

REPORT OF THE AUDITOR AND FINANCIAL STATEMENTS
EXPORT – IMPORT BANK OF THAILAND
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010
(TRANSLATION)

(TRANSLATION)
AUDITOR'S REPORT

TO : MINISTER OF FINANCE

The Office of the Auditor General has audited the statements of financial position, in which the equity method is applied to investment and the Bank's statements of financial position of the Export-Import Bank of Thailand as at December 31, 2011 and 2010, and the related statements of comprehensive income, in which the equity method is applied to investment and the Bank's statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended. It is the responsibility of the Bank's Management as to their correctness and completeness of the presentation of these financial statements. The responsibility of the Office of the Auditor General is to express an opinion on these financial statements based on the audits.

The Office of the Auditor General conducted the audits in accordance with generally accepted auditing standards. Those standards require that the Office of the Auditor General plans and performs the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. The Office of the Auditor General believes that the audits provide a reasonable basis for the opinion.

In the opinion of the Office of the Auditor General, the financial statements in which the equity method is applied to investment and the Bank's financial statements referred to above present fairly, in all material respects, the financial position of Export-Import Bank of Thailand as at December 31, 2011 and 2010, and the results of operations and the cash flows for the years then ended, in accordance with generally accepted accounting principles.

As described in Notes to the financial statements No.2.1, 2.2, 2.3 and 6.31 for the year ended December 31, 2011, the Bank adopted the new and revised accounting standards and financial reporting standards issued by the Federation of Accounting Professions as well as the Bank of Thailand's notification regarding "Preparation and Announcement of the Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups." which are effective for the financial statements for the accounting period since January 1, 2011 onwards, and applied them in the preparation and presentation of the financial statements. The financial statements, in which the equity method is applied to investment and the Bank's financial statements for the year ended December 31, 2010, which are included herein for comparative purposes are presented in the new format to be consistent with the financial statements, in which the equity method is applied to investment and the Bank's financial statements for the year ended December 31, 2011.

(Signed) *Manee Watcharakitja*
(Mrs. Manee Watcharakitja)
Auditor-in-charge

(Signed) *Ladda Palakawong*
(Mrs. Ladda Palakawong)
Auditor-in-charge

EXPORT-IMPORT BANK OF THAILAND
STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010

		Unit : Baht			
	<u>Notes</u>	<u>Financial Statements in which the equity method is applied to investment</u>		<u>The Bank's Financial Statements</u>	
		<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>					
Cash		216,866	2,711,230	216,866	2,711,230
Interbank and money market items, net	6.2	5,060,907,518	5,665,047,182	5,060,907,518	5,665,047,182
Derivative assets	6.3	637,049,455	243,095,913	637,049,455	243,095,913
Investments, net	6.4	3,411,851,704	5,616,321,833	3,411,851,704	5,616,321,833
Investments in associates, net	6.5	4,498,193	4,458,528	4,286,500	4,286,500
Loans and accrued interest receivables, net	6.6				
Loans to customers		65,449,452,596	56,481,141,491	65,449,452,596	56,481,141,491
Accrued interest receivables		517,440,360	438,202,867	517,440,360	438,202,867
Total loans to customers and accrued interest receivables		<u>65,966,892,956</u>	<u>56,919,344,358</u>	<u>65,966,892,956</u>	<u>56,919,344,358</u>
<u>Less</u> Deferred revenue		6,499,168	3,992,901	6,499,168	3,992,901
<u>Less</u> Allowance for doubtful accounts	6.7	2,764,691,971	2,212,772,706	2,764,691,971	2,212,772,706
<u>Less</u> Revaluation allowance for debt restructuring	6.8	238,729,510	220,661,356	238,729,510	220,661,356
Total loans and accrued interest receivables, net		<u>62,956,972,307</u>	<u>54,481,917,395</u>	<u>62,956,972,307</u>	<u>54,481,917,395</u>
Properties foreclosed, net	6.9	1,083,395,503	1,157,288,373	1,083,395,503	1,157,288,373
Premises and equipment, net	6.10	878,643,980	894,951,513	878,643,980	894,951,513
Intangible assets, net	6.11	28,106,870	18,313,654	28,106,870	18,313,654
Accrued interest receivables not related to loans		5,641,576	42,380,257	5,641,576	42,380,257
Revenue receivables		13,694,504	10,761,887	13,694,504	10,761,887
Prepaid expenses		10,628,356	8,295,947	10,628,356	8,295,947
Other assets, net	6.12	17,378,808	11,607,870	17,378,808	11,607,870
Total Assets		<u><u>74,108,985,640</u></u>	<u><u>68,157,151,582</u></u>	<u><u>74,108,773,947</u></u>	<u><u>68,156,979,554</u></u>

The notes to the financial statements are an integral part of these statements.

EXPORT-IMPORT BANK OF THAILAND
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010

				Unit : Baht	
	<u>Notes</u>	<u>Financial Statements in which the equity method is applied to investment</u>		<u>The Bank's Financial Statements</u>	
		<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>					
Deposits	6.13	7,818,030,313	7,845,423,435	7,818,030,313	7,845,423,435
Interbank and money market items, net	6.14	6,172,063,578	8,215,544,314	6,172,063,578	8,215,544,314
Liabilities payable on demand		173,808,499	60,595,778	173,808,499	60,595,778
Derivative liabilities	6.3	315,383,489	386,655,751	315,383,489	386,655,751
Debt issued and borrowings	6.15	43,275,265,784	36,011,392,730	43,275,265,784	36,011,392,730
Provisions	6.16	242,664,965	211,369,614	242,664,965	211,369,614
Accrued interest payables		322,522,944	253,769,917	322,522,944	253,769,917
Allowance for export credit insurance		162,867,281	164,616,678	162,867,281	164,616,678
Other liabilities	6.17	348,282,988	154,506,846	348,282,988	154,506,846
Total Liabilities		<u>58,830,889,841</u>	<u>53,303,875,063</u>	<u>58,830,889,841</u>	<u>53,303,875,063</u>
Shareholders' equity					
Capital	6.18	<u>12,800,000,000</u>	<u>12,800,000,000</u>	<u>12,800,000,000</u>	<u>12,800,000,000</u>
Paid-up capital		12,800,000,000	12,800,000,000	12,800,000,000	12,800,000,000
Other components of equity	6.19	1,700,281	34,544,333	1,700,281	34,544,333
Retained earnings					
Appropriated					
Legal reserve		2,824,553,887	2,752,153,887	2,824,553,887	2,752,153,887
Unappropriated		(348,158,369)	(733,421,701)	(348,370,062)	(733,593,729)
Total shareholders' equity		<u>15,278,095,799</u>	<u>14,853,276,519</u>	<u>15,277,884,106</u>	<u>14,853,104,491</u>
Total Liabilities and Shareholders' Equity		<u>74,108,985,640</u>	<u>68,157,151,582</u>	<u>74,108,773,947</u>	<u>68,156,979,554</u>

The notes to the financial statements are an integral part of these statements.

(Mr. Prasong Poontaneat)
Chairman of the Board of Directors

(Mr. Kanit Sukonthaman)
President

EXPORT-IMPORT BANK OF THAILAND
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010

	Notes	Unit : Baht			
		<u>Financial Statements in which</u>		<u>The Bank's Financial Statements</u>	
		<u>the equity method is</u>			
		<u>applied to investment</u>			
		<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Interest income	6.25	2,835,718,423	2,308,059,427	2,835,718,423	2,308,059,427
Interest expenses	6.26	1,073,775,718	886,701,890	1,073,775,718	886,701,890
Net interest income		<u>1,761,942,705</u>	<u>1,421,357,537</u>	<u>1,761,942,705</u>	<u>1,421,357,537</u>
Fees and service income		564,456,611	648,781,884	564,456,611	648,781,884
Fees and service expenses		111,736,849	102,818,569	111,736,849	102,818,569
Net fees and service income	6.27	<u>452,719,762</u>	<u>545,963,315</u>	<u>452,719,762</u>	<u>545,963,315</u>
Gains on trading and foreign exchange transactions	6.28	225,379,572	133,518,970	225,379,572	133,518,970
Gains (losses) on investments	6.29	(14,662,133)	10,870,322	(14,662,133)	10,870,322
Share of gain (loss) from investments on equity method		39,665	263,496	-	-
Written-down debt recovered		515,437,889	257,603,595	515,437,889	257,603,595
Other operating income		10,963,135	22,957,599	10,963,135	22,957,599
Total operating income		<u>737,158,128</u>	<u>425,213,982</u>	<u>737,118,463</u>	<u>424,950,486</u>
Other operating expenses					
Personnel expenses		522,984,697	528,416,051	522,984,697	528,416,051
Directors' remuneration		3,151,470	4,089,680	3,151,470	4,089,680
Premises and equipment expenses		79,149,474	97,006,836	79,149,474	97,006,836
Taxes and duties		2,622	2,628	2,622	2,628
Loss on claims and provision for insurance service		(449,202)	(58,326,753)	(449,202)	(58,326,753)
Loss on impairment of properties foreclosed		36,546,542	21,370,386	36,546,542	21,370,386
Others		119,515,372	341,126,005	119,515,372	341,126,005
Total operating expenses		<u>760,900,975</u>	<u>933,684,833</u>	<u>760,900,975</u>	<u>933,684,833</u>
Impairment loss of loans and debt securities	6.30	1,586,310,789	1,313,849,969	1,586,310,789	1,313,849,969
Net income		<u>604,608,831</u>	<u>145,000,032</u>	<u>604,569,166</u>	<u>144,736,536</u>
Other comprehensive income (loss)					
Hedging reserves		-	(62,861,727)	-	(62,861,727)
Gain (loss) on revaluation of available-for-sale investments		7,793,166	61,508,283	7,793,166	61,508,283
Total other comprehensive income (loss)		<u>7,793,166</u>	<u>(1,353,444)</u>	<u>7,793,166</u>	<u>(1,353,444)</u>
Total comprehensive income		<u>612,401,997</u>	<u>143,646,588</u>	<u>612,362,332</u>	<u>143,383,092</u>

The notes to the financial statements are an integral part of these statements.

