

Your Global Partner, Your Reliable Bank



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Industrial and Commercial Bank of China (Thai) Public Company Limited
Annual Report 2015

ICBC  **中国工商银行** (泰国)
ธนาคารไอซีบีซี (ไทย)

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Financial Highlights

2015 2014 2013

Consolidated

Financial position (Million Baht)

| | | | |
|---|---------|---------|---------|
| Loans to customers net of deferred revenue | 135,883 | 146,875 | 137,943 |
| Allowance for doubtful accounts and revaluation on debt restructuring | 4,043 | 3,483 | 3,417 |
| Non-performing loans | 2,137 | 2,508 | 2,746 |
| Total assets | 183,029 | 194,887 | 176,714 |
| Deposits, interbank and money market items and borrowings | 155,292 | 168,181 | 156,938 |
| Liabilities | 3,128 | 3,318 | 3,592 |
| Shareholders' equity | 24,610 | 23,388 | 16,184 |

Performance results (Million Baht)

| | | | |
|---|---------|---------|---------|
| Net interest income | 4,282 | 4,118 | 4,147 |
| Net fee and service income | 284 | 290 | 396 |
| Other operating incomes | 607 | 701 | 691 |
| Other operating expenses ⁽¹⁾ | (1,886) | (1,833) | (1,776) |
| Profit from operation before bad debts, doubtful accounts and impairment losses, including properties foreclosed | 3,287 | 3,276 | 3,458 |
| Bad debts, doubtful accounts and impairment losses, including properties foreclosed | (1,624) | (1,790) | (2,375) |
| Reversal other provisions for TAMC | - | - | 177 |
| Profit from operation before income taxes | 1,663 | 1,486 | 1,260 |
| Income taxes | (328) | (297) | (246) |
| Profit for the years | 1,335 | 1,189 | 1,014 |

⁽¹⁾ exclude item losses on properties foreclosed and reversal of estimate for loss sharing of TAMC

Financial ratio (%)

| | | | |
|---------------------------------|-------|-------|-------|
| Return on average assets (ROA) | 0.71 | 0.64 | 0.66 |
| Return on average equity (ROE) | 5.56 | 6.01 | 6.45 |
| Capital adequacy ratio | 17.85 | 17.60 | 12.61 |
| Basic earnings per share (Baht) | 0.59 | 0.66 | 0.64 |
| Book value per share (Baht) | 10.90 | 10.36 | 10.18 |

Message from the Chairman

Dear All Shareholders and Valued Customers,

The year 2015 was considered an important step forward since the Bank not only successfully carried out its role as the financial center in support of the Thai economy, trades and local investments and bridging them to the global markets but it was also designated as the RMB Clearing Bank in Thailand exclusively by the People's Bank of China on 6 January 2015. This provided the opportunity for the Bank to promote RMB trades and investments as well as various RMB transactions in Thailand which is in line with the rapidly increasing role of RMB as the international currency for settlement of trades and investment.

In 2015, Thailand had to endure various challenges from both domestic and international economic factors. As a result, the country's GDP made a modest growth of 2.8% which was driven by large corporate investments, government expenditure, tourism and many fiscal stimulus plans.

Despite numerous economic headwinds, the Bank was able to perform favorably in 2015. The Bank and its subsidiary had total profits of Baht 1,335 million, an increase of Baht 146 million or 12% from the year before. This success was due, in part, to effective asset management that allowed the Bank to control its NPL ratio as of the end of December 2015 at 1.12%. The total assets of the Bank on a consolidated basis at the end of December 2015 were Baht 183,029 million while the capital fund stood at Baht 24,955 million or a BIS ratio of 17.85%. Moreover, the Bank continued to hold its credit rating by Fitch Ratings at the highest attainable rating of AAA (tha) for the fourth consecutive year affirming the Bank's strong financial position.



Looking ahead, in 2016 the Bank will continue to enhance its competitive edge by focusing on developing new financial products and services that promptly and effectively respond to the needs of our customers. At the same time, the Bank is determined to be a quality organization that operates its business based on good corporate governance and a sense of social responsibility.

Furthermore, the Bank will continue to support local businesses such as large corporate loans to infrastructure projects of the country especially transportation and telecommunication projects. This is so that the Bank will be a part in supporting Thailand to attain her position as the logistics and economic hub of the Greater Mekong Sub-region under the ASEAN Economic Community (AEC) agreement which took effect on 1 January 2016.

As for international business, the Bank will focus on providing support to Chinese businesses in Thailand as well as Thai businesses in China that have high growth potential since the Bank has the expertise and understanding on business cultures and conducts of both countries.

Moreover, through its subsidiary ICBC (Thai) Leasing Company Limited, the Bank plans to expand its Equipment and Fleet Business (EFF) while maintaining the growth of the car leasing business with the focus on good quality of loans.

The Board of Directors realizes that the success of the Bank would come with the support from all stakeholders including the shareholders, customers and business partners as well as the dedication and professionalism of its staff and management. On behalf of the Board of Directors, I would like to offer my sincere appreciation for your continued patronage and look forward to continue serving you with the best possible service.



Dr. Zhigang Li

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

The Board of Directors



Dr. Zhigang Li



Mr. Jian Lu, CFA

Age 42 years

Position

Chairman of the Board of Directors, Industrial and Commercial Bank of China (Thai) Public Company Limited
 • Authorized Director • Chairman of the Executive Committee • Chairman of the Management Committee
 • Chairman of the Board of Directors, ICBC (Thai) Leasing Co., Ltd.

Education

PhD, Economics, Renmin University, P.R. China

Experience

2015-Present Chairman of the Board of Directors/Chairman of the Executive Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2013-Present Chairman of the Management Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2013-2015 Chief Executive Officer/Member of the Executive Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2015-Present Chairman of the Board of Directors, ICBC (Thai) Leasing Co., Ltd. • 2013-2015 Director, Finansia Syrus Securities Public Company Limited • 2011-2013 Deputy General Manager of Corporate Strategy and IR Dept., Industrial and Commercial Bank of China Limited, H.O. • 2008-2011 Deputy CEO of ICBC (Macau) • 2007-2008 Division Head, Corporate Strategy and IR Dept., Industrial and Commercial Bank of China Limited, H.O. • 2004-2006 Division Head, Reform and IPO office, Industrial and Commercial Bank of China Limited, H.O. • 2003-2004 Senior Manager of Risk Management Dept., Industrial and Commercial Bank of China Limited, H.O. • 2002-2003 Manager of Credit Risk Management Dept. and Market Risk Management Dept., ICBC Asia (Hong Kong)

Shareholding (%)

None

Age 39 years

Position

Chief Executive Officer • Authorized Director
 • Member of the Executive Committee

Education

Master of Science in Financial Analysis, Hong Kong University of Science and Technology

Experience

October 2015-Present Authorized Director, Industrial and Commercial Bank of China (Thai) Public Company Limited • November 2015-Present Chief Executive Officer/Member of the Executive Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2014-2015 Chief Expert, Industrial and Commercial Bank of China (Asia) Limited • 2014-2015 General Manager of Global Markets & Trading Dept., Industrial and Commercial Bank of China (Asia) Limited • 2012-2014 General Manager of Global Capital Financing Dept., Industrial and Commercial Bank of China (Asia) Limited • 2010-2012 General Manager of Corporate Banking Products Dept., Industrial and Commercial Bank of China (Asia) Limited • 2007-2012 Deputy Head of Treasury Dept., Industrial and Commercial Bank of China (Asia) Limited • 2006-2007 Senior Manager of Marketing & Sales Division, Global Markets Dept., Industrial and Commercial Bank of China Limited, H.O. • 2005-2006 Senior Manager of Derivatives Trading Division, International Business Dept., Industrial and Commercial Bank of China Limited, H.O. • 2003-2005 Manager of Derivatives Trading Division, International Business Dept., Industrial and Commercial Bank of China Limited, H.O.

Shareholding (%)

None



**Dr. Kosol
Petchsuwan**

Age 77 years

Position

Independent Director • Chairman of the Audit Committee

Education

PhD, Engineering, Imperial College London, UK

Experience

2004-Present Independent Director/Chairman of the Audit Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2011-Present Chairman of the Corporate Governance Committee, TRUE Corporation Public Company Limited • 1999-Present Independent Director/Member of the Audit Committee, TRUE Corporation Public Company Limited • 2014-Present Member of the National Legislative Assembly • 2004-2015 Chairman of the ICT Business Committee, Board of Trade of Thailand • 2001-2009 Director, Mahidol Wittayanusorn School (Public Organization) • 2001-2005 President, the Telecommunications Association of Thailand under the Royal Patronage • 2000-2001 Chairman, Aeronautical Radio of Thailand Limited • 1986-1992 President, King Mongkut's Institute of Technology Ladkrabang

Shareholding (%)

None



**Dr. Prasit
Damrongchai**

Age 75 years

Position

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

Education

PhD, Political Science, University of Oklahoma, USA
• National Defence College (Class 388)

Experience

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

Shareholding (%)

None



Dr. You Ye

Age 44 years

Position

Authorized Director • Member of the Executive Committee

Education

PhD, Business Administration, Accounting, Renmin University, P.R.China

Experience

April 2013-Present Authorized Director/Member of the Executive Committee/Senior Executive Vice President, Branch Banking & Chinese Business Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2009-March 2013 Deputy Head (GM Rank) of ICBC Credit Card Call Centre (Shijiazhuang) • 2008-2009 Deputy Head of General Administration Department & Head of Brand Management Office, ICBC Card Centre • 2008-2008 Deputy Head of Project Department, ICBC Card Centre • 2006-2008 Deputy Head of Sales Department, ICBC Card Centre • 2005-2006 Marketing Department, ICBC Card Centre • 1999-2002 Vice President Marketing & Sales, Beijing EgoChina E-commerce Ltd. • 1996-1999 Sales Controller For North Region, Unilever Wall's (China) Ltd. • 1994-1996 Trade Representative, China National Electronic Materials Corporation

Shareholding (%)

None



Mr. Guohui Song

Age 48 years

Position

Authorized Director • Member of the Executive Committee

Education

MA, Economics, Southwestern University of Finance and Economics, P.R. China

Experience

2010-Present Authorized Director/Member of the Executive Committee/Senior Executive Vice President, Supporting Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-2010 Senior Manager, Industrial and Commercial Bank of China Limited • 2003-2007 Head of Financial Control & IT, ICBC (London)

Shareholding (%)

None



Mr. Jianfeng Zheng

Age 50 years

Position

Director • Member of the Nomination, Compensation and Corporate Governance Committee

Education

Master of Finance, The University of York • Master of Management Engineering, Tianjin University

Experience

February 2015-Present Director/Member of the Nomination, Compensation and Corporate Governance Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • June 2014-Present Senior Expert and Accredited Non-executive Director of Corporate Strategy and Investor Relations Dept., Industrial and Commercial Bank of China Limited, H.O. • September 2010-June 2014 Deputy Head of Supervisory Board Office, Industrial and Commercial Bank of China Limited, H.O. • December 2005-September 2010 Supervisory Commissioner (rank equals to deputy head) of Supervisory Board Office, Industrial and Commercial Bank of China Limited, H.O. • June 2003-December 2005 Division Chief of Office of Supervisors to Industrial and Commercial Bank of China, Supervisory Boards of the Key State-owned Financial Institutions of the State Council (under the charge of China Banking Regulatory Commission) • June 2000-June 2003 Deputy Division Chief of Office of Supervisors to Agricultural Bank of China, Supervisory Boards of the Key State-owned Financial Institutions of the State Council (under the charge of Central Financial Work Committee) • 2014-Present Director, ICBC AXA • 2015-Present Director, TeksilBankasi A.S. • 2015-Present Director, ICBC Standard Bank Plc.

Shareholding (%)

None



Ms. Minmin Wu

Age 43 years

Position

Director • Member of the Nomination, Compensation and Corporate Governance Committee

Education

Master of Accounting, Southwestern University of Finance and Economics, P.R. China

Experience

August 2015-Present Director/Member of the Nomination, Compensation and Corporate Governance Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • December 2014-Present Expert and Accredited Non-executive Director of Corporate Strategy and Investor Relations Dept., Industrial and Commercial Bank of China Limited, H.O. • January 2009-December 2014 Division Head of Corporate Strategy and Investor Relations Dept., Industrial and Commercial Bank of China Limited, H.O. • May 2007-January 2009 Deputy Division Head of Corporate Strategy and Investor Relations Dept., Industrial and Commercial Bank of China Limited, H.O. • August 2006-May 2007 Deputy Division Head of Restructuring and IPO Office, Industrial and Commercial Bank of China Limited, H.O. • August 2001-August 2006 Deputy Head of Planning and Finance Dept., Industrial and Commercial Bank of China Limited, Shenzhen Branch • 2015-Present Director, ICBC Moscow • 2015-Present Non-executive Supervisor, ICBC Credit Suisse • 2015-Present Non-executive Supervisor, ICBC Leasing

Shareholding (%)

None



**TDVC.Col.
Plengsakdi
Prakaspesat**

Age 73 years

Position

Independent Director • Member of the Audit Committee

Education

Honorary Doctorate Degree, Ramkhamhaeng University • Honorary Doctorate Degree, Lampang Rajabhat University • Commerce, Ross College (Dublin), Ireland • National Defence College (Class 311)

Experience

1978-Present Independent Director/Member of the Audit Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2005-2010 Member of the Nomination, Compensation and Corporate Governance Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 1999-Present Independent Director, Bangkok Insurance Plc. • 2005-Present Chairman of the Audit Committee, Bangkok Insurance Plc. • 1997-Present Senior Advisor, Thai Central Chemical Plc. • 2001-Present Advisor, United Flour Mill Plc.

Shareholding (%)

3,374 ordinary shares 0.00015%



**Ms. Ladda
Siri Wattanakosol**

Age 59 years

Position

Independent Director • Member of the Audit Committee

Education

MBA, Thammasart University

Experience

2007-Present Independent Director/Member of the Audit Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2011-Present Independent Director/Chairman of the Audit Committee, Pace Development Corporation Plc. • 2004-2006 Chief of Credit Officer/Executive Vice President, Chief of Credit Corporate Strategy Group, TMB Bank Plc.

Shareholding (%)

None



**Pol.Lt.Gen.
Werapong
Chuenpagdee**

Age 58 years

Position

Independent Director

Education

Master of Public Administration, Chulalongkorn University • Master of Development Administration, National Institute of Development Administration • Bachelor of Public Administration, Royal Police Cadet Academy • National Defence Course, National Defence Studies Institute (Class 52)

Experience

2014-Present Independent Director, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2015-Present Director, Richland Property Development Co., Ltd. • 2015-Present Commissioner of Provincial Police Region 9, Royal Thai Police • 2014-Present Director, Country Group Holding Plc • 2014-2015 Commissioner of Provincial Police Region 7, Royal Thai Police • 2013-2014 Deputy Commissioner of Provincial Police Region 4, Royal Thai Police • 2011-Present Director/Member of the Audit Committee, Thai Hua Rubber Plc. • 2011-Present Director, Fusin Mining Industry (Thailand) Co., Ltd. • 2011-Present Consultant, Thai Industries Association • 2010-2016 Director, Country Group Securities Plc. • 2010-Present Independent Director/Chairman of the Audit Committee, The Sing Sian Yee Pao Daily News Co., Ltd. • 2009-Present Independent Director/Member of the Audit Committee, Country Group Development Plc. • 2002-Present Boonyachinda Foundation for Thai Royal Police and Family

Shareholding (%)

None

Senior Executives



Mr. Jian Lu, CFA

Age 39 years

Position

Chief Executive Officer • Member of the Executive Committee

Education

Master of Science in Financial Analysis, Hong Kong University of Science and Technology

Experience

October 2015–Present Authorized Director, Industrial and Commercial Bank of China (Thai) Public Company Limited • November 2015–Present Chief Executive Officer/Member of the Executive Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2014–2015 Chief Expert, Industrial and Commercial Bank of China (Asia) Limited • 2014–2015 General Manager of Global Markets & Trading Dept., Industrial and Commercial Bank of China (Asia) Limited • 2012–2014 General Manager of Global Capital Financing Dept., Industrial and Commercial Bank of China (Asia) Limited • 2010–2012 General Manager of Corporate Banking Products Dept., Industrial and Commercial Bank of China (Asia) Limited • 2007–2012 Deputy Head of Treasury Dept., Industrial and Commercial Bank of China (Asia) Limited • 2006–2007 Senior Manager of Marketing & Sales Division, Global Markets Dept., Industrial and Commercial Bank of China Limited, H.O. • 2005–2006 Senior Manager of Derivatives Trading Division, International Business Dept., Industrial and Commercial Bank of China Limited, H.O. • 2003–2005 Manager of Derivatives Trading Division, International Business Dept., Industrial and Commercial Bank of China Limited, H.O.

Shareholding (%)

None



Dr. You Ye

Age 44 years

Position

Senior Executive Vice President, Branch Banking & Chinese Business Group • Member of the Executive Committee

Education

PhD, Business Administration, Accounting, Renmin University, P.R. China

Experience

April 2013–Present Authorized Director/Member of the Executive Committee/Senior Executive Vice President, Branch Banking & Chinese Business Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2009–March 2013 Deputy Head (GM Rank) of ICBC Credit Card Call Centre (Shijiazhuang) • 2008–2009 Deputy Head of General Administration Department & Head of Brand Management Office, ICBC Card Centre • 2008–2008 Deputy Head of Project Department, ICBC Card Centre • 2006–2008 Deputy Head of Sales Department, ICBC Card Centre • 2005–2006 Marketing Department, ICBC Card Centre • 1999–2002 Vice President Marketing & Sales, Beijing EgoChina E-commerce Ltd. • 1996–1999 Sales Controller For North Region, Unilever Wall's (China) Ltd. • 1994–1996 Trade Representative, China National Electronic Materials Corporation

Shareholding (%)

None

**Mr. Guohui Song**

Age 48 years

Position

Senior Executive Vice President, Supporting Group
• Member of the Executive Committee

Education

MA, Economics, Southwestern University of Finance and Economics, P.R. China

Experience

2010-Present Authorized Director/Member of the Executive Committee/Senior Executive Vice President, Supporting Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-2010 Senior Manager, Industrial and Commercial Bank of China Limited • 2003-2007 Head of Financial Control & IT, ICBC (London)

Shareholding (%)

None

**Mr. Apichart Kasemkulsiri**

Age 49 years

Position

Senior Executive Vice President, Global Markets Group • Member of the Executive Committee

Education

MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University

Experience

December 2012-Present Member of the Executive Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • January 2016-Present Senior Executive Vice President, Global Markets Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • January 2015-January 2016 Senior Executive Vice President, Treasury and Branding Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • September 2012-January 2015 Senior Executive Vice President, Treasury and Banking Operations Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2010-September 2012 Senior Executive Vice President, Treasury and Branch Operations Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-2010 Senior Executive Vice President, Supporting Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2005-2007 Executive Vice President, Treasury Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2005-Present Director, ICBC (Thai) Leasing Company Limited • 2007-Present Director, Sri Sam Ank Suppliers Company Limited • 2004-Present Director, T.Krung Thai Industry Public Company Limited

Shareholding (%)

None

**Ms. Suree Wipatakanok**

Age 52 years

Position

Executive Vice President, Head of Corporate Banking Division • Member of the Executive Committee

Education

BA, Business Administration, Ramkhamhaeng University

Experience

December 2012-Present Member of the Executive Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-Present Executive Vice President, Corporate Banking Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2006-2007 Executive Vice President, Corporate Banking Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2004-2006 Senior Vice President, Credit & Marketing-Medium Enterprise Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2000-2004 Vice President/Head of Commercial Sales Department, Bank of Asia Public Company Limited • 2006-August 2012 Director, ICBC (Thai) Leasing Company Limited

Shareholding (%)

None



**Mr. Chaiwat
Tanchewawong**

Age 57 years

Position

Executive Vice President, Head of Branch Banking Division • Member of the Executive Committee

Education

MBA, Chulalongkorn University • BBA (Finance) Thammasart University

Experience

December 2012-Present Member of the Executive Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-Present Executive Vice President, Head of Branch Banking Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2005-2007 Senior Vice President, Head of Branch Banking Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2000-2005 Head of Sales, SME Banking Department, Standard Chartered Bank Plc.

Shareholding (%)

None



**Ms. Kanchana
Vongratanakulthon**

Age 60 years

Position

Executive Vice President, Head of Recovery & Credit Card Management Division

Education

BBA, Sukhothai Thammathirath Open University

Experience

December 2013-Present Executive Vice President, Recovery & Credit Card Management Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2012-December 2013 Executive Vice President, Risk Management Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-February 2012 Executive Vice President, Recovery Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2006-2007 Senior Vice President, Recovery Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2005-2006 Senior Vice President, Asset Management Department, Industrial and Commercial Bank of China (Thai) Public Company Limited

Shareholding (%)

None



**Ms. Orapin
Sreesangkom**

Age 52 years

Position

Executive Vice President, Head of Corporate Secretary & Legal Division

Education

LL.M., Harvard Law School, USA • LL.M. (International Banking Law), Boston University School of Law, USA

Experience

2007-Present Executive Vice President, Corporate Secretary & Legal Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2005-2007 Senior Vice President, General Secretariat Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2004-2005 Vice President, Legal and Compliance Department, ACL Securities Company Limited • 2000-2004 Vice President, Capital Markets Legal, SG Asia Credit Securities., Ltd. • 1997-2000 Consultant, Linklaters (Thailand) Limited • 1988-1997 Associate, International Legal Counsellors Thailand Limited

Shareholding (%)

None



**Mr. Som
Pisarnsophon**

Age 51 years

Position

Executive Vice President, Head of Finance & Strategy Division

Education

MS, Industrial Administration, Carnegie-Mellon University, USA

Experience

2008-Present Executive Vice President, Finance & Strategy Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-2008 Senior Vice President, Finance & Strategy Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2006-2007 Senior Vice President, Strategy and Planning Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2008-Present Director, ICBC (Thai) Leasing Company Limited • 2015-Present Director, Finansia Syrus Securities Public Company Limited • 2008-2009 Director, ACL Securities Company Limited

Shareholding (%)

None



**Ms. Sasiwadee
Somboonthum**

Age 56 years

Position

Executive Vice President, Head of Banking Operations Division

Education

MBA, Thammasart University • MS, Information Systems, PACE University, USA

Experience

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

Shareholding (%)

None



**Mr. Wisit
Ausawalaithong**

Age 48 years

Position

Executive Vice President, Head of Information Technology Division

Education

MS, Computer Science, Asian Institute of Technology

Experience

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

Shareholding (%)

None



**Mr. Wasun
Muangmee**

Age 57 years

Position

Executive Vice President, Head of Risk Management Division

Education

BA, Education, Chulalongkorn University

Experience

October 2013-Present Executive Vice President, Risk Management Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2010-October 2013 Senior Vice President, Credit Risk Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-2010 First Vice President, Credit Risk Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2005-2007 Vice President, Credit Risk-Retail Banking & Branch Banking Department, Industrial and Commercial Bank of China (Thai) Public Company Limited

Shareholding (%)

None



**Mr. Yongmin
Tang**

Age 42 years

Position

Executive Vice President, Head of Chinese Business Center Division

Education

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

Experience

February 2015-Present Executive Vice President, Head of Chinese Business Center Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • January 2015-February 2015 Executive Vice President, Deputy Head of Division, Chinese Business Center Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • February 2012-December 2014 Executive Vice President, Deputy Head of Division, Branch Banking Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2008-2011 Deputy General Manager, Personal Banking Business Department, Industrial and Commercial Bank of China Limited, Anhui Regional Headquarters • 2005-2007 Division Head, Personal Banking Business Department, Industrial and Commercial Bank of China Limited, Anhui Regional Headquarters • August 2012-March 2015 Director, ICBC (Thai) Leasing Company Limited

Shareholding (%)

None



**Mr. Nathapol
Sukhum**

Age 44 years

Position

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

Education

MBA, Assumption University (ABAC)

Experience

2014-Present Executive Vice President, Deputy Head of Division, Branch Banking Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2014 Senior Vice President, SME Business Network Head-Medium SMEs Network (Eastern Area), SME Business Division, Kasikornbank Plc. • 2009-2013 First Vice President-Senior Vice President, Department Head-Medium SME Segment Management Department, SME Business Division, Kasikornbank Plc. • 2007-2008 Assistant Vice President-Vice President, Team Leader, SME Business Marketing Management Department, SME Business Division, Kasikornbank Plc.

