

REPORT OF THE AUDITOR AND FINANCIAL STATEMENTS
EXPORT – IMPORT BANK OF THAILAND
FOR THE YEARS ENDED DECEMBER 31,2006 AND 2005
(TRANSLATION)

(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, 2006 and 2005, 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 statements 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, 2006 and 2005, 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) *Kanya Wilailuckana*

(Ms. Kanya Wilailuckana)

Director of Audit Office

(Signed) *Wibulphen Hitaphan*

(Ms. Wibulphen Hitaphan)

Auditor-in-charge

Office of the Auditor General

February 21, 2007

EXPORT-IMPORT BANK OF THAILAND

BALANCE SHEETS

AS AT DECEMBER 31, 2006 AND 2005

Unit: Baht

	Notes	2006	2005
<u>Assets</u>			
Cash		3,415,905.41	1,583,094.16
Interbank and money market items	5.1		
Domestic items			
Interest bearing		763,696,098.17	48,074,583.57
Non-interest bearing		367,063,447.31	566,197,442.61
Foreign items			
Interest bearing		6,217,486,157.24	8,306,089,986.23
Non-interest bearing		175,524,437.25	246,766,373.05
Total interbank and money market items - net		<u>7,523,770,139.97</u>	<u>9,167,128,385.46</u>
Securities purchased under resale agreements		200,000,000.00	1,600,000,000.00
Investments	3.9 5.2		
Current investments - net		2,085,515,016.50	187,531,488.93
Long-term investments - net		4,381,904,067.24	3,065,143,085.61
Total investments - net		<u>6,467,419,083.74</u>	<u>3,252,674,574.54</u>
Loans and accrued interest receivables	5.3		
Loans	3.4 3.7	57,286,578,736.61	59,328,724,280.16
Accrued interest receivables		1,055,314,975.20	998,568,332.46
Total loans and accrued interest receivables		<u>58,341,893,711.81</u>	<u>60,327,292,612.62</u>
<u>Less</u> Allowance for doubtful accounts	3.5 4 5.4	6,538,365,509.80	4,455,336,648.10
<u>Less</u> Revaluation allowance for debt restructuring	3.6 5.5	1,243,558,190.94	922,923,649.94
Total loans and accrued interest receivable - net		<u>50,559,970,011.07</u>	<u>54,949,032,314.58</u>
Properties foreclosed - net	3.13 5.6	401,269,466.47	407,850,640.91
Premises and equipment - net	3.12 5.7	954,507,994.30	1,051,620,139.05
Derivative Revaluation	3.11 5.15	1,159,459,969.05	-
Accrued interest receivable not related to loans		72,701,942.07	29,551,646.93
Prepaid expense		7,529,783.20	9,093,898.26
Leasehold premises and improvements		13,040,871.27	17,907,014.36
Other assets - net	5.8	7,511,302.25	12,446,764.77
Total assets		<u><u>67,370,596,468.80</u></u>	<u><u>70,498,888,473.02</u></u>

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

EXPORT-IMPORT BANK OF THAILAND

BALANCE SHEETS

AS AT DECEMBER 31, 2006 AND 2005

Unit: Baht

	Notes	2006	2005
<u>Liabilities and Capital</u>			
Deposits	5.9		
Deposits in baht		4,038,677,436.73	3,838,626,797.89
Deposits in foreign currencies		1,835,103,597.49	5,019,249,465.58
Total deposits		<u>5,873,781,034.22</u>	<u>8,857,876,263.47</u>
Interbank and money market items	5.10		
Domestic items			
Interest bearing		4,886,645,446.56	8,185,907,900.00
Non-interest bearing		4,171,058.97	3,649,626.60
Foreign items			
Interest bearing		1,744,182,762.45	5,128,131,325.80
Total interbank and money market items		<u>6,634,999,267.98</u>	<u>13,317,688,852.40</u>
Liability payable on demand		16,561,634.15	18,478,370.86
Borrowings	5.11		
Short-term borrowings		8,350,000,000.00	670,000,000.00
Long-term borrowings		38,101,880,000.00	37,560,650,000.00
Total borrowings		<u>46,451,880,000.00</u>	<u>38,230,650,000.00</u>
Derivative Revaluation	3.11 5.15	-	900,231,793.93
Accrued interest payables		740,870,988.72	500,922,935.60
Export credit insurance reserve		191,827,329.95	178,562,182.31
Other liabilities	5.12	294,608,085.50	165,973,486.78
Total liabilities		<u>60,204,528,340.52</u>	<u>62,170,383,885.35</u>
Capital			
Capital	5.13	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	3.11	(349,722,283.98)	(686,711,095.83)
Revaluation surplus (deficit) on investments	3.9 5.2.4	3,272,164.41	(4,379,614.81)
Retained earnings			
Appropriated			
Legal reserve		2,223,353,886.85	1,993,353,886.85
Unappropriated		(1,210,835,639.00)	526,241,411.46
Total capital		<u>7,166,068,128.28</u>	<u>8,328,504,587.67</u>
Total liabilities and capital		<u>67,370,596,468.80</u>	<u>70,498,888,473.02</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, 2006 AND 2005

