



ธนาคารอิสลาม
แห่งประเทศไทย
ISLAMIC BANK OF THAILAND • بنك إسلامي بـتايلاند

Annual Report 2016



ธนาคารอิสลาม
แห่งประเทศไทย
ISLAMIC BANK OF THAILAND • ๑๕๖๖๖ ๖๖๑๖๖ ๑๖๖๖๖



ไม้มงคล...ใครๆก็ใช้ได้

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SOD Vision and Mission

Statement of direction : SOD

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



Vision

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

Mission

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

Strategy

1. 1st Strategy: Implementation of Rehabilitation Plan

To implement the rehabilitation plan approved by the related agency and the State Enterprise Policy Commission, by focusing on solving non-performing financing, financing Muslim clients, and finding investment partners to strengthen Islamic financial business operation, with monitoring and controls for operational adherence to the plan.

2. 2nd Strategy: Role Expansion for Muslim Clients

- 2.1 To grow Muslim customer base in both deposit and financing.
- 2.2 To add a role supporting an establishment and operation of community financial organizations as per Islamic principle.
- 2.3 To develop products and financial services to better align with the Shariah principle, with audit and supervision systems to ensure the Bank's financial transactions are correct and aligned with the Shariah principle.

3. 3rd Strategy: Branch Efficiency Improvement

To improve branches focusing on service provision efficiency in order to become profitable branches.

4. 4th Strategy: Human Resources Development

To enhance competency and quality of human resources to be ready for any change.

5. 5th Strategy: IT Efficiency Enhancement

To develop IT system, service provision procedures and operations to be efficient and ready for growth in targeted business segment.

CREDIT RATINGS

AA
(tha)

The assessment of credit worthiness from independent credit rating agency, Fitch Ratings, on 21 November 2016 is as follow;

DOMESTIC CREDIT RATINGS

	Credit Ratings	Definition
Long-Term	AA (tha)	Very high credit quality
Short-Term	F1+ (tha)	Highest short-term credit quality
Outlook	Stable	Credit ratings outlook is stable

INTERNATIONAL CREDIT RATINGS

	Credit Ratings	Definition
Long-Term	BBB-	Good credit quality
Short-Term	F8	Fair short term credit quality
Outlook	Stable	Credit ratings outlook is stable



Financial Highlights

	Million Baht		% Change
	2016	2015	2016/2015
Financial Status and Operating Results			
Assets	81,686.78	91,324.79	-10.55%
Financing	93,496.38	98,373.17	-4.96%
Financing and net accrued financial income	60,027.12	67,807.87	-11.47%
Deposits	93,498.08	99,530.20	-6.06%
Liabilities	98,763.57	104,960.61	-5.90%
Shareholders' equity	-17,076.80	-13,635.83	25.23%
Financing and investment income	3,782.77	4,788.42	-21.00%
Total income	4,107.82	5,148.42	-20.21%
Net loss	-3,524.06	-4,643.77	-24.11%
Earnings per Share : Baht			
Basic net loss per share	-0.34	-0.45	
Share Value			
Book value	-1.66	-1.33	
Financial Ratios (%)			
Income to average assets ratio	-4.07	-4.62	
Return on average equity	-22.95	-41.01	
Net loss per total income	-85.79	-90.20	
Capital adequacy ratio	-31.02	-21.72	





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Message from the Chairman

It has been two years and five months since the recent Board of Directors was appointed to oversee the business and the rehabilitation plan of Islamic Bank of Thailand, one of seven state enterprises that the government has put effort to solve the problem, under the supervision of the State Enterprise Policy Commission (SEPO). The Board of Directors has been assigned to improve the quality and efficiency of business operation, to make the Bank be the financial institution providing financial support in line with the context of Islamic Bank of Thailand. The operation under the Board's supervision has gone well with progress. The status rectification in accordance with the rehabilitation plan approved by the SEPO was clear. The Ministry of Finance has completely established Islamic Bank Asset Management Co.,Ltd. for the Bank to divest non-performing assets. In addition, the Bank has been in progress of financial restructuring to have non-negative capital position to support the search for business partners having expertise in Shariah principle in order to strengthen the Bank's status along with the rehabilitation.

On behalf of the Board of Directors, the management and all staff, I would like to thank all shareholders and customers who have trusted and supported the Bank to become a professional specialized financial institution. I am confident that Islamic Bank of Thailand will be a financial institution with important role in connecting business networks between Muslims and non-Muslim businesses in Thailand and Muslim businesses across the world, as well as an important part financing the country's infrastructure.

Mr. Chalwat Utaivan
Chairman of the Board of Directors



Message from the President

We are determined to recover the business of Islamic Bank of Thailand in order to operate its business following the mission, and to be an important part to enhance Thailand's economy and society. Although year 2016 was quite challenging because of the business competition environment, the regulatory supervision, and the domestic and overseas unrecovered economy, which affected the fluctuation in money market and capital market, the Bank's performance has been improved on upward trend.

The implementation of the rehabilitation plan approved by the State Enterprise Policy Commission (SEPO) has been clear and on progress. The Ministry of Finance has established Islamic Bank Asset Management to receive the transfer of non-performing assets of non-Muslim customers from the Bank and the Bank has been preparing on data and systems to facilitate such transfer. For the status rectification, SEPO has required the Bank to do financial restructuring by decreasing and increasing capital and collecting the payment of capital increase shares to prevent negative capital. The Bank shall also seek and negotiate to get investment partners having expertise in line with Islamic principle in order to strengthen the Bank and add value to it along with the rehabilitation.

Another important mission is to provide financial services to Muslims which is the key mission the Bank has continuously focused on by launching several loan programs such as iBank SMEs, Back to iBank, SMEs for Apartment Business, SMEs Halal Trade, iBank

SME for Hotel Business on Phi Phi Island, and Loan for Islamic Cooperative. Many programs had received good response and the new credit growth in 2016 consisted of Muslim credit customers at 40% of the total loan approved. In addition, the Bank had made contribution in Takaful for iBank Program in 2016 over Baht 360 million, the highest amount in the record of the Bank's Takaful service. Such success not only reflects the potential and collaboration of our staff, but also helps increase the fee income for the Bank. Further more, the Bank has laid the foundation of systems and uplifted the standard of compliance and risk management, especially credit risk, resulting in better quality of new loans approved. The management of deposit returns and the control of operating expenses have been improved to be more proper and efficient.

I would like to thank the shareholders, customers, business partners, public and private institutions for having trusted and supported the Bank continuously. I also would like to thank the management and fellow staff for being united to achieve the Bank's target. I have confidence that Islamic Bank of Thailand will step march obstacles and become a specialized financial institution with professional management and be an important part of Thailand's economic and social development.



Miss Veena Tachachairun
Director and Acting President







Message from the Chairman of Shariah Advisory Council

One of the blessings on humanity is the light of righteousness or truth. Only one's intuition, wisdom and maturity are not enough to distinguish right from wrong in this life. We have seen that production of alcoholic beverages, as well as distribution and consumption are allowed by the Western legislature based on their consensus that the purchase and consumption of alcoholic beverages made by individuals at the age of 18 and above are legal and accepted by social norms. However, such actions are prohibited by the religious principles.

Similar to the banking industry, if we allow only maturity, intuition, experience, Banking Competency, credit granting and investment to determine and direct banking industry in human society, we will find that such banking system will be on the path contradicting the religious principles, or being hostile to the righteousness. It will also make fellow human beings suffer for it is created from the concept to seek profits from human beings without taking risks with them. The transactions made by such system overlook the principles that we shall not exploit one's property, and that we shall have wisdom in possession to property. Therefore, the management, employees and clients of Islamic Bank of Thailand can see that the Shariah Advisory Council has considered and suggested that some incomes generated by business financings are not in line with the religious principles and that we should not own or receive benefits from such property. This is a very small example of Shariah principle that protects humanity from the evil delusion to life, property, consciousness, family and righteousness. It is one of the proven truth of the blessings and mercy of Allah to humanity who are all descendent children of Adam on this earth.

Dr. Anas Amaṣṭayakul
Chairman of the Shariah Advisory Council

Board of Directors



Mr. Chaiwat Utaiwan



Mr. Nippon Hakimi



General Natthipong
Pueksakorn



Mr. Panu Uthairot



Mr. Wittayo Chaisuwan



Mr.Montchai Ratanastien



Assoc. Prof. Pasu Decharin



Miss.Piyawan Lamkitcha



Dr.Pornchai Thiraveja



Mr.Vitai Ratanakorn



Miss.Veena Tachachainirun



Mr. Chaiwat Utaiwan

Age : 63 years

IBANK committee roles : Chairman of Board of Directors

Education and Degrees:

- | | |
|-----------------|--|
| Master Degree | <ul style="list-style-type: none"> • Master of Business Administration (Executive) Sasin Graduate Institute of Business Administration of Ohulalongkorn University • Master of Science (Mathematics and Computer Science) University of Louisville, Kentucky, U.S.A. |
| Bachelor Degree | <ul style="list-style-type: none"> • Bachelor of Science in Statistics, Faculty of Commerce and Accountancy, Ohulalongkorn University |

Professional Experience:

- | | |
|----------------|---|
| 2016 - Present | • Director and Executive Committee OK Power Public Company Limited |
| 2014 - Present | • Director, Executive Committee, Corporate Governance Committee, Risk Management Committee and Managing Director TTW Public Company Limited |
| 2014 - Present | • Director and Managing Director PathumThani Water Company Limited |
| 2014 - Present | • Director Thai Water Operations Company Limited |
| 2011 - Present | • Chairman of Board of Directors Suvarnabhumi Airport Hotel Company Limited |
| 2012 - 2014 | • Vice Chairman of Board of Directors Bangkok Metro Public Company Limited |
| 2011 - 2014 | • Director, Executive Committee, Risk Management Committee and President Bangkok Metro Public Company Limited |
| 2011 - 2012 | • Director and Executive Committee Government Saving Bank |
| 2007 - 2011 | • President and Chief Executive Officer Siam City Bank Public Company Limited |
| 2001 - 2007 | <ul style="list-style-type: none"> • Chairman of the Executive Board and President AIG Retail Bank Public Company Limited • President and Chief Executive Officer AIG Finance (Thailand) Public Company Limited |

**Holding of state enterprise/company shares related to Islamic Bank of Thailand shall not be over 10% of ordinary shares during 2016 Accounting Year*

Mr. Niphon Hakimi

Age : 60 years

IBANK committee roles : Board of Directors

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

Education and Degrees:

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

Bachelor Degree

Professional Experience:

- 2011 - Present
- Deputy Secretary-General, Office of the Council of State (Executive, Higher Level)
 - Permanent Law Counsellor, Office of the Council of State
 - Member of Administrative Procedure Committee
 - Member of Tourism Authority of Thailand Committee
 - Board of Directors of Nok Airlines PCL
 - Member of Life Insurance Fund Committee
 - Member of Burapha University Council
 - Member of Fuel Oils Control Commission
 - Member of Good Governance and Appeal Committee (Bank of Thailand)
 - Member of Punishment Deliberation Committee (ANTI-DOPING IN SPORTS ACT, B.E. 2555 (A.D. 2012))



**Holding of state enterprise/company shares related to Islamic Bank of Thailand shall not be over 10% of ordinary shares during 2016 Accounting Year*

General Natthipong Pueksakorn

Age : 58 years

IBANK committee roles : Board of Directors

- Chairman of Audit Committee
- Chairman of Nomination and Remuneration Committee
- OG & OSR Committee Member

Education and Degrees:

- Master Degree
- Master's degree in Computer Science of National Institute of Development Administration (NIDA)
- Bachelor Degree
- Bachelor of Engineering, Chulachomklao Royal Military Academy

Professional Experience:

- 2016 - Present
- Senior Expert Royal Thai Army
- 2014 - Present
- Chairman of Directors, Amanah Leasing Public Company Limited
- 2018 - 2016
- Chief of Finance, Royal Thai Army
- 2011 - 2012
- Director of Directorate Comptroller, the First Army Area



**Holding of state enterprise/company shares related to Islamic Bank of Thailand shall not be over 10% Of ordinary shares during 2016 Accounting Year*

Mr. Panu Uthairat

Age : 60 years

BANK committee roles : Board of Directors

- Chairman of Bank manager performance appraisal Committee
- Chairman of OG & CSR Committee
- Audit Committee Member

Education and Degrees:

- Master degree
 - Master degree in Public Administration from National Institute of Development Administration (NIDA)
- Bachelor Degree
 - Bachelor's degree in Political Sciences from Thammasat University

Professional Experience:

- 2016 - Present
 - The Secretariat of the Government's special representatives
- 2014 - Present
 - Member of the National Legislative Assembly
- 2014 - 2015
 - Secretary-General of Southern Border Provinces (Civil Official, Level 11)
- 2014
 - Chief of Inspector Ministry of Interior
- 2018
 - Deputy Permanent Secretary, Special Affairs
- 2012
 - Advisor to the Prime Minister (Civil Official, Level 11)
- 2011
 - Secretary-General of Southern Border Provinces (Civil Official, Level 11)
- 2010 - 2011
 - Deputy Permanent Secretary, Acting Secretary-General of Southern Border Provinces



**Holding of state enterprise/company shares related to Islamic Bank of Thailand shall not be over 10% of ordinary shares during 2016 Accounting Year*

Mr. Montchai Ratanastien

Age : 62 years

BANK committee roles : Board of Directors

- Chairman of Risk Management Committee
- Chairman of Labor Relations Committee
- Vice Chairman of Executive Committee
- Corporate Governance (OG) & Corporate Social Responsibility (CSR) Committee Member
- Compliance Committee Member
- Nomination Committee

Education and Degrees:

- Master Degree
 - Master of Public Administration Program in Public and Private Management from National Institute of Development Administration (NIDA)
- Bachelor Degree
 - Bachelor's degree in Bachelor of Accountancy Program in Cost Accounting from Chulalongkorn University

Professional Experience:

- 2014 - Present
 - Director, Amanah Leasing PLO
- 2018 - 2014
 - Director, Planning and Development, Supervision Group, Bank of Thailand
- 2011 - 2012
 - Director, On-Site Examination Department 2, Supervision Group, Bank of Thailand



**Holding of state enterprise/company shares related to Islamic Bank of Thailand shall not be over 10% of ordinary shares during 2016 Accounting Year*

Mr. Wittaya Chaisuwan

Age : 62 years

BANK committee roles : Board of Directors

- Chairman of Nomination Committee

Education and Degrees:

- | | |
|-----------------|---|
| Master Degree | • Master of Arts (Social Development) National Institute of Development Administration (NIDA) |
| Bachelor Degree | • Bachelor of Science (Agronomy) Kasetsart University |

Professional Experience:

- | | |
|----------------|--|
| 2016 - Present | <ul style="list-style-type: none"> • Director, Amanah Leasing PLO • Director, Metropolitan Electricity Authority (MEA) • Chairman, EGOOM TARA Company Limited • Chairman, Universal Utilities Public Company Limited |
| 2014 - Present | • Member of the National Legislative Assembly |
| 2014 - Present | • Director, Eastern Water Resources Development and Management PLO |
| 2009 - 2014 | • Inspector - General Ministry of Agricultural and Cooperative |



**Holding of state enterprise/company shares related to Islamic Bank of Thailand shall not be over 10% of ordinary shares during 2016 Accounting Year*

Assoc. Prof. Pasu Decharin

Age : 48 years

IBANK committee roles : Board of Directors

- Audit Committee Member
- Nomination and Remuneration Committee Member
- OG & CSR Committee Member
- Nomination Committee Member

Education and Degrees:

- | | |
|-----------------|---|
| Doctoral Degree | • Doctor of Philosophy (Management of Technology) School of Management, Asian Institute of Technology |
| Masters Degree | • Master of Business Administration (General Management) University of Colorado (Boulder) |
| Bachelor Degree | • Bachelor of Business Administration (Management), Chulalongkorn University |

Professional Experience:

- | | |
|----------------|--|
| 2011 - Present | • Dean, Faculty of Commerce and Accountancy, Chulalongkorn University |
| 2012 - Present | • Executive Board, Faculty of Commerce and Accountancy Alumni |
| 2012 - Present | • Executive Board, Personnel Administration Committee Chulalongkorn University |
| 2012 - Present | • Executive Board, Association of Asia-Pacific Business School (AAPBS) |



**Holding of state enterprise/company shares related to Islamic Bank of Thailand shall not be over 10% of ordinary shares during 2016 Accounting Year*

Miss. Piyawan Lamkitcha

Age : 51 years

IBANK committee roles : Board of Directors

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

Education and Degrees:

- Master Degree
- Master's degree in Public Administration from Chulalongkorn University
 - Mini MBA from Thammasat University
- Bachelor Degree
- Bachelor's degree in Finance from university of the Thai Chamber of Commerce

Professional Experience:

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



**Holding of state enterprise/company shares related to Islamic Bank of Thailand shall not be over 10% of ordinary shares during 2016 Accounting Year*

Dr. Pornchai Thiraveja

Age : 48 years

IBANK committee roles : Board of Directors

- Risk Management Committee Member

Education and Degrees:

- 1989
- BBA in accounting , Thammasat University.
- 1993
- M.B.A. (Finance) , College of Notre Dame , U.S.A.
- 2003
- M.A. (Political Science) , Thammasat University.
- 2006
- Ph.D. in Public Administration , Suan Dusit Rajabhat University.
- 2012
- Ph.D. in Education (Non-formal Education) , Chulalongkorn University

Professional Experience:

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



**Holding of state enterprise/company shares related to Islamic Bank of Thailand shall not be over 10% of ordinary shares during 2016 Accounting Year*

Mr. Vitai Ratanakorn

Age : 46 years

IBANK committee roles: Board of Directors

Education and Degrees:

- | | |
|-----------------|---|
| Master Degree | <ul style="list-style-type: none">• Master of Arts (Political Economy), Chulalongkorn University• Master of Laws (Business Law), Chulalongkorn University• Master of Finance, Drexel University, U.S.A. |
| Bachelor Degree | <ul style="list-style-type: none">• Bachelor of Economics, Thammasat University |

Professional Experience:

- | | |
|----------------|---|
| 2016 - Present | • Senior Executive Vice President Investment and Financial Management Group |
| 2015 - 2016 | • Senior Executive Vice President Business and Public Sector Customers Group |
| 2011 - 2014 | • Chief Financial Officer, Nok Airlines Co., Ltd |
| 2010 - 2011 | • Senior Deputy Managing Director, Charoen Pokphand Foods Public Company Limited |
| 2007 - 2010 | • Director, Siam City Asset Management Co., Ltd. |
| 2003 - 2010 | • Senior Director, Alternative Investment Office (Special Investment Department), Government Pension Fund |



**Holding of state enterprise/company shares related to Islamic Bank of Thailand shall not be over 10% Of ordinary shares during 2016 Accounting Year*

Miss. Veena Tachachainirun

Age : 51 years

IBANK committee roles: Director and Acting President

Education and Degrees:

- | | |
|-----------------|---|
| Master Degree | • MBA (International Program), Bangkok University |
| Bachelor Degree | • B.A. (Accounting), Thammasat University |

Professional Experience:

- | | |
|----------------------|---|
| Aug 2014 - May 2016 | • Chairman's Advisor, Islamic Bank of Thailand |
| May 2014 - July 2014 | • Senior Executive Vice President, Thai Industry and Engineering Service Public Company Limited |
| 2012 - Apr 2014 | • Executive Vice President, Bangkok Metro Public Company Limited |
| 2011 - 2012 | • Senior Vice President, CFO Office, Thanachart Bank Public Company Limited |
| 2008 - 2011 | • Senior Vice President, Planning and Budgeting Department, Siam City Bank Public Company Limited |



**Holding of state enterprise/company shares related to Islamic Bank of Thailand shall not be over 10% of ordinary shares during 2016 Accounting Year*

Shariah Advisory Council



Dr. Anas Amatayakul



Dr. Maroning Salaeming



Mr. Pramote Meesuwan



Mr. Senee Yoopensuk



Dr. Anas Amatayakul

Age: 67 years

Chairman of the Shariah Advisory Council

Education and Degrees:

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

Professional Experience:

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

Dr. Maroning Salaeming

Age: 60 years

Member of the Shariah Advisory Council

Education and Degrees:

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

Professional Experience:

- Lecturer of Islamic law, College of Islamic Studies, Prince of Songkhla University, Pattani Campus
- Director of Islamic Law Academicians of Southeast Asian Region
- Licensee of Udomsak Witaya 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



Mr. Pramote Meesuwan

Age: 61 years

Member of the Shariah Advisory Council

Education and Degrees:

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

Professional Experience:

- Imam Badrulummeen Masjid (Sala Loi), Vadhana District, Bangkok
- Religious and Arabic teacher of senior high school level, Miṭṭah El Ulom El Deneyah School (Ban Don)
- Chairman of the Board of Director, Pre-school Child Development Center, Sala Loi Community, Bangkok
- Guest Speaker on religious topics for radio programs on AM 1251 and AM 981 stations
- Guest Speaker on religious topics for Visaidham Parithas, Kasetsart University Radio Station AM 1107 every Sunday
- Guest Speaker at religious instructions and organizations and at Friday prayer
- Advisor to Executive Committee, Alumni Association of Miṭṭah El Ulom El Deneyah School
- Writer of academic textbooks :
 - "Key to Arabic Language", a key to understand Arabic language as it contains part of Arabic grammar and more than 4,600 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.



Mr. Senee Yoopensuk

Age: 48 years

Member of the Shariah Advisory Council

Education and Degrees:

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

Professional Experience:

- Headmaster, Khunathamwithaya School, Ohacheongsao Province
- Committee member of Non - formal Education, Donchimplee Sub-district, Bangnampriew, Ohacheongsao 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)
- Member of Committee to set up the Islamic insurance system, Siam Samsung Takaful Co. Ltd.
- 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, Ohulalongkorn University (2011 - 2001)
- Shariah advisor, Krungthai Asset Management PLO. (Islamic Fund)
- Advisor to Phillip Shariah Committee, Phillip Life Assurance PLO.



Top Executives



Miss. Veena Tachachainirun



Ms. Arsra Angkaria



Mr. Manoch Dangkomen



Mr. Paparn Arya



Pol. Capt. Poomin Peongsujarit



Miss. Veena Tachachainirun

Age: 61 years

Position: Director and Acting President

Education and Degrees:

- | | |
|-----------------|---|
| Master Degree | • MBA (International Program), Bangkok University |
| Bachelor Degree | • B.A. (Accounting), Thammasat University |

Work Experience (pass/present):

- | | |
|----------------------|---|
| Aug 2014 - May 2016 | • Chairman's Advisor, Islamic Bank of Thailand |
| May 2014 - July 2014 | • Senior Executive Vice President, Thai Industry and Engineering Service Public Company Limited |
| 2012 - Apr 2014 | • Executive Vice President, Bangkok Metro Public Company Limited |
| 2011 - 2012 | • Senior Vice President, OFO Office, Thanachart Bank Public Company Limited |
| 2009 - 2011 | • Senior Vice President, Planning and Budgeting Department, Siam City Bank Public Company Limited |

Ms. Arsra Angkaria

Age: 67 years

Position: Executive Vice President Social and Economic Development Group

Education and Degree:

- | | |
|-----------------|---|
| Master Degree | • Master of Science (Information Technology),
King Mongkut's University of Technology Thonburi |
| Master Degree | • Master of Business Administration, Chiang Mai University |
| Bachelor Degree | • Bachelor of Business Administration (Accounting), Ramkhamhaeng University |

Work Experiences (past/present)

Islamic Bank of Thailand

- | | |
|-------------------|---|
| Oct 2016-present | • Executive Vice President Social and Economic Development Group |
| Jul 2015-present | • Acting Executive Vice President Technology and Electronic Operation Group |
| Oct 2016-Dec 2016 | • Acting Executive Vice President Retail Banking Group |
| Sep 2016-Oct 2016 | • Executive Vice President Credit Operation Group |
| Jan 2012-Sep 2016 | • Executive Vice President Deposit and Fee Group |
| Aug 2011-Dec 2011 | • Executive Vice President Deposit and Electronic Business Group |
| Oct 2010-Jul 2011 | • Executive Vice President Electronic Business Group |
| Oct 2010-Oct 2010 | • Executive Vice President Sales Support Division |
| Jan 2009-Sep 2010 | • Senior Vice President Operation Department |

Bank for Agriculture and Agricultural Cooperatives

- Head of Banking Division



Mr. Manoch Dangkommen

Age: 63 years

Position: Executive Vice President Administration and Human Resource Group

Education and Degrees:

- | | |
|-----------------|---|
| Master Degree | • MBA in Financial Management, Ramkhamhaeng University |
| Bachelor Degree | • Faculty of Law, Sukothai Thamathiraj University |
| Bachelor Degree | • Faculty of Commerce and Accountancy, Thammasat University |
| | • Guide Certificate, Chulalongkorn University |

Work Experience (past/present):

Islamic Bank of Thailand

- | | |
|---------------------|--|
| Mar-2015 - Present | • Executive Vice President Administration and Human Resource Group
Acting Vice President Human Resource Management Department |
| Oct-2013 - Mar-2015 | • Senior Vice President, Head of Foreign Business Dept.
Acting Vice President Human Resource Management Department |
| Jan-2010 - Sep-2013 | • Senior Vice President, Head of Foreign Business Dept. |
| Oct-2009 - Jan-2010 | • Vice President, Head of Foreign Business Dept. |

TMB Bank PCL

- | | |
|---------------------|--|
| Oct-2005 - Oct-2009 | • Vice President, Head of Trade Finance Marketing Corporate & SME Business |
|---------------------|--|

Citigroup Inc.,

- | | |
|---------------------|--|
| Mar-2000 - Oct-2005 | • AVP Risk Manager, Citibusiness, OTB and Citicorp Leasing |
|---------------------|--|

The Siam Commercial Bank PCL

- | | |
|---------------------|--|
| Aug-1999 - Feb-2000 | • Senior Team Leader Corporate Dept. |
| Oct-1997 - Aug-1999 | • Vice President & General Manager, Bombay Branch. |



Mr. Paparn Arya

Age: 67 years

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

Education and Degree:

Mini MBA

Bachelor Degree

- Naval War College
- Modern Banking Management, Ohulalongkorn University
- Bachelor of Business Administration (Finance and Banking), Ramkhamhaeng University



Work Experiences (past/present):

Islamic Bank of Thailand

Mar 2016-present

Nov 2014-Mar 2016

Sep 2016-Nov 2014

Sep 2014-Nov 2014

Feb 2016-Sep 2016

Jun 2012-Feb 2016

Aug 2011-Sep 2011

May 2010-Jul 2011

Jan 2010-Apr 2010

TMB Bank Plc.

- Executive Vice President SMEs Banking Group
- Senior Vice President SMEs Business Analysis Department
- Senior Vice President SMEs Credit Analysis and Screening Department
- Acting Vice President Risk Management Department
- Senior Vice President Credit Screening & Department
- Senior Vice President SMEs Credit 1 Department
- Vice President SMEs Credit Department
- Vice President Branch Credit Department
- Deputy Vice President Branch Credit Department
- Regional Manager

Pol.Capt.Poomin Peongsujarit

Age: 42 years

Position : Executive Vice President

Education and Degrees:

Master Degree

Bachelor Degree

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

Work Experience (past/present):

2016 - Present

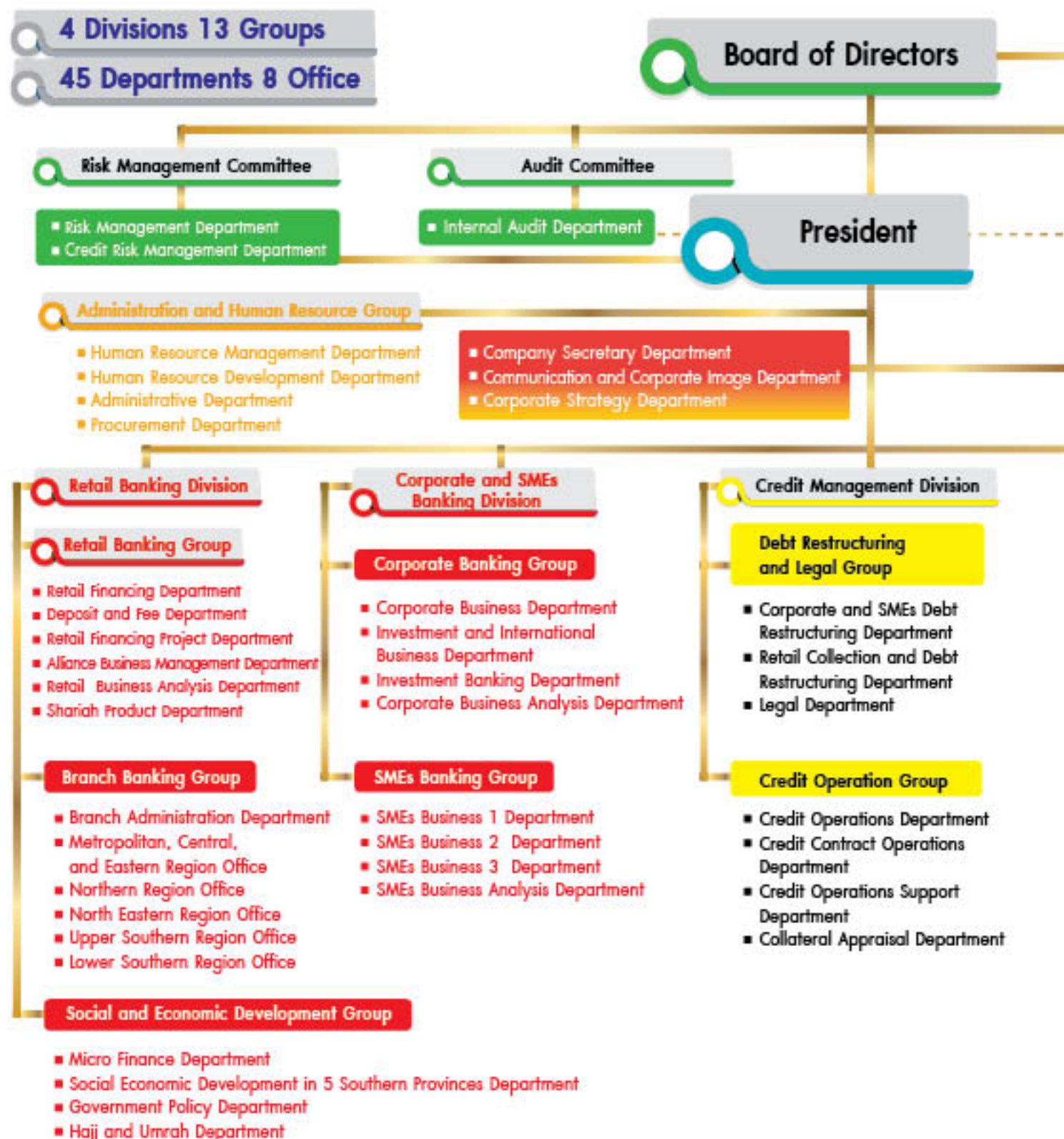
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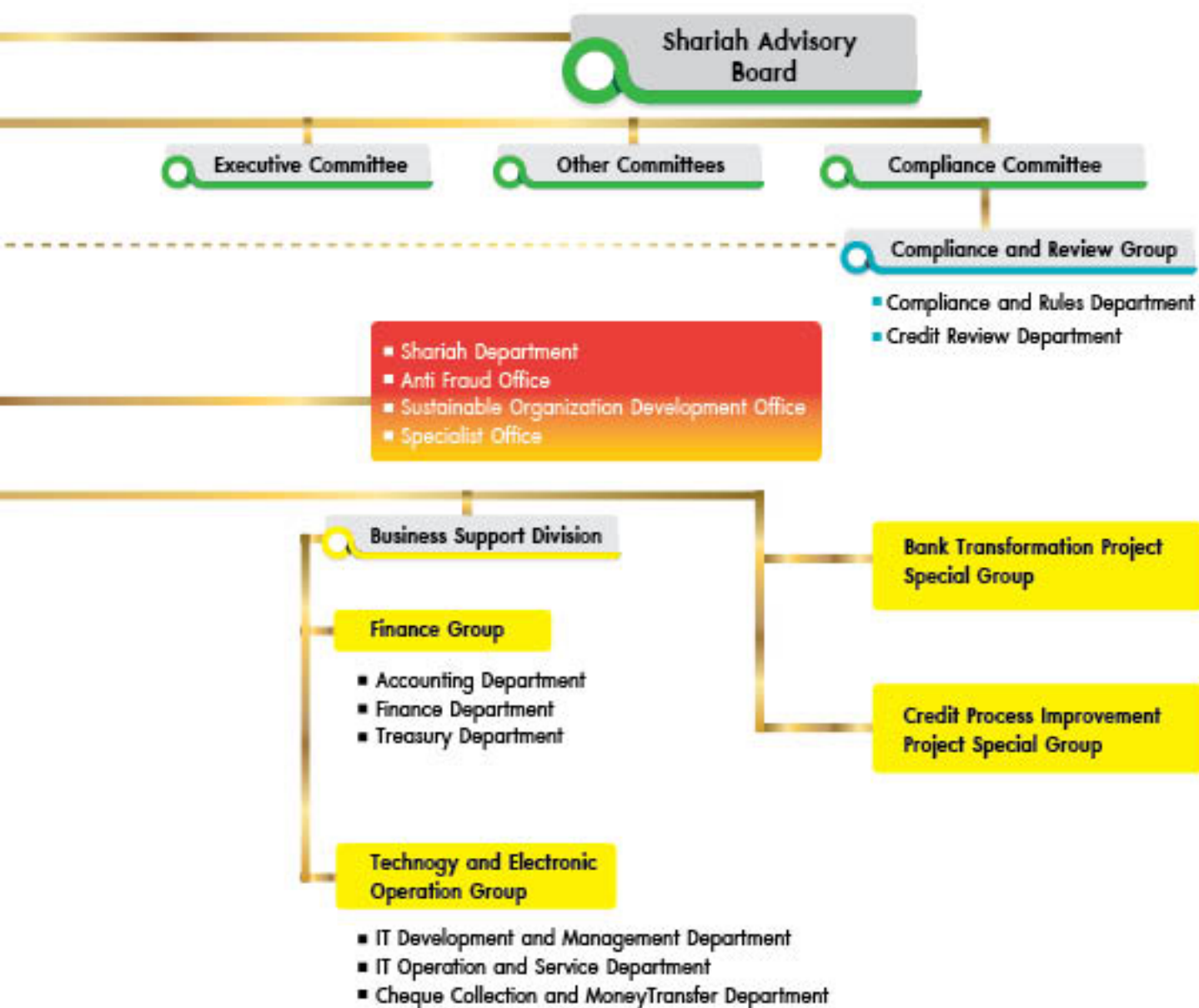
2011

- Executive Vice President, Islamic Bank of Thailand.
- Senior Vice President Compliance Department, Islamic Bank of Thailand.
- Vice President Compliance Department, Islamic Bank of Thailand.



Organization Structure of Islamic Bank of Thailand





Effective Date 2 March 2015
 According to the Rules of Islamic Bank of Thailand
 On the Divisions and Functions of the Job
 (Additional Amendment, No. 22 A.D. 2015)

Industry situation and trend

Thailand's 2016 Economic Overview and 2017 Outlook

Thai economy in 2016 was on better track with expectation to grow to 3.2% from 2.8% in 2015 thanks to the expanding private consumption at 3.1% from the improvement of income in agricultural sector; agricultural productivity and rubber price. The government's economic stimulus also helped the public investment grow to 9.3%. Nevertheless, private investment still contracted continuously at 0.6% in line with the export shrinkage at 0.6%. The volatile economy of trade-partner countries is also another factor affecting investors' confidence. Moreover, the suppression of illegal tourism activities and suspension of entertainment during the country's mourning period have resulted in the slowdown in service export.

For 2017, it is forecasted that Thai economy will expand at the same rate of 3.2% with the year 2016 (Source: BoT) due to supporting factors, i.e. the government economic stimulus in 'Pracharat Project' promoting investment with the limit of Baht 100 billion and Matching Fund project which is an additional investment apart from the existing government investment to help drive the economy. It is expected the public investment will expand to 11.9% and public consumption will grow 3.2%. Such economic stimulus also helps private investment grow to positive 1.6% in alignment with the investors' better confidence in economic direction. Private consumption is expected to grow 2.6% and export is likely to recover and become positive again based on the estimation of export volume which continuously increases and the exported commodities' prices which are on the upward trend.

Risk factors for 2017 are 1) the uncertainty of trade-party countries' economy which has been increasing due to the trade barriers policy of the new U.S. government and the withdrawal from Trans-Pacific Partnership (TPP) that will cause private sectors to slow down investment in TPP member countries, and 2) the different financial policies of industrial countries would will cause more volatility in global money market and international capital movement.



Economic Expansion Rate			
Percentage/Year	2015	2016*	2017*
Overall Thai economy	2.8	3.2	3.2
Private consumption	2.1	3.1	2.6
Private investment	-2.0	-0.6	1.6
Public consumption	2.2	1.1	3.2
Public investment	29.8	9.3	11.9
Export value	-5.6	-0.6	0.0
Import value	-10.6	-5.0	7.8
Headline inflation	-0.9	0.2	1.5

Source: The Bank of Thailand (December 2016)

Note: * Projected figures



Business Overview and Competition in Commercial Banking Industry in 2016

Thailand's commercial banking industry in 2016 slowed down from the previous year. The industry's loan grew 2.0% from 4.8% in 2015 due to the additional restriction of loan granting derived from concerns about credit quality of some industries and the gradually growing economy. Business loan grew 0.6% compared to 4.7% in 2015 as per the contraction of corporate loan (excluding financial sector) at 1.1% from the public debt settlement. SME loan (excluding financial sector) grew at slower pace to 1.8%, opposite to the expansion of 5.6% in the previous year. This was due mainly to the contraction of loan in industrial and real estate sectors. Consumer loan grew 4.9%, less than the growth of 7.1% in 2015, as per the slowdown in home loan, credit card and personal loan as most commercial banks have increased restriction when granting loan because of the concern about the economic condition, household debt serviceability, housing market trend and risk of real estate bubble. While household sector has become more conscious in spending.

