

REPORT OF THE AUDITOR AND FINANCIAL STATEMENTS
EXPORT – IMPORT BANK OF THAILAND
FOR THE YEAR ENDED DECEMBER 31, 2019
(TRANSLATION)

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, 2019, 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, 2019, 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.

.....
(Ms. Kanitha Siriwathantakul)
Director of Financial and
Procurement Audit Office No.3

.....
(Ms. Sunita Charounsilpa)
Auditor, Senior Professional Level

EXPORT-IMPORT BANK OF THAILAND
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

		Unit : Thousand Baht		
		<u>Notes</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Assets</u>				
Cash			168	183
Interbank and money market items, net	6.2		2,972,888	2,812,404
Derivatives assets	6.3		549,269	243,729
Investments, net	6.4		2,493,157	2,345,301
Loans to customers and accrued interest receivables, net	6.5			
Loans to customers			121,868,474	108,588,565
Accrued interest receivables			361,139	349,926
Total loans to customers and accrued interest receivables			122,229,613	108,938,491
<u>Less</u> Deferred revenue			(2,988)	(2,474)
<u>Less</u> Allowance for doubtful accounts	6.6		(11,044,973)	(9,223,266)
<u>Less</u> Revaluation allowance for debt restructuring	6.7		(126,471)	(161,338)
Total loans to customers and accrued interest receivables, net			111,055,181	99,551,413
Properties for sale, net	6.8		310,878	381,692
Premises and equipment, net	6.9		799,068	814,710
Intangible assets, net	6.10		152,818	90,988
Reinsurance assets	6.11		237,310	246,789
Prepaid public revenue			203,200	-
Prepaid expenses			59,527	63,550
Other assets, net	6.12		13,339	15,019
Total assets			118,846,803	106,565,778

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

EXPORT-IMPORT BANK OF THAILAND
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	Notes	December 31, 2019	December 31, 2018
Unit : Thousand Baht			
<u>Liabilities and Equity</u>			
Deposits	6.13	32,812,593	30,160,027
Interbank and money market items, net	6.14	19,636,671	18,886,853
Liabilities payable on demand		462,609	160,196
Derivatives liabilities	6.3	84,282	148,327
Debt issued and borrowings	6.15	42,304,561	34,014,430
Provisions	6.16	395,099	247,211
Accrued interest payables		363,755	435,710
Reserves for insurance service	6.17	510,382	522,407
Other liabilities	6.18	852,116	816,351
Total liabilities		97,422,068	85,391,512
Equity			
Capital	6.19	12,800,000	12,800,000
Paid-up capital		12,800,000	12,800,000
Other components of equity		(886)	(537)
Retained earnings			
Appropriated			
Legal reserve		7,866,000	7,183,000
Unappropriated		759,621	1,191,803
Total equity		21,424,735	21,174,266
Total liabilities and equity		118,846,803	106,565,778

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

(Mr. Supant Mongkolsuthree)

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, 2019

	<u>Notes</u>	<u>2019</u>	<u>2018</u>
			Unit : Thousand Baht
Interest income	6.25	5,636,623	4,917,233
Interest expenses	6.26	2,142,293	1,534,603
Interest income, net		3,494,330	3,382,630
Fees and service income		424,862	346,046
Fees and service expenses		135,661	91,990
Fees and service income, net	6.27	289,201	254,056
Gain (Loss) on tradings and foreign exchange transactions, net	6.28	132,461	(8,033)
Gain (Loss) on investments, net	6.29	(2,349)	21,499
Other operating income		162,329	230,075
Income from public service account		-	30,539
Total operating income		4,075,972	3,910,766
Other operating expenses			
Employee's expenses		1,113,544	905,913
Directors' remuneration		8,367	7,331
Premises and equipment expenses		118,569	71,570
Bad debt and doubtful accounts for insurance services	6.30	119,069	117,403
Loss on impairment of properties for sale		7,144	10,410
Others	6.31	387,345	206,551
Total other operating expenses		1,754,038	1,319,178
Expenses from public service account		-	17,827
Impairment loss of loans and debt securities	6.32	1,815,141	1,208,434
Net profit		506,793	1,365,327
Other comprehensive income (loss)			
Item that will be reclassified subsequently to profit or loss			
Loss on remeasuring available-for-sale securities		(349)	(1,020)
Item that will not be reclassified subsequently to profit or loss			
Actuarial gain (loss) on defined benefit plans		(24,475)	4,555
Total net other comprehensive income (loss)		(24,824)	3,535
Total comprehensive income		481,969	1,368,862

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

(Mr. Supant Mongkolsuthree)

Chairman

(Mr. Pisit Serewiwattana)

President

EXPORT-IMPORT BANK OF THAILAND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

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, 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	-	-	-	(539,000)	(539,000)
Total comprehensive income	-	(1,020)	-	1,369,882	1,368,862
Balance as at December 31, 2018	<u>12,800,000</u>	<u>(537)</u>	<u>7,183,000</u>	<u>1,191,803</u>	<u>21,174,266</u>
Balance as at January 1, 2019	12,800,000	(537)	7,183,000	1,191,803	21,174,266
Legal reserve	-	-	683,000	(683,000)	-
Remittance as the public revenue	6.20	-	-	(231,500)	(231,500)
Total comprehensive income	-	(349)	-	482,318	481,969
Balance as at December 31, 2019	<u>12,800,000</u>	<u>(886)</u>	<u>7,866,000</u>	<u>759,621</u>	<u>21,424,735</u>

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

(Mr. Supant Mongkolsuthree)

Chairman

(Mr. Pisit Serewiwattana)

President

EXPORT-IMPORT BANK OF THAILAND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Unit : Thousand Baht	
	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Net profit	506,793	1,365,327
Adjustments to reconcile net profit to cash received (paid) from operating activities		
Depreciation and amortization	56,627	57,353
Bad debts and doubtful accounts	1,823,272	1,149,830
(Reversal) Loss on debt restructuring	(976)	102,858
Gain on disposal of assets	(251)	(449)
Loss on impairment of properties for sale	7,144	10,410
Gain on foreign currency translation	(1,287,114)	(547,013)
Derivative revaluation	2,044	50,869
Gain on disposal of investments	-	(21,746)
Loss on impairment of investments	2,349	247
Amortization of (discount) premium on debt securities	(590)	6,962
Increase in provisions	123,413	18,173
Bad debts and provision for other receivables (reversal)	45,232	(67,709)
Bad debt and doubtful accounts for insurance services	119,069	117,403
Decrease (Increase) in accrued income	7,616	(3,468)
Decrease (Increase) in other prepaid expenses	4,421	(19,229)
Increase in other accrued expenses	11,122	40,353
	<hr/>	<hr/>
	1,420,171	2,260,171
Interest income, net	(3,494,330)	(3,397,343)
Dividend income	(481)	(778)
Proceeds from interest income	5,592,348	4,811,348
Interest paid	(2,214,983)	(1,394,052)
Proceeds from dividend income	481	778
	<hr/>	<hr/>
Income from operations before changes in operating assets and liabilities	1,303,206	2,280,124
(Increase) Decrease in operating assets		
Interbank and money market items	(158,024)	(816,992)
Loans to customers	(14,987,801)	(15,973,920)
Properties for sale	74,043	427,460
Reinsurance assets	41	(41)
Other assets	(136,197)	(19,457)

