

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
AND FINANCIAL STATEMENTS
EXPORT – IMPORT BANK OF THAILAND
FOR THE THREE-MONTH PERIOD AND SIX-MONTH PERIOD ENDED JUNE 30, 2018
(TRANSLATION)

(TRANSLATION)

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO : MINISTER OF FINANCE

The State Audit Office of the Kingdom of Thailand has reviewed the statement of financial position of the Export-Import Bank of Thailand, as at June 30, 2018, and the statement of profit or loss and other comprehensive income for the three-month and six-month period ended June 30, 2018, changes in equity and cash flows for the six-month period then ended, and the condensed notes to the financial statements. The Bank's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34: Interim Financial Reporting. The responsibility of the State Audit Office of the Kingdom of Thailand is to express a conclusion on this interim financial information based on the review.

Scope of review

The State Audit Office of the Kingdom of Thailand conducted the review in accordance with Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable the State Audit Office of the Kingdom of Thailand to obtain assurance that the State Audit Office of the Kingdom of Thailand would become aware of all significant matters that might be identified in an audit. Accordingly, the State Audit Office of the Kingdom of Thailand does not express an audit opinion.

Conclusion

Based on the review, nothing has come to the attention that causes the State Audit Office of the Kingdom of Thailand to believe that the interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34: Interim Financial Reporting.

(Signed) *Thurdpong Pongsaksri*

(Mr. Thurdpong Pongsaksri)

Director of Financial and

Procurement Audit Office No.3

(Signed) *Atinuch Thienchaiwattana*

(Mrs. Atinuch Thienchaiwattana)

Auditor, Senior Professional Level

EXPORT-IMPORT BANK OF THAILAND
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

		Unit : Thousand Baht	
	Notes	June 30, 2018 "Unaudited" "Reviewed"	December 31, 2017 "Audited"
<u>Assets</u>			
Cash		243	1,177
Interbank and money market items, net	6.2	4,170,562	2,004,154
Derivatives assets	6.3	379,940	347,994
Investments, net	6.4	2,249,698	2,478,194
Loans to customers and accrued interest receivables, net	6.5		
Loans to customers		96,477,451	88,600,613
Accrued interest receivables		289,512	249,957
Total loans to customers and accrued interest receivables		96,766,963	88,850,570
<u>Less</u> Deferred revenue		(2,251)	(2,416)
<u>Less</u> Allowance for doubtful accounts	6.6	(8,553,743)	(7,816,566)
<u>Less</u> Revaluation allowance for debt restructuring	6.7	(154,331)	(99,244)
Total loans to customers and accrued interest receivables, net		88,056,638	80,932,344
Loans to customers from public service account and accrued interest receivables, net			
Loans to customers from public service account			
Portion that is not subject to government compensation for damages		-	3,285,266
Accrued interest receivables from public service account			
Portion that is not subject to government compensation for damages		-	1,463
Total loans to customers from public service account and accrued interest receivables		-	3,286,729
<u>Less</u> Allowance for doubtful accounts from public service account		-	(32,853)
Total loans to customers from public service account and accrued interest receivables, net		-	3,253,876
Receivables eligible for government reimbursement	6.30.2	1,230	3,548
Properties for sale, net	6.8	531,324	804,743
Premises and equipment, net	6.9	812,219	818,669
Intangible assets, net	6.10	78,919	79,192
Reinsurance assets	6.11	187,010	121,178
Prepaid expenses		50,768	44,320
Other assets, net	6.12	11,014	11,593
Total assets		96,529,565	90,900,982

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

EXPORT-IMPORT BANK OF THAILAND
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT JUNE 30, 2018

		Unit : Thousand Baht	
	<u>Notes</u>	<u>June 30, 2018</u>	<u>December 31, 2017</u>
		<u>"Unaudited"</u>	<u>"Audited"</u>
		<u>"Reviewed"</u>	
<u>Liabilities and Equity</u>			
Deposits	6.13	28,864,757	22,381,023
Interbank and money market items, net	6.14	16,667,360	16,107,643
Liabilities payable on demand		117,624	471,351
Derivatives liabilities	6.3	306,376	83,402
Debt issued and borrowings	6.15	28,137,035	30,183,565
Provisions	6.16	235,062	233,593
Accrued interest payables		333,193	279,170
Provision for insurance service		334,758	265,060
Other liabilities	6.17	692,663	551,771
Total liabilities		75,688,828	70,556,578
Equity			
Capital	6.18	12,800,000	12,800,000
Paid-up capital		12,800,000	12,800,000
Other components of equity		(188)	483
Retained earnings			
Appropriated			
Legal reserve		7,183,000	6,502,000
Unappropriated		857,925	1,041,921
Total Equity		20,840,737	20,344,404
Total liabilities and equity		96,529,565	90,900,982

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

(Miss Suttirat Rattanachot)

Chairman

(Mr. Pisit Serewiwattana)

President

"Unaudited"

"Reviewed"

EXPORT-IMPORT BANK OF THAILAND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2018

	Unit : Thousand Baht	
	<u>2018</u>	<u>2017</u>
Interest income	1,193,849	967,262
Interest expenses	356,698	250,868
Interest income, net	837,151	716,394
Fees and service income	100,851	88,859
Fees and service expenses	28,856	20,342
Fees and service income, net	71,995	68,517
Gains (Losses) on tradings and foreign exchange transactions, net	(15,827)	24,060
Gains (Losses) on investments, net	22,925	(101)
Other operating income	152,082	1,618
Income from public service account	-	65,443
Total operating income	1,068,326	875,931
Other operating expenses		
Employee's expenses	225,032	176,218
Directors' remuneration	1,832	1,510
Premises and equipment expenses	16,153	13,237
Losses on claims and provision for insurance service	27,490	40,409
Losses on impairment of properties for sale	10,738	1,584
Others	53,097	74,992
Total other operating expenses	334,342	307,950
Expenses from public service account	-	34,328
Impairment loss of loans and debt securities	358,508	227,446
Net profit	375,476	306,207
Other comprehensive income (losses)		
Item that will be reclassified subsequently to profit or loss		
Gains (Losses) on remeasuring available-for-sale securities	(295)	(564)
Total net other comprehensive income (losses)	(295)	(564)
Total comprehensive income	375,181	305,643

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

(Miss Suttirat Rattanachot)

Chairman

(Mr. Pisit Serewiwattana)

President

"Unaudited"

"Reviewed"

EXPORT-IMPORT BANK OF THAILAND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
		Unit : Thousand Baht	
Interest income	6.24	2,308,123	1,877,491
Interest expenses	6.25	647,447	488,243
Interest income, net		1,660,676	1,389,248
Fees and service income		167,469	159,309
Fees and service expenses		47,978	35,579
Fees and service income, net	6.26	119,491	123,730
Gains (Losses) on tradings and foreign exchange transactions, net	6.27	(11,978)	34,838
Gains (Losses) on investments, net	6.28	22,720	(658)
Other operating income		161,807	1,968
Income from public service account	6.30.3	30,538	133,720
Total operating income		1,983,254	1,682,846
Other operating expenses			
Employee's expenses		432,390	346,117
Directors' remuneration		3,740	3,112
Premises and equipment expenses		29,271	22,538
Losses on claims and provision for insurance service		41,474	51,849
Losses on impairment of properties for sale		10,836	1,963
Others		59,747	104,448
Total other operating expenses		577,458	530,027
Expenses from public service account	6.30.4	17,827	69,366
Impairment loss of loans and debt securities	6.29	633,865	415,747
Net profit		754,104	667,706
Other comprehensive income (losses)			
Item that will be reclassified subsequently to profit or loss			
Gains (Losses) on remeasuring available-for-sale securities		(671)	(805)
Total net other comprehensive income (losses)		(671)	(805)
Total comprehensive income		753,433	666,901

