

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION  
AND FINANCIAL STATEMENTS  
EXPORT – IMPORT BANK OF THAILAND  
FOR THE THREE-MONTH PERIOD AND NINE-MONTH PERIOD ENDED SEPTEMBER 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 September 30, 2018, and the statement of profit or loss and other comprehensive income for the three-month and nine-month period ended September 30, 2018, changes in equity and cash flows for the nine-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) *Sunita Charounsilpa*

(Ms. Sunita Charounsilpa)

Auditor, Senior Professional Level

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

		Unit : Thousand Baht	
	Notes	September 30, 2018	December 31, 2017
		"Unaudited" "Reviewed"	"Audited"
<u>Assets</u>			
Cash		304	1,177
Interbank and money market items, net	6.2	9,380,250	2,004,154
Derivatives assets	6.3	390,151	347,994
Investments, net	6.4	2,247,094	2,478,194
Loans to customers and accrued interest receivables, net	6.5		
Loans to customers		95,816,925	88,600,613
Accrued interest receivables		404,666	249,957
Total loans to customers and accrued interest receivables		96,221,591	88,850,570
<u>Less</u> Deferred revenue		(2,496)	(2,416)
<u>Less</u> Allowance for doubtful accounts	6.6	(8,786,893)	(7,816,566)
<u>Less</u> Revaluation allowance for debt restructuring	6.7	(141,120)	(99,244)
Total loans to customers and accrued interest receivables, net		87,291,082	80,932,344
Loans to customers from public service account and accrued interest receivables, ne			
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	1,165	3,548
Properties for sale, net	6.8	462,388	804,743
Premises and equipment, net	6.9	809,143	818,669
Intangible assets, net	6.10	79,632	79,192
Reinsurance assets	6.11	188,597	121,178
Prepaid expenses		49,717	44,320
Other assets, net	6.12	13,710	11,593
Total assets		100,913,233	90,900,982

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

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

		Unit : Thousand Baht	
	Notes	September 30, 2018	December 31, 2017
		"Unaudited" "Reviewed"	"Audited"
<u>Liabilities and Equity</u>			
Deposits	6.13	32,203,800	22,381,023
Interbank and money market items, net	6.14	17,991,701	16,107,643
Liabilities payable on demand		191,365	471,351
Derivatives liabilities	6.3	64,977	83,402
Debt issued and borrowings	6.15	27,491,126	30,183,565
Provisions	6.16	213,818	233,593
Accrued interest payables		429,151	279,170
Provision for insurance service		348,005	265,060
Other liabilities	6.17	790,503	551,771
Total liabilities		79,724,446	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		(403)	483
Retained earnings			
Appropriated			
Legal reserve		7,183,000	6,502,000
Unappropriated		1,206,190	1,041,921
Total equity		21,188,787	20,344,404
Total liabilities and equity		100,913,233	90,900,982

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

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(Miss Suttirat Rattanachot)

Chairman

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(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 SEPTEMBER 30, 2018

	Unit : Thousand Baht	
	<u>2018</u>	<u>2017</u>
Interest income	1,254,295	1,060,312
Interest expenses	410,138	264,598
Interest income, net	<u>844,157</u>	<u>795,714</u>
Fees and service income	79,334	72,948
Fees and service expenses	21,006	19,772
Fees and service income, net	<u>58,328</u>	<u>53,176</u>
Gains (Losses) on tradings and foreign exchange transactions, net	(36,109)	22,750
Gains (Losses) on investments, net	(298)	(804)
Other operating income	10,798	15,664
Income from public service account	-	60,901
Total operating income	<u>876,876</u>	<u>947,401</u>
Other operating expenses		
Employee's expenses	232,863	187,482
Directors' remuneration	1,756	1,607
Premises and equipment expenses	18,926	14,116
Losses on claims and provision for insurance service	5,868	(22,666)
Losses on impairment of properties for sale	-	10,422
Others	(11,369)	53,368
Total other operating expenses	<u>248,044</u>	<u>244,329</u>
Expenses from public service account	-	32,966
Impairment loss of loans and debt securities	280,567	321,654
Net profit	<u>348,265</u>	<u>348,452</u>
Other comprehensive income (losses)		
Item that will be reclassified subsequently to profit or loss		
Gains (Losses) on remeasuring available-for-sale securities	(215)	322
Total net other comprehensive income (losses)	<u>(215)</u>	<u>322</u>
Total comprehensive income	<u><u>348,050</u></u>	<u><u>348,774</u></u>

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

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(Miss Suttirat Rattanachot)

Chairman

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(Mr. Pisit Serewiwattana)

President

"Unaudited"

"Reviewed"

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

	<u>Notes</u>	<u>2018</u>	<u>2017</u>
		Unit : Thousand Baht	
Interest income	6.24	3,562,418	2,937,803
Interest expenses	6.25	1,057,585	752,841
Interest income, net		2,504,833	2,184,962
Fees and service income		246,803	232,257
Fees and service expenses		68,984	55,351
Fees and service income, net	6.26	177,819	176,906
Gains (Losses) on tradings and foreign exchange transactions, net	6.27	(48,088)	57,588
Gains (Losses) on investments, net	6.28	22,422	(1,462)
Other operating income		172,605	17,632
Income from public service account	6.30.3	30,539	194,621
Total operating income		2,860,130	2,630,247
Other operating expenses			
Employee's expenses		665,253	533,599
Directors' remuneration		5,495	4,719
Premises and equipment expenses		48,197	36,655
Losses on claims and provision for insurance service		47,342	29,183
Losses on impairment of properties for sale		10,836	12,385
Others		48,378	157,816
Total other operating expenses		825,501	774,357
Expenses from public service account	6.30.4	17,827	102,332
Impairment loss of loans and debt securities	6.29	914,433	737,400
Net profit		1,102,369	1,016,158
Other comprehensive income (losses)			
Item that will be reclassified subsequently to profit or loss			
Gains (Losses) on remeasuring available-for-sale securities		(886)	(483)
Total net other comprehensive income (losses)		(886)	(483)
Total comprehensive income		1,101,483	1,015,675

