Wang Kanai Sugar Co., Ltd. RTA Entertainment Co., Ltd. (Tor Tor Bor 5)	2	3	-	
Thai British Security Printing Plc.	969	1,270	-	
Airport Authority of Thailand Plc.	1	1		Mr. Kuasak Laorsuwan
Term Engineering Co., Ltd.	2,882	1,095		Air Chief Marshal Konglak Vantana Mr. Voottiphan Vichairat
Far East DDB Plc.	-	20		Spouse and child of General Pang Malakul
Aviation Industry Co., Ltd.	33	54		Mr. Amorn Asvanunt
Thai Aero Space Development Corporation Co., Ltd.	12	-		Air Chief Marshal Konglak Vantana
TM Phayathai Property Co., Ltd.	2	-		Air Chief Marshal Konglak Vantana
North Bangkok Expressway Co., Ltd.	3	-		Spouse of Mr. Somsak Kooncharoen
Thai Airways International Plc.	-	26		Mr. Akadej Bijaphala
	-	75		Air Chief Marshal Konglak Vantana
	Total	4,007	2,610	
Other Liabilities	-	5		
Contingencies	26	53		
Allowance for doubtful accounts	22	28		

The interest income and interest expenses for each of the year ended December 31, 2004 and 2003 were as follows:

<u>For each of the year ended</u>	Dec. 31, 04 (Bt. Million)	Dec. 31, 03 (Bt. Million)	The Bank's Holding Percentage	Co-Directors / Executives
Interest income	80	230		
Interest expenses	114	36		

Additionally significant transactions between the Bank and its directors and employees from the rank of department manager upward at December 31, 2004 and 2003 were as follows:

	Dec. 31, 04 (Bt. Million)	Dec. 31, 03 (Bt. Million)	The Bank's Holding Percentage	Co-Directors / Executives
Loans and accrued interest receivable	20	23		
Welfare Loans	48	28		
Deposits	253	246		
Borrowings	15	-		
Accrued interest payable	-	1		

Balance for contingencies as of December 31, 2004 and 2003 were as follows:

<u>For each of the year ended</u>	Dec. 31, 04 (Bt. Million)	Dec. 31, 03 (Bt. Million)	The Bank's Holding Percentage	Co-Directors / Executives
Contingencies	-	2		

The interest income and interest expenses for each of the year ended December 31, 2004 and 2003 were as follows:

<u>For each of the year ended</u>	Dec. 31, 04 (Bt. Million)	Dec. 31, 03 (Bt. Million)	The Bank's Holding Percentage	Co-Directors / Executives
Interest income	2	2		
Interest expenses	3	6		

Shareholders who are the financial institution holding shares more than 10 % of the Bank and related companies of the major shareholders as of December 31, 2004 and 2003 and for each year ended December 31, 2004 and 2003 were as follows:

	Dec. 31, 04 (Bt. Million)	Dec. 31, 03 (Bt. Million)	The Bank's Holding Percentage	Co-Directors / Executives
<u>Deposits</u>				
DBS Bank Ltd., Singapore	29	-		
DBS Bank (Hong Kong) Ltd., Hong Kong	4	-		
PT DBS BUANA Bank , Jakarta	3	-		
DBS Vicker Security (Thailand) Co.,Ltd.	226	-		
Total	262	-		
<u>Borrowings</u>				
DBS Bank Ltd., Singapore	1,856	-		
<u>Contingencies</u>	2,551	-		

<u>For each of the year ended</u>	Dec. 31, 04 (Bt. Million)	Dec. 31, 03 (Bt. Million)	The Bank's Holding Percentage	Co-Directors / Executives
Interest Expenses	5	-		

Pricing and interest rate policy for related party transactions. The Bank's pricing and interest rate policy are as follows :

- Interest rates of loans are in accordance with the market rate except for the interest rate of staff welfare loans which are in accordance with the Bank's regulations and the interest rate of loans to certain subsidiary and related companies which are based on the deposit interest rate.

- Fee and service income such as the annual registrar fee and the service fee for acting as paying agent from an associated company, for the funds managed by that company and as the trailing agent from that associated company are charged at rate based on conditions specified in contracts negotiated in the normal course of business, which are determined by the size of funds and the purchase and sale volumes of investment units in respect of which the Bank acts as the selling agent.

- Interest rate on deposits is in accordance with the market rate.

- Fee and service income is in accordance with the market price except that the monthly service income for acting as the agent for debt collection and receiving debt repayment for a subsidiary is equal to Baht 10,000 and fees and service income for providing collateral appraisal services to a subsidiary company, is equal to Baht 500 per case. If the appraisal involves more than one piece of title document, an additional fee is charged of Baht 200 per piece. For verification on land right-holding documents, the actual charge will be reimbursed. For appraisal and verification of documents outside Bangkok, there is an extra service charge of Baht 500 per day.

- The Bank entered into office rental and service agreements with an associated company, Phayathai Property Fund, for its branch, and the rental and service fees were determined on a mutually agreed basis.

In the year 2004, the Bank entered into a Master Service Agreement with DBS Bank, a major shareholder (the service provider). The agreement is for an initial two years with the option to extend every two years. It periods for the providing of services which are in accordance with the business relevant regulation and law, which are to accepted commercial banking standards and the same market group of the service providers, and can be applied in product, customer or the market of those product with the Thai commercial banking business. The service charges are calculated based on the job scope and the conditions of the subcontracts which are accepted by both parties.

A subsidiary company, Asset Development Co., Ltd, had entered the Accounting and Taxes Assisted Management Agreements and the Assisted Management Agreements with another subsidiary company, IFCT Advisory Co., Ltd. Service fee was charged semi-annually in which totally Baht 12 million. The terms of agreements were two years which effected as from January 1, 2004 to December 31, 2005.

Fee and service expense paid to MFC Asset Management Public Co., Ltd, a Provident Fund Manager of Bank employees who were merged, the company charged to the Bank based on an agreement rate and the net asset value of that provident fund.

7. Financial position and operational performance

7.1 Operational performance

Due to the official business merger of the Bank with DBS Thai Danu Bank Plc. (DTDB) and the Industrial Finance Corporation of Thailand (IFCT) which has taken effect since September 1, 2004, the figures of the Bank's operational performance and financial position thus came from two periods, i.e. the figures during January 1, 2004 - August 31, 2004 (8 months) showed the operational performance and financial position of the Bank only over the pre-merger period, and those during September 1, 2004 - December 31, 2004 (4 months) were the operational performance and financial position of the three institutions.

Operational Performance in 2004
Consolidated Financial Statement

	Change			Bt. million
	2004	2003	Amount	%
Interest and dividend income	17,552	15,681	1,871	11.93
Interest expense	6,401	8,263	(1,862)	(22.54)
Net interest and dividend income	11,151	7,418	3,733	50.33
Bad debts and doubtful debts	4,485	14,667	(10,182)	(69.42)
Loss from debt restructuring (Reversal)	938	(582)	1,520	261.02
Net interest and dividend income after bad debts, doubtful debts, and loss from debt restructuring	5,728	(6,667)	12,395	185.92
Non-interest income	4,576	3,946	630	15.99
Non-interest expense	9,305	11,287	(1,982)	(17.56)
Income tax	51	46	5	10.11
Net profit	948	(14,054)	15,002	106.75

The Bank and its subsidiary registered net profits for 2004 in an amount of Bt. 948 million, up from that in the year earlier by Bt. 15,002 million or 106.75%. Such rise was mainly attributable to the decline in allowance for bad debts and doubtful debts of Bt. 10,182 million and the increase in net interest and dividend income of Bt. 3,733 million which was caused by widening difference between interest income and interest expense as a result of more loans granted and lower interest cost achieved from the redemption of Super Caps in 2003.

