

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
AND FINANCIAL STATEMENTS
EXPORT – IMPORT BANK OF THAILAND
FOR THE THREE – MONTH PERIOD AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017
(TRANSLATION)

(TRANSLATION)

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO : MINISTER OF FINANCE

The Office of the Auditor General of Thailand has reviewed the statement of financial position of the Export-Import Bank of Thailand, as at September 30, 2017, and the statements of profit or loss and other comprehensive income for the three-month period and nine-month period ended September 30, 2017, changes in shareholders' equity and cash flows for the nine-month period then ended, and the condensed notes to the financial statements. The Bank's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34: Interim Financial Reporting. The responsibility of the Office of the Auditor General of Thailand is to express a conclusion on this interim financial information based on the review.

Scope of review

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

Conclusion

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

(Signed) *Thurdpong Pongsaksri*

(Mr. Thurdpong Pongsaksri)

Director of Financial 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 SEPTEMBER 30, 2017

		Unit : Thousand Baht	
	<u>Notes</u>	<u>September 30, 2017</u>	<u>December 31, 2016</u>
		<u>"Unaudited"</u>	<u>"Audited"</u>
		<u>"Reviewed"</u>	
<u>Assets</u>			
Cash		200	3,557
Interbank and money market items, net	6.2	5,383,020	3,238,619
Derivative assets	6.3	347,431	350,546
Investments, net	6.4	1,729,112	2,325,301
Loans to customers and accrued interest receivables, net	6.5		
Loans to customers		81,044,985	76,957,323
Accrued interest receivables		308,980	215,989
Total loans to customers and accrued interest receivables		81,353,965	77,173,312
<u>Less</u> Deferred revenue		(4,356)	(2,511)
<u>Less</u> Allowance for doubtful accounts	6.6	(7,548,726)	(6,716,484)
<u>Less</u> Revaluation allowance for debt restructuring	6.7	(94,448)	(63,177)
Total loans to customers and accrued interest receivables, net		73,706,435	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		3,891,848	6,211,966
Accrued interest receivables from public service account			
Portion that is not subject to government compensation for damages		1,674	3,092
Total loans to customers from public service account and accrued interest receivables		3,893,522	6,215,058
<u>Less</u> Allowance for doubtful accounts from public service account	6.30.3	(38,918)	(62,120)
Total loans to customers from public service account and accrued interest receivables, net		3,854,604	6,152,938
Receivables eligible for government reimbursement	6.30.4	33,459	6,970
Properties for sale, net	6.8	817,019	845,480
Premises and equipment, net	6.9	812,023	819,555
Intangible assets, net	6.10	80,633	85,454
Accrued interest receivables not related to loans		-	586
Reinsurance assets	6.11	145,450	122,145
Prepaid expenses		49,258	42,231
Other assets, net	6.12	9,572	11,148
Total assets		86,968,216	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 SEPTEMBER 30, 2017

		Unit : Thousand Baht	
	<u>Notes</u>	<u>September 30, 2017</u>	<u>December 31, 2016</u>
		<u>"Unaudited"</u>	<u>"Audited"</u>
		<u>"Reviewed"</u>	
<u>Liabilities and Shareholders' Equity</u>			
Deposits	6.13	20,863,263	16,673,912
Interbank and money market items, net	6.14	13,233,665	11,496,182
Liabilities payable on demand		485,244	380,125
Derivative liabilities	6.3	102,075	172,697
Debt issued and borrowings	6.15	30,818,550	34,842,762
Provisions	6.16	205,357	203,825
Accrued interest payables		254,340	248,538
Provision for insurance service		295,690	266,460
Other liabilities	6.17	452,517	483,729
Total liabilities		66,710,701	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		805	1,288
Retained earnings			
Appropriated			
Legal reserve		6,502,000	5,850,000
Unappropriated		954,710	976,152
Total shareholders' equity		20,257,515	19,627,440
Total liabilities and shareholders' equity		86,968,216	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

"Unaudited""Reviewed"

EXPORT-IMPORT BANK OF THAILAND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED SEPTEMBER 30, 2017

	Unit : Thousand Baht	
	<u>2017</u>	<u>2016</u>
Interest revenue	1,060,312	877,202
Interest expenses	264,598	213,805
Net interest income	<u>795,714</u>	<u>663,397</u>
Fees and service revenue	72,948	75,763
Fees and service expenses	19,772	22,377
Net fees and service income	<u>53,176</u>	<u>53,386</u>
Gains (Losses) on tradings and foreign exchange transactions	22,750	(4,605)
Gains (Losses) on investments	(804)	1,571
Other operating revenue	15,664	1,363
Revenue from public service account	60,901	71,081
Total operating revenue	<u>947,401</u>	<u>786,193</u>
Other operating expenses		
Personnel expenses	187,482	157,106
Directors' remuneration	1,607	1,546
Premises and equipment expenses	14,116	10,519
Losses on claims and provision for insurance service	(22,666)	8,430
Losses on impairment of properties for sale	10,422	(4,989)
Others	53,368	12,523
Total operating expenses	<u>244,329</u>	<u>185,135</u>
Expenses from public service account	32,966	34,664
Impairment loss of loans and debt securities	321,654	248,224
Net income	<u>348,452</u>	<u>318,170</u>
Other comprehensive income (losses)		
Item that will be reclassified subsequently to profit or loss		
Gains (Losses) on revaluation of available-for-sale investment	322	(349)
Total other comprehensive income (losses)	<u>322</u>	<u>(349)</u>
Total comprehensive income	<u>348,774</u>	<u>317,821</u>

