

REPORT OF THE AUDITOR AND FINANCIAL STATEMENTS  
EXPORT – IMPORT BANK OF THAILAND  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(TRANSLATION)

# Auditor's Report

**To: Minister of Finance**

The Office of the Auditor General has audited the financial statements, in which the equity method is applied to investment and the Bank's financial statements of the Export-Import Bank of Thailand, which comprise the statements of financial position, in which the equity method is applied to investment and the Bank's statements of financial position as at December 31, 2012, and the statements of comprehensive income, statements of changes in shareholders' equity and statements of cash flows, in which the equity method is applied to investment and the Bank's statements of comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the year then ended, and summary of significant accounting policies and other explanatory information.

## **Management's Responsibility for the Financial Statements**

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

## **Auditor's Responsibility**

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

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

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

### Opinion

In the opinion of the Office of the Auditor General, the financial statements, in which the equity method is applied to investment and the Bank's financial statements referred to above present fairly, in all material respects, the financial position, in which the equity method is applied to investment and the Bank's financial position of the Export-Import Bank of Thailand as at December 31, 2012, and the financial performance and cash flows, in which the equity method is applied to investment and the Bank's financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

(Signed) *Janya Pengpreecha*

(Miss Janya Pengpreecha)

Director of Audit Office No.1

(Signed) *Atinuch Thienchaiwattana*

(Mrs. Atinuch Thienchaiwattana)

Auditor-in-charge

Office of the Auditor General

March 11, 2013

Statements of Financial Position

As at December 31, 2012

		Unit : Baht			
	Notes	<u>Financial Statements in Which</u>		<u>The Bank's</u>	
		<u>the Equity Method is Applied to Investment</u>		<u>Financial Statements</u>	
		<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Assets</u>					
Cash		312,144	216,866	312,144	216,866
Interbank and money market items, net	6.2	5,088,579,539	5,060,907,518	5,088,579,539	5,060,907,518
Derivative assets	6.3	339,262,450	637,049,455	339,262,450	637,049,455
Investments, net	6.4	3,721,515,314	3,411,851,704	3,721,515,314	3,411,851,704
Investments in associates, net	6.5	-	4,498,193	-	4,286,500
Loans to customers and accrued interest receivables, net	6.6				
Loans to customers		66,676,345,788	65,449,452,596	66,676,345,788	65,449,452,596
Accrued interest receivables		1,024,604,277	517,440,360	1,024,604,277	517,440,360
Total loans to customers and accrued interest receivables		67,700,950,065	65,966,892,956	67,700,950,065	65,966,892,956
<u>Less</u> Deferred revenue		4,034,488	6,499,168	4,034,488	6,499,168
<u>Less</u> Allowance for doubtful accounts	6.7	3,206,907,882	2,764,691,971	3,206,907,882	2,764,691,971
<u>Less</u> Revaluation allowance for debt restructuring	6.8	920,037,535	238,729,510	920,037,535	238,729,510
Total loans to customers and accrued interest receivables, net		63,569,970,160	62,956,972,307	63,569,970,160	62,956,972,307
Properties foreclosed, net	6.9	875,103,428	1,083,395,503	875,103,428	1,083,395,503
Premises and equipment, net	6.10	844,314,926	868,106,486	844,314,926	868,106,486
Intangible assets, net	6.11	47,037,771	38,644,364	47,037,771	38,644,364
Accrued interest receivables not related to loans		3,067,746	5,641,576	3,067,746	5,641,576
Revenue receivables		176,180	13,694,504	176,180	13,694,504
Prepaid expenses		16,293,987	10,628,356	16,293,987	10,628,356
Other assets, net	6.12	16,404,806	17,378,808	16,404,806	17,378,808
Total assets		74,522,038,451	74,108,985,640	74,522,038,451	74,108,773,947

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

Statements of Financial Position

As at December 31, 2012

Unit : Baht

	Notes	Financial Statements in Which		The Bank's	
		the Equity Method is Applied to Investment		Financial Statements	
		2012	2011	2012	2011
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
Deposits	6.13	7,103,230,710	7,818,030,313	7,103,230,710	7,818,030,313
Interbank and money market items, net	6.14	7,573,455,563	6,172,063,578	7,573,455,563	6,172,063,578
Liabilities payable on demand		145,909,283	173,808,499	145,909,283	173,808,499
Derivative liabilities	6.3	88,536,835	315,383,489	88,536,835	315,383,489
Debt issued and borrowings	6.15	42,294,277,532	43,275,265,784	42,294,277,532	43,275,265,784
Provisions	6.16	155,734,752	242,664,965	155,734,752	242,664,965
Accrued interest payables		283,461,506	322,522,944	283,461,506	322,522,944
Allowance for export credit insurance		128,315,111	162,867,281	128,315,111	162,867,281
Other liabilities	6.17	581,733,950	348,282,988	581,733,950	348,282,988
<b>Total liabilities</b>		<b>58,354,655,242</b>	<b>58,830,889,841</b>	<b>58,354,655,242</b>	<b>58,830,889,841</b>
Shareholders' equity					
Capital	6.18	12,800,000,000	12,800,000,000	12,800,000,000	12,800,000,000
Paid-up capital		12,800,000,000	12,800,000,000	12,800,000,000	12,800,000,000
Other components of equity		3,209,817	1,700,281	3,209,817	1,700,281
Retained earnings					
Appropriated					
Legal reserve		3,126,853,887	2,824,553,887	3,126,853,887	2,824,553,887
Unappropriated		237,319,505	(348,158,369)	237,319,505	(348,370,062)
<b>Total shareholders' equity</b>		<b>16,167,383,209</b>	<b>15,278,095,799</b>	<b>16,167,383,209</b>	<b>15,277,884,106</b>
<b>Total liabilities and shareholders' equity</b>		<b>74,522,038,451</b>	<b>74,108,985,640</b>	<b>74,522,038,451</b>	<b>74,108,773,947</b>

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

(Mr. Prasong Poontaneat)

Chairman

(Mr. Kanit Sukonthaman)

President

Statements of Comprehensive Income  
For the year ended December 31, 2012

	Notes	Unit : Baht			
		Financial Statements in Which		The Bank's	
		the Equity Method is Applied to Investment		Financial Statements	
		2012	2011	2012	2011
Interest revenue	6.25	3,250,177,979	2,835,718,423	3,250,177,979	2,835,718,423
Interest expenses	6.26	1,165,244,525	1,073,775,718	1,165,244,525	1,073,775,718
Net interest income		2,084,933,454	1,761,942,705	2,084,933,454	1,761,942,705
Fees and service revenue		536,163,477	564,456,611	536,163,477	564,456,611
Fees and service expenses		118,610,499	111,736,849	118,610,499	111,736,849
Net fees and service income	6.27	417,552,978	452,719,762	417,552,978	452,719,762
Gain on trading and foreign exchange transactions	6.28	208,223,456	225,379,572	208,223,456	225,379,572
Gain (Loss) on investments	6.29	5,207,633	(14,662,133)	5,207,633	(14,662,133)
Share of profit from investments on equity method		14,354	39,665	-	-
Written-down debt recovered		946,783,848	515,437,889	946,783,848	515,437,889
Other operating revenue		20,661,799	22,531,061	20,887,846	22,531,061
Total operating revenue		1,180,891,090	748,726,054	1,181,102,783	748,686,389
Other operating expenses					
Personnel expenses		534,591,895	522,984,697	534,591,895	522,984,697
Directors' remuneration		3,810,531	3,151,470	3,810,531	3,151,470
Premises and equipment expenses		59,984,403	79,149,474	59,984,403	79,149,474
Taxes and duties		2,625	2,622	2,625	2,622
Loss on claims and provision for insurance service		(16,415,487)	(449,202)	(16,415,487)	(449,202)
Loss on impairment of properties foreclosed		204,838,076	48,114,468	204,838,076	48,114,468
Others		129,140,412	119,515,372	129,140,412	119,515,372
Total operating expenses		915,952,455	772,468,901	915,952,455	772,468,901
Impairment loss of loans and debt securities	6.30	1,667,547,193	1,586,310,789	1,667,547,193	1,586,310,789
Net income		1,099,877,874	604,608,831	1,100,089,567	604,569,166
Other comprehensive income					
Gain on revaluation of available-for-sale investments		1,509,536	7,793,166	1,509,536	7,793,166
Total other comprehensive income		1,509,536	7,793,166	1,509,536	7,793,166
Total comprehensive income		1,101,387,410	612,401,997	1,101,599,103	612,362,332

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

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(Mr. Prasong Poontaneat)  
Chairman of the Board of Directors

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(Mr. Kanit Sukonthaman)  
President