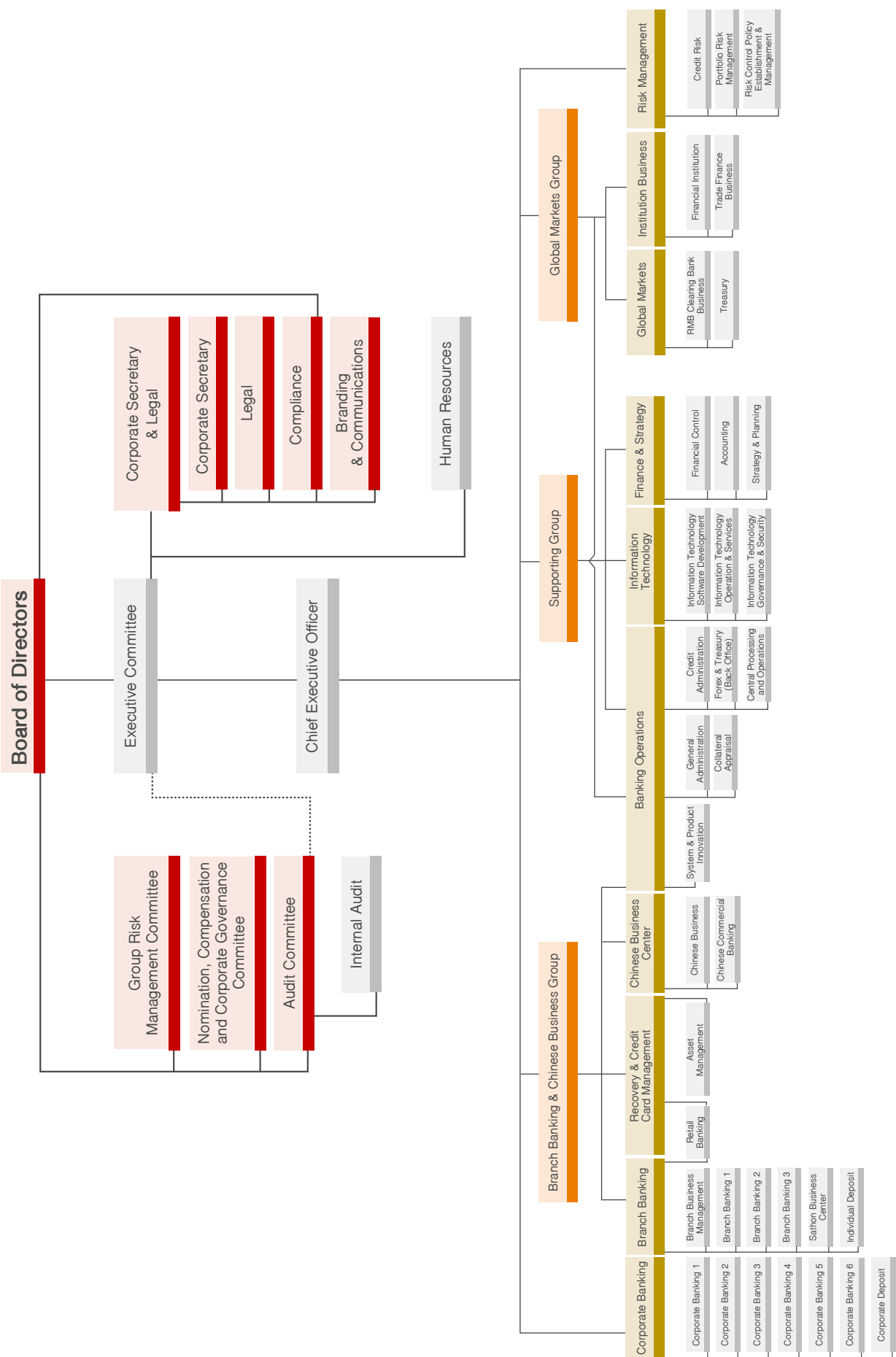
Shareholding (%)

None

Executive Officers

| No. | Name | Corporate Title | Division/Department |
|-----|--------------------------------|-----------------------|---|
| 1 | Mr. Senut Chavana | Senior Vice President | Legal Department, Human Resources Department (Acting) |
| 2 | Mr. Sayarm Lohsawat | Senior Vice President | Corporate Banking 2 Department |
| 3 | Ms. Narumol Meksingvee | Senior Vice President | Individual Deposit Department, Corporate Deposit Department (Acting) |
| 4 | Mr. Thanin Wanasuthanon | Senior Vice President | Chinese Business Department |
| 5 | Ms. Araya Watanakun | Senior Vice President | Central Processing and Operations Department |
| 6 | Ms. Kulnida Cheausuwan | Senior Vice President | Treasury Department |
| 7 | Ms. Suwimol Itthiputh | Senior Vice President | Institution Business Division (Acting) |
| 8 | Mr. Seksan Chunseecheai | Senior Vice President | Portfolio Risk Management Department, Credit Risk Department (Acting) |
| 9 | Ms. Urai Chatvattananon | First Vice President | Internal Audit Department |
| 10 | Ms. Samerjai Charoensri | First Vice President | Compliance Department |
| 11 | Ms. Patsamon Sanghiran | First Vice President | Branding & Communications Department |
| 12 | Mr. Ponganan Settacharnwit | First Vice President | Corporate Banking 3 Department |
| 13 | Ms. Rachanoke Vichitlekarn | First Vice President | Corporate Banking 4 Department |
| 14 | Ms. Wanpen Yongchayanuntakul | First Vice President | Branch Banking 1 Department |
| 15 | Mr. Methin Leosirichai | First Vice President | Branch Banking 2 Department |
| 16 | Mr. Supakit Olarachin | First Vice President | Branch Banking 3 Department |
| 17 | Ms. Narissara Chaowarit | First Vice President | Sathon Business Center |
| 18 | Mr. Wei Wang | First Vice President | Retail Banking Department |
| 19 | Mr. Chairat Kongkreingkrai | First Vice President | Asset Management Department |
| 20 | Ms. Naiyana Noibanchong | First Vice President | System & Product Innovation Department |
| 21 | Mr. Kornthana Tonnamning | First Vice President | General Administration Department |
| 22 | Mr. Ayanut Dussadeesimarath | First Vice President | Collateral Appraisal Department |
| 23 | Mr. Wijit Sriwijitchok | First Vice President | Foreign Exchange & Treasury (Back Office) Department |
| 24 | Mr. Xing Zan | First Vice President | Information Technology Governance & Security Department |
| 25 | Mr. Liyong Zhang | First Vice President | Financial Control Department |
| 26 | Ms. Suntaree Thummaratchapimon | First Vice President | Accounting Department |
| 27 | Mr. Gan Huang | First Vice President | Financial Institution Department |
| 28 | Mr. Zhuhua Chen | First Vice President | Risk Control Policy Establishment & Management Department |
| 29 | Mr. Gonglong Hou | Vice President | Chinese Commercial Banking Department (Acting) |
| 30 | Mr. Usa Rodpon | Vice President | Credit Administration Department (Acting) |
| 31 | Mr. Permsak Tananon | Vice President | Information Technology Operation & Services Department |
| 32 | Ms. Yanna Cai | Vice President | Trade Finance Business Department |

Organization Chart



Description of Business



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

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

shares traded on the SET and changed the name of the Bank to “Industrial and Commercial Bank of China (Thai) Public Company Limited” becoming a part of the ICBC Group. On 19 March 2011, the Bank delisted from the SET. At present, ICBC holds 97.86% of the total shares sold of the Bank.

As a fully licensed commercial bank, the Bank aims to be on the forefront of commercial banks in Thailand on international banking service. Being a part of the ICBC Group means customers of the Bank are able to fully utilize the services provided by the Group’s network which is growing at a rapid pace in China as

well as around the world. As of the end of 2015, the ICBC Group had a total of 17,094 branches and service centers in China and 404 additional branches in 42 countries around the world. Furthermore, ICBC also has more than 1,611 correspondent banks across the globe.

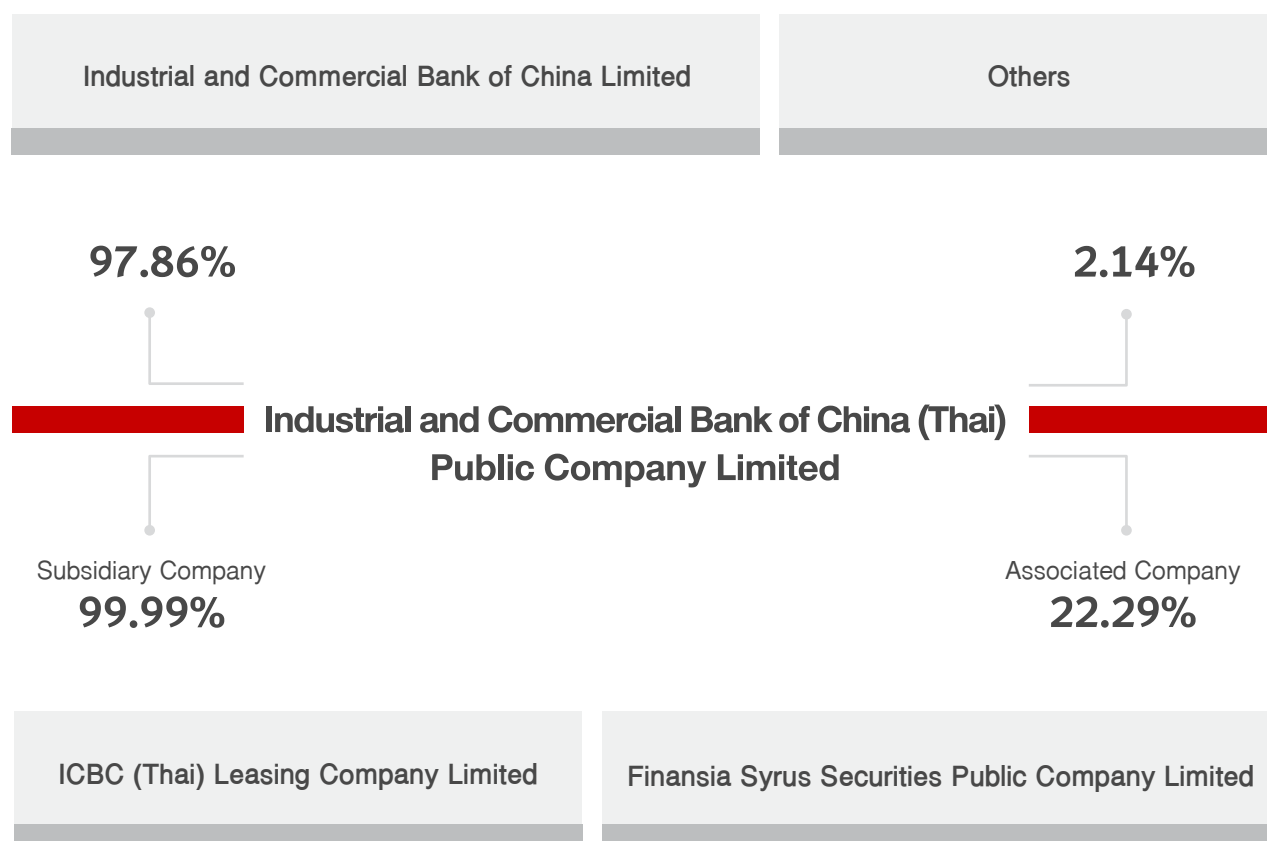
At present, the Bank has one subsidiary, ICBC (Thai) Leasing Company Limited, which the Bank owns 99.99%, the company

offers leasing and hire purchase services. Moreover, the Bank has one associated company, Finansia Syrus Securities Public Company Limited, the company which the Bank owns a 22.29% stake, offers securities services.

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

Shareholders' structure of ICBC (Thai) Group

(as of 31 December 2015)



Corporate Social Responsibility

ICBC (Thai)'s Contribution to Society

The Bank is committed to and realizes the importance of being an organization of quality, good corporate governance and corporate social responsibility (CSR). As a member of a community, the Bank continues to take an active role in contributing to society through various activities, especially on the development of Thai youths, who are the future of the nation. In addition, the Bank continues to firmly promote volunteer spirits to its employees.



For many years, the Bank has been organizing various CSR activities with the focus on youth development through promoting equal educational and social opportunities, sharing useful knowledge, supporting healthy living, aiming for insightful knowledge improvement and emotional development in order to inspire creativity among children, which will nurture them to grow up as competent adults.

In 2015, the Bank organized several CSR activities including donations of multi-purpose court, children playground, thought-provoking books and providing special luncheon to children in remote areas of northern and southern provinces. The Bank also donated blankets to students, border patrol police and local communities who were affected by severe cold weather in the northern and northeastern regions of Thailand. Moreover, the Bank hosted a sight-seeing activity for underprivileged children from the Mahamek Home for Boys called “Open up the World with ICBC (Thai)” so that these boys would have the opportunity to explore the world outside their classrooms.





ICBC (Thai) Partaking the Saving for Change Project

The Thai Bankers' Association (TBA) has received a policy from the Ministry of Finance in 2013 to promote financial literacy and financial discipline to youth groups and self-employed groups in the Nakhon Pathom and Lampang provinces. This is a 3-year project, headed by the TBA and assigned to the CSR Club of the TBA (TBCSR) to commence the project targeting students at undergraduate level in the Nakhon Pathom area as a pilot project with cooperation from the National Council for Child and Youth Development under the Royal Patronage of HRH Princess Maha Chakri Sirindhorn (NCYD), the Stock Exchange of Thailand (SET), the Financial Consumer Protection Center (FCC) of the Bank of Thailand, the Anti-Money Laundering Officer (AMLO) and the New Generation Development of the Eastern Region.

ICBC (Thai) as a member of the TBCSR had joined the Saving for Change's pilot project (for the years 2014-2015) in which the TBCSR successfully completed the following targets:

1) Improved the skills on financial literacy and financial discipline of the trainers from 15 member banks totaling 41 trainers.



2) Trained 280 undergraduate students from 7 educational institutions and the Children and Youth Council of Thailand of which 75 students were able to become Peer Educators. During this period they arranged 15 activities educating a total of 4,387 people.

3) Developed the "4 Keys to Financial Success" course to be used as a standard course by the financial institutions in training youths at undergraduate level.

From the aforementioned successful implementations of the project, the Bank has decided to join the TBCSR and other agencies in implementing Phase 2 of the Saving for Change Project in order to enhance the success of the project to the leaders of the educational institutions in the Nakhon Pathom area for another year in 2016.

Report of the Audit Committee

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

In 2015, the Audit Committee performed its duties and responsibilities according to the scope and authority assigned by the Board of Directors as defined in the Audit Committee Charter. Throughout the year 2015, the Audit Committee held six meetings with full attendance of Audit Committee members. The Audit Committee reported the significance of its performed duties in each quarter to the Board of Directors with a summary as follows:

1. Financial Statements

The Audit Committee reviewed the accuracy and reliability of the semi-annual and annual financial statements of the Bank itself and the consolidated financial statements as well as the adequacy of disclosure of information supplementary to the financial statements and considered the issues noted from the audit of the financial statements conducted by the external auditors. The review was made along with the management from the Accounting Department and always with the external auditors in attendance by considering the accounting information, compliance with accounting standards and regulatory requirements. Furthermore, the Audit Committee held one meeting with the external auditors without the participation of the Bank's management to discuss the independence of the auditors and restrictions or limitations in performing their duties and expressing opinions and any points of concern arising from their audits.

Considering the auditor's opinion expressed in the financial statements as well as the issues raised from examination of the external auditors, the Audit Committee opined that the Bank has maintained an adequate control system for preparing the financial statements. The Audit Committee considered and opined in line with the opinion of the external auditors that the financial statements fairly presented and adequately disclosed reliable information in conformity with the generally accepted accounting principles. The results of the consideration on the annual financial statements and approval on the annual financial statements as per the authority delegated by the Board of Directors made by the Audit Committee were presented to the Board of Directors for endorsement and acknowledgement, respectively in the subsequent meeting. Meanwhile, the noticeable issues raised by the external auditors in the management letter were also brought into the consideration and acknowledgement of the Board of Directors as well. In the course of the external auditors' duties, they have independently performed their duties without limitation. The points of concern raised by the external auditors had been brought to the attention of the Audit Committee. It was reported that such concerns have been made well aware of and been well managed by the Bank's responsible executives.

2. Internal Control and Audit System

The Audit Committee considered the results of control assessment and the efficiency of the Bank and its subsidiary's management in relation to both operations and information technology through the reports of Internal Audit Department and those of external auditors. Appropriate discussion with relevant executives would be taken as the case may be for ensuring the implementation of sound and adequate internal control system. In year 2015, the Audit Committee discussed with the relevant managements in regard to new product which is the risk participation for ensuring the smoothness of the operations and the services provision to the customers. There were no significant noticeable deficiencies.

In the year 2015, the Audit Committee considered and supported the implementation of anti-corruption project by acknowledging the project timeline and following up the project's action plan and its progress for ensuring the compliance with the Self-Evaluation Tool for Countering Bribery of the Bank.

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

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

3. Regulatory Compliance

The Audit Committee supervised the Bank's compliance monitoring system through the operation audit. In addition, the Audit Committee regularly acknowledged reports on regulatory changes affecting the banking operations through the report of the Compliance Department.

As for business operation undertakings in year 2015 based upon the supervision through the whole year audit functions, there was no significant incompliance with the regulations of the Bank's supervisory authorities, nor any issues regarding conflict of interest. The Audit Committee opined that the Bank maintained the appropriate compliance functions to ascertain compliance with requirements and laws relevant to the banking business.

4. Statutory Auditors

Reference is made to the policy of the Industrial and Commercial Bank of China Limited ("ICBC"), the Bank's parent company which requests all subsidiaries to maintain the identical statutory auditors in order to facilitate the financial audits as a whole. From the year 2013 onwards, KPMG (Thailand) Co., Ltd. was recommended by ICBC to be the statutory auditors of the Bank and its subsidiary. Although the selection of audit firm proceeded through the recommendation of the ICBC, in the consideration process, the Audit Committee still considered the performance, independency and qualifications of the statutory auditors as well as the quality of the auditing services as usual.

The result of the consideration of the Audit Committee to propose KPMG Phoomchai Audit Ltd. to be the statutory auditors of the Bank and its subsidiary for the year of 2016 shall be proposed together with their remuneration (which been negotiated worldwide by the Bank's parent company) to the Board of Directors for consideration and further submission to the 2016 shareholders' meeting for approval.



Dr. Kosol Petchsuwan

Chairman of the Audit Committee

Report of the Nomination, Compensation and Corporate Governance Committee

The Nomination, Compensation and Corporate Governance Committee (NCC) of Industrial and Commercial Bank of China (Thai) Public Company Limited (the Bank) comprises of three Non-executive Directors with the Chairman being an Independent Director. In June 2015, the NCC welcomed a new member, Ms. Minmin Wu, who replaced Dr. Li Lan as member of the NCC and Director of the Bank.

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

In the year 2015, the NCC held 4 meetings, in total, to conduct the following matters:

- Considered the nomination of qualified persons who were not prohibited by the regulations of the Bank of Thailand for Members of a Committee of the Bank and Directors who were retiring by rotation and to be reappointed for another term, to the Board of Directors and/or the Shareholders' Meeting for appointment.
- Considered the remuneration, welfare and benefits of the Chief Executive Officer and recommended it to the Board of Directors for approval.
- Considered the remuneration of Directors and recommended it to the Board of Directors for approval.
- Considered the annual increase of salaries and bonuses for the Senior Executives as assigned by the Board of Directors.
- Reviewed the positions held in other companies by the Directors and Senior Executives of the Bank to ensure that they are able to fully devote time to perform their duties to the Bank effectively and submitted the review to the Board of Directors for approval.
- Conducted the annual review of the Bank's Corporate Governance Policy to be proposed to the Board of Directors for approval as well as conducted the annual review of the policies on corporate governance and business ethics.
- Considered the amendments to the Policy, Criteria and Procedures for the Recruitment and Compensation of the Chief Executive Officer and Senior Executives and recommended to the Board of Directors for approval.
- Considered the amendments to the Bank's Business Ethics.
- Considered the re-appointment of the retiring Audit Committee Members and recommended to the Board of Directors for approval.
- Considered and approved the NCC Report for the year 2014.
- Considered the extension of staff retirement for senior executives at EVP level and recommended it to the Board of Directors for approval.
- Acknowledged the complaints of the Bank, recommended remedial actions to ensure justice to all parties and submitted such recommendations to the Board of Directors for approval.
- Acknowledged the results of the Board of Directors Assessment 2014.

During the year, the NCC also conducted 1 session of written resolution to consider the following matters:

- Considered the nomination of qualified persons who were not prohibited by the regulations of the Bank of Thailand for the positions of the Chairman of the Board of Directors, the Chairman of the Executive Committee, the Chief Executive Officer and a new Director.
- Considered the adjustment bonus payment for expatriate senior directors
- Considered the bonus for the Chairman of the Executive Committee and recommended it to the Board of Directors for approval.

As a financial institution in a robust economy like Thailand, effective corporate governance principles are crucial for ensuring accountability, transparency and proper functioning of the Bank as well as the financial system and the economy. Thus, it is obligatory that the NCC ensures that the Bank diligently complies with the principles of corporate governance of the Bank of Thailand. Indeed, good corporate governance practices not only promote the credibility and reputation of the Bank but also promote the sustainability of the economy as a whole.



Dr. Prasit Damrongchai

Chairman of the Nomination, Compensation
and Corporate Governance Committee

Analysis of Operating Results and Financial Position

Operating Results

In 2015, the Bank and its subsidiary posted profit before tax of Baht 1,663 million, representing an increase of Baht 177 million or 12% from 2014.

Net Interest income amounted to Baht 4,282 million, representing an increase of Baht 164 million or 4% from 2014.

Non-interest income was Baht 891 million, a decrease of Baht 100 million or 10% from 2014. In Y 2014 the Bank realized a Baht 235 million gain on disposals of non-performing loans. If excluded this item, total non-interest income in Y 2015, would represent an increase of Baht 135 million or 18% from Y 2014.

Total other operating expense was Baht 2,426 million, representing a decrease of Baht 331 million or 12% from 2014. Total other operating expense included losses on properties foreclosed. If excluded this item, the total other operating expenses in Y 2015 would increase Baht 53 million or 3% from Y 2014.

In 2015, the Bank and its subsidiary recorded expenses related to bad debt, doubtful accounts and impairment losses in the amount of Baht 1,084 million representing an increase of Baht 218 million from 2014 or 25%. The amount is higher than the regulatory requirements. The Bank conservatively set it in light of the uncertainty in the Thai and world economy.

(Unit : Million Baht)

| Profit & Loss Statements | 2015 | 2014 | % change |
|--|--------------|--------------|-------------|
| Net interest income | 4,282 | 4,118 | 4% |
| Non-interest income | 891 | 991 | (10)% |
| Total net interest income and non-interest income | 5,173 | 5,109 | (1)% |
| Total other operating expenses | (2,426) | (2,757) | (12)% |
| Operating profit | 2,747 | 2,352 | 17% |
| Bad debt, doubtful accounts and impairment losses | (1,084) | (866) | 25% |
| Profit before tax | 1,663 | 1,486 | 12% |
| Income tax expense | (328) | (297) | 11% |
| Profit after tax | 1,335 | 1,189 | 12% |

Financial Position

The total assets of the Bank and its subsidiary at the end of 2015 amounted to Baht 183,029 million, representing a decrease of Baht 11,858 million or 6% from the end of 2014.

Loans to customers net of deferred revenue decreased from Baht 146,875 million to Baht 135,883 million, representing a decrease of Baht 10,992 million or 7% from the end of 2014. The decrease in loans was mainly from the decrease of international loans and hire purchase loans.

| Key balance sheets items | (Unit : Million Baht) | | |
|---|-----------------------|-----------|----------|
| | 31 Dec 15 | 31 Dec 14 | % change |
| Total assets | 183,029 | 194,887 | (6)% |
| Loans to customers net of deferred revenue | 135,883 | 146,875 | (7)% |
| Deposits, interbank and money market items and borrowings | 155,292 | 168,181 | (8)% |

Total liabilities of the Bank and its subsidiary at the end of 2015 amounted to Baht 158,419 million, decreased from the end of 2014 by Baht 13,079 million or 8%. This is in accordance with the decrease in the Bank's total assets.

Shareholder's equity of the Bank and its subsidiary at the end of 2015 stood at Baht 24,610 million, representing an increase of Baht 1,222 million or 5% from the end of 2014. The book value of the Bank and its subsidiary as of 31 December 2015 was Baht 10.90 per share, increased from Baht 10.36 per share at the end of 2014.

Asset Quality

At the end of 2015, the Bank and its subsidiary's ratio of non-performing loans (NPLs) to total loans, before the deduction of allowance for doubtful accounts, was 1.56%, lower than the end of 2014 which was 1.59%.

Capital Adequacy Ratio

As at 31 December 2015, the Bank and its subsidiary had capital fund of Baht 24,955 million, representing an increase of Baht 2,003 million from 2014 which was Tier-1 capital of Baht 23,316 million and Tier-2 capital of Baht 1,639 million. The capital adequacy ratio stood at 17.85%.

