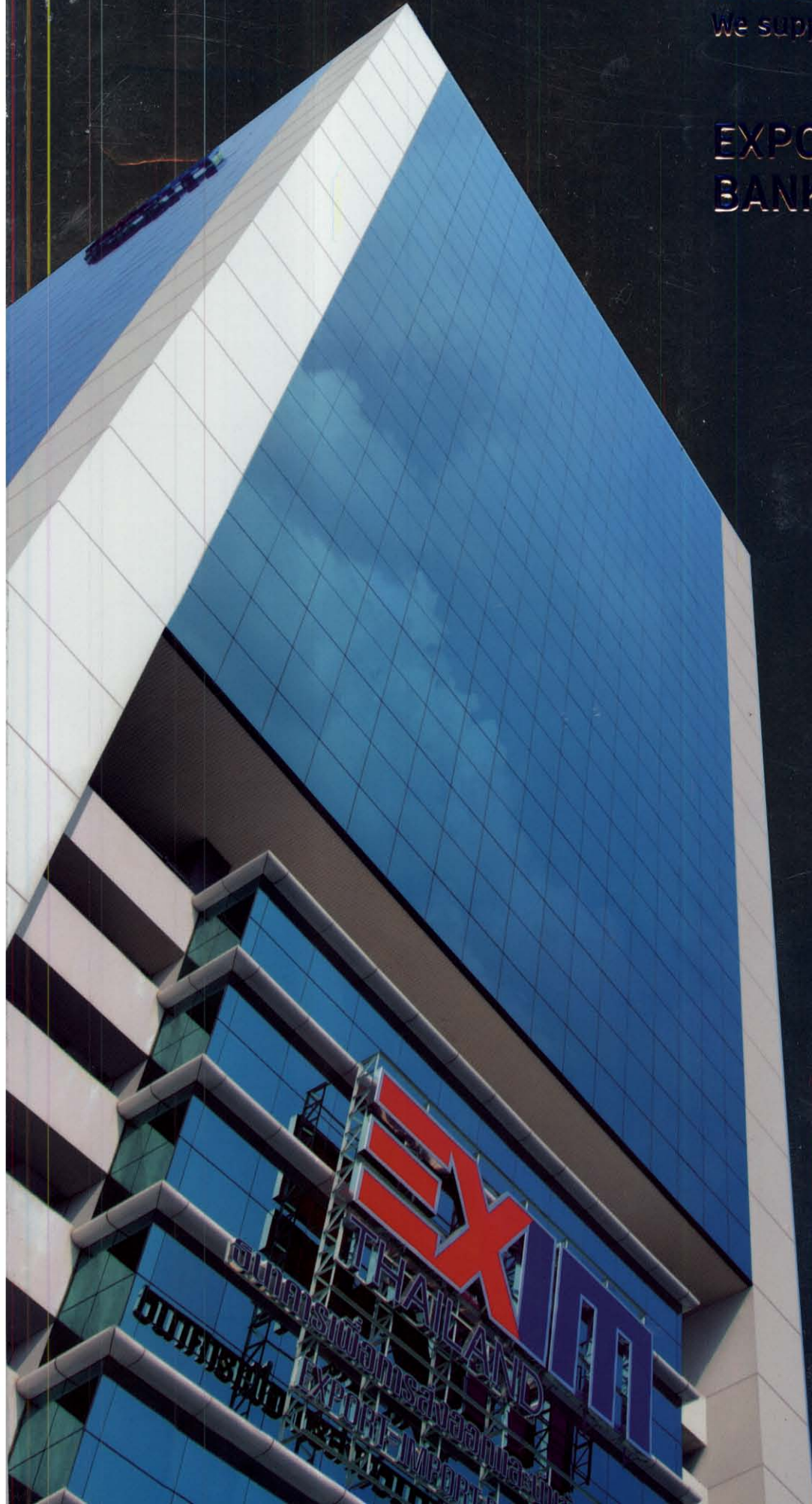




We support exports and more...

# EXPORT-IMPORT BANK OF THAILAND



ANNUAL REPORT

# 2013



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**EXIM**  
THAILAND

 Paving the way for **NEW BUSINESS OPPORTUNITIES**  
in the **GLOBAL ARENA**





**PROTECTING THAI BUSINESSES**  
against overseas trade and investment risks





Pursuing **GOOD CORPORATE GOVERNANCE**  
and **SOCIAL RESPONSIBILITY**



# Two Decades of EXIM Thailand



1993  
1994



- EXIM Thailand was established by the Export-Import Bank of Thailand Act, 1993 (B.E. 2536) as a state-owned specialized financial institution to provide financial services to the export sector and businesses that generate foreign exchange earnings.
- The Bank officially commenced operations on February 17, 1994 with an initial capital of 2.5 billion baht from the Ministry of Finance.

1998  
1999



- In 1998, amidst the economic crisis that hit Thailand and disrupted most commercial banks' credit expansion, the Bank took measures to boost liquidity for the export sector's continued growth.
- The Bank's capital was increased by 4 billion baht.
- The Export-Import Bank of Thailand Act (No. 2), 1999 (B.E. 2542) was enacted to broaden the Bank's objective and scope of operations, enabling it to expand financial support to Thai outward and domestic direct investment that saves foreign exchange or generates foreign exchange earnings.

2006



- The Bank's role was expanded and highlighted beyond the duty of supporting Thai exports and investment to be a **"development bank"** focusing on promotion of Thai trade and investment, both domestic and overseas, for national economic development.

2008  
2009

- The Bank's capital was raised by 1.3 billion baht in 2008 to promote and support exports, imports, and investment in Thailand and abroad more comprehensively.
- Another capital increase took place in 2009 in an amount of 5 billion baht under the Strong Thailand Scheme to support the government's export promotion policy through provision of export credit insurance facility.



2014



- The Bank placed special emphasis on its mission to provide financial support to small and medium enterprises while paving the way for their global presence, particularly in the ASEAN Economic Community (AEC). Meanwhile, the Bank continued to focus on export and investment promotion in line with national strategy and government policy.



# Vision, Mission, Core Values

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## Vision

To be a bank that paves the way for new opportunities for Thai businesses in the global arena, particularly in the ASEAN Economic Community (AEC).

## Mission

1. Provide financial support to Thai businesses, particularly small and medium enterprises (SMEs), involved in international trade to improve their access to financial resources.
2. Provide financial support to enhance Thai investors' competitiveness, both at home and abroad, particularly in the ASEAN Economic Community (AEC).
3. Mitigate the risks faced by Thai businesses conducting trade, services and investments overseas.



4. Implement national strategies and government policies relating to trade and investment promotion for the benefit of Thai enterprises.

5. Integrate the strengths of public and private sectors (including financial institutions) to ensure Thai business success, without competing with commercial banks.

6. Maintain management efficiency and effectiveness through qualified staff and efficient work systems, following the principles of good governance and corporate social responsibility.

## Core Values

Responsibility, Service Excellence, Broad-mindedness, Dedication to National Development, Integrity and Unity.



# Objectives and Statement of Direction (SOD)

## Objectives

Export-Import Bank of Thailand (EXIM Thailand) is a state-owned specialized financial institution under the Ministry of Finance's supervision. The Bank was established by the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), which took effect on September 7, 1993, and officially commenced operations in February 1994.

Under the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), the Bank's objective is to conduct business which promotes and supports Thai exports, imports, and investment, both domestic and overseas, for the purpose of national development by providing credit facilities, guarantees, risk insurance or other services under the provisions of this Act.

In November 1999, the Export-Import Bank of Thailand Act (No. 2), 1999 (B.E. 2542) was enacted to broaden the Bank's objective and scope of operations with regard to investment promotion and support. The amendment was aimed at enabling the Bank to expand financial support to Thai outward and domestic direct investment that saves foreign exchange or generates foreign exchange earnings.

The Bank is protected under the Export-Import Bank of Thailand Act, 1993 (B.E. 2536) against high-risk financial transactions. The Ministry of Finance (MOF) is required to allocate funds from the government's annual budget to compensate for loss incurred from business transactions implemented in conformity with the government's direction or the cabinet's resolution. Likewise, for loss arising from export credit insurance which may affect the Bank's operations or prevent it from maintaining the required capital adequacy ratio, the MOF is obligated to allocate funds from the annual budget or other sources to compensate for such loss or to increase the Bank's capital.

## Statement of Direction (SOD)

- **SOD for state enterprises** To be a state mechanism that drives the country's economic and social development strategies while upholding the fundamentals of operational efficiency and good corporate governance.
- **SOD for financial state enterprises** To serve as a state mechanism that creates opportunities for the general public to gain access to financial resources while improving their quality of life, adopting sound management practices and standard as well as achieving an efficient use of shared resources.
- **SOD for EXIM Thailand** To focus on international trade promotion with an aim to enhance the country's export, import and overseas investment capabilities.

# Highlights of Operating Results

Unit : Million Baht

Items	2013	2012	2011
<b>Financial Position</b>			
Total assets	75,716	74,522	74,109
Total liabilities	58,624	58,355	58,831
Capital	12,800	12,800	12,800
Shareholders' equity	17,092	16,167	15,278
<b>Operating Results</b>			
Net profit	1,303	1,100	605
<b>Financial Ratios (%)</b>			
Return on Assets (ROA)	1.7	1.5	0.8
Return on Equity (ROE)	7.8	7.0	4.0
Net Interest Margin (NIM)	2.9	2.8	2.5
Cost to Income Ratio	21.2	24.9	25.8
Capital Adequacy Ratio (CAR)	21.4	21.1	21.2
<b>Loan and Insurance Performance</b>			
Outstanding as at year-end			
Loans	67,527	66,676	65,449
Working capital	15,312	15,187	17,700
Term loans and others	52,215	51,489	47,749
Short-, medium- and long-term export credit insurance and investment insurance	27,150	34,024	35,916
Commitment as at year-end			
Loans and guarantees	162,494	169,493	168,486
Working capital	92,496	94,160	103,123
Term loans	69,998	75,332	65,363
Short-, medium- and long-term export credit insurance and investment insurance	15,244	18,099	19,847
Business turnover during the year			
Working capital loan	136,110	142,956	174,783
Short-term export credit insurance	129,402	135,073	134,692
<b>Asset Quality</b>			
Non-performing Loans (NPLs)	2,942	2,812	3,340
Allowance for doubtful accounts and revaluation allowance for debt restructuring	4,757	4,127	3,003
NPLs to total loans (%)	4.4	4.2	5.1
<b>Government Budget and Remittance</b>			
Budget allocated to the Merchant Marine Promotion Scheme	46	8	0
Remittance to the Ministry of Finance (based on net profit of the previous year)	386	212	92



# Message from the Chairman

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“

In 2013, the Bank achieved a stable growth as targeted with a net profit of 1,303 million baht, higher than the previous years, and efficient asset quality management.

”

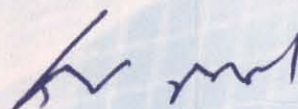
The year 2013 continued to present Thai exporters and investors with many challenges as a consequence of lingering economic vulnerability across Thailand's main markets, commodity price slump, particularly for certain agricultural products which are major export items, and baht volatility, resulting in a contraction of 0.3% in the country's overall export value.

Under such circumstances which hindered export and investment growth, Export-Import Bank of Thailand (EXIM Thailand) remained committed to its role as a state-owned specialized financial institution with a mandate to provide support for Thai businesses in three key areas, namely, 1) promotion of international trade, 2) support of Thai investment both at home and overseas for national development purposes, and 3) protection of exporters against risks through export credit insurance. In addition, the Bank continued to pursue the government's policy of enhancing small and medium enterprises (SMEs) presence in the global arena.

In 2013, the Bank achieved a stable growth as targeted with a net profit of 1,303 million baht, higher than the previous years, and efficient asset quality management.

To address the challenges and seize the opportunities that lie ahead, the Board of Directors reviewed the Bank's vision and mission, and formulated the Enterprise Plan which focused on advancing Thailand's competitiveness and Thai businesses' access to financial resources. As EXIM Thailand will enter its 20<sup>th</sup> Anniversary in 2014, the Bank will take proactive steps to enhance collaboration with external agencies both in the private and public sectors in improving OTOP and SME operators' financial capability, promoting trade and investment in the CLMV (Cambodia, Lao PDR, Myanmar and Vietnam) and other ASEAN countries, as well as enhancing the Bank's management and customer service efficiency. The Bank will also ensure that its risk management, internal control and internal audit practices are appropriate and in line with corporate governance and social responsibility principles.

I would like to extend my sincere gratitude to our customers for the kind support rendered to us throughout 2013, which has enabled the Bank to tackle various setbacks and obstacles and sustain a strong financial position. My thanks also go to the Directors, the Management and all staff members for their perseverance and dedication to achieve the Bank's success. Let us continue to collaborate and drive EXIM Thailand to fulfill the missions assigned by the government while maintaining our position as a strong and sustainable organization for years to come.



**(Mr. Prasong Poontaneat)**  
**Chairman**

# Message from the President



“

For 2014, the Bank plans to strengthen its collaboration with relevant public and private agencies as well as other state-owned financial institutions even further to enhance its role in development financing.

”

As a state-owned specialized financial institution, Export-Import Bank of Thailand (EXIM Thailand) is chartered to provide financial support to Thai export and investment that contribute to national development while maintaining its own financial solvency.

In 2013, EXIM Thailand continued to make full-fledged efforts to realize its role of promoting and supporting export and investment in line with the government policy, its vision and mission despite prevailing economic volatilities both at home and abroad. At year-end 2013, the Bank's total business turnover derived from export and import financing facilities stood at 145,463 million baht with an outstanding credit amount totaling 67,527 million baht, rising from 66,676 million baht a year earlier. In response to the government policy to promote small and medium enterprises (SMEs), the Bank endeavored to further expand its SMEs customer base, which has by end-2013 taken up 80% and 75% share of its total credit and insurance portfolios, respectively. Support of SMEs' international trade transactions also increased satisfactorily, leading to a total

business turnover of 74,676 million baht in credit facilities extended to SMEs and 14,768 million baht in credit insurance. As regards risk hedging facilities for exporters, cumulative insured export turnover totaled 129,402 million baht in 2013, a slight decrease from the 2012 figure due to a slowdown in export growth, particularly agricultural products which form the Bank's major insurance customer base.

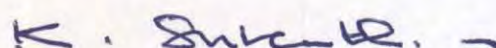
Moreover, the Bank placed special emphasis on Thai investments in the ASEAN Economic Community (AEC), particularly, the CLMV. Of the total approved credit amount for international investment projects of 34,845 million baht, 22,612 million baht or 65% was earmarked for investment projects in the CLMV. Further, in accordance with the government policy, the Bank continued to foster maritime business development through its Merchant Marine Financing Facility, the outstanding credit amount of which accounted for 9,043 million baht by the end of 2013, a surge of 29% year on year.

Along with Thai export and investment promotion, the Bank paid close attention to its asset quality and efficient budget spending, resulting in a net profit of 1,303 million baht in 2013, representing a growth of 18% versus 2012 and a continued improvement in return on equity and return on assets. NPLs ratio at the end of December 2013 stood at 4.36% and provision for doubtful accounts to NPLs leveled up to reach 162%, compared with 146% a year earlier. This reflected the Bank's ability to withstand future risks and continuous improvement of its financial strength.

In 2013, the Bank also streamlined its internal management processes by emphasizing good corporate governance, risk management and compliance. In addition, tangible efforts were made to upgrade its information technology system, enhance human resources capability, as well as promoting staff engagement in CSR activities.

For 2014, the Bank plans to strengthen its collaboration with relevant public and private agencies as well as other state-owned financial institutions even further to enhance its role in development financing. Among the top priorities are support of OTOP and SME operators' access to financing sources, promotion of business opportunities as well as risk hedging among Thai business operators in the AEC and the global arena through export credit facilities, short-, medium- and long-term export credit insurance, and investment insurance services.

Finally, I wish to take this opportunity to thank our supporters from both the public and private sectors, including the Bank's Board of Directors, management and staff members, for their cooperation in guiding the Bank towards its ultimate goals. I have full trust that with the Bank's potentials and collaborative force from all parties, EXIM Thailand will be well-placed to serve as the government's financial arm to promote Thailand's trade and investment on a sustainable basis.



(Mr. Kanit Sukonthaman)  
President



# The Board of Directors

## Board of Directors

Mr. Prasong	Poontaneat	Chairman of the Board of Directors
Mr. Ekniti	Nitithanprapas, Ph.D.	Director (Ex-officio) <i>Deputy Director-General, Fiscal Policy Office, Ministry of Finance</i> <i>for Director-General, Fiscal Policy Office, Ministry of Finance</i>
Mr. Surasak	Riangkrul	Director (Ex-officio) <i>Director-General, Department of Foreign Trade, Ministry of Commerce</i>
Mr. Somchai	Harnhirun, Ph.D.	Director (Ex-officio) <i>Director-General, Office of Industrial Economics, Ministry of Industry</i>
Mr. Anan	Lila	Director (Ex-officio) <i>Secretary-General, Office of Agricultural Economics, Ministry of Agriculture and Cooperatives</i>
Mr. Chutintorn	Gongsakdi	Director (Ex-officio) <i>Director-General, Department of International Economic Affairs, Ministry of Foreign Affairs</i>
Mrs. Tongurai	Limpiti	Director (Ex-officio) <i>Deputy Governor, Bank of Thailand</i>
Mr. Khemchai	Chutiwongse	Director
Professor Voradej	Chandarasorn, Ph.D.	Director
Mr. Surachai	Danaitangtrakul	Director
Mr. Wirun	Katprakob	Director
Mr. Kanit	Sukonthaman	Director and Secretary (Ex-officio) <i>President, Export-Import Bank of Thailand</i>

As of December 31, 2013



## Board of Executive Directors

Mr. Khemchai	Chutiwongse	Chairman of the Board of Executive Directors
Professor Voradej	Chandarasorn, Ph.D.	Executive Director
Mr. Surachai	Danaitangtrakul	Executive Director
Mr. Ekniti	Nitithanprapas, Ph.D.	Executive Director
Mr. Kanit	Sukonthaman	Executive Director and Secretary

## Audit Committee

Mrs. Tongurai	Limpiti	Chairman of the Audit Committee
Mr. Surasak	Riangkrul	Member of the Audit Committee
Mr. Somchai	Harnhirun, Ph.D.	Member of the Audit Committee
Mr. Anan	Lila	Member of the Audit Committee

## Compensation Committee

Professor Voradej	Chandarasorn, Ph.D.	Chairman of the Compensation Committee
Mr. Wirun	Katprakob	Member of the Compensation Committee
Mr. Chutintorn	Gongsakdi	Member of the Compensation Committee

## Corporate Governance and Social Responsibility (CG & CSR) Committee

Mr. Somchai	Harnhirun, Ph.D.	Chairman of the CG & CSR Committee
Mr. Wirun	Katprakob	Member of the CG & CSR Committee
Mr. Kanit	Sukonthaman	Member of the CG & CSR Committee

As of December 31, 2013



## Mr. Prasong Poontaneat

Chairman



### Education

- Ph.D. in Public Administration, Management for Development College, Thaksin University
- M.A. in Business Administration, Dhurakij Pundit University
- B.A. in Business Administration (Accounting), Rajamangala University
- B.A. in Laws, Sukhothai Thammathirat Open University

### Training

- Leader Program (Class 14), Capital Market Academy, The Stock Exchange of Thailand
- Diploma, National Defence Course (Class 52/2009), National Defence College
- Top Administrator Program (Class 49), Interior College, Prince Damrong Rajanupab Institute of Research and Development
- Director Certification Program (DCP 76/2006), Thai Institute of Directors Association (IOD)
- Senior Police Officers Course (Class 18), Police College

### Work Experience

- Director-General, Customs Department, Ministry of Finance
- Inspector General, Ministry of Finance
- Deputy Director-General, Revenue Department, Ministry of Finance
- Chairman of the Board of Directors, Erawan Hotel Public Company Limited
- Director: Expressway Authority of Thailand, The Tourism Authority of Thailand, Airports of Thailand Public Company Limited, The Central Laboratory (Thailand) Company Limited, Government Housing Bank, Thailand Post Company Limited

### Other Positions

- Director-General, State Enterprise Policy Office, Ministry of Finance
- Deputy Chairman, Financial Institutions Development Fund
- Director, Bangchak Petroleum Public Company Limited



**Mr. Ekniti Nitithanprapas, Ph.D.**  
Director and Executive Director

### **Year of Birth**

- 1971

### **Education**

- Ph.D. in Economics, Claremont Graduate University, U.S.A. (Royal Thai Government Scholarships)
- M.S. in Economics, University of Illinois at Urbana-Champaign, U.S.A. (Royal Thai Government Scholarships)
- B.A. in Economics (Honors), Thammasat University (Thammasat Economics Association Scholarships)

### **Training**

- Advanced Certificate Course in Public Administration and Law for Executives (Class 9/2011), The College of Politics and Governance, King Prajadhipok's Institute
- Director Certification Program (DCP 93/2007), Thai Institute of Directors Association (IOD)

### **Work Experience**

- Minister (Economic and Finance), Office of Economic and Financial Affairs for UK and Europe, Royal Thai Embassy, London
- Spokesperson, Ministry of Finance
- Senior Advisor to Executive Director, the World Bank, Washington, D.C.
- Executive Director, Macroeconomic Policy Bureau, Fiscal Policy Office, Ministry of Finance
- Director, Small and Medium Enterprise Development Bank of Thailand

### **Other Positions**

- Deputy Director-General, Fiscal Policy Office, Ministry of Finance
- Spokesperson, Fiscal Policy Office, Ministry of Finance





## Mr. Surasak Riangkrul

Director and Audit Committee Member

### Year of Birth

- 1961

### Education

- Master of Commerce (Economics), University of Johannesburg (RAU), South Africa
- Bachelor of Economics, Thammasat University

### Training

- Diploma, National Defence Course (Class 54/2011), National Defence College
- The Civil Service Executive Development Program: Visionary and Moral Leadership (Class 68), Office of the Civil Service Commission (OCSC)
- Foreign Affairs Executive Program (Class 1), Ministry of Foreign Affairs
- The Columbia Senior Executive Program (CSEP), Columbia University, New York, U.S.A. (Royal Thai Government Scholarships)

### Work Experience

- Inspector General, Ministry of Commerce
- Deputy Director-General, Department of Foreign Trade, Ministry of Commerce
- Executive Director, Bureau of Merchandise Trade Administration, Department of Foreign Trade, Ministry of Commerce
- Assistant Director-General, Department of International Trade Promotion, Ministry of Commerce
- Executive Director, Thai Trade Center, New York, U.S.A., Department of International Trade Promotion, Ministry of Commerce

### Other Positions

- Director-General, Department of Foreign Trade, Ministry of Commerce
- Committee Member, Thailand Cane and Sugar Corporation Limited
- Director, TOT Public Company Limited
- Director, International Rubber Consortium Limited (IRCo)



## Mr. Somchai Harnhirun, Ph.D.

Director, Audit Committee Member and  
Chairman of the Corporate Governance  
and Social Responsibility Committee

### Year of Birth

- 1957

### Education

- Ph.D. (Economics), Concordia University, Canada
- M.A. (Economics), Queen's University, Canada
- Master of Economics, National Institute of Development Administration (NIDA)
- B.A. (Economics), Thammasat University

### Training

- Top Executive Program in Commerce and Trade (TEPCoT) Class 5, Commerce Academy, University of the Thai Chamber of Commerce
- Director Accreditation Program (DAP 79/2009), Thai Institute of Directors Association (IOD)
- Diploma, The National Defence Course (Class 52), National Defence College
- The Civil Service Executive Development Program: Visionary and Moral Leadership (Class 45), Office of the Civil Service Commission (OCSC)

### Work Experience

- Inspector General, Ministry of Industry
- Deputy Director-General, Office of Industrial Economics, Ministry of Industry
- Director, Industrial Economics Information Center, Office of Industrial Economics, Ministry of Industry
- Director, Bureau of Macro Industrial Policy, Office of Industrial Economics, Ministry of Industry
- Director, Division of International Industrial Economics, Office of Industrial Economics, Ministry of Industry

### Other Positions

- Director-General, Office of Industrial Economics, Ministry of Industry





## Mr. Anan Lila

Director and Audit Committee Member

### Year of Birth

- 1956

### Education

- M.Sc. (Agricultural Extension), Sukhothai Thammathirat Open University
- Diploma in Farming Systems Research, Khon Kaen University
- B.Sc. (Agriculture), Khon Kaen University

### Training

- Senior Executive Development Program (Class 2), Office of the Civil Service Commission (OCSC)
- Advanced Certificate Course in Public Economics Management for Executives (Class 7), The College of Politics and Governance, King Prajadhipok's Institute
- Certificate in Middle Management (Class 1), Office of the Civil Service Commission (OCSC)

### Work Experience

- Inspector General, Ministry of Agriculture and Cooperatives
- Deputy Director-General, Department of Agricultural Extension, Ministry of Agriculture and Cooperatives
- Director, Bureau of Agricultural Commodities Promotion and Management, Department of Agricultural Extension, Ministry of Agriculture and Cooperatives
- Director, Bureau of Agricultural Product Quality Development, Department of Agricultural Extension, Ministry of Agriculture and Cooperatives
- Director of Planning Division, Department of Agricultural Extension, Ministry of Agriculture and Cooperatives

### Other Positions

- Secretary-General, Office of Agricultural Economics, Ministry of Agriculture and Cooperatives
- Director, Dairy Farming Promotion Organization of Thailand, Ministry of Agriculture and Cooperatives



**Mr. Chutintorn Gongsakdi**  
Director and Compensation Committee Member

### Year of Birth

- 1963

### Education

- Master of International Studies, University of Birmingham, UK
- Bachelor of Commerce and Administration (Economics) (Honours), Victoria University, Wellington, New Zealand

### Training

- Executive Program on Energy Literacy for a Sustainable Future (Class 3/2013), Thailand Energy Academy (TEA)
- The Civil Service Executive Development Program: Visionary and Moral Leadership (Class 65), Office of the Civil Service Commission (OCSC)

### Work Experience

- Deputy Director-General, Department of International Organizations, Ministry of Foreign Affairs
- Deputy Director-General, Department of ASEAN Affairs, Ministry of Foreign Affairs
- Minister, Department of Information, Ministry of Foreign Affairs
- Minister and Deputy Permanent Representative, Permanent Mission of Thailand to the World Trade Organization (WTO), Geneva
- Special Assistant to the Executive Director, Asia-Pacific Economic Cooperation (APEC) Secretariat, Singapore

### Other Positions

- Director-General, Department of International Economic Affairs, Ministry of Foreign Affairs
- Senior Official for Thailand, Asia Cooperation Dialogue (ACD)





## Mrs. Tongurai Limpiti

Director and Chairman of the Audit Committee

### Year of Birth

- 1956

### Education

- MBA (Account and Finance), University of Wisconsin, Madison, U.S.A.
- B.A. in Accountancy, Chulalongkorn University

### Training

- Executive Summer School Program 2013, London School of Economics and Political Science (LSE), UK
- Executive Program on Energy Literacy for a Sustainable Future (Class 1/2012), Thailand Energy Academy (TEA)
- Leader Program (Class 12/2011), Capital Market Academy, The Stock Exchange of Thailand
- Diploma, The National Defence Course (Class 52/2009), National Defence College
- Advanced Management Program, Harvard Business School, U.S.A.