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

(Miss Suttirat Rattanachot)

Chairman

(Mr. Pisit Serewiwattana)

President

"Unaudited"

"Reviewed"

EXPORT-IMPORT BANK OF THAILAND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
Unit : Thousand Baht			
Interest revenue	6.24	2,937,803	2,437,128
Interest expenses	6.25	752,841	611,086
Net interest income		2,184,962	1,826,042
Fees and service revenue		232,257	265,561
Fees and service expenses		55,351	54,597
Net fees and service income	6.26	176,906	210,964
Gains (Losses) on tradings and foreign exchange transactions	6.27	57,588	69,641
Gains (Losses) on investments	6.28	(1,462)	(7,599)
Other operating revenue		17,632	4,047
Revenue from public service account	6.30.5	194,621	226,744
Total operating revenue		2,630,247	2,329,839
Other operating expenses			
Personnel expenses		533,599	464,361
Directors' remuneration		4,719	4,628
Premises and equipment expenses		36,655	24,050
Losses on claims and provision for insurance service		29,183	8,202
Losses on impairment of properties for sale		12,385	(99)
Others		157,816	89,541
Total operating expenses		774,357	590,683
Expenses from public service account	6.30.6	102,332	101,714
Impairment loss of loans and debt securities	6.29	737,400	706,801
Net income		1,016,158	930,641
Other comprehensive income (losses)			
Item that will be reclassified subsequently to profit or loss			
Gains (Losses) on revaluation of available-for-sale investment		(483)	(134)
Total other comprehensive income (losses)		(483)	(134)
Total comprehensive income		1,015,675	930,507

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

(Miss Suttirat Rattanachot)

Chairman

(Mr. Pisit Serewiwattana)

President

"Unaudited"

"Reviewed"

EXPORT-IMPORT BANK OF THAILAND
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017

						Unit : Thousand Baht
<u>Notes</u>	Capital	Other Components of Equity	Appropriated Retained Earnings	Unappropriated Retained Earnings	Total	
		Revaluation Surplus (Deficit) on Investments				
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	-	(134)	-	930,641	930,507	
Ending balance as at September 30, 2016	<u>12,800,000</u>	<u>1,262</u>	<u>5,850,000</u>	<u>600,198</u>	<u>19,251,460</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	-	-	-	(385,600)	(385,600)	
6.19						
Total comprehensive income	-	(483)	-	1,016,158	1,015,675	
Ending balance as at September 30, 2017	<u>12,800,000</u>	<u>805</u>	<u>6,502,000</u>	<u>954,710</u>	<u>20,257,515</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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017

	Unit : Thousand Baht	
	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Net income	1,016,158	930,641
Adjustments to reconcile net income to cash received (paid) from operating activities		
Depreciation and amortization expenses	41,622	39,022
Bad debt and doubtful accounts	743,446	744,211
Loss (Reversal) on debt restructuring	45,172	37,203
(Gain) Loss on disposal of assets	300	514
Loss (Reversal) on impairment of properties for sale	12,385	(99)
Loss (Gain) on revaluation of foreign currencies	(111,313)	461,496
Derivative revaluation	5,570	(35,346)
Loss (Gain) on disposal of investments	(70)	-
Loss (Reversal) on impairment of investments	1,532	7,598
Amortization of premium (discount) on debt securities	(3,512)	26,222
Increase (Decrease) in provisions	1,532	(8,225)
Bad debt and provision for other receivables (reversal)	17,134	17,359
Loss on claims and provision for insurance service (reversal)	29,183	8,202
Decrease (Increase) in revenue receivables	3,229	917
Decrease (Increase) in prepaid expenses	(9,220)	2,267
Increase (Decrease) in other accrued expenses	(8,031)	(312)
	<hr/>	<hr/>
	1,785,117	2,231,670
Net interest income	(2,287,860)	(1,963,367)
Dividend income	(416)	(356)
Proceeds from interest income	3,001,609	2,629,174
Interest expenses paid	(833,791)	(629,311)
Proceeds from dividend income	416	356
	<hr/>	<hr/>
Income from operations before changes in operating assets and liabilities	1,665,075	2,268,166
(Increase) Decrease in operating assets		
Interbank and money market items	(2,162,156)	429,925
Loans, net	(4,281,217)	(2,835,713)
Properties for sale, net	19,916	8,502
Reinsurance assets	(3,764)	306
Other assets, net	(15,844)	(1,140)

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 NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017

