

(TRANSLATION)
AUDITOR'S REPORT

TO : MINISTER OF FINANCE

The Office of the Auditor General of Thailand has audited the balance sheets of the Export-Import Bank of Thailand as at December 31, 2004 and 2003, and the related statements of income, changes in capital, and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management as to their correctness and completeness of the presentation. The responsibility of the Office of the Auditor General of Thailand is to express an opinion on these financial statements based on the audits.

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

In the opinion of the Office of the Auditor General of Thailand, the financial statements referred to above present fairly, in all material respects, the financial position of the Export-Import Bank of Thailand as at December 31, 2004 and 2003, and the results of operations, the changes in capital, and the cash flows for the years then ended in accordance with generally accepted accounting principles.

(Signed) *Wilailak Anyamaneerat*

(Wilailak Anyamaneerat)

Director of Audit Office

(Signed) *Kulkarn Nanwithitpong*

(Kulkarn Nanwithitpong)

Auditor In-charge

Office of the Auditor General

February 21, 2005

EXPORT-IMPORT BANK OF THAILAND
BALANCE SHEETS
AS AT DECEMBER 31, 2004 AND 2003

Unit: Baht

	<u>Notes</u>	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>			
Cash		549,362,627.64	856,308,652.52
Interbank and money market items	4.1		
Domestic items			
Interest bearing		18,896,694.14	297,470,575.66
Non-interest bearing		153,578,784.75	141,136,697.01
Foreign items			
Interest bearing		1,794,422,110.75	2,676,474,415.07
Non-interest bearing		305,555,151.50	99,579,233.79
Total interbank and money market items - net		<u>2,272,452,741.14</u>	<u>3,214,660,921.53</u>
Securities purchased under resale agreements		400,000,000.00	-
Investments	3.6 4.2		
Current investments - net		997,205,537.13	113,538,511.00
Long-term investments - net		1,274,850,387.75	1,464,717,464.75
Total investments - net		<u>2,272,055,924.88</u>	<u>1,578,255,975.75</u>
Loans and accrued interest receivables	4.3		
Loans	3.1 3.2 3.5	48,550,533,293.26	42,339,127,364.59
Accrued interest receivables		885,470,523.48	789,562,951.75
Total loans and accrued interest receivables		49,436,003,816.74	43,128,690,316.34
<u>Less</u> Allowance for doubtful accounts	3.3 4.4	3,663,110,368.94	2,916,303,097.41
<u>Less</u> Revaluation allowance for debt restructuring	3.4 4.5	740,519,021.54	607,095,970.88
Total loans and accrued interest receivable - net		<u>45,032,374,426.26</u>	<u>39,605,291,248.05</u>
Properties foreclosed - net	3.10 4.6	391,292,081.34	265,461,170.89
Premises and equipment - net	3.9 4.7	1,038,759,692.33	995,966,907.21
Unrealized gains on foreign exchange			
forward contracts	3.8 4.15	788,480,435.23	1,368,357,853.94
Accrued interest receivable not related to loans		11,001,466.86	8,919,903.10
Prepaid expense		10,137,431.35	9,473,631.91
Leasehold premises and improvements		14,268,025.69	13,924,250.21
Other assets - net	4.8	25,569,787.06	13,533,948.98
Total assets		<u>52,805,754,639.78</u>	<u>47,930,154,464.09</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, 2004 AND 2003

Unit: Baht

	<u>Notes</u>	<u>2004</u>	<u>2003</u>
<u>LIABILITIES AND CAPITAL</u>			
Deposits	4.9		
Deposits in baht		3,926,116,623.76	3,000,797,191.79
Deposits in foreign currencies		<u>933,579,225.73</u>	<u>286,525,822.88</u>
Total deposits		<u>4,859,695,849.49</u>	<u>3,287,323,014.67</u>
Interbank and money market items	4.10		
Domestic items			
Interest bearing		3,384,623,847.14	5,385,225,861.36
Non-interest bearing		34,302,299.11	32,391,865.73
Foreign items			
Interest bearing		<u>5,261,873,177.75</u>	<u>4,711,792,871.79</u>
Total interbank and money market items		<u>8,680,799,324.00</u>	<u>10,129,410,598.88</u>
Liability payable on demand		<u>11,845,916.58</u>	<u>7,424,117.88</u>
Borrowings	4.11		
Short-term borrowings		7,700,000,000.00	2,137,216,197.88
Long-term borrowings		<u>22,350,000,000.00</u>	<u>22,700,000,000.00</u>
Total borrowings		<u>30,050,000,000.00</u>	<u>24,837,216,197.88</u>
Accrued interest payable		175,331,676.04	104,471,767.09
Export credit insurance reserve		163,562,271.57	152,972,828.74
Other liabilities	4.12	<u>85,689,418.05</u>	<u>62,039,257.65</u>
Total liabilities		<u>44,026,924,455.73</u>	<u>38,580,857,782.79</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	41,965,234.95	770,103,352.40
Revaluation surplus on investments	3.6 4.2.4	6,278,034.58	73,839,442.05
Retained earnings			
Appropriated			
Legal reserve		1,647,000,000.00	1,216,000,000.00
Unappropriated		<u>583,586,914.52</u>	<u>789,353,886.85</u>
Total capital		<u>8,778,830,184.05</u>	<u>9,349,296,681.30</u>
Total liabilities and capital		<u>52,805,754,639.78</u>	<u>47,930,154,464.09</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, 2004 AND 2003

