



ธนาคารอิสลาม
แห่งประเทศไทย
ISLAMIC BANK OF THAILAND • البنك الإسلامي
التيه



ISLAMIC
BANK OF THAILAND

ANNUAL REPORT
2019

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Message from the Chairman

Islamic Bank of Thailand



A handwritten signature in black ink, which appears to be 'Rathian Srimongkol'.

Mr. Rathian Srimongkol

Chairman

Islamic Bank of Thailand

After the State Enterprise Policy Commission (S.E.P.C) has approved the Bank to exit the rehabilitation plan on January 17, 2019, we have established a business plan under the supervision of the Ministry of Finance. It is to create bank stability and financial stability, as well as improving the revival of Capital Adequacy Ratio (BIS Ratio) of the Bank by expanding loans to support businesses in all sectors. Especially the mission for Muslims people and to support the southern border provinces which are considered an important goal for the Bank's operations. There also has a development of an efficient credit facility system and has obvious Check and Balance. There are improvements in operational processes within the organization, including investment in IT systems to be efficient, supporting digital banking systems to meet customer needs and to increase the convenience and speed of financial transactions. For those reasons, the Board of Directors, executives, and all employees have put in their best efforts to achieve the goals. In the midst of the global economic slowdown which is an important factor affecting the economic growth, the

investment of both domestic and foreign entrepreneurs is significant. As a result, the Bank's credit expansion is below targets and there is an increase in a number of Non-Performing Financing (NPF). However, according to the performance of the Bank in the year 2019, we still recorded a net profit of 566.01 million baht, which is higher than the year 2018, with a net profit of 531 million baht.

For the productivity in the year 2019, the Bank recognizes the importance of good corporate governance, creating responsibility and protecting the benefits of all stakeholders and a whole society. By creating an organizational culture that does not tolerate corruption (Zero Tolerance), integrity management, including supporting and encouraging employees to act in accordance with the guidelines for supervision of market conduct. We are reviewing and announcing the 5 core values of the new organization, consisting of Integrity & Transparency in running the business, excellence in financial services in accordance with Shariah practice,

The Bank is committed to implementing and aligning with the National Strategy in being a bank that provides financial services according to Islamic principles.

taking responsibility for one's own decisions and actions (Accountability), network collaboration for effective work in the organization. (Networking), and knowledge and innovation to the digital age (Knowledge & Innovation) As a result of the dedicated and serious operation of all executives and employees, we have received the Integrity and Transparency Assessment: ITA award for the fiscal year 2019 (ITA Awards) from the Office of the National Anti-Corruption Commission at 95.73 percent, at the 5th place, consecutively for the 2nd year. In addition to being 5th place of state enterprise out of 53 state enterprises, we had been ranked at 20th place out of 8,299 government agencies that have been evaluated from ITA also.

For the operation direction in 2020 under the Bank's strategic plan for 2020-2024, we are committed to implementing and aligning with the National Strategy in being a bank that provides financial services according to Islamic principles. Moreover, to increase variety in financial services according to Shariah principles, to create financial

strength for sustainability, develop potential of human resources, develop information technology systems to be able to effectively handle the changes in the modern times, to increase operational efficiency and reduce management costs, and also to create an organization with integrity and transparency system that will lead to increase ability to compete and be the foundation to grow securely, powerfully and sustainably.

On behalf of the Board of Directors, executives, all bank employees would like to thank shareholders, business partners, the public and private sectors, as well as valuable customers who have always trusted and always supported the Bank. We pledge to operate professionally to strengthen financial security, consider the benefits of all relevant parties, adherence to moral principles based on good governance, and to support the government's operations as part of supporting the country's economic development for further progress.

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



Dr. Maroning Salaeming

Chairman of the Shariah Advisory Council,
Islamic Bank of Thailand

In the name of Allah, the Most Gracious, the Most Merciful

According to the great changes and technological developments of the modern era which have affected the way of life both secularly and religiously in terms of society, politics, education, economy, financial transactions, behavior and attitude, causing people's adaptation to keep up with the changing era.

In the financial world, the secular aspect of social network has influenced on behavior and attitude of consumers in financial transactions. Technological changes have resulted in various forms of financial services that perfectly facilitate and meet people's needs. Especially, the modern financial transactions can be carried out anywhere, anytime, swiftly, conveniently and securely through various electronic devices that can be connected systematically.

While the religious feature of current financial industry becomes more clearer through the system and regulatory policies. It can build confidence and guarantee the stability of financial institutions that are considered a meaningful way. It emphasizes on matters of good governance, transparency, accountability, fairness to customers, consideration of consumer rights and human rights, social and environmental impacts. All of these matters must be relevant to the essential Islamic principles reflecting a key criterion for assessing the potential and quality of the banks and financial institutions in the current era. Financial institution plays an important role in driving the country's financial economy. It mobilizes and allocates funds providing financial services and accepting various transactions as well as being an intermediary for specific

It is a specific financial institution which plays an important role in driving the financial economy in accordance with Shariah, with interest-free financial transactions.

government projects related to finance and economy in allocating funds to the people systematically. Therefore, it must be well-prepared in the modern secular world to compete with other countries and having virtue to build trust and meet the needs of various groups of consumers or service recipients.

The Islamic Bank of Thailand is a specialized financial institution that has strengths in its founding goals. In other words, it is a specialized financial institution that plays an important role in driving the financial economy in accordance with Shariah. Characterizing with interest-free financial transaction and a group of Shariah consultants specializing in Islamic banking which reflects the strength of the Islamic Bank of Thailand in guiding the direction to follow the religious teachings regarding good governance,

transparency, accountability, fairness to customers, consideration of consumer rights and human rights, social and environmental impacts. Meanwhile, we do not ignore the secular way in terms of the management, administration, and financial services through systems and technological tools, which are adapted to the modern methods.

I am highly confident that the prominent goals of Islamic Bank of Thailand in guiding the direction to follow Islamic teachings and having various contributing factors in terms of adaptation to the modern worldly method are in our capability and become our joint missions to promote the Islamic Bank of Thailand to be a financial institution that creates benefits for our society and Thailand continually.

Message from the Director and President

Islamic Bank of Thailand



A handwritten signature in black ink, appearing to read 'Wuttichai S.', positioned above the printed name.

Mr. Wuttichai Suraratchai

Director and President
Islamic Bank of Thailand

Overall performance for the year 2019, the Bank continues to solve organizational problems in order to strengthen the foundation of the organization along with the stable business expansion. We are accelerating the expansion of quality with low risk, coupled with efforts to resolve Non-Performing Financing (NPF) that are major problems. In addition to the normal debt correction, we have launched NPF (Retail) Debt Clinic Mobile project. It is a way to contact the debtors and give the opportunity to those who are belonging to two groups of overdue with banks: judged and non-judge groups, to be resolved by using Debt Restructuring quickly. We have set a target to reduce debt of NPF (retail) in the amount of 138.22 million baht for a period of 10 months in operation, from March 1, 2019 to December 31, 2019 which can reduce NPF by 508.03 million baht, that is higher than the target of 367.6 percent in 2019. We also recognize the importance of morality and transparency, including against corruption. With participation from all executives and employees, drive the Integrity and Transparency Assessment (ITA) to a score of 95.73%.

In the last quarter of year 2019, the Bank implemented the policies of the State Enterprise Policy Office (SEPO) and tried to manage the operating results to achieve the target. However, due to the global economic slowdown continuously, resulting in the Bank's credit facilities unable to perform as planned. Nevertheless, in the year 2019, we still maintained a credit growth of 8%. As a result of these operations, we have continuous profits for the second year, our operating results for the year ended by 31 December 2019. According to the Bank's financial statements, the operating profit was 831.82 million baht. We have considered the strength and ability to handle the risk of asset quality. Therefore, we established the General Reserve with an amounting of 290.85 million baht. Hence, at the end of the year 2019, we gained a net profit of 566.01 million baht, with a reduced retained loss of 19,039.50 million baht. We have a policy to manage Non-Performing Financing (NPF) by carefully supporting new . As a result, the ratio of NPF to new bank has been reduced to only 0.086%, those are retail customers. Furthermore, we have a policy to revise the NPF debt with sufficient potential

We are focusing on the implementation of our main mission that supposed to be the main bank for Muslim customers. We are running our business with regard to the Environment, Social, and Governance (ESG)

for debts restructuring and in case of those who do not cooperate or do not have a solution, the Bank will take legal action immediately.

In the year 2020, the Bank revised its business plan to ensure continuity and in accordance with the Strategic Rehabilitation Plan and Annual Business Plan year 2019-2023 in order to continuous net profit, has a BIS ratio close to zero ratio and has a stronger financial status, respectively. To strive to be the Trusted Islamic Bank which focusing on the implementation of our main mission that supposed to be the main bank for Muslim customers. We are running our business with regard to the Environment, Social, and Governance (ESG) including establishing connections for IBANK to be part of the Islamic Business Ecosystem. We create new services and increase the base as a main bank for Muslim customers, narrowing the gap and create financial opportunities for customers according

to the mission in the southern border provinces. We have balanced the business operations to be a good choice for general customers along with managing the cost and expenses efficiently. We promote awareness throughout the organization and emphasize on adaptation to be ready for business operations under the changing environment that enters the digital economy era with good governance principles, transparency, morals and Zero Tolerance. Besides, we have invested in IT development such as Financing Origination System, Hardware & Software and Technology Digital Development to support business growth and support changing customer behavior including creating equality in the use of financial services like using services from general financial institutions. We also consider continuity with other systems that will be developed in the future and are worth the investment so that our performance will continue to grow continuously and sustainably.





State Enterprise Information

- ★ 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 or her religion. In October 2007, the Ministry of Finance became ibank's major shareholder and this has made the Bank a 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), commenced on July 18, 2018 which allows the Ministry of Finance to own more than 49 percent as the bank's major Shareholder for a proper 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 equitably.
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.

Type Business / Characteristic of Business

Bank Information

Name	: Islamic Bank of Thailand
Type of Business	: Specialized Financial Institutions (SFIs) to be subordinate to Ministry of Finance
Tax Payer Identification No.	: 0993000275063
Head Office	: 66 Q House Asoke Building, Sukhumvit 21 Rd.(Asoke) Klong Toei Nuea, Vadhana, Bangkok 10110
Tel	: 0-2650-6999
Fax	: 0-2664-3345
Website	: www.ibank.co.th

Characteristic of Business

Islamic Bank of Thailand (IBANK) is the Government-owned financial institution which was established in accordance with the Islamic Bank of Thailand Act B.E.2545 under the supervision of Ministry of Finance by doing business according to Islamic Bank of Thailand Act B.E.2545, Royal Decree, Ministerial regulation and Related announcements Bank of Thailand Ministry of Finance and Related organizations.

Juristic person directly owned by the bank for at least 25 percent

Company Name	: Amanah Leasing Public Company Limited
Type of Business	: Providing Hire purchase, Inventory Finance, Financial Lease and Operating Lease
Head Office	: 16-16/1 Soi Kasemsan 1, Phayathai Rd, Wangmai, Pathumwan, Bangkok 10330
Tel.	: 0-2091-6456
Fax	: 0-2091-6418
Website	: www.amanah.co.th
Shareholder Ratio	: 48.59 percent

Branches Telephone Fax Address

Asoke Office

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

Telephone : 02-260-1751-5

Fax : 02-260-1750

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 : 02-873-6803-5

Fax : 02-873-6809

Southern Bus Terminal

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

Telephone : 02-422-3935-8

Fax : 02-422-3939

Prachuap Khirikhan

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

Telephone : 032-603-148, 032- 601-945 032-604-868-9

Fax : 032-604-223

Seeyaek Thotsakan

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

Telephone : 02-410-3235-8

Fax : 02-410-3239

Samut Sakhon

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

Telephone : 034-423-730-3

Fax : 034-423-734

Hua Hin

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

Telephone : 032-522-410-1, 032-522-448-9

Fax : 032-522-450

Phetchaburi

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

Telephone : 032-414-090-3

Fax : 032-414-094

6 Branches of Sathon District Office

Thanon Charoenkrung

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

Telephone : 02-292-1973-6

Fax : 02-292-1977

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 : 02-780-2214-8

Fax : -

Pratunam

No. 120/69, Ratchaprarop Road, Phaya Thai

Sub-district, Ratchathewi District, Bangkok 10400

Telephone : 02-208-0919-22

Fax : 02-208-0923

Silom

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

Telephone : 02-236-9404-7

Fax : 02-236-9408

The Nine Rama 9

1st Floor, Room No. F01B01000-F01B02000, B

Building, The Nine Rama 9, 999/2 Rama 9 Road, Suan Luang Sub-District, Suan Luang District, Bangkok 10250

Telephone : 02-318-4156-8, 02-318-4926

Fax : 02-318-4927

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 : 02-148-1036-9

Fax : 02-148-1040

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 : 02-729-8805-7

Fax : 02-729-8806

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 : 02-734-1905-9

Fax : 02-734-1904

Thanon Nawamin

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

Telephone : 02-509-4782-5

Fax : 02-509-4786

Saphanmai

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

Telephone : 02-521-9627-30

Fax : 02-521-9631

Thanon Ramkhamhaeng 87

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

Telephone : 02-736-3831-4

Fax : 02-736-3835

Min Buri

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

Telephone : 02-517-9655-7

Fax : 02-517-9658

Fashion Island

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

Telephone : 02-508-3818-21

Fax : 02-508-3822

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 : 035-801-2545-8

Fax : 035-801-255

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 : 02-143-8781-3

Fax : 02-143-8785

Nonthaburi

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

Telephone : 02-526-6101-2, 02-526-6163-4

Fax : 02-526-6173

Bang Phlat

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

Telephone : 02-424-5099-102

Fax : 02-424-5103

Suphanburi

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

Telephone : 035-525-872-5

Fax : 035-525-876

Nakhon Pathom

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

Telephone : 034-271-904-7

Fax : 034-271-908

Ratchaburi

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

Telephone : 032-332-375-8

Fax : 032-332-379

Kanchanaburi

No.218/13, Sangchuto Road, Ban Nuea Sub-district,
Mueang Kanchanaburi District, Kanchanaburi 71000
Telephone : 034-671-520-3
Fax : 034-671-524

Pathum Thani

No.27/17-19, Pathum Sampan Road, Bang Prok
Sub-district, Mueang Pathum Thani District, Pathum
Thani 12000
Telephone : 02-593-4070-2
Fax : 02-593-4073

7 Branches of Chon Buri District Office

Nong Chok

No.67, Village No. 2, Choemsamphan Road, Krathumrai
Sub-district, Nong Chok District, Bangkok 10530
Telephone : 02-548-3101-3
Fax : 02-548-3104

Chachoengsao

No. 217/39-40, Mahacharkkaphat Road, Na Mueang
Sub-district, Mueang Chachoengsao District,
Chachoengsao 24000
Telephone : 038-518-585-8
Fax : 038-518-589

Bang Saen

No. 177, Long Hat Bang Saen Road, Saen Suk
Sub-district, Mueang Chon Buri District, Chon Buri
20130
Telephone : 038-395-051-4
Fax : 038-395-055

Rayong

No. 292/2-3, Sukhumvit Road, Choeng Noen Sub-
district, Mueang Rayong District, Rayong 21000
Telephone : 038-610-412-5
Fax : 038-610-416

Chanthaburi

No.84/24, Tha Chalab Road, Talat Sub-district, Mueang
Chanthaburi District, Chanthaburi 22000
Telephone : 039-328-893-5, 039-328-897
Fax : 039-328-898

Thanon Sri Nakarin

No.1170, Sri Nakarin Road, Suan Luang Sub-district,
Suan Luang District, Bangkok 10250
Telephone : 02-320-3361-3
Fax : 02-320-3364

Pattaya

No.597/3, South Pattaya Road, Nong Prue Sub-district,
Bang Lamung District, Chon Buri 20260
Telephone : 038-488-414-6
Fax : 038-488-417

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 50200
Telephone : 053-287-214-7
Fax : 053-287-218

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 : 053-277-259, 053-277-024-5,
053-277-286-7
Fax : 053-277-287

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 : 053-431-229-32
Fax : 053-431-233

Lamphun

No.23, Inthayongyot Road, Nai Mueang Sub-district,
Mueang Lamphun District, Lamphun 51000
Telephone : 053-510-185-7, 053-510-194
Fax : 053-510-195

Phayao

No.474/3-4, Phahonyothin Road, Wiang Sub-district,
Mueang Phayao District, Phayao 56000
Telephone : 054-432-191-4
Fax : 054-432-195

Lampang

No.92-98 Bunwat Road, Suan Dok Sub-District, Mueang
Lampang District, Lampang 52100
Telephone : 054-222-054, 054-230-006-7,
054-226-189, 054-222-996
Fax : 054-222-995

Chiang Mai

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

Telephone : 053-283-265-6

Fax : 053-270-718

Chiang Rai

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

Telephone : 053-748-883-5

Fax : 053-748-886

6 branches of Phitsanulok District Office

Mae Sot

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

Telephone : 055-533-636, 055-533-639, 055-533-643,
055-533-646

Fax : 055-533-649

Nakhon Sawan

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

Telephone : 056-372-367-70

Fax : 056-372-371

Phichit

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

Telephone : 056-613-746-9

Fax : 056-613-750

Sukhothai

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

Telephone : 055-610-311-3

Fax : 055-610-320

Uttaradit

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

Telephone : 055-407-444-5, 055-407-447-8

Fax : 055-407-577

Phitsanulok

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

Telephone : 055-242-425, 055-242-712-3,

055-231-236, 055-242-773

Fax : 055-242-443

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 : 044-252-661-4

Fax : 044-252-665

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 : 042-932-990-3

Fax : 042-932-994

Sakon Nakhon

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

Telephone : 042-716-723-6

Fax : 042-717-188

Maha Sarakham

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

Telephone : 043-711-587, 043-711-645,

043-711-667

Fax : 043-711-687

Kalasin

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

Telephone : 043-816-913-6

Fax : 043-816-606

Khon Kaen

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

Telephone : 043-246-824-7

Fax : 043-246-828

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 : 043-515-881-4
Fax : 043-515-886

Yasothon

No.230/3-5, Chaeng Sanit Road, Nai Mueang Sub-district,
Mueang Yasothon District, Yasothon 35000
Telephone : 045-711-252, 045-711-265, 045-711-859,
045-711-860
Fax : 045-711-367

Si Sa Ket

No.1104-5, Khukhan Road, Mueang Tai Sub-district,
Mueang Si Sa Ket District, Si Sa Ket 33000
Telephone : 045-643-981-4
Fax : 045-643-985

Ubon Ratchathani

No.479/1-2, Chayangkun Road, Nai Mueang Sub-district,
Mueang Ubon Ratchathani District, Ubon Ratchathani 34000
Telephone : 045-316-967-70
Fax : 045-316-971

Buri Ram

No.39/6-7, Thani Road, Nai Mueang Sub-district,
Mueang Buri Ram District, Buri Ram 31000
Telephone : 044-602-526-9
Fax : 044-602-530

Surin

No.73, 75, Chitbumrung Road, Nai Mueang Sub-district,
Mueang Surin District, Surin 32000
Telephone : 044-515-343, 044-515-851, 044-515-314,
044-515-819
Fax : 044-515-819

5 Branches of Phuket District Office

Ranong

No. 75-77, Ruangrat Road, Khao Niwet Sub-district,
Mueang Ranong District, Ranong 85000
Telephone : 077-825-264-5, 077-825-393-4
Fax : 077-825-394

Phang-nga

No. 235/1 - 2, Phetkasem Road, Thai Chang Sub-district,
Mueang Phang-nga District, Phang-nga 82000
Telephone : 076-414-422-5
Fax : 076-414-426

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 : 076-311-705-8
Fax : 076-311-709

Krabi

No.94, 94/1, Maharat Road, Pak Nam Sub-district,
Mueang Krabi District, Krabi 81000
Telephone : 075-624-040-3
Fax : 075-624-044

Phuket

No.5, 7, Yaowarat Road, Talat Nuea Sub-district,
Mueang Phuket District, Phuket 83000
Telephone : 076-214-053-4
Fax : 076-214-055

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 : 077-206-057-60
Fax : 077-206-061

Nakhon Sri Thammarat

No.1664, Ratchadamnoen Road, Tha Wang Sub-district,
Mueang Nakhon Si Thammarat District, Nakhon Si Thammarat 80000
Telephone : 075-357-350-3
Fax : 075-357-354

Koh Samui

No. 80, Village No. 6, Bo Phut Sub-district, Ko Samui
District, Surat Thani 84320
Telephone : 077-447-845-8
Fax : 077-447-849

Thung Song

No.41, Chaichumpon Road, Pak Phraek Sub-district,
Thung Song District, Nakhon Si Thammarat 80110
Telephone : 075-412-567, 075-423-885-6
Fax : 075-412-540

Chumphon

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

Telephone : 077-503-395-6, 077-511-363

Fax : 077-511-062

Thanon Chon Kasem Surat Thani

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

Telephone : 077-203-994-7

Fax : 077-203-998

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 : 075-590-459-60, 075-590-463,
075-590-465

Fax : 075-590-473

Thanon Niphat Uthit 1 Hat Yai

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

Telephone : 074-225-110, 074-225-130,
074-225-140-41

Fax : 074-225-255

Maekhri Phatthalung

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

Telephone : 074-695-554, 074-695-475,
074-695-712, 074-695-655

Fax : 074-695-856

La-ngu

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

Telephone : 074-783-904-7

Fax : 074-783-908

Song Khla

No.81/78, Village No. 10, Kanchanawanit Road, Khao Rubchang Sub-district, Mueang Song Khla District, Song Khla 90000

Telephone : 074-558-259-61

Fax : 074-558-265

Chana

No8/4-5 Chana - Nathawi Road, Ban Na Sub-district, Chana District, Song Khla 90130

Telephone : 074-207-123-5

Fax : 074-207-122

Satun

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

Telephone : 074-725-039-42

Fax : 074-725-043

Hat Yai

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

Telephone : 074-237-958, 074-237-392

Fax : 074-237-158

7 Branches of Pattani District Office

Big C Pattani

G-In Floor , Room No.GCR116, Big C Pattani , No.301, Village No. 4, Rusamilae Sub-district, Mueang Pattani District Pattani 94000

Telephone : 073-337-812

Fax : 073-337-816

Palat Pattani

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

Telephone : 073-485-160, 073-485-399

Fax : 073-485-514

Yarang Pattani

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

Telephone : 073-439-491-4

Fax : 073-439-495

Khokpho Pattani

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

Telephone : 073-431-040, 073-431-284, 073-431-218,
073-431-709

Fax : 073-431-883

Saiburi Pattani

No. 23/1-2, Suriya Road, Taluban Sub-district, Saiburi District, Pattani 94110
Telephone : 073-411-163, 073-411-059, 073-411-060,
073-411-296
Fax : 073-411-310

Pattani

No.20,22,24, Na Kluea Road, A No Ru Sub-district, Mueang Pattani District, Pattani 94000
Telephone : 073-323-465, 073-323-468
Fax : 073-323-469

Jabangtigor Pattani

No.49/9-12, Kalapor Road, Jabangtigor Sub-district, Mueang Pattani District, Pattani 94000
Telephone : 073-311-822-3
Fax : 073-311-879

6 branches of Yala District Office

Thanon Phumacheep Yala 2

No. 24-26, Phumacheep Road, Sateng Sub-district, Mueang Yala District, Yala 95000
Telephone : 073-223-690-3
Fax : 073-223-694

Betong

No. 130/1, Sukyang Rong, Betong Sub-district, Betong District, Yala 95110
Telephone : 073-235-131-4
Fax : 073-235-135

Raman Yala

No. 100-102, Village No. 1, Mueang Raman Road, Kayubokoh Sub-district, Raman District, Yala 95140
Telephone : 073-295-041-4
Fax : 073-295-045

Bannang Sata Yala

No. 200, 202, Village No. 2, Sukyang Road, Bannangsata Sub-district, Bannangsata District, Yala 95130
Telephone : 073-289-282-5
Fax : 073-289-286

Yaha Yala

No. 4/3, Pitakthani Road, Yaha Sub-district, Yaha District, Yala 95120
Telephone : 073-291-463-6
Fax : 073-291-467

Yala

No.59, Phiphitphakdee Road, Sataeng Sub-district, Mueang Yala District, Yala 95000
Telephone : 073-247-140-3
Fax : 073-247-144

7 Branches of Narathiwat District Office

Tanyongmat Narathiwat

No. 46, Thetsaban 3 Road, Tanyongmat Sub-district, Ra-ngae District, Narathiwat 96130
Telephone : 073-671-858-60
Fax : 073-671-861

Su-ngai Kolok Narathiwat

No.36, Butsayaphan Road, Su-ngai Kolok Sub-district, Su-ngai Kolok District, Narathiwat 96120
Telephone : 073-614-561-3
Fax : 073-614-565

Takbai Narathiwat

No. 62/21, Village No. 4, Narathiwat – Takbai Road, CheheSub-district, Takbai District, Narathiwat 96110
Telephone : 073-581-971-2
Fax : 073-581-977

Waeng Narathiwat

No. 111/1-2, Village No. 1, Su-ngai Kolok – Waeng Road, Waeng Sub-district, Waeng District, Narathiwat 96160
Telephone : 073-659-321-4
Fax : 073-659-325

Rueso Narathiwat

No. 30/15, Village No. 2, Rueso-Yala Road, Rueso Ok Sub-district, Rueso District, Narathiwat 96150
Telephone : 073-572-270-3
Fax : 073-572-274

Narathiwat

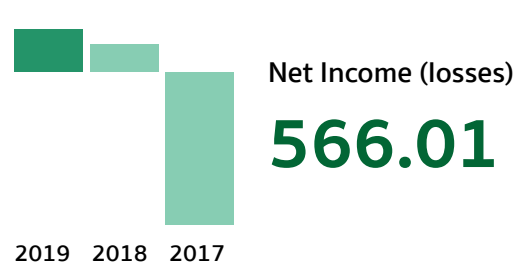
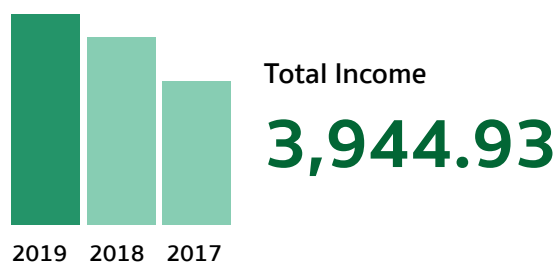
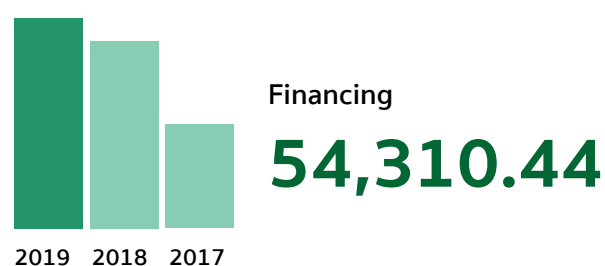
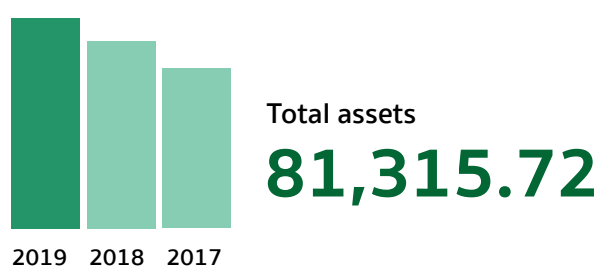
No.52/18-19, Suriyapradit (Opposite Police Station) Road, Bangnak Sub-district, Mueang Narathiwat District, Narathiwat 96000
Telephone : 073-512-627-8
Fax : 073-512-629

Thanon Wichitchaiboon Narathiwat

No.11/2-4, Wichitchaiboon Road, Bangnak Sub-district, Mueang Narathiwat District, Narathiwat 96000
Telephone : 073-511-117, 073-513-663-4
Fax : -

Financial Highlights

	Million Baht			Change	
	2019	2018	2017	Increased (Decreased)	Percent
Financial position and operating performances					
Total assets	81,315.72	80,590.34	71,702.78	725.38	0.90
Financing	54,310.44	50,142.14	44,166.48	4,168.30	8.31
Financing and financial accrued income, net	47,249.58	43,350.88	36,099.71	3,898.70	8.99
Deposits	79,307.49	78,460.61	85,239.59	846.88	1.08
Total liabilities	82,193.35	81,992.10	91,714.33	201.25	0.25
Equity	(877.64)	(1,401.76)	(20,011.55)	524.12	37.39
Financing and investment income	2,697.60	2,830.81	2,779.93	(133.21)	(4.71)
Total income	3,944.93	3,772.55	3,294.42	172.38	4.57
Net income(losses)	566.01	530.77	(2,926.45)	35.24	6.64
Earnings per share: Baht					
Basic income (losses) per share	0.0003	0.0017	(0.285)		
Share value					
Book value	(0.0005)	(0.0044)	(1.947)		
Financial ratio (%)					
Returns on average assets	0.70	0.70	(3.82)		
Returns on average equity	(49.66)	(4.96)	(15.78)		
Net income (losses) per total income	14.35	14.07	(88.83)		
Capital Fund ratio (Ministerial regulations)	(1.86)	(3.17)	(52.83)		



Factors Affecting Business Environment



Economic conditions in 2019: Thai economy has expanded at a slower rate by 2.4 percent, mainly due to the contraction of exports, the impact of the baht's appreciation, impact of the continuation of the global economic and trade recovery, delays in enforcement of the Expense Budget Act 2020, and including restrictions and additional risk factors from the spread of COVID-19, which affects the tourism sector that has a tendency to contract strongly until the epidemic of COVID-19 is resolved. These cause us to continually prepare to provide services, adjust branch processes and services, increase public health measures for both customers and employees. In addition, the private and government sectors investment have continued to slow down, while private consumption, although continuously expanding, but slowdown in the second half of the year. Due to the pressure from baht's appreciation which affects their ability to export, drought, the private and public investment that still grow in a limited range, and domestic spending has been affected by the weak purchasing power and household debt remained at a high level. Thus, Thai economic conditions in 2020 will continue to expand at a decelerated rate or may contract significantly.

