

REPORT OF THE AUDITOR AND FINANCIAL STATEMENTS  
EXPORT – IMPORT BANK OF THAILAND  
FOR THE YEARS ENDED DECEMBER 31,2008 AND 2007  
(TRANSLATION)

(TRANSLATION)  
AUDITOR'S REPORT

TO : MINISTER OF FINANCE

The Office of the Auditor General has audited the balance sheets, in which the equity method is applied to investment and the Bank's balance sheets of the Export-Import Bank of Thailand as at December 31, 2008 and 2007, and the related statements of income, in which the equity method is applied to investment and the Bank's 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 in which the equity method is applied to investment and the Bank's 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, 2008 and 2007, 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) *Wibulphen Hitaphan*

(Ms. Wibulphen Hitaphan)

Senior Audit Specialist Level 9

(Signed) *Sunan Wongmek*

(Ms. Sunan Wongmek)

Auditor-in-charge

Office of the Auditor General

February 20, 2009

EXPORT-IMPORT BANK OF THAILAND

BALANCE SHEETS

AS AT DECEMBER 31, 2008 AND 2007

Unit : Baht

	Notes	Financial statements in which		The Bank's	
		the equity method is applied to investment		Financial statements	
		2008	2007	2008	2007
<b>Assets</b>					
Cash		12,959,385.04	11,001,837.80	12,959,385.04	11,001,837.80
Interbank and money market items	4.1				
Domestic items					
Interest bearing		3,873,882,767.21	1,332,810,126.08	3,873,882,767.21	1,332,810,126.08
Non-interest bearing		67,525,096.15	354,322,963.23	67,525,096.15	354,322,963.23
Foreign items					
Interest bearing		1,150,530,663.12	3,516,033,922.56	1,150,530,663.12	3,516,033,922.56
Non-interest bearing		383,962,129.31	336,571,235.78	383,962,129.31	336,571,235.78
Total interbank and money market items-net		5,475,900,655.79	5,539,738,247.65	5,475,900,655.79	5,539,738,247.65
Investments	3.4 4.2				
Current investments-net		1,727,938,291.80	1,563,962,604.76	1,727,938,291.80	1,563,962,604.76
Long-term investments-net		2,515,672,678.72	3,379,133,241.99	2,515,672,678.72	3,379,133,241.99
Investments in associated company-net		3,916,649.59	-	4,286,500.00	-
Total investments-net		4,247,527,620.11	4,943,095,846.75	4,247,897,470.52	4,943,095,846.75
Loans and accrued interest receivables	4.3				
Loans	3.5 3.8	50,747,772,717.97	52,751,798,136.63	50,747,772,717.97	52,751,798,136.63
Accrued interest receivables		416,928,699.89	835,656,630.27	416,928,699.89	835,656,630.27
Total loans and accrued interest receivables		51,164,701,417.86	53,587,454,766.90	51,164,701,417.86	53,587,454,766.90
Less Allowance for doubtful accounts	3.6 4.4	2,877,980,150.54	2,515,098,831.63	2,877,980,150.54	2,515,098,831.63
Less Revaluation allowance for debt restructuring	3.7 4.5	169,471,105.05	803,416,453.90	169,471,105.05	803,416,453.90
Total loans and accrued interest receivables-net		48,117,250,162.27	50,268,939,481.37	48,117,250,162.27	50,268,939,481.37
Loans under transfer-net	4.3.6	-	1,638,731,205.22	-	1,638,731,205.22
Properties foreclosed-net	3.13 4.6	974,489,917.62	891,294,134.37	974,489,917.62	891,294,134.37
Premises and equipment-net	3.12 4.7	928,671,744.16	963,432,254.26	928,671,744.16	963,432,254.26
Derivative revaluation	3.11 4.16	15,292,928.52	1,069,634,763.07	15,292,928.52	1,069,634,763.07
Accrued interest receivables not related to loans		42,638,415.69	35,192,505.41	42,638,415.69	35,192,505.41
Prepaid expenses		6,073,370.01	6,618,283.33	6,073,370.01	6,618,283.33
Leasehold premises and improvements		6,627,383.48	9,487,309.16	6,627,383.48	9,487,309.16
Other assets-net	4.8	25,136,189.29	13,729,576.37	25,136,189.29	13,729,576.37
Total assets		59,852,567,771.98	65,390,895,444.76	59,852,937,622.39	65,390,895,444.76

The notes to the financial statements are an integral part of these statements.

EXPORT-IMPORT BANK OF THAILAND

BALANCE SHEETS (CONTINUED)

AS AT DECEMBER 31, 2008 AND 2007

Unit : Baht

	Notes	Financial statements in which		The Bank's	
		the equity method is applied to investment		Financial statements	
		2008	2007	2008	2007
<u>Liabilities and Capital</u>					
Deposits	4.9				
Deposits in baht		3,973,224,796.11	3,887,373,659.66	3,973,224,796.11	3,887,373,659.66
Deposits in foreign currencies		327,585,962.15	768,521,442.51	327,585,962.15	768,521,442.51
Total deposits		<u>4,300,810,758.26</u>	<u>4,655,895,102.17</u>	<u>4,300,810,758.26</u>	<u>4,655,895,102.17</u>
Interbank and money market items	4.10				
Domestic items					
Interest bearing		10,687,246,289.17	7,243,755,699.33	10,687,246,289.17	7,243,755,699.33
Non-interest bearing		24,294,941.61	16,617,103.30	24,294,941.61	16,617,103.30
Foreign items					
Interest bearing		1,021,011,186.72	397,531,237.49	1,021,011,186.72	397,531,237.49
Total interbank and money market items		<u>11,732,552,417.50</u>	<u>7,657,904,040.12</u>	<u>11,732,552,417.50</u>	<u>7,657,904,040.12</u>
Liability payable on demand		12,136,940.26	15,684,256.86	12,136,940.26	15,684,256.86
Borrowings	4.11				
Short-term borrowings		5,500,000,000.00	18,650,000,000.00	5,500,000,000.00	18,650,000,000.00
Long-term borrowings		27,621,981,000.00	25,061,172,000.00	27,621,981,000.00	25,061,172,000.00
Total borrowings		<u>33,121,981,000.00</u>	<u>43,711,172,000.00</u>	<u>33,121,981,000.00</u>	<u>43,711,172,000.00</u>
Accrued interest payables		483,051,859.29	566,627,462.02	483,051,859.29	566,627,462.02
Advance Deposits	4.12	4,965,248.99	518,107,905.84	4,965,248.99	518,107,905.84
Export credit insurance reserve		236,359,155.04	210,227,738.67	236,359,155.04	210,227,738.67
Other liabilities	4.13	130,278,571.66	101,156,082.29	130,278,571.66	101,156,082.29
Total liabilities		<u>50,022,135,951.00</u>	<u>57,436,774,587.97</u>	<u>50,022,135,951.00</u>	<u>57,436,774,587.97</u>
Capital					
Capital	4.14	<u>7,800,000,000.00</u>	<u>6,500,000,000.00</u>	<u>7,800,000,000.00</u>	<u>6,500,000,000.00</u>
Paid-up capital		7,800,000,000.00	6,500,000,000.00	7,800,000,000.00	6,500,000,000.00
Hedging reserve	3.11	209,020,798.25	(85,408,548.74)	209,020,798.25	(85,408,548.74)
Revaluation surplus on investments	3.4 4.2.4	102,515,312.11	21,481,530.47	102,515,312.11	21,481,530.47
Retained earnings					
Appropriated					
Legal reserve		2,478,353,886.85	2,223,353,886.85	2,478,353,886.85	2,223,353,886.85
Unappropriated		(759,458,176.23)	(705,306,011.79)	(759,088,325.82)	(705,306,011.79)
Total capital		<u>9,830,431,820.98</u>	<u>7,954,120,856.79</u>	<u>9,830,801,671.39</u>	<u>7,954,120,856.79</u>
Total liabilities and capital		<u>59,852,567,771.98</u>	<u>65,390,895,444.76</u>	<u>59,852,937,622.39</u>	<u>65,390,895,444.76</u>

