



(TRANSLATION)

AUDITOR'S REPORT

TO : MINISTER OF FINANCE

The Office of the Auditor General has audited the balance sheets of the Export-Import Bank of Thailand as at December 31, 2005 and 2004, 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 is to express an opinion on these financial statements based on our audits.

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

In the opinion of the Office of the Auditor General, the financial statements referred to above present fairly, in all material respects, the financial position of the Export-Import Bank of Thailand as at December 31, 2005 and 2004, 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) *Vilailak Aunyamaneerat*

(Vilailak Aunyamaneerat)

Director of Audit Office

(Signed) *Chawewan Saisuwannakal*

(Chawewan Saisuwannakal)

Auditor-in-charge

Office of the Auditor General

February 14, 2006

(TRANSLATION)

EXPORT-IMPORT BANK OF THAILAND

BALANCE SHEETS

AS AT DECEMBER 31, 2005 AND 2004

Unit: Baht

	Notes	2005	2004
<b>Assets</b>			
Cash		488,353,248.98	549,362,627.64
Interbank and money market items	4.1		
Domestic items			
Interest bearing		48,074,583.57	18,896,694.14
Non-interest bearing		79,427,287.79	153,578,784.75
Foreign items			
Interest bearing		8,306,089,986.23	1,794,422,110.75
Non-interest bearing		246,766,373.05	305,555,151.50
Total interbank and money market items - net		<u>8,680,358,230.64</u>	<u>2,272,452,741.14</u>
Securities purchased under resale agreements		1,600,000,000.00	400,000,000.00
Investments	3.7 4.2		
Current investments - net		187,531,488.93	997,205,537.13
Long-term investments - net		3,065,143,085.61	1,274,850,387.75
Total investments - net		<u>3,252,674,574.54</u>	<u>2,272,055,924.88</u>
Loans and accrued interest receivables	4.3		
Loans	3.1 3.2 3.5	59,328,724,280.16	48,550,533,293.26
Accrued interest receivables		998,568,332.46	885,470,523.48
Total loans and accrued interest receivables		<u>60,327,292,612.62</u>	<u>49,436,003,816.74</u>
<u>Less</u> Allowance for doubtful accounts	3.3 4.4	4,455,336,648.10	3,663,110,368.94
<u>Less</u> Revaluation allowance for debt restructuring	3.4 4.5	922,923,649.94	740,519,021.54
Total loans and accrued interest receivable - net		<u>54,949,032,314.58</u>	<u>45,032,374,426.26</u>
Properties foreclosed - net	3.11 4.7	407,850,640.91	391,292,081.34
Premises and equipment - net	3.10 4.8	1,051,620,139.05	1,038,759,692.33
Derivative Revaluation	3.9 4.16	-	788,480,435.23
Accrued interest receivable not related to loans		29,551,646.93	11,001,466.86
Prepaid expense		9,093,898.26	10,137,431.35
Leasehold premises and improvements		17,907,014.36	14,268,025.69
Other assets - net	4.9	12,446,764.77	25,569,787.06
Total assets		<u><u>70,498,888,473.02</u></u>	<u><u>52,805,754,639.78</u></u>

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

(TRANSLATION)

EXPORT-IMPORT BANK OF THAILAND

BALANCE SHEETS

AS AT DECEMBER 31, 2005 AND 2004

Unit: Baht

	Notes	2005	2004
<u>Liabilities and Capital</u>			
Deposits	4.10		
Deposits in baht		3,838,626,797.89	3,926,116,623.76
Deposits in foreign currencies		5,019,249,465.58	933,579,225.73
Total deposits		<u>8,857,876,263.47</u>	<u>4,859,695,849.49</u>
Interbank and money market items	4.11		
Domestic items			
Interest bearing		8,185,907,900.00	3,384,623,847.14
Non-interest bearing		3,649,626.60	34,302,299.11
Foreign items			
Interest bearing		5,128,131,325.80	5,261,873,177.75
Total interbank and money market items		<u>13,317,688,852.40</u>	<u>8,680,799,324.00</u>
Liability payable on demand		18,478,370.86	11,845,916.58
Borrowings	4.12		
Short-term borrowings		670,000,000.00	7,700,000,000.00
Long-term borrowings		37,560,650,000.00	22,350,000,000.00
Total borrowings		<u>38,230,650,000.00</u>	<u>30,050,000,000.00</u>
Derivative Revaluation	3.9 4.16	900,231,793.93	-
Accrued interest payable		500,922,935.60	175,331,676.04
Export credit insurance reserve		178,562,182.31	163,562,271.57
Other liabilities	4.13	165,973,486.78	85,689,418.05
Total liabilities		<u>62,170,383,885.35</u>	<u>44,026,924,455.73</u>
Capital			
Capital	4.14	6,500,000,000.00	6,500,000,000.00
Paid-up capital		6,500,000,000.00	6,500,000,000.00
Hedging reserve	3.9	(686,711,095.83)	41,965,234.95
Revaluation surplus (deficit) on investments	3.7 4.2.4	(4,379,614.81)	6,278,034.58
Retained earnings			
Appropriated			
Legal reserve		1,993,353,886.85	1,647,000,000.00
Unappropriated		526,241,411.46	583,586,914.52
Total capital		<u>8,328,504,587.67</u>	<u>8,778,830,184.05</u>
Total liabilities and capital		<u>70,498,888,473.02</u>	<u>52,805,754,639.78</u>