EXPORT-IMPORT BANK OF THAILAND
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010
FINANCIAL STATEMENTS IN WHICH THE EQUITY METHOD IS APPLIED TO INVESTMENT

	Notes						Unit : Baht
		Capital	Other Components of Equity		Appropriated Retained Earnings	Unappropriated Retained Earnings	Total
			Hedging Reserves	Revaluation			
			Surplus (Deficit) on Investments				
Beginning balance as at January 1, 2010		12,800,000,000	103,498,945	(67,601,168)	2,579,053,887	(513,731,733)	14,901,219,931
Legal reserve		-	-	-	173,100,000	(173,100,000)	-
Remittance to the Ministry of Finance		-	-	-	-	(191,590,000)	(191,590,000)
Total comprehensive income (loss)		-	(62,861,727)	61,508,283	-	145,000,032	143,646,588
Ending balance as at December 31, 2010		12,800,000,000	40,637,218	(6,092,885)	2,752,153,887	(733,421,701)	14,853,276,519
Beginning balance as at January 1, 2011		12,800,000,000	40,637,218	(6,092,885)	2,752,153,887	(733,421,701)	14,853,276,519
Effect of change in accounting policies	2.3.1	-	(40,637,218)	-	-	-	(40,637,218)
Effect of change in accounting policies regarding Employee Benefits	2.2	-	-	-	-	(95,795,499)	(95,795,499)
Balance as at January 1, 2011 after adjustment		12,800,000,000	-	(6,092,885)	2,752,153,887	(829,217,200)	14,716,843,802
Legal reserve		-	-	-	72,400,000	(72,400,000)	-
Remittance to the Ministry of Finance		-	-	-	-	(51,150,000)	(51,150,000)
Total comprehensive income		-	-	7,793,166	-	604,608,831	612,401,997
Ending balance as at December 31, 2011		12,800,000,000	-	1,700,281	2,824,553,887	(348,158,369)	15,278,095,799

The notes to the financial statements are an integral part of these statements.

EXPORT-IMPORT BANK OF THAILAND
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010
THE BANK'S FINANCIAL STATEMENTS

						Unit : Baht
Notes	Capital	Other Components of Equity		Appropriated	Unappropriated	Total
		Hedging Reserves	Revaluation	Retained Earnings	Retained Earnings	
		Surplus (Deficit) on				
		Investments				
Beginning balance as at January 1, 2010	12,800,000,000	103,498,945	(67,601,168)	2,579,053,887	(513,640,265)	14,901,311,399
Legal reserve	-	-	-	173,100,000	(173,100,000)	-
Remittance to the Ministry of Finance	-	-	-	-	(191,590,000)	(191,590,000)
Total comprehensive income (loss)	-	(62,861,727)	61,508,283	-	144,736,536	143,383,092
Ending balance as at December 31, 2010	12,800,000,000	40,637,218	(6,092,885)	2,752,153,887	(733,593,729)	14,853,104,491
Beginning balance as at January 1, 2011	12,800,000,000	40,637,218	(6,092,885)	2,752,153,887	(733,593,729)	14,853,104,491
Effect of change in accounting policies	-	(40,637,218)	-	-	-	(40,637,218)
Effect of change in accounting policies regarding Employee Benefits	-	-	-	-	(95,795,499)	(95,795,499)
Balance as at January 1, 2011 after adjustment	12,800,000,000	-	(6,092,885)	2,752,153,887	(829,389,228)	14,716,671,774
Legal reserve	-	-	-	72,400,000	(72,400,000)	-
Remittance to the Ministry of Finance	-	-	-	-	(51,150,000)	(51,150,000)
Total comprehensive income	-	-	7,793,166	-	604,569,166	612,362,332
Ending balance as at December 31, 2011	12,800,000,000	-	1,700,281	2,824,553,887	(348,370,062)	15,277,884,106

The notes to the financial statements are an integral part of these statements.

EXPORT-IMPORT BANK OF THAILAND
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010

	Unit : Baht			
	<u>Financial Statements in which</u>		<u>The Bank's Financial Statements</u>	
	<u>the equity method is</u>			
	<u>applied to investment</u>			
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Cash flows from operating activities				
Net income	604,608,831	145,000,032	604,569,166	144,736,536
Adjustments to reconcile net income to net cash from operating activities				
Depreciation and amortization	52,740,593	71,259,517	52,740,593	71,259,517
Bad debt and doubtful accounts	1,551,857,467	1,438,607,339	1,551,857,467	1,438,607,339
Loss on debt restructuring (reversal)	30,408,755	(122,363,388)	30,408,755	(122,363,388)
Written-down debt recovered (reversal)	(57,868,720)	(196,913,137)	(57,868,720)	(196,913,137)
Gain on disposal of assets	(3,787,791)	(13,211,901)	(3,787,791)	(13,211,901)
Gain on sale of properties foreclosed	(11,567,926)	(15,506,223)	(11,567,926)	(15,506,223)
Loss on impairment of properties foreclosed	48,114,468	36,876,609	48,114,468	36,876,609
(Gain) Loss on foreign currency	228,814,949	(1,139,196,409)	228,814,949	(1,139,196,409)
Derivative revaluation	(72,057,458)	(175,767,480)	(72,057,458)	(175,767,480)
(Gain) Loss on sale of debt securities	1,943,058	(8,136,476)	1,943,058	(8,136,476)
Loss on impairment of debt securities (reversal)	12,719,075	(2,733,846)	12,719,075	(2,733,846)
Share of income from investments on equity method	(39,665)	(263,496)	-	-
Amortization of premium (discount) on debt securities	26,510,449	(9,691,333)	26,510,449	(9,691,333)
Increase (decrease) in provisions	(65,424,088)	164,933,441	(65,424,088)	164,933,441
Bad debt and provision for other receivables	131,607,148	9,371,837	131,607,148	9,371,837
Loss on claims and provision for insurance service (reversal)	(26,071,966)	(19,263,380)	(26,071,966)	(19,263,380)
(Increase) decrease in revenue receivables	(2,932,617)	(2,687,103)	(2,932,617)	(2,687,103)
(Increase) decrease in prepaid expenses	(2,172,164)	(3,044,505)	(2,172,164)	(3,044,505)
Increase (decrease) in other accrued expenses	(920,500)	(4,050,819)	(920,500)	(4,050,819)
	2,446,481,898	153,219,279	2,446,481,898	153,219,279
Net interest income	(1,761,942,705)	(1,434,724,960)	(1,761,942,705)	(1,434,724,960)
Proceeds from interest income	2,771,507,989	2,319,726,893	2,771,507,989	2,319,726,893
Interest expense paid	(1,007,644,482)	(847,078,185)	(1,007,644,482)	(847,078,185)
Income from operations before changes in operating assets and liabilities	2,448,402,700	191,143,027	2,448,402,700	191,143,027
(Increase) decrease in operating assets				
Interbank and money market items	-596,992,200	671,140,371	-596,992,200	671,140,371
Loans, net	(8,681,008,398)	(5,338,980,178)	(8,681,008,398)	(5,338,980,178)
Properties foreclosed, net	44,996,328	81,629,341	44,996,328	81,629,341
Other assets, net	(10,243,670)	(51,372,452)	(10,243,670)	(51,372,452)

The notes to the financial statements are an integral part of these statements.

EXPORT-IMPORT BANK OF THAILAND
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010

	<u>Financial Statements in which</u>		<u>The Bank's Financial Statements</u>	
	<u>the equity method is</u>			
	<u>applied to investment</u>			
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Unit : Baht				
Cash flows from operating activities (continued)				
Increase (decrease) in operating liabilities				
Deposits	(37,629,031)	(245,705,855)	(37,629,031)	(245,705,855)
Interbank and money market items	(2,208,906,179)	(1,631,453,316)	(2,208,906,179)	(1,631,453,316)
Liabilities payable on demand	113,212,721	41,106,983	113,212,721	41,106,983
Debt issued and short-term borrowings	558,649,055	60,144,730	558,649,055	60,144,730
Other liabilities	107,024,529	9,314,907	107,024,529	9,314,907
Net cash from operating activities	(7,068,509,745)	(6,213,032,442)	(7,068,509,745)	(6,213,032,442)
Cash flows from investing activities				
Purchase of investments	(13,992,535,000)	(12,437,421,680)	(13,992,535,000)	(12,437,421,680)
Proceeds from sale of investments	16,222,766,256	13,316,953,195	16,222,766,256	13,316,953,195
Purchase of premises and equipment	(28,179,025)	(69,757,235)	(28,179,025)	(69,757,235)
Proceeds from sales of premises and equipment	6,424,368	13,350,054	6,424,368	13,350,054
Purchase of intangible assets	(17,583,680)	(9,217,961)	(17,583,680)	(9,217,961)
Net cash from investing activities	2,190,892,919	813,906,373	2,190,892,919	813,906,373
Cash flows from financing activities				
Proceeds from debt issued and long-term borrowings	14,411,630,434	18,606,632,272	14,411,630,434	18,606,632,272
Repayments of debt issued and long-term borrowings	(9,485,357,972)	(13,013,398,759)	(9,485,357,972)	(13,013,398,759)
Remittance to the Ministry of Finance	(51,150,000)	(191,590,000)	(51,150,000)	(191,590,000)
Net cash from financing activities	4,875,122,462	5,401,643,513	4,875,122,462	5,401,643,513
Net increase (decrease) in cash and cash equivalents	(2,494,364)	2,517,444	(2,494,364)	2,517,444
Cash and cash equivalents at the beginning of the period	2,711,230	193,786	2,711,230	193,786
Cash and cash equivalents at the end of the period	216,866	2,711,230	216,866	2,711,230

The notes to the financial statements are an integral part of these statements.

EXPORT-IMPORT BANK OF THAILAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010

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EXPORT-IMPORT BANK OF THAILAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011 AND 2010

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EXPORT-IMPORT BANK OF THAILAND
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. GENERAL INFORMATION

Export-Import Bank of Thailand (or "the Bank") was established by the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), which was amended by the Export-Import Bank of Thailand Act (No.2), 1999 (B.E. 2542), with the objective to provide financial supports for exports, imports and investments related to the development of the Thai economy. Its services include:

- export financing services provided through commercial banks;
- short-term and long-term credits provided directly to exporters;
- medium-term credits for export business expansion;
- short-term and medium-term credits to foreign banks to finance goods imported from Thailand;
- credit and equity financing to support Thai investments overseas that are beneficial to the country;
- export credit insurance services to Thai exporters;
- credits for overseas projects yielding economic returns to Thailand;
- investment insurance services for overseas investments of Thai investors who have been granted credit lines from the Bank; and
- stand-by claims purchase agreement services.

The Bank's Head Office is located at 1193 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok 10400.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Preparation of the Financial Statements

The financial statements are prepared in conformity with Generally Accepted Accounting Principles as prescribed in the Accounting Act, 2000 (B.E. 2543) and presented in accordance with the Notification, issued by the Bank of Thailand, No. SOR NOR SOR 11/2553 dated December 3, 2010 regarding the Preparation and Announcement of the Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups.