	Unit : Thousand Baht	
	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Increase (Decrease) in operating liabilities		
Deposits	4,238,985	734,730
Interbank and money market items	1,753,541	677,159
Liabilities payable on demand	105,119	32,852
Other liabilities	(47,377)	112,715
Net cash provided by (used in) operating activities	<u>1,272,278</u>	<u>1,427,502</u>
Cash flows from investing activities		
Purchases of held-to-maturity debt securities	(2,600,000)	(3,820,000)
Proceeds from redemption of held-to-maturity debt securities	3,150,903	3,930,000
Proceeds from disposal of general investments	37,644	-
Purchases of premises and equipment	(24,996)	(25,424)
Proceeds from sales of premises and equipment	5,344	3,871
Purchases of intangible assets	(8,798)	(7,417)
Net cash provided by (used in) investing activities	<u>560,097</u>	<u>81,030</u>
Cash flows from financing activities		
Proceeds from long-term debt issued and borrowings	4,166,057	-
Repayments of long-term debt issued and borrowings	(5,616,189)	(1,225,000)
Remittance to the Ministry of Finance	(385,600)	(282,650)
Net cash provided by (used in) financing activities	<u>(1,835,732)</u>	<u>(1,507,650)</u>
Net increase (decrease) in cash and cash equivalents	<u>(3,357)</u>	<u>882</u>
Cash and cash equivalents at the beginning of the period	<u>3,557</u>	<u>179</u>
Cash and cash equivalents at the end of the period	<u><u>200</u></u>	<u><u>1,061</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 THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017
(UNAUDITED/REVIEWED)

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EXPORT-IMPORT BANK OF THAILAND
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017
(UNAUDITED/REVIEWED)

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EXPORT-IMPORT BANK OF THAILAND
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD AND NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2017
(UNAUDITED/REVIEWED)

1. GENERAL INFORMATION

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

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

The Bank's Head Office is located at 1193 Phaholyothin Road, Samsen Nai, Phayathai, Bangkok.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Preparation of the Financial Statements

The interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (Revised 2016): Interim Financial Reporting, covering the statements of financial position, statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows as those of annual financial statements and notes on only material item.

The interim financial statements are prepared to provide an update on the financial statements for the year ended December 31, 2016. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2016.

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:

<u>Thai Financial Reporting Standards</u>	
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
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
<u>Thai Financial Reporting Standards Interpretations</u>	
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 TAS, TFRS and TFRIC mentioned above has no material impact on the Bank's financial statements.

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

2.2.2 The Federation of Accounting Professions had issued 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 :

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
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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. FAIR VALUE OF FINANCIAL INSTRUMENTS

As at September 30, 2017 and December 31, 2016, the Bank determines level of the fair value hierarchy of financial assets and financial liabilities as follows:

Unit : Million Baht

	<u>September 30, 2017</u>		
	<u>Fair Value</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Financial Assets			
Derivative assets			
- Exchange rate	-	93.29	93.29
- Interest rate	-	254.14	254.14
Available-for-sale investments	<u>1.88</u>	-	<u>1.88</u>
Total financial assets	<u>1.88</u>	<u>347.43</u>	<u>349.31</u>
Financial Liabilities			
Derivative liabilities			
- Exchange rate	-	38.66	38.66
- Interest rate	-	<u>63.41</u>	<u>63.41</u>
Total financial liabilities	<u>-</u>	<u>102.07</u>	<u>102.07</u>

3. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Unit : Million Baht

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

Fair values are determined according to the following hierarchy :

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

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

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

Level 2 fair values for derivatives are the prices 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. CAPITAL ADEQUACY UNDER THE MINISTERIAL REGULATIONS AND BASEL II STANDARD

4.1 Capital under the Ministerial Regulations

As at September 30, 2017, the Bank's capital adequacy ratio (CAR) stood at 22.73%, 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 108.29%, 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>Regulations</u>	
		<u>September 30, 2017</u>
		<u>December 31, 2016</u>
1. Capital *		19,251.82
2. Risk assets **		84,715.98
3. Insurance service contingent liabilities		17,778.68
4. Capital to risk assets	Not less than 8%	22.73%
5. Capital to insurance service contingent liabilities	Not less than 20%	108.29%
		18,548.04
		82,693.43
		14,455.44
		22.43%
		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.

4.2 Capital under Basel II Standard

As at September 30, 2017 and December 31, 2016, the Bank's capital adequacy ratio under Basel II standard are as follows:

Capital Structure Based on Basel II Standard		
	Unit : Million Baht	
	<u>September 30, 2017</u>	<u>December 31, 2016</u>
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	1,378.22	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>1,378.44</u>	<u>1,321.33</u>
Total capital under Basel II standard	<u>20,630.26</u>	<u>19,869.37</u>
Capital Adequacy Ratio		
	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Tier 1 capital adequacy ratio (%)	17.46%	17.55%
Total capital adequacy ratio (%)	18.71%	18.80%
Unit: Million Baht		
	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Total capital after deducting capital add - on arising from single lending limit	20,333.90	19,026.28
Total capital adequacy ratio after deducting capital add - on arising from single lending limit	18.44%	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 nine-month periods ended September 30, 2017 and 2016 are as follows:

	<u>September 30, 2017</u>	<u>September 30, 2016</u>
	Unit : Million Baht	
Increase (Decrease) in revaluation surplus on investments in		
shareholders' equity	(0.48)	(0.13)
Increase in properties for sale from loan payment	3.84	15.52