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

(TRANSLATION)

EXPORT-IMPORT BANK OF THAILAND

BALANCE SHEETS

AS AT DECEMBER 31, 2005 AND 2004

Unit: Baht

	<u>Notes</u>		<u>2005</u>	<u>2004</u>
<u>Off-Balance-Sheet Items - Contingencies</u>	3.12	4.15		
Liabilities under unmatured import bills			788,999,851.33	898,757,417.33
Letters of credit			3,109,898,431.57	977,509,765.16
Export bills insured			8,423,593,437.66	6,601,305,096.94
Other contingencies			60,644,247,423.10	64,998,557,123.09

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

*(Signed) Virabongsa Ramangkura*

*(Signed) Sataporn Jinachitra*

(Virabongsa Ramangkura)

(Sataporn Jinachitra)

Chairman of the Board of Directors

President

(TRANSLATION)

EXPORT-IMPORT BANK OF THAILAND

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

			Unit: Baht	
	Notes	2005	2004	
Interest and dividend income	3.1			
Loans	3.6 4.6	2,453,271,229.80	1,694,824,137.98	
Interbank and money market items		452,313,355.95	122,446,380.72	
Investments		87,098,196.07	45,932,192.40	
Total interest and dividend income		<u>2,992,682,781.82</u>	<u>1,863,202,711.10</u>	
Interest expense	3.1			
Deposits		85,988,250.39	31,510,258.99	
Interbank and money market items		424,515,604.91	163,515,348.53	
Short-term borrowings		90,485,854.50	77,715,062.53	
Long-term borrowings		1,063,713,220.42	326,080,825.30	
Total interest expenses		<u>1,664,702,930.22</u>	<u>598,821,495.35</u>	
Net income from interest and dividends		1,327,979,851.60	1,264,381,215.75	
Bad debt and doubtful accounts	3.3	833,915,419.78	832,118,419.71	
Loss on debt restructuring	3.4	240,969,323.58	177,581,328.51	
Net income from interest and dividends after bad debt and doubtful accounts and loss on debt restructuring		<u>253,095,108.24</u>	<u>254,681,467.53</u>	
Non-interest income				
Gains on investments		106,543.69	51,505,684.71	
Fees and service income		309,845,119.56	213,035,288.32	
Export insurance income		162,986,274.31	135,164,234.09	
Gains on exchanges	3.8 3.9	174,441,737.88	149,337,446.52	
Gains on sale of properties foreclosed		13,059,265.25	4,858,180.41	
Written-off debt recovered		177,502,888.25	264,648,841.46	
Other income		16,695,774.72	8,760,226.91	
Total non-interest income		<u>854,637,603.66</u>	<u>827,309,902.42</u>	
Non-interest expenses				
Personnel expenses		370,259,465.90	322,713,469.18	
Premises and equipment expenses		89,290,352.09	82,737,384.38	
Taxes and duties		124,498.27	126,371.23	
Fees and service expenses		41,981,824.85	39,218,262.84	
Expenses on export insurance		50,432,035.51	44,008,262.72	
Directors' remuneration		3,151,795.52	2,795,908.05	
Loss on impairment of properties foreclosed		10,008,274.43	37,895,127.00	
Other expenses		85,476,081.54	75,263,556.88	
Total non-interest expenses		<u>650,724,328.11</u>	<u>604,758,342.28</u>	
Net income		<u>457,008,383.79</u>	<u>477,233,027.67</u>	

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

(TRANSLATION)

EXPORT-IMPORT BANK OF THAILAND  
STATEMENTS OF CHANGES IN CAPITAL  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

Unit: Baht

	Capital	Hedging reserve	Revaluation surplus (deficit) on investments	Appropriated retained earnings	Unappropriated retained earnings	Total
Beginning balance as at January 1, 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
Hedging 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 December 31, 2004	6,500,000,000.00	41,965,234.95	6,278,034.58	1,647,000,000.00	583,586,914.52	8,778,830,184.05
Beginning balance as at January 1, 2005	6,500,000,000.00	41,965,234.95	6,278,034.58	1,647,000,000.00	583,586,914.52	8,778,830,184.05
Hedging reserve	-	(728,676,330.78)	-	-	-	(728,676,330.78)
Revaluation deficit on investments	-	-	(10,657,649.39)	-	-	(10,657,649.39)
Un-recognized items in income statements	-	(728,676,330.78)	(10,657,649.39)	-	-	(739,333,980.17)
Legal reserve	-	-	-	346,353,886.85	(346,353,886.85)	-
Remittance to the Ministry of Finance	-	-	-	-	(168,000,000.00)	(168,000,000.00)
Net income	-	-	-	-	457,008,383.79	457,008,383.79
Ending balance as at December 31, 2005	6,500,000,000.00	(686,711,095.83)	(4,379,614.81)	1,993,353,886.85	526,241,411.46	8,328,504,587.67