Asset quality: Due to the economic conditions that affect both the debt service ability of the household and business sectors, especially SMEs, will cause banks to be more cautious in supporting new financing. At the same time, we must manage to help our existing customers to sustain their payment during the crisis. And also include proactive debt tracking to prevent any increase in NPF-Non Performing Financing and setting reserve or Credit Cost which significantly increased.

Technology and Cyber Threats: Digital technology is constantly growing and plays an important role in changing the behavior of the banking sector. From the direction and trend of Digital Disruption, it is resulting in customer behavior changing rapidly. The bank is required to invest in technology development and to create various digital service platforms to support changing customer behavior. This creates new businesses and services that customers can easily access via online, mobile, and in the near future, Big Data and AI technology will be used more widely. It has been developed to increase the efficiency of the operation process to be the Automation system, which assists with the approval process and condition checking by using AI technology that can analyze the environment data for

accurate decision making and Smart Contract that can check the conditions for entering the process in the next step. It is a digital banking strategy focusing on the application of technology for creativity, developing products and services and meet current customer needs. However, in every changing technology and new development, financial institutions are increasingly exposed to the risks of cyber threats. Therefore, it is imperative that financial institutions weigh importance to strong security against Cyber Threats and prepare to deal with it. Moreover, we have established a regulatory framework, risk management, personnel, processes, and technology to effectively reduce the security impact of maintaining customer data.

Competition Conditions: The Digital Disruption or reform/change resulting from the application of new digital technology and new business models are the reasons that increase competition within the banking industry. Banking groups tend to have lower earnings growth than before. Income growth, both credit and fee income, amid negative factors affecting debtors' ability to pay. These are the results that the bank may have measures to help customers who are experiencing problems which will directly affect the bank's income significantly. New competitors are having more roles from outside the industry that crosses into the financial business (Startup Fintech). It creates challenges and the need for banks to adjust and develop organizations. As well as developing products and services to be able to compete on time under the economic slowdown.

Regulations of financial institutions: The bank is a Specialized Financial Institutions (SFIs) under the supervision of the Ministry of Finance and the Bank of Thailand (BOT). The bank must comply with the rules and regulations of the

relevant agencies as completely required, such as Ministerial Regulations, Acts and rules of the BOT, etc., including laws relating to the business of a financial institution causing the bank to prepare and also assess the impact of tighter regulatory guidelines such as Criteria for fair treatment of customers (Market Conduct), a single accounting standard, as well as preparation to support the new accounting standard (TFRS9), which affects operating results. Therefore, the bank reserve slows down, increasing operating costs, adjusting work processes, offering products and services, preparation, employees, and investing in changing technology to increase service efficiency.

Changes in interest rates: From the announcement of reduced interest rates policy in the year 2019 of the Bank of Thailand up to 2 times because Thai's economy has a tendency to expand lower than expected and the reduced export potential has adversely affected employment and domestic demand. There was a capital outflow due to the weakening demand for the baht resulted in Baht depreciation accordingly. The Baht depreciation makes imports more expensive, which helps increase inflationary pressure. Likewise, a more relaxed monetary policy will help support economic growth and allow inflation to return to its target framework. Moreover, to reduce interest rates in accordance with those policies easing will result in lower long-term government bond yields, interest rates in the money market and commercial banks decreased accordingly, as well as bank deposit interest rates which would be reduced. Although it is a good benefit to reduce expenses, it also affects the motivation of customers to deposit, which will be deposited, which may be withdrawn to invest in other assets with higher returns than normal deposits.

Industry Outlook and Future Trends



Performance of the commercial banking system and Specialized Financial Institutions (SFIs) in 2019

Performance of the commercial banking system in 2019

The commercial banking system is stable with high capital funds and high reserves level to support the challenges of economic uncertainty. The performance of it has improved mainly due to the recognition of special profits. Meanwhile, the loan growth and credit quality of the commercial banking system were affected by the economic slowdown. There was recorded a total capital fund of 2,845 billion baht, which increased from the allocation of profits into capital funds. The issuance of capital increased shares of a medium-sized commercial banking to support the merged business, including the issuance of the Subordinated Bond, resulting in the ratio of Capital Adequacy Ratio (BIS Ratio) increase to 19.6 percent. Reserves funds of the commercial banking system were high at 701.2 billion baht which

increased from the previous year by 32.4 billion baht while the NPL Coverage Ratio remained stable at 149.9 percent. For the Liquid Assets Ratio which supports the cash flow that may flow out in this crisis (Liquidity Coverage Ratio: LCR) was at a high level of 187.5 percent.

In 2019, the commercial banking system's net profit was 270.9 billion baht which increased 30.8 percent from the previous year, mainly due to the recognition of special profits from sales of investments. It has continued to increase net interest income following the growth of retail, while net fee income declined slightly from funds transfer fees and brokerage fees. Therefore, the Return on Assets (ROA) increased to 1.39 percent from 1.11 percent in the previous year while the Net Interest Margin (NIM) ratio was stable at 2.73 percent. However, if we eliminate special items, the ROA and NIM of the year 2019 will be reduced to 1.01 and 2.71 percent, respectively. The overview of the financing growth of the commercial banking system in 2019 declined to 2.0 percent. The business

(64.1 percent of total) contracted by 0.8 percent in line with the economic slowdown and repayment of debt in many types of businesses. The large enterprise (Excluding financial businesses) contracted by 1.9 percent and SME (excluding financial businesses) contracted by 2.1 percent. Furthermore, for small enterprises (credit lines up to 20 million baht) have expanded in many types of businesses such as wholesale-retail businesses, food and beverage businesses. Especially in the second half of the year 2019, financing for consumption (35.9 percent of total) grew by 7.5 percent, decelerating from the previous year mainly in housing and car , while credit card and personal continued to expand at a high level.

The credit quality of the commercial banking system at the end of 2019: The outstanding of non-performing (NPL) was at 465 billion baht or equivalent to NPL to total at 2.98%. The commercial banking system is having loan portfolio quality management with write-offs and increased debt restructuring. The ratio of Special Mention (SM) toward the total increased from 2.42 percent at the end of 2018 to 2.79 percent from both business and for consumption.



Performance of Specialized Financial Institutions (SFIs)

Financing and deposits of the Specialized Financial Institutions in December 2019 grew by 3.77 percent and 3 percent respectively, from the same period of 2019. The NPF accounted for 4.45 percent of the total financing, with NPF reserve at 201.66 percent of NPF. Special Mention (SM) accounted at 4.05 percent of the total, therefore, the Specialized Financial Institutions had a BIS Ratio at 14.02 percent in December 2019 which is at a level that is sufficient for the operations in the next phase.

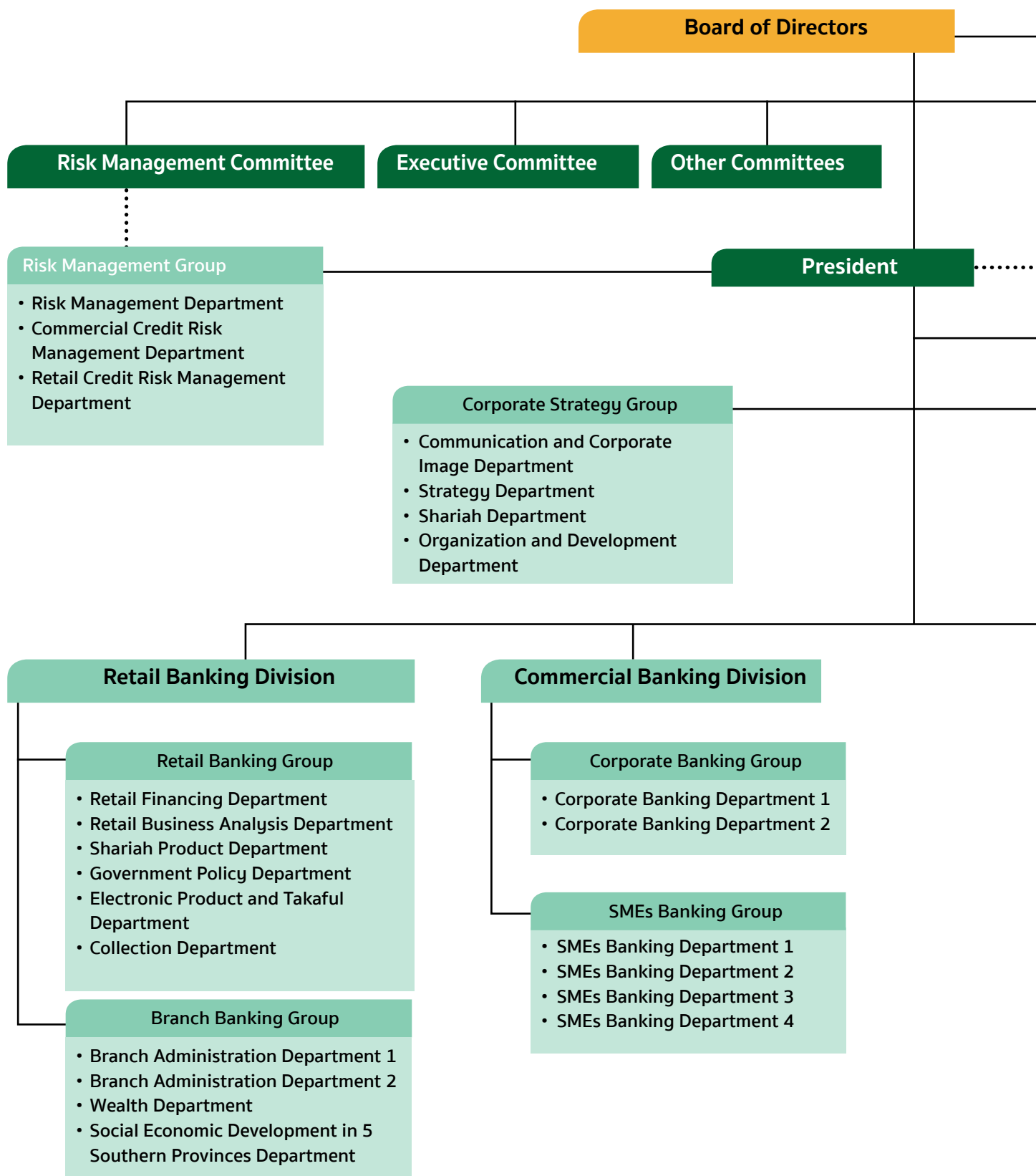
Meanwhile, in 2019, the Monetary Policy Committee (MPC) has reduced the Policy Rate by 2 times in August and November. As a result, the Policy Rate dropped from 1.75 percent per year at the end of 2018 to 1.25 percent per year at the end of 2019 because the COVID-19 pandemic in the future is more severe than previously expected. Moreover, it will take some time before returning to a normal situation, which will have a severe impact on the Thai economy. In addition, the pandemic has raised concerns for the global financial and capital markets, which had affected the liquidity and working mechanism of the Thai financial market, although the overall Thai financial system remained stable.

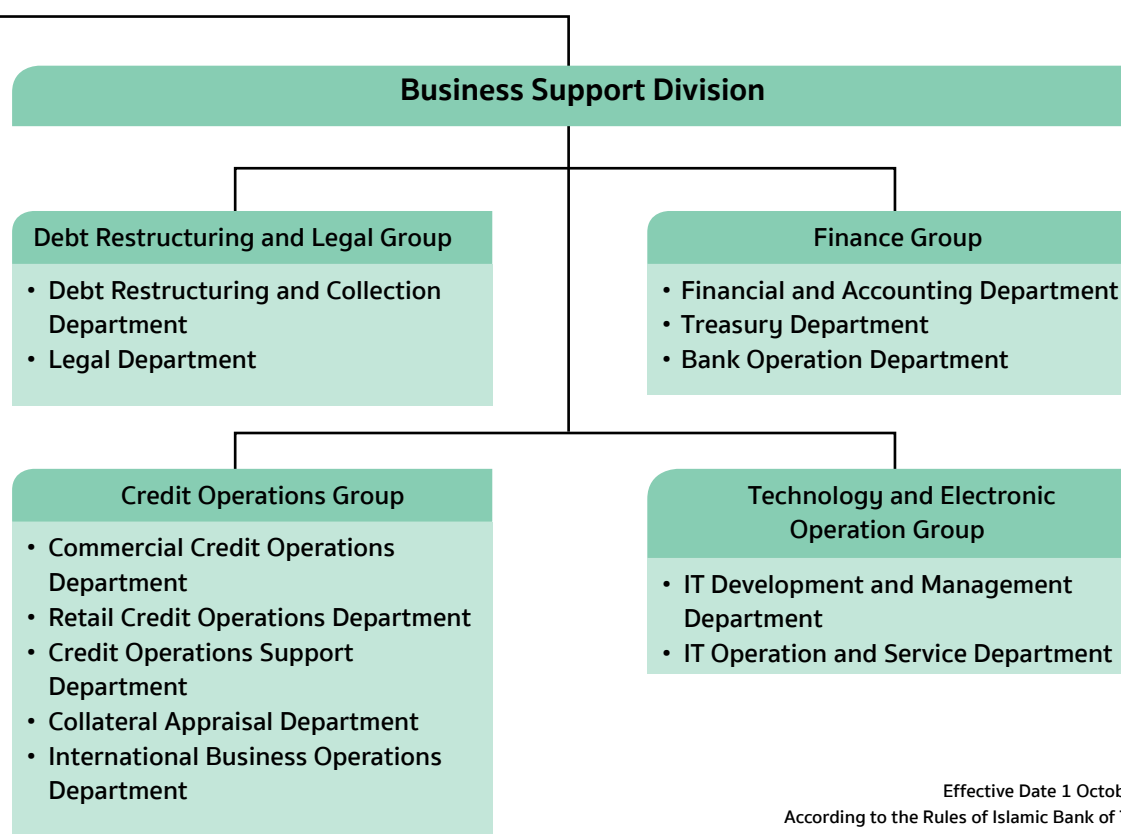
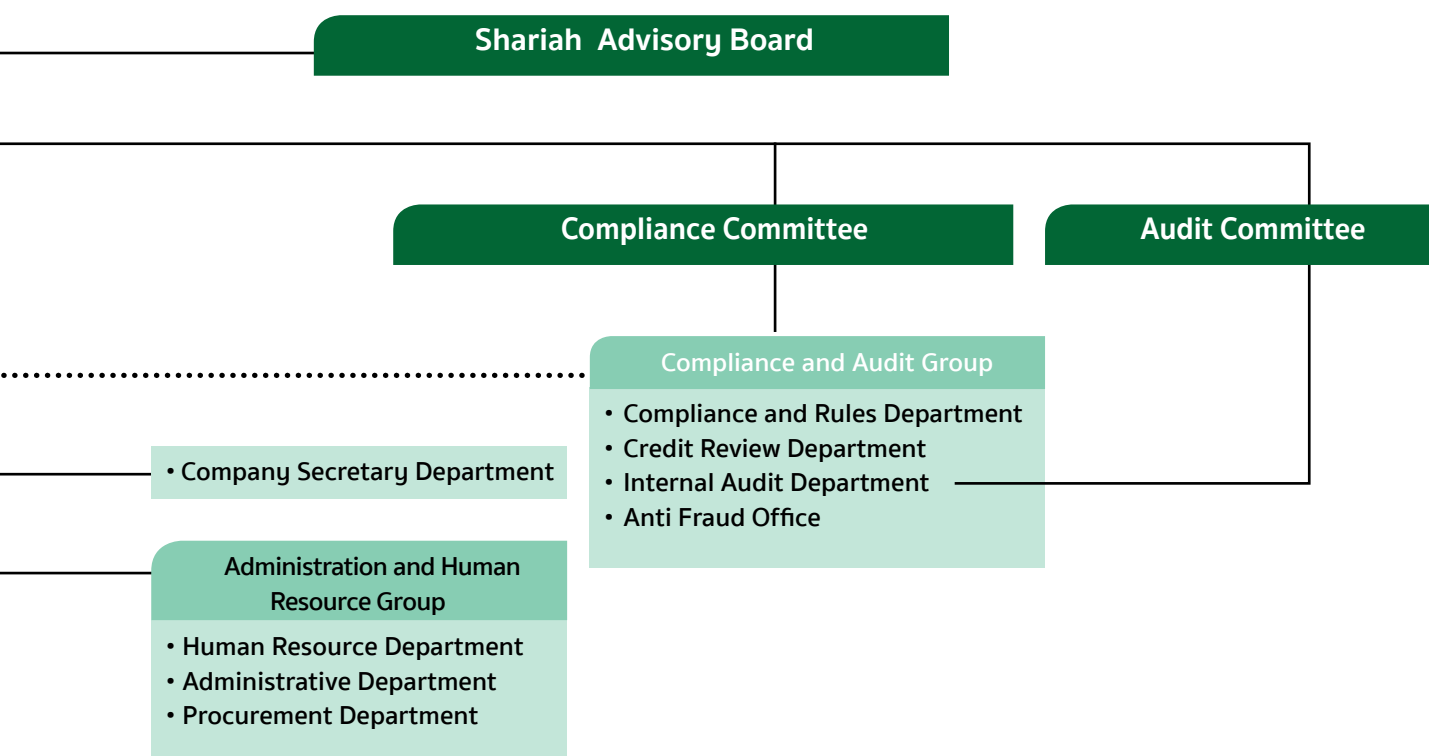
Important financial ratios of SFIs	Dec, 2018	Dec, 2019
Financial status (Billion baht)		
Credit (Excluding IB *) (6 SFIs)	4,841.57	5,023.94
%YOY	7.04%	3.77%
Deposit (Excluding IB *) (6 SFIs)	4,923.89	5,071.71
%YOY	5.60%	3.00%
Net profit (accumulated)	55.56	45.02
%YOY	4.59%	-18.98%
Capital adequacy		
BIS Ratio (%)	13.79%	14.02%
Liquidity ratio		
L/D Ratio (%) (6 SFIs)	98.33%	99.06%
Asset quality		
NPL Ratio (%)	4.04%	4.45%
Outstanding of NPL (Billion baht)	237.86	271.15
SM Ratio (%)	4.27%	4.05%
Outstanding of SM Value (Billion baht)	251.34	246.61
Management		
Debt to Equity Ratio (times)	12.1	12.4

Note: IB means Interbank.

Source: Fiscal Policy Office

Organization Structure





Effective Date 1 October 2019
 According to the Rules of Islamic Bank of Thailand
 On the Divisions and Functions of the Job
 (Additional Amendment, No. 25 A.D. 2019)

Board of Directors
Islamic Bank of Thailand

As of December 2019





List and history Board of Directors Islamic Bank of Thailand

As of December 2019



Rathian Srimongkol

Age 60

Chairman

Effective from February 14, 2019 until present

Education and Degrees

Master Degree

- ★ MBA, Thammasat University
- M.P.A (General Administration), SuanSunandha Rajabhat University

Bachelor Degree

- ★ Medical Degree, Faculty of Medicine Siriraj Hospital, Mahidol University Medical Science, Mahidol University

Professional Experiences

- 2012 - Present President and Chief Executive Officer, Director, Krungthai Card Public Co., Ltd.
- 2018 - Present Independent Director, Vice Chairman, Chairman of Audit Committee, Member of Nomination and Remuneration Committee Raimon Land Public Co., Ltd.
- 2018 - Present Chairman, Tobacco Authority of Thailand
- 2017 - Present Vice President, Thai Listed Companies Association
- 2013 - Present Independent Director, Chairman of the Audit Committee, Corporate Governance Committee Member, Nominating and Compensation Committee Member One to One Contacts Public Co., Ltd.
- 2009 - Present Independent Director, Lead Independent Director, Vice Chairman of the Board, Chairman of the Audit Committee, Member of the Sustainability and Risk Management Committee, Appointment Date of Directorship Indorama Ventures Public Co., Ltd.
- 2015 - 2017 Director, Thai Listed Companies Association
- 2008 - 2010 Director, TOT Public Co., Ltd.
- 2001 - 2011 Executive Vice President, Thanachart Bank Public Co., Ltd. (Siam City Bank Public Co., Ltd.)

Shareholding in state owned enterprises/Ibank-related companies for over 10% of voting shares in 2019.

- ★ None



Niphon Hakimi

Age 63

Director

Director and Acting Chairman (13 November 2018 – 13 February 2019)

- ★ Chairman of Executive Subcommittee
- ★ Chairman of Compliance Subcommittee
- ★ President's Performance Appraisal Subcommittee

Education and Degrees

- ★ D.S.U Labor Law from University of Paris II France
- ★ D.S.U Criminology from University of Paris II France
- ★ D.E.A. Sociology of Civil Law from University of Paris II France
- ★ Bachelor degree in Law from Thammasat University

Professional Experiences

- 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) Councilor 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)
- Chairman of Punishment Deliberation Committee (ANTI-DOPING IN SPORTS ACT, B.E. 2555 (A.D. 2012))

Shareholding in state owned enterprises/Ibank-related companies for over 10% of voting shares in 2019.

- ★ None



General Dr. Natthipong Pueksakorn Age 61

Director

- ★ Chairman of Audit Subcommittee
- ★ Chairman of Nomination, Remuneration and Performance Appraisal Subcommittee

Education and Degrees

Doctoral Degree

- ★ Doctor of Business Administration Program Sripatum University

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 Experiences

- 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

Shareholding in state owned enterprises/Ibank-related companies for over 10% of voting shares in 2019.

- ★ None



Piyawan Lamkitcha

Age 54

Director

- ★ Chairman of President's Performance Appraisal Subcommittee
- ★ Executive Subcommittee
- ★ Compliance Subcommittee

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 Experiences

2019 - Present	Deputy Director General State Enterprise Policy Office, Acting as Consultant Enterprise Appraisal
2016 - 2019	Deputy Director General State Enterprise Policy Office
2016 - Present	Vice Chairman of Financial Institutions Development Fund
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

Shareholding in state owned enterprises/Ibank-related companies for over 10% of voting shares in 2019.

- ★ None



Chaichan Palanon

Age 62

Director

- ★ Chairman of Corporate Governance and Corporate Social Responsibility (CG & CSR) Subcommittee
- ★ Executive Subcommittee
- ★ Information System Development Subcommittee
- ★ Compliance Subcommittee

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 Experiences

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

Shareholding in state owned enterprises/Ibank-related companies for over 10% of voting shares in 2019

- ★ None



Dr. Wichien Chubthaisong

Age 60

Director

- ★ Chairman of Employee Relations Committee
- ★ Audit Subcommittee

Education and Degrees

Doctoral Degree

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

Master Degree

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

Bachelor Degree

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

Professional Experiences

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
 Judicial Committee for Discipline and Etiquette, The Football Association of Thailand
 President, Debt Collection Business to Financial Institution Association
 Chairman of Director, Exclusive Asset Management Company Limited
 Public Warehouse Organization Committee

Shareholding in state owned enterprises/Ibank-related companies for over 10% of voting shares in 2019.

- ★ None

Dhanasarn Suravudhikul

Age 55

Director

- ★ Chairman of Risk Management Subcommittee
- ★ Chairman of Information System Development Subcommittee
- ★ Nomination, Remuneration and Performance Appraisal Subcommittee
- ★ President's Performance Appraisal Subcommittee

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 Experiences

2018 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

Shareholding in state owned enterprises/Ibank-related companies for over 10% of voting shares in 2019.

- ★ None



Amporn Purintawaragul

Age 56

Director

- ★ Audit Subcommittee
- ★ Nomination, Remuneration and Performance Appraisal Subcommittee
- ★ Corporate Governance and Corporate Social Responsibility (CG & CSR) Subcommittee

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 Experiences

2019 - Present	Independent Director, Audit Committee, Nomination and Remuneration Committee, Thai Nippon Rubber Industry Public Co., Ltd.
2010 - 2018	Executive Vice President - Corporate Banking ,Bangkok Bank Public Company Limited
2007 - 2010	Senior Vice President - Corporate Banking, Bangkok Bank Public Company Limited
2003 - 2007	Vice President - Project Department Investment Banking Group , Bangkok Bank Public Company Limited

Shareholding in state owned enterprises/Ibank-related companies for over 10% of voting shares in 2019.

- ★ None



Wuttichai Suraratchai

Age 56

President

Effective from October 1, 2018

Director and President

Effective from 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 Experiences

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)

Shareholding in state owned enterprises/Ibank-related companies for over 10% of voting shares in 2019.

- ★ None



Dr. Pornchai Thiraveja

Age 51

Director

(28 May 2015 – 24 October 2019)

- ★ Risk Management Subcommittee
- ★ President's Performance Appraisal Subcommittee

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 Experiences

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

Shareholding in state owned enterprises/Ibank-related companies for over 10% of voting shares in 2019.

- ★ None



Monchai Ratanastien

Age 65

Director

Effective until June 17, 2019 due to retirement

- ★ Vice Chairman of Executive Subcommittee
- ★ Risk Management Subcommittee
- ★ President's Performance Appraisal Subcommittee
- ★ Compliance Subcommittee

Education and Degrees

Master Degree

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

Bachelor Degree

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

Professional Experiences

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

Shareholding in state owned enterprises/Ibank-related companies for over 10% of voting shares in 2019.

- ★ None

Remarks *

The auditing process is

1. To carry out directors' background check in 2019;
2. To examine reports of conflicts of interest. Directors must report any conflicts of interest when (1) accepting the offer of the position; (2) having a conflict of interest; and (3) at every year end.

List and History

Shariah Advisory Council, Islamic Bank of Thailand



ธนาคารอิสลาม
แห่งประเทศไทย
ISLAMIC BANK OF THAILAND • البنك الإسلامي بتايلاند
รัฐวิสาหกิจสังกัดกระทรวงการคลัง



List and History Shariah Advisory Council, Islamic Bank of Thailand



Dr. Maroning Salaeming

Age 53

Chairman of the Shariah Advisory Council

Education and Degrees

Doctoral Degree

- ★ Ph.D. in Principles of Jurisprudence, Islamic University of Madina, Saudi Arabia

Master Degree

- ★ M.A. in Principles of Jurisprudence, Islamic University of Madina, Saudi Arabia

Bachelor Degree

- ★ B.A. in Islamic Law, Islamic University of Madina, Saudi Arabia

Professional Experiences

- ★ 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 55

Member of the Shariah Advisory Council

Education and Degrees

Master Degree

- ★ M.A. in Islamic Studies for Development, Bangkok Thonburi University, Bangkok, Thailand

Bachelor Degree

- ★ B.A. in Islamic Propagation, Al-Azhar University, Cairo, Egypt

Professional Experiences

- ★ 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 AM1251 and AM 981 stations
- ★ Guest Speaker on religious topics for Visaidham Parithas, Kasetsart University Radio Station AM 1107 every Sunday
- ★ Guest Speaker at religious institutions 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 text books :
 - “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 48

Member of the Shariah Advisory Council

Education and Degrees

Master Degree

- ★ M.A. in Arabic Linguistics and Literatures, Aligarh Muslim University, India

Bachelor Degree

- ★ 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, Donchimlee 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 48

Member of the Shariah Advisory Council

Education and Degrees

Master Degree

- ★ Certificate of Advance Islamic Studies, Samalik Institute, Ministry of Education of Egypt, Cairo, Egypt

Bachelor Degree

- ★ B.A. in Islamic Theology (Al-Hadith), Al-Azhar University, Cairo, Egypt

Professional Experience

- ★ Headmaster, Majlisuddeenee 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, Jularachamontri Expert Sub-Committee.
- ★ Jularachamontri 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.

