

## Auditors' Report

To Minister of Finance

We, the Office of the Auditor General, have audited the balance sheets as of December 31, 2003 and 2002, statements of income, changes in capital and cash flows for each of the years then ended of the Export-Import Bank of Thailand. These financial statements are the responsibility of the Bank's management as to their correctness and completeness of the presentation. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements in respect of the year ended December 31, 2003 and 2002 present fairly, in all material aspects, the financial position of Export-Import Bank of Thailand and cashflows for each of the year then ended in conformity with generally accepted accounting principles.

- Signed -

(Mrs. Watcharee Siriprasert)

Director of the Audit Office

- Signed -

(Mrs. Punnee Thanomratanachai)

Auditor In-charge

Office of the Auditor General

February 20, 2004

**Export-Import Bank of Thailand**  
**Balance Sheets**  
**As at December 31, 2003 and 2002**

				(Baht)
	<u>Note</u>	<u>2003</u>	<u>2002</u>	
<b><u>ASSETS</u></b>				
Cash		856,308,652.52	502,305,509.64	
Interbank and money market items	4.1			
Domestic items				
Interest bearing		297,470,575.66	236,426,020.64	
Non-interest bearing		141,136,697.01	83,454,195.62	
Foreign items				
Interest bearing		2,676,474,415.07	3,935,763,119.44	
Non-interest bearing		99,579,233.79	102,446,261.32	
Total interbank and money market items		<u>3,214,660,921.53</u>	<u>4,358,089,597.02</u>	
Investments	3.6    4.2			
Short-term investments - net		113,538,511.00	243,290,319.80	
Long-term investments - net		1,464,717,464.75	527,427,940.83	
Total investments - net		<u>1,578,255,975.75</u>	<u>770,718,260.63</u>	
Loans and accrued interest receivables				
Loans	3.1    3.2    3.5	42,339,127,364.59	40,717,523,406.51	
Accrued interest receivables		789,562,951.75	620,468,538.13	
Total loans and accrued interest receivables		43,128,690,316.34	41,337,991,944.64	
<u>Less</u> Allowance for doubtful accounts	3.3    4.4	2,916,303,097.41	2,060,901,218.46	
<u>Less</u> Revaluation allowance for debt restructuring	3.4    4.5	607,095,970.88	318,118,049.68	
Total loans and accrued interest receivable - net		<u>39,605,291,248.05</u>	<u>38,958,972,676.50</u>	
Properties foreclosed - net	3.10    4.6	265,461,170.89	209,285,193.07	
Property, premises and equipment - net	3.9    4.7	995,966,907.21	1,041,685,104.07	
Unrealized gains (losses) on foreign exchange				
forward contracts	4.15	1,368,357,853.94	114,382,885.26	
Accrued interest receivable not related to loans		8,919,903.10	22,454,512.77	
Expense paid in advance		9,473,631.91	14,961,765.39	
Leasehold for property, premises and improvements		13,924,250.21	20,114,376.60	
Other assets - net	4.8	13,533,948.98	10,158,259.45	
Total assets		<u><u>47,930,154,464.09</u></u>	<u><u>46,023,128,140.40</u></u>	

The Notes to the Financial Statements are an integral part of these statements.

**Export-Import Bank of Thailand**  
**Balance Sheets**  
**As at December 31, 2003 and 2002**

		<u>Note</u>	<u>2003</u>	<u>2002</u>
<b>(Baht)</b>				
<b><u>LIABILITIES &amp; CAPITAL</u></b>				
Deposits		4.9		
Deposits in baht			3,000,797,191.79	3,080,128,200.27
Deposits in foreign currencies			<u>286,525,822.88</u>	<u>315,769,773.34</u>
Total deposits			<u>3,287,323,014.67</u>	<u>3,395,897,973.61</u>
Interbank and money market items		4.10		
Domestic items				
Interest bearing			5,385,225,861.36	6,010,134,845.41
Non-interest bearing			32,391,865.73	40,136,403.32
Foreign items				
Interest bearing			<u>4,711,792,871.79</u>	<u>9,805,203,192.71</u>
Total interbank and money market items			<u>10,129,410,598.88</u>	<u>15,855,474,441.44</u>
Liabilities payable on demand			<u>7,424,117.88</u>	<u>16,633,224.11</u>
Borrowings		4.11		
Short-term borrowings			2,137,216,197.88	3,149,804,681.02
Long-term borrowings			<u>22,700,000,000.00</u>	<u>13,849,804,681.02</u>
Total borrowings			<u>24,837,216,197.88</u>	<u>16,999,609,362.04</u>
Allocated revenue payable to the MOF			-	93,600,000.00
Accrued interest payable			104,471,767.09	162,170,971.64
Export credit insurance reserve			152,972,828.74	141,628,367.08
Other liabilities		4.12	<u>62,039,257.65</u>	<u>47,149,136.92</u>
Total liabilities			<u>38,580,857,782.79</u>	<u>36,712,163,476.84</u>
Capital				
Capital		4.13	<u>6,500,000,000.00</u>	<u>6,500,000,000.00</u>
Paid-up capital			6,500,000,000.00	6,500,000,000.00
Hedging reserve		3.8	770,103,352.40	1,374,739,010.99
Revaluation surplus on investments		3.6 4.2	73,839,442.05	71,657,005.26
Retained earnings				
Appropriated				
Legal reserve			1,216,000,000.00	1,107,000,000.00
Unappropriated			<u>789,353,886.85</u>	<u>257,568,647.31</u>
Total capital			<u>9,349,296,681.30</u>	<u>9,310,964,663.56</u>
Total liabilities & capital			<u>47,930,154,464.09</u>	<u>46,023,128,140.40</u>

The Notes to the Financial Statements are an integral part of these statements.

**Export-Import Bank of Thailand**  
**Balance Sheets**  
**As at December 31, 2003 and 2002**

			(Baht)	
	<u>Note</u>		<u>2003</u>	<u>2002</u>
<b><u>Off-Balance-Sheet Items - Contingencies</u></b>				
Aval to bills and guarantees of loans	3.11	4.14	-	54,891,024.51
Liabilities under unmatured import bills			352,460,728.18	485,287,635.58
Letters of credit			2,108,385,627.80	1,720,966,619.24
Export bills insured			6,459,525,428.80	5,829,738,499.35
Other contingencies			57,708,975,116.04	65,254,098,031.79

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(Mr. Pakorn Malakul na Ayudhya)  
Chairman of the Board of Directors

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(Mr. Sataporn Jinachitra)  
President

