

REPORT OF THE AUDITOR AND FINANCIAL STATEMENTS  
EXPORT – IMPORT BANK OF THAILAND  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(TRANSLATION)

## AUDITOR'S REPORT

TO : MINISTER OF FINANCE

### **Opinion**

The Office of the Auditor General of Thailand has audited the financial statements of Export-Import Bank of Thailand, which comprise the statements of financial position as at December 31, 2017, and the statements of profit or loss and other comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In the Office of the Auditor General of Thailand's opinion, the financial statements present fairly, in all material respects, the financial position of Export-Import Bank of Thailand as at December 31, 2017, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

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

### **Other Information**

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

The Office of the Auditor General of Thailand's opinion on the financial statements does not cover the other information and the Office of the Auditor General of Thailand will not express any form of assurance conclusion thereon.

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

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

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

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

Those charged with governance are responsible for overseeing the Bank's financial reporting processes.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

The Office of the Auditor General of Thailand's objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes the Office of the Auditor General of Thailand's opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of the Office of the Auditor General of Thailand's audit in accordance with Thai Standards on Auditing, the Office of the Auditor General of Thailand exercises professional judgment and maintains professional skepticism throughout the audit. The Office of the Auditor General of Thailand also:

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

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

(Signed) *Thurdpong Pongsaksri*

(Mr. Thurdpong Pongsaksri)

Director of Financial Audit Office No.1

(Signed) *Atinuch Thienchaiwattana*

(Mrs. Atinuch Thienchaiwattana)

Auditor, Senior Professional Level

EXPORT-IMPORT BANK OF THAILAND  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2017

		Unit : Thousand Baht	
	Notes	December 31, 2017	December 31, 2016
<u>Assets</u>			
Cash		1,177	3,557
Interbank and money market items, net	6.2	2,004,154	3,238,619
Derivative assets	6.3	347,994	350,546
Investments, net	6.4	2,478,194	2,325,301
Loans to customers and accrued interest receivables, net	6.5		
Loans to customers		88,600,613	76,957,323
Accrued interest receivables		249,957	215,989
Total loans to customers and accrued interest receivables		88,850,570	77,173,312
<u>Less</u> Deferred revenue		(2,416)	(2,511)
<u>Less</u> Allowance for doubtful accounts	6.6	(7,816,566)	(6,716,484)
<u>Less</u> Revaluation allowance for debt restructuring	6.7	(99,244)	(63,177)
Total loans to customers and accrued interest receivables, net		80,932,344	70,391,140
Loans to customers from public service account and accrued interest receivables, net	6.30.2		
Loans to customers from public service account			
Portion that is not subject to government compensation for damages		3,285,266	6,211,966
Accrued interest receivables from public service account			
Portion that is not subject to government compensation for damages		1,463	3,092
Total loans to customers from public service account and accrued interest receivables		3,286,729	6,215,058
<u>Less</u> Allowance for doubtful accounts from public service account	6.30.3	(32,853)	(62,120)
Total loans to customers from public service account and accrued interest receivables, net		3,253,876	6,152,938
Receivables eligible for government reimbursement	6.30.4	3,548	6,970
Properties for sale, net	6.8	804,743	845,480
Premises and equipment, net	6.9	818,669	819,555
Intangible assets, net	6.10	79,192	85,454
Accrued interest receivables not related to loans		-	586
Reinsurance assets	6.11	121,178	122,145
Prepaid expenses		44,320	42,231
Other assets, net	6.12	11,593	11,148
Total assets		90,900,982	84,395,670

The notes to the financial statements are an integral part of these financial statements.

EXPORT-IMPORT BANK OF THAILAND  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2017

		Unit : Thousand Baht	
	<u>Notes</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
<u>Liabilities and Shareholders' Equity</u>			
Deposits	6.13	22,381,023	16,673,912
Interbank and money market items, net	6.14	16,107,643	11,496,182
Liabilities payable on demand		471,351	380,125
Derivative liabilities	6.3	83,402	172,697
Debt issued and borrowings	6.15	30,183,565	34,842,762
Provisions	6.16	233,593	203,825
Accrued interest payables		279,170	248,538
Provision for insurance service		265,060	266,460
Other liabilities	6.17	551,771	483,729
Total liabilities		70,556,578	64,768,230
Shareholders' equity			
Capital	6.18	12,800,000	12,800,000
Paid-up capital		12,800,000	12,800,000
Other components of equity		483	1,288
Retained earnings			
Appropriated			
Legal reserve		6,502,000	5,850,000
Unappropriated		1,041,921	976,152
Total shareholders' equity		20,344,404	19,627,440
Total liabilities and shareholders' equity		90,900,982	84,395,670

The 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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
Unit : Thousand Baht			
Interest revenue	6.24	3,996,899	3,424,533
Interest expenses	6.25	1,034,303	849,480
Net interest income		2,962,596	2,575,053
Fees and service revenue		321,550	373,376
Fees and service expenses		76,181	71,398
Net fees and service income	6.26	245,369	301,978
Gains (Losses) on tradings and foreign exchange transactions	6.27	52,345	37,334
Gains (Losses) on investments	6.28	(1,504)	(7,402)
Other operating revenue		35,477	38,772
Revenue from public service account	6.30.5	236,250	294,407
Total operating revenue		3,530,533	3,240,142
Other operating expenses			
Personnel expenses		739,420	624,906
Directors' remuneration		6,003	5,791
Premises and equipment expenses		54,817	40,685
Losses on claims and provision for insurance service		20,042	18,702
Losses on impairment of properties for sale		16,112	(18,977)
Others		240,281	14,690
Total operating expenses		1,076,675	685,797
Expenses from public service account	6.30.6	127,092	138,577
Impairment loss of loans and debt securities	6.29	966,607	1,111,989
Net income		1,360,159	1,303,779
Other comprehensive income (losses)			
Item that will be reclassified subsequently to profit or loss			
Gains (Losses) on revaluation of available-for-sale investment		(805)	(108)
Item that will not be reclassified subsequently to profit or loss			
Actuarial gains (losses) on defined benefit plans		(8,890)	2,816
Total other comprehensive income (losses)		(9,695)	2,708
Total comprehensive income		1,350,464	1,306,487

The notes to the financial statements are an integral part of these statements.

-----  
(Miss Suttirat Rattanachot)

Chairman

-----  
(Mr. Pisit Serewiwattana)

President



EXPORT-IMPORT BANK OF THAILAND  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Notes</u>	Capital	Other Components of Equity	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total
		Revaluation Surplus (Deficit) on Investments			
					Unit : Thousand Baht
Beginning balance as at January 1, 2016	12,800,000	1,396	5,089,000	927,607	18,818,003
Legal reserve	-	-	761,000	(761,000)	-
Remittance to the Ministry of Finance	-	-	-	(497,050)	(497,050)
Total comprehensive income	-	(108)	-	1,306,595	1,306,487
Ending balance as at December 31, 2016	<u>12,800,000</u>	<u>1,288</u>	<u>5,850,000</u>	<u>976,152</u>	<u>19,627,440</u>
Beginning 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 6.19	-	-	-	(633,500)	(633,500)
Total comprehensive income	-	(805)	-	1,351,269	1,350,464
Ending balance as at December 31, 2017	<u>12,800,000</u>	<u>483</u>	<u>6,502,000</u>	<u>1,041,921</u>	<u>20,344,404</u>

The 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 YEAR ENDED DECEMBER 31, 2017

	Unit : Thousand Baht	
	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities</b>		
Net income	1,360,159	1,303,779
Adjustments to reconcile net income to cash received (paid) from operating activities		
Depreciation and amortization expenses	55,550	53,331
Bad debt and doubtful accounts	921,658	1,151,690
Loss (Reversal) on debt restructuring	114,642	37,709
(Gain) Loss on disposal of assets	300	515
Loss (Reversal) on impairment of properties for sale	16,112	(18,977)
Loss (Gain) on revaluation of foreign currencies	(281,071)	581,257
Derivative revaluation	36,308	225,036
Loss (Gain) on disposal of investments	(70)	-
Loss (Reversal) on impairment of investments	1,574	7,402
Amortization of premium (discount) on debt securities	(2,961)	18,793
Increase (Decrease) in provisions	20,878	(1,811)
Bad debt and provision for other receivables (reversal)	(3,437)	(124,125)
Loss on claims and provision for insurance service (reversal)	20,042	18,702
Decrease (Increase) in revenue receivables	594	(2,153)
Decrease (Increase) in prepaid expenses	(4,793)	(3,015)
Increase (Decrease) in other accrued expenses	4,727	9,477
	<hr/>	<hr/>
	2,260,212	3,257,610
Net interest income	(3,085,640)	(2,747,516)
Dividend income	(422)	(778)
Proceeds from interest income	4,182,151	3,723,245
Interest expenses paid	(1,111,643)	(909,208)
Proceeds from dividend income	422	778
	<hr/>	<hr/>
Income from operations before changes in operating assets and liabilities	2,245,080	3,324,131
(Increase) Decrease in operating assets		
Interbank and money market items	1,245,412	1,728,318
Loans, net	(11,769,160)	(10,640,322)
Properties for sale, net	28,263	8,602
Reinsurance assets	-	340
Other assets, net	(19,589)	(5,950)