(Unit : Million Baht)

| | 31 Dec 15 | 31 Dec 14 |
|----------------------|-----------|-----------|
| Capital funds | | |
| Tier 1 capital | 23,316 | 21,543 |
| Tier 2 capital | 1,639 | 1,409 |
| Total capital funds | 24,955 | 22,952 |

(Unit : Percentage)

| | | |
|--|--------|--------|
| Capital ratios | | |
| Tier 1 capital to total risk weighted assets | 16.68% | 16.52% |
| Tier 2 capital to total risk weighted assets | 1.17% | 1.08% |
| Total capital / Total risk weighted assets | 17.85% | 17.60% |

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 2015, the consolidated and the Bank's statements of profit or loss and other 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 2015, 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

11 March 2016

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

| | | Consolidated | | The Bank | |
|--|-------------|---------------------|--------------------|--------------------|--------------------|
| | | 31 December | | 31 December | |
| Assets | <i>Note</i> | 2015 | 2014 | 2015 | 2014 |
| <i>(in thousand Baht)</i> | | | | | |
| Cash | | 369,306 | 364,389 | 368,455 | 363,487 |
| Interbank and money market items, net | 8 | 2,056,608 | 12,027,094 | 1,891,397 | 11,818,191 |
| Derivative assets | 9 | 122,817 | 339,729 | 122,310 | 339,729 |
| Investments, net | 10 | 45,010,528 | 35,474,259 | 45,010,528 | 35,474,259 |
| Investments in a subsidiary and an associate, net | 11, 12 | 526,629 | 517,433 | 4,554,874 | 4,554,874 |
| Loans to customers and accrued interest receivables, net | 13 | | | | |
| Loans to customers | | 140,927,378 | 153,399,539 | 99,698,329 | 105,043,854 |
| Accrued interest receivables | | 230,174 | 232,138 | 230,811 | 233,004 |
| Total loans to customers and accrued interest receivables | | 141,157,552 | 153,631,677 | 99,929,140 | 105,276,858 |
| Less deferred revenue | | (5,044,122) | (6,524,675) | (58) | (1,497) |
| Less allowance for doubtful accounts | 16 | (4,029,494) | (3,462,588) | (2,953,174) | (2,469,075) |
| Less revaluation allowance for debt restructuring | 17 | (13,725) | (20,605) | (13,725) | (20,605) |
| Total loans to customers and accrued interest receivables, net | | 132,070,211 | 143,623,809 | 96,962,183 | 102,785,681 |
| Properties foreclosed, net | 18 | 882,446 | 952,305 | 812,191 | 812,406 |
| Premises and equipment, net | 19 | 124,990 | 157,311 | 97,985 | 110,801 |
| Intangible assets, net | 20 | 40,428 | 56,257 | 34,914 | 48,110 |
| Leasehold right, net | | 154,428 | 165,073 | 154,428 | 165,073 |
| Deferred tax assets, net | 21 | 705,914 | 647,296 | 329,198 | 233,776 |
| Accrued income, net | | 399,982 | 361,684 | 395,604 | 357,050 |
| Receivables on credit support for derivative contracts | | 601 | 24,396 | 601 | 24,396 |
| Other receivables, net | | 232,513 | 145,967 | 141,254 | 83,714 |
| Other assets, net | 22 | 332,051 | 29,591 | 16,993 | 18,449 |
| Total assets | | 183,029,452 | 194,886,593 | 150,892,915 | 157,189,996 |

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

| | Note | Consolidated | | The Bank | |
|--|--------------|--------------------|--------------------|--------------------|--------------------|
| | | 31 December | | 31 December | |
| Liabilities and equity | | 2015 | 2014 | 2015 | 2014 |
| | | (in thousand Baht) | | | |
| Liabilities | | | | | |
| Deposits | 24 | 86,194,650 | 90,028,525 | 86,201,364 | 90,028,586 |
| Interbank and money market items | 25 | 35,876,646 | 40,423,896 | 35,876,646 | 40,423,896 |
| Liabilities payable on demand | | 13,744 | 6,053 | 13,744 | 6,053 |
| Derivative liabilities | 9 | 281,721 | 530,672 | 281,250 | 530,672 |
| Debt issued and borrowings | 26 | 33,220,665 | 37,728,517 | 2,733,267 | 992,890 |
| Employee benefit obligations | 27 | 172,957 | 159,611 | 143,415 | 121,079 |
| Other provisions | 28 | 23,700 | 23,700 | 23,700 | 23,700 |
| Accrued interest payables | | 692,887 | 991,169 | 531,309 | 802,090 |
| Other liabilities | 29 | 1,942,496 | 1,606,242 | 1,014,135 | 1,163,943 |
| Total liabilities | | 158,419,466 | 171,498,385 | 126,818,830 | 134,092,909 |
| Equity | | | | | |
| Share capital | 30 | | | | |
| 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 | | 20,159,998 | 20,159,998 | 20,159,998 | 20,159,998 |
| 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 | | 20,128,071 | 20,128,071 | 20,128,071 | 20,128,071 |
| Other components of equity | 10.3, 31, 32 | 154,534 | 267,831 | 154,534 | 267,831 |
| Retained earnings | | | | | |
| Appropriated | | | | | |
| Legal reserve | 31 | 400,000 | 300,000 | 400,000 | 300,000 |
| Unappropriated | | 3,923,358 | 2,688,283 | 3,387,457 | 2,397,162 |
| Equity attributable to the Bank's shareholders | | 24,609,986 | 23,388,208 | 24,074,085 | 23,097,087 |
| Non-controlling interest | | - | - | - | - |
| Total equity | | 24,609,986 | 23,388,208 | 24,074,085 | 23,097,087 |
| Total liabilities and equity | | 183,029,452 | 194,886,593 | 150,892,915 | 157,189,996 |



(Mr. Jian Lu)
Chief Executive Officer



(Mr. Guohui Song)
Senior Executive Vice President

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

| | | Consolidated | | The Bank | |
|---|------|------------------------|------------------|------------------------|------------------|
| | | Year ended 31 December | | Year ended 31 December | |
| | Note | 2015 | 2014 | 2015 | 2014 |
| | | (in thousand Baht) | | | |
| Interest income | 37 | 8,031,867 | 8,799,077 | 5,257,798 | 5,728,323 |
| Interest expense | 38 | 3,750,018 | 4,681,026 | 2,636,940 | 3,450,761 |
| Net interest income | | 4,281,849 | 4,118,051 | 2,620,858 | 2,277,562 |
| Fees and service income | | 333,779 | 306,433 | 151,677 | 106,974 |
| Fees and service expense | | 49,986 | 16,806 | 49,986 | 16,806 |
| Net fees and service income | 39 | 283,793 | 289,627 | 101,691 | 90,168 |
| Net trading income | 40 | 106,757 | 58,570 | 101,548 | 58,581 |
| Net loss on investments | 41 | (15) | (265) | (15) | (265) |
| Share of profit of associate | 12 | 31,224 | 57,705 | - | - |
| Gains on disposals of equipment, properties foreclosed and other assets | | 8,793 | 67,834 | 3,353 | 62,750 |
| Bad debts recovered | | 296,983 | 171,585 | 74,610 | 58,597 |
| Dividends income | | 9,250 | 9,718 | 31,279 | 13,187 |
| Gains on disposals of non-performing loans | 13.7 | - | 235,496 | - | 235,496 |
| Other operating income | | 154,117 | 100,446 | 50,998 | 11,179 |
| Total operating income | | 5,172,751 | 5,108,767 | 2,984,322 | 2,807,255 |
| Other operating expenses | | | | | |
| Employee expenses | | 1,121,518 | 1,067,766 | 765,886 | 702,874 |
| Directors' remuneration | 42 | 14,078 | 18,336 | 14,078 | 18,335 |
| Premises and equipment expenses | | 203,582 | 191,892 | 120,869 | 119,475 |
| Taxes and duties | | 152,754 | 155,785 | 139,979 | 144,503 |
| Amortisation expense on intangible assets | | 17,186 | 19,204 | 13,303 | 15,006 |
| Losses on properties foreclosed (reversal) | | 539,847 | 924,139 | (1,555) | 2,486 |
| Others | | 376,182 | 380,084 | 123,642 | 138,878 |
| Total other operating expenses | | 2,425,147 | 2,757,206 | 1,176,202 | 1,141,557 |
| Bad debts, doubtful accounts and impairment losses | 43 | 1,084,375 | 865,775 | 448,181 | 69,786 |
| Profit from operations before income tax expense | | 1,663,229 | 1,485,786 | 1,359,939 | 1,595,912 |
| Income tax expense | 44 | 328,154 | 296,311 | 269,644 | 324,432 |
| Profit for the year | | 1,335,075 | 1,189,475 | 1,090,295 | 1,271,480 |

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 | 2015 | 2014 | 2015 | 2014 |
| | | (in thousand Baht) | | | |
| Other comprehensive income | | | | | |
| Items that are or may be reclassified to profit or loss | | | | | |
| Net change in fair value of available-for-sale investments | | (141,621) | 86,475 | (141,621) | 86,475 |
| Income tax on other comprehensive income | 44 | 28,324 | (17,295) | 28,324 | (17,295) |
| Other comprehensive income (loss) for the year, | | | | | |
| net of income tax | | (113,297) | 69,180 | (113,297) | 69,180 |
| Total comprehensive income for the year | | 1,221,778 | 1,258,655 | 976,998 | 1,340,660 |
| Profit attributable to | | | | | |
| Shareholders of the Bank | | 1,335,075 | 1,189,475 | 1,090,295 | 1,271,480 |
| Non-controlling interest | | - | - | - | - |
| Profit for the year | | 1,335,075 | 1,189,475 | 1,090,295 | 1,271,480 |
| Total comprehensive income attributable to | | | | | |
| Shareholders of the Bank | | 1,221,778 | 1,258,655 | 976,998 | 1,340,660 |
| Non-controlling interest | | - | - | - | - |
| Total comprehensive income for the year | | 1,221,778 | 1,258,655 | 976,998 | 1,340,660 |
| Earnings per share of the Bank | | | | | |
| Basic earnings per share (in Baht) | 45 | 0.59 | 0.66 | 0.48 | 0.70 |



(Mr. Jian Lu)
Chief Executive Officer



(Mr. Guohui Song)
Senior Executive Vice President

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

Consolidated

| Note | Other components of equity | | | | | | Total equity attributable to the Bank's shareholders | Non - controlling interest | Total equity |
|------|----------------------------------|-----------------|---|----------------------------------|--|----------------|--|----------------------------|--------------|
| | Issued and paid-up share capital | | Retained earnings | | Total equity attributable to the Bank's shareholders | | | | |
| | Preference shares | Ordinary shares | Revaluation surplus on available-for-sale investments | Legal reserve (in thousand Baht) | | Unappropriated | | | |
| | 4,023 | 14,182,817 | 198,651 | 200,000 | 1,598,808 | 16,184,299 | - | 16,184,299 | |
| 30 | - | 5,945,254 | - | - | - | 5,945,254 | - | 5,945,254 | |
| | - | 5,945,254 | - | - | - | 5,945,254 | - | 5,945,254 | |
| 44 | - | - | - | - | 1,189,475 | 1,189,475 | - | 1,189,475 | |
| | - | - | 69,180 | - | - | 69,180 | - | 69,180 | |
| | - | - | 69,180 | - | 1,189,475 | 1,258,655 | - | 1,258,655 | |
| | - | - | - | 100,000 | (100,000) | - | - | - | |
| | 4,023 | 20,128,071 | 267,831 | 300,000 | 2,688,283 | 23,388,208 | - | 23,388,208 | |
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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

| | Note | The Bank | | | | |
|---|------|----------------------------------|-------------------|---|-------------------|-------------------|
| | | Issued and paid-up share capital | | Other components of equity | | Total equity |
| | | Preference shares | Ordinary shares | Revaluation surplus on available-for-sale investments | Retained earnings | |
| | | | | (in thousand Baht) | | |
| Year ended 31 December 2014 | | 4,023 | 14,182,817 | 198,651 | 200,000 | 15,811,173 |
| Balance at 1 January 2014 | | - | 5,945,254 | - | - | 5,945,254 |
| Transactions with owners, recorded directly in equity | | - | 5,945,254 | - | - | 5,945,254 |
| <i>Contributions by owners of the Bank</i> | | | | | | |
| Issue of ordinary shares | 30 | - | 5,945,254 | - | - | 5,945,254 |
| <i>Total contributions by owners of the Bank</i> | | | | | | |
| Comprehensive income for the year | | | | | | |
| Profit for the year | | - | - | - | 1,271,480 | 1,271,480 |
| Other comprehensive income, net of tax | 44 | - | - | 69,180 | - | 69,180 |
| Total comprehensive income for the year | | - | - | 69,180 | - | 1,340,660 |
| Transfer to legal reserve | | - | - | - | 100,000 | - |
| Balance at 31 December 2014 | | 4,023 | 20,128,071 | 267,831 | 300,000 | 23,097,087 |
| Year ended 31 December 2015 | | 4,023 | 20,128,071 | 267,831 | 300,000 | 23,097,087 |
| Balance at 1 January 2015 | | - | - | - | - | - |
| Comprehensive income for the year | | - | - | - | 1,090,295 | 1,090,295 |
| Profit for the year | 44 | - | - | (113,297) | - | (113,297) |
| Other comprehensive income, net of tax | | - | - | (113,297) | - | - |
| Total comprehensive income for the year | | - | - | (113,297) | 1,090,295 | 976,998 |
| Transfer to legal reserve | | - | - | - | 100,000 | - |
| Balance at 31 December 2015 | | 4,023 | 20,128,071 | 154,534 | 400,000 | 24,074,085 |

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 | |
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| <i>Cash flows from operating activities</i> | | | | |
| Profit from operations before income tax expense | 1,663,229 | 1,485,786 | 1,359,939 | 1,595,912 |
| <i>Adjustments to reconcile profit from operations before income tax expense to net cash provided by (used in) operating activities</i> | | | | |
| Depreciation and amortisation | 76,185 | 85,449 | 51,032 | 55,977 |
| Bad debts, doubtful accounts and impairment losses | 1,084,375 | 865,775 | 448,181 | 69,786 |
| Losses of write-off of fixed assets | 18 | 44 | - | 23 |
| Gains on disposals of properties foreclosed | (8,727) | (67,898) | (3,306) | (62,750) |
| Losses on properties foreclosed (reversal) | 539,847 | 924,116 | (1,555) | 2,463 |
| Net loss on investments | - | 265 | - | 265 |
| Gain on disposal of non-performing loans | - | (235,496) | - | (235,496) |
| Proceeds from disposal of non-performing loans | - | 330,000 | - | 330,000 |
| (Gain) loss on sales of equipment | (66) | 43 | (47) | - |
| Net trading income | (106,757) | (58,570) | (101,548) | (58,581) |
| Employee benefit obligations | 13,337 | 26,788 | 22,337 | 17,933 |
| Provisions for other liabilities | - | 1,133 | - | 1,133 |
| Other income from revaluation of other receivables | (177) | (1,074) | (177) | (1,074) |
| Share of profit of associate | (31,224) | (57,705) | - | - |
| Net interest income | (4,281,849) | (4,118,051) | (2,620,858) | (2,277,562) |
| Dividend income | (9,250) | (9,718) | (31,279) | (13,187) |
| Proceeds from interest | 6,762,944 | 7,758,474 | 3,958,832 | 4,699,883 |
| Interest paid | (2,932,239) | (3,318,747) | (2,894,735) | (3,102,284) |
| Proceeds from dividend | 9,250 | 9,718 | 9,250 | 9,718 |
| Income tax paid | (501,743) | (463,863) | (493,619) | (323,687) |
| Profit from operations before changes in operating assets and liabilities | 2,277,153 | 3,156,469 | (297,553) | 708,472 |
| <i>(Increase) decrease in operating assets</i> | | | | |
| Interbank and money market items | 10,011,885 | (4,581,746) | 9,968,193 | (4,681,881) |
| Derivative assets | 326,293 | 580,747 | 320,852 | 580,747 |
| Loans to customers | 10,412,745 | (9,815,265) | 5,318,609 | 23,485 |
| Properties foreclosed | (462,867) | (818,608) | 3,471 | 119,897 |
| Receivables on credit support for derivative contracts | 23,794 | 110,891 | 23,794 | 110,891 |
| Fee receivable | 256 | 8,639 | - | - |
| Other receivables | (74,606) | 27,009 | (45,599) | 9,773 |
| Other assets | (300,851) | 10,880 | 3,060 | 15,286 |

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 | |
| | 2015 | 2014 | 2015 | 2014 |
| | (in thousand Baht) | | | |
| Increase (decrease) in operating liabilities | | | | |
| Deposits | (3,833,875) | 6,293,717 | (3,827,223) | 6,293,604 |
| Interbank and money market items | (4,547,250) | (4,361,871) | (4,547,250) | (2,161,871) |
| Liabilities payable on demand | 7,691 | (9,405) | 7,691 | (9,405) |
| Derivative liabilities | (251,576) | (1,059,995) | (251,307) | (1,059,984) |
| Accrued expense | 13,043 | 24,978 | (4,246) | 11,005 |
| Other liabilities | 483,079 | (182,668) | 20,926 | 8,371 |
| Net cash from (used in) operating activities | 14,084,914 | (10,616,228) | 6,693,418 | (31,610) |
| Cash flows from investing activities | | | | |
| Interest received | 1,159,928 | 937,740 | 1,159,420 | 937,740 |
| Dividend received | 22,029 | 3,469 | 22,029 | 3,469 |
| Increase in long-term investments | (9,573,352) | (4,556,873) | (9,573,352) | (4,556,873) |
| Investments in receivables | 211 | 296 | 47 | 648 |
| Purchases of equipment | (28,189) | (32,501) | (23,878) | (26,955) |
| Purchases of intangible assets | (2,559) | (3,324) | (107) | (1,296) |
| Net cash (used in) investing activities | (8,421,932) | (3,651,193) | (8,415,841) | (3,643,267) |
| Cash flows from financing activities | | | | |
| Interest paid from borrowing and debt issued | (1,147,828) | (1,006,937) | (12,986) | (51,818) |
| Proceeds from borrowings and debt issued | 31,999,640 | 66,717,390 | 3,219,000 | 5,241,051 |
| Repayment of borrowings and debt issued | (36,507,493) | (57,425,160) | (1,478,623) | (7,499,000) |
| Finance lease payments | (2,384) | (2,383) | - | - |
| Proceeds from issue of ordinary shares | - | 5,945,254 | - | 5,945,254 |
| Net cash from (used in) financing activities | (5,658,065) | 14,228,164 | 1,727,391 | 3,635,487 |
| Net increase (decrease) in cash | 4,917 | (39,257) | 4,968 | (39,390) |
| Cash at 1 January | 364,389 | 403,646 | 363,487 | 402,877 |
| Cash at 31 December | 369,306 | 364,389 | 368,455 | 363,487 |

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 11 March 2016.

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 2015 and 2014 are given in notes 11 and 34.

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 21/2558, directive dated 4 December 2015, 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 new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2015. 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 as disclosed in note 3.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2016 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Bank and its subsidiary’s operations are disclosed in note 46.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

| <i>Items</i> | <i>Measurement bases</i> |
|---|--------------------------|
| Derivative financial instruments | Fair value |
| Available-for-sale financial assets | Fair value |
| Investment in an associate is accounted for in the consolidated financial statement | Equity method |

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

Notes to the financial statements

(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 thousand unless otherwise stated.

(d) Use of judgments and estimates

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 these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

| | |
|------------|-----------------------------------|
| Note 4(v) | Current tax and deferred tax |
| Note 6 | Financial instruments |
| Note 9 | Derivatives |
| Note 16 | Allowance for doubtful accounts |
| Note 28&33 | Other provision and contingencies |

Measurement of fair values

A number of the Bank and its subsidiary's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Bank and its subsidiary has an established control framework with respect to the measurement of fair values. This includes portfolio risk management department that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to the management of Finance and Strategy Division.

The portfolio risk management department regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes, is used to measure fair values, then the portfolio risk management department assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Bank and its subsidiary Executive Committee.

When measuring the fair value of an asset or a liability, the Bank and its subsidiary uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Notes to the financial statements

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Bank and its subsidiary recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following note:

- Note 6 - Financial instruments.

3 Changes in accounting policy

(a) Overview

From 1 January 2015, consequent to the adoption of new and revised TFRS as set out in note 2, the Bank and its subsidiary have adopted the following new TFRS that has a material effect on the Bank and its subsidiary's financial statements:

- TFRS 13 Fair Value Measurement

A description of the nature and effect of the change in accounting policy consequent to the adoption of this new TFRS is included in note 3(b) below.

(b) Fair value measurement

TFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other TFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurements date. It also replaces and expands the disclosure requirements about fair value measurements in other TFRSs. The Bank and its subsidiary have included additional disclosures in this regard (See note 6).

In accordance with the transitional provisions of TFRS 13, the Bank and its subsidiary have applied the new fair value measurement guidance as follows:

- (1) Through retained earnings at 1 January 2015 for the effect of changes resulting from an assessment of own credit risk when measuring the fair value of financial liabilities and financial assets recorded at fair value as at 31 December 2014;
- (2) Prospectively for the effects of all other changes;
- (3) Comparative information for new disclosures is not provided

The change has no material effect on retained earnings as at 1 January 2015 of own credit risk when measuring the fair value of financial liabilities and financial assets recorded as at 31 December 2014.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which address change in accounting policy.

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

Notes to the 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 its interests in an associate.

Subsidiary

Subsidiary is an entity controlled by the Bank. The Bank controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiary are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Bank loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Bank’s interests in equity-accounted investees comprise interests in associate.

Associate is the entity in which the Bank has significant influence, but not control, over the financial and operating policies.

Interests in associate is accounted for using the equity method. It is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Bank’s share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of Bank’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.

(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.

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

Notes to the financial statements

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.

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.

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

Notes to the financial statements

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 and cross currency and interest rate swap contracts on an accrual basis as follows:

- (a) The currency exchange components are translated at the exchange rates ruling as at the end of reporting period. 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.

(f) **Cash**

Cash comprise cash on hand and cash on collection.

(g) **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).

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

Notes to the financial statements

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.

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.

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

Notes to the financial statements

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.

(h) 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.

(i) 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.

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.

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

Notes to the financial statements

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

(j) 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.

(k) 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.

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.

(l) 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.

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

Notes to the financial statements

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.

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.

(m) 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.

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

Notes to the financial statements

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.

(n) 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.

(o) 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”.

(p) Impairment

The carrying amounts of the Bank and its subsidiary’s 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.

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

Notes to the financial statements

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

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.

(q) 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.

(r) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid 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

Obligations for contributions to defined contribution plans are 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

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 plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

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.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in OCI except in case of subsidiary where actuarial gain or loss recognized immediately in profit and loss. The Bank and its subsidiary determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the year, taking into account any changes in the net defined benefit liability during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Bank and its subsidiary recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(s) 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.

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.

(t) 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.

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

Notes to the financial statements

(u) Lease payments

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.

(v) 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, 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.

(w) 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.

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

Notes to the financial statements

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.

(x) *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.

(y) *Segment reporting*

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.

5 *Financial risk management*

Financial risk management policies

The Executive Committee has established a risk management framework covering the Bank and its subsidiary to ensure risks are effectively managed on an ongoing basis. The Executive Committee has set up a risk management committee governing the Bank and its subsidiary which reports regularly to the Executive Committee 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 13.3 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 33 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.

