

UNITED OVERSEAS BANK (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
*31 DECEMBER 2007*

**Report of Independent Auditor**

To The Shareholders of United Overseas Bank (Thai) Public Company Limited

I have audited the accompanying consolidated balance sheets of United Overseas Bank (Thai) Public Company Limited and its subsidiaries as at 31 December 2007 and 2006, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of United Overseas Bank (Thai) Public Company Limited for the same periods. These financial statements are the responsibility of the Bank's management as to their correctness and the completeness of the presentation. 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 statements presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Overseas Bank (Thai) Public Company Limited and its subsidiaries and of United Overseas Bank (Thai) Public Company Limited as at 31 December 2007 and 2006, the results of their operations, and cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the above financial statements, I draw attention to the matter as discussed in Note 5 to the financial statements whereby, effective 1 January 2007, the Bank changed its accounting policy for recording investments in subsidiaries and associates in the separate financial statements from the equity method to the cost method. The Bank has thus restated the separate financial statements as at 31 December 2006 and for the year then ended to reflect this accounting change.

Under my report on the financial statements for the year ended 31 December 2006, I previously draw attention to matter relating to a provision for non-performing loans, whereby in December 2006 the Bank of Thailand has changed its guidelines in determining provisions for non-performing loans. Those new guidelines are effective in three phases in the years 2006 and 2007. The Bank has set up provisions in 2006 against those loans which fall under the 2006 criteria as required under the guidelines. The Bank will have to set up additional provision in 2007 in accordance with those guidelines but the amount cannot be determined at that stage as detailed in the report for such period.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

Ernst & Young Office Limited

Bangkok : 5 March 2008

## UNITED OVERSEAS BANK (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## BALANCE SHEETS

AS AT 31 DECEMBER 2007 AND 2006

(Unit : Baht)

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2007	2006	2007	2006
			(Restated)		(Restated)
<b>ASSETS</b>					
Cash	7	2,954,057,735	3,864,803,062	2,954,015,730	3,864,644,169
Interbank and money market items	8				
Domestic items					
Interest bearing		2,297,818,660	2,066,166,983	2,285,214,398	2,013,947,880
Non-interest bearing		1,330,904,777	1,486,477,824	1,328,584,233	1,486,425,545
Foreign items					
Interest bearing		14,134,195,858	3,238,637,002	14,134,195,858	3,238,637,002
Non-interest bearing		2,048,218,441	926,320,898	2,048,218,441	926,320,898
Total interbank and money market items - net		19,811,137,736	7,717,602,707	19,796,212,930	7,665,331,325
Securities purchased under resale agreements	9	1,200,000,000	1,590,000,000	1,200,000,000	1,590,000,000
Investments	10				
Current investments - net		17,026,515,488	3,193,272,889	17,025,328,937	3,192,022,689
Long-term investments - net		8,882,630,120	7,014,861,536	8,875,737,296	7,006,160,329
Investments in subsidiaries and associated companies - net	10.6	197,592,395	104,886,657	781,373,158	762,623,158
Total investments - net		26,106,738,003	10,313,021,082	26,682,439,391	10,960,806,176
Loans and accrued interest receivables	11				
Loans		148,341,242,517	157,542,554,843	147,458,491,118	156,678,852,869
Accrued interest receivables		461,385,345	1,039,993,631	469,516,775	1,047,126,287
Total loans and accrued interest receivables		148,802,627,862	158,582,548,474	147,928,007,893	157,725,979,156
Less : Allowance for doubtful accounts	12	(5,374,708,788)	(11,841,552,248)	(5,184,856,284)	(11,704,495,187)
Less : Revaluation allowance for debt restructuring	13	(695,808)	(30,388,805)	(695,808)	(30,388,805)
Loans and accrued interest receivables - net		143,427,223,266	146,710,607,421	142,742,455,801	145,991,095,164
Properties foreclosed - net	14	10,827,358,852	12,097,415,475	10,827,358,851	12,097,415,473
Customers' liabilities under acceptances		161,763,991	111,086,566	161,763,991	111,086,566
Premises and equipment - net	15	4,031,990,808	3,995,461,038	3,968,328,137	3,849,719,588
Unrealised gain on derivatives		1,243,610,138	1,060,376,501	1,243,610,138	1,060,376,501
Intangible assets - net	16	947,013,082	787,530,078	941,262,986	781,781,480
Other assets - net	17	1,227,125,364	1,009,196,385	1,122,079,549	942,193,510
<b>TOTAL ASSETS</b>		<b>211,938,018,975</b>	<b>189,257,100,315</b>	<b>211,639,527,504</b>	<b>188,914,449,952</b>

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

## UNITED OVERSEAS BANK (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2007 AND 2006

(Unit : Baht)

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2007	2006	2007	2006
			(Restated)		(Restated)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Deposits	19				
Deposits in Baht		157,121,739,494	148,161,633,219	157,226,676,157	148,329,449,000
Deposits in foreign currencies		1,147,444,549	1,310,393,140	1,147,444,549	1,310,393,140
Total deposits		158,269,184,043	149,472,026,359	158,374,120,706	149,639,842,140
Interbank and money market items	20				
Domestic items					
Interest bearing		8,682,290,424	5,497,424,370	8,951,156,407	5,456,629,108
Non-interest bearing		437,484,682	327,209,028	437,489,682	327,214,028
Foreign items					
Interest bearing		3,129,972	3,051,103	3,129,972	3,051,103
Non-interest bearing		507,474,110	726,373,272	507,474,110	726,373,272
Total interbank and money market items		9,630,379,188	6,554,057,773	9,899,250,171	6,513,267,511
Liabilities payable on demand		2,546,598,312	1,816,596,138	2,546,598,312	1,816,596,138
Borrowings	21				
Short-term borrowings		11,904,377,396	1,996,797,683	11,904,377,396	2,046,797,683
Long-term borrowings		39,927,533	15,170,000	39,927,533	15,170,000
Total borrowings		11,944,304,929	2,011,967,683	11,944,304,929	2,061,967,683
Bank's liabilities under acceptances		161,763,991	111,086,566	161,763,991	111,086,566
Interest payable		1,299,517,145	717,944,634	1,301,572,898	718,180,635
Accrued expenses		1,568,230,366	1,442,225,948	1,491,284,793	1,385,767,406
Unrealised loss on derivatives		797,204,090	873,188,456	797,204,090	873,188,456
Other liabilities	22	1,342,875,853	1,978,391,166	1,239,477,000	1,909,426,236
<b>TOTAL LIABILITIES</b>		<b>187,560,057,917</b>	<b>164,977,484,723</b>	<b>187,755,576,890</b>	<b>165,029,322,771</b>

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

## UNITED OVERSEAS BANK (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## BALANCE SHEETS (Continued)

AS AT 31 DECEMBER 2007 AND 2006

(Unit : Baht)

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2007	2006	2007	2006
			(Restated)		(Restated)
<b>SHAREHOLDERS' EQUITY</b>					
Share capital	23				
Registered share capital					
8,217,062,166 ordinary shares at par value of Baht 10 each		82,170,621,660	82,170,621,660	82,170,621,660	82,170,621,660
Issued and fully paid-up share capital					
8,217,062,166 ordinary shares at par value of Baht 10 each		82,170,621,660	82,170,621,660	82,170,621,660	82,170,621,660
Discount on share capital		(25,661,349,235)	(25,661,349,235)	(25,661,349,235)	(25,661,349,235)
Revaluation surplus on fixed assets		1,060,402,698	1,056,108,003	1,060,402,698	1,056,108,003
Revaluation surplus on investments	10.3	251,975,386	96,007,816	242,305,359	90,424,490
Retained earnings (Deficits)					
Appropriated					
Statutory reserve	24	367,591,201	367,591,201	367,591,201	367,591,201
Other reserve	25	72,000,000	72,000,000	72,000,000	72,000,000
Unappropriated (deficits)		(33,910,602,074)	(33,845,763,070)	(34,367,621,069)	(34,210,268,938)
Equity attributable to the Bank's shareholders		24,350,639,636	24,255,216,375	23,883,950,614	23,885,127,181
Minority interests		27,321,422	24,399,217	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>24,377,961,058</b>	<b>24,279,615,592</b>	<b>23,883,950,614</b>	<b>23,885,127,181</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>211,938,018,975</b>	<b>189,257,100,315</b>	<b>211,639,527,504</b>	<b>188,914,449,952</b>
		-	-	-	-
<b>OFF-BALANCE SHEET ITEMS</b>					
	29.1				
<b>- CONTINGENCIES AND COMMITMENTS</b>					
Avals to bills and guarantees of loans		962,428,681	1,052,238,507	962,428,681	1,052,238,507
Liabilities under unmatured import bills		1,368,606,270	1,158,858,246	1,368,606,270	1,158,858,246
Letters of credit		3,732,541,640	2,134,030,581	3,732,541,640	2,134,030,581
Other contingencies and commitments		192,779,867,660	125,208,312,836	192,779,867,660	125,208,312,836

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

(Wong Kim Choong)

President &amp; Chief Executive Officer

(Lee Tse Tiong)

Director &amp; Senior Executive Vice President

## UNITED OVERSEAS BANK (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## INCOME STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit : Baht )

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2007	2006	2007	2006
			(Restated)		(Restated)
Interest and dividend income					
Loans		9,266,905,246	9,245,218,179	9,341,968,553	9,316,911,119
Interbank and money market items		1,530,210,910	419,477,489	1,529,394,346	416,745,156
Hire-purchase and financial lease		192,095,593	177,965,600	-	-
Investments		751,500,209	518,847,582	758,513,729	529,499,512
Total interest and dividend income		11,740,711,958	10,361,508,850	11,629,876,628	10,263,155,787
Interest expenses					
Deposits		4,804,456,434	3,639,412,969	4,807,321,929	3,641,071,753
Interbank and money market items		196,925,974	307,824,683	198,739,403	310,685,436
Short-term borrowings		72,841,995	58,164,792	73,222,132	57,454,142
Long-term borrowings		-	32,410,959	-	32,410,959
Total interest expenses		5,074,224,403	4,037,813,403	5,079,283,464	4,041,622,290
Net interest and dividend income		6,666,487,555	6,323,695,447	6,550,593,164	6,221,533,497
Bad debts and doubtful accounts		(2,343,359,857)	(1,985,212,188)	(2,282,374,827)	(1,980,834,478)
Net interest and dividend income after bad debts and doubtful accounts		4,323,127,698	4,338,483,259	4,268,218,337	4,240,699,019
Non-interest income					
Gains (losses) on investments	27	134,963,895	(192,225,302)	132,713,895	(192,275,902)
Share of (loss) profit from investment in associated company		(12,590,624)	9,949,475	-	-
Fees and service income					
Acceptances, avals and guarantees		10,289,200	11,848,914	10,289,200	11,848,914
Others		1,845,215,572	1,727,345,305	1,556,253,002	1,579,553,541
Gains on exchange		189,897,684	425,113,272	189,897,700	425,113,272
Rental income		165,436,562	230,210,560	99,429,932	102,825,951
Other income		123,573,141	162,404,798	49,090,428	86,810,656
Total non-interest income		2,456,785,430	2,374,647,022	2,037,674,157	2,013,876,432

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

## UNITED OVERSEAS BANK (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## INCOME STATEMENTS (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit : Baht )

	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2007	2006	2007	2006
			(Restated)		(Restated)
Non-interest expenses					
Personnel expenses		2,679,885,831	2,441,596,845	2,533,993,156	2,321,698,602
Premises and equipment expenses		1,178,586,576	1,086,029,694	1,094,957,323	937,161,490
Taxes and duties		434,123,002	452,267,776	432,858,220	450,906,084
Fees and service expenses		715,083,089	691,947,792	652,236,395	678,089,365
Directors' remuneration	33	8,625,000	10,100,000	8,460,000	8,775,000
Payments to the Financial Institutions Development Fund		651,490,072	613,537,598	651,490,073	613,537,598
Losses (gains) on properties foreclosed	28	252,478,510	(91,821,581)	252,545,398	(90,038,704)
Other expenses		913,774,257	898,298,930	860,513,165	852,120,602
Total non-interest expenses		6,834,046,337	6,101,957,054	6,487,053,730	5,772,250,037
(Loss) Income before income tax and minority interests		(54,133,209)	611,173,227	(181,161,236)	482,325,414
Income tax	34	37,842,695	13,456,145	-	-
(Loss) Income before minority interests		(91,975,904)	597,717,082	(181,161,236)	482,325,414
Losses in subsidiaries in respect of minority shareholders		3,327,795	486,649	-	-
Net (loss) income for the years		(88,648,109)	598,203,731	(181,161,236)	482,325,414
Basic (losses) earnings per share	35				
Net (loss) income		(0.01)	0.07	(0.02)	0.06

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



## CONSOLIDATED FINANCIAL STATEMENTS

	Issued and paid-up share capital	Discount on share capital	Revaluation	Revaluation	Retained earnings (Deficits)		Minority interests	Total
			surplus on fixed assets	surplus on investments	Appropriated	Unappropriated		
<b>Beginning balance as of 1 January 2006 - as previously reported</b>	82,170,621,660	(25,661,349,235)	740,810,478	132,139,592	439,591,201	(34,420,038,394)	6,136,040	23,407,911,342
<b>Cummulative effect of the change in an accounting policy of an associated company (Note 5)</b>	-	-	-	1,520,143	-	(28,210,700)	-	(26,690,557)
<b>Beginning balance as of 1 January 2006 - as restated</b>	82,170,621,660	(25,661,349,235)	740,810,478	133,659,735	439,591,201	(34,448,249,094)	6,136,040	23,381,220,785
<b>Revaluation surplus on fixed assets</b>	-	-	319,579,818	-	-	-	-	319,579,818
Amortisation of revaluation surplus on fixed assets	-	-	(4,282,293)	-	-	4,282,293	-	-
Decrease in revaluation surplus on investments	-	-	-	(37,651,919)	-	-	-	(37,651,919)
Gains (losses) not yet recognised in the income statements	82,170,621,660	(25,661,349,235)	1,056,108,003	96,007,816	439,591,201	(34,443,966,801)	6,136,040	23,663,148,684
Minority interests	-	-	-	-	-	-	18,749,826	18,749,826
Net income for the year (Restated)	-	-	-	-	-	598,203,731	(486,649)	597,717,082
<b>Ending balance as of 31 December 2006</b>	<b>82,170,621,660</b>	<b>(25,661,349,235)</b>	<b>1,056,108,003</b>	<b>96,007,816</b>	<b>439,591,201</b>	<b>(33,845,763,070)</b>	<b>24,399,217</b>	<b>24,279,615,592</b>
<b>Beginning balance as of 1 January 2007 - as previously reported</b>	82,170,621,660	(25,661,349,235)	1,056,108,003	93,744,071	439,591,201	(33,814,579,517)	24,399,217	24,308,535,400
<b>Cummulative effect of the change in an accounting policy of an associated company (Note 5)</b>	-	-	-	2,263,745	-	(31,183,553)	-	(28,919,808)
<b>Beginning balance as of 1 January 2007 - as restated</b>	82,170,621,660	(25,661,349,235)	1,056,108,003	96,007,816	439,591,201	(33,845,763,070)	24,399,217	24,279,615,592
Revaluation surplus on fixed assets	-	-	28,103,800	-	-	-	-	28,103,800
Amortisation of revaluation surplus on fixed assets	-	-	(23,809,105)	-	-	23,809,105	-	-
Increase in revaluation surplus on investments	-	-	-	155,967,570	-	-	-	155,967,570
Gains (losses) not yet recognised in the income statements	82,170,621,660	(25,661,349,235)	1,060,402,698	251,975,386	439,591,201	(33,821,953,965)	24,399,217	24,463,686,962
Minority interests	-	-	-	-	-	-	6,250,000	6,250,000
Net loss for the year	-	-	-	-	-	(88,648,109)	(3,327,795)	(91,975,904)
<b>Ending balance as of 31 December 2007</b>	<b>82,170,621,660</b>	<b>(25,661,349,235)</b>	<b>1,060,402,698</b>	<b>251,975,386</b>	<b>439,591,201</b>	<b>(33,910,602,074)</b>	<b>27,321,422</b>	<b>24,377,961,058</b>

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

## UNITED OVERSEAS BANK (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit : Baht)

	SEPARATE FINANCIAL STATEMENTS						Total
	Issued and paid-up share capital	Discount on share capital	Revaluation	Revaluation	Retained earnings (Deficits)		
			surplus on fixed assets	surplus on investments	Appropriated	Unappropriated	
<b>Beginning balance as of 1 January 2006 - as previously reported</b>	82,170,621,660	(25,661,349,235)	740,810,478	132,139,592	439,591,201	(34,420,038,394)	23,401,775,302
<b>Cummulative effect of the change in accounting policy for investment in subsidiaries and an associated company (Note 5)</b>	-	-	-	3,394,012	-	(276,838,251)	(273,444,239)
<b>Beginning balance as of 1 January 2006 - as restated</b>	82,170,621,660	(25,661,349,235)	740,810,478	135,533,604	439,591,201	(34,696,876,645)	23,128,331,063
Revaluation surplus on fixed assets	-	-	319,579,818	-	-	-	319,579,818
Amortisation of revaluation surplus on fixed assets	-	-	(4,282,293)	-	-	4,282,293	-
Decrease in revaluation surplus on investments	-	-	-	(45,109,114)	-	-	(45,109,114)
Gains (losses) not yet recognised in the income statements	82,170,621,660	(25,661,349,235)	1,056,108,003	90,424,490	439,591,201	(34,692,594,352)	23,402,801,767
Net income for the year (Restated)	-	-	-	-	-	482,325,414	482,325,414
<b>Ending balance as of 31 December 2006</b>	<u>82,170,621,660</u>	<u>(25,661,349,235)</u>	<u>1,056,108,003</u>	<u>90,424,490</u>	<u>439,591,201</u>	<u>(34,210,268,938)</u>	<u>23,885,127,181</u>
<b>Beginning balance as of 1 January 2007 - as previously reported</b>	82,170,621,660	(25,661,349,235)	1,056,108,003	93,744,071	439,591,201	(33,814,579,517)	24,284,136,183
<b>Cummulative effect of the change in accounting policy for investment in subsidiaries and an associated company (Note 5)</b>	-	-	-	(3,319,581)	-	(395,689,421)	(399,009,002)
<b>Beginning balance as of 1 January 2007 - as restated</b>	82,170,621,660	(25,661,349,235)	1,056,108,003	90,424,490	439,591,201	(34,210,268,938)	23,885,127,181
Revaluation surplus on fixed assets	-	-	28,103,800	-	-	-	28,103,800
Amortisation of revaluation surplus on fixed assets	-	-	(23,809,105)	-	-	23,809,105	-
Increase in revaluation surplus on investments	-	-	-	151,880,869	-	-	151,880,869
Gains (losses) not yet recognised in the income statements	82,170,621,660	(25,661,349,235)	1,060,402,698	242,305,359	439,591,201	(34,186,459,833)	24,065,111,850
Net loss for the year	-	-	-	-	-	(181,161,236)	(181,161,236)
<b>Ending balance as of 31 December 2007</b>	<u>82,170,621,660</u>	<u>(25,661,349,235)</u>	<u>1,060,402,698</u>	<u>242,305,359</u>	<u>439,591,201</u>	<u>(34,367,621,069)</u>	<u>23,883,950,614</u>

