

**BANK OF ASIA PUBLIC COMPANY LIMITED
AND SUBSIDIARIES**

Financial Statements
For the Years Ended December 31, 2004 and 2003
and
Audit Report of Certified Public Accountant

AUDIT REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders of
Bank of Asia Public Company Limited

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

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Bank of Asia Public Company Limited and subsidiaries as at December 31, 2004 and 2003 and the consolidated results of their operations and cash flows for each of the years then ended, and the separate financial position and results of operations and cash flows of Bank of Asia Public Company Limited for the same period, in conformity with generally accepted accounting principles.

Thirdthong Thepmongkorn
Certified Public Accountant
Registration No. 3787

KPMG Phoomchai Audit Ltd.
Bangkok
February 15, 2005

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT DECEMBER 31, 2004 AND 2003

ASSETS

	Notes	Baht			
		Consolidated		Bank Only	
		Financial Statements		Financial Statements	
		2004	2003	2004	2003
Cash		3,703,172,631	3,148,121,858	3,703,079,708	3,147,989,867
Interbank and money market items	4, 25				
Domestic items					
Interest bearing		566,655,392	163,308,429	401,159,232	72,581,822
Non-interest bearing		1,349,782,433	1,459,998,684	1,349,352,339	1,471,132,433
Foreign items					
Interest bearing		12,063,318,702	4,756,472,463	12,063,318,702	4,756,472,463
Non-interest bearing		409,266,576	359,036,579	409,266,576	359,036,579
Total interbank and money market items - net		14,389,023,103	6,738,816,155	14,223,096,849	6,659,223,297
Securities purchased under resale agreements	5	8,400,000,000	7,900,000,000	8,400,000,000	7,900,000,000
Investments	6, 23, 25				
Current investments - net		1,872,836,937	6,596,730,375	1,872,836,937	6,596,730,375
Long-term investments - net	7	11,945,536,687	18,989,159,813	11,921,240,626	18,938,024,164
Investments in subsidiaries and associated companies - net		138,433,834	165,837,506	746,756,647	697,814,423
Total investments - net		13,956,807,458	25,751,727,694	14,540,834,210	26,232,568,962
Loans and accrued interest receivable	8, 25				
Loans		118,516,940,249	122,141,371,392	117,636,821,197	121,161,675,961
Accrued interest receivable		1,053,824,935	1,259,243,326	1,056,851,606	1,254,395,913
Total loans and accrued interest receivable		119,570,765,184	123,400,614,718	118,693,672,803	122,416,071,874
Less allowance for doubtful accounts	9	(13,787,440,335)	(15,160,542,447)	(13,657,581,242)	(15,081,754,867)
Less revaluation allowance for debt restructuring	10	(228,182,391)	(279,923,454)	(228,182,391)	(279,923,454)
Loans and accrued interest receivable - net		105,555,142,458	107,960,148,817	104,807,909,170	107,054,393,553
Properties foreclosed - net	11, 22	13,003,254,363	13,936,693,097	13,002,116,838	13,963,646,761
Customers' liabilities under acceptances		378,754,564	371,140,267	378,754,564	371,140,267
Premises and equipment - net	12	3,067,856,634	3,117,907,558	2,681,233,332	2,738,430,005
Leasehold improvements - net		299,463,823	338,470,515	299,224,893	337,141,430
Goodwill		6,181,674	7,836,441	-	-
Other assets - net	25	1,102,645,981	1,242,734,066	1,046,831,585	1,123,109,833
TOTAL ASSETS		163,862,302,689	170,513,596,468	163,083,081,149	169,527,643,975

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT DECEMBER 31, 2004 AND 2003

LIABILITIES AND SHAREHOLDERS' EQUITY

		Baht			
		Consolidated		Bank Only	
		Financial Statements		Financial Statements	
Notes		2004	2003	2004	2003
	Deposits				
	13, 25				
	Deposits in Baht	136,783,535,973	140,732,608,527	136,827,353,183	140,802,552,926
	Deposits in foreign currencies	1,250,008,512	1,248,231,495	1,250,008,512	1,248,231,495
	Total deposits	<u>138,033,544,485</u>	<u>141,980,840,022</u>	<u>138,077,361,695</u>	<u>142,050,784,421</u>
	Interbank and money market items				
	14, 25				
	Domestic items				
	Interest bearing	2,069,434,883	2,135,379,764	1,975,694,138	1,729,480,690
	Non-interest bearing	364,132,344	936,193,525	364,132,344	947,709,376
	Foreign items				
	Interest bearing	4,176,410	8,469,938	4,176,410	8,469,938
	Non-interest bearing	416,968,671	542,883,378	416,968,671	542,883,378
	Total interbank and money market items	<u>2,854,712,308</u>	<u>3,622,926,605</u>	<u>2,760,971,563</u>	<u>3,228,543,382</u>
	Liabilities payable on demand	1,816,145,264	1,395,637,007	1,816,145,264	1,395,637,007
	Securities sold under repurchase agreements	15	200,000,000	-	-
	Borrowings				
	16, 25				
	Short-term borrowings	500,500,000	1,332,344,650	-	900,344,650
	Long-term borrowings	7	2,011,819,675	4,014,775,671	2,011,819,675
	Total borrowings	<u>2,512,319,675</u>	<u>5,347,120,321</u>	<u>2,011,819,675</u>	<u>4,915,120,321</u>
	Bank's liabilities under acceptances	378,754,564	371,140,267	378,754,564	371,140,267
	Accrued interest payable	25	408,801,685	529,230,509	408,092,926
	Accrued expense payable	25	974,071,107	1,014,452,797	916,444,880
	Other liabilities	25	1,448,939,719	1,654,954,734	1,278,476,700
	TOTAL LIABILITIES	<u>148,627,288,807</u>	<u>155,916,302,262</u>	<u>147,848,067,267</u>	<u>154,930,349,769</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT DECEMBER 31, 2004 AND 2003

LIABILITIES AND SHAREHOLDERS' EQUITY (Continued)

		Baht			
		Consolidated		Bank Only	
		Financial Statements		Financial Statements	
Notes		2004	2003	2004	2003
SHAREHOLDERS' EQUITY					
Share capital					
	18				
Authorized share capital					
		53,828,445,200	53,828,445,200	53,828,445,200	53,828,445,200
5,382,844,520 ordinary shares, Baht 10 par value					
Issued and fully paid-up share capital					
		50,954,467,130	50,954,467,130	50,954,467,130	50,954,467,130
5,095,446,713 ordinary shares, Baht 10 par value					
Discount on share capital		(11,145,837,378)	(11,145,837,378)	(11,145,837,378)	(11,145,837,378)
Unrealised increment on appraisal of assets		745,416,749	749,676,160	745,416,749	749,676,160
Unrealised gain on investment					
in securities - net		466,633,784	667,255,913	466,633,784	667,255,913
	6				
Unrealised loss on cash flow hedging instruments		(6,737,609)	(86,553,929)	(6,737,609)	(86,553,929)
	17				
Retained earnings (deficit)					
Appropriated :					
Statutory reserve					
	20	367,591,201	367,591,201	367,591,201	367,591,201
Other reserve					
	21	72,000,000	72,000,000	72,000,000	72,000,000
Unappropriated					
		(26,218,519,995)	(26,981,304,891)	(26,218,519,995)	(26,981,304,891)
TOTAL SHAREHOLDERS' EQUITY		15,235,013,882	14,597,294,206	15,235,013,882	14,597,294,206
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		163,862,302,689	170,513,596,468	163,083,081,149	169,527,643,975
OFF- BALANCE SHEET ITEMS					
- CONTINGENCIES AND COMMITMENTS					
	22, 25				
Avals to bills and guarantees of loans					
		829,424,067	1,031,136,618	829,424,067	1,031,136,618
Liability under unmatured import bills					
		1,362,973,173	1,359,128,965	1,362,973,173	1,359,128,965
Letters of credit					
		3,226,503,381	3,076,511,862	3,226,503,381	3,076,511,862
Other contingencies and commitments					
		107,658,208,662	93,212,797,174	107,658,208,662	93,212,797,174

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF INCOME

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

		Baht				
		Consolidated		Bank Only		
		Financial Statements		Financial Statements		
Notes		2004	2003	2004	2003	
Interest and dividend income						
	Loans	25	4,748,874,157	5,255,980,974	4,743,221,510	5,244,017,958
	Interbank and money market items		247,943,586	223,533,209	246,525,107	222,707,391
	Hire purchase and finance lease		169,102,537	98,966,962	-	-
	Investments		727,069,033	650,346,915	722,635,283	649,459,765
	Total interest and dividend income		5,892,989,313	6,228,828,060	5,712,381,900	6,116,185,114
Interest expense						
	Deposits	25	1,421,791,401	1,926,765,769	1,421,843,069	1,927,083,152
	Interbank and money market items		131,083,834	115,846,422	122,502,702	112,147,345
	Short-term borrowings		12,397,723	64,467,598	-	53,528,929
	Long-term borrowings		202,768,735	275,991,781	202,768,735	275,991,781
	Total interest expense		1,768,041,693	2,383,071,570	1,747,114,506	2,368,751,207
	Net income from interest and dividends		4,124,947,620	3,845,756,490	3,965,267,394	3,747,433,907
Net (charge) recovery from movements in						
	bad debts and doubtful accounts		(1,198,091,548)	57,864,228	(1,153,387,867)	51,760,196
Net profit from interest and dividends after						
	net (charge) recovery from movements in					
	bad debts and doubtful accounts		2,926,856,072	3,903,620,718	2,811,879,527	3,799,194,103
Non-interest income						
	Gain on disposal of securities	6	360,283,410	238,365,130	360,283,410	238,365,130
	(Loss) gain on revaluation of securities		(2,736,774)	545,674	(2,736,774)	545,674
	(Loss) reversal of loss on impairment of securities		(128,202,992)	25,459,288	(113,202,992)	25,459,288
	Share of profit of subsidiaries and associated companies		8,048,932	47,957,093	90,008,552	189,673,326
	Fees and service income	25				
	Acceptances, avals and guarantees		14,982,468	18,410,539	14,982,468	18,410,539
	Others		1,571,970,374	1,409,200,881	1,446,344,074	1,285,664,241
	Gain on exchange		339,739,973	349,634,148	339,739,973	349,634,148
	Gain on disposal of properties foreclosed		85,981,442	143,972,482	84,453,289	145,570,410
	Rental income		252,494,641	240,710,388	80,505,695	68,922,871
	Other income		246,874,749	129,168,794	187,930,671	74,822,842
	Total non-interest income		2,749,436,223	2,603,424,417	2,488,308,366	2,397,068,469

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF INCOME (Continued)

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

		Baht			
		Consolidated		Bank Only	
		Financial Statements		Financial Statements	
Notes		2004	2003	2004	2003
Non-interest expense					
	Personnel expenses	1,733,291,778	1,901,354,097	1,627,260,451	1,816,020,882
25	Premises and equipment expenses	1,051,042,049	1,001,277,349	885,203,657	850,339,118
	Taxes and duties	249,830,773	258,796,438	247,120,204	256,093,130
25	Fees and service expenses	388,611,210	329,818,843	362,697,965	310,326,549
	Directors' remuneration	5,350,000	6,064,000	5,110,000	5,980,000
	Payments to the Financial Institutions				
	Development Fund	573,138,112	564,435,217	573,138,112	564,435,217
	Loss (reversal of loss on) on impairment of				
11	properties foreclosed	184,989,681	(1,347,663)	184,062,295	-
25	Other expenses	707,556,274	605,689,832	654,807,393	552,617,869
	Total non-interest expense	4,893,809,877	4,666,088,113	4,539,400,077	4,355,812,765
	Profit before income tax	782,482,418	1,840,957,022	760,787,816	1,840,449,807
	Income tax expense	21,694,602	22,496,115	-	21,988,900
	Net profit	760,787,816	1,818,460,907	760,787,816	1,818,460,907
	Earnings per share	29, 30			
	Basic	0.15	0.36	0.15	0.36
	Diluted	0.15	0.36	0.15	0.36

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AND STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2003

	Baht						
	Ordinary share capital	Discount on share capital	Unrealised increment on appraisal of assets	Unrealised gain (loss) on investment in securities - net	Unrealised loss on cash flow hedging instruments	Deficit	Total
Beginning balance as at January 1, 2003	50,954,467,130	(11,145,837,378)	751,683,579	(372,385,189)	(96,759,603)	(28,362,182,016)	11,728,986,523
Amortisation of unrealised increment on appraisal of assets	-	-	(2,007,419)	-	-	2,007,419	-
Unrealised gain on investment in securities - net	-	-	-	1,039,641,102	-	-	1,039,641,102
Unrealised gain on cash flow hedging instruments	-	-	-	-	10,205,674	-	10,205,674
Gains (losses) not recognised in the statement of income	-	-	(2,007,419)	1,039,641,102	10,205,674	2,007,419	1,049,846,776
Net profit	-	-	-	-	-	1,818,460,907	1,818,460,907
Ending balance as at December 31, 2003	<u>50,954,467,130</u>	<u>(11,145,837,378)</u>	<u>749,676,160</u>	<u>667,255,913</u>	<u>(86,553,929)</u>	<u>(26,541,713,690)</u>	<u>14,597,294,206</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
AND STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2004

	Baht						Total
	Ordinary share capital	Discount on share capital	Unrealised increment on appraisal of assets	Unrealised gain on investment in securities - net	Unrealised loss on cash flow hedging instruments	Deficit	
Beginning balance as at January 1, 2004	50,954,467,130	(11,145,837,378)	749,676,160	667,255,913	(86,553,929)	(26,541,713,690)	14,597,294,206
Amortisation of unrealised increment on appraisal of assets	-	-	(4,259,411)	-	-	1,997,080	(2,262,331)
Unrealised loss on investment in securities - net	-	-	-	(200,622,129)	-	-	(200,622,129)
Unrealised gain on cash flow hedging instruments	-	-	-	-	79,816,320	-	79,816,320
Gains (losses) not recognised in the statement of income	-	-	(4,259,411)	(200,622,129)	79,816,320	1,997,080	(123,068,140)
Net profit	-	-	-	-	-	760,787,816	760,787,816
Ending balance as at December 31, 2004	<u>50,954,467,130</u>	<u>(11,145,837,378)</u>	<u>745,416,749</u>	<u>466,633,784</u>	<u>(6,737,609)</u>	<u>(25,778,928,794)</u>	<u>15,235,013,882</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

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

	Baht				
	Notes	Consolidated		Bank Only	
		Financial Statements		Financial Statements	
	2004	2003	2004	2003	
CASH FLOWS FROM OPERATING ACTIVITIES					
Net profit	760,787,816	1,818,460,907	760,787,816	1,818,460,907	
Adjustments to reconcile net profit to net cash provided by (used in) operating activities:					
Depreciation	519,203,224	424,244,843	328,178,179	250,847,166	
Amortisation and loss on assets written off	49,798,255	99,874,037	48,708,100	98,648,231	
Amortisation of goodwill	1,654,767	1,654,767	-	-	
Unrealised loss (gain) on revaluation of securities	2,736,774	(545,674)	2,736,774	(545,674)	
Loss on impairment of securities	128,202,992	1,157,940,891	113,202,992	1,157,940,891	
Charge for bad debts and doubtful accounts	1,354,782,547	56,919,050	1,310,078,866	65,000,000	
Interest income from amortisation of present value of loss on debt restructuring	(51,741,064)	(79,186,927)	(51,741,064)	(79,186,927)	
Reversal of allowance for doubtful accounts-hire purchase	(200,000)	(2,934,696)	-	-	
Gain on reversal of other liabilities	(135,000,000)	-	(135,000,000)	-	
Loss on (reversal of loss on) impairment of properties foreclosed	184,989,681	(1,347,663)	184,062,295	-	
Reversal of loss on revaluation on assets	(2,289,099)	(2,206,020)	(2,289,099)	(2,206,020)	
Loss on diminution of other assets	-	23,141,053	-	25,117,971	
Gain on disposal of investments	(243,938,702)	(211,630,369)	(243,938,702)	(211,630,369)	
Gain on liquidation	(97,881,725)	-	(97,881,725)	-	
Gain on sales of premises and equipment	(36,648,371)	(22,101,518)	(15,039,054)	(18,269,853)	
(Gain) loss on translation of foreign currencies	(17,184,317)	74,082,165	(17,184,317)	74,082,165	
Amortisation of premium on long-term investments - net	71,484,147	35,388,654	71,484,147	35,388,654	
Decrease in interest and dividend receivables	134,021,069	288,206,681	126,146,985	286,501,082	
Increase in accrued non - interest income	(15,099,049)	(39,216,331)	(14,072,067)	(32,162,516)	
Decrease in accrued interest expenses	(120,414,988)	(127,814,934)	(121,678,190)	(128,288,051)	
(Decrease) increase in accrued non-interest expenses	(40,381,690)	110,611,030	(54,589,549)	94,181,332	
Share of profit of subsidiaries and associated companies	(8,048,932)	(47,957,093)	(90,008,552)	(189,673,326)	
Net cash inflow from operating activities before changes in operating assets and liabilities	2,438,833,335	3,555,582,853	2,101,963,835	3,244,205,663	

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

	Baht				
	Notes	Consolidated		Bank Only	
		Financial Statements		Financial Statements	
	2004	2003	2004	2003	
(Increase) decrease in operating assets					
Interbank and money market items	(7,733,067,695)	3,880,974,296	(7,646,734,299)	3,897,348,271	
Securities purchased under resale agreements	(500,000,000)	(7,600,000,000)	(500,000,000)	(7,600,000,000)	
Investment in securities for trading	(1,138,840,203)	1,921,197,307	(1,138,840,203)	1,921,197,307	
Loans	1,216,929,324	(3,792,625,164)	1,121,327,787	(2,888,169,196)	
Properties foreclosed	1,159,166,426	1,130,514,692	1,182,851,751	1,124,048,904	
Other assets	88,843,170	(109,316,871)	12,574,266	(86,077,091)	
Increase (decrease) in operating liabilities					
Deposits	(3,935,453,284)	3,550,774,951	(3,961,580,472)	3,543,408,234	
Interbank and money market items	(766,380,643)	2,567,390,277	(465,738,166)	1,751,206,313	
Liabilities payable on demand	420,849,164	208,554,469	420,849,164	208,554,469	
Securities sold under repurchase agreements	200,000,000	(400,000,000)	200,000,000	(400,000,000)	
Other liabilities	(388,719,989)	484,313,290	(377,789,830)	491,423,474	
Net cash (used in) provided by operating activities	(8,937,840,395)	5,397,360,100	(9,051,116,167)	5,207,146,348	
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales of investments	38,921,325,215	13,910,587,937	38,905,930,455	13,910,587,937	
Purchases of investments	(26,177,794,416)	(19,189,265,245)	(26,168,625,519)	(19,170,766,299)	
Dividends received	28,389,079	14,388,986	28,389,079	14,388,986	
Proceeds from sales of premises and equipment	82,085,310	79,152,080	23,096,787	36,309,598	
Purchases of premises and equipment	(526,313,374)	(833,749,568)	(279,284,148)	(619,235,989)	
Net cash provided by (used in) investing activities	12,327,691,814	(6,018,885,810)	12,509,506,654	(5,828,715,767)	
CASH FLOWS FROM FINANCING ACTIVITIES					
(Decrease) increase in borrowings	(2,834,800,646)	505,033,671	(2,903,300,646)	505,033,671	
Net cash (used in) provided by financing activities	(2,834,800,646)	505,033,671	(2,903,300,646)	505,033,671	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	555,050,773	(116,492,039)	555,089,841	(116,535,748)	
CASH AND CASH EQUIVALENTS AS AT JANUARY 1,	3,148,121,858	3,264,613,897	3,147,989,867	3,264,525,615	
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31,	3,703,172,631	3,148,121,858	3,703,079,708	3,147,989,867	
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION					
Interest	1,888,456,682	2,516,146,324	1,868,792,696	2,502,299,078	
Income tax	62,318,108	52,765,638	43,041,784	46,058,971	

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Notes to Financial Statements

For the years ended December 31, 2004 and 2003

1. GENERAL INFORMATION

Bank of Asia Public Company Limited (“ the Bank ”) is a public limited company registered in the Kingdom of Thailand with its head office located at 191 South Sathon Road, Sathon, Bangkok. The Bank’s main business is banking which it conducts through a network of branches covering all parts of Thailand and other parts of the world. As at December 31, 2004 and 2003, the Bank had a total staff of 2,649 persons and 2,952 persons, respectively.