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

(Miss Suttirat Rattanachot)

Chairman

(Mr. Pisit Serewiwattana)

President

"Unaudited"

"Reviewed"

EXPORT-IMPORT BANK OF THAILAND
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018

Notes	Capital	Other Components of Equity	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total
		Revaluation Surplus (Deficit) on Investments			
					Unit : Thousand Baht
Balance as at January 1, 2017	12,800,000	1,288	5,850,000	976,152	19,627,440
Legal reserve	-	-	652,000	(652,000)	-
Remittance to the Ministry of Finance	-	-	-	(385,600)	(385,600)
Total comprehensive income	-	(805)	-	667,706	666,901
Balance as at June 30, 2017	<u>12,800,000</u>	<u>483</u>	<u>6,502,000</u>	<u>606,258</u>	<u>19,908,741</u>
Balance as at January 1, 2018	12,800,000	483	6,502,000	1,041,921	20,344,404
Legal reserve	-	-	681,000	(681,000)	-
Remittance to the Ministry of Finance	6.19	-	-	(257,100)	(257,100)
Total comprehensive income	-	(671)	-	754,104	753,433
Balance as at June 30, 2018	<u>12,800,000</u>	<u>(188)</u>	<u>7,183,000</u>	<u>857,925</u>	<u>20,840,737</u>

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

(Miss Suttirat Rattanachot)

Chairman

(Mr. Pisit Serewiwattana)

President

EXPORT-IMPORT BANK OF THAILAND
STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018

	Unit : Thousand Baht	
	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Net profit	754,104	667,706
Adjustments to reconcile net income to cash received (paid) from operating activities		
Depreciation and amortization	28,387	28,187
Bad debts and doubtful accounts	595,506	437,479
Loss (Reversal) on debt restructuring	74,168	1,823
(Gain) Loss on disposal of assets	(33)	521
Loss (Reversal) on impairment of properties for sale	10,836	1,963
Loss (Gain) on foreign currency translation	(551,675)	(48,552)
Derivative revaluation	41,796	(2,068)
Loss (Gain) on disposal of investments	(21,746)	(36)
Loss (Reversal) on impairment of investments	(974)	695
Amortization of premium (discount) on debt securities	4,149	(5,777)
Increase (Decrease) in provisions	1,468	8,848
Bad debts and provision for other receivables (reversal)	(10,356)	10,078
Loss on claims and provision for insurance service (reversal)	41,473	51,849
Decrease (Increase) in accrued income	34	3,265
Decrease (Increase) in other prepaid expenses	(5,777)	(14,432)
Increase (Decrease) in other accrued expenses	(17,486)	(24,743)
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	943,874	1,116,806
Interest income, net	(1,675,389)	(1,460,750)
Dividend income	(772)	(416)
Proceeds from interest income	2,288,117	1,991,852
Interest paid	(619,202)	(540,455)
Proceeds from dividend income	772	416
	<hr/>	<hr/>
Income from operations before changes in operating assets and liabilities	937,400	1,107,453
(Increase) Decrease in operating assets		
Interbank and money market items	(2,165,322)	(6,184,790)
Loans to customers, net	(3,188,681)	(4,264,062)
Properties for sale, net	269,903	1,414
Reinsurance assets	(41)	-
Other assets, net	(10,881)	(4,223)

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

EXPORT-IMPORT BANK OF THAILAND
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018

	Unit : Thousand Baht	
	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Increase (Decrease) in operating liabilities		
Deposits	6,401,286	7,625,414
Interbank and money market items	483,452	1,660,805
Liabilities payable on demand	(352,925)	216,476
Other liabilities	141,221	(36,714)
Net cash provided by (used in) operating activities	2,515,412	121,773
Cash flows from investing activities		
Purchases of held-to-maturity debt securities	(2,250,000)	(1,150,000)
Proceeds from redemption of held-to-maturity debt securities	2,450,000	1,200,903
Proceeds from disposal of general investments	46,390	27,601
Purchases of premises and equipment	(17,470)	(16,895)
Proceeds from disposal of premises and equipment	36	5,108
Purchases of intangible assets	(7,726)	(8,657)
Net cash provided by (used in) investing activities	221,230	58,060
Cash flows from financing activities		
Proceeds from debt issued and long-term borrowings	-	4,166,057
Repayments of debt issued and long-term borrowings	(2,480,476)	(3,963,648)
Remittance to the Ministry of Finance	(257,100)	(385,600)
Net cash provided by (used in) financing activities	(2,737,576)	(183,191)
Net increase (decrease) in cash and cash equivalents	(934)	(3,358)
Cash and cash equivalents at the beginning of the year	1,177	3,557
Cash and cash equivalents at the end of the year	243	199

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

(Miss Suttirat Rattanachot)

Chairman

(Mr. Pisit Serewiwattana)

President

EXPORT-IMPORT BANK OF THAILAND
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD AND SIX-MONTH PERIOD ENDED JUNE 30, 2018
(UNAUDITED/REVIEWED)

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EXPORT-IMPORT BANK OF THAILAND
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD AND SIX-MONTH PERIOD ENDED JUNE 30, 2018
(UNAUDITED/REVIEWED)

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EXPORT-IMPORT BANK OF THAILAND
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD AND SIX-MONTH PERIOD ENDED JUNE 30, 2018
(UNAUDITED/REVIEWED)

1. GENERAL INFORMATION

Export-Import Bank of Thailand (“the Bank”) was established by the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), which was amended by the Export-Import Bank of Thailand Act (No.2), 1999 (B.E. 2542), with the objective to provide financial supports for exports, imports and investment related to the development of the Thai economy. Its services include:

- export financing services provided through commercial banks;
- short-term and long-term credits provided directly to exporters;
- medium-term credits for export business expansion;
- short-term and medium-term credits to foreign banks to finance goods imported from Thailand;
- credit and equity financing to support Thai investments overseas that are beneficial to the country;
- export credit insurance services to Thai exporters;
- credits for overseas projects yielding economic returns to Thailand;
- investment insurance services for overseas investments of Thai investors who have been granted credit lines from the Bank; and
- stand-by claims purchase agreement services.

The Bank’s Head Office is located at 1193 Phaholyothin Road, Phayathai, Phayathai, Bangkok.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Preparation of the Financial Statements

The interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (Revised 2017): Interim Financial Reporting, covering the statement of financial position, statement of profit or loss and other comprehensive income, changes in equity and cash flows as those of annual financial statements and notes on only material item.

The interim financial statements are prepared to provide an update on the financial statements for the year ended December 31, 2017. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2017.

The financial statements are prepared in conformity with generally accepted accounting principles as prescribed in the Accounting Act, 2000 (B.E. 2543) and presented in accordance with the Notification, issued by the Bank of Thailand, No. SorKorSor. 1/2559 dated June 29, 2016 regarding the Preparation and Announcement of the Financial Statements of Specialized Financial Institutions.

