

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

Financial statements for the year ended
31 December 2014
and
Independent Auditor's Report

Independent Auditor's Report

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

I have audited the accompanying consolidated and the Bank's financial statements 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, respectively, which comprise the consolidated and the Bank's statements of financial position as at 31 December 2014, the consolidated and the Bank's statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and the Bank's Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and the Bank's financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and the Bank's 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 consolidated and the Bank's 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 consolidated and the Bank's 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 consolidated and the Bank's financial statements present fairly, in all material respects, the consolidated and the Bank's financial positions 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, respectively, as at 31 December 2014, and of their consolidated and the Bank's financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

(Pantip Gulsantithamrong)
Certified Public Accountant
Registration No. 4208

KPMG Phoomchai Audit Ltd.
Bangkok
20 March 2015

Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiary
Statement of financial position

Assets	Note	Consolidated		The Bank	
		31 December		31 December	
		2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Cash		364,389	403,646	363,487	402,877
Interbank and money market items, net	7	12,027,094	7,453,544	11,818,191	7,144,502
Derivative assets	8	339,729	402,466	339,729	402,466
Investments, net	9	35,474,259	30,832,130	35,474,259	30,832,130
Investments in a subsidiary and an associate, net	10, 11	517,433	463,197	4,554,874	4,554,874
Loans to customers and accrued interest receivables, net	12				
Loans to customers		153,399,539	146,114,549	105,043,854	105,172,664
Accrued interest receivables		232,138	206,896	233,004	218,880
Total loans to customers and accrued interest receivables		153,631,677	146,321,445	105,276,858	105,391,544
Less deferred revenue		(6,524,675)	(8,171,356)	(1,497)	-
Less allowance for doubtful accounts	15	(3,462,588)	(3,397,761)	(2,469,075)	(2,423,467)
Less revaluation allowance for debt restructuring	16	(20,605)	(19,461)	(20,605)	(19,461)
Total loans to customers and accrued interest receivables, net		143,623,809	134,732,867	102,785,681	102,948,616
Properties foreclosed, net	17	952,305	987,883	812,406	869,984
Premises and equipment, net	18	157,311	179,926	110,801	113,329
Intangible assets, net	19	56,257	72,426	48,110	62,465
Leasehold right, net		165,073	175,758	165,073	175,758
Deferred tax assets, net	20	647,296	359,660	233,776	66,173
Accrued income, net		361,684	312,610	357,050	299,337
Receivables on credit support for derivative contracts		24,396	135,287	24,396	135,287
Other receivables, net		145,967	171,903	83,714	92,413
Other assets, net	21	29,591	30,763	18,449	18,471
Total assets		194,886,593	176,714,066	157,189,996	148,118,682

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

Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiary
Statement of financial position

		Consolidated		The Bank	
		31 December		31 December	
Liabilities and equity	<i>Note</i>	2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Liabilities					
Deposits	23	90,028,525	83,734,809	90,028,586	83,734,983
Interbank and money market items	24	40,423,896	44,785,767	40,423,896	42,585,767
Liabilities payable on demand		6,053	15,458	6,053	15,458
Derivative liabilities	8	530,672	1,131,227	530,672	1,131,227
Debt issued and borrowings	25	37,728,517	28,417,377	992,890	3,250,820
Employee benefit obligations	26	159,611	133,347	121,079	103,145
Other provisions	27	23,700	132,450	23,700	132,450
Accrued interest payables		991,169	685,900	802,090	536,615
Other liabilities	28	1,606,242	1,493,432	1,163,943	817,044
Total liabilities		171,498,385	160,529,767	134,092,909	132,307,509
Equity					
Share capital	29				
Authorised share capital					
451,081 non-cumulative preference shares of Baht 8.92 each		4,023	4,023	4,023	4,023
2,260,089,475 ordinary shares of Baht 8.92 each					
(2013: 1,590,001,864 ordinary shares of Baht 8.92 each)		20,159,998	14,182,817	20,159,998	14,182,817
Issued and paid-up share capital					
451,081 non-cumulative preference shares of Baht 8.92 each		4,023	4,023	4,023	4,023
2,256,510,117 ordinary shares of Baht 8.92 each					
(2013: 1,590,001,864 ordinary shares of Baht 8.92 each)		20,128,071	14,182,817	20,128,071	14,182,817
Other components of equity	9.3, 30, 31	267,831	198,651	267,831	198,651
Retained earnings					
Appropriated					
Legal reserve	30	300,000	200,000	300,000	200,000
Unappropriated		2,688,283	1,598,808	2,397,162	1,225,682
Equity attributable to the Bank's shareholders		23,388,208	16,184,299	23,097,087	15,811,173
Non-controlling interest		-	-	-	-
Total equity		23,388,208	16,184,299	23,097,087	15,811,173
Total liabilities and equity		194,886,593	176,714,066	157,189,996	148,118,682

.....
(Mr. Zhigang Li)
Chief Executive Officer

.....
(Mr. Guohui Song)
Senior Executive Vice President

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

Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiary
Statement of comprehensive income

		Consolidated		The Bank	
		Year ended 31 December		Year ended 31 December	
	Note	2014	2013	2014	2013
		(in thousand Baht)			
Interest income	36	8,799,077	7,939,081	5,728,323	5,533,283
Interest expense	37	4,681,026	3,792,125	3,450,761	3,089,854
Net interest income		4,118,051	4,146,956	2,277,562	2,443,429
Fees and service income		306,433	410,325	106,974	84,557
Fees and service expense		16,806	13,505	16,806	13,505
Net fees and service income	38	289,627	396,820	90,168	71,052
Net trading income	39	58,570	73,494	58,581	73,612
Net (loss) gain on investments	40	(265)	3,829	(265)	3,829
Share of profit of associate	11	57,705	91,558	-	-
Gains on disposals of equipment, properties foreclosed and other assets		67,834	158,473	62,750	148,388
Bad debts recovered		171,585	252,965	58,597	176,088
Dividends income		9,718	7,945	13,187	24,454
Gains on disposals of non-performing loans	12.7	235,496	-	235,496	-
Other operating income		100,446	102,177	11,179	29,471
Total operating income		5,108,767	5,234,217	2,807,255	2,970,323
Other operating expenses					
Employee expenses		1,067,766	1,027,237	702,874	653,015
Directors' remuneration	41	18,336	16,487	18,335	16,337
Premises and equipment expenses		191,892	180,856	119,475	116,494
Taxes and duties		155,785	193,792	144,503	163,042
Amortisation expense on intangible assets		19,204	20,696	15,006	16,864
Reversal of estimate for loss sharing of TAMC	27	-	(176,591)	-	(176,591)
Losses on properties foreclosed (reversal)		924,139	510,153	2,486	(93,522)
Others		380,084	336,154	138,878	136,234
Total other operating expenses		2,757,206	2,108,784	1,141,557	831,873
Bad debts, doubtful accounts and impairment losses	42	865,775	1,865,477	69,786	810,873
Profit before tax		1,485,786	1,259,956	1,595,912	1,327,577
Income tax expense	43	296,311	246,002	324,432	269,295
Profit for the year		1,189,475	1,013,954	1,271,480	1,058,282

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

Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiary
Statement of comprehensive income

	<i>Note</i>	Consolidated		The Bank	
		Year ended 31 December		Year ended 31 December	
		2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Other comprehensive income	43				
Net change in fair value of available-for-sale investments		86,475	(111,582)	86,475	(111,582)
Income tax on other comprehensive income		(17,295)	22,317	(17,295)	22,317
Other comprehensive income for the year, net of income tax		69,180	(89,265)	69,180	(89,265)
Total comprehensive income for the year		1,258,655	924,689	1,340,660	969,017
Profit attributable to					
Shareholders of the Bank		1,189,475	1,013,954	1,271,480	1,058,282
Non-controlling interest		-	-	-	-
Profit for the year		1,189,475	1,013,954	1,271,480	1,058,282
Total comprehensive income attributable to					
Shareholders of the Bank		1,258,655	924,689	1,340,660	969,017
Non-controlling interest		-	-	-	-
Total comprehensive income for the year		1,258,655	924,689	1,340,660	969,017
Earnings per share of the Bank					
Basic earnings per share <i>(in Baht)</i>	44	0.66	0.64	0.70	0.67

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

Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiary
Statement of changes in equity

		Consolidated							
		Issued and		Other components	Retained earnings		Total equity	Non - controlling	
		paid-up share capital		of equity			attributable to the	interest	
	Note	Preference shares	Ordinary shares	Revaluation surplus on	Legal reserve	Unappropriated	Bank's shareholders		Total equity
				available-for-sale investments					

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

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

Statement of changes in equity

		The Bank					
		Issued and		Other components of equity	Retained earnings		
		paid-up share capital		Revaluation surplus on			
Note		Preference shares	Ordinary shares	available-for-sale investments	Legal reserve	Unappropriated	Total equity
(in thousand Baht)							
Year ended 31 December 2013							
Balance at 1 January 2013		4,023	14,182,817	287,916	100,000	267,400	14,842,156
Comprehensive income for the year							
	Profit for the year	-	-	-	-	1,058,282	1,058,282
	Other comprehensive income, net of tax	-	-	(89,265)	-	-	(89,265)
	Total comprehensive income for the year	-	-	(89,265)	-	1,058,282	969,017
	Transfer to legal reserve	-	-	-	100,000	(100,000)	-
	Balance at 31 December 2013	4,023	14,182,817	198,651	200,000	1,225,682	15,811,173
Year ended 31 December 2014							
Balance at 1 January 2014		4,023	14,182,817	198,651	200,000	1,225,682	15,811,173
Transactions with owners, recorded directly in equity							
Contributions by owners of the Bank							
	Issue ordinary shares	-	5,945,254	-	-	-	5,945,254
	Total contributions by owners of the Bank	-	5,945,254	-	-	-	5,945,254
Comprehensive income for the year							
	Profit for the year	-	-	-	-	1,271,480	1,271,480
	Other comprehensive income, net of tax	-	-	69,180	-	-	69,180
	Total comprehensive income for the year	-	-	69,180	-	1,271,480	1,340,660
	Transfer to legal reserve	-	-	-	100,000	(100,000)	-
	Balance at 31 December 2014	4,023	20,128,071	267,831	300,000	2,397,162	23,097,087

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

Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiary
Statement of cash flows

	Consolidated		The Bank	
	Year ended 31 December		Year ended 31 December	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit before tax	1,485,786	1,259,956	1,595,912	1,327,577
<i>Adjustments for</i>				
Depreciation and amortisation	85,449	83,982	55,977	59,061
Bad debts, doubtful accounts and impairment losses	865,775	1,865,477	69,786	810,873
Losses of write-off of fixed assets	44	520	23	-
Gains on disposals of properties foreclosed	(67,898)	(157,815)	(62,750)	(147,191)
Losses on properties foreclosed (reversal)	924,116	510,153	2,463	(93,522)
Net gain on investments	265	(3,829)	265	(3,829)
Gain on disposal of non-performing loans	(235,496)	-	(235,496)	-
Proceeds from disposal of non-performing loans	330,000	-	330,000	-
Gain on sales of equipment	43	(1,178)	-	(1,197)
Net trading income	(58,570)	(73,494)	(58,581)	(73,612)
Employee benefit obligations	26,788	17,054	17,933	9,836
Provisions for other liabilities	1,133	3,750	1,133	3,750
Reversal of estimate for loss sharing of TAMC	-	(176,591)	-	(176,591)
Other income from revaluation of other receivables	(1,074)	(2,121)	(1,074)	(2,121)
Amortisation of borrowing fee	-	11,606	-	728
Share of profit of associate	(57,705)	(91,558)	-	-
Net interest income	(4,118,051)	(4,146,956)	(2,277,562)	(2,443,429)
Dividend income	(9,718)	(7,945)	(13,187)	(24,454)
Proceeds from interest	7,758,474	7,194,025	4,699,883	4,794,690
Interest paid	(3,318,747)	(2,737,026)	(3,102,284)	(2,763,433)
Proceeds from dividend	9,718	7,945	9,718	7,945
Income tax paid	(463,863)	(203,614)	(323,687)	(57,685)
Income from operations before changes in operating assets and liabilities	3,156,469	3,352,341	708,472	1,227,396
<i>(Increase) decrease in operating assets</i>				
Interbank and money market items	(4,581,746)	(1,342,124)	(4,681,881)	(1,201,074)
Derivative assets	580,747	560,999	580,747	560,999
Loans to customers	(9,815,265)	(32,068,990)	23,485	(11,726,781)
Properties foreclosed	(818,608)	(228,155)	119,897	379,787
Receivables on credit support for derivative contracts	110,891	(134,708)	110,891	(134,708)
Fee receivable	8,639	-	-	-
Other receivables	27,009	143,765	9,773	74,896
Other assets	10,880	(24,576)	15,286	(29,848)

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

Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiary
Statement of cash flows

	Consolidated		The Bank	
	Year ended 31 December		Year ended 31 December	
	2014	2013	2014	2013
	(in thousand Baht)			
Cash flows from operating activities				
<i>Increase (decrease) in operating liabilities</i>				
Deposits	6,293,717	16,529,694	6,293,604	16,526,921
Interbank and money market items	(4,361,871)	8,595,739	(2,161,871)	8,895,739
Liabilities payable on demand	(9,405)	1,923	(9,405)	1,923
Derivative liabilities	(1,059,995)	234,424	(1,059,984)	234,542
Accrued expense	24,978	(32,723)	11,005	20,542
Other liabilities	(182,668)	(172,787)	8,371	(36,602)
Net cash from (used in) operating activities	(10,616,228)	(4,585,178)	(31,610)	14,793,732
Cash flows from investing activities				
Interest received	937,740	602,176	937,740	602,176
Dividend received	3,469	16,510	3,469	16,510
Increase in long-term investments	(4,556,873)	(15,087,411)	(4,556,873)	(15,087,411)
Investments in receivables	296	(7,112)	648	(7,112)
Purchases of investments in a subsidiary	-	-	-	(500,000)
Purchases of equipment	(32,501)	(77,893)	(26,955)	(32,227)
Sales of equipment	-	1,312	-	1,196
Purchases of intangible assets	(3,324)	(16,570)	(1,296)	(14,556)
Net cash (used in) investing activities	(3,651,193)	(14,568,988)	(3,643,267)	(15,021,424)
Cash flows from financing activities				
Interest paid from borrowing and debt issued	(1,006,937)	(895,290)	(51,818)	(258,787)
Proceeds from borrowings and debt issued	66,717,390	25,018,709	5,241,051	5,453,021
Repayment of borrowings and debt issued	(57,425,160)	(4,928,305)	(7,499,000)	(4,928,305)
Finance lease payments	(2,383)	(6,147)	-	(3,320)
Proceeds from issue of ordinary shares	5,945,254	-	5,945,254	-
Net cash from financing activities	14,228,164	19,188,967	3,635,487	262,609
Net increase in cash	(39,257)	34,801	(39,390)	34,917
Cash at 1 January	403,646	368,845	402,877	367,960
Cash at 31 December	364,389	403,646	363,487	402,877

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

Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiary
Notes to the financial statements

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 20 March 2015.

1 General information

Industrial and Commercial Bank of China (Thai) Public Company Limited, “the Bank”, is incorporated in Thailand and has its registered office at No. 622, Sukhumvit Road, Klongton Sub-district, Klongtoey District, Bangkok.

The parent company during the financial year was Industrial and Commercial Bank of China Limited, which is incorporated in the People’s Republic of China. The Parent Company of the Bank holds 97.86% of the issued and paid-up share capital of the Bank.

The principal activities of the Bank is the provision of financial products and services through its branches network in Thailand.

Detail of the Bank’s subsidiary as at 31 December 2014 and 2013 are given in notes 10 and 33.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (FAP); and presented as prescribed by the Bank of Thailand (BoT) notification number Sor Nor Sor 11/2553, directive dated 3 December 2010, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are the parent company of a group of companies offering financial services”.

The FAP has issued the following new and revised TFRS relevant to the Bank and its subsidiary’s operations and effective for annual accounting periods beginning on or after 1 January 2014:

TFRS	Topic
TAS 1 (revised 2012)	Presentation of financial statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets
TFRS 5 (revised 2012)	Non-current Assets held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 13	Customer Loyalty Programmes
TFRIC 18	Transfers of Assets from Customers

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

Notes to the financial statements

The initial application of these new and revised TFRS has resulted in changes in certain of the Bank and its subsidiary's accounting policies. These changes have no material effect on the financial statements.

(b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- derivative financial instruments held for trading purpose are measured at fair value;
- available-for-sale financial assets are measured at fair value;
- Investment in an associate is accounted for in the consolidated financial statements using the equity method.