As of the end of 2016, non-performing loans (NPLs) balance was at Baht 385.7 billion, increasing by Baht 48.1 billion in the

previous, due mainly to SME loan and home loan. Commercial banks have set aside additional provision 18% from the previous year and the ratio of provision on hand to required provision increased to 159.6% from 158.3% in 2015.

Nevertheless, the deposit portfolio management that focused on increasing the portion of current and savings accounts (CASA) helped reduce the cost of deposit and commercial banks have posted net profit at Baht 199 billion, 8.6% increasing from the previous year and return on asset (ROA) remained unchanged at 1.1%.

For the year 2017, commercial banking industry is likely to expand further from the year 2016, in accordance with the expansion of private investment thanks to public investment project of which budget disbursement started in 2016. Although the loan demand has been on upward trend in line with economic growth, household debt and private debt have tended to increase continuously causing commercial banks to increase restriction when granting loan. This may have impact on the growth of commercial banking industry in 2017.

2016 Operating Result and Year Plan for 2017

Overall 2016 Operating Performance

The Bank's rehabilitation in 2016 was still implemented under the guideline of the State Enterprise Policy Commission (SEPO), Ministry of Finance, and the Bank of Thailand (BOT)'s criteria, focusing on the rehabilitation in line with the plan approved by the SEPO on 20 April 2016, comprising 6 key guidelines as follows:

1. To reduce unnecessary operating expenses and optimize the utilization of existing resources.
2. To reduce the return on deposit to be at the appropriate level.
3. To strengthen the core business by focusing on SMEs and retail financing as per the mission.
4. To increase fee income especially non-credit fee income.
5. To run other important programs such as Muslim back to IBANK to build confidence for Muslims to use our service and give referral, Financing Program in Five Southern Border Provinces to Support Integrated Job Creation (which has been an important mission to the Bank), and Financing Program for Cooperatives, Halal Business, Hajj and religious activities.
6. To improve the efficiency of human resources management system.

The Bank has had improvement and progress on rehabilitation in many ways. For the separation of good debt from bad debt to solve the organization's problem, the Ministry of Finance has registered and established Islamic Bank Asset Management (IAM) to the Ministry of Commerce to receive the transfer of non-Muslim non-performing assets from the Bank in accordance with the Cabinet's resolution on late September 2016. As for the financial restructuring to solve the Bank's financial status problem, the SEPO passed a resolution assigning the Ministry of Finance to solve the Bank's financial status problem by decreasing and increasing capital to have positive capital and to be prepared for seeking



investment partners with expertise in Shariah in order to strengthen the Islamic financial business operation.

Loan growth of commercial banking system in 2016 was still challenging in commercial and retail segments, especially SME segment due to the concern about continuous decrease in credit quality, and household segment in terms of home loan and consumption loan due to the concern about the applicants' creditability resulting in slow growth of loan volume. The year 2016 was the first year in the past five years that loan grew lower than GDP. Based on this concern plus the Bank's financing limitation of up to Baht 200 million per group per customer since 2013, corporate customers whose loan accounts were normal made repayment



and refinanced to other financial institutions in an amount over Baht 2 billion in 2016. In addition, most of the loans in line with the mission were retail loans so the Bank was unable to grow more loan to offset such repayment and refinancing on time. This has significant impact on credit income. Nevertheless, the cooperation of the management and staff at Head Office and branches nation-wide in 2016 enabled the Bank to manage down the return on deposit rate significantly and increase Takaful fee income beyond the target. In reducing financial expense, liquidity was managed to align with the loan demand at particular time, as well as the management of return on deposit rate for high network segment and the expansion of OASA to grow continuously from around 20.75% in 2015 to 21.53% in 2016. As a result, the Bank's return on

deposit was higher than the average of commercial banking system which decreased from 114 basis points as of the end of 2015 to 82 basis points as of the end of 2016, while the Bank's return on deposit decreased around 68 basis points, more than double decrease comparing to cost of deposit of commercial banking system which decreased around 36 basis points. Besides, the customers' good response to Takaful for Ibank Program 2016, with the staff's collaboration, enabled the Bank to successfully increase Takaful fee income beyond the target by growing three times from 2015, or more than Baht 15 million. The contribution in 2016 was over Baht 360 million, the highest contribution amount since the Takaful service has been available. There are more than 1,000 staff holding Takaful licenses and they accounted more than half of the Bank's total staff. For expenses, the Bank's 65% operating expenses were fixed expenses on premise & building and HRL. Although the Bank still recorded net loss for the operating performance in 2016, its operating result has gradually improved in the past three years and the loss has been reducing since 2014. In 2016, the net loss was recorded at Baht 3,524 million, decreasing by Baht 1,120 million or 24% from the end of 2015 where the loss was recorded at Baht 4,644 million. This was mostly from the attempt to solve NPFs which helped reduce loan loss reserve Baht 1,448 million, from 2015 while NPF was Baht 53,718 million. The provision was fully set aside as required by the Bank of Thailand and the Bank has set aside additional excess reserve for more than Baht 2 billion to cushion any possible economic impact resulting in NPF at around Baht 217 million. For the financial status in 2016, the Bank's total assets were in an amount of Baht 81,857 million, decreasing from 2015 by Baht 9,638 million or 11% approximately. Salient points of the operating result and financial status are summarized below:

Income

Total income was recorded at Baht 4,108 million, mainly from financial income which accounted for 92% or Baht 3,788 million, including other income of 8% or Baht 325 million.

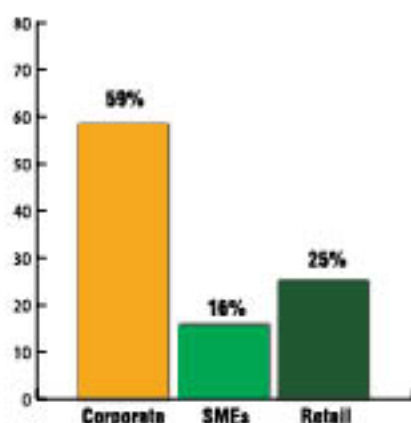
Expense

Total expense was Baht 4,518 million, comprising financial expense of 48% or Baht 2,081 million, and operating expense of 54% or Baht 2,457 million.

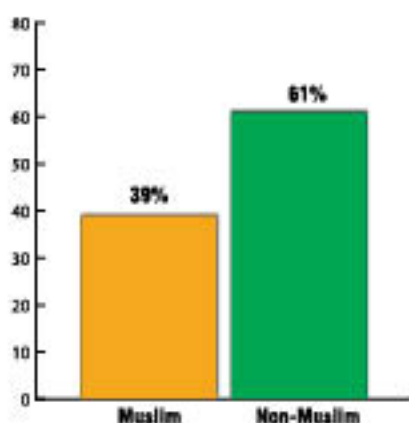
Credit

Total credit was Baht 93,498 million, decreasing from 2015 by Baht 4,877 million or 5%. The Bank's overall credit structure as of 2016 was still in the same direction with 2015. Corporate loan (limit over Baht 200 million) had the largest portion of 59% with total limit of Baht 55,060 million for 111 customers. SMEs loan (limit over Baht 20 million - 200 million) had portion of 16% with total limit of Baht 14,692 million for 283 customers. Retail loan (limit up to Baht 20 million) had portion of 25% with total limit of Baht 23,744 million for 104,538 customers. Muslim customers represented 39% of the total credit customers and 61% were non-Muslims.

Credit restructure by segments



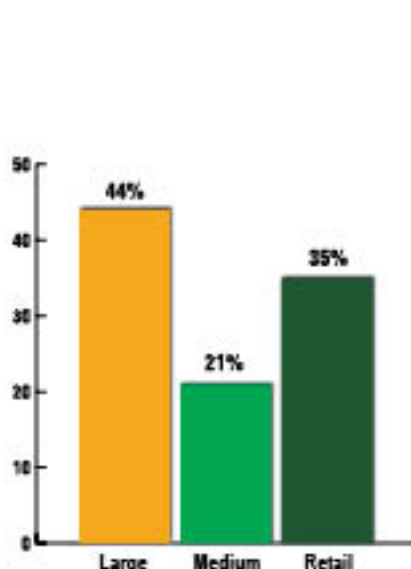
Credit customers structure (Muslims and non-Muslims)



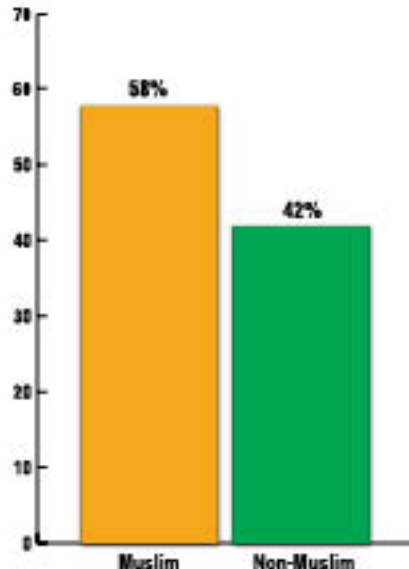
Deposit

Total deposit in 2016 was Baht 95,693 million, decreasing from 2015 by Baht 6,019 million or 6%. The Bank's overall deposit structure as of 2016 was in line with the credit structure. Large-size deposit (volume more than Baht 200 million) had the largest portion of 44% with total amount of Baht 42,314 million from 51 customers. Medium-size deposit (volume over Baht 20 million - 200 million) was 21% with total amount of Baht 20,487 million from 439 customers. Retail deposit (volume up to Baht 20 million) was 35% with total amount of Baht 32,892 million from 771,607 customers. Muslim deposit customers represented 58% of the total deposit customers, and 42% were non-Muslims.

Deposit structure by segments



Deposit customer structure (Muslims and non-Muslims)



Capital

Total capital was Baht 17,077 million, deteriorating from the contraction of Baht 3,441 million in 2015, because the Bank has not received the second tranche of capital increase and the performance result in 2016 recorded net loss of Baht 3,524 million. BIS ratio, with risk assets of Baht 55,052 million, was at -81.02%, lower than the requirement at 8.50% as prescribed by the Ministerial Regulation regarding capital requirement of Islamic Bank of Thailand B.E. 2547.

Non-performing asset

The Bank's sub-standard loan (overdue for 3 months and longer) as of the end of 2016 was Baht 53,718 million, accounting for 57% of total loan, and increasing from 2015 by Baht 5,659 million, mostly from the increase in non-performing financings with the limits over Baht 20 million - 200 million.

Performance result as per 2016 business plan

Branches and credit-deposit transactions by regions

In December 2016, the Bank had 107 branches nation-wide; 39 branches in southern region, 39 branches in Bangkok and vicinity, central region, eastern region and western region, 17 branches in northern region, and 12 branches in northeastern region.

Considering the branches' service coverage, volume of credit-deposit transactions, customer number, and customer religion, it was found that, at the end of 2016, the southern area had the highest number of customers using the Bank's services and the highest portion of Muslim customers among the Bank's total customers nation-wide, in accordance with the Bank's intention to focus its business in the strategic areas as per the Bank's mission.

Table Utilization of credit-deposit services by segments and regions at the end of 2016

Unit : Branch/%

Region	Number of branches	Total deposit customers		Total Muslim deposit customers		Total credit customers		Total Muslim credit customers	
		% of customers	% of amount	No. of customers/total	Amount/total	% of customers	% of amount	No. of customers/total	Amount/total
1. The south	39	36.20%	14.36%	79.22%	44.30%	34.33%	15.24%	36.00%	42.37%
2. Bangkok and vicinity, central Thailand, the east and the west	39	30.32%	71.31%	13.34%	43.33%	41.13%	31.73%	14.33%	34.73%
3. The north	17	7.22%	9.22%	1.70%	3.33%	2.43%	3.73%	0.31%	2.27%
4. The northeast	12	3.33%	4.33%	0.34%	1.33%	2.04%	1.23%	0.33%	0.13%
Total	107	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

2017 direction and operating plan

For 2017, the Bank has been in the process of rehabilitation with three major plans to solve the organization's problems namely, financial restructuring plan, business restructuring plan and plan to find business partners.

The Bank's financial restructuring consists of 3 major activities: (1) transferring non-performing assets of non-Muslim customers to Islamic Bank Asset Management (IAM) at the price of net book value, (2) decreasing capital to eliminate accumulated loss as much as possible, and (3) increasing capital in order to have positive equity to be ready for seeking partners. The Bank will implement these plans along with the business restructuring to gain net profit after the capital increase in 2017 with key plans as follows:

(1) To increase income from operation as per the business plan via the core-business strengthening plan and the fee income increase plan as summarized below:

(1.1) Core-business strengthening plan:

- 1.1.1. To finance quality corporate customers such as large-sized organization, state enterprises, and listed companies, apart from focusing on mission-related financing which is mostly granted to SMEs and retail customers with the limit lower than Baht 20 million.
- 1.1.2. To grow personal financing focusing on financing for employees of organizations that have an agreement with the Bank to automatically debit the repayment from payrolls.
- 1.1.3. To expand credit customer base and increase credit limit for existing customers with good record.
- 1.1.4. To set measures to prevent customers' refinancing in order to retain existing credit customers with good quality.
- 1.1.5. To improve credit underwriting process and operation to be efficient, prudent and competitive.
- 1.1.6. To set an ad-hoc team to facilitate credit with end-to-end process to ensure the smooth and fast operation.
- 1.1.7. To launch tailor-made products that match the needs of customers in each segment.
- 1.1.8. To increase cross-selling activities and offer product bundling while providing services such as Takaful and Payroll.
- 1.1.9. To run important programs such as Muslim Back to IBANK by offering credit to customers in Wealth-Muslim segment so that they will refer the Bank to other Muslim businessmen and Halal operators. There is also a program to create business and jobs in five southern border provinces with collaboration of local education institutions to support and finance small entrepreneurs to add value of their products with innovations. There is a program financing Halal business by providing consultancy service to the business operators and encouraging them to realize the importance of Halal standard. There is also the business matching program for the Bank's customers to offer their products or services to target trading partners. In addition, there is a program supporting important activities of Muslims regarding Hajj and Umrah.

(1.2) Fee income increase plan:

- 1.2.1. To run a program supporting important Muslim activities to business and retail customers in the form of direct and indirect financing to boost up fee income, e.g. transfer fee related to Hajj and Umrah.
- 1.2.2. To increase fee income by revamping existing products, e.g. to add Smart Card features to ATM cards, facilitating AEO segment, students and working-age segment.
- 1.2.3. To proactively increase fee income with high growth rate from Takaful product via the program to jointly develop product variety with partners.

- 1.2.4 To set measures of cross-selling by, for example, offering account movement, transfer, bill payment, and payroll to credit customers, and offering of Takaful product.
- 1.2.5 To improve strategy of education financing fund to increase fee income.
- 1.2.6 To increase partners using the Bank's services such as bill payment via counter payment / ATM.
- 1.2.7 To generate cooperation with AMANAH Leasing.

(2) To decrease operating expenses as per the business plan by decreasing both financial cost and operating expenses:

(2.1) Financial cost decrease plan:

- (1) To control the approval of special rate on deposit and to decrease deposit with high cost such as deposits from auction in personal, wealth and corporate segments.
- (2) To reduce excessive liquidity to align with credit underwriting.
- (3) To review return on deposit rate, especially special savings of corporate deposit customers, to be appropriate.
- (4) To review, develop, and promote deposit products to increase market share in the southern region which now has high OASA portion.
- (5) To review and develop products to align with the Muslim practice, such as Muslim high net-worth segment, mosque deposit, Hajj deposit, and deposit for Zakat account.
- (6) To promote Shariah-compliant deposit product (no return).
- (7) To promote account opening by Muslims for religious activities such as Zakat, Hajj and Umrah.
- (8) To increase partners in bill payment transactions to increase more OASA.
- (9) To set KPIs for branches and staff to acquire deposit in replacement of corporate deposit that receives special return rate.
- (10) To increase cross-selling with credit customers and their trade partners to open business account or payroll.
- (11) To improve service provision system via counter or ATM.

(2.2) Operating expense decrease plan by implementing Branch Rationalization program to merge non-profitable branches, downsize branches, and relocated branches from expensive rental areas.

(2.3) Human resources management plan by revising organization structure, planning manpower, and redeployment, as well as reviewing work procedures to align with the business size and volume.

(3) To reduce non-performing financing: For efficient management, the Bank will centralize the management of debtors entering debt restructuring program for more than two times. For debtors in watch-list and doubtful-loss group, the Bank will closely monitor and oversee. The Bank will negotiate with debtors that still have business operation potential, and agree to negotiate, to provide relaxation on repayment conditions in accordance with the debtors' debt serviceability on a case by case basis. In this regard, the Bank will determine the management of retail debtors based on the bucket of overdue in each segment.

(4) Resources co-utilization with other specialized financial institutions: To prepare possible guideline on co-utilization of resources, i.e. distribution channels, IT and non-IT.

Partner finding

The Bank will expedite the implementation of the rehabilitation plan as per the 2017 business plan to regain reliability and increase the organization's value, together with cooperating with the Ministry of Finance's agency to transfer NPF to IAM and expediting the capital decrease and increase for positive capital. At the same time, the Bank will open the negotiation with Islamic-compliant financial institutions in line with the policy approved by the SEPO to find the business partners. The selection of partner will take into account the value added to the rehabilitation and the Bank's business in future. This action is top priority that must be done quickly and requires coordination with the Ministry of Finance and related agencies to ensure the Bank successfully finds the partner and achieves target.

Credit facilities for society and community

The Bank has aimed to grant credit facilities by focusing on supporting and providing access to funding resources for Muslims and low-income segment to earn their living, uplift their living standard and live sustainably. The Bank has been committed to support the government's policies and participate in driving the country's economy with expected benefits as follows:

- To solve poverty, stabilize income generation and increase income for sectors in the community.
- To ensure fairness and peace in the society by restructuring debt and providing debt relief for both legal and illegal loans to the people joining the program.
- To boost economy in the community, as well as the investment, production and trade at local level to ensure sustainable economic growth. This will lead to the fair benefit incidence that helps reduce the gap of income distribution.
- To participate in providing opportunity to Thai people of any religions to equally have access to education and funding resources, leading to the country's sustainable development. Muslims can also utilize Islamic-compliant financial services.

Hajj and Umrah affairs

In 2017, the Bank's business regarding Hajj and Umrah continues to align with the Bank's policy to increase Muslim customer base in accordance with the rehabilitation plan as detailed below:

- To create opportunity and seek market penetration for branches and related departments by arranging activity booths in communities, mosques, Islamic organization, and education institutions in several occasions to promote the Bank's products.
- To provide guarantee loan for Hajj affairs by issuing letter of guarantee for registering Hajj operators to place at the Hajj Affairs Promotion Commission of Thailand.
- To provide letter of guarantee for borrowing from "Hajj Travel Fund" to pay for accommodation in advance.
- To provide pilgrim registration service online where Hajj pilgrims can apply for auto-payment by debiting from their accounts.
- To facilitate the Hajj pilgrims during the Hajj period.
- To provide Zakat management service for customers who want to delegate the Bank to pay Zakat on their behalf. The Bank's Zakat account numbers is 001-1-03879-9, Klongtan Branch, receiving Zakat from those having duties to pay Zakat.

Trade finance operation

The Bank has a plan to generate more income from trade finance business in 2017 with the target customers and approaches as follows:

Additional income generation from existing customer base

1. To boost utilization focusing on customers having export-import transactions and making payment with letter of credit which generate fee income at large portion.
2. To quickly coordinate with credit-related units to consider limit increase for customers having good potential and continuous business expansion.

New customer acquisition

1. To collect and prepare data of Halal business in each sector to design marketing or penetration plan by cooperating with government agencies and religious organizations.
2. To proactively promote the products and services by preparing product program for target customers, with close cooperation with government agencies and religious organizations.
3. To increase and diversify marketing materials to match target groups.
4. To support and promote activities with organizations that the Bank has signed MOUs throughout the year, e.g. the Central Islamic Council, the Halal Science Center, and the Halal Standard Institute.
5. To work with credit underwriting unit and branches to develop and offer products to the Bank's target customers.

IT system development

The Bank has determined a plan to continuously develop IT system in line with the rehabilitation strategy and business plan during 2017 - 2021, taking into account both external and internal factors such as rules, regulations and requirements, e.g. the Islamic Bank of Thailand's notification, as well as business and technology trend, digital development for economy and society plan, IT system satisfaction and best practices.

In 2017, the Bank will continue developing e-payment system, business guarantee system development (intellectual property) in the next phase, as well as improving efficiency of collateral appraisal system and IFRS9.



Key projects

In 2017, the Bank has had key projects to support the operation in compliance with the regulatory policies/laws and projects to support business growth as summarized below:

1. Key projects to support the operation in compliance with the regulatory policies/laws

Project Name	Objective
1. E-Payment system development	To be a part of Thailand's payment infrastructure development project.
2. Business collateral system development (intellectual property) 2nd phase	To provide additional channels for business financing customers, especially SMEs, to place assets with economic value as collateral for credit application.
3. Accounting standard development	To ensure the Bank's financial statements are conducted correctly in line with generally accepted accounting standards and international financial reporting standards once they take effect.
4. Basel II	To prepare for capital calculation as per the criteria.
5. SMEs financing database development	To support the report in line with the Bank of Thailand's SMEs loan database development plan for specialized financial institutions in order to be the center of SMEs loan information for the entire financial institution system.

2. Projects to support business growth

Project Name	Objective
1. Branch business model revamp	To enable the branches to perform core duty: providing integrated services.
2. Credit underwriting efficiency enhancement and risk mitigation 2.1 Centralized back office 2.2 Centralized debt collection and rectification	To enhance efficiency, reduce time consumption, and mitigate credit operation risk.
3. Credit underwriting improvement 3.1 Credit underwriting restructuring to reduce underwriting procedures 3.2 Underwriting standard review for financing business that requires extra caution as prescribed by the Bank of Thailand to be in accordance with the current credit underwriting circumstance 3.3 Credit Risk Management unit's role increase	To ensure the Bank's financing expansion is in line with the target within the Bank's risk appetite.
4. Increase in fee from Takaful insurance	To expand non-credit fee base.

Good Corporate Governance



The Islamic Bank of Thailand (the "Bank") has reviewed and updated its Good Corporate Governance Policy 2010 to be Corporate Governance Policy 2018 (the "Policy") which was approved by the Board of Directors' meeting no. 14/2559. The Policy was announced and took effect from 17 November 2018. The Bank has followed the Bank of Thailand's notification no. SorKorSor. 19/2559 Re: Criteria on Corporate Governance of Specialized Financial Institutions Operating Financial Business in Accordance with Islamic Principles, which covers governance issues, as guideline and criteria for management practice, and used it as the standard of announcement and policy implementation of the "policy" consisting of 8 sections.

Section 1 The Principle of Good Corporate Governance by The State

Section 2 Right and Equitable Treatment of The State

Section 3 Responsibilities of The Board

Section 4 Roles of stakeholders

Section 5 Information disclosure and transparency

Section 6 Codes of Ethics

Each section consists of 7 principles at which are essentials and widely accepted under international standard as follows:

1. "Integrity" refers to qualification of righteousness, honesty and moral virtue.

2. "Transparency" refers to qualification of being transparent, disclosing of sufficient information to stakeholders, and being ready for inspection.

3. Accountability refers to qualification of being accountable for outcome, i.e. having knowledge, capability and reliability to perform duties.

4. Responsibility refers to qualification of being responsible for duties, i.e. having responsibility to perform duties as assigned with righteousness, honesty and prudence.

5. Equitable Treatment refers to qualification of providing equitable treatment to stakeholders.

6. Best Practice refers to qualification of promoting and improving good governance and code of ethics and moral.

7. Participation refers to qualification of encouraging stakeholders to express opinions about any operation that may affect individuals, agencies and environment.

The Bank has followed the rehabilitation plan strictly and constantly. Each step of the plan has been approved by the State Enterprise Policy Commission (SEPO) and the compliance with rehabilitation plan has been closely monitored by the State Enterprise Policy Office (SEPO). In addition, the Islamic Bank of Thailand has adhered to Shariah principle together with corporate governance, differently from other state-owned financial institutions, to ensure the management and Bank operations are fully in compliance with Islamic principle and the rehabilitation plan.

Structure and Responsibilities of the Board of Directors

Structure of Islamic Bank of Thailand's Board of Directors

Islamic Bank of Thailand's Board of Directors consists of 11 members, all of whom are experts with extensive knowledge, skills and experiences in management of various fields. The qualified candidates are appointed by the Bank's shareholders meeting to be directors. The appointment process is in compliance with the law and the Bank's Article of Association. Each director serves the term of three years. When a director is due to retire by rotation, the Bank shall arrange a shareholders meeting to select the replacement. As of 31 December 2016, the Bank's Board consisted of 11 directors as follows:

No.	Name	Position/Assigned Duties	Source of the Position Assumed
1.	Mr. Chalwat Uthairat	- Chairman	Director
2.	Gen. Natthipong Pucksakorn	- Director - Chairman of Audit Subcommittee - Member of CG & CSR Subcommittee - Chairman of Nomination and Remuneration Subcommittee	Director
3.	Mr. Niphol Hakim	- Director - Chairman of Executive Subcommittee - Chairman of Compliance Subcommittee - Member of President's Performance Appraisal Subcommittee - Member of President Nomination Subcommittee - Member of Zakat Subcommittee	Director
4.	Mr. Panu Uthairat	- Director - Chairman of CG & CSR Subcommittee - Chairman of President's Performance Appraisal Subcommittee - Member of Audit Subcommittee	Director
6.	Mr. Montchal Retanasathien	- Director - Chairman of Risk Management Subcommittee - Chairman of Business Relation Affairs Subcommittee - Vice Chairman of Executive Committee - Member of CG & CSR Subcommittee - Member of Compliance Subcommittee - Member of President Nomination Subcommittee	Director
6.	Assoc. Prof. Dr. Pasu Decharin	- Director - Chairman of Information Technology Development Subcommittee* - Member of Audit Subcommittee - Member of CG & CSR Subcommittee - Member of Nomination and Remuneration Subcommittee - Member of President Nomination Subcommittee	Director
7.	Miss Piyanan Lamkitjha	- Director - Vice Chairperson of President Nomination Subcommittee - Member of Executive Subcommittee - Member of Compliance Subcommittee - Member of Nomination and Remuneration Subcommittee - Member of President's Performance Appraisal Subcommittee	Director
8.	Mr. Pornchai Thiraveja	- Director - Member of Risk Management Subcommittee - Member of Information Technology Development Subcommittee*	Director
9.	Mr. Wittaya Chaisuwat	- Director - Chairman of President Nomination Subcommittee	Director
10.	Mr. Vitai Rajanskorn	- Director	Director
11.	Miss Veena Teechachainirun	- Acting President - Director - Member of Risk Management Subcommittee - Member of CG & CSR Subcommittee - Member of Information Technology Development Subcommittee*	Director

* Note * Information Technology Development Subcommittee was dissolved on 15 October 2016.

Appointment of Committees, Subcommittees and Working Groups

1. Executive Subcommittee

☉ Scope of authorities of the Executive Subcommittee is as follows:

1. To set overall investment policies, determine investment direction for potential companies that the Bank may invest in line with the Bank's investment policies, and hold authority to approve investment direction and overall investment activities under the Bank's rules.
2. To approve possible losses that may (or may not) arise from debt restructuring within the limit granted by the Board of Directors.
3. To approve credit, debt restructuring, investment in securities and property, receipt of financial support, procurement and outsourcing, and other general expenses within the scope of authority granted by the Board of Directors.
4. To recommend appropriate and efficient organization structure, propose policies and strategies in terms of personnel, manpower, remuneration and benefits for staff and employees to the Board of Directors for approval.
5. To review the Bank's master plans on human resource development both in short and long terms as well as other ongoing programs.
6. To provide operational advice in terms of organizational structure, personnel, remuneration, benefits and welfare, dynamic and sustainable organization development, and provide recommendation on employment of education institutions or external consultants to improve the Bank's personnel management.
7. To develop human resources at all levels to have readiness in all aspects to ensure their vision, extensive knowledge good personality and good conscience.
8. To screen and identify duties out of the authority scope of subcommittees and propose them to the Board of Directors.
9. To consider other significant matters such as new businesses, compensation policy, credit policy, accounting policy and lawsuits taken against the Bank.
10. To approve or acknowledge other matters related to the management that the Executive Subcommittee deems necessary or proper to be tabled.
11. To consider any other issues assigned by the Board of Directors.

Members of Executive Subcommittee as of 31 December 2016 are as follows:

- | | |
|-----------------------------|----------------------|
| 1. Mr. Niphon Haskimi | Chairman |
| 2. Mr. Montchai Rajanastien | Vice Chairman |
| 3. Miss Piyawan Lamkitjha | Member |
| 4. President | Member and Secretary |

Details of change in Executive Subcommittee during 2016

1. Mr. Niphon Haskimi has been Chairman since 23 June 2015 until present.
2. Mr. Montchai Rajanastien has been Vice Chairman since 21 August 2014 until present.
3. Miss Piyawan Lamkitjha has been Member since 29 September 2014 until present.

2. Audit Subcommittee

☉ Scope of authorities of the Audit Subcommittee is as follows:

1. To propose the appointment of the Bank's auditor to the Board of Directors, monitor the auditor's performance and consider audit fees.

2. To make final decision in case the Bank's management and auditor have contradictory opinions on the Bank's financial reports.
3. To consider other non-audit duties that the Bank may require the auditor to perform.
4. To endorse and recommend the Board of Directors to approve the appointment, transfer, dismissal, remuneration and annual performance rewards for the top management of Internal Audit Department.
5. To review and approve charters and code of ethics of Internal Audit Department as well as the internal audit plans and budget of Internal Audit Department.
6. To outsource consultants or professional experts to provide advice or assistance on audit activities at the expense of the Bank.
7. To request information and cooperation from the Bank's relevant employees and related third parties.
8. To have meetings with the management, auditor, internal auditor and external consultants as necessary and appropriate.
9. To delegate authority to working groups in the Audit Subcommittee (if any) as appropriate.

Members of Audit Subcommittee as of 31 December 2016 are as follows:

- | | |
|--|-----------|
| 1. Gen. Natthipong Pueksakorn | Chairman |
| 2. Mr. Panu Uthairat | Member |
| 3. Assoc. Prof. Dr. Pasu Decharin | Member |
| 4. Vice President /Senior Vice President of Internal Audit Department or assigned person | Secretary |

Details of change in Audit Subcommittee during 2016

1. Gen. Natthipong Pueksakorn has been Chairman since 21 August 2014 until present.
2. Mr. Panu Uthairat has been Member since 21 August 2014 until present.
3. Assoc. Prof. Dr. Pasu Decharin has been Member since 21 August 2014 until present.

3. Risk Management Subcommittee

☺ Scope of authorities of the Risk Management Subcommittee is as follows:

1. To determine risk management policy and propose to the Board of Directors. The policy shall cover six 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. To set up strategies in line with the risk management policy, ensuring that the Bank's risks can be assessed, monitored and controlled at the acceptable level.
3. To review the adequacy of risk management policy and system, including the effectiveness of the system and policy compliance.
4. To coordinate with the Audit Subcommittee and regularly report to the Board of Directors regarding any risk management issues that need improvement in order to align with the set policy and strategy.
5. To supervise, endorse the preparation of the Bank's risk assessment report and propose to the Board of Directors for acknowledgement 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. To have authority to have information, documents, persons or related departments to be examined or provide clarification. The minutes of the meetings shall be submitted for the Board of Directors' acknowledgement.

7. To have authority to appoint consultants to give to the Risk Management Subcommittee an advice, opinion or recommendation regarding risk management and other issues for the Bank's benefits. The remuneration shall be paid on a monthly basis and not exceed the meeting allowance of the Risk Management Subcommittee.
8. To determine, review and improve the Bank's GRI Framework and propose to the Board of Directors.
9. To determine and review the Bank's GRI target based on phases needed to achieve GRI coverage and propose to the Board of Directors for approval.
10. To support the integration of good corporate governance, risk management, compliance and business operation of the Bank.
11. To perform other duties as assigned by the Board of Directors.

Members of Risk Management Subcommittee as of 31 December 2016 are as follows:

- | | |
|---|-----------|
| 1. Mr. Montchai Rajanasitien | Chairman |
| 2. Mr. Pornchai Thiraveja | Member |
| 3. President | Member |
| 4. Vice President/Senior Vice President
of Risk Management Department or assigned person | Secretary |

Details of change in Risk Management Subcommittee during 2016

1. Mr. Dusit Kemasakchai had been Chairman from 28 June 2014 to 14 March 2016.
2. Mr. Montchai Rajanasitien has been Chairman since 25 August 2015 until present, and had been Member from 21 August 2014 to 24 August 2016.
3. Mr. Pornchai Thiraveja has been Chairman since 23 June 2015 until present.

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

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

1. To propose OG & CSR policy to the Board of Directors.
2. To regularly review policies about corporate governance, social and environmental responsibilities.
3. To determine framework for operation in line with the Bank's code of ethics.
4. To provide recommendation on the Bank's business operation to achieve target in line with the Bank's annual OG & CSR plan.
5. To promote and provide cultural information and transparent corporate governance to ensure understanding in all levels and practical outcome, including the participation of the Board of Directors, executives, staff, employees, communities, customers and the public in CSR activities for sustainable development.
6. To integrate processes regarding corporate governance, risk management and compliance to ensure the achievement is derived from all departments' participation (integrity-driven performance).
7. To monitor the OG & CSR operation and report to the Board of Directors.
8. To supervise the Bank's integrated operation in line with the Bank's OG & CSR, supervise the preparation of annual OG & CSR report.
9. To appoint working groups or consultants of the OG & CSR Subcommittee to support the performance on corporate governance and social responsibility as necessary and appropriate.
10. To perform other duties as assigned by the Board of Directors.

Members of CG & CSR Subcommittee as of 31 December 2016 are as follows:

- | | |
|--|----------------------|
| 1) Mr. Panu Uthairat | Chairman |
| 2) Gen. Natthipong Pueksakorn | Member |
| 3) Assoc. Prof. Dr. Pasu Decharin | Member |
| 4) Mr. Montchai Rajanasitien | Member |
| 5) President | Member |
| 6) Executive Director/Senior Executive Director
of Communication and Corporate Image Department | Member |
| 7) Chairman of the Bank's State Enterprise Union | Member |
| 8) Vice President/Senior Vice President
of Sustainable Organization Development Office or assigned person | Member and Secretary |

Details of change in CG & CSR Subcommittee during 2016

1. Mr. Panu Uthairat has been Chairman since 29 September 2014 until present.
2. Gen. Natthipong Pueksakorn has been Member since 21 August 2014 until present.
3. Assoc. Prof. Dr. Pasu Decharin has been Member since 21 August 2014 until present.
4. Mr. Montchai Rajanasitien has been Member since 29 September 2014 until present.

5. Nomination and Remuneration Subcommittee

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

Nomination

1. To set policy, criteria and method of recruitment, selection and nomination of the Bank's directors and subcommittee members for the Board of Directors' approval, taking into account the following aspects:
 - 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 the replacement for vacant positions due to directors' retirement by rotation or any other reasons.
2. To set policy, criteria and methods of recruitment of executives (Executive vice President and above), excluding President.
3. To ensure that the Bank has appropriate succession plan for President and propose to the Board of Directors for approval.

Remuneration

1. To propose appropriate compensation plan for the Bank's directors to the Board of Directors and the shareholders subsequently.
2. To propose appropriate compensation plan for the Bank's subcommittees to the Board of Directors.
3. To propose appropriate compensation plan for executives (Executive Vice President and above) to the Board of Directors.
4. To perform other duties as assigned by the Board of Directors.

Members of Nomination and Remuneration Subcommittee as of 31 December 2016 are as follows:

- | | |
|---|----------|
| 1) Gen. Natthipong Pueksakorn | Chairman |
| 2) Assoc. Prof. Dr. Pasu Decharin | Member |
| 3) Miss Piyawan Lamkittha | Member |
| 4) Vice President of Corporate Secretary Department | |

Details of change in Nomination and Remuneration Subcommittee during 2016

1. Mr. Dusit Kemasakchai had been Chairman from 21 August 2014 to 14 March 2016.
2. Gen. Natthipong Pueksakorn has been Chairman since 24 March 2016 until present.
3. Miss Piyawan Lamkitcha has been Member since 21 August 2014 until present.
4. Assoc. Prof. Dr. Pasu Decharin has been Member since 29 September 2014 until present.

6. Compliance Subcommittee

Scope of authorities of the Compliance Subcommittee is as follows:

1. To consider and screen the issuance or review the rules and regulations of the Bank issued in compliance with the law or the Bank's rules in terms of personnel management, banking and general operation management, provide advice or recommendation on exercising authority to issue, enforce and determine the direction and legal issues regarding rules and regulations, and consider the summary and ensure the completeness of rules and regulations prior to submission for approval.
2. To regularly review policy and charter of compliance with the regulatory requirements and propose for the Board of Directors' approval.
3. To have authority to appoint working groups or the Bank's employees to perform assigned duties.
4. To have authority to invite working groups of the Bank's employees to provide information or clarification supporting the consideration.
5. To consider and provide comments or recommendation on compliance report and credit review and report to the Board of Directors for acknowledgement.
6. To endorse annual compliance report, compliance plan and credit review.
7. To provide recommendation on performance of Compliance and Rules Department and Credit Review Department.
8. To report to the Board of Directors for further correction of any found or suspicious non-compliance with the law, rules, regulations, standard and practices in any transactions that may cause compliance risk.
9. To perform other duties as assigned by the Board of Directors.

