

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
AND FINANCIAL STATEMENTS
EXPORT – IMPORT BANK OF THAILAND
FOR THE THREE – MONTH PERIOD ENDED MARCH 31, 2014
(TRANSLATION)

(TRANSLATION)

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO : MINISTER OF FINANCE

The Office of the Auditor General of Thailand has reviewed the statements of financial position of the Export-Import Bank of Thailand, as at March 31, 2014, and statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period ended, and the condensed notes to the financial statements. The Bank's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34: Interim Financial Reporting. The responsibility of the Office of the Auditor General of Thailand is to express a conclusion on this interim financial information based on the review.

Scope of review

The Office of the Auditor General of Thailand conducted the review in accordance with Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable the Office of the Auditor General of Thailand to obtain assurance that the Office of the Auditor General of Thailand would become aware of all significant matters that might be identified in an audit. Accordingly, the Office of the Auditor General of Thailand does not express an audit opinion.

Conclusion

Based on the review, nothing has come to the attention that causes the Office of the Auditor General of Thailand to believe that the interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34: Interim Financial Reporting.

Emphasis of Matter

The Office of the Auditor General of Thailand draws attention to note 2.2 to the interim financial information describing the effect of change in accounting policy and note 5.19 describing the reclassification of accounts. The statements of financial position as at December 31, 2013 and statements of comprehensive income for the three-month period ended March 31, 2013, which are included as comparative information, have been adjusted.

(Signed) *Jurairat Thipsatien*

(Miss Jurairat Thipsatien)

Director of Audit Office No.1

(Signed) *Atinuch Thienchaiwattana*

(Mrs. Atinuch Thienchaiwattana)

Auditor in Charge

Office of the Auditor General of Thailand

June 5, 2014

EXPORT-IMPORT BANK OF THAILAND
STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2014

						Unit : Baht
	Notes	March 31, 2014	December 31, 2013	January 1, 2013		
		<u>"Unaudited"</u>	<u>(Restated)</u>	<u>Brought Forward</u>		
		<u>"Reviewed"</u>		<u>(Restated)</u>		
<u>Assets</u>						
Cash		186,696	553,209	312,144		
Interbank and money market items, net		5,949,400,210	5,002,117,750	5,088,579,539		
Derivative assets	5.2	604,228,981	877,418,091	339,262,450		
Investments, net	5.3	2,493,192,865	4,078,316,972	3,721,515,314		
Loans to customers and accrued interest receivables, net	5.4					
Loans to customers		73,238,792,384	67,526,796,976	66,676,345,788		
Accrued interest receivables		226,378,257	257,691,902	252,778,879		
Total loans to customers and accrued interest receivables		<u>73,465,170,641</u>	<u>67,784,488,878</u>	<u>66,929,124,667</u>		
<u>Less</u> Deferred revenue		8,976,680	4,301,438	4,034,488		
<u>Less</u> Allowance for doubtful accounts	5.5	3,872,420,464	3,663,603,847	3,206,907,882		
<u>Less</u> Revaluation allowance for debt restructuring	5.6	133,111,733	139,977,314	142,122,382		
Total loans to customers and accrued interest receivables, net		<u>69,450,661,764</u>	<u>63,976,606,279</u>	<u>63,576,059,915</u>		
Properties foreclosed, net		832,606,917	833,146,053	875,103,428		
Premises and equipment, net		816,383,474	824,237,094	844,314,926		
Intangible assets, net		101,249,436	105,098,729	47,037,771		
Accrued interest receivables not related to loans		3,934,155	1,599,537	3,067,746		
Prepaid expenses		24,601,961	20,611,638	16,293,987		
Other assets, net		14,407,811	16,068,777	16,580,986		
Total assets		<u><u>80,290,854,270</u></u>	<u><u>75,735,774,129</u></u>	<u><u>74,528,128,206</u></u>		

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

EXPORT-IMPORT BANK OF THAILAND
STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2014