(c) *Functional and Presentation currency*

The financial statements are presented in Thai Baht, which is the Bank and its subsidiary's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

(d) *Use of estimates and judgments*

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 3(u)	Current tax and deferred tax
Note 5	Fair value of financial instruments
Note 8	Derivatives
Note 15	Allowance for doubtful accounts
Note 27&32	Other provision and contingencies

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) *Basis of consolidation*

The consolidated financial statements relate to the Bank and its subsidiary (together referred to as "the Bank and its subsidiary") and interests in associates.

Subsidiary

Subsidiary is an entity controlled by the Bank. Control exists when the Bank has the power directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of a subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Notes to the financial statements

The accounting policies of a subsidiary have been changed where necessary to align them with the policies adopted by 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.

Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

Upon the loss of control, the Bank and its subsidiary derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Bank retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Associate

Associate is an entity in which the Bank and its subsidiary has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Bank and its subsidiary holds between 20% and 50% of the voting power of another entity.

Investments in an associate are accounted for in the consolidated financial statements using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Bank and its subsidiary's share of profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Bank and its subsidiary, from the date that significant influence commences until the date that significant influence ceases. When the Bank and its subsidiary's share of losses exceeds its interest in an associate, the Bank and its subsidiary's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Bank and its subsidiary has incurred legal or constructive obligations or made payments on behalf of the associate.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Bank and its Subsidiary's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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 % or 20 % of the paid-up share capital of such company, the Bank and its subsidiary will not treat that investee company as a subsidiary or an associate, respectively, since they intend to hold such investment temporarily and will treat it as a general investment. Such investment is stated at cost less allowance for impairment losses (if any).

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

Notes to the financial statements

(b) Revenue

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.

Hire purchase and finance lease income

The subsidiary recognises income from hire-purchase and finance lease contracts based on the effective interest method, over the period of the contracts. For hire purchase and finance lease receivables on which installments have defaulted and are overdue for more than three months from the due dates, the subsidiary ceases accrual of revenue and reverses the revenue previously accrued but not collected. Interest is then recognised as revenue on a cash basis until settlement of such overdue balance.

Interest and dividends on investments

Interest on investments is recognised as revenue on the effective interest method. Dividends from securities are recognised as revenue when the right to receive the payment is established.

Gains (losses) on investments

Gains (losses) on investments are recognised as revenue/expenses on the trade or settlement dates.

Gains (losses) on derivatives trading

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

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.

(c) Expense

Interest expenses

Interest expenses are recognised as expense on an accrual basis.

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

Notes to the financial statements

Commissions and direct expenses from the hire purchase and finance lease business

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

Other expenses

Other expenses are recognised on an accrual basis.

(d) *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.

(e) *Derivatives*

The Bank has entered into transactions involving derivatives in order to respond to clients’ needs and to manage its own foreign exchange and interest rate risks. 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 operations.

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, 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. Unrealised gains or losses on translation are recognised as income or expense in profit or loss from operations. Forward points are amortised on a straight-line basis over the contract periods and recognised as income or expense in profit or loss from operations.
- (b) Interest rate swap components are recognised on an accrual basis, in the same manner as the hedged assets or liabilities. Interest income or interest expense is recognised over the term of the contract periods as income or expense in profit or loss from operations.

These measurement methods are in compliance with the principles stipulated by the Bank of Thailand’s Notification.

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

Notes to the financial statements

(f) Investments

Investments in an associate and a subsidiary

Investments in an associate and a subsidiary in the Bank's financial statements are accounted for using the cost method, net of accumulated impairment (if any). Investments in an associate in the consolidated financial statements are accounted for using the equity method. Under this method, the 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 are stated at cost less allowance for impairment losses (if any).

Investments in other debt and equity securities

Debt securities that the Bank and its subsidiary has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences on monetary items are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses (if any).

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.

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

Notes to the financial statements

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

Disposal of investments

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 that was reported in equity is recognised in profit or loss.

If the Bank and its subsidiary disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

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 equity, depending on the type of investment that is reclassified.

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.

(g) 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

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.

(h) Allowance for doubtful accounts

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.

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

Notes to the financial statements

The subsidiary 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 allowance for certain exposures of the Bank and its subsidiary that are classified as "Pass" and "Special Mention", 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 allowance and considered on a case by case basis from the analysis of the situation of debtor, repayment record of debt, collection experience from the debtor, value of collateral and economic environment.

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 charges 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.

Allowance for doubtful accounts made in the year is recognised as bad debts and doubtful account expense in profit or loss from operation.

(i) *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 an expense 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.

(j) *Properties foreclosed*

Properties foreclosed are stated at the lower of cost at the acquisition date and net realisable value. Net realisable value is determined with reference to the appraisal value less estimated selling expenses.

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

Notes to the financial statements

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.

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.

(k) *Premises and equipment*

Recognition and measurement

Owned assets

Land is stated at cost. Premises and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of premises and equipment have different useful lives, they are accounted for as separate items (major components) of premises and equipment.

Leased assets

Leased assets in terms of which the Bank and its subsidiary substantially assumes all the risk and rewards of ownership are classified as finance leases. Premises and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

The cost of replacing a part of an item of premises and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its subsidiary, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of premises and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged as expenses to profit or loss from operation, using a straight-line basis over the estimated useful lives of each component of an item of assets (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). The estimated useful lives are as follows:

Buildings	34 years
Furniture, fixtures and office equipment	1 - 3, 5 and 10 years
Motor vehicles	5 - 7 years

No depreciation is provided on freehold land.

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

Notes to the financial statements

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Disposal of premises and equipment

The Bank and its subsidiary derecognized an item of premises and equipment upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of premises and equipment, and are recognised in profit or loss from operation when the Bank and its subsidiary derecognised that assets.

(l) Intangible assets

Intangible assets that are acquired by the Bank and its subsidiary and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Computer softwares	5 - 10	years
Deferred license fee	10	years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(m) Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation and impairment loss. Amortisation is recognised as expense in profit or loss on a straight-line basis over the lease period of 30 years.

(n) Sales of commercial papers

Commercial papers sold at a discount without recourse are recorded by crediting the “Notes receivable” account.

Commercial papers sold at a discount without an aval or an acceptance 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”.

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

Notes to the financial statements

(o) Impairment

The carrying amounts of the Bank and its subsidiary assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of available-for-sale financial asset is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimate future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial asset carried at amortised cost and available-for-sale financial asset that are debt securities, the reversal is recognised in profit or loss.

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(p) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost.

(q) Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are salaries, wages, bonuses and contributions to the social fund which are measured on an undiscounted basis and expensed as the related service is provided.

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

Notes to the financial statements

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Bank and its subsidiary have a present legal or constructive obligation to pay this amount as a result of past service provided by employee, and the obligation can be estimated reliably.

Post-employment benefits

The Bank and its subsidiary operates a number of post-employment benefits including both defined contribution plans and defined benefit plans.

Defined contribution plans

The Bank and its subsidiary pay fixed contributions into a separate entity (a provident fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

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

The Bank and its subsidiary's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Bank and its subsidiary's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed by a qualified actuary using the projected unit credit method. The determination is made involving various assumptions, including discount rate, future salary increase rate, staff turnover rate and mortality rate.

The Bank and its subsidiary recognise all actuarial gains and losses arising from defined benefit plans and all expenses related to defined benefit plans in profit or loss.

(r) Provisions

Provisions are recognized 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.

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.

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

Notes to the financial statements

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 as at the end of reporting period. However, actual results could differ from the estimates.

(s) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Bank and its subsidiary at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates at the reporting date.

(t) Operating leases

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(u) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank and its subsidiary expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Bank and its subsidiary takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Bank and its subsidiary believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Bank and its subsidiary to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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

Notes to the financial statements

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(v) *Derecognition of financial assets*

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and the Bank does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

(w) *Earnings per share*

Basic EPS is calculated by dividing the profit for the year attributable to shareholders of the Bank by the weighted average number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding during the year.

Since November 2012, the conversion preference of the preference shares expired. Therefore, the preference shares' rights are equivalent to the ordinary shares.

(x) *Operating segments*

Segment results that are reported to the Bank's executive committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4 Financial risk management

Financial risk management policies

The Board of Directors has established a risk management framework covering the Bank and its subsidiary to ensure risks are effectively managed on an ongoing basis. The Board of Directors has set up a risk management committee governing the Bank and its subsidiary which reports regularly to the Board of Directors on their activities.

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 12.3 to the financial statements. The maximum amount of credit risk exposure is the carrying amount of the financial assets less provision for losses as stated in the statements of financial position. The risk from off-financial position items is presented in Note 32 to the financial statements.

In addition, the Bank manages credit risk 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.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the value of financial assets and liabilities, net interest earnings, operations and cash flows of the Bank and its subsidiary.

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.

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

Notes to the financial statements

As at 31 December 2014 and 2013, significant financial assets and liabilities classified by types of interest rate are as follows:

	Consolidated 31 December 2014			
	Floating interest rate	Fixed interest rate	Non interest bearing	Total
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	364	364
Interbank and money market items, net	163	10,452	1,412	12,027
Investments, net	1,275	33,882	317	35,474
Loans to customers ⁽¹⁾	78,069	66,298	2,508	146,875
Total financial assets	79,507	110,632	4,601	194,740
<i>Financial liabilities</i>				
Deposits	7,794	82,080	155	90,029
Interbank and money market items	3,166	37,093	165	40,424
Liabilities payable on demand	-	-	6	6
Debt issued and borrowings	-	37,728	-	37,728
Total financial liabilities	10,960	156,901	326	168,187
Avals to bill and guarantee on loan	-	-	(434)	(434)
Letters of credit	-	-	(219)	(219)
Other contingencies	-	-	(1,947)	(1,947)
Derivatives held for risk management	7,500	(7,561)	(102)	(163)

⁽¹⁾Net of deferred revenue

	Consolidated 31 December 2013			
	Floating interest rate	Fixed interest rate	Non interest bearing	Total
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	404	404
Interbank and money market items, net	201	5,986	1,267	7,454
Investments, net	3,010	27,568	254	30,832
Loans to customers ⁽¹⁾	63,785	71,412	2,746	137,943
Total financial assets	66,996	104,966	4,671	176,633
<i>Financial liabilities</i>				
Deposits	6,406	77,068	261	83,735
Interbank and money market items	3,511	41,018	257	44,786
Liabilities payable on demand	-	-	15	15
Debt issued and borrowings	-	28,417	-	28,417
Total financial liabilities	9,917	146,503	533	156,953
Avals to bill and guarantee on loan	-	-	(226)	(226)
Letters of credit	-	-	(228)	(228)
Other contingencies	-	-	(5,458)	(5,458)
Derivatives held for risk management	14,500	(14,556)	(638)	(694)

⁽¹⁾Net of deferred revenue

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The Bank				
31 December 2014				
	Floating interest rate	Fixed interest rate	Non interest bearing	Total
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	363	363
Interbank and money market items, net	2	10,452	1,364	11,818
Investments, net	1,275	33,882	317	35,474
Loans to customers ⁽¹⁾	80,201	23,653	1,188	105,042
Total financial assets	81,478	67,987	3,232	152,697
<i>Financial liabilities</i>				
Deposits	7,794	82,080	155	90,029
Interbank and money market items	3,166	37,093	165	40,424
Liabilities payable on demand	-	-	6	6
Debt issued and borrowings	-	993	-	993
Total financial liabilities	10,960	120,166	326	131,452
Avals to bill and guarantee on loan	-	-	(15,934)	(15,934)
Letters of credit	-	-	(219)	(219)
Other contingencies	-	-	(1,947)	(1,947)
Derivatives held for risk management	7,500	(7,561)	(102)	(163)

⁽¹⁾Net of deferred revenue

The Bank				
31 December 2013				
	Floating interest rate	Fixed interest rate	Non interest bearing	Total
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	403	403
Interbank and money market items, net	3	5,986	1,156	7,145
Investments, net	3,010	27,568	254	30,832
Loans to customers ⁽¹⁾	63,785	40,034	1,354	105,173
Total financial assets	66,798	73,588	3,167	143,553
<i>Financial liabilities</i>				
Deposits	6,406	77,068	261	83,735
Interbank and money market items	3,511	38,818	257	42,586
Liabilities payable on demand	-	-	15	15
Debt issued and borrowings	-	3,251	-	3,251
Total financial liabilities	9,917	119,137	533	129,587
Avals to bill and guarantee on loan	-	-	(5,826)	(5,826)
Letters of credit	-	-	(228)	(228)
Other contingencies	-	-	(5,458)	(5,458)
Derivatives held for risk management	14,500	(14,556)	(638)	(694)

⁽¹⁾Net of deferred revenue

Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiary
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The following table shows the contractual repricing or maturity dates, whichever are earlier, for significant financial assets and liabilities exposed to interest rate risk:

Consolidated								
31 December 2014								
		Reprice/maturity within			Reprice/ maturity	Non	Non	
	At call	1 - 3	3 - 12	1 - 5 years	over 5	interest	performing	Total
		months	months	(in million Baht)	years	bearing	loans	
Financial assets								
Cash	-	-	-	-	-	364	-	364
Interbank and money market items, net	163	10,229	223	-	-	1,412	-	12,027
Investment, net	-	3,872	12,001	16,292	2,992	317	-	35,474
Loans to customers ⁽¹⁾	67	94,012	16,486	31,272	2,530	-	2,508	146,875
Total financial assets	230	108,113	28,710	47,564	5,522	2,093	2,508	194,740
Financial liabilities								
Deposits	13,219	61,040	14,638	977	-	155	-	90,029
Interbank and money market items	3,166	16,751	19,354	988	-	165	-	40,424
Liabilities payable on demand	-	-	-	-	-	6	-	6
Debt issued and borrowings	-	9,375	6,299	22,054	-	-	-	37,728
Total financial liabilities	16,385	87,166	40,291	24,019	-	326	-	168,187
Avals to bill and guarantee on loan	-	-	-	-	-	(434)	-	(434)
Letters of credit	-	-	-	-	-	(219)	-	(219)
Other contingencies	-	-	-	-	-	(1,947)	-	(1,947)
Derivatives held for risk management	-	4,500	(1,399)	(3,162)	-	(102)	-	(163)
⁽¹⁾ Net of deferred revenue								

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Consolidated								
31 December 2013								
	Reprice/maturity within				Reprice/ maturity over 5 years	Non interest bearing	Non performing loans	Total
	At call	1 - 3 months	3 - 12 months	1 - 5 years (in million Baht)				
Financial assets								
Cash	-	-	-	-	-	404	-	404
Interbank and money market items, net	201	3,392	2,594	-	-	1,267	-	7,454
Investment, net	-	12,292	6,842	9,972	1,472	254	-	30,832
Loans to customers ⁽¹⁾	71	76,733	17,701	38,368	2,324	-	2,746	137,943
Total financial assets	272	92,417	27,137	48,340	3,796	1,925	2,746	176,633
Financial liabilities								
Deposits	16,060	56,224	10,344	846	-	261	-	83,735
Interbank and money market items	3,511	39,908	2	1,108	-	257	-	44,786
Liabilities payable on demand	-	-	-	-	-	15	-	15
Debt issued and borrowings	-	11,014	5,632	11,771	-	-	-	28,417
Total financial liabilities	19,571	107,146	15,978	13,725	-	533	-	156,953
Avals to bill and guarantee on loan	-	-	-	-	-	(226)	-	(226)
Letters of credit	-	-	-	-	-	(228)	-	(228)
Other contingencies	-	-	-	-	-	(5,458)	-	(5,458)
Derivatives held for risk management	-	6,000	1,500	(7,556)	-	(638)	-	(694)

⁽¹⁾Net of deferred revenue

The Bank								
31 December 2014								
	Reprice/maturity within				Reprice/ maturity over 5 years	Non interest bearing	Non performing loans	Total
	At call	1 - 3 months	3 - 12 months	1 - 5 years (in million Baht)				
Financial assets								
Cash	-	-	-	-	-	363	-	363
Interbank and money market items, net	2	10,229	223	-	-	1,364	-	11,818
Investments, net	-	3,872	12,001	16,292	2,992	317	-	35,474
Loans to customers ⁽¹⁾	2,140	90,230	7,813	3,667	4	-	1,188	105,042
Total financial assets	2,142	104,331	20,037	19,959	2,996	2,044	1,188	152,697
Financial liabilities								
Deposits	13,219	61,040	14,638	977	-	155	-	90,029
Interbank and money market items	3,166	16,751	19,354	988	-	165	-	40,424
Liabilities payable on demand	-	-	-	-	-	6	-	6
Debt issued and borrowings	-	983	10	-	-	-	-	993
Total financial liabilities	16,385	78,774	34,002	1,965	-	326	-	131,452
Avals to bill and guarantee on loan	-	-	-	-	-	(15,934)	-	(15,934)
Letters of credit	-	-	-	-	-	(219)	-	(219)
Other contingencies	-	-	-	-	-	(1,947)	-	(1,947)
Derivatives held for risk management	-	4,500	(1,399)	(3,162)	-	(102)	-	(163)