- Net interest and dividend income

In 2004, the Bank and its subsidiary posted net interest and dividend income of Bt. 11,151 million, surging from that in the previous year by Bt. 3,733 million or 50.33%, thanks to the year-on-year rise in interest and dividend income of Bt. 1,871 million or 11.93% obtained from the merger which resulted in higher loans and investment amounts. Meantime, interest expenses dropped from the year earlier by Bt. 1,862 million or 22.54% owing to the fact that the Bank redeemed Super Caps in 2003, thereby relieving the Bank's interest payment burden in 2004.

- Net interest and dividend income after bad debts, doubtful debts, and loss from debt restructuring

In 2004, the Bank and its subsidiary recorded net interest and dividend income after bad debts, doubtful debts, and loss from debt restructuring in an amount of Bt. 5,728 million, an increase of Bt. 12,395 million or 185.92%. This was caused by the decline in the Bank's allowance for bad debts of Bt. 4,485 million, falling from the last year by Bt. 10,182 million or 69.42%.

- Non-interest income

In 2004, the non-interest income of the Bank and its subsidiary amounted to Bt. 4,576 million, a year-on-year rise of Bt. 630 million or 15.99%. This was due chiefly to the increase in profits from investments of Bt. 554 million or 93%, followed by other transactions involving foreign exchange gain and commission and service charges which edged up by Bt. 164 million, Bt. 131 million, and Bt. 91 million representing 124%, 28%, and 4% respectively. Meantime, sharing of profits (loss) from investment based on equity method dropped year-on-year by Bt. 310 million or 78%.

- Non-interest expense

In 2004, non-interest expenses of the Bank and its subsidiary accounted for Bt. 9,305 million, falling from that in the previous year by Bt. 1,982 million or 17.56%. Such decrease was caused by the loss from disposal of assets and loss from impairment in value of properties

foreclosed and other assets which lowered from Bt. 3,377 million and Bt. 956 million in 2003 to Bt. 367 million and Bt. 202 million in 2004 or a drop of 89% and 79%. Expense items that registered the largest increase in 2004 were other expenses of Bt. 505 million or 48% and personnel expense of Bt. 503 million or 25% that resulted from the increase in number of the Bank's employees from 5,922 to 7,925 caused by merger, followed by tax, commission and service charges, and building and premises which increased by Bt. 266 million, Bt. 225 million, and Bt. 150 million or 45%, 56%, and 10% respectively.

7.2 Financial position

(7.2.1) Assets

In 2004, total assets of the Bank and its subsidiary stood at Bt. 670,132 million, jumping by Bt. 291,136 million or 76.82% from 2003. Main asset items in the Bank's operations consisted of loans of 77% of total assets, followed by net investments and net properties foreclosed. Assets that registered significant changes were as follows:

Loans and accrued interest of the Bank and its subsidiary as of 2004 year-end amounted to Bt. 521,256 million, up by Bt. 218,059 million or 72% from 2003.

Allowance for doubtful debts and allowance for revaluation from debt restructuring of the Bank and its subsidiary as of 2004 year-end accounted for Bt. 44,283 million, increasing by Bt. 16,965 million or 62% from last year.

Investments of the Bank and its subsidiary as of 2004 year-end totaled Bt. 90,676 million, a rise of Bt. 43,695 million or 93% from 2003.

Net properties foreclosed of the Bank and its subsidiary at of 2004 year-end were Bt. 31,783 million, up by Bt. 13,249 million or 71% from the year earlier.

Securities purchased under RP agreement of the Bank and its subsidiary at of 2004 year-end stood at Bt. 12,000 million, edging up from that in the previous year by Bt. 5,800 million or 93%.

Interbank and money market items of the Bank and its subsidiary at of 2004 year-end were Bt. 10,120 million, rising by Bt. 1,461 million or 17% from that in 2003.

Quality of assets

- Loans

Loans concentration analysis

- 1) Loans to manufacturing and commercial sector accounted for 48.52% of total loans
- 2) Loans to public utility and service sector were 20.63% of total loans
- 3) Loans to other sectors were 11.13% of total loans

Debt maturity

Loans classified by remaining term of agreement

	Bt. million	
	Consolidated financial statement	
	December 31, 2004	December 31, 2003
Not over 1 year	204,560	94,801
Over 1 year	309,814	204,947
Total	514,374	299,748

Loans and interest receivables, loan security, and allowance for doubtful debt

Values of classified loans and interest receivables shown in the consolidated financial statements as of December 31, 2004

Bt. million

Type of loans and interest receivables	Loans and interest receivables	Loans net of collateral values	Allowance for doubtful debts
Normal	432,012	174,030	1,740
Special mention	18,321	3,839	77
Substandard	12,249	3,329	1,147*
Doubtful	7,657	2,313	2,218*
Doubtful of loss	46,505	19,808	23,436*
Total	516,744	203,319	28,618
- Allowance for doubtful debts in excess of the minimum requirement as set by the BoT			8,623
- Loans to Asset Development Co., Ltd.	270		155
Total			37,396

Note: * Allowance for doubtful loss in accordance with the letter of the Bank of Thailand dated February 27, 2003 (net of bad debts written off) were included in substandard, doubtful, and extremely doubtful of loss classes in an amount of Bt. 481 million, Bt. 1,062 million, and Bt. 2,357 million, respectively.

Setting aside of allowance for doubtful debts

In 2004, the Bank and its subsidiaries set aside the allowance for doubtful debts at a ratio not less than the requirement set by the BoT. Expenses on bad debts, doubtful debts, and loss from debt restructuring amounted to Bt. 5,420 million in the Bank's sole statement of income and Bt. 5,424 million in the Bank's consolidated financial statements.

According to the Bank-only balance sheet as of December 31, 2004, the Bank recorded allowance for doubtful debts of Bt. 36,885 million and allowance for loss from debt restructuring of Bt. 6,887 million. In the Bank's consolidated financial statements, the Bank posted allowance for doubtful debts of Bt. 37,396 million and allowance for loss from debt restructuring of Bt. 6,887 million.

Non-performing loans (NPLs)

The loans accounts classified as substandard, doubtful, and extremely doubtful amounted totaled Bt. 61,697 million (42,126 accounts), increasing from December 31, 2003 by Bt. 31,866 million (17,199 accounts). This was due principally to the merger taking effect on September 1, 2004 between the Bank, DTDB, and IFCT that required to have the NPLs of DTDB and IFCT included. This was coupled with the fact that some debt restructuring clients failed to comply with debt repayment conditions.