		Unit : Baht		
	<u>Notes</u>	<u>March 31, 2014</u>	<u>December 31, 2013</u>	<u>January 1, 2013</u>
		<u>"Unaudited"</u>	<u>(Restated)</u>	<u>Brought Forward</u>
		<u>"Reviewed"</u>		<u>(Restated)</u>
<u>Liabilities and Shareholders' Equity</u>				
Deposits		5,581,934,938	5,727,131,202	7,103,230,710
Interbank and money market items, net		16,324,669,623	11,736,867,539	7,573,455,563
Liabilities payable on demand		44,864,951	295,537,173	145,909,283
Derivative liabilities	5.2	75,261,575	176,930,360	88,536,835
Debt issued and borrowings	5.7	39,336,819,532	39,387,573,532	42,294,277,532
Provisions	5.8	149,904,655	147,022,420	155,734,752
Accrued interest payables		268,224,886	235,227,353	283,461,506
Allowance for export credit insurance		97,783,302	92,536,175	128,315,111
Other liabilities		928,656,854	824,633,134	581,733,950
Total liabilities		62,808,120,316	58,623,458,888	58,354,655,242
Shareholders' equity				
Capital	5.9	12,800,000,000	12,800,000,000	12,800,000,000
Paid-up capital		12,800,000,000	12,800,000,000	12,800,000,000
Other components of equity		1,261,347	1,073,487	3,209,817
Retained earnings				
Appropriated				
Legal reserve		4,330,000,000	3,677,853,887	3,126,853,887
Unappropriated		351,472,607	633,387,867	243,409,260
Total shareholders' equity		17,482,733,954	17,112,315,241	16,173,472,964
Total liabilities and shareholders' equity		80,290,854,270	75,735,774,129	74,528,128,206

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

(Mr. Prasong Poontaneat)

Chairman

(Mr. Kanit Sukonthaman)

President

EXPORT-IMPORT BANK OF THAILAND
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014

	<u>Notes</u>	<u>2014</u>	<u>2013</u> <u>(Restated)</u>
			Unit : Baht
Interest revenue	5.14	792,636,561	774,587,786
Interest expenses	5.15	235,824,034	274,016,600
Net interest income		556,812,527	500,571,186
Fees and service revenue		191,461,048	137,954,880
Fees and service expenses		14,384,285	32,006,511
Net fees and service income	5.16	177,076,763	105,948,369
Gains on tradings and foreign exchange transactions	5.17	27,726,273	18,264,591
Gains on investments		1,212,878	3,788,538
Other operating revenue		5,131,622	17,366,382
Total operating revenue		34,070,773	39,419,511
Other operating expenses			
Personnel expenses		138,811,492	136,118,710
Directors' remuneration		1,623,067	1,061,903
Premises and equipment expenses		9,642,807	9,568,495
Taxes and duties		2,466	2,493
Losses on claims and provision for insurance service		7,752,630	22,419,259
Losses on impairment of properties foreclosed		8,506,944	22,704,917
Others		33,755,911	49,885,041
Total operating expenses		200,095,317	241,760,818
Impairment loss of loans and debt securities	5.18	197,633,893	4,939,770
Net income		370,230,853	399,238,478
Other comprehensive income (losses)			
Gains (Losses) on revaluation of available-for-sale investment		187,860	(115,672)
Total other comprehensive income (losses)		187,860	(115,672)
Total comprehensive income		370,418,713	399,122,806

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

(Mr. Prasong Poontaneat)

Chairman

(Mr. Kanit Sukonthaman)

President

EXPORT-IMPORT BANK OF THAILAND
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014

	Notes	Capital	Other Components of Equity	Appropriated Retained Earnings	Unappropriated Retained Earnings	Unit : Baht Total
			Revaluation Surplus (Deficit) on Investments			
Beginning balance as at January 1, 2013		12,800,000,000	3,209,817	3,126,853,887	237,319,505	16,167,383,209
Effect of the change in accounting policy in 2012	2.2	-	-	-	6,089,755	6,089,755
Balance as at January 1, 2013 (Restated)		12,800,000,000	3,209,817	3,126,853,887	243,409,260	16,173,472,964
Legal reserve		-	-	551,000,000	(551,000,000)	-
Total comprehensive income (Restated)	2.2	-	(115,672)	-	399,238,478	399,122,806
Ending balance as at March 31, 2013		12,800,000,000	3,094,145	3,677,853,887	91,647,738	16,572,595,770
Beginning balance as at January 1, 2014		12,800,000,000	1,073,487	3,677,853,887	613,516,404	17,092,443,778
Effect of the change in accounting policy in 2012	2.2	-	-	-	6,089,755	6,089,755
Effect of the change in accounting policy in 2013	2.2	-	-	-	13,781,708	13,781,708
Balance as at January 1, 2014 (Restated)		12,800,000,000	1,073,487	3,677,853,887	633,387,867	17,112,315,241
Legal reserve		-	-	652,146,113	(652,146,113)	-
Total comprehensive income		-	187,860	-	370,230,853	370,418,713
Ending balance as at March 31, 2014		12,800,000,000	1,261,347	4,330,000,000	351,472,607	17,482,733,954