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

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(Miss Suttirat Rattanachot)

Chairman

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(Mr. Pisit Serewiwattana)

President

"Unaudited"

"Reviewed"

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

Notes	Capital	Other Components of Equity	Appropriated Retained Earnings	Unappropriated Retained Earnings	Unit : Thousand Baht
					Revaluation Surplus (Deficit) on Investments
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 as the national revenue	-	-	-	(385,600)	(385,600)
Total comprehensive income	-	(483)	-	1,016,158	1,015,675
Balance as at September 30, 2017	12,800,000	805	6,502,000	954,710	20,257,515
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 as the national revenue 6.19	-	-	-	(257,100)	(257,100)
Total comprehensive income	-	(886)	-	1,102,369	1,101,483
Balance as at September 30, 2018	12,800,000	(403)	7,183,000	1,206,190	21,188,787

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

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(Miss Suttirat Rattanachot)

Chairman

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(Mr. Pisit Serewiwattana)

President

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

	Unit : Thousand Baht	
	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>		
Net profit	1,102,369	1,016,158
Adjustments to reconcile net profit to cash received (paid) from operating activities		
Depreciation and amortization	42,950	41,622
Bad debts and doubtful accounts	886,489	743,446
Loss (Reversal) on debt restructuring	71,470	45,172
(Gain) Loss on disposal of assets	(303)	300
Loss (Reversal) on impairment of properties for sale	10,836	12,385
Loss (Gain) on foreign currency translation	(579,168)	(111,313)
Derivative revaluation	42,835	5,570
Loss (Gain) on disposal of investments	(21,746)	(70)
Loss (Reversal) on impairment of investments	(676)	1,532
Amortization of premium (discount) on debt securities	6,233	(3,512)
Increase (Decrease) in provisions	(19,775)	1,532
Bad debts and provision for other receivables (reversal)	(66,104)	17,134
Loss on claims and provision for insurance service (reversal)	47,342	29,183
Decrease (Increase) in accrued income	48	3,229
Decrease (Increase) in other prepaid expenses	(5,354)	(9,220)
Increase (Decrease) in other accrued expenses	21,091	(8,031)
	<hr/>	<hr/>
	1,538,537	1,785,117
Interest income, net	(2,519,546)	(2,287,860)
Dividend income	(778)	(416)
Proceeds from interest income	3,410,503	3,001,609
Interest paid	(924,294)	(833,791)
Proceeds from dividend income	778	416
	<hr/>	<hr/>
Income from operations before changes in operating assets and liabilities	1,505,200	1,665,075
(Increase) Decrease in operating assets		
Interbank and money market items	(7,449,591)	(2,162,156)
Loans to customers, net	(3,517,719)	(4,281,217)
Properties for sale, net	346,339	19,916
Reinsurance assets	(41)	(3,764)
Other assets, net	(16,182)	(15,844)

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



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

	Unit : Thousand Baht	
	2018	2017
<b>Cash flows from operating activities</b>		
Increase (Decrease) in operating liabilities		
Deposits	9,797,519	4,238,985
Interbank and money market items	1,876,559	1,753,541
Liabilities payable on demand	(279,336)	105,119
Other liabilities	264,529	(47,377)
Net cash provided by (used in) operating activities	2,527,277	1,272,278
<b>Cash flows from investing activities</b>		
Purchases of held-to-maturity debt securities	(3,000,000)	(2,600,000)
Proceeds from redemption of held-to-maturity debt securities	3,200,000	3,150,903
Proceeds from disposal of general investments	46,390	37,644
Purchases of premises and equipment	(24,436)	(24,996)
Proceeds from disposal of premises and equipment	324	5,344
Purchases of intangible assets	(9,650)	(8,798)
Net cash provided by (used in) investing activities	212,628	560,097
<b>Cash flows from financing activities</b>		
Proceeds from debt issued and long-term borrowings	-	4,166,057
Repayments of debt issued and long-term borrowings	(2,483,678)	(5,616,189)
Remittance as the national revenue	(257,100)	(385,600)
Net cash provided by (used in) financing activities	(2,740,778)	(1,835,732)
<b>Net increase (decrease) in cash and cash equivalents</b>	(873)	(3,357)
<b>Cash and cash equivalents at the beginning of the period</b>	1,177	3,557
<b>Cash and cash equivalents at the end of the period</b>	304	200

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

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(Miss Suttirat Rattanachot)

Chairman

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(Mr. Pisit Serewiwattana)

President

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

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**1. GENERAL INFORMATION**

Export-Import Bank of Thailand (“the Bank”) was established by the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), as amended, 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 INTERIM FINANCIAL STATEMENTS**

**2.1 Basis of Preparation of the Interim 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 interim 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 Financial Reporting Standards (TFRS), 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 Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS) and TFRIC Interpretations (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 Reporting Standards (TFRS) as follows:

1) Thai Financial Reporting Standards (TFRS), which are effective for the financial statements beginning on or after January 1, 2019