The notes to the financial statements are an integral part of these statements.

EXPORT-IMPORT BANK OF THAILAND  
BALANCE SHEETS (CONTINUED)  
AS AT DECEMBER 31, 2008 AND 2007

Unit : Baht

	Notes	Financial statements in which		The Bank's	
		the equity method is applied to investment		Financial statements	
		2008	2007	2008	2007
<u>Off-Balance Sheet Items-Contingencies</u>	3.14 4.15				
Liabilities under unmatured import bills		189,930,462.55	268,983,917.25	189,930,462.55	268,983,917.25
Letters of credit		386,482,909.69	895,500,902.08	386,482,909.69	895,500,902.08
Export bills insured		8,358,203,893.23	6,901,874,320.89	8,358,203,893.23	6,901,874,320.89
Other contingencies		58,496,557,698.16	70,041,172,419.29	58,496,557,698.16	70,041,172,419.29

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, 2008 AND 2007

Unit : Baht

	Notes	Financial statements in which		The Bank's	
		the equity method is applied to investment		Financial statements	
		2008	2007	2008	2007
Interest and dividend income	3.2				
Loans	3.9	2,790,134,903.75	3,324,608,767.68	2,790,134,903.75	3,324,608,767.68
Interbank and money market items		280,310,321.18	360,631,158.72	280,310,321.18	360,631,158.72
Investments		166,196,321.98	305,500,791.23	166,196,321.98	305,500,791.23
Total interest and dividend income		<u>3,236,641,546.91</u>	<u>3,990,740,717.63</u>	<u>3,236,641,546.91</u>	<u>3,990,740,717.63</u>
Interest expenses	3.3				
Deposits		46,542,470.86	145,683,578.97	46,542,470.86	145,683,578.97
Interbank and money market items		404,108,412.76	283,055,859.21	404,108,412.76	283,055,859.21
Short-term borrowings		391,490,362.34	652,013,502.34	391,490,362.34	652,013,502.34
Long-term borrowings		1,093,247,415.64	1,443,504,511.19	1,093,247,415.64	1,443,504,511.19
Total interest expenses		<u>1,935,388,661.60</u>	<u>2,524,257,451.71</u>	<u>1,935,388,661.60</u>	<u>2,524,257,451.71</u>
Net income from interest and dividend		1,301,252,885.31	1,466,483,265.92	1,301,252,885.31	1,466,483,265.92
Bad debt and doubtful accounts	3.6	1,412,993,154.33	1,245,900,780.74	1,412,993,154.33	1,245,900,780.74
Loss on debt restructuring	3.7	(251,738,872.22)	(405,710,767.70)	(251,738,872.22)	(405,710,767.70)
Net income from interest and dividend after bad debt and doubtful accounts and loss on debt restructuring		<u>139,998,603.20</u>	<u>626,293,252.88</u>	<u>139,998,603.20</u>	<u>626,293,252.88</u>
Non-interest income					
Gain on investments		16,269,774.99	55,991,746.08	16,269,774.99	55,991,746.08
Share of loss from investments on equity method		(369,850.41)	-	-	-
Fees and service income		234,620,256.90	227,547,643.77	234,620,256.90	227,547,643.77
Export credit insurance income		132,705,307.82	146,937,227.25	132,705,307.82	146,937,227.25
Gain on exchanges	3.10 3.11	193,273,097.30	179,067,061.97	193,273,097.30	179,067,061.97
Gain on sale of properties foreclosed		41,288,619.77	5,894,186.65	41,288,619.77	5,894,186.65
Bad debt recovered		95,129.56	54,671.63	95,129.56	54,671.63
Written-off debt recovered		540,189.78	26,773,692.72	540,189.78	26,773,692.72
Other income		28,116,535.76	30,642,059.77	28,116,535.76	30,642,059.77
Total non-interest income		<u>646,539,061.47</u>	<u>672,908,289.84</u>	<u>646,908,911.88</u>	<u>672,908,289.84</u>
Non-interest expenses					
Personnel expenses		471,321,456.57	448,792,469.91	471,321,456.57	448,792,469.91
Premises and equipment expenses		92,800,576.64	95,620,280.88	92,800,576.64	95,620,280.88
Taxes and duties		34,579.43	134,629.89	34,579.43	134,629.89
Fees and service expenses		17,179,154.69	36,799,181.44	17,179,154.69	36,799,181.44
Expenses on export credit insurance		56,995,080.40	27,718,610.75	56,995,080.40	27,718,610.75
Directors' remuneration		3,663,388.55	2,642,351.60	3,663,388.55	2,642,351.60
Loss on impairment of properties foreclosed		(130,012,358.21)	106,534,643.03	(130,012,358.21)	106,534,643.03
Other expenses		73,707,951.04	75,429,748.01	73,707,951.04	75,429,748.01
Total non-interest expenses		<u>585,689,829.11</u>	<u>793,671,915.51</u>	<u>585,689,829.11</u>	<u>793,671,915.51</u>
Net income		<u>200,847,835.56</u>	<u>505,529,627.21</u>	<u>201,217,685.97</u>	<u>505,529,627.21</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, 2008 AND 2007

FINANCIAL STATEMENTS IN WHICH THE EQUITY METHOD IS APPLIED TO INVESTMENT

	Capital	Hedging Reserve	Revaluation Surplus on Investments	Appropriated Retained Earnings	Unappropriated Retained Earnings	Unit : Baht
						Total
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
Increase from the Ministry of Finance	-	-	-	-	-	-
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
Beginning balance as at January 1, 2008	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
Hedging reserve	-	294,429,346.99	-	-	-	294,429,346.99
Revaluation surplus on investments	-	-	81,033,781.64	-	-	81,033,781.64
Unrecognized items in income statements	-	294,429,346.99	81,033,781.64	-	-	375,463,128.63
Increase from the Ministry of Finance	1,300,000,000.00	-	-	-	-	1,300,000,000.00
Legal reserve	-	-	-	255,000,000.00	(255,000,000.00)	-
Remittance to the Ministry of Finance	-	-	-	-	-	-
Net income	-	-	-	-	200,847,835.56	200,847,835.56
Ending balance as at December 31, 2008	7,800,000,000.00	209,020,798.25	102,515,312.11	2,478,353,886.85	(759,458,176.23)	9,830,431,820.98

