



ธนาคารอิสลาม
แห่งประเทศไทย
ISLAMIC BANK OF THAILAND • البنك الإسلامي
التيه

วิสัยทัศน์: องค์กรทางการเงินอิสลามชั้นนำ

ISLAMIC

BANK OF THAILAND

ANNUAL REPORT

2018

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Message from the Chairman

(Effective from February 14, 2019)



“*In terms of its operations in 2019, the bank is committed to devote its best efforts in expanding credit, enhancing work processes, improving its organization, and adhering to the principles of Islamic banking (Shariah)*”



Mr. Rathian Srimongkol
Chairman
Islamic Bank of Thailand

Message from the Chairman

(Effective until February 13, 2019)



Since 2015, the bank has been on a path to business rehabilitation. The Board of Directors together with all executives and employees have been determined to improve the bank's operating performance; as a result, the State Enterprise Policy Commission (superboard) finally approved the bank's exit from its rehabilitation plan on January 17, 2019 which has enabled the bank to operate business as usual under the supervision of the Ministry of Finance.

For the past year, the bank has fulfilled several goals, particularly in amending the Islamic Bank of Thailand Act B.E.2545 (2002) to allow the Ministry of Finance to hold more than 49 percent of the bank's shares for ease of improving the bank's performance based on appropriate proportion and duration with the Cabinet's approval. The amendment came into effect on July 18, 2018, and the bank received 18.1 billion baht of capital from the Ministry which has strengthened the bank's financial status. Moreover, in 2018,

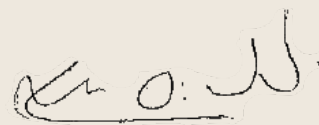
“*to fight against all forms of corruption to create an organizational culture of integrity and transparency. The bank emphasizes that all employees are well-aware of the consequences of fraud and corruption which will affect the bank’s reputation*”

the bank received the “Parcel Work Excellence Award” in the “Petch Pasadu” Honorary Award ceremony 2018 for its exemplar parcel work performance. The award is one of the bank’s most honorable awards and has brought the Bank highest pride. Apart from this, the bank ranked 4th out of the nine State Financial Institutions, 5th out of the 54 State Enterprises, and 13th out of 426 public organizations in the 2018 Integrity and Transparency Assessment (ITA) with a score of 93.24. These achievements were the results of the bank’s hard work and dedication to improve its integrity and transparency in operations ranging from executives’ management to staff’s performance, particularly information disclosure of procurement process, operational processes, and services that are fair and non-discriminatory and meet the standards and good governance principles.

The bank also assesses its organizational culture with a focus on promoting a culture and value of integrity, its policy to protect against corruption and conflict of interest, and its overall operating results which are reflected in stakeholders’ awareness. Furthermore, another key issue to which the Board of Directors have given great attention is the Announcement of Intention to fight against all forms of corruption to create an organizational culture of integrity and transparency. The bank emphasizes that all employees are well-aware of the consequences of fraud and corruption which will affect the bank’s reputation and impede its development. Besides, the bank puts great efforts into instilling zero-tolerance for any form of corruption, ignorance of fraudulent persons, and abuse of power for personal gain in order to create a strong foundation for the bank’s sustainable development.

In terms of its operations in 2019, the bank is committed to devote its best efforts in expanding credit, enhancing work processes, improving its organization, and adhering to the principles of Islamic banking (Shariah) with a focus on the bank’s interest in order for the bank to advance with strength, stability, and sustainability. The bank strives to achieve results which will bring benefits to the bank. The Board of Directors will carry its duties with a determination to resolve problems and face its challenging goals and plans. The bank will unite to ensure that the bank will achieve its goals and will not return to the same problem.

On this occasion I would like to thank our executives, employees, shareholders, and customers for your continued support which has tremendously contributed to the Bank’s success in achieving its goals and supported the country’s economic development and prosperity.



Mr. Nipphon Hakimi
Director and the Acting Chairman
Islamic Bank of Thailand

Message from the Chairman of the Shariah Advisor Council, Islamic Bank of Thailand

(Effective from October 1, 2018)



“conducts all forms of financial transactions based on religious principles and is able to apply technologies to respond to changes of the era”

At present, the development of banking and finance is undergoing a transition. Financial technology development, which is considered part of the digital development, has increasingly involved in daily life of human being. Therefore, the adaptability of the people and organizations in the banking and financial sector is inevitable.

Banks have tried to offer new products and services which are convenient, safe, and widely accessible to customers to ensure no redundancy. The work processes within banks have also changed by replacing human tasks with automation, allowing greater speed of services.

Under this vast and fast-changing environment, the Islamic Bank of Thailand has been able to applied material, academic, and technological advancements in its services and management and has implemented religious and righteous principles as guiding tools to ensure trust and credibility of the bank's services and management.

The Islamic Bank of Thailand has a mission to promote savings, trade, investment, and financial transactions that are consistent with religious and righteous principles. It can

be seen that the relationship between the bank and customer is clearly visible in partnership joint investment agreements under the principles of Mudarabah, Musharakah, and Wakalah or sales and purchase agreements under the principles of Murabahah and others.

The Islamic Bank of Thailand conducts all forms of financial transactions based on religious principles and is able to apply technologies to respond to changes of the era by integrating religious principles with technological advancements to ensure balance, convenience, safety, speed, trust, and credibility for everyone including Muslims and Non-Muslims. Everyone can be a partner with the Islamic Bank of Thailand to create economic prosperity for society and the nation.



Dr. maroning Salaeming
Chairman of the Shariah Advisory Council,
Islamic Bank of Thailand

Message from the President

(Effective from October 1, 2018)



In 2018, the bank had an important goal of reviving the status of the bank to profitability through key operational guidelines. The bank has reorganized its financial structure through the three following steps: transferring non-performing financing (NPF) to Islamic Bank Asset Management Co., Ltd., reducing capital to prepare the capital structure for capital injection, and increasing capital to enhance the bank's financial strength. In November 2018, the bank received a full capital increase of 18.1 billion baht, resulting in a significant improvement of capital level and the Ministry of Finance holding nearly 100 percent of the bank's shares.

In addition, the bank has continued to alleviate the bank's problems in order to build a strong foundation for the organization and has steadily grown its business by expanding quality and low-risk credit. The bank has also focused on solving the critical issue of non-performing financing. Aside from handling normal debt issues, the bank has introduced a measure to tackle retail debt to help the people in the southern border provinces pay off outstanding financing of more than three years. 67 percent of the people were Muslims, and they were finally able to repay the financing and successfully close the accounts. This has significantly improved the bank's operating results by generating 600 million baht of the bank's revenues and releasing debt of 17,737 people from both Islamic and other communities in the southern border provinces. Additionally, the bank recognizes the importance of integrity, transparency, and anti-corruption initiatives, and with the cooperation of all our executives and staff, the bank has been able to score 93.24 in the Integrity and Transparency Assessment (ITA) of public agencies.

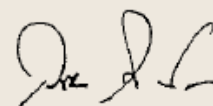
“ *The bank emphasizes efficient management of its costs and expenses to reduce operating costs and be in line with Thailand’s national strategy* ”

From our efforts to tackle the problems, the bank was able to generate profit for the first time in five years. As of December 31, 2018 the bank had a total asset of 80,626 million baht and a net profit of 531 million baht, increasing from the net loss of 2,926 million baht in 2017. As a result, the State Enterprise Policy Commission (superboard) in its 1/2562 Meeting approved the bank’s exit from its rehabilitation plan and the list of state enterprises forced to prepare rehabilitation plan and its continued oversight by the Ministry of Finance. In short, the results of the rehabilitation of the bank’s financial status at the end of 2018 were satisfactory and better than expected.

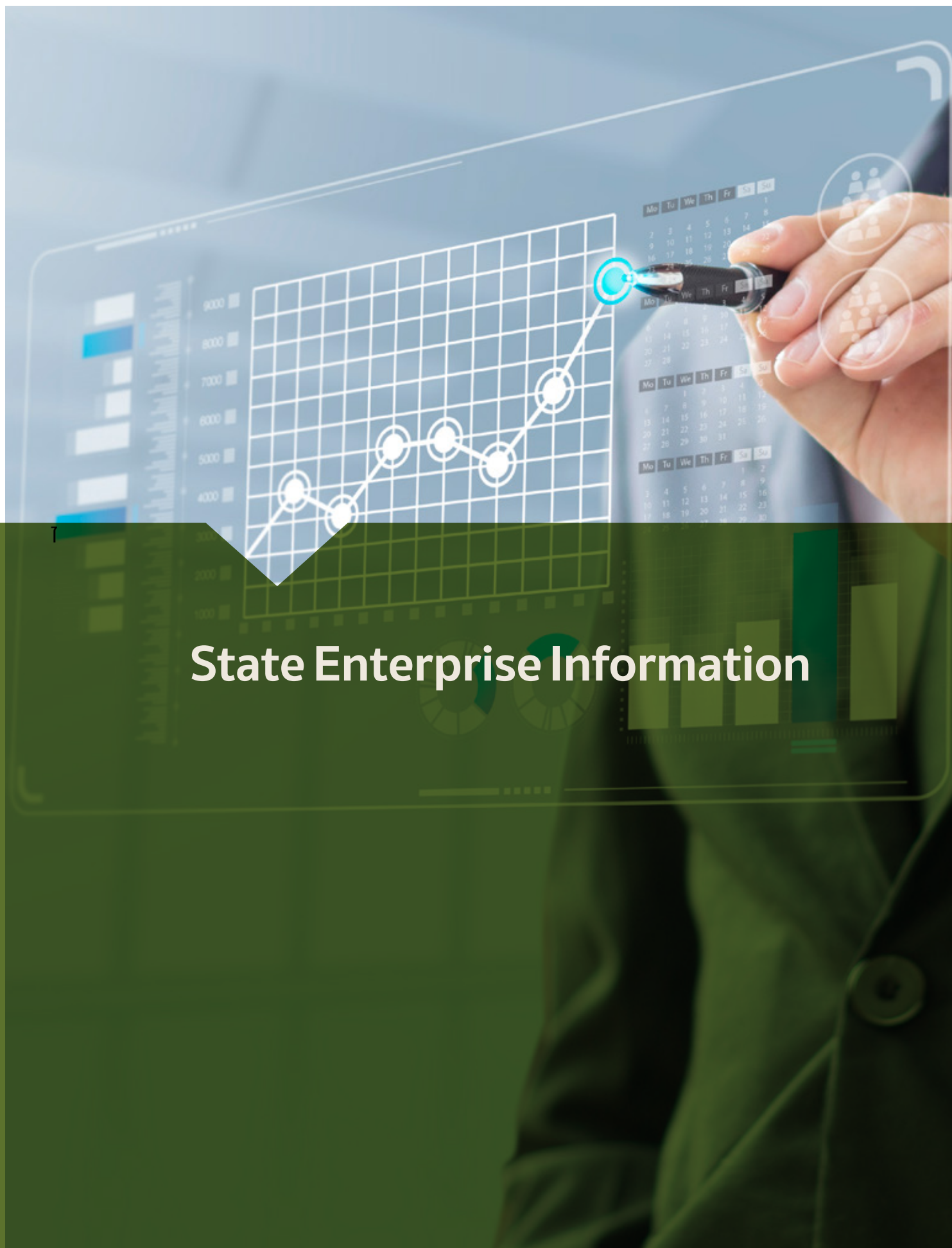
In terms of key operational plans in 2019, the bank will focus on developing and improving various processes under the plans in three main areas including 1) business development plan with a target credit expansion of 15 billion baht with expansion to both Muslim and non-Muslim retail customers in the southern border provinces accounting for at least 30 percent of the credit growth through development of products that meet various customer needs 2) organizational development plan to accelerate the development and improvement of organizational infrastructure including technology, financing approval, and financing processing in order to support credit expansion and improve asset quality, enhance financing processing efficiency through checks and balances and redundancy minimization to ensure quality customer service, and increase the efficiency of other work processes and 3) personnel development plan with organizational structure improvement, workforce management, organizational culture development to enhance business capacity, and preparing personnel for important changes and developments as well as improving employee morale.

In addition, the bank emphasizes efficient management of its costs and expenses to reduce operating costs and be in line with Thailand’s national strategy as well as tackling the problem of non-performing financing to gradually reduce its ratio to the level similar to other banks. The bank’s operations must be based on transparency and good governance with continuous improvement. Therefore, the bank has set the issues as the bank’s key strategies and developed the Zero-corruption IBank plan to become the major Islamic bank, reduce opportunity gap by providing opportunities for customers in the Southern region, and remain the good choice for customers.

Finally, on behalf of the management team and employees, I would like to thank you our board of directors, business allies, and customers. We have worked tirelessly to allow the bank to exit its rehabilitation plan. From now on, we will be committed to sustainable growth and further performance improvement and adhere to our mission to deliver services to Muslim customers as well as new products and services to meet customer demand with an aim of achieving success in 2019 through profitability and consistently satisfactory operating results.



Mr. Wuttichai Suraratchai
Director and President
Islamic Bank of Thailand



State Enterprise Information

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- A person in a dark suit and tie is shown from the chest up, with their hand near their chin in a thoughtful pose. The background is a blurred financial data screen showing columns of numbers and percentages in green and red. A solid green vertical bar is on the right side of the page.
- ★ **General Information**
 - ★ Organization Management Structure
 - ★ Capital Structure
 - ★ Direction and Policy
 - ★ Management Discussion and Analysis
 - ★ Corporate Management

01 General Information

History

The Idea of setting up the Islamic Bank in Thailand emerged from Muslim population's need for financial services that comply with Shariah principles, especially those residing in the country's three southern boarder provinces. In 1998 the government impelled the development of Islamic banking system in many forms to facilitate Thai Muslims in conducting their banking transactions in conformity with Shariah principles. As the government intended to set up an Islamic Bank under the government's jurisdiction with its own sets of law, the Ministry of Finance was then assigned to draft 'The Islamic Bank of Thailand Act', which was later approved by the parliament in October 2002.

Islamic Bank of Thailand or "ibank" is set up under the Islamic Bank of Thailand Act B.E.2545 (2002) and regulated by the Ministry of Finance. The Bank commenced its operations on June 12, 2003 with paid-up capital of 1 billion baht and had its head quarter, which was also the first branch, in Klongton. The Bank continued to open branches especially in Bangkok and Southern provinces and had a total of 9 branches by the end of 2004.

The expansion of the Bank's business continued through the acquisition of Shariah Banking Services of Krung Thai Bank PCL in November 2005 under the government's policy. This increased the number of branches from 18 to 27 In August 2006, the Bank relocated its head quarter from Klongton to the central business district, Asoke, to facilitate growing business and increase operating efficiency.



During the initial stage of operation, ibank focused solely on Muslim market segmentation. However, the Bank sees the opportunity of expanding Shariah banking services to general public, and thus, creates and develops more innovative and competitive products, while embarking rebranding exercises to provide best services to customers, along with promoting ethical culture, social responsibility, Islamic principles and good governance through the operational framework. These allow ibank to differentiate from competitors and become an alternative bank for everyone regardless of his religion. In October 2007, the Ministry of Finance became ibank's major shareholder and this has made the Bank state-owned enterprise thereafter.

Currently, the bank's major shareholder, the Ministry of Finance, has raised its stake in the bank to almost 100 percent (99.59%) after the amendment of the Islamic Bank of Thailand Act B.E.2545 (2002). The amended act, Islamic Bank of Thailand Act B.E.2561 (2018), is announced on July 18, 2018 allows the Ministry of Finance to own more than 49 percent in the bank's shares with a suitable period of time. Now, ibank has 102 branches throughout the country.



Statement of Direction

To be mechanism of fund raising and investment both domestically and overseas to provide financial support to individuals and business operators in line with the Shariah principle based on the stable financial position.



Vision

To be a reliable and trustworthy Islamic bank providing Shariah-compliant services in order to be the main bank of Muslim clients and clients doing businesses with Muslims, and to be alternative bank for general clients.



Mission

1. To have good management, systems of standard, competent staff and to operate business professionally.
2. To operate transparently with good corporate governance.
3. To have stability and grow sustainably with capability to treat stakeholders with balance.
4. To support and connect businesses of Muslims and related parties.
5. To participate in the stabilization, economic and social development, especially in the five southern border provinces.

Business Type / Nature of Business

Business type : Specialized financial institutions under the Ministry of Finance

Taxpayer Identification Number : 0993000275063

Nature of business

The Islamic Bank of Thailand (IBANK) is a state enterprise and a specialized financial institution under the Ministry of Finance and was established by the Islamic Bank of Thailand Act B.E. 2545 (2002) with business operations under Islamic Bank of Thailand Act, Royal Decree/Ministerial regulations and related declaration that are issued by the Bank of Thailand, Ministry of Finance and other relevant agencies.

Investments in Subsidiaries and Associated Companies

Company Name : Amanah Leasing Public Company Limited

Business type : Providing Hire purchase ,Inventory Finance, Financial Lease and Operating Lease

Head office location: 16-16/1 Soi Kasemsan 1, Phayathai Road, Wangmai Sub-district, Pathumwan District, Bangkok 10330

Tel. : 0 2091 6456

Fax : 0 2091 6401

Website : www.amanah.co.th

Shareholding proportion : 48.75 percent

Location

Head Office

No.66, Q House Asoke Building, M, 11, 12, 14, 15, 18, 20-23 Floor, Sukhumvit 21 Road, Khlong Toei Nuea Sub-district, Vadhana District, Bangkok 10110

Telephone : 0 2650 6999

Call Center : 1302

Website : www.ibank.co.th

Asoke Office

No.66, Q House Asoke Building, G Floor, Sukhumvit 21 Road, Khlong Toei Nuea Sub-district, Vadhana District, Bangkok 10110

Telephone : 0 2260 1751-5

Fax : 0 2260 1750

7 Branches of Thon Buri District Office

Thung Khru

No.32/424-425, Pracha-uthit Road, Thung Khru Sub-district, Thung Khru District, Bangkok 10140

Telephone : 0 2873 6803-5

Fax : 0 2873 6809

Southern Bus Terminal

SC Plaza Building, G Floor, Room No.GN09-GN10, No.24/6, Chimplee Sub-district, Taling Chan District, Bangkok 10170

Telephone : 0 2422 3935-8

Fax : 0 2422 3939

Prachuap Khirikhan

No.117/1-2, Salacheep Road, Prachuap Kirikhan Sub-district, Mueang Prachuap Khirikhan District, Prachuap Khirikhan 77000

Telephone : 0 3260 3148, 0 3260 1945, 0 3260 4868-9

Fax : 0 3260 4223

Seeyae Thotsakan

2nd Floor, Room DD1-DD2, No.54/54, Village No.7, Phutthamonthon Sai 2 Road, Bang Phai Sub-district, Bang Khae District, Bangkok 10160

Telephone : 0 2410 3235-8

Fax : 0 2410 3239

Samut Sakhon

No.927/408, Setthakit 1 Road, Mahachai Sub-district, Mueang Samut Sakhon District, Samut Sakhon 74000

Telephone : 0 3442 3730-3

Fax : 0 3442 3734

Hua Hin

No.4/19, Phetkasem Road, Hua Hin Sub-district, Hua Hin District, Prachuap Khirikhan 77110

Telephone : 0 3252 2410-1, 0 3252 2448-9

Fax : 0 3252 2450

Phetchaburi

No.107, Surinruechai Road, Tharab Sub-district, Mueang Phetchaburi District, Phetchaburi 76000

Telephone : 0 3241 4090-3

Fax : 0 3241 4094

6 Branches of Sathon District Office

Thanon Charoenkrung

No.2350/6, Charoenkrung Road, Bangkholaem Sub-District, Bangkholaem District, Bangkok 10120

Telephone : 0 2292 1973-6

Fax : 0 2292 1977

Paradise Park

2nd Floor, Room No.2C005, Paradise Park Shopping Center, Park No.61 Srinakarin Road, Nong Bon Sub-District, Prawet District, Bangkok 10250

Telephone : 0 2780 2214-7

Fax : -

Pratunam

No.120/69, Ratchaprarop Road, Thanon Phaya Thai Sub-district, Ratchathewi District, Bangkok 10400

Telephone : 0 2208 0919-22

Fax : 0 2208 0923

Silom

Room No.201-202, 2nd Floor, Thaniya Plaza BTS Wing Building, No.62, Silom Road Suriyawong Sub-district, Bangrak District, Bangkok 10500

Telephone : 0 2236 9404-7

Fax : 0 2236 9408

The Nine Rama 9

1st Floor, Room No.F01B1000 & F01B2000, B Building, The Nine Rama 9, 999/2 Rama 9 Road, Suan Luang Sub-District, Suan Luang District, Bangkok 10250

Telephone : 0 2318 4156-8, 0 2318 4926

Fax : 0 2318 4927

Town in Town

B1 Building, Room 101, Tonsoong Avenue, No.226/11, Praditmanutham Road Wang Thong lang Sub-district, Wang Thong lang District, Bangkok 10310

Telephone : 0 2148 1036-9

Fax : 0 2148 1040

7 Branches of Minburi District Office

Klong Tan

No.9, UM Building Tower, M Floor, Ramkhamhaeng Road, Suan Luang Sub-District, Suan Luang District, Bangkok 10250

Telephone : 0 2729 8805-8

Fax : 0 2729 8806

The Mall Bang Kapi

2nd Floor, Room No.2S-L3C, The Mall Bang Kapi, No.3522, Lat Phrao Road, Khlong Chan Sub-district, Bang kapi District, Bangkok 10240

Telephone : 0 2734 1905-9

Fax : 0 2734 1904

Thanon Nawamin

No.4/1483-1486, Village No.7, Nawamin Road, Khlong Khum Sub-district, Bueng Kum District, Bangkok 10230

Telephone : 0 2509 4782-5

Fax : 0 2509 4786

Saphanmai

No.348, Phahonyothin Road, Anusawari Sub-district, Bang Khen District, Bangkok 10220

Telephone : 0 2521 9627-30

Fax : 0 2521 9631

Thanon Ramkhamhaeng 87

No.847, Ramkhamhaeng Road, Hua Mark Sub-district, Bang Kapi District, Bangkok 10240

Telephone : 0 2736 3831-4

Fax : 0 2736 3835

Min Buri

No.286, Seethaburanukit Road, Min Buri Sub-district, Min Buri District, Bangkok 10510

Telephone : 0 2517 9655-7

Fax : 0 2517 9658

Fashion Island

B Floor, Room No.B004A, Fashion Island , No.587, 589, Ram-intra Road, Khannayao Sub-district, Khannayao District, Bangkok 10230

Telephone : 0 2508 3818-21

Fax : 0 2508 3822

9 Branches of Nonthaburi District Office

Phra Nakhon Si Ayutthaya

1st Floor, Room No.GP-06-07, Ayutthaya Park, No.126,
Village No.3, Asia Highway, Khlong Suan Phlu Sub-district,
Phra Nakhon Si Ayutthaya District, Phra Nakhon Si Ayutthaya
13000

Telephone : 0 3580 1254-8
Fax : 0 3580 1255

The Government Complex Commemorating

No.120, B Building, 1st Floor, Village No.3, Chaeng Watthana
Road, Thung Song Hong Sub-district, Lak Si District,
Bangkok 10210

Telephone : 0 2143 8781-3
Fax : 0 2143 8785

Nonthaburi

No.638, 640 Pracharat Road, Suan Yai Sub-district, Mueang
Nonthaburi District, Nonthaburi 11000

Telephone : 0 2526 6101-2, 0 2526 6163-4
Fax : 0 2526 6173

Bang Phlat

Room No.678, 680, Meeting Mall ,Charansanitwong
Road, Bang O Sub-district, Bang Phlat District, Bangkok
10700

Telephone : 0 2424 5099-102
Fax : 0 2424 5103

Suphanburi

No.24/2-3, Muenhan Road, Tha Philiang Sub-district,
Mueang Suphanburi District, Suphanburi 72000

Telephone : 0 3552 5872-5
Fax : 0 3552 5876

Nakhon Pathom

No.100-102, Rajvithee Road, Phra Pathom Chedi
Sub-district, Mueang Nakhon Pathom District,
Nakhon Pathom 73000

Telephone : 0 3427 1904-7
Fax : 0 3427 1908

Ratchaburi

No.295-297, Kraipetch Road, Na Mueang Sub-district,
Mueang Ratchaburi District, Ratchaburi 70000

Telephone : 0 3233 2375-8
Fax : 0 3233 2379

Kanchanaburi

No.218/13, Sangchuto Road, Ban Nuea Sub-district, Mueang
Kanchanaburi District, Kanchanaburi 71000

Telephone : 0 3467 1520-3
Fax : 0 3467 1524

Pathum Thani

No.27/17-19, Pathum Sampan Road, Bang Prok Sub-district,
Mueang Pathum Thani District, Pathum Thani 12000

Telephone : 0 2593 4070-2
Fax : 0 2593 4073

7 Branches of Chon Buri District Office

Nong Chok

No.67, Choemsamphan Road, Krathumrai Sub-district,
Nong Chok District, Bangkok 10530

Telephone : 0 2548 3101-3
Fax : 0 2548 3104

Chachoengsao

No.217/39-40, Mahacharkkaphat Road, Na Mueang
Sub-district, Mueang Chachoengsao District,
Chachoengsao 24000

Telephone : 0 3851 8585-8
Fax : 0 3851 8589

Bang Saen

No.177, Long Hat Bang Saen Road, Saen Suk Sub-district,
Mueang Chon Buri District, Chon Buri 20130

Telephone : 0 3839 5051-4
Fax : 0 3839 5055

Rayong

No.292/2-3, Sukhumvit Road, Choeng Noen Sub-district,
Mueang Rayong District, Rayong 21000

Telephone : 0 3861 0412-5
Fax : 0 3861 0416

Chanthaburi

No.84/24, Tha Chalab Road, Talat Sub-district, Mueang
Chanthaburi District, Chanthaburi 22000

Telephone : 0 3932 8897, 0 3932 8893-5
Fax : 0 3932 8898

Thanon Sri Nakarin

No.1170, Sri Nakarin Road, Suan Luang Sub-district,
Suan Luang District, Bangkok 10250

Telephone : 0 2320 3361-3
Fax : 0 2320 3364

Pattaya

No.597/3, South Pattaya Road, Nong Prue Sub-district,
Bang Lamung District, Chon Buri 20260

Telephone : 0 3848 8414-6
Fax : 0 3848 8417

8 Branches of Chiang Mai District Office

Thanon Chang Phueak Chiang Mai

No.141/1, Chang Phueak Road, Sripum Sub-district,
Mueang Chiang Mai District, Chiang Mai 50000

Telephone : 0 5328 7214-7
Fax : 0 5328 7218

Central Airport Chiang Mai

Room No.F-01, 3rd Floor, Central Plaza Chiang Mai Airport,
No. 2, Mahidol Road, Hai Ya Sub-District, Mueang Chiang
Mai District, Chiang Mai 50100

Telephone : 0 5327 7259, 0 5327 7024-5,
0 5327 7286
Fax : 0 5327 7287

Hang Dong Chiang Mai

Kadfarang Shopping Plaza, No.225/242, Village No.13,
Chiang Mai – Hod Road, Ban Wen Sub-District, Hang Dong
District, Chiang Mai 50230

Telephone : 0 5343 1229-32
Fax : 0 5343 1233

Lamphun

No.23, Inthayongyot Road, Nai Mueang Sub-district, Mueang
Lamphun District, Lamphun 51000

Telephone : 0 5351 0185-7, 0 5351 0194
Fax : 0 5351 0195

Phayao

No.474/3-4, Phahonyothin Road, Wiang Sub-district, Mueang
Phayao District, Phayao 56000

Telephone : 0 5443 2191-4
Fax : 0 5443 2195

Lampang

No.92-98 Bunwat Road, Suan Dok Sub-District, Mueang
Lampang District, Lampang 52100

Telephone : 0 5422 2054, 0 5422 2996,
0 5423 0006-7, 0 5422 6189
Fax : 0 5422 2995

Chiang Mai

No.125 Chang Khlan Road, Chang Khlan Sub-District,
Mueang Chiang Mai District, Chiang Mai 50100

Telephone : 0 5328 3265-6
Fax : 0 5327 0718

Chiang Rai

No.808/8 Paholyothin Road, Wiang Sub-District, Mueang
Chiang Rai District, Chiang Rai 57000

Telephone : 0 5374 8883-5
Fax : 0 5374 8886

6 Branches of Phitsanulok District Office

Mae Sot

No.620/2-3, Intarakiri Road, Mae Sot Sub-district,
Mae Sot District, Tak 63110

Telephone : 0 5553 3636, 0 5553 3639,
0 5553 3643, 0 5553 3646
Fax : 0 5553 3649

Nakhon Sawan

No.1016/4-5, Village No.9, Asia Road, Nakhon Sawan Tok
Sub-district, Mueang Nakhon Sawan District, Nakhon Sawan
60000

Telephone : 0 5637 2367-70
Fax : 0 5637 2371

Phichit

No.8/206-207, Srimala Road, Nai Mueang Sub-district,
Mueang Phichit District, Phichit 66000

Telephone : 0 5661 3746-9
Fax : 0 5661 3750

Sukhothai

No.5, Rat-uthit Road, Thani Sub-district, Mueang Sukhothai
District, Sukhothai 64000

Telephone : 0 5561 0311-3, 0 5561 0319
Fax : 0 5561 0320

Uttaradit

No.202-8/9, Boroma-at Road, Tha-it Sub-district, Mueang
Uttaradit District, Uttaradit 53000

Telephone : 0 5540 7444-5, 0 5540 7447-8
Fax : 0 5540 7577

Phitsanulok

No.87/24, Akathotsarot Road, Nai Mueang Sub-district,
Mueang Phitsanulok District, Phitsanulok 65000

Telephone : 0 5524 2712-3, 0 5524 2425,
0 5523 1236, 0 5524 2773
Fax : 0 5524 2443

6 Branches of Khon Kaen District Office

Nakhon Ratchasima

No.160/2, Chomsurangyat Road, Nai Mueang Sub-District, Mueang Nakhon Ratchasima District, Nakhon Ratchasima 30000

Telephone : 0 4425 2661-4
Fax : 0 4425 2665

UD Town (Udon Thani)

1st Floor, Room No.H22-H23, UD Town Building, No.99/9, Tong Yai Road, Mak Kaeng Sub-district, Mueang Udon Thani District, Udon Thani 41000

Telephone : 0 4293 2990-3
Fax : 0 4293 2994

Sakon Nakhon

No.1755/8-9, Ratpattana Road, Thatchoengchum Sub-district, Mueang Sakon Nakhon District, Sakon Nakhon 47000

Telephone : 0 4271 6723-6
Fax : 0 4271 7188

Maha Sarakham

No.453/2-3, Nakhon Sawan Road, Talat Sub-district, Mueang Maha Sarakham District, Maha Sarakham 44000

Telephone : 0 4371 1587, 0 4371 1645,
0 4371 1667
Fax : 0 4371 1687

Kalasin

No.93-95, Phirom Road, Kalasin Sub-district, Mueang Kalasin District, Kalasin 46000

Telephone : 0 4381 6913-6
Fax : 0 4381 6606

Khon Kaen

No.77/3, Klang Mueang Road, Nai Mueang Sub-district, Mueang Khon Kaen District, Khon Kaen 40000

Telephone : 0 4324 6824-7
Fax : 0 4324 6828

6 Branches of Ubon Ratchathani District Office

Roi Et

No.206/1-2, Phloenchit Road, Nai Mueang Sub-district, Mueang Roi Et District, Roi Et 45000

Telephone : 0 4351 5881-4
Fax : 0 4351 5886

Yasothon

No.230/3-5, Chaeng Sanit Road, Nai Mueang Sub-district, Mueang Yasothon District, Yasothon 35000

Telephone : 0 4571 1252, 0 4571 1265,
0 4571 1276, 0 4571 1297
Fax : 0 4571 1367

Si Sa Ket

No.1104-5, Khukhan Road, Mueang Tai Sub-district, Mueang Si Sa Ket District, Si Sa Ket 33000

Telephone : 0 4564 3981-4
Fax : 0 4564 3985

Ubon Ratchathani

No.479/1-2, Chayangkun Road, Nai Mueang Sub-district, Mueang Ubon Ratchathani District, Ubon Ratchathani 34000

Telephone : 0 4531 6967-70
Fax : 0 4531 6971

Buri Ram

No.39/6-7, Thani Road, Nai Mueang Sub-district, Mueang Buri Ram District, Buri Ram 31000

Telephone : 0 4460 2526-9
Fax : 0 4460 2530

Surin

No.73, 75, Chitbunrung Road, Nai Mueang Sub-district, Mueang Surin District, Surin 32000

Telephone : 0 4451 5314, 0 4451 5343,
0 4451 5819, 0 4451 5851
Fax : 0 4451 5812

5 Branches of Phuket District Office

Ranong

No.75-77, Ruangrat Road, Khao Niwet Sub-district, Mueang Ranong District, Ranong 85000

Telephone : 0 7782 5264, 0 7782 5393

Fax : 0 7782 5394

Phang-nga

No.235/1 - 2, Phetkasem Road, Thai Chang Sub-district, Mueang Phang-nga District, Phang-nga 82000

Telephone : 0 7641 4422-5

Fax : 0 7641 4426

Tesco Lotus Thalang

G Floor, Room No.116, Tesco Lotus Thalang, No.303, Village No.1 Thepkrasattri Road, Thepkrasattri Sub-district, Thalang District, Phuket 83110

Telephone : 0 7631 1705-8

Fax : 0 7631 1709

Krabi

No.94, 94/1, Maharat Road, Pak Nam Sub-district, Mueang Krabi District, Krabi 81000

Telephone : 0 7562 4040-3

Fax : 0 7562 4044

Phuket

No.5, 7, Yaowarat Road, Talat Nuea Sub-district, Mueang Phuket District, Phuket 83000

Telephone : 0 7621 4053-4

Fax : 0 7621 4055

6 Branches of Surat Thani District Office

Surat Thani

No.103/1, Na Mueang Road, Talat Sub-district, Mueang Surat Thani District, Surat Thani 84000

Telephone : 0 7720 6057-60

Fax : 0 7720 6061

Nakhon Sri Thammarat

No.1664, Ratchadamnoen Road, Tha Wang Sub-district, Mueang Nakhon Si Thammarat District, Nakhon Si Thammarat 80000

Telephone : 0 7535 7350-3

Fax : 0 7535 7354

Koh Samui

No.80, Village No.6, Bo Phut Sub-district, Ko Samui District, Surat Thani 84320

Telephone : 0 7744 7845-8

Fax : 0 7744 7849

Thung Song

No.41, Chaichumpon Road, Pak Phraek Sub-district, Thung Song District, Nakhon Si Thammarat 80110

Telephone : 0 7541 2540, 0 7541 2567,
0 7542 3885-6

Fax : 0 7542 3993

Chumphon

No.56/1, Poraminmakkha Road, Tha Tapao Sub-district, Mueang Chumphon District, Chumphon 86000

Telephone : 0 7750 3395-6

Fax : 0 7751 1062

Thanon Chon Kasem Surat Thani

No.545 Chon Kasem Road, Talad Sub-District, Mueang Surat Thani District, Surat Thani 84000

Telephone : 0 7720 3994-7

Fax : 0 7720 3998

8 Branches of Song Khla District Office

Trang

No.52/1-2, Wisetkul 11 Alley, Ratsada Road, Thapthiang Sub-district, Mueang Trang District, Trang 92000

Telephone : 0 7559 0459-60, 0 7559 0463,
0 7559 0465

Fax : 0 7559 0473

Thanon Niphat Uthit 1 Hat Yai

No.151-157, Niphat Uthit 1 Road, Hat Yai Sub-district, Hat Yai District, Song Khla 90110

Telephone : 0 7422 5110, 0 7422 5130,
0 7422 5140-41

Fax : 0 7422 5255

Maekhri Phatthalung

No.175, Village No.1, Anukul Road, Mae Khri Sub-district, Tamot District, Phatthalung 93160

Telephone : 0 7469 5475, 0 7469 5554,
0 7469 5655, 0 7469 5712

Fax : 0 7469 5856

La-ngu

No.149, Village No.6, La-ngu – Pakbara Road, La-ngu Sub-district, La-ngu District, Satun 91110

Telephone : 0 7478 3904-7

Fax : 0 7478 3908

Song Khla

No.81/78, Village No.2, Kanchanawanit Road, Khao Rubchang Sub-district, Mueang Song Khla District, Song Khla 90000

Telephone : 0 7455 8259-61

Fax : 0 7455 8265

Chana

No.8/4-5 Jana - Nathawi Road, Ban Na Sub-district, Chana District, Song Khla 90130

Telephone : 0 7420 7123-5

Fax : 0 7420 7122

Satun

No.287/6, Village No.7, Yontrakan Kamthon Road, Khlong Khut Sub-district, Mueang Satun District, Satun 91000

Telephone : 0 7472 5039-42

Fax : 0 7472 5043

Hat Yai

No.2/1-2, Hat Yai City Alley, Thammanunwithi Road, Hat Yai District, Song Khla 90110

Telephone : 0 7423 7958, 0 7423 7392

Fax : 0 7423 7158

7 Branches of Pattani District Office

Big C Pattani

Room No.GCR116, Big C Pattani, No.301, Village No.4,

Rusamilae Sub-district, Mueang Pattani District Pattani 94000

Telephone : 0 7333 7812-5

Fax : 0 7333 7816

Palat Pattani

No.122/11-12, Village No.5, Phetkasem (Pattani – Narathiwat) Road, La-Nga Sub-district, Mayo District, Pattani 94190

Telephone : 0 7348 5160, 0 7348 5327,
0 7348 5399, 0 7348 5414

Fax : 0 7348 5514

Yarang Pattani

No.1/7, Village No.2, Pattani – Yala Road, Pitumudi Sub-district, Yarang District, Pattani 94160

Telephone : 0 7343 9491-4

Fax : 0 7343 9495

Khokpho Pattani

No.170/10, Village No.7, Naket – Khokpho Road, Khokpho Sub-district, Khokpho District Pattani 94120

Telephone : 0 7343 1040, 0 7343 1218,
0 7343 1284, 0 7343 1709

Fax : 0 7343 1883

Saiburi Pattani

No.23/1-2, Suriya Road, Taluban Sub-district, Saiburi District, Pattani 94110

Telephone : 0 7341 1059-60, 0 7341 1163,
0 7341 1296

Fax : 0 7341 1310

Pattani

No.20,22,24, Na Kluea Road, A No Ru Sub-district, Mueang Pattani District, Pattani 94000

Telephone : 0 7332 3465-8

Fax : 0 7332 3469

Jabangtigor Pattani

No.49/9-12, Kalapor Road, Jabangtigor Sub-district, Mueang Pattani District, Pattani 94000

Telephone : 0 7331 1820-3

Fax : 0 7331 1879

6 Branches of Yala District Office

Thanon Phumacheep Yala 2

No.24-26, Phumacheep Road, Sateng Sub-district, Mueang Yala District, Yala 95000

Telephone : 0 7322 3690-3
Fax : 0 7322 3694

Betong

No.130/1, Sukyang Rong, Betong Sub-district, Betong District, Yala 95110

Telephone : 0 7323 5131-4
Fax : 0 7323 5135

Raman Yala

No.100-102, Village No.1, Mueang Raman Road, Kayubokoh Sub-district, Raman District, Yala 95140

Telephone : 0 7329 5041-4
Fax : 0 7329 5045

Bannang Sata Yala

No.200, 202, Village No.2, Sukyang Road, Bannangsata Sub-district, Bannangsata District, Yala 95130

Telephone : 0 7328 9282-5
Fax : 0 7328 9286

Yaha Yala

No.4/3, Pitakthani Road, Yaha Sub-district, Yaha District, Yala 95120

Telephone : 0 7329 1463-6
Fax : 0 7329 1467

Yala

No.59, Phiphitphakdee Road, Sataeng Sub-district, Mueang Yala District, Yala 95000

Telephone : 0 7324 7140-3
Fax : 0 7324 7144

7 Branches of Narathiwat District Office

Tanyongmat

No.46, Thetsaban 3 Road, Tanyongmat Sub-district, Ra-ngae District, Narathiwat 96130

Telephone : 0 7367 1858-60
Fax : 0 7367 1861

Su-ngai Kolok Narathiwat

No.36, Butsayaphan Road, Su-ngai Kolok Sub-district, Su-ngai Kolok District, Narathiwat 96120

Telephone : 0 7361 4561-3
Fax : 0 7361 4565

Takbai Narathiwat

No. 62/21, Village No.4, Narathiwat – Takbai Road, CheheSub-district, Takbai District, Narathiwat 96110

Telephone : 0 7358 1971-2
Fax : 0 7358 1977

Waeng Narathiwat

No.111/1-2, Village No.1, Su-ngai Kolok – Waeng Road, Waeng Sub-district, Waeng District, Narathiwat 96160

Telephone : 0 7365 9321-4
Fax : 0 7365 9325

Rueso Narathiwat

No.30/15, Village No.2, Rueso-Yala Road, Rueso Ok Sub-district, Rueso District, Narathiwat 96150

Telephone : 0 7357 2270-3
Fax : 0 7357 2274

Narathiwat

No.52/18-19, Suriyapradit (Opposite Police Station) Road, Bangnak Sub-district, Mueang Narathiwat District, Narathiwat 96000

Telephone : 0 7351 2627-8
Fax : 0 7351 2629

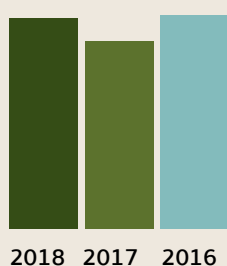
Thanon Wichitchaiboon Narathiwat

No.11/2-4, Wichitchaiboon Road, Bangnak Sub-district, Mueang Narathiwat District, Narathiwat 96000

Telephone : 0 7351 1117, 0 7351 3664,
0 7352 2623
Fax : -

Financial Highlights

	Million Baht			Change	
	2018	2017	2016	Increased (Decreased)	Percent
Financial position and operating performances					
Total assets	80,590.34	71,702.78	81,686.78	8,887.56	12.40
Financing	50,142.14	44,166.48	93,496.38	5,975.66	13.53
Financing and financial accrued income, net	43,350.88	36,099.71	60,690.24	7,251.17	20.09
Deposits	78,460.61	85,239.59	93,498.08	(6,778.98)	(7.95)
Total liabilities	81,992.10	91,714.33	98,763.57	(9,722.23)	(10.60)
Equity	(1,401.76)	(20,011.55)	(17,076.80)	18,609.79	93.00
Financing and investment income	2,830.81	2,779.93	3,788.86	50.88	1.83
Total income	3,772.55	3,294.42	4,107.82	478.13	14.51
Net income (losses)	530.77	(2,926.45)	(3,524.06)	3,457.22	118.14
Earnings per share: Baht					
Basic income (losses) per share	0.002	(0.285)	(0.343)	0.286	
Share value					
Book value	(0.004)	(1.947)	(1.660)	(1.943)	
Financial ratio (%)					
Returns on average assets	0.70	(3.82)	(4.07)	4.52	
Returns on average equity	(4.96)	(15.78)	(22.95)	(10.82)	
Net income (losses) per total income	14.07	(88.83)	(85.79)	102.90	
Capital adequacy ratio (Ministerial regulations)	(3.17)	(52.83)	(31.02)	(49.66)	



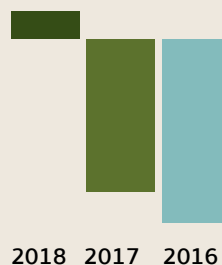
Total assets
80,590



Financing
50,142



Total Income
3,773



Net Income (losses)
531

Factors Affecting Business Environment

Technological changes in 2018 has affected consumer behavior and demand for financial services which has significantly changed in the digital era. Large commercial banks have increasingly focused on intense digital competition such as e-KYC, Blockchain technology development, acceleration, flexibility in service delivery, organizational strengths, customer centricity, and digital platform and AI application which can respond to customer needs in all aspects of life, anytime and anywhere. The focus is also on enhancing the bank's capacity to offer new services including offering credit via digital platform, especially mobile application, to facilitate and provide easy access to consumers. Nevertheless, financial institutions will face increased risks from cyber threats, particularly related to personal information; therefore, cyber security will become an important issue and new challenge for financial institutions and regulatory agencies in keeping a balance between security and convenience for customers.

Disruptive technology, especially financial technology, will have a significant impact on business growth if financial institutions cannot develop or keep pace with the change. Even though digital transformation will help streamline operations and reduce costs, it will require a large amount of initial investment and further investment in the future. As a result, small financial institutions with limited investment capacity will need to prepare a plan for such changes in order to keep pace with the fast-changing environment.

Competition The financial sector continues to face fierce competition and credit expansion following the economic conditions. Many financial institutions have raised their capital and interest rates for savings to meet the increased credit needs, especially during the time of increased public and private investments, and have developed new and attractive

products and services to respond to technological changes. These movements require the bank's ability to adapt and develop its organization to compete in this challenging environment. On top of this, another challenge that is likely to have negative impact on our fee revenues is the increased transactions through internet and mobile banking.

