



ธนาคารอิสลาม
แห่งประเทศไทย

ISLAMIC BANK OF THAILAND • البنك الإسلامي بتايلاند

Annual Report 2 0 1 7





Corporate Governance Mission:

The Islamic Bank of Thailand which has a vital role with focus being placed on providing Shariah-based financial services to support the country's economic and social development with good corporate practice, transparency, and examinable operation under our commitment:

"Trust in Shariah, Confidence in iBank".



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

- To have good management, systems of standard, competent staff and to operate business professionally.
- To operate transparently with good corporate governance.
- To have stability and grow sustainably with capability to treat stakeholders with balance.
- To support and connect businesses of Muslims and related parties.
- 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 loans, 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 loan.
- ▼ 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.

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Financial Highlights

	Million Baht			Change	
	2015	2016	2017	Amount	%
Financial position and the Company's operating performances					
Total assets	91,324.79	81,686.78	71,702.78	-9,984.00	-12.22%
Financing	98,373.17	93,496.38	44,166.48	-49,329.90	-52.76%
Financing and net accrued financial income	67,807.87	60,690.24	36,099.71	-24,590.53	-40.52%
Deposits	99,530.20	93,498.08	85,239.59	-8,258.49	-8.83%
Total liabilities	104,960.61	98,763.57	91,714.33	-7,049.24	-7.14%
Shareholders' equity	-13,635.83	-17,076.80	-20,011.55	-2,934.75	-17.19%
Financing and investment income	4,788.42	3,788.86	2,779.93	-1,008.93	-26.63%
Total income	5,148.42	4,107.82	3,294.42	-813.40	-19.80%
Net profits (loss)	-4,643.77	-3,524.06	-2,926.45	597.61	16.96%
Earnings per share: Baht					
Basic net loss per share	-0.45	-0.34	-0.28		
Share value					
Book value	-1.33	-1.66	-1.95		
Financial ratio (%)					
Income to average assets ratio	-4.62	-4.07	-3.82		
Returns on average equity	-41.01	-22.95	-15.78		
Net loss per total income	-90.20	-85.79	-88.83		
Capital adequacy ratio	-21.72	-31.02	-52.83		



Message from the Chairman

It has been over 3 years since the Board of Directors of the Bank and I have been appointed to undertake management and reorganization of the Islamic Bank of Thailand (IBT), which is one of seven state enterprises that encountered the financial crisis and had been subject to the supervision of the State Enterprise Policy Commission (SEPC).

At that time, IBT encountered several significant issues such as non-performing loans which caused many and very high rate of financial cost, high burden of financings, and highly negative capital adequacy ratio in comparison to other SFIs. However, with the awareness of significance of being only financial institution under the Islamic Principles and determination of the Board of Directors, executives and employees to solve the Bank's problems, the Bank's operation under the reorganization plan had its gradual progresses; whereas, the management and operation of the Bank on significant issues has continuously improved.

The business contexts and operation of the Bank had been adjusted in accordance with its mission by means of approaching Muslim communities and launching of financial products to be in conformity with the demands of the target customers, human resources development and corporate restructuring, as well as systematic working processes, correct and transparent working standards, particularly the loan approval process with the balance of power and accountability system.

Moreover, IBT has received good supports from the related government agencies and transferred the non-performing financings portfolios to the Islamic Asset Management Limited on 30th June 2017 and prepared its financial restructuring plan and recruited new venture partners to strengthen the Bank's financial position as per the Resolution of the State Enterprise Policy Commission (SEPC).

After IBT had improved the quality and efficiency of its management and loan approval process, the related government agencies uplifted the restriction orders that placed on the Bank's loan approval process since 2013; as a result, on 25th August 2017, the Bank was able to re-approve loans to its customers with the amount limit of more than 200 million Baht per case, and was able to re-operate more businesses and regained its better financial position, and continuously regained more confidence and trust from its customers and the related parties.

The improvement of the Bank's financial position was achieved due to the confidence and faith in the significance of a financial institution which has provided financial services under the Islamic Principles which were one of the significant mechanisms in the economic and social support of the country. I truly hoped that the Islamic Bank of Thailand (IBT) would become a secure and stable financial institution and would be prepared to perpetually provide professional financial services under the Islamic Principles.

On behalf of the Board of Directors, executives and employees of the Bank, I hereby thanked all shareholders and customers of the Bank for their continuous confidence and trust in the Islamic Bank of Thailand (IBT).



Mr. Chaiwat Uthaiwan
Chairman of the Board of
Directors of the Bank



Message from the President

The performance of duties as a director and acting President of the Islamic Bank of Thailand with significant mission of reorganization was most challenging to my past work experiences. The solution to organizational problems in 2017 was expedited to enhance the preparedness in terms of infrastructure and to strengthen the Bank's abilities in response to challenges of speedily regaining profits of the Bank in the 1st Quarter of 2018.

The said operation under the urgent and significant mission in the reorganization plan of 2017 has been complete and successful as targeted in all respects such as the strategic recovery plan and business plan which was provided with a new business model emphasizing 2 customer groups (segmentations) including Muslim segment as per the mission, and high quality corporate segment using the marginal profit strategy, and the Bank has improved the financing process to be more concise and effective under the principle of "Three Lines of Defense", collateral management to reduce burden of cash reserves, Emergency Credit Line for liquidity risk management, and improvement of Product Programs for customer assistance under the Bank's mission so that customers would be more accessible to the sources of capital, in which the project has been approved by the Cabinet as "PSA-Public Service Account", etc.

Regarding the operation plan of 2018, the Bank has its main goal of regaining of profits for the first time in 5 years through significant operational guidelines, i.e., acceleration of amendment of the Islamic Bank of Thailand Act to be complete in early 2018

so that the Ministry of Finance shall increase capital and create financial strength and enable the Bank to expand its quality loan services, then, it shall take a proactive action to launch quality and low-risk loans so that the Bank shall be able to securely increase its main incomes. Moreover, the Bank shall issue measures to solve problems of retail debts and to assist retail debtors who had their loan outstanding past-due, mostly Muslim villagers in Southern Border Provinces. The Bank shall manage to reduce operating costs continuously in proper proportion to incomes, and shall share resources and cooperate with other state-owned financial institutions, and shall strive to improve the integrity and transparency of its operation in accordance with the Best Practice Standard. With commitments of executives and all employees of the Bank, we are confident that the Bank will certainly regain its strength and profitability in 2018 for the first time in 5 years.

Finally, I would like to thank all shareholders and stakeholders in the public sector and the private sector, as well as our customers, for their continuous trust, confidence and support to the Bank. We are continuously committed to regaining the status, sustainability and confidence in our operation under the Principle of Shariah and Good Governance.



Mr. Vitai Ratanakorn
Director and Acting President
of the Bank



Message from the Chairman of the Shariah Advisory Council

Trading, investment, borrowing of money or property occupied by individuals and inheritance from one person to another person or several people is all involved with auspiciousness, modernity, and prosperity. At the same time, these transactions are risky to tort, fraud and exploitation among humans, and human genius at any level may not be able to control and prevent any fraud, exploitation and tort. Not only the wisdom, material modernity and technological progress but also religions and virtues shall control and prevent financial transactions from entering into the context of taking advantages and exploitation, greed, selfishness and misjudgment, therefore, we found out that the foundation of several virtues was on the Islamic basis of "Goal of Shariah", i.e., prevention of humans from tort and exploitation of each other in 5 aspects, including lives, assets, consciousness, ancestry and preservation of virtues.

Since the 17th Century when the western people had based the world's destiny on genius, wisdom and confidence in their humanism, they left virtues behind and adhered to Greek ethical values which had nothing to do with karma, except for awareness of proper human practices. Then, the western people had driven the world's arts, technologies, politics, economy and society by means of colonization and forced the entire human races in the world to westernization and banned the use of Shariah

worldwide; as a result, at least in the past 2 centuries, the world of the entire human races had been driven in the directions of growth in the context of assets, trading and investment combining the economic prosperity with the tort and exploitation in terms of assets.

Now, it is the time for challenges and enormous change. The Thai-Muslim society has applied the principle of Shariah to financial transactions through institutions such as the Islamic Bank of Thailand, which confirmed that for all customers of the Islamic Bank of Thailand, their assets and financial transactions were virtuous, and the accruals from financial transactions through services of the Islamic Bank of Thailand would be transactions without tort, fraud, exploitation but full of auspiciousness and prosperity.....Inshallah.



Dr. Anas Amatayakul
Chairman of the Shariah
Advisory Council



Board of Directors



Mr. Chaiwat Utaiwan



Mr. Nipphon Hakimi



General Natthipong Pueksakorn



Mr. Panu Uthairat



Mr. Montchai Ratanastien



**Assoc. Prof. Pasu
Decharin**



**Miss Angkana
Swasdipoon**



Dr. Pornchai Thiraveja



Miss. Piyawan Lamkitcha



Miss. Veena Tachachainirun



Mr. Vitai Ratanakorn



Mr. Chaiwat Utaiwan

Age : 64

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 Chulalongkorn 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, Chulalongkorn University |

Professional Experience:

- | | |
|----------------|---|
| 2015 - Present | ■ Director and Executive Committee CK Power Public Company Limited |
| 2014 - Present | ■ Director, Executive Committee, Corporate Governance Committee, Risk Management Committee and Managing Director TTW Public Company Limited |
| 2014 - Present | ■ Director and Managing Director 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 2017 Accounting Year*



Mr. Niphon Hakimi

Age : 61

iBank committee roles : Board of Directors

- Chairman of Executive Committee
- Chairman of Compliance Committee
- Bank manager performance appraisal Committee Member
- Chairman of Nomination Committee (From April 12, 2017- Present)
- 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

Professional Experience:

2011 - Present

- Deputy Secretary-General, Office of the Council of State Executive, Higher Level)
- Permanent Law Councillor, 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))

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**General Natthipong
Pueksakorn**

Age : 59

iBank committee roles : Board of Directors

- Chairman of Audit Committee
- Chairman of Nomination Remuneration and Performance Appraisal Committee
- CG & CSR 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:

2015 - Present

- Senior Expert Royal Thai Army

2014 - Present

- Chairman of Directors, Amanah Leasing Public Company Limited

2013 - 2015

- Chief of Finance, Royal Thai Army

2011- 2012

- Director of Directorate Comptroller, the First Army Area

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Mr. Panu Uthairat

Age : 61

iBank committee roles : Board of Directors

- Chairman of Bank manager performance appraisal Committee
- Chairman of CG & 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:

- | | |
|----------------|---|
| 2015 - Present | ■ 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 |
| 2013 | ■ 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 |

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Mr. Montchai Ratanastien

Age : 63

iBank committee roles : Board of Directors

- Chairman of Risk Management Committee (From August 25, 2016 - April 11, 2017 and December 19, 2017 - Present)
- Chairman of Labor Relations Committee
- Vice Chairman of Executive Committee
- Corporate Governance (CG) & 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 PLC |
| 2013 - 2014 | ■ Director, Planning and Development, Supervision Group, Bank of Thailand |
| 2011 - 2012 | ■ Director, On-Site Examination Department 2, Supervision Group, Bank of Thailand |

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**Assoc. Prof. Pasu
Decharin**

Age : 49

iBank committee roles : Board of Directors

- Audit Committee Member
- Nomination Remuneration and Performance Appraisal Committee Member
- CG & CSR Committee Member
- Nomination and Secretary Committee Member

Education and Degrees:

- Doctor of Philosophy (Management of Technology), School of Management, Asian Institute of Technology
- Master of Business Administration (General Management) University of Colorado (Boulder)
- 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), |

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**Miss Angkana
Swasdipoon**

Age : 62

iBank committee roles: Board of Directors

- Executive Committee Member
- Risk Management Committee Member
- Bank manager performance appraisal Committee Member

Education and Degrees:

- Post Graduate Diploma in Economics, University of York, United Kingdom
- Bachelor of Economics, first class honors, gold medal, Chulalongkorn University

Professional Experience:

- Advisor, Thanachart Bank Public Company Limited
- Director and Chairperson of the Audit Committee, Thanachart Fund Management Company Limited
- Chairperson, Security SCIB Services Company Limited
- Executive Vice President, Thanachart Bank Public Company Limited
- Liquidator, SCIB Public Company Limited
- First Executive Vice President, Siam City Bank Public Company Limited
- Director, Siam City Life Assurance Company Limited
- Chairperson of the Executive Committee, Siam City Securities Company Limited
- Vice President, Asset Management Department, Bangkok Commercial Asset Management Company Limited
- Vice President, Planning and Development Office, IFCT Finance and Securities Public Company Limited
- Administrative Manager, Thai Rating and Information Services (TRIS)
- Manager of Information Services Center, Industrial Finance Corporation of Thailand

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**Dr. Pornchai
Thiraveja**

Age : 49

iBank committee roles : Board of Directors

- Chairman of Risk Management Committee (From April 12,2017 - December 4,2017)

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:

- | | |
|----------------|---|
| 2017 - Present | ■ Financial Policy Advisor,Fiscal Policy Office |
| 2015 - 2017 | ■ Deputy Director General, Fiscal Policy Office |
| 2013 - 2015 | ■ Executive Director, Bureau of Financial System and Financial Institutions Policy (Executive Director (Economics)) |
| 2012 - 2013 | ■ Executive Director, Bureau of Fiscal Policy (Executive Director (Economics)) |
| 2011 - 2012 | ■ Acting Executive Director, Bureau of Financial Inclusion Policy and Development |

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**Miss. Piyawan
Lamkitcha**

Age : 52

iBank committee roles : Board of Directors

- Vice Chairman of Nomination Committee
- Executive Committee Member
- Nomination Remuneration and Performance Appraisal 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 |
| 2013 - 2014 | ■ Member of Board of Directors, Dhanarak Asset Development Co.,Ltd |
| 2010 - 2012 | ■ Analyst Senior Professional Level State Enterprise Policy Office, Ministry of Finance |

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**Miss. Veena
Tachachainirun**

Age : 52

iBank committee roles: Director and Acting President (June 1, 2016 — September 30, 2017)

Education and Degrees:

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

Professional Experience:

- | | |
|-------------|---|
| 2016 – 2017 | ■ Director and Acting President, Islamic Bank of Thailand |
| 2014 – 2016 | ■ Chairman's Advisor, Islamic Bank of Thailand |
| 2014 – 2014 | ■ Senior Executive Vice President, Thai Industry and Engineering Service Public Company Limited |
| 2012 – 2014 | ■ Executive Vice President, Bangkok Metro Public Company Limited |
| 2011 – 2012 | ■ Senior Vice President, CFO Office, Thanachart Bank Public Company Limited |
| 2003 – 2011 | ■ Senior Vice President, Planning and Budgeting Department, Siam City Bank Public Company Limited |

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Mr. Vitai Ratanakorn

Age : 47

iBank committee roles: Board of Directors Director and Acting President (October 1, 2017 - Present)

Education and Degrees:

- | | |
|-----------------|--|
| Master Degree | ■ Master of Arts (Political Economy), Chulalongkorn University |
| | ■ Master of Laws (Business Law), Chulalongkorn University |
| | ■ Master of Finance, Drexel University, U.S.A |
| Bachelor Degree | ■ Bachelor of Economics, Thammasat University |

Professional Experience:

- | | |
|----------------|---|
| 2016 – Present | ■ Qualified Member Commissioner for Economic Affairs ,the Digital Economy Promotion Agency |
| 2016 – 2017 | ■ Director, Thanachart Fund Management, Co., Ltd. |
| 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 |
| 2003 – 2010 | ■ Senior Director, Alternative Investment Office (Special Investment Department), Government Pension Fund |
| 2007 – 2010 | ■ Director, Siam City Asset Management Co., Ltd. |

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Shariah Advisory
Council



Dr. Anas Amatayakul



Dr. Maroning Salaeming



Mr. Pramote Meesuwat



Mr. Senee Yoopensuk



Mr. Santi Suasaming



Dr. Anas Amatayakul
Chairman of the Shariah Advisory Council

Age: 59

Education and Degrees

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

Professional Experience

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



Dr. Maroning Salaeming

Member of the Shariah
Advisory Council

Age: 51

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

Working 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 Udomsarn Wittaya School, Mueng District, Yala
- Expert for Seikhul Islam Office
- Member of Shariah Advisory Committee, Bina Islamic Cooperative, Ltd.
- Deputy Secretary - General of Southern Provinces Administration Center with responsibility on developing five southern border provinces
- Chairman of Shariah Advisory Committee (Shariah Board), Dhipaya Insurance Ltd.
- Advisor to Foreign Affair Department, The Central Islamic Council of Thailand
- Research and academic journals on various topics, such as the mediation on family disputes and heritage in compliance with Islamic laws in the southern border provinces, the development of system and efficiency of the mediation on family disputes and heritage in compliance with Islamic laws in the southern border provinces, Shariah principles for financial transactions in the seminar on "Shariah and financial innovations", the insurance in compliance with Islamic law, and the Shariah - applied investment in Thailand
- Member of the Shariah Advisory Council



Mr. Pramote Meesuwan

Member of the Shariah
Advisory Council

Age: 53

Education and Degrees

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

Working experience

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



Mr. Senee Yoopensuk

Member of the Shariah
Advisory Council

Age: 46

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

Working experience

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



Mr. Santi Suasaming

Member of the Shariah
Advisory Council

Age: 46

Education and Degrees

- Higher Secondary School, College of International Student, Al-Azhar University, Cairo, Egypt
- B.A. in Islamic Theology (Al-Hadith), Al-Azhar University, Cairo, Egypt
- Certificate of Advance Islamic Studies, Samalik Institute, Ministry of Education of Egypt, Cairo, Egypt

Working experience

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

Top Executives



Mr. Vitai Ratanakorn



Mr. Visut Boreriboon



Mr. Praparn Arya



Ms. Asra Angkaria



Ms. Sunsanee Methisariyapong



Mr. Manoch Dangkomen



Pol. Capt. Poomin Peongsujarit



Mr. Arpichad Akdhakura



Mr. Vitai Ratanakorn
Director and Acting President
(October 1, 2017 - Present)

Age 47

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 | ■ Qualified Member Commissioner for Economic Affairs, the Digital Economy Promotion Agency |
| 2016 - 2017 | ■ Director, Thanachart Fund Management Co.,Ltd. |
| 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 |
| 2003 - 2010 | ■ Senior Director, Alternative Investment Office (Special Investment Department),
Government Pension Fund |
| 2007 - 2010 | ■ Director, Siam City Asset Management Co., Ltd. |



Mr. Visut Boreriboon

Retail Banking Division
and Acting Executive
Vice President
Social and Economic
Development Group

Age 54

Education and Degrees

Master Degree ■ Master of Public Administration National Institute of Development Administration
Bachelor Degree ■ Bachelor of Economic (Finance and Banking) Ramkhamhaeng University

Professional Experience

2014 - 2017 ■ Chairman Advisor, Islamic Bank Of Thailand
2012 - 2014 ■ Executive Vice President Marketing Group, Bangkok Metro Public Company Limited
2011 - 2012 ■ Senior Vice President, Head of Field Operation & Support, Thanachart Bank Public Company Limited



Mr. Praparn Arya

Executive Vice President
and Acting Executive
Vice President
SMEs Banking Group

Age 59

Education and Degrees

Bachelor Degree ■ Bachelor of Business and Administration
Major : Finance and Banking Ramkhamhaeng University

Professional Experience

2015 - Present ■ Executive Vice President SMEs Banking Group
2012 - 2014 ■ Senior Vice President SMEs Credit 1 Department
2010 - 2011 ■ Vice President SMEs Credit Department



Ms. Asra Angkaria
Executive Vice President
Technology and Electronic
Operation Group

Age 58 years

Education and Degrees

- Master Degree ■ Master of Business Administration Chiangmai University
■ Master of Science (Information Technology) King Mongkut's University of Technology Thonburi
- Bachelor Degree ■ Accounting Major Ramkhamhaeng University

Professional Experience

Islamic Bank Of Thailand

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



**Ms. Sunsanee
Methisariyapong**
Executive Vice President
Finance Group

Age 54

Education and Degrees:

- Master Degree ■ M.B.A. (Finance) Oklahoma City University, USA
- Bachelor Degree ■ B.A. (Accounting) Thammasat University
■ B.A. (Law) Sukhothai Thammathirat University

Professional Experience

Islamic Bank Of Thailand

- 2017 - Present ■ Executive Vice President Finance Group
- 2016 - 2017 ■ SVP Treasury Department Acting Executive Vice President Finance Group
- 2012 - 2016 ■ SVP Treasury Department
- 2009 - 2012 ■ VP Treasury Department
- 2008 - 2009 ■ DVP Treasury Department
- 2005 - 2008 ■ DVP Corporate Finance Department

Secondary Mortgage Corporation

- 2001 - 2005 ■ Deputy manager business department Thanachart Bank
- 2003 - 2001 ■ Manager Corporate division Krungthaitanakit Finance & Security public Company
- 1994 - 1999 ■ Deputy manager Corporate division Ekachart Finance & Security public Company
- 1992 - 1994 ■ Senior officer Corporate division



Mr. Manoch Dangkamen

**Executive Vice President
Administration and Human
Resource Group**

Age 54

Education and Degrees:

- Master Degree ■ MBA in Financial Management, Ramkamheang University
- Bachelor Degree ■ Faculty of Law, Sukothai Thamathirat University
- BBA - Faculty of Commerce and Accountancy, Thammasat University
- Guide Certificate, Chulalongkorn University

Professional Experience

- 2015 - Present ■ Executive Vice President Administration and Human Resource Group
- Acting Vice President Human Resource Management Dept., Islamic Bank of Thailand
- 2013 - 2015 ■ Senior Vice President, Head of Foreign Business Dept. Acting Vice President Human Resource Management Department Islamic Bank of Thailand
- 2010 - 2013 ■ Senior Vice President, Head of Foreign Business Dept, Islamic Bank of Thailand
- 2009 - 2010 ■ Vice President, Head of Foreign Business Dept, Islamic Bank of Thailand
- 2005 - 2009 ■ Vice President, Head of Trade Finance Marketing Corporate & SME Business, Thai Military Bank PCL,
- 2000 - 2005 ■ AVP Risk Manager, Citibusiness CTB and Citicorp Leasing, Citigroup Inc.,
- 1999 - 2000 ■ Senior Team Leader Corporate Dept., The Siam Commercial Bank PCL.
- 1997 - 1999 ■ Vice President & General Manager, Bombay Branch, The Siam Commercial Bank PCL.



**Pol. Capt. Poomin
Peongsujarit**

Executive Vice President

Age 43

Education and Degrees:

- Master Degree ■ M.B.A. Kasetsart University M.A (Political Science) Ramkhamhaeng University
- Bachelor Degree ■ B.Eng. (Industrial) Kasetsart University

Professional Experience:

- 2013 - Present ■ Executive Vice President ,Islamic Bank of Thailand.
- 2012 ■ Senior Vice President Compliance Department , Islamic Bank of Thailand.
- 2011 ■ Vice President Compliance Department , Islamic Bank of Thailand.



Mr. Arpichad Akdhakura

**Executive Vice President
Retail Group**

Age 46

Education and Degrees

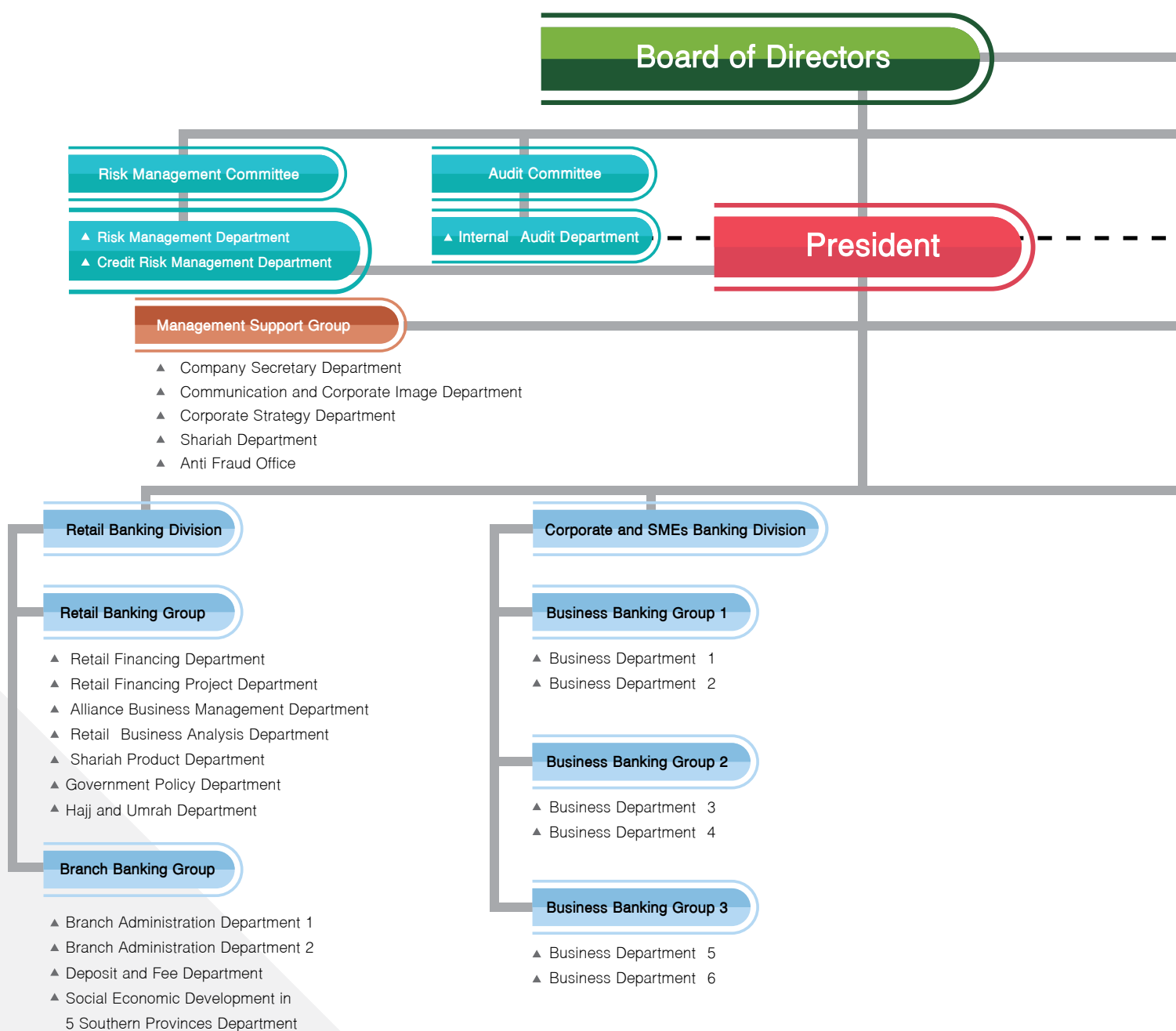
Master Degree ■ MBA Cleveland State University, Ohio, USA

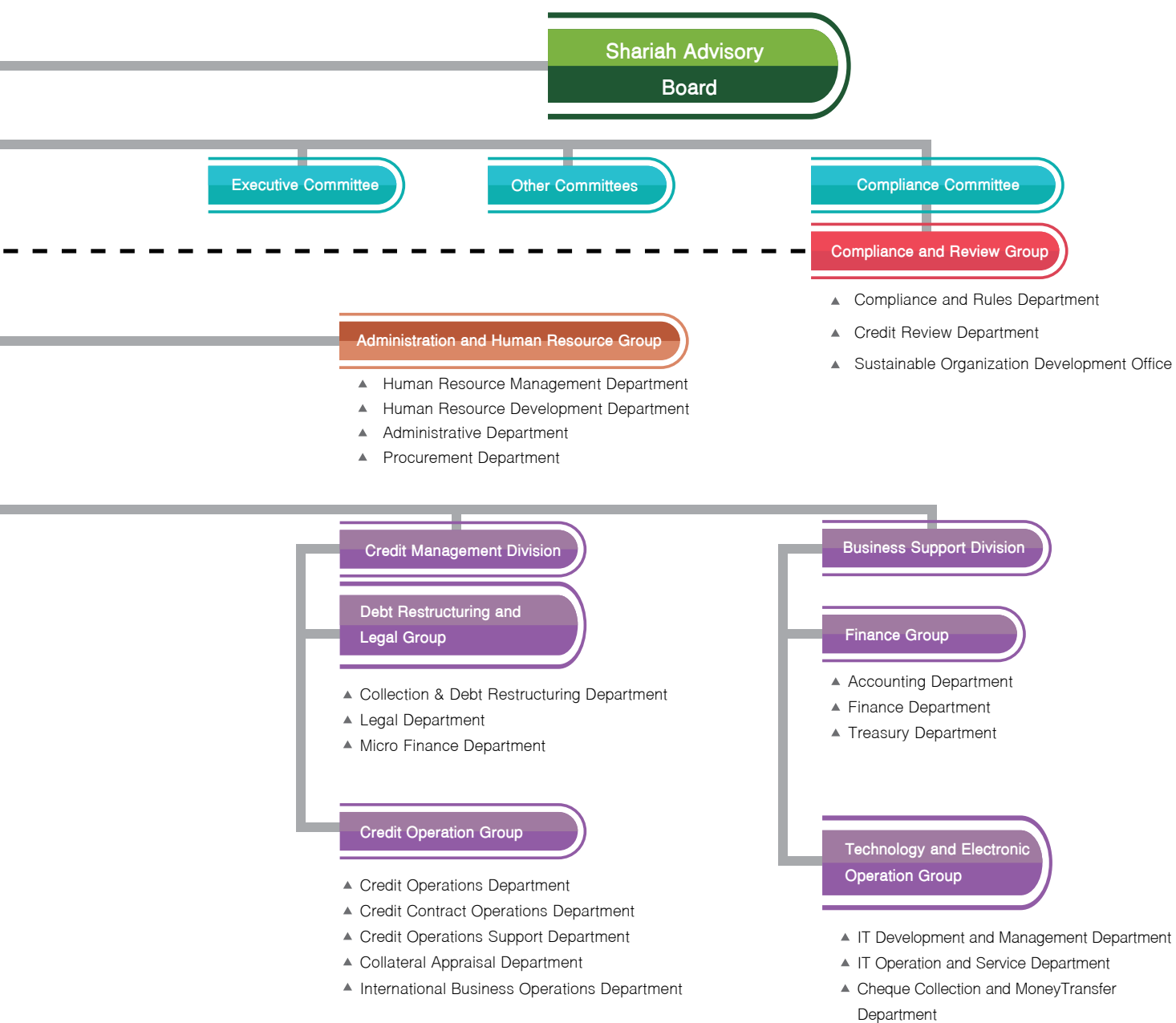
Bachelor Degree ■ BBA Assumption University

Professional Experience

- 2017 - present ■ Executive Vice President Retail Banking Group, Islamic Bank Of hailand
- 2011 - 2015 ■ Senior Vice President, Krungthai Bank Public Company Limited
- 2000 - 2011 ■ Senior Vice President, Siam City Bank Public Company Limited
- 1998 - 2000 ■ Manager, Bangkok commercial asset management Public Company Limited
- 1996 - 1998 ■ Executive Officer, Bangkok Bank of Commerce Public Company Limited
- 1994 - 1999 ■ Specialist Officer, Industrial Finance Corporation of Thailand (IFCT)
- 1991 ■ Officer, Thaimex finance and securities Public Company Limited

Organization Structure of Islamic Bank of Thailand





Industry Review and Trend

Overall Industry Review in 2017 and Trends in 2018

In 2017, the Thai economy has improved continuously and would expectedly expand at 3.9%, increased from 3.2% in 2016 from export of goods and services which expanded at 9.3% from 0.1% in 2017 which was in conformity with the economic expansion of trading partner countries and the global trading volume. The consumption in the private sector has expanded at the same level to those in the previous year, with the supporting factors from the increasing purchasing powers from high-income households outside the agricultural sector, but household income in the agricultural sector was partly affected by the shrinking prices of agricultural goods at the end of the year, and household debts were still at a high level; as a result, the overall consumption has not much expanded. Meanwhile, investment in the private sector has improved from those in the previous year in conformity with the expansion of export of goods, and the confidence of operators has improved. However, investment in the public sector has slowed down when compared to those in the previous year due to the delay in some projects which had limitations on the withdrawal efficiency, problems of area access, and heavy rains.