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

EXPORT-IMPORT BANK OF THAILAND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Unit : Thousand Baht	
	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Increase (Decrease) in operating liabilities		
Deposits	2,655,325	7,759,067
Interbank and money market items	798,145	2,694,062
Liabilities payable on demand	301,025	(310,256)
Other liabilities	(22,351)	325,284
Net cash from operating activities	<u>(10,172,588)</u>	<u>(3,634,669)</u>
Cash flows from investing activities		
Purchases of held-to-maturity debt securities	(4,600,000)	(4,300,000)
Proceeds from redemption of held-to-maturity debt securities	4,450,000	4,400,000
Proceeds from disposal of general investments	-	46,390
Purchases of premises and equipment	(28,373)	(39,370)
Proceeds from disposal of premises and equipment	289	494
Purchases of intangible assets	(59,848)	(26,194)
Net cash from investing activities	<u>(237,932)</u>	<u>81,320</u>
Cash flows from financing activities		
Proceeds from debt issued and long-term borrowings	16,612,995	9,875,217
Repayments of debt issued and long-term borrowings	(5,767,790)	(5,783,862)
Remittance as the public revenue	(434,700)	(539,000)
Net cash from financing activities	<u>10,410,505</u>	<u>3,552,355</u>
Net decrease in cash and cash equivalents	<u>(15)</u>	<u>(994)</u>
Cash and cash equivalents at the beginning of the year	<u>183</u>	<u>1,177</u>
Cash and cash equivalents at the end of the year	<u><u>168</u></u>	<u><u>183</u></u>

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

(Mr. Supant Mongkolsuthree)
Chairman

(Mr. Pisit Serewiwattana)
President

EXPORT-IMPORT BANK OF THAILAND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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NOTES TO THE FINANCIAL STATEMENTS
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EXPORT-IMPORT BANK OF THAILAND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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 export, 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 the Notification, issued by the Bank of Thailand, No. SorKorSor. 26/2562 dated September 2, 2019 regarding the Requirements on Accounting for Specialized Financial Institutions, presented and disclosed in accordance with the Notification, issued by the Bank of Thailand, No. SorKorSor. 27/2562 dated September 2, 2019 regarding the Preparation and Announcement of the Financial Statements of Specialized Financial Institutions.

2.2 New or Revised Thai Financial Reporting Standards (TFRS)

2.2.1 New or revised Thai Financial Reporting Standards (TFRS), which are effective for the financial statements beginning on or after January 1, 2019 and have an impact on the financial statements of the Bank, are as follows:

TAS 1	(Revised 2018)	Presentation of Financial Statements
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 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 24	(Revised 2018)	Related Party Disclosures
TAS 29	(Revised 2018)	Financial Reporting in Hyperinflationary Economies

2.2 New or Revised Thai Financial Reporting Standards (TFRS) (Continued)

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
TFRS 4	(Revised 2018)	Insurance Contracts
TFRS 13	(Revised 2018)	Fair Value Measurement
TFRS 15	(Revised 2018)	Revenue from Contracts with Customers
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 21	(Revised 2018)	Levies

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

2.2.2 The new Thai Financial Reporting Standards (TFRS), which have been announced in the Royal Gazette but are effective for the financial statements period beginning on or after January 1, 2020, are as follows :

TAS 1	Presentation of Financial Statements
TAS 2	Inventories
TAS 7	Statement of Cash Flows
TAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10	Events after the Reporting Period
TAS 12	Income Taxes
TAS 16	Property, Plant and Equipment
TAS 19	Employee Benefits
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21	The Effects of Changes in Foreign Exchange Rates
TAS 23	Borrowing Costs
TAS 24	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27	Separate Financial Statements
TAS 28	Investments in Associates and Joint Ventures
TAS 29	Financial Reporting in Hyperinflationary Economies

2.2 New or Revised Thai Financial Reporting Standards (TFRS) (Continued)

TAS 32	Financial Instruments: Presentation
TAS 33	Earnings per Share
TAS 34	Interim Financial Reporting
TAS 36	Impairment of Assets
TAS 37	Provisions, Contingent Liabilities and Contingent Assets
TAS 38	Intangible Assets
TAS 40	Investment Property
TAS 41	Agriculture
TFRS 1	First-time Adoption of Thai Financial Reporting Standards
TFRS 2	Share-based Payment
TFRS 3	Business Combinations
TFRS 4	Insurance Contracts
TFRS 5	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRS 7	Financial Instruments: Disclosures
TFRS 8	Operating Segments
TFRS 9	Financial Instruments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement
TFRS 15	Revenue from Contracts with Customers
TFRS 16	Leases
TSIC 10	Government Assistance-No Specific Relation to Operating Activities
TSIC 25	Income Taxes-Changes in the Tax Status of an Entity or its Shareholders
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets-Web Site Costs
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

2.2 New or Revised Thai Financial Reporting Standards (TFRS) (Continued)

TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 14	TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies
TFRIC 22	Foreign Currency Transactions and Advance Consideration
TFRIC 23	Uncertainty over Income Tax Treatments

The Bank is presently considering the potential impact of the above TFRS. The Bank has not early adopted these TFRS before the effective date.

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.

3.4 Derivatives (Continued)

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. Losses on impairment are charged to the statement of profit or loss and other comprehensive income. When the circumstances that caused the impairment loss are favourably 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. 23/2562 dated September 2, 2019 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.

3.9 Properties for Sale (Continued)

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 Leasehold Rights

Leasehold 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 statement 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, which is the average rate between the average buying rate of money transfers and the average selling 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.

3.15 Investment Insurance Services and Reserves (Continued)

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, mortality 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 on defined benefit plans 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, Thai oversea investment, and domestic investment with a view to national development in line with the Bank’s objectives.

4.1.1 Credit Risk (Continued)

The Bank has a clear framework of its credit process based on the principle of three lines of defence. The main 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 analyses credit lines, 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 and capability to make good and reasonable judgment among other skills.

- 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 and payment or incurrence of commitments to ensure correctness and completeness.

(2) Manage risks associated with credit transactions (Second Line of defence): the person in charge follows up and reports on the risks associated with the credit transaction such as credit transaction information, quality of credit and insurance portfolio, and operational performance as well as other financial data to support the Bank's administration and credit risk management. Also monitoring the bank operation to ensure compliance with the relevant laws, rules and regulation.

(3) Examine credit transactions (Third Line of defence): the person in charge examines overall credit transactions and the first and second line of operations to ensure compliance with the relevant laws, rules and regulations. Also checking the projects' progress and report the result directly to the audit committee.