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, 2008 AND 2007

THE BANK'S FINANCIAL STATEMENTS

	Unit : Baht					
	Capital	Hedging Reserve	Revaluation Surplus on Investments	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total
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
Increase from the Ministry of Finance	-	-	-	-	-	-
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
Beginning balance as at January 1, 2008	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
Hedging reserve	-	294,429,346.99	-	-	-	294,429,346.99
Revaluation surplus on investments	-	-	81,033,781.64	-	-	81,033,781.64
Unrecognized items in income statements	-	294,429,346.99	81,033,781.64	-	-	375,463,128.63
Increase from the Ministry of Finance	1,300,000,000.00	-	-	-	-	1,300,000,000.00
Legal reserve	-	-	-	255,000,000.00	(255,000,000.00)	-
Remittance to the Ministry of Finance	-	-	-	-	-	-
Net income	-	-	-	-	201,217,685.97	201,217,685.97
Ending balance as at December 31, 2008	7,800,000,000.00	209,020,798.25	102,515,312.11	2,478,353,886.85	(759,088,325.82)	9,830,801,671.39

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, 2008 AND 2007

Unit : Baht

	<u>Financial statements in which</u>		<u>The Bank's</u>	
	<u>the equity method is applied to investment</u>		<u>Financial statements</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Cash flows from operating activities</b>				
Net income	200,847,835.56	505,529,627.21	201,217,685.97	505,529,627.21
Adjustments to reconcile net income to net cash from operating activities				
Depreciation and amortization	73,490,951.19	66,919,453.49	73,490,951.19	66,919,453.49
Bad debt and doubtful accounts	1,348,838,930.32	1,345,490,607.89	1,348,838,930.32	1,345,490,607.89
Loss on debt restructuring (reversal)	(251,738,872.22)	(405,710,767.70)	(251,738,872.22)	(405,710,767.70)
Written-off debt recovered (reversal)	(412,158.23)	-	(412,158.23)	-
(Gain) on disposal of assets	(800,490.83)	(5,449,726.60)	(800,490.83)	(5,449,726.60)
(Gain) on sale of properties foreclosed	(41,288,619.77)	(5,894,186.65)	(41,288,619.77)	(5,894,186.65)
Loss on impairment of properties foreclosed (reversal)	(130,012,358.21)	106,534,643.03	(130,012,358.21)	106,534,643.03
(Gain) loss on exchanges	575,124,564.63	(557,130,482.92)	575,124,564.63	(557,130,482.92)
Derivative revaluation	743,450,371.68	249,643,338.92	743,450,371.68	249,643,338.92
(Gain) on sale of investments in securities	(16,269,774.99)	(55,991,746.08)	(16,269,774.99)	(55,991,746.08)
Share of loss from investments on equity method	369,850.41	-	-	-
Deferred premium on investment-paid	(176,289,248.37)	(366,143,075.74)	(176,289,248.37)	(366,143,075.74)
Provision for contingent liabilities	34,916,548.38	(185,879,076.00)	34,916,548.38	(185,879,076.00)
Loss on claims and provision for claims against export credit insurance	38,449,748.17	21,309,843.77	38,449,748.17	21,309,843.77
(Increase) in accrued income	(13,092.73)	(60,147.31)	(13,092.73)	(60,147.31)
Decrease in prepaid expenses	679,115.56	940,756.08	679,115.56	940,756.08
Increase (decrease) in other accrued expenses	(7,927,720.33)	15,345,651.63	(7,927,720.33)	15,345,651.63
	<u>2,391,415,580.22</u>	<u>729,454,713.02</u>	<u>2,391,415,580.22</u>	<u>729,454,713.02</u>
Net income from interest and dividend	(1,301,252,885.31)	(1,466,483,265.92)	(1,301,252,885.31)	(1,466,483,265.92)
Proceeds from interest and dividend	3,603,456,750.74	4,095,470,909.71	3,603,456,750.74	4,095,470,909.71
Interest paid	(2,022,426,100.00)	(2,703,930,027.63)	(2,022,426,100.00)	(2,703,930,027.63)
Income from operations before changes in operating assets and liabilities	<u>2,671,193,345.65</u>	<u>654,512,329.18</u>	<u>2,671,193,345.65</u>	<u>654,512,329.18</u>
(Increase) decrease in operating assets				
Interbank and money market items	61,214,140.24	2,189,185,456.87	61,214,140.24	2,189,185,456.87
Loans	1,488,011,182.57	(2,877,909,273.97)	1,488,011,182.57	(2,877,909,273.97)
Loans for sale-net	1,638,951,949.48	-	1,638,951,949.48	-
Properties foreclosed	91,835,194.73	(95,578,771.49)	91,835,194.73	(95,578,771.49)
Other assets	(39,588,886.12)	(24,134,539.32)	(39,588,886.12)	(24,134,539.32)

The notes to the financial statements are an integral part of these statements.

EXPORT-IMPORT BANK OF THAILAND  
STATEMENTS OF CASH FLOWS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Unit : Baht

	<u>Financial statements in which</u>		<u>The Bank's</u>	
	<u>the equity method is applied to investment</u>		<u>Financial statements</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Cash flows from operating activities</b>				
Increase (decrease) in operating liabilities				
Deposits	(356,037,837.01)	(1,227,313,544.03)	(356,037,837.01)	(1,227,313,544.03)
Interbank and money market items	3,555,811,854.12	1,521,898,184.71	3,555,811,854.12	1,521,898,184.71
Liability payable on demand	(3,547,316.60)	(877,377.29)	(3,547,316.60)	(877,377.29)
Short-term borrowings	2,500,000,000.00	-	2,500,000,000.00	-
Other liabilities	(533,426,412.74)	491,639,011.43	(533,426,412.74)	491,639,011.43
Net cash provided by operating activities	<u>11,074,417,214.32</u>	<u>631,421,476.09</u>	<u>11,074,417,214.32</u>	<u>631,421,476.09</u>
<b>Cash flows from investing activities</b>				
(Increase) in investments in securities	(1,192,001,238.12)	(9,462,742,977.18)	(1,192,001,238.12)	(9,462,742,977.18)
Proceeds from sale of investments before due date	2,268,009,961.62	11,533,073,798.14	2,268,009,961.62	11,533,073,798.14
Purchase of premises and equipment	(32,358,532.38)	(79,183,424.66)	(32,358,532.38)	(79,183,424.66)
Proceeds from sale of premises and equipment	818,889.00	5,535,060.00	818,889.00	5,535,060.00
Net cash provided by investing activities	<u>1,044,469,080.12</u>	<u>1,996,682,456.30</u>	<u>1,044,469,080.12</u>	<u>1,996,682,456.30</u>
<b>Cash flows from financing activities</b>				
(Decrease) in long-term borrowings	(13,416,928,747.20)	(2,620,518,000.00)	(13,416,928,747.20)	(2,620,518,000.00)
Increase in capital	1,300,000,000.00	-	1,300,000,000.00	-
Net cash (used in) financing activities	<u>(12,116,928,747.20)</u>	<u>(2,620,518,000.00)</u>	<u>(12,116,928,747.20)</u>	<u>(2,620,518,000.00)</u>
<b>Net increase in cash and cash equivalents</b>	1,957,547.24	7,585,932.39	1,957,547.24	7,585,932.39
<b>Cash and cash equivalents at the beginning of the period</b>	<u>11,001,837.80</u>	<u>3,415,905.41</u>	<u>11,001,837.80</u>	<u>3,415,905.41</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>12,959,385.04</u></u>	<u><u>11,001,837.80</u></u>	<u><u>12,959,385.04</u></u>	<u><u>11,001,837.80</u></u>