Transfer of NPLs to Thai Asset Management Corporation (TAMC) and/or Phayathai Asset Management Co., Ltd. (PAMC)

As of December 31, 2004, the Bank and its subsidiaries was paid for the transfer of debtors from TAMC in form of non-negotiation promissory notes and aval by Financial Institutions Development Fund (FIDF) with maturity date fall in 2011-2014 and total outstanding amount of Bt. 11,594 million. The P/Ns is classified as held-to-maturity debt instrument which TAMC may exercise the right to early redeem the P/Ns. Such P/Ns carry interest rate equal to the average deposit rate of the five large Thai commercial banks, with interest payment specified to be made on the last business day of the year.

In 2004, the Bank and its subsidiaries redeemed the non-negotiable P/Ns and have them aval by FIDF in an amount of Bt. 1,273 million in 2004.

As of December 31, 2004, the Bank and its subsidiaries had debts pending the audit and confirmation in an amount of Bt. 177 million. TAMC is now under the examination of the transfer price of the debtors to be transferred so as to confirm the transfer price and issue the P/Ns or TAMC is currently under the issuance of P/Ns to the Bank and its subsidiaries.

In 2004, the Bank and its subsidiaries realized interest from TAMC in an amount of Bt. 88 million.

In 2004, the Bank transferred and sold the assets of both secured and unsecured NPLs to PAMC (subsidiary) in a total amount of Bt. 116 million, with book value (net from allowance for doubtful debts) of Bt. 106 million. In this relation, the Bank enjoyed the profits from such debtor transfer.

- Properties foreclosed

Quantity and value

As of 2004 year-end, the Bank had 3,725 items of properties foreclosed at a total value of Bt. 28.427 billion, increasing by 74% from Bt. 16.325 billion in 2003. The properties at around 65% valuing at Bt. 18.516 billion were in condition good enough to be disposed of. The rest were assets under the conditions set in debt restructuring agreements, which included the first right to buy back at 24% or Bt. 6.837 billion, and under certain conditions at around 11% or Bt. 3.134 billion.

The rise in total value of properties foreclosed during 2001-2003 from Bt. 10,060.39 million in 2001 to Bt. 16.279 billion in 2002 and finally to Bt. 16.325 billion in 2003 was due to the Bank's policy to accept asset transfer as an alternative method for debt settlement and to bid for certain assets at auctions. The Bank had been able to benefit from the possession and disposal of such assets at a profit through sale campaign at a later date. The rise in the properties foreclosed in 2004 was in consequence of the merger with the Industrial Finance Corporation of Thailand (IFCT) and DBS Thai Danu Bank Plc. (DTDB) from which the properties foreclosed transferred to the Bank were Bt. 11,792.17 million.

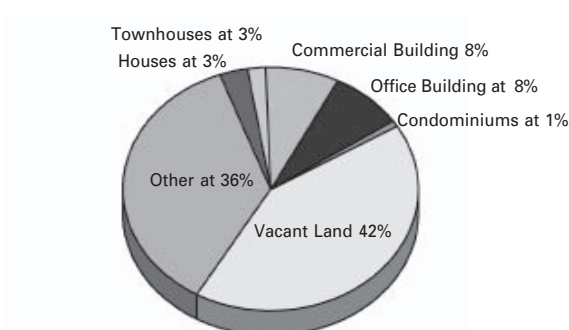
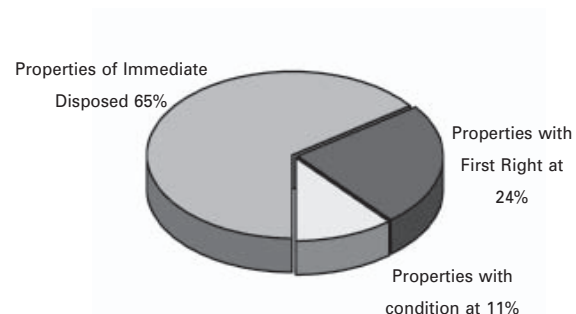
Method regarding properties foreclosed

The Bank's properties foreclosed are located around the country. Overhead expenses to keep the properties in good condition and ready for disposal is around Bt. 33 million a year. However, the Bank has put up some of the properties for rent to help save the maintenance cost on the properties and in 2004 made an income from the rental of such properties at Bt. 65.9 million.

In the disposal part, the Bank has organized a data bank on the properties available through the Bank's Internet website and intranet system. The data was also published for giving away to the public through sale channels internally and externally. All staff members, totaling around 8,000 persons at different branch locations nationwide as well as estate agents and the public, had taken part in the sale pitch, with sale commission provided by the Bank as incentives. In 2004, TMB's net income from disposal of its properties foreclosed totaled Bt. 3.041 billion.

Properties foreclosed classified by status

Properties foreclosed classified by type



- Investment in securities

Analysis on concentration of investment

The Bank's net investment in securities at the end of 2004 and 2003 in the consolidated financial statements was stated in fair value at Bt. 90.676 billion and Bt. 46.981 billion respectively, a year-on-year rise 93%. Ratios of investments at book value as of the end of 2004 were as follows:

- Debt securities issued by public sector including state enterprises at 74.2%
- Private sector's debt securities at 4.7%
- Foreign debt securities at 1.1%
- Equity holding in associated /subsidiary companies at 3.3%
- Marketable equity securities at 16.6%
- Non-marketable equity securities at 0.1%

Allowance for adjustment in prices and decline in value of the investment in securities was adequately set aside as required by accounting standards on securities investment.

Value of investment in securities and allowance for decline in value of the securities

Units: Bt. Million

Type	Current Investments	Long-term Investments	Investments in subsidiary and associated companies	Total
1. Government and state enterprise securities	24,024	43,179	-	67,203
2. Private debt instruments	159	4,111	-	4,270
3. Foreign debt instruments	-	973	-	973
4. Investments in subsidiary / associated companies	-	-	3,010	3,010
5. Marketable equity securities	2,399	12,681	-	15,080
6. Non-marketable equity securities	-	82	-	82
Total investment before allowance	26,582	61,026	3,010	90,618
<u>Add</u> Allowance for revaluation	43	1,255	-	1,298
<u>(Less)</u> Allowance for impairment	(50)	(1,190)	-	(1,240)
Net investment	26,575	61,091	3,010	90,676

(7.2.2) Liabilities

In 2004, TMB's and its subsidiary companies' total liabilities amounted to Bt. 624.976 billion, increasing from 2003 by Bt. 273.457 billion or 78%. The liabilities which were the main factor in the Bank's operation were deposits, accounting for 73% of the total liabilities, followed by borrowings, and inter-bank and money market items. The items of liabilities with material changes were:

- TMB's and its subsidiary companies' deposits as of 2004 year-end of Bt. 455.945 billion, increasing from the previous year by Bt. 133.887 billion or 41%;
- TMB's and its subsidiary companies' borrowings as of 2004 year-end of Bt. 91.869 billion, increasing from the previous year by Bt. 84.582 billion or 1,160%;
- TMB's and its subsidiary companies' inter-bank and money market items as of 2004 year-end of Bt. 62.825 billion, increasing from the previous year by Bt. 48.819 billion or 348%.

(7.2.3) Shareholder's equity

The shareholders' equity of TMB's and its subsidiary companies' as of 2004 year-end was Bt. 45.156 billion, increasing from 2003 year-end by Bt. 17.680 billion or 64.34% as a result of the tender offer of DBS Thai Danu Bank Plc. and The Industrial Finance Corporation of Thailand. As a consequence, the bank had the increased ordinary shares of 4.898 million shares and the ordinary shares issued and fully paid up increased by Bt. 48.984 billion. The shortfall in ordinary shareholders' equity increased by Bt. 31.413 billion. In addition, TMB enjoyed a net profit in 2004 of Bt. 948 million. The unrealized gain on revaluation of investments decreased by Bt. 847 million.

