

EXIM Thailand Announces Operating Results for January-September 2012

Mr. Kanit Sukonthaman, President of Export-Import Bank of Thailand (EXIM Thailand), announcing the operating results for January-September 2012, reported that EXIM Thailand has steadfastly pursued the government policy and translated its development banking missions into three key areas, namely, 1) promotion of Thailand's international trade, especially small and medium enterprise (SMEs)' export amidst the global economic crisis, 2) strengthening of Thai investors' competitiveness both domestic and overseas and 3) protection of exporters' risks through export credit insurance. Meanwhile, the Bank was able to maintain its strong financial position by achieving all key financial targets.

With regard to **international trade promotion**, EXIM Thailand's short-term working capital loans outstanding in the third quarter slightly decreased from the end of 2012. The drop in short-term loan outstanding resulted from 1) a shift in the Bank's portfolio emphasis to SME customer base which maintains a smaller size of credit line per customer relative to large-scaled exporters, 2) a slowdown in Thailand's export to major markets such as the US and the European Union and 3) commercial banks' more aggressive promotional campaigns to win SME clients giving SMEs better access to commercial banks' funding.

Under such circumstances, EXIM Thailand has resolved to concentrate more on exporters and importers unable to secure commercial banks' loans while not competing with commercial banks in the areas already well-served by them. The Bank also devised and executed special assistance measures as necessary to enhance customers' liquidity including interest rate reduction for delayed payment and export bill negotiation. As of end-September, 2012, trade finance loan approval increased by 7,142 million baht compared to end-2011, of which 3,666 million baht was extended to SME exporters.

In strengthening SMEs' potentials, EXIM Thailand organized a year-round series of seminars and training programs to provide basic essential knowledge for start-up SMEs nationwide as well as export risk management workshops at EXIM Thailand's headquarters. Over 1,000 participants benefited from such training programs.

On investment promotion and national development, EXIM Thailand extended new loans to 21 investment projects, most of which are domestic projects relating to energy, alternative energy, logistics, infrastructure and public utilities development totaling 9,971 million baht. Such support also included long-term loans for foreign direct investment, production capacity and overseas trade expansion in preparation for the ASEAN Economic Community (AEC) in 2015.

In addition, EXIM Thailand financed overseas projects worth 5,807 million baht, most of which were infrastructure development projects in the CLMV countries (Cambodia, Laos, Myanmar and Vietnam). The approval amount for medium- to long-term loan rose by 15,777 million baht accounting for 50,328 million baht in loan outstanding, up by 2,579 million baht from last year. Besides, EXIM Thailand was the only state-owned specialized financial institution designated by the Ministry of Finance (MOF) to support the Financial Assistance Scheme for Maritime Business with the loan approval amount totaling 4,943 million baht. Such loan facility aimed to strengthen Thailand's national shipping fleet in the long term.

In addition to liquidity enhancement, EXIM Thailand held as its key mandate to provide **export credit insurance** which allows Thai exporters to propose competitive payment terms to their buyers and hedge non-payment risks by buyers facing current global economic volatilities. The Bank offered special premium rates and buyers' credit assessment fees to encourage exporters, particularly SMEs with export value not exceeding 200 million baht, to bolster their utilization of the export credit insurance facility. The special offerings also include faster services and no claim bonus. This resulted in an increase in export credit insurance approval by 2,855 million baht and export credit insurance turnover totaling 102,943 million baht, a 3 percent growth from the previous year.

Parallel to its development banking role, the Bank placed importance on the promotion of private and public sector networking as well as a strong financial position and sustainable growth. From January to September 2012, the Bank registered a net profit of 1,001 million baht, a 121 percent increase from the equivalent period last year. Such growth was chiefly attributed to better cost management and rising interest income following the expansion of medium- to long-term loan for investment projects conducive to national development.

EXIM Thailand has also improved its asset quality steadily. At the end of September 2012, the Bank's non-performing loans (NPLs) stood at 2,964 million baht, decreasing by 11.26% and the Bank saw a decline in its NPLs to total loans from 5.10% at 2011 year-end to 4.64% as of the end of September 2012. The bad debts provision ratio to NPLs stood at 134.97%, increasing by 45.04% from the end of 2011. This displays the strength of EXIM Thailand's financial position and its ability to withstand future risk factors.

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