2.2 The Revised Thai Financial Reporting Standards (TFRS)

2.2.1 The Bank has adopted the revised Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS) and TFRIC Interpretations (TFRIC), which are effective for the financial statements beginning on or after January 1, 2018 as follows:

Thai Financial Reporting Standards (TFRS)

TAS 1	(Revised 2017)	Presentation of Financial Statements
TAS 7	(Revised 2017)	Statement of Cash Flows
TAS 8	(Revised 2017)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10	(Revised 2017)	Events after the Reporting Period
TAS 16	(Revised 2017)	Property, Plant and Equipment
TAS 17	(Revised 2017)	Leases
TAS 18	(Revised 2017)	Revenue
TAS 19	(Revised 2017)	Employee Benefits
TAS 20	(Revised 2017)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21	(Revised 2017)	The Effects of Changes in Foreign Exchange Rates
TAS 24	(Revised 2017)	Related Party Disclosures
TAS 29	(Revised 2017)	Financial Reporting in Hyperinflationary Economies
TAS 34	(Revised 2017)	Interim Financial Reporting
TAS 36	(Revised 2017)	Impairment of Assets
TAS 37	(Revised 2017)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38	(Revised 2017)	Intangible Assets
TFRS 4	(Revised 2017)	Insurance Contracts
TFRS 13	(Revised 2017)	Fair Value Measurement

TFRIC Interpretations

TFRIC 7	(Revised 2017)	Applying the Restatement Approach under TAS29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	(Revised 2017)	Interim Financial Reporting and Impairment
TFRIC 21	(Revised 2017)	Levies

Adopting the revised TAS, TFRS and TFRIC mentioned above has no material impact on the Bank's financial statements.

2.2 The Revised Thai Financial Reporting Standards (TFRS) (Continued)

2.2.2 The Federation of Accounting Professions had issued Thai Financial Report Standards 15 (TFRS 15) Revenue from Contracts with Customers which is effective for the financial statements beginning on or after January 1, 2019. The Bank has considered the impact of TFRS 15 and determined that it will have no material impact on the Bank's financial statements in the period of initial adoption.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

As at June 30, 2018 and December 31, 2017, the Bank determines level of the fair value hierarchy of financial assets and financial liabilities as follows:

Unit : Million Baht

	<u>June 30, 2018</u>		
	<u>Fair Value</u>		<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	
Financial Assets			
Derivative assets			
- Exchange rate	-	197.52	197.52
- Interest rate	-	182.42	182.42
Available-for-sale securities	<u>0.88</u>	-	<u>0.88</u>
Total financial assets	<u>0.88</u>	<u>379.94</u>	<u>380.82</u>
Financial Liabilities			
Derivative liabilities			
- Exchange rate	-	259.57	259.57
- Interest rate	-	<u>46.81</u>	<u>46.81</u>
Total financial liabilities	<u>-</u>	<u>306.38</u>	<u>306.38</u>

3. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Unit : Million Baht

	<u>December 31, 2017</u>		
		<u>Fair Value</u>	
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial Assets			
Derivative assets			
- Exchange rate	-	122.55	122.55
- Interest rate	-	225.44	225.44
Available-for-sale securities	<u>1.55</u>	<u>-</u>	<u>1.55</u>
Total financial assets	<u>1.55</u>	<u>347.99</u>	<u>349.54</u>
Financial Liabilities			
Derivative liabilities			
- Exchange rate	-	27.07	27.07
- Interest rate	<u>-</u>	<u>56.33</u>	<u>56.33</u>
Total financial liabilities	<u>-</u>	<u>83.40</u>	<u>83.40</u>

Fair values are determined according to the following hierarchy :

Level 1 - quoted prices in active market for identical assets or liabilities.

Level 2 - value derived from valuation techniques for which the significant input used for the fair value measurement is directly or indirectly observable in the market.

Level 3 - value derived from valuation techniques for which the significant input used for the fair value measurement is unobservable in the market.

Level 2 fair values for derivatives are the prices based on market prices, broker or dealer quotations, prices of other similar transactions or prices derived by using a valuation technique incorporating observable market data adjusted with counterparty credit risk.

4. CAPITAL ADEQUACY UNDER THE MINISTERIAL REGULATIONS AND BASEL II STANDARD

4.1 Capital under the Ministerial Regulations

As at June 30, 2018, the Bank was able to maintain capital adequacy ratio (CAR) at 20.20%, exceeding the minimum capital adequacy ratio stipulated in the Ministerial Regulation (not less than 8.0%), and its capital to insurance service contingent liabilities ratio was at 96.39%, exceeding the minimum capital to insurance service contingent liabilities ratio stipulated in the Ministerial Regulation (not less than 20.0%).

Capital Adequacy Ratio Based on the Ministerial Regulations

		Unit : Million Baht	
	<u>Ministerial</u>	<u>June 30, 2018</u>	<u>December 31, 2017</u>
	<u>Regulations</u>		
1. Capital *		20,106.98	19,251.82
2. Risk assets **		99,524.04	90,353.75
3. Insurance service contingent liabilities		20,860.85	17,609.58
4. Capital to risk assets	Not less than 8%	20.20%	21.31%
5. Capital to insurance service contingent liabilities	Not less than 20%	96.39%	109.33%

Remarks : * Capital includes only capital under the Ministerial Regulations.

** Risk assets have been calculated from credit risk assets according to the Ministerial Regulation, which excluded insurance service contingent liabilities.

4.2 Capital under Basel II Standard

As at June 30, 2018 and December 31, 2017, the Bank's capital adequacy ratio under Basel II standard are as follows:

Capital Structure Based on Basel II Standard		
	Unit: Million Baht	
	<u>June 30, 2018</u>	<u>December 31, 2017</u>
Tier 1 Capital		
Paid-up capital	12,800.00	12,800.00
Legal reserve	7,183.00	6,502.00
Net income (loss) after appropriation	<u>123.98</u>	<u>(50.18)</u>
Total Tier 1 Capital	20,106.98	19,251.82
Tier 2 Capital		
Provision for asset classification as normal	1,572.29	1,403.82
<u>Add</u> Revaluation surplus on investments in available-for-sale equity securities	<u>-</u>	<u>0.22</u>
Total Tier 2 Capital	<u>1,572.29</u>	<u>1,404.04</u>
Total capital	21,679.27	20,655.86
<u>Less</u> Revaluation deficit on investments in available-for-sale equity securities	<u>0.19</u>	<u>-</u>
Total capital under Basel II standard	<u>21,679.08</u>	<u>20,655.86</u>

Capital Adequacy Ratio

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
Tier 1 capital adequacy ratio	15.99%	17.14%
Total capital adequacy ratio	17.24%	18.39%

Unit: Million Baht

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
Total capital after deducting capital add - on arising		
from single lending limit	20,764.69	19,920.13
Total capital adequacy ratio after deducting capital add - on arising		
from single lending limit	16.51%	17.74%

5. ESTIMATES AND ASSUMPTIONS

In preparation of the financial statements in conformity with Thai Financial Reporting Standards, the Bank has to set up estimates and assumptions that affect the application of accounting policies, the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent assets and liabilities. However, the actual results may differ from the estimates.

The Bank reviews the estimates and assumptions on a regular basis. Revisions to accounting estimates are recognized in the period in which estimates are revised and in any future period affected.

6. ADDITIONAL INFORMATION

6.1 Supplementary Information of Cash Flows

Significant non-cash items for the six-month periods ended June 30, 2018 and 2017 are as follows:

	Unit : Million Baht	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Increase (Decrease) in revaluation surplus on investments in equity	(0.67)	(0.80)
Increase in properties for sale from loan payment	7.32	3.84