In 2018, the Thai economy will likely expand continuously at 3.9% which will be equivalent to those in 2017 (source: BOT), and it is expected that the Thai economy will receive the supporting factors from export of goods and services which clearly will expand in accordance with the economic condition of trading partner countries, and the tourism sector is expected to expand continuously, and the export sector would expand at 4.0%. Meanwhile, investment in the public sector would expand at 9.0% from 0.9% in 2017 as per the expedition of investment in infrastructure which would be a supporting factor for investment in the private sector to expand from 1.6% in 2017 to 2.3%. Consumption in the private sector would gradually expand at the same level to those in 2017 because there are risk factors from changes in the economic structure to the increasing use of automation technology in some industries, and with labor mobility movement from the industrial sector to the service sector which has lower productivity and remunerations, and the household debt burdens are still at a high level.

Significant risk factors in 2018 included 1) uncertain international trade policy of the United States; 2) geopolitical risks; and 3) purchasing power which was not properly distributed.



Economic Expansion Rates

% p.a.	2016	2017*	2018*
Overall Thai economy	3.2	3.9	3.9
Consumption in the private sector	3.1	3.1	3.1
Investment in the private sector	0.4	1.6	2.3
Consumption in the public sector	1.7	1.5	3.2
Investment in the public sector	9.9	0.9	9.0
Export value	0.1	9.3	4.0
Import value	-5.4	14.0	7.5
General inflation rates	0.2	0.7	1.1

Source: The Bank of Thailand (December 2017)

Note: *Estimated figures



Business Review and Competition of Commercial Banks in 2017

In 2017, Thailand's commercial bank business has improved from the previous year in accordance with the economic recovery. Credit facilities in the commercial banking system expanded at 4.4% (from 2.0% in the previous year), with main supporting factors including 1) business credit (equal to 67% of the total credit which expanded at 3.6% from 0.6% in 2016 because SME business credit section (not including financial business) expanded at 5.7% as per the business recovery in the commercial sector, real estate business and industrial business sector; and 2) consumption credit (equal to 33% of the total credit which expanded at 6.1% from 4.9% in 2016 as per car loan facilities which expanded at 8.4% after the end of 5-year period of car possession under the First Car Ownership Measures were introduced. However, the overall expansion of the commercial bank business still had limitations because the corporate credit facilities depended on the option of fund raising through stocks and debt instruments and debt repayment; meanwhile, residential loans and credit card loans slightly slowed down.

Regarding non-performing loans (NPS) at the end of 2017, there were outstanding balances of 429 billion Baht or increased by 43.4 billion Baht from those in the previous year or equal to 2.91% (increased from 2.83% of the total credit facilities in the previous year) resulting from additional provisions of commercial banks for credit facilities of potentially lower quality, as well as gearing for IFRS 9. As a result, the commercial banking system

had additional provisions from those in the previous year by 72.7 billion Baht to 602 billion Baht, and the proportion of reserves to provisions increased to 171.9%.

In 2017, the operating results of the commercial banking system had the net profits of 187.3 billion Baht or decreased by 199 billion Baht from those in the previous year, resulting from additional provisions and gearing for IFRS 9 which would be promulgated in 2019. As a result, the average return-on-asset (ROA) decreased to 1.05% from 1.13% in the previous year. Meanwhile, the net interest margin (NIM) remained unchanged at 2.76%. However, the operating profits increased from deposits portfolio management by emphasizing the increase of current and saving accounts (CASA) which resulted in the lower cost of deposits.

In 2018, the commercial banking business will expand in conformity with the continuous economic recovery. Main supporting factors are investment in the private sector which should expand well as per the expedition of investment in infrastructure of the public sector. In addition, there are significant factors, i.e., household debts which are still at a high level and the limited expansion of consumption in the private sector from changes in the economic structure to the increasing use of automation technology in some industries, and with labor mobility movement from the industrial sector to the service sector which has lower productivity and remunerations. These factors may have impact on the expansion of the commercial banking business in 2018.



Operating Result of 2017 and Operation Plan in 2018

Report on the Operating Result Analysis and Financial Position

Performance as per the Business Operation Plan

In 2017, the rehabilitation process under the framework approved by the State Enterprise Policy Commission (SEPC) and the Ministry of Finance had gradual progress, particularly solutions to non-performing financing (NPF); whereas, non-performing assets which did not belong to the Muslim Segment were transferred to Islamic Bank Asset Management Limited (IAM) completely on 30th June 2017. As a result, the proportion of NPF to the total credit facility has decreased significantly.

In addition to the transfer of such non-performing assets, the Bank has carried out the urgent and significant mission relating to the rehabilitation in order to build up stronger foundation for the organization by preparing the strategic recovery plan and business plan under New Business Model, emphasizing 2 segments including Muslim Segment under the Mission, and High Quality Corporate Segment, and using marginal profit strategy. The Bank also improved the credit process to be more concise and efficient in order to increase the competitiveness. The Bank also had securities management to reduce burdens of provisions of credit, opening of credit limit with other specialized financial institutions

for use in the liquidity risk management and improvement of credit products in order to emphasize the credit expansion and assistance to customers under the Bank's mission to enable them to conveniently and thoroughly access the sources of capital, which was approved by the Cabinet as Public Service Account (PSA). The problem-solving of IT Data Center shall be in accordance with the standard prescribed by the Compliance Unit and the restructuring of the organization to be able to properly support the expedition of business expansion in 2017.

According to the said actions, the Bank's status has continuously been improved. As of 31st December 2017, Islamic Bank of Thailand had the total assets of 71,703 million Baht and the net loss of 2,926 million Baht, decreased by 598 million Baht or decreased by 17% from the total loss of 3,524 million Baht at the end of 2016, mostly resulting from the Bank's attempts to solve problems of NPF. As a result, the provisions of net bad debts and doubtful accounts decreased from those in 2016 amounted to 915 million Baht, including the management of financial expenses which decreased by 385 million Baht.



Unit: Million Baht

Operating Result	2017	2016	Change (YoY)	
			Increased (Decreased)	%
Financial income	2,990	3,783	(793)	(21%)
Other incomes	304	325	(21)	(6%)
Total Incomes	3,294	4,108	(814)	(20%)
Financial expenses	1,676	2,061	(385)	(19%)
Operating expenses	2,346	2,457	(111)	(5%)
Total Expenses	4,022	4,518	(496)	(11%)
Operating profits (losses)	(727)	(410)	(317)	77%
Bad debts and doubtful accounts	2,199*	3,114	(915)	(29%)
Net profits (losses)	(2,926)	(3,524)	(598)	(17%)

Note: *Net bad debts and doubtful accounts, including provisions with qualitative classification, amounted to 2,077 million Baht.

Significant particulars in Income Statements:

1. Net Financial Income

Unit: Million Baht

	2017	2016	Change (YoY)	
			Increased (Decreased)	%
Financial income	2,990	3,783	(793)	(21%)
Other incomes	304	325	(21)	(6%)
Total Incomes	3,294	4,108	(814)	(20%)

In 2017, the Bank had the total income of 3,294 million Baht, decreased by 20% or equal to 814 million Baht, resulting from the Bank's failure to expand the credit facilities as targeted. According to the economic condition and stricter credit facility release, and during the initial period of the year, the Bank had limitations relating to the expansion of credit facility per case per group with the limit of exceeding 200 million Baht, which was the requirements of the Ministry of Finance since 2013; as a result, customers were unable to apply for additional credit facilities exceeding the prescribed criteria, and the growth of the Bank's credit facilities could not promptly compensate the debt repayment of key accounts, and the Bank's capital could not return to the normal situation, and the Bank must be careful in the liquidity management. However, according to the previous improvement of risk management and credit facilitation system, newly approved credit facilities were of higher quality, and the Ministry of Finance and the Bank of Thailand improved the criteria for supervision of single lending limit of the Bank to enable the Bank to approve credit facilities per case per group with the limit of exceeding 200 million Baht and was published in the Government Gazette on 25th August 2017; as a result, the expansion of credit facilities tended to improve gradually.

2. Net Income from Fees and Services

Unit: Million Baht

	2017	2016	Change (YoY)	
			Increased (Decreased)	%
Income from fees and services	187	160	27	17%
Expenses of fees and services	30	30	0.1	(0.5%)
Net income from fees and services	157	129	27	21%

Note: The above income from fees and services shall not include fees for receipt of penalties. In 2017, the Bank had fees for receipt of penalties totally 58 million Baht.

In 2017, the Bank had net income from fees and services (not including fees for receipt of penalties) totally 157 million Baht, increased by 21% YOY or equal to 27 million Baht, partly resulting from the increase of Takaful fees that the Bank received cooperation from employees and good feedback from the Bank's customers under the implementation of Takaful Project. The Bank was successful in increasing its income from Takaful fees exceeding the target; meanwhile, other fees such as fees for receipt of penalties, credit service fees and money transfer fees have also increased from those in the previous year.

3. Total Operating Expenses

Unit: Million Baht

	2017	2016	Change (YoY)	
			Increased (Decreased)	%
Financial expenses	1,676	2,061	(385)	(19%)
- Money remitted to the Specialized Financial Institutions Development Fund;	227	180	47	26%
Operating expenses	2,346	2,457	(111)	(5%)
Total expenses	4,022	4,518	(496)	(11%)

In 2017, the Bank had the total expense of 4,022 million Baht, decreased by 11% YOY or equal to 496 million Baht, resulting from effective management of expenses. In particular, financial expenses decreased by 19% or equal to 385 million Baht, resulting from the Bank's attempts to manage the deposit rate of return to be at a proper level, and to manage the liquidity to be in conformity with the credit demands in each period of time, including the management of deposit rate of return in key account groups, and emphasis on the expansion of current account/savings account deposit (CASA), and the proportions of CASA gradually increased from approximately 21.53% in 2016 to 22.65% in 2017. Meanwhile, the operating expenses in 2017 decreased by 5% YOY or equal to 111 million Baht.

4. Bad debts and doubtful accounts

Unit: Million Baht

	2017	2016	Change (YoY)	
			Increased (Decreased)	%
Net bad debts and doubtful accounts	2,199	3,114	(915)	(29%)

In 2017, the Bank had its net bad debts and doubtful accounts of totally 2,199 million Baht, decreased by 29% YOY or equal to 915 million Baht, resulting from expedition of solution to NPF problems. In addition, the management of securities reduced the Bank's burden on provisions. However, for the operational awareness, the Bank had qualitative classification of some debtors who might be affected by the economic condition, and provisions increased from the qualitative classification amounted to 2,077 million Baht.

Significant particulars in balance sheets: Financial Position

Unit: Million Baht

	2017	2016	Change (YoY)	
			Increased (Decreased)	%
Total assets	71,703	81,687	(9,984)	(12%)
Credit amount	44,166	93,496	(49,330)	(53%)
Promissory notes and accrued income from the transfer of non-performing assets	22,816	-	22,816	100%
Total liabilities	91,714	98,764	(7,050)	(7%)
Deposits (including financial institutions)	87,277	95,693	(8,416)	(9%)
Owners' equities	(20,012)	(17,077)	(2,935)	(17%)
Total liabilities and owners' equities	71,703	81,687	(9,984)	(12%)

At the end of 2017, the Bank had the total assets of 71,703 million Baht, decreased by 12% YOY or equal to 9,984 million Baht, resulting from the transfer of non-performing assets, not including Muslim Segment, to Islamic Bank Asset Management Limited (IAM) amounted to 49,076 million Baht, and the Bank was compensated with promissory notes amounted to 22,606 million Baht.

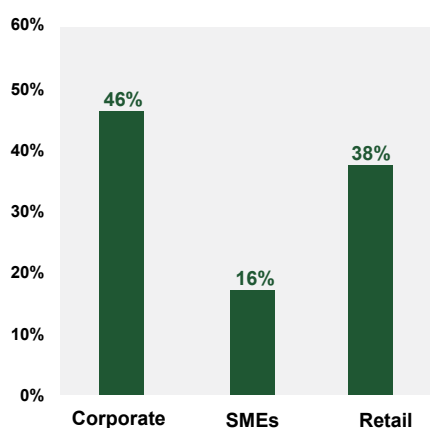
Significant particulars in statements of financial position:

Credit

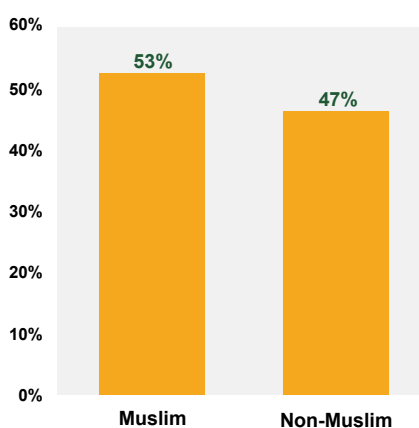
At the end of 2017, the Bank had the total credit of 44,166 million Baht (not including institutional credit amounts) decreased by 53% YOY or equal to 49,330 million Baht, mainly resulting from the transfer of non-performing assets to Islamic Bank Asset Management Limited (IAM). However, if not taking account of results from the transfer of non-performing assets, the expansion of credit facilities in 2017 tended to considerably increase from those in 2016.

Regarding the Bank's overall credit facility structure in 2017, the proportion of corporate credit facilities (with the credit limit of exceeding 200 million Baht) was equal to 46% with the total credit limit of 20,293 million Baht and the total number of 38 customers. Meanwhile, the proportion of SMEs credit facilities (with the credit limit of 20-200 million Baht) was equal to 16% with the total credit limit of 7,088 million Baht and the total number of 159 customers, and the proportion of retail credit facilities (with the credit limit of not exceeding 20 million Baht) was equal to 38% with the total credit limit of 16,785 million Baht and the total number of 70,800 customers. Meanwhile, approximately 53% of the total customers of the Bank were Muslims, and approximately 47% of them were non-Muslims.

**Structure of Credit Facilities
Classified by Customer Types:**



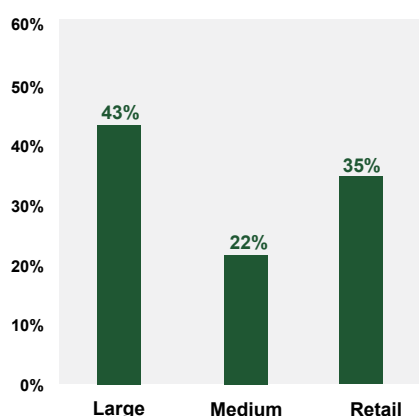
**Numbers of Credit Customers Classified by
Muslim and Non-Muslim Groups:**



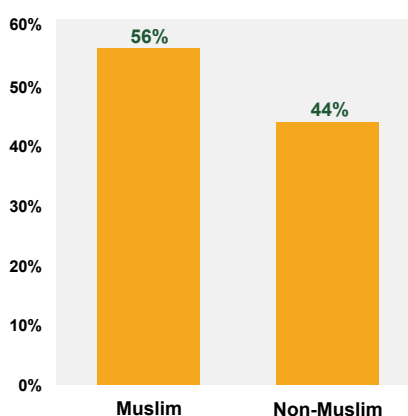
Deposits:

In 2017, the Bank's total deposits were 87,277 million Baht, decreased by 9% YOY or equal to 8,416 million Baht. Regarding the Bank's structure of overall deposits in 2017, the proportion of each customer group was approximate to the structure of credit facilities, i.e., the proportion of corporate deposits (with the deposit limit of exceeding 200 million Baht) was equal to 43% with the total amount of 37,789 million Baht and the total number of 50 customers. Meanwhile, the proportion of medium-size deposits (with the deposit limit of 20-200 million Baht) was equal to 22% with the total amount of 19,149 million Baht and the total number of 398 customers, and the proportion of retail deposits (with the deposit limit of not exceeding 20 million Baht) was equal to 35% with the total amount of 30,340 million Baht and the total number of 768,216 customers. Meanwhile, approximately 56% of the total customers of the Bank were Muslims, and approximately 44% of them were non-Muslims.

**Structure of Deposits
Classified by Customer Types:**



**Numbers of Deposit Customers Classified by
Muslim and Non-Muslim Groups:**



Legal Capital:

The Bank's total capital was -20,013 million Baht, increased by 2,936 million Baht from those in 2016 from the net loss of the operating result in 2016 amounted to 2,926 million Baht, mostly resulting from provisions of credit with qualitative classification and the capital ratio of -52.83%. The negative capital adequacy ratio having increased from those in the previous year resulted from the transfer of NPF to Islamic Bank Asset Management Limited (IAM) and, consequently, the number of risky assets decreased.

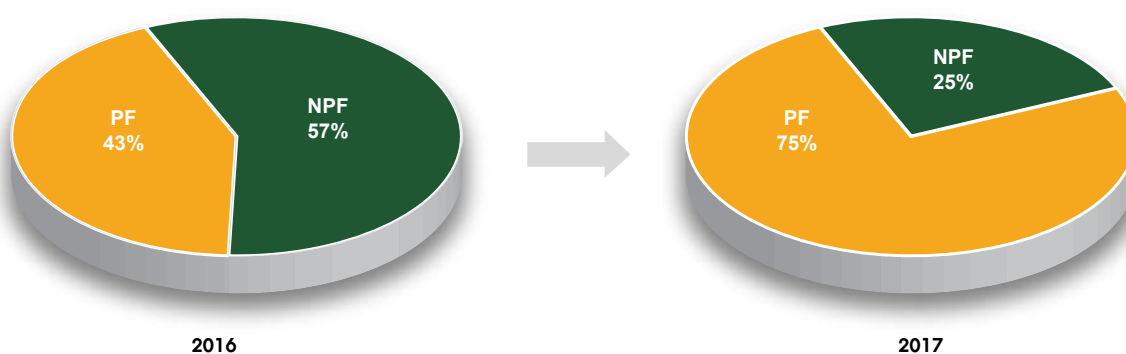
Regarding the financial restructuring to solve problems of the Bank's financial position, as per the Resolution of the State Enterprise Policy Commission (SEPC), the Ministry of Finance was assigned to solve problems of the Bank's financial position by means of capital reduction, capital increase to enhance the capital strength. At present, the Ministry of Finance is in the process of amendment of Section 7, Paragraph 3 of the Islamic Bank of Thailand Act B.E.2545 so that the Ministry of Finance shall be able to temporarily hold shares equal to more than 49% of the issued shares to support the capital increase of the Ministry of Finance in solving problems of the banking business.

Credit Quality:

The Bank has improved the credit process and the criteria for credit consideration to reduce non-conformities in the past by giving more importance to the process of credit screening and concisely considering conditions of credit approval. In addition, the Bank has strictly supervised the compliance with conditions of credit approval; as a result, the newly approved credit facilities had better quality, evidenced by the proportion of NPF of newly approved customers was at the level of 0.06% only.

The Bank had the credit with lower qualitative classification (unpaid for at least 3 months) or NPF at the end of 2017 amounted to 11,052 million Baht or equal to 25% of the total credit facilities or decreased by 42,669 million Baht from those in 2016 with NPF of totally 53,721 million Baht, mainly resulting from the transfer of NPF to Islamic Bank Asset Management Limited (IAM). At the end of 2017, the Bank had NPF with qualitative classification amounted to 2,802 million Baht.

Proportions of NPF:



At the end of 2017, the Bank's allowances for doubtful accounts were totally 8,228 million Baht, decreased by 75% YOY or equal to 24,766 million Baht (allowances for doubtful accounts in 2016 were 32,995 million Baht), resulting from the transfer of non-performing assets to IAM. However, the Bank's provisions with credit classification increased by 2,077 million Baht.

Operating Results as per the Business Plan of 2017:

Branches and Credit Transactions-Deposits Classified by Regions:

As of 31st December 2017, the Bank had totally 102 branches nationwide, including 39 branches in the Southern Region, 37 branches in Bangkok and its vicinity, Central Region, Eastern Region, Western Region, 14 branches in the Northern Region, and 12 branches in the Northeastern Region. When considering service areas of Branches of the Bank, together with the quantity of credit transactions, deposits, numbers of customers and religions of customers at the end of 2017, it was found that the largest number of customers and Muslim customers was in areas of the Southern Region, which was in conformity with the Bank's intention to emphasize service provision in strategic areas as per the Bank's mission.

Table of Use of Credit Facilities and Deposits of Customers Classified by Customer Groups and Regions at the end of 2017:

Region	Numbers of Branches	Total of Deposit Customers		Muslim Deposit Customers		Total Credit Customers		Total Muslim Credit Customers	
		% of Cases	% of Amount	% of Cases Nationwide	% of Amount Nationwide	% of Cases	% of Amount	% of Cases Nationwide	% of Amount Nationwide
1. Southern Region	39	56.06%	14.40%	80.46%	44.62%	73.37%	45.71%	88.45%	71.98%
2. Bangkok and its vicinity, Central Region, Eastern Region, Western Region	37	30.21%	72.09%	17.50%	50.04%	22.47%	39.05%	11.08%	24.91%
3. Northern Region	14	7.09%	9.20%	1.55%	4.25%	2.24%	9.38%	0.36%	2.62%
4. Northeastern Region	12	6.64%	4.31%	0.49%	1.09%	1.92%	5.86%	0.11%	0.48%
Total	102	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Directions and Operation Plan in 2018:

Regarding the operation plan of 2018, the Bank has its main goal to regain its profitability for the first time in 5 years. The Bank has prepared the strategic recovery plan and business plan of 2018-2022 for implementation in 2018 with the emphasis on operation under the main mission, and creation of financial security concurrently with the organizational improvement and development to regain its profitability and stable growth, with main guidelines, as follows:

1) **Expansion of High Quality Credit Facilities** to create balance between credit and deposits by emphasizing state enterprise customer group, including key accounts with quality and low risk, by using the “Marginal Profit Concept”.

2) **Reduction of Financial Costs** by means of expansion of bases of retail deposits and current account/savings account deposit (CASA) to reduce financial risks and expenses, including reduction of maintenance of surplus liquidity by means of reservation of credit lines from other specialized financial institutions (SFIs).

3) **Reduction of the Operating Expenses** by reducing expenses throughout the organization and the Centralized Back Office.

4) **Correction of NPF and Interception of Low-Quality Credit** by proactively correcting NPF in order to reduce NPF and to intercept low-quality credit and provisions as per observations of the Bank of Thailand.

5) **Increase of Business Potentials** by using resources together with other SFIs.

In addition to operation in accordance with main guidelines, the Bank also had plan in issuing measures to solve problems of retail debts, which has been launched during January-March 2017 with the main objective of helping retail customers who had outstanding payments with the Bank, mostly were Muslims in the Three Southern Border Provinces, which enabled the Bank to generate incomes and to reduce burdens of provisions from operation under the said measures.

The Bank also had plan to improve the integrity and transparency of operation under the guidelines of the Office of the National Anti-Corruption Commission (NACC Office) and to correct issues and observations as per the audit report of the Bank of Thailand (BOT) to create confidence in the Bank’s operation.



Significant Projects

1. Significant Projects Supporting the Compliance with the Law and with the Official Policy

Project Name	Objective
1. E-Payment System Development Project, Phase 2	To be part of Thailand's Payment Infrastructure System Development Project
2. Accounting Standard System Development Project	To prepare the Bank's financial statements correctly in accordance with the accounting standard and the generally accepted international financial reporting standard when promulgated.
3. Basel II Project	To prepare the readiness for capital calculation as per the criteria
4. Revision of Rules, Regulations, Orders	To revise the Bank's rules, regulations and orders in conformity with the criteria for supervision of specialized financial institutions of the Bank of Thailand

2. Significant Projects Supporting the Business Growth Operation

Project Name	Objective
1. Data Center Relocation Project	To provide effective services in the integrated management in accordance with the standard as per the requirements of the Bank of Thailand and with international standards
2. Improvement of efficiency of credit facilitation and risk reduction 2.1 Centralized Back Office 2.2 Debt Collection and Correction	To improve efficiency, to reduce time and risk of credit operation and debt collection and correction
3. Improvement of Credit Facilitation Process	To provide credit expansion of the Bank in a careful, concise and competitive manner
4. Product Development Plan	To properly provide the Bank's products in response to demands of target customers as per the Bank's mission



Good Corporate Governance

Regarding the operation in accordance with the strategic plan and mission of the Bank which is a state-owned specialized financial institution with significant role of financial service provision under the Principle of Shariah in the national economic and social development, it is essential to determine policy and measures of corporate governance, assessment and organizational development under the Shariah Principles and international standard of transparency and accountability in order to improve the efficiency and to create the added value to the organization. Therefore, the good corporate governance is essential so that the Bank's operation shall have good and transparent management system which is acceptable to all related parties and for enhancement of honor and prestige of a state enterprise bank under the Ministry of Finance, and for creation of trust and faith from stakeholders. The Good Corporate Governance Policy of the Bank covers 6 Sections, principles, policies and operational guidelines, including the performance standard, good conduct on the basis of corporate governance for directors, executives, employees, service recipients, general public and stakeholders as per the guidelines prescribed by the Fiscal Policy Office; whereas, personnel at all levels of the Bank shall be able to implement its Good Corporate Governance Policy in all 6 Sections as operational guidelines as appeared in the Good Corporate Governance Policy, as follows:

Section 1: The Principle of Good Corporate Governance by the State

Section 2: Rights 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 and/or Conduct

In addition, the Bank is also a state enterprise participating in the Integrity & Transparency Assessment (ITA) conducted by the NACC Office; and the Bank has received high scores (72-78 scores) from the assessment result. However, in 2018, the Bank aimed at upgrading ITA scores to 81-100 scores, leading the Bank to the era of Thailand's economic development "Thailand 4.0"; whereas, the Bank needed to increase measures, mechanism on the development of transparency index, accountability index, corruption-free index, organizational culture and integrity index, and performance integrity index, thus, to create confidence in the SFIs Sector, and its regulatory supervision entities, including the public sector; whereas, ITA project has also been conducted as one of the significant missions in 2018.

Good Corporate Governance Report Under The Islamic Principle

In the name of mercy Allah

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

1. The Bank has announced the appointment of the “Shariah Working Group on Development of the Good Corporate Governance System; No.Gor.Gor.Ror.(Bor.)269/2560 dated 17th March 2017 as per the proposal of the Shariah Advisory Council; whereas, the Working Group shall consist of:

- 1. Mr. Pramote Meesuwan Chairman of the Working Group**
- 2. Mr. Senee Upensuk Vice Chairman**
- 3. Mr. Arun Boonchom Advisor**
- 4. Shariah Department Director Working Group and Secretary**

Whereas, the Working Group shall have roles and duties to study the good corporate governance system, audit and Shariah

operation of the Bank, and to present guidelines of the good corporate governance system and audit of proper and effective operation relating to the Islamic Principle to the Shariah Advisory Council to be proposed to the Management of the Bank. In 2017, such Working Group has organized 3 meetings for discussion with units responsible for the good corporate governance including the Internal Audit Department, the Compliance and Rules Department, the Credit Review Department, the Risk Management Department, Shariah Department, and the Sustainable Organizational Development Office; whereas, guidelines thereof shall be summarized and presented to the Shariah Advisory Council and the Management of the Bank.

2. In the Meeting of the Shariah Advisory Council No.3/2017 dated 23rd February 2017, the Shariah Advisory Council passed its resolution to approve the revision of the Islamic Bank of Thailand Regulations No.20 Governing the Business Operation of the Bank under the Islamic Principle 2011 and promulgation of the Islamic Bank of Thailand Regulations No.20 Governing the Good Corporate Governance of the Bank under the Islamic Principle 2017 in place of the original regulations No.Gor.Gor.Ror.(Bor.)551/2017 dated 6th July 2017 so that the Bank shall have its good corporate governance under the Islamic Principle in different aspects, including the work of audit, compliance, credit review, risk management, counselling and handling of complaints.

3. The Shariah Advisory Council shall not only give importance to the good corporate governance but also give opinions to the marketing units responsible for service provision to customers such as the loan/deposit/branch facilitation unit, etc., awareness and strict adherence to the work rules, regulations in order to reduce the potential risks to find transactions which are contrary to the Islamic Principle. In particular, it was reiterated relating to the execution of juristic acts, loan agreements under the Principle of Bai Al-Inah for correct operation as per the Checklist Form, signing of loan agreements under the Principle of Bai Al-Inah, which consisted of 5 processes. In case, the operator has breached the process; as a result, the provision of juristic acts or contracts is not correctly in accordance with the Islamic Principle which may be binding to interest; and the disciplinary punishment shall be considered as per the Islamic Bank of Thailand Regulations No.8 Governing Employees.

4. In order to provide a good corporate governance report under the Islamic Principle to express opinions on the business operation under the Islamic Principle, including the disclosure of significant transactions or actions which are contrary to the Islamic Principle in the Annual Report of the Islamic Bank of Thailand, in the Meeting of the Shariah Advisory Council No.13/2017 dated 26th December 2017, the Shariah Advisory Council passed its resolution to reiterate departments responsible for business supervision under the Islamic Bank of Thailand Regulations No.20 Governing the Good Corporate Governance of the Bank under the Islamic Principle 2017, including the Internal Audit Department, Compliance and Rules Department, the Credit Review Department, the Risk Management Department, Shariah Department, and the Sustainable Organizational Development Office to report the operation to the Shariah Advisory Council on a quarterly basis, except in case, any transactions are found or it is doubted that there is an action significantly in contrary to the Islamic Principle, it shall report such transactions immediately.

5. Within 2017, the Shariah Advisory Council has not received any report or complaints relating to actions which are contrary to the Islamic Principle.

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

In 2017, the Shariah Advisory Council has organized totally 13 meetings and has considered sessions thereof from documents or

the presented data. The Shariah Advisory Council has considered the same under the Islamic Principle strictly, and hereby guaranteed, as follows:

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

2. Consideration of business types that the Bank has given the support of loans and investment which were sources of incomes to be allocated as remuneration to such depositor are in accordance with the Islamic Principle;

3. Consideration of handling with incomes from compensation/ penalties from default of debt payment or incomes which are contrary to the Islamic Principle; the Bank did not recognize them as incomes to be in accordance with the Islamic Principle;

4. Consideration and allocation of compulsory donation of the Zakat Subcommittee which is under the responsibility of the Shariah Advisory Council in accordance with the Islamic Principle.