Members of Compliance Subcommittee as of 31 December 2016 are as follows:

- | | |
|--|-----------|
| 1) Mr. Nipon Hakimi | Chairman |
| 2) Miss Piyawan Lamkitcha | Member |
| 3) Mr. Montchai Rajanasitien | Member |
| 4) Vice President/Senior Vice President
of Compliance and Rules Department or assigned person | Secretary |

Details of change in Nomination and Remuneration Subcommittee during 2016

1. Mr. Nipon Hakimi has been Chairman since 29 September 2014 until present.
2. Miss Piyawan Lamkitcha has been Member since 29 September 2014 until present.
3. Mr. Montchai Rajanasitien has been Member since 21 August 2014.

7. Information Technology Development Subcommittee

🕒 Scope of authorities of the IT Development Subcommittee is as follows:

1. To set clear IT strategy for effective management of information technology and information technology governance (IT & ITG) in order to enhance the operation efficiency and effectiveness as well as to control the Bank's IT system development.
2. To improve the Bank's IT master plan to be able to support the requirement and policy as well as changing strategy based on the organization's environment in order to match the Bank's business plan and in compliance with regulatory requirements.
3. To consider investment, breakeven and worth of systems to assess IT capacity in both financial and non-financial activities, including the appropriateness of potential IT system.
4. To provide solution and advice for remedial actions and obstacles regarding the Bank's IT system.
5. To have authority to have information, documents, persons or related units to be examined or provide clarification and submit the minutes of meetings to the Board of Directors for acknowledgement.
6. To perform other duties as assigned by the Board of Directors.

Members of IT Development Subcommittee as of 22 September 2016 are as follows:

- | | |
|--|----------------------|
| 1) Assoc. Prof. Dr. Paau Decharin | Chairman |
| 2) Mr. Porchai Thiraveja | Member |
| 3) President | Member |
| 4) Senior Executive Vice President/Executive Vice President
supervising IT work | Member |
| 5) Vice President of IT Development and Management Department
or equivalent | Member and Secretary |

🕒 Details of change in IT Development Subcommittee during 2016

1. Assoc. Prof. Dr. Paau Decharin has been Chairman since 21 August 2014 until present.
2. Mr. Porchai Thiraveja has been Member since 23 June 2015 until present.

“ The Board of Directors' meeting no. 10/2559 held on 23 September 2016 resolved to cancel the Order no. Kor.018/2558 dated 30 June 2015 re: Appointment of IT Development Subcommittee with effective date from 15 October 2016 onwards. This is because the Bank already has Business-Driven Steering Committee with duties to consider IT system operation.

8. Zakat Subcommittee

🕒 Scope of authorities of the Zakat Subcommittee is as follows:

The Zakat Subcommittee has authority to manage Zakat accounts and the Bank's Zakat account in accordance with the objectives and the principles and conditions of Islam. The subcommittee shall ensure that Zakat account management and operation is properly carried out under the rules and regulations of the Bank no. 11 regarding the Bank's transaction B.E. 2558 (the 2nd edition), Section 4, Article 18(3): Zakat Account Management.

Members of Zakat Subcommittee as of 31 December 2016 are as follows:

- | | |
|-------------------------------|----------|
| 1) Dr. Anas Amatsayakul | Chairman |
| 2) Assoc. Prof. Abdullah Abru | Member |

3) Dr. Marong Salaemng	Member
4) Mr. Pramote Meesuwan	Member
5) Mr. Senee Yupensuk	Member
6) Mr. Nipon Hakimi	Member
7) Vice President of Shariah Department	Member
8) Vice President of Hajj and Umrah Department	Member and Secretary

Details of change in Zakat Subcommittee during 2016

1. Dr. Anas Amajayakul has been Chairman since 22 October 2014 until present.
2. Assoc. Prof. Abdullah Abri has been Member since 22 October 2014 until present.
3. Dr. Marong Salaemng has been Member since 22 October 2014 until present.
4. Mr. Pramote Meesuwan has been Member since 22 October 2014 until present.
5. Mr. Senee Yupensuk has been Member since 22 October 2014 until present.
6. Mr. Nipon Hakimi has been Member since 22 October 2014 until present.

9. President's Performance Appraisal Subcommittee

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

1. To review the operation plan proposed by the President and ensure that such plan will be for the Bank's benefits.
2. To determine direction of assessment 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. To set indicators and measures the efficiency and effectiveness in the President's performance.
4. To consider the performance result and assess the quality of performance as per the business plan proposed by the President and approved by the Board of Directors.
5. To provide suggestion, and propose the assessment result including problems, obstacles and limitation of the President's performance as well as solutions to the Board of Directors.
6. To review the target and performance criteria for the President and propose to the Board of Directors for approval.
7. To present the performance result comparing with the target and criteria mentioned above to the Board of Directors to consider appropriate compensation and benefits for the President.

Members of President's Performance Appraisal Subcommittee as of 31 December 2016 are as follows:

1) Mr. Panu Uthairat	Chairman
2) Mr. Nipon Hakimi	Member
3) Miss Piyawan Lamkitcha	Member
4) Vice President of Corporate Secretary Department or equivalent	Secretary

Details of change in President's Performance Appraisal Subcommittee during 2016

1. Mr. Panu Uthairat has been Chairman since 21 August 2014 until present.
2. Mr. Nipon Hakimi has been Member since 21 August 2014 until present.
3. Miss Piyawan Lamkitcha has been Member since 21 August 2014 until present.

10. Business Relation Affairs Subcommittee

☉ Scope of authorities of the Business Relation Affairs Subcommittee is as follows:

1. To provide comments about efficiency improvement for the Bank's operation and promote and develop the labor relations.
2. To find reconciliation and end disputes in the Bank.
3. To improve regulations and work rules for the benefits of employer, employees and the Bank.
4. To discuss and solve complaints of employees or labor union including complaints related to disciplinary action.
5. To discuss ways to improve employment conditions.

Members of Business Relation Affairs Subcommittee as of 31 December 2016 are as follows:

- | | |
|------------------------------------|----------|
| 1) Mr. Montchai Rajanaatien | Chairman |
| 2) Employer's nine representatives | Members |
| 3) Employees' nine representatives | Members |

☉ Details of change in Business Relation Affairs Subcommittee during 2016

1. Mr. Montchai Rajanaatien has been Chairman since 21 August 2014 until present.

11. President Nomination Subcommittee

☉ Scope of authorities of the President Nomination Subcommittee is as follows:

1. To nominate person with knowledge, capability and experiences suitable to be President of the Bank, taking into account the transparency and scrutability.
2. To consider the qualification of potential President of the Bank in accordance with Standard Qualification of State Enterprise Directors and Officials Act B.E. 2518 and the amendment, including other relevant law and regulations.
3. To select and nominate qualified candidates to the Board of Directors.
4. To perform other duties as assigned by the Board of Directors.

Members of President Nomination Subcommittee as of 31 December 2016 are as follows:

- | | |
|--|----------------------|
| 1. Mr. Wittaya Chaisuwan | Chairman |
| 2. Miss Piyawan Lamkitjha | Vice Chairperson |
| 3. Mr. Niphon Hakimi | Member |
| 4. Mr. Montchai Rajanaatien | Member |
| 5. Assoc. Prof. Dr. Pasu Decharin | Member and Secretary |
| 6. Vice President of Corporate Secretary Department
or equivalent | Assistant Secretary |

☉ Details of change in President Nomination Subcommittee during 2016

1. Mr. Wittaya Chaisuwan has been Chairman since 23 June 2015 until present.*
2. Mr. Niphon Hakimi has been Member since 23 June 2015 until present.
3. Miss Piyawan Lamkitjha has been Member since 23 June 2015 until present.
4. Mr. Montchai Rajanaatien has been Member since 23 June 2015 until present.
5. Assoc. Prof. Dr. Pasu Decharin has been Member since 23 June 2015 until present.

Directors' Meeting Attendance in 2016

Directors' Meeting Attendance in 2016											
Name		Board of Directors	Executive Subcommittee	Audit Subcommittee	Risk Management Subcommittee	CO and CSR Subcommittee	IT Development Subcommittee	Compliance Subcommittee	Business Relation Affairs Subcommittee	Nomination and Remuneration Subcommittee	
		13 meetings	23 meetings	14 meetings	7 meetings	3 meetings	8 meetings	5 meetings	11 meetings	4 meetings	
1. Mr. Chalwat Ujalwan	Chairman	16/16	-	-	-	-	-	-	-	-	
2. Gen. Natthipong Puelakorn	Director	12/16	-	14/14	-	1/3	-	-	-	4/4	
3. Mr. Nipon Halimi	Director	11/16	19/23	-	-	-	-	4/5	-	-	
4. Mr. Panu Uthairat	Director	8/16	-	6/14	-	6/6	-	-	-	-	
5. Mr. Montchal Rajanastien	Director	16/16	21/23	-	7/7	6/6	6/6	4/5	11/11	-	
6. Assoc. Prof. Dr. Pasu Decharin	Director	8/16	-	11/14	-	0/3	6/6	-	-	6/4	
7. Miss Piyawan Lamiticha	Director	14/16	16/23	-	-	-	-	4/5	-	4/4	
8. Mr. Duet Kamassakchai	Director	1/2	2/4	-	2/2	-	-	1/1	-	-	
9. Mr. Wittaya Chaisuan	Director	2/16	-	-	-	-	-	-	-	-	
10. Dr. Pornchai Thiraveja	Director	7/16	-	-	6/7	-	0/4	-	-	-	
11. Mr. Vijai Rajanakorn	Director	4/6	-	-	-	-	-	-	-	-	
12. Miss Veena Tachachairun	Director	6/6	15/16	-	6/6	-	6/6	-	-	-	

Directors' Remuneration in 2016

Directors' Remuneration in 2016											
Name	Total Monthly Allowance for 2016	Meeting Allowance									Total Amount for 2016
		Board of Directors	Executive Subcommittee	Audit Subcommittee	Risk Management Subcommittee	CO and CSR Subcommittee	IT Development Subcommittee	Compliance Subcommittee	Business Relation Affairs Subcommittee	Nomination and Remuneration Subcommittee	
1. Mr. Chalwat Ujalwan	240,000.00	180,000.00	-	-	-	-	-	-	-	-	360,000.00
2. Gen. Natthipong Puelakorn	120,000.00	110,000.00	-	160,000.00	-	10,000.00	-	-	-	67,500.00	427,500.00
3. Mr. Nipon Halimi	120,000.00	90,000.00	125,000.00	-	-	-	-	60,000.00	-	-	395,000.00
4. Mr. Panu Uthairat	120,000.00	90,000.00	-	120,000.00	-	25,000.00	-	-	-	-	335,000.00
5. Mr. Montchal Rajanastien	120,000.00	120,000.00	167,500.00	-	60,000.00	-	10,000.00	20,000.00	5,000.00	-	475,500.00
6. Assoc. Prof. Dr. Pasu Decharin	120,000.00	40,000.00	-	120,000.00	-	-	75,000.00	-	-	20,000.00	355,000.00
7. Miss Piyawan Lamiticha	120,000.00	110,000.00	110,000.00	-	-	-	-	60,000.00	-	60,000.00	400,000.00
8. Mr. Duet Kamassakchai	24,195.56	10,000.00	22,500.00	-	25,000.00	-	-	-	-	-	81,695.56
9. Mr. Wittaya Chaisuan	120,000.00	20,000.00	-	-	-	-	-	-	-	-	140,000.00
10. Dr. Pornchai Thiraveja	120,000.00	60,000.00	-	-	40,000.00	-	-	-	-	-	220,000.00
11. Mr. Vijai Rajanakorn	71,612.90	40,000.00	-	-	-	-	-	-	-	-	111,612.90
12. Miss Veena Tachachairun	71,612.90	60,000.00	-	-	-	-	-	-	-	-	131,612.90
Total	1,667,419.56	920,000.00	695,000.00	690,000.00	125,000.00	35,000.00	85,000.00	100,000.00	5,000.00	87,500.00	6,607,919.56

Remuneration of the Management for 2016

In fiscal year 2016, compensation paid to the management, comprising Acting President and Executive Vice Presidents, consisted of salary, child support, child scholarship and the Bank's contribution to provident fund in total amount of Baht 14,971,307.84.

Headcount for 2016

Headcount Structure for 2016	
Head Office Headcount	Branch Headcount
1,309	1,050



Conflict of Interest Prevention Policy

The Bank intends to do business adhering to good corporate governance principle in order to strengthen the confidence of shareholders and all stakeholders by being transparent, fair, focusing on the performance of directors, management and employees to be based on integrity, due care, and take into account the interest of the customers and the Bank. The Bank has set rules regarding ethics of directors, the President, management and employees to prevent conflict of interest and required reporting and review of disclosure of information about conflict of interest to align with corporate governance principle. The Bank has also put in place proper control and prevention of transactions with possible conflict of interest under good moral framework. This is considered one of important ethics that directors, the President, management and employees shall strictly adhere to in order to be reliable and trustworthy for all stakeholders.

The rules and criteria are as follows:

1. Directors, President, management and employees of the Bank shall fill in the disclosure form disclosing information that he or she is or maybe in conflict of interest on an annual basis.
2. Newly appointed directors, President, management or employee shall fill in the disclosure form disclosing information that he or she is in conflict of interest on date the appointment takes effect.
3. Any significant change in fact and circumstance in the disclosure report shall be updated within 30 working days from the day such change is known.
4. Directors, President, management and employees 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, management, employees, and related persons shall not be contract party of the Bank that will cause conflict of interest, unless such contract is made for provision of service as per normal transaction without any abuse of authority.
6. Directors, President, and management shall not be directors, advisors, representatives, staff, or employees, including hired to work or to take action in any activity in the state enterprise, juristic entity or financial institution operating the same business with the Bank, or business that causes conflict of interest by participation, unless it is the performance of duties as assigned by the Bank or as representatives of state enterprise holding the Bank's shares no less than 25% of the total paid-up capital.
7. Directors, President, management and related persons are prohibited from obtaining securities of state enterprise or juristic entities via using privilege from performing duties.
8. In case of the Bank grants credit facilities to top management (Executive Vice President and above) or related persons including credit facilities granted to business having related interest, those directors or management with interest shall abstain from participation not participate in the consideration of such credit facilities.
9. In case the management having duties related to credit consideration is transferred to other supervising unit, they shall report activities under their responsibilities regarding credit consideration in the form disclosing conflict of interest within 30 working days from the day the transfer takes effect.

In this regard, the Bank requires the review of conflict of interest of the management and employees to be reported to the Audit Subcommittee, and the conflict of interest of President and directors to be reported to the Board of Directors.

The Bank is committed to ensure that the management and employees have better understanding of knowledge and awareness of "Conflict of Interest Prevention Policy" in order to perform duties in compliance with the rules.

In 2018, the Bank published an article contemplating conflict of interest for all management and employees' recognition and corroboration awareness of the importance of preventing conflict of interest. The Bank also completely and continuously disclosed its information and news to the public in compliance with Official Information Act B.E. 2540 for the benefits of the public's access to the Bank's information.

Internal Control

Internal control is a tool that helps the management and is a fundamental mechanism to oversee operation and business activities in the organization to ensure the operation is efficient and objectives are achieved. Internal control also helps prevent and protect the organization's assets, enhance the optimum utilization of the organization's resources, and ensure the operation processes are accurate and proper.

1. Internal Control System

The Bank gives importance to setting up internal control system by adopting the framework of state enterprise internal control of the State Enterprise Policy Office (SEPO), Ministry of Finance, the guideline on internal control system set-up and assessment of Office of the Auditor General, and the guideline of Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Bank also has supervised and monitored continuously to ensure that the Bank's operation will achieve the objectives efficiently and effectively, financial report and operation are reliable, and operation is in compliance with the law, and internal and external regulations and rules, as well as actions that may cause damage to the Bank's assets and reputation are prevented.

2. Internal Control Structure

- The Internal Control Assessment Subcommittee consists of top management of all departments to monitor and supervise the overall internal control in compliance with the State Audit Commission (SAC)'s regulation.
- The Audit Subcommittee has roles and duties to propose an appointment of a qualified auditor to audit plan the Board of Directors, review and approve the charters and code of ethics of internal control department, supervise the efficiency of internal control department as well as independently monitor the risk management and internal control.
- The Bank has assigned the 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 (ROSA) on two major work procedures, i) the internal control assessment based on risk levels (PorYor.2 form) in accordance with the SAC's regulation regarding Internal Control Standard B.E. 2544, Article 6, and ii) the internal control based on the components of the Internal Control Standard (Appendix A and Appendix B). The review has also been conducted to ensure the adequacy and efficiency of the internal control system and risk management in the responsible work scope. This is to gain acceptable confidence that the Bank is always capable to achieve the targets and objectives efficiently.
- The Bank has each department to assign the Risk Internal Control Compliance Officer (RIO Officer) to take responsibility for risk-related coordination, internal control assessment and compliance as well as to provide related knowledge to staff. In addition, this participation is considered part of operational risk management.

3. Major Actions Regarding Internal Control for 2016

- Analysis of risk factors based on ROSA tool for planning the improvement of organizational internal control and plan or measure for improvement of internal control that still has some issues at division levels
- Report on internal control assessment in accordance with the SAC's regulation, Article 6, at division levels (PorYor. 1 and PorYor.2 forms) and at the levels of audited departments (PorOr.1, PorOr.2 and PorOr.3 forms.)
- Set-up of measures to prevent, correct and improve processes and enhance effectiveness and efficiency for the issues regarding governance, risk management and compliance (GRC) that some offices and branches have not been in compliance with the regulatory requirements and the Bank's rules.
- Workshops on Risk control Self Assessment (ROSA)

Complaint and Problem Channels of the Bank

The Bank has assigned Complaint Unit, Sustainable Organization Development Office, to be a center of complaint and problem management regarding any Inconvenience or delay from the Bank's products and/or services. The Bank's clients (customers or customers' representatives or the Bank's staff or employees) can report or file complaints or inform of problems through the Bank's 10 available channels as follows:

1. Complaint and problem inbox at the Head Office
2. Letter Mail all Inquiry and complaint to : Sustainable Organization Development Office Islamic Bank of Thailand,
Head office
3. E-mail: complaint@ibank.co.th, info@ibank.co.th
4. Letter to government agencies supervising the Bank or other relevant agencies
5. Content in mass media such as newspaper of which the sources and facts can be examined with the complainant
6. IBank call center 1302 Unit
7. Complaint Web portal of Office of the Prime Minister
8. E-Complaint IBank ; Online complaint via www.ibank.co.th
9. Complainant can make complaint by him/herself. at/to: Sustainable Organization Development Office
10. Other channels ; The Bank official Website: www.ibank.co.th

Information Disclosure Channels

- Annual Report: disclosing information about the management, financial statements, auditor's report, corporate governance, etc.
- The Bank's Website (www.ibank.co.th): disclosing the Bank's information such as Annual Report, products and service, and procurements



1. Risk Management Overview

Islamic Bank of Thailand has given importance to risk management and internal control of which the frameworks have been well and systematically set for they have been essential to the Bank's goal achievement under the competition in the changing economy and society. In this regard, the Bank has clearly set the structure, policy and guideline to employ risk management and internal control under international standard guideline, for example, the guideline of Committee of Sponsoring Organizations of the Treadway Commission-Enterprise Risk Management (COSO-ERM), the Bank of Thailand's regulations, the Office of State Enterprise Policy Commission's guideline of organization management, and the Office of Auditor General of Thailand's guideline on Internal Control System Planning and Assessment. In addition, the Bank has given importance to training courses and provision of knowledge about risk management and internal control for its personnel in order to encourage and support all work units to comprehend the importance of, have understanding of and mutual responsibility for risk management and internal control.



2. Risk Management Structure

The Bank has determined its organization structure, and risk management and internal control processes in line with the good corporate governance principle to ensure the efficient risk management and internal control activities. Duties and responsibilities of each work unit and reporting line are clearly separated namely, the Board of Directors, the Advisory Council of Islamic Bank of Thailand (Shariah), the Executive Subcommittee, the Audit Subcommittee, and the Risk Management Subcommittee. Apart from the subcommittees aforementioned, the Board of Directors also set up additional subcommittees consisting of members of top management to perform duties regarding risk management and internal control, e.g. the Assets and Liabilities Management Subcommittee, the Internal Control Assessment Subcommittee, the Credit Subcommittee, the Product Development Subcommittee, the Debt Restructuring Subcommittee, the Deposit Return Review Subcommittee, the Crisis Management Subcommittee (OMO), and the IT Steering Subcommittee.

3. Risks and Risk Management Measures

3.1 Shariah risk refers to risk derived from operation, process of offering products and services of the Bank that may not comply with the Shariah principle as prescribed by the Advisory Council of the Islamic Bank of Thailand (Shariah) and/or violate the Islamic Bank of Thailand Act B.E. 2545. Such non-compliance or violation may affect the status, reputation, liquidity, income and capital which is the Specific risk the Bank has regarded as the most importance and part of operational risk as specified by the Bank's audit guideline.

To ensure the Bank's performance and operation in every process are in compliance with the Shariah principle, the Bank has set policy and guideline on Shariah risk management, approved by the Board of Directors, to be the framework for operation regarding Shariah risk management. Nevertheless, the provision of financial service and development of products and services under Islamic rules, yet competitive and able to match needs of target customers, still have some restrictions in terms of tax, duty and fee which affect the Bank's cost of operation. Therefore, to ensure the complete compliance with the Shariah principle, the Bank has put in place Shariah risk control by analyzing, monitoring and reporting Shariah risk-related information such as Shariah risk status, movement of deposit customers and Muslim customers, and possible damage from non-compliance with the Shariah principle. These reports are presented to the related committees such as the Advisory Council of the Islamic Bank of Thailand (Shariah), the Risk Management Subcommittee, the Audit Subcommittee, and the Board of Directors, as information source to facilitate the decision-making on strategic Shariah risk management. In addition, the Bank has given importance to the training and provision of knowledge on Shariah principle for the employees through the intranet bankwide communication channel so that the bank staffs and employees would have good understanding and be able to perform their duties competently in line with the Shariah principle and be able to provide information on the Shariah principle that the Bank adheres to its operation at the same standard level.

3.2 Strategic risk refers to risks derived from the employment of strategy, operation plans and implementation that are not appropriate or not in line with the internal factors and external environment, affecting the income, capital and business ongoing concerns.

The Bank has given importance to the strategic risk management and set the framework for strategic risk management in accordance with the Bank of Thailand's audit guideline, the Office of State Enterprise Policy Commission's Organization Management Guideline, and the Committee of Sponsoring Organizations of the Treadway Commission-Enterprise Risk Management (COSO-ERM)'s Guideline to determine the comprehensive strategic risk management structure supporting the connection between risk management process and the Bank's business plan and opportunity including the connection among risk management activities bankwide. In this regard, the Bank has employed risk management plan and Risk Map to identify Risk Factors having impact on the Bank, determined Key Risk Indicator (KRI), Risk Appetite, Risk Tolerance covering all risk factors, and Risk Cause to monitor and maintain risk management at the risk level acceptable to the Bank in accordance with the business plan. The Bank also set and reviewed measures under the treatment plan. To ensure the operation is under the control and in line with the plan, the Bank has assigned Risk Management Department to monitor, assess and report the risk management result to the Risk Management Subcommittee and other related subcommittees on a regular basis.

3.3 Credit risk refers to risks damage risen due to the contract party's failure to comply with agreed obligations in contract, including the contract party's risk downgrade, which may cause impact on the Bank's income and capital maintenance.

Credit risk management focuses on the followings:

(1) Credit risk management policy and guideline

The Bank has set framework for credit risk management in line with the Ministerial Regulation and the Bank of Thailand's audit guideline. It was created based on balance between business duties and credit approval process to ensure transparency and checks and balances in credit approval process. The focused objective is to ensure credit staff have the same goal, i.e. promote and maintain

the loan growth with quality loan Portfolios. The Bank has managed credit risk in the direction to create a strong credit approval standard culture in the organization with emphasis on the efficiency of credit operation and quality under the proper monitoring and control processes. On the personnel side, the Bank has set work rules, roles, duties and responsibilities for work units and individual staff comply to Credit Process Improvement Project so that the staff would understand the principles of credit operation and be able to communicate effectively. The Bank has also regularly provided credit training to improve their knowledge and skills for work competency to properly handle customers in each segment.

In 2016, the Bank incurred risk from an increase in non-performing financing (NPF) led the Bank to increase loan loss reserve resulting in impact on operating result, financial status and capital adequacy of the Bank. Bank has set The measures for NPF management such as; credit underwriting policy framework, improvement of preventive actions for debtors that may become NPF, and efficiency improvement of authority to approve loan and debt restructuring. This includes the review of collateral appraisal of debtors who may become NPF to update the appraisal value for the Bank's provision setting.

(2) Credit risk management tools

The Bank is aware of the importance of credit risk management tools, especially in the processes of customers' credit risk assessment and credit concentration. Therefore, the Bank has collected and improved the credit Standard Operating Procedure and keep policies in the Bank's database as up-to-date and practical reference. Meanwhile, the Bank has developed and brought credit risk measurement tools to support credit approval process and determined the pricing in accordance with the risk of each customer segment. The Bank has improved credit scoring tool for corporate lenders applying for credit facility limit up to Baht 20 million. Previously, the scoring showed three types of result only: pass, additional information required, and not pass. The improvement added risk rating feature having 13 risk levels as same as Credit Risk Rating (ORR) for credit customers having facility limit from Baht 20 million or more. However, the Bank has not considered only the facility limit when categorizing assessment forms for Credit Risk Rating. Since the risks of each industry are different, risk of credit customers in hotel and real estate industries has been separately assessed using the specific form applicable for all facility limit ranges. For loans of SME and corporate customers doing businesses in other industries, the risk levels are based on the Facility limit. This action has been taken to ensure that the tools assessing risks of credit customers are complete and accurate. The compilation of credit Standard Operating Procedure on rating related risks has been completed. Overall, the improvement and development of Credit Risk Rating and Credit Scoring-SMEs Ezy Scoring tools for business customers applying for credit facility limit up to Baht 20 million are categorized into 5 tools as follows:

1. Credit Scoring for business customers applying for credit facility limit up to Baht 20 million (E)
2. Credit Risk Rating for SMEs Customer (S)
3. Credit Risk Rating for Corporate Customer (C)
4. Credit Risk Rating for Hotel Business Customer (H)
5. Credit Risk Rating for Real Estate Customer (R)

For retail customers, the Bank has applied credit scoring tool to boost the credit approval process to maintain standard and efficient in terms of timely manner and quality.

(3) Credit quality

The Bank has focused on the management of quality of new credit facilities granted in 2016 with due care and has a close post-review monitoring with regular credit quality examination. This is to prevent normal accounts from becoming troubled loans, emphasizing the reduction of NPF by expediting debt restructuring, legal action and legal execution with troubled loans as follows:

1. Setting clear measures to enforce uncooperative debtors in negotiation or those having undergone several debt restructuring programs such as legal action and filing bankruptcy suit.

2. Expediting the study on ways to transfer NPF in compliance with the Shariah principle to be used as Contingency Plan for classification of debtors without Capacity to solve the debt.
3. Having credit Marketing units to visit/call customers regularly to increase utilization of customers in good Standing, and monitor customers' operating results in order to adjust credit conditions in accordance with the customers' income and circumstances. This is to prevent the customers from becoming NPF and to generate more income from customers in good standing.

(4) Credit concentration risk

The Bank's credit policy has determined guideline to oversee credit concentration risk in line with the regulatory requirements regarding corporate customers, which put credit limit for Single and Group Exposure Limits, and Sector Limit to control and avoid significant credit concentration. The Bank has exercised caution regarding financing new customers in industries having concentration rate at about the same or higher than the Risk Aversion: Risk Appetite (Risk Aversion-Risk APPETITE), and has kept monitoring closely the credit concentration risk. As of the end of 2016, the Bank's loans for industries were mostly granted to manufacturing sector.

3.4 Market risk refers to financial risks derived from the sensitivity and fluctuation of Rate of Return Risk, foreign exchange rate and instrument price in money market and capital market having negative impact on the Bank's income and capital. Market risks can be divided into three types namely: Rate of Return Risk, Foreign Exchange risk and Price risk.

The Bank has put in place market risk management where the Board of Directors has delegated authority to the Assets and Liabilities Management Subcommittee to determine strategy, direction and operation to manage liquidity risk, rate of return risk and market risk in alignment with the Risk Management Subcommittee's Policy.

The Bank has focused on managing 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 set policy framework, measures and tools for market risk management including control, risk assessment and monitoring of critical risks that may affect the Bank to ensure the efficient market risk management in accordance with the circumstances or risk factors, both internal and external, that keep changing.

Major activities in market risk management are as follows:

1. **Determining policies related to market risk management:**
 - Market Risk Management Policy and Guideline as a framework for market risk management
 - Review of market Risk Triggers and Risk Limit to best suit the changing situation.
2. **Preparing tools for market risk measurement and assessment:**
 - Asset and Liability Management (ALM) system for Data Warehouse which covers Re-pricing Gap Analysis to analyze rate of return risk in each period and assess possible impact that may arise from NPI Effect and/or EVE Effect.
 - Value at Risk (VaR) to assess risk of possible loss in the Bank's investment portfolios with regular Back Testing of VaR tool
 - Market risk assessment based on Trigger and Risk Limit covering cause of market risk, e.g. Rate of Return Risk, Foreign Exchange Risk, Gap Limit, Position Limit and VaR Limit
3. **Market risk monitoring and report:**
 - Monitoring of critical risk factors that may affect, directly and indirectly, 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 market risk, e.g. report on market risk status, report on operation regarding market Risk Limit and Trigger. The reports are made to the Board of Directors, the Risk Management Subcommittee, the Assets and Liabilities Management Subcommittee, and the management on a regular basis so that they can set and readjust strategy at hand in efficient manner.

3.6 Liquidity risk refers to risks derived from the Bank's failure to settle debts and liabilities when they become due because the Bank is unable to convert its holding asset into cash or secure sufficient funding, or secure funding at the cost exceeding the risk appetite, which may affect the Bank's income and capital at present and in future. Liquidity risk is also derived from the Bank's failure to unwind or offset existing risk from the assets held, forcing the Bank to sell assets at the price below 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 authority to the Assets and Liabilities Management Subcommittee to determine strategy, direction and operation regarding liquidity and rate of return risk management, and to manage liquidity risk in line with the Risk Management Subcommittee. Liquidity risk management has been determined to be continuing operation to ensure the Bank's liquidity is sufficient for supporting the Bank's business operation in both normal circumstance and crisis under appropriate cost and with capability to meet financial obligations. To align with the framework and guideline on liquidity risk management and the Risk Appetite, the Bank has set policies, measures and to properly manage liquidity risk as well as monitoring of liquidity risk management as summarized below:

- 1) Determining & Reviewing policies related to liquidity risk management:
 - Review of Liquidity Risk Management Policy and Guideline as a framework for liquidity risk management
 - Review and Set of liquidity Risk Triggers and Risk Limit to best suit the changing situation.
- 2) Preparing tools for liquidity risk measurement and assessment:
 - Report on cash flow analysis and liquidity status in each period (Maturity Gap)
 - Liquidity Risk Assessment based on trigger and Risk Limit, for example:
 - (1) Net Liquidity Assets to Net Liquidity Gap Ratio
 - (2) Financing to Deposit Ratio - F/D Ratio
 - (3) Concentration ratio of corporate deposit
 - (4) Liquidity coverage ratio
 - Assessment of liquidity adequacy to assess the Bank's capability in scenarios (Scenario Analysis), e.g. Run on the Bank arising from continuous withdrawal from corporate deposit accounts
 - Assessment of impact from credit risk factors and reputation risk factors on liquidity risk
- 3) Liquidity risk monitoring and report:
 - Monitoring of critical risk factors that may affect, directly and indirectly, the liquidity risk, e.g. economic trend, liquidity of commercial bank system, change of rate of return in money market and competition of products and services among financial institutions
 - Monitoring and report related to liquidity risk, e.g. report on liquidity risk status, risk factors that may affect liquidity risk, operation regarding liquidity Risk Limit and trigger, and mismatched fund. The reports are Submitted to the Board of Directors, the Risk Management Subcommittee, the Assets and Liabilities Management Subcommittee, and the management on a regular basis to ensure efficient risk management.

3.8 Operational risk refers to risks derived from lack of good corporate governance in the Bank's operation, personnel, systems or external events that may affect the Bank's operating income and capital. This also includes legal risk but excludes strategic risk and reputation risk.

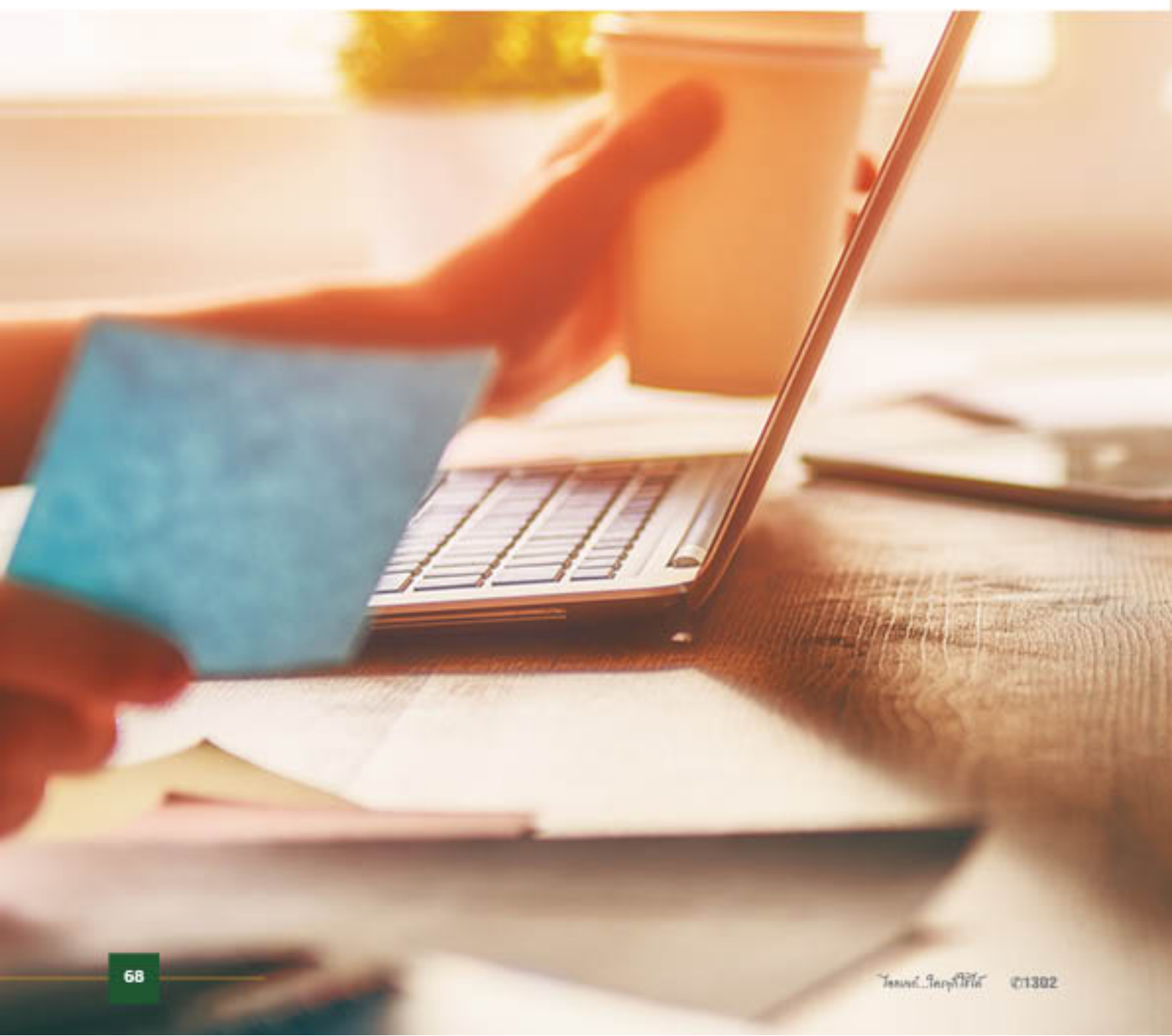
In managing operational risk, The Bank has put in place Risk Identification, Risk Assessment, Risk Monitoring, Risk Reporting, and Risk Control/Mitigation in accordance with international standard. To comply with Islamic Bank of Thailand Act B.E. 2545, the Bank has placed highest priority to the development 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 line with the Shariah principle.



The policies and guidelines on operational risk have been in place to cover processes and key risk management tools such as Loss Data Collection (LDC), Risk Control Self-Assessment (ROSA) and Key risk Indicators (KRIs), including the monitoring of risk management plan. The Bank also has supporting tools to put in place mechanism of risk reduction, e.g. Outsourcing Policy, Business Continuity Management Plan (BCP), Emergency Plan and Disaster Recovery Plan (DRP) which are reviewed and exercised annually.

