



THAILAND

EXPORT-IMPORT BANK OF THAILAND

# Annual Report 2018

**25<sup>th</sup>**  
**ANNIVERSARY**

**Driving International Trade and Investment  
for Thailand's Economic Development**





# **Empower Efficiency, Expand Opportunities,**

Enhance Export and Investment  
Capacity of Thai Enterprises.



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**EXIM**  
THAILAND

**25<sup>th</sup>**  
**ANNIVERSARY**

**WITH VISION**



# **TOWARD NEW OPPORTUNITIES OF THAILAND**

## **EXIM Thailand: Entering 25<sup>th</sup> Year... Bridging Trade and Investment Gaps toward Sustainable Growth**

For over the past two decades, Export-Import Bank of Thailand (EXIM Thailand), as a state-owned specialized financial institution, has been steadfast in serving as a key mechanism of the public sector to drive forward the country's economic growth and play a proactive role in promoting exporters' potential and supporting them in preparation for entering the global market. Meanwhile, the Bank has consistently been incubating and developing new generation exporters among small and medium enterprises (SMEs), in particular, which will form a foundation for the country's export sector and economic system and strengthen Thai businesses so that they can confidently expand investment abroad.





## Since Inception up to Present...EXIM Thailand Has Contributed to Thailand's Economic Development in Different Dimensions

With its mission to develop and drive forward the Thai economy, EXIM Thailand has since its official inception in 1994 worked alongside Thai entrepreneurs to fill up international trade and investment gaps, particularly by bringing them business opportunities and mitigating business risks in various dimensions. For instance, in 1996, the Bank established a merchant marine fund to support Thai shipping fleets making long-term credit facilities available to Thai maritime operators and opening up broader opportunities for Thai entrepreneurs to use Thai fleets, instead of foreign ones, in marine transport of goods. This has not only invigorated Thai shipping business but also helped relieve the country's current account deficits. Moreover, the Bank has performed as a back-up engine to propel the Thai economy whenever the main engines stop functioning. For example, in the 1997 economic crisis or the so-called "Tom Yum Goong" crisis, several ailing financial institutions were closed down and commercial banks had restrictions in credit provision to entrepreneurs. As a back-up engine, the Bank stepped in to boost financial liquidity for entrepreneurs especially those in the export sector and enabled continuation of Thai export with a view to accelerating economic recovery. In 2005, when the economy improved and the banking system resumed functioning to support Thai business sector at a similar level to that in the pre-crisis period, EXIM Thailand has since then had its mission redirected to the areas not adequately addressed by financial institutions or commercial banks. The Bank has looked to fill up financial gaps for Thai entrepreneurs that have no access to funding sources or obtain inadequate financial services from commercial banks. It has also carried on its mission to support and build confidence of entrepreneurs with aspiration to expand investment abroad especially the CLMV (Cambodia, Lao PDR, Myanmar and Vietnam), in which several financial institutions and commercial banks earlier lacked confidence in supporting Thai businesses' penetration and creation of investment bases. The Bank has thus taken the role of a lead bank to encourage Thai operators and commercial banks to expand businesses in the CLMV by spearheading provision of funds and risk hedging service on a full-fledged basis as well as helping create and develop business networks between Thai business sectors and those of the CLMV. In addition, several projects supported by the Bank have been intended for development of infrastructures and public utilities, such as hydropower plants in Lao PDR, power plants and transmission line systems in Cambodia, and so on. This has not only brought business opportunities to Thai entrepreneurs, but also helped upgrade and improve the quality of life of people in the neighboring countries, hence fostering good relationship between those countries and Thailand.

## Growing and Fulfilling...Paving Way for Thai Businesses in the Changing Global Landscape

Throughout the past 24 years, the Bank has never stopped developing its organization to ensure its readiness to fill up trade and investment gaps and to protect Thai entrepreneurs from international business risks under all circumstances. The Bank will remain committed to pursuing its development journey and filling up trade and investment gaps for Thai entrepreneurs to its fullest potential. However, amid the current volatility in the context of the changing global landscape, and the shift of economic powers from such major markets as the U.S.A., the European Union and Japan to new frontier\* markets with high economic growth like China, India, Africa, etc., coupled with the trade wars of economic giants which have kept imposing stringent trade protectionist measures, competition in the world market has been intensifying with pressures exerted in various dimensions on countries around the world including Thailand. The government agencies have predicted and been well aware of these global trends as reflected in the trade and investment policies and strategies worked

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Note : \* New frontiers refer to countries where Thai trade and investment activities are relatively small and yet to be developed.



out and driven in line with the changing global trends, particularly the 20-year National Strategy (2018-2037), the 12<sup>th</sup> National Economic and Social Development Plan (2017-2021), Thailand 4.0 Initiative, and the Eastern Economic Corridor (EEC) Development Plan. Key focus points of these plans and strategies include support of Thai entrepreneurs' trade and investment expansion to new frontier markets, promotion of Thai product innovation toward higher value added exports to upgrade Thai export sector, which is instrumental to the sustainable growth of the Thai economy amid the changing global circumstances, and enhancement of Thai business operators' potential and competitiveness to ensure their firm standing in the global economic arena. EXIM Thailand, as a mechanism to drive these strategies and with its redefined role and strategies in 2018, is ready to continue carrying out its mission and bring the Thai economy forward to achieve national strategic goals and fill up trade and investment gaps as follows:

► **Financial gap:** The Bank provides Thai entrepreneurs with fully integrated financial supports to facilitate their business expansion to new frontiers, including also export and investment insurance facilities which protect them against trade and political risks and thus boost their confidence in market penetration. Financial facilities are also offered to support product or manufacturing process upgrade through innovation and high technology which are key to sustaining Thai products' competitive advantage in the world market. The Bank also helps narrow financial gaps for entrepreneurs, especially SMEs, that have no access to funding sources in order to lay a strong foundation for the Thai economy, a mission carried out consistently by the Bank.

► **Business network gap:** The Bank has extensive international business networks involving both public and private agencies and financial institutions as well as close cooperation with Team Thailand abroad particularly those in new frontier countries like India, Kenya, etc., and its representative offices in Myanmar, Lao PDR and Cambodia (to be officially open in 2019). Accordingly, the Bank is ready to act as an intermediary to liaise with and build new business networks for Thai entrepreneurs interested in penetrating new frontier markets and help them connect with new business partners, i.e. overseas buyers or alliances, hence furthering their business expansion.

► **Knowledge gap:** Narrowing knowledge gap is instrumental to ensuring Thai business success, especially in new frontiers which are still unfamiliar to Thai business operators. Thai entrepreneurs still have limited information on those markets in respect of business incorporation rules, import and export requirements, trade privileges, financial regulations, etc. With insufficient knowledge, Thai entrepreneurs lack confidence in market penetration. The Bank has therefore prepared and disseminated through various media knowledge on global economies and businesses, in-depth industry analysis and reports, and updates on global economic conditions and trends. Training and seminar sessions are also arranged to provide knowledge on new frontiers, e.g. seminar titled "Africa: New Destination, New Opportunities 2018", etc. to help Thai entrepreneurs access new business opportunities. Moreover, the Bank is ready to broaden Thai entrepreneurs' knowledge base on a comprehensive basis through EXIM Excellence Academy (EXAC) which aims to incubate and uplift potential of Thai business operators in their international business dealings.

As one of the public sector's key mechanisms to propel Thailand's export, overseas investment and overall economy, EXIM Thailand is well equipped to provide support and fill up existing gaps in conjunction with protecting Thai businesses against associated risks. The Bank will serve as partner for Thai business operators in every step of their global expansion. Meanwhile, the Bank remains committed to furthering Thailand's economic development to achieve stability, prosperity and sustainability, enabling it to overcome the middle-income trap and realize the national strategic goals as entrusted in the Bank's role as national development bank.

## Highlights of 2018 Activities

In 2018, Export-Import Bank of Thailand (EXIM Thailand) has fully moved forward on a transformation journey in line with its 10-year Master Plan (2017-2027) and 5-year Strategic Plan (2018-2022) with an objective to achieve its vision, “To be a world-class specialized financial institution serving as a key mechanism in driving forward Thailand’s international trade and investment strategies.” In pursuing its key strategies, the Bank has thus engaged in various undertakings and activities as follows:

**Market Maker: Proactively create trade and investment opportunities for Thailand in new frontier markets**



On November 30, 2018, Mr. Apisak Tantivorawong, Minister of Finance, presided over the opening ceremony of EXIM Thailand's Vientiane Representative Office, the Bank's second representative office with a mandate to serve as “Economic Friendship Ambassador” liaising with CLMVT (Cambodia, Lao PDR, Myanmar, Vietnam and Thailand) and other countries across the Greater Mekong Subregion and ASEAN.



EXIM Thailand and Lao National Chamber of Commerce and Industry (LNCCI) signed a memorandum of understanding (MOU) to promote cooperation on information and/or activities exchange and provide financial and non-financial support with a view to expanding trade and investment opportunities for the benefits of the entrepreneurs of both countries.



EXIM Thailand and Russian Export Center (REC) signed an MOU to promote cooperation on Thai-Russian trade and investment. REC is a state enterprise supervising Eximbank of Russia which provides export credit and insurance facilities to Russian exporters and investors.



EXIM Thailand and Department of Foreign Trade, Ministry of Commerce, supported the Young Entrepreneur Network Development (YEN-D) 4.1 Program to promote business matching between entrepreneurs in Thailand and its neighboring countries to build network and increase Thailand-CLMV interregional trade and investment.





EXIM Thailand joined a panel discussion titled “Expansion to CLMV Countries: How Thailand, Business Hub for the Mekong Region, Could Strengthen Synergies with the CLMV Countries” held by Conseillers du Commerce Extérieur de la France, Ambassade de France en Thaïlande, Franco-Thai Chamber of Commerce and Business France. EXIM Thailand shared its vision and direction of trade and investment promotion in CLMV countries as well as its new roles in supporting Thai trade and investment in CLMV.



EXIM Thailand supported the seminar “Myanmar Insight 2018” held by Royal Thai Embassy in Yangon and Thai Business Association of Myanmar to commemorate 70 years of diplomatic relations between Thailand and Myanmar. The event aimed to provide information on trade and investment opportunities in Myanmar, especially those industrial sectors of Myanmar government’s priority and Thai entrepreneurs’ interest.

## National Investment Advisor: Provide advice and financial support for overseas investment projects of the public and private sectors



EXIM Thailand and Kanbawza Bank (KBZ Bank), the largest commercial bank in Myanmar, signed an MOU to provide EXIM Thailand’s Buyer’s Bank Credit Facility to support Myanmar buyers’ purchases of goods and services from Thai entrepreneurs.



EXIM Thailand hosted the 24<sup>th</sup> Asian EXIM Banks Forum (AEBF) Annual Meeting featuring the theme “Industry 4.0” with Mr. Apisak Tantivorawong, Minister of Finance presiding over the opening ceremony. The event was attended by 11 member agencies from China, India, South Korea, Indonesia, Malaysia, the Philippines, Turkey, Japan, Australia and Vietnam and together with one permanent observer and two observers. The forum aimed to promote the exchange of views and experience in support of the private sector’s readiness for Industry 4.0, eventually leading to sustainable development for the Asian region and the world in the long run.

## Integrated Insurer: Expand export credit and investment insurance markets through product innovation and partnership networks



EXIM Thailand and Aon (Thailand) Co., Ltd., an international insurance broker and leading global trade and investment risk management consultant, co-hosted a seminar titled “Africa: New Destination, New Opportunities 2018” to provide information on trade and investment opportunities to Thai entrepreneurs interested in starting business in the African market. Special offers were provided, including discount on export insurance premium for exporters to Africa along with free credit worthiness analysis for the first 2 trading partners and 50% reduction for the 3<sup>rd</sup> to 5<sup>th</sup>.



EXIM Thailand and Lockton Wattana Insurance Brokers (Thailand) Ltd. co-hosted the “Enhancing Opportunities, Expanding Markets with Confidence...with EXIM Thailand” seminar to promote exporters’ knowledge and understanding of international trade risks, to build their confidence in expanding in existing and new markets, and to create more business opportunities for Thai entrepreneurs with export credit insurance and risk coverage against non-payment.

## e-Trading Ecosystem: Promote online international trade with fully integrated solutions



EXIM Thailand and Loxley Plc. signed an MOU on e-Trading platform development connecting the Bank's system to global e-Commerce markets. The MOU will enable EXIM Thailand to extend financial facilities and export credit insurance to online business operators.



EXIM Thailand cooperated with the Office of Digital Commerce Market, Department of International Trade Promotion, Ministry of Commerce to promote Thai entrepreneurs, particularly small and medium enterprises' (SMEs) accessibility and online channels to export products and services to foreign countries via the Ministry of Commerce website ([www.thaitrade.com](http://www.thaitrade.com)), in accordance with the Bank's strategic plan.



EXIM Thailand, University of the Thai Chamber of Commerce (UTCC) and eTouch Co., Ltd. joined hands with Alibaba to support Thai entrepreneurs' expansion into the export market in China by selling products on the Alibaba.com platform under the "One Step into the Global Market with Alibaba.com" project.



## Hi-Potential SMEs Accelerator: Provide knowledge and financial support for high potential SMEs focusing on product and service innovation and technology to compete on the global market



EXIM Thailand in collaboration with the Office of Small and Medium Enterprises Promotion (OSMEP), the Ministry of Industry, the Bank of Thailand (BOT) and the Thai Bankers' Association held a seminar on “the FX (Foreign Exchange) Risk Management Project Phase 2 for SMEs”. The project aimed to furnish Thai SME exporters with knowledge on FX risk hedging tools. Eligible seminar participants were granted a premium line of 50,000 baht per business for use to buy FX options on a trial basis from the participating commercial banks.



EXIM Thailand in collaboration with the Offices of the Permanent Secretaries for Ministry of Agriculture and Cooperatives, Ministry of Public Health and Ministry of Industry and other Specialized Financial Institutions (SFIs), signed an MOU to sharpen Thai SMEs' international competitiveness through product quality improvement, business knowledge and process development as well as increased access to finance with an aim to enhance SMEs' roles in driving Thailand's economic growth.



EXIM Thailand and 8 other Specialized Financial Institutions (SFIs), PTT Oil and Retail Business Plc. and Thailand Post Co., Ltd. co-signed MOUs to provide one stop financial services and create community stores to promote local products at PTT gas stations nationwide as well as enhancing the general public's access to SFI financial services, job creation and income distribution while stimulating the country's grass-roots economy.



EXIM Thailand, the Office of Small and Medium Enterprises Promotion (OSMEP) and 69 other agencies from the public and private sectors as well as financial institutions, signed MOUs on “SMEs Web Portal Development for SME Business Promotion (SME ONE website)”. The SME ONE web portal provides information, news, knowledge, and linkage with a wide range of services, public and private activities and programs for SMEs, aiming to improve SMEs’ access to useful information for their businesses development and expansion.



EXIM Thailand and Small and Medium Enterprise Development Bank of Thailand co-arranged the “EXIM-SME Mobile Clinic” under the TAP Economic Program in which EXIM Thailand offered advisory services to SME entrepreneurs on issues such as export financing, marketing, manufacturing and funding sources to facilitate their business expansion into the global marketplace.



EXIM Thailand and Rayong Provincial Industrial Office arranged the “EXIM Mobile Clinic” focus group program to provide advisory services for business operators and those interested in international trade in the areas of finance, marketing and manufacturing.





EXIM Thailand and Department of International Trade Promotion, Ministry of Commerce, signed an MOU to promote Thai entrepreneurs potential by providing in-depth knowledge and understanding of international trade and investment to Thai entrepreneurs, including the startups, along with services support and financial instruments to help them start or expand their business confidently and successfully. The Bank also encouraged Thai entrepreneurs to combine their innovative capabilities with greater access to information technology in the modern trade era to increase their business value and drive the country's economic development.



EXIM Thailand participated as speaker in a discussion session titled "Instant Formula: From SMEs to International Trade" held by New Economy Academy (NEA) with an aim to encourage entrepreneurs' knowledge and understanding in running export businesses.

## Activities to Foster Ties with Other Agencies



EXIM Thailand signed an agreement with financial and public utilities state enterprises on big data integration to raise the standard of public services. The signing ceremony, witnessed by Dr. Somkid Jatusripitak, Deputy Prime Minister, and Mr. Apisak Tantivorawong, Minister of Finance, aimed to promote the public policy on big data integration and make concrete use of big data.





EXIM Thailand and Export Development Canada (EDC), signed an MOU to promote Thai-Canadian bilateral and external trade and investment of the two countries, through support and referral of projects of mutual benefits, business matching, sharing of technical, financial and trade information and experience, and personnel skills and capability development.



EXIM Thailand issued bonds under the USD 1,500,000,000 Euro Medium Term Notes Program, with the Floating Rate Notes (FRN) worth 300 million US dollars with 5 year maturity and 3-month USD LIBOR +0.90% per annum interest rate. Underwritten by Hongkong and Shanghai Banking Corporation Limited (HSBC), Mizuho Securities Asia Limited, and Standard Chartered Bank, the bond has been well received by overseas leading financial institutions. Bond proceeds were earmarked for use in the Bank's further business expansion to support Thailand's trade and investment both at home and overseas.



EXIM Thailand received ISO/IEC 27001:2013 Information Security Management System (ISMS) standard certification for its data center management including IT infrastructure systems, network, facilities, BAHTNET EFS, ICAS-ICMG systems and EFS from BSI Group (Thailand) Co., Ltd. Achieving the ISO/IEC 27001:2013 signifies that EXIM Thailand's ISMS is on par with international standard. It will also enable EXIM Thailand to assure its clients of the Bank's information security management at its Head Office and all branches.



EXIM Thailand received the "Best Design Excellence Award" for its 100-120 sq.m. booth display from best design competition at the Money Expo 2018.

## Vision, Missions and Core Values

### Vision

Export-Import Bank of Thailand (EXIM Thailand) has created its vision for 2027 to emphasize the Bank's mandate to promote and support international trade and investment policies for Thailand's economic growth as follows:

**“To be a world-class specialized financial institution serving as a key mechanism in driving forward Thailand's international trade and investment strategies.”**

### Missions

To achieve the above vision, EXIM Thailand gives priority and is committed to the following missions:

1. Provide financial support to lead Thai entrepreneurs into international trade and investment arena.
2. Provide financial support for investment to drive national development according to the government policy.
3. Help mitigate international trade and investment risks facing Thai entrepreneurs.
4. Develop and enhance Thai entrepreneurs' capability to engage in international trade and investment.

### Core Values

EXIM Thailand has established core values to which desirable behaviors are related as follows:

- ▶ Excellence in Results
- ▶ Excellence in Customer Services
- ▶ Excellence in Collaboration and Teamwork
- ▶ Excellence in Integrity and Social Responsibility

**EXIM**  
THAILAND  
**CORE**  
**VALUES**





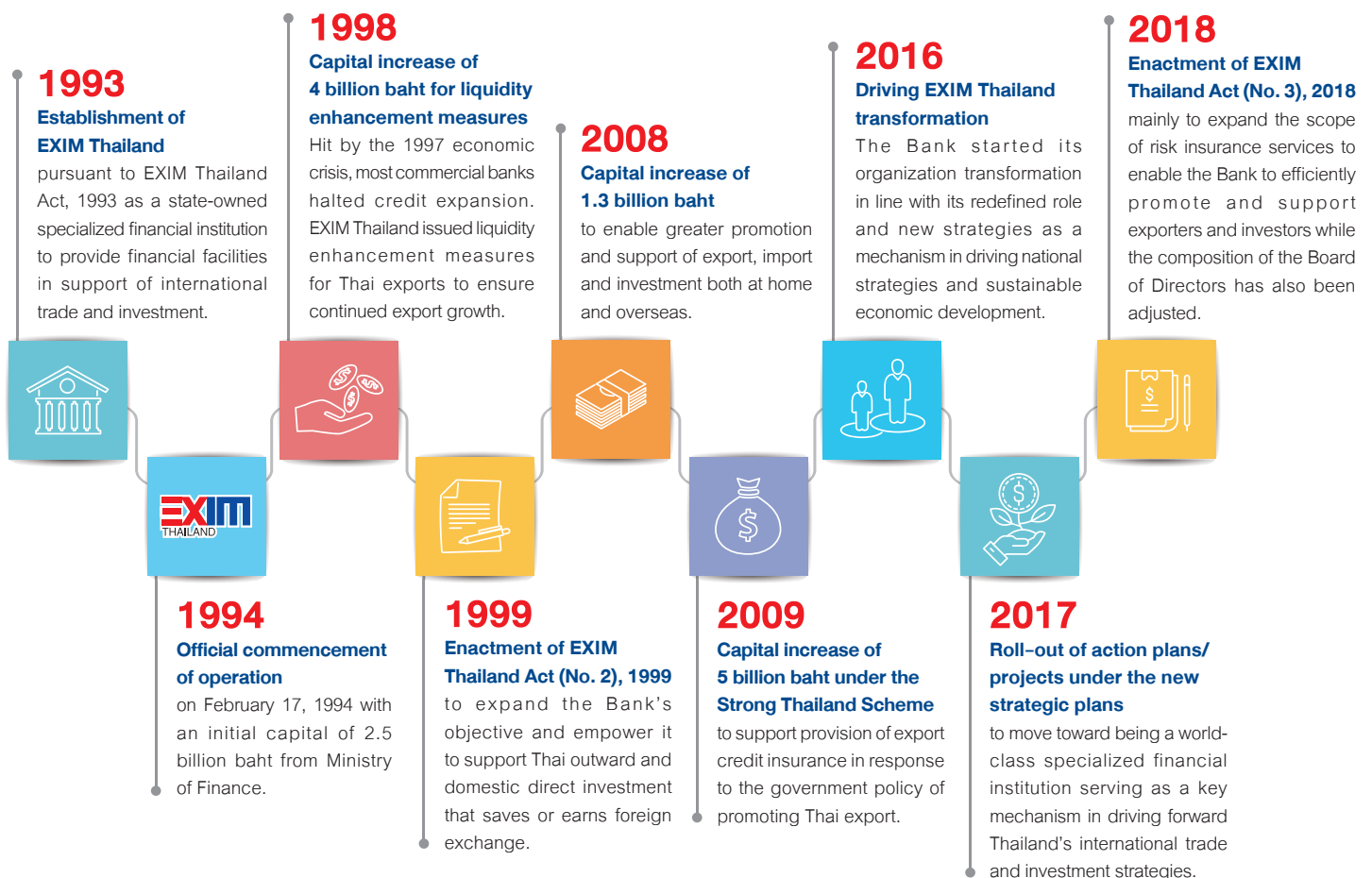
## Background, Objectives and Statement of Direction (SOD)

### Background and Objectives

Export-Import Bank of Thailand (EXIM Thailand) is a state-owned specialized financial institution under the Ministry of Finance's supervision. It was established by the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), which took effect on September 7, 1993. The Bank's objective is to conduct business which promotes and supports Thai export, import, and investment for the purpose of national development by providing credit facilities, guarantees, insurance against risks, or other services conducive to the achievement of its goals.

In addition to capital increases from the Ministry of Finance to accommodate its business operations in different periods, EXIM Thailand is self-sufficient financially through fundraising for use in the provision of credit facilities to Thai exporters and investors, such as borrowing from financial institutions both at home and abroad and issuance of short- and long-term financial instruments for sale to financial institutions and the general public. To sum up, the Bank can do any business under its missions pursuant to the EXIM Thailand Act and customary to commercial banks, except for accepting deposit from the general public.

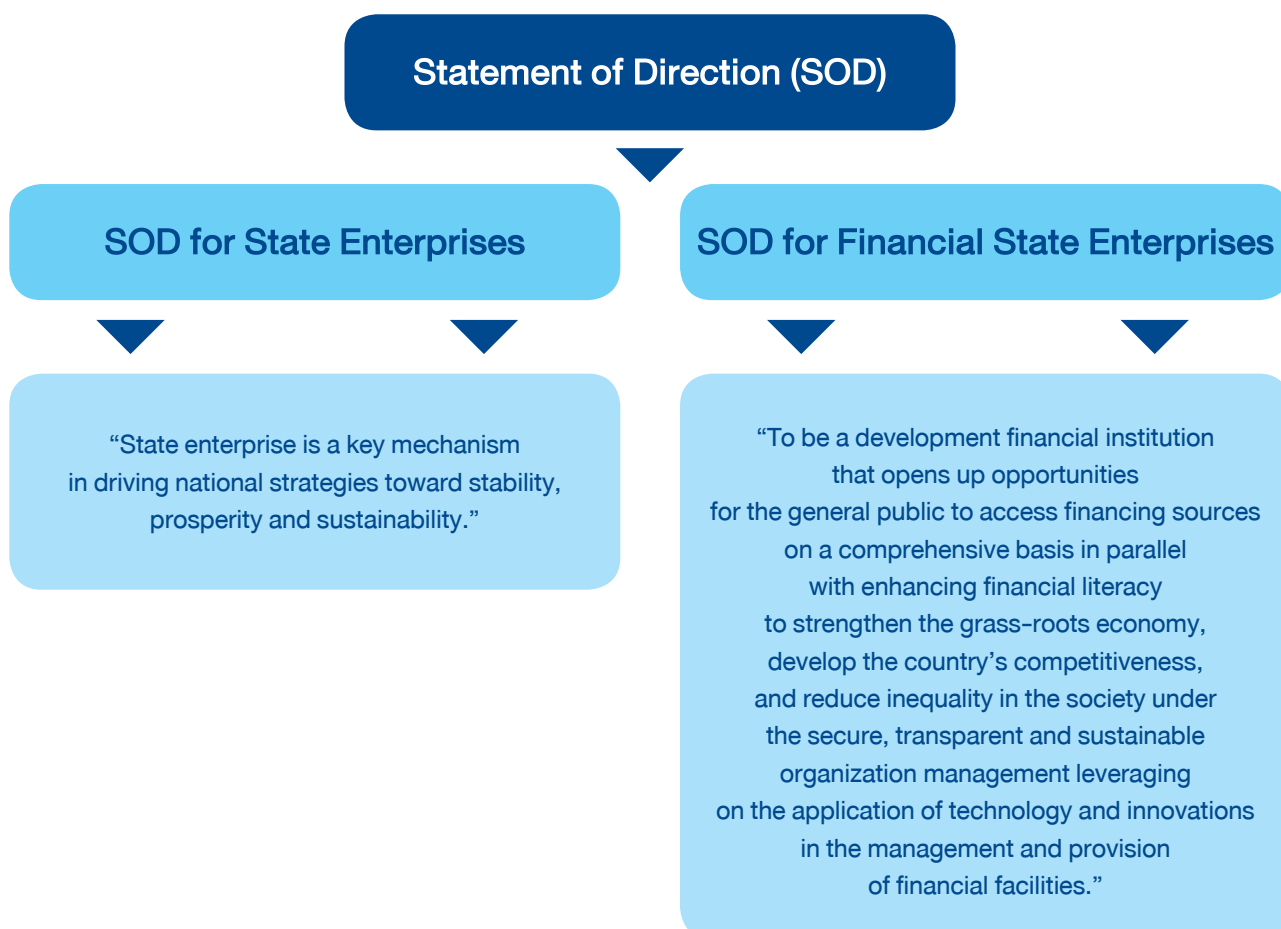
In 2018, the EXIM Thailand Act (No. 3), 2018 (B.E. 2561) was enacted under which the scope of the Bank's trade and investment insurance services has been expanded to support Thai entrepreneurs in their contract bidding or trade and investment expansion beyond Thailand. The composition of the Board of Directors has also been adjusted to accommodate current regulatory requirements.



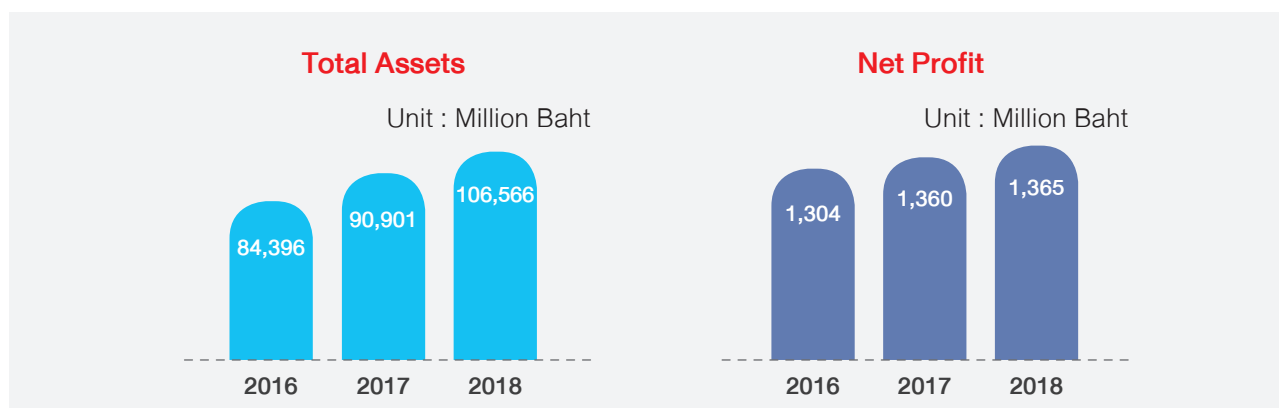
## Statement of Direction (SOD)

EXIM Thailand has adopted state policy guidelines comprising the 20-year National Strategy (2018-2037), the 12<sup>th</sup> National Economic and Social Development Plan (2017-2021), national restructuring toward Thailand 4.0, and the National Reform Plan covering 11 areas and State-owned Enterprise Plan in the financial institutions category to map out its business direction and framework in line with its role as a key state mechanism to promote and support the country's economic development. The Bank has rendered financial and non-financial support to Thai exporters, importers and investors, especially those with inadequate or no access to finance or other support facilities. This has prompted the Bank to engage in organization transformation with a view to drive national strategies in line with its mission of accommodating and responding to the government policy.

The Bank operates its business under the Ministry of Finance's supervision with the State Enterprise Policy Office (SEPO) tasked to monitor the Bank's operational performance in the capacity of the state shareholder and to set out the Statement of Direction as follows:



## Highlights of Operating Results



Unit : Million Baht

| Items                                                                            | Value   |        |        |
|----------------------------------------------------------------------------------|---------|--------|--------|
|                                                                                  | 2018    | 2017   | 2016   |
| <b>Financial Position</b>                                                        |         |        |        |
| Total assets                                                                     | 106,566 | 90,901 | 84,396 |
| Total liabilities                                                                | 85,392  | 70,557 | 64,768 |
| Capital                                                                          | 21,174  | 20,344 | 19,627 |
| Shareholders' equity                                                             | 12,800  | 12,800 | 12,800 |
| <b>Operating Results</b>                                                         |         |        |        |
| Net interest income                                                              | 3,397   | 3,086  | 2,748  |
| Non-interest revenues                                                            | 497     | 332    | 371    |
| Non-interest expenses                                                            | 1,321   | 1,091  | 703    |
| Impairment loss of loans and debt securities                                     | 1,208   | 967    | 1,112  |
| Net profit                                                                       | 1,365   | 1,360  | 1,304  |
| <b>Financial Ratios (%)</b>                                                      |         |        |        |
| Return on Assets (ROA)                                                           | 1.4     | 1.6    | 1.6    |
| Return on Equity (ROE)                                                           | 6.6     | 6.8    | 6.8    |
| Net Interest Margin (NIM)*                                                       | 3.2     | 3.3    | 3.3    |
| Cost to Income Ratio                                                             | 33.9    | 31.9   | 22.5   |
| Capital Adequacy Ratio (CAR)                                                     | 18.1    | 21.3   | 22.4   |
| <b>Asset Quality</b>                                                             |         |        |        |
| Non-performing Loans (NPLs)                                                      | 4,103   | 3,285  | 2,970  |
| Allowance for doubtful accounts and revaluation allowance for debt restructuring | 9,385   | 7,949  | 6,842  |
| NPLs to total loans (%)                                                          | 3.8     | 3.6    | 3.6    |
| <b>Government Budget and Remittance</b>                                          |         |        |        |
| Budget allocated to the Merchant Marine Promotion Scheme                         | 11      | 66     | 87     |
| Remittance to the Ministry of Finance                                            | 500**   | 505    | 600    |

Notes : \* NIM ratio calculation basis has been changed from "net interest income to average net asset value" to "net interest income to average interest-bearing asset" as required by the Bank of Thailand.

\*\* Estimated



## Message from the Chairman



The year 2018 was another year of transformation for Export-Import Bank of Thailand (EXIM Thailand). Major changes took place in the Bank's legislative framework, strategic plan and operational process including the amendment of EXIM Thailand Act to further embrace corporate governance principles and expand the Bank's scope of service.

The Board of Directors attaches great importance to ensuring the Bank's readiness for the rapidly changing global trade and investment landscape, both at present and in the future, and to enhance the Bank's role as a key mechanism in driving the government policies. For instance, we have set challenging targets for loans outstanding and business turnover from insurance facilities over 2019-2027 with focus on support for small and medium enterprises (SMEs), particularly high potential medium-sized businesses, to facilitate their access to funding sources along with strengthening large-scaled enterprises at the national champion level. We have also realigned the approval authority structure for credit and insurance facilities to bolster flexibility, reviewed the 3-year Digital Action Plan and Knowledge and Innovation Master Plan gearing up for digital banking operation in the era of disruptive technology, and encouraged financial product innovation to better fulfill entrepreneurs' demand and address risks from increasing uncertainties in the global market. Meanwhile, we have focused on laying a solid foundation for corporate governance and corporate social responsibility as well as expanding collaboration with alliance networks in both public and private sectors at home and overseas alike and promoted the Bank's role as a business consultant for major target groups designated by the government.

In parallel to setting the above policy framework, the Board of Directors has rendered full support for the management in carrying out their commitment to maintaining the Bank's asset quality and financial stability. Significant work processes regarding risk management, human resources management, compliance, internal audit and control were rationalized in compliance with the corporate governance criteria of the Bank of Thailand, thus contributing to our favorable performance. We grew assets and expanded customer base for both credit and insurance facilities to the extent exceeding the targets while capital funds and allowance for doubtful accounts were maintained at adequate levels. The assessment of employees' engagement and satisfaction also showed encouraging results.

Finally, I would like to take this opportunity to extend my sincere appreciation to the Board, the management and all employees for their dedication and hard work throughout 2018. My gratitude also goes to our customers and the public and private agencies for their consistent support. Meaningful cooperation from all parties concerned is key to strengthening our organization and empowering us to forge ahead with our mission to promote Thailand's international trade and investment toward sustainability.



**(Miss Suttirat Rattanachot)**  
**Chairman of the Board of Directors**

## Message from the President

The rapid and drastic changes in the global arena marked by rampant volatility have transformed international trade and investment pattern significantly resulting in intensifying competition. Thailand, not unlike other trading nations, have been affected in various dimensions leading us to diversify away from major markets (the U.S.A., European Union and Japan) to new frontiers with high economic growth like China, India, Africa, etc. Concurrently, Thailand has also been affected by disruption from digital technology. Therefore, in order to prepare for and keep pace with those developments, Export-Import Bank of Thailand (EXIM Thailand) has over the past two years had our business operation anchored on the organization transformation in line with the Master Plan (2017-2027). We have put in place new strategies, translating them into concrete actions and executing our mission to promote and support export, import, inward and outward investment as designated since our inception to realize the vision “To be a world-class specialized financial institution serving as a key mechanism in driving forward Thailand’s international trade and investment strategies.”

EXIM Thailand’s business operation under the new strategies over 2017-2019 has mainly focused on trade and investment in new frontiers in the Greater Mekong Subregion (GMS) comprising Cambodia, Lao PDR, Myanmar and Vietnam (CLMV). We have established representative offices in Myanmar and Lao PDR in 2017 and 2018, respectively. A new representative office will be opened in Cambodia in 2019 and more will gradually follow in other target countries. Moreover, we have strived to develop and boost capabilities of startup exporters, especially small and medium enterprises (SMEs), in international trade by promoting online channels through our alliance with alibaba.com, thaitrade.com, and so on. SME exporters’ potential has also been enhanced through provision of knowledge and training on export business and international trade payment, and collaboration made with our allies on

SMEs incubation support to enable their export initiation and expansion. We have established EXIM Excellence Academy (EXAC) to serve as a specialized unit to develop export incubation courses, provide consultation, manage networks, and foster relationship with public and private sectors for development of Thai business operators to meet international standards.

In addition, the Bank’s implementation of the new strategies has supported the enhancement of our operational quality, improvement of personnel’s capabilities, and information technology development. To embrace the digital era, we are in the process of developing online services to facilitate and speed up service provision to exporters, e.g. e-Service system and EXIM Transactional Banking Portal, as additional channels for customers to access necessary information, hence availability of information whenever needed, and other service systems which will be further linked or integrated with those of external agencies. Meanwhile, internal documentation management has been developed to be more paperless with the adoption of information technology, and efficiency as well as environmental friendliness raised in document management.

Overall, EXIM Thailand’s operating results in 2018 exceeded the targets and outperformed those in the previous year in terms of both credit and insurance facilities. Total loans outstanding reached a record high in a decade, amounting to 108,589 million baht, a year-on-year increase of 16,703 million baht or 18.2%. CLMV loans outstanding accounted for 29,441 million baht, up by 1,546 million baht or 5.5% from the foregoing year. SME loans outstanding were recorded at 42,906 million baht, up by 5,765 million baht or 15.5% year-on-year. Accumulated business turnover from financing activities was 197,120 million baht. Of this amount, 106,362 million baht came from SMEs financing. Meanwhile, accumulated business turnover from export credit and



investment insurance accounted for 92,448 million baht, which grew by 26,545 million baht year-on-year and of which 22,278 million baht or 24.1% came from SMEs financing. The Bank posted a net profit of 1,365 million baht. Non-performing loan ratio (NPL ratio) stood at 3.8%, with NPLs totaling 4,103 million baht and allowance for doubtful accounts amounting to 9,385 million baht, a year-on-year increase of 1,436 million baht. The allowance for doubtful accounts was 205.2% of the required provision of 4,572 million baht according to the Bank of Thailand's criteria. This reflected the Bank's capability to maintain a strong financial position.

The year 2019 marks the 25<sup>th</sup> Anniversary of EXIM Thailand's operation as a specialized financial institution for exporters, importers and investors. We will keep advancing amid prevailing changes to achieve organization excellence in results, services, teamwork, business ethics and social responsibility while preparing ourselves for all challenges lying ahead.

On behalf of the management and staff members of EXIM Thailand, I would like to extend my sincere thanks and appreciation to our customers, regulators and public and private agencies as well as all other stakeholders for the untiring support rendered to us. I would also like to express my appreciation to our Board of Directors, management and staff members for their hard work and dedication toward our stability and sustainability. For 2019, I look forward to continued support from all our stakeholders to help drive the public sector initiatives and the country's economic growth to achieve sustainable development goals.

**(Mr. Pisit Serewiwattana)**  
**President**



## Board of Directors

### Board of Directors

|                                                                                                      |                |                       |
|------------------------------------------------------------------------------------------------------|----------------|-----------------------|
| Miss Suttirat                                                                                        | Rattanachot    | Chairman              |
| <i>Director-General, Comptroller General's Department, Ministry of Finance</i>                       |                |                       |
| Dr. Warotai                                                                                          | Kosolpisitkul  | Director (Ex-officio) |
| <i>Fiscal Policy Advisor, Fiscal Policy Office, Ministry of Finance</i>                              |                |                       |
| <i>for Director-General, Fiscal Policy Office, Ministry of Finance</i>                               |                |                       |
| Mr. Adul                                                                                             | Chotinisakorn  | Director (Ex-officio) |
| <i>Director-General, Department of Foreign Trade, Ministry of Commerce</i>                           |                |                       |
| Dr. Nattapol                                                                                         | Rangsitpol     | Director (Ex-officio) |
| <i>Director-General, Office of Industrial Economics, Ministry of Industry</i>                        |                |                       |
| Miss Jariya                                                                                          | Sutthichaiya   | Director (Ex-officio) |
| <i>Secretary-General, Office of Agricultural Economics, Ministry of Agriculture and Cooperatives</i> |                |                       |
| Dr. Vilawan                                                                                          | Mangklatanakul | Director (Ex-officio) |
| <i>Director-General, Department of International Economic Affairs, Ministry of Foreign Affairs</i>   |                |                       |
| Dr. Darnp                                                                                            | Sukontasap     | Director              |
| Mr. Nopporn                                                                                          | Thepsithar     | Director              |
| Dr. Mas                                                                                              | Tanyongmas     | Director              |
| Mr. Kamthorn                                                                                         | Tatiyakavee    | Director              |
| Mr. Pisit                                                                                            | Serewiwattana  | Director (Ex-officio) |
| <i>President, Export-Import Bank of Thailand</i>                                                     |                |                       |

As of December 31, 2018

## Board of Executive Directors

|             |               |                    |
|-------------|---------------|--------------------|
| Mr. Nopporn | Thepsithar    | Chairman           |
| Dr. Warotai | Kosolpisitkul | Executive Director |
| Dr. Darnp   | Sukontasap    | Executive Director |
| Mr. Pisit   | Serewiwattana | Executive Director |

## Audit Committee

|              |              |          |
|--------------|--------------|----------|
| Dr. Mas      | Tanyongmas   | Chairman |
| Miss Jariya  | Sutthichaiya | Member   |
| Dr. Nattapol | Rangsitpol   | Member   |

## Nomination and Remuneration Committee

|              |                |          |
|--------------|----------------|----------|
| Mr. Kamthorn | Tatayakavee    | Chairman |
| Mr. Adul     | Chotinisakorn  | Member   |
| Dr. Vilawan  | Mangklatanakul | Member   |

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

|             |               |          |
|-------------|---------------|----------|
| Mr. Adul    | Chotinisakorn | Chairman |
| Miss Jariya | Sutthichaiya  | Member   |
| Dr. Mas     | Tanyongmas    | Member   |
| Mr. Pisit   | Serewiwattana | Member   |

## Risk Management Committee (RMC)

|              |               |                                      |
|--------------|---------------|--------------------------------------|
| Mr. Kamthorn | Tatayakavee   | Chairman                             |
| Dr. Nattapol | Rangsitpol    | Member                               |
| Dr. Warotai  | Kosolpisitkul | Member                               |
| Mr. Pisit    | Serewiwattana | Member                               |
| Mr. Chana    | Boonyachai    | Member<br>(Executive Vice President) |

## IT Strategy and Policy Committee

|                 |                     |                                   |          |
|-----------------|---------------------|-----------------------------------|----------|
| Dr. Darnp       | Sukontasap          | (Director)                        | Chairman |
| Mr. Pisit       | Serewiwattana       | (President)                       | Member   |
| Mrs. Warangkana | Wongkhaluang        | (Senior Executive Vice President) | Member   |
| Dr. Nongnuch    | Laomaneerattanaporn | (Executive Vice President)        | Member   |
| Mr. Thirapun    | Sanpakit            | (External Expert)                 | Member   |
| Mr. Ruangkrai   | Rangsiphol          | (External Expert)                 | Member   |
| Mr. Wisanu      | Tuntawiroon         | (External Expert)                 | Member   |

As of December 31, 2018





**Miss Suttirat Rattanachot**  
Chairman

### Year of Birth

- 1959

### Education

- M.A. (Accounting), Chulalongkorn University
- LL.B. (Laws), Thammasat University
- B.A. (Accounting), Ramkhamhaeng University

### Training

- E-Government for Chief Executive Officer Program (e-GCEO 3/2016), Electronic Government Agency (Public Organization) (EGA)
- Diploma, Inspector-General for the Fiscal Year 2015, Office of the Permanent Secretary, Prime Minister's Office
- Capital Market Academy Leadership Program (CMA 17/2013), Capital Market Academy (CMA), The Stock Exchange of Thailand (SET)
- Diploma, The Joint State-Private Sector Course (Class 21/2008), Thailand National Defence College
- Director Certification Program (DCP 73/2006), Thai Institute of Directors Association (IOD)

### Work Experience

- Deputy Permanent Secretary, Chief of Expense and Debt Group, Ministry of Finance
- Inspector-General, Ministry of Finance
- Advisor of Fiscal and Financial System Development, Comptroller General's Department, Ministry of Finance
- Deputy Director-General, Comptroller General's Department, Ministry of Finance

### Current Positions

- Director-General, Comptroller General's Department, Ministry of Finance
- Director, Bangkok Mass Transit Authority
- Director, Airports of Thailand Public Company Limited



## Dr. Warotai Kosolpisitkul

Director, Executive Director and  
Member of the Risk Management Committee

### Year of Birth

- 1968

### Education

- Doctor of Economics and Social Science, University of Innsbruck, Austria (Austrian government's scholarship)
- M.A. in Economics (Econometrics), University of Memphis, U.S.A.
- B.A. in Economics (Monetary Economics and Public Finance), Chulalongkorn University

### Training

- How to Develop a Risk Management Plan (HRP 17/2018), Thai Institute of Directors Association (IOD)
- Capital Market Academy Leadership Program (CMA 24/2017), Capital Market Academy, The Stock Exchange of Thailand (SET)
- CLMVT Bankers' Leadership Program (Class 1/2017), Bank of Thailand (BOT)
- Director Certification Program (DCP 242/2017), Thai Institute of Directors Association (IOD)
- Executive Development Program (Class 7/2014), Office of the Civil Service Commission (OCSC)
- Comparative Tax Policy and Administration (COMTAX), Harvard Kennedy School of Government, U.S.A.
- Advanced Certificate Course in Public Administration and Law for Executives (Class 10/2012), King Prajadhipok's Institute

- Executive Development Program (EDP 3/2003), Thai Listed Companies Association

### Work Experience

- Deputy Director-General, Fiscal Policy Office, Ministry of Finance
- Executive Director, Tax Policy Bureau, Fiscal Policy Office, Ministry of Finance
- Executive Director, Bureau of Financial Inclusion Policy Development, Fiscal Policy Office, Ministry of Finance
- Senior Expert on Macroeconomic Policy, Fiscal Policy Office, Ministry of Finance
- Senior Advisor to Executive Director, the World Bank, Washington, D.C.
- Member, National Petroleum Committee, Ministry of Energy
- Member, Energy Policy Administration Committee, Energy Policy and Planning Office, Ministry of Energy

### Current Positions

- Fiscal Policy Advisor, Fiscal Policy Office, Ministry of Finance
- Director, Expressway Authority of Thailand
- Director, NEP Realty and Industry Public Company Limited
- Advisor to the Subcommittee on Promotional and Policy Problem Solving Measures relating to Thailand's Merchant Marine Business, National Legislative Assembly