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

(TRANSLATION)  
 EXPORT-IMPORT BANK OF THAILAND  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	Unit: Baht	
	<u>2005</u>	<u>2004</u>
<b>Cash flows from operating activities</b>		
Net income	457,008,383.79	477,233,027.67
Adjustments to reconcile net income (loss) to net cash from operating activities		
operating activities		
Depreciation and amortization	64,452,092.78	59,641,749.67
Bad debt and doubtful accounts	832,792,939.02	831,896,387.05
Loss on debt restructuring	240,969,323.58	177,518,260.05
(Reverse) Interest income from restructured debt	(58,564,695.18)	(44,223,673.00)
Written-off debt recovered	(68,392,410.52)	(215,411,328.37)
(Gain) on disposal of assets	(2,437,671.33)	(2,047,685.87)
(Gain) on sale of properties foreclosed	(13,059,265.25)	(4,858,180.41)
Loss on impairment of properties foreclosed	10,008,274.43	37,895,127.00
(Gain) Loss on exchanges	(671,896,398.60)	76,977,366.57
Derivative revaluation	27,262,149.59	(198,109,296.96)
(Gain) on sale of investments in securities	(106,543.69)	(51,505,684.71)
Amortization of income - discount on bond value	37,924,542.27	39,798,645.91
Provision for contingent liabilities	4,592,000.00	(116,000.00)
Loss on claims and provision for claims against export credit insurance	43,609,636.28	33,888,782.80
(Increase) Decrease in accrued income	188,743.22	(63,353.09)
(Increase) in accrued interest and dividend receivable	(116,907,884.98)	(816,448.54)
(Increase) Decrease in prepaid expenses	1,064,116.54	(648,220.65)
Increase in advanced interest income	15,396,672.10	194,381.63
Increase in accrued interest payable	321,638,611.84	73,346,594.62
Increase (Decrease) in other accrued expenses	(2,607,907.16)	1,867,593.63
Net income from operations before changes in operating	1,122,934,708.73	1,292,458,045.00
assets and liabilities		
(Increase) Decrease in operating assets		
Interbank and money market items	(6,359,745,721.80)	1,011,671,149.95
Securities purchased under resale agreements	(1,200,000,000.00)	(400,000,000.00)
Loans	(10,034,616,143.85)	(6,614,443,764.04)
Properties foreclosed	103,715,702.52	18,158,375.40
Other assets	(49,880,553.83)	(49,530,151.17)

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

(TRANSLATION)

EXPORT-IMPORT BANK OF THAILAND

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	Unit: Baht	
	<u>2005</u>	<u>2004</u>
<b>Cash flows from operating activities (continued)</b>		
Increase (Decrease) in operating liabilities		
Deposits	4,000,282,571.69	1,570,529,350.73
Interbank and money market items	5,808,266,391.19	(1,268,142,302.88)
Liability payable on demand	6,632,454.28	4,421,798.70
Short-term borrowings	(7,030,000,000.00)	5,562,461,124.46
Other liabilities	(13,166,219.40)	14,851,784.81
Net cash from operating activities	<u>(13,645,576,810.47)</u>	<u>1,142,435,410.96</u>
<b>Cash flows from investing activities</b>		
(Increase) in investments in securities	(987,616,233.09)	(835,000,000.00)
Proceeds from sale of investments in securities	356,543.69	76,380,402.84
Purchase of premises and equipment	(81,203,970.14)	(91,508,226.68)
Proceeds from sale of premises and equipment	4,204,932.00	2,746,388.00
Net cash from investing activities	<u>(1,064,258,727.54)</u>	<u>(847,381,435.84)</u>
<b>Cash flows from financing activities</b>		
Increase (Decrease) in long-term borrowings	14,816,826,159.35	(350,000,000.00)
Remittance to the Ministry of Finance	(168,000,000.00)	(252,000,000.00)
Net cash from financing activities	<u>14,648,826,159.35</u>	<u>(602,000,000.00)</u>
<b>Net (decrease) in cash and cash equivalents</b>	<u>(61,009,378.66)</u>	<u>(306,946,024.88)</u>
<b>Cash and cash equivalents as of January 1</b>	<u>549,362,627.64</u>	<u>856,308,652.52</u>
<b>Cash and cash equivalents as of December 31</b>	<u><u>488,353,248.98</u></u>	<u><u>549,362,627.64</u></u>
 <b>Supplemental disclosure of cash flows information</b>		
Cash paid during the year		
Interest expense	1,339,111,670.66	527,961,586.40

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, 2005 AND 2004**

**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 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 at December 31, 2005 and 2004, the Bank had a total staffing of 670 and 593 persons, respectively.