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

(Mr. Prasong Poontaneat)

Chairman

(Mr. Kanit Sukonthaman)

President

EXPORT-IMPORT BANK OF THAILAND
STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u> <u>(Restated)</u>
		Unit : Baht
Cash flows from operating activities		
Net income	370,230,853	399,238,478
Adjustments to reconcile net income to cash received (paid) from operating activities		
Depreciation and amortization expenses	13,651,357	12,716,739
Bad debt and doubtful accounts	203,588,126	33,804,218
Loss on debt restructuring (reversal)	(936,546)	1,129,554
Gain on disposal of assets	-	(73,102)
Gain on sale of properties foreclosed	-	(15,415,328)
Loss on impairment of properties foreclosed	8,506,944	22,704,917
Loss on revaluation of foreign currencies	257,162,040	113,117,795
Derivative revaluation	(81,379,231)	(40,113,456)
Reversal of loss on impairment of investments	(1,212,877)	(3,788,538)
Amortization of discount on debt securities	(17,790,555)	(3,693,452)
Increase in provisions	1,938,234	8,748,807
Bad debt and provision for other receivables (reversal)	12,796,329	(3,049,592)
Loss on claims and provision for insurance service	8,038,545	49,611,579
Decrease in revenue receivables	1,599,676	15,366
Increase in prepaid expenses	(4,196,026)	(8,696,288)
Increase in other accrued expenses	24,446,186	7,197,476
	796,443,055	573,455,173
Net interest income	(556,812,527)	(500,571,186)
Proceeds from interest income	818,768,226	799,935,118
Interest expenses paid	(200,302,411)	(279,054,933)
	858,096,343	593,764,172
Income from operations before changes in operating assets and liabilities		
(Increase) decrease in operating assets		
Interbank and money market items	(1,016,238,633)	(2,109,301,761)
Loans, net	(6,091,734,742)	(196,718,584)
Properties foreclosed, net	(47,808)	20,465,328
Other assets, net	(4,222,904)	(1,039,805)

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

EXPORT-IMPORT BANK OF THAILAND
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u> <u>(Restated)</u>
		Unit : Baht
Cash flows from operating activities		
Increase (decrease) in operating liabilities		
Deposits	(118,885,745)	1,855,603,002
Interbank and money market items	4,658,329,922	(331,329,587)
Liabilities payable on demand	(250,488,171)	122,746,263
Short-term debt issued and borrowings	300,000,000	1,460,000,000
Other liabilities	106,335,074	(155,179,964)
Net cash provided by (used in) operating activities	(1,558,856,664)	1,259,009,064
Cash flows from investing activities		
Purchases of held-to-maturity debt securities	-	(1,000,000,000)
Proceeds from redemption of held-to-maturity debt securities	1,600,000,000	1,600,000,000
Purchases of premises and equipment	(2,958,377)	(3,214,607)
Proceeds from sales of premises and equipment	-	480,000
Purchases of intangible assets	(37,825,472)	(1,497,254)
Net cash provided by investing activities	1,559,216,151	595,768,139
Cash flows from financing activities		
Proceeds from long-term debt issued and borrowings	-	3,665,275,369
Repayments of long-term debt issued and borrowings	(726,000)	(5,520,167,184)
Net cash used in financing activities	(726,000)	(1,854,891,815)
Net decrease in cash and cash equivalents	(366,513)	(114,612)
Cash and cash equivalents at the beginning of the period	553,209	312,144
Cash and cash equivalents at the end of the period	186,696	197,532

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

(Mr. Prasong Poontaneat)

Chairman

(Mr. Kanit Sukonthaman)

President

EXPORT-IMPORT BANK OF THAILAND
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014
(UNAUDITED/REVIEWED)

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EXPORT-IMPORT BANK OF THAILAND
NOTES TO FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014
(UNAUDITED/REVIEWED)

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (Revised 2009): Interim Financial Reporting, covering the statements of financial position, statements of comprehensive income, changes in shareholders’ equity and cash flows as those of annual financial statements and notes on only material item.

The interim financial statements are prepared to provide an update on the financial statements for the year ended December 31, 2013. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2013.

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

2.2 CHANGE IN ACCOUNTING POLICY

The Bank has changed the recognition of interest income and accrued interest of restructured debts which have been classified as normal debts. With this regard, the Bank discontinues the recognition of accrued interest as interest income for debtors that the Bank has the right to claim when the debtors are not able to comply with the conditions set forth in debt restructuring agreements, and also discontinues the provision setting for accrued interest. Instead, the Bank recognizes only interest arising from new debt restructuring agreements as interest income.