The 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 YEAR ENDED DECEMBER 31, 2017

	Unit : Thousand Baht	
	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities</b>		
Increase (Decrease) in operating liabilities		
Deposits	5,758,559	10,398,408
Interbank and money market items	4,650,724	(3,492,619)
Liabilities payable on demand	90,372	(79,996)
Other liabilities	60,491	30,613
Net cash provided by (used in) operating activities	<u>2,290,152</u>	<u>1,271,525</u>
<b>Cash flows from investing activities</b>		
Purchases of held-to-maturity debt securities	(3,600,000)	(3,820,000)
Proceeds from redemption of held-to-maturity debt securities	3,400,903	3,930,000
Proceeds from disposal of general investments	37,644	-
Purchases of premises and equipment	(40,006)	(49,876)
Proceeds from sales of premises and equipment	5,344	3,931
Purchases of intangible assets	(10,254)	(8,138)
Net cash provided by (used in) investing activities	<u>(206,369)</u>	<u>55,917</u>
<b>Cash flows from financing activities</b>		
Proceeds from long-term debt issued and borrowings	4,166,057	5,321,298
Repayments of long-term debt issued and borrowings	(5,618,720)	(6,148,312)
Remittance to the Ministry of Finance	(633,500)	(497,050)
Net cash provided by (used in) financing activities	<u>(2,086,163)</u>	<u>(1,324,064)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(2,380)</u>	<u>3,378</u>
<b>Cash and cash equivalents at the beginning of the period</b>	<u>3,557</u>	<u>179</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>1,177</u></u>	<u><u>3,557</u></u>

The 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 FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

---

Note	Contents	Page
1	General Information	13
2	Basis of Preparation of the Financial Statements	
	2.1 Basis of Preparation of the Financial Statements	13
	2.2 The Revised Thai Financial Reporting Standards (TFRS)	13
3	Significant Accounting Policies	16
4	Risk Management	
	4.1 Risk Profile	22
	4.2 Fair Value of Financial Instruments	25
	4.3 Capital Adequacy under the Ministerial Regulations and Basel II Standard	27
5	Estimates and Assumptions	28
6	Additional Information	
	6.1 Supplementary Information of Cash Flows	29
	6.2 Interbank and Money Market Items, Net (Assets)	29
	6.3 Derivatives	30
	6.4 Investments, Net	31
	6.5 Loans to Customers and Accrued Interest Receivables, Net	32
	6.6 Allowance for Doubtful Accounts	37
	6.7 Revaluation Allowance for Debt Restructuring	37
	6.8 Properties for Sale, Net	38
	6.9 Premises and Equipment, Net	39
	6.10 Intangible Assets, Net	40
	6.11 Reinsurance Assets	40
	6.12 Other Assets, Net	41
	6.13 Deposits	41
	6.14 Interbank and Money Market Items, Net (Liabilities)	42
	6.15 Debt Issued and Borrowings	42
	6.16 Provisions	43
	6.17 Other Liabilities	44
	6.18 Capital	44

EXPORT-IMPORT BANK OF THAILAND  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

---

Note	Contents	Page
6.19	Remittance to the Ministry of Finance	45
6.20	Contingent Liabilities	45
6.21	Other Benefits to Directors and Executives	45
6.22	Long – Term Leasing Contracts	45
6.23	Financial Position and Operational Performance Classified by Domestic and Foreign Operations	46
6.24	Interest Revenue	48
6.25	Interest Expenses	48
6.26	Fees and Service Revenue, Net	48
6.27	Gains (Losses) on Tradings and Foreign Exchange Transactions	49
6.28	Gains (Losses) on Investments	49
6.29	Impairment Loss of Loans and Debt Securities	49
6.30	Public Service Account	50
6.31	Approval of the Financial Statements	52

**EXPORT-IMPORT BANK OF THAILAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

---

**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, Samsen Nai, Phayathai, Bangkok.

**2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

**2.1 Basis of Preparation of the Financial Statements**

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 Thai Financial Reporting Standards Interpretations (TFRIC), which are effective for the financial statements beginning on or after January 1, 2017 as follows:

Thai Financial Reporting Standards

TAS 1	(Revised 2016)	Presentation of Financial Statements
TAS 7	(Revised 2016)	Statement of Cash Flows
TAS 8	(Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10	(Revised 2016)	Events after the Reporting Period

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

### Thai Financial Reporting Standards

TAS 16	(Revised 2016)	Property, Plant and Equipment
TAS 17	(Revised 2016)	Leases
TAS 18	(Revised 2016)	Revenue
TAS 19	(Revised 2016)	Employee Benefits
TAS 20	(Revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21	(Revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 24	(Revised 2016)	Related Party Disclosures
TAS 29	(Revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 34	(Revised 2016)	Interim Financial Reporting
TAS 36	(Revised 2016)	Impairment of Assets
TAS 37	(Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38	(Revised 2016)	Intangible Assets
TAS 104	(Revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105	(Revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107	(Revised 2016)	Financial Instruments Disclosure and Presentation
TFRS 4	(Revised 2016)	Insurance Contracts
TFRS 13	(Revised 2016)	Fair Value Measurement

### Thai Financial Reporting Interpretations

TFRIC 7	(Revised 2016)	Applying the Restatement Approach under TAS29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	(Revised 2016)	Interim Financial Reporting and Impairment
TFRIC 21	(Revised 2016)	Levies

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

2.2.2 The Federation of Accounting Professions had issued the Notifications of Federation of Accounting Professions regarding Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), Thai Accounting Standards Interpretations (TSIC) and Thai Financial Reporting Standards Interpretations (TFRIC), which are effective for the financial statements beginning on or after January 1, 2018. Thai Financial Reporting Standards that are relevant to the Bank are as follows :

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

### Thai Financial Reporting Standards

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

### Thai Financial Reporting Standards Interpretations

TFRIC 7	(Revised 2017)	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	(Revised 2017)	Interim Financial Reporting and Impairment
TFRIC 21	(Revised 2017)	Levies

The Bank has considered the impact of the above Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS) and determined that they will have no material impact on the Bank's financial statements in the period of initial adoption.



### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Recognition of Income

Interest income is recognized on an accrual basis, except for interest from non-performing loan of which the Bank reverses all accrued interest income. The Bank will recognize interest income from non-performing loan upon receipt.

Government and government agency grant related to compensation for interest or operating expense is recognized as revenue from public service account on an accrual basis.

Revenue from export credit insurance, investment insurance and stand-by claims purchase agreement are recognized as fee and service income on a cash basis.

#### 3.2 Recognition of Expenses

Interest expenses are recognized on an accrual basis.

Expenses on reinsurance are recognized as fee and service expenses on an accrual basis.

#### 3.3 Cash

Cash represents cash on hand and cash on collection.

#### 3.4 Derivatives

Derivatives are initially recorded at fair value on Trade Date and subsequently measured at fair value. The changes in fair value are recognized as gains (losses) on revaluation of derivatives which are presented as gains (losses) on tradings and foreign exchange transactions in statement of profit or loss and other comprehensive income.

The Bank computes the fair value by determining the present value using discounted cash flows method, except for the derivatives that are options which will be computed by the generally accepted option valuation methods.

#### 3.5 Investments

Investments in marketable debt or equity securities classified as investments for trading are stated at fair value. Gains or losses arising from their revaluation and gains or losses on disposal of investments are recognized as gains (losses) on tradings and foreign exchange transactions.

Investments in marketable debt or equity securities classified as available-for-sale investments are stated at fair value. Gains or losses arising from their revaluation are separately stated in the shareholders' equity, which are presented as other comprehensive income, and charged to gains (losses) on investment upon disposal.

Investments in held-to-maturity debt securities are stated at amortized cost, net of allowance for impairment. Premiums or discounts on held-to-maturity debt securities are amortized using the effective interest rate method throughout their remaining maturity. Losses on impairment are charged to the statement of profit or loss and other comprehensive income.

Investments in non-marketable equity securities classified as general investments are stated at cost, net of allowance for impairment. Losses on impairment are charged to the statement of profit or loss and other comprehensive income.

### **3.5 Investments (Continued)**

Investments in mutual fund are stated at net asset value as of the reporting date. The changes in net asset value are recognized in the statement of profit or loss and other comprehensive income.

The Bank recognizes investments on the settlement date.

Interest income from debt securities is recognized on an accrual basis and presented under interest income. Dividend income from equity securities is recognized on an accrual basis and presented under other operating income.

Cost of disposed investments is calculated by using the weighted-average method.

### **3.6 Loans**

Loans are reported at the principal amounts, except for bank overdrafts which included accrued interest receivables. Unearned discounts received in advance are presented as a deduction from loans.

The Bank recognizes and derecognizes the transaction on settlement date.