(7.2.4) Liquidity

In 2004, TMB's and its subsidiary companies' cash and cash equivalent items had a net increase of Bt. 2.001 billion of which Bt. 416 million was a net cash increase from 2003 through activities as follows:

1. Operating activities of Bt. 64.718 billion comprising decrease in operating assets of Bt. 11.589 billion, increase in operating liabilities of Bt. 50.184 billion and profit from operation before the changes in operating assets and liabilities of Bt. 2.945 billion;
2. In investment activities. The fund used was Bt. 10.044 billion and was mainly due to investment in held-to-maturity securities, available-for-sale securities and securities in general of Bt. 39.213 billion. The fund received from the sale of securities was Bt. 29.364 billion;
3. Capital funding activities resulted in an inflow of Bt. 52.673 billion from long-term loan repayment of Bt. 49.418 billion and redemption of debentures and subordinated debentures-cum-preferred shares of Bt. 3.258 billion.

(7.2.5) Capital expenditure

In 2004, TMB's capital investment was mainly in key basic factors for future expansion and IT system adjustment to accommodate the integration system of DTDB and IFCT as a consequence of the business merger such as the IT system development, data system and basic structure development.

As regards the investment plan for 2005, investment is expected in the IT system development and data system used in administration in continuation from 2004. Furthermore, there will be the development of new products including the renovation of branches, starting at some branches in tandem with staff restacking from Silom Office which was formerly the head office of DTDB and from Petchburi Office which was formerly the head office of IFCT to the head office on Phahon Yothin Road.

- Sources of fund

Capital structure

The major sources of fund of TMB and its subsidiary companies are basically from deposits which accounted for 68.04% of the total fund, followed by borrowings, inter-bank and money market items and shareholders' equity at 13.71%, 9.38% and 6.74% respectively.

Unit: Bt. million

Sources of fund	December 31, 2004		December 31, 2003	
	Amount	(%)	Amount	(%)
Deposits	455,945	68.04	322,058	84.98
Inter-bank and money market Items	62,825	9.38	14,006	3.70
Borrowings	91,869	13.71	7,287	1.92
Other Liabilities	14,337	2.14	8,168	2.16
Shareholders' equity	45,156	6.74	27,477	7.25
Total	670,132	100.00	378,996	100.00

Relationship of funding sources and fund uses

TMB and its subsidiary companies' main sources were deposits while the fund was used mainly to provide loans to customers. As of 2004 year-end, deposits and loans as stated in the consolidated financial statements of the Bank and its subsidiary companies can be broken down on the remaining term before due dates as follows:

TMB's and its subsidiary companies' funding sources and fund uses

Unit: Bt. million

Remaining Term	Deposits				Loans			
	2004		2003		2004		2003	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
Not over 1 year	399,629	87.65	317,014	98.43	204,560	39.77	94,801	31.63
Over 1 year	56,316	12.35	5,044	1.57	309,814	60.23	204,947	68.37
Total	455,945	100.00	322,058	100.00	514,374	100.00	299,748	100.00

TMB and its subsidiary companies' deposits as of the end of 2004 with remaining term of not over 1 year amounted to Bt. 399.629 billion, increasing from 2003 year-end by Bt. 82.615 billion or 26.06%. Deposits with term more than 1 year remaining amounted to Bt. 56.316 billion, increasing from 2003 year-end Bt. 51.272 billion or 1,016.49%.

TMB's and its subsidiary companies' loans as of 2004 year-end with term not over 1 year amounted to Bt. 204.560 billion, increasing from 2003 year-end by Bt. 109.759 billion or 115.78%. Loans with term more than 1 year remaining amounted to Bt. 309.814 billion, increasing from 2003 year-end by Bt. 104.867 billion or 51.17%.

When comparing the remaining terms of loans and deposits, it can be seen that they are not perfectly matched. This is considered normal in commercial banking business, particularly for the remaining term of over 1 year in which the loans were higher than the deposits by Bt. 253.498 billion as stated in the consolidated financial statements. However, due to continuous renewal of deposits, they have become the Bank's sources of fund for loan extension. TMB's long-term source of fund is also available through the issuance of subordinated debentures and debentures as the Bank has realized the liquidity gaps arising at each interval and has therefore laid down policies to match the sources of fund with the fund uses as much as possible.

Maintenance of capital ratio as required by the authorities

As of December 31, 2004, TMB's capital adequacy ratio was maintained at 8.8% which was higher than the BoT's minimum requirement.

Remuneration for the auditor

1. Audit fee

TMB and its subsidiary companies paid remuneration to the following parties:

- The audit office in the previous accounting year amounting to Bt. 9,435,920
- Individual or business that is related with the auditor and the audit office of the auditor in the previous accounting year amounting to Bt.....-.....

2. Non-audit fee

TMB and its subsidiary companies paid remuneration for other services, which included the fee for report review, calculation of value added, and the fee for special audit to the following parties:

- The audit office in the previous accounting year amounting to Bt.770,484 and payable in the future due to the agreement on incomplete audit service in the previous accounting year totaling Bt.900,000
- Individual or business that is related with the auditor or the audit office in the previous accounting year amounting to Bt.....-..... and payable in the future due to the agreement on incomplete audit in the previous accounting year totaling Bt.....-.....

7.3 Business Targets

The Bank has completely implemented its long-run competitiveness enhancement plan, involving financial restructuring and rectification of its weaknesses on a comprehensive basis. It managed to raise its capital with new share offering of 6,405 million shares worth Bt. 22.255 billion in September 2003, sell non-performing assets of Phayathai Asset Management Co., Ltd. to Bangkok Commercial Asset Management Co., Ltd. , increase provision for loan losses, redeem subordinated debenture and preferred shares with subordinated debenture (Super CAPS) .

Its further stage in 2004 was to seek a leading financial institution with strong financial position to join as its strategic partner. This led to the merger project with DTDB and IFCT in line with the policy of The Ministry of Finance as the major shareholder and the Financial Sector Master Plan under the government policy. The Bank's business targets can be concluded as below:

(1) Vision

Due to the merger completion in legal term and with the work process and systems harmonized since September 1, 2004 and October 18, 2004 respectively, the post-merger TMB has become the fifth largest Thai commercial bank by asset size. It is fully equipped with the potential to compete as a leading bank offering services of value which can respond to the customers' needs and grow side by side with them, with the support of its quality personnel and broad network countrywide. The Bank's vision is

“ Dynamic Partnership for Growth ”

- A business partner to create business value for growth
- Responding unstopably to customer needs with full services and network on innovational and professional basis

(2) 3-year post-merger mission

The Bank will focus on risk management system and expertise in product development to retain the existing customer base and expand the new one, as follows:

1. Risk management

- 1.1 Embark on world-class risk management framework
- 1.2 Prepare for Basel II
- 1.3 Adopt best practices in credit management

