

**Your Global Partner, Your Reliable Bank**

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

Annual Report 2016







**IN REMEMBRANCE OF  
HIS MAJESTY KING BHUMIBOL ADULYADEJ**

**The Board of Directors, Management and Staff  
of  
Industrial and Commercial Bank of China (Thai)  
Public Company Limited**









**LONG LIVE THE KING**

**The Board of Directors, Management and Staff  
of  
Industrial and Commercial Bank of China (Thai)  
Public Company Limited**

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General Information

# Financial Highlights

	2016	2015	2014
<b>Consolidated</b>			
<b>Financial position (Million Baht)</b>			
Loans to customers net of deferred revenue	130,747	135,883	146,875
Allowance for doubtful accounts and revaluation on debt restructuring	5,894	4,043	3,483
Non-performing loans	2,006	2,137	2,508
Total assets	186,054	183,029	194,887
Deposits, interbank and money market items and borrowings	156,686	155,292	168,181
Liabilities	3,045	3,128	3,318
Shareholders' equity	26,323	24,610	23,388
<b>Performance results (Million Baht)</b>			
Net interest income	4,788	4,282	4,118
Net fee and service income	622	284	290
Other operating incomes	800	607	701
Other operating expenses <sup>(1)</sup>	(1,998)	(1,886)	(1,833)
Profit from operation before bad debts, doubtful accounts and impairment losses, including properties foreclosed	4,212	3,287	3,276
Bad debts, doubtful accounts and impairment losses, including properties foreclosed	(2,389)	(1,624)	(1,790)
Reversal other provisions for TAMC	13	-	-
Profit from operation before income taxes	1,836	1,663	1,486
Income taxes	(366)	(328)	(297)
Profit for the years	1,470	1,335	1,189
<sup>(1)</sup> Excluding items losses on properties foreclosed and reversal of estimate for loss sharing of TAMC			
<b>Financial ratio (%)</b>			
Return on average assets (ROA)	0.80	0.71	0.64
Return on average equity (ROE)	5.77	5.56	6.01
Capital adequacy ratio	16.51	17.85	17.60
Basic earnings per share (Baht)	0.65	0.59	0.66
Book value per share (Baht)	11.66	10.90	10.36



# Message from the Chairman

Dear All Shareholders and Valued Customers,

In 2016, the global economy was still recovering amid various sensitive events around the world. Likewise, Thailand's economy gradually recovered even though the government announced many stimulus packages that included long and short-term investment projects as well as tax measures to increase the domestic consumption. The tourism sector remained the chief factor in driving the economy.

The total commercial bank lending edged up only slightly in the past year because large corporations had other options available to raise funds especially through bonds and equities. Moreover, the interest rates were low throughout the year, at the same time the quality of loans deteriorated particularly in the SME sector resulting in an increased provision. However, commercial banks could effectively manage their cost of funds achieving a slim growth for the year.

The Bank and its subsidiary's were able to maintain their profitability at a satisfactory level. In 2016, the Bank and its subsidiary had total net profits of Baht 1,470 million, an increase of Baht 135 million or 10% from the year before. This success was due, in part, to effective cost management and the increase in non-interest income. Furthermore, the Bank and its subsidiary focused on maintaining efficient asset management resulting in effective control of NPLs before deduction of doubtful accounts and bad debts at 1.49% from 1.56% at the end of December 2015. While the total assets were Baht 186,054 million, an increase of Baht 3,025 million or 2% from the year before deriving from the increase in investments and money market business. Lending reduced slightly from offshore lending but the Bank was able to expand its local lending. The BIS as of




the end of December 2016 stood at 16.51% which is a strong position and sufficient for supporting the Bank and its subsidiary and future risks. Therefore, the Bank continued to hold its credit rating by Fitch Ratings at the highest attainable rating of AAA (tha) for the fifth consecutive year affirming the Bank's strong financial position.