6.2 Interbank and Money Market Items, Net (Assets)

	<u>September 30, 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	18.81	-	18.81	16.98	35.00	51.98
Commercial banks	97.49	680.00	777.49	76.10	922.15	998.25
Specialized financial institutions	<u>0.01</u>	<u>3,270.00</u>	<u>3,270.01</u>	<u>0.01</u>	<u>680.00</u>	<u>680.01</u>
Total	116.31	3,950.00	4,066.31	93.09	1,637.15	1,730.24
<u>Add</u> Accrued interest receivables	-	-	-	-	0.01	0.01
<u>Less</u> Allowance for doubtful accounts	<u>-</u>	<u>(39.50)</u>	<u>(39.50)</u>	<u>-</u>	<u>(16.02)</u>	<u>(16.02)</u>
Total domestic items	<u>116.31</u>	<u>3,910.50</u>	<u>4,026.81</u>	<u>93.09</u>	<u>1,621.14</u>	<u>1,714.23</u>
Foreign items						
US Dollars	173.00	1,072.03	1,245.03	205.54	1,183.15	1,388.69
Yen	22.74	-	22.74	13.45	-	13.45
Euro	39.60	-	39.60	51.88	-	51.88
Other currencies	<u>48.77</u>	<u>-</u>	<u>48.77</u>	<u>70.23</u>	<u>-</u>	<u>70.23</u>
Total	284.11	1,072.03	1,356.14	341.10	1,183.15	1,524.25
<u>Add</u> Accrued interest receivables	<u>-</u>	<u>0.07</u>	<u>0.07</u>	<u>-</u>	<u>0.14</u>	<u>0.14</u>
Total foreign items	<u>284.11</u>	<u>1,072.10</u>	<u>1,356.21</u>	<u>341.10</u>	<u>1,183.29</u>	<u>1,524.39</u>
Total domestic and foreign items	<u>400.42</u>	<u>4,982.60</u>	<u>5,383.02</u>	<u>434.19</u>	<u>2,804.43</u>	<u>3,238.62</u>

6.3 Derivatives

As at September 30, 2017 and December 31, 2016, the fair value and notional amount classified by type of risk are as follows:

Unit : Million Baht

<u>Type of Risk</u>	<u>September 30, 2017</u>		
	<u>Fair Value</u>		<u>Notional Amount</u>
	<u>Assets</u>	<u>Liabilities</u>	
Exchange rate	93.29	38.66	11,313.08
Interest rate	<u>254.14</u>	<u>63.41</u>	<u>4,100.00</u>
Total	<u>347.43</u>	<u>102.07</u>	<u>15,413.08</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 September 30, 2017 and December 31, 2016, the proportions of derivative transactions classified by type of counterparty based on the notional amount are as follows:

<u>Counterparty</u>	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Financial institutions	77.03%	76.40%
Third parties	<u>22.97%</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>September 30, 2017</u>	<u>December 31, 2016</u>
	<u>Fair Value</u>	<u>Fair Value</u>
Domestic marketable equity securities	1.88	2.36

6.4.2 Held-to-Maturity Debt Securities

	<u>September 30, 2017</u>	<u>December 31, 2016</u>
	<u>Cost/Amortized Cost</u>	<u>Cost/Amortized Cost</u>
Government and state enterprise securities	1,693.65	2,089.95
Foreign debt securities	<u>-</u>	<u>160.31</u>
Total	<u>1,693.65</u>	<u>2,250.26</u>

6.4.3 General Investments

	<u>September 30, 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>0.40</u>	<u>0.39</u>
Total	52.36	108.58
<u>Less</u> Allowance for impairment	<u>(18.78)</u>	<u>(35.90)</u>
Total	<u>33.58</u>	<u>72.68</u>
Total investments, net	<u>1,729.11</u>	<u>2,325.30</u>

6.5 Loans to Customers and Accrued Interest Receivables, Net

6.5.1 Classified by Type of Loan

	<u>September 30, 2017</u>	<u>December 31, 2016</u>
	Unit : Million Baht	
	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Overdrafts	319.37	262.19
Domestic loans - customers	51,766.96	47,165.68
- export bills negotiation	715.74	590.12
- staff loans	257.64	243.62
Overseas loans - foreign government agencies	1,192.34	1,224.34
- customers operating overseas	26,791.06	27,469.47
Others	<u>1.87</u>	<u>1.90</u>
Total loans to customers	81,044.98	76,957.32
<u>Less</u> Deferred revenue	<u>(4.35)</u>	<u>(2.51)</u>
Total loans to customers, net of deferred revenue	81,040.63	76,954.81
<u>Add</u> Accrued interest receivables	<u>308.98</u>	<u>215.99</u>
Total loans to customers and accrued interest receivables, net of deferred revenue	81,349.61	77,170.80
<u>Less</u> Allowance for doubtful accounts		
- Minimum allowance by BOT's regulation	(3,279.49)	(2,549.24)
- Excess allowance	(4,269.24)	(4,167.24)
Revaluation allowance for debt restructuring	<u>(94.45)</u>	<u>(63.18)</u>
Total loans to customers, net	<u>73,706.43</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>September 30, 2017</u>	<u>December 31, 2016</u>
	Unit : Million Baht	
	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Loan for National Road No.67 Construction Project (Anlong Veng – Siem Reap) The Kingdom of Cambodia	1,192.34	1,224.34

6.5.2 Classified by Currency and Residency

Unit : Million Baht

	<u>September 30, 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	36,808.86	10,452.80	47,261.66	31,672.36	9,865.67	41,538.03
US Dollar	13,426.81	17,530.60	30,957.41	13,753.68	18,828.14	32,581.82
Other currencies	<u>2,821.56</u>	<u>-</u>	<u>2,821.56</u>	<u>2,834.96</u>	<u>-</u>	<u>2,834.96</u>
Total	<u>53,057.23</u>	<u>27,983.40</u>	<u>81,040.63</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 Classification