2. BASIS OF FINANCIAL STATEMENT PREPARATION AND PRINCIPLES OF CONSOLIDATION

The accompanying financial statements are required to be prepared in the Thai language, are expressed in Thai Baht, and are in accordance with generally accepted accounting principles in Thailand as well as the announcement of The Bank of Thailand: “Forms of Balance Sheet and Statement of Income of Commercial Banks” dated May 10, 2001. These financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Thailand.

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

For the convenience of readers, this English version of the financial statements has been translated from the Thai version of the financial statements. These financial statements have been prepared for statutory reporting purposes in Thailand.

Subsidiaries are those enterprises controlled by the Bank. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. Special purpose entities are consolidated when the substance of the relationship between the Bank and the special purpose entity indicates that the special purpose entity is controlled by the Bank. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. These subsidiaries are detailed as follows:

	Business type	Country of Registration	Percentage of holdings	
			<u>As at December 31,</u> 2004	<u>2003</u>
Subsidiaries				
Asia Property Co., Ltd.	Asset Management	Thailand	-	99.99
B.O.A. Leasing Co., Ltd.	Leasing	Thailand	99.99	99.99
BoA Asset Management Co., Ltd.	Fund Management	Thailand	99.99	99.99
Asia Leasehold Co., Ltd.	Real Estate	Thailand	-	99.93

Asia Property Co., Ltd. and Asia Leasehold Co., Ltd. were liquidated on June 17, 2004 and June 22, 2004, respectively. For the year ended December 31, 2003 the Consolidated and Bank only financial statements do not include the financial position and the results of operations of Asia Property Co., Ltd. and Asia Leasehold Co., Ltd. because the companies were in the process of liquidation and the results of operations were immaterial to the financial statements of the Bank (see note 6 below).

The accompanying financial statements include the accounts of all branches and of the Bank’s International Banking Facility after the elimination of significant inter-company transactions and balances.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Notes to Financial Statements (Continued)

For the years ended December 31, 2004 and 2003

The consolidated financial statements do not include the financial position or results of operations of companies in which the Bank holds over 50% of the issued share capital as a result of debt restructuring or which are held for a temporary period without the intention to take control.

For the years ended December 31, 2004 and 2003, the consolidated financial statements did not include the financial position or results of operations of High Rise Development Co., Ltd. in which the Bank held 76.21% of the common shares as a result of a debt restructuring until their disposal on March 18, 2004.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Income recognition

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.

Income of a subsidiary is recognised as follows:

Income from hire-purchase and finance lease contracts is recognised on the accrual basis according to the sum-of-the-digits method except for installments overdue more than six months, which are recognised on a cash basis.

Rental income from operating lease contracts and car lease rentals are recognised based on the term of the lease excepted receivables overdue more than six months, which are recognised on a cash basis.

Factoring receivables are recognised on the accrual basis except for receivables more than six months overdue, which are recognised on a cash basis.

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

3.2 Expenses recognition

The Bank and its subsidiaries recognise interest expense on an accrual basis.

3.3 Investments

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

Financial instruments are measured initially at cost, including the transaction cost.

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

Investments in debt and marketable equity securities classified as available-for-sale securities are stated at fair value. Investments in debt securities are separated into short term or long term investments based on residual maturity. Unrealised gains or losses arising on the revaluation of available-for-sale securities are shown as a separate component of shareholders' equity and are realised in the statement of income upon disposal or impairment.

Investments in debt securities held to maturity are separated into short-term 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 statement of income over the term of the securities in order to provide a constant yield to maturity. Any loss from impairment is charged to the statement of income.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Notes to Financial Statements (Continued)

For the years ended December 31, 2004 and 2003

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

Investments in subsidiaries and associated companies are recorded using the equity method. Goodwill is amortised by the straight-line method over a period of 10 years. In the event that the Bank's equity interest in a subsidiary or associated company represents a share of the net liabilities of that company, the resulting amount is recorded under the heading "other liabilities" in the balance sheet (see note 6).

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

Interest income in respect of coupon payments on debt securities is recognised on an accrual basis.

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

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

3.4 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 recognised as securities purchased under resale agreements. These receivables are shown as collateralised by the underlying security.

Securities sold under repurchase agreements continue to be recognised in the balance sheet and are measured in accordance with the accounting policy at Note 3.3 above. Proceeds from the sale of these securities are reported as securities sold under repurchase agreements.

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

3.5 Fair values of securities

Fair values of securities are calculated on the following bases:

For Government securities and state enterprises securities, fair values are calculated by using the Bank of Thailand formula, based on the risk free yield curve of the Bank of Thailand.

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 period.

For marketable unit trusts, fair value is the Net Asset Value (NAV) as at the end of the period.

For private enterprise debt securities, the last closing prices of The Thai Bond Dealing Centre are used as fair values. In the absence of such prices, fair values are determined by applying the aforementioned yield curve adjusted for risk in accordance with the criteria established by the Bank of Thailand.

3.6 Loans

Loans include overdrafts, loans, trade bills, hire purchase and finance lease receivables and other loans. Except for overdrafts, all items categorized under loans are disclosed as principal amount outstanding net of 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.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

3.7 Allowance for doubtful accounts

Bank :

The Bank of Thailand has guidelines for establishing a minimum level of allowance for doubtful accounts (see note 9), which is primarily determined by applying specified percentages to the different classifications of loans in conjunction with the consideration of collateral valuation. Loan classifications are based principally on the period that a loan is past due. The guidelines for establishing the minimum level of allowance for doubtful accounts have changed periodically.

The Bank classifies its loans and advances at a customer level rather than by facility in recognition of the common credit risk attached to all facilities associated with a particular borrower. The Bank then determines an appropriate allowance for doubtful accounts for each customer based on this classification in accordance with the Bank's own conservative provisioning methodology.

Bad debts are written off as approved by the Board of Directors and are presented net of bad debt recoveries and movements in the allowance for doubtful accounts in the statement of income.

Subsidiary :

The allowance for doubtful accounts of a subsidiary is calculated at the determined percent of the outstanding receivables and is an estimate of those amounts which may prove to be uncollectable based on historical collection experience and a review of the current status of existing receivables.

3.8 Debt restructuring

Certain loans have been restructured by transferring assets, transferring equity or modifying the terms of the loan.

Loans which have been restructured through a modification of terms ("modified loans") 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.

3.9 Foreign exchange

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, are translated at the foreign exchange rate ruling at that date using reference exchange rates established by the Bank of Thailand, except for subordinated, convertible debentures which are translated at the fixed rates specified in the contract (see note 16).

Outstanding forward foreign exchange contracts are marked to market by comparing contract rates to forward rates established by the Bank for contracts with similar maturity. At each balance sheet reporting date, the unrealised gains or losses on outstanding forward foreign exchange contracts, calculated as described above, are included within other assets or other liabilities, respectively.

All foreign exchange gains or losses, except those relating to the effective hedge of a qualifying forecasted transaction (see note 3.10), are recognised in the statement of income.

3.10 Hedge accounting

Where there is a hedging relationship between a derivative instrument and a related item being hedged, the hedging instrument is measured at fair value. The treatment of any resultant gains and losses is set out below.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

A hedging relationship exists where:

- at the inception of the hedge there is formal documentation of the hedge;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is highly effective throughout the reporting period; and
- for hedges of a forecasted transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect net profit or loss.

The fair value of derivative hedging instruments is calculated in the same way as the fair value of trading instruments (see note 3.3 above).

Where a derivative financial instrument hedges the exposure to changes in the fair value of a recognised asset or liability, the hedged item is stated at fair value in respect of the risk being hedged. Gains or losses on re-measurement of both the hedging instrument and the hedged item are recognised in the statement of income. These amounts are included in gains less losses from non-trading financial instruments.

Where a derivative financial instrument hedges the exposure to variability in the cash flows of recognised assets or liabilities (or homogeneous groups/portfolios thereof) or anticipated transactions or firm commitments, the effective part of any gain or loss on re-measurement of the hedging instrument is recognised directly in equity. The ineffective part of any gain or loss is recognised in the statement of income. The Bank has adopted this accounting treatment for hedges of floating interest rates through interest rate swaps to fixed rates (see note 17).

When a hedged anticipated transaction or firm commitment results in the recognition of an asset or liability, the cumulative gain or loss on the hedging instrument recognised in equity is removed from equity and included in the initial measurement of the asset or liability.

When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative gain or loss recognised in equity remains in equity and is recognised in accordance with the above policy. If the hedged transaction is no longer expected to occur, the cumulative gain or loss recognised in equity is recognised in the statement of income immediately.

3.11 Properties foreclosed

Properties foreclosed on the Bank and a subsidiary are stated at the lower of cost or market value. Market value is determined by using the latest appraisal value.

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 market value of the property foreclosed.

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

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Notes to Financial Statements (Continued)

For the years ended December 31, 2004 and 2003

3.12 Premises and equipment

Land is stated at cost or valuation. Premises and equipment are stated at cost or valuation less depreciation and impairment. Depreciation is calculated by the straight-line method, based on the estimated useful lives of the assets, as follows:

Premises	50 years
Equipment	5 years
Furniture and fittings	5 years
Vehicles	5 years
Office equipment	5 years

Land and buildings were appraised by an independent appraiser. The increase resulting from the appraisal was recorded in the financial statements as unrealised increment on the appraisal of land and buildings and shown as part of shareholders' equity. Amortisation of the increment on the appraisal of buildings is transferred directly to retained earnings (deficit).

3.13 Leasehold improvements

Leasehold property and building improvements are stated at cost less amortisation, which is calculated using the straight-line method, based on the contractual terms.

3.14 Cash and cash equivalents

Cash and cash equivalents are those amounts included in the balance sheet under the caption of cash, and consist of cash on hand and cash on collection.

3.15 Provident fund and severance payment scheme

The Bank established provident funds under the Provident Fund Act B.E. 2530 by joining "The Registered BOA Multiple Security Provident Fund" and "The Registered BOA Fixed Income Provident Fund" on December 29, 2000.

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. Contributions to this fund commenced in January 2001.

Contributory provident funds which have been registered in accordance with the Provident Fund Act B.E. 2530 have also been set up by subsidiary companies.

The funds set up by the Bank and its subsidiaries in accordance with the Provident Fund Act B.E. 2530 are managed independently 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 which pays out every 5 years to employees with at least 5 years' continuous service, the benefit being based on the level of last monthly salary plus interest. The Bank also has a severance payment scheme for employees with at least 15 years' service, the benefit being based on the last month's salary and the service years of the employee. The provisions for both schemes are recorded as expenses over the period of employment. Payment to the employee is made on the retirement date.

3.16 Contributions to the Financial Institutions Development Fund

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

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Notes to Financial Statements (Continued)

For the years ended December 31, 2004 and 2003

3.17 Income tax

The Bank and its subsidiaries recorded income tax as an expense for the year.

3.18 Earnings per share

Basic earnings per share is computed on the basis of the average number of ordinary shares outstanding weighted according to time and amount paid. The Bank has issued subordinated convertible bonds which the debenture holders have the right to convert into ordinary shares. The fully diluted earnings per share information is presented in note 30.

3.19 Offsetting

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

3.20 Use of accounting estimates

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

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

4. INTERBANK AND MONEY MARKET ITEMS (ASSETS)

	In Million Baht		
	CONSOLIDATED FINANCIAL STATEMENTS		
	As at December 31, 2004		
	At call	Time	Total
Domestic items			
Bank of Thailand and the Financial Institutions			
Development Fund	1,348	-	1,348
Commercial banks	36	444	480
Other banks	1	-	1
Finance companies, securities companies and credit foncier companies	<u>-</u>	<u>91</u>	<u>91</u>
Total domestic items	1,385	535	1,920
Less allowance for doubtful accounts	<u>-</u>	<u>(4)</u>	<u>(4)</u>
Total domestic items - net	<u>1,385</u>	<u>531</u>	<u>1,916</u>
Foreign items			
US dollars	115	12,010	12,125
Yen	79	-	79
Other currencies	<u>215</u>	<u>54</u>	<u>269</u>
Total foreign items	<u>409</u>	<u>12,064</u>	<u>12,473</u>
Total domestic and foreign items - net	<u>1,794</u>	<u>12,595</u>	<u>14,389</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

	In Million Baht		
	CONSOLIDATED FINANCIAL STATEMENTS		
	As at December 31, 2003		
	At call	Time	Total
Domestic items			
Bank of Thailand and the Financial Institutions			
Development Fund	1,471	-	1,471
Commercial banks	5	1	6
Finance companies, securities companies and credit foncier companies	31	63	94
Other financial institutions	-	53	53
Total domestic items	<u>1,507</u>	<u>117</u>	<u>1,624</u>
Foreign items			
US dollars	8	4,754	4,762
Yen	117	-	117
Other currencies	234	-	234
Total foreign items	359	4,754	5,113
Add accrued interest receivable	-	2	2
Total foreign items	<u>359</u>	<u>4,756</u>	<u>5,115</u>
Total domestic and foreign items - net	<u>1,866</u>	<u>4,873</u>	<u>6,739</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

	In Million Baht		
	BANK ONLY FINANCIAL STATEMENTS		
	As at December 31, 2004		
	At call	Time	Total
Domestic items			
Bank of Thailand and the Financial Institutions			
Development Fund	1,348	-	1,348
Commercial banks	4	401	405
Other banks	<u>1</u>	<u>-</u>	<u>1</u>
Total domestic items	1,353	401	1,754
Less allowance for doubtful accounts	<u>-</u>	<u>(4)</u>	<u>(4)</u>
Total domestic items - net	<u>1,353</u>	<u>397</u>	<u>1,750</u>
Foreign items			
US dollars	115	12,010	12,125
Yen	79	-	79
Other currencies	<u>215</u>	<u>54</u>	<u>269</u>
Total foreign items	<u>409</u>	<u>12,064</u>	<u>12,473</u>
Total domestic and foreign items - net	<u>1,762</u>	<u>12,461</u>	<u>14,223</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

	In Million Baht		
	BANK ONLY FINANCIAL STATEMENTS		
	As at December 31, 2003		
	At call	Time	Total
Domestic items			
Bank of Thailand and the Financial Institutions			
Development Fund	1,471	-	1,471
Commercial banks	6	1	7
Finance companies, securities companies			
and credit foncier companies	13	-	13
Other financial institutions	-	53	53
Total domestic items	<u>1,490</u>	<u>54</u>	<u>1,544</u>
Foreign items			
US dollars	8	4,754	4,762
Yen	117	-	117
Other currencies	234	-	234
Total foreign items	359	4,754	5,113
Add accrued interest receivable	-	2	2
Total foreign items	<u>359</u>	<u>4,756</u>	<u>5,115</u>
Total domestic and foreign items - net	<u>1,849</u>	<u>4,810</u>	<u>6,659</u>

5. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

	In Million Baht	
	CONSOLIDATED AND BANK ONLY	
	FINANCIAL STATEMENTS	
	As at December 31,	
	2004	2003
Government and Bank of Thailand bonds	3,900	200
Financial Institutions Development Fund bonds	<u>4,500</u>	<u>7,700</u>
Total	<u>8,400</u>	<u>7,900</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