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

## UNITED OVERSEAS BANK (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## CASH FLOWS STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit : Baht)

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2007	2006	2007	2006
		(Restated)		(Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net income (loss) for the years	(88,648,109)	598,203,731	(181,161,236)	482,325,414
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Losses in subsidiaries in respect of minority shareholders	(3,327,795)	(486,649)	-	-
Share of (profit) loss from investment in an associated company under equity method	12,590,624	(9,949,475)	-	-
Depreciation	431,152,113	453,394,342	365,570,022	327,130,256
Amortisation and losses on assets written off	117,242,595	105,673,705	116,758,232	105,689,524
Amortisation of goodwills	1,654,767	1,654,767	-	-
Unrealised losses on revaluation of investments	7,726,160	2,838,353	7,726,160	2,838,353
Losses on impairment of investments (Reversal)	1,367,101	274,915,359	16,367,101	274,915,359
Bad debt and doubtful accounts - loans and accrued interest receivables	2,769,873,586	2,459,583,411	2,707,873,585	2,456,363,411
Losses on impairment of other assets	14,520,296	(75,371,791)	14,520,296	(75,371,791)
Interest income recognised by amortisation of revaluation allowance from debt restructuring	(811,304)	(3,156,936)	(811,304)	(3,156,936)
Losses on impairment of properties foreclosed	300,000,000	208,281,745	300,000,000	209,674,864
Gain on disposal of investments	(26,563,410)	(47,349,823)	(39,313,410)	(47,299,223)
Gains on disposal of premises and equipment	(75,259,823)	(76,614,620)	(9,217,584)	(17,256,848)
Gains on exchange	(489,947,202)	(220,655,469)	(489,947,202)	(220,655,469)
Amortisation of premium (discount) on long-term investments - net	280,345	(3,795,415)	280,345	(3,725,827)
Amortisation of prepaid interest expenses	20,750,170	7,569,010	20,750,170	7,569,010
Increase in interest and dividend income receivables	(44,664,949)	(102,347,017)	(45,663,722)	(103,415,410)
Decrease (increase) in accrued other income	67,567,226	(9,935,915)	67,300,487	(17,827,962)
Increase in accrued interest expenses	581,573,653	390,008,325	583,393,405	390,124,354
Increase in accrued other expenses	126,004,418	21,428,895	105,517,387	33,982,110
Net income from operating activities before changes in operating assets and liabilities	3,723,080,462	3,973,888,533	3,539,942,732	3,801,903,189

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

## UNITED OVERSEAS BANK (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## CASH FLOWS STATEMENTS (Continued)

FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit : Baht)

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2007	2006	2007	2006
		(Restated)		(Restated)
(Increase) decrease in operating assets				
Interbank and money market items	(12,143,449,034)	4,451,695,545	(12,180,528,871)	4,436,589,629
Securities purchased under resale agreements	390,000,000	(590,000,000)	390,000,000	(590,000,000)
Investment in securities for trading	(12,219,256,182)	(1,930,019,982)	(12,219,256,182)	(1,930,019,982)
Loans	(180,296,729)	7,671,753	(130,129,555)	199,390,265
Properties foreclosed	1,430,345,747	1,209,761,940	1,408,432,554	1,203,539,116
Other assets	404,468,221	398,042,880	442,511,161	383,902,731
Increase (decrease) in operating liabilities				
Deposits	8,672,838,920	(3,260,353,603)	8,720,034,191	(3,119,346,107)
Interbank and money market items	3,077,246,429	(2,950,436,330)	3,386,907,674	(10,596,446,055)
Liabilities payable on demand	730,633,718	(392,504,150)	730,633,718	(392,504,150)
Securities sold under repurchase agreements	-	(100,000,000)	-	(100,000,000)
Short-term borrowings	9,907,579,713	(1,106,412,317)	9,857,579,713	(826,412,317)
Other liabilities	(773,832,756)	452,759,656	(808,266,679)	468,383,825
Net cash provide by (used in) operating activities	3,019,358,509	164,093,925	3,137,860,456	(7,061,019,856)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales of investments	27,102,234,529	5,094,663,733	27,096,380,038	5,062,597,545
Cash paid for investments	(30,413,259,246)	(4,126,526,388)	(30,432,009,245)	(4,182,776,563)
Capital refunded from a liquidated subsidiary	-	-	-	7,429,987,457
Dividend received from investment in an associated company	7,132,270	11,044,518	-	-
Proceeds from sales of premises and equipment	125,387,460	117,155,158	9,449,397	21,605,022
Purchases of premises and equipment	(519,964,606)	(195,443,105)	(486,565,470)	(189,364,113)
Purchases of intangible assets	(262,641,776)	(152,311,314)	(260,501,148)	(149,716,216)
Net cash (used in) provided by investing activities	(3,961,111,369)	748,582,602	(4,073,246,428)	7,992,333,132
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Cash received from minority interest for call-up share capital of a subsidiary company	6,250,000	18,749,826	-	-
Increase (decrease) in long-term borrowings	24,757,533	(2,000,862,689)	24,757,533	(2,000,862,689)
Net cash provided by (used in) financing activities	31,007,533	(1,982,112,863)	24,757,533	(2,000,862,689)
NET DECREASE IN CASH	(910,745,327)	(1,069,436,336)	(910,628,439)	(1,069,549,413)
CASH AS AT 1 JANUARY	3,864,803,062	4,934,239,398	3,864,644,169	4,934,193,582
CASH AS AT 31 DECEMBER	2,954,057,735	3,864,803,062	2,954,015,730	3,864,644,169
	-	-	-	-
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION</b>				
Cash paid during the years for				
Interest expenses	4,492,650,750	3,647,805,078	4,495,890,059	3,651,497,935
Income tax	68,077,048	64,462,903	41,480,916	38,791,809
Non-cash item				
Properties foreclosed received in settlement of debts from borrowers	460,289,124	483,418,143	438,375,932	472,298,349

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

UNITED OVERSEAS BANK (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

**1. GENERAL INFORMATION**

United Overseas Bank (Thai) Public Company Limited (“the Bank”) was incorporated as a public company under Thai Laws. Its registered head office is located at 191 South Sathon Road, Sathon, Bangkok. The Bank’s main business is commercial banking. As at 31 December 2007, the Bank conducts its business through a network of 152 branches, covering all parts of Thailand, and 1 overseas branch (2006: 153 domestic branches and 1 overseas branch). Its major shareholder is United Overseas Bank Limited, a company registered in Singapore. As at 31 December 2007 and 2006, the combined staff of the Bank and its subsidiaries totaled 4,114 persons and 4,114 persons, respectively (The Bank only : 3,972 persons and 3,968 persons, respectively).

On 16 March 2006, a meeting of the Bank’s Board of Directors approved the delisting of the Bank’s ordinary shares from the Stock Exchange of Thailand (“SET”) because the Bank currently has no intention to raise funds via the SET for its business expansion, and with the existing small number of minority shares on the market, there is little interest in its shares from investors through the SET. This voluntary delisting was approved by the Bank’s Annual General Meeting of shareholders on 21 April 2006.

United Overseas Bank Limited (UOB) in Singapore undertook a delisting tender offer for the remaining share capital of United Overseas Bank (Thai) Public Company Limited in accordance with the prevailing regulatory requirements. Following the completion of the delisting tender offer at end July 2006, UOB held 99.58% of United Overseas Bank (Thai) Public Company Limited. Subsequently as at 31 December 2007, UOB holds 99.60% of United Overseas Bank (Thai) Public Company Limited (2006 : 99.59%).

The Board of Governors of the Stock Exchange of Thailand then approved the delisting of the Bank. The Bank was formally delisted from the Stock Exchange of Thailand on 12 August 2006.

## 2. MERGER

The merger between Bank of Asia Public Company Limited (“BOA”) and UOB Radanasin Bank Public Company Limited (“UOBR”) under Section 38 quarter of the Commercial Banking Act 2505 (“CBA”) was completed on 28 November 2005, with UOBR transferring all of its business, including all assets, rights, obligations and encumbrances, to the Bank. Following the merger, the Bank has changed its name to United Overseas Bank (Thai) Public Company Limited (“UOBT”). Subsequently, on 2 May 2006, the Bank had again registered the change of its Thai name to Ta-na-karn UOB Jam-kad (Ma-ka-chon) with the Ministry of Commerce.

Under the merger plan, UOBR’s net asset value was transferred to UOBT in exchange of a promissory note amounting Baht 7,529 million, due at call and bearing interest at a fixed rate of 0.01 percent per annum.

As part of the merger approval obtained from the Ministry of Finance on 7 September 2005, UOBR returned its banking license to the Ministry of Finance on 4 September 2006. On 20 November 2006, the Shareholders of UOBR approved to liquidate the company, appointed a liquidator and changed the name from UOB Radanasin Bank Public Company Limited to UOB Radanasin Public Company Limited. On 25 December 2006, UOBR called back the full amount of P/N plus interest from UOBT and on 26 December 2006, UOBR had partially returned the capital fund amounting to Baht 7,430 million to its shareholders, including UOBT.

On 18 May 2005, the Ministry of Finance had granted permission for the combination of the BIBF operation with the Bank’s commercial banking operations and ordering the Bank to return its BIBF license in due course. The Bank then returned its BIBF license to the Bank of Thailand and the Ministry of Finance on 13 October 2006.

### 3. BASIS OF PREPARATION

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547. The presentation of the financial statements has been made in compliance with the requirement of the Notification of the Bank of Thailand (“The BOT”) dated 10 May 2001 relating to the format of the financial statements of commercial banks.

The financial statements have been prepared on a historical cost basis except for those that have been disclosed in the accounting policy.

### 4. BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statements of United Overseas Bank (Thai) Public Company Limited and the following subsidiaries.

	Business type	Country of registration	Percentage of share holdings		Percentage of total assets included in consolidated assets		Percentage of income included in consolidated income for the year ended	
			As at 31 December		As at 31 December		31 December	
			2007	2006	2007	2006	2007	2006
<b>Subsidiaries</b>								
UOB Leasing (Thai) Co., Ltd.	Leasing	Thailand	99.99	99.99	1.27	1.50	2.61	3.25
UOB Asset Management (Thai) Co., Ltd.	Fund Management	Thailand	99.99	99.99	0.03	0.06	3.00	1.79
UOB Bullion & Futures (Thai) Co., Ltd.	Derivatives Brokerage	Thailand	75.00	75.00	0.02	-	0.01	-
<b>Subsidiary not included in consolidated financial statements</b>								
UOB Radanasin Public Co., Ltd.	Liquidation	Thailand	99.99	99.99	-	-	-	-

Subsidiaries are entities in which the Bank has control over financial and operating policies of those entities. Subsidiaries are consolidated from the date on which effective control is transferred to the Bank and are no longer consolidated from the date of disposal. Significant accounting policies of subsidiaries are also consistent with the policies adopted by the Bank. The effects to the consolidated financial statements of all significant transactions between the Bank and its subsidiaries are eliminated in the consolidated financial statements, including investment in subsidiaries and share capital of subsidiaries. Minority interest is disclosed separately in shareholders' equity.

The consolidated financial statements for the year ended 31 December 2007 excluded the financial statements of a subsidiary company, UOB Radanasin Public Company Limited, which was registered for dissolution with the Ministry of Commerce and was under liquidation process, and the Bangkok International Banking Facility, which was combined with the Bank's operation and returned license to the Ministry of Finance.

The accompanying financial statements include the accounts of all branches after elimination of significant inter-branch transactions and balances.

However, if the Bank receives shares as a result of debt restructuring of a borrower, which causes the Bank to hold more than 20 or 50 percent of the shares of such company, the Bank will not treat that investee company as an associated or a subsidiary company, but will treat it as general investments since the Bank intends to hold such shares only temporarily.

The consolidated financial statements do not include the financial statements of unit trusts in which the Bank holds more than 50 percent of their issued units since the Bank has no control over their financial and operating policies.

The separate financial statements, which present investments in subsidiaries and associates presented under the cost method, have been prepared solely for the benefit of the public.

## **5. ADOPTION OF NEW ACCOUNTING STANDARDS**

### **5.1 Adoption of new accounting standards during the year**

The Federation of Accounting Professions (FAP) has issued Notification No. 9/2550, 38/2550 and 62/2550 that mandates the use of the following new Thai Accounting Standards :-

#### **a) Accounting Standards effective for the current year**

TAS 44 (revised 2007) Consolidated Financial Statements and Separate Financial Statements

TAS 45 (revised 2007) Investments in Associates

TAS 46 (revised 2007) Interests in Joint Ventures

These accounting standards become effective for the financial statements for fiscal years beginning on or after 1 January 2007. During the current year, the Company changed its accounting policy for recording investments in subsidiaries and associate in the separate financial statements in order to comply with the revised Thai Accounting Standards No. 44 and 45 as discussed in Note 5.2.

#### **b) Accounting Standards which are not effective for the current year**



TAS 25 (revised 2007)	Cash Flow Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2008. The management has assessed the effect of these revised accounting standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

## **5.2 Change in accounting policy for recording investments in subsidiaries and associate in the separate financial statements**

During the current year, the Bank changed its accounting policy for recording investments in subsidiary and associated companies in the separate financial statements from the equity method to the cost method, in compliance with Accounting Standard No. 44 (Revised 2007) regarding “Consolidated Financial Statements and Separate Financial Statements”, under which investments in subsidiaries, jointly controlled entities and associates are to be presented in the separate financial statements under the cost method. In addition, the accounting policies of the subsidiary and associated companies presented in consolidated financial statement has also been changed to comply with the Bank’s accounting policies for like transactions and other events in similar circumstance.

In this regard, the Bank has restated the previous period’s separate financial statements as though the investments in the subsidiary and associated companies had originally been recorded using the cost method. The change has the effect of decreasing net income in the separate income statements for the years ended 31 December 2007 and 2006 by Baht 93 million (Baht 0.01 per share) and Baht 119 million (Baht 0.01 per share), respectively. The cumulative effect of the change in accounting policy has been presented under the heading of “Cumulative effect of the change in accounting policy for investments in subsidiaries and an associated company” in the separate statements of changes in shareholders’ equity.

In addition to the change as detailed above, the Bank has adjusted the financial statements of an associated company which applied deferred income tax accounting policy. The change was made in order to align accounting policy of that company with those of the Bank, which do not adopt deferred income tax accounting. In this regard, the Bank restated its prior year financial statements as though significant accounting policies of such associated company are consistent with the policies adopted by the Bank. The cumulative effect of the change in accounting policy of an associated company has been presented under the heading of “Cumulative effect of the change in an accounting policy of an associated company” in the consolidated statements of changes in shareholders’ equity.

## **6. SIGNIFICANT ACCOUNTING POLICIES**

Significant accounting policies adopted by the Bank and its subsidiaries are summarised below.

### **6.1 Revenue recognition**

- (a) Interest and discount on loans

The Bank recognises interest on loans as income on an accrual basis. In accordance with the Bank of Thailand's regulation, interest in arrears for more than three months from the due date, regardless of whether the loans are covered by collateral, is not accrued as interest income but is instead recognised as income when received. In addition, interest accrued in arrears for three months is reversed against interest income.

Interest income from loans under litigation is recognised on a cash basis.

(b) Revenue recognition of subsidiaries

Revenues from hire-purchase and finance lease contracts are recognised on an accrual basis using the sum-of-the-year-digits method except for installments overdue more than three months, which are recognised on a cash basis.

Rental income from operating lease contracts and car rent are recognised based on the term of lease except for receivables overdue more than three months, which are recognised on a cash basis.

Revenues from factoring are recognised on an accrual basis except for overdue receivables more than three months, which are recognised on a cash basis.

Interest income from loans under legal/litigation process is recognised on a cash basis.

Management fees and registrar fees are calculated as a percentage of the net asset value of the funds managed by a subsidiary or fixed amount as mentioned in prospectus and recognised as income on an accrual basis.

## **6.2 Expenses recognition**

The Bank and its subsidiaries recognise expenses on an accrual basis.

## **6.3 Cash**

Cash is that amount included in the balance sheet under the caption of cash, and consist of cash on hand and cheques in transit.

## **6.4 Investments**

The Bank and its subsidiaries classify investments in all types of debt securities and marketable equity securities as either trading securities, available-for-sale securities, or held-to-maturity securities, and classify non-marketable equity securities as general investment or investments in subsidiaries and associated companies.

Investments classified as trading securities are stated at fair value. Unrealised gains or losses arising on the revaluation of trading securities are reflected in the income statement.

Investments classified as available-for-sale securities are stated at fair value. Unrealised gains or losses arising on the revaluation of available-for-sale securities are shown as a separate component of shareholders' equity. Loss on impairment is charged to the income statement.

Investments in debt securities held-to-maturity are separated into current or long-term investments based on residual maturity and are stated at amortised cost net of allowance for impairment. Premiums and discounts arising on the acquisition of securities held-to-maturity are amortised or accreted to interest income in the income statement based on effective yield rate over the term of the securities. Any loss from impairment is charged to the income statement.

General investments, other than investments in subsidiaries and associated companies, are stated at cost net of allowance for impairment. Loss on impairment is charged to the income statement.

Purchases and sales of investments are recognised on trade date except for investments in debt securities, which are recognised on settlement date.

Realised gains or losses resulting from the disposal of securities are recognised in the income statement by using the weighted average cost calculation method.

Interest income from debt securities is recognised on an accrual basis by using effective interest rate.

Dividend income is recognised in the income statement on the date that the dividend is declared to the Bank.

Income from equity investments and other non-fixed income investments is recognised as dividend income when it accrues.

Fair values of securities are calculated on the following bases:

- (i) For Government securities and state enterprises securities, fair values are calculated by using the Bank of Thailand formula, based on the average latest bidding price posted on the Thai Bond Market Association.
- (ii) For listed equity securities, fair value is the last bid price quoted in The Stock Exchange of Thailand on the last business day of the year.
- (iii) For unit trust, fair value is the Net Assets Value (NAV) as at the end of the year.
- (iv) For private enterprises debt securities, the average latest bidding price of the Thai Bond Market Association are used as fair values. In the absence of such prices, fair values are determined by applying the aforementioned Bank of Thailand's yield curve adjusted for risk in accordance with the criteria established by the Bank of Thailand.