Rules and regulations The bank is a specialized financial institution (SFIs) under the supervision of the State Enterprise Policy Office (SEPO), Fiscal Policy Office, Ministry of Finance, and Bank of Thailand. As a result, the bank must comply with the regulations of all relevant regulatory agencies including the ministerial regulations, acts, and regulations of the Bank of Thailand as well as other laws related to the operations of financial institutions. Thanks to these requirements, the bank must strictly follow the rules and laws and evaluate the impact of the requirements on housing loans to prevent operational risks. Additionally, the bank must comply with the Islamic Bank of Thailand Act which affects its operational flexibility when compared to other commercial banks.

Changes in interest rates In 2018, the financial market remained calmed and friendly to economic expansion with overall financial stability. If there is certainty in economic recovery, the Bank of Thailand is likely to raise the interest rate. Calmed financial market which continues for a long time might affect the search for yield thanks to low interest rates and lead to underpricing of risks. The rise of interest rates is likely to increase the bank's costs as interest rates represent investors' expected return.

Industry Outlook and Future Trends

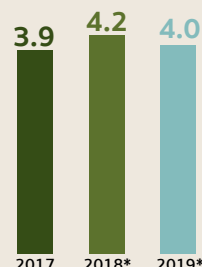
The Thai economy in 2018 is expected to grow at 4.2 percent (Source: BOT) compared to 3.9 percent in 2017 as a result of the growth of exports of goods and services as well as public spending. Despite high household debt, private consumption continued to rise thanks to employment level. Private investments fueled by public investment projects continued to show an upward trend while headline and core inflations stayed within the targets.

For 2019, the Thai economy will likely continue to grow at 4 percent, slightly lower than last year, due to slowing demand from overseas as a result of trade dispute and Brexit. Nevertheless, exports will be fueled by the relocation of purchase orders and production bases from China to Thailand which will increase private investments as well as by productivity enhancement, capacity expansion, and PPP projects while other economic indicators including private consumption (from non-agricultural incomes) and employment level continue to show positive trends. Headline inflation is expected to slow down due to declining oil prices.

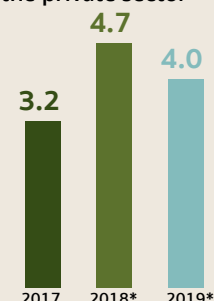
Risk factors that should be given special attention in 2019 comprise 1) Risk of US restrictions 2) Risk of declining export prices as a result of falling crude oil prices 3) Declining agricultural and labor incomes as a result of falling prices of agricultural products and export growth 4) High level of household debt and 5) Structural shift in the labor market as a result of increased automation in production

Economic Expansion Rates

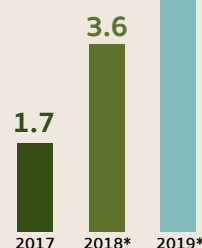
Overall Thai economy



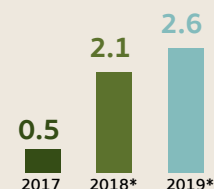
Consumption in the private sector



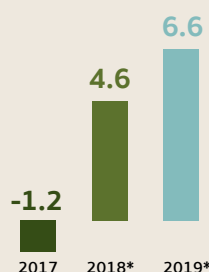
Investment in the private sector



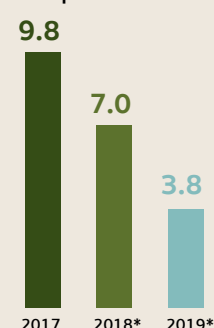
Consumption in the public sector



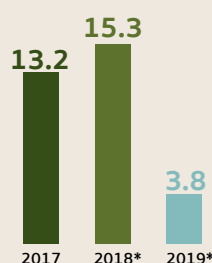
Investment in the public sector



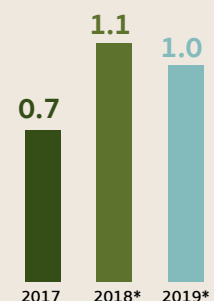
Export value



Import value



General inflation rates



Source: The Bank of Thailand

Note: *Estimated figures

Business outlook and competition in the banking sector in 2018

In 2018, even though the Thai banking sector saw numerous operational changes including the cancellation of transaction fees and increased investment in technologies to respond to the rise of the digital era, the sector continued to expand following the economic growth. Credit in the banking system grew at 6 percent compared to 4.4 percent last year due to 1) corporate loan which accounts for 66 percent of the total loans with an increase from 3.6 percent in 2017 to 4.4 percent as a result of credit expansion of large businesses (excluding financial business) of 4.1 percent following the credit expansion in the hotel, commercial, and real estate sectors. SME loans (excluding financial business) grew at 4.5 percent as a result of expansions in the energy, real estate, and construction sectors. Consumer loans which account for 34 percent of the total loans grew in all investments at 9.4 percent compared to 4.5 percent in 2017 as a result of housing credit expansion and lending increase during the last quarter of last year before the launch of loan-to-value (LTV) rule which came into effect in April 2019. Car loans grew after end of the five-year car ownership lock-up period of the First Car scheme, and personal loans continued to expand in all categories including home for cash loan, car for cash loan, and welfare loan.

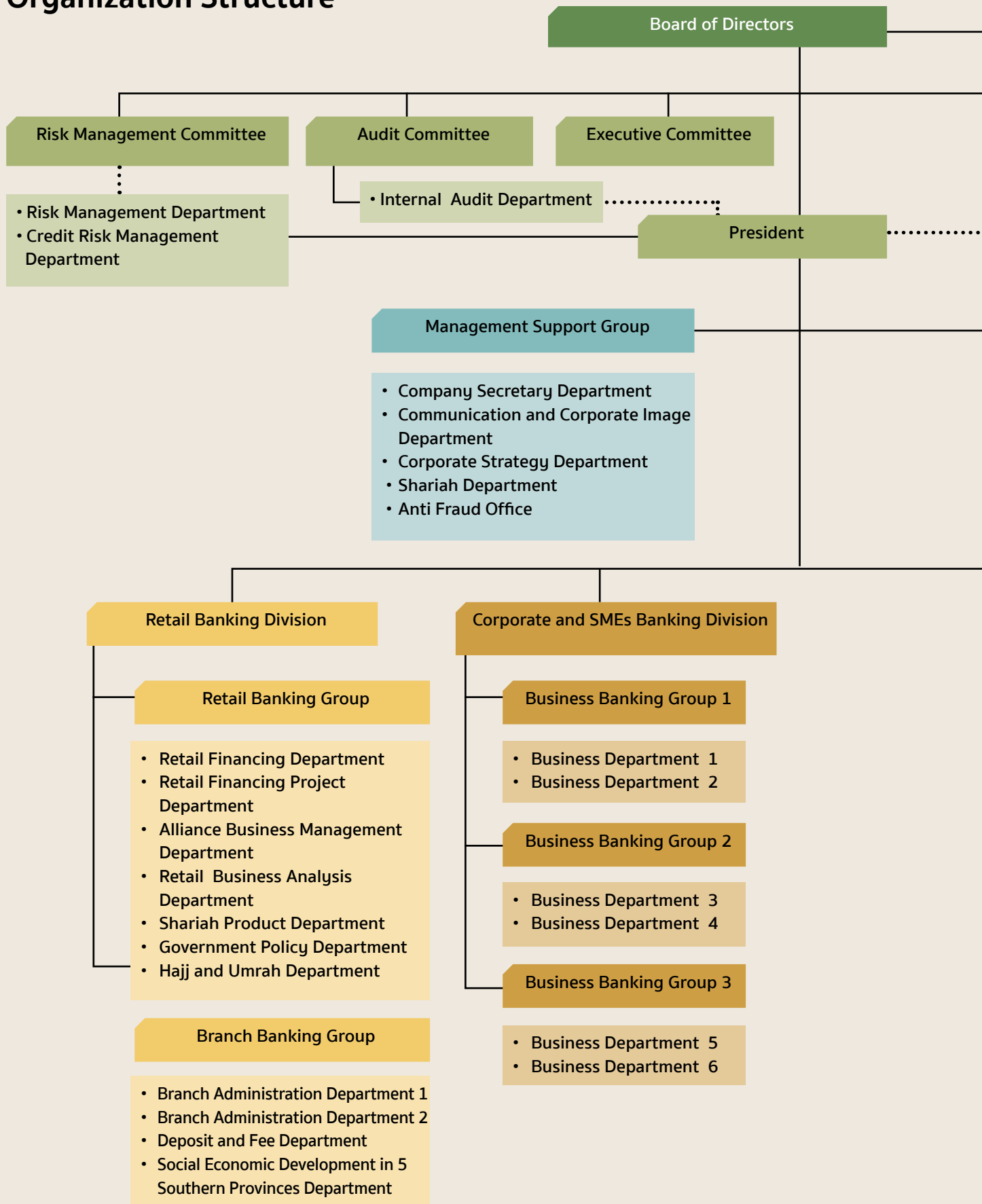
Non-performing loans (NPL) stood at 443 billion baht, an increase of 14.4 billion baht from last year, accounting for 2.93 percent of the total loans compared to 2.91 percent last year. This increase partly resulted from SME loans. However, the rise of NPL ratio has begun to slow down since 2016 due to credit stability and debt restructuring and write-offs of special mention (SM) loan which declined from 2.55 percent in 2017 to 2.42 percent. At the same time, banks increased their reserves from 67 billion baht last year to 668 billion baht and the reserve ratio rose to 193.3 percent

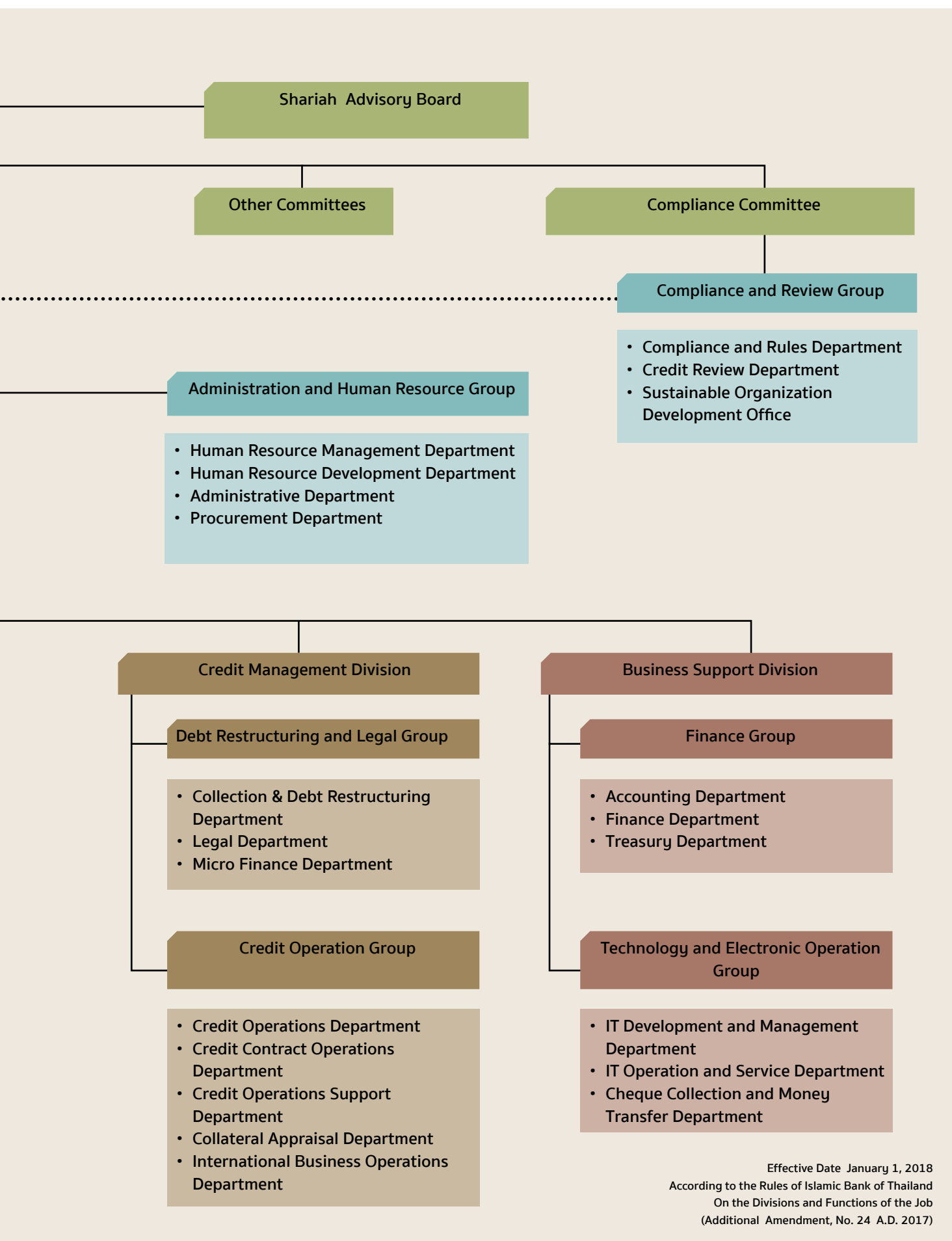
The banking system's 2018 operating results increased by 10.8 percent from last year with a net profit of 207.2 billion baht even though transaction fees decreased as a result of higher standards in market conduct and increased money transfers via digital platform. However, the rise of interest income, profit from sales of investment, and falling reserve expenses have increased the return on asset (ROA) to 1.11 percent compared to 1.04 percent last year. Net interest margin (NIM) stayed at 2.73 percent while the commercial banking fund stood at 2,569 billion baht with BIS ratio of 18.3 percent and common equity tier 1 (CET) ratio of 15.8 percent.

In 2019, the banking sector is expected to continue its growth mainly due to increasing private investments fueled by increased efficiency, capacity expansion, PPP projects, and relocation of purchase orders and production bases from China to Thailand. Nevertheless, there are factors that must be concerned including high level of household debt and limited private consumption due to increased automation in certain industries. These factors might affect the growth of the banking sector in 2019.

02 Organization Management Structure

Organization Structure





Board of Directors
Islamic Bank of Thailand

As of December 2018





List and history Board of Directors Islamic Bank of Thailand

As of December 2018



Chaiwat Utaiwan

Chairman

Effective until March 21, 2018 due to retirement.



Nippon Hakimi

Director and Acting Chairman

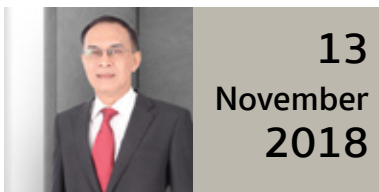
Effective on March 27, 2018 - August 31, 2018



Pornlert Lattanan

Chairman

Effective on September 1, 2018 - November 12, 2018 due to retirement.



Nippon Hakimi

Director and Acting Chairman

Effective on November 13, 2018 - February 13, 2019



Chaiwat Utaiwan

Age 65

Chairman Effective until March 21, 2018

Education and Degrees

Master Degree

- ★ Master of Business Administration (Executive)
- ★ Sasin Graduate Institute of Business Administration of Chulalongkorn University
- ★ Master of Science (Mathematics and Computer Science) University of Louisville, Kentucky, U.S.A.

Bachelor Degree

- ★ Bachelor of Science in Statistics, Faculty of Commerce and Accountancy, Chulalongkorn University

Professional Experience

- | | |
|----------------|--|
| 2015 – Present | Director and Executive Committee CK Power Public Company Limited |
| 2014 – Present | Director, Executive Committee, Corporate Governance Committee, Risk Management Committee and Managing Director TTW Public Company Limited |
| 2014 – Present | Director and Managing Director Pathum Thani Water Company Limited |
| 2014 – Present | Director Thai Water Operations Company Limited |
| 2011 – Present | Chairman of Board of Directors Suvarnabhumi Airport Hotel Company Limited |
| 2012 – 2014 | Vice Chairman of Board of Directors Bangkok Metro Networks Public Company Limited |
| 2011 – 2014 | Director, Executive Committee, Risk Management Committee and President Bangkok Metro Public Company Limited |
| 2011 – 2012 | Director and Executive Committee Government Saving Bank |
| 2007 – 2011 | President and Chief Executive Officer Siam City Bank Public Company Limited |
| 2001 – 2007 | Chairman of the Executive Board and President AIG Retail Bank Public Company Limited President and Chief Executive Officer AIG Finance (Thailand) Public Company Limited |

*Holding of state enterprise/company share related to Islamic Bank of Thailand shall not be over 10% of ordinary shares during 2018 Accounting year



Niphon Hakimi

Age 62

Director and Acting Chairman

Director and Acting Chairman (March 27, 2018 - August 31, 2018)
 Director and Acting Chairman (September 1, 2018 – November 12, 2018)

- ★ Chairman of Executive Committee
- ★ Chairman of Compliance Committee
- ★ Chairman of Nomination Committee
- ★ Bank Manager Performance Appraisal Committee Member
- ★ Zakat Committee Member

Education and Degrees

- ★ D.S.U. Droit du Travail from University of Paris II in France
- ★ D.S.U. Sociologie du Droit from University of Paris II in France
- ★ D.E.A. Sociologie du Droit from University of Paris II in France
- ★ Bachelor degree in Law from Thammasat University

Professional Experience

2017 – Present Retired Government Official, Office of the Council of State

2011 – 2017 Deputy Secretary-General, Office of the Council of State (Executive, Higher Level) Council of State

- ★ Member of Administrative Procedure Committee
- ★ Member of Tourism Authority of Thailand Committee
- ★ Member of Sport Authority of Thailand Commission
- ★ Board of Directors of Nok Airlines Public Company Limited
- ★ Member of Life Insurance Fund Committee
- ★ Member of Fuel Oils Control Commission
- ★ Member of Good Governance and Appeal Committee (Bank of Thailand)
- ★ Member of Punishment Deliberation Committee (ANTI-DOPING IN SPORTS ACT, B.E. 2555 (A.D. 2012))

*Holding of state enterprise/company share related to Islamic Bank of Thailand shall not be over 10% of ordinary shares during 2018 Accounting year



Pornlert Lattanan

Age 65

Director and Acting President (April 1, 2018 – August 31, 2018)

Chairman (September 1, 2018 – November 12, 2018)

Education and Degrees

- ★ Barrister - at - Law, Thai Bar Association, The Institute of Legal Education

Master Degree

- ★ M.B.A. (Finance and Marketing), Columbia University, NYC, USA.

Bachelor Degree

- ★ BEng. (Mechanical), Chulalongkorn University
- ★ LL.B. Bachelor of Laws 1s, Chulalongkorn University

Professional Experience

2017 – 2018 Board of Director, Small and Medium Enterprise Development Bank of Thailand (SME Bank)

2002 – 2013 President, GE Thailand

2001 – 2002 Managing Director, The Post Publishing Public Company Limited

1999 – 1999 General Manager, ENRON Corporation (Thailand)

1998 – 1997 Assistant Secretary, Financial Sector Restructuring Authority

*Holding of state enterprise/company share related to Islamic Bank of Thailand shall not be over 10% of ordinary shares during 2018 Accounting year



General Natthipong Pueksakorn Age 60

Director

- ★ Chairman of Audit Committee
- ★ Chairman of Nomination and Remuneration Committee

Education and Degrees

Master degree

- ★ Master's degree in Computer Science of National Institute of Development Administration (NIDA)

Bachelor Degree

- ★ Bachelor of Engineering, Chulachomklao Royal Military Academy

Professional Experience

2018 – Present	Retired Government Official, Royal Thai Army
2014 – Present	Chairman of Directors, Amanah Leasing Public Company Limited
2015 – 2018	Senior Expert Royal Thai Army
2013 – 2015	Chief of Finance, Royal Thai Army
2011 – 2012	Director of Directorate Comptroller, the First Army Area

*Holding of state enterprise/company share related to Islamic Bank of Thailand shall not be over 10% of ordinary shares during 2018 Accounting year



Piyawan Lamkitcha

Age 53

Director

- ★ Chairman of Bank manager performance appraisal Committee
- ★ Vice Chairman of Nomination Committee
- ★ Executive Committee Member
- ★ Compliance Committee Member

Education and Degrees

Master Degree

- ★ Master's degree in Public Administration, Chulalongkorn University
- ★ Mini MBA ,Thammasat University

Bachelor Degree

- ★ Bachelor's degree in Finance, University of the Thai Chamber of Commerce

Professional Experience

2016 – Present	Deputy Director General State Enterprise Policy Office, Ministry of Finance
2012 – 2016	Director, Government Securities Management Office, State Enterprise Policy Office, Ministry of Finance
2013 – 2014	Member of Board of Directors, Dhanarak Asset Development Company Limited
2011 – 2014	Board Member, Police Printing Bureau
2011 – 2012	Analyst Senior Professional Level State Enterprise Policy Office, Ministry of Finance
2008 – 2010	Director, Coin Exchanging Center, Treasury Department

*Holding of state enterprise/company share related to Islamic Bank of Thailand shall not be over 10% of ordinary shares during 2018 Accounting year



Dr. Pornchai Thiraveja

Age 50

Director

Education and Degrees

Doctoral Degree

- ★ Ph.D. in Education (Non-formal Education), Chulalongkorn University
- ★ Ph.D. in Public Administration, Suan Dusit Rajabhat University

Master Degree

- ★ M.B.A. (Finance), College of Notre Dame, U.S.A.
- ★ M.A. (Political Science), Thammasat University

Bachelor Degree

- ★ BBA in accounting, Thammasat University

Professional Experience

2016 – Present	Financial Policy Advisor, Fiscal Policy Office
2015 – 2016	Deputy Director General, Fiscal Policy Office
2013 – 2015	Executive Director, Bureau of Financial System and Financial Institutions Policy (Executive Director (Economics))
2012 – 2013	Executive Director, Bureau of Fiscal Policy (Executive Director (Economics))
2011 – 2012	Acting Executive Director, Bureau of Financial Inclusion Policy and Development

*Holding of state enterprise/company share related to Islamic Bank of Thailand shall not be over 10% of ordinary shares during 2018 Accounting year



Monchai Ratanastien

Age 64

Director

- ★ Vice Chairman of Executive Committee
- ★ Risk Management Committee Member
- ★ Nomination Committee Member
- ★ Bank manager performance appraisal Committee Member
- ★ Compliance Committee Member

Education and Degrees

Master Degree

- ★ Master of Public Administration Program in Public and Private Management, National Institute of Development Administration (NIDA)

Bachelor Degree

- ★ Bachelor's degree in Bachelor of Accountancy Program in Cost Accounting, Chulalongkorn University

Professional Experience

2014 – Present	Director, Amanah Leasing Public Company Limited
2013 – 2014	Director, Planning and Development, Supervision Group, Bank of Thailand
2011 – 2012	Director, On-Site Examination Department 2, Supervision Group, Bank of Thailand

*Holding of state enterprise/company share related to Islamic Bank of Thailand shall not be over 10% of ordinary shares during 2018 Accounting year



Wichien Chubthaisong

Age 59

Director Effective from May 28, 2018

- ★ Chairman of Labor Relations Committee
- ★ Audit Committee Member

Education and Degrees

Doctoral Degree

- ★ Doctor of Philosophy (Management), North Bangkok University

Master Degree

- ★ Master of Political Science (Public Administration and Law), Ramkhamhaeng University
- ★ Master of Arts Program in Leadership in Society, Business and Politics, Rangsit University

Bachelor Degree

- ★ Bachelor of Laws (LL.B.), Ramkhamhaeng University

Professional Experience

1997 – Present Managing Director, C.A.L Law Office Company Limited
 Legal Advisor, Small and Medium Enterprise Development Bank of Thailand
 Vice President, Lawyers Council Under the Royal Patronage
 President, Association of King Prajadhipok's Institute

*Holding of state enterprise/company share related to Islamic Bank of Thailand shall not be over 10% of ordinary shares during 2018 Accounting year



Chaichan Palanon

Age 61

Director Effective from May 28, 2018

- ★ Chairman of Corporate Governance (CG) & Corporate Social Responsibility (CSR) Committee
- ★ Executive Committee Member
- ★ Information System Development Committee Member

Education and Degrees

Master Degree

- ★ Master of Public and Private Management Program (MPPM.), National Institute of Development Administration (NIDA)

Bachelor Degree

- ★ Bachelor of Science Program in Agribusiness, Maejo University

Professional Experience

2015 – 2017 Executive Vice President – Director Credit Restructuring and Asset Management Group, Krung Thai Bank Public Company Limited
 2014 Master Change Champion KTB Retail Transformation Project
 2007 – 2013 Senior Regional office Manager, Krung Thai Bank Public Company Limited
 1994 – 2006 Senior Branch Manager, Krung Thai Bank Public Company Limited

*Holding of state enterprise/company share related to Islamic Bank of Thailand shall not be over 10% of ordinary shares during 2018 Accounting year



Dhanasarn Suravudhikul

Age 54

Director Effective from May 28, 2018

- ★ Chairman of Risk Management Committee
- ★ Chairman of Information System Development Committee Member
- ★ Nomination and Remuneration Committee Member

Education and Degrees

Master Degree

- ★ Master of Science in International Banking and Financial Studies, Heriot-Watt University, Edinburgh, Scotland, U.K.
- ★ Master of Business Administration (Finance), National Institute of Development Administration (NIDA)

Bachelor Degree

- ★ Bachelor of Science (Chemistry), Chulalongkorn University

Professional Experience

2018 – Present	Chief Financial Officer, BT Wealth Industries Public Company Limited
2016 – 2017	Advisor, Siam Wellness Group Public Company Limited
2015 – 2016	Chief Financial Officer, Ocean Life Insurance Public Company Limited
2012 – 2015	Chief Financial Officer, Mass Rapid Transit Authority of Thailand (MRTA)
2010	Vice President & Head of Enterprise Risk Management, American International Assurance (AIA)
2008 – 2010	Vice President, Permanent Control & Operational Risk Management, Calyon Bank
2001 – 2008	Vice President, Bangkok Bank Public Company Limited

*Holding of state enterprise/company share related to Islamic Bank of Thailand shall not be over 10% of ordinary shares during 2018 Accounting year



Amporn Purintawaragul

Age 55

Director Effective from May 28, 2018

- ★ Audit Committee Member
- ★ Nomination and Remuneration Committee Member
- ★ Corporate Governance (CG) & Corporate Social Responsibility (CSR) Committee Member

Education and Degrees

- ★ Certified Public Accountant of Thailand

Master Degree

- ★ Master of Science in Accounting, Thammasat University

Bachelor Degree

- ★ Bachelor of Accountancy (2nd class honours), Chulalongkorn University

Professional Experience

2010 – 2018	Executive Vice President - Corporate Banking ,Bangkok Bank Public Company Limited
2010 – 2007	Senior Vice President - Corporate Banking, Bangkok Bank Public Company Limited
2010 – 2003	Vice President - Project Department Investment Banking Group , Bangkok Bank Public Company Limited

*Holding of state enterprise/company share related to Islamic Bank of Thailand shall not be over 10% of ordinary shares during 2018 Accounting year

Shariah Advisory Council

Islamic Bank of Thailand

As of December 2018



List and history Shariah Advisory Council, Islamic Bank of Thailand

As of December 2018



1
January
2018

Dr. Anas Amatayakul

Chairman of the Shariah Advisory Council

Effective on January 1, 2013 - September 30, 2018



1
October
2018

Dr. Maroning Salaeming

Chairman of the Shariah Advisory Council

Effective from October 1, 2018



Dr. Anas Amatayakul

Age: 60

Chairman of the Shariah Advisory Council

January 1, 2013 - September 30, 2018

Education and Degrees

- ★ Ph.D.in Arabic Language and Literature, Aligarh Muslim University Aligarh, India
- ★ M.Phil. in Arabic Language and Literature, Aligarh Muslim University, Aligarh, India
- ★ M.A. in Arabic Language and literature, Aligarh Muslim University, Aligarh, India
- ★ B.A. in Islamic Studies (Islamic Laws and Arabic Language), Nadwa College, Lucknow, India

Professional Experience

- ★ Lecturer, Department of Humanities, Faculty of Social Sciences and Humanities, Mahidol University
- ★ Member of Editorial Board for Making Religious Nomenclature Dictionary Office of the Royal Society
- ★ Member of Subcommittee to consider qualifications of overseas graduates, Office of Higher Education Commission
- ★ Member of Advisory Council for the World Assembly of Muslim Youth – Thailand
- ★ Member of Subcommittee working on strategies aimed at driving overseas Thai Muslim education
- ★ Member of Executive Committee, Muslim Study Center, Institute of Asian Studies, Chulalongkorn University
- ★ Member of Executive Committee, Center for Muslim, Faculty of Economics, Chulalongkorn University
- ★ Chairman of Phillip Shariah Committee, Phillip Life Assurance PLC.
- ★ Chairman of the Shariah Advisory Council, Islamic Bank of Thailand from 2013 - 2018
- ★ Member of the Shariah Advisory Council, Islamic Bank of Thailand from 2009 - 2013



Dr. Maroning Salaeming

Age: 52

Chairman of the Shariah Advisory Council Effective from October 1, 2018

Education and Degrees

- ★ Ph.D. in Principles of Jurisprudence, Islamic University of Madina, Saudi Arabia
- ★ M.A. in Principles of Jurisprudence, Islamic University of Madina, Saudi Arabia
- ★ B.A. in Islamic Law, Islamic University of Madina, Saudi Arabia

Professional Experience

- ★ Lecturer of Islamic law, College of Islamic Studies, Prince of Songkhla University, Pattani Campus
- ★ Director of Islamic Law Academicians of Southeast Asian Region
- ★ Licensee of Udomsard Wittaya School, Mueng District, Yala
- ★ Expert for Seikhul Islam Office
- ★ Member of Shariah Advisory Committee, Bina Islamic Cooperative, Ltd.
- ★ Deputy Secretary – General of Southern Provinces Administration Center with responsibility on developing five southern border provinces
- ★ Chairman of Shariah Advisory Committee (Shariah Board), Dhipaya Insurance Ltd.
- ★ Advisor to Foreign Affair Department, The Central Islamic Council of Thailand
- ★ Research and academic journals on various topics, such as the mediation on family disputes and heritage in compliance with Islamic laws in the southern border provinces, the development of system and efficiency of the mediation on family disputes and heritage in compliance with Islamic laws in the southern border provinces, Shariah principles for financial transactions in the seminar on “Shariah and financial innovations”, the insurance in compliance with Islamic law, and the Shariah – applied investment in Thailand
- ★ Member of the Shariah Advisory Council, Islamic Bank of Thailand from 2013 - 2018



Pramote Meesuwan

Age: 54

Member of the Shariah Advisory Council

Education and Degrees

- ★ M.A. in Islamic Studies for Development, Bangkokthonburi University, Bangkok, Thailand
- ★ B.A. in Islamic Propagation, Al-Azhar University, Cairo, Egypt

Professional Experience

- ★ Imam Badrilmumineen Masjid (Sala Loi), Vadhana District, Bangkok
- ★ Religious and Arabic teacher of senior high school level, Miftah El Uloom El Deneyah School (Ban Don)
- ★ Chairman of the Board of Director, Pre-school Child Development Center, Sala Loi Community, Bangkok
- ★ Guest Speaker on religious topics for radio programs on AM 1251 and AM 981 stations
- ★ Guest Speaker on religious topics for Visaidham Parithas, Kasetsat University Radio Station AM 1107 every Sunday
- ★ Guest Speaker at religious instructions and organizations and at Friday prayer
- ★ Advisor to Executive Committee, Alumni Association of Miftah El Uloom El Deneyah School
- ★ Member of the Shariah Advisory Council, Islamic Bank of Thailand from 2013 - 2018
- ★ Writer of academic textbooks :
 - ★ “Key to Arabic Language”, a key to understand Arabic language as it contains part of Arabic grammar and more than 4,500 Arabic words.
 - ★ “Dua..the brain of Ibadah”, one of the most complete book of Dua (supplication) with translation used in several occasions.
 - ★ “Arabic–English–Thai Dictionary”, which contains more than 30,000 words including conversation dialogues in three languages.



Senee Yoopensuk

Age: 47

Member of the Shariah Advisory Council

Education and Degrees

- ★ M.A. in Arabic Linguistics and Literatures, Aligarh Muslim University, India
- ★ B.A. in Al – Hadith and Islamic Studies, Abu Bakr University, Karachi, Pakistan

Professional Experience

- ★ Headmaster, Khunathamwithaya School, Chacheongsao Province
- ★ Committee Member of Non-formal Education, Donchimplee Sub-district, Bangnampriew, Chacheongsao Province
- ★ Committee Member of Islamic Studies lesson development of Rajabhat Phranakorn University
- ★ Guest Speaker at religious schools
- ★ TMTV Academician at Thai – Muslim TV Station (TMTV)
- ★ Advisor to Phillip Shariah Committee, Phillip Life Assurance PLC.
- ★ Member of Committee to set up the Islamic insurance system, Siam Samsung Takaful Co. Ltd.
- ★ Secretary of the Islamic Center Committee of Thailand , International department.
- ★ Guest Speaker on religious issues for the TV station, website and radio of Muslim Foundation
- ★ (24 – hour TV Muslim)
- ★ Advisor of Parent - Student Club of a religious school
- ★ Independent Researcher on the Middle East (Politics and Economy), Institute of Asian Studies, Chulalongkorn University (2011 – 2001)
- ★ Shariah Advisor, Krungthai Asset Management PLC. (Islamic Fund)
- ★ Advisory Committee for Krungthai Shariah Funds
- ★ Member of the Shariah Advisory Council, Islamic Bank of Thailand from 2013 - 2018



Santi Suasaming

Age: 47

Member of the Shariah Advisory Council

Education and Degrees

- ★ Certificate of Advance Islamic Studies, Samalik Institute, Ministry of Education of Egypt, Cairo, Egypt
- ★ B.A. in Islamic Theology (Al-Hadith), Al-Azhar University, Cairo, Egypt

Professional Experience

- ★ Headmaster, Majlisuddeene School, Suanluang, Bangkok
- ★ Chairman, Academic Section, Association of Islamic Teaching Schools (Sanawi Schools)
- ★ Editor, Committee of Arab Student Alumni Association, (2546 B.E.)
- ★ Member, Primary Education Curriculum Improvement Committee, Kurusampan Association.
- ★ Member, Primary Islamic Education Textbook Compiling Committee.
- ★ Advisor, Committee of Muslim Organization of Thailand (CMOT).
- ★ Khatib (Preacher), Nurul Islam Masjid, Banpa, Suanluang, Bangkok
- ★ Chairman, Jularachamonti Expert Sub-Committee.
- ★ Jularachamonti Working Committee, Sheikul Islam Office.
- ★ Committee, The World Organization for al-Azhar Graduates , Thailand Branch.
- ★ Speaker, Television Programs (i.e. Sheikul Islam Office, Salam Ramadhan)
- ★ Speaker, Radio Programs for Muslim (i.e. Voice from Majlis, Muslim Broadcasting Assembly of Thailand, Al-Yuman Islam Office, Muslim Association of Al-Quran Reader of Thailand, Muslim Mass Media Association of Thailand and Islamic Center of Thailand)
- ★ Committee, Summary Writing on Islamic Expert Seminar, National Legislative Assembly.
- ★ Speaker, Southern Border Provinces Administration Centre/ Internal Security Operations Command.
- ★ Books/Articles on website, www.alisuasaming.com

Executives

Islamic Bank of Thailand

As of December 2018





List and history of Executives Islamic Bank of Thailand

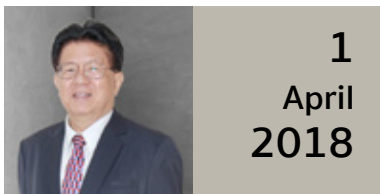
As of December 2018



Vitai Ratanakorn

Director

Effective until March 30, 2018 due to resigned from the position of Director and Acting President



1
April
2018

Pornlert Lattanan

Acting President

Effective on April 1, 2018 - August 31, 2018



1
September
2018

Visuit Boreriboon

Acting President

Effective on September 1, 2018 - September 30, 2018



1
October
2018

Wuttichai Suraratchai

President

Effective from October 1, 2018



Vitai Ratanakorn

Age 48

Director

Director and Acting President (October 1, 2017 – March 30, 2018)

Education and Degrees

Master Degree

- ★ Master of Arts (Political Economy), Chulalongkorn University
- ★ Master of Laws (Business Law), Chulalongkorn University
- ★ Master of Finance, Drexel University, U.S.A

Bachelor Degree

- ★ Bachelor of Economics, Thammasat University

Professional Experience

2018 – Present	Secretary General, Government Pension Fund
2017 – 2018	Qualified Member Commissioner for Economic Affairs, the Digital Economy Promotion Agency
2015 – 2018	Senior Executive Vice President Government Savings Bank Investment and Financial Management Group
2016 – 2018	Director, Thanachart Fund Management, Co., Ltd.
2011 – 2014	Chief Financial Officer, Nok Airlines Co., Ltd
2010 – 2011	Senior Deputy Managing Director, Charoen Pokphand Foods Public Company Limited
2003 – 2010	Senior Director, Alternative Investment Office (Special Investment Department), Government Pension Fund
2007 – 2010	Director, Siam City Asset Management Co., Ltd.

*Holding of state enterprise/company shares related to Islamic Bank of Thailand shall not be over 10% Of ordinary shares during 2018 Accounting Year



Wuttichai Suraratchai

Age 55

President (October 1, 2018 - Present)

Director and President since February 14, 2019

Education and Degrees

Master Degree

- ★ Master of Business Administration (MBA), Thammasat University

Bachelor Degree

- ★ Bachelor of Accounting (First-Class Honor), Thammasat University
- ★ Bachelor of Economics of Public Finance, Ramkhamhaeng University

Professional Experience

2011 – 2018	Executive Vice President, Thanachart Bank Public Company Limited
2004 – 2011	Executive Vice President, Siam City Bank Public Company Limited
1999 – 2003	First Vice President, Industrial Finance Corporation of Thailand (IFCT)
1993 – 1999	Executive Vice President, First City Investment Public Company Limited
1990 – 1993	First Vice President, Cathay Trust Finance and Securities Company Limited
1985 – 1990	Project Analysis Team Leader, Industrial Finance Corporation of Thailand (IFCT)

*Holding of state enterprise/company share related to Islamic Bank of Thailand shall not be over 10% of ordinary shares during 2018 Accounting year



Visuit Boreriboon

Age 55

Senior Executive Vice President Retail Banking Division

Education and Degrees

Master Degree

- ★ Master of Public Administration National Institute of Development Administration

Bachelor Degree

- ★ Bachelor of Economic (Finance and Banking) Ramkhamhaeng University

Professional Experience Islamic bank of Thailand

- 2018 – Present Senior Executive Vice President Retail Banking Division
- 2018 Senior Executive Vice President Retail Banking Division Acting President
- 2017 – 2018 Senior Executive Vice President Retail Banking Division

Others

- 2016 – Present Board of Amanah Leasing Public Company Limited

Professional Experience

- 2014 – 2017 Chairman Advisor, Islamic Bank of Thailand
- 2012 – 2014 Executive Vice President Marketing Group, Bangkok Metro Public Company Limited
- 2011 – 2012 Senior Vice President, Head of Field Operation & Support, Thanachart Bank Public Company Limited
- 2010 – 2011 Senior Vice President, Branch Administration Department 3 Acting Executive Vice President Group Head of Region Branch Administration, Siam City Bank Public Company Limited
- 2006 – 2010 Senior Vice President, Branch Administration Department 4 Siam City Bank Public Company Limited
- 2005 – 2006 Senior Vice President, Audit Department Siam City Bank Public Company Limited
- 2002 – 2005 First Vice President, Branch Administration Department 2 Siam City Bank Public Company Limited
- 2001 – 2002 Senior Vice President, Information Management Department Bangkok Metropolitans Bank Public Company Limited
- 1999 – 2001 Vice President, Regional Credit Department Bangkok Metropolitans Bank Public Company Limited



Arsra Angkaria

Age 59

Executive Vice President Technology and Electronic Operation Group

Education and Degrees

Master Degree

- ★ Master of Business Administration Chiangmai University
- ★ Master of Science (Information Technology) King Mongkut's University of Technology Thonburi

Bachelor Degree

- ★ Business Administration Accounting Major Ramkhamhaeng University

Professional Experience Islamic bank of Thailand

- 2015 – Present Executive Vice President, Technology and Electronic Operations Group
- 2013 – 2017 Executive Vice President, Economic and Social Development Group
- 2013 – 2013 Executive Vice President, Retail Business Group
- 2013 – 2013 Executive Vice President, Credit Operation Group
- 2012 – 2013 Executive Vice President, Deposit and Fee Business Group
- 2011 – 2012 Executive Vice President, Deposit and Electronic Business Group
- 2010 – 2011 Executive Vice President, Electronic Business Group
- 2010 – 2010 Executive Vice President, Sales Support Division
- 2009 – 2010 Senior Vice President, Operations Department
- 2002 – 2009 Vice President of Operation Department/Accounting Department

Others –

Professional Experience

- 1981 – 2002 Vice President of Operation Department, Bank for Agriculture and Agricultural Co-Operatives



Pol.Capt.Poomin Peongsujarit Age 44

Executive Vice President Compliance and Review Group

Education and Degrees

Master Degree

- ★ M.B.A. Kasetsart University
- ★ M.A. (Political Science) Ramkhamhaeng University

Bachelor Degree

- ★ B.Eng. (Industrial) Kasetsart University

Professional Experience Islamic bank of Thailand

- 2013 - Present Executive Vice President
- 2012 Senior Vice President, Compliance Department
- 2011 Vice President, Compliance Department

Others -

Professional Experience

- 2008 – 2010
Vice President, Dhanarak Asset Development Co.,Ltd.
- 2004 – 2007
Special Case Inquiry Officer, Department of Special Investigation.
- 1997 – 2004
Sub - Inspector, Royal Thai Police.
- 1997
Factory Inspection Engineer, Department of Industrial Works.



Manoch Dangkomen Age 55

Executive Vice President Administration and Human Resource Group

Education and Degrees

Master Degree

- ★ MBA in Financial Management, Ramkhamhaeng University

Bachelor Degree

- ★ BBA – Faculty of Commerce and Accountancy, Thammasat University
- ★ Faculty of Law, Sukhothai Thammathirat University

Certificate

- ★ Guide Certificate, Chulalongkorn University

Professional Experience Islamic bank of Thailand

- 2015 – Present
Executive Vice President Administration and Human Resource Group, Acting Vice President Human Resource Management Department
- 2013 – 2015
Senior Vice President Head of Foreign Business Department,
Acting Vice President Human Resource Management Department
- 2010 – 2013
Senior Vice President Head of Foreign Business Department
- 2009 – 2010
Vice President Head of Foreign Business Department

Others -

Professional Experience

- 2005 – 2009
Vice President Head of Trade Finance Marketing Corporate & SME Business, Thai Military Bank PCL,
- 2000 – 2005
Assistance Vice President Risk Manager, Citibusiness CTB and Citicorp Leasing, Citigroup Inc.,
- 1999 – 2000
Senior Team Leader Corporate Department, The Siam Commercial Bank PCL.
- 1997 – 1999
Vice President & General Manager Bombay Branch, The Siam Commercial Bank PCL



Paparn Arya

Age 59

Executive Vice President Business Banking Group 2

Education and Degrees

Master Degree

- ★ Modern Banking Management (Mini MBA) Chulalongkorn University

Bachelor Degree

- ★ Bachelor of Business and Administration
Major : Finance and Banking Ramkhamhaeng University

Professional Experience Islamic bank of Thailand

2018 – Present

Executive Vice President Business Banking Group 2

2015 – 2016

Executive Vice President SMEs Banking Group Acting
Executive Vice President Corporate Banking Group

2012 – 2014

Senior Vice President SMEs Credit 1 Department

2010 – 2011

Vice President SMEs Credit Department

Others –

Professional Experience

1982 – 2010

SME Zone Manager: Phaya Thai Zone, TMB Bank Public Company Limited.



Arpichad Akdhakura

Age 48

Executive Vice President Retail Banking Group

Education and Degrees

Master Degree

- ★ Business Administration, Cleveland State University

Bachelor Degree

- ★ BBA, Assumption University

Professional Experience Islamic bank of Thailand

2017 – Present

Executive Vice President, Retail Banking Group

Others –

Professional Experience

2011 – 2015

Senior Vice President, Krungthai Bank Public Company Limited

2000 – 2011

Senior Vice President, Siam City Bank Public Company Limited

1998 – 2000

Manager, Bangkok Commerce Asset Management Company Limited

1996 – 1998

Executive Officer, Bangkok Bank of Commerce Public Company Limited

1994 – 1999

Specialist Officer, Industrial Finance Corporation of Thailand (IFCT)

1991

Officer, Thaimex Finance and Securities Company Limited



Sunsanee Methisariyapon

Age 55

Executive Vice President Finance Group

Education and Degrees

Master Degree

- ★ M.B.A. (Finance) Oklahoma City University, USA.

