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Industrial and Commercial Bank of China (Thai) Public Company Limited
Annual Report 2012

ICBC  中国工商银行 (泰国)

ธนาคารไอซีบีซี (ไทย)

CONTENT

02 BETTER CONNECTION

Connection Coverage in China
with Global Network

18 BETTER SOLUTION

Expertise in CNY Business
with Extensive Services

26 BETTER CARE

Listen to Your Echoes
with High Attentiveness

01

Financial
Highlights

04

Message
from the Chairman

06

The Board
of Directors

10

Senior
Executives

14

Executives
Officers

15

Organization
Chart

20

Description
of Business

22

Banking Products
and Services

28

Report of the
Audit Committee

30

Report of the
Nomination,
Compensation and
Corporate Governance
Committee

31

Analysis of Operating
Results and Financial
Position

34

Independent Auditor's
Report

35

Statements
of financial
position

43

Notes to financial
statements

118

Auditors

119

Management
Structure

124

Corporate
Governance

125

Capital Structure

126

General
Information

128

Branch Offices

FINANCIAL HIGHLIGHTS

	2012	2011	2010
Consolidated			
Financial position (million baht)			
Loans to customers	113,221	72,335	57,819
Allowance for doubtful accounts and revaluation on debt restructuring	2,107	1,209	1,016
Non-performing loans	2,273	1,917	2,920
Total assets	129,398	90,789	73,372
Deposits, interbank and money market items and borrowings	111,710	73,776	56,592
Liabilities	2,644	2,651	3,012
Shareholders' equity	15,044	14,362	13,768
Performance results (million baht)			
Net interest income	3,162	2,715	2,089
Net fee and service income	368	232	142
Other operating incomes	481	609	387
Other operating expenses	(1,652)	(1,434)	(1,211)
Profit from operation before bad debts, doubtful accounts and impairment losses, including properties foreclosed	2,359	2,122	1,407
Bad debts, doubtful accounts and impairment losses, including properties foreclosed	(1,671)	(1,015)	(623)
Profit from operation before income taxes	688	1,107	784
Income taxes	(210)	(412)	(230)
Profit for the years	478	695	554
Financial ratio (%)			
Return on average assets (ROA)	0.43	0.86	0.79
Return on average equity (ROE)	3.25	4.94	4.12
Capital adequacy ratio (the Bank only)	14.23	17.52	20.55
Basic earnings per share (baht)	0.30	0.44	0.35
Book value per share (baht)	9.46	9.03	8.66

BETTER CONNECTION

Greater Coverage in China
with Global Network



BETTER CONNECTION

Message

from the Chairman



Dear All Shareholders,

The overall economic situation in Thailand in 2012 improved considerably from the year 2011 which was adversely impacted by the flood crisis. The improvement was mainly due to the expansion in the domestic investments and the growth in consumer spending. Government expenditures to stimulate growth especially through large infrastructure projects as well as investments from the private sector had significantly expanded the economy over the year. The government's policy of tax refund on the first-car buyers had greatly accelerated growth in the automotive industry. Moreover, the increase of the national minimum wage had also enhanced the domestic consumer spending contributing to the economic growth of the country of an impressive 6.4%.

As for the operations of the Bank in 2012, the Bank focused on 3 main businesses namely: Chinese business, cross-border business and retail business. All of which were interconnected and proved to be quite successful businesses. Cross-border business refers to Chinese businesses investing in Thailand and Thai businesses investing in China which had been continuously expanding over the years. In 2012, this business as well as our unique CNY products, which offers among others CNY deposits and 1-day transfers between the 2 countries, have greatly contributed to the growth of the Bank. On the retail business, last year we launched UnionPay Dual-Currency Debit Card, UnionPay Dual-Currency Credit Card, and VISA Credit Card, as well as the ICBC Internet Banking Service, under the ICBC Group security system which has been awarded the Best Internet Banking in Asia by the Asian Banker Magazine.

Being a part of the ICBC Group, with a strong global network, means that the Bank is able to provide prompt and convenient cross-border services and the best CNY products to our customers, thus, becoming the leading Thai-Chinese business bank in Thailand.

The cooperation between the Bank and its subsidiary, ICBC (Thai) Leasing Company Limited and its associated company, Finansia Cyrus Securities PLC, has been successful in extending additional services to our customers as well as expanding our investment portfolio.

The overall 2012 performances of the Bank were notably strong. The Bank's and its subsidiary's assets had grown 43% from Baht 90,789 million at the end of 2011 to Baht 129,398 million. Loan growth was at a remarkable rate of 57% from Baht 72,335 million to Baht 113,221 million. The NPL ratio after deduction of allowance for doubtful accounts reduced from 1.38% to 1.32% due to our emphasis on quality assets and efficient risk management.

The Bank's BIS ratio at the end of 2012 improved to 14.23 significantly higher than the BOT's requirement of 8.5%. As a result, the Bank's Fitch Ratings had been upgraded to the highest attainable rating of AAA (tha).

The Bank and its subsidiary had profits from operation before bad debts, doubtful accounts and impairment losses, including properties foreclosed of Baht 2,359 million. Since in 2012, the Bank had increased its provision for bad debts, doubtful accounts and impairment, to be in line with the new rule on provisions, the consolidated

profit before tax and the net profit for 2012 were, thus, Baht 688 million and Baht 478 million respectively.

Looking forward into 2013, the Bank remains steadfast in continuing to improve and develop new products and services for the utmost satisfaction of our customers. Our aim is to support the rapidly expanding cross-border investments and trades; and to improve our efficiency and competitive edge to be ready for the soon to be launched AEC Free Trade Agreement. Moreover, the Bank is in the process of reforming our branches to support for the growing business transaction volume.

As Chairman of the Bank along with our experienced and capable management team, together we are dedicated to conduct our duties effectively, professionally and with good business ethics while remaining dutiful and accountable to our society. However, success would only come when we receive support from our shareholders, stakeholders and most of all our customers. I would like to take this opportunity to extend my sincere gratitude for your continuous patronage to our Bank.

Thank you



Dr. Ye Hu

Chairman of the Board of Directors
and Chairman of the Executive Committee

Board of Directors



01.

Position
Education
Experience

Dr. Ye Hu Age 49

Chairman of the Board of Directors • Authorized Director • Chairman of the Executive Committee
PhD, Economics, Public Finance, Southwestern University of Finance and Economics, P.R. China

July 2012-Present Chairman of the Executive Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited
• 2011-Present Chairman, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2005-2011 Vice President, Industrial and Commercial Bank of China Limited, Guangdong Provincial Branch • 2002-2005 President Assistant, Industrial and Commercial Bank of China Limited, Guangdong Provincial Branch • 2000-2002 Director, Financial Accounting Department, Industrial and Commercial Bank of China Limited, Guangdong Provincial Branch

Shareholding (%)

- None

02.

Position
Education
Experience

Mr. Youbin Chen Age 43

Vice Chairman of the Board of Directors • Authorized Director • Vice Chairman of the Executive Committee

IMBA, Hong Kong University and Fudan University • MS, Mathematical Statistics, Xiamen University, P.R. China

July 2012-Present Vice Chairman of the Board of Directors/Chief Executive Officer/Vice Chairman of the Executive Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2010-July 2012 Vice Chairman/Chief Executive Officer/Chairman of the Board of Executive Directors, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2009-2010 Deputy General Manager, Industrial and Commercial Bank of China Limited • 2007-2009 Director & Senior Executive Vice President, ICBC (Indonesia) • 2005-2007 President, ICBC Ningde Branch

Shareholding (%)

- None

03.

Position
Education
Experience

Mr. Chanchai Leetavorn Age 85

Director • Honorary Consultant to the Chairman

BS, Banking and Finance, University of Illinois, U.S.A

2010-Present Director/Honorary Consultant to the Chairman, Industrial and Commercial Bank of China (Thai) Public Company Limited
• 1984-2010 Chairman of the Board of Directors, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2006-Present Chairman, ICBC (Thai) Leasing Company Limited • 2006-2009 Chairman, ACL Securities Company Limited • 1978-Present Director, Siam Piwat company Limited • 2002-Present Director Siam Piwat Holding Company Limited • 1996-Present Director, Siam Specialty Company Limited • 1990-Present Director, Minebea Aviation Company Limited • 1984-Present Chairman, Bangkok BTMU Company Limited

Shareholding (%)

- None

04.

Position
Education
Experience

Dr. Kosol Petchsuwan Age 74

Independent Director • Chairman of the Audit Committee

PhD, Engineering, Imperial College London, U.K.

2004-Present Independent Director/Chairman of the Audit Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2011-Present Chairman of the Corporate Governance Committee, TRUE Corporation Public Company Limited • 1999-Present Independent Director/Member of Audit Committee, TRUE Corporation Public Company Limited • 2001-2009 Director, Mahidol Wittayanusorn School (Public Organization) • 2001-2005 President, the Telecommunications Association of Thailand under the Royal Patronage • 2000-2001 Chairman, Aeronautical Radio of Thailand Limited • 1986-1992 President, King Mongkut's Institute of Technology Ladkrabang

Shareholding (%)

- None

05.

Position
Education
Experience

Dr. Prasit Damrongchai Age 72

Independent Director • Chairman of the Nomination, Compensation and Corporate Governance Committee

PhD, Political Science, University of Oklahoma, U.S.A. • National Defence College (Class 388)

2006-Present Independent Director/Chairman of the Nomination, Compensation and Corporate Governance Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2006-2007 Member of the Audit Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2012-Present Independent Director/Vice Chairman/Chairman of the Audit Committee, Dhipaya Insurance Plc. • 2004-2011 Director, Dhipaya Insurance Plc. • 2006-2010 Director, IRPC Oil Co., Ltd. • 2006-2010 Director, Thai ABS Co., Ltd. • 2006-2010 Director, IRPC Polyol Co., Ltd. • 2005-2008 Chairman, Wyncoast Industrial Park Plc. • 2005-2006 Director/Executive Director, Thai Airways International Plc. • 2004-2006 Director/Executive Director, Krung Thai Bank Plc.

Shareholding (%)

- None



06.	Mr. Wencong Li Age 43 *
Position	Authorized Director • Member of the Executive Committee
Education	IMBA, Hong Kong University
Experience	September 2012-February 2013 Authorized Director/Member of the Executive Committee/Senior Executive Vice President, Risk Management Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • February 2012-September 2012 Authorized Director/Member of the Executive Committee/Senior Executive Vice President, Group Management Level, In Charge of Risk Management Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2010-February 2012 Authorized Director/Member of the Executive Committee/Senior Executive Vice President, Business Banking Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-2010 Head of Risk Management, ICBC (Asia) • 1991-2007 Manager, ICBC Xiamen Branch
Shareholding (%)	- None
07.	Mr. Guohui Song Age 45
Position	Authorized Director • Member of the Executive Committee
Education	MA, Economics, Southwestern University of Finance and Economics, P.R. China
Experience	2010-Present Authorized Director/Member of the Executive Committee/Senior Executive Vice President, Supporting Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-2010 Senior Manger, Industrial and Commercial Bank of China Limited • 2003-2007 Head of Financial Control & IT, ICBC (London)
Shareholding (%)	- None
08.	Dr. Chengwen Nie Age 46
Position	Director • Member of the Nomination, Compensation and Corporate Governance Committee
Education	PhD, World Economy, Renmin University of China, P.R. China
Experience	2010-Present Director/Member of the Nomination, Compensation and Corporate Governance Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2008-Present Deputy General Manager, International Department, Industrial and Commercial Bank of China Limited • 2005-2008 Chief Financial Officer, ICEA Holding Company (ICBC group, based in Hong Kong)
Shareholding (%)	- None
09.	Dr. Li Lan Age 49
Position	Director • Member of the Nomination, Compensation and Corporate Governance Committee
Education	PhD, Economics, Tianjin University of Finance Economics, P.R. China
Experience	2011-Present Director/Member of the Nomination, Compensation and Corporate Governance Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • Full-Time Overseas Institutional Directors, Industrial and Commercial Bank of China Limited • 2010-2011 Vice Head of Internal Auditing, Industrial and Commercial Bank of China Limited • 2005-2010 Deputy Head of Tianjin Regional Headquarters, Industrial and Commercial Bank of China Limited
Shareholding (%)	- None
10.	Mr. Plengsakdi Prakaspesat Age 70
Position	Independent Director • Member of the Audit Committee
Education	Honorary Doctorate Degree, Ramkhamhaeng University • Honorary Doctoral Degree, Lampang Rajabhat University • Commerce, Ross College (Dublin), Ireland • National Defence College (Class 311)
Experience	1978-Present Independent Director/Member of the Audit Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2005-2010 Member of the Nomination, Compensation and Corporate Governance Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2005-Present Independent Director/Chairman of the Audit Committee, Bangkok Insurance Plc. • 1987-Present Director, Aspac Company Limited • 2001-Present Advisor, United Flour Mill Plc. • 1997-Present Senior Advisor, Thai Central Chemical Plc.
Shareholding (%)	2,374 ordinary shares 0.00015%
11.	Ms. Ladda Siri Wattanakosol Age 56
Position	Independent Director • Member of the Audit Committee
Education	MBA, Thammasart University
Experience	2007-Present Independent Director/Member of the Audit Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2005-2006 Chief of Credit Officer/Executive Vice President, Chief of Credit Corporate Strategy Group, TMB Bank Plc.
Shareholding (%)	- None

* Mr. Wencong Li resigned from the position of director of the Bank effective 22 February 2013

Senior Executives



01.	Mr. Youbin Chen Age 43
Position	Chief Executive Officer • Vice Chairman of the Executive Committee
Education	IMBA, Hong Kong University and Fudan University • MS, Mathematical Statistics, Xiamen University, P.R. China
Experience	July 2012-Present Vice Chairman of the Board of Directors/Chief Executive Officer/Vice Chairman of the Executive Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2010-July 2012 Vice Chairman/Chief Executive Officer/Chairman of the Board of Executive Directors, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2009-2010 Deputy General Manager, Industrial and Commercial Bank of China Limited • 2007-2009 Director & Senior Executive Vice President, ICBC (Indonesia) • 2005-2007 President, ICBC Ningde Branch
Shareholding (%)	- None
02.	Mr. Wencong Li Age 43 *
Position	Senior Executive Vice President, Risk Management Group • Member of the Executive Committee
Education	IMBA, Hong Kong University
Experience	September 2012-February 2013 Authorized Director/Member of the Executive Committee/Senior Executive Vice President, Risk Management Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • February 2012-September 2012 Authorized Director/Member of the Executive Committee/Senior Executive Vice President, Group Management Level, In Charge of Risk Management Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2010-February 2012 Authorized Director/Member of the Executive Committee/Senior Executive Vice President, Business Banking Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-2010 Head of Risk Management, ICBC (Asia) • 1991-2007 Manager, ICBC Xiamen Branch
Shareholding (%)	- None
03.	Mr. Guohui Song Age 45
Position	Senior Executive Vice President, Supporting Group • Member of the Executive Committee
Education	MA, Economics, Southwestern University of Finance and Economics, P.R. China
Experience	September 2012-Present Authorized Director/Member of the Executive Committee/Senior Executive Vice President, Supporting Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-2010 Senior Manager, Industrial and Commercial Bank of China Limited • 2003-2007 Head of Financial Control & IT, ICBC (London)
Shareholding (%)	- None
04.	Mr. Apichart Kasemkulsiri Age 47
Position	Senior Executive Vice President, Treasury & Banking Operations Group • Member of the Executive Committee
Education	MBA, Sasn Graduate Institute of Business Administration of Chulalongkorn University
Experience	December 2012-Present Member of the Executive Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • September 2012-Present Senior Executive Vice President, Treasury & Banking Operations Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2010-September 2012 Senior Executive Vice President, Treasury & Branch Operations Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-2010 Senior Executive Vice President, Supporting Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2005-2007 Executive Vice President, Treasury Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2002-2005 Chief Financial Officer, Samart I-Mobile Plc. • 2005-Present, Director, ICBC (Thai) Leasing Company Limited • 2007-Present Executive Director, Sri Sam Ank Suppliers Company Limited • 2004-Present Director, T Krung Thai Industry Public Company Limited
Shareholding (%)	- None
05.	Ms. Suree Wipatakanok Age 49
Position	Executive Vice President, Corporate Banking Division • Member of the Executive Committee
Education	BA, Business Administration, Ramkhamhaeng University
Experience	December 2012-Present Member of the Executive Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-Present Executive Vice President, Corporate Banking Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2006-2007 Executive Vice President, Corporate Banking Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2004-2006 Senior Vice President, Credit & Marketing-Medium Enterprise Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2000-2004 Vice President/Head of Commercial Sales Department, Bank of Asia Plc. • 2006-August 2012, Director, ICBC (Thai) Leasing Company Limited
Shareholding (%)	- None
06.	Mr. Chaiwat Tanchewawong Age 55
Position	Executive Vice President, Branch Banking Division • Member of the Executive Committee
Education	MBA, Chulalongkorn University
Experience	December 2012-Present Member of the Executive Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-Present Executive Vice President, Branch Banking Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2005-2007 Senior Vice President, Branch Banking Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2000-2005 Head of Sales, SME Banking Department, Standard Chartered Bank Plc.
Shareholding (%)	- None

* Mr. Wencong Li resigned from the position of senior executive of the Bank effective 22 February 2013



07.

Position
Education
Experience

Dr. Wei Huang Age 41

Executive Vice President, Chinese Business Center Division

PhD, Economics, Jiang Xi Financial & Economic College, P.R. China

February 2012-Present Executive Vice President, Chinese Business Center Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-2011 Deputy Head of Credit Management Division, Industrial and Commercial Bank of China Limited, JiangXi Branch • 2005-2007 Deputy Head of International Banking Division, Industrial and Commercial Bank of China Limited, JiangXi Branch

Shareholding (%)

- None

08.

Position
Education
Experience

Ms. Kanchana Wongratanakulthorn Age 57

Executive Vice President, Risk Management Division

BBA, Sukhothai Thammathirath Open University

February 2012-Present Executive Vice President, Risk Management Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-February 2012 Executive Vice President, Recovery Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2005-2006 Senior Vice President, Recovery Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2005-2006 Senior Vice President, Asset Management Department, Industrial and Commercial Bank of China (Thai) Public Company Limited

Shareholding (%)

- None

09.

Position
Education
Experience

Ms. Orapin Sreesangkom Age 49

Executive Vice President, Corporate Secretary & Legal Division

LL.M., Harvard Law School, U.S.A. • LL.M. (International Banking Law), Boston University, School of Law, U.S.A.

2007-Present Executive Vice President, Corporate Secretary & Legal Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2005-2007 Senior Vice President, General Secretarial Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2004-2005 Vice President, Legal and Compliance Department, ACL Securities Company Limited • 2000-2004 Vice President, Capital Markets Legal, SG Asia Credit Securities., Ltd. • 1997-2000 Consultant, Linklaters (Thailand) Limited

Shareholding (%)

- None

10.

Position
Education
Experience

Mr. Som Pisarnsopon Age 48

Executive Vice President, Finance & Strategy Division

MS, Industrial Administration Carnegie-Mellon University, U.S.A

2008-Present Executive Vice President, Finance & Strategy Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-2008 Senior Vice President, Finance & Strategy Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2006-2007 Senior Vice President, Strategy and Planning Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2008-Present Director, ICBC (Thai) Leasing Company Limited • 2008-2009 Director, ACL Securities Company Limited • 2004-2005 Vice President, Head of Retail Deposit and Fee Product Management Department, Kasikorn Bank Plc.

Shareholding (%)

- None

11.

Position
Education
Experience

Ms. Sasiwadee Somboonthum Age 53

Executive Vice President, Banking Operations Division

MBA, Thammasart University • MS, Information Systems, PACE University, U.S.A.

September 2012-Present Executive Vice President, Banking Operations Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2008-September 2012 Executive Vice President, Branch Operations & Organization Development Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-2008 Senior Vice President, Branch Operations & Organization Development Division • 2006-2007 Senior Vice President, Information Systems & Organization Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2003-2006 First Vice President, Information Systems & Organization Department, Industrial and Commercial Bank of China (Thai) Public Company Limited

Shareholding (%)

- None

12.

Position
Education
Experience

Mr. Wisit Asawalaitong Age 45

Executive Vice President, Information Technology Division

MS, Computer Science, Asian Institute of Technology

2007-Present Executive Vice President, Information Technology Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007 Senior Vice President, Information Technology Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • 1994-2007 Principal Consultant, Temenos (Thailand) Company Limited

Shareholding (%)

- None

13.

Position
Education
Experience

Mr. Yongmin Tang Age 39

Executive Vice President, Deputy Head of Division, Branch Banking Division

BA, Finance and Banking, Shanxi Institute of Finance and Economics, P.R. China

February 2012-Present Executive Vice President, Deputy Head of Division, Branch Banking Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2008-2011 Deputy General Manager, Personal Banking Business Department, Industrial and Commercial Bank of China Limited, Anhui Regional Headquarters • 2005-2007 Division Head, Personal Banking Business Department, Industrial and Commercial Bank of China Limited, Anhui Regional Headquarters • August 2012-Present Director, ICBC (Thai) Leasing Company Limited

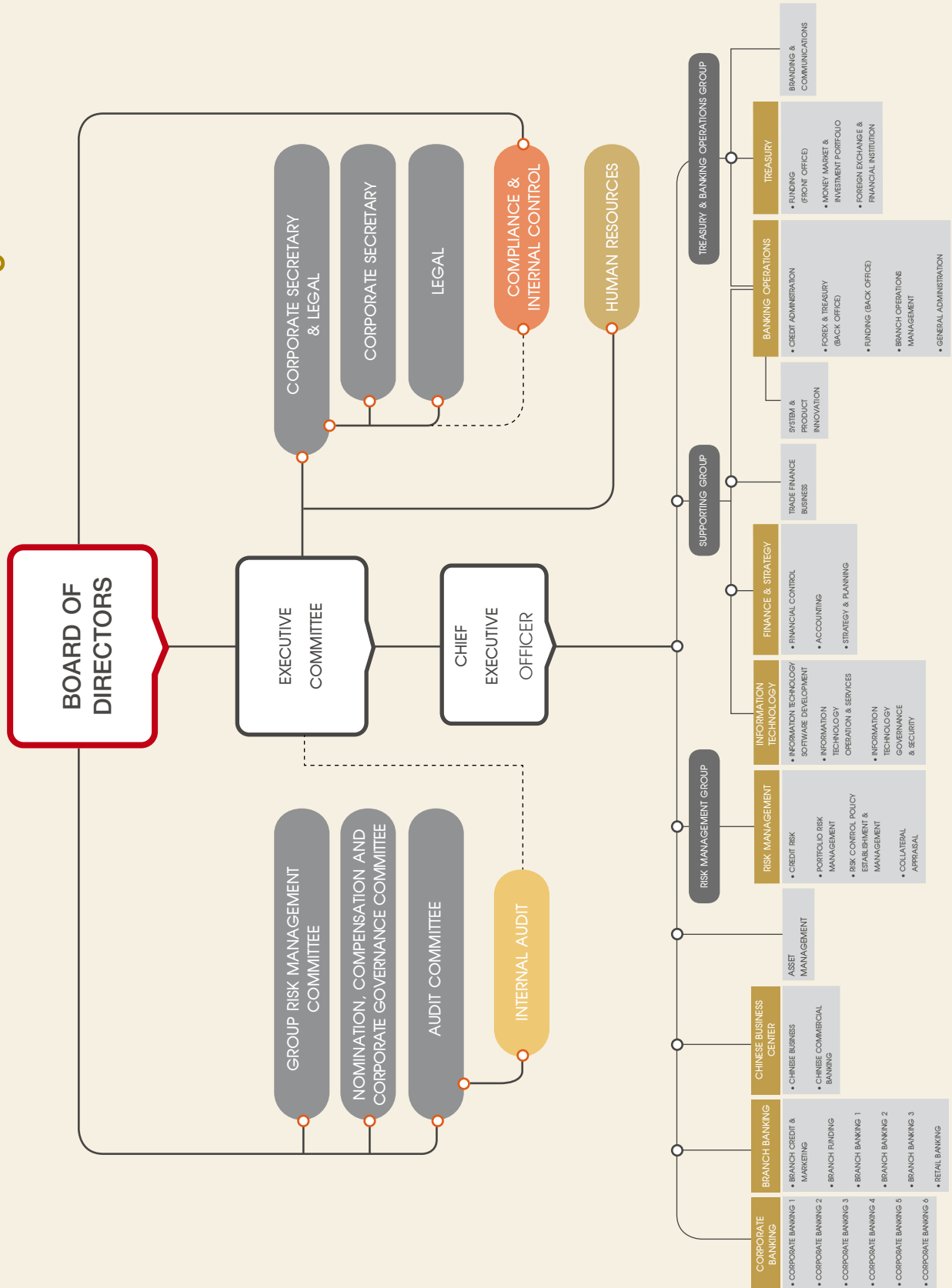
Shareholding (%)

- None

Executive Officers

No.	Name	Corporate Title	Division/Department
1	Mr. Senut Chavana	Senior Vice President	Legal Department
2	Mr. Sayarm Lohsawat	Senior Vice President	Corporate Banking 2 Department
3	Mr. Prakarn Narkkerd	Senior Vice President	Branch Banking 2 Department
4	Mr. Suthep Phoowaphaisirisan	Senior Vice President	Branch Banking 3 Department
5	Mr. Thanin Wanasuthanon	Senior Vice President	Chinese Business Department
6	Mr. Wasun Muangmee	Senior Vice President	Credit Risk Department
7	Mrs. Araya Watanakun	Senior Vice President	Funding (Back Office) Department
8	Mrs. Saowanee Soonthornswad	Senior Vice President	Branch Operations Management Department
9	Mrs. Narumol Meksingvee	Senior Vice President	Funding (Front Office) Department
10	Ms. Kulnida Cheausuwan	Senior Vice President	Money Market & Investment Portfolio Department
11	Ms. Suwimol Itthiputh	Senior Vice President	Foreign Exchange & Financial Institution Department
12	Ms. Chuenchit Trakarnratti	First Vice President	Internal Audit Department
13	Mr. Gan Huang	First Vice President	Corporate Secretary Department
14	Ms. Linda Sirivibulya	First Vice President	Corporate Banking 1 Department
15	Mr. Vatcharasit Verayangkura	First Vice President	Corporate Banking 3 Department
16	Mrs. Rachanoke Vichitlekarn	First Vice President	Corporate Banking 4 Department
17	Ms. Phongpan Leksakul	First Vice President	Branch Credit & Marketing Department
18	Mr. Thanathorn Ariyasakulsaree	First Vice President	Branch Funding Department
19	Ms. Wanpen Yongchayanuntakul	First Vice President	Branch Banking 1 Department
20	Mrs. Hongmei Xiao	First Vice President	Retail Banking Department
21	Mr. Guangyu Guo	First Vice President	Risk Management Division
22	Mr. Seksan Chunserreechai	First Vice President	Portfolio Risk Management Department
23	Mr. Zhuhua Chen	First Vice President	Risk Control Policy Establishment & Management Department
24	Mr. Supakij Thepworawuti	First Vice President	Collateral Appraisal Department
25	Mr. Xing Zan	First Vice President	Information Technology Governance & Security Department
26	Mr. Liyong Zhang	First Vice President	Financial Control Department
27	Mrs. Suntaree Thummaratchapimon	First Vice President	Accounting Department
28	Mr. Chaveng Mahapomprajuck	First Vice President	Trade Finance Business Department
29	Ms. Naiyana Noibanchong	First Vice President	System & Product Innovation Department
30	Mrs. Sirinan Kanchanakom	First Vice President	Credit Administration Department
31	Mr. Wijit Sriwijitchok	First Vice President	Foreign Exchange & Treasury (Back Office) Department
32	Mr. Parames Tonnarnning	First Vice President	General Administration Department
33	Mrs. Patsamon Sanghiran	First Vice President	Branding & Communications Department
34	Mr. Ming Xu	Vice President	Chinese Commercial Banking Department
35	Mr. Chairat Kongkreingkrui	Vice President	Asset Management Department
36	Mr. Permsak Tananon	Vice President	Information Technology Operation & Services Department

Organization Chart



ICBC (Thai) Credit Card – One Card Bridging the World

On 3 December 2012, Industrial and Commercial Bank of China (Thai) Public Company Limited officially launched its ICBC (Thai) VISA Credit Card which is the Bank's first credit card launched in Thailand.



His Excellency Mr. Guan Mu, the Chinese Ambassador to Thailand, Mrs. Salinee Wangtal, Assistant Governor Supervision Group of the Bank of Thailand, and Mr. Richard Chang, Senior Executive VISA Global Accounts and Strategic Sale for AP&CEMEA presided over the opening ceremony of the Credit Card with full attendance from other well wishers from leading financial institutions, corporate and business associates in Thailand.



ICBC Group is the 4th largest credit card service provider in the world and the largest in Asia with over 76 million credit cards issued. This launch marks another service offered by the Bank for its plan to offer comprehensive services to its corporate and retail customers. ICBC (Thai) cardholders can enjoy all the benefits of VISA as well as full benefits offered by ICBC Group for its global cardholders.