⁽¹⁾Net of deferred revenue

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	The Bank 31 December 2013						Non performing loans	Total
	At call	Reprice/maturity within 1 - 3 months	3 - 12 months	1 - 5 years (in million Baht)	Reprice/ maturity over 5 years	Non interest bearing		
Financial assets								
Cash	-	-	-	-	-	403	-	403
Interbank and money market items, net	3	3,392	2,594	-	-	1,156	-	7,145
Investments, net	-	12,293	6,842	9,972	1,471	254	-	30,832
Loans to customers ⁽¹⁾	9,468	76,453	11,305	6,576	17	-	1,354	105,173
Total financial assets	9,471	92,138	20,741	16,548	1,488	1,813	1,354	143,553
Financial liabilities								
Deposits	16,060	56,224	10,344	846	-	261	-	83,735
Interbank and money market items	3,511	37,708	2	1,108	-	257	-	42,586
Liabilities payable on demand	-	-	-	-	-	15	-	15
Debt issued and borrowings	-	3,241	-	10	-	-	-	3,251
Total financial liabilities	19,571	97,173	10,346	1,964	-	533	-	129,587
Avals to bill and guarantee on loan	-	-	-	-	-	(5,826)	-	(5,826)
Letters of credit	-	-	-	-	-	(228)	-	(228)
Other contingencies	-	-	-	-	-	(5,458)	-	(5,458)
Derivatives held for risk management	-	6,000	1,500	(7,556)	-	(638)	-	(694)

⁽¹⁾Net of deferred revenue

The average balances of the significant financial assets and liabilities of the Bank generating revenues and incurring expenses, calculated based on the average balances outstanding during the years, and the average interest rates for the years ended 31 December 2014 and 2013 can be summarized are as follows:

	Consolidated					
	2014			2013		
	Average Balances (in million Baht)	Interest	Average interest rate (%)	Average Balances (in million Baht)	Interest	Average interest rate (%)
Interest-bearing financial assets						
Interbank and money market items (Assets)	14,895	455	3.05	3,611	86	2.38
Investments	31,451	1,012	3.22	18,344	721	3.93
Loans to customers ⁽²⁾	144,880	7,331	5.06	127,441	7,131	5.60
Interest-bearing financial liabilities						
Deposits	91,939	2,347 ⁽¹⁾	2.55	74,010	2,129 ⁽¹⁾	2.88
Interbank and money market items (Liabilities)	41,515	659	1.59	39,171	597	1.52
Debt issued and borrowings	35,682	1,207	3.38	18,321	676	3.69

⁽¹⁾Excluding remittance and Bank Protection Act.

⁽²⁾Net of deferred revenue

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	The Bank					
	2014			2013		
	Average Balances (in million Baht)	Interest	Average interest rate (%)	Average Balances (in million Baht)	Interest	Average interest rate (%)
Interest-bearing financial assets						
Interbank and money market items (Assets)	14,699	455	3.09	3,455	86	2.49
Investments	31,451	1,012	3.22	18,344	721	3.93
Loans to customers ⁽²⁾	103,949	4,260	4.10	103,562	4,726	4.56
Interest-bearing financial liabilities						
Deposits	91,940	2,347 ⁽¹⁾	2.55	74,603	2,129 ⁽¹⁾	2.85
Interbank and money market items (Liabilities)	40,099	598	1.49	36,294	479	1.32
Debt issued and borrowings	1,474	38	2.58	2,573	92	3.57

⁽¹⁾ Excluding remittance and Bank Protection Act.

⁽²⁾ Net of deferred revenue

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 prepared the Early Warning System Indicator to monitor daily and monthly risk level and also set the trigger point in order to be prepared in case of any increasing of any risk factors and be used for liquidity risk management. The Portfolio Risk Management Department will inform the related party daily and submit to ALCO Meeting monthly. 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 used by the Treasury Division
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

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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 Board of Directors. 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 and monthly reports of Early Warning Indicator together with trigger points in order to monitor the liquidity risk such as three days consecutive withdrawal, Liquidity Coverage Ratio (LCR), High Quality of Liquid Asset (HQLA) and available of committed facility amount, Loan to Deposit, Credit Rating of ICBC (Thai) and ICBC group.
3. Daily reports on amounts and types of liquid assets and their returns
4. 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.
5. 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
6. Annual liquidity risk self assessment report
7. Monthly reports on any transactions or facilities exceeding approved limits
8. 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.

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As at 31 December 2014 and 2013, significant financial assets and liabilities are classified according to their contractual maturity as follows:

Consolidated								
31 December 2014								
	At call	1 - 3 months	Maturity within 3 - 12 months	1 - 5 years	Over 5 years	No maturity	Non performing assets	Total
	(in million Baht)							
Financial assets								
Cash	-	-	-	-	-	364	-	364
Interbank and money market, net	1,571	10,233	223	-	-	-	-	12,027
Investments, net	-	3,607	11,587	16,971	2,992	317	-	35,474
Loans to customers ⁽¹⁾	67	38,311	33,204	61,295	11,490	-	2,508	146,875
Total financial assets	1,638	52,151	45,014	78,266	14,482	681	2,508	194,740
Financial liabilities								
Deposits	13,374	61,040	14,638	977	-	-	-	90,029
Interbank and money market	3,331	16,751	19,354	988	-	-	-	40,424
Liabilities payable on demand	6	-	-	-	-	-	-	6
Debt issued and borrowings	-	9,375	6,299	22,054	-	-	-	37,728
Total financial liabilities	16,711	87,166	40,291	24,019	-	-	-	168,187
Avals to bill and guarantees on loans	-	(212)	(120)	(7)	(95)	-	-	(434)
Letters of credit	-	(211)	(8)	-	-	-	-	(219)
Other contingencies	-	(74)	(432)	(531)	(246)	(664)	-	(1,947)
Derivatives held for risk management	-	(99)	(52)	(12)	-	-	-	(163)

⁽¹⁾Net of deferred revenue

Consolidated								
31 December 2013								
	At call	1 - 3 months	Maturity within 3 - 12 months	1 - 5 years	Over 5 years	No maturity	Non performing assets	Total
	(in million Baht)							
Financial assets								
Cash	-	-	-	-	-	404	-	404
Interbank and money market, net	1,463	3,381	2,596	-	-	14	-	7,454
Investments, net	-	11,601	6,253	11,252	1,472	254	-	30,832
Loans to customers ⁽¹⁾	71	22,707	32,770	70,285	9,364	-	2,746	137,943
Total financial assets	1,534	37,689	41,619	81,537	10,836	672	2,746	176,633
Financial liabilities								
Deposits	16,321	56,224	10,344	846	-	-	-	83,735
Interbank and money market	3,768	39,908	2	1,108	-	-	-	44,786
Liabilities payable on demand	15	-	-	-	-	-	-	15
Debt issued and borrowings	-	11,014	5,632	11,771	-	-	-	28,417
Total financial liabilities	20,104	107,146	15,978	13,725	-	-	-	156,953
Avals to bill and guarantees on loans	-	(169)	(57)	-	-	-	-	(226)
Letters of credit	(36)	(187)	(5)	-	-	-	-	(228)
Other contingencies	(19)	(94)	(4,226)	(676)	-	(443)	-	(5,458)
Derivatives held for risk management	-	(571)	(67)	(56)	-	-	-	(694)

⁽¹⁾Net of deferred revenue

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The Bank 31 December 2014								
	At call	1 - 3 months	Maturity within 3 - 12 months	1 - 5 years	Over 5 years	No maturity	Non performing assets	Total
<i>(in million Baht)</i>								
Financial assets								
Cash	-	-	-	-	-	363	-	363
Interbank and money market, net	1,362	10,233	223	-	-	-	-	11,818
Investments, net	-	3,607	11,587	16,971	2,992	317	-	35,474
Loans to customers ⁽¹⁾	2,140	34,529	24,531	33,689	8,965	-	1,188	105,042
Total financial assets	3,502	48,369	36,341	50,660	11,957	680	1,188	152,697
Financial liabilities								
Deposits	13,374	61,040	14,638	977	-	-	-	90,029
Interbank and money market	3,331	16,751	19,354	988	-	-	-	40,424
Liabilities payable on demand	6	-	-	-	-	-	-	6
Debt issued and borrowings	-	983	10	-	-	-	-	993
Total financial liabilities	16,711	78,774	34,002	1,965	-	-	-	131,452
Avals to bill and guarantees on loans	-	(212)	(2,720)	(12,907)	(95)	-	-	(15,934)
Letters of credit	-	(211)	(8)	-	-	-	-	(219)
Other contingencies	-	(74)	(432)	(531)	(246)	(664)	-	(1,947)
Derivatives held for risk management	-	(99)	(52)	(12)	-	-	-	(163)

⁽¹⁾Net of deferred revenue

The Bank 31 December 2013								
	At call	1 - 3 months	Maturity within 3 - 12 months	1 - 5 years	Over 5 years	No maturity	Non performing assets	Total
<i>(in million Baht)</i>								
Financial assets								
Cash	-	-	-	-	-	403	-	403
Interbank and money market, net	1,154	3,381	2,596	-	-	14	-	7,145
Investments, net	-	11,601	6,253	11,252	1,472	254	-	30,832
Loans to customers ⁽¹⁾	9,468	22,427	26,373	38,494	7,057	-	1,354	105,173
Total financial assets	10,622	37,409	35,222	49,746	8,529	671	1,354	143,553
Financial liabilities								
Deposits	16,321	56,224	10,344	846	-	-	-	83,735
Interbank and money market	3,768	37,708	2	1,108	-	-	-	42,586
Liabilities payable on demand	15	-	-	-	-	-	-	15
Debt issued and borrowings	-	3,241	-	10	-	-	-	3,251
Total financial liabilities	20,104	97,173	10,346	1,964	-	-	-	129,587
Avals to bill and guarantees on loans	-	(169)	(57)	(5,600)	-	-	-	(5,826)
Letters of credit	(36)	(187)	(5)	-	-	-	-	(228)
Other contingencies	(19)	(94)	(4,226)	(676)	-	(443)	-	(5,458)
Derivatives held for risk management	-	(571)	(67)	(56)	-	-	-	(694)

⁽¹⁾Net of deferred revenue

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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 2014 and 2013 can be summarized as follows:

	Consolidated and the Bank					
	31 December 2014					
	US dollar	Renminbi	Yen	Euro	Others	Total
	(in million Baht)					
Financial assets						
Cash	-	47	-	-	-	47
Interbank and money market, net	1,512	3,707	-	7	5	5,231
Investments, net	12,727	265	-	-	-	12,992
Loans to customers ⁽¹⁾	46,163	1	-	29	-	46,193
Total financial assets	60,402	4,020	-	36	5	64,463
Financial liabilities						
Deposits	877	113	10	-	1	1,001
Interbank and money market	28,671	10	-	-	-	28,681
Total financial liabilities	29,548	123	10	-	1	29,682
Avals to bill and guarantee on loan	-	(212)	-	-	(102)	(314)
Letters of credit	(159)	(30)	-	-	-	(189)
Other contingencies	(532)	-	-	-	-	(532)
Derivatives held for risk management	(30,570)	(3,885)	10	(23)	4	(34,464)
Average exchange rate as at						
31 December 2014	32.9630	5.2998	0.27384	40.0530		
(Baht per 1 foreign currency unit)						

⁽¹⁾ Net of deferred revenue

	Consolidated and the Bank					
	31 December 2013					
	US dollar	Renminbi	Yen	Euro	Others	Total
	(in million Baht)					
Financial assets						
Cash	-	80	-	-	-	80
Interbank and money market, net	1,344	2,607	1	1	6	3,959
Investments, net	9,890	2,918	-	-	-	12,808
Loans to customers ⁽¹⁾	37,688	123	-	47	-	37,858
Total financial assets	48,922	5,728	1	48	6	54,705
Financial liabilities						
Deposits	423	72	12	1	-	508
Interbank and money market	28,688	1	454	-	-	29,143
Total financial liabilities	29,111	73	466	1	-	29,651
Avals to bill and guarantee on loan	(2)	(216)	-	-	-	(218)
Letters of credit	(140)	(81)	(2)	(5)	-	(228)
Other contingencies	(817)	-	-	-	-	(817)
Derivatives held for risk management	(19,430)	(5,629)	466	(43)	-	(24,636)
Average exchange rate as at						
31 December 2013	32.8136	5.4087	0.313042	45.0217		
(Baht per 1 foreign currency unit)						

⁽¹⁾ Net of deferred revenue

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Notes to the financial statements

Derivatives

The Bank engages in 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 derivatives by stipulating policies and limits that require risk reporting and control procedures for the various types of risk, as a control over derivative activities. The Bank manages the credit risk associated with 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 The Bank			
	31 December 2014		31 December 2013	
	Notional amount	Maturity	Notional amount	Maturity
		(in million Baht)		
<i>Interest rate swap contracts</i>				
Receive floating interest rates and pay fixed interest rates	7,500	2015-2016	14,750	2014-2016
Receive fixed interest rate and pay floating interest rate	-	-	250	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 The Bank			
	31 December 2014		31 December 2013	
	Notional amount	Maturity	Notional amount	Maturity
		(in million Baht)		
<i>Cross currency interest rate swap contracts</i>				
Receive interest at a fixed rate on Baht notional amounts and to pay interest at a fixed rate on USD notional amounts	1,187	2015-2016	1,181	2015-2016

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As at 31 December 2014 and 2013, financial derivatives are classified by their maturities as follows:

	Consolidated and The Bank					
	31 December 2014			31 December 2013		
	Not over 1 year	Over 1 year	Total	Not over 1 year	Over 1 year	Total
	<i>(in million Baht)</i>					
Forward exchange contracts						
Bought	10,894	-	10,894	12,473	-	12,473
Sold	35,516	-	35,516	25,288	-	25,288
Interest rate swap contracts	4,350	3,150	7,500	7,500	7,500	15,000
Cross currency and interest rate swap contracts						
Sold	626	561	1,187	-	1,181	1,181

5 Fair value of financial instruments

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable and willing parties in an arm's length transaction by using quoted market prices or estimates using other valuation techniques.

A summary of book value and fair value of significant financial assets and liabilities are as follows:

	Consolidated			
	31 December 2014		31 December 2013	
	Book value	Fair value	Book value	Fair value
	<i>(in million Baht)</i>			
Financial assets				
Cash	364	364	404	404
Interbank and money market items, net	12,027	12,027	7,454	7,454
Derivative assets	340	140	402	63
Investments, net	35,474	35,474	30,832	30,832
Loans to customers, net	143,624	143,202	134,733	134,181
Total financial assets	191,829	191,207	173,825	172,934
Financial liabilities				
Deposits	90,029	90,029	83,735	83,737
Interbank and money market items	40,424	40,424	44,786	44,786
Liabilities payable on demand	6	6	15	15
Derivative liabilities	531	403	1,131	895
Debt issued and borrowings	37,728	38,195	28,417	28,491
Total financial liabilities	168,718	169,057	158,084	157,924

Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiary
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	The Bank			
	31 December 2014		31 December 2013	
	Book value	Fair value	Book value	Fair value
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	363	363	403	403
Interbank and money market items, net	11,818	11,818	7,145	7,145
Derivative assets	340	140	402	63
Investments, net	35,474	35,474	30,832	30,832
Loans to customers, net	102,786	102,809	102,949	102,971
Total financial assets	150,781	150,604	141,731	141,414
<i>Financial liabilities</i>				
Deposits	90,029	90,029	83,735	83,737
Interbank and money market items	40,424	40,424	42,586	42,586
Liabilities payable on demand	6	6	15	15
Derivative liabilities	531	403	1,131	895
Debt issued and borrowings	993	993	3,251	3,251
Total financial liabilities	131,983	131,855	130,718	130,484

Methods and assumptions in estimating fair values of financial instruments

The following methods and assumptions are used by the Bank in estimating fair market values of financial instruments as disclosed herein:

Cash and interbank and money market items (Assets)

The fair value of cash, short-term interbank and money market items and floating rate instruments is their carrying amounts presented in the statements of financial position. The estimated fair value of fixed interest bearing items is based on discounted cash flows using the prevailing money market rates on similar instruments.