6. INVESTMENTS

	In Million Baht			
	CONSOLIDATED AND BANK ONLY			
	FINANCIAL STATEMENTS			
	As at December 31,			
	2004		2003	
	Cost/ amortised cost	Fair value	Cost/ amortised cost	Fair value
Current investments				
Securities for trading				
Government and state enterprises securities	1,514	1,513	376	377
(Less) add unrealised (loss) gain on revaluation of securities	<u>(1)</u>	<u>-</u>	<u>1</u>	<u>-</u>
Total	<u>1,513</u>	<u>1,513</u>	<u>377</u>	<u>377</u>
Available-for-sale securities				
Government and state enterprises securities	256	256	280	281
Private enterprise debt securities	<u>102</u>	<u>104</u>	<u>44</u>	<u>44</u>
Total	358	360	324	325
Add unrealised gain on revaluation of securities	<u>2</u>	<u>-</u>	<u>1</u>	<u>-</u>
Total	<u>360</u>	<u>360</u>	<u>325</u>	<u>325</u>
Held-to-maturity debt instruments				
Government and state enterprises securities	-		5,595	
Private enterprise debt securities	<u>-</u>		<u>309</u>	
Total	-		5,904	
Less allowance for impairment of securities	<u>-</u>		<u>(9)</u>	
Total	<u>-</u>		<u>5,895</u>	
Total current investments - net	<u>1,873</u>		<u>6,597</u>	

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

	In Million Baht			
	CONSOLIDATED			
	FINANCIAL STATEMENTS			
	As at December 31,			
	2004		2003	
	Cost/ amortised cost	Fair value	Cost/ amortised cost	Fair value
Long - term investments				
Available-for-sale securities				
Government and state enterprises securities	2,409	2,419	233	238
Private enterprise debt securities	1,291	1,169	693	588
Marketable equity domestic securities	527	763	485	911
Marketable unit trusts	<u>1,919</u>	<u>1,782</u>	<u>3,426</u>	<u>3,604</u>
Total	6,146	6,133	4,837	5,341
Add unrealised gain on revaluation of securities	323	-	655	-
Less allowance for impairment of securities	<u>(336)</u>	<u>-</u>	<u>(151)</u>	<u>-</u>
Total	<u>6,133</u>	<u>6,133</u>	<u>5,341</u>	<u>5,341</u>
Held-to-maturity debt instruments				
Government and state enterprises securities	5,742		11,607	
Private enterprise debt securities	<u>-</u>		<u>1,998</u>	
Total	5,742		13,605	
Less allowance for impairment of securities	<u>-</u>		<u>(56)</u>	
Total	<u>5,742</u>		<u>13,549</u>	
General investments				
Non-marketable equity domestic securities	201		223	
Non-marketable equity foreign securities	<u>10</u>		<u>10</u>	
Total	211		233	
Less allowance for impairment of securities	<u>(141)</u>		<u>(134)</u>	
Total	<u>70</u>		<u>99</u>	
Total long - term investments - net	<u>11,945</u>		<u>18,989</u>	

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

	In Million Baht			
	BANK ONLY			
	FINANCIAL STATEMENTS			
	As at December 31,			
	2004		2003	
	Cost/ amortised cost	Fair value	Cost/ amortised cost	Fair value
Long – term investments				
Available-for-sale securities				
Government and state enterprises securities	2,409	2,419	233	238
Private enterprise debt securities	1,276	1,154	675	570
Marketable equity domestic securities	527	763	485	911
Marketable unit trusts	<u>1,905</u>	<u>1,774</u>	<u>3,408</u>	<u>3,587</u>
Total	6,117	6,110	4,801	5,306
Add unrealised gain on revaluation of securities	329	-	656	-
Less allowance for impairment of securities	<u>(336)</u>	<u>-</u>	<u>(151)</u>	<u>-</u>
Total	<u>6,110</u>	<u>6,110</u>	<u>5,306</u>	<u>5,306</u>
Held-to-maturity debt instruments				
Government and state enterprises securities	5,742		11,607	
Private enterprise debt securities	<u>-</u>		<u>1,998</u>	
Total	5,742		13,605	
Less allowance for impairment of securities	<u>-</u>		<u>(56)</u>	
Total	<u>5,742</u>		<u>13,549</u>	
General investments				
Non-marketable equity domestic securities	185		207	
Non-marketable equity foreign securities				
Total	<u>10</u>		<u>10</u>	
Less allowance for impairment of securities	195		217	
	<u>(126)</u>		<u>(134)</u>	
Total	<u>69</u>		<u>83</u>	
Total long – term investments – net	<u>11,921</u>		<u>18,938</u>	

As at December 31, 2004 and 2003, government and state enterprise securities classified as investments held-to-maturity debt instruments included promissory notes from TAMC in the amount of Baht 5,742 million and Baht 6,399 million, respectively (See note 8 below).

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

Within the above investments are debt instruments, excluding trading debt instruments, with remaining maturities as follows:

	In Million Baht			
	CONSOLIDATED			
	FINANCIAL STATEMENTS			
	As at December 31, 2004			
	Remaining maturity			
	Within 1 year	1 – 5 years	More than 5 years	Total
Available-for-sale securities				
Government and state enterprises securities	256	2,327	82	2,665
Private enterprise debt securities	164	1,229	-	1,393
Marketable unit trusts	<u>5</u>	<u>1,455</u>	<u>-</u>	<u>1,460</u>
Total	425	5,011	82	5,518
Add unrealised gain on revaluation of securities	2	143	-	145
Less allowance for impairment of securities	<u>(67)</u>	<u>(52)</u>	<u>-</u>	<u>(119)</u>
Total	<u>360</u>	<u>5,102</u>	<u>82</u>	<u>5,544</u>
Held-to-maturity debt instruments				
Government and state enterprises securities	<u>-</u>	<u>-</u>	<u>5,742</u>	<u>5,742</u>
Total	<u>-</u>	<u>-</u>	<u>5,742</u>	<u>5,742</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

	In Million Baht			
	BANK ONLY			
	FINANCIAL STATEMENTS			
	As at December 31, 2004			
	Remaining maturity			
	<u>Within 1 year</u>	<u>1 – 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Available-for-sale securities				
Government and state enterprises securities	256	2,327	82	2,665
Private enterprise debt securities	164	1,214	-	1,378
Marketable unit trusts	<u>5</u>	<u>1,455</u>	<u>-</u>	<u>1,460</u>
Total	425	4,996	82	5,503
Add unrealised gain on revaluation of securities	2	143	-	145
Less allowance for impairment of securities	<u>(67)</u>	<u>(52)</u>	<u>-</u>	<u>(119)</u>
Total	<u>360</u>	<u>5,087</u>	<u>82</u>	<u>5,529</u>
Held-to-maturity debt instruments				
Government and state enterprises securities	<u>-</u>	<u>-</u>	<u>5,742</u>	<u>5,742</u>
Total	<u>-</u>	<u>-</u>	<u>5,742</u>	<u>5,742</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

	In Million Baht			
	CONSOLIDATED			
	FINANCIAL STATEMENTS			
	As at December 31, 2003			
	Remaining maturity			
	<u>Within 1 year</u>	<u>1 – 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Available-for-sale securities				
Government and state enterprises securities	280	190	43	513
Private enterprise debt securities	155	577	5	737
Marketable unit trusts	<u>5</u>	<u>2,574</u>	<u>-</u>	<u>2,579</u>
Total	440	3,341	48	3,829
Add unrealised gain on revaluation of securities	1	260	1	262
Less allowance for impairment of securities	<u>(116)</u>	<u>-</u>	<u>-</u>	<u>(116)</u>
Total	<u>325</u>	<u>3,601</u>	<u>49</u>	<u>3,975</u>
Held-to-maturity debt instruments				
Government and state enterprises securities	5,595	2,701	8,906	17,202
Private enterprise debt securities	<u>309</u>	<u>1,998</u>	<u>-</u>	<u>2,307</u>
Total	5,904	4,699	8,906	19,509
Less allowance for impairment of securities	<u>(9)</u>	<u>(56)</u>	<u>-</u>	<u>(65)</u>
Total	<u>5,895</u>	<u>4,643</u>	<u>8,906</u>	<u>19,444</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

	In Million Baht			
	BANK ONLY			
	FINANCIAL STATEMENTS			
	As at December 31, 2003			
	Remaining maturity			
	<u>Within 1 year</u>	<u>1 – 5 years</u>	<u>More than 5 years</u>	<u>Total</u>
Available-for-sale securities				
Government and state enterprises securities	280	190	43	513
Private enterprise debt securities	155	559	5	719
Marketable unit trusts	<u>5</u>	<u>2,574</u>	<u>-</u>	<u>2,579</u>
Total	440	3,323	48	3,811
Add unrealised gain on revaluation of securities	1	260	1	262
Less allowance for impairment of securities	<u>(116)</u>	<u>-</u>	<u>-</u>	<u>(116)</u>
Total	<u>325</u>	<u>3,583</u>	<u>49</u>	<u>3,957</u>
Held-to-maturity debt instruments				
Government and state enterprises securities	5,595	2,701	8,906	17,202
Private enterprise debt securities	<u>309</u>	<u>1,998</u>	<u>-</u>	<u>2,307</u>
Total	5,904	4,699	8,906	19,509
Less allowance for impairment of securities	<u>(9)</u>	<u>(56)</u>	<u>-</u>	<u>(65)</u>
Total	<u>5,895</u>	<u>4,643</u>	<u>8,906</u>	<u>19,444</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

Unrealised gain on investment in securities - net

	<u>In Million Baht</u>	
	CONSOLIDATED AND BANK ONLY FINANCIAL STATEMENTS	
	<u>As at December 31,</u>	
	<u>2004</u>	<u>2003</u>
Unrealised gain on revaluation of investments in securities		
Debt securities	306	302
Equity securities	<u>270</u>	<u>444</u>
Total	<u>576</u>	<u>746</u>
Unrealised loss on revaluation of investments in securities		
Debt securities	(23)	(40)
Equity securities	<u>(86)</u>	<u>(39)</u>
Total	<u>(109)</u>	<u>(79)</u>
Net unrealised gain on revaluation of investments in securities		
Debt securities	283	262
Equity securities	<u>184</u>	<u>405</u>
Total	<u>467</u>	<u>667</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

The Bank had investments in companies with problems in respect of financial position and results of operations, as follows:

	In Million Baht					
	CONSOLIDATED AND BANK ONLY					
	FINANCIAL STATEMENTS					
	As at December 31,					
	2004			2003		
	Cost/ book value	Fair value	Unrealised (gain)/loss on revaluation / impairment of securities	Cost/ book value	Fair value	Unrealised (gain)/loss on revaluation / impairment of securities
Financial institutions controlled						
by order of BOT to decrease or						
increase capital						
Debt instruments	34	-	34	34	-	34
Companies which have certain						
problems in repayment						
Ordinary shares	218	197	21	182	329	(147)
Debt instruments	94	-	82	154	-	142
Investment in unlisted companies						
with financial position and						
operations that are the same as						
companies which are under						
SET delisting criteria						
Ordinary shares	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>4</u>
	<u>346</u>	<u>197</u>	<u>137</u>	<u>374</u>	<u>329</u>	<u>33</u>

The Bank does not have adequate information in its possession to disclose the investments in companies which have going concern problems identified by their auditors, with two exceptions: Asia Leasehold Co., Ltd. (Registration of dissolution on December 30, 1999) and Asia Property Co., Ltd. (Registration of dissolution on April 18, 2003).

Asia Property Co., Ltd. and Asia Leasehold Co., Ltd. were liquidated on June 17, 2004 and June 22, 2004, respectively. For the year ended December 31, 2003 the Consolidated and Bank only financial statements do not include the financial position and the results of operations of Asia Property Co., Ltd. and Asia Leasehold Co., Ltd. because the companies were in the process of liquidation and were immaterial to the financial statements.

A gain on liquidation in respect of the above of Baht 98 million was included in the statement of income for the year ended December 31, 2004.

As at December 31, 2003, the excess of the Bank's equity interest in losses of Baht 71 million over the cost of the Bank's investment of Baht 110 million in these companies was included in the heading "other liabilities".

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Notes to Financial Statements (Continued)

For the years ended December 31, 2004 and 2003

Investments in companies in which the Bank and its subsidiaries hold more than 10% of the paid-up capital in each company, excluding investments in subsidiaries and associated companies, classified by industry, were as follows:

	In Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS		BANK ONLY FINANCIAL STATEMENTS	
	As at December 31,		As at December 31,	
	2004	2003	2004	2003
Manufacturing	41	42	41	42
Real estate	60	60	60	60
Services	<u>13</u>	<u>33</u>	<u>4</u>	<u>24</u>
Total	<u>114</u>	<u>135</u>	<u>105</u>	<u>126</u>

Investments in marketable unit trusts in which the Bank and its subsidiaries hold more than 10% of the paid-up capital, excluding investments in subsidiaries and associated companies, classified by type, were as follows:

	In Million Baht	
	CONSOLIDATED AND BANK ONLY FINANCIAL STATEMENTS	
	As at December 31,	
	2004	2003
Investment in equity fund	149	745
Investment in fixed income fund	466	1,462
Investment in flexible fund	927	1,362

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

Investments in subsidiaries and associated companies

	In Million Baht							
	CONSOLIDATED				BANK ONLY			
	FINANCIAL STATEMENTS				FINANCIAL STATEMENTS			
	As at December 31,				As at December 31,			
	2004		2003		2004		2003	
Investments	Cost method	Book value	Cost method	Book value	Cost method	Book value	Cost method	Book value
Subsidiaries	-	-	-	-	456	609	566	461
Associated companies	121	138	121	166	121	138	121	166
Total	121	138	121	166	577	747	687	627
Allowance for impairment	-	-	-	-	(200)	-	(241)	-
Total	121	138	121	166	377	747	446	627

7. INVESTMENT IN SPURVEC LIMITED

Summary of the transaction

On November 11, 2003, Spurvec Limited (“Spurvec”) was incorporated in the Cayman Islands with its share capital entirely owned by a charitable trust. Spurvec was created as a Special Purpose Vehicle and its activities are substantially limited.

On December 15, 2003, Bank of Asia Cayman Islands Branch (“BOACIB”) entered into a term loan agreement with ABN AMRO London Branch (“ABNLB”) for a sum of USD 43 million (equivalent to Baht 1,704 million). Both BOACIB and ABNLB held options that allowed either to cancel the BOACIB term loan in exchange for the transfer of the BOACIB holding in Spurvec shares from BOACIB to ABNLB. The rate of interest for the term loan was 11.8% per annum which was priced to take into account market rates including the reduced credit risk because of BOACIB’s option to cancel the term loan in exchange for its shares in Spurvec.

BOACIB drew down on this loan on December 17, 2003 and used the proceeds to purchase 430 non-voting, participating, redeemable shares of USD 100,000 in Spurvec, for USD 43 million (equivalent to Baht 1,704 million), which Spurvec issued to BOACIB.

On December 17, 2003, Spurvec used the proceeds generated from the share issue to purchase a 10 year Credit Linked Note (“CLN”).

There was no credit risk associated with this transaction because it is fully reversible through the exercise of the above-mentioned option.

On December 24, 2003, Spurvec received an interest payment relating to the CLN of Baht 1,189 million. It used the profit generated by this interest received to pay a dividend of Baht 1,189 million to BOACIB. On December 24, 2003, BOACIB paid a sum of Baht 1,189 million to ABNLB in respect of the term loan of which the full amount was a repayment of principal.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Notes to Financial Statements (Continued)

For the years ended December 31, 2004 and 2003

On June 25, 2004, ABNLB exercised the option to cancel the term loan in exchange for the transfer from BOACIB to ABNLB of the BOACIB holding in Spurvec shares. The transfer was effected on June 29, 2004, at which date the net book value of the Bank's investment in Spurvec was Baht 563 million and the total outstanding principal and interest on the term loan was of Baht 563 million.

Accounting treatment

The accounting treatment for the transaction was as follows:

Statement of income

For the year ended December 31, 2003, the dividends of Baht 1,189 million received were recorded as dividend income in the statement of income. As at December 31, 2003, had the Bank or BOACIB exercised the option to cancel the term loan in exchange for its shares in Spurvec, the Bank would have incurred a reversal of loss of Baht 1,184 million on its investment. A charge of Baht 1,184 million was made to the statement of income in respect of this unrealised loss on the option. In order to record the substance of the transaction, this charge was netted off against the dividends received. Interest accrued of Baht 5 million, was recorded as an interest charge in the statement of income with a corresponding liability in the balance sheet.

For the year ended December 31, 2004, the Bank recorded an interest charge of Baht 31 million in the statement of income and reversed loss on impairment of investment in the sum of Baht 31 million.

Balance sheet

As at December 31, 2003, the investment was recorded at Baht 520 million in general investments - non-marketable equity foreign securities. This represents the initial investment of Baht 1,704 million less Baht 1,184 million for impairment in respect of the unrealised loss on the option.

As the Bank had a legally enforceable right to cancel the term loan in exchange for its investment in Spurvec, and it intended to exercise this right, as at December 31, 2003 the outstanding principal of the term loan and accrued interest payable of Baht 520 million was offset in the statutory records against the investment in accordance with Thai Accounting Standard 48.

As at December 31, 2003, the resulting net balance sheet position in relation to the investment was Baht Nil.