In the past year, the Bank placed importance on enhancing its capacity and competitive edge by continuing to improve its internal procedures and systems. It implemented the latest technology with the highest security which had been developed by ICBC China in order to synergize the efficient and effective cooperation between the front and supporting units to promptly answer to the rapidly changing needs of the customers due to changes in financial and technological advances. Under prudent management and appropriate risk control, the Bank was able to grow solidly and to reach its mission in being the bridge between the economies of Thailand and China. Moreover, the Bank is ready to support Thailand's economic growth in every dimension offering services in Baht, CNY and other currencies. In addition, the Bank provided financial support to a leading telecommunication operator to further expand its operation to support the growth in the telecommunication business of Thailand. This is since telecommunication is one of the main infrastructure projects under Thailand 4.0, a new economic model promoted by the Thai government with the aim to strengthen Thailand's economy through innovation and technology.

Looking ahead to 2017, the Bank expects the Thai economy to grow modestly at 3.0-4.0%. Through the government's stimulus measures, infrastructure projects and the Eastern Economic Corridor (EEC) as well as the escalated opportunities from the ASEAN countries' collaboration, the banking sector is expected to benefit from the increased activities in the construction and material sectors as well as other sectors related to infrastructure projects such as real estate, transportation, commerce, tourism and industries supported by the government. Indeed, the Bank

is equipped to support these businesses financially in addition to promoting international trades. The Bank will also focus on investing in adapting digital technology to enhance its services in order to better serve our customers.

As the Chairman of the Board of Directors and the Chairman of the Executive Committee, I would like to take this opportunity to thank all stakeholders including the shareholders, customers and business partners for your continued patronage. I would also like to offer my gratitude to the Board of Directors, management and staff of the Bank and its subsidiary for their determination, dedication and professionalism in conducting their duties in order for the Bank to strive to be a sound and successful financial institution. I sincerely look forward to your continued patronage and to serving you with our best services available.



**Dr. Zhigang Li**

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

## The Board of Directors





01

**Dr. Zhigang Li**

Age 43 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) • 1999-2002 Manager of Risk Management Dept. Industrial and Commercial Bank of China Limited, H.O.

**Shareholding (%)**

None

02

**Dr. Prasit Damrongchai**

Age 76 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/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

03

**Ms. Ladda Siriwanakosol**

Age 60 years

**Position**

Independent Director • Chairperson of the Audit Committee

**Education**

MBA, Thammasart University

**Experience**

2017-Present Independent Director/Chairperson of the Audit Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-2017 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

04

**Mr. Zhisheng Xu, CFA/FRM**

Age 38 years

**Position**

Authorized Director • Member of the Executive Committee

**Education**

Master in Accounting, Guanghua School of Business, Peking University

**Experience**

2017-Present Authorized Director/Member of the Executive Committee/Senior Executive Vice President, Finance & Risk Management Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2011-2017 Division Head, Finance & Accounting Dept. Industrial and Commercial Bank of China Limited (ICBC), H.O. • 2007-2011 Deputy Division Head, Finance & Accounting Dept., Industrial and Commercial Bank of China Limited (ICBC), H.O. • 2004-2006 Senior Manager, Accounting & Settlement Dept., Industrial and Commercial Bank of China Limited (ICBC), H.O.

**Shareholding (%)**

None

05

**Mr. Guohui Song**

Age 49 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

06

**Mr. Yang Liu**

Age 38 years

**Position**

Authorized Director • Member of the Executive Committee

**Education**

Master of Economics, Peking University

**Experience**

2017-Present Authorized Director/Member of the Executive Committee/Senior Executive Vice President, Branch Banking Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2015-2016 Head of Service & Support Division, E-Banking Dept., Industrial and Commercial Bank of China Limited • 2014-2016 Head of Overseas Business Division, E-Banking Dept., Industrial and Commercial Bank of China Limited • 2011-2014 Senior Manager (in charge) of Overseas Business Division, E-Banking Dept., Industrial and Commercial Bank of China Limited • 2009-2011 Senior Manager of Marketing Division, E-Banking Dept., Industrial and Commercial Bank of China Limited

**Shareholding (%)**

None

07

**Mr. Jianfeng Zheng**

Age 51 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. • 2014-Present Director, ICBC AXA • 2015-Present Director, ICBC Turkey • 2015-2016 Director, ICBC Standard Bank Plc. • 2015-Present Director, ICBC Mexico • 2016-Present Director, ICBC Credit Suisse Asset Management • 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.