Available-for-sale securities and held-to-maturity debt instruments

The fair value is based on quoted market prices, where available. If quoted market prices are not available, market value is based on quoted market prices of comparable instruments after adjustment for the risk involved or the net asset values of such securities.

General investments

The fair value of general investments is based on the carrying amount presented in the statements of financial position.

Loans to customers

For variable floating-rate loans to customers that reprice frequently and have no significant change in credit risk, fair value is based on carrying value. Fair value of fixed rate loans to customers that reprice within 1 year of the reporting date approximates the carrying value at the reporting date. Fair value for other fixed interest loans to customers is estimated using discounted cash flow analysis and using interest rates currently being offered for loans to customers with similar terms to borrowers of similar credit quality.

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Deposits

The fair value disclosed for deposits which are payable on demand by the depositor is equal to the carrying value of such deposits. The carrying amounts of variable-rate, fixed-term money market accounts, certificates of deposit and fixed rate deposits repricing within 1 year approximate their market value at the reporting date. Fair value for other fixed interest deposits is estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregate expected monthly maturities on time deposits.

Interbank and money market items (liabilities) and Debt issued and borrowings

The fair value of interbank and money market items and debt issued and borrowings and/or items which bear variable rates of interest approximates their carrying amount at the reporting date. Fair value for fixed rate instruments with remaining maturities greater than 1 year is estimated by using a discounted cash flow calculation applying interest rates currently being offered on similar instruments.

Liabilities payable on demand

The fair value of liabilities payable on demand approximates carrying amount.

Derivatives

The fair values of foreign exchange contracts, interest rate contracts and other contracts are determined by estimating the amount that would be paid or received to terminate the contract or replace them at their current market rates, and are disclosed in Note 8.

6 Maintenance of capital fund

The Bank and its subsidiary, which are financial institutions, are subject to various capital and regulatory requirements of the BoT. Under these capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank and its subsidiary must satisfy specific capital guidelines that involve, among others, quantitative measures of the Bank's assets, liabilities and certain off-financial reporting items as calculated in accordance with regulatory accounting practices. The Bank's and its subsidiary' capital amounts and classifications are also subject to qualitative judgments by the BoT as to components, risk weightings, and other factors. These capital and regulatory requirements are subject to change, as considered necessary by the BoT.

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. According to the Bank of Thailand's regulations, capital fund as at 8 November 2012 and 17 December 2012 and thereafter must be calculated according to Basel III. The Bank and financial group comply with the regulatory capital according to Basel III since 1 January 2013.

As at 31 December 2014 and 2013, the Bank maintains its capital fund in accordance with Basel III and the Bank's total capital funds and capital ratio in accordance with Basel III can be categorised as follows:

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	The Bank	
	31 December 2014	31 December 2013
	<i>(in thousand Baht)</i>	
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	20,132,094	14,186,840
Legal reserve	300,000	200,000
Retained earning after appropriations	1,225,682	89,329
Other comprehensive income	170,746	95,302
Less Capital deduction items on CET1	(243,398)	(66,173)
Total Tier 1 capital	21,585,124	14,505,298
Tier 2 capital		
Allowance for classified assets of “pass” category and specific allowance	1,135,439	632,764
Capital deduction items on Tier 2 capital	(122,721)	(257,160)
Total Tier 2 capital	1,012,718	375,604
Total capital funds	22,597,842	14,880,902

	The Bank		BOT Requirement
	31 December 2014	31 December 2013 (%)	
Capital ratio			
Tier 1 capital to total risk assets	19.18	13.32	6.00
Tier 1 common equity to total risk assets	19.18	13.32	4.50
Tier 2 capital to total risk assets	0.90	0.35	-
Total capital / Total risk assets	20.08	13.67	8.50

As Disclosures of capital maintenance information under the Notification of the Bank of Thailand, the Public Disclosures of Capital Maintenance for Commercial Banks in accordance with the BoT’s directive number SOR NOR SOR 4/2556, dated 2 May 2013, the Bank has made the Disclosures of Capital Maintenance and Information security risks for the Bank and financial group as at 31 December 2013 in the Bank’s website, www.icbcthai.com, on 29 April 2014. The Bank will disclose the Capital Maintenance and Information security risks for the Bank and financial group at 31 December 2014 within April 2015.

Capital management

The primary objectives of the Bank’s capital management are to support business growth and to maintain a capital adequacy ratio and the credit rating.

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Notes to the financial statements

7 Interbank and money market items, net (Assets)

	Consolidated					
	31 December 2014		Total (in thousand Baht)	31 December 2013		Total
	Demand	Time		Demand	Time	
Domestic items						
Bank of Thailand	948,845	-	948,845	846,620	-	846,620
Commercial Banks	234,704	2,800,000	3,034,704	330,236	-	330,236
Specialised financial institutions	3,268	2,580,000	2,583,268	5,361	1,450,000	1,455,361
Other financial institutions	-	230,000	230,000	13,779	854,400	868,179
Total	1,186,817	5,610,000	6,796,817	1,195,996	2,304,400	3,500,396
Add accrued interest receivables	2	713	715	111	1,358	1,469
Less allowance for doubtful accounts	-	(1,800)	(1,800)	-	(6,415)	(6,415)
Total domestic items, net	1,186,819	5,608,913	6,795,732	1,196,107	2,299,343	3,495,450
Foreign items						
US Dollar	350,058	1,180,577	1,530,635	247,870	1,107,000	1,354,870
AUD	399	-	399	848	-	848
Renminbi	21,752	3,738,428	3,760,180	25,186	2,660,643	2,685,829
Euro	7,007	-	7,007	657	-	657
HKD	1,905	-	1,905	2,493	-	2,493
Other currencies	2,936	-	2,936	3,682	-	3,682
Total	384,057	4,919,005	5,303,062	280,736	3,767,643	4,048,379
Add accrued interest receivables	-	3,551	3,551	-	3,566	3,566
Less deferred revenue	-	(26,061)	(26,061)	-	(56,402)	(56,402)
Less allowance for doubtful accounts	-	(49,190)	(49,190)	-	(37,449)	(37,449)
Total foreign items, net	384,057	4,847,305	5,231,362	280,736	3,677,358	3,958,094
Total domestic and foreign items, net	1,570,876	10,456,218	12,027,094	1,476,843	5,976,701	7,453,544

	The Bank					
	31 December 2014		Total (in thousand Baht)	31 December 2013		Total
	Demand	Time		Demand	Time	
Domestic items						
Bank of Thailand	948,845	-	948,845	846,620	-	846,620
Commercial Banks	29,071	2,800,000	2,829,071	26,559	-	26,559
Specialised financial institutions	-	2,580,000	2,580,000	-	1,450,000	1,450,000
Other financial institutions	-	230,000	230,000	13,780	854,400	868,180
Total	977,916	5,610,000	6,587,916	886,959	2,304,400	3,191,359
Add accrued interest receivables	-	713	713	106	1,358	1,464
Less allowance for doubtful accounts	-	(1,800)	(1,800)	-	(6,415)	(6,415)
Total domestic items, net	977,916	5,608,913	6,586,829	887,065	2,299,343	3,186,408
Foreign items						
US Dollar	350,058	1,180,577	1,530,635	247,869	1,107,000	1,354,869
AUD	399	-	399	848	-	848
Renminbi	21,752	3,738,428	3,760,180	25,185	2,660,643	2,685,828
Euro	7,007	-	7,007	657	-	657
HKD	1,905	-	1,905	2,494	-	2,494
Other currencies	2,936	-	2,936	3,683	-	3,683
Total	384,057	4,919,005	5,303,062	280,736	3,767,643	4,048,379
Add accrued interest receivables	-	3,551	3,551	-	3,566	3,566
Less deferred revenue	-	(26,061)	(26,061)	-	(56,402)	(56,402)
Less allowance for doubtful accounts	-	(49,190)	(49,190)	-	(37,449)	(37,449)
Total foreign items, net	384,057	4,847,305	5,231,362	280,736	3,677,358	3,958,094
Total domestic and foreign items, net	1,361,973	10,456,218	11,818,191	1,167,801	5,976,701	7,144,502

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8 Derivatives

Trading book

The fair value and the notional amount classified by type of risk

Type of risk	Consolidated and The Bank					
	31 December 2014			31 December 2013		
	Fair value		Notional amount ⁽¹⁾ <i>(in thousand Baht)</i>	Fair value		Notional amount ⁽¹⁾
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rates	107,545	99,387	7,474,307	169,350	153,168	7,692,041
Total	107,545	99,387	7,474,307	169,350	153,168	7,692,041

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

Proportion of derivative trading transaction classified by types of counterparty, determined on the basis of the notional amount

Counterparties	Consolidated and The Bank	
	31 December 2014	31 December 2013
	<i>(%)</i>	
Financial institutions	92.37	89.94
Corporations	7.63	10.06
Total	100.00	100.00

Derivatives not entered for trading purposes

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 reporting 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.

Type of risk	Consolidated and The Bank					
	31 December 2014			31 December 2013		
	Carrying value ⁽²⁾		Notional amount ⁽¹⁾ (in thousand Baht)	Carrying value ⁽²⁾		Notional amount ⁽¹⁾
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rates	227,714	365,802	38,873,386	227,152	916,461	30,088,547
Interest rate	- ⁽³⁾	- ⁽³⁾	7,500,000	- ⁽³⁾	- ⁽³⁾	15,000,000
Cross currency interest rate swap	4,470 ⁽³⁾	65,483 ⁽³⁾	1,186,668	5,964 ⁽³⁾	61,598 ⁽³⁾	1,181,290
Total	232,184	431,285	47,560,054	233,116	978,059	46,269,837

⁽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 may be.

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9 Investments, net

9.1 Classified by type of investments

	Consolidated and The Bank	
	31 December 2014	31 December 2013
	Fair value (in thousand Baht)	
<i>Available-for-sale securities</i>		
Government and state enterprise securities	22,165,131	17,769,346
Foreign debt securities	12,992,050	12,719,010
Domestic equity securities	225,686	161,720
Investment in receivables	-	89,407
Total	35,382,867	30,739,483
	Cost	
<i>General investments</i>		
Domestic non-marketable equity securities	100,322	100,622
Less allowance for impairment	(8,930)	(7,975)
Net	91,392	92,647
Total investments, net	35,474,259	30,832,130

As at 31 December 2014 and 2013, Baht 3,230 million and Baht 3,815 million, respectively of the banking bond portfolio which are classified as available-for-sale securities, are pledged as security on a contract for repurchase agreements.

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

	Consolidated and The Bank			
	31 December 2014			
	Periods to maturity			
	Less than 1 year	1-5 years	Over 5 years	Total
	(in thousand Baht)			
Available-for-sale securities				
Government and state enterprise securities	12,844,587	7,721,943	1,627,357	22,193,887
Foreign debt securities	2,317,133	9,031,017	1,463,449	12,811,599
Total	15,161,720	16,752,960	3,090,806	35,005,486
Add (less) allowance for revaluation	32,428	217,984	(98,717)	151,695
Total available-for-sale securities	15,194,148	16,970,944	2,992,089	35,157,181
Total debt securities	15,194,148	16,970,944	2,992,089	35,157,181

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	Consolidated and The Bank			
	31 December 2013			
	Periods to maturity			
	Less than 1 year	1-5 years	Over 5 years	Total
	<i>(in thousand Baht)</i>			
Available-for-sale securities				
Government and state enterprise securities	12,322,478	3,951,651	1,628,421	17,902,550
Foreign debt securities	5,405,870	7,050,750	-	12,456,620
Investment in receivables	89,407	-	-	89,407
Total	17,817,755	11,002,401	1,628,421	30,448,577
Add (less) allowance for revaluation	36,081	250,004	(156,899)	129,186
Total available-for-sale securities	17,853,836	11,252,405	1,471,522	30,577,763
Total debt securities	17,853,836	11,252,405	1,471,522	30,577,763

9.3 Revaluation surplus on available-for-sale investments

	Consolidated and The Bank	
	31 December 2014	31 December 2013
	<i>(in thousand Baht)</i>	
Revaluation surplus on available-for-sale investments		
Debt securities	151,694	129,186
Equity securities	183,095	119,128
Total	334,789	248,314
Less deferred tax	(66,958)	(49,663)
Total, net of deferred tax	267,831	198,651

9.4 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.

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. As of 31 December 2013, TAMC has made fully payment and redeemed promissory notes.

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.

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

In 2013, the Bank was informed of its share of losses after completion of the remaining asset management process from TAMC, which was lower than the amount originally provided for. Accordingly, the Bank has reversed a provision for loss sharing amounting to Baht 177 million from Baht 222 million which has been presented as reversal of expense within other operating expenses. Further, the Bank also made a payment of Baht 23 million which has been reversed from the provision made.

Accordingly, as at 31 December 2014, the Bank has provision of Baht 22 million (*31 December 2013: Baht 22 million*), which is presented as a part of "Other provision". The share of losses is in the process of negotiation with TAMC and is not the final amount to be settled.

9.5 Investments in companies with holding of 10% and upwards

Investments in securities of which the Bank and its subsidiary hold 10% or more of the paid-up capital of the investee company (but not record these securities as investments in subsidiaries and associates), which is recorded as a part of general investments and classified as long-term investments, were as follows:

Consolidated and The Bank						
31 December 2014						
Company's name	Type of business	Type of securities held	Ownership interest (%)	Paid-up capital (in thousand Baht)	Cost	
Bangkok BTMU Company Limited ⁽¹⁾	Lending and investment holding businesses	Ordinary shares	10	200,000	20,390	
Total					20,390	

⁽¹⁾ The relationship ended as at 30 April 2014

Consolidated and The Bank						
31 December 2013						
Company's name	Type of business	Type of securities held	Nature of relationship	Ownership interest (%)	Paid-up capital (in thousand Baht)	Cost
Bangkok BTMU Company Limited	Lending and investment holding businesses	Ordinary shares	Related through the Bank's director	10	200,000	20,390
Total					20,390	

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9.6 Investments in companies with problems in their financial positions and operating results

	Consolidated and The Bank					
	31 December 2014			31 December 2013		
	Cost	Fair value	Allowance for impairment (in thousand Baht)	Cost	Fair value	Allowance for impairment
Companies with problems in their financial positions and operating results	9,817	887	(8,930)	9,817	1,842	(7,975)

10 Investments in a subsidiary, net

Investments in a subsidiary as at 31 December 2014 and 2013, and dividend income from those investments for the years ended 31 December 2014 and 2013, were as follows:

Name of subsidiary	Type of business	The Bank							
		Ownership interest		Paid-up capital		Cost		Dividend income	
		2014	2013	2014	2013	2014	2013	2014	2013
		(%)				(in million Baht)			
ICBC (Thai) Leasing Company Limited ⁽¹⁾	Finance lease and hire purchase	99.99	99.99	4,250	4,250	4,250	4,250	-	-

⁽¹⁾ The subsidiary is incorporated in Thailand.