### Work Experience

- Assistant Governor (Financial Institutions Policy Group), Bank of Thailand
- Assistant Governor (Financial Institutions Development Fund Management Group), Bank of Thailand
- Senior Director, Fund Operation Department, Bank of Thailand
- Senior Director, Prudential Policy Department, Bank of Thailand
- Senior Director, Financial Institution Strategy Department, Bank of Thailand


### Other Positions

- Deputy Governor (Corporate Support Services and Banknote Management), Bank of Thailand
- Chairperson, Banknote Management Committee, Bank of Thailand
- Director, Thai Institute of Directors Association (IOD)






**Mr. Khemchai Chutiwongse**  
Director and Chairman of the Board of  
Executive Directors

### **Year of Birth**

 1954



### **Education**

-  Master of Laws, Harvard Law School, Harvard University, U.S.A.
-  Barrister-at-Law (Honors), Institute of Legal Education, Thai Bar Association
-  Bachelor of Laws (First Class Honors), Chulalongkorn University




### **Training**

-  Director Certification Program (DCP 29/2003), Thai Institute of Directors Association (IOD)

### **Work Experience**

-  Director-General, Department of Legal Counsel, Office of the Attorney General
-  Director, Siam City Bank Public Company Limited

### **Other Positions**

-  Inspector General, Office of the Attorney General
-  Director, Sukhumvit Asset Management Company Limited
-  Director, Electronic Government Agency (Public Organization)





## Professor Voradej Chandarasorn, Ph.D.

Director, Executive Director and  
Chairman of the Compensation Committee

### Year of Birth

- 1952

### Education

- Ph.D. (Public Administration), New York University, U.S.A.
- Master of Public Administration, National Institute of Development Administration (NIDA)
- Master of Political Science, Thammasat University
- Bachelor of Public Administration, Royal Police Cadet Academy

### Training

- Diploma, The National Defence Course (Class 45), National Defence College
- Bureaucratic Reform and Privatization, New Zealand

### Work Experience

- Permanent Secretary, Ministry of University Affairs
- Secretary-General, Office of the Higher Education Commission, Ministry of Education
- Secretary-General, Office of the Education Council, Ministry of Education
- Professor and Dean, The Graduate School of Public Administration, National Institute of Development Administration (NIDA)

### Other Positions

- Executive Director, National Research Council of Thailand
- Member, Board of Trustees, Kasem Bundit University
- Council Member, Panyapiwat Institute of Management
- Chairman of the Board of Directors, Taksin Foundation for Educational Development
- Secretary-General, Thai University Research Association



**Mr. Surachai Danaitangtrakul**  
Director and Executive Director

### **Year of Birth**

- 1954

### **Education**

- Master of Political Science, Sukhothai Thammathirat Open University
- Bachelor of Laws, Thammasat University

### **Training**

- Thammasat Leadership Program (TLP 1), Thammasat University
- Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives (Class 4), The College of Politics and Governance, King Prajadhipok's Institute
- Diploma, The State, Private Sector and Political Sectors Course (Class 3/2005), National Defence College
- Director Accreditation Program (DAP 11/2004), Thai Institute of Directors Association (IOD)

### **Work Experience**

- Chairman of the Board of Directors and Acting President, Small Industry Credit Guarantee Corporation
- Chairman, Committee on Monetary, Finance, Banking and Financial Institutions, The Senate
- Member of The Senate, Roi Et Province
- Director and Chairman of the Audit Committee, Syrus Securities Public Company Limited
- Attorney-at-Law, Marut Bunnag International Law Office Company Limited

### **Other Positions**

- Director, KTB Leasing Company Limited
- Director and Chairman of Audit Committee, Asia Wealth Securities Company Limited





## Mr. Wirun Katprakob

Director, Compensation Committee Member  
and Member of the Corporate Governance  
and Social Responsibility Committee

### Year of Birth

1956

### Education

- Bachelor of Arts (Political Science), Ramkhamhaeng University
- Diploma of Education, Nakhon Si Thammarat Rajabhat University

### Work Experience

- Advisor to the Deputy Prime Minister (Consumer Protection and State Land Invasion)
- Advisor to the Minister of Industry (Small and Medium Enterprises, Automobiles and Electronics)
- Advisor to the Minister of Science and Technology
- Advisor to the Deputy Minister of Transport (Merchant Marine)
- Advisor to the Deputy Minister of Commerce (Export Promotion)

### Other Positions

- General Management, Data Communication Department, CAT Telecom Public Company Limited



**Mr. Kanit Sukonthaman**  
President, Director, Executive Director  
and Member of the Corporate Governance  
and Social Responsibility Committee

### Year of Birth

- 1958

### Education

- MBA, Warwick Business School, University of Warwick, UK
- BA in Economics (Second Class Honours), Birmingham City University, UK

### Training

- Leader Program (Class 14/2012), Capital Market Academy, The Stock Exchange of Thailand
- Diploma, The National Defence Course (Class 51/2008), National Defence College
- Core Credit, Operation in Banking, Basic Selling Skills and Bourse Game, Citibank, N.A., The Philippines
- Foreign Exchange, UBS Bank, Switzerland

### Work Experience

- Senior Executive Vice President, Finance and Accounting Business Unit, Government Housing Bank
- Subcommittee on Monetary, Finance, Banking and Financial Institutions, The Senate
- Advisor to the Deputy Minister of Commerce

### Other Positions

- Director, Board of Trade of Thailand
- Committee Member, Thai-Vietnam Friendship Association
- Director: Committee on Trade in Services, Committee on Economic Affairs and Committee on Development of Small and Medium Businesses, Board of Trade of Thailand
- Advisor, Committee on International Trade, Board of Trade of Thailand



# Top Management and Heads of Departments



## Year of Birth

- 1955

## Education

- M.Sc. (Management Information System: MIS), Chulalongkorn University
- B.A. (Economics), Thammasat University

## Training

- Pricing, Measuring and Modeling Techniques of Credit Risk Securities
- 1<sup>st</sup> International E-Government/ CIO Forum

## Work Experience

- Executive Vice President, Export-Import Bank of Thailand
- Senior Vice President, Internal Audit, Bank Thai Public Company Limited
- Director (Advisor), Risk Management, Internal Control, and Internal Audit, PricewaterhouseCoopers (Thailand) Co., Ltd.
- Director, Information Systems Audit and Control Association (ISACA), Bangkok Chapter

**Mr. Suthanai Prasertsan**  
Senior Executive Vice President



## Year of Birth

- 1960

## Education

- MBA, Thammasat University
- B.A. (Accounting), Thammasat University

## Training

- Certificate course in Financial Economic Management for Middle Management, Class 2, The College of Politics and Governance, King Prajadhipok's Institute
- AFC 9, Association of Finance Companies
- Advanced Credit Analysis and International Banking, Bank of Ayudhya Public Company Limited
- Credit Risk Management Certificate, Fiserv Incorporation, U.S.A. (Financial Institute Consulting)

## Work Experience

- Vice President, Loan Restructuring Department 1, Bangkok Commercial Asset Management Co., Ltd. (BAM)
- Senior Vice President, Liability Management 1 Department, Financial Institution Asset Management Corporation
- Vice President, Credit for Large Projects Department, SCF Finance and Securities Public Company Limited

**Mrs. Wantana Mongkolsri**  
Executive Vice President

As of December 31, 2013

## Year of Birth

1955

## Education

Bachelor of Arts in Mathematics, Canberra College of Advance Education, Australia

## Training

- Mini MBA Program, Kasikornbank Public Company Limited
- Collateralization of Master Risk Exposures, Asia Collateral Working Group, Singapore
- First JBIC Seminar for International Finance (JSIF-1), Tokyo, Japan
- ABN Amro's Client Training Program: Advanced Risk Management, Amsterdam, the Netherlands
- Daiwa Capital Market Seminar, Tokyo, Japan

## Work Experience

- Senior Vice President, Treasury Department, Export-Import Bank of Thailand
- Assistant Vice President, International Trade, Kasikornbank Public Company Limited
- Manager, Trading and Treasury Division, Office of Treasury, Kasikornbank Public Company Limited



**Mrs. Chomsuda Tuntariyanond**  
Executive Vice President

## Year of Birth

1957

## Education

Master of Arts in Economics (Applied Economics), San Jose State University, U.S.A.

B.A. (Economics), Ramkhamhaeng University

## Training

- World Energy Council (WEC) Asia Regional Conference
- International Banking Seminar
- Financial Executive Development Program (FINEX), Thai Institute of Banking and Finance Association (TIBFA)

## Work Experience

- Senior Vice President, Business Promotion Department 1, Export-Import Bank of Thailand
- First Vice President, Credit Analysis Department, Export-Import Bank of Thailand



**Mr. Kematat Saicheur**  
Executive Vice President

As of December 31, 2013





- 1** | **Mr. Chana Boonyachai**  
Senior Vice President  
Office of Risk Management
- 2** | **Mr. Phairoj Pongsuvann**  
First Vice President  
Human Resources Department
- 3** | **Mr. Viroth Chokevivattana**  
First Vice President  
Information Technology Department
- 4** | **Mrs. Sutatip Phataravimolporn**  
First Vice President  
Credit Analysis Department
- 5** | **Miss Pranee Pornsuksavang**  
First Vice President  
Accounting Department

As of December 31, 2013



- 1** | **Mr. Soravoot Sukhakit**  
First Vice President  
Debt Administration and Credit Procedure Department
- 2** | **Mrs. Worarat Wattanagool**  
First Vice President  
Business Promotion Department 2
- 3** | **Mrs. Wanpen Unchundacha**  
First Vice President  
International Project Department
- 4** | **Mr. Tawewut Danusawad**  
First Vice President  
Office of Legal Affairs
- 5** | **Mrs. Arunsri Suppethyapisal**  
First Vice President  
Office of Top Management

As of December 31, 2013





- 1** | **Mrs. Kwanjai Tachasanskul**  
First Vice President  
Business Research Department
- 2** | **Mr. Jarupat Panitying**  
First Vice President  
Export Credit Insurance Department
- 3** | **Mrs. Pacharapun Aroonyingmongkol**  
First Vice President  
Treasury Department
- 4** | **Mr. Somkoun Somboonpun**  
Vice President  
General Administration Department
- 5** | **Mr. Viboon Chuthathumpitak**  
Vice President  
Office of Internal Audit

As of December 31, 2013



- 1 **Mrs. Piyarat Suntornpong**  
First Vice President  
Corporate Strategy and Planning Department
- 2 **Mr. Thanat Sorraraksin**  
First Vice President  
Branch Administration Department
- 3 **Miss Atchanoma Porntharuckcharoen**  
First Vice President  
Business Promotion Department 1
- 4 **Mr. Somchai Phannak**  
Vice President  
Banking Department
- 5 **Miss Khemjariya Teerapong**  
Assistant Vice President  
Office of Compliance

As of December 31, 2013

#### Management Changes in 2013

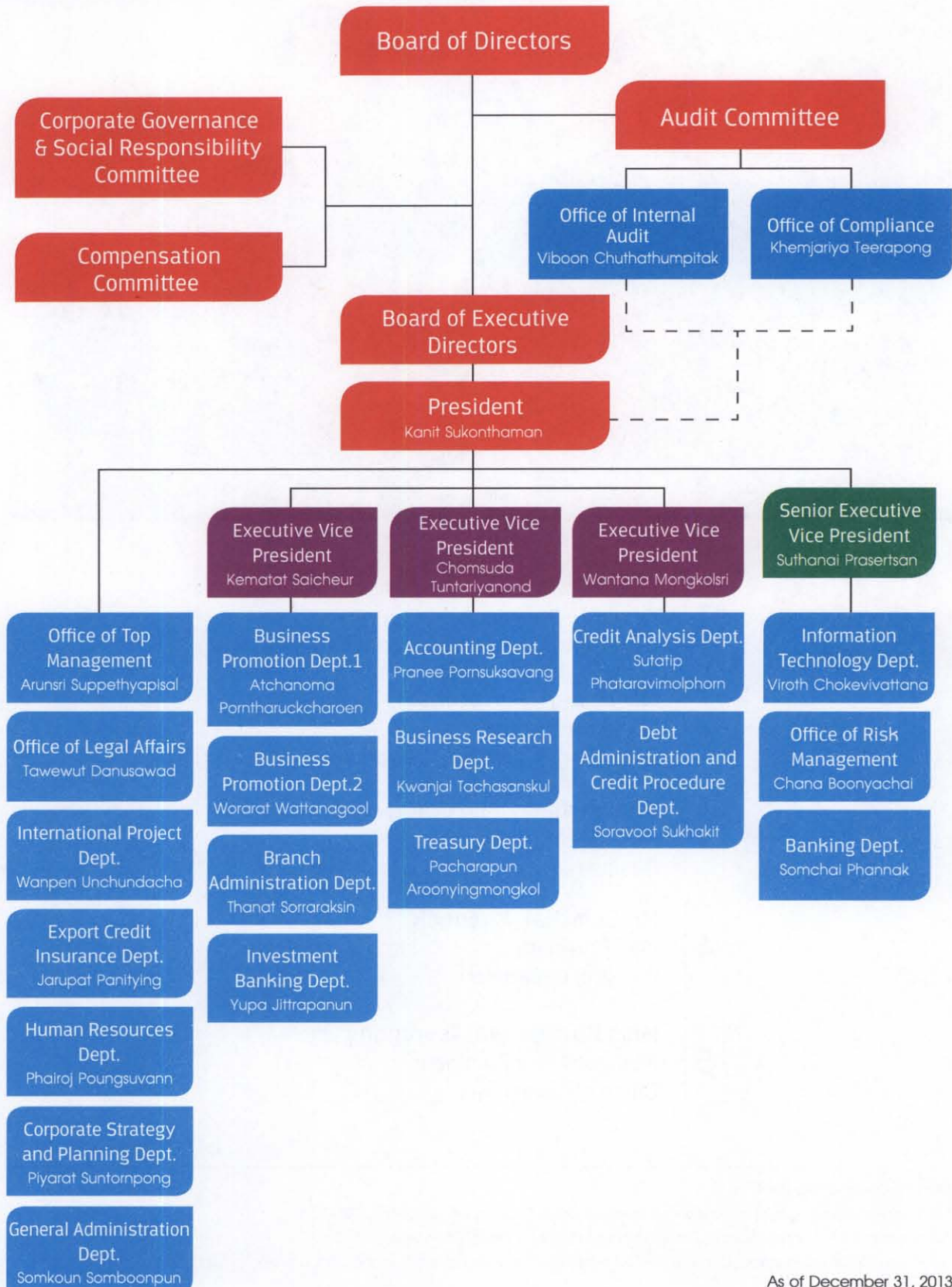
Mr. Somphan Eamrunroj retired as Senior Executive Vice President on October 1, 2013.

Mr. Somporn Chitphantom resigned as Senior Executive Vice President on May 2, 2013.

Mr. Kriengsak Sa-nguansak retired as Senior Vice President of General Administration Department on October 1, 2013.



# Organizational Structure



As of December 31, 2013



## Workforce Structure

### Number of Employees

Unit : Person

Work Unit	Number of Full-Time Staff	Number of Contractors
President and Senior Executives	5	-
<b>Marketing</b>		
Business Promotion Department 1	20	-
Business Promotion Department 2	29	-
Export Credit Insurance Department	48	-
International Project Department	20	-
Investment Banking Department	3	1
Branch Administration Department	10	-
Branches (Total 58 persons)		
- Hat Yai Branch	18	-
- Rama IV Branch	8	-
- Rangsit Branch	6	-
- Laem Chabang Branch	4	-
- Rama II Branch	7	-
- Seri Thai Branch	5	-
- Bangna-Trad Km. 3 Branch	4	-
- Chiang Mai Branch	3	-
- Khon Kaen Branch	3	-
<b>Marketing Support</b>		
Banking Department	114	-
Business Research Department	17	-
Treasury Department	19	-
Credit Analysis Department	24	-
Debt Administration and Credit Procedure Department	53	9
Corporate Strategy and Planning Department	21	-
Office of Legal Affairs	8	-



Unit : Person

Work Unit	Number of Full-Time Staff	Number of Contractors
<b>General Support</b>		
Accounting Department	18	-
General Administration Department	25	14
Information Technology Department	29	-
Human Resources Department	26	4
Office of Top Management	10	1
Office of Risk Management	19	-
Office of Internal Audit	12	-
Office of Compliance	10	1
<b>Total</b>	<b>598</b>	<b>30</b>

As of December 31, 2013

## Total Personnel Expenses

Total personnel expenses consist of monthly salary and wage, job level allowance, job title allowance, bonus, cost of living allowance, overtime payment, travelling allowance, as well as medical welfare, education grant for children, and contributions to the employee provident fund.

Year	Number of Full-Time Staff	Number of Contractors	Total Expenses (Baht)
2011	612	16	523,265,697.29
2012	592	24	534,591,895.37
2013	598	30	540,729,671.26

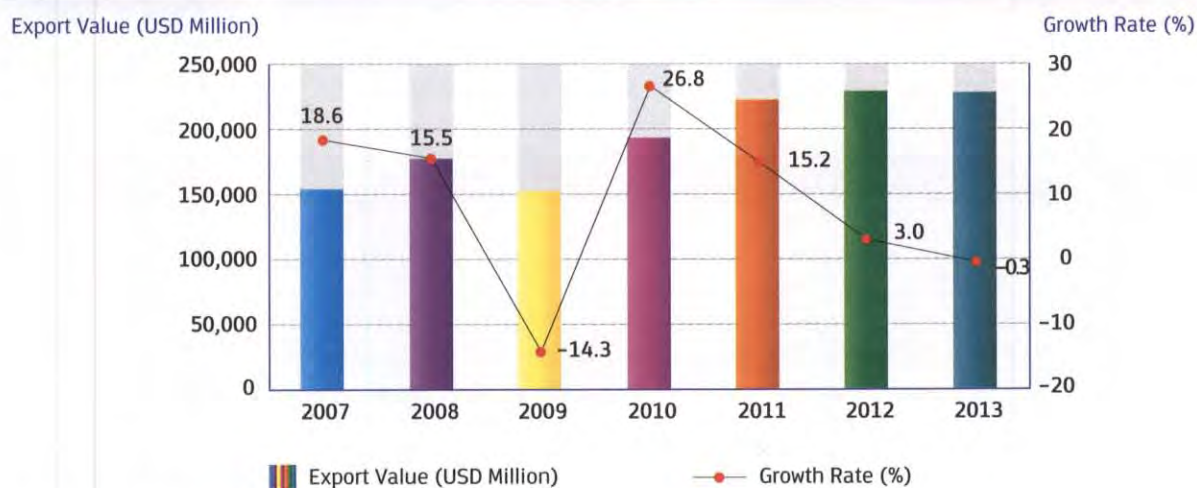
# Industry Overview in 2013 and Outlook for 2014

## Export Overview in 2013 and Outlook for 2014

### Export Performance in 2013

In 2013, Thai exports were hampered by several discouraging factors since the beginning of the year, i.e. fragile economy of key markets and economic slowdown in China, price slump of certain commodity goods, particularly such leading agricultural products as rice and rubber, and the fall in agricultural output caused by natural disaster and epidemic diseases like the outbreak of shrimp early mortality syndrome (EMS) which had severe impact on production and export of related products in the entire supply chain. Furthermore, Thai exports were adversely affected by the significantly stronger baht during the first five months of the year in face of the quantitative easing (QE) measures taken by developed countries to stimulate their economies. As a result, the total full-year export value shrank by 0.3% compared with the 3.0% growth in 2012. The export value to gross domestic product (GDP) fell to 58.3% in 2013, compared with 61.8% a year earlier.

Thai Export Value



Source : Ministry of Commerce

Thai Exports during 2008-2013

Exports	2008	2009	2010	2011	2012	2013
Export value (USD million)	177,775	152,427	193,298	222,579	229,236	228,530
Growth rate (%)	15.5	-14.3	26.8	15.2	3.0	-0.3
Export value to GDP (%)	64.2	57.0	60.6	65.3	61.8	58.3

Sources : Ministry of Commerce and Office of the National Economic and Social Development Board (NESDB)

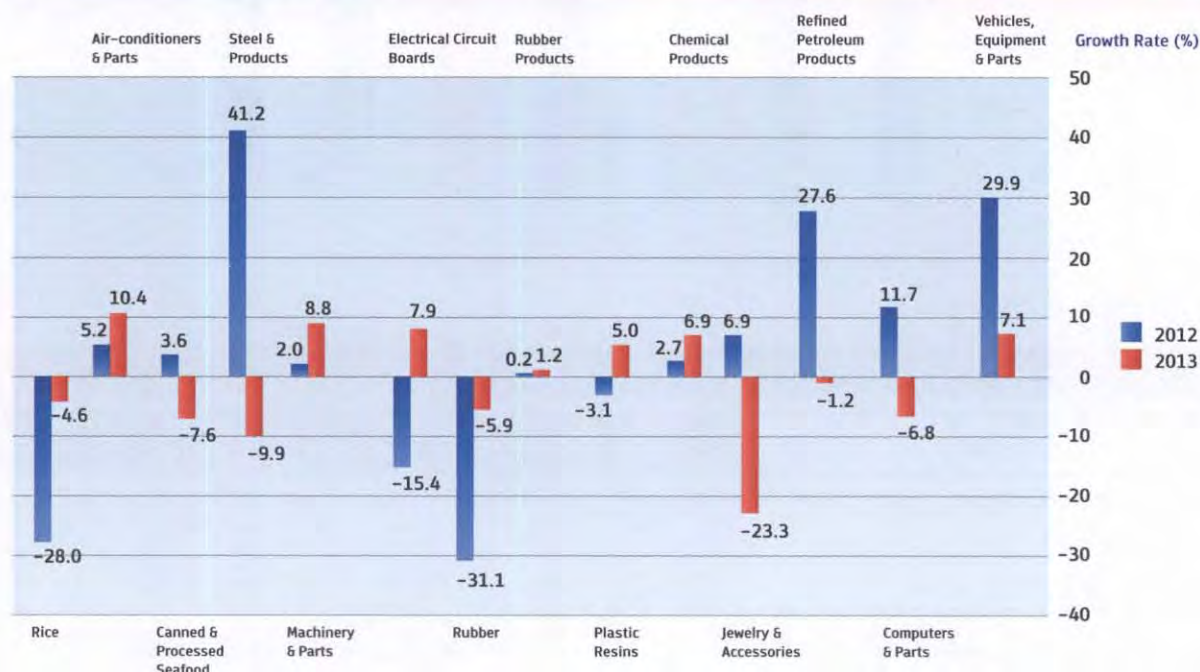


## Key Export Items

In 2013, the export value of agricultural products and agro-based industrial products which had long been Thailand's export stars contracted by 3.8% due to both price and volume drops. Items hit by sharp price slump were rice (down by 9.7% in average) and rubber (down by 19.2% in average), resulting in a shrinkage in export value by 4.6% and 5.9%, respectively. Those suffering sharp volume fall were chilled and frozen shrimp (down by 35.5% in value), processed shrimp (down by 21.2%) and canned shrimp (down by 9.4%) as a consequence of the shrimp EMS outbreak which pushed down domestic shrimp output by over 50% and further hurt several related products in the entire supply chain. Meanwhile, export value of certain items, though not contracting, grew at decelerating rates in line with the global economic conditions, including chilled and frozen chicken (9.6% against 79.2% in 2012), beverage (3.8% against 37.3% in 2012), animal feed (6.4% against 16.2% in 2012), etc.

Export value of industrial products in 2013 went up merely by 0.9% compared with 5.8% growth in the previous year. Products with robust growth that helped sustain total industrial export value were vehicles, equipment and parts, up by 7.1%, benefiting from the economic growth of such major target markets as Australia, ASEAN and the Middle East. Chemical products and plastic resins grew by 6.9% and 5.0%, respectively, thanks to increased demand in China's manufacturing sector and Thai investors' continued production capacity expansion. Electrical circuit boards and machinery also recorded a sound export growth. However, export value of some leading industrial items contracted, such as computer, equipment and parts (6.8%), refined petroleum products (1.2%), jewelry and accessories (23.3%), etc., amid the fragile global economy.

Growth Rate of Thailand's Key Export Items in 2013 Versus 2012

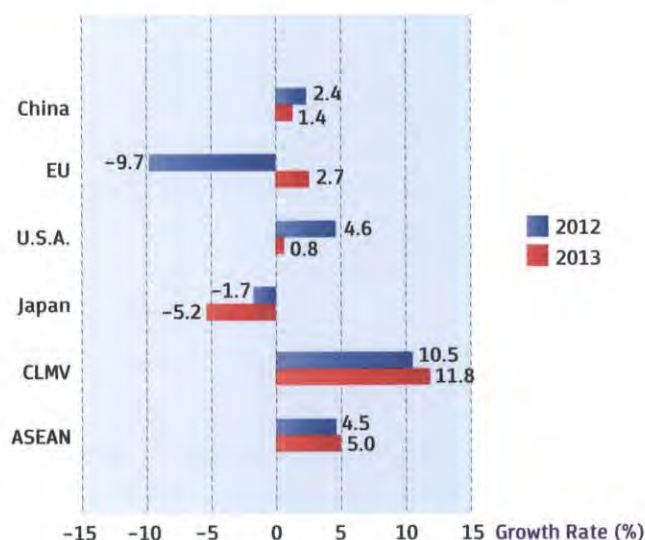


Source : Ministry of Commerce

## Major Export Markets

Thai exports to major markets in 2013 declined substantially. Export to Japan, in particular, shrank by 5.2% in value as a result of its fragile economic recovery and weakening yen under its economic stimulus policy known as Abenomics policy which eroded the purchasing power of Japanese importers. Meanwhile, Thai export to the U.S.A., despite a 0.8% growth in value, saw a significant decline compared with 4.6% growth in 2012. Thai exports to the European Union (EU), whose economies started to recover, improved from the low export value base in 2012 with a 2.7% growth compared with the 9.7% contraction in 2012. Export to major emerging markets such as China slowed down with a mere growth rate of 1.4% compared with 2.4% a year earlier. As persistent economic sluggishness in major markets weakened demand for imports from China, Thailand's export to China was also negatively affected as it is part of China's raw material supply chain. Meanwhile, since China had shifted its economic policy to focus more on domestic rather than export markets, its demand for certain types of imports, such as finished products, from countries like Thailand became more subdued. However, Thai exports in 2013 continued to be driven by demand from the ASEAN market which expanded by 5.0%. In particular, exports to the CLMV consisting of Cambodia, Lao PDR, Myanmar and Vietnam, grew healthily by 11.8% in response to an increasingly open economic policy and accelerating development of infrastructure in preparation for the upcoming ASEAN Economic Community (AEC) in 2015.

Growth Rate of Export Value to Major Markets



Source : Ministry of Commerce



## Export Outlook for 2014

Exports in 2014 are predicted to grow stronger than the previous year due to the low base figure in 2013. Other contributing factors are as follows:

- **World economic recovery** The global economy in 2014 is poised to recover, thanks to economic stimulus policies in terms of both monetary and fiscal relaxation measures of such major markets as the U.S.A., EU and Japan that began to produce fruitful results. Meanwhile, China, despite a shift in policy focus to relying more on domestic rather than foreign demand, has eased its trade and investment regulations to be more consistent with market mechanism, leading to its ability to sustain economic growth. In addition, ASEAN, the most important market representing 26% of Thai exports in 2013, continued to enjoy a strong growth, and is considered a major market to help diversify risks of major markets and a key anchor for Thai export promotion in the near term, especially as regards the CLMV. Of Thailand's overall export destinations, the proportion of exports to the CLMV surged significantly from 4.8% in 2007 to 8.3% in 2013, nearing the 9-10% share of the main markets, i.e. the U.S.A., EU and Japan.

- **Baht weakening trend** The baht in 2014 is likely to continue to fluctuate and weaken when compared with 2013 due mainly to the strengthening U.S. economy leading the Federal Reserve to initiate quantitative easing (QE) tapering from early 2014 and express a possibility of terminating QE altogether by 2014, if the U.S. unemployment rate falls below 6.5% and inflation rate under 2%. As a consequence, capital that rushed in earlier to speculate and take advantage of the higher rate of return in emerging markets began to reverse to the U.S.A. and other major markets that showed signs of improvements. This will put pressure on emerging market currencies including Thai baht to weaken. Nevertheless, the capital that has been withdrawn by the U.S. Federal Reserve is compensated somewhat by the Japanese QE of similar nature starting in 2014, alleviating the downward pressure of emerging market currencies to a certain extent.

- **Improvement of agricultural product prices and output** Agricultural product prices will benefit from the global economic recovery which leads to higher demand for consumption of Thai agricultural products and agro-based industrial products, such as rubber, tapioca products, sugar, etc. Moreover, the outbreak of plant and animal epidemic diseases, particularly the early mortality syndrome (EMS) that caused shrimp supply to plummet by over 50% in 2013, has been relieved, leading to a rebound in shrimp export and boding well for overall exports of agricultural products and agro-based industrial goods.

- **Regional trade expansion stimulated by economic integration** The advent of AEC in late 2015 will stimulate economic activities and bring benefits to countries in the region including Thailand which is a leading player in the production and trade of goods.

- **Thailand's role as key production base for multinational companies** This has been evident in the vehicles, equipment and parts sector, the No. 1 export items of Thailand over the past two years. Thailand also continued to be the destination for new investors, particularly for small commercial vehicles and trucks which have enjoyed rising demand in the Middle East. In addition, the government's launch of phase 2 of the eco-car program in 2014 is expected to spur growth of Thai auto export especially to markets with high prospects, such as Australia, ASEAN and the Middle East, etc. Such increase in auto export

volume is expected to make up for the decrease in domestic demand after the end of the first-car stimulus program. Likewise, for the big bike industry, Thailand has become a production and export base of foreign investors on a continuous basis.

- **The government's export stimulus measures** The Thai government has adopted a more proactive approach to promoting exports in 2014 following Thai export contraction in the foregoing year. Measures taken included encouraging increased utilization of the benefits under the Free Trade Agreement (FTAs) and supporting small and medium enterprises (SMEs). The government also devised a proactive plan to upgrade trade and investment data in order to keep pace with exporters' demand, seek new export channels to potential markets, and support the establishment of distribution centers in ASEAN. Efforts have been made in the area of organizing Thai trade fairs monthly both at home and overseas and reviewing relevant regulations to facilitate border trade and electronic commerce (E-commerce) in the hope to further stimulate Thai export growth in 2014.

- **Energy cost likely to stay in line with global crude oil prices** As global economic recovery has pushed up demand for crude oil, supply has increased accordingly supported by the use of hydraulic fracturing technology especially in the U.S.A. and Canada to extract crude oil and natural gas from the shale. Meanwhile, several non-OPEC countries can produce more oil, keeping demand and supply in balance. These factors will put oil price, which is exporters' major cost of production and transportation, more in a constant trend and hence facilitate cost management.

- **Exporters' adaptability** Thai exporters have been adaptable to changing business circumstances by way of seeking new markets and business alliances, both at home and overseas, as well as development of product quality, design and packaging to be more fashionable and better meet each target group's demand, enabling expansion of market and customer base. Moreover, exporters have demonstrated the ability to adopt risk hedging tools and manage costs more efficiently.

Despite encouraging trends in 2014, Thai exports remain vulnerable to certain risk factors that require close monitoring, as follows:

- **Relocation of production base to neighboring countries** Labor shortage and wage hike have caused Thai business operators to continue to relocate their production base to other countries, especially neighboring countries, as clearly evident in such labor-intensive industries as garment and footwear. Other industries also start to move to neighboring countries to diversify risks from natural disaster and seek new markets with constant growth in view of demand saturation in the domestic market. Domestic production and export of these products may subsequently slow down.

- **New non-tariff measures (NTMs)** In replacement of the declining tariff barriers, NTMs have increasingly been implemented to protect local manufacturers in the face of increasing free trade agreements among countries. With these NTMs, exporters will be faced with higher costs and more complicated export procedure, for instance, measures regarding labor, environment, intellectual property, and so forth. Leading countries adopting NTMs according to the WTO's report are the EU, Russia and Argentina, while those in Asia are Indonesia and Vietnam.



- **International conflicts** International conflicts which have erupted more often today have chain effects on other countries not directly involving through global trade and investment, particularly if such a dispute involves world superpowers or may trigger a war, such as disputes between China and Japan, the U.S.A. and Iran, and so on. Moreover, political rifts in the Middle East and North Africa have caused short-term fluctuations in oil prices, a major production cost component of manufacturers worldwide. If manufacturers fail to achieve efficient cost management, these factors will pose grave impacts on their businesses.

- **Cuts in Generalized System of Preferences (GSP) privileges** These privileges are offered by developed countries for products exported from developing countries. However, from January 1, 2014 onward, the EU will terminate GSP privileges for high- and upper middle-income countries, which form a country income group to which Thailand belongs according to the latest rating by the World Bank. Products subject to GSP cuts by the EU are additive products made of meat, fruits and vegetables, canned and processed seafood, beverage, liquor, jewelry and accessories, etc. This may curtail Thai exports' price competitiveness compared with rival products from remaining beneficiary countries.

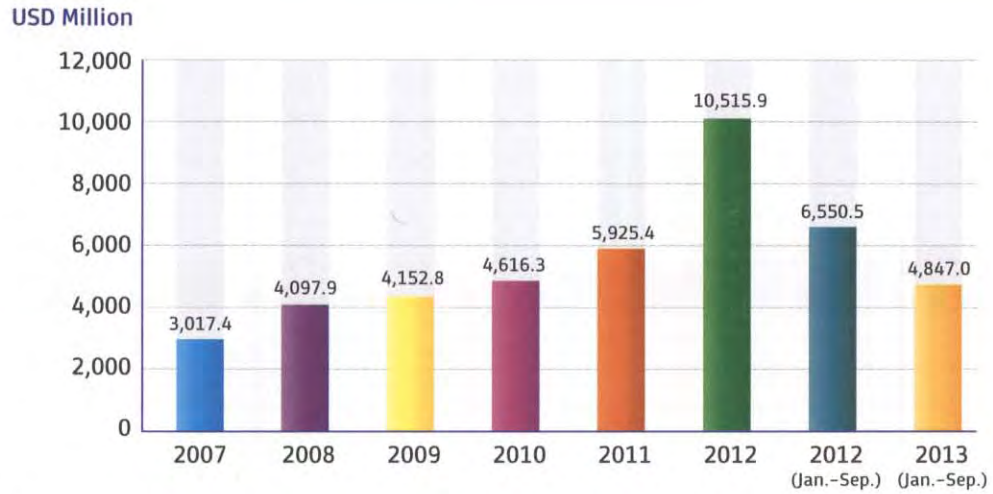
## Thai Direct Investment Abroad in 2013 and Outlook

### Thailand's Direct Investment Abroad in 2013

After a long period of continued development in the past several decades, the Thai economy is facing narrower business opportunities, with growing obstacles and fiercer competition. Furthermore, the supply side limits arising from higher wages and scarcer labor or of mismatched skills, shortages of raw materials and the loss of preferential trade treatments from developed countries have led Thai business operators to begin to relocate overseas, particularly in the CLMV. At the same time, some business operators with aspirations to expand and build global brands have made their presence overseas to embrace new opportunities. As a result, Thai direct investment abroad began to leap forward over the past several years.