Unit: Baht

	<u>Notes</u>		<u>2004</u>	<u>2003</u>
<u>Off-Balance-Sheet Items - Contingencies</u>	3.11	4.14		
Liabilities under unmatured import bills			898,757,417.33	352,460,728.18
Letters of credit			977,509,765.16	2,108,385,627.80
Export bills insured			6,601,305,096.94	6,459,525,428.80
Other contingencies			64,998,557,123.09	57,708,975,116.04

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

(signed) Pakorn Malakul na Ayudhya

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

(signed) Sataporn Jinachitra

(Sataporn Jinachitra)
President

EXPORT-IMPORT BANK OF THAILAND

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	<u>Notes</u>	<u>2004</u>	<u>2003</u>
			Unit: Baht
Interest and dividend income	3.1		
Loans		1,694,824,137.98	1,816,702,227.89
Interbank and money market items		122,446,380.72	95,380,206.34
Investments		45,932,192.40	49,552,211.65
Total interest and dividend income		<u>1,863,202,711.10</u>	<u>1,961,634,645.88</u>
Interest expenses	3.1		
Deposits		31,510,258.99	36,504,999.60
Interbank and money market items		163,515,348.53	182,540,321.79
Short-term borrowings		77,715,062.53	88,581,361.30
Long-term borrowings		326,080,825.30	245,469,493.94
Total interest expenses		<u>598,821,495.35</u>	<u>553,096,176.63</u>
Net income from interest and dividend		1,264,381,215.75	1,408,538,469.25
Bad debt and doubtful accounts	3.3	832,118,419.71	886,459,242.61
Losses on debt restructuring	3.4	177,581,328.51	318,973,749.43
Net income from interest and dividend after bad debt and doubtful accounts and losses on debt restructuring		<u>254,681,467.53</u>	<u>203,105,477.21</u>
Non-interest income			
Gains on investments		51,505,684.71	8,855,260.41
Fees and service income		213,035,288.32	235,036,143.92
Export insurance income		135,164,234.09	120,647,656.84
Gains on exchanges	3.7 3.8	149,337,446.52	151,122,469.31
Bad debt recovered		-	897,112.99
Written off debt recovered		264,648,841.46	515,367,852.67
Other income		8,760,226.91	2,940,901.34
Total non-interest income		<u>822,451,722.01</u>	<u>1,034,867,397.48</u>
Non-interest expenses			
Personnel expenses		322,713,469.18	299,719,073.56
Premises and equipment expenses		82,737,384.38	91,943,079.74
Taxes and duties		126,371.23	125,327.54
Fees and service expenses		39,218,262.84	40,190,757.05
Expenses on export insurance		44,008,262.72	26,105,478.23
Directors' remuneration		2,795,908.05	2,460,253.29
Loss on sale and impairment of properties foreclosed		33,036,946.59	4,790,359.02
Other expenses		75,263,556.88	55,253,306.72
Total non-interest expenses		<u>599,900,161.87</u>	<u>520,587,635.15</u>
Net income		<u>477,233,027.67</u>	<u>717,385,239.54</u>

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

EXPORT-IMPORT BANK OF THAILAND
STATEMENTS OF CHANGES IN CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	Unit: Baht					TOTAL
	CAPITAL	HEDGING RESERVE	REVALUATION	APPROPRIATED	UNAPPROPRIATED	
			SURPLUS (DEFICIT) ON INVESTMENTS	RETAINED EARNINGS	RETAINED EARNINGS	
Beginning balance as at 1 January 2003	6,500,000,000.00	1,374,739,010.99	71,657,005.26	1,107,000,000.00	257,568,647.31	9,310,964,663.56
Heding reserve	-	(604,635,658.59)	-	-	-	(604,635,658.59)
Revaluation surplus on investments	-	-	2,182,436.79	-	-	2,182,436.79
Un-recognized items in income statements	-	(604,635,658.59)	2,182,436.79	-	-	(602,453,221.80)
Legal reserve	-	-	-	109,000,000.00	(109,000,000.00)	-
Remittance to the Ministry of Finance	-	-	-	-	(76,600,000.00)	(76,600,000.00)
Net income	-	-	-	-	717,385,239.54	717,385,239.54
Ending balance as at 31 December 2003	<u>6,500,000,000.00</u>	<u>770,103,352.40</u>	<u>73,839,442.05</u>	<u>1,216,000,000.00</u>	<u>789,353,886.85</u>	<u>9,349,296,681.30</u>
Beginning balance as at 1 January 2004	6,500,000,000.00	770,103,352.40	73,839,442.05	1,216,000,000.00	789,353,886.85	9,349,296,681.30
Heding reserve	-	(728,138,117.45)	-	-	-	(728,138,117.45)
Revaluation deficit on investments	-	-	(67,561,407.47)	-	-	(67,561,407.47)
Un-recognized items in income statements	-	(728,138,117.45)	(67,561,407.47)	-	-	(795,699,524.92)
Legal reserve	-	-	-	431,000,000.00	(431,000,000.00)	-
Remittance to the Ministry of Finance	-	-	-	-	(252,000,000.00)	(252,000,000.00)
Net income	-	-	-	-	477,233,027.67	477,233,027.67
Ending balance as at 31 December 2004	<u>6,500,000,000.00</u>	<u>41,965,234.95</u>	<u>6,278,034.58</u>	<u>1,647,000,000.00</u>	<u>583,586,914.52</u>	<u>8,778,830,184.05</u>