11 Investment in an associate, net

Investment in associate as at 31 December 2014 and 2013, and dividend income from this investment for the years ended 31 December 2014 and 2013 were as follows:

Consolidated								
31 December 2014								
Name of associate	Type of business	Country of incorporation	Ownership interest (%)	Paid-up capital	Cost	Equity	Fair value of listed securities	Dividend income
						(in million Baht)		
Finansia Syrus Securities Public Company Limited	Securities business	Thailand	23.56	880	305	517	412	3
Total					305	517	412	3

Consolidated								
31 December 2013								
Name of associate	Type of business	Country of incorporation	Ownership interest (%)	Paid-up capital	Cost	Equity	Fair value of listed securities	Dividend income
						(in million Baht)		
Finansia Syrus Securities Public Company Limited	Securities business	Thailand	23.56	748	305	463	497	17
Total					305	463	497	17

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The following summarised financial information on interests in equity-accounted investees which have been proportionately consolidated in the consolidated financial statements represents the Group's share:

Name of associate	31 December 2014			Year ended 31 December 2014		
	Ownership interest (%)	Total assets	Total liabilities	Total revenue (in million Baht)	Total expenses	Net profit
Finansia Syrus Securities Public Company Limited	23.56	4,138	1,942	1,841	1,540	230

Name of associate	31 December 2013			Year ended 31 December 2013		
	Ownership interest (%)	Total assets	Total liabilities	Total revenue (in million Baht)	Total expenses	Net profit
Finansia Syrus Securities Public Company Limited	23.56	4,035	2,069	2,435	1,907	404

12 Loans to customers and accrued interest receivables, net

12.1 Classified by types of loans

	Consolidated		The Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	<i>(in thousand Baht)</i>			
Overdrafts	884,696	769,928	884,696	769,928
Loans	85,398,791	71,742,030	85,227,430	71,671,220
Notes receivable	15,699,728	12,854,516	18,931,728	32,731,516
Hire-purchase receivables	44,831,028	56,501,643	-	-
Finance leases receivables	6,585,296	4,246,432	-	-
Total loans to customers	153,399,539	146,114,549	105,043,854	105,172,664
Less deferred revenue	(6,524,675)	(8,171,356)	(1,497)	-
Total loans to customers, net of deferred revenue	146,874,864	137,943,193	105,042,357	105,172,664
Add accrued interest receivables	232,138	206,896	233,004	218,880
Total loans to customers, net of deferred revenue and accrued interest receivables	147,107,002	138,150,089	105,275,361	105,391,544
Less allowance for doubtful accounts				
- allowance established per BoT regulations	(1,547,568)	(1,527,493)	(811,212)	(954,025)
- allowance established in excess of BoT regulations	(1,915,020)	(1,870,268)	(1,657,863)	(1,469,442)
Less revaluation allowance for debt restructuring	(20,605)	(19,461)	(20,605)	(19,461)
Loans to customers and accrued interest receivables, net	143,623,809	134,732,867	102,785,681	102,948,616

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12.2 Classified by currency and residential status of customers

	Consolidated					
	31 December 2014			31 December 2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	100,681,857	-	100,681,857	100,085,163	-	100,085,163
US Dollar	3,087,894	43,075,550	46,163,444	7,892,287	29,795,617	37,687,904
Renminbi	421	83	504	12,926	110,243	123,169
Euro	28,739	-	28,739	46,842	-	46,842
SG Dollar	320	-	320	115	-	115
Total ⁽¹⁾	103,799,231	43,075,633	146,874,864	108,037,333	29,905,860	137,943,193

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

	The Bank					
	31 December 2014			31 December 2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	58,849,350	-	58,849,350	67,314,634	-	67,314,634
US Dollar	3,087,894	43,075,550	46,163,444	7,892,287	29,795,617	37,687,904
Renminbi	421	83	504	12,926	110,243	123,169
Euro	28,739	-	28,739	46,842	-	46,842
SG Dollar	320	-	320	115	-	115
Total ⁽¹⁾	61,966,724	43,075,633	105,042,357	75,266,804	29,905,860	105,172,664

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

12.3 Classified by business types and loan classification

	Consolidated					
	31 December 2014					
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	Total
	<i>(in thousand Baht)</i>					
Agriculture and mining	481,070	64,305	-	-	-	545,375
Manufacturing and commerce	63,920,458	159,224	17,420	-	613,962	64,711,064
Property development and construction	8,923,079	62,964	3,737	-	460,523	9,450,303
Infrastructure and services	21,471,448	295,954	10,224	-	62,363	21,839,989
Housing loans	38,762	5,799	-	184	2,059	46,804
Others ⁽¹⁾	45,444,653	3,499,022	876,102	442,494	19,058	50,281,329
Total ⁽²⁾	140,279,470	4,087,268	907,483	442,678	1,157,965	146,874,864

⁽¹⁾ Others predominantly consist of hire purchase and finance lease business of the Leasing subsidiary.

⁽²⁾ Total Loans to customers net of deferred revenues.

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Consolidated						
31 December 2013						
	Pass	Special mention	Substandard <i>(in thousand Baht)</i>	Doubtful	Doubtful of loss	Total
Agriculture and mining	269,214	60,467	-	-	11,947	341,628
Manufacturing and commerce	52,288,822	431,856	-	1,567	782,461	53,504,706
Property development and construction	7,348,447	65,481	5,077	-	467,942	7,886,947
Infrastructure and services	19,465,584	291,928	-	-	64,079	19,821,591
Housing loans	30,292	6,198	-	2,505	1,489	40,484
Others ⁽¹⁾	50,599,641	4,339,009	984,275	407,919	16,993	56,347,837
Total ⁽²⁾	<u>130,002,000</u>	<u>5,194,939</u>	<u>989,352</u>	<u>411,991</u>	<u>1,344,911</u>	<u>137,943,193</u>

⁽¹⁾ Others predominantly consist of hire purchase and finance lease business of the Leasing subsidiary.

⁽²⁾ Total Loans to customers net of deferred revenues.

The Bank						
31 December 2014						
	Pass	Special mention	Substandard <i>(in thousand Baht)</i>	Doubtful	Doubtful of loss	Total
Agriculture and mining	481,070	64,305	-	-	-	545,375
Manufacturing and commerce	66,982,173	159,224	17,420	-	613,962	67,772,779
Property development and construction	8,923,079	62,964	3,737	-	460,523	9,450,303
Infrastructure and services	21,471,448	295,954	10,224	-	62,363	21,839,989
Housing loans	38,762	5,799	-	184	2,059	46,804
Others	5,253,498	116,337	278	-	16,994	5,387,107
Total ⁽¹⁾	<u>103,150,030</u>	<u>704,583</u>	<u>31,659</u>	<u>184</u>	<u>1,155,901</u>	<u>105,042,357</u>

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

The Bank						
31 December 2013						
	Pass	Special mention	Substandard <i>(in thousand Baht)</i>	Doubtful	Doubtful of loss	Total
Agriculture and mining	269,214	60,467	-	-	11,947	341,628
Manufacturing and commerce	72,095,183	431,856	-	1,567	782,461	73,311,067
Property development and construction	7,348,447	65,481	5,077	-	467,942	7,886,947
Infrastructure and services	19,465,584	291,928	-	-	64,079	19,821,591
Housing loans	30,292	6,198	-	2,505	1,489	40,484
Others	3,399,311	354,643	-	-	16,993	3,770,947
Total ⁽¹⁾	<u>102,608,031</u>	<u>1,210,573</u>	<u>5,077</u>	<u>4,072</u>	<u>1,344,911</u>	<u>105,172,664</u>

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

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12.4 Loans classified by type of classification

Consolidated				
31 December 2014				
	Loans to customers and accrued interest receivables less deferred revenue	Net amount used to set the allowance for doubtful accounts ⁽¹⁾	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts
<i>(in thousand Baht)</i>				
Minimum allowance as per BoT's Regulations				
Pass	140,506,126	51,320,532	1	513,205
Special mention	4,092,576	1,121,484	2	22,429
Substandard	907,572	444,880	100	444,880
Doubtful	442,678	240,134	100	240,134
Doubtful of loss	1,158,050	326,920	100	326,920
				<u>1,547,568</u>
Excess allowance ⁽²⁾				<u>1,915,020</u>
Total	147,107,002	53,453,950		3,462,588

⁽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⁾ This includes the provision of Baht 768 million recorded at the parent company level to account for expected losses arising in the hire purchase and finance lease receivable portfolio.

Consolidated				
31 December 2013				
	Loans to customers and accrued interest receivables less deferred revenue	Net amount used to set the allowance for doubtful accounts ⁽¹⁾	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts
<i>(in thousand Baht)</i>				
Minimum allowance as per BoT's Regulations				
Pass	130,200,893	45,522,740	1	455,227
Special mention	5,202,912	1,351,981	2	27,040
Substandard	989,382	484,206	100	484,206
Doubtful	411,991	212,109	100	212,109
Doubtful of loss	1,344,911	348,911	100	348,911
				<u>1,527,493</u>
Excess allowance				<u>1,870,268</u>
Total	138,150,089	47,919,947		3,397,761

⁽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”.

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	Loans to customers and accrued interest receivables less deferred revenue	Net amount used to set the allowance for doubtful accounts ⁽¹⁾	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts
<i>(in thousand Baht)</i>				
Minimum allowance as per BoT's Regulations				
Pass	103,377,552	48,097,012	1	480,970
Special mention	709,891	135,613	2	2,712
Substandard	31,748	2,674	100	2,674
Doubtful	184	-	100	-
Doubtful of loss	1,155,986	324,856	100	324,856
				811,212
Excess allowance				1,657,863
Total	105,275,361	48,560,155		2,469,075

⁽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”.

The Bank
31 December 2013

	Loans to customers and accrued interest receivables less deferred revenue	Net amount used to set the allowance for doubtful accounts ⁽¹⁾	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts
<i>(in thousand Baht)</i>				
Minimum allowance as per BoT's Regulations				
Pass	102,818,907	59,529,006	1	595,290
Special mention	1,218,547	412,874	2	8,257
Substandard	5,107	-	100	-
Doubtful	4,072	1,567	100	1,567
Doubtful of loss	1,344,911	348,911	100	348,911
				954,025
Excess allowance				1,469,442
Total	105,391,544	60,292,358		2,423,467

⁽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”.

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12.5 Non-Performing Loans

As at 31 December 2014 and 2013, the Bank used the guidelines specified in the BoT's notification dated 3 August 2008 in determining Non-Performing Loans which consist of loans classified as sub-standard, doubtful, doubtful of loss and loss under the BoT's guideline. The amounts are as follows:

	Consolidated		The Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	<i>(in thousand Baht)</i>			
Non-Performing Loans (net of allowance for doubtful accounts)	1,454,415	1,679,372	819,754	981,927
% of Non-Performing Loans to total loans (net) ⁽¹⁾	0.93	1.18	0.71	0.89
Non-Performing Loans (gross)	2,508,126	2,746,254	1,187,744	1,354,060
% of Non-Performing Loans to total loans ⁽¹⁾	1.59	1.91	1.03	1.22

⁽¹⁾ The denominator including interbank and money market items.

12.6 Non-accrual loans

Non-accrual loans, gross, (including loans to financial institutions) as at 31 December 2014 and 2013 are as follows:

	Consolidated		The Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	<i>(in thousand Baht)</i>			
Loans where recognition of income has been suspended (principal only)	2,504,389	2,741,178	1,184,006	1,348,984
% of loans where recognition of income has been suspended ⁽¹⁾	1.59	1.90	1.02	1.21

⁽¹⁾ The denominator including interbank and money market items.

The above loans for customers exclude overdue loans, which had been already restructured and qualified for classification as "Pass" or "Special-mention".

12.7 Gain on disposal of non-performing loans

During the year 2014, the Bank reached an agreement with an asset management company to dispose of two of its non-performing loans. The aggregate carrying amount of the loans was Baht 94.5 million. The Bank received Baht 330 million, resulting in a gain of Baht 235.5 million for the year ended 31 December 2014. Previously, the Bank had written off Baht 315.1 million for the above mentioned loans.

12.8 Loans to a subsidiary

Company's name	Types of loans	Maturity	Interest rate as at		Amounts principal outstanding	
			31 December 2014	31 December 2013	31 December 2014	31 December 2013
			<i>(% per annum)</i>		<i>(in million Baht)</i>	
ICBC (Thai)	Revolving loan	At call	3.85	4.00	2,132	9,447
Leasing Company Limited	Revolving loan	June 2015-July 2015	5.00	4.45-5.22	1,100	10,430
	(31 December 2013 : January 2014-July 2015)					
Total					3,232	19,877
Allowance for doubtful accounts					32	1,008

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As at 31 December 2013, the Bank had recorded impairment provisions amounting to Baht 809 million in the parent company financial statements to account for expected losses in the hire purchase and finance lease receivable portfolio of the leasing company. The provision was recorded against the loan from the parent company to the subsidiary. In the year ended 31 December 2014, such amount has been reallocated to loans to customers in parent company financial statements under excess allowance over minimum Bank of Thailand requirements (Note 12.4).

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

Consolidated and The Bank							
31 December 2014				31 December 2013			
No. of companies	Loans and accrued interest receivables	Collateral	Allowance for doubtful accounts	No. of companies	Loans and accrued interest receivables	Collateral	Allowance for doubtful accounts
<i>(in million Baht)</i>							
Listed companies identified for delisting/under rehabilitation	-	-	-	1	4	4	4

13 Troubled debt restructuring

During the years ended 31 December 2014 and 2013, details of restructured debts as at the date of restructuring, classified by the restructuring method were as follows:

Consolidated					
31 December 2014					
	Number of debtors	Outstanding balances before restructuring	Outstanding balances after restructuring	Average period of the remaining term of debt restructuring	Loss on debt restructuring ⁽¹⁾
			<i>(in million Baht)</i>		
Changes of repayment conditions	12	452	430	4 Years	13
Loans and accrued interest receivables as at 31 December 2014 ⁽²⁾	137,117		147,107		

The Bank					
31 December 2014					
	Number of debtors	Outstanding balances before restructuring	Outstanding balances after restructuring	Average period of the remaining term of debt restructuring	Loss on debt restructuring ⁽¹⁾
			<i>(in million Baht)</i>		
Changes of repayment conditions	12	452	430	4 Years	13
Loans and accrued interest receivables as at 31 December 2014 ⁽²⁾	1,321		105,275		

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Consolidated 31 December 2013					
	Number of debtors	Outstanding balances before restructuring	after restructuring <i>(in million Baht)</i>	Average period of the remaining term of debt restructuring	Loss on debt restructuring ⁽¹⁾
Changes of repayment conditions	17	489	489	7 years	7
Loans and accrued interest receivables as at 31 December 2013 ⁽²⁾	145,705		138,150		

The Bank					
31 December 2013					
	Number of debtors	Outstanding balances before restructuring	after restructuring <i>(in million Baht)</i>	Average period of the remaining term of debt restructuring	Loss on debt restructuring ⁽¹⁾
Changes of repayment conditions	<u>17</u>	<u>489</u>	<u>489</u>	7 years	<u>7</u>
Loans and accrued interest receivables as at 31 December 2013 ⁽²⁾	<u>1,066</u>		<u>105,391</u>		

⁽¹⁾ Losses on debt restructuring are the amount before deducting allowance for doubtful already provided in the accounts on the restructuring date.

⁽²⁾ Net of deferred revenue

Additional information relating to restructuring debtors for the years ended 31 December 2014 and 2013 are as follows:

Consolidated and The Bank		2014	2013
		(in million Baht)	
Interest income recognised in profit or loss		78	134
Cash collection from debtors			
Principle		378	436
Interest		62	117

As at 31 December 2014 and 2013, the Bank and its subsidiary have outstanding balances relating to restructured loans for the consolidated and the Bank's financial statement amounting to Baht 979 million and 1,305 million, respectively.

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During the years ended 31 December 2014 and 2013, the Bank reversed allowance for revaluation on debt restructuring amounting to Baht 8.4 and 1.0 million respectively and amortised allowance for revaluation on debt restructuring as interest income for the years ended 31 December 2014 and 2013 totaling Baht 3.5 million and 4.0 million, respectively.

As at 31 December 2014 and 2013, the Bank has no commitment to additionally lend to its debtors after debt restructuring.

14 Hire purchase and finance lease receivables

As at 31 December 2014 and 2013, the subsidiary had net hire purchase and financial lease receivables, which the majority is hire purchase or finance lease contracts for motor vehicles, airplanes, machinery and equipment for businesses. The average contract periods are 1 to 12 years (*31 December 2013: 1 to 7 years*) and the interest rates are fixed as specified in the contracts.

Consolidated					
31 December 2014					
	Less than 1 year	1 - 5 years	Over 5 years (in million Baht)	Non- performing loan	Total
Total of gross investments in the lease	15,993	30,995	2,845	1,583	51,416
Less deferred revenue ⁽¹⁾	(2,525)	(3,414)	(321)	(263)	(6,523)
Present value of the lease payments	<u>13,468</u>	<u>27,581</u>	<u>2,524</u>	<u>1,320</u>	<u>44,893</u>
Allowance for doubtful accounts					1,759
Hire purchase and finance lease receivables, net					<u>43,134</u>

⁽¹⁾ Net of commission and initial direct expense incurred at the inception of contracts.

Consolidated					
31 December 2013					
	Less than 1 year	1 - 5 years	Over 5 years (in million Baht)	Non- performing loan	Total
Total of gross investments in the lease	17,386	39,094	2,573	1,695	60,748
Less deferred revenue ⁽¹⁾	(3,068)	(4,534)	(266)	(303)	(8,171)
Present value of the lease payments	<u>14,318</u>	<u>34,560</u>	<u>2,307</u>	<u>1,392</u>	<u>52,577</u>
Allowance for doubtful accounts					1,982
Hire purchase and finance lease receivables, net					<u>50,595</u>

⁽¹⁾ Net of commission and initial direct expense incurred at the inception of contracts.

Allowance for doubtful accounts represents the minimum allowance required under BoT guidelines and an additional allowance of Baht 768 million as at 31 December 2014 (*31 December 2013: Baht 809 million*) recorded at the parent company level to account for expected losses arising in the hire purchase and finance lease receivable portfolio.