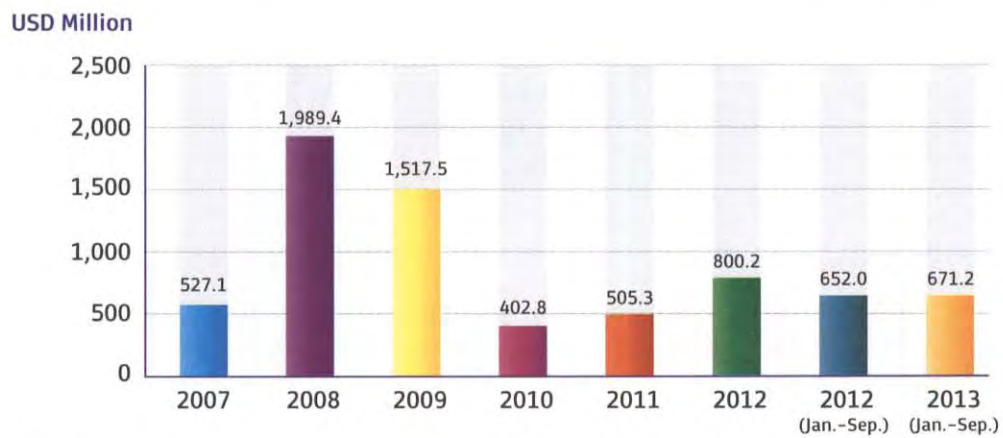
However, the prevailing fragility in global economic recovery, together with the sharp baht depreciation in the second half of 2013 following the U.S. Federal Reserve's announcement of its upcoming QE tapering and Thailand's internal political uncertainties have put off investors' investment plans abroad. Thai direct investment abroad in 2013 (January-September) hence declined by 26% to 4,847 million US dollars from 6,550.5 million US dollars in the same period a year earlier. However, net Thai direct investment in the CLMV in 2013 (January-September) accounted for 671.2 million US dollars, up by 2.9% from 652.0 million US dollars in the previous year's corresponding period.

## Net Value of Thai Direct Investment Abroad



Source : Bank of Thailand (BOT)

## Net Value of Thai Direct Investment in the CLMV



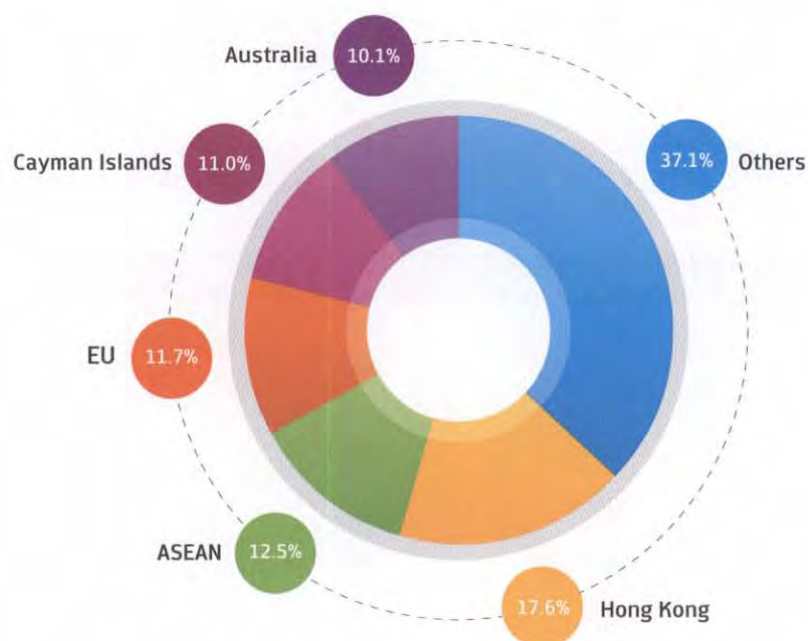
Source : Bank of Thailand (BOT)



## Thai Direct Investment Abroad Classified by Country

In 2013 (January-September), Hong Kong became Thailand's most important investment destination with a net investment value of 851.6 million US dollars or 17.6% of Thailand's total direct investment abroad, followed by ASEAN with a net investment value of 606.5 million US dollars (12.5%). Among the ASEAN members, Myanmar occupied the largest share of Thai direct investment, followed by Vietnam and Indonesia, respectively. Other major investment destinations for Thai investors were the EU (11.7%), Cayman Islands (11%) and Australia (10.1%).

Net Value of Thai Direct Investment Abroad in 2013 (Jan.-Sep.)

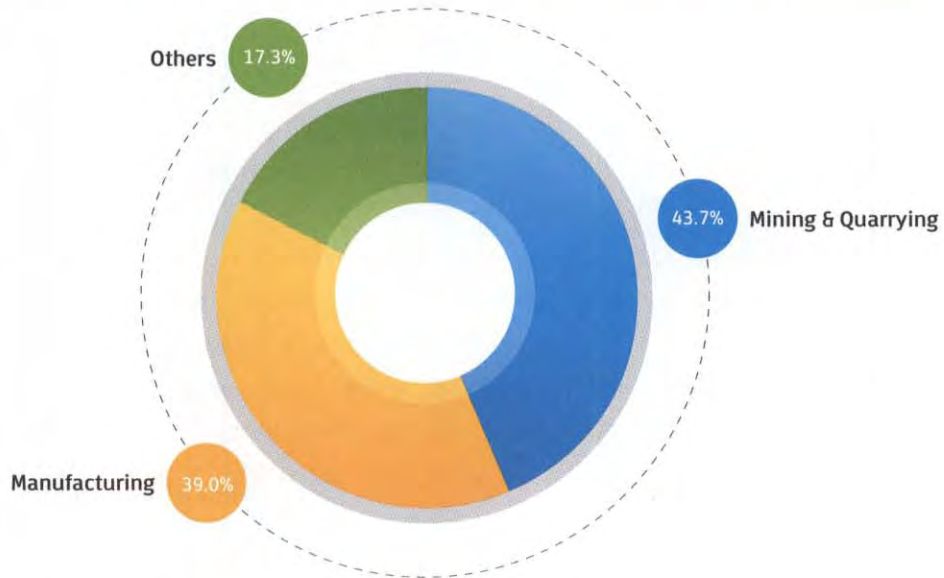


Source : Bank of Thailand (BOT)

## Thai Direct Investment Abroad Classified by Type of Business

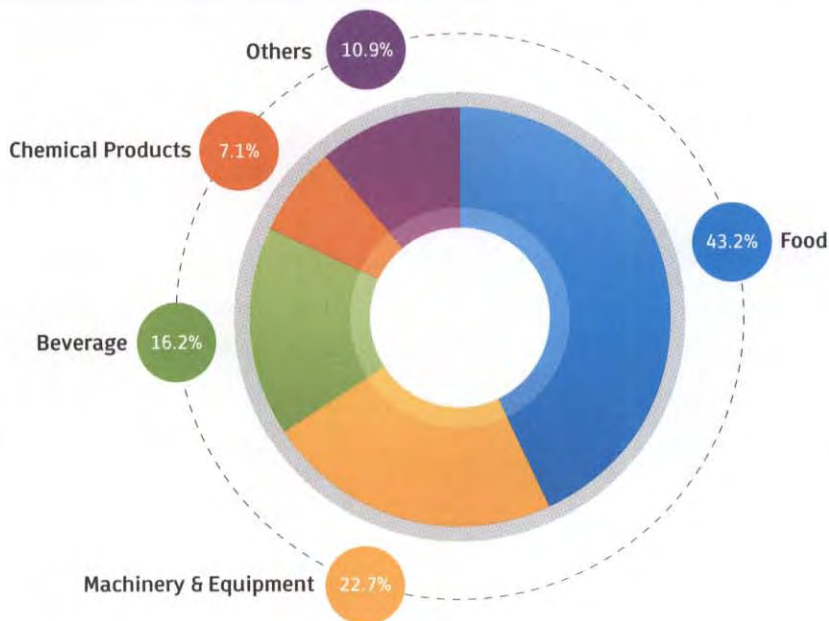
In 2013 (January-September), 43.7% of Thailand's direct investment abroad went to mining and quarrying business and 39% to manufacturing sector. Within the manufacturing sector, food accounted for 43.2%, followed by machinery and equipment, beverage, chemical products, electrical appliances, etc.

Net Value of Thai Direct Investment Abroad in 2013 (Jan.-Sep.)  
by Type of Business



Source : Bank of Thailand (BOT)

Net Value of Thai Direct Investment Abroad in 2013 (Jan.-Sep.)  
in Manufacturing Sector



Source : Bank of Thailand (BOT)



## Outlook for Thai Direct Investment Abroad in 2014

Thai direct investment abroad in 2014 is expected to grow continually, albeit at a more subdued pace than the previous years when the QE measure was in place leading to stronger baht and lower overseas investment cost. However, in 2014, Thai investment abroad will continue to be driven by the following factors:

- **More domestic manufacturing constraints** These include labor shortage and minimum wage hike which directly affect labor-intensive industries like textile, footwear, leather products, etc. The increasing signs of domestic raw material shortfall and price hikes have also prompted Thai operators to invest overseas.

- **Search for trade privileges** Trade privileges in the form of import tariff reduction or exemption have been provided by developed countries to products from developing countries. Thailand has been eligible for such privileges from the U.S.A. and EU. However, there is a high possibility that these privileges may be discontinued, particularly by the EU, in regard to Thai additive products made of meat, canned and processed seafood, canned fruits, jewelry, etc. Consequently, Thai operators in these industries may relocate their manufacturing bases overseas, especially to the neighboring countries.

- **Higher risk of natural disasters** Some operators have diversified risks through overseas investment to safeguard their factories and machinery against natural disasters.

- **Exploring new markets with vast demand** Investments abroad especially in the neighboring countries which are opening up their respective economy allow for tremendous trade and investment opportunities. Meanwhile, demand in these countries for products and services continue to grow substantially in line with their economic growth. The governments of such countries adopt a policy to relax relevant rules and regulations to attract foreign investments which are key to their economic development. In addition, the fact that Thai products have good image in the perception of consumers in the neighboring countries is also another factor that supports Thai investments in those countries.

- **The government's promotional scheme** Thai government has a policy to support Thai direct investment abroad covering both manufacturing and service sectors, including hotel and hospital management service, spa business, etc.

- **Benefits from liberalization under the AEC** Barriers to overseas investment will gradually be phased out. Free movement of goods, services, investment, skilled labor, and freer flow of capital, will play a key role in stimulating Thai investment in the region to make an early entry into high potential markets ahead of the competitors.

# Business Direction and Plan for 2014

To achieve the vision: “To be a bank that paves the way for new opportunities for Thai businesses in the global arena, particularly in the ASEAN Economic Community (AEC),” EXIM Thailand will, in 2014, strengthen its role in promoting and supporting small and medium enterprises (SMEs) and OTOP operators, and ensure proactive operations to assist Thai businesses in taking advantage of the trade and investment opportunities arising in the advent of the AEC, as well as enhance cooperation with external agencies in both public and private sectors to better respond to Thai entrepreneurs’ needs. In addition, the Bank will also pursue its corporate development goals based on the Ministry of Finance’s State Enterprise Performance Appraisal (SEPA) guidelines to further boost its operational efficiency.

## Strategic Targets under the Enterprise Plan 2014–2018

- **Enhanced cooperation with external agencies** in the public and private sectors to boost work efficiency among trade and investment promotion organizations, and broaden the opportunity to reach target beneficiaries.
- **Expansion of service to “policy portfolio” customers** in line with government policies or national agenda, such as support of SMEs, promotion and development of OTOP operators to become exporters, facilitation of Thai investment expansion into neighboring countries, and support of trade and investments in the AEC, particularly in the CLMV (Cambodia, Lao PDR, Myanmar and Vietnam).
- **Support of special-purpose projects** which have high potential and play a major role in enhancing Thailand’s competitiveness in accordance with the government policy, including projects relating to energy and alternative energy, logistics, development of infrastructure and public utilities, expansion of Thai investments into neighboring countries, promotion of trade and investments in the AEC, as well as relief measures during the economic crisis.
- **Maintaining of “commercial portfolio” customer base** through provision of various services to exporters, importers and investors both at home and overseas, to serve as a sustainable source of income for the Bank’s operations in line with its mission. In meeting this target, the Bank focuses on the business sectors with high growth potential and prospects, efficient cost management, as well as maintaining of asset quality.
- **Promotion of management efficiency and service quality** by speeding up the core banking system development, enhancing personnel’s in-depth knowledge and skills, developing and streamlining business processes, and promoting corporate governance awareness and practice.

## Key Operational Plans and Investments for 2014

The Bank developed its operational plans for 2014 in line with its six-faceted mission. Emphasis is given to increasing cooperation with external public and private agencies to achieve the strategic goals under the Enterprise Plan. Details are as follows:



## **1. Integration of strengths of public and private agencies including financial institutions to ensure Thai business success without competing with commercial banks**

The government policy on SMEs capacity building is aimed at enabling SMEs, OTOP operators and community enterprises to have better access to financial sources and improve their competitiveness in international markets through the support of specialized financial institutions (SFIs) in cooperation with relevant public agencies. In addition, a cabinet's resolution has called for the Bank to play a greater role in facilitating Thai businesses in the CLMV. Thus, in 2014, the Bank will further develop integrated plans to cooperate with external agencies in the public and private sectors, such as the Ministry of Industry, Ministry of Commerce, associations, etc., to give financial and non-financial supports to SMEs and entrepreneurs engaging in trade, service and investment in the CLMV, in a bid to better respond to their needs.

## **2. Mitigation of risks faced by Thai entrepreneurs conducting trade, service and investment overseas**

EXIM Thailand has played an active role in reducing risks associated with trade, service and investment overseas particularly in the high risk markets with trade and investment potentials, in order to boost competitiveness and build confidence among Thai entrepreneurs and exporters. The Bank's operational plans in 2014 include risk mitigation plan for export of capital goods and services, as well as for offshore investments; confidence enhancement plan for Thai exporters through provision of short-, medium- and long-term export credit insurance and investment insurance services; and arrangement of training programs to provide knowledge and build risk management awareness, as well as introduce trade and investment risk mitigation tools for Thai entrepreneurs.

## **3. Provision of financial support to Thai entrepreneurs engaging in international trade, particularly SMEs, to increase access to financial resources**

The Bank plans to continue its support to SMEs through short-term and long-term credit facilities such as working capital loan for export and import, loan for capacity expansion, investment loan, forward contract service, guarantee service, and export credit insurance service. This aims to fill or narrow the gap caused by inadequate financial support from commercial banks or other financial institutions, and bolster SMEs' confidence in starting or expanding their businesses in the existing or new markets. Major plans in 2014 are support for SMEs and OTOP operators and integrated cooperation with external agencies in the public and private sectors in promoting trade and investment.

## **4. Provision of financial support to enhance capacity of Thai entrepreneurs in domestic and overseas investments, particularly in the AEC**

The advent of AEC in 2015 will lead to a gradual phase-out of barriers to investment flows among ASEAN members, thereby broadening investment opportunities in this region for Thai investors. The Bank has also been assigned by the cabinet's resolution to take measures to support stable economic growth with regard to international trade finance and to enhance its proactive role in lowering risks and enhancing liquidity of entrepreneurs engaging in trade, service and investment, especially in the CLMV. In 2014, the Bank will implement special plans to support entrepreneurs in various sectors, e.g. infrastructure, automobile and alternative energy, and entrepreneurs who wish to relocate their production bases or export capital goods to the AEC and the CLMV.

## **5. Implementation of national strategies and government policies to promote trade and investment for the benefit of Thai entrepreneurs**

The Bank is committed to responding to the government policy and serving as the government's financial mechanism to increase Thai export competitiveness and promote international trade and investment that contribute to national development. Projects carried on from the foregoing year include support for SMEs, OTOP operators and community enterprises to enhance capacity and competitiveness in international markets, which is a national agenda under the government policy, and the Merchant Marine Promotion scheme to provide Thai mercantile marine operators with a source of funds for their vessel procurement to develop and reinforce Thailand's merchant fleet. The Bank, under the cabinet's resolution in late 2013, has expanded its role to proactively encourage entrepreneurs to operate business in the CLMV. Consequently, for 2014, it will implement key measures to promote SMEs and OTOP operators, entrepreneurs in various sectors, those planning to relocate their production bases or to export capital goods to the AEC and CLMV, as well as merchant marine enterprises.

## **6. Corporate and IT development to increase operational and managerial capabilities**

### **6.1 Corporate development**

In 2014, the Bank will continue to promote human resources development to ensure operation and service efficiency. The key plans include improvement of work process for higher service efficiency, human resource capacity development, promotion of corporate value awareness, corporate governance and social responsibility plan for 2014, as well as corporate development plan based on the State Enterprise Performance Appraisal (SEPA) guidelines to ensure more efficient and systematic business operations and management.



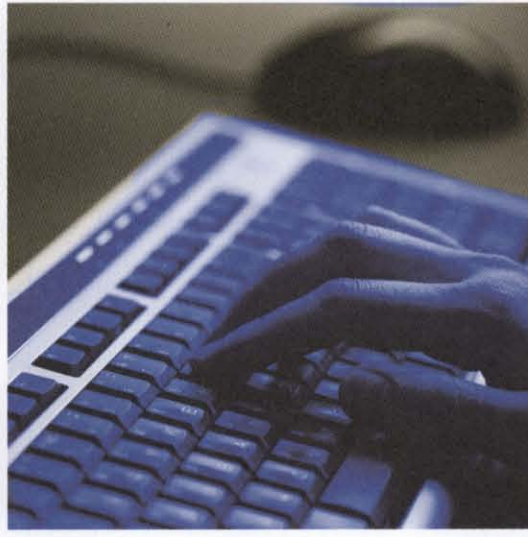
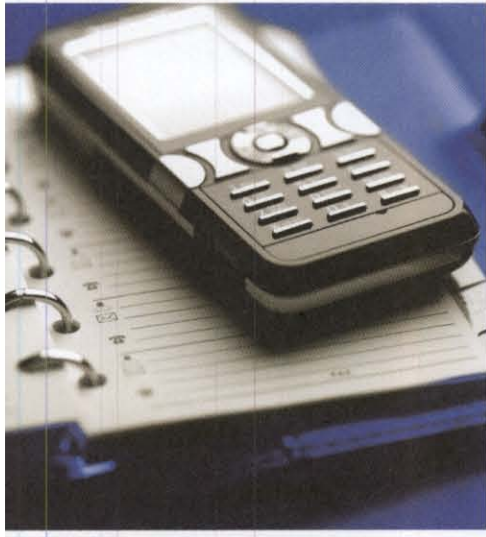
## 6.2 IT development

Improvement of IT systems both in regard to the core banking and supporting systems is essential to accommodate the Bank's business growth. The Bank's key plans and projects in 2014 are infrastructure improvement, both IT network and equipment, and development of the core banking systems carried on from 2013 involving trade finance, loan, deposit, export credit insurance facilities, and data warehouse.

## Major Investments

During 2013-2015, the Bank's major investments concentrated in the area of core banking development consisting of work systems such as trade finance, loan, deposit, export credit insurance and data warehouse, with the total budget of 344.60 million baht. Progress made in 2013 is as follows:

- **Core banking system relating to trade finance, loan, and deposit:** Procurement was made, and system development is expected to be completed and ready for roll-out by 2014.
- **Export credit insurance system:** Phase 1 development was completed and the existing system has been replaced. Phase 2 development has started while full development is to be achieved by 2014.
- **Data warehouse:** Development of a data warehouse started with the development of database systems or data mart, the procurement, development and testing processes of which were completed in 2013. Implementation of the data warehouse is expected to commence in 2014.



# Credit and Insurance Performance

In 2013, Thai exports were faced with various headwinds, be they fragile recovery in the global economy with major markets barely emerging from the troughs or fundamental structural problems that take time to overcome. Meanwhile, the Chinese economy took a turn more toward internal market-oriented. All of the above led key export items of Thailand to slow down sharply or even contracted. To make matter worse, agriculture was also faced with a price slump, particularly rice and rubber—the stars of Thai exports. At the same time, shrimps production deteriorated from the Early Mortality Syndrome (EMS) affecting exports of several related products in the entire supply chain. All these came on top of the baht external volatility from global uncertainties, sensitivity in the global financial markets and rising internal costs of raw materials and labor. These problems culminated in a major hindrance to Thai exporters in 2013, especially small and medium enterprises (SMEs) which are the Bank's target customers, hence affecting its expansion of export credit facilities including short-term loans for use as working capital, medium- and long-term loans for investment, production facility expansion or product improvement, and short-term export credit insurance services.

As for Thai direct investment abroad, the fragile global economic recovery in 2013 coupled with the sharp baht weakening in the second half of the year in the wake of the U.S.'s quantitative easing (QE) tapering and internal political uncertainties prompted a number of investors to suspend their investment plans overseas. Moreover, large investment projects abroad take a long time to negotiate and to fulfill conditions precedent. As these processes require approval from the authorities in the host countries, loan disbursements are usually delayed and in many cases fail to take place within the year of approval. All these factors in turn hampered the Bank's expansion of credit facilities for Thai direct investment abroad.

## Credit Facility Performance

In 2013, the Bank approved new loans and guarantees to exporters, business operators engaging in export-related business, businesses that generate foreign currency income and Thai entrepreneurs conducting business overseas in the total amount of 18,091 million baht, declining by 38% compared with 2012. The aggregate amount of credit and guarantee lines approved until the end of 2013 stood at 162,494 million baht, down 4.1% from end-2012. Loan outstanding as at the end of 2013 amounted to 67,527 million baht, rising 1.3%, whereas outstanding guarantee obligations dropped by 28% from end-2012 to 3,141 million baht in 2013. Business turnover in 2013 amounted to 145,463 million baht, decreasing year on year by 5.1%.

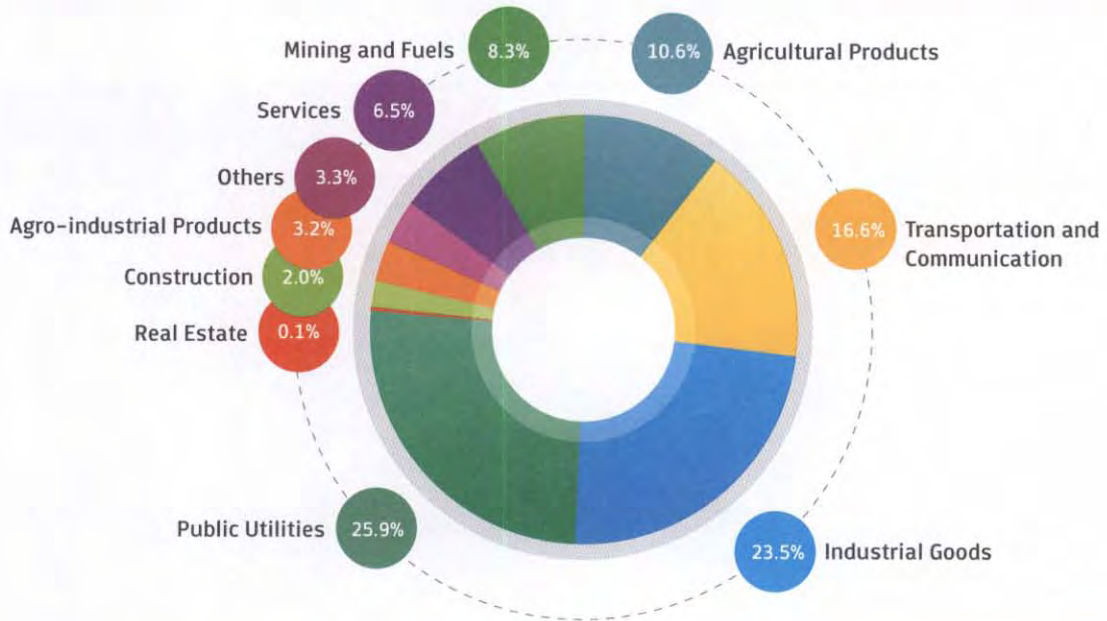
## Overview of Credit and Guarantee Facilities Performance as at Year-end

Unit : Million Baht

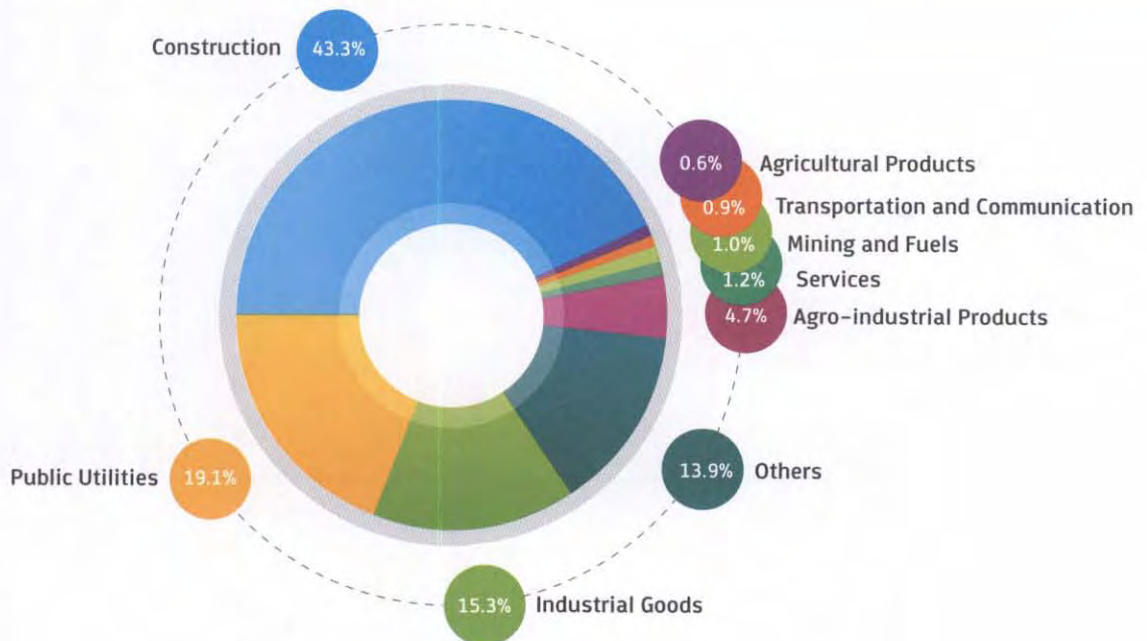
Items	2013	2012	2011
1. Credit and guarantee lines	162,494	169,493	168,486
a. Classified by borrowers' business			
Domestic	127,289	128,525	129,863
<i>Credit</i>	122,490	123,401	123,376
<i>Guarantee</i>	4,799	5,124	6,487
Overseas	35,205	40,968	38,623
<i>Credit</i>	30,976	36,880	34,163
<i>Guarantee</i>	4,229	4,087	4,460
b. Classified by credit term			
Working capital loan	92,496	94,160	103,123
Medium- and long-term loan	69,998	75,332	65,363
2. Loan outstanding	67,527	66,676	65,449
a. Classified by borrowers' business			
Domestic	44,167	41,951	40,329
Overseas	23,360	24,725	25,120
b. Classified by credit term			
Working capital loan	15,312	15,187	17,700
Medium- and long-term loan	52,215	51,489	47,749
3. Guarantee obligations	3,141	4,361	5,984
Domestic	1,477	2,825	4,155
Overseas	1,663	1,537	1,829
4. Business turnover	145,463	153,238	191,122
Working capital loan	136,110	142,956	174,783
Medium- and long-term loan	9,353	10,281	16,339



Loan Outstanding Classified by Industry as at Year-end 2013  
Total Amount of 67,527 Million Baht



Guarantee Obligations Classified by Industry as at Year-end 2013  
Total Amount of 3,141 Million Baht



## Financial Facilities for Exporters and Export-related Domestic Business Operators

EXIM Thailand's financial services are available both in terms of short-term loans to meet working capital needs and medium- and long-term loans to finance new investment projects, expansion or improvement of export-oriented businesses and those that either earn or save foreign exchange. The Bank also provides guarantee services through various types of export-related letters of guarantee to counterparties of exporters, for instance, guarantee for payment of public utility bills, guarantee for payment of import duty on raw materials for export-oriented production, revolving guarantee for import duty payment, etc. These guarantee services help enhance liquidity for exporters in their business operations.

Apart from encouraging entrepreneurs to increase their production capacity, EXIM Thailand in 2013 expanded its role in supporting and promoting domestic investment projects that contribute to the country's economic development. The Bank extended, for example, credits for service expansion or improvement for Thai logistics providers, merchant marine operators, and freight forwarders, credit for investment in energy and alternative energy projects, and support for import of capital goods, machinery and production technology for the development and efficiency improvement of Thai exports.

### Domestic Credit Facility Performance

Unit : Million Baht

Items	Working Capital Loan		Loan for Capacity Expansion		Merchant Marine Financing		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
• New approvals during the year	11,163	11,732	4,009	5,269	1,165	5,188	16,337	22,190
- Credit	10,703	11,039	4,009	5,269	1,165	5,188	15,877	21,496
- Guarantee	460	694	-	-	-	-	460	694
• Approvals as at year-end	92,496	94,160	24,827	24,753	9,967	9,611	127,289	128,525
- Credit	87,696	89,036	24,827	24,753	9,967	9,611	122,490	123,401
- Guarantee	4,800	5,124	-	-	-	-	4,799	5,124
• Loan outstanding as at year-end	15,312	15,187	19,567	19,455	9,288	7,309	44,167	41,951
• Guarantee obligations as at year-end							1,477	2,825
• Business turnover during the year	136,110	142,956	3,842	4,194	2,152	4,199	142,104	151,349

## Market Outlook for Domestic Credit Facilities

For 2014, competition in export credit provision is expected to intensify in line with Thai export growth prospects which benefit from the low base of export value in 2013 and such supporting factors as global economic recovery, baht weakening, improving trend of agricultural output and prices, the upcoming AEC which would stimulate regional trade, multinational companies' continued reliance on Thailand as their major production and export base, and the government's export stimulus program. However, there are



certain risk factors that require close monitoring, some of which are increasing signs of relocation of production bases to neighboring countries, increased adoption of non-tariff measures (NTMs), eruption of international conflicts, and cuts of tax privileges by developed countries against products from developing countries.