## Mr. Adul Chotinisakorn

Director, Chairman of the Corporate Governance and Social Responsibility (CG & CSR) Committee and Member of the Nomination and Remuneration Committee

### Year of Birth

- 1959

### Education

- MBA, National Institute of Development Administration
- B.A. (Commerce), Thammasat University

### Training

- Top Executive Program in Commerce and Trade (TEPCoT 9/2016), Commerce Academy, University of the Thai Chamber of Commerce
- Columbia Senior Executive Program (CSEP 128/2010), Columbia Business School, Columbia University, New York, U.S.A. (Office of the Civil Service Commission's scholarship)
- The Civil Service Executive Development Program: Visionary and Moral Leadership (Class 63/2009), Office of the Civil Service Commission (OCSC)
- Executive Program for Senior Management (2008): Management in Globalizing Era, Kellogg School of Management (Northwestern University), Schulich School of Business (York University) and Maxwell School of Citizenship and Public Affairs (Syracuse University), Chiang Mai (Ministry of Commerce's scholarship)
- Effective Management Program (2005), Marshall Business School, University of Southern California, Chonburi

- Management Leadership Program (2005), Marshall Business School, University of Southern California, Los Angeles, U.S.A. (Government Savings Bank's scholarship)

### Work Experience

- Deputy Director-General, Department of Foreign Trade, Ministry of Commerce
- Deputy Director-General, Department of Intellectual Property, Ministry of Commerce
- Executive Director, Thai Trade Center, Mumbai, India, Department of International Trade Promotion, Ministry of Commerce
- Director, Bureau of Trade and Investment Cooperation, Department of Foreign Trade, Ministry of Commerce
- Director, Bureau of Trade and Interests and Remedies, Department of Foreign Trade, Ministry of Commerce
- Minister Counsellor (Commercial), Royal Thai Embassy, Kuala Lumpur, Malaysia, Department of International Trade Promotion, Ministry of Commerce
- Deputy Director, Thai Trade Center, Rotterdam, The Netherlands, Department of Export Promotion, Ministry of Commerce
- Deputy Director, Thai Trade Center, Hamburg, Germany, Department of Export Promotion, Ministry of Commerce

### Current Position

- Director-General, Department of Foreign Trade, Ministry of Commerce



## Dr. Nattapol Rangsitpol

Director, Member of the Audit Committee and  
Member of the Risk Management Committee

### Year of Birth

- 1970

### Education

- Doctor of Engineering Management, Southern Methodist University, U.S.A.
- MBA, Southern Methodist University, U.S.A.
- B.E. (Industrial Engineering), Chulalongkorn University

### Training

- Top Executive Program in Commerce and Trade (TEPCoT 11/2018), Commerce Academy, University of the Thai Chamber of Commerce
- Certificate in Anti-Corruption Strategic Management for Senior Executives (Class 8/2017), Office of the National Anti-Corruption Commission
- The Civil Service Executive Development Program: Government Administration (Class 8/2016), Office of the Civil Service Commission (OCSC)
- The Civil Service Executive Development Program: Visionary and Moral Leadership (Class 78/2013), Office of the Civil Service Commission (OCSC)

### Work Experience

- Secretary-General, Thai Industrial Standards Institute, Ministry of Industry
- Inspector General, Ministry of Industry
- Deputy Director-General, Thai Industrial Standards Institute, Ministry of Industry
- Deputy Director-General, Office of Industrial Economics, Ministry of Industry
- Director, Bureau of Sectoral Industrial Policy 1, Office of Industrial Economics, Ministry of Industry
- Director, Bureau of Sectoral Industrial Policy 2, Office of Industrial Economics, Ministry of Industry

### Current Positions

- Director-General, Office of Industrial Economics, Ministry of Industry
- Executive Director, Thailand National Metal and Materials Technology Center, National Science and Technology Development Agency (NSTDA), Ministry of Science and Technology





## Miss Jariya Sutthichaiya

Director, Member of the Audit Committee and  
Member of the Corporate Governance and Social  
Responsibility (CG & CSR) Committee

### Year of Birth

- 1959

### Education

- Doctor of Philosophy (Buddhism), Mahachulalongkornrajavidyalaya University
- M.S. (Economics), Kasetsart University
- B.S. (Economics), Kasetsart University

### Training

- Senior Executive Development Program (Class 8/2016), Office of the Civil Service Commission (OCSC)
- The Civil Service Executive Development Program: Visionary and Moral Leadership (Class 77/2013), Office of the Civil Service Commission (OCSC)
- Executive Development Program (2010), The Wharton School, University of Pennsylvania, Philadelphia, U.S.A.
- Foreign Affairs Executive Program (Batch 1/2009), Devawongse Varopakarn Institute of Foreign Affairs, Ministry of Foreign Affairs

### Work Experience

- Deputy Permanent Secretary, Ministry of Agriculture and Cooperatives
- Secretary-General, Office of Agricultural Economics, Ministry of Agriculture and Cooperatives
- Deputy Secretary-General, Office of Agricultural Economics, Ministry of Agriculture and Cooperatives
- Director, Centre for Project and Programme Evaluation, Office of Agricultural Economics, Ministry of Agriculture and Cooperatives
- Senior Expert in Processed Agricultural Production Economics, Office of Agricultural Economics, Ministry of Agriculture and Cooperatives

### Current Positions

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



**Dr. Vilawan Mangklatanakul**  
Director and Member of the Nomination and  
Remuneration Committee

### Year of Birth

- 1964

### Education

- Doctor of Philosophy in Law, University of London, UK
- Master of Laws (International Business Law), University of London, UK
- LL.B. (Laws), Thammasat University

### Training

- Transformational Leadership Program: Leadership for Reform National Strategy Reconciliation (RSR 2/1) (Class 3/2017), Office of the Civil Service Commission (OCSC)
- The Programme of Senior Executives on Justice Administration (Batch 15/2015), Judicial Training Institute, Court of Justice
- The Civil Service Executive Development Program: Visionary and Moral Leadership (Class 76/2012), Office of the Civil Service Commission (OCSC)

### Work Experience

- Deputy Director-General, Department of Treaties and Legal Affairs, Ministry of Foreign Affairs
- Director, Office of Policy and Planning, Office of the Permanent Secretary, Ministry of Foreign Affairs

- Director, Legal Affairs Division, Department of Treaties and Legal Affairs, Ministry of Foreign Affairs
- Secretary, Secretariat of the Department, Department of International Economic Affairs, Ministry of Foreign Affairs
- Head of Thai Delegation in the 8<sup>th</sup> Bi-Annual Meeting of the Indian Ocean Rim Association (IORA) Committee of Senior Officials, the 3<sup>rd</sup> Senior Officials Meeting of the Asia-Pacific Economic Cooperation (APEC), etc.
- The Lead Legal Negotiator and Legal Adviser in the Negotiations of Free Trade Agreements and International Investment Agreements
- Lay Judge, The Central Intellectual Property and International Trade Court

### Current Positions

- Director-General, Department of International Economic Affairs, Ministry of Foreign Affairs
- Director, Thailand Arbitration Center (THAC)



## **Dr. Darnp Sukontasap**

Director, Executive Director and Chairman  
of the IT Strategy and Policy Committee

### **Year of Birth**

- 1957

### **Education**

- Ph.D. (Law and Diplomacy), Fletcher School of Law and Diplomacy, Tufts University, Medford, Massachusetts, U.S.A.
- M.A. (Law and Diplomacy), Fletcher School of Law and Diplomacy, Tufts University, Medford, Massachusetts, U.S.A.
- B.A. (Political Science), Chulalongkorn University

### **Training**

- Director Accreditation Program (DAP) (Class 153/2018), Thai Institute of Directors Association (IOD)
- IT Governance and Cyber Resilience Program (ITG 8/2018), Thai Institute of Directors Association (IOD)
- Diploma, The Joint State-Private Sector Course (Class 23/2010), Thailand National Defence College
- Managing Global Business for Senior Executives, Institut Européen d'Administration des Affaires (INSEAD), France

### **Work Experience**

- Director and Executive Chairman, Capital Engineering Network Public Company Limited
- Executive Vice President, Total Access Communication Public Company Limited
- Director and Executive Vice President, Ek-Chai Distribution System Company Limited
- Director, Tesco Card Services Company Limited

### **Current Positions**

- Director, International Institute for Trade and Development (Public Organization) (ITD)
- Advisor, Standing Committee on Foreign Affairs, National Legislative Assembly
- Governor of Thailand, Asia-Europe Foundation
- Chairman, Vesak Capital Ventures Company Limited



## Mr. Nopporn Thepsithar

Director, Chairman of the Board of Executive Directors  
and Chairman of the Employee Relations Committee

### Year of Birth

- 1954

### Education

- Honorary Doctor of Philosophy (Logistics and Supply Chain Management), Sripatum University
- B.E. (Electrical Engineering), Chulalongkorn University

### Training

- Corporate Governance for Directors and Senior Executives of State Enterprises and Public Organizations (PDI 19/2018), King Prajadhipok's Institute
- Audit Committee Program (ACP 14/2006), Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP 62/2005), Thai Institute of Directors Association (IOD)
- Director Accreditation Program (DAP 43/2005), Thai Institute of Directors Association (IOD)
- Finance for Non-Finance Director (FND 11/2005), Thai Institute of Directors Association (IOD)

### Work Experience

- Chairman, Thai National Shippers' Council
- Director and Chairman of the Audit Committee, Union Petrochemical Public Company Limited
- Executive Director and Senior Vice President (Logistics), Siam City Cement Public Company Limited
- Logistics Manager, Siam City Cement Public Company Limited
- Executive Director, TCC Holding Company Limited
- Operation Division Manager, Siam Cement Group Trading Company Limited

### Current Positions

- Chairman, Mena Transport Company Limited
- Honorary Advisor, Thai National Shippers' Council
- Director, Chairman of the Risk Management Committee and Member of the Audit Committee, Ananda Development Public Company Limited
- Director, Chairman of the Nomination and Remuneration Committee and Member of the Audit Committee, Tipco Asphalt Public Company Limited
- Emeritus Dean, College of Logistics and Supply Chain, Sripatum University





## Dr. Mas Tanyongmas

Director, Chairman of the Audit Committee and  
Member of the Corporate Governance and Social  
Responsibility (CG & CSR) Committee

### Year of Birth

- 1966

### Education

- Ph.D. (Political Science), University of Southern California, U.S.A.
- M.A. (Political Science), University of Southern California, U.S.A.
- M.A. (International Relations), Syracuse University, U.S.A.
- B.A. (International Relations and Economics), Syracuse University, U.S.A.

### Training

- Financial Statements for Directors (FSD 37/2018), Thai Institute of Directors Association (IOD)
- Strategic Board Master Class (SBM 5/2018), Thai Institute of Directors Association (IOD)
- Corporate Governance for Directors and Senior Executives of State Enterprises and Public Organizations (PDI 19/2018), King Prajadhipok's Institute
- Director Certification Program (DCP 254/2018), Thai Institute of Directors Association (IOD)
- Director Accreditation Program (DAP 120/2015), Thai Institute of Directors Association (IOD)

### Work Experience

- Advisor to the Mae Fah Luang Foundation under Royal Patronage and to the Royal Initiative Discovery Foundation
- Advisor, Thailand Convention and Exhibition Bureau (TCEB)
- Director, Bureau of FTA and Bilateral Trade Negotiations, Department of Trade Negotiations, Ministry of Commerce
- Analyst 8, FTA Unit, Office of the Director-General, Department of Trade Negotiations, Ministry of Commerce
- Advisor to the Deputy Prime Minister and Minister of Education (Mr. Panja Kesornthong)

### Current Positions

- Director, Global Experts Forum Company Limited
- Advisor, Thai Prasit Textile Company Limited
- Advisor, Napa Development Company Limited



### Mr. Kamthorn Tatiyakavee

Director, Chairman of the Risk Management Committee and Chairman of Nomination and Remuneration Committee

#### Year of Birth

- 1954

#### Education

- MBA (Finance), University of Bridgeport, Connecticut, U.S.A.
- B.A. (Economics), Thammasat University

#### Training

- IT Governance and Cyber Resilience Program (ITG 7/2018), Thai Institute of Directors Association (IOD)
- Corporate Governance in Digital Era (2018), Fiscal Policy Research Institute Foundation
- Capital Market Academy Leadership Program (CMA 4/2007), Capital Market Academy (CMA), The Stock Exchange of Thailand (SET)
- Audit Committee Program (ACP 12/2006), Thai Institute of Directors Association (IOD)
- Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives (Class 7/2004), King Prajadhipok's Institute
- Director Certification Program (DCP 46/2004), Thai Institute of Directors Association (IOD)
- Director Accreditation Program (DAP 3/2003), Thai Institute of Directors Association (IOD)

#### Work Experience

- Director, President Bakery Public Company Limited
- Director and Audit Committee Member, Financial Institution Asset Management Corporation (AMC)
- Independent Director and Audit Committee Member, MFC Asset Management Public Company Limited
- Director and Executive Director, Small and Medium Enterprise Development Bank of Thailand

#### Current Positions

- Chairman of the Board of Directors, Keystone Holding Company Limited
- Chairman of the Board of Directors, WHA Real Estate Management Company Limited
- Director, Thai President Foods Public Company Limited



## Mr. Pisit Serewiwattana

President, Director, Executive Director, Member of the Risk Management Committee, Member of the Corporate Governance and Social Responsibility (CG & CSR) Committee and Member of the IT Strategy and Policy Committee

### Year of Birth

- 1961

### Education

- M.A. (Management and Human Relation), Abilene Christian University, U.S.A.
- B.A. (Economics), Thammasat University

### Training

- Advanced Master of Management Program (AMM 2/2018), National Institute of Development Administration
- Top Executive Program in Commerce and Trade (TEPCoT 11/2018), Commerce Academy, University of the Thai Chamber of Commerce
- IT Governance and Cyber Resilience Program (ITG 8/2018), Thai Institute of Directors Association (IOD)
- Executive Program on Energy Literacy for a Sustainable Future (Class 7/2016), Thailand Energy Academy (TEA)
- Intermediate Certificate Course in Good Governance for Medical Executives (Class 4/2015), King Prajadhipok's Institute
- Director Certification Program (DCP 200/2015), Thai Institute of Directors Association (IOD)
- Corporate Governance for Capital Market Intermediaries (CGI 1/2014), Thai Institute of Directors Association (IOD)

- Capital Market Academy Leadership Program (CMA 17/2013), Capital Market Academy (CMA), The Stock Exchange of Thailand (SET)
- Corporate Governance for Directors and Senior Executives of State Enterprises and Public Organizations (PDI 11/2013), King Prajadhipok's Institute
- Director Accreditation Program (DAP 46/2005), Thai Institute of Directors Association (IOD)

### Work Experience

- Senior Executive Vice President, Investment and Financial Management Group, Government Savings Bank
- Managing Director, CIMB Securities (Thailand) Company Limited
- Executive Vice President, CIMB Thai Bank Public Company Limited
- Director of Treasury Department and BIBF, Credit Agricole Indosuez Bank
- Foreign Exchange Trading Manager, The Chase Manhattan Bank (JPMorgan Chase)

### Current Positions

- Director, Board of Trade of Thailand
- Director, Seriruk Hospital Company Limited
- Director, Synphaet Bangna Company Limited
- Director, S Medical Company Limited

## Top Management and Heads of Departments

### Top Management



**Mrs. Wantana Mongkolsri**  
Senior Executive Vice President

### Year of Birth

- 1960

### Education

- Master of Business Administration, Thammasat University
- Bachelor of Accounting, Thammasat University

### Training

- Financial and Fiscal Management Program for Senior Executive (FME 3/2016), Public Fiscal and Accounting Personnel Development Institute, Comptroller General's Department, Ministry of Finance
- Leadership Succession Program (LSP 4/2015), Institute of Research and Development for Public Enterprises (IRDP)
- Certificate of Financial Economic Management for Middle Management (Class 2/2005), King Prajadhipok's Institute
- AFC Program (Class 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

- Executive Vice President, Export-Import Bank of Thailand
- Vice President, Loan Restructuring Department 1, Bangkok Commercial Asset Management Public Company Limited (BAM)
- Senior Vice President, Liability Management Department 1, Financial Institution Asset Management Corporation (AMC)
- Vice President, Credit for Large Projects Department, SCF Finance and Securities Public Company Limited





**Mrs. Warangkana Wongkhaluang**  
Senior Executive Vice President

### Year of Birth

- 1965

### Education

- Master of Business Administration, Sasin Graduate Institute of Business Administration
- Bachelor of Economics, Thammasat University

### Training

- Leadership Succession Program (LSP 9/2018), Institute of Research and Development for Public Enterprises (IRDP)
- Pacific Rim Bankers Program, University of Washington, Seattle, U.S.A. (2008)
- Structured Trade and Commodity Finance Master Class (2007)
- Credit Risk Management for Financial Institutes (2002)
- Market Risk Management Techniques for the BIS Capital Regime (2001)

### Work Experience

- Senior Vice President, Banpu Public Company Limited
- Senior Executive Vice President, The South East Insurance Company Limited
- Executive Vice President, Export-Import Bank of Thailand
- Manager, Merchant Banking Division, Kasikornbank Public Company Limited, Head Office



**Mr. Chana Boonyachai**  
Executive Vice President

### Year of Birth

- 1960

### Education

- Master of Business Administration (Finance), Monmouth University, U.S.A.
- Bachelor of Accounting, Chiang Mai University

### Training

- Strategic and Appreciative Business Development Program (The Master 3/2018), Institute of Strategic and Appreciative Business (iSAB)
- Executive Development Program (Class 11/2016), Royal Thai Air Force
- Executive Development Program (Class 11/2014), Royal Thai Navy
- Operational Risk Masterclass: Tools and Techniques, Human System Corporation (2013)
- Executive Program for Senior Management, Fiscal Policy Research Institute Foundation (2007)
- Financial Executive Development Program (FINEX) (Class 14), Thai Institute of Banking and Finance Association (TIBFA)

### Work Experience

- Senior Vice President, Office of Risk Management, Export-Import Bank of Thailand
- First Vice President, Business Promotion Department 1, Export-Import Bank of Thailand
- First Vice President, BankThai Public Company Limited
- Vice President and Team Leader CBD2, UOB Radanasin Bank Public Company Limited
- Vice President and General Manager, United Overseas Bank (Thai) Public Company Limited, Bangkok International Banking Facilities (BIBF)



**Dr. Nongnuch Laomaneerattanaporn**  
Executive Vice President

### Year of Birth

- 1970

### Education

- Doctor of Philosophy (Accountancy Program), Chulalongkorn University
- Master of Science (Information Technology), King Mongkut's University of Technology Thonburi
- Bachelor of Accountancy, Ramkhamhaeng University

### Training

- Financial and Fiscal Management Program for Senior Executive (FME 5/2018), Public Fiscal and Accounting Personnel Development Institute, Comptroller General's Department, Ministry of Finance
- Leadership Succession Program (LSP 8/2017), Institute of Research and Development for Public Enterprises (IRDP)
- Computer Audit Skill I, Deloitte Touche Tohmatsu Jaiyos Advisory Company Limited
- Fundamental Consulting Skill, Deloitte Touche Tohmatsu Jaiyos Advisory Company Limited
- Oracle Database Administration, King Mongkut's University of Technology Thonburi
- SAP Auditing, Deloitte Touche Tohmatsu Jaiyos Advisory Company Limited
- Business Process Fundamental, Pricewaterhouse Coopers ABAS Limited

### Work Experience

- Director, Enterprise Risk Service Department, Deloitte Touche Tohmatsu Jaiyos Advisory Company Limited
- Deputy Manager, Chairman Office, Bangkok Broadcasting & TV Company Limited
- Deputy Director, System and Process Assurance Department, PricewaterhouseCoopers ABAS Limited
- Manager, Enterprise Risk Service Department, Deloitte Touche Tohmatsu Jaiyos Advisory Company Limited
- Assistant Manager, Operating Fund Department, SCF Finance & Securities Public Company Limited



**Miss Draswan Shoowong**  
Executive Vice President

### Year of Birth

- 1969

### Education

- Master of Business Administration, Finance and Marketing, Sasin Graduate Institute of Business Administration
- Bachelor of Arts, Chulalongkorn University

### Training

- Director Certification Program (DCP 248/2017), Thai Institute of Directors Association (IOD)
- Transactional Banking Product Selling, Standard Chartered Bank (Thai) Public Company Limited
- Principles of International Trade Finance Program, Standard Chartered Bank (Thai) Public Company Limited
- SPIN Selling Program, Standard Chartered Bank (Thai) Public Company Limited
- Core Credit Curriculum (CCC) Program, Standard Chartered Bank (Thai) Public Company Limited
- Management Mastery Series, Siam Commercial Bank Public Company Limited
- Sustainable Lending Program, Siam Commercial Bank Public Company Limited
- Strategic Client Management and Relationship Management Part II, Richardson
- Trusted Advisor and Relationship Part I, Richardson

### Work Experience

- Director, Head of Middle Market, Standard Chartered Bank (Thai) Public Company Limited
- Director, Head of Multinational Customers (MNC), Standard Chartered Bank (Thai) Public Company Limited
- Sector Head, MNC & Overseas Offices, Siam Commercial Bank Public Company Limited
- Vice President, Corporate Coverage, Calyon, Bangkok Branch (Credit Agricole Group)
- Workout Specialist, Krungthai Bank Public Company Limited

## Heads of Departments



**Mr. Tawewut Danusawad**

Senior Vice President  
Legal Affairs and  
Credit Procedure Department



**Dr. Natthita Rungwatthana**

First Vice President  
Corporate Strategy Department



**Mr. Anuchit Vitayaburananont**

First Vice President  
Corporate Business Department 1



**Miss Atchanoma Porntharuckcharoen**

First Vice President  
Corporate Business Department 2



**Mrs. Wanpen Unchundacha**

Senior Vice President  
Corporate Business Department 3



**Mr. Ittipol Lertsakthanakul**

First Vice President  
Corporate Business Department 4





**Mrs. Moree Preechasammakul**

First Vice President  
Corporate Business Department 5



**Miss Prasertjit Srinilta**

First Vice President  
SMEs Business Department



**Miss Khemjariya Teerapong**

First Vice President  
Compliance Department



**Mr. Vitavus Punyalam**

First Vice President  
Branch Administration  
Department



**Mr. Viboon Chuthathumpitak**

First Vice President  
Internal Audit Department



**Mrs. Daranee Tiradnakorn**

Senior Vice President  
Human Resources Department





**Mr. Somkoun Somboonpun**

First Vice President  
General Administration  
Department



**Miss Pornsuree Thaisriharaj**

Senior Vice President  
Banking Department



**Mrs. Parisa Phakdurong**

First Vice President  
Risk Management Department



**Mrs. Pacharapun Aroonyingmongkol**

First Vice President  
Treasury Department



**Miss Nantana Tansukasem**

First Vice President  
Debt Administration Department



**Miss Sodsai Pongpattanasin**

First Vice President  
Accounting Department



**Mr. Tanat Thamsuriya**  
First Vice President  
IT Operation Department,  
IT Management and Development  
Department - Acting



**Dr. Chansit Siritanachot**  
First Vice President  
Business Process Improvement  
and Innovation Development  
Department



**Mrs. Setasuda Tulyathan**  
First Vice President  
External Relations and  
International Office Department



**Mrs. Arunsri Suppethyapisal**  
Senior Vice President  
Secretary and Corporate  
Communication Department



**Mr. Jarupat Panitying**  
Senior Vice President  
Insurance Underwriting and  
Operation Department



**Miss Sanisa Plangthrakul**  
First Vice President  
Credit Analysis Department



**Mrs. Kwanjai Tachasanskul**

Senior Vice President  
Business Research Department

**Mr. Apirat Sangthongtong**

First Vice President  
Insurance Business Promotion Department

*As of January 2, 2019*

## Management Changes in 2018

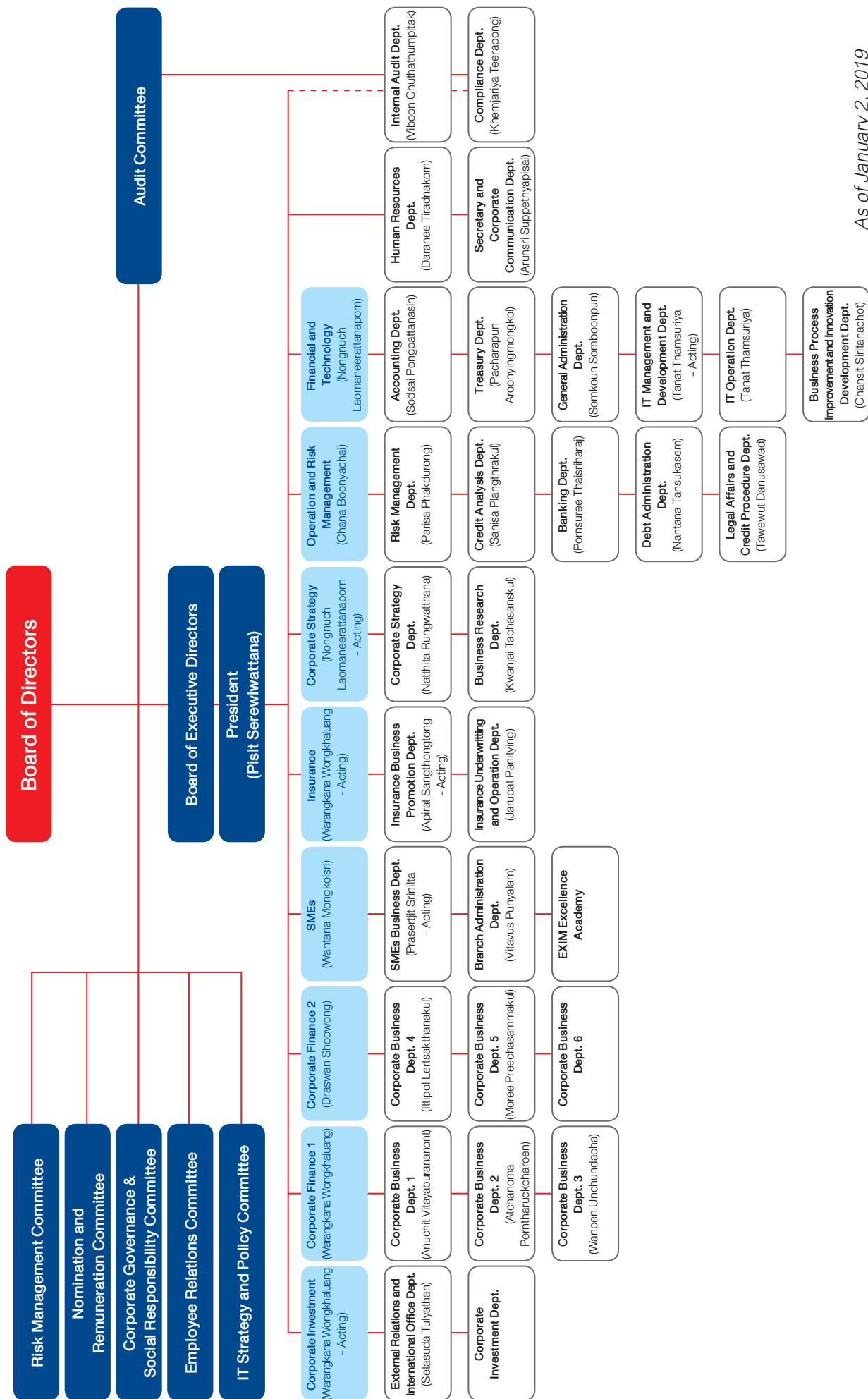
### ► Top Management

- Miss Draswan Shoowong was appointed Executive Vice President on November 1, 2018.
- Dr. Rak Vorrakitpokatorn resigned as Senior Executive Vice President from December 17, 2018.

### ► Heads of Departments

- Mr. Soravoot Sukhakit retired as Senior Vice President, Debt Administration Department from October 1, 2018.
- Mr. Thanat Soraraksin retired as First Vice President, SMEs Business Department from October 1, 2018.
- Mrs. Moree Preechasammakul was appointed First Vice President, Corporate Business Department 5 on May 2, 2018.
- Miss Sodsai Pongpattanasin was appointed First Vice President, Accounting Department on July 1, 2018.
- Mr. Vasu Klomkliang was appointed First Vice President, Corporate Investment Department on July 2, 2018 and resigned from December 29, 2018.
- Mr. Pornthep Luasubsuk was appointed First Vice President, EXIM Excellence Academy on August 1, 2018 and resigned from December 1, 2018.
- Dr. Natthita Rungwatthana was appointed First Vice President, Corporate Strategy Department on November 1, 2018.
- Miss Nantana Tansukasem was appointed First Vice President, Debt Administration Department on December 3, 2018.
- Mr. Surachai Anurakradchada resigned as First Vice President, IT Management and Development Department from December 19, 2018.

# Organizational Structure





## Workforce Structure

### Number of Employees

Unit : Person

| Work Unit                                              | Number of Full-time Staff | Number of Contractors |
|--------------------------------------------------------|---------------------------|-----------------------|
| <b>President and Senior Executives</b>                 | 6                         | -                     |
| <b>Corporate Investment</b>                            |                           |                       |
| External Relations and International Office Department | 11                        | -                     |
| Corporate Investment Department                        | 1                         | -                     |
| <b>Corporate Finance 1</b>                             |                           |                       |
| Corporate Business Department 1                        | 5                         | -                     |
| Corporate Business Department 2                        | 14                        | -                     |
| Corporate Business Department 3                        | 21                        | -                     |
| <b>Corporate Finance 2</b>                             |                           |                       |
| Corporate Business Department 4                        | 22                        | -                     |
| Corporate Business Department 5                        | 7                         | -                     |
| <b>SMEs</b>                                            | 8                         | -                     |
| SMEs Business Department                               | 42                        | -                     |
| Branch Administration Department                       | 6                         | -                     |
| Bangna-Trad Km. 3 Branch                               | 8                         | -                     |
| Rama II Branch                                         | 11                        | -                     |
| Rama IV Branch                                         | 12                        | -                     |
| Seri Thai Branch                                       | 10                        | -                     |
| Rangsit Branch                                         | 7                         | -                     |
| Hat Yai Branch                                         | 13                        | -                     |
| Laem Chabang Branch                                    | 5                         | -                     |
| Khon Kaen Branch                                       | 4                         | -                     |
| Chiang Mai Branch                                      | 5                         | -                     |
| EXIM Excellence Academy (EXAC)                         | 14                        | -                     |
| <b>Insurance</b>                                       |                           |                       |
| Insurance Business Promotion Department                | 32                        | -                     |
| Insurance Underwriting and Operation Department        | 35                        | -                     |
| <b>Corporate Strategy</b>                              |                           |                       |
| Corporate Strategy Department                          | 17                        | -                     |
| Business Research Department                           | 20                        | -                     |

Unit : Person

| Work Unit                                                          | Number of Full-time Staff | Number of Contractors |
|--------------------------------------------------------------------|---------------------------|-----------------------|
| <b>Operation and Risk Management</b>                               |                           |                       |
| Risk Management Department                                         | 26                        | 1                     |
| Credit Analysis Department                                         | 29                        | -                     |
| Banking Department                                                 | 110                       | -                     |
| Legal Affairs and Credit Procedure Department                      | 32                        | 2                     |
| Debt Administration Department                                     | 46                        | 4                     |
| <b>Financial and Technology</b>                                    | 3                         | -                     |
| Treasury Department                                                | 19                        | 1                     |
| Accounting Department                                              | 18                        | -                     |
| General Administration Department                                  | 34                        | 8                     |
| IT Management and Development Department                           | 16                        | 1                     |
| IT Operation Department                                            | 18                        | -                     |
| Business Process Improvement and Innovation Development Department | 13                        | -                     |
| <b>Departments under Direct Supervision of the President</b>       |                           |                       |
| Human Resources Department                                         | 28                        | 5                     |
| Secretary and Corporate Communication Department                   | 29                        | 1                     |
| Compliance Department                                              | 17                        | 1                     |
| Internal Audit Department                                          | 16                        | -                     |
| <b>Transformation Steering Committee</b>                           | 12                        | -                     |
| <b>Total</b>                                                       | <b>802</b>                | <b>24</b>             |

As of December 31, 2018

## Total Personnel Expenses

Total personnel expenses consisted of monthly salary and wage, position level allowance, position 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) |
|------|---------------------------|-----------------------|-----------------------|
| 2018 | 802                       | 24                    | 848,183,669.07        |
| 2017 | 735                       | 24                    | 687,875,717.43        |
| 2016 | 669                       | 29                    | 635,576,446.72        |

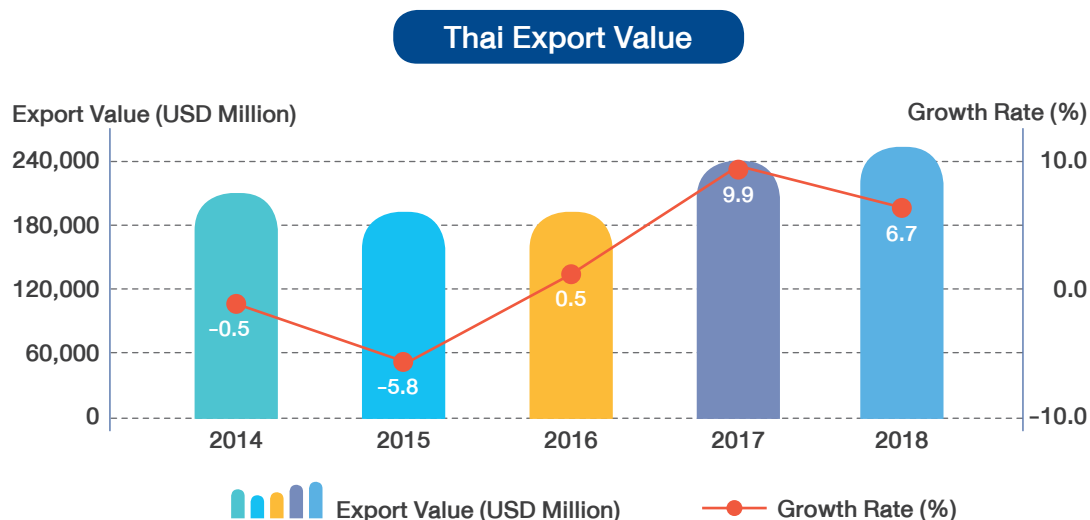
As of December 31, 2018

## Overview of Thai Export and Overseas Investment and Business Environment

In 2018, Export-Import Bank of Thailand (EXIM Thailand) continued developing the organization in line with the changing trade and investment environment with the main objective to perform as a government mechanism in driving the country's strategies and boost Thai entrepreneurs' competitiveness in global trade and investment. Certain changes in economic circumstances which weighed on Thai export and investment overseas in 2018 and beyond can be summarized here:

### Export Performance in 2018 and Outlook for 2019

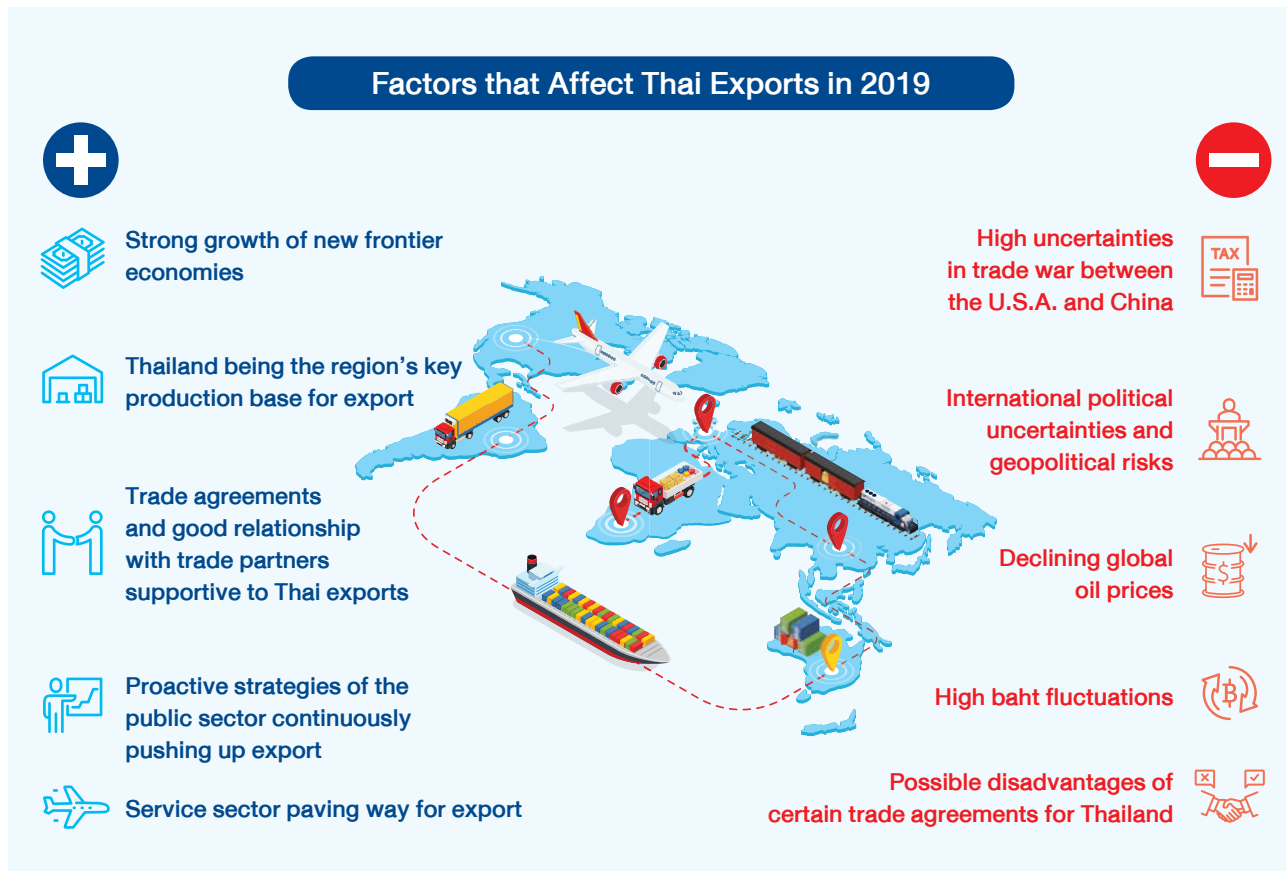
**Thai exports in 2018** registered a record high of 252,486 million US dollars in value, representing a growth of 6.7%, down from 9.9% of the previous year. Thai exports still expanded at a favorable rate, compared with an average of only 0.8% over the foregoing five years, despite accelerated risks particularly from the U.S.A.-China trade war which has sent out a warning signal since the second half of 2018, Thai baht fluctuations on a strengthening trend, and political uncertainties in several regions. Thai exports were supported by certain factors in both market and product dimensions. **Market dimension:** Thai exports to major markets, especially Japan, posted the highest growth in 7 years in response to favorable expansion of Japanese exports, thus benefiting Thai exports which are in the supply chain. Thai exports to new frontier markets in Asia also grew markedly, particularly in ASEAN market which was still a key export driver, contributing to 27% of total Thai export value, and the same as new markets in other regions like South Asia, Africa and Commonwealth of Independent States (CIS) to which Thai export recorded a two-digit growth. **Product dimension:** Thai export growth was underpinned by that of oil-related products in line with an over 20% global oil price hike. Meanwhile, export of other key products in several sectors, e.g. automobile, computers, machinery, rice, etc., posted a healthy growth in response to world market demand. Thai exports have been well diversified in both market and product dimensions, hence a relief to the impact from the said risk factors to some extent.



Source : Ministry of Commerce

## Export Outlook for 2019

Thai exports in 2019 are expected to keep on expanding for the fourth straight year, though at a slowing rate from that in the previous year, supported by the following factors:



► **New frontier economies will increasingly play a major role in driving the global economy.** According to International Monetary Fund (IMF), global economy in 2019 is predicted to expand by 3.5%, supported mainly by a healthy economic growth of 4.5% of developing countries or new frontiers particularly the CLMV (consisting of Cambodia, Lao PDR, Myanmar and Vietnam), India and countries in Africa which consistently recorded high growth in line with the accelerated national development and the opening up for foreign investment. Meanwhile, currencies of several new frontiers which weakened successively in 2018 will gradually be stabilized after the US Federal Reserve has put the policy rate on hold, thus raising purchasing power of these markets. These factors will contribute to Thai export growth and better risk diversification.

► **Thailand will continue to be investors' key production base for export.** The favorable growth of the Thai economy, strong and stable economic fundamentals, and gradual progress of public sector investment will boost confidence of Thai and foreign investors. Especially, the Eastern Economic Corridor (EEC) project and the issuance of the Eastern Special Development Zone Act which came into effect in May 2018 will help ensure continuation of investment projects from one government to another. At present, bidding contracts have been awarded for several major projects particularly the high-speed rail project connecting three airports and the double-track rail lines project, while those for such other projects as Suvarnabhumi development project, Laem Chabang deep



seaport, the maintenance, repair and overhaul of U-Tapao international airport, etc., are expected by 2019. The public sector has also accelerated rationalization of rules and regulations on business operation for more efficiency and convenience. As evident in the World Bank's Doing Business 2019 report, Thailand has scored higher in several features, e.g. shortened business startup time, online tax payment, easier electricity usage application, and tax and non-tax privileges which are among the top of ASEAN particularly those for investment projects in the EEC. These factors help draw more investment as seen from the application for investment promotion to the Board of Investment (BOI) in 2018 which was worth more than 900,000 million baht or a 43% increase. Following these applications, actual investment is anticipated in 2019 especially in 10 target industries like aviation, digital, petrochemicals and chemical products, and so forth. Furthermore, Thailand may gain advantage from foreign investors affected by the trade war and hence relocating their production base to Thailand. Economic research houses have predicted private sector investment in 2019 to expand by 4-5%, the highest in 6 years.

► **Trade agreements and improvement of relationship with trade partner countries will help push up Thai exports.** There will be more privileges exercised under bilateral and multilateral trade agreements with several countries, e.g. Thai-Japan, Thai-Australia, ASEAN-China, etc. Thailand may also benefit indirectly from the EU-Japan Economic Partnership Agreement (EPA) which will take effect in the first quarter of 2019 through several products in the supply chain of Japan. In addition, the EU announced the yellow card lifting for Thailand's illegal, unreported and unregulated fishing (IUU) after the public sector's vigorous effort to solve this problem over the past four years, hence raising the confidence and image of Thai fishery products in the eyes of consumers worldwide. In addition, the Taxation and Tariff Committee of China's National People's Congress has reduced import tariffs on several products in 2019, some of which are not eligible for the tariff cut under the ASEAN-China Free Trade Agreement, thus paving way for more new export products from Thailand to the Chinese market. Moreover, as ASEAN chair in 2019, Thailand will play an active role in pushing for the quicker conclusion of the Regional Comprehensive Economic Partnership (RCEP) or ASEAN+6, composed of ASEAN countries, China, Japan, South Korea, Australia, New Zealand and India, which will further benefit Thai exports.

► **The public sector's proactive strategies will consistently drive Thai exports.** Strategies executed included cooperation with international electronic commerce (e-Commerce) operators such as Alibaba, Amazon, and eBay to develop B2B cross border e-Trading platform, in parallel to development of local online platform particularly [www.thaitrade.com](http://www.thaitrade.com) which will be one of the key national e-Marketplace platforms. In 2019, after investment in the village broadband internet project is completed, local entrepreneurs will have more access to online markets. Several public agencies have also collaboratively developed entrepreneurs' potential by providing knowledge, introducing export channels, and offering financial facilities and risk hedging tools to boost Thai entrepreneurs' confidence and enhance broader recognition of Thai brands. Meanwhile, more proactive marketing measures have been taken on promotion of local products in secondary cities to expand opportunities in addition to primary cities where the competition is high.

► **Thai service sector will pave way for exports.** Thai tourism has posted a robust growth as reflected in the rising number of foreign visitors every year with 2019 predicted by the Ministry of Tourism and Sports to record 41 million foreign visitors, up from 38 million a year earlier. Meanwhile, the composition of foreign visitors has also been more diverse, from earlier 1/3 of whom was Chinese to a larger proportion of tourists from new markets like India, ASEAN and the Middle East, etc. The public sector has also launched tourism stimulus measures from time to time, e.g. extension of fee exemption for visa on arrival (VOA) and promotion of tourism in

secondary cities. In addition, several international airlines have opened more direct flights to Thailand. All these factors will help raise awareness of Thai products particularly One Tambon One Product (OTOP) goods which have unique characteristics, e.g. foods, fruits, home decorations, garment, etc. and bring more opportunities for SMEs' self-development for exports. Furthermore, such other Thai service businesses as wellness tourism service (spa and Thai massage business), medical business, entertainment, logistics, and construction which have been well accepted worldwide will pave way for export of related products.

However, certain risk factors for Thai exports prevail in 2019 as follows:

► **The U.S.A.-China trade war has remained highly uncertain.** The U.S.A. has recently raised import tariffs on Chinese products worth more than 250,000 million US dollars with focus on technological products, and China responded by imposing higher tariffs on American products worth more than 110,000 million US dollars with focus on agricultural products. Although both countries have attempted to negotiate to end this trade war, no concrete progress has been made so far. This is because China cannot accept certain issues of demand from the U.S.A., such as tightened control over intellectual property violation, liberalization of trade and investment for US investors without technology transfer requirement, or the attempt to overturn the Made in China 2025 policy which China expects to use as a key national development strategy. Under such circumstances, despite China's offer to allow more imports from the U.S.A. or agreement by both parties on not imposing higher import tariffs than the current ones, it is unlikely that the trade war between the U.S.A. and China will end in the near future. As such, the World Trade Organization (WTO) has adjusted its global trade growth forecast down to 3.7% in 2019 from 3.9% in the foregoing year. Meanwhile, the IMF has cut its economic growth forecast of the U.S.A. and China to 2.5% and 6.2% from 2.9% and 6.6% in the previous year, respectively as a result of such persisting trade war. As both countries are No. 1 and No. 2 trade partners of Thailand, there will unavoidably be certain direct and indirect impacts on Thai exports.