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14.1 Classified by aging

As at 31 December 2014 and 2013, hire purchase and financial lease receivables are classified by the due date of the contracts as follows:

	Consolidated	
	31 December 2014	31 December 2013
	<i>(in million Baht)</i>	
Not yet due	36,261	47,200
Overdue:		
Not over 90 days	7,312	4,969
91 - 180 days	876	408
181 - 365 days	442	-
More than 365 days	2	-
	<u>44,893</u>	<u>52,577</u>
Allowance for doubtful accounts	<u>1,759</u>	<u>1,982</u>

15 Allowance for doubtful accounts

	Consolidated						
	31 December 2014						
	Pass	Special mention	Sub - standard	Doubtful	Doubtful of loss	Allowance established in excess of BoT regulations	Total
	<i>(in thousand Baht)</i>						
Beginning balance	455,227	27,040	484,206	212,109	348,911	1,870,268	3,397,761
Bad debt and doubtful accounts	57,978	(4,611)	(39,326)	28,025	762,008	44,752	848,826
Bad debt written off	-	-	-	-	(783,999)	-	(783,999)
Ending balance	<u>513,205</u>	<u>22,429</u>	<u>444,880</u>	<u>240,134</u>	<u>326,920</u>	<u>1,915,020</u>	<u>3,462,588</u>

	Consolidated						
	31 December 2013						
	Pass	Special mention	Sub - standard	Doubtful	Doubtful of loss	Allowance established in excess of BoT regulations	Total
	<i>(in thousand Baht)</i>						
Beginning balance	342,341	22,848	408,584	130,229	58,751	1,120,329	2,083,082
Bad debt and doubtful accounts	112,886	4,192	75,622	81,880	839,937	749,939	1,864,456
Bad debt written off	-	-	-	-	(549,777)	-	(549,777)
Ending balance	<u>455,227</u>	<u>27,040</u>	<u>484,206</u>	<u>212,109</u>	<u>348,911</u>	<u>1,870,268</u>	<u>3,397,761</u>

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The Bank
31 December 2014

	Pass	Special mention	Sub - standard	Doubtful	Doubtful of loss	Allowance established in excess of BoT regulations	Total
	<i>(in thousand Baht)</i>						
Beginning balance	595,290	8,257	-	1,567	348,911	1,469,442	2,423,467
Bad debt and doubtful accounts	(114,320)	(5,545)	2,674	(1,567)	(16,826)	188,421	52,837
Bad debt written off	-	-	-	-	(7,229)	-	(7,229)
Ending balance	480,970	2,712	2,674	-	324,856	1,657,863	2,469,075

The Bank
31 December 2013

	Pass	Special mention	Sub - standard	Doubtful	Doubtful of loss	Allowance established in excess of BoT regulations	Total
	<i>(in thousand Baht)</i>						
Beginning balance	614,129	9,510	239,460	21,707	58,132	745,872	1,688,810
Bad debt and doubtful accounts	(18,839)	(1,253)	(239,460)	(20,140)	365,976	723,570	809,854
Bad debt written off	-	-	-	-	(75,197)	-	(75,197)
Ending balance	595,290	8,257	-	1,567	348,911	1,469,442	2,423,467

16 Revaluation of allowance for debt restructuring

Consolidated and The Bank
31 December 2014 31 December 2013
(in thousand Baht)

Beginning balance	19,461	23,997
Increase (decrease) during the year	4,683	(673)
Written off during the year	(3,539)	(3,863)
Ending balance	20,605	19,461

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17 Properties foreclosed, net

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.

The details of properties foreclosed are as follows:

Consolidated 31 December 2014					Portion subject to disposal restrictions, buyback rights or first refusal rights
Type of properties foreclosed	Beginning balance	Additions	Disposals (in thousand Baht)	Ending balance	
Assets transferred in settlement of debts					
Immovable properties	967,807	-	(51,202)	916,605 ⁽¹⁾	29,146
Movable assets	218,655	1,878,995	(1,805,719)	291,931	-
Total	1,186,462	1,878,995	(1,856,921)	1,208,536	29,146
Assets from auction bidding					
Immovable properties	104,602	-	(11,620)	92,982	-
Total	104,602	-	(11,620)	92,982	-
Total properties foreclosed	1,291,064	1,878,995	(1,868,541)	1,301,518	29,146
Less allowance for impairment	(303,181)	(782,466)	736,434	(349,213)	(16,619)
Total properties foreclosed, net	987,883	1,096,529	(1,132,107)	952,305	12,527

⁽¹⁾ As of 31 December 2014, the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 639 million and Baht 278 million, respectively.

Consolidated 31 December 2013					Portion subject to disposal restrictions, buyback rights or first refusal rights
Type of properties foreclosed	Beginning balance	Additions	Disposals (in thousand Baht)	Ending balance	
Assets transferred in settlement of debts					
Immovable properties	1,163,754	-	(195,947)	967,807 ⁽¹⁾	29,146
Movable assets	138,743	1,440,736	(1,360,824)	218,655	-
Total	1,302,497	1,440,736	(1,556,771)	1,186,462	29,146
Assets from auction bidding					
Immovable properties	108,242	12,300	(15,940)	104,602	-
Total	108,242	12,300	(15,940)	104,602	-
Total properties foreclosed	1,410,739	1,453,036	(1,572,711)	1,291,064	29,146
Less allowance for impairment	(354,480)	(375,087)	426,386	(303,181)	(16,619)
Total properties foreclosed, net	1,056,259	1,077,949	(1,146,325)	987,883	12,527

⁽¹⁾ As of 31 December 2013, the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 639 million and Baht 329 million, respectively.

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The Bank					
31 December 2014					
Type of properties foreclosed	Beginning balance	Additions	Disposals (in thousand Baht)	Ending balance	Portion subject to disposal restrictions, buyback rights or first refusal rights
Assets transferred in settlement of debts					
Immovable properties	967,807	-	(51,202)	916,605 ⁽¹⁾	29,146
Total	967,807	-	(51,202)	916,605	29,146
Assets from auction bidding					
Immovable properties	104,602	-	(11,620)	92,982	-
Total	104,602	-	(11,620)	92,982	-
Total properties foreclosed	1,072,409	-	(62,822)	1,009,587	29,146
Less allowance for impairment	(202,425)	(432)	5,676	(197,181)	(16,619)
Total properties foreclosed, net	869,984	(432)	(57,146)	812,406	12,527

⁽¹⁾ As of 31 December 2014, the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 639 million and Baht 278 million, respectively.

The Bank					
31 December 2013					
Type of properties foreclosed	Beginning balance	Additions	Disposals (in thousand Baht)	Ending balance	Portion subject to disposal restrictions, buyback rights or first refusal rights
Assets transferred in settlement of debts					
Immovable properties	1,163,754	-	(195,947)	967,807 ⁽¹⁾	29,146
Total	1,163,754	-	(195,947)	967,807	29,146
Assets from auction bidding					
Immovable properties	108,242	12,300	(15,940)	104,602	-
Total	108,242	12,300	(15,940)	104,602	-
Total properties foreclosed	1,271,996	12,300	(211,887)	1,072,409	29,146
Less allowance for impairment	(318,745)	93,989	22,331	(202,425)	(16,619)
Total properties foreclosed, net	953,251	106,289	(189,556)	869,984	12,527

⁽¹⁾ As of 31 December 2013, the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 639 million and Baht 329 million, respectively.

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18 Premises and equipment, net

	Land	Buildings	Consolidated Furniture, fixtures and office equipment <i>(in thousand Baht)</i>	Motor vehicles	Total
<i>Cost</i>					
At 1 January 2013	8,500	6,892	407,453	118,235	541,080
Additions	-	449	62,664	6,215	69,328
Transfers	-	3,782	(3,750)	-	32
Disposals/write-off	-	-	(8,669)	(7,542)	(16,211)
At 31 December 2013 and 1 January 2014	8,500	11,123	457,698	116,908	594,229
Additions	-	-	26,453	6,879	33,332
Transfers	-	(4,231)	4,231	-	-
Disposals/write-off	-	-	(12,866)	(1,379)	(14,245)
At 31 December 2014	8,500	6,892	475,516	122,408	613,316
<i>Accumulated depreciation</i>					
At 1 January 2013	-	(686)	(284,369)	(92,184)	(377,239)
Depreciation charge for the year	-	(305)	(40,246)	(12,083)	(52,634)
Disposals/write-off	-	-	8,029	7,541	15,570
At 31 December 2013 and 1 January 2014	-	(991)	(316,586)	(96,726)	(414,303)
Depreciation charge for the year	-	(129)	(46,624)	(8,810)	(55,563)
Transfers	-	28	(28)	-	-
Disposals/write-off	-	-	12,821	1,040	13,861
At 31 December 2014	-	(1,092)	(350,417)	(104,496)	(456,005)
<i>Net book value</i>					
At 1 January 2013	8,500	6,206	123,084	26,051	163,841
At 31 December 2013 and 1 January 2014	8,500	10,132	141,112	20,182	179,926
At 31 December 2014	8,500	5,800	125,099	17,912	157,311

As at 31 December 2014, the Bank and its subsidiary have motor vehicles acquired under financial leases with net book values amounting to Baht 10 million (*31 December 2013: Baht 12.7 million*)

The gross amount of the Bank and its subsidiary' fully depreciated equipment that was still in use as at 31 December 2014 amounted to Baht 277.7 million (*31 December 2013: Baht 256.6 million*).

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	Land	Buildings	The Bank Furniture, fixtures and office equipment <i>(in thousand Baht)</i>	Motor vehicles	Total
Cost					
At 1 January 2013	8,500	6,892	338,301	98,470	452,163
Additions	-	449	23,024	-	23,473
Transfers	-	3,782	(3,782)	-	-
Disposals/write-off	-	-	-	(7,480)	(7,480)
At 31 December 2013 and 1 January 2014	8,500	11,123	357,543	90,990	468,156
Additions	-	-	23,426	4,359	27,785
Transfers	-	(4,231)	4,231	-	-
Disposal/write-off	-	-	(12,266)	-	(12,266)
At 31 December 2014	8,500	6,892	372,934	95,349	483,675
Accumulated depreciation					
At 1 January 2013	-	(686)	(247,305)	(82,773)	(330,764)
Depreciation charge for the year	-	(305)	(22,865)	(8,373)	(31,543)
Disposals/write-off	-	-	-	7,480	7,480
At 31 December 2013 and 1 January 2014	-	(991)	(270,170)	(83,666)	(354,827)
Depreciation charge for the year	-	(129)	(24,810)	(5,351)	(30,290)
Transfers	-	28	(28)	-	-
Disposal/write-off	-	-	12,243	-	12,243
At 31 December 2014	-	(1,092)	(282,765)	(89,017)	(372,874)
Net book value					
At 1 January 2013	8,500	6,206	90,996	15,697	121,399
At 31 December 2013 and 1 January 2014	8,500	10,132	87,373	7,324	113,329
At 31 December 2014	8,500	5,800	90,169	6,332	110,801

As at 31 December 2014, the Bank has no motor vehicles acquired under financial leases (*31 December 2013: Baht 2.7 million*).

The gross amount of the Bank's fully depreciated equipment that was still in use as at 31 December 2014 amounted to Baht 248.7 million (*31 December 2013: Baht 229.6 million*).

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19 Intangible assets, net

		Consolidated		
	Computer softwares	Computer softwares under development	Deferred license fee	Total
		(in thousand Baht)		
Cost				
At 1 January 2013	365,888	541	16,050	382,479
Additions	4,674	899	10,700	16,273
Transfers	325	(357)	-	(32)
Disposals/write-off	(17)	-	-	(17)
At 31 December 2013 and 1 January 2014	370,870	1,083	26,750	398,703
Additions	3,032	-	-	3,032
Transfers	1,083	(1,083)	-	-
Disposals/write-off	(1,615)	-	-	(1,615)
At 31 December 2014	373,370	-	26,750	400,120
Amortisation				
At 1 January 2013	(305,431)	-	(153)	(305,584)
Amortisation for the year	(18,019)	-	(2,674)	(20,693)
At 31 December 2013 and 1 January 2014	(323,450)	-	(2,827)	(326,277)
Amortisation for the year	(16,761)	-	(2,440)	(19,201)
Disposals/write-off	1,615	-	-	1,615
At 31 December 2014	(338,596)	-	(5,267)	(343,863)
Net book value				
At 1 January 2013	60,457	541	15,897	76,895
At 31 December 2013 and 1 January 2014	47,420	1,083	23,923	72,426
At 31 December 2014	34,774	-	21,483	56,257
The Bank				
	Computer softwares	Computer softwares under development	Deferred license fee	Total
		(in thousand Baht)		
Cost				
At 1 January 2013	337,931	-	16,050	353,981
Additions	3,856	-	10,700	14,556
At 31 December 2013 and 1 January 2014	341,787	-	26,750	368,537
Additions	648	-	-	648
Disposals/write-off	(1,615)	-	-	(1,615)
At 31 December 2014	340,820	-	26,750	367,570
Amortisation				
At 1 January 2013	(289,055)	-	(153)	(289,208)
Amortisation for the year	(14,190)	-	(2,674)	(16,864)
At 31 December 2013 and 1 January 2014	(303,245)	-	(2,827)	(306,072)
Amortisation for the year	(12,563)	-	(2,440)	(15,003)
Disposals/write-off	1,615	-	-	1,615
At 31 December 2014	(314,193)	-	(5,267)	(319,460)
Net book value				
At 1 January 2013	48,876	-	15,897	64,773
At 31 December 2013 and 1 January 2014	38,542	-	23,923	62,465
At 31 December 2014	26,627	-	21,483	48,110

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20 Deferred tax

Deferred tax assets and liabilities were as follows:

	Consolidated	
	31 December 2014	31 December 2013
	<i>(in thousand Baht)</i>	
Deferred tax assets	933,304	614,731
Deferred tax liabilities	(286,008)	(255,071)
Net	647,296	359,660

	The Bank	
	31 December 2014	31 December 2013
	<i>(in thousand Baht)</i>	
Deferred tax assets	306,676	140,299
Deferred tax liabilities	(72,900)	(74,126)
Net	233,776	66,173

Movements in total deferred tax assets and liabilities during the years ended 31 December 2014 and 2013 were as follows:

	Consolidated		
	(Charged) / Credited to:		
	At 1 January 2014	Profit or loss (Note 43)	Other comprehensive income
			At 31 December 2014
	<i>(in thousand Baht)</i>		
<i>Deferred tax assets</i>			
Investments	24,464	-	(18,521)
Loans to customers and accrued interest receivables	241,338	5,001	-
Allowance for doubtful accounts	-	207,000	-
Properties foreclosed	60,636	9,206	-
Other assets	226,575	129,642	-
Provisions	53,160	(16,498)	-
Other liabilities	8,558	2,743	-
Total	614,731	337,094	(18,521)
<i>Deferred tax liabilities</i>			
Investments	(74,126)	-	1,226
Investments in an associate	(15,832)	(5,424)	-
Loans to customers and accrued interest receivables	(157,563)	(25,999)	-
Deferred direct costs of debentures	(7,550)	(740)	-
Total	(255,071)	(32,163)	1,226
Net	359,660	304,931	(17,295)

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		Consolidated		
		(Charged) / Credited to:		
	At	Profit or loss	Other	At
	1 January 2013	(Note 43)	comprehensive income	31 December 2013
		(in thousand Baht)		
Deferred tax assets				
Investments	-	-	24,464	24,464
Loans to customers and accrued interest receivables	119,132	122,206	-	241,338
Properties foreclosed	70,897	(10,261)	-	60,636
Other assets	141,955	84,620	-	226,575
Provisions	88,999	(35,839)	-	53,160
Other liabilities	7,666	892	-	8,558
Total	428,649	161,618	24,464	614,731
Deferred tax liabilities				
Investments	(71,979)	-	(2,147)	(74,126)
Investments in an associate	(8,327)	(7,505)	-	(15,832)
Loans to customers and accrued interest receivables	(126,026)	(31,537)	-	(157,563)
Deferred direct costs of debentures	(6,201)	(1,349)	-	(7,550)
Total	(212,533)	(40,391)	(2,147)	(255,071)
Net	216,116	121,227	22,317	359,660

	The Bank			
		(Charged) / Credited to:		
	At	Profit or loss	Other	At
	1 January 2014	(Note 43)	comprehensive income	31 December 2014
		(in thousand Baht)		
<i>Deferred tax assets</i>				
Investments	24,464	-	(18,521)	5,943
Loans to customers and accrued interest receivables	26,640	(3,066)	-	23,574
Allowance for doubtful accounts	-	207,000	-	207,000
Properties foreclosed	40,485	(1,049)	-	39,436
Other assets	850	187	-	1,037
Provisions	47,119	(18,163)	-	28,956
Other liabilities	741	(11)	-	730
Total	140,299	184,898	(18,521)	306,676
<i>Deferred tax liabilities</i>				
Investments	(74,126)	-	1,226	(72,900)
Total	(74,126)	-	1,226	(72,900)
Net	66,173	184,898	(17,295)	233,776

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	The Bank		
	(Charged) / Credited to:		
	At 1 January 2013	Profit or loss (Note 43) (in thousand Baht)	Other comprehensive income At 31 December 2013
Deferred tax assets			
Investments	-	-	24,464
Loans to customers and accrued interest receivables	28,290	(1,650)	-
Properties foreclosed	63,749	(23,264)	-
Other assets	1,246	(396)	-
Provisions	84,402	(37,283)	-
Other liabilities	384	357	-
Total	178,071	(62,236)	24,464
Deferred tax liabilities			
Investments	(71,979)	-	(2,147)
Total	(71,979)	-	(2,147)
Net	106,092	(62,236)	22,317

21 Other assets, net

	Consolidated		The Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	(in thousand Baht)			
Prepaid expenses	12,476	13,037	9,722	9,536
Deposit	14,133	14,389	6,453	6,605
Advance	645	616	635	592
Others	2,337	2,721	1,639	1,738
Total	29,591	30,763	18,449	18,471

22 Classified assets

Consolidated				
31 December 2014				
	Loans to customers and accrued interest receivables ⁽²⁾	Investments	Properties foreclosed	Other assets
	(in million Baht)			
				Total
Pass	151,013 ⁽¹⁾	-	-	151,013
Special mention	4,093	-	-	4,093
Substandard	908	-	-	908
Doubtful	442	-	-	442
Doubtful of loss	1,158	9	349	2,059
Total	157,614	9	349	158,515

⁽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.