**Export-Import Bank of Thailand**  
**Statement of Income**  
**For the years ended December 31, 2003 and 2002**

			(Baht)
	<u>Note</u>	<u>2003</u>	<u>2002</u>
Interest and dividend income	3.1		
Interest on loans		1,816,702,227.89	1,749,413,675.60
Interest on interbank and money market items		95,380,206.34	205,190,826.47
Interest on investments		49,552,211.65	87,855,562.59
Total interest and dividend income		<u>1,961,634,645.88</u>	<u>2,042,460,064.66</u>
Interest expenses	3.1		
Interest on deposits		36,504,999.60	50,324,626.31
Interest on interbank and money market items		182,540,321.79	437,468,175.57
Interest on short-term borrowings		88,581,361.30	97,981,316.10
Interest on long-term borrowings		245,469,493.94	336,998,624.81
Total interest expenses		<u>553,096,176.63</u>	<u>922,772,742.79</u>
Net interest income		1,408,538,469.25	1,119,687,321.87
Bad debt and doubtful accounts	3.3	886,459,242.61	1,377,114,117.72
(Gains) Losses on debt restructuring	3.4	318,973,749.43	(146,053,338.62)
Net interest income after bad debt and doubtful accounts and (gains) losses on debt restructuring		<u>203,105,477.21</u>	<u>(111,373,457.23)</u>
Non-interest income			
(Gains) Losses on investments		8,855,260.41	38,133,500.85
Fees and service income		235,036,143.92	243,261,369.73
Export insurance income		120,647,656.84	109,816,240.96
Gains on exchanges	3.7 3.8	151,122,469.31	143,514,735.32
Bad debt recovered		897,112.99	-
Written-down debt recovered		515,367,852.67	327,926,667.13
Other income		2,940,901.34	7,750,855.80
Total non-interest income		<u>1,034,867,397.48</u>	<u>870,403,369.79</u>
Non-interest expenses			
Personnel expenses		299,719,073.56	291,383,312.33
Premises and equipment expenses		91,943,079.74	94,117,025.20
Taxes and duties		125,327.54	110,862.00
Fees and service expenses		40,190,757.05	51,046,799.43
Expenses on export insurance		26,105,478.23	22,012,789.35
Directors' remuneration		2,460,253.29	2,039,150.00
Losses on properties foreclosed revaluation		4,790,359.02	16,757,175.80
Other expenses		55,253,306.72	63,599,592.21
Total non-interest expenses		<u>520,587,635.15</u>	<u>541,066,706.32</u>
Net income		<u>717,385,239.54</u>	<u>217,963,206.24</u>

The Notes to the Financial Statements are an integral part of these statements.

**Export-Import Bank of Thailand**  
**Statement of Changes in Capital**  
**For the years ended December 31, 2003 and 2002**

	<b>(Baht)</b>	
	<u><b>2003</b></u>	<u><b>2002</b></u>
<b>Capital</b>		
Beginning balance	6,500,000,000.00	6,500,000,000.00
Increase (Decrease)	-	-
Ending balance	6,500,000,000.00	6,500,000,000.00
<b>Hedging reserve</b>		
Beginning balance	1,374,739,010.99	950,688,089.09
Increase (Decrease)	(604,635,658.59)	424,050,921.90
Ending balance	770,103,352.40	1,374,739,010.99
<b>Revaluation surplus on investments</b>		
Beginning balance	71,657,005.26	2,165,357.15
Increase	2,182,436.79	69,491,648.11
Ending balance	73,839,442.05	71,657,005.26
<b>Appropriated retained earnings</b>		
<b>Legal reserve</b>		
Beginning balance	1,107,000,000.00	973,000,000.00
Increase	109,000,000.00	134,000,000.00
Ending balance	1,216,000,000.00	1,107,000,000.00
<b>Unappropriated retained earnings</b>		
Beginning balance	257,568,647.31	267,205,441.07
Increase (Decrease)		
Net income	717,385,239.54	217,963,206.24
Provided for prior period legal reserve	(109,000,000.00)	(134,000,000.00)
Allocated revenue to the Ministry of Finance	(76,600,000.00)	(93,600,000.00)
Ending balance	789,353,886.85	257,568,647.31
<b>Total capital</b>	<b>9,349,296,681.30</b>	<b>9,310,964,663.56</b>

The Notes to the Financial Statements are an integral part of these statements.

**Export-Import Bank of Thailand**  
**Statement of Cash Flows**  
**For the years ended December 31, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
		(Baht)
<b>Cash flows from operating activities</b>		
Net income	717,385,239.54	217,963,206.24
Adjustments to reconcile net income (loss) to cash received (paid)		
from operating activities		
Depreciation and amortization	67,823,124.74	71,970,281.60
Bad debt and doubtful accounts	885,445,411.00	1,390,274,338.11
(Gains) Losses on debt restructuring	318,930,163.42	(156,870,307.36)
Interest revenues from restructured debt	(29,805,304.94)	(36,972,307.19)
Written-down debt recovered	(51,567,589.05)	(223,485,832.62)
(Gains) on disposal of assets	(968,787.58)	(93,667.55)
(Gains) on sale of properties foreclosed	(1,792,876.68)	(23,424,330.00)
Losses on properties foreclosed revaluation	5,920,197.25	3,731,880.80
(Gains) on currency translation	(1,242,836,454.27)	(2,303,710.64)
Unrealized gains (losses) on foreign exchange		
forward contracts	(113,012,862.57)	(337,783,601.15)
(Gains) on sale of investments in securities	(8,855,260.41)	(38,133,500.85)
Amortization of income - discount on bond value	(107,286,739.77)	13,499,255.66
Loss provision for contingent liabilities	(2,671,100.00)	(2,345,600.00)
Loss on claims and provision for claims against export insurance	17,906,697.81	13,251,824.29
(Increase) in revenues receivable	(81,652.92)	(404,147.72)
(Increase) Decrease in accrued interest and dividend receivable	(122,920,413.81)	90,347,604.73
Decrease in prepaid expenses	5,441,639.52	13,686,507.48
Increase (Decrease) in interest received in advance	13,825,580.85	(1,473,243.17)
(Decrease) in accrued interest payable	(56,160,702.00)	(185,033,715.13)
Increase in other accrued expenses	60,627.65	1,016,649.98
Net income before changes in operating		
assets and liabilities	294,778,937.78	807,417,585.51
(Increase) Decrease in operating assets		
Interbank and money market items	974,536,563.13	5,001,432,657.23
Loans	(2,951,382,741.88)	(2,223,359,247.99)
Properties foreclosed	18,777,970.34	52,444,451.81
Other assets	(17,965,649.53)	(13,342,921.11)

The Notes to the Financial Statements are an integral part of these statements.