Executives
Islamic Bank of Thailand

As of December 2019





Executives

Islamic Bank of Thailand

As of December 2019



Wuttichai Suraratchai

Age 56

Director and President

President Effective from October 1, 2018 until present.

Director and President Effective from February 14, 2019 until present.

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 Experiences

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)



Visuit Boreriboon

Age 56

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 Experiences Islamic bank of Thailand

2019 - Present	Senior Executive Vice President Retail Banking Division Acting Senior Executive Vice President Commercial Banking Division
2018 - 2019	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
2017	Senior Executive Vice President Retail Banking Division Acting Executive Vice President Social and Economic Department Group

Others

2016 - Present	Board of Amanah Leasing Public Company Limited
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Professional Experiences

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

Pol.Capt.Poomin Peongsujarit

Age 45

Executive Vice President Debt Restructuring and Legal 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 Experiences Islamic bank of Thailand

2013 - Present	Executive Vice President, Debt Restructuring and Legal Group
2012	Senior Vice President, Compliance Department
2011	Vice President, Compliance Department

Others

-

Professional Experiences

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, Ramkamheang University

Bachelor Degree

- ★ BBA – Faculty of Commerce and Accountancy, Thammasat University
- ★ Faculty of Law, Sukothai Thamathirat University

Certificate

- ★ Guide Certificate, Chulalongkorn University

Professional Experiences 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 Experiences

- 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

Arpichad Akdhakura

Age 49

Executive Vice President, Retail Banking Group

Education and Degrees

Master Degree

- ★ MBA, Cleveland State University

Bachelor Degree

- ★ BBA, Assumption University

Professional Experiences Islamic bank of Thailand

- 2019 - Present Executive Vice President, Retail Banking Group Acting Executive Vice President, Technology and Electronic Operation Group
- 2018 Executive Vice President, Retail Banking Group Acting Retail Financing Project Department
- 2017 Executive Vice President, Retail Banking Group

Others

-

Professional Experiences

- 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 Methisariyapong

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 Experiences 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
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Professional Experiences

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



Nuchjaree Pakdeecharoen

Age 48

Executive Vice President Corporate Strategy 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 Experiences Islamic bank of Thailand

2019 - Present	Executive Vice President Corporate Strategy Group Acting Vice President Corporate Strategy Department
2018 - 2019	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 Experiences

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 48

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 Experiences 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 Experiences

1991 - 2006	Siam Commercial Bank (SCB)
1989 - 1990	Thai Military Bank (TMB)



Asra Angkaria

Age 60

Executive Vice President Compliance and Rules Department Group Hold the position to 30 September 2019 Due to retirement

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 Experiences Islamic bank of Thailand

2562	Executive Vice President, Compliance and Rules Department Group
2015 - 2019	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 Experiences

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

Age 60

Executive Vice President Credit Operation Group Hold the position to 30 September 2019 Due to retirement

Education and Degrees

Master Degree

- ★ Master of Business Administration Chulalongkorn University

Bachelor Degree

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

Certificate

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

Professional Experiences Islamic bank of Thailand

2018 - 2019	Executive Vice President–Credit Operation Group
2014 - 2018	Senior Vice President

Others

-

Professional Experiences

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.

Paparn Arya

Age 60

Executive Vice President, Business Banking Group 2 Hold the position to 30 September 2019 Due to retirement

Education and Degrees

Master Degree

- ★ Modern Banking Management (Mini MBA) Chulalongkorn University

Bachelor Degree

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

Professional Experiences Islamic bank of Thailand

2018 - 2019	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 Experiences

1982 - 2010	SME Zone Manager: Phaya Thai Zone, TMB Bank Public Company Limited.
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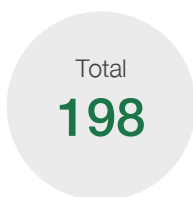
Headcount Structure for 2019

Staff headcount divided by Divisions and Groups

Headcount for 2019

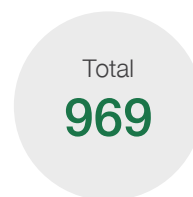
Management Support Group

Management Support Group	12
Risk Management Group	35
Corporate Strategy Group	30
Administration and Human Resource Group	65
Compliance and Review Group	56



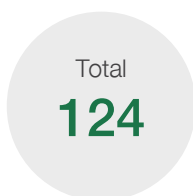
Retail Banking Division

Retail Banking Division	1
Retail Banking Group	146
Branch Banking Group	822



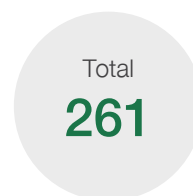
Business Banking Division

Portfolio Management Corporate and SMEs	2
Corporate Business Banking Group	23
SME Business Banking Group	99

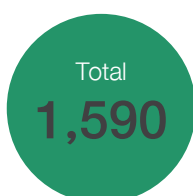


Business Support Division

Debt Restructuring and Legal Group	63
Credit Operation Group	97
Finance Group	50
Technology and Electronic Operation Group	51

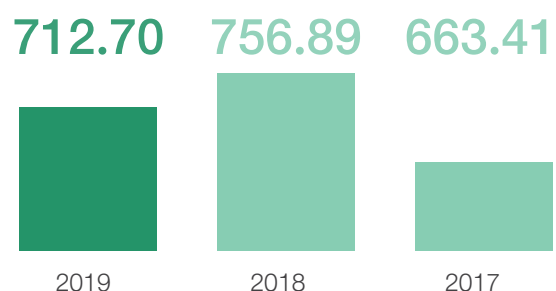


Senior Executive Vice President	1
Executive Vice President	6
Senior Vice President/Vice President	31



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, 2019

As of December 31, 2019 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, 2019 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.Asra 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.	Ms.Chittra Sorhasan		51,302,579	0.0028%
8.	Lt.Surakampon Adulyarat		40,799,061	0.0022%
9.	MFC Asset Management Public		40,753,015	0.0022%
10.	Mr.Somsak Taksina		40,000,000	0.0022%
11.	Other shareholders		1,529,429,956	0.0840%
รวม			1,820,276,825,862	100.0000%

Bank's Creditor Outstanding Debt of State Enterprises

	Million Baht		Change	
	2019	2018	Increased (Decreased)	Percent
Financing				
Bank of Thailand	-	-	-	-
Government Savings Bank	984.04	873.59	110.45	12.64
Krung Thai Bank	-	-	-	-

Budget received from Government and Cash or dividend return to Government

The implementation of the project in accordance with the government policy – Public Service Account (PSA) that has been approved by the Cabinet to compensate for the implementation of the Islamic Bank of Thailand projects in 2019, consisting of:

1. Financing project to promote the public transport operator in the 5 southern border provinces
2. Financing project to plans to improve the livelihoods of people and communities in special areas in 5 southern border provinces
3. Financing project to help small self-employed / enterprises affected by flood and storm in 2010 (waiting for the cabinet resolution)
4. Financing project for emergency Financing Program for Muslim People

The Islamic Bank of Thailand recognized the budget received from the project under the Public Service Account (PSA) of Government policy, in the amount of 3,178,746.43 Baht (three million one hundred seventy eight thousand seven hundred forty-six baht forty-three satang) for the Year 2019

Plans and Projects

Organizational Strategy consistent with National Strategy

The Organizational Strategy of the Islamic Bank is consistent with the National Strategy linked to the 20-Year National Strategy Plan, the 12th National Economic and Social Development Plan, overall of State Enterprise Strategy Plans, and Financial Institution Branch. The strategic framework for the organization consists of:



Strategy

1

Financial services according to Islamic principles

Fulfill the mission of providing financial services that are conformity to Islamic principles which focus on creating opportunities and expanding the foundation to access financial services that are conformity to Islamic principles for Muslim customers and businesses related to Islam. Moreover, we are being a good choice for general customers, having a role in supporting the operations of community financial organizations according to various types of Islamic principles.

Strategy

2

Increase the variety of financial services according to Shariah principles

We have developed financial products and services that are conformity to a variety of Sharia principles. We also have good infrastructures adjusted to meet customer's needs appropriately and increase competitiveness, especially, responding to customer's needs in the mission area. There is a system of monitoring and supervision of banking, and financial transactions that is accurate and in conformity with the sharia clearly.

Strategy

3

Strengthen financial sustainability

We have taken steps to revive our organization and status to meet goals and have financial stability under acceptable risk levels. We focus on expanding quality, credit financing, asset quality management to reduce NPFs, improving branch efficiency, including recruiting alliances with Islamic expertise at the right time.

Strategy

4

Potential Development of Human Resources

We have increased the capacity and quality of human resources to be ready for changing environment; by implementing a suitable HR Road Map, especially the development of Digital Literacy and Core Competency needed.

Strategy

5

Develop information technology systems to be able to effectively handle the changing times

We have developed Information Technology systems, service processes and operational efficiency in order to support the growth of the target business group and era. We are preparing to support the technology and innovation (Disruptive Technology) and prepare plans/projects that are consistent with the Big Data Analytics project, as well as the technology to help improve operations to reduce costs and develop innovation.

Strategy

6

Increase operational efficiency and reduce management costs.

To increase efficiency in operating cost management, financial cost management, asset and liability management, we have developed ways to use shared resources among public financial institutions to increase work efficiency and help reduce management costs.

Strategy

7

Create Transparency and Integrity organization

We are running a balanced business with regard to the Economic, Social and Environment through the creation and integration in the Business Ecosystem. Meanwhile, we encourage employees throughout the organization to be aware and give priority to business operations in accordance with having good governance principles, transparency, morals and Zero Tolerance against corruption.

Direction and Operation Plans in the year 2020

For the operation in 2020, the bank has formulated a strategic plan and business plan for the year 2020 - 2024. We focus to make a profit continuously, and constantly strive to be The Trusted Islamic Bank. We still emphasized on implementation of the bank's mission to be the main bank for Muslim customers based on business operations with due regard to Environmental, Social and Governance (ESG). In addition, we have established business connections in order to be a part of supporting and strengthening Islamic Business Ecosystems throughout developing new services based on being the main bank for Muslim customers. We also reduce the gap, give financial opportunities to customers according to their mission in the southern border provinces. Besides, we create a balance in business operations to be a good choice for general customers while managing costs and expenses efficiently. We encourage employees throughout the organization to realize and weigh importance to the adaptation to be ready for business operations under changing environment. Moreover, the bank has invested in the development of information systems to support business growth and to support the changing behavior of customers and also provide equality in financial services like using services from general financial institutions. Hence, we consider continuity with other systems for future development and investment worthiness so that the bank's operating results continue to grow consistently and sustainably. The strategic plans are divided into 3 main plans which are;

Business Development Plan

The bank aims to expand business by emphasizing on credit quality rather than profit margin, which considers balancing between new mission for Muslim clients and expanding to various business groups appropriately. We defined Focus Group and Product Flagship in order to achieve the goal of each financing Segment expansion with clarity. Likewise, we have created the Islamic Financial Literacy by enhancing the knowledge and understanding of Islamic finance for customers and other stakeholders. We aim to manage financial expenses and budget of operation to gain the highest efficiency throughout emphasized on administration and maintenance of asset quality to be effective at acceptable risk levels. In order to continuously operate the net profit and the BIS Ratio has improved gradually.

Organizational Development Plan

The bank has improved the operation system and infrastructure in order to be able to respond to the strategy which covers regulatory operations and business development, such as the development of the Credit Approval Process (CAP) for quicker and more efficient credit considerations and approval. We focused on the Check & Balance process and appropriate risk management, IT development to support services development and new services channels such as changing of Hardware of CBS system and KYC/CDD operation development. In order to be ready to conduct main transactions continuously and efficiently, we developed Mobile Banking to support business growth and changing customer behavior. We emphasized on IT Governance which covered data quality oversight, defined structure and role of oversight to be balanced by the Three Lines of defense throughout the organization.

Human Resources Development Plan

The Bank has formulated human resource development plans to be in line with the business plan, with emphasis on both Human Resource Management and Human Resource Development. To increase efficiency in human resource operations, we have restructured the organization to support the strategic operation of the bank. We also set appropriate manpower and established a Succession Plan to continually create and develop personnel to be able to replace important positions. We accelerated digital skills to enhance the increase of operational efficiency with the Digitalization system. Moreover, we elevated employees Potential and Skills throughout the organization to be aware and focus on adaptation to be ready for business operations under the changing environment that enters the Digital Economy era, including the development of employees' potential to have Multi-Skill Functions. We focus on providing fair compensation to our employees based on our performance (Pay per Performance). Hence, we have provided a good corporate culture based on participation to create engagement and create ownership in accordance with having good governance principles, transparency, morals and Zero Tolerance against corruption.

Joint operations with the private sector

In the year 2019, the bank did not cooperate with the private sector.

Analysis of operating results and financial status

Performance and factors that affect the performance

Although, the overall Thai economic growth rate in 2019 has slowed down and the business environment is not favorable, the bank's operating results still have operating profits and continuous increasing net profit for the 2nd year. In 2019, we gained profit totaled 832 million baht, an increase of 209 million baht, or 34 percent from 2018 which most of increased income was due to other income increases. Besides, the bank also has good financial management which resulted in financial expenses decreased by more than 144 million baht or 10 percent decrease from the year 2019. Regarding the increased operating expenses mainly related to the employees' section, including special items added to support the provisions of the effect of the change in the Labor Protection Act. Due to the bank's policy to carefully set reserves during the economic slowdown, to support the risk of asset quality, the bank has increased general reserves which resulted in the allowance for bad debts. Thus, the doubtful accounts in the year 2019 were 266 million baht which increased to 174 million baht or 189% from 2018 resulting in a net profit of 566 million baht or an increase of 7 percent.

Unit: Million Baht

Operating Result	2019	2018	Change (YoY)	
			Increased (Decreased)	%
Financial income (Total income from promissory notes IAM)	3,051	3,199	(148)	(5%)
Other incomes	894	573	321	56%
Total Incomes	3,945	3,772	173	5%
Financial expenses	1,316	1,460	(144)	(10%)
Operating expenses	1,797	1,689	108	6%
Total Expenses	3,113	3,149	(36)	(1%)
Operating profits (losses)	832	623	209	34%
Bad debts and doubtful accounts	266	92	174	189%
Net profits (losses)	566	531	35	7%

Important items in profit and loss statement

1. Net financial income

Unit: Million Baht

	2019	2018	Change (YoY)	
			Increased (Decreased)	%
Financial income	3,051	3,199	(148)	(5%)
Other incomes	894	573	321	56%
Total Incomes	3,945	3,772	173	5%

The decrease of financial income in 2019 was a result from debt repayment and account closing. Although, the bank has growth of over 8 percent that grew more than the overall commercial banking system which grew by 2% but due to additional credit extensions. The bank gives priority to credit quality primarily by Corporate and SMEs customers groups with a credit line of more than 20 million baht, which is a careful credit expansion in order to manage liquidity and generate low-risk income in the short term. For the retail customers, we have focused on expanding to Muslim customers which are the main mission of the bank. However, the additional credit extensions are not in the high-yielding business group and the bank received repayment of IAM promissory notes before due in 2020 of Baht 3,500 million baht. Moreover, the bank has announced a reduction in credit margins 2 times in 2019 affecting financial income decreased and for other incomes, mainly due to an increase in the return of accrued bonuses.

2. Net Fees and services income

	2019	2018	Unit: Million Baht Change (YoY)	
			Increased (Decreased)	%
Fees and services income	221	279	(58)	(21%)
Fees and services expense	36	25	11	44%
Net Fees and services income	185	254	(69)	(27%)

From the financial statements ending December 31, 2019, the Bank had net fees and service income in the amount of 185 million baht, a decrease of 69 million baht from the year 2018, representing 27 percent, most of which was a decrease in fees received from fines, followed by a commitment fee.

3. Total operating expenses

	2019	2018	Unit: Million Change (YoY)	
			Increased (Decreased)	%
Financial Expense	1,316	1,460	(144)	(10%)
Operating Expense	1,797	1,689	108	6%
Total operating Expense	3,113	3,149	(36)	(1%)

The bank had an expense of 3,113 million baht which decreased 36 million baht or 1% from the year 2019.at 31, December 2019. Most of them were reduced from financial expenses to 144 million baht or 10 percent. We have managed the excess liquidity to be within the appropriate criteria and in line with the loan disbursement including the expansion of the retail deposit customer base, which affects the financial expense management. The operating expenses increased by approximately 6 percent. The important item was an increase in employee expenses in order to support the increased liabilities due to the effect of compensation that changed the Labor Protection Act.

4. Bad debts, Doubtful Accounts

	2019	2018	Unit: Million Baht Change (YoY)	
			Increased (Decreased)	%
Net of Bad debts, Doubtful Accounts	266	92	174	(189%)

In the year 2019, the Bank set a net allowance for bad debt and doubtful accounts in the amount of 266 million baht, which increased of 174 million baht or 189 percent from the year 2018. This was partly due to an increase in general reserves to cautiously protect asset quality during the economic downturn.

Financial status and factors affecting the financial status Significant Items in Financial Statement

	2019	2018	Unit: Million Change (YoY)	
			Increased (Decreased)	%
Total Asset	81,316	80,590	726	0.9%
Debtors from	54,310	50,142	4,168	8%
transferring of NPL (Promissory notes and accrued income)	19,192	22,412	(3,220)	(14%)
Total Debts	82,193	81,992	201	0.25%
Deposits (Including financial institutions)	79,845	79,155	690	0.9%
Equity	(877)	(1,402)	525	37%
Total Debts And Equity	81,316	80,590	726	0.9%

On December 2019, the bank has total assets of 81,316 million baht, an increase of 726 million baht from the year 2018, or 0.9 percent, mainly due to the increase in credit growth. While the debtors from transferring NPL decreased by 3,220 million baht because the bank received repayment of IAM promissory notes before due. Therefore, total debt was 82,193 million baht which increased of 201 million baht from deposits (including financial institutions). The equity was deficit decrease from profitable turnover which improved equity of 525 million baht. For equity had deficit value decreased from minus 1,402 million baht in 2018 to minus 877 million baht in 2019.

Financing

The expansion in 2019 is a year that the bank has mainly focused on quality of especially, expanding to group of Corporate and SMEs. There was a careful credit expansion in order to manage liquidity and generate short-term low-risk income. As for the retail segment, we focus on expanding the Muslim customer group which is the main mission of the bank. In 2019, we had total of 54,310 million baht (excluding to financial institutions), an increase of 4,168 million baht or 8% growth from of 50,142 million baht at the end of 2018. Therefore, we had expanded according to the mission, both for Muslim customers and southern border customers as well as expanding in accordance with Small Business for Muslims Project Phase 2 in 2019 which surpass our target. Moreover, the financing proportion for Muslims and Southern border support to retail and SMEs were accounted for 39.79 percent of the amount of New Booking, which was 36.83 percent higher than the set target. The Small Business for Muslims Project Phase 2 has a financing disbursement of 186.35 million baht from the target of 171 million baht or 108.98 percent of the target.

In this regard, the bank's overall financing structure in December 2019 contains the proportion of large enterprise (Amount of more than 200 million baht) in the proportion of 49 percent, with an outstanding balance of 26,691 million baht, SMEs (more than 20 million baht - 200 million baht credit lines) with 15% of the outstanding balances of 7,976 million baht, and 36 percent of Retail (Credit limit not over 20 million baht) has an outstanding balance of 19,643 million baht. As a result, we considered the total number of credit customers of the bank is 32% Muslims and 68% other religions.

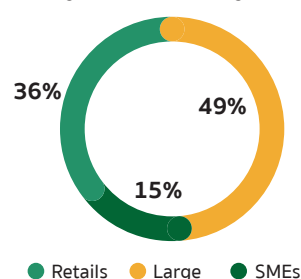
Quality of and debt restructuring

The bank has an emphasis on NPF (Non-Performing Financing) management. In 2019, we had accelerated the correction of NPF debt with sufficient potential for debt restructuring and for those who do not cooperate or do not have a way to resolve the debt; The bank will sort to speed up legal proceedings to create mandatory conditions. In 2019, we have an outstanding NPF of 10,540 million baht, representing 19 percent of the total financing, with a quality NPF of 611 million baht. Thus, the bank has revised the

NPF in the amount of 2,799 million baht and the rest have made significant progress. In addition, with carefully new support that affecting the ratio of new NPF debt to the new released at 0.086 percent, and all of them are retail customers.

Moreover, the allowance for doubtful accounts in December 2019 is 7,145 million baht which increase of 263 million baht or 4 percent from the year 2018 with an allowance for doubtful accounts of 6,882 million baht.

Financing structure classified by customer type



Financing customers classified by Group of Muslims and General Customers



Deposits

The total deposits amount in December 2019 are 79,845 million baht, the deposits increased at just 690 million baht from the year 2018 or 0.9 percent due to the Bank has managed the Financing to Deposit Ratio to be at an appropriate level. Hence, the deposit structure has a ratio of each customer group similar to the financing structure are the proportion of large deposits (Credit line more than 200 million baht) is at 46 percent of the total amount of 36,720 million baht, the proportion of medium deposits (Credit line more than 20 million- 200 million baht) is at 21 percent of the total amount of 16,652 million baht, and proportion of retail deposits (Credit limit not over 20 million baht) is at 33 percent of the total amount of 26,474 million baht. Meanwhile, total deposit accounts customers of the bank, approximately 58% were Muslims and 42% were other religions.

Owner's equity

Due to the improved operating results and a net profit of 566 million baht, on December 31, 2019, the bank had deficit equity by 525 million baht or 37 percent compared to 2018. The owner's equity had deficit value decreased from minus 1,402 million baht in 2018 to minus 877 million baht in 2019.

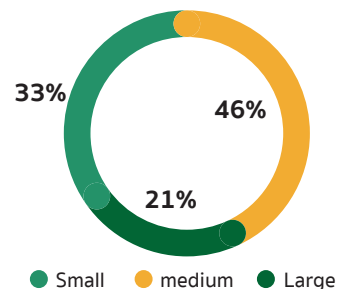
Legal Capital Funds

The bank's turnover on December 31, 2019 with a net profit affecting BIS Ratio was fewer deficits from 3.17 percent in 2019 to be deficit at 1.86 percent in 2019. Although, the BIS Ratio of the bank was lower than the criteria of the Ministerial Regulations on Funds of the Islamic Bank of Thailand in 2004 which set at 8.50 percent, the BIS Ratio is likely to improve respectively.

Analysis of the sources and uses of funds

On December 31, 2019, the bank has a significant source of funds from deposits of up to 99 percent, with the majority of funds being used by 82 percent in which followed by the use of funds of 11% in interbank and money market net items, and use 7% of the funds in net investments and investments in subsidiaries respectively.

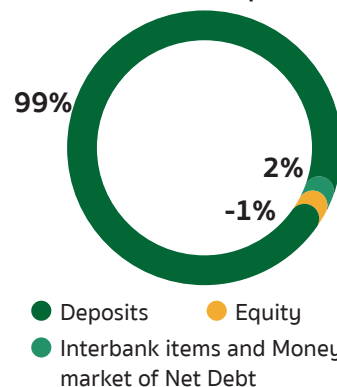
Deposit Structure Classified by Customer Types



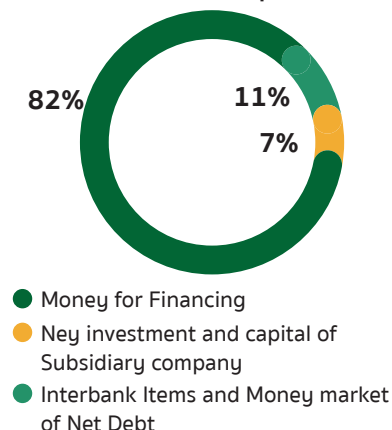
Amount of Customers by Religions



Source of Capital



Sources of Capital Use



Branches and credit and deposit transactions classified by region

At the end of 2019, there are 102 branches nationwide: 39 in the Southern Region 37 in Bangkok and the Central, Eastern Regions, and Western Region, 14 in the Northern Region, and 12 in the Northeast Region. The bank's commitment to providing 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 2019:

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	56.68%	16.30%	46.37%	9.31%	30.19%	18.66%	23.53%	12.86%
Bangkok and its vicinity, Central Region, Eastern Region, Western Region	37	29.68%	70.56%	10.16%	9.65%	57.47%	73.69%	8.23%	15.92%
Northern Region	14	6.75%	8.43%	0.83%	0.90%	6.01%	4.29%	0.52%	0.65%
Northeastern Region	12	6.89%	4.71%	0.26%	0.21%	6.33%	3.36%	0.16%	0.10%
Total	102	100.00%	100.00%	57.62%	20.07%	100.00%	100.00%	32.44%	29.53%



Deposit Customers
Southern Region

46.37%



Deposit Customers
Bangkok and its vicinity, Central, Eastern and Western Regions

10.16%



Deposit Customers
Northern Region

0.83%



Deposit Customers
Northeast Region

0.26%

The importance changed in 2019

The Bank has improved key operational processes within the organization as follows:

1. The Integrity & Transparency Assessment (ITA) which evaluated by National Anti-Corruption Commission in the year 2019, we gained score at 95.73 percent at AA (Excellence) level that ranked 4th out of 9 SFIs and ranked 5th out of 53 state-enterprises.
2. For the development of the NEW Credit Approval Process (NEW CAP): we had appointed a working group to improve the retail credit system and hiring external service providers to develop and improve the efficiency of the End to End Process credit system.
3. The development of Credit Risk Rating (CRR): we had improved and developed the efficiency of Credit Risk Rating (CRR) system. This is effective in April 2019, where the credit quality considerations of customers who passed CRR in 2019 were better than the specified criteria.
4. Improving the efficiency of retails credit analysis (Efficiency per Head): we had developed efficiency of retails credit analysis which reduced overlapping in operating and reduce time of SLA consideration. There is the amount of credit analysis per analysts increased from 2018 at 23 percent.

Financial status analysis

The bank's total assets on December 31, 2019 were 81,315.72 million baht, which an increase of 725.38 million baht or an increase of 0.90 percent from December 31, 2018, that mainly an increase of Financing and investment items.



Bank's Total Assets

81,315.72
million baht

Total liabilities of the bank: There were 82,193.35 million baht on December 31, 2019, which an increase of 201.25 million baht or 0.25 percent from December 31, 2018. There was mainly due to increase of deposits. Besides, on 31 December, 2019, the Bank has total liabilities of 877.64 million baht which higher than total assets, while on December 31, 2018, the Bank has total liabilities of 1,401.76 million baht which higher than total assets. As a result, shareholders' equity increased by 524.12 million baht or 37.39%. The main items came from the bank having operating profits.



Bank's Total Liabilities

82,193.35
million baht

In the year 2019, the bank recorded a net profit of 566.01 million baht, which an increase of 35.24 million baht or 6.64 percent from 2018, with an operating profit of 530.77 million baht.

Net profits from
operation of the Bank

566.01
million baht



Increased profits at

35.24
million baht



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 2019-2023. The bank has managed its risks based on the COSO 2017 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 (Governance 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 Committee, Compliance Committee, Credit Subcommittee, and IT Steering Subcommittee.

3. The bank's management of each type of risks in 2019

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 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 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 for managing strategic risk and annual risk management plans that are consistent with the rehabilitation plan and business plan for 2019 – 2023. 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 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), Risk Appetite Level: Risk Tolerance that covers all risk factors and risk causes, including determining and reviewing the performance

report in accordance with the Treatment Plan. The Risk Management department is responsible for monitoring, evaluating and reporting risk management results to the Risk Management Subcommittee and related Subcommittee regularly to monitor the risk management to be at acceptable levels and to meet the target.

3.3 Credit risk means risk of damage as a result of the contract party's failure to fulfill the obligations agreed and specified in the contract including the Bank's trading partners being downgraded the risk rating which may affect the income and capital maintenance of the bank.