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, 2008 AND 2007

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**EXPORT-IMPORT BANK OF THAILAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**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 10400.

**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 statements of profit and loss for commercial banks dated May 10, 2001.

In 2008, the Bank applied the new and revised accounting standards as follows:

TAS 25 (Revised 2007) Cash Flow Statements

TAS 35 (Revised 2007) Presentation of Financial Statements

TAS 39 (Revised 2007) Accounting Policies, Changes in Accounting Estimates and Errors

TAS 44 (Revised 2007) Consolidated and Separate Financial Statements

TAS 51 Intangible Assets

The application of the above new and revised accounting standards has no material effects on the financial statements of the Bank.

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 Investments

Investments in marketable debt or equity securities classified as investments for trading are stated at fair value. Gains or losses arising from their revaluation are presented in the statements of income.

Investments in marketable debt or equity securities classified as available-for-sale investments are stated at fair value. Gains or losses arising from their revaluation are separately stated in the Capital item and are charged to the statements of income when such investments are disposed of.

Investments in held-to-maturity debt securities are stated at amortized cost and are amortized by using the effective interest rate method throughout their remaining maturity.

Investments in non-marketable equity securities classified as general investments are stated at cost net of allowance for decrease in investment value caused by impairment. Loss on impairment is charged to the statements of income.

Investments in associated companies presented in the Bank's separate financial statements are accounted for by the cost method.

#### 3.5 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.

#### 3.6 Allowance for Doubtful Accounts

The Bank sets aside the allowance for doubtful accounts and charges it as expense in the doubtful accounts item. The allowance amount is determined based on the outstanding loan amount and the financial status, collateral and repayment ability of the individual borrowers, including borrowers undergoing debt restructuring. The Bank's allowance for doubtful accounts is made based on the classification of loans and customers' repayment ability as well as prudent banking as prescribed in the Bank's delinquency classification rules which are in line with the rules promulgated by the Bank of Thailand under the Notification on Worthless or Irrecoverable Assets and Doubtful Assets that May Be Worthless or Irrecoverable of Commercial Banks dated December 7, 2006. The Bank

thereby set the allowance for doubtful accounts at the rate of 100% of the difference between the book value of loans and the present value of expected cash flow from the debtor or the present value of expected cash flow from the sale of collateral.

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's 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 the bad debt recovered is recognized as income.

### 3.7 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.

### 3.8 Debt Write-Down

The Bank has a policy to write down bad debt accounts for over one year that have no clear guidelines of recovery. The written-down accounts are fully recognized as expenses. The accounts recovered or approved to be upgraded are recognized as income.

### 3.9 Subsidy from Government and State Agencies

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

### 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
- Building improvement	10	years
- Equipment	3-5	years

### 3.13 Properties Foreclosed

Properties foreclosed consist of movable and immovable assets which are reported at fair value. Losses on impairment of properties foreclosed are recognized as non-interest expenses in the statement of income.

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 for the payments of insurance claims equal to the difference between the book value of loans and the present value of expected cash flow from the debtors.

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

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. TISCO Asset Management Company Limited has been appointed as the fund manager.



(TRANSLATION)

### 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. ADDITIONAL INFORMATION

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

#### 4.1.1 Domestic Items

Unit : Million Baht

	<u>December 31, 2008</u>			<u>December 31, 2007</u>		
	<u>At call</u>	<u>Term</u>	<u>Total</u>	<u>At call</u>	<u>Term</u>	<u>Total</u>
Bank of Thailand	3.56	1,950.00	1,953.56	261.45	300.00	561.45
Commercial banks	91.36	1,896.16	1,987.52	214.58	330.00	544.58
Other banks	-	-	-	-	<u>581.00</u>	<u>581.00</u>
Total domestic items	94.92	3,846.16	3,941.08	476.03	1,211.00	1,687.03
<u>Add</u> Accrued interest						
receivables	-	<u>0.33</u>	<u>0.33</u>	-	<u>0.11</u>	<u>0.11</u>
Total	<u>94.92</u>	<u>3,846.49</u>	<u>3,941.41</u>	<u>476.03</u>	<u>1,211.11</u>	<u>1,687.14</u>

#### 4.1.2 Foreign Items

Unit : Million Baht

	<u>December 31, 2008</u>			<u>December 31, 2007</u>		
	<u>At call</u>	<u>Term</u>	<u>Total</u>	<u>At call</u>	<u>Term</u>	<u>Total</u>
US Dollars	1,061.08	223.91	1,284.99	379.97	3,298.77	3,678.74
Yen	47.09	-	47.09	50.23	-	50.23
Euro	58.37	98.53	156.90	23.79	-	23.79
Other currencies	<u>44.80</u>	-	<u>44.80</u>	<u>85.98</u>	-	<u>85.98</u>
Total foreign items	1,211.34	322.44	1,533.78	539.97	3,298.77	3,838.74
<u>Add</u> Accrued interest						
receivables	<u>0.69</u>	<u>0.02</u>	<u>0.71</u>	<u>0.82</u>	<u>13.04</u>	<u>13.86</u>
Total	<u>1,212.03</u>	<u>322.46</u>	<u>1,534.49</u>	<u>540.79</u>	<u>3,311.81</u>	<u>3,852.60</u>
Total domestic and foreign items	<u>1,306.95</u>	<u>4,168.95</u>	<u>5,475.90</u>	<u>1,016.82</u>	<u>4,522.92</u>	<u>5,539.74</u>

As at December 31, 2008 and 2007, the interbank and money market items (assets) included unclassified loans of Baht 4,070.40 million and Baht 1,640.43 million, respectively.