## **6.5 Investments in subsidiary and associated companies**

### Separate financial statements

Investments in subsidiary and associated companies are stated at cost net of allowance for impairment (if any). Loss on impairment is charged to the income statement.

## Consolidated financial statements

Investments in associated companies are recorded using the equity method. Under this method, investments are initially recorded at the acquisition cost and are adjusted to reflect the attributable share of the profits or losses from the operations of the associated company, in proportion to the investment. The difference between the cost of the investment and the net book value at the acquisition date is amortised over 10 years.

### **6.6 Securities purchased (sold) under resale (repurchase) agreements**

The Bank enters into purchases (sales) of securities under agreements to resell (repurchase) securities at certain dates in the future at a fixed price. Amounts paid for securities purchased subject to a commitment to be resold at a future date are presented as securities purchased under resale agreements in the balance sheet. These receivables are shown as collateralised by the underlying security.

Securities sold under repurchase agreements presented as liabilities in the balance sheet are stated at amounts received from the sale of those securities and the underlying securities are treated as collaterals.

The difference between the sale and purchase considerations is recognised on an accrual basis over the period of the transaction and is included in interest income or expense.

### **6.7 Loans**

Loans include overdrafts, term-loans, trade bills, hire-purchase and financial lease receivables and other loans. All items categorised under loans (except for overdrafts) are disclosed as principal amount outstanding net off unearned discounts received in advance, with accrued interest income added as a single line item for all the instruments together.

Overdrafts are stated at the drawn amounts together with any accrued interest.

Discounts received in advance in respect of bills purchased and other unearned interest income are recognised on an accrual basis over the period to maturity of the bills.

## **6.8 Allowance for doubtful accounts**

- a) The Bank and its subsidiaries' policies are to classify its loans at a customer level in recognition of the common credit risk attached to all facilities associated with a particular borrower. The Bank and its subsidiaries then conservatively determine an appropriate allowance for doubtful accounts for each customer to hedge against their risk of default.

### **Year 2007**

The Bank set provision at 1% and 2% of the loan balance (excluding accrued interest receivable) net of collateral value for normal (including restructured receivables) loans and special mention loans, respectively, as required by the BOT's guidelines.

For non-performing loans and receivables which are classified as substandard, doubtful and doubtful of loss, the Bank records allowance for doubtful accounts at 100% of the debt balance remaining after deducting the present value of expected future cash inflows from debt collection or from collateral disposal, with the discount interest rate and the period of collateral disposal being set with reference to BOT's Notifications, in accordance with the BOT's guidelines issued on 21 December 2006. For unsecured consumer loan, the collective approach is applied based on historical loss experience of each consumer group.

### **Year 2006**

In December 2006, the Bank revised its policies on determining allowance for doubtful accounts and the value of collateral to be deducted against the loan balance when setting provisions for non-performing loans in accordance with the new BOT's guideline which was announced on 21 December 2006. Under the new guidelines, the commercial banks have to make provision at a rate of 100% of the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, with the discount interest rate and the period of collateral disposal being set with reference to BOT's Notifications, in accordance with the BOT's guidelines. The timeline for implementing these provision guidelines is presented below.

- i) From the second half-year period of 2006 provisions are to be made for receivables for which a court judgment has already been issued, for which a court order is being executed, and against which legal actions have been brought.

- ii) From the half-year period ended 30 June 2007 provisions are to be made for receivables that are classified as doubtful of loss and doubtful.
- iii) From the year ending 31 December 2007 provisions are to be made for receivables that are classified as substandard.

The Bank sets provision at minimum rates of 1% and 2% of the loan balances (excluding accrued interest receivable) net of collateral value for normal loans (including restructured receivables), and special-mentioned loans, respectively, as required by the BOT's guidelines.

In this regard, for the financial statements for the year ended 31 December 2006, the Bank set provision at 100% on receivables for which a court judgment has already been issued, for which a court order is being executed, and against which legal actions have been brought, in accordance with the first phase of the new guidelines of the BOT. For doubtful of loss, doubtful and substandard loans the Bank still apply provisioning rates of 100%, at least 50% and at least 20%, respectively, in accordance with the prior guidelines.

- b) Bad debts are written off during the period that the Bank considers they are uncollectible as approved by the Executive Committee and are deducted from the allowance for doubtful accounts. All bad debt recovered are recognised as income on cash basis which is presented as an off set to bad debts and doubtful accounts in income statement.
- c) The Bank writes off unsecured consumer loans that are overdue more than 180 days. Those unsecured consumer loans comprise of credit card receivables and other unsecured personal loans.



**6.9 Troubled debt restructuring**

The Bank restructures loans by means of transferring assets, transferring equity or modifying the terms of the loan.

Loans which have been restructured through a modification of terms are stated at the present value of estimated future receivable cash flows using discount rates equivalent to the market interest rates applicable at the time of the restructuring. The difference between the fair value of the loan as at the restructuring date and the previous book value is accounted for as revaluation allowance for debt restructuring and amortised to the income statement as interest income based on the amount received over the remaining period of the restructuring agreement.

**6.10 Properties foreclosed**

Properties foreclosed of the Bank and a subsidiary are stated at the lower of cost and net realisable value. Net realisable value is determined by using the latest appraisal value, considering selling expenses in accordance with the Bank of Thailand's guidelines. Properties foreclosed which have been received as a result of an asset swap are recorded at the lower of the legally claimable value of the loan or the net realisable value of the foreclosed property.

Losses on impairment are charged to the income statement. Gains or losses on the sale of properties foreclosed are recognised only when such properties are sold.

**6.11 Premises and equipment and depreciation**

Land is stated at cost or reappraised value. Premises is stated at cost or reappraised value less accumulated depreciation and allowance for impairment (if any). Equipment is stated at cost less accumulated depreciation.

Depreciation is calculated by reference to their cost or reappraised value on a straight-line basis over the following estimated useful lives :

Premises	-	50 years
Equipment	-	5 or 10 years

No depreciation is determined for land and assets under installation.

Depreciation is included in determining income.

Premises and equipment are initially recorded at cost. Land and premises are however subsequently revalued by the independent appraisers to their fair value in accordance with the guidelines announced by the Bank of Thailand. The Bank's policy is to revalue these assets every 5 years in order that the book value of these assets on the balance sheet dates does not differ materially from their fair value.

Differences arising from revaluation are dealt with in the financial statements as follows: -

- When the Bank's carrying amount of asset is increased as a result of a revaluation, the increase is credited directly to equity under the heading of "Revaluation surplus on fixed assets". However, a revaluation increase will be recognised as income to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense.
- When the Bank's carrying amount of asset is decreased as a result of a revaluation, the decrease is recognised as an expense in the income statements. However, a revaluation decrease is to be charged directly against the related "Revaluation surplus on fixed assets" to the extent that the decrease does not exceed the amount held in the "Revaluation surplus on fixed assets" in respect of those same assets. Any excess amount is to be recognised as an expense in the income statement.

Amortisation of the revaluation surplus on assets is transferred directly to retained earnings (deficit).

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

**6.12 Intangible assets and amortisation**

Intangible assets are stated at cost less accumulated amortisation. Amortisation is included as an expense in the income statement and is calculated using the straight-line basis over the estimated useful lives of the assets as follows:

Leasehold rights	Over the lease period
Application softwares	5 or 10 years
Others	5 years

Amortisation is included in determining income.

**6.13 Provisions**

Provisions are recognised when the Bank has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. In the event that no independent market value can be obtained, then an estimate is assessed.

**6.14 Related party transactions**

Related parties comprise enterprises and individuals that control or are controlled by the Bank and its subsidiaries, whether directly or indirectly, or which are under common control with the Bank and its subsidiaries.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Bank and its subsidiaries that gives them significant influence over the Bank and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the Bank’s and its subsidiaries operations.

## **6.15 Employee benefits**

Salaries, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

The Bank and its employees established the provident funds under the Provident Fund Act B.E. 2530. According to the Fund's regulations, every employee, after the probation period, is entitled to apply for membership. The employees contribute to the fund at the rate of 2% or 5% of basic salary and the Bank contributes to the fund at the rate of 5% of basic salary. The employees are entitled to the benefits upon termination of employment status except when the terminated employee has violated the rules of the Bank.

The Bank's subsidiaries and their employees also established their provident funds under the Provident Fund Act B.E. 2530. The Bank's subsidiaries and their employees contribute to the fund at the same rate of between 3 to 10 percent of basic salary depending upon the number of years of services of each employee. The funds will be paid to employees upon termination in accordance with the rules of the funds.

The funds set up by the Bank and its subsidiaries are managed independently by UOB Asset Management (Thai) Co., Ltd. and therefore do not appear in the consolidated or individual balance sheets of the Bank and the relevant subsidiaries.

The Bank has a gratuities scheme for employees with at least 5-years' continuous employment period and do not contribute to the Provident Fund, the benefit being based on percent of monthly salary plus interest and pays out every 5 years. The Bank also has a severance payment scheme for employees who have employment period of not less than 15 years only for the Bank of Asia's employees who joined the Bank before 16 May 2005, the benefit being based on the latest month's salary and the years of service. Employees will receive half of this severance payment when they resign or will receive it in full when they retire. The provisions for both schemes are recorded as expenses in the income statements.

## **6.16 Contributions to the Financial Institutions Development Fund**

Contributions to the Financial Institutions Development Fund are recorded as expenses for the period on an accrual basis.

## **6.17 Income tax**

Income tax are recorded by the Bank and its subsidiaries based on the taxable profits determined in accordance with tax legislation.

## **6.18 Translation of foreign currency**

Transactions in foreign currencies are translated into Baht at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies and off-balance sheet items, which related to forward exchange contracts and currency swap contracts, outstanding on the balance sheet date, have been translated into Baht at the exchange rate ruling on the balance sheet date announced by the Bank of Thailand.

All foreign exchange gains or losses are recognised in the income statement.

## **6.19 Financial derivatives**

Financial derivative contracts are recorded as off-balance sheet items and the changes in fair value are recorded in the income statements.

Outstanding financial derivative contracts are valued at fair value. At the balance sheet date, the unrealised gains or losses on outstanding financial derivative contracts, are included in other assets or other liabilities in the balance sheet.

## **6.20 Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Bank and its subsidiaries have a legally enforceable right to set off the recognised amount and the transactions are intended to be settled on a net basis.

## 6.21 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

## 7. CASH

(Unit : Million Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at 31 December		As at 31 December	
	2007	2006	2007	2006
Cash	2,705	3,674	2,705	3,674
Cheques in transit	249	191	249	191
Total	2,954	3,865	2,954	3,865

## 8. INTERBANK AND MONEY MARKET ITEMS (ASSETS)

(Unit : Million Baht)

### CONSOLIDATED FINANCIAL STATEMENTS

	As at 31 December					
	2007			2006		
	On demand	Term	Total	On demand	Term	Total
<b>Domestic items</b>						
The Bank of Thailand and Financial Institutions						
Development Fund	1,296	100	1,396	1,474	-	1,474
Commercial banks	48	903	951	28	1,052	1,080
Other banks	-	-	-	1	-	1
Finance companies, securities companies and credit foncier companies	100	400	500	-	400	400
Other financial institutions	-	789	789	-	598	598
Total domestic items	1,444	2,192	3,636	1,503	2,050	3,553
<u>Add</u> : Accrued interest receivables	-	7	7	-	5	5
<u>Less</u> : Allowance for doubtful accounts	-	(14)	(14)	-	(5)	(5)
Domestic items – net	1,444	2,185	3,629	1,503	2,050	3,553
<b>Foreign items</b>						
US Dollar	1,501	14,134	15,635	487	3,239	3,726
Yen	115	-	115	65	-	65
EURO	191	-	191	180	-	180
Pound sterling	45	-	45	70	-	70
Other currencies	196	-	196	124	-	124
Total foreign items	2,048	14,134	16,182	926	3,239	4,165
Domestic and foreign items – net	3,492	16,319	19,811	2,429	5,289	7,718

## SEPARATE FINANCIAL STATEMENTS

As at 31 December

	2007			2006		
	On demand	Term	Total	On demand	Term	Total
<b>Domestic items</b>						
The Bank of Thailand and Financial Institutions						
Development Fund	1,296	100	1,396	1,474	-	1,474
Commercial banks	33	903	936	13	1,014	1,027
Other banks	-	-	-	1	-	1
Financial companies, securities companies and credit foncier companies	100	400	500	-	400	400
Other financial institutions	-	789	789	-	598	598
Total domestic items	1,429	2,192	3,621	1,488	2,012	3,500
<u>Add</u> : Accrued interest receivables	-	7	7	-	5	5
<u>Less</u> : Allowance for doubtful accounts	-	(14)	(14)	-	(5)	(5)
Domestic items – net	1,429	2,185	3,614	1,488	2,012	3,500
<b>Foreign items</b>						
US Dollar	1,501	14,134	15,635	487	3,239	3,726
Yen	115	-	115	65	-	65
EURO	191	-	191	180	-	180
Pound sterling	45	-	45	70	-	70
Other currencies	196	-	196	124	-	124
Total foreign items	2,048	14,134	16,182	926	3,239	4,165
Domestic and foreign items-net	3,477	16,319	19,796	2,414	5,251	7,665



## 9. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

(Unit : Million Baht)

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	As at 31 December	
	2007	2006
Government and Bank of Thailand bonds	1,200	1,590
<b>Total</b>	<b>1,200</b>	<b>1,590</b>

## 10. INVESTMENTS

### 10.1 Classified by types of investment

(Unit : Million Baht)

	CONSOLIDATED FINANCIAL STATEMENTS			
	As at 31 December			
	2007		2006	
	Cost/ amortised cost	Fair value	Cost/ amortised cost	Fair value
<b>Current investments</b>				
<b>Securities for trading</b>				
Government and state enterprises securities	14,774	14,770	2,555	2,558
(Less) add : Allowance for revaluation	(4)	-	3	-
<b>Total</b>	<b>14,770</b>	<b>14,770</b>	<b>2,558</b>	<b>2,558</b>
<b>Available-for-sale securities</b>				
Government and state enterprises securities	2,229	2,255	514	514
Private sector debt securities	1	1	124	121
<b>Total</b>	<b>2,230</b>	<b>2,256</b>	<b>638</b>	<b>635</b>
Add : Allowance for revaluation	26	-	5	-
Less : Allowance for impairment of securities	-	-	(8)	-
<b>Total</b>	<b>2,256</b>	<b>2,256</b>	<b>635</b>	<b>635</b>
<b>Total current investments - net</b>	<b>17,026</b>		<b>3,193</b>	

(Unit : Million Baht)

## CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December

	2007		2006	
	Cost/ amortised cost	Fair value	Cost/ amortised cost	Fair value
<b>Long - term investments</b>				
<b>Available-for-sale securities</b>				
Government and state enterprises securities	4,722	4,686	2,544	2,558
Private sector debt securities	258	211	53	4
Marketable domestic equity securities	327	358	357	398
Unit trusts	1,870	1,815	2,006	1,755
Total	7,177	7,070	4,960	4,715
Add : Allowance for revaluation	213	-	81	-
Less : Allowance for impairment of securities	(320)	-	(326)	-
Total	7,070	7,070	4,715	4,715
<b>Held-to-maturity debt instruments</b>				
Thai Asset Management Corporation promissory notes	3,725		4,116	
Less : Allowance for impairment of securities	(2,104)		(2,014)	
Total	1,621		2,102	
<b>General investment</b>				
Non-marketable domestic equity securities	98		172	
Non-marketable foreign equity securities	15		15	
Unit trusts	144		151	
Total	257		338	
Less : Allowance for impairment of securities	(65)		(140)	
Total	192		198	
<b>Total long - term investments - net</b>	<b>8,883</b>		<b>7,015</b>	

(Unit : Million Baht)

## SEPARATE FINANCIAL STATEMENTS

	As at 31 December			
	2007		2006	
	Cost/ amortised cost	Fair value	Cost/ amortised cost	Fair value
<b>Current investments</b>				
<b>Securities for trading</b>				
Government and state enterprises securities	14,774	14,770	2,555	2,558
(Less) add : Allowance for revaluation	(4)	-	3	-
Total	14,770	14,770	2,558	2,558
<b>Available-for-sale securities</b>				
Government and state enterprises securities	2,229	2,255	514	514
Private sector debt securities	-	-	123	120
Total	2,229	2,255	637	634
Add : Allowance for revaluation	26	-	5	-
Less : Allowance for impairment of securities	-	-	(8)	-
Total	2,255	2,255	634	634
<b>Total current investments - net</b>	<b>17,025</b>		<b>3,192</b>	
<b>Long - term investments</b>				
<b>Available-for-sale securities</b>				
Government and state enterprises securities	4,722	4,686	2,544	2,558
Private sector debt securities	258	211	49	-
Marketable domestic equity securities	327	357	357	397
Unit trusts	1,861	1,810	1,997	1,751
Total	7,168	7,064	4,947	4,706
Add : Allowance for revaluation	216	-	85	-
Less : Allowance for impairment of securities	(320)	-	(326)	-
Total	7,064	7,064	4,706	4,706

(Unit : Million Baht)

## SEPARATE FINANCIAL STATEMENTS

	As at 31 December			
	2007		2006	
	Cost/ amortised cost	Fair value	Cost/ amortised cost	Fair value
<b>Held-to-maturity debt instruments</b>				
Thai Asset Management Corporation				
promissory notes	3,725		4,116	
Less : Allowance for impairment of securities	(2,104)		(2,014)	
Total	1,621		2,102	
<b>General investment</b>				
Non-marketable domestic equity securities	97		157	
Non-marketable foreign equity securities	15		15	
Unit trusts	144		151	
Total	256		323	
Less : Allowance for impairment of securities	(65)		(125)	
Total	191		198	
<b>Total long - term investments - net</b>	<b>8,876</b>		<b>7,006</b>	

The Bank's accounting policy is to record sales and purchases of investments in debt securities on settlement date. Therefore as at 31 December 2007, the Bank has commitments to purchase debt securities of Baht 7,571 million (2006 : Baht 8,659 million) and commitments to sell debt securities of Baht 4,039 million (2006 : Baht 5,870 million), which have not been recorded in the book of accounts.

The Bank has commitments in relation to an investment agreement to purchase investment units denominated in US Dollar currency. As at 31 December 2007, the Bank was committed to pay Baht 16 million, (2006 : Baht 17 million) converted using the exchange rate ruling on the balance sheet date, for this investment.