Credit risk management has focused on various issues as follows:

(1) Credit risk management policy

The Bank has established a framework for credit risk management policy in accordance with the guidelines of external regulatory agencies, which based on a balance between business roles, credit risk and regulatory compliance. We focus on credit staff to have common goal is to expand credit under an acceptable risk and transparency. Moreover, our ultimate goal is to have a quality loan management, an efficient tracking and control process. In addition, the bank has set standards for credit approval operations in the same direction including the development and improvement of criteria, roles, responsibilities, regulation and credit structure to be consistent and systematically linked. Furthermore, we have also provided training courses to enhance credit knowledge for relevant employees in order to increase knowledge and develop skills at a level that is appropriate for the nature of customers that need to be continuously monitored.

On December 31, 2019, the bank has NPFs of general and project in accordance with government policies (Excluding accrued financial income) due to the bank's financial statements in the total of 10,540.31 million baht, which increased of 1,663.21 million baht from the year 2018 (NPF for the year 2018 of 8,877.10 million baht), representing 17.70 percent of the total loan.

Credit risk management tools

The bank provided tools to assess credit risk of customers and credit distribution including setting profit margins in line with the risk of each customer group. Likewise, we have introduced a Credit Scoring System for consumer customers and improved credit risk rating tools and also brought the Credit Risk Rating System (CRR) in order to consider the risk of approval or rejection of all business credit customers of the bank.

In this regard, the Credit Risk Rating (CRR) tool has been developed to separate credit risk assessment forms to cover more diverse and more accurate businesses, by dividing the tools into 13 tools as follows:

1. Credit Risk Rating for Medium and Large Corporation (Infrastructure)
2. Credit Risk Rating for Medium and Large Corporation (Communication)
3. Credit Risk Rating for Medium and Large Corporation (Energy)
4. Credit Risk Rating for Medium and Large Corporation (Services)
5. Credit Risk Rating for Medium and Large Corporation (Commerce)
6. Credit Risk Rating for Medium and Large Corporation (Industries)
7. Credit Risk Rating for Property Development
8. Credit Risk Rating for Property Investment
9. Credit Risk Rating for Co-Operatives
10. Credit Risk Rating for Hire Purchase
11. Credit Risk Rating for Small Enterprise (Services)
12. Credit Risk Rating for Small Enterprise (Commerce)
13. Credit Risk Rating for Small Enterprise (Industries)

(2) Credit Quality

The Bank has given importance to the management of quality of new credit facilities granted in 2019 with due care and has a close post-review monitoring with regular credit quality examination in order to prevent normal accounts from becoming troubled, emphasizing the reduction of NPF by expediting debt restructuring, legal action and execution with troubled, 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. 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

The bank credit policy defined the guidelines for overseeing the risk of credit concentration of in accordance with the rules of supervising large customers of external regulatory agencies, including the determination of to major debtors. There is a supervision of single and group exposure limits to not exceed specified criteria and the maximum credit limits for each industry (Sector Limit) for risk distribution and control to prevent the concentration of credit significantly. Thus, the bank has been cautious in supporting new

customers in the business with concentrations that are similar to or higher than the RA-Risk Appetite level. Therefore, there is a close monitoring of credit concentration risk. At the end of year 2019, bank granted to various industries which mainly in the Real Estate Business Group and Accommodation Business and catering services.

(4) Improvement in credit granting processes

The bank has improved the credit granting processes using Ernst & Young's guidelines, which consist of 3 components,

4.1 The structure of the Credit Facility Department: The Bank has improved the business department structure into 2 major divisions are large enterprise groups and SMEs To be clear in the market including credit analysis and credit consideration with the Business Credit Risk Management (CR) as a credit screening unit responsible for the Check & Balance before 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 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 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 foreign exchange risk, 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 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 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) Number of months which Accumulated Net Behavioural Liquidity Gap starts the negative value
- (2) Financing to Deposit Ratio
- (3) Concentration ratio of Large deposit
- (4) Liquidity ratio
- (5) Amount on Net Run-off Deposits within 1 day
- (6) Accumulate Amount on Net Run-off Deposits within 3 days

- 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 that may 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 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 tool for the management of the executives to help enhance the efficiency of various activities to achieve the objectives. Internal control also helps to protect and preserve the assets of the organization in an efficient manner and helps the operations to be carried out correctly.

“
The Bank has internal control in accordance with the provisions of the State Fiscal and Financial Discipline Act, B.E. 2561 (2018).
”

Internal control system

The bank uses Rules of the Ministry of Finance on Standards and Internal Control Practices for Government Agencies 2561 (2018), to have internal control related with the provisions of the State Fiscal and Financial Discipline Act, B.E. 2561 (2018). Moreover, it used as a guideline on internal control; including requiring continuous supervision and monitoring to ensure that the Bank's operations can achieve its objectives with efficiency. Meanwhile, financial reporting and operating are reliable, and operations are in accordance with the laws, rules and regulations, both internally and externally, as well as preventing actions that may damage the Bank's assets and reputation.

Structure of Internal Control

The Internal Control Evaluation Committee, in which all senior executives and groups are also a joint committee by monitoring and overseeing the evaluation of internal controls to comply with the Ministry of Finance's Regulations on Standards and Criteria for Internal Control for Government Agencies 2561 (2018)

The Audit Subcommittee is responsible for the appointment of the Auditor to propose to the Board of Directors to review and approve the charter, ethics of the internal audit department, the audit plan, and monitor the performance of the internal audit department including monitoring the risk management and internal control independently.

“

The Bank has each department appoint the Risk-Internal Control Compliance Office (RIC Officer) with responsibility for risk-related coordination, internal control assessment

”

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.

Key implementations related to internal control in 2019

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 Internal Audit Department is a department in the Compliance and Audit Group.
- 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.

5) Operation and Reporting

Operation

- Provide the strategic audit plans of 2019-2023 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 2019 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.
- 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 Audit Subcommittee, executives, the Board of Directors and related regulatory bodies;
- 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

- ★ Operational Report
- ★ Reports of Subcommittees

Good Corporate Governance Policy

The Islamic Bank of Thailand operates its business on the basis of integrity and adherence to Shariah principles. There is a mechanism for saving and investing both domestically and internationally in order to provide financial support to people and entrepreneurs in accordance with Shariah principles. We are providing financial services to clients and people of all races, religions, so it is necessary to have policies and regulatory standards and develop organizations that are international standards, transparent, justifiable in order to increase efficiency and add value to the organization. Therefore we have established corporate governance policy covering 6 categories. The Bank has compiled policies, guidelines, including work standards, good behavior on the basis of good governance for directors, executives, employees, service recipients, citizens, and stakeholders according to the guidelines of Fiscal Policy Office (FPO). The personnel at all levels can apply the Good Corporate Governance Policy in all 6 categories as a guideline for operations which appears in the Good Corporate Governance Policy as following;

- Section 1 Supervision of Government operation
- Section 2 Rights and equality of government
- Section 3 Board Responsibilities
- Section 4 Roles of stakeholders
- Section 5 Information disclosure and transparency
- Section 6 Ethics and culture of integrity organization

Based on these initiatives, we have determined the core virtues of the Islamic Bank of Thailand or I Bank Core Value (I B A N K), to be the guidelines for the executives and employees consist of;

- I** → **Integrity & Transparency**
- B** → **Best Shariah Practice**
- A** → **Accountability**
- N** → **Networking**
- K** → **Knowledge & Innovation**

Meanwhile, the Board of Directors, Chief Executive, Senior executives and the entire staff of the bank have set high priority on the Integrity and Transparency Assessment: ITA. Thus, in 2019, the bank achieved an average score rating of AA level equivalent to 95.73 percent. Every department has fully cooperated in complying and making all operation of the bank transparent, equitable and non-discriminating against customers, people, service users, and all stakeholders. The bank also supports and encourage more people to take participation in assessments, building accountability, in order to maintain the standard operations of the bank, as a state-owned Specialized Financial Institution.

Structure and Responsibilities of the Board of Directors

Structure of the Board of Directors 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 2019, the Bank had 9 directors, with details and changes of directors in the previous year, as follows:

List of Directors	Positions / Assigned Duties	Reason
1. Mr. Rathian Srimongkol	Chairman (since February, 14 2019 until present)	Director
2. Mr. Niphon Hakimi	- Director - Chairman of Compliance Subcommittee - Chairmen of Executive Subcommittee - Member of President's Performance Appraisal Subcommittee - Member of Zakat Subcommittee (since October 22, 2014 until July 17, 2019)	Director
3. General Dr. Natthipong Pueksakorn	- Director - Chairman of Audit Subcommittee - Chairman of Nomination, Remuneration and Performance Appraisal Subcommittee	Director
4. Miss Piyawan Lamkitcha	- Director - Chairman of President's Performance Appraisal Subcommittee - Member of Executive Subcommittee - Member of Compliance Subcommittee	Director
5. Dr.Wichien Chubthaisong	- Director - Chairmen of Employee Relations Committee - Member of Audit Subcommittee	Director
6. Mr.Chaichan Palanon	- Director - Chairman of Corporate Governance and Corporate Social Responsibility (CG & CSR) Subcommittee - Member of Executive Subcommittee - Member of Information System Development Subcommittee - Member of Compliance Subcommittee (since June 20, 2019 until present)	Director
7. Mr.Dhanasarn Suravudhikul	- Director - Chairman of Risk Management Subcommittee - Chairman of Information System Development Subcommittee - Member of Nomination, Remuneration and Performance Appraisal Subcommittee - Member of President's Performance Appraisal Subcommittee (since October 30, 2019 until present)	Director
8. Mrs.Amporn Purintawaragul	- Director - Member of Audit Subcommittee - Member of Corporate Governance and Corporate Social Responsibility (CG&CSR) Subcommittee - Member of Nomination, Remuneration and Performance Appraisal Subcommittee	Director
9. Mr.Wuttichai Suraratchai	- President (since October 1, 2018 until present) - Director and President (since February 14, 2019 until present)	Director
10. Dr. Pornchai Thiraveja	- Director - Member of Risk Management Subcommittee (since June 20, 2019 until October 24, 2019) - Member of President's Performance Appraisal Subcommittee (since June 20, 2019 until October 24, 2019)	Director
11. Mr.Montchai Ratanastien	- Director - Vice Chairman of Executive Subcommittee (since August 21, 2014 until June 17, 2019) - Member of Compliance Subcommittee (since July 14, 2018 until June 17, 2019) - Member of Risk Management Subcommittee (since June 12, 2018 until June 17, 2019) - Member of President's Performance Appraisal Subcommittee (since June 12, 2018 until June 17, 2019)	Director

Appointment of Directors, Subcommittees and Working Groups

1. 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, 2019 are as follows:

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

Details of change in the Executive Subcommittee during 2019:

1. Mr.Montchai Ratanastien has been Vice Chairman of the Subcommittee since August 21, 2014 until June 17, 2019.

2. 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, 2019 are as follows:

- | | |
|--|--------------------------|
| 1. General Dr. Natthipong Pueksakorn | Chairman of Subcommittee |
| 2. Mrs. Amporn Purintawaragul | Subcommittee |
| 3. Dr. Wichien Chubthaisong | Subcommittee |
| 4. Vice President / Senior Vice President of
Internal Audit Department or assigned person | Secretary |

None for changing the Audit Subcommittee during 2019

3. 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, 2019 are as follows:

- | | |
|---|--------------------------|
| 1. Mr. Dhanasam Suravudhikul | Chairman of Subcommittee |
| 2. President | Subcommittee |
| 3. Executive Vice President
of Corporate Strategy Group | Subcommittee |
| 4. Vice President of Risk Management
Department or assigned person | Secretary |

Details of change in the Risk Management Subcommittee during 2019:

1. Mr. Montchai Ratanastien has been Subcommittee since June 12, 2018 until June 17, 2019
2. Dr. Pornchai Thiraveja has been Subcommittee since June 20, 2019 until October 24, 2019.

4. Corporate Governance and Corporate Social Responsibility (CG&CSR) Subcommittee

Scope of authorities of the Corporate Governance and Corporate Social Responsibility (CG&CSR) Subcommittee is as follows:

1. Propose Corporate Governance and Corporate Social Responsibility policy to the Board of Directors.
2. Regularly review Corporate Governance and Corporate Social Responsibility 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 Corporate Governance and Corporate Social Responsibility 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 Corporate Governance and Corporate Social Responsibility operation and report it to the Board of Directors.
8. Supervise the Bank's integrated Corporate Governance and Corporate Social Responsibility operation, supervise the preparation of the Bank's annual Corporate Governance and Corporate Social Responsibility report.
9. Appoint working groups or consultants of the Corporate Governance and Corporate Social Responsibility 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 Corporate Governance and Corporate Social Responsibility (CG&CSR) Subcommittee as of December 31, 2019 are as follows:

- | | |
|---|----------------------------|
| 1. Mr. Chaichan Palanon | Chairman of Subcommittee |
| 2. Mrs. Amporn Purintawaragul | Subcommittee |
| 3. President | Subcommittee |
| 4. Executive Vice President of Compliance and Audit Group | Subcommittee |
| 5. Vice President of Communication and Corporate Image Department | Subcommittee |
| 6. Vice President of Compliance and Rules Department or assigned person | Subcommittee and Secretary |

None for changing the Corporate Governance and Corporate Social Responsibility (CG&CSR) Subcommittee during 2019

5.Nomination, Remuneration and Performance Appraisal Subcommittee

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

Nomination and Performance Appraisal

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, Remuneration and Performance Appraisal Subcommittee as of December 31, 2019 are as follows:

- | | |
|---|--------------------------|
| 1. General Dr. Natthipong Pueksakorn | Chairman of Subcommittee |
| 2. Mr.Dhanasarn Suravudhikul | Subcommittee |
| 3. Mrs.Amporn Purintawaragul | Subcommittee |
| 4. Vice President /Senoir Vice President of
Company Secretary Department | Secretary |

None for changing the Nomination, Remuneration and Performance Appraisal Subcommittee during 2019

6.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 thereof 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, 2019 are as follows:

- | | |
|---|--------------------------|
| 1. Mr. Nipphon Hakimi | Chairman of Subcommittee |
| 2. Miss Piyawan Lamkitcha | Subcommittee |
| 3. Mr.Chaichan Palanon | Subcommittee |
| 4. Vice President/Senior Vice President
of Compliance and Rules
Department or assigned personal | Secretary |

Details of change in the Compliance Subcommittee during 2019:

1. Mr. Montchai Ratanastien has been Subcommittee from July 17, 2018 until June 17, 2019
2. Mr. Chaichan Palanon has been Subcommittee from June 20, 2019 until present.

7. Zakat Subcommittee

Duties and responsibilities of the Zakat Subcommittee are as follows:

The Zakat Subcommittee has authority to manage zakat accounts and zakat accounts from the Islamic Bank of Thailand to related with objectives and correct according to condition and Islam principles. Moreover, there is an operation in accordance with the regulations of the Islamic Bank of Thailand, Issue 11, regarding Banking Transactions 2010 in relation to the management of zakat accounts.

Directors of the Zakat Subcommittee as of December 31, 2019 are as follows:

- | | |
|---|----------------------------|
| 1. Dr. Maroning Salaeming | Chairman of Subcommittee |
| 2. Mr. Pramote Meesuwan | Subcommittee |
| 3. Mr. Senee Yupensuk | Subcommittee |
| 4. Mr. Santi Suasaming | Subcommittee |
| 5. Vice President of Shariah Department
or assigned personal | Subcommittee and Secretary |

Details of change in the Zakat Subcommittee during 2019:

1. Mr. Niphon Hakimi has been Subcommittee from October 22, 2014 until July 17, 2019.

8. 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. Considering the performance and evaluating the quality of the work according to the plans proposed by the bank manager, which has been approved by the bank's board of directors.
5. Give suggestions; take evaluation results, including problems, obstacles, and limitations of the bank manager's operations and plan to solve problems, obstacles, and limitations of the operations 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, 2019 are as follows:

- | | |
|---|--------------------------|
| 1. Miss Piyawan Lamkitcha | Chairman of Subcommittee |
| 2. Mr. Niphon Hakimi | Subcommittee |
| 3. Mr. Dhanasarn Suravudhikul | Subcommittee |
| 4. Vice President of Company
Secretary Department or assigned personal | Secretary |

Details of change in the President's Performance Appraisal Subcommittee during 2019:

1. Mr. Montchai Ratanastien has been Subcommittee from June 12, 2018 until June 17, 2019.
2. Dr. Pornchai Thiraveja has been Subcommittee from June 20, 2019 until October 24, 2019.
3. Mr.Dhanasarn Suravudhikul has been Subcommittee from October 30, 2019 until present.

9. Employee Relations Committee

Scope of authorities of the Employee Relations 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 employee 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 Employee Relations Committee as of December 31, 2019 are as follows:

- | | |
|---------------------------------|-----------------------|
| 1. Dr.Wichien Chubthaisong | Chairman of committee |
| 2. Employer's 5 representatives | Committee |
| 3. Employees'5 representatives | Committee |

None for changing the Employee Relations Committee during 2019

10. Information System Development Subcommittee

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

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, 2019 are as follows:

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

None for changing the Information System Development Subcommittee during 2019

Policy and Remuneration of Directors

Remuneration of Directors consists of 3 parts which are monthly compensation, meeting allowance, and special remuneration (bonus) as following;

Monthly Compensation with the following rates; According to the Cabinet resolution on July 2, 2013 and the Cabinet resolution on April 24, 2019,

- The chairman receives monthly compensation of 20,000 baht
- The directors receive monthly compensation of 10,000 baht

Therefore, in case of the directors could not serve a full month operation, they will receive monthly compensation in proportion to the operation's period.

Meeting allowances * with the following rates;

According to the Cabinet resolution on July 2, 2013,

- The chairman receives meeting allowance of 12,500 baht
- The directors receive meeting allowance of 10,000 baht

The Bank will pay meeting allowances only for committee who attend the meeting and not more than 1 time/month.

The directors appointed as a subcommittee will receive a meeting fee at the same rate as the meeting allowances. In this regard, the directors will receive a meeting allowance for subcommittee, not more than 2 parties, each party not more than 1 time per month. The chairman of the subcommittee will receive allowance higher than subcommittee at 25 percent.

According to the Cabinet resolution on April 24, 2019,

- The chairman receives meeting allowance of 25,000 baht
- The directors receive meeting allowance of 20,000 baht

The Bank will pay meeting allowances 1 time per month. In case that is reasonable, the bank may consider paying meeting fees more than 1 time per month, but not more than 15 times per year or in accordance with the rules set by the Ministry of Finance.

For committee who has been appointed as subcommittee will receive a meeting allowance at the rate of 0.5 times of board meeting allowance. In this regard, the directors will receive a meeting allowance for subcommittee not more than 2 parties, each party not more than 1 time per month. The chairman of the subcommittee will receive allowance higher than subcommittee at 25 percent.

The meeting allowance of the Audit subcommittee paid monthly which equal to the directors' meeting allowance, whether there is a meeting or not and get paid 1 time/month. The chairman of the Audit Subcommittee will receive an additional 25% of the meeting allowance.

In the case that the committee or subcommittee appointed as the chairman of the meeting, the meeting allowance will be increased by 25 percent of meeting allowance.

Note* The Bank paid meeting allowance according to the Cabinet resolution from July 2, 2013 to May 2019 and paid meeting allowance according to the Cabinet resolution on April 24, 2019 from June 2019 onwards.

Special remuneration : We paid allowance according to the Bank's performance in 2018, that considered the bonus payment in accordance with the Cabinet resolution on July 2, 2013, based on the calculation of bonuses as follows;

- In case that the Bank has a net profit of more than 500 to 700 million baht, the base bonus payment rate starts at 75,000 baht / person.
- The Chairman of the Board receives 25 percent more bonus than the directors.
- Directors who have absent for more than 3 months have received bonuses as follows criteria:
 - Absent from meetings for more than 3 months but less than 6 months, receiving a 25% reduction in bonuses.
 - Absent from meetings for more than 6 months but less than 9 months, receiving a 50% reduction in bonuses.
 - Absent from meetings for more than 9 months, bonus payment is reduced by 75%.
- Directors will receive additional bonuses based on the Bank's annual performance evaluation from criteria of the State Enterprise Assessment Model (SE-AM).

Summary of directors' remuneration individually in 2019

Unit: Baht

Name Lists of Directors	Remuneration			Total
	Monthly Compensation	Meeting Allowance	Special Remuneration**	
Mr.Rathian Srimongkol	210,714.29	250,000.00	-	460,714.29
Mr.Niphon Hakimi	120,000.00	402,500.00	93,750.00	616,250.00
General Dr.Natthipong Pueksakorn	120,000.00	522,500.00	93,750.00	736,250.00
Ms. Piyawan Lamkitcha	120,000.00	405,000.00	93,750.00	618,750.00
Dr.Wichien Chubthaisong	120,000.00	380,000.00	55,695.56	555,695.56
Mr.Chaichan Palanon	120,000.00	462,500.00	55,695.56	638,195.56
Mr.Dhanasarn Suravudhikul	120,000.00	465,000.00	55,695.56	640,695.56
Mrs.Amporn Purintawaragul	120,000.00	460,000.00	55,695.56	635,695.56
Mr.Wuttichai Suraratchai	105,357.14	200,000.00	-	305,357.14
Directors retired during the year				
Mr.Monchai Ratanastien	55,666.67	188,750.00	93,750.00	338,166.67
Dr. Pornchai Thiraveja	97,741.94	140,000.00	93,750.00	331,491.94
Total	1,309,480.04	3,876,250.00	691,532.24	5,877,262.28

Note **Special Remuneration of the board of directors in 2018 (Received in 2019)

Summary of remuneration for former directors in the year 2019

Unit: Baht

Name List of Directors	Remuneration			Total
	Monthly Compensation	Meeting Allowance	Special Remuneration**	
Mr.Chaiwat Utaiwan	-	-	26,146.68	26,146.68
Mr.Pornlert Lattanan	-	-	78,881.05	78,881.05
Mr.Vitai Ratanakorn	-	-	23,185.49	23,185.49
Ms.Angkana Swasdipoon	-	-	38,054.44	38,054.44
Dr.Pasu Decharin	-	-	38,054.44	38,054.44
Mr.Panu Uthairat	-	-	38,054.44	38,054.44
Total	-	-	242,376.54	242,376.54

Note **Special Remuneration of the board of directors in 2018 (Received in 2019)

Summary of Directors' Meeting Attendance in 2019

Name	Board of Directors	Executive Subcommittee	Audit Subcommittee	Risk Management Subcommittee	CG&CSR Subcommittee	Compliance Subcommittee	Information System Development Subcommittee	Nomination, Remuneration and Performance Appraisal Subcommittee	President's Performance Appraisal Subcommittee	Employee Relations Committee
	17 Meetings	23 Meetings	13 Meetings	11 Meetings	3 Meetings	6 Meetings	13 Meetings	6 Meetings	7 Meetings	12 Meetings
1.Mr.Rathian Srimongkol	Chairman	14 / 14								
2.Mr.Nipphon Hakimi	Director	12 / 17	20 / 23			6 / 6			7 / 7	
3.General Dr.Nathipong Pueksakorn,	Director	15 / 17	13 / 13					6 / 6		
4.Ms. Piyawan Lamkitcha	Director	15 / 17	16 / 23			6 / 6			7 / 7	
5.Dr. Pornchai Thiraveja	Director	10 / 14		1 / 2					1 / 1	
6.Mr.Monchai Ratanastien	Director	8 / 9	10 / 10	5 / 5		4 / 4				
7.Dr. Wichien Chubthaisong	Director	14 / 17	11 / 13							12 / 12
8.Mr.Chaichan Palanon	Director	17 / 17	22 / 23		3 / 3	2 / 2	13 / 13			
9.Mr.Dhanasarn Suravudhikul	Director	16 / 17		11 / 11			13 / 13	6 / 6	1 / 1	
10.Mrs.Amporn Purntavaragul	Director	15 / 17	13 / 13		3 / 3			6 / 6		
11.Mr.Wuttichai Suratchai	Director	14 / 14	23 / 23	11 / 11	3 / 3					

Remuneration of the board of directors in 2019

Name	Total Monthly Remunerations	Board of Directors	Executive Subcommittee	Audit Subcommittee	Risk Management Subcommittee	CG & CSR Subcommittee	Compliance Subcommittee	Information System Development Subcommittee	Nomination, Remuneration and Performance Appraisal Subcommittee	President's Performance Appraisal Subcommittee	Employee Relations Committee	Total Amount 2019
1.Mr.Rathian Srimongkol	Chairman	250,000.00										460,714.29
2.Mr.Nipon Hakimi	Director	150,000.00	150,000.00				62,500.00			40,000.00		522,500.00
3.General Dr.Nattipong Pueksakorn	Director	210,000.00		237,500.00					75,000.00			642,500.00
4.Ms. Piyawan Lamkitcha	Director	190,000.00	110,000.00				30,000.00			75,000.00		525,000.00
5.Dr. Ponchai Thiraveja	Director	110,000.00			20,000.00					10,000.00		237,741.94
6.Mr.Monchai Ratanasien	Director	60,000.00	68,750.00		-		30,000.00			30,000.00		244,416.67
7.Dr. Wichien Chubthaisong	Director	190,000.00		190,000.00							--	500,000.00
8.Mr.Chaichan Palanon	Director	210,000.00	112,500.00				37,500.00	90,000.00				582,500.00
9.Mr.Dhanasam Suravudhikul	Director	190,000.00			125,000.00			150,000.00	-	-		585,000.00
10.Mrs.Amporn Puitintawaragul	Director	190,000.00		190,000.00			20,000.00		60,000.00			580,000.00
11.Mr.Wuttichai Suraratchai	Director	200,000.00										305,357.14
รวม		1,950,000.00	441,250.00	617,500.00	145,000.00	57,500.00	135,000.00	240,000.00	135,000.00	155,000.00	-	5,185,730.04

Note : The symbol (-) means a present director or former director/ Subcommittee in that party but did not receive meeting allowance due to they cannot receive meeting allowance from more than 2 Subcommittee party.

Note: The symbol (-) means Dr. Wichien Chubthaisong wishes to not receive meeting allowance from Employee Relations Committee.

Remuneration of the Executives

In 2019, the Bank offers remuneration to the executives; The President, Senior Executive Vice President (SEVP), and Executive Vice President (EVP). Remuneration including salaries, wages, provident fund and bonuses at the amount of 31,384,487.31 Baht.

Conflict of Interest Prevention 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 review of disclosure of information about 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.

“

According to the opinion of Compliance Risk Sub-Committee, to prevent conflicts between personal interests and common interests, we have improved the report of personal conflicts and common interests to be disclose information.

”

Therefore, the bank requires the review of conflicts of interest of executives and employees to present to the Audit Sub-Committee, Compliance Risk Sub-Committee, and report Conflict of Interests of managers and directors to Chairman of the Board Directors. Hence, the bank is committed to providing management and employees with more knowledge, understanding and awareness about “Conflict of Interests Policy”. In order to work correctly and truly comply with those criteria.

In 2019, The Bank has reviewed the regulations of the Islamic Bank of Thailand, Issue No. 23 which regarding the ethics of directors, managers, executives, and employees. According to the opinion of Compliance Risk Sub-Committee, to prevent conflicts between personal interests and common interests, we have improved the report of personal conflicts and common interests to be disclose information with more efficiency and effectiveness check. In this regard, we provide training on knowledge about prevention of Conflicts of Interest in financial institutions to inform executives and employees. We provided Info Graphic to disseminate compliance news to enhance knowledge and understanding about conflicts between personal and common interests via the internal e-mail to inform all employees throughout the organization. Moreover, we tested understanding of employees about Conflict of Interest through Google Form and also conducting a review of operations in accordance with rules and regulations, Issue No.23 in term of disclosure information of Conflict of Interest in the conflict of interest report form by executives and employees. Furthermore, all employees need to sign to certify that there is no conflict of interest to the bank. In order to clearly see the result of the disclosure of information of executives and employees whether it is true or not, the bank has checked all the names of the executives / randomly reviewed the employees from other external databases as well.

Management policy for Connected Transactions

The bank has a data storage policy of connected transaction in the end of December and in the end of every quarter (the end of March, June, and September) of the Board of Directors and Key executives of the bank which are directors and managers, and executive officers from department director level and / or perform duty equivalent to the director who holding that position at the end of the year or during that year. Therefore, it is including those who hold those positions temporarily and / or resign during that year. The information of the connected transaction as follows;

1. Financing
2. Deposit and bonds
3. Obligation such as Avals or Guarantor Debt etc.
4. Bad debt or debt reserve
5. Lease Agreement / lease agreements older than 1 year
6. Employee benefits
7. Other accounting transactions, such as product trading, debt settlement for firm or firm pay debt between them.

In term of data storage of the Board of Directors and Key executives of the bank also include close persons are their husbands and wives and children, child of the husband / wife of that person, private patronage of that person or of husband/wife of that person. Once the information has been collected, the bank will summarize and disclose the information in notes of Financial Statement in the topic of disclosure of related party transaction.