Capital adequacy

Being a state enterprise under the governance of the Ministry of Finance, the Bank has to maintain BIS ratio at the minimum requirement rate of 8.5% in line with the Ministerial Regulation. Nevertheless, the problem of credit quality in 2016 has forced the Bank to set aside additional provision resulting in a negative BIS ratio, lower than the Ministerial Regulation's requirement. To ensure the capital is adequate for credit expansion in the future, the Bank has set a plan to strengthen its capital as per the strategic rehabilitation plan and business plan for 2016-2020.







Internal Audit provides assurance by systematically examining the efficiency and effectiveness of processes in internal control, good governance, risk management, and other operations of the Bank. Internal Audit also reports operating result and provides advice with independence and fairness to increase value and enhance the Bank's operation to achieve targets or objectives efficiently. Internal Audit adheres to the International Standards for the Professional Practice of Internal Auditing and the Statement Enterprise Internal Audit Manual B.E. 2556 by dividing into six items as follows:

1) Qualifications of Internal Auditor

- Internal auditors in overall shall have various fields of knowledge and skills, and expertise in skills necessary for the Bank.
- Internal auditors are regularly rotated and considerations are taken to transfer staff from other units in the Bank to perform the audit work.



- Recruitment plan and annual training plan are prepared to ensure training courses are provided to close competency gap and consistent development of internal auditors.
- Internal auditors are encouraged to self-develop in order to receiving professional certificates required. At present, internal auditors hold one certificate, i.e. Certified Public Account (CPA).

2) Structure of Internal Audit Department

- Be independent and directly report to the Audit Subcommittee and the President in terms of the operation of Internal Audit Department.
- 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 to 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 into account 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 able to achieve objectives and targets.
- Coordinate and discuss with external regulators namely, the Office of the Auditor General of Thailand (the auditor) and the Bank of Thailand, about the scope and direction of audit activities to prevent overlapping work, discuss about significant observations or suggestions 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

- Prepare rules, charters, regulations, 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 persons to ensure their understanding about internal audit, the code of ethics, and performance standards via the meetings and intranet.
- Have roles to audit especially in issues having significant risks and impact on the Bank's strategic objectives.
- Be responsible to help prevent fraud by reviewing and assessing the adequacy and effectiveness of internal control as well as the Bank's risk management.
- Review business ethics, information disclosure and conflict of interest of the Bank's employees and management on an annual basis.
- Provide advice, recommendation and related services to the management and business units with objective to increase value, improve risk management process, and corporate governance of the Bank, without taking responsibilities as the management.

5) Operation and Reporting

Operation

- Prepare the strategic audit plans during 2016 to 2020 including the systematic risk assessment for risk prioritization in the audit plan in line with the resources of Internal Audit Department and align with the risk, 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 2016 has relations to the strategic audit plan, objectives and risks of the Bank. It also applies the Bank of Thailand's significant activity approach. The audit plan in details will be set based on risk with 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 shown clearly. Provision of advice and suggestion is also included in the plan with clear proportion in each work type.
- Audit issues regarding information technology are clearly determined in the plan in line with the Bank's objectives and targets, risk and the management's requirement.

- There is assessment of adequacy and appropriateness of resources, resources management direction, and Internal Audit Department's resources in line with the audit plan and the existing resources.
- The management provided comments about the preparation of strategic audit plan which was approved by the Audit Subcommittee and proposed for the Board of Directors' acknowledgement. In addition, discussion was made among relevant parties before starting audit activities.
- Actions taken in line with the suggestions are systematically monitored. The report on such actions is made to the Audit Subcommittee, the management, the Board of Directors and related regulators.
- Changes in risk that the Bank encounters are always monitored and such risk are always assessed. The audit plan is also reviewed and adjusted to align with the change in timely manner as necessary and appropriate.

Reporting

- Standard format of the report on audit result is prepared and approved by the Audit Subcommittee.
- A close meeting is arranged with the audited business units and related parties. The report on final audit result and suggestions for improvement is presented to the management, the audited units, the Audit Subcommittee and the President after the close meeting within the timeline.
- Progress on actions taken as per the suggestions of Internal Audit Department and the Audit Subcommittee is reported regularly.

6) Maintenance of Internal Auditors' Work Quality

- Evaluate the performance of audit team and take opinions of the audited units regarding the operating result after the end of every operation. The opinions of the audited units are taken into consideration for the consistent improvement and measurement of performance.
- Establish an official working group to evaluate audit performance by itself. For every five years at least, a third party should be outsourced to conduct audit quality assessment. The assessment result will be used for analysis to reduce the gap between the performance and the standard of good audit. Strategic plan is prepared to improve the annual audit performance to align with the audit quality self-assessment and assessment conducted by the third party.
- Review and improve regulations, manuals and guidelines to align with the changing work environment of the Bank as reviewed and approved by the Audit Subcommittee.
- Determine guidelines for performing duties with due care taking into consideration the responsibility to perform duties as sufficiently as professionals would do. Guidelines for performance of duties have clear explanation and elaboration. Necessary works are considered and recorded to ensure the audit objectives are met. Significant facts are disclosed to prevent misunderstanding in the report or misleading impression of concealment in terms of the law.

In performing in line with the sixes items, the internal auditors shall adhere to four business ethics namely, integrity, fairness, confidentiality and role capability.

Report of the Audit Subcommittee

Islamic Bank of Thailand's Board of Directors passed a resolution to appoint the Audit Subcommittee consisting of the following members:

As per Order no. Gor.019/2557, appointment has been effective from 21 August 2014 until present.	
Gen. Natthipong Pueksakorn	Chairman
Mr. Panu Uthairat	Member
Assoc. Prof. Dr. Pasu Decharin	Member

Islamic Bank of Thailand's Board of Directors passed a resolution to appoint the Audit Subcommittee with effective date from 21 August 2014 onwards, having Head of Internal Audit Department to act as Secretary to the Audit Subcommittee. At least one Audit Subcommittee member shall have adequate knowledge and experiences to review the reliability of financial statements. The Audit Subcommittee has performed its duties under the scope of responsibility prescribed in the Charter of Audit Subcommittee as assigned by the Board of Directors and in line with the Ministry of Finance's regulation regarding Audit Committees and Internal Audit of State Enterprises B.E. 2555. In 2016, the Audit Subcommittee held 14 meetings to consider various matters such as compliance with observations and suggestions of Internal Audit Department and other regulators, review and approval of charters, regulations and manuals of Internal Audit Department, structure of Internal Audit Department, audit plan and budget, and performance effectiveness of Internal Audit Department. The Audit Subcommittee had discussion with the Bank's management to consider the draft financial statements, conflict of interest, risk, and internal control system, and followed up significant issues. The Audit Subcommittee also had meetings with external auditors, i.e. the Office of the Auditor General of Thailand and the Bank of Thailand, to consider internal control system and observations from the examination conducted by both agencies. The performance has been regularly reported to the Board of Directors and the results of every meeting have been reported to the Board of Directors as summarized below:

Review of Financial Statement

The Audit Subcommittee reviewed the financial statements before and after the auditor's quarterly and annual reviews, together with Internal Audit Department, the auditor, executives from Accounting Department, and the Bank's executives. The review was made in issues having impact the financial statement, for example, the accuracy of financial statement, significant accounting adjustments, changes in accounting standards, reserve, and notes to financial statement. The Audit Subcommittee also provided observations and suggestions to ensure that the accounting system and financial report preparation were in line with the Generally Accepted Accounting Principles, sufficiently disclosed, complete and reliable.

Review of Risk Management and Internal Control

The Audit Subcommittee reviewed and monitored risk management by having meetings with the management and Risk Management Department to ensure the proper and efficient management of risks within the Bank's risk appetite.

In addition, the Audit Subcommittee reviewed internal control system by considering reports on audit results of Internal Audit Department, risk management reports of Risk Management Department and regulators, as well as reports on the Bank's internal control assessment, internal control self-assessment, and internal auditor's internal control assessment in accordance with the regulation of the State Audit Commission to ensure that the Bank's internal control system is consistently appropriate and adequate. The Audit Subcommittee also considered risk prevention or mitigation to be within the Bank's risk appetite with no impact on the Bank's operation.

Compliance with Regulations

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

Internal Audit Supervision

The Audit Subcommittee reviewed/approved/endorsed the revision of charters and manuals of Internal Audit Department to consider the appropriateness, scope of operation, rights, duties and independence, as well as approved the strategic audit plans comprising long-term audit plan, annual audit plan, operational plan, human resource management plan, resource adequacy assessment, and annual budget. The Audit Subcommittee also followed up the operational progress to ensure the alignment with the approved audit plan, approved the audit plan adjustments, ensured the reliability of internal audit plan by having internal audit quality assessment, and promoted and supported the consistent development of skills and capabilities of internal auditor which included obtaining professional certificates.

Transactions with Potential Conflict of Interest and Ethics

The Audit Subcommittee reviewed the annual report on disclosure of conflict of interest and ethics to ensure that the operation did not cause any conflict of interest as defined in the regulations and that the conduct was good governance in accordance with the criteria and guideline on Business Ethics of Directors, President and Executives of the Bank. This was to prevent any conflict of interest and be aligned with the guideline of the State Enterprise Policy Office (SEPO).

Self-Assessment of the Audit Subcommittee

The Audit Subcommittee reviewed and revised the charter of Audit Subcommittee and made self-assessment at least once a year to ensure the performance of the Audit Subcommittee was efficient and achieved the objectives in line with the guideline on the Audit Subcommittee's performance quality maintaining in the manual of Audit Committee in State Enterprise (edited version) B.E. 2555. This was to ensure that the Audit Subcommittee's performance was aligned with the objectives prescribed in the charter of Audit Subcommittee.

Report of the Audit Subcommittee's Performance

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

Auditor Appointment

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

The Audit Subcommittee has performed its duties with due care, independence, and in an equitable manner, been able to express opinions freely, and been ready for inspection as per good corporate governance principles to ensure the Bank can move forwards sustainably.

General



(Natthipong Pueksakorn)

Chairman of Audit Subcommittee

Report of the Nomination and Remuneration Subcommittee

Recognizing the importance to select candidates to be directors and top management, and to determine the remuneration, the Board of Directors has appointed the Nomination and Remuneration Subcommittee consisting of three independent directors. The Nomination and Remuneration Subcommittee has duties to select qualified candidates to be appointed as directors, members of subcommittees and top management from the level of Executive Vice President and above, and determine the remuneration of directors and top management from the level of Executive Vice President and above to be proposed to the Board of Directors. In 2016, the Nomination and Remuneration Subcommittee held four meetings to perform the assigned duties.

The scope of duties and responsibilities of the Nomination and Remuneration Subcommittee is as follows:

Nomination

1. To set policy, criteria and methods of recruitment, selection and nomination of the Bank's directors and subcommittee members for the Board of Directors' approval, taking into account the following aspects:
 - 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 the replacement for vacant positions due to directors' retirement by rotation or any other reasons.
2. To set policy, criteria and methods of recruitment of executives (Executive vice President and above), excluding President.
3. To ensure that the Bank has appropriate succession plan for President and propose to the Board of Directors for approval.

Remuneration

1. To propose appropriate compensation plan for the Bank's directors to the Board of Directors and the shareholders subsequently.
2. To propose appropriate compensation plan for the Bank's subcommittees to the Board of Directors.
3. To propose appropriate compensation plan for executives (Executive Vice President and above) to the Board of Directors.
4. To perform other duties as assigned by the Board of Directors.

The Nomination and Remuneration Subcommittee has continuously performed duties as assigned and reported the result to the Board of Directors. In 2016, the Nomination and Remuneration Subcommittee performed duties with due care, transparency and independence, taking into account the optimum benefits of the Bank and the shareholders, and focused on performing duties on basis of equality, fairness and transparency in accordance with the good corporate governance principle.

General



(Natthipong Pueksakorn)
Chairman of Nomination and
Remuneration Subcommittee

Report of the CG & CSR Subcommittee

The National Council for Peace and Order (NOPO)'s order no. 75/2557 appointed the State Enterprise Policy Committee to supervise the reforming of the entire 55 state-owned enterprises to be carried out in efficient manner and in alignment with the changing economic and social contexts. The Islamic Bank of Thailand is one of 7 state-owned enterprise required to submit and implement rehabilitation plan to regain the public and clients trusts. The CG & CSR Subcommittee has taken this responsibility as a challenge for not only supervising corporate governance policy but also adjusting missions to align with circumstances and improve the Bank's image and reputation. In addition, it has to ensure the plans and activities are in accordance with the rehabilitation plan, for example, executing the rehabilitation plan accordingly, NPF rectification, income generation and cost reduction. Therefore, the CG & CSR Subcommittee has important roles and responsibilities in supervising management practice to be in line with, transparency and readiness for inspection, and to comply with the Official Information Act B.E. 2540. In 2016, the Bank's activities were as follows:

In 2016, the CG & CSR Subcommittee approved the fulfilment related to CG & CSR. Important activities were, for example, continuous and consistent provision of knowledge on corporate governance via the Bank's intranet and e-mail systems, including the distribution of information about good corporate governance policy practices, the Bank's codes of conducts and ethics via the Bank's website, and training on corporate governance under the title "Strengthening Corporate Governance in the Organization". Also, there was coordination and arrangement of a co-project with the Office of National Anti-Corruption Commission to assess integrity and transparency in state-owned agencies. Moreover, the Good Corporate Governance Policy 2010 was reviewed and revised to be Corporate Governance Policy 2016 which was announced and took effect from 17 November 2016 onwards.

The aforementioned activities are fulfilment actions on CG & CSR taken in line with the policy as the Board of Directors has assigned the CG & CSR Subcommittee to supervise and achieve objectives under the Bank's rehabilitation plan.

From 1 January 2017 onwards, the Bank of Thailand's Criteria on Corporate Governance of Specialized Financial Institutions will be in effect and applicable to 7 SFIs, including Islamic Bank of Thailand. The criteria cover 8 key aspects namely, Corporate Governance, Capital Adequacy, Liquidity Coverage, Credit Policy Procedures, Large Debtor Monitoring and Exposures, and Accounting and Information Disclosure. The CG & CSR Subcommittee recognizes the important roles and duties to supervise the banking business within the corporate governance framework of the Bank of Thailand with the aim to enhance competitiveness and stability of banking business management and operation for sustainability development.



(Mr. Panu Uthairat)
Chairman of the CG & CSR
Subcommittee

Corporate Social Responsibility and Public Relations

Islamic Bank of Thailand (Ibank) is determined to continuously create and develop financial services for Muslim and non-Muslim customers, and to be an important part of networking and supporting Thai businesses to global area while growing with stability and sustainability alongside Thai economy and society.

In praise of the Monarchy



IBank presented money to His Majesty the King at Thailand Mawlid H.E. 1437 under "Hajj" concept and intention to support Thai Halal business operators

His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun (His Royal Highness Crown Prince Maha Vajiralongkorn at that time) presided over the opening of Thailand Mawlid Celebration H.E. 1437. On this occasion, the Bank presented the money to His Majesty the King for charity at the discretion of His Majesty the King. The Bank's representative also received from His Majesty the King the plaque of honor for sponsoring Thailand Mawlid Celebration at the National Administration Center for Islamic Affairs Chalam Phrakiat, Nong Chok, Bangkok, on 30 April 2016.

The event's objective was to glorify the Prophet Muhammad by publicizing his biography and excellent works regarding the creation and development of multicultural society. The Celebration's slogan for this year was "Prophet Muhammad: Leader of Development of Halal and Creator of Multicultural Society". The Bank's public relations booth in the event was under the concept of "Hajj" as symbol of Islam and religious principle, in accordance with the Bank's products and services. The event took place during 30 April - 2 May 2016.

IBank mourned for His Majesty King Bhumibol Adulyadej

The Chairman of Islamic Bank of Thailand's Board of Directors, together with the Board members, the management, and staff nation-wide, went into mourning for His Majesty the late King of Thailand and to remember His Majesty the late King's mercy on the Bank and Thai-Muslims on 22 November 2016.

IBank also participated in an event arranged to mourn for the passing of His Majesty King Bhumibol Adulyadej at the National Administration Center for Islamic Affairs Chalem Phrakiat, Nong Chok, on 21 October 2016.



Religion and Culture

IBank held "Ramadan Relations" event for 2016

IBank is a state-owned financial institution established to serve financial demand under the Shariah principle to Muslim customers. Recognizing the importance of Ramadan, the Bank held "Ramadan Relations" which has been held every year to support religious activities and promote good morality and ethics. The Bank allocated the budget for donations and charities to nearby communities and built good relationships with the communities. The Bank also hosted meals for breaking the fast to Muslims in Bangkok, Songkhla, Yala, Pattani and Narathiwat during June to July 2016.





IBank sponsored the event “Mawlid Relations: Uniting Two Lands for Everlasting Peace”

IBank sponsored the event “Mawlid Relations: Uniting Two Lands for Everlasting Peace” H.E. 1437. The event was held to promote good understanding, relationship and unity, as well as to help drive the cooperation to solve unrest situation in three southern border provinces and to pass on local culture and tradition. The event was also held to honor the Prophet Muhammad for being the role model for Thai-Muslims to live their lives following the Prophet’s grace, and to promote compassion, unity and generosity in the society to achieve an everlasting peace in the area. The event took place at Betong Municipal Stadium, Betong District, Yala Province, on 26 March 2016.



IBank participated in blessing ceremony for Hajj pilgrims in 2016

IBank, as a commission member administering the Hajj Pilgrims Facilitating Center, participated in the blessing ceremony for the Hajj Pilgrims at three locations in the south namely, Narathiwat Airport, Songkhla International Airport, and Sirinat National Park in Phuket Province. The blessing ceremony in Narathiwat Province was held at the Narathiwat Airport on 4 August 2016.

In Bangkok, the blessing ceremony was held on 14 August 2016 by Suvarnabhumi Airport and the Department of Religious Affairs, Ministry of Culture, where IBank joined the blessing ceremony and providing the Bank’s drinking water as a moral support for the Hajj pilgrims at Suvarnabhumi Airport, Samut Prakan Province.

Society

IBank supported "Bike for United Thailand" project for Phra Dabos Foundation

IBank joined the distribution of "Bike for United Thailand" wristbands, of which the sales proceeds, amounting to Baht 859,860, were to support the Foundation's Phra Dabos Southern Border Province School. The event was held at the Bank's Head Office.



IBank helped farmers

IBank joined Bank for Agriculture and Agricultural Co-operatives (BAAC) to hold a rice selling event in order to be additional channel helping the farmers during the drop of rice price. The rice selling event took place during 21-25 November 2016 from 09.00-15.00 hrs. at Q House Asoke Building, G floor.

IBank provided financial support to victims of capsized boat in Phra Nakhon Si Ayutthaya Province

IBank provided financial support to families of the victims of the capsized boat incident in Phra Nakhon Si Ayutthaya Province at Altyinnurol Mosque, Phra Nakhon Si Ayutthaya Province, on 24 September 2016.



IBank joined "Vayupak for People" activity

IBank, by the management and voluntary staff, provided IBank drinking water to the people who went to participate in the mourning ceremony for His Majesty King Bhumibol Adulyadej at the front of the old Government Lottery Office, Ratchadamnoen Klang Road during 8-14 November 2016.

IBank made Zakat donation to support customers' career fund

IBank made Zakat donation to help customers of Petchburi Branch who were affected by the flood during 1-4 November 2016. In accordance with the Zakat Subcommittee's approval. The Zakat donation was given to two customers namely, Mrs. Wanna Naksook and Mrs. Aroon Saengdao in an amount of Baht 6,000 per person to support their career fund on 25 November 2016.



IBank made Zakat donation to help fire victims at Bang Uthit Community, Charoenkrung 99

IBank made Zakat donation to help fire victims at Bang Uthit Community, Sol Charoenkrung 99, comprising ten houses in a total amount of Baht 64,000. In accordance with the Zakat Subcommittee's approval. The donation took place at Jami-ul-khoyrat Mosque, Bang Kho Laem District, on 27 December 2016.

Education

IBank held an activity "Book Donation for Children in Southern Border Province"

IBank held the activity "Book Donation for Children in Southern Border Province" to share the knowledge and support education for the young. The Bank's Board members, the management and staff donated useful books for the children in southern border provinces. The books consisted of, for example, Thai junior encyclopedia and dictionaries, textbooks for elementary students, books about ASEAN, religious-related books, and bilingual educational comics (Thai-English). On 28 May 2016, 790 books were donated to Tadika Nuru Huda School's IBank Library (under the Human Development Center Chalem Praklat Project), Ban Ba Lor, Paseyawa Sub-district, Sai Buri District, Pattani Province.



IBank joined the 8th Shred 2 Share Donation Trip "Animal World Exploration with Shred 2 Share" @ Khao Kheow Open Zoo

IBank joined an activity for society called the 8th Shred 2 Share Donation Trip "Animal World Exploration with Shred 2 Share" at Khao Kheow Open Zoo. The activity was co-hosted by Thai British Security Printing Company (TBSP), subsidiary of SCG Paper, partnering 59 leading companies. The volunteer group went to donate teaching and learning media to students of 11 schools under the administration of Border Patrol Police Sub-division 84, Phrachao Tak Camp, Mueang District, Tak Province. These 11 schools are under the development plan for children and juvenile in remote area which is the royal project of Her Royal Highness Princess Maha Chakri Sirindhorn.



Economy

IBank associated the network to drive "Pracharat Fund" to support the country's grassroots economy in accordance with Pracharat Policy for Muslim Villages and communities

IBank associated the network to drive "Pracharat Fund" in line with Shariah principle, allowing the funds having Muslim members to open Pracharat accounts at the Bank and accommodating budget allocation from the National Village and Urban Community Fund to the Village Funds nation-wide in order to support low-income people and strengthen grassroots economy in line with Pracharat approach. On 19 February 2016, IBank participated in the workshop and kick-off workshop "Grassroots Economy Strengthening Based on Pracharat Policy" with representatives from network organizations, representatives from the Village and Urban Community Fund, and the public. The event was held at IMPACT Convention Center, Muang Thong Thani, Nonthaburi Province. Adding to that the bank also Participated in the event of "Pracharat Market for the people" in Bangkok, Ratchaburi and Nakorn Nayok.





IBank joined Phadung Krung Kasem Canal Market "MOF's Development of Nation, Creation of Living at Phadung Canal, and Stabilization of Economy"

IBank joined and supported the distribution channels to generate more income for entrepreneur customers to sell Halal food and OTOP products at Phadung Krung Kasem Canal Market "MOF's Development of Nation, Creation of Living at Phadung Canal, and Stabilization of Economy" during 10-16 December 2016 at Phadung Krung Kasem Canal Market next to the Government House.



IBank brings Thai Halal businesses to Halal business opportunity in Brunei

IBank set up a booth in "Brunei International Trade & Consumer (BITC) 2016" and joined the opening ceremony of the 2nd Thai Halal Product Fair. The Bank's booth was set up to promote products and services of 14 Thai Halal business operators with objective to promote Thai SMEs business in AEC market, business matching and seminars on business opportunity in global arena, in order to open trade route and support Thai Halal business owners to overseas market. The event took place during 27 February - 2 March 2016 at Bridex International Expo Center, Jerodong, Brunei Darussalam.



IBank supported an academic seminar "Halal: the Power of Faith to Opportunity for Thai SMEs" and advised sources of fund for Thai Halal business owners in SMEs segment

IBank supported an academic seminar "Halal: the Power of Faith to Opportunity for Thai SMEs" where the panel consisted of Islamic academics, SMEs business experts and IBank's management. The seminar was to provide knowledge and advice on sources of fund for Thai Halal Business owners in SMEs segment. Around 200 Halal business operators in SMEs segment attended the seminar and received credit advice from the Bank.



IBank supported "World Halal Fest 2016"

IBank supported "WORLD HALAL FEST 2016" by setting up a booth introducing the Bank's SMEs Halal Biz and other services. The event aimed to provide knowledge and understanding of cuisine, arts and culture, and the way of life of Muslims from each region of Thailand, countries in ASEAN Economic Community and the Middle East. The event took place at Central World, Eden Zone, 1st and 3rd floors, during 29-31 July 2016.



IBank sponsored "San Jai Thai Su Jai Tai" Project, No. 27

IBank sponsored "San Jai Thai Su Jai Tai" (Uniting Thai Hearts for the South) Project, No. 27, and participated in a seminar on "Social Development in the Dimension of Multicultural Society" at Phranakhon Si Ayutthaya Rajabhat University Convention Center, Phranakhon Si Ayutthaya Province.



IBank held a seminar and training titled "IBank Upgrading Muslim Apartments" (No. 1) on apartment business for Muslim entrepreneurs

IBank held a seminar and training titled "IBank Upgrading Muslim Apartments" (No. 1) to provide knowledge to more than 100 Muslim apartment entrepreneurs in Bangkok and vicinity on 14 September 2016.



IBank supported "World HAPEX 2016"

IBank supported "World Hapex 2016" by convening a special seminar on "Halal Financial Transactions and Promotion of Thai Halal Entrepreneurs" and setting up a booth introducing the Bank's products, e.g. SMEs Flexi&Sure, SMEs Halal Trade, SMEs Halal BIZ, loan for new home, MOU loan and Takatuf services. IBank's customers also set up booths promoting their products, e.g. Islamic clothing, variety of food and beverage, etc., on 8 September 2016.





IBank's booth in "Uniting SMEs: Support Entrepreneurs for Business Recovery" event

IBank set up a booth in the event "Uniting SMEs: Support Entrepreneurs for Business Recovery" arranged by Office of Small and Medium Enterprise Promotion presided over by General Prayuth Chan-o-cha, Prime Minister. The Prime Minister also visited the Bank's booth. In the event, there were a special seminar on business rehabilitation law and a seminar titled "Recover and Grow Sustainably". The event took place at Plenary Hall 1, Queen Sirikit National Convention Center, Bangkok, on 27 June 2016.

IBank supported "Bangkok Halal 2016" event

IBank supported the event "Bangkok Halal 2016" in the theme "Light Up Your Experience". The event was arranged by Yateem TV Company during 12-14 February 2016 to enhance the potential of Halal business and service sectors to be more competitive, and to build confidence for foreign Muslim tourists and investors visiting Thailand.



IBank supported the Thai-Muslim Food and Cultural Festival

IBank supported the 6th Thai-Muslim Food and Cultural Festival during 23-24 January 2016 held by Thai-Muslim Happiness Promotion Plan, Thai-Muslim Happiness Promotion Foundation.



Bank Information

Capital and Shareholding Structure

As of December 31st, 2016

The Bank's capital stock was 10,276,825,862 shares or calculated to be the total registered capital of 102,768,258,620 Baht. The proportion of Bank's shareholders as of December 31st, 2016 as follows: The proportion of the Bank's shareholders as of December 31st, 2016 as follows:

No.	List of Shareholders	Quantity (Shares)	Ratio (%)
1	Ministry of Finance	4,988,334,910	48.540
2	Government Savings Bank	4,091,533,440	39.813
3	Krungthai Bank Public Company Limited	1,010,208,044	9.830
4	Miss Suyanee Suwannayoa	50,833,674	0.495
5	MFC Asset Management Public Company Limited	40,753,015	0.397
6	Mrs. Rahmah Moonsap	10,000,000	0.097
7	SMEs Venture Capital Fund	7,500,000	0.073
8	CIMB Thai Bank Public Company Limited	6,000,000	0.058
9	Mrs. Jiraporn Boonmalert	6,000,000	0.058
10	Government Pension Fund	5,226,500	0.051
	THAI-1 Company Limited (Brunei Darussalam)	5,226,500	0.051
11	Other shareholders	55,209,779	0.537
	Total	10,276,825,862	100.00

Executives

No.	Name	Position	Subordination
1	MS. VEENA TACHACHAINRUN	Director and Acting Vice President	
2	MS. AREERA ANGKARIA	Executive Vice President Acting Executive Vice President	Social and Economic Development Group Technology and Electronic Operation Group
3	MR. MANDOH DANGKOMEN	Executive Vice President Acting Vice President	Administration and Human Resource Group Human Resources Management Department
4	MR. PAPARN ARYA	Executive Vice President Acting Executive Vice President	SMEs Banking Group Corporate Banking Group
5	Pol. Capt. ROOMIN PEONGSUJARIT	Executive Vice President	Bank Transformation Project Special Group
6	MRS. NUOHJAREE PAKDEJAREARN	Senior Vice President	Corporate Strategy Department
7	MS. SUNSANEE METHISARIYAPONG	Senior Vice President Acting Executive Vice President	Treasury Department Finance Group
8	MR. SURAPHON JARIYARANGSIRATTANA	Senior Vice President	Credit Risk Management Department
9	MS. TUANGALEENA KUBAHA	Senior Vice President	Investment Banking Department
10	MR. TEERA YEEGOB	Senior Vice President Acting Executive Vice President	Branch Administration Department Branch Banking Group
11	MS. RADKLAD SITTUANYAWAN	Senior Vice President	Cheque Collection and Money Transfer Department
12	MR. NIUM KANFROM	Senior Vice President	Risk Management Department
13	MR. SUWIT CHANACHOL	Senior Vice President	Retail Banking Group
14	MR. SURACHAI JANABOON	Senior Vice President	Retail Collection and Debt Restructuring Department
15	MRS. WIMONPHAN RANGPONGUMRIT	Senior Vice President	Human Resources Development Department
16	MR. ZATI SANKHAWANUA	Senior Vice President Acting Executive Vice President	Retail Business Analysis Department Retail Banking Group
17	MR. PONGSIRI PHUNSAWAS	Senior Vice President	Lower Southern Region Office
18	MR. SUNDHAI NAWACHAINDAPHAN	Senior Vice President	Upper Southern Region Office
19	MR. KRISADA KITTIPOORNPAIBOON	Senior Vice President	Retail Financing Project Department
20	MS. RUJIRA YOTHASAMUTR	Vice President	Procurement Department
21	MS. CHITTRA SORHASAN	Vice President Acting Vice President	Deposit and Fee Department Retail Financing Department
22	MR. BOON ADULPHAKDEE	Vice President	Haji and Umrah Department
23	MRS. SAVITREE CHATUPORNKANOH	Vice President	Finance Department
24	MRS. SUMANNA EUTAKAN	Vice President	Credit Operations Support Department
25	MR. THAVEEWAT KANTARIYOH	Vice President	Credit Operations Department
26	DR. CHATCHAWAN NIYOMWITTAYANONT	Vice President	Shariah Department
27	MR. VICHIT MEKASAWAT	Vice President	Micro Finance Department
28	LT. SURAKAMPON ADULYARAT	Vice President	Social Economic Development in 5 Southern Provinces Department

No.	Name	Position	Subordination
29	DR. KLÁNGJAI JUISIRI	Vice President	Company Secretary Department
30	MS. PORNNAPA PADUNGKIATTIWONG	Vice President	Company Secretary Department
31	MR. BANTHOON WONGBANTHOON	Vice President	Administrative Department
32	MR. OHIRASAK VISHAIGOOL	Vice President	Government Policy Department
33	MR. BORIPAT PATTARAPRADIT	Vice President	Internal Audit Department
34	MRS. OHAROENRUOH TAVORNSAK	Vice President	Credit Contract Operations Department
35	MR. OHARNWIT TRANGPANOCH	Vice President Acting Vice President	Legal Department Compliance and Rules Department
36	DR. PAKORN PREOHAPORN	Vice President	Corporate Business Department
37	MRS. SURADA PHOOKPHUNTH	Vice President Acting Vice President	SMEs Business 2 Department SMEs Business 1 Department
38	DR. ABIDEAN WANKHWAN	Vice President Acting Vice President	Shariah Product Department Communication and Corporate Image Department
39	MR. YOSWARIS OHANOCHAROENSUK	Vice President	Accounting Department
40	MR. VUTTIPIHAN PRIDIPHAN	Vice President	Corporate and SMEs Debt Restructuring Department
41	MR. BUNTOON UTHAIWAT	Vice President	SMEs Business Analysis Department
42	MR. KANACHAI WIWATWITHAYA	Vice President	Credit Review Department
43	MR. ANUPONG OHAVENGKIATTIKUL	Vice President	Investment and International Business Department
44	MR. SURAT SUKNATE	Vice President	IT Operation and Service Department
45	MR. MONGKHON MAKSAREEKUN	Vice President	Sustainable Organization Development Office
46	MR. KHAJOHNSAK ARGEPHUL	Vice President	Anti Fraud Office
47	MR. RAWIN KRAITRUOPHON	Vice President	North Eastern Region Office
48	MR. SUPHAOHOK WANIOHAKORNKUL	Deputy Vice President Acting Vice President	IT Development and Management Department IT Development and Management Department
49	MS. SUKWASA JIRAPORNTHITA	Deputy Vice President Acting Vice President	Alliance Business Management Department Alliance Business Management Department
50	MRS. PORNTIP WICHITAPA	Deputy Vice President Acting Vice President	Metropolitan, Central, and Eastern Region Office Metropolitan, Central, and Eastern Region Office
51	MRS. JUTAMAS TEBHARAK	Deputy Vice President Senior Vice President	Chiang Mai District Office, Northern Region Office Northern Region Office
52	MR. PERAYOUTH SIRIKHUNDH	Deputy Vice President Acting Vice President	Collateral Appraisal Department Collateral Appraisal Department

List of Bank's Branches

No	Branches	Telephone	Fax	Address
2 Offices 37 Branches of Bangkok Metropolitan Central and Eastern Region				
1	Klong Tan Office	02-728-8805-8	02-728-8808	No.9, UM Building Tower, M Floor, Ramkhamhaeng Road, Suan Luang District, Bangkok 10250
2	Asoka Office	02-260-1751-5	02-260-1750	No.88, Q House Asoka Building, G Floor, Sukhumvit 21 Road, Khlong Toei Nuea Sub-district, Vadhana District, Bangkok 10110
8 Branches of Thon Buri District Office				
3	Thung Khru	02-873-8803-5	02-873-8809	No.32/424-425, Pracha-uthit Road, Thung Khru Sub-district, Thung Khru District, Bangkok 10140
4	Southern Bus Terminal	02-422-3935-8	02-422-3939	SC Plaza Building, G Floor, Room No. GN09-GN10, No. 24/8, Chimplee Sub-district, Taling Chan District, Bangkok 10170
5	Prachuap Khirikhan	032-803-145 032-803-148 032-804-888-9	032-804-223	No. 117/1-2, Salascheep Road, Prachuap Khirikhan Sub-district, Mueang Prachuap Khirikhan District, Prachuap Khirikhan 77000
6	The Mall Bang Khae	02-454-5183 02-454-5178 02-454-5185 02-454-5205	02-454-5233	3rd Floor, Room No. 3G-L6-L9, The Mall, Bang Khae Department, No. 518, Phekasem Road, Bang Khae Nuea Sub-District, Bang Khae District, Bangkok 10180
7	Seeyask Thorsakan	02-410-3235-8	02-410-3239	2nd Floor, Room DD1-DD2, No. 54/54, Village No. 7, Phurthamonthon Sai 2 Road, Bang Phai Sub-district, Bang Khae District, Bangkok 10160
8	Samut Sakhon	034-423-730-3	034-423-734	No.927/408, Senghak 1 Road, Mahachai Sub-district, Mueang Samut Sakhon District, Samut Sakhon 74000
9	Hua Hin	032-522-410-1 032-522-448-9	032-522-450	No.4/19, Phekasem Road, Hua Hin Sub-district, Hua Hin District, Prachuap Khirikhan 77110
10	Phechaburi	032-414-090-2	032-414-094	No.107, Surinruechai Road, Tharab Sub-district, Mueang Phechaburi District, Phechaburi 76000
7 Branches of Sathon District Office				
11	Sathon	02-286-8921-4	02-286-8825	No.8/10, G Floor, Piparasin Building, Naradhiwas Rajanagarindra Road, Thung Maha Mek Sub-District, Sathon District, Bangkok 10120
12	Paradise Park	02-787-1731-4	02-787-1735	2nd Floor, Room No. 20005, Paradise Park Shopping Center, Park No. 61 Srinakarin Road, Nong Bon Sub-District, Prawet District, Bangkok 10250
13	Pratunam	02-208-0919-22	02-208-0923	No. 120/89, Rajchapraroop Road, Phaya Thai Sub-district, Rajchagewi District, Bangkok 10400
14	Silom	02-238-9404-7	02-238-9408	Room No. 201-202, 2nd Floor, Thaniya Plaza BTS Wing Building, No. 62, Silom Road Suriyawong Sub-district, Bangrak District, Bangkok 10500
15	Central Plaza Rama 3	02-164-0061-4	02-164-0065	3rd Floor, Room No. 307, Central Plaza, Rama 3, No. 78, Sathu Pradit Road Chong Nonsi Sub-district, Yamawa District, Bangkok 10120
16	The Nine Rama 9	02-318-4158-8 02-318-4928	02-318-4927	1st Floor, Room No. F01B01000-F01B03000, B Building, The Nine Rama 9, 889/2 Rama 9 Road, Suan Luang Sub-District, Suan Luang District, Bangkok 10250
17	Town in Town	02-148-1036-9	02-148-1040	B1 Building, Room 101, Tansoong Avenue, No. 228, Praditmanutham Road Phlabphla Sub-district, Wang Thong lang District, Bangkok 10230