Open the World with ICBC (Thai)

Industrial and Commercial Bank of China (Thai) Public Company Limited recognizes the importance of giving back to society as well as creating a sense of communal responsibility to its employees. The main emphasis of the Bank's Corporate Social Responsibility (CSR) this year was on promoting the well being of the youths of Thailand.



One of the various CSR activities of the Bank in 2012 was "Open the World with ICBC (Thai)" that took over 100 orphaned girls from Rajvithi Home for Young Girls to enjoy a one-day excursion at the Rose Garden Riverside in Nokompathom Province with the Bank's staff as volunteer companions/guardians.



At this event, the children learned traditional Thai lifestyles, which they may have not experienced in this modern day, such as rice farming, Thai classical dance, Thai classical music, Thai textile weaving, Thai craft, pot making as well as Thai cooking, food carving and getting to know the basic Thai herbs. They also enjoyed watching various Thai cultural art performances and recreations such as monk ordination, traditional wedding and regional dances. In all, it was a tremendously fun day out for these girls, at the same time a good giving experience for the Bank's staff.

BETTER SOLUTION

Expertise in CNY Business
with Extensive Services



ICBC

工銀 泰國

ธนาคารอุตสาหกรรมและพาณิชย์ ไทย



Description of Business



Incorporated on 26 August 1969, the Bank was founded as commercial company later obtaining a license to undertake finance and securities business from the Ministry of Finance on 26 October 1973 and was listed on the Stock Exchange of Thailand (SET) in 1978. On 23 December 2005, the Ministry of Commerce granted a commercial bank license to the Bank.

On 21 April 2010, the Industrial and Commercial Bank of China Limited (ICBC), the largest commercial bank in the world in terms of market capitalization, acquired 97.24% of the total issued shares of the Bank from a voluntary tender

offer of all shares traded on the SET and changed the name of the Bank to "Industrial and Commercial Bank of China (Thai) Public Company Limited" becoming a part of the ICBC Group.

After a successful tender offer, ICBC requested a delisting from the SET which took effect on 19 March 2011. At present, ICBC holds 97.70% of the total issued shares of the Bank.

As a full licensed commercial bank, the Bank aims to be on the forefront of commercial banks in Thailand on international banking service. Being a part of the ICBC Group means customers of the Bank are able to fully utilize the

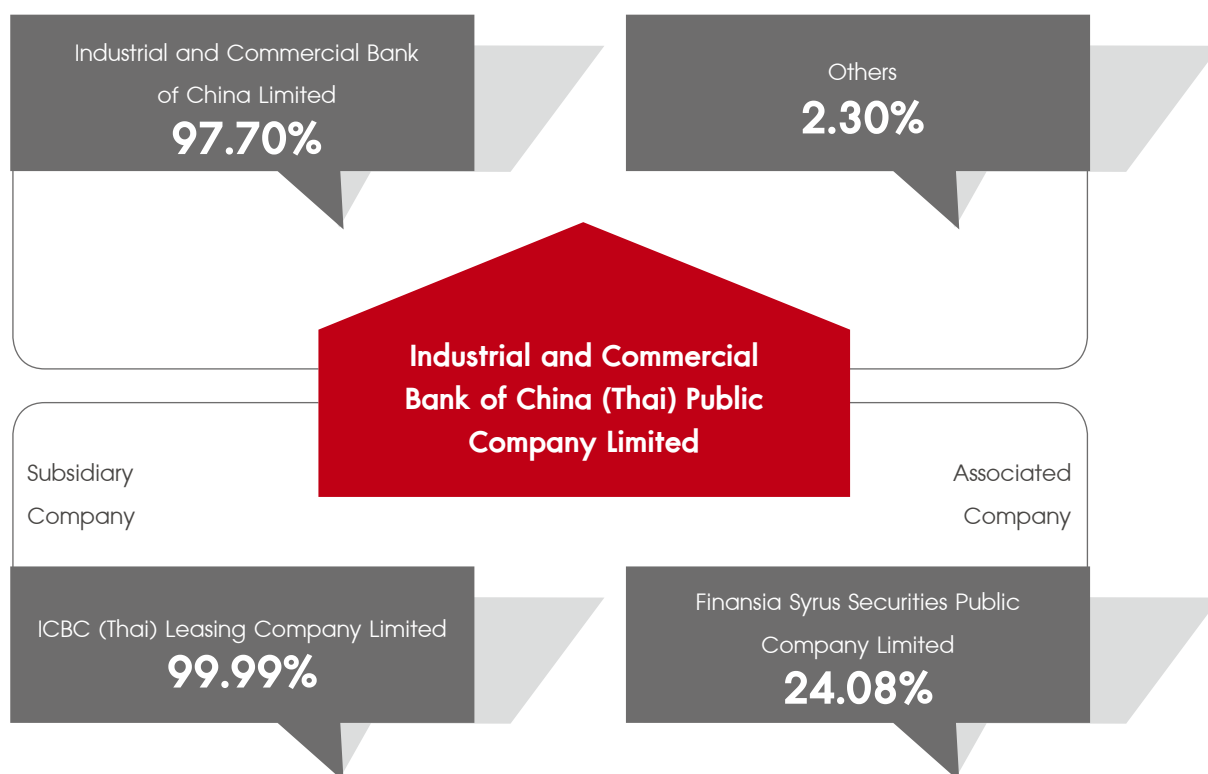
services provided by the Group's network which is growing at a rapid pace in China as well as around the world. As of the end of 2012, ICBC Group has more than 16,000 branches and service centers in China and over 400 branches in 40 countries around the world. Furthermore, ICBC also has more than 1,550 correspondent banks in 136 countries across the globe.

At present, the Bank has one subsidiary, ICBC (Thai) Leasing Company Limited, which the Bank owns 99.99%, offering leasing and hire purchase services and one associated company, Finansia Syrus Securities Public Company Limited which the Bank owns 24.08%, offering securities services.

The Bank is proud to be rated by Fitch Ratings at 'AAA (tha)' for National Long-term rating and 'F1+(tha)' for National Short-term rating with Stable Outlook.

Shareholders' structure of ICBC (Thai) Group

(as of 31 December 2012)



Banking Products and Services

With the support from ICBC, the largest commercial bank in China with extensive network in China and globally, the Bank is ready to address the needs of our individual and corporate customers with a variety of financial products and services.

Deposits

The Bank's deposits accounts are available for different types of customer such as individual persons, juristic persons, non-profit organizations, government agencies, financial institutions, etc. The various types of deposits accounts offered by the Bank are as follows:

1. Current Account: This service is aimed to increase flexibility, convenience and security for the Bank's customers through the use of cheque, consisting of 2 types as follows:

1) **Normal Current Account:** A non-interest bearing account that helps to enhance business flexibility through the use of cheque payable for an unlimited amount of funds and allows customers to examine their transactions from the monthly-available statement.

2) **Super Cheque Account:** A current account with interest at a rate equal to that of a special savings account which is higher than the regular savings rate, with the interest calculable on a daily basis and transferred into customers' account every June and December.

2. Savings Account:

1) **Normal Savings:** Allowing an easy deposit/withdrawal in an unlimited amount of money and number of transactions.

2) **Hi-Speed Savings:** Offers a high interest rate similar to a TD rate, yet providing the same kind of savings convenience with no time limit for deposit/withdrawal and allowing an unlimited amount of money and number of deposit/withdrawal transactions.

3. Fixed Deposit with Passbook: This type of service offers interest based on deposit period, aimed to give a higher fixed rate of return with terms ranging from 3 to 48 months.

4. Deposit Receipts: This is another savings option consisting of a Call Deposit Receipt (CDR) and a Fixed Deposit Receipt (FDR) with account terms ranging from 1 month to 48 months.

5. Foreign Currency Deposit (FCD): This is offered in a savings account and fixed deposit account of 1 month to 12 months and available in 9 major currencies: US Dollar, Euro, Pound Sterling, Japanese Yen, Singapore Dollar, Hong Kong Dollar, New Zealand Dollar, Australian Dollar and Chinese Yuan.

Lending

The Bank is ready to provide a complete range of commercial credit by a variety of services suitable to all types of businesses, including small, medium and large enterprises.



We strive to support your business for smooth operation with potential to grow stably in the future.

Furthermore, the Bank provides credit facilities to the SMEs with total annual sales up to 400 million Baht. We have launched the Credit Program for the customers' convenience, which at the same time helps to speedily enhance our competitiveness.

The Bank also offers diverse lending facilities in order to address all customers' requirements as follows:

1. **Working Capital Financing Facilities** which is short-term loan facility to support working capital requirement

- Overdraft
- Promissory note
- Short-term lending with tenor within one year

2. **Investment Facilities** with tenor of one year or more to support business expansion such as new machinery procurement, land purchase, factory construction, new product launch and business's financing structure enhancement

- Medium-term lending with tenor of one to three years
- Long-term lending with tenor over three years
- Project financing
- Syndication loan

3. **Domestic and International Trade Finance Facilities** to support export and import activities

- Letter of Credit

- Trust receipt
- Import bills for collection
- Shipping guarantee
- Export bills negotiation/purchase
- Foreign exchange services (buy and sale of foreign currencies) and hedging

4. **Aval and Guarantee**

- Aval acceptance on Promissory Notes or Bills of Exchange
- Bid Bond
- Performance Bond
- Advance payment Bond
- Retention Bond
- Maintenance Bond
- Purchase Bond

Trade Finance

The Bank offers a wide range of international trade finance services for export and import activities, including international guarantee services, for all types of businesses and industrial sectors through our extensive global correspondent banking network, which can facilitate and ensure fast and smooth international trade transactions. The types of trade finance are as follows:

1. **Export Credits**

- Export Letters of Credit Advising

The Bank offers Letter of Credit (L/C) advising services to the beneficiaries for the L/C opening/amendment from the overseas issuing bank to ensure that all L/Cs are properly and reliably authenticated and promptly advised.

- Export Bills for Collection

The Bank also renders a service to verify export bills under L/C and act as exporters' agent to collect payments from overseas importers.

- Export Bills Negotiation/Purchase

The Bank provides financing to exporters against their export bills negotiated under L/C while awaiting reimbursement from the issuing bank to ensure that they receive payments upfront goods shipment, thereby boosting their financial liquidity.



- Packing Credit

To help increase exporters' liquidity, the Bank provides pre-shipment packing credits for exporters to finance their procurement of raw materials and subsequent manufacture for export.

2. Import Credits

- Import Letters of Credit

A L/C is issued by the Bank to an overseas exporter at the request of the local importer to ensure that the said exporter receives a sum of money against presentation of document and in accordance with the conditions in the L/C. The Bank offers all types of L/Cs including Irrevocable L/C, Transferable L/C and Standby L/C through the Bank's overseas representatives.

- Trust Receipts (T/R)

These are advance payments made by the Bank to the overseas suppliers which, upon completion of the T/R agreement term, the importers will make the goods payment to the Bank.

- Import Bills for Collection

The Bank provides a service to notify import bills for collection to an importer according to the terms and conditions agreed upon between the importer and the overseas supplier.

- Shipping Guarantees

Shipping guarantees are provided to the importers to submit to shipping companies in the case where goods have already arrived but the documents have not yet arrived. This helps the importer save the cost of goods storage at the port.

Foreign Exchange Services

The Bank offers foreign exchange services to meet the demand of both individual and corporate customers for their international trade transactions. The services include:

1. Currency Exchange: This service is available in all major currencies to serve the FX needs of customers engaging in international trade. The Bank also provides advisory services and information on trends of interest rates and exchange rates to be the basis for customers' decision-making. The services include:

- FX Spot
- FX Forward
- Currency Swap

2. International Transfers: This service is provided via an advanced, quick and efficient system, called SWIFT, which allows customers to transfer money to any destination of their

choice. We primarily focus on customers in the international trade/business segment.

Chinese Business

The Bank provides banking products and services to Chinese corporations in Thailand and Thai and foreign corporations in Thailand which have business related to China; such as trade products & service (contractor business) and investment between Thailand and China by utilizing ICBC group resources and its customer network and bridge various privileges that Chinese government policies supported.

The officers from this division have extensive knowledge and experience in banking products and services and are able to communicate in Chinese to serve both local and Chinese clients. To some extent, our staff are able to help clients to find or match potential partners between Thailand and China. The Bank's Chinese business related services are listed below:

1. Deposit & Investment

Apart from the normal deposit in THB and other foreign currencies, the Bank also offers CNH deposit (CNH is equivalent to offshore RMB, same RMB/USD movement) and RMB direct money transfer services at competitive THB/RMB exchange rates. For investment products, with the support from ICBC Asia, the Bank is able to offer a wide range of international investments opportunities as well as wealth management service.

2. Transactional Based Products

Cash Management: the Bank offers global cash management service to assist corporations in monitoring their overseas operations, especially in China, through a private internet system.

Trade Finance: The Bank offers international trade finance through ICBC Group's overseas branch network of 27 countries and through its network of correspondent banks. With this service customers are able to pay for goods and services directly in RMB bypassing USD currency conversion.

3. Financing Products & Services

The Bank can assist customers in finding structure financing solutions that most suit their needs through direct lending, co-lending from syndicated loan, and financial leasing. This service is offered by the Bank's officers who have expertise in cross-countries lending, especially to China, through over 16,000 ICBC branches in China.

4. Risk Management Products & Services

The Bank provides FX hedging service for trades, finance and investments especially FX hedging through CNH (Offshore RMB equivalent) to help customers hedge against their FX risk.

Retail Banking and Chinese Yuan (CNY) Services

The Bank aims to increase and promote its retail banking services to facilitate trades, investments and financial transactions between Thailand and China. The existing retail services offered by the Bank are as follows:

1. Debit Card: UnionPay Dual-Currency Debit Card

The ICBC (Thai) Debit Card with “UnionPay” brand is a dual-currency card in CNY and THB. Customers can conduct cash withdrawal, cash deposit, account inquiry, transfer and remittance, payment or purchase from both CNY and THB accounts. Cash withdrawn from ATMs in Thailand will be in THB while cash withdrawn in China will be in CNY, the system will automatically calculate the exchange rate of the 2 currencies bypassing the USD currency conversion. Withdrawal, deposit and transfer transactions can be conducted through more than 1,200,000 ATMs with “UnionPay” sign in 117 countries across the globe and payment of goods and services at more than 5,300,000 establishments with “UnionPay” sign around the world. The debit card is particularly suitable for customers who are frequent travelers between the 2 countries or customers who frequently transfer funds between the 2 countries.

2. Credit Card

• UnionPay Dual-Currency Credit Card

UnionPay Dual-Currency Credit Cardholders are able to pay for goods and services in both THB and CNY for the convenience of the Cardholders without having to deal with the exchange rate. Transactions made on this Card are interest free from 25 up to 56 days.

• VISA Credit Card

There are 3 types of the VISA THB Single Currency Credit Card; Platinum, Gold and Classic. Cardholders are able to enjoy special privileges with cooperation from VISA such as discount, special gifts, points accumulation and cash rebate from over 10 million establishments and 2 million ATMs in over 200 countries around the world including enjoying an interest-free period of up to 56 days.

3. CNY Currency Deposit Account

This service optimizes the management of CNY currency and the hedging of foreign exchange risk. It consists of interest-bearing savings deposits and fixed deposits.

4. One-day CNY Remittance Service

This service features a transfer of CNY currency to China within one day, available for individual customers. Customers can pre-check the exact exchange rate as of the transaction date, thus enabling them to decide on the desirable amount of CNY to be remitted to the recipients in China, without the

need to rely on US Dollar for re-translation into CNY at the destination as in the traditional transfers. Recipients could collect the transferred funds at any of the more than 16,000 ICBC Bank service points across China, free of charge in case the transaction is made before 12.00 hrs. on the remittance date. Recipients will receive the money on the very same day if they do the transaction at an ICBC Bank branch or on the following day if the transaction is done through any other banks determined by the Bank.

5. CNY Currency Exchange

The Bank offers CNY currency exchange service at 19 branches nationwide. The rate offered are very competitive with no extra fees charged.

6. CNY Cross-border Trade Settlement

Customers who maintain CNY deposit accounts, both savings and fixed deposits, with the Bank are able to transfer CNY funds to their Chinese counterparts for the settlement of L/C, B/C and T/T transactions. This helps to expand business opportunities and increase the bargaining power of Thai importers who buy products from China and make payments in CNY currency since there is no exchange risk expense involved. Moreover, their Chinese counterparts will be able to receive funds in CNY and can pay for goods from Thailand in CNY lessening the exchange rate risk.

7. Internet Banking

For the convenience of the Bank's customers, the Bank has introduced the Internet Banking service for its customers. This service is a fast, reliable and highly secured system for both individual and corporate customers.

• Personal Internet Banking

Individual customers are able to conduct various financial transactions such as fund transfer and credit card inquiry through the Personal Internet Banking. This service is secured by the Bank's USB-Shield device.

• Corporate Internet Banking

Corporate Internet Banking provides a more convenient way for corporates to manage and conduct financial transactions services such as account inquiry, funds transfer and remittance and payroll service.

8. Payroll Service

This service is for the payment of salary and social security.

9. ATM Service

Customers can conduct financial transactions such as balance inquiry, withdrawal and transfer through ICBC (Thai) ATMs without having to go the counters of the Bank.

BETTER CARE

Listen to Your Echoes
with High Attentiveness



ICBC

ธนาคารไอซีบีซี (ไทย)



Report of the Audit Committee

The Audit Committee comprises three qualified independent directors who fully met the qualifications under the rules and sound practices stipulated by the Bank's supervisory authorities. The three members, Dr. Kosol Petchsuwan, Mr. Plengsakdi Prakaspesat and Ms. Ladda Siri wattanakosol, have been appointed by the Board of Directors of the Bank to perform duties of Audit Committee of the Bank and all holdings a two-year term of office.

In 2012, the Audit Committee performed its duties and responsibilities according to the scope and authority assigned by the Board of Directors as defined in the Audit Committee Charter. Throughout the year 2012, the Audit Committee held seven meetings with full attendance of Audit Committee members. The Audit Committee reported the significance of its performed duties in each quarter to the Board of Directors with a summary as follows:

1. Financial Statements

The Audit Committee reviewed the semi-annually and annually financial statements of the Bank itself and consolidated financial statements as well as disclosure of information supplementary to the financial statements and issues noted from the audit of financial statements made by the external auditors. The review was made along with the management from Accounting Department and always with the external auditors in attendance. Furthermore, the Audit Committee held one meeting with the external auditors without the participation of the Bank's management to discuss the independence of the auditors and restrictions or limitations in performing their duties and expressing opinions.

Considering the auditor's opinion expressed in the financial statements as well as the issues raised from examination of the external auditors, the Audit Committee opined that the Bank has maintained adequate control system for preparing the financial statements. The Audit Committee considered and opined in line with the opinion of the external auditors that the financial statements fairly presented and adequately disclosed the reliable information in conformity with the generally accepted accounting principles. As authority delegated by the Board of Directors, such audited financial statements along with the opinions of the external auditors have been considered and approved by the Audit Committee. The results of the consideration and approval made by the Audit Committee were presented to the Board of Directors for acknowledgement in the subsequent meeting. Meanwhile, the noticeable issues raised by the external auditors in the management letter shall also be brought into the consideration and acknowledgement of the Board of Directors as well. In the course of external auditors' duties, they have independently performed their duties without limitation.

2. Internal Control and Audit System

The Audit Committee considered the results of control assessment and the efficiency of the Bank and its subsidiary's management in relation to both operations and information technology through the reports of Internal Audit Department and those of external auditors. Appropriate discussion with relevant executives would be taken as the case may be for ensuring the implementation of sound and adequate internal control system. In year 2012, pursuant to the expansion on the retail banking business, the Audit Committee discussed with the relevant management for ensuring the readiness and appropriateness of the Bank's process in launching any new products. In 2012, there were no significant noticeable deficiencies.

As for the Bank's audit system, the Audit Committee considered and approved the annual audit plan and ensured that the audit scope covered the significant banking operations and any areas/processes which expose high risk to the Bank based upon the result of risk assessment. The Audit Committee also reviewed the audit performance against the approved audit plan on a quarterly basis.

The Audit Committee was of the opinion that the Bank and its subsidiary maintained the appropriate and sufficient control system with sound management and remedial implementation. In addition, the audit systems have been sufficient, appropriate and capable to support business undertaking with sound supervision.

3. Regulatory Compliance

The Audit Committee supervised the Bank's compliance monitoring system through the operation of the Compliance Department. The Audit Committee also considered and approved the annual compliance plan for ensuring that the adequate compliance functions were well put in place. Since September 18, 2012 onwards with effect from the change of the Bank's organization chart, the reporting structure of Compliance Department has changed to directly report to the Board of Directors instead. The supervision on the regulatory compliance of the Audit Committee shall be made based upon the result of audit function. Anyway, the Audit Committee still regularly acknowledged reports on regulatory changes affecting the banking operations through the report of Compliance Department.

As for business operations undertaking in year 2012 based upon the supervision through the whole year audit functions and compliance function during the direct supervisory period of the Audit Committee, there was no significant incompliance with the regulations of the Bank's supervisory authorities, nor any issues regarding conflict of interest. The Audit Committee opined that the Bank maintained the appropriate compliance functions to ascertain compliance with requirements and laws relevant to the banking business.

4. Statutory Auditors

Pursuant to the normal consideration process with regard to the selection of statutory auditors, the Audit Committee usually considers the performance, independency, and qualifications of the statutory auditors as well as the quality of their auditing services rendered to the Bank and its subsidiary.

Reference is made to the policy of the Industrial and Commercial Bank of China Limited (ICBC), the Bank's parent company which requests all subsidiaries maintain the identical auditor firm in order to facilitate the financial audits as a whole. For the year 2013 onwards, the KPMG Phoomchai Audit Ltd. is recommended by the ICBC to be the statutory auditors of the Bank and its subsidiary. Although the selection of audit firm is proceeding through the recommendation of the ICBC, the consideration process in relating to the independency and qualifications are still remained proceeding as usual.

The considering result made by the Audit Committee and the request to change the statutory auditors of the Bank and its subsidiary from Ernst & Young Office Limited to KPMG Phoomchai Audit Ltd. for the year of 2013 shall be proposed together with their remuneration which has been negotiated worldwide by the Bank's parent company to the Board of Directors for consideration and further submission to the 2013 shareholders' meeting for approval.

In overall, the Audit Committee has performed its duties carefully, independently and expressed opinions straightforwardly with intent to optimize benefit for the Bank. The Audit Committee has annually assessed its performance for ensuring that it completely and effectively conducted according to its roles and responsibilities assigned by the Board of Directors and fully addressed the defined objectives.



Dr. Kosol Petchsuwan

Chairman of the Audit Committee

Report of the Nomination, Compensation and Corporate Governance Committee

The Nomination, Compensation and Corporate Governance Committee (NCC) of Industrial and Commercial Bank of China (Thai) Public Company Limited (the Bank) comprises of three Non-executive Directors with the Chairman being an Independent Director.

The NCC has, in the past year, conducted its duties as assigned by the Board of Directors in accordance with the NCC Charter. The roles of the NCC are to nominate persons who possess the appropriate abilities, experience and qualifications to be appointed as Directors, Members of Committees and Senior Executives, propose appropriate compensations for Directors and Senior Executives to the Board of Directors and oversee that the Bank's operations are in compliance with the principles of good corporate governance.

In the year 2012, the NCC held 6 meetings, in total, to conduct the following matters:

- Considered the nomination of qualified persons who were not prohibited by the regulations of the Bank of Thailand for the positions of Directors and Members of a Committee of the Bank, including Directors who were retiring by rotation and to be reappointed for another term, to the Board of Directors and/or the Shareholders' Meeting for appointment.
- Reviewed the positions held in other companies by the Directors and Senior Executives of the Bank to ensure that they are able to fully devote time to perform their duties to the Bank effectively and submitted the review to the Board of Directors for approval.
- Acknowledged the Audit Committee Self Assessment for the year 2011 according to the Audit Committee's scope and authority as defined in the Audit Committee Charter.
- Considered the remunerations of Directors and Members of Committees to be comparable to the remunerations of other financial institutions and to commensurate with the duties and responsibilities given; and proposed to the Board of Directors to be proposed to the shareholders' meeting for approval.
- Considered the annual increase of salaries and bonuses for the Senior Executives as assigned by the Board of Directors.
- Reviewed and revised the NCC Charter, the amendments to the Policy, Criteria and Procedures for the Nomination and Compensation of Directors and Members of Committees; and the Corporate Governance Policy to be in line with the policies of the supervisory authority and the current practice of the Bank.
- Reviewed and amended the Corporate Secretary Duties and Responsibilities
- Acknowledged the complaints of the Bank, recommended remedial actions to ensure justice to all parties and submitted such recommendations to the Board of Directors for approval.

The NCC is determined to conduct its duties in adopting the principles of good corporate governance and ethics to the practice of the Bank on a continuous basis including adopting fair trade policy for our customers and business partners by taking into considerations the utmost benefits of the shareholders and stakeholders of the Bank. The NCC believes that good corporate governance is the most important foundation for creating sustainable stability for the business of the Bank, for maintaining its reputation and for building trust with the customers and the general public.



Dr. Prasit Damrongchai
Chairman of the Nomination, Compensation
and Corporate Governance Committee

Analysis of Operating Results and Financial Position

Operating Results

In 2012, the Bank and its subsidiaries posted total net interest income and non-interest income of 4,011 million baht, representing an increase of 455 million baht or 13% from 2011.

(Million baht)

	%		
Profit & Loss Statements	2012	2011	change
Net interest income	3,162	2,715	16
Non-interest income	849	841	1
Total net interest income and non-interest income	4,011	3,556	13
Operating expenses	(1,652)	(1,434)	(15)
Operating profit	2,359	2,122	11
Provision for doubtful accounts and impairment losses, including properties foreclosed	(1,671)	(1,015)	(65)
Net profit before tax	688	1,107	(38)
Income tax	(210)	(412)	49
Net profit after tax	478	695	(31)

Net Interest income amounted to 3,162 million baht, representing an increase of 447 million baht or 16% from 2011. Non-interest income was 849 million baht, representing an increase of 8 million baht or 1% from 2011. An increase in non-interest income was mainly due to increase in net fee and service income 135 million baht or 58%. However a decrease in other operating income 128 million baht or 21% which mainly due to income from bad debt recovery and gain on disposal of loans. Non-interest expense totaled 1,652 million baht, representing an increase of 218 million baht or 15% from 2011. An increase in non-interest expense was mainly due to increase in personnel expense.

In 2012, the Bank and its subsidiary recorded expenses related to bad debt and doubtful accounts, impairment losses, including properties foreclosed in the amount of 1,671 million baht representing an increase of 656 million baht from 2011 or 65%. Overall the Bank had set aside higher provisions than required by the Bank of Thailand.

In 2012, net earnings per share for the Bank and its subsidiary amounted to 0.30 baht, representing a decrease of 0.14 baht or 31% from the previous year.

Financial Position

The total assets of the Bank and its subsidiary at the end of 2012 amounted to 129,398 million baht, representing an increase of 38,609 million Baht or 43% from the end of 2011. Loans to customers increased from 72,335 million baht to 113,221 million baht, representing an increase of 57%.

(Million baht)

Key balance sheets items	% change		
	31 Dec 12	31 Dec 11	
Total assets	129,398	90,789	43
Loans to customers	113,221	72,335	57
Deposits, Interbank and money market items and borrowings	111,710	73,776	51

Total liabilities of the Bank and its subsidiaries at the end of 2012 amounted to 114,354 million baht, increased from the end of 2011 by 37,927 million baht or 50%. The main reason was the 37,934 million baht or 51% increase in deposits, Interbank and money market items and borrowings.

Shareholder's equity of the Bank and its subsidiaries at the end of 2012 stood at 15,044 million baht, representing an increase of 682 million baht or 5% from the end of 2011. This increase was mainly due to the net profit of the Bank and its subsidiaries which was 478 million baht in 2012. The book value of the Bank and its subsidiaries as of 31 December 2012 was 9.46 baht per share, increased from 9.03 baht per share at the end of 2011.

Asset Quality

At the end of 2012, the Bank's ratio of non-performing loans (NPLs) to total loans, before the deduction of allowance for doubtful accounts, was 1.71%, representing a decrease of 1.73% from the end of 2011, while such ratio after deduction of allowance for doubtful accounts was 1.32%, which was a decrease from the ratio at the end of 2011 which was 1.38%.

(Percentage)

Key financial ratios (%)	31 Dec 12	31 Dec 11
NPLs to total loans ratio (before deduct allowance for doubtful accounts)	1.71	1.73
NPLs to total loans ratio (after deduct allowance for doubtful accounts)	1.32	1.38
Capital adequacy ratio	14.23	17.52

Capital Adequacy Ratio

As at 31 December 2012, the Bank had capital fund of 14,537 million baht, which was Tier-1 capital of 14,003 million baht and tier-2 capital of 534 million baht. The capital fund included 343 million baht half-year net profit of the Bank. The BIS ratio stood at 14.23% of capital fund per risk assets.