Statements of Changes in Shareholders' Equity

For the year ended December 31, 2012

Financial Statements in Which the Equity Method is Applied to Investment

Notes	Capital	Other Components of Equity		Appropriated Retained Earnings	Unappropriated Retained Earnings	Unit : Baht Total
		Hedging Reserves	Revaluation Surplus (Deficit) on Investments			
Beginning balance as at January 1, 2011	12,800,000,000	40,637,218	(6,092,885)	2,752,153,887	(733,421,701)	14,853,276,519
Effect of change in accounting policies	-	(40,637,218)	-	-	-	(40,637,218)
Effect of change in accounting policies regarding TAS19	-	-	-	-	(95,795,499)	(95,795,499)
Balance as at January 1, 2011 after adjustment	12,800,000,000	-	(6,092,885)	2,752,153,887	(829,217,200)	14,716,843,802
Legal reserve	-	-	-	72,400,000	(72,400,000)	-
Remittance to the Ministry of Finance	-	-	-	-	(51,150,000)	(51,150,000)
Total comprehensive income	-	-	7,793,166	-	604,608,831	612,401,997
Ending balance as at December 31, 2011	12,800,000,000	-	1,700,281	2,824,553,887	(348,158,369)	15,278,095,799
Beginning balance as at January 1, 2012	12,800,000,000	-	1,700,281	2,824,553,887	(348,158,369)	15,278,095,799
Legal reserve	-	-	-	302,300,000	(302,300,000)	-
Remittance to the Ministry of Finance	6.19	-	-	-	(212,100,000)	(212,100,000)
Total comprehensive income	-	-	1,509,536	-	1,099,877,874	1,101,387,410
Ending balance as at December 31, 2012	12,800,000,000	-	3,209,817	3,126,853,887	237,319,505	16,167,383,209

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

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(Mr. Prasong Poontaneat)  
Chairman of the Board of Directors

-----  
(Mr. Kanit Sukonthaman)  
President

Statements of Changes in Shareholders' Equity

For the year ended December 31, 2012

The Bank's Financial Statements

Notes	Capital	Other Components of Equity		Appropriated Retained Earnings	Unappropriated Retained Earnings	Unit : Baht Total
		Hedging Reserves	Revaluation Surplus (Deficit) on Investments			
Beginning balance as at January 1, 2011	12,800,000,000	40,637,218	(6,092,885)	2,752,153,887	(733,593,729)	14,853,104,491
Effect of change in accounting policies	-	(40,637,218)	-	-	-	(40,637,218)
Effect of change in accounting policies regarding TAS19	-	-	-	-	(95,795,499)	(95,795,499)
Balance as at January 1, 2011 after adjustment	12,800,000,000	-	(6,092,885)	2,752,153,887	(829,389,228)	14,716,671,774
Legal reserve	-	-	-	72,400,000	(72,400,000)	-
Remittance to the Ministry of Finance	-	-	-	-	(51,150,000)	(51,150,000)
Total comprehensive income	-	-	7,793,166	-	604,569,166	612,362,332
Ending balance as at December 31, 2011	12,800,000,000	-	1,700,281	2,824,553,887	(348,370,062)	15,277,884,106
Beginning balance as at January 1, 2012	12,800,000,000	-	1,700,281	2,824,553,887	(348,370,062)	15,277,884,106
Legal reserve	-	-	-	302,300,000	(302,300,000)	-
Remittance to the Ministry of Finance	6.19	-	-	-	(212,100,000)	(212,100,000)
Total comprehensive income	-	-	1,509,536	-	1,100,089,567	1,101,599,103
Ending balance as at December 31, 2012	12,800,000,000	-	3,209,817	3,126,853,887	237,319,505	16,167,383,209

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

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(Mr. Prasong Poontaneat)  
Chairman of the Board of Directors

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(Mr. Kanit Sukonthaman)  
President



**Statements of Cash Flow**  
For the year ended December 31, 2012

	<u>Financial Statements in Which</u>		<u>The Bank's Financial Statements</u>	
	<u>the Equity Method is</u>			
	<u>Applied to Investment</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Unit : Baht				
<b>Cash flows from operating activities</b>				
Net income	1,099,877,874	604,608,831	1,100,089,567	604,569,166
Adjustments to reconcile net income to net cash from operating activities				
Depreciation and amortization expenses	54,281,654	52,740,593	54,281,654	52,740,593
Bad debt and doubtful accounts	856,775,895	1,551,857,467	856,775,895	1,551,857,467
Loss on debt restructuring	705,427,463	30,408,755	705,427,463	30,408,755
Reversal of written-down debt recovered	(745,966,152)	(57,868,720)	(745,966,152)	(57,868,720)
(Gain) Loss on disposal of assets	401,896	(3,787,791)	401,896	(3,787,791)
Gain on sale of properties foreclosed	(11,619,908)	(11,567,926)	(11,619,908)	(11,567,926)
Loss on impairment of properties foreclosed	204,838,076	48,114,468	204,838,076	48,114,468
Loss on revaluation of foreign currencies	173,549,921	228,814,949	173,549,921	228,814,949
Derivative revaluation	(315,157,196)	(72,057,458)	(315,157,196)	(72,057,458)
Loss on disposal of investments	-	1,943,058	-	1,943,058
Gain on liquidation of invested company - Associated Company	(14,354)	-	(226,047)	-
Loss on impairment of investments (reversal)	(5,207,633)	12,719,075	(5,207,633)	12,719,075
Share of profit from investments on equity method	-	(39,665)	-	-
Amortization of premium (discount) on debt securities	(104,212)	26,510,449	(104,212)	26,510,449
Decrease in provisions	(86,294,453)	(65,424,088)	(86,294,453)	(65,424,088)
Bad debt and provision for other receivables	128,276,204	131,607,148	128,276,204	131,607,148
Reversal of loss on claims and provision for insurance service	(5,519,254)	(26,071,966)	(5,519,254)	(26,071,966)
Increase in revenue receivables	(3,360,810)	(2,932,617)	(3,360,810)	(2,932,617)
Increase in prepaid expenses	(5,779,907)	(2,172,164)	(5,779,907)	(2,172,164)
Increase in other accrued expenses	2,927,856	(920,500)	2,927,856	(920,500)
	2,047,332,960	2,446,481,898	2,047,332,960	2,446,481,898
Net interest income	(2,084,933,454)	(1,761,942,705)	(2,084,933,454)	(1,761,942,705)
Proceeds from interest income	3,085,677,346	2,771,507,989	3,085,677,346	2,771,507,989
Interest expenses paid	(1,201,505,989)	(1,007,644,482)	(1,201,505,989)	(1,007,644,482)
Income from operations before changes in operating assets and liabilities	1,846,570,863	2,448,402,700	1,846,570,863	2,448,402,700
(Increase) decrease in operating assets				
Interbank and money market items	(47,955,975)	596,992,200	(47,955,975)	596,992,200
Loans, net	(2,143,749,253)	(8,681,008,398)	(2,143,749,253)	(8,681,008,398)
Properties foreclosed, net	30,583,908	44,996,328	30,583,908	44,996,328
Other assets, net	(19,079,862)	(10,243,670)	(19,079,862)	(10,243,670)

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

Statements of Cash Flow (Continued)  
For the year ended December 31, 2012

	<u>Financial Statements in Which</u>		<u>The Bank's Financial Statements</u>	
	<u>the Equity Method is</u>			
	<u>Applied to Investment</u>			
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<b>Cash flows from operating activities (continued)</b>				
Increase (decrease) in operating liabilities				
Deposits	(702,716,407)	(37,629,031)	(702,716,407)	(37,629,031)
Interbank and money market items	1,553,868,069	(2,208,906,179)	1,553,868,069	(2,208,906,179)
Liabilities payable on demand	(27,899,215)	113,212,721	(27,899,215)	113,212,721
Short-term debt issued and borrowings	(618,793,785)	558,649,055	(618,793,785)	558,649,055
Other liabilities	110,280,933	107,024,529	110,280,933	107,024,529
Net cash used in operating activities	(18,890,724)	(7,068,509,745)	(18,890,724)	(7,068,509,745)
<b>Cash flows from investing activities</b>				
Purchases of available-for-sale securities	-	(5,370,600,000)	-	(5,370,600,000)
Proceeds from disposal of available-for-sale securities	15,000,000	9,855,656,942	15,000,000	9,855,656,942
Purchases of held-to-maturity debt securities	(9,357,000,000)	(8,621,935,000)	(9,357,000,000)	(8,621,935,000)
Proceeds from disposal of held-to-maturity debt securities	9,051,032,196	6,367,109,314	9,051,032,196	6,367,109,314
Proceeds from liquidation of investments in associated company	4,512,547	-	4,512,547	-
Purchases of premises and equipment	(24,574,566)	(28,179,025)	(24,574,566)	(28,179,025)
Proceeds from sales of premises and equipment	2,921,615	6,424,368	2,921,615	6,424,368
Purchases of intangible assets	(20,522,680)	(17,583,680)	(20,522,680)	(17,583,680)
Net cash provided by (used in) investing activities	(328,630,888)	2,190,892,919	(328,630,888)	2,190,892,919
<b>Cash flows from financing activities</b>				
Proceeds from long-term debt issued and borrowings	3,063,219,358	14,411,630,434	3,063,219,358	14,411,630,434
Repayments of long-term debt issued and borrowings	(2,503,502,468)	(9,485,357,972)	(2,503,502,468)	(9,485,357,972)
Remittance to the Ministry of Finance	(212,100,000)	(51,150,000)	(212,100,000)	(51,150,000)
Net cash provided by financing activities	347,616,890	4,875,122,462	347,616,890	4,875,122,462
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>95,278</b>	<b>(2,494,364)</b>	<b>95,278</b>	<b>(2,494,364)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>216,866</b>	<b>2,711,230</b>	<b>216,866</b>	<b>2,711,230</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>312,144</b>	<b>216,866</b>	<b>312,144</b>	<b>216,866</b>