Unit: Baht

	<u>Notes</u>		<u>2006</u>	<u>2005</u>
<u>Off-Balance-Sheet Items - Contingencies</u>	3.14	5.14		
Liabilities under unmatured import bills			249,562,286.16	788,999,851.33
Letters of credit			999,687,772.89	3,109,898,431.57
Export bills insured			7,168,847,367.01	8,423,593,437.66
Other contingencies			56,409,025,639.64	60,644,247,423.10

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

(signed) Virabongsa Ramangkura

(Mr. Virabongsa Ramangkura)
Chairman of the Board of Directors

(signed) Apichai Boontherawara

(Mr. Apichai Boontherawara)
President

EXPORT-IMPORT BANK OF THAILAND

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

		Unit: Baht	
	<u>Notes</u>	<u>2006</u>	<u>2005</u>
Interest and dividend income	3.2		
Loans	3.8	3,669,928,980.09	2,453,271,229.80
Interbank and money market items		648,944,012.13	452,313,355.95
Investments		289,802,560.65	87,098,196.07
Total interest and dividend income		<u>4,608,675,552.87</u>	<u>2,992,682,781.82</u>
Interest expenses	3.3		
Deposits		170,197,149.57	85,988,250.39
Interbank and money market items		469,453,423.06	424,515,604.91
Short-term borrowings		358,377,196.45	90,485,854.50
Long-term borrowings		1,970,895,770.68	1,063,713,220.42
Total interest expenses		<u>2,968,923,539.76</u>	<u>1,664,702,930.22</u>
Net income from interest and dividend		1,639,752,013.11	1,327,979,851.60
Bad debt and doubtful accounts	3.5	4	2,459,915,652.14
Loss on debt restructuring	3.6		833,915,419.78
Net income from interest and dividend after bad debt and doubtful accounts and loss on debt restructuring		<u>(1,187,317,810.95)</u>	<u>253,095,108.24</u>
Non-interest income			
Gains on investments		1,278,559.39	106,543.69
Fees and service income		225,472,272.11	309,845,119.56
Export insurance income		166,943,756.95	162,986,274.31
Gains on exchanges	3.10	3.11	180,562,663.16
Gains on sale of properties foreclosed		11,389,688.67	13,059,265.25
Bad debt recovered		48,920.32	-
Written-off debt recovered		34,951,208.10	177,502,888.25
Other income		21,591,919.64	16,695,774.72
Total non-interest income		<u>642,238,988.34</u>	<u>854,637,603.66</u>
Non-interest expenses			
Personnel expenses		420,131,809.37	370,259,465.90
Premises and equipment expenses		92,366,023.76	89,290,352.09
Taxes and duties		133,907.25	124,498.27
Fees and service expenses		24,372,981.03	41,981,824.85
Expenses on export insurance		162,582,496.65	50,432,035.51
Directors' remuneration		3,387,722.16	3,151,795.52
Loss on impairment of properties foreclosed		11,135,435.27	10,008,274.43
Other expenses		86,887,852.36	85,476,081.54
Total non-interest expenses		<u>800,998,227.85</u>	<u>650,724,328.11</u>
Net income (Loss)		<u>(1,346,077,050.46)</u>	<u>457,008,383.79</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, 2006 AND 2005

Unit: Baht

	Capital	Hedging reserve	Revaluation surplus (deficit) on investments	Appropriated retained earnings	Unappropriated retained earnings	Total
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	<u>6,500,000,000.00</u>	<u>(686,711,095.83)</u>	<u>(4,379,614.81)</u>	<u>1,993,353,886.85</u>	<u>526,241,411.46</u>	<u>8,328,504,587.67</u>
Beginning balance as at January 1, 2006	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
Hedging reserve	-	336,988,811.85	-	-	-	336,988,811.85
Revaluation surplus on investments	-	-	7,651,779.22	-	-	7,651,779.22
Un-recognized items in income statements	-	336,988,811.85	7,651,779.22	-	-	344,640,591.07
Legal reserve	-	-	-	230,000,000.00	(230,000,000.00)	-
Remittance to the Ministry of Finance	-	-	-	-	(161,000,000.00)	(161,000,000.00)
Net loss	-	-	-	-	(1,346,077,050.46)	(1,346,077,050.46)
Ending balance as at December 31, 2006	<u>6,500,000,000.00</u>	<u>(349,722,283.98)</u>	<u>3,272,164.41</u>	<u>2,223,353,886.85</u>	<u>(1,210,835,639.00)</u>	<u>7,166,068,128.28</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 PERIOD ENDED DECEMBER 31, 2006 AND 2005