### Thai Financial Reporting Standards (TFRS)

TAS 1 (Revised 2018)	Presentation of Financial Statements
TAS 2 (Revised 2018)	Inventories
TAS 7 (Revised 2018)	Statement of Cash Flows
TAS 8 (Revised 2018)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2018)	Events after the Reporting Period
TAS 12 (Revised 2018)	Income Taxes
TAS 16 (Revised 2018)	Property, Plant and Equipment
TAS 17 (Revised 2018)	Leases
TAS 19 (Revised 2018)	Employee Benefits
TAS 20 (Revised 2018)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2018)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2018)	Borrowing Costs
TAS 24 (Revised 2018)	Related Party Disclosures
TAS 26 (Revised 2018)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2018)	Separate Financial Statements
TAS 28 (Revised 2018)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2018)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2018)	Earnings per Share
TAS 34 (Revised 2018)	Interim Financial Reporting
TAS 36 (Revised 2018)	Impairment of Assets
TAS 37 (Revised 2018)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2018)	Intangible Assets
TAS 40 (Revised 2018)	Investment Property

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

### Thai Financial Reporting Standards (TFRS)

TAS 41	(Revised 2018)	Agriculture
TFRS 1		First-time Adoption of Thai Financial Reporting Standards
TFRS 2	(Revised 2018)	Share-based Payment
TFRS 3	(Revised 2018)	Business Combinations
TFRS 5	(Revised 2018)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	(Revised 2018)	Exploration for and Evaluation of Mineral Resources
TFRS 8	(Revised 2018)	Operating Segments
TFRS 10	(Revised 2018)	Consolidated Financial Statements
TFRS 11	(Revised 2018)	Joint Arrangements
TFRS 12	(Revised 2018)	Disclosure of Interests in Other Entities
TFRS 13	(Revised 2018)	Fair Value Measurement
TFRS 15		Revenue from Contracts with Customers
TSIC 10	(Revised 2018)	Government Assistance-No Specific Relation to Operating Activities
TSIC 15	(Revised 2018)	Operating Leases-Incentives
TSIC 25	(Revised 2018)	Income Taxes-Changes in the Tax Status of an Entity or its Shareholders
TSIC 27	(Revised 2018)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	(Revised 2018)	Service Concession Arrangements: Disclosures
TSIC 32	(Revised 2018)	Intangible Assets-Web Site Costs
TFRIC 1	(Revised 2018)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	(Revised 2018)	Determining whether an Arrangement contains a Lease
TFRIC 5	(Revised 2018)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	(Revised 2018)	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies

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

### Thai Financial Reporting Standards (TFRS)

TFRIC 10 (Revised 2018)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2018)	Service Concession Arrangements
TFRIC 14 (Revised 2018)	TAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 17 (Revised 2018)	Distributions of Non-cash Assets to Owners
TFRIC 20 (Revised 2018)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2018)	Levies

2) Thai Financial Reporting Standards (TFRS), which are effective for the financial statements beginning on or after January 1, 2020

### Thai Financial Reporting Standards (TFRS)

TAS 32 (Revised 2018)	Financial Instruments: Presentation
TFRS 7 (Revised 2018)	Financial Instruments: Disclosures
TFRS 9 (Revised 2018)	Financial Instruments
TFRIC 16 (Revised 2018)	Hedges of a Net Investment in a Foreign Operation
TFRIC 19 (Revised 2018)	Extinguishing Financial Liabilities with Equity Instruments

The Bank has considered the impact of Thai Financial Reporting Standards (TFRS) and determined that it will have no material impact on the Bank's financial statements in the period of initial adoption. However, for TAS 32 Financial Instruments: Presentation, TFRS 7 Financial Instruments: Disclosures and TFRS 9 Financial Instruments, the Bank is presently considering the potential impact in the period of initial adoption.



### 3. FAIR VALUE OF FINANCIAL INSTRUMENTS

Unit : Million Baht

	<u>September 30, 2018</u>		<u>December 31, 2017</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets				
Cash	0.30	0.30	1.18	1.18
Interbank and money market items, net	9,380.25	9,380.25	2,004.15	2,004.15
Derivatives	390.15	390.15	347.99	347.99
Investments, net	2,247.09	2,247.02	2,478.19	2,478.44
Loans to customers and accrued interest receivables, net	<u>87,291.08</u>	<u>87,291.08</u>	<u>84,186.22</u>	<u>84,186.22</u>
Total financial assets	<u>99,308.87</u>	<u>99,308.80</u>	<u>89,017.73</u>	<u>89,017.98</u>
Financial liabilities				
Deposits	32,203.80	32,203.80	22,381.02	22,381.02
Interbank and money market items, net	17,991.70	17,991.70	16,107.64	16,107.64
Liabilities payable on demand	191.36	191.36	471.35	471.35
Derivatives	64.98	64.98	83.40	83.40
Debt issued and borrowings	<u>27,491.13</u>	<u>27,491.13</u>	<u>30,183.56</u>	<u>30,183.56</u>
Total financial liabilities	<u>77,942.97</u>	<u>77,942.97</u>	<u>69,226.97</u>	<u>69,226.97</u>

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

##### 4.1 Capital under the Ministerial Regulations

As at September 30, 2018, the Bank was able to maintain capital adequacy ratio (CAR) at 20.29%, 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 92.14%, 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>September 30, 2018</u>	<u>December 31, 2017</u>
	<u>Regulations</u>		
1. Capital *		20,106.98	19,251.82
2. Risk assets **		99,084.96	90,353.75
3. Insurance service contingent liabilities		21,822.50	17,609.58
4. Capital to risk assets	Not less than 8%	20.29%	21.31%
5. Capital to insurance service contingent liabilities	Not less than 20%	92.14%	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 September 30, 2018 and December 31, 2017, the Bank's capital adequacy ratio under Basel II standard are as follows:

<b>Capital Structure Based on Basel II Standard</b>		
	Unit: Million Baht	
	<u>September 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	1,547.87	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>1,547.87</u>	<u>1,404.04</u>
Total capital	21,654.85	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>21,654.66</u>	<u>20,655.86</u>

#### Capital Adequacy Ratio

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Tier 1 capital adequacy ratio	16.24%	17.14%
Total capital adequacy ratio	17.49%	18.39%

Unit: Million Baht

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Total capital after deducting capital add - on arising from single lending limit	20,922.37	19,920.13
Total capital adequacy ratio after deducting capital add - on arising from single lending limit	16.90%	17.74%

## 5. ESTIMATES AND ASSUMPTIONS

In preparation of the interim 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 nine-month periods ended September 30, 2018 and 2017 are as follows:

	Unit : Million Baht	
	<u>September 30, 2018</u>	<u>September 30, 2017</u>
Increase (Decrease) in revaluation surplus on investments in equity	(0.88)	(0.48)
Increase in properties for sale from loan payment	14.82	3.84

### 6.2 Interbank and Money Market Items, Net (Assets)

	Unit : Million Baht					
	<u>September 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	28.51	-	28.51	18.84	160.00	178.84
Commercial banks	230.52	5,355.45	5,585.97	172.06	972.17	1,144.23
Specialized financial institutions	<u>0.45</u>	<u>2,460.00</u>	<u>2,460.45</u>	<u>0.75</u>	<u>-</u>	<u>0.75</u>
Total	259.48	7,815.45	8,074.93	191.65	1,132.17	1,323.82
<u>Add</u> Accrued interest receivables	-	0.05	0.05	-	0.06	0.06
<u>Less</u> Allowance for doubtful accounts	<u>-</u>	<u>(78.15)</u>	<u>(78.15)</u>	<u>-</u>	<u>(9.72)</u>	<u>(9.72)</u>
Total domestic items	<u>259.48</u>	<u>7,737.35</u>	<u>7,996.83</u>	<u>191.65</u>	<u>1,122.51</u>	<u>1,314.16</u>
Foreign items						
US Dollars	483.35	776.16	1,259.51	117.92	461.90	579.82
Yen	42.76	-	42.76	32.29	-	32.29
Euro	31.09	-	31.09	22.97	-	22.97
Other currencies	<u>49.93</u>	<u>-</u>	<u>49.93</u>	<u>54.88</u>	<u>-</u>	<u>54.88</u>
Total	607.13	776.16	1,383.29	228.06	461.90	689.96
<u>Add</u> Accrued interest receivables	<u>-</u>	<u>0.13</u>	<u>0.13</u>	<u>-</u>	<u>0.03</u>	<u>0.03</u>
Total foreign items	<u>607.13</u>	<u>776.29</u>	<u>1,383.42</u>	<u>228.06</u>	<u>461.93</u>	<u>689.99</u>
Total domestic and foreign items	<u>866.61</u>	<u>8,513.64</u>	<u>9,380.25</u>	<u>419.71</u>	<u>1,584.44</u>	<u>2,004.15</u>

### 6.3 Derivatives

As at September 30, 2018 and December 31, 2017, all derivatives is held for trading. The fair value and notional amount classified by type of risk are as follows:

Unit : Million Baht

<u>Type of Risk</u>	<u>September 30, 2018</u>		
	<u>Fair Value</u>		<u>Notional Amount</u>
	<u>Assets</u>	<u>Liabilities</u>	
Exchange rate	233.80	23.96	12,822.14
Interest rate	<u>156.35</u>	<u>41.02</u>	<u>4,100.00</u>
Total	<u>390.15</u>	<u>64.98</u>	<u>16,922.14</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 September 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>September 30, 2018</u>	<u>December 31, 2017</u>
Financial institutions	81.38%	74.51%
Third parties	<u>18.62%</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>September 30, 2018</u>	<u>December 31, 2017</u>
	<u>Fair Value</u>	<u>Fair Value</u>
Domestic marketable equity securities	0.67	1.55

Unit : Million Baht

6.4.2 Held-to-Maturity Debt Securities

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
	<u>Cost/Amortized Cost</u>	<u>Cost/Amortized Cost</u>
Government and state enterprise securities	2,236.86	2,443.10

Unit : Million Baht

6.4.3 General Investments

	<u>September 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>0.40</u>	<u>0.41</u>
Total	27.71	52.37
<u>Less</u> Allowance for impairment	<u>(18.15)</u>	<u>(18.83)</u>
Total	<u>9.56</u>	<u>33.54</u>
Total investments, net	<u>2,247.09</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>September 30, 2018</u>	<u>December 31, 2017</u>
Overdrafts	312.94	321.91
Domestic loans - customers	65,004.99	59,442.37
- export bills negotiation	674.62	614.58
- staff loans	262.45	260.87
Overseas loans - foreign government agencies	1,128.35	1,160.35
- customers operating overseas	28,411.45	26,798.67
Others	<u>22.12</u>	<u>1.86</u>
Total loans to customers	95,816.92	88,600.61
<u>Less</u> Deferred revenue	<u>(2.50)</u>	<u>(2.42)</u>
Total loans to customers, net of deferred revenue	95,814.42	88,598.19
<u>Add</u> Accrued interest receivables	<u>404.67</u>	<u>249.96</u>
Total loans to customers and accrued interest receivables, net of deferred revenue	96,219.09	88,848.15
<u>Less</u> Allowance for doubtful accounts		
- Minimum allowance by BOT's regulations (Individual approach)	(3,916.65)	(3,361.33)
- Excess allowance	(4,870.24)	(4,455.24)
<u>Less</u> Revaluation allowance for debt restructuring	<u>(141.12)</u>	<u>(99.24)</u>
Total loans to customers, net	<u>87,291.08</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>September 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