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements are prepared in conformity with generally accepted accounting principles as prescribed in the Accounting Act. B.E. 2543 (A.D. 2000) 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 Troubled Debt Restructuring

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

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

In the case of adjustment to the repayment terms and conditions, the Bank recalculates the fair value of the debt by determining the present value of future expected cash flows in accordance with the adjusted repayment conditions using the Bank's regular interest rate 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 Subsidy from Government

Regarding to the interest subsidized from the government, this interest income is recognized on an accrual basis, which interest income on loans is shown in the statement of income.

### 3.7 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 investments 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 investments 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.

### 3.8 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.

### 3.9 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 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.

**3.10 Premises and Equipment-Net**

Premises and equipment are reported at cost less accumulated depreciation and amortization with the exception of those cost not over Baht 3,000 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

**3.11 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.

**3.12 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:

3.12.1 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.

3.12.2 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.

### 3.13 Leasehold Rights

Leasehold rights are recognized as expenses by amortized on a straight-line basis over the lease period.

### 3.14 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.

### 3.15 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

	Unit : Million Baht					
	2005			2004		
	<u>At call</u>	<u>Term</u>	<u>Total</u>	<u>At call</u>	<u>Term</u>	<u>Total</u>
Commercial banks	127.50	-	127.50	172.48	-	172.48
Other banks	-	-	-	-	-	-
Other financial institutions	-	-	-	-	-	-
Total domestic items	127.50	-	127.50	172.48	-	172.48
<u>Add</u> Accrued interest						
Receivables	-	-	-	-	-	-
Total	127.50	-	127.50	172.48	-	172.48

###### 4.1.2 Foreign Items

	Unit : Million Baht					
	2005			2004		
	<u>At call</u>	<u>Term</u>	<u>Total</u>	<u>At call</u>	<u>Term</u>	<u>Total</u>
US Dollars	3,385.22	5,031.20	8,416.42	1,285.40	713.98	1,999.38
Yen	42.84	-	42.84	31.15	-	31.15
Euro	32.11	-	32.11	25.62	-	25.62
Other currencies	47.32	-	47.32	42.34	-	42.34
Total foreign items	3,507.49	5,031.20	8,538.69	1,384.51	713.98	2,098.49
<u>Add</u> Accrued interest						
Receivables	11.35	2.82	14.17	1.45	0.03	1.48
Total	3,518.84	5,034.02	8,552.86	1,385.96	714.01	2,099.97
Total domestic and foreign items	3,646.34	5,034.02	8,680.36	1,558.44	714.01	2,272.45

As at December 31, 2005 and 2004, the interbank and money market items (assets) included unclassified loans of Baht 472.36 million and Baht 714.01 million 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.

(TRANSLATION)

## 4.2 Investments

### 4.2.1 Current Investments

	Unit : Million Baht			
	<u>2005</u>		<u>2004</u>	
	<u>Cost Value/ Amortized Cost Value</u>	<u>Fair value</u>	<u>Cost Value/ Amortized Cost Value</u>	<u>Fair value</u>
(1) Available-for-sale investments				
Government and state enterprises securities	-	-	799.49	796.80
<u>Add</u> Allowance for revaluation	<u>-</u>	<u>-</u>	<u>(2.69)</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>	<u>796.80</u>	<u>796.80</u>
(2) Held-to-maturity debt instruments				
Government and state enterprises	185.86		200.40	
<u>Add</u> Allowance for revaluation	<u>1.67</u>		<u>0.01</u>	
Total	<u>187.53</u>		<u>200.41</u>	
Total current investments - net	<u>187.53</u>		<u>997.21</u>	

### 4.2.2 Long-term Investments

	Unit : Million Baht			
	<u>2005</u>		<u>2004</u>	
	<u>Cost Value/ Amortized Cost Value</u>	<u>Fair value</u>	<u>Cost Value/ Amortized Cost Value</u>	<u>Fair value</u>
(1) Available-for-sale investments				
Government and state enterprises securities	68.86	67.65	791.60	782.72
Domestic marketable equity securities - listed securities	<u>1.07</u>	<u>1.07</u>	<u>1.32</u>	<u>1.37</u>
Total	69.93	68.72	792.92	784.09
<u>Add</u> Allowance for revaluation	<u>(1.21)</u>	<u>-</u>	<u>(8.83)</u>	<u>-</u>
Total	<u>68.72</u>	<u>68.72</u>	<u>784.09</u>	<u>784.09</u>
(2) Held-to-maturity debt instruments				
Government and state enterprises securities	2,889.94		428.36	
Private enterprises debt instruments	<u>110.84</u>		<u>44.26</u>	
Total	3,000.78		472.62	
<u>Add</u> Allowance for revaluation	<u>(4.84)</u>		<u>17.79</u>	
Total	<u>2,995.94</u>		<u>490.41</u>	
(3) General investments				
Domestic non-marketable equity securities	0.07		0.07	
Other	<u>0.41</u>		<u>0.28</u>	
Total	<u>0.48</u>		<u>0.35</u>	
Total long-term investments - net	<u>3,065.14</u>		<u>1,274.85</u>	