**Export-Import Bank of Thailand**  
**Statement of Cash Flows**  
**For the years ended December 31, 2003 and 2002**

	<u>2003</u>	<u>2002</u>
		<b>(Baht)</b>
<b>Cash flows from operating activities (continued)</b>		
(Increase) Decrease in operating liabilities		
Deposits	(104,437,568.65)	150,997,550.59
Interbank and money market items	(4,787,901,905.55)	(11,698,136,230.72)
Call loans	(9,209,106.23)	9,334,488.71
Short-term borrowings	(997,076,509.13)	151,423,604.36
Other liabilities	(90,264,319.24)	(1,589,093.52)
Net cash provided by operating activities	<u>(7,670,144,328.96)</u>	<u>(7,763,377,155.13)</u>
<b>Cash flows from investing activities</b>		
(Increase) Decrease in investments in securities	(761,870,566.77)	273,028,659.44
Cash received from sale of investments in securities	11,516,610.41	737,831,709.20
Purchase of property, premises and equipment	(15,711,850.38)	(30,421,575.07)
Disposal of property, premises and equipment	1,428,663.25	664,433.30
Net cash provided by investing activities	<u>(764,637,143.49)</u>	<u>981,103,226.87</u>
<b>Cash flows from financing activities</b>		
Increase in long-term borrowings	8,865,384,615.33	6,852,282,146.70
Remittance to the Ministry of Finance	(76,600,000.00)	-
Net cash provided by financing activities	<u>8,788,784,615.33</u>	<u>6,852,282,146.70</u>
<b>Net increase in cash and cash equivalents</b>	354,003,142.88	70,008,218.44
<b>Cash and cash equivalents as of January 1</b>	<u>502,305,509.64</u>	<u>432,297,291.20</u>
<b>Cash and cash equivalents as of December 31</b>	<u><u>856,308,652.52</u></u>	<u><u>502,305,509.64</u></u>
 <b>Supplemental disclosure of cash flows information</b>		
Cash paid during the year		
Interest expense	610,795,381.18	1,113,994,126.32

The Notes to the Financial Statements are an integral part of these statements.



**Export-Import Bank of Thailand**  
**Notes to Financial Statements**  
**For the years ended December 31, 2003 and 2002**

**1. General**

Export-Import Bank of Thailand (or "the Bank") was established by the Export-Import Bank of Thailand Act B.E. 2536 (A.D. 1993), which became effective on September 7, 1993, and its amendment by the Export-Import Bank of Thailand Act (No. 2) B.E. 2542 (A.D. 1999), taking effect on December 6, 1999. The Bank's objectives are 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 imports from Thailand;
- credit and equity financing to support Thai investments overseas;
- export credit insurance services to Thai exporters;
- credits for overseas projects yielding economic returns to Thailand; and
- investment insurance services for overseas investments of Thai investors who have received credits from the Bank.

The Bank's Head Office is located at 1193 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok. As of December 31, 2003 and 2002, the Bank had a total workforce of 557 and 582, respectively.

**2. Basis of Financial Statement Presentation**

The financial statements are prepared in conformity with generally accepted accounting principles in Thailand and the announcement of the Bank of Thailand prescribing the forms of balance sheets and profit and loss accounts of commercial banks dated May 10, 2001 and the relevant circular dated July 9, 2001. The financial statements have been prepared in the Thai language as required by Thai law and have been translated into English for convenience of the readers.

### 3. Summary of Significant Accounting Policies

#### 3.1 Recognition of Interest Income and Interest Expense

Interest income is recognized on a pro rata of time basis, while interest income on loans overdue more than three months is recorded on a cash basis.

Interest expense is recognized on an accrual basis.

#### 3.2 Loans

Loans, except bank overdrafts, are reported at the principal amount outstanding excluding accrued interest receivables. The interest discounted in advance from unrealized loans is reported in other liabilities and recognized as revenue over the period of such loans.

#### 3.3 Allowance for Doubtful Accounts

The Bank provides allowance for doubtful accounts and records it as expense in doubtful accounts. The allowance amount is determined based on the outstanding loan amount, financial status, collateral and repayment capability of the individual borrowers, including borrowers undergoing debt restructuring. The Bank's allowance for doubtful accounts, which is higher than the minimum provisioning requirement set out by the authority, is made based on the classification of loans and capability to service these loans as well as prudent banking as prescribed by the Bank's delinquency classification rules which are in line with the rules promulgated by the Bank of Thailand.

Bad debts written off and recovered are deducted from or added to the allowance amount for doubtful accounts, as the case may be.

#### 3.4 Impaired 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 prevailing on the debt restructuring date as the discount rate. The difference between the new fair value and the investment in the debt is recorded as allowances for revaluation adjustment from debt restructuring and is recognized in the statement of

income based on the repayment and the remaining period of the debt restructuring agreement.

The Bank recognizes losses from debt restructuring as expenses in the relevant accounting period.

### 3.5 Debt Write-down

As from July 1, 2002, the Bank has dropped the policy to write down doubtful accounts that are fully provisioned so as to comply with the announcement of the Bank of Thailand regarding worthless or unrecoverable assets and assets that are doubtful of being worthless or unrecoverable. In this respect, no new doubtful accounts are written down while those already written down under the said policy are kept unchanged and classified as written-down accounts and will not be recognized as charged-off debt accounts. All efforts to recover written-down accounts are made until considered and approved to be charged off by the Board of Directors.

The written-down accounts are fully recognized as expense. The accounts recovered or approved to be upgraded are recognized as income.

### 3.6 Investments in Securities

The Bank classifies investments in debt instruments and marketable equity securities in accordance with the Thai Accounting Standard No. 40, Accounting for Debt Instruments and Equity Securities.

- Available-for-sale securities are stated at fair value and gains or losses arising from their revaluation are separately stated in the Capital section and are charged to the statement of income when such securities are disposed of.

- Held-to-maturity debt instruments are stated at value, net of premium/discount amortization. Amortization of premium/discount is computed by using the real interest rate method.

- General investments are stated at cost.

### 3.7 Foreign Exchange Translation

Assets and liabilities denominated in foreign currencies, including all forward foreign exchange contracts, are translated into baht at quoted exchange rates prevailing on the date of the transaction which are in line with the domestic foreign exchange market. At the balance sheet's date, all such outstanding is translated into baht at the reference foreign exchange rates announced by the Bank of Thailand at the end of year.

Recognition of gains or losses incurred by the translation is included into the total gains or losses on exchange for the year.

### 3.8 Financial Derivatives and Hedge Accounting

The Bank has adopted an accounting policy regarding financial derivatives in compliance with the International Accounting Standard No. 39, Financial Instruments: Recognition and Measurement.

#### **Recognition:**

As of the date of the agreements associated with the financial derivatives, the Bank records them as assets or liabilities at the fair value.

Financial risk management is divided into three hedging groups:

- a. Fair value;
- b. Cash flow; and
- c. Net investment in foreign entity.

After that, the fair value revaluation changes of those financial instruments are recognized as gains or losses in the Bank's statement of income or as part of the capital account in the hedging reserve account shown in the Bank's balance sheet in conformity with the specified accounting principles.

For trading financial derivatives, the fair value revaluation changes are recognized as gains or losses in the statement of income.

#### **Fair Value of the Financial Derivatives:**

Net fair value is the net financial amount which the Bank anticipates to pay or receive in exchanging or settling the financial derivatives at any specified time. The Bank computes the net fair value by determining the present value, using various quoted market prices such as interest rates or currency exchange rates in the computation of discounted cash flows, except for the derivatives that are options which will be computed by the generally accepted option valuation methods.