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

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(Mr. Prasong Poontaneat)  
Chairman of the Board of Directors

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(Mr.Kanit Sukonthaman)  
President

EXPORT-IMPORT BANK OF THAILAND  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

Note	Contents	Page
1	General Information	12
2	Basis of Preparation of the Financial Statements	12
3	Summary of Significant Accounting Policies	12
4	Risk Management	
	4.1 Risk Management	18
	4.2 Fair Value of Financial Instruments	20
	4.3 Capital Adequacy under the Ministerial Regulations and Basel II Standard	21
5	Estimates and Assumptions	22
6	Additional Information	
	6.1 Supplementary Information of Cash Flow	23
	6.2 Interbank and Money Market Items, Net (Assets)	23
	6.3 Derivatives	24
	6.4 Investments, Net	24
	6.5 Investment in Associated Company	26
	6.6 Loans and Accrued Interest Receivables, Net	27
	6.7 Allowance for Doubtful Accounts	32
	6.8 Revaluation Allowance for Debt Restructuring	33
	6.9 Properties Foreclosed, Net	33
	6.10 Premises and Equipment, Net	34
	6.11 Intangible Assets, Net	35
	6.12 Other Assets, Net	35
	6.13 Deposits	35
	6.14 Interbank and Money Market Items, Net (Liabilities)	36
	6.15 Debt Issued and Borrowings	36
	6.16 Provisions	37
	6.17 Other Liabilities	38
	6.18 Capital	38
	6.19 Remittance to the Ministry of Finance	38
	6.20 Contingent Liabilities and Commitments	39
	6.21 Related Party Transactions	39
	6.22 Other Benefits to Directors and Executives	39

EXPORT-IMPORT BANK OF THAILAND  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

Note	Contents	Page
6.23	Long-Term Leasing Contracts	40
6.24	Financial Position and Operational Performance Classified by Domestic and Foreign Operations	40
6.25	Interest Revenue	40
6.26	Interest Expenses	40
6.27	Fee and Service Revenue, Net	41
6.28	Gains on Trading and Foreign Exchange Transactions	41
6.29	Gains (Loss) on Investments	41
6.30	Impairment Loss of Loans and Debt Securities	42
6.31	Reclassification of Accounts	42
6.32	Approval of the Financial Statements	42

**Notes to Financial Statements**  
**For the Year ended December 31, 2012**

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## 1. GENERAL INFORMATION

Export-Import Bank of Thailand (or "the Bank") was established by the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), which was amended by the Export-Import Bank of Thailand Act (No.2), 1999 (B.E. 2542), with the objective to provide financial supports for exports, imports and investment related to the development of the Thai economy. Its services include:

- export financing services provided through commercial banks;
- short-term and long-term credits provided directly to exporters;
- medium-term credits for export business expansion;
- short-term and medium-term credits to foreign banks to finance goods imported from Thailand;
- credit and equity financing to support Thai investments overseas that are beneficial to the country;
- export credit insurance services to Thai exporters;
- credits for overseas projects yielding economic returns to Thailand;
- investment insurance services for overseas investments of Thai investors who have been granted credit lines from the Bank; and
- stand-by claims purchase agreement services.

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

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

### 2.1 Basis of Preparation of the Financial Statements

The financial statements are prepared in conformity with Generally Accepted Accounting Principles as prescribed in the Accounting Act, 2000 (B.E. 2543) and presented in accordance with the Notification, issued by the Bank of Thailand, No. SorNorSor. 11/2553 dated December 3, 2010 regarding the Preparation and Announcement of the Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Cash and Cash Equivalents

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

### 3.2 Recognition of Income

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

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

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

### **3.3 Recognition of Expenses**

Interest expenses are recognized on an accrual basis.

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

### **3.4 Derivatives**

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

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

### **3.5 Investments**

Investments in marketable debt or equity securities classified as investments for trading are stated at fair value. Gains or losses arising from their revaluation and gains or losses on disposal of investments are recognized as gains (losses) on trading and foreign exchange transactions.

Investments in marketable debt or equity securities classified as available-for-sale investments are stated at fair value. Gains or losses arising from their revaluation are separately stated in the shareholders' equity, which are presented as other comprehensive income, and charged to gain (loss) on investment upon disposal.

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

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

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

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

The Bank recognizes investment 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 investment is calculated by using the weighted-average method.

### **3.6 Loans**

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

The Bank recognizes and derecognizes the transaction on settlement date.

### **3.7 Allowance for Doubtful Accounts**

The Bank sets aside the allowance for doubtful accounts and charges it as expense in the doubtful accounts item. The allowance amount is determined based on the outstanding loan amount and the financial status, collateral and repayment ability of the individual borrowers, including borrowers undergoing debt restructuring. The Bank's allowance for doubtful accounts is made based on the classification of loans and customers' repayment ability in accordance with prudent banking rules as prescribed in the Bank's delinquency classification rules which are in line with the rules promulgated by the Bank of Thailand under the Notification No. SorNorSor. 31/2551 dated August 3, 2008 regarding Classification and Provision Criteria of Financial Institution. The Bank thereby sets aside the allowance for doubtful accounts at the rate of 100% of the difference between the book value of loans and the present value of expected cash flow from the debtor or the present value of expected cash flow from the sale of collateral, e.g. property, leaseholds, machinery and vehicle. Moreover, the Bank will revise the collateral value on every 1 to 3 year-basis.

The Bank does not provide allowance for the loans extended in accordance with the government's policy or directive or the cabinet resolution which are covered against losses under Section 23 of the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), and loans which are covered by the export credit insurance.

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

### **3.8 Troubled Debt Restructuring**

The Bank analyzes borrowers' financial and business status and cash flow projections based on reasonable criteria together with supporting evidence that borrowers are able to honor the debt restructuring agreements.

In the case of the Bank receiving debt repayment by a transfer of assets or ownership interests, the fair value is adopted.

In the case of adjustment to the repayment terms and conditions, the Bank recalculates the fair value of the debt by determining the present value of future expected cash flows in accordance with the adjusted repayment conditions using the Bank's regular interest rate on the debt restructuring date as the discount rate. The difference between the new fair value and the debt amount, including principal and accrued interest, is recorded as revaluation allowance for debt restructuring. The Bank recognized loss on debt restructuring as expenses in the statements of comprehensive income in the relevant accounting period.

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

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

### 3.10 Properties Foreclosed

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

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

In appraising properties foreclosed, according to the Export-Import Bank of Thailand Regulation regarding Appraisal for Properties B.E. 2548, the Bank does internal appraisal for the item that has carrying amount not over than Baht 100 million and relies on an external appraiser for the item that has carrying amount over than Baht 100 million. For the year 2012, all properties foreclosed were appraised by external appraisers except for properties foreclosed under agreements to sell and purchase.

### 3.11 Premises, Equipment and Depreciations

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

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

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

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

### 3.12 Intangible Assets

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

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

### 3.13 Leaseholds

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

### 3.14 Translation of Foreign Currencies

The Bank records assets and liabilities denominated in foreign currencies at the transaction date. At the statement of financial position date, all such outstanding is translated into Baht at the reference foreign exchange



rates announced by the Bank of Thailand. Gains or losses on translation are recognized as gains (losses) on trading and foreign exchange transactions, net.

### **3.15 Contingent Liabilities from Export Credit Insurance Services and Provisions**

The services related to export credit insurance are reported under the contingent liabilities caption of the statement of financial position as export bills insured. Any payment of insurance claims is recorded as insurance claim receivables and will subsequently be recovered from foreign debtors.

Provisions for export credit insurance are as follows:

- 1) Allowance for doubtful accounts on the compensated claims

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

- 2) Provisions for the pending insurance claims payable

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

- 3) Provisions for future claims against the export credit insurance policies

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

In case of any losses under the export credit insurance services which may affect the Bank's operations and/or total required capital, the Bank will request a loss compensation from the Ministry of Finance as stated in Section 24 of the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), which was amended by the Export-Import Bank of Thailand Act (No. 2), 1999 (B.E. 2542).