2.2 Adoption of New and Revised Thai Accounting Standards

The Bank has adopted the new and revised Accounting Standards and Financial Reporting Standards which will affect its financial statements for fiscal periods beginning on or after January 1, 2011. The details of Standards are as follows:

Accounting Standards

- TAS 1 Presentation of Financial Statements (Revised 2009)
- TAS 7 Statement of Cash Flows (Revised 2009)
- TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Revised 2009)
- TAS 10 Events after the Reporting Period (Revised 2009)
- TAS 16 Property, Plant and Equipment (Revised 2009)
- TAS 17 Leases (Revised 2009)
- TAS 18 Revenue (Revised 2009)
- TAS 19 Employee Benefits
- TAS 23 Borrowing Costs (Revised 2009)
- TAS 24 Related Party Disclosures (Revised 2009)
- TAS 26 Accounting and Reporting by Retirement Benefit Plans
- TAS 27 Consolidated and Separate Financial Statements (Revised 2009)
- TAS 28 Investments in Associates (Revised 2009)
- TAS 29 Financial Reporting in Hyperinflationary Economics
- TAS 34 Interim Financial Reporting (Revised 2009)
- TAS 36 Impairment of Assets (Revised 2009)
- TAS 37 Provisions, Contingent Liabilities and Contingent Assets (Revised 2009)
- TAS 38 Intangible Assets (Revised 2009)

Financial Reporting Standard

- TFRS 5 Non-current Assets Held for Sale and Discontinued Operations (Revised 2009)

In applying the above mentioned Standards, the subsequent effects are as follows:

1. TAS 1 Presentation of Financial Statements (Revised 2009) according to the revised TAS, the financial statements comprise the statement of financial position, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and notes to financial statements.

2. TAS 19 Employee Benefits, the estimated past service cost as at December 31, 2010 was Baht 95.80 million. The Bank recorded total amount of past employee benefit obligation by adjusting with brought forward retained earnings of the year 2011. The effects of the policy are as follows:

- In the statement of financial position, the Bank's provision increased of amount Baht 95.80 million and the Bank's brought forward unappropriated retained earnings decreased with the same amount.
- In the statements of comprehensive income, the Bank's personnel expenses for the year 2011 increased of amount Baht 12.33 million.

In adopting TAS 20 regarding the Accounting for Government Grants and Disclosure of Government Assistance (Revised 2009) and TAS 21 regarding the Effects of Changes in Foreign Exchange Rate (Revised 2009), the Bank has considered the impact of these accounting standards and determined that they will have no material impact on the Bank's financial statements in the period of initial adoption in 2013.

2.3 Changes in Accounting Policies and Accounting Estimates

2.3.1 Changes in Accounting Policies

On January 1, 2011, the Bank changes accounting policy for derivatives from Hedge Accounting which records the fair value changes in hedging reserve caption under capital in statement of financial position to Derivatives Accounting which records the fair value changes on derivatives in statement of comprehensive income according to IAS 39 regarding Financial Instruments : Recognition and Measurement. Under such change, the Bank had reversed hedging reserve as at December 31, 2010 of amount Baht 40.63 million and recognized as gains (losses) on revaluation of derivatives.

2.3.2 Changes in Accounting Estimates

The Bank had reappraised the useful life and reviewed the carrying amount of assets according to TAS 16 Property, Plant and Equipment as follows;

- The Bank had reappraised the useful life of building at head office. After reappraisal, the new useful life is now 50 years increasing from 30 years which affects the accumulated depreciation to decrease by the amount of Baht 12.29 million per year.

- The Bank had reviewed the carrying amount of vehicles with the expected proceed on disposal of vehicles and adjusted amount of salvage value to those related vehicles. Such revision will decrease the depreciation expense in 2011 by Baht 8.97 million.

The Bank recognizes the effects of change in accounting policy by using prospective method according to TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Revised 2009).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and Cash Equivalents

Cash and cash equivalents represent cash in hand and cash on collection.

3.2 Recognition of Income

Interest income is recognized on an accrual basis, except for interest from non-performing loan which the Bank reverses all accrued interest income. The Bank will recognized interest income from non-performing loan upon receipt.

Government and government agency grant related to compensation for interest is recognized as interest on loan on an accrual basis.

Revenue from export credit insurance, investment insurance and stand-by claims purchase agreement are recognized as fee and service income on a cash basis.

3.3 Recognition of Expenses

Interest expenses are recognized on an accrual basis.

Expenses on reinsurance are recognized as fee and service expenses on an accrual basis.

3.4 Derivatives

Derivatives are initially recorded at fair value on Trade Date and subsequently measured at fair value. The changes in fair value are recognized as gains (losses) on revaluation of derivatives which present as gains (losses) on trading and foreign exchange transactions in statement of comprehensive income.

Fair value is the net financial amount expecting to pay or receive in exchanging or settling the financial derivatives at the specific time. The Bank computes the fair value by determining the present value using discounted cash flows method, except for the derivatives that are options which will be computed by the generally accepted option valuation methods.

3.5 Investment

Investments in marketable debt or equity securities classified as investments for trading are stated at fair value. Gains or losses arising from their revaluation and gains or losses on disposal of investments are recognized as gains (losses) on trading and foreign exchange transactions.

Investments in marketable debt or equity securities classified as available-for-sale investments are stated at fair value. Gains or losses arising from their revaluation are separately stated in the shareholders' equity, which present as other comprehensive income, and charged to the statements of comprehensive income upon disposal.

Investments in held-to-maturity debt securities are stated at amortized cost, net of allowance for impairment. Premiums or discounts on held-to-maturity debt securities are amortized using the effective interest rate method throughout their remaining maturity. Losses on impairment are charged to the statements of comprehensive income.

Investments in non-marketable equity securities classified as general investments are stated at cost, net of allowance for impairment. Losses on impairment are charged to the statements of comprehensive income.

Investments in associated companies presented in the Bank's separate financial statements are recorded by using the cost method.

Investment in mutual fund are stated at net asset value as of the reporting date. The changes in net asset value are recognized in the statement of comprehensive income.

The Bank recognizes investment on the settlement date.

Interest income from debt securities is recognized on an accrual basis and presented under interest income. Dividend income from equity securities is recognized on an accrual basis and presented under other operating income.

Cost of disposed investment is calculated by using the weighted-average method.

3.6 Loans

Loans are reported at the principal amounts, except for bank overdrafts which included accrued interest receivables. Unearned discounts received in advance are presented as a deduction from loans.

The Bank recognizes and derecognizes the transaction on settlement date.

3.7 Allowance for Doubtful Accounts

The Bank sets aside the allowance for doubtful accounts and charges it as expense in the doubtful accounts item. The allowance amount is determined based on the outstanding loan amount and the financial status, collateral and repayment ability of the individual borrowers, including borrowers undergoing debt restructuring. The Bank's allowance for doubtful accounts is made based on the classification of loans and customers' repayment ability in accordance with prudent banking rules as prescribed in the Bank's delinquency classification rules which are in line with the rules promulgated by the Bank of Thailand under the Notification No. SOR NOR SOR 31/2551 dated August 3, 2008 regarding Classification and Provision Criteria of Financial Institution. The Bank thereby sets aside the allowance for doubtful accounts at the rate of 100% of the difference between the book value of loans and the present value of expected cash flow from the debtor or the present value of expected cash flow from the sale of collateral, e.g. property, leasehold rights, machinery and vehicle. Moreover, the Bank will revise the collateral value on every 1 to 3 year-basis.

The Bank does not provide allowance for the loans extended in accordance with the government's policy or directive or the cabinet resolution which are covered against losses under Section 23 of the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), and loans which are covered by the export credit insurance.

Bad debt written off is deducted from the allowance amount for doubtful accounts and the bad debt recovered is recognized as income in the statement of comprehensive income.

3.8 Troubled Debt Restructuring

The Bank analyzes borrowers' financial and business status and cash flow projections based on reasonable criteria together with supporting evidence that borrowers are able to honor the debt restructuring agreements.

In the case of the Bank receiving debt repayment by a transfer of assets or ownership interests, the fair value is adopted.

In the case of adjustment to the repayment terms and conditions, the Bank recalculates the fair value of the debt by determining the present value of future expected cash flows in accordance with the adjusted repayment conditions using the Bank's regular interest rate on the debt restructuring date as the discount rate. The difference between the new fair value and the debt amount, including principal and accrued interest, is recorded as revaluation allowance for debt restructuring. The Bank recognized loss on debt restructuring as expenses in the statements of comprehensive income in the relevant accounting period.

3.9 Debt Write-Down

The Bank has a policy to write down bad debt accounts which are past due over one year and have no clear indications of recovery. The written-down accounts are deducted from the allowance amount for doubtful accounts. The amount recovered or restructured and upgraded are recognized as income in the the statements of comprehensive income.

3.10 Properties Foreclosed

Properties foreclosed consist of movable and immovable assets, receiving from debt repayments, which are reported at the lower of cost or market value less allowance for impairment. Losses on impairment or reversal of losses on impairment are recognized as other operating expenses or income in the statements of comprehensive income.

Gains or losses on disposal of properties foreclosed are recognized as other operating income or expenses upon disposal.

In appraising properties foreclosed, according to the Export-Import Bank of Thailand Regulation regarding Appraisal for Properties B.E. 2548, the Bank does internal appraisal for the item that has carrying amount not over than Baht 100 million and relies on an external appraiser for the item that has carrying amount over than Baht 100 million.

3.11 Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation and allowance for asset impairment (if any). For those items that cost not over Baht 3,000, the Bank recognizes as expenses in the statements of comprehensive income for the accounting period that they are acquired.

Buildings and equipment are depreciated on a straight-line basis over their estimated useful lives, which are as follows:

- Buildings	50	years
- Building improvement	10	years
- Equipment	3-5	years

Gains or losses on disposal of premises and equipment are recognized as other operating income or expenses upon disposal.

3.12 Intangible Assets

Intangible assets consist of computer software and computer system development expense which are stated at cost less accumulated amortization and allowance for impairment (if any). Amortization is calculated by the straight-line method, based on the estimated useful lives of the assets, which are between 3 - 5 years. The amortization is recognized as other operating expenses in the statements of comprehensive income.

Gains or losses on disposal of intangible assets are recognized as other operating income or expenses upon disposal.

3.13 Leasehold Rights

Leasehold rights are stated at cost less accumulated amortization. Amortization is calculated by the straight-line method, based on the lease period, which are between 3 - 20 years. Amortization is recognized as premises and equipment expenses.

3.14 Translation of Foreign Currencies

The Bank records assets and liabilities denominated in foreign currencies at the transaction date. At the statement of financial position date, all such outstanding is translated into Baht at the reference foreign exchange rates announced by the Bank of Thailand. Gains or losses on translation are recognized as net gains or losses on trading and foreign exchange transactions.

3.15 Contingent Liabilities from Export Credit Insurance Services and Provisions

The services related to export credit insurance are reported under the contingent liabilities caption of the statement of financial position as export bills insured. Any payment of insurance claims is recorded as insurance claim receivables and will subsequently be recovered from foreign debtors.

Provisioning rules for export credit insurance for the Bank are as follows:

- 1) Allowance for doubtful accounts on the compensated claims

The Bank would make provisions for the compensated claims equal to the difference between the net book value of receivables after deduction of reinsurance amount and the net present value of expected cash flow from the debtors after deduction of cash flow payable to reinsurer.

- 2) Provisions for the pending insurance claims payable

The Bank would make provisions for the pending insurance claims payable at the rate of 50% of the exposures after deduction of reinsurance amount.