(TRANSLATION)

4.2.3 Time to Maturity of Debt Instruments

Unit : Million Baht

	<u>2005</u>		Total	<u>2004</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>	
Available-for-sale investments						
Government and state enterprises securities	-	68.86	68.86	799.49	791.60	1,591.09
Private enterprises debt instruments	-	-	-	-	-	-
Total	-	68.86	68.86	799.49	791.60	1,591.09
<u>Add</u> Allowance for revaluation	-	(1.21)	(1.21)	(2.69)	(8.88)	(11.57)
Total	-	67.65	67.65	796.80	782.72	1,579.52
Held-to-maturity debt instruments						
Government and state enterprises securities	185.86	2,889.94	3,075.80	200.40	428.36	628.76
Private enterprises debt instruments	-	110.84	110.84	-	44.26	44.26
Total	185.86	3,000.78	3,186.64	200.40	472.62	673.02
<u>Add</u> Allowance for revaluation	1.67	(4.84)	(3.17)	0.01	17.79	17.80
Total	187.53	2,995.94	3,183.47	200.41	490.41	690.82
Total debt instruments	187.53	3,063.59	3,251.12	997.21	1,273.13	2,270.34

4.2.4 Revaluation Surplus (Deficit) on Investments

Unit : Million Baht

	<u>2005</u>	<u>2004</u>
Revaluation surplus (deficit) on investments		
Debt instruments	(4.38)	6.23
Equity securities	-	0.05
Total	(4.38)	6.28

(TRANSLATION)

#### 4.3 Loans and Accrued Interest Receivables

##### 4.3.1 Classified by Type of Loan

	Unit : Million Baht	
	<u>2005</u>	<u>2004</u>
Overdraft loans	443.06	347.76
Domestic loans - customers	44,075.00	35,092.00
- export bill negotiation	1,638.19	1,475.86
- staff loans	159.65	158.84
Foreign loans - foreign government agencies	5,918.50	5,021.76
- foreign investors	<u>7,094.32</u>	<u>6,454.31</u>
Total	59,328.72	48,550.53
<u>Add</u> Accrued interest receivables	<u>998.57</u>	<u>885.47</u>
Total loans and accrued interest receivables	60,327.29	49,436.00
<u>Less</u> Allowance for doubtful accounts	4,455.34	3,663.11
Revaluation allowance for debt restructuring	<u>922.92</u>	<u>740.52</u>
Total	<u>54,949.03</u>	<u>45,032.37</u>

##### 4.3.2 Classified by Maturity of Contracts (Excluding Accrued Interest Receivables)

	Unit : Million Baht	
	<u>2005</u>	<u>2004</u>
Within 1 year *	33,880.49	27,932.80
Over 1 year	<u>25,448.23</u>	<u>20,617.73</u>
Total	<u>59,328.72</u>	<u>48,550.53</u>

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

##### 4.3.3 Classified by Currencies and Residency of Borrowers (Excluding Accrued Interest Receivables)

	Unit : Million Baht					
	<u>2005</u>			<u>2004</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	36,412.93	2,809.45	39,222.38	29,952.81	1,252.82	31,205.63
US Dollars	9,297.81	10,174.19	19,472.00	6,774.59	10,223.26	16,997.85
Other currencies	<u>605.16</u>	<u>29.18</u>	<u>634.34</u>	<u>347.05</u>	<u>-</u>	<u>347.05</u>
Total	<u>46,315.90</u>	<u>13,012.82</u>	<u>59,328.72</u>	<u>37,074.45</u>	<u>11,476.08</u>	<u>48,550.53</u>

(TRANSLATION)

4.3.4 Classified by Loan Classification

Unit : Million Baht

	<u>2005</u>			
	<u>Loans and accrued interest receivables</u>	<u>Outstanding debt after deduction of collateral value</u>	<u>Minimum provision rate (%)</u>	<u>Allowance for doubtful accounts</u>
Pass	45,865.74	45,160.58	1	451.61
Special mention	933.57	933.57	2	18.67
Sub-Standard	992.49	933.92	20	186.78
Doubtful	598.34	170.44	50	85.22
Doubtful of Loss	<u>4,829.09</u>	<u>3,221.41</u>	100	<u>3,221.41</u>
Total	<u>53,219.23</u>	<u>50,419.92</u>		3,963.69
Allowance for doubtful accounts based on restructured debt quality				97.50
Excess allowance for doubtful accounts over minimum provision required				<u>394.15</u>
Allowance for doubtful accounts based on debt service ability and debt quality as at December 31, 2005				<u>4,455.34</u>

	<u>2004</u>			
	<u>Loans and accrued interest receivables</u>	<u>Outstanding debt after deduction of collateral value</u>	<u>Minimum provision rate (%)</u>	<u>Allowance for doubtful accounts</u>
Pass	38,390.71	37,784.88	1	377.85
Special mention	295.81	295.81	2	5.92
Sub-Standard	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 at December 31, 2004				<u>3,663.11</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:

(TRANSLATION)

- (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.