### **3.16 Contingent Liabilities from Investment Insurance Services and Provisions**

Investment insurance services are reported under the contingent liabilities caption of the statement of financial position as other contingencies. Any payment of insurance claims is recorded as insurance claim receivables and will subsequently be recovered from the government of the host countries or related parties.

Provisions for investment insurance are as follows:

- 1) Allowance for doubtful accounts on the compensated claims

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

- 2) Provisions for doubtful accounts on pending claims payable

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

### 3.16 Contingent Liabilities from Investment Insurance Services and Provisions (Continued)

#### 3) Provisions for future claims against the investment insurance policies

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

In case of any losses under the investment insurance services which may affect the Bank's operations and/or total required capital, the Bank will request a loss compensation from the Ministry of Finance as stated in Section 24 of the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), which was amended by the Export-Import Bank of Thailand Act (No. 2), 1999 (B.E. 2542).

### 3.17 Contingent Liabilities from Stand-by Claims Purchase Agreement Services and Provisions

Stand-by claims purchase agreement services are reported under the contingent liabilities caption of the statement of financial position as other contingencies. Any payment of such stand-by claims purchase agreement service is recorded as stand-by claims receivables and will subsequently be recovered from debtors.

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

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

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

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

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

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

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

### 3.18 Provisions

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

### **3.19 Employee Benefits**

#### **3.19.1 Provident Fund**

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

Contributions to the employee provident fund are made under the rule of "The Registered Provident Fund of Export-Import Bank of Thailand's Employee". Employee shall make contribution to the provident fund at 3-8.5% of salary and the Bank's supplemental contribution is at 4-8.5% of employee's salary according to the years of employment.

#### **3.19.2 Defined Benefit Plan**

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

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

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

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

## **4. Risk Management**

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

The Bank's risk management policy and framework have been devised in accordance with guidelines of the Bank of Thailand (BOT) and other supervisory authorities, with an aim to manage and monitor risks to an acceptable level. The Bank has set to review its risk management policy and framework on a yearly basis or when any material change occurs. An emphasis has been placed on training for employees and parties concerned to promote awareness of the importance of risk management, with the ultimate goal of incorporating risk management process as part of the Bank's day-to-day operation and organizational culture.

#### **4.1.1 Credit Risk**

Credit risk refers to risk associated with failure by a counterparty or borrower to adhere to the agreement on debt repayments or risk incurred from deteriorating quality of assets, which thereby results in the Bank's failing to receive full debt repayment as agreed and likely causes credit rating of such counterparty or customer to be downgraded, thus potentially affecting capital funds and earnings of that financial institution.

Credit risk of the Bank also includes risk arising from failure by its counterparties or debtors to comply with the obligations under agreements in relation to contingent liabilities such as loan guarantees, liabilities under unmatured import bills, letters of credit, export credit insurance outstanding and other liabilities.

#### **Credit Risk Management and Monitoring**

The Bank's Board of Directors, Board of Executive Directors, Risk Management Committee, Credit Committee and Debt Restructuring Committee are responsible for outlining policies, strategies and processes for credit risk management. The boards and committees take into account all risk factors as a basis for making credit approvals according to the Governance, Risk and Compliance (GRC) principles. The Bank has also set out a process of credit risk monitoring, follow up and warning, including tools such as Credit Warning Sign & Hot List of specially-monitored customers, Concentration Limits, and credit/insurance/troubled debt restructuring (TDR) review to accelerate marketing units' follow up process and report to the Management to determine a credit risk management approach within an acceptable level.

#### **4.1.2 Market Risk**

**Market risk** refers to risk associated with movements of interest rates, foreign exchange rates and prices of instruments in the money and capital markets, which negatively affect the Bank's earnings and capital funds. Market risks can be classified into three types which are interest rate risk, foreign exchange rate risk and price risk.

#### **Market Risk Management and Monitoring**

The Bank's Board of Directors, Risk Management Committee and Asset/Liability Management Committee are responsible for outlining policies, strategies and processes for market risk management. Office of Risk Management, which is independent from front office units, has been assigned to monitor and follow up on market risk management to ensure proper checks and balances. Market risk management is undertaken for both trading book and banking book. The Bank also conducts stress tests on interest rate risk for banking book and on market risk for trading book to assess, monitor, control and manage market risk to an acceptable level.

#### **4.1.3 Liquidity Risk**

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

#### **Liquidity Risk Management and Monitoring**

The Bank's Board of Directors, Risk Management Committee and Asset/Liability Management Committee are responsible for outlining policies, strategies and processes for liquidity risk management. The Bank puts in place processes and tools for close monitoring of liquidity risk, consisting of Maturity Mismatch Analysis, Back Testing, Liquidity Stress Test, diversification of funding sources, and Key Risk Indicators (KRIs) pertaining to liquidity risk, so as to ensure that liquidity risk is managed on a timely basis and to an acceptable level.

As at December 31, 2012 and December 31, 2011, the Bank had significant asset and liability items classified by maturity as follows:

Unit : Million Baht

	<u>December 31, 2012</u>			<u>December 31, 2011</u>		
	<u>Less than</u>	<u>Over</u>	<u>Total</u>	<u>Less than</u>	<u>Over</u>	<u>Total</u>
	<u>1 Year</u>	<u>1 Year</u>		<u>1 Year</u>	<u>1 Year</u>	
<b>Assets</b>						
Interbank and money market items, net	5,088.58	-	5,088.58	5,060.91	-	5,060.91
Investments, net	3,202.81	518.70	3,721.51	2,714.91	696.94	3,411.85
Loans	<u>22,604.79</u>	<u>44,071.56</u>	<u>66,676.35</u>	<u>24,282.35</u>	<u>41,167.10</u>	<u>65,449.45</u>
Total assets	<u>30,896.18</u>	<u>44,590.26</u>	<u>75,486.44</u>	<u>32,058.17</u>	<u>41,864.04</u>	<u>73,922.21</u>
<b>Liabilities</b>						
Deposits	7,103.23	-	7,103.23	7,818.03	-	7,818.03
Interbank and money market items, net	7,573.46	-	7,573.46	1,418.38	4,753.68	6,172.06
Debt issued and borrowings	<u>8,794.74</u>	<u>33,499.54</u>	<u>42,294.28</u>	<u>3,118.79</u>	<u>40,156.48</u>	<u>43,275.27</u>
Total liabilities	<u>23,471.43</u>	<u>33,499.54</u>	<u>56,970.97</u>	<u>12,355.20</u>	<u>44,910.16</u>	<u>57,265.36</u>

#### 4.2 Fair Value of Financial Instruments

Unit : Million Baht

	<u>The Bank's Financial Statements</u>			
	<u>December 31, 2012</u>		<u>December 31, 2011</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
<b>Financial assets</b>				
Cash	0.31	0.31	0.22	0.22
Interbank and money market items, net	5,088.58	5,088.58	5,060.91	5,060.91
Derivatives	339.26	339.26	637.05	637.05
Investments, net	3,721.51	3,749.67	3,411.85	3,437.25
Investment in associated company, net	-	-	4.29	4.29
Loans to customers and accrued interest receivable, net	<u>63,569.97</u>	<u>63,569.97</u>	<u>62,956.97</u>	<u>62,956.97</u>
Total financial assets	<u>72,719.63</u>	<u>72,747.79</u>	<u>72,071.29</u>	<u>72,096.69</u>
<b>Financial liabilities</b>				
Deposits	7,103.23	7,103.23	7,818.03	7,818.03
Interbank and money market items, net	7,573.46	7,573.46	6,172.06	6,172.06
Liabilities payable on demand	145.91	145.91	173.81	173.81
Derivatives	88.54	88.54	315.38	315.38
Debt issued and borrowings	<u>42,294.28</u>	<u>42,294.28</u>	<u>43,275.27</u>	<u>43,275.27</u>
Total financial liabilities	<u>57,205.42</u>	<u>57,205.42</u>	<u>57,754.55</u>	<u>57,754.55</u>

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

##### 4.3.1 Capital Adequacy under the Ministerial Regulation

At the end of December 2012, the Bank's capital adequacy ratio (CAR) stood at 21.09%, exceeding the minimum capital adequacy ratio stipulated in the Ministerial Regulation (not less than 8.0%), and its capital to insurance service contingent liabilities ratio stood at 54.48%, 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

	<u>Ministerial</u>	<u>December 31, 2012</u>	<u>December 31, 2011</u>
	<u>Regulations</u>		
1. Capital *		15,064.08	14,671.61
2. Risk assets **		71,421.91	69,222.35
3. Insurance service contingent liabilities		27,648.20	31,955.45
4. Capital to risk assets (1)/(2)	Not less than 8%	21.09%	21.19%
5. Capital to insurance service contingent liabilities (1)/(3)	Not less than 20%	54.48%	45.91%

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

\*\* Risk assets have been calculated from credit risk assets according to the Ministerial Regulation, which excluded insurance service contingent liabilities, and risk weight used in the calculation is different from Basel II approach.