### **3.7 Allowance for Doubtful Accounts**

The Bank sets aside the allowance for doubtful accounts based on the outstanding loan amount and the financial status, collateral, repayment ability of the individual borrowers and classification of loans in accordance with prudent banking rules as prescribed in the Bank's delinquency classification rules which are in line with the rules promulgated by the Bank of Thailand under the Notification No. SorKorSor. 14/2559 dated October 11, 2016 regarding Classification and Provision Criteria of Specialized Financial Institution. The Bank thereby sets aside the allowance for doubtful accounts at the rate of 100% of the difference between the book value of loans and the present value of expected cash flow from the debtor or the present value of expected cash flow from the sale of collateral, e.g. property, leaseholds, machinery and vehicle. Moreover, the Bank will revise the collateral value on every 1 to 3 year-basis.

The Bank does not provide allowance for the loans extended in accordance with the government's policy or directive or the cabinet resolution which are covered against losses under Section 23 of the Export-Import Bank of Thailand Act, 1993 (B.E. 2536) as amended, and loans which are covered by the export credit insurance.

Allowance for doubtful accounts established during the period are recognized as bad debt and doubtful accounts expense in the statement of profit or loss and other comprehensive income.

Bad debt written off is deducted from the allowance for doubtful accounts and bad debt recovered is recognized as income and is presented net of bad debt and doubtful accounts expenses in the statement of profit or loss and other comprehensive income.

### 3.8 Troubled Debt Restructuring

The Bank analyzes borrowers' financial and business status and cash flow projections based on reasonable criteria together with supporting evidence that borrowers are able to honor the debt restructuring agreements.

In the case of the Bank receiving debt repayment by a transfer of assets or ownership interests, the fair value is adopted.

In the case of adjustment to the repayment terms and conditions, the Bank recalculates the fair value of the debt by determining the present value of future expected cash flows in accordance with the adjusted repayment conditions using the Bank's regular interest rate on the debt restructuring date as the discount rate. The difference between the new fair value and the debt amount, including principal and accrued interest, is recorded as revaluation allowance for debt restructuring. The Bank recognises loss on debt restructuring as expenses in the statement of profit or loss and other comprehensive income in the relevant accounting period.

### 3.9 Properties For sale

Properties for sale consist of movable and immovable assets, received from debt repayments, which are stated at the lower of cost or market value less allowance for impairment. Losses on impairment or reversal of losses on impairment are recognized as other operating expenses or income in the statement of profit or loss and other comprehensive income.

Gains or losses on disposal of properties for sale are recognized as other operating income or expenses in the statement of profit or loss and other comprehensive income upon disposal.

The Bank regularly appraises properties for sale by external appraisers on a yearly basis.

### 3.10 Premises, Equipment and Depreciations

Premises and equipment are stated at cost less accumulated depreciation and allowance for asset impairment (if any).

Buildings and equipment are depreciated on a straight-line basis over their estimated useful lives, which are as follows:

- Buildings	20 - 50	years
- Building improvement	10	years
- Equipment	3 - 5	years

Gains or losses on disposal of premises and equipment are recognized as other operating income or expenses in the statement of profit or loss and other comprehensive income upon disposal.

### 3.11 Intangible Assets

Intangible assets consist of computer software and computer system development expense which are stated at cost less accumulated amortization and allowance for impairment (if any). Amortization is calculated by the straight-line method, based on the estimated useful lives of the assets, which are between 3-5 years. The amortization is recognized as other operating expenses in the statement of profit or loss and other comprehensive income.

Gains or losses on disposal of intangible assets are recognized as other operating income or expenses in the statement of profit or loss and other comprehensive income upon disposal.

### **3.12 Leaseholds**

Leaseholds are stated at cost less accumulated amortization. Amortization is calculated by the straight-line method, based on the lease period, which is between 3-20 years. Amortization is recognized as other operating expenses in the statements of profit or loss and other comprehensive income.

### **3.13 Assets and Liabilities in Foreign Currencies**

#### **3.13.1 Functional Currency and Presentation Currency**

The financial statements are prepared and presented in Thai Baht, which is the Bank's functional currency.

#### **3.13.2 Translation of Foreign Currencies**

The Bank records assets and liabilities denominated in foreign currencies at the transaction date. At the statement of financial position date, all such outstanding is translated into Baht at the reference foreign exchange rates announced by the Bank of Thailand. Gains or losses on translation of foreign currencies are recognized as gains (losses) on trading and foreign exchange transactions, net.

### **3.14 Export Credit Insurance Services and Provisions**

Export credit insurance services are recorded as the contingent liabilities from export bills insured, which are off-the statement of financial position obligations. Any payment of insurance claims is recorded as insurance claim receivables and will subsequently be recovered from foreign debtors.

Provisions for export credit insurance are as follows:

- 1) Provisions for future claims against the export credit insurance policies

The Bank would make provisions for future claims against the export credit insurance policies at the rate of 1% of the amount of export bills insured outstanding not yet claimed.

- 2) Provisions for the pending insurance claims payable

The Bank would make provisions for the pending insurance claims payable at the rate of 50% of the exposures.

- 3) Allowance for doubtful accounts on the compensated claims

The Bank would make provisions for the compensated claims equal to the difference between the net book value of receivables after deduction of reinsurance amount and the net present value of expected cash flow from the debtors after deduction of cash flow payable to reinsurer.

In case of any losses under the export credit insurance services which may affect the Bank's operations and/or total required capital, the Bank will request a loss compensation from the Ministry of Finance as stated in Section 24 of 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).

### 3.15 Investment Insurance Services and Provisions

Investment insurance services are recorded as the contingent liabilities from investment insurance, which are off-the statements of financial position obligations. Any payment of insurance claims is recorded as insurance claim receivables and will subsequently be recovered from the government of the host countries or related parties.

Provisions for investment insurance are as follows:

1) Provisions for future claims against the investment insurance policies

The Bank would make provisions for future claims against investment insurance policies at the rate of 50% of the annual premium received until the provisions are equal to 10% of the total amount of contingent liabilities of investment insurance.

2) Provisions for doubtful accounts on pending claims payable

The Bank would make provisions for the pending insurance claims payable at the rate of 50% of the exposures.

3) Allowance for doubtful accounts on the compensated claims

The Bank would make provisions for the compensated claims equal to the difference between the net book value of receivables after deduction of reinsurance amount and the net present value of expected cash flow from the debtors after deduction of cash flow payable to reinsurer.

In case of any losses under the investment insurance services which may affect the Bank's operations and/or total required capital, the Bank will request a loss compensation from the Ministry of Finance as stated in Section 24 of 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).

### 3.16 Stand-by Claims Purchase Agreement Services and Provisions

Stand-by claims purchase agreement services are recorded as the contingent liabilities from stand-by claims purchase agreement, which are off-the statements of financial position obligations. Any payment of such stand-by claims purchase agreement services is recorded as stand-by claims receivables and will subsequently be recovered from debtors.

Provisions for stand-by claims purchase agreement are as follows:

1) Provisions for the future service claims against the stand-by claims purchase agreement policies

The Bank would make provisions for future service claims against the stand-by claims purchase agreement policies at the rate of 1% of the amount of stand-by claims purchase agreement outstanding not yet claimed.

2) Provisions for doubtful accounts on the pending service claims payable

The Bank would make provisions for the pending claims of such stand-by claims purchase agreement service at the rate of 50% of the exposures.

### **3.16 Stand-by Claims Purchase Agreement Services and Provisions (Continued)**

3) Allowance for doubtful accounts on the paid purchase under the stand-by claims purchase agreement services.

The Bank would make provisions for the paid purchase under the stand-by claims purchase agreement service equal to the difference between the net book value of receivables after deduction of reinsurance amount and the net present value of expected cash flow from the debtors after deduction of cash flow payable to reinsurer.

### **3.17 Provisions**

The Bank recognizes provisions in the statement of financial position, when the Bank has obligations arising from past events, which it becomes probable that an outflow of resources embodying economic benefits will be required to settle this obligation, and the amount can be reliably estimated. The provisions recognized in the statement of financial position include the provisions for contingent liabilities, the provision for the employment benefits and other provisions.

### **3.18 Post-Employment Benefits**

#### **3.18.1 Defined Contribution Plans**

The Bank established a provident fund under the Provident Fund Act, 1987 (B.E. 2530), which became a registered fund being approved by the Ministry of Finance on April 27, 1994, The provident fund is managed by external fund manager.

Contributions to the employee provident fund are made under the rule of "The Registered Provident Fund of Export-Import Bank of Thailand's Employee". Employees contribute to the provident fund at 3-15% of salary and the Bank's supplemental contribution is at 5.5-10% of employee's salary according to the years of employment. Upon termination of employment, employees are entitled to receive this benefit.

#### **3.18.2 Defined Benefit Plans**

The Bank has a policy to provide its employees with post-retirement benefits, payable based on salary rate and years of service of the retired employees.

The provision for the employee benefits is determined by discounting the cash flows of employee benefits to be paid in the future. The calculation methodology is based on the Projected Unit Credit Method (an actuarial technique). The Components of this calculation include employee's salaries, turnover rate, mortality rate, years of service and other related factors, and the discount rate being the government bond yield as disseminated by the ThaiMBA. The employee benefits is presented as part of provisions in the statement of financial position.