	September 30, 2018			December 31, 2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	47,528.91	11,366.84	58,895.75	44,224.24	10,672.12	54,896.36
US Dollar	14,939.28	17,822.53	32,761.81	12,944.97	17,286.89	30,231.86
Other currencies	<u>3,806.44</u>	<u>350.42</u>	<u>4,156.86</u>	<u>3,469.97</u>	<u>-</u>	<u>3,469.97</u>
Total *	<u>66,274.63</u>	<u>29,539.79</u>	<u>95,814.42</u>	<u>60,639.18</u>	<u>27,959.01</u>	<u>88,598.19</u>

\* Total loans to customers, net of deferred revenue in Note 6.5.1

6.5.3 Classified by Business Type and Loan Classification

Unit : Million Baht

	September 30, 2018					
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	3,792.61	-	-	-	330.66	4,123.27
Manufacturing and commercial	33,863.05	1,195.75	242.85	345.76	2,655.07	38,302.48
Real estate and construction	2,993.67	-	-	1.79	39.41	3,034.87
Public utilities and services	48,984.58	461.25	-	0.02	27.19	49,473.04
Others	<u>880.76</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>880.76</u>
Total *	<u>90,514.67</u>	<u>1,657.00</u>	<u>242.85</u>	<u>347.57</u>	<u>3,052.33</u>	<u>95,814.42</u>

  

	December 31, 2017					
	Normal	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
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>

\* Total loans to customers, net of deferred revenue in Note 6.5.1



6.5.4 Classified by Loan Classification

Unit : Million Baht

September 30, 2018

	<u>Loans and Accrued Interest Receivables</u>	<u>Net Amount Subject to Allowance for Doubtful Accounts Provisioning</u>	<u>Provision Rate (%)</u>	<u>Allowance for Doubtful Accounts</u>
1. Minimum allowance by BOT's regulations				
Normal	90,879.05	88,828.22	1,236,100	1,489.68
Special mention	1,697.29	1,657.00	2,36	33.73
Substandard	242.85	205.55	100	205.55
Doubtful	347.57	195.26	100	195.26
Doubtful of loss	<u>3,052.33</u>	<u>1,992.43</u>	100	<u>1,992.43</u>
Total minimum allowance by BOT's regulations	96,219.09	92,878.46		3,916.65
2. Excess allowance	<u>-</u>	<u>-</u>		<u>4,870.24</u>
Total **	<u>96,219.09</u>	<u>92,878.46</u>		<u>8,786.89</u>

December 31, 2017

	<u>Loans and Accrued Interest Receivables</u>	<u>Net Amount Subject to Allowance for Doubtful Accounts Provisioning</u>	<u>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>-</u>	<u>-</u>		<u>4,455.24</u>
Total **	<u>88,848.15</u>	<u>85,384.47</u>		<u>7,816.57</u>

\*\* Total loans to customers, net of deferred revenue in Note 6.5.1

### 6.5.5 Non-Performing Loans (NPLs)

As at September 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>September 30, 2018</u>	<u>December 31, 2017</u>
NPLs before deducting allowance for doubtful accounts	3,642.75	3,284.66
Percentage of total loans *	3.51	3.67
NPLs after deducting allowance for doubtful accounts	1,249.51	1,159.53
Percentage of net loans	1.23	1.33

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

As at September 30, 2018 and December 31, 2017, the outstanding balance of written-down accounts, excluded from the financial statements, were Baht 2,725.28 million and Baht 2,967.65 million, respectively. For the nine-month periods ended September 30, 2018 and 2017, the Bank recovered principal from written-down accounts in the amount of Baht 162.94 million and Baht 140.28 million, respectively, from which accounts the bank received cash in the amount of Baht 43.53 million and Baht 51.21 million, respectively.

### 6.5.6 Troubled Debt Restructuring

For the nine-month periods ended September 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	9	254.98	247.74

The average tenure of the above-mentioned debt restructuring is 4.49 years. As at September 30, 2018, the outstanding of such restructured loans was Baht 246.47 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	4	92.93	188.44

The average tenure of the above-mentioned debt restructuring is 4.75 years. As at September 30, 2017, the outstanding of such restructured loans was Baht 186.86 million.

### 6.5.6 Troubled Debt Restructuring (Continued)

For the nine-month periods ended September 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>September 30, 2018</u>		<u>September 30, 2017</u>	
	<u>Cases</u>	<u>Amount</u>	<u>Cases</u>	<u>Amount</u>
Debt restructuring during the period	9	246.47	4	92.93
Loans and accrued interest receivables net of deferred revenue	1,878	96,219.09	1,657	81,349.61

As at September 30, 2018 and 2017, the Bank had outstanding restructured loans for 93 cases amounting to Baht 2,487.37 million and for 53 cases amounting to Baht 1,493.64 million, respectively.

The Bank recognized interest income from debt restructuring as follows:

	Unit : Million Baht			
	<u>For the Three-Month Period</u>		<u>For the Nine-Month Period</u>	
	<u>Ended September 30,</u>		<u>Ended September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Interest income from debt restructuring	38.17	31.39	99.67	57.68

As at September 30, 2018, the Bank had commitments to extend additional loans to customers who had been restructured for the amount of Baht 15.00 million.