## 10.2 Classified by the remaining period to maturity of the debt securities

Investments in debt instruments, excluding trading debt instruments, classified by remaining maturities are as follows:

(Unit : Million Baht)

CONSOLIDATED FINANCIAL STATEMENTS				
As at 31 December 2007				
remaining within				
	1 year	1 – 5 years	Over 5 years	Total
<b>Available-for-sale securities</b>				
Government and state enterprises securities	2,229	1,256	3,466	6,951
Private sector debt securities	49	210	-	259
Unit trusts	45	1,398	-	1,443
Total	2,323	2,864	3,466	8,653
Add (less) : Allowance for revaluation	32	171	(37)	166
Less : Allowance for impairment of securities	(48)	(3)	-	(51)
Total	2,307	3,032	3,429	8,768
<b>Held-to-maturity debt instruments</b>				
Thai Asset Management Corporation promissory notes	-	3,725	-	3,725
Less : Allowance for impairment of securities	-	(2,104)	-	(2,104)
Total	-	1,621	-	1,621

(Unit : Million Baht)

## CONSOLIDATED FINANCIAL STATEMENTS

	As at 31 December 2006			
	remaining within			
	1 year	1 – 5 years	Over 5 years	Total
<b>Available-for-sale securities</b>				
Government and state enterprises securities	514	2,461	83	3,058
Private sector debt securities	173	4	-	177
Unit trusts	5	1,574	-	1,579
Total	692	4,039	83	4,814
Add (less) : Allowance for revaluation	5	53	(5)	53
Less : Allowance for impairment of securities	(63)	(3)	-	(66)
Total	634	4,089	78	4,801
<b>Held-to-maturity debt instruments</b>				
Thai Asset Management Corporation				
promissory notes	-	4,033	83	4,116
Less : Allowance for impairment of securities	-	(1,973)	(41)	(2,014)
Total	-	2,060	42	2,102

(Unit : Million Baht)

## SEPARATE FINANCIAL STATEMENTS

	As at 31 December 2007			
	remaining within			
	1 year	1 – 5 years	Over 5 years	Total
<b>Available-for-sale securities</b>				
Government and state enterprises securities	2,229	1,256	3,466	6,951
Private sector debt securities	48	210	-	258
Unit trusts	45	1,398	-	1,443
Total	2,322	2,864	3,466	8,652
Add (less) : Allowance for revaluation	32	171	(37)	166
Less : Allowance for impairment of securities	(48)	(3)	-	(51)
Total	2,306	3,032	3,429	8,767
<b>Held-to-maturity debt instruments</b>				
Thai Asset Management Corporation				
promissory notes	-	3,725	-	3,725
Less : Allowance for impairment of securities	-	(2,104)	-	(2,104)
Total	-	1,621	-	1,621

(Unit : Million Baht)

## SEPARATE FINANCIAL STATEMENTS

As at 31 December 2006

	remaining within			Total
	1 year	1 – 5 years	Over 5 years	
<b>Available-for-sale securities</b>				
Government and state enterprises securities	514	2,461	83	3,058
Private sector debt securities	172	-	-	172
Unit trusts	5	1,574	-	1,579
Total	691	4,035	83	4,809
Add (less) : Allowance for revaluation	5	53	(5)	53
Less : Allowance for impairment of securities	(63)	(3)	-	(66)
Total	633	4,085	78	4,796
<b>Held-to-maturity debt instruments</b>				
Thai Asset Management Corporation				
promissory notes	-	4,033	83	4,116
Less : Allowance for impairment of securities	-	(1,973)	(41)	(2,014)
Total	-	2,060	42	2,102

As at 31 December 2007, investments in unit trusts as recorded in the consolidated financial statements and the separate financial statements included totals of Baht 1,343 million (2006 : Baht 1,475 million) which were purchased from mutual funds managed by a subsidiary company. This is to improve the liquidity of these funds managed by the subsidiary in accordance with guidelines approved by BOT. The subsidiary has plans to liquidate these mutual funds.

### 10.3 Revaluation surplus on investments

(Unit : Million Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at 31 December		As at 31 December	
	2007	2006	2007	2006
		(Restated)		(Restated)
Revaluation surplus on investments				
Debt securities	236	154	236	154
Equity securities	107	91	93	90
<b>Total</b>	<b>343</b>	<b>245</b>	<b>329</b>	<b>244</b>
Revaluation deficit on investments				
Debt securities	(70)	(101)	(70)	(100)
Equity securities	(21)	(48)	(17)	(54)
<b>Total</b>	<b>(91)</b>	<b>(149)</b>	<b>(87)</b>	<b>(154)</b>
<b>Total</b>	<b>252</b>	<b>96</b>	<b>242</b>	<b>90</b>

### 10.4 Investments in equity securities in which the Bank and its subsidiaries holds over 10 percent of the paid-up capital, are as follows:

Company's name	Business	Type of securities	CONSOLIDATED FINANCIAL STATEMENTS							
			Paid-up share capital		% of investment		Carrying value*		Dividend	
			As at 31 December		As at 31 December		As at 31 December		For the years ended	
			2007	2006	2007	2006	2007	2006	2007	2006
			(Million Baht)	(Million Baht)			(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
<b>Related companies</b>										
1. Wing Fat Co., Ltd.	Leather manufacturer	Common stock	70	70	14.29	14.29	-	-	-	-
2. Piyalai Holdings Co., Ltd.	Real estate	Common stock	-	600	-	10.00	-	-	-	-
3. JAT Leasing Co., Ltd.	Hire-purchase	Common stock	-	90	-	14.96	-	-	-	-

\* Carrying value represents the cost less the allowance for impairment (if any).



## SEPARATE FINANCIAL STATEMENTS

Company's name	Business	Type of securities	Paid-up share capital		% of investment		Carrying value*		Dividend	
			As at 31 December		As at 31 December		As at 31 December		For the years ended	
			2007	2006	2007	2006	2007	2006	31 December	
			(Million Baht)	(Million Baht)			(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)

**Related companies**

1. Wing Fat Co., Ltd.	Leather manufacturer	Common stock	70	70	14.29	14.29	-	-	-	-
2. Piyalai Holdings Co., Ltd.	Real estate	Common stock	-	600	-	10.00	-	-	-	-

\* Carrying value represents the cost less the allowance for impairment (if any).

During the year ended 31 December 2007, the Bank disposed its investment in Piyalai Holdings Co., Ltd. at the par value as part of a trouble debt restructuring of that company and the Bank and a subsidiary also disposed their investment in JAT Leasing Co., Ltd. to a related company of JAT Leasing Co., Ltd.

**10.5 Investments in unit trusts in which the Bank and its subsidiaries hold more than 10 percent of total fund, classified by type of fund, are as follows:**

(Unit : Million Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at 31 December		As at 31 December	
	2007	2006	2007	2006
Investment in equity fund	200	150	195	146
Investment in fixed income fund	692	784	692	784
Investment in flexible fund	923	821	923	821
<b>Total</b>	<b>1,815</b>	<b>1,755</b>	<b>1,810</b>	<b>1,751</b>

## 10.6 Investments in subsidiaries and associated companies

Company's name	Nature of business	Paid-up share capital		Percentage of holding		Investment value				Dividend received	
		As at 31 December		As at 31 December		SEPARATE FINANCIAL STATEMENT (Cost method)		CONSOLIDATED FINANCIAL STATEMENT (Equity method)		For the year end	
		2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
		Million	Million	%	%	Million	Million	Million	Million	Million	Million
		Baht	Baht			Baht	Baht	Baht	Baht	Baht	Baht
<b>Subsidiaries</b>											
UOB Leasing (Thai) Co., Ltd.	Leasing	320	320	99.99	99.99	320	320	-	-	-	-
UOB Asset Management (Thai) Co., Ltd.	Fund management	100	100	99.99	99.99	136	136	-	-	-	-
UOB Radanasin Plc.	Liquidation	5,417	5,417	99.99	99.99	111	111	111*	-	-	-
UOB Bullion & Futures (Thai) Co., Ltd.	Derivatives brokerage	125	100	75.00	75.00	94	75	-	-	-	-
<b>Associated company</b>											
AXA Insurance Public Co., Ltd.	Non-life insurance	353	353	22.06	22.06	121	121	87	105	7	11
Investments in subsidiaries and associated companies - net						782	763	198	105	7	11

\* The consolidated financial statements for the year ended 31 December 2007 excluded the financial statements of UOB Radanasin Plc., which was deregistered and under liquidation. This investment is stated at cost.

Summarised financial information of an associated company, AXA Insurance Public Co., Ltd.

(Unit : Million Baht)

	As at 31 December	
	2007	2006
Paid-up capital	353	353
Fair values of investments (Net Asset Value)	126	130
Total assets	1,822	1,610
Total liabilities	1,249	1,020
Total revenues for the year	1,361	1,102
Net income (loss) for the year	(6)	34
Dividend received during the year	7	11

A reconciliation of shareholders' equity in the consolidated financial statements and the separate financial statements are as follows: -

	As at 31 December	
	2007	2006
Shareholders' equity in the separate financial statements	23,884	23,885
<u>Reconciliation items</u>		
Accumulated share of profit from investments under equity method	528	432
Accumulated dividend received from subsidiary and associated companies	(69)	(62)
Minority interest	27	24
Accumulated amortisation of goodwill	(2)	(2)
Share premium (discount) of subsidiaries/associated company in consolidated financial statements	10	3
Total reconciliation items	494	395
Shareholders' equity in consolidated financial statements	24,378	24,280

## 11. LOANS AND ACCRUED INTEREST RECEIVABLE

### 11.1 Classified by loan type

(Unit : Million Baht)

	CONSOLIDATED FINANCIAL		SEPARATE FINANCIAL	
	STATEMENTS		STATEMENTS	
	As at 31 December		As at 31 December	
	2007	2006	2007	2006
Overdrafts	15,172	16,349	15,172	16,349
Loans	86,940	93,039	86,853	92,950
Trade bills	43,274	44,764	45,170	46,671
Hire-purchase receivables	254	166	-	-
Financial lease receivables	2,084	2,109	-	-
Others	617	1,116	263	709
Total	148,341	157,543	147,458	156,679
Add : Accrued interest receivables	462	1,040	470	1,047
Less : Allowance for doubtful accounts	(5,375)	(11,842)	(5,185)	(11,705)
Less : Revaluation allowance for debt restructuring	(1)	(30)	(1)	(30)
Total	143,427	146,711	142,742	145,991

### 11.2 Classified by the remaining periods of contracts

(Unit : Million Baht)

	CONSOLIDATED FINANCIAL		SEPARATE FINANCIAL	
	STATEMENTS		STATEMENTS	
	As at 31 December		As at 31 December	
	2007	2006	2007	2006
Not over 1 year*	83,837	91,821	82,897	90,647
Over 1 year	64,504	65,722	64,561	66,032
Total	148,341	157,543	147,458	156,679
Add : Accrued interest receivables	462	1,040	470	1,047
Total loans and accrued interest receivables	148,803	158,583	147,928	157,726

\* Including contracts without maturity date and expired contracts

### 11.3 Classified by currencies and residential status of debtors

(Unit : Million Baht)

CONSOLIDATED FINANCIAL STATEMENTS						
As at 31 December						
	2007			2006		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	144,237	-	144,237	153,764	-	153,764
US Dollar	3,896	-	3,896	3,581	-	3,581
Other currencies	208	-	208	198	-	198
Total	148,341	-	148,341	157,543	-	157,543
Add: Accrued interest						
receivables	462	-	462	1,040	-	1,040
Total loans and accrued						
interest receivables	148,803	-	148,803	158,583	-	158,583

(Unit : Million Baht)

SEPARATE FINANCIAL STATEMENTS						
As at 31 December						
	2007			2006		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	143,354	-	143,354	152,900	-	152,900
US Dollar	3,896	-	3,896	3,581	-	3,581
Other currencies	208	-	208	198	-	198
Total	147,458	-	147,458	156,679	-	156,679
Add: Accrued interest						
receivables	470	-	470	1,047	-	1,047
Total loans and accrued						
interest receivables	147,928	-	147,928	157,726	-	157,726

#### 11.4 Classified by types of business and classified loans

(Unit : Million Baht)

SEPARATE FINANCIAL STATEMENTS						
As at 31 December 2007						
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Agriculture and mining	804	11	22	10	466	1,313
Manufacturing and commerce	50,020	252	522	295	3,680	54,769
Real estate and construction	9,235	48	120	34	312	9,749
Public utilities and services	14,656	69	60	24	239	15,048
Housing loans	44,572	549	394	387	665	46,567
Others	18,969	475	207	199	162	20,012
<b>Total</b>	<b>138,256</b>	<b>1,404</b>	<b>1,325</b>	<b>949</b>	<b>5,524</b>	<b>147,458</b>
Add: Accrued interest receivables	452	13	-	-	5	470
<b>Total loans and accrued interest receivables</b>	<b>138,708</b>	<b>1,417</b>	<b>1,325</b>	<b>949</b>	<b>5,529</b>	<b>147,928</b>

(Unit : Million Baht)

SEPARATE FINANCIAL STATEMENTS						
As at 31 December 2006						
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Agriculture and mining	1,288	19	10	53	751	2,121
Manufacturing and commerce	50,277	379	960	221	9,642	61,479
Real estate and construction	7,171	43	92	83	2,639	10,028
Public utilities and services	13,471	521	323	365	1,047	15,727
Housing loans	44,365	585	223	235	639	46,047
Others	19,922	360	344	72	579	21,277
<b>Total</b>	<b>136,494</b>	<b>1,907</b>	<b>1,952</b>	<b>1,029</b>	<b>15,297</b>	<b>156,679</b>
Add: Accrued interest receivables	460	9	8	3	567	1,047
<b>Total loans and accrued interest receivables</b>	<b>136,954</b>	<b>1,916</b>	<b>1,960</b>	<b>1,032</b>	<b>15,864</b>	<b>157,726</b>

As at 31 December 2007 and 2006, the status of the loans of a subsidiary classified by past due performance are as follows:

(Unit : Million Baht)

	As at 31 December	
	2007	2006
Current	2,234	2,363
1 - 3 months past due	330	232
4 - 6 months past due	81	17
7 - 12 months past due	2	25
Over 12 months past due	132	133
<b>Total</b>	<b>2,779</b>	<b>2,770</b>

### 11.5 Classified by loan classification in accordance with the Notification of the Bank of Thailand

(Unit : Million Baht)

SEPARATE FINANCIAL STATEMENTS

As at 31 December 2007

	Loans and accrued interest receivables	Other claims	Total	Outstanding balance (after deduction of collateral value) **		The average rate of provision (%)	Provision amount
Pass*	138,708	5	138,713	46,835	1.0	468	
Special mention*	1,417	1	1,418	442	2.0	9	
Substandard	1,325	-	1,325	442	100.0	442	
Doubtful	949	-	949	415	100.0	415	
Doubtful of loss	5,529	2	5,531	3,551	100.0	3,551	
Provision in addition to the minimum requirement of the BOT	-	-	-	-		300	
<b>Total</b>	<b>147,928</b>	<b>8</b>	<b>147,936</b>	<b>51,685</b>		<b>5,185</b>	

Notes :

\* Debt balance/book value of normal and special mention loans used in the calculation of provision excludes accrued interest receivable

\*\* Outstanding balance after deduction of collateral value represented loans balance less (1) present value of discounted future cash flow to be received from customer or (2) present value of discounted cash flow of collateral value or (3) recoverable loan balance based on collective approach.

As at 31 December 2007, the bank has already set up provision for non-performing loans in accordance with the new guidelines of the BOT dated 21 December 2006.

(Unit : Million Baht)

	SEPARATE FINANCIAL STATEMENTS				
	As at 31 December 2006				
	Loans and accrued interest receivables	Other claims	Total	Outstanding balance (after deduction of collateral value)	Provision amount
Pass *	136,954	8	136,962	50,302	503
Special mention *	1,916	1	1,917	1,515	30
Substandard	1,960	-	1,960	1,166	233
Doubtful	1,032	1	1,033	521	261
Doubtful of loss	15,864	18	15,882	10,225	10,225
Provision in addition to the minimum requirement of the BOT	-	-	-	-	453
<b>Total</b>	<b>157,726</b>	<b>28</b>	<b>157,754</b>	<b>63,729</b>	<b>11,705</b>

Notes :

\* Debt balance/book value of normal and special mention loans used in the calculation of provision excludes accrued interest receivable

As at 31 December 2006, the Bank set provision at 100% for receivables for which a court judgment has already been issued, for which a court order is being executed, and against which legal actions have been brought, in accordance with the first phase of the new guidelines of the BOT, which are based on the balance of debt remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal. For doubtful of loss, doubtful, and substandard loans the Bank still apply provisioning rates at 100%, at least 50% and at least 20%, respectively, in accordance with the prior guidelines.

As at 31 December 2007, loan provisions include provision for other claims, amounting to Baht 2 million (2006: Baht 19 million).

As at 31 December 2007, a subsidiary company has recorded allowance for doubtful accounts amounting to Baht 190 million (2006: Baht 137 million).



As at 31 December 2007, the amounts of deferred interest attributable to bills purchased at a discount, hire-purchase contracts and financial lease receivables, which have been set off against amounts recorded as receivables in the consolidated balance sheets of the Bank and a subsidiary, are Baht 239 million (2006: Baht 218 million) and Baht 13 million (2006: Baht 17 million) in the separate financial statements.

## 11.6 Non-performing loans

The Bank had non-performing loans, according to the BOT's criteria as follows:

	(Unit : Million Baht)	
	SEPARATE FINANCIAL STATEMENTS	
	As at 31 December	
	2007	2006
Non-performing loans (principal only)	7,797	18,277
Percentage of total loans*	5.21	11.55

\* Including interbank and money market loans.

Non-performing loans as at 31 December 2007 and 2006, according to the BOT's criteria, as mentioned above were presented in accordance with the Notification of the BOT dated 16 January 2003, defining the non-performing loans to be the debts classified as substandard, doubtful and doubtful of loss and excluded outstanding loans for which debt restructuring agreements have been made and conditions to upgrade to 'pass' class or 'special mention' class in accordance with the BOT's criteria have already been fulfilled.

As at 31 December 2007, a subsidiary had the non-accrued loans, which has ceased recognising revenues in accordance with its accounting policy as detailed in note 6.1 amounting to Baht 209 million (2006: Baht 159 million) which represented 7.52% (2006: 4.97%) of its total loans.

## 11.7 Troubled debt restructuring

During the years ended 31 December 2007 and 2006, the Bank entered into troubled debt restructuring agreements with debtors. The number of debtors and their debt balances (including recorded accrued interest receivables) before restructuring can be summarised below.

