

REPORT OF THE AUDITOR AND FINANCIAL STATEMENTS
EXPORT – IMPORT BANK OF THAILAND
FOR THE YEARS ENDED DECEMBER 31,2007 AND 2006
(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, 2007 and 2006, 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, 2007 and 2006, 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) *Chitra Mekapongpanh*

(Mrs. Chitra Mekapongpanh)

Auditor-in-charge

Office of the Auditor General

February 22, 2008

EXPORT-IMPORT BANK OF THAILAND

BALANCE SHEETS

AS AT DECEMBER 31, 2007 AND 2006

Unit: Baht

<u>Assets</u>	<u>Notes</u>	<u>2007</u>	<u>2006</u>
Cash		11,001,837.80	3,415,905.41
Interbank and money market items	5.1		
Domestic items			
Interest bearing		1,032,703,276.76	763,696,098.17
Non-interest bearing		354,322,963.23	367,063,447.31
Foreign items			
Interest bearing		3,516,033,922.56	6,217,486,157.24
Non-interest bearing		336,571,235.78	175,524,437.25
Total interbank and money market items-net		5,239,631,398.33	7,523,770,139.97
Securities purchased under resale agreements		300,000,000.00	200,000,000.00
Investments	3.9 5.2		
Current investments-net		1,563,962,604.76	2,085,515,016.50
Long-term investments-net		3,379,133,241.99	4,381,904,067.24
Total investments-net		4,943,095,846.75	6,467,419,083.74
Loans and accrued interest receivables	5.3		
Loans	3.4 3.7	52,751,798,136.63	57,286,578,736.61
Accrued interest receivables		835,656,630.27	1,055,314,975.20
Total loans and accrued interest receivables		53,587,454,766.90	58,341,893,711.81
<u>Less</u> Allowance for doubtful accounts	3.5 4 5.4	2,515,098,831.63	6,538,365,509.80
<u>Less</u> Revaluation allowance for debt restructuring	3.6 5.5	803,416,453.90	1,243,558,190.94
Total loans and accrued interest receivable-net		50,268,939,481.37	50,559,970,011.07
Loans under transfer-net	5.3.6	1,638,731,205.22	-
Properties foreclosed-net	3.13 5.6	891,294,134.37	401,269,466.47
Premises and equipment-net	3.12 5.7	969,274,165.01	954,507,994.30
Derivative revaluation	3.11 5.16	1,069,634,763.07	1,159,459,969.05
Accrued interest receivable not related to loans		35,299,354.73	72,701,942.07
Prepaid expense		6,618,283.33	7,529,783.20
Leasehold premises and improvements		9,487,309.16	13,040,871.27
Other assets-net	5.8	7,887,665.62	7,511,302.25
Total assets		65,390,895,444.76	67,370,596,468.80

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

EXPORT-IMPORT BANK OF THAILAND

BALANCE SHEETS

AS AT DECEMBER 31, 2007 AND 2006

Unit: Baht

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
<u>Liabilities and Capital</u>			
Deposits	5.9		
Deposits in baht		3,887,373,659.66	4,038,677,436.73
Deposits in foreign currencies		768,521,442.51	1,835,103,597.49
Total deposits		<u>4,655,895,102.17</u>	<u>5,873,781,034.22</u>
Interbank and money market items	5.10		
Domestic items			
Interest bearing		7,243,755,699.33	4,886,645,446.56
Non-interest bearing		16,617,103.30	4,171,058.97
Foreign items			
Interest bearing		397,531,237.49	1,744,182,762.45
Total interbank and money market items		<u>7,657,904,040.12</u>	<u>6,634,999,267.98</u>
Liability payable on demand		15,684,256.86	16,561,634.15
Borrowings	5.11		
Short-term borrowings		18,650,000,000.00	8,350,000,000.00
Long-term borrowings		25,061,172,000.00	38,101,880,000.00
Total borrowings		<u>43,711,172,000.00</u>	<u>46,451,880,000.00</u>
Accrued interest payables		566,627,462.02	740,870,988.72
Advance deposits	5.12	518,107,905.84	15,335,077.51
Export credit insurance reserve		210,227,738.67	191,827,329.95
Other liabilities	5.13	101,156,082.29	279,273,007.99
Total liabilities		<u>57,436,774,587.97</u>	<u>60,204,528,340.52</u>
Capital			
Capital	5.14	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	3.11	(85,408,548.74)	(349,722,283.98)
Revaluation surplus on investments	3.9 5.2.4	21,481,530.47	3,272,164.41
Retained earnings			
Appropriated			
Legal reserve		2,223,353,886.85	2,223,353,886.85
Unappropriated		(705,306,011.79)	(1,210,835,639.00)
Total capital		<u>7,954,120,856.79</u>	<u>7,166,068,128.28</u>
Total liabilities and capital		<u>65,390,895,444.76</u>	<u>67,370,596,468.80</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, 2007 AND 2006

Unit: Baht

	<u>Notes</u>		<u>2007</u>	<u>2006</u>
<u>Off-Balance-Sheet Items-Contingencies</u>	3.14	5.15		
Liabilities under unmatured import bills			268,983,917.25	249,562,286.16
Letters of credit			895,500,902.08	999,687,772.89
Export bills insured			6,901,874,320.89	7,168,847,367.01
Other contingencies			70,041,172,419.29	56,409,025,639.64

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

(signed) Narongchai Akrasanee

(Mr. Narongchai Akrasanee)
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, 2007 AND 2006