### 3.9 Property, Premises and Equipment

Property, premises and equipment are reported at cost less accumulated depreciation and amortization with the exception of those costing not over 3,000 baht which are charged to expenses in the statement of income for the accounting period that they are acquired.

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

- Buildings	30 years
- Buildings improvement	10 years
- Equipment	5 years

### 3.10 Properties Foreclosed

Properties foreclosed consist of movable and immovable assets acquired and are reported at fair value. Losses incurred from periodic valuation are recognized as losses on asset valuation.

When properties foreclosed are disposed of, the Bank will recognize such gains or losses as income or expenses.

### 3.11 Contingent Liabilities from Export Credit Insurance Services

The services related to export credit insurance are reported under the significant contingent liabilities caption of the balance sheet as export bills insured. Any payment of insurance claims is recorded as insurance claims receivable and will subsequently be recovered from foreign buyers.

The Bank has set provisioning rules for export credit insurance claims receivable as follows:

#### 3.11.1 The Bank would make provisions quarterly as follows:

- 20% of the total insurance claims receivable aged under three months.
- 50% of the total insurance claims receivable aged between three and six months.
- 75% of the total insurance claims receivable aged between seven and nine months.
- 100% of the total insurance claims receivable aged between ten and twelve months.

In case of any losses under the export credit insurance services which may affect the Banks' 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 B.E. 2536.

#### 3.11.2 The Bank would make provisions for future claims against the Export Credit Insurance policies at the rate of at least 2% of the outstanding Export Credit Insurance policies at the end of every six-month period, that is end of June and end of December. If the computed target level of provisions for future claims of any period is lower than the book balance, the Bank will continue to

strengthen the provisions at the rate of 0.1% of the outstanding Export Credit Insurance policies.

### 3.12 Leasehold

Leasehold is recognized as expenses by a straight-line method over the leasehold period.

### 3.13 Staff Provident Fund

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 and managed by BFIT Securities Co., Ltd., the selected fund manager.

### 3.14 Appropriation of Annual Net Income

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. Additional Information

### 4.1 Interbank and Money Market Items (Assets)

#### 4.1.1 Domestic Items

	Million Baht					
	<u>December 31, 2003</u>			<u>December 31, 2002</u>		
	<u>Call</u>	<u>Term</u>	<u>Total</u>	<u>Call</u>	<u>Term</u>	<u>Total</u>
Commercial banks	188.61	250.00	438.61	144.77	66.40	211.17
Other banks	-	-	-	0.02	50.00	50.02
Other financial institutions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58.50</u>	<u>58.50</u>
Total domestic items	188.61	250.00	438.61	144.79	174.90	319.69
<u>Add</u> Accrued interest receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.19</u>	<u>0.19</u>
Total	<u>188.61</u>	<u>250.00</u>	<u>438.61</u>	<u>144.79</u>	<u>175.09</u>	<u>319.88</u>

4.1.2 Foreign Items

	Million Baht					
	<u>December 31, 2003</u>			<u>December 31, 2002</u>		
	<u>Call</u>	<u>Term</u>	<u>Total</u>	<u>Call</u>	<u>Term</u>	<u>Total</u>
USD	1,997.31	723.10	2,720.41	56.31	3,914.76	3,971.07
Yen	26.00	-	26.00	16.43	-	16.43
Euro	3.05	-	3.05	16.34	-	16.34
Other currencies	<u>24.61</u>	<u>-</u>	<u>24.61</u>	<u>13.37</u>	<u>-</u>	<u>13.37</u>
Total foreign items	2,050.97	723.10	2,774.07	102.45	3,914.76	4,017.21
<u>Add</u> Accrued interest receivable	<u>-</u>	<u>1.98</u>	<u>1.98</u>	<u>-</u>	<u>21.00</u>	<u>21.00</u>
Total	<u>2,050.97</u>	<u>725.08</u>	<u>2,776.05</u>	<u>102.45</u>	<u>3,935.76</u>	<u>4,038.21</u>
Total domestic and foreign items	<u>2,239.58</u>	<u>975.08</u>	<u>3,214.66</u>	<u>247.24</u>	<u>4,110.85</u>	<u>4,358.09</u>

In 2003, the Bank terminated the Packing Credit Facility and, therefore, held no outstanding term-basis interbank item. For 2002, this item amounted to 66.40 million baht, involving Packing Credit provided to commercial banks and evidenced by their promissory notes (P/Ns). The Bank placed such P/Ns as collateral for part of the interbank and money market items (liabilities) – the Bank of Thailand in the amount of 56.48 million baht as stated in Note 4.10.

As of December 31, 2003 and 2002, the interbank and money market items (assets) included unclassified loans of 458.02 million baht and 131.31 million baht respectively. Such loans are either loans extended in accordance with the government policy or the cabinet resolution and covered against losses under Sections 23 and 24 of the Export-Import Bank of Thailand Act B.E. 2536 or loans extended to corporate entities which are commercial banks.

4.2 Investments

4.2.1 Short-term Investments

	Million Baht			
	<u>December 31, 2003</u>		<u>December 31, 2002</u>	
	<u>Cost/Cost net of</u>	<u>Market</u>	<u>Cost/Cost net of</u>	<u>Market</u>
	<u>premium/discount amortization</u>	<u>value</u>	<u>premium/discount amortization</u>	<u>value</u>
Available-for-sale securities				
Government and state				
enterprise securities	112.14	113.54	230.24	243.29
<u>Add</u> Allowance for				
revaluation				
adjustment	<u>1.40</u>	<u>-</u>	<u>13.05</u>	<u>-</u>
Total short-term investments - net	<u>113.54</u>	<u>113.54</u>	<u>243.29</u>	<u>243.29</u>

4.2.2 Long-term Investments

	Million Baht			
	<u>December 31, 2003</u>		<u>December 31, 2002</u>	
	<u>Cost/Cost net of</u>	<u>Fair value</u>	<u>Cost/Cost net of</u>	<u>Fair value</u>
	<u>premium/discount</u>		<u>premium/discount</u>	
	<u>amortization</u>		<u>amortization</u>	
(1) Available-for-sale securities				
Government and state enterprise				
securities	1,365.72	1,391.97	450.13	491.85
Marketable equity securities – listed				
securities	<u>26.20</u>	<u>72.39</u>	<u>18.31</u>	<u>35.20</u>
Total	1,391.92	1,464.36	468.44	527.05
<u>Add</u> Allowance for revaluation				
adjustment	<u>72.44</u>	<u>-</u>	<u>58.61</u>	<u>-</u>
Total	<u>1,464.36</u>	<u>1,464.36</u>	<u>527.05</u>	<u>527.05</u>
(2) General investments				
Non-marketable equity securities -				
domestic	0.07		0.07	
Others	<u>0.29</u>		<u>0.31</u>	
Total	<u>0.36</u>		<u>0.38</u>	
Total long-term investments - net	<u>1,464.72</u>		<u>527.43</u>	