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.011/2562, the following members were appointed on June 12, 2019 until present:

As per Order No.Gor.015/2561, the following members were appointed on June 12, 2018 until June 11, 2019

General Dr. Natthipong Pueksakorn	Chairman
Mrs. Amporn Purintawaragul	Member
Dr. Wichien Chubthaisong	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 2019, the Audit Subcommittee held 13 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 Financial Statement

The Audit Subcommittee has reviewed financial statements before and after the Auditor's review in quarterly and annual with the Internal Audit Department, the Auditor, Accounting and Finance Executives and Bank Executives. There are various issues affecting the financial statements such as accuracy of financial statements, Major Adjusting Entries, Thai Financial Reporting Standards, Change, Reserve and notes for financial statements. In addition, there provided observations and recommendations to ensure that accounting systems and financial reports prepared in accordance with Thai Financial Reporting Standards. Moreover, the disclosure information is sufficient, complete and reliable.

Review of Risk Management and Internal Control

The Audit Subcommittee had reviewed and followed up the risk management results by meeting with the Executives and risk management department to ensure that risk management in various aspects is appropriate and effective under acceptable risk of the bank. There are also including the review of internal control from the report of the internal audit department, report of risk management from risk management department and external regulatory agencies as well as Internal Control Assessment Report of the Bank, self-assessment for internal control form and a review report for internal control assessment of internal auditors in accordance with the criteria of the Ministry of Finance on standards and Regulations on Internal Control Operations for Government Agencies B.E. 2561 (2018) to ensure that the Bank's internal control systems are consistently appropriate and adequate, including finding ways to prevent or reduce risks to an acceptable level, without affecting the Bank's operations.

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.

The Transaction that Affects the Conflict of Interest, Ethics, Morals, and Transparency

The Audit Subcommittee reviewed the annual disclosure of conflicts of interest and ethics to ensure that operations that do not cause conflicts of interest in terms of regulations and are good governance, which related to Rules and Regulations on Ethics of Directors, President and Executives to prevent conflicts between personal and common interest in accordance with the guidelines of the State Enterprise Policy Office.

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 Dr. Natthipong Pueksakorn
Chairman of the Audit Subcommittee

Report of the Nomination, Remuneration, and Performance Appraisal Subcommittee

The board of directors has appointed the Nomination, Remuneration, and Performance Appraisal 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.

In a present day, the Nomination, Remuneration and Performance Appraisal Subcommittee consists of three independent directors; General Dr. Natthiphong Pueksakorn, is the Chairman, Mr.Dhanasarn Suravudhikul and Mrs.Amporn Purintawaragul are subcommittees. During the year 2019, the Nomination Subcommittee was held 6 meetings to perform duties as assigned, which can be summarized as follows:

1. Considering and nominated qualified candidates for the Bank's director position which according to the guidelines of the Board of SOE Directors. There was a consideration of qualifications, knowledge, skills, and expertise (Skill Matrix) of the nominated person in accordance with the mission and strategy of the Bank for proposing to the Board of Directors and the General Meeting of Shareholders to consider the election of 6 directors.
2. Considering the performance evaluation results of year 2018 for executives in Deputy Managing Director level, Assistant Managing Director level, and Department Director / Office or higher level. Moreover, there was considered changing the criteria for performance appraisal for the year 2019, of executives at the level of department manager upward, and considering determining the performance evaluation indicators for the year 2019 of the Deputy Managing Director and Assistant Managing Director (According employment for a period) to be more efficient.
3. Considering the payment of director's Special remuneration for the year 2018 by calculating according to the regulations of the Ministry of Finance in terms of criteria for improving incentives for monetary compensation in accordance with the State Enterprise Performance Assessment system and present to the Board of Directors and the General Meeting of Shareholders of the Bank.
4. Considering compensation adjustment and meeting allowances in accordance with an urgent letter of the Secretariat of the Cabinet No. 0505/15029 in terms of Proposals to improve the rate and criteria for monthly compensation and meeting allowances for state enterprise directors and other committee members in any subcommittees or other working groups to be proposed to the Bank's board of directors and General Meeting of Shareholders.
5. Considering potential assessment criteria and promotion of the position of director / bureau, to the deputy managing director in accordance with the organizational structure, different duties and responsibilities.
6. Considering recruitment qualifies and selecting senior executives from inside and outside the organization to hold additional positions according to the new organizational structure and to replace those with retirement positions with the objective to support business operations and drive the organization to comply with the Corporate strategic plan 2020 - 2024 and propose to the Board of Directors in the future.
7. Considering the results of the 1st Annual Performance Assessment 2019 (from 1 January - 30 June 2019) of executives at Deputy Managing Director level, Assistant Managing Director level, and the Department Director / Bureau and upward level which also including considering the determination of Threshold values to evaluate performance in year 2020 of executives at department directors level.

In other words, the Nomination, Remuneration and Performance Appraisal Subcommittee performed duties as assigned by the Board of Directors to the best of their ability with prudence, caution and independence with a commitment to operate by using the principles of fairness, transparency, in accordance with the principles of good governance and with the highest interest of the Bank and all stakeholders.



General Dr. Natthiphong Pueksakorn

Chairman of Nomination, Remuneration and Performance Appraisal Subcommittee

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

The Corporate Governance and Corporate Social Responsibility Subcommittee (CG & CSR) has the mandate in implementing Corporate Governance and Social Responsibility Policy which including setting guidelines for operation in accordance with the Islamic Bank of Thailand Code of Ethics ; establishing trust, credibility among the public in terms of good corporate governance practice, transparency, and accountability. In 2019, is the year that Corporate Governance and Corporate Social Responsibility Subcommittee place importance on Integrity and Transparency in the operations of the bank by carrying out the following activities;

1 Public relations on Good Governance : Disseminate knowledge and raise awareness about good governance in the form of “CG Times”, “IBank and Corporate Culture”, “CG TRIBUNE” through the Bank’s Intranet and E-mail systems regularly and continuously. Meanwhile, there is the dissemination of corporate governance information via the Bank’s website, such as Good Corporate Governance Policy, Code of Ethics of the Islamic Bank of Thailand and Market Conduct Policy.

2 IBank, the Integrity Bank Project : Organize a 1st seminar for the Integrity Bank Project with the goal consistent with the SEPO’s performance evaluation and linked to the bank’s strategy of “Create an organization with good transparency and good governance”. Moreover, we had organized a 2nd seminar with the goals and objectives to drive the moral bank project and require that all departments create work plans “*One Agency, One Integrity Plan*”

3 Integrity & Transparency Assessment ITA : It is defined as KPIs indicators for all government agencies and it is an important national mechanism of the Office of the National Counter Corruption (N.P.C.) in driving

the national strategy on prevention and suppression of corruption Phase 3 (B.E. 2560-2021) which is a proactive anti-corruption measure and is also a tool to raise Thailand’s Corruption Perception Index (CPI) at the international level as assessed by Transparency International. In the year 2019, the Islamic Bank of Thailand received an AA level with a rating of 95.73%. There are activities and training programs that promote and correspond with these projects which are “Integrity & Transparency Assessment (ITA) Seminar” to develop knowledge and create good awareness and enhance the positive image of the bank and accepted by service users and stakeholders, and the project of “Strengthen procurement transparency in accordance with the Government Procurement and Procurement Act 2017” to strengthen the understanding of trading partners in the bank to ensure that they are legitimate, transparent and Anti-Corruption.

In 2019, Islamic Bank of Thailand received the prestigious ITA Awards for fiscal year 2019. As the bank received the highest average rating of the AA level at 95.73 percent, which is ranking 4th from SFIs and 5th from all 53 state enterprise institutions and being ranked 20th out of 8,299 assessed organizations.



In addition to emphasizing the importance of integrity and transparency in the operations of the bank, the Corporate Governance and Corporate Social Responsibility Subcommittee has determined to drive Corporate Social Responsibility (CSR) which is consider as one of the duties that must be given to the importance of organizing activities in response to society and the environment. The activities must encourage employees to participate in instilling and raising awareness of social responsibility both inside and outside the organization along with sustainable operations. In fiscal year 2019, the Corporate Governance and Corporate Social Responsibility Subcommittee (CG & CSR) provided recommendations for the management of the Bank's social responsibility operations by achieving the target according to CSR plan with a total of 8 activities covering 4 Dimensions are Dimensions of Religion and Culture, Dimensions of Glorification of the Monarchy, Dimensions of Education and Sporting activities, and Dimensions of Social and Environmental to return values to Society and Sustainable livelihoods of the society as follows;



The Islamic Bank of Thailand received assessment score at AA level which is
95.73 %



Religion and Culture

The Mawlid Ceremony of Thailand, A.H.1440

The Mawlid Ceremony of Thailand is considered an important national event for Thai Muslim community. It is a royal ceremony to convey the important intentions, commemorate the noble honors, and embrace the teachings of the Prophet Muhammad (PBUH) and in remembrance in royal grace the late King Bhumibol and His Majesty King Maha Vajiralongkorn towards the Thai Muslim people. His Majesty had shown genuine interest in Islamic culture and history. Every year, the late King or His Majesty participates in the Mawlid ceremony. The year 2019 which corresponds to year A.H. 1440, His Majesty King Maha Vajiralongkorn was preceded over the opening Mawlid Ceremony. On this occasion, the Directors of the Islamic Bank of Thailand welcomed and presented the bank's operational report to His Majesty King Maha Vajiralongkorn.

iBank, Ramadan Relations 2019:

Ramadan is a great month for Muslims around the world. Muslims fast everyday throughout the month Muslims fast as an act of worship and a way to become more compassionate to those in need.

Islamic Bank of Thailand, a financial institution that operates compliant to Sharia principles. Therefore, this special time is the perfect chance to promote religious activities by implementing a charity and spirit of giving through the "iBank Ramadan Relations" scheme for the tenth year running.



This year, Ramadan is on the auspicious month of the coronation. Thus, the bank had organized the event “iBank, Ramadan Relations 2019, in honor of the auspicious occasion of the coronation” provided an Iftar banquet to the Muslim community in 7 areas, which are 1.Foundation for the Islamic Center of Thailand, Bangkok, 2.Krabi Central Mosque, 3.Narathiwat Central Mosque, 4.Yala Central Mosque, 5.Satun Central Mosque, 6.Pattani Central Mosque, 7.Songkhla Central Mosque. Moreover, iBank created documentary entitled “iBank of Ramadan Relations in honor of the auspicious occasion of the coronation” with 12 episodes which disseminated various Muslim channel broadcast throughout the month of Ramadan.



Blessing and Sending Ceremony of Thai Hajj Pilgrims

Hajj is the most essential duty of Islam. Every Muslim, who is able to make the journey, must do so once in their lives. Each year, approximately ten thousand Thai pilgrims travel to perform Hajj passenger congestion in airports during Hajj season.

The Islamic Bank of Thailand together with the Department of Provincial Administration, the Ministry of Interior, pleased to facilitate hajj pilgrims by supporting drinking waters and snacks, in a Blessing and Sending Ceremony of Thai Hajj Pilgrims at Suvarnabhumi Airport, Phuket International Airport, Krabi International Airport, Hat Yai International Airport and Narathiwat Airport.



Royal Institution

iBank gives a Salute and Oaths on the birthday of His Majesty King Maha Vajiralongkorn (King Rama X)

On His Majesty the King Rama X’s birthday, July 28 is an auspicious day for the executives and bank employees to express their gratitude, commemoration of His Majesty’s grace, by conducting an auspicious ceremony and signing the blessing online and perform a solemn oath to be a good government official and uniting force of the nation, cultivate an ideology for the nation, the Monarchy, among the executives and staff annually.



Education and Sports

iBank, sharing kindness and opportunities

Year 2019, the bank supports activities “Muslim Relations Sport” is organized by communities from 4 mosques in the center of Bangkok which are Mahanak Mosque at Pom Prap District, Phaya Thai Mosque, Ban Krua Mosque at Ratchathewi District, and Haroon Mosque at Bang Rak District. There was a part of creating opportunities to encourage youth in the community to exercise and donate scholarship prize for the winning team in order to share kindness and return happiness to the community.



iBank opens the Islamic financial world

The Islamic Bank of Thailand is a specialized bank that is unique in conducting business different from other financial institutions. It is a bank that is not bound to interest and is based on Shariah principles in conducting transactions. Although, the bank has been established in Thailand for over 15 years, most people still lack of knowledge and understanding of the Islamic financial system.

In addition, to know financial knowledge of Shariah principles, knowledge of financial management, personal financial planning, or accurate corporate financial planning, is also essential to the citizens of all groups in order to build a strong national economic foundation.

In 2019, the bank joined with the Faculty of Political Science, Ramkhamhaeng University, organized a workshop activity under the Open World Islamic Finance Project entitled “Financial knowledge for Ramkhamhaeng University students” to enhance knowledge and understanding about financial transactions according to Shariah principles, financial knowledge, financial management, personal financial planning, as well as the role of bachelors in social development. Therefore, those are for more than 150 students can apply knowledge uses in daily life and can share it to their close one.



Social and Environment

iBank saves community ... Planting trees to reduce global warming in honor of Her Majesty the Queen in the King Rama IX reign.

Global warming or climate change is a major problem in our world today which observed by rising global temperatures. The main cause of this problem is from the greenhouse effect. The impact of global warming will be serious and continuing to life in the world. Therefore, this crisis is an important duty for everyone on this planet to be responsible together. One way to solve the global warming problem is to grow more trees instead of deforestation by human's hands.



The Islamic Bank of Thailand is aware of the problems and need to help to reduce global warming with corporate social responsibility by inviting employees to volunteer together to plant trees to have a green area while creating shady within public areas such as mosques, schools, communities etc.

In 2019, the bank organized activities “IBank saves community ... Planting trees for the Mother” to embrace of the Royal grace and royal aspiration on the conservation of natural resources and the environment of the Queen mother of Thailand on the occasion of the 87th Birthday Anniversary. There were the Daros Adah Mosque Community (Ban Pak Lad), executives and I-Bank volunteer staff planting tree together. Hence, IBank provided a total of 1,000 economic seedlings which divided into 300 fast-growing trees of the Acacia Mangium type; 350 slow-growing trees of Hopea Odorata and Afzelia xylocarpa types each. Those are a wood that can generate additional income as well.



iBank Shred2Share, safe data, environmentally conscious

The ibank Shred2Share, safe data, environmentally conscious project was operated by database management providers in accordance with international standards with 65 organizations. It creates a good example to secure the important information of the organization and provide the opportunity for the organization to share with society and youth in scarce areas as well as contribute to protect the environment by reducing the impact of the project’s production, consisting of 2 parts as follows;

Shred is a service provider, responsible for storing unused documents and important data from allied companies to destroy in accordance with international standards, recycle to produce new paper which will help prevent information leakage, reduce water consumption, coal, and reduce carbon dioxide emissions from document destruction, which is a key factor in global warming.

Share is to contribute to society and the environment by service providers in partnership with bank and 65 organizations that support learning tools and teaching media to donate to underprivileged schools and to promote education, learning and love to read.

In 2019, the bank participated in the reduction of global warming by send documents to destroy in the total amount of 15.57 tons. When it is safely digested and put into recycling, it can reduce carbon dioxide emissions at 4,049.15 kg, reduce coal consumption at 1,713.10 kg and reduce water consumption at 778.68 cubic meters.



Reduce coal consumption

1,713.10 kg.



Reduce carbon dioxide emissions

4,049.15 kg.



Reduce water consumption

778.68 cubic meters

Mr. Chaichan Palanon

Chairman of CG&CSR Subcommittee Director

Corporate Governance Report According to Islamic Principles

In the name of Allah, the Most Gracious, the Most Merciful

The Islamic Bank of Thailand has conducted its corporate governance activities under Islamic principles in accordance with the criteria prescribed by the Central Bank of Thailand and the Regulation of Islamic Bank of Thailand itself. The Central Bank of Thailand's Notification No. 19/2559 Subject: Criteria for Governance of Specialized Financial Institutions Operating Financial Business under Islamic Principles dated on October 11, 2016 which is effective from January 1, 2017 and thereafter the Notice of Amendment No. 25/2562 of the same subject dated on September 2, 2019 which is effective from October 1, 2019 and the Regulations of the Islamic Bank of Thailand No.20 on Governing Bank's Operations in accordance with the Islamic Principles B.E. 2560 (2017 A.D.), and thereafter the Notice of its 1st Amendment B.E.2562 (2019 A.D.) have defined criteria and regulations of good corporate governance and roles and responsibilities for the Shariah Advisory Council of Islamic Bank of Thailand. In addition to providing consultation based on Islamic principles related to policies, regulations, manuals, and procedures as well as appropriate product and service features to ensure that business operations of the bank will not be contradicted to Islamic principles, the Shariah Advisory Council of Islamic Bank of Thailand has been required to have the following roles and responsibilities :

1. To suggest that the bank shall have appropriate and effective corporate governing and auditing system related to Islamic principles.
2. In case of found or having suspect of any transactions or actions contradicting to Islamic principles, the Shariah Advisory Council must report to the Board of Director in order to inform the bank's management to take corrective actions.
3. To compile a report on corporate governance in accordance with Islamic principles in order to give opinions of conducting business related with Islamic principles and disclose any significant transactions or actions contradicting to Islamic principles in the annual report of the Islamic Bank of Thailand.

The aforesaid Notification of the Central Bank of Thailand also requires the Bank to review the system of internal control, internal audit and compliance with related laws, policies, regulations, manuals, work procedures relating to Islamic principles and recommendations of the Shariah Advisory Council of Islamic Bank of Thailand as well as to report the result of such review, audit and compliance with Islamic principles to the Shariah Advisory Council of Islamic Bank of Thailand.

Thus, in 2019, according to the roles and responsibilities as specified in the aforesaid Notification of the Central Bank of Thailand and Regulations of the Islamic Bank of Thailand, the Shariah Advisory Council of Islamic Bank of Thailand performed the following tasks;

1. Considered and recommended on the review of various regulations and operating manuals of the bank, especially related to credit operations, such as Credit Policy, Underwriting Standard, Credit Guideline, Business Credit Operation Manual and bank's Notification on business classification regarding forbidden business according to Shariah and business that the bank cannot support financing for the bank to use as a guideline to be complied with the Islamic principles.
2. The Shariah Advisory Council of Islam Bank of Thailand received performance reports related to the Islamic principles from departments and offices responsible for corporate governance activities in accordance with the Regulations of the Islamic Bank of Thailand No. 20 on Governing Bank's Operation in accordance with Islamic Principles B.E. 2562

(2019 A.D.) (1st Amendment) which include Internal Audit Department, Compliance and Regulatory Department, Credit Review Department, Risk Management Department, Shariah Department and Sustainable Development Office as follows;

- 2.1 An internal audit report from randomly checking the credit document and data for considering the credit of corporate customer and SMEs with the finding that there was an error on credit signing contract that did not comply with the bank's regulation under Bai al-Inah principles. The error has been revised, corrected and recommended to have controlling and monitoring functions of the employees by creating an info-graphic notification of the operating procedures for credit signing agreements under the Bai al-Inah principle in order to prevent such case from occurring in the future.
 - 2.2 Besides this, the Shariah Advisory Council of Islam Bank of Thailand had not been reported any other transaction or suspected activity violating the Islamic principles.
3. The Shariah Advisory Council of Islamic Bank of Thailand regularly provides knowledge and recommendations for the executives and staff through various monthly meetings and bimonthly "Shariah Chill Chill" forums upon implementing the Shariah principles in all aspects of their banking operations they are responsible. Besides being complied with the Islamic Bank of Thailand Act B.E.2545 (2002 A.D), Section 12, the implementation of the Shariah principles is a unique feature of the Islamic Bank of Thailand that does not exist in other banks in order to bring credibility and good images to the organization as a religious bank.

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

In 2019, the Shariah Advisory Council has organized totally 12 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 principles.
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 principles.
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 principles.

"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, 2019 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 supports the Bank to have good corporate governance to enhance good governance continually and to ensure the Bank's operations are efficient, transparent, and credibility. They have established Internal Control and Risk Management System to provide accurate financial information and reasonably complete. Therefore, the Board of Directors has appointed an Audit Sub-Committee to be responsible for reviewing financial reports and sufficient internal control and internal audit system. Finally, the Audit Sub-Committee has expressed opinions on those issues which appeared in the report of the Audit Sub-Committee which has been shown in the 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, 2019 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, 2019

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, 2019, 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 note to the consolidated and the Bank's financial statements, including a summary of significant accounting policies.

In the State Audit Office of the Kingdom of Thailand's opinion, the accompanying 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, 2019, 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 Federation of Accounting Professions' Code of Ethics for Professional Accountants that are relevant to the audit of the consolidated and the Bank's financial statements, and the State Audit Office of the Kingdom of Thailand has fulfilled other ethical responsibilities in accordance with these standards and 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

State Audit Office of the Kingdom of Thailand



obtained is sufficient and appropriate to provide a basis for the State Audit Office of the Kingdom of Thailand's opinion.

Emphasis of Matter

The State Audit Office of the Kingdom of Thailand draws attention to Note 7 of the financial statements regarding the going concern and Note 8.6.4 of the financial statements regarding financing to customers and financial accrued income, net classified by type of classification which describe surplus reserve. The State Audit Office of the Kingdom of Thailand's opinion is not modified in respect of 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 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 Thai Financial Reporting Standards (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.

State Audit Office of the Kingdom of Thailand



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.

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 Thai Standards on Auditing (TSAs) will always detect a material misstatement when it exists. Misstatements 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 Thai Standards on Auditing (TSAs), the State Audit Office of the Kingdom of Thailand exercises professional judgment and maintain 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, design and perform audit procedures responsive to those risks, and obtain 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.

State Audit Office of the Kingdom of Thailand



- 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.

State Audit Office of the Kingdom of Thailand



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) Satawat Boonkoy
(Satawat Boonkoy)
Auditor, Senior Professional Level
Acting Director of Financial and Procurement Audit Office No. 5

State Audit Office of the Kingdom of Thailand

April 23, 2020

ISLAMIC BANK OF THAILAND AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

Unit : Thousand Baht

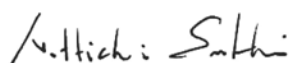
		Consolidated Financial Statements		The Bank's Financial Statements	
	Notes	2019	2018	2019	2018
Assets					
Cash		1,429,934	1,808,121	1,429,767	1,807,960
Interbank and money market items, net	8.2	7,248,091	7,223,912	7,147,996	7,201,660
Derivatives assets	8.3	15	10	15	10
Investments, net	8.4	4,802,670	4,613,393	4,802,670	4,613,393
Investments in subsidiaries, net	8.5	-	-	560,347	560,347
Financing to customers and financial accrued income, net	8.6				
Financing to customers		56,872,505	52,370,070	53,942,330	49,739,694
Financial accrued income		165,015	166,501	89,147	94,839
Total financing to customers and financial accrued income		57,037,520	52,536,571	54,031,477	49,834,533
Less Deferred revenue		1,635,195	1,453,174	4,781	7,200
Less Allowance for doubtful accounts	8.7	7,262,500	7,022,717	7,036,128	6,768,168
Less Revaluation allowance for debt restructuring		5,097	5,311	5,097	5,311
Total financing to customers and financial accrued income, net		48,134,728	44,055,369	46,985,471	43,053,854
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		373,654	410,856	373,654	410,856
Financial accrued income from Public Service Account					
Portion that is not subject to government compensation for damages		611	1,068	611	1,068
Total financing to customers from Public Service Account					
and financial accrued income		374,265	411,924	374,265	411,924
Less Deferred revenue from Public Service Account		760	1,212	760	1,212
Less Allowance for doubtful accounts					
from Public Service Account	8.35.3	109,396	113,690	109,396	113,690
Total financing to customers from Public Service Account					
and financial accrued income, net	8.35.1	264,109	297,022	264,109	297,022
Properties for sale, net	8.9	110,946	60,498	54,458	2,415
Premises and equipment, net	8.10	380,517	435,776	355,203	380,796
Goodwill and other intangible assets, net	8.11	50,434	49,540	43,641	39,315
Deferred tax assets	8.12	36,986	43,209	-	-
Receivables from transferring non-performing assets	8.13				
Promissory note		18,881,070	22,381,070	18,881,070	22,381,070
Accrued compensations from promissory notes		310,588	31,174	310,588	31,174
Total receivables from transferring non-performing assets		19,191,658	22,412,244	19,191,658	22,412,244
Other assets, net	8.14	533,845	276,208	480,380	221,328
Total Assets		82,183,933	81,275,302	81,315,715	80,590,344

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

ISLAMIC BANK OF THAILAND AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2019

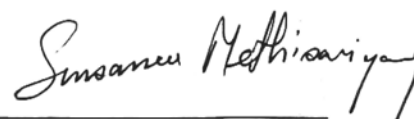
		Unit : Thousand Baht			
		Consolidated Financial Statements		The Bank's Financial Statements	
	Notes	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Liabilities and Equity					
Deposits	8.15	79,264,890	78,453,479	79,307,494	78,460,608
Interbank and money market items, net	8.16	1,524,877	1,573,707	1,521,939	1,567,665
Liability payable on demand		41,967	40,744	41,967	40,744
Derivatives liabilities	8.3	101	19	101	19
Provisions	8.17	547,358	739,390	528,709	726,266
Accrued expenses		240,056	599,653	220,389	575,879
Accrued compensation on deposits		241,158	188,043	241,158	188,043
Trade account payable		82,223	216,095	49,371	180,931
Income from government grant received in advance		101,428	104,606	101,428	104,606
Other liabilities	8.18	208,506	194,897	180,796	147,343
Total liabilities		<u>82,252,564</u>	<u>82,110,633</u>	<u>82,193,352</u>	<u>81,992,104</u>
Equity					
Share capital	8.19				
Authorized share capital					
1,820,276,825,862 ordinary shares, Baht 0.01 par value		<u>18,202,768</u>	<u>18,202,768</u>	<u>18,202,768</u>	<u>18,202,768</u>
Issued and paid-up share capital					
1,820,276,825,862 ordinary shares, Baht 0.01 par value		18,202,768	18,202,768	18,202,768	18,202,768
Equity from share-based payment		316	334	-	-
Other components of equity		(150,580)	(125,622)	(150,580)	(125,622)
Retained earnings (deficit)					
Appropriated					
Legal reserve	8.21.1	109,678	53,077	109,678	53,077
Unappropriated		(18,950,633)	(19,554,770)	(19,039,503)	(19,531,983)
Total Bank's equity		<u>(788,451)</u>	<u>(1,424,213)</u>	<u>(877,637)</u>	<u>(1,401,760)</u>
Non-controlling interest		719,820	588,882	-	-
Total equity		<u>(68,631)</u>	<u>(835,331)</u>	<u>(877,637)</u>	<u>(1,401,760)</u>
Total liabilities and equity		<u>82,183,933</u>	<u>81,275,302</u>	<u>81,315,715</u>	<u>80,590,344</u>

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 SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

Unit : Thousand Baht

		Consolidated Financial Statements		The Bank's Financial Statements	
	Notes	2019	2018	2019	2018
Financial income	8.27	3,204,759	3,260,401	2,684,861	2,815,481
Financial expenses	8.28	1,310,066	1,445,801	1,309,840	1,445,753
Financial income, net		<u>1,894,693</u>	<u>1,814,600</u>	<u>1,375,021</u>	<u>1,369,728</u>
Fees and service income		268,053	272,641	209,381	217,896
Fees and service expenses		33,766	19,575	33,766	19,575
Fees and service income, net	8.29	<u>234,287</u>	<u>253,066</u>	<u>175,615</u>	<u>198,321</u>
Gains on tradings and					
foreign exchange transactions, net	8.30	3,718	4,684	3,718	4,684
Losses on investment, net	8.31	(459)	-	(459)	-
Compensations from promissory notes (AMC)		353,635	368,253	353,635	368,253
Bad debt recoveries		38,060	129,474	16,494	117,771
Other operating income	8.32	683,237	81,168	636,145	45,459
Income from Public Service Account	8.35.4	41,159	203,000	41,159	203,000
Total operating income		<u>3,248,330</u>	<u>2,854,245</u>	<u>2,601,328</u>	<u>2,307,216</u>
Other operating expenses					
Employees' expenses		1,125,471	895,339	980,843	756,889
Directors' remuneration		20,575	17,265	9,892	7,768
Premises and equipment expenses		454,869	390,345	407,011	344,848
Taxes and duties		89,685	91,358	89,648	91,304
Other expenses	8.33	251,849	160,290	189,131	104,774
Total other operating expenses		<u>1,942,449</u>	<u>1,554,597</u>	<u>1,676,525</u>	<u>1,305,583</u>
Expenses from Public Service Account	8.35.5	92,985	378,516	92,985	378,516
Bad debt and doubtful accounts	8.34	363,016	194,254	265,807	92,344
Income from operating before income tax expenses		<u>849,880</u>	<u>726,878</u>	<u>566,011</u>	<u>530,773</u>
Income tax expenses		39,803	32,879	-	-
Net income		<u>810,077</u>	<u>693,999</u>	<u>566,011</u>	<u>530,773</u>
Other comprehensive income (loss)					
Items that will be reclassified subsequently to profit or loss:					
Losses on remeasuring available-for-sale investment		(24,958)	(27,072)	(24,958)	(27,072)
Items that will not be reclassified subsequently to profit or loss:					
Actuarial gains (losses) on defined employee benefit plans		(18,596)	4,495	(16,930)	6,090
Total other comprehensive income (loss), net		<u>(43,554)</u>	<u>(22,577)</u>	<u>(41,888)</u>	<u>(20,982)</u>
Total comprehensive income		<u>766,523</u>	<u>671,422</u>	<u>524,123</u>	<u>509,791</u>