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

EXPORT-IMPORT BANK OF THAILAND
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

Unit: Baht

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities		
Net income	477,233,027.67	717,385,239.54
Adjustments to reconcile net income (loss) to net cash provided by /(used in)		
operating activities		
Depreciation and amortization	59,641,749.67	67,823,124.74
Bad debt and doubtful accounts	831,896,387.05	885,445,411.00
(Gain) Loss on debt restructuring	177,518,260.05	318,930,163.42
Interest income from restructured debt	(44,223,673.00)	(29,805,304.94)
Written off debt recovered	(215,411,328.37)	(51,567,589.05)
(Gain) on disposal of assets	(2,047,685.87)	(968,787.58)
(Gain) on sale of properties foreclosed	(4,858,180.41)	(1,792,876.68)
Loss on impairment of properties foreclosed	37,895,127.00	5,920,197.25
(Gain) Loss on exchanges	76,977,366.57	(1,242,836,454.27)
Unrealized gain (loss) on foreign exchange		
forward contracts	(198,109,296.96)	(113,012,862.57)
(Gain) on sale of investments in securities	(51,505,684.71)	(8,855,260.41)
Amortization of income - discount on bond value	39,798,645.91	(107,286,739.77)
Provision for contingent liabilities	(116,000.00)	(2,671,100.00)
Loss on claims and provision for claims against export insurance	33,888,782.80	17,906,697.81
(Increase) in accrued income	(63,353.09)	(81,652.92)
(Increase) Decrease in accrued interest and dividend receivable	(816,448.54)	(122,920,413.81)
Decrease in prepaid expenses	(648,220.65)	5,441,639.52
Increase (Decrease) in advanced interest income	194,381.63	13,825,580.85
(Decrease) in accrued interest payable	73,346,594.62	(56,160,702.00)
Increase in other accrued expenses	1,867,593.63	60,627.65
Net income from operations before changes in operating		
assets and liabilities	1,292,458,045.00	294,778,937.78
(Increase) Decrease in operating assets		
Interbank and money market items	1,011,671,149.95	974,536,563.13
Securities purchased under resale agreements	(400,000,000.00)	-
Loans	(6,614,443,764.04)	(2,951,382,741.88)
Properties foreclosed	18,158,375.40	18,777,970.34
Other assets	(49,530,151.17)	(17,965,649.53)

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

EXPORT-IMPORT BANK OF THAILAND
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

Unit: Baht

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities (continued)		
Increase (Decrease) in operating liabilities		
Deposits	1,570,529,350.73	(104,437,568.65)
Interbank and money market items	(1,268,142,302.88)	(4,787,901,905.55)
Liability payable on demand	4,421,798.70	(9,209,106.23)
Short-term borrowings	5,562,461,124.46	(997,076,509.13)
Other liabilities	14,851,784.81	(90,264,319.24)
Net cash provided by (used in) operating activities	1,142,435,410.96	(7,670,144,328.96)
Cash flows from investing activities		
(Increase) in investments in securities	(835,000,000.00)	(761,870,566.77)
Proceeds from sale of investments in securities	76,380,402.84	11,516,610.41
Purchase of premises and equipment	(91,508,226.68)	(15,711,850.38)
Proceeds from premises and equipment	2,746,388.00	1,428,663.25
Net cash (used in) investing activities	(847,381,435.84)	(764,637,143.49)
Cash flows from financing activities		
Increase (Decrease) in long-term borrowings	(350,000,000.00)	8,865,384,615.33
Remittance to the Ministry of Finance	(252,000,000.00)	(76,600,000.00)
Net cash provided by (used in) financing activities	(602,000,000.00)	8,788,784,615.33
Net increase (decrease) in cash and cash equivalents	(306,946,024.88)	354,003,142.88
Cash and cash equivalents as of January 1	856,308,652.52	502,305,509.64
Cash and cash equivalents as of December 31	549,362,627.64	856,308,652.52

Supplemental disclosure of cash flows information

Cash paid during the year		
Interest expense	527,961,586.40	610,795,381.18

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, 2004 AND 2003

1. GENERAL INFORMATION

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 relating 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, 2004 and 2003, the Bank had a total workforce of 593 employees and 557 employees, respectively.