#### 4.2.3 Time to Maturity of Debt Instruments

	Million Baht					
	<u>December 31, 2003</u>			<u>December 31, 2002</u>		
	Time to maturity		Total	Time to maturity		Total
	<u>1 year</u>	<u>Over 1-5 years</u>		<u>1 year</u>	<u>Over 1-5 years</u>	
Available-for-sale securities						
Government and state enterprise securities	112.14	1,365.72	1,477.86	230.24	450.13	680.37
Private debt instruments	-	-	-	-	-	-
Total	112.14	1,365.72	1,477.86	230.24	450.13	680.37
<u>Add</u> Allowance for revaluation adjustment	<u>1.40</u>	<u>26.25</u>	<u>27.65</u>	<u>13.05</u>	<u>41.72</u>	<u>54.77</u>
Total debt instruments	<u>113.54</u>	<u>1,391.97</u>	<u>1,505.51</u>	<u>243.29</u>	<u>491.85</u>	<u>735.14</u>

#### 4.2.4 Gains (Losses) on Changes of Investment Valuation

	Million Baht	
	<u>December 31, 2003</u>	<u>December 31, 2002</u>
Gains (Losses) on changes of investment valuation		
Debt instruments	27.65	54.77
Equity instruments	<u>46.19</u>	<u>16.89</u>
Total	<u>73.84</u>	<u>71.66</u>

4.2.5 In 2002, the Bank converted the held-to-maturity debt instruments at a book value of 682.03 million baht into available-for-sale securities at a fair value of 736.24 million baht, resulting in gains on changes of investment valuation of 54.21 million baht. Moreover, the Bank sold debt instruments before maturity worth 687.38 million baht, with a profit from such sale of 38.13 million baht, which was recorded in "gains on sale of investment securities" in the statements of income.

4.3 Loans and Accrued Interest Receivable

4.3.1 Classified by Type of Loan

	<u>December 31, 2003</u>	<u>December 31, 2002</u>
		Million Baht
Overdraft loans	290.03	192.52
Domestic loans - customers	30,021.25	28,004.14
- export bill negotiation	1,540.43	1,656.10
- staff loans	165.19	168.53
Foreign loans - foreign government agencies	3,979.48	4,325.87
- foreign investors	<u>6,342.75</u>	<u>6,370.36</u>
Total	42,339.13	40,717.52
<u>Add</u> Accrued interest receivable	789.56	620.47
<u>Less</u> Allowance for doubtful accounts	2,916.30	2,060.90
Revaluation allowance for debt restructuring	<u>607.10</u>	<u>318.12</u>
Total	<u>39,605.29</u>	<u>38,958.97</u>

4.3.2 Classified by Remaining Period of the Loan Contract (Excluding Accrued Interest Receivable)

	<u>December 31, 2003</u>	<u>December 31, 2002</u>
		Million Baht
Less than one year *	25,391.13	22,507.20
One year and over	<u>16,948.00</u>	<u>18,210.32</u>
Total	<u>42,339.13</u>	<u>40,717.52</u>

\* Including loans without contract and those with contract expired.

4.3.3 Classified by Currency and Debtor's Residence (Excluding Accrued Interest Receivable)

	<u>December 31, 2003</u>			<u>December 31, 2002</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	24,782.76	10.00	24,792.76	22,001.58	27.50	22,029.08
USD	6,878.67	10,312.23	17,190.90	7,735.36	10,668.73	18,404.09
Other currencies	<u>355.47</u>	<u>-</u>	<u>355.47</u>	<u>284.35</u>	<u>-</u>	<u>284.35</u>
Total	<u>32,016.90</u>	<u>10,322.23</u>	<u>42,339.13</u>	<u>30,021.29</u>	<u>10,696.23</u>	<u>40,717.52</u>

4.3.4 Classified by Provisioning Rules

				Million Baht
				December 31, 2003
	<u>Loans and accrued interest receivable</u>	<u>Outstanding balance net of collateral</u>	<u>Minimum provision rate (%)</u>	<u>Provision amount</u>
Normal	33,515.07	32,771.56	1	327.72
Special mentioned	158.78	158.78	2	3.18
Substandard	151.89	123.87	20	24.77
Doubtful	487.58	192.18	50	96.09
Loss	<u>3,466.69</u>	<u>1,819.44</u>	100	<u>1,819.44</u>
Total	<u>37,780.01</u>	<u>35,065.83</u>		2,271.20
Allowance for doubtful accounts based on restructured debt quality				289.27
Excess allowance for doubtful accounts over minimum provision required				<u>355.83</u>
Allowance for doubtful accounts based on debt service ability and debt quality as of December 31, 2003				<u>2,916.30</u>

				December 31, 2002
	<u>Loans and accrued interest receivable</u>	<u>Outstanding balance net of collateral</u>	<u>Minimum provision rate (%)</u>	<u>Provision amount</u>
Normal	30,174.10	30,174.10	1	301.74
Special mentioned	262.27	262.27	2	5.25
Substandard	277.07	152.37	20	30.47
Doubtful	1,634.27	615.98	50	307.99
Loss	<u>2,927.00</u>	<u>1,335.45</u>	100	<u>1,335.45</u>
Total	<u>35,274.71</u>	<u>32,540.17</u>		1,980.90
Allowance for doubtful accounts based on restructured debt quality				<u>80.00</u>
Allowance for doubtful accounts based on debt service ability and debt quality as of December 31, 2002				<u>2,060.90</u>

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.

Unclassified loans are either loans extended in accordance with the government policy or the cabinet resolution and covered against losses under Sections 23 and 24 of the Export-Import Bank of Thailand Act B.E. 2536 or loans extended to corporate entities which are commercial banks.

<u>Loans</u>	Million Baht			
	<u>December 31, 2003</u>		<u>December 31, 2002</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</u>	<u>accrued interest</u>	<u>and accrued</u>
	<u>receivable</u>	<u>interest receivable</u>	<u>receivable</u>	<u>interest receivable</u>
Non-performing loans	4,106.16	9.52	4,836.31	11.70
Unclassified loans	5,348.68	12.40	6,063.28	14.67

In 2003 and 2002, the Bank had restructured debts applying the adjustment of repayment conditions and transfer of assets as restructuring method, in accordance with the Thai Accounting Standard No. 34, as follows:

<u>Restructured</u>	<u>No.</u>	Million Baht				
		<u>December 31, 2003</u>		<u>December 31, 2002</u>		
		<u>Amount</u>	<u>As % of loans</u>	<u>Amount</u>	<u>As % of loans</u>	
		<u>and accrued</u>	<u>and accrued</u>	<u>and accrued</u>	<u>and accrued</u>	
<u>debts</u>		<u>interest receivable</u>	<u>interest receivable</u>	<u>interest receivable</u>	<u>interest receivable</u>	
Succeeded	40	3,089.04	7.16	20	816.64	1.98
Underway	3	26.51	0.06	4	25.68	0.06
Outstanding	62	3,832.11	8.89	33	2,701.96	6.54

Loss from the debt restructuring increased by 318.97 million baht in 2003, which was already recognized in full. In 2002, the loss from the debt restructuring went down by 146.05 million baht, with gains already recognized in full.