4.1.2 Market Risk

The Bank has put in place 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 an adverse impact on the Bank's earnings or capital funds as a result of changes in interest rates on assets, liabilities and all off-balance sheet items that could affect the Bank's net interest income (NII), market value of trading account items, and other income and expense items associated with interest rates;

4.1.2 Market Risk (Continued)

2. Foreign Exchange Rate Risk

It refers to the risk of an 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 an 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 cost 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 risks 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 obtaining adequate funds but at exorbitant costs, which could affect the Bank's earnings and capital funds both at present and in the 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 costs 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 its respective asset structure. Major applications of funds are credit provisions to debtors and investments in liquid assets, while sources of funds are mainly from fund raisings or issuances of financial instruments both onshore and offshore (such as US dollar bond issues under the Programme), as well as business partners, that are its funding sources on a regular and consistent basis as part of its liquidity management.

In 2019, the Bank maintained its liquidity position to serve its net funds requirement at the level higher than its internal criteria and average liquid assets higher than that specified by the Bank of Thailand. The main liquid assets held by the Bank included government bonds, Bank of Thailand bonds, and treasury bills. Holdings of liquid assets have been reviewed as appropriate to sufficiently accommodate settlements of debts and obligations, and ensure smooth operation under both normal and crisis situations. Moreover, reports on liquidity position and operational results are made on a regular basis.

4.1.3 Liquidity Risk (Continued)

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.a 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 developed 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 signals, and the execution process to timely cope with stress conditions.

As at December 31, 2019 and 2018, the Bank had significant asset and liability items classified by maturity as follows:

	December 31, 2019			December 31, 2018		
	Up to	Over	Total	Up to	Over	Total
	1 Year	1 Year		1 Year	1 Year	
Unit : Million Baht						
Assets						
Interbank and money market						
items, net	2,972.89	-	2,972.89	2,812.40	-	2,812.40
Investments in debt securities	2,486.73	-	2,486.73	2,336.13	-	2,336.13
Loans	<u>51,599.03</u>	<u>70,269.44</u>	<u>121,868.47</u>	<u>47,695.50</u>	<u>60,893.07</u>	<u>108,588.57</u>
Total	<u>57,058.65</u>	<u>70,269.44</u>	<u>127,328.09</u>	<u>52,844.03</u>	<u>60,893.07</u>	<u>113,737.10</u>
Liabilities						
Deposits	26,977.59	5,835.00	32,812.59	29,563.53	596.50	30,160.03
Interbank and money market						
items, net	8,953.93	10,682.74	19,636.67	7,139.23	11,747.62	18,886.85
Debt issued and borrowings	<u>9,073.71</u>	<u>33,230.85</u>	<u>42,304.56</u>	<u>5,706.34</u>	<u>28,308.09</u>	<u>34,014.43</u>
Total	<u>45,005.23</u>	<u>49,748.59</u>	<u>94,753.82</u>	<u>42,409.10</u>	<u>40,652.21</u>	<u>83,061.31</u>

4.2 Fair Value of Financial Instruments

	Unit : Million Baht			
	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
	<u>Book Value</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Fair Value</u>
Financial assets				
Cash	0.17	0.17	0.18	0.18
Interbank and money market items, net	2,972.89	2,972.89	2,812.40	2,812.40
Derivatives assets	549.27	549.27	243.73	243.73
Investments, net	2,493.16	2,494.61	2,345.30	2,345.00
Loans to customers and accrued				
interest receivables, net	<u>111,055.18</u>	<u>111,055.18</u>	<u>99,551.41</u>	<u>99,551.41</u>
Total financial assets	<u>117,070.67</u>	<u>117,072.12</u>	<u>104,953.02</u>	<u>104,952.72</u>
Financial liabilities				
Deposits	32,812.59	32,812.59	30,160.03	30,160.03
Interbank and money market items, net	19,636.67	19,636.67	18,886.85	18,886.85
Liabilities payable on demand	462.61	462.61	160.19	160.19
Derivatives liabilities	84.28	84.28	148.33	148.33
Debt issued and borrowings	<u>42,304.56</u>	<u>42,304.56</u>	<u>34,014.43</u>	<u>34,014.43</u>
Total financial liabilities	<u>95,300.71</u>	<u>95,300.71</u>	<u>83,369.83</u>	<u>83,369.83</u>

4.3 Capital Adequacy under the Ministerial Regulations and Basel II Standard

4.3.1 Capital under the Ministerial Regulations

As at December 31, 2019, the Bank was able to maintain capital adequacy ratio (CAR) at 16.92%, 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 83.19%, 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 Regulations</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
1. Capital *		20,958.91	20,106.98
2. Risk assets **		123,852.64	111,096.07
3. Insurance service contingent liabilities		25,195.47	23,549.16
4. Capital to risk assets	Not less than 8%	16.92%	18.10%
5. Capital to insurance service contingent liabilities	Not less than 20%	83.19%	85.38%

Remarks : * Capital under the Ministerial Regulations includes only Teir 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, 2019 and 2018, the Bank's capital to risk assets ratio under Basel II standard are as follows:

Capital Structure Based on Basel II Standard		
	Unit: Million Baht	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Tier 1 Capital		
Paid-up capital	12,800.00	12,800.00
Legal reserve	7,866.00	7,183.00
Net profit after appropriation	<u>292.91</u>	<u>123.98</u>
Total Tier 1 Capital	20,958.91	20,106.98
Tier 2 Capital		
Provision for asset classification as normal	<u>1,848.99</u>	<u>1,687.16</u>
Total capital	22,807.90	21,794.14
Less Revaluation deficit on investments in available-for-sale equity securities	<u>(0.89)</u>	<u>(0.54)</u>
Total capital under Basel II standard	<u>22,807.01</u>	<u>21,793.60</u>

Capital Adequacy Ratio

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Tier 1 capital adequacy ratio	14.17%	14.90%
Total capital adequacy ratio	15.42%	16.15%

Unit: Million Baht

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Total capital after deducting capital add-on arising		
from single lending limit	22,334.52	21,157.81
Total capital adequacy ratio after deducting capital add-on arising		
from single lending limit	15.10%	15.68%

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, 2019 and 2018 were as follows:

	Unit : Million Baht	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Decrease in revaluation surplus on investments in equity	(0.35)	(1.02)
Increase in properties for sale from loan payment	10.37	14.82