Unit: Baht

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities		
Net income (Loss)	(1,346,077,050.46)	457,008,383.79
Adjustments to reconcile net income (loss) to net cash from operating activities		
Depreciation and amortization	66,144,823.50	64,452,092.78
Bad debt and doubtful accounts	2,250,685,369.61	832,792,939.02
Loss on debt restructuring	367,154,171.92	240,969,323.58
(Reverse) Interest income from restructured debt	(46,519,630.92)	(58,564,695.18)
Written-off debt recovered	(8,985,914.95)	(68,392,410.52)
(Gain) on disposal of assets	(2,987,079.05)	(2,437,671.33)
(Gain) on sale of properties foreclosed	(11,389,688.67)	(13,059,265.25)
Loss on impairment of properties foreclosed	11,135,435.27	10,008,274.43
(Gain) Loss on exchanges	(618,224,543.24)	(671,896,398.60)
Derivative revaluation	(567,788,754.01)	27,262,149.59
(Gain) on sale of investments in securities	(1,278,559.39)	(106,543.69)
Amortization of income - discount on bond value	46,166,056.75	37,924,542.27
Provision for contingent liabilities	203,770,880.00	4,592,000.00
Loss on claims and provision for claims against export insurance	153,288,739.84	43,609,636.28
Decrease in accrued income	141,642.46	188,743.22
(Increase) in accrued interest and dividend receivable	(204,634,820.21)	(116,907,884.98)
Decrease in prepaid expenses	1,466,929.22	1,064,116.54
Increase (Decrease) in advanced interest income	(12,113,028.40)	15,396,672.10
Increase in accrued interest payable	247,861,600.78	321,638,611.84
Increase (Decrease) in other accrued expenses	457,090.15	(2,607,907.16)
Net income from operations before changes in operating assets and liabilities	528,273,670.20	1,122,934,708.73
(Increase) Decrease in operating assets		
Interbank and money market items	1,616,449,479.08	(6,311,995,176.52)
Securities purchased under resale agreements	1,400,000,000.00	(1,200,000,000.00)
Loans	396,383,962.14	(10,034,616,143.85)
Properties foreclosed	44,104,211.67	103,715,702.52
Other assets	(150,459,572.12)	(49,880,553.83)

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 PERIOD ENDED DECEMBER 31, 2006 AND 2005

Unit: Baht

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities (continued)		
Increase (Decrease) in operating liabilities		
Deposits	(2,998,594,199.49)	4,000,282,571.69
Interbank and money market items	(6,568,743,541.96)	5,808,266,391.19
Liability payable on demand	(1,916,736.71)	6,632,454.28
Short-term borrowings	7,680,000,000.00	(7,030,000,000.00)
Other liabilities	(79,677,865.31)	(13,166,219.40)
Net cash provided by (used in) operating activities	1,865,819,407.50	(13,597,826,265.19)
Cash flows from investing activities		
(Increase) in investments in securities	(3,590,143,169.19)	(987,616,233.09)
Proceeds from sale of investments in securities before due date	205,891,979.00	356,543.69
Purchase of premises and equipment	(29,830,021.70)	(81,203,970.14)
Proceeds from sale of premises and equipment	68,815,707.24	4,204,932.00
Net cash (used in) investing activities	(3,345,265,504.65)	(1,064,258,727.54)
Cash flows from financing activities		
Increase in long-term borrowings	1,642,278,908.40	14,816,826,159.35
Remittance to the Ministry of Finance	(161,000,000.00)	(168,000,000.00)
Net cash provided by financing activities	1,481,278,908.40	14,648,826,159.35
Net increase (decrease) in cash and cash equivalents	1,832,811.25	(13,258,833.38)
Cash and cash equivalents as of January 1	1,583,094.16	14,841,927.54
Cash and cash equivalents as of December 31	3,415,905.41	1,583,094.16
 Supplemental disclosure of cash flows information		
Cash paid during the year		
Interest expenses	2,728,975,486.64	1,339,111,670.66

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, 2006 AND 2005

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, 2006 and 2005, the Bank had a total staffing of 694 and 670 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. 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 Cash and Cash Equivalents

Cash and cash equivalents represent cash in hand and cash items in process of collection.

3.2 Recognition of Interest Income

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.

3.3 Recognition of Interest Expense

Interest expense is recognized on an accrual basis.

3.4 Loans

Loans, except bank overdrafts, are reported at the principal amounts. Unearned discounts received in advance are reported in other liabilities and recognized as revenue over the period of such loans.

3.5 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 are deducted from the allowance amount for doubtful accounts.

3.6 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.

3.7 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.

3.8 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.

3.9 Investments in Securities

The Bank classifies investments in debt instruments or marketable equity securities as follows :

- 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.

- Investment in 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.

3.10 Translation of Foreign Currencies

Assets and liabilities denominated in foreign currencies, including all forward foreign exchange contracts, are recorded in foreign currencies at quoted exchange rates prevailing on the date of the transaction which are in line with the onshore 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.

3.11 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.

3.12 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

3.13 Properties Foreclosed

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

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

3.14 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:

3.14.1 The Bank would make provisions quarterly as follows:

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

In case of any losses under the export credit insurance services which may affect the 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.

3.14.2 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.

3.15 Leasehold Rights

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

3.16 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. Employee shall make contribution to the provident fund at 3-8.5% of salary and the Bank's supplemental contribution is at 4-8.5% of employee's salary according to years of working. The Bank has selected Finansia Asset Management Limited as the fund manager.

3.17 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. CHANGE OF ACCOUNTING ESTIMATES

In 2006, the Bank of Thailand has required commercial banks to gradually make allowance for doubtful accounts to comply with the International Accounting Standard No.39- Financial Instruments: Recognition and Measurement concerning loans impairment within 2007. The Bank has changed the estimate of accounting about provision for assets that are doubtful of being worthless or unrecoverable from the percentage of the book value after deduction of collateral to the book value of loan less the present value of expected cash flows from the debtor or the present value of expected cash flows from the sale of collateral. As at December 31, 2006 the Bank recorded allowance for doubtful accounts according to the Bank of Thailand's guideline in the amount of Baht 684.37 million and also recorded the additional amount of Baht 1,360.44 million to comply with the International Accounting Standard No. 39. As such, the allowance for doubtful accounts was increased totaling Baht 2,044.81 million.