Unit: Baht

	Notes	2007	2006
Interest and dividend income	3.2		
Loans	3.8	3,324,608,767.68	3,669,928,980.09
Interbank and money market items		360,631,158.72	648,944,012.13
Investments		305,500,791.23	289,802,560.65
Total interest and dividend income		<u>3,990,740,717.63</u>	<u>4,608,675,552.87</u>
Interest expenses	3.3		
Deposits		145,683,578.97	170,197,149.57
Interbank and money market items		283,055,859.21	469,453,423.06
Short-term borrowings		652,013,502.34	358,377,196.45
Long-term borrowings		1,443,504,511.19	1,970,895,770.68
Total interest expenses		<u>2,524,257,451.71</u>	<u>2,968,923,539.76</u>
Net income from interest and dividend		1,466,483,265.92	1,639,752,013.11
Bad debt and doubtful accounts	3.5 4	1,245,900,780.74	2,459,915,652.14
Loss on debt restructuring	3.6	(405,710,767.70)	367,154,171.92
Net income from interest and dividend after bad debt and doubtful accounts and loss on debt restructuring		<u>626,293,252.88</u>	<u>(1,187,317,810.95)</u>
Non-interest income			
Gain on investments		55,991,746.08	1,278,559.39
Fees and service income		227,547,643.77	225,472,272.11
Export credit insurance income		146,937,227.25	166,943,756.95
Gain on exchanges	3.10 3.11	179,067,061.97	180,562,663.16
Gain on sale of properties foreclosed		5,894,186.65	11,389,688.67
Bad debt recovered		54,671.63	48,920.32
Written-off debt recovered		26,773,692.72	34,951,208.10
Other income		30,642,059.77	21,591,919.64
Total non-interest income		<u>672,908,289.84</u>	<u>642,238,988.34</u>
Non-interest expenses			
Personnel expenses		448,792,469.91	420,131,809.37
Premises and equipment expenses		95,620,280.88	92,366,023.76
Taxes and duties		134,629.89	133,907.25
Fees and service expenses		36,799,181.44	24,372,981.03
Expenses on export credit insurance		27,718,610.75	162,582,496.65
Directors' remuneration		2,642,351.60	3,387,722.16
Loss on impairment of properties foreclosed		106,534,643.03	11,135,435.27
Other expenses		75,429,748.01	86,887,852.36
Total non-interest expenses		<u>793,671,915.51</u>	<u>800,998,227.85</u>
Net income (loss)		<u>505,529,627.21</u>	<u>(1,346,077,050.46)</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, 2007 AND 2006

Unit: Baht

	Capital	Hedging Reserve	Revaluation Surplus on Investments	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total
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
Unrecognized 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	6,500,000,000.00	(349,722,283.98)	3,272,164.41	2,223,353,886.85	(1,210,835,639.00)	7,166,068,128.28
Beginning balance as at January 1, 2007	6,500,000,000.00	(349,722,283.98)	3,272,164.41	2,223,353,886.85	(1,210,835,639.00)	7,166,068,128.28
Hedging reserve	-	264,313,735.24	-	-	-	264,313,735.24
Revaluation surplus on investments	-	-	18,209,366.06	-	-	18,209,366.06
Unrecognized items in income statements	-	264,313,735.24	18,209,366.06	-	-	282,523,101.30
Legal reserve	-	-	-	-	-	-
Remittance to the Ministry of Finance	-	-	-	-	-	-
Net income	-	-	-	-	505,529,627.21	505,529,627.21
Ending balance as at December 31, 2007	6,500,000,000.00	(85,408,548.74)	21,481,530.47	2,223,353,886.85	(705,306,011.79)	7,954,120,856.79

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

EXPORT-IMPORT BANK OF THAILAND
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

Unit: Baht

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities		
Net income (loss)	505,529,627.21	(1,346,077,050.46)
Adjustments to reconcile net income (loss) to net cash from operating activities		
Depreciation and amortization	66,919,453.49	66,144,823.50
Bad debt and doubtful accounts	1,345,490,607.89	2,250,685,369.61
Loss on debt restructuring (reversal)	(405,710,767.70)	367,154,171.92
Interest income from restructured debt (reversal)	(34,430,969.34)	(46,519,630.92)
Written-off debt recovered (reversal)	-	(8,985,914.95)
(Gain) on disposal of assets	(5,449,726.60)	(2,987,079.05)
(Gain) on sale of properties foreclosed	(5,894,186.65)	(11,389,688.67)
Loss on impairment of properties foreclosed	106,534,643.03	11,135,435.27
(Gain) on exchanges	(557,130,482.92)	(618,224,543.24)
Derivative revaluation	249,643,338.92	(567,788,754.01)
(Gain) on sale of investments in securities	(55,991,746.08)	(1,278,559.39)
Deferred (discount) premium on investment-paid	(366,143,075.74)	46,166,056.75
Provision for contingent liabilities	(185,879,076.00)	203,770,880.00
Loss on claims and provision for claims against export credit insurance	21,309,843.77	153,288,739.84
(Increase) Decrease in accrued income	(60,147.31)	141,642.46
(Increase) Decrease in accrued interest and dividend receivable	154,343,751.02	(204,634,820.21)
Decrease in prepaid expenses	940,756.08	1,466,929.22
(Decrease) in advanced interest income	(15,182,589.60)	(12,113,028.40)
Increase (Decrease) in accrued interest payables	(179,672,575.92)	247,861,600.78
Increase in other accrued expenses	15,345,651.63	457,090.15
Net income from operations before changes in operating assets and liabilities	654,512,329.18	528,273,670.20
(Increase) Decrease in operating assets		
Interbank and money market items	2,289,185,456.87	1,616,449,479.08
Securities purchased under resale agreements	(100,000,000.00)	1,400,000,000.00
Loans	(2,877,909,273.97)	396,383,962.14
Properties foreclosed	(95,578,771.49)	44,104,211.67
Other assets	(24,134,539.32)	(150,459,572.12)