(Million baht)

Capital funds	31 Dec 12	31 Dec 11
Tier 1 capital	14,003	13,422
Tier 2 capital	534	332
Total capital funds	14,537	13,754

(Percentage)

Capital ratios	31 Dec 12	31 Dec 11
Ratio of tier 1 capital to risk assets	13.72	17.10
Ratio of tier 2 capital to risk assets	0.51	0.42
Ratio of total capital to risk assets	14.23	17.52

Independent Auditor's Report

To the Shareholders of

Industrial and Commercial Bank of China (Thai) Public Company Limited

I have audited the accompanying consolidated financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary, which comprise the consolidated statement of financial position as at 31 December 2012, and the consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility


My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary and of Industrial and Commercial Bank of China (Thai) Public Company Limited as at 31 December 2012, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



Rungnapa Lertsuwankul

Certified Public Accountant (Thailand) No. 3516

Ernst & Young Office Limited

Bangkok: 1 March 2013

Statements of financial position

(Unit: Thousand Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Assets					
Cash		368,845	289,865	367,960	289,369
Interbank and money market items - net	6	6,148,596	9,741,811	5,980,601	9,681,032
Derivative assets	7	122,210	403,884	122,210	403,884
Investments - net	8	15,814,076	11,428,643	15,814,076	11,428,643
Investments in a subsidiary and an associate - net	9, 10	388,150	336,816	4,054,874	3,540,920
Loans to customers and accrued interest receivables	12				
Loans to customers		113,221,465	72,334,970	93,602,314	63,343,799
Accrued interest receivables		150,654	140,539	165,775	147,027
Total loans to customers and accrued interest receivables		113,372,119	72,475,509	93,768,089	63,490,826
Less: Deferred revenue		(6,717,030)	(4,782,912)	(779)	(1,295)
Allowance for doubtful accounts	13.1	(2,083,082)	(1,196,682)	(1,688,810)	(824,401)
Revaluation allowance on debt restructuring	13.2	(23,997)	(12,386)	(23,997)	(12,386)
Loans to customers and accrued interest receivables - net		104,548,010	66,483,529	92,054,503	62,652,744
Properties foreclosed - net	14	1,056,259	1,198,139	953,251	1,164,977
Premises and equipment - net	15	163,841	171,200	121,399	143,663
Intangible assets - net	16	76,895	89,998	64,773	76,296
Leasehold rights - net		186,410	197,062	186,410	197,062
Accrued income - net		208,837	113,400	188,680	102,895
Receivables on credit support for derivative contracts		579	64,572	579	64,572
Other receivables - net		283,847	246,119	135,487	173,931
Other assets	17	31,164	24,076	20,485	18,389
Total assets		129,397,719	90,789,114	120,065,288	89,938,377


The accompanying notes are an integral part of the financial statements.

Statements of financial position (continued)

(Unit: Thousand Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Liabilities and shareholders' equity					
Deposits	19	67,205,115	20,832,339	67,208,062	20,833,789
Interbank and money market items	20	36,190,027	1,491,510	33,690,027	1,491,510
Liabilities payable on demand		13,535	29,230	13,535	29,230
Derivative liabilities	7	129,041	671,593	129,041	671,593
Debts issued and borrowings	21	8,315,367	51,451,656	2,725,376	51,451,656
Provisions for post-employment benefits	22.1	116,294	113,130	93,310	94,671
Provisions for other liabilities	22.2, 40.2	328,700	326,050	328,700	326,050
Accrued interest payables		542,006	421,714	483,706	421,714
Other liabilities	23	1,514,140	1,090,294	657,467	530,075
Total liabilities		114,354,225	76,427,516	105,329,224	75,850,288
Shareholders' equity					
Share capital	24				
Registered, issued and fully paid					
451,081 non-cumulative preference shares of Baht 8.92 each (31 December 2011: 451,081 shares of Baht 10 each)		4,023	4,511	4,023	4,511
1,590,001,864 ordinary shares of Baht 8.92 each (31 December 2011: 1,590,001,864 shares of Baht 10 each)		14,182,817	15,900,018	14,182,817	15,900,018
Other component of shareholders' equity					
- Revaluation surplus on investments	25	359,895	155,770	359,895	155,770
Retained earnings					
Appropriated - Statutory reserve	27	100,000	-	100,000	-
Unappropriated (deficit)		396,759	(1,698,701)	89,329	(1,972,210)
Equity attributable to the Bank's shareholders	11	15,043,494	14,361,598	14,736,064	14,088,089
Non-controlling interest of a subsidiary		-	-	-	-
Total shareholders' equity		15,043,494	14,361,598	14,736,064	14,088,089
Total liabilities and shareholders' equity		129,397,719	90,789,114	120,065,288	89,938,377
		-	-	-	-

The accompanying notes are an integral part of the financial statements.



Mr. Youbin Chen
Chief Executive Officer



Mr. Guohui Song
Senior Executive Vice President

Statements of comprehensive income

(Unit: Thousand Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Interest income	28	6,078,724	4,524,300	4,713,661	3,539,238
Interest expenses	29	(2,917,115)	(1,809,547)	(2,805,081)	(1,784,792)
Net interest income		3,161,609	2,714,753	1,908,580	1,754,446
Fees and service income	30	368,673	232,477	59,990	39,425
Fees and service expenses	30	(1,118)	-	(1,118)	-
Net fees and service income		367,555	232,477	58,872	39,425
Net gains on trading and foreign exchange transactions	31	22,645	9,337	22,645	9,337
Net gains on investments	32	12,257	7,100	12,257	7,100
Shares of profits from investment under equity method	10.1	43,983	20,250	-	-
Gains on disposals of equipment, properties foreclosed and other assets		159,402	160,085	139,225	149,712
Gain on disposal of non-performing loans		6,946	29,288	6,946	29,288
Bad debts recovery		154,040	323,011	106,158	304,486
Dividend income		7,139	7,137	264,993	16,617
Other operating income		75,399	52,567	15,091	17,156
Total operating income		4,010,975	3,556,005	2,534,767	2,327,567
Other operating expenses					
Personnel expenses		992,475	885,574	616,406	594,218
Directors' remuneration	34	14,924	4,525	14,324	3,925
Premises and equipment expenses		166,031	147,752	124,901	115,072
Amortisation expense on intangible assets		31,464	48,167	27,769	44,437
Taxes and duties		178,992	144,806	143,076	117,625
Fees and service expenses		78,805	55,671	18,520	26,695
Losses on impairment of properties foreclosed and other assets		309,849	66,198	66,503	6,067
Provisions for other liabilities		2,650	4,850	2,650	4,850
Others		186,275	142,861	98,328	78,074
Total other operating expenses		1,961,465	1,500,404	1,112,477	990,963
Bad debts, doubtful accounts and impairment losses	35	1,362,010	948,377	900,402	542,411
Profits from operation before income taxes		687,500	1,107,224	521,888	794,193
Income taxes	36	(209,729)	(412,537)	(78,038)	(235,434)
Profits for the years		477,771	694,687	443,850	558,759
Other comprehensive income (loss)					
Gains (losses) on revaluation of available-for-sale investments	37	204,125	(8,807)	204,125	(8,807)
Total other comprehensive income (loss)		204,125	(8,807)	204,125	(8,807)
Total comprehensive income		681,896	685,880	647,975	549,952

The accompanying notes are an integral part of the financial statements.

Statements of comprehensive income (continued)

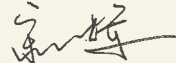
(Unit: Thousand Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Profits for the years attributable to:					
Equity holders of the Bank		477,771	694,687	443,850	558,759
Non-controlling interest of a subsidiary		-	-		
		477,771	694,687		
Total comprehensive income attributable to:					
Equity holders of the Bank		681,896	685,880	647,975	549,952
Non-controlling interest of a subsidiary		-	-		
		681,896	685,880		
Earnings per share of equity holders of the Bank	38				
Basic earning per share (Baht per share)		0.30	0.44	0.28	0.35

The accompanying notes are an integral part of the financial statements.



Mr. Youbin Chen
Chief Executive Officer



Mr. Guohui Song
Senior Executive Vice President

Statements of changes in shareholders' equity

Consolidated financial statements								(Unit: Thousand Baht)
Note	Equity attributable to the Bank's shareholders					Equity attributable to non-controlling interests of a subsidiary	Total	
	Issued and paid-up share capital		Other component in shareholders' equity-Revaluation surplus on investments	Retained earnings (deficit)				Total equity attributable to the Bank's shareholders
				Appropriated - Statutory reserve	Unappropriated			
Balance as at 1 January 2011	4,643	15,899,886	164,577	-	(2,393,388)	13,675,718	-	13,675,718
Total comprehensive income (loss) for the year	-	-	(8,807)	-	694,687	685,880	-	685,880
Conversion of preference shares to ordinary shares	(132)	132	-	-	-	-	-	-
Balance as at 31 December 2011	4,511	15,900,018	155,770	-	(1,698,701)	14,361,598	-	14,361,598
Balance as at 1 January 2012	4,511	15,900,018	155,770	-	(1,698,701)	14,361,598	-	14,361,598
Total comprehensive income for the year	-	-	204,125	-	477,771	681,896	-	681,896
Reduction of share capital by means of decreasing the par value to offset the deficit	(488)	(1,717,201)	-	-	1,717,689	-	-	-
Appropriated to statutory reserve	-	-	-	100,000	(100,000)	-	-	-
Balance as at 31 December 2012	4,023	14,182,817	359,895	100,000	396,759	15,043,494	-	15,043,494

The accompanying notes are an integral part of the financial statements.

Statements of changes in shareholders' equity (continued)

(Unit: Thousand Baht)

Separate financial statements						
Note	Issued and paid-up share capital		Other component in shareholders' equity - Revaluation surplus on investments	Retained earnings (deficit)		Total
	Preference shares	Ordinary shares		Appropriated - Statutory reserve	Unappropriated	
Balance as at 1 January 2011	4,643	15,899,886	164,577	-	(2,530,969)	13,538,137
Total comprehensive income (loss) for the year	-	-	(8,807)	-	558,759	549,952
Conversion of preference shares to ordinary shares	(132)	132	-	-	-	-
Balance as at 31 December 2011	4,511	15,900,018	155,770	-	(1,972,210)	14,088,089
Balance as at 1 January 2012	4,511	15,900,018	155,770	-	(1,972,210)	14,088,089
Total comprehensive income for the year	-	-	204,125	-	443,850	647,975
Reduction of share capital by means of decreasing the par value to offset the deficit	(488)	(1,717,201)	-	-	1,717,689	-
Appropriated to statutory reserve	-	-	-	100,000	(100,000)	-
Balance as at 31 December 2012	4,023	14,182,817	359,895	100,000	89,329	14,736,064
	-	-	-	-	-	-

The accompanying notes are an integral part of the financial statements.

Statements of cash flows

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from operating activities				
Profits from operation before income taxes	687,500	1,107,224	521,888	794,193
Adjustments to reconcile profits from operation before income taxes to net cash provided by (paid from) operating activities:				
Shares of profits from investment under equity method	(43,983)	(20,250)	-	-
Depreciation and amortisation	90,425	108,602	74,627	96,458
Bad debts, doubtful accounts and impairment losses	1,362,010	948,377	900,402	542,411
Gain on disposal of non-performing loans	(6,946)	-	(6,946)	-
Gains on disposals of equipment	(2,276)	(3,859)	(1,921)	(3,884)
Losses on write-off of fixed assets	58	2,348	1	1,905
Gains on disposals of properties foreclosed	(157,126)	(156,226)	(137,303)	(145,828)
Losses on impairment of properties foreclosed and other assets	309,849	64,360	66,503	4,214
Net gains on investments	(12,257)	(7,100)	(12,257)	(7,100)
Net gains on trading and foreign exchange transactions	(22,645)	(9,337)	(22,645)	(9,337)
Provisions for post-employment benefits (reversal)	3,164	19,917	(1,361)	13,652
Provisions for other liabilities	2,650	4,850	2,650	4,850
Other income from revaluation of other receivables	(2,219)	(4,254)	(2,219)	(4,254)
Increase in fees receivable	(9,652)	(3,348)	-	-
Decrease in expenses as a result of transferring receivables under Legal Execution Department	(132)	(1,143)	(132)	(1,143)
Increase in other accrued expenses	79,590	26,934	60,080	6,211
Interest income	(6,078,724)	(4,524,300)	(4,713,661)	(3,539,238)
Cash received on interest income	5,260,401	4,015,514	3,887,111	3,027,811
Interest expenses	2,917,115	1,809,547	2,805,082	1,784,792
Cash paid on interest expenses	(1,481,230)	(585,202)	(1,429,012)	(560,446)
Dividend income	(7,139)	(7,136)	(264,993)	(16,616)
Cash received on dividend income	7,139	7,136	7,139	7,136
Cash paid on income taxes	(375,062)	(317,289)	(189,991)	(195,889)
Income from operating activities before changes in operating assets and liabilities	2,520,510	2,475,365	1,543,042	1,799,898
(Increase) decrease in operating assets				
Interbank and money market items	3,582,585	(5,160,523)	3,689,797	(5,164,083)
Derivative assets	578,738	1,211,657	578,738	1,211,657
Short-term investments	-	9,268	-	9,268
Loans to customers	(39,406,514)	(14,206,655)	(30,273,550)	(12,924,829)
Properties foreclosed	(1,878)	628,735	291,491	304,869
Receivables on credit support for derivative contracts	63,993	401,066	63,993	401,066
Other receivables	(29,851)	341,238	46,321	272,524
Other assets	22,782	16,959	27,773	21,067

The accompanying notes are an integral part of the financial statements.

Statements of cash flows (continued)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Increase (decrease) in operating liabilities				
Deposits	46,372,776	(6,184,854)	46,374,273	(6,186,110)
Interbank and money market items	34,698,518	(297,343)	32,198,518	202,657
Liabilities payable on demand	(15,695)	(223,746)	(15,695)	(223,746)
Derivative liabilities	(816,970)	(809,504)	(816,970)	(809,504)
Payables on credit support for derivative contracts	-	(446,842)	-	(446,842)
Other liabilities	419,146	3,499	91,777	22,493
Net cash provided by (used in) operating activities	47,988,140	(22,241,680)	53,799,508	(21,509,615)
Cash flows from investing activities				
Cash paid for investment in a subsidiary	-	-	(500,000)	(750,000)
Cash paid for investment in an associate	(13,954)	(35,750)	(13,954)	(35,750)
(Increase) in long-term investments	(4,131,992)	(749,024)	(4,131,992)	(749,024)
(Increase) in investments in receivable	(82,295)	-	(82,295)	-
Cash received on interest income on investments	730,611	392,099	730,611	392,099
Cash received on dividend income from a subsidiary and an associate	6,604	9,480	257,854	9,480
Cash received on disposals of equipment	3,315	4,004	1,927	3,972
Cash paid for purchases of equipment	(35,675)	(26,929)	(13,628)	(16,052)
Cash paid for acquisition of intangible assets	(19,519)	(6,974)	(16,348)	(1,712)
Net cash used in investing activities	(3,542,905)	(413,094)	(3,767,825)	(1,146,987)
Cash flows from financing activities				
Cash received on long-term debts issued and borrowings	277,158,843	519,443,406	271,568,851	519,443,406
Cash paid on repayments of long-term debts issued and borrowings	(320,295,131)	(495,777,891)	(320,295,131)	(495,777,891)
Cash paid on interest expenses on borrowings	(1,225,745)	(989,775)	(1,224,230)	(989,702)
Cash paid on liabilities under finance lease agreements	(4,222)	(3,918)	(2,582)	(2,206)
Net cash provided by (used in) financing activities	(44,366,255)	22,671,822	(49,953,092)	22,673,607
Net increase in cash and cash equivalents	78,980	17,048	78,591	17,005
Cash and cash equivalents at beginning of the years	289,865	272,817	289,369	272,364
Cash and cash equivalents at end of the years	368,845	289,865	367,960	289,369
	-	-	-	-

The accompanying notes are an integral part of the financial statements.

Notes to financial statements

1. The Bank's information

Industrial and Commercial Bank of China (Thai) Public Company Limited ("the Bank"), registered the change of its status to be a public company limited under Thai laws on 15 April 1993 and it has been licensed by the Ministry of Finance on 21 December 2005 to operate commercial banking business in Thailand. Its registered address is at No. 622, Sukhumvit Road, Klongton Sub-district, Klongtoey District, Bangkok. As at 31 December 2012 and 2011, the Bank had altogether 19 branches including a head office.

The Bank applied to delist its shares from the Stock Exchange of Thailand ("SET") and the SET's Board of Governors ordered the shares of the Bank to be delisted from the SET with effective date on 19 March 2011.

As at 31 December 2012 and 2011, Industrial and Commercial Bank of China Limited, incorporated in the People's Republic of China, is the parent company of the Bank, holding 97.70% of the issued and paid-up share capital of the Bank.

As at 31 December 2012 and 2011, the Bank has only one subsidiary, which has been established as a limited company under Thai laws, and operating its businesses in Thailand and has a core business in leasing and hire purchase businesses.

2. Basis of preparation of financial statements

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and the presentation of the financial statements has been made in compliance with the Bank of Thailand's Notification No. Sor Nor Sor. 11/2553 regarding "Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups", dated 3 December 2010.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note 4 to the financial statements regarding a summary of significant accounting policies.

The financial statements in Thai language are the official statutory financial statements of the Bank. The financial statements in English language have been translated from the financial statements in Thai language.

2.2 Basis of consolidation

(a) The consolidated financial statements include the financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited and the following subsidiary.

Company's name	Type of business	Country of incorporation	Percentage of shares held by the Bank as of		Assets as a percentage to the consolidated totals as at		Revenue as a percentage to the consolidated totals for the years ended	
			31 December		31 December		31 December	
			2012	2011	2012	2011	2012	2011
ICBC (Thai) Leasing Company Limited	Hire purchase and finance lease	Thailand	Percent 99.99	Percent 99.99	Percent 34.35	Percent 34.87	Percent 45.18	Percent 41.38

- (b) The Bank and its subsidiary do not treat investments in any mutual funds in which they hold more than 50% of outstanding units as investments in a subsidiary because they do not have control over the financial and operating policies of these funds. In case that the Bank and its subsidiary receive shares as a result of debt restructuring of a borrower, which causes the Bank and its subsidiary to hold more than 50 percent of the paid-up share capital of such company, the Bank and its subsidiary will not treat that investee company as a subsidiary, since they intend to hold such investment temporarily.
- (c) The subsidiary is fully consolidated as from the date of acquisition, being the date on which the Bank obtains control, and continued to be consolidated until the date when such control ceases.
- (d) The financial statements of the subsidiary are prepared using the same significant accounting policies as the Bank, except that the subsidiary calculates depreciation of motor vehicles using the sum-of-the-years digits method. However, the effect of the use of a different method of depreciation for motor vehicles is not significant to the consolidated financial statements as a whole.
- (e) Material balances and transactions between the Bank and its subsidiary have been eliminated from the consolidated financial statements.
- (f) Non-controlling interests represent the portion of profit or loss and net assets of a subsidiary that is not held by the Bank and are presented separately in the consolidated profit or loss and within equity in the consolidated statements of financial position.

2.3 Separate financial statements

The separate financial statements, which present investments in a subsidiary and an associate under the cost method, have been prepared solely for the benefit of the public.

3. New and revised accounting standards issued but not yet effective

The Federation of Accounting Professions issued the following new and revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

		<u>Effective date</u>
Accounting Treatment Guidance for Transfers of Financial Assets		1 January 2013
Accounting Standard Interpretation:		
SIC 29	Service Concession Arrangements Disclosures	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014

The Bank's management has assessed and believe that the above accounting standards, financial reporting standard and accounting treatment guidance including standard interpretations, which are effective for fiscal years beginning on or after 1 January 2013, will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines. In adopting this accounting standard in the year 2013, the Bank and its subsidiary would have to apply this accounting standard as at they had always been adopting it. Hence effects to the consolidated and separate financial statements will be as follow:

(Unit: Million Baht)		
	Consolidated financial statements	Separate financial statements
Retained earning as at 1 January 2013 would be increased by	296	178
Other component of shareholders' equity as at 1 January 2013 would be decreased by	72	72

With respect to the accounting standards and financial reporting standard, including standard interpretations, which are effective for fiscal years beginning on or after 1 January 2014, the Bank's management is evaluating the impact when they are initially applied to the financial statements and has yet to reach a conclusion.

4. Significant accounting policies

4.1 Revenue recognition

(a) Interest and discounts on loans

Interest on loans is recognised as revenue on an accrual basis over the term of the loans based on the amount of principal outstanding. For loans on which principal and/or interest payments have been defaulted for more than three months from the due dates, the Bank and its subsidiary cease accrual of interest income and reverse the interest previously accrued as revenue from its accounts. Interest is then recognised as revenue on a cash basis until settlement of such overdue balance has been received from the debtors.

The Bank recognises interest income on restructured loans on the same accrual basis used for loans discussed above with reference to interest rates stipulated in the agreements (excluding interest charged and suspended for payment in the future), with the exception of restructured loans that are subject to monitoring for compliance with restructuring conditions, interest income on which is to be recognised on a cash basis until the borrower has been able to comply with the restructuring conditions for a period of not less than three consecutive months or three consecutive installments, whichever is longer.

Interest or discounts, which are already included in the face value of notes receivable or loans, are recorded as deferred interest and taken up as revenue evenly throughout the term of the notes or loans.

(b) Hire purchase income

Hire purchase income is recognised as revenue, using the effective interest rate method, over the period of the contracts. For hire purchase receivables on which installments have been defaulted and overdue for more than three months from the due dates, the subsidiary ceases accrual of revenue and reverse the revenue previously accrued from its accounts. Interest is then recognised as revenue on a cash basis until settlement of such overdue balance has been received from the debtors.

(c) Finance lease income

Finance lease income is recognised as revenue, using the effective interest rate method, over the period of the contracts. For finance lease receivables on which installments have been defaulted and overdue for more than three months from the due dates, the subsidiary ceases accrual of revenue and reverse the revenue previously accrued from its accounts. Interest is then recognised as revenue on a cash basis until settlement of such overdue balance has been received from the debtors.

(d) Interest and dividends on investments

Interest on investments is recognised as revenue on an accrual basis based on the effective rate method. Dividends from securities are recognised as revenue when the right to receive the dividends is established.

- (e) Gains (losses) on investments

Gains (losses) on investments are recognised as revenue/expenses on the transaction dates.

- (f) Gains (losses) on derivatives trading

Gains (losses) on derivatives trading are recognised as revenue/expenses on the transaction dates.

- (g) Fees and service income

Fees are recognised as revenue on an accrual basis and service income is recognised as revenue when services are rendered taking into account the stage of completion.

4.2 Expense recognition

- (a) Interest expenses

Interest expenses are recognised as expense on an accrual basis.

- (b) Commissions and direct expenses from the hire purchase business

Commissions and initial direct expenses at the inception of a hire-purchase contract are deferred and to be amortised as expenses throughout the contract period, using the effective interest rate method, with the amortisation deducted from interest income.

- (c) Other expenses

Other expenses are recognised on an accrual basis.

4.3 Cash and cash equivalents

Cash and cash equivalents include cash, cheques and cheques in transit.

4.4 Securities purchased under resale agreements/Securities sold under repurchase agreements

The Bank enters into agreements to purchase securities or to sell securities that include agreements to sell or purchase the securities back at certain dates in the future at fixed prices. Amounts paid for securities purchased subject to resale commitments are presented as assets under the caption of "Interbank and money market items" in the statements of financial position, and the underlying securities are treated as collateral to the receivables. Securities sold subject to repurchase commitments are presented as liabilities under the caption of "Interbank and money market items" in the statements of financial position, at the amounts received from the sale of those securities, and the underlying securities are treated as collateral.

Differences between the purchase and sale considerations are recognised as interest income or expenses over the transaction periods.

4.5 Investments in securities

- (a) Available-for-sale investments are stated at fair value. Changes in the fair value of these investments are recorded in other comprehensive income (loss) and will be recorded in profit or loss from operation when the investments are sold.
- (b) Investments in held-to-maturity debt securities are recorded at amortised cost less allowance for impairment loss (if any). The premium/discount on debt securities is amortised/accreted by the effective interest rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- (c) Investments in non-marketable equity securities, which the Bank classifies as general investments, are stated at cost less allowance for impairment loss (if any).

Purchases and sales of investments in equity securities are recognised on the trade dates, while purchases and sales of investments in debt securities are recognised on the settlement dates.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount, together with the associated cumulative gain or loss from changes in fair value of investments that was previously reported in other comprehensive income (loss), is recognised as income or expense in profit or loss from operation. If the Bank disposes a part of its holding in a particular investment, the deemed cost of the part sold is determined using the weighted average method.

Losses on impairment of investments are recognised as expenses in profit or loss from operation.

In the event the Bank reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification dates. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss from operation or recorded as revaluation surplus (deficit) on investments in shareholders' equity, depending on the type of investment that is reclassified.

Fair values of securities

For government securities and state enterprise securities, fair values are calculated by using the Bank of Thailand formula, based on the yield curve of The Thai Bond Market Association or other financial institutions.

For private sector debt securities which can be freely traded on an open market or for which quoted market prices are readily available, the last trading price quoted by The Thai Bond Market Association is used as a fair value. In the absence of such price, fair value is determined applying the yield curve of The Thai Bond Market Association or other financial institutions, adjusted for an appropriate risk premium, in accordance with the criteria established by the Bank of Thailand. For private sector debt securities, which cannot be freely traded on an open market or for which a quoted market price is not readily available, the Bank uses the fair value that is determined by financial institutions who issued or sold those securities. The fair value of investment in receivables that are not freely traded in an open market, is calculated using the investment yield as at the investment date, and thereafter adjusted by a change in credit risk of the debtor being invested.

The fair value of marketable equity securities is determined at the last bid price quoted on the last working day of the year of the Stock Exchange of Thailand

Fair value of investment units is determined using the net asset value announced as of the end of the reporting period.

4.6 Investments in a subsidiary and an associate

Investments in a subsidiary and an associate, recorded in the separate financial statements, are stated at cost net of allowance for impairment loss (if any). Losses on impairment are recorded as expenses in profit or loss from operation.

Investment in an associate, recorded in the consolidated financial statements, is recorded using the equity method. Under this method, investment is initially recorded at the acquisition cost and is adjusted to reflect the attributable share of the profit or loss from the operation of associate proportionately to its investment holding percentage and is reduced by the amount of dividend received.

If the Bank receives shares as a result of debt restructuring of a borrower, and as a result the Bank holds more than 50 percent or 20 percent of the paid-up share capital of such company, the Bank will not treat the investee company as a subsidiary or an associate, respectively, but will treat it as a general investment since the Bank intends to hold such investment temporarily. Such investment is stated at cost less allowance for impairment losses (if any).

4.7 Loans to customers

Loans to customers are presented at the principal balances, excluding accrued interest receivables, except for overdrafts which are presented at the principal balances plus accrued interest receivables. Deferred revenue and unearned discounts on loans to customers are deducted from the loans to customers balances.

Hire purchase receivables and finance lease receivables are stated at outstanding balances according to the hire-purchase and finance lease contracts net of outstanding balances of unearned income, which are presented net of deferred commission expenses and initial direct costs.

4.8 Allowance for doubtful accounts

- (a) The Bank provides allowance for doubtful accounts in accordance with the BOT guidelines, using the minimum rates stipulated by the BOT. The Bank sets provision for "pass" loans (including restructured receivables) and "special-mention" loans at minimum rates of 1% and 2%, respectively, of the loan balances (excluding accrued interest receivables) after deducting collateral value, calculated in accordance with the BOT's guidelines. For non-performing loans, the Bank sets provision at a rate of 100% of the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, discounted using the discount rate and duration expected to be able to dispose the collateral as stipulated in the BOT's notifications.

The subsidiary operating finance lease and hire-purchase businesses provides an allowance for doubtful accounts with reference to number of months past due and provisioning rates as stipulated in the BOT's notifications. Allowance for doubtful accounts is set for "pass" and "special-mention" loans at minimum rates of 1% and 2%, respectively, of the loan balances after deducting collateral value, calculated in accordance with the BOT's guidelines, and at 100% of the balances of non-performing loans after deducting the present value of expected future cash flows from collateral disposal, calculated in accordance with the BOT's guidelines.

In addition, the Bank has a loan loss provisioning policy whereby it provides additional reserves for certain group of possible impaired loans of the Bank and its subsidiary that are classified as "Pass" and "Special Mention" (collectively called "the possible impaired loans").

at rates higher than the minimum rates specified by BOT. Such rates are determined taking into considerations the probability of the loans becoming non-performing loans (PD) and the loss rates if those loans are not recovered in full (LGD), adjusted by an additional amount of reserve on a case by case basis if it is expected not to be recovered from the debtor.