Credit facilities for domestic investment in 2014 are likely to be affected by domestic investment climate in the face of several challenges that could dampen growth. Public sector investment, which was instrumental in propelling private investment expansion in the past, may be disrupted due to internal political problems, including infrastructure development and water management projects which were earlier expected to help boost private sector confidence significantly, especially in the form of foreign direct investment (FDI) which is normally sensitive to political uncertainties. Some foreign investors may delay their investment projects in the short run until they are more certain of the political situation. Furthermore, the increase in minimum labor wage, labor shortage in the manufacturing sector, and cuts of privileges by developed countries remain major hindrances to domestic investment.

## Financial Facilities for Thai Investors' Direct Investment Abroad

EXIM Thailand's services to support Thai investors' direct investment abroad are available in the form of short- and long-term loans and letters of guarantee as well as financial facilities for those pursuing service contracts abroad in the areas of construction, building face-lift, machinery maintenance and modification, technical consulting, etc. The letter of guarantee service covers various stages of project development ranging from bidding to project completion, for example, bid bond, advance payment guarantee, retention bond, performance bond, etc. The Bank may either issue letters of guarantee directly to foreign employers or counter-guarantee partner banks.

In 2013, the Bank continued to provide both financial and non-financial services to promote overseas investment projects undertaken by Thai business operators. However, some investment projects were suspended due to certain adverse economic factors and internal political situation. As a result, additional credit amounts totaling approximately 8 billion US dollars were granted to investment projects and service contracts in Maldives, Lao PDR, the U.S.A. and Cambodia covering a broad range of industries, i.e. transportation and communication, construction, public utilities, services and industrial goods. As the approved credit facilities mostly went to large-scale projects overseas, which normally require longer time to negotiate or fulfill conditions precedent and involve various administrative procedures in the host country, loan drawdowns were delayed, resulting in investors' failure to utilize the loans approved within 2013. Thus, only 1,753 million baht of the total newly approved credit lines was utilized. As for non-financial services, the Bank prepared in-depth analysis of target industries and countries for dissemination among exporters and investors to help boost their competitiveness in the overseas markets.

## Overseas Credit Facility Performance

Unit : Million Baht

Items	Facilities for Overseas Projects		
	2013	2012	2011
• New approvals during the year	1,753	6,988	7,806
- Credit for overseas projects	1,406	6,979	6,406
- Credit for banks overseas	-	-	-
- Guarantee	347	9	1,400
• Approvals as at year-end	35,205	40,968	38,623
- Credit	30,976	36,880	34,163
- Guarantee	4,229	4,087	4,460
• Loan outstanding as at year-end	23,360	24,725	25,120
• Guarantee obligations as at year-end	1,663	1,537	1,829
• Business turnover during the year	3,359	1,888	7,896

## Market Outlook for Credit Facilities Overseas

There is a trend among Thai investors towards production base relocation to the neighboring countries in ASEAN, in search of new markets, especially the CLMV where there are continual economic growth prospects. The manufacturing relocation or expansion can be regarded as a strategy to maintain competitiveness as Thai entrepreneurs are increasingly pressured by several restrictions at home, such as tight labor supply in certain sectors, government policy of minimum wage increase, cuts of trade privileges against some products, natural disasters which occur frequently, and the government's promotion of Thai investment abroad. Coupled with the gradual relaxation of restrictions to cross-border investment flows in this region which will facilitate Thai investors' investment abroad, credit demand for business investment and expansion abroad is expected to increase, attracting Thai and foreign commercial banks to offer credit facilities to these investors even more. In such a competitive environment, however, credit facilities may concentrate mainly on business operators having high potentials or projects with good risk management.



## Insurance Performance

To support Thai exporters and investors in hedging risks that may arise from their export and overseas investment activities, EXIM Thailand has developed various types of export credit insurance and investment insurance facilities to meet customers' diverse requirements according to the nature of their business, including short-, medium- and long-term export credit insurance, and investment insurance.

### Short-term Export Credit Insurance

This facility is aimed at protecting exporters from risk of payment default by buyers. The service is available for exporters offering payment terms of no more than 180 days to buyers under the terms of Letter of Credit (L/C), Documents against Payment (D/P), Documents against Acceptance (D/A) and/or Open Account (O/A). For exporters facing payment defaults by buyers or issuing banks, caused by either commercial or political risks, EXIM Thailand will indemnify them for loss incurred based on the type of risk and service at the maximum rate of 90% of loss realized. Currently, the Bank provides coverage over all kinds of goods exported to buyers in 211 countries in seven continents.

Export credit insurance service serves as an essential risk management tool in boosting Thai exporters' confidence and increasing business opportunities which will thereby help broaden their customer base. Such benefit is achievable as the Bank assists exporters in assessing their buyers' credit worthiness and indemnify them in the case of payment default by their insured foreign buyers. Since the launch of export credit insurance service in 1995, the Bank has indemnified 157 exporters in a claim payment totaling 494 million baht. In addition, export credit insurance provides exporters with greater access to financing sources to boost their liquidity as exporters can assign their rights to insurance claims as collateral for their borrowings from EXIM Thailand or other financial institutions. This will help enhance exporters' competitiveness and in turn contribute to the country's sustainable export growth.

Aside from export credit insurance, the Bank also renders a buyer/bank risk assessment service to help exporters analyze creditworthiness of their overseas buyers or L/C issuing banks. Exporters can use this information as a basis for decision making in relation to business initialization and determination of payment or credit terms that suit their buyers' needs.

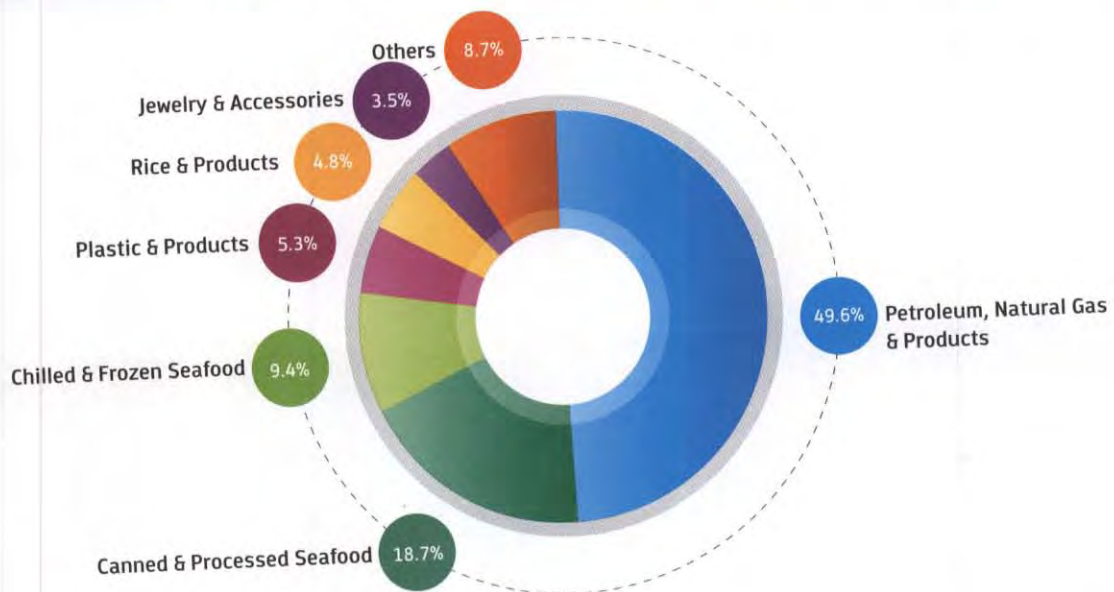
The year 2013 was a sluggish year for Thai exports owing to the economic slowdown or uncertainties in major trade partners like the U.S.A., Europe, and China which experienced decelerating growth. Thai export was also hit by shrimp early mortality syndrome (EMS) which resulted in the falling export value. As a result, the Bank's short-term export credit insurance failed to meet its target in 2013. However, as a government's financial mechanism, the Bank strived to support Thai exporters, particularly small and medium enterprises (SMEs) through various means. Besides credit and export credit insurance facilities, it provided training workshops to SME exporters to enhance their commercial risk awareness and acquaint them with risk hedging methodologies. These training programs also aim to help exporters to successfully penetrate new markets while mitigating their buyers' default risks.

## Operating Results

### Insurance Turnover and Premium Income

In 2013, the Bank approved export credit insurance facilities covering foreign buyers in 79 countries with an insured export turnover of 129,402 million baht and a total premium of 154 million baht. Petroleum, natural gas and products occupied the largest share of insurance turnover, followed by canned & processed seafood and chilled & frozen seafood, respectively.

Short-term Export Credit Insurance Classified by Product in 2013



Turnover of Short-term Export Credit Insurance and Claim Value in 2013 Compared with 2012

Unit : Million Baht

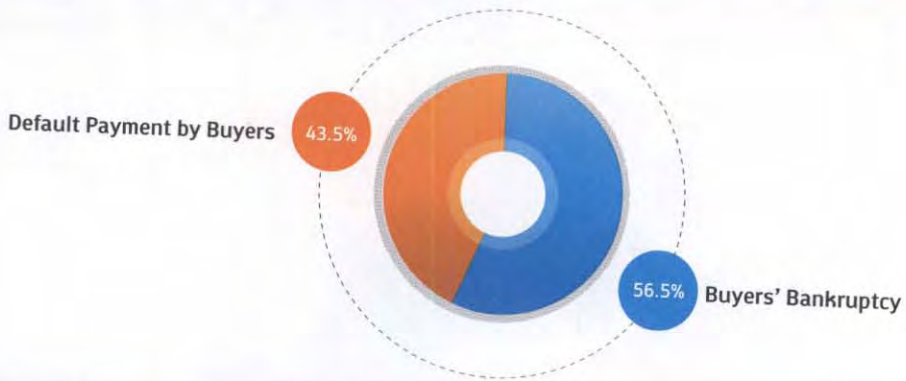
Items	2013	2012	Change (%)
Turnover	129,402	135,073	-4.2
Premium income	154	190	-18.9
Claim value	12	26	-53.8



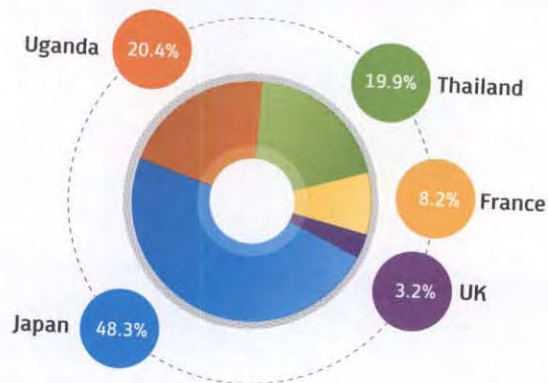
## Claim Value

In 2013, the Bank paid claims under short-term export credit insurance to exporters totaling 12 million baht. Major cause of claims was buyers' bankruptcy. The largest portion of claims came from buyers in Japan.

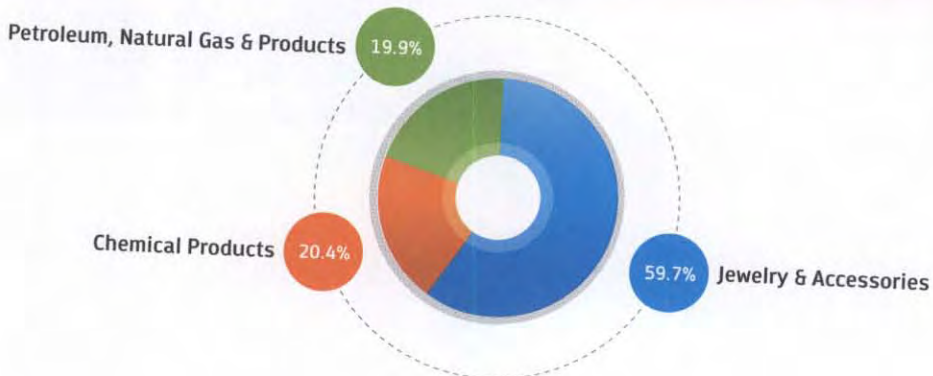
### Claim Value Classified by Cause of Claim in 2013



### Claim Value Classified by Buyer's Country in 2013



### Claim Value Classified by Product in 2013



## Market Outlook for Short-term Export Credit Insurance

For 2014, the short-term export credit insurance market is expected to expand in line with the recovering economy of such major importers as the U.S.A. and the EU, which in turn will trigger an increase in purchase orders of Thai products. Meanwhile, competition among international insurance agencies to win greater shares in the Thai export credit insurance market by offering favorable premium rates and insurance conditions will likely intensify as they are increasingly aware of Thailand's growth potential and prospects in this area.

## Medium- and Long-term Export Credit Insurance

This facility provides Thai exporters and financial institutions located in Thailand with insurance coverage against risk of payment default for exported goods with payment or contract term exceeding 180 days but no longer than 5 years or for the export of Thai services with payment or contract term no longer than 5 years. The insured, i.e. exporters or their lending financial institutions, will be indemnified for non-payment under the contract caused by commercial and political risks, up to the maximum rate of 90% of loss realized. The insurance covers loss arising during the production period, credit period and retention period.

## Operating results

In 2013, five exporters applied for the Bank's medium- and long-term export credit insurance, mainly exporting such capital goods as machinery, and the key market of which was Myanmar.

## Market Outlook for Medium- and Long-term Export Credit Insurance

From 2013 onwards, demand for export credit insurance is anticipated to increase gearing up for the ASEAN Economic Community (AEC) in 2015. The trade growth prospects of neighboring countries will push up demand for capital goods, such as machinery and equipment, as well as construction contractor service for infrastructure development like cement plant, steel mill, waste water treatment plant, etc. As most of them are government projects carrying longer payment term, especially those in the CLMV, i.e. Cambodia, Lao PDR, Myanmar and Vietnam, information available for analysis is still lacking, and there are considerable uncertainties in trade regulations. Most export credit agencies (ECAs) are thus in the early stage of exploring business opportunities of the medium- and long-term insurance market in this region. As a state-owned ECA, the Bank has direct responsibility to spearhead the effort to help Thai entrepreneurs to penetrate these markets. However, difficulties remained in seeking reinsurers, although the prospects of securing ones are expected to improve over time.



## Investment Insurance

This service provides insurance coverage against loss relating to the insured investments arising from political risks caused by imposition of policies, rules and regulations or any action taken by the host government, including any political disruption that adversely affect the investments and repayment ability of the insured. The Bank provides both equity insurance and loan insurance with the maximum coverage of 90% of loss realized.

### Operating Results

In 2013, three Thai investors were interested in applying for the Bank's investment insurance service. These projects involved investments in public utilities, travelling and hospitality industries in Myanmar.

### Market Outlook for Investment Insurance

Thai investments in 2014 are likely to concentrate on the CLMV to take advantage of the relatively low operating costs as well as privileges derived from the AEC integration and the Generalized Systems of Preferences (GSP) adopted by the EU and the U.S.A. Currently, an increasing number of Thai investors are expanding their business into Myanmar. These investors are medium- to large-scaled enterprises entering joint ventures with local businessmen or leveraging on close relationship with local authorities in winning bids for investment projects. Political risks in the CLMV, especially in Myanmar, which remain high, also offer opportunities for the Bank to promote investment insurance service among Thai investors. Since foreign public/private insurers have yet to actively render this service in the CLMV markets, the Bank will have to take on an even more proactive role in helping hedge such risks for Thai investors.

Meanwhile, with prevailing concern among foreign public/private insurers over the risk environment in these countries, no reinsurance service is yet available for EXIM Thailand, especially for projects in Myanmar. As a result, the Bank has to bear the entire risks of and is somewhat restrained in expanding its investment insurance service. Moreover, EXIM Thailand Act stipulates that only projects that obtain financing from the Bank are eligible to take advantage of the Bank's investment insurance service. Therefore, for many Thai investors with overseas investment potentials who engage in large-scaled projects and prefer to rely on their own equity rather than bank borrowings, they are practically not eligible to secure the Bank's insurance service. However, with a wait-and-see approach adopted by foreign public/private insurers, the Bank is presented with opportunities to establish its presence and provide the service in the markets ahead of other insurers.

# Operating Results and Financial Position

In view of the Bank's overall financial performance in 2013, EXIM Thailand was able to maintain its profit level and asset management efficiency according to set targets. However, its assets, particularly loans, grew only slightly from the previous year due to global economic uncertainties which hampered the Thai export sector's growth. Agricultural product price slump, year-round baht volatility, and hikes in production costs all played a part in hindering Thai exporters, particularly small enterprises, which are the Bank's main customers, hence affecting the Bank's asset and credit expansion targets.

## Statements of Income for 2013

Unit : Million Baht

Items	2013	2012	Change	
			Increase (Decrease)	%
Interest revenue	3,230	3,250	(20)	(0.6)
Interest expenses	1,033	1,165	(132)	(11.3)
Net interest income	2,197	2,085	112	5.4
Non-interest revenue	963	1,599	(636)	(39.8)
Non-interest expenses	671	916	(245)	(26.7)
Bad debts, doubtful accounts & impairment loss	1,186	1,668	(482)	(28.9)
Net profit	1,303	1,100	203	18.5

The Bank posted a net profit of 1,303 million baht in 2013, increasing by 203 million baht or 18.5% compared with 1,100 million baht in 2012. The profit growth was driven by net interest income of 2,197 million baht, a 112 million baht or 5.4% increase year on year thanks to a reduction in interest expenses resulting from better funding cost management. Non-interest expenses also dropped by 245 million baht or 26.7% to account for 671 million baht, due mainly to a decrease in allowance for impairment of properties foreclosed from the foregoing year. The Bank set aside provision for bad debts, doubtful accounts and impairment loss totaling 1,186 million baht, down by 482 million baht or 28.9% as compared with 2012 when a larger amount was provided to accommodate debt restructuring of large-scale customers. Non-interest revenue amounted to 963 million baht, dropping by 636 million baht or 39.8% from a year earlier which recorded a portion of income from debt restructuring of large-scale customers.



## Balance Sheet as at December 31, 2013

Unit : Million Baht

Items	2013	2012	Change	
			Increase (Decrease)	%
Total assets	75,716	74,522	1,194	1.6
Interbank and money market items	5,002	5,089	(87)	(1.7)
Net investments	4,078	3,722	356	9.6
Loans	67,527	66,676	851	1.3
Allowance for doubtful accounts	3,664	3,207	457	14.3
Revaluation allowance for debt restructuring	1,093	920	173	18.8
Net properties foreclosed	833	875	(42)	(4.8)
Other assets	3,033	2,287	746	32.6
Total liabilities	58,624	58,355	269	0.5
Deposits	5,727	7,103	(1,376)	(19.4)
Interbank and money market items	11,737	7,573	4,164	55.0
Debt issued and borrowings	39,388	42,294	(2,906)	(6.9)
Other liabilities	1,772	1,385	387	27.9
Shareholders' equity	17,092	16,167	925	5.7

### Assets

As at December 31, 2013, the Bank's total assets were 75,716 million baht, growing by 1,194 million baht or 1.6% from year-end 2012 of 74,522 million baht. Of the total assets, 67,527 million baht or 89.2% was loans. Details are as follows:

- Loans** As at December 31, 2013, outstanding loans amounted to 67,527 million baht, increasing year on year by 851 million baht or 1.3% from 66,676 million baht at year-end 2012 despite loan drawdown of 17,174 million baht during the year. Factors affecting the growth of outstanding loans included prepayment of large-scale customers in the last quarter, global economic circumstances, and slowing Thai export.

- Non-performing loans (NPLs)** As at end-2013, the Bank's non-performing loans (NPLs) accounted for 2,942 million baht or 4.4% of total loans, rising by 940 million baht. The rise in NPLs was attributed mainly to one delinquent large-scale customer in the agricultural sector. However, during the year, the Bank was able to correct debts and bring down the NPLs by 810 million baht, hence a net increase in NPLs by 130 million baht from 2,812 million baht at the end of 2012.

- **Allowance for doubtful accounts and revaluation allowance for debt restructuring**

As at December 31, 2013, allowance for doubtful accounts and revaluation allowance for debt restructuring amounted to 4,757 million baht, representing 161.7% of NPLs, or a net increase by 630 million baht from 4,127 million baht at the end of 2012, representing 146.8% of NPLs.

- **Net properties foreclosed**

As at end-2013, net properties foreclosed decreased by 42 million baht or 4.8% to 833 million baht due to disposal of a major item of properties foreclosed.

## Liabilities

As at year-end 2013, the Bank's total liabilities stood at 58,624 million baht, up by 269 million baht or 0.5% from 58,355 million baht at the end of 2012. Net interbank and money market items moved up by 4,164 million baht or 55% and other liabilities by 387 million baht or 27.9%. Borrowings decreased by 2,906 million baht or 6.9% and deposits by 1,376 million baht or 19.4%.

## Shareholders' Equity

The Bank's shareholders' equity totaled 17,092 million baht as at year-end 2013, growing by 925 million baht or 5.7% compared with 16,167 million baht as at year-end 2012. In 2013, the Bank recorded a net profit of 1,303 million baht, with remittance to the Ministry of Finance of 386 million baht.

## Key Financial Ratios

Unit : Percent

Financial Ratios	2013	2012	Change
Return on Assets (ROA)	1.7	1.5	0.2
Return on Equity (ROE)	7.8	7.0	0.8
Net Interest Margin (NIM)	2.9	2.8	0.1
Cost to Income Ratio	21.2	24.9	(3.7)
Capital Adequacy Ratio (CAR)	21.4	21.1	0.3

- **Return on Assets (ROA) and Return on Equity (ROE)**

With a net profit growth of 18.5% in 2013, ROA at the end of 2013 was 1.7%, up 0.2%, and ROE 7.8%, up 0.8%, from the previous year.

- **Net Interest Margin (NIM)**

As at the end of 2013, NIM moved up to 2.9% from the foregoing year as a result of a growth in net interest income due to better loan structure and funding cost management.

- **Cost to Income Ratio**

At the end of 2013, cost to income ratio was 21.2%, down by 3.7% from 2012, as a consequence of better operating cost control.



• **Capital Adequacy Ratio (CAR)** The Bank's capital adequacy ratio (CAR) was 21.4%, well above the minimum criteria of 8% stipulated in the Ministerial Regulation 1995 (B.E. 2538) regarding the Maintaining of Capital Funds of EXIM Thailand, and its CAR under Basel II was 17.8%, higher than the minimum criteria of 8.5% set by the Bank of Thailand.

## Borrowings Structure Classified by Type and Source

Unit : Million Baht

Domestic Source	2013		2012		2011	
	Government Guaranteed	Non Guaranteed	Government Guaranteed	Non Guaranteed	Government Guaranteed	Non Guaranteed
Bonds	-	-	-	-	-	-
Bills of exchange	-	-	-	-	-	51
Promissory notes	-	8,375	-	12,575	-	15,643
Others	-	4	-	7	-	10
<b>Total debt issued and borrowings</b>	<b>-</b>	<b>8,379</b>	<b>-</b>	<b>12,582</b>	<b>-</b>	<b>15,704</b>

Foreign Source	2013		2012		2011	
	Government Guaranteed	Non Guaranteed	Government Guaranteed	Non Guaranteed	Government Guaranteed	Non Guaranteed
Bonds	-	31,009	-	29,713	-	27,571
Bills of exchange	-	-	-	-	-	-
Promissory notes	-	-	-	-	-	-
Others	-	-	-	-	-	-
<b>Total debt issued and borrowings</b>	<b>-</b>	<b>31,009</b>	<b>-</b>	<b>29,713</b>	<b>-</b>	<b>27,571</b>

As at year-end 2013, domestic and foreign borrowings totaled 39,388 million baht, consisting of 8,379 million baht from domestic sources and 31,009 million baht from overseas. Meanwhile, at the end of 2012 and 2011, the Bank recorded total borrowings of 42,295 million baht and 43,275 million baht, comprising domestic borrowings of 12,582 million baht and 15,704 million baht, respectively, and overseas borrowings of 29,713 million baht and 27,571 million baht, respectively. All borrowings were not guaranteed by the government and excluded interbank and money market items.

# Organizational Management

## Human Resources Management

The Bank's human resources policy in 2013 focused on building management capabilities and putting in place Human Resources Information System (HRIS) initiated in 2012 and completed in 2013. This aims at fulfilling data-related requirements for efficient management and decision-making based on advanced IT system. Under the vision of promoting Thai entrepreneurs engaging in international trade and investment, both at home and overseas, particularly in the ASEAN Economic Community (AEC), the Bank attempts to foster satisfaction and engagement of its personnel who are the key resource to drive the Bank to successful operations.

In preparing its personnel to work toward the Bank's strategic goal in response to the above vision, at the policy, operational unit and individual levels, the Bank has incorporated its vision, strategies and policies with the results of training need analysis and competency review, in managing and ensuring an effective competency development and assessment system. In 2013, the Bank encouraged its employees to share their knowledge and experience gained from both within and outside the organization, at home and overseas, as well as within and across functional lines. Employees were selected to receive training scholarships from foreign governments. Interested external agencies were also welcome to pay study visits to the Bank where they learned about the Bank's performance management and personnel development systems.

In addition, the Bank places importance on the maintaining and transfer of knowledge, special talents and experiences from employees having undergone training programs, study visits and from retiring employees. A searchable and well-categorized database has been developed for ease of reference and to facilitate further use. This helps streamline work procedures and provides hands-on solutions to problems based on guidelines derived from experienced staff. Expansion of such database has been made consistently.

To establish the Bank as a sustainable organization, the Top Management gives priority to personnel participation by applying employees' opinions and suggestions obtained from employee satisfaction and engagement survey, meetings of the Employee Relations Committee and the Occupational Safety, Health and Environment Committee, as guidelines in the review and improvement of employee welfare, compensation and workplace environment.

The Top Management's consistent communication and dissemination of the Bank's core values reflected its commitment to promoting staff members' adherence to the core values, aiming to build corporate spirit and develop common work procedures with focus on cooperation and teamwork, as well as quality performance in line with the Bank's core values: "Responsibility, Service Excellence, Broad-mindedness, Dedication to National Development, Integrity and Unity."



## Information Technology Management

Information technology (IT) management is instrumental to the realization of the Bank's targets under its Enterprise and Business Plans and the improvement of the information and communication technology (ICT) system that will enable the Bank to respond to its business needs more effectively. In 2013, the Bank carried on, from the previous year, its ICT infrastructure development, and initiated development of new work systems to enhance the Bank's competitiveness by implementing the following projects:

### 1. Customer Service

- **Core Banking** The Bank has consistently reviewed and captured user requirements and technical requirements of the new core banking system in replacement of the existing one with an aim to respond to new product and service development, and enhance customer service more effectively. In 2013, the Bank procured a new system accommodating such main products as trade finance, loan and deposit, expected to be implemented by 2014. Its export credit insurance system development-phase 1 was also completed and the system is currently in operation.

- **IT application development** The Bank developed various internal IT support systems. The systems developed and now in operation include e-Guarantee system, Customer Due Diligence (CDD) Gateway, Human Resources Information System (HRIS) to support human resources management, planning and development activities, and Risk Management Tool for Reporting (RMTR) to facilitate risk analysis, data processing and reporting transactions. The General Ledger (GL) System is a new core banking system which can replace the current system in order to enhance efficiency in business operation and management as well as improve customer satisfaction.

### 2. Internal Management

- **Database system** The Bank installed a new database management system to ensure systematic data storing, effective data management and tightened data security. The database system is considered a preparation step for the new core banking system roll-out in replacement of the current one.

- **Information security** The Bank developed work procedure framework to ensure IT data security compliance with ISO 27001 starting from the Data Center so as to promote system and data security management in line with international standards.

- **Computer equipment** IT systems were expanded from the previous year to support the Bank's information system, IT infrastructure and core banking systems.

- **Communications** The Bank adopted a unified communication (UC) system to improve its communication capability between branches and Head Office or staff on duty outside the Bank, by using web conference, voice over internet protocol (VoIP), and IP phone technologies.

- **Risk management** The Bank adopted sound operational practices such as Control Objectives for Information and Related Technology (COBIT) framework, and project management system, and applied them in various projects to ensure plan alignment by taking into account relevant risk factors so that overall IT management will be effective and efficient.

- **IT governance (ITG)** The Bank applied the following ITG guidelines to enhance the effectiveness and efficiency of its IT management:

- Control Objectives for Information and Related Technology (COBIT) framework
- ISO/IEC 27001: 2005 (Information Security Management System: ISMS)
- Information Technology Infrastructure Library (ITIL)

## Risk Management

### Overview

Having realized the important role of risk management to the Bank's successful business operations, the Board of Directors has incorporated risk management as part of its strategic plans for organizational development. Emphasis is placed particularly on the integration of corporate governance, risk management and compliance according to the Governance, Risk and Compliance (GRC) principles. This is to enable the Board to efficiently supervise the organization and give advice to the executives so that they could confidently comply with relevant rules and regulations. The Bank has put in place a systematic risk management process, focusing on the accuracy of risk identification and organizing its business process in such a way that ensures compliance with relevant requirements and effective internal control at a reasonable operating cost. IT-aided systems are employed to enhance operation efficiency and ensure accurate, proper and timely communication to all parties concerns. The aim is to achieve the established business objectives and goals by taking into account sound risk management, stakeholders' expectation and value creation.

EXIM Thailand divided risks into six categories: 1) strategic risk, 2) credit risk, 3) market risk, 4) liquidity risk, 5) operational risk, and 6) reputational risk.

### Risk Management Principles

EXIM Thailand's risk management principles and guidelines consist of:

#### 1. Identification of Risk Management Framework

The Bank's risk management framework covers risk management approach and process which serve as guidelines for operation and improvement of organizational environment that leads to the incorporation of risk management as part of organizational culture. The framework is reviewed on a yearly basis to ensure its alignment with changing environment.



## 2. Determination of Systematic Risk Management Process

This process consists of :

- **Risk identification** which is an analysis to identify risks, root causes, internal and external risk factors that hinder achievement of strategic goals.

- **Assessment of inherent risk and residual risk** which is conducted based on the likelihood and impact of risks.

- **Risk response** which is performed based primarily on the severity of risks in order to control and mitigate risks to an acceptable level and to be in line with the Bank's risk management policy and strategy by taking into account the outcome and returns from the exercise.

- **Risk monitoring and reporting** which is performed systematically and constantly to prevent and control damage in a timely manner.

## 3. Identification of Key Risk Indicators and Acceptable Risk Level

The Bank has identified key risk indicators (KRIs), an acceptable level of risks (risk appetite) and an acceptable level of variation of risks (risk tolerance) for each type of risks as guidelines for monitoring and controlling these risks to an acceptable level.

## 4. Accountability for Risk Management of Related Business Units

The Bank recognizes that the Board of Directors and all employees, from the Management to staff members, are individually responsible for managing risks, whether risks arising within their own unit or those associated with other units. Therefore, the Bank undertakes to communicate and enhance knowledge and understanding of risk management principles and procedures among all staff members bank-wide.