⁽²⁾ Net of deferred revenue

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Consolidated
31 December 2013

	Loans to customers and accrued interest receivables ⁽²⁾	Investments	Properties foreclosed (in million Baht)	Other assets	Total
Pass	136,213 ⁽¹⁾	-	-	-	136,213
Special mention	5,203	-	-	-	5,203
Substandard	989	-	-	-	989
Doubtful	412	-	-	-	412
Doubtful of loss	1,345	8	303	359	2,015
Total	144,162	8	303	359	144,832

⁽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.

⁽²⁾ Net of deferred revenue

The Bank
31 December 2014

	Loans to customers and accrued interest receivables ⁽²⁾	Investments	Properties foreclosed (in million Baht)	Other assets	Total
Pass	113,885 ⁽¹⁾	-	-	-	113,885
Special mention	710	-	-	-	710
Substandard	32	-	-	-	32
Doubtful	-	-	-	-	-
Doubtful of loss	1,156	9	197	5	1,367
Total	115,783	9	197	5	115,994

⁽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.

⁽²⁾ Net of deferred revenue

The Bank
31 December 2013

	Loans to customers and accrued interest receivables ⁽²⁾	Investments	Properties foreclosed (in million Baht)	Other assets	Total
Pass	108,831 ⁽¹⁾	-	-	-	108,831
Special mention	1,219	-	-	-	1,219
Substandard	5	-	-	-	5
Doubtful	4	-	-	-	4
Doubtful of loss	1,345	8	202	4	1,559
Total	111,404	8	202	4	111,618

⁽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.

⁽²⁾ Net of deferred revenue

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23 Deposits

23.1 Classified by product

	Consolidated		The Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	<i>(in thousand Baht)</i>			
Demand	8,006,736	11,641,694	8,006,778	11,641,829
Savings	5,359,631	4,652,953	5,359,650	4,652,992
Fixed				
- Less than 6 months	45,778,514	49,386,784	45,778,514	49,386,784
- 6 months and less than 1 year	17,577,319	9,716,969	17,577,319	9,716,969
- Over 1 year	13,306,325	8,336,409	13,306,325	8,336,409
Total	<u>90,028,525</u>	<u>83,734,809</u>	<u>90,028,586</u>	<u>83,734,983</u>

23.2 Classified by currency and residence of customer

	Consolidated					
	31 December 2014			31 December 2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	87,765,072	1,262,281	89,027,353	82,376,787	850,289	83,227,076
US Dollar	426,529	450,215	876,744	419,541	3,897	423,438
Other currencies	43,571	80,857	124,428	49,008	35,287	84,295
Total	<u>88,235,172</u>	<u>1,793,353</u>	<u>90,028,525</u>	<u>82,845,336</u>	<u>889,473</u>	<u>83,734,809</u>

	The Bank					
	31 December 2014			31 December 2013		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	87,765,133	1,262,281	89,027,414	82,376,961	850,289	83,227,250
US Dollar	426,529	450,215	876,744	419,541	3,897	423,438
Other currencies	43,571	80,857	124,428	49,008	35,287	84,295
Total	<u>88,235,233</u>	<u>1,793,353</u>	<u>90,028,586</u>	<u>82,845,510</u>	<u>889,473</u>	<u>83,734,983</u>

24 Interbank and money market items (Liabilities)

	Consolidated					
	31 December 2014			31 December 2013		
	Demand	Time	Total	Demand	Time	Total
	<i>(in thousand Baht)</i>					
Domestic items:						
Bank of Thailand	-	987,874	987,874	-	1,107,996	1,107,996
Commercial banks	9,700	-	9,700	540	5,600,000	5,600,540
Specialised financial institutions	530	3,000,000	3,000,530	-	3,200,000	3,200,000
Other financial institutions	<u>3,187,443</u>	<u>4,433,773</u>	<u>7,621,216</u>	<u>3,545,552</u>	<u>2,422,188</u>	<u>5,967,740</u>
Total domestic items	<u>3,197,673</u>	<u>8,421,647</u>	<u>11,619,320</u>	<u>3,546,092</u>	<u>12,330,184</u>	<u>15,876,276</u>

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	Consolidated					
	31 December 2014			31 December 2013		
	Demand	Time	Total (in thousand Baht)	Demand	Time	Total
Foreign items:						
US Dollar	-	28,671,692	28,671,692	-	28,687,857	28,687,857
Thai Baht	132,884	-	132,884	221,634	-	221,634
Total foreign items	132,884	28,671,692	28,804,576	221,634	28,687,857	28,909,491
Total domestic and foreign items	3,330,557	37,093,339	40,423,896	3,767,726	41,018,041	44,785,767

	The Bank					
	31 December 2014			31 December 2013		
	Demand	Time	Total (in thousand Baht)	Demand	Time	Total
Domestic items:						
Bank of Thailand	-	987,874	987,874	-	1,107,996	1,107,996
Commercial banks	9,700	-	9,700	540	3,400,000	3,400,540
Specialised financial institutions	530	3,000,000	3,000,530	-	3,200,000	3,200,000
Other financial institutions	3,187,443	4,433,773	7,621,216	3,545,552	2,422,188	5,967,740
Total domestic items	3,197,673	8,421,647	11,619,320	3,546,092	10,130,184	13,676,276
Foreign items:						
US Dollar	-	28,671,692	28,671,692	-	28,687,857	28,687,857
Thai Baht	132,884	-	132,884	221,634	-	221,634
Total foreign items	132,884	28,671,692	28,804,576	221,634	28,687,857	28,909,491
Total domestic and foreign items	3,330,557	37,093,339	40,423,896	3,767,726	38,818,041	42,585,767

25 Debt issued and borrowings

As at 31 December 2014 and 2013, debt issued and borrowings which were dominated entirely in Thai Baht consist of the following:

	Consolidated					
	31 December 2014			31 December 2013		
	Maturity dates	Interest rate (%)	Amount (in thousand Baht)	Maturity dates	Interest rate (%)	Amount (in thousand Baht)
Bills of Exchange	2015	2.52-3.75	992,890	2014-2015	2.53-3.75	2,650,838
Secured debentures ⁽¹⁾	2015-2019	3.24-3.98	15,484,962	2014-2015	3.79-3.98	5,597,732
Unsecured debentures	2015-2018	2.40-4.50	21,250,665	2014-2017	2.80-4.50	20,168,807
Total			37,728,517			28,417,377

⁽¹⁾ Secured debentures were issued by the subsidiary and secured against guarantee from the Bank.

	The Bank					
	31 December 2014			31 December 2013		
	Maturity dates	Interest rate (%)	Amount (in thousand Baht)	Maturity dates	Interest rate (%)	Amount (in thousand Baht)
Bills of Exchange	2015	2.52-3.75	992,890	2014-2015	2.53-3.75	2,650,838
Unsecured debentures			-	2014	3.78	599,982
Total			992,890			3,250,820

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26 Employee benefit obligations

	Consolidated		The Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	<i>(in million Baht)</i>			
Statement of financial position obligations for:				
Post-employment benefits	<u>160</u>	<u>133</u>	<u>121</u>	<u>103</u>
Year ended 31 December	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Statement of comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits	<u>32</u>	<u>22</u>	<u>23</u>	<u>15</u>

The Bank and its subsidiary operate a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

Obligation under the statement of financial position can be summarized as follow:

	Consolidated		The Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	<i>(in million Baht)</i>			
Present value of unfunded obligations	<u>160</u>	<u>133</u>	<u>121</u>	<u>103</u>
Statement of financial position obligations	<u>160</u>	<u>133</u>	<u>121</u>	<u>103</u>

Movement in the present value of the defined benefit obligations:

	Consolidated		The Bank	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Defined benefit obligations at the beginning of the year	133	116	103	93
Benefits paid by the plan	(5)	(5)	(5)	(5)
Current service costs and interest	34	29	23	21
Actuarial gains	<u>(2)</u>	<u>(7)</u>	<u>-</u>	<u>(6)</u>
Defined benefit obligations at the end of the year	<u>160</u>	<u>133</u>	<u>121</u>	<u>103</u>

Expense recognised in the statement of comprehensive income

	Consolidated		The Bank	
Years ended 31 December	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Employee expense				
Current service costs	29	25	19	18
Interest on obligation	5	4	4	3
Actuarial gains	<u>(2)</u>	<u>(7)</u>	<u>-</u>	<u>(6)</u>
Total	<u>32</u>	<u>22</u>	<u>23</u>	<u>15</u>

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The principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated and The Bank	
	31 December 2014	31 December 2013
	(%)	
Discount rate	3.11 - 3.60	3.60
Future salary increases	6	6
Staff turnover rate	0 - 19	0 - 19

Assumptions regarding future mortality are based on published statistics and mortality tables

	2014	2013	Consolidated 2012 (in million Baht)	2011	2010
Present value of long-term Employee benefit obligation	160	133	116	113	92

	2014	2013	The Bank 2012 (in million Baht)	2011	2010
Present value of long-term Employee benefit obligation	121	103	93	94	80

27 Other provisions

	Consolidated and The Bank		
	Share losses from management of non- performing loans (Note 9.4)	Loss from lawsuit	Total
	(in thousand Baht)		
At 1 January 2013	222,000	106,700	328,700
Provisions made	-	3,750	3,750
Provisions reversed	(176,591)	-	(176,591)
Payment made	(23,409)	-	(23,409)
At 31 December 2013 and 1 January 2014	22,000	110,450	132,450
Provisions made	-	900	900
Payment made	-	(109,650)	(109,650)
At 31 December 2014	22,000	1,700	23,700

In May 2014, the Bank was ordered by Supreme Court to pay Baht 109.65 million to a provident fund against the claim lodged by the fund since 1999. The Bank had already recorded the provision of Baht 108.75 million as at 31 December 2013.

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28 Other liabilities

	Consolidated		The Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	<i>(in thousand Baht)</i>			
Other payables	362,865	620,464	142,658	161,997
Cash received in advance	127,464	85,512	868	9,914
Accrued expenses	440,995	385,322	393,276	351,575
Withholding tax payable	18,219	14,174	15,816	11,633
Special business tax payable	20,186	19,281	20,186	19,281
Payables under finance lease contracts	11,744	12,565	-	958
Corporate income tax payable	353,254	221,429	347,329	161,686
Others	271,515	134,685	243,810	100,000
Total	1,606,242	1,493,432	1,163,943	817,044

29 Share capital

	Par value per share (in Baht)	2014		2013	
		Number	Baht	Number	Baht
		<i>(thousand shares/thousand Baht)</i>			
Authorised					
At 1 January					
- ordinary shares	8.92	1,590,002	14,182,817	1,590,002	14,182,817
- preference shares	8.92	451	4,023	451	4,023
Increase of new shares	8.92	670,087	5,977,181	-	-
At 31 December					
- ordinary shares	8.92	2,260,089	20,159,998	1,590,002	14,182,817
- preference shares	8.92	451	4,023	451	4,023
Issued and paid-up					
At 1 January					
- ordinary shares	8.92	1,590,002	14,182,817	1,590,002	14,182,817
- preference shares	8.92	451	4,023	451	4,023
Increase of new shares	8.92	666,508	5,945,254	-	-
At 31 December					
- ordinary shares	8.92	2,256,510	20,128,071	1,590,002	14,182,817
- preference shares	8.92	451	4,023	451	4,023

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 preference shares 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.

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The holders of ordinary shares and preferred shares are entitled to receive dividends as declared, and are entitled to one vote per share at the shareholders' meeting of the Bank.

Issue of new ordinary shares

On 4 August 2014, the Extraordinary General Meeting of the Shareholders No.1/2014 approved the increase of the Bank's registered capital in the amount of Baht 5,977,181,490.12 from the current registered capital of Baht 14,186,840,269.40 to Baht 20,164,021,759.52 by issuing 670,087,611 new authorised ordinary shares at the par value of Baht 8.92 per share. Accordingly, on 4 September 2014, the Bank has registered the paid-up capital increase of Baht 20,132,093,886.16 with the Ministry of Commerce.

30 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Pursuant to Section 116 of the Public Companies Act B.E. 2535, the Bank is required to allocate not less than 5% of its annual net profit, less any accumulated deficit brought forward (if any), to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

On 20 March 2015, the Board of Directors Meeting No. 1/2015 resolved to approve the appropriation of Baht 100 million to a legal reserve from profit for the year 2014. Total legal reserve of the Bank is Baht 300 million.

Other components of equity

Fair value changes in available-for-sale investments

The fair value changes in available-for-sale investments account within equity comprise the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

31 Other components of equity

	Consolidated and The Bank	
	Year ended 31 December 2014	Year ended 31 December 2013
	<i>(in thousand Baht)</i>	
Balance at the beginning of the year	198,651	287,916
Net change in fair value recognized in equity, net of tax	69,180	(89,265)
Balance at the ending of the year	267,831	198,651

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32 Contingent liabilities and Commitments

32.1 Commitments

	Consolidated		The Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	<i>(in million Baht)</i>			
Avals to bills and Guarantees of loans	434	226	15,934	5,826
Letter of credit	219	228	219	228
Other contingencies				
- Undrawn committed line	786	2,428	786	2,428
- Other guarantees	1,159	3,004	1,159	3,004
- Others	2	26	2	26
Total	2,600	5,912	18,100	11,512

32.2 Contingent liabilities from litigations

As at 31 December 2014 and 2013, the Bank and ACL Securities Company Limited (a former subsidiary of the Bank that the Bank has already divested) 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. On 18 July 2013 the Court of the First Instance read the judgment of the Appeal Court that renders the judgment to confirm the judgment of the Court of the First Instance. On 11 October 2013, the plaintiff lodged an appeal with the Supreme Court and both Bank and ACL Securities Company Limited filed statements of objection on 28 November 2013. The case is currently being considered by the Supreme 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. On 26 March 2013 the plaintiff lodged the appeal but the Central Labour Court dismissed the appeal since it was made due to the question of fact that is prohibited by the law. The plaintiff therefore lodged the appeal with the Central Labour Court. On 10 April 2013 the Central Labour Court ordered to revert this case to the Supreme Court for consideration. The case is currently being considered by the Supreme Court. The opinion of the Bank's management is that it is highly unlikely that the Bank will have to pay the claimed amount. As at 31 December 2014 and 2013, the Bank therefore did not create a provision for the claim.

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33 Related parties

For the purposes of these financial statements, parties are considered to be related to the Bank and its subsidiary if the Bank and its subsidiary have the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Bank and its subsidiary are subject to common control or common significant influence. Related parties may be individuals or other entities.