The effects of the change in accounting policy to comparative financial statements are as follow :

1) Statements of financial position as at December 31, 2013

	<u>Before Adjustment</u>	<u>After Adjustment</u>	<u>Increase</u> <u>(decrease)</u>
Accrued interest receivables	1,191.13	257.69	(933.44)
Revaluation allowance for debt restructuring	1,093.29	139.98	(953.31)
Unappropriated retained earnings	613.52	633.39	19.87
- 2012			6.09
- 2013			13.78

2) Statements of comprehensive income for the year ended December 31, 2013

	<u>Before Adjustment</u>	<u>After Adjustment</u>	<u>Increase</u> <u>(decrease)</u>
Interest revenue	3,230.14	3,175.88	(54.26)
Written-down debt recovered	587.48	450.27	(137.21)
Impairment loss of loans and debt securities	1,186.35	981.10	(205.25)
Net income	1,302.51	1,316.29	13.78
Total comprehensive income	1,311.06	1,324.84	13.78

3) Statements of comprehensive income for the three-month period ended March 31, 2013

	<u>Before Adjustment</u>	<u>After Adjustment</u>	<u>Increase</u> <u>(decrease)</u>
Interest revenue	792.74	774.59	(18.15)
Impairment loss of loans and debt securities	54.60	35.28	(19.32)
Net income	398.07	399.24	1.17
Total comprehensive income	397.95	399.12	1.17

3. CAPITAL ADEQUACY UNDER THE MINISTERIAL REGULATIONS

As at March 31, 2014, the Bank's capital adequacy ratio (CAR) stood at 20.50 %, exceeding the minimum capital adequacy ratio stipulated in the Ministerial Regulations (not less than 8.00%) and its capital to insurance service contingent liabilities ratio stood at 83.30%, exceeding the minimum capital to insurance service contingent liabilities ratio stipulated in the Ministerial Regulation (not less than 20.00%).

Capital Adequacy Ratio Based on the Ministerial Regulations

Unit: Million Baht

	<u>Ministerial Regulations</u>	<u>March 31, 2014</u>	<u>December 31, 2013</u>
1. Capital *		16,450.19	15,772.08
2. Risk assets **		80,237.16	73,587.38
3. Insurance service contingent liabilities		19,748.70	19,647.66
4. Capital to risk assets (1)/(2)	Not less than 8.00%	20.50%	21.43%
5. Capital to insurance service contingent liabilities (1)/(3)	Not less than 20.00%	83.30%	80.27%

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

** Risk assets have been calculated from credit risk assets, which excluded insurance service contingent liabilities.

4. ESTIMATES AND ASSUMPTIONS

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

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

5. ADDITIONAL INFORMATION

5.1 Supplementary Information of Cash Flow

Significant non-cash items for the three-month periods ended March 31, 2014 and 2013 are as follows:

	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Increase (decrease) in revaluation surplus on		
investments in shareholders' equity	0.19	(0.12)
Increase in properties foreclosed from loan payment	7.92	-

Unit : Million Baht

5.2 Derivatives

As at March 31, 2014 and December 31, 2013, the fair value and notional amount classified by type of risk are as follows:

<u>Type of Risk</u>	<u>March 31, 2014</u>		<u>Notional Amount</u>
	<u>Fair Value</u>		
	<u>Assets</u>	<u>Liabilities</u>	
Exchange rate	391.29	28.55	15,391.60
Interest rate	<u>212.94</u>	<u>46.71</u>	<u>6,952.10</u>
Total	<u>604.23</u>	<u>75.26</u>	<u>22,343.70</u>

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

Unit : Million Baht

As at March 31, 2014 and December 31, 2013, the proportion of derivatives transactions classified by type of counterparty based on the notional amount are as follows:

<u>Counterparty</u>	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Financial institutions	81.95%	78.97%
Third parties	<u>18.05%</u>	<u>21.03%</u>
Total	<u>100.00%</u>	<u>100.00%</u>

5.3 Investments, Net

5.3.1 Available-for-Sale Investments

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
	<u>Fair Value</u>	<u>Fair Value</u>
Government and state enterprise securities	-	-
Domestic marketable equity securities	<u>2.33</u>	<u>2.15</u>
Total	<u>2.33</u>	<u>2.15</u>