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

EXPORT-IMPORT BANK OF THAILAND
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

Unit: Baht

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities (continued)		
Increase (Decrease) in operating liabilities		
Deposits	(1,227,313,544.03)	(2,998,594,199.49)
Interbank and money market items	1,021,898,184.71	(6,568,743,541.96)
Liability payable on demand	(877,377.29)	(1,916,736.71)
Short-term borrowings	(8,350,000,000.00)	7,680,000,000.00
Other liabilities	491,639,011.43	(79,677,865.31)
Net cash provided by (used in) operating activities	(8,218,578,523.91)	1,865,819,407.50
Cash flows from investing activities		
(Increase) in investments in securities	(9,462,742,977.18)	(3,590,143,169.19)
Proceeds from sale of investments before due date	11,533,073,798.14	205,891,979.00
Purchase of premises and equipment	(79,183,424.66)	(29,830,021.70)
Proceeds from sale of premises and equipment	5,535,060.00	68,815,707.24
Net cash provided by (used in) investing activities	1,996,682,456.30	(3,345,265,504.65)
Cash flows from financing activities		
Increase in long-term borrowings	6,229,482,000.00	1,642,278,908.40
Remittance to the Ministry of Finance	-	(161,000,000.00)
Net cash provided by financing activities	6,229,482,000.00	1,481,278,908.40
Net increase in cash and cash equivalents	7,585,932.39	1,832,811.25
Cash and cash equivalents as of January 1	3,415,905.41	1,583,094.16
Cash and cash equivalents as of December 31	11,001,837.80	3,415,905.41
 Supplemental disclosure of cash flows information		
Cash paid during the year		
Interest expenses	2,698,500,978.41	2,728,975,486.64

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, 2007 AND 2006

1. GENERAL INFORMATION

Export-Import Bank of Thailand (or “the Bank”) was established by the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), with the objective to provide financial supports for exports, imports and investments related to the development of the Thai economy. Its services include:

- export financing services provided through commercial banks;
- short-term and long-term credits provided directly to exporters;
- medium-term credits for export business expansion;
- short-term and medium-term credits to foreign banks to finance goods 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, 2007 and 2006, the Bank had a total staffing of 653 and 694 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, 2000 (B.E. 2543) 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 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 loans extended to commercial banks, financial institutions or individual persons or corporate entities which are loans extended in accordance with the government policy or directive or the cabinet resolution which are covered against losses under Section 23 of the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), and loans which are covered by the export insurance.

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

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-Down

Since July 1, 2002, the Bank has dropped the policy to write down 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 down while those already written down under aforesaid policy are kept unchanged and classified as written-down accounts and will not be recognized as written-off debt accounts. All efforts to recover written-down accounts are made until considered and approved to be written off by the Board of Directors.

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

3.8 Subsidy from Government

The interest subsidized by the government is recognized as an interest income on loans in the statement of income on an accrual basis.

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. Premiums or discounts arising on acquisition are amortized 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 is translated into Baht at the reference foreign exchange rates announced by the Bank of Thailand at the end of year. Recognition of gains or losses incurred by the translation is included into the total gains or losses on exchange for 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 (IAS 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. After that, the Bank recognizes fair value revaluation changes of those financial instruments as gains or losses in the statement of income or as part of the capital account hedging reserve account in the 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

Premises and equipment are reported at cost less accumulated depreciation and amortization with the exception of those costs not over Baht 3,000 which are charged to expenses in the statements 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 non interest income or non interest 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 claim receivables and will subsequently be recovered from foreign buyers.

The Bank would make provisioning rules for export credit insurance claim receivables as follows:

3.14.1 Allowance for doubtful accounts on the payments of insurance claims:

The Bank would make provisions quarterly as follows:

2006

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

2007

- 100% of the total insurance claim receivables for the difference between book value of debts and present value of cash flow expected from debtors.

3.14.2 Provisions for future claims against the export credit insurance policies:

2006

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 bills insured 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.

2007

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 bills insured at the end of every quarter, that is end of March, end of June, end of September and end of December. If the computed target level of provisions for future claims of any quarter 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.

In case of any losses under the export credit insurance services which may affect the Bank's operations and/or total required capital, the Bank will request a loss compensation from the Ministry of Finance as stated in Section 24 of the Export-Import Bank of Thailand Act, 1993 (B.E. 2536).

3.15 Leasehold Rights

Leasehold rights are recognized as expenses by being amortized on a straight-line basis over the lease period, but not exceeding the maximum extendable 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. Finansa Asset Management Limited served as the fund manager until February 28, 2007 and TISCO Asset Management Company Limited has been appointed as the fund manager as from March 1, 2007.

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 IAS 39 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 IAS 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

	Unit : Million Baht					
	<u>December 31, 2007</u>			<u>December 31, 2006</u>		
	<u>At call</u>	<u>Term</u>	<u>Total</u>	<u>At call</u>	<u>Term</u>	<u>Total</u>
Bank of Thailand	261.45	-	261.45	219.83	-	219.83
Commercial banks	214.58	330.00	544.58	260.93	650.00	910.93
Other banks	<u>-</u>	<u>581.00</u>	<u>581.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total domestic items	<u>476.03</u>	<u>911.00</u>	<u>1,387.03</u>	<u>480.76</u>	<u>650.00</u>	<u>1,130.76</u>

(TRANSLATION)