6.2 Interbank and Money Market Items, Net (Assets)

	Unit : Million Baht					
	<u>June 30, 2018</u>			<u>December 31, 2017</u>		
	<u>Demand</u>	<u>Time</u>	<u>Total</u>	<u>Demand</u>	<u>Time</u>	<u>Total</u>
Domestic items						
Bank of Thailand	15.55	-	15.55	18.84	160.00	178.84
Commercial banks	258.59	410.00	668.59	172.06	972.17	1,144.23
Specialized financial institutions	<u>0.45</u>	<u>1,540.00</u>	<u>1,540.45</u>	<u>0.75</u>	<u>-</u>	<u>0.75</u>
Total	274.59	1,950.00	2,224.59	191.65	1,132.17	1,323.82
<u>Add</u> Accrued interest receivables	-	-	-	-	0.06	0.06
<u>Less</u> Allowance for doubtful accounts	<u>-</u>	<u>(19.50)</u>	<u>(19.50)</u>	<u>-</u>	<u>(9.72)</u>	<u>(9.72)</u>
Total domestic items	<u>274.59</u>	<u>1,930.50</u>	<u>2,205.09</u>	<u>191.65</u>	<u>1,122.51</u>	<u>1,314.16</u>
Foreign items						
US Dollars	254.37	1,441.22	1,695.59	117.92	461.90	579.82
Yen	167.97	-	167.97	32.29	-	32.29
Euro	16.65	-	16.65	22.97	-	22.97
Other currencies	<u>85.10</u>	<u>-</u>	<u>85.10</u>	<u>54.88</u>	<u>-</u>	<u>54.88</u>
Total	524.09	1,441.22	1,965.31	228.06	461.90	689.96
<u>Add</u> Accrued interest receivables	<u>-</u>	<u>0.16</u>	<u>0.16</u>	<u>-</u>	<u>0.03</u>	<u>0.03</u>
Total foreign items	<u>524.09</u>	<u>1,441.38</u>	<u>1,965.47</u>	<u>228.06</u>	<u>461.93</u>	<u>689.99</u>
Total domestic and foreign items	<u>798.68</u>	<u>3,371.88</u>	<u>4,170.56</u>	<u>419.71</u>	<u>1,584.44</u>	<u>2,004.15</u>

6.3 Derivatives

As at June 30, 2018 and December 31, 2017, the fair value and notional amount classified by type of risk are as follows:

Unit : Million Baht

<u>Type of Risk</u>	<u>June 30, 2018</u>		
	<u>Fair Value</u>		<u>Notional Amount</u>
	<u>Assets</u>	<u>Liabilities</u>	
Exchange rate	197.52	259.57	16,361.02
Interest rate	<u>182.42</u>	<u>46.81</u>	<u>4,100.00</u>
Total	<u>379.94</u>	<u>306.38</u>	<u>20,461.02</u>

<u>Type of Risk</u>	<u>December 31, 2017</u>		
	<u>Fair Value</u>		<u>Notional Amount</u>
	<u>Assets</u>	<u>Liabilities</u>	
Exchange rate	122.55	27.07	9,571.00
Interest rate	<u>225.44</u>	<u>56.33</u>	<u>4,100.00</u>
Total	<u>347.99</u>	<u>83.40</u>	<u>13,671.00</u>

As at June 30, 2018 and December 31, 2017, the proportions of derivative transactions classified by type of counterparty based on the notional amount are as follows:

<u>Counterparty</u>	<u>June 30, 2018</u>	<u>December 31, 2017</u>
Financial institutions	76.57%	74.51%
Third parties	<u>23.43%</u>	<u>25.49%</u>
Total	<u>100.00%</u>	<u>100.00%</u>

6.4 Investments, Net

6.4.1 Available-for-Sale Securities

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
	<u>Fair Value</u>	<u>Fair Value</u>
Domestic marketable equity securities	0.88	1.55

Unit : Million Baht

6.4.2 Held-to-Maturity Debt Securities

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
	<u>Cost/Amortized Cost</u>	<u>Cost/Amortized Cost</u>
Government and state enterprise securities	2,238.95	2,443.10

Unit : Million Baht

6.4.3 General Investments

	<u>June 30, 2018</u>	<u>December 31, 2017</u>
	<u>Cost</u>	<u>Cost</u>
Domestic non-marketable equity securities	26.31	26.31
Mutual funds		
- Thailand Prosperity Fund 2 (TTPF2)	-	24.65
- Vayupak Fund 1 (VAYU1)	1.00	1.00
Others	<u>0.41</u>	<u>0.41</u>
Total	27.72	52.37
<u>Less</u> Allowance for impairment	<u>(17.85)</u>	<u>(18.83)</u>
Total	<u>9.87</u>	<u>33.54</u>
Total investments, net	<u>2,249.70</u>	<u>2,478.19</u>

Unit : Million Baht

6.5 Loans to Customers and Accrued Interest Receivables, Net

6.5.1 Classified by Type of Loan

	Unit : Million Baht	
	<u>June 30, 2018</u>	<u>December 31, 2017</u>
Overdrafts	327.96	321.91
Domestic loans - customers	65,780.34	59,442.37
- export bills negotiation	615.79	614.58
- staff loans	253.11	260.87
Overseas loans - foreign government agencies	1,128.35	1,160.35
- customers operating overseas	28,349.77	26,798.67
Others	<u>22.13</u>	<u>1.86</u>
Total loans to customers	96,477.45	88,600.61
<u>Less</u> Deferred revenue	<u>(2.25)</u>	<u>(2.42)</u>
Total loans to customers, net of deferred revenue	96,475.20	88,598.19
<u>Add</u> Accrued interest receivables	<u>289.51</u>	<u>249.96</u>
Total loans to customers and accrued interest receivables, net of deferred revenue	96,764.71	88,848.15
<u>Less</u> Allowance for doubtful accounts		
- Minimum allowance by BOT's regulations	(3,757.50)	(3,361.33)
- Excess allowance	(4,796.24)	(4,455.24)
Revaluation allowance for debt restructuring	<u>(154.33)</u>	<u>(99.24)</u>
Total loans to customers, net	<u>88,056.64</u>	<u>80,932.34</u>

Overseas loans to foreign government agencies, extended in accordance with the Thai government monetary and fiscal policy, but not defined as loans to customers from public service account, are as follows:

	Unit : Million Baht	
	<u>June 30, 2018</u>	<u>December 31, 2017</u>
Loan for National Road No.67 Construction Project (Anlong Veng – Siem Reap) The Kingdom of Cambodia	1,128.35	1,160.35

6.5.2 Classified by Currency and Residency

Unit : Million Baht

	<u>June 30, 2018</u>			<u>December 31, 2017</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	47,706.37	11,204.22	58,910.59	44,224.24	10,672.12	54,896.36
US Dollar	15,393.80	17,907.47	33,301.27	12,944.97	17,286.89	30,231.86
Other currencies	<u>3,896.91</u>	<u>366.43</u>	<u>4,263.34</u>	<u>3,469.97</u>	<u>-</u>	<u>3,469.97</u>
Total	<u>66,997.08</u>	<u>29,478.12</u>	<u>96,475.20</u>	<u>60,639.18</u>	<u>27,959.01</u>	<u>88,598.19</u>

6.5.3 Classified by Business Type and Loan Classification

Unit : Million Baht

	<u>June 30, 2018</u>					
	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Total</u>
Agriculture and mining	3,920.94	-	-	-	330.67	4,251.61
Manufacturing and commercial	34,694.36	464.57	47.40	177.00	2,650.26	38,033.59
Real estate and construction	1,956.01	-	-	1.80	39.40	1,997.21
Public utilities and services	50,846.71	447.42	0.06	-	27.23	51,321.42
Others	<u>871.37</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>871.37</u>
Total	<u>92,289.39</u>	<u>911.99</u>	<u>47.46</u>	<u>178.80</u>	<u>3,047.56</u>	<u>96,475.20</u>

	<u>December 31, 2017</u>					
	<u>Normal</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Total</u>
Agriculture and mining	3,614.45	0.53	-	330.66	-	3,945.64
Manufacturing and commercial	34,287.07	155.46	50.34	121.79	2,627.86	37,242.52
Real estate and construction	1,661.25	21.81	-	-	39.40	1,722.46
Public utilities and services	44,695.32	-	-	-	114.61	44,809.93
Others	<u>877.64</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>877.64</u>
Total	<u>85,135.73</u>	<u>177.80</u>	<u>50.34</u>	<u>452.45</u>	<u>2,781.87</u>	<u>88,598.19</u>