- (b) The Bank writes off bad debts in accordance with the BOT's guidelines and as approved by the Executive Committee where by it will reverse the related allowance for doubtful accounts against the decrease in bad debts and doubtful accounts in profit or loss from operation. At the same time, the Bank writes off the balances of bad debts and charged them against bad debts and doubtful accounts as expenses in profit or loss from operation. All bad debts recovered are recognised as revenue in profit or loss from operation.
- (c) Allowance for doubtful accounts additionally set up during the periods is recognised as expense for the years.

4.9 Troubled debt restructuring

The Bank records troubled debt restructuring transactions with reference to criteria stipulated by the Bank of Thailand.

In cases where the troubled debt restructuring involves debt/asset swaps and/or debt/equity swaps, the Bank records assets and/or equity received in settlement of debts at their fair value less estimated selling expenses (if any) provided that it does not exceed the book value of outstanding principal and accrued interest receivables. Losses arising from the excess of the carrying value over the fair value of those assets and equity transferred are recognised as expense in profit or loss from operation, taking into account existing allowance for doubtful accounts.

In cases where the troubled debt restructuring involves modification of the repayment conditions, the Bank records losses arising from revaluation of the fair value of the debts after restructuring determined by the present value of expected cash flows to be received in accordance with new restructuring agreements, discounted by the Bank's minimum interest rates on loans to large customers. The lower of the then-determined present value and the carrying value is accounted for as allowance for revaluation on debt restructuring and recognised as expenses in profit or loss from operation in the period in which the debt is restructured. Such allowance is amortised and recognised as revenue in profit or loss from operation over the remaining period of the restructuring periods or is reviewed by revaluing the net present value of expected cash flows to be received over the remaining period.

Losses arising from debt restructuring through waivers of principal and/or recorded accrued interest receivables are recognised as expenses in profit or loss from operation.

4.10 Properties foreclosed

Properties foreclosed are stated at the lower of cost at the acquisition date and net realisable value. Cost at the acquisition date of properties foreclosed is stated at their fair value but it is not to exceed the balance of principal and accrued interest receivables. Net realisable value is determined with reference to the appraisal value less estimated selling expenses.

Gains or losses on disposals of properties foreclosed are recorded as revenue or expenses in profit or loss from operation when significant risk and rewards have been transferred to the buyer.

Impairment loss is recognised as expenses in profit or loss from operation.

4.11 Premises and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

Depreciation of buildings and equipment is calculated by reference to their costs on a straight-line method (except for the depreciation of motor vehicles of a subsidiary, which is calculated by reference to their cost, after deducting residual values, on the sum-of-the-years digits method) over the following estimated periods of useful lives.

Buildings	34 years
Furniture, fixtures and office equipment	1 - 3, 5 and 10 years
Motor vehicles	5 years

No depreciation is determined for land.

Depreciation is recognised as expense in profit or loss from operation.

An item of premises and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss from operation when the asset is derecognised

4.12 Intangible assets and amortisation

Intangible assets are carried at cost less any accumulated amortisation and allowance for impairment loss (if any).

The Bank and its subsidiary amortise intangible assets with finite useful lives or with useful lives, which can be estimated on a systematic basis over their economic benefit lives and test for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation periods and the amortisation method of such intangible assets are reviewed at least at each financial year-end. The amortisation amounts are recognised as expenses in profit or loss from operation.

Intangible assets of the Bank and its subsidiary with finite useful lives or with useful lives, which can be estimated on a systematic basis, are computer softwares and deferred license fee of which the estimated useful lives are 5 and 10 years.

4.13 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation and allowance for impairment loss (if any). Leasehold rights are amortised on a straight-line basis over the lease period of 30 years and the amortisation amounts are recognised as expenses in profit or loss from operation.

4.14 Long-term leases

Leases of motor vehicles which transfer substantially all the risks and rewards of ownership to the Bank and its subsidiary, as lessees, are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the net present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are recorded as long-term liabilities, while the interest element is recorded as expense in profit or loss from operation over the lease period. Assets acquired under finance leases are depreciated over the shorter of the useful lives of the assets and the lease periods.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss from operation on a straight-line basis over the lease term.

4.15 Sales of commercial papers

Commercial papers sold without recourse are recorded by crediting the "Notes receivable" account.

Commercial papers without an aval or acceptance and sold at a discount with recourse, are recorded as liabilities under the caption of "Liabilities from sale of commercial papers". Commercial papers with an aval or acceptance from other commercial banks or other financial institutions, sold at a discount with recourse, are recorded by crediting the "Notes receivable" account, and disclosed such commitment as a part of "Contingent liabilities".

4.16 Impairment of assets

At the end of each reporting period, the Bank and its subsidiary perform impairment reviews in respect of the premises and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired.

An impairment loss is recognised as expense in profit or loss from operation when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

Impairment loss is recognised as expense in profit or loss from operation.

In the assessment of asset impairment, if there is any indication that previously recognised impairment loss may no longer exist or may have decreased, the Bank and its subsidiary estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss has been recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss from operation.

4.17 Employee benefits

Short-term employment benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plan

The Bank, its subsidiary and the employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Bank and its subsidiary. The fund's assets are held in a separate trust fund and the Bank and its subsidiary's contributions are recognised as expenses when incurred.

Defined benefit plan

The Bank and its subsidiary treat the severance payments they must make to employees upon retirement under labor law as a post-employment retirement benefit plan ("the defined benefit plan").

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss from operation.

4.18 Provisions

Provisions are recognised when the Bank and its subsidiary have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of such obligation can be made.

4.19 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains or losses on exchange are recognised as revenue or expense in profit or loss from operation.

4.20 Income taxes

Income taxes are provided for in the accounts at the amount expected to be paid to the taxation authorities, based on the taxable profits determined in accordance with tax legislation.

4.21 Derivatives

The Bank has entered into off-balance sheet transactions involving derivatives in order to respond to clients' needs and to manage its own foreign exchange and interest rate risks. Obligations under derivative contracts are measured according to the purpose of entering into those transactions as follows.

Trading Book

As at the end of reporting period, foreign exchange contracts are measured at fair value. Gains or losses arising from revaluation are recognised as income or expense in profit or loss from operation.

The fair values of foreign exchange contracts are determined, using the forward exchange rates at the end of reporting period for the contract periods remaining on those dates.

Banking Book (Not held for trading)

As at the end of reporting period, the Bank recognises foreign exchange contracts, interest rate swap contracts, and cross currency and interest rate swap contracts on an accrual basis as follows.

- (a) The currency exchange components are translated at the exchange rates ruling as at the end of reporting period, with unrealised gains or losses on translation are recognised as income or expense in profit or loss from operation. Premiums or discounts on contracts are amortised on a straight-line basis over the contract periods and recognised as income or expense in profit or loss from operation.
- (b) Interest rate swap components are recognised on an accrual basis, in the same manner as the hedged assets or liabilities. That is, interest income or interest expense is recognised over the term of the contract periods as income or expense in profit or loss from operation.

These measurement methods are in compliance with the principles stipulated by the Bank of Thailand's Notification No. 67/2551 dated 3 August 2008.

4.22 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Bank and its subsidiary, whether directly or indirectly, or which are under common control with the Bank and its subsidiary.

They also include associates and individuals which directly or indirectly own a voting interest in the Bank and its subsidiary that gives them significant influence over the Bank and its subsidiary, key management personnel, directors and officers with authority in the planning and direction of the Bank's and its subsidiary's operations, together with closed family members of such persons and companies which are controlled or influenced by them, whether directly or indirectly.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

5.1 Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment on whether risk and rewards of those assets and liabilities have been transferred, based on their best knowledge of the current events and arrangements.

5.2 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether or not significant risk and rewards of ownership of the leased asset has been transferred to the Bank and its subsidiary, taking into consideration terms and conditions of the arrangement.

5.3 Allowance for doubtful accounts

Allowance for doubtful accounts provided on loans to customers and accrued interest receivables are intended to adjust the value of loans and receivables for probable credit losses. The management follows the BOT's guidelines regarding the provision of allowance for doubtful debts. The use of judgment to estimate losses expected to be incurred on loans to customers, taking into consideration an analysis of each debtor's status, payment history, collection experience from the debtor, the value of collateral and surrounding economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for doubtful accounts and adjustments to the allowances may therefore be required in the future.

5.4 Fair value of financial instruments

In determining the fair value of financial instruments that are not freely traded in an open market or for which quoted market prices are not readily available, the management exercises judgment in estimating the fair value of such financial instruments, using the generally accepted valuation method. The inputs used in such fair value calculation are comparable to those from the observable markets, taking into consideration of liquidity and correlation and long-term volatility of financial instruments

5.5 Allowance for impairment loss on investments

The Bank considers available-for-sale investments and general investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment of the management.

5.6 Allowance for impairment loss on properties foreclosed

The Bank and its subsidiary determine allowance for impairment loss on properties foreclosed when net realisable value of such assets falls below their carrying. The management uses the BOT's regulation and judgment to estimate impairment losses, taking into consideration the latest appraisal values, types and characteristics of assets, the period of time for which to be recouped from disposals and changes in the economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowance for impairment loss and adjustments to the allowances may therefore be required in the future.

5.7 Premises and equipments and Depreciation

In determining depreciation of premises and equipments, the management is required to make estimates of the useful lives and residual values of the Bank and its subsidiary's premises and equipments and to review estimated useful lives and residual values when there are any changes.

In addition, the management is required to review premises and equipments for impairment loss on a periodical basis and record impairment loss (if any) in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

5.8 Intangible assets

In consideration of allowance for impairment loss on intangible assets, it requires management to forecast cash flows that will be generated by the assets or the cash generating units, and to select a suitable discount rate in order to determine the present value of those cash flows. In addition, in amortising intangible assets, the management estimates the useful lives of those intangible assets that have finite useful lives and reviews these estimates whenever circumstances change.

5.9 Profit or loss sharing from management of non-performing assets

In calculation of profit or loss sharing from management of non-performing assets transferred to Thai Asset Management Corporation ("TAMC"), the Bank estimates the amounts expected to be recouped from debtors or the underlying collaterals or the guarantors for which management exercises judgment in determination of assumptions with respect to recovery rates on the outstanding debts under the debt restructuring agreements or collateral value. The management considers that the assumptions used are appropriate based on the availability of information to the Bank and current circumstances. The different assumptions used and the change in circumstances in the future may affect the estimated amount of loss sharing already recorded.

5.10 Provisions for post-employment benefits

Provisions for post-employment retirement benefits are determined, using actuarial techniques. The determination is made involving various assumptions, including discount rate, future salary increase rate, staff turnover rate and mortality rate, which are based on the management's knowledge of current events and arrangement. However, actual post-employment benefit payment may differ from the estimates.

5.11 Litigation

The Bank and its subsidiary have contingent liabilities as a result of litigation being made against them for claims of compensation. The management has used judgement to assess of the results of the litigation and recorded provisions for liabilities as at the reporting period-ended date. However, actual results could differ from the estimates.

6. Interbank and money market items (assets)

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2012			31 December 2011		
	At call	Term	Total	At call	Term	Total
Domestic items						
Bank of Thailand	767,116	-	767,116	218,721	-	218,721
Commercial banks	213,834	600,000	813,834	104,115	5,860,000	5,964,115
Specialised financial institutions	1,951	1,400,000	1,401,951	-	-	-
Other financial institutions	48,262	-	48,262	-	-	-
Total	1,031,163	2,000,000	3,031,163	322,836	5,860,000	6,182,836
Add: Accrued interest receivables	91	-	91	4	3,201	3,205
Less: Allowance for doubtful accounts	-	(20,000)	(20,000)	-	-	-
Domestic items - net	1,031,254	1,980,000	3,011,254	322,840	5,863,201	6,186,041
Foreign items						
USD currency	96,114	1,531,580	1,627,694	40,147	204,408	244,555
AUD currency	636	-	636	1,139	-	1,139
Renminbi currency	14,540	1,478,952	1,493,492	1,643	3,294,076	3,295,719
Euro currency	4,286	-	4,286	1,516	14,868	16,384
HKD currency	2,451	-	2,451	2,290	-	2,290
Other currencies	2,606	-	2,606	1,989	-	1,989
Total	120,633	3,010,532	3,131,165	48,724	3,513,352	3,562,076
Add: Accrued interest receivables	-	36,080	36,080	-	28,807	28,807
Less: Allowance for doubtful accounts	-	(29,903)	(29,903)	-	(35,113)	(35,113)
Foreign items - net	120,633	3,016,709	3,137,342	48,724	3,507,046	3,555,770
Total domestic and foreign items	1,151,887	4,996,709	6,148,596	371,564	9,370,247	9,741,811

(Unit: Thousand Baht)

	Separate financial statements					
	31 December 2012			31 December 2011		
	At call	Term	Total	At call	Term	Total
Domestic items						
Bank of Thailand	767,116	-	767,116	218,721	-	218,721
Commercial banks	47,798	600,000	647,798	43,340	5,860,000	5,903,340
Specialised financial institutions	-	1,400,000	1,400,000	-	-	-
Other financial institutions	48,262	-	48,262	-	-	-
Total	863,176	2,000,000	2,863,176	262,061	5,860,000	6,122,061
Add: Accrued interest receivables	83	-	83	-	3,201	3,201
Less: Allowance for doubtful accounts	-	(20,000)	(20,000)	-	-	-
Domestic items - net	863,259	1,980,000	2,843,259	262,061	5,863,201	6,125,262
Foreign items						
USD currency	96,114	1,531,580	1,627,694	40,147	204,408	244,555
AUD currency	636	-	636	1,139	-	1,139
Renminbi currency	14,540	1,478,952	1,493,492	1,643	3,294,076	3,295,719
Euro currency	4,286	-	4,286	1,516	14,868	16,384
HKD currency	2,451	-	2,451	2,290	-	2,290
Other currencies	2,606	-	2,606	1,989	-	1,989
Total	120,633	3,010,532	3,131,165	48,724	3,513,352	3,562,076
Add: Accrued interest receivables	-	36,080	36,080	-	28,807	28,807
Less: Allowance for doubtful accounts	-	(29,903)	(29,903)	-	(35,113)	(35,113)
Foreign items - net	120,633	3,016,709	3,137,342	48,724	3,507,046	3,555,770
Total domestic and foreign items	983,892	4,996,709	5,980,601	310,785	9,370,247	9,681,032

7. Derivatives

7.1 Trading book

(Unit: Thousand Baht)

Type of risk	Consolidated and separate financial statements					
	31 December 2012			31 December 2011		
	Fair value		Notional amount ⁽¹⁾	Fair value		Notional amount ⁽¹⁾
	Assets	Liabilities		Assets	Liabilities	
	31,471	29,184	5,822,671	150,091	146,153	9,651,648

⁽¹⁾ Disclosed only in case that the Bank has the commitment on the payment side.

Below are the proportion of derivative trading transactions with counterparties, classified by types of counterparty, determined on the basis of the notional amount, as at 31 December 2012 and 2011.

Counterparties	Consolidated and separate financial statements	
	31 December 2012	31 December 2011
Financial institutions	95.37%	94.93%
Corporation	4.63%	5.06%
Companies within the Group	-	0.01%
Total	100.00%	100.00%

7.2 Derivatives not entered for trading purpose (Banking book)

As at 31 December 2012 and 2011, the Bank has commitments under forward foreign exchange contracts, interest rate swap contracts and cross currency and interest rates swap contracts, which are measured based on an accrual basis. The gains or losses on exchange as a result of translation to the period-end rates under the accrual basis are recorded as a part of "Derivative assets" or "Derivative liabilities" in the statements of financial position and interest receivables or payables that are determined as they accrue based on the contracts as at the end of reporting period are recorded as a part of "Accrued income" or recorded as "Accrued interest payables", as the case may be, in the statements of financial position.

(Unit: Thousand Baht)

Type of risk	Consolidated and separate financial statements				
	31 December 2012			31 December 2011	
	Carrying value ⁽²⁾		Notional amount ⁽¹⁾	Carrying value ⁽²⁾	
	Assets	Liabilities		Assets	Liabilities
Currency	62,712	99,857	16,170,535	206,248	513,848
Interest rate	- ⁽³⁾	- ⁽³⁾	20,900,000	- ⁽³⁾	- ⁽³⁾
Currency and interest rate	28,027 ⁽³⁾	- ⁽³⁾	918,948	47,545 ⁽³⁾	11,592 ⁽³⁾
Total	90,739	99,857	37,989,483	253,793	525,440

⁽¹⁾ Disclosed only in case that the Bank has the commitment on the payment side.

⁽²⁾ Carrying value is the value determined based on an accrual basis as described in accounting policy regarding to derivatives for banking book.

⁽³⁾ Not included interest receivables and payables, which are recorded as a part of "Accrued income" or recorded as "Accrued interest payables" in the statements of financial position, as the case maybe.

8. Investments

8.1 Classified by types of investments

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	31 December 2012	31 December 2011
<u>Available-for-sale investments - fair value</u>		
Government and state enterprise securities	7,408,593	5,759,583
Foreign debt securities	8,084,193	5,059,508
Domestic marketable equity securities	133,137	70,329
Investment in receivable	82,295	-
Total available-for-sale investments	15,708,218	10,889,420
<u>Held-to-maturity debt securities - cost/amortised cost</u>		
Government and state enterprise securities	13,060	46,425
Private sector debt securities	-	400,000
Total held-to-maturity debt securities	13,060	446,425
<u>General investments - cost</u>		
Domestic non-marketable equity securities	104,716	104,716
Less: Allowance for impairment	(11,918)	(11,918)
General investments - net	92,798	92,798
Investments - net	15,814,076	11,428,643

As at 31 December 2012, investments of the Bank and its subsidiary were not subject to any restrictions on their holding and disposal (31 December 2011: the Bank placed government bonds amounting to Baht 4 million, which were classified as available-for-sale investments, with the Court as security).

8.2 Classified by the remaining periods to maturity of the debt securities

(Unit: Thousand Baht)

	Consolidated and separate financial statement			
	31 December 2012			
	Periods to maturity			
	1 year	Over 1 year to 5 years	Over 5 years	Total
Available-for-sale investments				
Government and state enterprises securities	2,952,974	3,756,048	687,174	7,396,196
Foreign debt securities	-	7,831,207	-	7,831,207
Investment in receivable	-	82,295	-	82,295
Total	2,952,974	11,669,550	687,174	15,309,698
Add: Allowance for revaluation	3,140	259,216	3,027	265,383
Total available-for-sale investments	2,956,114	11,928,766	690,201	15,575,081
Held-to-maturity debt securities				
Government and state enterprises securities	13,060	-	-	13,060
Total held-to-maturity debt securities	13,060	-	-	13,060
Total debt securities	2,969,174	11,928,766	690,201	15,588,141

(Unit: Thousand Baht)

	Consolidated and separate financial statement			
	31 December 2011			
	Periods to maturity			
	1 year	Over 1 year to 5 years	Over 5 years	Total
Available-for-sale investments				
Government and state enterprises securities	2,763,989	2,536,288	450,000	5,750,277
Foreign debt securities	789,160	3,406,225	749,363	4,944,748
Total	3,553,149	5,942,513	1,199,363	10,695,025
Add : Allowance for revaluation	2,252	50,073	71,741	124,066
Total available-for-sale investments	3,555,401	5,992,586	1,271,104	10,819,091
Held-to-maturity debt securities				
Government and state enterprises securities	46,425	-	-	46,425
Private sector debt securities	400,000	-	-	400,000
Total held-to-maturity debt securities	446,425	-	-	446,425
Total debt securities	4,001,826	5,992,586	1,271,104	11,265,516

8.3 Promissory notes from Thai Asset Management Corporation

During 2001 to 2003, the Bank transferred non-performing loans to the Thai Asset Management Corporation ("TAMC") whereby TAMC issued non-transferable promissory notes for the value of the assets transferred. On the face of the notes indicated the amounts accounting to the transfer prices, the issuance dates (being the same as the transfer dates), and the maturity dates being 10 years after the issuance dates. The promissory notes are availed by the Financial Institutions Development Fund ("FIDF") and may be redeemed by TAMC prior to maturity.

On the last working day of each year, TAMC shall calculate interest based on a quarterly average deposit rate and pay interest on an annual basis at the end of every year.

The Bank is jointly responsible, together with TAMC, for future profit or loss sharing from TAMC's management of the non-performing loans.

- If there are profits, the first portion not exceeding 20 percent of the transfer price shall be equally shared between the Bank and TAMC. The second portion shall be fully given to the Bank; provided that, when added to the first portion, the sum shall not exceed the difference between the book value and the transfer price. Any remaining profits after the second portion shall be for TAMC.
- If there are losses, the first portion not exceeding 20 percent of the transfer price shall be borne solely by the Bank. The second portion remaining after the first portion that does not exceed 20 percent of transfer price shall be equally shared and borne between the Bank and TAMC. Any remaining losses after the second portion shall be borne by TAMC.

The Bank is still jointly liable for share of the profit or loss at the end of fifth and tenth years counting from 1 July 2001.

The Bank received performance reports on non-performing loan management from TAMC. TAMC informed the Bank that there are profits or losses to share. However, such share of profits or losses was on only certain transferred non-performing loans. Shares of profits or losses on all transferred non-performing loans will be known when the liquidation process of TAMC is completed. However, as at 31 December 2012 and 2011, the Bank has provision of Baht 222 million for obligation from its share of losses that may arise from the management of all non-performing loans transferred, which is presented as a part of "Provision for other liabilities". Such amount was the aggregate of incurred profits or losses of each loan, the result of which is already informed by TAMC and an estimate of profit or loss that may be incurred for the unsettled loans, which management determined based on the Bank's historical experiences, debt restructuring plan made with TAMC and debtors' collateral information, etc.

As a result of transferring non-performing loans to TAMC, the Bank received promissory notes from TAMC of Baht 2,599 million, maturing from 31 October 2011 to 30 September 2013 in settlement for transfer prices of non-performing loans transferred, and the Bank classified such promissory notes as held-to-maturity debt securities. Up to 31 December 2012 and 2011, TAMC has made payment and redeemed promissory notes totalling Baht 2,586 million and Baht 2,553 million, respectively. Following such redemptions, the balances of promissory notes as at 31 December 2012 and 2011 were Baht 13 million and Baht 46 million, respectively.

For the years ended 31 December 2012 and 2011, the Bank recognised interest income on promissory notes from TAMC totalling Baht 0.6 million and Baht 9 million, respectively.

8.4 Investment in a related company

The Bank has the following investment in a related company, where the Bank holds 10% or more of the issued and paid-up share capital of the investee company, which is recorded as a part of general investments and classified as long-term investments, is presented below.

(Unit: Thousand Baht)

Consolidated and separate financial statement						
Company's name	Type of business	Type of invested in securities	Nature of relationship	31 December 2012		
				Paid-up capital	Shareholding percentage	Cost
					%	
<u>Related company</u>						
Bangkok BTMU Company Limited	Lending and investment holding businesses	Ordinary shares	Related through the Bank's management	200,000	10.00	20,390
Total investment in a related company						20,390

(Unit: Thousand Baht)

Consolidated and separate financial statement						
Company's name	Type of business	Type of invested in securities	Nature of relationship	31 December 2011		
				Paid-up capital	Shareholding percentage	Cost
<u>Related company</u>					%	
Bangkok BTMU Company Limited	Lending and investment holding businesses	Ordinary shares	Related through the Bank's management	200,000	10.00	20,390
Total investment in a related company						20,390

8.5 Investments in companies having problems relating to financial position and operating results

(Unit: Thousand Baht)

	Consolidated and separate financial statements					
	31 December 2012			31 December 2011		
	Cost	Fair value	Allowance for impairment	Cost	Fair value	Allowance for impairment
Companies with problems regarding to financial status and operating performance	13,911	1,993	(11,918)	13,911	1,993	(11,918)

9. Investments in a subsidiary

As at 31 December 2012 and 2011, investments in a subsidiary, which is accounted for under the cost method in the separate financial statements, consist of investments in ordinary shares of the following company:

(Unit: Million Baht)

Company's name	Nature of business	Separate financial statements							
		Paid-up capital		Shareholding percentage		Book value under the cost method		Dividends received For the years ended	
		31 December		31 December		31 December		31 December	
		2012	2011	2012	2011	2012	2011	2012	2011
				%	%				
ICBC (Thai) Leasing Company Limited	Hire purchase	3,750	3,250	99.99	99.99	3,750	3,250	251	-

On 13 July 2011, the subsidiary's Extraordinary General Meeting No. 1/2011 of Shareholders resolved to approve the increase of its registered share capital by 100 million shares with a par value of Baht 10 each. As at 31 December 2011, the subsidiary had registered share capital totaling Baht 4 billion, comprising 400 million ordinary shares with a par value of Baht 10 each while it had the issued and paid-up share capital of Baht 3,250 million, comprising 300 million shares with a par value of Baht 10 each, 100% paid up and 100 million shares with a par value of Baht 10 each, 25% paid up.

On 21 December 2011, the subsidiary's Extraordinary General Meeting No. 3/2011 of Shareholders passed a resolution to approve the increase of its registered share capital by 100 million shares with a par value of Baht 10 each and the subsidiary registered the increase in its share capital with the Ministry of Commerce on 17 February 2012. Hence, the subsidiary has the registered share capital of Baht 5 billion, comprising 500 million ordinary shares with a par value of Baht 10 each. It also passed a resolution to call up for payment of the additional 100 million ordinary shares at Baht 2.50 each. The Bank already made payment of Baht 250 million for such capital call on 14 February 2012.

Later on 25 April 2012, the subsidiary's Extraordinary General Meeting of Shareholders passed a resolution approving an increase in the subsidiary's registered share capital from Baht 5 billion to Baht 6 billion through the issuance of additional 100 million ordinary shares at a par value of Baht 10 each or a total of Baht 1 billion. The subsidiary called for the payment of additional 100 million shares at Baht 2.50 each, representing 25% of a par value, or a total of Baht 250 million. The Bank already made payment on such additional shares on 25 July 2012. Hence, as at 31 December 2012, the subsidiary has a registered share capital of Baht 6 billion, comprising 600 million ordinary shares, with a par value of Baht 10 each, and paid-up share capital of Baht 3,750 million, comprising 300 million shares with a par value of Baht 10 each, 100% paid up, and 300 million shares with a par value of Baht 10 each, 25% paid up.

10. Investments in an associate

10.1 Details of investment in an associate

As at 31 December 2012 and 2011, investment in an associate in the consolidated and separate financial statements is investment in ordinary shares of the following company:

(Unit: Million Baht)

Company's name	Type of business	Country of incorporation	Shareholding percentage		Consolidated financial statements		Separate financial statements	
					Carrying value under equity method		Carrying value under cost method	
			2012	2011	2012	2011	2012	2011
			%	%				
Finansia Syrus Securities Public Company Limited	Securities business	Thailand	24.08	24.39	388	337	305	291

On 30 January 2012, the Extraordinary General Meeting of Shareholders of Finansia Syrus Securities Public Company Limited passed a resolution to offer the remaining 35,751,715 shares unissued to the existing shareholders, at a ratio of 1 new share for every 11.62022 existing shares for Baht 1.60 per share and the Bank already paid Baht 14 million for the purchase of 8,721,347 newly issued ordinary shares of such company on 24 February 2012. Following the purchase of the additional shares of such company, the Bank holds 110,065,325 shares in Finansia Syrus Securities Public Company Limited, or equivalent to 24.08% of the issued and paid-up share capital of such company.

(Unit: Million Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Shares of profit from investment in an associate for the years ended 31 December		Dividends received for the years ended 31 December	
	2012	2011	2012	2011
Finansia Syrus Securities Public Company Limited	44	20	7	9

The share of profit from investment in an associate for the years ended 31 December 2012 and 2011, amounted to Baht 44 million and Baht 20 million, respectively, calculated based on the financial statements of the associate as summarised in Note 10.2 to the financial statements.

10.2 Summarised financial information of the associate

Financial information of the associate as at 31 December 2012 and 2011 and for the years ended 31 December 2012 and 2011, as summarised from its consolidated financial statements is presented below:

(Unit: Million Baht)

Company's name	Paid-up share capital as at 31 December		Total assets as at 31 December		Total liabilities as at 31 December		Total revenues for the years ended 31 December		Profits for the years ended 31 December ⁽¹⁾	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Finansia Syrus Securities Public Company Limited	731	665	4,195	3,038	2,519	1,591	1,812	1,625	182	83

⁽¹⁾ Exclude other comprehensive income (loss)

As at 31 December 2012 and 2011, the fair values of the associate which were computed from the last bid price as at the last business day of the year of the Stock Exchange of Thailand, based on the Bank's shareholding percentage, were Baht 286 million and Baht 223 million, respectively.