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Notes to the financial statements

As at 31 December 2015 and 2014, significant financial assets and liabilities classified by types of interest rate are as follows:

| | Consolidated 2015 | | | Total |
|---------------------------------------|-----------------------------|------------------------|-------------------------|----------------|
| | Floating interest rate | Fixed interest rate | Non interest bearing | |
| | <i>(in million Baht)</i> | | | |
| Financial assets | | | | |
| Cash | - | - | 369 | 369 |
| Interbank and money market items, net | 110 | 926 | 1,021 | 2,057 |
| Investments, net | 680 | 44,012 | 319 | 45,011 |
| Loans to customers ⁽¹⁾ | 70,196 | 63,550 | 2,137 | 135,883 |
| Total financial assets | 70,986 | 108,488 | 3,846 | 183,320 |
| Financial liabilities | | | | |
| Deposits | 9,705 | 76,212 | 278 | 86,195 |
| Interbank and money market items | 872 | 34,627 | 378 | 35,877 |
| Liabilities payable on demand | - | - | 14 | 14 |
| Debt issued and borrowings | - | 33,221 | - | 33,221 |
| Total financial liabilities | 10,577 | 144,060 | 670 | 155,307 |
| Avals to bill and guarantee on loan | - | - | (510) | (510) |
| Letters of credit | - | - | (405) | (405) |
| Other contingencies | - | - | (4,427) | (4,427) |
| Derivatives held for risk management | 3,480 | (3,545) | (168) | (233) |

⁽¹⁾Net of deferred revenue

| | Consolidated 2014 | | | Total |
|---------------------------------------|-----------------------------|------------------------|-------------------------|----------------|
| | Floating interest rate | Fixed interest rate | Non interest bearing | |
| | <i>(in million Baht)</i> | | | |
| Financial assets | | | | |
| 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 |
| Financial liabilities | | | | |
| 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

| | The Bank 2015 | | | Total |
|---------------------------------------|---------------------------|------------------------|-------------------------|----------------|
| | Floating interest rate | Fixed interest rate | Non interest bearing | |
| | <i>(in million Baht)</i> | | | |
| Financial assets | | | | |
| Cash | - | - | 368 | 368 |
| Interbank and money market items, net | 2 | 926 | 963 | 1,891 |
| Investments, net | 680 | 44,012 | 319 | 45,011 |
| Loans to customers ⁽¹⁾ | 70,422 | 28,151 | 1,125 | 99,698 |
| Total financial assets | 71,104 | 73,089 | 2,775 | 146,968 |

⁽¹⁾Net of deferred revenue

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Notes to the financial statements

| The Bank | | | | |
|--------------------------------------|---------------------------|------------------------|-------------------------|----------------|
| 2015 | | | | |
| | Floating interest rate | Fixed interest rate | Non interest bearing | Total |
| | <i>(in million Baht)</i> | | | |
| Financial liabilities | | | | |
| Deposits | 9,711 | 76,212 | 278 | 86,201 |
| Interbank and money market items | 872 | 34,627 | 378 | 35,877 |
| Liabilities payable on demand | - | - | 14 | 14 |
| Debt issued and borrowings | - | 2,733 | - | 2,733 |
| Total financial liabilities | 10,583 | 113,572 | 670 | 124,825 |
| Avals to bill and guarantee on loan | - | - | (13,410) | (13,410) |
| Letters of credit | - | - | (728) | (728) |
| Other contingencies | - | - | (5,091) | (5,091) |
| Derivatives held for risk management | 3,480 | (3,545) | (168) | (233) |

| The Bank | | | | |
|---------------------------------------|---------------------------|------------------------|-------------------------|----------------|
| 2014 | | | | |
| | Floating interest rate | Fixed interest rate | Non interest bearing | Total |
| | <i>(in million Baht)</i> | | | |
| Financial assets | | | | |
| 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 |

| | | | | |
|--------------------------------------|---------------|----------------|------------|----------------|
| Financial liabilities | | | | |
| 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 following table shows the contractual repricing or maturity dates, whichever are earlier, for significant financial assets and liabilities exposed to interest rate risk:

| Consolidated | | | | | | | | |
|---------------------------------------|--------------------------|-----------------|------------------|---------------|---|----------------------------|-----------------------------|----------------|
| 2015 | | | | | | | | |
| | At call | 1 - 3 months | 3 - 12 months | 1 - 5 years | Reprice/ maturity over 5 years | Non interest bearing | Non performing assets | Total |
| | <i>(in million Baht)</i> | | | | | | | |
| Financial assets | | | | | | | | |
| Cash | - | - | - | - | - | 369 | - | 369 |
| Interbank and money market items, net | 110 | 926 | - | - | - | 1,021 | - | 2,057 |
| Investment, net | - | 5,062 | 9,916 | 25,674 | 4,040 | 319 | - | 45,011 |
| Loans to customers ⁽¹⁾ | 826 | 57,488 | 49,743 | 23,538 | 2,151 | - | 2,137 | 135,883 |
| Total financial assets | 936 | 63,476 | 59,659 | 49,212 | 6,191 | 1,709 | 2,137 | 183,320 |

⁽¹⁾Net of deferred revenue

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

Notes to the financial statements

| Consolidated | | | | | | | | |
|---------------------------------------|---------------|-------------------------|---------------|-------------------|----------------------|--------------|--------------|----------------|
| 2015 | | | | | | | | |
| | | 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 | assets | |
| Financial liabilities | | | | | | | | |
| Deposits | 16,831 | 42,261 | 25,797 | 1,028 | - | 278 | - | 86,195 |
| Interbank and money market items | 872 | 21,552 | 12,099 | 887 | 89 | 378 | - | 35,877 |
| Liabilities payable on demand | - | - | - | - | - | 14 | - | 14 |
| Debt issued and borrowings | - | 8,434 | 3,955 | 20,832 | - | - | - | 33,221 |
| Total financial liabilities | 17,703 | 72,247 | 41,851 | 22,747 | 89 | 670 | - | 155,307 |
| Avals to bill and guarantee on loan | - | - | - | - | - | (510) | - | (510) |
| Letters of credit | - | - | - | - | - | (405) | - | (405) |
| Other contingencies | - | - | - | - | - | (4,427) | - | (4,427) |
| Derivatives held for risk management | - | 1,650 | (1,385) | (330) | - | (168) | - | (233) |
| Consolidated | | | | | | | | |
| 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 | assets | |
| 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

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

Notes to the financial statements

The Bank 2015

| | At call | Reprice/maturity within 1 - 3 months | 3 - 12 months | 1 - 5 years | Reprice/ maturity over 5 years | Non interest bearing | Non performing assets | Total |
|---------------------------------------|---------------|---|---------------|---------------|-----------------------------------|----------------------|-----------------------|----------------|
| | | | | | (in million Baht) | | | |
| Financial assets | | | | | | | | |
| Cash | - | - | - | - | - | 368 | - | 368 |
| Interbank and money market items, net | 2 | 926 | - | - | - | 963 | - | 1,891 |
| Investments, net | - | 5,062 | 9,916 | 25,674 | 4,040 | 319 | - | 45,011 |
| Loans to customers ⁽¹⁾ | 3,555 | 54,054 | 40,443 | 444 | 77 | - | 1,125 | 99,698 |
| Total financial assets | 3,557 | 60,042 | 50,359 | 26,118 | 4,117 | 1,650 | 1,125 | 146,968 |
| Financial liabilities | | | | | | | | |
| Deposits | 16,837 | 42,261 | 25,797 | 1,028 | - | 278 | - | 86,201 |
| Interbank and money market items | 872 | 21,552 | 12,099 | 887 | 89 | 378 | - | 35,877 |
| Liabilities payable on demand | - | - | - | - | - | 14 | - | 14 |
| Debt issued and borrowings | - | - | - | 2,733 | - | - | - | 2,733 |
| Total financial liabilities | 17,709 | 63,813 | 37,896 | 4,648 | 89 | 670 | - | 124,825 |
| Avals to bill and guarantee on loan | - | - | - | - | - | (13,410) | - | (13,410) |
| Letters of credit | - | - | - | - | - | (728) | - | (728) |
| Other contingencies | - | - | - | - | - | (5,091) | - | (5,091) |
| Derivatives held for risk management | - | 1,650 | (1,385) | (330) | - | (168) | - | (233) |

⁽¹⁾Net of deferred revenue

The Bank 2014

| | At call | Reprice/maturity within 1 - 3 months | 3 - 12 months | 1 - 5 years | Reprice/ maturity over 5 years | Non interest bearing | Non performing assets | Total |
|---------------------------------------|---------------|---|---------------|---------------|-----------------------------------|----------------------|-----------------------|----------------|
| | | | | | (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 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 2015 and 2014 can be summarized as follows:

| | Consolidated | | | | | |
|--|--|----------------------|---------------------------|--|----------------------|---------------------------|
| | 2015 | | Average interest rate (%) | 2014 | | Average interest rate (%) |
| | Average Balances ⁽¹⁾ (in million Baht) | Interest | | Average Balances ⁽¹⁾ (in million Baht) | Interest | |
| Interest-bearing financial assets | | | | | | |
| Interbank and money market items (Assets) | 7,254 | 134 | 1.85 | 14,895 | 455 | 3.05 |
| Investments | 38,792 | 1,304 | 3.36 | 31,451 | 1,012 | 3.22 |
| Loans to customers ⁽²⁾ | 137,069 | 6,594 | 4.81 | 144,880 | 7,331 | 5.06 |
| Interest-bearing financial liabilities | | | | | | |
| Deposits | 82,098 | 1,699 ⁽³⁾ | 2.07 | 91,939 | 2,347 ⁽³⁾ | 2.55 |
| Interbank and money market items (Liabilities) | 38,218 | 530 | 1.39 | 41,515 | 659 | 1.59 |
| Debt issued and borrowings | 34,289 | 1,105 | 3.22 | 35,682 | 1,207 | 3.38 |

⁽¹⁾Calculated by average of month end balance

⁽²⁾Net of deferred revenue

⁽³⁾Excluding remittance and Bank Protection Act.

| | The Bank | | | | | |
|--|--|----------------------|---------------------------|--|----------------------|---------------------------|
| | 2015 | | Average interest rate (%) | 2014 | | Average interest rate (%) |
| | Average Balances ⁽¹⁾ (in million Baht) | Interest | | Average Balances ⁽¹⁾ (in million Baht) | Interest | |
| Interest-bearing financial assets | | | | | | |
| Interbank and money market items (Assets) | 7,063 | 134 | 1.89 | 14,699 | 455 | 3.09 |
| Investments | 38,792 | 1,304 | 3.36 | 31,451 | 1,012 | 3.22 |
| Loans to customers ⁽²⁾ | 95,409 | 3,820 | 4.00 | 103,949 | 4,260 | 4.10 |
| Interest-bearing financial liabilities | | | | | | |
| Deposits | 82,099 | 1,700 ⁽³⁾ | 2.07 | 91,940 | 2,347 ⁽³⁾ | 2.55 |
| Interbank and money market items (Liabilities) | 37,935 | 524 | 1.38 | 40,099 | 598 | 1.49 |
| Debt issued and borrowings | 643 | 13 | 2.08 | 1,474 | 38 | 2.58 |

⁽¹⁾Calculated by average of month end balance

⁽²⁾Net of deferred revenue

⁽³⁾Excluding remittance and Bank Protection Act.

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.

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Notes to the financial statements

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

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 issuing debentures, mostly guaranteed by the Bank and loans 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 generates reports and sets limits in liquidity management as follows:

1. 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.
2. Daily reports on amounts and types of liquid assets and their returns.
3. Liquidity gap report, indicating expected cash inflows and outflows in different tenors, and cumulative net liquidity excess or shortfall, which reflects the period to maturity both on the basis of the contract and after behavioral adjustment. Liquidity gap reports are prepared on a monthly basis for normal circumstances and on a quarterly basis for crisis situations.
4. Monthly reports on liquidity ratios, to be used to provide indications of the Bank's liquidity and early warnings, including loan to deposit ratio, loan to asset ratio, investment to asset ratio, liquid asset to total asset ratio, liquid asset to short-term to 1-month deposit ratio, borrowing to total asset ratio, deposit to total asset ratio, proportion of large depositors to total deposits, maximum deposit withdrawal per day and rollover rate.
5. Annual liquidity risk self assessment report.
6. Monthly reports on any transactions or facilities exceeding approved limits.

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 2015 and 2014, significant financial assets and liabilities are classified according to their contractual maturity as follows:

| | Consolidated 2015 | | | | | | | |
|---------------------------------------|----------------------|-----------------|------------------|-------------------|-----------------|----------------|-----------------------------|----------------|
| | At call | 1 - 3 months | Maturity within | | Over 5 years | No maturity | Non performing assets | Total |
| | | | 3 - 12 months | 1 - 5 years | | | | |
| | | | | (in million Baht) | | | | |
| Financial assets | | | | | | | | |
| Cash | - | - | - | - | - | 369 | - | 369 |
| Interbank and money market, net | 1,074 | 926 | - | - | - | 57 | - | 2,057 |
| Investments, net | - | 5,062 | 9,916 | 25,674 | 4,041 | 318 | - | 45,011 |
| Loans to customers ⁽¹⁾ | 826 | 29,929 | 39,413 | 48,788 | 14,790 | - | 2,137 | 135,883 |
| Total financial assets | 1,900 | 35,917 | 49,329 | 74,462 | 18,831 | 744 | 2,137 | 183,320 |
| Financial liabilities | | | | | | | | |
| Deposits | 17,109 | 42,261 | 25,797 | 1,028 | - | - | - | 86,195 |
| Interbank and money market | 1,250 | 21,552 | 12,099 | 887 | 89 | - | - | 35,877 |
| Liabilities payable on demand | 14 | - | - | - | - | - | - | 14 |
| Debt issued and borrowings | - | 8,434 | 3,955 | 20,832 | - | - | - | 33,221 |
| Total financial liabilities | 18,373 | 72,247 | 41,851 | 22,747 | 89 | - | - | 155,307 |
| Avals to bill and guarantees on loans | - | (154) | (22) | (27) | (307) | - | - | (510) |
| Letters of credit | (61) | (297) | (47) | - | - | - | - | (405) |
| Other contingencies | (2,258) | (56) | (2,108) | (5) | - | - | - | (4,427) |
| Derivatives held for risk management | - | (172) | (62) | 1 | - | - | - | (233) |

⁽¹⁾Net of deferred revenue

| | Consolidated 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 |

⁽¹⁾Net of deferred revenue

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Consolidated 2014

| | At call | 1 - 3 months | Maturity within 3 - 12 months | 1 - 5 years (in million Baht) | Over 5 years | No maturity | Non performing assets | Total |
|---|---------|-----------------|-------------------------------------|-------------------------------------|-----------------|----------------|-----------------------------|---------|
| 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) |

The Bank 2015

| | At call | 1 - 3 months | Maturity within 3 - 12 months | 1 - 5 years (in million Baht) | Over 5 years | No maturity | Non performing assets | Total |
|-----------------------------------|--------------|-----------------|-------------------------------------|-------------------------------------|-----------------|----------------|-----------------------------|----------------|
| Financial assets | | | | | | | | |
| Cash | - | - | - | - | - | 368 | - | 368 |
| Interbank and money market, net | 965 | 926 | - | - | - | - | - | 1,891 |
| Investments, net | - | 5,062 | 9,916 | 25,674 | 4,041 | 318 | - | 45,011 |
| Loans to customers ⁽¹⁾ | 3,555 | 26,495 | 30,113 | 25,695 | 12,715 | - | 1,125 | 99,698 |
| Total financial assets | 4,520 | 32,483 | 40,029 | 51,369 | 16,756 | 686 | 1,125 | 146,968 |

Financial liabilities

| | | | | | | | | |
|---|---------------|---------------|---------------|--------------|-----------|----------|----------|----------------|
| Deposits | 17,115 | 42,261 | 25,797 | 1,028 | - | - | - | 86,201 |
| Interbank and money market | 1,250 | 21,552 | 12,099 | 887 | 89 | - | - | 35,877 |
| Liabilities payable on demand | 14 | - | - | - | - | - | - | 14 |
| Debt issued and borrowings | - | - | - | 2,733 | - | - | - | 2,733 |
| Total financial liabilities | 18,379 | 63,813 | 37,896 | 4,648 | 89 | - | - | 124,825 |
| Avals to bill and guarantees on loans | - | (154) | (22) | (12,920) | (314) | - | - | (13,410) |
| Letters of credit | (61) | (613) | (54) | - | - | - | - | (728) |
| Other contingencies | (2,258) | (103) | (2,725) | (5) | - | - | - | (5,091) |
| Derivatives held for risk management | - | (172) | (62) | 1 | - | - | - | (233) |

⁽¹⁾Net of deferred revenue

The Bank 2014

| | At call | 1 - 3 months | Maturity within 3 - 12 months | 1 - 5 years (in million Baht) | Over 5 years | No maturity | Non performing assets | Total |
|-----------------------------------|--------------|-----------------|-------------------------------------|-------------------------------------|-----------------|----------------|-----------------------------|----------------|
| 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

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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 2015 and 2014 can be summarized as follows:

| | US dollar | Renminbi | Consolidated 2015 Yen Euro (in million Baht) | | Others | Total |
|-----------------------------------|---------------|--------------|---|-----------|-----------|---------------|
| Financial assets | | | | | | |
| Cash | - | 23 | - | - | - | 23 |
| Interbank and money market, net | 461 | 527 | 1 | 3 | 17 | 1,009 |
| Investments, net | 21,072 | 1,051 | - | - | - | 22,123 |
| Loans to customers ⁽¹⁾ | 30,567 | 3,578 | - | 24 | - | 34,169 |
| Total financial assets | 52,100 | 5,179 | 1 | 27 | 17 | 57,324 |

| | | | | | | |
|---|---------------|--------------|-----------|----------|----------|---------------|
| Financial liabilities | | | | | | |
| Deposits | 794 | 363 | 11 | 3 | 1 | 1,172 |
| Interbank and money market | 25,262 | 4,251 | - | - | - | 29,513 |
| Total financial liabilities | 26,056 | 4,614 | 11 | 3 | 1 | 30,685 |
| Avals to bill and guarantee on loan | (175) | - | - | - | (334) | (509) |
| Letters of credit | (314) | (50) | - | (1) | - | (365) |
| Other contingencies | (1,675) | (36) | - | - | - | (1,711) |
| Derivatives held for risk management | (26,317) | (610) | 11 | (20) | - | (26,936) |
| Average exchange rate (Baht per 1 foreign currency unit) | 36.0886 | 5.5458 | 0.29960 | 39.4388 | | |

⁽¹⁾ Net of deferred revenue

| | US dollar | Renminbi | The Bank 2015 Yen Euro (in million Baht) | | Others | Total |
|-----------------------------------|---------------|--------------|---|-----------|-----------|---------------|
| Financial assets | | | | | | |
| Cash | - | 23 | - | - | - | 23 |
| Interbank and money market, net | 461 | 527 | 1 | 3 | 17 | 1,009 |
| Investments, net | 21,072 | 1,051 | - | - | - | 22,123 |
| Loans to customers ⁽¹⁾ | 29,663 | 3,578 | - | 24 | - | 33,265 |
| Total financial assets | 51,196 | 5,179 | 1 | 27 | 17 | 56,420 |

| | | | | | | |
|---|---------------|--------------|-----------|----------|----------|---------------|
| Financial liabilities | | | | | | |
| Deposits | 794 | 363 | 11 | 3 | 1 | 1,172 |
| Interbank and money market | 25,262 | 4,251 | - | - | - | 29,513 |
| Total financial liabilities | 26,056 | 4,614 | 11 | 3 | 1 | 30,685 |
| Avals to bill and guarantee on loan | (175) | - | - | - | (334) | (509) |
| Letters of credit | (314) | (366) | - | (8) | - | (688) |
| Other contingencies | (1,675) | (627) | - | (73) | - | (2,375) |
| Derivatives held for risk management | (26,317) | (610) | 11 | (20) | - | (26,936) |
| Average exchange rate (Baht per 1 foreign currency unit) | 36.0886 | 5.5458 | 0.29960 | 39.4388 | | |

⁽¹⁾ Net of deferred revenue

| | US dollar | Renminbi | Consolidated and the Bank 2014 Yen Euro (in million Baht) | | Others | Total |
|-----------------------------------|---------------|--------------|--|-----------|----------|---------------|
| 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 |

⁽¹⁾ Net of deferred revenue

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

Notes to the financial statements

| | US dollar | Renminbi | Consolidated and the Bank | | | Total |
|--------------------------------------|---------------|------------|---------------------------|----------|----------|---------------|
| | | | 2014 | 2014 | 2014 | |
| | | | Yen | Euro | Others | |
| | | | (in million Baht) | | | |
| 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 | 32.9630 | 5.2998 | 0.27384 | 40.0530 | | |
| (Baht per 1 foreign currency unit) | | | | | | |

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 | | Consolidated and The Bank | |
|--|---------------------------|-----------|---------------------------|-----------|
| | 2015 | | 2014 | |
| | Notional amount | Maturity | Notional amount | Maturity |
| | (in million Baht) | | | |
| Interest rate swap contracts | | | | |
| Receive floating interest rates and pay fixed interest rates | 3,480 | 2016-2020 | 7,500 | 2015-2016 |

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 | | Consolidated and The Bank | |
|---|---------------------------|----------|---------------------------|-------------|
| | 2015 | | 2014 | |
| | Notional amount | Maturity | Notional amount | Maturity |
| | (in million Baht) | | | |
| Cross currency interest rate swap contracts | | | | |
| Receive interest at a fixed rate on Baht notional amounts and to pay interest at a fixed rate on USD notional amounts | 614 | 2016 | 1,187 | 2015 - 2016 |

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Notes to the financial statements

As at 31 December 2015 and 2014, financial derivatives are classified by their maturities as follows:

| Consolidated and The Bank | | | | | | |
|--|--------------------|------------------------|----------------------------|--------------------|------------------------|--------|
| | Not over 1 year | 2015 Over 1 year | Total (in million Baht) | Not over 1 year | 2014 Over 1 year | Total |
| Forward exchange contracts | | | | | | |
| Bought | 8,389 | - | 8,389 | 10,894 | - | 10,894 |
| Sold | 28,602 | 492 | 29,094 | 35,516 | - | 35,516 |
| Interest rate swap contracts | 3,150 | 330 | 3,480 | 4,350 | 3,150 | 7,500 |
| Cross currency and interest rate swap contracts | | | | | | |
| Sold | 614 | - | 614 | 626 | 561 | 1,187 |

6 Financial instruments

6.1 Financial instruments measured at fair value

Fair values of financial instruments, together with the carrying values shown in the consolidated and separate statement of financial position at 31 December 2015 were as follows:

| Consolidated | | | | | |
|--|-------------------|-------------------|---------|---------|--------|
| Fair value | | | | | |
| | Carrying value | Level 1 | Level 2 | Level 3 | Total |
| | | (in million Baht) | | | |
| Financial assets | | | | | |
| Derivatives assets (Trading book) | | | | | |
| - Foreign exchange rate | 80 | - | 80 | - | 80 |
| Available-for-sale securities | 43,589 | 43,589 | - | - | 43,589 |
| Financial liabilities | | | | | |
| Derivatives liabilities (Trading book) | | | | | |
| - Foreign exchange rate | 66 | - | 66 | - | 66 |
| The Bank | | | | | |
| Fair value | | | | | |
| | Carrying value | Level 1 | Level 2 | Level 3 | Total |
| | | (in million Baht) | | | |
| Financial assets | | | | | |
| Derivatives assets (Trading book) | | | | | |
| - Foreign exchange rate | 81 | - | 81 | - | 81 |
| Available-for-sale securities | 43,589 | 43,589 | - | - | 43,589 |
| Financial liabilities | | | | | |
| Derivatives liabilities (Trading book) | | | | | |
| - Foreign exchange rate | 72 | - | 72 | - | 72 |

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Notes to the financial statements

6.2 Financial instruments not measured at fair value

The following table analyses financial instruments not measured at fair value at 31 December 2015, by the level in the fair value hierarchy into which the fair value measurement is categorised.

| | Carrying value | Consolidated Fair value | | | |
|--|----------------|--------------------------|--------------------|---------|---------|
| | | Level 1 | Level 2 | Level 3 | Total |
| | | <i>(in million Baht)</i> | | | |
| Financial assets | | | | | |
| Cash | 369 | - | 369 | - | 369 |
| Interbank and money market items, net | 2,057 | - | 2,057 | - | 2,057 |
| Derivatives assets (not entered for trading purposes) | 43 | - | 20 | - | 20 |
| Investment, net ⁽¹⁾ | 1,422 | - | 1,338 | 223 | 1,561 |
| Loan to customers ⁽²⁾ | 135,883 | - | - | 136,053 | 136,053 |
| Receivables on credit support for derivative contracts | 1 | - | 1 | - | 1 |
| Financial liabilities | | | | | |
| Deposits | 86,195 | - | 86,203 | - | 86,203 |
| Interbank and money market items | 35,877 | - | 35,837 | - | 35,837 |
| Derivatives liabilities (not entered for trading purposes) | 216 | - | 124 ⁽³⁾ | - | 124 |
| Liabilities payable on demand | 14 | - | 14 | - | 14 |
| Debt issued and borrowings | 33,221 | - | 33,944 | - | 33,944 |

⁽¹⁾ Held to maturity and general investment

⁽²⁾ Net of deferred revenue

⁽³⁾ Interest receivables and payables are considered for determining fair value

| | Carrying value | The Bank Fair value | | | |
|--|----------------|--------------------------|--------------------|---------|--------|
| | | Level 1 | Level 2 | Level 3 | Total |
| | | <i>(in million Baht)</i> | | | |
| Financial assets | | | | | |
| Cash | 368 | - | 368 | - | 368 |
| Interbank and money market items, net | 1,891 | - | 1,891 | - | 1,891 |
| Derivatives assets (not entered for trading purposes) | 42 | - | 20 | - | 20 |
| Investment, net ⁽¹⁾ | 1,422 | - | 1,338 | 223 | 1,561 |
| Loan to customers ⁽²⁾ | 99,698 | - | - | 99,650 | 99,650 |
| Receivables on credit support for derivative contracts | 1 | - | 1 | - | 1 |
| Financial liabilities | | | | | |
| Deposits | 86,201 | - | 86,209 | - | 86,209 |
| Interbank and money market items | 35,877 | - | 35,837 | - | 35,837 |
| Derivatives liabilities (not entered for trading purposes) | 209 | - | 124 ⁽³⁾ | - | 124 |
| Liabilities payable on demand | 14 | - | 14 | - | 14 |
| Debt issued and borrowings | 2,733 | - | 2,735 | - | 2,735 |

⁽¹⁾ Held to maturity and general investment

⁽²⁾ Net of deferred revenue

⁽³⁾ Interest receivables and payables are considered for determining fair value

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Methods and assumptions in estimating fair values of financial instruments

The following methods and assumptions are used by the Bank and its subsidiary in estimating fair 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 as there are short term in nature, and where applicable bear floating market interest rates.

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 net asset values presented in the investee's statements of financial position as at 31 December 2015.

Loans to customers

For variable floating-rate loans to customers that have no significant change in credit risk, fair value is based on carrying value. Fair value of fixed rate loans to customers that have remaining maturity within 1 year of the reporting date approximates the carrying value at the reporting date. Fair value for fixed interest loans to customers which the remaining maturity more than 1 year 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.

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 which have remaining maturity 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 similar deposit and terms.

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

The fair value of interbank and money market items and debt issued (excluded debentures) 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. The fair value of debentures is based on quoted market prices announced by the Thai Bond Market Association.

Liabilities payable on demand

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

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Notes to the financial statements

Derivatives

Fair value of foreign exchange contracts are determined, using the forward exchange rates at the end of the reporting period for the contract period remaining on those dates.

Derivatives others than foreign exchange contracts are determined based upon liquid (observable) market prices, reference to exchange traded prices or price derived by using a valuation technique incorporating observable market data which is adjusted with counterparty credit risk and other risks.

7 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 8 May 2015 and thereafter must be calculated according to Basel III. The Bank and financial group comply with the regulatory capital according to Basel III.