“Allah is the provider of success and leading to the upright ways”

Structure and Responsibilities of the Board

Structure of the Board of Islamic Bank of Thailand

The Board of Islamic Bank of Thailand consisted of 11 Directors including specialists who have knowledge, abilities, skills and experiences in management from various sectors; whereas, the meeting of shareholders of the Bank shall elect qualified people to assume the office of the Bank's directors in accordance with the criteria, legal methods and regulations of the Bank. Each director shall assume the office for 3 years each; and when the term in office of any director is terminated, the Bank shall organize a meeting of shareholders to elect a substituting director. As of 3rd December 2017, the Bank had 11 directors, with details and changes of directors in the previous year, as follows:

No.	List of Directors	Positions/ Assigned Duties	Reason
1.	Mr. Chaiwat Uthaiwan	- Chairman of the Board of Directors	Director
2.	General Natthipong Pueksakorn	- Director - Chairman of the Audit Subcommittee - CG&CSR Subcommittee Director - Chairman of the Nomination, Remuneration and Performance Appraisal Subcommittee	Director
3.	Mr. Nippon Hakimi	- Director - Chairman of the Executive Subcommittee - Chairman of the Compliance Subcommittee - President's Performance Appraisal Subcommittee Director - Chairman of the President Nomination Committee (since 12th April 2017 until present) - Zakat Subcommittee Director	Director
4.	Mr. Panu Uthairat	- Director - Chairman of CG&CSR Subcommittee - Chairman of the President's Performance Appraisal Subcommittee - Audit Subcommittee Director	Director
5.	Mr. Montchai Ratanastien	- Director - Chairman of the Risk Management Subcommittee (25th August 2016-11th April 2017 and since 19th December 2017 until present) - Chairman of the Relation Affairs Committee - Vice Chairman of the Executive Subcommittee - CG&CSR Subcommittee Director - Compliance Subcommittee Director - President Nomination Committee Director	Director
6.	Assoc.Prof. Pasu Decharin	- Director - Chairman of the Information System Development Subcommittee (21st August 2014 - 5th October 2016) - Audit Subcommittee Director - CG&CSR Subcommittee Director - Nomination, Remuneration and Performance Appraisal Subcommittee Director - President Nomination Committee Director and Secretary	Director
7.	Miss Piyawan Lamkitcha	- Director - Vice Chairman of the President Nomination Committee - The Executive Subcommittee Director - Compliance Subcommittee Director - Nomination, Remuneration and Performance Appraisal Subcommittee Director - The President's Performance Appraisal Subcommittee Director	Director
8.	Dr. Pornchai Thiraveja	- Director - Chairman of the Risk Management Subcommittee (12th April 2017-3rd December 2017) - The Information System Development Subcommittee Director (23rd June 2015 - 15th October 2016)	Director
9.	Mr. Wittaya Chaisuwan	- Director - Chairman of the President Nomination Committee (since 23rd June 2015-16th January 2017)	Director
10.	Miss Angkana Sawatpoon	- Director - The Executive Subcommittee Director - The Risk Management Subcommittee Director - President Nomination Committee Director	Director
11.	Miss Veena Techachainirun	- Director and Acting President (1st June 2016 - 30th September 2017) - The Executive Subcommittee Director (1st June 2016 - 30th September 2017) - The Risk Management Subcommittee Director (1st June 2016 - 30th September 2017) - CG&CSR Subcommittee Director (1st June 2016 - 30th September 2017) - The Information System Development Subcommittee Director (1st June 2016 - 16th October 2016)	Director
12.	Mr. Vitai Ratanakorn	- Director - Acting President (since 1st October 2017) - The Executive Subcommittee Director (since 1st October 2017) - The Risk Management Subcommittee Director (since 1st October 2017) - CG&CSR Subcommittee Director (since 1st October 2017)	Director

Appointment of Committees, Subcommittees and Working Groups

1. Executive Subcommittee

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

1. To determine overall investment policies, investment directions for potential companies that the Bank may invest in line with the Bank's investment policies, and hold authorities to approve investment direction and overall investment activities under the Bank's rules;
2. To consider and approve possible losses that may (or may not) arise from debt restructuring within the limit granted by the Board of Directors;
3. To consider and approve credit, debt restructuring, investment in securities and property, receipt of financial support, procurement and outsourcing, and other general expenses within the scope of authorities granted by the Board of Directors;
4. To recommend appropriate and efficient organization structure, propose policies and strategies in terms of personnel, manpower, remuneration and benefits for employees and workers to the Board of Directors for approval;
5. To review the Bank's master plans on human resource development both in short term and in long term as well as other ongoing projects;
6. To provide operational advice in terms of organization structure, personnel, remuneration, benefits and welfare, dynamic and sustainable organization development, and provide recommendations on employment of educational institutions or external consulting companies or consultants to improve the Bank's personnel management;
7. To develop human resources at all levels with readiness in all areas to ensure their vision, all-round knowledge, good personality and awareness;
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, remuneration policy, credit policy, accounting policy and lawsuits taken against the Bank;
10. To approve or acknowledge other management-related matters that the Executive Subcommittee deems necessary or proper by Subcommittees to be proposed for acknowledgment;
11. To consider any other matters assigned by the Board of Directors;

▼ Directors of the Executive Subcommittee as of 31st December 2017 are as follows:

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

▼ Details of change in the Executive Subcommittee during 2017:

1. Mr. Niphon Hakimi has been the Chairman since 23rd June 2015 until present.
2. Mr. Montchai Ratanastien has been Vice Chairman since 21st August 2014 until present.
3. Miss Piyawan Lamkitcha has been Subcommittee Director since 29th September 2014 until present.
4. Miss Angkana Sawatpoon has been Subcommittee Director since 12th April 2017 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 the 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 the Internal Audit Department;
5. To review and approve charters and code of ethics of the Internal Audit Department as well as the internal audit plans and budget of the 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 authorities to working groups in the Audit Subcommittee (if any) as appropriate;
10. To execute Charters of the Audit Subcommittee in line with the scope of responsibilities for the Bank's operation with consent and approval of the Board of Directors;
11. To perform any other works as required by laws or designated by the Board of Directors, thus, within the scope of duties and responsibilities of the Audit Subcommittee;

▼ **Directors of the Audit Subcommittee as of 31st December 2017 are as follows:**

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

▼ **Details of change in the Audit Subcommittee during 2017:**

1. General Natthipong Pueksakorn has been the Chairman since 21st August 2014 until present.
2. Mr. Panu Uthairat has been Subcommittee Director since 21st August 2014 until present.
3. Assoc.Prof. Pasu Decharin has been Subcommittee Director since 21st August 2014 until present.

3. Risk Management Subcommittee

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

1. To determine the risk management policy and propose it to the Board of Directors. The policy shall cover 6 major risk areas, namely Shariah risk, strategic risk, credit risk, market risk, liquidity risk and operational risk, and shall be in accordance with COSO Enterprise Risk Management (COSO ERM);
2. To determine strategies in line with the risk management policy, ensuring that the Bank's risks can be assessed, monitored and controlled at an 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 to be in line with the prescribed policy and strategy;
5. To supervise, endorse the preparation of the Bank's risk assessment report and propose it to the Board of Directors for acknowledgment at least once a year at the end of accounting period. Such report shall be kept at the Bank for further examination by the Bank of Thailand's examiners;

6. To have powers to retrieve data, documents or to demand people or related departments to be examined or provide clarification, and to submit minutes of the meetings for the Board of Directors' acknowledgment;
7. To have powers to appoint consultants, experts or specialists to give advice, opinions or recommendations regarding risk management and other issues for the Bank's benefits, and to receive remuneration as fixed by the Risk Management Sub committee;
8. To determine, review and improve the Bank's GRC Framework and propose it to the Board of Directors;
9. To determine and review the Bank's GRC target based on phases of development needed to attain, and to take actions to achieve GRC coverage and propose it to the Board of Directors for approval;
10. To support the integration of good corporate governance, risk management, compliance and business operation of the Bank;
11. To have powers of approval in all cases for non-classification of debtors by taking account of results of proof, related parties as per the indications specified in guidelines for proving of related parties as per the Single Lending Limit fixed by the Bank of Thailand;
12. To take other actions as assigned by the Board of Directors;

▼ **Directors of the Risk Management Subcommittee as of 31st December 2017 are as follows:**

- | | |
|--|-----------|
| 1. Mr. Montchai Ratanastien | Chairman |
| 2. Miss Angkana Sawatpoon | Director |
| 3. President | Director |
| 4. Vice President of the Risk Management
Department or equivalent | Secretary |

▼ **Details of change in the Risk Management Subcommittee during 2017:**

1. Mr. Montchai Ratanastien has been the Chairman from 25th August 2016 until 11th April 2017 and from 19th December 2016 until present.
2. Miss Angkana Sawatpoon has been Subcommittee Director since 12th April 2016 until present.

Notes: Dr. Pornchai Thiraveja has been Chairman of the Risk Management Subcommittee from 12th April 2017 until 3rd December 2017. Dr. Pornchai Thiraveja resigned from the office of Chairman of the Risk Management Subcommittee on 4th December 2017.

4. CG&CSR Subcommittee

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

1. To propose CG&CSR policy to the Board of Directors;
2. To regularly review CG&CSR policy of the Bank;
3. To determine operational framework and guidelines in line with the Bank's code of ethics;
4. To provide recommendations on the Bank's business operation to achieve goals in line with the Bank's annual CG&CSR plan;
5. To promote the dissemination of cultural information and transparent corporate governance to ensure understanding at all levels and practical outcome, including the participation of the Bank's Board of Directors, executives, employees and workers, communities, customers and the general public in CSR activities for sustainable development;
6. To integrate processes relating to governance, risk management and compliance to ensure that the achievement is derived from all departments' participation (integrity-driven performance);

7. To monitor the Bank's CG&CSR operation and report it to the Board of Directors;
8. To supervise the Bank's integrated CG&CSR operation, supervise the preparation of the Bank's annual CG&CSR report;
9. To appoint working groups or consultants of the CG&CSR Subcommittee to support the performance on corporate governance and corporate social responsibility as necessary and appropriate;
10. To perform other duties as assigned by the Board of Directors;

▼ **Directors of the CG&CSR Subcommittee as of 31st December 2017 are as follows:**

- | | |
|---|------------------------|
| 1. Mr. Panu Uthairat | Chairman |
| 2. General Natthipong Pueksakorn | Director |
| 3. Assoc.Prof. Pasu Decharin | Director |
| 4. Mr. Montchai Ratanastien | Director |
| 5. President | Director |
| 6. Executive Director/Senior Executive
Director of Corporate Image and
Communication Department | Director |
| 7. President of State Enterprise
Labor Union of Islamic Bank
of Thailand | Director |
| 8. Executive Director/Senior Executive
Director of Sustainable Organizational
Development Office or assigned person | Director and Secretary |

▼ **Details of change in the CG&CSR Subcommittee during 2017:**

1. Mr. Panu Uthairat has been the Chairman from 29th September 2014 until present.
2. General Natthipong Pueksakorn has been Subcommittee Director from 21st August 2014 until present.
3. Assoc.Prof. Pasu Decharin has been Subcommittee Director from 21st August 2014 until present.
4. Mr. Montchai Ratanastien has been Subcommittee Director from 29th September 2014 until present.

5. Nomination and Remuneration Subcommittee

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

Nomination

1. To determine policy, criteria and methods of recruitment, selection and nomination of the Bank's directors and subcommittee Directors for the Board of Directors' approval, including the following matters:
 - i) Extent and varieties of essential knowledge, skills and experience of the Bank's directors;
 - ii) Types, size and components of subcommittees, including recommendation to the Board of Directors to appoint replacement for vacant positions due to directors' retirement by rotation or any other reasons;
2. To determine policy, criteria and methods of recruitment of executives (Executive Vice President and above), excluding the President;
3. To determine policy, criteria and methods of performance appraisal, to consider and approve the performance appraisal results of executives (Department Director and above), excluding the President;

4. To ensure that the Bank has appropriate succession plan for the President and propose it to the Bank's Board of Directors for approval;

Remuneration

1. To propose appropriate remuneration for the Board of Directors to the Bank's Board of Directors for consideration and propose it to shareholders;
2. To propose appropriate remuneration for subcommittees to the Board of Directors;
3. To propose appropriate remuneration plan for executives (Executive Vice President and above) except the President to the Board of Directors;
4. To take actions as assigned by the Board of Directors;

▼ Directors of the Nomination and Remuneration Subcommittee as of 31st December 2017 are as follows:

- | | |
|----------------------------------|------------------------------|
| 1. General Natthipong Pueksakorn | Chairman of the Subcommittee |
| 2. Assoc.Prof. Pasu Decharin | Subcommittee Director |
| 3. Miss Piyawan Lamkitcha | Subcommittee Director |
| 4. Department Director; | Secretary |
| Bank's Secretary Department | |

▼ Details of change in the Nomination and Remuneration Subcommittee during 2017:

1. General Natthipong Pueksakorn has been the Chairman from 24th March 2016 until present.
2. Assoc.Prof. Pasu Decharin has been Subcommittee Director from 29th September 2014 until present.
3. Miss Piyawan Lamkitcha has been Subcommittee Director from 21st August 2014 until present.

6. Compliance Subcommittee

▼ Scope of authorities of the Compliance Subcommittee is as follows:

1. To consider and screen the release or review of rules and regulations of the Bank issued in accordance with the law or the Bank's requirements relating to personnel management, banking and general operation management, provide advice or recommendation on the exercise of powers to issue, enforce and determine directions and legal issues regarding rules and regulations, and consider the summary and ensure the completeness of rules and regulations prior to submission thereof to the authorized person for approval.
2. To regularly review policy and charter of compliance with the official rules and regulations and propose it for the Board of Directors' approval;
3. To have powers to appoint working groups or the Bank's employees to perform the assigned duties;
4. To have powers to invite working groups or the Bank's employees to provide information or clarification supporting the consideration;
5. To consider and provide comments or recommendations on compliance report and credit review and report the same to the Board of Directors for acknowledgment;
6. To endorse annual compliance report, compliance plan and credit review;
7. To provide recommendations on operation of the Compliance and Rules Department and the Credit Review Department;
8. To report to the Board of Directors for correction of any detected or suspicious non-compliance with the law, rules, regulations, standard and practices in any transactions that may cause compliance risk;
9. To take any other actions as assigned by the Board of Directors;

▼ **Directors of the Compliance Subcommittee as of 31st December 2017 are as follows:**

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

▼ **Details of change in the Compliance Subcommittee during 2017:**

1. Mr. Niphon Hakimi has been the Chairman from 29th September 2014 until present.
2. Mr. Montchai Ratanastien has been Subcommittee Director from 21st August 2014 until present.
3. Miss Piyawan Lamkitcha has been Subcommittee Director from 29th September 2014 until present.

7. Zakat Subcommittee

▼ **Scope of authorities of the Zakat Subcommittee is as follows:**

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

▼ **Directors of the Zakat Subcommittee as of 31st December 2017 are as follows:**

- | | | |
|----|---|------------------------|
| 1. | Dr. Anas Amatayakul | Chairman |
| 2. | Dr. Maroning Salaeming | Director |
| 3. | Mr. Pramote Meesuwan | Director |
| 4. | Mr. Senee Yupensuk | Director |
| 5. | Mr. Niphon Hakimi | Director |
| 6. | Vice President of Shariah Department | Director |
| 7. | Vice President of Hajj and Umrah Department | Director and Secretary |

▼ **Details of change in the Zakat Subcommittee during 2017:**

1. Dr. Anas Amatayakul has been the Chairman from 22nd October 2014 until present.
2. Dr. Maroning Salaeming has been Subcommittee Director from 22nd October 2014 until present.
3. Mr. Pramote Meesuwan has been Subcommittee Director from 22nd October 2014 until present.
4. Mr. Senee Yupensuk has been Subcommittee Director from 22nd October 2014 until present.
5. Mr. Niphon Hakimi has been Subcommittee Director from 22nd October 2014 until present.

Note: Assoc.Prof. Abdullah Abru has been Subcommittee Director from 22nd October 2014 until 28th September 2015 due to having reached the retirement age (60 years old).

8. 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 assessment guidelines in line with and achieve the Bank's vision, objectives, missions and target of operation as well as budget approved by the Board of Directors;
3. To set indicators and to measure 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 present the assessment result, including problems, obstacles and limitation of the President's performance as well as solutions to those problems, obstacles and limitation of the President's performance to the Board of Directors;
6. To review the target and performance criteria for the President and propose it to the Board of Directors for approval;
7. To present the performance result in comparison with the above-mentioned target and criteria to the Board of Directors to consider appropriate remuneration and benefits for the President;

▼ **Directors of the President's Performance Appraisal Subcommittee as of 31st December 2017 are as follows:**

- | | |
|--|-----------|
| 1. Mr. Panu Uthairat | Chairman |
| 2. Mr. Niphon Hakimi | Director |
| 3. Miss Piyawan Lamkitcha | Director |
| 4. Vice President of Corporate Secretary Department
or equivalent | Secretary |

▼ **Details of change in the President's Performance Appraisal Subcommittee during 2017:**

1. Mr. Panu Uthairat has been the Chairman from 21st August 2014 until present.
2. Mr. Niphon Hakimi has been Subcommittee Director from 21st August 2014 until present.
3. Miss Piyawan Lamkitcha has been Subcommittee Director from 21st August 2014 until present.

9. Relation Affairs Subcommittee

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

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

▼ **Members of the Relation Affairs Subcommittee as of 31st December 2017 are as follows:**

- | | |
|---------------------------------|----------|
| 1. Mr. Montchai Ratanastien | Chairman |
| 2. Employer's 9 representatives | Director |
| 3. Employees' 9 representatives | Director |

▼ **Details of change in the Relation Affairs Subcommittee during 2017:**

1. Mr. Montchai Ratanastien has been the Chairman from 21st August 2014 until present.

10. President Nomination Subcommittee

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

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

▼ **Directors of the President Nomination Subcommittee as of 31st December 2017 are as follows:**

- | | |
|--|------------------------|
| 1. Mr. Niphon Hakimi | Chairman |
| 2. Miss Piyawan Lamkitcha | Vice Chairman |
| 3. Miss Angkana Sawatpoon | Director |
| 4. Mr. Montchai Ratanastien | Director |
| 5. Assoc.Prof. Pasu Decharin | Director and Secretary |
| 6. Vice President of Corporate Secretary
Department or equivalent | Assistant Secretary |

▼ **Details of change in the President Nomination Subcommittee during 2017:**

1. Mr. Niphon Hakimi has been Subcommittee Director from 23rd June 2015 until present.
2. Miss Piyawan Lamkitcha has been Subcommittee Director from 23rd June 2015 until present.
3. Miss Angkana Sawatpoon has been Subcommittee Director from 12th April 2017 until present.
4. Mr. Montchai Ratanastien has been Subcommittee Director from 23rd June 2015 until present.
5. Assoc.Prof. Pasu Decharin has been Subcommittee Director from 23rd June 2015 until present.

Note: Mr. Wittaya Chaisuwan has been the Chairman from 23rd June 2015 until 15th January 2017, and Mr. Wittaya Chaisuwan resigned from the office of the Bank's director on 16th January 2017.

Summary of Directors' Meeting Attendance in 2017

Name		Board of Directors	Executive Subcommittee	Audit Subcommittee	Risk Management Subcommittee	CG&CSR Subcommittee	Compliance Subcommittee	President Nomination Subcommittee	Nomination and Remuneration Subcommittee	Relation Affairs Subcommittee
		19 Meetings	25 Meetings	14 Meetings	9 Meetings	3 Meetings	7 Meetings	3 Meetings	1 Meeting	12 Meetings
1. Mr. Chaiwat Utaiwan	Chairman	19/19	-	-	-	-	-	-	-	-
2. General Natthipong Pueksakorn	Director	16/19	-	14/14	-	3/3	-	-	1/1	-
3. Mr. Nippon Hakimi	Director	11/19	22/25	-	-	-	7/7	3/3	-	-
4. Mr. Panu Uthairat	Director	12/19	-	6/14	-	3/3	-	-	-	-
5. Mr. Montchai Ratanastien	Director	19/19	23/25	-	7/9	3/3	7/7	3/3	-	12/12
6. Assoc.Prof. Pasu Decharin	Director	9/19	-	14/14	-	1/3	-	1/3	1/1	-
7. Miss Piyawan Lamkitcha	Director	15/19	14/25	-	-	-	7/7	3/3	1/1	-
8. Mr. Wittaya Chaisuwan	Director	0/0	-	-	-	-	-	-	-	-
9. Dr. Pornchai Thiraveja	Director	10/19	-	-	7/8	-	-	-	-	-
10. Mr. Vitai Ratanakorn	Director	13/19	8/8	-	1/1	1/1	-	-	-	-
11. Miss Veena Techachainirun	Director	14/14	17/17	-	8/8	2/2	-	-	-	-
12. Miss Angkana Sawatpoon	Director	14/15	16/19	-	6/6	-	-	2/3	-	-

Remunerations of the Bank's Directors 2017

Name List	ค่าเบี้ยประชุม										Total Amount 2017
	Total Monthly Remunerations	Board of Directors of the Bank	Executive Subcommittee	Audit Subcommittee	Risk Management Subcommittee	CG & CSR Subcommittee	Compliance Subcommittee	President Nomination Subcommittee	Nomination and Remuneration Subcommittee	Relation Affairs Subcommittee	
1. Mr. Chaiwat Utaiwan	240,000.00	150,000.00	-	-	-	-	-	-	-	-	390,000.00
2. Gen. Natthipong Pueksakorn	120,000.00	120,000.00	-	150,000.00	-	20,000.00	-	-	62,500.00	-	472,500.00
3. Mr. Nippon Hakimi	120,000.00	92,500.00	150,000.00	-	-	-	50,000.00	25,000.00	-	-	437,500.00
4. Mr. Panu Uthairat	120,000.00	80,000.00	-	120,000.00	-	37,500.00	-	-	-	-	357,500.00
5. Mr. Montchai Ratanastien	120,000.00	120,000.00	136,250.00	-	60,000.00	20,000.00	30,000.00	10,000.00	-	1,000.00	497,250.00
6. Associate professor Dr. Pasu Decharin	120,000.00	80,000.00	-	120,000.00	-	10,000.00	-	-	50,000.00	-	380,000.00
7. Miss Piyawan Lamkitcha	120,000.00	110,000.00	110,000.00	-	-	-	40,000.00	22,500.00	10,000.00	-	412,500.00
8. Mr. Witthaya Chaisuwan	4,838.71	-	-	-	-	-	-	-	-	-	4,838.71
9. Dr. Pornchai Thiraveja	120,000.00	80,000.00	-	-	70,000.00	-	-	-	-	-	270,000.00
10. Mr. Vitai Ratanakorn	120,000.00	100,000.00	-	-	-	-	-	-	-	-	220,000.00
11. Miss Veena Techachainirun	90,000.00	90,000.00	-	-	-	-	-	-	-	-	180,000.00
12. Miss Angkhana Sawatpoon	90,645.16	80,000.00	90,000.00	-	40,000.00	-	-	10,000.00	-	-	310,645.16
Total	1,385,483.87	1,102,500.00	486,250.00	390,000.00	170,000.00	87,500.00	120,000.00	67,500.00	122,500.00	1,000.00	3,932,733.87

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 2017

Headcount Structure for 2016

Head Office Headcount	Branch Headcount
994	710



Conflict of Interest Prevention Policy

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

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

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

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

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

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

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

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

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

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

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

In 2017, the Bank has organized training on provision of knowledge relating to conflict of interest to executives and all employees for acknowledgment and awareness of the importance of the prevention of conflict of interest, and has completely and continuously publicized the Bank's data and information under the Official Information Act B.E.2540 for the benefits of the public's access to the Bank's information.

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 that 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 that 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, and the guidelines on internal control system set-up and assessment of the Office of the Auditor General, and the guidelines of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The bank has also supervised and monitored continuously to ensure that the Bank's operation will achieve the objectives efficiently and effectively, and that financial reports and operation are reliable, and that operation is in compliance with the law, and internal and external regulations as well as actions that may cause damage to the Bank's assets and reputations are prevented.

2. Internal Control Structure

▼ The Internal Control Assessment Subcommittee consists of the top management of all departments and sections to monitor and supervise the overall internal control assessment in accordance with the State Audit Commission (SAO)'s regulations.

▼ The Audit Subcommittee has roles and duties to propose an appointment of a qualified auditor to the Board of Directors, to review and approve the charters and code of ethics of the Internal Control Department and the audit plans, and to supervise the work efficiency of the Internal Audit Unit, and to independently monitor the risk management and internal control.

▼ The Bank has assigned its executives at all levels to participate in and take responsibility for complying with the Bank's internal control processes. The top management shall monitor the risk control self-assessment (RCSA) by means of review to ensure the adequacy and effectiveness of the internal control system and risk management of works within the scope of responsibilities. This is to gain reasonable confidence that the Bank is always capable of achieving the prescribed targets and objectives efficiently.

▼ The Bank has each department appoint the Risk-Internal Control Compliance Office (RIC Officer) with responsibility for risk-related coordination, internal control assessment and compliance with rules and regulations, including dissemination of related knowledge to employees. In addition, this participation is considered as part of operational risk management.

3. Major Internal Control Actions in 2017

▼ Analysis of risk factors based on RCSA tools for planning of improvement of organizational internal control and plans or measures for improvement of internal control that still has some issues at the level of internal control sub-divisions.

▼ Preparation of reports on internal control assessment in accordance with the SAO's regulations, Article 6, at sub-division levels (Form Por.Yor.1 and Form Por.Yor.2) and at levels of audited departments (Forms Por.Or.1, Por.Or.2 and Por.Or.3); whereas, all documents have been provided as information for all related personnel, and reports have been prepared and submitted to the Internal Control Assessment Subcommittee for acknowledgment of the monitoring of assessment.

▼ Determine measures to prevent, correct and improve work processes, and to 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 (RCSA) for RIC Officers nationwide.

Complaints Handling Center

The Bank has assigned the Complaint Handling Section, Sustainable Organizational Development Office, to be a center for complaint and inconveniences management regarding any inconvenience or delay from the Bank's products or services. The Bank's service recipients, customers or customers' representatives or the Bank's employees or workers may report or file complaints or notify any complaints or inconveniences to the Bank through 10 Complaints Handling Centers, including:

- 1) Complaint boxes at the Head Office;
- 2) Letters;
- 3) E-mail;
- 4) Letters from the Bank's regulatory government agencies or other related agencies;
- 5) Statements in mass media such as newspapers of which sources and facts of complainants can be checked;
- 6) Bank's call center;
- 7) Complaint web portal of the Office of the Prime Minister;
- 8) E-Complaint IBank;
- 9) Complaints in person;
- 10) Other channels

Information Disclosure Channels:

- ▼ **Annual report:** disclosing the organization data, operating results, good corporate governance, auditor's report and financial statements, etc.
- ▼ **The Bank's website (www.ibank.co.th):** disclosing the Bank's information such as organizational information, annual reports, products, services, procurement, etc.





Risk Management

1. Risk Management Overview

The business of Islamic Bank of Thailand has been operated in the midst of the changing business environment and globalization, including technologies, competition situations, rules and regulations; therefore, the risk management is a necessary management process and is important to lead the organization to achieve the prescribed goals. Therefore, the effective and efficient risk management system shall reflect good and accountable management which is a main foundation for secure and sustainable growth of the Bank.

Islamic Bank of Thailand has been aware of risk management and internal control and has given importance to good management process and effective achievement of the prescribed goals. Under the strategic plan of reorganization and business plan of 2017-2021, the Bank has carried out the enterprise risk management (ERM) as per COSO ERM Framework which is a risk management process under the universal principles consisting of main principles, i.e., the linkage of risk management process and the operation plan and business opportunities of the Bank which helped integrate the risk management covering the entire organization. As a result, the Bank is able to achieve the main objectives of the organization as per the risk management process under the universal principles, and the Bank is able to achieve the main objectives of the organization as per the prescribed vision and mission by means of provision of a risk map of 2017, key risk indicators (KRIs), risk appetite, and risk tolerance, covering main risks of the Bank. In addition, the Bank has organized training and provided knowledge on the risk management overview of the organization to employees at all levels to establish awareness and common understanding that the risk management is a related matter and responsibilities of all employees. The operation of work with awareness of responsibility for risk management will help support all units to achieve the goals of the organization more effectively and efficiently and in line with the management under the good corporate governance principle which will help the Bank grow in a secure and sustainable manner.





2. Risk Management Structure

The governance structure is classified, as follows:

2.1 Policy. The Board of Directors of the Bank has powers to approve significant risk management policies of the Bank such as credit risk management policy and guideline, market risk management policy and guideline, liquidity risk management policy and guideline, operational risk management policy and guideline, and strategic risk management policy and guideline, including Shariah risk management policy and guideline.

2.2 Powers. The Board of Directors of the Bank has powers to approve the acting authority of executives and subcommittees with proper distribution of the approving powers and risk-based authority.

2.3 Subcommittees Related to the Risk Management

Roles and duties of subcommittees related to the risk management include the approval of risk appetite and supervision of effective risk management system, as follows:

1. Risk Management Subcommittee shall be obliged to determine the risk management policy and to review the adequacy of the risk management policy and system, and to determine strategies in line with the risk management policy, and to supervise the overall risk management of the Bank.

2. The Audit Subcommittee shall be obliged to review the internal control system and good risk management to ensure that the internal control and risk management system will prevent or reduce potential risks and there will be adjustment to be proper to risks and environment of business operation.

In addition, for each type of risk management, the Bank has also established subcommittees for specific risk management including the Assets and Liabilities Management Subcommittee (ALCO), the Deposit Return Review Subcommittee, the Internal Control Assessment Subcommittee, the Credit Subcommittee, the Debt Restructuring Subcommittee, the Crisis Management Subcommittee (CMC), and the IT Steering Subcommittee, etc.

3. Risks and Risk Management Measures

3.1 Shariah Risk means risks resulted from operation, process of offering of products and services of the Bank that may not in compliance with the Shariah Principle as prescribed by the Advisory Council of the Islamic Bank of Thailand (Shariah) and/or may be in contrary to the Islamic Bank of Thailand Act B.E.2545, and may affect the status, reputations, liquidity, incomes and capital which are regarded by the Bank as the specific risk and of the most importance and part of operational risk as specified by the Bank's audit guidelines.

To ensure the Bank's performances and operations in all processes are in compliance with the Shariah Principle, the Bank has therefore determined policy and guidelines for Shariah risk management, approved by the Board of Directors, to be the framework for operation regarding Shariah risk management. However, the provision of financial services and development of products and services under the Islamic Rules is competitive and meets the demands of target customers. There are still some restrictions in terms of tax, duty and fees which affect the Bank's cost of operation. Therefore, to ensure that all actions and operations shall be in compliance with the Shariah Principle in all processes, 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 the supporting information for determination of Shariah risk management strategies. In addition, the Bank has given importance to the training and provision of knowledge on the Shariah Principle for all employees through its internal communication channels so that the Bank's employees would have good knowledge and understanding and be able to perform their duties duly in accordance with the Shariah Principle and be able to communicate with customers to understand the Shariah Principle adhered by the Bank to its operation at the same standard level.

3.2 Strategic Risk means the risk resulted from the determination of strategic plans, operation plans and

implementations that are improper or not in conformity with internal factors and external environment, affecting the Bank's incomes, capital or corporate existence.

According to situations in the previous year, the Bank was affected by the internal and external environment, including competition situation, behavioral change of target customers, technological change, economic factors and requirements of the authorities, adequacy and quality of information and personnel, etc., and causing strategic risk factors which would affect the Bank's business operation plan. The Bank has prepared its operations to reduce strategic risks resulted from those risk factors by means of adjustment of strategic planning process and provision of its clear and proper operation plan covering potential risks.

Regarding the Bank's operation relating to strategic risk management, the Bank has provided the strategic risk management policy and guidelines and the annual risk management plan in line with the reorganization strategic plan and business plan of 2017-2021. The principle of good risk management has been applied as framework of integrated organizational risk management structure under the international standard and in accordance with guidelines of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to the analysis of internal and external risk factors which may affect the Bank's current and future operations. In addition, the Bank's strategic risk management is subject to the supervision of the Board of Directors and related subcommittees; meanwhile, the risk management plan provision and review process and risk management guideline is subject to the supervision of the Risk Management Department that shall present the matter to the Risk Management Subcommittee for approval and screening of appropriateness of issues and shall propose the matter to the Board of Directors for approval in hierarchical order. In the past, the Bank has provided the risk management plan and risk map to identify risk factors which affected the Bank, and determined KRIs, risk appetite, risk tolerance covering all risk factors and risk causes to follow up the result of risk management at the level acceptable to the Bank and in accordance with the target of the work plan and to determine and review measures under the Treatment Plan,

thus, to be able to control operations in accordance with the target of the work plan, and the Risk Management Department shall be obliged to continuously follow up, assess and report the risk management result to the Risk Management Subcommittee and related subcommittees.