## 6.6 Allowance for Doubtful Accounts

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

	Unit : Million Baht						
	September 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>257.76</u>	<u>29.45</u>	<u>163.55</u>	<u>(201.63)</u>	<u>306.19</u>	<u>415.00</u>	<u>970.32</u>
Ending balance	<u>1,489.68</u>	<u>33.73</u>	<u>205.55</u>	<u>195.26</u>	<u>1,992.43</u>	<u>4,870.24</u>	<u>8,786.89</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 September 30, 2018 and December 31, 2017, the Bank's allowance for doubtful accounts on loans accounted for Baht 8,786.89 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 4,870.24 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 September 30, 2018 and December 31, 2017, the Bank had revaluation allowance for debt restructuring as follows:

	Unit : Million Baht	
	September 30, 2018	December 31, 2017
Beginning balance	99.24	63.18
Increase	71.47	57.38
Decrease	<u>(29.59)</u>	<u>(21.32)</u>
Ending balance	<u>141.12</u>	<u>99.24</u>

## 6.8 Properties for Sale, Net

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

	Unit : Million Baht			
	<u>September 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	14.83	450.55	618.78
- Movable properties	<u>208.02</u>	<u>-</u>	<u>-</u>	<u>208.02</u>
Total properties for sale	1,262.52	14.83	450.55	826.80
(Less) Allowance for impairment	<u>(457.78)</u>	<u>(10.84)</u>	<u>(104.21)</u>	<u>(364.41)</u>
Total properties for sale, net	<u>804.74</u>	<u>3.99</u>	<u>346.34</u>	<u>462.39</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 September 30, 2018 and December 31, 2017, the Bank had immovable properties from debt repayment in the amount of Baht 618.78 million and Baht 1,054.50 million, respectively, which were appraised by external appraisers.

For the nine-month periods ended September 30, 2018 and 2017 the Bank generated gains on sale of properties for sale in the amount of Baht 167.58 million and Baht 16.56 million, respectively.

## 6.9 Premises and Equipment, Net

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

Unit : Million Baht

	September 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	7.98	-	391.37	291.88
- Building improvement	133.46	4.39	-	137.85	125.01	1.51	-	126.52	11.33
Equipment									
- Office equipment and fixtures	300.40	17.46	1.96	315.90	254.24	14.67	1.96	266.95	48.95
- Vehicles	102.06	3.81	-	105.87	32.71	7.44	-	40.15	65.72
Assets under construction*	<u>3.59</u>	<u>0.43</u>	<u>4.02</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>1,614.02</u>	<u>26.09</u>	<u>5.98</u>	<u>1,634.13</u>	<u>795.35</u>	<u>31.60</u>	<u>1.96</u>	<u>824.99</u>	<u>809.14</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 September 30, 2018 and December 31, 2017, the Bank had equipment which are fully depreciated but still in use at the original cost amounting to Baht 338.81 million and Baht 336.46 million, respectively.

### 6.10 Intangible Assets, Net

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

Unit : Million Baht

	September 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	6.80	-	154.58	117.80	10.98	-	128.78	25.80
Software under installation*	<u>49.21</u>	<u>8.43</u>	<u>3.81</u>	<u>53.83</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53.83</u>
Total	<u>196.99</u>	<u>15.23</u>	<u>3.81</u>	<u>208.41</u>	<u>117.80</u>	<u>10.98</u>	<u>-</u>	<u>128.78</u>	<u>79.63</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 September 30, 2018 and December 31, 2017, the Bank had computer software which are fully amortized but still in use at the original cost amounting to Baht 85.25 million and Baht 76.50 million, respectively.

### 6.11 Reinsurance Assets

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

Unit : Million Baht

	September 30, 2018	December 31, 2017
Accrued income and reinsurance	0.04	-
Insurance reserves from reinsurance	<u>188.56</u>	<u>121.18</u>
Total	<u>188.60</u>	<u>121.18</u>

## 6.12 Other Assets, Net

	Unit : Million Baht	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Revenue receivables, net	5.93	5.74
Insurance claim receivables, net of reinsurance	202.64	193.42
Allowance for insurance claim receivables	(202.64)	(193.42)
Leasehold rights	1.18	1.30
Advance deposits	2.55	2.50
Others	<u>4.05</u>	<u>2.05</u>
Total	<u>13.71</u>	<u>11.59</u>

## 6.13 Deposits

### 6.13.1 Classified by Type of Deposit

	Unit : Million Baht	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Demand	2,100.71	2,361.11
Savings	257.25	227.93
Time	5,528.47	5,314.77
Certificates of deposit	<u>24,317.37</u>	<u>14,477.21</u>
Total	<u>32,203.80</u>	<u>22,381.02</u>