Unit: Million Baht

5.3.2 Held-to-Maturity Debt Securities

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
	<u>Cost/Amortized Cost</u>	<u>Cost/Amortized Cost</u>
Government and state enterprise securities	1,990.40	3,572.32
Foreign debt securities	<u>376.05</u>	<u>380.65</u>
Total	<u>2,366.45</u>	<u>3,952.97</u>

Unit: Million Baht

5.3.3 General Investments

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
	<u>Cost</u>	<u>Cost</u>
Domestic non-marketable equity securities	26.31	26.31
Mutual funds		
- MFC Energy Fund	62.96	62.96
- Thailand Prosperity Fund 2 (TTPF 2)	65.95	65.95
- Vayupak Fund 1	1.00	1.00
Others	<u>0.46</u>	<u>0.47</u>
Total	156.68	156.69
(Less) Allowance for impairment	<u>(32.27)</u>	<u>(33.49)</u>
Total	<u>124.41</u>	<u>123.20</u>
Total investments, net	<u>2,493.19</u>	<u>4,078.32</u>

Unit: Million Baht

As at March 31, 2014, domestic non-marketable equity securities amounting to Baht 26.31 million were ordinary shares derived from debt restructuring.

5.4 Loans and Accrued Interest Receivables, Net

5.4.1 Classified by Type of Loan

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
		Unit : Million Baht
Overdrafts	323.55	315.96
Domestic loans - customers	53,747.74	49,530.97
- export bills negotiation	1,035.33	561.07
- staff loans	256.66	258.72
Overseas loans - foreign government agencies	2,731.01	3,013.99
- customers operating overseas	15,109.79	13,809.11
Others	<u>34.71</u>	<u>36.97</u>
Total loans	73,238.79	67,526.79
<u>(Less)</u> Deferred revenue	<u>(8.98)</u>	<u>(4.30)</u>
Total loans, net of deferred revenue	73,229.81	67,522.49
<u>Add</u> Accrued interest receivables	<u>226.38</u>	<u>257.69</u>
Total loans and accrued interest receivables, net of deferred revenue	73,456.19	67,780.18
<u>(Less)</u> Allowance for doubtful accounts		
- Minimum allowance by BOT's regulation	(1,758.77)	(1,650.95)
- Excess allowance	(2,113.65)	(2,012.65)
Revaluation allowance for debt restructuring	<u>(133.11)</u>	<u>(139.98)</u>
Total loans, net	<u>69,450.66</u>	<u>63,976.60</u>

Overseas loans extended to foreign government agencies in the amount of Baht 2,731.01 million were loans extended to foreign government agencies in accordance with the Thai government policy, with interest charged from those borrowers at the rate of 1.50% p.a. and 3.00% p.a. The differences between such interest rates and the cost of fund of the Bank were subsidized by the Thai government or concerned state agencies. Moreover, for certain projects, the Bank also earned an additional operating fee at 0.75% p.a. apart from the interest revenue subsidy.

5.4.2 Classified by Loan Classification

Unit : Million Baht

	<u>March 31, 2014</u>			
	<u>Loans and</u>	<u>Net Amount</u>	<u>Minimum</u>	<u>Allowance</u>
	<u>Accrued</u>	<u>Subject to</u>	<u>Provision</u>	<u>for</u>
	<u>Interest</u>	<u>Allowance for</u>	<u>Rate (%)</u>	<u>Doubtful</u>
	<u>Receivables</u>	<u>Doubtful Accounts</u>		<u>Accounts</u>
		<u>Provisioning</u>		
1. Minimum allowance by BOT's regulation				
Pass	67,470.79	67,192.47	1,20,50,100	1,136.16
Special mentioned	27.24	26.20	2	0.52
Substandard	6.90	3.86	100	3.86
Doubtful	78.25	41.36	100	41.36
Doubtful of loss	<u>2,845.69</u>	<u>576.87</u>	100	<u>576.87</u>
Total minimum allowance by BOT's regulation	70,428.87	67,840.76		1,758.77
2. Excess allowance	<u>-</u>	<u>-</u>		<u>2,113.65</u>
Total	<u>70,428.87</u>	<u>67,840.76</u>		<u>3,872.42</u>