Bachelor Degree

- ★ B.A. (Accounting) Thammasat University
- ★ B.A. (Law) Sukhothai Thammathirat University

Professional Experience Islamic bank of Thailand

2017 – Present

Executive Vice President Finance Group
Acting Vice President Treasury Department

2016 – 2017

Senior Vice President Treasury Department Acting
Executive Vice President Finance Group

2012 – 2016

Senior Vice President Treasury Department

2009 – 2012

Vice President Treasury Department

2008 – 2009

Deputy Vice President Acting Vice President Treasury
Department

2005 – 2008

Deputy Vice President Corporate Department

Others

2017 – Present

Board of Amanah Leasing Public Company Limited

Professional Experience

2001 – 2005

Deputy Manager Business Department, Secondary
Mortgage Corporation

2000 – 2001

Manager Corporate Division, Thanachart Bank

1994 – 1999

Deputy manager Corporate division, Krungthaitanakit
Finance & Security Public Company

1992 – 1994

Senior officer Corporate division, Ekachart Finance &
Security public Company



Zati Sankhavanija

Age 59

Executive Vice President Credit Operation Group

Education and Degrees

Master Degree

- ★ Master of Business Administration Chulalongkorn University

Bachelor Degree

- ★ Bachelors of Business Administration (2nd Honor)
Ramkhamhaeng University

Certificate

- ★ Certificate of Competition Director Certificate Program Thai
institute of Director
- ★ Diploma Australian Institute of Director

Professional Experience Islamic bank of Thailand

2018 – Present

Executive Vice President – Credit Operation Group

2014 – 2018

Senior Vice President

Others –

Professional Experience

2010 – 2014

President & CEO Amanah Leasing Public Co., Ltd.
Senior Vice President - Retail Banking Group Head

2008 – 2010

Senior Vice President - Distribution Network Group Head
AIG Retail Bank Public Co., Ltd.

1999 – 2008

Asset & Debt Collection Management Head V.
Conglomerate Co., Ltd.

1998 – 1999

Assistant Vice President - Consumer Credit Acceptance
Head Thana One Finance & Securities Public Co., Ltd.

1993 – 1998

Consumer Marketing & Credit Manager CMIC Finance
& Securities Public Co., Ltd.



Nuchjaree Pakdeechoon

Age 47

Executive Vice President Management Support Group.

Education and Degrees

Master Degree

- ★ M.B.A. (Monetary and Industrial Economics) National Institution of Development Administration (NIDA)

Bachelor Degree

- ★ B.A. (Science in Agricultural Business) Kingmongkut Institute of Technology Ladkrabang (KMITL)

Professional Experience Islamic bank of Thailand

2018 – Present

Executive Vice President Management Support Group

Acting Vice President Corporate Strategy Department

2015 – 2018

Senior Vice President Corporate Strategy Department

2014 – 2015

Senior Vice President Risk Management Department

2013 – 2014

Senior Vice President Risk Management Department.

Acting Vice President Shariah Product Department

2012 – 2013

Senior Vice President Risk Management Department

2010 – 2011

Vice President Risk Management Department.

Acting Vice President Corporate Strategy Department

2009 – 2010

Vice President Risk Management Department

2006 – 2009

Deputy Vice President, Risk Management Department

2003 – 2006

Manager, Risk Management Department

Others

- Director, Centre for Muslim World Policies-CMP
The Faculty of Economics, Chulalongkorn University
- Director, Investment Subcommittee National Savings Fund

Professional Experience

1997 – 2003

Credit Risk Management Officer, Credit Risk Management Department UOB (Thai) Public Company Limited.

1996 – 1997

Researcher, Research Department Association of Finance Companies



Teera Yeegob

Age 47

Executive Vice President of Branch Banking Group

Education and Degrees

Master Degree

- ★ Master of Business Administration Program for Executive, Burapha University

Bachelor Degree

- ★ Bachelor of Arts, Suan Sunandha Rajabhat University

Professional Experience Islamic bank of Thailand

2018 – Present

Executive Vice President of Branch Banking Group and

Acting Vice President Branch Administration 2 Department

2016 – 2018

Senior Vice President Branch Administration 2

Department and Acting Executive Vice President of

Branch Banking Group

2016

Senior Vice President of Branch Administration Department

Acting Vice President of Communication and Corporate

Image Department

2015 – 2016

Vice President of Branch Administration Department

Acting Vice President of Communication and Corporate

Image Department

2014 – 2015

Vice President of Branch Administration Department

2012 – 2014

Deputy Vice President of SMEs Business Department

2011 – 2012

Assistance Vice President of SMEs Business Department

2008 – 2011

Manager / Senior Manager of Branch Administration Department

2007 – 2008

Manager of Thung Khru Branch / Asoke Branch

2006

Manager of Branch Administration

Others –

Professional Experience

1991 – 2006 Siam Commercial Bank (SCB)

1989 – 1990 Thai Military Bank (TMB)

Headcount Structure for 2018

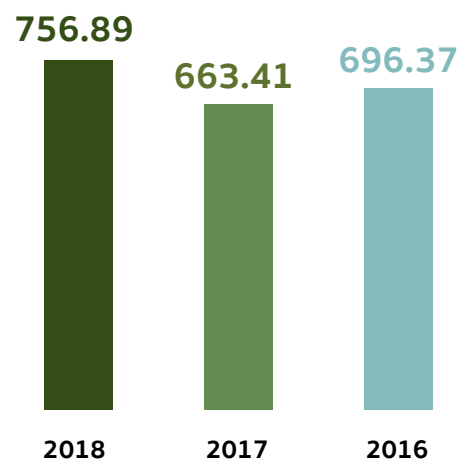
Staff headcount divided by Divisions and Groups

Headcount for 2018

Divisions and groups	Staff Headcount (As of December 31, 2018)
1. Report to The President	
Department under the Audit Committee	12
Department under the Risk Management Committee	53
Management Support Group	46
Administration and Human Resource Group	73
Group under the Compliance Committee	
Compliance and Review Group	38
Total	222
2. Retail Banking Division	
Retail Banking Group	145
Branch Banking Group	884
Total	1,029
3. Corporate and SMEs Banking Division	
Corporate Business and SMEs Portfolio Management Section	2
Business Banking Group 1	29
Business Banking Group 2	24
Business Banking Group 3	13
Total	68
4. Credit Management Division	
Debt Restructuring and Legal Group	64
Credit Operation Group	102
Total	166
5. Business Support Division	
Finance Group	34
Technology and Electronic Operation Group	72
Total	106
Senior Executive Vice President	1
Executive Vice President	9
Senior Vice President/Vice President	30
Total	1,631

Expenses on Employees for the past 3 years

(Unit: Million Baht)



Capital and Shareholding Structure

Capital and shareholding structure of Islamic bank of Thailand as of December 31, 2018

As of December 31, 2018 The Bank's capital stock was 1,820,276,825,862 shares or calculated to be the total registered capital of 18,202,768,258.62 Baht. The proportion of Bank's shareholders as of December 31, 2018 as follows:

No.	List of Shareholders	Quantity (Shares)	Ratio (%)
1.	Ministry of Finance	1,812,863,564,181	99.5927%
2.	Government Savings Bank	4,091,533,440	0.2248%
3.	Krungthai Bank Public Company Limited	1,010,208,044	0.0555%
4.	Ms.Arsra Angkaria	436,235,586	0.0240%
5.	Mrs.Rahmah Moonsap	100,000,000	0.0055%
6.	Mrs.Cholthicha Al-umaree	73,000,000	0.0040%
7.	Mr.Adisorn Tohraham	69,148,836	0.0038%
8.	Ms.Chittra Sorhasan	51,302,579	0.0028%
9.	Miss Suyanee Suwannayos	50,833,674	0.0028%
10.	LT.Surakampon Adulyarat	40,799,061	0.0022%
11.	Other shareholders	1,490,200,461	0.0819%
Total		1,820,276,825,862	100.0000%

Bank's Creditor Outstanding Debt of State Enterprises

	Million Baht		Change	
	2018	2017	Increased (Decreased)	Percent
Loans				
Bank of Thailand	-	102.98	(102.98)	(100.00)
Government Savings Bank	873.59	743.09	130.50	17.56
Krung Thai Bank	-	1,000.00	(1,000.00)	(100.00)

Budget Received and Payments to the Government or Dividend Payments

In 2018, the bank did not receive any budget or make any payments to the state or dividend payments.

Strategic Plan

Corporate Strategy 2019

Strategy

1

Provide financial services based on Islamic principles which are consistent with the national strategy

Operate following the mission of offering financial services based on Islamic principles with a focus on Muslim customers and businesses related to Islam and other religions as well as expanding the Muslim customer group in savings and credit product lines, increasing the bank's role in the establishments of financial institutions in local Islamic communities.

Strategy

2

Increase competitiveness

Develop a variety of products and financial services which are more consistent with the Shariah and have a system for monitoring and overseeing the bank's financial transactions to be completely in line with Shariah.

Strategy

3

Create financial strength for sustainability

Operate in accordance with the rehabilitation plan approved by the relevant agencies and the State Enterprise Policy Commission to achieved the specified targets by focusing on expanding credit, reducing NPL, enhancing cost efficiency, improving branch efficiency, and seeking partners who have the knowledge and expertise in Islamic principles at the right time.

Strategy

4

Enhance the potential of human capital

Enhance the potential and quality of human capital in facing challenges by reorganizing the organizational structure and workforce and preparing personnel in responding to technological change through planning, trainings, and knowledge transfer by collectively utilizing resources of the bank and other state agencies.

Strategy

5

Develop information technology system to effectively respond to the changes of the era

Develop information technology system, service processes, and operations to prepare for the growth of target business by making a plan to prepare for disruptive technology, preparing plans and projects for big data analytics, and applying technology to reduce operating costs.

Strategy

6

Increase operational efficiency and reduce administrative costs

Operate based on resource sharing between government financial institutions to enhance work efficiency and reduce administrative costs in line with the national strategy

Strategy

7

Create an organization with good governance, transparency, and integrity

Improve processes and establish the good governance principle based on transparency, integrity, and anti-corruption practices and create awareness among employees about those initiatives and principles.

Direction and operational plan in 2019

For its operations in 2019, the bank has created a strategic plan for rehabilitation and a business plan for the year 2019-2023 by developing operational guidelines for continuous business growth with a focus on its mission. The strategic plan is divided into three plans including:



Business development plan

Accelerate credit expansion based on the new business model with an emphasis on expanding quality and low-risk customer financing with limits of no more than 200 million baht and single accounting and by efficiently managing operating costs and minimizing financial costs through increased CASA and retail savings base as well as management of credit portfolio and financial costs to increase profit margin and significantly reduce NPF by closing troubled debt restructuring (TDR) accounts, auctioning, and asset search.



Human Resource development plan

Improve the organizational structure to support business operations and acquire personnel who will move the organization forward by building multiple skills of employees, identifying the characteristics and knowledge necessary for career advancement, creating an organizational culture in the same direction, and promoting morale by consistently communicating the bank's operating results and direction, and creating awareness, trust, engagement and ownership to ensure commitment to the organization's success as well as developing personnel skills in various aspects to prepare for change.



Organizational development plan

Improve credit facilitation, eliminate operational redundancy, centralize work processes, increase internal control through checks and balances in all processes, enhance efficiency per head, and develop efficient information technology both hardware and software to support digital business. The bank has also developed mobile banking and share resources with other government agencies by introducing a banking agent (Thailand Post Co., Ltd.) and a marketing arm (Amanah Leasing Public Co., Ltd.) which will reduce operating costs as well as service costs for customers.

ibank's overall picture of the five-year plan is as follows:

1. Operation for continuous profit growth.
2. Creating opportunities for access to funding sources in the five southern border provinces to ensure stability in the bank's mission areas.
3. E-Channel development and Islamic financial product innovation
4. Sharing resources with other SFIs in business operations to increase efficiency and reduce costs.
5. Implementation of the Human Resource development plan to support change in financial technology.

Collaboration with the Private Sector

In 2018, the bank had no collaboration with any private sector.

Operating Performance Analysis

Performance Overview: Recover with profit and adhere to good governance

Thanks to its commitment to implement the strategy under the supervision of the State Enterprise Policy Commission (Superboard - SEPC) and the State Enterprise Policy Office (SEPO), Ministry of Finance, the bank was able to achieve its goal of profit generation for the first time in five years since 2014. The bank recognizes that adherence to good governance principles to create a strong foundation for the organization together with quality business expansion and stakeholder responsibility will lead to stable and sustainable growth. Therefore, the bank puts a great emphasis on creating a corporate culture of good governance with a focus on transparency, no conflict of interest, and zero tolerance for corruption and has introduced No Gift policy since New Year 2018. Its commitment to good governance culture is reflected in the Integrity and Transparency Assessment (ITA) in which the bank scored 93.24 in 2018 compared to 72.22 in 2017. The bank's score ranked fourth out of the nine SFIs and fifth out of 54 state enterprises. The bank has also improved the credit approval process for increased efficiency with continuous debt collection to curb non-performing financing, resulting in extremely low NPF from new customers and one-year default which represent positive outlook of asset quality in the future.

In terms of operations to support the national strategy (2018-2037), the bank has implemented an emergency financing program for Muslims (PSA) to support the reduction of inequality which is a project that focuses on generating income

and expanding credit for Muslim retail customers in line with the main mission to provide low-income earners access to funding that will enable people to earn sufficient income for their family, have better quality of life, and allow for upward social mobility. Moreover, the bank has prepared for the implementation of the policy to support the single accounting scheme which aims to encourage SMEs to prepare financial statements that reflect actual business conditions. Preparation for International Financial Reporting Standard No. 9 (IFRS 9)

Important changes in 2018 – On September 4, 2018, the Cabinet approved the capital injection of 18.1 billion baht after the amendment to allow the Ministry of Finance's temporary shareholding of the bank of more than 49 percent as a result of the Islamic Bank of Thailand Act (No.2) B.E. 2561 (2018) which came into effect on July 18, 2018.. The capital injection has helped strengthen the bank's financial conditions and profit that was higher than the estimate. For the past years, the bank has developed its work processes to increase efficiency and oversight which has helped ensure financial sustainability and continuous business growth. As a result, the State Enterprise Policy Commission approved at the 1/2562 meeting on January 17, 2018 the bank's exit from the list of troubled state enterprises under the Commission's supervision and assigned the Ministry of Finance to be the bank's regulator in order to ensure that the bank accomplishes its mission.

Those efforts have enabled the bank to recover and return to profitability for the first time in five years since 2014. As of December 31, 2018,, total asset stood at 80,590 million baht and net profit of 531 million baht compared to a net loss of 2,926 million baht in 2017 while allowance for bad debt and doubtful account in 2018 stood at 2,107 million baht.

Unit: Million Baht

Operating Result	2018	2017	Change (YoY)	
			Increased (Decreased)	%
Financial income (Total income from promissory notes IAM)	3,199	2,990	209	7
Other incomes	573	304	269	88
Total Incomes	3,773	3,294	479	15
Financial expenses	1,460	1,676	(216)	(13)
Operating expenses	1,689	2,346	(657)	(28)
Total Expenses	3,149	4,022	(873)	(22)
Operating profits (losses)	623	(727)	1,350	(186)
Bad debts and doubtful accounts	92	2,199	(2,107)	(96)
Net profits (losses)	531	(2,926)	3,457	118

Important items in profit and loss statement

1. Net financial income

	2018	2017	Unit: Million Baht Change (YoY)	
			Increased (Decreased)	%
Financial income	3,199	2,990	209	7
Other incomes	573	304	269	88
Total Incomes	3,773	3,294	479	15

In 2018, the bank had total incomes of 3,773 million baht, an increase of 479 million baht or 15 percent compared to the total incomes of 3,294 million baht in 2017. The increase was the result of the expansion of quality financing. On top of this, the bank has introduced measures to solve the retail debt problem in order to help debtors with repayment ability, generating other incomes of 573 million baht, an increase of 269 million baht from 2017.

2. Net fee and service income

	2018	2017	Unit: Million Baht Change (YoY)	
			Increased (Decreased)	%
Income from fees and services	279	245	34	14
Expenses of fees and services	25	30	(5)	(17)
Net income from fees and services	254	215	39	18

In 2018, the bank had net fee and service income of 254 million baht, an increase of 39 million baht or 18 percent from 2017. This increase was the result of an increase in takaful fees, transfer fees, and other fees which were higher than expected, particularly takaful fees which have received cooperation from employees and good feedback from customers under the project to muster creative power from an increase in takaful Other fees And the fee for transferring funds that increase beyond the target Especially the Takaful fee that still receives cooperation from employees and good feedback from customers Under the 2nd year project on mustering the creative power of Takaful.

3. Total operating expenses

	2018	2017	Unit: Million Baht Change (YoY)	
			Increased (Decreased)	%
Financial expenses	1,460	1,676	(216)	(13)
Operating expenses	1,689	2,346	(657)	(28)
Total expenses	3,149	4,022	(873)	(22)

In 2018, the bank had total expenses of 3,149 million baht, a decrease of 873 million baht or 22 percent from the previous year. Besides efforts to increase revenue, the bank also implements the cost reduction plan which includes financial expenses by expanding the retail deposit base as well as current and savings deposits (CASA) to reduce the risk of concentration of large deposits which may affect deposit returns and liquidity risk management. As of December 2018, the bank has a CASA ratio of 28.81 percent compared to 22.65 percent as of December 2017, resulting in a 13-percent decrease in financial expenses.

Operating expenses - The bank tries to manage its expenses for highest efficiency, and has adjusted its recognition of accounting expenses to reflect actual performance, leading to a 28-percent decrease in operating expenses.

In addition, over 80 percent of the operating expenses are still fixed costs including building repairs and maintenance expenses and wages and salaries.

4. Bad debt and doubtful account

	2018	2017	Unit: Million Baht Change (YoY)	
			Increased (Decreased)	%
Net bad debts and doubtful accounts	92	2,199	(2,107)	(96)

In 2018, the bank had bad debt and doubtful account of 92 million baht, a decrease of 2,107 million baht or 96 percent from the previous year. The decline was the result of the bank's handling of NPF and retail debt, allowing the bank to recover more than 300 million baht of reserve. However, the bank has made addition quality assessment classification of large and SME debtors, resulting in an additional reserve of 287 million baht for the classification.

Financing

Expansion financing in 2018 – The bank focused on state enterprise customers and large, quality, and low-risk customers based on the margin profit concept, leading to a credit growth of over 7 billion baht (excluding the closing of debt repayment from the debt restructuring measure of 1,412 million baht) from a negative figure of 254 million baht in the previous year. At the end of 2018, the bank had total outstanding financing of 50,142 million baht (excluding institutional financing). The bank has introduced measures to solve the retail debt problem in order to help mission customers, resulting in customers' closing of debt repayment of 1,412 million baht.

In terms of the overall credit structure in 2018, the bank had large corporate financing (credit limit of more than 200 million baht) of 24,725 million baht or 49 percent of the total financing from 48 customers, SME loans (credit limit of over 20 to 200 million baht) of 8,268 million baht or 17 percent of total financing from 166 customers, and retail financing (credit limit of no more than 20 million baht) of 17,149 million baht or 34 percent of total financing from 32,933 customers. 33 percent of our borrowing customers are Muslims and 67 percent of them are non-Muslims.

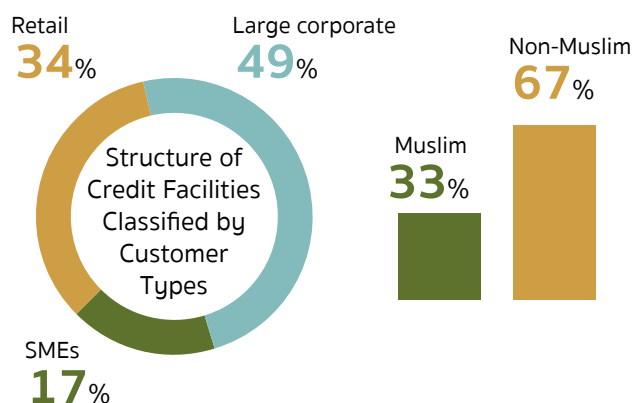
Quality of financing and debt restructuring

The bank has tried to solve the NPF problem. After the transfer of NPF of non-Muslim customers to Islamic Bank Asset Management Co., Ltd in 2018, the remaining NPF is mostly of small Muslim debtors. Besides the normal debt restructuring process, the bank has introduced the measure to solve the retail debt problem in retail customers, most of those were customers in the southern border provinces. The customers, 67 percent of them were Muslims, were able to repay their debt with overdue of more than three years and close the accounts. This allowed the bank to recover the revenue and reserve of 600 million baht and help 17,737 Muslim and non-Muslim customers in the South.

At the end of 2018, the bank had substandard financing (overdue more than three months or more) or NPF in an amount of 8,877 million baht or 18 percent of total financing, a decrease of 2,175 million baht from 11,052 million baht

in 2017. The decline was the result of efforts to resolve the retail debt issue. There was 2,522 million baht of NPF that has gone through quality assessment in order to ensure risk management of quality credit in the future.

The allowance for doubtful account at the end of 2018 stood at 6,847 million baht with general reserve of 2,161 million baht. The overall allowance for doubtful account decreased by 1,332 million baht or 16 percent compared to 8,179 million baht at the end of 2017 following the NPF handling and the implementation of corrective measures for retail debt. The bank has increased its reserves from quality assessment of 287 million baht in order to reduce the credit risk and impact on operating results in the future.



Deposit

Total deposit in 2018 stood at 79,155 million baht, increasing from 8,122 million baht in 2017 or by 9 percent as a result of the management of deposit demand for financing withdrawal in order to reduce financial costs. The bank's overall deposit structure was in line with the credit structure with large corporate financing (credit limit of more than 200 million baht) of 34,993 million baht or 44 percent of the total financing, SME financing (credit limit of over 20 to 200 million baht) of 16,892 million baht or 21 percent of total financing from 398 customers, and retail financing (credit limit of no more than 20 million baht) of 27,270 million baht or 35 percent of total financing from 1,014,048 customers. 58 percent of our deposit customers are Muslims and 42 percent of them are non-Muslims.

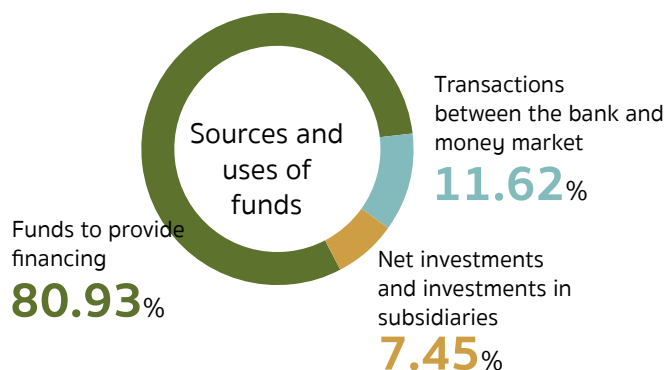
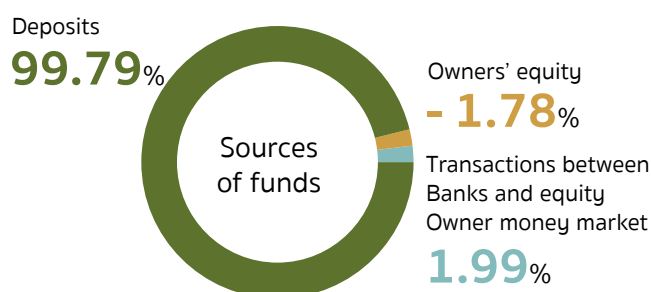
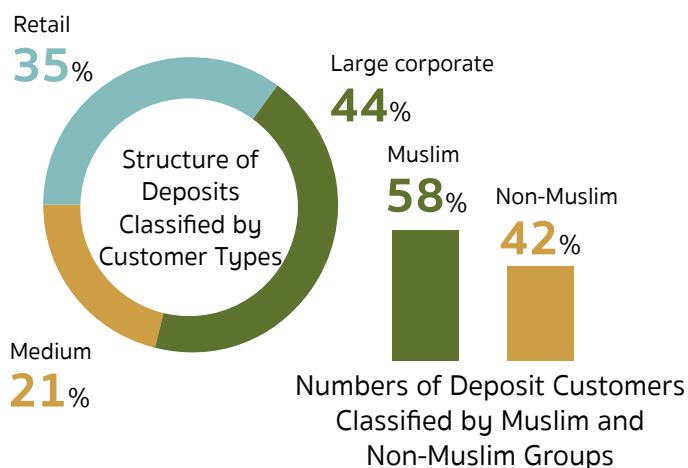
Required capital

As of December 31, 2018,, the bank's total capital was negative 1,402 million baht. The amount of capital increased from 2017 by 18,160 million baht due to the capital injection. The State Enterprise Policy Commission (superboard) required the bank to address the financial structure problem. After the bank's NPF had been transferred to Islamic Bank Asset Management Co.,Ltd., the bank amended the Islamic Bank of Thailand Act B.E.2545 (2002) and reduced its capital in the capital structure to prepare for the capital injection which was necessary for the bank's efforts to resolve the debt issue. The Ministry of Finance was able to temporarily hold more than 49 percent of the bank's shares, and the bank was able to receive the requested amount of capital. The Act was published in the Royal Gazette on July 17, 2018. On August 2, 2018, the Ministry of Finance approved the capital reduction, and on November 9, 2018, the bank received a capital of 18.1 billion baht which resulted in the Ministry's shareholding of 99.59 percent.

In addition, the net profit in 2018 of 566 million baht has helped improve the bank's owners' equity, resulting in negative BIS ratio of only 3.17 percent compared to 52.83 percent in the previous year. However, the bank's BIS ratio is still below the threshold of 8.50 percent according to the Ministerial Regulation on Capital Requirement of the Islamic Bank of Thailand B.E.2547 (2004).

Analysis of sources and uses of funds

As of December 31, 2018, the bank had important funding sources consisting of 99.79 percent from deposits and 0.21 percent from other sources such as owners' equity and net debt items between the bank and money market. The bank used 81 percent of its funds to provide financing (after deducting deferred income), 12 percent in transactions between the bank and money market, and 7 percent in net investments and investments in subsidiaries.



Branches and credit and deposit transactions classified by region

At the end of 2018, there are 102 branches nationwide: 39 in the Southern Region, 37 in Bangkok and its vicinity, Central Region, Eastern Region, and Western Regions, 14 in the Northern Region, and 12 in the Northeastern Region. The bank's commitment to provide service in the mission areas has increased its credit and deposit transactions as well as the number of customers, especially Muslim customers of which the bank has the highest number in the country.

Table of Use of Credit Facilities and Deposits of Customers Classified by Customer Groups and Regions at the end of 2018:

Region	Numbers of Branches	Total of Deposit Customers			Muslim Deposit Customers		Total Credit		Total Muslim Credit Customers
		% of Cases	% of Amount	% of Cases Nationwide	% of Amount Nationwide	% of Cases	% of Amount	% of Cases Nationwide	% of Amount Nationwide
Southern Region	39	56.67	16.59	46.44	9.59	30.59	17.80	23.75	12.12
Bangkok and its vicinity, Central Region, Eastern Region, Western Region	37	29.87	69.82	10.37	9.34	58.36	74.52	8.87	16.79
Northern Region	14	6.80	8.59	0.86	0.86	5.65	4.64	0.48	0.77
Northeastern Region	12	6.66	5.01	0.27	0.20	5.39	3.04	0.14	0.11
Total	102	100.00	100.00	60.70	19.99	100.00	100.00	33.25	29.79

Financial Position Analysis

Financial Position Highlights

	2018	2017	Unit: Million Baht Change (YoY)	
			Increased (Decreased)	%
Total assets	80,590	71,703	8,887	12
Credit amount	50,142	44,166	5,976	14
Promissory notes and accrued income from the transfer of non-performing assets	22,412	22,816	(404)	(2)
Total liabilities	81,992	91,714	(9,722)	(11)
Deposits (including financial institutions)	78,461	85,240	(6,779)	(8)
Owners' equities	(1,402)	(20,012)	18,610	93
Total liabilities and owners' equities	80,590	71,703	8,887	12

At the end of 2018, the bank had total asset of 80,590 million baht, an increase of 8,887 million baht or 12 percent from 2017 mainly due to credit growth and an increase in owners' equity as a result of capital increase and profitability.

Equity

As of December 31, 2018, the bank had negative equity of 1,402 million baht, a decrease of 18,610 million baht or 93 percent compared to December 31, 2017 as a result of the capital increase of 18,100 million baht and operating profit.

Financial position analysis

The bank's total asset as of December 31, 2018 was 80,590 million baht, an increase of 8,887 million baht or 12 percent compared to December 31, 2017. The increase mainly resulted from the increase in credit. Total investment liabilities as of December 31, 2018 were 81,992 million baht, a decrease of 9,722 million baht or 11 percent compared to December 31, 2017 mainly due to the increases in deposits

and items between the bank and money market as a result of the bank's financial cost management. On December 31, 2018, the bank had total liabilities more than total asset in an amount of 1,402 million baht, increasing equity by 18,610 million baht or 93 percent compared to December 31, 2017. The main items resulted from the bank's 18,100 million baht capital increase and operating profit.

In 2018, the bank had a net profit of 531 million baht, increasing from the 2017 loss of 2,926 million baht. This was mainly the result of the return on promissory notes from the transfer of non-performing assets to Islamic Bank Asset Management Co., Ltd. and from the debt repayment of debtors who participated in the project to address the retail debt problem.



Risk Management

1. Overall risk management

The operations of the Islamic Bank of Thailand have been adapted to respond to changes in technology, competition, and rules. As a result, risk management is a necessary management process that will allow the bank to achieve its goals. Having an efficient and effective risk management will, therefore, reflect good management, transparency, and accountability as a foundation for the bank's strong and sustainable growth.

The Islamic Bank of Thailand recognizes the importance of risk management and internal control and focuses on good management process and effective goal accomplishment under the rehabilitation and business plans 2018-2022. The bank has managed its risks based on the COSO ERM framework which is a global standard for risk management. The framework highlights the connection between risk management and the bank's operational plan and business opportunities which will ensure an integrated risk management throughout the organization. This will allow the bank to fulfill its main objectives following its vision and mission. The bank has created a risk map, key risk indicators (KRIs), risk appetite, and risk tolerance which cover major risks of the bank.

Moreover, the bank has organized trainings to provide overall knowledge on risk management to the bank's employees to ensure that employees understand that risk management is every employee's responsibility. By operating with risk management responsibility in mind, all units will be able to efficiently and effectively help the organization achieve its goals and conform to risk management which is based on the good governance principles, ensuring the bank's strong and sustainable growth.

2. Risk management structure

The risk management structure is as follows:

2.1 Policy The board of directors has the authority to approve the bank's key risk management policies which covers six risks including Shariah risk, strategic risk, credit risk, market risk, liquidity risk, and operational risk.

2.2 Authority The board of directors is authorized to approve the operations of the executives and subcommittees based on the decentralization of authority whenever appropriate and risk-based authority.

2.3 Subcommittee on risk management

The roles and responsibilities of the subcommittee which involve risk management include approving risk management policies based on risk appetite and ensuring effective risk management system as follows:

1. Risk Management Subcommittee has a duty to determine and review the adequacy of risk management policies and system, determine strategies that are in line with the risk management policy, and monitor the overall risk management of the bank.
2. The Audit Subcommittee is responsible for reviewing the internal control system and good risk management in order to ensure that there is an internal control system and risk management which can prevent or reduce potential risks and adjust to the risks and business environment.

Moreover, in managing each type of risks, the bank has established a subcommittee to manage specific risks including the Asset and Liability Management Subcommittee (ALCO), Internal Control Assessment Subcommittee, Compliance Subcommittee, Credit Subcommittee, and IT Steering Subcommittee.

3. The bank's management of each type of risks in 2018

3.1 Shariah risk means risks arising from operations, work processes, product offering, and the bank's services that may not be consistent with the Shariah principle as required by the Islamic Bank of Thailand Advisory Board (religion aspect) and / or in contrast to the Islamic Bank of Thailand Act B.E.2545 (2002) which may affect the status, reputation, liquidity, revenue, and capital funds which are the specific risks of the Islamic Bank of Thailand that the bank puts in a high priority and is considered as part of operational risk according to the definition of the types of risk specified in the bank's audit guidelines.

To ensure that the bank's operations and processes are consistent with the Shariah principle, the bank has established policies and guidelines for managing Shariah risk which have been proved by the board of directors as a framework for providing financial services and developing products and services based on Islamic principles that can compete and meet the needs of target customers. Furthermore, the bank

To ensure that the bank's operations and processes are consistent with the Shariah principle, the bank has established policies and guidelines for managing Shariah risk

manages Shariah risk by analyzing, tracking, and reporting information related to the risk through risk status report, report on changes in the number of deposit customers and Muslim customers, report on any damages caused by operations that are inconsistent with the Shariah principles to the Islamic Bank of Thailand Advisory Board (religion aspect) and relevant subcommittee on a regular basis. The reports are important to the formulation of strategies for managing Shariah risk. Moreover, the bank has emphasized the distribution of knowledge on the Shariah principles to employees across the organization through internal communication channels in order to ensure that employees have the knowledge, understanding, guidelines, and ability to effectively communicate the Shariah law to customers under the same standard.

3.2 Strategic risk means risk arising from the formulation of strategies and operational plans and improper implementation of the strategies or operational plans that is inconsistent with the internal factors and external environment which affects the bank's revenue, capital, or the existence of the bank.

The bank has developed policies and guidelines for managing strategic risk and annual risk management plans that are consistent with the rehabilitation plan and business plan for 2018 – 2022. The bank has adopted the Bank of Thailand's guidelines and good risk management principles as the organization's structural framework for integrated risk management which is based on the international principles of the Committee of Sponsoring Organizations of the Tread Way Commission (COSO). The guidelines and framework are used for analyzing internal and external risk factors which might affect the bank at present and in the future. The bank

has prepared and reviewed the risk management policies and guidelines and risk management plan by creating a risk map to identify the risk factors that will affect the bank as well as determining the risk indicators (KRIs), acceptable risk levels (risk Appetite), deviation from the risk tolerance level that covers all the risk factors and the risk causes. The bank also determines and reviews the measures under the treatment plan. The risk management department is responsible for monitoring, evaluating, and reporting the risk management results to the Risk Management Subcommittee on a regular basis to ensure that the risk management results are at the bank's acceptable level and meet the bank's goals.

3.3 Credit risk means the risk of damage caused by the inability of the counterparty to fulfill the obligations agreed and specified in the contract and the downgrade credit risk rating of the bank's business partner which might affect the income and capital adequacy of the bank.

The credit risk management focuses on the following aspects:

(1) Policy and guidelines for credit risk management

The bank has established a credit risk management policy framework following the external regulator's guidelines based on a balance between business function, credit risk, and regulation. The focus is on ensuring that credit staff have a shared goal of expanding credit at the acceptable risk level based on transparency. The ultimate goal is a quality credit management with efficient monitoring and control. Moreover, the bank has set the standard for credit operations to ensure the same direction by developing and improving the rules, roles, responsibilities, and structure of credit operations to be consistent and systematically linked under the credit process improvement project. Furthermore, the bank has organized trainings to provide credit knowledge to credit staffs in order to enhance their knowledge and skills to the level that is suitable for customers in their responsibility.

As of December 31, 2018, the bank had a total of 8,877.10 million baht of NPF from general loans and project loans under the government policy (excluding accrued financial income) in the bank's financial statements, a decrease of 2,175.28 million baht compared to 2017 (11,052.38 million baht in 2017) or 17.70 percent of total loans (25.02 percent in 2017).

Credit Risk Management Tools

The Bank has provided tools for customer credit risk assessment and credit distribution, and has considered the rate of return in line with the risk of each customer group. The Bank has applied the credit scoring system to customers of consumer products and has merged SMEs Ezy system with Credit risk Rating (CRR) for businesses with the credit limit of 20 million Baht, and has also applied the Credit Risk Rating system to credit customers with the amount of more than 20 million Baht.

Provided that the Bank has developed the Credit Risk Rating (CRR) system to accurately separate the credit risk assessment form for customers into 5 business types, as follows:

1. Credit Scoring for business customers applying for credit facility limit of not exceeding 20 million Baht (E)
2. Credit Risk Rating for SMEs Customer (S)
3. Credit Risk Rating for Corporate Customer (C)
4. Credit Risk Rating for Hotel Business Customer (H)
5. Credit Risk Rating for Real Estate Customer (R)

(2) Credit Quality

The Bank has given importance to the management of quality of new credit facilities granted in 2017 with due care and has a close post-review monitoring with regular credit quality examination in order to prevent normal accounts from becoming troubled loans, emphasizing the reduction of NPF by expediting debt restructuring, legal action and execution with troubled loans, as follows:

1. Determine clear measures to enforce uncooperative debtors in negotiation or those having undergone several debt restructuring programs such as legal action and filing for bankruptcy
2. Require the credit facilitation units unit to regularly visit or call customers to increase the utilization in the good customer group and follow up on customers performance to plan and adjust the credit conditions to match their situation in order to prevent NPF and increase income from the good customer.
3. Having credit facilitation units report reasons and guidelines for handling of all B2 status customers and watch list

customers in the large business customers group and SMEs that would possibly be turning into NPF and could not be promptly correcting the situation. Executives of sections/departments/ working groups shall take first priority to follow up and resolve the situation until the status is normal.

4. Credit facilitation units shall monitor TDR customer groups or those requesting for relaxing of credit conditions or debt repayment with change in the financial status. Current business status which may cause the customer to be NPF in the future.
5. Assignment of internal employees to units responsible for management/correction of troubled credit in order to expedite the correction of NPF, and provide action plan and training to provide necessary knowledge, skills and correction method for NPF.
6. Closely, systematically and continuously follow up and collect data and find causes of NPF re-entry and data of recovery rates.

(3) Credit Concentration Risk

Guidelines have been given in the Bank's credit policy to oversee credit concentration risk in line with the regulatory requirements regarding corporate customers, which put credit limit for Single and Group Exposure Limits, and Sector Limit to control and avoid significant credit concentration. The Bank has exercised caution on financing new customers in industries having concentration rate equivalent to or higher than the risk appetite (RA), and has kept monitoring closely the credit concentration risk. As of the end of 2018, the Bank's loans for industries were mostly granted to property and manufacturing sector.

(4) Improvement of the Credit Facilitation Process

The Bank has improved the credit facilitation process by using the guidelines of Ernst & Young, consisting of 3 components, as follows:

4.1 Structure of the Credit Facilitation Unit. The Bank has improved the structure of the Credit Facilitation Unit divided into 2 main units; whereas, the Credit Facilitation Unit (RM)

and the Credit Analysis Unit (CM) shall be merged as one unit in order to reduce redundancy in the credit analysis and consideration, and the Credit Risk Management Unit (CR) shall be the credit screening unit for check and balance before submitting for approval.

4.2 Process of credit operation shall be divided into 2 steps:

4.2.1 Process of operation prior to credit approval: The process of price estimation has been developed and improved by adding the internal appraiser; meanwhile, powers shall be distributed, and roles and duties shall be increased for the certifier of cost estimate, and tools for credit risk assessment shall be improved, as well as the rules and regulations relating to credit facilitation in conformity with the actual operation, and the powers of credit approval shall be improved, and powers of credit review shall be distributed under the criteria prescribed by the Bank.

4.2.2 Process of operation after the credit approval: The standard contracts shall be improved by reducing types and the number of pages of contracts, including the supporting documents and the document storage system in strong room (DWS) shall be developed by means of scanning the source contract documents and increasing roles and duties of the Credit Settlement Officer.

4.3 Business Credit Application Form and Credit Screening Form Development (standard credit and credit under the Product Program), review of related forms to reduce the data redundancy.

3.4 Market Risk means financial risk resulted from the sensitivity and fluctuation of rates of return risk, foreign exchange rates and instrument prices in money markets and capital markets which have negative impact on the Bank's income and capital.

Market risks can be divided into 3 types, including:

- **Rate of Return Risk** "Rate of Return Risk" is the risk that the Bank's income or capital would be subject to negative impact from changes of the rate of return of

items of assets, liabilities and off-balance sheet that are rate sensitive items and may affect the net profit income, trading accounts, and incomes and other expenses related to the rate of return such as credit facility fees, deposit service fees, and provisions expenses, etc

- **Foreign Exchange Risk** “Foreign Exchange Risk” is the risk that the Bank’s income or capital would be subject to negative impact from fluctuation of exchange rates, including risk from business transaction in foreign currencies (translation risk), risk from having assets or liabilities in foreign currencies (translation risk).
- **Price Risk** “Price Risk” is the risk that the Bank’s income or capital would be subject to negative impact from changes of prices of debt instruments and equity instruments, resulting in the Bank’s devaluation of investment ports for trading and available for sale and for profit-making purpose.

The Bank has provided the market risk management where the Board of Directors has delegated authority to the Assets and Liabilities Management Subcommittee (ALCO) to determine strategies, guidelines and operation to manage liquidity risk, rate of return risk and market risk in conformity with the Risk Management Subcommittee’s policy.

The Bank has focused on managing the market risk to reduce impact on the Rate of Return Risk because it is the root cause of the Bank’s market risk. In addition, the Bank has determined the policy framework, measures and tools for market risk management, including control, risk assessment and monitoring of critical risk

that may affect the Bank to ensure that the market risk management shall be effective and in conformity with the changing internal and external circumstances or risk factors.

Major activities in the market risk management are as follows:

1. Determination of policies related to the market risk management, including:

- Market risk management policy and guidelines as a framework for market risk management

- Review of market risk triggers and risk limit to suit the changing situation

2. Creating tool for measuring and evaluating market risk which include:

- Repricing Gap Analysis for analyzing the risk of the movement of the rate of return in each period and evaluating possible impact from the movement of rate of return on Earnings Perspective and Economic Value Perspective.
- Value at Risk (VaR) to assess risk of possible loss in the Bank’s investment portfolios with regular back testing of VaR tools
- Market risk assessment based on trigger and risk limit covering cause of market risk, including rate of return risk, foreign exchange risk, gap limit, position limit and VaR limit, etc.

3. Market risk monitoring and report:

- Monitoring of critical risk factors that may have direct and indirect impact on the market risk, e.g. economic trend, sensitivity and fluctuation of rate of return in money market, and of foreign exchange rate
- Monitoring and report related to the market risk, e.g. report on the market risk status, report on market, risk limit and trigger, etc., by directly reporting to the Board of Directors, the Risk Management Subcommittee, the Assets and Liabilities Management Subcommittee (ALCO) and the management on a regular basis so that they can determine and readjust strategies at hand in an efficient manner.

In order to provide efficient management of the market risk and in conformity with the changing situations, the Bank has regularly reviewed the tools, policy and guidelines for management of the market risk, including the risk limit of the Bank.

3.5 Liquidity Risk means the risk resulted from the Bank’s failure to pay debts and to comply with obligations when they become due because the Bank is unable to convert its assets into cash or to secure sufficient funding, or secure funding at the cost exceeding the risk appetite, which may affect the Bank’s current and future income and capital.

In addition, the liquidity risk also resulted from the Bank's failure to unwind or offset the existing risk from the assets held, forcing the Bank to sell assets at the price lower than the acquisition cost because such assets held had low liquidity or the market was in disruption mode.

The Bank, by the Board of Directors, has delegated authorities to the Assets and Liabilities Management Subcommittee (ALCO) to determine strategies, guidelines and operation regarding liquidity and rate of return risk management, and to manage market risk in conformity with policy of the Risk Management Subcommittee. Liquidity risk management has been determined to be continuing operation to ensure that the Bank's liquidity is sufficient to support the Bank's business operation in normal circumstances and crisis under appropriate cost and with capability to meet financial obligations and in accordance with the policy framework and guidelines for liquidity risk management and under the risk appetite.

The Bank has determined the policy framework, measures and tools for proper management of the liquidity risk as well as monitoring of the liquidity risk management as summarized below:

Major activities in the liquidity risk management are as follows:

1) Determination and review of policies related to the liquidity risk management, including:

- Review of the liquidity risk management policy and guidelines as a framework for the Bank's liquidity risk management;
- Review of determination of liquidity risk triggers and risk limit to suit the changing situation;

2) Creating tool for measuring and evaluating liquidity risk which include:

- Net Liquidity Report Form (Liquidity Gap) for evaluating the liquidity position at different times. The forms include both the report of the net contractual liquidity position report form (Contractual Liquidity Gap) and net behavioral liquidity position report form (Behavioral Liquidity Gap)
- Liquidity risk assessment based on trigger and risk limit, for example:

- (1) Net Liquidity Assets to Net Liquidity Gap Ratio
- (2) Financing to Deposit Ratio
- (3) Concentration ratio of Large deposit
- (4) Liquidity ratio

- The preparation of the liquidity risk crisis test report which can be divided into three cases including crisis that happens in the bank. (Institution-Specific Crisis), crisis that happens in the financial institution system which affects the bank's liquidity (Market-Wide Crisis), and crisis caused by the combination of both.
- Assessment of impact from credit risk factors and reputation risk factors on the liquidity risk;

3) Monitoring and reporting of liquidity risk which includes:

- Monitoring of major risk factors that might directly or indirectly affect liquidity risk such as economic trends, liquidity of the banking system, adjustment of the rate of return in the money market, and competition in products and services of financial institutions.
- Monitoring and report related to liquidity risk, e.g. report on the liquidity risk status, risk factors that may impact on the liquidity risk, operation as per the liquidity risk limit, trigger, and mismatch fund, etc. The reports are submitted to the Board of Directors, the Risk Management Subcommittee, the Assets and Liabilities Management Subcommittee (ALCO) and executives of the Bank on a regular basis to ensure efficient risk management.