No	Branches	Telephone	Fax	Address
6 Branches of Minburi District Office				
18	The Mall Bang Kapi	02-734-1905-9	02-734-1904	2nd Floor, Room No. 2S-L3C, The Mall Bang Kapi, No. 3522, Lat Phrao Road, Khlong Chan Sub-district, Bang Kapi District, Bangkok 10230
19	Thanon Nawamin	02-509-4782-5	02-509-4788	No. 4/1483-1486, Village No. 7, Nawamin Road, Khlong Khum Sub-district, Buang Kum District, Bangkok 10240
20	Talad Ying Charoen	02-521-9827-30	02-521-9831	AF Building, No. 651, Phahonyothin Road, Anusawari Sub-district, Bang Khen District, Bangkok 10220
21	Thanon Ramkhamhaeng 87	02-738-3831-4	02-738-3835	No. 847, Ramkhamhaeng Road, Hua Mark Sub-district, Bang Kapi District, Bangkok 10240
22	Min Buri	02-517-9855-7	02-517-9858	444, Village No. 8, Seethaburanakit Road, Min Buri Sub-district, Min Buri District, Bangkok 10510
23	Fashion Island	02-508-3818-21	02-508-3822	B Floor, Room No. B004A, Fashion Island, No. 587, 589, Ram-intra Road, Khannayao Sub-district, Khannayao District, Bangkok 10230
9 Branches of Nonthaburi District Office				
24	Phra Nakhon Si Ayutthaya	035-345-348 035-345-488	035-345-487	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
25	The Government Complex Commemorating	02-143-8781-3	02-143-8784	No. 120, B Building, 1st Floor, Village No. 3, Chaeng Watthana Road, Thung Song Hong Sub-district, Lak Si District, Bangkok 10210
26	Nonthaburi	02-526-6101-2 02-526-6163-4	02-526-6173	No. 77/71-72, Village No. 4, Pracharat Road, Suan Yai Sub-district, Mueang Nonthaburi District, Nonthaburi 11000
27	Bang Phlat	02-424-5088-102	02-424-5103	Room No. 678, 680, Meeting Mall, Charansanitwong Road, Bang O Sub-district, Bang Phlat District, Bangkok 10700
28	Suphanburi	035-525-872-5	035-525-878	No.24/2-3, Muenhan Road, Tha Phiang Sub-district, Mueang Suphanburi District, Suphanburi 72000
29	Nakhon Pathom	034-271-904-7	034-271-908	No.100-102, Rajvithee Road, Phra Pathom Chedi Sub-district, Mueang Nakhon Pathom District, Nakhon Pathom 73000
30	Ratchaburi	032-332-375-8	032-332-379	No.295-297, Kraipech Road, Na Mueang Sub-district, Mueang Ratchaburi District, Ratchaburi 70000
31	Kanchanaburi	034-671-520-3	034-671-524	No.218/13, Sangchuto Road, Ban Nuea Sub-district, Mueang Kanchanaburi District, Kanchanaburi 71000
32	Pathum Thani	02-593-4070-2	02-593-4073	No.27/17-19, Pathum Sampan Road, Bang Prok Sub-district, Mueang Pathum Thani District, Pathum Thani 12000
7 Branches of Chon Buri District Office				
33	Nong Chok	02-548-3100-3	02-548-3104	No.67, Village No. 2, Choemsamphan Road, Krathumrai Sub-district, Nong Chok District, Bangkok 10530
34	Chachoengsao	038-518-585-8	038-518-589	No. 217/38-40, Mahachakkaphat Road, Na Mueang Sub-district, Mueang Chachoengsao District, Chachoengsao 24000
35	Bang Saen	038-395-051-4	038-395-055	No. 177, Long Hat Bang Saen Road, Saen Suk Sub-district, Mueang Chon Buri District, Chon Buri 20130
36	Rayong	038-610-412-5	038-610-416	No. 282/2-3, Sukhumvit Road, Choeng Noen Sub-district, Mueang Rayong District, Rayong 21000

No	Branches	Telephone	Fax	Address
7 Branches of Chon Buri District Office				
37	Changhsaburi	038-326-893-5	038-326-897	No.84/24, Tha Chaleb Road, Talat Sub-district, Mueang Changhsaburi District, Changhsaburi 22000
38	Thanon Sri Nakarin	02-320-3361-3	02-320-3364	No.1170,1172, Sri Nakarin Road, Suan Luang Sub-district, Suan Luang District, Bangkok 10260
39	Pattaya	038-466-414-6	038-466-417	No.597/3, South Pattaya Road, Nong Prue Sub-district, Bang Lamung District, Chon Buri 20260
17 Branches of North Office				
10 branches of Chiang Mai District Office				
40	Thanon Chang Phueak Chiang Mai	053-267-214-7	053-267-218	No. 141/1, Chang Phueak Road, Sriphum Sub-district, Mueang Chiang Mai District, Chiang Mai 50200
41	Central Airport Chiang Mai	053-277-259 053-277-024-5 053-277-268	053-277-267	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
42	Mae Sai	053-734-361-3 053-734-535	053-732-515	No. 684/1, Village No. 3, Phahonyothin Road, Wiang Phangkhram Sub-district, Mae Sai District, Chiang Rai 57130
43	Hang Dong Chiang Mai	053-431-229-32	053-431-233	Kadfarang Shopping Plaza, No. 225/242, Village No. 13, Chiang Mai - Hod Road, Ban Wen Sub-District, Hang Dong District, Chiang Mai 50230
44	Sanpakhoi Chiang Mai	053-246-597-600	053-246-601	No. 89, 91, 93, Charoen Mueang Road, Wat Ket Sub-district, Mueang Chiang Mai District, Chiang Mai 50000
45	Lamphun	053-510-185-7 053-510-194	053-510-195	No.23, Inthayongyot Road, Nai Mueang Sub-district, Mueang Lamphun District, Lamphun 51000
46	Phayao	054-432-191-4	054-432-195	No.474/3-4, Phahonyothin Road, Wiang Sub-district, Mueang Phayao District, Phayao 56000
47	Lampang	054-222-054 054-222-898 054-230-008-7 054-223-189	054-222-895	No.92-98 Bunwat Road, Suan Dok Sub-District, Mueang Lampang District, Lampang 52100
48	Chiang Mai	053-283-265-6	053-270-718	No.125 Chang Khlan Road, Chang Khlan Sub-District, Mueang Chiang Mai District, Chiang Mai 50200
49	Chiang Rai	053-748-883-5	053-748-888	No.806/8 Paholyothin Road, Wiang Sub-District, Mueang Chiang Rai District, Chiang Rai 57000
7 branches of Phitsanulok District Office				
50	Tak	055-515-880-3	055-515-884	No. 518-520, Takain Road, Nong Luang Sub-district, Mueang Tak District, Tak 63000
51	Mae Sot	055-533-838 055-533-839 055-533-843 055-533-846	055-533-849	No. 620/2-3, Intarakiri Road, Mae Sot Sub-district, Mae Sot District, Tak 63110
52	Nakhon Sawan	056-372-367-70	056-372-371	No. 1016/4-5, Village No.9, Asia Road, Nakhon Sawan Tok Sub-district, Mueang Nakhon Sawan District, Nakhon Sawan 60000

No	Branches	Telephone	Fax	Address
7 branches of Phitsanulok District Office				
53	Phichit	056-613-746-9	056-613-750	No. 8/208-207, Srimala Road, Nai Mueang Sub-district, Mueang Phichit District, Phichit 66000
54	Sukhothai	055-610-311-3 055-610-319	055-610-320	No.5, Rat-uthit Road, Thani Sub-district, Mueang Sukhothai District, Sukhothai 64000
55	Uttaradit	055-407-444-5 055-407-447-8	055-407-577	No.202-8/9, Boroma-at Road, Tha-it Sub-district, Mueang Uttaradit District, Uttaradit 63000
56	Phitsanulok	055-242-712-3	055-242-443	No.87/24, Akajhosarot Road, Nai Mueang Sub-district, Mueang Phitsanulok District, Phitsanulok 65000
12 branches of North Eastern Office				
8 branches of Khon Kaen District Office				
57	Nakhon Rajchaisima	044-252-681-4	044-252-685	No.160/2, Chomsurangyat Road, Nai Mueang Sub-District, Mueang Nakhon Rajchaisima District, Nakhon Rajchaisima 30000
58	UD Town (Udon Thani)	042-932-990-3	042-932-994	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
59	Sakon Nakhon	042-716-723-6	042-717-186	No.1755/8-9, Ratpatana Road, Thapchoengchum Sub-district, Mueang Sakon Nakhon District, Sakon Nakhon 47000
60	Maha Sarakham	043-711-687 043-711-645 043-711-687	043-711-687	No.453/2-3, Nakhon Sawan Road, Talat Sub-district, Mueang Maha Sarakham District, Maha Sarakham 44000
61	Kalasin	043-816-913-6	043-816-606	No.93-95, Phrom Road, Kalasin Sub-district, Mueang Kalasin District, Kalasin 46000
62	Khon Kaen	043-248-824-7	043-248-826	No.77/3, Klang Mueang Road, Nai Mueang Sub-district, Mueang Khon Kaen District, Khon Kaen 40000
8 branches of Ubon Rajchathani District Office				
63	Roi Et	043-515-881-4	043-515-886	No.208/1-2, Phloenchit Road, Nai Mueang Sub-district, Mueang Roi Et District, Roi Et 45000
64	Yasothon	045-711-252 045-711-265 045-711-276 045-711-297	045-711-367	No.230/3-5, Chaeng Sanit Road, Nai Mueang Sub-district, Mueang Yasothon District, Yasothon 35000
65	Si Sa Ket	045-643-981-4	045-643-985	No.1104-5, Khukhan Road, Mueang Tai Sub-district, Mueang Si Sa Ket District, Si Sa Ket 33000
66	Ubon Rajchathani	045-316-967-70	045-316-971	No.479/1-2, Chayangkun Road, Nai Mueang Sub-district, Mueang Ubon Rajchathani District, Ubon Rajchathani 34000
67	Buri Ram	044-602-526-9	044-602-530	No.39/6-7, Thani Road, Nai Mueang Sub-district, Mueang Buri Ram District, Buri Ram 31000
68	Surin	044-515-812 044-515-814 044-515-815 044-515-817	044-515-819	No.73, 75, Chitburnrung Road, Nai Mueang Sub-district, Mueang Surin District, Surin 32000

No	Branches	Telephone	Fax	Address
11 Branches of Upper Southern part Office				
5 Branches of Phuket District Office				
69	Ranong	077-825-264 077-825-393	077-825-394	No. 75-77, Ruangrat Road, Khao Niwet Sub-district, Mueang Ranong District, Ranong 85000
70	Phang-nga	076-414-422-5	076-414-426	1st Floor, NK. Shopping Mall, No. 2, Phekrasem Road, Thai Chang Sub-district, Mueang Phang-nga District, Phang-nga 82000
71	Tesco Lotus Thalang	076-311-705-8	076-311-709	G Floor, Room No. 116, Tesco Lotus Thalang, No. 303, Village No. 1 Thepkrasatri Road, Thepkrasatri Sub-district, Thalang District, Phuket 83110
72	Krabi	075-824-040-3	075-824-044	No.94, 94/1, Maharaj Road, Pak Nam Sub-district, Mueang Krabi District, Krabi 81000
73	Phuket	076-214-053-4	076-214-055	No.5, 7, Yaowarat Road, Talat Nuea Sub-district, Mueang Phuket District, Phuket 83000
6 branches of Surat Thani District Office				
74	Surat Thani	077-208-057-80	077-208-081	No.103/1, Na Mueang Road, Talat Sub-district, Mueang Surat Thani District, Surat Thani 84000
75	Nakhon Si Thammarat	075-357-350-3	075-357-354	No.1884, Rajchadamnoen Road, Tha Wang Sub-district, Mueang Nakhon Si Thammarat District, Nakhon Si Thammarat 80000
76	Koh Samui	077-447-845-8	077-447-849	No. 80, Village No. 6, Bo Phut Sub-district, Ko Samui District, Surat Thani 84320
77	Thung Song Nakhon Si Thammarat	075-412-540 075-412-587 075-423-885-6	075-423-993	No.41, Chaichumpon Road, Pak Phraek Sub-district, Thung Song District, Nakhon Si Thammarat 80110
78	Chumphon	077-503-395-6	077-511-082	No.58/1, Poraminmakha Road, Tha Tapso Sub-district, Mueang Chumphon District, Chumphon 86000
79	Thanon Chon Kasem Surat Thani	077-203-994-7	077-203-998	No.545 Chon Kasem Road, Talad Sub-District, Mueang Surat Thani District, Surat Thani 84000
28 Branches of Lower Southern Part Office				
8 Branches of Song Khla District Office				
80	Trang	075-590-459-60 075-590-463 075-590-465	075-590-473	No.52/1-2, Waeikul 11 Alley, Rajada Road, Thapthiang Sub-district, Mueang Trang District, Trang 92000
81	Thanon Niphat Uthit 1 Hat Yai	074-225-110 074-225-130 074-225-140-41	074-225-255	No. 151-157, Niphat Uthit 1 Road, Hat Yai Sub-district, Hat Yai District, Song Khla 90110
82	Mae Khri Phatthalung	074-895-475 074-895-554 074-895-655 074-895-712	074-895-656	No. 175, Village No. 1, Anukul Road, Mae Khri Sub-district, Tamot District, Phatthalung 93180
83	La-ngu	074-783-904-7	074-783-908	No.149, Village No. 5, La-ngu — Pakbara Road, La-ngu Sub-district, La-ngu District, Satun 91110
84	Song Khla	074-558-259-61	074-558-285	No.81/78, Village No. 2, Kanchanawanit Road, Khao Rubchang Sub-district, Mueang Song Khla District, Song Khla 90000

No	Branches	Telephone	Fax	Address
28 Branches of Lower Southern Part Office				
8 Branches of Song Khla District Office				
85	Chana	074-207-121-5	074-207-122	No.8/4-5 Jana - Nathawi Road, Ban Na Sub-district, Chana District, Song Khla 90130
86	Satun	074-725-039-42	074-725-043	No.287/8, Village No. 7, Yontakan Kamthon Road, Khlong Khut Sub-district, Mueang Satun District, Satun 91000
87	Ha Yai	074-237-392	074-237-515	No.2/1-2, Ha Yai City Alley, Thammanunwathi Road, Ha Yai District, Song Khla 90110
7 Branches of Pattani District Office				
88	Big C Pattani	073-337-812-5	073-337-818	G-in Floor, Room No.GCR116, Big C Pattani, No.301, Village No. 4, Rusamilae Sub-district, Mueang Pattani District Pattani 94000
89	Palat Pattani	073-485-160 073-485-327 073-485-399 073-485-414	073-485-514	No. 122/11-12, Village No. 5, Phetkasem (Pattani - Narathiwat) Road, La-Nga Sub-district, Mayo District, Pattani 94190
90	Yarang Pattani	073-439-491-4	073-439-495	No. 1/7, Village No. 2, Pattani - Yala Road, Pijumudi Sub-district, Yarang District, Pattani 94180
91	Khokpho Pattani	073-431-040 073-431-218 073-431-284 073-431-709	073-431-883	No.170/10, Village No. 7, Nakat - Khokpho Road, Khokpho Sub-district, Khokpho District Pattani 94120
92	Saiburi Pattani	073-411-059 073-411-080 073-411-183 073-411-298	073-411-310	No. 23/1-2, Suriya Road, Taluban Sub-district, Saiburi District, Pattani 94110
93	Pattani	073-323-485-8	073-323-489	No.20,22,24, Na Kluea Road, A No Ru Sub-district, Mueang Pattani District, Pattani 94000
94	Jabangtigor Pattani	073-311-820-3	073-311-879	No.48/9-12, Kalapor Road, Jabangtigor Sub-district, Mueang Pattani District, Pattani 94000
6 branches of Yala District Office				
95	Thanon Phumacheep Yala 2	073-223-880-3	073-223-894	No. 24-26, Phumacheep Road, Satang Sub-district, Mueang Yala District, Yala 95000
96	Bejong	073-235-131-4	073-235-135	No. 130/1, Sukyang Rong, Bejong Sub-district, Bejong District, Yala 95110
97	Raman Yala	073-295-041-4	073-295-045	No. 100-102, Village No. 1, Mueang Raman Road, Kayubokoh Sub-district, Raman District, Yala 95140
98	Bannang Sata Yala	073-289-282-5	073-289-288	No. 200, 202, Village No. 2, Sukyang Road, Bannangsata Sub-district, Bannangsata District, Yala 95130
99	Yaha Yala	073-291-483-8	073-291-487	No. 4/3, Pjakhani Road, Yaha Sub-district, Yaha District, Yala 95120
100	Yala	073-247-140-3	073-247-144	No.58, Phiphithakdee Road, Sataeng Sub-district, Mueang Yala District, Yala 95000

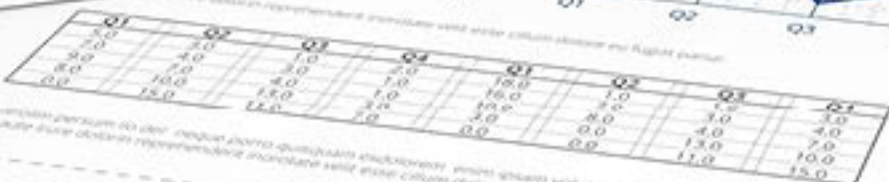
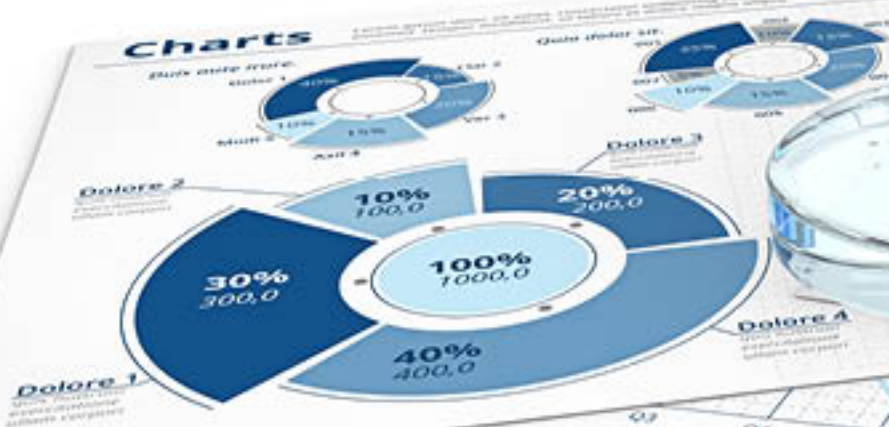
No	Branches	Telephone	Fax	Address
7 Branches of Narathiwat District Office				
101	Tanyongmat	073-671-858-61	073-671-862	No. 46, Thejsaban 3 Road, Tanyongmat Sub-district, Ra-ngae District, Narathiwat 96130
102	Su-ngai Kolok Narathiwat	073-614-561-4	073-614-565	No.36, Butsayaphan Road, Su-ngai Kolok Sub-district, Su-ngai Kolok District, Narathiwat 96120
103	Takbai Narathiwat	073-581-971-5	073-581-977	No. 62/21, Village No. 4, Narathiwat — Takbai Road, CheheSub-district, Takbai District, Narathiwat 96110
104	Waeng Narathiwat	073-659-321-4	073-659-325	No. 111/1-2, Village No. 1, Su-ngai Kolok — Waeng Road, Waeng Sub-district, Waeng District, Narathiwat 96160
105	Rueso Narathiwat	073-572-270-3	073-572-274	No. 30/15, Village No. 2, Rueso-Yala Road, Rueso Ok Sub-district, Rueso District, Narathiwat 96150
106	Narathiwat	073-512-627-8	073-512-629	No.52/18-19, Suriyapradit (Opposite Police Station) Road, Bangnak Sub-district, Mueang Narathiwat District, Narathiwat 96000
107	Thanon Wichichaiboon Narathiwat	073-513-884-5	073-513-883	No.11/2-4, Wichichaiboon Road, Bangnak Sub-district, Mueang Narathiwat District, Narathiwat 96000

Affiliated Company and Investment of the Bank

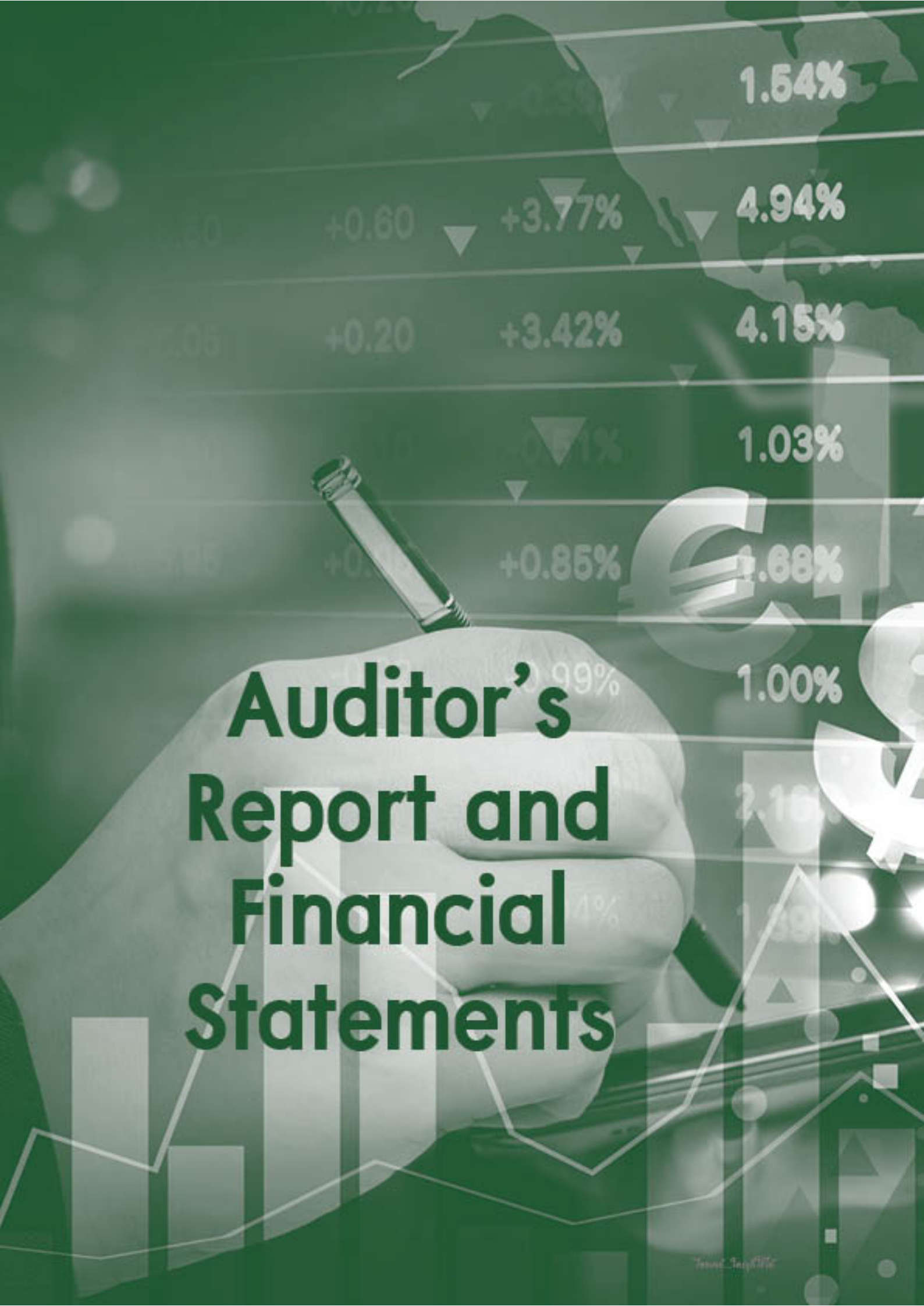
Amanah Leasing Public Company Limited

Business Type :	Islamic hire-purchase service
Head Office Address :	16-16/1 Soi Kasemsan 1, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330
Telephone :	02-030-8458
Facsimile :	02-030-8401
Paid-up capital :	960,000,000 Baht, divided into 960,000,000 ordinary shares
Paid-up capital ratio :	49%

charts







The background of the image is a dark green overlay featuring a world map, various financial charts (line and bar), and currency symbols (Euro and Dollar). Overlaid on these are numerous numerical values, some with upward and downward arrows, representing market data. A hand holding a pen is visible in the center, positioned as if writing on a document.

Auditor's Report and Financial Statements





AUDITOR'S REPORT AND FINANCIAL STATEMENTS

ISLAMIC BANK OF THAILAND

FOR THE YEAR ENDED DECEMBER 31, 2016

สำนักงานการตรวจเงินแผ่นดิน



AUDITOR'S REPORT

To : The Shareholders of Islamic Bank of Thailand

Opinion

The Office of the Auditor General 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, 2016, and the consolidated and the Bank's statements of profit or loss and other comprehensive income, the consolidated and the Bank's statements of changes in equity, and the consolidated and the Bank's statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In the Office of the Auditor General of Thailand's opinion, the accompanying consolidated and the Bank's financial statements present fairly, in all material respects, the consolidated financial position of Islamic Bank of Thailand and its subsidiaries and the Bank's statements of financial position as at December 31, 2016, and the consolidated and the Bank's financial performance and the consolidated and the Bank's statement of cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

The Office of the Auditor General of Thailand conducted the audit in accordance with Thai Standards on Auditing (TSAs). The Office of the Auditor General 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 Office of the Auditor General of Thailand's report. The Office of the Auditor General of Thailand is independent of the Group and the Bank in accordance with the State Audit Standards issued by the State Audit Commission and the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants that are relevant to the audit of the consolidated and the Bank, and the Office of the Auditor General of Thailand has fulfilled other ethical responsibilities in accordance with these requirements. The Office of the Auditor General of Thailand believes that the audit evidence the Office of the Auditor General of Thailand has obtained is sufficient and appropriate to provide a basis for the Office of the Auditor General of Thailand's opinion.

Office of the Auditor General of Thailand



Emphasis of Matter

The Office of the Auditor General of Thailand would like to draw attention to Note 6 to the financial statements regarding the going concern. The Office of the Auditor General of Thailand's opinion is not modified with respect to the matter emphasized.

Other Information

Management is responsible for the other information. The other information comprises information in the annual report, but does not include the consolidated and the Bank's financial statements and the auditor's report thereon. The annual report is expected to be made available to the Office of the Auditor General of Thailand after the date of this auditor's report.

The Office of the Auditor General of Thailand's opinion on the consolidated and the Bank's financial statements does not cover the other information and the Office of the Auditor General 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 Office of the Auditor General 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 financial statements or the Office of the Auditor General of Thailand's knowledge obtained in the audit, or otherwise appears to be materially misstated.

When the Office of the Auditor General of Thailand reads the annual report, if the Office of the Auditor General of Thailand concludes that there is a material misstatement therein, the Office of the Auditor General of Thailand is required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated and the Bank's Financial Statements

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

In preparing the consolidated and the Bank's financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

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

Office of the Auditor General of Thailand



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

The Office of the Auditor General 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 Office of the Auditor General of Thailand's opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 TSAs, the Office of the Auditor General of Thailand exercises professional judgment and maintain professional skepticism throughout the audit. The Office of the Auditor General of Thailand also:

- Identifies and assesses the risks of material misstatement of the consolidated and the Bank's financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the Office of the Auditor General of Thailand's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If the Office of the Auditor General of Thailand concludes that a material uncertainty exists, the Office of the Auditor General of Thailand is required to draw attention in the Office of the Auditor General of Thailand auditor's report to the related disclosures in the consolidated and the Bank's financial statements or, if such disclosures are inadequate, to modify the Office of the Auditor General of Thailand's opinion. The Office of the Auditor General of Thailand's conclusions are based on the audit evidence obtained up to the date of the Office of the Auditor General of Thailand auditor's report. 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.



The Office of the Auditor General of Thailand communicate 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 Office of the Auditor General of Thailand identifies during the audit.

(Signed) Yupin Chalanonniwat
(Mrs.Yupin Chalanonniwat)
Deputy Auditor General

(Signed) Chitra Mekapongpanh
(Mrs.Chitra Mekapongpanh)
Director of Financial Audit Office No.3

Office of the Auditor General of Thailand
March 30, 2017

ISLAMIC BANK OF THAILAND AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016 AND 2015

Unit : Thousand Baht

	Notes	Consolidated Financial Statements			The Bank's Financial Statements		
		December 31, 2016	December 31, 2015	January 1, 2015	December 31, 2016	December 31, 2015	January 1, 2015
			(Restated)	(Brought forward)		(Restated)	(Brought forward)
				(Restated)			(Restated)
Assets							
Cash		1,433,984	1,347,757	1,693,488	1,433,768	1,347,405	1,693,483
Interbank and money market items, net	7.2	6,760,772	9,970,337	10,308,052	6,705,280	9,885,919	10,114,812
Derivatives assets	7.3	87	141	190	87	141	190
Investments, net	7.4	11,253,141	9,034,391	10,244,605	11,253,141	9,034,391	10,244,605
Investments in subsidiaries, net	7.5				560,347	560,347	560,347
Financing and financial scored income, net	7.6						
Financing		93,713,318	97,738,476	108,925,383	93,943,692	96,580,963	107,780,737
Financial scored income		187,546	274,463	421,376	185,597	273,549	420,360
Total financing and financial scored income		93,901,064	98,012,939	109,346,759	92,129,289	96,854,512	108,200,997
Less: Deferred revenue		1,218,819	721,733	815,847	266,829	318,771	427,561
Less: Allowance for doubtful accounts	7.7	31,807,232	28,970,026	24,319,867	31,628,782	28,727,872	24,088,496
Less: Revaluation allowance for debt restructuring		204,543			204,543		
Total Financing and financial scored income, net		60,668,450	68,321,180	84,211,045	60,027,115	67,807,869	83,684,940
Financing to public service account							
and financial scored income, net							
Financing to public service account							
Portion that is not subject to government compensation							
for damages		1,832,814	2,139,674	2,541,563	1,832,814	2,139,674	2,541,563
Financial scored income from public service account							
Portion that is not subject to government compensation							
for damages		2,791	3,971	5,356	2,791	3,971	5,356
Total financing to public service account							
and financial scored income		1,835,605	2,143,645	2,546,919	1,835,605	2,143,643	2,546,919
Less: Deferred revenue from public service account		13,294	28,690	51,972	13,294	28,690	51,972
Less: Allowance for doubtful accounts from							
public service account	7.34.3	1,157,713	1,157,899	1,240,667	1,157,713	1,157,899	1,240,667
Less: Revaluation allowance for debt restructuring							
from public service account		1,479			1,479		
Total financing to public service account							
and financial scored income, net	7.34.1	663,119	957,056	1,254,280	663,119	957,056	1,254,280
Customers' liability under acceptance			1,000	-		1,000	
Properties for sale, net	7.9	248,820	234,051	120,506	173,722	176,990	46,241
Premises and equipment, net	7.10	709,358	1,015,406	1,266,545	622,934	910,783	1,146,345
Goodwill and other intangible assets, net	7.11	79,588	180,402	318,771	68,833	167,343	303,888
Deferred tax assets	7.12	23,426	22,482	23,377			
The Revenue Department receivable		889	68,360	142,573	889	68,360	142,559
Other assets, net	7.13	221,838	447,746	403,885	177,541	407,179	379,019
Total Assets		82,063,472	91,600,312	109,987,317	81,686,776	91,324,785	109,569,709

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, 2016 AND 2015

Unit : Thousand Baht

	Notes	Consolidated Financial Statements			The Bank's Financial Statements		
		December 31, 2016	December 31, 2015	January 1, 2015	December 31, 2016	December 31, 2015	January 1, 2015
			(Restated)	(Brought forward)		(Restated)	(Brought forward)
				(Restated)			(Restated)
Liabilities and Equity							
Deposits	7.14	93,448,327	99,446,828	111,772,183	93,498,081	99,530,203	111,835,445
Interbank and money market items, net	7.15	3,403,347	3,280,197	4,155,890	3,383,347	3,280,197	4,155,890
Liability payable on demand		67,488	74,869	86,770	67,488	74,869	86,770
Derivatives liabilities	7.3	55	50	139	55	50	139
Bank's liability under acceptance			1,000			1,000	
Provisions	7.16	295,918	208,760	174,323	288,244	202,404	169,547
Accrued expenses		544,898	508,993	426,712	579,647	506,612	420,509
Accrued compensation on deposits		360,413	574,550	856,732	360,413	574,550	856,732
Trade account payable		280,548	456,342	589,258	272,230	451,288	580,844
Income from government grant received in advance (PSA)		131,348	150,713	176,964	131,348	150,713	176,964
Other liabilities	7.17	232,278	209,132	298,530	222,720	188,725	280,307
Total liabilities		98,784,630	104,911,414	118,537,301	98,763,573	104,960,611	118,583,147
Equity							
Share capital	7.18						
Authorized share capital							
10,276,825,862 ordinary shares, Baht 10 per value		102,768,258	102,768,258	102,768,258	102,768,258	102,768,258	102,768,258
Issued and paid-up share capital							
10,276,825,862 ordinary shares, Baht 10 per value		102,768,258	102,768,258	102,768,258	102,768,258	102,768,258	102,768,258
Discount on ordinary shares	7.18	(91,841,732)	(91,841,732)	(91,841,732)	(91,841,732)	(91,841,732)	(91,841,732)
Equity from share-based payment	7.19	64					
Other components of equity	7.4.4	(90,243)	(173,214)	(168,837)	(90,243)	(173,214)	(168,837)
Retained earnings (deficit)							
Appropriated							
Legal reserve		473,010	473,010	473,010	473,010	473,010	473,010
Unappropriated		(28,507,038)	(24,998,181)	(20,312,192)	(28,386,090)	(24,862,148)	(20,244,137)
Total Bank's equity		(17,197,681)	(13,771,854)	(9,081,493)	(17,076,797)	(13,635,826)	(9,013,438)
Non-controlling interest		476,523	460,797	531,509			
Total equity		(16,721,158)	(13,311,057)	(8,549,984)	(17,076,797)	(13,635,826)	(9,013,438)
Total liabilities and equity		82,063,472	91,600,312	109,987,317	81,686,776	91,324,785	109,569,709

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



(Mr. Chaisat Uthairat)

Chairman of the Board of Directors



(Ms. Verna Tachachainirun)

Director and Acting President

ISLAMIC BANK OF THAILAND AND SUBSIDIARIES
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

		Consolidated		Unit : Thousand Baht	
		Financial Statements		The Bank's	
		2016	2015	2016	2015
			(Restated)		(Restated)
Financial income	7.26	3,999,136	4,917,593	3,782,771	4,788,424
Financial expenses	7.27	2,020,618	2,814,451	2,020,375	2,814,451
Financial income, net		1,978,518	2,103,142	1,762,396	1,973,973
Fees and service income		231,656	199,193	187,081	185,261
Fees and service expenses		22,680	24,031	22,680	24,031
Fees and service income, net	7.28	208,976	175,162	164,401	161,230
Gains on tradings and foreign exchange transactions, net	7.29	6,527	13,124	6,527	13,124
Loss on investment, net	7.30	(321)	-	(321)	-
Other operating income	7.31	46,583	43,413	26,273	29,344
Revenue from public service account	7.34.4	105,486	132,276	105,486	132,276
Total operating income		2,345,769	2,467,117	2,064,762	2,309,947
Other operating expenses					
Employees' expenses		810,694	804,799	696,371	715,866
Directors' remuneration		9,865	10,525	3,953	6,682
Premises and equipment expenses		540,752	552,392	489,511	520,199
Taxes and duties		96,907	119,347	96,823	119,077
Amortization expenses		125,856	111,792	123,550	109,483
Other expenses	7.32	490,341	311,163	400,238	228,435
Total other operating expenses		2,074,415	1,910,018	1,810,446	1,699,742
Expenses from public service account	7.34.5	664,802	697,743	664,802	697,743
Bad debt and doubtful accounts	7.33	3,098,086	4,636,190	3,113,573	4,556,229
Losses from operating before income tax expenses		(3,491,534)	(4,776,834)	(3,524,059)	(4,643,767)
Income tax expenses		1,572	-	-	-
Gain (losses) from discontinued operation - income tax, net		483	(3,346)	-	-
Net loss		(3,492,623)	(4,780,180)	(3,524,059)	(4,643,767)
Other comprehensive income (losses)					
Items that will be reclassified subsequently to profit or loss					
Gains (losses) on remeasuring available-for-sale investment		82,971	(4,377)	82,971	(4,377)
Items that will never be reclassified to profit or loss					
Actuarial gains (losses) on defined benefit plan		(535)	23,439	117	25,756
Total other comprehensive income (losses), net		82,436	19,062	83,088	21,379
Total comprehensive losses		(3,410,187)	(4,761,118)	(3,440,971)	(4,622,388)

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
FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

	Consolidated		Unit : Thousand Baht	
	Financial Statements		The Bank's	
	2016	2015	2016	2015
		(Restated)		(Restated)
Net loss attributable				
Owners of the Bank	(3,508,655)	(4,710,610)	(3,524,059)	(4,643,767)
Non-controlling interest	16,032	(69,570)	-	-
	<u>(3,492,623)</u>	<u>(4,780,180)</u>	<u>(3,524,059)</u>	<u>(4,643,767)</u>
Total comprehensive losses attributable				
Owners of the Bank	(3,425,887)	(4,690,366)	(3,440,971)	(4,622,388)
Non-controlling interest	15,700	(70,752)	-	-
	<u>(3,410,187)</u>	<u>(4,761,118)</u>	<u>(3,440,971)</u>	<u>(4,622,388)</u>
Losses per share of owners of the Bank				
Basic loss per share	(0.3414)	(0.4584)	(0.3429)	(0.4519)
Weighted average number of ordinary shares (Thousand shares)	10,276,826	10,276,826	10,276,826	10,276,826

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



(Mr. Chaiwat Utaiwan)

Chairman of the Board of Directors



(Ms. Veena Tachachainirun)