The Bank has also organized training to build up knowledge and understanding on risk management for employees so that they would be able to take part in assuming responsibilities for risk management of the Bank and to support organizations to operate work and to achieve the target efficiently and effectively; at the same time, the management shall be in accordance with the good corporate governance principle, which shall help the Bank grow in a secure and sustainable manner.

3.3 Credit Risk means risks of damage arisen from the contractual party's failure to comply with the agreed obligations in the contract, including the downgrade of risks of trading partners of the Bank which may affect the Bank's income and maintenance of the Bank's capital.

Provided that, in the credit risk management, the Bank has given importance in the following issues:

(1) Credit risk management policy and guidelines

The Bank has determined the framework of credit risk management policy in line with the guidelines of external regulatory bodies, based on the balance between business roles and duties, credit risk and supervision in accordance with rules and regulations. The focused objective is to ensure credit personnel have the same and collective goals, i.e., credit expansion under acceptable risks and transparency, with the ultimate goal of quality credit management and effective monitoring and control process. In addition, the Bank has determined the operational standard on credit facilitation in the same directions, with the development and improvement of the criteria, roles, duties, responsibilities, and credit facilitation structure to be in conformity and systematically connected under the credit process improvement project. In addition, the Bank has also organized training to promote credit knowledge to the related employees in order to improve knowledge and develop skills at the level proper to customers requiring continuous supervision.

As of 31st December 2017, the Bank had "NPF" of general credit and project credit under the public policy as per the Bank's Separate Financial Statements, amounted to 11,052.38 million Baht, decreased by 42,675.72 million Baht from the total amount of 53,728.10 million Baht of NPF in 2016, equal to 24.98% of the total credit (equal to 57.47% in 2016); whereas, the total amount of credit of the Bank has decreased significantly because, the Bank

has transferred non-performing financing (NPF) to the Islamic Asset Management Limited, amounted to 49,049.87 million Baht.

Credit Risk Management Tools

The Bank has provided tools for customer credit risk assessment and credit distribution, and has fixed the rate of return in line with the risk of each customer group. The Bank has applied the credit scoring system to customers of consumer products and has merged SMEs Ezy system with Credit risk Rating (CRR) for businesses with the credit limit of not exceeding 20 million Baht, and has also applied the Credit Risk Rating system to credit customers with the amount of not less than 20 million Baht.

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

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

(2) Credit Quality

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

1. Determine clear measures to enforce uncooperative debtors in negotiation or those having undergone several debt restructuring programs such as legal action and filing for bankruptcy;
2. Having credit facilitation units visit/call customers regularly to increase utilization of customers in good standing, and monitor customer's operating results in order to adjust credit conditions in accordance with customers' incomes and circumstances in order to prevent them from becoming NPF and to generate more incomes from customers in good standing;
3. Having credit facilitation units report reasons and guidelines for handling with all B2 and watch list customers in the group of

large business customers and SMEs that would be potentially downgraded to NPF and could not expedite preventing and correcting the situation, and executives of sections/departments/working groups shall take first priority to follow up and correct for normal situation.

4. Credit facilitation units shall monitor TDR customer groups or those requesting for indulgence credit conditions or for indulgence of debt repayment with change of financial status, current business status which may potentially become NPF in the future because it may affect the Bank's operation.

5. Expedite the distribution or assignment of internal employee groups to units responsible for management/correction of troubled credit in order to expedite the correction of NPF, and provide action plan and training to provide necessary knowledge, skills and correction method for NPF.

6. The debt quality development unit should closely, systematically and continuously follow up and collect data and find causes of NPF re-entry and data of recovery rates.

(3) Credit Concentration Risk

Guidelines have been determined in the Bank's credit policy to oversee credit concentration risk in line with the regulatory requirements regarding corporate customers, which put credit limit for Single and Group Exposure Limits, and Sector Limit to control and avoid significant credit concentration. The Bank has exercised caution on financing new customers in industries having concentration rate equivalent to or higher than the risk appetite (RA), and has kept monitoring closely the credit concentration risk. As of the end of 2017, the Bank's loans for industries were mostly granted to the manufacturing sector.

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

Market risks can be divided into 3 types, including:

▼ Rate of Return Risk

"Rate of Return Risk" is the risk that the Bank's income or capital would be subject to negative impact from changes of the rate of return of items of assets, liabilities and rate sensitive items

and may affect the net profit income, trading accounts, and incomes and other expenses related to the rate of return such as credit facility fees, deposit service fees, and provisions expenses, etc.

▼ Foreign Exchange Risk

"Foreign Exchange Risk" is the risk that the Bank's income or capital would be subject to negative impact from fluctuation of exchange rates, including risk from business transaction in foreign currencies, risk from having assets or liabilities in foreign currencies, transaction risk, and translation risk.

▼ Price Risk

"Price Risk" is the risk that the Bank's income or capital would be subject to negative impact from changes of prices of debt instruments and equity instruments, resulting in the Bank's devaluation of investment ports for trading and available for sale and for profit-making purpose.

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

The Bank has focused on managing the market risk to reduce impact on the Rate of Return Risk because it is the root cause of the Bank's market risk. In addition, the Bank has determined the policy framework, measures and tools for market risk management, including control, risk assessment and monitoring of critical risk that may affect the Bank to ensure that the market risk management shall be effective and in conformity with the changing internal and external circumstances or risk factors.

Major activities in the market risk management are as follows:

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

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

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

2. Provision of tools for market risk measurement and assessment:

▼ Asset and Liability Management (ALM) System for data warehouse which covers Re-pricing Gap Analysis to analyze the

rate of return risk in each period of time 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 tools

▼ Market risk assessment based on trigger and risk limit covering cause of market risk, including rate of return risk, foreign exchange risk, gap limit, position limit and VaR limit, etc.

3. Market risk monitoring and report:

▼ Monitoring of critical risk factors that may have direct and indirect impact on the market risk, e.g. economic trend, sensitivity and fluctuation of rate of return in money market, and of foreign exchange rate

▼ Monitoring and report related to the market risk, e.g. report on the market risk status, report on market, risk limit and trigger, etc., by directly reporting to the Board of Directors, the Risk Management Subcommittee, the Assets and Liabilities Management Subcommittee, and the management on a regular basis so that they can determine and readjust strategies at hand in an efficient manner.

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

3.5 Liquidity Risk means the risk resulted from the Bank's failure to pay debts and to comply with obligations when they become due because the Bank is unable to convert its assets into cash or to secure sufficient funding, or secure funding at the cost exceeding the risk appetite, which may affect the Bank's current and future income and capital. In addition, the liquidity risk also resulted from the Bank's failure to unwind or offset the existing risk from the assets held, forcing the Bank to sell assets at the price lower than the acquisition cost because such assets held had low liquidity or the market was in disruption mode.

The Bank, by the Board of Directors, has delegated authorities to the Assets and Liabilities Management Subcommittee to determine strategies, guidelines and operation regarding liquidity and rate of return risk management, and to manage market risk in conformity with policy of the Risk Management Subcommittee. Liquidity risk management has been determined to be continuing

operation to ensure that the Bank's liquidity is sufficient to support the Bank's business operation in normal circumstances and crisis under appropriate cost and with capability to meet financial obligations and in accordance with the policy framework and guidelines for liquidity risk management and under the risk appetite. The Bank has determined the policy framework, measures and tools for proper management of the liquidity risk as well as monitoring of the liquidity risk management as summarized below:

Major activities in the liquidity risk management are as follows:

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

▼ Review of the liquidity risk management policy and guidelines as a framework for the Bank's liquidity risk management;

▼ Review of determination of liquidity risk triggers and risk limit to suit the changing situation;

2) Provision of tools for liquidity risk measurement and assessment:

▼ Report on cash flow analysis and liquidity status in each period of time (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 scenario analysis, e.g. continuous withdrawal from corporate deposit accounts, etc.

▼ Assessment of impact from credit risk factors and reputation risk factors on the liquidity risk;

3) Liquidity risk monitoring and report:

▼ Monitoring of critical risk factors that may have direct and indirect impact on the liquidity risk, e.g. economic trend, liquidity of commercial bank system, change of rate of return in money market, competition of products and services among financial institutions, etc.

▼ Monitoring and report related to liquidity risk, e.g. report on the liquidity risk status that may the liquidity risk, operation as per the liquidity risk limit, trigger, and mismatch fund, etc. The reports are submitted to the Board of Directors, the Risk Management Subcommittee, the Assets and Liabilities Management

Subcommittee, and executives of the Bank on a regular basis to ensure efficient risk management.

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

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

In managing the operational risk, the Bank has required the risk identification, risk assessment, risk monitoring, risk reporting, and risk control and reduction in accordance with international standard, and to comply with the Islamic Bank of Thailand Act B.E.2545, the Bank has given the highest priority to the development of Shariah risk management system as it is the Bank's major risk most likely to occur in business operating processes, service provision and especially in the launch of financial products in accordance with the Shariah Principle.

The provision of policy on the operational risk management is used as a tool in determining the scope of operation and guidelines for operational risk management of the Bank, with an emphasis on the effective creation and development such as the business continuity management policy, business continuity plan, outsourcing service policy, reporting of events of damage, and testing of data and system recovery plan in case of occurrence of natural disasters, etc.

Capital Adequacy

"Risk on Capital Adequacy" means the risk of potential inadequacy of funds for business expansion, handling with unexpected loss and rules and regulations of the authorities and other changing environment that cannot be controlled by the Bank.

In the capacity of a state enterprise under the supervision of the Ministry of Finance and audit by the Bank of Thailand, the Islamic Bank of Thailand has to maintain the capital adequacy of not lower than 8.5% as per the Ministerial Regulations Governing the Maintenance of Capital Adequacy. Nevertheless, the problem of credit quality has forced the Bank to set aside additional provisions resulting in a negative BIS ratio, lower than the requirements under the Ministerial Regulations Governing the Maintenance of Capital Adequacy. However, the Bank has determined the strategic plan of reorganization and business plan of 2017-2021 as guidelines for problem solving of the Bank's operation.

4. Improvement of the Credit Facilitation Process

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

1. Structure of the Credit Facilitation Unit. The Bank has improved the structure of the Credit Facilitation Unit divided into 2 main units; whereas, the Credit Facilitation Unit (RM) and the Credit Analysis Unit (CM) shall be merged as one unit in order to reduce redundancy in the credit analysis and consideration, and the Credit Risk Management Unit (CR) shall be the credit screening unit for check and balance before submitting for approval.

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

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

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

3. Form of Business Credit Application Development and credit screening (standard credit and credit under the Product Program), review of credit limit and credit screening to reduce the data redundancy.



Internal Audit

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

1) Qualifications of the Internal Auditor

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

2) Structure of the Internal Audit Department

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





Auditing activities always have written records.

- Entitlement to access data and documents

3) Relationship with the Management

- Interview/discuss with the top management, the President, and the Audit Subcommittee about the business, risk, and internal control to take account of the comments to prepare the audit plan, and evaluate the appropriateness and adequacy of the Bank's corporate governance whether the management is efficient and being able to achieve the prescribed objectives and targets.

- Liaison and discuss with external regulatory agencies such as the Office of the Auditor General of Thailand and the Bank of Thailand about the scope and guidelines for audit activities to prevent redundancy of work, discuss about significant observation or suggestion that are still open, and respond to the observations or suggestions of the Bank of Thailand and the Office of the Auditor General of Thailand.

4) Duties and Responsibilities

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

- Have roles to audit especially in issues having significant risks and impact on the Bank's strategic objectives;

- Have responsibilities for prevention of fraud by reviewing and accessing the adequacy and effectiveness of internal control as well as the Bank's risk management;

- Conduct annual review on business ethics, disclosure of conflicts of interest of the Bank's employees and executives of the Bank;

- Provide advice, recommendation and related services to executives and business units with objective to increase value, improve the risk management process, and corporate governance of the Bank, without taking responsibilities in the capacity of executive.

5) Operation and Reporting

Operation

- Provide the strategic audit plans of 2017-2021 including the systematic risk assessment for risk prioritization in the audit plan in conformity with resources of the Internal Audit Department and in accordance with risks, objectives and targets of the Bank and its plan, ensure the procedures of resource allocation for operations based on risk levels and identify man-days in each year.

- The annual audit plan for 2017 is related to the strategic audit plan, objectives and risks of the Bank, and combined with guidelines of the Significant Activity Approach of the Bank of Thailand. The audit plan in details will be prepared based on risk, with the risk assessment and control as per the activities' characteristics in every step. Activities are divided into core activities and support activities. The operation flows and control points in each step are clearly shown. Provision of advice and suggestion is also included in the plan with clear proportion of each work type.

- Audit issues regarding information technology are clearly determined in the plan in accordance with the Bank's objectives and targets, risk and the Management's requirements.

- Evaluate the adequacy and appropriateness of resources, guidelines for resource management, and budgets of the Internal Audit Department in conformity with the audit plan and the existing resources;

- The Management provided comments on the preparation of strategic audit plan which was approved by the Audit Subcommittee and proposed for the Board of Director's acknowledgment. In addition, discussion was made among the related parties before starting the audit activities.

- Compliance with suggestions has been monitored systematically and reported to the Audit Subcommittee, executives, the Board of Directors and related regulatory bodies;

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





Reporting

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

6) Maintenance of Internal Auditors' Work Quality

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

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

Report of the Audit Subcommittee

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

As per Order No.Gor.019/2557, the following members were appointed on 21st August 2014 until present:

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

As the Board of Directors of Islamic Bank of Thailand passed a resolution to appoint the Audit Subcommittee on 21st August 2014, having the Head of the Internal Audit Department as Secretary to the Audit Subcommittee. At least one member of the Audit Subcommittee of Islamic Bank of Thailand shall have adequate knowledge and experiences to review the reliability of financial statements. The Audit Subcommittee has performed its duties under the scope of responsibilities as specified in the Charter of the Audit Subcommittee and assigned by the Board of Directors and in conformity with Regulations of the Ministry of Finance Governing the Audit Committee and Internal Audit Units of State Enterprises B.E.2555. In 2017, the Audit Subcommittee held 14 meetings to consider various matters such as supervision of compliance as per observations and suggestions of the Internal Audit Department and of third-party compliance units, to review and approve charters, regulations and work manuals of the Internal Audit Department, structure of the Internal Audit Department, audit plans and budgets, and performance effectiveness of the Internal Audit Department, etc. The Audit Subcommittee had discussions with the Bank's management to consider the draft financial statements, conflict of interest, risks, internal control system, and follow-up of progress of significant issues. The Audit Subcommittee also held 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 audit conducted by both agencies. The operating results have 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 Statements

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

Review of Risk Management and Internal Control

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

The Audit Subcommittee also reviewed the internal control system from audit reports of the Internal Audit Department, risk management reports of the Risk Management Department and third-party compliance units, as well as reports on the Bank's internal control assessment, internal control self-assessment form and internal auditor's internal control assessment form as per the Regulations of the State Audit Commission to ensure that the Bank's internal control system is consistently appropriate and adequate. The Audit Subcommittee also sought guidelines for risk

prevention or reduction to be within the Bank's risk appetite with no impact on the Bank's operation.

Compliance with Regulations

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

Internal Audit Supervision

The Audit Subcommittee reviewed, approved, and endorsed the revision of charters and work manuals of the Internal Audit Department to consider the appropriateness, scope of operation, rights, duties and independence, and also approved the strategic audit plans consisting of 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 compliance with the approved audit plan, and approved the audit plan adjustment, and created confidence in the internal audit by providing internal audit quality assessment, and promoting and supporting the continuous development of skills and capacities of internal auditors to obtain 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 it was good governance as per the criteria and guidelines on Business Ethics of Directors, President and Executives of the Bank in order to prevent any potential conflict of interest and to be in accordance with the guidelines of the State Enterprise Policy Office (SEPO).

Self-Assessment of the Audit Subcommittee

The Audit Subcommittee reviewed and revised the Charter of the Audit Subcommittee and provided self-assessment at least once a year to ensure that the operation of the Audit

Subcommittee was efficient and achieved the prescribed objectives as per the Good Practice on Maintenance of Quality of Work of the Audit Subcommittee in the Work Manual of the Audit Committee in State Enterprises (Revision) B.E. 2555. This was to ensure that the Audit Subcommittee's operation was in accordance with the prescribed objectives in the Charters of the Audit Subcommittee.

Report on the Audit Subcommittee's Performance

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

Auditor Appointment

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

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

General



(Natthipong Pueksakorn)

Chairman of the Audit Subcommittee

Report of the Nomination and Remuneration Subcommittee

Since the Bank is aware of the importance of nomination and remuneration of directors and the top management, the Board of Directors has therefore appointed the Nomination and Remuneration Subcommittee consisting of 3 independent directors with main duties of nomination of qualified candidates to be appointed as members of the Board of Directors, members of subcommittees and the top management from Executive Vice President and above, and determination of remuneration of members of the Board of Directors and the top management from Executive Vice President and above, to be proposed to the Board of Directors. In 2017, the Nomination and Remuneration Subcommittee has held 10 meetings to perform the assigned duties; whereas, actions which have been considered and endorsed by the Board of Directors were as follows:

1. Consider the criteria and method of nomination and proper employment conditions for the top management (employment contracts), Senior Executive Vice President and Executive Vice President;

2. Consider the criteria and method of determination of remuneration for executives who are offered with job placement, appointment or promotion for new executive group in the positions of Senior Executive Vice President and Executive Vice President;

3. Interview candidates for the positions of Senior Executive Vice President and Executive Vice President;

4. Consider, select, and nominate qualified candidates to be appointed as Senior Executive Vice President and Executive Vice President from qualifications, knowledge, abilities, skills, experiences, diversified expertise, leadership, as well as vision and positive attitudes towards organization, state of having virtue and merit which is beneficial to business operation of the Bank and effective management.

5. Consider the criteria and method of performance appraisal, key performance indicator (KPIs) of the Bank's executives as per the employment contracts and executives at the level of Division Director and above, except for the position of the President.

6. Consider and approve the performance appraisal result in 2017 of the Bank's executives as per the employment contracts and executives at the level of Division Director and above, except for the position of the President.

The Nomination and Remuneration Subcommittee has continuously performed duties as assigned, and reported the result of meetings to the Board of Directors. In 2017, the Nomination and Remuneration Subcommittee has performed duties with due care, transparency, and independence by taking account of the optimum benefits of the Bank and all stakeholders, and had commitments to perform duties on the basis of equality, fairness, and transparency in accordance with the good corporate governance principle.

General



(Natthipong Pueksakorn)
Chairman of the Nomination and
Remuneration Subcommittee

Report of the CG & CSR Subcommittee

The CG&CSR Subcommittee has its powers, duties and responsibilities under the CG&CSR policy and operational guidelines to be in accordance with the code of ethics of Islamic Bank of Thailand. In addition, mission has been adjusted to be in conformity with the changing situations in order to improve the Bank's image to ensure that activity plans would be in the same directions with the reorganization plan. Therefore, the duty of good corporate governance of the CG&CSR Subcommittee played a significant role in creating confidence and reliability to the public in terms of management of good corporate governance for transparency and accountability and in compliance with the criteria of the Official Information Act B.E.2540. In 2017, the Bank has carried out activities, as follows:

In 2017, the CG&CSR Subcommittee approved the CG&CSR operation with significant activities, for example, continuous and consistent provision of knowledge on corporate governance via the Bank's intranet and email system, including the dissemination of information on the good corporate governance policy, the Bank's codes of conduct and ethics via the Bank's website and training on corporate governance under the title "Confident in Shariah, Trust iBank". 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. In addition, measures and mechanisms were developed, improved,

and increased in response to the Evidence-based Integrity and Transparency Survey Form in the Fiscal Year 2017 to be prepared for the adjustment of internal working process and impressive customer service, and resulted in the very high scores of integrity and transparency of operation assessment in the upcoming Fiscal Year 2017.

The above-mentioned activities were regarded as fulfillment of CG&CSR mission and response to the policy that the Board of Directors has assigned the CG&CSR Subcommittee to supervise completely in accordance with the objectives under the implementation of activities under the Reorganization Plan of the Bank. In 2017, it would be more challenging for the synergy of executives and employees of Islamic Bank of Thailand to integrate their full efforts and abilities in performance of duties under the rules, regulations with transparency and accountability of operation in terms of internal operation and service provision to customers, the public, and Muslim people to create impression, reliability, and good image of Islamic Bank of Thailand, and to promote the competitiveness and to enhance stability of business operation for sustainable development.



Mr. Panu Uthairat

Chairman of the CG&CSR Subcommittee

Corporate Social Responsibility and Public Relations

In Praise of the Monarchy

iBank presented money to His Majesty the King at Thailand Mawlid H.E. 1438.

His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun presided over the opening ceremony of Thailand Mawlid H.E. 1438. On this occasion, the Bank presented charity fund to His Majesty the King for charity purpose at the discretion of His Majesty the King. The Bank's representative also received from His Majesty the King a plaque of honor for sponsoring Thailand Mawlid celebration at the National Administration Center for Islamic Affairs Chalerm Phrakiat, Nong Chok, Bangkok, on 8th April 2017.



iBank welcomed Her Royal Highness Princess Soamsawali

Mr. Vitai Ratanakorn, Director and Acting President of Islamic Bank of Thailand, welcomed Her Royal Highness Princess Soamsawali at Ground Plaza, Indoor Stadium Huamark, Bangkapi District, Bangkok, on the occasion that Her Royal Highness Princess Soamsawali presided over the 3rd “Muslim Thai Fair” organized to express the loyalty and to honor His Majesty King Bhumibol Adulyadej and to reflect the unity of Thai-Muslim subjects with love for the homeland, and to raise fund to support orphans’ education and religious teachers of Thai Muslim Housewife Foundation on 10th November 2017.



iBank mourned for His Majesty King Bhumibol Adulyadej

Mr. Vitai Ratanakorn, Director and Acting President of Islamic Bank of Thailand, together with the Board members, the management and employees of iBank displayed love and reminiscence for His Majesty the Late King of Thailand, and commemorated His Majesty the Late King of Thailand for his love and gratefulness for their humanity, at the Multi-purpose Ground, 2nd Floor, Ratthaprasasanabhakti Building (Building B), Government Complex, Chaengwattana, on 26th October 2017.



iBank donated for the prayer room in Chulalongkorn Hospital

iBank joint-donated to purchase equipment for religious activities in the Prayer Room of Chulalongkorn Hospital, Thai Red Cross Society at Bhumisiri Mangkhalanusorn Building, 14th Floor, Chulalongkorn Hospital, on 6th February 2017.



iBank held “Ramadan Relations Event for 2017”

The Month of Ramadan was regarded as Islamic holy month. iBank held “Ramadan Inter-Relations” event which has been held every year to promote integrity, good morality and ethics of Muslims. In 2017, iBank hosted an Iftar reception for Diplomatic Mission of Muslim countries in Thailand, organized by the Ministry of Foreign Affairs and the Foundation of Islamic Center of Thailand, and also hosted Iftar festivity in Bangkok and Lower Southern Region, including Songkhla, Yala, Pattani, and Narathiwat.

iBank allocated the budget for donations and charities through branch offices to Mosques and nearby communities throughout the Month of Ramadan (May-June 2017).



iBank participated in the blessing ceremony for Hajj pilgrims

iBank, as a member of the Steering Subcommittee of the Hajj Pilgrims Facilitation Center, participated in the blessing ceremony for the Hajj pilgrims in different locations in the Southern Region such as Suvarnabhumi Airport, Hadyai International Airport, Narathiwat Airport and Krabi International Airport in August 2017.



iBank sponsored Hajj pilgrims

iBank promoted the Islamic merits by organizing AI-Hajj Deposits Lot Drawing Project in 2017 to sponsor Hajj pilgrims to travel to Saudi Arabia, totally 8 prizes, with the total value of 1,440,000 Baht on 25th December 2017.



Society

iBank participated in public activities

iBank, together with business alliances of the Bank, participated in public activities such as cleaning, painting, landscaping and giving cleaning equipment to Nurulhidayah Mosque (Khum Nong Khu). iBank also hosted luncheon and distributed educational and subsistence equipment to the blind students of Khon Kaen School for the Blind on 21st January 2017.



iBank sponsored “Pondok Bantan Event: Mission to Khairul Ummah”

iBank sponsored the Educational Development Foundation, Prateepsasana School to organize “Pondok Bantan Event: Mission to Khairul Ummah” to joint participate in Islamic academic development and to develop quality personnel for the society in the future at the Islamic Center of Thailand on 30th March 2017.



iBank volunteered to provide foods and drinking water to the public and mourned for His Majesty King Bhumibol Adulyadej

iBank employees volunteered to provide foods and drinking water along with publicized useful data to facilitate worshippers for His Majesty the Late King Bhumibol Adulyadej on 2nd May 2017 at Sanam Luang, Bangkok.



iBank provided assistance and relief to flood victims in 2017

iBank provided assistance to its customers who were affected by floods in the Southern Region and in the Northeastern Region by issuing debt moratorium measures for principal amounts, and customers would be obliged to pay only profits for not exceeding 24 months until 31st March 2017 for customers residing in the flooded areas of 14 Southern provinces, including Petchburi Province and Prachuab Kirikhan Province, and for flood victims in the Northeastern Region including Sakon Nakhon Province, Kalasin Province, Roi-Et Province and Nakhon Panom Province. iBank issued debt moratorium measures for principal amounts, and customers would be obliged to pay only profits for not exceeding 12 months until 31st October 2017. In addition, iBank opened an account for Southern Flood Victims; Account No.008-1-31765-4 to provide assistance and relief to flood victims in different areas.



iBank launched a campaign on “National Annual Tree Care Day”

iBank launched a campaign on “National Annual Tree Care Day 2017” in cooperation with Ithatolumutdin Mosque and the Bank’s employees to organize activities of “Volunteers on Tree Growing and Religious Site Improvements” at Ithatolumutdin Mosque, Minburi District, Bangkok on 10th May 2017.



iBank made Zakat donation

iBank as representative made Zakat donation to help the poor and natural disaster victims for household financial support and initial fund for making a living.



iBank participated in “MOF International Culture Charity Fair”

iBank participated in “MOF International Culture Charity Fair” and exhibition booth displaying financial products and services under the Shariah Principle, conducted Shariah Q&A activities, and gave out souvenirs for the event at the MOF International Culture Charity Fair, presented at the Parking Fair ground next to Klong Prapa, Gage, Ministry of Finance, on 24th July 2017.



Education and Sporting Activities

iBank hosted an event to provide knowledge on the Shariah Principle and Islamic Finance



iBank provided knowledge on “Islamic Finance and Organizational Management” to students from Sultan Azlan Shah University, Malaysia, in their study tour and visit of the Bank’s affairs on 3rd March 2017.



iBank provided knowledge on the Shariah Principle to students from College of Islamic Studies, Prince of Songkla University on the occasion of study tour and visit on 31st July 2017.

iBank brought happiness to the youth with “Shred2Share: Donation Trip 9” Activity

iBank cooperated with Thai-British Security (Public) Co., Ltd., with more than 50 leading alliance organizations, to bring happiness to the youth in Border Patrol Police School under the Border Patrol Police Sub-Division 1, King Rama 1 Army Camp, Panomtuan District, Kanchanaburi Province with “Shred2Share: Donation Trip 9” activity that offered an opportunity for the youth to experience the farmers’ way of life under the philosophy of sufficiency economy as per the King Rama 9’s initiatives at the Golden Jubilee Museum of Agriculture Office (Public Organization), and gave out educational equipment to students participating in the activities during 23rd - 25th March 2017.



Sporting Activities

iBank participated in Charitable VIP Football Competition to raise funds under “Southern Flood Victims Rehabilitation”

Project, organized by the Foundation of Islamic Center of Thailand at Ramkhamhaeng University Stadium (Huamak) on 19th February 2017.



Economy

The success of “Takaful for iBank Project”

With success of “Takaful for iBank Project” in the previous year, therefore, in 2017, the Bank cooperated with Muang Thai Life Assurance (Public) Co., Ltd., and Thai Life Assurance (Public) Co., Ltd., to organize “Solidified Takaful Project” to present life assurance products correctly in accordance with the Islamic Solidified Principle, and to create security and to meet various demand of Thai-Muslim and non-Muslim customers more thoroughly. The Project was very successful with contributions of 485 million Baht and income of 46 million Baht.



iBank supported Islamic Cooperative Business

iBank signed a financial support contract with Sakofah Islam Saving Co-op Ltd., at the Head Office of Islamic Bank of Thailand, Q.House Building, Asoke, on Thursday, 23rd February 2017, to support the Islamic cooperative business.



iBank promoted local community financial institutions

iBank joined hands with “AI-Islamiyah Co-op” to promote and enhance the strength of local community financial institutions at AI-Islamiyah Co-op Ltd., Cherg Talay Sub-district, Talang District, Phuket Province on Saturday, 4th March 2017.



iBank promoted “Pracharath Market”

iBank, together with 52 agencies, signed the Memorandum of Understanding (MOU) on the Promotion of Prototyped Shops and Community-based Pracharath Market, conducted by the National Village and Urban Community Fund Office at the Royal Jubilee Room, 1st Floor, Challenger Building, Impact Muang Thong Thani, on 8th March 2017, for the purposes of economic and social development, network interface and promotion and support of the development of body of knowledge, management system, and enhancement of strength of the local economic system for stability and sustainability in the Thailand 4.0 Era.



iBank signed MOU for Upgrading of Southern Border Provinces Economic Development

iBank joined hands with the Southern Border Provinces Administration Centre (SBPAC) and 5 alliance organizations and signed MOU for Upgrading of Southern Border Provinces Economic Development and Quality of Life, at “Prasong Sunsiri” Meeting Room, Building 20, the Government House, on 10th November 2017, in cooperation with all sectors, to create trading opportunities, international interface investment, with the target of promoting products to the Muslim communities of over 2.2 billion people.



iBank participated in “Civil State and Vayupak Market Fair Project of 2017”

iBank cooperated with 8 state-owned specialized financial institutions, organized “Civil State and Vayupak Market Fair” Project of 2017” to promote retail traders, low income earners, farmers or state-owned financial institution customers, areas for occupation, generation of incomes for increase of the working capital in the economic system, and in the Market Fair, there were varieties of booths for selling of consumer goods.