In order to provide efficient management of the liquidity risk and in conformity with the changing situations, the Bank has regularly reviewed the tools, policy and guidelines for management of the liquidity risk, including the risk limit of the Bank.

3.6 Operational Risk means the risk resulted from the lack of good corporate governance in the Bank's internal operation process, personnel, work systems or external events that may affect the Bank's operating income and capital, including the legal risk but excluding strategic risk and reputation risk.

In managing the operational risk, the Bank has required the risk

identification, risk assessment, risk monitoring, risk reporting, and risk control and reduction in accordance with international standard, and to comply with the Islamic Bank of Thailand Act B.E.2545, the Bank has given the highest priority to the development of Shariah risk management system as it is the Bank's major risk most likely to occur in business operating processes, service provision and especially in the launch of financial products in accordance with the Shariah Principle. The provision of policy on the operational risk management is used as a tool in determining the scope of operation and guidelines for operational risk management of the Bank, with an emphasis on the effective creation and development such as information technology risk supervision policy, business continuity management policy, business continuity plan, outsourcing service policy, reporting of events of damage, and testing of data and system recovery plan in case of occurrence of natural disasters, etc.

Internal Control

Internal control is an important mechanism and a management tool for the bank's executives for efficiency enhancement of the bank's activities to achieve the bank's objectives. Moreover, internal control can effectively protect and secure the bank's assets and help ensure the right operations in all processes.

1. Internal control system

The bank has adopted the Ministry of Finance's Regulations on Internal Control Standards and Rules for Government Agencies B.E. 2561 (2018) in setting up its internal control system and as internal control framework. The bank has also required consistent supervision and monitoring to ensure that the bank's operations will achieve its objectives efficiently and effectively. It also ensures that financial reporting and operations are reliable and follow the laws, regulations, and rules of the organization and external parties and actions that might damage the bank's properties or reputation are prevented.

2. Internal Control Structure

- The Internal Control Assessment Subcommittee consists of the top management of all departments and sections to monitor and supervise the overall internal control

assessment in accordance with the State Audit Commission (SAO)'s regulations.

- The Audit Subcommittee has roles and duties to propose an appointment of a qualified auditor to the Board of Directors, to review and approve the charters and code of ethics of the Internal Control Department and the audit plans, and to supervise the work efficiency of the Internal Audit Unit, and to independently monitor the risk management and internal control.
- The Bank has assigned its executives at all levels to participate in and take responsibility for complying with the Bank's internal control processes. The top management shall monitor the risk control self-assessment (RCSA) by means of review to ensure the adequacy and effectiveness of the internal control system and risk management of works within the scope of responsibilities. This is to gain reasonable confidence that the Bank is always capable of achieving the prescribed targets and objectives efficiently.
- The Bank has each department appoint the Risk-Internal Control Compliance Office (RIC Officer) with responsibility for risk-related coordination, internal control assessment and compliance with rules and regulations, including dissemination of related knowledge to employees. In addition, this participation is considered as part of operational risk management.

3. Key implementations related to internal control in 2018

1. Analysis of risk factors using RCSA which will be used to create an improvement plan for internal control at the organizational level and plan or measure to improve internal control in which there are observations at the level of sub-units in internal control.
2. Prepare an internal control evaluation report to be consistent with the Ministry of Finance's Regulations on Internal Control Standards and Rules for Government Agencies B.E. 2561 (2018)

3. Determine preventive and corrective measures for work processes and develop effective work processes in the areas that the centers and branches do not follow or are not aware of the official regulations and the bank (GRC).

4. Workshop on risk control self-assessment (RCSA) for RIC Officers across the country

Internal Audit

“Internal Audit” provides assurance by means of systematic examination of efficiency and effectiveness of internal control processes, good governance, risk management and other operations of the Bank, and also reports the operating result and provides fair and independent advice to increase value and to enhance the Bank’s operation to efficiently achieve the prescribed targets or objectives. Internal audit adheres to the international standards for the Professional Practice of Internal Auditing and the State Enterprise Internal Audit Manual B.E.2555 by dividing into 6 items, as follows:

1. Qualifications of the Internal Auditor

- In overall, internal auditors shall have various fields of knowledge and skills and expertise in skills necessary for the Bank;
- Internal auditors are regularly rotated and consideration is taken to transfer staff members from other units in the Bank to perform the audit work;
- Recruitment plan and annual training plan are prepared to ensure that training courses are provided to fill in the competency gap, and the internal auditor shall receive regular development;
- Internal auditors are encouraged to develop themselves in order to obtain professional certificates required. At present, internal auditors hold 5 certificate consisting of 3 persons, i.e., 1. Certified Public Accountant (CPA) License 2. Certified Information Security Management System Auditor 3. Certified Cybersecurity for Auditor 4. Certified IT Security Audit, and 5. Certified Comtia Sec+

2. Structure of the Internal Audit Department

- The Internal Audit Department shall be independent and shall directly report to the Audit Subcommittee and the President relating to the operation of the Internal Audit Department.
- The Internal Audit Department shall have disclosure policy or actions to prevent or avoid impact on independence and fairness as well as any possible conflict of interest of internal auditors. Auditing activities always have written records.
- Entitlement to access data and documents

3. Relationship with the Management

- Interview/discuss with the top management, the President, and the Audit Subcommittee about the business, risk, and internal control to take account of the comments to prepare the audit plan, and evaluate the appropriateness and adequacy of the Bank’s corporate governance whether the management is efficient and being able to achieve the prescribed objectives and targets.
- Liaison and discuss with external regulatory agencies such as the Office of the Auditor General of Thailand and the Bank of Thailand about the scope and guidelines for audit activities to prevent redundancy of work, discuss about significant observation or suggestion that are still open, and respond to the observations or suggestions of the Bank of Thailand and the Office of the Auditor General of Thailand.

4. Duties and Responsibilities

- Provide regulations, charters, rules, guidelines and manuals for audit operation in accordance with the State Enterprise Audit Manual, communicate with the top management, the Board of Directors and related parties to ensure their understanding on the internal audit, the code of ethics, and performance standards via the meetings and Intranet.

- Have a role in auditing that focuses on examining important risk issues which can affect the bank's strategic objectives and operations according to the bank's policies and regulations as well as other relevant laws.
- Have responsibilities for prevention of fraud by reviewing and accessing the adequacy and effectiveness of internal control as well as the Bank's risk management;
- Conduct annual review on business ethics, disclosure of conflicts of interest of the Bank's employees and executives of the Bank;
- Provide advice, recommendation and related services to executives and business units with objective to increase value, improve the risk management process, and corporate governance of the Bank, without taking responsibilities in the capacity of executive.
- Audit issues regarding information technology are clearly determined in the plan in accordance with the Bank's objectives and targets, risk and the Management's requirements.
- Evaluate the adequacy and appropriateness of resources, guidelines for resource management, and budgets of the Internal Audit Department in conformity with the audit plan and the existing resources;
- The Management provided comments on the preparation of strategic audit plan which was approved by the Audit Subcommittee and proposed for the Board of Director's acknowledgment. In addition, discussion was made among the related parties before starting the audit activities.
- Compliance with suggestions has been monitored systematically and reported to the Audi Subcommittee, executives, the Board of Directors and related regulatory bodies;

5. Operation and Reporting

Operation

- Provide the strategic audit plans of 2018-2022 including the systematic risk assessment for risk prioritization in the audit plan in conformity with resources of the Internal Audit Department and in accordance with risks, objectives and targets of the Bank and its plan, ensure the procedures of resource allocation for operations based on risk levels and identify man-days in each year.
- The annual audit plan for 2018 is related to the strategic audit plan, objectives and risks of the Bank, and combined with guidelines of the Significant Activity Approach of the Bank of Thailand. The audit plan in details will be prepared based on risk, with the risk assessment and control as per the activities' characteristics in every step. Activities are divided into core activities and support activities. The operation flows and control points in each step are clearly shown. Provision of advice and suggestion is also included in the plan with clear proportion of each work type.

- Changes and assessment of risks encountered by the Bank have been monitored at all times. The audit plan has been timely reviewed and adjusted for conformity as may be necessary and appropriate.

Reporting

- Provide a standard format for reporting of the audit result which has been approved by the Audit Subcommittee
- A close meeting has been conducted with the audited business units and related parties. The final audit report with suggestions for improvement has been presented to executives, the audited units, the Audit Subcommittee and the President after the close meeting within the prescribed period of time.
- Regularly report the result of monitoring of progress of compliance with suggestions of the Internal Audit Department and the Audit Subcommittee.

6. Maintenance of Internal Auditors' Work Quality

- Evaluate the performance of the audit team and receive opinions of the audited units regarding the operating result after the end of every operation. Opinions of the audited units are taken into consideration for continuous improvement of operation and measuring of performances.
- Establish a working group to officially evaluate the quality of audit work by itself. In at least every 5 years, a third party should be outsourced to conduct an audit quality assessment. The assessment result should be used for analysis to reduce the gap between the performance and the standard of good audit. Strategic plan should also be prepared to improve the annual audit performance in conformity with the self-assessment of the audit quality and assessment conducted by the third party.
- Review and improve regulations, manuals and operational guidelines in conformity with the changing work environment of the Bank as reviewed and approved by the Audit Subcommittee.
- Determine guidelines for careful performance of duties by taking account of sufficient awareness of responsibilities for performance of duties as professionals would do; and have guidelines for performance of duties with clear explanation and elaboration. Necessary works are considered and recorded to ensure that the audit objectives are met. Significant facts are disclosed in a report to prevent misunderstanding or misleading to any concealment of legal offences.

Regarding the compliance with all 6 items of these guidelines, the internal auditors shall adhere to the Four Business Ethics, namely, integrity, fairness, confidentiality and work abilities.



Corporate Governance Information

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- A close-up photograph showing a hand placing a small seedling with two yellow leaves onto a stack of silver coins. The coins are stacked on a bed of dark soil. Another stack of coins with a seedling is visible on the left. The background is blurred with warm, golden light.
- ★ Operational Report
 - ★ Reports of Subcommittees



Corporate Governance Policy

Corporate Governance

The bank has revised its corporate governance policy in 2018 by adopting important principles related to the integrity and transparency assessment of government agencies and the guidelines developed by the Office of the National Anti-Corruption Commission (ONAC). The bank has applied the key principles of the ITA project and integrated them to cover information disclosure and transparency of procurement process as well as work processes and standardized services which are fair and non-discriminatory, promoting honest culture and values, proactive measures to prevent corruption, and emphasis on anti-corruption efforts by refusing any bribery or other conducts that can lead to conflict of interest. The bank also focuses on developing and improving the internal processes for greater efficiency in order to enhance its **Corporate Governance Policy 2018**.

The bank still adheres to the seven international principles including

1. Integrity
2. Transparency
3. Accountability
4. Responsibility
5. Equitable Treatment
6. Best Practice and
7. Participation by extending more details to each

principle to ensure that the bank covers all related issues

In addition, the Bank of Thailand (BOT) issued the (07) W.79/2561 Announcement of the Financial Institution Act (No.3) B.E. 2561 (2018) published in the Royal Gazette on 21st November 2018 which would come into effect 90 days after the date of its publication in the Royal Gazette (19th February 2019). The announcement noted the amendment of Section 120 of the Financial Institution Act B.E. 2551 (2008) which would allow the Bank of Thailand to efficiently regulate specialized financial institutions (SFIs) both in the normal circumstances and in crisis. The bank has issued announcement of the Financial Institution Act (No.3) B.E. 2561 (2018) which is available for executives and employees to discern and readily comply with such Announcement.

Structure and Responsibilities of the Director

Structure of the Director of Islamic Bank of Thailand

The Board of Islamic Bank of Thailand consisted of 11 Directors including specialists who have knowledge, abilities, skills and experiences in management from various sectors; whereas, the meeting of shareholders of the Bank shall elect qualified people to assume the office of the Bank's directors in accordance with the criteria, legal methods and regulations of the Bank. Each director shall assume the office for 3 years each; and when the term in office of any director is terminated, the Bank shall organize a meeting of shareholders to elect a substituting director. As of December 2018, the Bank had 9 directors, with details and changes of directors in the previous year, as follows:

No.	List of Directors	Positions/Assigned Duties	Reason
1.	Mr. Niphon Hakimi	• Director • Director and the Acting Chairman of the board of the Bank (since March 27, 2018 until August 31, 2018 and since November 13, 2018 until present) • Chairman of the Executive Subcommittee • Chairman of the Compliance Subcommittee • Chairman of President Nomination Committee Director • President's Performance Appraisal Subcommittee Director • Zakat Subcommittee Director	Director
2.	General Natthipong Pueksakorn	• Director • Chairman of the Audit Subcommittee • Chairman of the Nomination, Remuneration and Performance Appraisal Subcommittee • CG&CSR Subcommittee Director (since August 21, 2014 until June 11, 2017)	Director
3.	Miss Piyawan Lamkitcha	• Director • The President's Performance Appraisal Subcommittee Director (June 12, 2018 until present) • Vice Chairman of the President Nomination Committee • The Executive Subcommittee Director • Compliance Subcommittee Director • President's Performance Appraisal Subcommittee Director (since August 21, 2014 until June 11, 2018) • Nomination, Remuneration and Performance Appraisal Subcommittee Director (since March 24, 2016 until since June 11, 2018)	Director
4.	Dr. Pornchai Thiraveja	• Director	Director
5.	Mr. Montchai Ratanastien	• Director • Vice Chairman of the Executive Subcommittee • President Nomination Committee Director • Compliance Subcommittee Director • Chairman of the Risk Management Subcommittee (August 25, 2016 - June 11, 2018) • Risk Management Subcommittee (since June 12, 2018 until present) • President's Performance Appraisal Subcommittee Director (since June 12, 2018 until present) • Chairman of the Relation Affairs Committee (since August 21, 2014 – June 11, 2018) • CG&CSR Subcommittee Director (since September 29, 2014 – June 11, 2018)	Director

No.	List of Directors	Positions/Assigned Duties	Reason
6.	Mr.Wichien Chubthaisong	• Director • Chairman of the Relation Affairs Committee (since June 12, 2018 until present) • Audit Subcommittee Director (since June 12, 2018 until present)	Director
7.	Mr.Chaichan Palanon	• Director • Chairman of CG&CSR Subcommittee Director (since June 12, 2018 until present) • The Executive Subcommittee Director (since June 12, 2018 until present) • The Information System Development Subcommittee Director (since June 19, 2018 until present)	Director
8.	Mr.Dhanasarn Suravudhikul	• Director • Chairman of the Risk Management Subcommittee (since June 12, 2018 until present) • Chairman of the Information System Development Subcommittee (since June 19, 2018 until present) • Nomination, Remuneration and Performance Appraisal Subcommittee Director (since June 12, 2018 until present)	Director
9.	Mrs.Amporn Purintawaragul	• Director • Audit Subcommittee Director (since June 12, 2018 until present) • CG&CSR Subcommittee Director (since June 12, 2018 until present) • Nomination, Remuneration and Performance Appraisal Subcommittee Director (since June 12, 2018 until present)	Director
10.	Mr.Pornlert Lattanan	• Director and Acting President (since April 1, 2018 - August 31, 2018) • Chairman of the Board of Directors (since September 1, 2018 – November 12, 2018)	Director
11.	Mr.Chaiwat Utaiwan	• Chairman of the Board of Directors (since August 1, 2014 - March 21, 2018) (Retire 65 years)	Director
12.	Mr. Panu Uthairat	• Director • Chairman of CG&CSR Subcommittee Director (since September 29, 2014 – May 27, 2018) • Chairman of President's Performance Appraisal Subcommittee Director (since August 21, 2014 – May 27, 2018) • Audit Subcommittee Director (since August 21, 2014 – May 27, 2018)	Director
13.	Assoc.Prof. Pasu Decharin	• Director • Audit Subcommittee Director (since August 21, 2014 – May 27, 2018) • CG&CSR Subcommittee Director (since August 21, 2014 – May 27, 2018) • Nomination, Remuneration and Performance Appraisal Subcommittee Director (since September 29, 2014 – May 27, 2018) • President Nomination Subcommittee Director (since June 23, 2015 – May 27, 2018)	Director
14.	Miss Angkana Sawatpoon	• Director • The Executive Subcommittee Director (since April 12, 2017 – May 27, 2018) • The Risk Management Subcommittee Director (since April 12, 2017 – May 27, 2018) • President Nomination Subcommittee Director (since April 12, 2017 – May 27, 2018)	Director
15.	Mr.Vitai Ratanakorn	• Director • Director and Acting President (since October 1, 2017 – March 30, 2018)	Director

Appointment of Directors, Subcommittees and Working Groups

Executive Subcommittee

Scope of authorities of the Executive Subcommittee is as follows:

1. Determine overall investment policies, investment directions for potential companies that the Bank may invest in line with the Bank's investment policies, and hold authorities to approve investment direction and overall investment activities under the Bank's rules.
2. Consider and approve possible losses that may (or may not) arise from debt restructuring within the limit granted by the Board of Directors.
3. Consider and approve credit, debt restructuring, investment in securities and property, receipt of financial support, procurement and outsourcing, and other general expenses within the scope of authorities granted by the Board of Directors.
4. Recommend appropriate and efficient organization structure, propose policies and strategies in terms of personnel, manpower, remuneration and benefits for employees and workers to the Board of Directors for approval.
5. Review the Bank's master plans on human resource development both in short term and in long term as well as other ongoing projects.
6. Provide operational advice in terms of organization structure, personnel, remuneration, benefits and welfare, dynamic and sustainable organization development, and provide recommendations on employment of educational institutions or external consulting companies or consultants to improve the Bank's personnel management.
7. Develop human resources at all levels with readiness in all areas to ensure their vision, all-round knowledge, good personality and awareness.

8. Review and identify duties out of the authority scope of Subcommittees and propose them to the Board of Directors.
9. Consider other significant matters such as new businesses, remuneration policy, credit policy, accounting policy and lawsuits taken against the Bank.
10. Approve or acknowledge other management-related matters that the Executive Subcommittee deems necessary or proper by Subcommittees to be proposed for acknowledgment.
11. Consider any other matters assigned by the Board of Directors.

Directors of the Executive Subcommittee as of December 31, 2018 are as follows:

- | | |
|-----------------------------|-----------------------------------|
| 1. Mr. Niphon Hakimi | Chairman of the Subcommittee |
| 2. Mr. Montchai Ratanastien | Vice Chairman of the Subcommittee |
| 3. Miss Piyawan Lamkitcha | Subcommittee |
| 4. Mr. Chaichan Palanon | Subcommittee |
| 5. President | Subcommittee and Secretary |

Details of change in the Executive Subcommittee during 2018:

1. Mr. Niphon Hakimi has been Chairman of the Subcommittee from June 23, 2015 to present.
2. Mr. Montchai Ratanastien has been Vice Chairman of the Subcommittee from August 21, 2014 to present.
3. Miss Piyawan Lamkitcha has been the Subcommittee from September 29, 2014 to present.
4. Mr. Chaichan Palanon has been the Subcommittee from June 12, 2018 to present.

Audit Subcommittee

The scope of responsibilities of the Audit Subcommittee is as follows:

1. Review the Bank's financial statements to ensure accuracy and adequacy.
2. Review the Bank's internal control system and internal audit to ensure appropriateness and effectiveness.

3. Review the Bank's compliance with the laws, regulations, rules, guidelines, the Cabinet's approval, and other notifications or orders related to banking operations
 4. Propose the appointment of the Bank's auditor to the Board of Directors, monitor the auditor's performance and consider audit fees.
 5. Make final decision in case the Bank's management and the auditor have contradictory opinions on the Bank's financial reports.
 6. Consider other non-audit duties that the Bank may require the auditor to perform.
 7. Consider and provide recommendations to the Board of Directors on the appointment, transfer, termination, remuneration determination, and annual performance evaluation of high-level executives of the internal audit department.
 8. Consider related transactions and transactions that might lead to conflict of interest or corruption which might affect the Bank's operations.
 9. Consider disclosing the Bank's information, especially in case of transactions that might lead to conflict of interest as well as public service account to ensure accuracy and completeness.
 10. Determine the duties of the Audit Subcommittee and overall organizational changes including significant changes that affect the operations of the Audit Subcommittee in a written form approved by the Board of Directors and disclosed in the Bank's annual report.
 11. Report to the Board of Directors for timely correction in case the Audit Subcommittee discovers or questions that there is possible conflict of interest, corruption, irregularities, or significant errors in the internal control, violation of the Bank's establishment law, the Bank of Thailand's regulations or other laws related to banking.
 12. Execute Charters of the Audit Subcommittee in line with the scope of responsibilities for the Bank's operation with consent and approval of the Board of Directors.
 13. Prepare the Audit Subcommittee's report on corporate governance to be disclosed in the Bank's annual report.
 14. Review and approve the regulations and protocol on internal control, ethics of the internal auditor, work manual, and scope of internal control operations, audit plan as well as budget of the internal audit department.
 15. Conduct meetings with the management, auditor, internal auditor and external consultants as necessary and appropriate.
 16. Have the authority to request information, documents, person, or relevant departments as well as ask for information and cooperation from relevant external parties.
 17. Outsource consultants or professional experts to provide advice or assistance on audit activities at the expense of the Bank.
 18. Delegate authorities to working groups in the Audit Subcommittee (if any) as appropriate.
 19. Perform any other works as required by laws or designated by the Board of Directors, thus, within the scope of duties and responsibilities of the Audit Subcommittee.
- Directors of the Audit Subcommittee as of December 31, 2018 are as follows:**
- | | |
|--|------------------------------|
| 1. General Natthipong Pueksakorn | Chairman of the Subcommittee |
| 2. Mrs. Amporn Purintawaragul | Subcommittee |
| 3. Mr. Wichien Chubthaisong | Subcommittee |
| 4. Vice President / | |
| Senior Vice President of | Secretary |
| Internal Audit Department or assigned person | |

Details of change in the Audit Subcommittee during 2018:

1. General Natthipong Pueksakorn has been Chairman of the Subcommittee from August 21, 2014 to present.
2. Mrs. Amporn Purintawaragul has been the Subcommittee from June 12, 2018 to present.
3. Mr. Wichien Chubthaisong has been the Subcommittee from June 12, 2018 to present.

Risk Management Subcommittee

The scope of responsibilities of the Risk Management Subcommittee is as follows:

1. Determine the risk management policy and propose it to the Board of Directors. The policy shall cover 6 major risk areas, namely Shariah risk, strategic risk, credit risk, market risk, liquidity risk and operational risk, and shall be in accordance with COSO Enterprise Risk Management (COSO ERM).
2. Develop risk management policies to be in line with the strategies and cover the evaluation, monitoring, and overseeing the amount of the Bank's risks to ensure appropriate level.
3. Review the adequacy of the policy and risk management processes which includes the effectiveness of the operations and policy compliance.
4. Regularly report to the Audit Subcommittee and the Board of Directors on necessary improvement or correction to ensure consistency with the Bank's policy and strategies.
5. Supervise, endorse the preparation of the Bank's risk assessment report and propose it to the Board of Directors for acknowledgment at least once a year at the end of accounting period. Such report shall be kept at the Bank for further examination by the Bank of Thailand's examiners.
6. Having powers to retrieve data, documents or to demand people or related departments to be examined or provide clarification, and to submit minutes of the meetings for the Board of Directors' acknowledgment.

7. Having powers to appoint consultants, experts or specialists to give advice, opinions or recommendations regarding risk management and other issues for the Bank's benefits, and to receive remuneration as fixed by the Risk Management Subcommittee.
8. Determine, review and improve the Bank's GRC Framework and propose it to the Board of Directors.
9. Determine and review the Bank's GRC target based on phases of development needed to attain, and to take actions to achieve GRC coverage and propose it to the Board of Directors for approval.
10. Supporting the integration of good corporate governance, risk management, compliance and business operation of the Bank.
11. Having powers of approval in all cases for non-classification of debtors by taking account of results of proof, related parties as per the indications specified in guidelines for proving of related parties as per the single lending limit fixed by the Bank of Thailand.
12. Take other activities as assigned by the Board of Directors.

Directors of the Risk Management Subcommittee as of December 31, 2018 are as follows:

- | | |
|---|------------------------------|
| 1. Mr. Dhanasarn Suravudhikul | Chairman of the Subcommittee |
| 2. Mr. Montchai Ratanastien | Subcommittee |
| 3. President | Subcommittee |
| 4. Vice President/ Senior Vice President of Risk Management Department or assigned person | Secretary |

Details of change in the Risk Management Subcommittee during 2018:

1. Mr. Dhanasarn Suravudhikul has been Chairman of the Subcommittee from June 12, 2018 to present
2. Mr. Montchai Ratanastien has been Subcommittee from June 12, 2018 to present.

Notes: Mr. Montchai Ratanastien has been Chairman of the Subcommittee from August 25, 2016 to June 11, 2018.

CG&CSR Subcommittee

Scope of authorities of the CG&CSR Subcommittee is as follows:

1. Propose CG&CSR policy to the Board of Directors.
2. Regularly review CG&CSR policy of the Bank.
3. Determine operational framework and guidelines in line with the Bank's code of ethics.
4. Provide recommendations on the Bank's business operation to achieve goals in line with the Bank's annual CG&CSR plan.
5. Promote the dissemination of cultural information and transparent corporate governance to ensure understanding at all levels and practical outcome, including the participation of the Board of Directors, executives, employees and workers, communities, customers and the general public in CSR activities for sustainable development.
6. Integrate processes relating to governance, risk management and compliance to ensure that the achievement is derived from all departments' participation.
7. Monitor the Bank's CG&CSR operation and report it to the Board of Directors.
8. Supervise the Bank's integrated CG&CSR operation, supervise the preparation of the Bank's annual CG&CSR report.
9. Appoint working groups or consultants of the CG&CSR Subcommittee to support the performance on corporate governance and corporate social responsibility as necessary and appropriate.
10. Perform other duties as assigned by the Board of Directors.

Directors of the CG&CSR Subcommittee as of December 31, 2018 are as follows:

- | | |
|---|------------------------------|
| 1. Mr. Chaichan Palanon | Chairman of the Subcommittee |
| 2. Mrs. Amporn Purintawaragul | Subcommittee |
| 3. President | Subcommittee |
| 4. Executive Director/Senior Executive Director of Corporate Image and Communication Department | Subcommittee |
| 5. President of State Enterprise Labor Union of Islamic Bank of Thailand | Subcommittee |
| 6. Executive Director/Senior Executive Director of Sustainable Organizational Development Office or assigned person | Subcommittee and Secretary |

Details of change in the CG&CSR Subcommittee during 2018:

1. Mr. Chaichan Palanon has been Chairman of the Subcommittee from June 12, 2018 to present.
2. Mrs. Amporn Purintawaragul has been the Subcommittee from June 12, 2018 to present.

Nomination and Remuneration Subcommittee

Scope of authorities of the Nomination and Remuneration Subcommittee is as follows:

Nomination

1. Determine policy, criteria and methods of selection and nomination of the Bank's directors and subcommittee Directors for the Board of Directors' approval, including the following matters:
 - i) Extent and varieties of essential knowledge, skills and experience of the Bank's directors.
 - ii) Types, size and components of subcommittees, including recommendation to the Board of Directors to appoint replacement for vacant positions due to directors' retirement by rotation or any other reasons.
2. Determine policy, criteria, nomination procedures, selection and nomination process for candidates in Deputy

Managing Director and Assistant Managing Director positions to be presented to the board of directors for approval.

3. Determine policy, criteria, performance evaluation process, and approval process of performance of Executives, Department Directors, Assistant Managing Director, and Deputy Managing Director.
4. Disclose information and details of the nomination process in the annual report.
5. Ensure that the Bank has appropriate succession plan for the President and propose it to the Board of Directors for approval.

Remuneration

1. Determine a policy on remuneration and other benefits including the amount of remuneration and other benefits for members of the Subcommittees, Deputy Managing Director, and Assistant Managing Director based on clear and transparent criteria to be presented to the Board of Directors for approval.
2. Ensure that the Subcommittees, Deputy Managing Director, and Assistant Managing Director receive appropriate remuneration according to their duties and responsibilities. Directors who are assigned more responsibilities should receive remuneration that match their assigned duties and responsibilities.
3. Determine performance evaluation process of the members of the Subcommittees, Deputy Managing Director, and Assistant Managing Director to consider the adjustment of annual remuneration based on duties, responsibilities, and related risks.
4. Disclose the policy on remuneration determination and disclosure in various forms and prepare a report on remuneration determination with at least details of the goals, operations, and opinion of the Subcommittee on remuneration in the Bank's annual report.
5. Take actions as assigned by the Board of Directors.

Directors of the Nomination and Remuneration Subcommittee as of December 31, 2018 are as follows:

- | | |
|---|------------------------------|
| 1. General Natthipong Pueksakorn | Chairman of the Subcommittee |
| 2. Mr. Dhanasarn Suravudhikul | Subcommittee |
| 3. Mrs. Amporn Purintawaragul | Subcommittee |
| 4. Vice President/ Senior Vice President of Company Secretary Department or assigned person | Secretary |

Details of change in the Nomination and Remuneration Subcommittee during 2018:

1. General Natthipong Pueksakorn has been Chairman of the Subcommittee from March 24, 2016 to present.
2. Mr. Dhanasarn Suravudhikul has been the Subcommittee from June 12, 2018 to present.
3. Mrs. Amporn Purintawaragul has been the Subcommittee from June 12, 2018 to present.

Compliance Subcommittee

Scope of authorities of the Compliance Subcommittee is as follows:

1. Consider and screen the release or review of rules and regulations of the Bank issued in accordance with the law or the Bank's requirements relating to personnel management, banking and general operation management, provide advice or recommendation on the exercise of powers to issue, enforce and determine directions and legal issues regarding rules and regulations, and consider the summary and ensure the completeness of rules and regulations prior to submission there of to the authorized person for approval.
2. Regularly review policy and charter of compliance with the official rules and regulations and propose it for the Board of Directors approval.
3. Having powers to appoint working groups or the Bank's employees to perform the assigned duties.
4. Having powers to invite working groups or the Bank's employees to provide information or clarification supporting the consideration.

5. Consider and provide comments or recommendations on compliance report and credit review and report the same to the Board of Directors for acknowledgment.
6. Endorse annual compliance report, compliance plan and credit review.
7. Provide recommendations on operation of the Compliance and Rules Department and the Credit Review Department.
8. Report to the Board of Directors for correction of any detected or suspicious non-compliance with the law, rules, regulations, standard and practices in any transactions that may cause compliance risk.
9. Take any other actions as assigned by the Board of Directors.

Directors of the Compliance Subcommittee as of December 31, 2018 are as follows:

- | | |
|--|------------------------------|
| 1. Mr. Niphon Hakimi | Chairman of the Subcommittee |
| 2. Miss Piyawan Lamkitcha | Subcommittee |
| 3. Mr. Montchai Ratanastien | Subcommittee |
| 4. Vice President/ Senior Vice President Secretary of the Compliance and Rules Department or assigned person | |

Details of change in the Compliance Subcommittee during 2018:

1. Mr. Niphon Hakimi has been Chairman of the Subcommittee from September 29, 2014 to present.
2. Miss Piyawan Lamkitcha has been the Subcommittee from September 29, 2014 to present.
3. Mr. Montchai Ratanastien has been the Subcommittee from August 21, 2014 - June 11, 2018 and July 17, 2018 to present.

Zakat Subcommittee

Scope of authorities of the Zakat Subcommittee is as follows:

The Zakat Subcommittee has authorities to manage Zakat accounts and the Bank's Zakat account duly in accordance

with the objectives and the Islamic principles and conditions. The Subcommittee shall ensure that Zakat account management and operation is properly carried out under the Bank's Regulations No.11 governing the Bank's transaction B.E.2553 (2nd Edition), Section 4, Article 13(3): Zakat account management.

Directors of the Zakat Subcommittee as of December 31, 2018 are as follows:

- | | |
|--|------------------------------|
| 1. Dr. Maroning Salaeming | Chairman of the Subcommittee |
| 2. Mr. Pramote Meesuwan | Subcommittee |
| 3. Mr. Senee Yupensuk | Subcommittee |
| 4. Mr. Niphon Hakim | Subcommittee |
| 5. Mr. Santi Suasaming | Subcommittee |
| 6. Vice President of Shariah Department | Subcommittee |
| 7. Vice President of Hajj and Umrah Department | Subcommittee and Secretary |

Details of change in the Zakat Subcommittee during 2018:

1. Dr. Maroning Salaeming has been Chairman of the Subcommittee from November 20, 2018 to present.
2. Mr. Pramote Meesuwan has been Subcommittee from October 22, 2014 to present.
3. Mr. Senee Yupensuk has been the Subcommittee from October 22, 2014 to present.
4. Mr. Niphon Hakimi has been the Subcommittee from October 22, 2014 to present.
5. Mr. Santi Suasaming has been the Subcommittee from February 22, 2018 to present.

Note: Dr. Anas Amatayakul has been Chairman of the Subcommittee from October 22, 2014 September 30, 2018. Dr. Maroning Salaeming has been the Subcommittee from October 22, 2014 November 19, 2018.

President's Performance Appraisal Subcommittee

Scope of authorities of the President's Performance Appraisal Subcommittee is as follows:

1. Review the operation plan proposed by the President and ensure that such plan will be for the Bank's benefits.

2. Determine assessment guidelines in line with and achieve the Bank's vision, objectives, missions and target of operation as well as budget approved by the Board of Directors.
3. Set indicators and to measure the efficiency and effectiveness in the President's performance.
4. Consider the performance result and assess the quality of performance as per the business plan proposed by the President and approved by the Board of Directors.
5. Provide suggestion, and present the assessment result, including problems, obstacles and limitation of the President's performance as well as solutions to those problems, obstacles and limitation of the President's performance to the Board of Directors.
6. Review the target and performance criteria for the President and propose it to the Board of Directors for approval.
7. Present the performance result in comparison with the above-mentioned target and criteria to the Board of Directors to consider appropriate remuneration and benefits for the President.

Directors of the President's Performance Appraisal Subcommittee as of December 31, 2018 are as follows:

- | | |
|---|------------------------------|
| 1. Miss Piyawan Lamkitcha | Chairman of the Subcommittee |
| 2. Mr. Niphon Hakimi | Subcommittee |
| 3. Mr. Montchai Ratanastien | Subcommittee |
| 4. Vice President/ Senior Vice President Secretary of Company Secretary Department or assigned person | |

Details of change in the President's Performance Appraisal Subcommittee during 2018:

1. Miss Piyawan Lamkitcha has been Chairman of the Subcommittee from June 12, 2018 to present.
2. Mr. Niphon Hakimi has been the Subcommittee from August 21, 2014 to present.

3. Mr. Montchai Ratanastien has been the Subcommittee from June 12, 2018 to present.

Note: Miss Piyawan Lamkitcha has been the Subcommittee from August 21, 2014 - June 11, 2018.

Relation Affairs Committee

Scope of authorities of the Relation Affairs Committee is as follows:

1. Provide comments on efficiency improvement for the Bank's operation and promote and develop the labor relations.
2. Seek reconciliation and resolve disputes in the Bank.
3. Improve work rules and regulations for the benefits of the employer, employees and the Bank.
4. Discuss and solve problems as per complaints of employees or labor union, including complaints relating to disciplinary action.
5. Discuss on solutions to improve the employment condition.

The committee have the terms as specified in Section 20 and 21 of the State Enterprise Labor Relations Act B.E. 2543 (2000) with effective date from August 23, 2018 - August 22, 2020.

Members of the Relation Affairs Committee as of December 31, 2018 are as follows:

- | | |
|---------------------------------|-----------------------|
| 1. Mr. Wichien Chubthaisong | Chairman of Committee |
| 2. Employer's 9 representatives | Committee |
| 3. Employees' 9 representatives | Committee |

Details of change in the Relation Affairs Committee during 2018:

1. Mr. Wichien Chubthaisong has been Chairman of the Committee from June 12, 2018 to present.

President Nomination Committee

Scope of authorities of the President Nomination Committee is as follows:

1. Nominate person with knowledge, capacity and experiences suitable to be the President of the Bank, by taking accountability into consideration.
2. Consider qualifications of potential President of the Bank in accordance with the Standard Qualifications of State Enterprise Directors and Officials Act B.E.2518 and Amendments, and other relevant laws and regulations.
3. Select and nominate qualified candidates for presidency to the Board of Directors;
4. Perform any other duties as assigned by the Board of Directors.

Directors of the President Nomination Committee as of December 31, 2018 are as follows:

- | | |
|---|----------------------------|
| 1. Mr. Niphon Hakimi | Chairman of Committee |
| 2. Miss Piyawan Lamkitcha | Vice Chairman of Committee |
| 3. Miss Angkana Sawatpoon | Committee |
| 4. Mr. Montchai Ratanastien | Committee |
| 5. Assoc.Prof. Pasu Decharin | Committee and Secretary |
| 6. Vice President/ Senior Vice President of Company Secretary Department or assigned person | Assistant Secretary |

Details of change in the President Nomination Committee during 2018:

1. Mr. Niphon Hakimi has been Chairman of the Committee from April 12, 2017 to present.
2. Miss Piyawan Lamkitcha has been Vice Chairman of the Committee from June 23, 2015 to present.
3. Mr. Montchai Ratanastien has been the Committee from June 23, 2015 to present.

Note: Miss Angkana Sawatpoon has been the Committee from April 12, 2017 - May 27, 2018. and Assoc.Prof. Pasu Decharin has been the Committee from June 23, 2015 - May 27, 2018.

Information System Development Subcommittee

The scope of responsibilities of the Information System Development Subcommittee is as follows:

The Information System Development Subcommittee shall have the following duties and responsibilities:

1. Develop a clear strategic plan on information technology to ensure information technology governance in order to enhance the efficiency and effectiveness of operations and monitoring of information system development.
2. Improve the IT Master Plan to adapt to the needs and policies as well as strategies necessary for adaptation to the organizational environment in order to respond to the bank's business plan and comply with the regulatory bodies' rules.
3. Consider investment, breakeven point, and value of operating systems to evaluate the monetary and non-monetary potential of information technology as well as the appropriateness of the information system.
4. Recommend corrective measures and provide advice on the solutions and obstacles regarding the bank's information system.
5. Have the authority to request information, documents, person, or relevant agencies for investigation or clarification and submit the report to the board of directors.
6. Perform other duties assigned by the board of director.

Directors of Information System Development Subcommittee as of December 31, 2018 are as follows:

- | | |
|------------------------------|---|
| 1. Mr.Dhanasarn Suravudhikul | Chairman of the Subcommittee |
| 2. Mr. Chaichan Palanon | Subcommittee |
| 3. Executive Vice President | Subcommittee and Secretary of Technology and Electronic Operation Group |

**Details of change in Directors of Information System
Development Subcommittee during 2018:**

1. Mr.Dhanasarn Suravudhikul has been Chairman of the Subcommittee from June 19, 2018 to present.
2. Mr.Chaichan Palanon has been the Subcommittee from June 19, 2018 to present.

Meetings and Remuneration of the Directors and Subcommittees / Working Group

Summary of Directors' Meeting Attendance in 2018

Name	Board of Directors	Executive Subcommittee	Audit Subcommittee	Risk Management Subcommittee	CG&CSR Subcommittee	Compliance Subcommittee	Information System Development Subcommittee	Nomination and Remuneration Subcommittee	President Nomination Committee Director	President Remuneration Subcommittee Director	President's Performance Appraisal Subcommittee	Relation Affairs committee
	18 Meetings	22 Meetings	11 Meetings	10 Meetings	6 Meetings	9 Meetings	6 Meetings	6 Meetings	8 Meetings	3 Meetings	2 Meetings	12 Meetings
1.Mr. Chaiwat Utaiwan	Chairman 4/4	-	-	-	-	-	-	-	-	-	-	-
2.Mr. Pornlert Lattanan	Chairman 14/14	-	-	-	-	-	-	-	-	-	-	-
3.General Natthipong Pueksakorn	Director 14/18	-	11/11	-	3/3	-	-	6/6	-	3/3	-	-
4.Mr. Niphon Hakimi	Director 15/18	20/22	-	-	-	9/9	-	-	8/8	-	2/2	-
5.Mr. Panu Uthairat	Director 5/9	-	1/4	-	2/3	-	-	-	-	-	-	-
6.Assoc.Prof. Pasu Decharin	Director 5/9	-	4/4	-	0/3	-	-	4/4	8/8	-	-	-
7.Miss Pyawan Lamkitcha	Director 11/18	13/22	-	-	-	5/9	-	3/4	8/8	-	2/2	-
8.Dr. Pornchai Thiraveja	Director 14/18	-	-	-	-	-	-	-	-	-	-	-
9.Mr. Montchai Ratanastien	Director 17/18	21/22	-	10/10	2/3	9/9	-	-	8/8	-	2/2	3/3
10.Miss Angkana Sawatpoon	Director 8/9	9/9	-	3/4	-	-	-	-	7/8	-	-	-
11.Mr. Vitai Ratanakorn	Director 3/5	-	-	-	-	-	-	-	-	-	-	-
12.Mr.Wichien Chubthaisong	Director 8/9	-	6/7	-	-	-	-	-	-	-	-	9/9
13.Mr. Chaichan Palanon	Director 8/9	13/13	-	-	3/3	-	6/6	-	-	-	-	-
14.Mr. Dhanasarn Suravudhikul	Director 9/9	-	-	6/6	-	-	6/6	2/2	-	-	-	-
15.Mrs. Amporn Purintawaragul	Director 9/9	-	7/7	-	3/3	-	-	2/2	-	3/3	-	-

Remuneration of the board of directors in 2018

Name	Total Monthly Remunerations	Board of Directors	Executive Subcommittee	Audit Subcommittee	Risk Management Subcommittee	CG & CSR Subcommittee	Compliance Subcommittee	Information System Development Subcommittee	Nomination and Remuneration Subcommittee	President Nomination Committee Director	President Remuneration Subcommittee Director	President's Performance Appraisal Subcommittee	Relation Affairs committee	Total Amount 2018
1.Mr. Chaiwat Uthaiwan	Chairman	25,000.00												78,548.39
2.Mr. Pornlert Lattanan	Chairman	118,967.73												216,467.73
3.Gen. Natthipong Pueksakon	Director	120,000.00	100,000.00	150,000.00		-			75,000.00		12,500.00			457,500.00
4.Mr. Nipphon Hakimi	Director	120,000.00	110,000.00	137,500.00			112,500.00			37,500.00		-		517,500.00
5.Mr. Panu Uthairat	Director	47,838.70	30,000.00	50,000.00		25,000.00								152,838.70
6.Assoc.Prof. Pasu Decharin	Director	47,838.70	30,000.00	50,000.00		-			40,000.00	-				167,838.70
7.Miss Piyawan Lamkitcha	Director	120,000.00	90,000.00	110,000.00			20,000.00		20,000.00	56,250.00	25,000.00			441,250.00
8.Dr. Pornchai Thiraveja	Director	120,000.00	110,000.00									230,000.00		
9..Mr. Montchai Ratanastien	Director	120,000.00	100,000.00	137,500.00		67,500.00	-	50,000.00		10,000.00	-	-		485,000.00
10.Miss Angkana Sawatpoon	Director	47,838.70	40,000.00	50,000.00		30,000.00				10,000.00				177,838.70
11.Mr. Vitai Ratanakorn	Director	30,000.00	20,000.00											50,000.00
12.Mr.Wichien Chubthaisong	Director	71,290.32	70,000.00	70,000.00								-		211,290.32
13.Mr. Chaichan Palanon	Director	71,290.32	60,000.00	70,000.00		37,500.00		30,000.00						268,790.32
14.Mr. Dhanasam Suravudhikul	Director	71,290.32	70,000.00			75,000.00		75,000.00	-					291,290.32
15.Mrs. Amporn Purintawaragul	Director	71,290.32	70,000.00	70,000.00		30,000.00			10,000.00		10,000.00			261,290.32
Total		1,231,193.50	1,022,500.00	505,000.00	390,000.00	172,500.00	182,500.00	105,000.00	145,000.00	113,750.00	22,500.00	25,000.00	-	4,007,443.50

Note: (-) be or used to be a director or subcommittee of the commission but did not receive attendance fee since the person cannot receive the fee from more than two sub-commissions

Remuneration of the Executives

The Bank offers remuneration to the executives; The President, Senior Executive Vice President (SEVP), and Executive Vice President (EVP). Remuneration including salaries, wages, and provident fund contribution for the past three years details as follows:

Year	Amount (Baht)
2018	28,171,187.38
2017	21,099,742.53
2016	14,727,281.84

Conflict of Interest Policy

The Bank intends to do business by adhering to the principle of good corporate governance in order to enhance the confidence of shareholders and all stakeholders by being transparent, fair, focusing on the performance of directors, executives and employees on the basis of integrity and due care, and mainly taking account of the interest of customers and the Bank. The Bank has issued the Regulations of Islamic Bank of Thailand No.23 (Amendment No.1) Governing Ethics of Director, Managing Director, Executives and Employees to Prevent Conflict of Interest B.E.2555, and has prescribed the work rules on reporting and reviewing of disclosure of information in relation to conflict of interest in accordance with the corporate governance principle. The Bank has also prescribed proper control and prevention of transactions with possible conflict of interest under good moral framework. This is considered as one of important ethics that directors, executives and employees shall strictly adhere to in order to be reliable and trustworthy for all stakeholders, as per the criteria, as follows:

1. Directors, President, executives and all employees of the Bank shall fill in the form disclosing information of his or her existing or potential conflict of interest on an annual basis.