► **International political conflicts and geopolitical risks have been accelerated.** The result of the midterm elections of the U.S.A. came out that the ruling party of President Trump failed to capture the majority votes in the House of Representatives and the Senate, thus hindering enacting of laws or policies in 2019 as evident from the record long government shutdown in early 2019 due to inability to reach the agreement on the budget for construction of U.S.A.-Mexico border wall. A similar problem is expected to occur in the negotiation to extend the public debt ceiling. Meanwhile, several European countries have continued to face political uncertainties, particularly the United Kingdom's Brexit, which has remained in an unresolved situation, the French protest sparked by dissatisfaction with the government policy which has spread out into other countries in Europe, the U.S.A. sanction against Iran and Venezuela, and conflicts in the Middle East and those between Russia and the western countries which are poised to flare up any time. These factors will more or less impair global trade environment and Thai exports.

► **Global oil prices have been on a decline.** The U.S. Energy Information Administration (EIA) cut the projection on Brent crude oil in 2019 to 61 US dollars per barrel from 71 US dollars per barrel in 2018 due to the downward trend of oil demand in line with the slowing global economy. In addition, the U.S.A. has stepped up its shale oil production continuously, outpacing Russia as the world's largest crude oil producer. As a result, a consistent oversupply of crude oil has prevailed in the world market. The efforts of the Organization of the Petroleum Exporting Countries (OPEC) exporters and non-OPEC exporters led by Russia in cutting oil production

by 1.2 million barrels per day in the first half of 2019 have still been insufficient to resolve the existing oversupply situation. This will accordingly pressure oil prices to pick up only slightly in 2019 which will contribute to a chain reaction on Thai export of oil-related products representing 15% of total Thai export value.

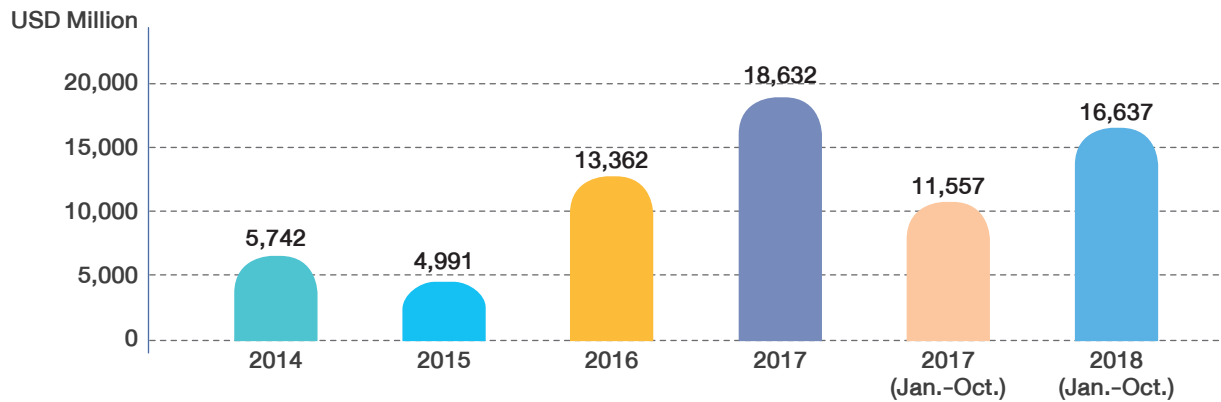
► **Baht has remained volatile.** Uncertainties in economic and political policies of world powers like the U.S.A., Europe, Japan and China, number of times of the US Fed Funds rate hikes, US policy uncertainty due to US government's shaking stability, populist policy preference trends of several European countries which are challenges to the EU's stability, Japan's increase in sales tax amid the prevailing inflation and slow economic recovery, issuance of relaxed monetary and fiscal policies to ease the impacts of the trade war, etc. can all contribute to the volatility of currencies worldwide throughout the year. In addition, Thai baht needs to be kept in close watch as it has consistently been used as a safe haven for international capital flows following the ongoing strengthening of Thai baht against currencies of several new frontiers on the back of Thailand's strong economic fundamentals. Such factors will also bring down Thai exporters' income in Thai baht.

► **Certain trade agreements may put Thailand at a disadvantage.** For instance, the United States-Mexico-Canada Agreement (USMCA) which replaced the North American Free Trade Agreement (NAFTA) requires a higher proportion of local content of auto parts from 62.5% to 75%, and the minimum wage rate in the auto part production must be 16 US dollars per hour. As such, the supply chain in North American auto parts industry has increasingly been restricted only within the region, thus hitting Thai auto part exports to these three countries which represent 10% of total Thai auto part export value. Moreover, the Comprehensive and Progressive Agreement of Trans-Pacific Partnership (CPTPP) which will officially take effect in 2019 and of which Thailand is not a member may put Thailand at a disadvantage to CPTPP-member countries for some product items.

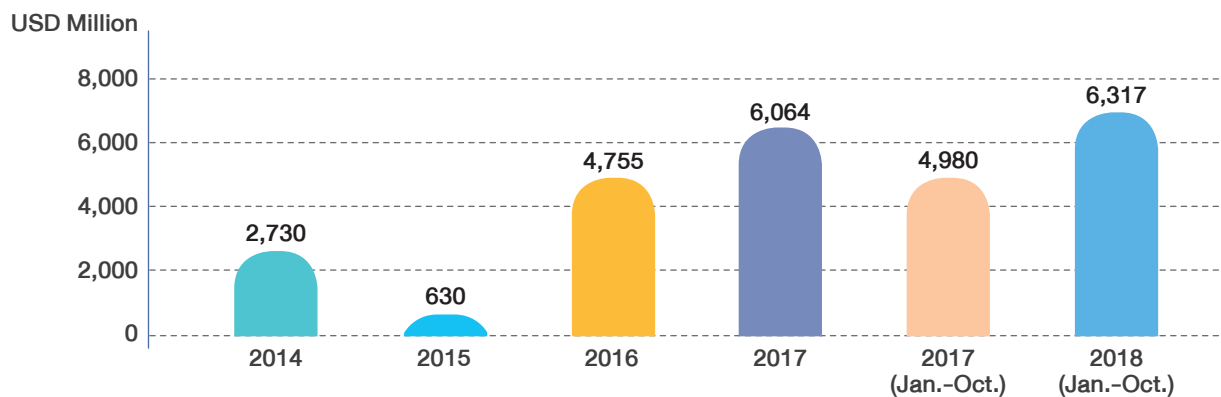
## Thai Direct Investment Abroad in 2018 and Outlook for 2019

**Thailand's direct investment abroad in 2018** continued to expand from the previous year as reflected by an as high as 44% surge in Thai direct investment abroad during the first 10 months of 2018. Supporting factors were market expansion of Thai entrepreneurs in several industries and a broader range of trade channels to diversify risks in relation to countries with high competition. Meanwhile, Thai entrepreneurs made use of lower-cost manufacturing factors to maintain their competitive edge. ASEAN has remained the topmost target of Thai investors on account of its numerous advantages, i.e. market size, economic growth rate, and rising number of the middle-class people. Net Thai direct investment in ASEAN during the first 10 months of 2018 amounted to 6,317 million US dollars, a 27% growth from 2017.

### Net Value of Thai Direct Investment Abroad



### Net Value of Thai Direct Investment in ASEAN



Source : Bank of Thailand (BOT)

### Outlook for Thai Direct Investment Abroad in 2019

Thai direct investment abroad is likely to continue its growth pace in 2019 fueled by internal drivers and external stimulators as described below:





## Internal Drivers

► **Accelerated labor structural problem** particularly, as Thailand is entering an aging society. At present, the elderly (aged 65 or more) account for approximately 13% of total Thai population, which ranks among the top in the region. Meanwhile, minimum wage of Thai labor is higher than that of many countries in this region, thus inevitably posing impact on the production cost. Also, there has been labor market mismatch, that is, labor skills available today cannot respond well to labor market demand for such skills as analytical thinking, science and technology, digital and innovation skills, etc. which are crucial to manufacturing sector under the Thailand 4.0 initiative. Such structural problem will continue to prompt Thai entrepreneurs' more investment abroad to maintain their competitive advantage.

► **Public sector's greater promotion of Thai investment abroad:** Several public agencies in Thailand have introduced more concrete policies to promote investment abroad, e.g. financial support, provision of in-depth information on offshore investment and arrangement of roadshows to promote and boost Thai entrepreneurs' potential for investment abroad, which will further upgrade their businesses toward regional and global levels, and strengthen Thai business sector in the long term.

## External Stimulators

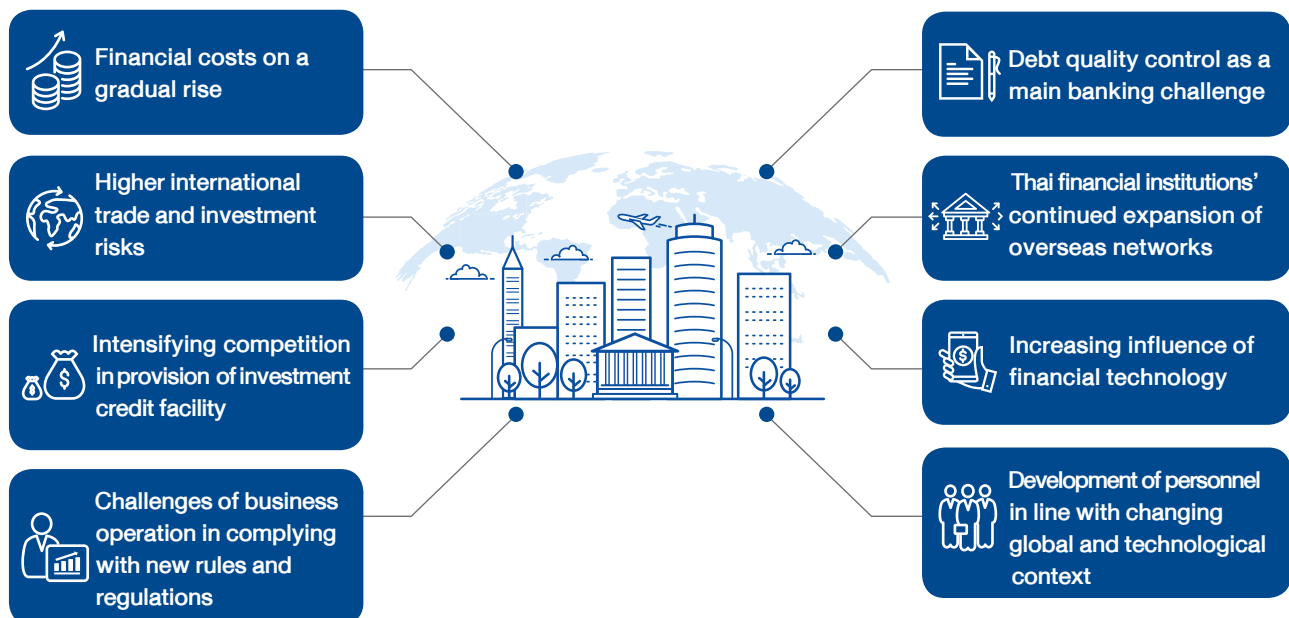
► **Rapid growth of purchasing power in new frontiers** has been witnessed particularly in ASEAN, South Asia and Africa which have successively recorded high economic growth following accelerated economic structural reform, as well as export growth and capital inflows for investment, hence a frog-leap growth of domestic purchasing power. This has been coupled with the urbanization process and the expanding middle class people. There is thus room for Thai entrepreneurs to expand their markets and explore trade opportunities so that they can level up their potential to compete in the global arena.

► **Search for trade privileges in investment destination countries:** Thailand has been subject to series of trade privilege cuts by developed countries. The latest incident was in 2018 as the U.S.A. cut the Generalized System of Preferences (GSP) benefits on 11 items from Thailand. Some Thai entrepreneurs have thus been prompted to relocate their production base to overseas especially in developing countries in Asia and Africa where they are still entitled to tariff privileges.

► **Several countries increasingly opening up for foreign investment:** These include developing countries in ASEAN, South Asia and Africa which have capital and production technology restrictions. They have relaxed and rationalized rules and regulations, promoted foreign investment through tax and non-tax measures, and developed infrastructure and public utilities, until they have increasingly become investment destinations for foreign investors including Thai investors. As reflected in the World Bank's Doing Business 2019 report, several countries have scored higher in terms of ease of doing business. This would be a good opportunity for Thai entrepreneurs to penetrate the markets and strengthen the supply chain for Thai industrial sector looking forward.

## Banking Business Environment

The rapidly changing economic, social and technological environment may pose impacts on the Bank's business operation in 2019 in various dimensions as follows:



► **Financial costs on a gradual rise:** In 2018, the US Federal Reserve (Fed) increased the Fed Funds rate four times from 1.25-1.50% to 2.25-2.50%. This prompted the central banks of several other countries to follow suit tightening their monetary policy through policy rate hikes. For Thailand, the policy rate was raised for the first time since April 2015 to 1.75% in December 2018. However, in 2019, policy rate hikes by central banks around the world are likely to be accelerated at a slower pace in the face of rising global economic risks. The Fed, in particular, tends to adjust the policy rate less than expected and may also slow the balance sheet downsizing to cope with the sluggish economy. Such gradual upward trends of interest rates are challenging for banks to manage their financial costs amid the declining fee income.

► **Higher international trade and investment risks:** The trade war between the U.S.A. and China has remained highly uncertain and begun to materially pose adverse effects on the global trade and investment direction. Moreover, the fragile economy of some emerging markets, the deepening international political problems, and frequent and increasingly severe natural disasters have unavoidably hurt the profitability of financial institutions engaging in international business.

► **Intensifying competition in provision of investment credit facility:** Competition has been intensifying in financing the increasing number of public and private investment projects particularly the large-scale infrastructure projects and investment in 10 target industries supported by the government under the Thailand 4.0 initiative which focuses on investment in the EEC where investors have been aiming for tax benefits. In addition, Thailand has still been a key target of production base relocation by foreign investors to avoid impacts of the trade war. Meanwhile, with the growth of Thai investment abroad, there has been fierce competition among financial institutions in financing large customers with high potential. Financial institutions also have to compete with other funding options which are at lower costs, such as public-private partnership (PPP), Thailand Future Fund and fundraising in the bond market, etc.

► **Challenges of business operation in complying with new rules and regulations:** The new rule to be aware of in particular is the Thai Financial Reporting Standard No. 9 (TFRS 9) the effective date of which has been postponed from 2019 to 2020. The salient point of TFRS 9 is the classification in the financial statements to truly reflect the business operation model and risk management especially with regard to the provision of reserve to accommodate loss. Under the TFRS 9, credit loss accounting method will be changed from provisioning based on the loss incurred to that also based on expected credit loss. Despite benefiting the overall financial sector with better risk management, the new standard could raise operating costs and level up restrictions in credit lending of financial institutions. However, with the effective date for applying the new standard postponed for one year, financial institutions have more time to get prepared in terms of both capital funds and personnel training to ensure their understanding of the new standard which may help reduce impacts on the business operation to some extent. Moreover, the Bank of Thailand has allowed financial institutions to apply information-based lending in place of collateral-based lending in order to cut costs. This would be a challenge for financial institutions to develop their customer database to create more income generation opportunity and maintain their competitive edge.

► **Debt quality control as a main banking challenge:** The fragile recovery of global economy and Thai economy has caused difficulties in income generation for the business sector particularly the Small and Medium Enterprises (SMEs) which have limited capital and competitive advantage. Large enterprises also encounter increasing competition from foreign businesses. Therefore, it may be difficult for financial institutions to reduce their NPLs while they still have to adopt stringent credit lending criteria in order to control potential risks.

► **Thai financial institutions' continued expansion of overseas networks:** This aims to facilitate Thai entrepreneurs' trade and investment abroad and also expand business opportunities in high potential markets like the CLMV, China and other Asian countries where there are still large financial gaps due to increasing demand for credit and financial facilities amid the continued economic expansion.

► **Increasing influence of financial technology on the financial sector:** The existing traditional banking platform will face keener competition from such new financial facilities as initial coin offering (ICO) which is now under regulatory control by the Office of the Securities and Exchange Commission, venture capital (VC) funding, crowdfunding, and peer-2-peer lending (P2P), the markets of which will see the rising number of players from business startups and e-Commerce businesses. In addition, various new specific financial services have been introduced, such as micro-financing and nano-financing which have easier credit application processes. Thus, several banks have started to adjust their business operations by providing digital lending and adopting artificial intelligence (AI) for risk and fund requirement analysis before sending the offers to customers via mobile phone. Some financial institutions have applied blockchain technology for international money transfer, etc. Furthermore, foreign technology companies have developed a more convenient payment method via e-Wallet such as Alipay, Linepay, Wechatpay and Grabpay which are free of service charge. These have stimulated financial institutions' awareness of the need for self-adjustment to cope with the intensifying competition ahead. On the other hand, adoption of such technology may come with cyber attacks in many complicated forms. These are challenges to financial institutions necessitating them to bear higher costs as regards cybersecurity system development to prevent cyber threats and enhance confidence of service users. Several financial institutions have so far developed biometric & digital ID technology for customer authentication, in replacement of the use of passcode, to prevent data theft more efficiently.

► **Development of personnel in line with the changing global and technological context:** This is a big question for financial institutions. Personnel development plan has to be adjusted with addition of new banking-related knowledge and skills together with attraction and recruitment of new talents from outside to fill the gap or boost competitive edge during the transition to a full-fledged digital banking operation. Meanwhile, there may be cooperation with or outsourcing of specialized technological experts to develop the new operating platform or system that is both cost and time saving for personnel development or personnel's self-development.



## Business Direction and Plan for 2019–2023

Export-Import Bank of Thailand (EXIM Thailand) has continued forging ahead toward its vision “To be a world-class specialized financial institution serving as a key mechanism in driving forward Thailand’s international trade and investment strategies.” The Bank has reviewed its main strategies in line with the changing internal and external circumstances to ensure stable business growth, with the strategies realigned to realize the vision. For 2019-2023, the Bank will be committed to supporting the government policy and implementing the strategic plans with financial supports rendered to Thai exporters, importers and investors as well as knowledge and consultation provided to small and medium enterprises (SMEs) to sharpen their competitive edge in the world market, anchored on the following six main strategies:

**Strategy 1: Develop and expand Thai trade and investment globally.** The Bank will create opportunities for trade and investment abroad especially in the CLMV and the new frontiers\*, access to necessary and up-to-date information of the target countries with potential to enable business planning and development of financial products that respond to demand of and appropriate for entrepreneurs in each target country. The Bank will integrate its mission to that of Team Thailand, both at home and abroad, cooperate with new frontiers in economic development, connect SMEs to the value chain of large-scale businesses, and increase channels to approach customers, as well as participate in the committees/working groups/teams under Thailand’s major international cooperation pacts, such as Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS), Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), and Mekong-Lancang Cooperation (MLC) framework, etc.

**Strategy 2: Support national infrastructure and industrial development.** The Bank will join the committees/working groups/teams that support and promote domestic investment including also investment in the Eastern Economic Corridor (EEC), develop its financial products that cater to the requirements of its public and private alliances, promote public-private partnership (PPP) joint ventures, and perform as an integrated solution provider.

**Strategy 3: Provide protection against international trade and investment risks.** The Bank will serve as financial institution of choice in trade and investment for Thai exporters and investors in the new frontiers, cross selling its products or services related to credit and insurance facilities, developing products and services to suit target customers and countries’ requirements, building cooperation with its alliances, i.e. commercial banks and insurance brokers, and developing online insurance services and automation work process.

**Strategy 4: Enhance the competitiveness of Thai entrepreneurs.** The Bank will serve as a consultant or advisor on Thai export and investment abroad, leverage on its cooperation with public and private agencies in providing fully integrated incubation support for entrepreneurs, SMEs in particular, develop products and services to suit target customer segments, as well as build and develop collaboration with websites in the e-Marketplace to promote entrepreneurs’ e-Commerce.

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Note : \* New frontiers refer to countries where Thai trade and investment activities are relatively small and yet to be developed.

**Strategy 5: Enhance the Bank's technological and digital efficiency.** The Bank will manage challenges arising from the rapidly changing information technology through development and improvement of its services and operation using new technologies, develop systems or link service systems that will facilitate new way of business operation, and put in place information management system with connectivity among agencies and information sources to create big data for development of policies and service provision.

**Strategy 6: Build a high performance organization.** The Bank aims to apply corporate management best practices to its organization management, e.g. Thailand Quality Award (TQA), State Enterprise Performance Appraisal (SEPA), International Organization for Standardization (ISO), End to End Integrated Human Resource Management System, and Fact-Based Management. It looks to stimulate and embed continuous improvement in day-to-day work process, and review as well as build corporate culture that will enable the Bank to efficiently materialize its organization transformation.

## Major Investments

EXIM Thailand has planned major investments covering 2018-2022 to enhance efficiency of its management process under its redefined role to proactively promote trade and investment as well as online transactions with an aim to boost Thai entrepreneurs' capabilities. The Bank's key investment projects within the total budget of 752.73 million baht implemented since 2018 and to be carried on until 2022 comprise:

► **Opening of representative offices in target countries:** The Bank aims to promote trade and investment in major markets in line with its strategy to "develop and expand Thai trade and investment globally." Opening of representative offices in target countries has been planned in order to make available in-depth information on trade and investment in such countries. It has also relied on the relationship with the public and private sectors so as to gain market access and develop knowledge base on the market demand as well as to create recognition and awareness of Thai brands and services among prospective buyers. In November 2018, the Bank opened its second representative office in Vientiane, Lao PDR, following its first representative office in Yangon, Myanmar opened a year earlier. More has been planned for Cambodia in 2019 and Vietnam and other target countries thereafter.

► **Development of data warehouse (DWH):** The implementation period covers 2017-2019 for compiling and storing relevant internal and external data or information that has impact on the Bank's business operation which is in line with the strategy to "enhance the Bank's technological and digital efficiency". The acquired information is analyzed and processed into the database and knowledge base for use in business management at all levels with an aim to support prompt and efficient strategic decision making of the management and boost the Bank's business capabilities in the long run.

► **Development of online export credit insurance system (ECI Online):** This project is in line with the Bank's strategy to "provide protection against international trade and investment risks". The Bank is in the process of developing online export credit insurance system to facilitate the customers' processing of such transactions as insurance policy renewal, insurance claim report and premium payment, and enable them to conduct information search by themselves. Development of automated underwriting system is currently underway with a view to speeding up the approval process of export credit insurance facility.

► **Development of core banking system (CBS):** This project is intended to increase the capacity of the Bank's core banking system to support the customers' credit transactions along with credit drawdown and repayment as well as accounting transactions. This will help streamline the procedure, shorten the turnaround time, accelerate customer services, and support connection with new operating systems in the future in accordance with the strategy to "enhance the Bank's technological and digital efficiency."

► **Development of customer relationship management (CRM) system and loan origination system (LOS):** The implementation of the CRM and LOS project is in tandem with the strategy to "enhance the Bank's technological and digital efficiency." The Bank has developed the CRM system in order to boost efficiency and effectiveness in fostering relationship with its customers through systematic collection of customer data so that the data is analyzed for development of products and services that best meet their demand or exceed their expectation. Moreover, the Bank has developed the LOS to level up the capacity of credit analysis and approval procedure using standardized technologies so as to shorten credit consideration period and speed up customer service provision.

## Strategic Plan Implementation Results

| Indicators                              |                                   | 2018    |         |                       |
|-----------------------------------------|-----------------------------------|---------|---------|-----------------------|
|                                         |                                   | Target  | Result  | Achievement/<br>(Gap) |
| <b>Economic and Social Development*</b> | % GNI                             | 1.26    | 1.37**  | 0.11                  |
|                                         | % Export                          | 1.57    | 1.95**  | 0.38                  |
|                                         | % Investment                      | 0.44    | 0.32**  | (0.12)                |
| <b>Operational and Financial***</b>     | Loans Outstanding (Million Baht)  | 100,000 | 108,589 | 8,589                 |
|                                         | Total Insurance Business Turnover | 85,000  | 92,448  | 7,448                 |
|                                         | Productivity Ratio (%)            | 46.42   | 34.12   | (12.30)               |
|                                         | NPLs Ratio (%)                    | 4.75    | 3.78    | (0.97)                |
| <b>Customer</b>                         | Penetration Rate (%)              | 11.07   | 11.38   | 0.31                  |
|                                         | Net Promoter Score (%)            | 45.00   | 58.02   | 13.02                 |

Notes : \* Economic and Social Development

- % Gross National Income (GNI) represents the proportion of revenue and output of Thailand resulting from the Bank's support for Thai exporters and investors through credit facilities and insurance services for export and investment overseas.
- % Export represents the proportion of Thailand's export value resulting from the Bank's support through credit facilities and export credit insurance services.
- % Investment represents the proportion of the value of Thailand's outward investment resulting from the Bank's support for Thai investors or service providers through credit facilities and investment insurance services.

\*\* Estimated results

\*\*\* As stated in Business Plan



## Credit and Insurance Performance

Export-Import Bank of Thailand (EXIM Thailand)'s overall credit and insurance performance has been on an improving trend alongside its organization transformation and plan/project implementation under its new strategic plan to serve as a key mechanism to drive Thailand's international trade and investment.

### Credit Facility Performance



In 2018, the Bank recorded an expansion in credit provision with new loans approved and extended to Thai entrepreneurs and businesses overseas totaling 74,635 million baht, an increase of 18,307 million baht or 32.5% from the previous year. The aggregate amount of credit lines approved until the end of 2018 accordingly moved up by 43,645 million baht or 19.0% year-on-year to total 272,851 million baht. Of this total, 188,605 million baht was to support export, investment for capacity expansion and domestic investment projects, and 84,245 million baht went to Thai investment abroad.

Accumulated business turnover from credit facilities for Thai exporters and entrepreneurs in 2018 totaled 197,120 million baht, up by 37,172 million baht or 23.2% year-on-year in line with the increase in newly approved and outstanding loans.

## Key Performance

In 2018, EXIM Thailand executed its mandate in support of the National Strategies as follows:

### ► Promotion and support of small and medium enterprises (SMEs)

As at year-end 2018, the Bank provided financial facilities to a total of 2,816 SMEs, up by 630 SMEs or 28.8% from year-end 2017. Among these, 1,268 SMEs were provided with new loans in a total amount of 19,991 million baht, up by 136 SMEs or 12.0% from 2017. This resulted in an aggregate amount of credit lines of 100,901 million baht at year-end 2018, up by 5,917 million baht or 6.2% year-on-year. Accumulated business turnover from credit facilities to SMEs totaled 106,362 million baht in 2018, a 6,750 million baht or 6.8% increase from a year earlier. Loan outstanding to SMEs as at year-end 2018 amounted to 42,906 million baht, up by 5,765 million baht or 15.5% from year-end 2017, attributable to the Bank's commitment to promote and support SMEs through development of products and services to suit their requirements in every stage of operation from start-up to small-scale and medium-scale export. The Bank also strived to enhance SME exporters' potential by providing them with training on financial literacy for export.

### ► Support of Thai investment abroad

Support of Thai investment abroad is another important mission of the Bank. As at year-end 2018, the aggregate amount of credit lines stood at 84,245 million baht, up by 17,085 million baht or 25.4% from a year earlier, with loan outstanding of 39,265 million baht. Of the said aggregate amount, 48,033 million baht or 57.0% was to support Thai investment in the CLMV (Cambodia, Lao PDR, Myanmar and Vietnam). However, due to a period of time taken for loan drawdown of the approved projects, loan outstanding for the CLMV as at the end of 2018 amounted to 29,441 million baht.

### ► Support of merchant marine business

To enable Thai entrepreneurs to acquire freighter fleets to facilitate marine transportation of goods and reduce foreign exchange loss from using services of foreign maritime transport companies, the Bank has continuously provided financial facilities to support Thai maritime business operators. The aggregate amount of credit lines as at year-end 2018 stood at 13,093 million baht with loan outstanding of 11,126 million baht.

Under the government's merchant marine promotion scheme pursuant to the Cabinet resolution given on March 22, 2011 approving support for maritime business operators with a budget earmarked to compensate for the Bank's financing expenses (credit approval period during 2011-2014), credit lines approved were 9,344 million baht. The said promotion scheme under the Cabinet resolution ended on March 21, 2018, and the reimbursement for the Bank's financing expenses was made in full in December 2018.

## Insurance Performance

EXIM Thailand is the sole state-owned specialized financial institution to provide insurance services to support Thai exporters and investors in hedging risks that may arise from overseas trade and investment activities. Various types of insurance facilities have been developed 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 overseas buyers and thus serving as a risk management tool for Thai exporters. It helps enhance their confidence and opportunity to expand business to new buyers and new markets, including emerging markets, to expand their customer bases and grow Thai export as a whole.

The Bank's short-term export credit insurance provides coverage up to a maximum of 90% of loss realized in export of goods to buyers in 204 countries, whether it is the loss caused by commercial risk, such as payment default by buyers, bankruptcy of buyers or goods rejection by buyers, or the loss caused by political risk including war, revolution, coup d'état, prohibition of international money transfer, and bans on imports from Thailand. The service is available for exporters offering payment terms of up to 180 days from the date of export, under the terms of Letter of Credit (L/C) for payment defaults by banks issuing L/C, and under the terms of Documents against Payment (D/P), Documents against Acceptance (D/A) and/or Open Account (O/A) for payment defaults by buyers.

Aside from export credit insurance, the Bank also renders a buyer/buyer bank risk assessment service with examination made on buyers/buyer banks abroad. Exporters will receive a summary report from the Bank to help them access and use information as a basis for their trade decision making.

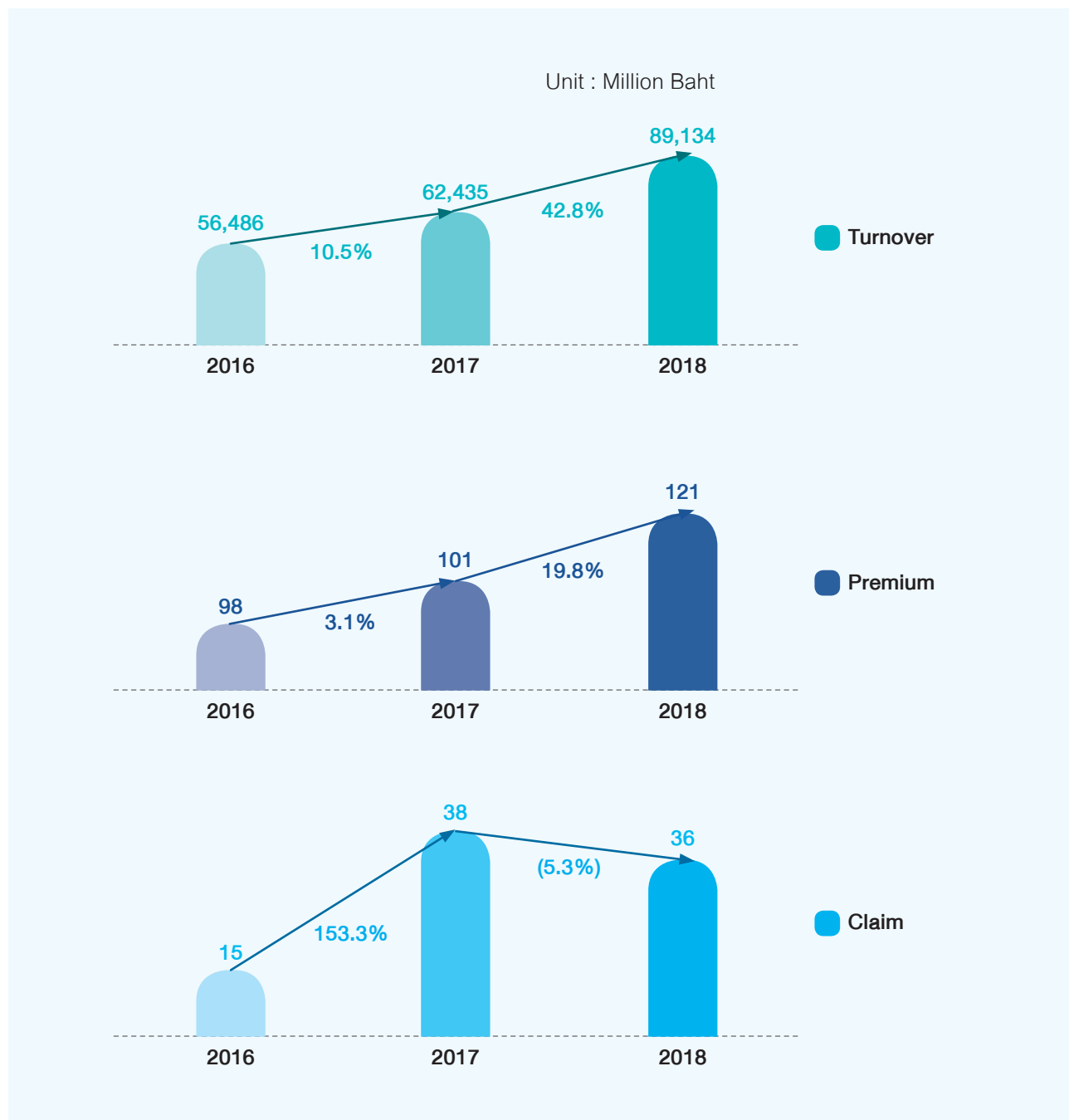
### Key Performance

In 2018, the Bank focused on enhancing exporters' awareness of export credit insurance service to prevent or mitigate risk from payment default through marketing activities and provision of trade risk knowledge in collaboration with government and private agencies, as well as market making via such a new channel as export insurance broker. This accordingly pushed up short-term export credit insurance turnover to 89,134 million baht from 62,435 million baht in the foregoing year, or a 42.8 % surge, with a 19.8% growth in premium income to 121 million baht.

In addition, the Bank had developed and launched export credit insurance products to support Thai export to the Greater Mekong Subregion countries (Cambodia, Lao PDR, Myanmar: CLM), which had recorded consistent economic growth, at controllable cost and with more choices of insurance premium and coverage to suit their respective business requirements. Special export benefits were also offered to exporters to Africa to support the Bank's strategy to penetrate new frontier markets and enhance Thai exporters' potential and confidence in export expansion to these markets.

In supporting small and medium enterprise exporters (SME exporters), the Bank encouraged them to manage and prevent risk from payment default by offering specific products for SME exporters, such as Instant SMEs Export Insurance, which catered to not only existing SME exporters but also export startups. This accordingly made up a total of 320 credit insured SME exporters in 2018.

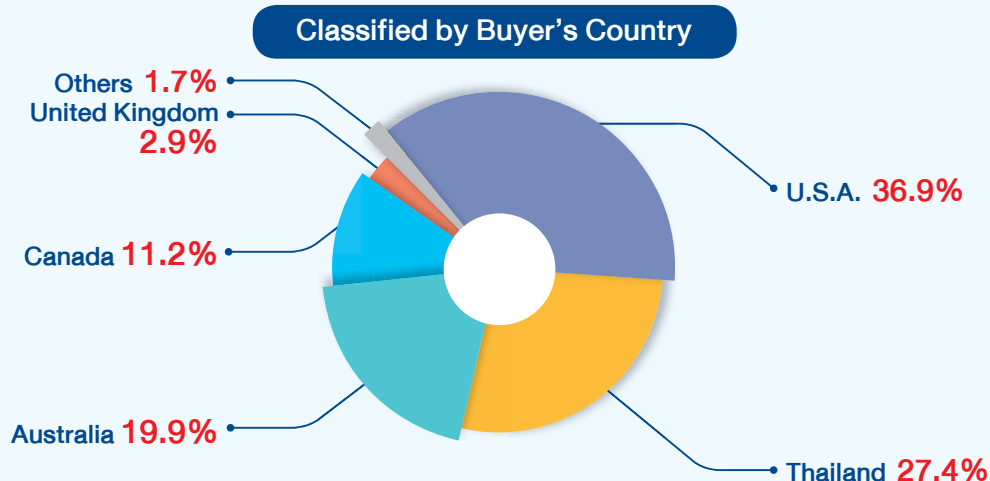
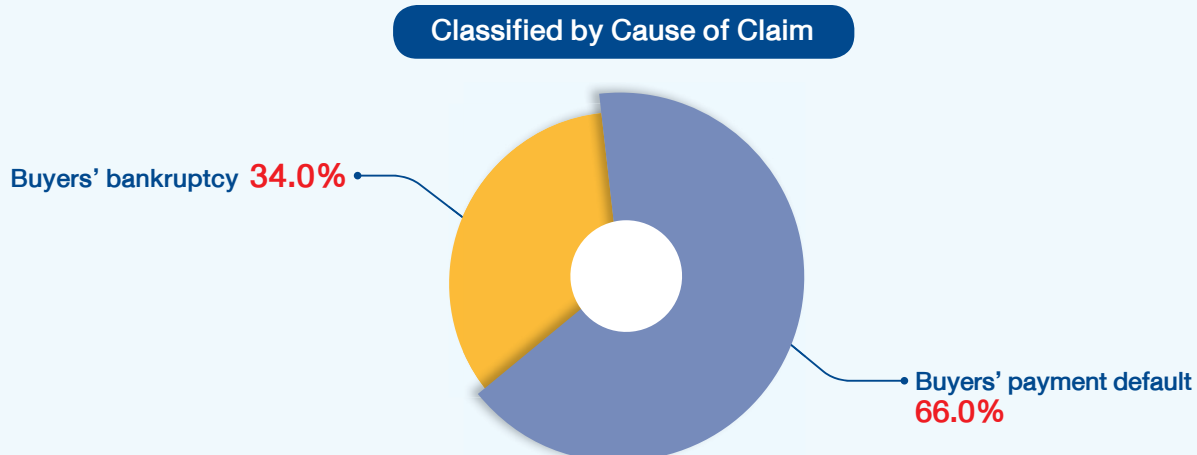
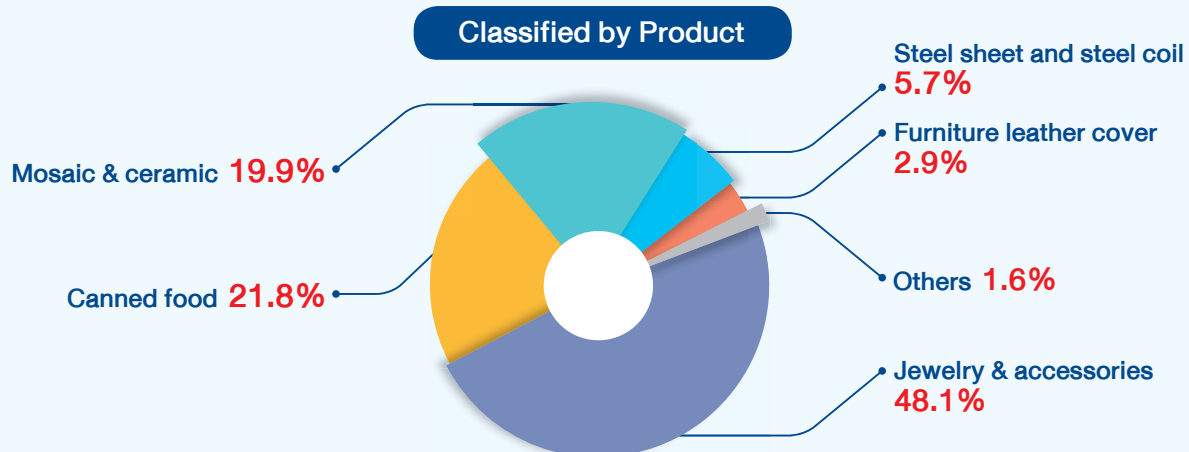
In 2018, canned and processed seafood occupied the largest share of insurance turnover, representing 29.1% of total insurance turnover, followed by petroleum, natural gas, sugar, rice and rice products, jewelry and accessories, respectively.





## Claim Value

From the launch of short-term export credit insurance in 1995 to December 2018, the Bank paid claims to a total of 209 exporters totaling 668 million baht. In 2018, claims under short-term export credit insurance were paid to 15 exporters totaling 36 million baht, of which 66.0% resulted from buyers' default on payment. The largest portion of claims went to buyers in the U.S.A. and, for those classified by product, was related to jewelry.



## Outlook for Short-term Export Credit Insurance

- ▶ Global economy, particularly new frontier markets in Asia and Africa, will continue to grow at a favorable pace. This will be a good opportunity for Thai exporters to expand business to these markets in addition to the existing ones.
- ▶ International trade will likely be increasingly carried out under non L/C terms. Thai exporters, particularly SME exporters, thus have to offer relaxed payment terms for higher competitiveness while managing payment default risk.
- ▶ Most exporters are still self-insured and do not use hedging tools. As such, buyer payment default taking place only once can severely hurt the financial status of the exporters, particularly SME exporters. Therefore, it is a challenging task for the Bank to raise SME exporters' awareness of the importance and benefits of taking out export credit insurance.

## Medium- and Long-term Export Credit Insurance

Medium- and long-term export credit insurance facility is provided to Thai exporters and financial institutions offering credit facilities to Thai exporters. It covers risk of payment default by foreign buyers for export of Thai goods with a payment or contract term exceeding 180 days but no longer than 5 years or for export of Thai services with a payment or contract term no longer than 5 years. The insured, i.e. exporters, will be indemnified for damage incurred during production or provision of service or for non-payment under the contract caused by commercial and political risks, up to the maximum of 90% of loss realized. The facility covers loss realized during the production or service period, the post-delivery period (credit period) and the retention period.

## Key Performance

In 2018, the Bank focused on raising awareness of export credit insurance among exporters, especially those with specialty products for use in specific industries, such as manufacturers of structural and processed steel for petroleum and electricity industries as well as machinery for certain industries, and overseas contractors, e.g. engineering-procurement-construction (EPC) contractors, design contractors, etc. The Bank also adopted a new marketing channel, i.e. broker, in 2018 which helped draw Thai business operators' higher interest in EXIM Thailand's medium- and long-term export insurance service. The aggregate amount of medium- and long-term export credit insurance approved in foreign currency and Thai baht was 2,977 million baht.

At present, exporters in both manufacturing and service sectors have a keen interest in medium- and long-term export credit insurance facility to hedge risks that may arise from trading with buyers in new frontier markets with economic growth potential like the CLMV (Cambodia, Lao PDR, Myanmar and Vietnam), Brazil, Sri Lanka, Ghana and Middle Asian countries, etc.

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

The rising awareness of exporters has contributed to greater expansion of markets for medium- and long-term export credit insurance facility, from ASEAN Economic Community (AEC) countries, especially the neighboring CLMV, with focus on construction contractor service sector, to a broader range of sectors in new frontier markets beyond the AEC, such as African, Middle Asian and South American countries. Thai export contracts have been executed in various forms from contracts on small-scale projects with private sector buyers and equipment procurement for large-scale projects instrumental to buyer countries to contracts on public sector projects.

Despite the increase in Thai goods and service exports, Thai entrepreneurs' awareness of insurance service as a risk management tool has remained small. As such, EXIM Thailand, as the government's export credit agency (ECA) directly responsible for providing support for Thai business operators, has strived to promote and enhance Thai entrepreneur' awareness of the importance of insurance service for risk management.

Competition in medium- and long-term export credit insurance service has still been low with not many private sector players in the markets, especially in the CLMV. Most of the private insurance agencies still lack experience in this region. The Bank has kept abreast of the changing situations, and rigorously considered the implications before offering the service to any exporters. In addition, reinsurers overseas still have limited capacity for the CLMV. EXIM Thailand thus has an advantage as a specialized financial institution to render support for Thai exporters in making contracts with buyers overseas, particularly in countries where insurance capacity is still limited.

## Investment Insurance

The Bank's investment insurance facility provides coverage against loss relating to the insured investment projects 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 affects the investment projects and debt servicing capability of the insured. The Bank offers insurance coverage over both equity and loans with a maximum claims amount of 90% of loss actually incurred.

## Key Performance

Since 2017, the Bank has developed marketing plans for investment insurance service in line with its policy to stimulate and promote overseas investment with focus on providing investors with knowledge on overseas investment, factors to be considered and associated risks. The Bank in collaboration with brokers experienced in international investment insurance organized seminars for Thai business operators interested in investing abroad particularly in new frontier markets. In 2018, emphasis was given to export and investment in such high potential markets as African countries which have large population and good economic growth prospects.

In 2018, the Bank approved the total insured amount of 102 million US dollars under investment insurance facility and earned premium income of approximately 40 million baht. There were 14 additional investment projects where investors were interested in utilizing the Bank's investment insurance facility, mainly comprising projects in energy industry such as solar power plant and coal-fired power plant as well as plant construction or operation abroad. Major markets are the CLMV in which the government has a policy to support Thai investment. Moreover, in 2019, investors are likely to make alternative power plant investment in other countries with potential like Mongolia, etc.

Due to the large scale of these projects and their geographical and environmental impacts, numerous credit and environment related conditions need to be fulfilled and the bidding process is in place where Thai investors have to compete with players from countries elsewhere. As a result, it is time-taking for investors in initiating and liaising projects before the projects can be implemented and investment insurance can be arranged.

### Outlook for Investment Insurance

Thailand's direct investment abroad over the past years has expanded significantly as a result of domestic market saturation. This has been coupled with the economic growth prospects and business opportunities in new frontier markets which have encouraged greater direct investment abroad. Total outstanding direct investment abroad was recorded at 116,527 million US dollars in 2017 and increased to 132,432 million US dollars in the third quarter of 2018. ASEAN ranked first as Thailand's foreign direct investment destination with the outstanding investment value as of the third quarter of 2018 totaling 40,104 million US dollars, the main portion of which went to the CLMV, Indonesia and Singapore (Source: Thai Direct Investment Abroad Classified by Country, the Bank of Thailand).

For the CLMV countries which are of great interest among Thai investors, uncertainties remain high despite their consistent economic growth. Insurance agencies in general, as well as reinsurers, are still concerned about the high risk exposure of investment in these countries. Although reinsurance service has started to be available in this region, the reinsured amount and reinsurance term are limited. Moreover, new markets with good prospects like countries in Africa and those with alternative energy investment prospects, such as Mongolia, etc., are still unfamiliar to Thai investors. Therefore, as a state-owned specialized financial institution, the Bank has a main mission to support Thai investment in these high-risk countries to ensure their robust business growth looking forward.