6.2 Interbank and Money Market Items, Net (Assets)

	December 31, 2019			December 31, 2018		
	<u>Demand</u>	<u>Time</u>	<u>Total</u>	<u>Demand</u>	<u>Time</u>	<u>Total</u>
Domestic items						
Bank of Thailand	26.23	-	26.23	24.22	-	24.22
Commercial banks	182.87	1,226.54	1,409.41	203.80	1,420.00	1,623.80
Specialized financial institutions	<u>0.45</u>	<u>350.00</u>	<u>350.45</u>	<u>0.45</u>	<u>-</u>	<u>0.45</u>
Total	209.55	1,576.54	1,786.09	228.47	1,420.00	1,648.47
<u>Add</u> Accrued interest receivables	-	0.03	0.03	-	-	-
<u>Less</u> Allowance for doubtful accounts	<u>-</u>	<u>(15.77)</u>	<u>(15.77)</u>	<u>-</u>	<u>(14.20)</u>	<u>(14.20)</u>
Total domestic items	<u>209.55</u>	<u>1,560.80</u>	<u>1,770.35</u>	<u>228.47</u>	<u>1,405.80</u>	<u>1,634.27</u>
Foreign items						
US Dollars	323.34	764.09	1,087.43	458.64	625.75	1,084.39
Yen	29.98	-	29.98	13.29	-	13.29
Euro	38.91	-	38.91	26.85	-	26.85
Other currencies	<u>46.18</u>	<u>-</u>	<u>46.18</u>	<u>53.53</u>	<u>-</u>	<u>53.53</u>
Total	438.41	764.09	1,202.50	552.31	625.75	1,178.06
<u>Add</u> Accrued interest receivables	<u>-</u>	<u>0.04</u>	<u>0.04</u>	<u>-</u>	<u>0.07</u>	<u>0.07</u>
Total foreign items	<u>438.41</u>	<u>764.13</u>	<u>1,202.54</u>	<u>552.31</u>	<u>625.82</u>	<u>1,178.13</u>
Total domestic and foreign items	<u>647.96</u>	<u>2,324.93</u>	<u>2,972.89</u>	<u>780.78</u>	<u>2,031.62</u>	<u>2,812.40</u>

6.3 Derivatives

As at December 31, 2019 and 2018, all derivatives were held for trading. The fair value and notional amount classified by type of risk were as follows:

Unit : Million Baht			
<u>Type of Risk</u>	<u>December 31, 2019</u>		
	<u>Fair Value</u>		<u>Notional Amount</u>
	<u>Assets</u>	<u>Liabilities</u>	
Exchange rate	467.96	57.36	20,931.48
Interest rate	<u>81.31</u>	<u>26.92</u>	<u>3,100.00</u>
Total	<u>549.27</u>	<u>84.28</u>	<u>24,031.48</u>

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

As at December 31, 2019 and 2018, the proportions of derivative transactions classified by type of counterparty based on the notional amount were as follows:

<u>Counterparty</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Financial institutions	86.42%	86.26%
Third parties	<u>13.58%</u>	<u>13.74%</u>
Total	<u>100.00%</u>	<u>100.00%</u>

6.4 Investments, Net

6.4.1 Available-for-Sale Securities

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	<u>Fair Value</u>	<u>Fair Value</u>
Domestic marketable equity securities	0.19	0.54

Unit : Million Baht

6.4.2 Held-to-Maturity Debt Securities

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	<u>Cost/Amortized Cost</u>	<u>Cost/Amortized Cost</u>
Government and state enterprise securities	2,486.73	2,336.13

Unit : Million Baht

6.4.3 General Investments

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	<u>Cost</u>	<u>Cost</u>
Domestic non-marketable equity securities	26.31	26.31
Mutual funds Vayupak Fund 1 (VAYU1)	1.00	1.00
Others	<u>0.35</u>	<u>0.39</u>
Total	27.66	27.70
<u>Less</u> Allowance for impairment	<u>(21.42)</u>	<u>(19.07)</u>
Total	<u>6.24</u>	<u>8.63</u>
Total investments, net	<u>2,493.16</u>	<u>2,345.30</u>

Unit : Million Baht

6.5 Loans to Customers and Accrued Interest Receivables, Net

6.5.1 Classified by Type of Loan

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
		Unit : Million Baht
		<u>December 31, 2019</u>
Overdrafts	271.67	291.66
Domestic loans - customers	84,236.20	77,419.49
- export bills negotiation	925.94	698.17
- staff loans	254.60	269.62
Overseas loans - foreign government agencies	1,032.34	1,096.34
- customers operating overseas	35,122.53	28,791.17
Others	<u>25.19</u>	<u>22.11</u>
Total loans to customers	121,868.47	108,588.56
<u>Less</u> Deferred revenue	<u>(2.99)</u>	<u>(2.47)</u>
Total loans to customers net of deferred revenue	121,865.48	108,586.09
<u>Add</u> Accrued interest receivables	<u>361.14</u>	<u>349.92</u>
Total loans to customers net of deferred revenue, plus accrued interest receivables	122,226.62	108,936.01
<u>Less</u> Allowance for doubtful accounts		
- Minimum allowance by BOT's regulations (Individual approach)	(7,677.73)	(4,411.03)
- Excess allowance	(3,367.24)	(4,812.24)
<u>Less</u> Revaluation allowance for debt restructuring	<u>(126.47)</u>	<u>(161.33)</u>
Total loans to customers, net	<u>111,055.18</u>	<u>99,551.41</u>

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:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
		Unit : Million Baht
Loan for National Road No.67 Construction Project		
(Anlong Veng – Siem Reap) The Kingdom of Cambodia	1,032.34	1,096.34

As at December 31, 2019 and 2018, loans to customers that have not recognized income on an accrual basis in accordance with the regulations of the Bank of Thailand, which is presented in the statement of financial position as loans to customers, were Baht 5,605.96 million and Baht 4,102.93 million, respectively.

6.5.2 Classified by Currency and Residency

Unit : Million Baht

	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	61,781.48	11,953.57	73,735.05	58,339.32	11,584.94	69,924.26
US Dollar	16,881.05	19,961.78	36,842.83	15,779.77	17,821.64	33,601.41
Other currencies	<u>7,048.08</u>	<u>4,239.52</u>	<u>11,287.60</u>	<u>4,579.48</u>	<u>480.94</u>	<u>5,060.42</u>
Total *	<u>85,710.61</u>	<u>36,154.87</u>	<u>121,865.48</u>	<u>78,698.57</u>	<u>29,887.52</u>	<u>108,586.09</u>

* 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

	<u>December 31, 2019</u>					
	<u>Normal</u>	<u>Special</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful</u>	<u>Total</u>
		<u>Mention</u>			<u>of Loss</u>	
Agriculture and mining	3,227.15	3.97	-	-	331.16	3,562.28
Manufacturing and commercial	42,568.58	1,498.55	296.20	878.35	3,600.89	48,842.57
Real estate and construction	6,291.00	11.03	3.10	-	41.35	6,346.48
Public utilities and services	57,097.35	5,302.13	-	1.54	453.36	62,854.38
Others	<u>259.77</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>259.77</u>
Total *	<u>109,443.85</u>	<u>6,815.68</u>	<u>299.30</u>	<u>879.89</u>	<u>4,426.76</u>	<u>121,865.48</u>

	<u>December 31, 2018</u>					
	<u>Normal</u>	<u>Special</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful</u>	<u>Total</u>
		<u>Mention</u>			<u>of Loss</u>	
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	<u>887.94</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>887.94</u>
Total *	<u>98,535.06</u>	<u>5,948.10</u>	<u>537.81</u>	<u>249.72</u>	<u>3,315.40</u>	<u>108,586.09</u>