##### 4.3.2 Capital under Basel II Standard

The Bank has maintained minimum capital adequacy to cover risk assets (credit-risk, market-risk and operational-risk assets) according to the BOT's guideline on maintaining capital funds for financial institutions in Thailand. The Bank has adopted basic compliance method that fits its relatively small business size and not too complicated business nature. The details of capital adequacy under Basel II standard are shown below:

##### Capital Adequacy Ratio Based on Basel II

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Total capital to risk assets	16.21%	15.41%
Tier 1 capital to risk assets	14.96%	14.16%

Capital Structure Based on Basel II

	Unit : Million Baht	
	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Tier 1 Capital		
Paid-up capital	12,800.00	12,800.00
Legal reserve	3,126.85	2,824.55
Unappropriated retained earnings	<u>(862.77)</u>	<u>(952.94)</u>
Total Tier 1 Capital	15,064.08	14,671.61
Tier 2 Capital		
Allowance for pass asset-classification	1,258.57	1,295.04
<u>Add</u> Revaluation surplus on investments in available-for-sale equity securities	0.88	0.08
<u>(Less)</u> Revaluation deficit on investments in available-for-sale equity securities	<u>-</u>	<u>-</u>
Total Tier 2 Capital	<u>1,259.45</u>	<u>1,295.12</u>
Total Capital Fund under Basel II	<u>16,323.53</u>	<u>15,966.73</u>

The Bank adheres to the disclosure rule pertaining to Basel II capital requirement according to the Bank of Thailand's Notification No. SorNorSor. 25/2552 Re: Information Disclosures regarding Capital Fund Maintenance for Commercial Banks. In this respect, the Bank has drawn up a policy on disclosure of information regarding the capital adequacy under Basel II and has posted this information on the Bank's website as follows:

Location of disclosure : [www.exim.go.th](http://www.exim.go.th) > About Exim Thailand > Disclosure of Capital Adequacy Information > Disclosure of Capital Adequacy Information calculated according to Basel II

Date of disclosure : October 22, 2012

Information as at : June 30, 2012

## 5. Estimates and Assumptions

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

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

## 6. Additional Information

### 6.1 Supplementary Information of Cash Flow

Significant non-cash items for the year ended December 31, 2012 and 2011 are as follows:

	Unit : Million Baht	
	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Increase in investments from debt restructuring	26.31	-
Increase in revaluation surplus on investments in shareholders' equity	1.51	5.52
Increase in properties foreclosed from loan payment	15.51	7.65

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

	Unit : Million Baht					
	<u>December 31, 2012</u>			<u>December 31, 2011</u>		
	<u>At Call</u>	<u>Term</u>	<u>Total</u>	<u>At Call</u>	<u>Term</u>	<u>Total</u>
Domestic items						
Bank of Thailand	24.09	-	24.09	19.33	470.00	489.33
Commercial banks	14.94	3,192.74	3,207.68	22.26	3,222.57	3,244.83
Specialized financial institutions	<u>3.14</u>	<u>-</u>	<u>3.14</u>	<u>1.27</u>	<u>-</u>	<u>1.27</u>
Total	42.17	3,192.74	3,234.91	42.86	3,692.57	3,735.43
<u>Add</u> Accrued interest receivables	-	0.03	0.03	-	0.09	0.09
<u>(Less)</u> Allowance for doubtful accounts	<u>-</u>	<u>(31.93)</u>	<u>(31.93)</u>	<u>-</u>	<u>(32.23)</u>	<u>(32.23)</u>
Total domestic items	<u>42.17</u>	<u>3,160.84</u>	<u>3,203.01</u>	<u>42.86</u>	<u>3,660.43</u>	<u>3,703.29</u>
Foreign items						
US Dollars	659.13	345.76	1,004.89	771.40	344.10	1,115.50
Yen	18.87	-	18.87	69.66	-	69.66
Euro	500.69	283.89	784.58	143.35	-	143.35
Other currencies	<u>77.23</u>	<u>-</u>	<u>77.23</u>	<u>32.47</u>	<u>-</u>	<u>32.47</u>
Total	1,255.92	629.65	1,885.57	1,016.88	344.10	1,360.98
<u>Add</u> Accrued interest receivables	-	-	-	0.08	-	0.08
<u>(Less)</u> Allowance for doubtful accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3.44)</u>	<u>(3.44)</u>
Total foreign items	<u>1,255.92</u>	<u>629.65</u>	<u>1,885.57</u>	<u>1,016.96</u>	<u>340.66</u>	<u>1,357.62</u>
Total domestic and foreign items	<u>1,298.09</u>	<u>3,790.49</u>	<u>5,088.58</u>	<u>1,059.82</u>	<u>4,001.09</u>	<u>5,060.91</u>



### 6.3 Derivatives

As at December 31, 2012 and 2011, the fair value and notional amount classified by type of risk are as follows:

Unit : Million Baht			
<u>December 31, 2012</u>			
<u>Type of Risk</u>	<u>Fair Value</u>		<u>Notional Amount</u>
	<u>Assets</u>	<u>Liabilities</u>	
Exchange rate	137.08	30.34	17,032.31
Interest rate	<u>202.18</u>	<u>58.20</u>	<u>11,739.42</u>
Total	<u>339.26</u>	<u>88.54</u>	<u>28,771.73</u>

  

<u>December 31, 2011</u>			
<u>Type of Risk</u>	<u>Fair Value</u>		<u>Notional Amount</u>
	<u>Assets</u>	<u>Liabilities</u>	
Exchange rate	428.17	230.44	23,454.42
Interest rate	<u>208.88</u>	<u>84.94</u>	<u>11,960.75</u>
Total	<u>637.05</u>	<u>315.38</u>	<u>35,415.17</u>

As at December 31, 2012 and 2011, the proportions of derivatives transactions classified by type of counterparty based on the notional amount are as follows:

<u>Counterparty</u>	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Financial institutions	83.80%	81.28%
Third parties	<u>16.20%</u>	<u>18.72%</u>
Total	<u>100.00%</u>	<u>100.00%</u>

### 6.4 Investments, Net

#### 6.4.1 Available-for-Sale Investments

Unit : Million Baht		
	<u>December 31, 2012</u>	<u>December 31, 2011</u>
	<u>Fair Value</u>	<u>Fair Value</u>
Government and state enterprise securities	199.80	213.31
Domestic marketable equity securities	<u>3.03</u>	<u>1.26</u>
Total	<u>202.83</u>	<u>214.57</u>

#### 6.4.2 Held-to-Maturity Debt Securities

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
	<u>Cost/Amortized Cost</u>	<u>Cost/Amortized Cost</u>
Government and state enterprise securities	3,003.02	2,416.79
Private enterprise debt securities	-	70.00
Foreign debt securities	<u>356.33</u>	<u>582.85</u>
Total	3,359.35	3,069.64
(Less) Allowance for revaluation	<u>-</u>	<u>(0.18)</u>
Total	<u>3,359.35</u>	<u>3,069.46</u>

#### 6.4.3 General Investments

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
	<u>Cost</u>	<u>Cost</u>
Domestic non-marketable equity securities	26.31	-
Mutual funds	140.11	140.11
Others	<u>0.42</u>	<u>0.43</u>
Total	166.84	140.54
(Less) Allowance for impairment	<u>(7.51)</u>	<u>(12.72)</u>
Total	<u>159.33</u>	<u>127.82</u>
Total investments, net	<u>3,721.51</u>	<u>3,411.85</u>

### 6.4.3 General Investments (Continued)

As at December 31, 2012, domestic non-marketable equity securities amounting to Baht 26.31 million were ordinary shares derived from debt restructuring.

As at December 31, 2012, mutual funds of Baht 140.11 million consisted of two open-ended funds as follows:

1. Mutual fund to mobilize funds from institutional investors for investment in energy- or alternative energy-related businesses. The fund is automatically redeemable, starting in the 6<sup>th</sup> year (2013) onwards, in case it has earned dividend income, income from sale of securities or its properties, or other income, which are not used for reinvestment. The Bank had 6.31 million investment units, priced equal to the par value of Baht 10 per unit, representing total investment of Baht 63.11 million.

2. Mutual fund for long-term investment in industries crucial to national development, with a focus on companies having strong capabilities in innovations and technologies for infrastructure development, manufacturing companies for import substitution, and companies expanding their businesses and investments overseas. The Bank had 214,281.64 investment units, representing total investment of Baht 77 million.