The actuarial gains or losses are recognized in other comprehensive income and transferred immediately to the retained earnings in the period in which they arise.

### 3.19 Appropriation of Annual Net Income

According to the Export-Import Bank of Thailand Act, 1993 (B.E. 2536), the Bank shall appropriate no less than half of the annual net profit as a reserve for its operations while the remainder of the net profit shall be appropriated to the capital fund and/or remitted to the Ministry of Finance.

## 4. Risk Management

### 4.1 Risk Profile

#### 4.1.1 Credit Risk

The Bank has managed credit risk with focus on risk associated with failure by a borrower or counterparty to adhere to the agreements relating to credit provision, investment and incurrence of commitments otherwise (including export credit and investment insurance). It is aimed to ensure that the Bank's credit and export credit and investment insurance (credit insurance) quality in compliance with the relevant financial laws and regulations and within acceptable risk levels. In 2017, the Bank categorized its target customers in the export-import business and investment sectors, both at home and abroad, into two main groups, as follows:

1. Small and Medium-sized Enterprises (SMEs) having export potential in general or those not receiving adequate financial support from commercial banks
2. Large enterprises aiming to expand their trade and investment into high-potential target countries or into projects relating to utilities, energy, natural resources development both in Thailand and neighboring countries.

These clients can be either in the commercial group whereby credits are extended in accordance with the government policy or in the commercial group under the Bank's normal business processes. In any case, to better meet clients' demand, the Bank may opt to extend other credits deemed appropriate to economic or industrial conditions within a suitable risk management framework.

The Bank has clearly mapped out the structures, powers, duties and responsibilities, and delegated authority of the parties concerned in the credit and credit insurance processes to ensure check and balance, covering 5 processes, namely,

1. Credit consideration process, involving analysis of credit amount, financial data and other relevant information to assess the customer's debt servicing status and capability before escalating for consideration and approval by the authorized persons/bodies.

2. Credit, as well as debt restructuring and correction, approval process whereby the structure, composition and qualifications of the authorized persons/bodies at all levels are determined with the relevant scope of authority clearly indicated in writing.

3. Post-approval credit operation and examination process, with clear segregation of duties and responsibilities among business units to cover relevant credit processes, e.g. legal documentation, credit drawdown, credit repayment, and credit review (including credit and credit insurance).

4. Reporting process, including operational performance data and other financial figures to support the Bank's business administration and credit portfolio risk management.

#### 4.1.1 Credit Risk (Continued)

5. Credit review and monitoring process, to ensure that both credit and insurance operations are complied with the relevant laws, rules and regulations.

#### 4.1.2 Market Risk

The Bank has in place a market risk management policy, which is reviewed on a yearly basis, for use as its guidelines to ensure sound market risk management.

The Bank's major market risk can be classified into three types as follows:

##### 1. Interest Rate Risk

It refers to the risk of adverse impact on the Bank's earnings or capital funds as a result of changes in interest rates on assets, liabilities and all off-balance sheet rate-sensitive items, which could affect the Bank's net interest income (NII), market value of trading account items, and other income and expense items associated with interest rates.

##### 2. Foreign Exchange Rate Risk

It refers to the risk of adverse impact on the Bank's earnings or capital funds as a result of fluctuations in foreign exchange rates relating to foreign currency transactions or holding of foreign currency assets or liabilities.

##### 3. Equity Price Risk

It refers to the risk of adverse impact on the Bank's earnings or capital funds as a result of changes in equity instrument prices.

Moreover, the Bank has operated the strategy of managing market risk with appropriate cost and returns taken into account. There is clear segregation of authority and duties among business units relating to market risk management. The Bank has also delegated approval authority with relevant criteria in writing, and designated the use of market risk assessment, monitoring and management approaches in alignment with the complication of the respective transactions and ensured that the Bank's market risk is contained to an acceptable level in line with and in response to the public-sector equity holder as well as the Bank's vision and mission.

#### 4.1.3 Liquidity Risk

The Bank has established a liquidity risk management policy, which is reviewed on a yearly basis, for use as guidelines in preventing risk incurred from the Bank's inability to repay debts or obligations upon due dates as a consequence of its failure to convert assets into cash or to procure sufficient funds, or its ability to acquire adequate funds but at a too high cost to be acceptable, which could affect the Bank's earnings and capital funds both at present and in future. It also aims to prevent liquidity risk from the Bank's failure to mitigate or offset risk with the assets it is holding, forcing it to dispose of the assets at a price lower than the acquisition cost due to low liquidity of the assets or market liquidity shortage.

The Bank has ensured proper acquisition and distribution of short-, medium-, and long-term borrowings that match the respective assets structure. Major applications of funds are credit provision to debtors and investment in liquid assets, while sources of funds are mainly from fund raising or issuance of financial instruments both onshore and offshore, as well as maintaining good relations with business partners that are its funding sources on a regular and consistent basis as part of its liquidity management.



#### 4.1.3 Liquidity Risk (Continued)

In 2017, the Bank's liquidity position to serve its net fund requirement was maintained at the level higher than its internal criteria and average liquid assets higher than that specified by the Bank of Thailand. Main liquid assets held by the Bank included government bonds, Bank of Thailand bonds, and treasury notes. Holding of liquid assets has been reviewed as appropriate to sufficiently accommodate settlements of debts and obligations, and ensure smooth operation under both normal and crisis situations. Moreover, report on liquidity position and operation result of which has been made on a regular basis.

The Bank has conducted liquidity stress testing on a quarterly basis in three scenarios, comprising 1. institution-specific crisis, 2. market-wide crisis, and 3. combination of institution-wide and market-wide crises, and identified specific risk factors, both internally and externally, that may affect its liquidity according to the Bank of Thailand's guidelines. In addition, a liquidity contingency plan has been worked out to safeguard the Bank against any liquidity crisis. The plan outlines including the roles, duties and responsibilities of the management and business units concerned, early warning signal, and the execution process to timely cope with the stress conditions.

As at December 31, 2017 and 2016, the Bank had significant asset and liability items classified by maturity as follows:

Unit : Million Baht

	<u>December 31, 2017</u>			<u>December 31, 2016</u>		
	<u>Up to</u>	<u>Over</u>	<u>Total</u>	<u>Up to</u>	<u>Over</u>	<u>Total</u>
	<u>1 Year</u>	<u>1 Year</u>		<u>1 Year</u>	<u>1 Year</u>	
<b>Assets</b>						
Interbank and money market items, net	2,004.15	-	2,004.15	3,238.62	-	3,238.62
Investments, net	2,443.10	35.09	2,478.19	2,250.26	75.04	2,325.30
Loans	<u>36,241.68</u>	<u>55,644.20</u>	<u>91,885.88</u>	<u>26,008.13</u>	<u>57,161.16</u>	<u>83,169.29</u>
Total	<u>40,688.93</u>	<u>55,679.29</u>	<u>96,368.22</u>	<u>31,497.01</u>	<u>57,236.20</u>	<u>88,733.21</u>
<b>Liabilities</b>						
Deposits	21,381.02	1,000.00	22,381.02	16,673.91	-	16,673.91
Interbank and money market items, net	4,710.23	11,397.41	16,107.64	1,832.15	9,664.03	11,496.18
Debt issued and borrowings	<u>5,735.14</u>	<u>24,448.42</u>	<u>30,183.56</u>	<u>6,101.03</u>	<u>28,741.73</u>	<u>34,842.76</u>
Total	<u>31,826.39</u>	<u>36,845.83</u>	<u>68,672.22</u>	<u>24,607.09</u>	<u>38,405.76</u>	<u>63,012.85</u>

#### 4.2 Fair Value of Financial Instruments

Unit : Million Baht

	<u>December 31, 2017</u>		<u>December 31, 2016</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets				
Cash	1.18	1.18	3.56	3.56
Interbank and money market items, net	2,004.15	2,004.15	3,238.62	3,238.62
Derivatives	347.99	347.99	350.54	350.54
Investments, net	2,478.19	2,478.44	2,325.30	2,325.89
Loans to customers and accrued interest receivables, net	<u>84,186.22</u>	<u>84,186.22</u>	<u>76,544.08</u>	<u>76,544.08</u>
Total financial assets	<u>89,017.73</u>	<u>89,017.98</u>	<u>82,462.10</u>	<u>82,462.69</u>
Financial liabilities				
Deposits	22,381.02	22,381.02	16,673.91	16,673.91
Interbank and money market items, net	16,107.64	16,107.64	11,496.18	11,496.18
Liabilities payable on demand	471.35	471.35	380.13	380.13
Derivatives	83.40	83.40	172.70	172.70
Debt issued and borrowings	<u>30,183.56</u>	<u>30,183.56</u>	<u>34,842.76</u>	<u>34,842.76</u>
Total financial liabilities	<u>69,226.97</u>	<u>69,226.97</u>	<u>63,565.68</u>	<u>63,565.68</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.