Directors and Acting President

ISLAMIC BANK OF THAILAND AND SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

Unit : Thousand Baht

Consolidated Financial Statements								
	Issued and Paid-up Share Capital	Discount on Share Capital	Equity from Share-based Payment	Other reserves	Retained earnings (Deficit)	Non-controlling Interest	Total	
				Surplus (Deficit) on revaluation of Investments	Appropriated Legal reserve	Unappropriated		
Balance as at January 1, 2015	102,768,258	(91,841,732)	-	(168,837)	473,010	(20,161,001)	531,509	(8,398,793)
Adjusted in retained earnings - beginning balance	-	-	-	-	-	-	-	(151,191)
Revenue recognition criteria for debt restructuring	-	-	-	-	-	-	-	-
Balance as at January 1, 2015 (restated)	102,768,258	(91,841,732)	-	(168,837)	473,010	(20,312,192)	531,509	(8,549,984)
Other comprehensive income (losses)	-	-	-	(4,377)	-	24,621	(1,822)	19,062
Total comprehensive income (losses) for the year	-	-	-	-	-	(4,661,781)	(69,570)	(4,731,351)
Adjusted in comprehensive income (losses)	-	-	-	-	-	-	-	-
Changes of revenue recognition	-	-	-	-	-	(48,829)	-	(48,829)
Balance as at December 31, 2015	102,768,258	(91,841,732)	-	(173,214)	473,010	(24,998,181)	460,937	(13,311,102)
Balance as at January 1, 2016	102,768,258	(91,841,732)	-	(173,214)	473,010	(24,798,161)	460,937	(13,111,082)
Adjusted in retained earnings - beginning balance	-	-	-	-	-	(200,020)	-	(200,020)
Revenue recognition criteria for debt restructuring	-	-	-	-	-	-	-	-
Balance as at January 1, 2016 (restated)	102,768,258	(91,841,732)	-	(173,214)	473,010	(24,998,181)	460,937	(13,311,102)
Other comprehensive income (losses)	-	-	-	82,971	-	(202)	(33)	82,436
Share-based payment	-	-	64	-	-	(3,508,655)	16,032	(3,492,623)
Total comprehensive income (losses) for the year	-	-	-	-	-	(28,507,018)	476,523	(16,721,158)
Balance as at December 31, 2016	102,768,258	(91,841,732)	64	(90,243)	473,010	(28,507,018)	476,523	(16,721,158)

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

Chairman of the Board of Directors

(Mr. Chalwat Uthairat)

Chairman of the Board of Directors

Director and Acting President

(Ms. Vornia Teetchairatun)

Director and Acting President

ISLAMIC BANK OF THAILAND AND SUBSIDIARIES
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

Unit : Thousand Baht

	The Bank's Financial Statements					Total
	Issued and Paid-up Share Capital	Discount on Share Capital	Other reserves	Retained earnings (Deficit)		
				Surplus (Deficit) on revaluation of Investments	Appropriated Legal reserve	
Balance as at January 1, 2015	102,768,258	(91,841,731)	(168,837)	473,010	(20,092,946)	(8,862,247)
Adjusted in retained earnings - beginning balance						
Revenue recognition criteria for debt restructuring						
Balance as at January 1, 2015 (restated)	102,768,258	(91,841,731)	(168,837)	473,010	(20,244,137)	(9,013,438)
Other comprehensive income (losses)	-	-	(4,377)	-	25,756	21,379
Total comprehensive income (losses) for the year	-	-	-	-	(4,594,938)	(4,594,938)
Adjusted in comprehensive income (losses)						
Changes of revenue recognition						
Balance as at December 31, 2015	102,768,258	(91,841,732)	(173,214)	473,010	(24,862,148)	(13,635,826)
Balance as at January 1, 2016	102,768,258	(91,841,732)	(173,214)	473,010	(24,662,128)	(13,435,806)
Adjusted in retained earnings - beginning balance						
Revenue recognition criteria for debt restructuring						
Balance as at January 1, 2016 (restated)	102,768,258	(91,841,732)	(173,214)	473,010	(24,862,148)	(13,635,826)
Other comprehensive income (losses)	-	-	82,971	-	117	83,088
Total comprehensive income (losses) for the year	-	-		-	(3,524,059)	(3,524,059)
Balance as at December 31, 2016	102,768,258	(91,841,732)	(90,243)	473,010	(28,386,090)	(17,076,797)

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



(Mr. Chaiwat Utaiwan)

Chairman of the Board of Directors



(Ms. Veena Tachachainirun)

Directors and Acting President

ISLAMIC BANK OF THAILAND AND SUBSIDIARIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

	Consolidated Financial Statements		Unit : Thousand Baht The Bank's Financial Statements	
	2016	2015 (Restated)	2016	2015 (Restated)
Cash flows from operating activities				
Operating losses before losses from discontinued operation	(3,491,534)	(4,776,834)	(3,524,059)	(4,643,767)
Profit (losses) from discontinued operation	483	(2,452)	-	-
Losses from operating before income tax expenses	(3,491,051)	(4,779,286)	(3,524,059)	(4,643,767)
Adjustments to reconcile profit (losses) from operating before income tax expenses to cash received (paid) from operating activities				
Depreciation and amortization	410,227	387,685	385,443	365,086
Bad debt and doubtful accounts	3,098,366	4,636,193	3,113,573	4,556,229
Provisions	80,816	63,377	80,150	63,914
Loss on disposal of premises and equipment	911	34,157	552	25,224
Share-based payment	131	-	-	-
Amortization on construction in progress	-	193	-	-
Loss on impairment of properties for sale (Reversal)	17,439	(56,303)	11,573	24,489
Loss on impairment of investments	321	-	321	-
Loss on impairment of other assets	216,599	-	216,599	-
Loss on discontinued assets (Reversal)	40,059	(3,674)	40,059	(3,674)
(Gain) loss on tradings and foreign currency transactions	(933)	10,797	(933)	10,797
Loss on donation of assets	-	9	-	-
Decrease in accrued expenses	33,035	86,103	33,035	86,103
Financial income, net	(1,978,767)	(2,104,036)	(1,761,702)	(1,972,933)
Dividend income	(4,898)	(4,900)	(4,898)	(4,900)
Cash received from financial income	4,099,394	5,131,766	3,911,891	4,996,897
Cash paid for financial expenses	(2,275,436)	(3,158,050)	(2,275,193)	(3,158,050)
Dividend received	4,898	4,900	4,898	4,900
Income tax paid	(1,000)	(39)	-	-
Operating profit (loss) before changes in operating assets and liabilities	250,111	248,892	231,309	350,315
(Increase) decrease in operating assets				
Interbank and money market items (assets), net	3,293,986	410,536	3,181,685	218,451
Financing and accrued income	4,559,903	11,184,892	4,832,537	11,432,664
Properties for sale, net	164,775	110,001	31,196	(118,326)
The Revenue Department receivable	67,471	74,214	67,471	73,199
Other assets, net	38,316	(182)	11,849	(29,619)

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, 2016 AND 2015

	Consolidated		Unit : Thousand Baht	
	Financial Statements		The Bank's	
	2016	2015	2016	2015
		(Restated)		(Restated)
Increase (decrease) in operating liabilities				
Deposits	(6,081,865)	(12,408,618)	(6,032,122)	(12,325,243)
Interbank and money market items (Liabilities)	123,150	(875,693)	103,150	(875,693)
Liabilities payable on demand	(7,381)	(11,901)	(7,381)	(11,901)
Trade account payables	(182,937)	(127,671)	(187,261)	(124,311)
Income from government grant received in advance (PSA)	(19,365)	(26,251)	(19,365)	(26,251)
Other liabilities	42,437	(91,171)	33,567	(91,582)
Net cash received from (used in) operating activities	2,248,601	(1,512,952)	2,246,635	(1,528,297)
Cash flows from investing activities				
Purchases of investments	(38,247,443)	(61,458,803)	(38,247,442)	(61,458,804)
Proceeds from disposal of investments	36,111,663	62,664,641	36,111,663	62,664,641
Purchases of premises and equipment	(22,851)	(50,266)	(18,503)	(22,880)
Proceeds from disposal of assets	2,444	13,766	197	885
Purchases of intangible assets	(6,187)	(2,117)	(6,187)	(1,623)
Net cash received from (used in) investing activities	(2,162,374)	1,167,221	(2,160,272)	1,182,219
Cash flows from financing activities				
Net cash received from (used in) financing activities	-	-	-	-
Net increase (decrease) in cash	86,227	(345,731)	86,363	(346,078)
Cash as at Beginning	1,347,757	1,693,488	1,347,405	1,693,483
Cash as at Ending	1,433,984	1,347,757	1,433,768	1,347,405

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



(Mr. Chaiwat Utaiwan)

Chairman of the Board of Directors



(Ms. Veena Tachachainirun)

Directors and Acting President

ISLAMIC BANK OF THAILAND AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

1. General information

Islamic Bank of Thailand ("the Bank") is incorporated in Thailand under the Islamic Bank of Thailand Act B.E. 2545 and has its registered office at 66, M, 12nd, 14th, and 18th and 20th - 25rd Floor, Q. House Asoke Building, Sukhumvit 21, North Klongtoey, Wattana, Bangkok. The principal businesses of the Bank are financial services based on Islamic principles and conducts its business in all regions throughout Thailand.

2. Basis for preparation 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. 1/2559 dated June 29, 2016 regarding the Preparation and Announcement of Financial Statements of Specialized Financial Institutions, including related BOT notifications and general accepted accounting principles, under Accounting Act B.E. 2543.

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 difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

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

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

2.2 Basis for preparation of the Consolidate Financial Statements

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

The consolidated financial statements for the year ended December 31, 2016 consist of its subsidiaries including Amanah Leasing Public Company Limited which is 49 percent owned subsidiary of the bank, and subsidiaries, Blessing Asset Services Company Limited, named "Amanah Blessing Company Limited" in the present, is the 99.99 percent owned subsidiary of Amanah Leasing Public Company Limited. Moreover, the resolution of the meeting at the date 3 September, 2015, the Extraordinary General Meeting of Amanah Blessing Company Limited No. 1/2558 was to agree to do liquidation and closing down Amanah Blessing Company Limited. At the date 15 September, 2015, the company has registered to close down which is now conducting the liquidation process. In addition, the consolidated financial statements for the year ended December 31, 2016 also included Amanah Leasing Public Company Limited and its subsidiaries as disclosed in Note 7.5.

2.3 New or Revised Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS)

2.3.1 The Application of the New or Revised Thai Accounting Standards and Thai Financial Reporting Standards

The Bank has adopted new and revised Thai Accounting Standards, Thai Financial Reporting Standards and Thai Accounting Standards 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, 2016. The adoption of those standards will have no material impact on the financial statements of the Bank and its subsidiaries.

2.3.2 The Federation of Accounting Professions has announced the Notifications of Federation of Accounting Professions regarding Thai Financial Reporting Standards which align with International Financial Reporting Standards which had been announced in the Royal Gazette, those are effective for the financial statements periods beginning on or after January 1, 2017 as follows:

	Thai Accounting Standards (TAS)	Effective date
TAS 1	Presentation of Financial Statements (Revised 2016)	January 1, 2017
TAS 7	Statements of Cash Flows (Revised 2016)	January 1, 2017
TAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Revised 2016)	January 1, 2017
TAS 10	Events after the Reporting Period (Revised 2016)	January 1, 2017
TAS 12	Income Taxes (Revised 2016)	January 1, 2017
TAS 16	Property, Plant and Equipment (Revised 2016)	January 1, 2017
TAS 17	Leases (Revised 2016)	January 1, 2017
TAS 18	Revenue (Revised 2016)	January 1, 2017
TAS 19	Employee Benefits (Revised 2016)	January 1, 2017
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance (Revised 2016)	January 1, 2017
TAS 21	The Effects of Changes in Foreign Exchange Rate (Revised 2016)	January 1, 2017
TAS 24	Related Party Disclosures (Revised 2016)	January 1, 2017
TAS 26	Accounting and Reporting by Retirement Benefit Plans (Revised 2016)	January 1, 2017
TAS 27	Separate Financial Statements (Revised 2016)	January 1, 2017
TAS 28	Investments in Associates and Joint Ventures (Revised 2016)	January 1, 2017
TAS 29	Financial Reporting in Hyperinflationary Economies (Revised 2016)	January 1, 2017
TAS 33	Earnings per Share (Revised 2016)	January 1, 2017
TAS 34	Interim Financial Reporting (Revised 2016)	January 1, 2017
TAS 36	Impairment of Assets (Revised 2016)	January 1, 2017
TAS 37	Provisions, Contingent Liabilities and Contingent Assets (Revised 2016)	January 1, 2017
TAS 38	Intangible Assets (Revised 2016)	January 1, 2017
TAS 104	Accounting for Troubled Debt Restructuring (Revised 2016)	January 1, 2017
TAS 105	Accounting for Investments in Debt and Equity Securities (Revised 2016)	January 1, 2017
TAS 107	Financial Instruments Disclosure and Presentation (Revised 2016)	January 1, 2017

	<u>Thai Financial Reporting Standards (TFRS)</u>	<u>Effective date</u>
TFRS 2	Share-based Payment (Revised 2016)	January 1, 2017
TFRS 8	Operating Segments (Revised 2016)	January 1, 2017
TFRS 10	Consolidated Financial Statements (Revised 2016)	January 1, 2017
TFRS 12	Disclosure of Interests in Other Entities (Revised 2016)	January 1, 2017
TFRS 13	Fair Value Measurement (Revised 2016)	January 1, 2017
	<u>Interpretations (TSIC)</u>	<u>Effective date</u>
TSIC 10	Government Assistance-No Specific Relation to Operating Activities (Revised 2016)	January 1, 2017
TSIC 25	Income Taxes-Changes in the Tax Status of an Entity or its Shareholders (Revised 2016)	January 1, 2017
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease (Revised 2016)	January 1, 2017
	<u>Thai Financial Reporting Interpretations (TFRIC)</u>	<u>Effective date</u>
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities (Revised 2016)	January 1, 2017
TFRIC 4	Determining whether an Arrangement contains a Lease (Revised 2016)	January 1, 2017
TFRIC 7	Applying the Restatement Approach under TAS 29 (Revised 2016) Financial Reporting in Hyperinflationary Economies (Revised 2016)	January 1, 2017
TFRIC 10	Interim Financial Reporting and Impairment (Revised 2016)	January 1, 2017
TFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction for TAS 19: Employees Benefit (Revised 2016)	January 1, 2017
TFRIC 21	Levies (Revised 2016)	January 1, 2017

The Bank and subsidiaries are assessing the impact which may arise significantly affect to the Bank's financial statements from adoption of those Thai Accounting Standards Interpretation.

2.4 Changes in Accounting Policies

In this accounting period, the Bank changed its accounting policies on revenue recognition criteria for financing, hire-purchases and financial leases under debt restructuring and recognized on an accrual basis to recognize when the payments are collected to enhance the quality of the Bank's financial information. The Bank has restated the effects from changes in the accounting policies, likewise, the Bank implement the accounting policies as though it had always been applied. The Bank restated and present comparative consolidated and the Bank's financial statements details as follows:

Unit : Million Baht

Consolidated Financial Statements			The Bank's Financial Statements			
as at January 1, 2015			as at January 1, 2015			
	Before restated,	Restated,	After restated,	Before restated,	Restated,	After restated,
Statements of financial position						
Assets						
Financial accrued income	558.17	(151.19)	406.98	557.05	(151.19)	405.86
Total	558.17	(151.19)	406.98	557.05	(151.19)	405.86
Liabilities and Equity						
Unappropriated deficit	(20,161.00)	(151.19)	(20,312.19)	(20,092.95)	(151.19)	(20,244.14)
Total	(20,161.00)	(151.19)	(20,312.19)	(20,092.95)	(151.19)	(20,244.14)

Unit : Million Baht

Consolidated Financial Statements			The Bank's Financial Statements			
as at December 31, 2015			as at December 31, 2015			
	Before restated,	Restated,	After restated,	Before restated,	Restated,	After restated,
Statements of financial position						
Assets						
Financial accrued income	458.66	(200.02)	258.64	457.74	(200.02)	257.72
Total	458.66	(200.02)	258.64	457.74	(200.02)	257.72
Liabilities and Equity						
Unappropriated deficit	(24,798.16)	(200.02)	(24,998.18)	(24,662.13)	(200.02)	(24,862.15)
Total	(24,798.16)	(200.02)	(24,998.18)	(24,662.13)	(200.02)	(24,862.15)

Unit : Million Baht

Consolidated Financial Statements			The Bank's Financial Statements			
for the year ended December 31, 2015			for the year ended December 31, 2015			
	Before restated,	Restated,	After restated,	Before restated,	Restated,	After restated,
Statements of comprehensive income						
Financial income	5,026.76	(48.83)	4,977.93	4,897.59	(48.83)	4,848.76
Total	5,026.76	(48.83)	4,977.93	4,897.59	(48.83)	4,848.76

2.5 Reclassification of accounts

The financial statements for the year ended December 31, 2015, for comparative purposes, have been reclassified to conform to the presentation of financial statements for the year ended December 31, 2016 which is prepared the financial statements and presentation in accordance with the Bank of Thailand ("BOT")'s Notification No. Sor. Gor. Sor.1/2559 dated June 29, 2016, regarding the Preparation and Announcement of Financial Statements of Specialized Financial Institutions as follows:

Unit : Million Baht

	Consolidated Financial Statements			The Bank's Financial Statements		
	as at January 1, 2015			as at January 1, 2015		
	Pre-reclassification / Restated	Reclassifying Balance	Reclassified	Pre-reclassification / Restated	Reclassifying Balance	Reclassified
Statements of financial position						
Assets						
Financing and financial accrued income, net						
Financing	111,458.82	(2,533.44)	108,925.38	110,314.18	(2,533.44)	107,780.74
Financial accrued income	406.98	14.40	421.38	405.86	14.40	420.26
Total financing and financial accrued income	111,865.80	(2,519.04)	109,346.76	110,720.04	(2,519.04)	108,201.00
Less Deferred revenue	859.70	(43.85)	815.85	471.41	(43.85)	427.56
Less Allowance for doubtful accounts	25,560.53	(1,240.66)	24,319.87	25,329.16	(1,240.66)	24,088.50
Total Financing and financial accrued income, net	85,445.57	(1,234.53)	84,211.04	84,919.47	(1,234.53)	83,684.94
Financing to public service account and financial accrued income, net						
Financing to public service account						
Portion that is not subject to government compensation for damages		2,541.56	2,541.56		2,541.56	2,541.56
Financial accrued income from public service account						
Portion that is not subject to government compensation for damages		5.35	5.35		5.35	5.35
Total financing to public service account and financial accrued income		2,546.91	2,546.91	-	2,546.91	2,546.91
Less Deferred revenue from public service account	-	51.97	51.97		51.97	51.97
Less Allowance for doubtful accounts from public service account		1,240.66	1,240.66		1,240.66	1,240.66
Total financing to public service account and financial accrued income, net		1,254.28	1,254.28		1,254.28	1,254.28
Liabilities and Equity						
Provisions	174.37	18.75	174.12	148.79	18.75	169.54
Total	174.37	18.75	174.12	148.79	18.75	169.54

2.5 Reclassification (Continued)

Unit : Million Baht

	Consolidated Financial Statements			The Bank's Financial Statements		
	as at December 31, 2015			as at December 31, 2015		
	Pre-reclassification/ Restated	Reclassifying Balance	Reclassified	Pre-reclassification/ Restated	Reclassifying Balance	Reclassified
<i>Statements of financial position</i>						
<i>Assets</i>						
<i>Financing and financial accrued income, net</i>						
Financing	99,878.15	(2,139.67)	97,738.48	99,720.64	(2,139.67)	96,580.97
Financial accrued income	258.64	15.82	274.46	257.72	15.82	273.54
Total financing and financial accrued income	100,136.79	(2,123.85)	98,012.94	99,978.36	(2,123.85)	96,854.51
Less: Deferred revenue	756.42	(28.69)	727.73	747.46	(28.69)	718.77
Less: Allowance for doubtful accounts	30,127.83	(1,157.90)	28,970.03	29,885.77	(1,157.90)	28,727.87
Total Financing and financial accrued income, net	69,258.44	(937.26)	68,321.18	69,745.13	(937.26)	67,807.87
<i>Financing to public service account</i>						
<i>and financial accrued income, net</i>						
Financing to public service account						
Portion that is not subject to government compensation for damages		2,139.67	2,139.67		2,139.67	2,139.67
Financial accrued income from public service account						
Portion that is not subject to government compensation for damages		3.97	3.97		3.97	3.97
Total financing to public service account						
and financial accrued income		2,143.64	2,143.64		2,143.64	2,143.64
Less: Deferred revenue from public service account		28.69	28.69		28.69	28.69
Less: Allowance for doubtful accounts from public service account		1,157.90	1,157.90		1,157.90	1,157.90
Total financing to public service account						
and financial accrued income, net		957.05	957.05		957.05	957.05
<i>Liabilities and Equity</i>						
Provisions	188.96	19.79	208.75	182.61	19.79	202.40
Total	188.96	19.79	208.75	182.61	19.79	202.40

2.5 Reclassification (Continued)

Unit : Million Baht

	Consolidated Financial Statements			The Bank's Financial Statements		
	For the year ended December 31, 2015			For the year ended December 31, 2015		
	Pre-reclassification / Restated	Reclassifying Balance	Reclassified	Pre-reclassification / Restated	Reclassifying Balance	Reclassified
Financial income	4,977.93	(60.34)	4,917.59	4,848.76	(60.34)	4,788.42
Financial expenses	2,875.87	(61.42)	2,814.45	2,875.87	(61.42)	2,814.45
Financial income, net	2,102.06	1.08	2,103.14	1,972.89	1.08	1,973.97
Fees and service income	271.09	(71.90)	199.19	257.16	(71.90)	185.26
Fees and service expenses	32.90	(8.87)	24.03	32.90	(8.87)	24.03
Fees and service income, net	238.19	(63.03)	175.16	224.26	(63.03)	161.23
Revenue from public service account	-	132.28	132.28	-	132.28	132.28
Total operating income	2,340.25	70.33	2,410.58	2,197.15	70.33	2,267.48
Other operating expenses						
Employees' expenses	1,069.01	(264.21)	804.80	980.08	(264.21)	715.87
Directors' remuneration	12.99	(2.47)	10.52	9.15	(2.47)	6.68
Premises and equipment expenses	744.38	(191.99)	552.39	712.19	(191.99)	520.20
Taxes and duties	163.30	(43.94)	119.36	163.02	(43.94)	119.08
Amortization expenses	152.20	(40.41)	111.79	149.89	(40.41)	109.48
Other expenses	395.55	(84.39)	311.16	312.82	(84.39)	228.43
Total other operating expenses	2,537.43	(627.41)	1,910.02	2,327.15	(627.41)	1,699.74
Expenses from public service account	-	697.74	697.74	-	697.74	697.74

3. Significant Accounting Policies

3.1 Recognition of income

Income from financing

Income from financing is recognized in form of profits or other income on an accrual basis except for income from financing which was accrued over three months from due date. The Bank reverses all accrued income from profit or loss of the statements of comprehensive income and recognizes income on a cash basis in accordance with the Bank of Thailand's notifications. After the income in arrears is fully received, the Bank normally recognizes the income on an accrual basis.

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 profit or other income on an accrual basis according to the effective rate method through the term of hire-purchase and finance lease contracts except for the income from hire-purchase contract dated before January 1, 2008, which is recognized according to the sum-of-the-digits method and except the income from financing which was accrued over three months from due date. The Bank reverses the accrued income from profit or loss of the statement of comprehensive income and recognizes income on a cash basis in accordance with the Bank of Thailand's notifications. After the income in arrears is fully received, the Bank recognizes the income on an accrual basis normally.

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

Income from government grant is recognized on an accrual basis.

Income from other operations

Income from other operations is recognized on an accrual basis.

3.2 Recognition of expenses

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

Financial expenses

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

Operating expenses

Operating expenses are recognized on an accrual basis.

Operating leases

Expenses made under operating leases are recognized through profit or loss in the statement of comprehensive income on a straight-line basis throughout 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 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), which the weighted average method is calculated from ((beginning balance plus ending balance) divided by 2)

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 mean cash in hand and cash on collection.

3.5 Derivatives

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

Recognition methods of financial derivatives are as follows:

1. Financial derivatives for trading are initially recognized at fair value. Transaction costs are recognized through profit or loss and are subsequently measured at fair value, which profit or loss from subsequent measurement from remeasured at fair value is recognized through profit or loss immediately.
2. Hedging derivatives on the hedged items are measured in the same manner of the hedged items.

3.6 Investments

Investments are classified as follows:

3.6.1 Trading investments

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

3.6.2 Available-for-sale investments

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

3.6.3 General investments

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

3.6.4 Investments 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 statement of comprehensive income. In addition, the Bank will assess the impairment when estimated future cash flows decrease from expected cash flows from contract or expected cash flows to be collected, which is recognized through profit or loss in the statements of comprehensive income. When such cash flows subsequently increase, the impairment recognized in previous period will be reversed.

3.6.5 Investments in subsidiaries

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

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

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

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

The balances, transactions and unrealized gains or losses arising from intra-entity transaction are eliminated except for realized losses 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 investments in subsidiaries is recognized when the dividend has been declared.

Fair value of investments

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

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

Disposal of investments

On disposal of the investments, the difference between net proceeds from disposal and the carrying amount included unrealized gains or losses on revaluation of investments which were recorded as a component of equity will be recognized through profit or loss on investments as gains (losses) in the statement of 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. 14/2559 dated October 11, 2016, regarding the Classification and Provision Criteria of Specialized Financial Institutions. The Bank has classified its loan portfolios into six categories, primarily based on the past due period. 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 outstanding financing and the present value of expected cash flows from the debtor, or 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.

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

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

Additional allowance for doubtful accounts set aside of the Bank and its subsidiaries is recognized as bad debts and doubtful accounts in the statement of profit or loss.

3.9 Allowance for impairment of investments in receivables

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

3.10 Troubled debt restructuring

The Bank records the transactions related to debt restructuring of assets or equity securities transferred at fair value less estimated selling expenses (if any), but not exceed the legally right-to-claim amount of outstanding debt.

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 the standard profit rates at the date of debt restructuring. The Bank recorded difference between the fair value of debts, and the carrying amount of debts at restructuring date as expenses through profit or loss in the statement of comprehensive income. Losses arising from restructuring by waiver of part of principal or recorded accrued profit receivable, less recorded allowance, are recognized as expenses through profit or loss in the statement of comprehensive income when incurred.

3.11 Properties for sale

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

3.12 Premises, equipment and depreciation

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

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

Subsequent expenditure

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

Depreciation

The Bank records depreciation as expenses in profit and loss of the statement of 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:

Type of asset	Useful Live
Building	20 years
Building improvements	10 years
Land improvements on lease land	10 years
Leasehold improvements	3-10 years
Furniture, fixture and equipment	5 - 6 years
Vehicle	5 years

No depreciation is provided on land and assets under construction.

3.13 Goodwill and other intangible assets

Intangible assets consist of rights to use computer software, computer systems and goodwill. These intangible assets are presented at costs net of accumulated amortization and impairment loss except the intangible assets which is indefinite useful life i.e. goodwill is stated at costs net of impairment loss.

Amortization of Intangible assets

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

Type of asset	Useful Live
Rights to use computer software	5 - 10 years
Computer system	5 - 6 years

Goodwill

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

3.14 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 of the statement of comprehensive income.

3.15 Impairment

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

Reversals of impairment

If there has been a change in the expected recoverable amount, the Bank reverses an impairment losses 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 losses had been recognized.

Calculation of recoverable amount

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

3.16 Provisions

The Bank sets provisions for off-statements of financial position obligation in the extent of high credit risk transaction as BOT's guidelines for maintenance an adequate level of capital using credit conversion factor equal to 1.0 such as guarantees of

financing, avails to bills or irrevocable obligation by the Bank. Provisions are recognized when the transactions relating to off-statement 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 2009) regarding Provisions, Contingent Liabilities and Contingent Assets. The Bank is required to set provisions for off-the statement of financial position obligation when satisfied all of the following criteria:

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

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

3.16.3 A reliable estimate of obligation can be made.

3.17 Deferred income

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

3.18 Employee benefits

3.18.1 Provident Fund and Retirement Pay

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

Working year	The Bank's contribution rate
Pass probation – 2 years	3 %
Over 2 years – 5 years	5 %
Over 5 years – 9 years	7 %
Over 9 years – 15 years	8 %
Over 15 years – 20 years	9 %
Over 20 years	10 %

3.18.2 Defined Benefit Plan

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.

3.19 Income tax

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

1) Current tax is the tax currently payable based on taxable profit for the period by Revenue Code

2) Deferred income tax is recognized on temporary difference between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit (loss) (tax base). Deferred tax assets of subsidiaries are generally recognized for temporary differences to the extent that it is probable that taxable profit will be 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 recognized deferred income tax directly in equity, if they related to transaction in equity.

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

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

3.20 Basic earnings / (losses) per share

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

3.21 Foreign currency transactions

Assets and liabilities transaction in foreign currencies

3.21.1 Functional currency and presentation currency in Baht

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

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

3.22 Operating Segment

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

4. Risk Management

The Bank's risk management processes are in compliance with the risk management policy and guidelines comprising risk identification, risk measurement, risk monitoring, controlling and risk reporting. The significant risks management of the Bank are as follow:

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 prioritise and consider as part of operational risk according to the definition of risk categories defined in the Bank's audit guideline.

To ensure that the Bank's operations and all operational processes are complied with Shariah principles, the Bank set the Shariah risk management policy and approach which approved by the Bank's Board of Directors as an operational framework of Shariah risk management operations. In which the financial services including the products and services development according to Principle of Islam to be competitive and meet the target customer's needs, still there're limits on taxes and fees that effect to the operational cost of the Bank. Therefore, to ensure that the Bank's operations and operational processes are all comply with Shariah principles, the Bank control Shariah risk by analyzing, monitoring and reporting the information related to Shariah risk such as, Shariah risk status report, changes in number of deposit customers and Muslim customers report, Damage which may cause by non-compliance of Shariah principles report to related committees such as Shariah Advisory Council, Risk Management Sub-Committee, Audit Sub-Committee, and Board of Directors to support Shariah risk management strategy determination. In addition, the Bank focus on Shariah principle training through the internal communication channels of the Bank to all employees to provide knowledge and understanding to perform correctly according to Shariah principle and be able to communicate to the customers to provide understanding of Shariah principle that the Bank use for operations effectively and standardized.

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

The decreasing in financing quality had affected the Bank's strategic and operational risks because of the increasing in loan loss reserves' which caused the high level of strategic risk by taking into the Bank's capital fund at the year ended 2016. The Bank had revised the rehabilitation plan and business plan for the year of 2016 - 2020, which directed to the Bank's financial stability and the improvement of internal management in order to rehabilitate and operate effectively that would enhance confidentiality of customers and other stakeholders and lead to sustainable long-term growth. The Bank had monitored overall operations by comparing the result with its goal and set the guideline to cope with the changes in internal and external factors which may affect strategic risk. The Bank has reported its overall operation in regards to the rehabilitation roadmap to the Ministry of Finance.

In addition, The BIS ratio has been significantly decreased comparing to the year ended 2015 which was lower than the ministerial regulations B.E. 2547, regarding the Composition of Capital Fund, due to the increasing of Non Performing Financing (NPF).

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

The Bank has credit risk from the general financing, PSA (Public Service Account), and Non - PSA (Non - Public Service Account) i.e. the project according to the government policies corresponding with the Bank's mission and objectives. The credit risk is considered from the net carrying amount of financing net of allowance for doubtful accounts, presented as an

asset in statements of financial position. Non Performing Financing (NPF) is a significant risk of the Bank. By the end of 2016, in the Bank's financial statements, the Bank had NPF including the accrued income in the amount of Baht 53,728.10 million in which increased from 2015 in the amount of Baht 48,088.42 million. NPF per total financing in 2016 is 57.47 percent which increased from 48.88 percent of total financing in 2015. 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, reviewing Islamic Bank of Thailand's Regulations No. 30, regarding the qualitative asset classifications of corporate loan B.E. 2559, reviewing Islamic Bank of Thailand's Regulations No. 6, regarding the debt restructuring B.E. 2559, reviewing Ruling No. 6, regarding credit approval of trouble debt and properties for sales B.E. 2559.
2. Monitoring and controlling credit risk such as,
 - Determining the Single Lending Limit Ratio for risk management to prevent to give a company or a group of company over credit limit or over investment.
 - Determining and reviewing Industry Limit for diversification which prevent to invest in only one bunch, one industry.
 - Reviewing loan appropriately in accordance with the guideline of regulator.

3. Increasing efficiency in screening loan by establishing Credit Risk Management in order to consider on screening and comment in risk issue including recommending some guideline to decrease those risk and considering on credit and investment to balance between Client Department and Credit Analysis Department.

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. Market risk management policy and guideline are set as a framework in operations, monitoring and reporting 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.

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. All this, the Bank monitors and controls its price risk by comparative approach on established risk level under the specified limits using the Value-at-Risk method.

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 Asset and Liability Management Committee (ALCO) has established the liquidity risk management strategy and has monitored and managed overall liquidity position to ensure that the Bank has adequate liquidity for its business operations, able to support its growth in business-as-usual situations and has readiness of funds or assets which can be liquidated or realized as needed under crisis situations. The Bank has established the liquidity management policy and guidelines 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, financing to deposit ratio (F/D ratio) analysis, evaluation of concentration ratio on major depositors, liquidity assets maintenance, scenarios analysis i.e. withdrawals of large depositors continuously

The Bank's liquidity asset maintenance during phase 1 (December 8, 2016 – December 22, 2016) was 12.69 percent and during phase 2 (December 23, 2016 – January 7, 2017) was 15.16 which higher than the Ministerial Regulation of the Liquid Asset Maintenance of Islamic Bank of Thailand B.E. 2547 which requires the Bank to maintain the liquid assets not less than 6 percent of total of deposits and foreign borrowings.

Sources and Uses of Funds as at December 31, 2016 and 2015 as follows:

Unit : Million Baht

Sources and uses of funds	December 31, 2016		December 31, 2015	
	Book Value	Proportion (Percentage)	Book Value	Proportion (Percentage)
Sources of Funds				
Deposits	93,498.08	117.16	99,530.20	111.61
Interbank and money market items, net	3,383.35	4.24	3,280.20	3.68
Equity	(17,076.80)	(21.40)	(13,635.83)	(15.29)
Total	<u>79,804.63</u>	<u>100.00</u>	<u>89,174.57</u>	<u>100.00</u>
Uses of Funds				
Financing	93,496.38	83.88	98,373.18	83.87
Interbank and money market items, net	6,705.28	6.02	9,885.92	8.43
Investments, net	11,253.14	10.10	9,034.39	7.70
Total	<u>111,454.80</u>	<u>100.00</u>	<u>117,293.49</u>	<u>100.00</u>

Financial assets and liabilities as at December 31, 2016 and 2015 categorized by maturity periods as follows:

Unit : Million Baht

	December 31, 2016						
	At call	0-3 months	Over 3-12 months	Over 1 year	No maturity	Step Accrued	Total
Financial assets							
Interbank and money market items, net	6,668.52	36.76		-		-	6,705.28
Investments, net	-	8,306.00	2,694.29	-	252.85	-	11,253.14
Financing	-	5,094.38	3,612.50	31,071.41		53,718.09	93,496.38
Total financial assets	6,668.52	13,437.14	6,306.79	31,071.41	252.85	53,718.09	111,454.80
Financial liabilities							
Deposits	19,477.64	31,150.57	33,210.64	9,659.23	-	-	93,498.08
Interbank and money market items, net	1,125.24	35.04	1,462.96	760.11	-	-	3,383.35
Total financial liabilities	20,602.88	31,185.61	34,673.60	10,419.34		-	96,881.43

Unit : Million Baht

	December 31, 2015						
	At call	0-3 months	Over 3-12 months	Over 1 year	No maturity	Step Accrued	Total
Financial assets							
Interbank and money market items, net	9,827.73	38.26	19.93	-	-	-	9,885.92
Investments, net	-	6,867.76	1,996.62	-	170.01	-	9,034.39
Financing		5,350.87	5,655.59	48,215.06		39,151.66	98,373.18
Total financial assets	9,827.73	12,256.89	7,672.14	48,215.06	170.01	39,151.66	117,293.49
Financial liabilities							
Deposits	20,127.92	34,472.67	41,084.89	3,844.72	-	-	99,530.20
Interbank and money market items, net	972.33	122.76	603.99	1,581.12	-	-	3,280.20
Total financial liabilities	21,100.25	34,595.43	41,688.88	5,425.84	-	-	102,810.40

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

Following data is summary of outstanding balances as shown in the financial statements and estimated fair value of financial assets and liabilities as at December 31, 2016 and 2015.