Unit : Million Baht

	<u>September 30, 2017</u>					
	<u>Pass</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Total</u>
Agriculture and mining	3,774.52	-	333.35	-	-	4,107.87
Manufacturing and commercial	29,855.44	285.22	28.13	152.37	2,698.81	33,019.97
Real estate and construction	1,621.99	11.45	-	-	39.41	1,672.85
Public utilities and services	41,254.60	-	-	-	114.63	41,369.23
Others	<u>870.71</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>870.71</u>
Total	<u>77,377.26</u>	<u>296.67</u>	<u>361.48</u>	<u>152.37</u>	<u>2,852.85</u>	<u>81,040.63</u>

	<u>December 31, 2016</u>					
	<u>Pass</u>	<u>Special Mention</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Doubtful of Loss</u>	<u>Total</u>
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>September 30, 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	77,684.76	75,341.54	1,36,100	1,150.29
Special mention	298.15	296.66	2,36	7.38
Substandard	361.48	353.48	100	353.48
Doubtful	152.37	87.25	100	87.25
Doubtful of loss	<u>2,852.85</u>	<u>1,681.09</u>	100	<u>1,681.09</u>
Total minimum allowance by BOT's regulation	81,349.61	77,760.02		3,279.49
2. Excess allowance				
	-	-		<u>4,269.24</u>
Total	<u>81,349.61</u>	<u>77,760.02</u>		<u>7,548.73</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 September 30, 2017 and December 31, 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>September 30, 2017</u>	<u>December 31, 2016</u>
NPLs before deducting allowance for doubtful accounts	3,366.70	2,969.76
Percentage of total loans *	3.96	3.78
NPLs after deducting allowance for doubtful accounts	1,244.88	1,427.98
Percentage of net loans	1.50	1.85

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

As at September 30, 2017 and December 31, 2016, the outstanding balance of written-down accounts, which were not included in the financial statements, were Baht 3,175.61 million and Baht 3,460.32 million, respectively. For the nine-month periods ended September 30, 2017 and 2016, the Bank recovered principal from written-down accounts in the amount of Baht 140.28 million and Baht 80.71 million, respectively, from which accounts the bank received cash in the amount of Baht 51.21 million and Baht 74.61 million, respectively.

6.5.6 Troubled Debt Restructuring

For the nine-month periods ended September 30, 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	4	92.93	188.44

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

		Unit : Million Baht	
		<u>2016</u>	
<u>Type of Restructuring</u>	<u>Case</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 September 30, 2016, the outstanding of such restructured loan was Baht 383.71 million.

6.5.6 Troubled Debt Restructuring (Continued)

For the nine-month periods ended September 30, 2017 and 2016, debt restructuring during the period compared to outstanding loans and accrued interest receivable net of deferred revenue are as follows:

	Unit : Million Baht			
	<u>September 30, 2017</u>		<u>September 30, 2016</u>	
	<u>Cases</u>	<u>Amount</u>	<u>Case</u>	<u>Amount</u>
Debt restructuring during the period	4	92.93	1	383.67
Loans and accrued interest receivables net of deferred revenue	1,657	81,349.61	1,228	68,354.20

As at September 30, 2017 and 2016, the Bank had outstanding restructured loans reclassified as normal for 53 cases amounting to Baht 1,493.64 million and for 34 cases amounting to Baht 844.40 million, respectively.

The Bank recognized interest income from debt restructuring as follows:

	Unit : Million Baht			
	<u>For Three-Month Periods</u>		<u>For Nine-Month Periods</u>	
	<u>Ended September 30,</u>	<u>Ended September 30,</u>	<u>Ended September 30,</u>	<u>Ended September 30,</u>
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Interest income from debt restructuring	31.39	12.69	57.68	24.14

6.6 Allowance for Doubtful Accounts

As at September 30, 2017 and December 31, 2016, the Bank had allowance for doubtful accounts as follows:

	Unit : Million Baht						
	<u>September 30, 2017</u>						
	<u>Pass</u>	<u>Special</u>	<u>Sub-</u>	<u>Doubtful</u>	<u>Doubtful</u>	<u>Excess</u>	<u>Total</u>
		<u>Mention</u>	<u>Standard</u>		<u>of Loss</u>	<u>Allowance</u>	
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>149.79</u>	<u>0.42</u>	<u>260.04</u>	<u>57.28</u>	<u>262.72</u>	<u>102.00</u>	<u>832.25</u>
Ending balance	<u>1,150.29</u>	<u>7.38</u>	<u>353.48</u>	<u>87.25</u>	<u>1,681.09</u>	<u>4,269.24</u>	<u>7,548.73</u>
	<u>December 31, 2016</u>						
	<u>Pass</u>	<u>Special</u>	<u>Sub-</u>	<u>Doubtful</u>	<u>Doubtful</u>	<u>Excess</u>	<u>Total</u>
		<u>Mention</u>	<u>Standard</u>		<u>of Loss</u>	<u>Allowance</u>	
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>

6.6 Allowance for Doubtful Accounts (Continued)

As at September 30, 2017 and December 31, 2016, the Bank's allowance for doubtful accounts on loans accounted for Baht 7,548.73 million and Baht 6,716.48 million, respectively, which exceeds the minimum provisioning requirement based on debt service ability and debt quality set out by the Bank of Thailand in the amount of Baht 4,269.24 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 September 30, 2017 and December 31, 2016, the Bank had revaluation allowance for debt restructuring as follows:

	Unit : Million Baht	
	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Beginning balance	63.18	38.73
Increase	45.59	41.29
Decrease	<u>(14.32)</u>	<u>(16.84)</u>
Ending balance	<u>94.45</u>	<u>63.18</u>

6.8 Properties for Sale , Net

As at September 30, 2017 and December 31, 2016, the Bank had properties for sale, net as follows:

	Unit : Million Baht			
	<u>September 30, 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	4.16	30.60	1,063.05
- Movable properties	<u>208.02</u>	<u>-</u>	<u>-</u>	<u>208.02</u>
Total properties for sale	1,297.51	4.16	30.60	1,271.07
<u>(Less)</u> Allowance for impairment	<u>(452.03)</u>	<u>(12.38)</u>	<u>(10.36)</u>	<u>(454.05)</u>
Total properties for sale, net	<u>845.48</u>	<u>(8.22)</u>	<u>20.24</u>	<u>817.02</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
<u>(Less)</u> 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 September 30, 2017 and December 31, 2016, the Bank had immovable assets from debt repayment in the amount of Baht 1,063.05 million and Baht 1,089.49 million, respectively, which were appraised by external appraisers.

6.9 Premises and Equipment, Net

As at September 30, 2017 and December 31, 2016, the Bank had premises and equipment, net as follows:

Unit : Million Baht

	September 30, 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	7.98	-	380.71	302.54
- Building improvement	131.29	1.36	-	132.65	122.46	2.01	-	124.47	8.18
Equipment									
- Office equipment and fixtures	292.46	12.27	14.76	289.97	252.51	12.05	14.76	249.80	40.17
- Vehicles	99.99	12.63	13.24	99.38	31.00	7.09	7.94	30.15	69.23
Assets pending for write off	-	4.90	4.90	-	-	-	-	-	-
Assets under construction*	-	4.05	3.41	0.64	-	-	-	-	0.64
Total	<u>1,598.25</u>	<u>35.21</u>	<u>36.31</u>	<u>1,597.15</u>	<u>778.70</u>	<u>29.13</u>	<u>22.70</u>	<u>785.13</u>	<u>812.02</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.

6.10 Intangible Assets, Net

As at September 30, 2017 and December 31, 2016, the Bank had intangible assets as follows:

Unit : Million Baht

	September 30, 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	7.38	2.52	147.76	104.53	12.20	2.52	114.21	33.55
Software under installation*	<u>47.08</u>	<u>0.10</u>	<u>0.10</u>	<u>47.08</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47.08</u>
Total	<u>189.98</u>	<u>7.48</u>	<u>2.62</u>	<u>194.84</u>	<u>104.53</u>	<u>12.20</u>	<u>2.52</u>	<u>114.21</u>	<u>80.63</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.

6.11 Reinsurance Assets

As at September 30, 2017 and December 31, 2016, the Bank had reinsurance assets as follows:

Unit : Million Baht

	September 30, 2017	December 31, 2016
Accrued income and reinsurance	3.76	-
Insurance reserves from reinsurance	<u>141.69</u>	<u>122.14</u>
Total	<u>145.45</u>	<u>122.14</u>

6.12 Other Assets, Net

	Unit : Million Baht	
	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Revenue receivables, net	3.05	6.33
Insurance claim receivables, net of reinsurance	197.91	187.41
Allowance for insurance claim receivables	(197.91)	(187.41)
Leasehold rights	0.66	0.91
Advance deposits	3.03	2.44
Others	<u>2.83</u>	<u>1.47</u>
Total	<u><u>9.57</u></u>	<u><u>11.15</u></u>

6.13 Deposits

6.13.1 Classified by Type of Deposit

	Unit : Million Baht	
	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Current	2,734.23	2,521.14
Savings	227.01	227.89
Fixed	<u>17,902.02</u>	<u>13,924.88</u>
Total	<u><u>20,863.26</u></u>	<u><u>16,673.91</u></u>

6.13.2 Classified by Currency and Residency of Depositors

	<u>September 30, 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	18,375.11	510.43	18,885.54	14,386.67	443.82	14,830.49
US Dollar	728.65	1,228.85	1,957.50	573.75	1,263.24	1,836.99
Other currencies	<u>20.22</u>	<u>-</u>	<u>20.22</u>	<u>6.43</u>	<u>-</u>	<u>6.43</u>
Total	<u><u>19,123.98</u></u>	<u><u>1,739.28</u></u>	<u><u>20,863.26</u></u>	<u><u>14,966.85</u></u>	<u><u>1,707.06</u></u>	<u><u>16,673.91</u></u>