### 6.5 Investment in Associated Company

As at December 31, 2011, the Bank's investment in Thai EXIM International Company Limited was recorded by the cost method in the amount of Baht 4.29 million, and reported by the equity method in the amount of Baht 4.50 million. Thai EXIM International Company Limited formally filed for liquidation on November 8, 2011, according to the resolution of the extraordinary meeting of shareholders of Thai EXIM International Company Limited No. 2/2554 on October 28, 2011, and completed the liquidation on June 19, 2012.

## 6.6 Loans and Accrued Interest Receivables, Net

### 6.6.1 Classified by Type of Loan

	<u>December 31, 2012</u>	<u>December 31, 2011</u>
		Unit : Million Baht
Overdrafts	267.86	241.11
Domestic loans - customers	51,106.78	49,928.22
- export bills negotiation	430.17	835.22
- staff loans	261.66	254.29
Overseas loans - foreign government agencies	3,663.07	4,328.24
- customers operating overseas	10,899.17	9,706.95
Others	<u>47.64</u>	<u>155.42</u>
Total loans	66,676.35	65,449.45
<u>(Less)</u> Deferred revenue	<u>(4.03)</u>	<u>(6.50)</u>
Total loans, net of deferred revenue	66,672.32	65,442.95
<u>Add</u> Accrued interest receivables	<u>1,024.60</u>	<u>517.44</u>
Total loans to customers and accrued interest receivables, net of deferred revenue	67,696.92	65,960.39
<u>(Less)</u> Allowance for doubtful accounts		
- Minimum allowance by BOT's regulation	(1,269.83)	(1,306.69)
- Excess allowance	(1,937.08)	(1,458.00)
Revaluation allowance for debt restructuring	<u>(920.04)</u>	<u>(238.73)</u>
Total loans, net	<u>63,569.97</u>	<u>62,956.97</u>

Overseas loans extended to foreign government agencies in the amount of Baht 3,663.07 million were loans extended to foreign government agencies in accordance with the Thai government policy, with interest charged from those borrowers at the rate of 1.50% p.a. and 3.00% p.a. The differences between such interest rates and the cost of fund of the Bank were subsidized by the Thai government or concerned state agencies. Moreover, for certain projects, the Bank also earned an additional operating fee at 0.75% p.a. apart from the interest revenue subsidy.

### 6.6.2 Classified by Currency and Residency

Unit : Million Baht

	<u>December 31, 2012</u>			<u>December 31, 2011</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	34,392.97	7,673.48	42,066.45	35,708.10	7,750.12	43,458.22
US Dollar	17,674.15	6,888.76	24,562.91	15,630.80	6,285.07	21,915.87
Other currencies	<u>42.96</u>	<u>-</u>	<u>42.96</u>	<u>68.86</u>	<u>-</u>	<u>68.86</u>
Total	<u>52,110.08</u>	<u>14,562.24</u>	<u>66,672.32</u>	<u>51,407.76</u>	<u>14,035.19</u>	<u>65,442.95</u>

### 6.6.3 Classified by Loan Classification

Unit : Million Baht

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

6.6.3 Classified by Loan Classification (Continued)

Unit : Million Baht

	December 31, 2011			
	<u>Loans and</u> <u>Accrued Interest</u> <u>Receivables</u>	<u>Net Amount Subject</u> <u>to Allowance for</u> <u>Doubtful Accounts</u> <u>Provisioning</u>	<u>Minimum</u> <u>Provision</u> <u>Rate (%)</u>	<u>Allowance</u> <u>for Doubtful</u> <u>Accounts</u>
1. Minimum allowance by BOT's regulation				
Pass	58,112.23	57,726.95	1,20,50	758.09
Special mention	25.97	25.51	2	0.51
Substandard	5.20	3.87	100	3.87
Doubtful	369.42	54.26	100	54.26
Doubtful of loss	<u>2,965.21</u>	<u>489.96</u>	100	<u>489.96</u>
Total minimum allowance by BOT's regulation	61,478.03	58,300.55		1,306.69
2. Excess allowance	-	-		<u>1,458.00</u>
Total	<u>61,478.03</u>	<u>58,300.55</u>		<u>2,764.69</u>

As at December 31, 2012 and 2011 the outstanding classified loans and loans which were not required to be classified (unclassified loans) were as follows:

Unit : Million Baht

	December 31, 2012		December 31, 2011	
	<u>Loans and Accrued</u> <u>Interest Receivables</u> <u>Net of Deferred</u> <u>Revenue</u>	<u>As % of Loans</u> <u>and Accrued Interest</u> <u>Receivables Net of</u> <u>Deferred Revenue</u>	<u>Loans and</u> <u>Accrued Interest</u> <u>Receivables Net of</u> <u>Deferred Revenue</u>	<u>As % of Loans</u> <u>and Accrued Interest</u> <u>Receivables Net of</u> <u>Deferred Revenue</u>
Classified loans	63,914.08	94.41	61,478.03	93.20
Unclassified loans	<u>3,782.84</u>	5.59	<u>4,482.36</u>	6.80
Total	<u>67,696.92</u>		<u>65,960.39</u>	

Loans which are not required to be classified are loans extended to individual persons or corporate entities in accordance with the government's policy or directive or the cabinet resolution which are covered against losses under Section 23 of the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), and loans which are covered by the export credit insurance.

### 6.6.3 Classified by Loan Classification (Continued)

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

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

Unit : Million Baht				
<u>Loans</u>	<u>December 31, 2012</u>		<u>December 31, 2011</u>	
	<u>Loans and</u>	<u>As % of Loans</u>	<u>Loans and</u>	<u>As % of Loans</u>
	<u>Accrued Interest</u>	<u>and Accrued Interest</u>	<u>Accrued Interest</u>	<u>and Accrued Interest</u>
	<u>Receivables Net of</u>	<u>Receivables Net of</u>	<u>Receivables Net</u>	<u>Receivables Net of</u>
	<u>Deferred Revenue</u>	<u>Deferred Revenue</u>	<u>of Deferred Revenue</u>	<u>Deferred Revenue</u>
Non-performing loans	2,812.30	4.15	3,339.83	5.06

In 2012 and 2011, the Bank wrote down debt accounts in the amount of Baht 417.87 million and Baht 964.98 million, respectively. As at December 31, 2012 and 2011, the outstanding balance of written-down accounts, which was not included in the financial statements, was Baht 4,058.78 million and Baht 4,201.54 million, respectively. In 2012 and 2011, the Bank recovered written-down debt accounts in the amount of Baht 946.78 million and Baht 515.44 million, respectively, from which accounts the bank received cash in the amount of Baht 200.81 million and Baht 457.57 million, respectively.

In 2012 and 2011, the Bank wrote off bad debts in the amount of Baht 29.36 million and Baht 10.79 million, respectively.

#### 6.6.4 Troubled Debt Restructuring

In 2012 and 2011, the Bank had restructured debts applying the adjustment of repayment conditions and transfer of assets as follows:

Unit : Million Baht						
<u>Restructured Debts</u>	<u>Cases</u>	<u>2012</u>		<u>2011</u>		
		<u>Amount</u>	<u>As % of Loans and Accrued Interest Receivables Net Deferred Revenue</u>	<u>Cases</u>	<u>Amount</u>	<u>As % of Loans and Accrued Interest Receivables Net Deferred Revenue</u>
Succeeded	13	600.72	0.89	7	16.96	0.03
In-process	25	445.94	0.66	44	1,077.01	1.63

As at December 31, 2012 and 2011, the Bank had outstanding restructured loans reclassified as normal for 27 cases amounting to Baht 2,448.67 million and for 24 cases amounting to Baht 1,585.61 million, respectively.

In 2012 and 2011, the Bank restructured debts as follows:

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

  

<u>Types of Restructuring</u>	<u>Cases</u>	<u>2011</u>			<u>Type of Transferred Asset</u>	<u>Fair Value</u>
		<u>Before Restructuring</u>	<u>After Restructuring</u>	<u>As at December 31, 2011</u>		
Change of repayment conditions	7	16.96	16.96	22.67		



#### 6.6.4 Troubled Debt Restructuring (Continued)

In 2012 and 2011, outstanding debts before restructuring compared to outstanding loans and accrued interest receivable net of deferred revenue are as follows:

	Unit : Million Baht			
	<u>December 31, 2012</u>		<u>December 31, 2011</u>	
	<u>Cases</u>	<u>Amount</u>	<u>Cases</u>	<u>Amount</u>
Restructured debt	13	600.72	7	16.96
Loans and accrued interest receivables net of deferred revenue	1,002	67,696.92	1,072	65,960.39

In 2012 and 2011, the Bank recognized interest income from debt restructuring in the amount of Baht 695.85 million and Baht 142.45 million, respectively.

As at December 31, 2012 and 2011, the Bank had commitments to extend additional loans to customers who had been restructured for the amount of Baht 100.02 million and Baht 129.77 million, respectively.