* 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, 2019

	<u>Loans and</u>	<u>Net Amount Subject</u>	<u>Minimum</u>	<u>Allowance</u>
	<u>Accrued Interest</u>	<u>to Allowance for</u>	<u>Provision</u>	<u>for Doubtful</u>
	<u>Receivables</u>	<u>Doubtful Accounts</u>	<u>Rate (%)</u>	<u>Accounts</u>
		<u>Provisioning</u>		
1. Minimum allowance by BOT's regulations				
Normal	109,718.04	107,973.58	1,50,100	1,541.04
Special mention	6,902.62	6,465.73	2,10,30,36,50,100	2,118.26
Substandard	299.30	202.42	100	202.42
Doubtful	879.89	788.63	100	788.63
Doubtful of loss	<u>4,426.77</u>	<u>3,027.38</u>	100	<u>3,027.38</u>
Total minimum allowance by BOT's regulations	122,226.62	118,457.74		7,677.73
2. Excess allowance	<u>-</u>	<u>-</u>		<u>3,367.24</u>
Total **	<u>122,226.62</u>	<u>118,457.74</u>		<u>11,044.97</u>

December 31, 2018

	<u>Loans and</u>	<u>Net Amount Subject</u>	<u>Minimum</u>	<u>Allowance</u>
	<u>Accrued Interest</u>	<u>to Allowance for</u>	<u>Provision</u>	<u>for Doubtful</u>
	<u>Receivables</u>	<u>Doubtful Accounts</u>	<u>Rate (%)</u>	<u>Accounts</u>
		<u>Provisioning</u>		
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	<u>3,315.41</u>	<u>2,135.71</u>	100	<u>2,135.71</u>
Total minimum allowance by BOT's regulations	108,936.01	105,347.72		4,411.03
2. Excess allowance	<u>-</u>	<u>-</u>		<u>4,812.24</u>
Total **	<u>108,936.01</u>	<u>105,347.72</u>		<u>9,223.27</u>

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

6.5.5 Non-Performing Loans (NPLs)

As at December 31, 2019 and 2018, the Bank had non-performing loans which consisted of loans classified as substandard, doubtful, doubtful of loss, and loss as follows:

	Unit : Million Baht	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
NPLs before deducting allowance for doubtful accounts	5,605.96	4,102.93
Percentage of total loans *	4.54	3.73
NPLs after deducting allowance for doubtful accounts	1,587.53	1,552.53
Percentage of net loans	1.33	1.44

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

As at December 31, 2019 and 2018, the outstanding balance of written-down accounts, which were excluded from the financial statements, were Baht 2,572.28 million and Baht 2,597.25 million, respectively. The Bank recovered principal from written-down accounts during the years 2019 and 2018 in the amount of Baht 5.37 million and Baht 272.58 million, respectively, from which accounts the bank received cash in the amount of Baht 5.37 million and Baht 44.08 million, respectively.

6.5.6 Troubled Debt Restructuring

The Bank restructured debts during the years 2019 and 2018 as follows:

<u>Type of Restructuring</u>	<u>Cases</u>	Unit : Million Baht	
		<u>2019</u>	
		<u>Before Restructuring</u>	<u>After Restructuring</u>
Change of repayment conditions	6	78.01	74.74

The average tenure of the above-mentioned debt restructuring was 3.61 years. As at December 31, 2019, the outstanding of such restructured loans was Baht 76.78 million.

<u>Type of Restructuring</u>	<u>Cases</u>	Unit : Million Baht	
		<u>2018</u>	
		<u>Before Restructuring</u>	<u>After Restructuring</u>
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.

6.5.6 Troubled Debt Restructuring (Continued)

Debt restructuring during the years 2019 and 2018, compared to outstanding loans and accrued interest receivables net of deferred revenue were as follows:

	Unit : Million Baht			
	2019		2018	
	<u>Cases</u>	<u>Amount</u>	<u>Cases</u>	<u>Amount</u>
Debt restructuring during the year	6	78.01	14	359.51
Loans and accrued interest receivables, net of deferred revenue	2,331	122,226.62	2,053	108,936.02

As at December 31, 2019 and 2018, the Bank had outstanding restructured loans for 142 cases amounting to Baht 2,222.78 million and for 113 cases amounting to Baht 2,391.66 million, respectively.

For the years ended December 31, 2019 and 2018, the Bank recognized interest income from debt restructuring in the amount of Baht 109.65 million and Baht 125.74 million, respectively.

As at December 31, 2019 and 2018, the Bank had commitments to extend additional loans to customers who had been restructured for the amount of Baht 0.68 million and Baht 15 million, respectively.

6.6 Allowance for Doubtful Accounts

As at December 31, 2019 and 2018, the Bank had allowance for doubtful accounts as follows:

	Unit : Million Baht						
	<u>December 31, 2019</u>						
	<u>Normal</u>	<u>Special</u>	<u>Sub-</u>	<u>Doubtful</u>	<u>Doubtful</u>	<u>Excess</u>	<u>Total</u>
		<u>Mention</u>	<u>Standard</u>		<u>of Loss</u>	<u>Allowance</u>	
Beginning balance	1,549.02	311.61	203.22	211.47	2,135.71	4,812.24	9,223.27
Doubtful accounts	<u>(7.98)</u>	<u>1,806.65</u>	<u>(0.80)</u>	<u>577.16</u>	<u>891.67</u>	<u>(1,445.00)</u>	<u>1,821.70</u>
Ending balance	<u>1,541.04</u>	<u>2,118.26</u>	<u>202.42</u>	<u>788.63</u>	<u>3,027.38</u>	<u>3,367.24</u>	<u>11,044.97</u>
	<u>December 31, 2018</u>						
	<u>Normal</u>	<u>Special</u>	<u>Sub-</u>	<u>Doubtful</u>	<u>Doubtful</u>	<u>Excess</u>	<u>Total</u>
		<u>Mention</u>	<u>Standard</u>		<u>of Loss</u>	<u>Allowance</u>	
Beginning balance	1,231.92	4.28	42.00	396.89	1,686.24	4,455.24	7,816.57
Doubtful accounts	<u>317.10</u>	<u>307.33</u>	<u>161.22</u>	<u>(185.42)</u>	<u>449.47</u>	<u>357.00</u>	<u>1,406.70</u>
Ending balance	<u>1,549.02</u>	<u>311.61</u>	<u>203.22</u>	<u>211.47</u>	<u>2,135.71</u>	<u>4,812.24</u>	<u>9,223.27</u>

6.8 Properties for Sale, Net (Continued)

For the years ended December 31, 2019 and 2018, the Bank generated gain on sale of properties for sale in the amount of Baht 150.98 million and Baht 223.32 million, respectively.