In 2003 and 2002, the Bank wrote off bad debts in the amount of 1,041.98 million baht and 230.25 million baht, of which 1,015.97 million baht and 108.27 million baht respectively were written-down accounts.

Based on the debt write-down policy stated in Note 3.5 and already dropped by the Bank, the outstanding balance of written-down accounts as of December 31, 2003 and 2002 which have not yet been recorded in the financial statements were 2,638.36 million baht and 4,019.29 million baht respectively.

#### 4.4 Allowance for Doubtful Accounts

	December 31, 2003							Million Baht
	Normal	Special mentioned	Substandard	Doubtful	Loss	Restructured debt	Excess allowance	Total
Beginning balance	301.74	5.25	30.47	307.99	1,335.45	80.00	-	2,060.90
Doubtful accounts	25.98	(2.07)	(5.70)	(211.90)	484.00	209.27	355.83	855.41
Bad debts recovered	-	-	-	-	-	-	-	-
Bad debts written off	-	-	-	-	(0.01)	-	-	(0.01)
Others	-	-	-	-	-	-	-	-
Ending balance	<u>327.72</u>	<u>3.18</u>	<u>24.77</u>	<u>96.09</u>	<u>1,819.44</u>	<u>289.27</u>	<u>355.83</u>	<u>2,916.30</u>

As of December 31, 2003, the Bank's allowance for doubtful accounts on loans accounted for 2,916.30 million baht, which was greater than the minimum provisioning requirement based on debt service ability and debt quality set out by the Bank of Thailand because the Bank considered the allowance on a prudent banking basis.

	December 31, 2002							Million Baht
	Normal	Special mentioned	Substandard	Doubtful	Loss	Restructured debt	Excess allowance	Total
Beginning balance	261.44	2.76	0.86	533.87	-	-	-	798.93
Doubtful accounts	40.30	2.49	29.61	(225.88)	1,335.83	80.00	-	1,262.35
Bad debts recovered	-	-	-	-	-	-	-	-
Bad debts written off	-	-	-	-	(0.38)	-	-	(0.38)
Others	-	-	-	-	-	-	-	-
Ending balance	<u>301.74</u>	<u>5.25</u>	<u>30.47</u>	<u>307.99</u>	<u>1,335.45</u>	<u>80.00</u>	<u>-</u>	<u>2,060.90</u>

4.5 Revaluation Allowance for Debt Restructuring

	Million Baht	
	<u>December 31, 2003</u>	<u>December 31, 2002</u>
Beginning balance	318.12	511.96
Increase	429.14	32.52
Decrease	<u>140.16</u>	<u>226.36</u>
Ending balance	<u>607.10</u>	<u>318.12</u>

4.6 Properties Foreclosed

	Million Baht			
	<u>December 31, 2003</u>			
<u>Type of properties foreclosed</u>	<u>Beginning balance</u>	<u>Increase</u>	<u>Disposal</u>	<u>Ending balance</u>
Properties obtained from debt settlement				
- Immovable properties	343.95	79.96	19.66	404.25
- Movable properties	-	0.40	0.40	-
- Inventory	-	-	-	-
Others	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total properties foreclosed	343.95	80.36	20.06	404.25
<u>Less Allowance for losses of properties foreclosed</u>	<u>134.66</u>	<u>6.58*</u>	<u>2.45</u>	<u>138.79</u>
Total properties foreclosed - net	<u>209.29</u>	<u>73.78</u>	<u>17.61</u>	<u>265.46</u>

\* Allowance for losses of properties foreclosed is derived from the beginning balance of the foreclosed properties and the increased portion.

	December 31, 2002			
<u>Type of properties foreclosed</u>	<u>Beginning balance</u>	<u>Increase</u>	<u>Disposal</u>	<u>Ending balance</u>
Properties obtained from debt settlement				
- Immovable properties	410.23	43.31	109.59	343.95
- Movable properties	1.70	-	1.70	-
- Inventory	-	-	-	-
Others	<u>-</u>	<u>0.32</u>	<u>0.32</u>	<u>-</u>
Total properties foreclosed	411.93	43.63	111.61	343.95
<u>Less Allowance for losses of properties foreclosed</u>	<u>154.35</u>	<u>15.03*</u>	<u>34.72</u>	<u>134.66</u>
Total properties foreclosed - net	<u>257.58</u>	<u>28.60</u>	<u>76.89</u>	<u>209.29</u>

- Allowance for losses of properties foreclosed is derived from the beginning balance of the foreclosed properties and the increased portion.

4.7 Property, Premises and Equipment

	December 31, 2003								Million Baht
	Cost				Accumulated depreciation				Net property, premises and equipment
	<u>Beginning balance</u>	<u>Increase</u>	<u>Disposal</u>	<u>Ending balance</u>	<u>Beginning balance</u>	<u>Depreciation</u>	<u>Disposal</u>	<u>Ending balance</u>	
Land	381.27	-	-	381.27	-	-	-	-	381.27
Buildings									
-Buildings	662.13	-	-	662.13	130.35	22.07	-	152.42	509.71
-Buildings improvement	96.23	-	-	96.23	33.26	9.63	-	42.89	53.34
Equipment									
- Office equipment and fixtures	208.80	13.94	17.77	204.97	165.05	21.15	17.71	168.49	36.48
-Vehicles	51.17	2.08	3.28	49.97	29.25	8.43	2.88	34.80	15.17
Assets under construction*	-	-	-	-	-	-	-	-	-
Total	<u>1,399.60</u>	<u>16.02</u>	<u>21.05</u>	<u>1,394.57</u>	<u>357.91</u>	<u>61.28</u>	<u>20.59</u>	<u>398.60</u>	<u>995.97</u>

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

	December 31, 2002								Million Baht
	Cost				Accumulated depreciation				Net property, premises and equipment
	<u>Beginning balance</u>	<u>Increase</u>	<u>Disposal</u>	<u>Ending balance</u>	<u>Beginning balance</u>	<u>Depreciation</u>	<u>Disposal</u>	<u>Ending balance</u>	
Land	381.27	-	-	381.27	-	-	-	-	381.27
Buildings									
-Buildings	662.13	-	-	662.13	108.28	22.07	-	130.35	531.78
-Buildings improvement	89.06	7.99	0.82	96.23	24.26	9.30	0.30	33.26	62.97
Equipment									
- Office equipment and fixtures	197.40	11.99	0.59	208.80	139.62	25.98	0.55	165.05	43.75
-Vehicles	42.94	9.51	1.28	51.17	21.89	8.63	1.27	29.25	21.92
Assets under construction*	0.90	4.31	5.21	-	-	-	-	-	-
Total	<u>1,373.70</u>	<u>33.80</u>	<u>7.90</u>	<u>1,399.60</u>	<u>294.05</u>	<u>65.98</u>	<u>2.12</u>	<u>357.91</u>	<u>1,041.69</u>