As at 31 December 2015 and 2014, 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:

| | Consolidate | |
|--|---------------------------|-------------------|
| | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | |
| Tier 1 capital | | |
| Common Equity Tier 1 (CET1) | | |
| Issued and paid-up share capital | 20,132,094 | 20,132,094 |
| Legal reserve | 400,000 | 300,000 |
| Retained earnings after appropriations | 3,370,277 | 1,598,808 |
| Other comprehensive income | 135,632 | 170,747 |
| Less Capital deduction items on CET1 | (722,085) | (658,547) |
| Total Tier 1 capital | 23,315,918 | 21,543,102 |
| Tier 2 capital | | |
| Allowance for classified assets of "pass" category | 1,638,601 | 1,531,641 |
| Capital deduction items on Tier 2 capital | - | (122,721) |
| Total Tier 2 capital | 1,638,601 | 1,408,920 |
| Total capital funds | 24,954,519 | 22,952,022 |

| | Consolidate | | |
|--|--------------------|------------|-----------------|
| | 2015 | 2014 | BOT Requirement |
| | | <i>(%)</i> | |
| Capital ratio | | | |
| Tier 1 capital to total risk weighted assets | 16.68 | 16.52 | 6.00 |
| Tier 1 common equity to total risk weighted assets | 16.68 | 16.52 | 4.50 |
| Tier 2 capital to total risk weighted assets | 1.17 | 1.08 | - |
| Total capital / Total risk weighted assets | 17.85 | 17.60 | 8.50 |

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Notes to the financial statements

| | The Bank | |
|--|---------------------------|-------------------|
| | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | |
| Tier 1 capital | | |
| Common Equity Tier 1 (CET1) | | |
| Issued and paid-up share capital | 20,132,094 | 20,132,094 |
| Legal reserve | 400,000 | 300,000 |
| Retained earnings after appropriations | 2,926,480 | 1,225,682 |
| Other comprehensive income | 135,632 | 170,746 |
| Less Capital deduction items on CET1 | (343,164) | (243,398) |
| Total Tier 1 capital | 23,251,042 | 21,585,124 |
| Tier 2 capital | | |
| Allowance for classified assets of “pass” category | 1,477,443 | 1,135,439 |
| Capital deduction items on Tier 2 capital | - | (122,721) |
| Total Tier 2 capital | 1,477,443 | 1,012,718 |
| Total capital funds | 24,728,485 | 22,597,842 |

| | The Bank | | |
|--|-----------------|-------|-----------------|
| | 2015 | 2014 | BOT Requirement |
| | | (%) | |
| Capital ratio | | | |
| Tier 1 capital to total risk weighted assets | 18.72 | 19.18 | 6.00 |
| Tier 1 common equity to total risk weighted assets | 18.72 | 19.18 | 4.50 |
| Tier 2 capital to total risk weighted assets | 1.18 | 0.90 | - |
| Total capital / Total risk weighted assets | 19.90 | 20.08 | 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 2014 in the Bank’s website, www.icbcthai.com, on 27 April 2015. The Bank will disclose the Capital Maintenance and Information security risks for the Bank and financial group at 31 December 2015 within April 2016.

According to Bank of Thailand notification number For Nor Sor (23) Wor 263/2556 dated 22 February 2013, the Bank is required to disclose regulatory capital after deducting capital add-on arising from Single Lending Limit, effective at the end of January 2015. As at 31 December 2015, the Bank and its subsidiary have regulatory capital after deducting capital add-on arising from Single Lending Limit in the amount of Baht 24,613 million or 17.61%. (The Bank : 24,631 million or 19.83%)

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

8 Interbank and money market items, net (Assets)

| | Consolidated | | | | | |
|--|--------------------|----------------|------------------|------------------|-------------------|-------------------|
| | Demand | 2015 Time | Total | Demand | 2014 Time | Total |
| | (in thousand Baht) | | | | | |
| Domestic items | | | | | | |
| Bank of Thailand | 567,921 | - | 567,921 | 948,845 | - | 948,845 |
| Commercial Banks | 226,429 | 288,709 | 515,138 | 237,062 | 2,800,000 | 3,037,062 |
| Specialised financial institutions | 2,338 | - | 2,338 | 3,268 | 2,580,000 | 2,583,268 |
| Other financial institutions | - | 257,000 | 257,000 | - | 230,000 | 230,000 |
| Total | 796,688 | 545,709 | 1,342,397 | 1,189,175 | 5,610,000 | 6,799,175 |
| Add accrued interest receivables | 4 | 214 | 218 | 2 | 713 | 715 |
| Less allowance for doubtful accounts | - | (2,887) | (2,887) | - | (1,800) | (1,800) |
| Total domestic items, net | 796,692 | 543,036 | 1,339,728 | 1,189,177 | 5,608,913 | 6,798,090 |
| Foreign items | | | | | | |
| US Dollar | 174,778 | - | 174,778 | 350,058 | 1,180,577 | 1,530,635 |
| AUD | 5,329 | - | 5,329 | 399 | - | 399 |
| Renminbi | 145,230 | 385,433 | 530,663 | 21,752 | 3,738,428 | 3,760,180 |
| Euro | 2,850 | - | 2,850 | 7,007 | - | 7,007 |
| HKD | 3,116 | - | 3,116 | 1,423 | - | 1,423 |
| Other currencies | 2,800 | - | 2,800 | 1,060 | - | 1,060 |
| Total | 334,103 | 385,433 | 719,536 | 381,699 | 4,919,005 | 5,300,704 |
| Add accrued interest receivables | - | 1,198 | 1,198 | - | 3,551 | 3,551 |
| Less deferred revenue | - | - | - | - | (26,061) | (26,061) |
| Less allowance for doubtful accounts | - | (3,854) | (3,854) | - | (49,190) | (49,190) |
| Total foreign items, net | 334,103 | 382,777 | 716,880 | 381,699 | 4,847,305 | 5,229,004 |
| Total domestic and foreign items, net | 1,130,795 | 925,813 | 2,056,608 | 1,570,876 | 10,456,218 | 12,027,094 |

| | The Bank | | | | | |
|--|--------------------|----------------|------------------|------------------|-------------------|-------------------|
| | Demand | 2015 Time | Total | Demand | 2014 Time | Total |
| | (in thousand Baht) | | | | | |
| Domestic items | | | | | | |
| Bank of Thailand | 567,921 | - | 567,921 | 948,845 | - | 948,845 |
| Commercial Banks | 63,558 | 288,709 | 352,267 | 31,429 | 2,800,000 | 2,831,429 |
| Specialised financial institutions | - | - | - | - | 2,580,000 | 2,580,000 |
| Other financial institutions | - | 257,000 | 257,000 | - | 230,000 | 230,000 |
| Total | 631,479 | 545,709 | 1,177,188 | 980,274 | 5,610,000 | 6,590,274 |
| Add accrued interest receivables | 2 | 214 | 216 | - | 713 | 713 |
| Less allowance for doubtful accounts | - | (2,887) | (2,887) | - | (1,800) | (1,800) |
| Total domestic items, net | 631,481 | 543,036 | 1,174,517 | 980,274 | 5,608,913 | 6,589,187 |
| Foreign items | | | | | | |
| US Dollar | 174,778 | - | 174,778 | 350,058 | 1,180,577 | 1,530,635 |
| AUD | 5,329 | - | 5,329 | 399 | - | 399 |
| Renminbi | 145,230 | 385,433 | 530,663 | 21,752 | 3,738,428 | 3,760,180 |
| Euro | 2,850 | - | 2,850 | 7,007 | - | 7,007 |
| HKD | 3,116 | - | 3,116 | 1,423 | - | 1,423 |
| Other currencies | 2,800 | - | 2,800 | 1,060 | - | 1,060 |
| Total | 334,103 | 385,433 | 719,536 | 381,699 | 4,919,005 | 5,300,704 |
| Add accrued interest receivables | - | 1,198 | 1,198 | - | 3,551 | 3,551 |
| Less deferred revenue | - | - | - | - | (26,061) | (26,061) |
| Less allowance for doubtful accounts | - | (3,854) | (3,854) | - | (49,190) | (49,190) |
| Total foreign items, net | 334,103 | 382,777 | 716,880 | 381,699 | 4,847,305 | 5,229,004 |
| Total domestic and foreign items, net | 965,584 | 925,813 | 1,891,397 | 1,361,973 | 10,456,218 | 11,818,191 |

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9 Derivatives

Trading book

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

| Type of risk | Consolidated | | | | | |
|------------------------|---------------|---------------|--|----------------|---------------|-----------------------------------|
| | 2015 | | Notional amount ⁽¹⁾ <i>(in thousand Baht)</i> | 2014 | | Notional amount ⁽¹⁾ |
| | Fair value | | | Fair value | | |
| | Assets | Liabilities | | Assets | Liabilities | |
| Foreign exchange rates | 80,166 | 66,205 | 10,038,785 | 107,545 | 99,387 | 7,474,307 |
| Total | 80,166 | 66,205 | 10,038,785 | 107,545 | 99,387 | 7,474,307 |

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

| Type of risk | The Bank | | | | | |
|------------------------|---------------|---------------|---|----------------|---------------|-----------------------------------|
| | 2015 | | Notional amount ⁽¹⁾ (in thousand Baht) | 2014 | | Notional amount ⁽¹⁾ |
| | Fair value | | | Fair value | | |
| | Assets | Liabilities | | Assets | Liabilities | |
| Foreign exchange rates | 80,785 | 72,056 | 12,042,422 | 107,545 | 99,387 | 7,474,307 |
| Total | 80,785 | 72,056 | 12,042,422 | 107,545 | 99,387 | 7,474,307 |

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

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

| Counterparties | Consolidated | | The Bank | |
|------------------------|---------------|---------------|---------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | % | % | % | % |
| Financial institutions | 93.87 | 92.37 | 94.89 | 92.37 |
| Corporations | 6.13 | 7.63 | 5.11 | 7.63 |
| Total | 100.00 | 100.00 | 100.00 | 100.00 |

Derivatives not entered for trading purposes

The Bank has commitments under forward foreign exchange contracts, cross currency interest rate swap contracts 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 | | | | | |
|--------------------------------------|-------------------------------|------------------|---|-------------------------------|-----------------------|-----------------------------------|
| | 2015 | | Notional amount ⁽¹⁾ (in thousand Baht) | 2014 | | Notional amount ⁽¹⁾ |
| | Carrying value ⁽²⁾ | | | Carrying value ⁽²⁾ | | |
| | Assets | Liabilities | | Assets | Liabilities | |
| Foreign exchange rates | 42,651 | 150,730 | 27,518,461 | 227,714 | 365,802 | 38,873,386 |
| Interest rate | - ⁽³⁾ | - ⁽³⁾ | 3,480,000 | - ⁽³⁾ | - ⁽³⁾ | 7,500,000 |
| Cross currency interest rate swap | - | 64,786 | 613,506 | 4,470 ⁽³⁾ | 65,483 ⁽³⁾ | 1,186,668 |
| Total | 42,651 | 215,516 | 31,611,967 | 232,184 | 431,285 | 47,560,054 |

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

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

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

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| Type of risk | The Bank | | | | | |
|--------------------------------------|-------------------------------|------------------|---|-------------------------------|-----------------------|-----------------------------------|
| | 2015 | | Notional amount ⁽¹⁾ (in thousand Baht) | 2014 | | Notional amount ⁽¹⁾ |
| | Carrying value ⁽²⁾ | | | Carrying value ⁽²⁾ | | |
| | Assets | Liabilities | | Assets | Liabilities | |
| | Foreign exchange rates | 41,525 | 144,408 | 25,514,824 | 227,714 | 365,802 |
| Interest rate | - ⁽³⁾ | - ⁽³⁾ | 3,480,000 | - ⁽³⁾ | - ⁽³⁾ | 7,500,000 |
| Cross currency interest rate swap | - | 64,786 | 613,506 | 4,470 ⁽³⁾ | 65,483 ⁽³⁾ | 1,186,668 |
| Total | 41,525 | 209,194 | 29,608,330 | 232,184 | 431,285 | 47,560,054 |

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

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

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

10 Investments, net

10.1 Classified by type of investments

| | Consolidated and The Bank | |
|--|--|-------------------|
| | 2015 | 2014 |
| | <i>Fair value (in thousand Baht)</i> | |
| Available-for-sale securities | | |
| Government and state enterprise securities | 20,936,998 | 22,165,131 |
| Domestic debt securities | 302,175 | - |
| Foreign debt securities | 22,122,818 | 12,992,050 |
| Domestic equity securities | 226,860 | 225,686 |
| Total | 43,588,851 | 35,382,867 |
| Held to maturity securities | | |
| Domestic debt securities | 1,330,300 | - |
| Total | 1,330,300 | - |
| General investments | | |
| Domestic non-marketable equity securities | 100,322 | 100,322 |
| Less allowance for impairment | (8,945) | (8,930) |
| Net | 91,377 | 91,392 |
| Total investments, net | 45,010,528 | 35,474,259 |

As at 31 December 2015 and 2014, Baht 869 million and Baht 3,230 million of the banking bond portfolio respectively, classified as available-for-sale securities, are pledged as security on a contract for repurchase agreements.

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

| | Consolidated and The Bank | | | |
|--|---------------------------|------------|--------------|------------|
| | 2015 | | | |
| | 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 | 12,034,687 | 7,278,504 | 1,626,280 | 20,939,471 |
| Domestic debt securities | - | 300,000 | - | 300,000 |
| Foreign debt securities | 2,869,821 | 17,377,229 | 1,836,089 | 22,083,139 |
| Total | 14,904,508 | 24,955,733 | 3,462,369 | 43,322,610 |
| Add (less) allowance for revaluation | 73,564 | 87,544 | (121,727) | 39,381 |
| Total available-for-sale securities | 14,978,072 | 25,043,277 | 3,340,642 | 43,361,991 |
| Held to maturity | | | | |
| Domestic debt securities | - | 630,300 | 700,000 | 1,330,300 |
| Total held to maturity | - | 630,300 | 700,000 | 1,330,300 |
| Total debt securities | 14,978,072 | 25,673,577 | 4,040,642 | 44,692,291 |

| | Consolidated and The Bank | | | |
|--|---------------------------|------------|--------------|------------|
| | 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 |

10.3 Revaluation surplus on available-for-sale investments

| | Consolidated and The Bank | |
|--|----------------------------------|----------------|
| | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | |
| <i>Revaluation surplus on available-for-sale investments</i> | | |
| Debt securities | 39,381 | 151,694 |
| Equity securities | 153,787 | 183,095 |
| Total | 193,168 | 334,789 |
| Less deferred tax | (38,634) | (66,958) |
| Total, net of deferred tax | 154,534 | 267,831 |

10.4 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.

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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.
- 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 2015, the Bank has provision of Baht 22 million (2014: Baht 22 million), which is presented as a part of "Other provision". The share of losses is in the process of negotiation with TAMC. However, in 2015, the Controller's General Department sent a proposal to the Bank that Bangkok Commercial Asset Management Co., Ltd. (BAM) agrees to pay additional remuneration of Baht 11 million for the transferred account of a debtor. The Bank has considered their proposal but did not accept as proposed. The Bank therefore sent out an objection letter to the concerned parties.

10.5 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 | | | | | |
|------------------------------|---|-------------------------|------------------------|------------------------------------|---------------|
| 2015 | | | | | |
| Company's name | Type of business | Type of securities held | Ownership interest (%) | Paid-up capital (in thousand Baht) | Cost |
| Bangkok BTMU Company Limited | Lending and investment holding businesses | Ordinary shares | 10 | 200,000 | 20,390 |
| Total | | | | | 20,390 |

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

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

| | Consolidated and The Bank | | | | | |
|--|---------------------------|------------|--------------------------|-------|------------|--------------------------|
| | 2015 | | | 2014 | | |
| | Cost | Fair value | Allowance for impairment | Cost | Fair value | Allowance for impairment |
| | <i>(in thousand Baht)</i> | | | | | |
| Companies with problems in their financial positions and operating results | 9,817 | 872 | (8,945) | 9,817 | 887 | (8,930) |

11 Investments in a subsidiary, net

Investments in a subsidiary as at 31 December 2015 and 2014, and dividend income from those investments for the year ended 31 December 2015 and 2014, were as follows:

| Name of subsidiary | Type of business | The Bank | | | | | | | |
|--|---|--------------------|-------|-----------------|-------|--------------------------|-------|-----------------|------|
| | | Ownership interest | | Paid-up capital | | Cost | | Dividend income | |
| | | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | | <i>(%)</i> | | | | <i>(in million Baht)</i> | | | |
| ICBC (Thai) Leasing Company Limited ⁽¹⁾ | Hire purchase, finance lease and factoring business | 99.99 | 99.99 | 4,250 | 4,250 | 4,250 | 4,250 | - | - |

⁽¹⁾ The subsidiary is incorporated in Thailand.

12 Investment in an associate, net

Investment in associate as at 31 December 2015 and 2014, and dividend income from this investment for the year ended 31 December 2015 and 2014 were as follows:

| | | | | Consolidated | | | | |
|---|------------------------|-----------------------------|----------------------------------|--------------------|------|--|------------------------------------|--------------------|
| | | | | 2015 | | | | |
| Name of associate | Type of business | Country of incorporation | Ownership interest (%) | Paid-up capital | Cost | Equity <i>(in million Baht)</i> | Fair value of listed securities | Dividend income |
| Finansia Syrus Securities Public Company Limited | Securities business | Thailand | 22.29 | 930 | 305 | 527 | 397 | 22 |
| Total | | | | | 305 | 527 | 397 | 22 |

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

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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 represent the Group's share:

| Name of associate | Ownership interest (%) | Total assets | Total liabilities | 2015 | Total expenses | Net profit |
|--|------------------------|--------------|-------------------|------------------------------------|----------------|------------|
| | | | | Total revenue (in million Baht) | | |
| Finansia Syrus Securities Public Company Limited | 22.29 | 4,010 | 1,664 | 1,679 | 1,495 | 138 |
| Name of associate | Ownership interest (%) | Total assets | Total liabilities | 2014 | Total expenses | Net profit |
| | | | | Total revenue (in million Baht) | | |
| Finansia Syrus Securities Public Company Limited | 23.56 | 4,138 | 1,942 | 1,841 | 1,540 | 230 |

13 Loans to customers and accrued interest receivables, net

13.1 Classified by types of loans

| | Consolidated | | The Bank | |
|--|--------------------|--------------------|-------------------|--------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | (in thousand Baht) | | | |
| Overdrafts | 820,163 | 3 884,696 | 820,163 | 884,696 |
| Loans | 77,679,148 | 85,735,122 | 76,613,173 | 85,563,761 |
| Notes receivable | 19,533,993 | 15,363,397 | 22,264,993 | 18,595,397 |
| Hire-purchase receivables | 34,048,809 | 44,831,028 | - | - |
| Finance leases receivables | 8,845,265 | 6,585,296 | - | - |
| Total loans to customers | 140,927,378 | 153,399,539 | 99,698,329 | 105,043,854 |
| Less deferred revenue | (5,044,122) | (6,524,675) | (58) | (1,497) |
| Total loans to customers, net of deferred revenue | 135,883,256 | 146,874,864 | 99,698,271 | 105,042,357 |
| Add accrued interest receivables | 230,174 | 232,138 | 230,811 | 233,004 |
| Total loans to customers, net of deferred revenue and accrued interest receivables | 136,113,430 | 147,107,002 | 99,929,082 | 105,275,361 |
| Less allowance for doubtful accounts | | | | |
| - allowance established per BOT regulations | (1,349,823) | (1,547,568) | (812,618) | (811,212) |
| - allowance established in excess of BOT regulations | (2,679,671) | (1,915,020) | (2,140,556) | (1,657,863) |
| Less revaluation allowance for debt restructuring | (13,725) | (20,605) | (13,725) | (20,605) |
| Loans to customers and accrued interest receivables, net | 132,070,211 | 143,623,809 | 96,962,183 | 102,785,681 |

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13.2 Classified by currency and residential status of customers

| | Consolidated | | | | | |
|-----------------------------|---------------------------|-------------------|--------------------|--------------------|-------------------|--------------------|
| | Domestic | Foreign | Total | Domestic | Foreign | Total |
| | <i>(in thousand Baht)</i> | | | | | |
| Baht | 101,706,324 | 8,210 | 101,714,534 | 100,674,790 | 7,067 | 100,681,857 |
| US Dollar | 3,882,076 | 26,684,965 | 30,567,041 | 3,087,894 | 43,075,550 | 46,163,444 |
| Renminbi | 1,670 | 3,576,474 | 3,578,144 | 421 | 83 | 504 |
| Euro | 23,537 | - | 23,537 | 28,739 | - | 28,739 |
| SG Dollar | - | - | - | 320 | - | 320 |
| Total ⁽¹⁾ | 105,613,607 | 30,269,649 | 135,883,256 | 103,792,164 | 43,082,700 | 146,874,864 |

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

| | The Bank | | | | | |
|-----------------------------|---------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| | Domestic | Foreign | Total | Domestic | Foreign | Total |
| | <i>(in thousand Baht)</i> | | | | | |
| Baht | 66,425,456 | 8,210 | 66,433,666 | 58,842,283 | 7,067 | 58,849,350 |
| US Dollar | 2,977,959 | 26,684,965 | 29,662,924 | 3,087,894 | 43,075,550 | 46,163,444 |
| Renminbi | 1,670 | 3,576,474 | 3,578,144 | 421 | 83 | 504 |
| Euro | 23,537 | - | 23,537 | 28,739 | - | 28,739 |
| SG Dollar | - | - | - | 320 | - | 320 |
| Total ⁽¹⁾ | 69,428,622 | 30,269,649 | 99,698,271 | 61,959,657 | 43,082,700 | 105,042,357 |

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

13.3 Classified by business types and loan classification

| | Consolidated | | | | | Total |
|---------------------------------------|---------------------------|------------------|----------------|----------------|------------------|--------------------|
| | Pass | Special mention | Substandard | Doubtful | Doubtful of loss | |
| | <i>(in thousand Baht)</i> | | | | | |
| Agriculture and mining | 1,309,312 | 54,229 | - | - | - | 1,363,541 |
| Manufacturing and commerce | 57,373,613 | 135,172 | - | 13,596 | 579,515 | 58,101,896 |
| Property development and construction | 11,662,923 | 94,099 | - | - | 445,855 | 12,202,877 |
| Infrastructure and services | 21,961,498 | 303,746 | - | - | 72,316 | 22,337,560 |
| Housing loans | 35,002 | 4,757 | - | - | 695 | 40,454 |
| Others ⁽¹⁾ | 38,353,374 | 2,458,380 | 748,118 | 262,368 | 14,688 | 41,836,928 |
| Total ⁽²⁾ | 130,695,722 | 3,050,383 | 748,118 | 275,964 | 1,113,069 | 135,883,256 |

⁽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 2014 | | | | | Total |
|---------------------------------------|----------------------|--------------------|-----------------------------------|----------------|---------------------|--------------------|
| | Pass | Special mention | Substandard (in thousand Baht) | Doubtful | Doubtful of loss | |
| 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.

| | The Bank 2015 | | | | | Total |
|---------------------------------------|-------------------|--------------------|-----------------------------------|---------------|---------------------|-------------------|
| | Pass | Special mention | Substandard (in thousand Baht) | Doubtful | Doubtful of loss | |
| Agriculture and mining | 1,309,312 | 54,229 | - | - | - | 1,363,541 |
| Manufacturing and commerce | 59,121,818 | 135,172 | - | 13,596 | 579,515 | 59,850,101 |
| Property development and construction | 11,662,923 | 94,099 | - | - | 445,855 | 12,202,877 |
| Infrastructure and services | 21,961,498 | 303,746 | - | - | 72,316 | 22,337,560 |
| Housing loans | 35,002 | 4,757 | - | - | 695 | 40,454 |
| Others | 3,890,205 | 658 | 362 | 165 | 12,348 | 3,903,738 |
| Total ⁽¹⁾ | 97,980,758 | 592,661 | 362 | 13,761 | 1,110,729 | 99,698,271 |

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

| | The Bank 2014 | | | | | Total |
|---------------------------------------|--------------------|--------------------|-----------------------------------|------------|---------------------|--------------------|
| | Pass | Special mention | Substandard (in thousand Baht) | Doubtful | Doubtful of loss | |
| 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⁾ | 103,150,030 | 704,583 | 31,659 | 184 | 1,155,901 | 105,042,357 |

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

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13.4 Loans classified by type of classification

| Consolidated | | | | |
|---|---|---|---|---------------------------------|
| 2015 | | | | |
| | Loans to customers and accrued interest receivables less deferred revenue | Net amount used to set the allowance for doubtful accounts ⁽¹⁾ (in thousand Baht) | Rate used for allowance for doubtful accounts (%) | Allowance for doubtful accounts |
| Minimum allowance as per BOT's Regulations | | | | |
| Pass | 130,923,673 | 53,564,874 | 1 | 535,649 |
| Special mention | 3,052,606 | 974,653 | 2 | 19,493 |
| Substandard | 748,118 | 334,255 | 100 | 334,255 |
| Doubtful | 275,964 | 128,053 | 100 | 128,053 |
| Doubtful of loss | 1,113,069 | 332,373 | 100 | 332,373 |
| | | | | 1,349,823 |
| Excess allowance ⁽²⁾ | | | | 2,679,671 ⁽³⁾ |
| Total | 136,113,430 | 55,334,208 | | 4,029,494 |

⁽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 507 million recorded at the parent company level to account for expected losses arising in the hire purchase and finance lease receivable portfolio.

⁽³⁾ During the current year, the management of its subsidiary has recalibrated the assumptions used in determining allowance for doubtful accounts considering credit risk, collection experience, current economic environment, and its impact on the delinquency rates, collateral values and based on the review of current status of receivables outstanding at the end of reporting period.

| Consolidated | | | | |
|---|---|---|---|---------------------------------|
| 2014 | | | | |
| | Loans to customers and accrued interest receivables less deferred revenue | Net amount used to set the allowance for doubtful accounts ⁽¹⁾ (in thousand Baht) | Rate used for allowance for doubtful accounts (%) | Allowance for doubtful accounts |
| 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 |
| | | | | 1,547,568 |
| Excess allowance ⁽²⁾ | | | | 1,915,020 |
| 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 767 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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The Bank

2015

| | 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 | 98,209,346 | 48,142,384 | 1 | 481,424 |
| Special mention | 594,884 | 31,698 | 2 | 634 |
| Substandard | 362 | 362 | 100 | 362 |
| Doubtful | 13,761 | 165 | 100 | 165 |
| Doubtful of loss | 1,110,729 | 330,033 | 100 | 330,033 |
| | | | | 812,618 |
| Excess allowance | | | | 2,140,556 |
| Total | 99,929,082 | 48,504,642 | | 2,953,174 |

⁽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

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 | 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".