#### 4.2 Fair Value of Financial Instruments (Continued)

As at December 31, 2017 and 2016, the Bank determines level of the fair value hierarchy of financial assets and financial liabilities as follows:

		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 investments	<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>
<b>Financial Liabilities</b>				
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>
		<u>December 31, 2016</u>		
		<u>Fair Value</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
<b>Financial Assets</b>				
Derivative assets				
-	Exchange rate	-	103.44	103.44
-	Interest rate	-	247.10	247.10
	Available-for-sale investments	<u>2.36</u>	<u>-</u>	<u>2.36</u>
	Total financial assets	<u>2.36</u>	<u>350.54</u>	<u>352.90</u>
<b>Financial Liabilities</b>				
Derivative liabilities				
-	Exchange rate	-	112.14	112.14
-	Interest rate	<u>-</u>	<u>60.56</u>	<u>60.56</u>
	Total financial liabilities	<u>-</u>	<u>172.70</u>	<u>172.70</u>

#### 4.2 Fair Value of Financial Instruments (Continued)

Level 2 fair values for derivatives are the prices which are 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 which is adjusted with counterparty credit risk.

#### 4.3 Capital Adequacy under the Ministerial Regulations and Basel II Standard

##### 4.3.1 Capital under the Ministerial Regulations

As at December 31, 2017, the Bank's capital adequacy ratio (CAR) stood at 21.31%, 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 stood at 109.33%, 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>December 31, 2017</u>	<u>December 31, 2016</u>
	<u>Regulations</u>		
1. Capital *		19,251.82	18,548.04
2. Risk assets **		90,353.75	82,693.43
3. Insurance service contingent liabilities		17,609.58	14,455.44
4. Capital to risk assets	Not less than 8%	21.31%	22.43%
5. Capital to insurance service contingent liabilities	Not less than 20%	109.33%	128.31%

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.

#### 4.3.2 Capital under Basel II Standard

As at December 31, 2017 and 2016, the Bank's capital adequacy ratio under Basel II standard are as follows:

##### Capital Structure Based on Basel II Standard

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
	Unit: Million Baht	
Tier 1 Capital		
Paid-up capital	12,800.00	12,800.00
Legal reserve	6,502.00	5,850.00
Net income (loss) after appropriation	<u>(50.18)</u>	<u>(101.96)</u>
Total Tier 1 Capital	19,251.82	18,548.04
Tier 2 Capital		
Allowance for pass asset-classification	1,403.82	1,320.75
<u>Add</u> Revaluation surplus on investments in available-for-sale equity securities	<u>0.22</u>	<u>0.58</u>
Total Tier 2 Capital	<u>1,404.04</u>	<u>1,321.33</u>
Total capital under Basel II standard	<u>20,655.86</u>	<u>19,869.37</u>

##### Capital Adequacy Ratio

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Tier 1 capital adequacy ratio	17.14%	17.55%
Total capital adequacy ratio	18.39%	18.80%

Unit: Million Baht

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Total capital after deducting capital add - on arising		
from single lending limit	19,920.13	19,026.28
Total capital adequacy ratio after deducting capital add - on arising		
from single lending limit	17.74%	18.01%

## 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. The consideration for such estimates and assumptions is based on the experience and reliable information that is available at the time that the financial statements are being prepared. 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 years ended December 31, 2017 and 2016 are as follows:

	Unit : Million Baht	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Increase (Decrease) in revaluation surplus on investments in		
shareholders' equity	(0.81)	(0.11)
Increase in properties for sale from loan payment	3.64	19.74

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

	Unit : Million Baht					
	<u>December 31, 2017</u>			<u>December 31, 2016</u>		
	<u>At Call</u>	<u>Term</u>	<u>Total</u>	<u>At Call</u>	<u>Term</u>	<u>Total</u>
Domestic items						
Bank of Thailand	18.84	160.00	178.84	16.98	35.00	51.98
Commercial banks	172.06	972.17	1,144.23	76.10	922.15	998.25
Specialized financial institutions	<u>0.75</u>	<u>-</u>	<u>0.75</u>	<u>0.01</u>	<u>680.00</u>	<u>680.01</u>
Total	191.65	1,132.17	1,323.82	93.09	1,637.15	1,730.24
<u>Add</u> Accrued interest receivables	-	0.06	0.06	-	0.01	0.01
<u>Less</u> Allowance for doubtful accounts	<u>-</u>	<u>(9.72)</u>	<u>(9.72)</u>	<u>-</u>	<u>(16.02)</u>	<u>(16.02)</u>
Total domestic items	<u>191.65</u>	<u>1,122.51</u>	<u>1,314.16</u>	<u>93.09</u>	<u>1,621.14</u>	<u>1,714.23</u>
Foreign items						
US Dollars	117.92	461.90	579.82	205.54	1,183.15	1,388.69
Yen	32.29	-	32.29	13.45	-	13.45
Euro	22.97	-	22.97	51.88	-	51.88
Other currencies	<u>54.88</u>	<u>-</u>	<u>54.88</u>	<u>70.23</u>	<u>-</u>	<u>70.23</u>
Total	228.06	461.90	689.96	341.10	1,183.15	1,524.25
<u>Add</u> Accrued interest receivables	<u>-</u>	<u>0.03</u>	<u>0.03</u>	<u>-</u>	<u>0.14</u>	<u>0.14</u>
Total foreign items	<u>228.06</u>	<u>461.93</u>	<u>689.99</u>	<u>341.10</u>	<u>1,183.29</u>	<u>1,524.39</u>
Total domestic and foreign items	<u>419.71</u>	<u>1,584.44</u>	<u>2,004.15</u>	<u>434.19</u>	<u>2,804.43</u>	<u>3,238.62</u>

### 6.3 Derivatives

As at December 31, 2017 and 2016, the fair value and notional amount classified by type of risk are as follows:

Unit : Million Baht

<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>

  

<u>Type of Risk</u>	<u>December 31, 2016</u>		
	<u>Fair Value</u>		<u>Notional Amount</u>
	<u>Assets</u>	<u>Liabilities</u>	
Exchange rate	103.44	112.14	12,386.57
Interest rate	<u>247.10</u>	<u>60.56</u>	<u>4,255.86</u>
Total	<u>350.54</u>	<u>172.70</u>	<u>16,642.43</u>

As at December 31, 2017 and 2016, the proportions of derivative transactions classified by type of counterparty based on the notional amount are as follows:

<u>Counterparty</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Financial institutions	74.51%	76.40%
Third parties	<u>25.49%</u>	<u>23.60%</u>
Total	<u>100.00%</u>	<u>100.00%</u>

## 6.4 Investments, Net

### 6.4.1 Available-for-Sale Investments

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
	<u>Fair Value</u>	<u>Fair Value</u>
Domestic marketable equity securities	1.55	2.36

Unit : Million Baht

### 6.4.2 Held-to-Maturity Debt Securities

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
	<u>Cost/Amortized Cost</u>	<u>Cost/Amortized Cost</u>
Government and state enterprise securities	2,443.10	2,089.95
Foreign debt securities	-	160.31
Total	<u>2,443.10</u>	<u>2,250.26</u>

Unit : Million Baht

### 6.4.3 General Investments

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
	<u>Cost</u>	<u>Cost</u>
Domestic non-marketable equity securities	26.31	26.31
Mutual funds		
- Core Flexible Fund (CORE)	-	56.23
- Thailand Prosperity Fund 2 (TTPF2)	24.65	24.65
- Vayupak Fund 1 (VAYU1)	1.00	1.00
Others	<u>0.41</u>	<u>0.39</u>
Total	52.37	108.58
<u>Less</u> Allowance for impairment	<u>(18.83)</u>	<u>(35.90)</u>
Total	<u>33.54</u>	<u>72.68</u>
Total investments, net	<u>2,478.19</u>	<u>2,325.30</u>

Unit : Million Baht



6.5 Loans to Customers and Accrued Interest Receivables, Net

6.5.1 Classified by Type of Loan

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
		Unit : Million Baht
		December 31, 2017      December 31, 2016
Overdrafts	321.91	262.19
Domestic loans - customers	59,442.37	47,165.68
- export bills negotiation	614.58	590.12
- staff loans	260.87	243.62
Overseas loans - foreign government agencies	1,160.35	1,224.34
- customers operating overseas	26,798.67	27,469.47
Others	<u>1.86</u>	<u>1.90</u>
Total loans to customers	88,600.61	76,957.32
<u>Less</u> Deferred revenue	<u>(2.42)</u>	<u>(2.51)</u>
Total loans to customers, net of deferred revenue	88,598.19	76,954.81
<u>Add</u> Accrued interest receivables	<u>249.96</u>	<u>215.99</u>
Total loans to customers and accrued interest receivables, net of deferred revenue	88,848.15	77,170.80
<u>Less</u> Allowance for doubtful accounts		
- Minimum allowance by BOT's regulation	(3,361.33)	(2,549.24)
- Excess allowance	(4,455.24)	(4,167.24)
Revaluation allowance for debt restructuring	<u>(99.24)</u>	<u>(63.18)</u>
Total loans to customers, net	<u>80,932.34</u>	<u>70,391.14</u>