## New Products and Services in 2018

EXIM Thailand focused on enhancing Thai exporters' competitiveness in international trade and investment by offering financial facilities that meet diverse needs of business operators from small and medium enterprises (SMEs) to large enterprises. In 2018, the Bank developed products and services that helped boost their liquidity, facilitate raw material procurement and production, fulfill pre-shipment or post-shipment working capital requirements, enhance access to financing sources and strengthen confidence in their export endeavors. Export credit and insurance facilities developed in 2018 were as follows:

► **EXIM Loan for CLMV Buyers** is a new loan facility for entrepreneurs in the CLMV (Cambodia, Lao PDR, Myanmar and Vietnam) for purchase of products and/or services from Thailand. Each borrower is offered up to 4 million US dollars in credit facility for a maximum 85% of purchase value at an initial interest rate of LIBOR +4% per annum. The credit facility is available in the form of either direct financing or co-financing with local banks in the borrower's country.

► **EXIM Happy Credit** is a new revolving facility of up to 500,000 baht (in conjunction with a forward contract facility) per borrower aimed to facilitate export of SME startups and single-account SMEs, and secured only with a personal guarantee by key management personnel. The loan is offered at an interest rate/discount purchase rate of 5.00% per annum, and 4.50% per annum in case of borrower with single account.

► **EXIM Special Zone Credit** is a long-term credit facility combined with a revolving credit with a tenor of up to 15 years to support entrepreneurs' investment in the Eastern Economic Corridor (EEC), provinces in Special Economic Zones (SEZ), border provinces, industrial estates, industrial parks, and industrial zones in both public and private sectors. Entrepreneurs with investment in the EEC are offered a special interest rate of prime rate -2.00% per annum in the 1<sup>st</sup>-3<sup>rd</sup> year for the long-term credit and up to prime rate -1.75% per annum or LIBOR +2.75% per annum for the revolving facility. As for entrepreneurs in SEZ, interest rate is chargeable at prime rate -1.75% per annum in the 1<sup>st</sup>-3<sup>rd</sup> year for the long-term credit and up to prime rate -1.50% per annum or LIBOR +3.00% per annum for the revolving facility for a maximum loan tenor of 15 years.

► **Soft Loan for Machinery Modification Phase 2 (Transformation Loan)** is a long-term credit facility to finance purchase of assets combined with a revolving credit for use as working capital for SMEs with tax filing to the authorities in the 10 S-Curve industries. This credit facility is rendered in collaboration with the Government Savings Bank. Maximum credit line per customer is 15 million baht and the interest rate chargeable is 4.00% per annum for a maximum loan tenor of 7 years.

► **EXIM Value Added Credit** is a revolving credit line for startup SMEs or those aiming to expand their export markets in an amount of up to 4 million baht per exporter (combined with a forward contract facility). The credit facility is secured by a letter of guarantee from Thai Credit Guarantee Corporation (TCG), and interest rate chargeable in the 1<sup>st</sup>-2<sup>nd</sup> year is prime rate -1.25% per annum. Under this scheme, EXIM Thailand collaborates with Central Laboratory (Thailand) Co., Ltd. to provide a complimentary coupon worth 5,000 baht for exporters in agricultural and food industrial sectors for inspection of contaminants in goods as certification of product standard for export.



► **EXIM for M Credit** is a pre- and post-shipment revolving credit facility aimed to enhance financial liquidity of medium-scale enterprises (with sales in the range of 50-500 million baht) in an amount of up to 50 million baht per borrower in conjunction with an FX forward contract facility of up to 3 times the credit facility amount. The facility is secured by collateral worth at least 35% of the credit amount which may be combined with a letter of guarantee from TCG. Interest rate is offered from prime rate -0.50% in the 1<sup>st</sup> year to prime rate -2.00% per annum or LIBOR +4.00% to LIBOR +2.75% per annum thereafter.

► **EXIM Nego for M Credit** is a post-shipment revolving facility aimed to enhance financial liquidity of medium-scale exporters (with sales in the range of 50-500 million baht) in an amount of up to 10 million baht per exporter in conjunction with an FX forward contract facility of up to 3 times the credit facility amount. The facility is secured by a letter of guarantee from TCG or collateral security of at least 30% coverage of the credit amount. Interest rate is offered from prime rate -0.50% in the 1<sup>st</sup> year to prime rate -2.00% per annum thereafter.

► **EXIM IBD Global** is a post-shipment revolving credit facility in conjunction with export credit insurance facility, targeted at exporters to meet their working capital requirement and hedge payment default risks. The credit line is 40 million baht per exporter (combined with a forward contract facility), secured by export credit insurance policy. Interest is offered at a prime rate -2.00% per annum throughout the loan tenor. Insurance facility under this scheme covers more than 137 countries worldwide with protection coverage of up to 90% of loss amount.

► **CLM Trade Insurance** helps SME exporters hedge risk of non-payment by buyers in the CLM, i.e. Cambodia, Lao PDR and Myanmar, by offering insurance coverage for export worth up to 1 million baht per transaction under payment term of not exceeding 90 days. SME exporters can take the protection type of their choice at the expense pre-determined by them with insurance premium starting from 3,300 baht and maximum coverage of 90% of loss amount.

## Operating Results and Financial Position

In view of the overall financial performance in 2018, Export-Import Bank of Thailand (EXIM Thailand) recorded a 10-year record high growth of assets, i.e. loans, while its net profit increased at a slower pace, hence a slightly lower profitability. The Bank also set aside provision for doubtful accounts higher than the set criteria and had adequate capital funds to accommodate future business expansion.

### Statements of Income

Unit : Million Baht

| Items                                                         | 2018         | 2017         | Change                 |            |
|---------------------------------------------------------------|--------------|--------------|------------------------|------------|
|                                                               |              |              | Increase<br>(Decrease) | %          |
| Interest income                                               | 4,947        | 4,233        | 714                    | 16.9       |
| <u>Less</u> Interest expenses                                 | 1,550        | 1,147        | 403                    | 35.1       |
| Net interest income                                           | 3,397        | 3,086        | 311                    | 10.1       |
| Non-interest income                                           | 497          | 332          | 165                    | 49.7       |
| <u>Less</u> Other operating expenses                          | 1,321        | 1,091        | 230                    | 21.1       |
| <u>Less</u> Bad debts, doubtful accounts<br>& impairment loss | 1,208        | 967          | 241                    | 24.9       |
| <b>Net profit</b>                                             | <b>1,365</b> | <b>1,360</b> | <b>5</b>               | <b>0.4</b> |

### Net Profit

In 2018, EXIM Thailand posted a net profit of 1,365 million baht, up by 5 million baht or 0.4%, compared with 1,360 million baht net profit in 2017, on the back of loan and insurance growth. Loan provision increased by 16,703 million baht or 18.2%, leading to an increase in net interest income by 311 million baht or 10.1% and in non-interest income by 165 million baht or 49.7%. However, the Bank recorded an increase in other operating expenses by 230 million baht or 21.1% from 2017 as the Bank was in the transformation period. Allowance for bad debts, doubtful accounts and impairment loss went up by 241 million baht or 24.9%.

## Statement of Financial Position as at December 31, 2018

Unit : Million Baht

| Items                                        | 2018           | 2017          | Change                 |             |
|----------------------------------------------|----------------|---------------|------------------------|-------------|
|                                              |                |               | Increase<br>(Decrease) | %           |
| <b>Total assets</b>                          | <b>106,566</b> | <b>90,901</b> | <b>15,665</b>          | <b>17.2</b> |
| Interbank and money market items             | 2,812          | 2,004         | 808                    | 40.3        |
| Net investments                              | 2,345          | 2,478         | (133)                  | (5.4)       |
| Loans                                        | 108,589        | 91,886        | 16,703                 | 18.2        |
| Allowance for doubtful accounts              | 9,223          | 7,850         | 1,373                  | 17.5        |
| Revaluation allowance for debt restructuring | 161            | 99            | 62                     | 62.6        |
| Net properties foreclosed                    | 382            | 805           | (423)                  | (52.5)      |
| Other assets                                 | 1,822          | 1,677         | 145                    | 8.6         |
| <b>Total liabilities</b>                     | <b>85,392</b>  | <b>70,557</b> | <b>14,835</b>          | <b>21.0</b> |
| Deposits                                     | 30,160         | 22,381        | 7,779                  | 34.8        |
| Interbank and money market items             | 18,887         | 16,108        | 2,779                  | 17.3        |
| Debt issued and borrowings                   | 34,014         | 30,184        | 3,830                  | 12.7        |
| Other liabilities                            | 2,331          | 1,884         | 447                    | 23.7        |
| <b>Shareholders' equity</b>                  | <b>21,174</b>  | <b>20,344</b> | <b>830</b>             | <b>4.1</b>  |

## Assets

As at December 31, 2018, the Bank's total assets amounted to 106,566 million baht, a 15,665 million baht or 17.2% increase from year-end 2017 of 90,901 million baht. Details are as follows:

► **Loans:** As at December 31, 2018, the Bank's outstanding loans accounted for 108,589 million baht, a year-on-year net increase of 16,703 million baht or 18.2% from 91,886 million baht. The increase in outstanding loans mainly came from loans for industrial, agro-industrial and public utility sectors.

► **Non-performing loans (NPLs):** As at December 31, 2018, the Bank's NPLs accounted for 4,103 million baht or 3.8% of total loans, going up by 1,088 million baht from a year earlier, coming mostly from debtors in agro-industrial sector. However, during the year, the Bank was able to correct and bring down NPLs by 269 million baht mainly through debt restructuring of NPLs in transport and communication sectors which resulted in net NPL increase by 818 million baht from 3,285 million baht at year-end 2017.

► **Allowance for doubtful accounts and revaluation allowance for debt restructuring:** As at December 31, 2018, the Bank's allowance for doubtful accounts and revaluation allowance for debt restructuring amounted to 9,384 million baht, representing 228.7% of NPLs, and was a 1,435 million baht net increase from the allowance of 7,949 million baht at year-end 2017 which represented 242.0% of NPLs.

► **Net properties foreclosed:** As at December 31, 2018, net properties foreclosed amounted to 382 million baht, a decrease by 423 million baht or 52.5% year-on-year.

## Liabilities

As at the end of 2018, the Bank's total liabilities stood at 85,392 million baht, going up by 14,835 million baht or 21.0% from 70,557 million baht at the end of 2017. Most of them were deposits which surged by 7,779 million baht or 34.8%, debt issued and borrowings which moved up by 3,830 million baht or 12.7%, and interbank and money market items which increased by 2,779 million baht or 17.3%.

## Shareholders' Equity

The shareholders' equity of the Bank totaled 21,174 million baht as at year-end 2018, growing by 830 million baht or 4.1% from 20,344 million baht as at year-end 2017. In 2018, legal reserve increased by 681 million baht. The Bank made 2018 interim state remittance of 282 million baht and an additional remittance of 257 million from the remaining net profit of 2017 as instructed by the State Enterprise Policy Office (SEPO).

## Key Financial Ratios

Unit : Percent

| Financial Ratios             | 2018 | 2017 | Change |
|------------------------------|------|------|--------|
| Return on Assets (ROA)       | 1.4  | 1.6  | (0.2)  |
| Return on Equity (ROE)       | 6.6  | 6.8  | (0.2)  |
| Net Interest Margin (NIM)*   | 3.2  | 3.3  | (0.1)  |
| Cost to Income Ratio         | 33.9 | 31.9 | 2.0    |
| Capital Adequacy Ratio (CAR) | 18.1 | 21.3 | (3.2)  |

Note : \* NIM ratio calculation basis has been changed from "net interest income to average net asset value" to "net interest income to average interest-bearing assets" as required by the Bank of Thailand.

► **Return on Assets (ROA) and Return on Equity (ROE):** The Bank's net profit in 2018 was close to that a year earlier with a net profit growth of 0.4%. Meanwhile, with an asset growth of 17.2% and equity growth of 4.1% as at year-end 2018, the Bank recorded an average ROA of 1.4% and an average ROE of 6.6%, a 0.2% decline from the previous year.

► **Net Interest Margin (NIM):** As at the end of 2018, the Bank's NIM went down by 0.1% year-on-year to 3.2% due to an increase in average interest-bearing assets in line with the outstanding loan expansion.

► **Cost to Income Ratio:** As at year-end 2018, the Bank's cost to income ratio was 33.9%, up by 2.0% from 2017, resulting from an increase in non-interest expenses by 230 million baht or 21.1% due mainly to implementation of additional action plans during the year such as the organizational transformation, human resources development, and personnel expenses arising from human resources transformation plan, as well as expenses on public relations, rapport building and seminars.

► **Capital Adequacy Ratio (CAR):** The Bank's CAR as at year-end 2018 was 18.1%, down by 3.2% from the previous year due to an increase in risk assets during the year. However, its CAR was still 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.

## Borrowings Structure Classified by Type and Source

Unit : Million Baht

| Domestic Sources                        | 2018                  |                | 2017                  |                | 2016                  |                |
|-----------------------------------------|-----------------------|----------------|-----------------------|----------------|-----------------------|----------------|
|                                         | Government guaranteed | Non guaranteed | Government guaranteed | Non guaranteed | Government guaranteed | Non guaranteed |
| Bonds                                   | -                     | -              | -                     | -              | -                     | -              |
| Bills of exchange                       | -                     | -              | -                     | -              | -                     | -              |
| Promissory notes                        | -                     | -              | -                     | -              | -                     | -              |
| Others                                  | -                     | 104            | -                     | 117            | -                     | 87             |
| <b>Total debt issued and borrowings</b> | <b>-</b>              | <b>104</b>     | <b>-</b>              | <b>117</b>     | <b>-</b>              | <b>87</b>      |

| Foreign Sources                         | 2018                  |                | 2017                  |                | 2016                  |                |
|-----------------------------------------|-----------------------|----------------|-----------------------|----------------|-----------------------|----------------|
|                                         | Government guaranteed | Non guaranteed | Government guaranteed | Non guaranteed | Government guaranteed | Non guaranteed |
| Bonds                                   | -                     | 33,910         | -                     | 30,066         | -                     | 34,756         |
| Bills of exchange                       | -                     | -              | -                     | -              | -                     | -              |
| Promissory notes                        | -                     | -              | -                     | -              | -                     | -              |
| Others                                  | -                     | -              | -                     | -              | -                     | -              |
| <b>Total debt issued and borrowings</b> | <b>-</b>              | <b>33,910</b>  | <b>-</b>              | <b>30,066</b>  | <b>-</b>              | <b>34,756</b>  |

As at the end of 2018, the Bank's domestic and foreign borrowings totaled 34,014 million baht, consisting of 104 million baht from domestic sources and 33,910 million baht from overseas. Meanwhile, at the end of 2017 and 2016, the Bank recorded total borrowings of 30,183 million baht and 34,843 million baht, comprising 117 million baht and 87 million baht from domestic sources respectively, and 30,066 million baht and 34,756 million baht from foreign sources, respectively. All the borrowings were not guaranteed by the government and were exclusive of interbank and money market items.



## Organization Management

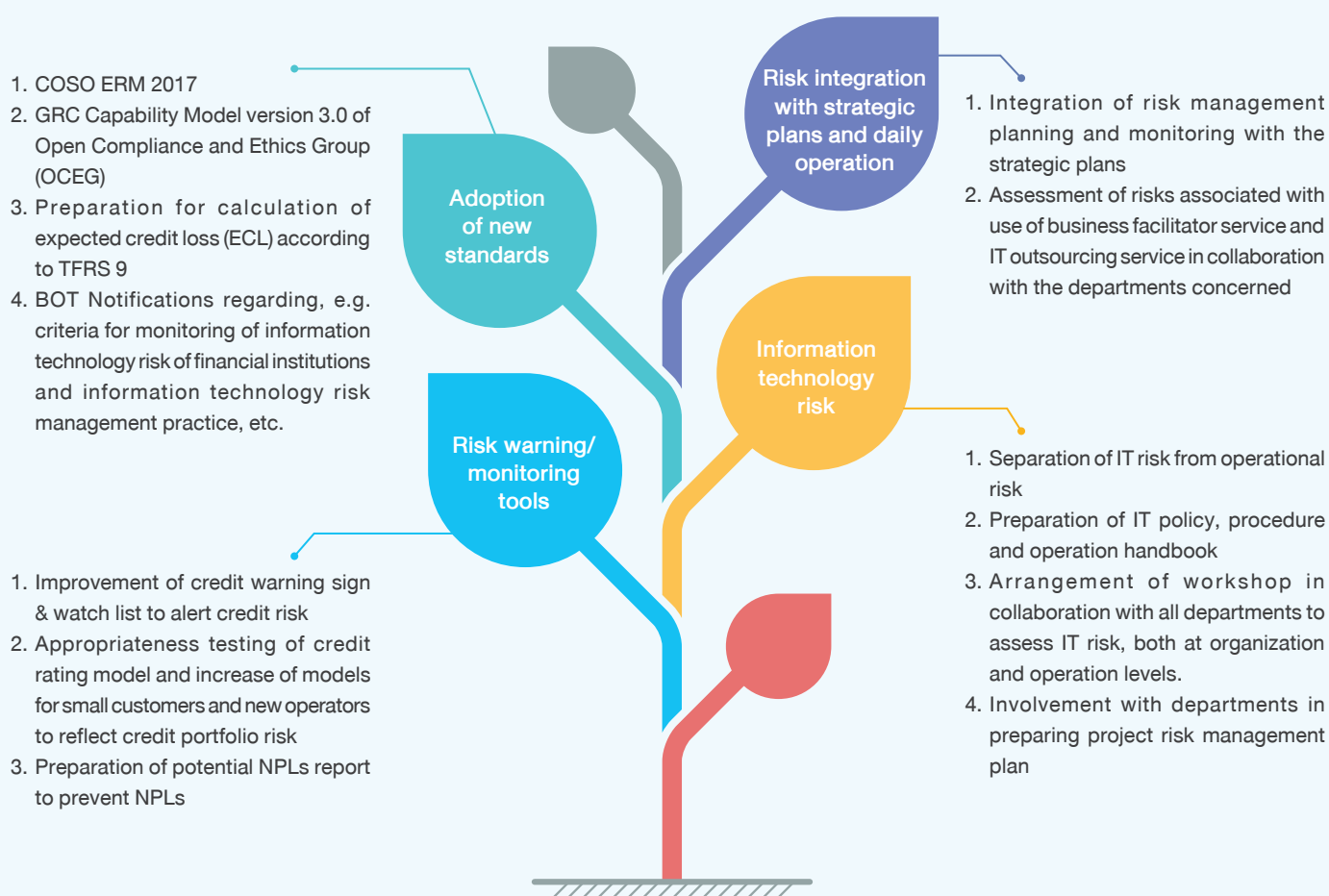
### Risk Management

#### Overview

Export-Import Bank of Thailand (EXIM Thailand)'s risk management gives special emphasis to the development of organization culture, incorporation of internal and external changes into organization capacity for improvement, adoption of risk management framework/policy/process/tools into practice, while closely integrating with the strategic plans to enable the Bank to fulfill risk management objectives of creating, preserving and realizing enhanced values for the organization in alignment with its stakeholders' demand and expectations.

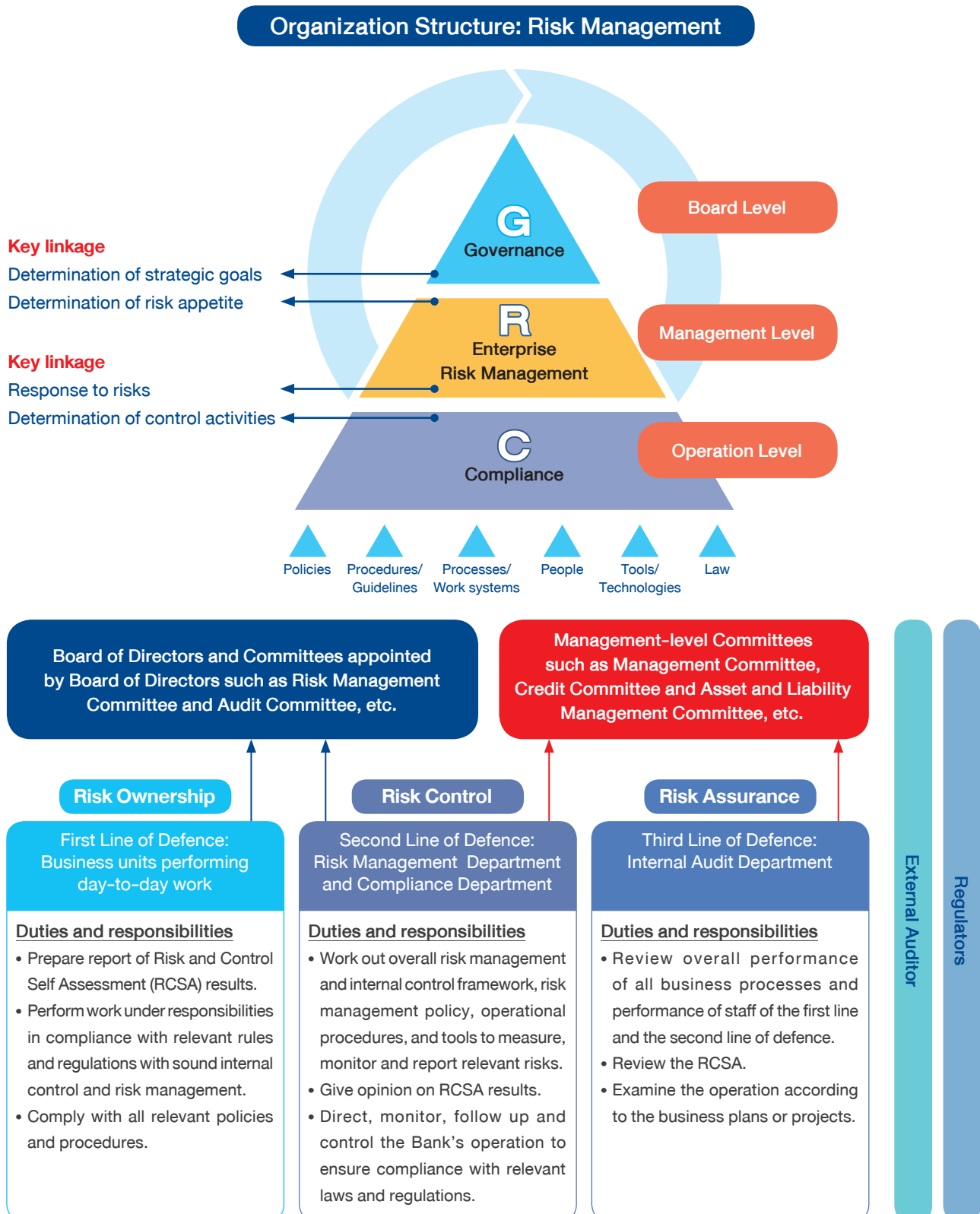
Major changes in risk management in 2018 are as summarized below:

#### Major Changes in Risk Management in 2018



## Risk Management Structure

The Bank integrates its corporate governance, risk management and compliance activities by organizing the risk management structure into three lines of defence with risk management responsibilities divided into three levels according to the roles, duties and responsibilities of departments related to risk management defined as summarized below:



## Risk Management by Risk Categories

In 2018, the Bank's risk management was divided into seven categories as follows:



Key risk management activities and results are summarized by risk categories as follows:

## 1. Strategic Risk

In 2018, the Bank focused on the integration of strategic risk management and monitoring with its strategic plan and the State Enterprise Performance Agreement (PA), and report to the related committees on a regular basis, with the result showing an acceptable risk level. The Bank's strategic risk management in the year can be summarized as follows:



### Policy

- Review of corporate risk management and internal control framework according to COSO Enterprise Risk Management 2017 (COSO ERM 2017)
- Review of governance, risk and compliance (GRC) policy in line with the GRC Capability Model version 3.0 of Open Compliance and Ethics Group (OCEG)
- Review of risk assessment policy and capital adequacy according to Pillar 2 and Internal Capital Adequacy Assessment Process (ICAAP) & Stress Test Policy based on relevant BOT notifications



### Procedure

- Preparation of risk management criteria and handbook for use as risk management guidelines for all business units
- Calculation of capital adequacy in line with relevant BOT Notifications such as Notifications No. SorKorSor. 7/2559 regarding Criteria for Monitoring of Capital Fund of Specialized Financial Institutions, and No. SorKorSor. 12/2559 regarding Criteria for Maintenance of Capital Adequacy to Contingent Liabilities from Insurance Service of EXIM Thailand, etc.
- Assessment of capital adequacy according to the Internal Capital Adequacy Assessment Process (ICAAP) to match the risk profile, and capital planning based on risks that may arise under normal and crisis circumstances



### Risk Assessment Plan

Preparation of a risk assessment plan in alignment with the annual business plan and the State Enterprise Performance Agreement (PA), risk map and portfolio view of risk in accordance with the COSO ERM guidelines and the State Enterprise Performance Appraisal (SEPA).



### Tools

- Review of key risk indicators (KRIs), risk appetite, and risk tolerance in form of both leading indicators and lagging indicators
- Incorporation of risk management process as part of the Bank's product and service development process as well as follow-up of feedback and recommendations from all customer groups for further efficiency improvement of products and services



### Monitoring/Reporting

Report on risk management performance according to the business plan, risk management performance according to the State Enterprise Performance Agreement (PA), risk indicators by risk categories, report on capital adequacy assessment.

Note : COSO is an abbreviation of the Committee of Sponsoring Organizations of the Treadway Commission.

## 2. Credit Risk

In 2018, the Bank managed credit risk with focus on improvement of credit risk warning tools such as credit warning sign system and watch list incorporating financial ratios to enhance credit risk management efficiency. The Bank also put in place report on potential non-performing loans (NPLs) for use by marketing departments and the management in follow-up and prevention of NPLs, appropriateness testing of credit rating model and increase of models for small customers and new operators to better reflect risks associated with each type of debtors, as well as preparation for calculation of expected credit loss (ECL) in accordance with Thai Financial Reporting Standard No. 9 (TFRS 9), etc.

Moreover, information from other financial institutions and insurance agencies was taken into consideration to support the improvement of credit and insurance approval authority to ensure timely and standardized credit approval procedure on par with that of other financial institutions and insurance agencies. The Bank also gave importance to monitoring of credit risk stemming from the launch of new products. Its credit risk management in the year came out at an acceptable level as summarized below:



### Policy

- Review of credit policy covering credit and insurance facilities to accord with policy guidelines of the BOT, i.e. those regarding credit transaction, securities investment and disposal of assets of specialized financial institutions
- Review of credit review policy based on the BOT policy guideline on review of credit transactions of specialized financial institutions, etc.
- Review of credit concentration risk management policy to accord with the BOT Notification No. PhorKorChor. (07) 46/2561 dated June 8, 2018 regarding Explanation on Consideration Guideline for Relaxation of Credit Provision, Investment, Obligations and Credit-like Transactions in the amount that Exceeds the Legal Criteria



### Procedure

- Improvement of credit line approval/credit procedure structure, such as credit approval authority and credit line review, control and monitoring of debtors' utilization of revolving credit lines in line with their credit objectives, credit line review procedure, etc.
- Improvement of the criteria on Single Lending Limit (SLL) by customer, customer group, concentration limit, country, concentration guideline by industrial sector, formation of criteria for special reserve provision to cushion damage for customers with exceeding SLL/concentration limit and follow-up procedure by customer/customer group.
- Improvement of customer selection criteria for credit warning sign & watch list
- Review of operation procedures related to the credit process such as analysis of debtor's repayment capability within the specified timeframe, accuracy and completeness of related juristic acts and agreements, and compliance with the approval, criteria and conditions as well as review of qualitative factor used for consideration of asset classification, etc.



### Tools

- Study of guidelines for review of credit rating system to support credit consideration
- Improvement of credit warning sign and watch list by incorporating financial ratios in consideration
- Online juristic person database via ENLITE software as a tool for examination of relationship of customer groups, etc.
- Electronic Credit Approval (e-CA) system to shorten the period of credit line review





Report on credit portfolio, credit concentration by customer/customer group, by buyer/buyer group/buyer bank, by industrial sector and by country, report on credit utilization of customers, aging overdue report, report on potential debtors turning into NPLs to lower risk of NPLs, report on credit review, report on credit stress test, etc.

### 3. Market Risk

In 2018, the Bank put emphasis on market risk monitoring and management to keep pace with the changing global market by organizing seminars on foreign exchange risk management with the objective to enhance knowledge and understanding of foreign exchange risk for SME exporters engaging in international trade, and to support them in experiencing and applying hedging tools against risks from currency fluctuations in accordance with the government policy. The Bank's market risk management in the year came out at an acceptable level as summarized below:



Policy

- Review of market risk management policy and trading book policy based on the BOT Notification No. SorKorSor. 10/2559 regarding Criteria for Market Risk Governance and Calculation of Market Risk Assets of Specialized Financial Institutions
- Transactions in the Bank's trading book are those conducted with the Bank's customers for risk management of customer positions only. The Bank does not enter into any transaction solely for profit speculation purpose.



Procedure

- Determination of market risk management strategies covering both banking book and trading book and taking into account appropriate costs and returns
- Management of investment portfolio and monitoring to ensure investment within the investment amount and in accordance with the investment criteria and scope approved by the Board of Directors
- Review of stress test in case of market risk, both in trading book and banking book, covering interest rate risk, foreign exchange rate risk and price risk from equity instruments and commodity prices



Tools

- Treasury system
- Asset liability management system (ALM)
- Market risk reporting system including setting of risk limits



Monitoring/  
Reporting

Report on maturity gap between assets life and liabilities, report on interest rate sensitivity analysis which has impact on the net interest income (NII) and the economic value of equities (EVE), report on the monitoring of foreign currency position by single currency and all currencies at day-end according to the criteria, report on the stress test, etc.

#### 4. Liquidity Risk

In 2018, the Bank diversified funding sources through issuance of US dollar bond under the Euro Medium Term Note (EMTN) project and reviewed as well as updated its liquidity risk management policy, criteria and tools in accordance with the BOT's guidelines. Monitoring and follow-up of the result of liquidity risk management was performed on a regular basis, resulting in an acceptable risk level. The Bank's liquidity risk management in the year can be summarized as follows:



##### Policy

Review of liquidity risk management policy in alignment with the BOT's policy guideline on liquidity risk management of specialized financial institutions and BOT Notification No. 13/2559 regarding Criteria for Maintenance of Liquid Assets of Specialized Financial Institutions



##### Procedure

- Management and procurement of short-, medium- and long-term financing sources to match with the asset structure in order to diversify risks and reduce overreliance on a limited number of creditors or types of funding, with issuance of medium-term funding via Euro Medium Term Note (EMTN) in 2018 aiming to increase flexibility in small borrowing and allow periodical issuance, instead of one-time issuance.
- Review of the liquidity contingency plan and stress test in case of liquidity risk



##### Tools

- Asset liability and management (ALM) system
- Reporting system for liquidity risk including setting of risk limits
- Ratios and indicators of liquidity risk level such as liquidity ratio, projections on net cash flow and short-term liquidity level to support daily transactions, liquidity coverage ratio (LCR) to ensure liquidity adequacy to accommodate fluctuations in 30-day crisis period



##### Monitoring/ Reporting

Report on net liquidity position, liquidity projection report, report on monitoring of the calculation of liquidity ratios and liquidity risk indicators, report on contractual liquidity gap and behavioral liquidity gap, report on funding concentration and report on the results of the stress test in case of liquidity risk, etc.

## 5. Operational Risk

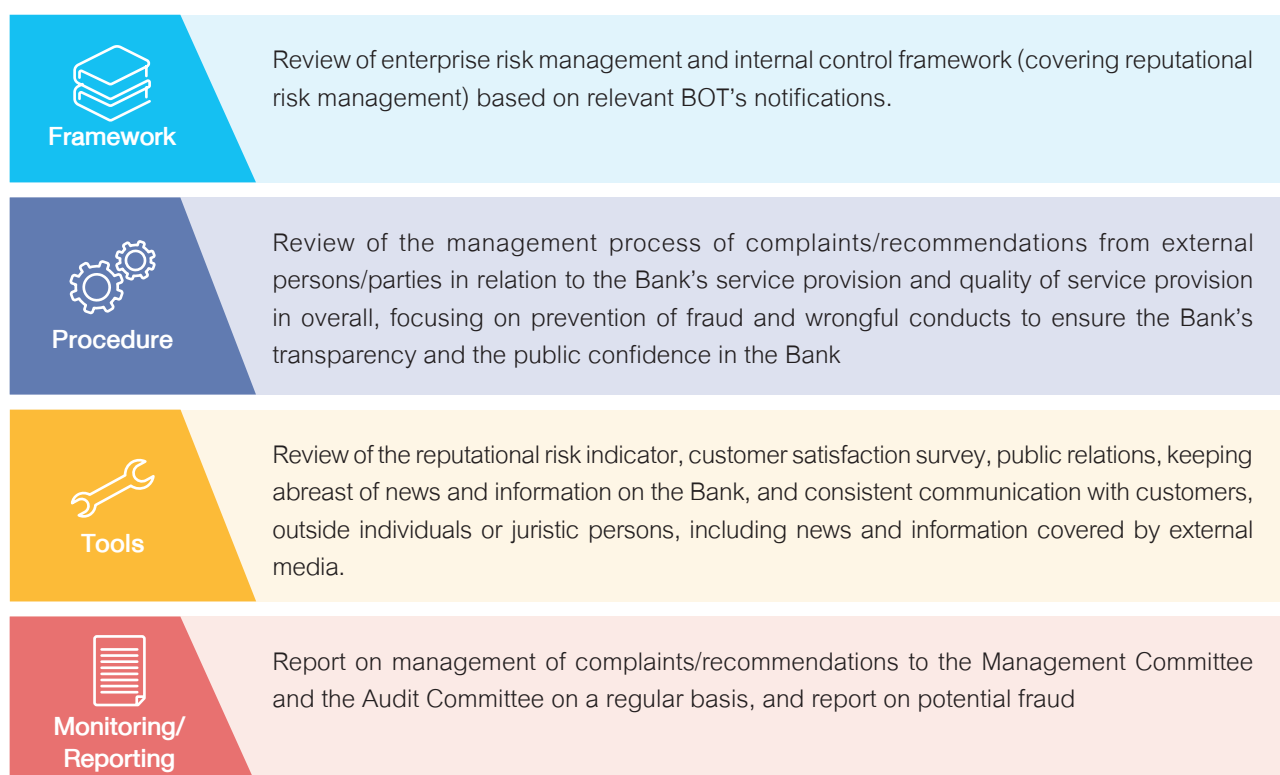
In 2018, the Bank focused on raising awareness of and instilling in risk owner departments the importance of risk management process and adoption thereof as part of daily work process, as well as improvement and exercise of contingency plans under various simulated circumstances to ensure consistent provision of services to the customers, and collaboration with risk owner departments to assess risk arising from use of business facilitator service.

In addition, the Bank rationalized the annual risk assessment and internal control in accordance with the criteria of the Ministry of Finance regarding Internal Control Standard and Criteria for Government Agencies, 2018 (B.E. 2561) with importance given to protection of customers' and service users' personal data. On December 31, 2018, the Office of the Permanent Secretary, Ministry of Digital Economy and Society, as Secretary to the Electronic Transactions Commission, approved the Bank's Personal Data Protection Policy and Practices. Hence, the Bank's overall operational risk has been contained at resulting in an acceptable risk level. The Bank's operational risk management in the year can be summarized below:

|                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p>Policy</p>                     | <ul style="list-style-type: none"> <li>• Review of operational risk management policy and business continuity management (BCM) policy and procedure to be in line with the organizational structure, business operation and changing environment</li> <li>• Review of business facilitator (BF) policy with focus on services concerning 3 major areas, namely, continuous service provision to customer, customer protection, and risk assessment and management</li> </ul> |
|  <p>Procedure</p>                 | <ul style="list-style-type: none"> <li>• Review of criteria and practices such as internal control criteria according to COSO Internal control (IC), risk assessment and control self-assessment (CSA), practice on BCM procedure, and business facilitator procedure.</li> <li>• Review of loss data and near-miss reporting process</li> </ul>                                                                                                                             |
|  <p>Work Instruction</p>          | <p>Preparation/review of operation handbooks to ensure standardized operation organization-wide and to cover key operational processes</p>                                                                                                                                                                                                                                                                                                                                   |
|  <p>Tools</p>                     | <ul style="list-style-type: none"> <li>• Collection and storage of loss data and near-miss data caused by operational risk, risk assessment and control self-assessment (CSA)</li> <li>• Setting of risk limits</li> </ul>                                                                                                                                                                                                                                                   |
|  <p>Monitoring/<br/>Reporting</p> | <p>Loss data and near-miss data reports, control self-assessment (CSA) report, report on business continuity management (BCM) plan exercise, report on compliance with applicable laws and regulations as well as code of conduct of the Bank, etc.</p>                                                                                                                                                                                                                      |

## 6. Reputational Risk

In 2018, the Bank's reputational risk management encompassed development of good relationship with related external agencies from the public and private sectors including the media, increase in advertising and public relations channels through social and digital media including Facebook, and monitoring of complaint management. During the year, there was no incident or news that impaired the reputation of the Bank. The Bank's reputational risk management in the year can be summarized as follows:



## 7. Information Technology Risk

In 2018, the Bank prepared policy, criteria and operational handbook on information technology (IT) risk management in accordance with the BOT's guidelines and practices, and integrated IT risk management as part of the daily operation. Emphasis was given to risk assessment and management for IT system development, IT security for key infrastructure and work systems such as data center, imaged cheque clearing and archive system (ICAS), Bank of Thailand's Automated High-value Transfer Network (BAHTNET) and IT outsourcing. The Bank also put in place appropriate control and risk management activities to apply for ISO/IEC27001:2013 certificate, etc. The Bank's IT risk management in the year came out at an acceptable risk level as summarized below:

|                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p>Policy</p>                    | <p>Formulation of IT risk management based on the Notification of the BOT No. SorNorSor. 19/2560 regarding IT Risk of Financial Institutions and IT Risk Management Practice</p>                                                                                                                                                                                               |
|  <p>Procedure</p>                 | <ul style="list-style-type: none"> <li>• Preparation of IT risk management operation criteria and handbook</li> <li>• Review of IT outsourcing risk assessment process</li> <li>• Development of IT risk assessment process for the whole organization including risk assessment of key IT systems and IT security system for major infrastructure and work systems</li> </ul> |
|  <p>Tools</p>                     | <ul style="list-style-type: none"> <li>• Collection of loss data and near-miss data, control self-assessment (CSA) in the area of IT risk</li> <li>• Setting of risk limits</li> </ul>                                                                                                                                                                                         |
|  <p>Monitoring/<br/>Reporting</p> | <p>Report on IT risk assessment, both at organization and operation levels, report on CSA performance and report on loss and near-miss data in the area of IT risk</p>                                                                                                                                                                                                         |

## Capital Adequacy

### EXIM Thailand under the Ministerial Regulations

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

### EXIM Thailand under Supervision of the Bank of Thailand (BOT)

The Bank has fulfilled the minimum capital adequacy to accommodate the three major risks, i.e. credit risk, market risk and operational risk of no less than 8.5%. Details of capital adequacy under the BOT's regulations are presented in Notes to the Financial Statements.



## Internal Control and Audit

### Internal Control

EXIM Thailand attaches considerable importance to a sound internal control system which creates confidence among the Board of Directors and the Management of appropriate operational risk mitigation through continuous monitoring of the Bank's operation. It focuses on setting an adequate, suitable and comprehensive internal control system to reasonably ensure that the Bank will achieve its goals in terms of operation, reporting and compliance with relevant laws, rules and regulations. In addition, the Audit Committee has been established to take charge of reviewing the effectiveness and adequacy of the internal control and reporting its supervisory results to the Board of Directors on a regular basis.

In 2018, the Bank put in place an appropriate and adequate internal control system and conducted performance appraisal thereof in accordance with the internal control criteria of the Ministry of Finance regarding Internal Control Standards and Criteria for State Enterprises, 2018 (B.E. 2561), covering five areas as follows:

#### 1. Control Environment

The Bank has established regulations pertaining to conflict of interest prevention and disciplinary punishment in case of violation to the relevant policies, rules and regulations. The Management has communicated the regulations to staff members across the organization for their acknowledgment. The Bank's organizational structure has been changed in response to its business plan with the new structure taking effect on January 1, 2018 to ensure achievement of the business plan as targeted. The Bank has also considered the feasibility in setting clear and appropriate business targets and communicated the policies and targets to the staff members on a comprehensive basis. In addition, training and development roadmaps and individual development plans (IDPs) have been worked out for regular training and development of personnel's potential. In 2018, the Bank focused on the topic of change management through coaching courses for the executives, core credit skills development course for marketing staff, and seminar on Team Building: Driving Core Values for all staff members. To ensure consistency with the organizational restructuring, the Bank engaged a consultant company to conduct customer and/or service user satisfaction survey. Handbooks on corporate governance (CG) and corporate social responsibility (CSR) were prepared for use as CG and CSR guidelines of the Bank.

#### 2. Risk Assessment

The Bank identifies risks in accordance with its core objectives and targets classified by business plan and the Performance Agreement (PA) for state enterprises. All departments perform risk assessment taking into consideration risk likelihood and impact of risk factors on achievement of the targets according to the business plan and the PA, covering inherent risk, residual risk and target risk. Relevant departments are designated to jointly analyze the cause of risks to determine control activities for risk prevention and mitigation. The Bank has communicated and provided the employees concerned with risk management training to promote awareness and acknowledgment of risk management guidelines and control activities on a regular basis. Risk management policies on various areas have been formulated and proper monitoring carried out on control activities. A consultant company has been engaged for information technology (IT) risk management to ensure that the Bank has in place full-fledged IT risk management, assessment and monitoring, at both organizational and operational levels, in accordance with the criteria of the Bank of Thailand (BOT).

### 3. Control Activities

Control activities have been initiated to ensure employees' appropriate and adequate risk control and mitigation. For instance, the Bank has defined a clear and written scope and hierarchy of delegated authority for conduct/approval of transactions, with designation of parties to be in charge of regular review thereof and segregation of duties to prevent or mitigate risks of errors or frauds. Clear and written operational procedure has been worked out for each process of activities and review thereof conducted from time to time so that the operation aligns with the situation. Monitoring and examining measures are in place to ensure the Bank's operation complies with the applicable laws and regulations, with determination of employees' right to access work systems and to make and approve transactions. Key IT security control process has been set to prevent unauthorized access to the Bank's computer and information system. In addition, there is coordination both within and across work units for accurate and up-to-date information, and coordination with external agencies for timely submission of information/reports as scheduled. Existing control activities have been updated and new ones proposed in response to internal and external changes and the organization restructuring as well as work process rationalization under the annual business plan. Exercise of business continuity management (BCM) plan has also been carried out to accommodate operation in emergency cases.

### 4. Information and Communication

The Bank has in place information needed for accurate and timely planning and decision making and is in the process of improving such database for higher efficiency. For instance, it has launched the data warehouse project to support internal data storage and data presentation design to meet users' requirements. Report and/or information memorandum are worked out in a way that ensures appropriate conduct of control activities, with updating thereof to properly accommodate the changing control activities. Moreover, communication with the relevant parties has been made to keep them informed of the control activities and enable them to make use of such report and/or information memorandum. The Bank has also formed a variety of communication channels to ensure accurate and prompt communication with the parties targeted to receive such report and/or information memorandum, database for sharing knowledge under the knowledge management (KM) system in order to inform staff members of policy and information in a timely and up-to-date manner. Complaint channels, both internal and external, are provided to enable the Bank to find out solutions and improve its operational and service efficiency.

### 5. Monitoring and Assessment

The Bank has put in place policy/process to monitor each activity on a proper and adequate basis. Any erroneous or defective work process would be corrected and rationalized, and prompt solution measures taken in case of performance failing to meet the targets. Meanwhile, internal control progress is monitored and reported to concerned parties, namely, the Management and the Board of Directors, and proper action is taken in response to the recommendations by internal and external auditors who would accordingly monitor and assess the performance of activities.

According to the 2018 Report of the Audit Committee, the Audit Committee is of the opinion that the Bank's internal control was adequate and aligned with its operation.

## Internal Audit

The internal audit of the Bank is a work process that ensures provision of fair and independent assurance and consulting services involving orderly and systematic assessment and improvement of risk management, internal control and corporate governance processes to add value and enable the Bank to achieve the operational targets. The internal audit duties are carried out with adherence to the International Standards for the Professional Practice of Internal Auditing, as well as the Finance Ministerial Regulation regarding the Audit Committee and Internal Audit Department of State Enterprise, 2012 (B.E. 2555), and the Internal Audit Manual for State Enterprises, 2012 (B.E. 2555).

In 2018, the Internal Audit Department performed its audit duties within the operation framework as follows:

### Qualifications of Internal Auditors

All internal auditors of the Bank hold a bachelor's degree or higher and are encouraged to acquire knowledge and skills and develop competences required, and to perform duties as assigned with expertise and prudence according to the professional standards and code of conduct. The internal auditors are required to conduct self-development continuously and to attend training of at least 40 hours per person per year. At present, one internal auditor has been awarded Certified Information System Auditor (CISA) and Certified Information Security Management Systems Auditor/Lead Auditor ISO/IEC27001:2013, and three internal auditors awarded Certified Professional Internal Auditors of Thailand (CPIAT).

### Structure of the Internal Audit Department

The Bank places importance to and promotes the independence of internal auditors. The Internal Audit Department reports directly to the Audit Committee and its general administration is reported to the President. The roles and responsibilities of the Internal Audit Department are clearly stated in the Internal Audit Charter which is reviewed on a yearly basis and disseminated to all staff members.

### Relationship with the Management

The Internal Audit Department performs an independent and fair discussion, audit planning, report of audit results and consultation jointly with the Management including the executives of the audited work units. It also coordinates with the auditors to ensure understanding of the plan and determines the scope of internal audit for the benefits of the Bank.

### Duties and Responsibilities of the Internal Audit Department

The internal audit duties cover inspection of efficiency and effectiveness of the internal control, risk management and corporate governance processes as well as the accuracy and reliability of financial information, compliance with the laws, rules, regulations, practices, the Cabinet resolutions, notifications, and orders related to the operation of the Bank, and transactions that may have conflict of interests. The duties and responsibilities are clearly stated in the internal audit charter and disseminated to all staff members.

## Performance and Reporting

The Internal Audit Department develops strategic audit plan, annual internal audit plan and detailed audit plan based on the risk-based approach which focuses on all audit issues taking into account key risks with impact on the strategic goals of the Bank. After the audit completion, the audit results are reported to the executives of the audited work units and the Management concerned for solution and improvement. A summary report of key issues and follow-up of solution results according to the recommendations of the audited units are reported to the Audit Committee and the President of the Bank on a quarterly basis.