5.1.2 Foreign Items

Unit : Million Baht

	December 31, 2007			December 31, 2006		
	At call	Term	Total	At call	Term	Total
US Dollars	379.97	3,298.77	3,678.74	833.48	5,406.60	6,240.08
Yen	50.23	-	50.23	33.99	-	33.99
Euro	23.79	-	23.79	33.69	-	33.69
Other currencies	<u>85.98</u>	<u>-</u>	<u>85.98</u>	<u>48.80</u>	<u>-</u>	<u>48.80</u>
Total foreign items	539.97	3,298.77	3,838.74	949.96	5,406.60	6,356.56
<u>Add</u> Accrued interest						
receivables	<u>0.82</u>	<u>13.04</u>	<u>13.86</u>	<u>3.54</u>	<u>32.91</u>	<u>36.45</u>
Total	<u>540.79</u>	<u>3,311.81</u>	<u>3,852.60</u>	<u>953.50</u>	<u>5,439.51</u>	<u>6,393.01</u>
Total domestic and foreign items	<u>1,016.82</u>	<u>4,222.81</u>	<u>5,239.63</u>	<u>1,434.26</u>	<u>6,089.51</u>	<u>7,523.77</u>

As at December 31, 2007 and 2006, the interbank and money market items (assets) included unclassified loans of Baht 1,340.32 million and Baht 1,983.83 million respectively.

5.2 Investments

5.2.1 Current Investments

Unit : Million Baht

	December 31, 2007		December 31, 2006	
	Cost/ Amortized Cost	Fair Value	Cost/ Amortized Cost	Fair Value
(1) Available-for-sale investments				
Government and state enterprise securities	946.98	946.23	-	-
Private enterprise debt instruments	<u>71.20</u>	<u>71.15</u>	<u>-</u>	<u>-</u>
Total	1,018.18	1,017.38	-	-
<u>(Less)</u> Allowance for revaluation	<u>(0.80)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>1,017.38</u>	<u>1,017.38</u>	<u>-</u>	<u>-</u>
(2) Held-to-maturity debt instruments				
Government and state enterprise securities	99.99		89.66	
Private enterprise debt instruments	-		100.00	
Foreign debt instruments	<u>444.78</u>		<u>1,898.51</u>	
Total	544.77		2,088.17	
<u>Add (Less)</u> Allowance for revaluation	<u>1.81</u>		<u>(2.65)</u>	
Total	<u>546.58</u>		<u>2,085.52</u>	
Total current investments-net	<u>1,563.96</u>		<u>2,085.52</u>	

(TRANSLATION)

5.2.2 Long-term Investments

		Unit : Million Baht			
		<u>December 31, 2007</u>		<u>December 31, 2006</u>	
		<u>Cost/</u>	<u>Fair Value</u>	<u>Cost/</u>	<u>Fair Value</u>
		<u>Amortized Cost</u>		<u>Amortized Cost</u>	
(1) Available-for-sale investments					
	Government and state enterprise securities	1,029.27	1,055.79	69.38	68.74
	Private enterprise debt instruments	701.19	694.58	-	-
	Foreign debt instruments	67.54	67.34	-	-
	Domestic marketable equity securities				
	- listed securities	<u>1.07</u>	<u>3.08</u>	<u>1.07</u>	<u>2.09</u>
	Total	1,799.07	1,820.79	70.45	70.83
<u>Add</u>	Allowance for revaluation	<u>21.72</u>	<u>-</u>	<u>0.38</u>	<u>-</u>
	Total	<u>1,820.79</u>	<u>1,820.79</u>	<u>70.83</u>	<u>70.83</u>
(2) Held-to-maturity debt instruments					
	Government and state enterprise securities	41.26		2,989.04	
	Private enterprise debt instruments	70.00		459.21	
	Foreign debt instruments	<u>1,447.82</u>		<u>856.78</u>	
	Total	1,559.08		4,305.03	
<u>Add (Less)</u>	Allowance for revaluation	<u>(1.25)</u>		<u>5.55</u>	
	Total	<u>1,557.83</u>		<u>4,310.58</u>	
(3) General investments					
	Others	<u>0.51</u>		<u>0.49</u>	
	Total	<u>0.51</u>		<u>0.49</u>	
	Total long-term investments-net	<u>3,379.13</u>		<u>4,381.90</u>	

(TRANSLATION)

5.2.3 Time to Maturity of Debt Instruments

Unit : Million Baht

	<u>December 31, 2007</u>				<u>December 31, 2006</u>			
	<u>Time to Maturity</u>			<u>Total</u>	<u>Time to Maturity</u>			<u>Total</u>
	<u>1 year</u>	<u>Over 1-5 years</u>	<u>Over 5 years</u>		<u>1 year</u>	<u>Over 1-5 years</u>	<u>Over 5 years</u>	
Available-for-sale investments								
Government and state								
enterprise securities	946.98	1,029.27	-	1,976.25	-	69.38	-	69.38
Private enterprise debt								
instruments	71.20	499.65	201.54	772.39	-	-	-	-
Foreign debt instruments	-	67.54	-	67.54	-	-	-	-
Total	1,018.18	1,596.46	201.54	2,816.18	-	69.38	-	69.38
<u>Add (Less) Allowance for revaluation</u>	<u>(0.80)</u>	<u>24.75</u>	<u>(5.04)</u>	<u>18.91</u>	<u>-</u>	<u>(0.64)</u>	<u>-</u>	<u>(0.64)</u>
Total	<u>1,017.38</u>	<u>1,621.21</u>	<u>196.50</u>	<u>2,835.09</u>	<u>-</u>	<u>68.74</u>	<u>-</u>	<u>68.74</u>
Held-to-maturity debt instruments								
Government and state								
enterprise securities	99.99	41.26	-	141.25	89.66	2,989.04	-	3,078.70
Private enterprise debt								
instruments	-	70.00	-	70.00	100.00	459.21	-	559.21
Foreign debt instruments	444.78	1,447.82	-	1,892.60	1,898.51	856.78	-	2,755.29
Total	544.77	1,559.08	-	2,103.85	2,088.17	4,305.03	-	6,393.20
<u>Add (Less) Allowance for revaluation</u>	<u>1.81</u>	<u>(1.25)</u>	<u>-</u>	<u>0.56</u>	<u>(2.65)</u>	<u>5.55</u>	<u>-</u>	<u>2.90</u>
Total	<u>546.58</u>	<u>1,557.83</u>	<u>-</u>	<u>2,104.41</u>	<u>2,085.52</u>	<u>4,310.58</u>	<u>-</u>	<u>6,396.10</u>
Total debt instruments	<u>1,563.96</u>	<u>3,179.04</u>	<u>196.50</u>	<u>4,939.50</u>	<u>2,085.52</u>	<u>4,379.32</u>	<u>-</u>	<u>6,464.84</u>