2. BASIS OF FINANCIAL STATEMENT PRESENTATION

The financial statements are prepared in conformity with generally accepted accounting principles in Thailand and presented in accordance with the Notification issued by the Bank of Thailand prescribing the forms of balance sheets and statement of profit and loss for 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 the 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 time proportion basis that reflects the effective yield, 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 repayment capability 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.

The Bank does not provide allowance for the unclassified loans which are the loans extended to corporate entities which are commercial banks and loans extended in accordance with the government policy or the cabinet resolution and the risk insurance which are covered against losses under Section 23 and 24 of the Export Import Bank of Thailand Act. B.E. 2536.

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 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 debt amount 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 Off

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

The written off 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 amortized cost. Amortization of premium/discount is computed by using the effective interest yield method.

- General investments are stated at cost.

3.7 Translation of Foreign Currencies

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 date, all such outstanding are 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 that 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 hedge;
- b. Cash flow hedge;
- c. Net investment in foreign entity hedge.

After that, the Bank recognizes fair value revaluation changes of those financial instruments 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 Premises and Equipment

Premises and equipment are reported at cost less accumulated depreciation and amortization with the exception of those cost 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 recognizes 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 would make provisioning rules for export credit insurance claims receivable as follows:

3.11.1 The Bank has set provisioning rules for the total export credit insurance claims receivable.

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 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 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 Rights

Leasehold rights are recognized as expenses by amortized on a straight-line basis over the lease 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 Krungdhep Thanathon Asset Management Company Limited, 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>2004</u>			<u>2003</u>		
	<u>Call</u>	<u>Term</u>	<u>Total</u>	<u>Call</u>	<u>Term</u>	<u>Total</u>
Commercial banks	172.48	-	172.48	188.61	250.00	438.61
Other banks	-	-	-	-	-	-
Other financial institutions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total domestic items	172.48	-	172.48	188.61	250.00	438.61
<u>Add</u> Accrued interest receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>172.48</u>	<u>-</u>	<u>172.48</u>	<u>188.61</u>	<u>250.00</u>	<u>438.61</u>

4.1.2 Foreign Items

(Million Baht)

	<u>2004</u>			<u>2003</u>		
	<u>Call</u>	<u>Term</u>	<u>Total</u>	<u>Call</u>	<u>Term</u>	<u>Total</u>
USD	1,285.40	713.98	1,999.38	1,997.31	723.10	2,720.41
Yen	31.15	-	31.15	26.00	-	26.00
Euro	25.62	-	25.62	3.05	-	3.05
Other currencies	<u>42.34</u>	<u>-</u>	<u>42.34</u>	<u>24.61</u>	<u>-</u>	<u>24.61</u>
Total foreign items	1,384.51	713.98	2,098.49	2,050.97	723.10	2,774.07
<u>Add</u> Accrued interest receivables	<u>1.45</u>	<u>0.03</u>	<u>1.48</u>	<u>-</u>	<u>1.98</u>	<u>1.98</u>
Total	<u>1,385.96</u>	<u>714.01</u>	<u>2,099.97</u>	<u>2,050.97</u>	<u>725.08</u>	<u>2,776.05</u>
Total domestic and Foreign items	<u>1,558.44</u>	<u>714.01</u>	<u>2,272.45</u>	<u>2,239.58</u>	<u>975.08</u>	<u>3,214.66</u>

As of December 31, 2004 and 2003, the interbank and money market items (assets) included unclassified loans of 714.01 million baht and 458.02 million baht respectively. Such loans are loans extended to corporate entities which are commercial banks, and loans extended in accordance with the government policy or the cabinet resolution and the risk insurance which are covered against losses under Sections 23 and 24 of the Export-Import Bank of Thailand Act B.E. 2536.

4.2 Investments

4.2.1 Current Investments

	(Million Baht)			
	2004		2003	
	<u>Cost/Amortized Cost</u>	<u>Market value</u>	<u>Cost/Amortized Cost</u>	<u>Market value</u>
(1) Available-for-sale securities				
Government and state enterprise securities	799.49	796.80	112.14	113.54
<u>Add</u> Allowance for revaluation	<u>(2.69)</u>	<u>-</u>	<u>1.40</u>	<u>-</u>
Total	<u>796.80</u>	<u>796.80</u>	<u>113.54</u>	<u>113.54</u>
(2) Held-to-maturity securities				
Government and state enterprise securities	200.40		-	
<u>Add</u> Allowance for revaluation	<u>0.01</u>		<u>-</u>	
Total	<u>200.41</u>		<u>-</u>	
Total current investments - net	<u>997.21</u>		<u>113.54</u>	