11. Reconciliations of shareholders' equity between those stated in the consolidated and the separate financial statements

(Unit: Thousand Baht)

	31 December 2012	31 December 2011
Equity attributable to the Bank's shareholders in the separate financial statements	14,736,064	14,088,089
<u>Reconciled items</u>		
Accumulated share of profits from investments under equity method	776,129	484,354
Accumulated dividends received from its subsidiary and associate	(468,699)	(210,845)
Total amounts of reconciled items	307,430	273,509
Equity attributable to the Bank's shareholders in the consolidated financial statements	15,043,494	14,361,598

12. Loans to customers and accrued interest receivables

12.1 Classified by types of loans

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Overdrafts	855,355	938,205	855,355	938,205
Loans	35,805,964	23,547,411	35,554,049	23,280,512
Notes receivable	25,760,910	11,530,752	57,192,910	39,125,082
Hire purchase receivables	50,178,090	35,903,334	-	-
Financial lease receivables	621,146	415,268	-	-
Total loans to customers	113,221,465	72,334,970	93,602,314	63,343,799
Less: Deferred revenues	(6,717,030)	(4,782,912)	(779)	(1,295)
Total loans to customers net of deferred revenues	106,504,435	67,552,058	93,601,535	63,342,504
Add: Accrued interest receivables	150,654	140,539	165,775	147,027
Total loans to customers, net of deferred revenues, plus accrued interest receivables	106,655,089	67,692,597	93,767,310	63,489,531
Less: Allowance for doubtful accounts				
- Provision at minimum rates required by BOT	(962,753)	(813,568)	(942,938)	(765,465)
- Provision in excess of minimum rates required by BOT	(1,120,329)	(383,114)	(745,872)	(58,936)
Allowance for revaluation on debt restructuring	(23,997)	(12,386)	(23,997)	(12,386)
Loans to customers and accrued interest receivables - net	104,548,010	66,483,529	92,054,503	62,652,744

Late in 2011, there was widespread flooding in Thailand, which has affected some of the Bank's debtors. Under the consideration of the Bank's management, which is also in line with the Bank of Thailand's policy, the Bank provided assistance to those debtors in term of postponing principal repayments or interest payments for a certain period and will not consider them as non-performing loans. As at 31 December 2012 and 2011, there are 3,944 and 4,864 debtors, respectively, with outstanding balances of 2,191 and Baht 3,204 million which are rescheduled to repay to the Bank and its subsidiary due to the impact of the flood (the Bank only: there are 37 and 33 debtors with outstanding balances of 637 and Baht 823 million, respectively). The Bank and its subsidiary have set aside provision for these loans in accordance with the Bank of Thailand's guideline. The Bank and its subsidiary's management have assessed the situation and believe that provision set aside on these loans is adequate to cover loan losses that might incur from those debtors affected by the flood.

12.2 Classified by remaining periods to maturity of loan agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Not over 1 year ⁽¹⁾	45,816,856	24,471,920	54,394,196	27,074,577
Over 1 year	60,687,579	43,080,138	39,207,339	36,267,927
Total loans to customers ⁽²⁾	106,504,435	67,552,058	93,601,535	63,342,504
Add: Accrued interest receivables	150,654	140,539	165,775	147,027
Total	106,655,089	67,692,597	93,767,310	63,489,531

⁽¹⁾ Included expired contracts

⁽²⁾ Total loans to customers net of deferred revenues

12.3 Classified by currency and residency of debtors

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2012			31 December 2011		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	86,492,436	-	86,492,436	65,845,234	-	65,845,234
US dollar	1,285,808	18,135,480	19,421,288	416,952	1,113,768	1,530,720
Renminbi	574,237	-	574,237	147,964	-	147,964
Euro	16,430	-	16,430	27,986	-	27,986
Pound sterling	44	-	44	154	-	154
Total ⁽¹⁾	88,368,955	18,135,480	106,504,435	66,438,290	1,113,768	67,552,058

⁽¹⁾ Total loans to customers net of deferred revenues.

(Unit: Thousand Baht)

	Separate financial statements					
	31 December 2012			31 December 2011		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	73,589,536	-	73,589,536	61,635,680	-	61,635,680
US dollar	1,285,808	18,135,480	19,421,288	416,952	1,113,768	1,530,720
Renminbi	574,237	-	574,237	147,964	-	147,964
Euro	16,430	-	16,430	27,986	-	27,986
Pound sterling	44	-	44	154	-	154
Total ⁽¹⁾	75,466,055	18,135,480	93,601,535	62,228,736	1,113,768	63,342,504

⁽¹⁾ Total loans to customers net of deferred revenues.

12.4 Classified by types of business and loan classification

(Unit: Thousand Baht)

	Consolidated financial statement					
	31 December 2012					
	Pass	Special- mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	250,007	67,352	-	-	11,947	329,306
Manufacturing and commerce	35,072,964	372,979	516,703	30,461	415,297	36,408,404
Real estate and construction	7,069,830	47,836	107,730	36,337	412,716	7,674,449
Public utilities and services	13,860,899	287,087	64,514	-	64,215	14,276,715
Housing loans	40,287	12,048	2,878	512	2,397	58,122
Others	43,730,449	3,419,807	365,124	223,630	18,429	47,757,439
Total ⁽¹⁾	100,024,436	4,207,109	1,056,949	290,940	925,001	106,504,435

⁽¹⁾ Total loans to customers net of deferred revenues.

(Unit: Thousand Baht)

	Consolidated financial statement					
	31 December 2011					
	Pass	Special- mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	298,851	69,498	-	-	13,163	381,512
Manufacturing and commerce	16,978,699	388,912	200,406	49,428	349,127	17,966,572
Real estate and construction	4,881,470	72,704	350	165,365	299,979	5,419,868
Public utilities and services	8,074,674	301,125	16,377	67,397	66,648	8,526,221
Housing loans	54,114	23,672	2,785	4,452	4,094	89,117
Others	31,270,631	3,220,700	414,944	244,063	18,430	35,168,768
Total ⁽¹⁾	61,558,439	4,076,611	634,862	530,705	751,441	67,552,058

⁽¹⁾ Total loans to customers net of deferred revenues.

(Unit: Thousand Baht)

	Separate financial statement					
	31 December 2012					
	Pass	Special- mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	250,007	67,352	-	-	11,947	329,306
Manufacturing and commerce	66,253,049	372,979	516,703	30,461	415,297	67,588,489
Real estate and construction	7,069,830	47,836	107,730	36,337	412,716	7,674,449
Public utilities and services	13,860,899	287,087	64,514	-	64,215	14,276,715
Housing loans	40,287	12,048	2,878	512	2,397	58,122
Others	3,272,678	384,707	76	-	16,993	3,674,454
Total ⁽¹⁾	90,746,750	1,172,009	691,901	67,310	923,565	93,601,535

⁽¹⁾ Total loans to customers net of deferred revenues.

(Unit: Thousand Baht)

	Separate financial statement					
	31 December 2011					
	Pass	Special- mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	298,851	69,498	-	-	13,163	381,512
Manufacturing and commerce	44,306,130	388,912	200,406	49,428	349,127	45,294,003
Real estate and construction	4,881,470	72,704	350	165,365	299,979	5,419,868
Public utilities and services	8,074,674	301,125	16,377	67,397	66,648	8,526,221
Housing loans	54,114	23,672	2,785	4,452	4,094	89,117
Others	3,614,616	173	-	-	16,994	3,631,783
Total (1)	61,229,855	856,084	219,918	286,642	750,005	63,342,504

⁽¹⁾ Total loans to customers net of deferred revenues.

12.5 Classified by loan classification

(Unit: Thousand Baht)

	Consolidated financial statement			
	31 December 2012			
	Loans to customers and accrued interest receivables ⁽²⁾	Net balance used in setting up allowance for doubtful accounts ⁽¹⁾	Minimum rates required by BOT	Allowance for doubtful accounts
Pass	100,162,551	34,234,148	%	342,341
Special-mention	4,215,886	1,142,393	2	22,848
Sub-standard	1,060,578	408,584	100	408,584
Doubtful	290,940	130,229	100	130,229
Doubtful of loss	925,134	58,751	100	58,751
Total	106,655,089	35,974,105		962,753
Provision in excess of minimum rates required by BOT				1,120,329
Total				2,083,082

⁽¹⁾ Net balance used in setting up allowance for doubtful accounts is (a) debt balances (excluding accrued interest receivable) and net of collateral in case of loans classified as "pass" and "special-mention" or (b) debt balances remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposals in case of loans classified as "sub-standard", "doubtful" and "doubtful of loss".

⁽²⁾ The amounts include loans to customers, net of deferred revenues, plus accrued interest receivables.

(Unit: Thousand Baht)

	Consolidated financial statement			
	31 December 2011			
	Loans to customers and accrued interest receivables ⁽²⁾	Net balance used in setting up allowance for doubtful accounts ⁽¹⁾	Minimum rates required by BOT	Allowance for doubtful accounts
			%	
Pass	61,666,135	25,833,088	1	258,331
Special-mention	4,101,163	684,055	2	13,681
Sub-standard	635,283	345,574	100	345,574
Doubtful	530,705	193,069	100	193,069
Doubtful of loss	759,311	2,913	100	2,913
Total	67,692,597	27,058,699		813,568
Provision in excess of minimum rates required by BOT				383,114
Total				1,196,682

⁽¹⁾ Net balance used in setting up allowance for doubtful accounts is (a) debt balances (excluding accrued interest receivable) and net of collateral in case of loans classified as "pass" and "special-mention" or (b) debt balances remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposals in case of loans classified as "sub-standard", "doubtful" and "doubtful of loss".

⁽²⁾ The amounts include loans to customers, net of deferred revenues, plus accrued interest receivables.

(Unit: Thousand Baht)

	Separate financial statement			
	31 December 2012			
	Loans to customers and accrued interest receivables ⁽²⁾	Net balance used in setting up allowance for doubtful accounts ⁽¹⁾	Minimum rates required by BOT	Allowance for doubtful accounts
			%	
Pass	90,899,986	61,412,943	1	614,129
Special-mention	1,180,786	475,508	2	9,510
Sub-standard	695,530	239,460	100	239,460
Doubtful	67,310	21,707	100	21,707
Doubtful of loss	923,698	58,132	100	58,132
Total	93,767,310	62,207,750		942,938
Provision in excess of minimum rates required by BOT				745,872
Total				1,688,810

⁽¹⁾ Net balance used in setting up allowance for doubtful accounts is (a) debt balances (excluding accrued interest receivable) and net of collateral in case of loans classified as "pass" and "special-mention" or (b) debt balances remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposals in case of loans classified as "sub-standard", "doubtful" and "doubtful of loss".

⁽²⁾ The amounts include loans to customers, net of deferred revenues, plus accrued interest receivables.

(Unit: Thousand Baht)

	Separate financial statement			
	31 December 2011			
	Loans to customers and accrued interest receivables ⁽²⁾	Net balance used in setting up allowance for doubtful accounts ⁽¹⁾	Minimum rates required by BOT	Allowance for doubtful accounts
			%	
Pass	61,344,039	50,678,574	1	506,786
Special-mention	880,636	35,056	2	701
Sub-standard	220,339	171,848	100	171,848
Doubtful	286,642	83,836	100	83,836
Doubtful of loss	757,875	2,294	100	2,294
Total	63,489,531	50,971,608		765,465
Provision in excess of minimum rates required by BOT				58,936
Total				824,401

⁽¹⁾ Net balance used in setting up allowance for doubtful accounts is (a) debt balances (excluding accrued interest receivable) and net of collateral in case of loans classified as "pass" and "special-mention" or (b) debt balances remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposals in case of loans classified as "sub-standard", "doubtful" and "doubtful of loss".

⁽²⁾ The amounts include loans to customers, net of deferred revenues, plus accrued interest receivables.

12.6 Non-performing loans

As at 31 December 2012 and 2011, the Bank and its subsidiary have the following non-performing loans.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Non-performing loans (principal only)	2,272,888	1,917,008	1,682,775	1,256,565
Percentage of non-performing loans to total loans ⁽¹⁾	2.04%	2.49%	1.71%	1.73%

⁽¹⁾ The denominator base included interbank and money market items (loans).

Non-performing loans as at 31 December 2012 and 2011, as presented above are in accordance with the Notification of the Bank of Thailand, defining the non-performing loans to be classified as "sub-standard", "doubtful" and "doubtful of loss", and exclude outstanding loans for which debt restructuring agreements have been made and which have already met the conditions for upgrade to "pass" or "special mention" under the Bank of Thailand's criteria.

12.7 Non-accrued loans to customers

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Non-accrued loans (principal only)	1,662,912	1,879,137	1,072,798	1,218,694
Percentage of total loans ⁽¹⁾	1.49%	2.44%	1.09%	1.68%

⁽¹⁾ The denominator base included interbank and money market items (loans).

The above loans to customers exclude overdue loans, which have been already restructured and are qualified for classification as “Pass” or “Special-mention”.

12.8 Sale of non-performing loans to Bangkok Commercial Asset Management Co., Ltd.

On 9 November 2011, the Bank entered into the sale and purchase agreements to sell non-performing loans (including relevant other assets), having the carrying value of approximately Baht 167 million to Bangkok Commercial Asset Management Co., Ltd. (“BAM”), which submitted the highest bid for these assets for Baht 200 million. This sale of non-performing loans and the underlying collateral is a compliance with the Royal Decree on Asset Management Companies, B.E. 2541. On 30 November 2011, BAM already paid Baht 200 million to the Bank for these assets.

Under the above agreement, BAM can cancel the transfer of particular assets, in the event that the rights over the debt and collateral cannot be transferred to BAM because the documentation of the debt or collateral is absent or incomplete, the collateral is evicted, or the courts do not permit BAM to assume the rights of litigant from the Bank by no later than 120 days counting from 30 November 2011, which is the transfer date. Should the transfer of any assets be cancelled due to a fault of the Bank, BAM is to receive a refund of the price settled on such asset on the settlement date and the Bank is to receive any amount received from such asset over the cancellation period, after deducting any costs incurred during the period prior to the cancellation of the transfer. However, up to such due dates, BAM did not cancel any assets bought from the Bank.

12.9 Loans to companies having problems with financial position and operating results

As at 31 December 2012 and 2011, the Bank and its subsidiary had loans and accrued interest receivables due from companies having problems with their financial position and operating results, and set aside allowances for doubtful accounts as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements							
	Number of loans		Debt balances		Collateral		Allowance for doubtful accounts and allowance for revaluation	
	31 December		31 December		31 December		31 December	
	2012	2011	2012	2011	2012	2011	2012	2011
Listed companies under rehabilitation and/or delisting conditions	1	1	7	9	7	9	5	-

12.10 Troubled debt restructuring

The Bank entered into troubled debt restructuring contracts with its debtors during the years ended 31 December 2012 and 2011 as follows:

(Unit: Million Baht)

	Separate financial statements			
	For the years ended 31 December			
	2012		2011	
	Number of debtors	Outstanding balances before restructuring	Number of debtors	Outstanding balances before restructuring
Restructured debts	24	778	34	809

The restructured debts discussed above can be classified by methods of debt restructuring as follows:

(Unit: Million Baht)

	Separate financial statement							
	For the year ended 31 December 2012							
	Number of debtors	Debt balances		Average period of the remaining term of debt restructuring	Type of assets transferred	Fair value	Loss on debt restructuring ⁽¹⁾	Present value loss from debt restructuring
		Before restructuring	After restructuring					
Modification of terms of payments	23	769	769	3 years	-	-	-	15
Transfer of assets and modification of repayment conditions	1	9	-	-	Land and building	9	9	-
Total restructured debts	24	778	769			9	9	15
Loans and accrued interest receivables as at 31 December 2012	753		93,768					

⁽¹⁾ Losses on debt restructuring are the amounts before deducting allowance for doubtful accounts already provided for troubled debts in the accounts on the restructuring dates.

(Unit: Million Baht)

	Separate financial statement							
	For the year ended 31 December 2011							
	Number of debtors	Debt balances		Average period of the remaining term of debt restructuring	Type of assets transferred	Fair value	Loss on debt restructuring ⁽¹⁾	Present value loss from debt restructuring
		Before restructuring	After restructuring					
Modification of terms of payments	32	740	740	6 years	-	-	-	8
Transfer of assets and modification of repayment conditions	2	69	69	3 years	Land and building	128	-	-
Total restructured debts	34	809	809			128	-	8
Loans and accrued interest receivables as at 31 December 2011	717		63,490					

⁽¹⁾ Losses on debt restructuring are the amounts before deducting allowance for doubtful accounts already provided for troubled debts in the accounts on the restructuring dates.

Additional information for the years ended 31 December 2012 and 2011 relating to the restructured debts is as follows:

(Unit: Million Baht)

	Separate financial statements	
	For the years ended 31 December	
	2012	2011
Part of debt forgiven to debtors during the years in case that they fulfilled debt restructuring conditions during the years	-	11
Interest income recognised in profit or loss for the years	143	186
Settlement by debtors		
Principal	254	273
Interest	168	177

As at 31 December 2012 and 2011, troubled debtors, which the Bank has completed restructuring, can be summarised the principal and interest as follows:

(Unit: Million Baht)

	Separate financial statements	
	Number of debtors	Debt balances after restructuring
Balance of restructured debts up to 31 December 2012	88	1,699
Balance of restructured debts up to 31 December 2011	108	1,485

During the years ended 31 December 2012 and 2011, the Bank reversed allowance for revaluation on debt restructuring amounting to Baht 0.8 million and Baht 6.3 million, respectively, and amortised allowance for revaluation on debt restructuring as interest income totaling Baht 2.7 million and Baht 1.1 million, respectively.

As at 31 December 2012 and 2011, the Bank has no commitment to additionally lend to its debtors after debt restructuring.

The Bank was not able to estimate the amount of future losses on outstanding loans currently being restructured at this stage.

12.11 Hire purchase receivables/financial lease receivables

As at 31 December 2012 and 2011, the subsidiary had net hire purchase and financial lease receivables amounting to Baht 44,083 million and Baht 31,537 million, respectively, the majority of which is hire purchase or financial lease contracts for motor vehicles, machinery and equipment for their customers' operating businesses. The average contract periods are 1 to 7 years and the interest rates are fixed as specified in the contracts.

(Unit: Million Baht)

	Consolidated financial statement as at 31 December 2012				
	Amounts due under agreements				
	Not over 1 year	1-5 years	Over 5 years	Non-performing loans	Total
Aggregate initial investments under the contracts	14,810	34,346	1,451	192	50,799
Less: Deferred revenues ⁽¹⁾	(2,689)	(3,949)	(43)	(36)	(6,717)
Present value of minimum lease payments	12,121	30,397	1,408	156	44,082
Allowance for doubtful accounts					(642)
Hire purchases/finance leases receivables - net					43,440

⁽¹⁾ Net of commissions and initial direct expenses incurred at the inception of contracts.

(Unit: Million Baht)

	Consolidated financial statement as at 31 December 2011				
	Amounts due under agreements				
	Not over 1 year	1-5 years	Over 5 years	Non-performing loans	Total
Aggregate initial investments under the contracts	10,838	24,506	821	187	36,352
Less: Deferred revenues ⁽¹⁾	(1,977)	(2,783)	(21)	(34)	(4,815)
Present value of minimum lease payments	8,861	21,723	800	153	31,537
Allowance for doubtful accounts					(370)
Hire purchases/finance leases receivables - net					31,167

⁽¹⁾ Net of commissions and initial direct expenses incurred at the inception of contracts.

12.12 Hire purchase receivables/financial lease receivables of a subsidiary classified by aging

As at 31 December 2012 and 2011, hire purchase and financial lease receivables of the subsidiary, engaged in leasing and hire purchase businesses, are classified by the due date of the contracts as follows:

(Unit: Million Baht)

	Consolidated financial statements	
	31 December 2012	31 December 2011
Not yet due	40,458	23,926
Overdue not over 90 days	3,035	6,951
Overdue 91-180 days	365	415
Overdue 181-365 days	223	244
Overdue more than 365 days	1	1
Total	44,082	31,537
Allowance for doubtful accounts	642	370

12.13 Loans to a subsidiary

As at 31 December 2012 and 2011, the Bank has loans to a subsidiary as follows:

Company's name	Types of loans	Period of contracts	Interest rates as at 31 December		Amounts principal outstanding as at 31 December	
			2012	2011	2012	2011
			(% per annum)	(% per annum)	Million Baht	Million Baht
Subsidiary						
ICBC (Thai) Leasing Company Limited	Revolving loan	At call	4.20	4.40	13,122	4,886
	Revolving loan	July 09 - July 15	4.0 - 5.22	3.70 - 5.22	18,310	22,708
Total					31,432	27,594
Allowance for doubtful accounts					574	276

13. Allowance for doubtful accounts and revaluation allowance on debt restructuring

13.1 Allowance for doubtful accounts

(Unit: Thousand Baht)

	Consolidated financial statement						
	For the year ended 31 December 2012						
	Pass	Special- mention	Sub-standard	Doubtful	Doubtful of loss	Excess Reserve ⁽¹⁾	Total
Balances - beginning of the year	258,331	13,681	345,574	193,069	2,913	383,114	1,196,682
Allowance for doubtful accounts	84,010	9,167	63,010	(62,840)	503,710	727,215	1,324,272
Transfer from other account	-	-	-	-	-	10,000	10,000
Bad debts written-off	-	-	-	-	(447,872)	-	(447,872)
Balances - end of the year	342,341	22,848	408,584	130,229	58,751	1,120,329	2,083,082

⁽¹⁾ This is the reserve in excess of minimum rates required by BOT.

(Unit: Thousand Baht)

	Consolidated financial statement						
	For the year ended 31 December 2011						
	Pass	Special- mention	Sub-standard	Doubtful	Doubtful of loss	Excess Reserve ⁽¹⁾	Total
Balances - beginning of the year	208,437	4,924	317,310	85,258	135,570	252,297	1,003,796
Allowance for doubtful accounts	49,894	8,757	34,352	108,221	586,581	130,817	918,622
Bad debts written-off	-	-	-	-	(620,307)	-	(620,307)
Decrease as a result of disposal of loans	-	-	(6,088)	(410)	(98,931)	-	(105,429)
Balances - end of the year	258,331	13,681	345,574	193,069	2,913	383,114	1,196,682

⁽¹⁾ This is the reserve in excess of minimum rates required by BOT.

(Unit: Thousand Baht)

	Separate financial statement						
	For the year ended 31 December 2012						
	Pass	Special- mention	Sub-standard	Doubtful	Doubtful of loss	Excess Reserve ⁽¹⁾	Total
Balances - beginning of the year	506,786	701	171,848	83,836	2,294	58,936	824,401
Allowance for doubtful accounts	107,343	8,809	67,612	(62,129)	64,093	676,936	862,664
Transfer from other account	-	-	-	-	-	10,000	10,000
Bad debts written-off	-	-	-	-	(8,255)	-	(8,255)
Balances- end of the year	614,129	9,510	239,460	21,707	58,132	745,872	1,688,810

⁽¹⁾ This is the reserve in excess of minimum rates required by BOT.

(Unit: Thousand Baht)

	Separate financial statement						
	For the year ended 31 December 2011						
	Pass	Special- mention	Sub-standard	Doubtful	Doubtful of loss	Excess Reserve ⁽¹⁾	Total
Balances - beginning of the year	360,890	-	243,725	41,060	13,603	45,229	704,507
Allowance for doubtful accounts	145,896	701	(65,789)	43,186	374,955	13,707	512,656
Bad debts written-off	-	-	-	-	(287,333)	-	(287,333)
Decrease as a result of disposal of loans	-	-	(6,088)	(410)	(98,931)	-	(105,429)
Balances - end of the year	506,786	701	171,848	83,836	2,294	58,936	824,401

⁽¹⁾ This is the reserve in excess of minimum rates required by BOT.

13.2 Revaluation allowance on debt restructuring

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	For the year ended 31 December	
	2012	2011
Balances - beginning of the year	12,386	11,725
Increase during the year	14,265	1,804
Amortise during the year	(2,654)	(1,143)
Balances - end of the year	23,997	12,386

14. Properties foreclosed

The majority of properties foreclosed are from auction bidding and settlement of debts by the restructured debtors.

In cases where the debtors restructure their debts by means of a debt/asset swap, the Bank may grant buyback rights or first refusal rights to certain debtors for a certain period, at prices as agreed in the debt restructuring agreements.

For the years ended 31 December 2012 and 2011, movements of properties foreclosed can be summarised as follows:

(Unit: Thousand Baht)

Type of properties foreclosed	Consolidated financial statement				
	For the year ended 31 December 2012				
	Balance as at 1 January 2012	Additions	Disposals	Balance as at 31 December 2012	Portion subject to disposal restrictions, buyback rights or first refusal rights
Assets transferred in settlement of debts					
Immovable properties					
Internal appraisers	394,857	9,000	(52,402)	351,455	29,146
External appraisers	879,519	-	(67,220)	812,299	69,404
Movable assets	42,417	1,043,749	(947,423)	138,743	-
Assets from auction bidding					
Immovable properties					
Internal appraisers	174,809	-	(66,567)	108,242	-
Total	1,491,602	1,052,749	(1,133,612)	1,410,739	98,550
Less: Allowance for impairment	(293,463)	(264,458)	203,441	(354,480)	(16,194)
Properties foreclosed - net	1,198,139	788,291	(930,171)	1,056,259	82,356

(Unit: Thousand Baht)

Type of properties foreclosed	Consolidated financial statement				
	For the year ended 31 December 2011				
	Balance as at 1 January 2012	Additions	Disposals	Balance as at 31 December 2012	Portion subject to disposal restrictions, buyback rights or first refusal rights
Assets transferred in settlement of debts					
Immovable properties					
Internal appraisers	374,195	69,022	(48,360)	394,857	29,146
External appraisers	938,805	50,000	(109,286)	879,519	69,404
Movable assets	10,143	390,503	(358,229)	42,417	-
Assets from auction bidding					
Immovable properties					
Internal appraisers	213,714	2,130	(41,035)	174,809	-
Total	1,536,857	511,655	(556,910)	1,491,602	98,550
Less: Allowance for impairment	(322,004)	(44,038)	72,579	(293,463)	(37,232)
Properties foreclosed - net	1,214,853	467,617	(484,331)	1,198,139	61,318

(Unit: Thousand Baht)

Type of properties foreclosed	Separate financial statement				
	For the year ended 31 December 2012				
	Balance as at 1 January 2012	Additions	Disposals	Balance as at 31 December 2012	Portion subject to disposal restrictions, buyback rights or first refusal rights
Assets transferred in settlement of debts					
Immovable properties					
Internal appraisers	394,857	9,000	(52,402)	351,455	29,146
External appraisers	879,519	-	(67,220)	812,299	69,404
Assets from auction bidding					
Immovable properties					
Internal appraisers	174,809	-	(66,567)	108,242	-
Total	1,449,185	9,000	(186,189)	1,271,996	98,550
Less: Allowance for impairment	(284,208)	(56,538)	22,001	(318,745)	(16,194)
Properties foreclosed - net	1,164,977	(47,538)	(164,188)	953,251	82,356

(Unit: Thousand Baht)

Type of properties foreclosed	Separate financial statement				
	For the year ended 31 December 2011				
	Balance as at 1 January 2011	Additions	Disposals	Balance as at 31 December 2011	Portion subject to disposal restrictions, buyback rights or first refusal rights
Assets transferred in settlement of debts					
Immovable properties					
Internal appraisers	374,195	69,022	(48,360)	394,857	29,146
External appraisers	938,805	50,000	(109,286)	879,519	69,404
Assets from auction bidding					
Immovable properties					
Internal appraisers	213,714	2,130	(41,035)	174,809	-
Total	1,526,714	121,152	(198,681)	1,449,185	98,550
Less: Allowance for impairment	(319,878)	(3,113)	38,783	(284,208)	(37,232)
Properties foreclosed - net	1,206,836	118,039	(159,898)	1,164,977	61,318

15. Premises and equipment

(Unit: Thousand Baht)

	Consolidated financial statements				
	Land	Buildings	Furniture, fixtures and office equipment	Motor vehicles	Total
Cost					
As at 1 January 2011	8,500	6,892	365,791	134,474	515,657
Additions	-	-	24,083	3,118	27,201
Disposals/written-off	-	-	(14,355)	(12,403)	(26,758)
As at 31 December 2011	8,500	6,892	375,519	125,189	516,100
Additions	-	-	34,654	7,303	41,957
Disposals/written-off	-	-	(2,822)	(14,257)	(17,079)
Transfers from intangible assets	-	-	102	-	102
As at 31 December 2012	8,500	6,892	407,453	118,235	541,080
Accumulated depreciation					
As at 1 January 2011	-	(281)	(234,545)	(84,557)	(319,383)
Depreciation for the year	-	(203)	(31,492)	(18,088)	(49,783)
Accumulated depreciation on disposals/written-off	-	-	12,359	12,403	24,762
As at 31 December 2011	-	(484)	(253,678)	(90,242)	(344,404)
Depreciation for the year	-	(202)	(32,974)	(15,133)	(48,309)
Accumulated depreciation on disposals/written-off	-	-	2,283	13,191	15,474
As at 31 December 2012	-	(686)	(284,369)	(92,184)	(377,239)
Allowance for impairment					
As at 1 January 2011	-	-	-	-	-
Increase during the year	-	-	(283)	(213)	(496)
As at 31 December 2011	-	-	(283)	(213)	(496)
Decrease during the year	-	-	283	213	496
As at 31 December 2012	-	-	-	-	-
Net book value					
1 January 2011	8,500	6,611	131,246	49,917	196,274
31 December 2011	8,500	6,408	121,558	34,734	171,200
31 December 2012	8,500	6,206	123,084	26,051	163,841
Depreciation for the years ended					
31 December 2011					49,783
31 December 2012					48,309

(Unit: Thousand Baht)

	Separate financial statements				
	Land	Buildings	Furniture, fixtures and office equipment	Motor vehicles	Total
Cost					
As at 1 January 2011	8,500	6,892	326,817	118,506	460,715
Additions	-	-	12,442	3,119	15,561
Disposals/written-off	-	-	(13,013)	(12,403)	(25,416)
As at 31 December 2011	8,500	6,892	326,246	109,222	450,860
Additions	-	-	13,857	-	13,857
Disposals/written-off	-	-	(1,904)	(10,752)	(12,656)
Transfers from intangible assets	-	-	102	-	102
As at 31 December 2012	8,500	6,892	338,301	98,470	452,163
Accumulated depreciation					
As at 1 January 2011	-	(281)	(213,461)	(75,508)	(289,250)
Depreciation for the year	-	(203)	(24,329)	(16,837)	(41,369)
Accumulated depreciation on disposals/written-off	-	-	11,515	12,403	23,918
As at 31 December 2011	-	(484)	(226,275)	(79,942)	(306,701)
Depreciation for the year	-	(202)	(22,611)	(13,394)	(36,207)
Accumulated depreciation on disposals/written-off	-	-	1,581	10,563	12,144
As at 31 December 2012	-	(686)	(247,305)	(82,773)	(330,764)
Allowance for impairment					
As at 1 January 2011	-	-	-	-	-
Increase during the year	-	-	(283)	(213)	(496)
As at 31 December 2011	-	-	(283)	(213)	(496)
Decrease during the year	-	-	283	213	496
As at 31 December 2012	-	-	-	-	-
Net book value					
1 January 2011	8,500	6,611	113,356	42,998	171,465
31 December 2011	8,500	6,408	99,688	29,067	143,663
31 December 2012	8,500	6,206	90,996	15,697	121,399
Depreciation for the years ended					
31 December 2011					41,369
31 December 2012					36,207

As at 31 December 2012 and 2011, the Bank and its subsidiary have motor vehicles acquired under financial leases with net book values amounting to Baht 13 million and Baht 10 million, respectively (the Bank only: Baht 5 million and Baht 7 million, respectively).