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

#### 4.8 Other Assets

	Million Baht	
	<u>December 31, 2003</u>	<u>December 31, 2002</u>
Revenues receivable	0.56	0.48
Insurance claims receivable - net	7.09	1.80
Advance deposits	3.77	3.87
Others	<u>2.11</u>	<u>4.01</u>
Total	<u>13.53</u>	<u>10.16</u>

Other assets as of December 31, 2003 and 2002 totaling 2.11 million baht and 4.01 million baht respectively included the acquisition of additional ordinary shares from collateral that is immovable property of a client of the Bank at the price of one baht under the condition regarding the possession of right to collateral in replacement of pledge of shares. The Bank made an agreement to sell all the shares to a shareholder, who did not give his shares to the Bank, within a period of up to six years at a total price of ten baht. During the period that the Bank holds those shares, the company will pay no dividend and the Bank will neither take control over the company's operations nor have interest as the company's shareholder, which conforms to the general principle of collateral possession. At present, this client is still using the Bank's service and make the regular interest and debt payments to the Bank and has not yet shown an intention to buy back those shares.

#### 4.9 Deposits

##### 4.9.1 Classified by Type of Deposit

	Million Baht	
	<u>December 31, 2003</u>	<u>December 31, 2002</u>
Call deposits	839.94	794.35
Savings	10.32	119.76
Time deposits		
- Less than six months	237.73	488.23
- Six months up to less than one year	25.34	23.96
- One year and over	<u>2,173.99</u>	<u>1,969.60</u>
Total	<u>3,287.32</u>	<u>3,395.90</u>

##### 4.9.2 Classified by Remaining Period of Deposit Agreement

	Million Baht	
	<u>December 31, 2003</u>	<u>December 31, 2002</u>
Less than one year*	3,287.32	3,395.90
One year and over	-	-
Total	<u>3,287.32</u>	<u>3,395.90</u>

\* Inclusive of expired agreements.



4.9.3 Classified by Currency and Depositor's Residence

	Million Baht					
	December 31, 2003			December 31, 2002		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	3,000.56	0.24	3,000.80	3,077.59	2.54	3,080.13
USD	124.94	160.13	285.07	217.24	93.52	310.76
Other currencies	<u>1.45</u>	<u>-</u>	<u>1.45</u>	<u>5.01</u>	<u>-</u>	<u>5.01</u>
Total	<u>3,126.95</u>	<u>160.37</u>	<u>3,287.32</u>	<u>3,299.84</u>	<u>96.06</u>	<u>3,395.90</u>

4.10 Interbank and Money Market Items (Liabilities)

4.10.1 Domestic Items

	Million Baht		
	December 31, 2003		
	<u>Call</u>	<u>Term</u>	<u>Total</u>
Bank of Thailand	-	757.31	757.31
Commercial banks	32.37	1,127.92	1,160.29
Other banks	-	2,000.00	2,000.00
Finance companies, finance and securities companies, securities companies, and credit fonciers	0.02	-	0.02
Other financial institutions	<u>-</u>	<u>1,500.00</u>	<u>1,500.00</u>
Total domestic items	<u>32.39</u>	<u>5,385.23</u>	<u>5,417.62</u>

	Million Baht		
	December 31, 2002		
	<u>Call</u>	<u>Term</u>	<u>Total</u>
Bank of Thailand	-	687.56	687.56
Commercial banks	40.12	1,872.57	1,912.69
Other banks	-	3,450.00	3,450.00
Finance companies, finance and securities companies, securities companies, and credit fonciers	0.02	-	0.02
Other financial institutions	<u>-</u>	<u>-</u>	<u>-</u>
Total domestic items	<u>40.14</u>	<u>6,010.13</u>	<u>6,050.27</u>

In 2003, the Bank terminated the Packing Credit Facility and, thus, there was no term-basis transaction with the Bank of Thailand. For 2002, this item amounted to 687.56 million baht, which partly included borrowing for Packing Credit Facility. The Bank placed the P/Ns issued by commercial banks worth 56.48 million baht as collateral as stated in Note 4.1.

4.10.2 Foreign Items

		Million Baht		
		<u>December 31, 2003</u>		
		<u>Call</u>	<u>Term</u>	<u>Total</u>
USD		167.18	597.75	764.93
Yen		<u>-</u>	<u>3,946.86</u>	<u>3,946.86</u>
	Total foreign items	<u>167.18</u>	<u>4,544.61</u>	<u>4,711.79</u>
	Total domestic and foreign items	<u>199.57</u>	<u>9,929.84</u>	<u>10,129.41</u>
		<u>December 31, 2002</u>		
		<u>Call</u>	<u>Term</u>	<u>Total</u>
USD		48.38	2,329.22	2,377.60
Yen		<u>-</u>	<u>7,427.60</u>	<u>7,427.60</u>
	Total foreign items	<u>48.38</u>	<u>9,756.82</u>	<u>9,805.20</u>
	Total domestic and foreign items	<u>88.52</u>	<u>15,766.95</u>	<u>15,855.47</u>

4.11 Borrowings

		Million Baht		
		<u>December 31, 2003</u>		
		<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Short-term borrowings				
	- Export-Import Bank of Thailand bonds	2,000.00	-	2,000.00
	- Ministry of Finance	<u>137.22</u>	<u>-</u>	<u>137.22</u>
	Total short-term borrowings	<u>2,137.22</u>	<u>-</u>	<u>2,137.22</u>
Long-term borrowings				
	- Export-Import Bank of Thailand bonds	19,000.00	-	19,000.00
	- Ministry of Finance	-	-	-
	- Others	<u>3,700.00</u>	<u>-</u>	<u>3,700.00</u>
	Total long-term borrowings	<u>22,700.00</u>	<u>-</u>	<u>22,700.00</u>
	Total borrowings	<u>24,837.22</u>	<u>-</u>	<u>24,837.22</u>

		Million Baht		
		<u>December 31, 2002</u>		
		<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Short-term borrowings				
	- Export-Import Bank of Thailand bonds	3,000.00	-	3,000.00
	- Ministry of Finance	<u>149.80</u>	<u>-</u>	<u>149.80</u>
	Total short-term borrowings	<u>3,149.80</u>	<u>-</u>	<u>3,149.80</u>
Long-term borrowings				
	- Export-Import Bank of Thailand bonds	11,000.00	-	11,000.00
	- Ministry of Finance	149.80	-	149.80
	- Others	<u>2,700.00</u>	<u>-</u>	<u>2,700.00</u>
	Total long-term borrowings	<u>13,849.80</u>	<u>-</u>	<u>13,849.80</u>
	Total borrowings	<u>16,999.60</u>	<u>-</u>	<u>16,999.60</u>