#### 6.7 Allowance for Doubtful Accounts

	Unit : Million Baht						
	<u>December 31, 2012</u>						
	<u>Pass</u>	<u>Special Mention</u>	<u>Sub- Standard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Excess Allowance</u>	<u>Total</u>
Beginning balance	758.09	0.51	3.87	54.26	489.96	1,458.00	2,764.69
Increase (decrease) in allowance							
for doubtful accounts	62.99	(0.33)	2.20	363.80	(47.65)	479.08	860.09
Debts written down	-	-	-	-	(417.87)	-	(417.87)
Ending balance	<u>821.08</u>	<u>0.18</u>	<u>6.07</u>	<u>418.06</u>	<u>24.44</u>	<u>1,937.08</u>	<u>3,206.91</u>
	<u>December 31, 2011</u>						
	<u>Pass</u>	<u>Special Mention</u>	<u>Sub- Standard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Excess Allowance</u>	<u>Total</u>
Beginning balance	647.51	0.86	390.36	530.10	33.94	610.00	2,212.77
Increase (decrease) in allowance							
for doubtful accounts	110.58	(0.35)	(386.49)	(475.84)	1,421.00	848.00	1,516.90
Debts written down	-	-	-	-	(964.98)	-	(964.98)
Ending balance	<u>758.09</u>	<u>0.51</u>	<u>3.87</u>	<u>54.26</u>	<u>489.96</u>	<u>1,458.00</u>	<u>2,764.69</u>

**6.7 Allowance for Doubtful Accounts (Continued)**

As at December 31, 2012 and 2011, the Bank's allowance for doubtful accounts on loans accounted for Baht 3,206.91 million and Baht 2,764.69 million, respectively, which exceeds the minimum provisioning requirement based on debt service ability and debt quality set out by the Bank of Thailand in the amount of Baht 1,937.08 million and Baht 1,458.00 million, respectively (Note 6.6.3). The amount of allowance for doubtful accounts in excess of the minimum requirement was based on prudent banking principles.

**6.8 Revaluation Allowance for Debt Restructuring**

	Unit : Million Baht	
	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Beginning balance	238.73	220.66
Increase	789.66	77.91
Decrease	<u>(108.35)</u>	<u>(59.84)</u>
Ending balance	<u>920.04</u>	<u>238.73</u>

**6.9 Properties Foreclosed, Net**

	Unit : Million Baht			
		<u>December 31, 2012</u>		
Type of Properties Foreclosed	Beginning Balance	Additions	Disposals	Ending Balance
Assets from debt repayment				
- Immovable properties	1,070.75	15.51	19.21	1,067.05
- Movable properties	<u>278.04</u>	<u>-</u>	<u>-</u>	<u>278.04</u>
Total properties foreclosed	1,348.79	15.51	19.21	1,345.09
<u>(Less)</u> Allowance for impairment	<u>(265.39)</u>	<u>(204.84)</u>	<u>(0.24)</u>	<u>(469.99)</u>
Total properties foreclosed, net	<u>1,083.40</u>	<u>(189.33)</u>	<u>18.97</u>	<u>875.10</u>
		<u>December 31, 2011</u>		
Type of Properties Foreclosed	Beginning Balance	Additions	Disposals	Ending Balance
Assets from debt repayment				
- Immovable properties	1,097.20	7.65	34.10	1,070.75
- Movable properties	<u>278.04</u>	<u>-</u>	<u>-</u>	<u>278.04</u>
Total properties foreclosed	1,375.24	7.65	34.10	1,348.79
<u>(Less)</u> Allowance for impairment	<u>(217.95)</u>	<u>(48.11)</u>	<u>(0.67)</u>	<u>(265.39)</u>
Total properties foreclosed, net	<u>1,157.29</u>	<u>(40.46)</u>	<u>33.43</u>	<u>1,083.40</u>

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

As at December 31, 2011, the Bank had immovable assets from debt repayment in the amount of Baht 1,070.75 million, consisting of immovable assets which were appraised by external appraisers in the amount of Baht 449.11 million and by internal appraisers in the amount of Baht 621.64 million.

6.10 Premises and Equipment, Net

Unit : Million Baht

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

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

	December 31, 2011								Net Premises and Equipment
	Cost				Accumulated Depreciation				
	Beginning Balance	Additions	Disposals	Ending Balance	Beginning Balance	Depreciation	Disposals	Ending Balance	
Land	388.20	3.06	-	391.26	-	-	-	-	391.26
Buildings									
- Buildings	676.78	6.47	-	683.25	308.92	10.43	-	319.35	363.90
- Building improvement	138.47	0.16	5.14	133.49	110.76	5.64	4.76	111.64	21.85
Equipment									
- Office equipment and fixtures	255.74	14.27	17.47	252.54	203.34	22.83	16.90	209.27	43.27
- Vehicles	87.51	5.66	16.32	76.85	39.21	5.49	15.26	29.44	47.41
Assets pending write off	-	1.05	0.64	0.41	-	-	-	-	0.41
Assets under construction*	0.09	9.64	9.73	-	-	-	-	-	-
Total	<u>1,546.79</u>	<u>40.31</u>	<u>49.30</u>	<u>1,537.80</u>	<u>662.23</u>	<u>44.39</u>	<u>36.92</u>	<u>669.70</u>	<u>868.10</u>

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

### 6.11 Intangible Assets, Net

Changes in the Bank's intangible assets, which are computer software, for the years ended December 31, 2012 and 2011 are as follows;

Unit : Million Baht

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

	December 31, 2011								
	Cost				Accumulated Amortization				Net of Intangible Assets
	Beginning Balance	Additions	Disposals	Ending Balance	Beginning Balance	Amortization	Disposals	Ending Balance	
Computer software	34.54	17.59	0.01	52.12	16.23	7.79	0.01	24.01	28.11
Assets under									
Construction*	10.39	0.48	0.33	10.54	-	-	-	-	10.54
Total	<u>44.93</u>	<u>18.07</u>	<u>0.34</u>	<u>62.66</u>	<u>16.23</u>	<u>7.79</u>	<u>0.01</u>	<u>24.01</u>	<u>38.65</u>

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

### 6.12 Other Assets, Net

Unit : Million Baht

	December 31, 2012	December 31, 2011
Insurance claim receivables, net of reinsurance	233.63	225.95
Allowance for insurance claim receivables	(233.63)	(225.95)
Leasehold rights and improvements	2.12	2.08
Advance deposits	11.57	11.54
Others	<u>2.71</u>	<u>3.76</u>
Total	<u>16.40</u>	<u>17.38</u>

### 6.13 Deposits

#### 6.13.1 Classified by Type of Deposit

Unit : Million Baht

	December 31, 2012	December 31, 2011
Current	1,233.55	1,229.86
Savings	225.09	227.18
Fixed	<u>5,644.59</u>	<u>6,360.99</u>
Total	<u>7,103.23</u>	<u>7,818.03</u>

### 6.13.2 Classified by Currency and Residency of Depositors

Unit : Million Baht

	<u>December 31, 2012</u>			<u>December 31, 2011</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	6,299.12	125.28	6,424.40	7,252.27	42.58	7,294.85
US Dollar	454.92	204.16	659.08	378.31	125.88	504.19
Other currencies	<u>19.75</u>	<u>-</u>	<u>19.75</u>	<u>18.99</u>	<u>-</u>	<u>18.99</u>
Total	<u>6,773.79</u>	<u>329.44</u>	<u>7,103.23</u>	<u>7,649.57</u>	<u>168.46</u>	<u>7,818.03</u>

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

Unit : Million Baht

	<u>December 31, 2012</u>			<u>December 31, 2011</u>		
	<u>At Call</u>	<u>Term</u>	<u>Total</u>	<u>At Call</u>	<u>Term</u>	<u>Total</u>
Domestic items						
Bank of Thailand	-	821.05	821.05	-	-	-
Commercial banks	1.30	4,594.74	4,596.04	1.68	4,753.68	4,755.36
Specialized financial institutions	<u>7.90</u>	<u>1,141.26</u>	<u>1,149.16</u>	<u>14.88</u>	<u>1,137.00</u>	<u>1,151.88</u>
Total domestic items	<u>9.20</u>	<u>6,557.05</u>	<u>6,566.25</u>	<u>16.56</u>	<u>5,890.68</u>	<u>5,907.24</u>
Foreign items						
US Dollar	240.58	-	240.58	109.08	-	109.08
Euro	747.29	-	747.29	123.13	-	123.13
Other currencies	<u>19.34</u>	<u>-</u>	<u>19.34</u>	<u>32.61</u>	<u>-</u>	<u>32.61</u>
Total foreign items	<u>1,007.21</u>	<u>-</u>	<u>1,007.21</u>	<u>264.82</u>	<u>-</u>	<u>264.82</u>
Total domestic and foreign items	<u>1,016.41</u>	<u>6,557.05</u>	<u>7,573.46</u>	<u>281.38</u>	<u>5,890.68</u>	<u>6,172.06</u>