(TRANSLATION)

4.2 Investments

4.2.1 Current Investments

		Unit : Million Baht			
		<u>December 31, 2008</u>		<u>December 31, 2007</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	591.63	609.08	946.98	946.23
	Private enterprise debt instruments	<u>100.36</u>	<u>101.43</u>	<u>71.20</u>	<u>71.15</u>
	Total	691.99	710.51	1,018.18	1,017.38
<u>Add (Less)</u>	Allowance for revaluation	<u>18.52</u>	<u>-</u>	<u>(0.80)</u>	<u>-</u>
	Total	<u>710.51</u>	<u>710.51</u>	<u>1,017.38</u>	<u>1,017.38</u>
(2) Held-to-maturity debt instruments					
Government and state enterprise					
	securities	40.24		99.99	
	Foreign debt instruments	<u>977.05</u>		<u>444.78</u>	
	Total	1,017.29		544.77	
<u>Add</u>	Allowance for revaluation	<u>0.14</u>		<u>1.81</u>	
	Total	<u>1,017.43</u>		<u>546.58</u>	
	Total current investments-net	<u>1,727.94</u>		<u>1,563.96</u>	

(TRANSLATION)

4.2.2 Long-term Investments

		Unit : Million Baht			
		<u>December 31, 2008</u>		<u>December 31, 2007</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	1,644.25	1,737.43	1,029.27	1,055.79
	Private enterprise debt instruments	124.79	128.87	701.19	694.58
	Foreign debt instruments	-	-	67.54	67.34
	Domestic marketable equity securities -				
	listed securities	<u>26.07</u>	<u>14.18</u>	<u>1.07</u>	<u>3.08</u>
	Total	1,795.11	1,880.48	1,799.07	1,820.79
<u>Add</u>	Allowance for revaluation	<u>85.37</u>	<u>-</u>	<u>21.72</u>	<u>-</u>
	Total	<u>1,880.48</u>	<u>1,880.48</u>	<u>1,820.79</u>	<u>1,820.79</u>
(2) Held-to-maturity debt instruments					
	Government and state enterprise				
	securities	-		41.26	
	Private enterprise debt instruments	70.00		70.00	
	Foreign debt instruments	<u>524.54</u>		<u>1,447.82</u>	
	Total	594.54		1,559.08	
<u>(Less)</u>	Allowance for revaluation	<u>(1.51)</u>		<u>(1.25)</u>	
	Total	<u>593.03</u>		<u>1,557.83</u>	
(3) General investments					
	Mutual Fund	41.65		-	
	Others	<u>0.51</u>		<u>0.51</u>	
	Total	<u>42.16</u>		<u>0.51</u>	
	Total long-term investments-net	<u>2,515.67</u>		<u>3,379.13</u>	

In 2008, the Bank purchased investment units in two open-ended funds as follows:

1. Mutual Fund that mobilizes funds from institutional investors for investment in energy or alternative energy-related businesses. The Mutual Fund's redemption will start in the 6th year (2013) onwards in case the Fund has earned dividend income, income from sale of securities or its properties, or other income, which are not deployed for reinvestment. The Bank purchased a total of 3.66 million investment units, which based on the par value of 10 baht per unit, represented Baht 36.65 million of investments.

(TRANSLATION)

2. Mutual Fund for long-term investment in industries crucial to national development with a focus on investments in companies having high capacity in innovations and technologies for infrastructure development, manufacturing companies for import substitution, as well as companies expanding their businesses and investments overseas. The Bank subscribed and paid for 5,000 investment units, which based on the par value of 1,000 baht per unit, represented Baht 5 million of investments.

4.2.3 Time to Maturity of Debt Instruments

Unit : Million Baht

	<u>December 31, 2008</u>			Total	<u>December 31, 2007</u>			Total
	Time to Maturity				Time to Maturity			
	<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	591.63	689.82	954.43	2,235.88	946.98	1,029.27	-	1,976.25
Private enterprise debt								
instruments	100.36	24.79	100.00	225.15	71.20	499.65	201.54	772.39
Foreign debt instruments	-	-	-	-	-	67.54	-	67.54
Total	691.99	714.61	1,054.43	2,461.03	1,018.18	1,596.46	201.54	2,816.18
<u>Add (Less) Allowance for revaluation</u>	<u>18.52</u>	<u>24.69</u>	<u>72.57</u>	<u>115.78</u>	<u>(0.80)</u>	<u>24.75</u>	<u>(5.04)</u>	<u>18.91</u>
Total	<u>710.51</u>	<u>739.30</u>	<u>1,127.00</u>	<u>2,576.81</u>	<u>1,017.38</u>	<u>1,621.21</u>	<u>196.50</u>	<u>2,835.09</u>
Held-to-maturity debt instruments								
Government and state								
enterprise securities	40.24	-	-	40.24	99.99	41.26	-	141.25
Private enterprise debt								
instruments	-	70.00	-	70.00	-	70.00	-	70.00
Foreign debt instruments	<u>977.05</u>	<u>524.54</u>	-	<u>1,501.59</u>	<u>444.78</u>	<u>1,447.82</u>	-	<u>1,892.60</u>
Total	1,017.29	594.54	-	1,611.83	544.77	1,559.08	-	2,103.85
<u>Add (Less) Allowance for revaluation</u>	<u>0.14</u>	<u>(1.51)</u>	-	<u>(1.37)</u>	<u>1.81</u>	<u>(1.25)</u>	-	<u>0.56</u>
Total	<u>1,017.43</u>	<u>593.03</u>	-	<u>1,610.46</u>	<u>546.58</u>	<u>1,557.83</u>	-	<u>2,104.41</u>
Total debt instruments	<u>1,727.94</u>	<u>1,332.33</u>	<u>1,127.00</u>	<u>4,187.27</u>	<u>1,563.96</u>	<u>3,179.04</u>	<u>196.50</u>	<u>4,939.50</u>

(TRANSLATION)

#### 4.2.4 Revaluation Surplus on Investments

	Unit : Million Baht	
	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Revaluation surplus on investments		
Debt instruments	114.41	19.47
Equity securities	(11.89)	<u>2.01</u>
Total	<u>102.52</u>	<u>21.48</u>

#### 4.2.5 Investment in Associated Company

On June 5, 2008, the Bank invested in the ordinary shares of Thai EXIM International Company Limited in the amount of Baht 4.29 million or 49% of the initial paid up capital which is Baht 8.75 million. The company, incorporated on May 27, 2008, with registered share capital of Baht 35 million, is located at EXIM Building 1193 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok. The company's main objectives are to provide advisory services relating to import and export businesses, claims administration and investments.