4.2.2 Long-term Investments

	(Million Baht)			
	2004		2003	
	<u>Cost/Amortized Cost</u>	<u>Fair value</u>	<u>Cost/Amortized Cost</u>	<u>Fair value</u>
(1) Available-for-sale securities				
Government and state enterprise securities	791.60	782.72	1,365.72	1,391.97
Domestic marketable equity securities - listed securities	<u>1.32</u>	<u>1.37</u>	<u>26.20</u>	<u>72.39</u>
Total	792.92	784.09	1,391.92	1,464.36
<u>Add</u> Allowance for revaluation	<u>(8.83)</u>	<u>-</u>	<u>72.44</u>	<u>-</u>
Total	<u>784.09</u>	<u>784.09</u>	<u>1,464.36</u>	<u>1,464.36</u>

		(Million Baht)			
		<u>2004</u>		<u>2003</u>	
		<u>Cost/Amortized Cost</u>	<u>Fair value</u>	<u>Cost/Amortized Cost</u>	<u>Fair value</u>
(2) Held-to-maturity securities					
Government and state enterprise securities					
		428.36		-	
	Private sector debt instruments	<u>44.26</u>		<u>-</u>	
	Total	472.62		-	
	<u>Add</u> Allowance for revaluation	<u>17.79</u>		<u>-</u>	
	Total	<u>490.41</u>		<u>-</u>	
(3) General investments					
	Domestic non-marketable equity securities	0.07		0.07	
	Other	<u>0.28</u>		<u>0.29</u>	
	Total	<u>0.35</u>		<u>0.36</u>	
	Total long-term investments - net	<u>1,274.85</u>		<u>1,464.72</u>	

4.2.3 Time to Maturity of Debt Instruments

		(Million Baht)					
		<u>2004</u>			<u>2003</u>		
		<u>Time to maturity</u>		Total	<u>Time to maturity</u>		Total
		<u>1 year</u>	<u>Over 1-5</u>		<u>1 year</u>	<u>Over 1-5</u>	
		<u>years</u>			<u>years</u>		
Available-for-sale securities							
Government and state enterprise securities							
		799.49	791.60	1,591.09	112.14	1,365.72	1,477.86
	Private sector debt instruments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total	799.49	791.60	1,591.09	112.14	1,365.72	1,477.86
	<u>Add</u> Allowance for revaluation	<u>(2.69)</u>	<u>(8.88)</u>	<u>(11.57)</u>	<u>1.40</u>	<u>26.25</u>	<u>27.65</u>
	Total	<u>769.80</u>	<u>782.72</u>	<u>1,579.52</u>	<u>113.54</u>	<u>1,391.97</u>	<u>1,505.51</u>

(Million Baht)

	<u>2004</u>		Total	<u>2003</u>		Total
	Time to maturity			Time to maturity		
	<u>1 year</u>	<u>Over 1-5 years</u>	<u>1 year</u>	<u>Over 1-5 years</u>		
Held-to-maturity securities						
Government and state						
enterprise Securities	200.40	428.36	628.76	-	-	-
Private sector debt instruments	<u>-</u>	<u>44.26</u>	<u>44.26</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	200.40	472.62	673.02	-	-	-
<u>Add</u> Allowance for revaluation	<u>0.01</u>	<u>17.79</u>	<u>17.80</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>200.41</u>	<u>490.41</u>	<u>690.82</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total debt instruments	<u>997.21</u>	<u>1,273.13</u>	<u>2,270.34</u>	<u>113.54</u>	<u>1,391.97</u>	<u>1,505.51</u>

4.2.4 Gains on Changes of Investment Valuation

	(Million Baht)	
	<u>2004</u>	<u>2003</u>
Gains on changes of investment valuation		
Debt instruments	6.23	27.65
Equity instruments	<u>0.05</u>	<u>46.19</u>
Total	<u>6.28</u>	<u>73.84</u>

4.3 Loans and Accrued Interest Receivables

4.3.1 Classified by Type of Loan

	(Million Baht)	
	<u>2004</u>	<u>2003</u>
Overdraft loans	347.76	290.03
Domestic loans - customers	35,092.00	30,021.25
- export bill negotiation	1,475.86	1,540.43
- staff loans	158.84	165.19
Foreign loans - foreign government agencies	5,021.76	3,979.48
- foreign investors	<u>6,454.31</u>	<u>6,342.75</u>
Total	48,550.53	42,339.13
<u>Add</u> Accrued interest receivables	<u>885.47</u>	<u>789.56</u>
Total loans and accrued interest receivables	49,436.00	43,128.69
<u>Less</u> Allowance for doubtful accounts	3,663.11	2,916.30
Revaluation allowance for debt restructuring	<u>740.52</u>	<u>607.10</u>
Total	<u>45,032.37</u>	<u>39,605.29</u>

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

	(Million Baht)	
	<u>2004</u>	<u>2003</u>
Not over one year *	27,932.80	25,391.13
Over one year	<u>20,617.73</u>	<u>16,948.00</u>
Total	<u>48,550.53</u>	<u>42,339.13</u>

* Including loans without contract and those with contract expired.