Unit : Million Baht

Type of Financial Instruments	December 31, 2016		December 31, 2015	
	Book value	Fair Value	Book value	Fair Value
Financial assets				
Cash	1,433.77	1,433.77	1,347.41	1,347.41
Interbank and money market items, net	6,705.28	6,705.28	9,885.92	9,885.92
Derivatives	0.09	0.09	0.14	0.14
Investments, net	11,253.14	11,253.14	9,034.39	9,034.39
Financing, net	60,690.24	60,690.24	68,764.93	68,764.93
Total	<u>80,082.52</u>	<u>80,082.52</u>	<u>89,032.79</u>	<u>89,032.79</u>

Unit : Million Baht

Type of Financial Instruments	December 31, 2016		December 31, 2015	
	Book value	Fair Value	Book value	Fair Value
Financial liabilities				
Deposits	93,498.08	93,498.08	99,530.20	99,530.20
Interbank and money market items, net	3,383.35	3,383.35	3,280.20	3,280.20
Liabilities payable on demand	67.49	67.49	74.87	74.87
Derivatives liabilities	0.06	0.06	0.05	0.05
Compensation payable on deposit	360.41	360.41	574.55	574.55
Total	<u>97,309.39</u>	<u>97,309.39</u>	<u>103,459.87</u>	<u>103,459.87</u>

4.7 Capital fund

Unit : Million Baht

The Bank's Financial Statements		
	December 31, 2016	December 31, 2015
Tier 1 capital		
Paid-up share capital	102,768.26	102,768.26
Discount on share capital	(91,841.73)	(91,841.73)
Legal reserve	473.01	473.01
Unappropriated retained earnings	(28,386.09)	(24,862.15)
Total tier 1 capital	(16,986.55)	(13,462.61)
Total capital fund before deficit	(16,986.55)	(13,462.61)
Less Deficit on revaluation of available-for-sale equity securities	(90.51)	(173.34)
Total capital fund	(17,077.06)	(13,635.95)

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.

The ministerial regulation requires the Bank 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, 2016 and 2015, the Bank maintained total capital lower than the ministerial regulations B.E. 2547, regarding the Composition of Capital Fund of the Islamic Bank of Thailand which the bank is conducting under rehabilitation roadmap with assets and contingencies ratio as follows:

The Bank's Financial Statements		
	Percentage	
	December 31, 2016	December 31, 2015
Total capital fund	(31.02)	(21.72)
Tier 1 Capital	(30.86)	(21.44)

As at December 31, 2016, the Bank had included the result of operation for the year ended December 31, 2016 in the Bank's capital which in accordance with the Bank of Thailand's Notification.

5. Estimates and Judgements

The preparation of financial statements in conformity with Thai Financial Reporting Standards also requires management to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimated and associated assumptions 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 judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Accordingly, actual results may differ from these estimates.

The estimated and underlying assumptions 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.

6. Going Concern

The Bank's overall operation had ongoing capital deficiency. As at December 31, 2016, the Bank's financial statements had capital deficiency of Baht 28,386.09 million due to allowance for doubtful accounts of the non-performing financing. For the year ended December 31, 2016, the Bank had set up the allowance for doubtful accounts and allowance for debt restructuring net amounting to Baht 3,113.57 million which affected the Bank's losses from operation for the year ended December 31, 2016, amounting to Baht 3,524.06 million. Moreover, the Bank's total liabilities exceeded its total assets by Baht 17,076.80 million. The Bank had a plan to improve the operation to minimize the loss by preparing the rehabilitation roadmap reported to the Ministry of Finance in accordance to the Notification No. Tor.Or.Tor. Gor.Yor.Tor. 017/2556 dated March 28, 2013. Under this roadmap, the Bank planned to increase the share capital amounting to Baht 7,108 million according to the resolutions of the Annual Ordinary Shareholders' meeting for the year 2013 held on May 30, 2013, approved the increase of the Bank's registered capital. The increase of share capital were divided by the first allocation in June 2013 amounting to Baht 927 million and the second allocation in October 2013 amounting to Baht 6,181 million.

The first increase of the share capital amounting to Baht 927 million by the allocation of shares of the Bank in Note section 7 18, the Bank proceeded fund from capital increase on August 30, 2013 of Baht 914.15 million and on September 23, 2013 of Baht 12.85 million, totaling Baht 927 million.

In accordance with the Ministry of Finance's Notification No. Gor.Kor. 1006/8315 dated May 28, 2013, announced that the Ministry of Finance increased share capital of the Bank amounting to Baht 2,949 million allocated from the 2013 annual state budget amounting to Baht 449 million and from 2014 annual state budget amounting to Baht 2,500 million.

On August 19, 2014, the Ministry of Finance had set conditions for disbursement of increase of the share capital in proportion of the Ministry of Finance for the year 2014 in according to Notification No. Gor.Kor. 0819.1/10821 which shall be disbursed twice allocated to Baht 1,250 million each, under the conditions as follows:

For the first allocation, after the implementation of the financing approval process improvement according to the rehabilitation roadmap, the bank prepared plan in order to increase proportion of retail customer and decrease overall expenditure by setting the objectives, procedures, operating and financial management plan for at least the next 5 years, which were approved by the Ministry of Finance. In addition, the Bank prepare plan for restructuring the Non-Performing Financing (NPF), preventing account receivable relegation and monitoring the Non-Performing Financing (NPF).

For the second allocation, the Bank will engage the external consultant to perform a due diligence and prepare the branch process improvement plan which was approved by the Board of Directors.

On 23 April, 2015, the Ministry of Finance had Notification No. Gor.Kor. 0819.1/1665 regarding to requesting for the Islamic Bank of Thailand to explain the overall operation of conditions for disbursement of increase of the share capital.

The Bank had the Notification No. Tor.Or.Tor. Lor.Gor. 144/2558 dated May 8, 2015 to the State Enterprise Policy Office, reporting the operation for the conditional disbursement to increase the share capital of the two allocations, as follows:

The first allocation, the Bank has implemented the financing approval process improvement, prepared plan in order to increase proportion of retail customer, and prepared plan for restructuring the Non-Performing Financing (NPF).

The second allocation, the Bank has already engaged the external consultant to perform a due diligence and prepared information of the branch process improvement plan.

The Bank had the Notification No. Tor.Or.Tor. Lor.Gor. 138/2558 dated April 29, 2015 submitting the report of reviewing financial status of Islamic Bank of Thailand and the implementation progress report according to the Ministry of Finance.

In accordance with the Ministry of Finance's Notification No. Gor.Kor. 0805.4/4756 dated September 30, 2015, announced that the Board of Directors of the State Enterprise Policy Office in the meeting No. 7/2015 dated August 31, 2015, had a resolution to classify Good Bank and Bad Bank in order to solve problems. Regarding Good Bank, the Bank would find joint venture partner, regarding Bad Bank, the Bank would set up Asset Management Company (AMC) incorporation by the Ministry of Finance and would engage experts to manage the AMC.

In accordance with the Ministry of Finance's Notification No. Gor.Kor. 0805.4/Lor.677 dated November 13, 2015, announced that the Board of Directors of the State Enterprise Policy Office in the meeting No. 8/2015 dated November 9, 2015 has considered an organizational solution of Islamic Bank of Thailand which had a resolution to find joint venture partner who increase the Bank's capital with the level of capital in accordance to the standard provided by the Ministry of Finance regarding the Composition of Capital Fund of Islamic Bank of Thailand B.E. 2547 which requires to maintain the BIS Ratio not less than 8.5% and classifies non-Muslim NPF and transfers to Asset Management Company (AMC) established by the Ministry of Finance which determines the debt transferring transaction at Net Book Value. The Ministry in the meeting dated November 10, 2015 acknowledged the Ministry's meeting result, as mentioned above. The Board of Directors of the Bank No. 19/2015 dated November 30, 2015 had a resolution to engage financial consultants and legal consultants in order to be responsible on financial consulting in phase 2 after finishing operation in phase 1 at the date November 17, 2015, in order to solve an enterprise problem of the Bank and finding the joint ventures partner within 12 months.

In accordance with the Ministry of Finance's Notification No. Gor.Kor. 0805.4/313 dated January 28, 2016, announced the resolution of the Board of Directors of the State Enterprise Policy Office in the meeting No. 1/2016 dated January 18, 2016, the stated an acknowledgement of the result of the Islamic Bank of Thailand's problem-solving during the year and the organization plan for the year 2016 that was purposed by the Bank. The Ministry has assigned the Bank to find the joint venture partner as mentioned in the plan and reduce non-performing financing in order to strengthen financial status, reduce the government's support being able to service in accordance with Shariah principle that related to missions

In accordance with the Ministry of Finance's Notification No. Gor.Kor. 0805.4/Lor.339 dated May 13, 2016, announced the resolution of the Board of Directors of the State Enterprise Policy Office in the meeting No. 2/2016 dated April 20, 2016, the stated an acknowledgement of the result of finding the Joint Venture partner, assigned the Ministry of Finance and the Bank to plan the operational plan of the Bank to be able to conduct business in the future, including the Bank's debt restructuring. The Bank could find the joint venture partner for the Bank and assigned the Ministry of Finance to accelerate the establishment of Asset Management Company (AMC) for transferring Non-performing Financings (NPF) of non-Muslim clients from the Bank and determines the appropriability transfer value including terms and conditions. Furthermore, the stated assigned the Ministry of

Finance to monitor the progress of the Bank's problem-solving plan closely according to the indicator and objective of the Bank's problem-solving plan evaluation.

In accordance with the Ministry of Finance's Notification No. Gor.Kor. 0805.4/Lor.622 dated August 2, 2016, announced the resolution of the Board of Directors of the State Enterprise Policy Office in the meeting No. 3/2016 dated July 11, 2016, had approved debt restructuring of the Bank which the Ministry of Finance increased the share capital of the Bank in order to make shareholder equity of the Bank not negative. The Bank was assigned to plan the operational plan of the Bank to be able to conduct business in the future, including the plan of sharing the resources with other governmental financial institutions for cost reduction in the Bank's operation. Furthermore, the Ministry of Finance and the Bank considered to find the joint venture partner along with debt restructuring and operational plan in the future and assigned the Bank to file lawsuit against those who causing damage to the Bank by assigning the Ministry of Finance to direct the operation of the Bank following the resolution of the State Enterprise Policy Office and/or the organizational solution as determined.

As at September 27, 2016, the Ministry had anonymously approved of the Ministry of Finance setting up Islamic Bank Asset Management Ltd. ("IAM") which is the State Enterprise Policy Office governing by the Ministry of Finance. All of the IAM's share capital are held by the Ministry of Finance, and the Board of Directors of the State Enterprise Policy Office was authorized to supervise the IAM. In addition, IAM was assigned to solve problem for Islamic Bank of Thailand by transferring Non-performing Financings (NPF) of non-Muslim clients including collateral of assets from the Bank to manage or dispose and take litigation under the legal procedures as the Ministry of Finance's purpose.

However, the Ministry of Finance has been registered Islamic Bank Asset Management Ltd. ("IAM") with Department of Business Development under Ministry of Commerce on September 29, 2016.

The Ministry of Finance had the Notification No. Gor.Kor. 0805.4/6125 dated November 8, 2016, announced the resolution of the Board of Directors of the State Enterprise Policy Office in the meeting No. 4/2016 dated October 26, 2016, acknowledged the progress of solving an enterprise problem of the Bank according to the resolution. The Bank was assigned to prepare the enterprise problem-solving plan for the year 2017 and find the specialized alliance to invest in the Bank to strengthen the operations along with the implementation of the enterprise problem-solving plan.

7. Supplementary information

7.1 Supplementary disclosures of cash flow information

Significant non-cash items for the years ended December 31, 2016 and 2015 were as follows:

	Unit : Million Baht	
	<u>Consolidated and The Bank's Financial Statements</u>	
	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Increase (decrease) in revaluation		
surplus on investments in equity	82.97	(4.38)

7.2 Interbank and money market items, (assets)

Unit : Million Baht

Consolidated Financial Statements

	December 31, 2016			December 31, 2015		
	At call	Time	Total	At call	Time	Total
Domestic items						
Bank of Thailand	6,587.11	-	6,587.11	9,753.58	-	9,753.58
Commercial banks and money markets	94.89	-	94.89	135.26	-	135.26
Specialized financial institutions	18.50	-	18.50	15.17	-	15.17
Other financial institutions	-	63.93	63.93	-	70.25	70.25
Total domestic items	6,700.50	63.93	6,764.43	9,904.01	70.25	9,974.26
Add Accrued income	-	-	-	-	-	-
Less Deferred revenues	-	(26.88)	(26.88)	-	(11.73)	(11.73)
Less Allowance for doubtful accounts	-	(0.29)	(0.29)	-	(0.34)	(0.34)
Total	6,700.50	36.76	6,737.26	9,904.01	58.18	9,962.19
Foreign items						
USD	17.25	-	17.25	6.67	-	6.67
JPY	3.89	-	3.89	0.01	-	0.01
EUR	1.77	-	1.77	1.28	-	1.28
Others	0.60	-	0.60	0.19	-	0.19
Total foreign items	23.51	-	23.51	8.15	-	8.15
Total domestic and foreign items	6,724.01	36.76	6,760.77	9,912.16	58.18	9,970.34

7.2 Interbank and money market items, (assets) (Continued)

Unit : Million Baht

The Bank's Financial Statements

	December 31, 2016			December 31, 2015		
	At call	Time	Total	At call	Time	Total
Domestic items						
Bank of Thailand	6,587.11	-	6,587.11	9,753.58	-	9,753.58
Commercial banks and money markets	39.73	-	39.73	51.21	-	51.21
Specialized financial institutions	18.17	-	18.17	14.80	-	14.80
Other financial institutions	-	63.93	63.93	-	70.25	70.25
Total domestic items	6,645.01	63.93	6,708.94	9,819.59	70.25	9,889.84
Add Financial accrued income	-	-	-	-	-	-
Less Deferred revenues	-	(26.88)	(26.88)	-	(11.73)	(11.73)
Less Allowance for doubtful accounts	-	(0.29)	(0.29)	-	(0.34)	(0.34)
Total	6,645.01	36.76	6,681.77	9,819.59	58.18	9,877.77
Foreign items						
USD	17.25	-	17.25	6.67	-	6.67
JPY	3.89	-	3.89	0.01	-	0.01
EUR	1.77	-	1.77	1.28	-	1.28
Others	0.60	-	0.60	0.19	-	0.19
Total foreign items	23.51	-	23.51	8.15	-	8.15
Total domestic and foreign items	6,668.52	36.76	6,705.28	9,827.74	58.18	9,885.92

7.3 Derivatives assets and liabilities

The fair values and the notional amounts classified by type of risks were as follows:

Unit : Million Baht

Type of risk	Consolidated and The Bank's Financial Statements					
	December 31, 2016			December 31, 2015		
	Fair Value		Notional Amount	Fair Value		Notional Amount
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate						
Derivatives held for trading	0.04	-	49.91	0.14	(0.05)	51.49
Derivatives held for hedging	0.05	(0.06)	24.16	-	-	-
Total	0.09	(0.06)	74.07	0.14	(0.05)	51.49

The proportions of derivatives transactions classified by type of counterparty based on notional amount were as follows:

	Consolidate and The Bank's Financial Statements	
	December 31, 2016	December 31, 2015
	Proportion	Proportion
	(Percentage)	(Percentage)
Financial institution	66.34	49.92
Third parties	33.66	50.08
Total	100.00	100.00

7.4 Investments, net

Unit : Million Baht

Consolidated and The Bank's Financial

December 31, 2016	December 31, 2015
Fair Value	Fair Value

7.4.1 Available-for-sale securities

Government securities	11,000.29	8,864.38
Domestic marketable equity securities	227.85	145.01
Total	11,228.14	9,009.39

Unit : Million Baht

Consolidated and The Bank's Financial

December 31, 2016	December 31, 2015
Cost	Cost

7.4.2 Held-to-maturity securities

Investment in receivables	13.48	13.16
Total	13.48	13.16
Less Allowance for impairment	(13.48)	(13.16)
Total	-	-

Unit : Million Baht

Consolidated and The Bank's Financial

December 31, 2016	December 31, 2015
Cost	Cost

7.4.3 General investments

Domestics non-marketable unit trusts	25.00	25.00
Total	25.00	25.00
Total investment, net	11,253.14	9,034.39

7.4.4 Surplus (deficit) on revaluation of investments

Unit : Million Baht

Consolidated and The Bank's Financial Statements

	December 31, 2016	December 31, 2015
Equity securities	(90.50)	(173.34)
Debt securities	0.26	0.13
Total	(90.24)	(173.21)

7.4.5 Time to maturity of debt securities

Unit : Million Baht

Consolidated and The Bank's Financial Statements

	December 31, 2016				December 31, 2015			
	Maturity				Maturity			
	Over 1-5		Over 5	Total	Over 1-5		Over 5	Total
	1 Year	Years	Years		1 Year	Years	Years	
Available-for-sale securities								
Government and state enterprise securities	11,000.03	-	-	11,000.03	8,864.25	-	-	8,864.25
Add (Less) Allowance for revaluation	0.26	-	-	0.26	0.13	-	-	0.13
Total	11,000.29	-	-	11,000.29	8,864.38	-	-	8,864.38

7.5 Investments in subsidiaries, net

The Bank's Financial Statements

December 31, 2016

	Type of business	Type of investments	Paid-up capital	Share holding	Investment Cost Method
Subsidiaries			(Million Baht)	(%)	(Million Baht)
Amanah Leasing Public Company Limited	Hire-purchase-vehicle	Common share	950.00	49.00	560.35
Amanah Haj and Umrah Company Limited	Provides and operate the Haj and Umrah tour	Common share	10.00	49.00	4.90
Total					565.25
Less allowance for impairment					(4.90)
Investment in subsidiaries, net					560.35

Amanah Haj and Umrah Company Limited have losses on operation. Consequently, it was recorded the allowance for impairment of investment by the Bank in the full amount. The subsidiary has ceased their operation and deregistered on May 14, 2013 which is now conducting the liquidation process.

The Bank's Financial Statements

December 31, 2015

	Type of business	Type of investments	Paid-up capital	Share holding	Investment Cost Method
Subsidiaries			(Million Baht)	(%)	(Million Baht)
Amanah Leasing Public Company Limited	Hire purchase-vehicle	Common share	950.00	49.00	560.35
Amanah Haj and Umrah Company Limited	Provides and operate the Haj and Umrah tour	Common share	10.00	49.00	4.90
Total					565.25
Less allowance for impairment					(4.90)
Investment in subsidiaries, net					560.35

7.6 Financing and financial accrued income

7.6.1 Classified by type of financing

Unit: Million Baht

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Contracts receivables				
- Cash withdrawal	1,487.39	1,347.85	1,487.39	1,347.85
- General	47,962.47	53,555.42	47,962.47	53,555.42
Financing receivables	129.22	131.62	42.20	42.31
Receivables from factoring contracts	3,156.94	3,523.81	4,876.94	4,573.81
Hire-purchase receivables	4,334.66	4,276.39	934.20	2,161.33
Financial lease receivables	3.03	4.69	0.68	1.54
Debt restructuring receivables	36,474.41	34,700.28	36,474.41	34,700.28
Others	165.40	198.42	165.40	198.42
Less: Deferred revenue	(1,218.82)	(721.73)	(266.83)	(318.77)
Total financing net of deferred revenue	92,494.70	97,016.75	91,676.86	96,262.19
Add: Financial accrued income	187.54	274.46	185.60	273.55
Total financing net of deferred revenue and add financial accrued income	92,682.24	97,291.21	91,862.46	96,535.74
Less: Allowance for doubtful accounts				
1. Minimum provision according to the BOT's requirement	(28,868.24)	(28,455.11)	(28,758.91)	(28,299.98)
2. General provision ⁽¹⁾	(2,938.99)	(514.92)	(2,869.87)	(427.89)
Less: Revaluation allowance for debt restructuring	(206.56)	-	(206.56)	-
Total financing and financial accrued income, net	60,668.45	68,321.18	60,027.12	67,807.87

⁽¹⁾The Bank considered to increase the general provision in accordance with the receivables' quality, which was based on the ability to pay debt and collective approach method, including the differences between the balance of financial accrued income and the balance of debtors.

7.6.2 Classified by currency and residence of the debtors

Unit : Million Baht

Consolidated Financial Statements

	<u>December 31, 2016</u>			<u>December 31, 2015</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	92,494.70	-	92,494.70	97,016.75	-	97,016.75
Total	92,494.70	-	92,494.70	97,016.75	-	97,016.75

Unit : Million Baht

The Bank's Financial Statements

	<u>December 31, 2016</u>			<u>December 31, 2015</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	91,676.86	-	91,676.86	96,262.19	-	96,262.19
Total	91,676.86	-	91,676.86	96,262.19	-	96,262.19

7.6.3 Classified by business type and classification

Unit : Million Baht

Consolidated Financial Statements

December 31, 2016

	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	6,686.88	244.85	139.40	480.45	2,614.47	10,166.05
Manufacturing and commerce	6,807.10	3,623.06	1,111.57	1,624.57	21,243.92	34,410.22
Property Development and construction	7,449.81	2,102.13	2,017.60	1,297.47	6,160.87	19,027.88
Public utility and services	5,607.79	1,525.02	1,803.84	3,386.27	5,897.30	18,220.22
House financing	2,596.27	169.88	131.02	137.32	1,839.25	4,873.74
Others	2,171.82	-774.85	251.70	233.70	2,364.52	5,796.59
Total	31,319.67	8,439.79	5,455.13	7,159.78	40,120.33	92,494.70

Unit : Million Baht

Consolidated Financial Statements

December 31, 2015

	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	8,304.19	427.28	409.10	311.42	2,071.93	11,523.92
Manufacturing and commerce	8,052.80	2,481.07	2,915.86	3,687.94	16,600.79	33,738.46
Property Development and construction	9,692.55	2,659.49	1,969.63	516.34	6,017.68	20,855.69
Public utility and services	9,054.44	2,338.31	2,320.16	18.52	5,176.57	18,908.00
House financing	3,097.83	255.96	184.30	138.56	1,764.28	5,440.93
Others	2,848.18	664.13	806.41	308.49	1,922.54	6,549.75
Total	41,049.99	8,826.24	8,605.46	4,981.27	33,553.79	97,016.75

7.6.3 Classified by business type and classification (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2016

	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	6,686.88	244.85	139.40	480.45	2,614.47	10,166.05
Manufacturing and commerce	6,807.10	3,623.06	1,111.57	1,624.57	21,243.92	34,410.22
Property Development and construction	7,449.81	2,102.13	2,017.60	1,297.47	6,160.87	19,027.88
Public utility and services	5,607.79	1,525.02	1,803.84	3,386.27	5,897.30	18,220.22
House financing	2,596.27	169.88	131.02	137.32	1,839.25	4,873.74
Others	2,035.32	257.83	172.24	178.54	2,334.82	4,978.75
Total	31,183.17	7,922.77	5,375.67	7,104.62	40,090.63	91,676.86

Unit : Million Baht

The Bank's Financial Statements

December 31, 2015

	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	8,304.19	427.28	409.10	311.42	2,071.93	11,523.92
Manufacturing and commerce	8,052.80	2,481.07	2,915.86	3,687.94	16,600.79	33,738.46
Property Development and construction	9,692.55	2,659.49	1,969.63	516.34	6,017.68	20,855.69
Public utility and services	9,054.44	2,338.31	2,320.16	18.52	5,176.57	18,908.00
House financing	3,097.83	255.96	184.30	138.56	1,764.28	5,440.93
Others	2,601.42	379.53	718.94	225.03	1,870.27	5,795.19
Total	40,803.23	8,541.64	8,517.99	4,897.81	33,501.52	96,262.19

7.6.4 Classified by type of classification

Unit : Million Baht

Consolidated Financial Statements				
December 31, 2016				
	Financing and financial accrued income	Outstanding balance (Net of collateral)*	Percentage of Allowance for Doubtful account (%)	Minimum allowance for doubtful account
1. Minimum allowance per BOT's regulations				
Normal	31,388.25	12,088.75	1	104.78
Special Mention	8,488.54	3,648.47	2	31.25
Sub-Standard	5,460.19	2,165.76	100	2,165.05
Doubtful	7,160.59	2,362.26	100	2,360.66
Doubtful loss	40,124.47	24,206.50	100	24,206.50
2. Surplus Reserve				
- Financial accrued income	60.20	-		60.20
- General reserve	-	-		2,878.79
Total **	92,682.24	44,471.74		31,807.23

In this period, the Bank need to set up the allowance for doubtful account for debtors classified as normal and special mention class amounting to Baht 120.92 million and Baht 73.01 million. However, there was loss from debt restructuring in the aforementioned receivables. Therefore, the Bank included the allowance of such amount totaled Baht 16.14 million and Baht 41.76 million in the allowance for revaluation of debt restructuring.

Unit : Million Baht

Consolidated Financial Statements				
December 31, 2015				
	Financing and financial accrued income	Outstanding balance (Net of collateral)*	Percentage of Allowance for Doubtful account (%)	Minimum allowance for doubtful account
1. Minimum allowance per BOT's regulations				
Normal	41,161.32	13,376.35	1	134.10
Special Mention	8,899.29	1,641.81	2	33.20
Sub-Standard	8,627.96	3,187.58	100	3,183.05
Doubtful	4,985.56	3,429.72	100	3,427.61
Doubtful loss	33,555.87	21,677.15	100	21,677.15
2. Surplus Reserve				
- Financial accrued Financial income	61.21	-		61.21
- General reserve	-	-		453.71
Total **	97,291.21	43,312.61		28,970.03

* 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 7.6.1

7.6.4 Classified by type of classification (Continued)

Unit : Million Baht

The Bank's Financial Statements				
December 31, 2016				
	Financing and financial accrued income	Outstanding balance (Net of collateral)*	Percentage of Allowance for Doubtful account (%)	Minimum allowance for doubtful account
1. Minimum allowance per BOT's regulations				
Normal	31,249.81	11,784.06	1	101.70
Special Mention	7,971.51	3,530.99	2	28.86
Sub-Standard	5,380.74	2,145.74	100	2,145.74
Doubtful	7,105.43	2,306.86	100	2,306.86
Doubtful loss	40,094.77	24,175.75	100	24,175.75
2. Surplus Reserve				
- Financial accrued income	60.20	-		60.20
- General reserve	-	-		2,809.67
Total **	91,862.46	43,943.40		31,628.78

In this period, the Bank need to set up the allowance for doubtful account for debtors classified as normal and special mention class amounting to Baht 117.84 million and Baht 70.62 million. However, there was loss from debt restructuring in the aforementioned receivables. Therefore, the Bank included the allowance of such amount totalled Baht 16.14 million and Baht 41.76 million in the allowance for revaluation of debt restructuring.

Unit : Million Baht

The Bank's Financial Statement				
December 31, 2015				
	Financing and financial accrued income	Outstanding balance (Net of collateral)*	Percentage of Allowance for Doubtful account (%)	Minimum allowance for doubtful account
1. Minimum allowance per BOT's regulations				
Normal	40,913.65	13,201.77	1	132.02
Special Mention	8,614.68	1,591.35	2	31.83
Sub-Standard	8,540.49	3,165.17	100	3,165.17
Doubtful	4,902.10	3,345.94	100	3,345.94
Doubtful loss	33,503.61	21,625.02	100	21,625.02
2. Surplus Reserve				
- Financial accrued income	61.21	-		61.21
- General reserve	-	-		366.68
Total **	96,535.74	42,929.25		28,727.87

** Total financing and financial accrued income net of deferred revenue in Note 7.6.1

As of December 31, 2016 and 2015, the Bank had Non-Performing Financing (NPFs) in the amount of Baht 52,580.94 million and Baht 46,946.20 million, accounting for 57.24 and 48.63 percent of the Financing and Accrued Financial income respectively

7.6.5 Hire-purchase receivables and finance lease receivables

Unit : Million Baht

Consolidated Financial Statements

December 31, 2016

Amounts due under lease agreements

	Less than 1 year	1-5 years	Over 5 years	Total
Gross investment in the agreement	1,689.70	2,641.83	6.16	4,337.69
Less Unearned finance income	(397.09)	(646.52)	(0.36)	(1,043.97)
Present value of minimum lease payment per agreement	1,292.61	1,995.31	5.80	3,293.72
Less Allowance for doubtful accounts	(542.54)	(132.72)	(0.02)	(675.28)
Hire-purchase and finance lease receivables, net	750.07	1,862.59	5.78	2,618.44

Unit : Million Baht

Consolidated Financial Statements

December 31, 2015

Amounts due under lease agreements

	Less than 1 year	1-5 years	Over 5 years	Total
Gross investment in the agreement	1,159.53	3,116.97	4.58	4,281.08
Less Unearned finance income	(217.36)	(515.03)	(0.17)	(732.56)
Present value of minimum lease payment per agreement	942.17	2,601.94	4.41	3,548.52
Less Allowance for doubtful accounts	(402.24)	(893.59)	(0.27)	(1,296.10)
Hire-purchase and finance lease receivables, net	539.93	1,708.35	4.14	2,252.42

7.6.5 Hire-purchase receivables and finance lease receivables (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2016

Amounts due under lease agreements

	Less than 1 year	1-5 years	Over 5 years	Total
Gross investment in the agreement	524.70	410.18	-	934.88
Less Unearned finance income	(40.19)	(31.50)	-	(71.69)
Present value of minimum lease payment per agreement	484.51	378.68	-	863.19
Less Allowance for doubtful accounts	(425.86)	(71.01)	-	(496.87)
Hire-purchase and finance lease receivables, net	58.65	307.67	-	366.32

Unit : Million Baht

The Bank's Financial Statements

December 31, 2015

Amounts due under lease agreements

	Less than 1 year	1-5 years	Over 5 years	Total
Gross investment in the agreement	352.31	1,810.56	-	2,162.87
Less Unearned finance income	(35.38)	(277.48)	-	(312.86)
Present value of minimum lease payment per agreement	316.93	1,533.08	-	1,850.01
Less Allowance for doubtful accounts	(252.84)	(822.91)	-	(1,075.75)
Hire-purchase and finance lease receivables, net	64.09	710.17	-	774.26

7.7 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, 2016							
		Special	Sub-		Doubtful	Additional allowance for doubtful	
	Normal	Mention	Standard	Doubtful	loss	accounts	Total
Beginning balance	134.10	33.20	3,183.05	3,427.61	21,677.15	514.92	28,970.03
Increase (decrease) in doubtful accounts	(29.32)	(1.95)	(1,018.00)	(1,066.95)	2,529.35	-	413.13
Increase in surplus reserve	-	-	-	-	-	2,424.07	2,424.07
Ending balance	104.78	31.25	2,165.05	2,360.66	24,206.50	2,938.99	31,807.23

Unit : Million Baht

Consolidated Financial Statements							
December 31, 2015							
		Special	Sub-		Doubtful	Additional allowance for doubtful	
	Normal	Mention	Standard	Doubtful	loss	accounts	Total
Beginning balance	156.41	118.42	2,751.07	7,122.57	14,069.30	102.10	24,319.87
Increase (decrease) in doubtful accounts	(22.31)	(85.22)	431.98	(3,694.96)	7,607.85	-	4,237.34
Increase in surplus reserve	-	-	-	-	-	412.82	412.82
Ending balance	134.10	33.20	3,183.05	3,427.61	21,677.15	514.92	28,970.03

7.7 Allowance for doubtful accounts (Continued)

Unit : Million Baht

The Bank's Financial Statements							
December 31, 2016							
	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful loss	Additional allowance for doubtful accounts	Total
Beginning balance	132.02	31.83	3,165.17	3,345.94	21,625.02	427.89	28,727.87
Increase (decrease) in doubtful accounts	(30.32)	(2.97)	(1,019.43)	(1,039.08)	2,550.73	-	458.93
Increase in surplus reserve	-	-	-	-	-	2,441.98	2,441.98
Ending balance	101.70	28.86	2,145.74	2,306.86	24,175.75	2,869.87	31,628.78

Unit : Million Baht

The Bank's Financial Statements							
December 31, 2015							
	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful loss	Additional allowance for doubtful accounts	Total
Beginning balance	154.67	116.48	2,733.30	7,084.96	13,992.44	6.65	24,088.50
Increase (decrease) in doubtful accounts	(22.65)	(84.65)	431.87	(3,739.02)	7,632.58	-	4,218.13
Increase in surplus reserve	-	-	-	-	-	421.24	421.24
Ending balance	132.02	31.83	3,165.17	3,345.94	21,625.02	427.89	28,727.87

7.8 Troubled debt restructuring

As at December 31, 2016 and 2015, the Bank had troubled debt restructuring as follows:

Unit : Million Baht

<u>Consolidated and The Bank's Financial Statements</u>			
<u>December 31, 2016</u>			
Restructuring Method	Number of debtor	Outstanding balance before restructuring	Fair value
Modification on terms of repayment	695	5,067.54	-
Total	695	5,067.54	-

Unit : Million Baht

<u>Consolidated and The Bank's Financial Statements</u>			
<u>December 31, 2015</u>			
Restructuring Method	Number of debtor	Outstanding balance before restructuring	Fair value
Modification on terms of repayment	794	9,707.98	-
Total	794	9,707.98	-

7.9 Properties for sale, net

Unit : Million Baht

Consolidated Financial Statements

December 31, 2016

	Beginning balance	Additions	Disposals/ Decrease	Ending balance
Assets from debts repayment				
Immovable assets				
- External appraiser	209.76	105.69	(77.56)	237.89
Total immovable assets	209.76	105.69	(77.56)	237.89
Movable assets				
- External appraiser	62.19	225.70	(223.74)	64.15
Total movable assets	62.19	225.70	(223.74)	64.15
Total properties for sale	271.95	331.39	(301.30)	302.04
Less Allowance for impairment	(37.90)	(107.70)	92.38	(53.22)
Total properties for sale, net	234.05	223.69	(208.92)	248.82

Unit : Million Baht

Consolidated Financial Statements

December 31, 2015

	Beginning balance	Additions	Disposals/ Decrease	Ending balance
Assets from debts repayment				
Immovable assets				
- External appraiser	54.68	158.44	(3.36)	209.76
Total immovable assets	54.68	158.44	(3.36)	209.76
Movable assets				
- External appraiser	174.84	154.02	(266.67)	62.19
Total movable assets	174.84	154.02	(266.67)	62.19
Total properties for sale	229.52	312.46	(270.03)	271.95
Less Allowance for impairment	(109.01)	(76.06)	147.17	(37.90)
Total properties for sale, net	120.51	236.40	(122.86)	234.05

7.9 Properties for sale, net (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2016

	Beginning balance	Additions	Disposals/ Decrease	Ending balance
Assets from debts repayment				
Immovable assets				
- External appraiser	160.94	105.69	(75.26)	191.37
Total immovable assets	160.94	105.69	(75.26)	191.37
Movable assets				
- External appraiser	26.90	39.50	(64.15)	2.25
Total movable assets	26.90	39.50	(64.15)	2.25
Total properties for sale	187.84	145.19	(139.41)	193.62
Less Allowance for impairment	(10.85)	(9.05)	-	(19.90)
Total properties for sale, net	176.99	136.14	(139.41)	173.72

Unit : Million Baht

The Bank's Financial Statements

December 31, 2015

	Beginning balance	Additions	Disposals/ Decrease	Ending balance
Assets from debts repayment				
Immovable assets				
- External appraiser	30.56	131.54	(1.16)	160.94
Total immovable assets	30.56	131.54	(1.16)	160.94
Movable assets				
- External appraiser	18.57	36.91	(28.58)	26.90
Total movable assets	18.57	36.91	(28.58)	26.90
Total properties for sale	49.13	168.45	(29.74)	187.84
Less Allowance for impairment	(2.89)	(7.96)	-	(10.85)
Total properties for sale, net	46.24	160.49	(29.74)	176.99

7.10 Premises and equipment, net

Unit : Million Baht

Consolidated Financial Statements

December 31, 2016

	Cost			Accumulated depreciation				Allowance for impairment	Net Balance
	Beginning balance	Additions	Disposals	Ending balance	Beginning balance	Additions	Disposals	Ending 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	64.30	3.23		67.53	30.42
Building and leasehold improvement									
- Cost	664.83	38.27	(35.92)	667.18	308.05	63.40	(19.60)	351.85	295.33
Furniture, fixture and equipment									
- Cost	949.82	68.64	(37.61)	980.85	739.43	161.17	(36.33)	864.27	116.58
Vehicles									
- Cost	129.35	4.36	(5.86)	127.85	50.31	13.08	(0.99)	62.40	65.45
Properties for service									
- Cost		0.56		0.56		0.06		0.06	0.50
Construction in progress	181.00	29.37	(163.84)	46.53	-				46.53
Total	2,180.99	141.20	(263.23)	2,058.96	1,165.58	240.94	(56.92)	1,349.60	709.36

7.10 Premises and equipment, net (Continued)

Unit : Million Baht

	Consolidated Financial Statements									
	December 31, 2015									
	Cost			Accumulated depreciation				Allowance for impairment		Net Balance
	Beginning balance	Additions	Disposals	Ending balance	Beginning balance	Additions	Disposals	Ending balance	impairment	
Land										
- Cost	106.34	48.21		154.55						154.55
Land improvement on leased land										
- Cost	3.49			3.49	3.49			3.49		
Building										
- Cost	91.97	5.98		97.95	61.00	3.30		64.30		33.65
Building and leasehold improvement										
- Cost	496.58	15.94	(47.69)	664.83	258.33	65.32	(15.60)	308.05		356.78
Furniture, fixture and equipment										
- Cost	936.22	43.70	(30.10)	949.82	613.78	150.42	(24.77)	739.43		210.39
Vehicles										
- Cost	131.04	10.09	(31.80)	109.33	42.27	14.98	(8.94)	50.31		59.04
Properties for service										
- Cost										
Construction in progress	181.87	6.89	(87.76)	100.00						181.80
Total	2,247.61	120.81	(197.43)	2,170.99	978.87	234.02	(47.31)	1,165.58		1,015.41

As at December 31, 2016 and 2015, the Bank and its subsidiaries has premises and equipment where were fully depreciated but still in-use, with the original cost approximately Baht 811.86 million and Baht 376.77 million, respectively.