2. Newly appointed directors, President, executives or employees of the Bank shall fill in the Form disclosing information he or she has any conflict of interest on the date when the appointment takes effect.

3. Any significant change in facts and circumstances in the disclosure report shall be updated within 30 working days from the date of acknowledgement of such facts and circumstances.

4. Directors, President, executives and all employees of the Bank shall treat information of the customers and the Bank as confidential and shall not exploit such secret for personal or third parties' benefits.

5. Directors, President, executives, employees of the Bank and the related parties shall not be parties to contracts with the Bank which may cause conflict of interest, unless such contracts are made for service provision under normal transaction without any abuse of authority.

6. Directors, President, and executives of the Bank shall not be directors, advisors, representatives, employees or workers and shall not be hired to work or to perform any services in state enterprises, juristic persons or financial institutions operating the same business to the Bank, or to operate any business that causes conflict of interest in his or her performance of duties, except for the performance of duties as assigned by the Bank or as representatives of state enterprise holding the Bank's shares equal to no less than 25% of the registered and paid-up capital of the Bank.

7. Directors, President, executives and the related parties are prohibited to acquire securities of state enterprises or juristic persons with privileges given from the performance of such duties.

8. In case, the Bank has granted credit facilities to the top management (Executive Vice President and above) or related parties, including credit facilities granted to business having related interest, those directors or executives who are stakeholders therein shall not participate in the consideration of such credit facilities.

9. In case, an executive having duties relating to the credit facilitation is transferred to other regulatory unit, he or she shall report such activities of credit facilitation under his or her previous responsibilities in the Form of Disclosure of Information of Conflict of Interest within 30 working days from the date when the transfer takes effects.

Respectively that the Bank requires the report relating to the review of conflict of interest of executives and employees of the Bank to the Audit Subcommittee and presentation of such report of conflict of interest of President and directors to the Chairman of the Board of Directors of the Bank; whereas, the Bank is committed to ensuring that the executives and employees have through understanding, knowledge and awareness of “Conflict of Interest Prevention Policy” in order to correctly perform duties truly in compliance with the rules.

In 2018, the Bank has organized training on provision of knowledge relating to conflict of interest to executives and all employees for acknowledgment and awareness of the importance of the prevention of conflict of interest, and has completely and continuously publicized the Bank’s data and information under the Official Information Act B.E.2540 for the benefits of the public’s access to the Bank’s information.

Report of the Audit Subcommittee

The Board of Directors of Islamic Bank of Thailand passed a resolution to appoint the Audit Subcommittee consisting of members, as follows:

As per Order No.Gor.015/2561, the following members were appointed on June 12, 2018:

General Natthipong Pueksakorn	Chairman
Mrs. Amporn Purintawaragul	Member
Mr.Wichien Chubthaisong	Member

As per Order No.Gor.019/2557, Gor.015/2559,were appointed on August 21, 2014 untill March 12, 2018
As per Order No.Gor.005/2561, were appointed on March 13, 2018 until June 11, 2018 as follows:

General Natthipong Pueksakorn	Chairman
Mr.Panu Uthairat	Member
Assoc.Prof.Pasu Decharin	Member

The Head of the Internal Audit Department is the Secretary of the Audit Subcommittee. At least one of the Audit Subcommittee of the Islamic Bank of Thailand must have sufficient knowledge and expertise to review the reliability of financial statements and perform their tasks within the scope of their responsibilities as specified in the Audit Subcommittee Charter approved by the Board of Directors of the Islamic Bank of Thailand which is in line with the Ministry of Finance's Regulations on Audit Committee and Internal Audit Unit of State Enterprises B.E. 2555 (2012). During 2018, the Audit Subcommittee held 11 meetings to consider various issues including approval, Charter, regulations, work manual of the Internal Audit Department, structure of the Internal Audit Department, audit plan and budget, and operational effectiveness of the Internal Audit Department following the observations and recommendations of the Internal Audit Department and external regulatory bodies as well as the audit review of the Internal Audit Department and external audit or regulatory agencies including the follow-up of the audited units' operational corrections. The Audit Subcommittee consult many issues with the bank's management including the draft financial reports, conflict of interest, risk management, internal control, regulatory compliance, and follow-up on the bank's progress of significant various issues. The Audit Subcommittee also conducts meetings with external parties including the State Audit Office of the Kingdom of Thailand and the Bank of Thailand for consideration of internal control system and observations from both agencies. The Audit Subcommittee

reports the audit results of the internal audit department and prepare reports of the Subcommittee's meetings for the Board of Directors on a regular basis. The reports can be summarized as follows:

Review of Financial Statements

The Audit Subcommittee reviewed the financial statements before and after the auditor's quarterly an annual review, together with the Internal Audit Department, the auditor, executives from the Accounting Department, and the Bank's executives. The review was made in different issues having impact on financial statements, for example, accuracy of financial statements, significant accounting adjustments, changes in accounting standards, provisions and notes to financial statements. The Audit Subcommittee also provided observations and suggestions to ensure that the accounting system and financial reports prepared were in accordance with the financial reporting standards and there were sufficient and complete while disclosing reliable data.

Review of Risk Management and Internal Control

The Audit Subcommittee reviewed and monitored the risk management by holding meetings with executives and the Risk Management Department to ensure that the risk management was proper and efficient within the Bank's risk appetite.

The Audit Subcommittee also reviewed the internal control system from audit reports of the Internal Audit Department, risk management reports of the Risk Management Department and third-party compliance units, as well as reports on the Bank's internal control assessment, internal control self-assessment form and internal auditor's internal control assessment form as per the Regulations of the State Audit Commission to ensure that the Bank's internal control system is consistently appropriate and adequate. The Audit Subcommittee also sought guidelines for risk prevention or reduction to be within the Bank's risk appetite with no impact on the Bank's operation.

Compliance with Regulations

The Audit Subcommittee reviewed the compliance with regulations together with executives regarding significant management-related issues that might affect the Bank to ensure that the Bank strictly complied with the law, rules, regulations and official requirements.

Internal audit oversight

The Audit Subcommittee reviewed and approved the changes in the Charter and work manual of the Internal Audit Department by considering its appropriateness, scope of work, rights, duties, and independence. The Audit Subcommittee has also approved, reviewed, and provided feedback on the strategic audit plan which comprises long-term audit plan and annual audit plan. The Audit Subcommittee also ensures that the approved audit plan is strictly implemented and approves the changes in the audit plan. To ensure the quality of internal audit work, the Audit Subcommittee conducts an evaluation of the internal audit work and encourages internal auditors to continuously acquire further knowledge and expertise by obtaining professional certificates.

Transactions that might lead to conflict of interest or violation of the ethical and transparency values

The Audit Subcommittee has reviewed the annual conflict of interest and ethics disclosure report to ensure that the bank operates without conflict of interest in compliance with the regulations, good governance principles, and practical guidelines on the ethics of the managing directors, executives, and employees to prevent conflict between personal and

public interest as well as to conform to the State Enterprise Policy Office's guidelines.

Self-Assessment of the Audit Subcommittee

The Audit Subcommittee reviewed and revised the Charter of the Audit Subcommittee and provided self-assessment at least once a year to ensure that the operation of the Audit Subcommittee was efficient and achieved the prescribed objectives as per the Good Practice on Maintenance of Quality of Work of the Audit Subcommittee in the Work Manual of the Audit Committee in State Enterprises (Revision) B.E. 2555. This was to ensure that the Audit Subcommittee's operation was in accordance with the prescribed objectives in the Charters of the Audit Subcommittee.

Report on the Audit Subcommittee's Performance

The Audit Subcommittee prepared a performance report and presented it to the Board of Directors on a quarterly basis, except for the performance report in the 4th quarter which was prepared as annual performance report and submitted to the Ministry of Finance within 90 days from the year-end date.

Auditor Appointment

The Audit Subcommittee proposed the appointment of the Office of the Auditor General of Thailand as auditor and the audit fee to the Board of Directors to consider, and proposed the matter to the shareholders' meeting for approval.

The Audit Subcommittee has performed its duties with due care, independence and has been able to express opinions without limitation and in an equitable and accountable manner as per the good corporate governance principles to ensure that the Islamic Bank of Thailand can move forward in a sustainable manner.



General Natthipong Pueksakorn
Chairman of the Audit Subcommittee

Report of the Nomination, Remuneration, and Performance Evaluation Subcommittee

The board of directors has appointed the Nomination, Remuneration, and Performance Evaluation Subcommittee consisting of three independent directors responsible for nominating qualified candidates to be the bank's members of the board and of the Subcommittees as well as high-level executives starting from Executive Vice President. The Subcommittee also determines the remuneration of the high-level executives starting from Executive Vice President and higher and presented the decision to the board of directors. Moreover, the Subcommittee conducts a performance evaluation of the bank's executives from the Assistant Vice President and higher, but excluding Bank Managers, based on the employment contracts.

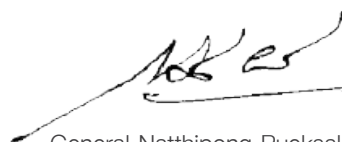
Currently, the Nomination, Remuneration, and Performance Evaluation Subcommittee has three independent members including 1) General Natthipong Pueksakorn as the Chairman of the Nomination, Remuneration, and Performance Evaluation Subcommittee 2) Mr. Dhanasarn Suravudhikul as a member of the Nomination, Remuneration, and Performance Evaluation Subcommittee and 3) Mrs. Amporn Purintawaragul as a member of the Nomination, Remuneration, and Performance Evaluation Subcommittee. During 2018, the Nomination, Remuneration, and Performance Evaluation Subcommittee held six meetings to fulfil its assigned duties. The Subcommittee's main duties can be summarized as follows:

1. Selected and nominated qualified candidates for members of the board of directors based on the guidelines on the appointment of state enterprises' directors by considering the qualifications, knowledge, competence, and expertise (skill matrix) of each candidate. The consideration took into account the bank's mission and strategies and that the candidates did not possess any qualifications which are prohibited by the Bank of Thailand's regulations. The nomination was presented to the board of directors at shareholders' meeting for final selection and approval.

2. Considered the performance evaluation criteria and determination of key performance indicators (corporate KPIs) in 2018 annual performance evaluation of executives from Executive Vice President and higher, but excluding Bank Managers, based on the employment contracts to ensure efficiency.

3. Considered and approved 2018 performance evaluation results of the bank's executives from Executive Vice President and higher, but excluding Bank Managers, based on the employment contracts. The evaluation is conducted twice a year.

For the past years, the Nomination, Remuneration, and Performance Evaluation Subcommittee has performed its duties as assigned by the board of directors with discretion, prudence, and independence and is committed to fulfil its tasks based on fairness, transparency, and good governance with the bank's and stakeholders' benefits at the center.



General Natthipong Pueksakorn

Chairman of Nomination Subcommittee Remuneration and Performance Evaluation

Report of the Corporate Governance and Social Responsibility (CG&CSR) Subcommittee

The year 2018 was an important year for the CG&CSR Subcommittee in driving the Bank to be an organization with zero tolerance against corruption and was a year of good governance with a progression of constant and continuous communication and promotion within the organization in the forms of:

1. Providing good governance knowledge transfer and awareness creation through email and intranet in the forms of “CG TIMES”, “ibank and Organizational Culture”, and “CG Tribune” make known through monthly publication.
2. Promoting the bank’s Public Information, news and events relating to good governance such as Corporate Governance and Ethical Conduct Policies published on the bank’s website; as well as to offer 10 channels for complaint submission on the bank’s website. The bank also made known Complaints Statistics on an annual basis to provide the public with easy access to important information. This represents the bank’s driving commitment to integrity and transparency by allowing for public feedback which will be used for the Bank’s further improvement.
3. Hosting seminars on the “Integrity and Transparency Assessment (ITA)” and “A Moral and Ethical Bank” to promote moral and ethical standards, awareness and positive image of the bank to gain trust and confidence from customers and stakeholders using “Shariah” as the guiding principle.
4. Achieving higher scoring in the Integrity and Transparency Assessment (ITA) project; ITA is one of the KPIs of the government agencies and an important mechanism under the Office of National Anti-Corruption Commission (ONAC)’s Strategies on Anti-Corruption Phase 3 (2017-2021) as “Proactive Anti-Corruption Measure”. Moreover, the ITA project scoring is used as a tool or a benchmark for improving the Corruption Perception Index (CPI) of Thailand to the international level as evaluated by Transparency International.

In 2018, the Islamic Bank of Thailand ranked 4th with score of 93.24 percent among 9 SFIs (ranked 9th in 2017) only edged out by the Government Housing Bank (GHB) whose score was 99.55 percent; the Bank of Agriculture and Agricultural Cooperatives (BAAC) whose score was 96.94 percent, and the Government Savings Bank (GSB) whose score was 96.68 percent in the ONAC’s assessment. The Islamic Bank of Thailand ranked 5th among 54 state enterprises and ranked 13th among 425 public and independent agencies entered

5. ibank’s CG&CSR DAY was the last but the most sensational activity in 2018. There were video clips on the vision and perspectives of the Director and Acting Chairman of the Board (Mr. Nipon Hakimi), Chairman of the Advisory Council on Religion Aspect (Assistant Prof. Maroning Salaming), Director and Chairman of the CG&CSR Subcommittee (Mr. Chaichan Palanon) who came to speak on the topic “Moral and Ethical Bank with Zero-Tolerance against Corruption”. The event also featured exhibitions on corporate governance and corporate social responsibility during the year and an opportunity for the board of directors, bank managers, executives, and employees at all level to share their opinions and participated in various activities including exercise for ibank unity following the operational plan on good governance as assigned by the board of directors.

CSR activities have been fully implemented in 2018 under the 2018 CSR operational plan in four dimensions consisting of royal institution reverence, religion and culture, society and environment, and education and sports activities to return the value to society, and to give financial support to those who are in needs to develop sustainable living.



Mr. Chaichan Palanon
Chairman of CG&CSR Subcommittee

Corporate Social Responsibility Activities

Royal Institution



ibank pledge allegiance to HM the King Rama X The Bank officials took part in a ceremony to pledge allegiance to His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun to mark his 66th birthday on July 28.

The ceremony, include Dua (prayer) in Arabic to wish His Majesty very good health, held at the head office of Islamic Bank of Thailand was chaired by the bank's president and attended by officials of the Bank on July 25, 2018.



Oath-taking ceremony for being good state enterprise officers and united force of the nation ibank together with the members of the Cabinet, high-ranking government officials, military, police officials, and state enterprise officers participated in an oath-taking ceremony by pledging to be good government officials and uniting force of the nation at Sanam Luang on July 28, 2018.



ibank signed up to volunteer for the project "We Do Good Deeds with Our Hearts" ("Rao Tam Kwam Dee Duay Hua Jai") carry out public services for the benefit of the majority according to His Majesty the King's initiative at Building 606, Bureau of the Royal Household, Sanam Sua Pa, Bangkok on August 7, 2018.



ibank joined volunteer project and walk rally campaign "We Love Canals"... "Don't Litter, Don't Dump, Do It Right" to commemorate in remembrance of His Majesty the Late King Bhumibol Adulyadej and the royal kindness of His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun. The event aims to encourage people living along "Prem Prachakorn" canal to be aware of an importance of canal reservation into a real practice on December 15, 2018

Religion and Culture



Mawlid Ceremony 1439AH

His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun graciously presided over the opening Mawlid Ceremony 1439AH to celebrate Prophet Mohammad's birthday. On this occasion, His Majesty paid a visit to the bank's exhibition at the National Administration Center for Islamic Affairs Chalermsak Road, Klong 9 Road, Klong 10 Sub-district, Nong Jok District, Bangkok on May 14, 2018.



ibank Ramadan Relations 2018

ibank organized the 10th Ramadan Relations event celebrating the holy month of Ramadan. As every year, ibank hosted iftar dinner and gave out charity to Muslim communities across the country during the month of Ramadan. This year held on May 17 till June 14, 2018.



ibank supported the Sending-Off Ceremony of Thai Hajj Pilgrims

ibank supported the sending-off ceremony of a batch of Thai hajj pilgrims of the season 1439AH / 2018AD to Makkah Holy Land at Suvarnabhumi Airport. Also, the Bank facilitated hajj pilgrims by providing drinking water at Krabi International Airport, Hat Yai International Airport, and Narathiwat Airport from July 16-27, 2018.

Education and Sports Activities



ibank organized the workshop for teachers on Financial Literacy. The workshop course provides teachers with financial literacy includes Islamic banking and finance knowledge that they can use in their own lives, as well as they can use in their classrooms. The teachers were from over 10 schools around Bangkok and Petchburi held at Sasanupatham (Klong Kled) School on October 6, 2018.

Society and Environment

ibank plants trees on occasion of Her Majesty Queen Sirikit the Queen Mother's Anniversary



ibank arranged "Planting Trees for Mom Activity" to express loyalty and honor to Her Majesty Queen Sirikit the Queen Mother for her 86th birthday anniversary. This activity is in response to the wishes of Her Majesty Queen Sirikit, who has been widely appreciated for the great contribution to the conservation of natural resources, especially forests.



It was also to promote healthy environment, increase green area and raise public awareness of natural resource and environment conservation. Moreover, this activity was aimed to promote unity and stronger relationship among ibank staffs and Muslim community of that area. They would be encouraged to be aware of participation in environmental development around their community area, Al Huda Mosque (Klong Toh Nui), Sai Noi District, Nonthaburi, in the morning of August 11, 2018.

ibank Shred2Share – Safe Information...Care for Environment

ibank has been participating in “Shred2Share: Safety for Information, Care for Society and Environment” since 2008. This campaign encourages employees to safely shred and recycle disposed documents using methods that meet international standards. In 2018, the bank participated in the global warming reduction by collecting 7.14 tons of paper used for safe disposal and recycle which has resulted in:

CO2 emissions reduction	1,855.23 kg.
Coal use reduction	784.91 kg.
Water use reduction	356.78 m3



ibank donated water filtration system to the Islamic Living and Agriculture Learning Center, Darul An Sor Mosque (Klong 17), Bang Nam Prio District, Chachoengsao

ibank donated the water filtration system to the Islamic Living and Agriculture Learning Center, Darul An Sor Mosque (Klong 17) under the “The Outreach Philanthropy Activity”. It is our belief that drinking water is a key component to health and that everyone should have accessed to clean water as in accordance with the doctrine of Muhammad “In truth, cleanliness is half of faith” at the Islamic Living and Agriculture Learning Center, Darul An Sor Mosque (Klong 17), Bang Nam Prio District, Chachoengsao, November 24, 2018.



ibank launched Anti-Corruption Campaign ibank launched the Anti-Corruption Campaign under the policy “ibank 100% Zero Corruption”. This was the first year in which the bank organized the Anti-Corruption campaign internally to promote anti-corruption awareness among employees and push forward the policy “ibank 100% Zero Corruption”. The activity commemorated the Anti-Corruption Day organized by Anti-Corruption Organization of Thailand to fight against corruption in the society. The bank also joined the event at BITEC Bang Na on September 6, 2018.

The above activities proved that the CG&CSR Subcommittee has fully taken the tasks on good governance and social responsibilities to achieve the objectives under the rehabilitation plan.

In 2019, the CG&CSR Subcommittee has approved the implementation plan to escalate the bank’s governance to be in line with the Bank of Thailand’s regulations in order to ensure its strength and operational independence following the bank’s policy without political intervention.

Report of Shariah-Compliant

In the name of Allah, the most Gracious, the most Merciful.

The Islamic Bank of Thailand has conducted its good corporate governance activities under the Islamic Principle and in accordance with the criteria prescribed by the Central Bank of Thailand as per the Central Bank of Thailand Notification No.19/2559 Subject: Criteria for Governance of Specialized Financial Institutions Operating Financial Businesses under the Islamic Principle, dated October 11, 2016, which took effect from January 1, 2017, which consists of the criteria for corporate governance of the Central Bank of Thailand governing roles, duties, and responsibilities of the Shariah Advisory Council of the Islamic Bank of Thailand sub-clause 1.4.2 prescribing that the Shariah Advisory Council shall recommend the Bank to have proper and effective corporate governance system and operating audit relating to the Islamic Principle, sub-clause 1.4.4. A good corporate governance report should be provided in accordance with the Islamic Principle to express opinions on business operation under the Islamic Principle, including the disclosure of significant transactions or actions which are contrary to the Islamic Principle in the Annual Report of the Islamic Bank of Thailand, and sub-clause 1.5 prescribing that the Bank shall review the internal control and internal audit system and compliance with the related laws, and shall also review the internal control system and compliance with policies, regulations, manuals and work procedures relating to the Islamic Principle, as well as recommendations of the Shariah Advisory Council, and shall also report the results of review, audit and compliance within the Islamic Principle to the Shariah Advisory Council, [The progresses relating to operation of the Shariah Advisory Council as per the roles prescribed in such Notification are as follows:]

1. The bank has appointed the Working Committee on Shariah-compliant Business Oversight System Development as specified in the Announcement dated March 17, 2017 following the Shariah Advisory Council's recommendation to study the oversight system, audit, and Shariah-compliant operations of the bank. The Committee also presented the guidelines for oversight system and operating audit in accordance to Shariah to the Shariah Advisory Council who will later present it to

the bank's administration. In 2018, the Working Committee held meetings with the Shariah Advisory Council to discuss and provide feedback at the meeting on the follow-up of the operations of units responsible for corporate governance based on Shariah having four quarterly reports produced. In the 12/2561 Shariah Advisory Council meeting on 6th December 2018, the Working Committee presented the findings and recommendations from the study and meeting on the follow-up as follows:

- 1.1 The bank shall improve its functional description of the units responsible for organizational oversight under the Islamic Bank of Thailand's Regulation No.20 on the Business Oversight of the Bank Based On Islamic Principles B.E. 2560 (2017) which include the Internal Audit Department, Compliance and Rules Department, Credit Review Department, Risk Management Department, Shariah Department, and Sustainable Organization Development Office. The improvement would focus on Shariah-compliant operations and main operations to ensure the efficiency of the bank's Shariah-based oversight and good governance in key work processes. The Shariah department shall support Shariah-related information in Shariah-based governance tasks of other units such as training, consulting and developing tools for operations.
- 1.2 Units responsible for business oversight must report the operating results of work related to Shariah to the Shariah Advisory Council of the Islamic Bank of Thailand on a quarterly basis whether they found any conducts that violate the Shariah law or not, except in the case of significant violation of Shariah law, the units must immediately report the issue.
- 1.3 Improve the bank's work processes by redesigning or reviewing the rules and policies related to Shariah of the bank's working processes in every aspect such as credit policy and underwriting standard as a mean to prevent Shariah risk. The Shariah department shall support the review of credit policy and underwriting standard and the improvement of credit approval form in collaboration with the related units or working committee.

1.4 The Working Committee has completed its assigned tasks and would terminate and transfer its duties and responsibilities related to the recommendation of business oversight guidelines and operational audit based on the Shariah law to the Shariah Advisory Council.

2. In 2018, the Shariah Advisory Council received the report on operations related to Islamic principles from the units responsible for business oversight under the Islamic Bank of Thailand's Regulation No.20 on Business Oversight Based On Islamic Principles B.E. 2560 (2017) which include the Internal Audit Department, Compliance and Rules Department, Credit Review Department, Risk Management Department, Shariah Department, and Sustainable Organization Development Office. The report can be summarized as follows:

2.1 the Shariah Advisory Council did not receive any reports or complaints about violations of the Islamic principles

2.2 the Shariah Advisory Council recommended that the revision of asset-based value of Bai al-Inah Certificate be conducted every six months rather than once a year to reflect the current value of the asset and reduce the risk of significant changes in the asset value.

2.3 the Shariah Advisory Council recommended that the bank's departments and branches must apply the Shariah law in their assigned operations which is unique to the Islamic Bank of Thailand. Shariah must be absorbed into the bank's operations in every aspect.

Guarantee by the Shariah Advisory Council of the Islamic Bank of Thailand

In 2018, the Shariah Advisory Council has organized totally 13 meetings and has considered various cases and issues from relevant documents and presented data, strictly adhering to Islamic principles, and hereby guaranteed as follows:

1. Products and services, regulations, work manuals and contract documents of the Bank used for business operation of the Bank in terms of deposit, financing and services are in accordance with the Islamic Principle.

2. All Client's business types that the Bank has given the support of financing and investment which were sources of incomes to be allocated as remuneration to such depositor are in accordance with the Islamic Principle.

3. Collection of compensations/penalty fee resulting from the default of debt payments or un-Islamic receipts will not be recognized as bank's revenues but rather will be proceeded according to the regulation on the charging and processing of compensation or penalty resulting from the default of debt payments or inability to fulfil the contract obligations and the regulation on the processing of revenue received from customers who carry out any business or transaction that violates the Shariah law in order to comply with Islamic principles.

4. Allocation of Zakat money by of the Zakat Subcommittee which is under the responsibility of the Shariah Advisory Council is in accordance with the Islamic Principle.

"Allah is the provider of success and leading to the upright ways"

Wassalam,



Financial Information

- 
- ★ The Board of Directors' Responsibilities for Financial Reports
 - ★ Auditor's Report
 - ★ Financial Statements

The Board of Directors' Responsibilities for Financial Reports

The Board of Directors has attached great importance and has been well aware of its duty as Directors to take responsibility for the consolidated financial statements of Islamic Bank of Thailand and its subsidiary in the annual report. Financial statements for the year ended December 31, 2018 have been prepared in accordance with Thai Accounting Standards, Thai Financial Reporting Standards and appropriate accounting policies applied on a consistent basis. Where judgment and estimates were required, these were made with careful and reasonable consideration, and adequate disclosures have been made in the notes to the financial statements. These financial statements have been audited by the State Audit office of the kingdom of Thailand who have given their unqualified opinions.

The Board of Directors adhered to good corporate governance to ensure efficient, transparent and reliable and established an internal control system and a risk management system to reasonably ensure that the financial records are accurate and complete. The Board of Directors has appointed an Audit Committee independent directors who are responsible for reviewing the financial reports and for maintaining the adequacy of the internal control and audit systems of the Bank. The Audit Committee has expressed its opinion with regard to the stated matters in the Report of the Audit Committee which is presented in this Annual Report.

The Board of Directors' opinion is that the overall internal control is sufficient and appropriate. It contributes to enhance reasonable confidence that the Bank's financial statements and the consolidated financial statements of the Bank and its subsidiary for the year ended December 31, 2018 meet generally accepted accounting standards and comply with relevant laws and regulations.



Mr.Rathian Srimongkol
Chairman
Islamic Bank of Thailand



AUDITOR'S REPORT AND FINANCIAL STATEMENTS

ISLAMIC BANK OF THAILAND

FOR THE YEAR ENDED DECEMBER 31, 2018

สำนักงานการตรวจเงินแผ่นดิน



(TRANSLATION)

AUDITOR'S REPORT

To: The Shareholders of Islamic Bank of Thailand

Opinion

The State Audit Office of the Kingdom of Thailand has audited the accompanying consolidated financial statements of Islamic Bank of Thailand and its subsidiaries (the Group), and the Bank's financial statements of Islamic Bank of Thailand (the Bank), which comprise the consolidated and the Bank's statements of financial position, as at December 31, 2018, and the consolidated and the Bank's statements of profit or loss and other comprehensive income, the consolidated and the Bank's statements of changes in equity and the consolidated and the Bank's statements 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 above mentioned consolidated and the Bank's financial statements present fairly, in all material respects, the consolidated financial position of the Group and the Bank as at December 31, 2018, and its consolidated and the Bank's financial performance and its consolidated and the Bank's cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

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 (TSAs). 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 Consolidated and the Bank's Financial Statements section of the State Audit Office of the Kingdom of Thailand's report. The State Audit Office of the Kingdom of Thailand is independent of the Group and the Bank in accordance with the ethical requirements set out in the State Audit Standards issued by the State Audit Commission and the Thailand Federation of Accounting Professions' Code of Ethics for Professional Accountants that are relevant to the State Audit Office of the Kingdom of Thailand's audit of the consolidated and the Bank's financial statements, and 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.

State Audit Office of the Kingdom of Thailand

Emphasis of Matter

The State Audit Office of the Kingdom of Thailand draws attention to Note 7 to the financial statements, which describes the going concern. The State Audit Office of the Kingdom of Thailand's opinion is not modified in respect to this matter.

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 consolidated and the Bank's financial statements and the 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 consolidated and the Bank's 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 consolidated and the Bank's 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 consolidated and the Bank's 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 Consolidated and the Bank's Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and the Bank's financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of the consolidated and the Bank's financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and the Bank's financial statements, management is responsible for assessing the Group's and 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 Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

State Audit Office of the Kingdom of Thailand

Auditor's Responsibilities for the Audit of the Consolidated and the Bank's Financial Statements

The State Audit Office of the Kingdom of Thailand's objectives are to obtain reasonable assurance about whether the consolidated and the Bank's 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 TSAs will always detect a material misstatement when it exists. Misstatement 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 consolidated and the Bank's financial statements.

As part of an audit in accordance with the State Audit Standards and TSAs, 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 consolidated and the Bank's 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 Group's and the Bank's internal control.
- 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 Group's and 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 of the State Audit Office of the Kingdom of Thailand to the related disclosures in the consolidated and the Bank's 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 Group and the Bank to cease to continue as a going concern.

- Evaluates the overall presentation, structure and content of the consolidated and the Bank's financial statements, including the disclosures, and whether the consolidated and the Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The State Audit Office of the Kingdom of Thailand is responsible for the direction, supervision and performance of the Group audit. The State Audit Office of the Kingdom of Thailand remains solely responsible for the State Audit Office of the Kingdom of Thailand's audit opinion.

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 State Audit Office of the Kingdom of Thailand's audit.

(Signed)

Pattra Showsri

(Pattra Showsri)

Deputy Auditor General

(Signed)

Chitra Mekapongpanh

(Chitra Mekapongpanh)

Director of Financial and Procurement Audit Office No. 5

State Audit Office of the Kingdom of Thailand

March 26, 2019

ISLAMIC BANK OF THAILAND AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

Unit : Thousand Baht

		Consolidated Financial Statements		The Bank's Financial Statements	
	Notes	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Assets					
Cash		1,808,121	1,542,333	1,807,960	1,542,052
Interbank and money market items, net	8.2	7,223,912	6,730,197	7,201,660	6,659,559
Derivatives assets	8.3	10	-	10	-
Investments, net	8.4	4,613,393	3,319,704	4,613,393	3,319,704
Investments in subsidiaries, net	8.5	-	-	560,347	560,347
Financing to customers and financial accrued income, net	8.6				
Financing to customers		52,370,070	45,017,122	49,739,694	42,856,381
Financial accrued income		166,501	223,418	94,839	159,945
Total financing and financial accrued income		52,536,571	45,240,540	49,834,533	43,016,326
Less Deferred revenue		1,453,174	1,320,149	7,200	20,846
Less Allowance for doubtful accounts	8.7	7,022,717	7,438,977	6,768,168	7,219,454
Less Revaluation allowance for debt restructuring		5,311	48,982	5,311	48,982
Total financing to customers and financial accrued income, net		44,055,369	36,432,432	43,053,854	35,727,044
Financing to customers from Public Service Account					
and financial accrued income, net					
Financing to customers from Public Service Account					
Portion that is not subject to government compensation					
for damages		410,856	1,334,616	410,856	1,334,616
Financial accrued income from Public Service Account					
Portion that is not subject to government compensation					
for damages		1,068	1,631	1,068	1,631
Total financing to customers from Public Service Account					
and financial accrued income		411,924	1,336,247	411,924	1,336,247
Less Deferred revenue from Public Service Account		1,212	3,666	1,212	3,666
Less Allowance for doubtful accounts					
from Public Service Account	8.35.3	113,690	959,911	113,690	959,911
Total financing to customers from Public Service Account					
and financial accrued income, net	8.35.1	297,022	372,670	297,022	372,670
Properties for sale, net	8.9	60,498	60,488	2,415	-
Premises and equipment, net	8.10	435,776	546,733	380,796	474,686
Goodwill and other intangible assets, net	8.11	49,540	55,557	39,315	43,285
Deferred tax assets	8.12	43,209	28,011	-	-
Receivables from transferring non-performing assets	8.13				
Promissory note		22,381,070	22,605,658	22,381,070	22,605,658
Accrued compensations from promissory notes		31,174	210,270	31,174	210,270
Total receivables from transferring non-performing assets		22,412,244	22,815,928	22,412,244	22,815,928
Other assets, net	8.14	276,208	245,857	221,328	187,508
Total assets		81,275,302	72,149,910	80,590,344	71,702,783

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

ISLAMIC BANK OF THAILAND AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2018

Unit : Thousand Baht

		Consolidated Financial Statements		The Bank's Financial Statements	
	Notes	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Liabilities and Equity					
Deposits	8.15	78,453,479	85,213,002	78,460,608	85,239,586
Interbank and money market items, net	8.16	1,573,707	3,888,281	1,567,665	3,883,733
Liability payable on demand		40,744	94,854	40,744	94,854
Derivatives liabilities	8.3	19	6	19	6
Provisions	8.17	739,390	703,301	726,266	692,265
Accrued expenses		599,653	698,066	575,879	683,746
Accrued compensation on deposits		188,043	352,481	188,043	352,481
Trade account payable		216,095	221,863	180,931	222,032
Promissory note payable from asset management company		-	216,064	-	216,064
Income from government grant received in advance (PSA)		104,606	109,159	104,606	109,159
Other liabilities	8.18	194,897	262,536	147,343	220,408
Total liabilities		82,110,633	91,759,613	81,992,104	91,714,334
Equity					
Share capital	8.19				
Authorized share capital					
10,276,825,862 ordinary shares, Baht 10 par value			102,768,258		102,768,258
1,820,276,825,862 ordinary shares, Baht 0.01 par value		18,202,768		18,202,768	
Issued and paid-up share capital					
10,276,825,862 ordinary shares, Baht 10 par value		-	102,768,258	-	102,768,258
1,820,276,825,862 ordinary shares, Baht 0.01 par value		18,202,768	-	18,202,768	-
Premium (discount) on ordinary shares	8.19	-	(91,841,732)	-	(91,841,732)
Equity from share-based payment		334	274	-	-
Other components of equity	8.4.4	(125,622)	(98,550)	(125,622)	(98,550)
Retained earnings (deficit)					
Appropriated					
Legal reserve	8.21.1	53,077	473,010	53,077	473,010
Unappropriated		(19,554,770)	(31,411,376)	(19,531,983)	(31,312,537)
Total Bank's equity		(1,424,213)	(20,110,116)	(1,401,760)	(20,011,551)
Non-controlling interest		588,882	500,413	-	-
Total equity		(835,331)	(19,609,703)	(1,401,760)	(20,011,551)
Total liabilities and equity		81,275,302	72,149,910	80,590,344	71,702,783

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

W. Wuttichai Suraratchai

(Mr. Wuttichai Suraratchai)

President

Sunsanee Methisariyapong

(Miss Sunsanee Methisariyapong)

Executive Vice President Finance Group

ISLAMIC BANK OF THAILAND AND ITS SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018

Unit : Thousand Baht

	Notes	Consolidated Financial Statements		The Bank's Financial Statements	
		2018	2017	2018	2017
Financial income	8.27	3,260,401	3,107,194	2,815,481	2,754,845
Financial expenses	8.28	1,445,801	1,646,631	1,445,753	1,646,604
Financial income, net		1,814,600	1,460,563	1,369,728	1,108,241
Fees and service income		272,641	228,278	217,896	177,165
Fees and service expenses		19,575	21,895	19,575	21,895
Fees and service income, net	8.29	253,066	206,383	198,321	155,270
Gains on tradings and foreign exchange transactions, net	8.30	4,684	5,698	4,684	5,698
Gains on investment, net	8.31	-	12,482	-	3,105
Compensations from promissory notes (AMC)		368,253	210,270	368,253	210,270
Bad debt recoveries		129,474	4,412	117,771	-
Other operating income	8.32	81,168	59,808	45,459	28,055
Income from Public Service Account	8.35.4	203,000	115,278	203,000	115,278
Total operating income		2,854,245	2,074,894	2,307,216	1,625,917
Other operating expenses					
Employees' expenses		895,339	796,962	756,889	663,411
Directors' remuneration		17,265	14,303	7,768	6,565
Premises and equipment expenses		390,345	472,197	344,848	422,211
Taxes and duties		91,358	69,435	91,304	69,367
Amortization expenses		13,514	35,255	10,929	32,917
Other expenses	8.33	146,776	665,982	93,845	602,637
Total other operating expenses		1,554,597	2,054,134	1,305,583	1,797,108
Expenses from Public Service Account	8.35.5	378,516	556,027	378,516	556,027
Bad debt and doubtful accounts	8.34	194,254	2,312,819	92,344	2,199,229
Income (loss) from operating before income tax expenses		726,878	(2,848,086)	530,773	(2,926,447)
Income tax expenses		32,879	30,841	-	-
Net income (loss) for the year		693,999	(2,878,927)	530,773	(2,926,447)
Other comprehensive income (loss)					
Items that will be reclassified subsequently to profit or loss :					
Gains (losses) on remeasuring available-for-sale investment		(27,072)	(8,307)	(27,072)	(8,307)
Items that will not be reclassified subsequently to profit or loss :					
Actuarial gains (losses) on defined employee benefit plans		4,495	(1,972)	6,090	-
Total other comprehensive income (loss), net		(22,577)	(10,279)	(20,982)	(8,307)
Total comprehensive income (loss) for the year		671,422	(2,889,206)	509,791	(2,934,754)

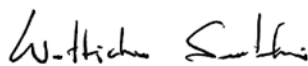
Notes to the financial statements are an integral part of these financial statements.

ISLAMIC BANK OF THAILAND AND ITS SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

Unit : Thousand Baht

		Consolidated Financial Statements		The Bank's Financial Statements	
	Notes	2018	2017	2018	2017
Net income (loss) attributable					
Owners of the Bank		610,228	(2,903,197)	530,773	(2,926,447)
Non-controlling interest		83,771	24,270	-	-
		<u>693,999</u>	<u>(2,878,927)</u>	<u>530,773</u>	<u>(2,926,447)</u>
Total comprehensive income (loss) attributable					
Owners of the Bank		588,468	(2,912,468)	509,791	(2,934,754)
Non-controlling interest		82,954	23,262	-	-
		<u>671,422</u>	<u>(2,889,206)</u>	<u>509,791</u>	<u>(2,934,754)</u>
Income (loss) per share					
Basic income (loss) per share (Baht)	8.22	0.0019	(0.2825)	0.0017	(0.2848)

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



(Mr. Wuttichai Suraratchai)

President



(Miss Sunsanee Methisariyapong)

Executive Vice President Finance Group

ISLAMIC BANK OF THAILAND AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018

Notes	Consolidated Financial Statements						Non-controlling interest	Total
	Issued and paid-up share capital	Premium (discount) on ordinary shares	Equity from share-based payment	Retained earnings (deficit)				
				Other reserves Surplus (deficit) on revaluation of investments	Appropriated Legal reserve	Unappropriated		
Balance as at January 1, 2017	102,768,258	(91,841,732)	64	(90,243)	473,010	(28,507,038)	476,523	(16,721,158)
Legal reserve	-	-	-	-	-	(288)	288	-
Subsidiaries common share issuance from warrants	-	-	-	-	-	1,135	1,186	2,321
Share-based payments	-	-	210	-	-	-	219	429
Loss from subsidiaries close down	-	-	-	-	-	(1,024)	(1,065)	(2,089)
Total comprehensive income (loss)	-	-	-	(8,307)	-	(2,904,161)	23,262	(2,889,206)
Balance as at December 31, 2017	102,768,258	(91,841,732)	274	(98,550)	473,010	(31,411,376)	500,413	(19,609,703)
Balance as at January 1, 2018	102,768,258	(91,841,732)	274	(98,550)	473,010	(31,411,376)	500,413	(19,609,703)
Transferred legal reserve to offset with the deficits	-	-	-	-	(473,010)	473,010	-	-
Legal reserve	-	-	-	-	53,077	(57,269)	4,192	-
Increase in ordinary shares	18,100,000	-	-	-	-	-	-	18,100,000
Decrease in ordinary shares	(102,665,490)	102,665,490	-	-	-	-	-	-
Reduction of discounted and retained earning	-	(10,823,758)	-	-	-	10,823,758	-	-
Subsidiaries common share issuance from warrants	-	-	-	-	-	1,567	1,648	3,215
Dividends paid	-	-	-	-	-	-	(388)	(388)
Share-based payments	-	-	60	-	-	-	63	123
Actuarial gains (loss) on defined employee benefit plans	-	-	-	-	-	5,312	(817)	4,495
Total comprehensive income (loss)	-	-	-	(27,072)	-	610,228	83,771	666,927
Balance as at December 31, 2018	18,202,768	-	334	(125,622)	53,077	(19,554,770)	588,882	(835,331)

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

W. Thak S. Thak

(Mr. Wuttichai Suratchai)

President

Sunee Methisariyapong

(Miss Sunsee Methisariyapong)

Executive Vice President Finance Group

ISLAMIC BANK OF THAILAND AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2018

Unit : Thousand Baht

The Bank's Financial Statements

Notes	Issued and paid-up share capital	Premium (discount) on ordinary shares	Other reserves	Retained earnings (deficit)		Total
				Appropriated Legal reserve	Unappropriated	
			Surplus (deficit) on revaluation of investments			
Balance as at January 1, 2017	102,768,258	(91,841,732)	(90,243)	473,010	(28,386,090)	(17,076,797)
Total comprehensive income (loss)	-	-	(8,307)	-	(2,926,447)	(2,934,754)
Balance as at December 31, 2017	102,768,258	(91,841,732)	(98,550)	473,010	(31,312,537)	(20,011,551)
Balance as at January 1, 2018	102,768,258	(91,841,732)	(98,550)	473,010	(31,312,537)	(20,011,551)
Transferred legal reserve to offset with the deficits	-	-	-	(473,010)	473,010	-
Legal reserve	-	-	-	53,077	(53,077)	-
Increase in ordinary shares	18,100,000	-	-	-	-	18,100,000
Decrease of ordinary shares	(102,665,490)	102,665,490	-	-	-	-
Reduction of discounted and retained earning	-	(10,823,758)	-	-	10,823,758	-
Actuarial gains (loss) on defined employee benefit plans	-	-	-	-	6,090	6,090
Total comprehensive income (loss)	-	-	(27,072)	-	530,773	503,701
Balance as at December 31, 2018	18,202,768	-	(125,622)	53,077	(19,531,983)	(1,401,760)

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

Wuttichai Suraratchai

(Mr. Wuttichai Suraratchai)

President

Sunsanee Methisariyapong

(Miss Sunsanee Methisariyapong)

Executive Vice President Finance Group

ISLAMIC BANK OF THAILAND AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

Unit : Thousand Baht

	Consolidated Financial Statements		The Bank's Financial Statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Income (loss) from operating before income tax expenses	726,878	(2,848,086)	530,773	(2,926,447)
Adjustments to reconcile profit (loss) from operating before income tax expenses to cash received (paid) from operating activities				
Depreciation and amortization	122,271	177,689	105,753	160,465
Bad debt and doubtful accounts	194,254	2,312,819	92,344	2,199,229
Provisions	47,193	418,670	45,542	417,213
Loss on disposal of premises and equipment	507	3,408	-	3,329
Share-based payment	308	573	-	-
Loss on impairment of properties for sale (reversal)	(26,235)	(5,829)	268	(10,503)
Loss on impairment of premises and equipment (reversal)	(3,169)	4,244	(3,169)	4,244
Reversal of impairment of intangible assets	(52)	-	(52)	-
Gains from investments, net	-	(12,482)	-	(3,105)
Loss on impairment of other assets (reversal)	(51,516)	96,682	(49,921)	95,087
Loss on discontinued assets	3,532	13,883	2,881	12,591
Loss on tradings and foreign currency transactions	1,992	4,714	1,992	4,714
Advance income from Public Service Account (PSA)	(4,552)	(22,189)	(4,552)	(22,189)
Increase in accrued promissory note income	(368,253)	(210,270)	(368,253)	(210,270)
Increase (decrease) in accrued expenses	(90,587)	153,389	(100,041)	144,099
Financial income, net	(1,815,663)	(1,478,852)	(1,370,792)	(1,126,530)
Dividend income	(1,175)	(8,414)	(1,544)	(8,414)
Cash received from financial income	3,266,668	3,151,737	2,836,788	2,828,183
Cash paid for financial expenses	(1,631,476)	(1,682,851)	(1,632,285)	(1,683,525)
Dividend received	1,175	8,414	1,175	8,414
Cash received from promissory note of transferring non-performing asset	547,349	-	547,349	-
Income tax paid	(47,365)	(13,961)	-	-
Operating profit (loss) before changes in operating assets and liabilities	872,084	63,288	634,256	(113,415)
Decrease (increase) in operating assets				
Interbank and money market items, net	(432,410)	26,874	(507,138)	3,820
Financing to customers	(8,020,823)	(222,901)	(7,389,341)	177,951
Properties for sale, net	266,701	258,007	223	27,661
Other assets, net	40,277	(86,255)	23,768	(105,495)

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

ISLAMIC BANK OF THAILAND AND ITS SUBSIDIARIES

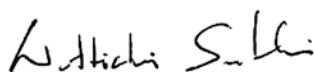
STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2018

Unit : Thousand Baht

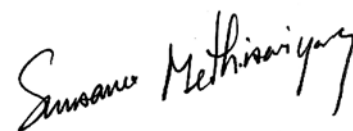
	Consolidated Financial Statements		The Bank's Financial Statements	
	2018	2017	2018	2017
Increase (decrease) in operating liabilities				
Deposits	(6,786,106)	(8,285,080)	(6,778,978)	(8,258,495)
Interbank and money market items, net	(2,314,574)	484,935	(2,316,068)	500,386
Liabilities payable on demand	(54,111)	27,366	(54,111)	27,366
Provision of employee benefit	(6,449)	(6,211)	(4,893)	(5,651)
Trade account payables	(5,873)	(50,641)	(40,441)	(41,860)
Promissory note payable from asset management company	-	(8,524)	-	(8,524)
Other liabilities	(69,515)	(10,710)	(73,064)	(2,313)
Net cash used in operating activities	(16,510,799)	(7,809,852)	(16,505,787)	(7,798,569)
Cash flows from investing activities				
Purchases of investments	(7,292,486)	(14,954,043)	(7,292,486)	(14,954,043)
Proceeds from disposal of investments	5,971,725	22,882,278	5,971,725	22,882,278
Cash received on dividend income from a subsidiary	-	-	369	-
Cash received from subsidiaries' payment	-	9,377	-	-
Purchases of premises and equipment	(10,048)	(22,045)	(7,201)	(20,800)
Proceeds from disposal of premises and equipment	6,003	5,390	-	496
Purchases of intangible assets	(1,250)	(4,934)	(712)	(1,078)
Net cash received from (used in) investing activities	(1,326,056)	7,916,023	(1,328,305)	7,906,853
Cash flows from financing activities				
Proceeds from sale of ordinary shares	18,100,000	-	18,100,000	-
Proceeds from exercise of warrants	3,031	2,178	-	-
Proceeds from dividend	(388)	-	-	-
Net cash received from financing activities	18,102,643	2,178	18,100,000	-
Net increase in cash and cash equivalents	265,788	108,349	265,908	108,284
Cash and cash equivalents as at beginning	1,542,333	1,433,984	1,542,052	1,433,768
Cash and cash equivalents as at ending	1,808,121	1,542,333	1,807,960	1,542,052

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



(Mr. Wuttichai Suraratchai)

President



(Miss Sunsanee Methisariyapong)

Executive Vice President Finance Group

ISLAMIC BANK OF THAILAND AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

Note	Subjects
1.	General information
2.	Basis for presentation of the financial statements
3.	Significant accounting policies
4.	Risk management
5.	Capital fund
6.	Estimates and judgements
7.	Going concerns
8.	Supplementary information
8.1	Supplementary disclosures of cash flow information
8.2	Interbank and money market items, net (assets)
8.3	Derivatives assets and liabilities
8.4	Investment, net
8.5	Investments in subsidiaries, net
8.6	Financing to customers and financial accrued income, net
8.7	Allowance for doubtful accounts
8.8	Troubled debt restructuring
8.9	Properties for sale, net
8.10	Premises and equipment, net
8.11	Goodwill and other intangible assets, net
8.12	Deferred tax assets and liabilities
8.13	Receivables from transferring non-performing assets
8.14	Other assets, net
8.15	Deposits
8.16	Interbank and money market items, net (liabilities)
8.17	Provisions
8.18	Other liabilities
8.19	Share capital and premium (discount) on share capital
8.20	Warrants / Capital reserve for share-based payment transaction

ISLAMIC BANK OF THAILAND AND ITS SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

Note	Subjects
8.21	The appropriation of net profit for the year
8.22	Basic earnings per share
8.23	Contingent liabilities and other obligations
8.24	Disclosure of related party transactions
8.25	Other benefits paid to directors and persons with managing authority
8.26	Long-term leases
8.27	Financial income
8.28	Financial expenses
8.29	Fees and service income, net
8.30	Gains on trading and foreign exchange transactions, net
8.31	Gains on investments, net
8.32	Other operating income
8.33	Other expenses
8.34	Bad debts and doubtful accounts
8.35	Public Service Accounts
9.	Events after the reporting period
10.	Approval of the financial statements

ISLAMIC BANK OF THAILAND AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

1. General information

Islamic Bank of Thailand ("the Bank") is incorporated in Thailand under the Islamic Bank of Thailand Act B.E. 2545. The principal businesses of the Bank are financial services based on Islamic principles and conducts its business in all regions throughout Thailand. Its registered office at 66, M, 12nd, 14th, and 18th and 20th - 23rd Floor, Q. House Asoke Building, Sukhumvit 21, North Klongtoey, Wattana, Bangkok.