	<u>December 31, 2013</u>			
	<u>Loans and</u>	<u>Net Amount</u>	<u>Minimum</u>	<u>Allowance</u>
	<u>Accrued</u>	<u>Subject to</u>	<u>Provision</u>	<u>for</u>
	<u>Interest</u>	<u>Allowance for</u>	<u>Rate (%)</u>	<u>Doubtful</u>
	<u>Receivables</u>	<u>Doubtful Accounts</u>		<u>Accounts</u>
		<u>Provisioning</u>		
1. Minimum allowance by BOT's regulation				
Pass	61,509.45	61,357.41	1,20,50,100	1,052.03
Special mentioned	49.06	48.45	2	0.97
Substandard	58.38	29.15	100	29.15
Doubtful	855.27	550.05	100	550.05
Doubtful of loss	<u>2,028.24</u>	<u>18.75</u>	100	<u>18.75</u>
Total minimum allowance by BOT's regulation	64,500.40	62,003.81		1,650.95
2. Excess allowance	<u>-</u>	<u>-</u>		<u>2,012.65</u>
Total	<u>64,500.40</u>	<u>62,003.81</u>		<u>3,663.60</u>

5.4.2 Classified by Loan Classification (Continued)

As at March 31, 2014 and December 31, 2013, the outstanding classified loans and loans which were not required to be classified (unclassified loans) were as follows:

Unit : Million Baht

	<u>March 31, 2014</u>		<u>December 31, 2013</u>	
	<u>Loans and Accrued Interest Receivables Net of Deferred Revenue</u>	<u>As % of Loans and Accrued Interest Receivables Net of Deferred Revenue</u>	<u>Loans and Accrued Interest Receivables Net of Deferred Revenue</u>	<u>As % of Loans and Accrued Interest Receivables Net of Deferred Revenue</u>
Classified loans	70,428.87	95.88	64,500.40	95.16
Unclassified loans	<u>3,027.32</u>	4.12	<u>3,279.78</u>	4.84
Total	<u>73,456.19</u>		<u>67,780.18</u>	

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

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

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

Unit : Million Baht

<u>Loans</u>	<u>March 31, 2014</u>		<u>December 31, 2013</u>	
	<u>Loans and Accrued Interest Receivables Net of Deferred Revenue</u>	<u>As % of Loans and Accrued Interest Receivables Net of Deferred Revenue</u>	<u>Loans and Accrued Interest Receivables Net of Deferred Revenue</u>	<u>As % of Loans and Accrued Interest Receivables Net of Deferred Revenue</u>
Non-performing loans	2,930.84	3.99	2,941.89	4.34

5.4.2 Classified by Loan Classification (Continued)

As at March 31, 2014 and December 31, 2013, the outstanding balance of written-down accounts, which was not included in the financial statements, was Baht 4,205.37 million and Baht 4,217.45 million, respectively. For the three-month periods ended March 31, 2014 and 2013, the Bank recovered written-down debt accounts in the amount of Baht 13.45 million and Baht 30.34 million, respectively, from which accounts the Bank received cash in the amount of Baht 4.60 million and Baht 29.04 million, respectively. For the three-month period ended March 31, 2013, the Bank wrote off bad debts in the amount of Baht 1.09 million.

5.4.3 Troubled Debt Restructuring

For the three-month period ended March 31, 2014 and for the year ended December 31, 2013, the Bank had restructured debts applying the adjustment of repayment conditions as follows:

Unit : Million Baht

<u>Restructured</u> <u>Debts</u>	<u>Cases</u>	<u>March 31, 2014</u>		<u>December 31, 2013</u>		
		<u>Amount</u>	<u>As % of Loans</u> <u>and Accrued Interest</u> <u>Receivables Net of</u> <u>Deferred Revenue</u>	<u>Amount</u>	<u>As % of Loans</u> <u>and Accrued Interest</u> <u>Receivables Net of</u> <u>Deferred Revenue</u>	
Succeeded	2	10.26	0.01	13	94.22	0.14
In - process	4	8.31	0.01	40	342.86	0.51

As at March 31, 2014 and December 31, 2013, the Bank had outstanding restructured loans reclassified as normal for 30 cases amounting to Baht 2,718.37 million and for 28 cases amounting to Baht 2,878.30 million, respectively.