6.14 Interbank and Money Market Items, Net (Liabilities)

Unit : Million Baht

	<u>September 30, 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	1.27	3,023.87	3,025.14	0.94	1,257.68	1,258.62
Specialized financial institutions	92.42	1,451.11	1,543.53	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>93.69</u>	<u>12,874.98</u>	<u>12,968.67</u>	<u>39.21</u>	<u>11,086.58</u>	<u>11,125.79</u>
Foreign items						
US Dollar	244.73	-	244.73	353.24	-	353.24
Euro	14.23	-	14.23	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>264.99</u>	<u>-</u>	<u>264.99</u>	<u>370.39</u>	<u>-</u>	<u>370.39</u>
Total domestic and foreign items	<u>358.68</u>	<u>12,874.98</u>	<u>13,233.66</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>September 30, 2017</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Bonds	-	30,698.88	30,698.88
Others	<u>119.67</u>	<u>-</u>	<u>119.67</u>
Total debt issued and borrowings	<u>119.67</u>	<u>30,698.88</u>	<u>30,818.55</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>	<u>Interest Rate /</u>	<u>September 30, 2017</u>	<u>December 31, 2016</u>
			<u>Interest Rate Index</u>		
Bonds	USD	2018-2024	LIBOR ± MARGIN	30,698.88	34,755.73
Others	THB	2021-2024	-	<u>119.67</u>	<u>87.03</u>
Total debt issued and borrowings				<u>30,818.55</u>	<u>34,842.76</u>

6.16 Provisions

As at September 30, 2017 and December 31, 2016, the Bank had set up provisions as follows:

			Unit : Million Baht	
			<u>September 30, 2017</u>	<u>December 31, 2016</u>
Employee benefits			176.62	169.45
Provisions for contingent liabilities			28.13	33.76
Other provisions			<u>0.61</u>	<u>0.61</u>
Total provisions			<u>205.36</u>	<u>203.82</u>

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

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

			Unit : Million Baht	
			<u>September 30, 2017</u>	<u>December 31, 2016</u>
Beginning balance			169.45	156.54
Current service cost*			11.01	14.82
Interest cost*			4.18	5.10
Employees benefit paid during the year			(8.02)	(4.19)
Actuarial (gains) losses based on updated assumption			<u>-</u>	<u>(2.82)</u>
Ending Balance			<u>176.62</u>	<u>169.45</u>

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

6.17 Other Liabilities

	Unit : Million Baht	
	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Advance deposits	30.72	18.38
Expense payables	26.78	33.96
Account payables	10.63	8.86
Reinsurance payables	0.03	1.68
Deferred revenue	17.99	18.01
Withholding tax payable	3.47	5.30
Provision for stand-by claims purchase agreement	28.16	13.31
Provision for expected loss *	196.27	187.90
Suspense liabilities	138.24	196.08
Others	<u>0.23</u>	<u>0.25</u>
Total	<u>452.52</u>	<u>483.73</u>

* Provision for the fair value changes 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.

The Ministry of Finance approved the appropriation of net income for the year 2015 as the national revenue amounting to Baht 555.45 million. The Bank remitted the interim national revenue amounting to Baht 272.80 million to the Ministry of Finance on November 18, 2015 and the remaining amount Baht 282.65 million on June 15, 2016.

6.20 Contingent Liabilities

	Unit : Million Baht	
	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Guarantees of loans	2,030.43	2,237.48
Liabilities under immature import bills	315.02	1,240.98
Letters of credit	452.41	843.28
Export bills insured	14,546.01	12,780.37
Other contingencies		
Overdraft accounts not yet drawn	560.06	615.34
Other guarantees	3,483.89	3,643.24
Investment Insurance	3,403.57	1,827.36
Stand-by claims purchase agreement	<u>2,528.61</u>	<u>1,330.59</u>
Total other contingencies	<u>9,976.13</u>	<u>7,416.53</u>
Total	<u>27,320.00</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>September 30, 2017</u>	<u>December 31, 2016</u>
Within 1 year	5.02	3.67
Over 1 - 5 years	6.95	3.35

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

	Unit : Million Baht	
<u>Remaining Period</u>	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Within 1 year	0.08	0.02

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

The Bank established its first representative office in Yangon, the Republic of the Union of Myanmar, in order to stimulate Thai-Myanmar 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>September 30, 2017</u>		
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Total assets	86,966.72	1.49	86,968.21
Interbank and money market items, net (assets)	5,382.45	0.57	5,383.02
Investments, net	1,729.11	-	1,729.11
Loans to customers and accrued interest receivables, net	73,706.43	-	73,706.43
Deposits	20,863.26	-	20,863.26
Interbank and money market items, net (liabilities)	13,233.66	-	13,233.66
Debt issued and borrowings	30,818.55	-	30,818.55
	<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

September 30, 2017

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

September 30, 2016

	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
Interest revenue	2,437.13	-	2,437.13
Interest expenses	<u>(611.09)</u>	-	<u>(611.09)</u>
Interest revenue, net	1,826.04	-	1,826.04
Fees and service revenue, net	210.96	-	210.96
Other operating revenue	292.83	-	292.83
Other operating expenses	<u>(1,399.19)</u>	<u>-</u>	<u>(1,399.19)</u>
Net income	<u><u>930.64</u></u>	<u><u>-</u></u>	<u><u>930.64</u></u>

6.24 Interest Revenue

Interest revenue for the nine-month periods ended September 30, 2017 and 2016 are as follows:

	Unit : Million Baht	
	<u>2017</u>	<u>2016</u>
Interbank and money market items	77.44	48.53
Investment in debt securities	23.95	28.70
Loans	<u>2,836.41</u>	<u>2,359.90</u>
Total interest revenue	<u>2,937.80</u>	<u>2,437.13</u>

6.25 Interest Expenses

Interest expenses for the nine-month periods ended September 30, 2017 and 2016 are as follows:

	Unit : Million Baht	
	<u>2017</u>	<u>2016</u>
Deposits	130.62	28.94
Interbank and money market items	193.62	246.45
Debt issued		
- Foreign bonds	420.92	322.61
- Promissory notes	-	7.05
- Borrowing fees	<u>7.68</u>	<u>6.04</u>
Total interest expenses	<u>752.84</u>	<u>611.09</u>

6.26 Fees and Service Revenue, Net

Net fees and service revenue for the nine-month periods ended September 30, 2017 and 2016 are as follows:

	Unit : Million Baht	
	<u>2017</u>	<u>2016</u>
Fees and service revenue		
- Acceptance aval and guarantee	40.53	34.82
- Revenue from insurance	104.52	103.61
- Others	<u>87.21</u>	<u>127.13</u>
Total fees and service revenue	<u>232.26</u>	<u>265.56</u>
Fees and service expenses		
- Expenses on insurance	47.44	45.47
- Others	<u>7.91</u>	<u>9.13</u>
Total fees and service expenses	<u>55.35</u>	<u>54.60</u>
Total fees and service revenue, net	<u>176.91</u>	<u>210.96</u>

6.27 Gains (Losses) on Tradings and Foreign Exchange Transactions

Gains (losses) on tradings and foreign exchange transactions for nine-month periods ended September 30, 2017 and 2016 are as follows:

	Unit : Million Baht	
	<u>2017</u>	<u>2016</u>
Foreign exchanges and derivatives	53.45	59.63
Interest rate derivatives	<u>4.14</u>	<u>10.01</u>
Total gains (losses) on tradings and foreign exchange transactions	<u>57.59</u>	<u>69.64</u>

6.28 Gains (Losses) on Investments

Gains (losses) on investments for the nine-month periods ended September 30, 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>(1.53)</u>	<u>(7.60)</u>
Total gains (losses) on investments	<u>(1.46)</u>	<u>(7.60)</u>

6.29 Impairment Loss of Loans and Debt Securities

Impairment loss of loans and debt securities for the nine-month periods ended September 30, 2017 and 2016 are as follows:

	Unit : Million Baht	
	<u>2017</u>	<u>2016</u>
Interbank and money market items	23.48	7.05
Loans		
- Bad debts and doubtful accounts *	691.95	672.17
- Loss on restructuring	<u>45.17</u>	<u>37.20</u>
Total	<u>737.12</u>	<u>709.37</u>
Loans from public service account		
- Bad debts and doubtful accounts	<u>(23.20)</u>	<u>(9.62)</u>
Total impairment loss of loans and debt securities	<u>737.40</u>	<u>706.80</u>

* Included written-down debts recovered and bad debts recovered

6.30 Public Service Account

6.30.1 Summary of Public Service Account

As at September 30, 2017 and December 31, 2016, the assets from public service account are as follows:

	Unit : Million Baht	
	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Loans to customers from public service account and accrued interest receivables, net	3,854.60	6,152.94
Receivable eligible for government reimbursement	<u>33.46</u>	<u>6.97</u>
Total assets	<u>3,888.06</u>	<u>6,159.91</u>

Revenue and expenses from public service account for the nine-month periods ended September 30, 2017 and 2016 are as follows:

	Unit : Million Baht	
	<u>2017</u>	<u>2016</u>
Revenue from public service account	194.62	226.74
<u>Less</u> Expenses from public service account	(102.33)	(101.71)
<u>Less</u> Impairment loss of loans and debt securities from public service account	<u>23.20</u>	<u>9.62</u>
Net income	<u>115.49</u>	<u>134.65</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>September 30, 2017</u>	<u>December 31, 2016</u>
Financial Assistant	To enlarge Thai shipping fleet by	2011 - 2018	3,854.60	6,152.94
Scheme for Maritime	financing Thai maritime businesses			
Businesses Project	for purchase of ships at low interest rate with a grace period before repayment			

6.30.3 Loan Classification and Provision for Public Service Account

As at September 30, 2017 and December 31, 2016, loan classification and provision for the financial assistant scheme for maritime businesses project are as follows:

Unit : Million Baht

<u>September 30, 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	17	3,891.85	6,243.91	1	38.92
<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 September 30, 2017 and December 31, 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 33.46 million and Baht 6.97 million, respectively.

6.30.5 Revenue from Public Service Account

Revenue from public service account for the the the nine-month periods ended September 30, 2017 and 2016 are as follows:

Unit : Million Baht

	<u>2017</u>	<u>2016</u>
Revenue from public service account		
- Interest revenue	142.69	161.37
- Fees and service revenue	-	0.32
Compensation for public service account		
- Compensation for operating expenses	<u>51.93</u>	<u>65.05</u>
Total	<u>194.62</u>	<u>226.74</u>

6.30.6 Expenses from Public Service Account

Expenses from public service account for the nine-month periods ended September 30, 2017 and 2016 are as follows:

	Unit : Million Baht	
	<u>2017</u>	<u>2016</u>
Interest expenses	91.72	89.10
Operating expenses	10.58	12.57
Other expenses	<u>0.03</u>	<u>0.04</u>
Total	<u>102.33</u>	<u>101.71</u>

6.31 Events After the Reporting Period

The Bank remitted the interim national revenue from the six-month operating results of 2017 amounting to Baht 247.90 million to the Ministry of Finance on October 20, 2017.

6.32 Approval of the Financial Statements

These financial statements have been authorized to issue by the Chairman of the Board of Directors and President on December 7, 2017.