5. ADDITIONAL INFORMATION

5.1 Interbank and Money Market Items (Assets)

5.1.1 Domestic Items

	<u>December 31, 2006</u>			<u>December 31, 2005</u>		
	<u>At call</u>	<u>Term</u>	<u>Total</u>	<u>At call</u>	<u>Term</u>	<u>Total</u>
Bank of Thailand	219.83	-	219.83	486.77	-	486.77
Commercial banks	260.93	650.00	910.93	127.50	-	127.50
Other banks	-	-	-	-	-	-
Other financial institutions	-	-	-	-	-	-
Total domestic items	480.76	650.00	1,130.76	614.27	-	614.27
<u>Add</u> Accrued interest						
Receivables	-	-	-	-	-	-
Total	480.76	650.00	1,130.76	614.27	-	614.27

Unit : Million Baht

5.1.2 Foreign Items

	Unit : Million Baht					
	December 31, 2006			December 31, 2005		
	At call	Term	Total	At call	Term	Total
US Dollars	833.48	5,406.60	6,240.08	3,385.22	5,031.20	8,416.42
Yen	33.99	-	33.99	42.84	-	42.84
Euro	33.69	-	33.69	32.11	-	32.11
Other currencies	<u>48.80</u>	<u>-</u>	<u>48.80</u>	<u>47.32</u>	<u>-</u>	<u>47.32</u>
Total foreign items	949.96	5,406.60	6,356.56	3,507.49	5,031.20	8,538.69
<u>Add</u> Accrued interest						
Receivables	<u>3.54</u>	<u>32.91</u>	<u>36.45</u>	<u>11.35</u>	<u>2.82</u>	<u>14.17</u>
Total	<u>953.50</u>	<u>5,439.51</u>	<u>6,393.01</u>	<u>3,518.84</u>	<u>5,034.02</u>	<u>8,552.86</u>
Total domestic and foreign items	<u>1,434.26</u>	<u>6,089.51</u>	<u>7,523.77</u>	<u>4,133.11</u>	<u>5,034.02</u>	<u>9,167.13</u>

As at December 31, 2006 and 2005, the interbank and money market items (assets) included unclassified loans of Baht 1,983.83 million and Baht 472.36 million respectively.

5.2 Investments

5.2.1 Current Investments

	Unit : Million Baht			
	December 31, 2006		December 31, 2005	
	Cost Value/ Amortized Cost Value	Fair value	Cost Value/ Amortized Cost Value	Fair value
Held-to-maturity debt instruments				
Government and state enterprises securities	89.66		185.86	
Private enterprises debt instruments	100.00		-	
Foreign debt instruments	<u>1,898.51</u>		<u>-</u>	
Total	2,088.17		185.86	
<u>Add (Less)</u> Allowance for revaluation	<u>(2.65)</u>		<u>1.67</u>	
Total current investments - net	<u>2,085.52</u>		<u>187.53</u>	

5.2.2 Long-term Investments

	December 31, 2006		Unit : Million Baht December 31, 2005	
	<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	69.38	68.74	68.86	67.65
Domestic marketable equity securities - listed securities	<u>1.07</u>	<u>2.09</u>	<u>1.07</u>	<u>1.07</u>
Total	70.45	70.83	69.93	68.72
<u>Add (Less)</u> Allowance for revaluation	<u>0.38</u>	<u>-</u>	<u>(1.21)</u>	<u>-</u>
Total	<u>70.83</u>	<u>70.83</u>	<u>68.72</u>	<u>68.72</u>
(2) Held-to-maturity debt instruments				
Government and state enterprises securities	2,989.04		2,090.74	
Private enterprises debt instruments	459.21		110.84	
Foreign debt instruments	<u>856.78</u>		<u>799.20</u>	
Total	4,305.03		3,000.78	
<u>Add (Less)</u> Allowance for revaluation	<u>5.55</u>		<u>(4.84)</u>	
Total	<u>4,310.58</u>		<u>2,995.94</u>	
(3) General investments				
Domestic non-marketable equity securities	-		0.07	
Other	<u>0.49</u>		<u>0.41</u>	
Total	<u>0.49</u>		<u>0.48</u>	
Total long-term investments - net	<u>4,381.90</u>		<u>3,065.14</u>	