- 3) Provisions for future claims against the export credit insurance policies

The Bank would make provisions for future claims against the export credit insurance policies at the rate of 1% of the net amount of export bills insured outstanding not yet claimed after deduction of reinsurance amount.

In case of any losses under the export credit insurance services which may affect the Bank's operations and/or total required capital, the Bank will request a loss compensation from the Ministry of Finance as stated in Section 24 of the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), which was amended by the Export-Import Bank of Thailand Act (No. 2), 1999 (B.E. 2542).

3.16 Contingent Liabilities from Investment Insurance Services and Provisions

Investment insurance services are reported under the contingent liabilities caption of the statement of financial position as other contingencies. Any payment of insurance claims is recorded as insurance claim receivables and will subsequently be recovered from the government of the host countries or related parties.

Provisioning rules for investment insurance for the Bank are as follows:

- 1) Allowance for doubtful accounts on the compensated claims

The Bank would make provisions for the compensated claims equal to the difference between the net book value of receivables after deduction of reinsurance amount and the net present value of expected cash flow from the debtors after deduction of cash flow payable to reinsurer.

- 2) Provisions for doubtful accounts on pending claims payable

The Bank would make provisions for the pending insurance claims payable at the rate of 50% of the exposures after deduction of reinsurance amount.

3.16 Contingent Liabilities from Investment Insurance Services and Provisions (Continued)

3) Provisions for future claims against the investment insurance policies

The Bank would make provisions for future claims against investment insurance policies at the rate of 50% of the annual premium received until the provisions are equal to 10% of the total amount of contingent liabilities of investment insurance.

In case of any losses under the investment insurance services which may affect the Bank's operations and/or total required capital, the Bank will request a loss compensation from the Ministry of Finance as stated in Section 24 of the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), which was amended by the Export-Import Bank of Thailand Act (No. 2), 1999 (B.E. 2542).

3.17 Contingent Liabilities from Stand-By Claims Purchase Agreement Services and Provisions

Stand-by claims purchase agreement services are reported under the contingent liabilities caption of the statement of financial position as other contingencies. Any payment of such stand-by claims purchase agreement service is recorded as stand-by claims receivables and will subsequently be recovered from debtors.

Provisioning rules for stand-by claims purchase agreement for the Bank are as follows:

1) Allowance for doubtful accounts on the paid purchase under the stand-by claims purchase agreement service

The Bank would make provisions for the paid purchase under the stand-by claims purchase agreement service equal to the difference between the net book value of receivables after deduction of reinsurance amount and the net present value of expected cash flow from the debtors after deduction of cash flow payable to reinsurer.

2) Provisions for doubtful accounts on the pending service claims payable

The Bank would make provisions for the pending claims of such stand-by claims purchase agreement service at the rate of 50% of the exposures after deduction of reinsurance amount.

3) Provisions for the future service claims against the stand-by claims purchase agreement policies

The Bank would make provisions for future service claims against the stand-by claims purchase agreement policies at the rate of 1% of the net amount of stand-by claims purchase agreement outstanding not yet claimed after deduction of reinsurance amount.

3.18 Provisions

The Bank recognizes an obligation arising from past events when it becomes probable that an outflow of resources embodying economic benefits will be required to settle this obligation, and when the amount can be reliably estimated. The Bank recognizes the provisions including the provisions for contingent liabilities and the provision for the employment benefits, in the statements of financial position.

3.19 Employee Benefits

3.19.1 Staff Provident Fund

The Bank established a provident fund under the Provident Fund Act B.E. 2530 (1987) and became a registered fund being approved by the Ministry of Finance on April 27, 1994. The provident fund is managed by TISCO Asset Management Company Limited.

Contributions to the employee provident fund are made under the provisions of "The Staff Provident Fund of Export-Import Bank of Thailand Already Registered", which has been registered as a legal entity. Employee shall make contribution to the provident fund at 3-8.5% of salary and the Bank's supplemental contribution is at 4-8.5% of employee's salary according to the years of employment.

3.19.2 Defined Benefit Plan

The Bank has policy to provide employee benefits which based on salaries and service rendered by employees during the period.

The provision for the employee benefits is assessed by using the actuarial technique, the Projected Unit Credit Method, to determine the cash flows of employee benefits to be paid in the future. Under this technique, the determination is based on actuarial calculations which include the employee's salaries, turnover rate, mortality rate, years of service and other related factors. Then, such cash flows are discounted by using the yield at the reporting date on government bonds that published by ThaiBMA. The employee benefits is presented as provisions in the statements of financial position.

3.20 Appropriation of Annual Net Income

According to Export-Import Bank of Thailand Act, 1993 (B.E. 2536), the Bank appropriates no less than half of the annual net profit as a reserve for its operations while the remainder of the net profit is appropriated to the capital fund and/or remitted to the Ministry of Finance.

4. RISK MANAGEMENT

4.1 Risk Management Principles

The Bank's risk management principles and guidelines consist of:

4.1.1 Identification of Risk Management Framework

The Board of Directors has approved an enterprise-wide risk management framework that covers every category of risks. This framework serves as guidelines for operation and improvement of organizational environment, which eventually lead to the incorporation of risk management as part of organizational culture.

4.1.2 Determination of Systematic Risk Management Process

- **Risk identification** – is an analysis to identify risks, root causes, internal and external risk factors that hinder achievement of strategic goals.

- **Risk assessment of inherent risk and residual risk** – is conducted based on the likelihood and impact of risks.

- **Risk response** – is performed based primarily on the severity of risks in order to control and mitigate risks to an acceptable level and be in line with the Bank's risk management policy and strategy to ensure risk responses are effectively carried out and associated with the outcome.

- **Risk monitoring** – is performed systematically and constantly to prevent and control damages in a timely manner.

4.1.3 Identification of Key Risk Indicators and Acceptable Risk Level

The Bank has identified Key Risk Indicators (KRIs), an acceptable level of risks (risk appetite) and an acceptable level of variation of risks (risk tolerance) for each type of risks as guidelines for monitoring and controlling these risks to an acceptable level.

4.1.4 Accountability for Risk Management of Related Business Units

The Bank is fully aware that all employees, from the management to staff members, are individually responsible for managing risks, whether risks arising within their own unit or those associated with other units. Therefore, the Bank has communicated and enhanced knowledge and understanding of risk management principles and procedures among all staff members bank-wide.

4.1.5 Incorporation of Risk Management as part of Organizational Culture

The Bank has laid down the Regulation on Ethical Conduct consisting of stipulations on ethics for the Bank's executives and employees as well as related penalties in line with legal principles. The Bank has also formulated the Regulation pertaining to Conflict of Interest Prevention and a guideline for credit extension or investment in businesses involving a conflict of interest with the ultimate goal of incorporating risk management process as part of day-to-day operations and organizational culture.

4.2 Risk Management on All Categories of Risks as Defined by the Bank

According to the Bank, risks are divided into six categories:

4.2.1 Strategic Risk

Strategic risk is defined as any incident or opportunity or likelihood that the Bank may improperly implement its strategic and action plans, be slow or inconsistent in self-adjusting to the change in internal and

external environments, which may have an impact on achieving goals set forth in Strategic and Action Plans, on revenues, capital funds or the Bank as a going concern. Any decision on implementing Strategic Plan by the Board of Directors and the Top Management Committee will inevitably affect other risks.

Strategic Risk Management Tools

Key tools for strategic risk management consist of business planning processes developed based on the balanced scorecard principle, by using SWOT analysis and the Economic Value Management (EVM) to value the Bank's investments; the linkage between Risk Assessment Plan and Business Plan; and the creation of risk map by taking into consideration the portfolio view of risk and so forth.

4.2.2 Credit Risk

Credit risk is an incident or opportunity or likelihood of the Bank's customers, whether of credit, investment or insurance services, including the Bank's partners and/or counterparties failing to adhere to the contracts or the agreed terms or conditions on debt repayments, or a risk incurred from the inability of customers to repay loans, which thereby results in their credit rating downgrading that could potentially affect the Bank's capital funds and income.

Credit Risk Management Tools

Key tools used to manage credit risk are Industry Warning Sign; Credit Warning Sign & Hot List for specially-monitored customers; Credit Rating System as a basis for credit consideration; Concentration Limits on the Bank's credit line to a single customer/ a group of customers/ a single industry/ a single country, including export credit insurance Maximum Credit Liability (MCL) to a single buyer or buyer's bank/ a group of buyers or buyers' banks; credit review/ annual review and debt restructuring monitor in accordance with the Credit Policy; Credit Stress Test conducted under different circumstances on at least a yearly basis; etc.

4.2.3 Market Risk

Market risk is an incident or opportunity or likelihood in which the Bank's statement of financial position has been affected by movements or changes in interest rates and/or exchange rates and/or value of financial instruments in the money and capital markets, which thereby results in instability of the Bank's income and capital funds.

Market Risk Management Tools

The major tool adopted in market risk management is Market Stress Test, performed on a quarterly basis. Besides, there are three other tools, classified by sources of market risk, used by the Bank to manage market risk, as follows:

- **Interest rate risk** is managed with tools such as maturity gap analysis on the assets and liabilities, net interest income sensitivity, and economic value of equities (EVE), etc.
- **Foreign exchange rate risk** is managed by using the criteria of the end-of-day FX position, both in individual and in aggregate currencies, determination of Stop Loss Level for proprietary FX trading of all currencies, and tools for gauging maximum potential loss from foreign exchange rate risk, etc.
- **Price risk** is managed by way of investing on financial instruments that are highly liquidated, having low risk and receiving at least Investment Grade rating. All investment portfolios will be considered under the

supervision of Asset/ Liability Management Committee (ALCO) to ensure that the investment is within limits as well as complying with investment criteria approved by the Board of Directors.

4.2.4 Liquidity Risk

Liquidity risk is an incident or opportunity or likelihood that the Bank may face insufficient cash flow in relation to credit approval, additional investment, deposit repayment or loan repayment upon due date; although in certain cases, the Bank could procure sufficient funds to meet cash demand but merely at an unusually higher cost than normal practice. Liquidity risk could be caused by either external or internal factors. The Bank, therefore, has to keep tracking the indicators of possible liquidity risk, and formulate Strategic Plan and Business Plan that are aligned with the business environment.

Liquidity Risk Management Tools

The Bank's liquidity risk management tools consist of the use of risk limits to maintain liquidity of assets; comparison of the immediate liquidity and available liquidity from procurable funding sources with the projected net cash flows in order to maintain adequate liquidity excess for the fund requirement in all currencies; formulation of a contingency plan on liquidity risk management in a normal and a critical situation; and liquidity stress test conducted on a quarterly basis. The ALCO is responsible for supervising the Bank's liquidity management as well as raising short-term and long-term fund from both domestic and overseas money markets.