5.2.4 Revaluation Surplus on Investments

Unit : Million Baht

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Revaluation surplus on investments		
Debt instruments	19.47	2.25
Equity securities	2.01	1.02
Total	<u>21.48</u>	<u>3.27</u>

(TRANSLATION)

5.3 Loans and Accrued Interest Receivables

5.3.1 Classified by Type of Loan

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
		Unit : Million Baht
Overdrafts	357.87	510.66
Domestic loans - customers	39,140.39	43,285.19
- export bill negotiation	1,791.49	1,435.61
- staff loans	203.19	181.38
Foreign loans - foreign government agencies	5,663.95	5,484.88
- foreign investors	<u>5,594.91</u>	<u>6,388.86</u>
Total	52,751.80	57,286.58
<u>Add</u> Accrued interest receivables	<u>835.65</u>	<u>1,055.32</u>
Total loans and accrued interest receivables	53,587.45	58,341.90
<u>(Less)</u> Allowance for doubtful accounts	(2,515.10)	(6,538.37)
Revaluation allowance for debt restructuring	<u>(803.41)</u>	<u>(1,243.56)</u>
Total	<u>50,268.94</u>	<u>50,559.97</u>

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

By the cabinet resolution passed on June 8, 2004, the Bank extended a loan of Baht 4,000 million to a foreign government agency and has been protected against potential loss therefrom in accordance with Section 23 of the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), which reads "In the event that the Bank suffers damages from its business operation in compliance with government policies or cabinet resolutions, the Ministry of Finance shall appropriate fund from the annual budget to compensate the Bank for such damages." As at December 31, 2007, the drawdown of such loan totaled Baht 3,899.92 million. The Thai government policy on the said lending is currently under examination by the Asset Examination Committee (AEC).

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

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
		Unit : Million Baht
Within 1 year	33,081.60	33,866.49
Over 1 year	<u>19,670.20</u>	<u>23,420.09</u>
Total	<u>52,751.80</u>	<u>57,286.58</u>

(TRANSLATION)

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

Unit : Million Baht

	<u>December 31, 2007</u>			<u>December 31, 2006</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	36,155.52	4,910.48	41,066.00	37,938.65	3,774.71	41,713.36
US Dollars	5,170.21	6,348.38	11,518.59	6,970.41	8,072.03	15,042.44
Other currencies	<u>167.21</u>	<u>-</u>	<u>167.21</u>	<u>503.78</u>	<u>27.00</u>	<u>530.78</u>
Total	<u>41,492.94</u>	<u>11,258.86</u>	<u>52,751.80</u>	<u>45,412.84</u>	<u>11,873.74</u>	<u>57,286.58</u>

5.3.4 Classified by Loan Classification

Unit : Million Baht

	<u>December 31, 2007</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	39,839.42	39,839.42	1	398.39
Special mention	1,425.12	1,425.12	2	28.50
Sub-standard (IAS 39)	1,787.38	427.16	100	427.16
Doubtful (IAS 39)	616.18	405.88	100	405.88
Doubtful of loss (IAS 39)	<u>521.71</u>	<u>470.99</u>	100	<u>470.99</u>
Total	44,189.81	42,568.57		1,730.92
Allowance for doubtful accounts based on restructured debt quality	<u>3,071.81</u>	<u>2,478.36</u>	1,20,50	<u>104.18</u>
Total	<u>47,261.62</u>	<u>45,046.93</u>		1,835.10
Excess allowance for doubtful accounts over minimum provision required				<u>680.00</u>
Allowance for doubtful accounts based on debt service ability and debt quality as at December 31, 2007				<u>2,515.10</u>
	<u>December 31, 2006</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	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>

(TRANSLATION)

In 2006, for debtors classified as doubtful of loss with an overdue amount exceeding 24 months of which the Bank has not restructured loans or taken any legal action or issued an order to exempt from legal proceeding, the Bank made additional provision in the amount of 35% of the outstanding balance less allowance having provided, which was of Baht 16.94 million as at December 31, 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 IAS 39. Therefore, The Bank made addition provision over the minimum requirement in the amount of Baht 1,848.53 million in 2006.