(Unit : Million Baht)

	SEPARATE FINANCIAL STATEMENTS	
	For the year ended 31 December	
	2007	2006
Debt balances before restructuring	3,292	3,795
Total number of customers	4,478	1,055

Detail of the restructured debtors for the year ended 31 December 2007 and 2006 referred to above can be classified by method of troubled debt restructuring as follows :-

(Unit : Million Baht)

Type of restructuring	SEPARATE FINANCIAL STATEMENTS				
	For the year ended 31 December 2007				
	Number of customers subject to restructuring	Debt balances before restructuring	Type of assets/ equity acquired	Fair value of assets/ equity acquired	Debt balances as at the end of period
Asset swap for settlement	231	1,455	Cash	1,455	-
Modification of terms	1,582	621	-	-	621
Transfer of assets and modification of terms	2,665	1,216	Cash	193	1,023
<b>Total</b>	<b>4,478</b>	<b>3,292</b>		<b>1,648</b>	<b>1,644</b>

(Unit : Million Baht)

SEPARATE FINANCIAL STATEMENTS					
For the year ended 31 December 2006					
Type of restructuring	Number of customers subject to restructuring	Debt balances before restructuring	Type of assets/ equity acquired	Fair value of assets/ equity acquired	Debt balances at the end of period
Asset swap for settlement	69	2,538	Cash	2,538	-
Modification of terms	330	316	-	-	316
Transfer of assets and modification of terms	656	941	Cash	193	747
Total	1,055	3,795		2,731	1,063

The Bank recorded losses on restructuring in relation to certain particular customers as utilisation of allowance for doubtful accounts rather than charging to in the income statements for the periods since the Bank had already fully provided allowance for those loans.

The debts restructured by means of modification of the term of repayment and combination of methods referred to above during the year ended 31 December 2007 and 2006 can be classified by the term of repayment under the restructuring agreement as follows :

SEPARATE FINANCIAL STATEMENTS			
For the year ended 31 December 2007			
Term of repayment according to the restructuring agreements :	Number of debtors	Debt balances (Million Baht)	
		Before restructuring	After restructuring
Not more than 5 years	3,756	890	714
5 – 10 years	109	151	146
10 – 15 years	159	293	286
More than 15 years	223	503	498
Total	4,247	1,837	1,644

## SEPARATE FINANCIAL STATEMENTS

For the year ended 31 December 2006

	Number of debtors	Debt Balances (Million Baht)	
		Before restructuring	After restructuring
Term of repayment according to the restructuring agreements :			
Not more than 5 years	660	672	503
5 – 10 years	108	229	214
10 – 15 years	97	135	128
More than 15 years	121	221	218
Total	986	1,257	1,063

As at 31 December 2007 and 2006, the troubled debtors for which the Bank completed the restructuring can be summarised as follows:

(Unit : Million Baht)

	SEPARATE FINANCIAL STATEMENTS	
	Number of debtors	Debt balances after restructuring
Balance of restructured debtors as at 31 December 2007	7,259	3,220
Balance of restructured debtors as at 31 December 2006	5,696	4,559

As at 31 December 2007, the Bank has committed additional funds to restructured debtors amounting to Baht 164 million (2006 : Baht 94 million).

## **11.8 Transfer of Assets to the Thai Asset Management Corporation (TAMC)**

On 12 October 2001, the Bank entered into an agreement with the Thai Asset Management Corporation (TAMC) to transfer non-performing loans in accordance with the Emergency Decree on the Thai Asset Management Corporation B.E. 2544. Under the agreement, the Bank will receive a ten-year non-transferable promissory note availed by the Financial Institutions Development Fund, which beared interest at a rate based on the quarterly average deposit rate of the 5 major Thai commercial banks payable annually on the last working day of the year. The face value of the promissory note will be determined based on the lower of (a) the collateral value or (b) the net book value of the loans including three months accrued interest receivable as determined by the TAMC.

In accordance with the Emergency Decree on the Thai Asset Management Corporation B.E. 2544, the TAMC and the Bank will jointly be responsible for any profits or losses arising from managing the impaired assets in accordance with the conditions specified in the agreement at the end of the fifth year and at the end of the tenth year commencing 1 July 2001. The calculation of such profits or losses shall take into consideration the cost of transfer and all operating expenses of the TAMC, including interest on the promissory note. In the event that the TAMC incurs losses on the impaired assets transferred to it by the Bank, the Bank 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 Bank. The remaining losses will be absorbed by the TAMC. In the event that the TAMC makes profits on the impaired assets transferred to it by the Bank, the first portion of profits, not exceeding 20% of the transfer price, will be equally shared between the TAMC and the Bank. Should there be any profits remaining, the Bank is entitled to the remaining profits up to an amount not exceeding the sum of the book value of the assets transferred less the transfer price and the Bank's share of the first portion of the profits.

On 20 May 2004, the TAMC issued a letter to the Bank informing that it was reviewing whether to reduce the value of machinery and inventory which had been pledged as collateral relating to a major debtor. The receivable relating to this debtor was one of the assets transferred to the TAMC in October 2001. The letter argues that, as the pledged machinery and inventory was never moved to the location of the pledgee, the pledge agreement had been made with no intention of actual obligation and, as such, was invalid.

Based on legal advice received from independent legal counsel, the Bank's management assessed as remote, the possibility that the Bank will have to accept a reduction in the value of the promissory note from the TAMC because of the TAMC's contention that the above pledge of assets was invalid. As such, the Bank expected no loss, as a result of that mentioned matter.

On 30 June 2006, the Bank received a letter from TAMC informing that TAMC will not give value to such machinery, given that those assets were not valid collateral and asks the Bank to make adjustment to the original list of assets transferred by reducing the value of the pledged collateral and hence the transfer value of such debtor totaling Baht 1,660 million. However, the Bank's Management does not agree with TAMC's position. The Bank has written to the TAMC on 31 July 2006 to confirm that the original transfer value is correct.

In addition, the Bank also received TAMC's letter dated 10 July 2006 and 7 December 2006 requesting the Bank to review the value of collateral of the transferred non-performing loans which are leasehold rights and whether the Bank's right over the leasehold rights are valid. If the Bank's legal right over the leasehold rights are invalid, the Bank is requested to adjust the collateral value and its transferred price amounting to Baht 5.4 million. The Bank's Management has confirmed the Bank's right over such collateral at the transfer date and therefore maintained the transfer price as previously reported as correct.

On 28 November 2006, the Bank received a TAMC loss sharing report for the end of the first 5 - year period, which the Bank was required to inform TAMC if any disputes arose from such report. The Bank has responded to the TAMC on the loss sharing report to TAMC on 15 January 2007, which included the confirmation of original transfer value as mentioned in the two preceding paragraphs.

On 15 October 2007, the bank filed a law suit against TAMC regarding to the above matter. As at 31 December 2007, the law suit case is still under the court's process.

The gross book value (before deduction of allowance for doubtful accounts) of non-performing loans transferred to TAMC was Baht 10,582 million, with the total transfer price based on the lower of collateral value or net book value of loans and accrued interest receivable totaling of Baht 6,399 million, of which included the value of collaterals as detailed above. Against this, the Bank has provided a provision for contingent loss from the gain/loss sharing from managing the impaired assets totaling of Baht 2,104 million.

As at 31 December 2007 and 2006, the outstanding of TAMC's promissory note (before the price adjustment as informed according to TAMC's letter as mentioned above) was Baht 3,725 million and Baht 4,116 million, respectively. During the year ended 31 December 2007, the Bank received a payment from TAMC for a principal and interest amounting to Baht 391 million and Baht 13 million, respectively (2006 : principal of Baht 388 million and interest of Baht 47 million, respectively).

#### **11.9 Sale of Non-performing Loans**

In April 2007, the Bank sold an NPL portfolio, with outstanding principal balance of Baht 10,657 million, to a local asset management company. The full impact of this NPL sale including contingent liabilities estimated to be incurred has been fully taken into the income statement for the year ended 31 December 2007.

## 12. ALLOWANCE FOR DOUBTFUL ACCOUNTS

(Unit : Million Baht)

SEPARATE FINANCIAL STATEMENTS							
For the year ended 31 December 2007							
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	Additional provision	Total
Beginning balance	503	30	233	261	10,225	453	11,705
Doubtful accounts (reversal)	(26)	(21)	209	154	2,545	(153)	2,708
Reversal due to debt restructuring	-	-	-	-	(479)	-	(479)
Reversal due to sale of NPL	-	-	-	-	(7,601)	-	(7,601)
Loans to interbank and money market	(9)	-	-	-	-	-	(9)
Bad debts written off	-	-	-	-	(1,079)	-	(1,079)
Transfer from allowance for debt restructuring	-	-	-	-	2	-	2
Others	-	-	-	-	(62)	-	(62)
Ending balance	<u>468</u>	<u>9</u>	<u>442</u>	<u>415</u>	<u>3,551</u>	<u>300</u>	<u>5,185</u>

(Unit : Million Baht)

SEPARATE FINANCIAL STATEMENTS							
For the year ended 31 December 2006							
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	Additional provision	Total
Beginning balance	479	56	194	160	7,389	2,281	10,559
Doubtful accounts (reversal)	25	(26)	39	101	4,145	(1,828)	2,456
Reversal due to debt restructuring	-	-	-	-	(490)	-	(490)
Reversal due to sale of NPL	-	-	-	-	-	-	-
Loans to interbank and money market	(1)	-	-	-	-	-	(1)
Bad debts written off	-	-	-	-	(938)	-	(938)
Transfer from allowance for debt restructuring	-	-	-	-	196	-	196
Others	-	-	-	-	(77)	-	(77)
Ending balance	<u>503</u>	<u>30</u>	<u>233</u>	<u>261</u>	<u>10,225</u>	<u>453</u>	<u>11,705</u>



As at 31 December 2007 and 2006, the allowance for doubtful accounts of a subsidiary is as follows:

	(Unit : Million Baht)	
	For the year ended 31 December	
	2007	2006
Beginning balance	137	134
Doubtful accounts	62	3
Bad debt written off	(9)	-
Ending balance	190	137

### 13. REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING

	(Unit : Million Baht)	
	CONSOLIDATED AND SEPARATE	
	FINANCIAL STATEMENTS	
	For the year ended 31 December	
	2007	2006
Beginning balance	30	229
Reversal due to sale of NPL	(26)	-
Transfer to allowance for doubtful accounts	(2)	(196)
Amortisation	(1)	(3)
Ending balance	1	30

### 14. PROPERTIES FORECLOSED

Properties foreclosed represent properties from debtors as a result of debt restructuring or properties obtained as a result of a successful bid for the mortgaged assets of debtors at auction.

Under the debt restructuring agreements, in cases where the debtors restructure their debts by means of a debt/asset swap, the Bank grants buyback options or first refusal rights to certain debtors for a certain period, at prices as agreed in the debt restructuring agreements. The buy back prices are normally agreed to be the transfer prices of the properties on the restructuring dates or plus interest.

Under BOT rules, the commercial banks are also required to treat owned closed branch's premises as "Properties foreclosed".

As at 31 December 2007 and 2006, the details of properties foreclosed are as follows:

(Unit : Million Baht)

CONSOLIDATED FINANCIAL STATEMENTS					
For the year ended 31 December 2007					
Type of properties foreclosed	Beginning balance	Addition	Disposal	Ending balance	Obligations with regard to buy back options or first refusal rights
Immovable	12,887	365	(1,336)	11,916	783
Movable	1	22	(23)	-	-
Total	12,888	387	(1,359)	11,916	783
Others	97	73	(72)	98	-
Total properties foreclosed	12,985	460	(1,431)	12,014	783
Less : Allowance for impairment	(888)	(300)	1	(1,187)	(29)
Properties foreclosed - net	12,097	160	(1,430)	10,827	754

(Unit : Million Baht)

CONSOLIDATED FINANCIAL STATEMENTS					
For the year ended 31 December 2006					
Type of properties foreclosed	Beginning balance	Addition	Disposal	Ending balance	Obligations with regard to buy back options or first refusal rights
Immovable	13,586	466	(1,165)	12,887	803
Movable	2	16	(17)	1	-
Total	13,588	482	(1,182)	12,888	803
Others	103	1	(7)	97	-
Total properties foreclosed	13,691	483	(1,189)	12,985	803
Less : Allowance for impairment	(679)	(210)	1	(888)	(47)
Properties foreclosed - net	13,012	273	(1,188)	12,097	756

(Unit : Million Baht)

## SEPARATE FINANCIAL STATEMENTS

For the year ended 31 December 2007

Type of properties foreclosed	Beginning			Ending	
	balance	Addition	Disposal	balance	Obligations with regard to buy back options or first refusal rights
Immovable	12,887	365	(1,336)	11,916	783
Movable	-	-	-	-	-
Total	12,887	365	(1,336)	11,916	783
Others	97	73	(72)	98	-
Total properties foreclosed	12,984	438	(1,408)	12,014	783
Less : Allowance for impairment	(887)	(300)	-	(1,187)	(29)
Properties foreclosed - net	12,097	138	(1,408)	10,827	754

(Unit : Million Baht)

## SEPARATE FINANCIAL STATEMENTS

For the year ended 31 December 2006

Type of properties foreclosed	Beginning			Ending	
	balance	Addition	Disposal	balance	Obligations with regard to buy back options or first refusal rights
Immovable	13,586	466	(1,165)	12,887	803
Movable	-	5	(5)	-	-
Total	13,586	471	(1,170)	12,887	803
Others	103	1	(7)	97	-
Total properties foreclosed	13,689	472	(1,177)	12,984	803
Less : Allowance for impairment	(677)	(210)	-	(887)	(47)
Properties foreclosed - net	13,012	262	(1,177)	12,097	756

## 15. PREMISES AND EQUIPMENT

(Unit : Million Baht)

CONSOLIDATED FINANCIAL STATEMENTS					
	Land	Premises	Equipment	Assets under installation	Total
<u>Cost</u>					
31 December 2006	1,382	1,427	3,736	51	6,596
Acquisition	-	-	183	309	492
Transfer in (out)	-	-	339	(339)	-
Disposal and written-off	-	-	(292)	-	(292)
31 December 2007	1,382	1,427	3,966	21	6,796
<u>Increase from revaluation</u>					
31 December 2006	891	188	-	-	1,079
Increased	-	28	-	-	28
31 December 2007	891	216	-	-	1,107
<u>Accumulated depreciation</u>					
31 December 2006	-	(769)	(2,430)	-	(3,199)
Depreciation charged for the year	-	(38)	(392)	-	(430)
Disposal and written-off	-	-	255	-	255
31 December 2007	-	(807)	(2,567)	-	(3,374)
<u>Impairment loss</u>					
31 December 2006	(355)	(124)	(2)	-	(481)
Increased	-	(16)	-	-	(16)
31 December 2007	(355)	(140)	(2)	-	(497)
<u>Net book value</u>					
31 December 2006	1,918	722	1,304	51	3,995
31 December 2007	1,918	696	1,397	21	4,032
Depreciation charge included in the income statements for the year ended 31 December :-					
2006					453
2007					430

(Unit : Million Baht)

## SEPARATE FINANCIAL STATEMENTS

	Land	Premises	Equipment	Assets under installation	Total
<u>Cost</u>					
31 December 2006	1,382	1,427	3,120	51	5,980
Acquisition	-	-	175	309	484
Transfer in (out)	-	-	339	(339)	-
Disposal and written-off	-	-	(109)	-	(109)
31 December 2007	1,382	1,427	3,525	21	6,355
<u>Increase from revaluation</u>					
31 December 2006	891	188	-	-	1,079
Increased	-	28	-	-	28
31 December 2007	891	216	-	-	1,107
<u>Accumulated depreciation</u>					
31 December 2006	-	(769)	(1,961)	-	(2,730)
Depreciation charged for the year	-	(38)	(327)	-	(365)
Disposal and written-off	-	-	96	-	96
31 December 2007	-	(807)	(2,192)	-	(2,999)
<u>Impairment loss</u>					
31 December 2006	(355)	(124)	-	-	(479)
Increased	-	(16)	-	-	(16)
31 December 2007	(355)	(140)	-	-	(495)
<u>Net book value</u>					
31 December 2006	1,918	722	1,159	51	3,850
31 December 2007	1,918	696	1,333	21	3,968
Depreciation charge included in the income statements for the year ended 31 December :-					
2006					327
2007					365

During the year, the Bank's land and buildings were appraised by independent appraisers. The reappraisal approaches are as follow:-

Land	Fair market approach
Premises	Depreciated replacement cost

Difference arising from revaluation is recorded in the Bank's financial statement in accordance with the accounting policy as detailed in note 6.11 to financial statements.

As at 31 December 2007, certain premises and equipment items of the Bank and its subsidiaries have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 1,290 million (2006 : Baht 1,114 million). (The Bank only : Baht 1,262 million, 2006 : Baht 1,061 million)

## 16. INTANGIBLE ASSETS

As at 31 December 2007 and 2006, the intangible assets are as follows :-

(Unit : Million Baht)

CONSOLIDATED FINANCIAL STATEMENTS					
	Leasehold rights	Application software	Assets under installation	Others	Total
<u>Cost</u>					
31 December 2006	388	1,044	24	5	1,461
Acquisition	-	42	221	-	263
Transfer in (out)	-	162	(162)	-	-
Disposal and written-off	-	(10)	-	-	(10)
31 December 2007	388	1,238	83	5	1,714
<u>Accumulated amortisation</u>					
31 December 2006	(195)	(479)	-	-	(674)
Amortisation for the year	(17)	(76)	-	(2)	(95)
Disposal and written-off	-	2	-	-	2
31 December 2007	(212)	(553)	-	(2)	(767)
<u>Net book value</u>					
31 December 2006	193	565	24	5	787
31 December 2007	176	685	83	3	947
Remaining useful lives (years)	1-23	1-10	-	1	
Amortisation for the year ended 31 December					
2006					82
2007					95

(Unit : Million Baht)

SEPARATE FINANCIAL STATEMENTS

	Leasehold	Application	Assets under	Others	Total
	rights	software	installation		
<u>Cost</u>					
31 December 2006	388	1,021	24	2	1,435
Acquisition	-	39	221	-	260
Transfer in (out)	-	162	(162)	-	-
Disposal and written-off	-	(10)	-	-	(10)
31 December 2007	388	1,212	83	2	1,685
<u>Accumulated amortisation</u>					
31 December 2006	(195)	(458)	-	-	(653)
Amortisation for the year	(17)	(76)	-	-	(93)
Disposal and written-off	-	2	-	-	2
31 December 2007	(212)	(532)	-	-	(744)
<u>Net book value</u>					
31 December 2006	193	563	24	2	782
31 December 2007	176	680	83	2	941
Remaining useful lives (years)	1-23	1-10	-	-	
Amortisation for the year ended 31 December					
2006					81
2007					93

As at 31 December 2007, certain intangible assets of the Bank and its subsidiaries have been fully amortised but are still in use. The original cost, before deducting accumulated amortisation, of those assets amounted to Baht 182 million (2006 : Baht 156 million). (The Bank only : Baht 155 million, 2006 : Baht 154 million)

## 17. OTHER ASSETS

(Unit : Million Baht)

	CONSOLIDATED FINANCIAL		SEPARATE FINANCIAL	
	STATEMENTS		STATEMENTS	
	As at 31 December		As at 31 December	
	2007	2006	2007	2006
Accrued income	658	432	624	418
Suspense debtors	164	282	164	282
Prepaid and deferred expenses	210	143	189	129
Deposits	101	91	89	89
Other debtors	6	12	-	3
Others	88	49	56	21
<b>Total</b>	<b>1,227</b>	<b>1,009</b>	<b>1,122</b>	<b>942</b>

## 18. CLASSIFIED ASSETS

(Unit : Million Baht)

	SEPARATE FINANCIAL STATEMENTS				
	As at 31 December 2007				
	Investments	Loans <sup>(1)</sup>	Properties foreclosed	Other assets <sup>(2)</sup>	Total
<b>Classifications</b>					
Pass	-	140,549	-	5	140,554
Special mention	-	1,404	-	-	1,405
Substandard	-	1,325	-	-	1,324
Doubtful	-	949	-	1	950
Doubtful of loss	2,624	5,524	789	87	9,024
<b>Total</b>	<b>2,624</b>	<b>149,751</b>	<b>789</b>	<b>93</b>	<b>153,257</b>

<sup>(1)</sup> Including interbank and money market loans.