5.2.3 Time to Maturity of Debt Instruments

	Unit : Million Baht					
	December 31, 2006			December 31, 2005		
	Time to maturity		Total	Time to maturity		Total
1 year	Over 1-5 years	1 year		Over 1-5 years		
Available-for-sale investments						
Government and state enterprises securities	-	69.38	69.38	-	68.86	68.86
<u>Add(Less)</u> Allowance for revaluation	<u>-</u>	<u>(0.64)</u>	<u>(0.64)</u>	<u>-</u>	<u>(1.21)</u>	<u>(1.21)</u>
Total	<u>-</u>	<u>68.74</u>	<u>68.74</u>	<u>-</u>	<u>67.65</u>	<u>67.65</u>
Held-to-maturity debt instruments						
Government and state enterprises securities	89.66	2,989.04	3,078.70	185.86	2,090.74	2,276.60
Private enterprises debt instruments	100.00	459.21	559.21	-	110.84	110.84
Foreign debt instruments	<u>1,898.51</u>	<u>856.78</u>	<u>2,755.29</u>	<u>-</u>	<u>799.20</u>	<u>799.20</u>
Total	2,088.17	4,305.03	6,393.20	185.86	3,000.78	3,186.64
<u>Add(Less)</u> Allowance for revaluation	<u>(2.65)</u>	<u>5.55</u>	<u>2.90</u>	<u>1.67</u>	<u>(4.84)</u>	<u>(3.17)</u>
Total	<u>2,085.52</u>	<u>4,310.58</u>	<u>6,396.10</u>	<u>187.53</u>	<u>2,995.94</u>	<u>3,183.47</u>
Total debt instruments	<u>2,085.52</u>	<u>4,379.32</u>	<u>6,464.84</u>	<u>187.53</u>	<u>3,063.59</u>	<u>3,251.12</u>

5.2.4 Revaluation Surplus (Deficit) on Investments

	Unit : Million Baht	
	December 31, 2006	December 31, 2005
Revaluation surplus (deficit) on investments		
Debt instruments	2.25	(4.38)
Equity securities	<u>1.02</u>	<u>-</u>
Total	<u>3.27</u>	<u>(4.38)</u>

5.3 Loans and Accrued Interest Receivables

5.3.1 Classified by Type of Loan

	<u>December 31, 2006</u>	Unit : Million Baht <u>December 31, 2005</u>
Overdrafts	510.66	443.06
Domestic loans - customers	43,285.19	44,075.00
- export bill negotiation	1,435.61	1,638.19
- staff loans	181.38	159.65
Foreign loans - foreign government agencies	5,484.88	5,918.50
- foreign investors	<u>6,388.86</u>	<u>7,094.32</u>
Total	57,286.58	59,328.72
<u>Add</u> Accrued interest receivables	<u>1,055.31</u>	<u>998.57</u>
Total loans and accrued interest receivables	58,341.89	60,327.29
<u>(Less)</u> Allowance for doubtful accounts	(6,538.36)	(4,455.34)
Revaluation allowance for debt restructuring	<u>(1,243.56)</u>	<u>(922.92)</u>
Total	<u>50,559.97</u>	<u>54,949.03</u>

Foreign loans to foreign government agencies, 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 2006, such supporting from government is recognized as interest income amounting to Baht 56.21 million.

5.3.2 Classified by Maturity of Contracts (Excluding Accrued Interest Receivables)

	<u>December 31, 2006</u>	Unit : Million Baht <u>December 31, 2005</u>
Within 1 year *	33,866.49	33,880.49
Over 1 year	<u>23,420.09</u>	<u>25,448.23</u>
Total	<u>57,286.58</u>	<u>59,328.72</u>

* Including loans without contract and those with contract expired.

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

Unit : Million Baht

	December 31, 2006			December 31, 2005		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	37,938.65	3,774.71	41,713.36	36,412.93	2,809.45	39,222.38
US Dollars	6,970.41	8,072.03	15,042.44	9,297.81	10,174.19	19,472.00
Other currencies	<u>503.78</u>	<u>27.00</u>	<u>530.78</u>	<u>605.16</u>	<u>29.18</u>	<u>634.34</u>
Total	<u>45,412.84</u>	<u>11,873.74</u>	<u>57,286.58</u>	<u>46,315.90</u>	<u>13,012.82</u>	<u>59,328.72</u>

5.3.4 Classified by Loan Classification

Unit : Million Baht

	December 31, 2006			
	Loans and accrued interest receivables	Outstanding debt after deduction of collateral value	Minimum provision rate (%)	Allowance for doubtful accounts
Pass	41,465.15	40,932.71	1	409.33
Special mention	2,546.88	2,546.88	2	50.94
Sub-Standard	1,454.88	997.80	20	199.56
Doubtful	951.81	251.62	50	125.81
Doubtful of Loss	<u>5,518.14</u>	<u>3,845.81</u>	100	<u>3,845.81</u>
Total	<u>51,936.86</u>	<u>48,574.82</u>		4,631.45
Allowance for doubtful accounts based on restructured debt quality				41.45
Excess allowance for doubtful accounts over minimum provision required				<u>1,865.47</u>
Allowance for doubtful accounts based on debt service ability and debt quality as at December 31, 2006				<u>6,538.37</u>

Debtor classified as doubtful of loss pass due more than twenty-four months and the Bank does not restructure loans or take any legal action or no exemption for legal proceeding, the Bank must raise the provision in the amount of 35% of the outstanding debt after less provision, which was Baht 16.94 million in 2006.

The Bank of Thailand has required commercial banks to make provision of 100% for the difference between the book value of loan and the present value of expected cash flows from the debtor or the present value of expected cash flows from the sale of collateral to comply with the International Accounting Standard No.39-Financial Instruments: Recognition and Measurement. Therefore, The Bank made addition provision over the minimum requirement for the amount of Baht 1,848.53 million.