2. Basis for presentation of the financial statements

2.1 Basis for preparation of the financial statements

The financial statements are prepared in accordance with the Bank of Thailand ("BOT") Notification No. Sor.Gor.Sor. 1/2559 dated June 29, 2016 regarding the Preparation and Announcement of Financial Statements of Specialized Financial Institutions, including related BOT Notifications and Thai Financial Reporting Standards, under the Accounting Act B.E. 2543. This includes the Thai Financial Reporting Standards issued under the Accounting Professions Act B.E. 2547 regarding Interpretations and Accounting Guidance issued under the Accounting Profession Act. The Bank has also separated Public Service Account (PSA) according to the guidelines about Public Service Account separation of specialized financial institutions and used allocation method to other operating expenses and fees and service income are used for recording government policy transactions as approved by the Fiscal Policy Office.

The financial statements are prepared in Thai language in order to report in Thailand. The Bank's Financial Statements in English have been prepared for the convenience of readers who do not familiar with the Thai language. In case of a conflict or a different in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

The financial statements are presented in thousand Baht, and Notes to Financial statements are presented in million Baht, unless otherwise stated. The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

The financial statements included the accounts of the head office and all branches of the Bank which all material intercompany transactions and balances have been eliminated.

2.2 Basis for preparation of the Consolidate Financial Statements

The consolidated financial statements included the accounts of subsidiaries where the Bank has the controls both directly and indirectly in determine the financial and operating policies in order to obtain the benefits from its subsidiaries' activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The consolidated financial statements included the accounts of the Bank and its subsidiaries which the significant business transactions and outstanding balances between the Bank and its subsidiaries are eliminated on consolidation.

2.2 Basis for preparation of the Consolidate Financial Statements (Continued)

In addition, the consolidated financial statements for the year ended December 31, 2018 also included Amanah Leasing Public Company Limited, which is 48.75 percent owned subsidiary of the bank where the Bank has the controls that give it the ability to direct relevant activities.

2.3 The application of the new or revised Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretations and Thai Financial Reporting Interpretations but not yet effective

The Bank has adopted new and revised Thai Accounting Standards, Thai Financial Reporting Standards, Thai Financial Reporting Interpretations and Accounting Treatment Guidance that were announced in accordance with The Federation of Accounting Professions, those are effective for the financial statements for the period beginning on or after January 1, 2018. The adoption of those standards will have no material impact on the financial statements of the Bank and its subsidiaries.

2.4 The new or revised Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretations and Thai Financial Reporting Interpretations but not yet effective

The Federation of Accounting Professions has announced Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretations and Thai Financial Reporting Interpretations (Revised 2018) as published in the Royal Gazette, but not yet effective.

Effective on January 1, 2019

Thai Accounting Standards (TASs)

TAS 1	(Revised 2018)	Presentation of Financial Statements
TAS 2	(Revised 2018)	Inventories
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 12	(Revised 2018)	Income Taxes
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 23	(Revised 2018)	Borrowing Costs
TAS 24	(Revised 2018)	Related Party Disclosures
TAS 26	(Revised 2018)	Accounting and Reporting by Retirement Benefit Plans
TAS 27	(Revised 2018)	Separate Financial Statements
TAS 28	(Revised 2018)	Investments in Associates and Joint Ventures

2.4 The new or revised Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretations and Thai Financial Reporting Interpretations but not yet effective (Continued)

Effective on January 1, 2019

Thai Accounting Standards (TASs)

TAS 29	(Revised 2018)	Financial Reporting in Hyperinflationary Economies
TAS 33	(Revised 2018)	Earnings per Share
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
TAS 40	(Revised 2018)	Investment Property
TAS 41	(Revised 2018)	Agriculture

Thai Financial Reporting Standards (TFRSs)

TFRS 1		First-time Adoption of International Financial Reporting Standards
TFRS 2	(Revised 2018)	Shared-based Payment
TFRS 3	(Revised 2018)	Business Combinations
TFRS 4	(Revised 2018)	Insurance Contracts
TFRS 5	(Revised 2018)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	(Revised 2018)	Exploration for and Evaluation of Mineral Resources
TFRS 8	(Revised 2018)	Operating Segments
TFRS 10	(Revised 2018)	Consolidated Financial Statements
TFRS 11	(Revised 2018)	Joint Arrangements
TFRS 12	(Revised 2018)	Disclosure of Interests in Other Entities
TFRS 13	(Revised 2018)	Fair Value Measurement
TFRS 15		Revenue from Contracts with Customers

Thai Standing Interpretations (TSICs)

TSIC 10	(Revised 2018)	Government Assistance-No Specific Relation to Operating Activities
TSIC 15	(Revised 2018)	Operating Leases-Incentives
TSIC 25	(Revised 2018)	Income Taxes-Changes in the Tax Status of an Equity or its Shareholders
TSIC 27	(Revised 2018)	Evaluating the Substance of Transactions involving the Legal Form of a Lease
TSIC 29	(Revised 2018)	Service Concession Arrangements: Disclosures
TSIC 32	(Revised 2018)	Intangible Assets-Web Site Costs

2.4 The new or revised Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretations and Thai Financial Reporting Interpretations but not yet effective (Continued)

Effective on January 1, 2019

Thai Financial Reporting Interpretations (TFRICs)

TFRIC 1	(Revised 2018)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	(Revised 2018)	Determining whether an Arrangement contains a Lease
TFRIC 5	(Revised 2018)	Rights to Interests Arising from Decommissioning Restoration and Environmental Rehabilitation Funds
TFRIC 7	(Revised 2018)	Applying the Restatement Approach under TAS 29 (Revised 2018) Financial Reporting in Hyperinflationary Economies
TFRIC 10	(Revised 2018)	Interim Financial Reporting and Impairment
TFRIC 12	(Revised 2018)	Service Concession Arrangements
TFRIC 14	(Revised 2018)	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction for TAS 19: Employee Benefits (Revised 2018)
TFRIC 17	(Revised 2018)	Distributions of Non-cash Assets to Owners
TFRIC 20	(Revised 2018)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	(Revised 2018)	Levies
TFRIC 22		Foreign Currency Transactions and Advance Consideration

The Bank's management has evaluated the impact that the Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standard Interpretations and Thai Financial Reporting Interpretations which are effective on 1 January 2019, will not significantly affect the Bank's financial statements.

Effective on January 1, 2020

Thai Accounting Standards (TASs)

TAS 32	Financial Instrument: Presentation
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Thai Financial Reporting Standards (TFRSs)

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRS 16	Leases

Thai Financial Reporting Interpretations (TFRICs)

TFRIC 16	Hedge of Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The Bank are assessing the impact which may arise insignificantly affect to the Bank's financial statements from adoption of those revised Thai Accounting Standards, Thai Financial Reporting Standards, and Thai Financial Reporting Interpretations.

3. Significant accounting policies

3.1 Recognition of income

Income from financing to customers

Income from financing to customers is recognized in form of profits or other income on an accrual basis except for income from financing which was accrued over three months from due date. The Bank reverses all accrued income from profit or loss of the statements of comprehensive income and recognizes income on a cash basis in accordance with the Bank of Thailand's Notifications. After the income in arrears is fully received, the Bank normally recognizes the income on an accrual basis. Except income from financing under debt restructuring, the Bank would recognize on cash basis as the term of contract.

Income from hire-purchase and finance lease contracts

Income from hire-purchase and finance lease contracts are recognized in form of profits or other income on an accrual basis according to the effective rate method through the term of hire-purchase and finance lease contracts except the income from financing which was accrued over three months from due date. The Bank reverses the accrued income from profit or loss of the statements of profit or loss and other comprehensive income and recognizes income on a cash basis in accordance with the Bank of Thailand's Notifications. After the income in arrears is fully received, the Bank recognizes the income on an accrual basis normally. Except, income from hire-purchase and finance lease contracts under debt restructuring, the Bank would recognize on cash basis as the term of contract.

Income from government grant and other operations

Income from government grant and other operations are recognized on an accrual basis.

3.2 Recognition of expenses

Financial expenses and other operating expenses are recognized on an accrual basis, in the period in which they are incurred as follows :

Financial expenses

Compensations paid to depositor is recognized on an accrual basis. Returns on Wadiah account are based on the resolution of Deposits compensation Sub-Committee.

Operating expenses

Operating expenses are recognized on an accrual basis.

Operating leases

Expenses made under operating leases are recognized through profit or loss in the statements of profit or loss and other comprehensive income on a straight-line basis over the lease term.

3.3 Recognition of income and expenses from Public Service Account : PSA

Public Service Account : PSA, the Bank separated Public Service Account (PSA) regarding the allocation expenses guideline according to the approval of Fiscal Policy Office in accordance with the official letter of Ministry of Finance No. Gor.Kor. 1006/Wor. 2990 dated August 2, 2016 towards "The Agreed Regarding the Method of Allocation Public Service Account Expenses of the Islamic Bank of Thailand's Policies".

3.3 Recognition of income and expenses from Public Service Account : PSA (Continued)

Expenses

Financial cost is computed from the weighted average cost throughout the period multiplied by the weighted average financing of the period.

Other operating expenses including fees and service expenses, except loss from provisions, are computed from other operating expenses multiplied by (the weighted average number of accounts PSA financing of the period divided by the weighted average number of accounts total financing of the period).

Incom

Fees and service income are calculated by applying the method consistent with the method used in other operating expenses.

3.4 Cash and cash equivalents

Cash and cash equivalents mean cash in hand and cash on collection.

3.5 Derivatives

The Bank enters into derivative contract to hedge risk exposures arising from exchange rates volatility (Banking book) without speculation policy. Forward exchange rate contracts for the purpose of hedging financial risk, the Bank initially recognizes gains (losses) on foreign exchange transaction that is the difference between contract rates and spot rates on trade date.

Recognition methods of financial derivatives are as follows :

1. Financial derivatives for trading are initially recognized at fair value. Transaction costs are recognized through profit or loss and are subsequently measured at fair value, which profit or loss from subsequent measurement from remeasured at fair value is recognized through profit or loss immediately.

2. Hedging derivatives on the hedged items are measured in the same manner of the hedged items.

3.6 Investments

Investments are classified as follows :

3.6.1 Trading investments

Trading investments consist of marketable equity securities and debt securities that are acquired with the intent to hold for trading, carried at fair value determined by bid price. Profit or loss on changes in fair value recognized through profit or loss in the statements of profit or loss and other comprehensive income.

3.6.2 Available-for-sale investments

Available-for-sale investments consist of marketable debt securities and equity securities other than trading investments are classified as available-for-sale investments and carried at fair value. Profit or loss on changes in fair value recognized through other comprehensive income and presented as a component of equity except for the impairment losses on investments are recognized through profit or loss in the statements of profit or loss and other comprehensive income. Such gain (losses) which are previously recorded under equity, will be recognized through profit or loss in the statements of profit or loss and other comprehensive income on disposal of the investments.

3.6.3 General investments

General investments include non-marketable equity securities and carried at cost, net of impairment loss. Investments in unit trusts are stated at net asset value.

3.6.4 Investment in receivables

Investments in receivables are classified as held-to-maturity securities, which are recognized at contract price. The differences between contract price and non-discounted estimated cash flows expected to be collected from receivables are counted as the non-performing differences and difference between non-discount estimated cash flows expected to be collected from receivables and the fair value of asset used for exchange are counted as performing differences. The profit from receivable's payment is recognized on the effective profit method and performing differences are amortized into the profit or loss in the statements of profit or loss and other comprehensive income. In addition, the Bank will assess the impairment when estimated future cash flows decrease from expected cash flows from contract or expected cash flows to be collected, which is recognized through profit or loss in the statements of profit or loss and other comprehensive income. When such cash flows subsequently increase, the impairment recognized in previous period will be reversed.

3.6.5 Investment in subsidiaries

Subsidiary is the entity that the Bank has the controlling power in financial operating policies, and in generally the Bank will hold more than half the voting right. In assessing whether the Bank controls another company or not, the Bank considers the existence and effect of potential voting rights, that are currently exercisable or convertible debt instruments, including potential voting rights held by another entity. The subsidiaries' financial statements are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Business combination is accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given or equity instruments issued and liabilities which the Bank has obligation since the date of acquired its subsidiaries the identifiable assets and liabilities acquired from acquisition date are initially measured at fair value regardless of the non-controlling interest.

The excess of the cost of acquisition over the fair value of the subsidiaries' share of the net assets acquired is recognized as goodwill and tested for the impairment at each the end of reporting period.

The excess of the fair value of the subsidiaries' share of the net assets acquired over the cost of acquisition is recognized immediately through profit or loss in the statements of profit or loss and other comprehensive income.

3.6.5 Investment in subsidiaries (Continued)

The balances, transactions and unrealized gains or losses arising from intra-entity transaction are eliminated except for realized loss which the Bank considers that there is indication of impairment. The Bank will change accounting policies of its subsidiaries if it is necessary to comply with the accounting policies of the Bank.

Investments in subsidiaries in the Bank's financial statements are stated at cost. Income from investment in subsidiaries is recognized when the dividend has been declared.

Fair value of investments

At the end of month, the Bank presents fair value by following methods :

1. For equity securities which are listed securities, fair value is determined by the last bid price or the last ask-bid price when the economy has not been significantly changed during the measurement date and the date of the last ask-bid price at the end of month.
2. Marketable unit trusts are stated at fair value by the last bid price or the closing prices at the end of month, non-marketable unit trusts are stated at fair value by net assets value at the end of month.
3. Marketable debt securities are stated at fair value by the last average yield or bid price or clean price at the end of month.

Disposal of investments

On disposal of the investments, the difference between net proceeds from disposal and the carrying amount included unrealized gains or losses on remeasuring investment which were recorded as a component of equity will be recognized through profit or loss on investments as gains (losses) in the statements of profit or loss and other comprehensive income.

3.7 Financing

Financing consists of financing, hire purchase receivables, finance lease receivables and other financing are presented at cost net of deferred revenue and allowance for doubtful accounts and revaluation allowance for debt restructuring.

3.8 Allowance for doubtful accounts

The Bank applies guideline regarding the allowance for doubtful accounts according to the Ministry of Finance's Notification regarding the Classification and Provision Criteria of Islamic Bank of Thailand which accordance to the Bank of Thailand ("BOT") Notification No. Sor.Gor.Sor. 14/2559 dated October 11, 2016, regarding the Classification and Provision Criteria of Specialized Financial Institutions. The Bank has classified its loan portfolios with 2 criteria as following ;

- 3.8.1 Quantitative criteria; the Bank considered based on the past due period and/or profit from due date.
- 3.8.2 Qualitative criteria; the Bank considered the factor that effects to payment ability of debtors i.e. Money shortage, Loss, Industry condition, business recession.

3.8 Allowance for doubtful accounts (Continued)

The Bank has classified its loan portfolios into six categories. For the financing classified as normal and special-mention, the allowances for doubtful accounts are calculated based on the minimum percentage is in accordance with the BOT guidelines in which the collateral value was taken into consideration, where the collateral type being applied is qualifying factor. For financing classified as sub-standard, doubtful and doubtful of loss, the allowance on these accounts are calculated at 100 percent of the difference between the book value of the outstanding financing and the present value of the expected cash flows from the disposal of collateral in accordance with the BOT guidelines.

Subsidiary companies estimate the allowance for doubtful accounts by considering the overdue period and applying a percentage as follow :

<u>Number of installment periods overdue</u>	<u>Percentage applied</u>
Not over 1 period	1 after deducted by collateral
Over 2 periods to 3 periods	2 after deducted by collateral
Over 4 periods to 6 periods	100 after deducted by collateral
Over 7 periods to 12 periods	100 after deducted by collateral
Over 12 periods	100 after deducted by collateral

Additional allowance for doubtful accounts sets aside of the Bank and its subsidiaries is recognized as bad debts and doubtful account in the statements of profit or loss. For write off cases, the Bank and its subsidiary record as expenses and the bad debt recovered is show as income in profit and loss statements and other comprehensive income.

The Bank has surplus reserve and general reserve to sustain loss which may be occurred in addition to the allowance as the abovementioned basis for all cases including the process to decrease the risk or to improve financial statement or to align with notification/announcement from regulator. The Bank will consider the changes of surplus reserve and general reserve to Specific Reserve on appropriateness and consistency with the situation by time.

3.9 Allowance for impairment of investments in receivables

Allowances for impairment of investments in receivables results from the revaluation of financing in relation to credit risk that may arise. Management uses the guideline of Ministry of Finance Regulations for the allowance for impairment in accordance with the guidelines of reserves for the non-performing financing. The discretion to estimate the expected loss occurs when the debtor has difficulty in repayment of principal and profit by assessing the status of each debtors, the probability of default, the value of collateral and the economic condition.

3.10 Troubled debt restructurings

In case where the debt restructuring involves modification of payment schedule, the Bank calculates the fair value of debt after debt restructurings based on the present value of the expected future cash flows discounted by financial cost at the date of debt restructuring. If financial cost rate lower than profit rate according to debt restructuring criteria, then discounted by the profit rates at the date of debt restructuring. In case when fair value of debts lower than carrying amount of debts at restructuring date, the Bank recorded difference between the fair value of debts, and the carrying amount of debts at restructuring date as expenses through profit or loss in the statements of profit or loss and other comprehensive income. Losses arising from restructuring by waiver of part of principal or recorded accrued profit receivable, less recorded allowance, are recognized as expenses through profit or loss in the statements of profit or loss and other comprehensive income when incurred.

Apart from stated above, the Bank has quarterly reviewed and recognized loss and will recognize loss occurred from reviewing as expense through profit or loss in the statements of profit or loss and other comprehensive income.

3.11 Properties for sale

Properties for sale consist of immovable and movable properties from debt repayment or troubled debt restructuring which are recorded at fair value less estimated selling expenses but not to exceed the carrying amount of debt plus unrecognized gains entitled by the Bank. Assets for hire-purchase and financial lease repossessed from the default debtors, the Bank records at cost of the lower of carrying amount of the receivable or market value. Losses arising from impairment are recognized to other expenses in profit or loss of the statements of profit or loss and other comprehensive income. Gains or losses arising from disposal of properties for sale are recognized to other incomes or other expenses in profit or loss of the statements of profit or loss and other comprehensive income.

3.12 Premises, equipment and depreciation

Premises and equipment initially being recorded at acquisition cost including costs necessary to bring the asset to place and working condition for its intended use. Cost of dismantling and removing the asset and restoring the site, and borrowing cost are included in the costs. Premises and equipment are presented in the financial statements at cost, net of accumulated depreciation and impairment loss. Building improvement and leasehold improvement are recognized as assets at acquisition price. At each of the end of month, depreciation is calculated based on the economic benefits and term of lease agreement. In case of price of acquired asset per transaction is less than Baht 5,000, the Bank records as expenses in profit or loss of the statements of profit or loss and other comprehensive income in related section.

Significant component of premises and equipment in which reflect different useful lives of economic benefits are recorded as separated items in premises and equipment, and depreciation being calculated based on each of its economic benefits.

3.12 Premises, equipment and depreciation (Continued)

Subsequent expenditure

Subsequent expenditures relating to premises and equipment are additional recorded in related assets accounts if it is probable that the future economic benefits will flow to the Bank. In term of replacement of major part of the assets, the Bank recognizes the part of such an item as new assets and the part that is replaced will be derecognized. Other subsequent expenditures, for example, maintenance cost, are recorded as expenses in profit or loss of the statements of profit or loss and other comprehensive income.

Depreciation

The Bank records depreciation as expenses in profit and loss of the statements of profit or loss and other comprehensive income based on a straight-line basis over the estimated useful lives of economic benefit of each item of assets in accordance with the Bank's guideline and in conformity to the Revenue Department's regulation. The Bank will review the useful lives of economic benefits of assets at least every year and appropriately adjusted. The estimated useful lives are as follows :

<u>Type of assets</u>	<u>Useful lives</u>
Building	20 years
Building improvements	10 years
Land improvements on lease land	10 years
Leasehold improvements	3 - 10 years
Furniture, fixture and equipment	5 - 6 years
Vehicle	5 years

No depreciation is provided on land and assets under construction.

3.13 Goodwill and other intangible assets

Goodwill and intangible assets are presented at costs net of accumulated amortization and impairment loss except the intangible assets which is indefinite useful life i.e. goodwill is stated at costs net of impairment loss.

Amortization of Intangible assets

Amortization is recognized as expenses in profit or loss of the statements of profit or loss and other comprehensive income and calculated based on a straight-line basis regarding to each of its estimated useful lives of economic benefits. The estimated useful lives are as follow :

<u>Type of assets</u>	<u>Useful lives</u>
Rights to use computer software	5 - 10 years
Computer system	5 - 6 years

3.13 Goodwill and other intangible assets (Continued)

Goodwill

Goodwill derives from differences between costs of business acquisition at acquisition date and fair value of identifiable net assets of the acquirer's interest and stated at cost less allowance of impairment, which impairment must be tested annually.

3.14 Leaseholds rights

Leasehold rights comprising buildings leasehold rights in which stated at cost less accumulated amortization. The amortization is based on a straight-line basis according to the term of lease agreement and is recognized as expenses in profit or loss of the statements of profit or loss and other comprehensive income.

3.15 Impairment

The carrying amounts of the Bank's assets are reviewed at each the end of reporting period to determine whether or not there is any indication that they may be impaired except that intangible assets with indefinite useful lives must be tested for impairment at least once a year or when there is an indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized as expense in profit or loss of the statements of profit or loss and other comprehensive income.

Reversals of impairment

If there has been a change in the expected recoverable amount, the Bank reverses an impairment loss only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, as if no impairment loss had been recognized.

Calculation of recoverable amount

The recoverable amount of assets is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate to reflect current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

3.16 Provisions

The Bank sets provisions for off-statements of financial position obligation in the extent of high credit risk transaction as BOT's guidelines for maintenance an adequate level of capital using credit conversion factor equal to 1.0 such as guarantees of financing, avals to bills or irrevocable obligation by the Bank. Provisions are recognized when the transactions relating to off-statements of financial position of debtors that are classified as sub-standard, doubtful and doubtful of loss. The provision has been specifically determined by using the same rate as the allowance for doubtful accounts on each of those debtors in conformity to Thai Accounting Standard No. 37 (Revised 2017) regarding Provisions, Contingent Liabilities and Contingent Assets. The Bank is required to set provisions for off-the statements of financial position obligation when satisfied all of the following criteria :

3.16 Provisions (Continued)

3.16.1 A present obligation resulting from past events that may be a legal or a constructive obligation.

3.16.2 It is probable that there will be a future outflow of resources embodying economic benefit to settle such obligation.

3.16.3 A reliable estimation of the value of the obligation.

Apart from stated above, the Bank has considered to establish the estimation of provision by estimated from unavoidable uncertainty and inconsistency that connected to the atmosphere around such incidents and situations by using conservatism assumption to consider possible results that will arise from such information such as news from media, prosecution between debtor and beneficiary, and the duration of litigation in the case that the Bank got accused to disclose provision of commitment and reliable of such debtor possible damage that may arise in the future which the Bank will consider and review from provision of commitment regularly every year.

3.17 Deferred income

Deferred income is a government grant in which the grants are intended to compensate and assist specifically relating to the operating activities and is presented as liabilities under deferred income and periodically recognized in revenue over the period.

3.18 Employee benefits

3.18.1 Provident fund and retirement pay

The Bank and staffs or employees agreed to establish a Provident Fund which registered under the Provident Fund Act B.E. 2530. The provident fund is managed by an external fund manager. All staffs and employees are entitled to apply for membership according to the registered Islamic Bank of Thailand Provident Fund's regulations. Employee's benefits are recognized by the Bank's supplemental contribution in profit or loss of the statements of comprehensive income. Salary deduction rates and contributions payment are as follows :

<u>Working years</u>	<u>The Bank's contribution rates</u>
Pass probation - 2 years	3 %
Over 2 years - 5 years	5 %
Over 5 years - 9 years	7 %
Over 9 years - 15 years	8 %
Over 15 years - 20 years	9 %
Over 20 years	10 %

3.18.2 Defined benefit plan

Long-term benefit

The Bank provides the defined benefit plan for their employees under the employment agreements. The employee benefit obligation is assessed by an actuary using the actuarial techniques called Projected Unit Credit Method. Under this method, the determination is based on statistical data to determine the present value of cash flows of employee benefits expected to be paid in the future and discount by using yields on Thai government bonds with the approximate maturity of those periods of employee benefit obligations at the valuation date. Calculation average expected period of employee benefits obligations weighted by expenditure of estimated benefits is recognized to a part of the provisions. Increasing or decreasing of the difference from actuarial's estimation in each period will be recognized as expenses or income to other comprehensive income of the period.

Short-term benefit

The Bank provides the accumulated right to leave which is still be paid in the form of salary. The employee benefits obligation is calculated using the expected costs of resignation rights. The Bank expects to pay due to unused employee rights at the end of the reporting period.

3.19 Income tax

The Bank is exempted from income tax since it is not the juristic person as specified in the Section 39 of the Revenue Code. Therefore, income tax and deferred income tax in financial statements derived from the Bank's subsidiaries.

Income tax expense represents the sum of corporate income tax currently payable and deferred income tax.

- 1) Current tax is the tax currently payable based on taxable profit for the period by Revenue Code
- 2) Deferred income tax is recognized on temporary difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit (loss) (tax base). Deferred tax assets of subsidiaries are generally recognized for temporary differences to the extent that it is probable that taxable profits will available against which those temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of the reporting date. Deferred tax asset shall be reduced to the extent that utilized tax will be used.

Subsidiary company recognized deferred income tax directly in equity, if they related to transaction in equity.

Deferred tax assets and liabilities of subsidiaries are measured at the tax rates or accepted to effective at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the recognized amounts and income tax levied by the same taxation authority.

3.20 Basic earnings per share

Basic earnings per share is computed by dividing net profit / (loss) by the weighted average number of ordinary shares in issue and paid up.

3.21 Foreign currency transactions

Assets and liabilities transaction in foreign currencies

3.21.1 Functional currency and presentation currency in Baht

3.21.2 Transactions denominated in foreign currencies are translated into Baht at the foreign exchange rate prevailing at the transaction dates. Balances of monetary assets and liabilities denominated in foreign currencies outstanding on the statements of financial position date are translated into Baht at the reference exchange rates announced by the Bank of Thailand on the statements of financial position date. Balance of non-monetary assets and liabilities are translated by using the exchange rates prevailing at the transaction dates or exchange rates at the date when the fair value was measured

3.21.3 Gains or losses on foreign currency exchange and foreign currency translation are presented in the statements of comprehensive income as gains (losses) on trading and foreign exchange transactions, net.

3.22 Operating segment

The Bank has operated under the Shariah principles in which the Bank provides services within a domestic geographical area then the Bank subject to only one geographic area.

4. Risk management

Risk management is an essential management process and plays such an important role in leading the business to achieve the goals. Therefore, the Islamic Bank of Thailand prioritize the risk management by adopting a standardized guideline for operations such as the BOT and Ministry of Finance's guidelines in order to cover the major risks of the Bank.

4.1 Shariah Risk is the risk that result from the operations and the Bank's products and services offering process which may not comply with Shariah principles according to Shariah Advisory Council established and/or not comply with Islamic Bank of Thailand Act B.E. 2545. This may impact to the status, reputation, liquidity, income and capital fund which is the specific risk of Islamic Bank of Thailand that the Bank prioritize and consider as part of operational risk according to the definition of risk categories defined in the Bank's audit guideline.

To ensure that the Bank's operations and all operational processes are complied with Shariah principles, the Bank set the Shariah risk management policy and approach to be a framework on Shariah risk management which are approved by the Bank's Board of Directors. And to ensure that the Bank's operations and operational processes are all comply with Shariah principles, the Bank control Shariah risk by analyzing, monitoring and reporting the information related to Shariah risk such as, Shariah risk status report, Damage which may cause by non-compliance of Shariah principles report to related committees to support Shariah risk management strategy determination.

4.2 Strategic Risk is the risk that results from inappropriate defining and implementing the strategic and operational plans or inconsistent between the plans and the internal factors and external environment; hence they have unfavorable effects on income, capital requirements and existence of the business.

The Bank's strategic management action is to prepare Strategic Risk Management Policy and Guideline, and annual risk management plan which is consistent with rehabilitation plan and business plan for the year of 2018 - 2022, Memorandum of Bank's performance evaluation and BOT's Notification which brings good risk management principles to be a framework of corporate integrative risk management structure according to the approach from Committee of Sponsoring Organizations of the Tread way Commission (COSO) Enterprise Risk Management in order to analyze risk factors from internal and external environment which might affect the Bank in the present and in the future. In addition, the Bank's strategic risk management is under Board of Directors and related Sub-Committee. Moreover, the Bank had provided Risk Map for specify Risk Factor which affected to the Bank, KRIs for Risk Appetite, Risk Tolerance, Risk Clause to monitor the risk management if it is in the level of the Bank risk tolerance and straight to the target, included, defined to Treatment plan in order to follow the project. Risk Management is responsible for monitoring, assessing, and reporting the result of risk management to Risk Management Sub-Committee and related Sub-Committee continuously.

The Bank also organized annually seminar as well as sharing knowledge about how to manage uncertainty in order to enhancing employees knowledge about risk management and involvement in the Banks' risks management, this will make organization be able to achieve its own objective efficiently and effectively. At the same time organization also has to manage under the regulation of corporative governance along with great management strategy, this will help the Bank grown consistency and sustainably.

4.3 Credit Risk is the risk that counterparties or borrowers fail to fulfil their obligations under contractual agreements or the deterioration of assets' quality resulting in non-repayment debts as set out in the contract in which an adverse effect over the Bank's income and capital adequacy.

The Bank has credit risk from the general financing, PSA (Public Service Account), and Non-PSA (Non-Public Service Account) i.e. the project according to the government policies corresponding with the Bank's mission and objectives. The credit risk is considered from the net carrying amount of financing net of allowance for doubtful accounts, presented as an asset in statements of financial position. Non-Performing Financing (NPF) is a significant risk of the Bank. As at December 31, 2018, the Bank had NPF including the general financing and PSA (Excluding accrued financial revenues) according to the Bank's financial statements in the amount of Baht 8,877.10 million in which decreased from 2017 in the amount of Baht 2,175.28 million (NPF amount in 2017 of Baht 11,052.38 million). NPF per total financing in 2018 is 17.70 percent (2017 NPF per total financing is 25.02 percent).

Besides, the Bank also has default risks that counterparties fail to fulfil their obligation under contractual agreements arising from contingencies, such as aval to bills, liability under unmatured import bills, letters of credit, and other commitments, etc. The Bank has established the credit monitoring process in accordance with the regulatory guidelines to ensure that the Bank has complied with comprehensive credit underwriting processes and/or troubled financing restructurings processes.

4.3 Credit Risk (Continued)

In addition, the Bank focuses on developing the process of Credit Risk management systemically with effective practical standard, updating the process of credit management, and developing credit managerial tools to support growth of credit and investment with quality. Furthermore, the Bank also monitors and controls credit risk to remain on the acceptable level which is stated as follows ;

1. Reviewing the Bank internal policy such as reviewing credit policy framework in each type of business.
2. Monitoring and controlling credit risk such as,
 - Determining the Single Lending Limit Ratio for risk management to prevent giving company or a group of companies over credit limit or over investment.
 - Determining and reviewing Industry Limit for diversification which prevent investment in only one bunch, one industry.
 - Reviewing loan appropriately in accordance with the guideline of regulator.
3. Increasing efficiency in screening loan by establishing Credit Risk Management in order to consider on screening and comment in risk issue including recommending some guideline to decrease those risk and considering on credit and investment to balance before loan approval.

4.4 Market Risk is the financial risk that arises from the fluctuation of rates of return (rate of return risk), foreign exchange rates, and security prices in money markets and capital markets which may have an adverse effect on the Bank's income and capital adequacy.

The Bank has regulated policy and guidelines in managing market risk according to the regulation of the Bank of Thailand under the consensual of the Risk Management Sub-Committees and approval of the Board of Directors in order to use as a boundary of market risk management.

The Bank focuses on Market risk management to be in line with Risk Appetite and consistent with policy and guideline in managing market risk of the Bank along with monitoring and reporting market risk to Asset-Liability Management Sub-Committee (ALCO), the Risk Management Sub-Committee and Board of directors to ensure that strategic decisions will be made in appropriate circumstances and timely manner, which the summary is as follows :

1) Rate of Return Risk

Rate of return risk arises from the possibility that change in rate of return will have adverse effect on the net financial income and capital adequacy of the Bank. The Bank is exposed to rate of return risk as a result of structure, characteristic and mismatches or GAP in the amount of assets and liabilities and off-statements of financial position instruments that mature or re-price in a given period, or mismatches of sensitivity to the rate of return which may have adverse effect to net profit income and trading account of the Bank, including other income and expenses in relation to the rate of return. The Bank manages rate of return risks by risk assessment through Repricing GAP tools in order to assess the impact on changes in rate of return to the Bank's net profit income comparing to determined risk tolerance ceiling i.e. Gap Limit on the passage of time.

4.4 Market Risk (Continued)

2) Foreign Exchange Risk

Foreign exchange rate risk refers to the loss affecting net financial income and capital adequacy arising from foreign exchange rate fluctuations as a result of the Bank deals in foreign currency transactions or structure and position of the Bank's assets and liabilities. The Bank may incur declination of carrying value or gain on foreign exchange rates and incur losses on foreign exchange rates as a result of foreign currency translation from foreign currency positions into Thai Baht. All this, the Bank enters into foreign currency transaction without speculation policy in respect to services provided to the Bank's customers basis and comply with Shariah principle. The Bank manages its foreign currency risk by setting the limits in term of amount of transaction and loss incurred under an acceptable risk level (Forex Limit).

3) Price Risk

Price risk refers to loss affecting net financial income and capital adequacy from movement in securities price. The Bank may incur declination of value on trading and available-for-sale investment portfolios. Thus, in order to effectively and efficiently manage the risks under various scenarios, the Bank monitors and controls its price risk by comparative approach on established risk level under the specified Risk limits using the Value-at-Risk method.

In addition, the Bank regularly review tools, policies, and guidelines of market risk management including risk limit to make efficient management and consistent with any situations.

4.5 Liquidity risk means risk resulting from the Bank's failure to pay debts and obligations when they fall due because of its inability to convert assets into cash, or its failure to procure sufficient funds, or, use of funds with the excess of the limit of acceptable cost of capital that may adversely affect present and future net financial income and capital adequacy of the Bank. Besides, liquidity risk may arise from failure to unwind or offset the risk from its assets resulting to liquidation of assets below their acquisition costs since the assets has low liquidity or no active market at that time.

The Bank has liquidity risk management by applying regulation of maintaining current assets according to Bank of Thailand and Ministry of Finance or any other related regulations. The Bank has assigned The Asset and Liability Management Committee (ALCO) to establish the liquidity risk management strategy and has monitored and managed overall liquidity position to ensure that the Bank has adequate liquidity for its business operations, able to support its growth in business-as-usual situations and has readiness of funds or assets which can be liquidated or realized as needed under crisis situations. The Bank has established the liquidity management policy and guidelines according to the regulation of the Bank of Thailand under the consensual of the Risk Management Sub-Committees and approval of the Board of Directors in order to use as a boundary of liquidity risk management in which are assigned to monitor key risk indicators for evaluation of prospected risk position and risk level that in line with the risk trigger, risk limit and risk appetite. Besides, the tools which are used to measure and evaluate the liquidity risk such as liquidity gap report to assess liquidity in each period by preparing both contractual liquidity gap report and behavioral liquidity gap report, assessment net liquidity assets to net liquidity gap ratio, assessment liquidity to total deposit ratio such as financing to deposit ratio (F/D ratio), evaluation of concentration ratio on major depositors, liquidity assets maintenance, scenarios analysis i.e. continuously withdrawing deposits from major customers by conducting stress test.

4.5 Liquidity risk (Continued)

Moreover, for the efficiency of liquidity risk and compliance with the current changing situation, the Bank reviews tools, policies, and liquidity risk management including Risk Limit of the Bank regularly.

Sources and uses of funds as at December 31, 2018 and 2017 as follows :

<u>Sources and uses of funds</u>	Unit : Million Baht			
	<u>December 31, 2018</u>		<u>December 31, 2017</u>	
	<u>Book value</u>	<u>Proportion</u> <u>(Percentage)</u>	<u>Book value</u>	<u>Proportion</u> <u>(Percentage)</u>
Sources of funds				
Deposits	78,460.61	99.79	85,239.59	123.34
Interbank and money market items, net	1,567.67	1.99	3,883.73	5.62
Equity	(1,401.76)	(1.78)	(20,011.55)	(28.96)
Total	78,626.52	100.00	69,111.77	100.00
Uses of funds				
Financing to customers	50,142.14	80.93	44,166.49	81.57
Interbank and money market items, net	7,201.66	11.62	6,659.56	12.30
Investments, net	4,613.39	7.45	3,319.70	6.13
Total	61,957.19	100.00	54,145.75	100.00

Financial assets and liabilities as at December 31, 2018 and 2017 categorized by maturity periods as follows :

	Unit : Million Baht					
	<u>December 31, 2018</u>					
	<u>At call</u>	<u>0 - 3 months</u>	<u>Over 3 - 12 months</u>	<u>Over 1 year</u>	<u>No maturity</u>	<u>Stop accrued</u>
Financial assets						
Interbank and money market items, net	7,120.15	46.56	-	34.95	-	-
Investment, net	-	3,632.82	895.07	-	85.50	-
Financing to customers	-	7,515.89	2,817.07	30,932.07	-	8,877.11
Promissory note from transferring non-performing assets	-	-	-	22,381.07	-	-
Total financial assets	7,120.15	11,195.27	3,712.14	53,348.09	85.50	8,877.11
Financial liabilities						
Deposit	22,163.07	14,200.05	37,523.57	4,573.92	-	-
Interbank and money market items, net	641.65	190.70	644.46	90.86	-	-
Total financial liabilities	22,804.72	14,390.75	38,168.03	4,664.78	-	-

4.5 Liquidity risk (Continued)

Unit : Million Baht

	December 31, 2017						
	At call	0 - 3 months	Over 3 - 12 months	Over 1 year	No maturity	Stop accrued	Total
Financial assets							
Interbank and money market items, net	2,919.81	3,694.79	-	44.96	-	-	6,659.56
Investment, net	-	320.38	2,888.32	-	111.00	-	3,319.70
Financing to customers	-	4,346.48	2,138.55	26,629.28	-	11,052.18	44,166.49
Promissory note from transferring non-performing assets	-	-	-	22,605.66	-	-	22,605.66
Total financial assets	2,919.81	8,361.65	5,026.87	49,279.90	111.00	11,052.18	76,751.41
Financial liabilities							
Deposit	18,205.93	25,679.65	38,735.85	2,618.16	-	-	85,239.59
Interbank and money market items, net	1,564.30	1,668.59	546.02	104.82	-	-	3,883.73
Total financial liabilities	19,770.23	27,348.24	39,281.87	2,722.98	-	-	89,123.32

4.6 Fair value of financial instruments is the amounts which the buyer and seller agree for an asset can be exchanged, or liability settled, between knowledgeable and willing parties in an arm's length transaction. In term of determining the fair value of financial assets and financial liabilities, the Bank determines current conditions on the cost of exchange, or liability settled under the financial instruments.

Following data is summary of outstanding balances as shown in the financial statements and estimated fair value of financial assets and liabilities as at December 31, 2018 and 2017.