<sup>(2)</sup> Including accrued interest receivable for non-performing loans.



(Unit : Million Baht)

## SEPARATE FINANCIAL STATEMENTS

	As at 31 December 2006				Total
	Investments	Loans <sup>(1)</sup>	Properties foreclosed	Other assets <sup>(2)</sup>	
<b>Classifications</b>					
Pass	-	137,998	-	9	138,007
Special mention	-	1,908	-	-	1,908
Substandard	-	1,951	-	8	1,959
Doubtful	-	1,029	-	4	1,033
Doubtful of loss	2,606	15,297	528	664	19,095
<b>Total</b>	<b>2,606</b>	<b>158,183</b>	<b>528</b>	<b>685</b>	<b>162,002</b>

<sup>(1)</sup> Including interbank and money market loans.<sup>(2)</sup> Including accrued interest receivable for non-performing loans.**19. DEPOSITS****19.1 Classified by types of deposits**

(Unit : Million Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at 31 December		As at 31 December	
	2007	2006	2007	2006
Current accounts	4,784	4,725	4,792	4,734
Savings accounts	54,914	56,939	54,924	57,062
Fixed deposits				
- Less than 6 months	50,185	69,320	50,272	69,356
- 6 months - 1 year	42,496	12,852	42,496	12,852
- Over 1 year	5,890	5,636	5,890	5,636
<b>Total</b>	<b>158,269</b>	<b>149,472</b>	<b>158,374</b>	<b>149,640</b>

## 19.2 Classified by the remaining period of contracts

(Unit : Million Baht)

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at 31 December		As at 31 December	
	2007	2006	2007	2006
Not over 1 year	154,274	146,965	154,379	147,133
Over 1 year	3,995	2,507	3,995	2,507
Total	158,269	149,472	158,374	149,640

## 19.3 Classified by currencies and residential status of depositors

(Unit : Million Baht)

	CONSOLIDATED FINANCIAL STATEMENTS					
	As at 31 December 2007			As at 31 December 2006		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	154,601	2,520	157,121	145,726	2,435	148,161
US Dollar	648	143	791	808	164	972
Others	137	220	357	129	210	339
Total	155,386	2,883	158,269	146,663	2,809	149,472

(Unit : Million Baht)

	SEPARATE FINANCIAL STATEMENTS					
	As at 31 December 2007			As at 31 December 2006		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	154,706	2,520	157,226	145,894	2,435	148,329
US Dollar	648	143	791	808	164	972
Others	137	220	357	129	210	339
Total	155,491	2,883	158,374	146,831	2,809	149,640

## 20. INTERBANK AND MONEY MARKET ITEMS (LIABILITIES)

(Unit : Million Baht)

	CONSOLIDATED FINANCIAL STATEMENTS					
	As at 31 December 2007			As at 31 December 2006		
	On demand	Term	Total	On demand	Term	Total
<b>Domestic items</b>						
The Bank of Thailand and Financial						
Institutions Development Fund	-	1,278	1,278	-	1,128	1,128
Commercial banks	552	-	552	753	10	763
Other banks	1	4,000	4,001	10	-	10
Finance companies, securities						
companies and credit foncier						
companies	705	16	721	1,719	252	1,971
Other financial institutions	1,199	1,369	2,568	1,349	604	1,953
Total domestic items	2,457	6,663	9,120	3,831	1,994	5,825
<b>Foreign items</b>						
US Dollar	34	-	34	35	-	35
Other currencies	476	-	476	694	-	694
Total foreign items	510	-	510	729	-	729
Total domestic and foreign items	2,967	6,663	9,630	4,560	1,994	6,554

(Unit : Million Baht)

## SEPARATE FINANCIAL STATEMENTS

	As at 31 December 2007			As at 31 December 2006		
	On demand	Term	Total	On demand	Term	Total
<b>Domestic items</b>						
The Bank of Thailand and Financial Institutions						
Development Fund	-	1,278	1,278	-	1,128	1,128
Commercial banks	552	-	552	642	80	722
Other banks	1	4,000	4,001	10	-	10
Finance companies, securities companies and credit foncier companies	705	16	721	1,719	252	1,971
Other financial institutions	1,298	1,539	2,837	1,349	604	1,953
Total domestic items	2,556	6,833	9,389	3,720	2,064	5,784
<b>Foreign items</b>						
US Dollar	34	-	34	35	-	35
Other currencies	476	-	476	694	-	694
Total foreign items	510	-	510	729	-	729
Total domestic and foreign items	3,066	6,833	9,899	4,449	2,064	6,513

## 21. BORROWINGS

As at 31 December 2007 and 2006, borrowings comprising only domestic borrowings in Baht currency are classified by type of securities, maturity and interest rate as follows:-

(Unit : Million Baht)

CONSOLIDATED FINANCIAL STATEMENTS			
As at 31 December 2007			
Types	Maturity	Interest rate per annum	Amount
<b>Short – term borrowings</b>			
Bills of exchange	1 January 2008 – 26 December 2008	2.00 – 3.25%	11,904
Total short – term borrowings			11,904
<b>Long – term borrowings</b>			
Term loan agreement	31 March 2009 – 4 September 2014	-	40
Total long – term borrowings			40
Total borrowings			11,944

(Unit : Million Baht)

CONSOLIDATED FINANCIAL STATEMENTS			
As at 31 December 2006			
Types	Maturity	Interest rate per annum	Amount
<b>Short – term borrowings</b>			
Bills of exchange	4 January 2007 – 26 June 2007	4.00 – 5.00 %	1,995
Term loan agreement	10 October 2007	-	2
Total short-term borrowings			1,997
<b>Long – term borrowings</b>			
Term loan agreement	31 March 2009 – 20 January 2013	-	15
Total long – term borrowings			15
Total borrowings			2,012

(Unit : Million Baht)

SEPARATE FINANCIAL STATEMENTS

As at 31 December 2007			
Types	Maturity	Interest rate per annum	Amount
<b>Short – term borrowings</b>			
Bills of exchange	1 January 2008 – 26 December 2008	2.00 – 3.25%	11,904
Total short – term borrowings			11,904
<b>Long – term borrowings</b>			
Term loan agreement	31 March 2009 – 4 September 2014	-	40
Total long – term borrowings			40
Total borrowings			11,944

(Unit : Million Baht)

SEPARATE FINANCIAL STATEMENTS

As at 31 December 2006			
Types	Maturity	Interest rate per annum	Amount
<b>Short – term borrowings</b>			
Bills of exchange	4 January 2007 – 26 June 2007	4.00 – 5.00 %	2,045
Term loan agreement	10 October 2007	-	2
Total short – term borrowings			2,047
<b>Long – term borrowings</b>			
Term loan agreement	31 March 2009 – 20 January 2013	-	15
Total long – term borrowings			15
Total borrowings			2,062

## 22. OTHER LIABILITIES

(Unit : Million Baht)

	CONSOLIDATED FINANCIAL		SEPARATE FINANCIAL	
	STATEMENTS		STATEMENTS	
	As at 31 December		As at 31 December	
	2007	2006	2007	2006
Accounts payable - others	156	706	137	689
Suspense creditors	437	551	433	547
Provision of contingencies liabilities	240	198	240	198
Deposits - others	318	103	314	98
Bills collection - branches	43	179	43	179
Rental income received in advance	15	16	-	-
Others	134	225	72	198
Total	1,343	1,978	1,239	1,909

## 23. SHARE CAPITAL

At the Extraordinary General Meeting No. 1/2007 held on 30 November 2007, the Bank's shareholders have approved the following actions for the Bank's share capital restructuring.

- (1) Approve the decrease of the registered and paid-up share capital of the Bank from Baht 82,171 million to Baht 22,597 million by way of reducing the number of the Bank's shares by 72.50% of all the Bank's shares sold or by 5,957,370,070 shares, at the par value of THB 10 per share, pro-rata to the number of shares held by each shareholder. The shares remaining as a result of the decrease of shares will be 2,259,692,096 shares, at the par value of THB 10 per share.
- (2) Approve the increase of the registered share capital of the Bank from Baht 22,597 million to Baht 24,857 million by way of issuing 225,969,209 new ordinary shares at a par value of THB 10 per share.

- (3) Approve the allocation of 225,969,209 new ordinary shares at a par value of THB 10 per share and offer them to the existing shareholders by pro-rata to the number of shares held by each shareholder at the ratio of 1 new share to every 10 existing shares, at the price of THB 10 per share.
- (4) Approve the handing of ordinary shares remaining as a result of non-subscription by any shareholders as per the subscription right of such shareholders.

As to the new shares that were not subscribed after the allotment, the shareholders approve any 2 out of the 6 authorized directors, or the persons designated by those authorized directors, to have the power to wholly or partially allot the remainder and offer them to United Overseas Bank Limited Singapore at the price of THB 10 per share.

- (5) Approve the transfer of reserve funds to eliminate the retained losses.

The shareholders approve the transfer the reserve funds to eliminate the retained losses as follows:-

	(Unit : Million Baht)
1. Other reserve	72
2. Statutory reserve	367
3. Premium reserve	4,449
	4,888
	4,888

The Bank has already registered to decrease its registered and paid-up capital and also registered to increase its registered share capital with the Ministry of Commerce in accordance with the above approvals on 15 February 2008 and 18 February 2008, respectively.

The process of restructure capital as mentioned above expected to be completed within first half of year 2008.



## 24. STATUTORY RESERVE

Under the Public Company Limited Act B.E. 2535, the Bank is required to set aside to a statutory reserve at least 5 percent of its net income, after deducting any balance of deficit brought forward, until such reserve reaches 10 percent of the Bank's registered share capital.

In addition, under the Civil and Commercial Code, the subsidiaries are required to set aside a statutory reserve at least 5 percent of their net income each time dividend is declared until the reserve reaches 10 percent of registered share capital. The statutory reserve cannot be used for dividend payment.

## 25. OTHER RESERVE

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

## 26. CAPITAL FUND

	(Unit : Million Baht)	
	SEPARATE FINANCIAL STATEMENTS	
	As at 31 December	
	2007	2006
<b>Tier 1 capital</b>		
Paid-up share capital and discount on share capital	56,509	56,509
Statutory reserve	368	368
Other reserve	72	72
Deficit	(25,051)	(25,261)
Less : Net loss	(906)	(318)
Less : Merger adjustment	(9,159)	(9,159)
	<u>21,833</u>	<u>22,211</u>
<b>Tier 2 capital</b>		
Unrealised increment on land appraisal (70%)	624	468
Unrealised increment on buildings appraisal (50%)	85	22
Provision for pass loans and receivables	782	961
Revaluation gain on investment in available-for-sale equity securities (45%)	34	17
	<u>1,525</u>	<u>1,468</u>
<b>Total capital fund</b>	<u><u>23,358</u></u>	<u><u>23,679</u></u>

As at 31 December 2007 and 2006, the Bank's capital ratio which is calculated based on the BOT's regulation is as follows :

	As at 31 December			
	2007		2006	
	Capital ratio of the Bank	Minimum requirement by BOT	Capital ratio of the Bank	Minimum requirement by BOT
Tier 1 capital ratio (%)	16.53	4.25	16.36	4.25
Total capital ratio (%)	17.68	8.50	17.44	8.50

## 27. GAINS (LOSSES) ON INVESTMENTS

(Unit : Million Baht)

	For the year ended 31 December			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2007	2006	2007	2006
Gain on disposal of investments	144	86	157	86
Loss on impairment of investment	(1)	(275)	(16)	(275)
Loss on revaluation of investments	(8)	(3)	(8)	(3)
Gains (losses) on investments	135	(192)	133	(192)

## 28. LOSSES (GAINS) ON PROPERTIES FORECLOSED

(Unit : Million Baht)

	For the year ended 31 December			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2007	2006	2007	2006
Gain on disposal of properties foreclosed	(48)	(302)	(47)	(300)
Loss on impairment of properties foreclosed	300	210	300	210
Losses (gains) on properties foreclosed	252	(92)	253	(90)

## 29. COMMITMENTS AND CONTINGENCIES LIABILITIES

### 29.1 Commitments

(Unit : Million Baht)

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS						
As at 31 December						
	2007			2006		
	Baht currency	Foreign currencies	Total	Baht currency	Foreign currencies	Total
Aval to bills	470	-	470	488	-	488
Guarantees of loans	65	427	492	80	484	564
Other guarantees	12,233	525	12,758	12,515	376	12,891
Letters of credit	183	3,549	3,732	47	2,087	2,134
Foreign exchange contracts						
Bought	-	42,636	42,636	-	23,979	23,979
Sold	-	59,156	59,156	-	26,630	26,630
Interest rate swap contracts	47,797	68	47,865	34,621	1,587	36,208
Cross currency interest rate swap contracts						
Bought	-	3,140	3,140	-	2,035	2,035
Sold	-	3,917	3,917	-	1,942	1,942
Foreign exchange options						
Bought	-	132	132	-	72	72
Sold	-	132	132	-	72	72
Equity - linked options						
Bought	1,662	-	1,662	1,009	-	1,009
Sold	1,608	-	1,608	1,009	-	1,009
Undrawn overdraft amount	19,774	-	19,774	19,361	-	19,361
Liability under unmatured import bills	39	1,330	1,369	34	1,125	1,159
<b>Total</b>	<b>83,831</b>	<b>115,012</b>	<b>198,843</b>	<b>69,164</b>	<b>60,389</b>	<b>129,553</b>

## 29.2 Commitments under long-term lease agreements

As at 31 December 2007 and 2006, the Bank and its subsidiaries had land/building lease agreements for branch offices and vehicles lease agreements, for which the lease terms range from 3 - 30 years and are renewable. The Bank and its subsidiaries also have committed to pay future rental payments which can be summarised as follows:

(Unit : Million Baht)

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at 31 December		As at 31 December	
	2007	2006	2007	2006
Land and building rental commitments	210	242	200	221
Car rental commitments	76	68	100	110
Total	286	310	300	331

## 29.3 Other commitments

The Bank has the contractual commitments in respect of the purchase and servicing of information technology systems as well as other services. The outstanding balances of these major contractual commitments as at 31 December 2007 was approximately Baht 159 million (2006: Baht 395 million).

As at 31 December 2007, the Bank also has commitments in relation to various “to-sell and to-purchase” agreements for its foreclosed properties, the net book value of which was Baht 1,848 million (2006: Baht 1,599 million). The estimated gains under those agreements is Baht 454 million (2006: Baht 131 million), and the Bank recognises the sales transactions and the gains arising therefrom on the transfer dates.

In addition, the Bank has commitments in respect of the loss sharing under the Non-performing Loan Transfer Agreement made with TAMC, as discussed in Note 11.8 and commitments in respect of an asset sales and purchase agreement for the sale of the non-performing loans, as discussed in note 11.9.

### 30. ASSETS PLEDGED AS COLLATERAL

(Unit : Million Baht)

CONSOLIDATED AND SEPARATE  
FINANCIAL STATEMENTS

Net book value as at 31 December

	2007	2006
<b>Government bonds</b>		
Pledged as collateral for securities sold under repurchase agreement	3,750	927
Pledged as collateral for Government departments	1,976	1,940

### 31. LITIGATION

In the course of operating its banking business the Bank has had various labor suits and civil suits brought against it, including cases of tort. Under these lawsuits, claims against the Bank as at 31 December 2007 totaled Baht 1,592 million (2006: Baht 1,633 million). The Bank's management believes that the liability (if any) resulting from the lawsuits will not have a material impact to the Bank's financial position or results of operations.

### 32. RELATED PARTY TRANSACTIONS

During the year, the Bank had significant business transactions with its subsidiaries, associated, related companies (related by ways of shareholding and/or common shareholders and/or common directors) and related persons (directors or executives from level of Senior Vice President upwards). These transactions, have been concluded on commercial terms and based agreed upon in the ordinary course of business between the Bank and those companies. Interest rates on loans to employees are calculated based on the Bank's employee welfare policy.

As at 31 December 2007, the Bank also has staff welfare loans to executives from level of Senior Vice President upwards of Baht 20 million (2006: Baht 18 million) and also has normal loans to its executive officers from Senior Vice President level upwards and their close family members with the outstanding balance as at 31 December 2007 of Baht 27 million (2006 : Baht 21 million) and the average balance for the year then ended of Baht 25 million (2006 : Baht 23 million).

In addition as at 31 December 2007, the Bank also has deposits of those staff and their close family members of Baht 101 million (2006: Baht 75 million).

Significant transactions, outstanding balances, income and expenses incurred with related parties, apart from those disclosed in the other notes, are summarised below.