5.4.3 Troubled Debt Restructuring (Continued)

For the three-month periods ended March 31, 2014 and 2013, the Bank restructured debts as follows:

Unit : Million Baht

		<u>March 31, 2014</u>		
		<u>Outstanding Debt</u>		
<u>Types of Restructuring</u>	<u>Cases</u>	<u>Before Restructuring</u>	<u>After Restructuring</u>	<u>As at March 31, 2014</u>
Change of repayment conditions	2	10.26	10.26	33.00

		<u>March 31, 2013</u>		
		<u>Outstanding Debt</u>		
<u>Types of Restructuring</u>	<u>Cases</u>	<u>Before Restructuring</u>	<u>After Restructuring</u>	<u>As at March 31, 2013</u>
Change of repayment conditions	2	17.46	17.46	25.57

For the three-month periods ended March 31, 2014 and 2013, outstanding debts before restructuring compared to outstanding loans and accrued interest receivable net of deferred revenue are as follows:

Unit : Million Baht

	<u>March 31, 2014</u>		<u>March 31, 2013</u>	
	<u>Cases</u>	<u>Amount</u>	<u>Cases</u>	<u>Amount</u>
Restructured debt	2	10.26	2	17.46
Loans and accrued interest receivables net of deferred revenue	1,010	73,456.19	1,002	66,147.49

For the three-month periods ended March 31, 2014 and 2013, the Bank recognized interest income from debt restructuring in the amount of Baht 19.77 million and Baht 35.22 million, respectively.

As at March 31, 2014 and December 31, 2013, the Bank had commitments to extend additional loans to customers who had been restructured for the amount of Baht 100.00 million and Baht 102.15 million, respectively.

5.5 Allowance for Doubtful Accounts

Unit : Million Baht

	March 31, 2014						
	<u>Pass</u>	<u>Special Mention</u>	<u>Sub- Standard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Excess Allowance</u>	<u>Total</u>
Beginning balance	1,052.03	0.97	29.15	550.05	18.75	2,012.65	3,663.60
Increase (decrease) in allowance							
for doubtful accounts	<u>84.13</u>	<u>(0.45)</u>	<u>(25.29)</u>	<u>(508.69)</u>	<u>558.12</u>	<u>101.00</u>	<u>208.82</u>
Ending balance	<u>1,136.16</u>	<u>0.52</u>	<u>3.86</u>	<u>41.36</u>	<u>576.87</u>	<u>2,113.65</u>	<u>3,872.42</u>

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

As at March 31, 2014 and December 31, 2013, the Bank's allowance for doubtful accounts on loans accounted for Baht 3,872.42 million and Baht 3,663.60 million, respectively, which exceeds the minimum provisioning requirement based on debt service ability and debt quality set out by the Bank of Thailand in the amount of Baht 2,113.65 million and Baht 2,012.65 million, respectively (Note 5.4.2). The amount of allowance for doubtful accounts in excess of the minimum requirement was based on prudent banking principles.

5.6 Revaluation Allowance for Debt Restructuring

Unit : Million Baht

	March 31, 2014	December 31, 2013
Beginning balance	139.98	142.12
Increase	1.44	15.14
Decrease	<u>(8.31)</u>	<u>(17.28)</u>
Ending balance	<u>133.11</u>	<u>139.98</u>

5.7 Debt Issued and Borrowings

5.7.1 Classified by Type of Instrument and Source of Fund

Unit : Million Baht

	<u>March 31, 2014</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Bonds	-	30,658.82	30,658.82
Promissory notes	8,675.00	-	8,675.00
Others	<u>3.00</u>	<u>-</u>	<u>3.00</u>
Total debt issued and borrowings	<u>8,678.00</u>	<u>30,658.82</u>	<u>39,336.82</u>

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

5.7.2 Classified by Type of Instrument, Currency, Maturity and Interest Rate

Unit : Million Baht

	<u>Currency</u>	<u>Maturity</u> (<u>year</u>)	<u>Interest Rate /</u> <u>Interest Rate Index</u>	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Bonds	USD	2014 - 2018	LIBOR ± MARGIN	30,658.82	31,008.85
Promissory notes	THB	2015 - 2021	2.70 - 4.75%	6,425.00	6,125.00
		2019	6M THBFIX ± MARGIN	2,250.00	2,250.00
Others	THB	2015	-	<u>3.00</u>	<u>3.72</u>
Total debt issued and borrowings				<u>39,336.82</u>	<u>39,387.57</u>

5.8 Provisions

As at March 31, 2014 and December 31, 2013, the Bank had set up provisions as follows:

	Unit : Million Baht	
	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Employee benefits	119.54	116.44
Provisions for contingent liabilities	<u>30.36</u>	<u>30.58</u>
Total provisions	<u>149.90</u>	<u>147.02</u>

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

	Unit : Million Baht	
	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Beginning Balance	116.44	120.57
Current service cost*	2.04	8.49
Interest cost*	1.06	4.80
Employees benefit paid in the period	-	(6.73)
Actuarial gains based on updated assumption	<u>-</u>	<u>(10.69)</u>
Ending Balance	<u>119.54</u>	<u>116.44</u>