The balances in relation to the above can be shown as follows:

	<u>In Million Baht</u>	
	<u>As at December 31,</u>	
	<u>2004</u>	<u>2003</u>
Investment	-	1,704
Allowance for impairment of securities	<u>-</u>	<u>(1,184)</u>
Investment - net	<u>-</u>	<u>520</u>
Long-term borrowings	-	(515)
Accrued interest payable	<u>-</u>	<u>(5)</u>
Total long-term borrowings and accrued interest payable	<u>-</u>	<u>(520)</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

8. LOANS AND ACCRUED INTEREST RECEIVABLE

Classified by type of credit

	In Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS		BANK ONLY FINANCIAL STATEMENTS	
	As at December 31,		As at December 31,	
	2004	2003	2004	2003
Overdrafts	15,724	16,588	15,724	16,588
Loans	61,416	57,556	63,127	58,306
Trade bills	37,983	40,547	37,983	40,547
Hire-purchase receivables	272	153	-	-
Finance lease receivables	2,319	1,576	-	-
Others	<u>803</u>	<u>5,721</u>	<u>803</u>	<u>5,721</u>
Total	118,517	122,141	117,637	121,162
Add accrued interest receivable	1,054	1,259	1,057	1,254
Less allowance for doubtful accounts	(13,788)	(15,160)	(13,658)	(15,082)
Less revaluation allowance for debt restructuring	<u>(228)</u>	<u>(280)</u>	<u>(228)</u>	<u>(280)</u>
Total	<u>105,555</u>	<u>107,960</u>	<u>104,808</u>	<u>107,054</u>

Classified by the remaining period of the credit agreement

	In Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS		BANK ONLY FINANCIAL STATEMENTS	
	As at December 31,		As at December 31,	
	2004	2003	2004	2003
Under 1 year	68,231	67,430	67,856	65,744
Over 1 year	<u>50,286</u>	<u>54,711</u>	<u>49,781</u>	<u>55,418</u>
Total	118,517	122,141	117,637	121,162
Add accrued interest receivable	<u>1,054</u>	<u>1,259</u>	<u>1,057</u>	<u>1,254</u>
Total	<u>119,571</u>	<u>123,400</u>	<u>118,694</u>	<u>122,416</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

Classified by the currencies and residence of debtors

	In Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS		BANK ONLY FINANCIAL STATEMENTS	
	As at December 31,		As at December 31,	
	2004	2003	2004	2003
Domestic				
Baht	114,798	117,636	113,918	116,657
US dollars	3,321	3,804	3,321	3,804
Other currencies	<u>398</u>	<u>701</u>	<u>398</u>	<u>701</u>
Total	118,517	122,141	117,637	121,162
Add accrued interest				
receivable	<u>1,054</u>	<u>1,259</u>	<u>1,057</u>	<u>1,254</u>
Total	<u>119,571</u>	<u>123,400</u>	<u>118,694</u>	<u>122,416</u>

Classified by type of business and by grade

	In Million Baht					
	BANK ONLY FINANCIAL STATEMENTS					
	As at December 31, 2004					
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Agriculture and mining	1,056	185	11	44	848	2,144
Manufacturing and trading	40,839	539	1,092	398	11,765	54,633
Real estate and construction	4,171	28	25	15	2,999	7,238
Public utilities and services	10,452	1,671	117	90	1,025	13,355
Housing loan	21,128	159	34	47	331	21,699
Others	<u>18,661</u>	<u>152</u>	<u>119</u>	<u>18</u>	<u>675</u>	<u>19,625</u>
Total loans and accrued						
interest receivable	<u>96,307</u>	<u>2,734</u>	<u>1,398</u>	<u>612</u>	<u>17,643</u>	<u>118,694</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

In Million Baht						
BANK ONLY FINANCIAL STATEMENTS						
As at December 31, 2003						
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Agriculture and mining	1,186	54	55	60	1,494	2,849
Manufacturing and trading	42,933	1,164	394	2,072	12,703	59,266
Real estate and construction	3,580	32	89	332	3,294	7,327
Public utilities and services	11,813	324	250	79	1,345	13,811
Housing loan	18,726	168	56	25	520	19,495
Others	<u>18,207</u>	<u>153</u>	<u>110</u>	<u>27</u>	<u>1,171</u>	<u>19,668</u>
Total loans and accrued interest receivable	<u>96,445</u>	<u>1,895</u>	<u>954</u>	<u>2,595</u>	<u>20,527</u>	<u>122,416</u>

The above loans and accrued interest receivable include intercompany loans which have been eliminated for consolidation purposes.

Classified in accordance with the Notification of the Bank of Thailand

In Million Baht						
BANK ONLY FINANCIAL STATEMENTS						
As at December 31, 2004						
	Loans and accrued interest receivable	Other claims	Total	Outstanding balance (after deduction of collateral value)	% Set by the Bank of Thailand	Provision
Pass	96,307	11	96,318	38,177	1	382
Special mention	2,734	1	2,735	1,865	2	37
Substandard	1,398	1	1,399	943	20	189
Doubtful	612	2	614	237	50	119
Doubtful of loss	17,643	99	17,742	9,099	100	9,099
Additional provision over and above the minimum requirement of the BoT	-	-	-	-		<u>3,831</u>
Total	<u>118,694</u>	<u>114</u>	<u>118,808</u>	<u>50,321</u>		<u>13,657</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

In Million Baht

BANK ONLY FINANCIAL STATEMENTS						
As at December 31, 2003						
	Loans and accrued interest receivable	Other claims	Total	Outstanding balance (after deduction of collateral value)	% Set by the Bank of Thailand	Provision
Pass	96,446	12	96,458	40,305	1	403
Special mention	1,894	2	1,896	601	2	12
Substandard	954	2	956	443	20	88
Doubtful	2,595	1	2,596	1,158	50	579
Doubtful of loss	20,527	145	20,672	10,276	100	10,276
Additional provision over and above the minimum requirement of the BoT	-	-	-	-		3,724
Total	<u>122,416</u>	<u>162</u>	<u>122,578</u>	<u>52,783</u>		<u>15,082</u>

At as December 31, 2004, the Bank changed its provisioning methodology for calculating the allowance for doubtful accounts in order to conform with BoT's letter Sor.Nor.Sor. (21) Wor. 125/2547 dated August 23, 2004 "Commercial Banks: Worthless or Irrecoverable Assets and Doubtful assets that may be Worthless or Irrecoverable"

In June 2003, the Bank was subject to a qualitative review of its loan portfolio by the Bank of Thailand. If this review approach had been applied to the December 31, 2004 and 2003 loan portfolio, part of the provision classified "additional provision over and above the minimum requirement of the BoT", with a value of Baht 1,634 million and Baht 2,840 million, respectively, would have been reclassified as provision within the minimum requirement of the BoT. If the reclassification had been performed at December 31, 2004 and 2003, then the total of "additional provision over and above the minimum requirement of the BoT" would have fallen to Baht 2,197 million and Baht 884 million, respectively. As no formal notification in relation to this issue was received from the Bank of Thailand, no reclassification was made.

As at December 31, 2004 and 2003, the amounts of deferred interest attributable to bills purchased at a discount, hire purchase contracts and finance lease receivables, which have been set off against amounts recorded as receivables in the balance sheets of the Bank and one of its subsidiaries, were Baht 258 million and Baht 192 million and for the Bank only were Baht 16 million and Baht 22 million, respectively.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003**

The Bank had loans and accrued interest receivable due from companies which have certain problems in their financial position and results of their operations against which an allowance for doubtful accounts has been made as follows:

	In Million Baht			
	As at December 31, 2004			
	Number of companies	Outstanding balance	Collateral	Allowance for doubtful accounts
Companies which are under SET delisting criteria	1	3	-	3
Companies which have a problem in repayment of debt	341	15,374	7,246	8,175

	In Million Baht			
	As at December 31, 2003			
	Number of companies	Outstanding balance	Collateral	Allowance for doubtful accounts
Companies which are under SET delisting criteria	2	268	201	3
Companies which have a problem in repayment of debt	386	17,230	7,793	9,292

The Bank does not have adequate information in its possession to disclose loans and accrued interest receivable from the companies which have going concern problems identified by their auditors, and the non-listed companies for which the financial position and results of operations are the same as the companies which are under the Stock Exchange of Thailand (SET) delisting criteria as of December 31, 2004 and 2003.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003****Debt restructuring**

During the year ended December 31, 2004, the Bank entered into agreements with 1,198 of its customers to restructure loans and accrued interest receivable amounting to Baht 9,576 million in aggregate. Details of the amounts restructured which have given rise to losses on restructuring in accordance with TAS No.34 and the aggregate losses arising on restructuring are set out in the table below:

Type of restructuring	Number of customers subject to restructuring	Recorded amounts before restructuring	Type of assets/equity acquired	In Million Baht		
				Fair value of assets/equity acquired	Loss on restructuring	Recorded amounts as at Dec. 31, 2004
Transfer of assets or debt for equity conversion	79	2,901	{ Cash Land }	{ 1,679 140 }	1,082	-
Modification of terms	2	22		-	1	22
Transfer of assets and modification of terms	<u>46</u>	<u>525</u>	Land	<u>35</u>	<u>17</u>	<u>467</u>
Total	<u>127</u>	<u>3,448</u>		<u>1,854</u>	<u>1,100</u>	<u>489</u>

During the year, the Bank recorded the losses on restructuring in relation to particular customers as utilization of allowance for doubtful accounts rather than as a charge in the statement of income for the year ended December 31, 2004 since the Bank had fully provided for these loans.

As at December 31, 2004, the recorded net investment by the Bank in all loans subject to troubled debt restructuring, after deducting the outstanding valuation allowance at that date, amounted to Baht 4,652 million.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Notes to Financial Statements (Continued)

For the years ended December 31, 2004 and 2003

During the year ended December 31, 2003, the Bank entered into agreements with 1,159 of its customers to restructure loans and accrued interest receivable amounting to Baht 6,876 million in aggregate. Details of the amounts restructured which have given rise to losses on restructuring in accordance with TAS No.34 and the aggregate losses arising on restructuring are set out in the table below:

Type of restructuring	Number of customers subject to restructuring	In Million Baht				
		Recorded amounts before restructuring	Type of assets/equity acquired	Fair value of assets/equity acquired	Loss on restructuring	Recorded amounts as at Dec. 31, 2003
Transfer of assets or debt for equity conversion	67	6,416	Investment Land Cash	463 1,386 2,322	2,245	-
Modification of terms	2	46		-	4	43
Transfer of assets and modification of terms	54	467	Investment Land Cash	2 52 34	178	203
Total	123	6,929		4,259	2,427	246

During the year, the Bank recorded the losses on restructuring in relation to particular customers as utilization of allowance for doubtful accounts rather than as a charge in the statement of income for the year ended December 31, 2003 since the Bank had fully provided for these loans.

As at December 31, 2003, the recorded net investment by the Bank in all loans subject to troubled debt restructuring, after deducting the outstanding valuation allowance at that date, amounted to Baht 5,208 million.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Notes to Financial Statements (Continued)

For the years ended December 31, 2004 and 2003

Transfer of Assets to the Thai Asset Management Corporation

On October 12, 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 will bear interest at a rate based on the quarterly average deposit rate of 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 July 1, 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 May 20, 2004, the TAMC issued a letter to the Bank informing that it was reviewing whether to reduce, by Baht 1,660.2 million, 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 assesses 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, for the year ended December 31, 2004, no loss has been recorded in the statement of income of the Bank for impairment of securities.

During the year ended December 31, 2004, the Bank received a repayment from TAMC of principal totaling Baht 619 million and interest totaling Baht 204 million.

For the year ended December 31, 2004, the Bank did not have any non-performing loans transferred to the TAMC and for the year ended December 31, 2003, the Bank transferred 3 accounts to the TAMC, with a gross book value as at their transfer dates of Baht 138 million and estimated total transfer price of Baht 137 million.

The Bank had transferred non-performing loans to the TAMC, with a gross book value as of their transfer dates totaling Baht 10,418 million, and the valuation of promissory notes were issued by TAMC totaling as at December 31, 2004 and 2003 of Baht 5,742 million and Baht 6,399 million, respectively. (See note 6 above)

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003****9. ALLOWANCE FOR DOUBTFUL ACCOUNTS**

	In Million Baht						
	BANK ONLY FINANCIAL STATEMENTS						
	As at December 31, 2004						
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	Additional provision	Total
Beginning balance	403	12	88	579	10,276	3,724	15,082
Doubtful accounts	(21)	25	101	(460)	1,558	107	1,310
Reversal due to accrued interest of overdrafts	-	-	-	-	(42)	-	(42)
Reversal due to debt restructuring	-	-	-	-	(1,100)	-	(1,100)
Reversal due to loan to interbank and money market	-	-	-	-	(4)	-	(4)
Reversal due to allowance for revaluation of other assets	-	-	-	-	(60)	-	(60)
Bad debts written off	-	-	-	-	(1,481)	-	(1,481)
Additional loss from loan transfer to TAMC	-	-	-	-	(39)	-	(39)
Others	-	-	-	-	(9)	-	(9)
Ending balance	<u>382</u>	<u>37</u>	<u>189</u>	<u>119</u>	<u>9,099</u>	<u>3,831</u>	<u>13,657</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003**

	In Million Baht						
	BANK ONLY FINANCIAL STATEMENTS						
	As at December 31, 2003						
	Pass	Special	Substandard	Doubtful	Doubtful	Additional	Total
		mention			of loss	provision	
Beginning balance	412	13	103	817	3,040	4,042	8,427
Doubtful accounts	(9)	(1)	(15)	(238)	646	(318)	65
Write-back of allowance for doubtful accounts net of reversal for the write off	-	-	-	-	9,886	-	9,886
Reversal due to debt restructuring	-	-	-	-	(2,427)	-	(2,427)
Reversal due to loan to interbank and money market	-	-	-	-	1	-	1
Reversal due to allowance for revaluation of other assets	-	-	-	-	(98)	-	(98)
Bad debts written off	-	-	-	-	(766)	-	(766)
Others	-	-	-	-	(6)	-	(6)
Ending balance	<u>403</u>	<u>12</u>	<u>88</u>	<u>579</u>	<u>10,276</u>	<u>3,724</u>	<u>15,082</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003****10. REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING**

	In Million Baht	
	CONSOLIDATED AND BANK ONLY	
	FINANCIAL STATEMENTS	
	As at December 31,	
	2004	2003
Beginning balance	280	331
Additions	-	28
Amortisation	<u>(52)</u>	<u>(79)</u>
Ending balance	<u>228</u>	<u>280</u>

11. PROPERTIES FORECLOSED

Types	In Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	As at December 31, 2004			
	Beginning balance	Additions	Sales	Ending balance
Immovable properties	14,237	1,323	(2,278)	13,282
Movable properties	<u>10</u>	<u>6</u>	<u>(6)</u>	<u>10</u>
Total	14,247	1,329	(2,284)	13,292
Others	<u>50</u>	<u>32</u>	<u>(7)</u>	<u>75</u>
Total	14,297	1,361	(2,291)	13,367
Less allowance for impairment	<u>(360)</u>	<u>(185)</u>	<u>181</u>	<u>(364)</u>
Properties foreclosed - net	<u>13,937</u>	<u>1,176</u>	<u>(2,110)</u>	<u>13,003</u>

Types	In Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	As at December 31, 2003			
	Beginning balance	Additions	Sales	Ending balance
Immovable properties	13,900	2,114	(1,777)	14,237
Movable properties	<u>14</u>	<u>3</u>	<u>(7)</u>	<u>10</u>
Total	13,914	2,117	(1,784)	14,247
Others	<u>40</u>	<u>16</u>	<u>(6)</u>	<u>50</u>
Total	13,954	2,133	(1,790)	14,297
Less allowance for impairment	<u>(440)</u>	<u>(1)</u>	<u>81</u>	<u>(360)</u>
Properties foreclosed - net	<u>13,514</u>	<u>2,132</u>	<u>(1,709)</u>	<u>13,937</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003**

In Million Baht				
BANK ONLY FINANCIAL STATEMENTS				
As at December 31, 2004				
Types	Beginning balance	Additions	Sales	Ending balance
Immovable properties	14,266	1,294	(2,278)	13,282
Movable properties	-	-	-	-
Total	14,266	1,294	(2,278)	13,282
Others	50	32	(7)	75
Total	14,316	1,326	(2,285)	13,357
Less allowance for impairment	(352)	(184)	181	(355)
Properties foreclosed - net	<u>13,964</u>	<u>1,142</u>	<u>(2,104)</u>	<u>13,002</u>

In Million Baht				
BANK ONLY FINANCIAL STATEMENTS				
As at December 31, 2003				
Types	Beginning balance	Additions	Sales	Ending balance
Immovable properties	13,929	2,114	(1,777)	14,266
Movable properties	2	-	(2)	-
Total	13,931	2,114	(1,779)	14,266
Others	40	16	(6)	50
Total	13,971	2,130	(1,785)	14,316
Less allowance for impairment	(431)	-	79	(352)
Properties foreclosed - net	<u>13,540</u>	<u>2,130</u>	<u>(1,706)</u>	<u>13,964</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

12. PREMISES AND EQUIPMENT

Movements in premises and equipment are summarized as follows:

In Million Baht											
CONSOLIDATED FINANCIAL STATEMENTS											
For the year ended December 31, 2004											
	Net book value as of Jan 1, 2004	Movement in cost during the year			Movement of depreciation/allowance for impairment during the year					Net book value as of Dec 31, 2004	
		Beginning balance	Additions	Deductions	Ending balance	Beginning balance	Depreciation	Loss on impairment	Additions/ deductions		Ending balance
Land											
Original cost	515	515	-	(1)	514	-	-	-	-	-	514
Revaluation	696	696	-	(2)	694	-	-	-	-	-	694
Allowance for impairment of land	(63)	-	-	-	-	63	-	-	-	63	(63)
Premises											
Original cost	680	1,143	98	(6)	1,235	463	17	-	5	485	750
Revaluation	53	73	-	(1)	72	20	2	-	-	22	50
Allowance for impairment of buildings	(164)	-	-	-	-	164	-	(2)	-	162	(162)
Equipment											
Original cost	1,398	2,939	436	(249)	3,126	1,541	500	-	(197)	1,844	1,282
Allowance for impairment of equipment	(5)	-	-	-	-	5	-	-	-	5	(5)
Assets unused	8	8	-	-	8	-	-	-	-	-	8
Total	3,118	5,374	534	(259)	5,649	2,256	519	(2)	(192)	2,581	3,068

As of December 31, 2004, the Bank and its subsidiaries had assets still in use which had been fully depreciated, with an original cost of Baht 754 million.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

In Million Baht											
CONSOLIDATED FINANCIAL STATEMENTS											
For the year ended December 31, 2003											
	Net book	Movement in cost during the year				Movement of depreciation/allowance for impairment during the year					Net book
	value as of	Beginning	Additions	Deductions	Ending	Beginning	Depreciation	Loss on	Additions/	Ending	value as of
	<u>Jan 1, 2003</u>	<u>balance</u>	<u>_____</u>	<u>_____</u>	<u>balance</u>	<u>balance</u>	<u>_____</u>	<u>impairment</u>	<u>deductions</u>	<u>balance</u>	<u>Dec 31, 2003</u>
Land											
Original cost	515	515	-	-	515	-	-	-	-	-	515
Revaluation	696	696	-	-	696	-	-	-	-	-	696
Allowance for impairment											
of land	(63)	-	-	-	-	63	-	-	-	63	(63)
Premises											
Original cost	650	1,097	47	(1)	1,143	447	16	-	-	463	680
Revaluation	55	73	-	-	73	18	2	-	-	20	53
Allowance for impairment											
of buildings	(166)	-	-	-	-	166	-	(2)	-	164	(164)
Equipment	1,063	2,548	787	(396)	2,939	1,485	406	-	(350)	1,541	1,398
Allowance for impairment											
of equipment	(8)	-	-	-	-	8	-	(3)	-	5	(5)
Assets unused	<u>25</u>	<u>25</u>	<u>-</u>	<u>(17)</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8</u>
Total	<u>2,767</u>	<u>4,954</u>	<u>834</u>	<u>(414)</u>	<u>5,374</u>	<u>2,187</u>	<u>424</u>	<u>(5)</u>	<u>(350)</u>	<u>2,256</u>	<u>3,118</u>