Unit : Million Baht

	<u>December 31, 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>		<u>3,963.69</u>
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>

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

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

Unit : Million Baht

<u>Loans</u>	<u>December 31, 2006</u>		<u>December 31, 2005</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	7,924.83	13.58	6,419.92	10.64
Unclassified loans	6,405.04	10.98	7,108.06	11.78

In 2006 and 2005, the Bank had restructured debts applying the adjustment of repayment conditions and transfer of assets as restructuring method, in accordance with the Thai Accounting Standard No. 34, as follows:

<u>Restructured debts</u>	<u>Cases</u>	<u>December 31, 2006</u>		<u>Cases</u>	<u>December 31, 2005</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	66	1,883.60	3.23	86	855.59	1.42
Underway	2	27.60	0.05	-	-	-
Outstanding of debt changed to normal	45	3,131.52	5.37	31	3,845.62	6.37

In 2006 and 2005, the Bank restructured the debt as follows:

<u>Types of Restructuring</u>	<u>Cases</u>	<u>December 31, 2006</u>			<u>Unit : Million Baht</u>	
		<u>The Outstanding Debt</u>			<u>Transferred Assets</u>	
		<u>Before Restructuring</u>	<u>After Restructuring</u>	<u>As at December 31, 2006</u>	<u>Types</u>	<u>Fair Value</u>
Change of repayment conditions						
Terms of debt restructuring Agreements						
- Less than 5 years	57	957.83	957.83	1,013.66		
- 5 to 10 years	8	818.57	818.57	988.65		
- Over 10 years	1	107.20	107.20	175.41		
Debt restructuring in various forms						
Terms of debt restructuring Agreements						
- Less than 5 years	-	-	-	-		
- 5 to 10 years	-	-	-	-		
- Over 10 years	-	-	-	-		
Total	<u>66</u>	<u>1,883.60</u>	<u>1,883.60</u>	<u>2,177.72</u>		

Types of Restructuring	Cases	December 31, 2005			Unit : Million Baht	
		The Outstanding Debt			Transferred Assets	
		Before Restructuring	After Restructuring	As at December 31, 2005	Types	Fair Value
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	-	-	-	-		-
Total	<u>86</u>	<u>855.59</u>	<u>855.59</u>	<u>763.05</u>		<u>12.11</u>

The bank recognized interest income from debt restructuring as follow:

	Unit : Million Baht	
	December 31, 2006	December 31, 2005
Interest income from debt restructuring	217.37	197.85

As at December 31, 2006 and 2005, the Bank has commitments to extend additional loans to these borrowers for the amount of Baht 2.23 million and Baht 98.27 million , respectively.

In 2006 and 2005, the outstanding debt before the restructuring compared to the outstanding loans and accrued interest receivable are as follows:

	Unit : Million Baht			
	December 31, 2006		December 31, 2005	
	Cases	Amount	Cases	Amount
Restructured debt	66	1,883.60	86	855.59
Loans and accrued interest receivables	1,574	58,341.89	1,467	60,327.29

In 2006 and 2005, the loss from the debt restructuring in the amount of Baht 367.15 million and Baht 240.97 million respectively, which was already recognized in full.

In 2006 and 2005, the Bank wrote off bad debts in the amount of Baht 72.72 million and Baht 477.94 million respectively, of which the wrote off bad debts for the year 2005 in the amount of Baht 433.90 million was written-off accounts.

Based on the debt write off policy and already dropped by the Bank, the outstanding balance of written off accounts as of December 31, 2006 and 2005, which have not yet been recorded in the financial statements were Baht 1,766.15 million and Baht 1,798.45 million respectively.

5.4 Allowance for Doubtful Accounts

	Unit : Million Baht							
	December 31, 2006							
	Pass	Special mention	Sub-Standard	Doubtful	Doubtful of loss	Restructured debt	Excess allowance	Total
Beginning balance	451.61	18.67	186.78	85.22	3,221.41	97.50	394.15	4,455.34
Doubtful accounts	(42.28)	32.27	12.78	40.59	624.40	(55.41)	1,471.32	2,083.67
Bad debts written off	-	-	-	-	-	(0.64)	-	(0.64)
Ending balance	<u>409.33</u>	<u>50.94</u>	<u>199.56</u>	<u>125.81</u>	<u>3,845.81</u>	<u>41.45</u>	<u>1,865.47</u>	<u>6,538.37</u>

	Unit : Million Baht							
	December 31, 2005							
	Pass	Special mention	Sub-Standard	Doubtful	Doubtful of loss	Restructured debt	Excess allowance	Total
Beginning balance	377.85	5.92	51.00	256.87	2,212.61	166.70	592.16	3,663.11
Doubtful accounts	73.76	12.75	135.78	(171.65)	1,015.63	(69.20)	(198.01)	799.06
Bad debts written off	-	-	-	-	(6.83)	-	-	(6.83)
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>

As at December 31, 2006 and 2005, the Bank's allowance for doubtful accounts on loans accounted for Baht 6,538.37 million and Baht 4,455.34 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.