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

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

	<u>2014</u>	<u>2013</u>
Average salary increase	6% - 8.5%	6% - 8.5%
Average turnover rate	2.24% - 19.00%	2.2% - 28.95%
Discount rate	2.25% - 4.55%	2.25% - 4.55%

5.9 Capital

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

5.10 Contingent Liabilities and Commitments

	Unit : Million Baht	
	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Liabilities under immature import bills	282.98	276.87
Letters of credit	4,063.63	2,439.32
Export bills insured	18,974.48	18,855.99
Other contingencies		
Overdraft accounts not yet drawn	520.42	479.00
Other guarantees	2,502.05	2,176.93
Investment insurance	908.41	918.78
Stand-by claims purchase agreement	<u>7,505.00</u>	<u>7,374.79</u>
Total other contingencies	<u>11,435.88</u>	<u>10,949.50</u>
Total	<u>34,756.97</u>	<u>32,521.68</u>

5.11 Other Benefits to Directors and Executives

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

5.12 Long-Term Leasing Contracts

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

	Unit : Million Baht	
<u>Remaining Period</u>	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Within 1 year	2.83	3.40
Over 1 - 5 years	6.23	6.71

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

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

5.14 Interest Revenue

Interest revenue for the three-month periods ended March 31, 2014 and 2013 are as follows:

	Unit : Million Baht	
	<u>2014</u>	<u>2013</u>
Interbank and money market items	12.53	18.25
Investment in debt securities	21.45	21.97
Loans	<u>758.66</u>	<u>734.37</u>
Total interest revenue	<u>792.64</u>	<u>774.59</u>

5.15 Interest Expenses

Interest expenses for the three-month periods ended March 31, 2014 and 2013 are as follows:

	Unit : Million Baht	
	<u>2014</u>	<u>2013</u>
Deposits	10.21	27.73
Interbank and money market items	62.62	44.63
Debt issued		
- Foreign bonds	96.71	99.06
- Promissory notes	65.58	101.40
- Borrowing fee	<u>0.70</u>	<u>1.20</u>
Total interest expenses	<u>235.82</u>	<u>274.02</u>

5.16 Fees and Service Revenue, Net

Net fees and service revenue for the three-month periods ended March 31, 2014 and 2013 are as follows:

	Unit : Million Baht	
	<u>2014</u>	<u>2013</u>
Fees and service revenue		
- Acceptance aval and guarantee	4.90	4.51
- Revenue from insurance	30.37	52.71
- Others	<u>156.19</u>	<u>80.73</u>
Total fees and service revenue	<u>191.46</u>	<u>137.95</u>
Fees and service expenses		
- Expense on insurance	13.51	31.40
- Others	<u>0.87</u>	<u>0.60</u>
Total fees and service expenses	<u>14.38</u>	<u>32.00</u>
Total fees and service revenue, net	<u>177.08</u>	<u>105.95</u>

5.17 Gains on Tradings and Foreign Exchange Transactions

Gains on tradings and foreign exchange transactions for the three-month periods ended March 31, 2014 and 2013 are as follows:

	Unit : Million Baht	
	<u>2014</u>	<u>2013</u>
Foreign exchanges and derivatives	4.99	19.51
Interest rate derivatives	<u>22.74</u>	<u>(1.25)</u>
Total gains on tradings and foreign exchange transactions	<u>27.73</u>	<u>18.26</u>

5.18 Impairment Loss of Loans and Debt Securities

Impairment loss of loans and debt securities for the three-month periods ended March 31, 2014 and 2013 are as follows:

	Unit : Million Baht	
	<u>2014</u>	<u>2013</u>
Interbank and money market items	3.18	17.89
Loans		
- Bad debts and doubtful accounts *	195.39	(12.99)
- Loss on restructuring	<u>(0.94)</u>	<u>0.04</u>
Total impairment loss of loans and debt securities	<u>197.63</u>	<u>4.94</u>

* Includes written-down debt recovered and bad debt recovered

5.19 Reclassification of Accounts

Written-down debt recovered and bad debt recovered in the statements of comprehensive income for the three-month period ended March 31, 2013 are reclassified in order to conform with the presentation of the statements of comprehensive income for the three-month period ended March 31, 2014, which such accounts are presented net of bad debt and doubtful accounts expenses.

5.20 Approval of the Financial Statements

These financial statements have been authorized to issue by the Chairman of the Board of Directors and President on June 5, 2014.