Unit : Million Baht

<u>Loans</u>	<u>2005</u>		<u>2004</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>receivables</u>	<u>interest receivables</u>	<u>receivables</u>	<u>interest receivables</u>
Non-performing loans	6,419.92	10.64	4,905.27	9.92
Unclassified loans	7,108.06	11.78	5,844.20	11.82

In 2005 and 2004, 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:

Unit : Million Baht

<u>Restructured</u>	<u>Cases</u>	<u>2005</u>		<u>2004</u>		
		<u>Amount</u>	<u>As % of loans</u>	<u>Cases</u>	<u>Amount</u>	<u>As % of loans</u>
		<u>and accrued</u>				
<u>debts</u>		<u>interest receivables</u>		<u>interest receivables</u>		
Succeeded	86	855.59	1.42	75	2,198.73	4.45
Underway	-	-	-	13	227.12	0.46
Outstanding						
- Normal	31	3,845.62	6.37	34	3,634.25	7.35
- Underway	103	1,679.36	2.78	55	1,504.84	3.05

In 2005 and 2004, the Bank restructured the debt are as follows:

(TRANSLATION)

Unit : Million Baht

<u>Types of Restructuring</u>	<u>Cases</u>	<u>2005</u>			<u>Transferred Assets</u>	
		<u>The Outstanding Debt</u>			<u>Types</u>	<u>Fair Value</u>
		<u>Before Restructuring</u>	<u>After Restructuring</u>	<u>As at December 31, 2005</u>		
Change of repayment conditions						
Terms of debt restructuring						
Agreements						
- Less than 5 years	75	546.10	546.10	439.46		
- 5 to 10 years	9	285.08	285.08	312.32		
- Over 10 years	-	-	-	-		
Debt restructuring in various forms						
Terms of debt restructuring						
Agreements						
- Less than 5 years	1	5.60	5.60	1.90	Land, Premises	8.03
- 5 to 10 years	1	18.81	18.81	9.37	Land, Premises	4.08
- Over 10 years	-	-	-	-		-
<b>Total</b>	<u>86</u>	<u>855.59</u>	<u>855.59</u>	<u>763.05</u>		<u>12.11</u>

<u>Types of Restructuring</u>	<u>Cases</u>	<u>2004</u>			<u>Transferred Assets</u>	
		<u>The Outstanding Debt</u>			<u>Types</u>	<u>Fair Value</u>
		<u>Before Restructuring</u>	<u>After Restructuring</u>	<u>As at December 31, 2004</u>		
Change of repayment conditions						
Terms of debt restructuring						
Agreements						
- Less than 5 years	53	867.55	867.55	652.10		
- 5 to 10 years	17	1,048.65	1,048.65	1,000.82		
- Over 10 years	-	-	-	-		
Debt restructuring in various forms						
Terms of debt restructuring						
Agreements						
- Less than 5 years	2	216.34	216.34	89.87	Land, Premises	96.75
- 5 to 10 years	3	66.19	66.19	29.71	Land, Premises, Machinery	50.08
- Over 10 years	-	-	-	-		-



(TRANSLATION)

Ending balance	<u>451.61</u>	<u>18.67</u>	<u>186.78</u>	<u>85.22</u>	<u>3,221.41</u>	<u>97.50</u>	<u>394.15</u>	<u>4,455.34</u>
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Unit : Million Baht

	2004							
	Pass	Special mention	Sub-Standard	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>

As at December 31, 2005 and 2004, the Bank's allowance for doubtful accounts on loans accounted for Baht 4,455.34 million and Baht 3,663.11 million, 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

Unit : Million Baht

	2005	2004
Beginning balance	740.52	607.10
Increase	282.28	288.88
Decrease	<u>99.88</u>	<u>155.46</u>
Ending balance	<u>922.92</u>	<u>740.52</u>

#### 4.6 Subsidy from Government

The government subsidized the Bank in order to compensate for the difference between the interest rate receiving from Myanmar government (3%) and cost of fund of the Bank. However, it does not cover the expenditure of the project. The project is funding for buying machine for the sake of developing Myanmar.

In 2005, such supporting from government is recognized as interest income amounting to Baht 17.32 million.

4.7 Properties Foreclosed

Unit : Million Baht

<u>Type of properties foreclosed</u>	<u>2005</u>			
	<u>Beginning balance</u>	<u>Increase</u>	<u>Disposal</u>	<u>Ending balance</u>
Properties obtained from debt settlement				
- Immovable properties	560.49	117.24	98.44	579.29
- Movable properties	3.60	-	3.60	-
- Inventory	-	-	-	-
Others	-	-	-	-
Total properties foreclosed	564.09	117.24	102.04	579.29
<u>Less Allowance for impairment</u>	<u>172.80</u>	<u>10.00*</u>	<u>11.36</u>	<u>171.44</u>
Total properties foreclosed - net	<u>391.29</u>	<u>107.24</u>	<u>90.68</u>	<u>407.85</u>

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

<u>Type of properties foreclosed</u>	<u>2004</u>			
	<u>Beginning balance</u>	<u>Increase</u>	<u>Disposal</u>	<u>Ending balance</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 Allowance for impairment</u>	<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 impairment is derived from the beginning balance of the foreclosed properties and the increased portion.



