

EXIM Thailand Is Set to Bring Thai Businesses Cross Border to Penetrate Global Green Market with Reduction of Inequality and Environmental Problems toward Sustainable Development

Dr. Rak Vorrakitpokatorn, President of Export-Import Bank of Thailand (EXIM Thailand), revealed that all sectors today have to develop their organizations and businesses toward **Sustainability** aiming to achieve Sustainable Development Goals (SDGs) of the United Nations in synergy with the global community to overcome such persisting problems as poverty, inequality, and environmental problems, particularly the intensifying global warming. The central promise of the SDGs is to leave no one behind. This is in line with the goal and mission of EXIM Thailand as a specialized financial institution under the supervision of the Ministry of Finance being poised to take the role of the “Green Development Bank.” Under the role, the Bank will synergize with both public and private agencies in driving national development toward carbon neutrality by 2050 alongside uplifting Thailand as the gateway to trade and investment as well as the logistics hub of the region and developing ‘little people’ or SMEs to strengthen their potential and competitiveness on the global front, based on the Bank’s strengths in and availability for innovation of green financial tools that would boost international trade and investment ecosystem, and enhance Thai industrial development through promotion of use of technology and innovation as well as production processes of products and services that are eco-friendly.

Since its official commencement of business operation in 1994, EXIM Thailand has performed its duty as a Lead Bank, bringing Thai entrepreneurs to make their presence in renewable energy business both at home and overseas under more than 400 projects with over 8,800 MW generating capacity and reduction of over 100 million tons in carbon emissions through the Bank’s financial facilities of more than 68,600 million baht that contribute to project investment amount of over 578,300 million baht, while developing financial products that are supportive of Thai businesses including SMEs so that they would be able to adjust themselves toward green businesses and compete sustainably in the global trade arena. For 2024, EXIM Thailand plans to move forward with development of financial tools in multiple dimensions, e.g. credit for businesses with environmental, social and governance (ESG) concerns, raising capital for marine and ocean-based projects that have positive environmental, economic and climate benefits (Blue Bond), such as environmentally friendly maritime business, and supporting green businesses that address greenhouse gas emission scopes 1-2-3 (direct emissions from owned assets, indirect emissions from energy used, and other indirect emissions from business operation) in order to achieve EXIM Thailand’s target to increase the proportion of its green and related portfolio from 37% at present to 50% by 2028. In the transition journey for Thai economy and businesses to move in tandem toward sustainability without leaving anyone behind, EXIM Thailand will fill knowledge gap, fill opportunity gap, and fill capital gap for SMEs to enable them to stand strong on the global front and for the vulnerable groups so that they have keen knowledge and firm occupation base before expanding beyond Thailand in conjunction with upholding good governance principles and adherence to the “4P” framework starting from taking care of “**People**”, then the “**Planet**” with efficiency to generate “**Productivity**”, which will eventually lead to “**Profit**” including value of giving back to the society,

and with emphasis on human rights principles of **“Protect, Respect and Remedy”** for personnel to observe organization-wide. This is in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs) and Thailand’s National Action Plan on Business and Human Rights (NAP) encompassing labor, community, land, environment, human rights protection, and international and multi-national investment, which are integrated into all processes of the organization and take into account ESG principles toward the SDGs.

EXIM Thailand President further said that, despite the forecasts of Thai economic growth of less than 3% and export contraction of 1-2% for 2023 year-round, there has been a positive signal in the fourth quarter of 2023, particularly in the export sector which is predicted to rebound. EXIM Thailand will remain steadfast in its determination to strengthen Thai economy along with social and environmental protection to drive sustainable development. As of the end of the third quarter of 2023, the Bank recorded total outstanding loans of 164,976 million baht, a growth of 5,161 million baht or 3.23% year-on-year. Under its role as the Green Development Bank, which is a key mechanism in uplifting Thailand’s infrastructures, energy, logistics and industrial sectors, particularly industries conducive to bio-circular-green (BCG) economy, as of the end of September 2023, the Bank’s outstanding loans for eco-friendly projects amounted to 60,298 million baht, representing 37% of the Bank’s total outstanding loans and up by as high as 37.36% year-on-year, which is on track to reach its target of 50% in the next 5 years. In this regard, loans totaling 14,122 million baht went to SMEs, representing 23.42% of the Bank’s total outstanding green loans.

