

Ministerial Regulation, 1995

As issued under the provisions of the Export-Import Bank of Thailand Act, 1993

By virtue of the provisions under paragraph one of Section 4 and Section 22 of the Export-Import Bank of Thailand Act, 1993, Minister of Finance hereby issues a ministerial regulation as follows:

Article 1: In this ministerial regulation,

“Exchange Rate Contract” means a contract or title document related to management to protect the risks of exchange rates among two or more currencies, namely, futures foreign currency contract, warrant foreign currency contract at prescribed rate and period, forward foreign currency receipt or payment contract at prescribed rate and period, foreign currency novation contract or other contract in the same manner as prescribed by the board of directors.

“Interest Rate Contract” means a contract or title document related to management to protect the risks of interest rates, namely futures interest rate stipulation contract, warrant interest receipt or payment contract at prescribed rate and period, forward interest receipt or payment contract at prescribed rate and period, interest rate novation contract from fixed rate to floating rate or vice versa or other contract in the same manner as prescribed by the board of directors.

“Central Bank” means a foreign institution or corporate serving the duty responsible for fiscal policy or maintaining the stability and security of the financial institution system of such country.

Article 2: The Bank shall maintain the fund in ratio to the assets and obligation burden arising from the suretyship, acceptance or aval and any other obligation burden

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except for the obligation burden arising from the guarantee of risks under Section 8 (6) and (7) in accordance with the rules and calculation method as follows:

(1) For every item in the financial statement on assets and obligation burden, except for obligation burden arising from the guarantee of risks under Section 8 (6) and (7), being used for calculation, the book value as of the report date shall be used. In this regard, the value of assets and obligation burden in foreign currencies must first be converted to Thai currency;

(2) Multiply each item of assets by the risk weights of such assets as prescribed in Article 5;

(3) Multiply each item of obligation burden by the converted value of such obligation burden as prescribed in Article 6 and the obtained result shall be multiplied with the risk weights of such assets as prescribed in Article 5 once again;

(4) For every item, combine the product of assets in (2) with the product of obligation burden in (3).

The ratio of fund to the result calculated in (4) must not be lower than 8%.

Article 3: The Bank shall maintain the fund in ratio to the obligation burden arising from the guarantee of risks under Section 8 (6) and (7), whereas the reserve fund for indemnity payment shall be deducted from the obligation burden item arising from every item of the guarantee of risks, except for the obligation burden arising from the guarantee of risks for which the council of ministers has passed the resolution to allocate the budget for debt payment by using the combined book value as of the report date. In this respect, the obligation burden arising from the guarantee in foreign currencies must first be converted to Thai currency.

The ratio of fund to obligation burden arising from the guarantee of risks in paragraph one must not be lower than 20%.

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Article 4: In converting every item of assets and obligation burden in foreign currencies to Thai currency, the currency exchange rate at the average low buying rate and high selling rate as prescribed by the Exchange Equalization Fund as of the report date shall be used. As for the currency not prescribed by the Exchange Equalization Fund, the cross-rate calculation method shall be used.

Article 5: The risk weights of each category of assets are as follows:

- (1) The assets having the risk weight of 0 are namely,
 - (a) Cash both in Thai currency and foreign currencies;
 - (b) Deposits at the Bank of Thailand;
 - (c) Investment fund in the bond market having the contract of buying or selling back as carried out by the Bank of Thailand;
 - (d) Investment fund in Thai government securities or securities under suretyship of principal and interest by Ministry of Finance or Bank of Thailand securities or credit grant specific for the part not exceeding the said securities value used as security, including accrued interest receivable;
 - (e) Credit grant under suretyship of principal and interest by Ministry of Finance or credit grant for which the council of ministers has passed the resolution to allocate the budget for debt payment;
 - (f) Credit grant or investment fund in the government or central bank securities prescribed by the board of directors under approval of the minister or credit grant part under unconditional suretyship of the said government or central bank;
 - (g) Credit grant specific for the part not exceeding the government or central bank securities value prescribed by the board of directors under approval of the minister as security, including accrued interest receivable;

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(h) Credit grant or investment fund in the government or central bank securities apart from stipulation by the board of directors under approval of the minister or credit grant under unconditional suretyship of the said government or central bank, including accrued interest receivable. In this respect, it must be the currency of such country and shall not exceed the liabilities owed to the Bank in such currency;

(i) Account overlap between offices of the Bank;

(j) Credit grant specific for the part being equal to the amount set aside for doubtful accounts;

(k) Prepaid expenses;

(l) Cash pending collection for customer benefits.

(2) The assets having the risk weight of 0.2 are namely,

(a) Deposit, credit grant or investment fund in securities issued by commercial banks or credit grant under acceptance, aval or suretyship by commercial banks or credit grant having instruments issued by commercial banks as security, including accrued interest receivable;

(b) Deposit, credit grant or investment fund in securities issued by Government Housing Bank, Government Saving Bank or Bank for Agriculture and Agricultural Cooperatives or credit grant under acceptance, aval or suretyship by the said banks or credit grant having instruments issued by the said banks as security, including accrued interest receivable;

(c) Deposit, credit grant or investment fund in securities issued by finance companies, securities finance companies, credit foncier companies or credit grant under acceptance, aval or suretyship by the said companies or credit grant having instruments issued by the said companies as security, including accrued interest receivable;

(d) Credit grant or investment fund in securities issued by corporates established under specific laws or state enterprises or credit grant under acceptance,

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aval or suretyship by the said corporates or state enterprises or credit grant having instruments issued by the said corporates or state enterprises as security, including accrued interest receivable;