As at December 31, 2011 and December 31, 2010 the Bank had significant asset and liability items classified by maturity as follows:

Unit: Million Baht

	December 31, 2011			December 31, 2010		
	Less than	Over	Total	Less than	Over	Total
	1 year	1 year		1 year	1 year	
Assets						
Interbank and money market items, net	5,060.91	-	5,060.91	5,665.05	-	5,665.05
Investments, net	2,714.91	696.94	3,411.85	4,827.75	788.57	5,616.32
Loans	<u>24,282.35</u>	<u>41,167.10</u>	<u>65,449.45</u>	<u>23,899.39</u>	<u>32,581.75</u>	<u>56,481.14</u>
Total assets	<u>32,058.17</u>	<u>41,864.04</u>	<u>73,922.21</u>	<u>34,392.19</u>	<u>33,370.32</u>	<u>67,762.51</u>
Liabilities						
Deposits	7,818.03	-	7,818.03	4,881.61	2,963.81	7,845.42
Interbank and money market items, net	1,418.38	4,753.68	6,172.06	8,215.54	-	8,215.54
Debt issued and borrowings	<u>3,118.79</u>	<u>40,156.48</u>	<u>43,275.27</u>	<u>9,148.30</u>	<u>26,863.09</u>	<u>36,011.39</u>
Total liabilities	<u>12,355.20</u>	<u>44,910.16</u>	<u>57,265.36</u>	<u>22,245.45</u>	<u>29,826.90</u>	<u>52,072.35</u>

4.2.5 Operational Risk

Operational risk is an incident or opportunity or likelihood that the Bank may suffer from a lack of or inadequate good corporate governance and inefficient control on internal operation process, human resources and business practices or external incidents that eventually pose adverse impacts on the operating income and capital funds of the Bank. Operational risk also includes legal risk, which refers to the risk of facing prosecution or legal action or risk of being fined by the authorities or risk from damages arising from out-of-court settlements, etc. Operational risk has an impact on other risk categories, especially strategic risk and reputational risk.

Operational Risk Management Tools

Key tools to manage operational risk are the handbooks on internal control, control self-assessment (CSA), including fraud management and business continuity management (BCM).

4.2.6 Reputational Risk

Reputational risk is an incident or opportunity or likelihood of any event or situation associated with the Bank's operations that may cause its personnel and other parties concerned with the Bank's business (such as customers, counterparties and related agencies), including the media, independent organizations and the general public, to have negative perception on the Bank, whether it is true or not, to the extent that it adversely affects the financial position, business operation capability, credibility and reason to exist of the Bank.

Reputational Risk Management Tools

To manage reputational risk, the Bank adopts key tools such as customer satisfaction surveys; complaint reports by external parties, individual or juristic, with regard to the Bank's overall services and service quality, filed through the Bank's website and other channels of state agencies; tracking of news and information about the Bank via external media on a timely basis and sufficiently covering all communication channels; monitor on any changes/updates on regulatory rules concerned with the Bank; etc.

4.3 Fair Value of Financial Instruments

Unit: Million Baht

	<u>The Bank's Financial Statements</u>			
	<u>December 31, 2011</u>		<u>December 31, 2010</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets				
Cash	0.22	0.22	2.71	2.71
Interbank and money market items, net	5,060.91	5,060.91	5,665.05	5,665.05
Derivatives	637.05	637.05	243.10	243.10
Investments, net	3,411.85	3,437.25	5,616.32	5,544.46
Investment in associated company, net	4.29	4.29	4.29	4.29
Loans to customers and accrued interest receivable, net	<u>62,956.97</u>	<u>62,956.97</u>	<u>54,481.92</u>	<u>54,481.92</u>
Total financial assets	<u>72,071.29</u>	<u>72,096.69</u>	<u>66,013.39</u>	<u>65,941.53</u>
Financial liabilities				
Deposits	7,818.03	7,818.03	7,845.42	7,845.42
Interbank and money market items, net	6,172.06	6,172.06	8,215.54	8,215.54
Liabilities payable on demand	173.81	173.81	60.60	60.60
Derivatives	315.38	315.38	386.66	386.66
Debt issued and borrowings	<u>43,275.27</u>	<u>43,275.27</u>	<u>36,011.39</u>	<u>36,011.39</u>
Total financial liabilities	<u>57,754.55</u>	<u>57,754.55</u>	<u>52,519.61</u>	<u>52,519.61</u>

4.4 Capital Adequacy under the Ministerial Regulations and Basel II Standard

4.4.1 Capital under the Ministerial Regulations

At the end of December 2011, the Bank's capital adequacy ratio (CAR) stood at 21.19%, exceeding the minimum capital adequacy ratio stipulated in the Ministerial Regulations (not less than 8%) and the Bank's capital to insurance service contingent liabilities ratio stood 45.91%, exceeding the minimum capital to insurance service contingent liabilities ratio stipulated in the Ministerial Regulation (not less than 20%).

Capital Adequacy Ratio Based on the Ministerial Regulations

Unit: Million Baht

	<u>Ministerial</u>	<u>December 31, 2011</u>	<u>December 31, 2010</u>
	<u>Regulations</u>		
1. Capital *		14,671.61	14,673.82
2. Risk assets **		69,222.35	63,071.62
3. Insurance service contingent liabilities		31,955.45	26,068.87
4. Capital to risk assets (1)/(2)	Not less than 8%	21.19%	23.27%
5. Capital to insurance service contingent liabilities (1)/(3)	Not less than 20%	45.91%	56.29%

Remarks : * Capital includes only capital under the Ministerial Regulations.

** Risk assets have been calculated from credit risk assets, which excluded insurance service contingent liabilities, and the risk weight used in calculation is different from Basel II approach.

4.4.2 Capital under Basel II Standard

Pillar I Minimum Capital Requirement

The Bank has maintained the minimum capital adequacy (against credit-risk, market-risk and operational-risk assets) according to the Bank of Thailand's guideline on maintaining of capital funds for financial institutions in Thailand. The Bank has adopted basic compliance method that fits its relatively small business size and not too complicated business nature. The details of capital adequacy under Basel II standard (International Convergence of Capital Measurement and Capital Standard: Basel II) are showed below:

Capital Adequacy Ratio Based on Basel II

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Total capital to risk assets	15.41%	16.99%
Tier 1 capital to risk assets	14.16%	15.74%

Capital Structure Based on Basel II

Unit: Million Baht

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Tier 1 Capital		
Paid-up capital	12,800.00	12,800.00
Legal reserve	2,824.55	2,752.15
Cumulative loss	<u>(952.94)</u>	<u>(878.33)</u>
Total Tier 1 Capital	<u>14,671.61</u>	<u>14,673.82</u>
Tier 2 Capital		
Allowance for pass asset-classification	1,295.04	1,165.05
<u>Add</u> Revaluation surplus on investments in available-for-sale equity securities	0.08	0.07
<u>(Less)</u> Revaluation deficit on investments in available-for-sale equity securities	-	<u>(5.12)</u>
Total Tier 2 Capital	<u>1,295.12</u>	<u>1,160.00</u>
Total Capital Fund	<u>15,966.73</u>	<u>15,833.82</u>

Pillar II Supervisory Review Process

The Bank has a policy on risk and capital adequacy assessment according to Basel II, Pillar II Supervisory Review Process Framework and the Stress Test Policy with the objective to ensure that the Bank's assessment process for capital adequacy covers significant risk in accordance with the good corporate governance principles.

Pillar III Market Discipline

The Bank adheres to the disclosure rule pertaining to Basel II capital requirement according to the Bank of Thailand's Notification No. Sor Nor Sor. 25/2552 Re: Information Disclosures regarding Capital Fund Maintenance for Commercial Banks. In this respect, the Bank has drawn up a policy on disclosure of information regarding the capital adequacy under Basel II and has posted this information on the Bank's website as follows:

Location of disclosure : www.exim.go.th > About Exim Thailand > Disclosure of Capital Adequacy Information >

Disclosure of Capital Adequacy Information calculated according to Basel II

Date of disclosure : September 9, 2011

Information as at : June 30, 2011

5. ESTIMATES AND ASSUMPTIONS

In preparation of the financial statements in conformity to Generally Accepted Accounting Principles (GAAP), the Bank has to set up estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. The consideration for such estimates and assumptions is based on the experience and reliable information that is available at the time that the financial statements are being prepared. However, the actual results may differ from the estimates.

The Bank reviews the estimates and assumptions on a regular basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future period affected.

6. ADDITIONAL INFORMATION

6.1 Supplementary Information of Cash Flow

Significant non-cash items for the year ended December 31, 2011 and 2010 are as follows:

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Increase in revaluation surplus on investments in shareholders' equity	5.52	63.78
Increase in properties foreclosed from loan payment	7.65	44.40

Unit: Million Baht

6.2 Interbank and Money Market Items (Assets)

	<u>December 31, 2011</u>			<u>December 31, 2010</u>		
	<u>At call</u>	<u>Term</u>	<u>Total</u>	<u>At call</u>	<u>Term</u>	<u>Total</u>
Domestic items						
Bank of Thailand	19.33	470.00	489.33	9.86	1,140.00	1,149.86
Commercial banks	22.26	3,222.57	3,244.83	34.45	3,023.92	3,058.37
Special financial institutions	<u>1.27</u>	<u>-</u>	<u>1.27</u>	<u>0.78</u>	<u>-</u>	<u>0.78</u>
Total	42.86	3,692.57	3,735.43	45.09	4,163.92	4,209.01
<u>Add</u> Accrued interest receivables	-	0.09	0.09	-	0.28	0.28
<u>(Less)</u> Allowance for doubtful accounts	<u>-</u>	<u>(32.23)</u>	<u>(32.23)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total domestic items	<u>42.86</u>	<u>3,660.43</u>	<u>3,703.29</u>	<u>45.09</u>	<u>4,164.20</u>	<u>4,209.29</u>
Foreign items						
US Dollars	771.40	344.10	1,115.50	875.18	282.04	1,157.22
Yen	69.66	-	69.66	28.93	-	28.93
Euro	143.35	-	143.35	62.49	179.73	242.22
Other currencies	<u>32.47</u>	<u>-</u>	<u>32.47</u>	<u>27.25</u>	<u>-</u>	<u>27.25</u>
Total	1,016.88	344.10	1,360.98	993.85	461.77	1,455.62
<u>Add</u> Accrued interest receivables	0.08	-	0.08	0.13	0.01	0.14
<u>(Less)</u> Allowance for doubtful accounts	<u>-</u>	<u>(3.44)</u>	<u>(3.44)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total foreign items	<u>1,016.96</u>	<u>340.66</u>	<u>1,357.62</u>	<u>993.98</u>	<u>461.78</u>	<u>1,455.76</u>
Total domestic and foreign items	<u>1,059.82</u>	<u>4,001.09</u>	<u>5,060.91</u>	<u>1,039.07</u>	<u>4,625.98</u>	<u>5,665.05</u>

6.3 Derivatives

As at December 31, 2011 and 2010, the fair value and notional amount classified by type of risk are as follows:

<u>Type of Risk</u>	<u>December 31, 2011</u>		<u>Notional Amount</u>
	<u>Fair Value</u>	<u>Fair Value</u>	
	<u>Assets</u>	<u>Liabilities</u>	Unit: Million Baht
Exchange rate	428.17	230.44	23,454.42
Interest rate	<u>208.88</u>	<u>84.94</u>	<u>11,960.75</u>
Total	<u>637.05</u>	<u>315.38</u>	<u>35,415.17</u>

<u>Type of Risk</u>	<u>December 31, 2010</u>		<u>Notional Amount</u>
	<u>Fair Value</u>	<u>Fair Value</u>	
	<u>Assets</u>	<u>Liabilities</u>	Unit: Million Baht
Exchange rate	161.69	356.73	27,654.30
Interest rate	<u>81.41</u>	<u>29.93</u>	<u>8,879.90</u>
Total	<u>243.10</u>	<u>386.66</u>	<u>36,534.20</u>

As at December 31, 2011 and 2010, the proportion of derivatives transactions classified by type of counterparty base on the notional amount are as follows:

<u>Counterparty</u>	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Financial institutions	81.28%	67.86%
Third parties	<u>18.72%</u>	<u>32.14%</u>
Total	<u>100.00%</u>	<u>100.00%</u>

6.4 Investments, Net

6.4.1 Available-for-Sale Investments

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
	<u>Fair Value</u>	<u>Fair Value</u>
Government and state enterprise securities	213.31	4,677.00
Domestic marketable equity securities	<u>1.26</u>	<u>21.11</u>
Total	<u>214.57</u>	<u>4,698.11</u>

6.4.2 Held-to-Maturity Debt Securities

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
	<u>Cost/Amortized Cost</u>	<u>Cost/Amortized Cost</u>
Government debt securities	2,416.79	-
Private enterprise debt securities	70.00	70.00
Foreign debt securities	<u>582.85</u>	<u>708.30</u>
	3,069.64	778.30
(Less) Allowance for revaluation	<u>(0.18)</u>	<u>(0.62)</u>
Total	<u>3,069.46</u>	<u>777.68</u>

6.4.3 General Investments

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
	<u>Cost</u>	<u>Cost</u>
Mutual funds	140.11	140.11
Others	<u>0.43</u>	<u>0.42</u>
Total	140.54	140.53
(Less) Allowance for impairment	<u>(12.72)</u>	<u>-</u>
Total	<u>127.82</u>	<u>140.53</u>
Total investments, net	<u>3,411.85</u>	<u>5,616.32</u>

6.4.3 General Investments (Continued)

General investments amounted Baht 140.11 million, consists of two open-ended funds as follows:

1. Mutual fund that mobilizes funds from institutional investors for investment in energy or alternative energy-related businesses. The Mutual Fund's redemption will start in the 6th year (2013) onwards in case the Fund has earned dividend income, income from sale of securities or its properties, or other income, which are not deployed for reinvestment.

As at December 31, 2011, the Bank had 6.31 million investment units, which based on the par value of 10 Baht per unit, represented Baht 63.11 million of investments.

2. Mutual fund for long-term investment in industries crucial to national development with a focus on investments in companies having high capacity in innovations and technologies for infrastructure development, manufacturing companies for import substitution, as well as companies expanding their businesses and investments overseas. In 2009, the Bank had 5,000 investment units, which based on the par value of 1,000 Baht per unit, represented Baht 5 million of investments. In 2010, the Bank purchased 31,951.10 investment units at 375.57 Baht per unit, represented Baht 12 million of investments, and 177,330.54 investment units at 338.35 Baht per unit, represented Baht 60 million of investments, thereby bringing the total investment to Baht 77 million.

6.5 Investment in Associated Company

On June 5, 2008, the Bank invested in the ordinary shares of Thai EXIM International Company Limited in the amount of Baht 4.29 million or 49% of the initial paid up capital which is Baht 8.75 million. The company, incorporated on May 27, 2008, with registered share capital of Baht 35 million, is located at EXIM Building 1193 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok. The company's main objectives are to provide advisory services related to import and export businesses, claims administration and investments.

As at December 31, 2011 and 2010, the investment in Thai EXIM International Company Limited (Associated Company) presented in financial statement in which the equity method is applied to investment are Baht 4.50 million and Baht 4.46 million, respectively.

The Bank's consolidated financial statements in which the equity method is applied to investment for the year ended December 31, 2011 included financial information of the Thai Exim International Company Limited's audited financial statements.

On December 22, 2010 the extraordinary meeting of shareholders of Thai EXIM International Company Limited No. 2/2553 has approved a resolution to terminate its foreign branch's business operations and further liquidation.

On October 28, 2011 the extraordinary meeting of shareholders of Thai EXIM International Company Limited No. 2/2554 has approved the filing for liquidation and appointing the liquidator. Thai EXIM International Company Limited had formally filed for the liquidation on November 8, 2011.

6.6 Loans and Accrued Interest Receivables, Net

6.6.1 Classified by Type of Loan

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
		Unit : Million Baht
Overdrafts	241.11	272.87
Domestic loans - customers	49,928.22	39,843.27
- export bills negotiation	835.22	889.04
- staff loans	254.79	243.57
Overseas loans - foreign government agencies	4,328.24	4,968.57
- customers operating overseas	9,706.95	10,191.59
Others	<u>154.92</u>	<u>72.23</u>
Total loans	65,449.45	56,481.14
<u>(Less)</u> Deferred revenue	<u>(6.50)</u>	<u>(3.99)</u>
Total loans, net of deferred revenue	65,442.95	56,477.15
<u>Add</u> Accrued interest receivables	<u>517.44</u>	<u>438.20</u>
Total loans and accrued interest receivables, net of deferred revenue	65,960.39	56,915.35
<u>(Less)</u> Allowance for doubtful accounts		
- Minimum allowance by BOT's regulation	(1,306.69)	(1,602.77)
- Excess allowance	(1,458.00)	(610.00)
Revaluation allowance for debt restructuring	<u>(238.73)</u>	<u>(220.66)</u>
Total loans, net	<u>62,956.97</u>	<u>54,481.92</u>

Overseas loans extended to foreign government agencies of amount Baht 4,328.24 million were loans extended to foreign government agencies in accordance with the Thai government policy, with interest charged from those borrowers at the rate of 1.50% p.a. and 3.00% p.a. The differences between such interest rates and the cost of fund of the Bank were subsidized by the Thai government or concerned state agencies. Moreover, in a certain project, the Bank also received an additional operating fee at 0.75% p.a. apart from the interest revenue subsidy.

The Bank provided loan facility of Baht 4,000 million to a foreign government agency in accordance with the cabinet resolution on June 8, 2004. In this regard, under Section 23 of Export-Import Bank of Thailand Act 1993 (B.E. 2536) and amended by Export-Import Bank of Thailand Act (No. 2) 1999 (B.E. 2542), the Bank will receive fund from Ministry of Finance to compensate the Bank for any damage from this particular loan. However, the total drawdown amount was Baht 3,946.14 million, while, the loan outstanding as at December 31, 2011 was Baht 2,818.67 million. After having investigated the government's policy regarding such loan, the Asset Examination Committee (ACE) filed a lawsuit with the Supreme Court's Criminal Division for Person Holding Political Positions

against a particular government officer. In addition, on July 30, 2008, the Supreme Court accepted the lawsuit and imposed a temporary dismissal on the case on September 16, 2008.

6.6.2 Classified by Currency and Residency

	Unit: Million Baht					
	<u>December 31, 2011</u>			<u>December 31, 2010</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	35,708.10	7,750.12	43,458.22	32,491.51	7,831.16	40,322.67
US Dollar	15,630.80	6,285.07	21,915.87	8,780.81	7,329.00	16,109.81
Other currencies	<u>68.86</u>	<u>-</u>	<u>68.86</u>	<u>44.67</u>	<u>-</u>	<u>44.67</u>
Total	<u>51,407.76</u>	<u>14,035.19</u>	<u>65,442.95</u>	<u>41,316.99</u>	<u>15,160.16</u>	<u>56,477.15</u>

6.6.3 Classified by Loan Classification

	Unit: Million Baht			
	<u>December 31, 2011</u>			
	<u>Loans and</u>	<u>Outstanding Debt</u>	<u>Minimum</u>	<u>Allowance</u>
	<u>Accrued Interest</u>	<u>after Deduction</u>	<u>Provision</u>	<u>for Doubtful</u>
<u>Receivables</u>	<u>of Collateral Value</u>	<u>Rate (%)</u>	<u>Accounts</u>	
1. Minimum allowance by BOT's regulation				
Pass	58,112.23	57,726.95	1,20,50	758.09
Special mentioned	25.97	25.51	2	0.51
Substandard	5.20	3.87	100	3.87
Doubtful	369.42	54.26	100	54.26
Doubtful of loss	<u>2,965.21</u>	<u>489.96</u>	100	<u>489.96</u>
Total minimum allowance by BOT's regulation	61,478.03	58,300.55		1,306.69
2. Excess allowance	<u>-</u>	<u>-</u>		<u>1,458.00</u>
Total	<u>61,478.03</u>	<u>58,300.55</u>		<u>2,764.69</u>

6.6.3 Classified by Loan Classification (Continued)

Unit : Million Baht

	<u>December 31, 2010</u>			
	<u>Loans and Accrued Interest Receivables</u>	<u>Outstanding Debt after Deduction of Collateral Value</u>	<u>Minimum Provision Rate (%)</u>	<u>Allowance for Doubtful Accounts</u>
1. Minimum allowance by BOT's regulation				
Pass	47,912.77	47,688.43	1,20,50	647.51
Special mentioned	43.04	43.04	2	0.86
Substandard	495.97	390.36	100	390.36
Doubtful	818.45	530.10	100	530.10
Doubtful of loss	<u>2,224.88</u>	<u>33.94</u>	100	<u>33.94</u>
Total minimum allowance by BOT's regulation	51,495.11	48,685.87		1,602.77
2. Excess allowance	<u>-</u>	<u>-</u>		<u>610.00</u>
Total	<u>51,495.11</u>	<u>48,685.87</u>		<u>2,212.77</u>

As at December 31, 2011 and 2010 the outstanding classified loans and loans which were not required to be classified (unclassified loans) were as follows:

Unit : Million Baht

	<u>December 31, 2011</u>		<u>December 31, 2010</u>	
	<u>Loans and Accrued Interest Receivables Net of Deferred Revenue</u>	<u>As % of Loans and Accrued Interest Receivables Net of Deferred Revenue</u>	<u>Loans and Accrued Interest Receivables Net of Deferred Revenue</u>	<u>As % of Loans and Accrued Interest Receivables Net of Deferred Revenue</u>
Classified loans	61,478.03	93.20	51,495.11	90.48
Unclassified loans	<u>4,482.36</u>	6.80	<u>5,420.24</u>	9.52
Total	<u>65,960.39</u>		<u>56,915.35</u>	

Loans which are not required to be classified are loans extended to individual persons or corporate entities in accordance with the government's policy or directive or the cabinet resolution which are covered against losses under Section 23 of the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), and loans which are covered by the export credit insurance.