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, 2007</u>		<u>December 31, 2006</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</u>	<u>Receivables</u>	<u>Interest Receivables</u>
Non-performing loans	2,925.27	5.46	7,924.83	13.58
Unclassified loans	6,325.83	11.80	6,405.04	10.98

(TRANSLATION)

5.3.5 Troubled Debt Restructuring

In 2007 and 2006, 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>2007</u>			<u>2006</u>		
		<u>Amount</u>	<u>As % of Loans and Accrued Interest Receivables</u>	<u>Cases</u>	<u>Amount</u>	<u>As % of Loans and Accrued Interest Receivables</u>	
		Unit : Million Baht					
Succeeded	18	1,838.44	3.43	66	1,883.60	3.23	
In - process	-	-	-	2	27.60	0.05	
Outstanding of debt changed to normal at the end of period	29	3,196.63	5.97	45	3,131.52	5.37	

In 2007 and 2006, the Bank restructured the debt as follows:

<u>Types of Restructuring</u>	<u>Cases</u>	<u>2007</u>			<u>Transferred Assets</u>	
		<u>Outstanding Debt</u>			<u>Types</u>	<u>Fair Value</u>
		<u>Before Restructuring</u>	<u>After Restructuring</u>	<u>As at December 31, 2007</u>		
Transfer of assets or owners' interest	1	174.15	174.15	-	Land, Factory, Machinery	294.21
Change of repayment conditions						
Terms of debt restructuring agreements						
- Less than 5 years	16	1,303.85	1,303.85	1,357.89		
- 5 to 10 years	-	-	-	-		
- Over 10 years	-	-	-	-		
Debt restructuring in various forms						
Terms of debt restructuring agreements						
- Less than 5 years	1	360.44	360.44	115.97	Land, Factory, Machinery	393.22
- 5 to 10 years	-	-	-	-		
- Over 10 years	-	-	-	-		
Total	18	1,838.44	1,838.44	1,473.86		687.43

Unit : Million Baht

Types of Restructuring	Cases	2006			Transferred Assets	
		Outstanding Debt			Types	Fair Value
		Before Restructuring	After Restructuring	As at December 31, 2006		
Transfer of assets or owners' interest	-	-	-	-		
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>		

In 2007 and 2006, the Bank has recognized interest income from debt restructuring in the amount of Baht 102.88 million and Baht 217.37 million, respectively.

As at December 31, 2007 and 2006, the Bank has commitments to extend additional loans to these borrowers for the amount of Baht 5.31 million and Baht 2.23 million, respectively.

In 2007 and 2006, the outstanding debt before the restructuring compared to the outstanding loans and accrued interest receivable are as follows:

	Unit : Million Baht			
	December 31, 2007		December 31, 2006	
	Cases	Amount	Cases	Amount
Restructured debt	18	1,838.44	66	1,883.60
Loans and accrued interest receivables	1,496	53,587.45	1,574	58,341.90

In 2007, the Bank incurred a gain on debt restructuring of Baht 405.71 million as compared to a loss of Baht 367.15 million in 2006.

(TRANSLATION)

In 2007 and 2006, the Bank wrote off bad debts in the amount of Baht 224.65 million and Baht 72.72 million respectively, of which the written-off bad debts for the year 2007 in the amount of Baht 93.19 million was written-down accounts.

Based on the debt write-down policy currently terminated by the Bank, the outstanding balance of written-down accounts as at December 31, 2007 and 2006, which are not included in the financial statements, were Baht 330.06 million and Baht 1,766.15 million respectively.

5.3.6 Loans Under Transfer-Net

In 2007, the Bank concluded an asset sale agreement on non-performing loans with Sukhumvit Asset Management Company Limited (Sukhumvit AMC). The outstanding debt balance as at September 30, 2007 amounted to Baht 6,864.39 million, deducted by allowance for doubtful accounts of Baht 5,210.93 million, resulting in net debt balance of Baht 1,653.46 million. Sukhumvit AMC paid a deposit of Baht 514.36 million as guarantee for the agreement.

The Bank will execute the transfer of right, ownership and any benefits over the debts, including all related title documents, to Sukhumvit AMC, the Buyer, completely by February 27, 2008.

Between October 1 and December 31, 2007, Baht 14.47 million out of the total debts sold was paid by a debtor to the Bank. According to the asset sale agreement, the Buyer shall be entitled to and responsible for the receipts and payments occurring after September 30, 2007. Moreover, there was a foreign exchange gain of Baht 0.26 million. Therefore, as at December 31, 2007, the Bank stated the net loans under transfer of Baht 1,638.73 million.

5.4 Allowance for Doubtful Accounts

	Unit : Million Baht							
	<u>December 31, 2007</u>							
	<u>Pass</u>	<u>Special</u> <u>Mention</u>	<u>Sub-</u> <u>Standard</u>	<u>Doubtful</u>	<u>Doubtful of</u> <u>Loss</u>	<u>Restructure</u> <u>d Debt</u>	<u>Excess</u> <u>Allowance</u>	<u>Total</u>
Beginning balance	409.33	50.94	199.56	125.81	3,845.81	41.45	1,865.47	6,538.37
Doubtful accounts	(10.94)	(22.44)	227.60	280.07	1,852.19	64.93	(1,185.47)	1,205.94
Debts sold	-	-	-	-	(5,210.93)	-	-	(5,210.93)
Bad debts written off	-	-	-	-	(16.08)	(2.20)	-	(18.28)
Ending balance	<u>398.39</u>	<u>28.50</u>	<u>427.16</u>	<u>405.88</u>	<u>470.99</u>	<u>104.18</u>	<u>680.00</u>	<u>2,515.10</u>

(TRANSLATION)

Unit : Million Baht

	<u>December 31, 2006</u>							<u>Total</u>
	<u>Pass</u>	<u>Special Mention</u>	<u>Sub- Standard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Restructured Debt</u>	<u>Excess Allowance</u>	
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
Debts sold	-	-	-	-	-	-	-	-
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>

As at December 31, 2007 and 2006, the Bank's allowance for doubtful accounts on loans accounted for Baht 2,515.10 million and Baht 6,538.37 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