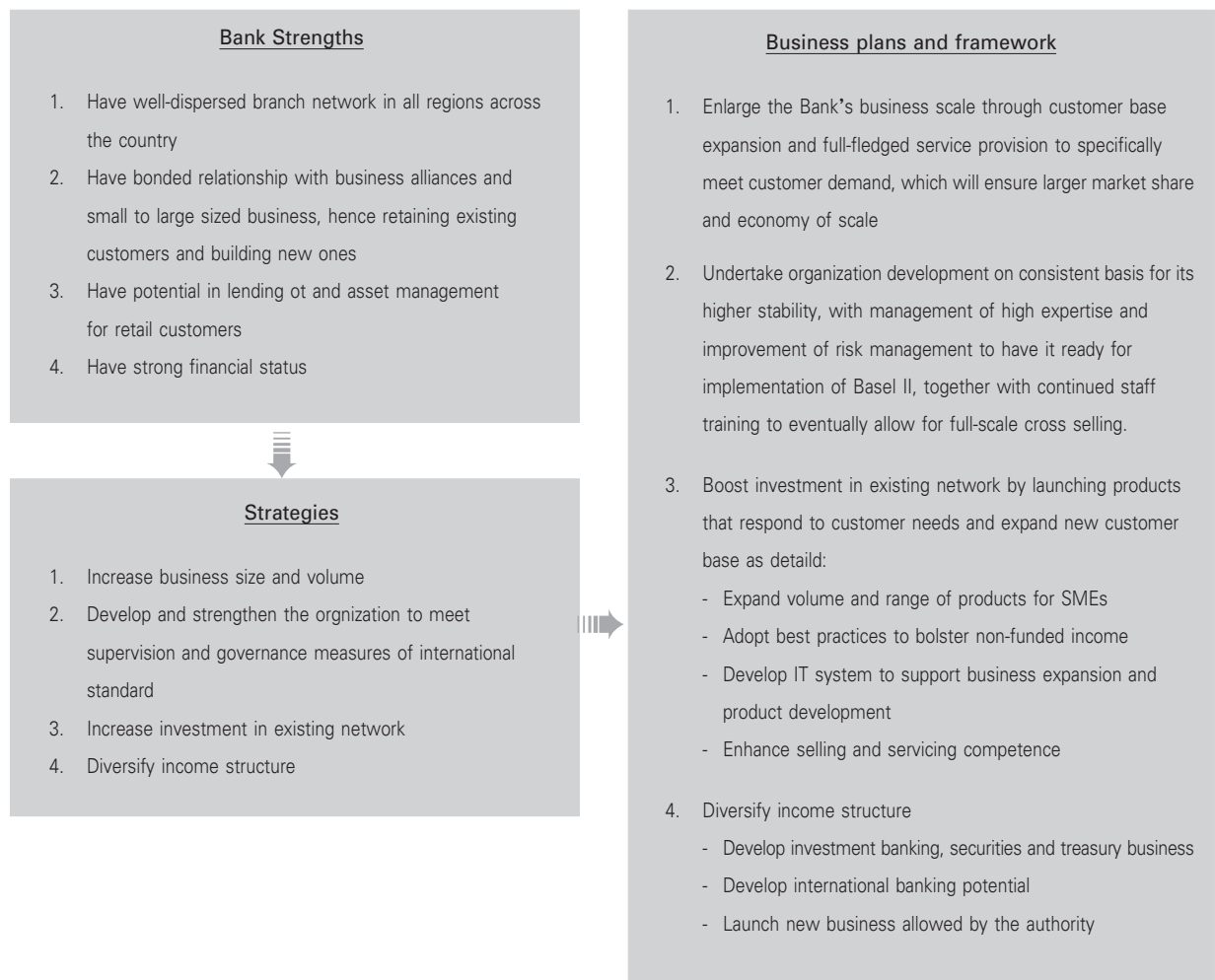
2. Products

- 2.1 Develop universal banking structure and framework
- 2.2 Focus and seek opportunities for wealth management
- 2.3 Acquire expertise of DBS Singapore in developing new products

3. Clients

- 3.1 Launch new services and products to expand customer base
- 3.2 Expand consumer banking services and products to fetch new customers
- 3.3 Focus on SMEs which have high growth potential
- 3.4 Retain corporate or large customers that are prime ones

(3) Strategies toward becoming a universal bank



(4) Key policy for 2005

1. To gear up for materialization of synergy from the merger
2. To undertake continued but cautious expansion of credits with focus on SMEs and retail customers
3. To boost net interest income (NII) through cost restructure with increase in proportion of saving deposit and current account
4. To increase non-interest income with focus on corporate customers and financial market business.
5. To reduce NPLs and dispose of NPA with adequate provision for loan loss beginning 2004 to support future expansion
6. To lower operating cost with control over some expense items and efficiency boost on utilization of assets
7. To improve the risk management system and set up the action plans in order to prepare for Basel II principles
8. To augment investments to accommodate sustainable expansion which also involves development of personnel and work process as well as product development

BRANCH OFFICE

Office	Tel	Fax
AIRPORT	0-2523-6601-2,0-2535-2541-2	0-2535-2459
AMNAT CHAROEN	0-4551-1590-4	0-4551-1593
ANG THONG	0-3561-1262	0-3561-2418
AOM NOI	0-2431-0975-6,0-2420-2347	0-2431-0976
AOM YAI	0-2810-3325-9	0-2810-3325
AOU-UDOM	0-3835-1642-4,0-3835-1744	0-3835-1643
ARANYAPRATHET	0-3723-1280,0-3723-1290	0-3723-2601
ASOK	0-2259-3312-4,0-2260-3840	0-2261-6651
AYUTTHAYA	0-3524-1417-8	0-3524-2417
BAN CHANG	0-3860-1027,0-3860-1357	0-3860-1727
BAN CHANG-RAYONG	0-3860-2320-1,0-3860-3783	0-3860-2322
	0-3860-2781-2	0-3860-2322
BAN DAN LAN HOI	0-5568-9110	0-5568-9070
BAN KHAI	0-3864-1001-3	0-3864-1001
BAN LUANG	0-5476-1076,0-5476-1003	0-5476-1076
BAN PHAI	0-4327-2750,0-4327-2733	0-4327-2790
BAN PHU	0-4228-1264-5	0-4228-1265
BAN PONG	0-3220-0382-3,0-3234-4767	0-3220-0383
BAN RAI	0-5653-9002-3	0-5653-9004
BAN SUAN-CHON BURI	0-3879-9405-6	0-3879-9301-4
BANG BAN	0-3539-9508-10	0-3539-9510
BANG BON	0-2451-0630-4	0-2451-0633
BANG BUA SUBBRANCH	0-2972-9693-9	0-2972-9694
BANG BUA THONG	0-2920-2510-4	0-2920-2513
BANG CHAK SUBBRANCH	0-2332-9290-2	0-2332-9294
BANG KAPI SUBBRANCH	0-2375-7556,0-2375-6347	0-2375-7558
BANG KHAE	0-2454-8110-2	0-2454-8110
BANG KHEN	0-2513-2805,0-2513-2807	0-2513-3132
BANG KHRU SUBBRANCH	0-2819-2165-9	0-2819-2165-9
BANG KHUN NON	0-2424-2826,0-2424-2832	0-2424-2829
BANG LAMPHU	0-2282-5021,0-2282-5040	0-2282-5395
BANG LAMUNG	0-3872-7046-7,0-3872-7060	0-3872-7046
BANG PAKOK	0-2427-9568,0-2428-0436	0-2427-9568
BANG PHLAD SUBBRANCH	0-2424-6499,0-2424-5221	0-2424-5221
BANG PHO SUBBRANCH	0-2585-6400,0-2912-6594	0-2585-6594
BANG PLASOI-CHON BURI	0-3827-3579-81,0-3827-6579	0-3827-3578
	0-3827-8717-8,0-3827-6564	
BANG RAK	0-2237-1844,0-2237-2620	0-2266-4115
BANG SU SUBBRANCH	0-2911-3142-6	0-2911-3142-6
BANG WUA	0-3853-8277,0-3853-9003	0-3853-8255
BANGKHLA	0-3854-1123,0-3854-1208	0-3854-1689
	0-3854-1690, 0-3882-7231-3	0-3854-1689
BANGKOK UNIVERSITY- RANGSIT CAMPUS SUBBRANCH	0-2516-8492-4	0-2516-8492-4
BANGNA	0-2399-2470-3	0-2399-2482
BHUMIBOL ADULYADEJ HOSPITAL	0-2532-2854-7	0-2531-6278
BIG C-THANONRAMA 2 SUBBRANCH	0-2416-7806,0-2416-7881	0-2416-7806,
		0-2416-7881
BO BAE	0-2225-2823,0-2225-4255	0-2222-3631
BO RAI	0-3959-1041-2	0-3959-1041
BURI RAM	0-4461-3441-3	0-4461-3443
CHACHOENGSAO	0-3851-2271,0-3851-2279	0-3851-2275
CHAENG WATTHANA	0-2574-0203-5,0-2574-0097	0-2574-0205
CHAI NAT	0-5641-1564,0-5641-2382	0-5641-1118
CHAIYAPHUM	0-4481-1666,0-4482-2123	0-4481-1659
CHANDI	0-7548-6184-5,0-7548-6304	0-7548-6184
CHANDRAKASEM RAJABHAT UNIVERSITY SUBBRANCH	0-2513-1700,0-2513-7264	0-2513-1700
CHANTHABURI	0-3931-1799,0-3932-1215	0-3931-1777
CHARAN SANIT WONG	0-2424-0087,0-2424-5520-1	0-2435-2393
CHIANG INN PLAZA	0-5328-1350	0-5328-1351
CHIANG MAI	0-5325-1058-62	0-5323-3159