## 5. Incorporation of Risk Management as Part of Organizational Culture

The Bank strives to achieve the ultimate goal of incorporating risk management process as part of its day-to-day operations and as organizational culture. In 2013, risk management training program was integrated into the training roadmap to reinforce risk awareness and provide guidance for development of risk management capabilities of the Bank's employees and executives. Training courses were made available to all levels of staff members to enable them to develop their knowledge base in risk management procedure and enhance their risk prevention and mitigation skills with the ultimate goal of incorporating risk management process as part of day-to-day operations and organizational culture.

## Risk Management Structure

The Bank has set up an organizational structure that is conducive to proper adoption of the risk management framework and process, as follows:

### Board Level

#### Board of Directors

Perform the duty of approving risk management strategy and policy as well as overseeing risk management undertaken by the designated committees and Top Management.

#### Board of Executive Directors

Fulfill duties in relation to risk management that is in line with the Bank's operations as assigned by the Board of Directors.

#### Audit Committee

Assess and oversee performance of the Risk Management Committee as assigned by the Board of Directors.

#### Corporate Governance and Social Responsibility Committee

Propose a policy pertaining to regulations and guidelines on corporate governance and corporate social responsibility to the Board of Directors; ensure that the Top Management's operation is in compliance with the corporate governance policy and guideline; and promote continued participation of the Board of Directors, Top Management and employees in corporate governance and corporate social responsibility activities.

### Management Level

#### Management Committee

Propose to the Board of Directors the Bank's vision and mission, the five-year Enterprise Plan and the one-year Business Plan; brainstorm ideas to improve the Business Plan to be in line with the changing circumstances and risk factors; monitor and report to the Board of Directors the results of risk management according to risk categories defined in the Business Plan.

#### Asset and Liability Management Committee (ALCO)

Formulate liquidity and market risk management strategies in compliance with the Bank's policy; manage asset and liability structure, mitigate liquidity and market risks to an acceptable level; and manage investment portfolios according to the investment policy and limits approved by the Board of Directors.



### **Corporate Credit Committee and SME Credit Committee**

Manage, control and monitor credit risks associated with non-delinquent debtors under the credit risk management framework approved by the Board of Directors.

### **Debt Restructuring Committee**

Manage, control and monitor credit risks associated with overdue customers according to the credit risk management framework approved by the Board of Directors.

### **Risk Management Committee**

Scrutinize risk management policy framework and strategies, risk management tools, an acceptable level of risks, risk management plans and performance measurement against such plans, as well as operating system, IT system and other supporting systems associated with risk management that are used for risk identification, risk assessment, risk monitoring and reporting, and efficient control of risks to an acceptable level.

### **Corporate Governance and Social Responsibility Subcommittee**

Propose guidelines and action plans pertaining to corporate governance and corporate social responsibility; as well as monitor and ensure that related operations are in compliance with the corporate governance and corporate social responsibility plans assigned by the Corporate Governance and Social Responsibility Committee.

## **Risk Management by Risk Categories as Defined by EXIM Thailand**

### **1. Strategic Risk**

Strategic risk is defined as risk arising from the formulation and implementation of strategic and action plans that are improper or irrelevant in relation to internal and external environments, which may have an impact on revenues, capital funds, business target achievement, and the Bank as a going concern.

#### **Strategic Risk Management in 2013**

In 2013, the Board of Directors approved a review of risk assessment plan in line with the annual business plan, risk map, and portfolio view of risk in accordance with the Bank of Thailand (BOT)'s guidelines and those on the State Enterprise Performance Appraisal (SEPA). The Board also approved the Governance, Risk and Compliance (GRC) policy, corporate risk management framework (covering all risk categories) and strategies, strategic risk management tools, key risk indicators (KRIs), risk appetite and risk tolerance. The key tool for strategic risk management is Risk Management Tool for Reporting (RMTR) which enables the Bank to acquire risk management information in a timely manner. The Risk Management Committee followed up the Bank's overall compliance with risk management policy, action plan and KRIs, and reported the result to the Board of Directors on a quarterly basis. In 2013, the Bank's strategic risk management met the criteria set out with the risk being contained at an acceptable level.

## 2. Credit Risk

Credit risk refers to risk associated with failure by a counterparty or borrower to make debt repayments or to adhere to the agreement on debt repayments, which may cause the credit rating of the Bank to be downgraded, thus potentially affecting the Bank's capital funds and earnings.

### Credit Risk Management in 2013

The Bank places importance on credit risk management, focusing on small and medium enterprises (SMEs) customers and those engaging in trade and investment in the ASEAN Economic Community (AEC) in accordance with the Bank's mission and the government policy. Emphasis is also given to provision of knowledge on foreign exchange risk management to businesses involving in international trade transactions. In 2013, the Board of Directors approved a review of the credit policy. The Credit Committee took charge of monitoring and ensuring that credit risk management was in compliance with the credit policy in place, while the Risk Management Committee was responsible for the approval of criteria relating to credit provision and credit analysis guideline, as well as monitoring of credit risk management. Key tools for credit risk management included credit rating system to support credit underwriting consideration, report on credit utilization of customers to lessen possibility of non-performing loans (NPLs), credit review, review of credit line/export credit insurance line/debt restructuring, etc. From the stress test of loan portfolios and short-term export credit insurance under various circumstances and the stress test under the business plan, the Bank's capital adequacy in 2013 was higher than the minimum capital adequacy ratio stipulated by the Ministerial Regulation and the Bank of Thailand. As regards overall performance, the Bank's credit risk management met the criteria set out for 2013 resulting in an acceptable level of credit risk.

## 3. Market Risk

Market risk refers to risk associated with movements of interest rates, foreign exchange rates and prices of instruments in the money and capital markets, which adversely affect the Bank's earnings and capital funds.

### Market Risk Management in 2013

In 2013, the Board of Directors approved a review of market risk management policy and trading book policy. Meanwhile, the Risk Management Committee approved a review of minimum requirements on client treatment for the undertaking of derivatives transactions guideline and worked with the Asset and Liability Management Committee (ALCO) in monitoring market risk to ensure compliance with the policy in place. Major tools, classified by source of market risk, used by the Bank to manage market risk are as follows:



- **Interest rate risk** which is managed with such tools as Maturity Gap Analysis on the assets and liabilities, Interest Rate Sensitivity Analysis that evaluates impact of interest movements on net interest income (NII) of the Bank in the next one year and on the Bank's capital funds (Economic Value of Equities (EVE)), etc.

- **Foreign exchange (FX) rate risk** which is managed by using the criteria of the end-of-day FX position, both in individual currency and in aggregate currencies, determination of Stop Loss Level for proprietary FX trading of all currencies, and tools for gauging maximum potential loss from foreign exchange rate risk, etc.

- **Price risk** which is managed by way of investing in financial instruments that are highly liquid, having low risk and receiving at least Investment Grade rating. All investment portfolios are considered under the supervision of the Asset and Liability Management Committee (ALCO) to ensure that the investment is within limits and complies with investment criteria approved by the Board of Directors.

From the stress test exercise involving market risk in trading book and interest rate risk in banking book, the impact of such risks on the Bank was significantly low against the capital funds, which was in line with the criteria of the Bank of Thailand. The overall result of market risk management in 2013 was satisfactory with risk management criteria being met and market risks remaining at an acceptable level.

## 4. Liquidity Risk

Liquidity risk refers to risk incurred from the Bank's inability to repay debts or obligations upon due dates as a consequence of its failure to convert assets into cash or to procure sufficient funds. In certain cases, however, the Bank could acquire adequate funds, but merely at a high cost within a limited time period, which could affect the Bank's earnings and capital funds both at present and in future.

### Liquidity Risk Management in 2013

In 2013, the Board of Directors approved a review of liquidity risk management policy and the Board of Executive Directors approved the fund raising framework. The Asset and Liability Management Committee (ALCO) took charge of formulating liquidity risk management strategy in alignment with the policy in place and managing the asset/liability structure and liquidity risk at an acceptable level. The Risk Management Committee approved a review of a contingency plan to accommodate liquidity risk in both normal and critical situations. Major liquidity risk management tools consisted of risk limits to maintain liquid assets, management of liquidity positions with available contingent sources to meet the stressed outflows, etc. From the liquidity stress test, there was no material impact on the Bank. Therefore, liquidity risk management met the criteria set out for 2013 with liquidity risk being contained at an acceptable level.

## 5. Operational Risk

Operational risk refers to risk associated with internal operation process, human resources and business practices or external incidents that adversely affect the Bank's operating income and capital funds, including legal risk. Operational risk has an impact on other risk categories, especially strategic risk and reputational risk.

### Operational Risk Management in 2013

In 2013, the Board of Directors approved a review of operational risk management policy and policy & procedure regarding Business Continuity Management (BCM). The Audit Committee approved a review of the internal control handbook and the Risk Management Committee gave approval to the revised Control Self-Assessment (CSA) framework. Key tools to manage operational risk included loss data and near-miss data reports and reports on compliance with applicable laws and with the Regulation on Employees Ethical Conduct. All departments were required to review and update their operation handbooks and ensure an appropriate segregation of duties. The Bank's operational risk management met the criteria set out for 2013 resulting in an acceptable level of risk.

## 6. Reputational Risk

Reputational risk is defined as risk resulting from negative perception or lack of confidence in the Bank by the general public, including customers, counterparties, investors and regulators, which could thereby affect the Bank's income and/or capital funds at present and in future. Reputational risk could also arise from an act that is inconsistent with ethical conduct, public expectation or business service standard, or from a breach of the agreed terms and conditions or from an unfriendly customer service.

### Reputational Risk Management in 2013

In 2013, the Bank's Board of Directors approved the corporate risk management framework (covering reputational risk management). The Management Committee monitored and reported the result of compliant reports by external parties, individual or juristic, in relation to the Bank's overall services and service quality to the Audit Committee on a quarterly basis, while the Risk Management Committee performed monthly follow-up of the reputational risk management. Major tools employed by the Bank included key risk indicators (KRIs), customer satisfaction surveys, improvement of complaint management process and suggestion/complaint form for external persons, individual or juristic, in relation to the Bank's overall service provision and service quality, through the Bank's e-mail and website and other channels of state agencies to facilitate follow-up and further improvement of the Bank's operations and services, tracking of news and information about the Bank via external media on a timely basis and sufficiently covering all communication channels, and keeping abreast of changes/updates on regulatory rules relevant to the Bank, etc. In 2013, the result of reputational risk management met the criteria set out with the risk being at an acceptable level.



## EXIM Thailand under the Ministerial Regulations

The Bank has fulfilled the minimum capital requirement against risk assets of no less than 8 percent and the minimum capital requirement against contingent liabilities under insurance of no less than 20 percent. Details of capital adequacy under the ministerial regulations are presented in Notes to the Financial Statements.

## Internal Control and Audit

### Internal Control

The Board of Directors places a high degree of importance on internal control by emphasizing the adequacy and soundness of its internal control system. This is to reasonably ensure that the Bank will achieve its operational goals effectively and efficiently while maintaining the reliability of financial reports and other reports and complying with relevant laws and regulations. The Audit Committee has been entrusted with the duty and responsibility of reviewing the efficiency and effectiveness of the internal control, corporate governance control and risk management control processes and reporting its supervisory results to the Board of Directors on a regular basis.

The Bank carried out its operations in accordance with the Business Plan to ensure it has in place the generally accepted internal control system, for example:

- Determination of clear and measurable operating targets and guidelines for operational efficiency.
- Establishment of a sound control structure in all work units and clear segregation of duties to reinforce check and balance and cross check among work units.
- Having in place the code of ethical conduct and the regulation pertaining to conflict of interest prevention disseminated for acknowledgment and adoption by employees organization-wide to encourage them to behave in a moral and ethical way and perform duties in an honest and transparent manner.
- Arrangement of training programs to enhance skills and knowledge of employees at all levels to improve work efficiency and reduce errors.
- Having in place manuals on internal control system, information system and operational systems for all work units which are reviewed regularly to enhance understanding and ensure compliance with relevant rules and regulations.
- Having in place guidelines for handling of complaints so as to ensure adequate and appropriate mitigation of operational risks.
- Ensuring all work units conduct control self-assessment and prepare internal control improvement plan on a yearly basis to make certain that the internal control system is in conformity with the State Audit Commission's Regulation on Internal Control Standards, 2001 (B.E. 2544).
- Having in place Office of Risk Management, Office of Compliance, and Office of Internal Audit to support the monitoring, control and follow-up of the Bank's operations to ensure that the Bank's internal controls are sound and adequate to hedge against risks incurred and in line with relevant rules, laws and regulatory criteria, etc.

## Internal Audit

The Board of Directors designated Office of Internal Audit, which reports directly to the Audit Committee, to oversee and assess the efficiency and effectiveness of the Bank's internal control, corporate governance, risk management, and operational processes and report its performance to the Board as well as giving fair and independent views or suggestions. This aims to enhance the Bank's operational efficiency to achieve the targets set forth.

In performing its audit duty, the Office of Internal Audit adopts the risk-based approach in line with the International Standards for the Professional Practice of Internal Auditing and follows the guidelines under the Regulation of Ministry of Finance regarding the Audit Committee and Internal Audit Department of State Enterprise 2012 (B.E. 2555) and the Audit Committee Manual for State Enterprises 2012. Activities performed in 2013 included preparation of internal audit charter, 3-year internal audit plan, and annual internal audit plan; performance of duties in a prudent and professional manner in accordance with the internal auditor's code of ethics, provision of independent and fair report and suggestions; self-assessment and assessment by other internal work units to continuously improve the quality of the Bank's internal audit activities, etc.



# Corporate Governance

Export-Import Bank of Thailand (EXIM Thailand) recognizes the importance of corporate governance (CG) and is committed to pursuing the Ministry of Finance (MOF)'s Principles and Guidelines on Good Governance for State-owned Enterprises 2009 (B.E. 2552), guidelines set out under the State Enterprise Performance Appraisal (SEPA) system, and international corporate governance standards.

In 2013, the Board of Directors reviewed and approved the Corporate Governance Policy Statement for use as guideline in promoting the adoption of corporate governance principles among the Board members, the Management and staff members of EXIM Thailand. The Board also assigned the Corporate Governance and Social Responsibility Committee to propose for the Board's consideration EXIM Thailand's policy and guidelines on corporate governance and social responsibility. The Committee was also entrusted to monitor the adoption of corporate governance policy at the corporate level as well as encourage corporate-wide participation in corporate governance and social responsibility promotional activities on a continual basis. The Board also emphasized the importance of efficient communication and enhancement of knowledge on EXIM Thailand's corporate governance principles and practice among the general public through EXIM Thailand's website and bankwide through EXIM Thailand intranet.

## Corporate Governance Policy Statement

EXIM Thailand's Corporate Governance Policy Statement was reviewed in 2013 to include principles and guidelines in conformity with international standards and those of the MOF, and to ensure that the Board of Directors, the Management and all employees embrace and comply with the following seven internationally-accepted principles of corporate governance:

1. Accountability
2. Responsibility to perform duty with sufficient capability and competence
3. Just and equitable treatment to all stakeholders
4. Transparency through examinable operation and transparent disclosure of information
5. Value creation in the short and long terms
6. Promotion and development of business ethics
7. Stakeholders' participation in voicing opinions on business operations that could have an impact on different groups of stakeholders

Under the above corporate governance framework, the Bank has based its corporate governance policy on the six key guidelines of the MOF including 1) state implementation as the owner, 2) rights of the owner/shareholder, 3) accountability of the Board of Directors, 4) roles towards the stakeholders, 5) information disclosure and transparency, and 6) code of ethics and conduct.

## Corporate Governance Goal, Strategies and Action Plan

To enable the Bank to achieve its corporate governance (CG) goal, “To embrace the EXIM CG Policy and implement it on a continuous and corporate-wide basis,” in 2013, the Board of Directors outlined the CG strategies and action plan, and ensured the implementation thereof to promote good governance in both routine and other activities of the Bank. Details are as follows:

### **Strategy 1: Encourage the translation of the EXIM CG policy into practice on a continuous basis organization-wide**

- Review and improve policy, manual, guidelines and principles embodying governance, risk management, internal audit and control, and compliance.
- Organize a special lecture on “Ethics of State Officials” for the Board members, Management and staff.
- Provide CG knowledge to new staff under the “Forging EXIM Thailand Bonds” staff orientation program.
- Report significant performance under the CG plan including risk management, internal audit and control, and compliance on a regular basis.

### **Strategy 2: Communicate and enhance knowledge and understanding of EXIM CG among the Board of Directors, the Management and staff members**

- Disseminate CG information through inhouse newsletter, intranet and internet.
- Encourage the Board members to attend training courses organized by the Thai Institute of Directors Association (IOD).

### **Strategy 3: Foster coordination within and outside the Bank in regard to EXIM CG promotion activities**

- Participate in activities and exchange CG information with external agencies, such as other specialized financial institutions, Office of the National Anti-Corruption Commission, Anti-Money Laundering Office, and Office of the Civil Service Commission.

## Board of Directors

### Composition and Structure

The Export-Import Bank of Thailand Act, 1993 (B.E. 2536) sets out the structure of EXIM Thailand’s Board of Directors as follows:

**1. Ex-officio board members** consisting of six representatives of state agencies concerned, namely, Director-General of the Fiscal Policy Office, Ministry of Finance; Director-General of the Department of Foreign Trade, Ministry of Commerce; Director-General of the Office of Industrial Economics, Ministry of Industry; Secretary-General of the Office of Agricultural Economics, Ministry of Agriculture and Cooperatives; Director-General of the Department of International Economic Affairs, Ministry of Foreign Affairs; Deputy Governor of the Bank of Thailand (BOT) as assigned by the BOT Governor, and EXIM Thailand’s President also serving as director, making up seven ex-officio board members.



**2. Other directors** comprising not more than five persons appointed by Finance Minister with the consent of the Cabinet, of which at least three must be qualified members from the private sector. The term of office is three years and a reappointment is allowed for not more than two consecutive terms.

## Qualifications of the Board of Directors

**Leadership** The Board of Directors plays a vital role in determining vision, direction, mission and strategic plans of the Bank, as well as in overseeing and monitoring business administration of the Management on a regular basis. In performing such tasks, the Board of Directors takes into consideration business risks and stakeholders' interest to ensure that the Bank's targets and objectives are achieved.

In 2013, the Board of Directors took part in the preparation of the Bank's Enterprise Plan (2014-2018) and Business Plan 2014 and the review of Action Plan 2013 within the framework of the Bank's Enterprise Plan (2013-2017) and Business Plan 2013. Rendering opinions that were beneficial to the Bank's operations, the Board of Directors stressed the enhancement of the Bank's role to promote exports, imports and investment, both domestic and overseas, and to better fulfill government policies particularly concerning the promotion of small and medium enterprises (SMEs) under the corporate governance and social responsibility frameworks.

To ensure accomplishment of the business targets, the Management was assigned to regularly report to the Board of Directors on a monthly, quarterly, or annual basis the actual performance against the predetermined key performance indicators (KPIs) targets, in both financial and non-financial terms. Emphasis was placed for the Management to report and analyze impediments to the achievement of KPI targets and identify corrective measures.

**Independence** The Board of Directors consists of ex-officio directors and other directors who are competent and have the freedom of expressing their opinions and using their own discretion within the purview of their duty and authority for the benefit of the Bank and its stakeholders. The Bank has defined its "Independent Director," based on the good governance principles enunciated by the Ministry of Finance (MOF), as a person who

1. is "other director" who is a competent professional appointed by the Finance Minister with the Cabinet's consent and is not "ex-officio director" as stipulated in the Export-Import Bank of Thailand Act, 1993 (B.E. 2536);
2. is independent from the Management and the regulators of the Bank;
3. has no business relationship with EXIM Thailand in such a way that may compromise independent judgment of the director;
4. is not an employee, staff member or consultant receiving regular salary from the Bank; and
5. is neither a related party nor a close relative of any of the members of the Bank's Top Management.

The independent directors are to certify their independence upon being appointed and on a yearly basis. In 2013, two independent directors meetings were convened, in June and December, respectively. The results of the meetings were informed to the Board of Directors, and the Management was instructed to take actions, where appropriate, in accordance with the independent directors' recommendations.

## Roles, Duties and Responsibilities of the Board of Directors

The roles, duties and responsibilities of the Board of Directors under the Export-Import Bank of Thailand Act, 1993 (B.E. 2536) are as follows:

1. To determine vision and important policies, oversee the Bank's governance, as well as assume accountability for business performance of the Bank and the Management.
2. To review and approve the Bank's Enterprise Plan, Business Plan and budget, and ensure that the Management complies with the plans on a regular basis.
3. To stipulate rules pertaining to personnel management, finance, accounting, procurement, and other activities.
4. To evaluate Top Management's performance, and administer their compensation program.
5. To oversee the accounting system, financial reports and account audits, and ensure that they are reliable and meet international standards so as to maintain confidence of all stakeholders.
6. To make sure an effective internal control and appropriate risk management system is in place.
7. To institute preventive measures against conflicts of interest among stakeholders.
8. To ensure the Bank's operations are in conformity with the corporate governance and corporate social responsibility principles.
9. To refrain from assuming membership of the Bank's procurement committee.

## Committees Appointed by the Board of Directors

### 1. Board of Executive Directors

**Structure** Pursuant to the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), the Board of Directors has the power to form the Board of Executive Directors. The Board of Executive Directors shall be composed of the President and at least two, but not more than four, members of the Board of Directors. Not over half of the Board of Executive Directors shall come from ex-officio directors, with one of the members other than the President serving as Chairman of the Board of Executive Directors.

**Roles, Duties and Responsibilities** The Board of Executive Directors has the duty to approve credits and equity participation in projects at home and abroad, export credit and investment insurance facilities, debt restructuring and debt correction, and procurement budgets; to manage human resources; and to perform any other tasks as assigned by the Board of Directors.

### 2. Audit Committee

**Structure** Pursuant to the Bank's Rules on the Audit Committee, 2002 (B.E. 2545), the Audit Committee shall be composed of at least three, but not exceeding five directors, and at least one of whom must have accounting or finance knowledge. The Audit Committee members shall have tenure of three years, but not exceeding the term of their directorship. The Audit Committee member whose term has expired may be reappointed.

#### Roles, Duties and Responsibilities

1. To ensure that the Bank's financial reports are accurate, complete, adequate and reliable.
2. To ensure that the Bank's internal control system is appropriate and efficient.
3. To ensure that the Bank complies with relevant laws and regulations.
4. To ensure that no conflict of interest is incurred.
5. To report the Bank's operating results in terms of efficiency and effectiveness.



6. To prepare and submit an Audit Committee's corporate governance report to the Board of Directors at least quarterly and prepare an Audit Committee report, duly signed by the Audit Committee Chairman, for publishing in the annual report of the Bank.

7. To perform other duties as assigned by the Board of Directors.

### 3. Compensation Committee

**Structure** The Compensation Committee is composed of three directors.

**Roles, Duties and Responsibilities** The Compensation Committee has the duty to set the remuneration for the Top Management at executive vice president level and above (except for the President's starting remuneration under the employment contract which is determined by the President Compensation Subcommittee according to the Standard Qualifications for State Enterprise Board Members and Staff Act, 1975 (B.E. 2518)), and to consider the policy and guidelines on annual remuneration payment to the Top Management that fits with the accepted standard and the performance of the individual top executives for final approval by the Board of Directors thereafter.

### 4. Corporate Governance and Social Responsibility Committee

**Structure** The Corporate Governance and Social Responsibility Committee is composed of at least three directors.

#### Roles, Duties and Responsibilities

1. To propose to the Board of Directors a policy on principles and guidelines in relation to corporate governance and corporate social responsibility (CSR).

2. To follow up and ensure that the Bank complies with the corporate governance policy and guideline and achieves corporate governance and CSR action plans.

3. To encourage the Board of Directors, Management and employees to engage actively in the Bank's corporate governance and CSR activities.

4. To appoint a working committee to assist in corporate governance and CSR programs as deemed fit.

5. To perform other duties assigned by the Board of Directors in relation to corporate governance and CSR.

## Self-assessment and Competency Development of the Board of Directors

The Board of Directors conducts, on a yearly basis, two types of performance self-assessment: individual assessment and group assessment.

The results of both individual and group assessments in 2013 were excellent. The assessment results were used as a basis for continuous improvement of the Board's governance efficiency.

On directors' competency enhancement, EXIM Thailand organized an Introduction Program to provide new directors with essential knowledge and information on their role as EXIM Thailand's directors, including touring of internal work units. Different teams of the Bank's specialists were also assigned to make

presentations to individual directors on specific topics of interest, such as internal and external economic conditions having impacts on EXIM Thailand operations, merchant marine promotion and the State Enterprise Performance Appraisal (SEPA), etc. Furthermore, the Bank encouraged directors to undertake training courses offered by various institutions, e.g. Thai Institute of Directors (IOD).

## Meetings and Remuneration of the Board of Directors

### Meetings of the Board of Directors and Board Committees

The Board of Directors regularly holds a meeting at least once a month. The Chairman gives importance to a well-balanced allocation of time for presentation and discussion on critical issues and encourages all Board members to fully engage in sharing their opinions on the issue discussed. All Board members are welcome to propose any agenda for consideration at the Board meeting.

The Management places an emphasis on the preparation of meeting documents to ensure their suitability in both format and content as well as adequacy of information to support decision-making. The documents are delivered to the Board members well ahead of the meeting date so that the directors have sufficient time to review key issues before the meeting.

In 2013, 12 Board of Directors meetings, 14 Board of Executive Directors meetings, five Audit Committee meetings, five Compensation Committee meetings, and four Corporate Governance and Social Responsibility Committee meetings were convened. Details of the meetings held and attendance of each member are shown in the tables on pages 88-89.

### Remuneration of the Board of Directors and Other Board Committees

#### Board of Directors

Remuneration of the Board of Directors consists of 1) monthly remuneration, 2) meeting allowance, and 3) bonus. The Board members are entitled to monthly remuneration and meeting allowance in accordance with Letter No. KorKhor 0803.2/Wor.85 dated August 6, 2013 regarding Remuneration and Meeting Allowance for State Enterprise Directors, taking effect pursuant to the Cabinet's resolution from August 1, 2013 onwards. Hence, the Bank's Board of Directors is entitled to remuneration based on the regulations set out by the Ministry of Finance (MOF) as follows:

**1. Monthly remuneration** Monthly remuneration at a rate of 20,000 baht is provided for Chairman and 10,000 baht for each Director. In 2013, the Board members received monthly remuneration for 5 months starting from August 1, 2013 (August-December 2013), totaling 650,000 baht.

**2. Meeting allowance** Monthly meeting allowance is provided based on attendance at a rate of 12,500 baht for Chairman and 10,000 baht for each Director. In 2013, twelve meetings were convened, with total meeting allowance entitlements of 1,370,000 baht.

**3. Bonus** Bonus is calculated based on the Guideline on Remuneration for State Enterprise Board of Directors taking into consideration annual net profit, duration of directorship, meeting attendance, and results of the Bank's performance appraisal for the year of bonus calculation according to the MOU on State Enterprise Performance Evaluation between EXIM Thailand and the MOF. The total bonus calculated from the Bank's performance in 2012 was 1,251,184.48 baht, whilst the 2013 total bonus is pending the appraisal of the Bank's performance by the MOF under the aforementioned agreement.



## Audit Committee

The Audit Committee receives remuneration on a fixed-rate monthly basis, at a rate of 12,500 baht for Chairman and 10,000 baht for each committee member. Remuneration for the month of membership that does not cover a full-month period is calculated on a daily pro-rata basis. In 2013, five meetings were convened, with total remuneration of 384,193.55 baht.

## Other Board Committees

Monthly meeting allowance is paid based on attendance, at a rate of 12,500 baht for Chairman and 10,000 baht for each director. However, from January 1-July 31, 2013, directors appointed to sit on more than one committees received meeting allowance for only one of such committees, and not more than once per month, as well as only for the month they attend the meeting (according to the MOF's Letter No. Korkhor 0805/Wor.56 dated June 30, 2004 regarding Clarification on Adjustment of State Enterprise Directors' Allowance). From August 1-December 31, 2013, directors appointed to sit on more than one committees would receive meeting allowance aggregately for not more than two of such committees, and not more than once for each of such committees per month, as well as only for the month they attend the meeting (according to the MOF's Letter No. Korkhor 0803.2/Wor.85 dated August 6, 2013 regarding Remuneration and Meeting Allowance for State Enterprise Directors). In 2013, the aggregate amount of meeting allowances for the Board of Executive Directors, the Compensation Committee and the Corporate Governance and Social Responsibility Committee was 572,500 baht, 152,500 baht and 90,000 baht, respectively. Details are as follows:

### Meeting Attendance, Monthly Remuneration and Meeting Allowance of Board of Directors in 2013

Unit : Baht

Directors	Term in office until end of 2013	Monthly Remuneration Total 5 months (Aug - Dec 13)	Meeting Allowance					Total
			Board of Directors	Board of Executive Directors <sup>2</sup>	Audit Committee	Compensation Committee	Corporate Governance and Social Responsibility Committee	
			Total 12 meetings (No. of meetings attended) <sup>1</sup>	Total 14 meetings (No. of meetings attended) <sup>1</sup>	Total 5 meetings (No. of meetings attended) <sup>1</sup>	Total 5 meetings (No. of meetings attended) <sup>1</sup>	Total 4 meetings (No. of meetings attended) <sup>1</sup>	
1. Mr. Prasong Poontaneeat (Chairman)	Nov. 22, 11- Dec. 31, 13	100,000	150,000 (12/12)	-	-	-	-	250,000
2. Deputy Director-General, Fiscal Policy Office, Ministry of Finance (for Mr. Somchai Sujjapongse, Director-General)								
- Miss Banthornchome Kaewsara-ard	Oct. 1, 12- Mar. 25, 13	-	20,000 (2/2)	-	-	10,000 (1/1)	-	30,000
- Mr. Ekniti Nitithanprapas, Ph.D.	Mar. 26, 13- Dec. 31, 13	50,000	80,000 (8/10)	90,000 (9/11)	-	-	-	220,000

Directors	Term in office until end of 2013	Monthly Remuneration	Meeting Allowance					Total
			Board of Directors	Board of Executive Directors <sup>2</sup>	Audit Committee	Compensation Committee	Corporate Governance and Social Responsibility Committee	
			Total 12 meetings (No. of meetings attended) <sup>1</sup>	Total 14 meetings (No. of meetings attended) <sup>1</sup>	Total 5 meetings (No. of meetings attended) <sup>1</sup>	Total 5 meetings (No. of meetings attended) <sup>1</sup>	Total 4 meetings (No. of meetings attended) <sup>1</sup>	
<b>3. Director-General, Department of Foreign Trade, Ministry of Commerce</b>								
- Mrs. Pranee Siriphand	Oct. 1, 12- Sep. 30, 13	20,000	90,000 (9/9)	-	90,000 (3/4)	-	-	200,000
- Mr. Surasak Riangkrul	Oct. 1, 13- Dec. 31, 13	30,000	30,000 (3/3)	-	20,000 (0/1)	-	-	80,000
<b>4. Director-General, Office of Industrial Economics, Ministry of Industry</b>								
- Mr. Nattapon Nattasomboon	Oct. 2, 12- Feb. 27, 13	-	20,000 (2/2)	10,000 (1/2)	-	-	-	30,000
- Mr. Hathai Uthai	Mar. 1, 13- Apr. 22, 13	-	10,000 (1/1)	-	-	-	-	10,000
- Mr. Somchai Hamhirun, Ph.D.	Apr. 23, 13- Dec. 31, 13	50,000	90,000 (9/9)	-	20,000 (1/1)	-	37,500 (3/3)	197,500
<b>5. Secretary General of Office of Agricultural Economics, Ministry of Agriculture and Cooperatives</b>								
- Mr. Apichart Jongskul	Oct. 5, 07- Sep. 30, 13	20,000	90,000 (9/9)	-	112,500 (4/4)	-	-	222,500
- Mr. Anan Lila	Oct. 1, 13- Dec. 31, 13	30,000	20,000 (2/3)	-	20,000 (1/1)	-	-	70,000
<b>6. Director-General, Department of International Economic Affairs, Ministry of Foreign Affairs</b>								
Mr. Chutintorn Gongsakdi	Oct. 1, 12- Dec. 31, 13	50,000	120,000 (12/12)	-	-	40,000 (4/5)	-	210,000
<b>7. Deputy Governor, Bank of Thailand</b>								
Mrs. Tongurai Limpiti	Sep. 2, 12- Dec. 31, 13	50,000	100,000 (10/12)	-	121,693.55 (5/5)	-	-	271,693.55
<b>8. Mr. Khemchai Chutiwongse</b>								
	Dec. 21, 11- Dec. 31, 13	50,000	120,000 (12/12)	137,500 (12/14)	-	-	-	307,500
<b>9. Professor Voradej Chandarasorn, Ph.D.</b>								
	Nov. 22, 11- Dec. 31, 13	50,000	90,000 (9/12)	95,000 (11/14)	-	62,500 (5/5)	-	297,500
<b>10. Mr. Surachai Danaitangtrakul</b>								
	Nov. 22, 11- Dec. 31, 13	50,000	100,000 (10/12)	120,000 (14/14)	-	-	-	270,000
<b>11. Mr. Wirun Katprakob</b>								
	Dec. 4, 12- Dec. 31, 13	50,000	120,000 (12/12)	-	-	40,000 (4/4)	32,500*	242,500
<b>12. Mr. Kanit Sukonthaman (Director and Secretary)</b>								
	Oct. 7, 10- Dec. 31, 13	50,000	120,000 (12/12)	120,000 (14/14)	-	-	20,000**	310,000
<b>Total</b>		<b>650,000</b>	<b>1,370,000</b>	<b>572,500</b>	<b>384,193.55</b>	<b>162,500</b>	<b>90,000</b>	<b>3,219,193.55</b>

Remarks : <sup>1</sup> No. of meetings attended/No. of meetings convened during the term in office.