Bank Information

As of December 31st, 2017

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, 2017 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 Suwannayos	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

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 :	02-030-6456
Facsimile :	02-030-6401
Paid-up capital :	952,178,409 Baht, divided into 952,178,409 ordinary shares;
Paid-up capital ratio :	48.89%

CREDIT RATINGS

AA (tha)

The assessment of credit worthiness from independent credit rating agency, Fitch Ratings, on 20 November 2017 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	F3	Fair short term credit quality
Outlook	Stable	Credit ratings outlook is stable



Executives

No.	Name	Position	Subordination
1	MR. VITAI RATANAKORN	Director and Acting President	
2	MR. VISUIT BORERIBOON	Senior Executive Vice President	Retail Banking Division
		Acting Executive Vice President	Social and Economic Development Group
3	MS. ARSRA ANGKARIA	Executive Vice President	Technology and Electronics Operation Group
4	MS. SUNSANEE METHISARIYAPONG	Executive Vice President	Finance Group
		Acting Vice President	Treasury Department
5	MR. MANOCH DANGKOMEN	Executive Vice President	Administration and Human Resources Group
		Acting Vice President	Human Resources Management Department
6	MR. PAPARN ARYA	Executive Vice President	SMEs Banking Group
		Acting Executive Vice President	Corporate Banking Group
7	Pol.Capt. POOMIN PEONGSUJARIT	Executive Vice President	Administration and Human Resources Group (Special Assignment Project)
8	MR. ARPICHAD AKDHAKURA	Executive Vice President	Retail Banking Group
9	MRS. NUCHJAREE PAKDEJAREARN	Senior Vice President	Corporate Strategy Department
10	MR. SURAPHON JARIYARANGSIRATTANA	Senior Vice President	Credit Risk Management Department
11	MS. TUANSALEENA KUBAHA	Senior Vice President	Administration and Human Resources Group (Special Assignment Project)
12	MR. TEERA YEEGOB	Senior Vice President	Branch Administration 2 Department
		Acting Executive Vice President	Branch Banking Group
13	MS. RADKLAO SITTIJANYAWAN	Senior Vice President	Cheque Collection and Money Transfer Department
		Acting Vice President	IT Operation and Service Department
14	MR. NIUM KANPROM	Senior Vice President	Risk Management Department
15	MR. PONGSIRI PHUNSAWAS	Senior Vice President	SMEs Business1 Department
16	MR. BUNCHAI NAWACHAINDAPHAN	Senior Vice President	SMEs Business3 Department
17	MR. SURACHAI JANABOON	Senior Vice President	Retail Collection and Debt Restructuring Department
18	MR. SUWIT CHANACHOL	Senior Vice President	Administration and Human Resources Group (Special Assignment Project)
19	MR. KRISADA KITTIPORNPAIBOON	Senior Vice President	Retail Financing Project Department
20	MR. ZATI SANKHAVANIJA	Senior Vice President	Credit Operations Support Department
		Acting Executive Vice President	Credit Operation Group
21	MS. CHITTRA SORHASAN	Vice President	Deposit and Fee Department
22	MR. BODIN ADULPHAKDEE	Vice President	Hajj and Umrah Department
23	MRS. SAVITREE CHATUPORNKANCH	Vice President	Finance Department
24	MRS. SUWANNA SUTAKAN	Vice President	Compliance and Rules Department
25	MR. THAWEEWAT 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	MR. MONGKHON MAKSAEREEKUN	Vice President	Sustainable Organization Development Office
30	DR. KLANJAI JUISIRI	Vice President	Company Secretary Department
31	MS. PORNNAPA PADUNGKIATTIWONG	Vice President	Company Secretary Department
32	MR. RAWIN KRAITRUDPHON	Vice President	Retail Financing Department
33	MR. BANTHOON WONGBANTHOON	Vice President	Administrative Department
34	MR. CHIRASAK VISHAIGOOL	Vice President	Government Policy Department
35	MR. BUNTOON UTHAIWAT	Vice President	Credit Review Department
36	MR. BORIPAT PATTARAPRADIT	Vice President	Internal Audit Department
37	MR. CHARNWIT TRANGPANICH	Vice President Acting Vice President	Legal Department Compliance and Rules Department
38	DR. PAKORN PRECHAPORN	Vice President	Corporate Business Department
39	MRS. SURADA PHOOKPHUNTH	Vice President	SMEs Business 2 Department
40	DR. ABIDEAN WANKHWAN	Vice President Acting Vice President	Shariah Product Department Communication and Corporate Image Department
41	MR. YOSWARIS CHANCHAROENSUK	Vice President	Accounting Department
42	MR. VUTTIPHAN PRIDIPHAN	Vice President	Corporate and SMEs Debt Restructuring Department
43	MR. KANACHAI WIWATWITHAYA	Vice President	Retail Business Analysis Department
44	MR. ANUPONG CHAVENGKIATTIKUL	Vice President Acting Vice President	Investment and International Business Department Human Resources Development Department
45	MR. KHAJOHNSAK ARGEPHUL	Vice President	Anti Fraud Office
46	MR. SUPHACHOK WANICHAKORNKUL	Deputy Vice President Acting Vice President	IT Development and Management Department IT Development and Management Department
47	MS. SUKWASA JIRAPORNTHITA	Deputy Vice President Acting Vice President	Alliance Business Management Department Alliance Business Management Department
48	MR. PEAMSAK SRISUVATTANANAN	Deputy Vice President Acting Vice President	Credit Contract Operations Department Credit Contract Operations Department
49	MRS. PORNTIP WICHITAPA	Deputy Vice President Acting Vice President	Branch Administration 1 Department Branch Administration 1 Department
50	MRS. RATTANAKORN ARPORNATTANAPONG	Deputy Vice President Acting Vice President	Procurement Department Procurement Department
51	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
1 Offices 36 Branches of Bangkok Metropolitan Central and Eastern Region				
1	Asoke Office	02-260-1751-5	02-260-1750	No.66, Q House Asoke Building, G Floor, Sukhumvit 21 Road, Khlong Toei Nuea Sub-district, Vadhana District, Bangkok 10110
7 Branches of Thon Buri District Office				
2	Thung Khru	02-873-6803-5	02-873-6809	No.32/424-425, Pracha-uthit Road, Thung Khru Sub-district, Thung Khru District, Bangkok 10140
3	Southern Bus Terminal	02-422-3935-8	02-422-3939	SC Plaza Building, G Floor, Room No. GN09-GN10, No. 24/6, Chimplee Sub-district, Taling Chan District, Bangkok 10170
4	Prachuap Khirikhan	032-603-145 032-603-148 032-604-868-9	032-604-223	No. 117/1-2, Salacheep Road, Prachuap Kirikhan Sub-district, Mueang Prachuap Khirikhan District, Prachuap Khirikhan 77000
5	Seeyak Thotsakan	02-410-3235-8	02-410-3239	2 nd Floor, Room DD1-DD2, No. 54/54, Village No. 7, Phutthamonthon Sai 2 Road, Bang Phai Sub-district, Bang Khae District, Bangkok 10160
6	Samut Sakhon	034-423-730-3	034-423-734	No.927/408, Setthakit 1 Road, Mahachai Sub-district, Mueang Samut Sakhon District, Samut Sakhon 74000
7	Hua Hin	032-522-410-1 032-522-448-9	032-522-450	No.4/19, Phetkasem Road, Hua Hin Sub-district, Hua Hin District, Prachuap Khirikhan 77110
8	Phetchaburi	032-414-090-2	032-414-094	No.107, Surinruechai Road, Tharab Sub-district, Mueang Phetchaburi District, Phetchaburi 76000
6 Branches of Sathon District Office				
9	Sathon	02-286-8921-4	02-286-8925	No.6/10, G Floor, Pipatanasin Building , Naradhiwas Rajanagarindra Road, Thung Maha Mek Sub-District, Sathorn District, Bangkok 10120
10	Paradise Park	02-787-1731-4	02-787-1735	2 nd Floor, Room No. 2C005, Paradise Park Shopping Center, Park No. 61 Srinakarin Road, Nong Bon Sub-District, Prawet District, Bangkok 10250
11	Pratunam	02-208-0919-22	02-208-0923	No. 120/69, Ratchaprarop Road, Phaya Thai Sub-district, Ratchathewi District, Bangkok 10400
12	Silom	02-236-9404-7	02-236-9408	Room No. 201-202, 2 nd Floor, Thaniya Plaza BTS Wing Building, No. 62, Silom Road Suriyawong Sub-district, Bangrak District, Bangkok 10500
13	The Nine Rama 9	02-318-4156-8 02-318-4926	02-318-4927	1 st Floor, Room No. F01B01000-F01B02000, B Building, The Nine Rama 9, 999/2 Rama 9 Road, Suan Luang Sub-District, Suan Luang District, Bangkok 10250
14	Town in Town	02-148-1036-9	02-148-1040	B1 Building, Room 101, Tonsoong Avenue, No. 226, Praditmanutham Road Phlabphla Sub-district, Wang Thong lang District, Bangkok 10230

No.	Branches	Telephone	Fax	Address
7 Branches of Minburi District Office				
15	Klong Tan	02-729-8805-8	02-729-8806	No.9, UM Building Tower, M Floor, Ramkhamhaeng Road, Suan Luang Sub-District, Suan Luang District, Bangkok 10250
16	The Mall Bang Kapi	02-734-1905-9	02-734-1904	2 nd Floor, Room No. 2S-L3C, The Mall Bang Kapi, No. 3522, Lat Phrao Road, Khlong Chan Sub-district, Bang kapi District, Bangkok 10230
17	Thanon Nawamin	02-509-4782-5	02-509-4786	No. 4/1483-1486, Village No. 7, Nawamin Road, Khlong Khum Sub-district, Bueng Kum District, Bangkok 10240
18	Saphanmai	02-521-9627-30	02-521-9631	No. 348, Phahonyothin Road, Anusawari Sub-district, Bang Khen District, Bangkok 10220
19	Thanon Ramkhamhaeng 87	02-736-3831-4	02-736-3835	No. 847, Ramkhamhaeng Road, Hua Mark Sub-district, Bang Kapi District, Bangkok 10240
20	Min Buri	02-517-9655-7	02-517-9658	444, Village No. 8, Seethaburanukit Road, Min Buri Sub-district, Min Buri District, Bangkok 10510
21	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				
22	Phra Nakhon Si Ayutthaya	035-345-346 035-345-486	035-345-487	1 st 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
23	The Government Complex Commemorating	02-143-8781-3	02-143-8784	No. 120, B Building, 1 st Floor, Village No. 3, Chaeng Watthana Road, Thung Song Hong Sub-district, Lak Si District, Bangkok 10210
24	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
25	Bang Phlat	02-424-5099-102	02-424-5103	Room No. 678, 680, Meeting Mall ,Charansanitwong Road, Bang O Sub-district, Bang Phlat District, Bangkok 10700
26	Suphanburi	035-525-872-5	035-525-876	No.24/2-3, Muenhan Road, Tha Philiang Sub-district, Mueang Suphanburi District, Suphanburi 72000
27	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
28	Ratchaburi	032-332-375-8	032-332-379	No.295-297, Kraipetch Road, Na Mueang Sub-district, Mueang Ratchaburi District, Ratchaburi 70000
29	Kanchanaburi	034-671-520-3	034-671-524	No.218/13, Sangchuto Road, Ban Nuea Sub-district, Mueang Kanchanaburi Distrit, Kanchanaburi 71000
30	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

No.	Branches	Telephone	Fax	Address
7 Branches of Chon Buri District Office				
31	Nong Chok	02-548-3100-3	02-548-3104	No.67, Village No. 2, Choemsamphan Road, Krathumrai Sub-district, Nong Chok District, Bangkok 10530
32	Chachoengsao	038-518-585-8	038-518-589	No. 217/39-40, Mahacharkkaphat Road, Na Mueang Sub-district, Mueang Chachoengsao District, Chachoengsao 24000
33	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
34	Rayong	038-610-412-5	038-610-416	No. 292/2-3, Sukhumvit Road, Choeng Noen Sub-district, Mueang Rayong District, Rayong 21000
35	Chanthaburi	039-328-893-5	039-328-897	No.84/24, Tha Chalab Road, Talat Sub-district, Mueang Chanthaburi District, Chanthaburi 22000
36	Thanon Sri Nakarin	02-320-3361-3	02-320-3364	No.1170,1172, Sri Nakarin Road, Suan Luang Sub-district, Suan Luang District, Bangkok 10250
37	Pattaya	038-488-414-6	038-488-417	No.597/3, South Pattaya Road, Nong Prue Sub-district, Bang Lamung District, Chon Buri 20260
14 Branches of North Office				
8 branches of Chiang Mai District Office				
38	Thanon Chang Phueak Chiang Mai	053-287-214-7	053-287-218	No. 141/1, Chang Phueak Road, Sriphum Sub-district, Mueang Chiang Mai District, Chiang Mai 50200
39	Central Airport Chiang Mai	053-277-259 053-277-024-5 053-277-286	053-277-287	Room No. F-01, 3 rd Floor, Central Plaza Chiang Mai Airport, No. 2, Mahidol Road, Hai Ya Sub-District, Mueang Chiang Mai District, Chiang Mai 50100
40	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
41	Lamphun	053-510-185-7 053-510-194	053-510-195	No.23, Inthayongyot Road, Nai Mueang Sub-district, Mueang Lamphun District, Lamphun 51000
42	Phayao	054-432-191-4	054-432-195	No.474/3-4, Phahonyothin Road, Wiang Sub-district, Mueang Phayao District, Phayao 56000
43	Lampang	054-222-054 054-222-996 054-230-006-7 054-223-189	054-222-995	No.92-98 Bunwat Road, Suan Dok Sub-District, Mueang Lampang District, Lampang 52100
44	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
45	Chiang Rai	053-748-883-5	053-748-886	No.808/8 Paholyothin Road, Wiang Sub-District, Mueang Chiang Rai District, Chiang Rai 57000

No.	Branches	Telephone	Fax	Address
6 branches of Phitsanulok District Office				
46	Mae Sot	055-533-636 055-533-639 055-533-643 055-533-646	055-533-649	No. 620/2-3, Intarakiri Road, Mae Sot Sub-district, Mae Sot District, Tak 63110
47	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
48	Phichit	056-613-746-9	056-613-750	No. 8/206-207, Srimala Road, Nai Mueang Sub-district, Mueang Phichit District, Phichit 66000
49	Sukhothai	055-610-311-3 055-610-319	055-610-320	No.5, Rat-uthit Road, Thani Sub-district, Mueang Sukhothai District, Sukhothai 64000
50	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 53000
51	Phitsanulok	055-242-712-3	055-242-443	No.87/24, Akathotsarot Road, Nai Mueang Sub-district, Mueang Phitsanulok District, Phitsanulok 65000
6 branches of Khon Kaen District Office				
52	Nakhon Ratchasima	044-252-661-4	044-252-665	No.160/2, Chomsurangyat Road, Nai Mueang Sub-District, Mueang Nakhon Ratchasima District, Nakhon Ratchasima 30000
53	UD Town (Udon Thani)	042-932-990-3	042-932-994	1 st 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
54	Sakon Nakhon	042-716-723-6	042-717-188	No.1755/8-9, Ratpattana Road, Thatchoengchum Sub-district, Mueang Sakon Nakhon District, Sakon Nakhon 47000
55	Maha Sarakham	043-711-587 043-711-645 043-711-667	043-711-687	No.453/2-3, Nakhon Sawan Road, Talat Sub-district, Mueang Maha Sarakham District, Maha Sarakham 44000
56	Kalasin	043-816-913-6	043-816-606	No.93-95, Phirom Road, Kalasin Sub-district, Mueang Kalasin District, Kalasin 46000
57	Khon Kaen	043-246-824-7	043-246-828	No.77/3, Klang Mueang Road, Nai Mueang Sub-district, Mueang Khon Kaen District, Khon Kaen 40000
6 branches of Ubon Ratchathani District Office				
58	Roi Et	043-515-881-4	043-515-886	No.206/1-2, Phloenchit Road, Nai Mueang Sub-district, Mueang Roi Et District, Roi Et 45000
59	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
60	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
61	Ubon Ratchathani	045-316-967-70	045-316-971	No.479/1-2, Chayangkun Road, Nai Mueang Sub-district, Mueang Ubon Ratchathani District, Ubon Ratchathani 34000
62	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
63	Surin	044-515-812 044-515-814-5 044-515-817	044-515-819	No.73, 75, Chitbumrung Road, Nai Mueang Sub-district, Mueang Surin District, Surin 32000

No.	Branches	Telephone	Fax	Address
5 Branches of Phuket District Office				
64	Ranong	077-825-264 077-825-393	077-825-394	No. 75-77, Ruangrat Road, Khao Niwet Sub-district, Mueang Ranong District, Ranong 85000
65	Phang-nga	076-414-422-5	076-414-426	No. 235/1 - 2, Phetkasem Road, Thai Chang Sub-district, Mueang Phang-nga District, Phang-nga 82000
66	Tesco Lotus Thalang	076-311-705-8	076-311-709	G Floor, Room No. 116, Tesco Lotus Thalang, No. 303, Village No. 1 Thepkasattri Road, Thepkasattri Sub-district, Thalang District, Phuket 83110
67	Krabi	075-624-040-3	075-624-044	No.94, 94/1, Maharat Road, Pak Nam Sub-district, Mueang Krabi District, Krabi 81000
68	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				
69	Surat Thani	077-206-057-60	077-206-061	No.103/1, Na Mueang Road, Talat Sub-district, Mueang Surat Thani District, Surat Thani 84000
70	Nakhon Sri Thammarat	075-357-350-3	075-357-354	No.1664, Ratchadamnoen Road, Tha Wang Sub-district, Mueang Nakhon Si Thammarat District, Nakhon Si Thammarat 80000
71	Koh Samui	077-447-845-8	077-447-849	No. 80, Village No. 6, Bo Phut Sub-district, Ko Samui District, Surat Thani 84320
72	Thung Song Nakhon Sri Thammarat	075-412-540 075-412-567 075-423-885-6	075-423-993	No.41, Chaichumpon Road, Pak Phraek Sub-district, Thung Song District, Nakhon Si Thammarat 80110
73	Chumphon	077-503-395-6	077-511-062	No.56/1, Poraminmakkha Road, Tha Tapao Sub-district, Mueang Chumphon District, Chumphon 86000
74	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
8 Branches of Song Khla District Office				
75	Trang	075-590-459-60 075-590-463 075-590-465	075-590-473	No.52/1-2, Wisetkul 11 Alley, Ratsada Road, Thapthiang Sub-district, Mueang Trang District, Trang 92000
76	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
77	Maekhri Phatthalung	074-695-475 074-695-554 074-695-655 074-695-712	074-695-856	No. 175, Village No. 1, Anukul Road, Mae Khri Sub-district, Tamot District, Phatthalung 93160
78	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
79	Song Khla	074-558-259-61	074-558-265	No.81/78, Village No. 2, Kanchanawanit Road, Khao Rubchang Sub-district, Mueang Song Khla District, Song Khla 90000
80	Chana	074-207-121-5	074-207-122	No8/4-5 Jana - Nathawi Road, Ban Na Sub-district, Chana District, Song Khla 90130
81	Satun	074-725-039-42	074-725-043	No.287/6, Village No. 7, Yontrakan Kamthon Road, Khlong Khut Sub-district, Mueang Satun District, Satun 91000
82	Hat Yai	074-237-392	074-237-515	No.2/1-2, Hat Yai City Alley, Thammanunwithi Road, Hat Yai District, Song Khla 90110

No.	Branches	Telephone	Fax	Address
7 Branches of Pattani District Office				
83	Big C Pattani	073-337-812-5	073-337-816	G-In Floor , Room No.GCR116, Big C Pattani , No.301, Village No. 4, Rusamilae Sub-district, Mueang Pattani District Pattani 94000
84	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
85	Yarang Pattani	073-439-491-4	073-439-495	No. 1/7, Village No. 2, Pattani — Yala Road, Pitumudi Sub-district, Yarang District, Pattani 94160
86	Khokpho Pattani	073-431-040 073-431-218 073-431-284 073-431-709	073-431-883	No.170/10, Village No. 7, Naket — Khokpho Road, Khokpho Sub-district, Khokpho District Pattani 94120
87	Saiburi Pattani	073-411-059-60 073-411-163 073-411-296	073-411-310	No. 23/1-2, Suriya Road, Taluban Sub-district, Saiburi District, Pattani 94110
88	Pattani	073-323-465-8	073-323-469	No.20,22,24, Na Kluea Road, A No Ru Sub-district, Mueang Pattani District, Pattani 94000
89	Jabangtigor Pattani	073-311-820-3	073-311-879	No.49/9-12, Kalapor Road, Jabangtigor Sub-district, Mueang Pattani District, Pattani 94000
6 branches of Yala District Office				
90	Thanon Phumacheep Yala 2	073-223-690-3	073-223-694	No. 24-26, Phumacheep Road, Sateng Sub-district, Mueang Yala District, Yala 95000
91	Betong	073-235-131-4	073-235-135	No. 130/1, Sukyang Rong, Betong Sub-district, Betong District, Yala 95110
92	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
93	Bannang Sata Yala	073-289-282-5	073-289-286	No. 200, 202, Village No. 2, Sukyang Road, Bannangsata Sub-district, Bannangsata District, Yala 95130
94	Yaha Yala	073-291-463-6	073-291-467	No. 4/3, Pitakthani Road, Yaha Sub-district, Yaha District, Yala 95120
95	Yala	073-247-140-3	073-247-144	No.59, Phiphitphakdee Road, Sataeng Sub-district, Mueang Yala District, Yala 95000
7 Branches of Narathiwat District Office				
96	Tanyongmat	073-671-858-61	073-671-862	No. 46, Thetsaban 3 Road, Tanyongmat Sub-district, Ra-ngae District, Narathiwat 96130
97	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
98	Takbai Narathiwat	073-581-971-5	073-581-977	No. 62/21, Village No. 4, Narathiwat - Takbai Road, CheheSub-district, Takbai District, Narathiwat 96110
99	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
100	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
101	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
102	Thanon Wichitchaiboon Narathiwat	073-513-664-5	073-513-663	No.11/2-4, Wichitchaiboon Road, Bangnak Sub-district, Mueang Narathiwat District, Narathiwat 96000



Auditor's Report and Financial Statement





AUDITOR'S REPORT AND FINANCIAL STATEMENTS

ISLAMIC BANK OF THAILAND

FOR THE YEAR ENDED DECEMBER 31, 2017

สำนักงานการตรวจเงินแผ่นดิน



(TRANSLATION)

AUDITOR'S REPORT

To The Shareholders of Islamic Bank of Thailand

Opinion

The State Audit Office of the Kingdom of Thailand has audited the accompanying consolidated financial statements of Islamic Bank of Thailand and its subsidiaries (the Group) and the Bank's financial statements of Islamic Bank of Thailand (the Bank), which comprise the consolidated and the Bank's statements of financial position, as at December 31, 2017, the consolidated and the Bank's statements of profit or loss and other comprehensive income, the consolidated and the Bank's statements of changes in equity and the consolidated and the Bank's statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In the State Audit Office of the Kingdom of Thailand's opinion, the above mentioned consolidated and the Bank's financial statements present fairly, in all material respects, the consolidated financial position of Islamic Bank of Thailand and its subsidiaries and the Bank's financial position of Islamic Bank of Thailand, respectively, as at December 31, 2017, and their consolidated and the Bank's financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

The State Audit Office of the Kingdom of Thailand conducted the audit in accordance with Thai standards on Auditing (TSAs). The State Audit Office of the Kingdom of Thailand's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and The Bank's Financial Statements section of the State Audit Office of the Kingdom of Thailand's report. The State Audit Office of the Kingdom of Thailand is independent of the Group and the Bank in accordance with the ethical requirements set out in the State Audit Standards issued by the State Audit Commission and the Federation of Accounting Professions' Code of Ethics for Professional Accountants that are relevant to the State Audit Office of the Kingdom of Thailand's audit of the consolidated and the Bank's financial statements, and has fulfilled other ethical responsibilities in accordance with these requirements. The State Audit Office of the Kingdom of Thailand believes that the audit evidence the State Audit Office of the Kingdom of Thailand has obtained is sufficient and appropriate to provide a basis for the State Audit Office of the Kingdom of Thailand's opinion.

State Audit Office of the Kingdom of Thailand



Emphasis of Matter

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

Other Information

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

The State Audit Office of the Kingdom of Thailand's opinion on the consolidated and the Bank's financial statements does not cover the other information and the State Audit Office of the Kingdom of Thailand will not express any form of assurance conclusion thereon.

In connection with the audit of the consolidated and the Bank's financial statements, the State Audit Office of the Kingdom of Thailand's responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and the Bank's financial statements or the State Audit Office of the Kingdom of Thailand's knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

Management is responsible for the preparation and fair presentation of the consolidated and the Bank's financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and 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.

State Audit Office of the Kingdom of Thailand



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

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

The State Audit Office of the Kingdom of Thailand's objectives are to obtain reasonable assurance about whether the consolidated and the Bank's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes the State Audit Office of the Kingdom of Thailand's opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 State Audit Office of the Kingdom of Thailand exercises professional judgment and maintain professional skepticism throughout the audit. The State Audit Office of the Kingdom of Thailand also:

- Identifies and assesses the risks of material misstatement of the consolidated and the Bank's financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the State Audit Office of the Kingdom of Thailand's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Concludes on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If the State Audit Office of the Kingdom of Thailand concludes that a material uncertainty exists, the State Audit Office of the Kingdom of Thailand is required to draw attention in the auditor's report of the State Audit Office of the Kingdom of Thailand to the related disclosures in the consolidated and the Bank's financial statements or, if such disclosures are inadequate, to modify the State Audit Office of the Kingdom of Thailand's opinion. The State Audit Office of the Kingdom of Thailand's conclusions are based on the audit evidence obtained up to the date of the auditor's report of the State Audit Office of the Kingdom of Thailand. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluates the overall presentation, structure and content of the consolidated and the Bank's financial statements, including the disclosures, and whether the consolidated and the Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The State Audit Office of the Kingdom of Thailand communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the State Audit Office of the Kingdom of Thailand identifies during the State Audit Office of the Kingdom of Thailand's audit.

(Signed) *Poungchomnad Jariyajinda*
(Ms.Poungchomnad Jariyajinda)
Deputy Auditor General

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

State Audit Office of the Kingdom of Thailand

March 20, 2018

ISLAMIC BANK OF THAILAND AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

Unit : Thousand Baht

		Consolidated Financial Statements		The Bank's Financial Statements	
	Notes	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Assets					
Cash		1,542,333	1,433,984	1,542,052	1,433,768
Interbank and money market items, net	8.2	6,730,197	6,760,772	6,659,559	6,705,280
Derivatives assets	8.3	-	87	-	87
Investment, net	8.4	3,319,704	11,253,141	3,319,704	11,253,141
Investments in subsidiaries, net	8.5	-	-	560,347	560,347
Financing and financial accrued income, net	8.6				
Financing		45,017,122	93,713,518	42,856,381	91,943,692
Financial accrued income		223,418	187,546	159,945	185,597
Total financing and financial accrued income		45,240,540	93,901,064	43,016,326	92,129,289
Less Deferred revenue		1,320,149	1,218,819	20,846	266,829
Less Allowance for doubtful accounts	8.7	7,438,977	31,807,232	7,219,454	31,628,782
Less Revaluation allowance for debt restructuring		48,982	206,563	48,982	206,563
Total financing and financial accrued income, net		36,432,432	60,668,450	35,727,044	60,027,115
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		1,334,616	1,832,814	1,334,616	1,832,814
Financial accrued income from public service account					
Portion that is not subject to government compensation for damages		1,631	2,791	1,631	2,791
Total financing to public service account					
and financial accrued income		1,336,247	1,835,605	1,336,247	1,835,605
Less Deferred revenue from public service account		3,666	13,294	3,666	13,294
Less Allowance for doubtful accounts from public service account	8.34.3	959,911	1,157,713	959,911	1,157,713
Less Revaluation allowance for debt restructuring					
from public service account		-	1,479	-	1,479
Total financing to public service account					
and financial accrued income, net	8.34.1	372,670	663,119	372,670	663,119
Properties for sale, net	8.9	60,488	248,820	-	173,722
Premises and equipment, net	8.10	546,733	709,358	474,686	622,934
Goodwill and other intangible assets, net	8.11	55,557	79,588	43,285	68,833
Deferred tax assets	8.12	28,011	23,426	-	-
Receivables from transferring non-performing assets	8.13				
Promissory note		22,605,658	-	22,605,658	-
Accrued income		210,270	-	210,270	-
Total receivables from transferring non-performing assets		22,815,928	-	22,815,928	-
Other assets, net	8.14	245,857	222,727	187,508	178,430
Total Assets		72,149,910	82,063,472	71,702,783	81,686,776

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, 2017

Unit : Thousand Baht

		Consolidated Financial Statements		The Bank's Financial Statements	
	Notes	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Liabilities and Equity					
Deposits	8.15	85,213,002	93,448,337	85,239,586	93,498,081
Interbank and money market items, net	8.16	3,888,281	3,403,347	3,883,733	3,383,347
Liabilities payable on demand		94,854	67,488	94,854	67,488
Derivatives liabilities	8.3	6	55	6	55
Provisions	8.17	703,301	295,918	692,265	288,244
Accrued expenses		698,066	544,898	683,746	539,647
Accrued compensation on deposits		352,481	360,413	352,481	360,413
Trade account payable		221,863	280,548	222,032	272,230
Promissory note payable from assets management company		216,064	-	216,064	-
Income from government grant received in advance (PSA)		109,159	131,348	109,159	131,348
Other liabilities	8.18	262,536	252,278	220,408	222,720
Total liabilities		<u>91,759,613</u>	<u>98,784,630</u>	<u>91,714,334</u>	<u>98,763,573</u>
Equity					
Share capital	8.19				
Authorized share capital					
10,276,825,862 ordinary shares, Baht 10 per value		<u>102,768,258</u>	<u>102,768,258</u>	<u>102,768,258</u>	<u>102,768,258</u>
Issued and paid-up share capital					
10,276,825,862 ordinary shares, Baht 10 per value		<u>102,768,258</u>	<u>102,768,258</u>	<u>102,768,258</u>	<u>102,768,258</u>
Discount on ordinary shares	8.19	(91,841,732)	(91,841,732)	(91,841,732)	(91,841,732)
Equity from share-based payment		274	64	-	-
Other components of equity	8.4.4	(98,550)	(90,243)	(98,550)	(90,243)
Retained earnings (deficit)					
Appropriated					
Legal reserve		473,010	473,010	473,010	473,010
Unappropriated		<u>(31,411,376)</u>	<u>(28,507,038)</u>	<u>(31,312,537)</u>	<u>(28,386,090)</u>
Total Bank's equity		<u>(20,110,116)</u>	<u>(17,197,681)</u>	<u>(20,011,551)</u>	<u>(17,076,797)</u>
Non-controlling interest		500,413	476,523	-	-
Total equity		<u>(19,609,703)</u>	<u>(16,721,158)</u>	<u>(20,011,551)</u>	<u>(17,076,797)</u>
Total liabilities and equity		<u>72,149,910</u>	<u>82,063,472</u>	<u>71,702,783</u>	<u>81,686,776</u>

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



(Mr. Chaivat Utaiwan)

Chairman of the Board of Directors



(Mr. Vitai Ratanakorn)

Directors and Acting President

ISLAMIC BANK OF THAILAND AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

		Unit : Thousand Baht			
		Consolidated Financial Statements		The Bank's Financial Statements	
	Notes	2017	2016	2017	2016
Financial income	8.26	3,107,194	3,972,988	2,754,845	3,756,623
Financial expenses	8.27	1,646,631	2,020,618	1,646,604	2,020,375
Financial income, net		<u>1,460,563</u>	<u>1,952,370</u>	<u>1,108,241</u>	<u>1,736,248</u>
Fees and service income		228,278	231,656	177,165	187,081
Fees and service expenses		21,895	22,680	21,895	22,680
Fees and service income, net	8.28	<u>206,383</u>	<u>208,976</u>	<u>155,270</u>	<u>164,401</u>
Gains on tradings and foreign exchange transactions, net	8.29	5,698	6,527	5,698	6,527
Gains (losses) on investments, net	8.30	12,482	(321)	3,105	(321)
Compensations from promissory notes (AMC)		210,270	-	210,270	-
Other operating income	8.31	59,808	46,583	28,055	26,273
Revenue from public service account	8.34.4	115,278	131,634	115,278	131,634
Total operating income		<u>2,070,482</u>	<u>2,345,769</u>	<u>1,625,917</u>	<u>2,064,762</u>
Other operating expenses					
Employees' expenses		796,962	810,694	663,411	696,371
Director's remuneration		14,303	9,865	6,565	3,953
Premises and equipment expenses		472,197	540,752	422,211	489,511
Taxes and duties		69,435	96,907	69,367	96,823
Amortization expenses		35,255	125,856	32,917	123,550
Other expenses	8.32	665,982	490,341	602,637	400,238
Total other operating expenses		<u>2,054,134</u>	<u>2,074,415</u>	<u>1,797,108</u>	<u>1,810,446</u>
Expenses from public service account	8.34.5	556,027	664,802	556,027	664,802
Bad debt and doubtful accounts	8.33	2,308,407	3,098,086	2,199,229	3,113,573
Losses from operating before income tax expenses		<u>(2,848,086)</u>	<u>(3,491,534)</u>	<u>(2,926,447)</u>	<u>(3,524,059)</u>
Income tax expenses		30,841	1,572	-	-
Profit from discontinued operations - income tax, net		-	483	-	-
Net loss		<u>(2,878,927)</u>	<u>(3,492,623)</u>	<u>(2,926,447)</u>	<u>(3,524,059)</u>
Other comprehensive income (losses)					
Items that will be reclassified subsequently to profit or loss					
Gains (losses) on remeasuring available-for-sale investment		(8,307)	82,971	(8,307)	82,971
Items that will never be reclassified to profit or loss					
Actuarial gains (losses) on defined benefit plan		(1,972)	(535)	-	117
Total other comprehensive income (losses), net		<u>(10,279)</u>	<u>82,436</u>	<u>(8,307)</u>	<u>83,088</u>
Total comprehensive losses		<u>(2,889,206)</u>	<u>(3,410,187)</u>	<u>(2,934,754)</u>	<u>(3,440,971)</u>