## Internal Auditors' Performance Quality

The Internal Audit Department has put in place performance assessment regularly conducted according to the international professional standards, i.e. post-audit assessment by the audited work units, self-assessment by the internal auditors, and assessment by the external auditor every five years. The results will be analyzed for continuous improvement and development of the internal audit tasks.

## Information Technology Management

EXIM Thailand's Master Plan 2017-2027 regards the effective adoption of information technology (IT) as one of the success factors to its organization transformation to support business expansion and keep up with the rapid technological changes. In 2017, the Bank carried out a restructuring of its IT functions by setting up two departments as follows:

**1. IT Management and Development Department:** to oversee planning, conduct analysis and design work system structure, as well as performing quality testing and control to ensure compliance with relevant standards, and managing key data of the Bank.

**2. IT Operation Department:** to take charge of monitoring IT performance to accord with the good governance guideline, supervising system connections both internally and externally with the Bank's allies, and providing services to ensure system readiness, as well as enhancing the Bank's IT network security.

In 2018, IT Operation Department added IT Security Division to serve as a work unit responsible for imposing IT security measures, control and communication of such measures to ensure IT system security, reduce damage to the operation, properties and personnel, and enable secure and threat-free business operation.

In addition, the Bank has reviewed its digital action plan under its 3-year IT Master Plan (2018-2020) to comply with and support the implementation of the new strategies under EXIM Thailand Master Plan (2017-2027). The implementation guidelines include the following:

**Strategy 1 - Development of IT systems** as framework to ensure IT development is in the same direction and IT application and functionality appropriately and efficiently support the Bank's operation.

**Strategy 2 - Development of IT infrastructure** to increase the efficiency of network and resource management as well as strengthening IT network security.

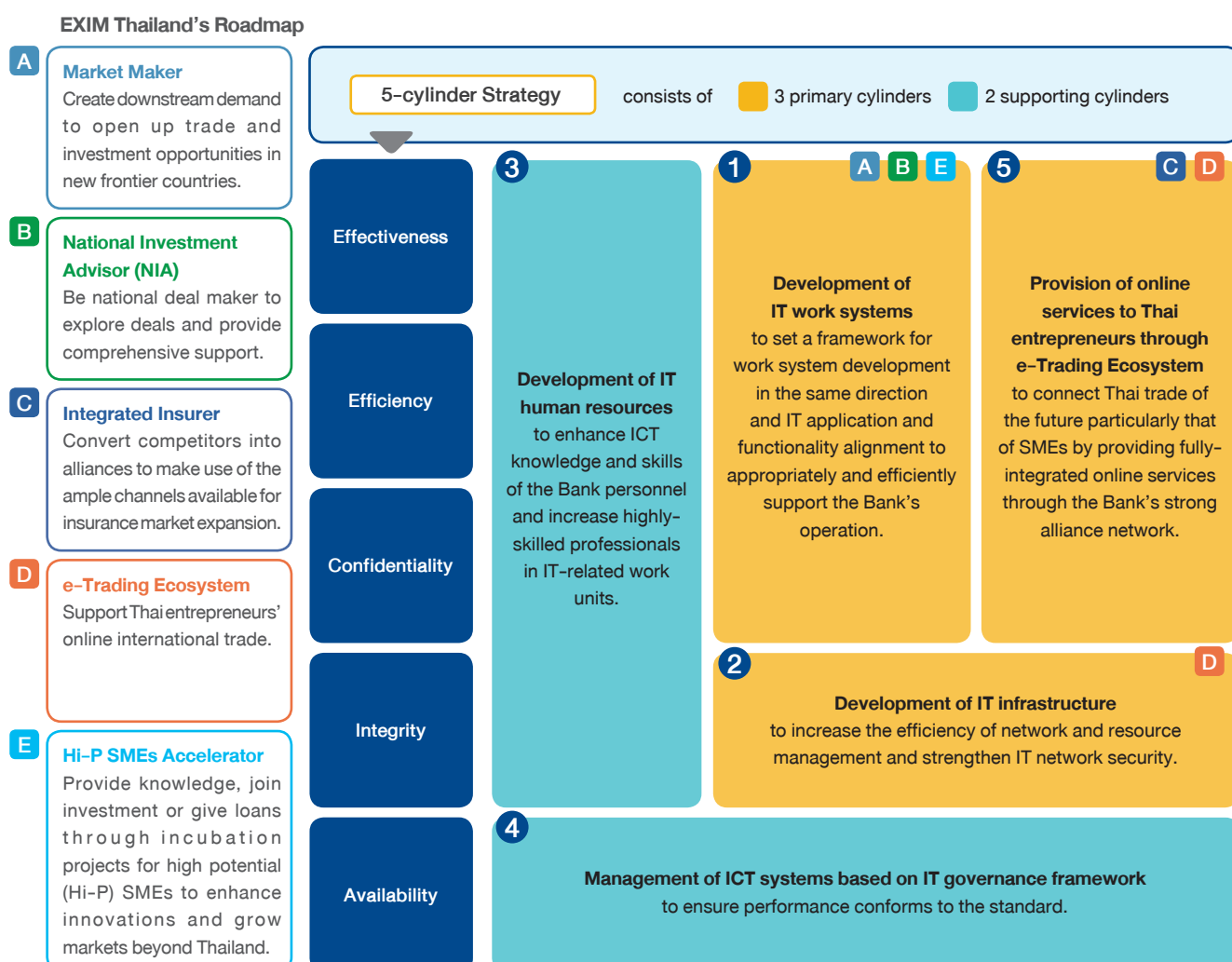
**Strategy 3 - Development of personnel's IT knowledge and competence** to enhance IT knowledge and skills of the Bank's personnel and to increase the number and boost the quality of personnel to be highly skilled professionals in IT function line.

**Strategy 4 - Management of the Bank's information and communication technology (ICT) system** based on the IT governance framework to ensure performance in conformity to the standard.

**Strategy 5 - Enhancement of the e-Trading ecosystem** to connect Thai trade of the future, particularly that of small and medium enterprises (SMEs), with provision of fully integrated online services through the Bank's strong alliance network.

IT Work Plan 2018 according to EXIM Thailand's Roadmap is illustrated below:

### Work Plan according to EXIM Thailand's Roadmap in 2018





## Key Performance in 2018

The Bank's key IT performance is as follows:

1. IT risk management project to determine criteria, policy and operation guideline of the Bank in accordance with IT Risk Management Implementation Guideline of the Bank of Thailand.
2. Network equipment service procurement project to improve key internal network systems and ensure compatibility with external network systems.
3. Data center and e-Payment system ISO27001 development project for ISO27001 assessment and certification to ensure IT security.
4. Standardization of IT system and deliverables, software quality assurance (SQA) and application architecture to lay a foundation or blueprint for systematic development and reduce overlapping of systems as well as enhance work efficiency and provide appropriate direction for IT investment.
5. e-Service project to increase channels for information access for customers and enable them to receive information by e-mail whenever they require, reduce response time of the Bank's officers, enhance client satisfaction, and support the Bank's paperless policy.
6. e-Memo & e-Meeting project to reduce the use of paper and ensure efficiency and security of the Content Management System.

## Major Plans in 2019

At the end of 2018, the IT Strategy and Policy Committee (ITSPC) was elevated to the Board level to support the Board of Directors' IT governance. The committee's role is to scrutinize key IT projects to ensure that their implementation meets the set objectives and aligns with the Bank's strategic plans and to closely monitor the Bank's IT performance on behalf of the Board of Directors to achieve higher efficiency and effectiveness in the implementation. Major projects under the plans in 2019 are:

1. Core banking system development project to replace AS/400 system and support the Bank's achievement of its main strategies as targeted.
2. Development of online export credit insurance project for improvement of IT systems to support online short-term export credit insurance transactions for new and existing customers.

3. Customer Relationship Management (CRM) system and Loan Origination System (LOS) development project to upgrade and boost capabilities of credit analysis and approval processes through IT application standardization to shorten credit turnaround period and hence speed up customer service provision, and to develop CRM system to compile customer information for use in the analysis, strategic planning and development of products and services that meet customers' demand or go beyond their expectation.

4. Data leakage prevention project to ensure appropriate data security according to the confidential levels and to put in place data management policy and procedure in line with the international IT management standard ISO27001 and the Notification No. SorNorSor. 19/2560 issued by the Bank of Thailand.

5. Computer rental project for new AS/400 system to lower risks and impacts on the Bank's business operation.

## Human Resources Management

EXIM Thailand recognizes human resources (HR) as the cornerstone of the organization and has consistently executed its HR management and development strategies empowering its personnel as the unifying force to drive the organization toward its goals under its 10-year Master Plan (2017-2027).

### Management of Organization Structure and Workforce

In 2018, the Bank has added/expanded departments to respond to and support its main strategies as below:

1. A new department has been added to Corporate Finance 2 to support the business expansion to new target markets (as market maker) and increase opportunities as the investment advisor.

2. SMEs Development Division has been upgraded to **EXIM Excellence Academy (EXAC)** (equivalent to Department level) to push for knowledge development and bring greater opportunities to Thai SMEs.

In addition, to ensure its workforce readiness, the Bank carried on its Management Trainees project for the second straight year with a view to build high potential personnel to drive its business growth looking forward.

### Performance Management

The Bank focuses not only on cascading key performance indicators and organization goals to all function lines/departments and to its personnel across the organization to ensure alignment, but also on linking their performance with remuneration management in an efficient manner to make headway toward HR development planning to reinforce strengths and narrow or close prevailing gaps. This aims to upgrade its personnel's competence and support their career aspiration as planned.

## Remuneration and Reward Management

The Bank has reviewed and improved its remuneration structure to ensure competitiveness and conform to the respective duties and responsibilities aiming to retain personnel alongside ongoing implementation of the recognition program in the forms of “Heartfelt Thanks” e-Card for staff members whose behaviors demonstrate the Bank’s core values, and “Heartfelt Appreciation” award for staff members of each function line/department. In addition, “**Long Service Awards**” have been granted to employees with long period of service to the Bank to boost their morale and encourage them to join forces in moving the organization forward.

## Capability Development

The Bank has continued the implementation of Training and Development Master Plan by formulating training and development roadmap for staff members classified by position and department along with personnel’s potential development according to the Individual Development Plan (IDP). In 2018, **a total of 37 training courses provided in 104 classes** were organized with focus on developing staff’s knowledge, skills and potential. Some of them are:

- 1. EXIM Team Building 2018** was organized for all staff members to promote teamwork and collaboration to drive the organization toward achievement of its common goals.
- 2. Leadership Program** In 2018, the Bank emphasized on coaching skill development for personnel at supervisory levels so that they efficiently develop their staff under the 70-20-10 Learning Model.
- 3. Core Credit Skills Development** was made available for marketing staff and those of other relevant departments to enhance potential of personnel in the Credit function line as part of personnel development for the achievement of the Bank’s business goals.

## Career Management

The Bank has developed and communicated the career development framework and guideline to staff members organization-wide to enable them to recognize the importance of **career aspiration** and relevant development plan in preparation for progress in their career path according to their interest and goals. The Bank has also encouraged the **job rotation** as part of personnel development to enhance their capabilities and readiness for career advancement.

## Employee Engagement

The Bank welcomes feedback from all staff members by conducting satisfaction and engagement survey on a yearly basis and taking concrete actions in response to such feedback. These stories and progress are communicated to staff members through various channels such as Town Hall meeting, function line/departmental meetings, EXIM Drive Online Magazine and “EXIM TH Family” secret group on Facebook, etc.

In 2018, the Bank conducted the employee engagement survey using the new name: “**EXIM & I Survey 2018**” aiming to stimulate staff members’ awareness of the importance of taking part in participating in the survey and giving feedback to help improve and make EXIM Thailand a better place to work.



**Transparency**

**Equitable  
Treatment**

**Participation**

# Corporate Governance

**Ethics**

**Accountability**

**Value  
Creation**

**Responsibility**



## Corporate Governance

Export-Import Bank of Thailand (EXIM Thailand) has a vision laid out to be a world-class specialized financial institution serving as a key mechanism in driving forward Thailand's international trade and investment with the main mission to promote and support export, import, inward and outward investment for national development. The Bank recognizes the importance of corporate governance (CG) by upholding the principles and guidelines on good governance for state-owned enterprises, criteria under the State Enterprise Performance Appraisal (SEPA) of the Ministry of Finance (MOF), CG guidelines of the Bank of Thailand (BOT), and international CG standards in order to ensure added value and sustainable development which is composed of three elements, i.e. 1. corporate governance, 2. corporate social responsibility (CSR), and 3. management excellence for the business areas or tasks according to its mission, i.e. production and service, asset management and management of funding sources. The Bank has accordingly established its CG and CSR Strategies and Master Plan as follows:

**Strategy 1** Development of infrastructure and systems for CG & CSR in process in line with international standards

**Strategy 2** Development of IT governance to enhance the Bank's CG standard

**Strategy 3** Building of CG and CSR in process culture

**Strategy 4** Promotion of financial products and services for sustainable consumption

**Strategy 5** Development of skills, knowledge and expertise to boost competitiveness and uplift the Bank toward sustainable banking

In 2018, the Board of Directors monitored the implementation of the corporate governance strategies and action plans, approved the review of the Bank's corporate governance policy and handbooks to ensure compliance with the changing international standards particularly Organization for Economic Co-operation and Development (OECD)'s Corporate Governance Guideline 2015 and those of the State Enterprise Policy Office (SEPO) and the Office of the Securities and Exchange Commission (SEC). The Board also approved the director handbook as well as the handbook of business ethics for directors, executives and employees for use as guidelines by the Board of Directors, the Management and staff members to promote the Bank's good corporate governance. In addition, the Board approved the review of the Corporate Governance and Social Responsibility Committee Charter and assigned the Corporate Governance and Social Responsibility Committee to monitor the Bank's performance to ensure compliance with the CG policy and guidelines and report the results to the Board. The Board also encouraged the staff members of all levels to participate in CG & CSR activities on a continual basis embracing it in their daily work in a systematic manner to build a good corporate culture.

## Corporate Governance Policy Statement

EXIM Thailand attaches importance to corporate governance and operates its business in accordance with its mission under good corporate governance principles which align with international standards. The Bank has put in place seven principles for adoption and compliance by staff at all levels:

1. Accountability
2. Responsibility to perform duty with sufficient capability and competence
3. Just and equitable treatment of 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

Having its Corporate Governance Policy in place, the Bank has adopted the CG principles/concepts of SEPO, MOF, which refers to OECD Guidelines on Corporate Governance of State-owned Enterprise 2015, and the corporate governance principles of the SEC to set the CG framework for 10 areas, i.e. 1. Role of the government, 2. Rights and equality of shareholders, 3. Role of stakeholders, 4. Disclosure of information, 5. Board of Directors, 6. Risk management and internal control, 7. Code of conduct of the Bank, 8. Sustainability and innovation, 9. Operations under the laws, and 10. Performance monitoring. In 2018, the Board of Directors approved a review of the CG Policy requiring the review to be conducted on an annual basis and approved the CG action plan in line with its CG & CSR Strategies and Master Plan for 2018-2022.

## Implementation of Corporate Governance (CG) Action Plan

In 2018, the Bank focused on business operation under the CG framework to ensure transparency and examinability, compliance with applicable laws and code of conduct under the OECD international standard 2015 and those set out by the regulators, i.e. the MOF and the BOT. The Bank also stimulated awareness of engagement in the seven CG principles and adoption in the work performance in line with the vision, mission and values of the Bank. The CG and CSR values and desired characteristics are communicated to the staff members organization-wide for information and adoption in a concrete manner with implementation of various activities and projects on CG in process. Details are as described below:

**1. Review of CG policy in line with international standards:** To provide standard operational framework for its staff members organization-wide, the Bank conducted a review of its CG policy and director handbook based on the study of OECD standard and ASEAN CG Scorecard, etc. The review has been duly approved by the Board of Directors and has currently taken effect.

## **2. Preparation of CG-related handbooks to enhance the Board of Directors' CG capability:**

To enable the Management and staff members to fully take part in the compliance with the CG frameworks and practices, the Bank conducted study/analysis of behaviors, ethics and international practice and prepared the director handbook and handbooks on the code of conduct for the directors, management and staff members which are in line with the CG policy approved by the Corporate Governance and Social Responsibility Committee. The handbooks have duly been approved by the Board of Directors and have currently taken effect.

**3. Review and determination of CG and CSR values:** To fully support the Bank's organization culture in the CG and CSR areas, the Bank conducted a review of its core values to be in line with and cover the CG and CSR values and determined the desired CG and CSR behaviors for employees organization-wide.

**4. Communication of CG and CSR values and desired behaviors:** To encourage the employees' awareness, acceptance and behavioral changes in accordance with the desired CG and CSR behaviors and values, the Bank conducted analysis of communication channels, guidelines and frequency thereof to its personnel in both central and regional offices, and continuously organized activities, such as "President Meets the Staff" both at the Bank's headquarters, branches and representative offices, EXIM Team Building 2018, secret group on Facebook "EXIM TH Family", EXIM Drive Online Magazine, as well as exhibitions and announcement boards.

**5. Survey on staff's awareness of desired CG and CSR behaviors:** A survey was conducted as part of the promotion of the desired CG and CSR behaviors and to create confidence in the employees' awareness of the Bank's CG and CSR values.

**6. Training to enhance knowledge and understanding of CG, CSR and Governance, Risk and Compliance (GRC) principles and practices:** To create learning process and encourage staff members at all levels at the Bank's headquarters and branches to have knowledge, understanding and awareness of the importance and to actually adopt such knowledge on CG, CSR and GRC principles and practices gained from the training to the work under their responsibility, the Bank organized integrated training courses on risk management and corporate governance and those on CSR in process toward sustainable organization.

Moreover, the Bank has continuously organized activities to promote good governance environment and encourage staff at all levels to recognize the importance of business operation under CG as well as anti-corruption principles so as to foster organizational culture and sustainable development which are key success factors that drive the organization toward long-term added value. The Bank's CG activities and communication to promote awareness and encourage good governance work atmosphere are as follows:

- ▶ Good governance and anti-corruption promotion project (CG White Day) to promote engagement by the Board of Directors, the Management, staff members and all stakeholders.
- ▶ Anti-corruption activity where the Board of Directors, the Management and staff members jointly expressed their standpoint of performing work based on good governance and anti-corruption principles.
- ▶ Wearing of EXIM WHITE shirt on the last Thursday of each month to promote awareness of transparency in the work performance among the Management and staff members.
- ▶ Communication of knowledge on corporate governance, anti-corruption, and conflict of interest.
- ▶ Corporate governance and anti-corruption training courses on the following topics:
  - Good governance for work
  - Engagement and accountability
- ▶ Communication of desired good governance values through exhibition boards on the topic of integrity.
- ▶ Participation of the Bank's representatives in anti-corruption activities organized by external agencies in accordance with the National Anti-Corruption Strategy Phase 3 (2017-2021), namely:
  - International Anti-Corruption Day (Thailand) on December 7, 2018 at IMPACT Exhibition and Convention Center Hall 2, Muang Thong Thani, Nonthaburi province organized by the Office of the National Anti-Corruption Commission (NACC)
  - Anti-Corruption Day 2018 on September 6, 2018 at Bangkok International Trade & Exhibition Centre (BITEC), Bangna, organized by the Anti-Corruption Organization of Thailand

## Board of Directors Composition and Structure

Export-Import Bank of Thailand Act (No. 3), 2018 (B.E. 2561) outlines the structure of EXIM Thailand's Board of Directors as follows:

**1. Ex-officio board members** altogether six ex-officio board members consisting of five representatives from state agencies concerned, namely Director-General of the Fiscal Policy Office, Ministry of Finance; Director-General of Department of Foreign Trade, Ministry of Commerce; Director-General of Office of Industrial Economics, Ministry of Industry; Secretary-General of Office of Agricultural Economics, Ministry of Agriculture and Cooperatives; and Director-General of Department of International Economic Affairs, Ministry of Foreign Affairs; and EXIM Thailand's President who also serves as an officio director.

**2. Other directors** comprising not more than five persons appointed by Finance Minister with the consent of the Cabinet, at least three of whom 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 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' interests to ensure that the Bank's targets and objectives are achieved.

To ensure accomplishment of the business targets, the Management has been 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 has been placed for the Management to report and analyze impediments to the achievement of the KPIs targets and identify measures to correct and improve the performance to meet the targets.

**Independence** The Board of Directors is composed 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,
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 2018, two independent directors' meetings were convened in June and December, respectively. The results of the meetings were informed to the Board of Directors. The independent directors followed up the progress and gave recommendations on the Bank's operational improvement, e.g. improvement of business planning process, expansion of client base, human resources and information technology management to efficiently accommodate business transformation and disruptive technology, etc. The Management was then instructed by the Board to take actions as recommended by the independent directors.

## 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 are as follows:

1. To determine vision and important policies, oversee the Bank's business operation, and 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 performs in accordance with the plans on a regular basis.



3. To stipulate rules pertaining to personnel management, finance, accounting, procurement, and other activities.
4. To determine qualifications, types of products and services, and nature of business of the exporter, buyer and investor eligible for the Bank's support.
5. To evaluate top management's performance and oversee determination of their remuneration.
6. To oversee the accounting system, financial reports and account audits, and ensure that they are reliable and meet international standards so as to build confidence among all stakeholders.
7. To ensure an effective internal control and appropriate risk management system is in place.
8. To institute preventive measures against conflicts of interest among stakeholders.
9. To ensure the Bank's operations are in conformity with the CG and CSR principles.
10. To assume no membership of the Bank's procurement committee.

## Changes in the Board of Directors in 2018

| Name                 |                                                                                               |  | Position | Period in Office                                        |
|----------------------|-----------------------------------------------------------------------------------------------|--|----------|---------------------------------------------------------|
| Ex-officio Directors |                                                                                               |  |          |                                                         |
| 1.                   | Director-General, Office of Industrial Economics, Ministry of Industry                        |  |          |                                                         |
|                      | Mr. Siriruj Chulakaratana<br>Dr. Nattapol Rangsitpol                                          |  | Director | Oct. 14, 2015 - May 8, 2018<br>May 9, 2018 - present    |
| 2.                   | Director-General, Department of International Economic Affairs, Ministry of Foreign Affairs   |  |          |                                                         |
|                      | Mr. Arthayudh Srisamoot<br>Dr. Vilawan Mangklatanakul                                         |  | Director | Mar. 5, 2017 - Jul. 24, 2018<br>Jul. 25, 2018 - present |
| 3.                   | Deputy Governor, Bank of Thailand*                                                            |  |          |                                                         |
|                      | Mr. Paiboon Kittisrikangwan                                                                   |  | Director | Aug. 15, 2014 - Jul. 27, 2018                           |
| 4.                   | Secretary-General, Office of Agricultural Economics, Ministry of Agriculture and Cooperatives |  |          |                                                         |
|                      | Dr. Vinaroj Supsongsuk<br>Miss Jariya Sutthichaiya                                            |  | Director | Oct. 1, 2017 - Sep. 30, 2018<br>Oct. 1, 2018 - present  |

As of December 31, 2018

\* The Export-Import Bank of Thailand Act (No. 3), 2018 (B.E. 2561) which has taken effect since July 28, 2018 requires that the composition of the Board of Directors exclude the Deputy Governor of the Bank of Thailand (BOT). This resulted from the Cabinet's resolutions on December 2, 2014 and April 2, 2015 assigning the BOT to act as a regulator of all eight specialized financial institutions. Later on July 14, 2015, the Cabinet passed an additional resolution requiring that the Ministry in charge of the relative state enterprises shall consider guidelines to improve its establishment law and it is required that a director of such state enterprise shall not be the regulator of such state enterprise so as to ensure good governance practice. As a result, the ex-officio director who is a representative of BOT, a regulator of EXIM Thailand, is not eligible for directorship of the Bank.

## Committees Appointed by the Board of Directors

### 1. Board of Executive Directors

**Structure** Pursuant to the Export-Import Bank of Thailand Act, the Board of Directors has the power to appoint the Board of Executive Directors composed of the President and at least two, but not more than four, members of the Board of Directors, not more than half of whom shall come from ex-officio directors. One of the members other than the President shall serve as Chairman.

**Roles, Duties and Responsibilities** The Board of Executive Directors has the duty to consider, scrutinize or approve credits and equity participation in projects both at home and abroad, debt and equity instruments, export credit and investment insurance facilities, debt restructuring and debt correction, procurement as well as budget allocation, and to perform any other tasks as assigned by the Board of Directors.

#### List of Members of the Board of Executive Directors in 2018

|    | Name        |               | Position                                     | Period in Office        |
|----|-------------|---------------|----------------------------------------------|-------------------------|
| 1. | Mr. Nopporn | Thepsithar    | Chairman of the Board of Executive Directors | Nov. 16, 2015 - present |
| 2. | Dr. Warotai | Kosolpisitkul | Executive Director                           | Jun. 30, 2016 - present |
| 3. | Dr. Damp    | Sukontasap    | Executive Director                           | Nov. 1, 2017 - present  |
| 4. | Mr. Pisit   | Serewiwattana | Executive Director and Secretary             | Jun. 30, 2016 - present |

*As of December 31, 2018*

### 2. Audit Committee

**Structure** Pursuant to the Bank's Rules on the Audit Committee, 2014 (B.E. 2557), the Audit Committee shall be composed of at least three, but not exceeding five members, and at least one of whom must have knowledge, understanding and experience in accounting or finance and be able to examine reliability of the financial statements. The Audit Committee members shall have tenure in accordance with the term of their directorship. The Audit Committee member whose term has expired may be reappointed.

#### Roles, Duties and Responsibilities

1. To review the efficiency and effectiveness of the Bank's internal control, corporate governance and risk management procedures.
2. To review the Bank's financial reports to ensure that they are accurate and reliable.
3. To review the Bank's operation to ensure compliance with the relevant laws, rules, regulations, practice, the Cabinet's resolutions, notifications or orders relevant to the Bank's operation.
4. To perform a review to ensure good internal audit system and consider the independence of the Internal Audit Department.
5. To consider connected transactions or transactions with potential conflict of interest or possibility of fraud that may affect the Bank's operation.

6. To submit Audit Committee's performance report to the Board of Directors, stating opinions on the preparation and disclosure of information in the financial report, adequacy of internal control system and compliance with the relevant laws, rules, regulations, practice, the Cabinet's resolutions, notifications or orders relevant to the Bank's operation.

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

### List of Audit Committee Members in 2018

|    | Name                                               |  | Position                        | Period in Office                                         |
|----|----------------------------------------------------|--|---------------------------------|----------------------------------------------------------|
| 1. | Mr. Paiboon Kittisrikangwan<br>Dr. Mas Tanyongmas  |  | Chairman of the Audit Committee | Dec. 1, 2017 - Jul. 27, 2018*<br>Oct. 25, 2018 - present |
| 2. | Dr. Vinaroj Supsongsuk<br>Miss Jariya Sutthichaiya |  | Member of the Audit Committee   | Nov. 1, 2017 - Sep. 30, 2018<br>Oct. 1, 2018 - present   |
| 3. | Dr. Mas Tanyongmas<br>Dr. Nattapol Rangsitpol      |  | Member of the Audit Committee   | Sep. 1, 2014 - Oct. 24, 2018<br>Oct. 1, 2018 - present   |

*As of December 31, 2018*

\* Mr. Paiboon Kittisrikangwan completed his term as Chairman of the Audit Committee on July 28, 2018 due to termination of directorship as required by the Export-Import Bank of Thailand Act (No. 3), 2018 (B.E. 2561) that the composition of the Board of Directors shall exclude Deputy Governor of the Bank of Thailand.

## 3. Nomination and Remuneration Committee

**Structure** The Nomination and Remuneration Committee is composed of three members.

**Roles, Duties and Responsibilities** The Nomination and Remuneration Committee has the duty to consider human resources management policy, determine remuneration for top management at executive vice president level and above [except for starting remuneration for the President 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)] that fits with the accepted standard and the performance of the individual top executives for final approval by the Board of Directors thereafter.

### List of Nomination and Remuneration Committee Members in 2018

|    | Name                                                  |  | Position                                              | Period in Office                                         |
|----|-------------------------------------------------------|--|-------------------------------------------------------|----------------------------------------------------------|
| 1. | Mr. Kamthorn Tatiyakavee                              |  | Chairman of the Nomination and Remuneration Committee | Mar. 31, 2017 - present                                  |
| 2. | Mr. Adul Chotinisakorn                                |  | Member of the Nomination and Remuneration Committee   | Oct. 1, 2017 - present                                   |
| 3. | Mr. Arthayudh Srisamoot<br>Dr. Vilawan Mangklatanakul |  | Member of the Nomination and Remuneration Committee   | Mar. 31, 2017 - Jul. 24, 2018<br>Aug. 30, 2018 - present |

*As of December 31, 2018*

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

**Structure** The CG and CSR Committee is composed of at least three, but not more than five members.

### Roles, Duties and Responsibilities

1. To propose to the Board of Directors a policy on principles and guidelines in relation to CG & CSR.
2. To follow up the Bank's operation to ensure that the Bank complies with the CG & CSR policy and guideline and achieves the CG & CSR action plans.
3. To encourage the Board of Directors, the Management and employees to engage actively in the Bank's CG & CSR activities.
4. To appoint a working committee to support and assist in CG & CSR activities as deemed fit.
5. To perform other duties as assigned by the Board of Directors in relation to CG & CSR.

### List of Corporate Governance and Social Responsibility (CG & CSR) Committee Members in 2018

| Name |             |               | Position                           | Period in Office             |
|------|-------------|---------------|------------------------------------|------------------------------|
| 1.   | Mr. Adul    | Chotinisakorn | Chairman of the CG & CSR Committee | Nov.1, 2017 - present        |
| 2.   | Dr. Mas     | Tanyongmas    | Member of the CG & CSR Committee   | Nov. 16, 2015 - present      |
| 3.   | Dr. Vinaroj | Supsongsuk    | Member of the CG & CSR Committee   | Nov. 1, 2017 - Sep. 30, 2018 |
|      | Miss Jariya | Sutthichaiya  |                                    | Oct. 1, 2018 - present       |
| 4.   | Mr. Pisit   | Serewiwattana | Member of the CG & CSR Committee   | Jun. 30, 2016 - present      |

*As of December 31, 2018*

## 5. Risk Management Committee

**Structure** The Risk Management Committee is composed of at least three members, i.e. member of the Board, the President, and a top management member.

### Roles, Duties and Responsibilities

1. To scrutinize the risk management and internal control framework/risk management committee charter and risk management policies for submission to the Board of Directors.
2. To approve risk management plan/results of risk and control self-assessment to ensure compliance with the related policy/criteria and handbooks with identification, assessment, following-up and monitoring to maintain risks at an acceptable level.
3. To approve key risk indicators (KRIs), risk appetite and risk tolerance to measure, monitor and control risks to an appropriate level.
4. To review the adequacy of the overall risk management policy and system to ensure efficiency of the risk management system and compliance with the risk management policy.

5. To follow up and ensure compliance with the risk management framework and policy as well as risk management efficiency.

6. To ensure the adequacy of risk management resources such as personnel of the Risk Management Department and IT system for risk management.

7. To report the results of the risk and control self-assessment to the Audit Committee and/or the Board of Directors on a regular basis in accordance with the risk management policy and plan.

8. To perform other duties relating to risk management as assigned by the Board of Directors.

### List of Risk Management Committee Members in 2018

|    | Name                                                 | Position                                  | Period in Office                                       |
|----|------------------------------------------------------|-------------------------------------------|--------------------------------------------------------|
| 1. | Mr. Kamthorn Tatiyakavee                             | Chairman of the Risk Management Committee | Nov. 16, 2015 - present                                |
| 2. | Mr. Siriruj Chulakaratana<br>Dr. Nattapol Rangsitpol | Member of the Risk Management Committee   | Nov. 16, 2015 - May 8, 2018<br>Jun. 20, 2018 - present |
| 3. | Dr. Warotai Kosolpisitkul                            | Member of the Risk Management Committee   | Jan. 1, 2017 - present                                 |
| 4. | Mr. Pisit Serewiwattana                              | Member of the Risk Management Committee   | Jun. 30, 2016 - present                                |
| 5. | Mr. Chana Boonyachai<br>Executive Vice President     | Member of the Risk Management Committee   | Mar. 30, 2016 - present                                |

*As of December 31, 2018*

## 6. IT Strategy and Policy Committee

**Structure** The IT Strategy and Policy Committee is composed of not more than eight members, i.e. at least one director, the President, at least one, but not more than three, top management members, external experts (at least one from the public sector and at least one from the private sector, altogether not more than three experts).

### Roles, Duties and Responsibilities

1. To scrutinize IT and innovation management framework/policy, plan and budget in alignment with the vision, mission and strategy of the Bank including IT security policy and IT standard.

2. To assess the Bank's IT requirements both in short and long term as well as the potential and readiness of the Bank's employees in various aspects.

3. To scrutinize IT implementation plan, guideline and scope of personnel development as well as IT resource allocation for achievement according to the plan.

4. To scrutinize and give opinion on the IT risk assessment and management project and IT procurement and development project under the authority of the Board of Directors and/or the Board of Executive Directors to ensure readiness to support the Bank's business operation.

5. To follow up, supervise, review and assess the Bank's IT performance to ensure that it is well suited with the changing circumstances and technologies, taking into account its efficiency and effectiveness.

6. To perform other duties relating to information technology as assigned by the Board of Directors.



## List of IT Strategy and Policy Committee Members in 2018

|    | Name            |                                                 | Position                                     | Period in Office        |
|----|-----------------|-------------------------------------------------|----------------------------------------------|-------------------------|
| 1. | Dr. Darnp       | Sukontasap                                      | Chairman of IT Strategy and Policy Committee | Dec. 26, 2018 - present |
| 2. | Mr. Pisit       | Serewiwattana                                   | Member of IT Strategy and Policy Committee   | Dec. 26, 2018 - present |
| 3. | Mrs. Warangkana | Wongkhaluang<br>Senior Executive Vice President | Member of IT Strategy and Policy Committee   | Dec. 26, 2018 - present |
| 4. | Dr. Nongnuch    | Laomaneerattanaporn<br>Executive Vice President | Member of IT Strategy and Policy Committee   | Dec. 26, 2018 - present |
| 5. | Mr. Thirapun    | Sanpakit<br>External Expert                     | Member of IT Strategy and Policy Committee   | Dec. 26, 2018 - present |
| 6. | Mr. Ruangkrai   | Rangsiphol<br>External Expert                   | Member of IT Strategy and Policy Committee   | Dec. 26, 2018 - present |
| 7. | Mr. Wisanu      | Tuntawiroon<br>External Expert                  | Member of IT Strategy and Policy Committee   | Dec. 26, 2018 - present |

*As of December 31, 2018*

In addition, according to Section 19 of the State Enterprise Labor Relations Act, 2000 (B.E. 2543), an **Employee Relations Committee** shall be established to be composed of representatives of the employer, representatives of the employees, and a member of the state enterprise's board of directors as the chairman of the committee, and have a 2-year term. At the Board of Directors' meeting no. 4/2017 held on March 30, 2017, Mr. Nopporn Thepsithar, Director, was reappointed Chairman of the Employee Relations Committee for 2017-2018.

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

## Self-assessment of the Board of Directors

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

1. **Individual assessment:** The result was excellent.
2. **Group assessment:** The result was excellent.

However, based on the results of the Board of Directors' self-assessment in 2018, the Board of Directors' meeting assigned the Management to take actions according to its proposed guideline for improvement of meeting documentation including additional actions as follows:

► To submit for information and consideration by the Board members details of training courses or seminars that match with the Bank's mission for development of knowledge on a regular basis, which had been continuously performed by the Management throughout 2018.

► To seek additional advice or comments from the Board members in the areas that they have knowledge and expertise before submitting the agenda to the Board meeting so as to allow the Bank to gain benefit from knowledge and expertise of the Board members who are from various fields, to promote the supervisory role of the Board members and to strengthen good relationship between the Board of Directors and the Management.

## Activities to Enhance of the Board Members' Performance

In 2018, the Board of Directors participated in various activities to keep abreast of information as well as exchange views and develop perspectives and preparedness for overseeing and ensuring the Bank's achievement of its goals according to the mission and new strategies efficiently and effectively, as below:

| No. | Activity                                                                                                                                                                                                                                                                 | Date                 |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| 1.  | Attended a talk on "Export Credit Insurance for Executive Directors" organized for members of the Executive Board at EXIM Building.                                                                                                                                      | January 23, 2018     |
| 2.  | Participated in "Visioning Meeting" with the Management members at EXIM Building                                                                                                                                                                                         | March 23, 2018       |
| 3.  | Participated in a talk session on "Responsibility of the Board of Directors : Key Factor to Sustainability" by representatives of TRIS Corporation Limited at EXIM Building.                                                                                             |                      |
| 4.  | Attended a talk session on "EEC Updates" by Dr. Laksamon Attapitch, Deputy Secretary-General, The Eastern Economic Corridor Policy Committee, Eastern Economic Corridor (EEC) Office at EXIM Building                                                                    | April 27, 2018       |
| 5.  | Participated in a workshop for the Board of Directors and the Management of the Bank to prepare the 5-year Enterprise Plan for 2019-2023 and Business Plan for 2019 at Mandarin Oriental Hotel, Bangkok.                                                                 | July 20, 2018        |
| 6.  | Attended a seminar on "Africa: New Destination, New Opportunities 2018" organized by the Bank in collaboration with Aon (Thailand) Limited at The Okura Prestige, Bangkok.                                                                                               | September 4, 2018    |
| 7.  | Attended a talk session on "Good Governance and Work" by Dr. Sumet Tantivejkul, Secretary-General of the Chaipattana Foundation at EXIM Building.                                                                                                                        | September 11, 2018   |
| 8.  | Participated in a seminar on "Corporate Governance Principles and Guidelines in State Enterprises" organized by the State Enterprise Policy Office (SEPO) at Sofitel Hotel, Bangkok.                                                                                     | October 12, 2018     |
| 9.  | Participated as observer in a training course on "Core Credit Skills Development: Commercial Loans to Business" by lecturers from OMEGA Performance (Moody's Analytics).                                                                                                 | October 17-19, 2018  |
| 10. | Participated in a meeting with the Sub-committee on Memorandum of Understanding (MOU) and the State Enterprise Performance Appraisal to present the Bank's vision, mission, direction, policy and operational performance for 2019, organized by SEPO at SME Bank Tower. | November 6, 2018     |
| 11. | Participated in a field visit to "Singapore FinTech Festival 2018" in Singapore.                                                                                                                                                                                         | November 11-13, 2018 |
| 12. | Attended the 24 <sup>th</sup> Asian EXIM Banks Forum (AEBF) Annual Meeting at The Westin Siray Bay Resort & Spa, Phuket.                                                                                                                                                 | November 14-16, 2018 |
| 13. | Participated in the opening ceremony of EXIM Thailand representative office in Vientiane, Lao PDR.                                                                                                                                                                       | November 30, 2018    |

The President of EXIM Thailand also participated in meetings and seminars overseas, such as in India (the Ministry of Foreign Affairs' financial cooperation development project in Mumbai), Kenya (Prague Club/ Berne Union Spring Meeting 2018 and trade and investment expansion project), Myanmar (signing ceremony for the financial cooperation agreement with Kanbawza Bank (KBZ Bank), France (Berne Union Annual General Meeting 2018), and Cambodia (to explore business opportunities and make preparations for the opening of EXIM Thailand representative office in Cambodia). Information derived from such meetings and seminars has been recorded and presented to the Board of Directors or top management meetings for further enhancement of the Bank's personnel and business operation development.

## Induction Program for New Directors

EXIM Thailand has organized an induction program to provide new directors with essential knowledge and information on the Bank to ensure efficient performance. In 2018, a briefing for each new director was made, and an induction session was conducted on August 27, 2018 where a summary of the Bank's operating results and strategic plans as well as corporate governance laws and regulations related to directorship was presented.

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

### Meeting Attendance of the Board of Directors and Other Board Committees

The Board of Directors holds meetings regularly at least once a month. In 2018, 12 Board of Directors meetings, 16 Board of Executive Directors meetings, five Audit Committee meetings, nine Nomination and Remuneration Committee meetings, five CG & CSR Committee meetings, six Risk Management Committee meetings, and six Employee Relations Committee meetings were convened. Details of the meeting attendance of each Board and Committee member are shown in the 2018 Board of Directors and Board Committee Meeting Attendance table.

### Remuneration of the Board of Directors

#### 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 MOF as follows:

**1. Monthly remuneration** at a rate of 20,000.00 baht is provided for Chairman of the Board and 10,000.00 baht for each Director. In 2018, the Board members received monthly remuneration totaling 1,508,709.68 baht.

**2. Meeting allowance** is made available in lump sum per month of actual meeting attendance at a rate of 12,500.00 baht for Chairman of the Board and 10,000.00 baht for each Director. In 2018, 12 meetings were convened, with total meeting allowance of 1,300,000.00 baht.

**3. Bonus** is calculated based on the Guideline on Remuneration for State Enterprise Board of Directors taking into consideration annual net profit, duration of directorship in the given year, meeting attendance, and results of the Bank's performance appraisal for the year of bonus calculation according to the MOU on State Enterprise Performance Appraisal between EXIM Thailand and the MOF. The total bonus calculated from the Bank's performance in 2017 was 1,603,125.00 baht, while the total bonus based on the Bank's performance in 2018 is not yet made available pending the appraisal result of the Bank's performance by the MOF under the aforementioned MOU.

### Audit Committee

The Audit Committee receives remuneration on a fixed-rate monthly basis, at a rate of 12,500.00 baht for Chairman of the Committee and 10,000.00 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 2018, five meetings were convened, with total remuneration of 361,452.09 baht.

### Other Board Committees

Monthly meeting allowance is paid on a fixed-rate monthly basis for the month of actual meeting attendance, at a rate of 12,500.00 baht for Chairman of the committee and 10,000.00 baht for each committee member. However, directors appointed to sit on more than one committee shall be entitled to meeting allowance for not more than two of such committees, and not more than once per month as well as only for the month they attend the meeting. For the (sub)committees appointed by the Board of Directors, in case of an external party, the meeting allowance is paid at a rate of not more than 3,000.00 baht for each attendance (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 2018, the meeting allowance for the Board of Executive Directors totaled 500,000.00 baht, the Nomination and Remuneration Committee 220,000.00 baht, the Corporate Governance and Social Responsibility Committee 192,500.00 baht, the Risk Management Committee 225,000.00 baht, and the Employee Relations Committee 60,000.00 baht, as detailed below:

## Meeting Attendance, Monthly Remuneration and Meeting Allowance

| Directors                                                                                                                                                                                                       | Term in Office<br>(As of December 31, 2018)                       | Total<br>Monthly<br>Remuneration<br>in 2018<br>(Baht) | Board of Directors                       | Board of Executive<br>Directions |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------|-------------------------------------------------------|------------------------------------------|----------------------------------|--|
|                                                                                                                                                                                                                 |                                                                   |                                                       | Total 12 Meetings                        | Total 16 Meetings                |  |
| 1. Chairman<br><i>Miss Suttirat Rattanachot</i>                                                                                                                                                                 | Nov. 8, 2016 - Dec. 31, 2018                                      | 240,000.00                                            | 137,500.00<br>(11/12)                    | -                                |  |
| 2. Director-General, Fiscal Policy Office, Ministry of Finance<br><i>Dr. Warotai Kosolpisitkul</i><br><i>Fiscal Policy Advisor, Fiscal Policy Office</i><br><i>(for Director-General, Fiscal Policy Office)</i> | May 26, 2016 - Dec. 31, 2018                                      | 120,000.00                                            | 120,000.00<br>(12/12)                    | 122,500.00<br>(15/16)            |  |
| 3. Director-General, Department of Foreign Trade,<br>Ministry of Commerce<br><i>Mr. Abdul Chotinisakorn</i>                                                                                                     | Oct. 1, 2017 - Dec. 31, 2018                                      | 120,000.00                                            | 90,000.00<br>(9/12)                      | -                                |  |
| 4. Director-General, Office of Industrial Economics,<br>Ministry of Industry<br><i>Mr. Siriruj Chulakaratana</i><br><br><i>Dr. Nattapol Rangsitpol</i>                                                          | Oct. 14, 2015 - May 8, 2018<br><br>May 9, 2018 - Dec. 31, 2018    | 42,580.65<br><br>77,419.35                            | 40,000.00<br>(4/4)<br>70,000.00<br>(7/8) | -<br><br>-                       |  |
| 5. Secretary-General, Office of Agricultural Economics,<br>Ministry of Agriculture and Cooperatives<br><i>Dr. Vinaraj Supsongsuk</i><br><br><i>Miss Jariya Sutthichaiya</i>                                     | Oct. 1, 2017 - Sep. 30, 2018<br><br>Oct. 1, 2018 - Dec. 31, 2018  | 90,000.00<br><br>30,000.00                            | 90,000.00<br>(9/9)<br>30,000.00<br>(3/3) | -<br><br>-                       |  |
| 6. Director-General, Department of International<br>Economic Affairs, Ministry of Foreign Affairs<br><i>Mr. Arthayudh Srisamoot</i><br><br><i>Dr. Vilawan Mangklatanakul</i>                                    | Mar. 5, 2017 - Jul. 24, 2018<br><br>Jul. 25, 2018 - Dec. 31, 2018 | 67,741.94<br><br>52,258.06                            | 70,000.00<br>(7/7)<br>40,000.00<br>(4/5) | -<br><br>-                       |  |
| 7. Deputy Governor, Bank of Thailand*<br><i>Mr. Paiboon Kittisrikangwan</i>                                                                                                                                     | Aug. 15, 2014 - Jul. 27, 2018                                     | 68,709.68                                             | 60,000.00<br>(6/7)                       | -                                |  |
| 8. <i>Dr. Darnp Sukontasap</i>                                                                                                                                                                                  | Sep. 26, 2017 - Dec. 31, 2018                                     | 120,000.00                                            | 110,000.00<br>(11/12)                    | 120,000.00<br>(16/16)            |  |
| 9. <i>Mr. Noppom Thepsithar</i>                                                                                                                                                                                 | Jul. 21, 2014 - Dec. 31, 2018                                     | 120,000.00                                            | 92,500.00<br>(9/12)                      | 137,500.00<br>(15/16)            |  |
| 10. <i>Dr. Mas Tanyongmas</i>                                                                                                                                                                                   | Jul. 21, 2014 - Dec. 31, 2018                                     | 120,000.00                                            | 120,000.00<br>(12/12)                    | -                                |  |
| 11. <i>Mr. Kamthorn Tatiyakavee</i>                                                                                                                                                                             | Nov. 3, 2015 - Dec. 31, 2018                                      | 120,000.00                                            | 110,000.00<br>(11/12)                    | -                                |  |
| 12. President<br><i>Mr. Pisit Serewiwattana</i>                                                                                                                                                                 | Jun. 1, 2016 - Dec. 31, 2018                                      | 120,000.00                                            | 120,000.00<br>(12/12)                    | 120,000.00<br>(16/16)            |  |
| Total Remuneration (Baht)                                                                                                                                                                                       |                                                                   | 1,508,709.68                                          | 1,300,000.00                             | 500,000.00                       |  |

Remarks : 1. According to MOF's regulation regarding remuneration and meeting allowance for state enterprise directors, directors appointed to sit on more than one committee shall be entitled to meeting allowance for not more than two of such committees, and not more than once per month as well as only for the month they attend the meeting. Remuneration for the month of membership that does not cover a full-month period is calculated on a daily pro-rata basis. The Audit Committee receives remuneration on a fixed-rate monthly basis, at a rate of 12,500.00 baht for Chairman of the Committee and 10,000.00 baht for each Committee member.