<sup>2</sup> For a total of 14 meetings of the Board of Executive Committee, each member received meeting allowance once a month, totaling 12 times. Mr. Khemchai Chutiwongse served as Chairman for 12 meetings and Prof. Voradej Chandarasorn served as Chairman for 2 meetings.

\* Mr. Wirun Katprakob received meeting allowance of 12,500 baht in his capacity as Chairman of the meeting in March 2013, and received meeting allowance as member of the Compensation Committee in June 2013, hence he was not entitled to meeting allowance as member of the Corporate Governance and Social Responsibility Committee in the same month.

\*\* Mr. Kanit Sukonthaman received meeting allowance as member of the Board of Executive Committee in March and June 2013, totaling two times, so he was not entitled to meeting allowance for both months as member of the Corporate Governance and Social Responsibility Committee.



## Remuneration of Top Management

Remuneration of the top management includes salary and bonus. Senior Executive Vice Presidents and Executive Vice Presidents receive 2-month bonus annually, the same as that for staff members. The President is entitled to remuneration as prescribed in the employment contract. Remuneration of the Bank's top management in 2011-2013 is tabulated below:

Unit : Baht

Year	Total Remuneration
2011	22,352,882.95
2012	23,073,024.80
2013	25,163,939.40

## Financial Reports and Management Reports

The Board of Directors reports its accountability in relation to corporate governance performance in the Bank's annual report and financial statements, and also reports the Bank's annual operating results, statements of financial position and statements of income, duly certified by the Office of the Auditor General, which is the Bank's auditor, to the Finance Minister before submission to the cabinet and the parliament for acknowledgement on a yearly basis. The Board of Directors has entrusted the Audit Committee with the duty of reviewing the financial reports before submission for the Board's acknowledgement on a quarterly basis. In addition to the financial reports and the audit reports, the Management regularly prepares management reports on matters such as a risk report and a performance report according to the MOU on State Enterprise Performance Evaluation and the Business Plan, and submits them to the Board of Directors as a basis for regular analysis of the Bank's performance.

## Auditor's Compensation

EXIM Thailand has appointed Office of the Auditor General of Thailand as its auditor according to the Export-Import Bank of Thailand Act, 1993 (B.E. 2536). Compensation paid in light of annual auditing in 2013 was 1,100,000 baht and other compensation of 119,000 baht.

## Information Disclosure and Transparency

The Board of Directors is duty-bound to disclose both financial and non-financial information of the Bank, be it disclosure of information, financial reports and management reports, or internal control and audit reports. The information so disclosed must be precise, complete, up-to-date and reliable. Abiding by the Official Information Act, 1997 (B.E. 2540), the Bank disseminates its news and information, and provides an information service area for the general public and its stakeholders to gain access to the Bank's information through various channels on a complete, adequate and equitable basis.

The Bank's regular information disclosure channels are as follows:

- Annual report: Available in Thai and English versions, both in printed and CD-ROM forms as well as online via the Bank's website, to customers, investors, partners and interested persons.
- EXIM E-NEWS: A monthly newsletter sent by e-mail to over 10,000 subscribers, comprising customers, business operators, members of the Federation of Thai Industries, the Thai Chamber of Commerce, Board of Trade of Thailand, and other interested persons. The newsletter features the Bank's news and activities updates, research articles on international trade and investment opportunities, particularly in the CLMV (Cambodia, Lao PDR, Myanmar and Vietnam) and the AEC 2015, as well as tips for doing international business with an aim to enhance the competitiveness of Thai exporters and investors in the global markets.
- EXIM Thailand's website at [www.exim.go.th](http://www.exim.go.th)
- Press release, press conference and photo release
- Links with the state enterprise information system of the State Enterprise Policy Office and the Fiscal Policy Office under the Ministry of Finance

The Bank has consistently provided full cooperation in disclosing information to the Office of the Auditor General and the Bank of Thailand to enable all stakeholders to understand its roles, duties and determination to perform its duty with integrity, transparency and adherence to good governance principles.

## Report on Compliance with the Official Information Act, 1997 (B.E. 2540) in 2013

As a state enterprise under the Ministry of Finance's supervision, EXIM Thailand is duty-bound to make its information available publicly in conformity with the Official Information Act, 1997 (B.E. 2540). In giving the public access to its information, EXIM Thailand has adhered to the provisions under such act consistently. In 2013, EXIM Thailand took the following actions:

1. The Bank took relevant actions as stated in its Regulation on Confidential Information, 2013 (B.E. 2556) to ensure that its confidential information is managed efficiently and in line with Section 16 and Section 26 of the Official Information Act, 1997 (B.E. 2540). Certain provisions of the Act are related to the restriction of rights and liberty of a person in connection with access to official information as allowed by Section 56 and Section 29 of the Constitution of the Kingdom of Thailand, 2007 (B.E. 2550).
2. According to Section 7 and Section 9 of the Official Information Act, 1997 (B.E. 2540), the Bank set aside an information service area on 18<sup>th</sup> Floor of EXIM Building, in the office space of Public Relations Division, Office of Top Management, where public relations staff are available to facilitate data search. Moreover, the Bank disseminated information on its website, [www.exim.go.th](http://www.exim.go.th), to enable public access to its information without having to visit the information service area.
3. The Bank has up-to-date information available at the information service area and on its website on a regular basis according to the requirement of the Official Information Act, 1997 (B.E. 2540). Besides, the Bank's website is designed to enable easy navigation and data search, with easily noticeable banners to allow quick contact with relevant Bank units or access to important information such as Bid Invitation, Customer Service Center, EXIM Phone Banking, Feedback/Complaint, etc.
4. The Bank has up-to-date data available on the government agency database website, known as GINFO, and also has the GINFO banner posted on its own webpage on a consistent basis.



## Roles of EXIM Thailand towards Stakeholders

The Board of Directors recognizes the rights of all stakeholders and is committed to protecting the interest of its stakeholders, consisting of:

**Ministry of Finance** The Bank seeks to utilize its financial products/services and knowledge base to fulfill the government's policy to enhance Thai exporters and investors' capabilities by concentrating on operational efficiency without incurring financial burden on the government.

**Investors, creditors, representatives of creditors** The Bank seeks to build confidence among investors, creditors and representatives of creditors in its financial soundness and strict compliance with all contractual obligations.

**Trade partners and counterparties** The Bank seeks to deliver services of international standards, put in place a standardized business process and sound risk management system, and fulfill all mutually-agreed commitments.

### Community and society

- **Exporters, importers and investors, both at home and abroad** The Bank seeks to provide knowledge and advice to Thai exporters, importers and investors to reinforce their competitiveness in international markets.

- **Social welfare agencies** The Bank seeks to provide support and benefits to the community, society, and agencies contributing to social and public welfare.

## Complaint Channels

Stakeholders are encouraged to voice their opinion or complaint through the following channels:

1. Telephone: 0 2271 3700 extension 1155
2. Letter addressed to EXIM Thailand's President  
Address: 1193 EXIM Building, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok 10400
3. Website: [www.exim.go.th](http://www.exim.go.th)
4. E-mail: [customercare@exim.go.th](mailto:customercare@exim.go.th)
5. Related agencies such as Government Complaint Center under the Prime Minister's Office and the Bank of Thailand, etc.

When the Bank receives a viewpoint or complaint through the above channels, the stakeholder will be contacted by a Bank officer handling complaints to enquire and investigate the matter immediately, and find satisfactory solutions. Improvement or corrective measures will be identified and executed by departments involved to ensure both short- and long-term solutions and to prevent the recurrence of such incident.

Apart from immediate reports on complaints to the President and other departments, the President also receives monthly complaint reports which will be forwarded to the Office of Risk Management and the Marketing Strategy Working Committee for acknowledgement or for further improvement. Such reports will also be presented to the Management Committee and the Audit Committee for acknowledgement on a quarterly basis.

## Code of Ethics and Conduct

The Board of Directors has established and disseminated the code of ethics and conduct as a guideline for acknowledgement and adoption by the Board members, the Management and all employees in order to meet the expectations of the Bank and its stakeholders. The Bank has set out practical guidelines under the code of ethics and conduct, which was divided into two categories:

**1. Directors' Code of Ethics** The Bank's directors are to abide by the Code of Ethics for State Enterprise Directors set out by the Ministry of Finance.

**2. Executives and Employees' Ethical Conduct** The Bank formulated its Regulation on Employees Ethical Conduct in 2008 and consistently reviewed the Regulation in compliance with the Constitution of the Kingdom of Thailand, 2007 (B.E. 2550). The latest review was conducted in 2012 according to the recommendations of the Office of the Ombudsman.

The Regulation on Employees Ethical Conduct, 2012 (B.E. 2555) stipulated that the Top Management and all employees have to abide by the Bank's code of ethical conduct by adhering to the principles of integrity, morality and ethics. The Regulation consists of five parts: 1) ethical conduct toward the Bank, 2) ethical conduct toward customers, 3) ethical conduct toward co-workers, 4) ethical conduct toward oneself and the society, and 5) ethical conduct toward commercial competitors.

For the Top Management, there are three extra parts mandatory and applicable to them: 1) ethical conduct toward the owner, 2) ethical conduct toward the Bank's employees, and 3) ethical conduct toward the society.

The directors and Top Management are required to demonstrate their adherence to the established code of ethics and conduct by setting an example for the employees to follow suit and encourage them to adopt the Bank's code of ethics and conduct in their daily operation with an aim to engender a desirable ethical organizational culture.

## Conflict of Interest

The Board of Directors laid down a policy to prohibit any of the directors, executives and employees, as a result of their position in the Bank, from seeking improper personal benefits for themselves and their related parties. In 2013, the Bank implemented the Regulation pertaining to Conflict of Interest Prevention, 2012 (B.E. 2555), requiring all executive officers and staff members to endorse the Regulation and to report the fact where they, in performing a duty, have received any assets and benefits or been involved in any conflict of interest, to the supervisory person(s) as specified in the Regulation.

By the resolution of the Board of Directors' meeting no. 8/2006 on July 20, 2006, a guideline on lending or investing in businesses involving a conflict of interest was established, based on the regulations of the Bank of Thailand. Under such guideline, a director or authorized person shall not be allowed to participate in any meeting and vote on a resolution for credit approval or investment in a business where he/she himself/herself or his/her related party is of benefit. Any lending or investment decision involving related benefits shall not receive any privileges or special conditions other than those granted under normal circumstances.



The Board of Directors' meeting no. 14/2010 on November 25, 2010 approved the "Report on Conflict of Interest and Related Party Transaction of EXIM Thailand Directors" form, which is based on the Report on the Conflict of Interest and Related Party Transaction of directors of the Thai Listed Companies Association, and gave consent that the directors are required to duly complete such form. Accordingly, the Board of Directors has on an annual basis undertaken to disclose information pertaining to their shareholding or directorship or senior management position held in other entities in such form. The Board is also required to certify yearly that they hold directorship in not more than three state enterprises pursuant to the Standard Qualifications for State Enterprise Board Members and Staff Act, 1975 (B.E. 2518), to ensure transparency in line with good corporate governance practices.

In 2013, no related party transaction, credit approval or investment in a business took place where the Bank's director, management or staff was of benefit or had conflict of interest.

### Lists of State Enterprises and Companies in which the Bank's Directors Served as Directors or Senior Executives

Directors			State Enterprise or Company in Which the Bank's Director Served as Director or Senior Executive	
Name		Position	Name of State Enterprise/Company	Position
1. Mr. Prasong	Poontaneat	Chairman	Bangchak Petroleum Public Company Limited	Director
2. Mr. Ekniti	Nitithanprapas, Ph.D.	Director	-	-
3. Mr. Surasak	Riangkrul	Director	1. Thailand Cane and Sugar Corporation Limited 2. TOT Public Company Limited 3. International Rubber Consortium Limited	Director Director Director
4. Mr. Somchai	Harnhirun, Ph.D.	Director	-	-
5. Mr. Anan	Lila	Director	Dairy Farming Promotion Organization of Thailand	Director
6. Mr. Chutintorn	Gongsakdi	Director	-	-
7. Mrs. Tongurai	Limpiti	Director	-	-
8. Mr. Khemchai	Chutiwongse	Director	1. Sukhumvit Asset Management Company Limited 2. Electronic Government Agency	Director Director
9. Professor Voradej	Chandarasorn, Ph.D.	Director	-	-
10. Mr. Surachai	Danaitangtrakul	Director	1. KTB Leasing Company Limited 2. Asia Wealth Securities Company Limited	Director Director and Chairman of Audit Committee
11. Mr. Wirun	Katprakob	Director	-	-
12. Mr. Kanit	Sukonthaman	Director	-	-

As of December 31, 2013



- **Information on material securities (shares) held by directors and related to EXIM**

**Thailand in the fiscal year 2013:** None of these transactions occurred in the fiscal year 2013.

- **Connected transactions with EXIM Thailand executed by directors and their close**

**relatives:** None of these transactions occurred in the fiscal year 2013.

Remark : A connected transaction refers to a transaction agreed upon and executed by the Bank with a listed entity or public organization or private company in which the Bank owns more than 10% of shares or with a connected person to the Bank, which means any of its directors or executives and the related person of the said director or executive, as well as a company or juristic entity in which the said director or executive holds shares or has controlling power in material aspect.



# Corporate Social Responsibility

Export-Import Bank of Thailand (EXIM Thailand) was founded with the objective of “conducting business which promotes and supports exports, imports and investment for the purpose of national development.” Thus, the goal of advancing the country’s social and economic development has been imbued in the Bank’s founding principles and *raison d’être*. Being a state-owned specialized financial institution under the oversight of the Ministry of Finance, the Bank embraces its corporate social responsibility (CSR) by conducting, on a continuous basis, numerous social contribution activities such as dissemination of knowledge pertaining to international trade and investment to entrepreneurs and the general public, aids to the underprivileged or disaster victims, fostering of education, public health, religious affairs, arts and culture, and caring for and preservation of the environment.

CSR is defined as an obligation of the Bank to conduct business ethically and morally under corporate governance principles, while upholding social and environmental responsibility, so as to reach the goal of sustained development of the organization and the society at large. Fulfilling the CSR principles will enable the Bank to be a good corporate citizen.

## EXIM CSR Policy

The Board of Directors, the Management and staff members of EXIM Thailand are bound to comply with the following CSR policy:

1. Operate business by upholding good standards of corporate governance and social responsibility.
2. Integrate CSR into daily work process in respect of customer service, energy optimization, as well as personnel and internal resource management. (CSR in process)
3. Support activities for public, social and environmental benefits, including governmental or private organizations that engage in activities with social and environmental contributions. (CSR after process)
4. Encourage employees at all levels to perform duties with social responsibility awareness and take part in the Bank’s CSR activities, as well as develop staff potential, quality of life and workplace environment to enhance their work efficiency and well-being.
5. Leverage the Bank’s CSR promotion capabilities through strengthened collaboration with external public and private agencies.

## EXIM CSR Strategies

1. Focus on activities that bring benefits to and are in real need of the community and society.
2. Capitalize on the Bank’s strengths in terms of service provision, staff competence and interest to develop and promote CSR activities.
3. Encourage participation of Bank staff in CSR activities.
4. Ensure cost effectiveness, enhancement of corporate image and business sustainability.

5. Engage business and CSR allies in the promotion of CSR activities.
6. Support CSR activities in four dimensions as follows:
  - Community, society, national development (including assistance to disaster victims and the underprivileged, and enhancement of entrepreneurs' business potentials.)
  - Education, religion, art and culture.
  - Personal health, occupational health, and public health.
  - Environment and natural resources.

## CSR Goal

To maintain a balance between achieving business goals and social responsibility obligations as a good corporate citizen.

## Monitoring and Evaluation of CSR Performance

The Board of Directors outlined a CSR policy and framework and assigned the Corporate Governance and Social Responsibility Committee, which is composed of representatives of the Board of Directors, to map out plans and guidelines on CSR activities and to follow up and assess CSR performance before reporting the results thereof to the Board of Directors within the specified timeframe, as well as present a CSR report in the Bank's annual report.

## CSR Activities in 2013

### 1. "Learning to Export" Training Program for SMEs

#### 1.1 Knowledge enhancement seminar

##### Objectives

- To provide knowledge to small and medium enterprises (SMEs) in preparation for the upcoming ASEAN Economic Community (AEC) and other markets across the globe.
- To enable SMEs to learn about risks in international trade and risk hedging and management tools.



### **Performance**

Six seminar sessions were arranged in Bangkok and different regions of the country (Khon Kaen, Chiang Mai, Songkhla, and Nakhon Ratchasima) in cooperation with government agencies, such as Department of Industrial Promotion and the Bank of Thailand (regional office) and 1,223 people attended the program. According to the program evaluation, the participants viewed that they gained considerable knowledge and understanding of international trade procedure and the program was very useful particularly for entrepreneurs interested in engaging in export business.

## **1.2 Training workshop titled “SMEs: How to Export...Without Risk”–10 sessions at EXIM Building**

### **Objective**

To support the government’s policy to promote SMEs incubation and business continuity, as well as enhance existing SMEs’ sustainable growth and success.

### **Performance**

Ten monthly sessions of this training were arranged consecutively during February–November 2013 and attended by 606 people. The participants viewed that the knowledge they gained was very useful for their business operations and expressed highest level of satisfaction of the training.

## **2. Dissemination of News and Information on International Trade and Investment through Various Media**

### **2.1 EXIM E-NEWS (a monthly e-newsletter)**

The Bank made available electronically a monthly newsletter providing news and information on international trade and investment. The newsletter was delivered by e-mail to over 10,000 subscribers, consisting of the Bank’s customers, business operators, members of the Federation of Thai Industries, members of the Thai Chamber of Commerce and Board of Trade of Thailand, and interested persons. The newsletter was also posted on the Bank’s website, [www.exim.go.th](http://www.exim.go.th).

### **2.2 Dissemination of economic information on “AEC in Focus” and “Opening the World of Export Opportunities for SMEs” via the Bank’s website**

The Bank presented news and information on international trade and investment to Thai business operators and interested persons through 103 articles on its website and in business newspapers on a monthly basis.

## **3. Philanthropic Activities and Activities in Honor of H.M. the King in Collaboration with Other Public and Private Agencies**

### **Objectives**

- To strengthen cooperation with other government and private organizations on social and environmental dimensions.
- To engage in social activities for philanthropic and charitable purposes.
- To promote social awareness on the importance of, and sponsor activities to promote, the triad of Nation, Religion and Monarchy.

### **Performance**

- In 2013, on the occasion of its 19th Anniversary, the Bank, its executives and employees donated 348,990 baht to Saeng Thian Foundation of Wat Bang Sai Kai, Rajaprajanugroh Foundation under the Royal Patronage and the Children Hospital Foundation. In addition, employees and EXIM Building tenants joined the Bank's Blood Donation to Vajira Hospital campaign at EXIM Building.

- The Bank's employees made a cash donation to the Foundation for Rehabilitation and Development of Children and Family (FORDEC) by means of monthly debit of their payroll account, an ongoing project implemented since 1999. Donation boxes are also placed at EXIM Building.

- The Bank donated 3,016,519 baht to sponsor 55 projects and activities arranged for public benefits and in honor of His Majesty the King in association with other public and private agencies.

## **4. Scholarships for the Disabled at the Foundation for Support and Development of Disabled Persons, Nonthaburi Province**

### **Objectives**

- To encourage the disabled to make full use of their talents and capabilities.
- To promote and develop knowledge and abilities of the disabled so that they could earn their livings.
- To promote employees' responsibility for society and the underprivileged.

### **Performance**

The Bank granted ten 25,000-baht scholarships totaling 250,000 baht, for computer training to the disabled. After completion of the training course, the grantees were able to apply knowledge to earn their livings according to the program objectives.

## **5. Donation of Computers to "Chalerm Rajakumari" Public Library, Ratchaburi Province**

### **Objectives**

- To donate computers to enhance knowledge of members of the community and society in support of Her Royal Highness Princess Maha Chakri Sirindhorn's initiatives.

- To promote the Bank's image as a promoter of community learning and knowledge acquisition.
- To raise employees' awareness and responsibility toward the society and the underprivileged.

### **Performance**

The Bank donated three computers together with software programs for internet data searching to "Chalerm Rajakumari" Public Library, Ratchaburi Province, which have been used by approximately 100 children, youths and residents in the community per day.



## 6. Donation of vocational teaching equipment to Rajaprajanugroh 33 School, Nong Muang District, Lop Buri Province

### Objectives

- To provide students with vocational learning support, apart from compulsory education, so that they would be well prepared to earn a living after graduation according to the sufficiency economy philosophy.
- To promote the Bank's image as a promoter of community learning.
- To raise employees' awareness on responsibility toward the society and the underprivileged.

### Performance

- The Bank's executives and employees visited and participated in social activities at Rajaprajanugroh 33 School, Nong Muang District, Lop Buri Province, which was established to provide education to approximately 800 underprivileged children.
- The Bank's executives and employees joined the handover ceremony of a branch shredder and fertilizer machine to support teaching programs and vocational training in agriculture of both primary and secondary levels.

## 7. "Building Dikes, Firebreaks and Electric Fencing for Elephant Control" Project, Salakpra Wildlife Sanctuary, Kanchanaburi Province

### Objective

To provide an opportunity for the Bank's executives and staff members to participate in public welfare activities and also in ecological system rehabilitation as well as natural and environmental conservation.

### Performance

The Bank, through its Volunteer Spirit Club, Photo Club and Music Club, executives and staff members totaling 130, in collaboration with Salakpra Wildlife Sanctuary, Kanchanaburi Province, Department of National Parks, Wildlife and Plant Conservation, Royal Forest Department, organized activities for ecological system rehabilitation as well as natural and environmental preservation. These included building of dikes to confine and increase water bodies to promote forest resources conservation throughout the year; firebreaks to prevent summer wildfire and preserve the forest and wild animals; and electric fence that served as barricade to protect villagers' lives and properties from stray elephants, as well as prevent affected people from harming wild elephants.

# Report of the Audit Committee

In 2013, the Audit Committee was composed of four directors who are independent, as follows:

- |    |                       |  |
|----|-----------------------|--|
| 1. | Mrs. Tongurai Limpiti | Audit Committee Chairperson <i>(December 11, 2013 to present)</i><br>Audit Committee Member <i>(January 1-December 10, 2013)</i> |
|    | Mr. Apichart Jongskul | Audit Committee Chairman <i>(January 1-September 30, 2013)</i>   |
| 2. | Mr. Surasak Riangkrul | Audit Committee Member <i>(November 1, 2013 to present)</i>  |
|    | Mrs. Pranee Siriphand | Audit Committee Member <i>(January 1-September 30, 2013)</i>   |
| 3. | Mr. Somchai Harnhirun | Audit Committee Member <i>(November 1, 2013 to present)</i>  |
| 4. | Mr. Anan Lila         | Audit Committee Member <i>(November 1, 2013 to present)</i>  |

The Audit Committee has performed duty prudently and independently without restrictions on access to information under the scope of responsibilities assigned by the Board of Directors as stipulated in the Bank's Rules on the Audit Committee; and reported supervisory results together with recommendations to the Board of Directors on a quarterly basis.

In 2013, the Audit Committee convened five meetings and invited external auditors to participate in all of such meetings, one of which was attended by external auditors. In addition, the meetings were joined by senior executives concerned and internal auditors to take key actions as follows:

- **Financial reporting:** Reviewed the Bank's quarterly and yearly financial statements before submission to the Board of Directors, taking into account report on the financial position and operational performance, completeness of disclosure of information accompanying the financial statements, and appropriateness of accounting policy, together with the audit/review observations from the external auditors to ensure the correctness and reliability of the Bank's financial reports and disclosure of accompanying information.

- **Internal control and internal audit:** Considered the results of internal control assessment and followed up on corrective actions taken under the internal control plan in accordance with the Regulation of the State Audit Commission regarding Internal Control Standard, 2001 (B.E. 2544); approved an internal control handbook; considered the audit findings and reports by external auditors and internal auditors; followed up on remedial actions taken by relevant departments as recommended in the audit reports; and approved the internal audit plan, audit charter and internal audit handbook to ensure that the Bank's internal control and audit is adequate and suitable for its operations.

- **Compliance:** Considered compliance policy and action plan, and reports on compliance results and status of lawsuits and legal actions to ensure the Bank's proper compliance with relevant laws, rules and regulations.

- **Risk management:** Considered reports on the Bank's risk management performance, loss incidents incurred from operational risk, and credit review plan and results to ensure that the Bank's risk management is adequate and appropriate for its business operations.



- **Connected transactions or transactions that may be prone to conflict of interest:** Considered connected transactions or transactions that may be prone to conflict of interest as reported by the management concerned to ensure proper compliance with relevant rules and regulations.

The Audit Committee agrees with the auditors that the Bank's financial statements have been prepared accurately as appropriate in material aspects according to the generally-accepted accounting principles, and its financial information disclosures are appropriate and adequate. The Audit Committee is of the opinion that the Bank's internal control and audit, corporate governance, and risk management are adequate and appropriate, with proper compliance with relevant laws, rules and regulations.



(Mrs. Tongurai Limpiti)

Audit Committee Chairperson


# Report of the Board of Directors' Responsibility for Financial Reports

The Board of Directors is responsible for Export-Import Bank of Thailand's financial statements and financial information appearing in the annual report. The Bank's financial statements have been prepared in accordance with generally-accepted accounting principles, with appropriate accounting policies applied on a consistent basis. Where judgment and estimation were required, they were made with careful and reasonable consideration. The disclosures of material information are adequate and have been made in the notes to the financial statements.

The Board of Directors has put in place and maintained appropriate and effective risk management, internal control, internal audit and corporate governance systems designed to provide reasonable assurance that accounting records have been properly, completely and adequately maintained to safeguard assets and prevent fraud or irregularities with material implications.

The Board of Directors also appointed the Audit Committee, which comprises directors who are independent and responsible for reviewing the credibility and soundness of the Bank's financial reports, internal control, internal audit and risk management systems. Opinion of the Audit Committee on this matter is presented in the Report of the Audit Committee published in this annual report.

The Board of Directors is of the opinion that the Bank's overall internal control system is sufficient and appropriate and can reasonably assure the reliability of the Bank's financial statements for the year ended December 31, 2013.



(Mr. Prasong Poontaneat)  
Chairman



(Mr. Kanit Sukonthaman)  
President



# Auditor's Report

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## TO : MINISTER OF FINANCE

The Office of the Auditor General of Thailand has audited the financial statements of Export-Import Bank of Thailand, which comprise the statements of financial position as at December 31, 2013, and the statements of comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

The Office of the Auditor General of Thailand's responsibility is to express an opinion on these financial statements based on the audit. The Office of the Auditor General of Thailand conducted the audit in accordance with Thai Standards on Auditing. Those standards require that the Office of the Auditor General of Thailand complies with ethical requirements and plans and performs the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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The Office of the Auditor General of Thailand believes that the audit evidence the Office of the Auditor General of Thailand has obtained is sufficient and appropriate to provide a basis for the audit opinion.