6.9 Premises and Equipment, Net

As at December 31, 2019 and 2018, the Bank had premises and equipment, net as follows:

Unit : Million Baht

	December 31, 2019								Premises and Equipment, Net
	Cost				Accumulated Depreciation				
	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	394.05	10.66	-	404.71	278.54
- Building improvement	141.17	4.28	3.44	142.01	126.98	2.46	3.44	126.00	16.01
Equipment									
- Office equipment and fixtures	316.44	23.09	34.18	305.35	264.57	20.76	34.16	251.17	54.18
- Vehicles	110.90	-	0.02	110.88	42.71	9.11	0.02	51.80	59.08
Assets under construction*	-	3.45	3.45	-	-	-	-	-	-
Total	<u>1,643.02</u>	<u>30.82</u>	<u>41.09</u>	<u>1,632.75</u>	<u>828.31</u>	<u>42.99</u>	<u>37.62</u>	<u>833.68</u>	<u>799.07</u>

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

	December 31, 2018								Premises and Equipment, Net
	Cost				Accumulated Depreciation				
	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	<u>1,614.02</u>	<u>44.84</u>	<u>15.84</u>	<u>1,643.02</u>	<u>795.35</u>	<u>42.57</u>	<u>9.61</u>	<u>828.31</u>	<u>814.71</u>

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

6.10 Intangible Assets, Net

As at December 31, 2019 and 2018, the Bank had intangible assets as follows:

Unit : Million Baht

	December 31, 2019								Intangible Assets, Net
	Cost				Accumulated Amortization				
	Beginning Balance	Additions/ Transfer in	Disposals/ Transfer out	Ending Balance	Beginning Balance	Amortization	Disposals/ Transfer out	Ending Balance	
Computer software	161.96	62.99	1.78	223.17	131.97	12.99	1.78	143.18	79.99
Software under installation*	<u>61.00</u>	<u>70.31</u>	<u>58.48</u>	<u>72.83</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72.83</u>
Total	<u>222.96</u>	<u>133.30</u>	<u>60.26</u>	<u>296.00</u>	<u>131.97</u>	<u>12.99</u>	<u>1.78</u>	<u>143.18</u>	<u>152.82</u>

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

	December 31, 2018								Intangible Assets, Net
	Cost				Accumulated Amortization				
	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*	<u>49.21</u>	<u>23.06</u>	<u>11.27</u>	<u>61.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61.00</u>
Total	<u>196.99</u>	<u>37.33</u>	<u>11.36</u>	<u>222.96</u>	<u>117.80</u>	<u>14.27</u>	<u>0.10</u>	<u>131.97</u>	<u>90.99</u>

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

6.11 Reinsurance Assets

As at December 31, 2019 and 2018, the Bank had reinsurance assets as follows:

Unit : Million Baht

	December 31, 2019	December 31, 2018
Accrued income and reinsurance	-	0.04
Insurance reserves from reinsurance	<u>237.31</u>	<u>246.75</u>
Total	<u>237.31</u>	<u>246.79</u>

6.12 Other Assets, Net

	Unit : Million Baht	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Revenue receivables, net	1.77	9.43
Insurance claim receivables, net of reinsurance	325.89	205.31
Allowance for insurance claim receivables	(325.89)	(205.31)
Leasehold rights	4.08	1.04
Advance deposits	2.83	2.77
Others	<u>4.66</u>	<u>1.78</u>
Total	<u>13.34</u>	<u>15.02</u>

6.13 Deposits

6.13.1 Classified by Type of Deposit

	Unit : Million Baht	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Demand	2,568.43	2,236.99
Savings	60.08	308.08
Time	6,191.09	6,006.21
Certificates of deposit	<u>23,992.99</u>	<u>21,608.75</u>
Total	<u>32,812.59</u>	<u>30,160.03</u>

6.13.2 Classified by Currency and Residency of Depositors

	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	30,895.42	597.99	31,493.41	28,075.55	555.17	28,630.72
US Dollar	1,004.28	292.59	1,296.87	822.24	260.10	1,082.34
Other currencies	<u>22.31</u>	<u>-</u>	<u>22.31</u>	<u>446.97</u>	<u>-</u>	<u>446.97</u>
Total	<u>31,922.01</u>	<u>890.58</u>	<u>32,812.59</u>	<u>29,344.76</u>	<u>815.27</u>	<u>30,160.03</u>

6.14 Interbank and Money Market Items, Net (Liabilities)

Unit : Million Baht

	December 31, 2019			December 31, 2018		
	Demand	Time	Total	Demand	Time	Total
Domestic items						
Commercial banks	1.42	6,932.03	6,933.45	1.48	6,712.61	6,714.09
Specialized financial institutions	28.94	6,261.35	6,290.29	15.21	2,523.61	2,538.82
Other financial institutions	<u>-</u>	<u>6,150.00</u>	<u>6,150.00</u>	<u>-</u>	<u>9,400.00</u>	<u>9,400.00</u>
Total domestic items	<u>30.36</u>	<u>19,343.38</u>	<u>19,373.74</u>	<u>16.69</u>	<u>18,636.22</u>	<u>18,652.91</u>
Foreign items						
US Dollar	247.16	-	247.16	212.97	-	212.97
Euro	13.73	-	13.73	18.93	-	18.93
Other currencies	<u>2.04</u>	<u>-</u>	<u>2.04</u>	<u>2.04</u>	<u>-</u>	<u>2.04</u>
Total foreign items	<u>262.93</u>	<u>-</u>	<u>262.93</u>	<u>233.94</u>	<u>-</u>	<u>233.94</u>
Total domestic and foreign items	<u>293.29</u>	<u>19,343.38</u>	<u>19,636.67</u>	<u>250.63</u>	<u>18,636.22</u>	<u>18,886.85</u>

6.15 Debt Issued and Borrowings

6.15.1 Classified by Type of Instrument and Source of Fund

Unit : Million Baht

	December 31, 2019		
	Domestic	Foreign	Total
Bonds	5,000.00	37,240.19	42,240.19
Others	<u>64.37</u>	<u>-</u>	<u>64.37</u>
Total debt issued and borrowings	<u>5,064.37</u>	<u>37,240.19</u>	<u>42,304.56</u>
	December 31, 2018		
	Domestic	Foreign	Total
Bonds	-	33,910.04	33,910.04
Others	<u>104.39</u>	<u>-</u>	<u>104.39</u>
Total debt issued and borrowings	<u>104.39</u>	<u>33,910.04</u>	<u>34,014.43</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>Amount</u>	
			<u>Interest Rate Index</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Bonds	USD	2020-2024	LIBOR ± MARGIN	37,240.19	33,910.04
Bonds	THB	2022-2029	1.74% - 2.31%	5,000.00	-
Others	THB	2021-2024	0%	<u>64.37</u>	<u>104.39</u>
Total debt issued and borrowings				<u>42,304.56</u>	<u>34,014.43</u>

6.16 Provisions

As at December 31, 2019 and 2018, the Bank had set up provisions as follows:

Unit : Million Baht		
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Provisions for employee benefits	330.96	206.75
Provisions for contingent liabilities	39.92	19.85
Other provisions	<u>24.22</u>	<u>20.61</u>
Total provisions	<u>395.10</u>	<u>247.21</u>

The Bank assessed the provision for the post-employment benefits by using the Projected Unit Credit method.