Overseas loans to foreign government agencies, which are 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:

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
		Unit : Million Baht
		December 31, 2017      December 31, 2016
Loan for National Road No.67 Construction Project ( Anlong Veng – Siem Reap) The Kingdom of Cambodia	1,160.35	1,224.34

6.5.2 Classified by Currency and Residency

Unit : Million Baht

	December 31, 2017			December 31, 2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	44,224.24	10,672.12	54,896.36	31,672.36	9,865.67	41,538.03
US Dollar	12,944.97	17,286.89	30,231.86	13,753.68	18,828.14	32,581.82
Other currencies	<u>3,469.97</u>	<u>-</u>	<u>3,469.97</u>	<u>2,834.96</u>	<u>-</u>	<u>2,834.96</u>
Total	<u>60,639.18</u>	<u>27,959.01</u>	<u>88,598.19</u>	<u>48,261.00</u>	<u>28,693.81</u>	<u>76,954.81</u>

6.5.3 Classified by Business Type and Loan Classifications

Unit : Million Baht

	December 31, 2017					
	Pass	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>

  

	December 31, 2016					
	Pass	Special Mention	Substandard	Doubtful	Doubtful of Loss	Total
Agriculture and mining	3,627.19	-	-	-	-	3,627.19
Manufacturing and commercial	26,073.93	222.62	86.13	45.75	2,647.75	29,076.18
Real estate and construction	3,277.37	-	-	-	39.41	3,316.78
Public utilities and services	40,114.69	125.55	15.11	-	135.61	40,390.96
Others	<u>543.70</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>543.70</u>
Total	<u>73,636.88</u>	<u>348.17</u>	<u>101.24</u>	<u>45.75</u>	<u>2,822.77</u>	<u>76,954.81</u>

#### 6.5.4 Classified by Loan Classification

Unit : Million Baht

	<u>December 31, 2017</u>			
	<u>Loans and</u>	<u>Net Amount Subject</u>	<u>Minimum</u>	<u>Allowance</u>
	<u>Accrued Interest</u>	<u>to Allowance for</u>	<u>Provision</u>	<u>for Doubtful</u>
	<u>Receivables</u>	<u>Doubtful Accounts</u>	<u>Rate (%)</u>	<u>Accounts</u>
	<u>Provisioning</u>			
1. Minimum allowance by BOT's regulation				
Pass	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 regulation	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>

	<u>December 31, 2016</u>			
	<u>Loans and</u>	<u>Net Amount Subject</u>	<u>Minimum</u>	<u>Allowance</u>
	<u>Accrued Interest</u>	<u>to Allowance for</u>	<u>Provision</u>	<u>for Doubtful</u>
	<u>Receivables</u>	<u>Doubtful Accounts</u>	<u>Rate (%)</u>	<u>Accounts</u>
	<u>Provisioning</u>			
1. Minimum allowance by BOT's regulation				
Pass	73,840.72	71,639.13	1,36,100	1,000.50
Special mention	360.32	348.16	2	6.96
Substandard	101.24	93.44	100	93.44
Doubtful	45.75	29.97	100	29.97
Doubtful of loss	<u>2,822.77</u>	<u>1,418.37</u>	100	<u>1,418.37</u>
Total minimum allowance by BOT's regulation	77,170.80	73,529.07		2,549.24
2. Excess allowance				
	-	-		<u>4,167.24</u>
Total	<u>77,170.80</u>	<u>73,529.07</u>		<u>6,716.48</u>

### 6.5.5 Non-Performing Loans (NPLs)

As at December 31, 2017 and 2016, 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>December 31, 2017</u>	<u>December 31, 2016</u>
NPLs before deducting allowance for doubtful accounts	3,284.66	2,969.76
Percentage of total loans *	3.67	3.78
NPLs after deducting allowance for doubtful accounts	1,159.53	1,427.98
Percentage of net loans	1.33	1.85

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

As at December 31, 2017 and 2016, the outstanding balance of written-down accounts, which were not included in the financial statements, were Baht 2,967.65 million and Baht 3,460.32 million, respectively. For the years ended December 31, 2017 and 2016, the Bank recovered principal from written-down accounts in the amount of Baht 158.76 million and Baht 84.94 million, respectively, from which accounts the bank received cash in the amount of Baht 69.68 million and Baht 77.41 million, respectively.

For the years ended December 31, 2017 and 2016, the Bank wrote off bad debts in the amount of Baht 3.47 million and Baht 1.74 million, respectively.

### 6.5.6 Troubled Debt Restructuring

For the years ended December 31, 2017 and 2016, the Bank restructured debts as follows:

		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	5	298.83	298.83

The tenure of the above-mentioned restructuring is 4.02 years. As at December 31, 2017, the outstanding of such restructured loans was Baht 307.03 million.

### 6.5.6 Troubled Debt Restructuring (Continued)

Unit : Million Baht

<u>Type of Restructuring</u>	<u>Case</u>	<u>2016</u>	
		<u>Outstanding Debt</u>	
		<u>Before Restructuring</u>	<u>After Restructuring</u>
Change of repayment conditions	1	383.67	383.67

The tenure of the above-mentioned restructuring is 8 years. As at December 31, 2016, the outstanding of such restructured loan was Baht 383.74 million.

For the years ended December 31, 2017 and 2016, debt restructuring during the year compared to outstanding loans and accrued interest receivables net of deferred revenue are as follows:

	Unit : Million Baht			
	<u>December 31, 2017</u>		<u>December 31, 2016</u>	
	<u>Cases</u>	<u>Amount</u>	<u>Case</u>	<u>Amount</u>
Debt restructuring during the year	5	298.83	1	383.67
Loans and accrued interest receivables net of deferred revenue	1,694	88,848.15	1,383	77,170.80

As at December 31, 2017 and 2016, the Bank had outstanding restructured loans reclassified as normal for 72 cases amounting to Baht 1,788.89 million and for 39 cases amounting to Baht 830.09 million, respectively.

For the years ended December 31, 2017 and 2016, the Bank recognized interest income from debt restructuring in the amount of Baht 90.63 million and Baht 36.45 million, respectively.

## 6.6 Allowance for Doubtful Accounts

As at December 31, 2017 and 2016, the Bank had allowance for doubtful accounts as follows:

	Unit : Million Baht						
	December 31, 2017						
	Pass	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>
	December 31, 2016						
	Pass	Special Mention	Sub- Standard	Doubtful	Doubtful of Loss	Excess Allowance	Total
Beginning balance	1,003.06	9.05	72.79	259.22	1,434.03	2,764.24	5,542.39
Increase (decrease) in allowance							
for doubtful accounts	<u>(2.56)</u>	<u>(2.09)</u>	<u>20.65</u>	<u>(229.25)</u>	<u>(15.66)</u>	<u>1,403.00</u>	<u>1,174.09</u>
Ending balance	<u>1,000.50</u>	<u>6.96</u>	<u>93.44</u>	<u>29.97</u>	<u>1,418.37</u>	<u>4,167.24</u>	<u>6,716.48</u>

As at December 31, 2017 and 2016, the Bank's allowance for doubtful accounts on loans accounted for Baht 7,816.57 million and Baht 6,716.48 million, respectively, which exceed the minimum provisioning requirement based on debt service ability and debt quality set out by the Bank of Thailand in the amount of Baht 4,455.24 million and Baht 4,167.24 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 December 31, 2017 and 2016, the Bank had revaluation allowance for debt restructuring as follows:

	Unit : Million Baht	
	December 31, 2017	December 31, 2016
Beginning balance	63.18	38.73
Increase	57.80	41.29
Decrease	<u>(21.74)</u>	<u>(16.84)</u>
Ending balance	<u>99.24</u>	<u>63.18</u>

## 6.8 Properties for Sale, Net

As at December 31, 2017 and 2016, the Bank had properties for sale, net as follows:

	Unit : Million Baht			
	<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>
	<u>December 31, 2016</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Assets from debt repayment				
- Immovable properties	1,078.48	19.82	8.81	1,089.49
- Movable properties	<u>208.17</u>	<u>-</u>	<u>0.15</u>	<u>208.02</u>
Total properties for sale	1,286.65	19.82	8.96	1,297.51
(Less) Allowance for impairment	<u>(471.28)</u>	<u>18.97</u>	<u>(0.28)</u>	<u>(452.03)</u>
Total properties for sale, net	<u>815.37</u>	<u>38.79</u>	<u>8.68</u>	<u>845.48</u>

As at December 31, 2017 and 2016, the Bank had immovable assets from debt repayment in the amount of Baht 1,054.50 million and Baht 1,089.49 million, respectively, which were appraised by external appraisers.

For the years ended December 31, 2017 and 2016, the Bank generated gains on sale of properties for sale in the amount of Baht 33.90 million and Baht 3.18 million, respectively.

## 6.9 Premises and Equipment, Net

As at December 31, 2017 and 2016, the Bank had premises and equipment, net as follows:

Unit : Million Baht

	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*	-	7.15	3.56	3.59	-	-	-	-	3.59
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.