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

	(Million Baht)					
	<u>2004</u>			<u>2003</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	29,952.81	1,252.82	31,205.63	24,782.76	10.00	24,792.76
USD	6,774.59	10,223.26	16,997.85	6,878.67	10,312.23	17,190.90
Other currencies	<u>347.05</u>	-	<u>347.05</u>	<u>355.47</u>	-	<u>355.47</u>
Total	<u>37,074.45</u>	<u>11,476.08</u>	<u>48,550.53</u>	<u>32,016.90</u>	<u>10,322.23</u>	<u>42,339.13</u>

4.3.4 *Classified by Loan Classification*

	(Million Baht)			
	<u>2004</u>			
	<u>Loans and accrued interest receivables</u>	<u>Outstanding balance net of collateral</u>	<u>Minimum provision rate (%)</u>	<u>Provision amount</u>
Normal	38,390.71	37,784.88	1	377.85
Special mentioned	295.81	295.81	2	5.92
Substandard	570.59	255.02	20	51.00
Doubtful	766.65	513.74	50	256.87
Doubtful of Loss	<u>3,568.04</u>	<u>2,212.61</u>	100	<u>2,212.61</u>
Total	<u>43,591.80</u>	<u>41,062.06</u>		2,904.25
Allowance for doubtful accounts based on restructured debt quality				166.70
Excess allowance for doubtful accounts over minimum provision required				<u>592.16</u>
Allowance for doubtful accounts based on debt service ability and debt quality as of December 31, 2004				<u>3,663.11</u>

	(Million Baht)			
	<u>2003</u>			
	<u>Loans and accrued interest receivables</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
Doubtful of 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>

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

(Million Baht)

<u>Loans</u>	<u>2004</u>		<u>2003</u>	
	<u>Loans and accrued interest receivables</u>	<u>As % of loans and accrued interest receivables</u>	<u>Loans and accrued interest receivables</u>	<u>As % of loans and accrued interest receivables</u>
Non-performing loans	4,905.27	9.92	4,106.16	9.52
Unclassified loans	5,844.20	11.82	5,348.68	12.40

In 2004 and 2003, 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:

(Million Baht)

<u>Restructured debts</u>	<u>No.</u>	<u>2004</u>		<u>No.</u>	<u>2003</u>	
		<u>Amount</u>	<u>As % of loans and accrued interest receivables</u>		<u>Amount</u>	<u>As % of loans and accrued interest receivables</u>
Succeeded	75	2,198.73	4.45	40	3,089.04	7.16
Underway	13	227.12	0.46	3	26.51	0.06
Outstanding	89	5,139.09	10.40	62	3,832.11	8.89

Loss from the debt restructuring increased by 177.58 million baht in 2004, which was already recognized in full. In 2003, the loss from the debt restructuring increased by 318.97 million baht, which was already recognized in full.

In 2004 and 2003, the Bank wrote off bad debts in the amount of 97.34 million baht and 1,041.98 million baht, of which 4.52 million baht and 1,015.97 million baht respectively were written off accounts.

Based on the debt write off policy stated in Note 3.5 and already dropped by the Bank, the outstanding balance of written off accounts as at December 31, 2004 and 2003 which have not yet been recorded in the financial statements were 2,360.84 million baht and 2,638.36 million baht respectively.

4.4 Allowance for Doubtful Accounts

(Million Baht)

	2004							
	Normal	Special mentioned	Substandard	Doubtful	Doubtful of Loss	Restructured debt	Excess allowance	Total
Beginning balance	327.72	3.18	24.77	96.09	1,819.44	289.27	355.83	2,916.30
Doubtful accounts	50.13	2.74	26.23	160.78	447.67	(122.17)	236.33	801.71
Bad debts recovered	-	-	-	-	-	-	-	-
Bad debts written off	-	-	-	-	(54.50)	(0.40)	-	(54.90)
Others	-	-	-	-	-	-	-	-
Ending balance	<u>377.85</u>	<u>5.92</u>	<u>51.00</u>	<u>256.87</u>	<u>2,212.61</u>	<u>166.70</u>	<u>592.16</u>	<u>3,663.11</u>

	2003							
	Normal	Special mentioned	Substandard	Doubtful	Doubtful of 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, 2004 and 2003, the Bank's allowance for doubtful accounts on loans accounted for 3,663.11 million baht and 2,916.30 million baht, respectively, 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.

4.5 Revaluation Allowance for Debt Restructuring

(Million Baht)

	2004	2003
Beginning balance	607.10	318.12
Increase	288.88	429.14
Decrease	<u>155.46</u>	<u>140.16</u>
Ending balance	<u>740.52</u>	<u>607.10</u>

4.6 Properties Foreclosed

(Million Baht)

<u>Type of properties foreclosed</u>	<u>Beginning balance</u>	<u>2004</u>		<u>Ending balance</u>
		<u>Increase</u>	<u>Disposal</u>	
Properties obtained from debt settlement				
- Immovable properties	404.25	190.45	34.21	560.49
- Movable properties	-	3.60	-	3.60
- Inventory	-	-	-	-
- Others	-	-	-	-
Total properties foreclosed	404.25	194.05	34.21	564.09
<u>Less</u> Allowance for losses of properties foreclosed*	<u>138.79</u>	<u>37.90*</u>	<u>3.89</u>	<u>172.80</u>
Total properties foreclosed - net	<u>265.46</u>	<u>156.15</u>	<u>30.32</u>	<u>391.29</u>

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

<u>Type of properties foreclosed</u>	<u>Beginning balance</u>	<u>2003</u>		<u>Ending balance</u>
		<u>Increase</u>	<u>Disposal</u>	
Properties obtained from debt settlement				
- Immovable properties	343.95	79.96	19.66	404.25
- Movable properties	-	0.40	0.40	-
- Inventory	-	-	-	-
- Others	-	-	-	-
Total properties foreclosed	343.95	80.36	20.06	404.25
<u>Less</u> Allowance for losses of properties foreclosed*	<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.