As at 31 December 2012 and 2011, the Bank and its subsidiary have certain assets which have been fully depreciated but are still in use. The original cost before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to Baht 216 million and Baht 203 million, respectively (the Bank only: Baht 200 million and Baht 180 million, respectively).

16. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements				
	Net book value as at 1 January 2012	Increase	Transferred in/ (transferred out)	Amortisation	Net book value as at 31 December 2012
Computer softwares	86,487	1,650	3,630	(31,310)	60,457
Computer softwares under development	3,511	762	(3,732)	-	541
Deferred license fee	-	16,050	-	(153)	15,897
Total	89,998	18,462	(102) ⁽¹⁾	(31,463)	76,895

⁽¹⁾ Transfers to "Premises and equipment"

(Unit: Thousand Baht)

	Consolidated financial statements				
	Net book value as at 1 January 2011	Increase	Transferred in/ (transferred out)	Amortisation	Net book value as at 31 December 2011
Computer softwares	128,616	4,338	1,700	(48,167)	86,487
Computer softwares under development	2,376	2,835	(1,700)	-	3,511
Total	130,992	7,173	-	(48,167)	89,998

(Unit: Thousand Baht)

	Separate financial statements				
	Net book value as at 1 January 2012	Increase	Transferred in/ (transferred out)	Amortisation	Net book value as at 31 December 2012
Computer softwares	73,166	186	3,140	(27,616)	48,876
Computer softwares under development	3,130	112	(3,242)	-	-
Deferred license fee	-	16,050	-	(153)	15,897
Total	76,296	16,348	(102) ⁽¹⁾	(27,769)	64,773

⁽¹⁾ Transfers to "Premises and equipment"

(Unit: Thousand Baht)

	Separate financial statements				
	Net book value as at 1 January 2011	Increase	Transferred in/ (transferred out)	Amortisation	Net book value as at 31 December 2011
Computer softwares	117,005	598	-	(44,437)	73,166
Computer softwares under development	2,016	1,114	-	-	3,130
Total	119,021	1,712	-	(44,437)	76,296

As at 31 December 2012 and 2011, the remaining amortisation periods of intangible assets are 1 - 119 months and 1 - 60 months, respectively (the Bank only: 1 - 119 months and 1 - 60 months, respectively).

17. Other assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December		31 December	
	2012	2011	2012	2011
Prepaid expenses	14,481	11,754	10,718	10,201
Deposits	12,836	9,310	6,536	5,770
Advance	1,444	786	1,433	766
Others	2,403	2,226	1,798	1,652
Total other assets	31,164	24,076	20,485	18,389

18. Classification of assets

As at 31 December 2012 and 2011, the quality of assets of the Bank and its subsidiary classified in accordance with the Notification of the Bank of Thailand is as follows:

(Unit: Million Baht)

	Consolidated financial statements									
	Loans to customers and accrued interest receivables		Investments		Properties foreclosed		Other assets		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Pass	105,238 ⁽¹⁾	71,069 ⁽¹⁾	-	-	-	-	-	-	105,238	71,069
Special-mention	4,216	4,101	-	-	-	-	-	-	4,216	4,101
Sub-standard	1,061	635	-	-	-	-	-	-	1,061	635
Doubtful	291	531	-	-	-	-	-	-	291	531
Doubtful of loss	925	759	12	12	354	293	185	84	1,476	1,148
Total	111,731	77,095	12	12	354	293	185	84	112,282	77,484

⁽¹⁾ The classified debts included loans to the financial institutions, which are presented as a part of "interbank and money market items" (assets) in the statements of financial position.

(Unit: Million Baht)

	Separate financial statements									
	Loans to customers and accrued interest receivables		Investments		Properties foreclosed		Other assets		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Pass	95,975 ⁽¹⁾	70,747 ⁽¹⁾	-	-	-	-	-	-	95,975	70,747
Special-mention	1,181	881	-	-	-	-	-	-	1,181	881
Sub-standard	696	220	-	-	-	-	-	-	696	220
Doubtful	67	287	-	-	-	-	-	-	67	287
Doubtful of loss	924	758	12	12	319	284	6	8	1,261	1,062
Total	98,843	72,893	12	12	319	284	6	8	99,180	73,197

⁽¹⁾ The classified debts included loans to the financial institutions, which are presented as a part of "interbank and money market items" (assets) in the statements of financial position.

19. Deposits

19.1 Classified by types of deposits

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
At call	5,798,018	4,542,389	5,799,633	4,542,409
Savings deposits	2,009,863	1,113,220	2,011,195	1,114,650
Time deposits				
- Less than 6 months	33,886,182	8,961,174	33,886,182	8,961,174
- 6 months and up to 1 year	18,999,612	675,011	18,999,612	675,011
- Over 1 year	6,511,440	5,540,545	6,511,440	5,540,545
Total deposits	67,205,115	20,832,339	67,208,062	20,833,789

19.2 Classified by remaining periods of deposit contracts

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Not over 1 year (included matured contracts)	66,925,622	20,528,439	66,928,569	20,529,889
Over 1 year	279,493	303,900	279,493	303,900
Total deposits	67,205,115	20,832,339	67,208,062	20,833,789

19.3 Classified by currencies and residency of depositors

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2012			31 December 2011		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	66,167,732	524,564	66,692,296	20,513,093	163,586	20,676,679
US dollar	423,995	15,505	439,500	130,366	-	130,366
Other currencies	51,968	21,351	73,319	23,529	1,765	25,294
Total deposits	66,643,695	561,420	67,205,115	20,666,988	165,351	20,832,339

(Unit: Thousand Baht)

	Separate financial statements					
	31 December 2012			31 December 2011		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	66,170,679	524,564	66,695,243	20,514,543	163,586	20,678,129
US dollar	423,995	15,505	439,500	130,366	-	130,366
Other currencies	51,968	21,351	73,319	23,529	1,765	25,294
Total deposits	66,646,642	561,420	67,208,062	20,668,438	165,351	20,833,789

20. Interbank and money market items (liabilities)

(Unit: Thousand Baht)

	Consolidated financial statements					
	31 December 2012			31 December 2011		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand	-	918,003	918,003	-	-	-
Commercial banks	35	13,394,069	13,394,104	-	1,020,008	1,020,008
Other financial institutions	2,883,581	3,629,034	6,512,615	461,207	4,033	465,240
Total domestic items	2,883,616	17,941,106	20,824,722	461,207	1,024,041	1,485,248
Foreign						
Baht currency	49,505	-	49,505	6,262	-	6,262
USD currency	-	15,315,800	15,315,800	-	-	-
Total foreign items	49,505	15,315,800	15,365,305	6,262	-	6,262
Total domestic and foreign items	2,933,121	33,256,906	36,190,027	467,469	1,024,041	1,491,510

(Unit: Thousand Baht)

	Separate financial statements					
	31 December 2012			31 December 2011		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand	-	918,003	918,003	-	-	-
Commercial banks	35	10,894,069	10,894,104	-	1,020,008	1,020,008
Other financial institutions	2,883,581	3,629,034	6,512,615	461,207	4,033	465,240
Total domestic items	2,883,616	15,441,106	18,324,722	461,207	1,024,041	1,485,248
Foreign						
Baht currency	49,505	-	49,505	6,262	-	6,262
USD currency	-	15,315,800	15,315,800	-	-	-
Total foreign items	49,505	15,315,800	15,365,305	6,262	-	6,262
Total domestic and foreign items	2,933,121	30,756,906	33,690,027	467,469	1,024,041	1,491,510

21. Debts issued and borrowings

As at 31 December 2012 and 2011, the Bank and its subsidiary had debts issued and borrowings as follow:

(Unit: Thousand Baht)

Type of loans	Currency	Interest rates as at 31 December		Maturity dates	Consolidated financial statements	
		2012	2011		2012	2011
		(Percent per annum)	(Percent per annum)			
Bills of Exchange	Baht	2.25% - 4.20 %	2.00% - 4.25%	2012 - 2015	1,496,123	51,451,656
Secured debentures	Baht	3.79% - 3.98%	-	2014 - 2015	5,589,991	-
Unsecured debentures	Baht	3.78%	-	2013 - 2014	1,229,253	-
Total					8,315,367	51,451,656

(Unit: Thousand Baht)

Type of loans	Currency	Interest rates as at 31 December		Maturity dates	Separate financial statements	
		2012	2011		2012	2011
		(Percent per annum)	(Percent per annum)			
Bills of Exchange	Baht	2.25% - 4.20 %	2.00% - 4.25%	2012 - 2015	1,496,123	51,451,656
Unsecured debentures	Baht	3.78%	-	2013 - 2014	1,229,253	-
Total					2,725,376	51,451,656

22. Provisions

22.1 Provisions for post-employment benefits

The Bank and its subsidiary treat the severance payments they must make to employees upon retirement under labor law as a post-employment retirement benefit plan.

Change in provisions for post-employment benefits for the years ended 31 December 2012 and 2011 are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2012	2011	2012	2011
Defined benefit obligation - beginning of the years	113	92	94	80
Current service cost	23	22	17	16
Interest cost	4	4	4	3
Benefits paid during the years	(7)	(5)	(5)	(5)
Actuarial gains	(17)	-	(17)	-
Balance - ending of the years	116	113	93	94

Long-term employee benefit expenses included in the profit or loss was as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2012	2011	2012	2011
Current service cost	16	12	12	7
Interest cost	4	4	4	3
Actuarial gain recognised during the years	(17)	-	(17)	-
Total expense recognised in profit or loss	3	16	(1)	10

Principal actuarial assumptions at the valuation dates were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.35 - 3.56	4	3.35	4
Future salary increase rate	6	6	6	6
Staff turnover rate	0 - 19	0 - 20	0 - 19	0 - 20

Amounts of defined benefit obligation at the end of the current year and previous two years are as follows:

(Unit: Million Baht)

	Defined benefit obligation		Experience adjustments arising on the plan liabilities	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2012	116	93	(15)	(16)
Year 2011	113	94	-	-
Year 2010	92	80	-	-

22.2 Provisions for other liabilities

(Unit: Thousand Baht)

	Consolidated and separate financial statements							
	For the year ended 31 December 2012				For the year ended 31 December 2011			
	Share of losses from management of non-performing loans	Loss from lawsuit	Others	Total	Share of losses from management of non-performing loans	Loss from lawsuit	Others	Total
Balance - beginning of the year	222,000	102,950	1,100	326,050	-	99,650	-	99,650
Increase (decrease) during the years	-	3,750	(1,100)	2,650	-	3,750	1,100	4,850
Actually payments	-	-	-	-	-	(450)	-	(450)
Transferred from allowance for impairment of investments ⁽¹⁾	-	-	-	-	222,000	-	-	222,000
Balance - ending of the year	222,000	106,700	-	328,700	222,000	102,950	1,100	326,050

⁽¹⁾ Previously, provision on profit or loss sharing from management of non-performing assets transferred to Thai Asset Management Corporation ("TAMC") was presented as a deduction of promissory notes received from TAMC.

23. Other liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Other payables	782,980	454,159	109,203	99,193
Cash received in advance	136,232	55,303	136,232	55,303
Accrued expenses	410,580	246,635	323,567	179,132
Withholding tax payable	17,128	16,251	13,399	14,418
Special business tax payable	15,493	13,628	15,493	13,628
Payables under finance lease contracts	12,006	8,416	3,786	5,861
Corporate income tax payable	57,613	222,946	12,112	124,065
Others	82,108	72,956	43,675	38,475
Total other liabilities	1,514,140	1,090,294	657,467	530,075

24. Share capital

Preference shares of the Bank are divided into Class A and Class B shares, both of which are non-cumulative dividend-paying shares. Holders of Class B preference shares are entitled to preferential receipt of dividends and return of capital over holders of Class A preference shares and ordinary shares. If the Bank reduces its capital as a result of operating losses on assets held prior to the injection of capital funds by the Ministry of Finance, the Bank is to reduce the capital of the ordinary shares and the Class A preference shares first, to the extent that this does not exceed the accumulated loss as at the date that the Ministry of Finance injected funds plus any subsequent losses on the assets held prior to that date. If the Bank reduces capital as a result of operating losses on assets acquired after the Ministry of Finance injected funds, the Bank is to reduce the capital of the ordinary shares first and then the Class A preference shares and Class B preference shares proportionately. All preferences had a period of 10 years, which expired in November 2009. Hence, rights of preference shareholders has been the same as those of the ordinary shareholders since then.

Holders of both classes of preference shares are entitled to convert the shares they hold into ordinary shares, with the conversion ratio of 1:1. All Class A preference shares were already converted into ordinary shares before the year 2010 and the Class B preference shareholders are still entitled to convert the remaining Class B preference shares into ordinary shares.

During the year ended 31 December 2011, 13,251 Class B preference shares were converted into ordinary shares and during the year ended 31 December 2012, there are no exercises of conversion rights made by Class B preference shares. Hence, as at 31 December 2012 and 2011, there were 1,590,001,864 ordinary shares in issue, and 451,081 Class B preference shares outstanding.

On 14 November 2012, the Bank was granted permission from the Bank of Thailand to decrease the Bank's registered and paid-up share capital. On 19 November 2012, the Bank's Extraordinary General Meeting No. 1/2012 of Shareholders resolved to approve the reduction of the Bank's registered and paid-up share capital by means of decrease the par value from Baht 10 per share to Baht 8.92 per share, resulting in the decrease in its registered and paid-up share capital from Baht 15,904,529,450 to Baht 14,186,840,269. The decrease of its registered and paid-up capital of Baht 1,717,689,181 shall be made against the Bank's deficit.

The Bank also registered the reductions in its registered capital, its paid-up capital and its par value with the Ministry of Commerce on 30 November 2012.

Reconciliation of number of ordinary shares and preference shares for the years ended 31 December 2012 and 2011 are as follow:

	For the year ended 31 December 2012		For the year ended 31 December 2011	
	Shares	Amount (Baht)	Shares	Amount (Baht)
<u>Registered share capital</u>				
<u>Ordinary shares</u>				
Ordinary shares at the beginning of the years	1,590,001,864	15,900,018,640	1,587,719,304	15,877,193,040
Registered conversion of preference shares into ordinary shares	-	-	2,282,560	22,825,600
Registered reduction of share capital by means of decrease of the par value from Baht 10 per share to Baht 8.92 per share	-	(1,717,202,013)	-	-
Ordinary shares at the end of the years	1,590,001,864	14,182,816,627	1,590,001,864	15,900,018,640
<u>Preference shares</u>				
Preference shares at the beginning of the years	451,081	4,510,810	2,733,641	27,336,410
Registered conversion of preference shares into ordinary shares	-	-	(2,282,560)	(22,825,600)
Registered reduction of share capital by means of decrease of the par value from Baht 10 per share to Baht 8.92 per share	-	(487,168)	-	-
Preference shares at the end of the years	451,081	4,023,642	451,081	4,510,810
<u>Issued and paid-up share capital</u>				
<u>Ordinary shares</u>				
Ordinary shares at the beginning of the years	1,590,001,864	15,900,018,640	1,589,988,613	15,899,886,130
Conversion of preference shares into ordinary shares	-	-	13,251	132,510
Registered reduction of share capital by means of decrease of the par value from Baht 10 per share to Baht 8.92 per share	-	(1,717,202,013)	-	-
Ordinary shares at the end of the years	1,590,001,864	14,182,816,627	1,590,001,864	15,900,018,640
<u>Preference shares</u>				
Preference shares at the beginning of the years	451,081	4,510,810	464,332	4,643,320
Conversion of preference shares into ordinary shares	-	-	(13,251)	(132,510)
Registered reduction of share capital by means of decrease of the par value from Baht 10 per share to Baht 8.92 per share	-	(487,168)	-	-
Preference shares at the end of the years	451,081	4,023,642	451,081	4,510,810

25. Other component of shareholders' equity - revaluation surplus on investments

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2012	2011
Balances - beginning of the years	155,770	164,577
Increase from changes in value of securities	225,804	73,522
Decrease from changes in value of securities	(22,288)	(87,840)
Losses on sale of investments transferred to be recognised in profit or loss from operation	609	5,511
Balances - end of the years	359,895	155,770

26. Capital funds

The primary objectives of the Bank's capital management are to maintain the Bank's ability to continue as a going concern and to maintain a capital adequacy ratio in accordance with the Act on Undertaking of Banking business B.E. 2551. As at 31 December 2012 and 2011, the capital funds are as follows:

(Unit: Thousand Baht)

	Separate financial statements	
	31 December 2012	31 December 2011
<u>Tier 1 capital</u>		
Registered and fully paid share capital	14,186,840	15,904,529
Investments in debt securities already counted as other financial institutions' capital funds	(172,624)	(224,659)
Deficit	(11,232)	(2,257,639)
Total	14,002,984	13,422,231
<u>Tier 2 capital</u>		
Reserve for assets classified as "Pass"	664,032	541,899
Revaluation surplus on investments in available-for-sale equity securities	42,530	14,267
Investments in debt securities already counted as other financial institutions' capital funds	(172,624)	(224,659)
Total	533,938	331,507
Total capital funds	14,536,922	13,753,738

As at 31 December 2012 and 2011, the calculation of capital ratios which are determined in accordance with the criteria regulating capital funds of commercial banks as announced in the Notification of the Bank of Thailand, are as follows:

(Unit: Percentage)

Capital ratios	Separate financial statements			
	31 December 2012		31 December 2011	
	The Bank	Requirement	The Bank	Requirement
Tier 1 capital to risk assets	13.72	4.25	17.10	4.25
Total capital to risk assets	14.23	8.50	17.52	8.50

In order to comply with the Bank of Thailand's notification on Basel II's Pillar III, re: Public Disclosure of Capital Maintenance Information for Commercial Banks, the Bank disclosed capital adequacy and capital risk exposure information as of 30 June 2012 through the Bank's website at www.icbcthai.com on 15 October 2012, and will disclose capital adequacy and capital risk exposure information as of 31 December 2012 through the Bank's website within April 2013.

27. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act. B.E. 2535, the Bank is required to set aside to a statutory reserve at least 5 percent of its net income after deducting brought forward accumulated deficit (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

On 1 March 2013, the Board of Directors' Meeting No.1/2013 resolved to approve the appropriation of Baht 100 million to a statutory reserve from profit for the year 2012 after deducting brought forward accumulated deficit, which is net of the effect from capital reduction.

28. Interest Income

Interest income for the years ended 31 December 2012 and 2011 consisted of:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2012	2011	2012	2011
Interest income on:				
Interbank and money market items	318,836	183,650	318,647	183,457
Investments in debt securities	771,160	438,183	771,160	438,183
Loans to customers	2,319,234	1,950,549	3,621,929	2,909,431
Hire purchase and finance lease	2,669,122	1,944,791	1,553	1,040
Others	372	7,127	372	7,127
Total interest income	6,078,724	4,524,300	4,713,661	3,539,238

29. Interest expenses

Interest expenses for the years ended 31 December 2012 and 2011 consisted of:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2012	2011	2012	2011
Interest expenses on:				
Deposits	1,263,352	531,887	1,263,363	531,894
Interbank and money market items	331,677	72,054	278,864	47,292
Debts issued - non-secure debenture	94,433	-	36,717	-
Borrowings	935,677	1,114,401	935,677	1,114,401
Contribution fee to the Deposit Protection Agency and Bank of Thailand	289,738	91,191	289,738	91,191
Borrowing fee expense	2,140	-	624	-
Others	98	14	98	14
Total interest expenses	2,917,115	1,809,547	2,805,081	1,784,792

30. Net fees and service income

Net fees and service income for the years ended 31 December 2012 and 2011 consisted of:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2012	2011	2012	2011
Fees and service income				
- Acceptances, aval and guarantees	24,626	13,305	32,144	13,305
- Letter of credit fee income	5,108	7,774	5,108	7,774
- Hire purchase/finance lease fee income	316,201	193,052	-	-
- Others	22,738	18,346	22,738	18,346
Total fees and service income	368,673	232,477	59,990	39,425
Fees and service expenses	(1,118)	-	(1,118)	-
Net fees and service income	367,555	232,477	58,872	39,425

31. Net gains on foreign currency trading and exchange transactions

Net gains on foreign currency trading and exchange transactions for the years ended 31 December 2012 and 2011 consisted of:

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2012	2011
Foreign currencies and derivatives on foreign exchange	22,645	6,689
Equity securities	-	2,648
Total	22,645	9,337

32. Net gains on investments

For the years ended 31 December 2012 and 2011, the Bank had gains on disposals of available-for-sale investments amounted to Baht 12 million and Baht 7 million, respectively.

33. Provident fund

The Bank, its subsidiary and their employees have jointly established a provident fund as approved by the Ministry of Finance in accordance with the Provident Fund Act B.E. 2530. The Bank, its subsidiary and their employees contribute to the fund on a monthly basis at the rate of 3 percent of basic salary. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules.

For the years ended 31 December 2012 and 2011, the Bank and its subsidiary contributed Baht 15 million and Baht 14 million, respectively, to the provident fund (the Bank only: Baht 10 million and Baht 10 million, respectively).

34. Directors' remuneration

Directors' remuneration represents the benefits (exclusive of salaries and related benefits payable to directors who are executives of the Bank and its subsidiary) paid to the Bank and subsidiary's directors in accordance with Section 90 of the Public Limited Companies Act.

35. Bad debts, doubtful accounts and impairment losses

Bad debt, doubtful accounts and impairment loss in the statement of comprehensive income for the years ended 31 December 2012 and 2011 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2012	2011	2012	2011
Bad debts and doubtful accounts				
Interbank and money market items	14,790	17,134	14,790	17,134
Loans to customers	1,324,272	918,622	862,664	512,656
Losses on debt restructuring	22,948	12,621	22,948	12,621
Total	1,362,010	948,377	900,402	542,411

36. Income taxes

Corporate income taxes have been calculated based on profits from operation before income taxes after adding back certain expenses and provision non-deductible for tax computation purposes and deducting tax-exempted revenues.

37. Components of other comprehensive income

Components of other comprehensive income for the years ended 31 December 2012 and 2011 consisted of the following:

(Unit: Thousand Baht)

	For the years ended 31 December	
	2012	2011
Other comprehensive income		
Available-for-sale investments:		
Unrealised gains (losses) incurred during the years	203,516	(14,318)
Add: Realised losses that are transferred to be recognised in profit or loss from operation	609	5,511
Other comprehensive income for the years	204,125	(8,807)

38. Earnings per share

Basic earnings per share is calculated by dividing profits for the years attributable to equity holders of the Bank (excluding other comprehensive income/loss), by the weighted average number of ordinary shares and the preference shares, which have the same right as ordinary shares, in issue during the years.

39. Related party transactions

39.1 Type of relationship

The Bank had significant business transactions with its major shareholder of the Bank, companies that are related with the major shareholder of the Bank, the Bank's subsidiary and related companies, including transactions with directors or management employees from executive vice president level or equivalent position upward, persons related to the related persons, entities in which the related persons have management authority, or entities in which the Bank or directors or such management employees from executive vice president level or equivalent position upward or persons related to the related persons hold in the aggregate more than 10 percent of the issued share capital.

Relationship with related parties are summarised below:

1. The parent company of the Bank, holding 97.70% of the Bank's issued and paid-up share capital, is Industrial and Commercial Bank of China Limited.
2. The subsidiary of the Bank is ICBC (Thai) Leasing Company Limited.
3. The accounting standard defines associates as those entities over which the investor has significant influence, but are not treated as subsidiaries. If the investor's direct and indirect voting rights are at least 20 percent of the issued share capital of such company, it is presumed that the investor has significant influence over the company. The associate of the Bank is Finansia Syrus Securities Public Company Limited.
4. The subsidiary of the Bank's associated is ACL Securities Company Limited.
5. The companies that are related with Industrial and Commercial Bank of China Limited, the major shareholder of the Bank, which have transaction with the Bank are
 - Industrial and Commercial Bank of China (Asia) Limited
 - PT. Bank ICBC Indonesia or Industrial and Commercial Bank of China (Indonesia) Limited
6. The companies that are related through the Bank's directors or management and have transactions with the Bank, consist of
 - Bangkok BTMU Company Limited
 - M-Home SPV 3 Company Limited
 - Siam Piwat Company Limited
 - Siam Piwat Holding Company Limited

39.2 Significant business transactions

During the years, the Bank and its subsidiary had significant business transactions with its related parties. These transactions have been concluded on commercial terms and based agreed upon in the ordinary course of businesses between the Bank and those related parties. Below is a summary of those transactions.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	For the years ended 31 December		For the years ended 31 December		
	2012	2011	2012	2011	
Parent company					
Interest income	60	12	60	12	With reference to the terms and prices as offered to other customers
Fee income	8	3	8	3	With reference to the terms and prices as offered to other customers
Interest expenses	38	-	38	-	Market rates and/or charged in compliance with the criteria specified by the Bank of Thailand
Subsidiary (eliminated from the consolidated financial statements)					
Interest income	-	-	1,323	978	With reference to the terms and prices as offered to other customers
Dividend income	-	-	251	-	As announced by the investee company
Fee income	-	-	8	-	With reference to the terms and prices as offered to other customers
Associate					
Interest income	-	1	-	1	With reference to the terms and prices as offered to other customers
Interest expenses	4	1	4	1	Market rates and/or charged in compliance with the criteria specified by the Bank of Thailand
Dividend income	-	-	7	9	As announced by the investee companies
Fee and service expenses	-	1	-	1	Market rates
Related company					
Dividend income	2	2	2	2	As announced by the investee companies
Interest expenses	1	-	1	-	Market rates and/or charged in compliance with the criteria specified by the Bank of Thailand
Related directors and management					
Interest expenses	1	1	1	1	Market rates and/or charged in compliance with the criteria specified by the Bank of Thailand

The Bank has established guidelines whereby interest rates, fees, service and rental charges are to be set for related companies as if the transactions were being executed with unrelated parties, with the key consideration being maximisation of benefit to the Bank.