6.5.4 Classified by Loan Classification

Unit : Million Baht

June 30, 2018

	<u>Loans and Accrued Interest Receivables</u>	<u>Net Amount Subject to Allowance for Doubtful Accounts Provisioning</u>	<u>Minimum Provision Rate (%)</u>	<u>Allowance for Doubtful Accounts</u>
1. Minimum allowance by BOT's regulations				
Normal	92,546.87	90,242.42	1,236,100	1,617.61
Special mention	944.02	911.99	2,36	19.00
Substandard	47.46	38.84	100	38.84
Doubtful	178.80	108.76	100	108.76
Doubtful of loss	<u>3,047.56</u>	<u>1,973.29</u>	100	<u>1,973.29</u>
Total minimum allowance by BOT's regulations	96,764.71	93,275.30		3,757.50
2. Excess allowance	-	-		<u>4,796.24</u>
Total	<u>96,764.71</u>	<u>93,275.30</u>		<u>8,553.74</u>

December 31, 2017

	<u>Loans and Accrued Interest Receivables</u>	<u>Net Amount Subject to Allowance for Doubtful Accounts Provisioning</u>	<u>Minimum Provision Rate (%)</u>	<u>Allowance for Doubtful Accounts</u>
1. Minimum allowance by BOT's regulations				
Normal	85,384.84	83,081.54	1,36,100	1,231.92
Special mention	178.65	177.80	2,36	4.28
Substandard	50.34	42.00	100	42.00
Doubtful	452.45	396.89	100	396.89
Doubtful of loss	<u>2,781.87</u>	<u>1,686.24</u>	100	<u>1,686.24</u>
Total minimum allowance by BOT's regulations	88,848.15	85,384.47		3,361.33
2. Excess allowance	-	-		<u>4,455.24</u>
Total	<u>88,848.15</u>	<u>85,384.47</u>		<u>7,816.57</u>

6.5.5 Non-Performing Loans (NPLs)

As at June 30, 2018 and December 31, 2017, the Bank had non-performing loans which consist of loans classified as substandard, doubtful, doubtful of loss, and loss as follows:

	Unit : Million Baht	
	<u>June 30, 2018</u>	<u>December 31, 2017</u>
NPLs before deducting allowance for doubtful accounts	3,273.82	3,284.66
Percentage of total loans *	3.33	3.67
NPLs after deducting allowance for doubtful accounts	1,152.93	1,159.53
Percentage of net loans	1.20	1.33

* Total loans are loans to interbank and money market and loans to customers, except loans from public service account.

As at June 30, 2018 and December 31, 2017, the outstanding balance of written-down accounts, excluded in the financial statements, were Baht 2,740.63 million and Baht 2,967.65 million, respectively. For the six-month periods ended June 30, 2018 and 2017, the Bank recovered principal from written-down accounts in the amount of Baht 154.40 million and Baht 25.54 million, respectively, from which accounts the bank received cash in the amount of Baht 35.81 million and Baht 23.55 million, respectively.

6.5.6 Troubled Debt Restructuring

For the six -month periods ended June 30, 2018 and 2017, the Bank restructured debts as follows:

		Unit : Million Baht	
		<u>2018</u>	
<u>Type of Restructuring</u>	<u>Cases</u>	<u>Outstanding Debt</u>	
		<u>Before Restructuring</u>	<u>After Restructuring</u>
Change of repayment conditions	7	249.95	249.95

The average tenure of the above-mentioned debt restructuring is 4.59 years. As at June 30, 2018, the outstanding of such restructured loans was Baht 236.93 million.

		Unit : Million Baht	
		<u>2017</u>	
<u>Type of Restructuring</u>	<u>Cases</u>	<u>Outstanding Debt</u>	
		<u>Before Restructuring</u>	<u>After Restructuring</u>
Change of repayment conditions	2	16.60	16.60

The average tenure of the above-mentioned debt restructuring is 3 years. As at June 30, 2017, the outstanding of such restructured loans was Baht 16.01 million.

6.5.6 Troubled Debt Restructuring (Continued)

For the six-month periods ended June 30, 2018 and 2017, debt restructuring during the period compared to outstanding loans and accrued interest receivables net of deferred revenue are as follows:

	Unit : Million Baht			
	<u>June 30, 2018</u>		<u>June 30, 2017</u>	
	<u>Cases</u>	<u>Amount</u>	<u>Cases</u>	<u>Amount</u>
Debt restructuring during the period	7	249.95	2	16.60
Loans and accrued interest receivables net of deferred revenue	1,813	96,764.71	1,597	80,227.99

As at June 30, 2018 and 2017, the Bank had outstanding restructured loans for 94 cases amounting to Baht 2,593.10 million and for 48 cases amounting to Baht 835.96 million, respectively.

The Bank recognized interest income from debt restructuring as follows:

	Unit : Million Baht			
	<u>For Three-Month Periods</u>		<u>For Six-Month Periods</u>	
	<u>Ended June 30,</u>		<u>Ended June 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Interest income from debt restructuring	36.14	13.77	61.50	26.29

As at June 30, 2018, the Bank had commitments to extend additional loans to customers who had been restructured for the amount of Baht 15.05 million.

6.6 Allowance for Doubtful Accounts

As at June 30, 2018 and December 31, 2017, the Bank had allowance for doubtful accounts as follows:

	Unit : Million Baht						
	June 30, 2018						
	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Excess Allowance	Total
Beginning balance	1,231.92	4.28	42.00	396.89	1,686.24	4,455.24	7,816.57
Increase (decrease) in allowance							
for doubtful accounts	<u>385.69</u>	<u>14.72</u>	<u>(3.16)</u>	<u>(288.13)</u>	<u>287.05</u>	<u>341.00</u>	<u>737.17</u>
Ending balance	<u>1,617.61</u>	<u>19.00</u>	<u>38.84</u>	<u>108.76</u>	<u>1,973.29</u>	<u>4,796.24</u>	<u>8,553.74</u>
	December 31, 2017						
	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Excess Allowance	Total
Beginning balance	1,000.50	6.96	93.44	29.97	1,418.37	4,167.24	6,716.48
Increase (decrease) in allowance							
for doubtful accounts	<u>231.42</u>	<u>(2.68)</u>	<u>(51.44)</u>	<u>366.92</u>	<u>267.87</u>	<u>288.00</u>	<u>1,100.09</u>
Ending balance	<u>1,231.92</u>	<u>4.28</u>	<u>42.00</u>	<u>396.89</u>	<u>1,686.24</u>	<u>4,455.24</u>	<u>7,816.57</u>

As at June 30, 2018 and December 31, 2017, the Bank's allowance for doubtful accounts on loans accounted for Baht 8,553.74 million and Baht 7,816.57 million, respectively, exceeding the minimum provisioning requirement based on debt service ability and debt quality set out by the Bank of Thailand in the amount of Baht 4,796.24 million and Baht 4,455.24 million, respectively (Note 6.5.4). The amount of allowance for doubtful accounts in excess of the minimum requirement was based on prudent banking principles.