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

ISLAMIC BANK OF THAILAND AND SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

Unit : Thousand Baht

	Consolidated Financial Statements		The Bank's Financial Statements		
	Notes	2019	2018	2019	2018
Net income attributable					
Owners of the Bank		682,960	610,228	566,011	530,773
Non-controlling interest		127,117	83,771	-	-
		<u>810,077</u>	<u>693,999</u>	<u>566,011</u>	<u>530,773</u>
Total comprehensive income attributable					
Owners of the Bank		640,263	588,468	524,123	509,791
Non-controlling interest		126,260	82,954	-	-
		<u>766,523</u>	<u>671,422</u>	<u>524,123</u>	<u>509,791</u>
Earnings per share					
Basic earnings per share (Baht)	8.22	0.0004	0.0019	0.0003	0.0017

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



(Mr. Wuttichai Suraratchai)

President



(Miss Sunsanee Methisariyapong)

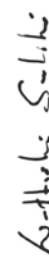
Executive Vice President Finance Group

ISLAMIC BANK OF THAILAND AND SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

Unit : Thousand Baht

	Consolidated Financial Statements						Non-controlling interest	Total
	Issued and paid-up share capital	Premium (discount) on ordinary shares	Equity from share-based payment	Other components of equity	Retained earnings (deficit)	Total Bank's equity		
				Deficit on revaluation of investments	Appropriated Legal reserve	Unappropriated		
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)
Transfer of legal reserve to compensate 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 earnings	-	(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 (losses) 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)
Balance as at January 1, 2019	18,202,768	-	334	(125,622)	53,077	(19,554,770)	588,882	(835,331)
Subsidiaries common share issuance from warrants	-	-	-	-	-	1,775	1,875	3,650
Legal reserve	-	-	-	-	56,601	(62,964)	6,363	-
Dividends paid	-	-	-	-	-	-	(3,652)	(3,652)
Share-based payments	-	-	(18)	-	-	105	92	179
Actuarial losses on defined employee benefit plans	-	-	-	-	-	(17,739)	(857)	(18,596)
Total comprehensive income (loss)	-	-	-	(24,958)	-	682,960	127,117	785,119
Balance as at December 31, 2019	18,202,768	-	316	(150,580)	109,678	(18,950,633)	719,820	(68,631)

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



(Mr. Wuttichai Suratchai)
President



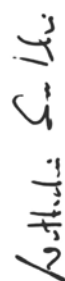
(Miss Sumsanee Methisariyapong)
Executive Vice President Finance Group

ISLAMIC BANK OF THAILAND AND SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

Unit : Thousand Baht

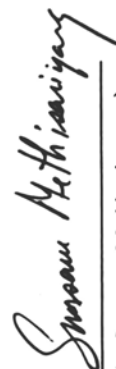
	The Bank's Financial Statements				
	Issued and paid-up share capital	Premium (discount) on ordinary shares	Other components of equity	Retained earnings (deficit)	
			Deficit on revaluation of investments	Appropriated Legal reserve	Unappropriated
					Total
Balance as at January 1, 2018	102,768,258	(91,841,732)	(98,550)	473,010	(31,312,537)
Transfer of legal reserve to compensate deficits	-	-	-	(473,010)	473,010
Legal reserve	-	-	-	53,077	(53,077)
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 earnings	-	(10,823,758)	-	-	10,823,758
Actuarial gains on defined employee benefit plans	-	-	-	-	6,090
Total comprehensive income (loss)	-	-	(27,072)	-	530,773
Balance as at December 31, 2018	18,202,768	-	(125,622)	53,077	(19,531,983)
Balance as at January 1, 2019	18,202,768	-	(125,622)	53,077	(19,531,983)
Legal reserve	-	-	-	56,601	(56,601)
Actuarial losses on defined employee benefit plans	-	-	-	-	(16,930)
Total comprehensive income (loss)	-	-	(24,958)	-	566,011
Balance as at December 31, 2019	18,202,768	-	(150,580)	109,678	(19,039,503)
					(877,637)

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



(Mr. Wuttichai Suratchai)

President



(Miss Sumsanee Methisariyapong)

Executive Vice President Finance Group

ISLAMIC BANK OF THAILAND AND SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Consolidated Financial Statements		The Bank's Financial Statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities				
Income from operating before income tax expenses	849,880	726,878	566,011	530,773
Adjustments to reconcile profit (loss) from operating before income tax expenses to cash received (paid) from operating activities				
Depreciation and amortization	124,348	122,271	112,014	105,753
Bad debt and doubtful accounts	363,016	194,254	265,807	92,344
Provisions	(246,641)	47,193	(250,148)	45,542
(Gain) loss on disposal of premises and equipment	2,382	507	(8)	-
Share-based payment	179	308	-	-
Loss on impairment of properties for sale (reversal)	109	(26,235)	5,783	268
Reversal of impairment of premises and equipment	(1,075)	(3,169)	(1,075)	(3,169)
Loss on impairment of intangible assets (reversal)	1,588	(52)	-	(52)
Loss from investments, net	459	-	459	-
Loss on impairment of other assets (reversal)	17,577	(51,516)	17,577	(49,921)
Loss on discontinued assets	352	3,532	242	2,881
Loss on tradings and foreign currency transactions	1,030	1,992	1,030	1,992
Advance income from Public Service Account	(3,179)	(4,552)	(3,179)	(4,552)
Increase in accrued promissory note income	(353,635)	(368,253)	(353,635)	(368,253)
Decrease in accrued expenses	(351,598)	(90,587)	(347,492)	(100,041)
Financial income, net	(1,900,916)	(1,815,663)	(1,381,244)	(1,370,792)
Dividend income	(175)	(1,175)	(3,648)	(1,544)
Cash received from financial income	3,230,918	3,266,668	2,703,754	2,836,788
Cash paid for financial expenses	(1,271,750)	(1,631,476)	(1,271,244)	(1,632,285)
Dividend received	175	1,175	175	1,175
Cash received from promissory note of non-performing asset transference	74,221	547,349	74,221	547,349
Income tax paid	(49,204)	(47,365)	-	-
Operating profit before changes in operating assets and liabilities	488,061	872,084	135,400	634,256
(Increase) decrease in operating assets				
Interbank and money market items, net	(23,241)	(432,410)	53,273	(507,138)
Financing to customers	(4,743,673)	(8,020,823)	(4,226,071)	(7,389,341)
Properties for sale, net	269,501	266,701	(2,977)	223
Other assets, net	(268,330)	40,277	(277,486)	23,768

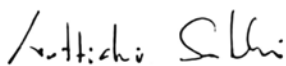
Notes to the financial statements are an integral part of these financial statements.

ISLAMIC BANK OF THAILAND AND SUBSIDIARIES
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

Unit : Thousand Baht

	Consolidated Financial Statements		The Bank's Financial Statements	
	2019	2018	2019	2018
Increase (decrease) in operating liabilities				
Deposits	804,283	(6,786,106)	846,886	(6,778,978)
Interbank and money market items, net	(48,830)	(2,314,574)	(45,727)	(2,316,068)
Liabilities payable on demand	1,223	(54,111)	1,223	(54,111)
Provision of employee benefit	(16,412)	(6,449)	(16,347)	(4,893)
Trade account payables	(145,154)	(5,873)	(142,189)	(40,441)
Other liabilities	28,367	(69,515)	33,453	(73,064)
Net cash used in operating activities	(3,654,205)	(16,510,799)	(3,640,562)	(16,505,787)
Cash flows from investing activities				
Purchases of investments	(12,998,927)	(7,292,486)	(12,998,927)	(7,292,486)
Proceeds from disposal of investments	12,784,233	5,971,725	12,784,233	5,971,725
Cash received on dividend income from a subsidiary	-	-	3,473	369
Purchases of premises and equipment	(29,077)	(10,048)	(23,156)	(7,201)
Proceeds from disposal of premises and equipment	23,473	6,003	8	-
Purchases of intangible assets	(3,682)	(1,250)	(3,262)	(712)
Proceeds from promissory note (AMC)	3,500,000	-	3,500,000	-
Net cash received from (used in) investing activities	3,276,020	(1,326,056)	3,262,369	(1,328,305)
Cash flows from financing activities				
Proceeds from sale of ordinary shares	-	18,100,000	-	18,100,000
Proceeds from exercise of warrants	3,650	3,031	-	-
Dividend paid	(3,652)	(388)	-	-
Net cash received from (used in) financing activities	(2)	18,102,643	-	18,100,000
Net increase (decrease) in cash and cash equivalents	(378,187)	265,788	(378,193)	265,908
Cash and cash equivalents as at beginning	1,808,121	1,542,333	1,807,960	1,542,052
Cash and cash equivalents as at ending	1,429,934	1,808,121	1,429,767	1,807,960

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 SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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
8.20	Warrants / Capital reserve for share-based payment transaction

ISLAMIC BANK OF THAILAND AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note	Subjects
8.21	The appropriation of net income 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	Loss 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.	Approval of the financial statements

ISLAMIC BANK OF THAILAND AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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. The Bank has 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”)’s Notification No. Sor. Gor. Sor. 27/2562 dated September 2, 2019 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 PSA 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 have been prepared under the historical cost convention except as disclosed in the accounting policies. The financial statements are presented in thousand Baht, and notes to financial statements are presented in million Baht, unless otherwise stated.

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.

The consolidated financial statements for year ended December 31, 2019 also included Amanah Leasing Public Company Limited, which is 48.59 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 Thai Accounting Standards, Thai Financial Reporting Standards, Thai Standing Interpretations, and Thai Financial Reporting Interpretations effective in current period.

The Bank has adopted new and revised Thai Accounting Standards, Thai Financial Reporting Standards, Thai Standing Interpretations and Thai Financial Reporting Interpretations 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, 2019. The adoption of those standards will have no significant impact on the Bank's accounting policies and financial statements of the Bank and its subsidiaries.

2.4 The new Thai Accounting Standards, Thai Financial Reporting Standards, Thai Standing Interpretations, Thai Financial Reporting Interpretations, and Thai Accounting Guidance, announced but not yet effective.

The Federation of Accounting Professions has announced a notification regarding Thai Accounting Standard (TASs), Thai Financial Reporting Standards (TFRSs), Thai Standing Interpretations (TSICs), Thai Financial Reporting Interpretations (TFRICs), and Thai Accounting Guidance as published in the Government Gazette, those are effective for the financial statements from the period beginning on or after January 1, 2020 as follows:

Thai Accounting Standards (TASs)

TAS 1	Presentation of Financial Statements
TAS 2	Inventories
TAS 7	Statement of Cash Flows
TAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10	Events after the Reporting Period

2.4 The new Thai Accounting Standards, Thai Financial Reporting Standards, Thai Standing Interpretations, Thai Financial Reporting Interpretations, and Thai Accounting Guidance, announced but not yet effective. (Continued)

Thai Accounting Standards (TASs) (Continued)

TAS 12	Income Taxes
TAS 16	Property, Plant and Equipment
TAS 19	Employee Benefits
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21	The Effects of Changes in Foreign Exchange Rate
TAS 23	Borrowing Costs
TAS 24	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27	Separate Financial Statements
TAS 28	Investments in Associates and Joint Ventures
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 33	Earnings per Share
TAS 34	Interim Financial Reporting
TAS 36	Impairment of Assets
TAS 37	Provisions, Contingent Liabilities and Contingent Assets
TAS 38	Intangible Asset
TAS 40	Investment Property
TAS 41	Agriculture

Thai Financial Reporting Standards (TFRSs)

TFRS 1	First-time Adoption of International Financial Reporting Standards
TFRS 2	Shared-based Payment
TFRS 3	Business Combinations
TFRS 4	Insurance Contracts
TFRS 5	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRS 8	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements

2.4 The new Thai Accounting Standards, Thai Financial Reporting Standards, Thai Standing Interpretations, Thai Financial Reporting Interpretations, and Thai Accounting Guidance, announced but not yet effective. (Continued)

Thai Financial Reporting Standards (TFRSs) (Continued)

TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement
TFRS 15	Revenue from Contracts with Customers
TFRS 16	Leases

Thai Standing Interpretations (TSICs)

TSIC 10	Government Assistance-No Specific Relation to Operating Activities
TSIC 25	Income Taxes-Changes in the Tax Status of an Equity or its Shareholders
TSIC 29	Service Concession Arrangements: Disclosure
TSIC 32	Intangible Assets-Web Site Costs

Thai Financial Reporting Interpretations (TFRICs)

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 5	Rights to Interests Arising from Decommissioning Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction for TAS 19: Employees Benefit
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies
TFRIC 22	Foreign Currency Transactions and Advance Consideration
TFRIC 23	Uncertainty over Income Tax Treatments

Thai Accounting Guidance

Exemptions for Business Combinations under Common Control for First-time Adoption of Thai Financial Reporting Standards

2.4 The new Thai Accounting Standards, Thai Financial Reporting Standards, Thai Standing Interpretations, Thai Financial Reporting Interpretations, and Thai Accounting Guidance, announced but not yet effective. (Continued)

The Thai Accounting Standards, Thai Financial Reporting Standards, Thai Financial Reporting Interpretations, and Thai Accounting Guidance related to group of financial instruments are as follows:

Thai Accounting Standards (TASs)

TAS 32 Financial Instrument: Presentation

Thai Financial Reporting Standards (TFRSs)

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Financial Reporting Interpretations (TFRICs)

TFRIC 16 Hedge of Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

Thai Accounting Guidance

Financial instruments and Disclosures for insurance business

The Bank's management is in the process to evaluate the impact of Bank's financial statements from adoption of those Thai Accounting Standards, Thai Financial Reporting Standards, Thai Standing Interpretations, Thai Financial Reporting Interpretations, and Thai Accounting Guidance. However, Fiscal Policy Office announced to state-owned financial institutions regarding the adoption of Thai Financial Reporting Standards 9 : Financial instrument (TFRS 9) preparation in order to acknowledge the impact and to prepare supporting measures. The Ministry of Finance's chancellor has agreed to extend the adoption of TFRS 9 period of Specialized Financial Institutions (SFIs) for 5 years until January 1, 2025. SFIs are allowed to consider early application of TFRS 9 before January 1, 2025, for those who has no operating impact and gain mutual benefits.

3. Significant accounting policies

3.1 Recognition of income

Income from financing to customer

Income from financing to customer 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 statement 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 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 statement 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 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"

Expenses

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

Income

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 are 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 from operating in statement of profit or loss and other comprehensive income 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 from operating in the statement of profit or loss and other comprehensive income 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 in the statement of profit or loss and other comprehensive income and transferred to other components of equity in the statement of changes in equity. On disposal of the investments, the difference between book value and selling price is recognized through profit or loss from operating in the statements of profit or loss and other comprehensive income. The impairment losses on investments are recognized through profit or loss from operating in the statements of profit or loss and other comprehensive income.

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 from operating 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 from operating in the statements of profit or loss and other comprehensive income.

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.

3.6 Investments (Continued)

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 thorough profit or loss on investments as gains (losses) from operating 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")'s Notification No. Sor. Gor. Sor. 23/2562 dated September 2, 2019, 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 or loss, industry condition and business recession.

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's 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's guidelines.

3.8 Allowance for doubtful accounts (Continued)

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 before deducted by collateral
Over 12 periods	100 before deducted by collateral

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

3.10 Properties for sale

Properties for sale consist of immovable and movable properties from debt repayment or troubled debt restructuring which are waiting for sale. Properties for sale 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 the statements of profit or loss and other comprehensive income.

3.11 Premises, equipment and depreciation

Premises and equipment are recorded at cost value which are 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 from operating 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 useful lives of each economic benefits.

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 from operating of the statements of profit or loss and other comprehensive income.

3.11 Premises, equipment and depreciation (Continued)

Depreciation

The Bank records depreciation as expenses in profit and loss from operating in 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.

3.12 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 of intangible assets is recognized as expenses in profit or loss from operating in the statements of profit or loss and other comprehensive income and calculated amortization of intangible assets 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

3.12 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.

3.13 Leasehold 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 from operating in the statements of profit or loss and other comprehensive income.

3.14 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.

3.15 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 2018) 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:

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

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

3.15.3 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.

3.16 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.

3.17 Employee benefits

3.17.1 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 %

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

3.18 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.

3.19 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.

3.20 Foreign currency transactions

Assets and liabilities transaction in foreign currencies

3.20.1 Functional currency and presentation currency in Baht

3.20.2 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

3.20 Foreign currency transactions (Continued)

3.20.3 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.

3.21 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 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 controls 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.

4.2 Strategic risk (Continued)

The Bank's strategic management action is to prepare Strategic Risk Management Policy, and annual risk management plan which is consistent with rehabilitation plan and business plan for the year of 2019 - 2023, 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 2017) 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 has 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 and provide strategic risk and risk ceiling status report, 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 management and employee 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 Non-Performing Financing (NPF) which is a significant risk of the Bank. As at December 31, 2019, the Bank had NPF including the general financing and PSA (excluding accrued financial revenues) according to the Bank's financial statements amounting to Baht 10,540.31 million in which increased from 2018 amounting to Baht 1,663.21 million (NPF amount in 2018 of Baht 8,877.10 million). NPF per total financing is 19.41 percent (2018 NPF per total financing is 17.70 percent).

4.3 Credit risk (Continued)

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.

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. Developing plan to increase efficiency of credit acceptance in long-term by establishing Risk Management Team including Credit Risk Management, Business Credit Risk Management, and Retail Credit Risk Management in order to appropriately manage each type of risk in accordance with the Bank's business operation.

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 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.

4.4 Market risk (Continued)

The Bank focuses on market risk management to be in line with risk appetite and consistent with policy 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.

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 reviews tools and policies 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 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 assessment of expected cash flow including maturity gap analysis, net liquidity assets to net liquidity gap ratio analysis by preparing both contractual maturity and behavioral maturity, financing to deposit ratio (F/D ratio) analysis, evaluation of concentration ratio on major depositors, liquidity assets maintenance, scenarios analysis i.e. continuously withdrawing deposits from major customers by conducting stress test.

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.

4.5 Liquidity risk (Continued)

Sources and uses of funds as at December 31, 2019 and 2018 as follows:

<u>Sources and uses of funds</u>	Unit : Million Baht			
	<u>December 31, 2019</u>		<u>December 31, 2018</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	79,307.49	99.19	78,460.61	99.79
Interbank and money market items, net	1,521.94	1.90	1,567.67	1.99
Equity	(877.64)	(1.09)	(1,401.76)	(1.78)
Total	79,951.79	100.00	78,626.52	100.00
Uses of funds				
Financing to customers	54,310.44	81.96	50,142.14	80.93
Interbank and money market items, net	7,148.00	10.79	7,201.66	11.62
Investments, net	4,802.67	7.25	4,613.39	7.45
Total	66,261.11	100.00	61,957.19	100.00

Financial assets and liabilities as at December 31, 2019 and 2018 categorized by maturity periods

as follows:

Unit : Million Baht							
<u>December 31, 2019</u>							
	<u>At call</u>	<u>0 - 3 months</u>	<u>3 - 12 months</u>	<u>Over 1 year</u>	<u>No maturity</u>	<u>Stop accrued</u>	<u>Total</u>
Financial assets							
Interbank and money market items, net	7,128.14	-	19.86	-	-	-	7,148.00
Investment, net	-	3,014.27	1,729.86	-	58.54	-	4,802.67
Financing to customers	-	9,082.20	1,956.87	32,731.06	-	10,540.31	54,310.44
Promissory note from transferring non-performing asset	-	-	1,000.00	17,881.07	-	-	18,881.07
Total financial assets	7,128.14	12,096.47	4,706.59	50,612.13	58.54	10,540.31	85,142.18
Financial liabilities							
Deposit	20,596.12	17,134.91	28,679.35	12,897.11	-	-	79,307.49
Interbank and money market items, net	459.28	187.53	834.17	40.96	-	-	1,521.94
Total financial liabilities	21,055.40	17,322.44	29,513.52	12,938.07	-	-	80,829.43

4.5 Liquidity risk (Continued)

Unit : Million Baht

December 31, 2018							
	At call	0 - 3 months	3 - 12 months	Over 1 year	No maturity	Stop accrued	Total
Financial assets							
Interbank and money market items, net	7,120.15	46.56	-	34.95	-	-	7,201.66
Investment, net	-	3,632.82	895.07	-	85.50	-	4,613.39
Financing to customers	-	7,515.89	2,817.07	30,932.07	-	8,877.11	50,142.14
Promissory note from transferring non-performing asset	-	-	-	22,381.07	-	-	22,381.07
Total financial assets	7,120.15	11,195.27	3,712.14	53,348.09	85.50	8,877.11	84,338.26
Financial liabilities							
Deposit	22,163.07	14,200.05	37,523.57	4,573.92	-	-	78,460.61
Interbank and money market items, net	641.65	190.70	644.46	90.86	-	-	1,567.67
Total financial liabilities	22,804.72	14,390.75	38,168.03	4,664.78	-	-	80,028.28

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.

4.6 Fair value of financial instruments (Continued)

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, 2019 and 2018.

<u>Type of financial instruments</u>	Unit : Million Baht			
	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>
Financial assets				
Cash	1,429.77	1,429.77	1,807.96	1,807.96
Interbank and money market items, net	7,148.00	7,148.00	7,201.66	7,201.66
Derivatives	0.02	0.02	0.01	0.01
Investment, net	4,802.67	4,802.67	4,613.39	4,613.39
Financing to customers, net	47,249.58	47,249.58	43,350.88	43,350.88
Permissory note from transferring non-performing asset	18,881.07	18,881.07	22,381.07	22,381.07
Total	<u>79,511.11</u>	<u>79,511.11</u>	<u>79,354.97</u>	<u>79,354.97</u>

<u>Type of financial instruments</u>	Unit : Million Baht			
	<u>December 31, 2019</u>		<u>December 31, 2018</u>	
	<u>Book value</u>	<u>Fair value</u>	<u>Book value</u>	<u>Fair value</u>
Financial liabilities				
Deposits	79,307.49	79,307.49	78,460.61	78,460.61
Interbank and money market items, net	1,521.94	1,521.94	1,567.67	1,567.67
Liabilities payable on demand	41.97	41.97	40.74	40.74
Derivatives liabilities	0.10	0.10	0.02	0.02
Compensation payable on deposit	241.16	241.16	188.04	188.04
Total	<u>81,112.66</u>	<u>81,112.66</u>	<u>80,257.08</u>	<u>80,257.08</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.

5. Capital fund (Continued)

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.

As at December 31, 2019 and 2018, 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, 2019</u>	<u>December 31, 2018</u>
Tier 1 capital		
Paid-up share capital	18,202.77	18,202.77
Legal reserve	109.68	53.08
Unappropriated retained deficit	(19,039.50)	(19,531.99)
Total tier 1 capital	(727.05)	(1,276.14)
Total capital fund before deficit	(727.05)	(1,276.14)
Less Deficit on revaluation of available-for-sale equity securities	(152.04)	(125.54)
Total capital fund	(879.09)	(1,401.68)

As at December 31, 2019, the Bank had included the result of operation for the year ended December 31, 2019 in the Bank's capital which is in accordance with the Bank of Thailand's Notification.

As at December 31, 2019 and 2018, the Bank maintained total capital lower than the ministerial regulations B.E. 2547.

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, 2019</u>	<u>December 31, 2018</u>
Total capital fund	(1.86)	(3.17)
Tier 1 capital	(1.54)	(2.88)

5. Capital fund (Continued)

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, 2019</u>	<u>December 31, 2018</u>
Total capital fund	(1.66)	(2.87)
Tier 1 capital	(1.37)	(2.62)

However, the Bank maintained its liquidity assets the first fortnight (December 8, 2019 to December 22, 2019): 8.98 percent and the second fortnight (as at December 23, 2019 to January 7, 2020): 10.03 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 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

The Bank has planned to improve operation to minimize the loss and recuperate financial status by preparing the rehabilitation and business roadmap for the year 2019 - 2023. The Bank also has enhanced financial structure according to approval of Ministry of Finance on Section 7 Paragraph 2 of the Bank's Act B.E. 2545 and the additional modified version. In accordance with the Ministry of Finance's Notification No. Gor. Kor. 0819.1/Lor. 1674 dated on August 2, 2018. The Ministry of Finance's chancellor have agreed about the decreasing in registered share capital of the Bank, from Baht 102,768.25 million to Baht 102.76 million by decreasing the par value from Baht 10 to Baht 0.01. As at September 4, 2018, the cabinet resolution has approved the financial support from Specialized Financial Institutions Development Fund for the Bank's capital raise according to Ministry of Finance proposal. On October 18, 2018, the Bank issued ordinary capital share certificate from right offering by Ministry of Finance fully executing with 878,545.54 million shares, totaling Baht 8,785.45 million, and minority shareholders with 2,124.77 million shares, totaling Baht 21.25 million. The remaining of right offering is issued with private placement by the Bank to Ministry of Finance, 929,329.68 million shares with Baht 0.01 per share, totaling Baht 9,293.30 million 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 million shares, totaling Baht 18,100 million (Note 8.19).

To ensure the efficiency and sustainability of improving the Bank's financial trouble after capital raise, Ministry of Finance announced Notification No. Gor. Kor. 0819.1/548 dated January 11, 2019 regarding the Bank's performance measurement after capital raise. In order to supervise and monitor the Bank's operation in accordance with such the cabinet resolution, Ministry of Finance has monitored and provided performance indicator which cover operation efficiency, credit quality, debt to equity ratio, etc. The Bank reports such performance to State Enterprise Policy Office and Ministry of Finance monthly and to fund's committee quarterly.

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 monitors 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.

7. Going concerns (Continued)

In fourth quarter of 2019, in accordance with State Enterprise Policy Office's policy, the Bank prepared quick win operation plan in order to manage the operation as planned and to revise the Bank's 2020 business plan to conform with the rehabilitation and business roadmap for the year 2019 - 2023. As at December 31, 2019, the Bank's financial statement had gain from operating of Baht 831.82 million. Considering the strength and potential in asset quality's risk appetite, the Bank set aside a general reserve of Baht 290.85 million. As a result, the Bank's had net income of Baht 566.01 million. Moreover, the Bank's total liabilities exceeded its total assets by Baht 877.64 million.

In 2020, the Bank has revised business plan in order to maintain continuously net income, has BIS ratio to nearly zero, and strengthen the financial statement, respectively. The Bank focuses to be placed as The Trusted Islamic Bank, to be the main bank of Muslim clients, to participate in the stabilization on environmental, social, and governance (ESG) along with building connection of the Bank as a component of Islamic Business Ecosystem. The Bank plans to provide new services, grow Muslim customer base, reduce the gap and offer financial opportunity to client in the southern border provinces, create stability in business operation to be alternative bank for general clients, efficiently manage costs and expenses, enhance human resources to acknowledge and be ready for any changes from Digital Economy circumstance with the good governance of transparency, integrity, and corruption-free. In addition, the Bank invests in information technology development such as Financing Origination System, Hardware & Software, and Technology Digital developing to support business growth and behavior change of target customers, promote financial service equality with other financial institutions. The Bank considers the continuance with other system to be developed in the future and investment worthiness in order to maintain continuous and sustainable growth.