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CHIANG MAI 2	0-5321-1277,0-5321-1241 0-5321-8683-4, 0-5340-0911	0-5321-1774 0-5321-1774
CHIANG RAI	0-5371-1100,0-5371-7515-6	0-5371-3590
CHOK CHAI 4	0-2538-3125-6	0-2539-2615
CHON BURI	0-3827-2984-5,0-3827-4088	0-3827-4089
CHONG NONSI	0-2285-3940-4	0-2285-3944
CHUM PHAE	0-4331-1170,0-4331-1270	0-4331-2470
CHUMPHON	0-7750-2545,0-7750-4960	0-7750-2544
CHUMSAENG	0-5628-2498-9	0-5628-2499
DAMNOEN SADUAK	0-3225-3701,0-3225-3348	0-3225-3349
DAN KHUN THOT	0-4438-9101-2	0-4438-9279
DAO KHANONG	0-2476-6561,0-2476-3840-1	0-2476-3840-1
DHONBURI RAJABHAT UNIVERSITY SUBBRANCH	0-2465-5690,0-2465-5744	0-2465-5690
DOI MAE SALONG	0-5376-5159-60	0-5376-5160
EKKAMAI	0-2381-7088-90,	0-2381-7092
FANG	0-5345-3506-7,0-5345-1154	0-5345-1002
HANG CHAT	0-5426-9206-8	0-5426-9206
HAT YAI	0-7423-5301,0-7423-1141-3	0-7423-5300
HAT YAI 2	0-7424-4198,0-7423-6933,0-7423-0889	0-7423-2955
HOT	0-5346-1055-6	0-5346-1056
HUA HIN	0-3253-1120-1	0-3253-1161
HUA HIN-PRACHUAP KHIRI KHAN	0-3251-2205,0-3251-2425, 0-3251-2500,0-3253-2151-2	0-3251-2347
HUA MAK	0-2718-8057-8	0-2314-1412
HUA TAKAE- LAT KRABANG	0-2739-1020-4,0-2326-9848, 0-2326-7417 (Direct Line)	0-2326-8479 0-2326-8479
HUAGHUNJAE-BAN BUNG	0-3820-1026,0-3820-1211	0-3820-1212
HUAI KHRAI	0-5376-3001-2	0-5376-3001
HUAI KHWANG	0-2274-3200-5,0-2690-2606	0-2274-3206
HUAI YOT	0-7527-1147,0-7527-1425	0-7527-1148
HUAIKAE ROAD-CHIANGMAI	0-5340-4042-3	0-5340-4044
INDRA-PRATUNAM	0-2208-0981-2	0-2208-0981
INTHRARAK SUBBRANCH	0-2374-0290-5	0-2374-0293
JOMTIEN	0-3823-2079,0-3823-2973	0-3823-2080
KAIRLAI	0-2588-1418,0-2588-1778	0-2588-1418
KALASIN	0-4381-2133-5	0-4381-2134
KAMPHAENG PHET	0-5571-3801-3	0-5571-3803
KAMPHAENG SAEN	0-3435-1020-1	0-3435-1022
KANCHANABURI	0-3451-1677,0-3451-2441	0-3451-2442
KASETSART UNIVERSITY	0-2561-4289-90	0-2561-4289
KHAO SAI	0-5664-9111,0-5664-9060	0-5664-9060
KHLONG CHUN	0-2377-1370,0-2377-9737	0-2377-1360
KHLONG PANG	0-7528-6066	0-7528-6055
KHLONG TAN SUBBRANCH	0-2717-9411-5	0-2717-9411
KHLONG TOEI	0-2249-1518,0-2249-1831	0-2249-1619
KHOK MATUM-PHITSANULOK	0-5521-2432-6	0-5521-2436
KHON KAEN	0-4324-1497-9	0-4324-2053
KHON KAEN 2	0-4324-1140-4	0-4324-1145
KHUAN NIANG	0-7438-7155-7	0-7438-7157
KLAENG	0-3888-4595-7	0-3888-4597
KLUAY NAM THAI	0-2712-4048-51	0-2712-4048
KO CHANG SUBBRANCH	0-3955-1040-1	0-3955-1040-1
KO SAMUI	0-7742-0360-62,0-7742-1143	0-7742-1143
KRA BURI	0-7789-1027-8	0-7789-1028
KRA THUM BAEN	0-3484-8968,0-3484-8971	0-3484-8968
KRABI	0-7561-2718-20	0-7561-2719
KRUNG KASEM	0-2222-5158-9,0-2222-7801	0-2222-5667
KRUNG THON BRIDGE	0-2424-2577,0-2434-3536	0-2424-5939
LADPRAO SOI 136	0-2378-1300,0-2374-4616-7, 0-2378-0792,0-2374-5496	0-2374-5001