**Shareholding (%)**

None

08

**Ms. Minmin Wu**

Age 44 years

**Position**

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

**Education**

Master in 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. • 2015-Present Director, ICBC Moscow • 2015-2016 Non-executive Supervisor, ICBC Credit Suisse • 2015-Present Non-executive Supervisor, ICBC Leasing • 2016-Present Director, ICBC Canada • January 2009-December 2014 Division Head of Corporate Strategy and Investor Relations Dept., Industrial and Commercial Bank of China Limited, H.O.

**Shareholding (%)**

None

09

**TDVC.Col. Plengsakdi Prakaspesat**

Age 74 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 %

10

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

Age 59 years

**Position**

Independent Director • Member of the Audit Committee

**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 College (Class 52)

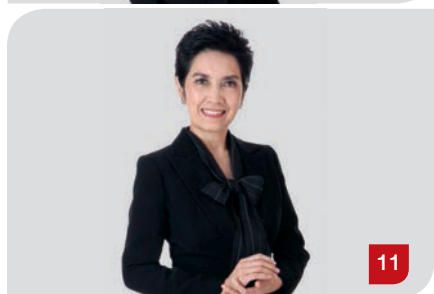
**Experience**

2017-Present Independent Director/Member of the Audit Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2014-2017 Independent Director, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2015-Present Director, Richland Property Development Co., Ltd. • 2017-Present Assistant Commission-General, Royal Thai Police • 2016-2017 Acting Assistant Commission-General, Royal Thai Police • 2015-2016 Commissioner of Provincial Police Region 9, Royal Thai Police • 2014-Present Independent Director/Member of the Audit Committee/Chairman of the Corporate Governance Committee, 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 Independent Director/Member of the Audit Committee/Member of the Compensation 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/Member of the Compensation Committee, Country Group Development Plc. • 2002-Present Director, Boonyachinda foundation for Thai Royal police and Family

**Shareholding (%)**

None

## Senior Executives





### 01 Mr. Zhisheng Xu, CFA/FRM

Age 38 years

#### Position

Senior Executive Vice President, Finance & Risk Management Group • Member of the Executive Committee

#### Education

Master in Accounting, Guanghua School of Business, Peking University

#### Experience

2017-Present Authorized Director/Member of the Executive Committee/Senior Executive Vice President, Finance & Risk Management Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2011-2017 Division Head, Finance & Accounting Dept., Industrial and Commercial Bank of China Limited (ICBC), H.O. • 2007-2011 Deputy Division Head, Finance & Accounting Dept., Industrial and Commercial Bank of China Limited (ICBC), H.O. • 2004-2006 Senior Manager, Accounting & Settlement Dept., Industrial and Commercial Bank of China Limited (ICBC), H.O.

#### Shareholding (%)

None

### 02 Mr. Guohui Song

Age 49 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

### 03 Mr. Yang Liu

Age 38 years

#### Position

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

#### Education

Master of Economics, Peking University

#### Experience

2017-Present Authorized Director/Member of the Executive Committee/Senior Executive Vice President, Branch Banking Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2015-2016 Head of Service & Support Division, E-Banking Dept., Industrial and Commercial Bank of China Limited • 2014-2016 Head of Overseas Business Division, E-Banking Dept., Industrial and Commercial Bank of China Limited • 2011-2014 Senior Manager (in charge) of Overseas Business Division, E-Banking Dept., Industrial and Commercial Bank of China Limited • 2009-2011 Senior Manager of Marketing Division, E-Banking Dept., Industrial and Commercial Bank of China Limited