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

ISLAMIC BANK OF THAILAND AND SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

	Unit : Thousand Baht			
	Consolidated Financial Statements		The Bank's Financial Statements	
	2017	2016	2017	2016
Net loss attributable				
Owners of the Bank	(2,903,197)	(3,508,655)	(2,926,447)	(3,524,059)
Non-controlling interest	24,270	16,032	-	-
	<u>(2,878,927)</u>	<u>(3,492,623)</u>	<u>(2,926,447)</u>	<u>(3,524,059)</u>
Total comprehensive losses attributable				
Owners of the Bank	(2,912,468)	(3,425,887)	(2,934,754)	(3,440,971)
Non-controlling interest	23,262	15,700	-	-
	<u>(2,889,206)</u>	<u>(3,410,187)</u>	<u>(2,934,754)</u>	<u>(3,440,971)</u>
Losses per share of owners of the Bank				
Basic loss per share	(0.2825)	(0.3414)	(0.2848)	(0.3429)
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



(Mr. Vitai Ratanakorn)

Directors and Acting President

ISLAMIC BANK OF THAILAND AND SUBSIDIARIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017

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 investment	Appropriated Legal reserve	Unappropriated		
Balance as at January 1, 2016	102,768,258	(91,841,732)	-	(173,214)	473,010	(24,798,161)	460,757	(13,111,082)
Adjusted in retained earning - beginning balance revenue recognition criteria for debt restructuring	-	-	-	-	-	(200,020)	-	(200,020)
Balance as at January 1, 2016 (restated)	102,768,258	(91,841,732)	-	(173,214)	473,010	(24,998,181)	460,757	(13,311,102)
Share-based payment	-	-	64	-	-	-	67	131
Total comprehensive income (losses)	-	-	-	82,971	-	(3,508,857)	15,699	(3,410,187)
Balance as at December 31, 2016	102,768,258	(91,841,732)	64	(90,243)	473,010	(28,507,038)	476,523	(16,721,158)
Balance as at January 1, 2017	102,768,258	(91,841,732)	64	(90,243)	473,010	(28,507,038)	476,523	(16,721,158)
Legal reserve	-	-	-	-	-	(288)	288	-
Subsidiaries' common share issuance from warrants	-	-	-	-	-	1,135	1,186	2,321
Share-based payment	-	-	210	-	-	-	219	429
Losses from subsidiaries close down	-	-	-	-	-	(1,024)	(1,065)	(2,089)
Total comprehensive income (losses)	-	-	-	(8,307)	-	(2,904,161)	23,262	(2,889,206)
Balance as at December 31, 2017	102,768,258	(91,841,732)	274	(98,550)	473,010	(31,411,376)	500,413	(19,609,703)

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



(Mr. Chaiwat Uthairat)

Chairman of the Board of Directors



(Mr. Vinit Ratnakom)

Directors and Acting President

ISLAMIC BANK OF THAILAND AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2017

Unit : Thousand Baht

The Bank's Financial Statements

	Issued and Paid-up Share Capital	Discount on Share Capital	Other reserves	Retained earnings (Deficit)		Total	
				Surplus (Deficit) on revaluation of investment	Appropriated Legal reserve		Unappropriated
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 earning - beginning balance revenue recognition criteria for debt restructuring	-	-	-	-	(200,020)	(200,020)	
Balance as at January 1, 2016 (restated)	102,768,258	(91,841,732)	(173,214)	473,010	(24,862,148)	(13,635,826)	
Total comprehensive income (losses)	-	-	82,971	-	(3,523,942)	(3,440,971)	
Balance as at December 31, 2016	102,768,258	(91,841,732)	(90,243)	473,010	(28,386,090)	(17,076,797)	
Balance as at January 1, 2017	102,768,258	(91,841,732)	(90,243)	473,010	(28,386,090)	(17,076,797)	
Total comprehensive income (losses)	-	-	(8,307)	-	(2,926,447)	(2,934,754)	
Balance as at December 31, 2017	102,768,258	(91,841,732)	(98,550)	473,010	(31,312,537)	(20,011,551)	

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



(Mr. Chairwat Uthairat)

Chairman of the Board of Directors



(Mr. Vitai Ratanakorn)

Directors and Acting President

ISLAMIC BANK OF THAILAND AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Consolidated Financial Statements		Unit : Thousand Baht	
	2017	2016	2017	2016
Cash flows from operating activities				
Operating losses before profit from discontinued operations	(2,848,086)	(3,491,534)	(2,926,447)	(3,524,059)
Profit from discontinued operations	-	483	-	-
Losses from operating before income tax expenses	(2,848,086)	(3,491,051)	(2,926,447)	(3,524,059)
Adjustments to reconcile profit (loss) from operating before				
income tax expenses to cash received (paid) from operating activities				
Depreciation and amortization	177,689	410,227	160,465	385,443
Bad debt and doubtful accounts	2,308,407	3,098,366	2,199,229	3,113,573
Provisions	412,459	80,816	411,562	80,150
Loss on disposal of premises and equipment	3,408	911	3,329	552
Share-based payment	573	131	-	-
Loss on impairment of properties for sale (Reversal)	(5,829)	17,439	(10,503)	11,573
Loss on impairment of premises and equipment	4,244	-	4,244	-
(Gain) loss on impairment of investments	(12,482)	321	(3,105)	321
Loss on impairment of other assets	96,682	216,599	95,087	216,599
Loss on discontinued assets	13,883	40,059	12,591	40,059
(Gain) loss on tradings and foreign currency transactions	4,714	(933)	4,714	(933)
Increase in accrued income	(210,270)	-	(210,270)	-
Increase in accrued expenses	153,389	33,035	144,099	33,035
Financial income, net	(1,478,852)	(1,978,767)	(1,126,530)	(1,761,702)
Dividend income	(8,414)	(4,898)	(8,414)	(4,898)
Cash received from financial income	3,151,737	4,099,394	2,828,183	3,911,891
Cash paid for financial expenses	(1,682,851)	(2,275,436)	(1,683,525)	(2,275,193)
Dividend received	8,414	4,898	8,414	4,898
Income tax paid	(13,961)	(1,000)	-	-
Operating profit (loss) before changes				
in operating assets and liabilities	74,854	250,111	(96,877)	231,309
(Increase) decrease in operating assets				
Interbank and money market items, net (assets)	31,422	3,293,986	3,820	3,181,685
Financing and financial accrued income, net	(218,489)	4,559,903	177,951	4,832,537
Properties for sale, net	258,007	164,775	27,661	31,196
Other assets, net	(86,255)	105,787	(105,495)	79,320

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

ISLAMIC BANK OF THAILAND AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Unit : Thousand Baht

	Consolidated Financial Statements		The Bank's Financial Statements	
	2017	2016	2017	2016
Increase (decrease) in operating liabilities				
Deposits	(8,285,080)	(6,081,865)	(8,258,495)	(6,032,122)
Interbank and money market items, net (liabilities)	480,387	123,150	500,386	103,150
Liabilities payable on demand	27,366	(7,381)	27,366	(7,381)
Trade account payables	(59,410)	(182,937)	(50,629)	(187,261)
Promissory note payable from asset management company	(8,524)	-	(8,524)	-
Income from government grant received in advance (PSA)	(22,189)	(19,365)	(22,189)	(19,365)
Other liabilities	(10,710)	42,437	(2,313)	33,567
Net cash received from (used in) operating activities	(7,818,621)	2,248,601	(7,807,338)	2,246,635
Cash flows from investing activities				
Purchases of investments	(14,954,043)	(38,247,443)	(14,954,043)	(38,247,442)
Proceeds from disposal of investments	22,882,278	36,111,663	22,882,278	36,111,663
Cash received from subsidiaries' payment	9,377	-	-	-
Purchases of premises and equipment	(13,294)	(22,851)	(12,049)	(18,503)
Proceeds from disposal of assets	5,390	2,444	496	197
Purchases of intangible assets	(4,916)	(6,187)	(1,060)	(6,187)
Net cash received from (used in) investing activities	7,924,792	(2,162,374)	7,915,622	(2,160,272)
Cash flows from financing activities				
Cash received from warrant purchasing right	2,178	-	-	-
Net cash received from financing activities	2,178	-	-	-
Net increase in cash	108,349	86,227	108,284	86,363
Cash as at Beginning	1,433,984	1,347,757	1,433,768	1,347,405
Cash as at Ending	1,542,333	1,433,984	1,542,052	1,433,768

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



(Mr. Chairwat Utaiwan)

Chairman of the Board of Directors



(Mr. Vitai Ratanakorn)

Directors and Acting President

ISLAMIC BANK OF THAILAND AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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ISLAMIC BANK OF THAILAND AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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 at 66, M, 12nd, 14th, and 18th and 20th – 23rd 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 presentation of the financial statements

2.1 Basis for preparation of the financial statements

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

The Financial statements are prepared in Thai language in order to report in Thailand. The Bank's Financial

Statements in English have been prepared for the convenience of readers who do not familiar with the Thai language. In case of a conflict or a different in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

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

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

2.2 Basis for preparation of the consolidated 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 cease. 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, 2017 consist of its subsidiaries including Amanah Leasing Public Company Limited which is 48.89 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 September 3, 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 September 15, 2015, the company has registered to close down which is completed the liquidation process at the date April 25, 2017. In addition, the consolidated financial statements for the year ended December 31, 2017 also include Amanah Leasing Public Company Limited and its subsidiaries as disclosed in Note 8.5

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, Thai Standing Interpretations and Thai Financial Reporting Interpretations that were announced in accordance with The Federation of Accounting Professions, those are effective for the financial statements for the period beginning on or after January 1, 2017. 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 Notification of Federation of Accounting Professions regarding Thai 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, 2018 as follows:

	<u>Thai Accounting Standards (TAS)</u>	<u>Effective date</u>
TAS 1	Presentation of Financial Statements (Revised 2017)	January 1, 2018
TAS 7	Statement of Cash Flows (Revised 2017)	January 1, 2018
TAS 8	Accounting Policies, Changes in Accounting Estimates and Errors (Revised 2017)	January 1, 2018
TAS 10	Events after the Reporting Period (Revised 2017)	January 1, 2018
TAS 12	Income Taxes (Revised 2017)	January 1, 2018
TAS 16	Property, Plant and Equipment (Revised 2017)	January 1, 2018
TAS 17	Leases (Revised 2017)	January 1, 2018
TAS 18	Revenue (Revised 2017)	January 1, 2018
TAS 19	Employee Benefits (Revised 2017)	January 1, 2018
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance (Revised 2017)	January 1, 2018
TAS 21	The Effects of Changes in Foreign Exchange Rate (Revised 2017)	January 1, 2018
TAS 24	Related Party Disclosures (Revised 2017)	January 1, 2018
TAS 26	Accounting and Reporting by Retirement Benefit Plans (Revised 2017)	January 1, 2018
TAS 27	Separate Financial Statements (Revised 2017)	January 1, 2018
TAS 28	Investments in Associates and Joint Ventures (Revised 2017)	January 1, 2018
TAS 29	Financial Reporting in Hyperinflationary Economies (Revised 2017)	January 1, 2018
TAS 33	Earnings per Share (Revised 2017)	January 1, 2018
TAS 34	Interim Financial Reporting (Revised 2017)	January 1, 2018
TAS 36	Impairment of Assets (Revised 2017)	January 1, 2018
TAS 37	Provisions, Contingent Liabilities and Contingent Assets (Revised 2017)	January 1, 2018
TAS 38	Intangible Asset (Revised 2017)	January 1, 2018

<u>Thai Financial Reporting Standards (TFRS)</u>		<u>Effective date</u>
TFRS 2	Share-based Payment (Revised 2017)	January 1, 2018
TFRS 8	Operating Segments (Revised 2017)	January 1, 2018
TFRS 10	Consolidated Financial Statements (Revised 2017)	January 1, 2018
TFRS 12	Disclosure of Interests in Other Entities (Revised 2017)	January 1, 2018
TFRS 13	Fair Value Measurement (Revised 2017)	January 1, 2018

<u>Thai Standing Interpretations (TSIC)</u>		<u>Effective date</u>
TSIC 10	Government Assistance - No Specific Relation to Operating Activities (Revised 2017)	January 1, 2018
TSIC 25	Income Taxes – Changes in the Tax Status of an Equity or its Shareholders (Revised 2017)	January 1, 2018
TSIC 27	Evaluating the Substance of Transactions involving the Legal Form of a Lease (Revised 2017)	January 1, 2018

<u>Thai Financial Reporting Interpretations (TFRIC)</u>		<u>Effective date</u>
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities (Revised 2017)	January 1, 2018
TFRIC 4	Determining whether an Arrangement contains a Lease (Revised 2017)	January 1, 2018
TFRIC 7	Applying the Restatement Approach under TAS 29 (Revised 2017) Financial Reporting in Hyperinflationary Economies (Revised 2017)	January 1, 2018
TFRIC 10	Interim Financial Reporting and Impairment (Revised 2017)	January 1, 2018
TFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction for TAS 19: Employees Benefit (Revised 2017)	January 1, 2018
TFRIC 18	Transfers of Assets from Customers (Revised 2017)	January 1, 2018
TFRIC 21	Levies (Revised 2017)	January 1, 2018

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

2.4 Reclassification of accounts

The financial statement for the year ended December 31, 2016, for the comparative purposes, has been reclassified from ordinary financial income to financial income from public service accounts in order to conform to the presentation of statement of financial position as at December 31, 2017 as follows:

Unit : Million Baht						
<u>Consolidated Financial Statements</u>			<u>The Bank's Financial Statements</u>			
<u>For the year ended December 31, 2016</u>			<u>For the year ended December 31, 2016</u>			
<u>Before</u>	<u>Reclassi-</u>	<u>After</u>	<u>Before</u>	<u>Reclassi-</u>	<u>After</u>	
<u>reclassification</u>	<u>fication</u>	<u>reclassification</u>	<u>reclassification</u>	<u>fication</u>	<u>reclassification</u>	
Financial income	3,999.14	(26.15)	3,972.99	3,782.77	(26.15)	3,756.62
Revenue from						
public service account	105.48	26.15	131.63	105.48	26.15	131.63

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

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 are recognized on an accrual basis. Returns on Wadiah account are based on the resolution of Deposits compensation Sub-Committee.

Operating expenses

Operating expenses are recognized on an accrual basis.

Operating leases

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

3.3 Recognition of income and expenses from public service account : PSA

Public service account: PSA, the Bank separated public service account (PSA) regarding the allocation expenses guideline according to the approval of Fiscal Policy Office in accordance with the official letter of Ministry of Finance No.

Gor. Kor. 1006/Wor. 2990 dated August 2, 2016 towards “The Agreed Regarding the Method of Allocation Public Service Account Expenses of the Islamic Bank of Thailand’s Policies”

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 profit or loss and other comprehensive income.

3.6.2 Available-for-sale investments

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

3.6.3 General investments

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

3.6.4 Investment in receivables

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

3.6.5 Investment in subsidiaries

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

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

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

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

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

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

Fair value of investments

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

1. For equity securities which are listed securities, fair value is determined by the last bid price or the last ask-bid price when the economy has not been significantly changed during the measurement date and the date of the last ask-bid price at the end of month.

2. Marketable unit trusts are stated at fair value by the last bid price or the closing prices at the end of month, non-marketable unit trusts are stated at fair value by net assets value at the end of month.

3. Marketable debt securities are stated at fair value by the last average yield or bid price or clean price at the end of month.

Disposal of investments

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

3.7 Financing

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

3.8 Allowance for doubtful accounts

The Bank applies guideline regarding the allowance for doubtful accounts according to the Ministry of Finance's Notification regarding the Classification and Provision Criteria of Islamic Bank of Thailand which accordance to the Bank of Thailand ("BOT")'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 companies estimate the allowance for doubtful accounts by considering the overdue period and applying a percentage as follows:

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

Additional allowance for doubtful accounts set aside of the Bank and its subsidiaries is recognized as bad debts and doubtful account in the statements 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 (NPF). The discretion to estimate the expected loss

occurs when the debtor has difficulty in repayment of principal and profit by assessing the status of each debtors, the probability of default, the value of collateral and the economic condition.

3.10 Troubled debt restructurings

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 statements of profit or loss and other comprehensive income. Losses arising from restructuring by waiver of part of principal or recorded accrued profit receivable, less recorded allowance, are recognized as expenses through profit or loss in the statements of profit or loss and other comprehensive income when incurred.

3.11 Properties for sale

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

3.12 Premises, equipment and depreciation

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

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

Subsequent expenditure

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

Depreciation

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

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

No depreciation is provided on land and assets under construction.

3.13 Goodwill and other intangible assets

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

Amortization of intangible assets

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

Type of assets	Useful Lives
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 Leaseholds rights

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

3.15 Impairment

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

exceeds its recoverable amount. The impairment loss is recognized as expense in profit or loss of the statements of profit or loss and other comprehensive income.

Reversals of impairment

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

Calculation of recoverable amount

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

3.16 Provisions

The Bank sets provisions for off-statements of financial position obligation in the extent of high credit risk transaction as BOT's guidelines for maintenance an adequate level of capital using credit conversion factor equal to 1.0 such as guarantees of financing, aval to bills or irrevocable obligation by the Bank. Provisions are recognized when the transactions relating to off-statements of financial position of debtors that are classified as sub-standard, doubtful and doubtful of loss. The provision has been specifically determined by using the same rate as the allowance for doubtful accounts on each of those debtors in conformity to Thai Accounting Standard No.37 (Revised 2016) regarding Provisions, Contingent Liabilities and Contingent Assets. The Bank is required to set provisions for off-the statements of financial position obligation when satisfied all of the following criteria:

- 3.16.1 A present obligation resulting from past events that may be a legal or a constructive obligation.
- 3.16.2 It is probable that there will be a future outflow of resources embodying economic benefit to settle such obligation.
- 3.16.3 A reliable estimation of the value of the obligation.

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

3.17 Deferred income

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

3.18 Employee benefits

3.18.1 Provident fund and retirement pay

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

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

3.18.2 Defined benefit plan

Long-term benefit

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

Short-term benefit

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

3.19 Income tax

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

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

of deferred tax assets is reviewed at the end of the reporting date. Deferred tax asset shall be reduced to the extent that utilized tax will be used.

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

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

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

3.20 Basic earnings / (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 items in foreign currencies.

3.21.1 Functional currency and presentation currency in Baht.

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

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

3.22 Operating Segment

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

4. Risk Management

The management of Islamic Bank of Thailand among the factor of constant changes in the trend of globalization of businesses surrounding in several areas such as technology, the circumstance of competition and policies. Accordingly, risk management is an essential process of management, and also plays such an important role in leading the business to achieve its objectives. Therefore, in order to have an efficiently and effectively risk management systems will reflected the clearness of the process of administration that can be examined. This process is a crucial foundation that will make the bank grow more durable and sustainably.

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 priorities 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 Risk Management Sub-Committee and 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, 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.

From situation throughout the year, the Bank has been affected from both internal and external environment. Internal risk factors include sufficiency and quality of human resources, sufficiency and quality of data, and technology for service and external. External risk factors include competition, behavioral change in target customers, change in technology, natural disaster, regulation related BOT's notifications and guidelines related to Specialized Financial Institutions establishing according to Financial Institutions Businesses Act B.E. 2551, Section 120, permitted by Ministry of Finance, which caused strategic risk factors to the Bank's operational plan. The Bank has prepared to operate in order to reduce strategic risk caused by those risk factors by adjusting process of strategic planning and preparing the Bank's operational plan clearly appropriately and comprehensively with any potential risk factors.

The Bank's strategic management action is to prepare Strategic Risk Management Policy and Guideline, and annual risk management plan which are consistent with rehabilitation plan and business plan for the year of 2017 - 2021. The Bank had placed importance on strategic risk by taking into Strategic risk framework from Bank of Thailand implementation, corporate operational risk from the State Enterprise Policy Office and Committee of Sponsoring Organizations of the Tread way Commission (COSO) in order to analyze risk factors from internal and external environment which might affect the Bank in the present and in the future. In addition, the Bank's strategic risk management is under Board of Directors and related Sub-Committee. The process of preparing and reviewing risk management plans and risk management guidelines are under Risk Management. In order that, the Bank had provided the policies and the operational risk framework which had agreement from Risk Management Sub-Committee and board of the Bank committee in order that used for Strategic Risk Management. Moreover, the Bank had provided Risk Map for specify Risk Factor which affected to the Bank, KRIs for Risk Appetite, Risk Tolerance, Risk Clause for followed the risk management on the same level as the Bank risk tolerance and straight to the target, included, defined to Treatment plan in order to follow the project. Risk Management is responsible for monitoring, assessing, and reporting the result of risk management to Risk Management Sub-Committee and related Sub-Committee continuously.

The Bank also organized annually seminar as well as sharing knowledge about how to manage uncertainty in order to enhancing employee knowledge about risk management and involvement in the Banks' risks management, this will make organization be able to achieve its own objective efficiently and effectively. At the same time organization also has to manage

under the regulation of corporate governance along with great management strategy, this will help the Bank grown consistency and sustainably.

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

The Bank has credit risk from the general financing, PSA (public service account), and Non – PSA (non - public service account) i.e. the project according to the government policies corresponding with the Bank's mission and objectives. The credit risk is considered from the net carrying amount of financing net of allowance for doubtful accounts, presented as an asset in statements of financial position. Non-performing financing (NPF) is a significant risk of the Bank. As at December 31, 2017, in the Bank's financial statements, the Bank had NPF of general financing and PSA (including the accrued income) in the amount of Baht 11,071.48 million in which decreased from 2016 in the amount of Baht 42,656.62 million (NPF, the amount of Baht 53,728.10 million in 2016), 25.01 percent of total financing (57.47 percent of total financing in 2016). The decrease in total financing of the Bank is significantly decrease since the Bank has proceeded to transfer NPF to Islamic Bank Asset Management Ltd. (IAM) in the amount of Baht 49,049.87 million.

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

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

1. Reviewing the Bank internal policy such as reviewing credit policy framework in each type of business.
2. Monitoring and controlling credit risk such as,
 - Determining the Single Lending Limit Ratio for risk management to prevent 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 review and balance before credit approval.

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

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

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

1) Rate of Return Risk

Rate of return risk arises from the possibility that change in rate of return will have adverse effect on the net financial income and capital adequacy of the Bank. The Bank is exposed to rate of return risk as a result of structure, characteristic and mismatches or GAP in the amount of assets and liabilities and off-statements of financial position instruments that mature or re-price in a given period, or mismatches of rate sensitive items 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 limit using the Value-at-Risk method.

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

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

The Bank has liquidity risk management by applying regulation of maintaining current assets according to Bank of Thailand and Ministry of Finance or any other related regulations. The Bank has assigned the Asset and Liability Management Committee (ALCO) to establish the liquidity risk management strategy and has monitored and managed overall liquidity position to ensure that the Bank has adequate liquidity for its business operations, able to support its growth in business-as-usual situations and has readiness of funds or assets which can be liquidated or realized as needed under crisis situations. The Bank has established the liquidity management policy and guidelines, according to the regulation of the Bank of Thailand under the consensual of the Risk Management Sub-Committees and approval of the Board of Directors in order to use as a boundary of liquidity risk

management, in which are assigned to monitor key risk indicators for evaluation of prospected risk position and risk level that in line with the risk trigger, risk limit and risk appetite. Besides, the tools which are used to measure and evaluate the liquidity risk such as assessment of expected cash flow including maturity gap analysis by preparing contractual maturity form and behavioral maturity form, 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.

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

Sources and uses of funds as at December 31, 2017 and 2016 as follows:

<u>Sources and uses of funds</u>	<u>December 31, 2017</u>		<u>December 31, 2016</u>	
	<u>Book Value</u>	<u>Proportion</u>	<u>Book Value</u>	<u>Proportion</u>
		<u>(Percentage)</u>		<u>(Percentage)</u>
Sources of funds				
Deposits	85,239.59	123.34	93,498.08	117.16
Interbank and money market items, net	3,883.73	5.62	3,383.35	4.24
Equity	(20,011.55)	(28.96)	(17,076.80)	(21.40)
Total	<u>69,111.77</u>	<u>100.00</u>	<u>79,804.63</u>	<u>100.00</u>
Uses of funds				
Financing	44,166.49	81.57	93,496.38	83.88
Interbank and money market items, net	6,659.56	12.30	6,705.28	6.02
Investments, net	3,319.70	6.13	11,253.14	10.10
Total	<u>54,145.75</u>	<u>100.00</u>	<u>111,454.80</u>	<u>100.00</u>

Financial assets and liabilities as at December 31, 2017 and 2016 categorized by maturity periods as follows:

Unit : Million Baht

<u>December 31, 2017</u>							
	<u>At call</u>	<u>0-3 months</u>	<u>Over 3-12 months</u>	<u>Over 1 year</u>	<u>No maturity</u>	<u>Stop Accrued</u>	<u>Total</u>
Financial assets							
Interbank and money market items, net	2,919.81	3,694.79	-	44.96	-	-	6,659.56
Investments, net	-	320.38	2,888.32	-	111.00	-	3,319.70
Financing	-	4,346.48	2,138.55	26,629.28	-	11,052.18	44,166.49
Total financial assets	<u>2,919.81</u>	<u>8,361.65</u>	<u>5,026.87</u>	<u>26,674.24</u>	<u>111.00</u>	<u>11,052.18</u>	<u>54,145.75</u>
Financial liabilities							
Deposits	18,205.93	25,679.65	38,735.85	2,618.16	-	-	85,239.59
Interbank and money market items, net	1,564.30	1,668.59	546.02	104.82	-	-	3,883.73
Total financial liabilities	<u>19,770.23</u>	<u>27,348.24</u>	<u>39,281.87</u>	<u>2,722.98</u>	<u>-</u>	<u>-</u>	<u>89,123.32</u>

Unit : Million Baht

<u>December 31, 2016</u>							
	<u>At call</u>	<u>0-3 months</u>	<u>Over 3-12 months</u>	<u>Over 1 year</u>	<u>No maturity</u>	<u>Stop Accrued</u>	<u>Total</u>
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	<u>6,668.52</u>	<u>13,437.14</u>	<u>6,306.79</u>	<u>31,071.41</u>	<u>252.85</u>	<u>53,718.09</u>	<u>111,454.80</u>
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	<u>20,602.88</u>	<u>31,185.61</u>	<u>34,673.60</u>	<u>10,419.34</u>	<u>-</u>	<u>-</u>	<u>96,881.43</u>

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, 2017 and 2016.

Unit : Million Baht

<u>Type of Financial Instruments</u>	<u>December 31, 2017</u>		<u>December 31, 2016</u>	
	<u>Book Value</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Fair Value</u>
Financial assets				
Cash	1,542.05	1,542.05	1,433.77	1,433.77
Interbank and money market items, net	6,659.56	6,659.56	6,705.28	6,705.28
Derivatives	-	-	0.09	0.09
Investment, net	3,319.70	3,319.70	11,253.14	11,253.14
Financing, net	36,099.71	36,099.71	60,690.24	60,690.24
Total	<u>47,621.02</u>	<u>47,621.02</u>	<u>80,082.52</u>	<u>80,082.52</u>

Unit : Million Baht

<u>Type of Financial Instruments</u>	<u>December 31, 2017</u>		<u>December 31, 2016</u>	
	<u>Book Value</u>	<u>Fair Value</u>	<u>Book Value</u>	<u>Fair Value</u>
Financial liabilities				
Deposits	85,239.59	85,239.59	93,498.08	93,498.08
Interbank and money market items, net	3,883.73	3,883.73	3,383.35	3,383.35
Liabilities payable on demand	94.85	94.85	67.49	67.49
Derivatives liabilities	0.01	0.01	0.06	0.06
Compensation payable on deposit	352.48	352.48	360.41	360.41
Total	<u>89,570.66</u>	<u>89,570.66</u>	<u>97,309.39</u>	<u>97,309.39</u>

5. Capital fund

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

The ministerial regulation requires the Bank and Basel II rules to maintain total capital to risk assets and contingencies ratio of not less than 8.5 percent under the condition that Common Equity Tier 1 must not be less than 4.25 percent of such assets and contingencies.

As at December 31, 2017 and 2016, the Bank maintained capital fund according to the ministerial regulations of Islamic Bank of Thailand and Basel II rules as follows:

Unit : Million Baht		
<u>The Bank's Financial Statements</u>		
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Tier I 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	(31,312.54)	(28,386.09)
Total tier I capital	<u>(19,913.00)</u>	<u>(16,986.55)</u>
Total capital fund before deficit	(19,913.00)	(16,986.55)
Less Deficit on revaluation of available-for-sale equity securities	<u>(100.04)</u>	<u>(90.51)</u>
Total capital fund	<u>(20,013.04)</u>	<u>(17,077.06)</u>

As at December 31, 2017, the Bank had included the result of operation for the year ended December 31, 2017 in the Bank's capital which in accordance with the Bank of Thailand's Notification.

As at December 31, 2017 and 2016, 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 and Basel II rules which the Bank is conducting under rehabilitation roadmap.

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

<u>The Bank's Financial Statements</u>		
<u>Percentage</u>		
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Total capital fund	(52.83)	(31.02)
Tier I Capital	(52.57)	(30.86)

Assets and contingencies ratio according to Basel II rules as follows:

<u>The Bank's Financial Statements</u>		
<u>Percentage</u>		
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Total capital fund	(40.10)	(19.38)
Tier I Capital	(39.90)	(19.28)

Moreover, the Bank maintained its liquidity assets the first fortnight (as at December 8, 2017 – December 22, 2017) : 7.58 percent and the second fortnight (as at December 23, 2017 – January 7, 2018) : 7.71 percent which is higher than the ministerial regulations B.E. 2547, regarding the Composition of Capital Fund of the Islamic Bank of Thailand, to maintain current assets not less than 6 percent of deposits and loan from foreign countries.

6. Estimates and judgments

The preparation of financial statements in conformity with Thai Financial Reporting Standards also requires management to make estimates and judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimated and associated judgments 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 another source. Accordingly, actual results may differ from these estimates.

The estimates and judgments are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and foreseeable impact in the future.

7. Going concern

The Bank's overall operation had ongoing capital deficiency. As at December 31, 2017, the Bank's financial statements had capital deficiency of Baht 31,312.54 million due to allowance for doubtful accounts of the non-performing financing (NPF). For the year ended December 31, 2017, the Bank had set up allowance for doubtful accounts and allowance for debt restructuring net amounting to Baht 2,199.23 million which affected the Bank's losses from operation for the year ended December 31, 2017 amounting to Baht 2,926.45 million. Moreover, the Bank's total liabilities exceeded its total assets by Baht 20,011.55 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 was 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 8.19, 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 followings:

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 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 venture 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 (NPF) in order to strengthen 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 appropriately 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 to 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 joint venture partner to invest in the Bank to strengthen the operations along with the implementation of the enterprise problem-solving plan.

The Ministry of Finance had the 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 in the year 2016 according to the resolution. The Ministry has assigned the Bank to find the joint venture partner from both inside and outside the countries with the knowledge and expertise in Shariah principle in order to participate in the enterprise and along with the rehabilitation program and acceleration of the non-Muslim NPF transferring at net book value as at December 31, 2016.