6.7 Revaluation Allowance for Debt Restructuring

As at June 30, 2018 and December 31, 2017, the Bank had revaluation allowance for debt restructuring as follows:

	Unit : Million Baht	
	June 30, 2018	December 31, 2017
Beginning balance	99.24	63.18
Increase	74.36	57.80
Decrease	<u>(19.27)</u>	<u>(21.74)</u>
Ending balance	<u>154.33</u>	<u>99.24</u>

6.8 Properties for Sale, Net

As at June 30, 2018 and December 31, 2017, the Bank had properties for sale, net as follows:

	Unit : Million Baht			
	<u>June 30, 2018</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Assets from debt repayment				
- Immovable properties	1,054.50	7.33	371.42	690.41
- Movable properties	<u>208.02</u>	<u>-</u>	<u>-</u>	<u>208.02</u>
Total properties for sale	1,262.52	7.33	371.42	898.43
(Less) Allowance for impairment	<u>(457.78)</u>	<u>(10.84)</u>	<u>(101.51)</u>	<u>(367.11)</u>
Total properties for sale, net	<u>804.74</u>	<u>(3.51)</u>	<u>269.91</u>	<u>531.32</u>
	<u>December 31, 2017</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Assets from debt repayment				
- Immovable properties	1,089.49	4.13	39.12	1,054.50
- Movable properties	<u>208.02</u>	<u>-</u>	<u>-</u>	<u>208.02</u>
Total properties for sale	1,297.51	4.13	39.12	1,262.52
(Less) Allowance for impairment	<u>(452.03)</u>	<u>(16.11)</u>	<u>(10.36)</u>	<u>(457.78)</u>
Total properties for sale, net	<u>845.48</u>	<u>(11.98)</u>	<u>28.76</u>	<u>804.74</u>

As at June 30, 2018 and December 31, 2017, the Bank had immovable properties from debt repayment in the amount of Baht 690.41 million and Baht 1,054.50 million, respectively, which were appraised by external appraisers.

For the six-month periods ended June 30, 2018 and 2017 the Bank generated gains on sale of properties for sale in the amount of Baht 159.78 million and Baht 1.10 million, respectively.

6.9 Premises and Equipment, Net

As at June 30, 2018 and December 31, 2017, the Bank had premises and equipment, net as follows:

Unit : Million Baht

	June 30, 2018								Premises and Equipment, Net
	Cost				Accumulated Depreciation				
	Beginning Balance	Additions/ Transfer in	Disposals/ Transfer out	Ending Balance	Beginning Balance	Depreciation	Disposals/ Transfer out	Ending Balance	
Land	391.26	-	-	391.26	-	-	-	-	391.26
Buildings									
- Buildings	683.25	-	-	683.25	383.39	5.29	-	388.68	294.57
- Building improvement	133.46	3.16	-	136.62	125.01	0.99	-	126.00	10.62
Equipment									
- Office equipment and fixtures	300.40	12.26	1.96	310.70	254.24	9.59	1.96	261.87	48.83
- Vehicles	102.06	2.56	-	104.62	32.71	4.97	-	37.68	66.94
Assets under construction*	<u>3.59</u>	<u>0.44</u>	<u>4.03</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>1,614.02</u>	<u>18.42</u>	<u>5.99</u>	<u>1,626.45</u>	<u>795.35</u>	<u>20.84</u>	<u>1.96</u>	<u>814.23</u>	<u>812.22</u>

* Assets under construction-disposal/ transfer out are assets recognized during the year.

	December 31, 2017								Premises and Equipment, Net
	Cost				Accumulated Depreciation				
	Beginning Balance	Additions/ Transfer in	Disposals/ Transfer out	Ending Balance	Beginning Balance	Depreciation	Disposals/ Transfer out	Ending Balance	
Land	391.26	-	-	391.26	-	-	-	-	391.26
Buildings									
- Buildings	683.25	-	-	683.25	372.73	10.66	-	383.39	299.86
- Building improvement	131.29	2.17	-	133.46	122.46	2.55	-	125.01	8.45
Equipment									
- Office equipment and fixtures	292.46	22.70	14.76	300.40	252.51	16.49	14.76	254.24	46.16
- Vehicles	99.99	15.31	13.24	102.06	31.00	9.66	7.95	32.71	69.35
Assets pending for write off	-	4.90	4.90	-	-	-	-	-	-
Assets under construction*	<u>-</u>	<u>7.15</u>	<u>3.56</u>	<u>3.59</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3.59</u>
Total	<u>1,598.25</u>	<u>52.23</u>	<u>36.46</u>	<u>1,614.02</u>	<u>778.70</u>	<u>39.36</u>	<u>22.71</u>	<u>795.35</u>	<u>818.67</u>

* Assets under construction-disposal/ transfer out are assets recognized during the year.

As at June 30, 2018 and December 31, 2017, the Bank had equipment which are fully depreciated but still in use at the original costs amounting to Baht 338.41 million and Baht 336.46 million, respectively.

6.10 Intangible Assets, Net

As at June 30, 2018 and December 31, 2017, the Bank had intangible assets as follows:

Unit : Million Baht

	June 30, 2018								Intangible Assets, Net
	Cost				Accumulated Amortization				
	Beginning Balance	Additions/ Transfer in	Disposals/ Transfer out	Ending Balance	Beginning Balance	Amortization	Disposals/ Transfer out	Ending Balance	
Computer software	147.78	6.27	-	154.05	117.80	7.30	-	125.10	28.95
Software under installation*	<u>49.21</u>	<u>4.57</u>	<u>3.81</u>	<u>49.97</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49.97</u>
Total	<u>196.99</u>	<u>10.84</u>	<u>3.81</u>	<u>204.02</u>	<u>117.80</u>	<u>7.30</u>	<u>-</u>	<u>125.10</u>	<u>78.92</u>

* Software under installation-disposal/transfer out are assets recognized during the year.

	December 31, 2017								Intangible Assets, Net
	Cost				Accumulated Amortization				
	Beginning Balance	Additions/ Transfer in	Disposals/ Transfer out	Ending Balance	Beginning Balance	Amortization	Disposals/ Transfer out	Ending Balance	
Computer software	142.90	7.40	2.52	147.78	104.53	15.79	2.52	117.80	29.98
Software under installation*	<u>47.08</u>	<u>2.23</u>	<u>0.10</u>	<u>49.21</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49.21</u>
Total	<u>189.98</u>	<u>9.63</u>	<u>2.62</u>	<u>196.99</u>	<u>104.53</u>	<u>15.79</u>	<u>2.52</u>	<u>117.80</u>	<u>79.19</u>

* Software under installation-disposal/transfer out are assets recognized during the year.

As at June 30, 2018 and December 31, 2017, the Bank had computer software which are fully amortized but still in use at the original costs amounting to Baht 85.10 million and Baht 76.50 million, respectively.

6.11 Reinsurance Assets

As at June 30, 2018 and December 31, 2017, the Bank had reinsurance assets as follows:

Unit : Million Baht

	June 30, 2018	December 31, 2017
Accrued income and reinsurance	0.04	-
Insurance reserves from reinsurance	<u>186.97</u>	<u>121.18</u>
Total	<u>187.01</u>	<u>121.18</u>

6.12 Other Assets, Net

	Unit : Million Baht	
	<u>June 30, 2018</u>	<u>December 31, 2017</u>
Revenue receivables, net	5.76	5.74
Insurance claim receivables, net of reinsurance	202.22	193.42
Allowance for insurance claim receivables	(202.22)	(193.42)
Leasehold rights	1.06	1.30
Advance deposits	2.56	2.50
Others	<u>1.63</u>	<u>2.05</u>
Total	<u>11.01</u>	<u>11.59</u>

6.13 Deposits

6.13.1 Classified by Type of Deposit

	Unit : Million Baht	
	<u>June 30, 2018</u>	<u>December 31, 2017</u>
Demand	2,573.74	2,361.11
Savings	258.27	227.93
Time	<u>26,032.75</u>	<u>19,791.98</u>
Total	<u>28,864.76</u>	<u>22,381.02</u>

6.13.2 Classified by Currency and Residency of Depositors

	<u>June 30, 2018</u>			<u>December 31, 2017</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	26,732.13	564.44	27,296.57	20,131.61	524.82	20,656.43
US Dollar	935.87	624.13	1,560.00	914.50	801.17	1,715.67
Other currencies	<u>8.19</u>	<u>-</u>	<u>8.19</u>	<u>8.92</u>	<u>-</u>	<u>8.92</u>
Total	<u>27,676.19</u>	<u>1,188.57</u>	<u>28,864.76</u>	<u>21,055.03</u>	<u>1,325.99</u>	<u>22,381.02</u>