#### 4.8 Premises and Equipment

Unit : Million Baht

	Cost				2005 Accumulated depreciation				Net premises and equipment
	Beginning balance	Increase	Disposal	Ending balance	Beginning balance	Depreciation	Disposal	Ending balance	
	Land	381.27	-	-	381.27	-	-	-	
Buildings									
-Buildings	662.07	-	-	662.07	174.47	22.07	-	196.54	465.53
-Buildings improvement	100.84	16.79	10.12	107.51	51.97	10.11	8.50	53.58	53.93
Equipment									
-Office equipment and fixtures	207.99	30.47	10.09	228.37	174.41	16.10	9.94	180.57	47.80
-Vehicles	60.45	23.75	14.36	69.84	35.22	11.22	14.36	32.08	37.76
Assets under construction*	<u>62.21</u>	<u>23.30</u>	<u>20.18</u>	<u>65.33</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65.33</u>
Total	<u>1,474.83</u>	<u>94.31</u>	<u>54.75</u>	<u>1,514.39</u>	<u>436.07</u>	<u>59.50</u>	<u>32.80</u>	<u>462.77</u>	<u>1,051.62</u>

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

	Cost				2004 Accumulated depreciation				Net premises and equipment
	Beginning balance	Increase	Disposal	Ending balance	Beginning balance	Depreciation	Disposal	Ending balance	
	Land	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*	<u>-</u>	<u>70.31</u>	<u>8.10</u>	<u>62.21</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62.21</u>
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.

4.9 Other Assets

Unit : Million Baht

	<u>2005</u>	<u>2004</u>
Revenues receivables	0.43	0.62
Insurance claims receivables	39.74	51.35
Allowance for insurance claim receivables	(39.11)	(31.30)
Advance deposits	3.59	3.45
Others	<u>7.80</u>	<u>1.45</u>
Total	<u>12.45</u>	<u>25.57</u>

4.10 Deposits

4.10.1 Classified by Type of Deposit

Unit : Million Baht

	<u>2005</u>	<u>2004</u>
Current	5,497.70	1,523.94
Savings	37.78	330.73
Term		
- Less than 6 months	393.77	498.54
- 6 months and less than 1 year	26.07	26.79
- 1 year and over 1 year	<u>2,902.56</u>	<u>2,479.70</u>
Total	<u>8,857.88</u>	<u>4,859.70</u>

4.10.2 Classified by Maturity of Contracts

Unit : Million Baht

	<u>2005</u>	<u>2004</u>
Within 1 year*	8,857.88	4,859.70
Over 1 year	<u>-</u>	<u>-</u>
Total	<u>8,857.88</u>	<u>4,859.70</u>

\* Inclusive of expired contracts.

4.10.3 Classified by Currencies and Residency of Depositors

Unit : Million Baht

	<u>2005</u>			<u>2004</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	3,834.82	3.81	3,838.63	3,924.16	1.96	3,926.12
US Dollars	4,678.59	286.35	4,964.94	629.88	256.47	886.35
Other currencies	<u>8.31</u>	<u>46.00</u>	<u>54.31</u>	<u>8.29</u>	<u>38.94</u>	<u>47.23</u>
Total	<u>8,521.72</u>	<u>336.16</u>	<u>8,857.88</u>	<u>4,562.33</u>	<u>297.37</u>	<u>4,859.70</u>

4.11 Interbank and Money Market Items (Liabilities)

4.11.1 Domestic Items

	Unit : Million Baht		
	<u>2005</u>		
	<u>At call</u>	<u>Term</u>	<u>Total</u>
Bank of Thailand	-	1,547.91	1,547.91
Commercial banks	3.64	-	3.64
Other banks	-	2,000.00	2,000.00
Finance companies, finance and securities companies, securities companies and credit fonciers	0.01	-	0.01
Other financial institutions	-	3,938.00	3,938.00
Others	-	<u>700.00</u>	<u>700.00</u>
Total domestic items	<u>3.65</u>	<u>8,185.91</u>	<u>8,189.56</u>
		<u>2004</u>	
	<u>At 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	-	-	-
Others	-	-	-
Total domestic items	<u>34.31</u>	<u>3,384.62</u>	<u>3,418.93</u>

4.11.2 Foreign Items

	Unit : Million Baht		
	<u>2005</u>		
	<u>At call</u>	<u>Term</u>	<u>Total</u>
US Dollars	678.93	1,848.20	2,527.13
Yen	-	2,543.49	2,543.49
Other currencies	<u>57.51</u>	-	<u>57.51</u>
Total foreign items	<u>736.44</u>	<u>4,391.69</u>	<u>5,128.13</u>
Total domestic and foreign items	<u>740.09</u>	<u>12,577.60</u>	<u>13,317.69</u>
		<u>2004</u>	
	<u>At call</u>	<u>Term</u>	<u>Total</u>
US Dollars	750.29	1,765.51	2,515.80
Yen	-	2,746.07	2,746.07
Other currencies	-	-	-