2. Figures in brackets indicate the number of meetings attended/number of meetings held during period of directorship.



## of Export-Import Bank of Thailand's Board of Directors in 2018

| Meeting Allowance                     |                                                          |                     |                           |                              |              |
|---------------------------------------|----------------------------------------------------------|---------------------|---------------------------|------------------------------|--------------|
| Nomination and Remuneration Committee | Corporate Governance and Social Responsibility Committee | Audit Committee     | Risk Management Committee | Employee Relations Committee | Total (Baht) |
| Total 9 Meetings                      | Total 5 Meetings                                         | Total 5 Meetings    | Total 6 Meetings          | Total 6 Meetings             |              |
| -                                     | -                                                        | -                   | -                         | -                            | 377,500.00   |
| -                                     | -                                                        | -                   | 60,000.00<br>(6/6)        | -                            | 422,500.00   |
| 60,000.00<br>(6/9)                    | 62,500.00<br>(5/5)                                       | -                   | -                         | -                            | 332,500.00   |
| -                                     | -                                                        | -                   | 20,000.00<br>(2/2)        | -                            | 102,580.65   |
| -                                     | -                                                        | 30,000.00<br>(2/2)  | 10,000.00<br>(1/3)        | -                            | 187,419.35   |
| -                                     | 30,000.00<br>(3/3)                                       | 90,000.00<br>(3/3)  | -                         | -                            | 300,000.00   |
| -                                     | 20,000.00<br>(2/2)                                       | 30,000.00<br>(2/2)  | -                         | -                            | 110,000.00   |
| 40,000.00<br>(5/6)                    | -                                                        | -                   | -                         | -                            | 177,741.94   |
| 20,000.00<br>(2/3)                    | -                                                        | -                   | -                         | -                            | 112,258.06   |
| -                                     | -                                                        | 85,887.09<br>(3/3)  | -                         | -                            | 214,596.77   |
| -                                     | -                                                        | -                   | -                         | -                            | 350,000.00   |
| -                                     | -                                                        | -                   | -                         | 60,000.00<br>(6/6)           | 410,000.00   |
| -                                     | 50,000.00<br>(5/5)                                       | 125,565.00<br>(5/5) | -                         | -                            | 415,565.00   |
| 100,000.00<br>(9/9)                   | -                                                        | -                   | 75,000.00<br>(6/6)        | -                            | 405,000.00   |
| -                                     | 30,000.00<br>(4/5)                                       | -                   | 60,000.00<br>(6/6)        | -                            | 450,000.00   |
| 220,000.00                            | 192,500.00                                               | 361,452.09          | 225,000.00                | 60,000.00                    | 4,367,661.77 |

\* Under EXIM Thailand Act (No. 3), 2018 (B.E. 2561), the composition of the Board of Directors has been altered from formerly comprising 12 directors to a total of 11 directors, excluding one ex-officio director (Deputy Governor of the Bank of Thailand), effective from July 28, 2018.

## Remuneration of Top Management

Remuneration of the top management comprises salary and bonus. Senior Executive Vice Presidents and Executive Vice Presidents receive 2-month-salary bonus annually, the same as that for staff members. The President is entitled to remuneration as prescribed in the employment contract. Total remuneration of the Bank's top management in 2016-2018 is tabulated below:

Unit : Baht

| Year | Total Remuneration |
|------|--------------------|
| 2018 | 35,217,954.88      |
| 2017 | 33,346,607.38      |
| 2016 | 22,394,389.14      |

## Financial Reports and Management Reports

The Board of Directors reports its responsibility for performance result in relation to corporate governance in the Bank's annual report and financial statements, covering the Bank's annual operating results, statements of financial position and statements of comprehensive income, duly examined by the Office of the Auditor General of Thailand, which is the Bank's auditor, to the Finance Minister before submission to the Cabinet and the Parliament for acknowledgment 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 acknowledgment on a quarterly basis. In addition to financial and audit reports, the Management regularly prepares management reports on various matters, such as risk report, performance report according to the MOU on State Enterprise Performance Appraisal, and business plan, and submits them to the Board of Directors for use in the analysis of the Bank's operational 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. Compensation paid in light of annual auditing in 2018 was 1,760,000.00 baht and other remuneration 60,000.00 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, in both printed form and online via the Bank's website, for dissemination to customers, investors, partners and interested parties.
- ▶ EXIM E-NEWS: A monthly newsletter sent by e-mail to over 16,000 subscribers, comprising customers, business operators, and members of the Federation of Thai Industries, the Thai Chamber of Commerce, the Board of Trade of Thailand and Thai National Shippers' Council, as well as other interested parties. The newsletter contains research on international trade and investment trends and outlook and opportunities for Thai entrepreneurs, tips for hedging international trade and finance risks, trade and investment opportunities in new frontier markets that have high potential, interviews with successful entrepreneurs in international trade and investment endeavors, as well as the Bank's news and activities updates.
- ▶ EXIM Thailand's website: [www.exim.go.th](http://www.exim.go.th)
- ▶ Press release, photo release and infographics
- ▶ Social media, i.e. YouTube and Facebook Fan Page "EXIM Bank of Thailand" to disseminate trade and investment knowledge and hedging of international trade risks as well as to introduce the Bank's services and interesting information on international trade in order to enhance the potential and competitiveness of Thai entrepreneurs in the new trade arena.
- ▶ 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 also consistently provided cooperation in regularly disclosing comprehensive information to the Office of the Auditor General of Thailand and the BOT so that all stakeholders will understand the Bank's roles, duties and commitment to perform its duties with integrity, transparency and adherence to good governance principles.

## Report on Compliance with the Official Information Act, 1997 (B.E. 2540) in 2018

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). To allow public access to its information, the Bank has adhered to the provisions under such Act consistently. In 2018, EXIM Thailand took actions in various areas as summarized below:

1. The Bank appointed the Information Management Team with the duty to consider and decide on the types of the Bank's news and information to be or not to be disclosed or to be kept at the Bank, the National Achieves of Thailand or other public agencies, and to determine the announcements and operational procedures, as well as to give advice or recommendations regarding compliance with the Official Information Act, 1997 (B.E. 2540) on the part relating to the Bank.
2. The Bank took relevant actions as stated in its Regulation on Confidential Information, 2018 (B.E. 2561) to ensure that its confidential information is handled and managed efficiently in line with Section 16 and Section 26 of the Official Information Act, 1997 (B.E. 2540).
3. According to Section 7 and Section 9 of the Official Information Act, 1997 (B.E. 2540), the Bank established an information service center on 18<sup>th</sup> Floor of EXIM Building, in the office space of the Secretary and Corporate Communication Department, where public relations staff are ready to facilitate data search for the general public. The Bank also made available information on its website, [www.exim.go.th](http://www.exim.go.th), to allow the public to access its information without having to visit the information service center.

4. The Bank has updated information at the information service center and on its website on a regular basis according to the requirement of the laws. Its website is user friendly for easy data search, with noticeable banners to facilitate contact with the Bank or access to important information, e.g. Bid Invitation, Customer Service Center, Feedback/Complaint, etc.

5. The Bank has updated 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.

6. The Bank improved its Information Index and categorized the information in accordance with Section 7 (1)-(5) and Section 9 (1)-(8) as well as modified its service application forms.

7. The Bank disseminated its news and information as prescribed in Section 7 and Section 9 on the website of the Official Electronic Information Center, Office of Official Information Commission: <http://www.oic.go.th/INFOCENTER5/562/>.

## Roles of EXIM Thailand toward Stakeholders

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

**Ministry of Finance** The Bank aims to utilize its financial instruments and knowledge base to respond to the government's policy to enhance Thai exporters/investors' capabilities. It focuses on its role as a development financial institution that provides the general public with broad-based access to funding sources and concurrently furnishes them with financial knowledge while maintaining reliable, transparent and sustainable operations applying appropriate technologies and innovations in its administration and provision of financial facilities.

**Customers** The Bank seeks to fulfill the customers' demand and deliver value-added products and services.

**Employees** The Bank is committed to fostering employee engagement, development, and work satisfaction.

**Suppliers, 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

► **Thai 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 and to incubate high-potential small exporters to boost their confidence in their export and business expansion.

► **Social welfare agencies** The Bank seeks to provide support that will benefit the community, society, and agencies contributing to social and public welfare.

## Complaint Channels

The Bank aims to operate its businesses for the maximum satisfaction of its clients and service users as well as other stakeholders, and is committed to reducing or stopping dissatisfaction, improving the efficiency and effectiveness of its services to avoid negative image and meet the good governance criteria. In this regard, the Bank has provided channels for receiving complaints, opinions and suggestions which are publicized on its website as follows:

1. Telephone: 0 2271 3700, 0 2617 2111 ext. 3300
2. Letter addressed to EXIM Thailand's President  
Address: EXIM Building, 1193 Phaholyothin Road, Phayathai, Bangkok 10400
3. Website: [www.exim.go.th](http://www.exim.go.th)
4. E-mail: [customer care@exim.go.th](mailto:customer care@exim.go.th)
5. Relevant agencies such as Government Complaint Center under the Prime Minister's Office and the Bank of Thailand, etc.

When the Bank has received a viewpoint or complaint through the above channels, the stakeholder will be contacted by a Bank officer handling complaints to immediately enquire about and investigate the matter. Meanwhile, coordination will be made with the concerned work units to promptly seek solution and/or end the problem within the specified timeframe according to the Service Level Agreement (SLA). In addition, according to its complaint management procedure, the Bank considers guidelines for development and improvement of services, formulates operational plans and monitors the implementation progress until completion. The President will also receive a monthly report on complaint summary, actions taken on complaint management, progress of the solution and/or end results as well as improvement of related services or process. Such report will also be presented to the Management Committee and the Audit Committee for acknowledgment on a quarterly basis.

However, in case of complaint on fraud and misconduct of an employee, the work unit handling complaints will forward such complaint to the Human Resources Department which will take action according to the specific procedure.

## Code of Ethics and Conduct

The Board of Directors has established and disseminated the code of ethics and conduct as a guideline for acknowledgment and adoption by the Board members, the Management members and all employees to meet the expectations of the Bank and its stakeholders. Nine core ethical values of the Bank are as follows:

1. Adhere to moral and ethical principles.
2. Be conscientious, uphold honesty and accountability.
3. Put national interest before self-interest, while avoiding conflict of interest.
4. Stand for and do what is right, just and legitimate.
5. Provide service to the public in a timely, courteous and non-discriminatory manner.
6. Provide complete, correct and undistorted information to the public.
7. Focus on goal achievement, maintenance of professional standard and quality, as well as transparent and examinable operations.
8. Uphold democracy with the King as Head of State.
9. Adhere to the organization's code of conduct.

Practical guidelines have been drawn up for all personnel, divided into two categories below:

**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 (MOF). A handbook of business ethics for directors also states that the Board of Directors plays a key role in overseeing and ensuring that the policy and practices in regard to treatment of employees, shareholders, clients, creditors, partners, business alliances, the government, communities and society as well as the environment cover important issues such as receipt of complaints, respect for human rights, prevention of conflict of interest, prevention of fraud and bribery and disclosure of information in a responsible, careful, honest and fair manner.



**2. Executives and Employees' Ethical Conduct** The Bank formulated its Regulation on Employees Ethical Conduct in 2008 in compliance with the Constitution of the Kingdom of Thailand, 2007 (B.E. 2550) and the review of which has been made consistently to ensure comprehensiveness. The latest review was conducted in 2012 as recommended by the Office of the Ombudsman

The Regulation on Employees Ethical Conduct, 2012 (B.E. 2555) stipulates that the President, the top management and all employees have to abide by the Bank's code of ethical conduct with adherence 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/colleagues, 4. ethical conduct toward oneself and the society, and 5. ethical conduct toward commercial competitors.

For the President and 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, the President and top management are required to demonstrate their adherence to the established code of ethics and conduct by setting a good example for the employees to follow suit and encourage them to adopt the code of ethics and conduct with an aim to engender a desired ethical organization culture.

## Conflict of Interest

The Board of Directors gives importance to the operation which is transparent and examinable under good governance principles, with appropriate management of conflict of interest according to its corporate governance policy. The Bank follows the Regulation pertaining to Conflict of Interest Prevention, 2016 (B.E. 2559) as a tool for handling conflict of interest. The Regulation is applicable to the Management and staff members at all levels, in order to ensure that each individual's performance is honest, not for personal benefits, and that there is no discrimination and participation or involvement in the decision-making of any transactions or businesses in which he/she has interest, either directly or indirectly, that may cause conflict of interest. The Management and all staff members of the Bank are also required to sign in acknowledgment of the Regulation and to report to the authorized persons specified in the Regulation factual information as regards their receipt of any assets and benefits or involvement in any conflict of interest in connection with their performance of duties.

By the resolution of the Board of Directors' meeting no. 8/2006 on July 20, 2006, a guideline on lending or investing in businesses with related interests was established, based on the regulations of the Bank of Thailand. Under such guideline, a director or a person with approval authority shall not be allowed to participate in any meeting and vote on a resolution to approve lending to or investment in a business where he/she or his/her related person has related interests. Any lending or investment decision involving related interests shall not be entitled to any privileges or special conditions other than those applicable to normal circumstances.

As regards report of beneficial interests of directors, the Board of Directors has annually disclosed information on shareholding or directorship or senior management position holding in other entities in a report on beneficial interests, and also submitted a report to certify their directorship holding in no 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.

## List of State Enterprises and Companies in which the Bank's Directors Served as Director or Senior Executive

| Directors                     |  |          | State Enterprises and Companies in which the Bank's Directors Served as Director or Senior Executive                                                                                         |                                                                                                                                                                                                             |
|-------------------------------|--|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Name                          |  | Position | Name                                                                                                                                                                                         | Position                                                                                                                                                                                                    |
| 1. Miss Suttirat Rattanachot  |  | Chairman | Bangkok Mass Transit Authority<br>Airports of Thailand Public Company Limited                                                                                                                | Director<br>Director                                                                                                                                                                                        |
| 2. Dr. Warotai Kosolpisitkul  |  | Director | NEP Realty and Industry Public Company Limited<br>Expressway Authority of Thailand                                                                                                           | Director<br>Director                                                                                                                                                                                        |
| 3. Mr. Adul Chotinisakorn     |  | Director | -                                                                                                                                                                                            | -                                                                                                                                                                                                           |
| 4. Dr. Nattapol Rangsitpol    |  | Director | -                                                                                                                                                                                            | -                                                                                                                                                                                                           |
| 5. Miss Jariya Sutthichaiya   |  | Director | Dairy Farming Promotion Organization of Thailand                                                                                                                                             | Director                                                                                                                                                                                                    |
| 6. Dr. Vilawan Mangklatanakul |  | Director | -                                                                                                                                                                                            | -                                                                                                                                                                                                           |
| 7. Dr. Darnp Sukontasap       |  | Director | Vesak Capital Ventures Company Limited                                                                                                                                                       | Chairman                                                                                                                                                                                                    |
| 8. Mr. Nopporn Thepsithar     |  | Director | Ananda Development Public Company Limited<br><br>Tipco Asphalt Public Company Limited<br><br>Mena Transport Company Limited<br>College of Logistics and Supply Chain,<br>Sripatum University | Director,<br>Chairman of Risk Management Committee and Member of Audit Committee<br>Director, Chairman of Nomination and Remuneration Committee, and Member of Audit Committee<br>Chairman<br>Dean Emeritus |
| 9. Dr. Mas Tanyongmas         |  | Director | Global Expert Forum Company Limited                                                                                                                                                          | Director                                                                                                                                                                                                    |
| 10. Mr. Kamthorn Tatiyakavee  |  | Director | Keystone Holding Company Limited<br>WHA Real Estate Management Company Limited<br>Thai President Foods Public Company Limited                                                                | Chairman<br>Chairman<br>Director                                                                                                                                                                            |
| 11. Mr. Pisit Serewiwattana   |  | Director | Board of Trade of Thailand<br>Seriruk Hospital Company Limited<br>Synphaet Bangna Company Limited<br>S Medical Company Limited                                                               | Director<br>Director<br>Director<br>Director                                                                                                                                                                |

As of December 31, 2018







# Corporate Social Responsibility



## Corporate Social Responsibility

In 2017, Export-Import Bank of Thailand (EXIM Thailand) developed the Corporate Governance and Corporate Social Responsibility Framework 2027 in line with its 10-year Master Plan (2017-2027) to ensure its status as a sustainable organization in the areas of finance, mission excellence, organization culture and business ethics, and with sound corporate governance (CG) and corporate social responsibility (CSR) practices equivalent to international standards covering human resources management and development on a fair basis, building of stakeholders' engagement and participation, innovation and digital financial service management, and commitment to customers and sustainable economic development under EXIM Sustainability Framework.

Recognizing CSR as an important factor to achieving sustainability, the Bank has incorporated CSR into the daily work process (CSR in process), and concurrently upholds its responsibility toward the stakeholders, society and environment aside from day-to-day operation (CSR after process). The Board of Directors has approved the 10-year CG and CSR strategies in alignment with the context, operation platform and long-term strategic direction of the Bank.

EXIM Thailand's five CG and CSR strategies 2027 are divided into two phases below.

### Phase 1 (2018–2022)

- Strategy 1** Development of the Bank's framework and systems for CG and CSR in process in line with international standards
- Strategy 2** Development of IT governance to enhance the Bank's CG standard
- Strategy 3** Building of CG and CSR in process culture

### Phase 2 (2023–2027)

- Strategy 4** Promotion of financial products and services for sustainable consumption
- Strategy 5** Development of skills, knowledge and expertise to boost the Bank's capability to achieve sustainability

In 2018, the Bank implemented Strategy 1 and Strategy 3 as follows:

### Development of framework and systems for CG and CSR in process in line with international standards

#### 1. Training to enhance personnel's knowledge and understanding of CG and CSR principles and practices

In the first stage of CG and CSR framework and system development in line with international standards, the Bank recognized the necessity to develop and enable its personnel at all levels to have knowledge and understanding of CG and CSR in process, and be able to efficiently adopt the knowledge gained in the work process under their responsibilities and integrate CG and CSR as part of their daily work according to the organization standard.



In 2018, the Bank organized training on the topic “CSR in process: Factor toward Sustainability” for the management and staff members organization wide, and training on the topic “Corporate Social Responsibility of the Board of Directors: Key Factor toward Sustainability” for the Board of Directors, the top management and the management at department level.

## 2. Review of CSR policy according to ISO26000 standard

The Bank began with data collection, analysis of international CSR in process policy and practices, analysis of the Bank’s context, assessment of its CSR in process performance compared to international standards and generally accepted best practices, formulation of responsibility structure, standards, processes, and activities to promote and support CSR in process in accordance with international standards and best practices. Further, a draft policy and CSR in process handbook was prepared and submitted to the CG & CSR Committee and the Board of Directors. Taken into consideration were such factors as international principles and standards as well as other relevant context including ISO26000, principles of the State Enterprise Policy Office (SEPO), Ministry of Finance, principles of the Bank of Thailand (BOT) and the Office of the Securities and Exchange Commission (SEC), observations and recommendations of the CG & CSR Committee, sustainability factors and CSR direction, strategies and action plans for 2017, CSR performance in 2017, relevant community information, interviews regarding demand and expectation of the public and key communities, international CSR best practices, and special capabilities of the Bank, etc. All these contributed to the review and successful implementation of CSR in process policy according to ISO26000 in 2018.

The Bank’s CSR in process policy according to ISO26000 is an operation framework to build personnel’s awareness and understanding and to engage them in corporate communication and coordination with external stakeholders to assure full compliance with all the Bank’s guidelines. This will lead to sustainable achievements in terms of organizational governance, human rights, labour practices, the environment, fair operating practices, consumer issues, community involvement and development, benefits to the Bank, and eventually the ability to respond to the demand and expectation of relevant stakeholders, the society and the environment.

The Bank’s CSR in process covers the following key issues:

### 2.1 The Board of Directors, management and employees are committed to complying with 7 CSR areas

2.1.1 Accountability to the products, services and operation which has economic, social and environmental impacts in a concrete manner

2.1.2 Transparency in decision-making and operation which has economic, social and environmental impacts

2.1.3 Ethical Behaviors, i.e. integrity, non-discrimination and fairness

2.1.4 Respect for stakeholder interests covering all groups of stakeholders

2.1.5 Respect for the rule of law by adhering to the rule of law and the laws, rules and regulations relevant to the Bank

2.1.6 Respect for international norms of behavior with commitment to business operation in strict compliance with the rule of law specified by the government

2.1.7 Respect for human rights by recognizing their importance and universality of the principles

**2.2 The Bank promotes systematic and effective CSR in process** in accordance with ISO 26000 standard covering 7 areas.

#### **2.2.1 Organizational governance**

The Bank has in place a structure of the Board of Directors, senior management as well as the management system and direction that enable the Board, the Management and employees to make decision and perform duties based on the code of ethics and responsibility for stakeholders, the society and the environment affected by the Bank's products, services and operation.

#### **2.2.2 Human rights**

The Bank incorporates consideration on human rights and other rights to which its employees, customers and all groups of stakeholders are entitled into its products and services development, provision as well as other work processes to ensure that the stakeholders, both internal and external, are treated fairly and equally.

#### **2.2.3 Labour practices**

The Bank's treatment of its employees is on a fair and responsible basis in accordance with their entitlements under the rule of laws and code of ethics.

#### **2.2.4 The environment**

The Bank requires that the development of its products, service and operation design enable economical use of all types of resources, cause no adverse effects on the environment, and contribute to reduction of global warming.

#### **2.2.5 Fair operating practices**

The Bank ensures that the employees have good procurement practices and work with stakeholders in the supply chain comprising suppliers, trade partners and business allies on a responsible and fair basis, and encourage them to adopt CSR guidelines in their operations.

#### **2.2.6 Consumers issues**

The Bank develops its products and services based on the accountability to the consumers by enabling fair and comprehensive access to its products and services, and promoting health and safety of consumers. The Bank also supports an easy, equal and comprehensive access to information, welcomes consumers' complaints and suggestions to ensure effective management, and develops new products and services that help ensure sustainable consumption.

#### **2.2.7 Community involvement and development**

The Bank's community development is aimed to promote the economic, social and cultural strength of its key communities through their engagement and collaboration with the Bank.

### **3. Enhancement of standard and adequacy of CSR structure and management system**

The Bank formulates criteria for consideration and selection of key communities that may be exposed to both positive and negative impacts of the Bank's operation to enable the Bank to use its core competencies to support, assist and further strengthen these key communities. The process commences with a study, analysis and collection of related information to develop standard criteria for key community selection according to the State Enterprise Performance Appraisal (SEPA), ISO26000 standard, as well as excellence models of leading entities in both the public and private sectors that have earned Malcolm Baldrige National Quality Award (MBNQA).

## EXIM Thailand's community development plan

The Bank has set out guidelines to strengthen its key communities with the community selection criteria as follows:

- ▶ Being a stakeholder group or key community that contributes to sustainable strategic achievement of the Bank such as:
  - Entities relating to EXIM Thailand's missions
  - Import- and export-related industries
  - Communities, both domestic and overseas, to which the Bank provides services directly and indirectly;
- ▶ Being a stakeholder group or community whose needs align with the Bank's core competencies enabling the Bank to be well-positioned to respond to or resolve such stakeholder group or community's problems and develop its long-term strength;
- ▶ Being a key community that lacks opportunity and is in urgent need of problem rectification and development, be it financial or non-financial issue, when compared to other communities;
- ▶ Being a key community whereby the Bank has strong and sufficient cooperation network that allows the Bank to respond to or resolve such community's problems and promote its strength in the long term;
- ▶ Being a key community with an adequate number of members with the potential to carry out the Bank's key community development plan to ensure the community's long-term sustainability.

Based on the above criteria, the Bank has identified two target groups of key communities, i.e.:

1. Customers/entrepreneurs engaging in export-import business
2. Customers/entrepreneurs undertaking domestic and international investment

After identification of key communities, the Bank conducted a survey on their demand and expectation with an aim to develop their potential and strength in the short- and long-terms. It was found that the key communities' demand and expectation includes enhancement of their capabilities, both in financial and non-financial terms such as adequacy of financial resources, development of knowledge and competence, improvement of work efficiency, quality and standard, and improvement of community living conditions in various economic, societal and environmental aspects. Therefore, the Bank has formulated three core strategies for community development as follows:

1. Knowledge sharing strategy to enhance competitiveness and responsible business conduct of key communities
2. Low-cost funding strategy for businesses that promote CSR in process
3. Network building strategy to enable key communities to achieve sustainable business operation by making use of EXIM Thailand's public and private partner networks, both at home and abroad.

## EXIM Thailand's Community Development Projects in 2018

In 2018, the Bank launched and implemented the following projects under its key community development plan:



### New Economy Farmers

The Bank in collaboration with the Bank for Agriculture and Agricultural Cooperatives (BAAC) and the New Economy Academy (NEA) selected small and medium enterprises (SMEs) with potential to participate in the training on export of processed agricultural products, online trade as well as export documentation process, international payment methods, and international trade and foreign exchange risk management with the objective to promote SMEs export capabilities.

### e-Commerce

The Bank in collaboration with the Department of International Trade Promotion, Ministry of Commerce, and [www.thaitrade.com](http://www.thaitrade.com) website operator selected interested SMEs for training on online trade and strategies for online trade risk hedging as well as online store building via [www.thaitrade.com](http://www.thaitrade.com).

In addition, the Bank together with the University of the Thai Chamber of Commerce and eTouch Co., Ltd. in cooperation with Alibaba promoted Thai entrepreneurs' market expansion into China using [alibaba.com](http://alibaba.com) as trade platform under the "One Step to Global Trade with Alibaba.com" project.



## EXIM Mobile Clinic

The Bank in cooperation with SME Development Bank and the Board of Trade of Thailand provided consultation to SMEs in the areas of finance, marketing and production to support their export market expansion.

The Bank in collaboration with the Rayong Provincial Office of Industry provided consultation in the form of focus group covering financial, marketing and production areas for entrepreneurs engaging in international trade and those interested in international trade to enable SMEs to start or increase their export businesses.



## Genius Academy

The Bank in cooperation with the Department of Industrial Promotion, Ministry of Industry, selected SMEs with potential to join a training on product and innovation development, online trade, product quality assurance, international goods transport, export documentation process, export rules and regulations, international payment methods, as well as international trade and foreign exchange risk management with the objective to promote SMEs export capabilities.

For 2018, the Bank was able to support SMEs in their export start-up and expansion according to the targets set forth under its community development plan.



## Building of CG and CSR in Process Culture

To build CG and CSR culture, the Bank commenced with determination of common values with clearly-defined “desired CG and CSR behaviors” to ensure that the Bank’s human resources can efficiently support the achievement of its sustainability goals.

In 2018, the Bank revised its core values and desired behaviors to cover CG and CSR aspects in addition to the existing core values of “excellence” in regard to its operations and services. The revised common values are “**Excellence in Results, Customer Services, Collaboration and Teamwork, Integrity and Social Responsibility**” thus establishing a foundation for further development of CG and CSR culture.

Based on the revised common values, the top management and relevant department heads communicated with the staff members these common values as well as CG and CSR desirable behaviors to build awareness and understanding and encourage concrete practice organization-wide through such communication channels as internal public relations media, “Meet the President” activity held at the Bank’s head office, branches and overseas representative offices, and EXIM Team Building 2018 activity.

With regard to the achievement of values and desired behaviors promotion, the staff members expressed their satisfaction with the Bank’s communication of such issues and constituted a high level of awareness at the rate of over 99.7% of all staff members.



## CSR Activities

The Bank has cooperated with the public and private agencies as well as the stakeholders and applied its capabilities and resources to support the implementation of social activities aiming to improve the quality of life in economic, social and environmental aspects of the communities where the Bank's operations are located, and assist the underprivileged to have access to education enabling them to make a living and support their families in the future.

### “Life Capital” Project (7<sup>th</sup> Anniversary)

The Bank gives importance to the provision of education and career development opportunities for the disabled to enable self-reliance, and has supported education for the disabled through computer training course under the Life Capital project of the Foundation for Support and Development of Disabled Persons, Nonthaburi province, since 2012. In 2018, the Bank granted 10 scholarships in the total amount of 300,000 baht.



Under the 7<sup>th</sup> Year Life Capital project, the Bank also provided financial support for improvement of student dormitory building of the Foundation. Meanwhile, the Bank's management and staff members contributed funds for procurement of necessary items to improve the quality of life of the disabled who stay at the Foundation during the computer training course.

#### Performance

- Scholarships under the Life Capital project during 2012-2018 were granted to a total of 60 disabled persons.
- 37 disabled persons have been employed with: Average income per person of 10,511 baht/month, or a total annual income of 4,666,884 baht.
- 8 disabled persons are engaged in their own business or work as freelance.
- 5 disabled persons furthered their studies for a higher degree.
- 10 disabled persons who were granted scholarships in 2018 are on training and will complete their studies in 2019.





## “Caring for the Society” CSR Project

The Bank launched the “Caring for the Society” CSR project to provide scholarships to children and youths who have good academic record and behavior but lack funds and who are children of SMEs’ employees. The objective of the project is to enable youngsters to have more access to education opportunities, starting from the closest circles, i.e. families of SMEs’ employees. In 2018, a total of 65 children and youths were granted scholarships classified by level of education as listed below:

- Elementary education: 23 scholarships of 10,000 baht each
- Secondary or vocational education: 30 scholarships of 15,000 baht each
- University or high vocational education: 12 scholarships of 20,000 baht each

## “CCTV Network” Project of Office of Phayathai District

The Bank offered financial support of approximately 500,000 baht for the “CCTV Network” project of the Office of the Phayathai District to step up safety measures to protect life and properties of people on Phaholyothin Road.

### Performance

Bang Sue Metropolitan Police Station connected CCTV network systems of buildings in the area covering a distance of 750 meters, from Soi Phaholyothin 2 to Soi Phaholyothin 7 (Ari), to assure passers-by of more life and property safety.



## “Big Cleaning Day” Project

The Bank organized “Big Cleaning Day” activity in collaboration with the Office of Phayathai District, Bang Sue Metropolitan Police Station, SME Development Bank and Government Savings Bank to clean public space on both sides of Phaholyothin Road in Phayathai area. The project activities included cleaning of footpaths, painting of waysides, and tree branch trimming to make the area more pleasant and orderly as part of the Bank’s social and environment care on the auspicious occasion of the 66<sup>th</sup> Birthday Anniversary of His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun on July 28, 2018.



## Donation to Chakri Naruebodindra Medical Institute on the Occasion of EXIM Thailand’s 24<sup>th</sup> Anniversary

The Bank’s Management and employees in collaboration with the public and private agencies donated an amount of 1,000,000 baht to Ramathibodi Foundation, Chakri Naruebodindra Medical Institute on the occasion of the Bank’s 24<sup>th</sup> Anniversary to support the construction of large public hospitals and medical schools to promote more comprehensive and widespread provision of medical services to the general public.

## Newspaper Articles

The Bank prepared and presented feature articles and reports on international economic conditions, trade and investment, analysis and monitoring of global trade and investment trends and impacts on the Thai economy on the Bank's website and in business publications on a monthly basis, namely, Post Today newspaper, Prachachat Turakij newspaper and Finance & Banking journal to provide its customers, exporters, business operators and interested persons with news and information useful for business operations.

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## Monthly Food Offering to Monks

In 2018, the Bank invited management and staff members to offer food to monks as an act of merit on a monthly basis jointly with the staff members who were born in the respective month. The staff members were also invited to donate funds or buy souvenirs of Ramathibodi Foundation to support its purchase of medical equipment for Chakri Naruebodindra Medical Institute.

## EXIM E-NEWS (Monthly e-Newsletter)

At present, electronic media is the most popular communication channel among business operators. Thus, the Bank has made available electronically a monthly newsletter providing articles on analysis of international trade and investment direction and opportunities for Thai entrepreneurs, tips about international trade and financial risks, opportunities for trade and investment in high potential new frontier markets, interviews with successful business operators as well as news and activities of the Bank. The newsletter has been delivered by e-mail to over 16,000 subscribers consisting of the Bank's customers, business operators, members of the Federation of Thai Industries (FTI), members of the Thai Chamber of Commerce (TCC) and Board of Trade of Thailand, members of the Thai National Shippers' Council (TNSC) and interested members of the general public. The newsletter is also posted on the Bank's website, [www.exim.go.th](http://www.exim.go.th), and Facebook fan page, "EXIM Bank of Thailand".



## Report of the Audit Committee

The Audit Committee of Export-Import Bank of Thailand (EXIM Thailand) is composed of three directors who are independent and appointed by the Board of Directors as follows:

1. Order No. 030/2018 Re: Appointment of the Audit Committee of Export-Import Bank of Thailand given on February 22, 2018, effective from December 1, 2017 to September 30, 2018:

|                |                 |                                                |
|----------------|-----------------|------------------------------------------------|
| 1. Mr. Paiboon | Kittisrikangwan | Chairman<br>(December 1, 2017 - July 27, 2018) |
| 2. Dr. Vinaroj | Supsongsuk      | Member                                         |
| 3. Dr. Mas     | Tanyongmas      | Member                                         |

2. Order No. 137/2018 Re: Appointment of the Audit Committee of Export-Import Bank of Thailand given on October 12, 2018, effective from October 1, 2018 to October 24, 2018:

|                 |              |        |
|-----------------|--------------|--------|
| 1. Dr. Mas      | Tanyongmas   | Member |
| 2. Dr. Nattapol | Rangsitpol   | Member |
| 3. Miss Jariya  | Sutthichaiya | Member |

3. Order No. 183/2018 Re: Appointment of the Audit Committee of Export-Import Bank of Thailand (No. 2) given on November 14, 2018, effective from October 25, 2018 to present:

|                 |              |          |
|-----------------|--------------|----------|
| 1. Dr. Mas      | Tanyongmas   | Chairman |
| 2. Dr. Nattapol | Rangsitpol   | Member   |
| 3. Miss Jariya  | Sutthichaiya | Member   |

Head of Internal Audit Department is the secretary to the Committee.

The Audit Committee performs its duties within the scope of power and responsibilities assigned by EXIM Thailand's Board of Directors and in line with the Finance Ministerial Regulation regarding the Audit Committee and Internal Audit Department of State Enterprise, 2012 (B.E. 2555), the Internal Audit Manual for State Enterprises, the Ministry of Finance, and the Bank's Rules on the Audit Committee, 2014 (B.E. 2557), and reports the audit results and its recommendations to the Board of Directors on a quarterly basis.

In 2018, the Audit Committee convened five meetings and had regular meetings with the auditor and the management concerned. In addition, the Committee also held specific meetings with the Bank of Thailand's examiners and the auditor without participation of the Bank's management. The salient points are summarized as follows:

► **Financial Reports:** The Audit Committee reviewed the Bank's preparation and disclosure of material information in the quarterly and annual financial statements including observations from the auditor's review before submission to the Board of Directors. This is to ensure that the Bank's financial statements and disclosure

of financial information are accurate and reliable as appropriate in material aspects according to the generally accepted accounting principles.

► **Risk Management:** The Audit Committee reviewed and followed up on reports on the Bank's risk management performance, including reports on loss incidents incurred from the operational risk, credit review plans and reports to ensure that the Bank's risk management is appropriate and risk appetite is acceptable.

► **Internal Control and Audit:** The Audit Committee reviewed the results of internal control assessment and followed up on corrective actions taken in accordance with the Ministry of Finance's Standard and Criteria of Internal Control for State Enterprises, 2018 (B.E. 2561). The Committee also approved the annual strategic plan and audit plan, reviewed the internal audit charter and handbook, considered the independence of the Internal Audit Department, audit results and monitoring of the rectification of key issues, considered the performance of the Internal Audit Department executives, and endorsed the annual budget of the Internal Audit Department, to ensure the adequacy and efficiency of the Bank's internal control and audit system.

► **Regulatory Compliance:** The Audit Committee reviewed the Bank's regulatory compliance policy, work plan, reports and charter, as well as the status of lawsuits and legal actions. The Committee also acknowledged the results of audit by the Bank of Thailand and followed up on corrective measures taken to ensure the Bank's full compliance with relevant laws, rules, regulations, practice, notifications and orders relevant to its operation.

► **Connected Transactions or Transactions with Potential Conflict of Interests:** The Audit Committee reviewed connected transactions and transactions with potential conflict of interests or potential fraud that may affect the operation of the Bank to ensure that such transactions are made under normal business conditions in a reasonable and transparent manner and in compliance with relevant rules and regulations.

► **Quality of the Audit Committee:** The Audit Committee reviewed and improved the Bank's Rules on the Audit Committee and also performed self-assessment in line with the best practices of the State Enterprise Policy Office (SEPO), the Ministry of Finance, to ensure that the Audit Committee's performance is efficient and attains the objective of the Bank's Rules on the Audit Committee.

► **Auditor Remuneration:** EXIM Thailand is a state enterprise having the Office of the Auditor General of Thailand as its auditor. In 2018, the Audit Committee considered and submitted remuneration for the auditor to the Board of Directors for approval. The remuneration for the auditor in 2018 was 1,320,000.00 baht.

The Audit Committee has performed the assigned duties prudently and independently without restrictions on access to information. The Audit Committee agrees with the auditor that the Bank's financial statements and financial information disclosures are accurate and reliable in material aspects according to the generally accepted accounting principles. The Audit Committee is of the opinion that the Bank's internal control and audit, corporate governance, and risk management are adequate and effective with proper business operation in compliance with the applicable laws, rules and regulations.



(Dr. Mas Tanyongmas)  
Chairman of the Audit Committee

## Report of the Nomination and Remuneration Committee

The Board of Directors at its meeting no. 9/2017 held on September 28, 2017 appointed the Nomination and Remuneration Committee composed of Mr. Kamthorn Tatiyakavee as Chairman of the Committee, Mr. Adul Chotinisakorn and Mr. Arthayudh Srisamoot as Committee Members. Later, the Board of Directors' meeting no. 8/2018 held on August 30, 2018 appointed a new Nomination and Remuneration Committee, with replacement of Mr. Arthayudh Srisamoot due to the directorship change in the Board of Directors, and composed of Mr. Kamthorn Tatiyakavee as Chairman of the Committee, and Mr. Adul Chotinisakorn and Dr. Vilawan Mangklatanakul as Committee Members, with Head of Human Resources Department as secretary to the Committee.

The Nomination and Remuneration Committee has performed its duty in accordance with good corporate governance principles and within the scope of duties and responsibilities stated in the Nomination and Remuneration Committee Charter. These include

- ▶ Mapping out policy, criteria and methodology of top management nomination, selecting and proposing qualified nominees for top management posts.
- ▶ Formulating guidelines for performance evaluation, payment of remuneration and other benefits for top management.
- ▶ Considering human resources management and development policies and strategies, policy on payment of the Bank's overall remuneration and other benefits, as well as performing other tasks as assigned by the Board of Directors.

The results of the above undertakings are subsequently reported to the Board of Directors for further consideration and approval.

In 2018, 9 meetings of the Nomination and Remuneration Committee were convened to perform the following tasks:

1. Considering and scrutinizing the appointment of committees, namely Board of Executive Directors, Audit Committee, Corporate Governance and Social Responsibility Committee and Risk Management Committee.
2. Considering and scrutinizing the performance evaluation criteria and guidelines for the President and top management to support consideration of annual salary increase.
3. Considering and scrutinizing the appointment of assistants to the management of Corporate Finance 2.
4. Considering and scrutinizing the request for approval of the 2<sup>nd</sup> salary increase according to the salary structure.
5. Considering and scrutinizing guidelines for performance evaluation, payment of remuneration and other benefits for top management.
6. Considering and scrutinizing human resource management and development policy guidelines and strategies including policy on payment of remuneration and other benefits.

The Nomination and Remuneration Committee has performed its duties as assigned by the Board of Directors and has submitted reports of and recommendations from all of its meetings to the Board of Directors. This is to ensure that the Bank's human resources management and development will continue to consistently improve and help drive the Bank toward the efficient achievement of its targets.

(Mr. Kamthorn Tatiyakavee)

Chairman of the Nomination and Remuneration Committee

## 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, 2018.



**(Miss Suttirat Rattanachot)**  
Chairman



**(Mr. Pisit Serewiwattana)**  
President

## Auditor's Report

To : Minister of Finance

### Opinion

The State Audit Office of the Kingdom of Thailand has audited the financial statements of Export-Import Bank of Thailand (the Bank), which comprise the statement of financial position as at December 31, 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In the State Audit Office of the Kingdom of Thailand's opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

The State Audit Office of the Kingdom of Thailand conducted the audit in accordance with the State Audit Standards and Thai Standards on Auditing. The State Audit Office of the Kingdom of Thailand's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. The State Audit Office of the Kingdom of Thailand is independent of the Bank in accordance with the ethical requirements set out in the State Audit Standards issued by the State Audit Commission and the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that are relevant to the State Audit Office of the Kingdom of Thailand's audit of the financial statements, and the State Audit Office of the Kingdom of Thailand has fulfilled other ethical responsibilities in accordance with these requirements. The State Audit Office of the Kingdom of Thailand believes that the audit evidence the State Audit Office of the Kingdom of Thailand has obtained is sufficient and appropriate to provide a basis for the State Audit Office of the Kingdom of Thailand's opinion.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and auditor's report thereon. The annual report is expected to be made available to the State Audit Office of the Kingdom of Thailand after the date of this auditor's report.

The State Audit Office of the Kingdom of Thailand's opinion on the financial statements does not cover the other information and the State Audit Office of the Kingdom of Thailand will not express any form of assurance conclusion thereon.



In connection with the audit of the financial statements, the State Audit Office of the Kingdom of Thailand's responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or the State Audit Office of the Kingdom of Thailand's knowledge obtained in the audit, or otherwise appears to be materially misstated.

When the State Audit Office of the Kingdom of Thailand reads the annual report, if the State Audit Office of the Kingdom of Thailand concludes that there is a material misstatement therein, the State Audit Office of the Kingdom of Thailand is required to communicate the matter to those charged with governance.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting processes.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

The State Audit Office of the Kingdom of Thailand's objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes the State Audit Office of the Kingdom of Thailand's opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the State Audit Standards and Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the State Audit Standards and Thai Standards on Auditing, the State Audit Office of the Kingdom of Thailand exercises professional judgment and maintains professional skepticism throughout the audit. The State Audit Office of the Kingdom of Thailand also:

- ▶ Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the State Audit Office of the Kingdom of Thailand's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ▶ Obtains an understanding of internal control relevant to the audit 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 controls.

- ▶ Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- ▶ Concludes on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If the State Audit Office of the Kingdom of Thailand concludes that a material uncertainty exists, the State Audit Office of the Kingdom of Thailand is required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the State Audit Office of the Kingdom of Thailand's opinion. The State Audit Office of the Kingdom of Thailand's conclusions are based on the audit evidence obtained up to the date of the auditor's report of the State Audit Office of the Kingdom of Thailand. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- ▶ Evaluates the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The State Audit Office of the Kingdom of Thailand communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the State Audit Office of the Kingdom of Thailand identifies during the audit.

(Signed) *Thurdpong Pongsaksri*

(Mr. Thurdpong Pongsaksri)

Director of Financial and Procurement Audit Office No. 3

(Signed) *Sunita Charounsilpa*

(Miss Sunita Charounsilpa)

Auditor, Senior Professional Level

# Financial Statements and Notes to the Financial Statements



Export-Import Bank of Thailand

# Statement of Financial Position

As at December 31, 2018

Unit : Thousand Baht

|                                                                                            | Notes | December 31, 2018 | December 31, 2017 |
|--------------------------------------------------------------------------------------------|-------|-------------------|-------------------|
| <b>Assets</b>                                                                              |       |                   |                   |
| Cash                                                                                       |       | 183               | 1,177             |
| Interbank and money market items, net                                                      | 6.2   | 2,812,404         | 2,004,154         |
| Derivatives assets                                                                         | 6.3   | 243,729           | 347,994           |
| Investments, net                                                                           | 6.4   | 2,345,301         | 2,478,194         |
| Loans to customers and accrued interest receivables, net                                   | 6.5   |                   |                   |
| Loans to customers                                                                         |       | 108,588,565       | 88,600,613        |
| Accrued interest receivables                                                               |       | 349,926           | 249,957           |
| Total loans to customers and accrued interest receivables                                  |       | 108,938,491       | 88,850,570        |
| Less Deferred revenue                                                                      |       | (2,474)           | (2,416)           |
| Less Allowance for doubtful accounts                                                       | 6.6   | (9,223,266)       | (7,816,566)       |
| Less Revaluation allowance for debt restructuring                                          | 6.7   | (161,338)         | (99,244)          |
| Total loans to customers and accrued interest receivables, net                             |       | 99,551,413        | 80,932,344        |
| Loans to customers from public service account and accrued interest receivables, net       |       |                   |                   |
| Loans to customers from public service account                                             |       |                   |                   |
| Portion that is not subject to government compensation for damages                         |       | -                 | 3,285,266         |
| Accrued interest receivables from public service account                                   |       |                   |                   |
| Portion that is not subject to government compensation for damages                         |       | -                 | 1,463             |
| Total loans to customers from public service account and accrued interest receivables      |       | -                 | 3,286,729         |
| Less Allowance for doubtful accounts from public service account                           |       | -                 | (32,853)          |
| Total loans to customers from public service account and accrued interest receivables, net |       | -                 | 3,253,876         |
| Receivables eligible for government reimbursement                                          |       | -                 | 3,548             |
| Properties for sale, net                                                                   | 6.8   | 381,692           | 804,743           |
| Premises and equipment, net                                                                | 6.9   | 814,710           | 818,669           |
| Intangible assets, net                                                                     | 6.10  | 90,988            | 79,192            |
| Reinsurance assets                                                                         | 6.11  | 246,789           | 121,178           |
| Prepaid expenses                                                                           |       | 63,550            | 44,320            |
| Other assets, net                                                                          | 6.12  | 15,019            | 11,593            |
| Total assets                                                                               |       | 106,565,778       | 90,900,982        |

Notes to the financial statements are an integral part of these financial statements.