#### Shareholding (%)

None

### 04 Mr. Apichart Kasemkulsiri

Age 50 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

### 05 Ms. Suree Wipatakanok

Age 53 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

### 06 Mr. Chaiwat Tanchewawong

Age 58 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

### 07 Mr. Yongmin Tang

Age 43 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

08

**Ms. Kanchana Vongratanakulthorn**

Age 61 years

**Position**

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

**Education**

BBA, Sukhothai Thammathirat 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 • 2014–Present Director, ICBC (Thai) Leasing Company Limited • 2011–Present Director, Chonburi Motors Express Company Limited.

**Shareholding (%)**

None

09

**Ms. Orapin Sreesangkom**

Age 53 years

**Position**

Executive Vice President, Head of Corporate Secretary &amp; 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

10

**Mr. Som Pisarnsopon**

Age 52 years

**Position**

Executive Vice President, Head of Finance &amp; 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

11

**Ms. Sasiwadee Somboonthum**

Age 57 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

12

**Mr. Wisit Ausawalaithong**

Age 49 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

13

**Mr. Xiaowei Zhao**

Age 35 years

**Position**

Senior Vice President, Head of Global Markets Division

**Education**

MBA, Beijing Normal University

**Experience**

December 2016–Present Senior Vice President, Head of Global Markets Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • November 2011–August 2016 Chief Manager of Treasury Dept., Industrial and Commercial Bank of China, Tokyo branch • June 2006–November 2011 Senior Marketing Manager of Global Markets Dept., Industrial and Commercial Bank of China, H.O.

**Shareholding (%)**

None

14

**Ms. Suwimol Itthiputh**

Age 53 years

**Position**

Senior Vice President, Head of Institution Business Division

**Education**

MBA, International Business, University of New Haven, Connecticut, USA

**Experience**

January 2016–Present Senior Vice President, Head of Institution Business Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • September 2007–January 2016 Senior Vice President, Head of Foreign Exchange and Financial Institution Dept., Industrial and Commercial Bank of China (Thai) Public Company Limited

**Shareholding (%)**

None

15

**Mr. Seksan Chunsereechai**

Age 50 years

**Position**

Senior Vice President, Acting Head of Risk Management Division

**Education**

MBA, Chulalongkorn University

**Experience**

January 2017–Present Senior Vice President, Acting Head of Risk Management Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • January 2015–January 2017 Senior Vice President, Head of Portfolio Risk Management Dept./ Acting Head of Credit Risk Dept., Industrial and Commercial Bank of China (Thai) Public Company Limited • January 2008–December 2014 First Vice President, Head of Portfolio Risk Management Dept., Industrial and Commercial Bank of China (Thai) Public Company Limited