(Unit : Million Baht)

CONSOLIDATED FINANCIAL STATEMENTS								
For the year ended 31 December								
2007					2006			
	Associated company	Related companies	Group of major shareholder (UOB)	Total	Associated company	Related companies	Group of major shareholder (UOB)	Total
Interest income	-	1	393	394	-	92	136	228
Gain on exchange	-	-	125	125	-	1	65	66
Commission and service income	21	1	-	22	18	1	-	19
Interest expenses	-	15	4	19	-	8	3	11
Other expenses	-	-	39	39	-	-	26	26
Insurance expenses	-	-	26	26	-	-	18	18
Commission and service expenses	-	-	181	181	-	-	100	100

(Unit : Million Baht)

SEPARATE FINANCIAL STATEMENTS										
For the year ended 31 December										
2007						2006				
	Subsidiaries	Associated company	Related companies	Group of major shareholder (UOB)	Total	Subsidiaries	Associated company	Related companies	Group of major shareholder (UOB)	Total
Interest income	108	-	1	393	502	105	-	92	136	333
Gain on exchange	-	-	-	125	125	-	-	1	65	66
Commission and service income	140	21	1	-	162	78	18	1	-	97
Interest expenses	11	-	15	4	30	5	-	8	3	16
Other expenses	-	-	-	39	39	-	-	-	26	26
Insurance expenses	-	-	-	26	26	-	-	-	18	18
Commission and service expenses	-	-	-	181	181	-	-	-	100	100
Premises and equipment expenses	22	-	-	-	22	25	-	-	-	25

The outstanding balances of significant related party transactions as at 31 December 2007 and 2006, are as follows:

(Unit : Million Baht)

	CONSOLIDATED FINANCIAL STATEMENTS																				
	As at 31 December 2007										As at 31 December 2006										
	Average loans outstanding	Outstanding loans	Interbank and money market items (assets)	Unrealised gain on derivatives	Other assets	Commitment /off-balance sheet	Deposits	Interbank and money market items (liabilities)	Unrealised loss on derivatives	Other liabilities	Average loans outstanding	Outstanding loans	Interbank and money market items (assets)	Unrealised gain on derivatives	Other assets	Commitment /off-balance sheet	Deposits	Interbank and money market items (liabilities)	Unrealised loss on derivatives	Other liabilities	2007 Pricing policy of loans
<b>Subsidiary company</b>																					
UOB Radanasin Plc	-	-	-	-	-	-	111	-	-	-	-	-	-	-	-	-	105	-	-	-	N/A
<b>Associated company</b>																					
AXA Insurance Plc.	-	-	-	-	3	-	17	-	-	1	-	-	-	-	5	-	23	-	-	-	N/A
<b>Related companies</b>																					
Wing Fat Co., Ltd.	92	-	-	-	-	1	-	-	-	-	367	367	-	-	-	1	-	-	-	-	NPL
Piyalai Holdings Co., Ltd.*	-	-	-	-	-	-	-	-	-	-	574	574	-	-	-	-	-	-	-	-	NPL
JAT Leasing Co., Ltd.*	-	-	-	-	-	-	-	-	-	-	6	-	-	-	-	-	-	-	-	-	MLR reference rate
First Andaman Co., Ltd.	-	-	-	-	-	-	-	-	-	-	186	186	-	-	-	-	-	-	-	-	NPL
Loxley Plc.	19	44	-	-	-	129	-	-	-	-	16	13	-	-	-	7	1	-	-	-	4.88 - 8.00% p.a.
Ceva Logistics (Thailand) Co., Ltd (Formerly known as "TNT Logistics (Thailand) Co., Ltd.")	-	-	-	-	-	-	105	-	-	-	-	-	-	-	-	-	106	-	-	-	N/A
The Muangthai Life Assurance Co., Ltd.	-	-	-	-	-	-	-	210	-	-	-	-	-	-	-	-	-	7	-	-	N/A
Siam City Securities Co., Ltd.	-	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	5	-	-	N/A
Thai Samut Asset Co., Ltd (Formerly known as "Ocean Assurance Co., Ltd")	-	-	-	-	-	-	120	-	-	-	-	-	-	-	-	-	10	-	-	-	N/A
Underwaterworld Pattaya Co., Ltd.	-	-	-	-	-	-	144	-	-	-	-	-	-	-	-	-	140	-	-	-	N/A
PPHR (Thailand) Limited	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	2	-	-	-	N/A
Haw Par Tiger Balm (Thailand) Limited	-	-	-	-	-	-	59	-	-	-	-	-	-	-	-	-	36	-	-	-	N/A
United B MEC (Thai) Co., Ltd.	-	-	-	-	-	1	9	-	-	-	-	-	-	-	-	1	4	-	-	-	N/A
Professional Laboratory Management Co., Ltd.	22	20	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	7.05 - 7.50% p.a.
<b>Major shareholders</b>																					
United Overseas Bank Limited	-	-	8,146	23	-	810	-	352	16	50	-	-	3,322	23	-	3,025	-	39	157	47	Money market reference rate
United Overseas Bank Group of Companies	-	-	-	-	2	17	-	160	-	18	-	-	-	-	1	36	-	613	-	-	Money Market reference rate

\* During the year ended 31 December 2007, the Bank disposed its investment in Piyalai Holdings Co., Ltd. at the par value as part of a trouble debt restructuring of that company and the Bank and a subsidiary also disposed their investment in JAT Leasing Co., Ltd. to a related company of such company.

(Unit : Million Baht)

## SEPARATE FINANCIAL STATEMENTS

	As at 31 December 2007										As at 31 December 2006										2007 Pricing policy of loans
	Average loans outstanding	Outstanding loans	Interbank and money market items (assets)	Unrealised gain on derivatives	Other assets	Commitment /off-balance sheet	Deposits	Interbank and money market items (liabilities)	Unrealised loss on derivatives	Other liabilities	Average loans outstanding	Outstanding loans	Interbank and money market items (assets)	Unrealised gain on derivatives	Other assets	Commitment /off-balance sheet	Deposits	Interbank and money market items (liabilities)	Unrealised loss on derivatives	Other liabilities	
<b>Subsidiary companies</b>																					
UOB Leasing (Thai) Co., Ltd.	1,991	1,896	-	-	9	22	15	-	-	-	2,218	1,906	-	-	44	46	20	-	-	-	3.63 - 6.25% p.a.
UOB Asset Management (Thai) Co., Ltd	-	-	-	-	15	-	-	269	-	1	-	-	-	-	2	-	-	134	-	-	N/A
UOB Bullion & Futures (Thai) Co., Ltd.	-	-	-	-	-	-	90	-	-	1	-	-	-	-	-	-	43	-	-	50	N/A
UOB Radanasin Plc.	-	-	-	-	-	-	111	-	-	-	-	-	-	-	-	-	105	-	-	-	N/A
<b>Associated company</b>																					
AXA Insurance Plc.	-	-	-	-	-	-	17	-	-	-	-	-	-	-	-	-	23	-	-	-	N/A
<b>Related companies</b>																					
Wing Fat Co., Ltd.	92	-	-	-	-	1	-	-	-	-	367	367	-	-	-	1	-	-	-	-	NPL
Piyalai Holdings Co., Ltd. *	-	-	-	-	-	-	-	-	-	-	574	574	-	-	-	-	-	-	-	-	NPL
JAT Leasing Co., Ltd. *	-	-	-	-	-	-	-	-	-	-	6	-	-	-	-	-	-	-	-	-	MLR reference rate
First Andaman Co., Ltd.	-	-	-	-	-	-	-	-	-	-	186	186	-	-	-	-	-	-	-	-	NPL
Loxley Plc.	19	44	-	-	-	129	-	-	-	-	16	13	-	-	-	7	1	-	-	-	4.88- 8.00% p.a.
Ceva Logistics (Thailand) Co., Ltd (Formerly known as "TNT Logistics (Thailand) Co., Ltd.")	-	-	-	-	-	-	105	-	-	-	-	-	-	-	-	-	106	-	-	-	N/A
The Muangthai Life Assurance Co., Ltd.	-	-	-	-	-	-	-	210	-	-	-	-	-	-	-	-	-	7	-	-	N/A
Siam City Securities Co., Ltd.	-	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	5	-	-	N/A
Thai Samut Asset Co., Ltd (Formerly known as "Ocean Assurance Co., Ltd")	-	-	-	-	-	-	120	-	-	-	-	-	-	-	-	-	10	-	-	-	N/A
Underwaterworld Pattaya Co., Ltd.	-	-	-	-	-	-	144	-	-	-	-	-	-	-	-	-	140	-	-	-	N/A
PPHR (Thailand) Limited	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	2	-	-	-	N/A
Haw Par Tiger Balm (Thailand) Limited	-	-	-	-	-	-	59	-	-	-	-	-	-	-	-	-	36	-	-	-	N/A
United B MEC (Thai) Co., Ltd.	-	-	-	-	-	1	9	-	-	-	-	-	-	-	-	1	4	-	-	-	N/A
Professional Laboratory Management Co., Ltd.	22	20	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	7.05 - 7.50% p.a.
<b>Major shareholders</b>																					
United Overseas Bank Limited	-	-	8,146	23	-	810	-	352	16	50	-	-	3,322	23	-	3,025	-	39	157	47	Money Market reference rate
United Overseas Bank Group of Companies	-	-	-	-	2	17	-	160	-	-	-	-	-	-	1	36	-	613	-	-	Money Market reference rate

\* During the year ended 31 December 2007, the Bank disposed its investment in Piyalai Holdings Co., Ltd. at the par value as part of a trouble debt restructuring of that company and the Bank and a subsidiary also disposed their investment in JAT Leasing Co., Ltd. to a related company of such company.



In addition, during the year ended 31 December 2007, the Bank purchased application software from United Overseas Bank Limited of Baht 106 million.

### **33. BENEFITS OF DIRECTORS AND MANAGEMENT**

As at 31 December 2007 and 2006, the Bank and its subsidiaries had not paid other benefits except for normal staff benefits to their directors and management.

### **34. CORPORATE INCOME TAX**

After adjusting profits for accounting purposes for non-tax deductible expenses and tax-exempt revenues in the tax computation, there is no income tax payable by the Bank for the year ended 31 December 2007 and 2006 since the tax loss brought forward from previous year exceeds the net profit for the year.

Corporate income tax of the subsidiaries on the net profit for the years have been calculated after adding back certain expenses which are disallowed for tax computation purpose.

### **35. BASIC EARNINGS (LOSS) PER SHARE**

Earning (loss) per share as presented in the income statements is basic earning (loss) per share, which is calculated by dividing net income (loss) for the years by the weighted average number of ordinary shares in issue during the years.

The Bank had the basic earnings (loss) per share as follows:

	For the year ended 31 December			
	CONSOLIDATED FINANCIAL		SEPARATE FINANCIAL	
	STATEMENTS		STATEMENTS	
	2007	2006	2007	2006
			(Restated)	
Net income (loss) (Million Baht)	(89)	598	(181)	482
Weighted average number of				
ordinary shares (shares)	8,217,062,166	8,217,062,166	8,217,062,166	8,217,062,166
Basic earnings (loss) per share (Baht)	(0.01)	0.07	(0.02)	0.06

### 36. FINANCIAL POSITIONS AND RESULTS OF OPERATIONS CLASSIFIED BY TYPE OF BUSINESSES

Financial position as at 31 December 2007 and 2006, classified by type of business are as follows:

(Unit : Million Baht)

	CONSOLIDATED FINANCIAL STATEMENTS					
	As at 31 December 2007					
	Bank	Leasing	Others	Total	Eliminated transaction	Consolidated total
Total assets	211,640	2,714	463	214,817	(2,879)	211,938
Interbank and money market items - net (assets)	19,796	28	363	20,187	(376)	19,811
Investments - net	26,682	7	1	26,690	(583)	26,107
Loans and accrued interest receivable - net	142,742	2,590	-	145,332	(1,905)	143,427
Deposits	158,374	-	-	158,374	(105)	158,269
Interbank and money market items (liabilities)	9,899	1,896	-	11,795	(2,165)	9,630
Borrowings	11,944	-	-	11,944	-	11,944
Total contingencies - off - balance sheet	198,843	-	-	198,843	-	198,843

(Unit : Million Baht)

## CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2006 (Restated)

	Bank	Leasing	Others	Total	Eliminated	Consolidated
					transaction	total
Total assets	188,914	2,855	448	192,217	(2,960)	189,257
Interbank and money market items - net (assets)	7,665	34	371	8,070	(352)	7,718
Investments - net	10,961	9	1	10,971	(658)	10,313
Loans and accrued interest receivable - net	145,991	2,634	-	148,625	(1,914)	146,711
Deposits	149,640	-	-	149,640	(168)	149,472
Interbank and money market items (liabilities)	6,513	2,081	-	8,594	(2,040)	6,554
Borrowings	2,062	-	-	2,062	(50)	2,012
Total contingencies - off - balance sheet	129,553	-	-	129,553	-	129,553

Financial position of the Bank as at 31 December 2007 and 2006, classified by geographic type are as follows :

(Unit : Million Baht)

## SEPARATE FINANCIAL STATEMENTS

As at 31 December

	2007			2006 (Restated)		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Total assets	211,637	3	211,640	188,911	3	188,914
Interbank and money market items - net (assets)	19,796	-	19,796	7,665	-	7,665
Investments - net	26,682	-	26,682	10,961	-	10,961
Loans and accrued interest receivable - net	142,742	-	142,742	145,991	-	145,991
Deposits	158,374	-	158,374	149,640	-	149,640
Interbank and money market items (liabilities)	9,899	-	9,899	6,513	-	6,513
Borrowings	11,944	-	11,944	2,062	-	2,062
Total contingencies - off - balance sheet	198,843	-	198,843	129,553	-	129,553

Results of the Bank's operations for the years ended 31 December 2007 and 2006 classified by type of business are as follows:

(Unit : Million Baht)

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2007

	Bank	Leasing	Others	Total	Eliminated transaction	Consolidated total
Interest and dividend income	11,630	225	11	11,866	(125)	11,741
Interest expenses	(5,079)	(114)	-	(5,193)	119	(5,074)
Net interest and dividend income	6,551	111	11	6,673	(6)	6,667
Non-interest income	2,038	169	426	2,633	(177)	2,456
Non-interest expenses	(8,770)	(189)	(380)	(9,339)	162	(9,177)
Income (loss) before income tax	(181)	91	57	(33)	(21)	(54)

(Unit : Million Baht)

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2006 (Restated)

	Bank	Leasing	Others	Total	Eliminated transaction	Consolidated total
Interest and dividend income	10,263	212	8	10,483	(122)	10,361
Interest expenses	(4,042)	(107)	-	(4,149)	111	(4,038)
Net interest and dividend income	6,221	105	8	6,334	(11)	6,323
Non-interest income	2,014	230	226	2,470	(95)	2,375
Non-interest expenses	(7,753)	(235)	(203)	(8,191)	104	(8,087)
Income before income tax	482	100	31	613	(2)	611

Results of the Bank's operations for the years ended 31 December 2007 and 2006 classified by type of geographic are as follows :

(Unit : Million Baht)

SEPARATE FINANCIAL STATEMENTS						
For the year ended 31 December						
	2007			2006 (Restated)		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Interest and dividend income	11,630	-	11,630	10,263	-	10,263
Interest expenses	(5,079)	-	(5,079)	(4,042)	-	(4,042)
Net interest and dividend income	6,551	-	6,551	6,221	-	6,221
Non-interest income	2,038	-	2,038	2,014	-	2,014
Non-interest expenses	(8,767)	(3)	(8,770)	(7,750)	(3)	(7,753)
Income (loss) before income tax	(178)	(3)	(181)	485	(3)	482

### 37. DISCLOSURE OF FINANCIAL INSTRUMENTS

The Bank enters into financial instruments with off-balance sheet risk in the normal course of business, in order to meet the financing needs of its customers and to reduce its own exposure to fluctuations in foreign exchange rates and interest rates. These financial instruments with off-balance sheet risk include commitments to extend credit, standby letters of credit, financial guarantees, forward foreign exchange contracts, among others. Such instruments involve, to varying degrees, elements of credit risk, interest rate risk and foreign exchange risk in excess of the amount already recognised in the financial statements. The contracts or notional amounts of those instruments reflect the extent of the Bank's involvement in particular classes of financial instruments.

The Bank enters into derivative contracts as part of its risk management strategy primarily to manage market risks arising from the Bank's underlying assets and liabilities and to reduce customer risks. In entering into off-balance sheet financial instruments, the Bank is governed by policies and parameters proposed by the Assets and Liabilities Committee and endorsed by the Corporate Risk Management Committee and Board of Directors.

### **37.1 Accounting Policies**

Details of significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised in respect of each class of financial assets and financial liabilities, are disclosed in Note 6.

### **37.2 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 as a result of defaults.

In the case of recognised financial assets, the carrying amount of the assets recorded in the balance sheet, net of allowance for doubtful accounts, represents the Bank's and its subsidiaries' maximum exposure to credit risk.

Furthermore, the Bank's exposure to credit risk in the event of non-performance by the counterparties to commitments to extend credit, standby letters of credit, and financial guarantees is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and accepting conditional obligations as it does for on-balance sheet instruments. For derivatives, the contract or notional amounts do not represent the real exposure to credit loss. The Bank controls the credit risk of its derivatives through the credit approval process, credit limits, and monitoring procedures set by its Executive Committee. Credit risks also arise from the possibility that the counterparty to the off-balance sheet financial instruments will not adhere to the terms of the contract with the Bank when settlement becomes due.

The following table shows the credit equivalent of unmatured off-balance sheet financial instruments in accordance with the BOT's ruling.

(Unit : Million Baht)

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS		
As at 31 December		
	2007	2006
Foreign exchange contracts	1,130	739
Interest rate swap contracts	190	282
Cross currency interest rate swap contracts	464	66
Options	133	4
Avals to bills	470	488
Guarantees of loans	492	564
Performance guarantees	5,951	6,084
Bid guarantees	395	184
Liability under unmatured import bills	274	232
Import letters of credit	746	427
Others	-	54
<b>Total</b>	<b>10,245</b>	<b>9,124</b>

### 37.3 Interest Rate Risk

Interest rate risk arises when there is the potential for a change in interest rates to have an adverse effect on the net interest income of the Bank and its subsidiaries in the current reporting year, and in the future. Interest rate risk arises from the structure and characteristics of the Bank and its subsidiaries' assets, liabilities, shareholders' equity and interest rate linked derivative contracts, and from maturity mismatch in the repricing dates of their assets and liabilities.

The table below shows the Bank and its subsidiaries' exposure to interest rate risk, the remaining period to the earlier of contractual repricing dates or maturity dates, and the average contractual interest rate, where applicable, for classes of financial assets and financial liabilities subject to interest rate risk.