5.5 Revaluation Allowance for Debt Restructuring

	Unit : Million Baht	
	December 31, 2006	December 31, 2005
Beginning balance	922.92	740.52
Increase	629.56	282.28
Decrease	<u>308.92</u>	<u>99.88</u>
Ending balance	<u>1,243.56</u>	<u>922.92</u>

5.6 Properties Foreclosed - Net

Unit : Million Baht

<u>Type of properties foreclosed</u>	<u>Beginning balance</u>	<u>December 31, 2006</u>		<u>Ending balance</u>
		<u>Increase</u>	<u>Disposal</u>	
Properties obtained from debt settlement				
- Immovable properties	579.29	33.97	36.20	577.06
- Movable properties	<u>-</u>	<u>3.31</u>	<u>-</u>	<u>3.31</u>
Total properties foreclosed	579.29	37.28	36.20	580.37
(Less) Allowance for impairment	<u>(171.44)</u>	<u>(11.14)*</u>	<u>(3.48)</u>	<u>(179.10)</u>
Total properties foreclosed - net	<u>407.85</u>	<u>26.14</u>	<u>32.72</u>	<u>401.27</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>Beginning balance</u>	<u>December 31, 2005</u>		<u>Ending balance</u>
		<u>Increase</u>	<u>Disposal</u>	
Properties obtained from debt settlement				
- Immovable properties	560.49	117.24	98.44	579.29
- Movable properties	<u>3.60</u>	<u>-</u>	<u>3.60</u>	<u>-</u>
Total properties foreclosed	564.09	117.24	102.04	579.29
(Less) Allowance for impairment	<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.

5.7 Premises and Equipment - Net

Unit : Million Baht

	December 31, 2006								
	Cost				Accumulated depreciation				Net premises and equipment
	Beginning balance	Increase	Disposal	Ending balance	Beginning balance	Depreciation	Disposal	Ending balance	
Land	381.27	-	-	381.27	-	-	-	-	381.27
Buildings									
-Buildings	662.07	-	-	662.07	196.54	22.07	-	218.61	443.46
-Buildings improvement	107.51	0.68	-	108.19	53.58	10.77	-	64.35	43.84
Equipment									
-Office equipment and fixtures	228.37	10.35	8.85	229.87	180.57	16.16	8.81	187.92	41.95
-Vehicles	69.84	16.28	13.19	72.93	32.08	12.28	12.65	31.71	41.22
Assets under construction*	<u>65.33</u>	<u>3.52</u>	<u>66.08</u>	<u>2.77</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2.77</u>
Total	<u>1,514.39</u>	<u>30.83</u>	<u>88.12</u>	<u>1,457.10</u>	<u>462.77</u>	<u>61.28</u>	<u>21.46</u>	<u>502.59</u>	<u>954.51</u>

* Assets under construction-disposal are assets recognized during the year, in 2006 asset under construction-disposal in the amount of Baht 66.08 million, which the Bank received cash refund from supplier in the amount of Baht 65.24 million, was asset recognized during the year in the amount of Baht 0.84 million.

	December 31, 2005								
	Cost				Accumulated depreciation				Net premises and equipment
	Beginning balance	Increase	Disposal	Ending balance	Beginning balance	Depreciation	Disposal	Ending balance	
Land	381.27	-	-	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.

5.8 Other Assets

	Unit : Million Baht	
	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Accrued income	0.29	0.43
Insurance claims receivables	171.63	39.74
Allowance for insurance claim receivables	(171.63)	(39.11)
Advance deposits	3.59	3.59
Others	<u>3.63</u>	<u>7.80</u>
Total	<u>7.51</u>	<u>12.45</u>

5.9 Deposits

5.9.1 Classified by Type of Deposit

	Unit : Million Baht	
	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Current	2,323.62	5,497.70
Savings	71.68	37.78
Term		
- Less than 6 months	249.44	393.77
- 6 months and less than 1 year	25.08	26.07
- 1 year and over 1 year	<u>3,203.96</u>	<u>2,902.56</u>
Total	<u>5,873.78</u>	<u>8,857.88</u>

5.9.2 Classified by Maturity of Contracts

	Unit : Million Baht	
	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Within 1 year*	5,873.78	8,857.88
Over 1 year	-	-
Total	<u>5,873.78</u>	<u>8,857.88</u>

* Inclusive of expired contracts.

5.9.3 Classified by Currencies and Residency of Depositors

	December 31, 2006			December 31, 2005		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	3,965.32	73.36	4,038.68	3,834.82	3.81	3,838.63
US Dollars	1,665.71	145.37	1,811.08	4,678.59	286.35	4,964.94
Other currencies	<u>24.00</u>	<u>0.02</u>	<u>24.02</u>	<u>8.31</u>	<u>46.00</u>	<u>54.31</u>
Total	<u>5,655.03</u>	<u>218.75</u>	<u>5,873.78</u>	<u>8,521.72</u>	<u>336.16</u>	<u>8,857.88</u>

5.10 Interbank and Money Market Items (Liabilities)

5.10.1 Domestic Items

Unit : Million Baht

December 31, 2006

	<u>At call</u>	<u>Term</u>	<u>Total</u>
Bank of Thailand	-	2,198.63	2,198.63
Commercial banks	4.17	-	4.17
Other banks	-	2,038.02	2,038.02
Finance companies, finance and securities companies, securities companies and credit fonciers	-	-	-
Other financial institutions	-	650.00	650.00
Others	-	-	-
Total domestic items	<u>4.17</u>	<u>4,886.65</u>	<u>4,890.82</u>