### 6.13.2 Classified by Currency and Residency of Depositors

	<u>September 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	30,294.34	582.41	30,876.75	20,131.61	524.82	20,656.43
US Dollar	875.81	435.74	1,311.55	914.50	801.17	1,715.67
Other currencies	<u>15.50</u>	<u>-</u>	<u>15.50</u>	<u>8.92</u>	<u>-</u>	<u>8.92</u>
Total	<u>31,185.65</u>	<u>1,018.15</u>	<u>32,203.80</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>September 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	1.40	6,746.64	6,748.04	1.33	3,579.16	3,580.49
Specialized financial institutions	81.03	1,590.31	1,671.34	15.27	3,814.88	3,830.15
Other financial institutions	<u>-</u>	<u>9,400.00</u>	<u>9,400.00</u>	<u>-</u>	<u>8,400.00</u>	<u>8,400.00</u>
Total domestic items	<u>82.43</u>	<u>17,736.95</u>	<u>17,819.38</u>	<u>16.60</u>	<u>15,794.04</u>	<u>15,810.64</u>
Foreign items						
US Dollar	148.30	-	148.30	274.72	-	274.72
Euro	18.34	-	18.34	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>172.32</u>	<u>-</u>	<u>172.32</u>	<u>297.00</u>	<u>-</u>	<u>297.00</u>
Total domestic and foreign items	<u>254.75</u>	<u>17,736.95</u>	<u>17,991.70</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>September 30, 2018</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Bonds	-	27,383.54	27,383.54
Others	<u>107.59</u>	<u>-</u>	<u>107.59</u>
Total debt issued and borrowings	<u>107.59</u>	<u>27,383.54</u>	<u>27,491.13</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>September 30, 2018</u>	<u>December 31, 2017</u>
Bonds	USD	2018-2024	LIBOR ± MARGIN	27,383.54	30,066.43
Others	THB	2021-2024	0	<u>107.59</u>	<u>117.13</u>
Total debt issued and borrowings				<u>27,491.13</u>	<u>30,183.56</u>

### 6.16 Provisions

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

			Unit : Million Baht	
			<u>September 30, 2018</u>	<u>December 31, 2017</u>
Employee benefits			205.09	193.80
Provisions for contingent liabilities			8.12	39.18
Other provisions			<u>0.61</u>	<u>0.61</u>
Total provisions			<u>213.82</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>September 30, 2018</u>	<u>December 31, 2017</u>
Beginning balance			193.80	169.45
Current service cost*			15.16	18.23
Interest cost*			4.39	5.25
Employee benefits paid during the year			(8.26)	(8.02)
Actuarial (gains) losses on defined benefit plans			<u>-</u>	<u>8.89</u>
Ending Balance			<u>205.09</u>	<u>193.80</u>

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

Principal actuarial assumptions for the Bank's defined benefit plans are as follows:

	<u>2018</u>	<u>2017</u>
Average salary increase	6.75% - 9.00%	6.50% - 9.00%
Average turnover rate	0% - 34.65%	0% - 34.65%
Discount rate	1.38% - 3.31%	1.42% - 3.15%

## 6.17 Other Liabilities

	Unit : Million Baht	
	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Collateral under Credit Support Annex contract *	160.41	-
Advance deposits	33.32	26.54
Accrued expenses	51.76	36.40
Account payables	20.03	13.82
Reinsurance payables	9.52	6.95
Deferred revenue	20.50	14.02
Withholding tax payable	4.60	6.21
Provision for stand-by claims purchase agreement	68.49	26.54
Provision for expected loss **	85.02	173.94
Suspense liabilities	336.20	247.13
Others	<u>0.65</u>	<u>0.22</u>
Total	<u>790.50</u>	<u>551.77</u>

\* To mitigate counterparty risk, the Bank signs ISDA Credit Support Annex (CSA) with its counterparties which require posting collateral in the form of cash when the contract's fair value changes more than the threshold.

\*\* 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 additional 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 as the National Revenue

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>September 30, 2018</u>	<u>December 31, 2017</u>
Guarantees of loans	1,538.32	1,542.77
Liabilities under immature import bills	284.09	286.51
Letters of credit	768.48	1,162.00
Export bills insured	18,717.58	14,435.94
Other contingencies		
Overdraft accounts not yet drawn	536.15	549.47
Other guarantees	3,503.00	3,204.33
Investment Insurance	3,305.47	3,333.45
Stand-by claims purchase agreement	<u>6,702.34</u>	<u>2,366.61</u>
Total other contingencies	<u>14,046.96</u>	<u>9,453.86</u>
Total	<u>35,355.43</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>September 30, 2018</u>	<u>December 31, 2017</u>
Within 1 year	4.41	5.04
Over 1 - 5 years	2.54	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>September 30, 2018</u>	<u>December 31, 2017</u>
Within 1 year	0.08	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

September 30, 2018

	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Total assets	100,911.88	1.35	100,913.23
Interbank and money market items, net (assets)	9,379.66	0.59	9,380.25
Investments, net	2,247.09	-	2,247.09
Loans to customers and accrued interest receivables, net	87,291.08	-	87,291.08
Deposits	32,203.80	-	32,203.80
Interbank and money market items, net (liabilities)	17,991.70	-	17,991.70
Debt issued and borrowings	27,491.13	-	27,491.13

December 31, 2017

	<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>September 30, 2018</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Interest income	3,562.42	-	3,562.42
Interest expenses	<u>(1,057.59)</u>	-	<u>(1,057.59)</u>
Interest income, net	2,504.83	-	2,504.83
Fees and service income, net	177.82	-	177.82
Other operating income	177.48	-	177.48
Other operating expenses	<u>(1,752.71)</u>	<u>(5.05)</u>	<u>(1,757.76)</u>
Net profit	<u><u>1,107.42</u></u>	<u><u>(5.05)</u></u>	<u><u>1,102.37</u></u>

	<u>September 30, 2017</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Interest income	2,937.80	-	2,937.80
Interest expenses	<u>(752.84)</u>	-	<u>(752.84)</u>
Interest income, net	2,184.96	-	2,184.96
Fees and service income, net	176.91	-	176.91
Other operating income	268.38	-	268.38
Other operating expenses	<u>(1,606.75)</u>	<u>(7.34)</u>	<u>(1,614.09)</u>
Net profit	<u><u>1,023.50</u></u>	<u><u>(7.34)</u></u>	<u><u>1,016.16</u></u>