(e) Deposit, credit grant or investment fund in securities issued by commercial banks registered in the group of countries prescribed by the board of directors under approval of the minister or credit grant under acceptance, aval or suretyship by the said commercial banks or credit grant having instruments issued by the said commercial banks as security, including accrued interest receivable;

(f) Credit grant or investment fund in securities issued by state organizations in the group of countries prescribed by the board of directors under approval of the minister or credit grant under acceptance, aval or suretyship by the said organizations or credit grant having instruments issued by the said organizations as security, including accrued interest receivable;

(g) Credit grant or investment fund in securities issued by international organizations prescribed by the board of directors under approval of the minister or credit grant under acceptance, aval or suretyship by the said organizations or credit grant having instruments issued by the said organizations as security, including accrued interest receivable;

(h) Deposit, credit grant or investment fund in securities issued by commercial banks registered outside the group of countries prescribed by the board of directors under approval of the minister or credit grant under acceptance, aval or suretyship by the said commercial banks or credit grant having instruments issued by the said commercial banks as security, including accrued interest receivable. In this regard, the remaining periods must not exceed one year;

(i) Credit grant for export under letters of credit already dispatching goods in accordance with the conditions but in case of the issuers of letters of credit being the

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commercial banks registered outside the group of countries prescribed by the board of directors under approval of the minister, the remaining periods of such letters of credit must not exceed one year;

(j) Credit grant for which the council of ministers has passed the resolution to allocate the budget for debt payment but the Bureau of Budget has not allocated the debt payment fund until it was beyond the period due for payment exceeding two years or more.

(3) The assets having the risk weight of 0.5 are namely,

(a) Credit grant or investment fund in securities issued by municipalities or credit grant under acceptance, aval or suretyship by municipalities or credit grant having instruments issued by municipalities as security;

(b) Credit grant for dwelling welfare to employees of the Bank, whereas the Bank shall take mortgages of such land and/or buildings as security of the first rank. In this regard, the said land and buildings must have the value not lower than the accrued credit facility, including accrued interest receivable;

(c) Obligation burden being the exchange rate contract or interest rate contract multiplied by the conversion value as already prescribed in Article 6, unless the parties shall have been arranged in the group having the risk weight lower than 0.5.

(4) The assets having the risk weight of 1 are namely,

(a) Credit grant to private sector, including accrued interest receivable;

(b) Deposit, credit grant or investment fund in securities issued by commercial banks registered outside the group of countries prescribed by the board of directors under approval of the minister or credit grant under acceptance, aval or suretyship by the said commercial banks or credit grant having instruments issued by the said commercial banks as security, whereas the remaining periods exceed one year;

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(c) Credit grant or investment fund in government or central bank securities outside the group of countries prescribed by the board of directors under approval of the minister or credit grant under unconditional suretyship of the said government or central bank, including accrued interest receivable not being currency of such country or having the amount exceeding the liabilities owed to the Bank in such currency;

(d) Property, plant, equipment, other fixed assets and sale pending property;

(e) Other assets not indicating risk weights in (1), (2) and (3).

Article 6: Conversion values of each category of obligation burden are as follows:

(1) Obligation burden having conversion value of 0 are namely,

(a) Bill for collection;

(b) Loan facility not yet withdrawn by customer;

(c) Obligation burden subject to cancelation by the Bank at any time;

(d) The Bank's obligation burden for which the council of ministers has passed resolution to allocate the budget for debt payment;

(e) Other obligation burden not indicating conversion values in (2), (3), (4) and (5).

(2) Obligation burden having conversion value of 0.2 is the obligation burden for importing goods under letter of credit both with supporting documents and without supporting documents.

(3) Obligation burden having conversion value of 0.5 is the obligation burden depending on performance of the customer, e.g., suretyship for construction contract or suretyship for submitting sealed bid, etc.

(4) Obligation burden having conversion value of 1 are namely,

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(a) Aval of bill, acceptance of bill, suretyship of loan and suretyship of sale, discount sale or discount bill resale;

(b) Bill endorsement with right of recourse;

(c) Asset sale contract to be unconditionally complied by the Bank.

(5) Obligation burden for exchange rate contract and interest rate contract shall be prescribed in accordance with the remaining contract term as follows:

(a) For the remaining contract term not exceeding 14 days, every contract has the conversion value of 0;

(b) For the remaining contract term not exceeding one year, the conversion values are as follows:

(1) The exchange rate contract has the conversion value of 0.02;

(2) The interest rate contract has the conversion value of 0.005.

(c) For the remaining contract term from one year or more, the conversion values are as follows:

(1) The exchange rate contract has the conversion value of 0.05;

(2) The interest rate contract has the conversion value of 0.01.

In case of the same customer making the exchange rate contract or the interest rate contract both for purchase and sale, the amount of purchase and sale shall be first multiplied by the conversion value and the results shall be offset with each other and then the net amount shall be multiplied with the risk weight of each category of assets as prescribed in Article 5.

Given this 30th day of March 1995

Dharin Nimmanhemmin

Minister of Finance

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Remark: The rationale for the promulgation of this ministerial regulation was due to Section 22 of the Export-Import Bank of Thailand Act, 1993, prescribing the Export-Import Bank of Thailand to maintain the fund in ratio with the assets, liabilities or obligation burden under the rules, procedures and conditions prescribed by the ministerial regulation, it is expedient to prescribe the rules, procedures and conditions for the Export-Import Bank of Thailand to maintain the fund in ratio with the said assets, liabilities or obligation burden. It is thus necessary to issue this ministerial regulation.

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