The details of the long-term borrowings of 22,700.00 million baht and 13,849.80 million baht are as follows:

<u>Lender</u>	<u>Tenor</u> (years)	<u>Maturity</u> (year)	<u>Interest rate</u> (% per annum)	Million Baht	
				<u>December 31, 2003</u>	<u>December 31, 2002</u>
EXIM Thailand bonds	3-5	2005-2008	2.43-6.00	19,000.00	11,000.00
Ministry of Finance	-	-	-	-	149.80
Others	2-5	2005-2008	1.80-5.39	<u>3,700.00</u>	<u>2,700.00</u>
Total				<u>22,700.00</u>	<u>13,849.80</u>

#### 4.12 Other Liabilities

	Million Baht	
	<u>December 31, 2003</u>	<u>December 31, 2002</u>
Expenses payable	11.69	10.34
Accounts payable	2.38	2.44
Deferred revenues	32.28	18.54
Withholding tax payable	3.00	3.92
Loss provision for contingent liabilities	2.36	5.02
Deposits	6.48	6.05
Suspense liabilities	3.84	0.83
Others	<u>0.01</u>	<u>0.01</u>
Total	<u>62.04</u>	<u>47.15</u>

4.13 Capital The Bank had an initial capital of 2,500 million baht (of which 843.47 million baht was supported by the Ministry of Finance and 1,656.53 million baht by the Bank of Thailand). On July 31, 1998, it increased the capital by another 4,000 million baht, which was contributed in full by the Ministry of Finance, thereby bringing the total registered capital to 6,500 million baht.

#### 4.14 Contingent Liabilities and Commitments

	Million Baht		
	<u>December 31, 2003</u>		
	<u>Baht</u>	<u>Foreign</u> <u>currencies</u>	<u>Total</u>
Guarantee of loans	-	-	-
Liabilities under unmatured import bills	14.24	338.22	352.46
Letters of credit	31.04	2,077.35	2,108.39
Export bills insured	6,459.53	-	6,459.53
Other guarantees	439.89	2,959.30	3,399.19
Overdraft accounts not yet drawn	381.16	-	381.16
FX forward purchase/sales contracts	7,456.52	7,018.39	14,474.91
FX swaps	1,363.27	59.55	1,422.82
Foreign currency & interest swaps	779.16	21,550.19	22,329.35
Options written	2,900.00	-	2,900.00
Interest rate swaps	11,479.16	1,322.39	12,801.55

Others	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>31,303.97</u>	<u>35,325.39</u>	<u>66,629.36</u>
December 31, 2002			
	<u>Baht</u>	<u>Foreign currencies</u>	<u>Total</u>
Guarantee of loans	54.89	-	54.89
Liabilities under unmatured import bills	10.81	474.48	485.29
Letters of credit	83.70	1,637.27	1,720.97
Export bills insured	5,829.74	-	5,829.74
Other guarantees	298.28	3,097.04	3,395.32
Overdraft accounts not yet drawn	205.96	-	205.96
FX forward purchase/sales contracts	11,250.86	15,215.81	26,466.67
FX swaps	1,393.70	145.10	1,538.80
Foreign currency & interest swaps	1,114.16	20,961.03	22,075.19
Options written	2,900.00	2,890.00	5,790.00
Interest rate swaps	5,133.00	648.86	5,781.86
Others	<u>-</u>	<u>0.29</u>	<u>0.29</u>
Total	<u>28,275.10</u>	<u>45,069.88</u>	<u>73,344.98</u>

The Bank faced a civil suit in the normal course of its business operations. As of December 31, 2003, the Bank brought bankruptcy litigation against one of its export credit insurance clients, which took out a policy worth 138.13 million baht and assigned all the rights to bill payment receipt to the Bank. Such client then filed a civil suit against the Bank, claiming for damages on grounds of a breach of contract in the amount of 181.88 million baht and damages arising from loss of benefits of 2.46 billion baht. The Bank made an objection that the claim was filed on improper grounds. The Court of First Instance already dismissed this case.

In addition, the Bank faced another suit, whereby the court ordered the Bank to suspend the payment under the obligation from the advance payment guarantee issued for a client's construction project. Such lawsuit is still under court proceedings and the court judgement has not yet been passed.

The Bank's management believes that when such case has become final, it will not pose any material impact on the Bank's financial position or operating results.

#### 4.15 Derivatives

Derivatives are financial instruments whose value varies with the index or price of underlying securities such as interest rate or foreign exchange rate.

##### Asset and Liability Management

##### - Customer Hedging Service

The Bank, as a financial intermediary, buys market risk exposure from customers and resells those risks to the market using derivatives such as the foreign exchange forward contracts.

##### - Foreign Exchange and Interest Rate Risk Management

The Bank manages such risks to ensure effectiveness and maintain a balanced position. The derivatives are adopted as a tool in managing market risks associated with the Bank's assets and liabilities which may result from normal business transactions of the Bank at a certain period of time. The Bank has a policy to manage such risks by using suitable and effective derivatives.

Derivatives as of December 31, 2003 and 2002 were as follows:

Million Baht		
<u>December 31, 2003</u>		
	<u>Contract value</u>	<u>Net fair value</u>
FX forward purchase/sales contracts	14,474.91	(14.35)
FX swaps	1,422.82	(52.14)
Foreign currency & interest swaps	22,329.35	1,335.99
Options purchased	2,900.00	-
Options written	2,900.00	-
Interest rate swaps	<u>12,801.55</u>	<u>98.86</u>
Total	<u>56,828.63</u>	<u>1,368.36</u>

Million Baht		
<u>December 31, 2002</u>		
	<u>Contract value</u>	<u>Net fair value</u>
FX forward purchase/sales contracts	26,466.67	(96.87)
FX swaps	1,538.80	36.22
Foreign currency & interest swaps	22,075.19	(72.15)
Options purchased	6,060.50	0.05
Options written	5,790.00	(0.05)
Interest rate swaps	<u>5,781.86</u>	<u>247.18</u>
Total	<u>67,713.02</u>	<u>114.38</u>

#### 4.16 Other Benefits to Directors and Executives

The Bank pays no benefits to its directors and executives other than normal remuneration such as meeting allowance and reward for directors (if any), salary, special monthly allowance (if any) and cost of living allowance for executives.

#### 4.17 Long-term Leasing Contracts

<u>Branch offices</u>	<u>Contract term (years)</u>	<u>Year of contract expiry</u>
Laem Chabang	20	2019
Hat Yai	3	2006
Rama IV	3	2006
Rama II	2	2005
Bangna – Trad KM. 3	3	2005
Pratunam Pra-in	3	2004
Sathorn	3	2004

Total deposits for all contracts are 5.75 million baht.

4.18 Financial Position and Operational Performance Classified by Onshore and Offshore Transactions

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

4.19 Reclassification of Accounts

Some of the items in the statement of cash flows for the year ended December 31, 2002 have been reclassified to conform to those presented in the statement of cash flows for the year ended December 31, 2003.

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