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13.5 Non-Performing Loans

As at 31 December 2015 and 2014, 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 | |
|---|---------------------------|-----------|-----------------|-----------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Non-Performing Loans (net of allowance for doubtful accounts) | 1,283,708 | 1,454,415 | 753,577 | 819,754 |
| % of Non-Performing Loans to total loans (net) ⁽¹⁾ | 0.94 | 0.93 | 0.75 | 0.71 |
| Non-Performing Loans (gross) | 2,137,151 | 2,508,126 | 1,124,852 | 1,187,744 |
| % of Non-Performing Loans to total loans (gross) ⁽¹⁾ | 1.56 | 1.59 | 1.12 | 1.03 |

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

13.6 Non-accrual loans

Non-accrual loans, gross, (including loans to financial institutions) as at 31 December 2015 and 2014 are as follows:

| | Consolidated | | The Bank | |
|--|---------------------------|-----------|-----------------|-----------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Loans where recognition of income has been suspended (principal only) | 2,137,147 | 2,504,389 | 1,124,848 | 1,184,006 |
| % of loans where recognition of income has been suspended ⁽¹⁾ | 1.56 | 1.59 | 1.12 | 1.02 |

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

13.7 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.

13.8 Loans to a subsidiary

| Company's name | Types of loans | Maturity | Interest rate as at | | Amounts principal outstanding | |
|---------------------------------|----------------|--------------------------------|----------------------|------|-------------------------------|--------------|
| | | | 2015 | 2014 | 2015 | 2014 |
| | | | <i>(% per annum)</i> | | <i>(in million Baht)</i> | |
| ICBC (Thai) | Revolving loan | At call | 2.85 | 3.85 | 2,731 | 2,132 |
| Leasing Company Limited | Revolving loan | (2014 : June 2015 - July 2015) | - | 5.00 | - | 1,100 |
| Total | | | | | 2,731 | 3,232 |
| Allowance for doubtful accounts | | | | | 27 | 32 |

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As at 31 December 2015 and 2014, the Bank held impairment provisions amounting to Baht 507 million (2014 : Baht 767 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. Such amount has been booked to loans to customers in parent company financial statements under excess allowance over minimum Bank of Thailand requirements (Note 13.4).

14 Troubled debt restructuring

During the years ended 31 December 2015 and 2014, details of restructured debts as at the date of restructuring, classified by the restructuring method were as follows:

| Consolidated | | | | | |
|--|-------------------|---|---|--|---|
| 2015 | | | | | |
| | Number of debtors | Outstanding balances before restructuring | Outstanding balances after restructuring (in million Baht) | Average period of the remaining term of debt restructuring | Loss on debt restructuring ⁽¹⁾ |
| Changes of repayment conditions | 4 | 13 | 13 | 3 Years | - |
| Loans and accrued interest receivables as at 31 December 2015 ⁽²⁾ | 120,423 | | 136,113 | | |

⁽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

| Consolidated | | | | | |
|--|-------------------|---|---|--|---|
| 2014 | | | | | |
| | Number of debtors | Outstanding balances before restructuring | Outstanding balances after restructuring (in million Baht) | Average period of the remaining term of debt restructuring | Loss on debt restructuring ⁽¹⁾ |
| 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 | | |

⁽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

| The Bank | | | | | |
|--|-------------------|---|---|--|---|
| 2015 | | | | | |
| | Number of debtors | Outstanding balances before restructuring | Outstanding balances after restructuring (in million Baht) | Average period of the remaining term of debt restructuring | Loss on debt restructuring ⁽¹⁾ |
| Changes of repayment conditions | 4 | 13 | 13 | 3 Years | - |
| Loans and accrued interest receivables as at 31 December 2015 ⁽²⁾ | 1,693 | | 99,929 | | |

⁽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

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

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| The Bank | | | | | |
|--|-------------------|---|---|--|---|
| 2014 | | | | | |
| | Number of debtors | Outstanding balances before restructuring | Outstanding balances after restructuring (in million Baht) | Average period of the remaining term of debt restructuring | Loss on debt restructuring ⁽¹⁾ |
| 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 | | |

⁽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 2015 and 2014 are as follows:

| Consolidated and The Bank | | |
|--|-------------------|------|
| | 2015 | 2014 |
| | (in million Baht) | |
| Interest income recognised in profit or loss | 57 | 78 |
| Cash collection from debtors | | |
| Principal | 256 | 378 |
| Interest | 54 | 62 |

As at 31 December 2015 and 2014, the Bank and its subsidiary have outstanding balances relating to restructured loans for the consolidated and the Bank's financial statement amounting to Baht 718 million and 979 million, respectively.

During the years ended 31 December 2015 and 2014, the Bank reversed allowance for revaluation on debt restructuring amounting to Baht 5.4 and 8.4 million respectively and amortised allowance for revaluation on debt restructuring as interest income for the years ended 31 December 2015 and 2014 totaling Baht 1.5 million and 3.5 million, respectively.

As at 31 December 2015 and 2014, the Bank has no commitment to additionally lend to its debtors after debt restructuring.

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15 Hire purchase and finance lease receivables

As at 31 December 2015 and 2014, 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 (2014: 1 to 12 years) and the interest is charged at floating or fixed rates as specified in the contracts.

| Consolidated | | | | | |
|---|---------------------|---------------|--------------------------------------|----------------------------|----------------------|
| 2015 | | | | | |
| | Less than 1 year | 1 - 5 years | Over 5 years (in million Baht) | Non- performing loan | Total |
| Total of gross investments in the lease | 14,379 | 25,028 | 2,308 | 1,179 | 42,894 |
| Less deferred revenue ⁽¹⁾ | (2,018) | (2,542) | (234) | (167) | (4,961) |
| Present value of the lease payments | <u>12,361</u> | <u>22,486</u> | <u>2,074</u> | <u>1,012</u> | <u>37,933</u> |
| Allowance for doubtful accounts | | | | | (1,572) |
| Hire purchase and finance lease receivables, net | | | | | <u>36,361</u> |

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

| Consolidated | | | | | |
|---|---------------------|---------------|--------------------------------------|----------------------------|----------------------|
| 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.

Allowance for doubtful accounts represents the minimum allowance required under BoT guidelines and an additional allowance of Baht 507 million as at 31 December 2015 (2014: Baht 767 million) recorded at the parent company level to account for expected losses arising in the hire purchase and finance lease receivable portfolio.

15.1 Classified by aging

As at 31 December 2015 and 2014, hire purchase and financial lease receivables are classified by the due date of the contracts as follows:

| Consolidated | |
|---------------------------------|-----------------------------|
| | |
| | 2015 2014 |
| | (in million Baht) |
| Not yet due | 31,249 36,261 |
| Overdue: | |
| Not over 90 days | 5,672 7,312 |
| 91 - 180 days | 748 876 |
| 181 - 365 days | 262 442 |
| More than 365 days | 2 2 |
| | <u>37,933</u> <u>44,893</u> |
| Allowance for doubtful accounts | <u>1,572</u> <u>1,759</u> |

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16 Allowance for doubtful accounts

| Consolidated | | | | | | | |
|--------------------------------|---------------------------|--------------------|-------------------|----------------|---------------------|--|------------------|
| 2015 | | | | | | | |
| | Pass | Special mention | Sub - standard | Doubtful | Doubtful of loss | Allowance established in excess of BoT regulations | Total |
| | <i>(in thousand Baht)</i> | | | | | | |
| Beginning balance | 513,205 | 22,429 | 444,880 | 240,134 | 326,920 | 1,915,020 | 3,462,588 |
| Bad debt and doubtful accounts | 22,444 | (2,936) | (110,625) | (112,081) | 572,552 | 764,651 | 1,134,005 |
| Bad debt written off | - | - | - | - | (567,099) | - | (567,099) |
| Ending balance | 535,649 | 19,493 | 334,255 | 128,053 | 332,373 | 2,679,671 | 4,029,494 |

| Consolidated | | | | | | | |
|--------------------------------|---------------------------|--------------------|-------------------|----------------|---------------------|--|------------------|
| 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 | 513,205 | 22,429 | 444,880 | 240,134 | 326,920 | 1,915,020 | 3,462,588 |

| The Bank | | | | | | | |
|--------------------------------|---------------------------|--------------------|-------------------|------------|---------------------|--|------------------|
| 2015 | | | | | | | |
| | Pass | Special mention | Sub - standard | Doubtful | Doubtful of loss | Allowance established in excess of BoT regulations | Total |
| | <i>(in thousand Baht)</i> | | | | | | |
| Beginning balance | 480,970 | 2,712 | 2,674 | - | 324,856 | 1,657,863 | 2,469,075 |
| Bad debt and doubtful accounts | 454 | (2,078) | (2,312) | 165 | 18,889 | 482,693 | 497,811 |
| Bad debt written off | - | - | - | - | (13,712) | - | (13,712) |
| Ending balance | 481,424 | 634 | 362 | 165 | 330,033 | 2,140,556 | 2,953,174 |

| The Bank | | | | | | | |
|--------------------------------|---------------------------|--------------------|-------------------|----------|---------------------|--|------------------|
| 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 |

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

Notes to the financial statements

17 Revaluation of allowance for debt restructuring

| | Consolidated and The Bank | |
|-------------------------------------|----------------------------------|---------------|
| | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | |
| Beginning balance | 20,605 | 19,461 |
| (Decrease) increase during the year | (5,380) | 4,683 |
| Written off during the year | (1,500) | (3,539) |
| Ending balance | 13,725 | 20,605 |

18 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 | | | | |
|--|---------------------------|------------------|--------------------|------------------------|--|
| | 2015 | | | | |
| Type of properties foreclosed | Beginning balance | Additions | Disposals | Ending balance | Portion subject to disposal restrictions, buyback rights or first refusal rights |
| | <i>(in thousand Baht)</i> | | | | |
| Assets transferred in settlement of debts | | | | | |
| Immovable properties | 916,605 | - | (4,634) | 911,971 ⁽¹⁾ | 29,146 |
| Movable assets | 291,931 | 1,259,326 | (1,431,444) | 119,813 | - |
| Total | 1,208,536 | 1,259,326 | (1,436,078) | 1,031,784 | 29,146 |
| Assets from auction bidding | | | | | |
| Immovable properties | 92,982 | 4,057 | (260) | 96,779 | - |
| Total | 92,982 | 4,057 | (260) | 96,779 | - |
| Total properties foreclosed | 1,301,518 | 1,263,383 | (1,436,338) | 1,128,563 | 29,146 |
| Less allowance for impairment | (349,213) | (450,087) | 553,183 | (246,117) | (16,619) |
| Total properties foreclosed, net | 952,305 | 813,296 | (883,155) | 882,446 | 12,527 |

⁽¹⁾ As of 31 December 2015, 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 273 million, respectively.

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| Consolidated | | | | | |
|--|-------------------|------------------|---------------------------------|------------------------|--|
| 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 |
| 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.

| The Bank | | | | | |
|--|-------------------|--------------|---------------------------------|------------------------|--|
| 2015 | | | | | |
| 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 | 916,605 | - | (4,634) | 911,971 ⁽¹⁾ | 29,146 |
| Total | 916,605 | - | (4,634) | 911,971 | 29,146 |
| Assets from auction bidding | | | | | |
| Immovable properties | 92,982 | 4,057 | (260) | 96,779 | - |
| Total | 92,982 | 4,057 | (260) | 96,779 | - |
| Total properties foreclosed | 1,009,587 | 4,057 | (4,894) | 1,008,750 | 29,146 |
| Less allowance for impairment | (197,181) | (2,401) | 3,023 | (196,559) | (16,619) |
| Total properties foreclosed, net | 812,406 | 1,656 | (1,871) | 812,191 | 12,527 |

⁽¹⁾ As of 31 December 2015, 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 273 million, respectively.

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| The Bank | | | | | |
|--|-------------------|--------------|---------------------------------|------------------------|--|
| 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.

19 Premises and equipment, net

| | Consolidated | | | | |
|---|---------------------|----------------|--|------------------|------------------|
| | Land | Buildings | Furniture, fixtures and office equipment (in thousand Baht) | Motor vehicles | Total |
| Cost | | | | | |
| At 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 and 1 January 2015 | 8,500 | 6,892 | 475,516 | 122,408 | 613,316 |
| Additions | - | - | 16,195 | - | 16,195 |
| Disposals/write-off | - | - | (4,524) | (62) | (4,586) |
| At 31 December 2015 | 8,500 | 6,892 | 487,187 | 122,346 | 624,925 |
| Accumulated depreciation | | | | | |
| At 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 and 1 January 2015 | - | (1,092) | (350,417) | (104,496) | (456,005) |
| Depreciation charge for the year | - | (203) | (43,227) | (4,923) | (48,353) |
| Disposals/write-off | - | - | 4,361 | 62 | 4,423 |
| At 31 December 2015 | - | (1,295) | (389,283) | (109,357) | (499,935) |
| Net book value | | | | | |
| At 1 January 2014 | 8,500 | 10,132 | 141,112 | 20,182 | 179,926 |
| At 31 December 2014 and 1 January 2015 | 8,500 | 5,800 | 125,099 | 17,912 | 157,311 |
| At 31 December 2015 | 8,500 | 5,597 | 97,904 | 12,989 | 124,990 |

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As at 31 December 2015, the Bank and its subsidiary have motor vehicles acquired under financial leases with net book values amounting to Baht 9 million (2014: Baht 10 million)

The gross amount of the Bank and its subsidiary' fully depreciated equipment that was still in use as at 31 December 2015 amounted to Baht 313.7 million (2014: Baht 277.7 million).

| | Land | Buildings | The Bank Furniture, fixtures and office equipment (in thousand Baht) | Motor vehicles | Total |
|---|--------------|----------------|--|-------------------|------------------|
| Cost | | | | | |
| At 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 | - | - |
| Disposals/write-off | - | - | (12,266) | - | (12,266) |
| At 31 December 2014 and 1 January 2015 | 8,500 | 6,892 | 372,934 | 95,349 | 483,675 |
| Additions | - | - | 14,268 | - | 14,268 |
| Disposal/write-off | - | - | (2,646) | (62) | (2,708) |
| At 31 December 2015 | 8,500 | 6,892 | 384,556 | 95,287 | 495,235 |
| Accumulated depreciation | | | | | |
| At 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) | - | - |
| Disposals/write-off | - | - | 12,243 | - | 12,243 |
| At 31 December 2014 and 1 January 2015 | - | (1,092) | (282,765) | (89,017) | (372,874) |
| Depreciation charge for the year | - | (203) | (24,414) | (2,467) | (27,084) |
| Disposal/write-off | - | - | 2,646 | 62 | 2,708 |
| At 31 December 2015 | - | (1,295) | (304,533) | (91,422) | (397,250) |
| Net book value | | | | | |
| At 1 January 2014 | 8,500 | 10,132 | 87,373 | 7,324 | 113,329 |
| At 31 December 2014 and 1 January 2015 | 8,500 | 5,800 | 90,169 | 6,332 | 110,801 |
| At 31 December 2015 | 8,500 | 5,597 | 80,023 | 3,865 | 97,985 |

As at 31 December 2015 and 2014, the Bank has no motor vehicles acquired under financial leases

The gross amount of the Bank's fully depreciated equipment that was still in use as at 31 December 2015 amounted to Baht 270.7 million (2014: Baht 248.7 million).

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20 Intangible assets, net

| | Computer softwares | Consolidated | | Total |
|---|--------------------|--------------------------------------|----------------------|------------------|
| | | Computer softwares under development | Deferred license fee | |
| | | <i>(in thousand Baht)</i> | | |
| Cost | | | | |
| At 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 and 1 January 2015 | 373,370 | - | 26,750 | 400,120 |
| Additions | 742 | 615 | - | 1,357 |
| At 31 December 2015 | 374,112 | 615 | 26,750 | 401,477 |
| Amortisation | | | | |
| At 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 and 1 January 2015 | (338,596) | - | (5,267) | (343,863) |
| Amortisation for the year | (14,513) | - | (2,673) | (17,186) |
| At 31 December 2015 | (353,109) | - | (7,940) | (361,049) |
| Net book value | | | | |
| At 1 January 2014 | 47,420 | 1,083 | 23,923 | 72,426 |
| At 31 December 2014 and 1 January 2015 | 34,774 | - | 21,483 | 56,257 |
| At 31 December 2015 | 21,003 | 615 | 18,810 | 40,428 |
| | | | | |
| | Computer softwares | The Bank | | Total |
| | | Computer softwares under development | Deferred license fee | |
| | | <i>(in thousand Baht)</i> | | |
| Cost | | | | |
| At 1 January 2014 | 341,787 | - | 26,750 | 368,537 |
| Additions | 648 | - | - | 648 |
| Disposals/write-off | (1,615) | - | - | (1,615) |
| At 31 December 2014 and 1 January 2015 | 340,820 | - | 26,750 | 367,570 |
| Additions | 107 | - | - | 107 |
| At 31 December 2015 | 340,927 | - | 26,750 | 367,677 |
| Amortisation | | | | |
| At 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 and 1 January 2015 | (314,193) | - | (5,267) | (319,460) |
| Amortisation for the year | (10,630) | - | (2,673) | (13,303) |
| At 31 December 2015 | (324,823) | - | (7,940) | (332,763) |
| Net book value | | | | |
| At 1 January 2014 | 38,542 | - | 23,923 | 62,465 |
| At 31 December 2014 and 1 January 2015 | 26,627 | - | 21,483 | 48,110 |
| At 31 December 2015 | 16,104 | - | 18,810 | 34,914 |

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21 Deferred tax

Deferred tax assets and liabilities were as follows:

| | Consolidated | |
|--------------------------|---------------------------|----------------|
| | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | |
| Deferred tax assets | 1,030,923 | 933,304 |
| Deferred tax liabilities | (325,009) | (286,008) |
| Net | 705,914 | 647,296 |

| | The Bank | |
|--------------------------|---------------------------|----------------|
| | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | |
| Deferred tax assets | 376,029 | 306,676 |
| Deferred tax liabilities | (46,831) | (72,900) |
| Net | 329,198 | 233,776 |

Movements in total deferred tax assets and liabilities during the year ended 31 December 2015 and 2014 were as follows:

| | At 1 January 2015 | Consolidated (Charged) / Credited to: | | At 31 December 2015 |
|--|----------------------------------|---|----------------------------------|------------------------------------|
| | | Profit or loss (Note 44) | Other comprehensive income | |
| | | <i>(in thousand Baht)</i> | | |
| Deferred tax assets | | | | |
| Investments | 5,943 | - | 2,255 | 8,198 |
| Loans to customers and accrued interest receivables | 216,139 | (40,697) | - | 175,442 |
| Allowance for doubtful accounts | 237,200 | 115,800 | - | 353,000 |
| Properties foreclosed | 69,842 | (20,619) | - | 49,223 |
| Other assets | 356,217 | 32,958 | - | 389,175 |
| Provisions | 36,662 | 2,669 | - | 39,331 |
| Other liabilities | 11,301 | 5,253 | - | 16,554 |
| Total | 933,304 | 95,364 | 2,255 | 1,030,923 |
| Deferred tax liabilities | | | | |
| Investments | (72,900) | - | 26,069 | (46,831) |
| Investments in an associate | (21,256) | (919) | - | (22,175) |
| Loans to customers and accrued interest receivables | (183,562) | (67,866) | - | (251,428) |
| Deferred direct costs of debentures | (8,290) | 3,715 | - | (4,575) |
| Total | (286,008) | (65,070) | 26,069 | (325,009) |
| Net | 647,296 | 30,294 | 28,324 | 705,914 |

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

Notes to the financial statements

| | Consolidated | | | |
|---|--------------------------|--------------------|----------------------|------------------|
| | (Charged) / Credited to: | | | |
| | At | Profit or loss | Other | At |
| | 1 January 2014 | (Note 44) | comprehensive income | 31 December 2014 |
| | | (in thousand Baht) | | |
| Deferred tax assets | | | | |
| Investments | 24,464 | - | (18,521) | 5,943 |
| Loans to customers and accrued interest receivables | 241,338 | (25,199) | - | 216,139 |
| Allowance for doubtful accounts | - | 237,200 | - | 237,200 |
| Properties foreclosed | 60,636 | 9,206 | - | 69,842 |
| Other assets | 226,575 | 129,642 | - | 356,217 |
| Provisions | 53,160 | (16,498) | - | 36,662 |
| Other liabilities | 8,558 | 2,743 | - | 11,301 |
| Total | 614,731 | 337,094 | (18,521) | 933,304 |

Deferred tax liabilities

| | | | | |
|--|------------------|-----------------|-----------------|------------------|
| Investments | (74,126) | - | 1,226 | (72,900) |
| Investments in an associate | (15,832) | (5,424) | - | (21,256) |
| Loans to customers and accrued interest receivables | (157,563) | (25,999) | - | (183,562) |
| Deferred direct costs of debentures | (7,550) | (740) | - | (8,290) |
| Total | (255,071) | (32,163) | 1,226 | (286,008) |
| Net | 359,660 | 304,931 | (17,295) | 647,296 |

| | | The Bank | | |
|--|----------------------|-----------------------------|----------------------------------|---------------------------|
| | | (Charged) / Credited to: | | |
| | At 1 January 2015 | Profit or loss (Note 44) | Other comprehensive income | At 31 December 2015 |
| | | (in thousand Baht) | | |
| <i>Deferred tax assets</i> | | | | |
| Investments | 5,943 | - | 2,255 | 8,198 |
| Loans to customers and accrued interest receivables | 23,574 | (625) | - | 22,949 |
| Allowance for doubtful accounts | 207,000 | 63,800 | - | 270,800 |
| Properties foreclosed | 39,436 | (124) | - | 39,312 |
| Other assets | 1,037 | (371) | - | 666 |
| Provisions | 28,956 | 4,467 | - | 33,423 |
| Other liabilities | 730 | (49) | - | 681 |
| Total | 306,676 | 67,098 | 2,255 | 376,029 |
| <i>Deferred tax liabilities</i> | | | | |
| Investments | (72,900) | - | 26,069 | (46,831) |
| Total | (72,900) | - | 26,069 | (46,831) |
| Net | 233,776 | 67,098 | 28,324 | 329,198 |

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

Notes to the financial statements

| | At 1 January 2014 | The Bank (Charged) / Credited to: | | At 31 December 2014 |
|--|----------------------------------|---|----------------------------------|------------------------------------|
| | | Profit or loss (Note 44) (in thousand Baht) | Other comprehensive income | |
| Deferred tax assets | | | | |
| 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 |
| Deferred tax liabilities | | | | |
| Investments | (74,126) | - | 1,226 | (72,900) |
| Total | (74,126) | - | 1,226 | (72,900) |
| Net | 66,173 | 184,898 | (17,295) | 233,776 |

22 Other Assets, net

| | Consolidated | | The Bank | |
|---|---------------------|---------------|-----------------|--------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | | | | (in thousand Baht) |
| Prepaid expenses | 11,425 | 12,476 | 8,796 | 9,722 |
| Deposit | 13,480 | 14,133 | 5,987 | 6,453 |
| Advance | 604 | 645 | 509 | 635 |
| Receivables for financial lease contracts | 304,031 | - | - | - |
| Others | 2,511 | 2,337 | 1,701 | 1,639 |
| Total | 332,051 | 29,591 | 16,993 | 18,449 |

23 Classified assets

| | Consolidated 2015 | | | |
|------------------|---|-------------|--------------------------|-------------------|
| | Loans to customers and accrued interest receivables ⁽²⁾ | Investments | Properties foreclosed | Other assets |
| | | | | Total |
| | | | | (in million Baht) |
| Pass | 131,856 ⁽¹⁾ | - | - | - |
| Special mention | 3,053 | - | - | - |
| Substandard | 748 | - | - | - |
| Doubtful | 276 | - | - | - |
| Doubtful of loss | 1,113 | 9 | 246 | 522 |
| Total | 137,046 | 9 | 246 | 522 |
| | | | | 137,823 |

⁽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

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

Notes to the financial statements

Consolidated 2014

| | Loans to customers and accrued interest receivables ⁽²⁾ | Investments | Properties foreclosed (in million Baht) | Other assets | 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 | 543 | 2,059 |
| Total | 157,614 | 9 | 349 | 543 | 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

The Bank 2015

| | Loans to customers and accrued interest receivables ⁽²⁾ | Investments | Properties foreclosed (in million Baht) | Other assets | Total |
|------------------|---|-------------|---|-----------------|----------------|
| Pass | 99,142 ⁽¹⁾ | - | - | - | 99,142 |
| Special mention | 595 | - | - | - | 595 |
| Substandard | - | - | - | - | - |
| Doubtful | 14 | - | - | - | 14 |
| Doubtful of loss | 1,111 | 9 | 197 | 3 | 1,320 |
| Total | 100,862 | 9 | 197 | 3 | 101,071 |

⁽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 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

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

Notes to the financial statements

24 Deposits

24.1 Classified by product

| | Consolidated | | The Bank | |
|---------------------------------|--------------------|-------------------|-------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | (in thousand Baht) | | | |
| Demand | 10,411,414 | 8,006,736 | 10,411,654 | 8,006,778 |
| Savings | 6,627,961 | 5,359,631 | 6,634,435 | 5,359,650 |
| Fixed | | | | |
| - Less than 6 months | 32,978,001 | 45,778,514 | 32,978,001 | 45,778,514 |
| - 6 months and less than 1 year | 11,532,298 | 17,577,319 | 11,532,298 | 17,577,319 |
| - Over 1 year | 24,644,976 | 13,306,325 | 24,644,976 | 13,306,325 |
| Total | 86,194,650 | 90,028,525 | 86,201,364 | 90,028,586 |