**Shareholding (%)**

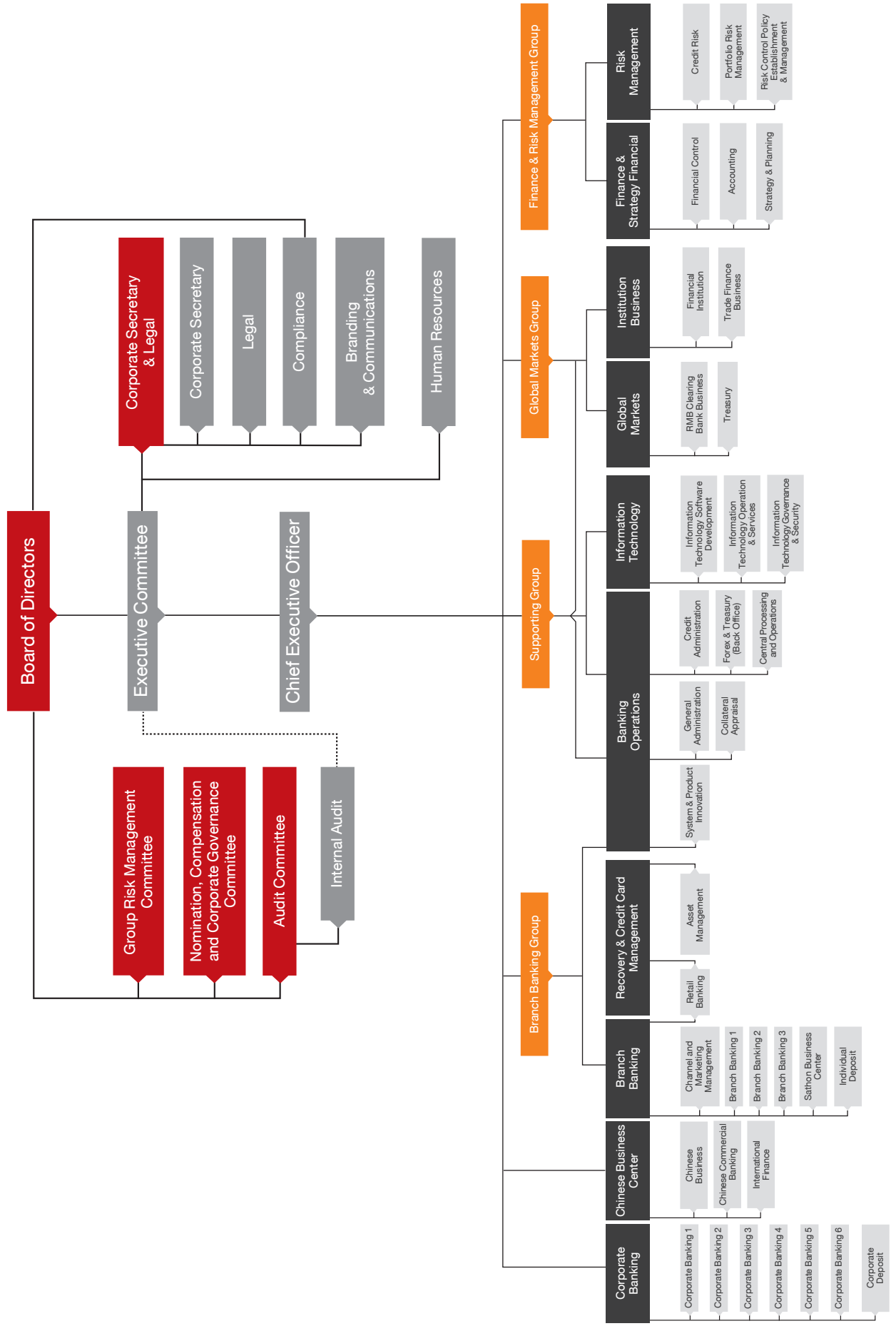
None

## Executive Officers

No.	Name	Position	Division/Department
1	Mr. Senut Chavana	Senior Vice President	Legal Department and Human Resources Department
2	Mr. Sayarm Lohsawat	Senior Vice President	Corporate Banking 2 Department
3	Ms. Rachanoke Vichitlekarn	Senior Vice President	Corporate Banking 4 Department
4	Ms. Wanpen Yongchayanuntakul	Senior Vice President	Branch Banking 1 Department
5	Mr. Methin Leosirichai	Senior Vice President	Branch Banking 2 Department
6	Ms. Narumol Meksingvee	Senior Vice President	Individual Deposit Department
7	Ms. Araya Watanakun	Senior Vice President	Central Processing and Operations Department
8	Mr. Xing Zan	Senior Vice President	Information Technology Governance & Security Department
9	Ms. Kulnida Cheausuwan	Senior Vice President	Treasury Department
10	Mr. Yining Yang	Senior Vice President	Financial Institution Department
11	Ms. Urai Chatvattananon	First Vice President	Internal Audit Department
12	Ms. Samerjai Charoensri	First Vice President	Compliance Department
13	Ms. Patsamon Sanghiran	First Vice President	Branding & Communications Department
14	Ms. Busarin Khundilokkorn	First Vice President	Corporate Banking 1 Department
15	Mr. Ponganan Settacharnwit	First Vice President	Corporate Banking 3 Department
16	Mr. Thanathorn Ariyasakulsaree	First Vice President	Channel and Marketing Management Department
17	Mr. Supakit Olarachin	First Vice President	Branch Banking 3 Department
18	Ms. Narissara Chaowarit	First Vice President	Sathon Business Center
19	Mr. Wei Wang	First Vice President	Retail Banking Department
20	Mr. Chairat Kongkreingkrai	First Vice President	Asset Management Department
21	Ms. Naiyana Noibanchong	First Vice President	System & Product Innovation Department
