

Ref. No. E.S.3081/1999

26 August 1999

To: The President  
The Stock Exchange of Thailand

Re: Notification of Information Concerning the Resolution of Non-Performing Loans

As Thai Farmers Bank Public Company Limited will issue and offer for sale securities to general public in accordance with the resolution of the Shareholders' Meeting and has submitted the draft prospectus to the Office of the Securities and Exchange Commission whereby it is expected to start being counted day one as from 26 August 1999, however, in the draft prospectus, certain material information has not yet been disclosed to general investors before such date, the Bank hereby wishes to notify such information for consideration of further publication to the investors as follows:

#### Resolution of Non-Performing Loans

Although full compliance with the loan provisioning requirements adopted in 1998 by the Bank of Thailand is not required until December 31, 2000, the Bank intends to fully comply with such requirements by December 31, 1999. Assuming no change in the Bank's classified loans, and assuming no change in the Bank's loan provisioning levels, the Bank expects such additional charge to be approximately Baht 22.7 billion.

The Bank expects to transfer to a wholly-owned asset management company (the AMC") non-performing loans with an aggregate outstanding balance (including accrued interest) of approximately Baht 80 billion, including those that are: (i) difficult to restructure, such as complex commercial loans and loans to uncooperative borrowers; (ii) very labor intensive or require special expertise to handle, such as mortgages and credit card receivables and certain commercial loans; or (iii) from borrowers who do not fit the Bank's target customer profile. The Bank expects to engage

internationally recognized financial institutions (together, the Servicer") to conduct loan servicing activities on behalf of the AMC for all of the assets transferred. The loan servicing agreement between the Bank and the Servicer is expected to be entered into in September 1999 (the Loan Servicing Agreement"). The Servicer's compensation is expected to consist of a base fee, which is expected to cover the Servicer's operating costs, and an incentive fee based on the amounts of recovery (net of expenses) from the non-performing loans transferred to the AMC. In addition, the Servicer is expected to share certain loan servicing technology and expertise with the Bank, and is expected to service loans exclusively for the AMC for a period of nine months. Furthermore, the Bank is expected to have the right to terminate the Loan Servicing Agreement if the Servicer's performance does not meet certain specified standards. The Bank expects the resolution of non-performing loans transferred to the AMC to be completed within the next three years. In connection with the transfer of non-performing loans to the AMC, the Bank expects to incur a loss in the range of approximately Baht 8 billion to Baht 10 billion.

The following table sets forth, on an unconsolidated basis, the Bank's monthly loan aging schedule (excluding accrued interest receivable) from January 1998 through June 1999:

# Unconsolidated(1)

Month ended	Past Due More Than 12 Months												Past Due More Than 3 Months												Total Loans
	Current		Past Due 1-3 Months		Past Due 3-6 Months		Past Due 6-12 Months		Past Due More Than 12 Months		Past Due More Than 3 Months		Past Due More Than 3 Months												
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%									
	(in Baht millions, except percentages)																								
January 1998	474,509	72.4	40,625	6.2	30,831	4.7	33,960	5.2	75,206	11.5	139,997	21.4	655,131												
February 1998	454,667	72.0	30,625	4.9	30,482	4.8	35,836	5.7	79,431	12.6	145,749	23.1	631,041												
March 1998	436,478	69.7	44,649	7.1	26,645	4.2	37,271	5.9	81,989	13.1	145,905	23.3	627,032												
April 1998	420,451	67.7	47,106	7.6	28,331	4.6	40,001	6.4	85,243	13.7	153,574	24.7	621,132												
May 1998	421,072	67.6	34,110	5.5	36,573	5.9	41,613	6.7	88,752	14.3	166,938	26.8	622,120												
June 1998	413,286	66.2	36,565	5.8	38,658	6.2	44,529	7.1	91,844	14.7	175,031	28.0	624,882												
July 1998	373,848	62.3	41,906	7.0	39,066	6.5	45,971	7.7	99,523	16.6	184,560	30.7	600,314												
August 1998	356,335	60.1	45,742	7.7	37,643	6.4	47,708	8.1	104,631	17.7	189,983	32.1	592,059												
September 1998	351,971	59.9	35,404	6.0	37,954	6.5	54,585	9.3	107,291	18.3	199,830	34.0	587,205												
October 1998	331,197	57.8	28,176	4.9	41,103	7.2	60,788	10.6	112,002	19.5	213,893	37.3	573,266												
November 1998	321,919	56.2	26,739	4.7	41,500	7.3	60,311	10.6	121,127	21.2	222,938	39.0	571,596												
December 1998	321,481	56.8	20,875	3.7	32,751	5.8	66,490	11.8	123,784	21.9	223,027	39.4	565,381												
January 1999	316,752	56.3	21,084	3.7	25,918	4.6	68,699	12.2	130,982	23.2	225,599	40.0	563,435												
February 1999	310,559	55.2	21,699	3.9	25,047	4.5	63,371	11.3	140,857	25.1	229,275	40.8	561,533												
March 1999	303,079	54.0	20,852	3.7	22,627	4.0	65,800	11.7	149,334	26.6	237,761	42.3	561,692												
April 1999	310,263	54.6	16,469	2.9	23,653	4.2	59,286	10.4	158,301	27.9	241,240	42.5	567,972												
May 1999	307,397	54.7	14,282	2.5	22,604	4.0	54,790	9.7	164,026	29.1	241,420	42.9	563,099												
June 1999	308,740	54.9	17,232	3.1	16,543	2.9	52,013	9.2	167,989	29.9	236,545	42.1	562,517												

(1) Excludes accrued interest receivable and includes loans to financial institutions.

The following table summarizes the Bank's restructuring efforts on an unconsolidated basis as of June 30, 1999:

Unconsolidated As of June 30, 1999						
	Restructured		Write Off		Deferred Asset	
	Number of borrowers	Amount	Number of borrowers	Amount	Number of borrowers	Amount Reserved
(in millions, except number of borrowers)						
January 1999	209	Bt 1,584	3	Bt 2	-	Bt -
February 1999	595	1,812	5	4	-	-
March 1999	2,589	6,757	11	5	2	69
April 1999	4,053	12,320	7	82	15	184
May 1999	4,405	9,550	28	66	6	2
June 1999	5,706	11,484	21	93	9	10
Total	17,557	Bt 43,507	75	Bt 252	32	Bt 265

Unconsolidated  
As of June 30, 1999

Debt- Restructuring Methods

	Principal Reduction	Interest Reduction	Equity Swap	Time Extension	Asset/Collateral	Combination
January 1999	2%	-	-	29%	5%	64%
February 1999	1%	11%	-	75%	3%	10%
March 1999	1%	14%	-	62%	5%	18%
April 1999	-	2%	-	77%	-	21%
May 1999	2%	-	-	87%	2%	9%
June 1999	-	-	-	82%	6%	12%

Please be informed accordingly and consider further publication to general investors.

Yours sincerely,