39.3 Outstanding balances with related parties

As at 31 December 2012 and 2011, the outstanding balances of transactions between the Bank and its subsidiary and their related parties, or between the Bank or its subsidiary and their related parties can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Interbank and money market items (assets)				
Industrial and Commercial Bank of China Limited	126	119	126	119
Industrial and Commercial Bank of China (Asia) Limited	3	26	3	26
Industrial and Commercial Bank of China (Indonesia) Limited	-	95	-	95
Investments ⁽¹⁾				
ICBC (Thai) Leasing Company Limited	-	-	3,750	3,250
Finansia Syrus Securities Public Company Limited	305	291	305	291
Bangkok BTMU Company Limited	20	20	20	20
⁽¹⁾ are stated at investment amount				
Loans to customers				
ICBC (Thai) Leasing Company Limited	-	-	31,432	27,594
Accrued interest receivables				
ICBC (Thai) Leasing Company Limited	-	-	15	7
Other assets				
Industrial and Commercial Bank of China Limited	-	16	-	16
Finansia Syrus Securities Public Company Limited	1	1	1	1
Interbank and money market items (liabilities)				
Industrial and Commercial Bank of China Limited	15,365	6	15,365	6
Finansia Syrus Securities Public Company Limited	329	36	329	36
Deposits and debts issued and borrowings				
ICBC (Thai) Leasing Company Limited	-	-	3	1
ACL Security Company Limited	180	-	180	-
M-Home SPV 3 Company Limited	4	5	4	5
Related persons	54	48	54	48
Off-balance sheet items				
Letter of guarantee ⁽¹⁾				
Industrial and Commercial Bank of China Limited	443	928	443	928
Industrial and Commercial Bank of China (Asia) Limited	-	1	-	1
Guarantee on loans ⁽¹⁾				
ICBC (Thai) Leasing Company Limited	5,600	-	5,600	-
⁽¹⁾ are stated at guarantee amount				
Forward-bought ⁽²⁾				
Industrial and Commercial Bank of China (Asia) Limited	205	55	205	55
⁽²⁾ are stated at notional amount				

For restructured loans, interest rates will be according to conditions as stipulated in debt restructuring agreements.

The Bank's policy in setting up allowance for doubtful accounts on loans to related parties is similar to other debtors. As at 31 December 2012 and 2011, the Bank set up allowance for doubtful accounts on loans to related parties totaling Baht 574 million and Baht 276 million, respectively.

Movements of loans (included interbank and money market items - assets) to related parties for the year ended 31 December 2012 are as follows:

(Unit: Million Baht)

	1 January 2012	Addition during the year	Repayment during the year	31 December 2012	Period of contracts
ICBC (Thai) Leasing Company Limited	4,886	48,063	(39,827)	13,122	At call
ICBC (Thai) Leasing Company Limited	22,708	10,310	(14,708)	18,310	9 Jul 09 - 20 Jul 15
Industrial and Commercial Bank of China Limited	10	31,278	(31,242)	46	At call
Industrial and Commercial Bank of China Limited	109	4,155	(4,184)	80	22 Aug 12 - 18 Feb 13
Industrial and Commercial Bank of China (Asia) Limited	1	22,099	(22,097)	3	At call
Industrial and Commercial Bank of China (Asia) Limited	25	5,011	(5,036)	-	Matured
Industrial and Commercial Bank of China (Indonesia) Limited	95	-	(95)	-	Matured

Movements of deposits, debts issued and borrowings (included interbank and money market items - liabilities) from related companies for the year ended 31 December 2012 are as follows:

(Unit: Million Baht)

	1 January 2012	Deposits/ borrowing during the year	Repayment during the year	31 December 2012	Period of contracts
ICBC (Thai) Leasing Company Limited	1	6,122	(6,120)	3	At call
Industrial and Commercial Bank of China Limited	6	100	(56)	50	At call
Industrial and Commercial Bank of China Limited	-	28,554	(13,239)	15,315	17 Dec 12 - 27 Mar 13
Industrial and Commercial Bank of China (Asia) Limited	2	23	(22)	3	At call
ACL Securities Company Limited	-	2,604	(2,424)	180	At call
Finansia Syrus Securities Public Company Limited	36	4,190	(3,897)	329	At call
M-Home SPV 3 Company Limited	5	-	(1)	4	At call
Siam Piwat Company Limited	-	125	(125)	-	Matured
Related persons	4	82	(75)	11	At call
Related persons	44	130	(131)	43	10 Jul 12 - 19 Jun 13

39.4 Directors and management's remuneration

During in the years ended 31 December 2012 and 2011, the Bank and its subsidiary incurred their directors and management's remuneration as below:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2012	2011	2012	2011
Short-term employee benefits	162	141	100	90
Post-employment benefits	5	7	2	4

The Bank's directors and executives from the rank of executive vice president upwards do not receive benefits, either in monetary or non-monetary terms, other than the normal benefits such as monthly directors' remuneration, meeting allowances, salaries and bonuses, as the case may be. Directors who are executives of the Bank do not receive remuneration, in accordance with the Bank's policy, and the representative directors who are executives of Industrial and Commercial Bank of China Limited do not receive remuneration, in accordance with Industrial and Commercial Bank of China Limited's policies, except for those benefits granted in accordance with employment agreements such as housing allowances, medical expenses, life and accident insurance and home trip expenses, in accordance with the established criteria. Nevertheless, directors with permanent residence abroad can reimburse expenses of travelling and accommodation incurred in connection with the operation of the Bank's business, at the amount actually incurred.

40. Contingent liabilities and commitments

40.1 Commitments

(Unit: Million Baht)

	Consolidated and separate financial statements					
	31 December 2012			31 December 2011		
	Baht	Foreign currency	Total	Baht	Foreign currency	Total
Avals to bill and guarantee on loan	5,605	98	5,703	2	100	102
Letters of credit	-	372	372	5	207	212
Other contingencies						
Forward exchange contracts - bought	-	5,361	5,361	-	8,419	8,419
Forward exchange contracts - sold	-	16,505	16,505	-	13,900	13,900
Interest rate swap contracts	20,900	-	20,900	23,050	-	23,050
Cross currency and interest rate swap contracts						
Bought contracts	-	-	-	-	162	162
Sold contracts	-	919	919	-	729	729
Undraw committed lines	1,724	988	2,712	2,703	-	2,703
Others	884	509	1,393	781	947	1,728
Total	29,113	24,752	53,865	26,541	24,464	51,005

40.2 Contingent liabilities from litigations

40.2.1 On 21 October 1999, the Bank was sued by a provident fund claiming compensation of Baht 220 million (an unrealized loss from investment) plus accrued interest of Baht 23 million (calculated from the default date to the filing date) on the grounds that the Bank had breached an agreement dated 8 June 1995, under which the Bank was appointed as the provident fund manager. On 31 January 2003, the Court of First Instance dismissed the plaintiff's case. On 27 February 2007, the Appeal Court overturned this decision and the Bank was ordered to pay the plaintiff Baht 50 million plus interest at 7.5 percent per annum counting from 11 June 1998. The Bank does not agree with the Appeal Court's decision and has appointed a law firm to lodge an appeal with the Supreme Court. The case is currently being considered by the Supreme Court. However, as at 31 December 2012 and 2011, the Bank has provisions for liabilities of Baht 105 million and Baht 101 million, respectively.

40.2.2 In November 2009, the Bank foreclosed one guarantor's assets, as per an order of the Court of First Instance, and the guarantor petitioned the Court of First Instance to order the Bank to release the assets. The Court of First Instance dismissed the petition at the execution stage, but the guarantor lodged an appeal. On 22 February 2011, this guarantor filed another case against the Bank with the Court of First Instance, seeking compensation of Baht 5 million for a tort. Later on 4 January 2012, this guarantor filed a petition to withdraw such lawsuit and the Court approved this and ordered the case be struck from the system on 9 January 2012 so the case is considered final.

40.2.3 In September 2010, the Bank and a real estate development company, which had transferred assets to the Bank to settle debt, were ordered by the Court of First Instance to jointly return house booking deposits amounting to Baht 1.7 million plus interest at 7.5 percent per annum to 3 homebuyers, who had lodged complaints via Office of the Consumer Protection Board. The Bank disagreed with the order and lodged an appeal with the Appeal Court. Later, on 18 January 2012, the Appeal Court overturned the decision, and dismissed the plaintiff's case. The plaintiff did not agree with the Appeal Court's decision, and submitted a petition to the Supreme Court. The case is currently being considered by the Supreme Court. However, as at 31 December 2012 and 2011, the Bank recorded provisions for these liabilities of Baht 1.7 million.

40.2.4 As at 31 December 2012 and 2011, ACL Securities Company Limited (a former subsidiary of the Bank that the Bank has already divested and which is now a subsidiary of Finansia Syrus Securities Public Company Limited, an associate of the Bank) had contingent liabilities as a result of a litigation claim brought by a former executive of ACL Securities Company Limited, who sued the Bank and ACL Securities Company Limited in a civil law case, claiming compensation of approximately Baht 117 million for a tort and breach of contract. The Court of the First Instance dismissed the case on 18 August 2011. Later, on 17 October 2011, the plaintiff appealed the case and the Bank and such company lodged statements of objection on 24 January 2012. The case is currently being considered by the Appeal Court.

In addition, on 5 October 2012 the former executive of ACL Securities Company Limited sued the Bank and ACL Securities Company Limited in a labour case, seeking damages of approximately Baht 52 million for unfair dismissal. This case arose in the ordinary course of the business of ACL Securities Company Limited. Subsequently, on 18 February 2013, the Central Labour Court dismissed the case. However, the former executive of ACL Securities Company Limited can submit a place to the Appeal Court within 15 days.

The opinion of the Bank's management is that it is highly unlikely that the Bank and such company will have to pay the claimed amount. As at 31 December 2012 and 2011, the Bank therefore recorded no provision for the claim.

40.3 Commitments under agreement to transfer non-performing assets to TAMC

From 2001 to 2003, the Bank transferred its non-performing loans to TAMC as described in Note 8.3 to the financial statements, the Bank is still jointly liable for a share of profits or losses arising from TAMC's management of the non-performing assets. The gains or losses cannot be estimated with certainty at this stage because the liquidation process of TAMC is not yet completed. However, the Bank has estimated and recorded its share of losses of Baht 222 million that may arise from the management of all non-performing loans transferred. As at 31 December 2012 and 2011, such amount has been presented as a part of "Provisions for other liabilities".

40.4 Operating lease commitments

The Bank and its subsidiary have entered into several lease agreements in respect of the lease of office building space and equipment. The terms of the agreements are generally between 0.5 and 15 years.

As at 31 December 2012 and 2011, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Payable within:				
Less than 1 year	97	85	75	70
1 to 5 years	77	74	49	64
More than 5 years	23	23	23	23

41. Segment information

The Bank and its subsidiary's business operations involve 2 principal segments: (1) banking business and (2) hire purchase/finance leases business. These operations are mainly carried on in Thailand. Below is financial information by segment of the Bank and its subsidiary.

41.1 Financial position classified by business activity

Financial position classified by business activity as at 31 December 2012 and 2011 can be summarised as follows:

(Unit: Million Baht)

	For the years ended 31 December									
	Banking business		Hire purchase/ finance leases business		Total		Elimination entries		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Total assets	120,065	89,938	44,470	31,658	164,535	121,596	(35,137)	(30,807)	129,398	90,789
Interbank and money markets - net (assets)	5,981	9,681	171	62	6,152	9,743	(3)	(1)	6,149	9,742
Investments - net	19,869	14,970	-	-	19,869	14,970	(3,667)	(3,205)	16,202	11,765
Loans to customers and accrued interest receivables - net	92,054	62,653	43,941	31,432	135,995	94,085	(31,447)	(27,601)	104,548	66,484
Properties foreclosed - net	953	1,165	103	33	1,056	1,198	-	-	1,056	1,198
Deposits	67,208	20,833	-	-	67,208	20,833	(3)	(1)	67,205	20,832
Interbank and money market (liabilities)	33,690	1,492	33,932	27,594	67,622	29,086	(31,432)	(27,594)	36,190	1,492
Debts issued and borrowings	2,725	51,452	5,590	-	8,315	51,452	-	-	8,315	51,452
Commitments	53,865	51,005	-	-	53,865	51,005	-	-	53,865	51,005

41.2 Results of operations classified by business activity

Results of operations classified by business activity for the years ended 31 December 2012 and 2011 are as follows:

(Unit: Million Baht)

	For the years ended 31 December									
	Banking business		Hire purchase/ finance leases business		Total		Elimination entries		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Interest income	4,714	3,539	2,688	1,963	7,402	5,502	(1,323)	(978)	6,079	4,524
Interest expenses	(2,805)	(1,784)	(1,442)	(1,003)	(4,247)	(2,787)	1,330	978	(2,917)	(1,809)
Net interest income	1,909	1,755	1,246	960	3,155	2,715	7	-	3,162	2,715
Net fees and service income	59	40	316	193	375	233	(7)	-	368	233
Net gains on tradings and foreign exchange transactions	22	9	-	-	22	9	-	-	22	9
Net gains on investments	12	7	-	-	12	7	-	-	12	7
Share of profit from investments in an associated company under equity method	44	20	-	-	44	20	-	-	44	20
Other operating income	526	508	88	64	614	572	(211)	-	403	572
Total operating income	2,572	2,339	1,650	1,217	4,222	3,556	(211)	-	4,011	3,556
Other operating expenses	(1,112)	(991)	(849)	(509)	(1,961)	(1,500)	-	-	(1,961)	(1,500)
Bad debt, doubtful accounts and impairment loss ⁽¹⁾	(900)	(543)	(462)	(406)	(1,362)	(949)	-	-	(1,362)	(949)
Profits from operation before income taxes	560	805	339	302	899	1,107	(211)	-	688	1,107
Income taxes	(79)	(235)	(131)	(177)	(210)	(412)	-	-	(210)	(412)
Profits for the years	481	570	208	125	689	695	(211)	-	478	695

⁽¹⁾ Included loss on debt restructuring/reversal of loss on debt restructuring

Transfer prices between business segments are as set out in Note 39 to the financial statements.

42. Financial instruments

Financial instruments are any contracts which give rise to both a financial asset of one enterprise and a financial liability or equity security of another enterprise.

42.1 Credit Risk

Credit risk is the risk that the party to a financial agreement fails to honour an obligation and consequently cause the Bank and its subsidiary to incur a financial loss. The Bank and its subsidiary have disclosed significant concentrations of credit risk in Note 12.4 to the financial statements. The maximum amount of credit risk exposure is the carrying amount of the financial instruments less provision for losses as stated in the statements of financial position. The risk from off-balance sheet derivative financial instruments is presented in Note 40.1 to the financial statements.

In addition, the Bank manages credit risk by the following means, including through careful consideration of credit approval process, analysis of risk factors and the ability to service debts of borrowers and performing credit review to examine process, which examines and reviews the quality of the Bank's loan portfolio so as to prevent and provide a remedy for problem loans in the future.

42.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Bank manages interest rate risk by means of an appropriate structuring of holdings in assets and liabilities with different repricing dates, taking into account the direction of market interest rates, in order to generate a suitable yield while maintaining risk at acceptable levels.

As at 31 December 2012 and 2011, financial assets and liabilities classified by types of interest rate are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statement as at 31 December 2012			
	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	No interest	Total
Financial assets				
Cash	-	-	369	369
Interbank and money market items - net	81	5,045	1,023	6,149
Derivative assets	-	-	122	122
Investments - net	2,650	12,938	614	16,202
Loans to customers net of deferred revenues	41,769	64,138	597	106,504
Financial liabilities				
Deposits	3,414	63,625	166	67,205
Interbank and money market items	2	36,138	50	36,190
Liabilities payable on demand	-	-	14	14
Derivative liabilities	-	-	129	129
Debts issued and borrowings	-	8,326	-	8,326

(Unit: Million Baht)

Transactions	Consolidated financial statement as at 31 December 2011			
	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	No interest	Total
Financial assets				
Cash	-	-	290	290
Interbank and money market items - net	33	9,370	339	9,742
Derivative assets	-	-	404	404
Investments - net	1,785	9,481	499	11,765
Loans to customers net of deferred revenues	20,465	46,426	661	67,552
Financial liabilities				
Deposits	2,676	18,095	61	20,832
Interbank and money market items	5	1,480	7	1,492
Liabilities payable on demand	-	-	29	29
Derivative liabilities	-	-	672	672
Debts issued and borrowings	-	51,452	-	51,452

(Unit: Million Baht)

Transactions	Separate financial statement as at 31 December 2012			
	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	No interest	Total
Financial assets				
Cash	-	-	368	368
Interbank and money market items - net	1	5,045	935	5,981
Derivative assets	-	-	122	122
Investments - net	2,650	12,938	4,281	19,869
Loans to customers net of deferred revenues	41,769	51,825	7	93,601
Financial liabilities				
Deposits	3,416	63,625	167	67,208
Interbank and money market items	2	33,638	50	33,690
Liabilities payable on demand	-	-	14	14
Derivative liabilities	-	-	129	129
Debts issued and borrowings	-	2,726	-	2,726

(Unit: Million Baht)

Transactions	Separate financial statement as at 31 December 2011			
	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	No interest	Total
Financial assets				
Cash	-	-	289	289
Interbank and money market items - net	1	9,370	310	9,681
Derivative assets	-	-	404	404
Investments - net	1,785	9,481	3,704	14,970
Loans to customers net of deferred revenues	20,464	42,878	1	63,343
Financial liabilities				
Deposits	2,677	18,095	62	20,834
Interbank and money market items	5	1,480	7	1,492
Liabilities payable on demand	-	-	29	29
Derivative liabilities	-	-	672	672
Debts issued and borrowings	-	51,452	-	51,452

In addition, the Bank entered into interest rate swap contracts as described in Note 42.5 to the financial statements.

The periods from the reporting period – end to the repricing or maturity dates (whichever dates are earlier) of financial instruments which have fixed interest rates are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statement as at 31 December 2012						
	Repricing or maturity periods					Total	Average interest rates
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<u>Financial assets</u>							
Interbank and money market items - net	48	4,799	198	-	-	5,045	2.71%
Investments - net	-	766	1,890	9,592	690	12,938	3.80%
Loans to customers net of deferred revenues	1,540	15,152	14,283	31,325	1,838	64,138	6.41%
<u>Financial liabilities</u>							
Deposits	4,228	43,999	15,119	279	-	63,625	3.08%
Interbank and money market items	2,716	32,452	52	918	-	36,138	1.81%
Debts issued and borrowings	14	544	1,214	6,554	-	8,326	3.78%

(Unit: Million Baht)

Transactions	Consolidated financial statement as at 31 December 2011						
	Repricing or maturity periods					Total	Average interest rates
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<u>Financial assets</u>							
Interbank and money market items - net	-	7,229	2,141	-	-	9,370	3.27%
Investments - net	-	1,880	2,076	4,254	1,271	9,481	3.99%
Loans to customers net of deferred revenues	686	12,739	7,614	23,960	1,427	46,426	6.35%
<u>Financial liabilities</u>							
Deposits	2,918	10,526	4,347	304	-	18,095	3.11%
Interbank and money market items	456	1,024	-	-	-	1,480	3.04%
Debts issued and borrowings	1,896	39,110	10,101	345	-	51,452	3.46%

(Unit: Million Baht)

Transactions	Separate financial statement as at 31 December 2012						
	Repricing or maturity periods					Total	Average interest rates
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items - net	48	4,799	198	-	-	5,045	2.71%
Investments - net	-	766	1,890	9,592	690	12,938	3.80%
Loans to customers net of deferred revenues	14,662	14,965	10,224	11,537	437	51,825	4.74%
Financial liabilities							
Deposits	4,228	43,999	15,119	279	-	63,625	3.08%
Interbank and money market items	2,716	29,952	52	918	-	33,638	1.65%
Debts issued and borrowings	14	544	1,214	954	-	2,726	3.56%

(Unit: Million Baht)

Transactions	Separate financial statement as at 31 December 2011						
	Repricing or maturity periods					Total	Average interest rates
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items - net	-	7,229	2,141	-	-	9,370	3.27%
Investments - net	-	1,880	2,076	4,254	1,271	9,481	3.99%
Loans to customers net of deferred revenues	5,572	11,804	6,585	18,282	635	42,878	4.88%
Financial liabilities							
Deposits	2,918	10,526	4,347	304	-	18,095	3.11%
Interbank and money market items	456	1,024	-	-	-	1,480	3.04%
Debts issued and borrowings	1,896	39,110	10,101	345	-	51,452	3.46%

In addition, the average balances of the financial assets or liabilities of the Bank and its subsidiary generating revenues or incurring expenses, calculated based on the average balances outstanding during the year, and the average interest rates for the year ended 31 December 2012 and 2011 can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	For the year ended 31 December 2012			For the year ended 31 December 2011		
	Average Balances	Interest	Average rate (% per annum)	Average Balances	Interest	Average rate (% per annum)
Financial Assets						
Interbank and money market items	10,124	319	3.15%	8,627	191	2.21%
Investment	13,112	771	5.88%	9,002	438	4.87%
Loans to customers net of deferred revenues	81,668	4,988	6.11%	61,268	3,895	6.36%
Financial Liabilities						
Deposits	42,707	1,263 ⁽¹⁾	2.96%	23,123	532 ⁽¹⁾	2.30%
Interbank and money market items	15,549	332	2.13%	2,363	72	3.05%
Debts issued and borrowings	31,364	1,030	3.28%	39,658	1,114	2.81%

⁽¹⁾ Not include contributions to the Deposit Protection Agency and the Bank of Thailand

(Unit: Million Baht)

	Separate financial statements					
	For the year ended 31 December 2012			For the year ended 31 December 2011		
	Average Balances	Interest	Average rate (% per annum)	Average Balances	Interest	Average rate (% per annum)
Financial Assets						
Interbank and money market items	10,010	319	3.18%	8,534	191	2.23%
Investment	13,112	771	5.88%	9,002	438	4.87%
Loans to customers net of deferred revenues	74,016	3,622	4.89%	56,731	2,909	5.13%
Financial Liabilities						
Deposits	42,709	1,263 ⁽¹⁾	2.96%	23,123	532 ⁽¹⁾	2.30%
Interbank and money market items	14,318	279	1.95%	1,997	47	2.37%
Debts issued and borrowings	29,641	972	3.28%	39,370	1,114	2.83%

⁽¹⁾ Not include contributions to the Deposit Protection Agency and the Bank of Thailand

42.3 Liquidity risk

Liquidity risk is the risk that the Bank will be unable to liquidate its financial assets and/or procure sufficient funds to discharge its obligations in a timely manner, resulting in the Bank incurring a financial loss.

The Bank has established a liquidity management policy, to ensure that the Bank has sufficient liquidity to meet debt and other obligations when due in normal circumstances, and has the liquidity contingency plans in place to handle crisis situations, as well as to ensure that management of liquidity strikes an appropriate balance between costs and benefits. The liquidity management policy is approved by the Group Risk Management Committee, the Executive Committee and the Board of Directors, respectively.

To manage the Bank's liquidity, the Treasury Division projects funding demand and identifies appropriate sources of funds consistent with the Bank's business and strategic plans. For the purpose of liquidity risk management, the Bank has set risk limits, required liquidity ratios, and liquidity control procedures, and the liquidity gap and liquidity management's performance are reported to the Asset and Liability Committee (ALCO) on a monthly basis. Moreover, the Risk Management Division closely monitors risk to ensure it remains within the limits set, and reports to the Group Risk Management Committee on a regular basis.

Moreover, the Bank has also formulated the liquidity contingency plans to handle any potential liquidity problems. These plans designate working procedures and explicitly assign roles and responsibilities to the relevant parties.

The Asset and Liability Committee has the following roles and responsibilities.

1. Review and verify the validity of the assumptions utilized by the Treasury Division in liquidity management
2. Formulate strategies relating to the regular and daily liquidity management
3. Ensure that liquidity management is efficient and appropriate policies and procedures for liquidity risk are established
4. Set interest rate policy
5. Ensure that the Bank has adequate information systems to measure, monitor, control and report liquidity risk
6. Approve the limits for mismatches in sources and uses of fund
7. Diversify sources of funds
8. Verify the liquidity contingency plan

Group liquidity management is decentralized, with the subsidiary, ICBC (Thai) Leasing Co., Ltd. independently managing its own cash inflows and outflows. ICBC (Thai) Leasing Co., Ltd. sources funds mainly from the Bank, which will provide liquidity support, with the amount of funds based on Limited of Authority via the Asset and Liability Committee. Nevertheless, the Bank performs regular controlling and monitoring of the liquidity risk of its subsidiary and the subsidiary's liquidity gap is reported to the Asset and Liability Committee on a monthly basis.

The major uses of funds by the Bank are lending to corporate customers and investment in investment grade securities, but the Bank also designates limits to diversify the use of funds, such as limits on individual industries and lending limits for each individual. The Bank's main sources of funds are public deposits and borrowings. The Bank has set guidelines to reduce deposit concentrations, such as limits of the amount deposited per customer and limits of the amount deposited per corporate customer and per state enterprise.

The Bank has employed a conservative liquidity management policy, whereby it holds appropriate amounts of liquid assets, which can be easily converted into cash if liquidity problems arise. The Bank also maintains liquidity ratios in accordance with its expected liquidity requirement levels, for which there are three defined levels, depending on the economic, political and money market conditions. Such ratios are closely monitored on a daily basis.

The Bank generates reports and sets limits in liquidity management as follows:

1. Daily reports on the liquidity ratios used in determining the required amount of liquid assets, including liquid assets to total deposits ratio, liquid assets to top 20 large depositors ratio
2. Daily reports on amounts and types of liquid assets and their returns
3. Liquidity gap report, indicating expected cash inflows and outflows in different tenors, and cumulative net liquidity excess or shortfall, which reflects the period to maturity both on the basis of the contract and after behavioral adjustment. Liquidity gap reports are prepared on a monthly basis for normal circumstances and on a quarterly basis for crisis situations.

4. Monthly reports on liquidity ratios, to be used to provide indications of the Bank's liquidity and early warnings, including loan to deposit ratio, loan to asset ratio, investment to asset ratio, liquid asset to total asset ratio, liquid asset to short-term to 1-month deposit ratio, borrowing to total asset ratio, deposit to total asset ratio, proportion of large depositors to total deposits, maximum deposit withdrawal per day and rollover rate
5. Annual liquidity risk self assessment report
6. Monthly reports on any transactions or facilities exceeding approved limits
7. Monthly reports on the ratio of net liquidity deficit to deposits, the ratio of deposits from corporate customers and public enterprises and individual deposits.

The Bank also conducts stress tests on a quarterly basis, and regularly reviews the assumptions used to ensure they reflect current economic conditions, business strategies, and other relevant current and future factors. Stress test scenarios include a bank-specific crisis, a general market crisis and a combination of both scenarios that it is thought would have a severely adverse impact, and the Bank has prepared action plans to respond to the occurrence of such events. In addition, the Bank has prepared reports on its Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), in accordance with the BOT's guideline.

The periods to maturity, counting from the reporting period - end, of financial instruments outstanding as at 31 December 2012 and 2011, are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statement as at 31 December 2012							
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non - performing assets	Total
<u>Financial assets</u>								
Interbank and money market items - net	1,152	4,799	198	-	-	-	-	6,149
Investments - net	13	1,066	1,890	11,929	690	614	-	16,202
Loans to customer net of deferred revenues	584	17,120	28,781	49,562	8,184	-	2,273	106,504
<u>Financial liabilities</u>								
Deposits	7,808	43,999	15,119	279	-	-	-	67,205
Interbank and money market items	2,768	32,452	52	918	-	-	-	36,190
Liabilities payable on demand	14	-	-	-	-	-	-	14
Debts issued and borrowings	14	544	1,214	6,554	-	-	-	8,326
<u>Off-balance sheet items</u>								
Avals to bill and guarantee on loan	-	54	49	5,600	-	-	-	5,703
Letters of credit	31	341	-	-	-	-	-	372
Other contingencies	763	23,615	9,455	13,957	-	-	-	47,790

(Unit: Million Baht)

Transactions	Consolidated financial statement as at 31 December 2011							
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non - performing assets	Total
<u>Financial assets</u>								
Interbank and money market items - net	372	7,229	2,141	-	-	-	-	9,742
Investments - net	-	1,880	2,122	5,993	1,271	499	-	11,765
Loans to customer net of deferred revenues	154	14,130	10,389	35,396	5,566	-	1,917	67,552
<u>Financial liabilities</u>								
Deposits	5,655	10,526	4,347	304	-	-	-	20,832
Interbank and money market items	468	1,024	-	-	-	-	-	1,492
Liabilities payable on demand	29	-	-	-	-	-	-	29
Debts issued and borrowings	1,896	39,110	10,101	345	-	-	-	51,452
<u>Off-balance sheet items</u>								
Avals to bill	-	52	50	-	-	-	-	102
Letters of credit	15	197	-	-	-	-	-	212
Other contingencies	448	15,039	12,562	22,642	-	-	-	50,691

(Unit: Million Baht)

Transactions	Separate financial statement as at 31 December 2012							
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non - performing assets	Total
<u>Financial assets</u>								
Interbank and money market items - net	984	4,799	198	-	-	-	-	5,981
Investments - net	13	1,066	1,890	11,929	690	4,281	-	19,869
Loans to customer net of deferred revenues	13,706	16,933	24,722	29,774	6,783	-	1,683	93,601
<u>Financial liabilities</u>								
Deposits	7,811	43,999	15,119	279	-	-	-	67,208
Interbank and money market items	2,768	29,952	52	918	-	-	-	33,690
Liabilities payable on demand	14	-	-	-	-	-	-	14
Debts issued and borrowings	14	544	1,214	954	-	-	-	2,726
<u>Off-balance sheet items</u>								
Avals to bill and guarantee on loan	-	54	49	5,600	-	-	-	5,703
Letters of credit	31	341	-	-	-	-	-	372
Other contingencies	763	23,615	9,455	13,957	-	-	-	47,790

(Unit: Million Baht)

Transactions	Separate financial statement as at 31 December 2011							
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non - performing assets	Total
<u>Financial assets</u>								
Interbank and money market items - net	311	7,229	2,141	-	-	-	-	9,681
Investments - net	-	1,880	2,122	5,993	1,271	3,704	-	14,970
Loans to customer net of deferred revenues	5,040	13,195	9,361	29,718	4,772	-	1,257	63,343
<u>Financial liabilities</u>								
Deposits	5,657	10,526	4,347	304	-	-	-	20,834
Interbank and money market items	468	1,024	-	-	-	-	-	1,492
Liabilities payable on demand	29	-	-	-	-	-	-	29
Debts issued and borrowings	1,896	39,110	10,101	345	-	-	-	51,452
<u>Off-balance sheet items</u>								
Avals to bill	-	52	50	-	-	-	-	102
Letters of credit	15	197	-	-	-	-	-	212
Other contingencies	448	15,039	12,562	22,642	-	-	-	50,691

42.4 Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates may result in changes in the value of financial instruments, and fluctuations in revenues or the values of financial assets and liabilities.