In the Extraordinary General Meeting of Shareholders No. 1/2560 dated March 30, 2017 had a resolution to transfer non-Muslim NPF to Islamic Bank Asset Management Ltd. (IAM) on March 31, 2017 or on the day that agreed by both parties at net book value as at March 31, 2017 or on the day that agreed by both parties.

The Ministry had a resolution dated May 30, 2017 acknowledged the non-Muslim NPF transferring to IAM.

On June 29, 2017 the Bank transferred non-Muslim NPF to IAM by agreed on the compensation to be net book value as at the transfer date.

According to the State Enterprise Policy Office's notification Gor.Kor. 0805.4/5653 as at November 10, 2017 announced the resolution of the Board of Directors of the State Enterprise Policy Office in the meeting No. 4/2017 dated October 11, 2017, acknowledged the result of the Bank's problem-solving and assigned the Bank to accelerate the process under

the Ministry of Finance's management, follow up, and acceleration. Also, assigned the related department to accelerate the process of the Bank's Act B.E. 2545 modification to be completed within December 2017. In order for the Ministry of Finance to be able to restructure the Bank's financial status, the Ministry of Finance will increase the Bank's Capital to be positive after the completion of the Bank's Act B.E. 2545 modification to prepare for the enterprise's operation and searching for the joint venture in the future.

8.1 Supplementary disclosures of cash flow information

Significant non-cash items for the years ended December 31, 2017 and 2016 were as follows:

	Unit : Million Baht	
	<u>Consolidated and The Bank's Financial Statements</u>	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Increase (decrease) in revaluation		
surplus on investments in equity	(8.31)	82.97

8.2 Interbank and money market items, net (assets)

Unit : Million Baht

Consolidated Financial Statements

	<u>December 31, 2017</u>			<u>December 31, 2016</u>		
	<u>At call</u>	<u>Time</u>	<u>Total</u>	<u>At call</u>	<u>Time</u>	<u>Total</u>
Domestic items						
Bank of Thailand	2,853.07	-	2,853.07	6,587.11	-	6,587.11
Commercial banks and money markets	97.75	3,699.70	3,797.45	94.89	-	94.89
Specialized financial institutions	10.63	-	10.63	18.50	-	18.50
Other financial institutions	-	128.33	128.33	-	63.93	63.93
Total domestic items	2,961.45	3,828.03	6,789.48	6,700.50	63.93	6,764.43
<u>Add</u> Accrued income	-	0.21	0.21	-	-	-
<u>Less</u> Deferred revenue	-	(50.99)	(50.99)	-	(26.88)	(26.88)
<u>Less</u> Allowance for doubtful accounts	-	(37.51)	(37.51)	-	(0.29)	(0.29)
Total	2,961.45	3,739.74	6,701.19	6,700.50	36.76	6,737.26
Foreign items						
USD	27.45	-	27.45	17.25	-	17.25
JPY	1.07	-	1.07	3.89	-	3.89
EUR	0.15	-	0.15	1.77	-	1.77
Others	0.34	-	0.34	0.60	-	0.60
Total foreign items	29.01	-	29.01	23.51	-	23.51
Total domestic and foreign items	2,990.46	3,739.74	6,730.20	6,724.01	36.76	6,760.77

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

Unit : Million Baht

The Bank's Financial Statements

	<u>December 31, 2017</u>			<u>December 31, 2016</u>		
	<u>At call</u>	<u>Time</u>	<u>Total</u>	<u>At call</u>	<u>Time</u>	<u>Total</u>
Domestic items						
Bank of Thailand	2,853.07	-	2,853.07	6,587.11	-	6,587.11
Commercial banks and money markets	27.87	3,699.70	3,727.57	39.73	-	39.73
Specialized financial institutions	9.87	-	9.87	18.17	-	18.17
Other financial institutions	-	128.33	128.33	-	63.93	63.93
Total domestic items	2,890.81	3,828.03	6,718.84	6,645.01	63.93	6,708.94
<u>Add</u> Financial accrued income	-	0.21	0.21	-	-	-
<u>Less</u> Deferred revenue	-	(50.99)	(50.99)	-	(26.88)	(26.88)
<u>Less</u> Allowance for doubtful accounts	-	(37.51)	(37.51)	-	(0.29)	(0.29)
Total	2,890.81	3,739.74	6,630.55	6,645.01	36.76	6,681.77
Foreign items						
USD	27.45	-	27.45	17.25	-	17.25
JPY	1.07	-	1.07	3.89	-	3.89
EUR	0.15	-	0.15	1.77	-	1.77
Others	0.34	-	0.34	0.60	-	0.60
Total foreign items	29.01	-	29.01	23.51	-	23.51
Total domestic and foreign items	2,919.82	3,739.74	6,659.56	6,668.52	36.76	6,705.28

8.3 Derivatives assets and liabilities

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

Unit : Million Baht

<u>Consolidated and The Bank's Financial Statements</u>						
<u>Type of risk</u>	<u>December 31, 2017</u>			<u>December 31, 2016</u>		
	<u>Fair Value</u>		<u>Notional Amount</u>	<u>Fair Value</u>		<u>Notional Amount</u>
	<u>Assets</u>	<u>Liabilities</u>		<u>Assets</u>	<u>Liabilities</u>	
Foreign exchange rate						
Derivatives held for trading	-	-	-	0.04	-	49.91
Derivatives held for hedging	-	(0.01)	5.45	0.05	(0.06)	24.16
Total	-	(0.01)	5.45	0.09	(0.06)	74.07

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

<u>Consolidated and The Bank's Financial Statements</u>	
	<u>December 31, 2017</u>
	<u>Proportion</u>
	<u>(Percentage)</u>
Financial institution	100.00
Third parties	-
Total	100.00

	<u>December 31, 2016</u>
	<u>Proportion</u>
	<u>(Percentage)</u>
Financial institution	66.34
Third parties	33.66
Total	100.00

8.4 Investment, net

8.4.1 Available-for-sale securities

Unit : Million Baht

<u>Consolidated and The Bank's Financial Statements</u>	
	<u>December 31, 2017</u>
	<u>Fair Value</u>
Government securities	3,208.70
Domestic marketable equity securities	86.00
Total	3,294.70

	<u>December 31, 2016</u>
	<u>Fair Value</u>
Government securities	11,000.29
Domestic marketable equity securities	227.85
Total	11,228.14

As at December 28, 2017 the Bank has signed the credit agreement with Krung Thai Bank PCL credit line in the amount of Baht 10,000.00 million, the Bank pledged the right to government bonds. (Excluding government bond yields) of Baht 400.00 million, which was pledged on January 10, 2018.

8.4.2 Held-to-maturity securities

Unit : Million Baht

Consolidated and The Bank's Financial Statements

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
	<u>Cost</u>	<u>Cost</u>
Investment in receivables	-	13.48
Total	-	13.48
<u>Less</u> Allowance for impairment	-	(13.48)
Total	-	-

The Bank transferred its investments in receivables purchased under the terms of the asset transfer agreement, as stated in Note 8.35.

8.4.3 General investments

Unit : Million Baht

Consolidated and The Bank's Financial Statements

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
	<u>Cost</u>	<u>Cost</u>
Domestic non-marketable unit trusts	25.00	25.00
Total	25.00	25.00
Total investment, net	3,319.70	11,253.14

8.4.4 Surplus (deficit) on revaluation of investments

Unit : Million Baht

Consolidated and The Bank's Financial Statements

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Equity securities	(100.04)	(90.50)
Debt securities	1.49	0.26
Total	(98.55)	(90.24)

8.4.5 Time to maturity of debt securities

Unit : Million Baht

Consolidated and The Bank's Financial Statements

	<u>December 31, 2017</u>				<u>December 31, 2016</u>			
	<u>Maturity</u>				<u>Maturity</u>			
	Over 1-5	Over 5			Over 1-5	Over 5		
	<u>1 Year</u>	<u>Years</u>	<u>Years</u>	<u>Total</u>	<u>1 Year</u>	<u>Years</u>	<u>Years</u>	<u>Total</u>
<u>Available-for-sale securities</u>								
Government and state enterprise								
securities	3,207.21	-	-	3,207.21	11,000.03	-	-	11,000.03
<u>Add (less)</u> Allowance for revaluation	<u>1.49</u>	<u>-</u>	<u>-</u>	<u>1.49</u>	<u>0.26</u>	<u>-</u>	<u>-</u>	<u>0.26</u>
Total	<u>3,208.70</u>	<u>-</u>	<u>-</u>	<u>3,208.70</u>	<u>11,000.29</u>	<u>-</u>	<u>-</u>	<u>11,000.29</u>

8.5 Investments in subsidiaries, net

The Bank's Financial Statements

December 31, 2017

		Type of	Paid-up		Investment
	Type of business	investments	capital	Shareholding	Cost Method
<u>Subsidiaries</u>			(Million Baht)	(%)	(Million Baht)
Amanah Leasing Public Company Limited	Hire-purchase-vehicle	Common Share	951.48	48.89	560.35
Amanah Haj and Umrah Company Limited	Provide and operate the Haj and Umrah tour	Common Share	10.00	49.00	4.90
Total					565.25
<u>Less</u> allowance for impairment					(4.90)
Investments 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 caused their operation and deregistered on May 14, 2013 which is now conducting the liquidation process.

The Bank's Financial Statements

December 31, 2016

		Type of	Paid-up		Investment
	Type of business	investments	capital	Shareholding	Cost Method
<u>Subsidiaries</u>			(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	Provide and operate the Haj and Umrah tour	Common Share	10.00	51.00	4.90
Total					565.25
<u>Less</u> allowance for impairment					(4.90)
Investments in subsidiaries, net					560.35

8.6 Financing and financial accrued income, net

8.6.1 Classified by type of financing

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Contract receivables				
- Cash withdrawal	588.02	1,487.39	588.02	1,487.39
- General	24,589.76	47,962.47	24,589.76	47,962.47
Financing receivables	19.57	129.22	1.17	42.20
Receivables from factoring contracts	209.91	3,156.94	2,049.91	4,876.94
Hire-purchase receivables	4,174.56	4,334.66	194.13	934.20
Financial lease receivables	2.38	3.03	0.47	0.68
Debt restructuring receivables	15,379.03	36,474.41	15,379.03	36,474.41
Others	53.89	165.40	53.89	165.40
<u>Less</u> Deferred revenue	<u>(1,320.15)</u>	<u>(1,218.82)</u>	<u>(20.85)</u>	<u>(266.83)</u>
Total financing net of deferred revenue	43,696.97	92,494.70	42,835.53	91,676.86
<u>Add</u> Financial accrued income	<u>223.42</u>	<u>187.54</u>	<u>159.95</u>	<u>185.60</u>
Total financing net of deferred revenue and add financial accrued income	43,920.39	92,682.24	42,995.48	91,862.46
<u>Less</u> Allowance for doubtful accounts				
1. Minimum provision according to the BOT's requirement	(5,371.92)	(28,868.24)	(5,238.30)	(28,758.91)
2. Surplus Reserve	(2,067.05)	(2,938.99)	(1,981.15)	(2,869.87)
<u>Less</u> Revaluation allowance for debt restructuring	<u>(48.98)</u>	<u>(206.56)</u>	<u>(48.98)</u>	<u>(206.56)</u>
Total financing and financial accrued income, net	<u>36,432.44</u>	<u>60,668.45</u>	<u>35,727.05</u>	<u>60,027.12</u>

The Bank has transferred the loans to the debtors that meet the terms of the asset transfer agreement with the IAM as stated in Note 8.35.

As at December 31, 2017 and 2016, the Bank had suspended income recognition credits amounting to Baht 15,265.49 million and Baht 36,536.31 million, respectively.

8.6.2 Classified by currency and residence of the debtors

Unit : Million Baht

Consolidated Financial Statements

	<u>December 31, 2017</u>			<u>December 31, 2016</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	43,696.97	-	43,696.97	92,494.70	-	92,494.70
Total	<u>43,696.97</u>	<u>-</u>	<u>43,696.97</u>	<u>92,494.70</u>	<u>-</u>	<u>92,494.70</u>

Unit : Million Baht

The Bank's Financial Statements

	<u>December 31, 2017</u>			<u>December 31, 2016</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	42,835.53	-	42,835.53	91,676.86	-	91,676.86
Total	<u>42,835.53</u>	<u>-</u>	<u>42,835.53</u>	<u>91,676.86</u>	<u>-</u>	<u>91,676.86</u>

8.6.3 Classified by business type and classification

Unit : Million Baht

Consolidated Financial Statements

December 31, 2017

	<u>Normal</u>	<u>Special</u> <u>Mention</u>	<u>Sub-</u> <u>Standard</u>	<u>Doubtful</u>	<u>Doubtful of</u> <u>Loss</u>	<u>Total</u>
Agriculture and mining	3,771.28	136.77	133.72	1,899.54	457.65	6,398.96
Manufacturing and commerce	7,288.22	1,440.33	1,461.74	358.63	905.21	11,454.13
Property Development and construction	5,076.75	2,696.79	2,300.56	76.27	639.64	10,790.01
Public utility and service	6,461.04	1,712.62	441.91	122.42	97.87	8,835.86
House financing	2,181.21	76.00	115.18	72.91	386.56	2,831.86
Others	1,866.54	696.91	155.07	231.36	436.27	3,386.15
Total	26,645.04	6,759.42	4,608.18	2,761.13	2,923.20	43,696.97

Unit : Million Baht

Consolidated Financial Statements

December 31, 2016

	<u>Normal</u>	<u>Special</u> <u>Mention</u>	<u>Sub-</u> <u>Standard</u>	<u>Doubtful</u>	<u>Doubtful of</u> <u>Loss</u>	<u>Total</u>
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 service	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	2,168.43	774.85	251.70	233.70	2,367.91	5,796.59
Total	31,316.28	8,439.79	5,455.13	7,159.78	40,123.72	92,494.70

8.6.3 Classified by business type and classification (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2017

	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	3,771.28	136.77	133.72	1,899.54	457.65	6,398.96
Manufacturing and commerce	7,288.22	1,440.33	1,461.74	358.63	905.21	11,454.13
Property Development and construction	5,076.75	2,696.79	2,300.56	76.27	639.64	10,790.01
Public utility and service	6,461.04	1,712.62	441.91	122.42	97.87	8,835.86
House financing	2,181.21	76.00	115.18	72.91	386.56	2,831.86
Others	1,854.58	45.35	52.35	170.02	402.41	2,524.71
Total	26,633.08	6,107.86	4,505.46	2,699.79	2,889.34	42,835.53

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 service	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	2,031.93	257.83	172.24	178.54	2,338.21	4,978.75
Total	31,179.78	7,922.77	5,375.67	7,104.62	40,094.02	91,676.86

8.6.4 Classified by type of classification

Unit : Million Baht

Consolidated Financial Statements

December 31, 2017

	Financing and financial accrued income	Outstanding balance (Net of collateral) *	Percentage of Allowance for Doubtful account (%)	Minimum allowance for doubtful account
1. Minimum allowance per BOT's regulations				
Normal	26,751.68	8,066.91	1	80.69
Special Mention	6,787.84	2,268.95	2	22.39
Sub-Standard	4,631.42	2,890.73	100	2,876.11
Doubtful	2,762.55	873.97	100	873.76
Doubtful loss	2,924.87	1,518.97	100	1,518.97
2. Surplus Reserve				
- Financial accrued income	62.03	-		62.03
- General reserve	-	-		2,005.02
Total **	<u>43,920.39</u>	<u>15,619.53</u>		<u>7,438.97</u>

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 **	<u>92,682.24</u>	<u>44,471.74</u>		<u>31,807.23</u>

* Subsidiary use outstanding balance before deduction of collateral in calculation of allowance of account for hire-purchase receivable classified as doubtful and doubtful loss.

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

8.6.4 Classified by type of classification (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2017

	Financing and financial accrued income	Outstanding balance (Net of collateral) *	Percentage of Allowance for Doubtful account (%)	Minimum allowance for doubtful account
1. Minimum allowance per BOT's regulations				
Normal	26,707.71	7,693.52	1	76.94
Special Mention	6,112.05	2,109.88	2	19.20
Sub-Standard	4,525.64	2,863.33	100	2,848.81
Doubtful	2,698.61	810.22	100	810.22
Doubtful loss	2,889.44	1,483.14	100	1,483.14
2. Surplus Reserve				
- Financial accrued income	62.03	-		62.03
- General reserve	-	-		1,919.11
Total **	<u>42,995.48</u>	<u>14,960.09</u>		<u>7,219.45</u>

In this period, the Bank need to set up the allowance for doubtful account for debtors classified as special mention and sub-standard class amounting to Baht 42.20 million and Baht 2,863.33 million. However, there was loss from debt restructuring in the aforementioned receivables. Therefore, the Bank included the allowance of such amount totaled Baht 23.00 million and Baht 14.53 million in the allowance for revaluation of debt restructuring.

8.6.4 Classified by type of classification (Continued)

Unit : Million Baht

<u>The Bank's Financial Statements</u>				
<u>December 31, 2016</u>				
	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 **	<u>91,862.46</u>	<u>43,943.40</u>		<u>31,628.78</u>

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

As of December 31, 2017, and 2016, the Bank had non-performing financing (NPF) in the amount of Baht 10,113.69 million and Baht 52,580.94 million, accounting for 23.52 and 57.24 percent of the financing and accrued financial income respectively.

8.6.5 Hire-purchase receivables and finance lease receivables

Unit : Million Baht

Consolidated Financial Statements

December 31, 2017

Amounts due under lease agreements

	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Gross investment in the agreements	1,291.66	2,884.49	0.79	4,176.94
<u>Less</u> Unearned finance income	(547.04)	(777.07)	(0.02)	(1,324.13)
Present value of minimum lease payment per agreement	744.62	2,107.42	0.77	2,852.81
<u>Less</u> Allowance for doubtful accounts	(156.82)	(84.43)	-	(241.25)
Hire-purchase and finance lease receivables, net	<u>587.80</u>	<u>2,022.99</u>	<u>0.77</u>	<u>2,611.56</u>

Unit : Million Baht

Consolidated Financial Statements

December 31, 2016

Amounts due under lease agreements

	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Gross investment in the agreements	1,689.70	2,641.83	6.16	4,337.69
<u>Less</u> 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
<u>Less</u> Allowance for doubtful accounts	(542.54)	(132.72)	(0.02)	(675.28)
Hire-purchase and finance lease receivables, net	<u>750.07</u>	<u>1,862.59</u>	<u>5.78</u>	<u>2,618.44</u>

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

Unit : Million Baht

The Bank's Financial Statements

December 31, 2017

Amounts due under lease agreements

	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Gross investment in the agreements	62.28	132.32	-	194.60
<u>Less</u> Unearned finance income	(3.98)	(7.45)	-	(11.43)
Present value of minimum lease payment per agreement	58.30	124.87	-	183.17
<u>Less</u> Allowance for doubtful accounts	(22.35)	(4.38)	-	(26.73)
Hire-purchase and finance lease receivables, net	<u>35.95</u>	<u>120.49</u>	<u>-</u>	<u>156.44</u>

Unit : Million Baht

The Bank's Financial Statements

December 31, 2016

Amounts due under lease agreements

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

8.7 Allowance for doubtful accounts

The movements in the allowances for doubtful accounts during the period were as follows:

Unit : Million Baht

Consolidated Financial Statements

December 31, 2017

						Additional allowance for	
	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful loss	doubtful accounts	Total
Beginning balance	104.78	31.25	2,165.05	2,360.66	24,206.50	2,938.99	31,807.23
Increase (decrease) in doubtful accounts	(24.09)	(8.86)	913.89	413.38	1,960.02	-	3,254.34
Transfer of NPF to IAM	-	-	(202.83)	(1,900.28)	(24,647.55)	-	(26,750.66)
Reverse the surplus reserve	-	-	-	-	-	(2,446.73)	(2,446.73)
Increase in surplus reserve	-	-	-	-	-	1,574.79	1,574.79
Ending balance	80.69	22.39	2,876.11	873.76	1,518.97	2,067.05	7,438.97

Unit : Million Baht

Consolidated Financial Statements

December 31, 2016

						Additional allowance for	
	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful loss	doubtful 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

8.7 Allowance for doubtful accounts (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2017

	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful loss	Additional allowance for doubtful accounts	Total
Beginning balance	101.70	28.86	2,145.74	2,306.86	24,175.75	2,869.87	31,628.78
Increase (decrease) in doubtful accounts	(24.76)	(9.66)	905.90	403.64	1,954.94	-	3,230.06
Transfer of NPF to IAM	-	-	(202.83)	(1,900.28)	(24,647.55)	-	(26,750.66)
Reverse the surplus reserve	-	-	-	-	-	(2,443.00)	(2,443.00)
Increase in surplus reserve	-	-	-	-	-	1,554.27	1,554.27
Ending balance	76.94	19.20	2,848.81	810.22	1,483.14	1,981.14	7,219.45

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

As of December 31, 2016, the Bank had a total surplus of Baht 2,869.87 million, which was in line with the increase in the quality of debt restructuring. Considering the ability of the debtor to repay the debt of Baht 2,809.67 million and reserve the difference accrued financial income between the account and personal debtor data of Baht 60.20 million, according to the Bank of Thailand's daily audit report dated August 31, 2016.

For the year ended December 31, 2017, the Bank reversed the surplus reserve amounting to Baht 2,443.00 million, comprising of debtors who had previously entered into debt restructuring agreements and able to repay debts under the agreements. However, the Bank has set aside the surplus reserve in the previous period and classifies these receivables as normal, and Reversal of allowance for doubtful accounts amounting to Baht 2,038.26 million. Debtors who can not comply with the terms of the debt restructuring agreement Therefore, the Bank classified the non-performing financing (NPF) and used surplus reserve amounting to Baht 404.74 million.

In the same period, the Bank provided additional allowance for doubtful accounts in the amount of Baht 539.73 million, as proposed by the Bank of Thailand. In order to reduce the risk, the Company will increase the reserve for future receivables of Baht 1,012.71 million. Together with reserve the difference accrued financial income between the account and personal debtor data of Baht 1.83 million, a total of Baht 1,554.27 million.

8.8 Troubled debt restructuring

As at December 31, 2017 and 2016, the Bank had troubled debt restructuring as follows:

Unit : Million Baht

Consolidated and The Bank's Financial Statements

December 31, 2017

<u>Restructuring Method</u>	<u>Number of debtor</u>	<u>Outstanding balance before restructuring</u>	<u>Fair value</u>
Modification on terms of repayment	520	2,269.58	-
Total	520	2,269.58	-

Unit : Million Baht

Consolidated and The Bank's Financial Statements

December 31, 2016

<u>Restructuring Method</u>	<u>Number of debtor</u>	<u>Outstanding balance before restructuring</u>	<u>Fair value</u>
Modification on terms of repayment	695	5,067.54	-
Total	695	5,067.54	-

8.9 Properties for sale, net

Unit : Million Baht

Consolidated Financial Statements

December 31, 2017

	Beginning balance	Additions	Transfer to IAM	Disposals/ Decrease	Ending balance
Assets from debts repayment					
Immovable assets					
- External appraiser	237.89	67.27	(253.55)	(7.59)	44.02
Total immovable assets	237.89	67.27	(253.55)	(7.59)	44.02
Movable assets					
- External appraiser	64.15	268.71	(1.73)	(276.81)	54.32
Total movable assets	64.15	268.71	(1.73)	(276.81)	54.32
Total properties for sale	302.04	335.98	(255.28)	(284.40)	98.34
Less Allowance for impairment	(53.22)	(58.82)	0.41	73.78	(37.85)
Total properties for sale, net	248.82	277.16	(254.87)	(210.62)	60.49

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

8.9 Properties for sale, net (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2017

	Beginning balance	Additions	Transfer to IAM	Disposals/ Decrease	Ending balance
Assets from debts repayment					
Immovable assets					
- External appraiser	191.37	63.22	(253.55)	(1.04)	-
Total immovable assets	191.37	63.22	(253.55)	(1.04)	-
Movable assets					
- External appraiser	2.25	25.94	(1.73)	(26.46)	-
Total movable assets	2.25	25.94	(1.73)	(26.46)	-
Total properties for sale	193.62	89.16	(255.28)	(27.50)	-
Less Allowance for impairment	(19.90)	-	0.41	19.49	-
Total properties for sale, net	173.72	89.16	(254.87)	(8.01)	-

The Bank has transferred properties for sale under the terms of Asset Transfer Agreements as stated in Note 8.35.

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

8.10 Premises and equipment, net

Unit : Million Baht

Consolidated Financial Statements

December 31, 2017

	<u>Cost</u>			<u>Accumulated depreciation</u>				<u>Allowance</u>		
	<u>Beginning</u>			<u>Ending</u>	<u>Beginning</u>			<u>Ending</u>	<u>for</u>	<u>Net</u>
	<u>balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>balance</u>	<u>balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>balance</u>	<u>impairment</u>	<u>balance</u>
Land										
- Cost	154.55	-	-	154.55	-	-	-	-	-	154.55
Land improvement on leased land										
- Cost	3.49	-	-	3.49	3.49	-	-	3.49	-	-
Building										
- Cost	97.95	-	-	97.95	67.53	3.12	-	70.65	(4.23)	23.07
Building and leasehold improvement										
- Cost	647.18	14.53	(53.18)	608.53	351.85	55.99	(29.09)	378.75	-	229.78
Furniture, fixture and equipment										
- Cost	980.85	10.78	(21.88)	969.75	864.27	60.79	(20.38)	904.68	(0.01)	65.06
Vehicles										
- Cost	127.85	10.48	(13.83)	124.50	62.40	8.84	(4.09)	67.15	-	57.35
Asset for service										
- Cost	0.56	-	-	0.56	0.06	0.11	-	0.17	-	0.39
Construction in progress	46.53	8.40	(38.40)	16.53	-	-	-	-	-	16.53
Total	2,058.96	44.19	(127.29)	1,975.86	1,349.60	128.85	(53.56)	1,424.89	(4.24)	546.73

8.10 Premises and equipment, net (Continued)

Unit : Million Baht

<u>Consolidated Financial Statements</u>										
<u>December 31, 2016</u>										
	<u>Cost</u>				<u>Accumulated depreciation</u>			<u>Allowance</u>	<u>Net</u>	
	<u>Beginning</u>			<u>Ending</u>	<u>Beginning</u>			<u>Ending</u>	<u>for</u>	<u>Net</u>
	<u>balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>balance</u>	<u>balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>balance</u>	<u>impairment</u>	<u>balance</u>
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	(55.92)	647.18	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
Asset 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

As at December 31, 2017 and 2016, the Bank and its subsidiaries has premises and equipment where were fully depreciated but still in-use, with the original cost approximately Baht 931.09 million and Baht 811.86 million, respectively.

8.10 Premises and equipment, net (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2017

	<u>Cost</u>			<u>Accumulated depreciation</u>				<u>Allowance</u>		
	<u>Beginning</u>			<u>Ending</u>	<u>Beginning</u>			<u>Ending</u>	<u>for</u>	<u>Net</u>
	<u>balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>balance</u>	<u>balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>balance</u>	<u>impairment</u>	<u>balance</u>
Land										
- Cost	154.55	-	-	154.55	-	-	-	-	-	154.55
Building										
- Cost	97.95	-	-	97.95	67.53	3.12	-	70.65	(4.23)	23.07
Building and leasehold improvement										
- Cost	612.51	13.90	(40.85)	585.56	326.01	53.43	(17.96)	361.48	-	224.08
Furniture, fixture and equipment										
- Cost	936.88	10.17	(14.38)	932.67	831.96	57.41	(13.17)	876.20	(0.01)	56.46
Vehicles										
- Cost	12.49	-	-	12.49	12.49	-	-	12.49	-	-
Construction in progress	46.54	8.34	(38.35)	16.53	-	-	-	-	-	16.53
Total	1,860.92	32.41	(93.58)	1,799.75	1,237.99	113.96	(31.13)	1,320.82	(4.24)	474.69

8.10 Premises and equipment, net (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2016

	<u>Cost</u>			<u>Accumulated depreciation</u>				<u>Allowance</u>		
	<u>Beginning</u>			<u>Ending</u>	<u>Beginning</u>			<u>Ending</u>	<u>for</u>	<u>Net</u>
	<u>balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>balance</u>	<u>balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>balance</u>	<u>impairment</u>	<u>balance</u>
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	28.69	(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

As at December 31, 2017 and 2016, the Bank has premises and equipment where were fully depreciated but still in-use, with the original cost approximately Baht 880.23 million and Baht 761.96 million, respectively.

8.11 Goodwill and other intangible assets, net

Unit : Million Baht

Consolidated Financial Statements

December 31, 2017

	<u>Cost</u>			<u>Accumulated amortization</u>				<u>Allowance</u>		
	<u>Beginning</u>			<u>Ending</u>	<u>Beginning</u>			<u>Ending</u>	<u>for</u>	<u>Net</u>
	<u>balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>balance</u>	<u>balance</u>	<u>Amortization</u>	<u>Disposals</u>	<u>balance</u>	<u>impairment</u>	<u>balance</u>
Right to use										
computer software										
- Cost	342.88	3.99	(0.20)	346.67	311.36	18.29	(0.17)	329.48	-	17.19
Computer system										
- Cost	708.04	19.72	(0.07)	727.69	661.56	29.31	(0.01)	690.86	(0.05)	36.78
Goodwill										
- Cost	90.00	-	-	90.00	19.50	-	-	19.50	(70.50)	-
Computer systems										
in progress	1.59	-	-	1.59	-	-	-	-	-	1.59
Total	1,142.51	23.71	(0.27)	1,165.95	992.42	47.60	(0.18)	1,039.84	(70.55)	55.56

Unit : Million Baht

Consolidated Financial Statements

December 31, 2016

	<u>Cost</u>			<u>Accumulated amortization</u>				<u>Allowance</u>		
	<u>Beginning</u>			<u>Ending</u>	<u>Beginning</u>			<u>Ending</u>	<u>for</u>	<u>Net</u>
	<u>balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>balance</u>	<u>balance</u>	<u>Amortization</u>	<u>Disposals</u>	<u>balance</u>	<u>impairment</u>	<u>balance</u>
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 system										
- 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

8.11 Goodwill and other intangible assets, net (Continued)

Unit : Million Baht

The Bank's Financial Statements

December 31, 2017

	<u>Cost</u>			<u>Accumulated amortization</u>				<u>Allowance</u>		
	<u>Beginning</u>			<u>Ending</u>	<u>Beginning</u>			<u>Ending</u>	<u>for</u>	<u>Net</u>
	<u>balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>balance</u>	<u>balance</u>	<u>Amortization</u>	<u>Disposals</u>	<u>balance</u>	<u>impairment</u>	<u>balance</u>
Right to use										
computer software										
- Cost	314.12	0.14	(0.20)	314.06	291.77	15.96	(0.17)	307.56	-	6.50
Computer system										
- Cost	708.04	19.72	(0.07)	727.69	661.56	29.31	(0.01)	690.86	(0.05)	36.78
Goodwill										
- Cost	90.00	-	-	90.00	19.50	-	-	19.50	(70.50)	-
Total	1,112.16	19.86	(0.27)	1,131.75	972.83	45.27	(0.18)	1,017.92	(70.55)	43.28

Unit : Million Baht

The Bank's Financial Statements

December 31, 2016

	<u>Cost</u>			<u>Accumulated amortization</u>				<u>Allowance</u>		
	<u>Beginning</u>			<u>Ending</u>	<u>Beginning</u>			<u>Ending</u>	<u>for</u>	<u>Net</u>
	<u>balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>balance</u>	<u>balance</u>	<u>Amortization</u>	<u>Disposals</u>	<u>balance</u>	<u>impairment</u>	<u>balance</u>
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 system										
- 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

8.12 Deferred tax assets and liabilities

Unit : Million Baht

Consolidated Financial Statements

	December 31, 2017	December 31, 2016
Deferred tax assets		
Allowance for doubtful accounts	26.80	25.82
Provision for long-term employee benefit reserve	2.21	-
Estimated loss from properties for sale	1.78	-
Deferred tax assets	<u>30.79</u>	<u>25.82</u>
Deferred tax liabilities		
Deferred commission expense	(2.68)	(2.33)
Revenue from financial lease	(0.10)	(0.07)
Deferred tax liabilities	<u>(2.78)</u>	<u>(2.40)</u>
Deferred tax assets, net	<u>28.01</u>	<u>23.42</u>

8.13 Receivables from transferring non-performing assets

The Bank receives payment for the assets transferred to IAM are a promissory note for 5 issues totaling Baht 22,605.66 million. The return on assets transfer is equal to net book value of assets as of December 31, 2016 use as a reference base for the transfer of assets at the contract date, with the average daily return rate of the Bank Payable before the last seven business days of the year. The amounts due for such promissory notes may be adjusted and/or decreased as agreed by the parties within six months from the date of transfer of the assets (June 29, 2017). The parties can improve their remuneration for asset transfer, asset list, the issuance of additional promissory notes and any other actions where there is an adjustment of the remuneration for the transfer of assets and/or the assets under the terms of the Asset Transfer Agreement. In the first two years from the date of signing the contract, Islamic Bank Asset Management Ltd. (IAM) does not have to pay principal. The details of the promissory note are as follows:

Unit : Million Baht

No.	Date of Issuance	Due date	Amount
1/2017	June 30, 2017	June 30, 2020	4,500.00
2/2017	June 30, 2017	June 30, 2021	4,500.00
3/2017	June 30, 2017	June 30, 2022	4,500.00
4/2017	June 30, 2017	June 30, 2023	4,500.00
5/2017	June 30, 2017	June 30, 2024	4,605.66
Total			<u>22,605.66</u>

8.13 Receivables from transferring non-performing assets (Continued)

As at December 28, 2017, the Bank has signed a credit facility agreement with Krung Thai Bank PCL credit line of Baht 10,000.00 million. The Bank pledged the rights under the promissory note of Islamic Bank Asset Management Ltd. (IAM) issued 4 promissory notes totaling to Baht 18,000.00 million, No. 1/2017, amounting to Baht 4,500.00 million, No. 2/2017, amounting to Baht 4,500.00 million, No. 3/2017, amounting to Baht 4,500.00 million and No. 4/2017, amounting to Baht 4,500.00 million.