## Opinion

In the opinion of the Office of the Auditor General of Thailand, the financial statements referred to above present fairly, in all material respects, the financial position of Export-Import Bank of Thailand as at December 31, 2013, and the financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

*(Signed) Jurairat Thipsatien*  
(Miss Jurairat Thipsatien)  
Director of Audit Office No.1

*(Signed) Atinuch Thienchaiwattana*  
(Mrs. Atinuch Thienchaiwattana)  
Auditor-in-charge

Office of the Auditor General of Thailand  
March 7, 2014



# Financial Statements and Notes to the Financial Statements

## EXPORT-IMPORT BANK OF THAILAND STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2013

Unit : Baht

	Notes	2013	2012
<b>Assets</b>			
Cash		553,209	312,144
Interbank and money market items, net	6.2	5,002,117,750	5,088,579,539
Derivative assets	6.3	877,418,091	339,262,450
Investments, net	6.4	4,078,316,972	3,721,515,314
Loans to customers and accrued interest receivables, net	6.5		
Loans to customers		67,526,796,976	66,676,345,788
Accrued interest receivables		1,191,136,713	1,024,604,277
Total loans to customers and accrued interest receivables		68,717,933,689	67,700,950,065
Less Deferred revenue		4,301,438	4,034,488
Less Allowance for doubtful accounts	6.6	3,663,603,847	3,206,907,882
Less Revaluation allowance for debt restructuring	6.7	1,093,293,588	920,037,535
Total loans to customers and accrued interest receivables, net		63,956,734,816	63,569,970,160
Properties foreclosed, net	6.8	833,146,053	875,103,428
Premises and equipment, net	6.9	824,237,094	844,314,926
Intangible assets, net	6.10	105,098,729	47,037,771
Accrued interest receivables not related to loans		1,599,537	3,067,746
Prepaid expenses		20,611,638	16,293,987
Other assets, net	6.11	16,068,777	16,580,986
Total assets		75,715,902,666	74,522,038,451

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


**EXPORT-IMPORT BANK OF THAILAND**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
AS AT DECEMBER 31, 2013

Unit : Baht

	Notes	2013	2012
<b>Liabilities and Shareholders' Equity</b>			
Deposits	6.12	5,727,131,202	7,103,230,710
Interbank and money market items, net	6.13	11,736,867,539	7,573,455,563
Liabilities payable on demand		295,537,173	145,909,283
Derivative liabilities	6.3	176,930,360	88,536,835
Debt issued and borrowings	6.14	39,387,573,532	42,294,277,532
Provisions	6.15	147,022,420	155,734,752
Accrued interest payables		235,227,353	283,461,506
Allowance for export credit insurance		92,536,175	128,315,111
Other liabilities	6.16	824,633,134	581,733,950
<b>Total liabilities</b>		<b>58,623,458,888</b>	<b>58,354,655,242</b>
<b>Shareholders' equity</b>			
Capital	6.17	12,800,000,000	12,800,000,000
Paid-up capital		12,800,000,000	12,800,000,000
Other components of equity		1,073,487	3,209,817
Retained earnings			
Appropriated			
Legal reserve		3,677,853,887	3,126,853,887
Unappropriated		613,516,404	237,319,505
<b>Total shareholders' equity</b>		<b>17,092,443,778</b>	<b>16,167,383,209</b>
<b>Total liabilities and shareholders' equity</b>		<b>75,715,902,666</b>	<b>74,522,038,451</b>

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

  
(Mr. Prasong Poontaneat)  
Chairman

  
(Mr. Kanit Sukonthaman)  
President

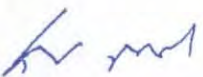



EXPORT-IMPORT BANK OF THAILAND  
**STATEMENTS OF COMPREHENSIVE INCOME**  
 FOR THE YEAR ENDED DECEMBER 31, 2013

Unit : Baht

	Notes	2013	2012
Interest revenue	6.23	3,230,139,777	3,250,177,979
Interest expenses	6.24	1,033,152,550	1,165,244,525
Net interest income		2,196,987,227	2,084,933,454
Fees and service revenue		414,096,843	536,163,477
Fees and service expenses		99,117,786	118,610,499
Net fees and service income	6.25	314,979,057	417,552,978
Gains on tradings and foreign exchange transactions	6.26	29,680,171	208,223,456
Gains (Losses) on investments	6.27	(27,198,128)	5,207,633
Written-down debt recovered		587,482,293	946,783,848
Other operating revenue		58,213,127	20,887,846
Total operating revenue		648,177,463	1,181,102,783
Other operating expenses			
Personnel expenses		540,729,671	534,591,895
Directors' remuneration		4,824,781	3,810,531
Premises and equipment expenses		47,213,177	59,984,403
Taxes and duties		2,541	2,625
Losses on claims and provision for insurance service		(24,291,185)	(16,415,487)
Losses on impairment of properties foreclosed		45,007,961	204,838,076
Others		57,797,799	129,140,412
Total operating expenses		671,284,745	915,952,455
Impairment loss of loans and debt securities	6.28	1,186,349,590	1,667,547,193
Net income		1,302,509,412	1,100,089,567
Other comprehensive income			
Gains (Losses) on remeasuring available-for-sale investment		(2,136,330)	1,509,536
Actuarial gains on defined benefit plans		10,687,487	-
Total other comprehensive income		8,551,157	1,509,536
Total comprehensive income		1,311,060,569	1,101,599,103

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

  
 (Mr. Prasong Poontaneat)  
 Chairman

  
 (Mr. Kanit Sukonthaman)  
 President

**EXPORT-IMPORT BANK OF THAILAND**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

Unit : Baht

	Notes	Capital	Other Components of Equity	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total
			Revaluation Surplus (Deficit) on Investments			
Beginning balance as at January 1, 2012		12,800,000,000	1,700,281	2,824,553,887	(348,370,062)	15,277,884,106
Legal reserve		-	-	302,300,000	(302,300,000)	-
Remittance to the Ministry of Finance		-	-	-	(212,100,000)	(212,100,000)
Total comprehensive income		-	1,509,536	-	1,100,089,567	1,101,599,103
Ending balance as at						
December 31, 2012		12,800,000,000	3,209,817	3,126,853,887	237,319,505	16,167,383,209
Beginning balance as at January 1, 2013		12,800,000,000	3,209,817	3,126,853,887	237,319,505	16,167,383,209
Legal reserve		-	-	551,000,000	(551,000,000)	-
Remittance to the Ministry of Finance	6.18	-	-	-	(386,000,000)	(386,000,000)
Total comprehensive income		-	(2,136,330)	-	1,313,196,899	1,311,060,569
Ending balance as at						
December 31, 2013		12,800,000,000	1,073,487	3,677,853,887	613,516,404	17,092,443,778

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



(Mr. Prasong Poontaneat)  
Chairman



(Mr. Kanit Sukonthaman)  
President



**EXPORT-IMPORT BANK OF THAILAND**  
**STATEMENTS OF CASH FLOWS**  
 FOR THE YEAR ENDED DECEMBER 31, 2013

Unit : Baht

	2013	2012
<b>Cash flows from operating activities</b>		
Net income	1,302,509,412	1,100,089,567
Adjustments to reconcile net income to cash received (paid) from operating activities		
Depreciation and amortization expenses	52,534,856	54,281,654
Bad debt and doubtful accounts	966,540,161	856,775,895
Loss on debt restructuring	220,397,987	705,427,463
Reversal of written-down debt recovered	(389,970,646)	(745,966,152)
Reversal of bad debt recovered	(47,600)	-
(Gain) Loss on disposal of assets	(450,774)	401,896
Gain on sale of properties foreclosed	(54,819,099)	(11,619,908)
Loss on impairment of properties foreclosed	45,007,961	204,838,076
Loss on revaluation of foreign currencies	317,678,436	173,549,921
Derivative revaluation	133,446,582	(315,157,196)
Loss on disposal of investments	22,062	-
Gain on liquidation of invested company-Associated Company	-	(226,047)
Loss on impairment of investments (reversal)	27,176,066	(5,207,633)
Amortization of premium (discount) on debt securities	8,239,890	(104,212)
Increase (Decrease) in provisions	665,956	(86,294,453)
Bad debt and provision for other receivables (reversal)	(48,315,699)	128,276,204
Loss on claims and provision for insurance service (reversal)	(9,641,520)	(5,519,254)
Increase in revenue receivables	(1,919,246)	(3,360,810)
Increase in prepaid expenses	(3,126,560)	(5,779,907)
Increase (Decrease) in other accrued expenses	(6,275,170)	2,927,856
	2,559,653,055	2,047,332,960
Net interest income	(2,196,987,227)	(2,084,933,454)
Proceeds from interest income	3,165,949,440	3,085,677,346
Interest expenses paid	(1,085,517,098)	(1,201,505,989)
Income from operations before changes in operating assets and liabilities	2,443,098,170	1,846,570,863
(Increase) decrease in operating assets		
Interbank and money market items	183,661,724	(47,955,975)
Loans, net	624,574,944	(2,143,749,253)
Properties foreclosed, net	173,338,622	30,583,908
Other assets, net	(16,564,735)	(19,079,862)

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 YEAR ENDED DECEMBER 31, 2013

Unit : Baht

	2013	2012
Cash flows from operating activities		
Increase (decrease) in operating liabilities		
Deposits	(1,407,083,394)	(702,716,407)
Interbank and money market items	3,778,588,935	1,553,868,069
Liabilities payable on demand	149,415,492	(27,899,215)
Short-term debt issued and borrowings	-	(618,793,785)
Other liabilities	232,704,416	110,280,933
Net cash provided by (used in) operating activities	6,161,734,174	(18,890,724)
Cash flows from investing activities		
Proceeds from disposal of available-for-sale securities	200,000,000	15,000,000
Purchases of held-to-maturity debt securities	(5,480,000,000)	(9,357,000,000)
Proceeds from redemption of held-to-maturity debt securities	4,902,000,000	9,051,032,196
Purchases of general investment	(1,000,000)	-
Proceeds from disposal of general investment	9,983,174	-
Proceeds from liquidation of investments in associated company	-	4,512,547
Purchases of premises and equipment	(17,369,611)	(24,574,566)
Proceeds from sales of premises and equipment	2,908,459	2,921,615
Purchases of intangible assets	(34,945,316)	(20,522,680)
Net cash used in investing activities	(418,423,294)	(328,630,888)
Cash flows from financing activities		
Proceeds from long-term debt issued and borrowings	3,665,275,369	3,063,219,358
Repayments of long-term debt issued and borrowings	(9,022,345,184)	(2,503,502,468)
Remittance to the Ministry of Finance	(386,000,000)	(212,100,000)
Net cash provided by (used in) financing activities	(5,743,069,815)	347,616,890
Net increase in cash and cash equivalents	241,065	95,278
Cash and cash equivalents at the beginning of the period	312,144	216,866
Cash and cash equivalents at the end of the period	553,209	312,144

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

  
 (Mr. Prasong Poontaneat)  
 Chairman

  
 (Mr. Kanit Sukonthaman)  
 President



EXPORT-IMPORT BANK OF THAILAND  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED DECEMBER 31, 2013

## 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), which was amended by the Export-Import Bank of Thailand Act (No. 2), 1999 (B.E. 2542), with the objective to provide financial supports for exports, imports and investment 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 imported from Thailand;
- credit and equity financing to support Thai investments overseas that are beneficial to the country;
- export credit insurance services to Thai exporters;
- credits for overseas projects yielding economic returns to Thailand;
- investment insurance services for overseas investments of Thai investors who have been granted credit lines from the Bank; and
- stand-by claims purchase agreement services.

The Bank's Head Office is located at 1193 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok 10400.

## 2. Basis of Preparation of the Financial Statements

### 2.1 Basis of Preparation of the 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, No. SorNorSor. 11/2553 dated December 3, 2010 regarding the Preparation and Announcement of the Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups.

### 2.2 The New and Revised Thai Financial Reporting Standards (TFRS)

2.2.1 The Bank has adopted the new and revised Thai Accounting Standards (TAS) and Thai Financial Reporting Standards which are effective for the financial statements beginning on or after January 1, 2013 as follows:

#### Thai Accounting Standards

TAS 20 Accounting for Government Grants and Disclosure of Government Assistance

TAS 21 The Effects of Changes in Foreign Exchange Rate (Revised 2009)

Adopting TAS mentioned above has no material impact on the Bank's financial statements.

2.2.2 The Federation of Accounting Professions had issued the Notifications of Federation of Accounting Professions regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretations and Thai Financial Reporting Interpretations, that are relevant to the Bank as follows:

<b>Thai Accounting Standards</b>		<b>Effective Date</b>
TAS 1	Presentation of Financial Statements (Revised 2012)	January 1, 2014
TAS 7	Statement of Cash Flows (Revised 2012)	January 1, 2014
TAS 17	Leases (Revised 2012)	January 1, 2014
TAS 18	Revenue (Revised 2012)	January 1, 2014
TAS 19	Employee Benefits (Revised 2012)	January 1, 2014
TAS 21	The Effects of Changes in Foreign Exchange Rate (Revised 2012)	January 1, 2014
TAS 24	Related Party Disclosures (Revised 2012)	January 1, 2014
TAS 34	Interim Financial Reporting (Revised 2012)	January 1, 2014
TAS 36	Impairment of Assets (Revised 2012)	January 1, 2014
TAS 38	Intangible Assets (Revised 2012)	January 1, 2014
<b>Thai Financial Reporting Standard</b>		<b>Effective Date</b>
TFRS 4	Insurance Contracts	January 1, 2016

The Bank has considered the impact of the above Thai accounting standards and determined that they will have no material impact on the Bank's financial statements in the period of initial adoption. However, for TFRS 4 Insurance Contracts, the Bank is presently considering the potential impact in the period of initial adoption.

## 3. Summary of Significant Accounting Policies

### 3.1 Cash and Cash Equivalents

Cash and cash equivalents represent cash in hand and cash on collection.

### 3.2 Recognition of Income

Interest income is recognized on an accrual basis, except for interest from non-performing loan of which the Bank reverses all accrued interest income. The Bank will recognize interest income from non-performing loan upon receipt.

Government and government agency grant related to compensation for interest is recognized as interest on loan on an accrual basis.

Revenue from export credit insurance, investment insurance and stand-by claims purchase agreement are recognized as fee and service income on a cash basis.

### 3.3 Recognition of Expenses

Interest expenses are recognized on an accrual basis.

Expenses on reinsurance are recognized as fee and service expenses on an accrual basis.



### 3.4 Derivatives

Derivatives are initially recorded at fair value on Trade Date and subsequently measured at fair value. The changes in fair value are recognized as gains (losses) on revaluation of derivatives which are presented as gains (losses) on tradings and foreign exchange transactions in statement of comprehensive income.

Fair value is the net financial amount expected to be paid or received in exchanging or settling the financial derivatives at the specific time. The Bank computes the fair value by determining the present value using discounted cash flows method, except for the derivatives that are options which will be computed by the generally accepted option valuation methods.

### 3.5 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 and gains or losses on disposal of investments are recognized as gains (losses) on tradings and foreign exchange transactions.

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 shareholders' equity, which are presented as other comprehensive income, and charged to gains (losses) on investment upon disposal.

Investments in held-to-maturity debt securities are stated at amortized cost, net of allowance for impairment. Premiums or discounts on held-to-maturity debt securities are amortized using the effective interest rate method throughout their remaining maturity. Losses on impairment are charged to the statements of comprehensive income.

Investments in non-marketable equity securities classified as general investments are stated at cost, net of allowance for impairment. Losses on impairment are charged to the statements of comprehensive income.

Investments in mutual fund are stated at net asset value as of the reporting date. The changes in net asset value are recognized in the statements of comprehensive income.

The Bank recognizes investments on the settlement date.

Interest income from debt securities is recognized on an accrual basis and presented under interest income. Dividend income from equity securities is recognized on an accrual basis and presented under other operating income.

Cost of disposed investments is calculated by using the weighted-average method.

### 3.6 Loans

Loans are reported at the principal amounts, except for bank overdrafts which included accrued interest receivables. Unearned discounts received in advance are presented as a deduction from loans.

The Bank recognizes and derecognizes the transaction on settlement date.

### 3.7 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 in accordance with prudent banking rules 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 No. SorNorSor. 31/2551 dated August 3, 2008 regarding Classification and Provision Criteria of Financial Institution. The Bank thereby sets aside 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, e.g. property, leaseholds, machinery and vehicle. Moreover, the Bank will revise the collateral value on every 1 to 3 year-basis.

The Bank does not provide allowance for the 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 credit insurance.

Bad debt written off is deducted from the allowance for doubtful accounts and the bad debt recovered is recognized as income in the statement of comprehensive income.

### **3.8 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 on the debt restructuring date as the discount rate. The difference between the new fair value and the debt amount, including principal and accrued interest, is recorded as revaluation allowance for debt restructuring. The Bank recognized loss on debt restructuring as expenses in the statements of comprehensive income in the relevant accounting period.

### **3.9 Debt Write-Down**

The Bank has a policy to write down debt accounts which are past due over one year and have no clear indications of recovery. The written-down accounts are deducted from the allowance for doubtful accounts. The amount recovered or restructured and upgraded are recognized as income in the statements of comprehensive income.

### **3.10 Properties Foreclosed**

Properties foreclosed consist of movable and immovable assets, received from debt repayments, which are stated at the lower of cost or market value less allowance for impairment. Losses on impairment or reversal of losses on impairment are recognized as other operating expenses or income in the statements of comprehensive income.

Gains or losses on disposal of properties foreclosed are recognized as other operating income or expenses upon disposal.

The Bank regularly appraises properties foreclosed on a yearly basis. Properties foreclosed carrying amount not over than Baht 50 million are appraised by internal appraisers or external appraisers upon the Bank's direction. Properties foreclosed carrying amount over Baht 50 million are appraised by external appraisers.



### 3.11 Premises, Equipment and Depreciations

Premises and equipment are stated at cost less accumulated depreciation and allowance for asset impairment (if any). For those items that cost not over Baht 3,000, the Bank recognizes as expenses in the statements of comprehensive income for the accounting period that they are acquired.

Buildings and equipment are depreciated on a straight-line basis over their estimated useful lives, which are as follows:

- Buildings	50	years
- Building improvement	10	years
- Equipment	3-5	years

Gains or losses on disposal of premises and equipment are recognized as other operating income or expenses upon disposal.

### 3.12 Intangible Assets

Intangible assets consist of computer software and computer system development expense which are stated at cost less accumulated amortization and allowance for impairment (if any). Amortization is calculated by the straight-line method, based on the estimated useful lives of the assets, which are between 3-5 years. The amortization is recognized as other operating expenses in the statements of comprehensive income.

Gains or losses on disposal of intangible assets are recognized as other operating income or expenses upon disposal.

### 3.13 Leaseholds

Leaseholds are stated at cost less accumulated amortization. Amortization is calculated by the straight-line method, based on the lease period, which are between 3-20 years. Amortization is recognized as premises and equipment expenses.

### 3.14 Assets and Liabilities in Foreign Currencies

#### 3.14.1 Functional Currency and Presentation Currency

The financial statements are prepared and presented in Thai Baht, which is the Bank's functional currency.

#### 3.14.2 Translation of Foreign Currencies

The Bank records assets and liabilities denominated in foreign currencies at the transaction date. At the statement of financial position date, all such outstanding is translated into Baht at the reference foreign exchange rates announced by the Bank of Thailand. Gains or losses on translation are recognized as gains (losses) on trading and foreign exchange transactions, net.

### 3.15 Export Credit Insurance Services and Provisions

Export credit insurance services are recorded as the contingent liabilities from export bills insured, which are off-the statements of financial position obligations. Any payment of insurance claims is recorded as insurance claim receivables and will subsequently be recovered from foreign debtors.

Provisions for export credit insurance are as follows:

1) Allowance for doubtful accounts on the compensated claims

The Bank would make provisions for the compensated claims equal to the difference between the net book value of receivables after deduction of reinsurance amount and the net present value of expected cash flow from the debtors after deduction of cash flow payable to reinsurer.

2) Provisions for the pending insurance claims payable

The Bank would make provisions for the pending insurance claims payable at the rate of 50% of the exposures after deduction of reinsurance amount.

3) 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 1% of the net amount of export bills insured outstanding not yet claimed after deduction of reinsurance amount.

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), which was amended by the Export-Import Bank of Thailand Act (No. 2), 1999 (B.E. 2542).

### 3.16 Investment Insurance Services and Provisions

Investment insurance service are recorded as the contingent liabilities from investment insurance, which are off-the statements of financial position obligations. Any payment of insurance claims is recorded as insurance claim receivables and will subsequently be recovered from the government of the host countries or related parties.

Provisions for investment insurance are as follows:

1) Allowance for doubtful accounts on the compensated claims

The Bank would make provisions for the compensated claims equal to the difference between the net book value of receivables after deduction of reinsurance amount and the net present value of expected cash flow from the debtors after deduction of cash flow payable to reinsurer.

2) Provisions for doubtful accounts on pending claims payable

The Bank would make provisions for the pending insurance claims payable at the rate of 50% of the exposures after deduction of reinsurance amount.

3) Provisions for future claims against the investment insurance policies

The Bank would make provisions for future claims against investment insurance policies at the rate of 50% of the annual premium received until the provisions are equal to 10% of the total amount of contingent liabilities of investment insurance.

In case of any losses under the investment 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), which was amended by the Export-Import Bank of Thailand Act (No. 2), 1999 (B.E. 2542).



### 3.17 Stand-by Claims Purchase Agreement Services and Provisions

Stand-by claims purchase agreement services are recorded as the contingent liabilities from stand-by claims purchase agreement, which are off-the statements of financial position obligations. Any payment of such stand-by claims purchase agreement service is recorded as stand-by claims receivables and will subsequently be recovered from debtors.

Provisions for stand-by claims purchase agreement are as follows:

1) Allowance for doubtful accounts on the paid purchase under the stand-by claims purchase agreement service

The Bank would make provisions for the paid purchase under the stand-by claims purchase agreement service equal to the difference between the net book value of receivables after deduction of reinsurance amount and the net present value of expected cash flow from the debtors after deduction of cash flow payable to reinsurer.

2) Provisions for doubtful accounts on the pending service claims payable

The Bank would make provisions for the pending claims of such stand-by claims purchase agreement service at the rate of 50% of the exposures after deduction of reinsurance amount.

3) Provisions for the future service claims against the stand-by claims purchase agreement policies

The Bank would make provisions for future service claims against the stand-by claims purchase agreement policies at the rate of 1% of the net amount of stand-by claims purchase agreement outstanding not yet claimed after deduction of reinsurance amount.

### 3.18 Provisions

The Bank recognizes an obligation arising from past events when it becomes probable that an outflow of resources embodying economic benefits will be required to settle this obligation, and when the amount can be reliably estimated. The Bank recognizes the provisions including the provisions for contingent liabilities and the provision for the employment benefits, in the statements of financial position.

### 3.19 Employee Benefits

#### 3.19.1 Provident Fund

The Bank established a provident fund under the Provident Fund Act, 1987 (B.E. 2530), which became a registered fund being approved by the Ministry of Finance on April 27, 1994. The provident fund is managed by TISCO Asset Management Company Limited.

Contributions to the employee provident fund are made under the rule of "The Registered Provident Fund of Export-Import Bank of Thailand's Employee". 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 the years of employment.

#### 3.19.2 Defined Benefit Plan

The Bank has a policy to provide its employees with post-retirement benefits, payable based on salary rate and years of service of the retired employees.

The provision for the employee benefits is determined by discounting the cash flows of employee benefits to be paid in the future. The calculation methodology is based on the Projected Unit Credit Method (an actuarial technique). Components of this calculation include employee's salaries, turnover rate, mortality rate, years of service and other related factors, and the discount rate being the government bond yield as disseminated by the ThaiMBA. The employee benefits is presented as part of provisions in the statements of financial position.

The actuarial gains or losses are recognized in other comprehensive income and transferred immediately to the retained earnings in the period in which they arise.

### **3.20 Appropriation of Annual Net Income**

According to the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), the Bank shall appropriate no less than half of the annual net profit as a reserve for its operations while the remainder of the net profit shall be appropriated to the capital fund and/or remitted to the Ministry of Finance.

## **4. Risk Management**

### **4.1 The Bank's Risk Information**

The Bank has set to review its corporate risk management framework and risk management policy on a yearly basis or when any material change occurs in accordance with the guidelines of the Bank of Thailand (BOT). Its objective is to manage and monitor risks to an acceptable level. In 2013, the Bank monitored and managed all risk categories to be within the risk limits, key risk indicators (KRIs), risk appetite and risk tolerance at the levels approved by the Board of Directors. An emphasis was also placed on training for employees and parties concerned to promote awareness of the importance of risk management, with the ultimate goal of incorporating risk management process as part of the Bank's day-to-day operation and organizational culture.

#### **4.1.1 Credit Risk**

Credit risk management refers to management of risk associated with failure by a debtor of the Bank to adhere to the agreement on debt repayments or risk incurred from the debtor's default of debt payments, which causes downgrading of the Bank's credit rating. The Bank has instituted a credit policy for use as guidelines in credit underwriting and credit follow-up to maintain credit quality taking into account the relevant laws, regulations and work procedures, both internal and external, and ensured proper and prudent monitoring of credit line utilization.

Moreover, there is clear segregation of authority and duties among business units in charge of the credit process to ensure proper checks and balances, covering regulations and procedures in five main credit work processes: 1) credit consideration, 2) credit approval, 3) post-approval credit operation and examination of credit operation, 4) report on credit portfolio, and 5) credit review and monitoring including internal audit. Credit warning sign is also in place to monitor and control credit risk of the Bank within an acceptable level.



### 4.1.2 Market Risk

The Bank's market risk management is undertaken for both trading book and banking book. The Bank has set to review its market risk management policy on a yearly basis or when there is any material change for use as guidelines in preventing and managing market risk in accordance with its strategic plan and as required by the Bank of Thailand. The Bank's major market risk can be classified into three types as follows:

#### 1. Interest Rate Risk

It refers to risk of adverse impact on the Bank's earnings or capital funds as a result of changes in interest rates on assets, liabilities and all off-balance sheet rate sensitive items, which could affect the Bank's net interest income (NII), market value of trading account items, and other income and expenses associated with interest rates.

#### 2. Foreign Exchange Rate Risk

It refers to risk of adverse impact on the Bank's earnings or capital funds as a result of fluctuations in foreign exchange rates in relation to having of foreign currency transactions or holding foreign currency assets or liabilities.

#### 3. Equity Price Risk

It refers to risk of adverse impact on the Bank's earnings or capital funds as a result of changes in equity instrument prices.

Moreover, there is clear segregation of authority and duties among business units relating to market risk management into units originating transactions (front office), units controlling risks (middle office), and units in charge of delivering, payment settlement and book recording (back office). The Bank has put in place delegation of approval authority and relevant criteria in writing, and designated the use of risk management approaches in alignment with the complication of the respective transactions and ensured that the Bank's market risk is contained to an acceptable level.

### 4.1.3 Liquidity Risk

The Bank has formulated a liquidity risk management policy for use as guidelines in preventing risk incurred from the Bank's inability to repay debts or obligations upon due dates as a consequence of its failure to convert assets into cash or to procure sufficient funds, or its ability to acquire adequate funds but merely at a high cost to be acceptable, which could affect the Bank's earnings and capital funds both at present and in future. It also aims to prevent liquidity risk from the Bank's failure to mitigate or offset risk with the assets it is holding, forcing it to dispose of the assets at a price lower than the acquisition cost due to low liquidity of the assets or the market being illiquid.

The Bank's liquidity risk management policy is implemented by a conservative approach so that its liquidity maintaining cost would not be too high with due regard to return against cost and for the maximum benefit of the Bank. The Bank has developed a sound structure of assets, liabilities and off-balance sheet items and monitored distribution of funding sources in order to capture funding source concentration by counterparty, type of financial instruments, market, currency and funding source. The Bank has also followed up factors that may affect its funding capability in order to assess the ability to raise or borrow funds in both normal and critical situations.

Furthermore, the Bank has in place a policy to maintain relationship with business partners that are its funding sources on a regular and continual basis, covering counterparty banks, corporates, and contract parties in the payment system, which is regarded as part of liquidity management.

As at December 31, 2013 and December 31, 2012, the Bank had significant asset and liability items classified by maturity as follows:

Unit : Million Baht

	December 31, 2013			December 31, 2012		
	Up to 1 Year	Over 1 Year	Total	Up to 1 Year	Over 1 Year	Total
<b>Assets</b>						
Interbank and money						
market items, net	5,002.12	-	5,002.12	5,088.58	-	5,088.58
Investments, net	3,593.88	484.44	4,078.32	3,202.81	518.70	3,721.51
Loans	18,762.65	48,764.14	67,526.79	22,604.79	44,071.56	66,676.35
<b>Total assets</b>	<b>27,358.65</b>	<b>49,248.58</b>	<b>76,607.23</b>	<b>30,896.18</b>	<b>44,590.26</b>	<b>75,486.44</b>
<b>Liabilities</b>						
Deposits	5,727.13	-	5,727.13	7,103.23	-	7,103.23
Interbank and money						
market items, net	6,814.83	4,922.04	11,736.87	2,978.72	4,594.74	7,573.46
Debt issued and borrowings	5,745.28	33,642.29	39,387.57	8,794.74	33,499.54	42,294.28
<b>Total liabilities</b>	<b>18,287.24</b>	<b>38,564.33</b>	<b>56,851.57</b>	<b>18,876.69</b>	<b>38,094.28</b>	<b>56,970.97</b>



## 4.2 Fair Value of Financial Instruments

Unit : Million Baht

	The Bank's Financial Statements			
	December 31, 2013		December 31, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets</b>				
Cash	0.55	0.55	0.31	0.31
Interbank and money market items, net	5,002.12	5,002.12	5,088.58	5,088.58
Derivatives	877.42	877.42	339.26	339.26
Investments, net	4,078.32	4,096.20	3,721.51	3,749.67
Loans to customers and accrued interest receivable, net	63,956.73	63,956.73	63,569.97	63,569.97
<b>Total financial assets</b>	<b>73,915.14</b>	<b>73,933.02</b>	<b>72,719.63</b>	<b>72,747.79</b>
<b>Financial liabilities</b>				
Deposits	5,727.13	5,727.13	7,103.23	7,103.23
Interbank and money market items, net	11,736.87	11,736.87	7,573.46	7,573.46
Liabilities payable on demand	295.54	295.54	145.91	145.91
Derivatives	176.93	176.93	88.54	88.54
Debt issued and borrowings	39,387.57	39,387.57	42,294.28	42,294.28
<b>Total financial liabilities</b>	<b>57,324.04</b>	<b>57,324.04</b>	<b>57,205.42</b>	<b>57,205.42</b>

## 4.3 Capital Adequacy under the Ministerial Regulations

At the end of December 2013, the Bank's capital adequacy ratio (CAR) stood at 21.45%, exceeding the minimum capital adequacy ratio stipulated in the Ministerial Regulation (not less than 8.0%), and its capital to insurance service contingent liabilities ratio stood at 80.31%, exceeding the minimum capital to insurance service contingent liabilities ratio stipulated in the Ministerial Regulation (not less than 20.0%).

### Capital Adequacy Ratio Based on the Ministerial Regulations

Unit : Million Baht

	Ministerial Regulations	December 31, 2013	December 31, 2012
1. Capital*		15,778.17	15,064.08
2. Risk assets**		73,567.51	71,421.91
3. Insurance service contingent liabilities		19,647.66	27,648.20
4. Capital to risk assets (1)/(2)	Not less than 8%	21.45%	21.09%
5. Capital to insurance service contingent liabilities (1)/(3)	Not less than 20%	80.31%	54.48%

Remarks : \* Capital is defined according to the Ministerial Regulation (which differs from BOT definition (under Basel II)).

\*\* Risk assets have been calculated from credit risk assets according to the Ministerial Regulation, which excluded insurance service contingent liabilities.

## 5. Estimates and Assumptions

In preparation of the financial statements in conformity with generally accepted accounting principles, the Bank has to set up estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. The consideration for such estimates and assumptions is based on the experience and reliable information that is available at the time that the financial statements are being prepared. However, the actual results may differ from the estimates.

The Bank reviews the estimates and assumptions on a regular basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future period affected.