As of December 31, 2003, the Bank and its subsidiaries had assets still in use which had been fully depreciated, with an original cost of Baht 567 million.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

In Million Baht											
BANK ONLY FINANCIAL STATEMENTS											
For the year ended December 31, 2004											
	Net book value as of Jan 1, 2004	Movement in cost during the year			Movement of depreciation/allowance for impairment during the year					Net book value as of Dec 31, 2004	
		Beginning balance	Additions	Deductions	Ending balance	Beginning balance	Depreciation	Loss on impairment	Additions/ deductions		Ending balance
Land											
Original cost	515	515	-	(1)	514	-	-	-	-	-	514
Revaluation	696	696	-	(2)	694	-	-	-	-	-	694
Allowance for impairment of land	(63)	-	-	-	-	63	-	-	-	63	(63)
Premises											
Original cost	757	1,228	13	(6)	1,235	471	17	-	(3)	485	750
Revaluation	53	73	-	(1)	72	20	2	-	-	22	50
Allowance for impairment of buildings	(164)	-	-	-	-	164	-	(2)	-	162	(162)
Equipment	936	1,939	266	(49)	2,156	1,003	309	-	(46)	1,266	890
Assets unused	<u>8</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8</u>
Total	<u>2,738</u>	<u>4,459</u>	<u>279</u>	<u>(59)</u>	<u>4,679</u>	<u>1,721</u>	<u>328</u>	<u>(2)</u>	<u>(49)</u>	<u>1,998</u>	<u>2,681</u>

As of December 31, 2004, the Bank had assets still in use which had been fully depreciated, with an original cost of Baht 712 million.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

In Million Baht											
BANK ONLY FINANCIAL STATEMENTS											
For the year ended December 31, 2003											
	Net book value as of Jan 1, 2003	Movement in cost during the year			Movement of depreciation/allowance for impairment during the year					Net book value as of Dec 31, 2003	
		Beginning balance	Additions	Deduction	Ending balance	Beginning balance	Depreciation	Loss on impairment	Additions/ deductions		Ending balance
Land											
Original cost	515	515	-	-	515	-	-	-	-	-	515
Revaluation	696	696	-	-	696	-	-	-	-	-	696
Allowance for impairment of land	(63)	-	-	-	-	63	-	-	-	63	(63)
Premises											
Original cost	727	1,182	46	-	1,228	455	16	-	-	471	757
Revaluation	55	73	-	-	73	18	2	-	-	20	53
Allowance for impairment of buildings	(166)	-	-	-	-	166	-	(2)	-	164	(164)
Equipment	597	1,403	573	(37)	1,939	806	233	-	(36)	1,003	936
Assets unused	<u>25</u>	<u>25</u>	<u>-</u>	<u>(17)</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8</u>
Total	<u>2,386</u>	<u>3,894</u>	<u>619</u>	<u>(54)</u>	<u>4,459</u>	<u>1,508</u>	<u>251</u>	<u>(2)</u>	<u>(36)</u>	<u>1,721</u>	<u>2,738</u>

As of December 31, 2003, the Bank had assets still in use which had been fully depreciated, with an original cost of Baht 529 million.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003****13. DEPOSITS**

Classified by type of deposit

	In Million Baht			
	CONSOLIDATED		BANK ONLY	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at December 31,		As at December 31,	
	2004	2003	2004	2003
Current deposits	4,381	3,906	4,385	3,914
Saving deposits	72,377	72,055	72,416	72,097
Time deposits with original maturity :				
- Under 6 months	33,704	37,002	33,704	37,022
- Over 6 months but not over 1 year	3,270	3,888	3,270	3,888
- 1 year and over	<u>24,302</u>	<u>25,130</u>	<u>24,302</u>	<u>25,130</u>
Total	<u>138,034</u>	<u>141,981</u>	<u>138,077</u>	<u>142,051</u>

Classified by the remaining period of the deposit agreement

	In Million Baht			
	CONSOLIDATED		BANK ONLY	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at December 31,		As at December 31,	
	2004	2003	2004	2003
Under 1 year	131,000	127,079	131,043	127,149
Over 1 year	<u>7,034</u>	<u>14,902</u>	<u>7,034</u>	<u>14,902</u>
Total	<u>138,034</u>	<u>141,981</u>	<u>138,077</u>	<u>142,051</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003**

Classified by the currency and residence of depositors

	In Million Baht		
	CONSOLIDATED FINANCIAL STATEMENTS		
	As at December 31, 2004		
	Domestic	Foreign	Total
Baht	136,784	-	136,784
US dollars	651	223	874
Other currencies	99	277	376
Total	<u>137,534</u>	<u>500</u>	<u>138,034</u>

	In Million Baht		
	CONSOLIDATED FINANCIAL STATEMENTS		
	As at December 31, 2003		
	Domestic	Foreign	Total
Baht	140,733	-	140,733
US dollars	706	273	979
Other currencies	70	199	269
Total	<u>141,509</u>	<u>472</u>	<u>141,981</u>

	In Million Baht		
	BANK ONLY FINANCIAL STATEMENTS		
	As at December 31, 2004		
	Domestic	Foreign	Total
Baht	136,827	-	136,827
US dollars	651	223	874
Other currencies	99	277	376
Total	<u>137,577</u>	<u>500</u>	<u>138,077</u>

	In Million Baht		
	BANK ONLY FINANCIAL STATEMENTS		
	As at December 31, 2003		
	Domestic	Foreign	Total
Baht	140,803	-	140,803
US dollars	706	273	979
Other currencies	70	199	269
Total	<u>141,579</u>	<u>472</u>	<u>142,051</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003****14. INTERBANK AND MONEY MARKET ITEMS (LIABILITIES)**

	In Million Baht		
	CONSOLIDATED FINANCIAL STATEMENTS		
	As at December 31, 2004		
	At call	Time	Total
Domestic items			
Bank of Thailand and the Financial Institutions			
Development Fund	509	180	689
Commercial banks	674	98	772
Other banks	43	-	43
Finance companies, securities companies and credit foncier companies	767	-	767
Other financial institutions	<u>62</u>	<u>101</u>	<u>163</u>
Total domestic items	<u>2,055</u>	<u>379</u>	<u>2,434</u>
Foreign items			
US dollars	25	-	25
Other currencies	<u>396</u>	<u>-</u>	<u>396</u>
Total foreign items	<u>421</u>	<u>-</u>	<u>421</u>
Total domestic and foreign items	<u>2,476</u>	<u>379</u>	<u>2,855</u>

	In Million Baht		
	CONSOLIDATED FINANCIAL STATEMENTS		
	As at December 31, 2003		
	At call	Time	Total
Domestic items			
Bank of Thailand and the Financial Institutions			
Development Fund	306	-	306
Commercial banks	700	199	899
Other banks	256	-	256
Finance companies, securities companies and credit foncier companies	1,390	30	1,420
Other financial institutions	<u>70</u>	<u>121</u>	<u>191</u>
Total domestic items	<u>2,722</u>	<u>350</u>	<u>3,072</u>
Foreign items			
US dollars	157	-	157
Other currencies	<u>394</u>	<u>-</u>	<u>394</u>
Total foreign items	<u>551</u>	<u>-</u>	<u>551</u>
Total domestic and foreign items	<u>3,273</u>	<u>350</u>	<u>3,623</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003**

In Million Baht			
BANK ONLY FINANCIAL STATEMENTS			
As at December 31, 2004			
	At call	Time	Total
Domestic items			
Bank of Thailand and the Financial Institutions			
Development Fund	509	180	689
Commercial banks	680	98	778
Other banks	43	-	43
Finance companies, securities companies and credit foncier companies			
	767	-	767
Other financial institutions	<u>62</u>	<u>1</u>	<u>63</u>
Total domestic items	<u>2,061</u>	<u>279</u>	<u>2,340</u>
Foreign items			
US dollars	25	-	25
Other currencies	<u>396</u>	<u>-</u>	<u>396</u>
Total foreign items	<u>421</u>	<u>-</u>	<u>421</u>
Total domestic and foreign items	<u>2,482</u>	<u>279</u>	<u>2,761</u>

In Million Baht			
BANK ONLY FINANCIAL STATEMENTS			
As at December 31, 2003			
	At call	Time	Total
Domestic items			
Bank of Thailand and the Financial Institutions			
Development Fund	306	-	306
Commercial banks	500	99	599
Other banks	256	-	256
Finance companies, securities companies and credit foncier companies			
	1,396	30	1,426
Other financial institutions	<u>70</u>	<u>21</u>	<u>91</u>
Total domestic items	<u>2,528</u>	<u>150</u>	<u>2,678</u>
Foreign items			
US dollars	157	-	157
Other currencies	<u>394</u>	<u>-</u>	<u>394</u>
Total foreign items	<u>551</u>	<u>-</u>	<u>551</u>
Total domestic and foreign items	<u>3,079</u>	<u>150</u>	<u>3,229</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

15. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	In Million Baht	
	CONSOLIDATED AND BANK ONLY FINANCIAL STATEMENTS	
	As at December 31,	
	2004	2003
Government Saving Bank Bonds	<u>200</u>	<u>-</u>

16. BORROWINGS

Borrowings by types of securities and sources:

	In Million Baht		
	CONSOLIDATED FINANCIAL STATEMENTS		
	As at December 31, 2004		
	Domestic	Foreign	Total
Short – term borrowings			
Bills of exchange	<u>500</u>	<u>-</u>	<u>500</u>
Total short – term borrowings	<u>500</u>	<u>-</u>	<u>500</u>
Long – term borrowings			
Subordinated debentures	2,000	-	2,000
Term loan agreements	<u>12</u>	<u>-</u>	<u>12</u>
Total long – term borrowings	<u>2,012</u>	<u>-</u>	<u>2,012</u>
Total	<u>2,512</u>	<u>-</u>	<u>2,512</u>

	In Million Baht		
	CONSOLIDATED FINANCIAL STATEMENTS		
	As at December 31, 2003		
	Domestic	Foreign	Total
Short – term borrowings			
Bills of exchange	432	-	432
Subordinated convertible debentures	<u>-</u>	<u>900</u>	<u>900</u>
Total short – term borrowings	<u>432</u>	<u>900</u>	<u>1,332</u>
Long – term borrowings			
Subordinated debentures	4,000	-	4,000
Term loan agreements	<u>15</u>	<u>-</u>	<u>15</u>
Total long – term borrowings	<u>4,015</u>	<u>-</u>	<u>4,015</u>
Total	<u>4,447</u>	<u>900</u>	<u>5,347</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003**

	<u>In Million Baht</u>		
	<u>BANK ONLY</u>		
	<u>FINANCIAL STATEMENTS</u>		
	<u>As at December 31, 2004</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Long – term borrowings			
Subordinated debentures	2,000	-	2,000
Term loan agreements	<u>12</u>	<u>-</u>	<u>12</u>
Total	<u>2,012</u>	<u>-</u>	<u>2,012</u>

	<u>In Million Baht</u>		
	<u>BANK ONLY</u>		
	<u>FINANCIAL STATEMENTS</u>		
	<u>As at December 31, 2003</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Short – term borrowings			
Subordinated convertible debentures	<u>-</u>	<u>900</u>	<u>900</u>
Total short – term borrowings	<u>-</u>	<u>900</u>	<u>900</u>
Long – term borrowings			
Subordinated debentures	4,000	-	4,000
Term loan agreements	<u>15</u>	<u>-</u>	<u>15</u>
Total long – term borrowings	<u>4,015</u>	<u>-</u>	<u>4,015</u>
Total	<u>4,015</u>	<u>900</u>	<u>4,915</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Notes to Financial Statements (Continued)

For the years ended December 31, 2004 and 2003

Borrowings by type of security, currency, maturity and interest rate:

Types	CONSOLIDATED FINANCIAL STATEMENTS			
	As at December 31, 2004			
	Currency	Maturity	Interest rate per annum	Amounts Million Baht
Short – term borrowings				
Bills of exchange	Baht	Jun. 21, 2005	2.50-3.05%	<u>500</u>
Total short – term borrowings				<u>500</u>
Long – term borrowings				
Subordinated debentures	Baht	Aug. 15, 2008	6.50%	2,000
Term loan agreement	Baht	Oct. 31, 2007	-	5
Term loan agreement	Baht	Mar. 31, 2009	-	<u>7</u>
Total long – term borrowings				<u>2,012</u>
Total				<u>2,512</u>

Types	CONSOLIDATED FINANCIAL STATEMENTS			
	As at December 31, 2003			
	Currency	Maturity	Interest rate per annum	Amounts Million Baht
Short – term borrowings				
Bills of exchange	Baht	Jul. 8 2004	2.35-2.60%	432
Subordinated convertible debentures	USD	Feb. 9, 2004	3.75%	<u>900</u>
Total short – term borrowings				<u>1,332</u>
Long – term borrowings				
Subordinated debentures	Baht	Jun. 25, 2006	7.15%	2,000
Subordinated debentures	Baht	Aug. 15, 2008	6.50%	2,000
Term loan agreement	Baht	Oct. 31, 2007	-	7
Term loan agreement	Baht	Mar. 31, 2009	-	<u>8</u>
Total long – term borrowings				<u>4,015</u>
Total borrowings				<u>5,347</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003**

BANK ONLY				
FINANCIAL STATEMENTS				
As at December 31, 2004				
Types	Currency	Maturity	Interest rate per annum	Amounts Million Baht
Long – term borrowings				
Subordinated debentures	Baht	Aug. 15, 2008	6.50%	2,000
Term loan agreement	Baht	Oct. 31, 2007	-	5
Term loan agreement	Baht	Mar. 31, 2009	-	7
Total long – term borrowings				<u>2,012</u>
Total				<u>2,012</u>

BANK ONLY				
FINANCIAL STATEMENTS				
As at December 31, 2003				
Types	Currency	Maturity	Interest rate per annum	Amounts Million Baht
Short – term borrowings				
Subordinated convertible debentures	USD	Feb. 9, 2004	3.75%	900
Total short – term borrowings				<u>900</u>
Long – term borrowings				
Subordinated debentures	Baht	Jun. 25, 2006	7.15%	2,000
Subordinated debentures	Baht	Aug. 15, 2008	6.50%	2,000
Term loan agreement	Baht	Oct. 31, 2007	-	7
Term loan agreement	Baht	Mar. 31, 2009	-	8
Total long – term borrowings				<u>4,015</u>
Total borrowings				<u>4,915</u>

Issuance of subordinated convertible debentures to offshore investors

At a shareholders' meeting on October 15, 1993, the shareholders approved the issue of a subordinated convertible debenture to foreign investors. The debenture was for a total of US\$ 75 million (exchange rate of US\$ 1 to Baht 25.45), comprised of 75,000 units of US\$ 1,000 each, had a maturity date of February 9, 2004, and was subject to interest at 3.75% per annum.

As at December 31, 2003, the conversion price was Baht 23 per share and 39,623 units had been converted into 19,272,234 ordinary shares.

The outstanding balance on the debenture was redeemed in full on February 9, 2004.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Notes to Financial Statements (Continued)

For the years ended December 31, 2004 and 2003

Subordinated debentures sold to local specific investors

On June 25, 1999, the Bank offered 2 million units of a subordinated debenture at Baht 1,000 per unit, totaling Baht 2,000 million to ABN AMRO Bank N.V., Bangkok Branch. The debenture had a 7-year term, carried a fixed interest rate of 7.15 percent per annum and was due for redemption on June 25, 2006.

The Board of Directors meeting No.543, held on February 19, 2004, resolved to redeem the above subordinated debenture before maturity. Upon approval from Bank of Thailand, the subordinated debenture was redeemed on June 25, 2004.

On August 15, 2001, the Bank offered 2 million units of subordinated debenture No.2 at Baht 1,000 per unit, totaling Baht 2,000 million through private placement. The debenture has a 7-year term, carries a floating interest rate calculated based on the average of the deposit rate for one year of four major banks and the Bank plus 2.50 percent per annum with a minimum guaranteed rate of 6.50 percent per annum and is due for redemption on August 15, 2008.

Term loan agreements

As at December 31, 2004 and 2003, the Bank has term loan agreements from the National Science and Technology Development Agency amounting to Baht 12 million and Baht 15 million, respectively. These are non-interest bearing and will mature on March 31, 2009 and October 31, 2007.

17. HEDGE ACCOUNTING

Cash flow hedges of interest rate risk

Interest rate swaps are used to hedge cash flow exposures primarily on floating rate liabilities by changing interest paid to fixed rates. The swap notional amount used as a cash flow hedge as at December 31, 2004 and 2003 was Baht 5,000 million. The average pay rate and average receipt rate were approximately 4% p.a. and 2% p.a. respectively. Average floating rates are based on rates implied in the yield curve as at the respective dates. These may change significantly, affecting future cash flows.

The Bank purchased interest rate swap agreements to fix the long-term cost of funds. Those agreements are normally entered into when the fixed rates available under interest rate swaps are considered too low relative to the Bank's view about the level of future interest rates.