8. Supplementary information

8.1 Supplementary disclosures of cash flow information

Significant non-cash items for the year ended December 31, 2019 and 2018 were as follows:

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Account payable from purchasing properties	0.07	0.11	0.07	0.11
Account payable from intangible assets	10.68	-	10.68	-
Change from revaluation of				
available-for-sale securities	(24.96)	(27.07)	(24.96)	(27.07)
Receive transferred properties for sale				
for repayment	320.51	242.72	54.85	2.91
Transfer lease receivables and loan receivable for				
purchasing goods to other non-current assets	52.32	37.48	-	-
Transfer properties for sale to premises				
and equipment	0.45	1.18	-	-
Transfer equity from share based payment	0.22	0.18	-	-
Actuarial gains (losses) on defined				
employee benefit plans	(18.60)	4.50	(16.93)	6.09

8.2 Interbank and money market items, net (assets)

Unit : Million Baht

Consolidated Financial Statements

	December 31, 2019			December 31, 2018		
	At call	Time	Total	At call	Time	Total
Domestic items						
Bank of Thailand	7,037.84	-	7,037.84	7,067.48	-	7,067.48
Commercial banks and money markets	132.62	-	132.62	44.18	-	44.18
Specialized financial institutions	23.50	-	23.50	12.72	-	12.72
Other financial institutions	-	30.96	30.96	-	115.08	115.08
Total domestics	7,193.96	30.96	7,224.92	7,124.38	115.08	7,239.46
<u>Add</u> Financial accrued income	-	-	-	-	0.17	0.17
<u>Less</u> Deferred revenues	-	(11.09)	(11.09)	-	(33.18)	(33.18)
<u>Less</u> Allowance for doubtful accounts	-	-	-	-	(0.56)	(0.56)
Total	7,193.96	19.87	7,213.83	7,124.38	81.51	7,205.89
Foreign items						
USD	31.77	-	31.77	14.82	-	14.82
JPY	0.02	-	0.02	1.05	-	1.05
EUR	1.54	-	1.54	1.61	-	1.61
Others	0.93	-	0.93	0.54	-	0.54
Total foreign items	34.26	-	34.26	18.02	-	18.02
Total domestic and foreign items	7,228.22	19.87	7,248.09	7,142.40	81.51	7,223.91

8.2 Interbank and money market items, net (assets) (Continued)

Unit : Million Baht

The Bank's Financial Statements

	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	<u>At call</u>	<u>Time</u>	<u>Total</u>	<u>At call</u>	<u>Time</u>	<u>Total</u>
Domestic items						
Bank of Thailand	7,037.84	-	7,037.84	7,067.48	-	7,067.48
Commercial banks and money markets	33.72	-	33.72	22.62	-	22.62
Specialized financial institutions	22.31	-	22.31	12.03	-	12.03
Other financial institutions	-	30.96	30.96	-	115.08	115.08
Total domestics	7,093.87	30.96	7,124.83	7,102.13	115.08	7,217.21
<u>Add</u> Financial accrued income	-	-	-	-	0.17	0.17
<u>Less</u> Deferred revenues	-	(11.09)	(11.09)	-	(33.18)	(33.18)
<u>Less</u> Allowance for doubtful accounts	-	-	-	-	(0.56)	(0.56)
Total	7,093.87	19.87	7,113.74	7,102.13	81.51	7,183.64
Foreign items						
USD	31.77	-	31.77	14.82	-	14.82
JPY	0.02	-	0.02	1.05	-	1.05
EUR	1.54	-	1.54	1.61	-	1.61
Others	0.93	-	0.93	0.54	-	0.54
Total foreign items	34.26	-	34.26	18.02	-	18.02
Total domestic and foreign items	7,128.13	19.87	7,148.00	7,120.15	81.51	7,201.66

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, 2019</u>			<u>December 31, 2018</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	(0.10)	27.97	-	(0.02)	2.75
Derivatives held for hedging	-	-	2.67	0.01	-	5.46
Total	<u>0.02</u>	<u>(0.10)</u>	<u>30.64</u>	<u>0.01</u>	<u>(0.02)</u>	<u>8.21</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, 2019</u>	<u>December 31, 2018</u>
	<u>Proportion</u>	<u>Proportion</u>
	<u>(Percentage)</u>	<u>(Percentage)</u>
Financial institution	91.75	100.00
Others	8.25	-
Total	<u>100.00</u>	<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, 2019</u>	<u>December 31, 2018</u>
	<u>Fair value</u>	<u>Fair value</u>
Government securities	4,744.13	4,527.89
Domestic marketable equity securities	34.00	60.50
Total	<u>4,778.13</u>	<u>4,588.39</u>

8.4.1 Available-for-sale securities (Continued)

As at September 2, 2019, the Bank pledged the rights under the government and state enterprise securities amounting to Baht 400 million, collateral amounting to Baht 4,500 million and signed the credit agreement with Krung Thai Bank Public Company Limited, which was pledged on December 28, 2017. (Memorandum of Understanding for 7th loan agreement)

8.4.2 General investments

Unit : Million Baht

Consolidated and the Bank's Financial Statements

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	<u>Cost</u>	<u>Cost</u>
Domestic non-marketable unit trusts	25.00	25.00
<u>Less</u> Impairment loss	(0.46)	-
Total	<u>24.54</u>	<u>25.00</u>
Total investment, net	<u>4,802.67</u>	<u>4,613.39</u>

8.4.3 Surplus (deficit) on revaluation of investments

Unit : Million Baht

Consolidated and the Bank's Financial Statements

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Equity securities	(152.04)	(125.54)
Debt securities	<u>1.46</u>	<u>(0.08)</u>
Total	<u>(150.58)</u>	<u>(125.62)</u>

8.4.4 Time to maturity of debt securities

Unit : Million Baht

Consolidated and the Bank's Financial Statements

	<u>December 31, 2019</u>				<u>December 31, 2018</u>			
	<u>Maturity</u>				<u>Maturity</u>			
		1 - 5	Over 5			1 - 5	Over 5	
	<u>1 year</u>	<u>years</u>	<u>years</u>	<u>Total</u>	<u>1 year</u>	<u>years</u>	<u>years</u>	<u>Total</u>
Available-for-sale securities								
Government and state enterprise securities	4,742.67	-	-	4,742.67	4,527.97	-	-	4,527.97
<u>Add (less)</u> Allowance for revaluation	<u>1.46</u>	<u>-</u>	<u>-</u>	<u>1.46</u>	<u>(0.08)</u>	<u>-</u>	<u>-</u>	<u>(0.08)</u>
Total	<u>4,744.13</u>	<u>-</u>	<u>-</u>	<u>4,744.13</u>	<u>4,527.89</u>	<u>-</u>	<u>-</u>	<u>4,527.89</u>

8.5 Investments in subsidiaries, net

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<u>Subsidiaries</u>	<u>Type of business</u>	<u>Type of investment</u>	<u>Paid-up capital</u>	<u>Share holding</u>	<u>Investment cost method</u>
			<u>(Million Baht)</u>	<u>(Percentage)</u>	<u>(Million Baht)</u>
Amanah Leasing Public Company Limited	Hire-purchase-vehicle	Common share	1,029.13	48.59	560.35
Amanah Haj and Umrah Company Limited	Provides and operates 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					<u>560.35</u>

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 24, 2019, according to the resolutions of the Annual Ordinary Shareholders' Meeting of Amanah Leasing Public Company Limited, approved dividend payments for the year 2018, which included cash dividend of Baht 0.00740741 per share, totaling Baht 3.47 million, and stock dividend in the ratio of 15 existing shares to 1 stock dividend, resulting in the increase in the Bank's number of shares from 468,825,000 shares to 500,080,000 shares.

The Bank's Financial Statements

December 31, 2018

<u>Subsidiaries</u>	<u>Type of business</u>	<u>Type of investment</u>	<u>Paid-up capital</u>	<u>Share holding</u>	<u>Investment cost method</u>
			<u>(Million Baht)</u>	<u>(Percentage)</u>	<u>(Million Baht)</u>
Amanah Leasing Public Company Limited	Hire-purchase-vehicle	Common share	961.76	48.75	560.35
Amanah Haj and Umrah Company Limited	Provides and operates 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					<u>560.35</u>

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 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.

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, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Contracts receivables				
- Cash withdrawal	765.92	747.72	765.92	747.72
- General	33,416.82	29,794.66	35,482.65	31,643.09
Financing receivables	23.96	22.87	-	1.17
Receivables from factoring contracts	1,368.38	1,829.42	1,368.38	1,829.42
Hire-purchase receivables	4,997.42	4,527.62	26.14	72.01
Financial lease receivables	0.82	1.77	0.06	0.27
Debt restructuring receivables	16,246.35	15,392.12	16,246.35	15,392.12
Others	52.83	53.89	52.83	53.89
<u>Less</u> Deferred revenue	<u>(1,635.19)</u>	<u>(1,453.17)</u>	<u>(4.78)</u>	<u>(7.20)</u>
Total financing net of deferred revenue	55,237.31	50,916.90	53,937.55	49,732.49
<u>Add</u> Financial accrued income	<u>165.02</u>	<u>166.50</u>	<u>89.15</u>	<u>94.84</u>
Total financing net of deferred revenue and financial accrued income	55,402.33	51,083.40	54,026.70	49,827.33
<u>Less</u> Allowance for doubtful accounts				
1. Minimum provision according to the BOT's requirement	(5,106.33)	(4,733.53)	(4,973.18)	(4,572.30)
2. Surplus reserve from minimum requirement	(1,011.19)	(1,204.77)	(1,011.19)	(1,204.77)
3. General provision	(1,144.98)	(1,084.42)	(1,051.76)	(991.10)
<u>Less</u> Revaluation allowance for debt restructuring	<u>(5.10)</u>	<u>(5.31)</u>	<u>(5.10)</u>	<u>(5.31)</u>
Total financing to customers and financial accrued income, net	<u>48,134.73</u>	<u>44,055.37</u>	<u>46,985.47</u>	<u>43,053.85</u>

As at December 31, 2019 and 2018, the Bank had suspended income recognition credits amounting to Baht 406.69 million and Baht 329.29 million, respectively.

8.6.2 Classified by currency and residence of the debtors

Unit : Million Baht

Consolidated Financial Statements

	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	55,237.31	-	55,237.31	50,916.90	-	50,916.90
Total	<u>55,237.31</u>	<u>-</u>	<u>55,237.31</u>	<u>50,916.90</u>	<u>-</u>	<u>50,916.90</u>

Unit : Million Baht

The Bank's Financial Statements

	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	53,937.55	-	53,937.55	49,732.49	-	49,732.49
Total	<u>53,937.55</u>	<u>-</u>	<u>53,937.55</u>	<u>49,732.49</u>	<u>-</u>	<u>49,732.49</u>

8.6.3 Classified by business type and classification

Unit : Million Baht

Consolidated Financial Statements

December 31, 2019

	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	246.08	5.60	0.31	1,699.54	24.19	1,975.72
Manufacturing and commerce	2,093.29	3,348.14	218.20	194.75	872.64	6,727.02
Property development and construction	5,905.67	774.66	615.33	532.41	2,136.95	9,965.02
Public utility and services	14,353.58	1,709.67	141.70	335.59	2,639.79	19,180.33
House financing	6,614.25	268.01	50.62	86.13	437.62	7,456.63
Others	8,585.08	747.12	137.94	160.58	301.87	9,932.59
Total	37,797.95	6,853.20	1,164.10	3,009.00	6,413.06	55,237.31

Unit : Million Baht

Consolidated 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 services	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	34,144.11	7,802.58	2,918.16	2,148.12	3,903.93	50,916.90

8.6.3 Classified by business type and classification (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2019

	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	246.08	5.60	0.31	1,699.54	24.19	1,975.72
Manufacturing and commerce	2,093.29	3,348.14	218.20	194.75	872.64	6,727.02
Property development and construction	5,905.67	774.66	615.33	532.41	2,136.95	9,965.02
Public utility and services	14,353.58	1,709.67	141.70	335.59	2,639.79	19,180.33
House financing	6,614.25	268.01	50.62	86.13	437.62	7,456.63
Others	8,047.06	163.71	56.98	91.44	273.64	8,632.83
Total	37,259.93	6,269.79	1,083.14	2,939.86	6,384.83	53,937.55

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 services	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

8.6.4 Classified by type of classification

Unit : Million Baht

Consolidated Financial Statements				
December 31, 2019				
	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	37,921.22	16,285.54	1	162.86
Special mention	6,887.13	2,285.81	2	40.62
Sub-standard	1,167.74	627.96	100	627.94
Doubtful	3,011.93	746.94	100	746.94
Doubtful loss	6,414.31	3,527.97	100	3,527.97
2. Surplus reserve				
- Surplus reserve from minimum requirement	-	-		1,011.19
- General reserve	-	-		1,144.98
Total	55,402.33	23,474.22		7,262.50

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	51,083.40	21,366.89		7,022.72

* 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 8.6.1

8.6.4 Classified by type of classification (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2019

	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	37,337.40	15,721.07	1	157.21
Special mention	6,280.81	2,141.37	2	37.73
Sub-standard	1,083.63	605.19	100	605.19
Doubtful	2,939.94	674.95	100	674.95
Doubtful loss	6,384.92	3,498.10	100	3,498.10
2. Surplus reserve				
- Surplus reserve from minimum requirement	-	-		1,011.19
- General reserve	-	-		1,051.76
Total	<u>54,026.70</u>	<u>22,640.68</u>		<u>7,036.13</u>

In this period, the Bank need to set up the allowance for doubtful account for debtors classified as special mention class amounting to Baht 42.83 million. However, there was loss from debt restructuring in the aforementioned receivables. Therefore, the Bank included the allowance of such amounting to Baht 5.10 million in the allowance for revaluation of debt restructuring.

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>

** Total financing and financial accrued income net of deferred revenue in Note 8.6.1

8.6.4 Classified by type of classification (Continued)

As of December 31, 2019 and 2018, the Bank had Non-Performing Financing (NPF) amounting to Baht 10,408.49 million and Baht 8,761.61 million, respectively, accounting for 19.27 and 17.58 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, 2019

Amounts due under lease agreements

	Less than 1 year	Over 1 - 5 years	Over 5 years	Total
Gross investment in the hire-purchase and finance lease agreement	1,548.19	3,448.84	1.21	4,998.24
<u>Less</u> Uncearned finance income	(674.31)	(955.84)	(0.02)	(1,630.17)
Present value of minimum lease payment per hire-purchase and finance lease agreement	873.88	2,493.00	1.19	3,368.07
<u>Less</u> Allowance for doubtful accounts	(171.84)	(73.95)	-	(245.79)
Hire-purchase and finance lease receivables, net	<u>702.04</u>	<u>2,419.05</u>	<u>1.19</u>	<u>3,122.28</u>

Unit : Million Baht

Consolidated Financial Statements

December 31, 2018

Amounts due under lease agreements

	Less than 1 year	Over 1 - 5 years	Over 5 years	Total
Gross investment in the hire-purchase and finance lease agreement	1,452.75	3,075.75	0.89	4,529.39
<u>Less</u> Uncearned finance income	(620.79)	(826.98)	(0.01)	(1,447.78)
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	(184.42)	(94.11)	-	(278.53)
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>

8.6.5 Hire-purchase receivables and finance lease receivables, net (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2019

Amounts due under lease agreements

	Less than 1 year	Over 1 - 5 years	Over 5 years	Total
Gross investment in the hire-purchase and finance lease agreement	24.64	1.56	-	26.20
<u>Less</u> Unearned finance income	0.32	(0.08)	-	0.24
Present value of minimum lease payment per hire-purchase and finance lease agreement	24.96	1.48	-	26.44
<u>Less</u> Allowance for doubtful accounts	(19.40)	(0.02)	-	(19.42)
Hire-purchase and finance lease receivables, net	5.56	1.46	-	7.02

Unit : Million Baht

The Bank's Financial Statements

December 31, 2018

Amounts due under lease agreements

	Less than 1 year	Over 1 - 5 years	Over 5 years	Total
Gross investment in the hire-purchase and finance lease agreement	51.98	20.30	-	72.28
<u>Less</u> Unearned finance income	(0.73)	(1.08)	-	(1.81)
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	(23.77)	(0.21)	-	(23.98)
Hire-purchase and finance lease receivables, net	27.48	19.01	-	46.49

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, 2019

						Surplus reserve from minimum requirement /	
	Normal	Special mention	Sub- standard	Doubtful	Doubtful loss	General reserve	Total
Beginning balance	143.54	44.43	940.16	1,393.13	2,212.27	2,289.19	7,022.72
Doubtful accounts	19.32	(3.81)	(312.22)	(646.19)	1,315.70	-	372.80
Surplus reserve from minimum requirement	-	-	-	-	-	(193.58)	(193.58)
General reserve	-	-	-	-	-	60.56	60.56
Ending balance	162.86	40.62	627.94	746.94	3,527.97	2,156.17	7,262.50

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

8.7 Allowance for doubtful accounts (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2019

						Surplus reserve from minimum requirement /	
	Normal	Special mention	Sub- standard	Doubtful	Doubtful loss	General reserve	Total
Beginning balance	139.01	41.06	918.63	1,315.60	2,158.00	2,195.87	6,768.17
Doubtful accounts	18.20	(3.33)	(313.44)	(640.65)	1,340.10	-	400.88
Surplus reserve from minimum requirement	-	-	-	-	-	(193.58)	(193.58)
General reserve	-	-	-	-	-	60.66	60.66
Ending balance	<u>157.21</u>	<u>37.73</u>	<u>605.19</u>	<u>674.95</u>	<u>3,498.10</u>	<u>2,062.95</u>	<u>7,036.13</u>

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	<u>139.01</u>	<u>41.06</u>	<u>918.63</u>	<u>1,315.60</u>	<u>2,158.00</u>	<u>2,195.87</u>	<u>6,768.17</u>

8.8 Troubled debt restructuring

The Bank had troubled debt restructuring for the year ended December 31, 2019 and 2018 as follows:

Unit : Million Baht

<u>Consolidated and the Bank's Financial Statements</u>			
<u>December 31, 2019</u>			
<u>Restructuring method</u>	<u>Number of debtor</u>	<u>Outstanding balance before restructuring</u>	<u>Fair value</u>
Modification on terms of repayment	1,056	4,609.65	-
Total	1,056	4,609.65	-

Unit : Million Baht

<u>Consolidated and the Bank's Financial Statements</u>			
<u>December 31, 2018</u>			
<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	-

8.9 Properties for sale, net

Unit : Million Baht

Consolidated Financial Statements

December 31, 2019

	<u>Beginning balance</u>	<u>Additions</u>	<u>Disposals / Decrease</u>	<u>Ending balance</u>
Assets from debts repayment				
Immovable assets				
- External appraiser	36.09	52.04	(4.62)	83.51
Total immovable assets	36.09	52.04	(4.62)	83.51
Movable assets				
- External appraiser	35.76	265.84	(268.49)	33.11
Total movable assets	35.76	265.84	(268.49)	33.11
Total properties for sale	71.85	317.88	(273.11)	116.62
<u>Less</u> Allowance for impairment	(11.35)	(32.87)	38.55	(5.67)
Total properties for sale, net	60.50	285.01	(234.56)	110.95

Unit : Million Baht

Consolidated Financial Statements

December 31, 2018

	<u>Beginning balance</u>	<u>Additions</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

8.9 Properties for sale, net (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2019

	<u>Beginning balance</u>	<u>Additions</u>	<u>Disposals / Decrease</u>	<u>Ending balance</u>
Assets from debts repayment				
Immovable assets				
- External appraiser	2.42	52.04	-	54.46
Total immovable assets	2.42	52.04	-	54.46
Movable assets				
- External appraiser	-	0.18	(0.18)	-
Total movable assets	-	0.18	(0.18)	-
Total properties for sale	2.42	52.22	(0.18)	54.46
<u>Less</u> Allowance for impairment	-	-	-	-
Total properties for sale, net	2.42	52.22	(0.18)	54.46

Unit : Million Baht

The Bank's Financial Statements

December 31, 2018

	<u>Beginning balance</u>	<u>Additions</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

8.10 Premises and equipment, net

Unit : Million Baht

Consolidated Financial Statements

December 31, 2019

	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
Land improvement										
on leased land										
- Cost	3.49	-	-	3.49	3.49	-	-	3.49	-	-
Building										
- Cost	97.95	-	-	97.95	73.76	3.12	-	76.88	-	21.07
Building and leasehold										
improvement										
- Cost	603.72	60.18	(1.67)	662.23	423.63	79.16	(1.55)	501.24	-	160.99
Furniture, fixture										
and equipment										
- Cost	968.08	17.32	(2.65)	982.75	934.00	25.00	(2.62)	956.38	-	26.37
Vehicles										
- Cost	111.96	0.45	(69.85)	42.56	68.35	4.34	(44.03)	28.66	-	13.90
Construction										
in progress	0.34	21.79	(18.49)	3.64	-	-	-	-	-	3.64
Total	1,940.09	99.74	(92.66)	1,947.17	1,503.23	111.62	(48.20)	1,566.65	-	380.52

8.10 Premises and equipment, net (Continued)

Unit : Million Baht

Consolidated Financial Statements

December 31, 2018

	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
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

As at December 31, 2019 and 2018, the Bank and its subsidiaries had premises and equipment where were fully depreciated but still in-use, with the original cost totaling approximately Baht 1,072.17 million and Baht 1,003.69 million, respectively.

8.10 Premises and equipment, net (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2019

	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	73.76	3.12	-	76.88	-	21.07
Building and leasehold improvement										
- Cost	580.72	57.06	-	637.78	404.80	77.04	-	481.84	-	155.94
Furniture, fixture and equipment										
- Cost	937.33	14.51	(1.74)	950.10	910.45	21.39	(1.74)	930.10	-	20.00
Vehicles										
- Cost	12.49	-	-	12.49	12.49	-	-	12.49	-	-
Construction in progress										
	0.34	17.41	(14.11)	3.64	-	-	-	-	-	3.64
Total	1,783.38	88.98	(15.85)	1,856.51	1,401.50	101.55	(1.74)	1,501.31	-	355.20

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	impairment	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

As at December 31, 2019 and 2018, the Bank had premises and equipment where were fully depreciated but still in-use, with the original cost totaling approximately Baht 1,029.77 million and Baht 893.12 million, respectively.

8.11 Goodwill and other intangible assets, net

Unit : Million Baht

Consolidated Financial Statements

December 31, 2019

	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	347.28	1.11	-	348.39	337.38	3.23	-	340.61	-	7.78
Computer systems										
- Cost	737.63	3.00	-	740.63	699.58	8.64	-	708.22	-	32.41
Goodwill										
- Cost	90.00	-	-	90.00	19.50	-	-	19.50	(70.50)	-
Computer systems										
in progress	1.59	12.48	(2.24)	11.83	-	-	-	-	(1.59)	10.24
Total	1,176.50	16.59	(2.24)	1,190.85	1,056.46	11.87	-	1,068.33	(72.09)	50.43

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

8.11 Goodwill and other intangible assets, net (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2019

	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	314.13	0.70	-	314.83	312.87	0.97	-	313.84	-	0.99
Computer systems										
- Cost	737.63	3.00	-	740.63	699.58	8.64	-	708.22	-	32.41
Goodwill										
- Cost	90.00	-	-	90.00	19.50	-	-	19.50	(70.50)	-
Computer systems										
in progress	-	12.48	(2.24)	10.24	-	-	-	-	-	10.24
Total	1,141.76	16.18	(2.24)	1,155.70	1,031.95	9.61	-	1,041.56	(70.50)	43.64

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	impairment	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

8.12 Deferred tax assets and liabilities

Unit : Million Baht

Consolidated Financial Statements				
Recorded as Revenue / Expense in				
Other				
comprehensive				
	January 1, 2019	Gains (losses)	income	December 31, 2019
Deferred tax assets				
Allowance for doubtful accounts	41.65	(5.63)	-	36.02
Provision for long-term employee benefit reserve	2.63	1.10	-	3.73
Estimated losses on properties for sale	1.90	(1.14)	-	0.76
Allowance for impairment loss on intangible assets	-	0.32	-	0.32
Deferred tax assets	46.18	(5.35)	-	40.83
Deferred tax liabilities				
Deferred commission expense	(2.82)	(0.95)	-	(3.77)
Revenue from financial lease	(0.15)	0.08	-	(0.07)
Deferred tax liabilities	(2.97)	(0.87)	-	(3.84)
Deferred tax assets, net	43.21	(6.22)	-	36.99

Unit : Million Baht

Consolidated Financial Statements				
Recorded as Revenue / Expense in				
Other				
comprehensive				
	January 1, 2018	Gains (losses)	income	December 31, 2018
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	30.79	14.99	0.40	46.18
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	(2.78)	(0.19)	-	(2.97)
Deferred tax assets, net	28.01	14.80	0.40	43.21

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 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 were as follows:

Unit : Million Baht

Accounts	Outstanding	Accrued income	Collateral value	Allowance for		Net
	balance /	within 3 months	used in calculation	doubtful	Allowance for	book
	Cost	for normal	of allowance /	account	impairment	value
		receivables	Appraised value			
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 Finansia'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 received payment for the assets transferred to Islamic Bank Asset Management Company Limited (IAM) 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). IAM has adjusted promissory note from No. 5/2560 amounting to Baht 4,605.66 million to promissory note No. 1/2561, amounting to Baht 4,381.07 million, promissory notes totaling Baht 22,381.07 million.

As at April 17, 2019, the Bank made an agreement with Islamic Bank Asset Management Company Limited (IAM), which IAM had to pay for the assets transferred of promissory note No. 1/2560 at June 30, 2017 amounting to Baht 4,500 million and maturity date as June 30, 2020 amounting to Baht 2,000 million along with the return of promissory note. The Bank received some of payment for the assets transferred and return on promissory note as mentioned, therefore the Bank has returned promissory note No. 1/2560 maturity date as June 30, 2020 amounting to Baht 4,500 million to IAM, and the IAM has transferred promissory note No. 1/2562 for the remaining amount according to promissory note No. 1/2560 amounting to Baht 2,500 million to the Bank.

As at October 15, 2019, the Bank received some of payment for the assets transferred from promissory note No. 1/2562 amounting to Baht 500 million along with the return on promissory note. The Bank has returned promissory note No. 1/2562 to Islamic Bank Asset Management Company Limited (IAM) and IAM has transferred a promissory note No. 2/2562 for the remaining amounting to Baht 2,000 million to the Bank.

8.13 Receivables from transferring non-performing assets (Continued)

As at December 26, 2019, the Bank received some of payment for the assets transferred from promissory note No. 2/2562 amounting to Baht 1,000 million. The Bank has returned promissory note No. 2/2562 to Islamic Bank Asset Management Company Limited and IAM has transferred a promissory note No. 3/2562 for the remaining amounting to Baht 1,000 million as follows:

			Unit : Million Baht	
			<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>No.</u>	<u>Date of issuance</u>	<u>Due date</u>	<u>Amount</u>	<u>Amount</u>
1/2560	June 30, 2017	June 30, 2020	-	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
1/2561	June 30, 2017	June 30, 2024	4,381.07	4,381.07
3/2562	December 26, 2019	June 30, 2020	1,000.00	-
Total			<u>18,881.07</u>	<u>22,381.07</u>

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.

As at April 22, 2019, the Bank has decreased credit limit amounting to Baht 5,500 million, available balance amounting to Baht 4,500 million and redeem collateral from rights under the promissory note issued 3 promissory notes, No. 1/2560, 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; totaling Baht 13,500.00 million.

As at December 31, 2019 and 2018, the Bank has recognized accrued income receivables from the promissory notes amounting to Baht 310.59 million and Baht 31.17 million, respectively.

8.14 Other assets, net

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Revenue department receivable	0.73	0.74	0.73	0.74
Deposits	65.83	68.75	62.63	65.71
<u>Less</u> Allowance for impairment - deposits	(0.66)	(2.09)	(0.66)	(2.09)
Building leasehold	0.50	1.36	0.50	1.36
Non-accrual receivable and judgment debtors	372.86	386.11	-	-
<u>Less</u> Allowance for doubtful accounts	(337.44)	(351.39)	-	-
Other accrued income	13.30	14.04	13.30	14.04
Account receivables under investigation	12.50	45.42	12.50	45.42
<u>Less</u> Allowance for doubtful accounts	(12.50)	(45.42)	(12.50)	(45.42)
Advance payment to receivables	199.41	167.71	199.41	167.71
<u>Less</u> Allowance for advance payment to receivables	(176.93)	(151.67)	(176.93)	(151.67)
Debtors of the Legal Execution Department	52.93	35.59	52.93	35.59
<u>Less</u> Account receivables debtors of the Legal Execution Department	(3.03)	(2.12)	(3.03)	(2.12)
Other receivables of IAM	293.70	69.81	293.70	69.81
Others	54.28	47.25	39.43	30.13
<u>Less</u> Allowance for impairment - other assets	(1.63)	(7.88)	(1.63)	(7.88)
Total	<u>533.85</u>	<u>276.21</u>	<u>480.38</u>	<u>221.33</u>

As at December 31, 2019, the Bank had other receivables of Islamic Bank Asset Management amounting to Baht 293.70 million from advance payment and paid obligations in respect of transfer of non-performing assets for Islamic Bank Asset Management amounting to Baht 55.46 million and Baht 238.24 million, respectively.