As at December 31, 2008, the Bank had investment in associated company as follows:

	Unit : Million Baht			
<u>Name of Company</u>	<u>Type of Share</u>	<u>Percentage of</u>	<u>December 31, 2008</u>	
		<u>Shareholding</u>	<u>Investment</u>	
			<u>Equity Method</u>	<u>Cost Method</u>
Thai Exim International Co.,Ltd.	Ordinary	49	3.92	4.29

#### 4.3 Loans and Accrued Interest Receivables

##### 4.3.1 Classified by Type of Loan

	Unit : Million Baht	
	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Overdrafts	279.60	357.87
Domestic loans - customers	35,423.13	39,140.39
- export bills negotiation	856.29	1,791.49
- staff loans	215.32	203.19
Foreign loans - foreign government agencies	5,617.66	5,663.95
- foreign investors	<u>8,355.77</u>	<u>5,594.91</u>
Total	50,747.77	52,751.80
<u>Add</u> Accrued interest receivables	<u>416.93</u>	<u>835.65</u>
Total loans and accrued interest receivables	51,164.70	53,587.45
<u>(Less)</u> Allowance for doubtful accounts	(2,877.98)	(2,515.10)
Revaluation allowance for debt restructuring	<u>(169.47)</u>	<u>(803.41)</u>
Total	<u>48,117.25</u>	<u>50,268.94</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, 2008, the drawdown of such loan totaled Baht 3,946.14 million. The Asset Examination Committee (AEC) completed its investigation on the government's policy on the said loan and filed a lawsuit to the Supreme Court's Criminal Division for Holders of Political Positions on June 27, 2008. The Supreme Court accepted the lawsuit on July 30, 2008.

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

	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Within 1 year	30,670.08	33,081.60
Over 1 year	<u>20,077.69</u>	<u>19,670.20</u>
Total	<u>50,747.77</u>	<u>52,751.80</u>

Unit : Million Baht

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

	<u>December 31, 2008</u>			<u>December 31, 2007</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	33,192.75	6,214.69	39,407.44	36,155.52	4,910.48	41,066.00
US Dollars	3,416.07	7,758.74	11,174.81	5,170.21	6,348.38	11,518.59
Other currencies	<u>165.52</u>	<u>-</u>	<u>165.52</u>	<u>167.21</u>	<u>-</u>	<u>167.21</u>
Total	<u>36,774.34</u>	<u>13,973.43</u>	<u>50,747.77</u>	<u>41,492.94</u>	<u>11,258.86</u>	<u>52,751.80</u>

Unit : Million Baht

(TRANSLATION)

4.3.4 Classified by Loan Classification

Unit : Million Baht

	<u>December 31, 2008</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	37,918.73	37,918.73	1	379.19
Special mention	913.91	913.91	2	18.28
Sub-standard	1,531.01	1,003.81	100	1,003.81
Doubtful	1,651.38	860.44	100	860.44
Doubtful of loss	<u>1,544.40</u>	<u>372.48</u>	100	<u>372.48</u>
Total	43,559.43	41,069.37		2,634.20
Allowance for doubtful accounts based on restructured debt quality	<u>1,538.97</u>	<u>1,235.22</u>	1,20,50	<u>43.78</u>
Total	<u>45,098.40</u>	<u>42,304.59</u>		2,677.98
Excess allowance for doubtful accounts over provision required				<u>200.00</u>
Allowance for doubtful accounts based on debt service ability and debt quality as at December 31, 2008				<u>2,877.98</u>

	<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	1,787.38	427.16	100	427.16
Doubtful	616.18	405.88	100	405.88
Doubtful of loss	<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 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>

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

(TRANSLATION)

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

Unit : Million Baht

<u>Loans</u>	<u>December 31, 2008</u>		<u>December 31, 2007</u>	
	<u>Loans and</u>	<u>As % of Loans</u>	<u>Loans and</u>	<u>As % of Loans</u>
	<u>Accrued Interest</u>	<u>and Accrued</u>	<u>Accrued Interest</u>	<u>and Accrued</u>
	<u>Receivables</u>	<u>Interest Receivables</u>	<u>Receivables</u>	<u>Interest Receivables</u>
Non-performing loans	4,726.80	9.24	2,925.27	5.46
Unclassified loans	6,066.30	11.86	6,325.83	11.80

In 2008, the Bank wrote down debt accounts in the amount of Baht 945.36 million. As at December 31, 2008 and 2007, the outstanding balance of written-down accounts, which was not included in the financial statements, was Baht 1,278.65 million and Baht 330.06 million, respectively.

In 2008 and 2007, the Bank approved the write-off of bad debts in the amount of Baht 128.76 million and Baht 224.65 million, respectively, of which the written-off bad debts for the year 2007 in the amount of Baht 93.19 million were written-down accounts.

#### 4.3.5 Troubled Debt Restructuring

In 2008 and 2007, the Bank had restructured debts applying the adjustment of repayment conditions and transfer of assets as restructuring method, in accordance with the Thai Accounting Standard No. 34, as follows:

<u>Restructured</u>	<u>Cases</u>	<u>2008</u>		<u>2007</u>		
		<u>Amount</u>	<u>As % of Loans</u>	<u>Amount</u>	<u>As % of Loans</u>	
		<u>and Accrued</u>		<u>and Accrued</u>		
		<u>Interest Receivables</u>		<u>Interest Receivables</u>		
Succeeded	41	391.03	0.76	18	1,838.44	3.43
In - process	-	-	-	-	-	-
Outstanding of debt changed to normal at the end of period	24	1,538.97	3.01	29	3,196.63	5.97

Unit : Million Baht



(TRANSLATION)

In 2008 and 2007, the Bank restructured the debt as follows:

Unit : Million Baht

Types of Restructuring	Cases	2008			Transferred Assets	
		Outstanding Debt			Types	Fair Value
		Before Restructuring	After Restructuring	As at December 31, 2008		
Transfer of assets or owners' equity	-	-	-	-		
Change of repayment conditions						
Terms of debt restructuring agreements						
- Less than 5 years	38	307.06	297.82	196.29		
- 5 to 10 years	3	83.97	83.97	95.70		
- Over 10 years	-	-	-	-		
Debt restructuring in various forms						
Terms of debt restructuring agreements						
- Less than 5 years	-	-	-	-		
- 5 to 10 years	-	-	-	-		
- Over 10 years	-	-	-	-		
Total	<u>41</u>	<u>391.03</u>	<u>381.79</u>	<u>291.99</u>		

Types of Restructuring	Cases	2007			Transferred Assets	
		Outstanding Debt			Types	Fair Value
		Before Restructuring	After Restructuring	As at December 31, 2007		
Transfer of assets or owners' equity	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	<u>18</u>	<u>1,838.44</u>	<u>1,838.44</u>	<u>1,473.86</u>		<u>687.43</u>

(TRANSLATION)

In 2008 and 2007, the Bank recognized interest income from debt restructuring in the amount of Baht 136.70 million and Baht 102.88 million, respectively.

As at December 31, 2007, the Bank had commitments to extend additional loans to these borrowers for the amount of Baht 5.31 million.

In 2008 and 2007, the outstanding debt before the restructuring compared to the outstanding loans and accrued interest receivable were as follows:

	Unit : Million Baht			
	<u>December 31, 2008</u>		<u>December 31, 2007</u>	
	<u>Cases</u>	<u>Amount</u>	<u>Cases</u>	<u>Amount</u>
Restructured debt	41	391.03	18	1,838.44
Loans and accrued interest receivables	997	51,164.70	1,496	53,587.45

#### 4.3.6 Loans Under Transfer-Net

As at December 31, 2007, the outstanding balance of loans under transfer-net was Baht 1,638.73 million. The Bank had transferred the right, ownership and any benefits over the debts, including all related title documents, to Sukhumvit Asset Management Company Limited (Sukhumvit AMC), the Buyer, completely on February 27, 2008. The Bank received the full payment, net of deposit of Baht 514.36 million.