22	Mr. Kornthana Tonnamning	First Vice President	General Administration Department
23	Mr. Ayanut Dussadeesimarath	First Vice President	Collateral Appraisal Department
24	Mr. Usa Rodpon	First Vice President	Credit Administration Department
25	Mr. Wijit Sriwijitchok	First Vice President	Foreign Exchange & Treasury (Back Office) Department
26	Ms. Suntaree Thummaratchapimon	First Vice President	Accounting Department
27	Mr. Yi Guo	First Vice President	Credit Risk Department
28	Ms. Yuti Zhao	First Vice President	Risk Control Policy Establishment & Management Department
29	Mr. Weihua Xu	Vice President	Corporate Secretary and Human Resources Departments
30	Mr. Gonglong Hou	Vice President	Chinese Commercial Banking Department
31	Mr. Permsak Tananon	Vice President	Information Technology Operation & Services Department
32	Mr. Tianhan Gao	Vice President	RMB Clearing Bank Business Department
33	Ms. Yanna Cai	Vice President	Trade Finance Business Department
34	Mr. Yong Zhang	Vice President	Financial Control Department
35	Mr. Sidan Fu	Vice President	Strategy & Planning Department



# Organization Chart



## Description of Business



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, the 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 2016, ICBC Group had a total of 16,788 branches and service centers in China and 412 additional branches in 42 countries around the world. Furthermore, ICBC also has more than 1,507 correspondent banks across the globe.

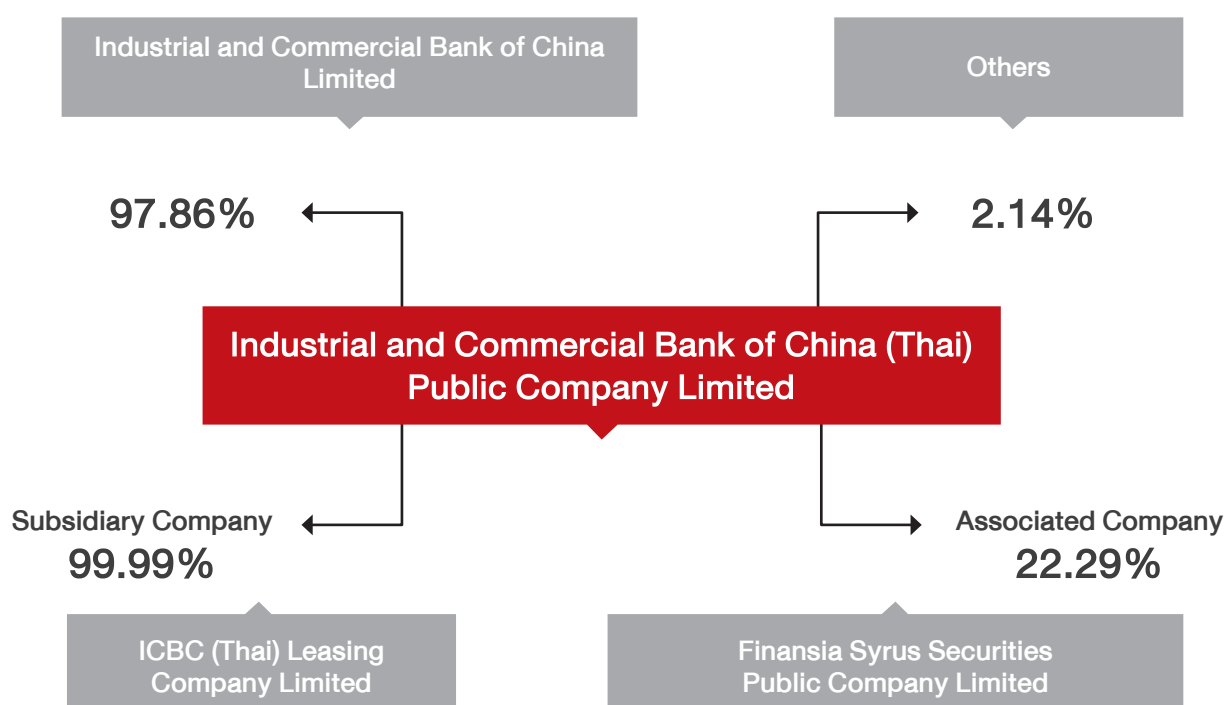
At present, the Bank has one subsidiary, ICBC (Thai) Leasing Company Limited, which the Bank owns 99.99%, the company offers leasing and hire purchase services. Moreover, the Bank has one associated company, Finansia Syrus Securities Public Company Limited, the company which the Bank owns a 22.29% stake, offers securities services.