(TRANSLATION)

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>

#### 4.12 Borrowings

	Unit : Million Baht		
	2005		
	Domestic	Foreign	Total
Short-term borrowings			
- Export-Import Bank of Thailand bonds	-	-	-
- Others	<u>670.00</u>	<u>-</u>	<u>670.00</u>
Total short-term borrowings	<u>670.00</u>	<u>-</u>	<u>670.00</u>
Long-term borrowings			
- Export-Import Bank of Thailand bonds	27,500.00	6,160.65	33,660.65
- Others	<u>3,900.00</u>	<u>-</u>	<u>3,900.00</u>
Total long-term borrowings	<u>31,400.00</u>	<u>6,160.65</u>	<u>37,560.65</u>
Total borrowings	<u>32,070.00</u>	<u>6,160.65</u>	<u>38,230.65</u>
	2004		
	Domestic	Foreign	Total
Short-term borrowings			
- Export-Import Bank of Thailand bonds	5,000.00	-	5,000.00
- 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>

The details of the long-term borrowings of Baht 37,560.65 million and Baht 22,350.00 million are as follows:

	Unit : Million Baht				
Lender	Tenor (years)	Maturity (year)	Interest rate (% per annum)	2005	2004
EXIM Thailand bonds	3-5	2007-2010	2.43-5.50	27,500.00	20,500.00
Debt Instrument (FRN)	5	2010	LIBOR+0.20	6,160.65	-
Others	2-7	2007-2010	2.45-4.55	<u>3,900.00</u>	<u>1,850.00</u>
Total				<u>37,560.65</u>	<u>22,350.00</u>

(TRANSLATION)

4.13 Other Liabilities

	Unit : Million Baht	
	<u>2005</u>	<u>2004</u>
Expenses payable	10.74	14.92
Accounts payable	1.53	7.99
Deferred revenues	48.14	32.30
Withholding tax payable	4.36	3.06
Loss provision for contingent liabilities	6.83	2.24
Deposits	6.42	19.30
Suspense liabilities	87.94	5.87
Others	<u>0.01</u>	<u>0.01</u>
Total	<u>165.97</u>	<u>85.69</u>

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

4.15 Contingent Liabilities and Commitments

	Unit : Million Baht		
	<u>2005</u>		
	<u>Baht</u>	<u>Foreign currencies</u>	<u>Total</u>
Liabilities under unmatured import bills	27.29	761.71	789.00
Letters of credit	20.17	3,089.73	3,109.90
Export bills insured	7,295.17	1,128.42	8,423.59
Other guarantees	491.89	5,812.07	6,303.96
Overdraft accounts not yet drawn	532.45	-	532.45
FX forward purchase/sales contracts	5,003.48	5,303.95	10,307.43
FX swaps	5,007.58	663.77	5,671.35
Foreign currency and interest swaps	4,191.70	23,016.62	27,208.32
Interest rate swaps	<u>9,250.00</u>	<u>1,370.74</u>	<u>10,620.74</u>
Total	<u>31,819.73</u>	<u>41,147.01</u>	<u>72,966.74</u>

Unit : Million Baht

	<u>2004</u>		
	<u>Baht</u>	<u>Foreign 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
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>

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 which now the court's result has the outcome that the client (plaintiff) could ask the guarantee' receiver to return the bank guarantee. Bank will follow up this matter.

#### 4.16 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 at December 31, 2005 and 2004 were as follows:

	Unit : Million Baht	
	<u>2005</u>	
	<u>Contract value</u>	<u>Net fair value of the derivative's contract</u>
FX forward purchase/sales contracts	10,307.43	18.26
FX swaps	5,671.35	20.47
Foreign currency and interest swaps	27,208.32	(758.25)
Interest rate swaps	<u>10,620.74</u>	<u>(180.71)</u>
Total	<u>53,807.84</u>	<u>(900.23)</u>
	<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
Interest rate swaps	<u>13,782.99</u>	<u>(91.14)</u>
Total	<u>58,763.23</u>	<u>788.48</u>

#### 4.17 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.

#### 4.18 Long-term Leasing Contracts

<u>Branch offices</u>	<u>Contract term (year)</u>	<u>Year of contract expiry</u>
Laem Chabang	20	2019
Khonkhaen	3	2008
Chaingmai	3	2008
Bangna - Trad km. 3	3	2008
Rama IV (2 leasing contracts)	3	2008,2006
Rangsit	3	2007
Rama II	2	2007
Hat Yai	3	2006
Sathorn	3	2006

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Total deposits for all contracts are Baht 6.81 million.

4.19 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.

4.20 Reclassification of Accounts

Some of the items in the statement of income for the year ended December 31, 2004 have been reclassified to conform to those presented in the statement of income for the year ended December 31, 2005.

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