Since the Bank has foreign exchange transactions, it may be exposed to foreign exchange risk. However, the Bank has a policy to hedge this foreign exchange exposure through management of its net foreign exchange position and operating in accordance with a risk management policy.

The Bank and its subsidiary's significant foreign currency position as at 31 December 2012 and 2011 can be summarised as follows:

	Consolidated and separate financial statements as at 31 December 2012								
	Outstanding balances of financial instruments								
	US dollar	Euro	Yen	Pound sterling	New Zealand dollar	Australian dollar	Hong Kong dollar	Singapore dollar	Renminbi
	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
<u>In-balance foreign currency position</u>									
Interbank and money market items (assets)	1,631.07	4.29	0.39	0.90	0.81	0.64	2.45	0.49	1,526.17
Investments - net	8,166.49	-	-	-	-	-	-	-	-
Loans to customers and accrued interest receivables	19,461.03	16.47	-	0.04	-	-	-	-	576.99
Deposits and accrued interest payables	439.50	1.68	13.29	0.01	-	-	-	-	58.34
Interbank and money market items (liabilities)	15,325.66	-	514.26	-	-	-	-	-	-
<u>Off-balance foreign currency position</u>									
Letters of credit	263.56	38.94	25.93	-	-	-	-	-	43.53
Forward contracts - Bought	4,722.82	90.03	547.57	-	-	-	1.07	-	-
Forward contracts - Sold	16,378.81	104.68	20.21	-	-	-	1.07	-	-
Cross currency and interest rate swap contracts									
Sold contracts	918.95	-	-	-	-	-	-	-	-
Other contingencies	1,477.16	-	20.21	-	-	-	-	-	98.33
<u>Average exchange rate as at 31 December 2012</u>									
(Baht per 1 foreign currency unit)	30.6316	40.5563	0.3545305	49.3458	25.1304	31.7757	3.951	25.034	4.9164

	Consolidated and separate financial statements as at 31 December 2011								
	Outstanding balances of financial instruments								
	US dollar	Euro	Yen	Pound sterling	New Zealand dollar	Australian dollar	Hong Kong dollar	Singapore dollar	Renminbi
	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
<u>In-balance foreign currency position</u>									
Interbank and money market items (assets)	244.73	16.38	0.27	0.27	1.43	1.14	2.29	0.03	3,324.34
Investments - net	4,843.59	-	-	-	-	-	-	-	215.92
Loans to customers and accrued interest receivables	1,531.04	28.05	-	0.15	-	-	-	-	148.43
Deposits and accrued interest payables	130.37	14.87	-	-	-	-	-	-	10.44
<u>Off-balance foreign currency position</u>									
Letters of credit	186.98	11.50	8.39	-	-	-	-	-	-
Forward contracts - Bought	8,184.24	80.85	-	-	-	-	-	-	154.00
Forward contracts - Sold	13,790.75	108.84	-	0.15	-	-	-	-	-
Cross currency and interest rate swap contracts									
Bought contracts	161.55	-	-	-	-	-	-	-	-
Sold contracts	728.90	-	-	-	-	-	-	-	-
Other contingencies	946.44	0.18	-	-	-	-	-	-	100.66
Average exchange rate as at 31 December 2011									
(Baht per 1 foreign currency unit)	31.6912	41.0274	0.4084	48.8578	24.4950	32.1971	4.0795	24.3854	5.0328

42.5 Financial derivatives

The Bank engages in financial derivatives activities as required in the normal course of business of the Bank to meet its clients' needs and to manage the risks of the Bank arising from fluctuations in foreign exchange rates and interest rates.

The Bank has a policy to mitigate risk associated with financial derivatives by stipulating policies and limits that require risk reporting and control procedures for the various types of risk, as a control over financial derivative activities. The Bank manages the credit risk associated with financial derivatives on the basis of the credit limits granted to customers in general. The same credit approval process that is used when granting loans to a customer is adopted for financial derivative customers, so that the Bank is able to maintain risk at acceptable levels.

The Bank has entered into interest rate swap contracts in order to manage risk associated with loans and investments, as follows:

	Consolidated and separate financial statements			
	31 December 2012		31 December 2011	
	Notional amount	Maturity	Notional amount	Maturity
Interest rate swap contracts				
- swap the fixed interest rates for the floating interest	20,150 Million Baht	2013 - 2015	21,550 Million Baht	2012 - 2015
- swap the floating interest rates for the fixed interest rates	750 Million Baht	2013 - 2014	1,500 Million Baht	2012 - 2014

The Bank has entered into cross currency interest rate swap contracts in order to manage the risk associated with investments in foreign debt securities, as follows:

	Consolidated and separate financial statements			
	31 December 2012		31 December 2011	
	Notional amount	Maturity	Notional amount	Maturity
Cross currency interest rate swap contracts				
- Receive interest at a floating rate on Baht notional amounts and to pay interest at a fixed rate on USD notional amounts	-	-	8 Million USD	2012
- Receive interest at a fixed rate on Baht notional amounts and to pay interest at a fixed rate on USD notional amounts	30 Million USD	2015 - 2016	15 Million USD	2012 - 2016
- Receive interest at a fixed rate on USD notional amounts and to pay interest at a fixed rate on CNY notional amounts	-	-	33 Million CNY	2012

As at 31 December 2012 and 2011, financial derivatives, classified by their maturities, are as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements					
	31 December 2012			31 December 2011		
	Not over 1 year	Over 1 year	Total	Not over 1 year	Over 1 year	Total
Forward exchange contracts						
- Bought	5,361	-	5,361	7,151	1,268	8,419
- Sold	16,505	-	16,505	12,442	1,458	13,900
Interest rate swap contracts	9,100	11,800	20,900	4,950	18,100	23,050
Cross currency and interest rate swap contracts						
- Bought	-	-	-	162	-	162
- Sold	-	919	919	412	317	729

42.6 Fair value

Fair value represents the amount for which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction. The Bank has estimated the fair value of their financial instruments as follows:

(a) Financial assets

The methodology used for determining the fair value is dependent upon the characteristics of the financial instruments. The fair values of financial assets are presented as the amount stated in the statements of financial position, including cash, interbank and money market items and loans to customers, which are considered to approximate their respective carrying values since they are predominantly subject to market interest rates. Financial instruments that have standard terms and conditions and which are traded on an active and liquid market, such as investments in securities, fair values are determined from the quoted market price.

(b) Financial liabilities

The fair values of financial liabilities, including deposits, liabilities payable on demand, interbank and money market items and debt issued and borrowings are considered to approximate their respective carrying values for the same reasons as described above.

As at 31 December 2012 and 2011, the fair value of financial instruments of the Bank and its subsidiary are as follow:

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2012		31 December 2011	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash	369	369	290	290
Interbank and money market items - net	6,149	6,149	9,742	9,742
Derivative assets	122	82	404	137
Investments - net	16,202	16,096	11,765	11,653
Loans to customers - net	104,548	104,548	66,484	66,484
Total	127,390	127,244	88,685	88,306
Financial liabilities				
Deposits	67,205	67,205	20,832	20,832
Interbank and money market items	36,190	36,190	1,492	1,492
Liabilities payable on demand	14	14	29	29
Derivative liabilities	129	112	672	394
Debts issued and borrowings	8,326	8,326	51,452	51,452
Total	111,864	111,847	74,477	74,199

(Unit: Million Baht)

	Separate financial statements			
	31 December 2012		31 December 2011	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash	368	368	289	289
Interbank and money market items - net	5,981	5,981	9,681	9,681
Derivative assets	122	82	404	137
Investments - net	19,869	19,850	14,970	14,904
Loans to customers - net	92,055	92,055	62,653	62,653
Total	118,395	118,336	87,997	87,664
Financial liabilities				
Deposits	67,208	67,208	20,834	20,834
Interbank and money market items	33,690	33,690	1,492	1,492
Liabilities payable on demand	14	14	29	29
Derivative liabilities	129	112	672	394
Debts issued and borrowings	2,726	2,726	51,452	51,452
Total	103,767	103,750	74,479	74,201

43. Events after reporting period

On 16 January 2013, the subsidiary's Extraordinary General Meeting No.1/2013 of Shareholders resolved to approve the increase in its registered share capital from Baht 6,000 million to Baht 7,000 million through the issuance of additional 100 million ordinary shares at a par value of Baht 10 each or a total of Baht 1,000 million. The subsidiary called for the payment of additional 100 million shares at Baht 2.50 each, representing 25% of a par value, or a total of Baht 250 million. The Bank already made payment on such additional shares on 1 February 2013.

44. Approval of financial statements

These financial statements were authorised for issue by the Board of Directors of the Bank on 1 March 2013.

Auditors

Names of Auditors and Their Office

- | | |
|------------------------------|--------------------------------------|
| 1) Ms. Runghapa Lertsuwankul | Certified Public Accountant No. 3516 |
| 2) Ms. Ratana Jala | Certified Public Accountant No. 3734 |
| 3) Ms. Nonglak Pumnoi | Certified Public Accountant No. 4172 |

The above auditors have no relationship with or interests in the Bank/subsidiaries/executives/major shareholders or related parties thereof.

Engaged Office

Ernst & Young Office Limited (E&Y)

The Auditors of the Subsidiary and Affiliated Companies of the Bank

The auditors of ICBC (Thai) Leasing Company Limited (the Bank's subsidiary) and the auditors of Finansia Syrus Securities Public Company Limited (the Bank's affiliated company) are the auditors of E&Y, the same audit firm as the auditors of the Bank.

Remuneration of Auditors

The audit fee of the Bank and its subsidiary for the year ended 31 December 2012 was 3,520,000 Baht, broken down into the audit fee of the Bank of 2,630,000 Baht and that of ICBC (Thai) Leasing Company Limited (the Bank's subsidiary) of 890,000 Baht.

Management Structure

1. Board of Directors

The Board of Directors comprises of 11 members including qualified directors, directors who are ICBC representatives and 4 independent directors as follows:

Dr. Ye Hu	Chairman
Mr. Youbin Chen	Vice Chairman
	Chief Executive Officer
Mr. Chanchai Leetavorn	Director
	Honorary Consultant to the Chairman
Dr. Kosol Petchsuwan	Independent Director
Dr. Prasit Damrongchai	Independent Director
Mr. Wencong Li *	Director
Mr. Guohui Song	Director
Dr. Changwen Nie	Director
Dr. Li Lan	Director
Mr. Plengsakdi Prakaspesat	Independent Director
Ms. Ladda Siri wattanakosol	Independent Director

* Mr. Wencong Li resigned from the position of Director, effective 22 February 2013

According to the Bank's Articles of Association, the Board of Directors' meeting shall be held at least once every three months. At least one half of the total number of Directors must be present to form a quorum.

The Board of Directors has the duties and responsibilities to set the overall direction, strategic objectives and policies of the Bank and to supervise and oversee the efficient management of the Bank. It also has a responsibility to ensure that the

Bank has appropriate risk management systems in place and sufficient capital funds to cover current and future risks. In addition, it has a responsibility to monitor the Bank's business operations to ensure that the Bank has effective internal control and audit systems in place and that the Bank's operations are in compliance with the laws, the Bank's policies, resolutions of the shareholders' meetings, and principles of good corporate governance so that the stakeholders and customers will have confidence in the Bank. In addition, it is responsible for assigning one or several Directors or other persons to perform actions on its behalf.

2. Independent Directors

The Board of Directors has determined the qualifications of the Bank's Independent Directors to be in compliance with the qualifications of Independent Directors specified by the Bank of Thailand (BOT) under the Principles of Corporate Governance for Financial Institutions and by the Capital Market Supervisory Board. The qualifications stipulates that an Independent Director must be a Director who does not have any business relationship with or participate in the management of or have any interest in the Bank which may affect his or her independent decision.

3. Committees under the Board of Directors' Direct Supervision

The Board of Directors has appointed three committees to oversee and ensure an efficient management system which is in compliance with the Bank's policies. Each committee's

responsibilities have been clearly specified. The four committees which are under the direct supervision of the Board of Directors are the Executive Committee; Audit Committee; Nomination, Compensation and Corporate Governance Committee; and Group Risk Management Committee. Details are as follows:

(1) **The Executive Committee** comprises of 7 Directors and Senior Executives as follows:

Dr. Ye Hu	Chairman
Mr. Youbin Chen	Vice Chairman
Mr. Wencong Li *	Member
Mr. Guohui Song	Member
Mr. Apichart Kasemkulsiri	Member
Ms. Suree Wipatakanok	Member
Mr. Chaiwat Tanchewawong	Member

* Mr. Wencong Li resigned from the position of executive of the bank effective 22 February 2013

The Executive Committee has the responsibility to perform duties as delegated by the Board of Directors including the formulation of criteria and procedures for consideration and approval of credit facilities, debt restructuring, securities investments, acquisition or disposal of immovable properties resulting from debt restructuring or mortgage of properties of the Bank and any other normal businesses of the Bank. It has the responsibilities to appoint sub-committees as well as amend, revise and alter the authorities and responsibilities of sub-committees. In addition, the Executive Committee is responsible for considering and screening all matters to be proposed to the Board of Directors that are not under other Committees and propose them to the Board of Directors. It must also monitor the Bank's operations and report findings to the Board of Directors on a regular basis.

(2) **The Audit Committee** comprises of 3 Independent Directors as follows:

Dr. Kosol Petchsuwan	Chairman
Mr. Plengsakdi Prakaspesat	Member
Ms. Ladda Siri Wattanakosol	Member

The Audit Committee has responsibilities to review and ensure that the Bank and the companies in its financial

business group have accurate and adequate financial reports as well as suitable and efficient internal control and internal audit systems. It must ensure that the operations of the Bank and the companies in its financial business group are in compliance with the relevant laws and regulations in relation to the business of the Bank and its financial business group. It also has a responsibility to consider, select and nominate an independent person to be the Bank's statutory auditor and to propose such person's remuneration; and meet the independent auditor at least once a year without the presence of the management. Moreover, the Audit Committee has a duty to review transactions which may lead to conflicts of interest to ensure that they are conducted in compliance with relevant laws and regulations and are proceeded in a reasonable manner for the utmost benefits to the Bank.

(3) **The Nomination, Compensation and Corporate Governance Committee** comprises 3 Non-executive Members with the Chairman being an Independent Director.

Dr. Prasit Damrongchai	Chairman
Dr. Changwen Nie	Member
Dr. Li Lan	Member

The Nomination, Compensation and Corporate Governance Committee has duties and responsibilities as follows:

1) **Nomination**

The Nomination, Compensation and Corporate Governance Committee has the responsibilities to establish policies, criteria and procedures for the selection of Directors, Members of Committees and Senior Executives for the Board of Directors' approval. It also has a responsibility to recommend to the Board of Directors the appropriateness of the size and composition of the Board of Directors, as well as any other adjustment required in order to adapt to changes in the business environment. The Committee shall consist of members with knowledge, skill and experience in various fields which are beneficial to the business of the Bank.

Moreover, the Committee is responsible for the nomination of Directors, Members of Committees and Senior Executives by selecting qualified candidates according to

the Bank's criteria to be appointed as Directors, Members of Committees and Senior Executives. The candidates shall not possess prohibited characteristics specified in the Financial Institutions Businesses Act B.E. 2551, the BOT's criteria and other relevant laws. For the position of Independent Director, a candidate shall possess all qualifications as set by the Bank's criteria, which are in line with the criteria of the supervisory authorities. The most suitable candidates will be recommended to the Board of Directors for appointment or for proposing to the shareholders' meeting for approval, as the case may be.

2) Compensation

The Nomination, Compensation and Corporate Governance Committee has the responsibility to establish policies regarding compensation and benefits granted to the Directors, Members of Committees and Senior Executives for the Board of Directors' approval. The policies shall be based on clear and transparent criteria.

The Committee must ensure that compensation is reasonable, comparable to the rates of other comparable financial institutions, compatible with the Bank's performance and commensurate with the Directors' Members of Committees' or senior executives' duties, responsibilities and experience. Directors assigned with additional duties and responsibilities as members of Committees should receive additional compensations that commensurate such additional assignments.

In addition, the Committee has the responsibility to formulate guidelines on the assessment of the performances of the Board of Directors and senior executives to be used to determine their annual compensations.

3) Corporate Governance

The Nomination, Compensation and Corporate Governance Committee has the responsibility to develop and review the Bank's Corporate Governance Policies and Procedures to ensure that they are in line with the Principles of Good Corporate Governance. The Committee also has a responsibility to advise the Board of Directors, the management and staff regarding corporate governance best practices and business ethics, while maintaining efficient management.

The Group Risk Management Committee comprises of 10 Members as follows:

Mr. Wencong Li *	Chairman
Mr. Guohui Song	Member
Mr. Apichart Kasemkulsiri	Member
Ms. Suree Wipatakanok	Member
Mr. Chaiwat Tanchewawong	Member
Ms. Kanchana Vongratanakulthorn	Member
Mr. Som Pisarnsophon	Member
Ms. Sasiwadee Somboonthum	Member
Mr. Wisit Ausawalaitong	Member
Dr. Wei Huang	Member

* Mr. Wenchong Li resigned from the position of executive of the bank effective 22 February 2013

The Group Risk Management Committee has the responsibility to formulate appropriate risk management policies for the Bank and the companies in its financial business group. It also has the responsibility to formulate risk management strategies which are in accordance with the Bank's Risk Management Policies. The Committee must also monitor and manage risk to an appropriate level as well as review the appropriateness of policies, assess the risk management practice of the Bank and the companies in its financial business group, and report findings to the Board of Directors of the Bank.

In addition to the four committees mentioned above, the Bank has also set up 13 other management-level sub-committees to manage the daily operations of the Bank, members of which are appointed from Executives from different Divisions. They include (1) the Management Committee, (2) the Credit Committee, (3) the Asset and Liability Committee, (4) the Technology Committee, (5) the Collateral Appraisal Committee, (6) the Collateral Appraisal Sub-Committee, (7) the Appraisal Appeal Committee, (8) the Asset Management Committee, (9) the Asset for Sale Sub-Committee, (10) the Movable Asset Sub-Committee, (11) the Complaint Consideration Sub-Committee, (12) the Financial Approval Committee and (13) the IT Procurement Committee.

Remuneration for Directors and Executives for 2012

1. Remuneration of Directors

Remuneration of Directors		
No.	Name	Amount
1	Dr. Ye Hu	2,342,196.00
2	Mr. Chanchai Leetavorn	360,000.00
3	Dr. Kosol Petchsuwan	360,000.00
4	Mr. Plengsakdi Prakaspesat	360,000.00
5	Dr. Prasit Damrongchai	360,000.00
6	Mrs. Ladda Siri wattanakosol	360,000.00
	Total	4,142,196.00

Remuneration of the Chairman of the Executive Committee		
1	Dr. Ye Hu	8,262,399.58
	Total	8,262,399.58

Remuneration of Members of the Audit Committee		
1	Dr. Kosol Petchsuwan	600,000.00
2	Mr. Plengsakdi Prakaspesat	360,000.00
3	Mrs. Ladda Siri wattanakosol	360,000.00
	Total	1,320,000.00

Remuneration of Members of the Nomination, Compensation and Corporate Governance Committee		
1	Dr. Prasit Damrongchai	600,000.00
	Total	600,000.00

Remuneration of the Honorary Consultant to Chairman of the Board		
1	Mr. Chanchai Leetavorn	600,000.00
	Total	600,000.00
	Grand Total	14,924,595.58

2. Remuneration to Executives for 2012

Executives		2012
	No. of Person	Total Amount (Baht)
Total	14	92,097,547.15

Directors' and Senior Executives' holding of positions in other companies as of 31 December 2012

Name	ICBC (Thai)	Position		
		The Bank's Financial Business Group		
Name	ICBC (Thai)	Chairman	ICBC (Thai) Leasing Co., Ltd.	Other Companies
Mr. Chanchai Leetavorn	Director/Honorary Consultant to Chairman of the Board			Bangkok BITMU Co.,Ltd. Siam Piwat Co.,Ltd. Siam Piwat Holding Co.,Ltd. Siam Speciality Co.,Ltd. Minebea Aviation Co.,Ltd. True Corporation Plc.
Dr. Kosol Petchsuwan	Independent Director/ Chairman of the Audit Committee	-	-	Independent Director
Dr. Prasit Damrongchai	Independent Director/ Chairman of the Nomination, Compensation and Corporate Governance Committee	-	-	Independent Director/ Vice Chairman Chairman of the Audit Committee
Mr. Plengsakdi Prakaspesat	Independent Director/ Member of the Audit Committee	-	-	Independent Director/ Chairman of the Audit Committee
				Bangkok Insurance Plc. Aspac Co.,Ltd. Metro Resources Plc. Sikrunggattana Property Co.,Ltd. Thai Central Chemical Plc. United Flour Mill Plc.
Mrs. Ladda Sriwattanakosol	Independent Director/Member of Audit Committee	-	-	Director
Mr. Apichart Kasemkulsiri	Senior Executive Vice President, Treasury & Banking Operations Group	Executive Director	ICBC (Thai) Leasing Co., Ltd.	Pace Development Corporation Plc.
Ms. Kanchana Vongratanakulthorn	Executive Vice President, Risk Management Division			T.Krung Thai Industry Plc. T Thai Snack Foods Co.,Ltd. Sri Sam Ank Supplier Co.,Ltd.
Mr. Som Pisarnsophon	Executive Vice President, Finance & Strategy Division	-	-	M-Home gPV 3 Co., Ltd. Chonburi Motor Express Co.,Ltd.
Mr. Yongmin Tang	Executive Vice President, Deputy Head of Division, Branch Banking Division	Executive Director	ICBC (Thai) Leasing Co., Ltd.	-

Corporate Governance

The Board of Directors promotes the culture of good corporate governance in conducting business of the Bank since it believes that good corporate governance is a crucial factor for creating business sustainability and building trusts to its customers and stakeholders. Thus, the Board of Directors has prescribed a written Corporate Governance Policy which is consistent with the BOT's Principles of Corporate Governance for financial institutions. In setting up the organization structure, operational guidelines and responsibilities for good corporate governance, the Bank has given high priority to fairness, justice and transparency to ensure that the Bank's business operations are in accordance with the relevant laws and regulations.

The Board of Directors oversees that the Bank operates under the scope of good corporate governance which means conducting business with integrity and ethics. It ensures that all executives and employees understand the ethical standard of the Bank and comply with such standard so that the Bank could continue to operate as an institution with a high standard of corporate governance.

The Board of Directors recognizes the importance of sound management systems and has delegated the management to establish adequate and appropriate internal control systems to help minimize risks or damages which may arise. This involves establishing policies which

cover risk management, formulating policies relevant to corporate governance, prescribing a written operational rule and procedure manual, as well as supporting continuous educational development of all employees to enhance their capabilities. The Bank has determined control activities to be important mechanisms which support concise work processes in order to prevent damages or reduce risks which may arise. The Bank's management has determined control activities to be an important part of operational processes for every working section of the Bank, including the structuring of the organizational set-up to maintain checks and balances, segregation of duties as well as operational controls to prevent conflicts of interest.

The Board of Directors has assigned the Audit Committee to review and assess, through the Internal Audit Department, the efficiency and sufficiency of the aforementioned internal control systems and make certain that operations are continuously performed in compliance with the policies and regulations of the Bank's supervisory authorities. The Internal Audit Department is an independent department which reports directly to the Audit Committee. Moreover, the Board of Directors has assigned the Group Risk Management Committee to monitor and oversee the operations of the Bank to ensure that they are in compliance with the risk management policies of the Bank.

Capital Structure

Registered Capital

As at 31 December 2012 the Bank had a registered capital of 14,186,840,269.40 Baht with paid-up capital of 14,186,840,269.40 Baht divided into 1,590,001,864 ordinary shares at par value of 8.92 Baht and 451,081 Class B preferred shares at par value of 8.92 Baht.

Preferred Shares

The Bank's preferred shares were previously divided into Class A and Class B preferred shares. Currently, all Class A preferred shares have been converted into ordinary shares. Class B preferred shares have rights and benefits equal to ordinary shares with the exception that the holders of

Class B preferred shares are entitled to convert their shares into ordinary shares at a ratio of 1:1. The holders of Class B preferred shares are able to exercise the conversion of Class B preferred shares into ordinary shares four times a year. The exercise dates for the conversion of Class B (preferred shares into ordinary shares are 22 February, 22 May, 22 August and 22 November. The holder of Class B preferred shares must lodge the application for the conversion together with the share certificates of securities withdrawal forms to the Registrar during business hours on the specified dates.

General Information

1. Industrial and Commercial Bank of China (Thai) Public Company Limited

Type of business	Commercial Bank
Address of Head Office	11 th -13 th Floors, Emporium Tower, 622 Sukhumvit Road, Khlong Ton, Khlong Toei, Bangkok 10110 Thailand
Registration No.	0107536000251
Website	www.icbcthai.com
Telephone	+66 2663 9999
Facsimile	+66 2663 9888
Call Center	+66 2663 9333
Registered capital	14,186,840,269.40 Baht (as of 31 December 2012)
Paid-up capital	14,186,840,269.40 Baht (as of 31 December 2012)
Par value	8.92 Baht

2. Entities in which the Bank has a stake of 10% or more of their paid-up capital

ICBC Leasing (Thai) Company Limited

Address	503/27 K.S.L. Tower 16 th Floor Sri Ayudhaya Road, Phayathai, Ratchathewi, Bangkok 10400 Thailand
Type of business	Leasing Business
Telephone	+66 2626 8100
Facsimile	+66 2626 8191-6
Registered capital	6,000,000,000.00 Baht (as of 31 December 2012)
Paid-up capital	3,750,000,000.00 Baht (as of 31 December 2012)
Par value	10 Baht
Percentage of shareholding	99.99%

Finansia Syrus Securities Public Company Limited

Address	999/9 The Offices at Central World 18 th Floor, Rama I Road, Pathumwan, Bangkok 10500 Thailand
Type of business	Securities Business
Telephone	+66 2658 9000
Facsimile	+66 2658 9292
Registered capital	747,693,119.00 Baht (as of 31 December 2012)
Paid-up capital	731,305,659.60 Baht (as of 31 December 2012)
Par value	1.60 Baht
Percentage of shareholding	24.08%

Bangkok BTMU Company Limited

Address	54 Harindhorn Tower 4 th Floor Unit A, North Sathorn Road, Silom, Bangrak, Bangkok 10500 Thailand
Type of business	Lending Business
Telephone	+66 2266 3075
Facsimile	+66 2266 3076
Registered capital	200,000,000 Baht (as of 31 December 2012)
Paid-up capital	200,000,000 Baht (as of 31 December 2012)
Par value	100 Baht
Percentage of shareholding	10%

3. Reference Information

- Registrar	Thailand Securities Depository Co., Ltd. 62 The Stock Exchange of Thailand Building, Rachadapisek Road, Khlong Toei, Bangkok 10110 Thailand
Tel	+66 2229 2888
Fax	+66 2359 1259

- Auditors	Ernst & Young Office Limited (E&Y) 33 rd Floor, Lake Ratchada Office Complex 193/136-137 Ratchadapisek Road, Khlong Toei, Bangkok 10110 Thailand
Tel	+66 2264 0777
Fax	+66 2264 0789-90

Branch Offices

Bangkok and Metropolitan

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Bang Khun Tian Road Branch	90, 92, 94, 96 Bang Khun Tian Road, Bang Bon, Bangkok 10150
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Lat Phrao Branch	2308 Lat Phrao Road, Wang Thong Lang, Bangkok 10310
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