Export-Import Bank of Thailand

**Statement of Financial Position (Continued)**

As at December 31, 2018

Unit : Thousand Baht

|                                       | Notes | December 31, 2018 | December 31, 2017 |
|---------------------------------------|-------|-------------------|-------------------|
| <b>Liabilities and Equity</b>         |       |                   |                   |
| Deposits                              | 6.13  | 30,160,027        | 22,381,023        |
| Interbank and money market items, net | 6.14  | 18,886,853        | 16,107,643        |
| Liabilities payable on demand         |       | 160,196           | 471,351           |
| Derivatives liabilities               | 6.3   | 148,327           | 83,402            |
| Debt issued and borrowings            | 6.15  | 34,014,430        | 30,183,565        |
| Provisions                            | 6.16  | 247,211           | 233,593           |
| Accrued interest payables             |       | 435,710           | 279,170           |
| Reserves for insurance service        | 6.17  | 522,407           | 291,603           |
| Other liabilities                     | 6.18  | 816,351           | 525,228           |
| Total liabilities                     |       | 85,391,512        | 70,556,578        |
| <b>Equity</b>                         |       |                   |                   |
| Capital                               | 6.19  | 12,800,000        | 12,800,000        |
| Paid-up capital                       |       | 12,800,000        | 12,800,000        |
| Other components of equity            |       | (537)             | 483               |
| Retained earnings                     |       |                   |                   |
| Appropriated                          |       |                   |                   |
| Legal reserve                         |       | 7,183,000         | 6,502,000         |
| Unappropriated                        |       | 1,191,803         | 1,041,921         |
| Total equity                          |       | 21,174,266        | 20,344,404        |
| Total liabilities and equity          |       | 106,565,778       | 90,900,982        |

Notes to the financial statements are an integral part of these financial statements.

(Miss Suttirat Rattanachot)  
Chairman(Mr. Pisit Serewiwattana)  
President



Export-Import Bank of Thailand

# Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended December 31, 2018

Unit : Thousand Baht

|                                                                   | Notes  | 2018      | 2017      |
|-------------------------------------------------------------------|--------|-----------|-----------|
| Interest income                                                   | 6.25   | 4,917,233 | 3,996,899 |
| Interest expenses                                                 | 6.26   | 1,534,603 | 1,034,303 |
| Interest income, net                                              |        | 3,382,630 | 2,962,596 |
| Fees and service income                                           |        | 346,046   | 321,550   |
| Fees and service expenses                                         |        | 91,990    | 76,181    |
| Fees and service income, net                                      | 6.27   | 254,056   | 245,369   |
| Gain (Loss) on tradings and foreign exchange transactions, net    | 6.28   | (8,033)   | 52,345    |
| Gain (Loss) on investments, net                                   | 6.29   | 21,499    | (1,504)   |
| Other operating income                                            |        | 230,075   | 35,477    |
| Income from public service account                                | 6.32.2 | 30,539    | 236,250   |
| Total operating income                                            |        | 3,910,766 | 3,530,533 |
| Other operating expenses                                          |        |           |           |
| Employee's expenses                                               |        | 905,913   | 739,420   |
| Directors' remuneration                                           |        | 7,331     | 6,003     |
| Premises and equipment expenses                                   |        | 71,570    | 54,817    |
| Loss on claims and reserves for insurance service                 | 6.30   | 117,403   | 25,337    |
| Loss on impairment of properties for sale                         |        | 10,410    | 16,112    |
| Others                                                            |        | 206,551   | 234,986   |
| Total other operating expenses                                    |        | 1,319,178 | 1,076,675 |
| Expenses from public service account                              | 6.32.3 | 17,827    | 127,092   |
| Impairment loss of loans and debt securities                      | 6.31   | 1,208,434 | 966,607   |
| Net profit                                                        |        | 1,365,327 | 1,360,159 |
| Other comprehensive income (loss)                                 |        |           |           |
| Item that will be reclassified subsequently to profit or loss     |        |           |           |
| Gain (Loss) on remeasuring available-for-sale securities          |        | (1,020)   | (805)     |
| Item that will not be reclassified subsequently to profit or loss |        |           |           |
| Actuarial gain (loss) on defined benefit plans                    |        | 4,555     | (8,890)   |
| Total net other comprehensive income (loss)                       |        | 3,535     | (9,695)   |
| Total comprehensive income                                        |        | 1,368,862 | 1,350,464 |

Notes to the financial statements are an integral part of these financial statements.



(Miss Suttirat Rattanachot)  
Chairman



(Mr. Pisit Serewiwattana)  
President

Export-Import Bank of Thailand

**Statement of Changes in Equity**

For the Year Ended December 31, 2018

Unit : Thousand Baht

|                                  | Notes | Capital    | Other Components of Equity                   | Appropriated Retained Earnings | Unappropriated Retained Earnings | Total      |
|----------------------------------|-------|------------|----------------------------------------------|--------------------------------|----------------------------------|------------|
|                                  |       |            | Revaluation Surplus (Deficit) on Investments |                                |                                  |            |
| Balance as at January 1, 2017    |       | 12,800,000 | 1,288                                        | 5,850,000                      | 976,152                          | 19,627,440 |
| Legal reserve                    |       | -          | -                                            | 652,000                        | (652,000)                        | -          |
| Remittance as the public revenue |       | -          | -                                            | -                              | (633,500)                        | (633,500)  |
| Total comprehensive income       |       | -          | (805)                                        | -                              | 1,351,269                        | 1,350,464  |
| Balance as at December 31, 2017  |       | 12,800,000 | 483                                          | 6,502,000                      | 1,041,921                        | 20,344,404 |
| Balance as at January 1, 2018    |       | 12,800,000 | 483                                          | 6,502,000                      | 1,041,921                        | 20,344,404 |
| Legal reserve                    |       | -          | -                                            | 681,000                        | (681,000)                        | -          |
| Remittance as the public revenue | 6.20  | -          | -                                            | -                              | (539,000)                        | (539,000)  |
| Total comprehensive income       |       | -          | (1,020)                                      | -                              | 1,369,882                        | 1,368,862  |
| Balance as at December 31, 2018  |       | 12,800,000 | (537)                                        | 7,183,000                      | 1,191,803                        | 21,174,266 |

Notes to the financial statements are an integral part of these financial statements.

(Miss Suttirat Rattanachot)  
Chairman(Mr. Pisit Serewiwattana)  
President

Export-Import Bank of Thailand

# Statement of Cash Flows

For the Year Ended December 31, 2018

Unit : Thousand Baht

|                                                                                       | 2018         | 2017         |
|---------------------------------------------------------------------------------------|--------------|--------------|
| <b>Cash flows from operating activities</b>                                           |              |              |
| Net profit                                                                            | 1,365,327    | 1,360,159    |
| Adjustments to reconcile net profit to cash received (paid) from operating activities |              |              |
| Depreciation and amortization                                                         | 57,353       | 55,550       |
| Bad debts and doubtful accounts                                                       | 1,149,830    | 921,658      |
| Loss (Reversal) on debt restructuring                                                 | 102,858      | 114,642      |
| (Gain) Loss on disposal of assets                                                     | (449)        | 300          |
| Loss (Reversal) on impairment of properties for sale                                  | 10,410       | 16,112       |
| Loss (Gain) on foreign currency translation                                           | (547,013)    | (281,071)    |
| Derivative revaluation                                                                | 50,869       | 36,308       |
| Loss (Gain) on disposal of investments                                                | (21,746)     | (70)         |
| Loss (Reversal) on impairment of investments                                          | 247          | 1,574        |
| Amortization of premium (discount) on debt securities                                 | 6,962        | (2,961)      |
| Increase (Decrease) in provisions                                                     | 18,173       | 20,878       |
| Bad debts and provision for other receivables (reversal)                              | (67,709)     | (8,732)      |
| Loss on claims and reserves for insurance service (reversal)                          | 117,403      | 25,337       |
| Decrease (Increase) in accrued income                                                 | (3,468)      | 594          |
| Decrease (Increase) in other prepaid expenses                                         | (19,229)     | (4,793)      |
| Increase (Decrease) in other accrued expenses                                         | 40,353       | 4,727        |
|                                                                                       | 2,260,171    | 2,260,212    |
| Interest income, net                                                                  | (3,397,343)  | (3,085,640)  |
| Dividend income                                                                       | (778)        | (422)        |
| Proceeds from interest income                                                         | 4,811,348    | 4,182,151    |
| Interest paid                                                                         | (1,394,052)  | (1,111,643)  |
| Proceeds from dividend income                                                         | 778          | 422          |
| Income from operations before changes in operating assets and liabilities             | 2,280,124    | 2,245,080    |
| (Increase) Decrease in operating assets                                               |              |              |
| Interbank and money market items                                                      | (816,992)    | 1,245,412    |
| Loans to customers, net                                                               | (15,973,920) | (11,769,160) |
| Properties for sale, net                                                              | 427,460      | 28,263       |
| Reinsurance assets                                                                    | (41)         | -            |
| Other assets, net                                                                     | (19,457)     | (19,589)     |

Notes to the financial statements are an integral part of these financial statements.

Export-Import Bank of Thailand

**Statement of Cash Flows (Continued)**

For the Year Ended December 31, 2018

Unit : Thousand Baht

|                                                               | 2018        | 2017        |
|---------------------------------------------------------------|-------------|-------------|
| <b>Cash flows from operating activities</b>                   |             |             |
| Increase (Decrease) in operating liabilities                  |             |             |
| Deposits                                                      | 7,759,067   | 5,758,559   |
| Interbank and money market items                              | 2,694,062   | 4,650,724   |
| Liabilities payable on demand                                 | (310,256)   | 90,372      |
| Other liabilities                                             | 325,284     | 60,491      |
| Net cash provided by (used in) operating activities           | (3,634,669) | 2,290,152   |
| <b>Cash flows from investing activities</b>                   |             |             |
| Purchases of held-to-maturity debt securities                 | (4,300,000) | (3,600,000) |
| Proceeds from redemption of held-to-maturity debt securities  | 4,400,000   | 3,400,903   |
| Proceeds from disposal of general investments                 | 46,390      | 37,644      |
| Purchases of premises and equipment                           | (39,370)    | (40,006)    |
| Proceeds from disposal of premises and equipment              | 494         | 5,344       |
| Purchases of intangible assets                                | (26,194)    | (10,254)    |
| Net cash provided by (used in) investing activities           | 81,320      | (206,369)   |
| <b>Cash flows from financing activities</b>                   |             |             |
| Proceeds from debt issued and long-term borrowings            | 9,875,217   | 4,166,057   |
| Repayments of debt issued and long-term borrowings            | (5,783,862) | (5,618,720) |
| Remittance as the public revenue                              | (539,000)   | (633,500)   |
| Net cash provided by (used in) financing activities           | 3,552,355   | (2,086,163) |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | (994)       | (2,380)     |
| <b>Cash and cash equivalents at the beginning of the year</b> | 1,177       | 3,557       |
| <b>Cash and cash equivalents at the end of the year</b>       | 183         | 1,177       |

Notes to the financial statements are an integral part of these financial statements.

(Miss Suttirat Rattanachot)  
Chairman(Mr. Pisit Serewiwattana)  
President

Export-Import Bank of Thailand

# Notes to the Financial Statements

For the Year Ended December 31, 2018

## 1. General Information

Export-Import Bank of Thailand (“the Bank”) was established by the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), as amended (“Act”), with the objective to promote and support exports, imports, and investment, both domestic and overseas, for the purpose of national development by providing credit facilities, guarantee, risk insurance or other necessary services under the provisions of this Act. The Bank’s head office is located at 1193 Phaholyothin Road, Phayathai, Phayathai, Bangkok.

## 2. Basis of Preparation of the Financial Statements

### 2.1 Basis of Preparation of the Financial Statements

The financial statements have been 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. SorKorSor. 1/2559 dated June 29, 2016 regarding the Preparation and Announcement of the Financial Statements of Specialized Financial Institutions.

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

2.2.1 The Bank has adopted the revised Thai Financial Reporting Standards (TFRS), which are effective for the financial statements beginning on or after January 1, 2018 as follows:

|        |                |                                                                          |
|--------|----------------|--------------------------------------------------------------------------|
| TAS 1  | (Revised 2017) | Presentation of Financial Statements                                     |
| TAS 7  | (Revised 2017) | Statement of Cash Flows                                                  |
| TAS 8  | (Revised 2017) | Accounting Policies, Changes in Accounting Estimates and Errors          |
| TAS 10 | (Revised 2017) | Events after the Reporting Period                                        |
| TAS 16 | (Revised 2017) | Property, Plant and Equipment                                            |
| TAS 17 | (Revised 2017) | Leases                                                                   |
| TAS 18 | (Revised 2017) | Revenue                                                                  |
| TAS 19 | (Revised 2017) | Employee Benefits                                                        |
| TAS 20 | (Revised 2017) | Accounting for Government Grants and Disclosure of Government Assistance |
| TAS 21 | (Revised 2017) | The Effects of Changes in Foreign Exchange Rates                         |
| TAS 24 | (Revised 2017) | Related Party Disclosures                                                |



|          |                |                                                                                                   |
|----------|----------------|---------------------------------------------------------------------------------------------------|
| TAS 29   | (Revised 2017) | Financial Reporting in Hyperinflationary Economies                                                |
| TAS 34   | (Revised 2017) | Interim Financial Reporting                                                                       |
| TAS 36   | (Revised 2017) | Impairment of Assets                                                                              |
| TAS 37   | (Revised 2017) | Provisions, Contingent Liabilities and Contingent Assets                                          |
| TAS 38   | (Revised 2017) | Intangible Assets                                                                                 |
| TFRS 4   | (Revised 2017) | Insurance Contracts                                                                               |
| TFRS 13  | (Revised 2017) | Fair Value Measurement                                                                            |
| TFRIC 7  | (Revised 2017) | Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies |
| TFRIC 10 | (Revised 2017) | Interim Financial Reporting and Impairment                                                        |
| TFRIC 21 | (Revised 2017) | Levies                                                                                            |

Adopting the revised Thai Financial Reporting Standards (TFRS) mentioned above has no material impact on the Bank's financial statements.

2.2.2 The Federation of Accounting Professions had issued new and revised Thai Financial Reporting Standards (TFRS) as follows:

1) New and revised Thai Financial Reporting Standards (TFRS), which are effective for the financial statements beginning on or after January 1, 2019

|        |                |                                                                          |
|--------|----------------|--------------------------------------------------------------------------|
| TAS 1  | (Revised 2018) | Presentation of Financial Statements                                     |
| TAS 2  | (Revised 2018) | Inventories                                                              |
| TAS 7  | (Revised 2018) | Statement of Cash Flows                                                  |
| TAS 8  | (Revised 2018) | Accounting Policies, Changes in Accounting Estimates and Errors          |
| TAS 10 | (Revised 2018) | Events after the Reporting Period                                        |
| TAS 12 | (Revised 2018) | Income Taxes                                                             |
| TAS 16 | (Revised 2018) | Property, Plant and Equipment                                            |
| TAS 17 | (Revised 2018) | Leases                                                                   |
| TAS 19 | (Revised 2018) | Employee Benefits                                                        |
| TAS 20 | (Revised 2018) | Accounting for Government Grants and Disclosure of Government Assistance |
| TAS 21 | (Revised 2018) | The Effects of Changes in Foreign Exchange Rates                         |
| TAS 23 | (Revised 2018) | Borrowing Costs                                                          |
| TAS 24 | (Revised 2018) | Related Party Disclosures                                                |
| TAS 26 | (Revised 2018) | Accounting and Reporting by Retirement Benefit Plans                     |
| TAS 27 | (Revised 2018) | Separate Financial Statements                                            |

|         |                |                                                                                                      |
|---------|----------------|------------------------------------------------------------------------------------------------------|
| TAS 28  | (Revised 2018) | Investments in Associates and Joint Ventures                                                         |
| TAS 29  | (Revised 2018) | Financial Reporting in Hyperinflationary Economies                                                   |
| TAS 33  | (Revised 2018) | Earnings per Share                                                                                   |
| TAS 34  | (Revised 2018) | Interim Financial Reporting                                                                          |
| TAS 36  | (Revised 2018) | Impairment of Assets                                                                                 |
| TAS 37  | (Revised 2018) | Provisions, Contingent Liabilities and Contingent Assets                                             |
| TAS 38  | (Revised 2018) | Intangible Assets                                                                                    |
| TAS 40  | (Revised 2018) | Investment Property                                                                                  |
| TAS 41  | (Revised 2018) | Agriculture                                                                                          |
| TFRS 1  |                | First-time Adoption of Thai Financial Reporting Standards                                            |
| TFRS 2  | (Revised 2018) | Share-based Payment                                                                                  |
| TFRS 3  | (Revised 2018) | Business Combinations                                                                                |
| TFRS 4  | (Revised 2018) | Insurance Contracts                                                                                  |
| TFRS 5  | (Revised 2018) | Non-current Assets Held for Sale and Discontinued Operations                                         |
| TFRS 6  | (Revised 2018) | Exploration for and Evaluation of Mineral Resources                                                  |
| TFRS 8  | (Revised 2018) | Operating Segments                                                                                   |
| TFRS 10 | (Revised 2018) | Consolidated Financial Statements                                                                    |
| TFRS 11 | (Revised 2018) | Joint Arrangements                                                                                   |
| TFRS 12 | (Revised 2018) | Disclosure of Interests in Other Entities                                                            |
| TFRS 13 | (Revised 2018) | Fair Value Measurement                                                                               |
| TFRS 15 |                | Revenue from Contracts with Customers                                                                |
| TSIC 10 | (Revised 2018) | Government Assistance - No Specific Relation to Operating Activities                                 |
| TSIC 15 | (Revised 2018) | Operating Leases - Incentives                                                                        |
| TSIC 25 | (Revised 2018) | Income Taxes - Changes in the Tax Status of an Entity or its Shareholders                            |
| TSIC 27 | (Revised 2018) | Evaluating the Substance of Transactions Involving the Legal Form of a Lease                         |
| TSIC 29 | (Revised 2018) | Service Concession Arrangements: Disclosures                                                         |
| TSIC 32 | (Revised 2018) | Intangible Assets - Web Site Costs                                                                   |
| TFRIC 1 | (Revised 2018) | Changes in Existing Decommissioning, Restoration and Similar Liabilities                             |
| TFRIC 4 | (Revised 2018) | Determining whether an Arrangement contains a Lease                                                  |
| TFRIC 5 | (Revised 2018) | Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds |

|                         |                                                                                                   |
|-------------------------|---------------------------------------------------------------------------------------------------|
| TFRIC 7 (Revised 2018)  | Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies |
| TFRIC 10 (Revised 2018) | Interim Financial Reporting and Impairment                                                        |
| TFRIC 12 (Revised 2018) | Service Concession Arrangements                                                                   |
| TFRIC 14 (Revised 2018) | TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |
| TFRIC 17 (Revised 2018) | Distributions of Non-cash Assets to Owners                                                        |
| TFRIC 20 (Revised 2018) | Stripping Costs in the Production Phase of a Surface Mine                                         |
| TFRIC 21 (Revised 2018) | Levies                                                                                            |
| TFRIC 22 (Revised 2018) | Foreign Currency Transactions and Advance Consideration                                           |

2) New Thai Financial Reporting Standards (TFRS), which are effective for the financial statements beginning on or after January 1, 2020

|          |                                                             |
|----------|-------------------------------------------------------------|
| TAS 32   | Financial Instruments: Presentation                         |
| TFRS 7   | Financial Instruments: Disclosures                          |
| TFRS 9   | Financial Instruments                                       |
| TFRS 16  | Leases                                                      |
| TFRIC 16 | Hedges of a Net Investment in a Foreign Operation           |
| TFRIC 19 | Extinguishing Financial Liabilities with Equity Instruments |

The Bank has considered the impact of the above Thai Financial Reporting Standards (TFRS) and determined that they will have no material impact on the Bank's financial statements in the period of initial adoption, except for TAS 32 Financial Instruments: Presentation, TFRS 7 Financial Instruments: Disclosures, TFRS 9 Financial Instruments and TFRS 16 Leases that the Bank is presently considering the potential impact in the period of initial adoption.

### 3. Summary of Significant Accounting Policies

#### 3.1 Revenue Recognition

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 or operating expense is recognized as revenue from public service account on an accrual basis.

Income from export credit insurance, investment insurance and stand-by claims purchase agreement are recognized as fee and service income upon the services performed.

## 3.2 Expense Recognition

Interest expenses are recognized on an accrual basis.

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

## 3.3 Cash

Cash represents cash in hand and cash items under collection.

## 3.4 Derivatives

Derivatives are initially recognized at fair value on trade date and subsequently measured at fair value. The change in fair value is recognized as net gain (loss) on revaluation of derivatives which are presented as gain (loss) on tradings and foreign exchange transactions in statement of profit or loss and other comprehensive income.

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 that are acquired with the intention of holding in a short term in order to sell for profit taking from securities price changes are classified as held-for-trading investments and presented at fair value. Unrealized gain and loss from change in their fair value, and gain and loss on disposal of investments are recognized as net gain (loss) on tradings and foreign exchange transactions in the statement of profit or loss and other comprehensive income.

Investments in marketable debt or equity securities that are not classified as either held-for-trading investments, or held-to-maturity debt securities, are classified as available-for-sale investments and presented at fair value. The unrealized gain or loss from change in their fair value are recognized and presented through other comprehensive income (loss) and other components of equity. Upon disposal of the securities, such unrealized gain or loss will be reversed before recognition of gain or loss on disposal of the securities in the statement of profit or loss and other comprehensive income.

Investments in held-to-maturity debt securities are presented at amortized cost, net of allowance for impairment. Premiums or discounts on held-to-maturities debt securities are amortized using the effective interest rate method throughout their remaining maturity. Loss on impairment is charged to the statement of profit or loss and other comprehensive income. When the circumstances that caused the impairment loss are favorably resolved or improved, the impairment reversal is recognized. On reversal, the adjusted carrying amount of the asset may not exceed the carrying amount of the asset that would have been without the prior impairment loss.

Investments in non-marketable equity securities classified as general investments are presented at cost, net of allowance for impairment. Loss on impairment is recognized in the statement of profit or loss and other comprehensive income. The loss on impairment will be reversed, if there is no more indication on impairment.

Investments in mutual fund are presented at net asset value as of the reporting date. The change in net asset value is recognized in the statement of profit or loss and other comprehensive income.

The Bank recognizes the purchase and sale of 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 presented 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 based on the outstanding loan amount and the financial status, collateral, repayment ability of the individual borrowers and classification of loans 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. SorKorSor. 14/2559 dated October 11, 2016 regarding Regulations on Asset Classification and Provisioning of Specialized Financial Institutions. 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 flows from the debtor or the present value of expected cash flows 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), as amended, and loans which are covered by the export credit insurance.

Allowance for doubtful accounts established during the period are recognized as bad debt and doubtful accounts expense in the statement of profit or loss and other comprehensive income.

Bad debt written off is deducted from the allowance for doubtful accounts and bad debt recovered is recognized as income and is presented net of bad debt and doubtful accounts expenses in the statement of profit or loss and other 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 recognizes loss on debt restructuring as expenses in the statement of profit or loss and other comprehensive income in the relevant accounting period.

### 3.9 Properties for Sale

Properties for sale consist of movable and immovable properties, acquired as debt settlement and from purchase at a court-ordered auction sale, which are stated at the lower of cost or fair value less allowance for impairment. Loss on impairment or reversal of loss on impairment is recognized as other operating expenses or income in the statement of profit or loss and other comprehensive income.

Gain or loss on disposal of properties for sale is recognized as other operating income or expenses in the statement of profit or loss and other comprehensive income upon disposal.

The Bank regularly appraises properties for sale by external appraisers on a yearly basis.

### 3.10 Premises, Equipment and Depreciations

Premises and equipment are presented at cost less accumulated depreciation and allowance for asset impairment (if any).

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

|                        |             |
|------------------------|-------------|
| - Buildings            | 20-50 years |
| - Building improvement | 10 years    |
| - Equipment            | 3-5 years   |

Gain or loss on disposal of premises and equipment is recognized as other operating income or expenses in the statement of profit or loss and other comprehensive income upon disposal.

### 3.11 Intangible Assets

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

Gain or loss on disposal of intangible assets is recognized as other operating income or expenses in the statement of profit or loss and other comprehensive income upon disposal.

### 3.12 Leaseholds Rights

Leaseholds rights are presented at cost less accumulated amortization. Amortization is calculated by the straight-line method, based on the lease period, which is between 3-20 years. Amortization is recognized as other operating expenses in the statements of profit or loss and other comprehensive income.

### 3.13 Assets and Liabilities in Foreign Currencies

#### 3.13.1 Functional Currency and Presentation Currency

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

#### 3.13.2 Translation of Foreign Currencies

The Bank translates items denominated in foreign currencies arising during the period into Thai Baht at the exchange rate prevailing at the transaction date and the foreign currency balances of monetary assets and liabilities at the reference exchange rate announced by the Bank of Thailand as at the reporting date. Gain or loss on translation of foreign currencies is recognized and presented as gain (loss) on trading and foreign exchange transactions, net.

### 3.14 Export Credit Insurance Services and Reserves

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

Reserves for export credit insurance are as follows:

- 1) Reserves for future claims against the export credit insurance policies

The Bank would make reserves for future claims against the export credit insurance policies at the rate of 1% of the amount of export bills insured outstanding not yet claimed.

- 2) Reserves for the pending insurance claims payable

The Bank would make reserves for the pending insurance claims payable at the rate of 50% of the exposures.

- 3) Allowance for doubtful accounts on the compensated claims

The Bank would make allowance for doubtful accounts on 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 flows from the debtors after deduction of cash flow payable to reinsurer.

In case of any loss 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), as amended.

### 3.15 Investment Insurance Services and Reserves

Investment insurance services are recorded as the contingent liabilities from investment insurance, which are off-the statement 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.

Reserves for investment insurance are as follows:

1) Reserves for future claims against the investment insurance policies

The Bank would make reserves 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.

2) Reserves for the pending insurances claims payable

The Bank would make reserves for the pending insurance claims payable at the rate of 50% of the exposures.

3) Allowance for doubtful accounts on the compensated claims

The Bank would make allowance for doubtful accounts on 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 flows from the debtors after deduction of cash flow payable to reinsurer.

In case of any loss 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), as amended.

### 3.16 Stand-by Claims Purchase Agreement Services and Reserves

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

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

1) Reserves for the future service claims against the stand-by claims purchase agreement policies

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

2) Reserves for the pending claims payable

The Bank would make reserves for the pending claims of such stand-by claims purchase agreement service at the rate of 50% of the exposures.

3) Allowance for doubtful accounts on the paid purchase under the stand-by claims purchase agreement services

The Bank would make allowance for doubtful accounts on 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 flows from the debtors after deduction of cash flow payable to reinsurer.

### 3.17 Provisions

The Bank recognizes provisions in the statement of financial position, when the Bank has obligations arising from past events, which it becomes probable that an outflow of resources embodying economic benefits will be required to settle this obligation, and the amount can be reliably determined. The provisions recognized in the statement of financial position include the provisions for contingent liabilities, the provision for the employee benefits and other provisions.

### 3.18 Post-Employment Benefits

#### 3.18.1 Defined Contribution Plans

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 external fund manager.

Contributions to the employee provident fund are made under the rule of "The Registered Provident Fund of Export-Import Bank of Thailand's Employee". Employees contribute to the provident fund at 3-15% of salary and the Bank's supplemental contribution is at 5.5-10% of employee's salary according to the years of employment. Upon termination of employment, employees are entitled to receive this benefit.

#### 3.18.2 Defined Benefit Plans

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 calculating present value of the cash flows of employee benefits to be paid in the future. The calculation is based on the Projected Unit Credit Method (an actuarial technique). The Components of this calculation include employee's salaries, turnover rate, years of service and other related factors, and the discount rate being the government bond yield as disseminated by the ThaiBMA. The employee benefits are presented as part of provisions in the statement of financial position.

The actuarial gain or loss is recognized in other comprehensive income and recorded directly to the retained earnings in the period in which they arise.

### 3.19 Appropriation of Annual Net Profit

Section 27 of the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), as amended, 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 as the public revenue.

## 4. Risk Management

### 4.1 Risk Profile

#### 4.1.1 Credit Risk

The Bank has managed credit risk arising from failure by a debtor or counterparty to perform in compliance with the agreement relating to credit provision, investment and incurrence of commitments (including export credit and investment insurance). It is aimed to ensure that the quality of the Bank's credit and export credit and investment insurance is in line with that required by the relevant laws and regulations and within an acceptable risk level. A particular emphasis is put on credit extension in accordance with the government policy including Public Service Account (PSA) and promotion of international trade to enhance competitiveness of Thai exporters and importers, oversea investment, and domestic investment with a view to national development in line with the Bank's objectives.

In addition, to better respond to clients' demand, the Bank may also provide specific credit under certain economic or industrial circumstances and within appropriate risk management framework.

The Bank has clearly determined the parties responsible for the credit process under the principle of three lines of defence whereby functional duties and responsibilities are assigned to (1) perform credit transactions, (2) manage risks associated with credit transactions, and (3) examine credit transactions. The persons in charge and the delegation of duties in relation to the credit process are as follows:

#### (1) Perform credit transactions (First Line of Defence) comprising:

- Credit analysis: The person in charge analyzes credit line, financial data and other necessary information, in order to assess the borrower's status and repayment ability, and screens and concludes risk issues before submission to the approval authority.
- Approval of credit transactions also including debt restructuring: The Board of Directors considers and approves the structure, composition and authority in credit underwriting and approval as well as debt correction of each committee. The persons with approval authority shall have appropriate qualifications, i.e. relevant expertise and experience, capability to use reasonable judgment, etc.
- Post-approval process and verification of post-approval proceeding: The person in charge reviews the post-approval operation, e.g. legal documentation, collateral registration to ensure compliance with credit approval conditions, payment or incurrence of commitment to ensure accuracy and completeness, etc.

#### (2) Manage risks associated with credit transactions (Second Line of Defence):

The person in charge follows up and reports risks associated with credit transaction such as credit transaction information, quality of credit and insurance portfolio, and operational performance as well as other financial data, etc. for use to support the Bank's administration and credit risk management.

#### (3) Examine credit transactions (Third Line of Defence):

The person in charge examines credit transactions and operations to ensure compliance with the relevant laws, rules and regulations and reports the result of which directly to the Audit Committee.



#### 4.1.2 Market Risk

The Bank has established a market risk management policy, which is reviewed annually, for use as its guidelines to ensure sound market risk management.

The Bank's major market risk can be classified into three types as follows:

1. Interest Rate Risk

It refers to the 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-statement of financial position items, which are rate-sensitive items that could affect the Bank's net interest income (NII), market value of its trading account items, and other income and expense items associated with interest rates.

2. Foreign Exchange Rate Risk

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

3. Equity Price Risk

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

In this regard, the Bank focuses on implementing the strategy of managing market risk with appropriate costs and returns taken into account. There is clear segregation of authority and delegation of authority among business units relating to market risk management. The Bank has defined and delegated approval authority together with relevant criteria in writing, as well as designated the use of market risk assessment, monitoring and management approaches that cover both banking book and trading book positions in alignment with the complexity of the respective transactions so as to ensure that the Bank's market risk is contained within the acceptable level in line with and in response to the public-sector equity holder and the Bank's vision and mission.

#### 4.1.3 Liquidity Risk

The Bank has established a liquidity risk management policy, which is reviewed on a yearly basis, 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 at unacceptable finance costs, 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 inability to mitigate or offset risk with the assets it is holding, forcing it to dispose of the assets at prices lower than the acquisition cost due to low liquidity of the assets or market liquidity shortage.

The Bank has managed liquidity with proper acquisition and distribution of short-, medium-, and long-term borrowings that match the respective asset structure. Major applications of funds are credit provision to debtors and investment in liquid assets, while sources of funds are mainly from fund raising or issuance of financial instruments both onshore and offshore such as US dollar bond issue under Euro Medium Term Note (EMTN) program, as well as maintaining connection with business partners that are its funding sources on a regular and consistent basis as part of its liquidity management.

In 2018, the Bank maintained liquidity position to serve its net fund requirement at the level higher than its internal criteria and average liquid assets higher than that required by the Bank of Thailand. Main liquid assets held by the Bank included government bonds, Bank of Thailand bonds, and treasury bills. Holding of liquid assets has been reviewed as appropriate to sufficiently accommodate settlements of debts and obligations, and ensure smooth operation under both normal and crisis situations. Moreover, report on liquidity position and operation result of which has been made on a regular basis.

The Bank has conducted liquidity stress testing on a quarterly basis in three scenarios comprising 1. institution-specific crisis, 2. market-wide crisis, and 3. combination of institution-specific and market-wide crises. It has also identified specific risk factors, both internally and externally, that may affect its liquidity according to the Bank of Thailand's guidelines. In addition, a liquidity contingency plan has been worked out to safeguard the Bank against any liquidity crisis. The plan outlines the roles, duties and responsibilities of the management and business units concerned, early warning signal, and the execution process to timely cope with the stress conditions.

As at December 31, 2018 and 2017, the Bank had significant asset and liability items classified by maturity as follows:

Unit : Million Baht

|                                       | December 31, 2018 |             |            | December 31, 2017 |             |           |
|---------------------------------------|-------------------|-------------|------------|-------------------|-------------|-----------|
|                                       | 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 | 2,812.40          | -           | 2,812.40   | 2,004.15          | -           | 2,004.15  |
| Investments, net                      | 2,336.13          | 9.17        | 2,345.30   | 2,443.10          | 35.09       | 2,478.19  |
| Loans                                 | 47,695.50         | 60,893.07   | 108,588.57 | 36,241.68         | 55,644.20   | 91,885.88 |
| Total                                 | 52,844.03         | 60,902.24   | 113,746.27 | 40,688.93         | 55,679.29   | 96,368.22 |
| <b>Liabilities</b>                    |                   |             |            |                   |             |           |
| Deposits                              | 29,563.53         | 596.50      | 30,160.03  | 21,381.02         | 1,000.00    | 22,381.02 |
| Interbank and money market items, net | 7,139.23          | 11,747.62   | 18,886.85  | 4,710.23          | 11,397.41   | 16,107.64 |
| Debt issued and borrowings            | 5,706.34          | 28,308.09   | 34,014.43  | 5,735.14          | 24,448.42   | 30,183.56 |
| Total                                 | 42,409.10         | 40,652.21   | 83,061.31  | 31,826.39         | 36,845.83   | 68,672.22 |

## 4.2 Fair Value of Financial Instruments

Unit : Million Baht

|                                                          | December 31, 2018 |            | December 31, 2017 |            |
|----------------------------------------------------------|-------------------|------------|-------------------|------------|
|                                                          | Book Value        | Fair Value | Book Value        | Fair Value |
| Financial assets                                         |                   |            |                   |            |
| Cash                                                     | 0.18              | 0.18       | 1.18              | 1.18       |
| Interbank and money market items, net                    | 2,812.40          | 2,812.40   | 2,004.15          | 2,004.15   |
| Derivatives assets                                       | 243.73            | 243.73     | 347.99            | 347.99     |
| Investments, net                                         | 2,345.30          | 2,345.00   | 2,478.19          | 2,478.44   |
| Loans to customers and accrued interest receivables, net | 99,551.41         | 99,551.41  | 84,186.22         | 84,186.22  |
| Total financial assets                                   | 104,953.02        | 104,952.72 | 89,017.73         | 89,017.98  |
| Financial liabilities                                    |                   |            |                   |            |
| Deposits                                                 | 30,160.03         | 30,160.03  | 22,381.02         | 22,381.02  |
| Interbank and money market items, net                    | 18,886.85         | 18,886.85  | 16,107.64         | 16,107.64  |
| Liabilities payable on demand                            | 160.19            | 160.19     | 471.35            | 471.35     |
| Derivatives liabilities                                  | 148.33            | 148.33     | 83.40             | 83.40      |
| Debt issued and borrowings                               | 34,014.43         | 34,014.43  | 30,183.56         | 30,183.56  |
| Total financial liabilities                              | 83,369.83         | 83,369.83  | 69,226.97         | 69,226.97  |

## 4.3 Capital Adequacy under the Ministerial Regulations and Basel II Standard

### 4.3.1 Capital under the Ministerial Regulations

As at December 31, 2018, the Bank was able to maintain capital adequacy ratio (CAR) at 18.10%, 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 was at 85.38%, 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, 2018 | December 31, 2017 |
|--------------------------------------------------------|-------------------------|-------------------|-------------------|
| 1. Capital*                                            |                         | 20,106.98         | 19,251.82         |
| 2. Risk assets**                                       |                         | 111,096.07        | 90,353.75         |
| 3. Insurance service contingent liabilities            |                         | 23,549.16         | 17,609.58         |
| 4. Capital to risk assets                              | Not less than 8%        | 18.10%            | 21.31%            |
| 5. Capital to insurance service contingent liabilities | Not less than 20%       | 85.38%            | 109.33%           |

Remarks : \* Capital under the Ministerial Regulations includes only Tier 1 capital.

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

### 4.3.2 Capital under Basel II Standard

As at December 31, 2018 and 2017, the Bank's capital adequacy ratio under Basel II standard were as follows:

## Capital Structure Based on Basel II Standard

Unit : Million Baht

|                                                                                        | December 31, 2018 | December 31, 2017 |
|----------------------------------------------------------------------------------------|-------------------|-------------------|
| Tier 1 Capital                                                                         |                   |                   |
| Paid-up capital                                                                        | 12,800.00         | 12,800.00         |
| Legal reserve                                                                          | 7,183.00          | 6,502.00          |
| Net income (loss) after appropriation                                                  | 123.98            | (50.18)           |
| Total Tier 1 Capital                                                                   | 20,106.98         | 19,251.82         |
| Tier 2 Capital                                                                         |                   |                   |
| Provision for asset classification as normal                                           | 1,687.16          | 1,403.82          |
| <u>Add</u> Revaluation surplus on investments in available-for-sale equity securities  | -                 | 0.22              |
| Total Tier 2 Capital                                                                   | 1,687.16          | 1,404.04          |
| Total capital                                                                          | 21,794.14         | 20,655.86         |
| <u>Less</u> Revaluation deficit on investments in available-for-sale equity securities | (0.54)            | -                 |
| Total capital under Basel II standard                                                  | 21,793.60         | 20,655.86         |

## Capital Adequacy Ratio

|                               | December 31, 2018 | December 31, 2017 |
|-------------------------------|-------------------|-------------------|
| Tier 1 capital adequacy ratio | 14.90%            | 17.14%            |
| Total capital adequacy ratio  | 16.15%            | 18.39%            |

Unit : Million Baht

|                                                                                               | December 31, 2018 | December 31, 2017 |
|-----------------------------------------------------------------------------------------------|-------------------|-------------------|
| Total capital after deducting capital add-on arising from single lending limit                | 21,157.81         | 19,920.13         |
| Total capital adequacy ratio after deducting capital add-on arising from single lending limit | 15.68%            | 17.74%            |

## 5. Estimates and Assumptions

In preparation of the financial statements in conformity with Thai Financial Reporting Standards, the Bank has to set up estimates and assumptions that affect the application of accounting policies, the reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities. 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 Flows

Significant non-cash items for the years ended December 31, 2018 and 2017 were as follows:

Unit : Million Baht

|                                                                     | December 31, 2018 | December 31, 2017 |
|---------------------------------------------------------------------|-------------------|-------------------|
| Increase (Decrease) in revaluation surplus on investments in equity | (1.02)            | (0.81)            |
| Increase in properties for sale from loan payment                   | 14.82             | 3.64              |



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

Unit : Million Baht

|                                             | December 31, 2018 |          |          | December 31, 2017 |          |          |
|---------------------------------------------|-------------------|----------|----------|-------------------|----------|----------|
|                                             | Demand            | Time     | Total    | Demand            | Time     | Total    |
| Domestic items                              |                   |          |          |                   |          |          |
| Bank of Thailand                            | 24.22             | -        | 24.22    | 18.84             | 160.00   | 178.84   |
| Commercial banks                            | 203.80            | 1,420.00 | 1,623.80 | 172.06            | 972.17   | 1,144.23 |
| Specialized financial institutions          | 0.45              | -        | 0.45     | 0.75              | -        | 0.75     |
| Total                                       | 228.47            | 1,420.00 | 1,648.47 | 191.65            | 1,132.17 | 1,323.82 |
| <u>Add</u> Accrued interest receivables     | -                 | -        | -        | -                 | 0.06     | 0.06     |
| <u>Less</u> Allowance for doubtful accounts | -                 | (14.20)  | (14.20)  | -                 | (9.72)   | (9.72)   |
| Total domestic items                        | 228.47            | 1,405.80 | 1,634.27 | 191.65            | 1,122.51 | 1,314.16 |
| Foreign items                               |                   |          |          |                   |          |          |
| US Dollars                                  | 458.64            | 625.75   | 1,084.39 | 117.92            | 461.90   | 579.82   |
| Yen                                         | 13.29             | -        | 13.29    | 32.29             | -        | 32.29    |
| Euro                                        | 26.85             | -        | 26.85    | 22.97             | -        | 22.97    |
| Other currencies                            | 53.53             | -        | 53.53    | 54.88             | -        | 54.88    |
| Total                                       | 552.31            | 625.75   | 1,178.06 | 228.06            | 461.90   | 689.96   |
| <u>Add</u> Accrued interest receivables     | -                 | 0.07     | 0.07     | -                 | 0.03     | 0.03     |
| Total foreign items                         | 552.31            | 625.82   | 1,178.13 | 228.06            | 461.93   | 689.99   |
| Total domestic and foreign items            | 780.78            | 2,031.62 | 2,812.40 | 419.71            | 1,584.44 | 2,004.15 |

## 6.3 Derivatives

As at December 31, 2018 and 2017, all derivatives were held for trading. The fair value and notional amount classified by type of risk were as follows:

Unit : Million Baht

| Type of Risk  | December 31, 2018 |             |                 |
|---------------|-------------------|-------------|-----------------|
|               | Fair Value        |             | Notional Amount |
|               | Assets            | Liabilities |                 |
| Exchange rate | 102.67            | 109.59      | 17,440.84       |
| Interest rate | 141.06            | 38.74       | 4,100.00        |
| Total         | 243.73            | 148.33      | 21,540.84       |

Unit : Million Baht

| Type of Risk  | December 31, 2017 |             |                 |
|---------------|-------------------|-------------|-----------------|
|               | Fair Value        |             | Notional Amount |
|               | Assets            | Liabilities |                 |
| Exchange rate | 122.55            | 27.07       | 9,571.00        |
| Interest rate | 225.44            | 56.33       | 4,100.00        |
| Total         | 347.99            | 83.40       | 13,671.00       |

As at December 31, 2018 and 2017, the proportions of derivative transactions classified by type of counterparty based on the notional amount were as follows:

| Counterparty           | December 31, 2018 | December 31, 2017 |
|------------------------|-------------------|-------------------|
| Financial institutions | 86.26%            | 74.51%            |
| Third parties          | 13.74%            | 25.49%            |
| Total                  | 100.00%           | 100.00%           |

## 6.4 Investments, Net

### 6.4.1 Available-for-Sale Securities

Unit : Million Baht

|                                       | December 31, 2018 | December 31, 2017 |
|---------------------------------------|-------------------|-------------------|
|                                       | Fair Value        | Fair Value        |
| Domestic marketable equity securities | 0.54              | 1.55              |

### 6.4.2 Held-to-Maturity Debt Securities

Unit : Million Baht

|                                            | December 31, 2018   | December 31, 2017   |
|--------------------------------------------|---------------------|---------------------|
|                                            | Cost/Amortized Cost | Cost/Amortized Cost |
| Government and state enterprise securities | 2,336.13            | 2,443.10            |

### 6.4.3 General Investments

Unit : Million Baht

|                                           | December 31, 2018 | December 31, 2017 |
|-------------------------------------------|-------------------|-------------------|
|                                           | Cost              | Cost              |
| Domestic non-marketable equity securities | 26.31             | 26.31             |
| Mutual funds                              |                   |                   |
| - Thailand Prosperity Fund 2 (TTPF2)      | -                 | 24.65             |
| - Vayupak Fund 1 (VAYU1)                  | 1.00              | 1.00              |
| Others                                    | 0.39              | 0.41              |
| Total                                     | 27.70             | 52.37             |
| <u>Less</u> Allowance for impairment      | (19.07)           | (18.83)           |
| Total                                     | 8.63              | 33.54             |
| Total investments, net                    | 2,345.30          | 2,478.19          |

## 6.5 Loans to Customers and Accrued Interest Receivables, Net

### 6.5.1 Classified by Type of Loan

Unit : Million Baht

|                                                                                       | December 31, 2018 | December 31, 2017 |
|---------------------------------------------------------------------------------------|-------------------|-------------------|
| Overdrafts                                                                            | 291.66            | 321.91            |
| Domestic loans - customers                                                            | 77,419.49         | 59,442.37         |
| - export bills negotiation                                                            | 698.17            | 614.58            |
| - staff loans                                                                         | 269.62            | 260.87            |
| Overseas loans - foreign government agencies                                          | 1,096.34          | 1,160.35          |
| - customers operating overseas                                                        | 28,791.17         | 26,798.67         |
| Others                                                                                | 22.11             | 1.86              |
| Total loans to customers                                                              | 108,588.56        | 88,600.61         |
| <u>Less</u> Deferred revenue                                                          | (2.47)            | (2.42)            |
| Total loans to customers, net of deferred revenue                                     | 108,586.09        | 88,598.19         |
| <u>Add</u> Accrued interest receivables                                               | 349.92            | 249.96            |
| Total loans to customers and accrued interest receivables,<br>net of deferred revenue | 108,936.01        | 88,848.15         |
| <u>Less</u> Allowance for doubtful accounts                                           |                   |                   |
| - Minimum allowance by BOT's regulations (Individual approach)                        | (4,411.03)        | (3,361.33)        |
| - Excess allowance                                                                    | (4,812.24)        | (4,455.24)        |
| <u>Less</u> Revaluation allowance for debt restructuring                              | (161.33)          | (99.24)           |
| Total loans to customers, net                                                         | 99,551.41         | 80,932.34         |