### 6.15 Debt Issued and Borrowings

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

Unit : Million Baht

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

	<u>December 31, 2011</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Bonds	-	27,571.34	27,571.34
Bills of exchange	51.39	-	51.39
Promissory notes	15,642.40	-	15,642.40
Others	<u>10.13</u>	<u>-</u>	<u>10.13</u>
Total debt issued and borrowings	<u>15,703.92</u>	<u>27,571.34</u>	<u>43,275.26</u>

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

	Unit : Million Baht				
	<u>Currency</u>	<u>Maturity</u>	<u>Interest Rate /</u>	<u>December 31, 2012</u>	<u>December 31, 2011</u>
		<u>(Year)</u>	<u>Interest Rate Index</u>		
Bonds	USD	2013-2018	LIBOR	29,712.65	27,571.34
Bills of exchange	THB	2012	2.85 - 3.25%	-	51.39
Promissory notes	THB	2013-2021	2.90 – 4.75%	10,325.00	12,392.40
		2019	6M THBFIX	2,250.00	3,250.00
Others	THB	2015	-	<u>6.63</u>	<u>10.13</u>
Total debt issued and borrowings				<u>42,294.28</u>	<u>43,275.26</u>

#### 6.16 Provisions

As at December 31, 2012 and 2011, the Bank had set up provisions as follows:

	Unit : Million Baht	
	<u>2012</u>	<u>2011</u>
Employee benefits	120.57	107.46
Provisions for contingent liabilities	<u>35.16</u>	<u>135.20</u>
Total provisions	<u>155.73</u>	<u>242.66</u>

The Bank assesses the provision for employee benefits by using the Projected Unit Credit method.

The details of the Bank's employee benefits for the period are as follows:

	Unit : Million Baht	
	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Beginning balance	107.46	95.80
Current service cost*	12.59	8.36
Interest cost*	3.97	3.97
Employees benefit paid in the period	<u>(3.45)</u>	<u>(0.67)</u>
Ending Balance	<u>120.57</u>	<u>107.46</u>

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

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

Average salary increase	5% - 7.5%
Average turnover rate	5% - 19%
Discount rate	2.38% - 4.27%

#### 6.17 Other Liabilities

	Unit : Million Baht	
	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Advance deposits	13.26	9.24
Expenses payable	17.65	15.73
Account payable	0.02	2.62
Reinsurance payable	14.19	11.30
Deferred revenue	13.64	18.45
Withholding tax payable	6.39	5.28
Provision for stand-by claims purchase agreement	28.18	17.04
Provision for investment insurance	27.10	19.68
Provision for expected loss	227.31	123.06
Suspenses liabilities	233.98	125.87
Others	<u>0.01</u>	<u>0.01</u>
Total	<u>581.73</u>	<u>348.28</u>

#### 6.18 Capital

The Bank had an initial capital of Baht 2,500 million (of which Baht 843.47 million was provided by the Ministry of Finance and Baht 1,656.53 million by the Bank of Thailand).

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

#### 6.19 Remittance to the Ministry of Finance

On June 29, 2012 the Bank remitted part of the net income for the year 2011 in the amount of Baht 212.10 million to the Ministry of Finance in accordance with the State Enterprise Policy Office's letter No. KorKhor 0806.3/2338 dated June 29, 2012 regarding the Appropriation of the EXIM Thailand's Net Income for the Year 2011.

## 6.20 Contingent Liabilities and Commitments

	Unit : Million Baht	
	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Liabilities under immature import bills	1,795.43	167.52
Letters of credit	399.55	1,962.70
Export bills insured	26,945.93	31,250.64
Other contingencies		
Overdraft accounts not yet drawn	510.11	532.69
Other guarantees	2,167.05	3,853.95
Investment Insurance	857.68	887.35
Stand-by claims purchase agreement	<u>6,220.28</u>	<u>3,778.45</u>
Total other contingencies	<u>9,755.12</u>	<u>9,052.44</u>
Total	<u>38,896.03</u>	<u>42,433.30</u>

## 6.21 Related Party Transactions

The Bank had transactions with related business entities. The Bank is related to these entities through equity participation and/or joint board directorship. Significant transactions between the Bank and related business entities were charged at market price as applicable in usual course of business or at the price as stipulated in the agreement if market price was not available.

In 2012 and 2011, revenue and expenses occurring between the Bank and its associated company being Thai EXIM International Company Limited were as follows:

	Unit : Million Baht	
	<u>2012</u>	<u>2011</u>
Office rent revenue	-	0.04
Consulting fee expense	-	2.34

## 6.22 Other Benefits to Directors and Executives

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



### 6.23 Long-Term Leasing Contracts

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

<u>Remaining Period</u>	Unit : Million Baht	
	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Within 1 year	4.05	5.02
Over 1-5 years	7.33	9.86
Over 5 years	0.33	1.61

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

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

### 6.25 Interest Revenue

Interest revenue in the statement of comprehensive income for the years ended December 31, 2012 and 2011 are as follows:

	Unit : Million Baht	
	<u>2012</u>	<u>2011</u>
Interbank and money market items	86.75	96.04
Investment in debt securities	101.63	100.78
Loans	<u>3,061.80</u>	<u>2,638.90</u>
Total interest revenue	<u>3,250.18</u>	<u>2,835.72</u>

### 6.26 Interest Expenses

Interest expenses in the statement of comprehensive income for the years ended December 31, 2012 and 2011 are as follows:

	Unit : Million Baht	
	<u>2012</u>	<u>2011</u>
Deposits	122.77	115.25
Interbank and money market items	123.37	128.77
Debt issued		
- Domestic bonds	-	63.64
- Foreign bonds	386.45	300.90
- Bills of exchange	0.97	4.66
- Promissory notes	530.89	440.35
- Borrowings fee	<u>0.79</u>	<u>20.20</u>
Total interest expenses	<u>1,165.24</u>	<u>1,073.77</u>

### 6.27 Fee and Service Revenue, Net

Net fee and service revenue in the statement of comprehensive income for the years ended December 31, 2012 and 2011 are as follows:

	Unit : Million Baht	
	<u>2012</u>	<u>2011</u>
Fee and service revenue		
- Acceptance aval and guarantee	36.47	50.88
- Revenue from insurance	208.19	230.62
- Others	<u>291.50</u>	<u>282.96</u>
Total fee and service revenue	<u>536.16</u>	<u>564.46</u>
Fee and service expenses		
- Expense on insurance	114.60	107.59
- Others	<u>4.01</u>	<u>4.15</u>
Total fees and service expenses	<u>118.61</u>	<u>111.74</u>
Total fee and service revenue, net	<u>417.55</u>	<u>452.72</u>

### 6.28 Gains on Trading and Foreign Exchange Transactions

Gains on trading and foreign exchange transactions in the statement of comprehensive income for the years ended December 31, 2012 and 2011 are as follows:

	Unit : Million Baht	
	<u>2012</u>	<u>2011</u>
Foreign exchanges and derivatives	194.70	95.34
Interest rate derivatives	<u>13.52</u>	<u>130.04</u>
Total gains on trading and foreign exchange transactions	<u>208.22</u>	<u>225.38</u>

### 6.29 Gains (Loss) on Investments

Gain (loss) on investments in the statement of comprehensive income for the years ended December 31, 2012 and 2011 are as follows:

	Unit : Million Baht	
	<u>2012</u>	<u>2011</u>
Gain (loss) on disposal of available-for-sale investment	-	(1.94)
Reversal (loss) on impairment of general investment	<u>5.21</u>	<u>(12.72)</u>
Total gain (loss) on investments	<u>5.21</u>	<u>(14.66)</u>

### 6.30 Impairment Loss of Loans and Debt Securities

Impairment loss of loans and debt securities in the statement of comprehensive income for the years ended December 31, 2012 and 2011 are as follows:

	Unit : Million Baht	
	<u>2012</u>	<u>2011</u>
Interbank and money market items	(3.34)	35.44
Loans		
- Bad debts and doubtful accounts	860.20	1,519.71
- Loss on restructuring	<u>810.69</u>	<u>31.16</u>
Total	<u>1,667.55</u>	<u>1,586.31</u>

### 6.31 Reclassification of Accounts

Some accounts in the statements of financial position as at December 31, 2011, statements of comprehensive income and the statement of cash flows for the year ended December 31, 2011 are reclassified in order to conform with the presentation of the statements of financial position as at December 31, 2012, statements of comprehensive income and the statement of cash flows for the year ended December 31, 2012.

### 6.32 Approval of the Financial Statements

These financial statements were approved by the Chairman of the Board of Directors and President on March 11, 2013.