24.2 Classified by currency and residence of customer

| | Consolidated | | | | | |
|------------------|--------------------|------------------|-------------------|-------------------|------------------|-------------------|
| | Domestic | 2015 Foreign | Total | Domestic | 2014 Foreign | Total |
| | (in thousand Baht) | | | | | |
| Baht | 83,649,469 | 1,373,655 | 85,023,124 | 87,765,072 | 1,262,281 | 89,027,353 |
| US Dollar | 295,464 | 498,086 | 793,550 | 426,529 | 450,215 | 876,744 |
| Other currencies | 168,029 | 209,947 | 377,976 | 43,571 | 80,857 | 124,428 |
| Total | 84,112,962 | 2,081,688 | 86,194,650 | 88,235,172 | 1,793,353 | 90,028,525 |

| | The Bank | | | | | |
|------------------|--------------------|------------------|-------------------|-------------------|------------------|-------------------|
| | Domestic | 2015 Foreign | Total | Domestic | 2014 Foreign | Total |
| | (in thousand Baht) | | | | | |
| Baht | 83,656,183 | 1,373,655 | 85,029,838 | 87,765,133 | 1,262,281 | 89,027,414 |
| US Dollar | 295,464 | 498,086 | 793,550 | 426,529 | 450,215 | 876,744 |
| Other currencies | 168,029 | 209,947 | 377,976 | 43,571 | 80,857 | 124,428 |
| Total | 84,119,676 | 2,081,688 | 86,201,364 | 88,235,233 | 1,793,353 | 90,028,586 |

25 Interbank and money market items (Liabilities)

| | Consolidated | | | | | |
|---|--------------------|-------------------|-------------------|------------------|-------------------|-------------------|
| | Demand | 2015 Time | Total | Demand | 2014 Time | Total |
| | (in thousand Baht) | | | | | |
| Domestic items: | | | | | | |
| Bank of Thailand | - | 887,544 | 887,544 | - | 987,874 | 987,874 |
| Commercial banks | 33,330 | 430,000 | 463,330 | 9,700 | - | 9,700 |
| Specialised financial institutions | - | 633,070 | 633,070 | 530 | 3,000,000 | 3,000,530 |
| Other financial institutions | 921,609 | 3,199,949 | 4,121,558 | 3,187,443 | 4,433,773 | 7,621,216 |
| Total domestic items | 954,939 | 5,150,563 | 6,105,502 | 3,197,673 | 8,421,647 | 11,619,320 |
| Foreign items: | | | | | | |
| US Dollar | - | 25,262,020 | 25,262,020 | - | 28,671,692 | 28,671,692 |
| Renminbi | 2,434 | 4,214,808 | 4,217,242 | - | - | - |
| Thai Baht | 291,882 | - | 291,882 | 132,884 | - | 132,884 |
| Total foreign items | 294,316 | 29,476,828 | 29,771,144 | 132,884 | 28,671,692 | 28,804,576 |
| Total domestic and foreign items | 1,249,255 | 34,627,391 | 35,876,646 | 3,330,557 | 37,093,339 | 40,423,896 |

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

Notes to the financial statements

| | The Bank | | | | | |
|---|------------------|-------------------|-----------------------------|------------------|-------------------|-------------------|
| | Demand | 2015 Time | Total (in thousand Baht) | Demand | 2014 Time | Total |
| Domestic items: | | | | | | |
| Bank of Thailand | - | 887,544 | 887,544 | - | 987,874 | 987,874 |
| Commercial banks | 33,330 | 430,000 | 463,330 | 9,700 | - | 9,700 |
| Specialised financial institutions | - | 633,070 | 633,070 | 530 | 3,000,000 | 3,000,530 |
| Other financial institutions | 921,609 | 3,199,949 | 4,121,558 | 3,187,443 | 4,433,773 | 7,621,216 |
| Total domestic items | 954,939 | 5,150,563 | 6,105,502 | 3,197,673 | 8,421,647 | 11,619,320 |
| Foreign items: | | | | | | |
| US Dollar | - | 25,262,020 | 25,262,020 | - | 28,671,692 | 28,671,692 |
| Renminbi | 2,434 | 4,214,808 | 4,217,242 | - | - | - |
| Thai Baht | 291,882 | - | 291,882 | 132,884 | - | 132,884 |
| Total foreign items | 294,316 | 29,476,828 | 29,771,144 | 132,884 | 28,671,692 | 28,804,576 |
| Total domestic and foreign items | 1,249,255 | 34,627,391 | 35,876,646 | 3,330,557 | 37,093,339 | 40,423,896 |

26 Debt issued and borrowings

As at 31 December 2015 and 2014, debt issued and borrowings which were denominated entirely in Thai Baht consist of the following:

| | Consolidated | | | | | |
|-----------------------------------|---------------------|---------------------------|------------------------------|----------------|---------------------------|------------------------------|
| | Maturity dates | 2015 Interest rate (%) | Amount (in thousand Baht) | Maturity dates | 2014 Interest rate (%) | Amount (in thousand Baht) |
| Bills of Exchange | - | - | - | 2015 | 2.52-3.75 | 992,890 |
| Secured debentures ⁽¹⁾ | 2017-2019 | 3.24-3.94 | 12,890,482 | 2015-2019 | 3.24-3.98 | 15,484,962 |
| Unsecured debentures | 2016-2018 | 1.55-4.50 | 20,330,183 | 2015-2018 | 2.40-4.50 | 21,250,665 |
| Total | | | 33,220,665 | | | 37,728,517 |

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

| | The Bank | | | | | |
|----------------------|-----------------|---------------------------|------------------------------|----------------|---------------------------|------------------------------|
| | Maturity dates | 2015 Interest rate (%) | Amount (in thousand Baht) | Maturity dates | 2014 Interest rate (%) | Amount (in thousand Baht) |
| Bills of Exchange | - | - | - | 2015 | 2.52-3.75 | 992,890 |
| Unsecured debentures | 2017 | 2.08 | 2,733,267 | - | - | - |
| Total | | | 2,733,267 | | | 992,890 |

27 Employee benefit obligations

| | Consolidated | | The Bank | |
|---|--------------------------|------|-----------------|------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in million Baht)</i> | | | |
| Statement of financial position obligations for: | | | | |
| Post-employment benefits | 173 | 160 | 143 | 121 |
| Statement of profit or loss and other comprehensive income | | | | |
| Recognised in profit or loss: | | | | |
| Post-employment benefits | 27 | 32 | 26 | 23 |

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.

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Notes to the financial statements

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

| | Consolidated | | The Bank | |
|--|--------------------------|------------|-----------------|------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in million Baht)</i> | | | |
| Present value of unfunded obligations | 173 | 160 | 143 | 121 |
| Statement of financial position obligations | 173 | 160 | 143 | 121 |

Movement in the present value of the defined benefit obligations:

| | Consolidated | | The Bank | |
|---|--------------------------|------------|-----------------|------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in million Baht)</i> | | | |
| Defined benefit obligations at the beginning of the year | 160 | 133 | 121 | 103 |
| Benefits paid by the plan | (14) | (5) | (4) | (5) |
| Current service costs and interest | 27 | 32 | 26 | 23 |
| Defined benefit obligations at the end of the year | 173 | 160 | 143 | 121 |

Expense recognised in the statement of comprehensive income:

| | Consolidated | | The Bank | |
|--------------------------------|--------------------------|-----------|-----------------|-----------|
| Years ended 31 December | 2015 | 2014 | 2015 | 2014 |
| | <i>(in million Baht)</i> | | | |
| Employee expense | | | | |
| Current service costs | 22 | 27 | 22 | 19 |
| Interest on obligation | 5 | 5 | 4 | 4 |
| Total | 27 | 32 | 26 | 23 |

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

| | Consolidated and The Bank | |
|-------------------------|----------------------------------|-------------|
| | 2015 | 2014 |
| | <i>(%)</i> | |
| Discount rate | 2.63 - 3.60 | 3.11 - 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

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

| Defined benefit obligation 31 December 2015 | Consolidated | | The Bank | |
|---|-------------------|----------|----------|----------|
| | (in million Baht) | | | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | (11.71) | 13.03 | (9.44) | 10.44 |
| Future salary growth (1% movement) | 12.58 | (11.22) | 10.10 | (9.00) |
| Future mortality (1 year) | 0.71 | (0.71) | 0.56 | (0.56) |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

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

Notes to the financial statements

28 Other provisions

| | Consolidated and The Bank | | |
|---|--|----------------------|---------------|
| | Share losses from management of non- performing loans (Note 10.4) | Loss from lawsuit | Total |
| | <i>(in thousand Baht)</i> | | |
| At 1 January 2014 | 22,000 | 110,450 | 132,450 |
| Provisions made | - | 900 | 900 |
| Payment made | - | (109,650) | (109,650) |
| At 31 December 2014 and 1 January 2015 | 22,000 | 1,700 | 23,700 |
| At 31 December 2015 | 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.

29 Other liabilities

| | Consolidated | | The Bank | |
|--|---------------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Other payables | 1,080,747 | 362,865 | 275,384 | 142,658 |
| Cash received in advance | 768 | 127,464 | 768 | 868 |
| Accrued expenses | 453,969 | 440,995 | 388,960 | 393,276 |
| Withholding tax payable | 20,194 | 18,219 | 17,723 | 15,816 |
| Special business tax payable | 19,319 | 20,186 | 19,319 | 20,186 |
| Payables under finance lease contracts | 9,360 | 11,744 | - | - |
| Corporate income tax payable | 209,960 | 353,254 | 190,452 | 347,329 |
| Others | 148,179 | 271,515 | 121,529 | 243,810 |
| Total | 1,942,496 | 1,606,242 | 1,014,135 | 1,163,943 |

30 Share capital

| | Par value per share (in Baht) | 2015 | | 2014 | |
|---------------------------------|-------------------------------------|-----------|------------|-----------|------------|
| | | Number | Baht | Number | Baht |
| (thousand shares/thousand Baht) | | | | | |
| Authorised | | | | | |
| At 1 January | | | | | |
| - 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 |
| Increase of new shares | 8.92 | - | - | 670,087 | 5,977,181 |
| At 31 December | | | | | |
| - ordinary shares | 8.92 | 2,260,089 | 20,159,998 | 2,260,089 | 20,159,998 |
| - preference shares | 8.92 | 451 | 4,023 | 451 | 4,023 |
| Issued and paid-up | | | | | |
| At 1 January | | | | | |
| - 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 |
| Increase of new shares | 8.92 | - | - | 666,508 | 5,945,254 |
| At 31 December | | | | | |
| - ordinary shares | 8.92 | 2,256,510 | 20,128,071 | 2,256,510 | 20,128,071 |
| - preference shares | 8.92 | 451 | 4,023 | 451 | 4,023 |

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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.

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.

31 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Pursuant to Section 116 of the Public Limited 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 capital. The legal reserve is not available for dividend distribution.

On 11 March 2016, the Board of Directors Meeting No. 1/2016 resolved to approve the appropriation of Baht 100 million to a legal reserve from profit for the year 2015. Total legal reserve of the Bank is Baht 400 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.

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

Notes to the financial statements

32 Other components of equity

| | Consolidated and The Bank | |
|---|----------------------------------|----------------|
| | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | |
| Balance at the beginning of the year | 267,831 | 198,651 |
| Net change in fair value recognized in equity, net of tax | (113,297) | 69,180 |
| Balance at the ending of the year | 154,534 | 267,831 |

33 Contingent liabilities and Commitments

33.1 Commitments

| | Consolidated | | The Bank | |
|--|--------------------------|--------------|-----------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in million Baht)</i> | | | |
| Avals to bills and Guarantees of loans | 510 | 434 | 13,410 | 15,934 |
| Letter of credit | 405 | 219 | 728 | 219 |
| Other contingencies | | | | |
| - Overdraft undrawn committed line | 1,442 | 1,218 | 1,442 | 1,218 |
| - Other guarantees | 2,301 | 1,159 | 2,301 | 1,159 |
| - Others | 2,126 | 788 | 2,790 | 788 |
| Total | 6,784 | 3,818 | 20,671 | 19,318 |

33.2 Contingent liabilities from litigations

The Bank and its subsidiary have recognized contingent liabilities in connection with court cases which the Bank and its subsidiary have been sued as defendant in the Court. The lawsuits were mainly lodged to claim compensation under normal business operations of the Bank and its subsidiary.

As of 31 December 2015 and 2014, there were 4 cases wherein the civil court has already decided or may decide in favour of the plaintiffs. The first 2 cases were relating to the mortgage claim where the court may order the Bank to release the mortgage. The remaining 2 cases relating to the Bank and its subsidiary which involves the total claim amount of Baht 1.78 million, management is of the opinion that the Bank and its subsidiary will not have to pay the claim amount after these cases are finalized. However as of 31 December 2015 and 2014, management has made the provisions amounting to Baht 1.7 million. Management believes that the provision is sufficient for the claim compensation.

The management believes that any liability resulting from this litigation will not be material to the Bank and its subsidiary's financial positions and on the results of its operations.

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Notes to the financial statements

As at 31 December 2015 and 2014, 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. On 17 March 2015, the Supreme Court render the judgment to confirm the judgment of the Appeal Court and the case is final, the Bank had not to paid claim amount.

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 2015 and 2014, the Bank therefore did not create a provision for the claim.

34 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 is related with the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Shanghai | China | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Vientiane | Lao | The Branch of the ultimate parent company |

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

Notes to the financial statements

| Name of entities | Country of incorporation/ nationality | Nature of relationships |
|--|--|---|
| Industrial and Commercial Bank of China Limited - Guangdong | China | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Shandong | China | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Hubei | China | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - New York | United states | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Tokyo | Japan | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Singapore | Singapore | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Korea | Korea | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Frankfurt | Germany | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Luxembourg | Luxembourg | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Sydney | Australia | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Hangzhou | China | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Xinjiang | China | The Branch of the ultimate parent company |
| M-Home SPV 3 Company Limited ⁽¹⁾ | Thailand | The Company that are related through the Bank's management until 13 March 2015 |
| 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. |

⁽¹⁾ The relationship ended due to the registered company's liquidation as of 13 March 2015

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

Transactions

Interest income
Interest expense

Dividend income
Fee income
Derivatives

Pricing policies

With reference to the terms and prices as offered to other customers
Market rates and/or charged in compliance with the criteria specified by the Bank of Thailand
As announced by the investee company
With reference to the terms and prices as offered to other customers
Market price

Significant transaction for the years ended 31 December 2015 and 2014 with related parties were as follows:

| | Consolidated | | The Bank | |
|---------------------------------|-------------------|------|----------|------|
| For the years ended 31 December | 2015 | 2014 | 2015 | 2014 |
| | (in million Baht) | | | |
| Parent | | | | |
| Interest income | 4 | - | 4 | - |
| Interest expenses | 446 | 328 | 446 | 328 |
| Fee Expense | 9 | 11 | 9 | 11 |

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

Notes to the financial statements

| <i>For the years ended 31 December</i> | Consolidated | | The Bank | |
|--|--------------------------|------|-----------------|------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in million Baht)</i> | | | |
| Associate | | | | |
| Interest expenses | 1 | 4 | 1 | 4 |
| Dividend income | - | - | 22 | 3 |
| Rental income | 1 | 1 | 1 | 1 |
| Subsidiary | | | | |
| Interest income | - | - | 41 | 336 |
| Fee income | - | - | 26 | 32 |
| Service income | - | - | 2 | - |
| Related companies | | | | |
| Interest expenses | - | 1 | - | 1 |
| Key management and directors | | | | |
| Interest expense | - | 1 | - | 1 |
| Key management personnel | | | | |
| Key management personnel compensation | | | | |
| Short-term employee benefit | 196 | 181 | 124 | 124 |
| Post-employment benefits | (5) | 14 | 4 | 10 |

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.

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

Notes to the financial statements

Balances with related parties were as follows:

| | Consolidated | | The Bank | |
|--|--------------------------|--------|-----------------|--------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in million Baht)</i> | | | |
| <i>Interbank and money market items (assets)</i> | | | | |
| Industrial and Commercial Bank of China Limited | 138 | 81 | 138 | 81 |
| Industrial and Commercial Bank of China Limited - New York | 15 | 101 | 15 | 101 |
| Industrial and Commercial Bank of China Limited - Shandong | 53 | - | 53 | - |
| Industrial and Commercial Bank of China Limited - Shanghai | 1 | - | 1 | - |
| Industrial and Commercial Bank of China Limited - Singapore | 98 | - | 98 | - |
| Industrial and Commercial Bank of China Limited - Korea | 275 | - | 275 | - |
| Industrial and Commercial Bank of China (Asia) Limited | 5 | 2 | 5 | 2 |
| Industrial and Commercial Bank of China Limited - Others | 2 | 3 | 2 | 3 |
| <i>Derivative asset (fair value)</i> | | | | |
| Industrial and Commercial Bank of China Limited - Singapore | 46 | 45 | 46 | 45 |
| <i>Investments</i> | | | | |
| ICBC (Thai) Leasing Company Limited | - | - | 4,250 | 4,250 |
| Finansia Syrus Securities Public Company Limited | 527 | 517 | 305 | 305 |
| <i>Loans to customers</i> | | | | |
| ICBC (Thai) Leasing Company Limited | - | - | 2,731 | 3,232 |
| <i>Accrued interest receivables</i> | | | | |
| ICBC (Thai) Leasing Company Limited | - | - | 1 | 1 |
| <i>Allowance for doubtful accounts</i> | | | | |
| ICBC (Thai) Leasing Company Limited | - | - | 27 | 32 |
| <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 |
| <i>Interbank and money market items (liabilities)</i> | | | | |
| Industrial and Commercial Bank of China Limited | 15,388 | 18,088 | 15,388 | 18,088 |
| Industrial and Commercial Bank of China Limited - Tokyo | 3,970 | - | 3,970 | - |
| Industrial and Commercial Bank of China Limited - New York | 2,346 | 6,992 | 2,346 | 6,992 |
| Industrial and Commercial Bank of China Limited - Singapore | 1,083 | 791 | 1,083 | 791 |
| Industrial and Commercial Bank of China Limited - Vientiane | 5,986 | 10 | 5,986 | 10 |
| Industrial and Commercial Bank of China Limited - Luxembourg | 555 | - | 555 | - |
| Industrial and Commercial Bank of China Limited - Sydney | 444 | - | 444 | - |
| Finansia Syrus Securities Public Company Limited | 353 | 306 | 353 | 306 |
| <i>Derivative liabilities (fair value)</i> | | | | |
| Industrial and Commercial Bank of China Limited - Singapore | 8 | 37 | 8 | 37 |
| <i>Deposits and debts issued and borrowings</i> | | | | |
| M-Home SPV 3 Company Limited | - | 24 | - | 24 |
| Related persons | 92 | 86 | 92 | 86 |
| <i>Accrued interest payables</i> | | | | |
| Industrial and Commercial Bank of China Limited | 50 | 102 | 50 | 102 |
| Industrial and Commercial Bank of China Limited - Others | 25 | 4 | 27 | 4 |
| <i>Other Liabilities</i> | | | | |
| ICBC (Thai) Leasing Company Limited | - | - | 8 | 18 |

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

Notes to the financial statements

| | Consolidated | | The Bank | |
|---|--------------------------|-------|-----------------|--------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in million Baht)</i> | | | |
| Off-financial reporting items | | | | |
| Other guarantees | | | | |
| Industrial and Commercial Bank of China Limited | 792 | 8 | 792 | 8 |
| Industrial and Commercial Bank of China Limited - Guangdong | 178 | - | 178 | - |
| Industrial and Commercial Bank of China Limited - Shandong | 8 | - | 8 | - |
| Industrial and Commercial Bank of China Limited - Hangzhou | 18 | - | 18 | - |
| Industrial and Commercial Bank of China Limited - Korea | 25 | - | 25 | - |
| Industrial and Commercial Bank of China Limited - Xinjiang | 13 | - | 13 | - |
| ICBC (Thai) Leasing Company Limited | - | - | 664 | - |
| Guarantee on loans | | | | |
| ICBC (Thai) Leasing Company Limited | - | - | 12,900 | 15,500 |
| Forward exchange contracts-bought | | | | |
| Industrial and Commercial Bank of China Limited - Singapore | 2,964 | 2,535 | 2,964 | 2,535 |
| Industrial and Commercial Bank of China (Asia) Limited | 1 | - | 1 | - |
| Finansia Syrus Securities Public Company Limited | 240 | 326 | 240 | 326 |
| Forward exchange contracts-sold | | | | |
| Finansia Syrus Securities Public Company Limited | 346 | - | 346 | - |
| Letter of credit | | | | |
| ICBC (Thai) Leasing Company Limited | - | - | 323 | - |

35 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 0.25 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 | |
|--------------------------------------|--------------------------|------------|-----------------|------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in million Baht)</i> | | | |
| Within one year | 95 | 107 | 70 | 77 |
| After one year but within five years | 92 | 84 | 75 | 69 |
| After five years | 17 | 21 | 17 | 21 |
| Total | 204 | 212 | 162 | 167 |

36 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/factoring 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.

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

Notes to the financial statements

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

| Financial performance Year ended 31 December 2015 | Consolidated | | | | |
|--|---------------------|---|----------------------------|------------------------|--------------|
| | Banking business | Hire purchase, finance leases and factoring business | Total (in million Baht) | Elimination entries | Total |
| Net interest income | 2,621 | 1,635 | 4,256 | 26 | 4,282 |
| Fee and service income, trading and other income, net | 203 | 218 | 421 | (31) | 390 |
| Share of profit from associates | 31 | - | 31 | - | 31 |
| Other operating income | 160 | 333 | 493 | (24) | 469 |
| Other operating expenses | (1,176) | (1,256) | (2,432) | 7 | (2,425) |
| Profit before bad debt, doubtful accounts and impairment losses | 1,839 | 930 | 2,769 | (22) | 2,747 |
| Bad debt, doubtful accounts and impairment losses | (448) | (636) | (1,084) | - | (1,084) |
| Profit from operation before income tax expense | 1,391 | 294 | 1,685 | (22) | 1,663 |
| Income tax expenses | (271) | (57) | (328) | - | (328) |
| Profit for the year | 1,120 | 237 | 1,357 | (22) | 1,335 |
| Financial position as at 31 December 2015 | | | | | |
| Investment in associates | 527 | - | 527 | - | 527 |
| Total assets | 150,871 | 38,933 | 189,804 | (6,775) | 183,029 |
| Total liabilities | 126,818 | 34,347 | 161,165 | (2,746) | 158,419 |

| Financial performance Year ended 31 December 2014 | Consolidated | | | | |
|--|---------------------|---|----------------------------|------------------------|--------------|
| | Banking business | Hire purchase, finance leases and factoring business | Total (in million Baht) | Elimination entries | Total |
| Net interest income | 2,278 | 1,809 | 4,087 | 31 | 4,118 |
| Fee and service income, trading 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 |

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

Notes to the financial statements

37 Interest income

| <i>Year ended 31 December</i> | Consolidated | | The Bank | |
|----------------------------------|---------------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Interbank and money market item | 133,861 | 454,997 | 133,789 | 454,873 |
| Investments in debt securities | 1,304,054 | 1,012,483 | 1,303,546 | 1,012,483 |
| Loans to customers | 3,793,584 | 3,932,632 | 3,819,823 | 4,259,445 |
| Hire-purchase and finance leases | 2,800,026 | 3,398,285 | 298 | 842 |
| Others | 342 | 680 | 342 | 680 |
| Total | 8,031,867 | 8,799,077 | 5,257,798 | 5,728,323 |

38 Interest expenses

| <i>Year ended 31 December</i> | Consolidated | | The Bank | |
|---|---------------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Deposits | 1,699,526 | 2,347,296 | 1,699,541 | 2,347,296 |
| Interbank and money market items | 529,685 | 659,109 | 523,933 | 597,772 |
| Contributions to Deposit Protection Agency and Bank of Thailand | 399,958 | 467,599 | 399,958 | 467,599 |
| Debt issued - debentures | 1,099,219 | 1,151,777 | 7,637 | 1,740 |
| Borrowings | 5,742 | 36,327 | 5,742 | 36,327 |
| Borrowing fee expense | 15,883 | 18,910 | 124 | 19 |
| Others | 5 | 8 | 5 | 8 |
| Total | 3,750,018 | 4,681,026 | 2,636,940 | 3,450,761 |

39 Net fees and service income

| <i>Year ended 31 December</i> | Consolidated | | The Bank | |
|--|---------------------------|----------------|-----------------|----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Fees and service income | | | | |
| Acceptances, avals and guarantees | 18,053 | 17,111 | 47,833 | 48,984 |
| Letter of credit fee income | 13,802 | 15,246 | 14,756 | 15,246 |
| Hire purchase/finance lease fee income | 212,836 | 231,332 | - | - |
| Extension Fee | 33,684 | - | 33,684 | - |
| Others | 55,404 | 42,744 | 55,404 | 42,744 |
| Total fees and service income | 333,779 | 306,433 | 151,677 | 106,974 |
| Fees and service expense | (49,986) | (16,806) | (49,986) | (16,806) |
| Net fees and service income | 283,793 | 289,627 | 101,691 | 90,168 |

40 Net trading income

| <i>Year ended 31 December</i> | Consolidated | | The Bank | |
|---|---------------------------|---------------|-----------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Gain (loss) on trading and foreign exchange transactions | | | | |
| Foreign currencies and foreign currency related derivatives | 106,757 | 58,570 | 101,548 | 58,581 |
| Total | 106,757 | 58,570 | 101,548 | 58,581 |

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

Notes to the financial statements

41 Net loss on investments

| <i>Year ended 31 December</i> | Consolidated and The Bank | |
|---|----------------------------------|--------------|
| | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | |
| Gains on sales - General investment | - | 690 |
| Losses on impairment - General investment | (15) | (955) |
| Net loss on investments | (15) | (265) |

42 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.