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LAMPANG 2	0-5422-2779,0-5422-5833, 0-5431-8068-9	0-5422-2778
LAMPHUN	0-5356-1460-1	0-5351-0460
LANDMARK PLAZA SUBBRANCH	0-2255-8430-4	0-2255-8430-4
LANG SUAN	0-7754-1233,0-7754-1244	0-7754-1333
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LAT PHRAO 103 SUBBRANCH	0-2370-3165-70	0-2370-3170
LAT PHRAO 124	0-2514-0802,0-2539-7220	0-2514-0562
LAT PHRAO 42	0-2938-3260-3	0-2938-3260-3
LAT PHRAO 6	0-2511-1819,0-2511-3982-3, 0-2513-0779, 0-2513-4052	0-2513-8112
LAT YA	0-2437-1078,0-2437-1147	0-2439-1064
LOEI	0-4281-2122,0-4281-2133	0-4281-2133
LOM SAK	0-5670-1044,0-5670-1579	0-5670-1708
LOP BURI	0-3641-1596,0-3641-1945	0-3641-2093
LUM THAP	0-7564-3595-7	0-7564-3599
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MAESAI	0-5373-3145-6	0-5373-3146
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METRO SHOPPING CENTER	0-2252-9009-10	0-2252-9009
MINBURI	0-2517-1221-2	0-2517-3779
MINISTRY OF DEFENCE	0-2222-1215,0-2221-7736	0-2224-7406
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MUAK LEK	0-3634-1017,0-3634-1990	0-3634-1024
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MUANG PHON	0-4341-4060-1	0-4341-4762
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NAKHON CHAI SI	0-3422-8338-42	0-3422-8338
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THANON PHET KASEM-HATYAI	0-7423-6403-4,0-7423-9830	0-7423-6405
THANON PHETCHA KASEM - NONG KHAEM	0-2431-0308-12, 0-2810-6874-5	0-2431-0313
THANON PHETCHA KASEM - BANG KHAEM	0-2413-0922-3,0-2413-0932, 0-2804-5450-1,0-2454-2869	0-2804-6001
THANON PHIBUN SONGKHRAM	0-2526-2020-2	0-2526-2022
THANON PHIBUNLA-IAT-NAKHON RATCHASIMA	0-4427-5200-2	0-4427-5203
THANON PHOSI-UDON THANI	0-4224-9551-3	0-4224-9554
THANON PHROMMARAT - UBON RATCHATHANI	0-4524-0214-8	0-4524-0215
THANON PRACHA RAT- NONTHABURI	0-2525-3074-5,0-2967-5501-5, 0-2526-5836	0-2526-3526
THANON PRACHAUTHIT SUBBRANCH	0-2870-9124-8	0-2870-9125
THANON PRAJAK-NAKHONRATCHASIMA	0-4426-7675,0-4426-7760	0-4426-7798
THANON PRAJAK-YAK SANLAKMUEANG	0-4425-2665,0-4426-7471, 0-4425-5191,0-4425-5567-8,	0-4425-6202
THANON RAJWITHEE NAKHONPATHOM	0-3425-0822-5,0-3421-9177-9	0-3425-0826
THANON RAMA INTRA KM.6	0-2509-3211-7,0-2944-2373-4	0-2509-3218
THANON RAMA IX	0-2643-0383-4,0-2643-0398	0-2643-0212
THANON RAMA IX-THANON SERI 7 SUBBRANCH	0-2718-2743-8	0-2718-2743-8
THANON RATANATHIBET-NONTHABURI	0-2965-6791-6	0-2965-6800
THANON RATCHADAPHISEK-NANGLINCHI SUBBRANCH	0-2678-0164-7,0-2285-3493, 0-2285-3237	0-2678-0168-9
THANON RATHAKHAN-HAT YAI	0-7423-7575,0-7423-8801-2	0-7423-8800
THANON RATTANA THIBET	0-2921-8740-4	0-2921-8740-4
THANON SAI LUAT	0-2388-0919-20	0-2388-0920
THANON SAI LUAT-SAMUTPRAKAN	0-2389-5021-2,0-2389-5063-4, 0-2389-3746-7,0-2701-6695	0-2389-3302
THANON SAMAKKHI	0-2574-6291,0-2980-0401	0-2574-6221
THANON SANGCHOOT KANCHANABURI	0-3451-5883-5,0-3451-2346, 0-3451-2495	0-3451-2496
THANON SETTHAKIT 1-SAMUT SAKHON	0-3481-5609-13	0-3481-5608
THANON SONG PRAPHA SUBBRANCH	0-2929-7100-1	0-2929-7100-1
THANON SRICHAN-KHONKAEN	0-4324-6490-2	0-4324-6492

BRANCH OFFICE

Office	Tel	Fax
THANON SRINAKARIN TARA-LA SALLE SUBBRANCH	0-2748-7484-6	0-2748-7483
THANON SRINAKARIN-TARA	0-2320-0098,0-2322-0691	0-2320-0099
THANON SUK SAWAT-RATBURANA	0-2428-4507-11,0-2428-4386	0-2428-4387
THANON SUKHAPHIBAN 1	0-2509-1062-7,0-2946-8793-4	0-2509-1068
THANON SUKHAPHIBAN 2 SUBBRANCH	0-2704-8156-8	0-2704-8159
THANON SUKHAPHIBAN 3	0-2735-2581-4	0-2735-2585
THANON SUKHUMWIT - CHONBURI SUBBRANCH	0-3826-0960-3	0-3826-0960-3
THANON SUKHUMWIT- KLAENG	0-3867-1801-2,0-3867-4267-9, 0-3888-7017-9	0-3867-1803
THANON SUKHUMWIT KM.28-SAMUT PRAKAN SUBBRANCH	0-2702-3418-21	0-2702-3426
THANON SUKHUMWIT-SAMRONG	0-2394-5858-9,0-2756-8082, 0-2756-9013-4,0-2384-4330	0-2384-2856
THANON SUKPRAYUN-CHACHOENSAO SUBBRANCH	0-3882-3795-7	0-3882-3796
THANON SURAT THANI-PHUNPHIN	0-7728-3459-61	0-7728-3460
THANON SUTBANTAT SARABURI	0-3622-3355,0-3622-4058-60, 0-3622-2711,0-3622-2448	0-3622-1312
THANON THAHAN UDONTHANI	0-4234-1951-6	0-4234-1957
THANON THEPARAK	0-2383-5618-20	0-2383-5620
THANON THEPARAK KM.3 SUBBRANCH	0-2753-2860-6	0-2753-2864
THANON THEPHARAK KM.12	0-2312-2123-5,0-2312-2440-1	0-2312-2126
THANON THEPHARAK KM.22	0-2706-0992-8	0-2706-0992-8
THANON TIWANON	0-2950-0251-5	0-2591-0390
THANON WAT KING KAE0	0-2312-4703,0-2750-1920-3	0-2750-1923
THAP THAN	0-5659-1220-2	0-5659-1221
THAT PHANOM	0-4254-1008-9	0-4254-1009
THATTHONG	0-2391-3146,0-2392-3495	0-2392-3495
THOENG	0-5379-5001-3	0-5379-5002
THONGLO	0-2390-0437-40,0-2712-7625-6	0-2392-3496
THUNG SONG	0-7541-2446-8	0-7541-2447
THUNG TAKO	0-7753-6007	0-7753-6122
TRAKAN PHUTPHON	0-4548-1111	0-4548-1015
TRANG	0-7521-4025-6,0-7521-0811	0-7521-8344
TRANG 2	0-7522-3399,0-7522-3376,0-7521-4041	0-7521-0165
TRAT	0-3952-0637-8	0-3952-0637
TRI PHET	0-2221-1371,0-2221-2908	0-2221-8706
U THONG	0-3555-2009,0-3555-2020	0-3555-2007
UBON RATCHATHANI	0-4524-1313,0-4524-1978	0-4524-2572
UBON RATCHATHANI 2	0-4531-1449 0-4528-1036-9	0-4531-1449
UDOM SUK	0-2383-9223-7	0-2383-9227
UDON THANI	0-4224-1130,0-4224-4776-8	0-4224-4391
UDON THANI RAJABHAT UNIVERSITY SUBBRANCH	0-4224-8238,0-4222-8680	0-4224-8238
UTHAI THANI	0-5651-1122,0-5651-1187	0-5651-1613
UTHAI-AYUTTHAYA	0-3533-5417,0-3533-5043	0-3533-5418
UTTARADIT	0-5541-1800,0-5541-1655	0-5541-2380
VAJIRA HOSPITAL-PHUKET	0-7623-7237-40	0-7623-7241
VIBHAVADI RANGSIT ROAD SUBBRANCH	0-2644-4100-4	0-2644-4103
VICTORY MONUMENT SUBBRANCH	0-2625-3570-1	0-2625-3572
WANG BURAPA	0-2221-5121-5, 0-2222-6583, 0-2623-8830-4, 0-2223-9870-1	0-2221-5125
WANG MUANG	0-3635-9211-3	0-3635-9213
WANG NOI	0-3521-5649-53	0-3521-5649
WARARAT SHOPPING CENTER	0-2287-0962,0-2287-3683-5	0-2287-0961
WIHAN DAENG	0-3637-7258-9	0-3637-7725
WONG WIEN SRA KAEW-LOP BURI	0-3642-2670,0-3641-3369	0-3642-2915
WONG WIEN YAI	0-2472-1432,0-2890-0361-2	0-2890-0361-2
WORACHAK	0-2222-7722,0-2224-5122	0-2222-7714
YALA	0-7321-4029,0-7321-4231	0-7321-4384
YANNAWA	0-2289-2612, 0-2289-4337, 0-2291-3464, 0-2688-1510	0-2291-3465
YAWARAJ	0-2225-9453,0-2225-7290	0-2225-8254
YOSOTHON	0-4571-2301-3	0-4571-2303