6.6.3 Classified by Loan Classification (Continued)

Non-performing loans are loans on which principal repayments and/or interest payments are in arrears for over three months from the due date, or loans on which principal repayments or interest payments are in arrears for not over three months from the due date, but the principal repayment or interest payment capabilities are deemed uncertain, except there are reasonable grounds that loans could be performing based on the following:

- (1) Borrowers being analyzed for repayment capabilities and approved to extend the restructuring of the interest receivable as the loan principal or to relax or restructure the loan repayment terms and conditions.
- (2) Borrowers supported by the additional agreements or contracts of the new debt repayment terms and conditions under the debt restructuring agreements.

Unit: Million Baht				
<u>Loans</u>	<u>December 31, 2011</u>		<u>December 31, 2010</u>	
	<u>Loans and</u>	<u>As % of Loans</u>	<u>Loans and</u>	<u>As % of Loans</u>
	<u>Accrued Interest</u>	<u>and Accrued Interest</u>	<u>Accrued Interest</u>	<u>and Accrued Interest</u>
	<u>Receivables Net of</u>	<u>Receivables Net of</u>	<u>Receivables Net</u>	<u>Receivables Net of</u>
	<u>Deferred Revenue</u>	<u>Deferred Revenue</u>	<u>of Deferred Revenue</u>	<u>Deferred Revenue</u>
Non-performing loans	3,339.83	5.06	3,539.30	6.22

In 2011 and 2010, the Bank wrote-down debt accounts in the amount of Baht 964.98 million and Baht 1,732.92 million, respectively. As at December 31, 2011 and 2010, the outstanding balance of written-down accounts, which was not included in the financial statements, was Baht 4,201.54 million and Baht 3,619.13 million, respectively. In 2011 and 2010, the Bank recovered written-down debt accounts in the amount of Baht 515.44 million and Baht 257.60 million, respectively.

In 2011 and 2010, the Bank wrote-off of bad debts in the amount of Baht 10.79 million and Baht 72.10 million, respectively.

6.6.4 Troubled Debt Restructuring

In 2011 and 2010, the Bank had restructured debts applying the adjustment of repayment conditions method as follows:

Unit: Million Baht

Restructured Debts	Cases	2011		2010		
		Amount	As % of Loans and Accrued Interest Receivables Net Deferred Revenue	Cases	Amount	As % of Loans and Accrued Interest Receivables Net Deferred Revenue
Succeeded	7	16.96	0.03	6	92.14	0.16
In - process	44	1,077.01	1.63	59	1,321.23	2.32

As at December 31, 2011 and 2010, the Bank had outstanding restructured loan reclassified to normalcy for 24 cases amounting to Baht 1,585.61 million and for 19 cases amounting to Baht 1,618.28 million, respectively.

In 2011 and 2010, the Bank restructured the debt as follows:

Unit: Million Baht

Types of Restructuring	Cases	2011		As at December 31, 2011
		Before Restructuring	After Restructuring	
Change of repayment conditions				
Terms of debt restructuring agreements				
- Less than 5 years	7	16.96	16.96	22.67
- 5 to 10 years	-	-	-	-
Total	<u>7</u>	<u>16.96</u>	<u>16.96</u>	<u>22.67</u>

Types of Restructuring	Cases	2010		As at December 31, 2010
		Before Restructuring	After Restructuring	
Change of repayment conditions				
Terms of debt restructuring agreements				
- Less than 5 years	4	41.56	41.56	16.02
- 5 to 10 years	<u>2</u>	<u>50.58</u>	<u>50.58</u>	<u>171.02</u>
Total	<u>6</u>	<u>92.14</u>	<u>92.14</u>	<u>187.04</u>

6.6.4 Troubled Debt Restructuring (Continued)

In 2011 and 2010, the outstanding debt before the restructuring compared to the outstanding loans and accrued interest receivable net of deferred revenue were as follows:

	Unit: Million Baht			
	<u>December 31, 2011</u>		<u>December 31, 2010</u>	
	<u>Cases</u>	<u>Amount</u>	<u>Cases</u>	<u>Amount</u>
Restructured debt	7	16.96	6	92.14
Loans and accrued interest receivables net of deferred revenue	832	65,960.39	896	56,915.35

In 2011 and 2010, the Bank recognized interest income from debt restructuring in the amount of Baht 142.45 million and Baht 174.53 million, respectively.

As at December 31, 2011 and 2010, the Bank had commitments to extend additional loans to customers who had been restructured for the amount of Baht 129.77 million and Baht 152.28 million, respectively.

6.7 Allowance for Doubtful Accounts

	Unit: Million Baht						
	<u>December 31, 2011</u>						
	<u>Pass</u>	<u>Special Mention</u>	<u>Sub- Standard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Excess Allowance</u>	<u>Total</u>
Beginning balance	647.51	0.86	390.36	530.10	33.94	610.00	2,212.77
Increase (decrease) in allowance							
for doubtful accounts	110.58	(0.35)	(386.49)	(475.84)	1,421.00	848.00	1,516.90
Debts written down	-	-	-	-	(964.98)	-	(964.98)
Ending balance	<u>758.09</u>	<u>0.51</u>	<u>3.87</u>	<u>54.26</u>	<u>489.96</u>	<u>1,458.00</u>	<u>2,764.69</u>
	<u>December 31, 2010</u>						
	<u>Pass</u>	<u>Special Mention</u>	<u>Sub- Standard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Excess Allowance</u>	<u>Total</u>
Beginning balance	580.54	36.32	378.56	251.41	850.36	410.00	2,507.19
Increase (decrease) in allowance							
for doubtful accounts	66.97	(35.46)	11.80	278.69	916.50	200.00	1,438.50
Debts written down	-	-	-	-	(1,732.92)	-	(1,732.92)
Ending balance	<u>647.51</u>	<u>0.86</u>	<u>390.36</u>	<u>530.10</u>	<u>33.94</u>	<u>610.00</u>	<u>2,212.77</u>

6.10 Premises and Equipment, Net

Unit: Million Baht

	December 31, 2011								Net Premises and Equipment
	Cost				Accumulated Depreciation				
	Beginning Balance	Additions	Disposals	Ending Balance	Beginning Balance	Depreciation	Disposals	Ending Balance	
Land	388.20	3.06	-	391.26	-	-	-	-	391.26
Buildings									
- Buildings	676.78	6.47	-	683.25	308.92	10.43	-	319.35	363.90
- Building improvement	138.47	0.16	5.14	133.49	110.76	5.64	4.76	111.64	21.85
Equipment									
- Office equipment and fixtures	255.74	14.27	17.47	252.54	203.34	22.83	16.90	209.27	43.27
- Vehicles	87.51	5.66	16.32	76.85	39.21	5.49	15.26	29.44	47.41
Assets pending for write off	-	1.05	0.64	0.41	-	-	-	-	0.41
Assets under construction*	10.48	10.12	10.06	10.54	-	-	-	-	10.54
Total	<u>1,557.18</u>	<u>40.79</u>	<u>49.63</u>	<u>1,548.34</u>	<u>662.23</u>	<u>44.39</u>	<u>36.92</u>	<u>669.70</u>	<u>878.64</u>

* Assets under construction-disposal are assets recognized during the year.

	December 31, 2010								Net Premises and Equipment
	Cost				Accumulated Depreciation				
	Beginning Balance	Additions	Disposals	Ending Balance	Beginning Balance	Depreciation	Disposals	Ending Balance	
Land	388.20	-	-	388.20	-	-	-	-	388.20
Buildings									
- Buildings	676.78	-	-	676.78	286.28	22.64	-	308.92	367.86
- Building improvement	134.88	3.59	-	138.47	104.40	6.36	-	110.76	27.71
Equipment									
- Office equipment and fixtures	246.90	22.88	14.04	255.74	194.99	22.25	13.90	203.34	52.40
- Vehicles	90.33	30.58	33.40	87.51	59.50	13.11	33.40	39.21	48.30
Assets under construction*	5.12	15.33	9.97	10.48	-	-	-	-	10.48
Total	<u>1,542.21</u>	<u>72.38</u>	<u>57.41</u>	<u>1,557.18</u>	<u>645.17</u>	<u>64.36</u>	<u>47.30</u>	<u>662.23</u>	<u>894.95</u>

* Assets under construction-disposal are assets recognized during the year.

6.11 Intangible Assets, Net

The changes in the Bank's intangible assets, which are computer software, for the year ended December 31, 2011 and 2010 are as follows;

Unit: Million Baht									
<u>December 31, 2011</u>									
	<u>Cost</u>				<u>Accumulated Amortization</u>				<u>Net of Intangible Assets</u>
	<u>Beginning balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending balance</u>	<u>Beginning balance</u>	<u>Amortization</u>	<u>Disposals</u>	<u>Ending balance</u>	
computer software	34.54	17.59	0.01	52.12	16.23	7.79	0.01	24.01	28.11

<u>December 31, 2010</u>									
	<u>Cost</u>				<u>Accumulated Amortization</u>				<u>Net of Intangible Assets</u>
	<u>Beginning balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending balance</u>	<u>Beginning balance</u>	<u>Amortization</u>	<u>Disposals</u>	<u>Ending balance</u>	
computer software	27.43	13.36	6.25	34.54	13.25	5.08	2.10	16.23	18.31

6.12 Other Assets

Unit: Million Baht		
	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Insurance claim receivables, net of reinsurance	225.95	236.39
Allowance for insurance claim receivables	(225.95)	(236.39)
Leasehold rights and improvements	2.08	3.21
Advance deposits	11.54	2.20
Others	<u>3.76</u>	<u>6.20</u>
Total	<u>17.38</u>	<u>11.61</u>

6.13 Deposits

6.13.1 Classified by Type of Deposit

Unit: Million Baht		
	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Current	1,229.86	881.34
Savings	227.18	286.18
Fixed	<u>6,360.99</u>	<u>6,677.90</u>
Total	<u>7,818.03</u>	<u>7,845.42</u>

6.13.2 Classified by Currency and Residency of Depositors

Unit: Million Baht

	<u>December 31, 2011</u>			<u>December 31, 2010</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	7,252.27	42.58	7,294.85	7,402.77	7.02	7,409.79
US Dollar	378.31	125.88	504.19	181.55	202.25	383.80
Other currencies	<u>18.99</u>	<u>-</u>	<u>18.99</u>	<u>51.83</u>	<u>-</u>	<u>51.83</u>
Total	<u>7,649.57</u>	<u>168.46</u>	<u>7,818.03</u>	<u>7,636.15</u>	<u>209.27</u>	<u>7,845.42</u>