Unit : Million Baht

<u>Type of financial instruments</u>	<u>December 31, 2018</u>		<u>December 31, 2017</u>	
	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>
Financial assets				
Cash	1,807.96	1,807.96	1,542.05	1,542.05
Interbank and money market items, net	7,201.66	7,201.66	6,659.56	6,659.56
Derivatives	0.01	0.01	-	-
Investment, net	4,613.39	4,613.39	3,319.70	3,319.70
Financing to customers, net	43,350.88	43,350.88	36,099.71	36,099.71
Permissory note from transferring non-performing assets	22,381.07	22,381.07	22,605.66	22,605.66
Total	79,354.97	79,354.97	70,226.68	70,226.68

4.6 Fair value of financial instruments (Continued)

<u>Type of financial instruments</u>	Unit : Million Baht			
	<u>December 31, 2018</u>		<u>December 31, 2017</u>	
	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>
Financial liabilities				
Deposits	78,460.61	78,460.61	85,239.59	85,239.59
Interbank and money market items, net	1,567.67	1,567.67	3,883.73	3,883.73
Liabilities payable on demand	40.74	40.74	94.85	94.85
Derivatives liabilities	0.02	0.02	0.01	0.01
Compensation payable on deposit	188.04	188.04	352.48	352.48
Total	<u>80,257.08</u>	<u>80,257.08</u>	<u>89,570.66</u>	<u>89,570.66</u>

5. Capital fund

The Bank's capital fund has been calculated according to the ministerial regulations B.E. 2547, regarding the Composition of Capital Fund for Islamic Bank of Thailand and Ministry of Finance's Notification "Determination of Risk Weights or Credit Conversion Factor of obligation of Islamic Bank of Thailand" dated July 20, 2005, and Basel II rules according to BOT's Guidelines.

The ministerial regulation requires the Bank and Basel II rules to maintain total capital to risk assets and contingencies ratio of not less than 8.5 percent under the condition that Common Equity Tier 1 must not be less than 4.25 percent of such assets and contingencies. Currently, the Bank is in the process of conducting under rehabilitation roadmap and business plan which made the Bank an exception of BOT's Notifications compliance regarding the Composition of Capital Fund according to Basel II.

5. Capital fund (Continued)

As at December 31, 2018 and 2017, the Bank maintained capital fund according to the ministerial regulations of Islamic Bank of Thailand and Basel II rules as follows :

Unit : Million Baht		
<u>The Bank's Financial Statements</u>		
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Tier 1 capital		
Paid-up share capital	18,202.77	102,768.26
Discount on share capital	-	(91,841.73)
Legal reserve	53.08	473.01
Unappropriated retained earnings	(19,531.99)	(31,312.54)
Total tier 1 capital	<u>(1,276.14)</u>	<u>(19,913.00)</u>
Total capital fund before deficit	(1,276.14)	(19,913.00)
Less Deficit on revaluation of available-for-sale equity securities	(125.54)	(100.04)
Total capital fund	<u><u>(1,401.68)</u></u>	<u><u>(20,013.04)</u></u>

As at December 31, 2018, the Bank had included the result of operation for the year ended December 31, 2018 in the Bank's Capital which is in accordance with the Bank of Thailand's Notification.

As at December 31, 2018 and 2017, the Bank maintained total capital lower than the ministerial regulations B.E. 2547 and as stated in note No. 7

The assets and contingencies ratio according to the ministerial regulations regarding the Composition of Capital Fund of the Islamic Bank of Thailand as follows :

<u>The Bank's Financial Statements</u>		
<u>Percentage</u>		
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Total capital fund	(3.17)	(52.83)
Tier 1 Capital	(2.88)	(52.57)

If the Bank maintains the capital fund in accordance to Basel II, assets and contingencies ratio will be as follows :

<u>The Bank's Financial Statements</u>		
<u>Percentage</u>		
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Total capital fund	(2.87)	(40.10)
Tier 1 Capital	(2.62)	(39.90)

5. Capital fund (Continued)

However, the Bank maintained its liquidity assets the first fortnight (December 8, 2018 to December 22, 2018): 7.48 percent and the second fortnight (as at December 23, 2018 to January 7, 2019) : 10.59 percent which is higher than the ministerial regulations B.E. 2547, regarding the Composition of Capital Fund of the Islamic Bank of Thailand, to maintain current assets not less than 6 percent of deposits and loan from foreign countries.

6. Estimates and judgements

The preparation of financial statements in conformity with Thai Financial Reporting Standards also requires management to make estimates and judgements that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Accordingly, actual results may differ from these estimates.

The estimates and judgements are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and foreseeable impact in the future.

7. Going concerns

For the year ended December 31, 2018, the Bank's financial statements had net profit of Baht 530.77 million, deficit of Baht 19,531.98 million. Moreover, the Bank's total liabilities exceeded its total assets by Baht 1,401.76 million. However, the Bank plan to improve operation to minimize the loss and recuperate financial status by preparing the rehabilitation and business roadmap according to the approach concurred by the State Enterprise Policy Office (SEPO) which is to classify Good Bank and Bad Bank. Regarding Good Bank, the Bank would find joint venture partner, regarding Bad Bank, the Bank would set up Asset Management Company (AMC) and would engage experts to manage the AMC.

On June 29, 2017 the Bank transferred non-Muslim NPF to Islamic Bank Asset Management Ltd. ("IAM") by agreed on the payment is equal to Net Book Value of the assets at the transfer date. The Bank also has enhanced financial structure according to approval of the Ministry of Finance on Section 7 Paragraph 2 of the Bank's Act B.E. 2545 and the additional modified version on August 2, 2018. The decreasing in registered share capital of the Bank from Baht 102,768,258,620 to Baht 102,768,258.62 by decreasing the par value from Baht 10 to Baht 0.01. On October 18, 2018, the Bank issued ordinary capital share certificate from right offering by the Ministry of Finance fully executing with 878,545,544,349 shares, total amount of Baht 8,785,455,443.49, and minority shareholders with 2,124,770,729 shares, total amount of Baht 21,247,707.29. The remaining of right offering is issued with Private Placement by the Bank to the Ministry of Finance 929,329,684,922 shares with Baht 0.01 per share, total amount of Baht 9,293,296,849.22 which the Bank issued ordinary capital share certificate by Private Placement on November 12, 2018. The Bank has received proceed from issuing ordinary capital share with total 1,810,000,000,000 shares, total amount of Baht 18,100,000,000 (note No. 8.19).

7. Going concerns (Continued)

In accordance with the State Enterprise Policy Office's Notification No. Gor.Kor. 0805.4/513 dated January 31, 2019, announced the resolution in the meeting No. 1/2562 on January 17, 2019 to acknowledge the progress of the amendment results for the problems with better operating result. Therefore, the Bank could be out of the group that SEPO supervises and monitor on organization's problems solving and has been monitored by the Ministry of Finance on operations of the Bank in accordance with the mission and the plan to resolve the organization instead.

Operation of the Bank in 2019 is according to the mission for continuous and sustained growth of operating result by determining the rehabilitation and business roadmap for 2019 - 2023 with 3 principal plans as following :-

- 1.1 Business improvement plan: such as expanding credit for potential customers with low risk, expanding base of retail deposit, increase Current Account Savings Account (CASA) and effectively solve and prevent NPF.
- 1.2 Operating improvement plan: There are important plans, such as improve and develop the credit approval process, credit operations, information technology systems for efficiency, process and good governance principles with transparency, morality, without corruption
- 1.3 Human resource improvement plan: such as improve operation structure to support business and human resource to handle the process under the change of technology.

8. Supplementary information

8.1 Supplementary disclosures of cash flow information

Significant non-cash items for the year ended December 31, 2018 and 2017 were as follows :

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Account payable from purchasing properties	0.11	0.32	0.11	0.32
Account payable from intangible asset	-	0.12	-	0.12
Change from revaluation of available-for-sale securities	(27.07)	(8.31)	(27.07)	(8.31)
Receive transferd properties for sale for repayment	242.72	317.02	2.91	97.46
Transfer lease receivables and loan receivables for				
purchasing goods to other non-current assets	37.48	73.12	-	-
Transfer properties for sale to premises and equipment	1.18	5.54	-	-
Transfer Equity from share based payment	0.18	0.14	-	-
Actuarial gains on defined employee benefit plans	4.50	-	6.09	-

Unit : Million Baht

8.2 Interbank and money market items, net (assets)

Unit : Million Baht

Consolidated Financial Statements						
	December 31, 2018			December 31, 2017		
	At call	Time	Total	At call	Time	Total
Domestic items						
Bank of Thailand	7,067.48	-	7,067.48	2,853.07	-	2,853.07
Commercial banks and money markets	44.18	-	44.18	97.75	3,699.70	3,797.45
Specialized financial institutions	12.72	-	12.72	10.63	-	10.63
Other financial institutions	-	115.08	115.08	-	128.33	128.33
Total domestic items	7,124.38	115.08	7,239.46	2,961.45	3,828.03	6,789.48
<u>Add</u> Financial accrued income	-	0.17	0.17	-	0.21	0.21
<u>Less</u> Deferred revenues	-	(33.18)	(33.18)	-	(50.99)	(50.99)
<u>Less</u> Allowance for doubtful accounts	-	(0.56)	(0.56)	-	(37.51)	(37.51)
Total	7,124.38	81.51	7,205.89	2,961.45	3,739.74	6,701.19
Foreign items						
USD	14.82	-	14.82	27.45	-	27.45
JPY	1.05	-	1.05	1.07	-	1.07
EUR	1.61	-	1.61	0.15	-	0.15
Others	0.54	-	0.54	0.34	-	0.34
Total foreign items	18.02	-	18.02	29.01	-	29.01
Total domestic and foreign items	7,142.40	81.51	7,223.91	2,990.46	3,739.74	6,730.20

8.2 Interbank and money market items, net (assets) (Continued)

Unit : Million Baht

The Bank's Financial Statements						
	December 31, 2018			December 31, 2017		
	At call	Time	Total	At call	Time	Total
Domestic items						
Bank of Thailand	7,067.48	-	7,067.48	2,853.07	-	2,853.07
Commercial banks and money markets	22.62	-	22.62	27.87	3,699.70	3,727.57
Specialized financial institutions	12.03	-	12.03	9.87	-	9.87
Other financial institutions	-	115.08	115.08	-	128.33	128.33
Total domestic items	7,102.13	115.08	7,217.21	2,890.81	3,828.03	6,718.84
<u>Add</u> Financial accrued income	-	0.17	0.17	-	0.21	0.21
<u>Less</u> Deferred revenues	-	(33.18)	(33.18)	-	(50.99)	(50.99)
<u>Less</u> Allowance for doubtful accounts	-	(0.56)	(0.56)	-	(37.51)	(37.51)
Total	7,102.13	81.51	7,183.64	2,890.81	3,739.74	6,630.55
Foreign items						
USD	14.82	-	14.82	27.45	-	27.45
JPY	1.05	-	1.05	1.07	-	1.07
EUR	1.61	-	1.61	0.15	-	0.15
Others	0.54	-	0.54	0.34	-	0.34
Total foreign items	18.02	-	18.02	29.01	-	29.01
Total domestic and foreign items	7,120.15	81.51	7,201.66	2,919.82	3,739.74	6,659.56

8.3 Derivatives assets and liabilities

The fair values and the notional amounts classified by type of risks were as follows :

Unit : Million Baht

<u>Consolidated and the Bank's Financial Statements</u>						
<u>December 31, 2018</u>			<u>December 31, 2017</u>			
<u>Type of risk</u>	<u>Fair value</u>		<u>Notional amount</u>	<u>Fair value</u>		<u>Notional amount</u>
	<u>Assets</u>	<u>Liabilities</u>		<u>Assets</u>	<u>Liabilities</u>	
Foreign exchange rate						
Derivatives held for trading	-	(0.02)	2.75	-	-	-
Derivatives held for hedging	0.01	-	5.46	-	(0.01)	5.45
Total	<u>0.01</u>	<u>(0.02)</u>	<u>8.21</u>	<u>-</u>	<u>(0.01)</u>	<u>5.45</u>

The proportions of derivatives transactions classified by type of counterparty based on notional amount were as follows :

<u>Consolidated and the Bank's Financial Statements</u>	
	<u>December 31, 2018</u>
	<u>Proportion</u>
	<u>(Percentage)</u>
Financial Institution	<u>100.00</u>
Total	<u>100.00</u>
	<u>December 31, 2017</u>
	<u>Proportion</u>
	<u>(Percentage)</u>
Financial Institution	<u>100.00</u>
Total	<u>100.00</u>

8.4 Investments, net

8.4.1 Available-for-sale securities

Unit : Million Baht

<u>Consolidated and the Bank's Financial Statements</u>	
	<u>December 31, 2018</u>
	<u>Fair value</u>
Government securities	<u>4,527.89</u>
Domestic marketable equity securities	<u>60.50</u>
Total	<u>4,588.39</u>
	<u>December 31, 2017</u>
	<u>Fair value</u>
Government securities	<u>3,208.70</u>
Domestic marketable equity securities	<u>86.00</u>
Total	<u>3,294.70</u>

As at December 28, 2017 the Bank has signed the credit agreement with Krung Thai Bank Public Company Limited credit line in the amount of Baht 10,000.00 million baht, the Bank pledged the right to treasury bill and government bonds (excluding yields) in the amount of Baht 300.00 million and Baht 100.00 million, which was pledged on June 1, 2018 and December 6, 2018, respectively.

8.4.2 General investments

Unit : Million Baht

Consolidated and the Bank's Financial Statements

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
	<u>Cost</u>	<u>Cost</u>
Domestic non-marketable unit trusts	25.00	25.00
Total	25.00	25.00
Total investment, net	4,613.39	3,319.70

8.4.3 Surplus (deficit) on revaluation of investments

Unit : Million Baht

Consolidated and the Bank's Financial Statements

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Equity securities	(125.54)	(100.04)
Debt securities	(0.08)	1.49
Total	(125.62)	(98.55)

8.4.4 Time to maturity of debt securities

Unit : Million Baht

Consolidated and the Bank's Financial Statements

	<u>December 31, 2018</u>				<u>December 31, 2017</u>			
	<u>Maturity</u>				<u>Maturity</u>			
	Over 1-5	Over 5			Over 1-5	Over 5		
	1 year	years	years	Total	1 year	years	years	Total
<u>Available-for-sale securities</u>								
Government and state enterprise securities	4,527.97	-	-	4,527.97	3,207.21	-	-	3,207.21
<u>Add (less)</u> Allowance for revaluation	(0.08)	-	-	(0.08)	1.49	-	-	1.49
Total	4,527.89	-	-	4,527.89	3,208.70	-	-	3,208.70

8.5 Investments in subsidiaries, net

The Bank's Financial Statements

December 31, 2018

	Type of business	Type of investment	Paid-up capital (Million Baht)	Share holding (Percentage)	Investment cost method (Million Baht)
<u>Subsidiaries</u>					
Amanah Leasing Public Company Limited	Hire-purchase-vehicle	Common share	961.55	48.75	560.35
Amanah Haj and Umrah Company Limited	Provides and operate the Haj and Umrah tour	Common share	10.00	49.00	4.90
Total					565.25
<u>Less</u> Allowance for impairment					(4.90)
Investment in subsidiaries, net					560.35

Amanah Haj and Umrah Company Limited have losses on operation. Consequently, it was recorded the allowance for impairment of investment by the Bank in the full amount. The subsidiary has ceased their operation and deregistered on May 14, 2013 which is now conducting the liquidation process.

On April 4, 2018, according to the resolutions of the Annual Ordinary Shareholders' meeting of Amanah Leasing Public Company Limited, approved dividend payments for the year 2017, which included cash dividend of Baht 0.000794 per share, totaling of Baht 0.37 million, and stock dividend in the ratio of 140 existing shares to 1 stock dividend, resulting in the increase in the Bank's number of shares from 465,500,000 shares to 468,825,000 shares.

The Bank's Financial Statements

December 31, 2017

	Type of business	Type of investment	Paid-up capital (Million Baht)	Share holding (Percentage)	Investment cost method (Million Baht)
<u>Subsidiaries</u>					
Amanah Leasing Public Company Limited	Hire-purchase-vehicle	Common share	952.18	48.89	560.35
Amanah Haj and Umrah Company Limited	Provides and operate the Haj and Umrah tour	Common share	10.00	49.00	4.90
Total					565.25
<u>Less</u> Allowance for impairment					(4.90)
Investment in subsidiaries, net					560.35

8.6 Financing to customers and financial accrued income, net

8.6.1 Classified by type of financing

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Contracts receivables				
- Cash withdrawal	747.72	588.02	747.72	588.02
- General	29,794.66	22,749.76	31,643.09	24,589.76
Financing receivables	22.87	19.57	1.17	1.17
Receivables from factoring contracts	1,829.42	2,049.91	1,829.42	2,049.91
Hire-purchase receivables	4,527.62	4,174.56	72.01	194.13
Financial lease receivables	1.77	2.38	0.27	0.47
Debt restructuring receivables	15,392.12	15,379.03	15,392.12	15,379.03
Others	53.89	53.89	53.89	53.89
<u>Less</u> Deferred revenue	<u>(1,453.17)</u>	<u>(1,320.15)</u>	<u>(7.20)</u>	<u>(20.85)</u>
Total financing net of deferred revenue	50,916.90	43,696.97	49,732.49	42,835.53
<u>Add</u> Financial accrued income	<u>166.50</u>	<u>223.42</u>	<u>94.84</u>	<u>159.95</u>
Total financing net of deferred revenue and financial accrued income	51,083.40	43,920.39	49,827.33	42,995.48
<u>Less</u> Allowance for doubtful accounts				
1. Minimum provision according to the BOT's requirement	(4,733.53)	(5,371.92)	(4,572.30)	(5,238.30)
2. Surplus reserve from minimum requirement	(1,204.77)	-	(1,204.77)	-
3. General reserve	(1,084.42)	(2,067.05)	(991.10)	(1,981.15)
<u>Less</u> Revaluation allowance for debt restructuring	<u>(5.31)</u>	<u>(48.98)</u>	<u>(5.31)</u>	<u>(48.98)</u>
Total financing to customers and financial accrued income, net	<u>44,055.37</u>	<u>36,432.44</u>	<u>43,053.85</u>	<u>35,727.05</u>

As at December 31, 2018 and 2017, the Bank had suspended income recognition credits amounting to Baht 319.76 million and Baht 555.57 million, respectively.

8.6.2 Classified by currency and residence of the debtors

Unit : Million Baht

Consolidated Financial Statements

	<u>December 31, 2018</u>			<u>December 31, 2017</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	50,916.90	-	50,916.90	43,696.97	-	43,696.97
Total	<u>50,916.90</u>	<u>-</u>	<u>50,916.90</u>	<u>43,696.97</u>	<u>-</u>	<u>43,696.97</u>

Unit : Million Baht

The Bank's Financial Statements

	<u>December 31, 2018</u>			<u>December 31, 2017</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	49,732.49	-	49,732.49	42,835.53	-	42,835.53
Total	<u>49,732.49</u>	<u>-</u>	<u>49,732.49</u>	<u>42,835.53</u>	<u>-</u>	<u>42,835.53</u>

8.6.3 Classified by business type and classification

Unit : Million Baht

Consolidated Financial Statements

December 31, 2018

	<u>Normal</u>	<u>Special mention</u>	<u>Sub- standard</u>	<u>Doubtful</u>	<u>Doubtful of loss</u>	<u>Total</u>
Agriculture and mining	121.10	-	1,697.92	-	43.45	1,862.47
Manufacturing and commerce	2,791.76	1,939.74	155.06	7.88	163.85	5,058.29
Property development and construction	5,411.31	2,630.70	601.14	1,664.38	480.87	10,788.40
Public utility and service	11,140.12	2,027.73	254.49	225.07	2,106.59	15,754.00
House financing	3,411.38	149.57	31.20	48.98	160.71	3,801.84
Others	11,268.44	1,054.84	178.35	201.81	948.46	13,651.90
Total	<u>34,144.11</u>	<u>7,802.58</u>	<u>2,918.16</u>	<u>2,148.12</u>	<u>3,903.93</u>	<u>50,916.90</u>

Unit : Million Baht

Consolidated Financial Statements

December 31, 2017

	<u>Normal</u>	<u>Special mention</u>	<u>Sub- standard</u>	<u>Doubtful</u>	<u>Doubtful of loss</u>	<u>Total</u>
Agriculture and mining	3,771.28	136.77	133.72	1,899.54	457.65	6,398.96
Manufacturing and commerce	7,288.22	1,440.33	1,461.74	358.63	905.21	11,454.13
Property development and construction	5,076.75	2,696.79	2,300.56	76.27	639.64	10,790.01
Public utility and service	6,461.04	1,712.62	441.91	122.42	97.87	8,835.86
House financing	2,181.21	76.00	115.18	72.91	386.56	2,831.86
Others	1,866.54	696.91	155.07	231.36	436.27	3,386.15
Total	<u>26,645.04</u>	<u>6,759.42</u>	<u>4,608.18</u>	<u>2,761.13</u>	<u>2,923.20</u>	<u>43,696.97</u>

8.6.3 Classified by business type and classification (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2018

	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	121.10	-	1,697.92	-	43.45	1,862.47
Manufacturing and commerce	2,791.76	1,939.74	155.06	7.88	163.85	5,058.29
Property Development and construction	5,411.31	2,630.70	601.14	1,664.38	480.87	10,788.40
Public utility and service	11,140.12	2,027.73	254.49	225.07	2,106.59	15,754.00
House financing	3,411.38	149.57	31.20	48.98	160.71	3,801.84
Others	10,980.20	368.30	96.15	126.55	896.29	12,467.49
Total	33,855.87	7,116.04	2,835.96	2,072.86	3,851.76	49,732.49

Unit : Million Baht

The Bank's Financial Statements

December 31, 2017

	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	3,771.28	136.77	133.72	1,899.54	457.65	6,398.96
Manufacturing and commerce	7,288.22	1,440.33	1,461.74	358.63	905.21	11,454.13
Property Development and construction	5,076.75	2,696.79	2,300.56	76.27	639.64	10,790.01
Public utility and service	6,461.04	1,712.62	441.91	122.42	97.87	8,835.86
House financing	2,181.21	76.00	115.18	72.91	386.56	2,831.86
Others	1,854.58	45.35	52.35	170.02	402.41	2,524.71
Total	26,633.08	6,107.86	4,505.46	2,699.79	2,889.34	42,835.53

8.6.4 Classified by type of classification

Unit : Million Baht

Consolidated Financial Statements

December 31, 2018

	Financing and financial accrued income	Outstanding balance (Net of collateral) *	Percentage of allowance for doubtful account (%)	Allowance for doubtful account
1. Minimum allowance per BOT's regulations				
Normal	34,265.75	14,353.95	1	143.54
Special Mention	7,839.43	2,466.81	2	44.43
Sub-Standard	2,921.29	940.27	100	940.16
Doubtful	2,151.13	1,393.59	100	1,393.13
Doubtful loss	3,905.73	2,212.27	100	2,212.27
2. Surplus reserve				
- Financial accrued income	0.07	-		0.07
- Surplus reserve from minimum requirement	-	-		1,204.70
- General reserve	-	-		1,084.42
Total **	<u>51,083.40</u>	<u>21,366.89</u>		<u>7,022.72</u>

Unit : Million Baht

Consolidated Financial Statements

December 31, 2017

	Financing and financial accrued income	Outstanding balance (Net of collateral) *	Percentage of allowance for doubtful account (%)	Allowance for doubtful account
1. Minimum allowance per BOT's regulations				
Normal	26,751.68	8,066.91	1	80.69
Special Mention	6,787.84	2,268.95	2	22.39
Sub-Standard	4,631.42	2,890.73	100	2,876.11
Doubtful	2,762.55	873.97	100	873.76
Doubtful loss	2,924.87	1,518.97	100	1,518.97
2. Surplus reserve				
- Financial accrued income	62.03	-		62.03
- General reserve	-	-		2,005.02
Total **	<u>43,920.39</u>	<u>15,619.53</u>		<u>7,438.97</u>

* Subsidiary use outstanding balance before deduction of collateral in calculation of allowance of account for hire-purchase receivable classified as doubtful and doubtful loss.

** Total financing and financial accrued income net of deferred revenue in note No. 8.6.1

8.6.4 Classified by type of classification (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2018

	Financing and financial accrued income	Outstanding balance (Net of collateral) *	Percentage of allowance for doubtful account (%)	Allowance for doubtful account
1. Minimum allowance per BOT's regulations				
Normal	33,938.65	13,900.96	1	139.01
Special Mention	7,127.00	2,299.18	2	41.06
Sub-Standard	2,836.55	918.63	100	918.63
Doubtful	2,073.24	1,315.94	100	1,315.60
Doubtful loss	3,851.82	2,158.00	100	2,158.00
2. Surplus reserve				
- Financial accrued income	0.07	-		0.07
- Surplus reserve from minimum requirement	-	-		1,204.70
- General reserve	-	-		991.10
Total **	<u>49,827.33</u>	<u>20,592.71</u>		<u>6,768.17</u>

In this period, the Bank need to set up the allowance for doubtful account for debtors classified as special mention and doubtful class amounting to Baht 45.98 million and Baht 1,315.94 million. However, there was loss from debt restructuring in the aforementioned receivables. Therefore, the Bank included the allowance of such amount totaled Baht 4.92 million and Baht 0.34 million in the allowance for revaluation of debt restructuring.

Unit : Million Baht

The Bank's Financial Statements

December 31, 2017

	Financing and financial accrued income	Outstanding balance (Net of collateral) *	Percentage of allowance for doubtful account (%)	Allowance for doubtful account
1. Minimum allowance per BOT's regulations				
Normal	26,707.71	7,693.52	1	76.94
Special Mention	6,112.05	2,109.88	2	19.20
Sub-Standard	4,525.64	2,863.33	100	2,848.81
Doubtful	2,698.61	810.22	100	810.22
Doubtful loss	2,889.44	1,483.14	100	1,483.14
2. Surplus reserve				
- Financial accrued income	62.03	-		62.03
- General reserve	-	-		1,919.11
Total **	<u>42,995.48</u>	<u>14,960.09</u>		<u>7,219.45</u>

** Total financing and financial accrued income net of deferred revenue in note No. 8.6.1

As of December 31, 2018 and 2017, the Bank had non-performing financing (NPF) in the amount of Baht 8,761.61 million and Baht 10,113.69 million, respectively, accounting for 17.58 and 23.52 percent of the financing and financial accrued income respectively.

8.6.5 Hire-purchase receivables and finance lease receivables, net

Unit : Million Baht

Consolidated Financial Statements

December 31, 2018

Amounts due under lease agreements

	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Gross investment in the hire-purchase and finance lease agreement	1,452.75	3,075.75	0.89	4,529.39
<u>Less</u> Unearned finance income	<u>(620.79)</u>	<u>(826.98)</u>	<u>(0.01)</u>	<u>(1,447.78)</u>
Present value of minimum lease payment per hire-purchase and finance lease agreement	831.96	2,248.77	0.88	3,081.61
<u>Less</u> Allowance for doubtful accounts	<u>(184.42)</u>	<u>(94.11)</u>	<u>-</u>	<u>(278.53)</u>
Hire-purchase and finance lease receivables, net	<u>647.54</u>	<u>2,154.66</u>	<u>0.88</u>	<u>2,803.08</u>

Unit : Million Baht

Consolidated Financial Statements

December 31, 2017

Amounts due under lease agreements

	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Gross investment in the hire-purchase and finance lease agreement	1,291.66	2,884.49	0.79	4,176.94
<u>Less</u> Unearned finance income	<u>(541.12)</u>	<u>(769.59)</u>	<u>(0.02)</u>	<u>(1,310.73)</u>
Present value of minimum lease payment per hire-purchase and finance lease agreement	750.54	2,114.90	0.77	2,866.21
<u>Less</u> Allowance for doubtful accounts	<u>(156.82)</u>	<u>(84.43)</u>	<u>-</u>	<u>(241.25)</u>
Hire-purchase and finance lease receivables, net	<u>593.72</u>	<u>2,030.47</u>	<u>0.77</u>	<u>2,624.96</u>

8.6.5 Hire-purchase receivables and finance lease receivables, net (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2018

Amounts due under lease agreements

	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Gross investment in the hire-purchase and finance lease agreement	51.98	20.30	-	72.28
<u>Less</u> Unearned finance income	<u>(0.73)</u>	<u>(1.08)</u>	<u>-</u>	<u>(1.81)</u>
Present value of minimum lease payment per hire-purchase and finance lease agreement	51.25	19.22	-	70.47
<u>Less</u> Allowance for doubtful accounts	<u>(23.77)</u>	<u>(0.21)</u>	<u>-</u>	<u>(23.98)</u>
Hire-purchase and finance lease receivables, net	<u>27.48</u>	<u>19.01</u>	<u>-</u>	<u>46.49</u>

Unit : Million Baht

The Bank's Financial Statements

December 31, 2017

Amounts due under lease agreements

	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Gross investment in the hire-purchase and finance lease agreement	62.28	132.32	-	194.60
<u>Less</u> Unearned finance income	<u>(3.98)</u>	<u>(7.45)</u>	<u>-</u>	<u>(11.43)</u>
Present value of minimum lease payment per hire-purchase and finance lease agreement	58.30	124.87	-	183.17
<u>Less</u> Allowance for doubtful accounts	<u>(22.35)</u>	<u>(4.38)</u>	<u>-</u>	<u>(26.73)</u>
Hire-purchase and finance lease receivables, net	<u>35.95</u>	<u>120.49</u>	<u>-</u>	<u>156.44</u>

8.7 Allowance for doubtful accounts

The movements in the allowances for doubtful accounts during the period were as follows :

Unit : Million Baht

Consolidated Financial Statements

December 31, 2018

						Surplus reserve from minimum requirement /	
	Normal	Special mention	Sub- standard	Doubtful	Doubtful loss	General reserve	Total
Beginning balance	80.69	22.39	2,876.11	873.76	1,518.97	2,067.05	7,438.97
Doubtful accounts	62.85	22.04	(1,935.95)	519.37	693.30	-	(638.39)
Surplus reserve from minimum requirement	-	-	-	-	-	1,204.77	1,204.77
General reserve	-	-	-	-	-	(982.63)	(982.63)
Ending balance	143.54	44.43	940.16	1,393.13	2,212.27	2,289.19	7,022.72

Unit : Million Baht

Consolidated Financial Statements

December 31, 2017

						General reserve	Total
	Normal	Special mention	Sub- standard	Doubtful	Doubtful loss		
Beginning balance	104.78	31.25	2,165.05	2,360.66	24,206.50	2,938.99	31,807.23
Doubtful accounts	(24.09)	(8.86)	913.89	413.38	1,960.02	-	3,254.34
Transferred NPF to IAM	-	-	(202.83)	(1,900.28)	(24,647.55)	-	(26,750.66)
General reserve	-	-	-	-	-	(871.94)	(871.94)
Ending balance	80.69	22.39	2,876.11	873.76	1,518.97	2,067.05	7,438.97

8.7 Allowance for doubtful accounts (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2018

						Surplus reserve from minimum requirement /	
	Normal	Special mention	Sub- standard	Doubtful	Doubtful loss	General reserve	Total
Beginning balance	76.94	19.20	2,848.81	810.22	1,483.14	1,981.14	7,219.45
Doubtful accounts	62.07	21.86	(1,930.18)	505.38	674.86	-	(666.01)
Surplus reserve from minimum requirement	-	-	-	-	-	1,204.77	1,204.77
General reserve	-	-	-	-	-	(990.04)	(990.04)
Ending balance	139.01	41.06	918.63	1,315.60	2,158.00	2,195.87	6,768.17

Unit : Million Baht

The Bank's Financial Statements

December 31, 2017

						General reserve	Total
	Normal	Special mention	Sub- standard	Doubtful	Doubtful loss		
Beginning balance	101.70	28.86	2,145.74	2,306.86	24,175.75	2,869.87	31,628.78
Doubtful accounts	(24.76)	(9.66)	905.90	403.64	1,954.94	-	3,230.06
Transferred NPF to IAM	-	-	(202.83)	(1,900.28)	(24,647.55)	-	(26,750.66)
General reserve	-	-	-	-	-	(888.73)	(888.73)
Ending balance	76.94	19.20	2,848.81	810.22	1,483.14	1,981.14	7,219.45

8.8 Troubled debt restructuring

The Bank had troubled debt restructuring for the year ended December 31, 2018 and 2017 as follows :

Unit : Million Baht

Consolidated and the Bank's Financial Statements

December 31, 2018

<u>Restructuring Method</u>	<u>Number of debtor</u>	<u>Outstanding balance before restructuring</u>	<u>Fair value</u>
Modification on terms of repayment	1,037	5,497.84	-
Total	1,037	5,497.84	-

Unit : Million Baht

Consolidated and the Bank's Financial Statements

December 31, 2017

<u>Restructuring Method</u>	<u>Number of debtor</u>	<u>Outstanding balance before restructuring</u>	<u>Fair value</u>
Modification on terms of repayment	520	2,269.58	-
Total	520	2,269.58	-

8.9 Properties for sale, net

Unit : Million Baht

Consolidated Financial Statements

December 31, 2018

	<u>Beginning balance</u>	<u>Additions</u>	<u>Transferred to IAM</u>	<u>Disposals / Decrease</u>	<u>Ending balance</u>
Assets from debts repayment					
Immovable assets					
- External appraiser	44.02	2.42	-	(10.35)	36.09
Total immovable assets	44.02	2.42	-	(10.35)	36.09
Movable assets					
- External appraiser	54.32	250.00	-	(268.56)	35.76
Total movable assets	54.32	250.00	-	(268.56)	35.76
Total properties for sale	98.34	252.42	-	(278.91)	71.85
<u>Less</u> Allowance for impairment	(37.85)	(44.60)	-	71.10	(11.35)
Total properties for sale, net	60.49	207.82	-	(207.81)	60.50

Unit : Million Baht

Consolidated Financial Statements

December 31, 2017

	<u>Beginning balance</u>	<u>Additions</u>	<u>Transferred to IAM</u>	<u>Disposals / Decrease</u>	<u>Ending balance</u>
Assets from debts repayment					
Immovable assets					
- External appraiser	237.89	67.27	(253.55)	(7.59)	44.02
Total immovable assets	237.89	67.27	(253.55)	(7.59)	44.02
Movable assets					
- External appraiser	64.15	268.71	(1.73)	(276.81)	54.32
Total movable assets	64.15	268.71	(1.73)	(276.81)	54.32
Total properties for sale	302.04	335.98	(255.28)	(284.40)	98.34
<u>Less</u> Allowance for impairment	(53.22)	(58.82)	0.41	73.78	(37.85)
Total properties for sale, net	248.82	277.16	(254.87)	(210.62)	60.49

8.9 Properties for sale, net (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2018

	<u>Beginning balance</u>	<u>Additions</u>	<u>Transferred to IAM</u>	<u>Disposals / Decrease</u>	<u>Ending balance</u>
Assets from debts repayment					
Immovable assets					
- External appraiser	-	2.42	-	-	2.42
Total immovable assets	-	2.42	-	-	2.42
Movable assets					
- External appraiser	-	0.36	-	(0.36)	-
Total movable assets	-	0.36	-	(0.36)	-
Total properties for sale	-	2.78	-	(0.36)	2.42
<u>Less</u> Allowance for impairment	-	-	-	-	-
Total properties for sale, net	-	2.78	-	(0.36)	2.42

Unit : Million Baht

The Bank's Financial Statements

December 31, 2017

	<u>Beginning balance</u>	<u>Additions</u>	<u>Transferred to IAM</u>	<u>Disposals / Decrease</u>	<u>Ending balance</u>
Assets from debts repayment					
Immovable assets					
- External appraiser	191.37	63.22	(253.55)	(1.04)	-
Total immovable assets	191.37	63.22	(253.55)	(1.04)	-
Movable assets					
- External appraiser	2.25	25.94	(1.73)	(26.46)	-
Total movable assets	2.25	25.94	(1.73)	(26.46)	-
Total properties for sale	193.62	89.16	(255.28)	(27.50)	-
<u>Less</u> Allowance for impairment	(19.90)	-	0.41	19.49	-
Total properties for sale, net	173.72	89.16	(254.87)	(8.01)	-

8.10 Premises and equipment, net

Unit : Million Baht

Consolidated Financial Statements

December 31, 2018

	Cost				Accumulated depreciation				Allowance	Net
	Beginning balance	Additions	Disposals	Ending balance	Beginning balance	Depreciation	Disposals	Ending balance	for impairment	
Land										
- Cost	154.55	-	-	154.55	-	-	-	-	-	154.55
Land improvement on leased land										
- Cost	3.49	-	-	3.49	3.49	-	-	3.49	-	-
Building										
- Cost	97.95	-	-	97.95	70.65	3.11	-	73.76	(1.08)	23.11
Building and leasehold improvement										
- Cost	608.53	7.53	(12.34)	603.72	378.75	54.29	(9.41)	423.63	-	180.09
Furniture, fixture and equipment										
- Cost	969.75	7.88	(9.55)	968.08	904.68	38.84	(9.52)	934.00	-	34.08
Vehicles										
- Cost	124.50	5.76	(18.30)	111.96	67.15	8.44	(7.24)	68.35	-	43.61
Properties for service										
- Cost	0.56	-	(0.56)	-	0.17	0.10	(0.27)	-	-	-
Construction in progress	16.53	4.50	(20.69)	0.34	-	-	-	-	-	0.34
Total	1,975.86	25.67	(61.44)	1,940.09	1,424.89	104.78	(26.44)	1,503.23	(1.08)	435.78

8.10 Premises and equipment, net (Continued)

Unit : Million Baht

Consolidated Financial Statements

December 31, 2017

	Cost				Accumulated depreciation				Allowance	
	Beginning		Ending		Beginning		Ending		for impairment	Net balance
	balance	Additions	Disposals	balance	balance	Depreciation	Disposals	balance		
Land										
- Cost	154.55	-	-	154.55	-	-	-	-	-	154.55
Land improvement on leased land										
- Cost	3.49	-	-	3.49	3.49	-	-	3.49	-	-
Building										
- Cost	97.95	-	-	97.95	67.53	3.12	-	70.65	(4.23)	23.07
Building and leasehold improvement										
- Cost	647.18	14.53	(53.18)	608.53	351.85	55.99	(29.09)	378.75	-	229.78
Furniture, fixture and equipment										
- Cost	980.85	10.78	(21.88)	969.75	864.27	60.79	(20.38)	904.68	(0.01)	65.06
Vehicles										
- Cost	127.85	10.48	(13.83)	124.50	62.40	8.84	(4.09)	67.15	-	57.35
Properties for service										
- Cost	0.56	-	-	0.56	0.06	0.11	-	0.17	-	0.39
Construction in progress	46.53	8.40	(38.40)	16.53	-	-	-	-	-	16.53
Total	2,058.96	44.19	(127.29)	1,975.86	1,349.60	128.85	(53.56)	1,424.89	(4.24)	546.73

As at December 31, 2018 and 2017, the Bank and its subsidiaries has premises and equipment where were fully depreciated but still in-use, with the original cost approximately Baht 1,003.69 million and Baht 931.09 million, respectively.

8.10 Premises and equipment, net (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2018

	Cost				Accumulated depreciation				Allowance	
	Beginning		Ending		Beginning		Ending		for	Net
	balance	Additions	Disposals	balance	balance	Depreciation	Disposals	balance		
Land										
- Cost	154.55	-	-	154.55	-	-	-	-	-	154.55
Building										
- Cost	97.95	-	-	97.95	70.65	3.11	-	73.76	(1.08)	23.11
Building and leasehold improvement										
- Cost	585.56	6.56	(11.40)	580.72	361.48	52.15	(8.83)	404.80	-	175.92
Furniture, fixture and equipment										
- Cost	932.67	6.00	(1.34)	937.33	876.20	35.60	(1.35)	910.45	-	26.88
Vehicles										
- Cost	12.49	-	-	12.49	12.49	-	-	12.49	-	-
Construction in progress	16.53	3.76	(19.95)	0.34	-	-	-	-	-	0.34
Total	1,799.75	16.32	(32.69)	1,783.38	1,320.82	90.86	(10.18)	1,401.50	(1.08)	380.80

8.10 Premises and equipment, net (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2017

	Cost				Accumulated depreciation				Allowance	
	Beginning		Ending		Beginning		Ending		for	Net
	balance	Additions	Disposals	balance	balance	Depreciation	Disposals	balance	impairment	balance
Land										
- Cost	154.55	-	-	154.55	-	-	-	-	-	154.55
Building										
- Cost	97.95	-	-	97.95	67.53	3.12	-	70.65	(4.23)	23.07
Building and leasehold improvement										
- Cost	612.51	13.90	(40.85)	585.56	326.01	53.43	(17.96)	361.48	-	224.08
Furniture, fixture and equipment										
- Cost	936.88	10.17	(14.38)	932.67	831.96	57.41	(13.17)	876.20	(0.01)	56.46
Vehicles										
- Cost	12.49	-	-	12.49	12.49	-	-	12.49	-	-
Construction in progress	46.54	8.34	(38.35)	16.53	-	-	-	-	-	16.53
Total	1,860.92	32.41	(93.58)	1,799.75	1,237.99	113.96	(31.13)	1,320.82	(4.24)	474.69

As at December 31, 2018 and 2017, the Bank has premises and equipment where were fully depreciated but still in-use, with the original cost approximately Baht 893.12 million and Baht 880.23 million, respectively.

8.11 Goodwill and other intangible assets, net

Unit : Million Baht

Consolidated Financial Statements

December 31, 2018

	Cost				Accumulated amortization				Allowance	
	Beginning			Ending	Beginning			Ending	for	Net
	balance	Additions	Disposals	balance	balance	Amortization	Disposals	balance	impairment	balance
Right to use										
computer software										
- Cost	346.67	0.61	-	347.28	329.48	7.90	-	337.38	-	9.90
Computer systems										
- Cost	727.69	9.94	-	737.63	690.86	8.72	-	699.58	-	38.05
Goodwill										
- Cost	90.00	-	-	90.00	19.50	-	-	19.50	(70.50)	-
Computer systems										
in progress	1.59	-	-	1.59	-	-	-	-	-	1.59
Total	1,165.95	10.55	-	1,176.50	1,039.84	16.62	-	1,056.46	(70.50)	49.54

Unit : Million Baht

Consolidated Financial Statements

December 31, 2017

	Cost				Accumulated amortization				Allowance	
	Beginning			Ending	Beginning			Ending	for	Net
	balance	Additions	Disposals	balance	balance	Amortization	Disposals	balance	impairment	balance
Right to use										
computer software										
- Cost	342.88	3.99	(0.20)	346.67	311.36	18.29	(0.17)	329.48	-	17.19
Computer systems										
- Cost	708.04	19.72	(0.07)	727.69	661.56	29.31	(0.01)	690.86	(0.05)	36.78
Goodwill										
- Cost	90.00	-	-	90.00	19.50	-	-	19.50	(70.50)	-
Computer systems										
in progress	1.59	-	-	1.59	-	-	-	-	-	1.59
Total	1,142.51	23.71	(0.27)	1,165.95	992.42	47.60	(0.18)	1,039.84	(70.55)	55.56

8.11 Goodwill and other intangible assets, net (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2018

	Cost				Accumulated amortization				Allowance	
	Beginning		Ending		Beginning		Ending		for	Net
	balance	Additions	Disposals	balance	balance	Amortization	Disposals	balance		
Right to use										
computer software										
- Cost	314.06	0.07	-	314.13	307.56	5.31	-	312.87	-	1.26
Computer systems										
- Cost	727.69	9.94	-	737.63	690.86	8.72	-	699.58	-	38.05
Goodwill										
- Cost	90.00	-	-	90.00	19.50	-	-	19.50	(70.50)	-
Total	1,131.75	10.01	-	1,141.76	1,017.92	14.03	-	1,031.95	(70.50)	39.31

Unit : Million Baht

The Bank's Financial Statements

December 31, 2017

	Cost				Accumulated amortization				Allowance	
	Beginning		Ending		Beginning		Ending		for	Net
	balance	Additions	Disposals	balance	balance	Amortization	Disposals	balance		
Right to use										
computer software										
- Cost	314.12	0.14	(0.20)	314.06	291.77	15.96	(0.17)	307.56	-	6.50
Computer systems										
- Cost	708.04	19.72	(0.07)	727.69	661.56	29.31	(0.01)	690.86	(0.05)	36.78
Goodwill										
- Cost	90.00	-	-	90.00	19.50	-	-	19.50	(70.50)	-
Total	1,112.16	19.86	(0.27)	1,131.75	972.83	45.27	(0.18)	1,017.92	(70.55)	43.28

8.12 Deferred tax assets and liabilities

Unit : Million Baht

Consolidated Financial Statements

Recorded as Revenue / Expense in

Other comprehensive

	<u>January 1, 2018</u>	<u>Gains (Losses)</u>	<u>income</u>	<u>December 31, 2018</u>
Deferred tax assets				
Allowance for doubtful accounts	26.80	14.85	-	41.65
Provision for long-term employee benefit reserve	2.21	0.02	0.40	2.63
Estimated losses on properties for sale	1.78	0.12	-	1.90
Deferred tax assets	<u>30.79</u>	<u>14.99</u>	<u>0.40</u>	<u>46.18</u>
Deferred tax liabilities				
Deferred commission expense	(2.68)	(0.14)	-	(2.82)
Revenue from financial lease	(0.10)	(0.05)	-	(0.15)
Deferred tax liabilities	<u>(2.78)</u>	<u>(0.19)</u>	<u>-</u>	<u>(2.97)</u>
Deferred tax assets, net	<u>28.01</u>	<u>14.80</u>	<u>0.40</u>	<u>43.21</u>

Unit : Million Baht

Consolidated Financial Statements

Recorded as Revenue / Expense in

Other comprehensive

	<u>January 1, 2017</u>	<u>Gains (Losses)</u>	<u>income</u>	<u>December 31, 2017</u>
Deferred tax assets				
Allowance for doubtful accounts	25.82	0.98	-	26.80
Provision for long-term employee benefit reserve	-	1.72	0.49	2.21
Estimated losses on properties for sale	-	1.78	-	1.78
Deferred tax assets	<u>25.82</u>	<u>4.48</u>	<u>0.49</u>	<u>30.79</u>
Deferred tax liabilities				
Deferred commission expense	(2.33)	(0.35)	-	(2.68)
Revenue from financial lease	(0.07)	(0.03)	-	(0.10)
Deferred tax liabilities	<u>(2.40)</u>	<u>(0.38)</u>	<u>-</u>	<u>(2.78)</u>
Deferred tax assets, net	<u>23.42</u>	<u>4.10</u>	<u>0.49</u>	<u>28.01</u>

8.13 Receivables from transferring non-performing assets

On June 29, 2017, the Bank made an asset transfer agreement with Islamic Bank Asset Management Company Limited. The assets transferred is non-performing asset and non-Muslim at the Cut-off Date which are excluded from welfare employee financing and a financing program to assist independent retailers affected by the flood and storm in 2010 (PSA). Asset transfer is scheduled on December 31, 2016. The transfer date is June 30, 2017, using the outstanding balance as at June 29, 2017. The detail of transferring after increase in transferring-asset improvement is as follows :

Unit : Million Baht

Accounts	Accrued income		Collateral value		Allowance for		Net book value
	Outstanding balance / Cost	within 3 months for normal receivables	used in calculation of allowance / Appraiser	doubtful account	Allowance for impairment		
Financing to bank transaction	48,876.13	0.72	22,125.47	26,750.66	-		22,126.19
Financing to Public Service Account	173.74	-	0.01	173.73	-		0.01
Investment in finans's account receivable	13.50	-	-	-	13.50		-
Properties for sale - immovable	253.55	-	446.38	-	0.26		253.29
Properties for sale - movable	1.73	-	1.93	-	0.15		1.58
Total	49,318.65	0.72	22,573.79	26,924.39	13.91		22,381.07

At the transfer date (June 30, 2017), the Bank receives payment for the assets transferred to Islamic Bank Asset Management Company Limited as a promissory note for 5 issues totaling Baht 22,605.66 million. The amounts due for such promissory notes may be adjusted as agreed by the parties (within six months). Islamic Bank Asset Management Company Limited has adjusted promissory note No. 5/2560 from Baht 4,605.66 million to promissory note No. 1/2561, instead, Baht 4,381.07 million, total promissory notes amount of Baht 22,381.07 million. In the first two years from the date of signing the contract, Islamic Bank Asset Management Company Limited (IAM) does not have to pay principal. The details of the promissory note are as follows :

Unit: Million Baht

No.	Date of issuance	Due date	December 31, 2018	December 31, 2017
			Amount	Amount
1/2560	June 30, 2017	June 30, 2020	4,500.00	4,500.00
2/2560	June 30, 2017	June 30, 2021	4,500.00	4,500.00
3/2560	June 30, 2017	June 30, 2022	4,500.00	4,500.00
4/2560	June 30, 2017	June 30, 2023	4,500.00	4,500.00
5/2560	June 30, 2017	June 30, 2024	-	4,605.66
1/2561	June 30, 2017	June 30, 2024	4,381.07	-
Total			22,381.07	22,605.66

8.13 Receivables from transferring non-performing assets (Continued)

As at December 28, 2017, the Bank has signed a credit facility agreement with Krung Thai Bank PCL credit line of Baht 10,000.00 million. The Bank pledged the rights under the promissory note of Islamic Bank Asset Management Company Limited (IAM) issued 4 promissory notes totaling Baht 18,000.00 million, No. 1/2560, amounting to Baht 4,500.00 million, No. 2/2560, amounting to Baht 4,500.00 million, No. 3/2560, amounting to Baht 4,500.00 million, and No. 4/2560 amounting to Baht 4,500.00 million Baht.