18. SHARE CAPITAL

	<u>In Million Baht</u>	
	<u>CONSOLIDATED AND BANK ONLY</u>	
	<u>FINANCIAL STATEMENTS</u>	
	<u>As at December 31,</u>	
	<u>2004</u>	<u>2003</u>
Paid-up share capital from shareholders	50,597	50,597
Paid-up share capital from conversion of subordinated convertible debentures (domestic)	164	164
Paid-up share capital from conversion of subordinated convertible debentures (foreign)	<u>193</u>	<u>193</u>
Total	<u>50,954</u>	<u>50,954</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003****19. CAPITAL FUND**

	In Million Baht		
	BANK ONLY FINANCIAL STATEMENTS		
	As at December 31,		
	2004	2003	
Tier 1 capital			
Paid-up share capital and discount			
on share capital	39,809	39,809	
Statutory reserve	368	368	
Other reserve	72	72	
Deficit	(26,982)	(28,802)	
Less net loss	<u>(137)</u>	<u>-</u>	
	<u>13,130</u>	<u>11,447</u>	
Tier 2 capital			
Unrealised increment on land appraisal (70%)	486	487	
Unrealised increment on buildings appraisal (50%)	26	27	
General provision for pass loans and receivables	1,401	1,507	
Unrealised gain on investment in equity securities (available-for-sale)-net (45%)	83	178	
Subordinated debentures	<u>1,200</u>	<u>2,400</u>	
	<u>3,196</u>	<u>4,599</u>	
Total capital fund	<u>16,326</u>	<u>16,046</u>	
Tier 1 capital ratio	%	11.71	9.49
Total capital ratio	%	14.56	13.31
Minimum tier 1 capital ratio requirement	%	4.25	4.25
Minimum total capital ratio requirement	%	8.50	8.50

20. STATUTORY RESERVE

Under the Public Limited Companies Act, the Bank is required to set aside as a statutory reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the authorized capital, and under the provision of the Civil and Commercial Code of Thailand, subsidiary companies are required to set aside as a legal reserve at least 5% of net income each time a dividend is declared until the reserve reaches 10% of authorized capital. The reserve is not available for dividend distribution.

21. OTHER RESERVE

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

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003****22. CONTINGENCIES AND COMMITMENTS**

	In Million Baht		
	CONSOLIDATED AND BANK ONLY FINANCIAL STATEMENTS As at December 31, 2004		
	Baht currency	Foreign currencies	Total
Aval to bills	754	-	754
Guarantees of loans	5	70	75
Other guarantees	10,129	724	10,853
Letters of credit	82	3,145	3,227
Forward exchange contract			
Forward exchange - bought	8,777	26,074	34,851
Forward exchange - sold	23,886	10,752	34,638
Interest rate swap contract			
Interest rate swap - bought	5,000	-	5,000
Interest rate swap - sold	5,000	-	5,000
Undrawn overdraft amount	17,316	-	17,316
Liability under unmatured import bills	<u>36</u>	<u>1,327</u>	<u>1,363</u>
Total	<u>70,985</u>	<u>42,092</u>	<u>113,077</u>

	In Million Baht		
	CONSOLIDATED AND BANK ONLY FINANCIAL STATEMENTS As at December 31, 2003		
	Baht currency	Foreign currencies	Total
Aval to bills	927	-	927
Guarantees of loans	29	76	105
Other guarantees	8,945	876	9,821
Letters of credit	168	2,908	3,076
Forward exchange			
Forward exchange - bought	16,748	11,313	28,061
Forward exchange - sold	8,249	19,733	27,982
Interest rate swap contract			
Interest rate swap - bought	5,000	-	5,000
Interest rate swap - sold	5,000	-	5,000
Undrawn overdraft amount	17,348	-	17,348
Liability under unmatured import bills	<u>5</u>	<u>1,354</u>	<u>1,359</u>
Total	<u>62,419</u>	<u>36,260</u>	<u>98,679</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Notes to Financial Statements (Continued)

For the years ended December 31, 2004 and 2003

The Bank has commitments related to revocable contracts in respect of purchases and servicing, information technology systems as well as other services. Major contractual commitments relating to these items as at December 31, 2004 and 2003 were approximately Baht 124 million and Baht 217 million respectively.

In 2001, the Bank entered into a ten-year agreement to annually purchase units of the Thailand Equity Fund, a marketable unit trust. As at December 31, 2004 and 2003 the Bank is committed to pay Baht 30 million and Baht 46 million, respectively, using the foreign exchange rate of the period-end.

The Bank has commitments in relation to various sale and purchase agreements for properties foreclosed. Properties foreclosed-net subject to such commitments as at December 31, 2004 and 2003 were Baht 899 million and Baht 1,088 million, respectively. As at December 31, 2004 the estimated gain from these agreements was Baht 42 million and as at December 31, 2003, the estimated loss was Baht 119 million. The Bank books sale transactions and gains or losses arising therefrom on the transfer dates.

23. ASSETS USED AS COLLATERAL

	<u>In Million Baht</u>	
	<u>CONSOLIDATED AND BANK ONLY</u>	
	<u>FINANCIAL STATEMENTS</u>	
	<u>As at December 31,</u>	
	<u>2004</u>	<u>2003</u>
Government bonds		
Deposited as collateral for securities sold under repurchase agreement	521	2,088
Deposited as collateral for Government departments	1,195	1,246

24. LITIGATION

In the ordinary course of business, the Bank is a defendant in a number of lawsuits against it. These include allegations of labor related and other wrongful acts brought against the Bank, totaling Baht 695 million and Baht 224 million as at December 31, 2004 and 2003, respectively. Management believes that the liability, if any, resulting from the lawsuits will not be material to the Bank's financial position or results of operations.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003****25. RELATED PARTY TRANSACTIONS**

The Bank has business transactions with related parties. These transactions are with companies that share joint directors and/or shareholders with the Bank. The financial statements reflect the effects of these transactions in the normal course of business, and the price, interest rates, terms and conditions are considered to be at arm's length.

Interest rates on loans to employees are calculated based on the Bank's employee welfare policy.

During the year ended December 31, 2004, the Bank expanded its definition of related parties to include individuals as well as companies. Comparative information for the year ended December 31, 2003, has been expanded accordingly.

On July 27, 2004, ABM AMRO Bank completed the sale of its 80.77% stake in the Bank to United Overseas Bank (UOB). Accordingly, UOB has been treated as a related party from that date.

Loans and commitments to executive officers from Senior Vice President level upwards, directors, major shareholders, and to business entities where the Bank or its subsidiaries, their directors, employees of Executive Vice President level upwards or close family members of the above hold 10% or more of the paid-up capital at December 31, 2004 and 2003, were as follows:

	In Million Baht			
	CONSOLIDATED FINANCIAL STATEMENTS			
	As at December 31, 2004		As at December 31, 2003	
	<u>Ending balance</u>	<u>Average balance</u>	<u>Ending balance</u>	<u>Average balance</u>
Loans				
1. Major Shareholder	200	200	-	-
2. Senior Vice President level upwards and close family members	30	45	55	39
3. Business entities where the Bank or its subsidiaries, their directors, employees of Executive Vice President level and higher and close family members of the above, hold 10 % or more of the paid-up capital	<u>2,990</u>	<u>3,341</u>	<u>4,431</u>	<u>4,599</u>
Total	<u>3,220</u>	<u>3,586</u>	<u>4,486</u>	<u>4,638</u>
Commitments				
1. Major shareholder	1,060	9,014	18,531	17,585
2. Business entities where the Bank or its subsidiaries, their directors, employees of Executive Vice President level and higher and close family members of the above, hold 10 % or more of the paid-up capital	<u>3</u>	<u>3</u>	<u>3</u>	<u>5</u>
Total	<u>1,063</u>	<u>9,017</u>	<u>18,534</u>	<u>17,590</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003**

	In Million Baht			
	BANK ONLY FINANCIAL STATEMENTS			
	As at December 31, 2004		As at December 31, 2003	
	<u>Ending balance</u>	<u>Average balance</u>	<u>Ending balance</u>	<u>Average balance</u>
Loans				
1. Major shareholder	200	200	-	-
2. Senior Vice President level upwards and close family members	30	30	55	39
3. Business entities where the Bank or its subsidiaries, their directors, employees of Executive Vice President level and higher and close family members of the above, hold 10 % or more of the paid-up capital	<u>5,460</u>	<u>5,654</u>	<u>6,270</u>	<u>6,300</u>
Total	<u>5,690</u>	<u>5,899</u>	<u>6,325</u>	<u>6,339</u>
Commitments				
1. Major shareholder	1,060	9,014	18,531	17,585
2. Business entities where the Bank or its subsidiaries, their directors, employees of Executive Vice President level and higher and close family members of the above, hold 10 % or more of the paid-up capital	<u>3</u>	<u>3</u>	<u>3</u>	<u>5</u>
Total	<u>1,063</u>	<u>9,017</u>	<u>18,534</u>	<u>17,590</u>

As at December 31, 2004 and 2003, the Bank had staff loans with certain officers from Senior Vice President level upwards amounting to Baht 10 million and Baht 5 million, respectively.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Notes to Financial Statements (Continued)

For the years ended December 31, 2004 and 2003

Certain information related to the aforementioned loans and commitments of the Bank were as follows:

CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2004

	Amounts (Million Baht)	Interest rate % per annum	Maturity date	Amounts	
				Secured (Million Baht)	Unsecured (Million Baht)
Loans	3,220	1.25 – 19.00	Apr. 23, 1993 to May 18, 2019	2,824	1,459
Commitments	1,063	1.50 – 2.50	Sep. 30, 1997 to Sep. 30, 2005		

CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2003

	Amounts (Million Baht)	Interest rate % per annum	Maturity date	Amounts	
				Secured (Million Baht)	Unsecured (Million Baht)
Loans	4,486	1.25 – 19.00	Apr. 23, 1993 to Dec. 19, 2018	4,319	18,701
Commitments	18,534	1.00 – 4.10	Sep. 30, 1997 to Dec. 31, 2030		

BANK ONLY FINANCIAL STATEMENTS

As at December 31, 2004

	Amounts (Million Baht)	Interest rate % per annum	Maturity date	Amounts	
				Secured (Million Baht)	Unsecured (Million Baht)
Loans	5,690	1.25 – 19.00	Apr. 23, 1993 to May 18, 2019	2,824	3,929
Commitments	1,063	1.50 – 2.50	Sep. 30, 1997 to Sep. 30, 2005		

BANK ONLY FINANCIAL STATEMENTS

As at December 31, 2003

	Amounts (Million Baht)	Interest rate % per annum	Maturity date	Amounts	
				Secured (Million Baht)	Unsecured (Million Baht)
Loans	6,325	1.25 – 19.00	Apr. 23, 1993 to Dec. 19, 2018	4,319	20,540
Commitments	18,534	1.00 – 4.10	Sep. 30, 1997 to Dec. 31, 2030		

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003**

Significant transactions with related companies whose shares were more than 20 percent owned by the Bank consisted mainly of the following:

In Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
As at December 31, 2004						
Type of business	Relationship	Paid-up share capital	Holding %	Investment		Dividend
				Cost method	Equity method	
INVESTMENT						
ASSOCIATED COMPANY						
AXA Insurance Public Co., Ltd.	Non-life insurance Shareholder	353	22.06	121	138	28

In Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
As at December 31, 2003						
Type of business	Relationship	Paid-up share capital	Holding %	Investment		Dividend
				Cost method	Equity method	
INVESTMENT						
ASSOCIATED COMPANY						
AXA Insurance Public Co., Ltd.	Non-life insurance Shareholder	353	22.06	121	166	14

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003**

In Million Baht							
BANK ONLY FINANCIAL STATEMENTS							
As at December 31, 2004							
Type of business	Relationship	Paid-up share capital	Holding %	Investment		Dividend	
				Cost method	Equity method		
INVESTMENT SUBSIDIARY COMPANIES							
B.O.A. Leasing Co., Ltd.	Leasing	Shareholder	320	99.99	320	476	-
BoA Asset Management Co., Ltd.	Fund management	Shareholder	100	99.99	136	133	-
ASSOCIATED COMPANY							
AXA Insurance Public Co., Ltd.	Non-life insurance	Shareholder	353	22.06	121	138	28

LOANSIn Million Baht**SUBSIDIARY COMPANIES**

B.O.A. Leasing Co., Ltd.	2,470
--------------------------	-------

INVESTMENT FROM DEBT RESTRUCTURINGIn Million Baht**N.Y. Sugar Co., Ltd.**

Acquired 30.00% of the registered share capital (par value of Baht 900 million)

Investment-net	-
----------------	---

Loans (before allowance for doubtful accounts)	1,853
--	-------

Commitments	2
-------------	---

The above investment is classified as general investments, which is stated at cost net of allowance for impairment of securities.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003**

In Million Baht							
BANK ONLY FINANCIAL STATEMENTS							
As at December 31, 2003							
Type of business	Relationship	Paid-up share capital	Holding %	Investment Cost method	Equity method	Dividend	
INVESTMENT							
SUBSIDIARY							
COMPANIES							
Asia Property Co., Ltd.	Asset management	Shareholder	40	99.99	109	(42)	-
B.O.A. Leasing Co., Ltd.	Leasing	Shareholder	320	99.99	320	429	-
BoA Asset Management Co., Ltd.	Fund management	Shareholder	100	99.99	136	102	-
Aisa Leasehold Co., Ltd.	Real estate	Shareholder	1	99.93	1	(28)	-
ASSOCIATED COMPANY							
AXA Insurance Public Co., Ltd.	Non-life insurance	Shareholder	353	22.06	121	166	14

LOANSIn Million Baht**SUBSIDIARY COMPANIES**

B.O.A. Leasing Co., Ltd.	1,840
--------------------------	-------

INVESTMENT FROM DEBT RESTRUCTURINGIn Million Baht**N.Y. Sugar Co., Ltd.**

Acquired 30.00% of the registered share capital (par value of Baht 900 million)

Investment-net	-
----------------	---

Loans (before allowance for doubtful accounts)	2,078
--	-------

High-Rise Development Co., Ltd.

Investment-net	-
----------------	---

Acquired 76.21% of the registered share capital (par value of Baht 135.46 million)

Loans (before allowance for doubtful accounts)	1,218
--	-------

Commitments	1
-------------	---

The above investments are classified as general investments, which are stated at cost net of allowance for impairment of securities.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003**

Significant transactions with related companies whose shares are 10 - 20 percent owned by the Bank and its subsidiaries consisted mainly of the following:

<u>In Million Baht</u>						
CONSOLIDATED FINANCIAL STATEMENTS						
As at December 31, 2004						
	<u>Type of business</u>	<u>Relationship</u>	<u>Paid-up share capital</u>	<u>Holding %</u>	<u>Investment (Cost method)</u>	<u>Dividend</u>
INVESTMENT						
Wing Fat Co., Ltd.	Leather	Shareholder	70	14.29	-	-
Asia Dhanavadh Warehouse Co., Ltd.	Warehouse	Shareholder	30	13.33	4	-
Piyalai Holdings Co., Ltd.	Real estate	Shareholder	600	10.00	60	-
JAT Leasing Co., Ltd.	Hire- purchase	Shareholder	90	10.00	9	-
Advanced CCC Services Co., Ltd.	Service	Shareholder	2	10.00	-	-

Advanced CCC Services Co., Ltd. registered for liquidation on November 30, 2004 and was liquidated on January 25, 2005.

LOANS

	<u>In Million Baht</u>
Wing Fat Co., Ltd.	367
Piyalai Holdings Co., Ltd.	574
JAT Leasing Co., Ltd.	10

INVESTMENT FROM DEBT RESTRUCTURING**Distar Electric Corporation Public Co., Ltd.**

Acquired 12.70% of the registered share capital (par value of Baht 230 million)

	<u>In Million Baht</u>
Investment-net	61
Loans (before allowance for doubtful accounts)	-
Commitments	-

The above investment is classified as available-for-sale securities, which are stated at fair value.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003**

In Million Baht						
CONSOLIDATED FINANCIAL STATEMENTS						
As at December 31, 2003						
Type of business	Relationship	Paid-up share capital	Holding %	Investment (Cost method)	Dividend	
INVESTMENT						
Wing Fat Co., Ltd.	Leather	Shareholder	70	14.29	-	-
Asia Dhanavadh						
Warehouse Co., Ltd.	Warehouse	Shareholder	30	13.33	4	-
Piyalai Holdings Co., Ltd.	Real estate	Shareholder	600	10.00	60	-
JAT Leasing Co., Ltd.	Hire-					
	purchase	Shareholder	90	10.00	9	-
Advanced CCC Services						
Co., Ltd.	Service	Shareholder	2	10.00	-	-

LOANS

	<u>In Million Baht</u>
Wing Fat Co., Ltd.	367
Piyalai Holdings Co., Ltd.	574
JAT Leasing Co., Ltd.	7

INVESTMENT FROM DEBT RESTRUCTURING**Distar Electric Corporation Public Co., Ltd.**

Acquired 13.04% of the registered share capital (par value of Baht 230 million)

	<u>In Million Baht</u>
Investment-net	176
Loans (before allowance for doubtful accounts)	-
Commitments	-

The above investment is classified as available-for-sale securities, which are stated at fair value.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003**

In Million Baht						
BANK ONLY FINANCIAL STATEMENTS						
As at December 31, 2004						
	Type of <u>business</u>	Relationship <u> </u>	Paid-up <u>share capital</u>	Holding <u> </u> %	Investment <u>(Cost method)</u>	Dividend <u> </u>
INVESTMENT						
Wing Fat Co., Ltd.	Leather	Shareholder	70	14.29	-	-
Asia Dhanavadh Warehouse Co., Ltd.	Warehouse	Shareholder	30	13.33	4	-
Piyalai Holdings Co., Ltd.	Real estate	Shareholder	600	10.00	60	-
Advanced CCC Services Co., Ltd.	Service	Shareholder	2	10.00	-	-

Advanced CCC Services Co., Ltd. registered for liquidation on November 30, 2004 and was liquidated on January 25, 2005.