#### 4.4 Allowance for Doubtful Accounts

	Unit : Million Baht							
	<u>December 31, 2008</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>	<u>Total</u>
Beginning balance	398.39	28.50	427.16	405.88	470.99	104.18	680.00	2,515.10
Doubtful accounts	(19.20)	(10.22)	576.65	454.56	847.67	(54.25)	(480.00)	1,315.21
Debts sold	-	-	-	-	-	(5.59)	-	(5.59)
Debts written down	-	-	-	-	(945.36)	-	-	(945.36)
Bad debts written off	-	-	-	-	(0.82)	(0.56)	-	(1.38)
Ending balance	<u>379.19</u>	<u>18.28</u>	<u>1,003.81</u>	<u>860.44</u>	<u>372.48</u>	<u>43.78</u>	<u>200.00</u>	<u>2,877.98</u>

  

	Unit : Million Baht							
	<u>December 31, 2007</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>	<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)
Debts written down	-	-	-	-	-	-	-	-
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)

As at December 31, 2008 and 2007, the Bank's allowance for doubtful accounts on loans accounted for Baht 2,877.98 million and Baht 2,515.10 million, respectively, which was greater than the minimum provisioning requirement based on debt service ability and debt quality set out by the Bank of Thailand because the Bank considered the allowance on a prudent banking basis.

4.5 Revaluation Allowance for Debt Restructuring

	Unit : Million Baht	
	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Beginning balance	803.41	1,243.56
Increase	78.54	34.09
Decrease	<u>712.48</u>	<u>474.24</u>
Ending balance	<u>169.47</u>	<u>803.41</u>

4.6 Properties Foreclosed - Net

	Unit : Million Baht			
	<u>December 31, 2008</u>			
<u>Type of properties foreclosed</u>	<u>Beginning balance</u>	<u>Increase</u>	<u>Disposal</u>	<u>Ending balance</u>
Properties obtained from debt settlement				
- Immovable properties	1,081.54	3.73	50.88	1,034.39
- Movable properties	<u>93.46</u>	<u>-</u>	<u>-</u>	<u>93.46</u>
Total properties foreclosed	1,175.00	3.73	50.88	1,127.85
(Less) Allowance for impairment	<u>(283.71)</u>	<u>130.01*</u>	<u>(0.34)</u>	<u>(153.36)</u>
Total properties foreclosed - net	<u>891.29</u>	<u>133.74</u>	<u>50.54</u>	<u>974.49</u>

\* In 2008 The Bank has changed the method for revaluation of properties foreclosed from present value estimates to quoted market prices, which resulted in a reversal of allowance for impairment on properties foreclosed in the amount of Baht 154.40 million.

	<u>December 31, 2007</u>			
<u>Type of properties foreclosed</u>	<u>Beginning balance</u>	<u>Increase</u>	<u>Disposal</u>	<u>Ending balance</u>
Properties obtained from debt settlement				
- Immovable properties	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>

(TRANSLATION)

4.7 Premises and Equipment - Net

Unit : Million Baht

	December 31, 2008								Net Premises and Equipment
	Cost				Accumulated depreciation				
	<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	388.20	-	-	388.20	-	-	-	-	388.20
Buildings									
-Buildings	676.78	-	-	676.78	240.95	22.70	-	263.65	413.13
-Building improvement	132.21	0.30	-	132.51	85.26	11.34	-	96.60	35.91
Equipment									
-Office equipment and fixtures	221.66	18.10	2.54	237.22	165.84	19.69	2.52	183.01	54.21
-Vehicles	74.14	14.63	2.09	86.68	37.54	14.60	2.09	50.05	36.63
Amortized assets	0.03	-	0.03	-	-	-	-	-	-
Assets under construction*	<u>-</u>	<u>1.76</u>	<u>1.17</u>	<u>0.59</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.59</u>
Total	<u>1,493.02</u>	<u>34.79</u>	<u>5.83</u>	<u>1,521.98</u>	<u>529.59</u>	<u>68.33</u>	<u>4.61</u>	<u>593.31</u>	<u>928.67</u>

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

	December 31, 2007								Net Premises and Equipment
	Cost				Accumulated depreciation				
	<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
-Building improvement	108.19	24.75	0.73	132.21	64.35	21.64	0.73	85.26	46.95
Equipment									
-Office equipment and fixtures	211.40	21.18	10.92	221.66	171.98	4.70	10.84	165.84	55.82
-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>1,438.63</u>	<u>117.09</u>	<u>62.70</u>	<u>1,493.02</u>	<u>486.65</u>	<u>62.12</u>	<u>19.18</u>	<u>529.59</u>	<u>963.43</u>

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

(TRANSLATION)

#### 4.8 Other Assets

	Unit : Million Baht	
	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Revenue receivables	0.37	0.35
Insurance claim receivables	164.33	172.01
Allowance for insurance claim receivables	(164.33)	(172.01)
Advance deposits	2.58	2.59
Computer Software	9.93	5.84
Others	<u>12.26</u>	<u>4.95</u>
Total	<u><u>25.14</u></u>	<u><u>13.73</u></u>

#### 4.9 Deposits

##### 4.9.1 Classified by Type of Deposit

	Unit : Million Baht	
	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Current	752.72	1,225.68
Savings	112.96	30.68
Term		
- Less than 6 months	367.73	267.71
- 6 months up to less than 1 year	26.26	26.00
- 1 year and over	<u>3,041.14</u>	<u>3,105.83</u>
Total	<u><u>4,300.81</u></u>	<u><u>4,655.90</u></u>

##### 4.9.2 Classified by Maturity of Contracts

	Unit : Million Baht	
	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Within 1 year*	4,300.81	4,655.90
Over 1 year	<u>-</u>	<u>-</u>
Total	<u><u>4,300.81</u></u>	<u><u>4,655.90</u></u>

\* Inclusive of expired contracts.