CURRENCY EXCHANGE SERVICE OFFICES

Banthai	Tel. 0-7634-0618
Chaweng Beach	Tel. 0-7742-2492
Chaweng Beach 2	Tel. 0-7741-3346
Chiang Rai	Tel. 0-5371-5657
Chitlom	Tel. 0-2655-2762
Domestic Passenger Terminal- Arrival Hall (North) (DN)	Tel. 0-2535-2374
Domestic Passenger Terminal- Arrival Hall (South) (DS)	Tel. 0-2535-3171
Domestic Passenger Terminal- Departure Hall (DD)	Tel. 0-2535-3172
Donmuang Airport	Tel. 0-2535-2460, 0-2535-2463
Hua Hin	Tel. 0-3253-2372
International Passenger Terminal 2-Arrival Hall (AV)	Tel. 0-2535-4572, 0-2535-4968
International Passenger Terminal 2-Departure Lounge (TS)	Tel. 0-2535-4966-7
International Passenger Terminal 2-Departure Hall (DE)	Tel. 0-2535-4964-5
Jomtien	Tel. 0-3823-2079, 0-3823-2973
Jomtien Beach	Tel. 0-3823-2074
Karon Beach	Tel. 0-7639-6978
Kata Beach	Tel. 0-7633-0088
Ko Chang	Tel. 0-3958-6242
Ko Samui	Tel. 0-7742-0360-2,0-7742-1143
Lamai Beach 2	Tel. 0-7742-4097
Landmark Plaza	Tel. 0-2252-6032,0-2252-6092
Mae Sai	Tel. 0-5373-3145-6
Mah Boonkrong Center	Tel. 0-2215-2136-7,0-2217-9234
Mobile Exchange-Prapathomjedee	-
Nana	Tel. 0-2253-0968
National Stadium	Tel. 0-2612-3132
Patong Beach	Tel. 0-7634-0092
Pattaya	Tel. 0-3842-9501-2,0-3842-6107
Promptpong	Tel. 0-2663-7485
Ratuthit	Tel. 0-7634-1624
Sukhumwit 15	Tel. 0-2651-0011
Thanon Chaiyapoom	Tel. 0-5323-3158
Thanon Khao San 2	Tel. 0-2629-1225
Thanon Loi Khro	Tel. 0-5320-6541
Thanon Mun Muang	Tel. 0-5327-0376
Thanon Pattaya 2 (Alcazar)	Tel. 0-3841-5302
Thanon Phahon Yothin-Chiang Rai	Tel. 0-5371-4886-7
Thaveewong-Patong Beach	Tel. 0-7634-0839
U-tapao Airport	Tel. 0-3824-5595
International Passenger Terminal 2-Departure Lounge (TN)	Tel. 0-2535-5376
Indra - Pratunam	Tel. 0-2208-0982-3

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Chaeng Watthana	Tel. 0-2982-9548-9	Fax 0-2982-9547
Chon Buri	Tel. 0-3827-0794, 0-3828-3526	Fax 0-3828-3652
Thanon Borommaratchonni	Tel. 0-2886-5435-6	Fax 0-2434-1756
Theparak	Tel. 0-2753-3600-1	Fax 0-2753-3602
Phaya Thai	Tel. 0-2245-8142, 0-2245-8951	Fax 0-2245-7902
Rayong	Tel. 0-3861-7047	Fax 0-3886-1082
Samut Sakhon	Tel. 0-3481-1419-20	Fax 0-3481-1418
Si Yak Kuang Sing-Chiang Mai	Tel. 0-5341-0102-3	Fax 0-5341-0909
Surawong	Tel. 0-2267-7807-8	Fax 0-2267-7806
Hat Yai	Tel. 0-7435-5314	Fax 0-7423-5300
Silom	Tel. 0-2230-5494, 0-2230-5320	Fax 0-2230-6008
Asoke	Tel. 0-2260-0895, 0-2260-3849	Fax 0-2260-3852
New Phetcha buri	Tel. 0-2253-7111 Ext.2480-5	Fax 0-2253-7013
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Samut Sakhon	Tel. 0-3481-1419-20	Fax 0-3481-1418
Si Yak Kuang Sing-Chiang Mai	Tel. 0-5341-0102-3	Fax 0-5341-0909
Surawong	Tel. 0-2267-7807-8	Fax 0-2267-7806
Hat Yai	Tel. 0-7435-5314	Fax 0-7423-5300
Silom	Tel. 0-2230-5494, 0-2230-5320	Fax 0-2230-6008
Asoke	Tel. 0-2260-0895, 0-2260-3849	Fax 0-2260-3852
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Silom	Tel. 0-2230-5494, 0-2230-5320	Fax 0-2230-6008

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MAIN CORRESPONDENT BANKS

ASIA	EUROPE	NORTH AMERICA
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