LOANS

	<u>In Million Baht</u>
Wing Fat Co., Ltd.	367
Piyalai Holdings Co., Ltd.	574

INVESTMENT FROM DEBT RESTRUCTURING**Distar Electric Corporation Public Co., Ltd.**

Acquired 12.70% of the registered share capital (par value of Baht 230 million)

	<u>In Million Baht</u>
Investment-net	61
Loans (before allowance for doubtful accounts)	-
Commitments	-

The above investment is classified as available-for-sale securities, which are stated at fair value.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003**

In Million Baht						
BANK ONLY FINANCIAL STATEMENTS						
As at December 31, 2003						
	Type of business	Relationship	Paid-up share capital	Holding %	Investment (Cost method)	Dividend
INVESTMENT						
Wing Fat Co., Ltd.	Leather	Shareholder	70	14.29	-	-
Asia Dhanavadh Warehouse Co., Ltd.	Warehouse	Shareholder	30	13.33	4	-
Piyalai Holdings Co., Ltd.	Real estate	Shareholder	600	10.00	60	-
Advanced CCC Services Co., Ltd.	Service	Shareholder	2	10.00	-	-

LOANS

	<u>In Million Baht</u>
Wing Fat Co., Ltd.	367
Piyalai Holdings Co., Ltd.	574

INVESTMENT FROM DEBT RESTRUCTURING**Distar Electric Corporation Public Co., Ltd.**

Acquired 13.04% of the registered share capital (par value of Baht 230 million)

	<u>In Million Baht</u>
Investment-net	176
Loans (before allowance for doubtful accounts)	-
Commitments	-

The above investment is classified as available-for-sale securities, which are stated at fair value.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003**

Other significant balances and transactions with related parties were as follows:

	In Million Baht					
	CONSOLIDATED FINANCIAL STATEMENTS					
	As at December 31, 2004			As at December 31, 2003		
Associated company	Major shareholder	Total	Associated company	Major shareholder	Total	
Interbank and money market items (assets)	-	280	280	-	1,202	1,202
Deposits	29	-	29	4	-	4
Interbank and money market items (liabilities)	-	4	4	-	393	393
Borrowings	-	-	-	-	2,000	2,000
Accrued interest payable	-	-	-	-	33	33
Other liabilities	-	-	-	-	44	44
Contingencies	-	1,060	1,060	-	18,531	18,531

	In Million Baht						
	CONSOLIDATED FINANCIAL STATEMENTS						
	For the year ended December 31,						
Associated company	2004			Associated company	2003		
	Major shareholders	Total			Major shareholder	Total	
	UOB	ABN AMRO					
Interest income	-	2	1	3	-	10	10
Commission and service income	20	-	-	20	24	-	24
Interest expense	-	-	132	132	-	233	233
Insurance expenses	15	10	-	25	16	-	16
Fees and service expenses	-	-	45	45	-	35	35
Premises and equipment expenses	-	-	9	9	-	13	13

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES**Notes to Financial Statements (Continued)****For the years ended December 31, 2004 and 2003**

	In Million Baht							
	BANK ONLY FINANCIAL STATEMENTS							
	As at December 31, 2004				As at December 31, 2003			
	Subsidiaries	Associated company	Major shareholder	Total	Subsidiaries	Associated company	Major shareholder	Total
Interbank and money market items (assets)	6	-	280	286	-	-	1,202	1,202
Loans	2,470	-	-	2,470	1,840	-	-	1,840
Accrued interest receivable	5	-	-	5	-	-	-	-
Other assets	48	-	-	48	17	-	-	17
Deposits	44	29	-	73	59	4	-	63
Interbank and money market items (liabilities)	-	-	4	4	5	-	393	398
Borrowings	-	-	-	-	-	-	2,000	2,000
Accrued interest payable	-	-	-	-	1	-	33	34
Other liabilities	-	-	-	-	-	-	44	44
Contingencies	-	-	1,060	1,060	-	-	18,531	18,531

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES*Notes to Financial Statements (Continued)**For the years ended December 31, 2004 and 2003*

	In Million Baht								
	BANK ONLY FINANCIAL STATEMENTS								
	For the year ended December 31,								
	2004				2003				
	Subsidiaries	Associated	Major shareholders		Total	Subsidiaries	Associated	Major	Total
		company	UOB	ABN AMRO			company	shareholder	
Interest income	56	-	2	1	59	49	-	10	59
Fees income	86	20	-	-	106	38	24	-	62
Interest expense	-	-	-	132	132	-	-	233	233
Rental expenses	41	-	-	-	41	38	-	-	38
Insurance expenses	-	15	10	-	25	-	16	-	16
Fees and service expenses	-	-	-	45	45	-	-	35	35
Premises and equipment expenses	-	-	-	9	9	-	-	13	13

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

26. LONG-TERM LEASES

As at December 31, 2004 and 2003 the Bank and its subsidiaries had land/building lease agreements for branch offices, for which the lease terms ranged from 3 – 30 years and are renewable. The Bank and subsidiary also had committed to pay future rental payments on vehicles. These are summarized as follows:

		<u>In Million Baht</u>	
		<u>December 31, 2004</u>	
<u>Type of lease</u>	<u>Period</u>	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>	<u>BANK ONLY FINANCIAL STATEMENTS</u>
Land/building lease agreements	January 1, 2005 - December 31, 2025	163	155
Vehicle rental agreements	January 1, 2005 - May 17, 2009	<u>2</u>	<u>142</u>
Total		<u>165</u>	<u>297</u>

		<u>In Million Baht</u>	
		<u>December 31, 2003</u>	
<u>Type of lease</u>	<u>Period</u>	<u>CONSOLIDATED FINANCIAL STATEMENTS</u>	<u>BANK ONLY FINANCIAL STATEMENTS</u>
Land/building lease agreements	January 1, 2004 - September 30, 2025	174	159
Vehicle rental agreements	January 1, 2004 - May 3, 2009	<u>4</u>	<u>136</u>
Total		<u>178</u>	<u>295</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

27. CLASSIFIED ASSETS

	In Million Baht				
	BANK ONLY FINANCIAL STATEMENTS				
	As at December 31, 2004				
	Investments	Loans*	Properties foreclosed	Other assets	Total
Classifications					
Pass	-	96,394	-	11	96,405
Special mention	-	2,685	-	1	2,686
Substandard	-	1,392	-	40	1,432
Doubtful	-	587	-	26	613
Doubtful of loss	<u>508</u>	<u>16,983</u>	<u>325</u>	<u>854</u>	<u>18,670</u>
Total	<u>508</u>	<u>118,041</u>	<u>325</u>	<u>932</u>	<u>119,806</u>

	In Million Baht				
	BANK ONLY FINANCIAL STATEMENTS				
	As at December 31, 2003				
	Investments	Loans*	Properties foreclosed	Other assets	Total
Classifications					
Pass	-	96,164	-	12	96,176
Special mention	-	1,865	-	2	1,867
Substandard	-	951	-	4	955
Doubtful	-	2,563	-	32	2,595
Doubtful of loss	<u>355</u>	<u>19,690</u>	<u>319</u>	<u>1,244</u>	<u>21,608</u>
Total	<u>355</u>	<u>121,233</u>	<u>319</u>	<u>1,294</u>	<u>123,201</u>

* including interbank and money market loans.

According to the BOT's announcement dated January 16, 2003, non-performing loans (NPLs) were redefined as sub-quality loans, being outstanding loans of substandard, doubtful, doubtful of loss accounts including fully provisioned loans which had previously been written-off. Based on the BOT's guidelines, the Bank's NPLs as of December 31, 2004 and 2003 were Baht 18,962 million and Baht 23,204 million respectively.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

28. BENEFITS OF DIRECTORS AND MANAGEMENT

As at December 31, 2004 and 2003, the Bank and its subsidiaries had not paid benefits, other than normal staff benefits, to its directors and management.

29. BASIC EARNINGS PER SHARE

The Bank had the following basic earnings per share:

	CONSOLIDATED AND BANK ONLY FINANCIAL STATEMENTS	
	For year ended December 31,	
	<u>2004</u>	<u>2003</u>
Net income (Million Baht)	761	1,818
Weighted average number of ordinary shares calculated by using number of ordinary shares issued, including those from conversion of debentures during the period upon cash received (shares)	5,095,446,713	5,095,446,713
Basic earnings per share (Baht)	0.15	0.36

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

30. FULLY DILUTED EARNINGS PER SHARE

	<u>In Million Baht</u>	
	CONSOLIDATED AND BANK ONLY	
	FINANCIAL STATEMENTS	
	<u>For the year ended December 31,</u>	
	<u>2004</u>	<u>2003</u>
Calculation of net income		
Net income	761	1,818
Plus : interest paid on debenture, saved from conversion (on the basis that all remaining debentures were converted on January 1)		
Convertible debentures issued in Thailand	-	1
Convertible debentures issued outside Thailand	-	53
Total interest expense	-	54
Calculated net income for fully diluted income per share	<u>761</u>	<u>1,872</u>
Calculation of weighted average number of ordinary shares		
Number of weighted average ordinary shares (shares)	5,095,446,713	5,095,446,713
Number of shares from conversion of remaining convertible debentures outside Thailand (shares)	-	39,145,420
Total weighted average number of ordinary shares (shares)	<u>5,095,446,713</u>	<u>5,134,592,133</u>
Fully diluted earnings per share (Baht)	0.15	0.36

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

31. FINANCIAL POSITION AND RESULTS OF OPERATIONS CLASSIFIED BY DOMESTIC AND FOREIGN BUSINESSES

	In Million Baht		
	CONSOLIDATED FINANCIAL STATEMENTS		
	As at December 31, 2004		
	Domestic	Foreign	Total
Total assets	163,859	3	163,862
Interbank and money market items-net (assets)	14,389	-	14,389
Investments – net	13,957	-	13,957
Loans and accrued interest receivable - net	105,555	-	105,555
Deposits	138,034	-	138,034
Interbank and money market items (liabilities)	2,855	-	2,855
Borrowings	2,512	-	2,512
Total contingencies – off-balance sheet financial instruments	113,077	-	113,077

	In Million Baht		
	CONSOLIDATED FINANCIAL STATEMENTS		
	As at December 31, 2003		
	Domestic	Foreign	Total
Total assets	170,513	1	170,514
Interbank and money market items-net (assets)	6,738	1	6,739
Investments – net	25,752	-	25,752
Loans and accrued interest receivable - net	107,960	-	107,960
Deposits	141,981	-	141,981
Interbank and money market items (liabilities)	3,623	-	3,623
Borrowings	4,447	900	5,347
Total contingencies – off-balance sheet financial instruments	98,679	-	98,679

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

	In Million Baht		
	BANK ONLY FINANCIAL STATEMENTS		
	As at December 31, 2004		
	Domestic	Foreign	Total
Total assets	163,080	3	163,083
Interbank and money market items-net (assets)	14,223	-	14,223
Investments – net	14,541	-	14,541
Loans and accrued interest receivable - net	104,808	-	104,808
Deposits	138,077	-	138,077
Interbank and money market items (liabilities)	2,761	-	2,761
Borrowings	2,012	-	2,012
Total contingencies – off-balance sheet financial instruments	113,077	-	113,077

	In Million Baht		
	BANK ONLY FINANCIAL STATEMENTS		
	As at December 31, 2003		
	Domestic	Foreign	Total
Total assets	168,527	1	169,528
Interbank and money market items-net (assets)	6,658	1	6,659
Investments – net	26,233	-	26,233
Loans and accrued interest receivable - net	107,054	-	107,054
Deposits	142,051	-	142,051
Interbank and money market items (liabilities)	3,229	-	3,229
Borrowings	4,015	900	4,915
Total contingencies – off-balance sheet financial instruments	98,679	-	98,679

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

Results of operations classified by type of business segment:

	In Million Baht		
	CONSOLIDATED FINANCIAL STATEMENTS		
	For the year ended December 31, 2004		
	Domestic	Foreign	Total
Interest and dividend income	5,893	-	5,893
Interest expense	<u>(1,764)</u>	<u>(4)</u>	<u>(1,768)</u>
Net income from interest and dividends	4,129	(4)	4,125
Non-interest income	2,747	2	2,749
Non-interest expenses	<u>(6,089)</u>	<u>(3)</u>	<u>(6,092)</u>
Profit (loss) before tax	<u>787</u>	<u>(5)</u>	<u>782</u>

	In Million Baht		
	CONSOLIDATED FINANCIAL STATEMENTS		
	For year ended December 31, 2003		
	Domestic	Foreign	Total
Interest and dividend income	6,229	-	6,229
Interest expense	<u>(2,330)</u>	<u>(53)</u>	<u>(2,383)</u>
Net income from interest and dividends	3,899	(53)	3,846
Non-interest income	2,603	-	2,603
Non-interest expenses	<u>(4,605)</u>	<u>(3)</u>	<u>(4,608)</u>
Profit (loss) before tax	<u>1,897</u>	<u>(56)</u>	<u>1,841</u>

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

	In Million Baht		
	BANK ONLY FINANCIAL STATEMENTS		
	For the year ended December 31, 2004		
	Domestic	Foreign	Total
Interest and dividend income	5,712	-	5,712
Interest expense	<u>(1,743)</u>	<u>(4)</u>	<u>(1,747)</u>
Net income from interest and dividends	3,969	(4)	3,965
Non-interest income	2,486	2	2,488
Non-interest expenses	<u>(5,689)</u>	<u>(3)</u>	<u>(5,692)</u>
Profit (loss) before tax	<u>766</u>	<u>(5)</u>	<u>761</u>

	In Million Baht		
	BANK ONLY FINANCIAL STATEMENTS		
	For the year ended December 31, 2003		
	Domestic	Foreign	Total
Interest and dividend income	6,116	-	6,116
Interest expense	<u>(2,315)</u>	<u>(53)</u>	<u>(2,368)</u>
Net income from interest and dividends	3,801	(53)	3,748
Non-interest income	2,397		2,397
Non-interest expenses	<u>(4,301)</u>	<u>(3)</u>	<u>(4,304)</u>
Profit (loss) before tax	<u>1,897</u>	<u>(56)</u>	<u>1,841</u>

32. DISCLOSURE OF FINANCIAL INSTRUMENTS

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

The Bank enters into forward foreign exchange contracts as part of its risk management strategy primarily to manage the market risk arising from the Bank's underlying assets and liabilities and to offset risk created by its customers. The utilization of forward foreign exchange contracts for these purposes is governed by the Board's approved guidelines and parameters set by the Assets and Liabilities Committee.

The Bank does not heavily speculate in or engage in the trading of any derivative financial instruments except forward foreign exchange in which the Bank will speculate from time to time when the opportunity arises within predefined limits.

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 3.

Credit risk

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

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

The Bank's exposure to credit loss in the event of nonperformance by the counterparty to the financial instrument for commitments to extend credit, standby letters of credit, and financial guarantees written is represented by the contractual notional amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on balance sheet instruments. For forward foreign exchange contracts, the contract or notional amounts do not represent exposure to credit loss. The Bank controls the credit risk of its derivative instruments through credit approvals, limits, and monitoring procedures set by its Risk Management Committee. Credit risk also arises from the possibility that the counterparty to off-balance sheet financial instruments will not adhere to the terms of the contract with the Bank when settlement becomes due.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

For the purpose of calculating the credit risk associated with the Bank's off-balance sheet financial instruments which are not foreign exchange contracts and interest rate swap contracts, the Bank applies a credit conversion factor to the notional amount in order to determine a credit equivalent amount in accordance with regulations established by the Bank of Thailand. However, in the case of foreign exchange contracts and interest rate swap contracts, the Bank applies a credit conversion factor of between 8% to 50% to the notional amount of the contracts depending on the type of currency and the residual maturity of the contract, compared to the Bank of Thailand's prescribed credit conversion factors of 2% and 5% for foreign exchange contracts and 0.5% and 1% for interest rate swap contracts with a residual maturity of less than one year and greater than one year, respectively.

The following table shows the credit equivalent of unmatured off balance sheet financial instruments:

	<u>In Million Baht</u>	
	CONSOLIDATED AND BANK ONLY FINANCIAL STATEMENTS	
	<u>As at December 31,</u>	
	<u>2004</u>	<u>2003</u>
Forward foreign exchange contracts (foreign currencies)	2,349	3,948
Interest rate swap contracts	580	760
Avals to bills	754	927
Guarantees of loans	75	105
Performance guarantees	4,938	4,425
Bid guarantees	338	345
Liability under unmatured import bills	273	272
Import letters of credit	645	615
Others	<u>97</u>	<u>82</u>
Total	<u>10,049</u>	<u>11,479</u>

Interest rate risk

Interest rate risk in the balance sheet arises from the potential for a change in interest rates to have an adverse effect on the net interest earnings of the Bank and its subsidiaries in the current reporting period, and in future years. Interest rate risk arises from the structure and characteristics of the Bank and its subsidiaries' assets, liabilities and equity, and in the mismatch in repricing rates of its assets and liabilities.