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 key management and related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Industrial and Commercial Bank of China Limited	China	The ultimate parent company of the Bank and a subsidiary
ICBC (Thai) Leasing Company Limited	Thailand	A subsidiary of the Bank
Finansia Syrus Securities Public Company Limited	Thailand	An associated of the Bank
Industrial and Commercial Bank of China (Asia) Limited	Hong Kong	The Company that are related with the ultimate parent company
Industrial and Commercial Bank of China (Macau) Limited	Macau	The Company that are related with the ultimate parent company
Bangkok BTMU Company Limited	Thailand	The Company that are related through the Bank's directors until 30 April 2014
M-Home SPV 3 Company Limited	Thailand	The Company that are related through the Bank's management
Siam Piwat Company Limited	Thailand	The Company that are related through the Bank's directors until 30 April 2014
Siam Piwat Holding Company Limited	Thailand	The Company that are related through the Bank's directors until 30 April 2014
Key management personnel	Thai /Chinese	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Bank and its subsidiary.

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

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The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Interest income	With reference to the terms and prices as offered to other customers
Interest expense	Market rates and/or charged in compliance with the criteria specified by the Bank of Thailand
Dividend income	As announced by the investee company
Fee income	With reference to the terms and prices as offered to other customers

Significant transaction for the years ended 31 December 2014 and 2013 with related parties were as follows:

<i>For the years ended 31 December</i>	Consolidated		The Bank	
	2014	2013	2014	2013
	<i>(in million Baht)</i>			
Parent				
Fee income	-	1	-	1
Interest expenses	328	123	328	123
Fee Expense	11	9	11	9
Associate				
Interest expenses	4	3	4	3
Dividend income	-	-	3	17
Rental income	1	1	1	1
Subsidiary				
Interest income	-	-	336	1,153
Fee income	-	-	32	28
Related companies				
Interest income	-	1	-	1
Interest expenses	1	42	1	42
Dividend income	-	2	-	2
Key management and directors				
Interest expense	1	2	1	2
Key management personnel				
Key management personnel compensation				
Short-term employee benefit	181	174	124	115
Post-employment benefits	22	8	18	5

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Directors and management's remuneration

The Bank's directors and executives from the bank 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 director's 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 director's 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.

Balances with related parties were as follows:

	Consolidated		The Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	<i>(in million Baht)</i>			
<i>Interbank and money market items (assets)</i>				
Industrial and Commercial Bank of China Limited	81	53	81	53
Industrial and Commercial Bank of China Limited - New York	101	7	101	7
Industrial and Commercial Bank of China (Asia) Limited	2	14	2	14
Industrial and Commercial Bank of China (Macau) Limited	-	23	-	23
Industrial and Commercial Bank of China Limited - Other	3	2	3	2
<i>Investments</i>				
ICBC (Thai) Leasing Company Limited	-	-	4,250	4,250
Finansia Syrus Securities Public Company Limited	517	463	305	305
Bangkok BTMU Company Limited ⁽¹⁾	20	20	20	20
<i>Loans to customers</i>				
ICBC (Thai) Leasing Company Limited	-	-	3,232	19,877
<i>Accrued interest receivables</i>				
ICBC (Thai) Leasing Company Limited	-	-	1	12
<i>Allowance for doubtful accounts</i>				
ICBC (Thai) Leasing Company Limited	-	-	32	1,008
<i>Other assets</i>				
Industrial and Commercial Bank of China Limited	1	-	1	-
Industrial and Commercial Bank of China Limited - Guang Dong	9	-	9	-
Finansia Syrus Securities Public Company Limited	1	1	1	1

⁽¹⁾ The relationship ended as at 30 April 2014

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	Consolidated		The Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	<i>(in million Baht)</i>			
<i>Interbank and money market items</i>				
<i>(liabilities)</i>				
Industrial and Commercial Bank of China Limited	18,088	16,628	18,088	16,628
Industrial and Commercial Bank of China Limited - New York	6,992	4,482	6,992	4,482
Industrial and Commercial Bank of China (Asia) Limited	-	3,127	-	3,127
Industrial and Commercial Bank of China - Other	801	-	801	-
Finansia Syrus Securities Public Company Limited	306	183	306	183
<i>Deposits and debts issued and borrowings</i>				
M-Home SPV 3 Company Limited	24	9	24	9
Siam Piwat Company Limited ⁽¹⁾	-	24	-	24
Related persons	86	49	86	49
<i>Other Liabilities</i>				
ICBC (Thai) Leasing Company Limited	-	-	18	20
<i>Off-financial reporting items</i>				
<i>Letter of guarantee</i>				
Industrial and Commercial Bank of China Limited	8	14	8	14
<i>Guarantee on loans</i>				
ICBC (Thai) Leasing Company Limited	-	-	15,500	5,600
<i>Forward exchange contracts-bought</i>				
Industrial and Commercial Bank of China Limited	-	33	-	33
Industrial and Commercial Bank of China Limited - Singapore	2,535	1,044	2,535	1,044
Industrial and Commercial Bank of China (Asia) Limited	-	73	-	73
Finansia Syrus Securities Public Company Limited	326	9	326	9

⁽¹⁾ The relationship ended as at 30 April 2014

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34 Long-term lease agreements

The Bank and its subsidiary have entered into several lease agreements in respect of the equipment. The terms of the agreements are generally between 0.5 year to 15 years. Long-term leases agreements classified by the remaining rental expenses to be paid for long-term leases agreements are as follows:

	Consolidated		The Bank	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
	<i>(in million Baht)</i>			
Within one year	107	122	77	84
After one year but within five years	84	131	69	92
After five years	21	31	21	31
Total	212	284	167	207

35 Segment information

Information about reportable segments was as follows:

The Bank and its subsidiary's business operations involve 2 principal segments: (1) banking business and (2) hire purchase/finance leases business that form the basis of how information is presented to the chief operating decision maker. Respective business segments serve both corporate and retail customers, however retail represents an insignificant portion of the total at the bank level. These operations are carried on in Thailand. The Bank has determined that the Chief Operating Decision Maker is the Executive Committee.

Below is financial information by segment of the Bank and its subsidiary:

	Consolidated				
Financial performance	Banking business	Hire purchase/ finance leases business	Total	Elimination entries	Total
Year ended 31 December 2014			<i>(in million Baht)</i>		
Net interest income	2,278	1,809	4,087	31	4,118
Fee and service income and other income, net	148	231	379	(31)	348
Share of profit from associates	58	-	58	-	58
Other operating income	381	207	588	(3)	585
Other operating expenses	(1,142)	(1,615)	(2,757)	-	(2,757)
Profit before bad debt, doubtful accounts and impairment losses	1,723	632	2,355	(3)	2,352
Bad debt, doubtful accounts and impairment losses	(70)	(796)	(866)	-	(866)
Profit from operation before income tax expense	1,653	(164)	1,489	(3)	1,486
Income tax expenses	(330)	33	(297)	-	(297)
Profit for the year	1,323	(131)	1,192	(3)	1,189
Financial position as at 31 December 2014					
Investment in associates	517	-	517	-	517
Total assets	157,169	45,006	202,175	(7,288)	194,887
Total liabilities	134,093	40,656	174,749	(3,251)	171,498

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Financial performance <i>Year ended 31 December 2013</i>	Consolidated				
	Banking business	Hire purchase/ finance leases business	Total	Elimination entries	Total
			(in million Baht)		
Net interest income	2,443	1,676	4,119	28	4,147
Fee and service income and other income, net	148	354	502	(28)	474
Share of profit from associates	92	-	92	-	92
Other operating income	379	160	539	(17)	522
Other operating expenses	(832)	(1,277)	(2,109)	-	(2,109)
Profit before bad debt, doubtful accounts and impairment losses	2,230	913	3,143	(17)	3,126
Bad debt, doubtful accounts and impairment losses	(811)	(1,055)	(1,866)	-	(1,866)
Profit from operation before income tax expense	1,419	(142)	1,277	(17)	1,260
Income tax expenses	(277)	31	(246)	-	(246)
Profit for the year	1,142	(111)	1,031	(17)	1,014
Financial position as at 31 December 2013					
Investment in associates	463	-	463	-	463
Total assets	148,103	52,613	200,716	(24,002)	176,714
Total liabilities	132,308	48,132	180,440	(19,910)	160,530

36 Interest income

<i>Year ended 31 December</i>	Consolidated		The Bank	
	2014	2013	2014	2013
	(in thousand Baht)			
Interbank and money market item	454,997	86,158	454,873	85,896
Investments in debt securities	1,012,483	721,130	1,012,483	721,130
Loans to customers	3,932,632	3,578,567	4,259,445	4,725,018
Hire-purchase and finance leases	3,398,285	3,552,878	842	891
Others	680	348	680	348
Total	8,799,077	7,939,081	5,728,323	5,533,283

37 Interest expenses

<i>Year ended 31 December</i>	Consolidated		The Bank	
	2014	2013	2014	2013
	(in thousand Baht)			
Deposits	2,347,296	2,128,755	2,347,296	2,128,760
Interbank and money market items	659,109	597,462	597,772	479,010
Contributions to Deposit Protection Agency and Bank of Thailand	467,599	390,231	467,599	390,231
Debt issued - debentures	1,151,777	617,026	1,740	44,080
Borrowings	36,327	47,016	36,327	47,016
Borrowing fee expense	18,910	11,606	19	728
Others	8	29	8	29
Total	4,681,026	3,792,125	3,450,761	3,089,854

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38 Net fees and service income

<i>Year ended 31 December</i>	Consolidated		The Bank	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<i>Fees and service income</i>				
Acceptances, avals and guarantees	17,111	21,791	48,984	49,812
Letter of credit fee income	15,246	9,118	15,246	9,294
Hire purchase/finance lease fee income	231,332	353,965	-	-
Others	42,744	25,451	42,744	25,451
Total fees and service income	306,433	410,325	106,974	84,557
Fees and service expense	(16,806)	(13,505)	(16,806)	(13,505)
Net fees and service income	289,627	396,820	90,168	71,052

39 Net trading income

<i>Year ended 31 December</i>	Consolidated		The Bank	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
<i>Gain (loss) on trading and foreign exchange transactions</i>				
Foreign currencies and foreign currency related derivatives	58,570	73,494	58,581	73,612
Total	58,570	73,494	58,581	73,612

40 Net (loss) gain on investments

<i>Year ended 31 December</i>	Consolidated and The Bank	
	2014	2013
	<i>(in thousand Baht)</i>	
(Losses) gains on sales - General investment	690	(114)
Losses on impairment - General investment	(955)	(137)
Reversal of allowance for impairment - General investment	-	4,080
Net (loss) gain on investments	(265)	3,829

41 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.

42 Bad debt, doubtful accounts and impairment losses

<i>Year ended 31 December</i>	Consolidated		The Bank	
	2014	2013	2014	2013
	<i>(in thousand Baht)</i>			
Bad debts and doubtful accounts				
Interbank and money market items	7,127	(6,423)	7,127	(6,423)
Loans to customers	848,826	1,864,841	52,837	810,237
Loss on debt restructuring	9,822	7,059	9,822	7,059
Total	865,775	1,865,477	69,786	810,873

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43 Income tax expense

Income tax recognised in profit or loss

<i>Year ended 31 December</i>	<i>Note</i>	Consolidated		The Bank	
		2014	2013	2014	2013
		<i>(in thousand Baht)</i>			
Current tax expense					
Current period		601,007	370,652	509,330	206,789
Adjustment for prior years		235	(3,423)	-	270
		<u>601,242</u>	<u>367,229</u>	<u>509,330</u>	<u>207,059</u>
Deferred tax expense					
Movements in temporary differences	20	(304,931)	(121,227)	(184,898)	62,236
		<u>(304,931)</u>	<u>(121,227)</u>	<u>(184,898)</u>	<u>62,236</u>
Total income tax expense		<u>296,311</u>	<u>246,002</u>	<u>324,432</u>	<u>269,295</u>

Income tax recognised in other comprehensive income

<i>Year ended 31 December</i>	Consolidated and The Bank					
	2014			2013		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	<i>(in thousand Baht)</i>					
Other comprehensive income available-for-sale securities	86,475	(17,295)	69,180	(111,582)	22,317	(89,265)
Total	<u>86,475</u>	<u>(17,295)</u>	<u>69,180</u>	<u>(111,582)</u>	<u>22,317</u>	<u>(89,265)</u>

Reconciliation of effective tax rate

<i>Year ended 31 December</i>	Consolidated			
	2014		2013	
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax expense		1,485,786		1,259,956
Income tax using the Thai corporation tax rate	20	297,157	20	251,991
Income not subject to tax		(1,081)		(3,079)
Under (over) provided in prior years		235		(3,423)
Others		-		513
Total	20⁽¹⁾	<u>296,311</u>	20⁽¹⁾	<u>246,002</u>

⁽¹⁾ Effective tax rate

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<i>Year ended 31 December</i>	The Bank			
	2014		2013	
	<i>Rate</i> <i>(%)</i>	<i>(in thousand Baht)</i>	<i>Rate</i> <i>(%)</i>	<i>(in thousand Baht)</i>
		<i>(in thousand Baht)</i>		
Profit before income tax expense		1,595,912		1,327,577
Income tax using the Thai corporation tax rate	20	319,182	20	265,515
Expense not deductible for tax purpose		5,250		3,510
Under provided in prior years		-		270
Total	20⁽¹⁾	324,432	20⁽¹⁾	269,295

⁽¹⁾ Effective tax rate

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively. Royal Decree No. 577 B.E. 2557 dated 10 November 2014 extends the reduction to 20% for the accounting period 2015 which begins on or after 1 January 2015.

The Bank and its subsidiary have applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2014 and 2013 in accordance with the clarification issued by the FAP in 2012.

44 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2014 and 2013 were based on the profit for the years attributable to shareholders of the Bank and the weighted average number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding during the years as follows:

<i>Year ended 31 December</i>	Consolidated		The Bank	
	2014	2013	2014	2013
Profit attributable to shareholders of the Bank <i>(in million Baht)</i>	1,189	1,014	1,271	1,058
Weighted average number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding <i>(million shares)</i>	1,808	1,590	1,808	1,590
Earnings per share (basic) <i>(in Baht)</i>	0.66	0.64	0.70	0.67

45 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Bank and its subsidiary's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated, are set out below. The Bank and its subsidiary do not plan to adopt these TFRS early.

TFRS	Topic	Year effective
TAS 1 (revised 2014)	Presentation of Financial Statements	2015
TAS 7 (revised 2014)	Statement of Cash Flows	2015

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TFRS	Topic	Year effective
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	2015
TAS 10 (revised 2014)	Events after the Reporting Period	2015
TAS 12 (revised 2014)	Income Taxes	2015
TAS 16 (revised 2014)	Property, Plant and Equipment	2015
TAS 17 (revised 2014)	Leases	2015
TAS 18 (revised 2014)	Revenue	2015
TAS 19 (revised 2014)	Employee Benefits	2015
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates	2015
TAS 24 (revised 2014)	Related Party Disclosures	2015
TAS 27 (revised 2014)	Separate Financial Statements	2015
TAS 28 (revised 2014)	Investments in Associates and Joint Ventures	2015
TAS 33 (revised 2014)	Earnings per Share	2015
TAS 34 (revised 2014)	Interim Financial Reporting	2015
TAS 36 (revised 2014)	Impairment of Assets	2015
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	2015
TAS 38 (revised 2014)	Intangible Assets	2015
TFRS 8 (revised 2014)	Operating Segments	2015
TFRS 10	Consolidated Financial Statements	2015
TFRS 11	Joint Arrangements	2015
TFRS 12	Disclosure of Interests in Other Entities	2015
TFRS 13	Fair Value Measurement	2015
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2015
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment	2015
TFRIC 13 (revised 2014)	Customer Loyalty Programmes	2015
TFRIC 14	TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	2015

The Bank and its subsidiary has made a preliminary assessment of the potential initial impact on the Bank and its subsidiary's financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

TFRS 13 - Fair Value Measurement

TFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value guidance that is currently dispersed throughout TFRS. Subject to limited exceptions, TFRS 13 is applied when fair measurements or disclosures are required or permitted by other TFRSs. This change in policy is not expected to have a material impact on the Bank and its subsidiary.

TAS 19 (revised 2014) – Employee Benefits

TAS 19 (revised 2014) requires actuarial gains and losses to be recognised immediately in other comprehensive income, and no longer permits the recognition of actuarial gains and losses in profit or loss currently used by the Bank and its subsidiary. The Bank and its subsidiary will, accordingly change its accounting policy (see note 3(q)) in this regard with retrospective effect. This change in policy is not expected to have a material impact on the Bank and its subsidiary.