	December 31, 2016								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	362.03	10.70	-	372.73	310.52
- Building improvement	130.45	0.84	-	131.29	119.59	2.87	-	122.46	8.83
Equipment									
- Office equipment and fixtures	279.73	21.20	8.47	292.46	247.14	13.80	8.43	252.51	39.95
- Vehicles	86.62	29.22	15.85	99.99	35.53	6.79	11.32	31.00	68.99
Assets pending for write off	-	4.54	4.54	-	-	-	-	-	-
Assets under construction*	-	1.71	1.71	-	-	-	-	-	-
Total	<u>1,571.31</u>	<u>57.51</u>	<u>30.57</u>	<u>1,598.25</u>	<u>764.29</u>	<u>34.16</u>	<u>19.75</u>	<u>778.70</u>	<u>819.55</u>

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



## 6.9 Premises and Equipment, Net (Continued)

As at December 31, 2017 and 2016, the Bank had equipment which are fully depreciated but still in use at the original costs amounting to Baht 336.46 million and Baht 351.23 million, respectively.

## 6.10 Intangible Assets, Net

As at December 31, 2017 and 2016, the Bank had intangible assets as follows:

Unit : Million Baht

	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.

	December 31, 2016								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	134.44	8.47	0.01	142.90	85.80	18.74	0.01	104.53	38.37
Software under installation*	<u>47.47</u>	<u>5.87</u>	<u>6.26</u>	<u>47.08</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47.08</u>
Total	<u>181.91</u>	<u>14.34</u>	<u>6.27</u>	<u>189.98</u>	<u>85.80</u>	<u>18.74</u>	<u>0.01</u>	<u>104.53</u>	<u>85.45</u>

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

As at December 31, 2017 and 2016, the Bank had computer software which are fully amortized but still in use at the original costs amounting to Baht 76.50 million and Baht 79.02 million, respectively.

## 6.11 Reinsurance Assets

As at December 31, 2017 and 2016, the Bank had reinsurance assets as follows:

Unit : Million Baht

	December 31, 2017	December 31, 2016
Insurance reserves from reinsurance	121.18	122.14

## 6.12 Other Assets, Net

	Unit : Million Baht	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Revenue receivables, net	5.74	6.33
Insurance claim receivables, net of reinsurance	193.42	187.41
Allowance for insurance claim receivables	(193.42)	(187.41)
Leasehold rights	1.30	0.91
Advance deposits	2.50	2.44
Others	<u>2.05</u>	<u>1.47</u>
Total	<u>11.59</u>	<u>11.15</u>

## 6.13 Deposits

### 6.13.1 Classified by Type of Deposit

	Unit : Million Baht	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Current	2,361.11	2,521.14
Savings	227.93	227.89
Fixed	<u>19,791.98</u>	<u>13,924.88</u>
Total	<u>22,381.02</u>	<u>16,673.91</u>

### 6.13.2 Classified by Currency and Residency of Depositors

	<u>December 31, 2017</u>			<u>December 31, 2016</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Baht	20,131.61	524.82	20,656.43	14,386.67	443.82	14,830.49
US Dollar	914.50	801.17	1,715.67	573.75	1,263.24	1,836.99
Other currencies	<u>8.92</u>	<u>-</u>	<u>8.92</u>	<u>6.43</u>	<u>-</u>	<u>6.43</u>
Total	<u>21,055.03</u>	<u>1,325.99</u>	<u>22,381.02</u>	<u>14,966.85</u>	<u>1,707.06</u>	<u>16,673.91</u>

#### 6.14 Interbank and Money Market Items, Net (Liabilities)

Unit : Million Baht

	<u>December 31, 2017</u>			<u>December 31, 2016</u>		
	<u>At Call</u>	<u>Term</u>	<u>Total</u>	<u>At Call</u>	<u>Term</u>	<u>Total</u>
Domestic items						
Bank of Thailand	-	-	-	-	0.34	0.34
Commercial banks	1.33	3,579.16	3,580.49	0.94	1,257.68	1,258.62
Specialized financial institutions	15.27	3,814.88	3,830.15	38.27	1,428.56	1,466.83
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>16.60</u>	<u>15,794.04</u>	<u>15,810.64</u>	<u>39.21</u>	<u>11,086.58</u>	<u>11,125.79</u>
Foreign items						
US Dollar	274.72	-	274.72	353.24	-	353.24
Euro	16.25	-	16.25	14.75	-	14.75
Other currencies	<u>6.03</u>	<u>-</u>	<u>6.03</u>	<u>2.40</u>	<u>-</u>	<u>2.40</u>
Total foreign items	<u>297.00</u>	<u>-</u>	<u>297.00</u>	<u>370.39</u>	<u>-</u>	<u>370.39</u>
Total domestic and foreign items	<u>313.60</u>	<u>15,794.04</u>	<u>16,107.64</u>	<u>409.60</u>	<u>11,086.58</u>	<u>11,496.18</u>

#### 6.15 Debt Issued and Borrowings

##### 6.15.1 Classified by Type of Instrument and Source of Fund

Unit : Million Baht

	<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>
	<u>December 31, 2016</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Bonds	-	34,755.73	34,755.73
Others	<u>87.03</u>	<u>-</u>	<u>87.03</u>
Total debt issued and borrowings	<u>87.03</u>	<u>34,755.73</u>	<u>34,842.76</u>

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

				Unit : Million Baht	
	<u>Currency</u>	<u>Maturity</u> (Year)	<u>Interest Rate /</u> <u>Interest Rate Index</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Bonds	USD	2018-2024	LIBOR ± MARGIN	30,066.43	34,755.73
Others	THB	2021-2024	-	<u>117.13</u>	<u>87.03</u>
Total debt issued and borrowings				<u>30,183.56</u>	<u>34,842.76</u>

### 6.16 Provisions

As at December 31, 2017 and 2016, the Bank had set up provisions as follows:

			Unit : Million Baht	
			<u>December 31, 2017</u>	<u>December 31, 2016</u>
Defined benefit plans			193.80	169.45
Provisions for contingent liabilities			39.18	33.76
Other provisions			<u>0.61</u>	<u>0.61</u>
Total provisions			<u>233.59</u>	<u>203.82</u>

The Bank assesses the provision for defined benefit plans by using the Projected Unit Credit method.

The details of the Bank's defined benefit plans for the period are as follows:

			Unit : Million Baht	
			<u>December 31, 2017</u>	<u>December 31, 2016</u>
Beginning balance			169.45	156.54
Current service cost*			18.23	14.82
Interest cost*			5.25	5.10
Employees benefit paid during the year			(8.02)	(4.19)
Actuarial (gains) losses based on updated assumptions			<u>8.89</u>	<u>(2.82)</u>
Ending Balance			<u>193.80</u>	<u>169.45</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>2017</u>	<u>2016</u>
Average salary increase	6.50% - 9.00%	6.50% - 9.00%
Average turnover rate	0% - 34.65%	0% - 28.23%
Discount rate	1.42% - 3.15%	1.53% - 3.46%

### 6.16 Provisions (Continued)

The Bank's defined benefit plans are sensitive to changes in each significant actuarial assumptions as follows:

	Unit : Million Baht	
	<u>Increase (Decrease) in Defined Benefit Plan</u>	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Average discount rate		
- Increase of 1%	(22.78)	(21.41)
- Decrease of 1%	27.04	25.52
Average future salary increase rate		
- Increase of 1%	0.63	0.95
- Decrease of 1%	(1.25)	(1.83)
Average turnover rate		
- Increase of 1%	(1.67)	(1.23)
- Decrease of 1%	1.28	1.23

### 6.17 Other Liabilities

	Unit : Million Baht	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Advance deposits	26.54	18.38
Expense payables	36.40	33.96
Account payables	13.82	8.86
Reinsurance payables	6.95	1.68
Deferred revenue	14.02	18.01
Withholding tax payable	6.21	5.30
Provision for stand-by claims purchase agreement	26.54	13.31
Provision for expected loss *	173.94	187.90
Suspense liabilities	247.13	196.08
Others	<u>0.22</u>	<u>0.25</u>
Total	<u>551.77</u>	<u>483.73</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 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 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.

On October 20, 2017 the Bank remitted the interim national revenue of the year 2017 amounting to Baht 247.90 million to the Ministry of Finance. Thereby, the total remittance in 2017 was Baht 633.50 million.

### 6.20 Contingent Liabilities

	Unit : Million Baht	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Guarantees of loans	1,542.77	2,237.48
Liabilities under immature import bills	286.51	1,240.98
Letters of credit	1,162.00	843.28
Export bills insured	14,435.94	12,780.37
Other contingencies		
Overdraft accounts not yet drawn	549.47	615.34
Other guarantees	3,204.33	3,643.24
Investment Insurance	3,333.45	1,827.36
Stand-by claims purchase agreement	<u>2,366.61</u>	<u>1,330.59</u>
Total other contingencies	<u>9,453.86</u>	<u>7,416.53</u>
Total	<u>26,881.08</u>	<u>24,518.64</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 commitment arising from 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>December 31, 2017</u>	<u>December 31, 2016</u>
Within 1 year	5.04	3.67
Over 1 - 5 years	5.68	3.35

## 6.22 Long-Term Leasing Contracts (Continued)

The Bank enters into a sublease agreement which the Bank will receive sublease rental in the future as follows:

<u>Remaining Period</u>	Unit : Million Baht	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Within 1 year	0.02	0.02

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

The Bank established its first representative office in Yangon, the Republic of the Union of Myanmar, in order to stimulate Thai-Myanma trade and investment. The opening ceremony of the Yangon representative office was held on June 9, 2017.