In the backdrop of global economic uncertainties and vulnerable situations in several countries, EXIM Thailand has remained committed to reinforcing confidence and immunity for Thai exporters and investors with its export credit and investment insurance facilities. As of the end of the third quarter of 2023, the Bank recorded 148,429 million baht in export credit and investment insurance business turnover, increasing by 7.53% year-on-year. The total number of loan and insurance customers as of the end of September 2023 was 6,138, up by 6.05% year-on-year and representing a penetration rate of 18% of total exporters nationwide. Of the total customers, more than 83% are SME customers. This has reflected EXIM Thailand’s determination to operate business without leaving ‘little people’ and socially vulnerable groups behind. As of the end of September 2023, the Bank financially and non-financially assisted more than 27,800 entrepreneurs, accounting for around 91,400 million baht.

EXIM Thailand has been able to efficiently manage its financial costs and operating expenses, resulting in its pre-provision profit of 2,396 million baht, a leapfrog growth of 18.48% year-on-year. However, due to the persisting economic volatility and international trade and investment risks, as of the end of September 2023, the Bank recorded total NPLs of 6,665 million baht with NPL ratio of 4.04%. EXIM Thailand has maintained a strong provision coverage ratio of 213.15%. Therefore, as of the end of the third quarter of 2023, EXIM Thailand posted a net profit of 246 million baht and has maintained AAA(tha) long-term national credit rating for 18 consecutive years and BBB+ long-term international credit rating on a par with Thailand’s credit rating for 11 consecutive years.

EXIM Thailand has all along been committed to supporting and assisting Thai entrepreneurs by keeping its prime rate at 6.75% per annum until the end of 2023 in order to relieve the burden of Thai entrepreneurs, SMEs in particular, amid the economic recovery and business sectors needed to adapt to the global trends toward sustainability. Brighter economic growth prospects are anticipated for 2024 mainly fueled by export which is expected to turnaround on the back of rising prices of farm products, easing supply chain disruption, Thai goods particularly farm goods and foods still in high demand, improving domestic investment, consistent revival of tourism, and ongoing measures from the public sector to stimulate domestic consumption and ease the living cost burden of the general public. EXIM Thailand which would have been in operation for 30 years in 2024 is well positioned to perform its duty **“Beyond Banking”** to support Thai businesses with good potential to better compete and sustainably grow in the global trade markets of the new era filled with challenges and opportunities, and to cope with around 17,000 global environmental measures, particularly those under the EU’s Carbon Border Adjustment Mechanism (CBAM) and the EU Deforestation-free Products Regulation (EUDR). Under the CBAM, which will take effect in 2026, prices are to be paid for embedded greenhouse gas emissions generated in the production of certain goods imported into the EU, such as iron and steel, aluminum, cement, fertilizer, electricity and hydrogen. Meanwhile, the EUDR, which will be in full force in December 2024, requires importers of 7 groups of farm commodities, i.e. cocoa, coffee, oil palm, wood and paper, rubber and products derived, beef and products derived, and soya, to register with provision of information on the entire plantation/production processes thereof for the authorities to trace back and ensure there has been no deforestation or forest degradation in such processes. These measures would inevitably affect entrepreneurs at all levels and necessitate them to adjust their businesses toward green businesses and sustainability.

“Throughout 2023, EXIM Thailand has forged ahead with our mission to proactively support the economy even under the slackening economic recovery circumstances. In the first half of the year, the Bank recorded constant outstanding loans in the face of the country’s ongoing export shrinkage. Nevertheless, EXIM Thailand is expected to achieve the 2023 target with total outstanding loans of 175,000 million baht in line with Thai export and economic trends. Besides, we will continue to collaborate with our alliance agencies in driving national development toward the sustainable future without leaving ‘little people’ or SMEs behind in preparation for Thai and global economic expansion in 2024, with risk management and value added to Thai goods and services to meet international standards. This would be a move to help create a green world, lessen social inequality, and enhance balanced and sustainable development,” added Dr. Rak.

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Corporate Branding and Communication Department