##### 4.9.3 Classified by Currencies and Residency of Depositors

	December 31, 2008			December 31, 2007		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	3,966.50	6.72	3,973.22	3,886.57	0.81	3,887.38
US Dollars	235.58	63.14	298.72	612.44	147.39	759.83
Other currencies	<u>28.84</u>	<u>0.03</u>	<u>28.87</u>	<u>8.66</u>	<u>0.03</u>	<u>8.69</u>
Total	<u><u>4,230.92</u></u>	<u><u>69.89</u></u>	<u><u>4,300.81</u></u>	<u><u>4,507.67</u></u>	<u><u>148.23</u></u>	<u><u>4,655.90</u></u>

(TRANSLATION)

4.10 Interbank and Money Market Items (Liabilities)

Unit : Million Baht

	<u>December 31, 2008</u>		
	<u>At call</u>	<u>Term</u>	<u>Total</u>
Domestic			
Bank of Thailand	-	1,382.72	1,382.72
Commercial banks	0.36	500.00	500.36
Other banks	28.46	6,000.00	6,028.46
Finance companies, finance and securities companies, securities companies, and credit foncier companies	-	2,800.00	2,800.00
Other financial institutions	<u>-</u>	<u>-</u>	<u>-</u>
Total domestic items	<u>28.82</u>	<u>10,682.72</u>	<u>10,711.54</u>
Foreign			
US Dollars	652.03	183.30	835.33
Other currencies	<u>185.68</u>	<u>-</u>	<u>185.68</u>
Total foreign items	<u>837.71</u>	<u>183.30</u>	<u>1,021.01</u>
Total domestic and foreign items	<u>866.53</u>	<u>10,866.02</u>	<u>11,732.55</u>
 <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
Finance companies, finance and securities companies, securities companies, and credit foncier companies	-	-	-
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)

#### 4.11 Borrowings

Unit : Million Baht

	December 31, 2008		
	Domestic	Foreign	Total
Short-term borrowings			
- Export-Import Bank of Thailand bonds	3,000.00	-	3,000.00
- Others	<u>2,500.00</u>	<u>-</u>	<u>2,500.00</u>
Total short-term borrowings	<u>5,500.00</u>	<u>-</u>	<u>5,500.00</u>
Long-term borrowings			
- Export-Import Bank of Thailand bonds	4,200.00	14,676.37	18,876.37
- Others	<u>8,745.61</u>	<u>-</u>	<u>8,745.61</u>
Total long-term borrowings	<u>12,945.61</u>	<u>14,676.37</u>	<u>27,621.98</u>
Total borrowings	<u>18,445.61</u>	<u>14,676.37</u>	<u>33,121.98</u>

	December 31, 2007		
	Domestic	Foreign	Total
Short-term borrowings			
- Export-Import Bank of Thailand bonds	16,000.00	-	16,000.00
- Others	<u>2,650.00</u>	<u>-</u>	<u>2,650.00</u>
Total short-term borrowings	<u>18,650.00</u>	<u>-</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>-</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>

The details of the long-term borrowings of Baht 27,621.98 million and Baht 25,061.17 million were as follows:

Type	Tenor (years)	Maturity (year)	Interest rate (% per annum)	Unit : Million Baht	
				December 31, 2008	December 31, 2007
EXIM Thailand bonds	5	2010-2011	5.50-5.95	4,200.00	7,200.00
Debt Instruments (FRN)	5	2010-2013	LIBOR+[(0.05)-0.20]	14,676.37	9,111.69
Others	2-10	2010-2016	0.50-5.75	<u>8,745.61</u>	<u>8,749.48</u>
Total				<u>27,621.98</u>	<u>25,061.17</u>

#### 4.12 Advance Deposits

As at December 31, 2008 and 2007, the Bank had advance deposits of Baht 4.97 million and Baht 518.11 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 Asset Management Company Limited.

(TRANSLATION)

#### 4.13 Other Liabilities

	Unit : Million Baht	
	<u>December 31, 2008</u>	<u>December 31, 2007</u>
Expenses payable	17.76	25.07
Accounts payable	3.04	1.10
Deferred revenues	40.75	20.59
Withholding tax payable	4.22	5.55
Provision for contingent liabilities	60.25	24.72
Suspense liabilities	4.15	24.02
Others	<u>0.11</u>	<u>0.11</u>
Total	<u>130.28</u>	<u>101.16</u>

#### 4.14 Capital

The Bank had an initial capital of Baht 2,500 million (of which Baht 843.47 million was provided by the Ministry of Finance and Baht 1,656.53 million by the Bank of Thailand). On July 31, 1998 and December 30, 2008, it received additional capital by Baht 4,000 million and Baht 1,300 million, respectively, which was provided in full by the Ministry of Finance, thereby bringing the total capital to Baht 7,800 million.

#### 4.15 Contingent Liabilities and Commitments

	Unit : Million Baht		
	<u>December 31, 2008</u>		
	<u>Baht</u>	<u>Foreign Currencies</u>	<u>Total</u>
Liabilities under unmatured import bills	94.32	95.61	189.93
Letters of credit	27.31	359.17	386.48
Export bills insured	8,293.16	65.04	8,358.20
Other contingencies			
Other guarantees	890.44	3,868.78	4,759.22
Overdraft accounts not yet drawn	539.52	-	539.52
FX forward purchase/sales contracts	12,804.29	13,705.26	26,509.55
FX swaps	1,169.76	351.06	1,520.82
Cross currency and interest rate swaps	4,191.70	2,635.75	6,827.45
Interest rate swaps	17,740.00	-	17,740.00
Forward rate agreements	<u>600.00</u>	<u>-</u>	<u>600.00</u>
Total other contingencies	<u>37,935.71</u>	<u>20,560.85</u>	<u>58,496.56</u>
Total	<u>46,350.50</u>	<u>21,080.67</u>	<u>67,431.17</u>



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 contingencies			
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
Cross currency and interest rate 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 other contingencies	<u>40,484.71</u>	<u>29,556.46</u>	<u>70,041.17</u>
Total	<u>47,366.18</u>	<u>30,741.34</u>	<u>78,107.52</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.

#### 4.16 Derivatives

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

##### **Asset and Liability Management**

###### - Customer Hedging Service

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

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

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

(TRANSLATION)

Derivatives as at December 31, 2008 and 2007 were as follows:

Unit : Million Baht

	<u>December 31, 2008</u>	
	<u>Contract Value</u>	<u>Net Fair Value of the Derivative's Contract</u>
FX forward purchase/sales contracts	26,509.55	138.10
FX swaps	1,520.82	1.25
Cross currency and interest rate swaps	6,827.45	(301.39)
Interest rate swaps	17,740.00	186.41
Forward rate agreements	<u>600.00</u>	<u>(9.08)</u>
Total	<u>53,197.82</u>	<u>15.29</u>

  

	<u>December 31, 2007</u>	
	<u>Contract Value</u>	<u>Net Fair Value of the Derivative's Contract</u>
FX forward purchase/sales contracts	25,974.59	9.72
FX swaps	4,116.59	10.77
Cross currency and interest rate 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>

#### 4.17 Other Benefits to Directors and Executives

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

#### 4.18 Long-term Leasing Contracts

<u>Branch Offices</u>	<u>Contract Term (years)</u>	<u>Year of Contract Expiry</u>
Laem Chabang	20	2019
Rangsit	3	2010
Hat Yai	3	2009
Rama IV (two leasing contracts)	3	2011,2009
Khon Kaen	3	2011
Chiang Mai	3	2011
Bangna – Trad Km. 3	3	2011

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

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

4.20 Reclassification of Accounts

Some of the items in the balance sheet and statement of cash flow for the year ended December 31, 2007 have been reclassified to conform to those presented in the balance sheet for the year ended December 31, 2008.

4.21 Approval of the financial statements

These financial statements were approved for issue by the Chairman of the Board of Directors and President on February 20, 2009.

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