For the past 7 years since ICBC started operating in Thailand, the Bank has been continuously developing new products and services in order to broaden its coverage of customers' needs. In particular, the Bank has expanded its products and services to both juristic person customers, to facilitate their business needs, and individual customers, to reflect their lifestyles such as credit cards, debit cards, internet banking, mobile banking and CNY 1 day remittance. At present, the Bank has a total of 22 branches across the country.

ICBC (Thai) continues to hold its credit rating by Fitch Ratings at the highest attainable rating of AAA(tha) for National Long-Term Rating for the fifth consecutive year confirming the Bank's strong financial position.

### Shareholders' structure of ICBC (Thai) Group

(as of 31 December 2016)



# Corporate Social Responsibility





### Royal Audience for Granting of Scholarships

Her Royal Highness Princess Maha Chakri Sirindhorn graciously granted an audience for the management of ICBC (Thai) and Thai students, who had been granted scholarships to study in the People's Republic of China, for the students to bid farewell before they leave for China. ICBC (Thai) had previously presented Baht 4.5 million to Her Royal Highness to fund 3 scholarships for Thai students to study Masters' degrees in Finance, Economics, Accounting, Marketing and Business Administration in the People's Republic of China.

It is with deep gratitude that the management of the Bank had the opportunity to meet with Her Royal Highness and to be a part in providing opportunities for Thai students to further their studies abroad and use their knowledge to contribute to their homeland.







### ICBC (Thai)'s Contribution to Society for Sustainable Advancement

The Bank realizes the importance of being an organization of quality, good corporate governance and a good member of a community. The Bank is committed and ready to take an active role in advancing society through various activities in order to be in line with the business operation of the Bank for sustainable and solid results.

The Bank realizes that Thai youths will be the force of the country in the future, at the same time the Bank also focuses on instilling a sense of voluntary work to its employees to partake in contributing to society. Moreover, by holding CSR activities the Bank will be creating valuable relations between the Bank and the communities where its branches are situated.

In the past year, the Bank organized 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 2016, the Bank held several CSR activities including donations of multi-purpose courts, basketball courts, sports equipments, school fence, books and provided lunches to schools in the northern and southern regions of Thailand. The Bank also donated blankets to students and people who were affected by severe cold weather in the northern and northeastern regions. Moreover, the Bank hosted a sight-seeing activity to the National Science Museum for underprivileged children from the Rajvithi Home for Girls called "Open up the World with ICBC (Thai)" so that these girls would have the opportunity to explore the world outside their classrooms.