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, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
At call	960.56	810.68	971.35	815.93
Savings	19,592.96	21,345.26	19,624.77	21,347.14
Term deposits				
Less than 6 months	6,100.09	3,996.20	6,100.09	3,996.20
6 months - 1 year	8,010.04	14,866.03	8,010.04	14,866.03
More than 1 year	44,601.24	37,435.31	44,601.24	37,435.31
Total	<u>79,264.89</u>	<u>78,453.48</u>	<u>79,307.49</u>	<u>78,460.61</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, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Less than 1 year	66,367.79	73,879.56	66,410.39	73,886.69
More than 1 year	12,897.10	4,573.92	12,897.10	4,573.92
Total	<u>79,264.89</u>	<u>78,453.48</u>	<u>79,307.49</u>	<u>78,460.61</u>

8.15.3 Classified by currency and residence of depositors

Unit : Million Baht

	<u>Consolidated Financial Statements</u>					
	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	79,262.28	2.61	79,264.89	78,451.76	1.72	78,453.48
Total	<u>79,262.28</u>	<u>2.61</u>	<u>79,264.89</u>	<u>78,451.76</u>	<u>1.72</u>	<u>78,453.48</u>

8.15.3 Classified by currency and residence of depositors (Continued)

Unit : Million Baht

The Bank's Financial Statements

	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	79,304.88	2.61	79,307.49	78,458.89	1.72	78,460.61
Total	<u>79,304.88</u>	<u>2.61</u>	<u>79,307.49</u>	<u>78,458.89</u>	<u>1.72</u>	<u>78,460.61</u>

8.16 Interbank and money market items, net (liabilities)

Unit : Million Baht

Consolidated Financial Statements

	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	<u>At call</u>	<u>Term</u>	<u>Total</u>	<u>At call</u>	<u>Term</u>	<u>Total</u>
Domestic items						
Commercial bank	2.94	-	2.94	6.04	-	6.04
Specialized financial institutions	-	984.04	984.04	-	873.59	873.59
Other financial institutions	<u>459.27</u>	<u>78.63</u>	<u>537.90</u>	<u>641.65</u>	<u>52.43</u>	<u>694.08</u>
Total	<u>462.21</u>	<u>1,062.67</u>	<u>1,524.88</u>	<u>647.69</u>	<u>926.02</u>	<u>1,573.71</u>

Unit : Million Baht

The Bank's Financial Statements

	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	<u>At call</u>	<u>Term</u>	<u>Total</u>	<u>At call</u>	<u>Term</u>	<u>Total</u>
Domestic items						
Specialized financial institutions	-	984.04	984.04	-	873.59	873.59
Other financial institutions	<u>459.27</u>	<u>78.63</u>	<u>537.90</u>	<u>641.65</u>	<u>52.43</u>	<u>694.08</u>
Total	<u>459.27</u>	<u>1,062.67</u>	<u>1,521.94</u>	<u>641.65</u>	<u>926.02</u>	<u>1,567.67</u>

8.17 Provisions

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Provision for post-employment benefit contingent	296.24	211.82	277.59	198.70
Provision for short-term employee benefit contingent	15.70	14.81	15.70	14.81
Provision for decommissioning costs	52.01	-	52.01	-
Provision for lawsuit files	18.45	28.61	18.45	28.61
Provision caused by non-performing assets	158.80	468.26	158.80	468.26
Other current provisions	5.46	11.18	5.46	11.18
Provision for return of government project financing	0.70	4.71	0.70	4.71
Total	<u>547.36</u>	<u>739.39</u>	<u>528.71</u>	<u>726.27</u>

As at December 31, 2019 and 2018, the Bank had provision caused by a lawsuit filed and provision caused by non-performing assets amounting to Baht 177.25 million and Baht 496.87 million, respectively. This included contingent liabilities caused by provision from bank guarantee totaled Baht 142.51 million and Baht 404.99 million, respectively as stated in Note 8.23.1. In this period, 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. The Bank will recognize other provisions reversal when the Bank pays its obligation.

As at December 31, 2019, the Bank has a contingent liability in respect of transfer of non-performing assets to Islamic Bank Asset Management. 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 158.80 million, such amount is included penalty charges and court fees of Baht 16.29 million. The Bank recognized its obligations payment for Islamic Bank Asset Management amounting to Baht 229.62 million and reviewed the provisions caused by non-performing assets of Baht 89.57 million as stated in Note 8.32.

8.17 Provisions (Continued)

Provision according to post-employment benefit obligations

The Bank has established post-employment benefit plans in accordance with the State Enterprise Labor Relations Act, B.E. 2543. The Bank has assessed the impact arising from the Announcement of the State Enterprise Labor Relations Committee for Minimum Standards of Employment Conditions in State Enterprises (No. 4) which has been effective on September 26, 2019 onwards. In order to stipulate the Minimum Standards of Employment Conditions in accordance with the Labor Protection Act B.E. 2541 which was amended by the Labor Protection Act (No. 7) B.E. 2562. This plan is effective on September 30, 2019 onwards to employee who has retired in compliance with rule, regulation or order of an employer. Its subsidiaries have post-employment benefit plans in accordance with the Labor Protection Act B.E. 2541 in which being presented as a part of provisions under the statements of financial position.

Change in present value of post-employment benefit obligations for the year ended December 31, 2019 and 2018 were as follow:

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Beginning provision according to				
post-employment benefit obligation	211.82	182.24	198.70	171.20
Current service cost	42.95	34.98	41.33	33.61
Financial cost	4.03	5.15	3.63	4.87
Past service cost				
and loss (gain) caused by benefit paid	34.84	0.66	33.35	0.66
Recognized in other comprehensive income :				
Loss (gain) from actuarial calculation estimation				
Caused by change in demographic assumption	0.55	11.56	1.46	10.94
Caused by change in financial assumption	22.62	0.69	22.26	0.42
Caused by improvement from experience	(4.16)	(17.01)	(6.79)	(18.11)
Benefit Paid	<u>(16.41)</u>	<u>(6.45)</u>	<u>(16.35)</u>	<u>(4.89)</u>
Ending provision according to				
post-employment benefit obligation	<u>296.24</u>	<u>211.82</u>	<u>277.59</u>	<u>198.70</u>

8.17 Provisions (Continued)

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, 2019 and 2018 were as follows:

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current service costs	42.95	34.98	41.33	33.61
Finance costs	4.03	5.15	3.63	4.87
Past service cost				
and loss (gain) caused by benefit paid	34.84	0.66	33.35	0.66

Principal actuarial assumptions used to calculate the defined benefit obligations as at December 31, 2019 and 2018 were as follows:

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	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Discount rate	1.26% - 1.91%	2.40% - 3.23%
Salary increase rate	2.93% - 4.50%	3.72% - 5.00%
Turnover average rate	0% - 22%	0% - 16%

Sensitivity analysis of principal actuarial assumptions as at December 31, 2019 and 2018 were as follows:

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Change in post-employment benefits</u>				
Increase in discount rate by 0.50% - 1.00%	(30.39)	(19.70)	(29.97)	(19.35)
Decrease in discount rate by 0.50% - 1.00%	35.83	23.01	35.35	22.65
Increase in salary average rate by 0.50% - 1.00%	35.05	22.77	34.66	22.45
Decrease in salary average rate by 0.50% - 1.00%	(30.41)	(19.89)	(30.04)	(19.58)
Increase in turnover average rate by 0.50% - 1.00%	(32.01)	(20.93)	(31.61)	(20.60)
Decrease in turnover average rate by 0.50% - 1.00%	24.36	15.46	23.93	15.13

8.17 Provisions (Continued)

Maturity analysis of Defined Benefit Plan

The following table provides information on the weighted average duration of the defined benefit plan and the maturity analysis of benefit payments calculated based on the defined benefit plan expected to be paid in the future in the undiscounted form.

Unit : Year

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Weighted average duration of				
the defined benefit plan	<u>5 - 18</u>	<u>7 - 19</u>	<u>12.69</u>	<u>10.81</u>

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Maturity analysis of benefits expected to be paid</u>				
Amount expected to be paid within 12 months	16.12	16.85	12.58	16.48
Amount expected to be paid between 1 to 5 years	71.73	69.44	58.14	57.55
Amount expected to be paid between 5 to 10 years	191.36	153.01	184.08	145.52
Amount expected to be paid between 10 to 15 years	299.27	263.25	295.55	260.02
Amount expected to be paid between 15 to 25 years	705.53	576.56	705.53	576.56
Amount expected to be paid over 25 years	311.91	327.93	311.91	327.93

8.18 Other liabilities

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
The Revenue Department payable	27.23	42.34	10.10	9.65
Suspense accounts creditors	44.40	36.35	44.40	36.35
Suspense cheque clearing	59.77	23.01	59.77	23.01
Others	77.11	93.20	66.53	78.33
Total	<u>208.51</u>	<u>194.90</u>	<u>180.80</u>	<u>147.34</u>

8.19 Share capital

The Bank had registered share capital in accordance with the Islamic Bank of Thailand Act B.E. 2545 of 100 million shares with par value of Baht 10 each, totaling Baht 1,000 million; and may offer shares to no more than 35 majors of shareholders.

During 2007 - 2013, the Bank's capital has been raised for several times in which the Bank has 10,276.83 million shares with par value of Baht 10 each, totaling Baht 102,768.25 million. In 2018, the Bank has decreased its share value from Baht 10 to Baht 0.01, resulting totaling Baht 102.76 million and increased capital for 2 times of 1,810,000 million shares totaling Baht 18,100 million. As at December 31, 2018, the Bank has issued and paid-up share capital of 1,820,276.83 million shares in amounting to Baht 18,202.76 million.

On July 17, 2018, the Government 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 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. Ministry of Finance might hold share exceeding 49 percent of total issued shares temporarily with appropriate proportion and timing based on ministry's opinion. As at December 31, 2019, Ministry of Finance and State Enterprises under Ministry of Finance held by 99.87 of the Bank's share capital.

8.19 Share capital (Continued)

Movements of share capital amounts and value from share capital increased and decreased until December 31, 2019 were as follows:

	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 the 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	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	0.01	8,806.70	-
No. 2 (2018)	929,329.68	0.01	9,293.30	0.01	9,293.30	-
Total	1,810,000.00		18,100.00		18,100.00	-
As at December 31, 2019	1,820,276.83		18,202.76		18,100.00	-

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. 1/2559 had a resolution to approve warrant-issuing project of Amanah Leasing Public Company Limited for the Company's directors and employees (AMANAII-WA) at no cost. Detail of the warrants were 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 1.12 4 th year = Baht 1.21 5 th year = Baht 1.30
Conversion ratio (warrant)	1.00 : 1.08

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, 2019, warrants issued by the Company was as follows:

Warrant type	Issued for	Date of issuance	Given amount	Offering price	Contract period
AMANAII-WA	Directors and employees	January 4, 2017	20,000,000	-	5 years

Number of warrants to purchase the Company's ordinary shares. During the year, the following changes were made:

Warrant type	Number of			
	Number of warrants as at January 1, 2019	Number of warrants claimed during the year	warrants that Out of dated / Canceled during the year	Remaining warrants as at December 31, 2019
AMANAII-WA	10,954,262	(3,258,707)	(748,883)	6,946,672

8.20 Warrants / Capital reserve for share-based payment transaction (Continued)

Amanah Leasing Public Company Limited has canceled the issuance of warrants to purchase the Company's ordinary shares that allocated to directors and employees of the Company (AMANAII-WA). As at December 31, 2019, there were 4,835,645 units of accumulated warrants since the employees resign which is not follow the conditions for receiving the warrants.

During the year ended December 31, 2019 and 2018, Amanah Leasing Public Company Limited recorded expenses for the AMANAH-WA project of Baht 0.18 million and Baht 0.31 million, respectively, which included in employee expenses.

8.21 The appropriation of net income for the year

8.21.1 Legal reserve

	Unit : Million Baht	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Beginning balance	53.08	473.01
Reversal legal reserve for total accumulated loss	-	(473.01)
Profit appropriation of year	56.60	53.08
Ending balance	<u>109.68</u>	<u>53.08</u>

Under the Islamic Bank of Thailand Act, B.E. 2545, Section 38, the Bank is required to allocate net income for the year to reserve fund at least 10 percent of its net income 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 No. 1/2561 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 pay dividend from profit only. According to overall operation had ongoing capital deficiency, the Bank are not allowed to pay dividend.

8.21.2 Dividend payment (Continued)

On May 28, 2018, the Annual Ordinary Meeting of Shareholders No. 1/2561 approved the resolutions regarding no dividend payment 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 8.19 affect weighted average number of common shares and earning per share (EPS) for the year ended December 31, 2019 changed from December 31, 2018 as follows:

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Net income attributable to equity holders				
of the Bank (Million Baht)	682.96	610.23	566.01	530.77
Ordinary shares				
weighted average (Million share)	1,820,277	318,542	1,820,277	318,542
Basic earnings per share (Baht per share)	0.0004	0.0019	0.0003	0.0017

8.23 Contingent liabilities and other obligations

8.23.1 Contingent liabilities

Unit : Million Baht

	<u>Consolidated Financial Statements</u>			<u>Consolidated Financial Statements</u>		
	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	Baht	Foreign currency	Total	Baht	Foreign currency	Total
Aval to bills	124.02	-	124.02	103.27	-	103.27
Liability under bill of exchange						
letters of credit	-	14.94	14.94	-	17.76	17.76
Other contingencies						
Other guarantees	1,487.87	-	1,487.87	1,804.39	-	1,804.39
Unused credit facilities	1,460.12	-	1,460.12	996.33	-	996.33
Unused overdrafts limit	419.91	-	419.91	439.30	-	439.30
Others	150.53	30.64	181.17	134.47	8.22	142.69
Total other contingencies	3,518.43	30.64	3,549.07	3,374.49	8.22	3,382.71
Total	3,642.45	45.58	3,688.03	3,477.76	25.98	3,503.74

8.23.1 Contingent liabilities (Continued)

Unit : Million Baht

The Bank's Financial Statements						
	December 31, 2019			December 31, 2018		
	Baht	Foreign currency	Total	Baht	Foreign currency	Total
Aval to bills	124.02	-	124.02	103.27	-	103.27
Liability under bill of exchange						
letters of credit	-	14.94	14.94	-	17.76	17.76
Other contingencies						
Other guarantees	1,487.87	-	1,487.87	1,801.92	-	1,801.92
Unused credit facilities	1,460.12	-	1,460.12	996.33	-	996.33
Unused overdrafts limit	419.91	-	419.91	439.30	-	439.30
Others	13.47	30.64	44.11	0.51	8.22	8.73
Total other contingencies	3,381.37	30.64	3,412.01	3,238.06	8.22	3,246.28
Total	3,505.39	45.58	3,550.97	3,341.33	25.98	3,367.31

As at December 31, 2019 and 2018, the Bank has a contingent liability from other guarantee amounting to Baht 1,487.87 million and Baht 1,801.92 million, respectively. The amount included other guarantee reserved for the disruption by recognizing as a provision for liability amounting to Baht 142.51 million and Baht 404.99 million respectively, stated in Note 8.17.

8.23.2 Other contingent liabilities

As at December 31, 2019 and 2018, the Bank has a contingent liability from numbers of lawsuit filed in the amount in dispute of Baht 4.30 million and Baht 4.00 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's guidelines to related parties similar to financing to normal debtors.

As at December 31, 2019 and 2018, 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, 2019</u>	<u>December 31, 2018</u>
Statement of Financial Position			
Financing and accrued income			
Amanah Leasing Public Company Limited	Subsidiary	2,067.11	1,849.99
Deposits			
Amanah Leasing Public Company Limited	Subsidiary	42.60	7.13
Trade account payables			
Amanah Leasing Public Company Limited	Subsidiary	-	0.65

		Unit : Million Baht	
		<u>The Bank's Financial Statements</u>	
		<u>For the year period ended</u>	
		<u>December 31, 2019</u>	<u>December 31, 2018</u>
Statements of Comprehensive Income			
Financial incomes			
Amanah Leasing Public Company Limited	Subsidiary	76.29	72.20
Fee and service incomes			
Amanah Leasing Public Company Limited	Subsidiary	0.04	-
Other incomes (dividend)			
Amanah Leasing Public Company Limited	Subsidiary	3.47	0.37
Building and equipment expenses			
Amanah Leasing Public Company Limited	Subsidiary	1.53	9.02

8.24 Disclosure of related party transactions (Continued)

As at December 31, 2019 and 2018, 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, 2019</u>	<u>December 31, 2018</u>
Executive from the Vice President level and above		
Financing	20.16	23.11
Allowance for doubtful accounts	0.05	0.08
Deposits	27.84	32.27
Family members inclose contact with persons specified		
Financing	1.68	-
Deposits	1.59	2.16

8.25 Other benefits paid to directors and persons with managing authority

As at December 31, 2019, 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 1.55 million and post-employment benefit of Baht 24.18 million.

8.26 Long-term leases

Unit : Million Baht								
<u>Consolidated and the Bank's Financial Statements</u>								
	<u>December 31, 2019</u>				<u>December 31, 2018</u>			
	Not over 1 year	Over 1 - 5 years	Over 5 years	Total	Not over 1 year	Over 1 - 5 years	Over 5 years	Total
Building	157.65	195.97	3.95	357.57	129.22	56.72	4.84	190.78
Equipment	18.15	55.74	-	73.89	3.53	0.75	-	4.28
Vehicle	22.86	63.10	-	85.96	4.34	3.10	-	7.44
Service	33.24	35.07	-	68.31	31.36	19.83	-	51.19
Total	231.90	349.88	3.95	585.73	168.45	80.40	4.84	253.69

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, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Financing to customers	2,472.71	2,639.69	2,545.59	2,708.14
Interbank and money market items	64.07	50.73	63.84	50.66
Hire-purchases and finance leases	594.21	520.71	1.66	7.41
Investments and others	73.77	49.27	73.77	49.27
Total financial income	<u>3,204.76</u>	<u>3,260.40</u>	<u>2,684.86</u>	<u>2,815.48</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, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Compensations on deposits	1,102.72	1,116.94	1,102.72	1,116.94
Interbank and money market items	12.33	121.55	12.10	121.50
Remittance to SFIs Development Fund	195.02	207.31	195.02	207.31
Total financial expenses	<u>1,310.07</u>	<u>1,445.80</u>	<u>1,309.84</u>	<u>1,445.75</u>

As at December 31, 2019, 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, 2019 to December 31, 2019, amounting to Baht 97.05 million.

8.29 Fees and service income, net

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, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Fees and service income				
Front end fees	20.09	24.18	20.09	24.18
Penalty charges *	37.62	94.34	37.62	94.34
Others	210.34	154.12	151.67	99.37
Total fees and service income	268.05	272.64	209.38	217.89
Fees and service expenses	(33.76)	(19.57)	(33.76)	(19.57)
Fees and service income, net	234.29	253.07	175.62	198.32

* 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. 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 2019 and 2018, regarding the resolution of the Meeting No. 2/2563 dated February 18, 2020 and No. 3/2562 dated March 26, 2019 respectively.

8.29 Fees and service income, net (Continued)

Unit : Million Baht

<u>The Bank's Financial Statements</u>		
<u>For the year ended</u>		
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Shariah-noncompliant income		
Penalty fees from ordinary transaction	37.62	94.34
Penalty fees from Public Service Account transaction	0.09	0.59
Income contrary to Shariah principle	0.44	-
Total Shariah-noncompliant income	<u>38.15</u>	<u>94.93</u>
Opportunity cost		
<u>Less</u> Average cost of deposit	(0.64)	(1.57)
Damage from credit		
<u>Less</u> Expenses related to debt collection, net	(71.83)	(1,209.97)
Losses from debt restructuring	-	30.69
Total opportunity cost and damage from credit	<u>(72.47)</u>	<u>(1,180.85)</u>
Opportunity cost and damage are higher than Shariah-noncompliant income	<u>(34.32)</u>	<u>(1,085.92)</u>

As at December 31, 2018, opportunity cost and damage exceeded income contrary to Shariah principle amounting to Baht 1,085.92 million mainly from bad debt written off according to approval of Shariah Advisory Council 3/2562 dated March 26, 2019. Such bad debt balance as at December 31, 2019 as follows:

Unit : Million Baht

Net bad debts from 2018	1,085.92
(Resolution from Shariah Advisory Council No. 3/2562 dated March 26, 2019)	
<u>Less</u> Bad debt recoveries in 2019	<u>(30.60)</u>
Net bad debts carried forward to 2020	<u>1,055.32</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, 2019</u>	<u>December 31, 2018</u>
Gains on foreign exchange rate, net	3.72	4.68
Total	<u>3.72</u>	<u>4.68</u>

8.31 Loss 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, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Gains (losses) from sales				
- Available for sale	-	-	-	-
Total	-	-	-	-
Losses from impairment of investment (reversal)				
- General investment	(0.46)	-	(0.46)	-
Total	(0.46)	-	(0.46)	-
Grand Total	<u>(0.46)</u>	<u>-</u>	<u>(0.46)</u>	<u>-</u>

8.32 Other operating 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, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Other income - from hire-purchase financing	84.12	44.00	34.10	8.16
Dividend income	0.18	1.18	3.65	1.55
Gain on disposal of properties for sale	0.29	0.88	0.29	0.88
Gain on disposal of assets	0.55	0.24	0.01	-
Income from advance repayment				
from other receivables	229.62	-	229.62	-
Income from accrued bonus reversal	251.11	-	251.11	-
Other income	<u>117.37</u>	<u>34.87</u>	<u>117.37</u>	<u>34.87</u>
Total	<u>683.24</u>	<u>81.17</u>	<u>636.15</u>	<u>45.46</u>

Income from accrued bonus reversal is the reversal transaction of accrued employee's bonus expense which the Bank recognized in 2013 amounting to Baht 251.11 million. The Bank terminated accrued bonus expense since the Central Labour Court has Supreme Court Judgement dismissal of the Bank.

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, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Sales promotion expenses	17.07	12.74	12.36	10.53
Professional service fees	35.48	12.43	32.06	7.14
Losses on impairment of other assets (reversal)	17.59	(49.75)	17.59	(49.75)
Losses on reserve account receivables				
under investigation	0.02	0.07	0.02	0.07
Losses on provision (reversal)	(6.15)	11.09	(6.15)	11.09
Losses on discontinued, disposal of assets and				
other losses on properties for sale	33.92	30.59	6.01	2.52
Security guard service fees	7.88	7.93	7.88	7.93
Transportation expenses	22.37	20.47	22.37	20.47
Office supplies	18.90	19.16	16.91	16.36
Rights amortization	12.98	13.51	9.13	10.93
Labor costs	10.07	7.58	10.07	7.58
Entertainment expenses and public charity	6.04	5.26	5.79	5.16
Training and membership fees	6.49	6.19	6.09	5.93
Cash shipping fees	12.29	12.40	12.29	12.40
Compensation for non-compliance	20.62	38.61	20.62	38.61
Others	44.39	32.48	24.20	18.27
<u>Less</u> Cost allocation from				
Public Service Account	(8.11)	(20.47)	(8.11)	(20.47)
Total	<u>251.85</u>	<u>160.29</u>	<u>189.13</u>	<u>104.77</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, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Financing to customers (reversal)	372.80	(638.39)	400.88	(666.01)
Reversal financing to				
Public Service Account	(4.29)	(846.22)	(4.29)	(846.22)
Reversal of interbank and money market items	(0.56)	(36.95)	(0.56)	(36.95)
General reserve (reversal)	60.56	(982.63)	60.66	(990.04)
Surplus reserve from				
minimum requirement (reversal)	(193.58)	1,204.77	(193.58)	1,204.77
Bad debts	2.60	562.90	2.60	562.90
Bad debts from Public Service Account	-	847.13	-	847.13
Reversal loss on troubled debt restructuring	(0.21)	(43.67)	(0.21)	(43.67)
Deferred accrued income	-	59.69	-	59.69
Others	125.70	67.62	0.31	0.74
Total	<u>363.02</u>	<u>194.25</u>	<u>265.81</u>	<u>92.34</u>

8.35 Public Service Accounts

8.35.1 Summary of Public Service Account

Unit : Million Baht

Consolidated and the Bank's Financial Statements

<u>Assets and liabilities</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Assets</u>		
Financing to Public Service Account		
and financial accrued income, net	264.11	297.02
Receivable eligible for government reimbursement	-	-
Total assets	<u>264.11</u>	<u>297.02</u>
<u>Liabilities</u>		
Public Service Account payable	-	-
Total liabilities	<u>-</u>	<u>-</u>

Unit : Million Baht

Consolidated and the Bank's Financial Statements

For the year ended

<u>Income and expenses</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Revenue from Public Service Account	41.16	203.00
<u>Less</u> Expenses from Public Service Account	92.99	378.52
<u>Less</u> Bad debt, doubtful accounts and loss on impairment of Public Service Account	(4.29)	0.91
Net loss	<u>(47.54)</u>	<u>(176.43)</u>

8.35.2 Financing to Public Service Account

Unit : Million Baht

<u>Consolidated and the Bank's Financial Statements</u>				
<u>Project</u>	<u>Project summary</u>	<u>Duration</u>	<u>December 31, 2019</u>	<u>December 31, 2018</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	83.17	100.72
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	218.58	248.44
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	6.02	12.39
Financing for the Emergency Muslims (Cabinet Solution November 28, 2017)	Enhancing people' income and enlarging credit line for retail customers	2018 - 2024	15.65	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 BOT's criteria and condition		49.47	27.30
Total			<u>372.89</u>	<u>409.64</u>

Financing to Public Service Account amounting to Baht 372.89 million and Baht 409.64 million excluded deferred revenue amounting to Baht 0.76 million and Baht 1.21 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, 2019

	Number of			Percentage of	Allowance for
	debtor	Financing	Collateral	doubtful	doubtful
				account (%)	account
Normal	1,359	117.07	72.21	1	0.45
Special mention	163	123.34	119.42	2	0.08
Sub-standard	128	2.24	-	100	2.24
Doubtful	153	26.76	23.33	100	3.43
Doubtful loss	700	103.48	0.28	100	103.20
Total *	<u>2,503</u>	<u>372.89</u>	<u>215.24</u>		<u>109.40</u>

Unit : Million Baht

Consolidated and the Bank's Financial Statements

December 31, 2018

	Number of			Percentage of	Allowance for
	debtor	Financing	Collateral	doubtful	doubtful
				account (%)	account
Normal	2,383	171.02	83.51	1	0.88
Special mention	180	122.11	115.91	2	0.12
Sub-standard	119	3.53	-	100	3.53
Doubtful	186	5.57	0.05	100	5.59
Doubtful loss	556	107.41	0.40	100	103.57
Total *	<u>3,424</u>	<u>409.64</u>	<u>199.87</u>		<u>113.69</u>

* 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, 2019</u>	<u>December 31, 2018</u>
Revenue from Public Service Account		
Financial revenue from Public Service Account	12.74	15.33
Fee and service income from Public Service Account	11.04	60.81
Other revenue from Public Service Account	14.20	122.31
Compensation for Public Service Account		
Compensation for operation expenses or management expenses for Public Service Account	3.18	4.55
Total	<u>41.16</u>	<u>203.00</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, 2019</u>	<u>December 31, 2018</u>
Financial cost from Public Service Account	6.52	14.27
Operating expenses from Public Service Account	78.43	335.13
Other expenses from Public Service Account	8.04	29.12
Total	<u>92.99</u>	<u>378.52</u>

9. Approval of the financial statements

The financial statements were approved to be issued by the Board of Directors on April 23, 2020.



ธนาคารอิสลาม
แห่งประเทศไทย

ISLAMIC BANK OF THAILAND • البنك الإسلامي بتايلاند

รัฐวิสาหกิจสังกัดกระทรวงการคลัง



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เลขที่ 66 อาคารคิวเ้าส์ อโศก ชั้น M, 12, 14, 15, 18, 20-23

ถนนสุขุมวิท 21 แขวงคลองเตยเหนือ เขตวัฒนา กรุงเทพฯ 10110

โทรศัพท์ : 0 2650 6999