4.7 Premises and Equipment

(Million Baht)

	Cost				2004 Accumulated depreciation				Net premises and equipment
	Beginning	Increase	Disposal	Ending	Beginning	Depreciation	Disposal	Ending	
	balance			balance	balance			balance	
Land	381.27	-	-	381.27	-	-	-	-	381.27
Buildings									
- Buildings	662.13	-	0.06	662.07	152.42	22.06	0.01	174.47	487.60
- Buildings improvement	96.23	5.76	1.15	100.84	42.89	9.72	0.64	51.97	48.87
Equipment									
- Office equipment and fixtures	204.97	12.60	9.58	207.99	168.49	15.37	9.45	174.41	33.58
- Vehicles	49.97	17.95	7.47	60.45	34.80	7.89	7.47	35.22	25.23
Assets under Construction*	-	70.31	8.10	62.21	-	-	-	-	62.21
Total	<u>1,394.57</u>	<u>106.62</u>	<u>26.36</u>	<u>1,474.83</u>	<u>398.60</u>	<u>55.04</u>	<u>17.57</u>	<u>436.07</u>	<u>1,038.76</u>

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

(Million Baht)

	Cost				2003 Accumulated depreciation				Net premises and equipment
	Beginning	Increase	Disposal	Ending	Beginning	Depreciation	Disposal	Ending	
	balance			balance	balance			balance	
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.

4.8 Other Assets

	(Million Baht)	
	<u>2004</u>	<u>2003</u>
Revenues receivables	0.62	0.56
Insurance claims receivables	51.35	23.92
Allowance for insurance claim receivables	(31.30)	(16.83)
Advance deposits	3.45	3.77
Others	<u>1.45</u>	<u>2.11</u>
Total	<u>25.57</u>	<u>13.53</u>

Other assets as at December 31, 2004 and 2003 totaling 1.45 million baht and 2.11 million baht respectively included the acquisition of ordinary shares as a supplement to collateral that is immovable property of a client of the Bank at the price of one baht under the condition of the possession right over the collateral superseding the 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 repayments 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>2004</u>	<u>2003</u>
Call deposits	1,523.94	839.94
Savings	330.73	10.32
Time deposits		
- Less than six months	498.54	237.73
- Six months up to less than one year	26.79	25.34
- One year and over	<u>2,479.70</u>	<u>2,173.99</u>
Total	<u>4,859.70</u>	<u>3,287.32</u>

4.9.2 *Classified by Remaining Period of Deposit Agreement*

	(Million Baht)	
	<u>2004</u>	<u>2003</u>
Not over one year*	4,859.70	3,287.32
Over one year	<u>-</u>	<u>-</u>
Total	<u>4,859.70</u>	<u>3,287.32</u>

* Inclusive of expired agreements.

4.9.3 *Classified by Currency and Depositor's Residence*

	(Million Baht)					
	<u>2004</u>			<u>2003</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	3,924.16	1.96	3,926.12	3,000.56	0.24	3,000.80
USD	629.88	256.47	886.35	124.94	160.13	285.07
Other currencies	<u>8.29</u>	<u>38.94</u>	<u>47.23</u>	<u>1.45</u>	<u>-</u>	<u>1.45</u>
Total	<u>4,562.33</u>	<u>297.37</u>	<u>4,859.70</u>	<u>3,126.95</u>	<u>160.37</u>	<u>3,287.32</u>

4.10 *Interbank and Money Market Items (Liabilities)*

4.10.1 *Domestic Items*

	(Million Baht)		
	<u>2004</u>		
	<u>Call</u>	<u>Term</u>	<u>Total</u>
Bank of Thailand	-	944.62	944.62
Commercial banks	34.29	440.00	474.29
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>-</u>	<u>-</u>
Total domestic items	<u>34.31</u>	<u>3,384.62</u>	<u>3,418.93</u>

	<u>2003</u>		
	<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>

4.10.2 *Foreign Items*

	(Million Baht)		
	<u>2004</u>		
	<u>Call</u>	<u>Term</u>	<u>Total</u>
USD	750.29	1,765.51	2,515.80
Yen	<u>-</u>	<u>2,746.07</u>	<u>2,746.07</u>
Total foreign items	<u>750.29</u>	<u>4,511.58</u>	<u>5,261.87</u>
Total domestic and foreign items	<u>784.60</u>	<u>7,896.20</u>	<u>8,680.80</u>
	<u>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>