### 6.23.1 Financial Position Classified by Business

	Unit : Million Baht		
	<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
	<u>December 31, 2016</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Total assets	84,395.67	-	84,395.67
Interbank and money market items, net (assets)	3,238.62	-	3,238.62
Investments, net	2,325.30	-	2,325.30
Loans to customers and accrued interest receivables, net	70,391.14	-	70,391.14
Deposits	16,673.91	-	16,673.91
Interbank and money market items, net (liabilities)	11,496.18	-	11,496.18
Debt issued and borrowings	34,842.76	-	34,842.76

6.23.2 Operations Classified by Business

Unit : Million Baht

December 31, 2017

	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Interest revenue	3,996.90	-	3,996.90
Interest expenses	<u>(1,034.30)</u>	-	<u>(1,034.30)</u>
Interest revenue, net	2,962.60	-	2,962.60
Fees and service revenue, net	245.37	-	245.37
Other operating revenue	322.57	-	322.57
Other operating expenses	<u>(2,161.24)</u>	<u>(9.14)</u>	<u>(2,170.38)</u>
Net income	<u><u>1,369.30</u></u>	<u><u>(9.14)</u></u>	<u><u>1,360.16</u></u>

December 31, 2016

	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Interest revenue	3,424.53	-	3,424.53
Interest expenses	<u>(849.48)</u>	-	<u>(849.48)</u>
Interest revenue, net	2,575.05	-	2,575.05
Fees and service revenue, net	301.98	-	301.98
Other operating revenue	363.11	-	363.11
Other operating expenses	<u>(1,936.36)</u>	<u>-</u>	<u>(1,936.36)</u>
Net income	<u><u>1,303.78</u></u>	<u><u>-</u></u>	<u><u>1,303.78</u></u>



#### 6.24 Interest Revenue

Interest revenue for the years ended December 31, 2017 and 2016 are as follows:

	Unit : Million Baht	
	<u>2017</u>	<u>2016</u>
Interbank and money market items	108.01	70.92
Investment in debt securities	30.01	37.61
Loans	<u>3,858.88</u>	<u>3,316.00</u>
Total interest revenue	<u>3,996.90</u>	<u>3,424.53</u>

#### 6.25 Interest Expenses

Interest expenses for the years ended December 31, 2017 and 2016 are as follows:

	Unit : Million Baht	
	<u>2017</u>	<u>2016</u>
Deposits	191.50	58.32
Interbank and money market items	267.29	317.69
Debt issued		
- Foreign bonds	565.20	456.92
- Promissory notes	-	7.05
- Borrowings fee	<u>10.31</u>	<u>9.50</u>
Total interest expenses	<u>1,034.30</u>	<u>849.48</u>

#### 6.26 Fees and Service Revenue, Net

Net fees and service revenue for the years ended December 31, 2017 and 2016 are as follows:

	Unit : Million Baht	
	<u>2017</u>	<u>2016</u>
Fees and service revenue		
- Acceptance aval and guarantee	52.90	49.34
- Revenue from insurance	156.29	154.36
- Others	<u>112.36</u>	<u>169.68</u>
Total fees and service revenue	<u>321.55</u>	<u>373.38</u>
Fees and service expenses		
- Expense on insurance	66.76	61.94
- Others	<u>9.42</u>	<u>9.46</u>
Total fees and service expenses	<u>76.18</u>	<u>71.40</u>
Total fees and service revenue, net	<u>245.37</u>	<u>301.98</u>

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

Gains (losses) on tradings and foreign exchange transactions for the years ended December 31, 2017 and 2016 are as follows:

	Unit : Million Baht	
	<u>2017</u>	<u>2016</u>
Foreign exchanges and derivatives	69.81	76.63
Interest rate derivatives	<u>(17.47)</u>	<u>(39.30)</u>
Total gains (losses) on tradings and foreign exchange transactions	<u>52.34</u>	<u>37.33</u>

### 6.28 Gains (Losses) on Investments

Gains (losses) on investments for the years ended December 31, 2017 and 2016 are as follows:

	Unit : Million Baht	
	<u>2017</u>	<u>2016</u>
Gains (losses) on disposal of general investments	0.07	-
Reversal (losses) on impairment of general investments	<u>(1.57)</u>	<u>(7.40)</u>
Total gains (losses) on investments	<u>(1.50)</u>	<u>(7.40)</u>

### 6.29 Impairment Loss of Loans and Debt Securities

Impairment loss of loans and debt securities for the years ended December 31, 2017 and 2016 are as follows:

	Unit : Million Baht	
	<u>2017</u>	<u>2016</u>
Interbank and money market items	(6.29)	(5.51)
Loans		
- Bad debts and doubtful accounts *	887.53	1,090.82
- Loss on restructuring	<u>114.64</u>	<u>37.71</u>
Total	<u>1,002.17</u>	<u>1,128.53</u>
Loans from public service account		
- Bad debts and doubtful accounts	<u>(29.27)</u>	<u>(11.03)</u>
Total impairment loss of loans and debt securities	<u>966.61</u>	<u>1,111.99</u>

\* Includes written-down debt recovered and bad debt recovered

### 6.30 Public Service Account

#### 6.30.1 Summary of Public Service Account

As at December 31, 2017 and 2016, the assets from public service account are as follows:

	Unit : Million Baht	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Loans to customers from public service account and accrued interest receivables, net	3,253.88	6,152.94
Receivable eligible for government reimbursement	<u>3.55</u>	<u>6.97</u>
Total assets	<u>3,257.43</u>	<u>6,159.91</u>

Revenue and expenses from public service account for the years ended December 31, 2017 and 2016, are as follows:

	Unit : Million Baht	
	<u>2017</u>	<u>2016</u>
Revenue from public service account	236.25	294.41
<u>Less</u> Expenses from public service account	(127.09)	(138.58)
<u>Less</u> Impairment loss of loans and debt securities from public service account	<u>29.27</u>	<u>11.03</u>
Net income	<u>138.43</u>	<u>166.86</u>

#### 6.30.2 Loans to Customers from Public Service Account and Accrued Interest Receivables, Net

			Unit : Million Baht	
<u>Project</u>	<u>Project Summary</u>	<u>Duration</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Financial Assistant Scheme for Maritime Businesses Project	To enlarge Thai shipping fleet by financing to Thai maritime businesses for purchase of ships at low interest rate with a grace period before repayment	2011 - 2018	3,253.88	6,152.94

### 6.30.3 Loan Classification and Provision for Public Service Account

As at December 31, 2017 and 2016, loan classification and provision for the financial assistant scheme for maritime businesses project are as follows:

						Unit : Million Baht
						<u>December 31, 2017</u>
<u>Loan Classification</u>	<u>Cases</u>	<u>Outstanding</u>	<u>Collateral Value</u>	<u>Minimum Provision Rate (%)</u>	<u>Allowance for Doubtful Accounts</u>	
Pass	13	3,285.27	4,927.01	1	32.85	
						<u>December 31, 2016</u>
<u>Loan Classification</u>	<u>Cases</u>	<u>Outstanding</u>	<u>Collateral Value</u>	<u>Minimum Provision Rate (%)</u>	<u>Allowance for Doubtful Accounts</u>	
Pass	19	6,211.97	8,309.52	1	62.12	

### 6.30.4 Receivable Eligible for Government Reimbursement

As at December 31, 2017 and 2016, the Bank is eligible for government reimbursement for the operating expenses of lending loan for the financial assistant scheme for maritime businesses project amounting to Baht 3.55 million and Baht 6.97 million, respectively.

### 6.30.5 Revenue from Public Service Account

Revenue from public service account for the years ended December 31, 2017 and 2016, are as follows:

			Unit : Million Baht	
			<u>2017</u>	<u>2016</u>
Revenue from public service account				
- Interest revenue			173.42	208.43
- Fees and service revenue			-	0.32
Compensation for public service account				
- Compensation for operating expenses			<u>62.83</u>	<u>85.66</u>
Total			<u>236.25</u>	<u>294.41</u>

### 6.30.6 Expenses from Public Service Account

Expenses from public service account for the years ended December 31, 2017 and 2016, are as follows:

	Unit : Million Baht	
	<u>2017</u>	<u>2016</u>
Interest expenses	113.21	121.63
Operating expenses	13.84	16.90
Other expenses	<u>0.04</u>	<u>0.05</u>
Total	<u>127.09</u>	<u>138.58</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 March 8, 2018.

---