Overseas loans to foreign government agencies, extended in accordance with the Thai government monetary and fiscal policy, but not defined as loans to customers from public service account, were as follows:

Unit : Million Baht

|                                                                                                         | December 31, 2018 | December 31, 2017 |
|---------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Loan for National Road No. 67 Construction Project<br>(Anlong Veng - Siem Reap) The Kingdom of Cambodia | 1,096.34          | 1,160.35          |

### 6.5.2 Classified by Currency and Residency

Unit : Million Baht

|                  | December 31, 2018 |           |            | December 31, 2017 |           |           |
|------------------|-------------------|-----------|------------|-------------------|-----------|-----------|
|                  | Domestic          | Foreign   | Total      | Domestic          | Foreign   | Total     |
| Baht             | 58,339.32         | 11,584.94 | 69,924.26  | 44,224.24         | 10,672.12 | 54,896.36 |
| US Dollar        | 15,779.77         | 17,821.64 | 33,601.41  | 12,944.97         | 17,286.89 | 30,231.86 |
| Other currencies | 4,579.48          | 480.94    | 5,060.42   | 3,469.97          | -         | 3,469.97  |
| Total*           | 78,698.57         | 29,887.52 | 108,586.09 | 60,639.18         | 27,959.01 | 88,598.19 |

\* Total loans to customers, net of deferred revenue in Note 6.5.1

### 6.5.3 Classified by Business Type and Loan Classification

Unit : Million Baht

|                               | December 31, 2018 |                 |              |          |                  |            |
|-------------------------------|-------------------|-----------------|--------------|----------|------------------|------------|
|                               | Normal            | Special Mention | Sub-standard | Doubtful | Doubtful of Loss | Total      |
| Agriculture and mining        | 3,750.40          | 0.50            | -            | -        | 330.66           | 4,081.56   |
| Manufacturing and commercial  | 42,612.72         | 554.62          | 537.81       | 249.70   | 2,916.38         | 46,871.23  |
| Real estate and construction  | 4,394.55          | -               | -            | -        | 41.20            | 4,435.75   |
| Public utilities and services | 46,889.45         | 5,392.98        | -            | 0.02     | 27.16            | 52,309.61  |
| Others                        | 887.94            | -               | -            | -        | -                | 887.94     |
| Total *                       | 98,535.06         | 5,948.10        | 537.81       | 249.72   | 3,315.40         | 108,586.09 |

\* Total loans to customers, net of deferred revenue in Note 6.5.1

Unit : Million Baht

|                               | December 31, 2017 |                 |              |          |                  |           |
|-------------------------------|-------------------|-----------------|--------------|----------|------------------|-----------|
|                               | Normal            | Special Mention | Sub-standard | Doubtful | Doubtful of Loss | Total     |
| Agriculture and mining        | 3,614.45          | 0.53            | -            | 330.66   | -                | 3,945.64  |
| Manufacturing and commercial  | 34,287.07         | 155.46          | 50.34        | 121.79   | 2,627.86         | 37,242.52 |
| Real estate and construction  | 1,661.25          | 21.81           | -            | -        | 39.40            | 1,722.46  |
| Public utilities and services | 44,695.32         | -               | -            | -        | 114.61           | 44,809.93 |
| Others                        | 877.64            | -               | -            | -        | -                | 877.64    |
| Total *                       | 85,135.73         | 177.80          | 50.34        | 452.45   | 2,781.87         | 88,598.19 |

\* Total loans to customers, net of deferred revenue in Note 6.5.1

#### 6.5.4 Classified by Loan Classification

Unit : Million Baht

|                                              | December 31, 2018                      |                                                                    |                            |                                 |
|----------------------------------------------|----------------------------------------|--------------------------------------------------------------------|----------------------------|---------------------------------|
|                                              | 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 regulations    |                                        |                                                                    |                            |                                 |
| Normal                                       | 98,832.17                              | 97,071.49                                                          | 1, 36, 100                 | 1,549.02                        |
| Special mention                              | 6,000.91                               | 5,725.83                                                           | 2, 25, 36, 100             | 311.61                          |
| Substandard                                  | 537.81                                 | 203.22                                                             | 100                        | 203.22                          |
| Doubtful                                     | 249.71                                 | 211.47                                                             | 100                        | 211.47                          |
| Doubtful of loss                             | 3,315.41                               | 2,135.71                                                           | 100                        | 2,135.71                        |
| Total minimum allowance by BOT's regulations | 108,936.01                             | 105,347.72                                                         |                            | 4,411.03                        |
| 2. Excess allowance                          | -                                      | -                                                                  |                            | 4,812.24                        |
| Total**                                      | 108,936.01                             | 105,347.72                                                         |                            | 9,223.27                        |

\*\* Total loans to customers and accrued interest receivables, net of deferred revenue in Note 6.5.1



Unit : Million Baht

|                                           | December 31, 2017                            |                                                                                   |                                  |                                       |
|-------------------------------------------|----------------------------------------------|-----------------------------------------------------------------------------------|----------------------------------|---------------------------------------|
|                                           | Loans and<br>Accrued Interest<br>Receivables | Net Amount<br>Subject to<br>Allowance for<br>Doubtful<br>Accounts<br>Provisioning | Minimum<br>Provision<br>Rate (%) | Allowance<br>for Doubtful<br>Accounts |
| 1. Minimum allowance by BOT's regulations |                                              |                                                                                   |                                  |                                       |
| Normal                                    | 85,384.84                                    | 83,081.54                                                                         | 1, 36, 100                       | 1,231.92                              |
| Special mention                           | 178.65                                       | 177.80                                                                            | 2, 36                            | 4.28                                  |
| Substandard                               | 50.34                                        | 42.00                                                                             | 100                              | 42.00                                 |
| Doubtful                                  | 452.45                                       | 396.89                                                                            | 100                              | 396.89                                |
| Doubtful of loss                          | 2,781.87                                     | 1,686.24                                                                          | 100                              | 1,686.24                              |
| Total minimum allowance by BOT's          | 88,848.15                                    | 85,384.47                                                                         |                                  | 3,361.33                              |
| 2. Excess allowance                       | -                                            | -                                                                                 |                                  | 4,455.24                              |
| Total**                                   | 88,848.15                                    | 85,384.47                                                                         |                                  | 7,816.57                              |

\*\* Total loans to customers and accrued interest receivables, net of deferred revenue in Note 6.5.1

### 6.5.5 Non-Performing Loans (NPLs)

As at December 31, 2018 and 2017, the Bank had non-performing loans which consist of loans classified as substandard, doubtful, doubtful of loss, and loss as follows:

Unit : Million Baht

|                                                       | December 31, 2018 | December 31, 2017 |
|-------------------------------------------------------|-------------------|-------------------|
| NPLs before deducting allowance for doubtful accounts | 4,102.93          | 3,284.66          |
| Percentage of total loans*                            | 3.73              | 3.67              |
| NPLs after deducting allowance for doubtful accounts  | 1,552.53          | 1,159.53          |
| Percentage of net loans                               | 1.44              | 1.33              |

\* Total loans are loans to interbank and money market and loans to customers, except loans from public service account.

As at December 31, 2018 and 2017, the outstanding balance of written-down accounts, which were excluded from the financial statements, were Baht 2,597.25 million and Baht 2,967.65 million, respectively. For the years ended December 31, 2018 and 2017, the Bank recovered principal from written-down accounts in the amount of Baht 272.58 million and Baht 158.76 million, respectively, from which accounts the bank received cash in the amount of Baht 44.08 million and Baht 69.68 million, respectively.

### 6.5.6 Troubled Debt Restructuring

For the years ended December 31, 2018 and 2017, the Bank restructured debts as follows:

Unit : Million Baht

| Type of Restructuring          | 2018  |                      |                     |
|--------------------------------|-------|----------------------|---------------------|
|                                | Cases | Outstanding Debt     |                     |
|                                |       | Before Restructuring | After Restructuring |
| Change of repayment conditions | 14    | 359.51               | 411.40              |

The average tenure of the above-mentioned debt restructuring was 4.86 years. As at December 31, 2018, the outstanding of such restructured loans was Baht 445.35 million.

| Type of Restructuring          | 2017  |                      |                     |
|--------------------------------|-------|----------------------|---------------------|
|                                | Cases | Outstanding Debt     |                     |
|                                |       | Before Restructuring | After Restructuring |
| Change of repayment conditions | 5     | 298.83               | 298.83              |

The average tenure of the above-mentioned debt restructuring was 4.02 years. As at December 31, 2017, the outstanding of such restructured loans was Baht 307.03 million.

For the years ended December 31, 2018 and 2017, debt restructuring during the period compared to outstanding loans and accrued interest receivables net of deferred revenue were as follows:

Unit : Million Baht

|                                                                | 2018  |            | 2017  |           |
|----------------------------------------------------------------|-------|------------|-------|-----------|
|                                                                | Cases | Amount     | Cases | Amount    |
| Debt restructuring during the year                             | 14    | 359.51     | 5     | 298.83    |
| Loans and accrued interest receivables net of deferred revenue | 2,053 | 108,936.02 | 1,694 | 88,848.15 |

As at December 31, 2018 and 2017, the Bank had outstanding restructured loans for 113 cases amounting to Baht 2,391.66 million and for 72 cases amounting to Baht 1,788.89 million, respectively.

For the years ended December 31, 2018 and 2017, the Bank recognized interest income from debt restructuring in the amount of Baht 125.74 million and Baht 90.63 million, respectively.

As at December 31, 2018, the Bank had commitments to extend additional loans to customers who had been restructured for the amount of Baht 15.00 million.

## 6.6 Allowance for Doubtful Accounts

As at December 31, 2018 and 2017, the Bank had allowance for doubtful accounts as follows:

Unit : Million Baht

|                                                        | December 31, 2018 |                 |              |          |                  |                  |          |
|--------------------------------------------------------|-------------------|-----------------|--------------|----------|------------------|------------------|----------|
|                                                        | Normal            | Special Mention | Sub-Standard | Doubtful | Doubtful of Loss | Excess Allowance | Total    |
| Beginning balance                                      | 1,231.92          | 4.28            | 42.00        | 396.89   | 1,686.24         | 4,455.24         | 7,816.57 |
| Increase (decrease) in allowance for doubtful accounts | 317.10            | 307.33          | 161.22       | (185.42) | 449.47           | 357.00           | 1,406.70 |
| Ending balance                                         | 1,549.02          | 311.61          | 203.22       | 211.47   | 2,135.71         | 4,812.24         | 9,223.27 |

|                                                        | December 31, 2017 |                 |              |          |                  |                  |          |
|--------------------------------------------------------|-------------------|-----------------|--------------|----------|------------------|------------------|----------|
|                                                        | Normal            | Special Mention | Sub-Standard | Doubtful | Doubtful of Loss | Excess Allowance | Total    |
| Beginning balance                                      | 1,000.50          | 6.96            | 93.44        | 29.97    | 1,418.37         | 4,167.24         | 6,716.48 |
| Increase (decrease) in allowance for doubtful accounts | 231.42            | (2.68)          | (51.44)      | 366.92   | 267.87           | 288.00           | 1,100.09 |
| Ending balance                                         | 1,231.92          | 4.28            | 42.00        | 396.89   | 1,686.24         | 4,455.24         | 7,816.57 |

As at December 31, 2018 and 2017, the Bank's allowance for doubtful accounts on loans accounted for Baht 9,223.27 million and Baht 7,816.57 million, respectively, exceeding the minimum provisioning requirement based on debt service ability and debt quality set out by the Bank of Thailand in the amount of Baht 4,812.24 million and Baht 4,455.24 million, respectively (Note 6.5.4). 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

As at December 31, 2018 and 2017, the Bank had revaluation allowance for debt restructuring as follows:

Unit : Million Baht

|                   | December 31, 2018 | December 31, 2017 |
|-------------------|-------------------|-------------------|
| Beginning balance | 99.24             | 63.18             |
| Increase          | 102.85            | 57.38             |
| Decrease          | (40.76)           | (21.32)           |
| Ending balance    | 161.33            | 99.24             |

## 6.8 Properties for Sale, Net

As at December 31, 2018 and 2017, the Bank had properties for sale, net as follows:

Unit : Million Baht

|                                      | December 31, 2018 |           |           |                |
|--------------------------------------|-------------------|-----------|-----------|----------------|
|                                      | Beginning Balance | Additions | Disposals | Ending Balance |
| Properties for sale                  |                   |           |           |                |
| - Immovable properties               | 1,054.50          | 14.96     | 545.97    | 523.49         |
| - Movable properties                 | 208.02            | -         | 184.58    | 23.44          |
| Total properties for sale            | 1,262.52          | 14.96     | 730.55    | 546.93         |
| <u>Less</u> Allowance for impairment | (457.78)          | (10.84)   | (303.38)  | (165.24)       |
| Total properties for sale, net       | 804.74            | 4.12      | 427.17    | 381.69         |

|                                      | December 31, 2017 |           |           |                |
|--------------------------------------|-------------------|-----------|-----------|----------------|
|                                      | Beginning Balance | Additions | Disposals | Ending Balance |
| Properties for sale                  |                   |           |           |                |
| - Immovable properties               | 1,089.49          | 4.13      | 39.12     | 1,054.50       |
| - Movable properties                 | 208.02            | -         | -         | 208.02         |
| Total properties for sale            | 1,297.51          | 4.13      | 39.12     | 1,262.52       |
| <u>Less</u> Allowance for impairment | (452.03)          | (16.11)   | (10.36)   | (457.78)       |
| Total properties for sale, net       | 845.48            | (11.98)   | 28.76     | 804.74         |

As at December 31, 2018 and 2017, the Bank had immovable properties from debt repayment in the amount of Baht 523.49 million and Baht 1,054.50 million, respectively, which were appraised by external appraisers.

For the years ended December 31, 2018 and 2017 the Bank generated gain on sale of properties for sale in the amount of Baht 223.32 million and Baht 33.90 million, respectively.

## 6.9 Premises and Equipment, Net

As at December 31, 2018 and 2017, the Bank had premises and equipment, net as follows:

Unit : Million Baht

|                                 | December 31, 2018 |                        |                         |                |                          |              |                         |                |                             |
|---------------------------------|-------------------|------------------------|-------------------------|----------------|--------------------------|--------------|-------------------------|----------------|-----------------------------|
|                                 | Cost              |                        |                         |                | Accumulated Depreciation |              |                         |                | Premises and Equipment, Net |
|                                 | Beginning Balance | Additions/ Transfer in | Disposals/ Transfer out | Ending Balance | Beginning Balance        | Depreciation | Disposals/ Transfer out | Ending Balance |                             |
| Land                            | 391.26            | -                      | -                       | 391.26         | -                        | -            | -                       | -              | 391.26                      |
| Buildings                       |                   |                        |                         |                |                          |              |                         |                |                             |
| - Buildings                     | 683.25            | -                      | -                       | 683.25         | 383.39                   | 10.66        | -                       | 394.05         | 289.20                      |
| - Building improvement          | 133.46            | 7.82                   | 0.11                    | 141.17         | 125.01                   | 2.08         | 0.11                    | 126.98         | 14.19                       |
| Equipment                       |                   |                        |                         |                |                          |              |                         |                |                             |
| - Office equipment and fixtures | 300.40            | 25.56                  | 9.52                    | 316.44         | 254.24                   | 19.83        | 9.50                    | 264.57         | 51.87                       |
| - Vehicles                      | 102.06            | 8.84                   | -                       | 110.90         | 32.71                    | 10.00        | -                       | 42.71          | 68.19                       |
| Assets under construction*      | 3.59              | 2.62                   | 6.21                    | -              | -                        | -            | -                       | -              | -                           |
| Total                           | 1,614.02          | 44.84                  | 15.84                   | 1,643.02       | 795.35                   | 42.57        | 9.61                    | 828.31         | 814.71                      |

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

|                                 | December 31, 2017 |                        |                         |                |                          |              |                         |                |                             |
|---------------------------------|-------------------|------------------------|-------------------------|----------------|--------------------------|--------------|-------------------------|----------------|-----------------------------|
|                                 | Cost              |                        |                         |                | Accumulated Depreciation |              |                         |                | Premises and Equipment, Net |
|                                 | Beginning Balance | Additions/ Transfer in | Disposals/ Transfer out | Ending Balance | Beginning Balance        | Depreciation | Disposals/ Transfer out | Ending Balance |                             |
| Land                            | 391.26            | -                      | -                       | 391.26         | -                        | -            | -                       | -              | 391.26                      |
| Buildings                       |                   |                        |                         |                |                          |              |                         |                |                             |
| - Buildings                     | 683.25            | -                      | -                       | 683.25         | 372.73                   | 10.66        | -                       | 383.39         | 299.86                      |
| - Building improvement          | 131.29            | 2.17                   | -                       | 133.46         | 122.46                   | 2.55         | -                       | 125.01         | 8.45                        |
| Equipment                       |                   |                        |                         |                |                          |              |                         |                |                             |
| - Office equipment and fixtures | 292.46            | 22.70                  | 14.76                   | 300.40         | 252.51                   | 16.49        | 14.76                   | 254.24         | 46.16                       |
| - Vehicles                      | 99.99             | 15.31                  | 13.24                   | 102.06         | 31.00                    | 9.66         | 7.95                    | 32.71          | 69.35                       |
| Assets pending for write off    | -                 | 4.90                   | 4.90                    | -              | -                        | -            | -                       | -              | -                           |
| Assets under construction*      | -                 | 7.15                   | 3.56                    | 3.59           | -                        | -            | -                       | -              | 3.59                        |
| Total                           | 1,598.25          | 52.23                  | 36.46                   | 1,614.02       | 778.70                   | 39.36        | 22.71                   | 795.35         | 818.67                      |

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

As at December 31, 2018 and 2017, the Bank had equipment which are fully depreciated but still in use at the original cost amounting to Baht 340.47 million and Baht 336.46 million, respectively.

## 6.10 Intangible Assets, Net

As at December 31, 2018 and 2017, the Bank had intangible assets as follows:

Unit : Million Baht

|                              | December 31, 2018 |                        |                         |                |                          |              |                         |                |                        |
|------------------------------|-------------------|------------------------|-------------------------|----------------|--------------------------|--------------|-------------------------|----------------|------------------------|
|                              | Cost              |                        |                         |                | Accumulated Amortization |              |                         |                | Intangible Assets, Net |
|                              | Beginning Balance | Additions/ Transfer in | Disposals/ Transfer out | Ending Balance | Beginning Balance        | Amortization | Disposals/ Transfer out | Ending Balance |                        |
| Computer software            | 147.78            | 14.27                  | 0.09                    | 161.96         | 117.80                   | 14.27        | 0.10                    | 131.97         | 29.99                  |
| Software under installation* | 49.21             | 23.06                  | 11.27                   | 61.00          | -                        | -            | -                       | -              | 61.00                  |
| Total                        | 196.99            | 37.33                  | 11.36                   | 222.96         | 117.80                   | 14.27        | 0.10                    | 131.97         | 90.99                  |

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

|                              | December 31, 2017 |                        |                         |                |                          |              |                         |                |                        |
|------------------------------|-------------------|------------------------|-------------------------|----------------|--------------------------|--------------|-------------------------|----------------|------------------------|
|                              | Cost              |                        |                         |                | Accumulated Amortization |              |                         |                | Intangible Assets, Net |
|                              | Beginning Balance | Additions/ Transfer in | Disposals/ Transfer out | Ending Balance | Beginning Balance        | Amortization | Disposals/ Transfer out | Ending Balance |                        |
| Computer software            | 142.90            | 7.40                   | 2.52                    | 147.78         | 104.53                   | 15.79        | 2.52                    | 117.80         | 29.98                  |
| Software under installation* | 47.08             | 2.23                   | 0.10                    | 49.21          | -                        | -            | -                       | -              | 49.21                  |
| Total                        | 189.98            | 9.63                   | 2.62                    | 196.99         | 104.53                   | 15.79        | 2.52                    | 117.80         | 79.19                  |

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

As at December 31, 2018 and 2017, the Bank had computer software which are fully amortized but still in use at the original cost amounting to Baht 100.45 million and Baht 76.50 million, respectively.

## 6.11 Reinsurance Assets

As at December 31, 2018 and 2017, the Bank had reinsurance assets as follows:

Unit : Million Baht

|                                     | December 31, 2018 | December 31, 2017 |
|-------------------------------------|-------------------|-------------------|
| Accrued income and reinsurance      | 0.04              | -                 |
| Insurance reserves from reinsurance | 246.75            | 121.18            |
| Total                               | 246.79            | 121.18            |



## 6.12 Other Assets, Net

Unit : Million Baht

|                                                 | December 31, 2018 | December 31, 2017 |
|-------------------------------------------------|-------------------|-------------------|
| Revenue receivables, net                        | 9.43              | 5.74              |
| Insurance claim receivables, net of reinsurance | 205.31            | 193.42            |
| Allowance for insurance claim receivables       | (205.31)          | (193.42)          |
| Leasehold rights                                | 1.04              | 1.30              |
| Advance deposits                                | 2.77              | 2.50              |
| Others                                          | 1.78              | 2.05              |
| Total                                           | 15.02             | 11.59             |

## 6.13 Deposits

### 6.13.1 Classified by Type of Deposit

Unit : Million Baht

|                         | December 31, 2018 | December 31, 2017 |
|-------------------------|-------------------|-------------------|
| Demand                  | 2,236.99          | 2,361.11          |
| Savings                 | 308.08            | 227.93            |
| Time                    | 6,006.21          | 5,314.77          |
| Certificates of deposit | 21,608.75         | 14,477.21         |
| Total                   | 30,160.03         | 22,381.02         |

### 6.13.2 Classified by Currency and Residency of Depositors

Unit : Million Baht

|                  | December 31, 2018 |         |           | December 31, 2017 |          |           |
|------------------|-------------------|---------|-----------|-------------------|----------|-----------|
|                  | Domestic          | Foreign | Total     | Domestic          | Foreign  | Total     |
| Baht             | 28,075.55         | 555.17  | 28,630.72 | 20,131.61         | 524.82   | 20,656.43 |
| US Dollar        | 822.24            | 260.10  | 1,082.34  | 914.50            | 801.17   | 1,715.67  |
| Other currencies | 446.97            | -       | 446.97    | 8.92              | -        | 8.92      |
| Total            | 29,344.76         | 815.27  | 30,160.03 | 21,055.03         | 1,325.99 | 22,381.02 |

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

Unit : Million Baht

|                                    | December 31, 2018 |           |           | December 31, 2017 |           |           |
|------------------------------------|-------------------|-----------|-----------|-------------------|-----------|-----------|
|                                    | Demand            | Time      | Total     | Demand            | Time      | Total     |
| Domestic items                     |                   |           |           |                   |           |           |
| Commercial banks                   | 1.48              | 6,712.61  | 6,714.09  | 1.33              | 3,579.16  | 3,580.49  |
| Specialized financial institutions | 15.21             | 2,523.61  | 2,538.82  | 15.27             | 3,814.88  | 3,830.15  |
| Other financial institutions       | -                 | 9,400.00  | 9,400.00  | -                 | 8,400.00  | 8,400.00  |
| Total domestic items               | 16.69             | 18,636.22 | 18,652.91 | 16.60             | 15,794.04 | 15,810.64 |
| Foreign items                      |                   |           |           |                   |           |           |
| US Dollar                          | 212.97            | -         | 212.97    | 274.72            | -         | 274.72    |
| Euro                               | 18.93             | -         | 18.93     | 16.25             | -         | 16.25     |
| Other currencies                   | 2.04              | -         | 2.04      | 6.03              | -         | 6.03      |
| Total foreign items                | 233.94            | -         | 233.94    | 297.00            | -         | 297.00    |
| Total domestic and foreign items   | 250.63            | 18,636.22 | 18,886.85 | 313.60            | 15,794.04 | 16,107.64 |

## 6.15 Debt Issued and Borrowings

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

Unit : Million Baht

|                                  | December 31, 2018 |           |           |
|----------------------------------|-------------------|-----------|-----------|
|                                  | Domestic          | Foreign   | Total     |
| Bonds                            | -                 | 33,910.04 | 33,910.04 |
| Others                           | 104.39            | -         | 104.39    |
| Total debt issued and borrowings | 104.39            | 33,910.04 | 34,014.43 |

|                                  | December 31, 2017 |           |           |
|----------------------------------|-------------------|-----------|-----------|
|                                  | Domestic          | Foreign   | Total     |
| Bonds                            | -                 | 30,066.43 | 30,066.43 |
| Others                           | 117.13            | -         | 117.13    |
| Total debt issued and borrowings | 117.13            | 30,066.43 | 30,183.56 |

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

Unit : Million Baht

|                                  | Currency | Maturity  | Interest Rate /<br>Interest Rate Index | Amount            |                   |
|----------------------------------|----------|-----------|----------------------------------------|-------------------|-------------------|
|                                  |          |           |                                        | December 31, 2018 | December 31, 2017 |
| Bonds                            | USD      | 2019-2024 | LIBOR ± MARGIN                         | 33,910.04         | 30,066.43         |
| Others                           | THB      | 2021-2024 | 0                                      | 104.39            | 117.13            |
| Total debt issued and borrowings |          |           |                                        | 34,014.43         | 30,183.56         |

On November 20, 2018, the Bank issued and offered USD 300 million of 5-year unsecured unsubordinated floating rate bonds. The bonds hold interest at 3 months USD LIBOR +0.90 percent per annum with interest payment every three months on every 20<sup>th</sup> of February, May, August and November of each year until maturity.

## 6.16 Provisions

As at December 31, 2018 and 2017, the Bank had set up provisions as follows:

Unit : Million Baht

|                                       | December 31, 2018 | December 31, 2017 |
|---------------------------------------|-------------------|-------------------|
| Provisions for the employee benefits  | 206.75            | 193.80            |
| Provisions for contingent liabilities | 19.85             | 39.18             |
| Other provisions                      | 20.61             | 0.61              |
| Total provisions                      | 247.21            | 233.59            |

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 were as follows:

Unit : Million Baht

|                                                | December 31, 2018 | December 31, 2017 |
|------------------------------------------------|-------------------|-------------------|
| Beginning balance                              | 193.80            | 169.45            |
| Current service cost*                          | 20.03             | 18.23             |
| Interest cost*                                 | 5.73              | 5.25              |
| Employee benefits paid during the year         | (8.26)            | (8.02)            |
| Actuarial (gain) loss on defined benefit plans | (4.55)            | 8.89              |
| Ending Balance                                 | 206.75            | 193.80            |

\* These items are presented as expenses in the statement of profit or loss and other comprehensive income.

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

|                         | 2018          | 2017          |
|-------------------------|---------------|---------------|
| Average salary increase | 6.75% - 9.00% | 6.50% - 9.00% |
| Average turnover rate   | 0% - 21.52%   | 0% - 34.65%   |
| Discount rate           | 1.75% - 3.31% | 1.42% - 3.15% |

The Bank's defined benefit plans were sensitive to changes in each significant actuarial assumptions as follows:

Unit : Million Baht

|                                     | Increase (Decrease) in Defined Benefit Plan |                   |
|-------------------------------------|---------------------------------------------|-------------------|
|                                     | December 31, 2018                           | December 31, 2017 |
| Average discount rate               |                                             |                   |
| - Increase of 1%                    | (23.42)                                     | (22.78)           |
| - Decrease of 1%                    | 27.63                                       | 27.04             |
| Average future salary increase rate |                                             |                   |
| - Increase of 1%                    | 0.62                                        | 0.63              |
| - Decrease of 1%                    | (1.16)                                      | (1.25)            |
| Average turnover rate               |                                             |                   |
| - Increase of 1%                    | (1.80)                                      | (1.67)            |
| - Decrease of 1%                    | 1.80                                        | 1.28              |

The Labor Protection Act (No.7) B.E. 2562, which is effective after 30 days of publication in the Royal Gazette (April 5, 2019), is amended the legal severance pay rates for an employee who has worked for an uninterrupted period of 20 years or more, to receive severance payment of not less than 400 days of wages at the most recent rate. The entity under the above Labor Protection Act is required to recognize an increase in provision for employee benefits as well as the past service cost as an expense in the period that the Act is effective. However, the bank is covered by the State Enterprise Labor Relations Act B.E. 2543 and determine severance pay as the Bank's Compensation Rule B.E. 2553, which is in line with the Notification, issued by the State Enterprise Labor Relations Committee, regarding the minimum standards of conditions of employment in state enterprise. Therefore, such Labor Protection Act has no impact on the Bank's financial statements unless the Notification mentioned above is amended according to the Labor Protection Act.

## 6.17 Reserves for Insurance Service

Unit : Million Baht

|                                                 | December 31, 2018 | December 31, 2017 |
|-------------------------------------------------|-------------------|-------------------|
| Reserves for export credit insurance            | 258.07            | 179.49            |
| Reserves for investment insurance               | 104.92            | 85.57             |
| Reserves for stand-by claims purchase agreement | 159.42            | 26.54             |
| Total                                           | 522.41            | 291.60            |

## 6.18 Other Liabilities

Unit : Million Baht

|                                                 | December 31, 2018 | December 31, 2017 |
|-------------------------------------------------|-------------------|-------------------|
| Collateral under Credit Support Annex contract* | 148.62            | -                 |
| Advance deposits                                | 23.33             | 26.54             |
| Accrued expenses                                | 73.09             | 36.40             |
| Account payables                                | 11.82             | 13.82             |
| Reinsurance payables                            | 6.38              | 6.95              |
| Deferred revenue                                | 19.36             | 14.02             |
| Withholding tax payable                         | 7.57              | 6.21              |
| Provision for expected loss**                   | 100.41            | 173.94            |
| Suspense liabilities                            | 422.20            | 247.13            |
| Others                                          | 3.57              | 0.22              |
| Total                                           | 816.35            | 525.23            |

\* To mitigate counterparty risk, the Bank signed ISDA Credit Support Annex (CSA) with its counterparties which require posting collateral in the form of cash when the contract's fair value changes more than the threshold.

\*\* Reserve for changes in fair value of derivatives.

## 6.19 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.

On December 30, 2008 and September 21, 2009, the bank has received the additional capital 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.

## 6.20 Remittance as the Public Revenue

The Ministry of Finance approved the appropriation of net income for the year 2017 as the public revenue amounting to Baht 505.00 million. The Bank remitted the interim public revenue amounting to Baht 247.90 million on October 20, 2017 and the remaining amount Baht 257.10 million on June 29, 2018.

On October 10, 2018 the Bank remitted the interim public revenue of the year 2018 amounting to Baht 281.90 million. Thereby, the total remittance in 2018 was Baht 539.00 million.

## 6.21 Contingent Liabilities

Unit : Million Baht

|                                         | December 31, 2018 | December 31, 2017 |
|-----------------------------------------|-------------------|-------------------|
| Guarantees of loans                     | 1,496.55          | 1,542.77          |
| Liabilities under immature import bills | 1,270.32          | 286.51            |
| Letters of credit                       | 2,558.55          | 1,162.00          |
| Export bills insured                    | 20,451.17         | 14,435.94         |
| Other contingencies                     |                   |                   |
| Overdraft accounts not yet drawn        | 584.44            | 549.47            |
| Other guarantees                        | 3,524.56          | 3,204.33          |
| Investment Insurance                    | 3,309.88          | 3,333.45          |
| Stand-by claims purchase agreement      | 7,247.46          | 2,366.61          |
| Total other contingencies               | 14,666.34         | 9,453.86          |
| Total                                   | 40,442.93         | 26,881.08         |

## 6.22 Other Benefits to Directors and Executives

The Bank paid 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).

## 6.23 Long-Term Leasing Contracts

The Bank has entered into the lease agreements of the Bank's branch offices. The Bank commits to pay future lease as follows:

Unit : Million Baht

| Remaining Period | December 31, 2018 | December 31, 2017 |
|------------------|-------------------|-------------------|
| Within 1 year    | 3.93              | 5.04              |
| Over 1-5 years   | 1.75              | 5.68              |

The Bank has entered into the sublease agreement which the Bank will receive sublease rental in the future as follows:

Unit : Million Baht

| Remaining Period | December 31, 2018 | December 31, 2017 |
|------------------|-------------------|-------------------|
| Within 1 year    | 0.02              | 0.02              |



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

The Bank established representative office to promote and supports international trade and investments. The Bank currently has 2 representative offices including, representative office in Yangon, the Republic of the Union of Myanmar and representative office in Vientiane, Laos People's Democratic Republic.

### 6.24.1 Financial Position Classified by Business

Unit : Million Baht

|                                                          | December 31, 2018 |         |            |
|----------------------------------------------------------|-------------------|---------|------------|
|                                                          | Domestic          | Foreign | Total      |
| Total assets                                             | 106,563.75        | 2.03    | 106,565.78 |
| Interbank and money market items, net (assets)           | 2,811.73          | 0.67    | 2,812.40   |
| Investments, net                                         | 2,345.30          | -       | 2,345.30   |
| Loans to customers and accrued interest receivables, net | 99,551.41         | -       | 99,551.41  |
| Deposits                                                 | 30,160.03         | -       | 30,160.03  |
| Interbank and money market items, net (liabilities)      | 18,886.85         | -       | 18,886.85  |
| Debt issued and borrowings                               | 34,014.43         | -       | 34,014.43  |

|                                                          | December 31, 2017 |         |           |
|----------------------------------------------------------|-------------------|---------|-----------|
|                                                          | Domestic          | Foreign | Total     |
| Total assets                                             | 90,899.64         | 1.34    | 90,900.98 |
| Interbank and money market items, net (assets)           | 2,003.68          | 0.47    | 2,004.15  |
| Investments, net                                         | 2,478.19          | -       | 2,478.19  |
| Loans to customers and accrued interest receivables, net | 80,932.34         | -       | 80,932.34 |
| Deposits                                                 | 22,381.02         | -       | 22,381.02 |
| Interbank and money market items, net (liabilities)      | 16,107.64         | -       | 16,107.64 |
| Debt issued and borrowings                               | 30,183.56         | -       | 30,183.56 |

## 6.24.2 Operations Classified by Business

Unit : Million Baht

|                              | December 31, 2018 |         |            |
|------------------------------|-------------------|---------|------------|
|                              | Domestic          | Foreign | Total      |
| Interest income              | 4,917.23          | -       | 4,917.23   |
| Interest expenses            | (1,534.60)        | -       | (1,534.60) |
| Interest income, net         | 3,382.63          | -       | 3,382.63   |
| Fees and service income, net | 254.06            | -       | 254.06     |
| Other operating income       | 274.08            | -       | 274.08     |
| Other operating expenses     | (2,535.65)        | (9.79)  | (2,545.44) |
| Net profit                   | 1,375.12          | (9.79)  | 1,365.33   |

|                              | December 31, 2017 |         |            |
|------------------------------|-------------------|---------|------------|
|                              | Domestic          | Foreign | Total      |
| Interest income              | 3,996.90          | -       | 3,996.90   |
| Interest expenses            | (1,034.30)        | -       | (1,034.30) |
| Interest income, net         | 2,962.60          | -       | 2,962.60   |
| Fees and service income, net | 245.37            | -       | 245.37     |
| Other operating income       | 322.57            | -       | 322.57     |
| Other operating expenses     | (2,161.24)        | (9.14)  | (2,170.38) |
| Net profit                   | 1,369.30          | (9.14)  | 1,360.16   |

## 6.25 Interest Income

Interest income for the years ended December 31, 2018 and 2017 were as follows:

Unit : Million Baht

|                                  | 2018     | 2017     |
|----------------------------------|----------|----------|
| Interbank and money market items | 125.07   | 108.01   |
| Investment in debt securities    | 31.93    | 30.01    |
| Loans                            | 4,760.23 | 3,858.88 |
| Total interest income            | 4,917.23 | 3,996.90 |

## 6.26 Interest Expenses

Interest expenses for the years ended December 31, 2018 and 2017 were as follows:

Unit : Million Baht

|                                  | 2018     | 2017     |
|----------------------------------|----------|----------|
| Deposits                         | 319.36   | 191.50   |
| Interbank and money market items | 382.50   | 267.29   |
| Debt issued                      |          |          |
| - Bonds                          | 821.83   | 565.20   |
| - Borrowings fee                 | 10.91    | 10.31    |
| Total interest expenses          | 1,534.60 | 1,034.30 |

## 6.27 Fees and Service Income, Net

Net fees and service income for the years ended December 31, 2018 and 2017 were as follows:

Unit : Million Baht

|                                    | 2018   | 2017   |
|------------------------------------|--------|--------|
| Fees and service income            |        |        |
| - Acceptance aval and guarantee    | 44.95  | 52.90  |
| - Income from insurance            | 191.24 | 168.73 |
| - Others                           | 109.86 | 99.92  |
| Total fees and service income      | 346.05 | 321.55 |
| Fees and service expenses          |        |        |
| - Expense on insurance             | 87.32  | 72.85  |
| - Others                           | 4.67   | 3.33   |
| Total fees and service expenses    | 91.99  | 76.18  |
| Total fees and service income, net | 254.06 | 245.37 |

## 6.28 Gain (Loss) on Tradings and Foreign Exchange Transactions

Gain (loss) on tradings and foreign exchange transactions for the years ended December 31, 2018 and 2017 were as follows:

Unit : Million Baht

|                                                                 | 2018    | 2017    |
|-----------------------------------------------------------------|---------|---------|
| Foreign exchanges, debt securities and derivatives              | 58.76   | 69.81   |
| Interest rate derivatives                                       | (66.79) | (17.47) |
| Total gain (loss) on tradings and foreign exchange transactions | (8.03)  | 52.34   |

## 6.29 Gain (loss) on Investments, Net

Gain (loss) on investments for the years ended December 31, 2018 and 2017 were as follows:

Unit : Million Baht

|                                                      | 2018   | 2017   |
|------------------------------------------------------|--------|--------|
| Gain (loss) on disposal of general investments       | 21.75  | 0.07   |
| Reversal (loss) on impairment of general investments | (0.25) | (1.57) |
| Total Gain (loss) on investments                     | 21.50  | (1.50) |

## 6.30 Loss on Claims and Reserves for Insurance Service

Loss on claims and reserves for insurance service for the years ended December 31, 2018 and 2017 were as follows:

Unit : Million Baht

|                                                         | 2018   | 2017   |
|---------------------------------------------------------|--------|--------|
| Doubtful account for export insurance                   | 40.93  | (0.77) |
| Doubtful account for investment insurance policy        | 19.35  | 20.81  |
| Doubtful account for stand-by claims purchase agreement | 57.12  | 5.30   |
| Total                                                   | 117.40 | 25.34  |

## 6.31 Impairment Loss of Loans and Debt Securities

Impairment loss of loans and debt securities for the years ended December 31, 2018 and 2017 were as follows:

Unit : Million Baht

|                                                    | 2018     | 2017     |
|----------------------------------------------------|----------|----------|
| Interbank and money market items                   | 4.48     | (6.29)   |
| Loans                                              |          |          |
| - Bad debts and doubtful accounts*                 | 1,133.95 | 887.53   |
| - Loss on restructuring                            | 102.85   | 114.64   |
| Total                                              | 1,236.80 | 1,002.17 |
| Loans from public service account                  |          |          |
| - Bad debts and doubtful accounts                  | (32.85)  | (29.27)  |
| Total impairment loss of loans and debt securities | 1,208.43 | 966.61   |

\* Includes written-down debt recovery and bad debt recovery

## 6.32 Public Service Account

### 6.32.1 Summary of Public Service Account

Income and expenses from public service account for the the years ended December 31, 2018 and 2017 were as follows:

| Unit : Million Baht                                                                     |         |          |
|-----------------------------------------------------------------------------------------|---------|----------|
|                                                                                         | 2018    | 2017     |
| Income from public service account                                                      | 30.54   | 236.25   |
| <u>Less</u> Expenses from public service account                                        | (17.83) | (127.09) |
| <u>Less</u> Impairment loss of loans and debt securities<br>from public service account | 32.85   | 29.27    |
| Net profit                                                                              | 45.56   | 138.43   |

### 6.32.2 Income from Public Service Account

Income from public service account for the years ended December 31, 2018 and 2017 were as follows:

| Unit : Million Baht                     |       |        |
|-----------------------------------------|-------|--------|
|                                         | 2018  | 2017   |
| Income from public service account      |       |        |
| - Interest income                       | 23.04 | 173.42 |
| Compensation for public service account |       |        |
| - Compensation for operating expenses   | 7.50  | 62.83  |
| Total                                   | 30.54 | 236.25 |

### 6.32.3 Expenses from Public Service Account

Expenses from public service account for the years ended December 31, 2018 and 2017 were as follows:

| Unit : Million Baht |       |        |
|---------------------|-------|--------|
|                     | 2018  | 2017   |
| Interest expenses   | 15.83 | 113.21 |
| Operating expenses  | 2.00  | 13.84  |
| Other expenses      | -     | 0.04   |
| Total               | 17.83 | 127.09 |

### 6.33 Fair value of Assets and Liabilities

As at December 31, 2018 and 2017, the Bank determined level of the fair value hierarchy of financial assets and financial liabilities as follows:

Unit : Million Baht

|                               | December 31, 2018 |         |         |
|-------------------------------|-------------------|---------|---------|
|                               | Fair Value        |         |         |
|                               | Level 1           | Level 2 | Level 3 |
| <b>Financial Assets</b>       |                   |         |         |
| Derivative assets             |                   |         |         |
| - Exchange rate               | -                 | 102.67  | 102.67  |
| - Interest rate               | -                 | 141.06  | 141.06  |
| Available-for-sale securities | 0.54              | -       | 0.54    |
| Total financial assets        | 0.54              | 243.73  | 244.27  |
| <b>Financial Liabilities</b>  |                   |         |         |
| Derivative liabilities        |                   |         |         |
| - Exchange rate               | -                 | 109.59  | 109.59  |
| - Interest rate               | -                 | 38.74   | 38.74   |
| Total financial liabilities   | -                 | 148.33  | 148.33  |

|                               | December 31, 2017 |         |         |
|-------------------------------|-------------------|---------|---------|
|                               | Fair Value        |         |         |
|                               | Level 1           | Level 2 | Level 3 |
| <b>Financial Assets</b>       |                   |         |         |
| Derivative assets             |                   |         |         |
| - Exchange rate               | -                 | 122.55  | 122.55  |
| - Interest rate               | -                 | 225.44  | 225.44  |
| Available-for-sale securities | 1.55              | -       | 1.55    |
| Total financial assets        | 1.55              | 347.99  | 349.54  |
| <b>Financial Liabilities</b>  |                   |         |         |
| Derivative liabilities        |                   |         |         |
| - Exchange rate               | -                 | 27.07   | 27.07   |
| - Interest rate               | -                 | 56.33   | 56.33   |
| Total financial liabilities   | -                 | 83.40   | 83.40   |



Fair values were determined according to the following hierarchy:

Level 1 - quoted prices in active market for identical assets or liabilities.

Level 2 - value derived from valuation techniques for which the significant input used for the fair value measurement is directly or indirectly observable in the market.

Level 3 - value derived from valuation techniques for which the significant input used for the fair value measurement is unobservable in the market

Level 2 fair values for derivatives are the prices based on market prices, broker or dealer quotations, prices of other similar transactions or prices derived by using a valuation technique incorporating observable market data adjusted with counterparty credit risk.

### 6.34 Approval of the Financial Statements

These financial statements have been authorized to issue by the Chairman of the Board of Directors and President on April 17, 2019.

## Locations of EXIM Thailand Head Office, Branches and Representative Offices

### Head Office

EXIM Building, 1193 Phaholyothin Road, Phayathai, Bangkok 10400

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

Fax : 0 2271 3204

SWIFT Code : EXTHTHBK

Facebook : EXIM Bank of Thailand

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

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

### 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 1722, 0 2894 1760, 0 2894 1766

0 2894 1951, 0 2894 1960, 0 2894 1994

Fax : 0 2894 1813, 0 2415 6409

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 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, Bangkok 10230

Tel : 0 2376 1823, 0 2376 1828, 0 2376 1890

Fax : 0 2376 1770, 0 2376 1776

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

#### Rangsit Branch

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

Tel : 0 2536 4680-2, 0 2992 0453-5

Fax : 0 2536 4683-4

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

### Khon Kaen Branch

381/44-45 Mittraphap Road, Nai Muang, Muang, Khon Kaen 40000

Tel : 0 4327 1535-7  
Fax : 0 4327 1538  
E-mail : khonkaen@exim.go.th

### Chiang Mai Branch

158/5-6 Chiang Mai-Lampang Road, Paton, Muang, Chiang Mai 50300

Tel : 0 5322 0541, 0 5322 0596-7  
Fax : 0 5322 0585  
E-mail : chiangmai@exim.go.th

### Hat Yai Branch

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

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

### Laem Chabang Branch

53/71-74 Moo 9, Sukhumvit Road, Thungsukhla, Sriracha, Chonburi 20230

Tel : 0 3833 0121-6  
Fax : 0 3833 0127-8  
E-mail : laem\_chabang@exim.go.th

## Representative Offices

### Yangon Representative Office, Myanmar

Centrepont Towers, 6<sup>th</sup> Floor, No. 65 Corner of Sule Pagoda Road and Merchant Street, Kyauktada Township, Yangon, Myanmar

Tel : +95 (1) 389 528-9 ext. 8612  
E-mail : yangonoffice@exim.go.th

### Vientiane Representative Office, Lao PDR

ANZ Building, 4<sup>th</sup> Floor, 33 Lane Xang Avenue, Hatsady Village, Chanthabouly District, Vientiane Capital, Lao PDR

Tel : +856 (21) 222 726  
E-mail : vientianeoffice@exim.go.th

### Phnom Penh Representative Office, Cambodia

BRED Bank Building, 2<sup>nd</sup> Floor, Room No. 20, 30 Norodom Boulevard, Sangkat Phsar Thmey 3, Khan Daun Penh, Phnom Penh, Cambodia

Tel : +855 (23) 999 224  
E-mail : phnompenhoffice@exim.go.th



THAILAND

EXPORT-IMPORT BANK OF THAILAND

Head Office: EXIM Building, 1193 Phaholyothin Road,  
Phayathai, Bangkok 10400



0 2271 3700, 0 2278 0047, 0 2617 2111



0 2271 3204



EXIM Bank of Thailand



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