7.10 Premises and equipment, net (Continued)

Unit : Million Baht

Consolidated Financial Statements

December 31, 2014

	Cost			Accumulated depreciation			Ending balance	Allowance for impairment	Net Balance
	Beginning balance	Additions	Disposals	Beginning balance	Additions	Disposals			
Land									
- Cost	154.55			154.55					154.55
Building									
- Cost	97.95		-	97.95	64.30	3.23	67.53		30.42
Building and leasehold improvement									
- Cost	631.03	37.40	(55.92)	612.51	287.13	58.48	(19.60)	326.01	286.50
Furniture, fixture and equipment									
- Cost	907.04	64.85	(35.01)	936.88	709.06	156.75	(33.85)	831.96	104.92
Vehicles									
- Cost	12.49		-	12.49	12.49	-		12.49	
Construction in progress	180.70	28.59	(162.85)	46.54			-		46.54
Total	1,983.76	130.94	(253.78)	1,860.92	1,072.98	218.46	(53.45)	1,237.99	622.93

7.10 Premises and equipment, net (Continued)

Unit : Million Baht

The Bank's Financial Statements										
December 31, 2015										
	Cost				Accumulated depreciation				Allowance	
	Beginning balance	Additions	Disposals	Ending balance	Beginning balance	Additions	Disposals	Ending balance	for impairment	Net Balance
Land										
- Cost	106.34	48.21		154.55						154.55
Building										
- Cost	91.97	5.98		97.95	61.00	3.30		64.30		33.65
Building and leasehold improvement										
- Cost	670.42	7.36	(46.75)	631.03	240.54	61.78	(15.19)	287.13		343.90
Furniture, fixture and equipment										
- Cost	901.93	34.10	(28.99)	907.04	585.65	147.45	(24.04)	709.06		197.98
Vehicles										
- Cost	12.49			12.49	11.29	1.20		12.49		
Construction in progress	261.68	6.50	(87.48)	180.70						180.70
Total	2,044.83	102.15	(163.22)	1,983.76	898.48	213.73	(39.23)	1,072.98		910.78

As at December 31, 2016 and 2015, the Bank has premises and equipment where were fully depreciated but still in-use, with the original cost approximately Baht 761.96 million and Baht 345.20 million, respectively.

7.11 Goodwill and other intangible assets, net

Unit : Million Baht

Consolidated Financial Statements

December 31, 2016

	Cost				Accumulated Amortization				Allowance for impairment	Net balance
	Beginning balance	Additions	Disposals	Ending balance	Beginning balance	Amortization	Disposals	Ending balance		
Right to use computer software										
- Cost	316.66	26.29	(0.07)	342.88	259.24	52.13	(0.01)	311.36		31.52
Computer systems										
- Cost	526.85	181.19	-	708.04	405.45	256.11		661.56	-	46.48
Goodwill										
- Cost	90.00	-	-	90.00	19.50			19.50	(70.50)	
Computer systems in progress	1.59	-	-	1.59						1.59
Total	935.10	207.48	(0.07)	1,142.51	684.19	308.24	(0.01)	992.42	(70.50)	79.59

Unit : Million Baht

Consolidated Financial Statements

December 31, 2015

	Cost				Accumulated Amortization				Allowance for impairment	Net balance
	Beginning balance	Additions	Disposals	Ending balance	Beginning balance	Amortization	Disposals	Ending balance		
Right to use computer software										
- Cost	343.01	4.98	(31.33)	316.66	260.69	29.87	(31.32)	259.24		57.42
Computer systems										
- Cost	648.90	8.87	(130.92)	526.85	414.04	122.33	(130.92)	405.45		121.40
Goodwill										
- Cost	90.00			90.00	19.50			19.50	(70.50)	
Computer systems in progress	1.59			1.59						1.59
Total	1,083.50	13.85	(162.25)	935.10	694.23	152.20	(162.24)	684.19	(70.50)	180.41

7.11 Goodwill and other intangible assets, net (Continued)

Unit : Million Baht

The Bank's Financial Statements										
December 31, 2016										
	Cost				Accumulated Amortization				Allowance for	Net
	Beginning balance	Additions	Disposals	Ending balance	Beginning balance	Amortization	Disposals	Ending balance	impairment	balance
Right to use computer software										
- Cost	287.90	26.29	(0.07)	314.12	241.96	49.82	(0.01)	291.77		22.35
Computer systems										
- Cost	526.85	181.19	-	708.04	405.45	256.11		661.56		46.48
Goodwill										
- Cost	90.00	-		90.00	19.50			19.50	(70.50)	
Total	904.75	207.48	(0.07)	1,112.16	666.91	305.93	(0.01)	972.83	(70.50)	68.83

Unit : Million Baht

The Bank's Financial Statements										
December 31, 2015										
	Cost				Accumulated Amortization				Allowance for	Net balance
	Beginning balance	Additions	Disposals	Ending balance	Beginning balance	Amortization	Disposals	Ending balance	impairment	
Right to use computer software										
- Cost	314.72	4.48	(31.30)	287.90	245.69	27.56	(31.29)	241.96		45.94
Computer systems										
- Cost	648.90	8.87	(130.92)	526.85	414.04	122.33	(130.92)	405.45	-	121.40
Goodwill										
- Cost	90.00			90.00	19.50			19.50	(70.50)	
Total	1,053.62	13.35	(162.22)	904.75	679.23	149.89	(162.21)	666.91	(70.50)	167.34

7.12 Deferred tax assets and liabilities

Unit : Million Baht

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Deferred tax assets				
Allowance for doubtful accounts	25.82	25.82	-	-
Deferred tax assets	25.82	25.82	-	-
Deferred tax liabilities				
Deferred commission expense	(2.33)	(3.57)	-	-
Revenue from financial lease	(0.07)	0.24	-	-
Deferred tax liabilities	(2.40)	(3.33)	-	-
Deferred tax assets, net	23.42	22.49	-	-

7.13 Other asset, net

Unit : Million Baht

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Deposits	84.02	97.82	80.85	94.62
Prepaid expenses	7.63	9.55	5.34	7.50
Building Leasehold	3.54	4.74	3.54	4.74
Non-accrual receivable and judgment debtors	308.70	285.28	-	-
Less Allowance for doubtful accounts	(276.83)	(256.79)	-	-
Other accrued income	4.27	1.05	4.27	1.05
Account receivable under investigation	38.93	32.93	38.93	32.93
Less Allowance for doubtful accounts	(32.93)	(32.93)	(32.93)	(32.93)
Advance payment to receivables	256.29	225.29	256.29	225.29
Less Allowance for advance payment to receivables	(217.54)	(0.94)	(217.54)	(0.94)
Others	45.76	81.75	38.79	74.92
Total	221.84	447.75	177.54	407.18

7.14 Deposits

7.14.1 Classified by product type

Unit : Million Baht

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
At call	362.23	309.18	362.91	326.01
Savings	19,065.67	19,735.36	19,114.73	19,801.90
Term Deposits				
Less than 6 months	5,083.00	9,671.80	5,083.00	9,671.80
6 months - 1 year	18,341.31	16,271.72	18,341.31	16,271.72
More than 1 year	50,596.13	53,458.77	50,596.13	53,458.77
Total	93,448.34	99,446.83	93,498.08	99,530.20

7.14.2 Classified by remaining maturity of deposits

Unit : Million Baht

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Less than 1 year	83,789.11	95,602.11	83,838.85	95,685.48
More than 1 year	9,659.23	3,844.72	9,659.23	3,844.72
Total	93,448.34	99,446.83	93,498.08	99,530.20

7.14.3 Classified by currency and residence of depositors

Unit : Million Baht

Consolidated Financial Statements

	December 31, 2016			December 31, 2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Thai Baht	93,427.28	21.06	93,448.34	99,425.09	21.74	99,446.83
Total	93,427.28	21.06	93,448.34	99,425.09	21.74	99,446.83

Unit : Million Baht

The Bank's Financial Statements

	December 31, 2016			December 31, 2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Thai Baht	93,477.02	21.06	93,498.08	99,508.46	21.74	99,530.20
Total	93,477.02	21.06	93,498.08	99,508.46	21.74	99,530.20

7.15 Interbank and money market items (liabilities)

Unit : Million Baht

Consolidated Financial Statements

	December 31, 2016			December 31, 2015		
	At call	Term	Total	At call	Term	Total
Domestic items						
Bank of Thailand	-	354.81	354.81	-	581.12	581.12
Specialized financial institutions	-	833.35	833.35	-	517.21	517.21
Other financial institutions	1,145.24	1,069.95	2,215.19	972.33	1,209.54	2,181.87
Total	1,145.24	2,258.11	3,403.35	972.33	2,307.87	3,280.20

7.15 Interbank and money market items (liabilities) (Continued)

Unit : Million Baht

	The Bank's Financial Statements					
	December 31, 2016			December 31, 2015		
	At call	Term	Total	At call	Term	Total
Domestic items						
Bank of Thailand	-	354.81	354.81	-	581.12	581.12
Specialized financial institutions	-	833.35	833.35	-	517.21	517.21
Other financial institutions	1,125.24	1,069.95	2,195.19	972.33	1,209.54	2,181.87
Total	1,125.24	2,258.11	3,383.35	972.33	2,307.87	3,280.20

7.16 Provisions

Unit : Million Baht

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Provision for decommissioning costs	8.10	2.29	8.10	2.29
Provision for off-statements of financial position contingent		0.31	-	0.31
Provision for short-term employee benefit contingent	19.09	17.17	19.09	17.17
Provision for lawsuit files	101.83	46.10	101.83	46.10
Provision for post - employment benefit contingent	149.71	123.09	142.04	116.74
Provision for return of government project financing	17.18	19.80	17.18	19.80
Total	295.91	208.76	288.24	202.41

7.16.1 Provision for off-statements of financial position items are those financing classified as non-performing financing (NPF) in which reserves being set in line with their obligations.

7.16.2 Provision for post-employment benefit obligations

The Bank has established post-employment benefit plans in accordance with the State Enterprise Labor Relations Act, B.E. 2543 and its subsidiaries has 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, 2016 and 2015 were as follow:

Unit : Million Baht

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Beginning post-employment benefit obligations	123.09	116.63	116.74	112.05
Current service cost	27.64	29.19	26.24	27.67
Financial cost	3.38	5.10	3.20	4.88
Benefit paid	(4.93)	(4.39)	(4.02)	(2.11)
Actuarial gains (losses) on defined benefit obligations	0.53	(23.44)	(0.12)	(25.75)
Ending post-employment benefit obligations	149.71	123.09	142.04	116.74

Amounts recognized in the statements of comprehensive income in respect of the post-employment benefit plans for the years ended December 31, 2016 and 2015 were as follows:

Unit : Million Baht

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Current service costs	27.64	29.19	26.24	27.67
Finance costs	3.38	5.10	3.20	4.88

Principal actuarial assumptions used to calculate the defined benefit obligations for the years ended December 31, 2016 and 2015 were as follows:

	Consolidated and The Bank's Financial Statements	
	December 31, 2016	December 31, 2015
Discount rate	2.86%	2.76%
Salary increase rate	5.00%	3.00%
Turnover average rate	0% – 14%	0% – 11%

Sensitivity analysis of principal actuarial assumptions as at December 31, 2016 is as follows:

Unit : Million Baht

	Consolidated Financial Statements		The Bank's Financial Statements	
	2016	2015	2016	2015
Change in post-employment benefits				
Increase in discount rate by 0.50%-1.00%	(14.77)	(12.68)	(14.61)	(12.54)
Decrease in discount rate by 0.50%-1.00%	17.34	14.97	17.18	14.83
Increase in salary average rate by 0.50%-1.00%	17.16	15.09	17.01	14.96
Decrease in salary average rate by 0.50%-1.00%	(14.91)	(13.00)	(14.77)	(12.88)
Increase in turnover average rate by 0.50%-1.00%	(15.66)	(13.41)	(15.66)	13.28
Decrease in turnover average rate by 0.50%-1.00%	11.78	5.67	11.78	5.53

7.17 Other liabilities

Unit : Million Baht

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
The Revenue Department payable	29.44	22.29	19.95	16.61
Suspense accounts creditors	26.82	41.99	26.82	41.99
Suspense cheque clearing	70.62	63.70	70.62	63.70
Inter-branch accounts (liabilities)	12.88	0.07	12.88	0.07
Others	112.52	81.06	92.43	66.36
Total	252.28	209.11	222.72	188.73

7.18 Share capital and Discount on share capital

As at December 31, 2016 and 2015, Ministry of Finance and State Enterprises under Ministry of Finance held by 98.18 percent of the Bank's share capital.

The Bank had registered share capital in accordance with the Islamic Bank of Thailand Act B.E. 2545 of 100.00 million shares with par value of Baht 10 each, totaling Baht 1,000.00 million; and may offer shares to no more than 35 major of shareholders.

	December 31, 2016					
	Ordinary shares (Million Shares)	Par Value (Baht)	Amount at Par Value (Million Baht)	Offering price (Baht)	Amount at offering price (Million Baht)	Discount on share capital (Million Baht)
Issued and paid-up share capital						
Increase in share capital accordance with the Islamic Bank of Thailand Act, B.E. 2545						
No. 1 (2002)	8.00	10.00	80.00	10.00	80.00	-
No. 2 (2003)	61.69	10.00	616.86	10.00	616.86	-
No. 3 (2006)	0.76	10.00	7.59	4.82	3.66	3.93
No. 4 (2007)	1.59	10.00	15.89	2.50	3.97	11.92
No. 5 (2007)	27.96	10.00	279.66	1.08	30.20	249.46
Total	100.00		1,000.00		734.69	265.31
Increase in share capital from the resolution of shareholders' meeting for the year 2007						
No. 1 (2007)	835.50	10.00	8,355.02	1.08	902.34	7,452.68
No. 2 (2007)	2,187.50	10.00	21,874.98	1.08	2,362.50	19,512.48
Total	3,023.00		30,230.00		3,264.84	26,965.16
Increase in share capital from the resolution of 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 shareholders' meeting for the year 2013						
No. 1 (2013)	1,598.28	10.00	15,982.75	0.58	927.00	15,055.75
Total	1,598.28		15,982.75		927.00	15,055.75
Grand Total	10,276.83		102,768.25		10,926.52	91,841.73

According to the resolutions of the Annual Ordinary Shareholders' meeting for the year 2013 convened on May 30, 2013, the meeting agreed to increase in share capital of not excess to Baht 7,108 million which shall be done twice. In relation to the allocation of increased shares, the first allocation would not excess than Baht 927 million and the second allocation would not excess than Baht 6,181 million in which the Board of Directors is authorized for issuance, offering and allocation of the increased shares i.e. pricing, date and time or conditions regarding the each offerings as appropriate. The meeting had the resolutions of allocation of the increased ordinary share to the existing shareholders, as per the following details:

The first increase of the share capital amounting to not exceeding Baht 927 million would be an allocation of 1,598,275,862 ordinary shares, (One thousand five hundred and ninety – eight million, two hundred and seventy-five thousand eight hundred and sixty – two ordinary shares) with par value of Baht 10 each, for allotment to existing shareholders under proportional of shares being held on the basis of 1 existing share to 0.184163 new ordinary shares. Any fraction of the rights offerings should be disregarded and offer on the basis of Baht 0.58 each. The remaining increased ordinary shares would be allocated in the criterion of private placement with offering price not less than Baht 0.58 each. The Board of Directors shall be authorized to take the following actions:

- (a) Determine conditions for the allocation of ordinary shares, either all at once or many times, to both the Bank's existing shareholders and private placement.
- (b) Specify the list of person for private placement being offered for the remaining shares after the allocation to the Bank's existing shareholders.
- (c) Any other necessary and relevant actions to allocate increased ordinary shares of the Bank.

The Bank proceeded fund from capital increase on August 30, 2013 of Baht 914.15 million and on September 23, 2013 of Baht 12.85 million, totaling Baht 927 million.

The second increase of the share capital amounting to not exceeding Baht 6,181 million. The Board of Directors shall be authorized to take the following actions:

- (a) Determine conditions for the allocation of ordinary shares, including but not limit to all at once basis or many times basis, the offering period, offering price and any conditions relating to the offering, to both the Bank's existing shareholders and private placement.
- (b) Specify the list of person for private placement being offered for the remaining shares after the allocation to the Bank's existing shareholders.
- (c) Any other necessary and relevant actions to allocate increased ordinary shares of the Bank.

On August 19, 2014, the Ministry of Finance set conditions for disbursement of increase of the share capital in proportion of the Ministry of Finance for the year 2014 in accordance with Notification No. Gor.Kor. 0819.1/10821 which shall be disbursed twice allocated to Baht 1,250 million each, under the conditions of the Ministry of Finance.

On April 23, 2015, the Ministry of Finance had Notification No. Gor.Kor. 0819.1/1665 regarding to requesting for the Islamic Bank of Thailand to explain the overall operation of conditions for disbursement of increase of the share capital. The bank had the Notification No. Tor.Or.Tor. Lor.Gor. 144/2558 regarding reporting the overall operation of conditions for disbursement of increase of the share capital of the Bank that has already operated in the relevant part of increase of the overall share capital according the conditions for disbursement in both 2 allocations.

The Ministry of Finance had Notification No. Gor.Kor. 0805.4/6125 dated November 8, 2016 announced the resolution of the Board of Directors of the State Enterprise Policy Office in the meeting No. 4/2016 dated October 26, 2016 assigned the Ministry of Finance to consider the financing restructuring of the Bank which consist of decreasing, increasing and payment of share capital including consider the relevant law that give the exemption to the Ministry of Finance to hold more than 49 percent owned of all the paid-up share capital temporary during the Bank's enterprise problem-solving.

7.19 Warrant

As at November 14, 2016, the Extraordinary General Meeting (EGM) of Amanah Leasing Public Company Limited No. 1/2016 had a resolution to approve warrant-issuing project of Amanah Leasing Public Company Limited for the Company's directors and employees (AMANAHI-WA) at no cost. Detail of the warrants are as follow:

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 1.10 3 rd year = Baht 1.20 4 th year = Baht 1.30 5 th year = Baht 1.40
Conversion Ratio (Warrant)	1:1

Estimated fair value of each warrant equals to Baht 0.07 which calculated by Black-Scholes Merton pricing model. The input data 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 year, and risk-free rate is 2.01%.

7.20 The appropriation of net profit for the year

Under the Islamic Bank of Thailand Act, B.E.2545, Section 38, the Bank is required to allocate net profit for the year to reserve fund at least 10% of its net profit until the reserve fund is equal to or greater than the paid-up share capital, then the Bank may cease or reduce such appropriation.

7.21 Contingent liabilities and Other obligations

7.21.1 Contingent liabilities

Unit : Million Baht

	Consolidated Financial Statements					
	December 31, 2016			December 31, 2015		
	Baht	Foreign currency	Total	Baht	Foreign currency	Total
Aval to bills	147.06	-	147.06	128.80	-	128.80
Liability under bill of exchange						
Unmatured import bills	-	15.51	15.51	-	59.53	59.53
Letters of credit		15.13	15.13	-	25.37	25.37
Other contingencies						
Other guarantees	1,982.20	-	1,982.20	2,168.36	-	2,168.36
Unused credit facilities	2,523.31	-	2,523.31	2,692.04	-	2,692.04
Unused overdrafts limit	605.72	-	605.72	896.52	-	896.52
Others	0.24	74.07	74.31	0.06	51.49	51.55
Total other contingencies	5,111.47	74.07	5,185.54	5,756.98	51.49	5,808.47
Total	5,258.53	104.71	5,363.24	5,885.78	136.39	6,022.17

Unit : Million Baht

	The Bank's Financial Statements					
	December 31, 2016			December 31, 2015		
	Baht	Foreign currency	Total	Baht	Foreign currency	Total
Aval to bills	147.06		147.06	128.80	-	128.80
Liability under bill of exchange						
Unmatured import bills	-	15.51	15.51	-	59.53	59.53
Letters of credit	-	15.13	15.13	-	25.37	25.37
Other contingencies						
Other guarantees	1,976.60	-	1,976.60	2,162.39		2,162.39
Unused credit facilities	2,703.31	-	2,703.31	3,522.04		3,522.04
Unused overdrafts limit	535.72	-	535.72	826.52		826.52
Others	0.24	74.07	74.31	0.06	51.49	51.55
Total other contingencies	5,215.87	74.07	5,289.94	6,511.01	51.49	6,562.50
Total	5,362.93	104.71	5,467.64	6,639.81	136.39	6,776.20

As at December 31, 2016 and 2015, the Bank has a contingent liability from other guarantee amounting to Baht 1,976.60 million and Baht 2,162.39 million, respectively. The amount included other guarantee reserved for the disruption by recognizing as a provision for liability amounting to Baht 85.90 million and Baht 40.32 million respectively.

7.21.2 Other contingent liabilities

As at December 31, 2016 and 2015, the Bank has a contingent liability from numbers of lawsuit filed in the amount in dispute of Baht 318.52 million and Baht 314.36 million, respectively. The cases are under the court's judicial proceeding.

7.22 Assets with obligations and restriction

As at December 31, 2016, the subsidiary pledged savings of Baht 6.00 million as collateral for a guarantee with a commercial bank.

7.23 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 DOT guidelines to related parties similar to financing to normal debtors.

As at December 31, 2016 and 2015, 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, 2016</u>	<u>December 31, 2015</u>
Statements of Financial Position			
Financing and accrued income			
Amanah Leasing Public Company Limited	Subsidiary	1,711.34	1,044.09
Deposits			
Amanah Leasing Public Company Limited	Subsidiary	49.74	83.37
Accrued expense			
Amanah Leasing Public Company Limited	Subsidiary	-	1.62
Trade account payables			
Amanah Leasing Public Company Limited	Subsidiary	1.06	-

Unit : Million Baht

The Bank's Financial Statements

For the Year Ended

December 31, 2016 December 31, 2015

Statements of Comprehensive Income

Financial incomes

Amanah Leasing Public Company Limited	Subsidiary	53.99	52.78
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Building and equipment expenses

Amanah Leasing Public Company Limited	Subsidiary	16.03	19.44
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As at December 31, 2016 and 2015, outstanding balances with key management personnel from vice president level or the above were as follows:

Unit : Million Baht

The Bank's Financial Statements

December 31, 2016 December 31, 2015

Executive from the Vice President level and above

Financing	38.46	49.62
Allowance for doubtful accounts	2.97	3.08
Deposits	38.14	42.94

Family members inclose contact with persons specified

Financing	0.98	1.36
Allowance for doubtful accounts	0.02	0.01
Deposits	1.19	8.41

7.24 Other benefits paid to directors and persons with managing authority

As at December 31, 2016, the Bank gained compensations or benefits as paid for executive level from Chief Officer or above which the compensation would rely on engagement contract, short-term benefit of Baht 2.31 million and post-employment benefit of Baht 22.07 million.

7.25 Long-term leases

Unit : Million Baht

Consolidated and The Bank's Financial Statements

	December 31, 2016				December 31, 2015			
	With in 1 year	From 1-5 year	Over 5 year	Total	With in 1 year	From 1-5 year	Over 5 year	Total
Building	159.19	202.29	6.90	368.38	160.93	71.49	6.86	239.28
Equipment	0.30	-	-	0.30	1.05	0.11	-	1.16
Vehicle	6.68	11.94	-	18.62	16.15	5.36	-	21.51
Service	12.78	10.41	-	23.19	6.11	-	-	6.11
	<u>178.95</u>	<u>224.64</u>	<u>6.90</u>	<u>410.49</u>	<u>184.24</u>	<u>76.96</u>	<u>6.86</u>	<u>268.06</u>

7.26 Financial income

Unit : Million Baht

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Financing	3,431.14	4,345.45	3,475.67	4,382.95
Interbank and money market items	132.17	140.42	131.98	137.72
Hire-purchases and finance leases	325.49	283.36	64.78	119.39
Investments and others	<u>110.34</u>	<u>148.36</u>	<u>110.34</u>	<u>148.36</u>
Total financial income	<u>3,999.14</u>	<u>4,917.59</u>	<u>3,782.77</u>	<u>4,788.42</u>

7.27 Financial expenses

Unit : Million Baht

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Compensations on deposits	1,787.70	2,661.54	1,787.70	2,661.54
Interbank and money market items	52.79	59.81	52.79	59.81
Remittance to SFIs Development Fund	179.89	93.10	179.89	93.10
Borrowing fees	0.24	-	-	-
Total financial expenses	2,020.62	2,814.45	2,020.38	2,814.45

As at December 31, 2016, The Bank estimated the remittance to specialized financial institutions fund for the period January 1, 2016 to December 31, 2016, amounting of Baht 179.89 million according to the Specialized Financial Institutions Act B.E.2558, and the Bank has paid amounting to Baht 90.96 million, remaining to re-pay amounting to Baht 88.03 million.

7.28 Fees and service income, net

Unit : Million Baht

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Fees and service income				
Front end fees	20.50	11.20	20.50	11.20
Penalty charges*	91.23	118.28	91.23	118.28
Others	119.93	69.71	75.35	55.78
Total fees and service income	231.66	199.19	187.08	185.26
Fees and service expenses	(22.68)	(24.03)	(22.68)	(24.03)
Fees and service income, net	208.98	175.16	164.40	161.23

* 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 Revenue Department. However, according to Shariah principle, the Bank cannot recognize this transaction as an income. However, the Bank brought this amount to deduct with the opportunity cost and losses from financing according to the Shariah Advisory Council. The remaining of proceedings should be donated for the public. 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 2016 and 2015, regarding the resolution of the meeting No. 11/2016 dated November 21, 2016 and No. 3/2017 dated February 23, 2017 respectively, summarized as follows:

Unit : Million Baht

The Bank's Financial Statements		
	December 21, 2016	December 21, 2015
Shariah-noncompliant income		
Penalty fees	91.23	118.28
Public service transaction	1.53	2.57
Shariah-noncompliant transactions	0.01	0.02
Total Shariah-noncompliant income	92.77	120.87
Opportunity cost		
Less Average cost of deposit	1.92	3.41
Damage from credit		
Less Expenses related to debt collection	77.01	93.86
Loss from debt restructuring	184.44	161.51
Total Opportunity cost and damage from credit	263.37	258.78
Opportunity cost and damage are higher than Shariah-noncompliant income	170.60	137.91

7.29 Gains (losses) on tradings and foreign exchange transactions, net

Unit : Million Baht

Consolidated and The Bank's Financial Statements

	December 31, 2016	December 31, 2015
Gains on foreign exchange rate, net	6.53	13.12
Total	6.53	13.12

7.30 Gains (Losses) on investments, net

Unit : Million Baht

Consolidated and The Bank's Financial Statements

	December 31, 2016		December 31, 2015	
	Gain/ Reversal	Losses	Gain/ Reversal	Losses
Reversal (Losses) from impairment of investments	-	(0.32)	-	-
Total	-	(0.32)	-	-
Net reversal (losses) on investments, net		(0.32)		

7.31 Other operating income

Unit : Million Baht

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Dividend income	4.90	4.90	4.90	4.90
Gain on disposal of properties for sale	-	0.76	-	0.76
Other income - from hire-purchase financing	8.17	8.71	8.17	8.71
Income from insurance on hire-purchase business	0.59	1.13	0.59	1.13
Other income	32.92	27.91	12.61	13.84
Total	46.58	43.41	26.27	29.34

7.32 Other operating expenses

Unit : Million Baht

	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Sales promotion expenses	16.17	27.54	12.05	24.52
Professional service fees	48.38	73.73	45.00	70.18
Losses on impairment of other assets	216.60	-	216.60	-
Losses on provision	55.43	35.92	55.43	35.92
Losses on discontinued, disposal of assets and other losses on properties for sale	106.52	103.77	41.98	46.04
Security guard service fees	14.23	15.26	14.23	15.26
Transportation expenses	23.06	28.89	23.06	28.89
Office supplies	21.91	30.24	18.76	28.68
Labor costs	7.36	9.04	7.36	9.04
Entertainment expenses and public charity	5.37	7.90	5.36	7.84
Training and membership fees	6.32	11.42	5.88	10.86
Cash shipping fees	12.70	12.52	12.70	12.52
Others	67.55	39.26	53.09	23.02
Less cost allocation from Public Service Account	(111.26)	(84.33)	(111.26)	(84.33)
Total	490.34	311.16	400.24	228.44

7.33 Bad Debts and Allowance for Doubtful Accounts

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2016</u>	<u>December 31, 2015</u>	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Financing	413.13	4,237.34	458.93	4,218.13
Financing to				
public service account (Reversal)	(0.19)	(82.77)	(0.19)	(82.77)
Interbank and money market items	(0.05)	(0.39)	(0.05)	(0.39)
Surplus reserve	2,424.07	412.82	2,441.98	421.24
Bad debts	26.65	0.14	4.86	0.02
Loss on troubled debt restructuring	206.56	-	206.56	-
Loss on troubled debt restructuring				
from public service account	1.48	-	1.48	-
Bad debt recoveries	(1.27)	(1.15)	-	-
Others	27.70	70.20	-	-
Total	<u>3,098.08</u>	<u>4,636.19</u>	<u>3,113.57</u>	<u>4,556.23</u>

7.34 Public Service Account

7.34.1 Summary of Public Service Account

Unit : Million Baht

<u>Assets and Liabilities</u>	<u>Consolidated and The Bank's Financial Statements</u>	
	<u>December 31, 2016</u>	<u>December 31, 2015</u>
<u>Assets</u>		
Financing to public service account		
and financial accrued income, net	663.12	957.05
Receivable eligible for government reimbursement	-	-
Total assets	<u>663.12</u>	<u>957.05</u>
<u>Liabilities</u>		
Public service account payable	-	-
Total liabilities	<u>-</u>	<u>-</u>

Unit : Million baht

<u>Income and expenses</u>	<u>Consolidated and The Bank's Financial Statements</u>			
		<u>December 31, 2016</u>		<u>December 31, 2015</u>
Revenue from public service account		105.49		132.28
Less Expenses from public service account	664.80		697.74	
impairment				
impairment of public service account (Reversal)	(0.19)	664.61	(82.77)	614.97
Net loss		<u>(559.12)</u>		<u>(482.69)</u>

7.33.2 Financing to Public Service Account

Unit : Million Baht

Consolidated and The Bank's Financial Statements

Projects	Project Summary	Duration	For the year ended	
			December 31, 2016	December 31, 2015
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	457.70	718.85
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	755.52	759.65
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 wind damage 2010.	2011-2015	606.30	632.48
Total			1,819.52	2,110.98

Financing to public service account amounting to Baht 1,819.52 milion and Baht 2,110.98 milion excluded deferred revenue amounting to Baht 13.29 milion and Baht 28.69 milion respectively.

7.33.3 Financing Classification and Provision for Public Service Account

Unit : Million baht

Consolidated and The Bank's Financial Statements

December 31, 2016

	Number of debtor	Financing	collateral *	Percentage of allowance for doubtful accounts	Minimum allowance for doubtful accounts
Normal	5,093	417.80	60.43	1	3.57
Special Mention	921	254.56	119.62	2	2.71
Sub-Standard	596	42.34	0.08	100	42.59
Doubtful	741	28.83	0.05	100	29.04
Doubtful loss	28,668	1,075.99	0.80	100	1,079.80
Total **	36,019	1,819.52	180.98		1,157.71

In this period, the Bank has reversed provision for special mentioned debtors amounting to Baht 0.01 million, which the Bank has recorded with the revaluation allowance for debt restructuring from Public service accounts amounting to Baht 1.48 million.

Unit : Million baht

Consolidated and The Bank's Financial Statements

December 31, 2015

	Number of debtor	Financing	collateral *	Percentage of allowance for doubtful accounts	Minimum allowance for doubtful accounts
Normal	8,057	613.91	45.85	1	5.68
Special Mention	1,396	354.85	115.76	2	4.80
Sub-Standard	988	61.05	-	100	61.37
Doubtful	1,169	35.51	0.08	100	35.71
Doubtful loss	27,724	1,045.66	0.83	100	1,050.34
Total **	39,334	2,110.98	162.52		1,157.90

* 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 net of deferred revenue.

7.34.4 Revenue from Public Service Account

Unit : Million Baht

Consolidated and The Bank's Financial Statement

Items	December 31, 2016	December 31, 2015
Revenue from public service account		
Financial revenue from public service account	6.09	11.58
Fee and service income from public service account	63.97	69.33
Other revenue from public service account	1.53	2.57
Compensation for public service account		
Compensation for operation expenses or management expenses for public service account	33.90	48.80
Total	105.49	132.28

7.34.5 Expenses from Public Service Account

Unit : Million Baht

Consolidated and The Bank's Financial Statements

Items	December 31, 2016	December 31, 2015
Financial cost from public service account	40.68	61.42
Operating expenses from public service account	439.94	502.61
Other expenses from public service account	184.18	133.71
Total	664.80	697.74

8. Events after the Reporting Period

In accordance with the Ministry of Finance's Notification No. Gor.Kor. 0805.4/217 dated January 20, 2017, announced the resolution of the Board of Directors of the State Enterprise Policy Office in the meeting No. 1/2017 dated January 9, 2017 acknowledged the progress of solving an enterprise problem of the Bank according to the resolution of the Board of Directors of the State Enterprise Policy Office in 2016. The Bank was assigned to open negotiation to find the alliance from inside and outside of the country which specialized in Islamic principle along with the rehabilitation and accelerate the transferring Non-performing Financings (NPF) of non-Muslim clients at the net book value as at December 31, 2016.

The Extraordinary General Meeting No. 1/2017 dated March 30, 2017 announced the resolution of transferring non-performing assets to Islamic Bank Asset Management Limited (IAM) on March 31, 2017 or on the date to be agreed between the parties.

9. Approval of financial statements

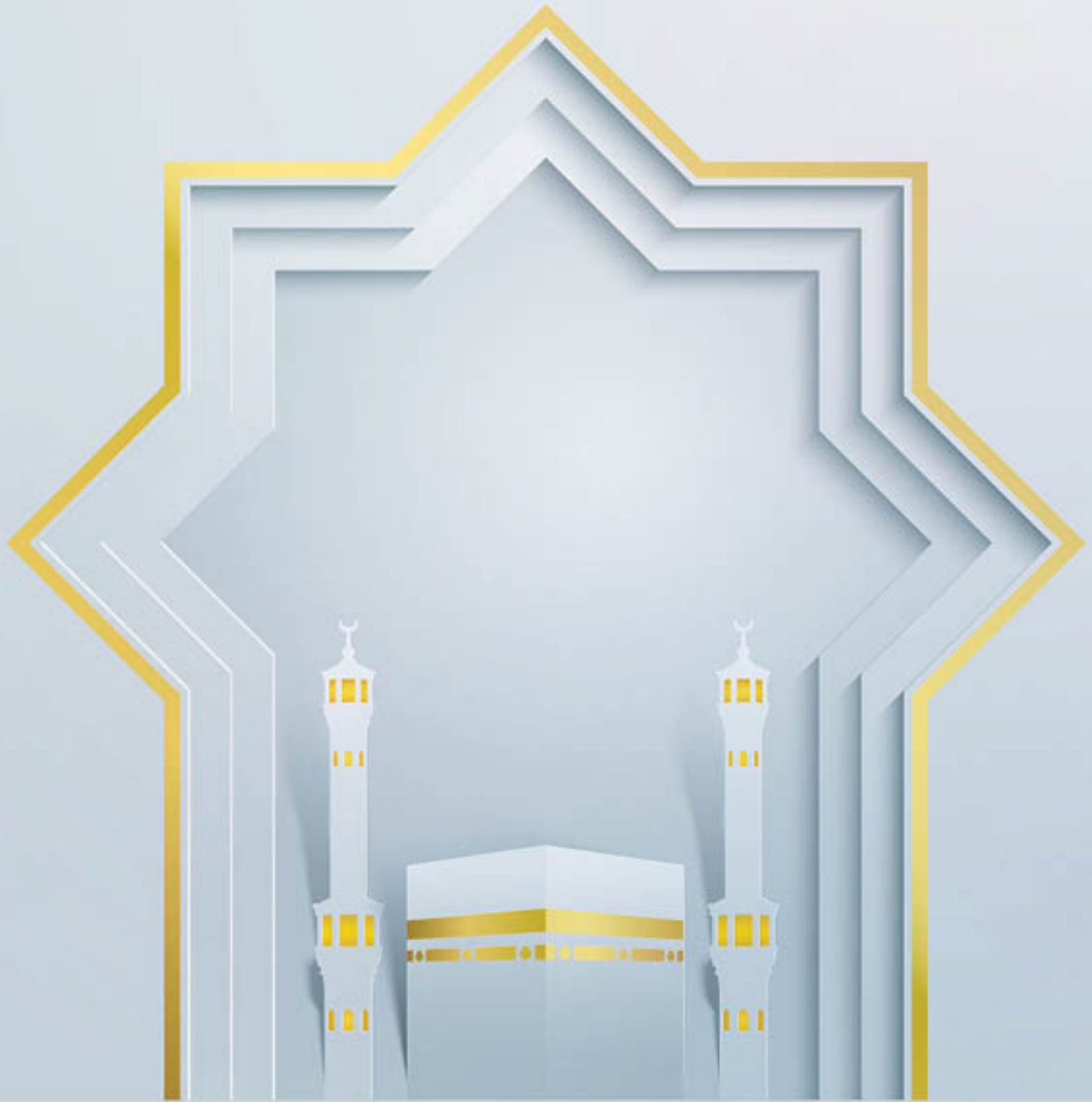
The financial statements were approved to be issued by the Board of Directors on March 30, 2017





ธนาคารอิสลาม แห่งประเทศไทย

ISLAMIC BANK OF THAILAND • البنك الإسلامي بتايلاند



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