6.14 Interbank and Money Market Items (Liabilities)

Unit: Million Baht

	<u>December 31, 2011</u>			<u>December 31, 2010</u>		
	<u>At call</u>	<u>Term</u>	<u>Total</u>	<u>At call</u>	<u>Term</u>	<u>Total</u>
Domestic items						
Bank of Thailand	-	-	-	-	1,026.72	1,026.72
Commercial banks	1.68	-	1.68	0.22	500.00	500.22
Specialized financial institutions	<u>14.88</u>	<u>1,137.00</u>	<u>1,151.88</u>	<u>5.68</u>	<u>6,000.00</u>	<u>6,005.68</u>
Total domestic items	<u>16.56</u>	<u>1,137.00</u>	<u>1,153.56</u>	<u>5.90</u>	<u>7,526.72</u>	<u>7,532.62</u>
Foreign items						
US Dollar	109.08	4,753.68	4,862.76	471.82	-	471.82
Euro	123.13	-	123.13	-	-	-
Other currencies	<u>32.61</u>	<u>-</u>	<u>32.61</u>	<u>211.10</u>	<u>-</u>	<u>211.10</u>
Total foreign items	<u>264.82</u>	<u>4,753.68</u>	<u>5,018.50</u>	<u>682.92</u>	<u>-</u>	<u>682.92</u>
Total domestic and foreign items	<u>281.38</u>	<u>5,890.68</u>	<u>6,172.06</u>	<u>688.82</u>	<u>7,526.72</u>	<u>8,215.54</u>

6.15 Debt Issued and Borrowings

6.15.1 Classified by Type of Instrument and Source of Fund

Unit: Million Baht

	<u>December 31, 2011</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Bonds	-	27,571.34	27,571.34
Bills of exchange	51.39	-	51.39
Promissory notes	567.40	-	567.40
Others	<u>15,085.13</u>	<u>-</u>	<u>15,085.13</u>
Total debt issued and borrowings	<u>15,703.92</u>	<u>27,571.34</u>	<u>43,275.26</u>

	<u>December 31, 2010</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Bonds	3,200.00	21,708.94	24,908.94
Bills of exchange	60.14	-	60.14
Others	<u>11,042.31</u>	<u>-</u>	<u>11,042.31</u>
Total debt issued and borrowings	<u>14,302.45</u>	<u>21,708.94</u>	<u>36,011.39</u>

6.15.2 Classified by Type of Instrument, Currency, Maturity and Interest Rate

Unit: Million Baht

	<u>Currency</u>	<u>Maturity</u>	<u>Interest Rate /</u>	<u>December 31, 2011</u>	<u>December 31, 2010</u>
		<u>(year)</u>	<u>Interest Rate Index</u>		
Bonds	THB	2011	5.95%	-	3,200.00
	USD	2011-2017	LIBOR	27,571.34	21,708.94
Bills of exchange	THB	2011-2012	1.60 - 3.25%	51.39	60.14
Promissory notes	THB	2012	3.15 - 3.25%	567.40	-
Others	THB	2011-2021	0.50 - 5.75%	11,835.13	7,392.31
		2011-2019	6M THBFIX	<u>3,250.00</u>	<u>3,650.00</u>
Total debt issued and borrowings				<u>43,275.26</u>	<u>36,011.39</u>

6.16 Provisions

As at December 31, 2011 and 2010, the Bank had set up provisions as follows:

	<u>2011</u>	<u>2010</u>
Employee benefits	107.46	-
Provisions for contingent liabilities	<u>135.20</u>	<u>211.37</u>
Total provisions	<u>242.66</u>	<u>211.37</u>

Unit : Million Baht

6.16.1 Employee Benefits

The Bank assesses the provision for employee benefits by using the Projected Unit Credit method.

The details of the Bank's employee benefits for the period are as follows:

	<u>2011</u>
Beginning Balance	95.80
Current service cost*	8.36
Interest cost*	3.97
Employees benefit paid in the period	<u>(0.67)</u>
Ending Balance	<u>107.46</u>

Unit: Million Baht

* These items present as expenses in the statement of comprehensive income.

Principal actuarial assumptions for the Bank's employee benefits are as follows:

Average salary increase	5% - 7.5%
Average turnover rate	5% - 19%
Discount rate	2.38% - 4.27%

6.16.2 Provisions for Contingent Liabilities

As at December 31, 2011 and 2010 the Bank had set up provisions for contingent liabilities of amount Baht 135.20 million and Baht 211.37 million, respectively.

6.17 Other Liabilities

	Unit: Million Baht	
	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Advance deposits	9.24	21.73
Expenses payable	15.73	16.62
Account payable	2.62	0.63
Reinsurance payable	11.30	13.63
Deferred revenue	18.45	37.38
Withholding tax payable	5.28	5.39
Provision for stand-by claims purchase agreement	17.04	42.92
Provision for investment insurance	19.68	12.18
Provision for expected loss	123.06	-
Suspenses liabilities	125.87	4.02
Others	<u>0.01</u>	<u>0.01</u>
Total	<u>348.28</u>	<u>154.51</u>

6.18 Capital

The Bank had an initial capital of Baht 2,500 million (of which Baht 843.47 million was provided by the Ministry of Finance and Baht 1,656.53 million by the Bank of Thailand).

The Bank received additional capital from the Ministry of Finance on July 31, 1998 of amount Baht 4,000 million, then, on December 30, 2008 received additional capital of amount Baht 1,300 million and on September 21, 2009 also received additional capital of amount Baht 5,000 million. Thereby, the Bank has total capital amounting to Baht 12,800 million.

6.19 Other Components of Equity

	Unit: Million Baht	
	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Hedging Reserve	-	40.63
Revaluation surplus (deficit) on investments	<u>1.70</u>	<u>(6.09)</u>
Total	<u>1.70</u>	<u>34.54</u>

6.20 Contingent Liabilities and Commitments

	Unit : Million Baht	
	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Liabilities under immature import bills	167.52	231.46
Letters of credit	1,962.70	770.04
Export bills insured	31,250.64	25,401.44
Other contingencies		
Overdraft accounts not yet drawn	532.69	604.82
Other guarantees	3,853.95	3,875.11
Investment Insurance	887.35	844.24
Stand-by claims purchase agreement	<u>3,778.45</u>	<u>7,130.99</u>
Total other contingencies	<u>9,052.44</u>	<u>12,455.16</u>
Total	<u>42,433.30</u>	<u>38,858.10</u>

6.21 Related Party Transactions

There were some transactions between with related business entities and the Bank. The Bank is related to these entities through equity participation and/or joint board directorship. Significant transactions between the Bank and related business entities were charged at market price as similarly as with other normal business or the price as stipulated in the agreement if market price was not available.

In 2011 and 2010, revenue and expenses occurring between the Bank and its associated company being Thai EXIM International Company Limited were as follows:

	Unit: Million Baht	
	<u>2011</u>	<u>2010</u>
Office rent revenue	0.04	0.04
Consulting fee expense	2.34	12.51

As at December 31, 2010, the Bank's total outstanding of advance amount for Thai EXIM International Company Limited was Baht 0.49 million.

6.22 Other Benefits to Directors and Executives

The Bank pay no further benefits to directors and executives other than normal remuneration such as meeting allowance and bonus for director (if any), salary for executives, special monthly allowance for executives (if any).

6.23 Long-Term Leasing Contracts

The Bank has commitment arising from lease agreement. The remaining period of the lease agreements which subsequently due after the statement of financial position date are as follow:

	Unit: Million Baht	
<u>Remaining Period</u>	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Within 1 year	5.02	4.40
Over 1 - 5 years	9.86	7.54
Over 5 years	1.61	2.80

6.24 Financial Position and Operational Performance Classified by Domestic and Foreign Operations

As the Bank has no foreign branches, its financial position and operational performance are totally related to local branches.

6.25 Interest Income

Interest income for the year ended December 31, 2011 and 2010 are as follows:

	Unit: Million Baht	
	<u>2011</u>	<u>2010</u>
Interbank and money market items	96.04	64.93
Investment in debt securities	100.78	120.43
Loans	<u>2,638.90</u>	<u>2,122.70</u>
Total interest income	<u>2,835.72</u>	<u>2,308.06</u>

6.26 Interest Expenses

Interest expenses for the year ended December 31, 2011 and 2010 are as follows:

	Unit: Million Baht	
	<u>2011</u>	<u>2010</u>
Deposits	115.25	102.69
Interbank and money market items	128.77	172.37
Debt issued		
- Domestic bonds	63.64	234.10
- Foreign bonds	300.90	146.43
- Bills of exchange	4.66	0.21
- Promissory notes	13.93	-
Borrowings	426.42	218.16
Borrowing fee	<u>20.20</u>	<u>12.74</u>
Total interest expenses	<u>1,073.77</u>	<u>886.70</u>

6.27 Fee and Service Income, Net

Net fee and service income for the year ended December 31, 2011 and 2010 are as follows:

	Unit: Million Baht	
	<u>2011</u>	<u>2010</u>
Fee and service income		
- Acceptance aval and guarantee	50.88	54.45
- Revenue from insurance	230.62	245.31
- Others	<u>282.96</u>	<u>349.02</u>
Total fee and service income	<u>564.46</u>	<u>648.78</u>
Fee and service expenses		
- Expense on insurance	107.59	95.27
- Others	<u>4.15</u>	<u>7.55</u>
Total fees and service expenses	<u>111.74</u>	<u>102.82</u>
Total fee and service income, net	<u>452.72</u>	<u>545.96</u>

6.28 Gains (Losses) on Trading and Foreign Exchange Transactions

Gains (losses) on trading and foreign exchange transactions for the year ended December 31, 2011 and 2010 are as follows:

	Unit: Million Baht	
	<u>2011</u>	<u>2010</u>
Foreign exchanges and derivatives	95.34	133.52
Interest rate derivatives	<u>130.04</u>	<u>-</u>
Total	<u>225.38</u>	<u>133.52</u>

6.29 Gains (Losses) on Investments

Gains (losses) on investment for the year ended December 31, 2011 and 2010 are as follows:

	Unit: Million Baht	
	<u>2011</u>	<u>2010</u>
Gain (loss) on disposal of available-for-sale investment	(1.94)	8.14
Reversal (loss) on impairment of general investment	<u>(12.72)</u>	<u>2.73</u>
Total	<u>(14.66)</u>	<u>10.87</u>

6.30 Impairment Loss of Loans and Debt Securities

Impairment loss of loans and debt securities for the year ended December 31, 2011 and 2010 are as follows:

	Unit: Million Baht	
	<u>2011</u>	<u>2010</u>
Interbank and money market items	35.44	-
Loans		
- Bad debts and doubtful accounts	1,519.71	1,436.21
- Loss on restructuring (reversal)	<u>31.16</u>	<u>(122.36)</u>
Total	<u>1,586.31</u>	<u>1,313.85</u>

6.31 Reclassification of Accounts

The Bank's financial statements for the year ended December 31, 2010 has been reclassified to conform with the revised accounting standards (Note 2.2) and the Bank of Thailand (BOT) Notification number Sor Nor Sor 11/2553, directive dated December 3, 2010, regarding "Preparation and Announcement of the Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups".

6.32 Approval of the Financial Statements

These financial statements were approved by the Chairman of the Board of Directors and President on February 29, 2012