## 6. Additional Information

### 6.1 Supplementary Information of Cash Flow

Significant non-cash items for the year ended December 31, 2013 and 2012 are as follows:

Unit : Million Baht

	December 31, 2013	December 31, 2012
Increase in investments from debt restructuring	-	26.31
Increase (Decrease) in revaluation surplus on investments in shareholders' equity	(2.14)	1.51
Increase in properties foreclosed from loan payment	121.57	15.51



## 6.2 Interbank and Money Market Items, Net (Assets)

Unit : Million Baht

	December 31, 2013			December 31, 2012		
	At Call	Term	Total	At Call	Term	Total
Domestic items						
Bank of Thailand	20.02	320.00	340.02	24.09	-	24.09
Commercial banks	37.92	1,848.47	1,886.39	14.94	3,192.74	3,207.68
Specialized financial institutions	0.07	-	0.07	3.14	-	3.14
Total	58.01	2,168.47	2,226.48	42.17	3,192.74	3,234.91
<u>Add</u> Accrued interest receivables	-	0.11	0.11	-	0.03	0.03
<u>(Less)</u> Allowance for doubtful accounts	-	(18.48)	(18.48)	-	(31.93)	(31.93)
Total domestic items	58.01	2,150.10	2,208.11	42.17	3,160.84	3,203.01
Foreign items						
US Dollars	357.09	1,666.22	2,023.31	659.13	345.76	1,004.89
Yen	13.20	-	13.20	18.87	-	18.87
Euro	300.30	405.20	705.50	500.69	283.89	784.58
Other currencies	51.58	-	51.58	77.23	-	77.23
Total	722.17	2,071.42	2,793.59	1,255.92	629.65	1,885.57
<u>Add</u> Accrued interest receivables	-	0.42	0.42	-	-	-
<u>(Less)</u> Allowance for doubtful accounts	-	-	-	-	-	-
Total foreign items	722.17	2,071.84	2,794.01	1,255.92	629.65	1,885.57
Total domestic and foreign items	780.18	4,221.94	5,002.12	1,298.09	3,790.49	5,088.58

## 6.3 Derivatives

As at December 31, 2013 and 2012, the fair value and notional amount classified by type of risk are as follows:

Unit : Million Baht

Type of Risk	December 31, 2013		
	Fair Value		Notional Amount
	Assets	Liabilities	
Exchange rate	692.06	134.88	20,148.23
Interest rate	185.36	42.05	6,954.70
Total	877.42	176.93	27,102.93

Unit : Million Baht

Type of Risk	December 31, 2012		
	Fair Value		Notional Amount
	Assets	Liabilities	
Exchange rate	137.08	30.34	17,032.31
Interest rate	202.18	58.20	11,739.42
Total	339.26	88.54	28,771.73

As at December 31, 2013 and 2012, the proportions of derivatives transactions classified by type of counterparty based on the notional amount are as follows:

Counterparty	December 31, 2013	December 31, 2012
Financial institutions	78.97%	83.80%
Third parties	21.03%	16.20%
Total	100.00%	100.00%

## 6.4 Investments, Net

### 6.4.1 Available-for-Sale Investments

Unit : Million Baht

	December 31, 2013	December 31, 2012
	Fair Value	Fair Value
Government and state enterprise securities	-	199.80
Domestic marketable equity securities	2.15	3.03
Total	2.15	202.83

### 6.4.2 Held-to-Maturity Debt Securities

Unit : Million Baht

	December 31, 2013	December 31, 2012
	Cost/ Amortized Cost	Cost/ Amortized Cost
Government and state enterprise securities	3,572.32	3,003.02
Foreign debt securities	380.65	356.33
Total	3,952.97	3,359.35



### 6.4.3 General Investments

Unit : Million Baht

	December 31, 2013	December 31, 2012
	Cost	Cost
Domestic non-marketable equity securities	26.31	26.31
Mutual funds		
- MFC Energy Fund	62.96	63.11
- Thailand Prosperity Fund 2 (TTPF 2)	65.95	77.00
- Vayupak Fund 1	1.00	-
Others	0.47	0.42
Total	156.69	166.84
(Less) Allowance for impairment	(33.49)	(7.51)
Total	123.20	159.33
Total investments, net	4,078.32	3,721.51

As at December 31, 2013, domestic non-marketable equity securities amounting to Baht 26.31 million were ordinary shares derived from debt restructuring.

## 6.5 Loans and Accrued Interest Receivables, Net

### 6.5.1 Classified by Type of Loan

Unit : Million Baht

	December 31, 2013	December 31, 2012
Overdrafts	315.96	267.86
Domestic loans - customers	49,530.97	51,106.78
- export bills negotiation	561.07	430.17
- staff loans	258.72	261.66
Overseas loans - foreign government agencies	3,013.99	3,663.07
- customers operating overseas	13,809.11	10,899.17
Others	36.97	47.64
Total loans	67,526.79	66,676.35
(Less) Deferred revenue	(4.30)	(4.03)
Total loans, net of deferred revenue	67,522.49	66,672.32
Add Accrued interest receivables	1,191.13	1,024.60
Total loans to customers and accrued interest receivables, net of deferred revenue	68,713.62	67,696.92
(Less) Allowance for doubtful accounts		
- Minimum allowance by BOT's regulation	(1,650.95)	(1,269.83)
- Excess allowance	(2,012.65)	(1,937.08)
Revaluation allowance for debt restructuring	(1,093.29)	(920.04)
Total loans, net	63,956.73	63,569.97

Overseas loans extended to foreign government agencies in the amount of Baht 3,013.99 million were 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 rates and the cost of fund of the Bank were subsidized by the Thai government or concerned state agencies. Moreover, for certain projects, the Bank also earned an additional operating fee at 0.75% p.a. apart from the interest revenue subsidy.

### 6.5.2 Classified by Currency and Residency

Unit : Million Baht

	December 31, 2013			December 31, 2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	33,808.13	7,506.17	41,314.30	34,392.97	7,673.48	42,066.45
US Dollar	16,862.88	9,316.93	26,179.81	17,674.15	6,888.76	24,562.91
Other currencies	28.38	-	28.38	42.96	-	42.96
Total	50,699.39	16,823.10	67,522.49	52,110.08	14,562.24	66,672.32



### 6.5.3 Classified by Loan Classification

Unit : Million Baht

	December 31, 2013			
	Loans and Accrued Interest Receivables	Net Amount Subject to Allowance for Doubtful Accounts Provisioning	Minimum Provision Rate (%)	Allowance for Doubtful Accounts
1. Minimum allowance by BOT's regulation				
Pass	62,442.89	61,357.41	1, 20, 50, 100	1,052.03
Special mention	49.06	48.45	2	0.97
Substandard	58.38	29.15	100	29.15
Doubtful	855.27	550.05	100	550.05
Doubtful of loss	2,028.24	18.75	100	18.75
Total minimum allowance by BOT's regulation	65,433.84	62,003.81		1,650.95
2. Excess allowance	-	-		2,012.65
Total	65,433.84	62,003.81		3,663.60

Unit : Million Baht

	December 31, 2012			
	Loans and Accrued Interest Receivables	Net Amount Subject to Allowance for Doubtful Accounts Provisioning	Minimum Provision Rate (%)	Allowance for Doubtful Accounts
1. Minimum allowance by BOT's regulation				
Pass	61,092.02	59,809.64	1, 20, 50, 100	821.08
Special mention	9.76	8.86	2	0.18
Substandard	8.14	6.07	100	6.07
Doubtful	508.40	418.06	100	418.06
Doubtful of loss	2,295.76	24.44	100	24.44
Total minimum allowance by BOT's regulation	63,914.08	60,267.07		1,269.83
2. Excess allowance	-	-		1,937.08
Total	63,914.08	60,267.07		3,206.91

As at December 31, 2013 and 2012 the outstanding classified loans and loans which were not required to be classified (unclassified loans) were as follows:

Unit : Million Baht

	December 31, 2013		December 31, 2012	
	Loans and Accrued Interest Receivables Net of Deferred Revenue	As % of Loans and Accrued Interest Receivables Net of Deferred Revenue	Loans and Accrued Interest Receivables Net of Deferred Revenue	As % of Loans and Accrued Interest Receivables Net of Deferred Revenue
Classified loans	65,433.84	95.23	63,914.08	94.41
Unclassified loans	3,279.78	4.77	3,782.84	5.59
Total	68,713.62		67,696.92	

Loans which are not required to be classified are loans extended to individual persons or corporate entities 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 credit insurance.

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

Loans	December 31, 2013		December 31, 2012	
	Loans and Accrued Interest Receivables Net of Deferred Revenue	As % of Loans and Accrued Interest Receivables Net of Deferred Revenue	Loans and Accrued Interest Receivables Net of Deferred Revenue	As % of Loans and Accrued Interest Receivables Net of Deferred Revenue
Non-performing loans	2,941.89	4.28	2,812.30	4.15

In 2013 and 2012, the Bank wrote down debt accounts in the amount of Baht 523.80 million and Baht 417.87 million, respectively. As at December 31, 2013 and 2012, the outstanding balance of written-down accounts, which was not included in the financial statements, was Baht 4,217.45 million and Baht 4,058.78 million, respectively. In 2013 and 2012, the Bank recovered written-down debt accounts in the amount of Baht 587.48 million and Baht 946.78 million, respectively, from which accounts the bank received cash in the amount of Baht 197.51 million and Baht 200.81 million, respectively.



In 2013 and 2012, the Bank wrote off bad debts in the amount of Baht 29.87 million and Baht 15.00 million, respectively.

#### 6.5.4 Troubled Debt Restructuring

In 2013 and 2012, the Bank had restructured debts applying the adjustment of repayment conditions and transfer of assets as follows:

Unit : Million Baht

Restructured Debts	2013			2012		
	Cases	Amount	As % of Loans and Accrued Interest Receivables Net Deferred Revenue	Cases	Amount	As % of Loans and Accrued Interest Receivables Net Deferred Revenue
Succeeded	13	94.22	0.14	13	600.72	0.89
In-process	40	342.86	0.50	25	445.94	0.66

As at December 31, 2013 and 2012, the Bank had outstanding restructured loans reclassified as normal for 28 cases amounting to Baht 2,878.30 million and for 27 cases amounting to Baht 2,448.67 million, respectively.

In 2013 and 2012, the Bank restructured debts as follows:

Unit : Million Baht

Types of Restructuring	2013					
	Outstanding Debt					
	Cases	Before Restructuring	After Restructuring	As at December 31, 2013	Type of Transferred Asset	Fair Value
Change of repayment conditions	13	94.22	94.22	473.43		

Unit : Million Baht

Types of Restructuring	2012					
	Outstanding Debt					
	Cases	Before Restructuring	After Restructuring	As at December 31, 2012	Type of Transferred Asset	Fair Value
Change of repayment conditions	12	479.42	479.42	762.44		
Debt restructuring in various forms	1	121.30	121.30	756.65	Equity securities	26.31
Total	13	600.72	600.72	1,519.09		

In 2013 and 2012, outstanding debts before restructuring compared to outstanding loans and accrued interest receivable net of deferred revenue are as follows:

Unit : Million Baht

	December 31, 2013		December 31, 2012	
	Cases	Amount	Cases	Amount
Restructured debt	13	94.22	13	600.72
Loans and accrued interest receivables net of deferred revenue	1,032	68,713.62	1,002	67,696.92

In 2013 and 2012, the Bank recognized interest income from debt restructuring in the amount of Baht 140.85 million and Baht 695.85 million, respectively.

As at December 31, 2013 and 2012, the Bank had commitments to extend additional loans to customers who had been restructured for the amount of Baht 102.15 million and Baht 100.02 million, respectively.

## 6.6 Allowance for Doubtful Accounts

Unit : Million Baht

	December 31, 2013						
	Pass	Special Mention	Sub-Standard	Doubtful	Doubtful of Loss	Excess Allowance	Total
Beginning balance	821.08	0.18	6.07	418.06	24.44	1,937.08	3,206.91
Increase (decrease) in allowance for doubtful accounts	230.95	0.79	23.08	131.99	518.11	75.57	980.49
Debts written down	-	-	-	-	(523.80)	-	(523.80)
Ending balance	1,052.03	0.97	29.15	550.05	18.75	2,012.65	3,663.60

Unit : Million Baht

	December 31, 2012						
	Pass	Special Mention	Sub-Standard	Doubtful	Doubtful of Loss	Excess Allowance	Total
Beginning balance	758.09	0.51	3.87	54.26	489.96	1,458.00	2,764.69
Increase (decrease) in allowance for doubtful accounts	62.99	(0.33)	2.20	363.80	(47.65)	479.08	860.09
Debts written down	-	-	-	-	(417.87)	-	(417.87)
Ending balance	821.08	0.18	6.07	418.06	24.44	1,937.08	3,206.91

As at December 31, 2013 and 2012, the Bank's allowance for doubtful accounts on loans accounted for Baht 3,663.60 million and Baht 3,206.91 million, respectively, which exceeds the minimum provisioning requirement based on debt service ability and debt quality set out by the Bank of Thailand in the amount of Baht 2,012.65 million and Baht 1,937.08 million, respectively (Note 6.5.3). The amount of allowance for doubtful accounts in excess of the minimum requirement was based on prudent banking principles.



## 6.7 Revaluation Allowance for Debt Restructuring

Unit : Million Baht

	December 31, 2013	December 31, 2012
Beginning balance	920.04	238.73
Increase	234.69	789.66
Decrease	(61.44)	(108.35)
Ending balance	1,093.29	920.04

## 6.8 Properties Foreclosed, Net

Unit : Million Baht

Type of Properties Foreclosed	December 31, 2013			
	Beginning Balance	Additions	Disposals	Ending Balance
Assets from debt repayment				
- Immovable properties	1,067.05	121.57	118.70	1,069.92
- Movable properties	278.04	-	69.87	208.17
Total properties foreclosed	1,345.09	121.57	188.57	1,278.09
(Less) Allowance for impairment	(469.99)	(45.01)	(70.06)	(444.94)
Total properties foreclosed, net	875.10	76.56	118.51	833.15

Unit : Million Baht

Type of Properties Foreclosed	December 31, 2012			
	Beginning Balance	Additions	Disposals	Ending Balance
Assets from debt repayment				
- Immovable properties	1,070.75	15.51	19.21	1,067.05
- Movable properties	278.04	-	-	278.04
Total properties foreclosed	1,348.79	15.51	19.21	1,345.09
(Less) Allowance for impairment	(265.39)	(204.84)	(0.24)	(469.99)
Total properties foreclosed, net	1,083.40	(189.33)	18.97	875.10

As at December 31, 2013, the Bank had immovable assets from debt repayment in the amount of Baht 1,069.92 million, which were appraised by external appraisers.

As at December 31, 2012, the Bank had immovable assets from debt repayment in the amount of Baht 1,067.05 million, consisting of immovable assets which were appraised by external appraisers in the amount of Baht 1,063.89 million and by internal appraisers in the amount of Baht 3.16 million.

## 6.9 Premises and Equipment, Net

Unit : Million Baht

	December 31, 2013								
	Cost				Accumulated Depreciation				Premises and Equipment, Net
	Beginning Balance	Additions	Disposals	Ending Balance	Beginning Balance	Depreciation	Disposals	Ending Balance	
Land	391.26	-	-	391.26	-	-	-	-	391.26
Buildings									
- Buildings	683.25	-	-	683.25	330.04	10.66	-	340.70	342.55
- Building improvement	129.77	-	-	129.77	109.20	4.47	-	113.67	16.10
Equipment									
- Office equipment and fixtures	254.26	9.31	7.18	256.39	221.02	15.12	7.05	229.09	27.30
- Vehicles	77.39	8.18	8.40	77.17	31.36	7.29	5.90	32.75	44.42
Assets pending for write off	-	2.50	2.50	-	-	-	-	-	-
Assets under construction*	-	4.56	1.95	2.61	-	-	-	-	2.61
<b>Total</b>	<b>1,535.93</b>	<b>24.55</b>	<b>20.03</b>	<b>1,540.45</b>	<b>691.62</b>	<b>37.54</b>	<b>12.95</b>	<b>716.21</b>	<b>824.24</b>

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

Unit : Million Baht

	December 31, 2012								
	Cost				Accumulated Depreciation				Premises and Equipment, Net
	Beginning Balance	Additions	Disposals	Ending Balance	Beginning Balance	Depreciation	Disposals	Ending Balance	
Land	391.26	-	-	391.26	-	-	-	-	391.26
Buildings									
- Buildings	683.25	-	-	683.25	319.35	10.69	-	330.04	353.21
- Building improvement	133.49	5.68	9.40	129.77	111.64	4.70	7.14	109.20	20.57
Equipment									
- Office equipment and fixtures	252.54	10.01	8.29	254.26	209.27	19.80	8.05	221.02	33.24
- Vehicles	76.85	6.38	5.84	77.39	29.44	6.54	4.62	31.36	46.03
Assets pending for write off	0.41	1.22	1.63	-	-	-	-	-	-
Assets under construction*	-	5.92	5.92	-	-	-	-	-	-
<b>Total</b>	<b>1,537.80</b>	<b>29.21</b>	<b>31.08</b>	<b>1,535.93</b>	<b>669.70</b>	<b>41.73</b>	<b>19.81</b>	<b>691.62</b>	<b>844.31</b>

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



## 6.10 Intangible Assets, Net

Changes in the Bank's intangible assets, which are computer software, for the years ended December 31, 2013 and 2012 are as follows:

Unit : Million Baht

	December 31, 2013								
	Cost				Accumulated Amortization				Intangible Assets, Net
	Beginning Balance	Additions	Disposals	Ending Balance	Beginning Balance	Amortization	Disposals	Ending Balance	
Computer software	79.33	23.20	0.27	102.26	36.13	14.62	0.27	50.48	51.78
Software under Installation*	3.84	66.67	17.19	53.32	-	-	-	-	53.32
<b>Total</b>	<b>83.17</b>	<b>89.87</b>	<b>17.46</b>	<b>155.58</b>	<b>36.13</b>	<b>14.62</b>	<b>0.27</b>	<b>50.48</b>	<b>105.10</b>

\* Software under installation-disposal are assets recognized during the year.

Unit : Million Baht

	December 31, 2012								
	Cost				Accumulated Amortization				Intangible Assets, Net
	Beginning Balance	Additions	Disposals	Ending Balance	Beginning Balance	Amortization	Disposals	Ending Balance	
Computer software	52.12	27.21	-	79.33	24.01	12.12	-	36.13	43.20
Software under Installation*	10.54	13.30	20.00	3.84	-	-	-	-	3.84
<b>Total</b>	<b>62.66</b>	<b>40.51</b>	<b>20.00</b>	<b>83.17</b>	<b>24.01</b>	<b>12.12</b>	<b>-</b>	<b>36.13</b>	<b>47.04</b>

\* Software under installation-disposal are assets recognized during the year.

## 6.11 Other Assets, Net

Unit : Million Baht

	December 31, 2013	December 31, 2012
Revenue receivable, net	1.62	0.18
Insurance claim receivables, net of reinsurance	221.38	233.63
Allowance for insurance claim receivables	(221.38)	(233.63)
Leasehold rights and improvements	1.68	2.12
Advance deposits	11.77	11.57
Others	1.00	2.71
<b>Total</b>	<b>16.07</b>	<b>16.58</b>

## 6.12 Deposits

### 6.12.1 Classified by Type of Deposit

Unit : Million Baht

	December 31, 2013	December 31, 2012
Current	1,569.39	1,233.55
Savings	220.90	225.09
Fixed	3,936.84	5,644.59
<b>Total</b>	<b>5,727.13</b>	<b>7,103.23</b>

### 6.12.2 Classified by Currency and Residency of Depositors

Unit : Million Baht

	December 31, 2013			December 31, 2012		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	4,669.17	226.16	4,895.33	6,299.12	125.28	6,424.40
US Dollar	444.28	376.57	820.85	454.92	204.16	659.08
Other currencies	10.95	-	10.95	19.75	-	19.75
<b>Total</b>	<b>5,124.40</b>	<b>602.73</b>	<b>5,727.13</b>	<b>6,773.79</b>	<b>329.44</b>	<b>7,103.23</b>

## 6.13 Interbank and Money Market Items, Net (Liabilities)

Unit : Million Baht

	December 31, 2013			December 31, 2012		
	At Call	Term	Total	At Call	Term	Total
<b>Domestic items</b>						
Bank of Thailand	-	818.69	818.69	-	821.05	821.05
Commercial banks	1.18	9,222.04	9,223.22	1.30	4,594.74	4,596.04
Specialized financial institutions	8.25	500.00	508.25	7.90	1,141.26	1,149.16
<b>Total domestic items</b>	<b>9.43</b>	<b>10,540.73</b>	<b>10,550.16</b>	<b>9.20</b>	<b>6,557.05</b>	<b>6,566.25</b>
<b>Foreign items</b>						
US Dollar	395.17	-	395.17	240.58	-	240.58
Euro	711.10	-	711.10	747.29	-	747.29
Other currencies	80.44	-	80.44	19.34	-	19.34
<b>Total foreign items</b>	<b>1,186.71</b>	<b>-</b>	<b>1,186.71</b>	<b>1,007.21</b>	<b>-</b>	<b>1,007.21</b>
<b>Total domestic and foreign items</b>	<b>1,196.14</b>	<b>10,540.73</b>	<b>11,736.87</b>	<b>1,016.41</b>	<b>6,557.05</b>	<b>7,573.46</b>



## 6.14 Debt Issued and Borrowings

### 6.14.1 Classified by Type of Instrument and Source of Fund

Unit : Million Baht

	December 31, 2013		
	Domestic	Foreign	Total
Bonds	-	31,008.85	31,008.85
Promissory notes	8,375.00	-	8,375.00
Others	3.72	-	3.72
Total debt issued and borrowings	8,378.72	31,008.85	39,387.57

Unit : Million Baht

	December 31, 2012		
	Domestic	Foreign	Total
Bonds	-	29,712.65	29,712.65
Promissory notes	12,575.00	-	12,575.00
Others	6.63	-	6.63
Total debt issued and borrowings	12,581.63	29,712.65	42,294.28

### 6.14.2 Classified by Type of Instrument, Currency, Maturity and Interest Rate

Unit : Million Baht

	Currency	Maturity (Year)	Interest Rate/ Interest Rate Index	December 31, 2013	December 31, 2012
Bonds	USD	2014-2018	LIBOR + MARGIN	31,008.85	29,712.65
Promissory notes	THB	2016-2021	3.80 - 4.75%	6,125.00	10,325.00
		2019	6M THBFIX + MARGIN	2,250.00	2,250.00
Others	THB	2015	-	3.72	6.63
Total debt issued and borrowings				39,387.57	42,294.28

## 6.15 Provisions

As at December 31, 2013 and 2012, the Bank had set up provisions as follows:

Unit : Million Baht

	2013	2012
Employee benefits	116.44	120.57
Provisions for contingent liabilities	30.58	35.16
Total provisions	147.02	155.73

The Bank assesses the provision for employee benefits by using the Projected Unit Credit method. The details of the Bank's employee benefits for the period are as follows:

Unit : Million Baht

	December 31, 2013	December 31, 2012
Beginning balance	120.57	107.46
Current service cost*	8.49	12.59
Interest cost*	4.80	3.97
Employees benefit paid in the period	(6.73)	(3.45)
Actuarial gains based on updated assumption	(10.69)	-
Ending Balance	116.44	120.57

\* These items are presented as expenses in the statement of comprehensive income.

Principal actuarial assumptions for the Bank's employee benefits are as follows:

	2013	2012
Average salary increase	6% - 8.5%	5% - 7.5%
Average turnover rate	2.2% - 28.95%	5% - 19%
Discount rate	2.25% - 4.55%	2.38% - 4.27%

## 6.16 Other Liabilities

Unit : Million Baht

	December 31, 2013	December 31, 2012
Advance deposits	47.21	13.26
Expenses payable	13.71	16.20
Account payable	43.85	1.47
Reinsurance payable	5.50	14.19
Deferred revenue	13.46	13.64
Withholding tax payable	0.68	6.39
Provision for stand-by claims purchase agreement	41.65	28.18
Provision for investment insurance	34.58	27.10
Provision for expected loss	173.32	227.31
Suspense liabilities	450.61	233.98
Others	0.06	0.01
Total	824.63	581.73



## 6.17 Capital

The Bank had an initial capital of Baht 2,500 million. The Bank received additional capital from the Ministry of Finance on July 31, 1998 in the amount of Baht 4,000 million and subsequently on December 30, 2008 and September 21, 2009 in the amount of Baht 1,300 million and Baht 5,000 million, respectively. Thereby, the Bank has total capital amounting to Baht 12,800 million.

## 6.18 Remittance to the Ministry of Finance

On July 30, 2013 and November 11, 2013 the Bank remitted part of the net income for the year 2012 in the amount of Baht 100.00 million and Baht 286.00 million, respectively, to the Ministry of Finance in accordance with the State Enterprise Policy Office's letter No. KorKhor 0806.3/3775 dated July 30, 2013 regarding the Appropriation of the EXIM Thailand's Net Income for the Year 2012.

## 6.19 Contingent Liabilities and Commitments

Unit : Million Baht

	December 31, 2013	December 31, 2012
Liabilities under immature import bills	276.87	1,795.43
Letters of credit	2,439.32	399.55
Export bills insured	18,855.99	26,945.93
Other contingencies		
Overdraft accounts not yet drawn	479.00	510.11
Other guarantees	2,176.93	2,167.05
Investment Insurance	918.78	857.68
Stand-by claims purchase agreement	7,374.79	6,220.28
Total other contingencies	10,949.50	9,755.12
Total	32,521.68	38,896.03

## 6.20 Other Benefits to Directors and Executives

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

## 6.21 Long-Term Leasing Contracts

The Bank has commitment arising from lease agreements of the Bank's branch offices. The remaining periods of the lease agreements subsequently due after the statement of financial position date are as follows:

Unit : Million Baht

Remaining Period	December 31, 2013	December 31, 2012
Within 1 year	3.40	4.05
Over 1-5 years	6.71	7.33
Over 5 years	-	0.33

## 6.22 Financial Position and Operational Performance Classified by Domestic and Foreign Operations

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

### 6.23 Interest Revenue

Interest revenue for the years ended December 31, 2013 and 2012 are as follows:

Unit : Million Baht

	2013	2012
Interbank and money market items	62.22	86.75
Investment in debt securities	86.41	101.63
Loans	3,081.51	3,061.80
Total interest revenue	3,230.14	3,250.18

### 6.24 Interest Expenses

Interest expenses for the years ended December 31, 2013 and 2012 are as follows:

Unit : Million Baht

	2013	2012
Deposits	70.03	122.77
Interbank and money market items	215.68	123.37
Debt issued		
- Foreign bonds	396.62	386.45
- Bills of exchange	-	0.97
- Promissory notes	346.48	530.89
- Borrowings fee	4.34	0.79
Total interest expenses	1,033.15	1,165.24



## 6.25 Fee and Service Revenue, Net

Net fee and service revenue for the years ended December 31, 2013 and 2012 are as follows:

Unit : Million Baht

	2013	2012
Fee and service revenue		
- Acceptance aval and guarantee	17.18	36.47
- Revenue from insurance	167.03	208.19
- Others	229.89	291.50
Total fee and service revenue	414.10	536.16
Fee and service expenses		
- Expense on insurance	87.69	114.60
- Others	11.43	4.01
Total fees and service expenses	99.12	118.61
Total fee and service revenue, net	314.98	417.55

## 6.26 Gains on Tradings and Foreign Exchange Transactions

Gains on tradings and foreign exchange transactions for the years ended December 31, 2013 and 2012 are as follows:

Unit : Million Baht

	2013	2012
Foreign exchanges and derivatives	29.19	194.70
Interest rate derivatives	0.49	13.52
Total gains on tradings and foreign exchange transactions	29.68	208.22

## 6.27 Gains (Losses) on Investments

Gains (losses) on investments for the years ended December 31, 2013 and 2012 are as follows:

Unit : Million Baht

	2013	2012
Gains (losses) on disposal of general investments	(0.02)	-
Reversal (losses) on impairment of general investments	(27.18)	5.21
Total gains (losses) on investments	(27.20)	5.21

## 6.28 Impairment Loss of Loans and Debt Securities

Impairment loss of loans and debt securities for the years ended December 31, 2013 and 2012 are as follows:

	Unit : Million Baht	
	2013	2012
Interbank and money market items	(14.36)	(3.34)
Loans		
- Bad debts and doubtful accounts	980.31	860.20
- Loss on restructuring	220.40	810.69
Total impairment loss of loans and debt securities	1,186.35	1,667.55

## 6.29 Approval of the Financial Statements

These financial statements were approved by the Chairman of the Board of Directors and President on March 7, 2014.



# Locations of EXIM Thailand Head Office and Branches

## Head Office

EXIM Building, 1193 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok 10400

Tel : 0 2271 3700, 0 2278 0047, 0 2617 2111

Fax : 0 2271 3204

SWIFT Code : EXTHTHBK

Website : [www.exim.go.th](http://www.exim.go.th)

E-mail : [info@exim.go.th](mailto:info@exim.go.th)

## Customer Service Center

Tel : 0 2271 2929

## Branches

### Bangna-Trad Km. 3 Branch

MD Tower Building, Ground Floor, 1 Soi Bangna-Trad 25, Bangna-Trad Km. 3 Road, Bangna, Bangkok 10260

Tel : 0 2744 0551-3, 0 2744 0556-7, 0 2744 0573-4

Fax : 0 2744 0571

E-mail : [bangna@exim.go.th](mailto:bangna@exim.go.th)

### Rama II Branch

174/112-113 Moo 6, Soi Rama II Soi 60, Rama II Road, Samaedam, Bang Khunthian, Bangkok 10150

Tel : 0 2894 1760, 0 2894 1766, 0 2894 1994

Fax : 0 2894 1813

E-mail : [rama2@exim.go.th](mailto:rama2@exim.go.th)

### Rama IV Branch

Green Tower, Ground Floor, 3656/2 Rama IV Road, Klongton, Klongtoey, Bangkok 10110

Tel : 0 2240 1133, 0 2240 1157, 0 2367 3300-6

Fax : 0 2367 3307-8

E-mail : [rama4@exim.go.th](mailto:rama4@exim.go.th)

## Seri Thai Branch

56/24-25 Seri Thai Road, Kannayao, Kannayao, Bangkok 10230

Tel : 0 2376 1828  
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E-mail : serithai@exim.go.th

## Rangsit Branch

44, 46, 48 Soi Phaholyothin 87, Phaholyothin Road, Prachathipat, Thanyaburi, Pathum Thani 12130

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Fax : 0 2536 4683-4  
E-mail : rangsit@exim.go.th

## Khon Kaen Branch

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E-mail : khonkaen@exim.go.th

## Chiang Mai Branch

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## Hat Yai Branch

46 48 Chotevittayakul 3 Road, Hat Yai, Hat Yai, Songkhla 90110

Tel : 0 7442 8722-6, 0 7455 9471-2  
Fax : 0 7455 9474-5  
E-mail : hatyai@exim.go.th

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