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Beginning balance	1,243.56	922.92
Increase	34.09	629.56
Decrease	<u>474.24</u>	<u>308.92</u>
Ending balance	<u>803.41</u>	<u>1,243.56</u>

5.6 Properties Foreclosed - Net

Unit : Million Baht

<u>Type of properties foreclosed</u>	<u>December 31, 2007</u>			<u>Ending balance</u>
	<u>Beginning balance</u>	<u>Increase</u>	<u>Disposal</u>	
Properties obtained from debt settlement				
- Immovable properties	577.06	523.64	19.16	1,081.54
- Movable properties	<u>3.31</u>	<u>93.31</u>	<u>3.16</u>	<u>93.46</u>
Total properties foreclosed	580.37	616.95	22.32	1,175.00
(Less) Allowance for impairment	<u>(179.10)</u>	<u>(106.53)*</u>	<u>(1.92)</u>	<u>(283.71)</u>
Total properties foreclosed - net	<u>401.27</u>	<u>510.42</u>	<u>20.40</u>	<u>891.29</u>

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

(TRANSLATION)

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.

5.7 Premises and Equipment - Net

Unit : Million Baht

	<u>December 31, 2007</u>								<u>Net Premises and Equipment</u>
	<u>Cost</u>				<u>Accumulated depreciation</u>				
	<u>Beginning Balance</u>	<u>Increase</u>	<u>Disposal</u>	<u>Ending Balance</u>	<u>Beginning Balance</u>	<u>Depreciation</u>	<u>Disposal</u>	<u>Ending Balance</u>	
Land	381.27	6.93	-	388.20	-	-	-	-	388.20
Buildings									
-Buildings	662.07	14.71	-	676.78	218.61	22.34	-	240.95	435.83
-Buildings improvement	108.19	24.75	0.73	132.21	64.35	21.64	0.73	85.26	46.95
Equipment									
-Office equipment and fixtures	229.87	25.91	19.26	236.52	187.92	6.12	19.18	174.86	61.66
-Vehicles	72.93	8.83	7.62	74.14	31.71	13.44	7.61	37.54	36.60
Amortized assets	-	0.05	0.02	0.03	-	-	-	-	0.03
Assets under construction*	<u>2.77</u>	<u>40.64</u>	<u>43.41</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>1,457.10</u>	<u>121.82</u>	<u>71.04</u>	<u>1,507.88</u>	<u>502.59</u>	<u>63.54</u>	<u>27.52</u>	<u>538.61</u>	<u>969.27</u>

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

(TRANSLATION)

Unit : Million Baht

	December 31, 2006								Net Premises and Equipment
	Cost				Accumulated depreciation				
	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, of which the Bank received cash refund from supplier in the amount of Baht 65.24 million, was recognized during the year in the amount of Baht 0.84 million.

5.8 Other Assets

Unit : Million Baht

	December 31, 2007	December 31, 2006
Revenue receivables	0.35	0.29
Insurance claim receivables	172.01	171.63
Allowance for insurance claim receivables	(172.01)	(171.63)
Advance deposits	2.59	3.59
Others	<u>4.95</u>	<u>3.63</u>
Total	<u>7.89</u>	<u>7.51</u>

5.9 Deposits

5.9.1 Classified by Type of Deposit

Unit : Million Baht

	December 31, 2007	December 31, 2006
Current	1,225.68	2,323.62
Savings	30.68	71.68
Term		
- Less than 6 months	267.71	249.44
- 6 months up to less than 1 year	26.00	25.08
- 1 year and over	<u>3,105.83</u>	<u>3,203.96</u>
Total	<u>4,655.90</u>	<u>5,873.78</u>

(TRANSLATION)

5.9.2 Classified by Maturity of Contracts

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
Within 1 year*	4,655.90	5,873.78
Over 1 year	<u>-</u>	<u>-</u>
Total	<u>4,655.90</u>	<u>5,873.78</u>

* Inclusive of expired contracts.

5.9.3 Classified by Currencies and Residency of Depositors

	<u>December 31, 2007</u>			<u>December 31, 2006</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	3,886.57	0.81	3,887.38	3,965.32	73.36	4,038.68
US Dollars	612.44	147.39	759.83	1,665.71	145.37	1,811.08
Other currencies	<u>8.66</u>	<u>0.03</u>	<u>8.69</u>	<u>24.00</u>	<u>0.02</u>	<u>24.02</u>
Total	<u>4,507.67</u>	<u>148.23</u>	<u>4,655.90</u>	<u>5,655.03</u>	<u>218.75</u>	<u>5,873.78</u>

5.10 Interbank and Money Market Items (Liabilities)

	<u>December 31, 2007</u>		
	<u>At call</u>	<u>Term</u>	<u>Total</u>
Domestic			
Bank of Thailand	-	2,142.78	2,142.78
Commercial banks	0.40	-	0.40
Other banks	16.22	4,200.97	4,217.19
Other financial institutions	<u>-</u>	<u>900.00</u>	<u>900.00</u>
Total domestic items	<u>16.62</u>	<u>7,243.75</u>	<u>7,260.37</u>
Foreign			
US Dollars	168.91	93.62	262.53
Other currencies	<u>135.00</u>	<u>-</u>	<u>135.00</u>
Total foreign items	<u>303.91</u>	<u>93.62</u>	<u>397.53</u>
Total domestic and foreign items	<u>320.53</u>	<u>7,337.37</u>	<u>7,657.90</u>

(TRANSLATION)