### 6.24 Interest Income

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

Unit : Million Baht

	<u>2018</u>	<u>2017</u>
Interbank and money market items	77.92	77.44
Investment in debt securities	23.09	23.95
Loans	<u>3,461.41</u>	<u>2,836.41</u>
Total interest income	<u><u>3,562.42</u></u>	<u><u>2,937.80</u></u>

## 6.25 Interest Expenses

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

	Unit : Million Baht	
	<u>2018</u>	<u>2017</u>
Deposits	229.19	130.62
Interbank and money market items	261.03	193.62
Debt issued		
- Bonds	560.09	420.92
- Borrowings fee	<u>7.27</u>	<u>7.68</u>
Total interest expenses	<u>1,057.58</u>	<u>752.84</u>

## 6.26 Fees and Service Income, Net

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

	Unit : Million Baht	
	<u>2018</u>	<u>2017</u>
Fees and service income		
- Acceptance aval and guarantee	33.18	40.53
- Income from insurance	116.28	104.52
- Others	<u>97.34</u>	<u>87.21</u>
Total fees and service income	<u>246.80</u>	<u>232.26</u>
Fees and service expenses		
- Expense on insurance	55.57	47.44
- Others	<u>13.41</u>	<u>7.91</u>
Total fees and service expenses	<u>68.98</u>	<u>55.35</u>
Total fees and service income, net	<u>177.82</u>	<u>176.91</u>

## 6.27 Gains (Losses) on Tradings and Foreign Exchange Transactions

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

	Unit : Million Baht	
	<u>2018</u>	<u>2017</u>
Foreign exchanges, debt securities and derivatives	5.70	53.45
Interest rate derivatives	<u>(53.79)</u>	<u>4.14</u>
Total gains (losses) on tradings and foreign exchange transactions	<u>(48.09)</u>	<u>57.59</u>

## 6.28 Gains (Losses) on Investments

Gains (losses) on investments for the nine-month periods ended September 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	0.07
Reversal (losses) on impairment of general investments	<u>0.67</u>	<u>(1.53)</u>
Total gains (losses) on investments	<u>22.42</u>	<u>(1.46)</u>

## 6.29 Impairment Loss of Loans and Debt Securities

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

	Unit : Million Baht	
	<u>2018</u>	<u>2017</u>
Interbank and money market items	68.43	23.48
Loans		
- Bad debts and doubtful accounts *	807.38	691.95
- Loss on restructuring	<u>71.47</u>	<u>45.17</u>
Total	<u>878.85</u>	<u>737.12</u>
Loans from public service account		
- Bad debts and doubtful accounts	<u>(32.85)</u>	<u>(23.20)</u>
Total impairment loss of loans and debt securities	<u>914.43</u>	<u>737.40</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 September 30, 2018 and December 31, 2017, the assets from public service account are as follows:

	Unit : Million Baht	
	<u>September 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>1.16</u>	<u>3.55</u>
Total assets	<u>1.16</u>	<u>3,257.43</u>



### 6.30.1 Summary of Public Service Account (Continued)

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

	Unit : Million Baht	
	<u>2018</u>	<u>2017</u>
Income from public service account	30.54	194.62
<u>Less</u> Expenses from public service account	(17.83)	(102.33)
<u>Less</u> Impairment loss of loans and debt securities from public service account	<u>32.85</u>	<u>23.20</u>
Net profit	<u>45.56</u>	<u>115.49</u>

### 6.30.2 Receivable Eligible for Government Reimbursement

As at September 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 1.16 million and Baht 3.55 million, respectively.

### 6.30.3 Income from Public Service Account

Income from public service account for the nine-month periods ended September 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	142.69
Compensation for public service account		
- Compensation for operating expenses	<u>7.50</u>	<u>51.93</u>
Total	<u>30.54</u>	<u>194.62</u>

#### 6.30.4 Expenses from Public Service Account

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

	Unit : Million Baht	
	<u>2018</u>	<u>2017</u>
Interest expenses	15.83	91.72
Operating expenses	2.00	10.58
Other expenses	<u>-</u>	<u>0.03</u>
Total	<u>17.83</u>	<u>102.33</u>

#### 6.31 Fair value of Assets and Liabilities

As at September 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>September 30, 2018</u>		
	<u>Fair Value</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<b>Financial Assets</b>			
Derivative assets			
- Exchange rate	-	233.80	233.80
- Interest rate	-	156.35	156.35
Available-for-sale securities	<u>0.67</u>	<u>-</u>	<u>0.67</u>
Total financial assets	<u>0.67</u>	<u>390.15</u>	<u>390.82</u>
<b>Financial Liabilities</b>			
Derivative liabilities			
- Exchange rate	-	23.96	23.96
- Interest rate	<u>-</u>	<u>41.02</u>	<u>41.02</u>
Total financial liabilities	<u>-</u>	<u>64.98</u>	<u>64.98</u>

6.31 Fair value of assets and liabilities (Continued)

Unit : Million Baht

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

6.32 Events After the Reporting Period

The Bank remitted the interim national revenue from the six-month operating results of 2018 amounting to Baht 281.90 million to the Ministry of Finance on October 10, 2018.

On November 20, 2018, the Bank issued a 5-years Floating Rate Notes in the amount of USD 300 million, which entirely offered to offshore investors.

### 6.33 Approval of the Interim Financial Statements

These interim financial statements have been authorized to issue by the Chairman of the Board of Directors and President on January 14, 2019.

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