As at December 31, 2018 and 2017, the Bank recognizes accrued income receivables from the promissory notes of Baht 31.17 million and Baht 210.27 million.

8.14 Other assets, net

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
The Revenue Department receivable	0.74	0.77	0.74	0.77
Deposits	68.75	74.61	65.71	71.58
<u>Less</u> Allowance for impairment - deposits	(2.09)	(12.58)	(2.09)	(12.58)
Prepaid expenses	16.72	6.05	14.56	3.93
<u>Less</u> Allowance for impairment - prepaid expenses	(0.04)	-	(0.04)	-
Building leasehold	1.36	2.21	1.36	2.21
Non-accrual receivable and judgment debtors	386.11	365.74	-	-
<u>Less</u> Allowance for doubtful accounts	(351.39)	(331.89)	-	-
Other accrued income	14.04	6.64	14.04	6.64
Account receivables under investigation	45.42	45.35	45.42	45.35
<u>Less</u> Allowance for doubtful accounts	(45.42)	(45.35)	(45.42)	(45.35)
Advance payment to receivables	167.71	172.32	167.71	172.32
<u>Less</u> Allowance for advance payment to receivables	(151.67)	(162.86)	(151.67)	(162.86)
Debtors of the Legal Execution Department	35.59	77.07	35.59	77.07
<u>Less</u> Allowance for debtors of the Legal Execution Department	(2.12)	(4.92)	(2.12)	(4.92)
Other receivables of IAM	69.81	34.79	69.81	34.79
Others	30.53	56.61	15.57	35.67
<u>Less</u> Allowance for impairment - other assets	(7.84)	(38.70)	(7.84)	(37.11)
Total	<u>276.21</u>	<u>245.86</u>	<u>221.33</u>	<u>187.51</u>

8.15 Deposits

8.15.1 Classified by product type

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
At call	810.68	504.10	815.93	507.77
Savings	21,345.26	17,675.24	21,347.14	17,698.16
Term deposits				
Less than 6 months	3,996.20	5,031.46	3,996.20	5,031.46
6 months - 1 year	14,866.03	8,470.02	14,866.03	8,470.02
More than 1 year	37,435.31	53,532.18	37,435.31	53,532.18
Total	<u>78,453.48</u>	<u>85,213.00</u>	<u>78,460.61</u>	<u>85,239.59</u>

8.15.2 Classified by remaining maturity of deposits

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Less than 1 year	73,879.56	82,594.84	73,886.69	82,621.43
More than 1 year	4,573.92	2,618.16	4,573.92	2,618.16
Total	<u>78,453.48</u>	<u>85,213.00</u>	<u>78,460.61</u>	<u>85,239.59</u>

8.15.3 Classified by currency and residence of depositors

Unit : Million Baht

	<u>Consolidated Financial Statements</u>					
	<u>December 31, 2018</u>			<u>December 31, 2017</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	78,451.76	1.72	78,453.48	85,211.21	1.79	85,213.00
Total	<u>78,451.76</u>	<u>1.72</u>	<u>78,453.48</u>	<u>85,211.21</u>	<u>1.79</u>	<u>85,213.00</u>

Unit : Million Baht

	<u>The Bank's Financial Statements</u>					
	<u>December 31, 2018</u>			<u>December 31, 2017</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	78,458.89	1.72	78,460.61	85,237.80	1.79	85,239.59
Total	<u>78,458.89</u>	<u>1.72</u>	<u>78,460.61</u>	<u>85,237.80</u>	<u>1.79</u>	<u>85,239.59</u>

8.16 Interbank and money market items, net (liabilities)

Unit : Million Baht

Consolidated Financial Statements

	December 31, 2018			December 31, 2017		
	At call	Term	Total	At call	Term	Total
Domestic items						
Bank of Thailand	-	-	-	-	102.98	102.98
Commercial bank	6.04	-	6.04	4.55	1,000.00	1,004.55
Specialized financial institutions	-	873.59	873.59	-	743.09	743.09
Other financial institutions	641.65	52.43	694.08	1,564.30	473.36	2,037.66
Total	647.69	926.02	1,573.71	1,568.85	2,319.43	3,888.28

Unit : Million Baht

The Bank's Financial Statements

	December 31, 2018			December 31, 2017		
	At call	Term	Total	At call	Term	Total
Domestic items						
Bank of Thailand	-	-	-	-	102.98	102.98
Commercial bank	-	-	-	-	1,000.00	1,000.00
Specialized financial institutions	-	873.59	873.59	-	743.09	743.09
Other financial institutions	641.65	52.43	694.08	1,564.30	473.36	2,037.66
Total	641.65	926.02	1,567.67	1,564.30	2,319.43	3,883.73

8.17 Provisions

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Provision for decommissioning costs	-	0.56	-	0.56
Provision for post-employment benefit contingent	211.82	182.24	198.70	171.20
Provision for short-term employee benefit contingent	14.81	16.59	14.81	16.59
Provision for lawsuit files	28.61	26.46	28.61	26.46
Provision caused by non-performing assets	468.26	453.26	468.26	453.26
Other current provisions	11.18	17.23	11.18	17.23
Provision for return of government project financing	4.71	6.96	4.71	6.96
Total	<u>739.39</u>	<u>703.30</u>	<u>726.27</u>	<u>692.26</u>

As at December 31, 2018 and 2017, the Bank had provision caused by a lawsuit filed and provision caused by non-performing assets of Baht 496.87 million and Baht 479.72 million respectively. This included contingent liabilities caused by provision from bank guarantee totaled Baht 404.99 million and Baht 404.99 million, respectively as stated in note No. 8.23.1. The Bank has made an estimation of the contingent liabilities from the risks and uncertainties. Conservatism assumptions has been used in order to determine the possibilities, from news appears by the media, from litigation between debtors and beneficiary and litigation period.

As at December 31, 2018, the Bank has a contingent liability in respect of transfer of non-performing assets to IAM. The Bank expects to pay its obligations under the transferred assets for more than 2 years from the date of transfer of assets amounting to Baht 468.26 million, including fine and court cost of Baht 63.27 million.

Provision according to post-employment benefit obligations

The Bank has established post-employment benefit plans in accordance with the state Enterprise Labour Relations Act B.E. 2543 and its subsidiaries has post-employment benefit plans in accordance with the Labour Protection Act B.E. 2541 in which being presented as a part of provisions under the statements of financial position.

8.17 Provisions (Continued)

Change in present value of post-employment benefit obligations for the year ended December 31, 2018 and 2017

were as follow :

	Consolidated Financial Statements		The Bank's Financial Statement	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Beginning provision according to				
post-employment benefit obligation	182.24	149.71	171.20	142.04
Current service cost	34.98	32.03	33.61	30.79
Financial cost	5.15	4.24	4.87	4.02
Benefit Paid	(6.05)	(6.21)	(4.89)	(5.65)
Recognized in other comprehensive income :				
Profit (loss) using actuarial calculation estimation				
Caused by change in demographic assumption	(4.50)	2.19	(6.09)	-
Caused by change in financial assumption	-	(0.17)	-	-
Caused by improvement from experience	-	0.45	-	-
Ending provision according to				
post-employment benefit obligation	<u>211.82</u>	<u>182.24</u>	<u>198.70</u>	<u>171.20</u>

Amounts recognized in the statements of profit or loss and other comprehensive income in respect of the post-employment benefit plans for the year ended December 31, 2018 and 2017 were as follows :

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Current service costs	34.98	32.03	33.61	30.79
Finance costs	5.15	4.24	4.87	4.02

Principal actuarial assumptions used to calculate the defined benefit obligations as at December 31, 2018 and 2017 were as follows :

	Consolidated and the Bank's Financial Statements	
	December 31, 2018	December 31, 2017
Discount rate	2.40% - 3.23%	2.19% - 3.04%
Salary increase rate	3.72% - 5.00%	3.11% - 5.00%
Turnover average rate	0% - 16%	0% - 19%

8.17 Provisions (Continued)

Sensitivity analysis of principal actuarial assumptions as at December 31, 2018 and 2017 is as follows :

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<u>Change in post-employment benefits</u>				
Increase in discount rate by 0.50%-1.00%	(19.70)	(17.31)	(19.35)	(17.03)
Decrease in discount rate by 0.50%-1.00%	23.01	20.24	22.65	19.95
Increase in salary average rate by 0.50%-1.00%	22.77	21.85	22.45	21.59
Decrease in salary average rate by 0.50%-1.00%	(19.89)	(18.95)	(19.58)	(18.70)
Increase in turnover average rate by 0.50%-1.00%	(20.93)	(18.50)	(20.60)	(18.24)
Decrease in turnover average rate by 0.50%-1.00%	15.46	13.73	15.13	13.47

On December 13, 2018, the National Assembly of Thailand passed a new Labour Protection Act, which had been in processed of the Royal Thai Government Gazette. The latest of Labour Protection Act specify the amount of statutory severance pay for an employee who has worked for at least 20 years has been increased to 400 days at the employee's last wage rate. The employee benefit obligations from changing new act had not affect the Bank as a result of the Bank has under the state Enterprise Labour Relations Act B.E. 2543 which still remained.

8.18 Other liabilities

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
The Revenue Department payable	42.34	43.24	9.65	12.05
Suspense accounts creditors	36.35	65.15	36.35	65.15
Suspense cheque clearing	23.01	51.08	23.01	51.08
Inter-branch accounts (liabilities)	-	1.56	-	1.56
Others	93.20	101.51	78.33	90.57
Total	<u>194.90</u>	<u>262.54</u>	<u>147.34</u>	<u>220.41</u>

8.19 Share capital and premium (discount) on share capital

As at December 31, 2018 and 2017, the Ministry of Finance and the State Enterprises under the Ministry of Finance held by 99.87 and 98.18 percent, respectively, of the Bank's share capital.

The Bank had registered share capital in accordance with the Islamic Bank of Thailand Act B.E. 2545 of 100.00 million shares with par value of Baht 10 each, totaling Baht 1,000.00 million; and may offer shares to no more than 35 majors of shareholders.

8.19 Share capital and premium (discount) on share capital (Continued)

On July 17, 2018 the Royal Gazette has announced revised the Islamic Bank of Thailand Act (No. 2) B.E. 2561 section 3 which is effective on July 18, 2018. The Act assigned the Ministry of Finance holding the Bank's shares with appropriate number, but not exceed 49 percent of total issued shares, unless there is necessity for benefit in status or operation revision of the Bank. The Ministry of Finance might hold share exceeding 49 percent of total issued shares temporarily with appropriate proportion and timing based on ministry's opinion.

December 31, 2018						
	Ordinary shares (Million Shares)	Par value (Baht)	Amount at par value (Million Baht)	Offering price (Baht)	Amount at offering price (Million Baht)	Premium (discount) on share capital (Million Baht)
Issued and paid-up share capital						
Increase in share capital accordance with the Islamic Bank of Thailand Act B.E. 2545						
No. 1 (2002)	8.00	10.00	80.00	10.00	80.00	-
No. 2 (2003)	61.69	10.00	616.86	10.00	616.86	-
No. 3 (2006)	0.76	10.00	7.59	4.82	3.66	(3.93)
No. 4 (2007)	1.59	10.00	15.89	2.50	3.97	(11.92)
No. 5 (2007)	27.96	10.00	279.66	1.08	30.20	(249.46)
Total	100.00		1,000.00		734.69	(265.31)
Increase in share capital from the resolution of shareholders' meeting for the year 2007						
No. 1 (2007)	835.50	10.00	8,355.02	1.08	902.34	(7,452.68)
No. 2 (2007)	2,187.50	10.00	21,874.98	1.08	2,362.50	(19,512.48)
Total	3,023.00		30,230.00		3,264.84	(26,965.16)
Increase in share capital from the resolution of the shareholders' meeting for the year 2009						
No. 1 (2010)	60.20	10.00	601.98	1.08	65.01	(536.97)
No. 2 (2010)	5,495.35	10.00	54,953.52	1.08	5,934.98	(49,018.54)
Total	5,555.55		55,555.50		5,999.99	(49,555.51)
Increase in share capital from the resolution of the shareholders' meeting for the year 2013						
No. 1 (2013)	1,598.28	10.00	15,982.75	0.58	927.00	(15,055.75)
Total	1,598.28		15,982.75		927.00	(15,055.75)
As at December 31, 2017	10,276.83		102,768.25		10,926.52	(91,841.73)
Reduction in capital according to resolution at extraordinary general meeting No. 1/2560						
The ministers agreed to reduce capital August 2, 2018	-	(9.99)	(102,665.49)		-	102,665.49
Reduction of discount and retained earning	-		-		-	(10,823.76)
Total	10,276.83		102.76		-	-
Increase in share capital						
No. 1 (2018)	880,670.32	0.01	8,806.70		-	-
No. 2 (2018)	929,329.68	0.01	9,293.30		-	-
Total	1,810,000.00		18,100.00		-	-
As at December 31, 2018	1,820,276.83		18,202.76		-	-

8.19 Share capital and premium (discount) on share capital (Continued)

According to the resolutions of the Annual Ordinary Shareholders' meeting for the year 2013 convened on May 30, 2013, the meeting agreed to increase in share capital of not excess to Baht 7,108 million which shall be done twice. In relation to the allocation of increased shares, the first allocation would not excess than Baht 927 million and the second allocation would not excess than Baht 6,181 million in which the Board of Directors is authorized for issuance, offering and allocation of the increased shares i.e. pricing, date and time or conditions regarding the each offerings as appropriate. The meeting had the resolutions of allocation of the increased ordinary share to the existing shareholders, as per the following details :

The first increase of the share capital amounting to not exceeding Baht 927 million would be an allocation of 1,598,275,862 ordinary shares, (One thousand five hundred and ninety - eight million, two hundred and seventy-five thousand eight hundred and sixty - two ordinary shares) with par value of Baht 10 each, for allotment to existing shareholders under proportional of shares being held on the basis of 1 existing share to 0.184163 new ordinary shares. Any fraction of the rights offerings should be disregarded and offer on the basis of Baht 0.58 each. The remaining increased ordinary shares would be allocated in the criterion of private placement with offering price not less than Baht 0.58 each. The Board of Directors shall be authorized to take the following actions :

(a) Determine conditions for the allocation of ordinary shares, either all at once or many times, to both the Bank's existing shareholders and private placement.

(b) Specify the list of person for private placement being offered for the remaining shares after the allocation to the Bank's existing shareholders.

(c) Any other necessary and relevant actions to allocate increased ordinary shares of the Bank.

The Bank proceeded fund from capital increase on August 30, 2013 of Baht 914.15 million and on September 23, 2013 of Baht 12.85 million, totaling Baht 927 million.

The second increase of the share capital amounting to not exceeding Baht 6,181 million. The Board of Directors shall be authorized to take the following actions :

(a) Determine conditions for the allocation of ordinary shares, including but not limit to all at once basis or many times basis, the offering period, offering price and any conditions relating to the offering, to both the Bank's existing shareholders and private placement.

(b) Specify the list of person for private placement being offered for the remaining shares after the allocation to the Bank's existing shareholders.

(c) Any other necessary and relevant actions to allocate increased ordinary shares of the Bank.

On August 19, 2014, the Ministry of Finance set conditions for disbursement of increase of the share capital in proportion of the Ministry of Finance for the year 2014 in accordance with Notification No. Gor.Kor. 0819.1/10821 which shall be disbursed twice allocated to Baht 1,250 million each, under the conditions of the Ministry of Finance.

8.19 Share capital and premium (discount) on share capital (Continued)

On April 23, 2015, the Ministry of Finance had Notification No. Gor.Kor. 0819.1/1665 regarding to requesting for the Islamic Bank of Thailand to explain the overall operation of conditions for disbursement of increase of the share capital. The Bank had the Notification No. Tor.Or.Tor.Lor.Gor. 144/2558 regarding reporting the overall operation of conditions for disbursement of increase of the share capital of the Bank that has already operated in the relevant part of increase of the overall share capital according the conditions for disbursement in both 2 allocations.

The Ministry of Finance had Notification No. Gor.Kor. 0805.4/6125 dated November 8, 2016 announced the resolution of the Board of Directors of the State Enterprise Policy Office in the meeting No. 4/2016 dated October 26, 2016 assigned the Ministry of Finance to consider the financing restructuring of the Bank which consist of decreasing, increasing and payment of share capital including consider the relevant law that give the exemption to the Ministry of Finance to hold more than 49 percent owned of all the paid-up share capital temporary during the Bank's enterprise problem-solving.

The Extraordinary General Meeting No. 1/2017 at the date March 30, 2017 had approved proceeding regarding capital as follows :

1. Cancelling the resolution of increase in Bank's unappropriated capital amounting to Baht 6,181 million.
2. Approval to transfer legal reserve amounting to Baht 473.01 million for compensation of accumulated loss in the Bank's financial statements.
3. Approval to decrease in authorized share capital of the Bank amounting to Baht 102,665.49 million, from Baht 102,768.26 million to Baht 102.77 million, by decrease the par value from Baht 10 to Baht 0.01 as offered. The approval is under the condition of the Minister of Finance's permission for decreasing in registered share capital of the Bank.
4. Approval to increase in authorized share capital amounting to Baht 18,100.00 million by issuing common share amounting to 1,810,000.00 million shares, par value of Baht 0.01, as offered.
5. Approval to allocate the share capital to existing shareholders in proportion of Right Offering.

As at August 2, 2018, The Ministry of Finance has announced Notification No. Gor.Kor. 0819.1/Lor. 1674 regarding decrease in share capital of Islamic Bank of Thailand that the Minister of Finance agreed to decrease in share capital of the Bank from Baht 102,768,258,620 to Baht 102,768,258.62 by decrease in share value from Baht 10 to Baht 0.01 with approval from the Minister of Finance according to paragraph 2 in section 7 of Islamic Bank of Thailand Act B.E. 2545 and amended.

As at August 23, 2018, the Bank's Board of Directors had resolution from meeting No. 13/2561 to approve for extend the period of Right Offering from August 24-31, 2018 to August 24, 2018 - October 17, 2018, which the right offering has finished. The Ministry of Finance has fully executed 878,545,544,349 shares as the total amount of Baht 8,785,455,443.49 and minority shareholders 147 accounts have execute the right on share capital of 2,124,770,729 shares in share value to Baht 0.01 as the total amount of Baht 21,247,707.29. As at October 18, 2018, the Bank had remaining share capital from execution of right offering and distributed the remaining 929,329,684,922 shares by Private Placement to the Ministry of Finance in share value to Baht 0.01 as the total amount of Baht 9,293,296,849.22 which the Bank has received cash from right offering respectively, totally 1,810,000,000,000 shares as the amount of Baht 18,100,000,000.

8.20 Warrants / Capital reserve for share-based payment transaction

As at November 14, 2016, the Extraordinary General Meeting (EGM) of Amanah Leasing Public Company Limited ("the Company") No. 1/2016 had a resolution to approve warrant-issuing project of the Company for the Company's directors and employees (AMANAHA-WA) at no cost. Detail of the warrants are as follows :

Date of issuance	Determined by Board of Directors
Given amount (unit)	20,000,000 (maximum)
Contract period	5 years (maximum), started from the date of warrant issued
Conversion date	Last working day of June and December in each year through the warrant period
Exercise price (Baht) per 1 common stock	1 st year = Baht 1.00 2 nd year = Baht 1.09 3 rd year = Baht 1.19 4 th year = Baht 1.29 5 th year = Baht 1.39
Conversion Ratio (Warrant)	1:1

Estimated fair value of each warrant equals to Baht 0.07 which calculated by Black-Scholes Merton pricing model. The input used in model are such as share price at the pricing date which is Baht 0.67, exercise price Baht is 1.20, expected variance is 37.85%, expected dividend ratio is 0.00%, contract period is 5 years, and risk-free rate is 2.01%.

As at December 31, 2018, warrants issued by the Bank are as follows ;

Warrant type	Issued for	Date of issuance	Given amount	Offering price	Contract Period
AMANAHA-WA	Directors and employees	January 4, 2017	20,000,000	-	5 years

Number of warrants to purchase the Bank's ordinary shares. During the year, the following changes were made :

Warrant type	Number of warrants as at January 4, 2017	Number of warrants claimed during the year	Number of warrants that Out of dated / Canceled during the year	Remaining warrants as at December 31, 2017
AMANAHA-WA	15,900,151	(2,780,567)	(2,165,322)	10,954,262

The Company has canceled the issuance of warrants to purchase the Company's ordinary shares that allocated to directors and employees of the Company (AMANAHA-WA). As at December 31, 2018, there were 4,086,762 units of accumulated warrants since the employees resign which is not follow the conditions for receiving the warrants.

During the year ended December 31, 2018, the Company recorded expenses for the AMANAHA-WA project of Baht 0.31 million which included in employee expenses.

8.21 The appropriation of net profit for the year

8.21.1 Legal reserve

	Unit : Million Baht	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Beginning Balance	473.01	473.01
Reversal legal reserve for total accumulated loss	(473.01)	-
Profit appropriation of year 2018	<u>53.08</u>	<u>-</u>
Ending Balance	<u><u>53.08</u></u>	<u><u>473.01</u></u>

Under the Islamic Bank of Thailand Act B.E. 2545, Section 38, the Bank is required to allocate net profit for the year to reserve fund at least 10 percent of its net profit until the reserve fund is equal to or greater than the paid-up share capital, then the Bank may cease or reduce such appropriation.

According to the resolutions of the Annual Ordinary Shareholders' meeting 1/2017 convened on March 30, 2017, the meeting agreed to reverse legal reserve for total accumulated loss amounting Baht 473.01 million.

According to the resolutions of the Annual Ordinary Shareholders' meeting 1/2018 convened on May 28, 2018, the meeting agreed to decline appropriation of net income 2017 for the Bank reserves as a result of the Bank loss performance.

8.21.2 Dividend payment

Under the Islamic Bank of Thailand Act B.E. 2545, Section 11, after the Bank has subscribers and the Board of Directors shall be elected by the meeting of shareholders under the provisions of this Act, the Bank has to follow the Public Limited Companies Act, and apply mutatis mutandis as not contrary to or inconsistent with this Act.

Under Pursuant the Public Limited Companies Act B.E. 2535, Section 115 the Bank had to paid dividend payment from profit only. According to overall operation had ongoing capital deficiency, the Bank not allowed to paid dividend.

On May 28, 2017, the Annual Ordinary Meeting of Shareholders of the meeting No. 1/2018. Not approved the resolutions regarding the appropriation of the profit and the payment of dividend for the year 2017 as a result of the Bank loss performance.

8.22 Basic earnings per share

The changing price common stock and adjusting stock allocation which note No. 8.19 affect weighted average number of common shares and earning per share (EPS) for the year ended December 31, 2018 changed from December 31, 2017 as follows :

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Profit (losses) attributable to equity holders of the Bank (Million Baht)	610.23	(2,903.20)	530.77	(2,926.41)
Ordinary shares weighted average (Million share)	318,542	10,277	318,542	10,277
Basic earnings (losses) per share (Baht per share)	0.0019	(0.2825)	0.0017	(0.2841)

8.23 Contingent liabilities and other obligations

8.23.1 Contingent liabilities

Unit : Million Baht

Consolidated Financial Statements						
	December 31, 2018			December 31, 2017		
	Foreign		Total	Foreign		Total
	Baht	currency		Baht	currency	
Aval to bills	103.27	-	103.27	157.87	-	157.87
Liability under bill of exchange						
Letters of credit	-	17.76	17.76	-	6.33	6.33
Other contingencies						
Other guarantees	1,804.39	-	1,804.39	1,681.51	-	1,681.51
Unused credit facilities	996.33	-	996.33	1,307.38	-	1,307.38
Unused overdrafts limit	439.30	-	439.30	513.47	-	513.47
Others	134.47	8.22	142.69	190.47	5.45	195.92
Total other contingencies	3,374.49	8.22	3,382.71	3,692.83	5.45	3,698.28
Total	3,477.76	25.98	3,503.74	3,850.70	11.78	3,862.48

8.23.1 Contingent liabilities and other obligations (Continued)

Unit : Million Baht

The Bank's Financial Statements

	<u>December 31, 2018</u>			<u>December 31, 2017</u>		
		Foreign			Foreign	
	<u>Baht</u>	<u>currency</u>	<u>Total</u>	<u>Baht</u>	<u>currency</u>	<u>Total</u>
Aval to bills	103.27	-	103.27	157.87	-	157.87
Liability under bill of exchange						
Letters of credit	-	17.76	17.76	-	6.33	6.33
Other contingencies						
Other guarantees	1,801.92	-	1,801.92	1,679.28	-	1,679.28
Unused credit facilities	996.33	-	996.33	1,307.38	-	1,307.38
Unused overdrafts limit	439.30	-	439.30	513.47	-	513.47
Others	0.51	8.22	8.73	5.02	5.45	10.47
Total other contingencies	3,238.06	8.22	3,246.28	3,505.15	5.45	3,510.60
Total	3,341.33	25.98	3,367.31	3,663.02	11.78	3,674.80

As at December 31, 2018 and 2017, the Bank has a contingent liability from other guarantee amounting to Baht 1,801.92 million and Baht 1,679.28 million, respectively. The amount included other guarantee reserved for the disruption by recognizing as a provision for liability amounting to Baht 404.99 million and Baht 404.99 million respectively, stated in note No. 8.17.

8.23.2 Other contingent liabilities

As at December 31, 2018 and 2017, the Bank has a contingent liability from numbers of lawsuit filed in the amount in dispute of Baht 4.00 million and Baht 20.14 million, respectively. The cases are under the court's judicial proceeding.

8.24 Disclosure of related party transactions

Significant transactions between the Bank and related parties were transacted under normal business practices on the arm's length basis under price and condition similar to normal customers including policy regarding to allowances for doubtful accounts the Bank complies with the BOT guidelines to related parties similar to financing to normal debtors.

As at December 31, 2018 and 2017, the details of outstanding balance between the Bank and subsidiaries or related parties were as follows :

		Unit : Million Baht	
		<u>The Bank's Financial Statements</u>	
		<u>December 31, 2018</u>	<u>December 31, 2017</u>
Statement of Financial Position			
Financing and accrued income			
Amanah Leasing Public Company Limited	Subsidiary	1,849.99	1,840.70
Deposits			
Amanah Leasing Public Company Limited	Subsidiary	7.13	26.58
Trade account payables			
Amanah Leasing Public Company Limited	Subsidiary	0.65	0.77

		Unit : Million Baht	
		<u>The Bank's Financial Statements</u>	
		<u>For the year period ended</u>	
		<u>December 31, 2018</u>	<u>December 31, 2017</u>
Statements of Comprehensive Income			
Financial incomes			
Amanah Leasing Public Company Limited	Subsidiary	72.20	68.22
Other incomes (dividend)			
Amanah Leasing Public Company Limited	Subsidiary	0.37	10.64
Building and equipment expenses			
Amanah Leasing Public Company Limited	Subsidiary	9.02	10.64

8.24 Disclosure of related party transactions (Continued)

As at December 31, 2018 and 2017, outstanding balances with key management personnel from vice president level or the above were as follows :

Unit : Million Baht		
<u>The Bank's Financial Statements</u>		
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Executive from the Vice President level and above		
Financing	23.11	30.59
Allowance for doubtful accounts	0.08	2.52
Deposits	32.27	28.95
Family members inclose contact with persons specified		
Financing	-	0.85
Allowance for doubtful accounts	-	0.85
Deposits	2.16	1.02

8.25 Other benefits paid to directors and persons with managing authority

As at December 31, 2018, the Bank gained compensations or benefits as paid for executive level from Vice President level or above which the compensation would rely on engagement contract, short-term benefit of Baht 1.58 million and post-employment benefit of Baht 28.08 million.

8.26 Long-term leases

Unit : Million Baht								
<u>Consolidated and the Bank's Financial Statements</u>								
	<u>December 31, 2018</u>				<u>December 31, 2017</u>			
	With in 1 year	From 1-5 years	Over 5 years	Total	With in 1 year	From 1-5 years	Over 5 years	Total
Building	129.22	56.72	4.84	190.78	150.90	127.65	5.75	284.30
Equipment	3.53	0.75	-	4.28	3.58	4.34	-	7.92
Vehicle	4.34	3.10	-	7.44	4.40	7.53	-	11.93
Service	31.36	19.83	-	51.19	17.69	2.82	-	20.51
Total	168.45	80.40	4.84	253.69	176.57	142.34	5.75	324.66

8.27 Financial income

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>For the year ended</u>		<u>For the year ended</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Financing	2,639.69	2,504.60	2,708.14	2,564.84
Interbank and money market items	50.73	99.78	50.66	99.31
Hire-purchases and finance leases	520.71	432.10	7.41	19.99
Investments and others	49.27	70.71	49.27	70.71
Total financial income	<u>3,260.40</u>	<u>3,107.19</u>	<u>2,815.48</u>	<u>2,754.85</u>

8.28 Financial expenses

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>For the year ended</u>		<u>For the year ended</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Compensations on deposits	1,116.94	1,377.18	1,116.94	1,377.18
Interbank and money market items	121.55	42.20	121.50	42.17
Remittance to SFIs Development Fund	207.31	227.25	207.31	227.25
Total financial income	<u>1,445.80</u>	<u>1,646.63</u>	<u>1,445.75</u>	<u>1,646.60</u>

As at December 31, 2018, The Bank estimated the remittance to specialized financial institutions fund according to the Specialized Financial Institutions Act B.E. 2558 for the period July 1, 2018 to December 31, 2018, remaining to re-pay amounting of Baht 105.04 million.

8.29 Fees and service income, net

Unit : Million Baht

	<u>Consolidated Financial Statement</u>		<u>The Bank's Financial Statements</u>	
	<u>For the year ended</u>		<u>For the year ended</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Fees and service income				
Front end fees	24.18	26.53	24.18	26.53
Penalty charges *	94.34	57.16	94.34	57.16
Others	<u>154.12</u>	<u>144.58</u>	<u>99.37</u>	<u>93.47</u>
Total fees and service income	272.64	228.27	217.89	177.16
Fees and service expenses	<u>(19.57)</u>	<u>(21.89)</u>	<u>(19.57)</u>	<u>(21.89)</u>
Fees and service income, net	<u>253.07</u>	<u>206.38</u>	<u>198.32</u>	<u>155.27</u>

* Income from penalty charges, the Bank recognized as an income in accordance with the Accounting Standard that the Federation of Accounting Professions (FAP) prescribed and the response letter of the Federation of Accounting Professions (FAP) No. Sor.Vor.Bor.Chor. 2625/2556 dated December 18, 2013 regarding the accounting treatment of compensation for damage or penalty charges from default or contract breach that the Federation of Accounting Professions (FAP) had an opinion that "The Bank should recognize the total amount of receipt of cash as an income and recognize as an expense when the Bank donate the cash." which in line with the determination from the Revenue Department. However, according to Shariah principle, the Bank cannot recognize this transaction as an income. Therefore, the Bank brought with the opportunity cost and losses from financing, the remaining of proceedings should be donated for the public. The Bank annually considers the donation for public. This approach is concurred by according to the Shariah Advisory Council.

Shariah Advisory Council consider the income which are contrary to Shariah principle that cannot recognize as income of the Bank after deduct the opportunity cost and losses from financing of the Bank for the year 2018 and 2017, regarding the resolution of the meeting No. 3/2019 dated March 26, 2019 and No. 1/2018 dated January 25, 2018 respectively.

Unit : Million Baht

	<u>The Bank's Financial Statements</u>	
	<u>For the year ended</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Shariah-noncompliant income		
Penalty fees from ordinary transaction	94.34	57.16
Penalty fees from Public Service Account transaction	<u>0.59</u>	<u>1.23</u>
Total Shariah-noncompliant income	<u>94.93</u>	<u>58.39</u>
Opportunity cost		
<u>Less</u> Average cost of deposit	(1.57)	(1.07)
Damage from credit		
<u>Less</u> Expenses related to debt collection, net	(1,209.97)	(80.86)
Losses from debt restructuring	<u>30.69</u>	<u>-</u>
Total Opportunity cost and damage from credit	<u>(1,180.85)</u>	<u>(81.93)</u>
Opportunity cost and damage are higher than Shariah-noncompliant income	<u>(1,085.92)</u>	<u>(23.54)</u>

8.30 Gains on trading and foreign exchange transactions, net

Unit : Million Baht

Consolidated and the Bank's Financial Statements

For the year ended

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Gains on foreign exchange rate, net	4.68	5.70
Total	<u>4.68</u>	<u>5.70</u>

8.31 Gains on investments, net

Unit : Million Baht

Consolidated Financial Statements

The Bank's Financial Statements

For the year ended

For the year ended

	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Gains (losses) from sales				
Available for sale		3.21	-	3.21
Total	<u>-</u>	<u>3.21</u>	<u>-</u>	<u>3.21</u>
Losses from impairment of investment (reversal)				
Investment in subsidiaries and associates	-	9.38	-	-
Investment in hire-purchase receivable				
according to judgement	-	(0.11)	-	(0.11)
Total	<u>-</u>	<u>9.27</u>	<u>-</u>	<u>(0.11)</u>
Grand Total	<u>-</u>	<u>12.48</u>	<u>-</u>	<u>3.10</u>

8.32 Other operating income

Unit : Million Baht

Consolidated Financial Statements

The Bank's Financial Statements

For the year ended

For the year ended

	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Dividend income	1.18	8.41	1.55	8.41
Gain on disposal of properties for sale	0.88	0.31	0.88	0.31
Gain on disposal of assets	0.24	0.31	-	-
Other income - from hire-purchase financing	8.15	13.89	8.15	13.89
Income from insurance on hire-purchase business	0.01	0.20	0.01	0.20
Other income	70.71	36.99	34.87	5.24
Total	<u>81.17</u>	<u>60.11</u>	<u>45.46</u>	<u>28.05</u>

8.33 Other expenses

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>For the year ended</u>		<u>For the year ended</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Sales promotion expenses	12.74	13.72	10.53	11.20
Professional service fees	12.43	40.19	7.14	36.83
Losses on impairment of other assets (reversal)	(49.75)	82.02	(49.75)	82.02
Losses on reserve account receivables under investigation	0.07	12.41	0.07	12.41
Losses on provision	11.09	395.12	11.09	395.12
Losses on discontinued, disposal of assets and other losses on properties for sale	30.59	40.98	2.52	1.97
Security guard service fees	7.93	20.30	7.93	20.30
Transportation expenses	20.47	20.72	20.47	20.72
Office supplies	19.16	22.76	16.36	20.39
Labor costs	7.58	9.07	7.58	9.07
Entertainment expenses and public charity	5.26	4.60	5.16	4.56
Training and membership fees	6.19	4.99	5.93	4.83
Cash shipping fees	12.40	12.82	12.40	12.82
Compensation for non-compliance	38.61	-	38.61	-
Others	32.48	47.16	18.27	31.28
<u>Less</u> Cost allocation from Public Service Account	<u>(20.47)</u>	<u>(60.88)</u>	<u>(20.47)</u>	<u>(60.88)</u>
Total	<u>146.78</u>	<u>665.98</u>	<u>93.84</u>	<u>602.64</u>

8.34 Bad debts and doubtful accounts

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>For the year ended</u>		<u>For the year ended</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Financing (reversal)	(638.39)	3,254.34	(666.01)	3,230.06
Reversal financing to Public Service Account	(846.22)	(24.07)	(846.22)	(24.07)
Interbank and money market items (reversal)	(36.95)	37.22	(36.95)	37.22
Reversal surplus reserve	(982.63)	(871.94)	(990.04)	(888.73)
Surplus reserve from minimum requirement	1,204.77	-	1,204.77	-
Bad debts	562.90	0.04	562.90	0.04
Bad debts from Public Service Account	847.13	-	847.13	-
Reversal loss on troubled debt restructuring	(43.67)	(157.58)	(43.67)	(157.58)
Reversal loss on troubled debt restructuring from Public Service Account	-	(1.48)	-	(1.48)
Deferred accrued income	59.69	-	59.69	-
Others	67.62	76.29	0.74	3.77
Total	<u>194.25</u>	<u>2,312.82</u>	<u>92.34</u>	<u>2,199.23</u>

8.35 Public Service Account

8.35.1 Summary of Public Service Account

Unit : Million Baht

<u>Assets and liabilities</u>	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
<u>Assets</u>		
Financing to Public Service Account and financial accrued income, net	297.02	372.67
Receivable eligible for government reimbursement	-	-
Total assets	<u>297.02</u>	<u>372.67</u>
<u>Liabilities</u>		
Public Service Account payable	-	-
Total liabilities	<u>-</u>	<u>-</u>

Unit : Million Baht

<u>Income and expenses</u>	<u>Consolidated and the Bank's Financial Statements</u>	
	<u>For the year ended</u>	
	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Revenue from Public Service Account	203.00	115.28
<u>Less</u> Expenses from Public Service Account	378.52	556.03
<u>Less</u> Bad debt, doubtful accounts and loss on impairment of Public Service Account	<u>0.91</u>	<u>(25.55)</u>
Net loss	<u>379.43</u>	<u>530.48</u>
	<u>(176.43)</u>	<u>(415.20)</u>

8.35.2 Financing to Public Service Account

Unit : Million Baht

Consolidated and the Bank's Financial Statements

<u>Project</u>	<u>Project Summary</u>	<u>Duration</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Financing for promoting entrepreneurs providing public transportation in 5 southern provinces project (Cabinet's resolution June 29, 2010)	Financing for promoting entrepreneurs providing public transportation in 5 southern provinces project which the government pass a Cabinet resolution to compensate the margin variance.	2010-2022	100.72	177.25
Enhancing people' well-being plan within 2012-2016 in 5 southern provinces projects	Enhancing people' well-being plan within 2012-2016 in 5 southern provinces projects which contain 12 projects.	2010-2020	248.44	564.44
Financing for the self-employed individual who have been affected by the flood or wind damage in 2010 project (Cabinet Solution December 14, 2010 and May 3, 2011)	Financing for the self-employed individual who have been affected by the flood or storm 2010	2011-2015	12.39	589.26
Financing for the Emergency Muslims (Cabinet Solution November 28, 2017)	Enhancing people' income and enlarging credit line for retail customers	2018-2024	20.79	
Financing for housing in southern provinces (Cabinet Solution November 28, 2017)	Enhancing people' residence, regarding providing or maintenance and enlarge, in southern provinces with under the Bank's criteria and condition		27.30	
Total			<u>409.64</u>	<u>1,330.95</u>

Financing to Public Service Account amounting to Baht 409.64 million and Baht 1,330.95 million excluded deferred revenue amounting to Baht 1.21 million and Baht 3.67 million respectively.

8.35.3 Asset classification and provision for Public Service Account

Unit : Million Baht

Consolidated and the Bank's Financial Statements

December 31, 2018

	Number of	Financing	Collateral	Percentage of	Allowance for
	debtor		value	doubtful	doubtful
				accounts (%)	accounts
Normal	2,240	171.02	83.51	1	0.88
Special Mention	176	122.11	115.91	2	0.12
Sub-Standard	116	3.53	-	100	3.53
Doubtful	182	5.57	0.05	100	5.59
Doubtful loss	551	107.41	0.40	100	103.57
Total *	3,265	409.64	199.87		113.69

Unit : Million Baht

Consolidated and the Bank's Financial Statements

December 31, 2017

	Number of	Financing	Collateral	Percentage of	Allowance for
	debtor		value	doubtful	doubtful
				accounts (%)	accounts
Normal	3,120	225.15	59.62	1	1.66
Special Mention	449	148.01	115.90	2	0.64
Sub-Standard	384	14.85	-	100	14.85
Doubtful	477	16.22	-	100	16.25
Doubtful loss	25,548	926.72	1.48	100	926.51
Total *	29,978	1,330.95	177.00		959.91

* Total financing net of deferred revenue.

8.35.4 Revenue from Public Service Account

Unit : Million Baht

Consolidated and the Bank's Financial Statements

For the year ended

<u>Items</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Revenue from Public Service Account		
Financial revenue from Public Service Account	15.33	25.09
Fee and service income from Public Service Account	60.81	66.77
Other revenue from Public Service Account	122.31	1.23
Compensation for Public Service Account		
Compensation for operation expenses or management expenses for Public Service Account	4.55	22.19
Total	<u>203.00</u>	<u>115.28</u>

8.35.5 Expenses from Public Service Account

Unit : Million Baht

Consolidated and the Bank's Financial Statements

For the year ended

<u>Items</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Financial cost from Public Service Account	14.27	28.99
Operating expenses from Public Service Account	335.13	437.74
Other expenses from Public Service Account	29.12	89.30
Total	<u>378.52</u>	<u>556.03</u>

9. Events after the reporting period

In accordance with the State Enterprise Policy Office's Notification No. Gor.Kor. 0805.4/513 dated January 31, 2019, announced the resolution in the meeting No. 1/2562 on January 17, 2019 to acknowledge the progress of the amendment results for the problems with better operating result. Therefore, the Bank could be out of the group that SEPO supervises and monitor on organization's problems solving and has been monitored by the Ministry of Finance on operations of the Bank in accordance with the mission and the plan to resolve the organization instead.

10. Approval of the financial statements

The financial statements were approved to be issued by the Board of Directors on March 26, 2019.

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ธนาคารอิสลาม

แห่งประเทศไทย

ISLAMIC BANK OF THAILAND • البنك الإسلامي بتايلاند

รัฐวิสาหกิจสังกัดกระทรวงการคลัง



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