4.11 Borrowings

	(Million Baht)		
	<u>2004</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Short-term borrowings			
- Export-Import Bank of Thailand bonds	5,000.00	-	5,000.00
- Ministry of Finance	-	-	-
- Others	<u>2,700.00</u>	<u>-</u>	<u>2,700.00</u>
Total short-term borrowings	<u>7,700.00</u>	<u>-</u>	<u>7,700.00</u>
Long-term borrowings			
- Export-Import Bank of Thailand bonds	20,500.00	-	20,500.00
- Others	<u>1,850.00</u>	<u>-</u>	<u>1,850.00</u>
Total long-term borrowings	<u>22,350.00</u>	<u>-</u>	<u>22,350.00</u>
Total borrowings	<u>30,050.00</u>	<u>-</u>	<u>30,050.00</u>
	<u>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	137.22	-	137.22
- Others	<u>-</u>	<u>-</u>	<u>-</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
- 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>

The details of the long-term borrowings of 22,350.00 million baht and 22,700.00 million baht are as follows:

<u>Lender</u>	<u>Tenor</u> (years)	<u>Maturity</u> (year)	<u>Interest rate</u> (% per annum)	<u>(Million Baht)</u>	
				<u>2004</u>	<u>2003</u>
EXIM Thailand bonds	3-5	2002-2009	2.43-4.00	20,500.00	19,000.00
Others	3-7	2003-2010	1.80-4.55	<u>1,850.00</u>	<u>3,700.00</u>
Total				<u>22,350.00</u>	<u>22,700.00</u>

4.12 Other Liabilities

	<u>(Million Baht)</u>	
	<u>2004</u>	<u>2003</u>
Expenses payable	14.92	11.69
Accounts payable	7.99	2.38
Deferred revenues	32.30	32.28
Withholding tax payable	3.06	3.00
Loss provision for contingent liabilities	2.24	2.36
Deposits	19.30	6.48
Suspense liabilities	5.87	3.84
Others	<u>0.01</u>	<u>0.01</u>
Total	<u>85.69</u>	<u>62.04</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

	<u>(Million Baht)</u>		
	<u>Baht</u>	<u>2004</u> <u>Foreign</u> <u>currencies</u>	<u>Total</u>
Liabilities under unmatured import bills	35.44	863.32	898.76
Letters of credit	62.79	914.72	977.51
Export bills insured	6,469.46	131.85	6,601.31
Other guarantees	407.88	5,348.45	5,756.33
Overdraft accounts not yet drawn	478.99	-	478.99
FX forward purchase/sales contracts	4,533.65	4,888.07	9,421.72
FX swaps	9,198.02	366.45	9,564.47
Foreign currency and interest swaps	779.16	25,214.89	25,994.05
Options written	-	-	-
Interest rate swaps	<u>12,479.16</u>	<u>1,303.83</u>	<u>13,782.99</u>
Total	<u>34,444.55</u>	<u>39,031.58</u>	<u>73,476.13</u>

		(Million Baht)	
	Baht	2003 Foreign currencies	Total
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 and interest swaps	779.16	21,550.19	22,329.35
Options written	2,900.00	-	2,900.00
Interest rate swaps	<u>11,479.16</u>	<u>1,322.39</u>	<u>12,801.55</u>
Total	<u>31,303.97</u>	<u>35,325.39</u>	<u>66,629.36</u>

The Bank faced a civil suit in the normal course of its business operations. The Bank received the court's order 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, 2004 and 2003 were as follows:

(Million Baht)

	<u>2004</u>	
	<u>Contract value</u>	<u>Net fair value of the derivative's contract</u>
FX forward purchase/sales contracts	9,421.72	(30.32)
FX swaps	9,564.47	(394.61)
Foreign currency and interest swaps	25,994.05	1,304.55
Options purchased	-	-
Options written	-	-
Interest rate swaps	<u>13,782.99</u>	(91.14)
Total	<u>58,763.23</u>	<u>788.48</u>

	<u>2003</u>	
	<u>Contract value</u>	<u>Net fair value of the derivative's contract</u>
FX forward purchase/sales contracts	14,474.91	(14.35)
FX swaps	1,422.82	(52.14)
Foreign currency and 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>

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 (year)</u>	<u>Year of contract expiry</u>
Laem Chabang	20	2019
Rangsit	3	2007
Hat Yai	3	2006
Rama IV	3	2006
Sathorn	3	2006

<u>Branch offices</u>	<u>Contract term (year)</u>	<u>Year of contract expiry</u>
Bangna – Trad KM. 3	3	2005
Rama II	2	2005
Business Promotion Office at		
Department of Export Promotion	1	2005
Pratunam Pra-in	1	2004

Total deposits for all contracts are 7.25 million baht. Lease contract for Pratunam Pra-in branch expired in December 2004; therefore, the Bank re-locate the branch to Rangsit area and change the name from “Pratunam Pra-in” to “Rangsit” branch accordingly.

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.