6.14 Interbank and Money Market Items, Net (Liabilities)

Unit : Million Baht

	<u>June 30, 2018</u>			<u>December 31, 2017</u>		
	<u>Demand</u>	<u>Time</u>	<u>Total</u>	<u>Demand</u>	<u>Time</u>	<u>Total</u>
Domestic items						
Commercial banks	1.32	6,490.82	6,492.14	1.33	3,579.16	3,580.49
Specialized financial institutions	22.43	1,582.38	1,604.81	15.27	3,814.88	3,830.15
Other financial institutions	<u>-</u>	<u>8,400.00</u>	<u>8,400.00</u>	<u>-</u>	<u>8,400.00</u>	<u>8,400.00</u>
Total domestic items	<u>23.75</u>	<u>16,473.20</u>	<u>16,496.95</u>	<u>16.60</u>	<u>15,794.04</u>	<u>15,810.64</u>
Foreign items						
US Dollar	148.70	-	148.70	274.72	-	274.72
Euro	16.03	-	16.03	16.25	-	16.25
Other currencies	<u>5.68</u>	<u>-</u>	<u>5.68</u>	<u>6.03</u>	<u>-</u>	<u>6.03</u>
Total foreign items	<u>170.41</u>	<u>-</u>	<u>170.41</u>	<u>297.00</u>	<u>-</u>	<u>297.00</u>
Total domestic and foreign items	<u>194.16</u>	<u>16,473.20</u>	<u>16,667.36</u>	<u>313.60</u>	<u>15,794.04</u>	<u>16,107.64</u>

6.15 Debt Issued and Borrowings

6.15.1 Classified by Type of Instrument and Source of Fund

Unit : Million Baht

	<u>June 30, 2018</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Bonds	-	28,026.24	28,026.24
Others	<u>110.79</u>	<u>-</u>	<u>110.79</u>
Total debt issued and borrowings	<u>110.79</u>	<u>28,026.24</u>	<u>28,137.03</u>
	<u>December 31, 2017</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Bonds	-	30,066.43	30,066.43
Others	<u>117.13</u>	<u>-</u>	<u>117.13</u>
Total debt issued and borrowings	<u>117.13</u>	<u>30,066.43</u>	<u>30,183.56</u>

6.15.2 Classified by Type of Instrument, Currency, Maturity and Interest Rate

				Unit : Million Baht	
	<u>Currency</u>	<u>Maturity</u>	<u>Interest Rate /</u>	<u>Amount</u>	
			<u>Interest Rate Index</u>	<u>June 30, 2018</u>	<u>December 31, 2017</u>
Bonds	USD	2018-2024	LIBOR ± MARGIN	28,026.24	30,066.43
Others	THB	2021-2024	-	<u>110.79</u>	<u>117.13</u>
Total debt issued and borrowings				<u>28,137.03</u>	<u>30,183.56</u>

6.16 Provisions

As at June 30, 2018 and December 31, 2017, the Bank had set up provisions as follows:

			Unit : Million Baht	
			<u>June 30, 2018</u>	<u>December 31, 2017</u>
Employee benefits			206.83	193.80
Provisions for contingent liabilities			27.62	39.18
Other provisions			<u>0.61</u>	<u>0.61</u>
Total provisions			<u>235.06</u>	<u>233.59</u>

The Bank assesses the provision for employee benefits by using the Projected Unit Credit method.

The details of the Bank's employee benefits for the period are as follows:

			Unit : Million Baht	
			<u>June 30, 2018</u>	<u>December 31, 2017</u>
Beginning balance			193.80	169.45
Current service cost*			10.12	18.23
Interest cost*			2.91	5.25
Employee benefit paid during the year			-	(8.02)
Actuarial (gains) losses on defined benefit plans			<u>-</u>	<u>8.89</u>
Ending Balance			<u>206.83</u>	<u>193.80</u>

* These items are presented as expenses in the statement of profit or loss and other comprehensive income.

6.17 Other Liabilities

	Unit : Million Baht	
	<u>June 30, 2018</u>	<u>December 31, 2017</u>
Collateral under credit support annex contract	174.13	-
Advance deposits	31.62	26.54
Accrued expenses	16.08	36.40
Account payables	6.20	13.82
Reinsurance payables	8.63	6.95
Deferred revenue	11.53	14.02
Withholding tax payable	12.66	6.21
Provision for stand-by claims purchase agreement	77.16	26.54
Provision for expected loss *	140.30	173.94
Suspense liabilities	214.03	247.13
Others	<u>0.32</u>	<u>0.22</u>
Total	<u>692.66</u>	<u>551.77</u>

* Provision for changes in fair value of derivatives.

6.18 Capital

The Bank had an initial capital of Baht 2,500 million. The Bank received additional capital from the Ministry of Finance on July 31, 1998 in the amount of Baht 4,000 million.

On December 30, 2008 and September 21, 2009, the bank has received the capital in the amount of Baht 1,300 million and Baht 5,000 million, respectively. Thereby, the Bank has total capital amounting to Baht 12,800 million.

6.19 Remittance to the Ministry of Finance

The Ministry of Finance approved the appropriation of net income for the year 2017 as the national revenue amounting to Baht 505.00 million. The Bank remitted the interim national revenue amounting to Baht 247.90 million to the Ministry of Finance on October 20, 2017 and the remaining amount Baht 257.10 million on June 29, 2018.

The Ministry of Finance approved the appropriation of net income for the year 2016 as the national revenue amounting to Baht 600.00 million. The Bank remitted the interim national revenue amounting to Baht 214.40 million to the Ministry of Finance on October 20, 2016 and the remaining amount Baht 385.60 million on May 16, 2017.

6.20 Contingent Liabilities

	Unit : Million Baht	
	<u>June 30, 2018</u>	<u>December 31, 2017</u>
Guarantees of loans	1,498.41	1,542.77
Liabilities under immature import bills	674.25	286.51
Letters of credit	1,536.47	1,162.00
Export bills insured	17,671.89	14,435.94
Other contingencies		
Overdraft accounts not yet drawn	517.39	549.47
Other guarantees	3,057.41	3,204.33
Investment Insurance	3,383.05	3,333.45
Stand-by claims purchase agreement	<u>7,407.18</u>	<u>2,366.61</u>
Total other contingencies	<u>14,365.03</u>	<u>9,453.86</u>
Total	<u>35,746.05</u>	<u>26,881.08</u>

6.21 Other Benefits to Directors and Executives

The Bank pays no further benefits to directors and executives other than normal remuneration such as monthly allowance, meeting allowance and bonus for directors (if any), salary for executives, special monthly allowance for executives (if any).

6.22 Long-Term Leasing Contracts

The Bank has entered into the lease agreements of the Bank's branch offices. The Bank commits to pay future lease as follows:

	Unit : Million Baht	
<u>Remaining Period</u>	<u>June 30, 2018</u>	<u>December 31, 2017</u>
Within 1 year	4.74	5.04
Over 1 - 5 years	3.48	5.68

The Bank has entered into the sublease agreement which the Bank will receive sublease rental in the future as follows:

	Unit : Million Baht	
<u>Remaining Period</u>	<u>June 30, 2018</u>	<u>December 31, 2017</u>
Within 1 year	0.15	0.02

6.23 Financial Position and Operational Performance Classified by Domestic and Foreign Operations

The Bank established its representative office in Yangon, the Republic of the Union of Myanmar, in order to stimulate Thai-Myanmar trade and investment.