December 31, 2005

	<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	-	700.00	700.00
Total domestic items	<u>3.65</u>	<u>8,185.91</u>	<u>8,189.56</u>

5.10.2 Foreign Items

Unit : Million Baht

December 31, 2006

	<u>At call</u>	<u>Term</u>	<u>Total</u>
US Dollars	1,550.96	151.55	1,702.51
Yen	-	-	-
Other currencies	41.67	-	41.67
Total foreign items	<u>1,592.63</u>	<u>151.55</u>	<u>1,744.18</u>
Total domestic and foreign items	<u>1,596.80</u>	<u>5,038.20</u>	<u>6,635.00</u>

December 31, 2005

	<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	57.51	-	57.51
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>

5.11 Borrowings

	Unit : Million Baht		
	<u>December 31, 2006</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Short-term borrowings			
- Export-Import Bank of Thailand bonds	7,500.00	-	7,500.00
- Others	<u>850.00</u>	<u>-</u>	<u>850.00</u>
Total short-term borrowings	<u>8,350.00</u>	<u>-</u>	<u>8,350.00</u>
Long-term borrowings			
- Export-Import Bank of Thailand bonds	23,200.00	9,731.88	32,931.88
- Others	<u>5,170.00</u>	<u>-</u>	<u>5,170.00</u>
Total long-term borrowings	<u>28,370.00</u>	<u>9,731.88</u>	<u>38,101.88</u>
Total borrowings	<u>36,720.00</u>	<u>9,731.88</u>	<u>46,451.88</u>
	<u>December 31, 2005</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Short-term borrowings			
- Export-Import Bank of Thailand bonds	670.00	-	670.00
- Others	<u>-</u>	<u>-</u>	<u>-</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>

The details of the long-term borrowings of Baht 38,101.88 million and Baht 37,560.65 million are as follows:

Type	Tenor (years)	Maturity (year)	Interest rate (% per annum)	Unit : Million Baht	
				<u>December 31, 2006</u>	<u>December 31, 2005</u>
EXIM Thailand bonds	3-5	2008-2011	2.43-5.95	23,200.00	27,500.00
Debt Instrument (FRN)	5	2010-2011	LIBOR+0.10-0.20	9,731.88	6,160.65
Others	2-10	2008-2016	0.50-5.75	<u>5,170.00</u>	<u>3,900.00</u>
Total				<u>38,101.88</u>	<u>37,560.65</u>

5.12 Other Liabilities

	Unit : Million Baht	
	<u>December 31, 2006</u>	<u>December 31, 2005</u>
Expenses payable	11.08	10.74
Accounts payable	1.48	1.53
Deferred revenues	35.70	48.14
Withholding tax payable	4.61	4.36
Loss provision for contingent liabilities	210.60	6.83
Deposits	15.33	6.42
Suspense liabilities	15.70	87.94
Others	<u>0.11</u>	<u>0.01</u>
Total	<u>294.61</u>	<u>165.97</u>

5.13 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.

5.14 Contingent Liabilities and Commitments

	Unit : Million Baht		
	<u>December 31, 2006</u>		
	<u>Baht</u>	<u>Foreign currencies</u>	<u>Total</u>
Liabilities under unmatured import bills	37.43	212.13	249.56
Letters of credit	24.20	975.49	999.69
Export bills insured	7,146.29	22.56	7,168.85
Other guarantees	658.86	7,944.62	8,603.48
Overdraft accounts not yet drawn	464.72	-	464.72
FX forward purchase/sales contracts	6,348.86	7,131.56	13,480.42
FX swaps	3,268.54	489.05	3,757.59
Foreign currency and interest swaps	4,191.70	15,998.80	20,190.50
Interest rate swaps	<u>9,250.00</u>	<u>662.31</u>	<u>9,912.31</u>
Total	<u>31,390.60</u>	<u>33,436.52</u>	<u>64,827.12</u>

Unit : Million Baht

	<u>December 31, 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>

Other guarantees, 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.

5.15 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 at December 31, 2006 and 2005 were as follows:

	Unit : Million Baht	
	<u>December 31, 2006</u>	
	<u>Contract value</u>	<u>Net fair value of the derivative's contract</u>
FX forward purchase/sales contracts	13,480.42	(30.87)
FX swaps	3,757.59	(95.29)
Foreign currency and interest swaps	20,190.50	1,330.02
Interest rate swaps	<u>9,912.31</u>	<u>(44.40)</u>
Total	<u>47,340.82</u>	<u>1,159.46</u>
	<u>December 31, 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>

5.16 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 for executives, special monthly allowance for executives (if any).

5.17 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	2009,2008
Rama II	2	2007
Hat Yai	3	2009
Sathorn	3	2007

5.18 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.

5.19 Reclassification of Accounts

Some of the items in the balance sheet and statement of cash flow for the year ended December 31, 2005 have been reclassified to conform to those presented in the balance sheet and statement of cash flow for the year ended December 31, 2006.