The Bank and its subsidiaries' exposure to interest rate risk showing the contractual repricing dates or maturity dates, whichever dates are earlier, and weighted average contractual interest rates, where applicable, for classes of financial assets and financial liabilities subject to interest rate risk is set out below:

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

Period to the earlier of the repricing date or the contractual maturity

In Million Baht									
CONSOLIDATED FINANCIAL STATEMENTS									
As at December 31, 2004									
	Call	Within 3 months	3-12 months	1-5 years	More than 5 years	Non-int. bearing/ sensitive	Non-accrual loans	Total	Weighted average effective interest rate per annum (%)
Financial assets									
Cash	-	-	-	-	-	3,703	-	3,703	n/a
Interbank and money market items - net	32	12,540	58	-	-	1,759	-	14,389	2.01
Securities purchased under resale agreement	-	8,400	-	-	-	-	-	8,400	1.96
Investments - net	-	663	1,068	3,426	5,876	2,924	-	13,957	1.45
Loans	15,712	61,952	13,502	2,680	-	-	24,671	118,517	3.63
Financial liabilities									
Deposits	72,365	38,126	14,752	8,398	-	4,393	-	138,034	1.03
Interbank and money market items	1,366	588	120	-	-	781	-	2,855	0.38
Liabilities payable on demand	-	-	-	-	-	1,816	-	1,816	n/a
Securities sold under repurchase agreements	-	200	-	-	-	-	-	200	2.07
Short-term borrowings	154	35	311	-	-	-	-	500	2.58
Long-term borrowings	-	-	-	2,000 *	-	12	-	2,012	6.46

* See note 16 above.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

Period to the earlier of the repricing date or the contractual maturity

In Million Baht									
CONSOLIDATED FINANCIAL STATEMENTS									
As at December 31, 2003									
	Call	Within 3 months	3-12 months	1-5 years	More than 5 years	Non-int. bearing/ sensitive	Non-accrual loans	Total	Weighted average effective interest rate per annum (%)
Financial assets									
Cash	-	-	-	-	-	3,148	-	3,148	n/a
Interbank and money market items - net	7	4,808	34	52	-	1,838	-	6,739	0.79
Securities purchased under resale agreement	-	7,900	-	-	-	-	-	7,900	1.24
Investments - net	-	2,864	3,697	5,414	8,979	4,798	-	25,752	2.09
Loans	21,771	32,986	17,466	14,389	5,082	-	30,447	122,141	3.65
Financial liabilities									
Deposits	72,033	41,506	9,611	14,902	-	3,929	-	141,981	1.05
Interbank and money market items	1,776	298	58	-	-	1,491	-	3,623	0.48
Liabilities payable on demand	-	-	-	-	-	1,396	-	1,396	n/a
Short-term borrowings	-	900	432	-	-	-	-	1,332	8.27
Long-term borrowings	-	-	-	4,000*	-	15	-	4,015	6.80

*See note 16 above.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

Period to the earlier of the repricing date or the contractual maturity

		In Million Baht							
		BANK ONLY FINANCIAL STATEMENTS							
		As at December 31, 2004							
	Call	Within 3 months	3-12 months	1-5 years	More than 5 years	Non-int. bearing/ sensitive	Non-accrual loans	Total	Weighted average effective interest rate per annum (%)
Financial assets									
Cash	-	-	-	-	-	3,703	-	3,703	n/a
Interbank and money market items - net	-	12,411	53	-	-	1,759	-	14,223	2.02
Securities purchased under resale agreement	-	8,400	-	-	-	-	-	8,400	1.96
Investments - net	-	663	1,068	3,426	5,876	3,508	-	14,541	1.44
Loans	15,982	61,569	13,240	2,321	-	-	24,525	117,637	3.51
Financial liabilities									
Deposits	72,408	38,126	14,752	8,398	-	4,393	-	138,077	1.03
Interbank and money market items	1,372	588	20	-	-	781	-	2,761	0.30
Liabilities payable on demand	-	-	-	-	-	1,816	-	1,816	n/a
Securities sold under repurchase agreements	-	200	-	-	-	-	-	200	2.07
Long-term borrowings	-	-	-	2,000 *	-	12	-	2,012	6.46

*See note 16 above.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

Period to the earlier of the repricing date or the contractual maturity

In Million Baht									
BANK ONLY FINANCIAL STATEMENTS									
As at December 31, 2003									
	Call	Within 3 months	3-12 months	1-5 years	More than 5 years	Non-int. bearing/ sensitive	Non-accrual loans	Total	Weighted average effective interest rate per annum (%)
Financial assets									
Cash	-	-	-	-	-	3,148	-	3,148	n/a
Interbank and money market items - net	15	4,762	-	52	-	1,830	-	6,659	0.78
Securities purchased under resale agreement	-	7,900	-	-	-	-	-	7,900	1.24
Investments - net	-	2,864	3,697	5,414	8,979	5,279	-	26,233	2.09
Loans	22,811	32,407	16,456	14,019	5,082	-	30,387	121,162	3.54
Financial liabilities									
Deposits	72,082	41,526	9,611	14,902	-	3,930	-	142,051	1.05
Interbank and money market items	1,282	398	58	-	-	1,491	-	3,229	0.16
Liabilities payable on demand	-	-	-	-	-	1,396	-	1,396	n/a
Short-term borrowings	-	900	-	-	-	-	-	900	5.84
Long-term borrowings	-	-	-	4,000*	-	15	-	4,015	6.80

*See note 16 above.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

Liquidity risk

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

A maturity analysis of financial assets, financial liabilities and off-balance sheet items were as follows:

In Million Baht							
CONSOLIDATED FINANCIAL STATEMENTS							
December 31, 2004							
	Within			More than	No		
	Call	3 months	3-12 months	1-5 years	5 years	maturity	Total
Financial assets							
Cash	-	-	-	-	-	3,703	3,703
Interbank and money market items - net	1,791	12,539	59	-	-	-	14,389
Securities purchased under resale							
agreements	-	8,400	-	-	-	-	8,400
Investments - net	-	663	1,068	3,426	5,876	2,924	13,957
Loans	29,453	29,182	9,742	17,728	32,412	-	118,517
Financial liabilities							
Deposits	76,762	38,122	16,116	7,034	-	-	138,034
Interbank and money market items	2,143	588	124	-	-	-	2,855
Liabilities payable on demand	1,816	-	-	-	-	-	1,816
Securities sold under repurchase							
agreements	-	200	-	-	-	-	200
Short-term borrowings	154	35	311	-	-	-	500
Long-term borrowings	-	-	-	2,005	7	-	2,012
Off-balance sheet financial instruments							
Avals to bills	-	584	106	64	-	-	754
Guarantee of loans	5	-	-	-	70	-	75
Other guarantees	863	1,591	3,809	519	3,948	123	10,853
Letters of credit	149	2,632	316	-	130	-	3,227
Forward foreign exchange contracts							
(foreign currencies)	-	28,490	8,336	-	-	-	36,826
Interest rate swap contract	-	-	-	5,000	-	-	5,000
Undrawn overdraft amount	17,316	-	-	-	-	-	17,316
Liabilities under unmaturred import bills	-	987	376	-	-	-	1,363

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

In Million Baht							
CONSOLIDATED FINANCIAL STATEMENTS							
December 31, 2003							
	Within <u>Call</u>	3-12 <u>3 months</u>	3-12 <u>months</u>	1-5 years <u>1-5 years</u>	More than <u>5 years</u>	No <u>maturity</u>	<u>Total</u>
Financial assets							
Cash	-	-	-	-	-	3,148	3,148
Interbank and money market items - net	1,850	4,803	34	52	-	-	6,739
Securities purchased under resale agreements	-	7,900	-	-	-	-	7,900
Investments - net	-	2,864	3,697	5,414	8,979	4,798	25,752
Loans	30,073	29,629	6,651	20,081	35,707	-	122,141
Financial liabilities							
Deposits	75,962	41,506	9,611	14,902	-	-	141,981
Interbank and money market items	3,267	298	58	-	-	-	3,623
Liabilities payable on demand	1,396	-	-	-	-	-	1,396
Short-term borrowings	-	900	432	-	-	-	1,332
Long-term borrowings	-	-	-	4,015	-	-	4,015
Off-balance sheet financial instruments							
Avals to bills	-	328	155	444	-	-	927
Guarantee of loans	-	-	6	-	99	-	105
Other guarantees	879	1,342	3,118	373	3,992	117	9,821
Letters of credit	144	2,351	527	-	54	-	3,076
Forward foreign exchange contracts (foreign currencies)	-	21,671	9,375	-	-	-	31,046
Interest rate swap contract	-	-	-	5,000	-	-	5,000
Undrawn overdraft amount	17,348	-	-	-	-	-	17,348
Liabilities under unmatured import bills	942	-	417	-	-	-	1,359

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

In Million Baht							
BANK ONLY FINANCIAL STATEMENTS							
December 31, 2004							
	Within			More than	No		
	Call	3 months	3-12 months	1-5 years	5 years	maturity	Total
Financial assets							
Cash	-	-	-	-	-	3,703	3,703
Interbank and money market items - net	1,760	12,410	53	-	-	-	14,223
Securities purchased under resale agreements	-	8,400	-	-	-	-	8,400
Investments - net	-	663	1,068	3,426	5,876	3,508	14,541
Loans	29,577	28,799	9,480	17,369	32,412	-	117,637
Financial liabilities							
Deposits	76,805	38,122	16,116	7,034	-	-	138,077
Interbank and money market items	2,149	588	24	-	-	-	2,761
Liabilities payable on demand	1,816	-	-	-	-	-	1,816
Securities sold under repurchase agreements	-	200	-	-	-	-	200
Long-term borrowings	-	-	-	2,005	7	-	2,012
Off-balance sheet financial instruments							
Avals to bills	-	584	106	64	-	-	754
Guarantee of loans	5	-	-	-	70	-	75
Other guarantees	863	1,591	3,809	519	3,948	123	10,853
Letters of credit	149	2,632	316	-	130	-	3,227
Forward foreign exchange contracts (foreign currencies)	-	28,490	8,336	-	-	-	36,826
Interest rate swap contract	-	-	-	5,000	-	-	5,000
Undrawn overdraft amount	17,316	-	-	-	-	-	17,316
Liabilities under unmatured import bills	-	987	376	-	-	-	1,363

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

Million Baht							
BANK ONLY FINANCIAL STATEMENTS							
December 31, 2003							
	Within <u>Call</u>	3 months <u>3 months</u>	3-12 <u>months</u>	1-5 years <u>1-5 years</u>	More than <u>5 years</u>	No <u>maturity</u>	<u>Total</u>
Financial assets							
Cash	-	-	-	-	-	3,148	3,148
Interbank and money market items - net	1,851	4,756	-	52	-	-	6,659
Securities purchased under resale agreements	-	7,900	-	-	-	-	7,900
Investments - net	-	2,864	3,697	5,414	8,979	5,279	26,233
Loans	31,053	29,050	5,640	19,712	35,707	-	121,162
Financial liabilities							
Deposits	76,012	41,526	9,611	14,902	-	-	142,051
Interbank and money market items	2,773	398	58	-	-	-	3,229
Liabilities payable on demand	1,396	-	-	-	-	-	1,396
Short-term borrowings	-	900	-	-	-	-	900
Long-term borrowings	-	-	-	4,015	-	-	4,015
						-	
Off-balance sheet financial instruments							
Avals to bills	-	328	155	444	-	-	927
Guarantee of loans	-	-	6	-	99	-	105
Other guarantees	879	1,342	3,118	373	3,992	117	9,821
Letters of credit	144	2,351	527	-	54	-	3,076
Forward foreign exchange contracts (foreign currencies)	-	21,671	9,375	-	-	-	31,046
Interest rate swap contract	-	-	-	5,000	-	-	5,000
Undrawn overdraft amount	17,348	-	-	-	-	-	17,348
Liabilities under unmatured import bills	942	-	417	-	-	-	1,359

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

Hedging

The Bank uses derivative financial instruments, including forward contracts and interest rate swaps, to manage the potential earnings impact of foreign currency movements and floating interest rates. The purpose of the Bank's hedging activities is to protect the Bank from the risk that net cash outflows will be affected by changes in exchange rates and the risk from floating interest rates. The Bank enters into transactions to ensure that it is economically hedged in accordance with risk management policies. For qualifying hedge relationships, the Bank uses hedge accounting.

Each qualifying hedge accounting relationship is evidenced and driven by management's approach to risk management and the decision to hedge the particular risk. Where hedge accounting is applied, the Bank assesses, at the inception of the hedge relationship and on an on-going basis, whether the derivatives used as hedges are highly effective in offsetting the changes in the value or cash flows associated with the hedged item. A hedge is normally regarded as highly effective if changes in fair value or cash flows of the hedged item are expected to almost fully offset the changes in fair value or cash flows of the hedging instrument. The designation and effectiveness measurement follows the methodologies that management has in place for risk identification and measurement. The ineffective portion of any gain or loss on a hedging instrument is recognised in the statement of income.

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.

The following is a summary of carrying amounts and estimated fair values of financial instruments:

	In Million Baht			
	As at December 31, 2004			
	CONSOLIDATED		BANK ONLY	
	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
	Carrying amounts	Fair value	Carrying amounts	Fair value
Financial assets				
Cash	3,703	3,703	3,703	3,703
Interbank and money market items - net	14,389	14,389	14,223	14,223
Securities purchased under resale agreements	8,400	8,400	8,400	8,400
Investments - net	13,957	14,002	14,541	14,607
Loans and accrued interest receivable - net	105,555	108,806	104,808	108,430
Financial liabilities				
Deposits	138,034	138,180	138,077	138,224
Interbank and money market items	2,855	2,855	2,761	2,761
Liabilities payable on demand	1,816	1,816	1,816	1,816
Securities sold under repurchase agreement	200	200	200	200
Short-term borrowings	500	499	-	-
Long-term borrowings	2,012	2,234	2,012	2,234

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

	In Million Baht			
	As at December 31, 2003			
	CONSOLIDATED		BANK ONLY	
	Carrying	Fair	Carrying	Fair
amounts	value	amounts	value	
Financial assets				
Cash	3,148	3,148	3,148	3,148
Interbank and money market items - net	6,739	6,739	6,659	6,659
Securities purchased under resale agreements	7,900	7,900	7,900	7,900
Investments – net	25,752	26,449	26,233	26,931
Loans and accrued interest receivable - net	107,960	109,634	107,054	108,957
Financial liabilities				
Deposits	141,981	141,981	142,051	142,051
Interbank and money market items	3,623	3,623	3,229	3,229
Liabilities payable on demand	1,396	1,396	1,396	1,396
Short-term borrowings	1,332	1,386	900	959
Long-term borrowings	4,015	4,468	4,015	4,455

The fair values of off-balance sheet financial instruments were as follows:

	In Million Baht	
	CONSOLIDATED AND BANK ONLY	
	FINANCIAL STATEMENTS	
	As at December 31, 2004	
	Notional value	Fair value
Forward foreign exchange contracts (foreign currencies)	36,826	217
Interest rate swap contract	5,000	(7)
In Million Baht		
CONSOLIDATED AND BANK ONLY		
FINANCIAL STATEMENTS		
As at December 31, 2003		
	Notional value	Fair value
Forward foreign exchange contracts (foreign currencies)	31,046	78
Interest rate swap contract	5,000	(86)

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

Methods and assumptions in estimating market value or fair value of financial instruments.

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

Cash, interbank and money market items - The carrying amounts of cash and short-term instruments which have remaining maturities of less than 90 days or bear variable rates of interest approximate their fair value. Fair value for fixed rate instruments with remaining maturities greater than 90 days is estimated by using a discounted cash flow calculation applying interest rates currently being offered on similar instruments.

Securities purchased under resale agreements - The carrying value of securities purchased under resale agreements approximates fair value.

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

Loans - For variable-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 90 days from the balance sheet date is 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 interest rates currently being offered for loans with similar terms to borrowers of similar credit quality.

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

Accrued interest receivable - The carrying amount of accrued interest receivable approximates fair value.

Deposit liabilities - The fair value disclosed for deposits which are payable on demand by the depositor, is equal to the carrying value of such deposits. The carrying amounts of variable-rate, fixed-term money-market accounts, certificates of deposit (CDs) and fixed rate deposits repricing within 90 days approximate their fair value at the reporting date. Fair value for other deposits is estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates or deposit to a schedule of aggregate expected monthly maturities on time deposits.

Interbank and money market items (liabilities) - The carrying amount of interbank and money market items which have remaining maturities of less than 90 days and/or bear variable rates of interest approximates their fair value at the reporting date. Fair value for fixed rate instruments with remaining maturities greater than 90 days is estimated by using a discounted cash flow calculation applying interest rates currently being offered on similar instruments.

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

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES
Notes to Financial Statements (Continued)
For the years ended December 31, 2004 and 2003

Borrowings - The fair value of borrowings is estimated using discounted cash flow analysis based on the average current borrowing rates for similar types of borrowing arrangements.

Financial assets carried in the financial statements at amounts in excess of their fair values represent fixed interest rate loans and debt instruments that are being held to maturity and non-listed equity investments that are being held for long term purposes. On the basis of the information available to the Bank's management as to the financial soundness of the respective corporations to which these assets relate and the provisions for loss that have already been made, it is management's opinion that the net carrying amounts of these assets, as reflected in the balance sheet, will be recovered.

Fair value of off-balance sheet financial instruments

Commitments to extend credit, letters of credit, aval and guarantees - These financial instruments are generally not sold or traded such that estimated fair values are not readily ascertainable. Fair value of these items was not calculated for the following reasons:

- (i) very few of the commitments extending beyond 90 days 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.

33. FINANCIAL SECTOR MASTER PLAN

On January 6, 2004, the Thai cabinet approved a financial sector master plan ("FSMP") for the consolidation of the banking and finance sector in Thailand. Under the plan, the Bank's major shareholder will be limited to holding one banking license.

On May 12, 2004, the Bank was informed by ABN AMRO Bank, the Bank's major shareholder, that ABN AMRO Bank had signed a sale and purchase agreement with United Overseas Bank ("UOB") under which it planned to sell its 80.77% stake in the Bank (equivalent to 4,115,769,676 shares) to UOB for the sum of Baht 22,019 million (EUR 462 million). Completion of this transaction occurred on July 27, 2004. At meeting No. 545, held on July 27, 2004, the Board of Directors passed a resolution, under the terms of which, the existing Board of Directors resigned and a new Board of Directors was appointed.

The Bank submitted its Bangkok International Banking Facility ("BIBF") Integration Plan for approval from the Ministry of Finance on July 28, 2004 and applied, on July 29, 2004, to the Bank of Thailand ("BoT") to liquidate its BIBF. At present, this application is pending BoT approval.

On August 9, 2004, in accordance with the Stock Exchange of Thailand regulations, UOB made a tender offer for outstanding shares at a price of Baht 5.35 per share. Completion of this transaction occurred on October 8, 2004, as a result of which UOB purchased an additional 15.31% stake in the Bank (equivalent to 780,338,554 shares) at a price of Baht 5.35 per share, and for a total sum of Baht 4,175 million. Accordingly, UOB's stake in the Bank increased from 80.77% to 96.09%.

BANK OF ASIA PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Notes to Financial Statements (Continued)

For the years ended December 31, 2004 and 2003

On November 26, 2004, the Bank submitted its plan to comply with the FSMP. The plan envisages the consolidation of all operations of UOB in Thailand.

On November 30, 2004, the Bank was informed by UOB that UOB had purchased a further 35,396,461 of the Bank's shares at a price of Baht 5.40 per share, and for a total sum of Baht 189 million. Accordingly, UOB's stake in the Bank increased from 96.09% to 96.81%.

34. RECLASSIFICATION OF ACCOUNTS

Certain comparative information for the year ended December 31, 2003 has been reclassified to conform with the presentation adopted for the year ended December 31, 2004.