The details of the Bank's provisions for employee benefits were as follows:

Unit : Million Baht		
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Beginning balance	206.75	193.80
Current service cost*	29.09	20.03
Interest cost*	4.33	5.73
Employee benefits paid during the year	(4.33)	(8.26)
Past service cost*	70.65	-
Actuarial loss (gain) on defined benefit plans	<u>24.47</u>	<u>(4.55)</u>
Ending Balance	<u>330.96</u>	<u>206.75</u>

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

Principal actuarial assumptions for the Bank's post-employment benefits were as follows:

	<u>2019</u>
Average salary increase rate	5.75% - 11.50%
Average turnover rate	0% - 30.61%
Discount rate	1.18% - 2.03%
Mortality rate	TMO17

6.16 Provisions (Continued)

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

	Unit : Million Baht	
	<u>Increase (Decrease) in Defined Benefit Plan</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Average discount rate		
- Increase of 1%	(38.46)	(23.42)
- Decrease of 1%	45.60	27.63
Average future salary increase rate		
- Increase of 1%	0.70	0.62
- Decrease of 1%	(1.56)	(1.16)
Average turnover rate		
- Increase of 1%	(2.93)	(1.80)
- Decrease of 1%	2.93	1.80

The Notification, issued by the State Enterprise Labor Relations Committee, regarding the minimum standards of conditions of employment in state enterprise (No.4) is published in the Royal Gazette on September 26, 2019 and effective on September 27, 2019. This Notification amends the legal severance pay rates for state enterprise employee to comply with The Labor Protection Act (No.7) B.E. 2562 by providing employee who has worked for an uninterrupted period of 20 years or more with the severance payment of not less than 400 days of wages at the most recent rate. The Bank recognizes an increase in provision for employee benefits in the amount of Baht 76.71 million as well as the past service cost as an expense in the period that the Notification is effective.

6.17 Reserves for Insurance Service

	Unit : Million Baht	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Reserves for export credit insurance	307.23	258.07
Reserves for investment insurance	118.06	104.92
Reserves for stand-by claims purchase agreement	<u>85.09</u>	<u>159.42</u>
Total	<u>510.38</u>	<u>522.41</u>

6.18 Other Liabilities

	Unit : Million Baht	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Collateral under Credit Support Annex contract *	193.29	148.62
Advance deposits	18.71	23.33
Accrued expenses	77.76	73.09
Account payables	34.37	11.82
Reinsurance payables	20.89	6.38
Deferred revenue	24.84	19.36
Withholding tax payable	8.80	7.57
Provision for expected loss **	139.87	100.41
Suspense liabilities	333.53	422.20
Others	<u>0.06</u>	<u>3.57</u>
Total	<u>852.12</u>	<u>816.35</u>

* To mitigate counterparty risk, the Bank signed ISDA Credit Support Annex (CSA) with its counterparties which required 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 and received additional capital from the Ministry of Finance in the amount of Baht 4,000 million on July 31, 1998, Baht 1,300 million on December 30, 2008 and Baht 5,000 million on September 21, 2009. Thereby, the Bank has total capital amounting to Baht 12,800 million.

6.20 Remittance as the Public Revenue

The Ministry of Finance by the State Enterprise Policy Office approved the appropriation of net income for the year 2018 as the public revenue amounting to Baht 513.40 million. The Bank remitted the interim public revenue amounting to Baht 281.90 million on October 10, 2018 and the remaining amount Baht 231.50 million on July 19, 2019.

Afterward, the Bank remitted the interim public revenue of the year 2019 amounting to Baht 203.20 million on October 17, 2019. Thereby, the total remittance in 2019 was Baht 434.70 million.

6.21 Contingent Liabilities

	Unit : Million Baht	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Aval to bills	17.40	-
Guarantees of loans	1,169.92	1,496.55
Liabilities under immature import bills	167.12	1,270.32
Letters of credit	1,779.61	2,558.55
Export bills insured	23,896.65	20,451.17
Other contingencies		
Overdraft accounts not yet drawn	561.50	584.44
Other guarantees	4,843.95	3,524.56
Investment Insurance	1,537.86	3,309.88
Stand-by claims purchase agreement	<u>8,509.26</u>	<u>7,247.46</u>
Total other contingencies	<u>15,452.57</u>	<u>14,666.34</u>
Total	<u>42,483.27</u>	<u>40,442.93</u>

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	
<u>Remaining Period</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Within 1 year	4.17	3.93
Over 1 - 5 years	8.35	1.75
Over 5 years	8.56	-

6.23 Long-Term Leasing Contracts (Continued)

The Bank has entered into the sublease agreement which the Bank will receive sublease rental in the future as follows:

<u>Remaining Period</u>	Unit : Million Baht	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Within 1 year	0.29	0.02
Over 1 - 5 years	0.02	-

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

The Bank established representative office to promote and support international trade and investments. The Bank currently has 3 representative offices including, representative office in Yangon, the Republic of the Union of Myanmar, representative office in Vientiane, Laos People's Democratic Republic and representative office in Phnom Penh, Kingdom of Cambodia.

6.24.1 Financial Position Classified by Business

	Unit : Million Baht		
	<u>December 31, 2019</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Total assets	118,844.14	2.66	118,846.80
Interbank and money market items, net (assets)	2,972.09	0.80	2,972.89
Investments, net	2,493.16	-	2,493.16
Loans to customers and accrued interest receivables, net	111,055.18	-	111,055.18
Deposits	32,812.59	-	32,812.59
Interbank and money market items, net (liabilities)	19,636.67	-	19,636.67
Debt issued and borrowings	42,304.56	-	42,304.56
	<u>December 31, 2018</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
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

6.24.2 Operations Classified by Business

Unit : Million Baht

	<u>December 31, 2019</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Interest income	5,636.62	-	5,636.62
Interest expenses	<u>(2,142.29)</u>	-	<u>(2,142.29)</u>
Interest income, net	3,494.33	-	3,494.33
Fees and service income, net	289.20	-	289.20
Other operating income	292.44	-	292.44
Other operating expenses	<u>(3,554.62)</u>	<u>(14.56)</u>	<u>(3,569.18)</u>
Net profit	<u><u>521.35</u></u>	<u><u>(14.56)</u></u>	<u><u>506.79</u></u>

	<u>December 31, 2018</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Interest income	4,917.23	-	4,917.23
Interest expenses	<u>(1,534.60)</u>	-	<u>(1,534.60)</u>
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	<u>(2,535.65)</u>	<u>(9.79)</u>	<u>(2,545.44)</u>
Net profit	<u><u>1,375.12</u></u>	<u><u>(9.79)</u></u>	<u><u>1,365.33</u></u>

6.25 Interest Income

Interest income for the years ended December 31, 2019 and 2018 were as follows:

	Unit : Million Baht	
	<u>2019</u>	<u>2018</u>
Interbank and money market items	296.28	125.07
Investment in debt securities	36.57	31.93
Loans	<u>5,303.77</u>	<u>4,760.23</u>
Total interest income	<u><u>5,636.62</u></u>	<u><u>4,917.23</u></u>

6.26 Interest Expenses

Interest expenses for the years ended December 31, 2019 and 2018 were as follows:

	Unit : Million Baht	
	<u>2019</u>	<u>2018</u>
Deposits	415.23	319.36
Interbank and money market items	518.06	382.50
Debt issued		
- Bonds	1,193.99	821.83
- Borrowings fee	<u>15.01</u>	<u>10.91</u>
Total interest expenses	<u>2,142.29</u>	<u>1,534.60</u>

6.27 Fees and Service Income, Net

Net fees and service income for the years ended December 31, 2019 and 2018 were as follows:

	Unit : Million Baht	
	<u>2019</u>	<u>2018</u>
Fees and service income		
- Acceptance aval and guarantee	53.49	44.95
- Income from insurance	230.15	191.24
- Others	<u>141.22</u>	<u>109.86</u>
Total fees and service income	<u>424.86</u>	<u>346.05</u>
Fees and service expenses		
- Expense on insurance	125.77	87.32
- Others	<u>9.89</u>	<u>4.67</u>
Total fees and service expenses	<u>135.66</u>	<u>91.99</u>
Total fees and service income, net	<u>289.20</u>	<u>254.06</u>

6.28 Gain (Loss) on Tradings and Foreign Exchange Transactions

Gain (loss) on tradings and foreign exchange transactions for the years ended December 31, 2019 and 2018 were as follows:

	Unit : Million Baht	
	<u>2019</u>	<u>2018</u>
Foreign exchanges, debt securities and derivatives	180.39	58.76
Interest rate derivatives	<u>(47.93)</u>	<u>(66.79)</u>
Total gain (loss) on tradings and foreign exchange transactions	<u>132.46</u>	<u>(8.03)</u>

6.29 Gain (Loss) on Investments, Net

Gain (loss) on investments for the years ended December 31, 2019 and 2018 were as follows:

	Unit : Million Baht	
	<u>2019</u>	<u>2018</u>
Gain on disposal of general investments	-	21.75
Loss on impairment of general investments	<u>(2.35)</u>	<u>(0.25)</u>
Total gain (loss) on investments	<u>(2.35)</u>	<u>21.50</u>

6.30 Bad Debt and Doubtful Accounts for Insurance Services

Bad debt and doubtful accounts for insurance services for the years ended December 31, 2019 and 2018 were as follows:

	Unit : Million Baht	
	<u>2019</u>	<u>2018</u>
Doubtful account for export credit insurance	66.03	40.93
Doubtful account for investment insurance	4.44	19.35
Doubtful account for stand-by claims purchase agreement	<u>48.60</u>	<u>57.12</u>
Total	<u>119.07</u>	<u>117.40</u>

6.31 Other Operating Expenses - Others

For the years ended December 31, 2019 other operating expenses - others increased by Baht 180.79 million compared to the same period last year, mainly due to an increase of Baht 135.95 million in doubtful account for contingent liabilities and others.

6.32 Impairment Loss of Loans and Debt Securities

Impairment loss of loans and debt securities for the years ended December 31, 2019 and 2018 were as follows:

	Unit : Million Baht	
	<u>2019</u>	<u>2018</u>
Interbank and money market items	1.57	4.48
Loans		
- Bad debts and doubtful accounts *	1,816.10	1,133.95
- Loss on restructuring	<u>(2.53)</u>	<u>102.85</u>
Total	1,813.57	1,236.80
Loans from public service account	<u>-</u>	<u>(32.85)</u>
Total impairment loss of loans and debt securities	<u>1,815.14</u>	<u>1,208.43</u>

* Includes written-down debt recovery and bad debt recovery

6.33 Fair value of Assets and Liabilities

As at December 31, 2019 and 2018, the Bank determined level of the fair value hierarchy of financial assets and financial liabilities as follows:

Unit : Million Baht

	<u>December 31, 2019</u>		
	<u>Fair Value</u>		<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	
Financial Assets			
Derivative assets			
- Exchange rate	-	467.96	467.96
- Interest rate	-	81.31	81.31
Available-for-sale securities	<u>0.19</u>	<u>-</u>	<u>0.19</u>
Total financial assets	<u>0.19</u>	<u>549.27</u>	<u>549.46</u>
Financial Liabilities			
Derivative liabilities			
- Exchange rate	-	57.36	57.36
- Interest rate	<u>-</u>	<u>26.92</u>	<u>26.92</u>
Total financial liabilities	<u>-</u>	<u>84.28</u>	<u>84.28</u>

6.33 Fair value of Assets and Liabilities (Continued)

Unit : Million Baht

		<u>December 31, 2018</u>		
		<u>Fair Value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial Assets				
Derivative assets				
-	Exchange rate	-	102.67	102.67
-	Interest rate	-	141.06	141.06
	Available-for-sale securities	<u>0.54</u>	<u>-</u>	<u>0.54</u>
	Total financial assets	<u>0.54</u>	<u>243.73</u>	<u>244.27</u>
Financial Liabilities				
Derivative liabilities				
-	Exchange rate	-	109.59	109.59
-	Interest rate	<u>-</u>	<u>38.74</u>	<u>38.74</u>
	Total financial liabilities	<u>-</u>	<u>148.33</u>	<u>148.33</u>

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 Events after the Reporting Period

On February 28, 2020 the Bank of Thailand issued Circular No. TorPorTor.ForKorChor.(72) Vor.277/2563 regarding Guidelines for the Provision of Assistance to Borrowers Adversely Affected by the Current Economic Circumstances, to encourage Specialized Financial Institutions in taking proactive measures to speed up and enhance their support to businesses affected by unfavorable economic situation, trade war, drought as well as the COVID-19 pandemic. The assistance which focused on liquidity enhancement and debt restructuring measures was aimed to be broad-based and take immediate effects for a temporary period of two years starting from January 1, 2020 to December 31, 2021. In addition, on March 26, 2020 the Bank of Thailand issued Circular No. TorPorTor.ForNorSor.(01) Vor.380/2563 regarding Additional Relief Measures for Borrowers affected by the COVID-19

6.34 Events after the Reporting Period (Continued)

Pandemic, outlining minimum additional relief measures to help maintain businesses' cash flows sufficient to keep businesses afloat. The Bank has adopted the Bank of Thailand's relief measures and guidance for affected clients by introducing EXIM Investment and Production Efficiency Enhancement Credit Scheme, reducing prime interest rates and launching other schemes such as EXIM Liquidity Enhancement for Exporters, EXIM Debt Suspension and EXIM Relieving Debt Burden for Clients amid Corona Virus Outbreak.

6.35 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 10, 2020.