Unit : Million Baht

	<u>December 31, 2006</u>		
	<u>At call</u>	<u>Term</u>	<u>Total</u>
Domestic			
Bank of Thailand	-	2,198.63	2,198.63
Commercial banks	4.17	-	4.17
Other banks	-	2,038.02	2,038.02
Other financial institutions	-	<u>650.00</u>	<u>650.00</u>
Total domestic items	<u>4.17</u>	<u>4,886.65</u>	<u>4,890.82</u>
Foreign			
US Dollars	1,550.96	151.55	1,702.51
Other currencies	<u>41.67</u>	-	<u>41.67</u>
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>

5.11 Borrowings

Unit : Million Baht

	<u>December 31, 2007</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Short-term borrowings			
- Export-Import Bank of Thailand bonds	16,000.00	-	16,000.00
- Others	<u>2,650.00</u>	-	<u>2,650.00</u>
Total short-term borrowings	<u>18,650.00</u>	-	<u>18,650.00</u>
Long-term borrowings			
- Export-Import Bank of Thailand bonds	7,200.00	9,111.69	16,311.69
- Others	<u>8,749.48</u>	-	<u>8,749.48</u>
Total long-term borrowings	<u>15,949.48</u>	<u>9,111.69</u>	<u>25,061.17</u>
Total borrowings	<u>34,599.48</u>	<u>9,111.69</u>	<u>43,711.17</u>

	<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>850.00</u>
Total short-term borrowings	<u>8,350.00</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>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>

(TRANSLATION)

The details of the long-term borrowings of Baht 25,061.17 million and Baht 38,101.88 million are as follows:

Type	Tenor (years)	Maturity (year)	Interest rate (% per annum)	Unit : Million Baht	
				December 31, 2007	December 31, 2006
EXIM Thailand bonds	3-5	2008-2011	2.43-5.95	7,200.00	23,200.00
Debt Instrument (FRN)	5	2010-2011	LIBOR+(0.10-0.20)	9,111.69	9,731.88
Others	2-10	2008-2016	0.50-5.75	<u>8,749.48</u>	<u>5,170.00</u>
Total				<u>25,061.17</u>	<u>38,101.88</u>

5.12 Advance Deposits

As at December 31, 2007 and 2006, the Bank had advance deposits of Baht 518.11 million and Baht 15.34 million, respectively. As at December 31, 2007, the advance deposit of Baht 514.36 million was the guarantee for the asset sale agreement on non-performing loans received from Sukhumvit AMC.

5.13 Other Liabilities

	Unit : Million Baht	
	December 31, 2007	December 31, 2006
Expenses payable	25.07	11.08
Accounts payable	1.10	1.48
Deferred revenues	20.59	35.70
Withholding tax payable	5.55	4.61
Provision for contingent liabilities	24.72	210.60
Suspense liabilities	24.02	15.70
Others	<u>0.11</u>	<u>0.01</u>
Total	<u>101.16</u>	<u>279.27</u>

5.14 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.

5.15 Contingent Liabilities and Commitments

Unit : Million Baht

	<u>December 31, 2007</u>		
	<u>Baht</u>	<u>Foreign Currencies</u>	<u>Total</u>
Liabilities under unmatured import bills	0.71	268.27	268.98
Letters of credit	-	895.50	895.50
Export bills insured	6,880.76	21.11	6,901.87
Other guarantees	1,784.43	3,739.58	5,524.01
Overdraft accounts not yet drawn	530.65	-	530.65
FX forward purchase/sales contracts	12,779.18	13,195.41	25,974.59
FX swaps	1,273.75	2,842.84	4,116.59
Foreign currency and interest swaps	4,191.70	8,428.75	12,620.45
Interest rate swaps	18,290.00	-	18,290.00
Forward rate agreements	<u>1,635.00</u>	<u>1,349.88</u>	<u>2,984.88</u>
Total	<u>47,366.18</u>	<u>30,741.34</u>	<u>78,107.52</u>

	<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	9,250.00	662.31	9,912.31
Forward rate agreements	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>31,390.60</u>	<u>33,436.52</u>	<u>64,827.12</u>

Other guarantees: The Bank received a court's order to suspend the payment under the obligation from the advance payment guarantee issued for a client's construction project. The court's judgment was that the client (plaintiff) could ask the guarantee receiver to return the bank guarantee. The bank will continue to follow up on this matter.

5.16 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, 2007 and 2006 were as follows:

	Unit : Million Baht	
	<u>December 31, 2007</u>	
	<u>Contract Value</u>	<u>Net Fair Value of the</u>
		<u>Derivative's Contract</u>
FX forward purchase/sales contracts	25,974.59	9.72
FX swaps	4,116.59	10.77
Foreign currency and interest swaps	12,620.45	1,108.27
Interest rate swaps	18,290.00	(60.17)
Forward rate agreements	<u>2,984.88</u>	<u>1.04</u>
Total	<u>63,986.51</u>	<u>1,069.63</u>
	<u>December 31, 2006</u>	
	<u>Contract Value</u>	<u>Net Fair Value of the</u>
		<u>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	9,912.31	(44.40)
Forward rate agreements	<u>-</u>	<u>-</u>
Total	<u>47,340.82</u>	<u>1,159.46</u>

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

5.18 Long-term Leasing Contracts

<u>Branch offices</u>	<u>Contract Term (year)</u>	<u>Year of Contract Expiry</u>
Laem Chabang	20	2019
Rangsit	3	2010
Hat Yai	3	2009
Rama IV (two leasing contracts)	3	2009,2008
Khon Kaen	3	2008
Chiang Mai	3	2008
Bangna – Trad Km. 3	3	2008

5.19 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.

5.20 Reclassification of Accounts

Some of the items in the balance sheet for the year ended December 31, 2006 have been reclassified to conform to those presented in the balance sheet for the year ended December 31, 2007.