(Unit : Million Baht)

## CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2007

	Floating rate/ Within 3 months	3-12 months	1-5 years	More than 5 years	Non- interest bearing	Total	Average rate of return per annum (%)
<b>Financial assets</b>							
Cash	-	-	-	-	2,954	2,954	-
Interbank and money market items - net	15,537	-	895	-	3,379	19,811	3.65
Securities purchased under resale agreements	1,200	-	-	-	-	1,200	3.49
Investments - net	796	16,745	3,622	3,996	948	26,107	3.20
Loans	125,989	11,648	2,689	3	8,012	148,341	6.51
<b>Financial liabilities</b>							
Deposits	123,312	26,178	3,995	-	4,784	158,269	2.20
Interbank and money market items	8,070	410	205	-	945	9,630	5.41
Liabilities payable on demand	-	-	-	-	2,547	2,547	-
Short-term borrowings	11,509	395	-	-	-	11,904	3.06
Long-term borrowings	-	-	2	38	-	40	-
<b>Off-balance sheet financial instruments</b>							
Interest rate swap contracts							
- floating rate payer	14,230	9,371	-	-	-	23,601	4.13
- fixed rate payer	1,900	4,900	16,504	960	-	24,264	4.43
- floating rate payee	12,775	11,489	-	-	-	24,264	4.07
- fixed rate payee	900	6,000	15,741	960	-	23,601	4.68
Cross currency interest rate swap contracts							
- floating rate payer	169	3,748	-	-	-	3,917	5.95
- fixed rate payer	-	-	977	2,369	-	3,346	6.24
- floating rate payee	-	3,073	-	-	-	3,073	6.18
- fixed rate payee	-	-	1,979	2,369	-	4,348	5.89



(Unit : Million Baht)

## CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2006 (Restated)

	Floating rate/ Within 3 months	3-12 months	1-5 years	More than 5 years	Non- interest bearing	Total	Average rate of return per annum (%)
<b>Financial assets</b>							
Cash	-	-	-	-	3,865	3,865	-
Interbank and money market items - net	5,075	131	98	-	2,414	7,718	3.59
Securities purchased under resale agreements	1,590	-	-	-	-	1,590	4.95
Investments - net	1,848	3,015	4,271	328	851	10,313	2.15
Loans	118,220	19,461	1,756	1	18,105	157,543	7.78
<b>Financial liabilities</b>							
Deposits	106,064	36,176	2,507	-	4,725	149,472	2.98
Interbank and money market items	5,421	80	-	-	1,053	6,554	1.84
Liabilities payable on demand	-	-	-	-	1,817	1,817	-
Short-term borrowings	1,380	617	-	-	-	1,997	4.76
Long-term borrowings	-	-	4	11	-	15	-
<b>Off-balance sheet financial instruments</b>							
Interest rate swap contracts							
- floating rate payer	7,211	7,682	-	-	-	14,893	5.63
- fixed rate payer	712	9,350	10,283	960	-	21,305	4.77
- floating rate payee	12,822	8,493	-	-	-	21,315	5.38
- fixed rate payee	3,512	3,710	6,711	960	-	14,893	4.90
Cross currency interest rate swap contracts							
- floating rate payer	541	721	-	-	-	1,262	5.44
- fixed rate payer	602	-	79	-	-	681	8.07
- floating rate payee	-	-	-	-	-	-	-
- fixed rate payee	949	-	1,086	-	-	2,035	5.37

(Unit : Million Baht)

## SEPARATE FINANCIAL STATEMENTS

As at 31 December 2007

	Floating rate/ Within 3 months	3-12 months	1-5 years	More than 5 years	Non- interest bearing	Total	Average rate of return per annum (%)
<b>Financial assets</b>							
Cash	-	-	-	-	2,954	2,954	-
Interbank and money market items - net	15,524	-	895	-	3,377	19,796	3.61
Securities purchased under resale agreements	1,200	-	-	-	-	1,200	3.49
Investments - net	795	16,745	3,622	3,996	1,524	26,682	3.20
Loans	125,616	11,289	2,746	3	7,804	147,458	6.41
<b>Financial liabilities</b>							
Deposits	123,332	26,255	3,995	-	4,792	158,374	2.20
Interbank and money market items	8,319	430	205	-	945	9,899	5.26
Liabilities payable on demand	-	-	-	-	2,547	2,547	-
Short-term borrowings	11,509	395	-	-	-	11,904	3.06
Long-term borrowings	-	-	2	38	-	40	-
<b>Off-balance sheet financial instruments</b>							
Interest rate swap contracts							
- floating rate payer	14,230	9,371	-	-	-	23,601	4.13
- fixed rate payer	1,900	4,900	16,504	960	-	24,264	4.43
- floating rate payee	12,775	11,489	-	-	-	24,264	4.07
- fixed rate payee	900	6,000	15,741	960	-	23,601	4.68
Cross currency interest rate swap contracts							
- floating rate payer	169	3,748	-	-	-	3,917	5.95
- fixed rate payer	-	-	977	2,369	-	3,346	6.24
- floating rate payee	-	3,073	-	-	-	3,073	6.18
- fixed rate payee	-	-	1,979	2,369	-	4,348	5.89

(Unit : Million Baht)

## SEPARATE FINANCIAL STATEMENTS

As at 31 December 2006 (Restated)

	Floating rate/ Within 3 months	3-12 months	1-5 years	More than 5 years	Non- interest bearing	Total	Average rate of return per annum (%)
<b>Financial assets</b>							
Cash	-	-	-	-	3,865	3,865	-
Interbank and money market items - net	4,953	201	98	-	2,413	7,665	3.54
Securities purchased under resale agreement	1,590	-	-	-	-	1,590	4.95
Investments - net	1,847	3,015	4,267	328	1,504	10,961	2.15
Loans	117,973	18,713	2,066	-	17,927	156,679	7.67
<b>Financial liabilities</b>							
Deposits	106,223	36,176	2,507	-	4,734	149,640	2.98
Interbank and money market items	5,380	80	-	-	1,053	6,513	1.83
Liabilities payable on demand	-	-	-	-	1,817	1,817	-
Short-term borrowings	1,430	617	-	-	-	2,047	4.64
Long-term borrowings	-	-	4	11	-	15	-
<b>Off-balance sheet financial instruments</b>							
Interest rate swap contracts							
- floating rate payer	7,211	7,682	-	-	-	14,893	5.63
- fixed rate payer	712	9,350	10,283	960	-	21,305	4.77
- floating rate payee	12,822	8,493	-	-	-	21,315	5.38
- fixed rate payee	3,512	3,710	6,711	960	-	14,893	4.90
Cross currency interest rate swap contracts							
- floating rate payer	541	721	-	-	-	1,262	5.44
- fixed rate payer	602	-	79	-	-	681	8.07
- floating rate payee	-	-	-	-	-	-	-
- fixed rate payee	949	-	1,086	-	-	2,035	5.37

### 37.4 Liquidity Risk

Liquidity risk is the risk that the Bank and its subsidiaries may not be able to meet their obligations as they fall due as a result of inability to release their assets or to cover funding requirements at an appropriate price, resulting in losses to the Bank and its subsidiaries. The Bank's Assets and Liabilities Committee sets policies and supervises the management of liquidity risk.

The maturity analysis of financial assets, financial liabilities and off-balance sheet items computed from the remaining maturity to repayment date is as follows:

(Unit : Million Baht)

CONSOLIDATED FINANCIAL STATEMENTS  
As at 31 December 2007

	Call	Within 3 months	3-12 months	1-5 years	More than 5 years	No specific maturity	Total
<b>Financial assets</b>							
Cash	2,954	-	-	-	-	-	2,954
Interbank and money market items - net	3,492	15,424	-	895	-	-	19,811
Securities purchased under resale agreements	-	1,200	-	-	-	-	1,200
Investments - net	-	796	15,124	5,243	3,996	948	26,107
Loans *	23,707	34,192	18,977	25,988	38,516	6,961	148,341
<b>Financial liabilities</b>							
Deposits	59,698	68,398	26,178	3,995	-	-	158,269
Interbank and money market items	2,967	6,048	410	205	-	-	9,630
Liabilities payable on demand	2,547	-	-	-	-	-	2,547
Short-term borrowings	-	11,509	395	-	-	-	11,904
Long-term borrowings	-	-	-	2	38	-	40
<b>Off-balance sheet financial instruments</b>							
Avals to bills	-	402	68	-	-	-	470
Guarantee of loans	23	11	184	87	187	-	492
Other guarantees	6,466	1,798	4,050	435	9	-	12,758
Letters of credit	159	3,409	164	-	-	-	3,732
Foreign exchange contracts	-	42,787	54,798	4,207	-	-	101,792
Interest rate swap contracts	-	2,800	10,900	32,245	1,920	-	47,865
Cross currency interest rate swap contracts	-	-	-	2,600	4,457	-	7,057
Foreign exchange options	-	81	183	-	-	-	264
Equity linked options	-	43	211	3,016	-	-	3,270
Undrawn overdraft amount	19,774	-	-	-	-	-	19,774
Liabilities under unmatured import bills	-	964	405	-	-	-	1,369

\* Under liquidity risk management policy, non-accrual loans such as certain restructured loans and NPLs are reported in the no specific maturity bucket.

(Unit : Million Baht)

## CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2006 (Restated)

	Call	Within 3 months	3-12 months	1-5 years	More than 5 years	No specific maturity	Total
<b>Financial assets</b>							
Cash	3,865	-	-	-	-	-	3,865
Interbank and money market items – net	2,429	5,060	131	98	-	-	7,718
Securities purchased under resale agreements	-	1,590	-	-	-	-	1,590
Investments – net	-	1,848	912	6,331	371	851	10,313
Loans *	20,208	38,412	15,096	24,755	40,967	18,105	157,543
<b>Financial liabilities</b>							
Deposits	61,664	49,125	36,176	2,507	-	-	149,472
Interbank and money market items	4,560	1,594	100	300	-	-	6,554
Liabilities payable on demand	1,817	-	-	-	-	-	1,817
Short-term borrowings	-	1,380	617	-	-	-	1,997
Long-term borrowings	-	-	-	4	11	-	15
<b>Off-balance sheet financial instruments</b>							
Avals to bills	-	478	10	-	-	-	488
Guarantee of loans	96	17	180	271	-	-	564
Other guarantees	6,584	1,811	3,996	415	85	-	12,891
Letters of credit	133	1,692	309	-	-	-	2,134
Foreign exchange contracts	-	36,777	12,449	1,383	-	-	50,609
Interest rate swap contracts	-	4,233	13,061	16,994	1,920	-	36,208
Cross currency interest rate swap contracts	-	1,911	-	2,066	-	-	3,977
Foreign exchange options	-	144	-	-	-	-	144
Equity - linked options	-	-	229	1,789	-	-	2,018
Undrawn overdraft amount	19,361	-	-	-	-	-	19,361
Liabilities under unmatured import bills	-	803	356	-	-	-	1,159

\* Under liquidity risk management policy, non-accrual loans such as certain restructured loans and NPLs are reported in the no specific maturity bucket.

(Unit : Million Baht)

## SEPARATE FINANCIAL STATEMENTS

As at 31 December 2007

	Call	Within 3 months	3-12 months	1-5 years	More than 5 years	No specific maturity	Total
<b>Financial assets</b>							
Cash	2,954	-	-	-	-	-	2,954
Interbank and money market items – net	3,477	15,424	-	895	-	-	19,796
Securities purchased under resale agreements	-	1,200	-	-	-	-	1,200
Investments – net	-	795	15,124	5,243	3,996	1,524	26,682
Loans *	23,895	33,632	18,618	26,045	38,516	6,752	147,458
<b>Financial liabilities</b>							
Deposits	59,716	68,408	26,255	3,995	-	-	158,374
Interbank and money market items	3,066	6,198	430	205	-	-	9,899
Liabilities payable on demand	2,547	-	-	-	-	-	2,547
Short-term borrowings	-	11,509	395	-	-	-	11,904
Long-term borrowings	-	-	-	2	38	-	40
<b>Off-balance sheet financial instruments</b>							
Avals to bills	-	402	68	-	-	-	470
Guarantee of loans	23	11	184	87	187	-	492
Other guarantees	6,466	1,798	4,050	435	9	-	12,758
Letters of credit	159	3,409	164	-	-	-	3,732
Foreign exchange contracts	-	42,787	54,798	4,207	-	-	101,792
Interest rate swap contracts	-	2,800	10,900	32,245	1,920	-	47,865
Cross currency interest rate swap contracts	-	-	-	2,600	4,457	-	7,057
Foreign exchange options	-	81	183	-	-	-	264
Equity - linked options	-	43	211	3,016	-	-	3,270
Undrawn overdraft amount	19,774	-	-	-	-	-	19,774
Liabilities under unmatured import bills	-	964	405	-	-	-	1,369

\* Under liquidity risk management policy, non-accrual loans such as certain restructured loans and NPLs are reported in the no specific maturity bucket.

(Unit : Million Baht)

## SEPARATE FINANCIAL STATEMENTS

As at 31 December 2006 (Restated)

	Call	Within 3 months	3-12 months	1-5 years	More than 5 years	No specific maturity	Total
<b>Financial assets</b>							
Cash	3,865	-	-	-	-	-	3,865
Interbank and money market items – net	2,414	4,952	201	98	-	-	7,665
Securities purchased under resale agreements	-	1,590	-	-	-	-	1,590
Investments – net	-	1,847	912	6,327	371	1,504	10,961
Loans *	20,608	37,765	14,346	25,065	40,967	17,928	156,679
<b>Financial liabilities</b>							
Deposits	61,796	49,161	36,176	2,507	-	-	149,640
Interbank and money market items	4,449	1,664	100	300	-	-	6,513
Liabilities payable on demand	1,817	-	-	-	-	-	1,817
Short-term borrowings	-	1,430	617	-	-	-	2,047
Long-term borrowings	-	-	-	4	11	-	15
<b>Off-balance sheet financial instruments</b>							
Avals to bills	-	478	10	-	-	-	488
Guarantee of loans	96	17	180	271	-	-	564
Other guarantees	6,584	1,811	3,996	415	85	-	12,891
Letters of credit	133	1,692	309	-	-	-	2,134
Foreign exchange contracts	-	36,777	12,449	1,383	-	-	50,609
Interest rate swap contracts	-	4,233	13,061	16,994	1,920	-	36,208
Cross currency interest rate swap contracts	-	1,911	-	2,066	-	-	3,977
Foreign exchange options	-	144	-	-	-	-	144
Equity - linked options	-	-	229	1,789	-	-	2,018
Undrawn overdraft amount	19,361	-	-	-	-	-	19,361
Liabilities under unmatured import bills	-	803	356	-	-	-	1,159

\* Under liquidity risk management policy, non-accrual loans such as certain restructured loans and NPLs are reported in the no specific maturity bucket.

### 37.5 Estimated Fair Value of Financial Instruments

The fair values of financial instruments have been estimated by the Bank and its subsidiaries using available market information and appropriate valuation methodologies.

As at 31 December 2007 and 2006, there are no material differences between the Bank and its subsidiaries' book value of financial instruments and their fair value, except that the fair value of off-balance sheet financial instruments as follows :

(Unit : Million Baht)

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
	As at 31 December			
	2007		2006	
	Notional value	Fair value *	Notional value	Fair value *
Foreign exchange contracts	101,792	338	50,609	172
Interest rate swap contracts	47,865	78	36,208	50
Cross currency interest rate swap contracts	7,057	185	3,977	57
Foreign exchange options	264	-	144	-
Equity - linked options	3,270	4	2,018	-

\* Fair value represents gain (loss) from mark to market as at the balance sheets date

### 37.6 Methods and assumptions in estimating fair value of financial instruments

The following methods and assumptions were used by the Bank and its subsidiaries in estimating fair value of financial instruments as disclosed herein.

#### 37.6.1 Cash and interbank and money market items

The carrying amounts of cash and interbank and money market items which have remaining maturities of less than 1 year or bear floating rates of interest approximate their fair value. Fair value for fixed rate instruments with remaining maturities greater than 1 year is estimated by using a discounted cash flow calculation applying average interest rates currently being offered on similar instruments.



#### 37.6.2 Securities purchased under resale agreements

The carrying amount of securities purchased under resale agreements is deemed to be the fair value.

#### 37.6.3 Investments

Fair value for securities is based on quoted market prices, where available. If quoted market prices are not available, fair value is based on quoted market prices of comparable instruments after adjusting for risk involved or the net asset values of such securities.

#### 37.6.4 Loans

For floating-rate loans that reprice frequently and have no significant change in credit risk, fair value is based on carrying values. The fair value of fixed rate loans that reprice within 1 year from the balance sheet date is based on the carrying value at the balance sheet date. Fair value for other fixed interest rate loans is estimated using discounted cash flow analysis and using average interest rates currently being offered for loans with similar terms to borrowers of similar credit quality except in case of immaterial, carrying value will be used.

Fair value of hire-purchase and financial lease receivables is estimated by using discounted cash flow analysis and using interest rates currently being offered with average remaining years to maturity.

#### 37.6.5 Accrued interest receivable

Fair value of accrued interest receivable is based on carrying values.

#### 37.6.6 Deposit liabilities

The fair value of deposits which is payable on demand by the depositor, is equal to the carrying value of such deposits. The fair value of floating-rate, certificates of deposit (CDs) and fixed rate deposits repricable within 1 year approximate their carrying value at the reporting date. Fair value for other fixed rate deposits is estimated using a discounted cash flow calculation that applies the current average deposit rates of the four major commercial banks to a schedule of aggregate expected monthly maturities on time deposits except in case of immaterial, carrying value will be used.

#### 37.6.7 Interbank and money market items (liabilities)

The carrying amount of interbank and money market items which have remaining maturities of less than 1 year and/or bear floating rates of interest approximates their fair value at the reporting date. Fair value for fixed rate instruments with remaining maturities greater than 1 year is estimated by using a discounted cash flow calculation applying average interest rates currently being offered on similar instruments.

#### 37.6.8 Securities sold under repurchase agreements

The carrying value of securities sold under repurchase agreements approximates fair value.

#### 37.6.9 Borrowings

The fair value of borrowings with remaining maturities less than 1 year approximates their carrying value at the reporting date. Fair value of borrowings with remaining maturities greater than 1 year is estimated using discounted cash flow analysis based on the average current borrowing rates for similar types of borrowing arrangements.

#### 37.6.10 Fair value of off-balance sheet financial instruments

##### Commitments to aval, guarantee, and letters of credit

These financial instruments are generally not intended to be sold or traded such that estimated fair values are not readily ascertainable. Fair value of these items were not calculated for the following reasons:

- (i) very few of the commitments extending beyond 1 year would commit the Bank to a predetermined rate of interest;
- (ii) the fees attaching to these commitments are the same as those currently charged to enter into similar arrangements; and
- (iii) the quantum of fees collected under these arrangements, upon which fair value would be determined, is not material.

##### Other off-balance sheet financial instruments

The fair values of foreign exchange contracts were obtained from quoted market prices of similar foreign exchange contracts. For the other derivative contracts, the fair value is estimated using discounted cash flow.

### **38. RECLASSIFICATION**

In addition to the changes in accounting policies as mentioned in note 5.2 to the financial statements, which affect the previously reported net income and shareholders' equity, certain amounts in the balance sheet as at 31 December 2006, and income statements for the year ended 31 December 2006 have been reclassified to conform to the current year classification.

### **39. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements were authorised for issue by the Bank's Board of Directors on 5 March 2008.