As at December 31, 2017, the Bank recognizes accrued income receivable of Baht 210.27 million.

8.14 Other assets, net

	Unit : Million Baht			
	Consolidated Financial Statements		The Bank's Financial Statements	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
The Revenue Department receivable	0.77	0.89	0.77	0.89
Deposits	74.61	84.26	71.58	81.09
Less Allowance for impairment-deposits	(12.58)	-	(12.58)	-
Prepaid expenses	6.05	7.63	3.93	5.34
Building Leasehold	2.21	3.54	2.21	3.54
Non-accrual receivable and judgment debtors	365.74	308.70	-	-
Less Allowance for doubtful accounts	(331.89)	(276.83)	-	-
Other accrued income	6.64	4.27	6.64	4.27
Less Allowance for impairment-accrual income	(0.80)	-	(0.80)	-
Account receivable under investigation	45.35	38.93	45.35	38.93
Less Allowance for doubtful accounts	(45.35)	(32.93)	(45.35)	(32.93)
Advance payment to receivable	172.32	252.41	172.32	252.41
Less Allowance for advance payment to receivable	(162.86)	(217.54)	(162.86)	(217.54)
Debtors of The Legal Execution Department	77.07	-	77.07	-
Less Account receivables debtors of The Legal Execution Department	(4.92)	-	(4.92)	-
Others	91.40	49.40	70.46	42.43
Less Allowance for impairment-other assets	(37.90)	-	(36.31)	-
Total	245.86	222.73	187.51	178.43

8.15 Deposits

8.15.1 Classified by product type

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
At call	504.10	362.23	507.77	362.91
Saving	17,675.24	19,065.67	17,698.16	19,114.73
Term deposits				
Less than 6 months	5,031.46	5,083.00	5,031.46	5,083.00
6 months - 1 year	8,470.02	18,341.31	8,470.02	18,341.31
More than 1 year	53,532.18	50,596.13	53,532.18	50,596.13
Total	<u>85,213.00</u>	<u>93,448.34</u>	<u>85,239.59</u>	<u>93,498.08</u>

8.15.2 Classified by remaining maturity of deposits

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Less than 1 year	82,594.84	83,789.11	82,621.43	83,838.85
More than 1 year	2,618.16	9,659.23	2,618.16	9,659.23
Total	<u>85,213.00</u>	<u>93,448.34</u>	<u>85,239.59</u>	<u>93,498.08</u>

8.15.3 Classified by currency and residence of depositors

Unit : Million Baht

Consolidated Financial Statements

	<u>December 31, 2017</u>			<u>December 31, 2016</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	85,211.21	1.79	85,213.00	93,427.28	21.06	93,448.34
Total	<u>85,211.21</u>	<u>1.79</u>	<u>85,213.00</u>	<u>93,427.28</u>	<u>21.06</u>	<u>93,448.34</u>

Unit : Million Baht

The Bank's Financial Statements

	<u>December 31, 2017</u>			<u>December 31, 2016</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Thai Baht	85,237.80	1.79	85,239.59	93,477.02	21.06	93,498.08
Total	<u>85,237.80</u>	<u>1.79</u>	<u>85,239.59</u>	<u>93,477.02</u>	<u>21.06</u>	<u>93,498.08</u>

8.16 Interbank and money market items, net (liabilities)

Unit : Million Baht

Consolidated Financial Statements

	<u>December 31, 2017</u>			<u>December 31, 2016</u>		
	<u>At call</u>	<u>Term</u>	<u>Total</u>	<u>At call</u>	<u>Term</u>	<u>Total</u>
Domestic items						
Bank of Thailand	-	102.98	102.98	-	354.81	354.81
Commercial bank	4.55	1,000.00	1,004.55	-	-	-
Specialized financial institutions	-	743.09	743.09	-	833.35	833.35
Other financial institutions	1,564.30	473.36	2,037.66	1,145.24	1,069.95	2,215.19
Total	<u>1,568.85</u>	<u>2,319.43</u>	<u>3,888.28</u>	<u>1,145.24</u>	<u>2,258.11</u>	<u>3,403.35</u>

Unit : Million Baht

The Bank's Financial Statements

	<u>December 31, 2017</u>			<u>December 31, 2016</u>		
	<u>At call</u>	<u>Term</u>	<u>Total</u>	<u>At call</u>	<u>Term</u>	<u>Total</u>
Domestic items						
Bank of Thailand	-	102.98	102.98	-	354.81	354.81
Commercial bank	-	1,000.00	1,000.00	-	-	-
Specialized financial institutions	-	743.09	743.09	-	833.35	833.35
Other financial institutions	1,564.30	473.36	2,037.66	1,125.24	1,069.95	2,195.19
Total	<u>1,564.30</u>	<u>2,319.43</u>	<u>3,883.73</u>	<u>1,125.24</u>	<u>2,258.11</u>	<u>3,383.35</u>

8.17 Provisions

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Provision for decommissioning costs	0.56	8.10	0.56	8.10
Provision for short-term employee benefit contingent	16.59	19.09	16.59	19.09
Provision for lawsuit files	26.46	55.33	26.46	55.33
Provision caused by non-performing assets	453.26	46.50	453.26	46.50
Provision for post-employment benefit contingent	182.24	149.71	171.20	142.04
Provision for return of government project financing	6.96	17.18	6.96	17.18
Others provision	17.23	-	17.23	-
Total	<u>703.30</u>	<u>295.91</u>	<u>692.26</u>	<u>288.24</u>

As at December 31, 2017 and 2016, the Bank had provision caused by a lawsuit filed and provision caused by non-performing assets of Baht 479.72 million and Baht 101.83 million, respectively. This includes contingent liabilities caused by provision from bank guarantee totaled Baht 404.99 million and Baht 85.90 million, respectively as stated in note 8.22.1. In this period, the Bank has made an estimation of the contingent liabilities from the risks and uncertainties. Caution has been used in order to determine the possibilities, from news appears by the media, from litigation between debtors and beneficiary and litigation period.

As at December 31, 2017, the Bank has a contingent liability in respect of transfer of non-performing assets to IAM. The Bank expects to pay its obligations under the transferred assets for more than 2 years from the date of transfer of assets amounting to Baht 453.26 million, including fine and court cost of Baht 48.27 million.

8.17 Provisions (Continued)

Provision according to post-employment benefit obligations

The Bank has established post-employment benefit plans in accordance with the State Enterprise Labor Relations Act B.E. 2543 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 years ended December 31, 2017 and 2016 were as follows:

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Beginning provision according to				
post-employment benefit obligations	149.71	123.09	142.04	116.74
Current service cost	32.03	27.64	30.79	26.24
Financial cost	4.24	3.38	4.02	3.20
Benefit paid	(6.21)	(4.93)	(5.65)	(4.02)
Recognized from other comprehensive income :				
Profit (loss) using actuarial calculation estimation				
Caused by changes in demographic assumption	2.19	0.53	-	(0.12)
Caused by changes in financial assumption	(0.17)	-	-	-
Caused by improvement from experience	0.45	-	-	-
Ending provision according to				
post-employment benefit obligations	<u>182.24</u>	<u>149.71</u>	<u>171.20</u>	<u>142.04</u>

Amounts recognized in the statements of comprehensive income in respect of the post-employment benefit plans for the years ended December 31, 2017 and 2016 were as follows:

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Current service costs	32.03	27.64	30.79	26.24
Finance costs	4.24	3.38	4.02	3.20

8.17 Provisions (Continued)

Principal actuarial assumptions used to calculate the defined benefit obligations for the years ended December 31, 2017 and 2016 were as follows:

	<u>Consolidated and The Bank's Financial Statements</u>	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Discount rate	2.19% - 3.04%	2.86%
Salary increase rate	3.11% - 5.00%	5.00%
Turnover average rate	0% - 19%	0% - 14%

Sensitivity analysis of principal actuarial assumptions as at December 31, 2017 and 2016 are as follows:

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
<u>Change in post-employment benefits</u>				
Increase in discount rate by 0.50% – 1.00%	(17.31)	(14.77)	(17.03)	(14.61)
Decrease in discount rate by 0.50% – 1.00%	20.24	17.34	19.95	17.18
Increase in salary average rate by 0.50% – 1.00%	21.85	17.16	21.59	17.01
Decrease in salary average rate by 0.50% – 1.00%	(18.95)	(14.91)	(18.70)	(14.77)
Increase in turnover average rate by 0.50% – 1.00%	(18.50)	(15.66)	(18.24)	(15.66)
Decrease in turnover average rate by 0.50% – 1.00%	13.73	11.78	13.47	11.78

8.18 Other liabilities

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
The Revenue Department payable	43.24	29.44	12.05	19.95
Suspense accounts creditors	65.15	26.82	65.15	26.82
Suspense cheque clearing	51.08	70.62	51.08	70.62
Inter-branch accounts (liabilities)	1.56	12.88	1.56	12.88
Others	101.51	112.52	90.57	92.45
Total	<u>262.54</u>	<u>252.28</u>	<u>220.41</u>	<u>222.72</u>

8.19 Share capital and discount on share capital

As at December 31, 2017 and 2016, 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 majors of shareholders.

	<u>December 31, 2017</u>					
	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

8.19 Share capital and discount on share capital (Continued)

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

8.19 Share capital and discount on share capital (Continued)

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.

According to the Extraordinary General Meeting of Shareholders No. 1/2017 held on March 30, 2017, the shareholders passed a resolution approving the capital increase as follows:

1. Cancel the capital increase of the Bank for unallocated amount of Baht 6,181 million.
2. Approved the transfer of legal reserve of Baht 473.01 million to offset the deficit in the Bank's financial statements.
3. Approved the reduction of the registered capital of the Bank of Baht 102,665.49 million from Baht 102,768.26 million to Baht 102.77 million by reducing the par value of Baht 10 each to 1 Satang as proposed. The Ministry of Finance has approved the capital reduction of the Bank.
4. Approved the increase of the registered capital of the Bank of Baht 18,100.00 million by issuing new ordinary shares of 1,810,000.00 million shares at a par value of 1 Satang per share as proposed.
5. Approved the allotment of new ordinary shares to existing shareholders in proportion to their shareholding (Right Offering).

Currently, the Minister of Finance is considering.

8.20 Warrants

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 (AMANA-WA) at no cost. Details of the warrants are as follows:

Date of issuance	Determined by Board of Directors
Given amount (unit)	20,000,000 (maximum)
Contract period	5 years (maximum), started from the date of warrant issued
Conversion date	Last working day of June and December in each year through the warrant period
Exercise price (Baht) per 1 common stock	1 st year = Baht 1.00 2 nd year = Baht 1.10 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 used in model are such as share price at the pricing date which is Baht 0.67, exercise price Baht is 1.20, expected variance is 37.85%, expected dividend ratio is 0.00%, contract period is 5 years, and risk-free rate is 2.01%.

8.20 Warrants (Continued)

As at December 31, 2017, warrants issued by the Bank is as follows:

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

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

Warrant type	Number of warrants			
	Number of warrants as at January 4, 2017	Number of warrants claimed during the year	that out of dated/canceled during the year	Remaining warrant as at December 31, 2017
AMANAH-WA	20,000,000	(2,178,409)	(1,921,440)	15,900,151

Amanah Leasing Public Company Limited has canceled the issuance of warrants to purchase the Company's ordinary shares that allocated to directors and employees of the Company (AMANAH-WA). As of December 31, 2017, there were 1,921,440 units of accumulated warrants since the employees resign which is not following the conditions for receiving the warrants.

During the year ended December 31, 2017, Amanah Leasing Public Company Limited recorded expenses for the AMANAH-WA project of Baht 0.6 million which included in employee expenses.

8.21 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.

8.22 Contingent liabilities and other obligations

8.22.1 Contingent liabilities

Unit : Million Baht

Consolidated Financial Statements

	December 31, 2017			December 31, 2016		
	Foreign		Total	Foreign		Total
	Baht	currency		Baht	currency	
Aval to bills	157.87	-	157.87	147.06	-	147.06
Liability under Bills of Exchange						
Unmatured import bills	-	-	-	-	15.51	15.51
Letters of credit	-	6.33	6.33	-	15.13	15.13
Other contingencies						
Other guarantees	1,681.51	-	1,681.51	1,982.20	-	1,982.20
Unused credit facilities	1,427.38	-	1,427.38	2,523.31	-	2,523.31
Unused overdraft limit	578.92	-	578.92	605.72	-	605.72
Others	5.02	5.45	10.47	0.24	74.07	74.31
Total other contingencies	3,692.83	5.45	3,698.28	5,111.47	74.07	5,185.54
Total	3,850.70	11.78	3,862.48	5,258.53	104.71	5,363.24

Unit : Million Baht

The Bank's Financial Statements

	December 31, 2017			December 31, 2016		
	Foreign		Total	Foreign		Total
	Baht	currency		Baht	currency	
Aval to bills	157.87	-	157.87	147.06	-	147.06
Liability under Bills of Exchange						
Unmatured import bills	-	-	-	-	15.51	15.51
Letters of credit	-	6.33	6.33	-	15.13	15.13
Other contingencies						
Other guarantees	1,679.28	-	1,679.28	1,976.60	-	1,976.60
Unused credit facilities	1,307.38	-	1,307.38	2,703.31	-	2,703.31
Unused overdraft limit	513.47	-	513.47	535.72	-	535.72
Others	5.02	5.45	10.47	0.24	74.07	74.31
Total other contingencies	3,505.15	5.45	3,510.60	5,215.87	74.07	5,289.94
Total	3,663.02	11.78	3,674.80	5,362.93	104.71	5,467.64

As at December 31, 2017 and 2016, the Bank has a contingent liability from other guarantee amounting to Baht 1,679.28 million and Baht 1,976.60 million, respectively. The amount included other guarantee reserved for the disruption by recognizing as a provision for liability amounting to Baht 404.99 million and Baht 85.90 million respectively as stated in Note 8.17.

8.22.2 Other contingent liabilities

As at December 31, 2017 and 2016, the Bank has a contingent liability from numbers of lawsuit filed in the amount in dispute of Baht 20.14 million and Baht 318.52 million, respectively. The cases are under the court's judicial proceeding.

8.23 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 BOT guidelines to related parties similar to financing to normal debtors.

As at December 31, 2017 and 2016, 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, 2017</u>	<u>December 31, 2016</u>
Statements of Financial Position			
Financing and accrued income			
Amanah Leasing Public Company Limited	Subsidiary	1,840.70	1,711.34
Deposits			
Amanah Leasing Public Company Limited	Subsidiary	26.58	49.74
Trade account payables			
Amanah Leasing Public Company Limited	Subsidiary	0.77	1.06

		Unit : Million Baht	
		<u>The Bank's Financial Statements</u>	
		<u>For the Year Ended</u>	
		<u>December 31, 2017</u>	<u>December 31, 2016</u>
Statements of Comprehensive Income			
Financial incomes			
Amanah Leasing Public Company Limited	Subsidiary	68.22	53.99
Building and equipment expenses			
Amanah Leasing Public Company Limited	Subsidiary	10.64	16.03

8.23 Disclosure of related party transactions (Continued)

As at December 31, 2017 and 2016, 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, 2017	December 31, 2016
Executive from the Vice President level and above		
Financing	30.59	38.46
Allowance for doubtful accounts	2.52	2.97
Deposits	28.95	38.14
Family members inclose contact with persons specified		
Financing	0.85	0.98
Allowance for doubtful accounts	0.85	0.02
Deposits	1.02	1.19

8.24 Other benefits paid to directors and persons with managing authority

As at December 31, 2017, 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 2.15 million and post-employment benefit of Baht 25.57 million.

8.25 Long-term leases

Unit : Million Baht								
Consolidated and The Bank's Financial Statements								
	December 31, 2017				December 31, 2016			
	With in 1 year	From 1-5 years	Over 5 years	Total	With in 1 year	From 1-5 years	Over 5 years	Total
Building	150.90	127.65	5.75	284.30	159.19	202.29	6.90	368.38
Equipment	3.58	4.34	-	7.92	0.30	-	-	0.30
Vehicle	4.40	7.53	-	11.93	6.68	11.94	-	18.62
Service	17.69	2.82	-	20.51	12.78	10.41	-	23.19
	<u>176.57</u>	<u>142.34</u>	<u>5.75</u>	<u>324.66</u>	<u>178.95</u>	<u>224.64</u>	<u>6.90</u>	<u>410.49</u>

8.26 Financial income

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Financing	2,504.60	3,418.69	2,564.84	3,463.22
Interbank and money market items	99.78	132.17	99.31	131.98
Hire-purchases and finance leases	432.10	311.79	19.99	51.08
Investments and others	70.71	110.34	70.71	110.34
Total financial income	<u>3,107.19</u>	<u>3,972.99</u>	<u>2,754.85</u>	<u>3,756.62</u>

8.27 Financial expenses

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Compensation on deposits	1,377.18	1,787.70	1,377.18	1,787.70
Interbank and money market items	42.20	52.79	42.17	52.79
Remittance to specialized financial institutions				
development fund	227.25	179.89	227.25	179.89
Borrowing fees	-	0.24	-	-
Total financial expenses	<u>1,646.63</u>	<u>2,020.62</u>	<u>1,646.60</u>	<u>2,020.38</u>

As at December 31, 2017, the Bank estimated the remittance to specialized financial institutions fund according to the Specialized Financial Institutions Act B.E. 2558 for the period July 1, 2017 to December 31, 2017, remaining to re-pay amounting to Baht 112.87 million.

8.28 Fees and service income, net

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Fees and service income				
Front end fees	26.53	20.50	26.53	20.50
Penalty charges *	57.16	91.23	57.16	91.23
Others	144.58	119.93	93.47	75.35
Total fees and service income	228.27	231.66	177.16	187.08
Fees and service expenses	(21.89)	(22.68)	(21.89)	(22.68)
Fees and service income, net	206.38	208.98	155.27	164.40

* Income from penalty charge, the Bank recognized as an income in accordance with the accounting standard that the Federation of Accounting Professions (FAP) prescribed and the response letter 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 charge 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 can not 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 can not recognize as income of the Bank after deduct the opportunity cost and losses from financing of the Bank for the year 2017 and 2016, regarding the resolution of the meeting No. 1/2018 dated January 25, 2018 and No. 3/2017 dated February 23, 2017 respectively, also the Bank will consider to donate money for common wealth once a year, summarized as follows:

Unit : Million Baht

	<u>The Bank's Financial Statements</u>	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Shariah-noncompliant income		
Penalty fees	57.16	91.23
Penalty fees from public service account	1.23	1.53
Shariah-noncompliant transactions	-	0.01
Total Shariah-noncompliant income	58.39	92.77
Opportunity cost		
<u>Less</u> Average cost of deposit	(1.07)	(1.92)
Damage from credit		
<u>Less</u> Expenses related to debt collection	(80.86)	(77.01)
Losses from debt restructuring	-	(184.44)
Total Opportunity cost and damage from credit	(81.93)	(263.37)
Opportunity cost and damage are higher than Shariah-noncompliant income	(23.54)	(170.60)

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

Unit : Million Baht

Consolidated and The Bank's Financial Statements

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Gains on foreign exchange rate, net	5.70	6.53
Total	<u>5.70</u>	<u>6.53</u>

8.30 Gains (losses) on investments, net

Unit : Million Baht

Consolidated Financial Statements

The Bank's Financial Statements

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Gains from sales available for sale	3.21	-	3.21	-
Total	<u>3.21</u>	<u>-</u>	<u>3.21</u>	<u>-</u>
Losses from impairment of investment (Reversal)				
Investment in subsidiaries and associates	9.38	-	-	-
Investment in hire-purchase receivable				
according to judgement	(0.11)	(0.32)	(0.11)	(0.32)
Total	<u>9.27</u>	<u>(0.32)</u>	<u>(0.11)</u>	<u>(0.32)</u>
Grand Total	<u>12.48</u>	<u>(0.32)</u>	<u>3.10</u>	<u>(0.32)</u>

8.31 Other operating income

Unit : Million Baht

Consolidated Financial Statements

The Bank's Financial Statements

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Dividend income	8.41	4.90	8.41	4.90
Gains on disposal of properties for sale	0.31	-	0.31	-
Other income - from hire-purchase financing	13.89	8.17	13.89	8.17
Income from insurance on hire-purchase business	0.20	0.59	0.20	0.59
Other income	36.99	32.92	5.24	12.61
Total	<u>59.80</u>	<u>46.58</u>	<u>28.05</u>	<u>26.27</u>

8.32 Other expenses

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Sales promotion expenses	13.72	16.17	11.20	12.05
Professional service fees	40.19	48.38	36.83	45.00
Losses on impairment of other assets	82.02	216.60	82.02	216.60
Losses from reserve account receivables under investigation	12.41	-	12.41	-
Losses on provision	395.12	55.43	395.12	55.43
Losses on discontinued, disposal of assets and other losses on properties for sale	40.98	106.52	1.97	41.98
Security guard service fees	20.30	14.23	20.30	14.23
Transportation expenses	20.72	23.06	20.72	23.06
Office supplies	22.76	21.91	20.39	18.76
Labor costs	9.07	7.36	9.07	7.36
Entertainment expenses and public charity	4.60	5.37	4.56	5.36
Training and membership fees	4.99	6.32	4.83	5.88
Cash shipping fees	12.82	12.70	12.82	12.70
Others	47.16	67.55	31.28	53.09
<u>Less</u> Cost allocation from public service account	<u>(60.88)</u>	<u>(111.26)</u>	<u>(60.88)</u>	<u>(111.26)</u>
Total	<u>665.98</u>	<u>490.34</u>	<u>602.64</u>	<u>400.24</u>

8.33 Bad debts and doubtful accounts

Unit : Million Baht

	<u>Consolidated Financial Statements</u>		<u>The Bank's Financial Statements</u>	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Financing	3,254.34	413.13	3,230.06	458.93
Reversal in financing to				
public service account	(24.07)	(0.19)	(24.07)	(0.19)
Interbank and money market items (Reversal)	37.22	(0.05)	37.22	(0.05)
Surplus reserve (Reversal)	(871.94)	2,424.07	(888.73)	2,441.98
Bad debts	3.81	26.65	3.81	4.86
Losses on troubled debt restructuring (Reversal)	(157.58)	206.56	(157.58)	206.56
Losses on troubled debt restructuring				
from public service account (Reversal)	(1.48)	1.48	(1.48)	1.48
Bad debt recoveries	(4.41)	(1.27)	-	-
Others	72.52	27.70	-	-
Total	<u>2,308.41</u>	<u>3,098.08</u>	<u>2,199.23</u>	<u>3,113.57</u>

8.34 Public service accounts

8.34.1 Summary of public service account

Unit : Million Baht

Consolidated and The Bank's Financial Statements

<u>Assets and Liabilities</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
<u>Assets</u>		
Financing to public service account		
and financial accrued income, net	372.67	663.12
Receivable eligible for government reimbursement	-	-
Total assets	<u>372.67</u>	<u>663.12</u>
<u>Liabilities</u>		
Public service account payable	-	-
Total liabilities	<u>-</u>	<u>-</u>

Unit : Million Baht

Consolidated and The Bank's Financial Statements

<u>Income and expenses</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Revenue from public service account	115.28	131.63
<u>Less</u> Expenses from public service account	556.03	664.80
<u>Less</u> Impairment of public service account (Reversal)	(25.55)	1.29
Net loss	<u>(415.20)</u>	<u>(534.46)</u>

8.34.2 Financing to public service account

Unit : Million Baht

Consolidated and The Bank's Financial Statements

For the year ended

<u>Projects</u>	<u>Project Summary</u>	<u>Duration</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Financing for promoting entrepreneurs providing public transportation in 5 southern provinces project (Cabinet's resolution June 29, 2010)	Financing for promoting entrepreneurs providing public transportation in 5 southern provinces project which the government pass a Cabinet resolution to compensate the margin variance.	2010-2022	177.25	457.70
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	564.44	755.52
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 that flood or wind damage 2010.	2011-2015	589.26	606.30
Total			1,330.95	1,819.52

Financing to public service account amounting to Baht 1,330.95 million and Baht 1,819.52 million excluded deferred revenue amounting to Baht 3.67 million and 13.29 million, respectively.

8.34.3 Financing classification and provision for public service account

Unit : Million Baht

Consolidated and The Bank's Financial Statements

December 31, 2017

	Number of	Financing	Collateral	Percentage of	Minimum
	<u>debtor</u>		<u>Value *</u>	<u>allowance for</u>	<u>allowance for</u>
				<u>doubtful accounts</u>	<u>doubtful accounts</u>
Normal	3,120	225.15	59.62	1	1.66
Special Mention	449	148.01	115.90	2	0.64
Sub-Standard	384	14.85	-	100	14.85
Doubtful	477	16.22	-	100	16.25
Doubtful loss	25,548	926.72	1.48	100	926.51
Total **	<u>29,978</u>	<u>1,330.95</u>	<u>177.00</u>		<u>959.91</u>

Unit : Million Baht

Consolidated and The Bank's Financial Statements

December 31, 2016

	Number of	Financing	Collateral	Percentage of	Minimum
	<u>debtor</u>		<u>Value *</u>	<u>allowance for</u>	<u>allowance for</u>
				<u>doubtful accounts</u>	<u>doubtful accounts</u>
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 **	<u>36,019</u>	<u>1,819.52</u>	<u>180.98</u>		<u>1,157.71</u>

* Subsidiary use outstanding balance before deduction of collateral in calculation of allowance of account for hire-purchase receivable classified as doubtful and doubtful loss.

** Total financing net of deferred revenue.

8.34.4 Revenue from public service account

Unit : Million Baht

Consolidated and the Bank's Financial Statements

<u>Items</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Revenue from public service account		
Financial revenue from public service account	25.09	32.23
Fee and service income from public service account	66.77	63.97
Other revenue from public service account	1.23	1.53
Compensation for public service account		
Compensation for operation expenses or management expenses for public service account	22.19	33.90
Total	<u>115.28</u>	<u>131.63</u>

8.34.5 Expenses from public service account

Unit : Million Baht

Consolidated and the Bank's Financial Statements

<u>Items</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Financial cost from public service account	28.99	40.68
Operating expenses from public service account	437.74	439.94
Other expenses from public service account	89.30	184.18
Total	<u>556.03</u>	<u>664.80</u>

8.35 Transfer of non-performing assets to Islamic Bank Asset Management Ltd. (IAM)

On June 29, 2017, the Bank made an asset transfer agreement with IAM. The assets transferred to non-Muslim assets at the cut off date are excluded from welfare benefits for employees of the Bank and a loan program to assist independent retailers affected by the flood and storm 2010 (PSA). Asset transfer is scheduled on December 31, 2016. The transfer date is June 30, 2017, using the outstanding balance as at June 29, 2017. The details of the transfer are as follows:

Unit: Million Baht

Transaction	Accrued income		Collateral used in		Allowance	
	Remained	less than 3 months	allowance for doubtful	for	Allowance	Net
	capital/	for	accounts calculation/	doubtful	for	book
	capital price	normal debtors	appraisal cost	accounts	impairment	value
Financing - Bank transactions	48,902.67	0.80	22,143.69	26,758.98	-	22,144.49
Financing - Public service account	172.87	-	-	172.87	-	-
Investment in Finansia debtors	13.50	-	-	-	13.50	-
Properties for sale - real estate	253.55	-	446.38	-	0.26	253.29
Properties for sale - movable property	1.73	-	1.93	-	0.15	1.58
Total	49,344.32	0.80	22,592.00	26,931.85	13.91	22,399.36

The transferee agrees to pay the transfer fee amounting to Baht 22,605.66 million. The transaction waiting for the promissory note of Baht 206.30 million from the difference between the net book value as at December 31, 2016 and as at June 29, 2017 (Note 8.13).

As at December 31, 2017, the Bank paid the outstanding debt of Baht 8.52 million as collateral against the debtors. The Bank and IAM transfers the assets back to the Bank within the specified audit period. Pending payment of promissory notes as follows:

Unit : Million Baht

		Accrued income	Collateral used in	Allowance	
	Remained	less than 3 months	allowance for doubtful	for	Net
	capital/	for	accounts calculation/	doubtful	book
Transaction	capital price	normal debtors	appraisal cost	debtors	value
Financing - Bank transactions					
Transfer in	12.50	-	-	12.50	-
Transfer back	(39.04)	(0.08)	(18.20)	(20.84)	(18.28)
Financing - Public service account					
Transfer in	1.31	-	-	1.31	-
Transfer back	(0.44)	-	(0.01)	(0.43)	(0.01)
Total	(25.67)	(0.08)	(18.21)	(7.46)	(18.29)

8.35 Transfer of non-performing assets to Islamic Bank Asset Management Ltd. (IAM) (Continued)

The transfer of assets does not include expenses and advances paid by the Bank to the debtor prior the transfer date. The transferee is responsible for all expenses related to asset management, including fees and expenses related to the assets that have occurred since the transfer of assets.

9. Approval of the financial statements

The financial statements were approved to be issued by the Board of Directors on March 20, 2018

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ธนาคารอิสลาม แห่งประเทศไทย

ISLAMIC BANK OF THAILAND • بنك الإسلام في تايلاند

66 Q House Asoke

Class B, M, 12, 14, 17, 18, 20-23.

Sukhumvit 21 (Asoke) Road Nua,

Wattana, Bangkok 10110.

Tel : 0-2650-6999  : ibank.th

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 www.ibank.co.th