43 Bad debt, doubtful accounts and impairment losses

| <i>Year ended 31 December</i> | Consolidated | | The Bank | |
|----------------------------------|---------------------------|----------------|-----------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | <i>(in thousand Baht)</i> | | | |
| Bad debts and doubtful accounts | | | | |
| Interbank and money market items | (44,250) | 7,127 | (44,250) | 7,127 |
| Loans to customers | 1,134,005 | 848,826 | 497,811 | 52,837 |
| Loss on debt restructuring | (5,380) | 9,822 | (5,380) | 9,822 |
| Total | 1,084,375 | 865,775 | 448,181 | 69,786 |

44 Income tax expense

Income tax recognised in profit or loss

| <i>Year ended 31 December</i> | <i>Note</i> | Consolidated | | The Bank | |
|--------------------------------------|-------------|---------------------------|------------------|-----------------|------------------|
| | | 2015 | 2014 | 2015 | 2014 |
| | | <i>(in thousand Baht)</i> | | | |
| Current tax expense | | | | | |
| Current period | | 359,632 | 601,007 | 336,742 | 509,330 |
| Under (over) provided in prior years | | (1,184) | 235 | - | - |
| | | 358,448 | 601,242 | 336,742 | 509,330 |
| Deferred tax expense | | | | | |
| Movements in temporary differences | 21 | (30,294) | (304,931) | (67,098) | (184,898) |
| | | (30,294) | (304,931) | (67,098) | (184,898) |
| Total income tax expense | | 328,154 | 296,311 | 269,644 | 324,432 |

Income tax recognised in other comprehensive income

| <i>Year ended 31 December</i> | Consolidated and The Bank | | | | | |
|--|----------------------------------|----------------------------|------------------|---------------|----------------------------|---------------|
| | Before tax | 2015 Tax (expense) benefit | Net of tax | Before tax | 2014 Tax (expense) benefit | Net of tax |
| | <i>(in thousand Baht)</i> | | | | | |
| Other comprehensive income available-for-sale securities | (141,621) | 28,324 | (113,297) | 86,475 | (17,295) | 69,180 |
| Total | (141,621) | 28,324 | (113,297) | 86,475 | (17,295) | 69,180 |

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

Notes to the financial statements

Reconciliation of effective tax rate

| Year ended 31 December | Consolidated | | | |
|--|-------------------------|-----------------------|-------------------------|-----------------------|
| | 2015 | | 2014 | |
| | Rate (%) | (in thousand Baht) | Rate (%) | (in thousand Baht) |
| Profit before income tax expense | | 1,663,229 | | 1,485,786 |
| Income tax using the Thai corporation tax rate | 20 | 332,646 | 20 | 297,157 |
| Income not subject to tax | | (3,308) | | (1,081) |
| Under (over) provided in prior years | | (1,184) | | 235 |
| Total | 20⁽¹⁾ | 328,154 | 20⁽¹⁾ | 296,311 |

⁽¹⁾ Effective tax rate

| Year ended 31 December | The Bank | | | |
|--|-------------------------|-----------------------|-------------------------|-----------------------|
| | 2015 | | 2014 | |
| | Rate (%) | (in thousand Baht) | Rate (%) | (in thousand Baht) |
| Profit before income tax expense | | 1,359,939 | | 1,595,912 |
| Income tax using the Thai corporation tax rate | 20 | 271,988 | 20 | 319,182 |
| Income not subject to tax | | (2,344) | | - |
| Expense not deductible for tax purpose | | - | | 5,250 |
| Total | 20⁽¹⁾ | 269,644 | 20⁽¹⁾ | 324,432 |

⁽¹⁾ Effective tax rate

Income tax reduction

Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants the reduction to 20% of net taxable profit for the accounting period 2015 which begins on or after 1 January 2015.

On 22 January 2016, The National Legislative Assembly has approved a reduction of the corporate income tax rate from 30% to 20% of net taxable profit for the accounting period which begins on or after 1 January 2016.

The Bank and its subsidiary have applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2015 and 2014 in accordance with the clarification issued by the FAP in 2012.

45 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2015 and 2014 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:

| Year ended 31 December | Consolidated | | The Bank | |
|---|--------------|-------------|-------------|-------------|
| | 2015 | 2014 | 2015 | 2014 |
| Profit attributable to shareholders of the Bank (in million Baht) | 1,335 | 1,189 | 1,090 | 1,271 |
| Weighted average number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding (million shares) | 2,257 | 1,808 | 2,257 | 1,808 |
| Earnings per share (basic) (in Baht) | 0.59 | 0.66 | 0.48 | 0.70 |

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

Notes to the financial statements

46 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 operations, which become effective for annual financial periods beginning on or after 1 January 2016, are set out below. The Bank and its subsidiary does not plan to adopt these TFRS early.

| TFRS | Topic |
|-------------------------|--|
| TAS 1 (revised 2015) | Presentation of Financial Statements |
| TAS 7 (revised 2015) | Statement of Cash Flows |
| TAS 8 (revised 2015) | Accounting Policies, Changes in Accounting Estimates and Errors |
| TAS 10 (revised 2015) | Events after the Reporting Period |
| TAS 12 (revised 2015) | Income Taxes |
| TAS 16 (revised 2015) | Property, Plant and Equipment |
| TAS 17 (revised 2015) | Leases |
| TAS 18 (revised 2015) | Revenue |
| TAS 19 (revised 2015) | Employee Benefits |
| TAS 21 (revised 2015) | The Effects of Changes in Foreign Exchange Rates |
| TAS 24 (revised 2015) | Related Party Disclosures |
| TAS 27 (revised 2015) | Separate Financial Statements |
| TAS 28 (revised 2015) | Investments in Associates and Joint Ventures |
| TAS 33 (revised 2015) | Earnings Per Share |
| TAS 34 (revised 2015) | Interim Financial Reporting |
| TAS 36 (revised 2015) | Impairment of Assets |
| TAS 37 (revised 2015) | Provisions, Contingent Liabilities and Contingent Assets |
| TAS 38 (revised 2015) | Intangible Assets |
| TFRS 2 (revised 2015) | Share-based Payment |
| TFRS 5 (revised 2015) | Non-current Assets Held for Sale and Discontinued Operations |
| TFRS 8 (revised 2015) | Operating Segments |
| TFRS 10 (revised 2015) | Consolidated Financial Statements |
| TFRS 12 (revised 2015) | Disclosure of Interests in Other Entities |
| TFRS 13 (revised 2015) | Fair Value Measurement |
| TSIC 15 (revised 2015) | Operating Leases – Incentives |
| TSIC 27 (revised 2015) | Evaluating the Substance of Transactions in the Legal Form of a Lease |
| TFRIC 1 (revised 2015) | Changes in Existing Decommissioning, Restoration and Similar Liabilities |
| TFRIC 4 (revised 2015) | Determining Whether an Arrangement Contains a Lease |
| TFRIC 10 (revised 2015) | Interim Financial Reporting and Impairment |
| TFRIC 13 (revised 2015) | Customer Loyalty Programmes |

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.

Auditors

Statutory auditor names and their engaged office

There are 3 auditors which have been nominated as the list below;

- | | | |
|---------------|------------------|--------------------------------------|
| - Ms. Pantip | Gulsantithamrong | Certified Public Accountant No. 4208 |
| - Ms. Somboon | Supasiripinyo | Certified Public Accountant No. 3731 |
| - Ms. Wilai | Buranakittisopon | Certified Public Accountant No. 3920 |

Engaged Office

KPMG Phoomchai Audit Ltd.

48th-51st Floors, Empire Tower 1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120

Thailand. Tel 0 2677 2000

The auditor of the subsidiary of the bank

The auditors of ICBC (Thai) Leasing Co., Ltd. (the Bank's subsidiary) are the auditors who are under the same office of the Bank's. The proposed auditors have no relationship with or interests in the Bank/subsidiary/executives/major shareholder or related parties thereof.

Remuneration of auditors

The audit fee of Bank and Bank's subsidiary for the year 2015 was Baht 3,580,000, the audit fee of the Bank was Baht 2,400,000 and ICBC (Thai) Leasing Co., Ltd. (Bank's subsidiary) was Baht 1,180,000.

Management Structure

1. Board of Directors

The Board of Directors comprises 11 members including qualified directors, directors who are ICBC representatives and 5 independent directors as follows:

| | |
|-----------------------------------|----------------------|
| Dr. Zhigang Li | Chairman* |
| Mr. Jian Lu | Director** |
| Dr. Kosol Petchsuwan | Independent Director |
| Dr. Prasit Damrongchai | Independent Director |
| Dr. You Ye | Director |
| Mr. Guohui Song | Director |
| Mr. Jianfeng Zheng | Director |
| Ms. Minmin Wu | Director*** |
| TDVC. Col. Plengsakdi Prakaspesat | Independent Director |
| Ms. Ladda Siri wattanakosol | Independent Director |
| Pol.Lt. Gen. Werapong Chuenpagdee | Independent Director |

* Appointed as the Chairman on 6 November 2015

** Appointed as a Director on 16 October 2015

*** Appointed as a Director on 10 August 2015

**** Dr. Ye Hu resigned as Director and Chairman of the Board of Directors on 1 August 2015 and Dr. Li Lan resigned as Director on 15 June 2015.

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

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

2. Independent Directors

The Board of Directors has determined the qualifications of the Bank's Independent Directors to be in compliance with the qualifications of Independent Directors specified by the Bank of

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

3. Committees under the Board of Directors' Direct Supervision

The Board of Directors has appointed three committees to oversee and ensure an efficient management system which is in compliance with the Bank's policies. Each committee's responsibilities have been clearly specified. The four committees which are under the direct supervision of the Board of Directors are the Executive Committee; Audit Committee; Nomination, Compensation and Corporate Governance Committee; and Group Risk Management Committee. Details are as follows:

3.1 The Executive Committee

The Executive Committee comprises 7 Directors and Senior Executives as follows:

| | |
|---------------------------|----------|
| Dr. Zhigang Li | Chairman |
| Mr. Jian Lu | Member |
| Dr. You Ye | Member |
| Mr. Guohui Song | Member |
| Mr. Apichart Kasemkulsiri | Member |
| Ms. Suree Wipatakanok | Member |
| Mr. Chaiwat Tanchewawong | Member |

The Executive Committee has the responsibility to perform duties as delegated by the Board of Directors including the formulation of criteria and procedures for consideration and approval of credit facilities, debt restructuring, securities investments, acquisition or disposal of immovable properties resulting from debt restructuring or mortgage of properties of the Bank and any other normal businesses of the Bank. It also has the responsibilities to appoint sub-committees as well as amend, revise and alter the authorities and responsibilities of sub-committees. In addition, the Executive Committee is responsible for considering all matters which are to be proposed to the Board of Directors. It must also monitor the Bank's operations and report findings to the Board of Directors on a regular basis.

3.2 The Audit Committee

The Audit Committee comprises 3 Independent Directors as follows:

| | |
|-----------------------------------|----------|
| Dr. Kosol Petchsuwan | Chairman |
| Tdvc. Col. Plengsakdi Prakaspesat | Member |
| Ms. Ladda Siri wattanakosol | Member |

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

3.3 The Nomination, Compensation and Corporate Governance Committee

The Nomination, Compensation and Corporate Governance Committee comprises 3 Non-executive Members with the Chairman being an Independent Director as follow:

| | |
|------------------------|----------|
| Dr. Prasit Damrongchai | Chairman |
| Mr. Jianfeng Zheng | Member |
| Ms. Minmin Wu | Member |

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

(1) Nomination

The Nomination, Compensation and Corporate Governance Committee has the responsibilities to establish policies, criteria and procedures for the selection of Directors, Members of Committees and Senior Executives for the Board of Directors' approval. It also has the responsibility to recommend to the Board

of Directors the appropriateness of the size and composition of the Board of Directors, as well as any other adjustment required in order to adapt to changes in the business environment. The Committee shall consist of members with knowledge, skill and experience in various fields which are beneficial to the business of the Bank.

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

(2) Compensation

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

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

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

(3) Corporate Governance

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

3.4 The Group Risk Management Committee

The Group Risk Management Committee comprises 12 Members as follows:

| | |
|---------------------------------|----------|
| Mr. Jian Lu | Chairman |
| Dr. You Ye | Member |
| Mr. Guohui Song | Member |
| Mr. Apichart Kasemkulsiri | Member |
| Ms. Suree Wipatakanok | Member |
| Mr. Chaiwat Tanchewawong | Member |
| Ms. Kanchana Vongratanakulthorn | Member |
| Mr. Som Pisarnsophon | Member |
| Ms. Sasiwadee Somboonthum | Member |
| Mr. Wisit Ausawalaithong | Member |
| Mr. Wasun Muangmee | Member |
| Mr. Yongmin Tang | Member |

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

In addition to the four abovementioned committees, the Bank has also set up 14 other main sub-committees to manage the daily operations of the Bank, members of which are appointed from Executives from different Divisions. They include (1) the Management Committee, (2) the Credit Committee, (3) the Asset and Liability Committee, (4) the Technology Committee, (5) the Collateral Appraisal Committee, (6) the Collateral Appraisal Sub-Committee, (7) the Asset Management Committee, (8) the Asset for Sale Sub-Committee, (9) the Movable Asset Sub-Committee, (10) the Complaint Consideration Sub-Committee, (11) the Financial Approval Committee, (12) the IT Procurement Committee, (13) Selection of Insurance Partnering Company Committee and (14) Fraud Risk Committee.

Remuneration for Directors and Executives for 2015

1. Remuneration of Directors

| Remuneration of Directors | | |
|---------------------------|-----------------------------------|-----------|
| No. | Name | Amount |
| 1 | Dr. Ye Hu* | 2,252,289 |
| 2 | Dr. Zhigang Li** | 615,944 |
| 3 | Dr. Kosol Petchsuwan | 375,000 |
| 4 | TDVC. Col. Plengsakdi Prakaspesat | 375,000 |
| 5 | Dr. Prasit Damrongchai | 375,000 |
| 6 | Ms. Ladda Siri Wattanakosol | 375,000 |
| 7 | Pol. Lt. Gen Werapong Chuenpagdee | 360,000 |
| Total | | 4,728,233 |

| Remuneration of the Chairman of the Executive Committee | | |
|---|------------------|-----------|
| 1 | Dr. Ye Hu* | 4,717,197 |
| 2 | Dr. Zhigang Li** | 2,712,403 |
| Total | | 7,429,600 |

| Remuneration of Members of the Audit Committee | | |
|--|-----------------------------------|-----------|
| 1 | Dr. Kosol Petchsuwan | 600,000 |
| 2 | TDVC. Col. Plengsakdi Prakaspesat | 360,000 |
| 3 | Ms. Ladda Siri Wattanakosol | 360,000 |
| Total | | 1,320,000 |

| Remuneration of Members of the Nomination, Compensation and Corporate Governance Committee | | |
|--|------------------------|------------|
| 1 | Dr. Prasit Damrongchai | 600,000 |
| Total | | 600,000 |
| Grand Total | | 14,077,833 |

2. Remuneration to Executives

| Executives | | 2015 |
|------------|--|---------------------|
| | | |
| | | No. of Person |
| | | Total Amount (Baht) |
| Total | | 15 |
| | | 109,651,447.97 |

* Dr. Ye Hu resigned as the Chairman of the Board of Directors and Chairman of the Executive Committee effective 1 August 2015.

** Dr. Zhigang Li appointed as the Chairman of the Board of Directors and Chairman of the Executive Committee effective 6 November 2015.

Directors' and Senior Executives' holding of positions in other companies as of 31 December 2015

| Name | ICBC (Thai) | Position | | |
|-------------------------------------|---|-------------------------------------|--|-------------------------------------|
| | | The Bank's Financial Business Group | Other Companies | |
| Dr. Zhigang Li | Chairman of the Board of Directors/ Executive Director | Executive Director | ICBC (Thai) Leasing Co., Ltd. | |
| Mr. Jianfeng Zheng | Non Executive Director | | Director | ICBC AXA |
| | | | Director | TeksiBankasi A.S. |
| | | | Director | ICBC Standard Bank PLC. |
| Ms. Minmin Wu | Non Executive Director | | Director | ICBC Moscow |
| | | | Non Executive Supervisor | ICBC Leasing |
| | | | Non Executive Supervisor | ICBC Credit Suisse Asset Management |
| Dr. Kosol Petchsuwan | Independent Director | | Independent Director | True Corporation PLC. |
| Dr. Prasit Damrongchai | Independent Director | | Independent Director/ Chairman of the Audit Committee/Vice Chairman | Dhipaya Insurance PLC. |
| TDVC,Poi. Plengsakdi Prakaspesat | Independent Director | | Independent Director/ Chairman of the Audit Committee | Bangkok Insurance PLC. |
| | | | Director | Aspac Co., Ltd. |
| | | | Executive Director | Metro Resources PLC. |
| | | | Executive Director | Srikrungwattana Property Co., Ltd. |
| | | | Senior Advisor | Thai Central Chemical PLC. |
| Ms. Ladda Siriwattanakosol | Independent Director | | Advisor | United Flour Mill PLC. |
| | | | Independent Director | Pace Development Corporation PLC. |

| Name | ICBC (Thai) | Position | | |
|------------------------------------|--|-------------------------------------|--|--|
| | | The Bank's Financial Business Group | | Other Companies |
| Pol. Lt. Gen. Werapong Chuenpagdee | Independent Director | | Independent Director/Director/Audit Committee | Country Group Development PLC. Country Group Holding PLC. |
| | | | Director | Country Group Securities PLC. |
| | | | Director/Independent Director/Audit Committee | Thai Hua Rubber PLC. |
| | | | Independent Director/Chairman of the Audit Committee | Sinsianyerpao Co., Ltd. |
| | | | Director | Fusin Mining Industry (Thailand) Co., Ltd. |
| Mr. Apichart Kasemkulsiri | Senior Executive Vice President, Global Markets Group | | Director | Boonyachinda Foundation for Thai Royal Police and Family |
| | | | Advisor | Thai Industrial Association |
| | | | Director | Richland Property Development Co., Ltd. |
| | | Executive Director | Executive Director | T.Krung Thai Industry PLC. |
| | | | Director | T Thai Snack Foods Co., Ltd. |
| Ms. Kanchana Vongratanakulthorn | Executive Vice President, Recovery and Credit Card Management Division | | Director | Sri Sam Ank Supplier Co., Ltd. |
| | | Executive Director | Executive Director/Manager | Chonburi Motor Express Co., Ltd. |
| Mr. Som Pisarnsophon | Executive Vice President, Finance & Strategy Division | | ICBC (Thai) Leasing Co., Ltd. | |
| | | Executive Director | ICBC (Thai) Leasing Co., Ltd. | Finansia Syrus Securities PLC. |

Corporate Governance

Corporate governance is an important structure and mechanism to ensure accountability, fairness and transparency to all stakeholders of a company as well as the society at large. The Board of Directors of the Bank realizes the importance of the principles of good corporate governance in setting its strategies and its daily operations, thus, has prescribed a written Corporate Governance Policy which is consistent with the BOT's Principles of Corporate Governance for financial institutions. In addition to the Corporate Governance Policy, the Bank has also prescribed other corporate governance-related policies such as Business Ethics and CSR policy. In setting up the organization structure, operational guidelines and duties based on corporate governance, the Bank places high priority to accountability, equitable treatment and transparency to ensure that the Bank's business operations are in accordance with the relevant laws and regulations.

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

The Board of Directors recognizes the importance of sound management and control systems and has delegated the management to establish adequate and appropriate internal control systems to help mitigate risks as well as to lessen damages which may arise. This involves establishing policies which cover risk management, formulating policies relevant to corporate governance, prescribing a written operational rule and procedure manual, as well as supporting continuous educational development of all employees to enhance their capabilities.

The Bank's Board of Directors has determined control activities to be an important part of operational processes for every working section of the Bank, therefore, has assigned several committees to oversee the control system. These committees are the Audit Committee and the Group Risk Management Committee. More directly, the Nomination, Compensation and Corporate Governance Committee, under the direct supervision of the Board of Directors, which in addition to selecting

qualified persons for positions in the Bank and determining their compensations, is responsible for ensuring that a proper corporate governance system is in place and in compliance with the Corporate Governance Policy.

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

In the year 2015, the Board of Directors had approved the revision of its Business Ethics in order to be in line with the current business practice of the Bank and the guidelines of ICBC Head Office.

Moreover, in accordance with the Bank's Corporate Governance Policy, every year the Board of Directors is required to conduct its self-assessment for the performance of the Board of Directors as a whole. This self-assessment is conducted by each Director every year to assess and review the performance of the Board of Directors during the past year. The assessment comprises of 4 categories as follows:

- 1) Board Policy
- 2) Board Composition
- 3) Board Practice
- 4) Board Meeting

The Board of Directors' Assessment resulted in an overall average of 91.25%.

In addition, the Bank realizes the importance of operating its business with transparency and fairness, therefore, it is against any form of corruption and has joined Thailand's Private Sector Collective Sector Action Against Corruption (CAC) and is determined to be accredited for the Certified Companies of Thailand's Private Sector Collective Action Coalition Against Corruption by the CAC.

Capital Structure

Registered Capital

As at 31 December 2015 the Bank had a registered capital of Baht 20,164,021,759.52 divided into 2,260,089,475 ordinary shares at par value of Baht 8.92 and 451,081 Class B preferred shares at par value of Baht 8.92 with paid-up capital of Baht 20,132,093,886.16 divided into 2,256,510,117 ordinary shares at par value of Baht 8.92 and 451,081 Class B preferred shares at par value of Baht 8.92.

Preferred Shares

The Bank's preferred shares were previously divided into Class A and Class B preferred shares. Currently, all Class A preferred shares have been converted into ordinary shares. Class B preferred shares have rights and benefits equal to ordinary shares with the exception that the holders of Class B preferred shares are entitled to convert their shares into ordinary shares at a ratio of 1:1. The holders of Class B preferred shares are able to exercise the conversion of Class B preferred shares into ordinary shares four times a year. The exercise dates for the conversion of Class B [preferred shares into ordinary shares are 22 February, 22 May, 22 August and 22 November. The holder of Class B preferred shares must lodge the application for the conversion together with the share certificates to the Bank (Head Office Branch) as the Share Registrar during business hours on the specified dates. Consequently, the Bank has become its own Share Registrar since 1 September 2013.

General Information

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

| | |
|------------------------|---|
| Type of business | Commercial bank |
| Address of Head Office | 11 th -13 th Floors, Emporium Tower, 622 Sukhumvit Road, Khlong Ton, Khlong Toei, Bangkok 10110 Thailand |
| Registration No. | 0107536000251 |
| Website | www.icbcthai.com |
| Telephone | +66 2663 9999 |
| Facsimile | +66 2663 9888 |
| Call Center | +66 2629 5588 |
| Registered capital | Baht 20,164,021,759.52 (as of 31 December 2015) |
| Paid-up capital | Baht 20,132,093,886.16 (as of 31 December 2015) |
| Par value | Baht 8.92 |

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

- ICBC (Thai) Leasing Company Limited

| | |
|----------------------------|--|
| Address | 1122 KPI Tower 15 th Floor, New Petchburi Road, Makasan, Ratchathewi, Bangkok 10400 Thailand |
| Type of business | Leasing Business |
| Telephone | +66 2876 7200 |
| Facsimile | +66 2876 7210-12 |
| Registered capital | Baht 8,000,000,000.00 (as of 31 December 2015) |
| Paid-up capital | Baht 4,250,000,000.00 (as of 31 December 2015) |
| Par value | Baht 10 |
| Percentage of shareholding | 99.99% |

- Finansia Syrus Securities Public Company Limited

| | |
|----------------------------|--|
| Address | 999/9 The Offices at Central World 18 th and 25 th Floors, Rama I Road, Pathumwan, Bangkok 10500 Thailand |
| Type of business | Securities Business |
| Telephone | +66 2658 9000 |
| Facsimile | +66 2658 9110 |
| Registered capital | Baht 930,244,841.00 (as of 31 December 2015) |
| Paid-up capital | Baht 930,244,841.00 (as of 31 December 2015) |
| Par value | Baht 1.60 |
| Percentage of shareholding | 22.29% |

- **Bangkok BTMU Company Limited**

| | |
|----------------------------|--|
| Address | 54 Harindhorn Tower 4 th Floor, Unit A, North Sathorn Road, Silom, Bangrak, Bangkok 10500 Thailand |
| Type of business | Investment and Lending Business |
| Telephone | +66 2266 3075 |
| Facsimile | +66 2266 3076 |
| Registered capital | Baht 200,000,000 (as of 31 December 2015) |
| Paid-up capital | Baht 200,000,000 (as of 31 December 2015) |
| Par value | Baht 100 |
| Percentage of shareholding | 10% |

(3) Reference Information

| | |
|--------------------|---|
| - Registrar | Industrial and Commercial Bank of China (Thai) Public Company Limited 13 th Floor, Emporium Tower, 622 Sukhumvit Road, Klong Ton, Klong Toei, Bangkok 10110 Thailand Tel +66 2663 9999 Fax +66 2663 9768 |
| - Auditors | KPMG Phoomchai Audit Limited 48 th -51 st Floors, Empire Tower, 195 South Sathorn Road, Bangkok 10120 Thailand Tel +66 2677 2000 Fax +66 2677 2222 |

622 Emporium Tower 11th-13th Fl.,
Sukhumvit Road, Khlong Ton, Khlong Toei, Bangkok 10110
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