6.23.1 Financial Position Classified by Business

	Unit : Million Baht		
	<u>June 30, 2018</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Total assets	96,528.27	1.29	96,529.56
Interbank and money market items, net (assets)	4,170.08	0.48	4,170.56
Investments, net	2,249.70	-	2,249.70
Loans to customers and accrued interest receivables, net	88,056.64	-	88,056.64
Deposits	28,864.76	-	28,864.76
Interbank and money market items, net (liabilities)	16,667.36	-	16,667.36
Debt issued and borrowings	28,137.03	-	28,137.03
	<u>December 31, 2017</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Total assets	90,899.64	1.34	90,900.98
Interbank and money market items, net (assets)	2,003.68	0.47	2,004.15
Investments, net	2,478.19	-	2,478.19
Loans to customers and accrued interest receivables, net	80,932.34	-	80,932.34
Deposits	22,381.02	-	22,381.02
Interbank and money market items, net (liabilities)	16,107.64	-	16,107.64
Debt issued and borrowings	30,183.56	-	30,183.56

6.23.2 Operations Classified by Business

Unit : Million Baht

	<u>June 30, 2018</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Interest income	2,308.12	-	2,308.12
Interest expenses	<u>(647.45)</u>	-	<u>(647.45)</u>
Interest income, net	1,660.67	-	1,660.67
Fees and service income, net	119.49	-	119.49
Other operating income	203.09	-	203.09
Other operating expenses	<u>(1,225.85)</u>	<u>(3.30)</u>	<u>(1,229.15)</u>
Net profit	<u><u>757.40</u></u>	<u><u>(3.30)</u></u>	<u><u>754.10</u></u>

	<u>June 30, 2017</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Interest income	1,877.49	-	1,877.49
Interest expenses	<u>(488.24)</u>	-	<u>(488.24)</u>
Interest income, net	1,389.25	-	1,389.25
Fees and service income, net	123.73	-	123.73
Other operating income	169.87	-	169.87
Other operating expenses	<u>(1,012.20)</u>	<u>(2.94)</u>	<u>(1,015.14)</u>
Net profit	<u><u>670.65</u></u>	<u><u>(2.94)</u></u>	<u><u>667.71</u></u>

6.24 Interest Income

Interest income for the six-month periods ended June 30, 2018 and 2017 are as follows:

Unit : Million Baht

	<u>2018</u>	<u>2017</u>
Interbank and money market items	53.85	54.43
Investment in debt securities	14.80	16.38
Loans	<u>2,239.47</u>	<u>1,806.68</u>
Total interest income	<u><u>2,308.12</u></u>	<u><u>1,877.49</u></u>

6.25 Interest Expenses

Interest expenses for the six-month periods ended June 30, 2018 and 2017 are as follows:

	Unit : Million Baht	
	<u>2018</u>	<u>2017</u>
Deposits	147.26	81.81
Interbank and money market items	154.05	122.29
Debt issued		
- Bonds	341.30	279.26
- Borrowings fee	<u>4.84</u>	<u>4.88</u>
Total interest expenses	<u>647.45</u>	<u>488.24</u>

6.26 Fees and Service Income, Net

Net fees and service income for the six-month periods ended June 30, 2018 and 2017 are as follows:

	Unit : Million Baht	
	<u>2018</u>	<u>2017</u>
Fees and service income		
- Acceptance aval and guarantee	21.75	27.56
- Income from insurance	83.62	76.19
- Others	<u>62.10</u>	<u>55.56</u>
Total fees and service income	<u>167.47</u>	<u>159.31</u>
Fees and service expenses		
- Expense on insurance	37.64	30.39
- Others	<u>10.34</u>	<u>5.19</u>
Total fees and service expenses	<u>47.98</u>	<u>35.58</u>
Total fees and service income, net	<u>119.49</u>	<u>123.73</u>

6.27 Gains (Losses) on Tradings and Foreign Exchange Transactions

Gains (losses) on tradings and foreign exchange transactions for the six-month periods ended June 30, 2018 and 2017 are as follows:

	Unit : Million Baht	
	<u>2018</u>	<u>2017</u>
Foreign exchanges and derivatives	21.52	34.68
Interest rate derivatives	<u>(33.50)</u>	<u>0.16</u>
Total gains (losses) on tradings and foreign exchange transactions	<u>(11.98)</u>	<u>34.84</u>

6.28 Gains (Losses) on Investments

Gains (losses) on investments for the six-month periods ended June 30, 2018 and 2017 are as follows:

	Unit : Million Baht	
	<u>2018</u>	<u>2017</u>
Gains (losses) on disposal of general investments	21.75	0.04
Reversal (losses) on impairment of general investments	<u>0.97</u>	<u>(0.70)</u>
Total gains (losses) on investments	<u>22.72</u>	<u>(0.66)</u>

6.29 Impairment Loss of Loans and Debt Securities

Impairment loss of loans and debt securities for the six-month periods ended June 30, 2018 and 2017 are as follows:

	Unit : Million Baht	
	<u>2018</u>	<u>2017</u>
Interbank and money market items	9.77	66.83
Loans		
- Bad debts and doubtful accounts *	582.77	355.44
- Loss on restructuring	<u>74.17</u>	<u>1.82</u>
Total	<u>656.94</u>	<u>357.26</u>
Loans from public service account		
- Bad debts and doubtful accounts	<u>(32.85)</u>	<u>(8.34)</u>
Total impairment loss of loans and debt securities	<u>633.86</u>	<u>415.75</u>

* Includes written-down debt recovery and bad debt recovery

6.30 Public Service Account

6.30.1 Summary of Public Service Account

As at June 30, 2018 and December 31, 2017, the assets from public service account are as follows:

	Unit : Million Baht	
	<u>June 30, 2018</u>	<u>December 31, 2017</u>
Loans to customers from public service account and accrued interest receivables, net	-	3,253.88
Receivable eligible for government reimbursement	<u>1.23</u>	<u>3.55</u>
Total assets	<u>1.23</u>	<u>3,257.43</u>

Income and expenses from public service account for the six-month periods ended June 30, 2018 and 2017, are as follows:

	Unit : Million Baht	
	<u>2018</u>	<u>2017</u>
Income from public service account	30.54	133.72
<u>Less</u> Expenses from public service account	(17.83)	(69.37)
<u>Less</u> Impairment loss of loans and debt securities from public service account	<u>32.85</u>	<u>8.34</u>
Net profit	<u>45.56</u>	<u>72.69</u>

6.30.2 Receivable Eligible for Government Reimbursement

As at June 30, 2018 and December 31, 2017, the Bank has the receivable eligible for government reimbursement for the operating expenses of lending loan for the financial assistant scheme for maritime businesses project, amounting to Baht 1.23 million and Baht 3.55 million, respectively.

6.30.3 Income from Public Service Account

Income from public service account for the six-month periods ended June 30, 2018 and 2017, are as follows:

	Unit : Million Baht	
	<u>2018</u>	<u>2017</u>
Income from public service account		
- Interest income	23.04	97.88
Compensation for public service account		
- Compensation for operating expenses	<u>7.50</u>	<u>35.84</u>
Total	<u>30.54</u>	<u>133.72</u>

6.30.4 Expenses from Public Service Account

Expenses from public service account for the six-month periods ended June 30, 2018 and 2017, are as follows:

	Unit : Million Baht	
	<u>2018</u>	<u>2017</u>
Interest expenses	15.83	62.22
Operating expenses	1.99	7.13
Other expenses	<u>0.01</u>	<u>0.02</u>
Total	<u>17.83</u>	<u>69.37</u>

6.31 Approval of the Financial Statements

These financial statements have been authorized to issue by the Chairman of the Board of Directors and President on September 3, 2018.