### ICBC (Thai) Partaking the Saving for Change Project – Year II

The Thai Bankers' Association (TBA) recognizes the importance of promoting financial literacy and financial discipline to the Thai society, thus, assigned the CSR Club of the TBA (TBCSR) which comprises 15 commercial banks to hold the Saving for Change's pilot project for the years 2014-2015 (as the Year I phase) and in 2016 (as the Year II phase) in order to provide knowledge on personal financial management and financial discipline students at undergraduate level in the Nakhon Pathom area 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 in order to jointly create a positive change in terms of attitude and behavior to the youth target groups.

ICBC (Thai), as a member of the TBCSR, continues to partake in the Saving for Change in which the TBCSR successfully completed the following targets:

1) Provided skill training on the "4 Keys to Financial Success" course to 84 trainers of the members of the TBCSR and created 10 senior trainers.

2) Provided trainings on personal financial management to 312 undergraduate students from 7 colleges and universities in the Nakhon Pathom area. From such trainings, 91 students were able to become Peer Educators. During this period they arranged 15 activities educating their peers and members of their surrounding communities.





3) Developed the Peer Educator Manual to be appropriate for them to educate others in terms of knowledge as well as ethics.

4) Improved the relations between the banking sector and educational institutions as well as the communities in the Nakhon Pathom area through the aforementioned project.

Therefore, the Bank places importance on providing knowledge on financial planning, financial discipline, ethics and anti-corruption to the society starting from the country's youths so as to be a part in creating a sound and sustainable base for economic development.

# 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, Ms. Ladda Siri wattanakosol, TDVC. Col. Plengsakdi Prakaspesat and Pol. Lt. Gen. Werapong Chuenpagdee, 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 2016, 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. In the year 2016, the Audit Committee held seven meetings and 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 Audit Committee presented the results of the consideration on the financial statements to the Board of Directors for endorsement and acknowledgement. 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 2016, the Audit Committee discussed with the executive of Information Technology Division in regard to Automated Teller Machine (ATM) for ensuring that management is aware of the security controls to prevent the financial loss from any potential risks with no interruption of our services to the valued customers. The overall result did not reveal any significant noticeable deficiencies.

In the year 2016, the Audit Committee acknowledged the progress of anti-corruption project after its implementation and considered the status to be in compliance with the project's action plan. The Audit Committee has finally reviewed the results of Self-Evaluation Tool for Countering Bribery which is sufficiently defined with appropriateness prior to sign the report and submit to the Private Sector Collective Action Coalition against Corruption (CAC) for certification process. The result of anti-corruption audit was reported to the Board of Directors.

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 2016 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 2017 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 2017 shareholders' meeting for approval.

Overall, the Audit Committee has performed its duties carefully, independently and expressed opinions straightforwardly with the intent to optimize benefits for the Bank. The Audit Committee has annually reviewed the Audit Committee Charter and assessed its performance to ensure that it completely and effectively conducted its roles and responsibilities as assigned by the Board of Directors and fully addressed the defined objectives.

*Ladda Siri wattanakosol*

**Ms. Ladda Siri wattanakosol**  
Chairperson of the Audit Committee

# Report of the Nomination, Compensation and Corporate Governance Committee

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

The NCC has, in the past year, conducted its duties as assigned by the Board of Directors in accordance with the NCC Charter. The roles of the NCC are to nominate persons who possess the appropriate abilities, experience and qualifications to be appointed as Directors and 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 2016, the NCC held 7 meetings, in total, to conduct the following matters:

- Considered the nomination of qualified persons who were not prohibited by law and the regulations of the Bank of Thailand for the positions of Directors and Senior Executives of the Bank, including Directors who were retiring by rotation and to be reappointed for another term, to the Board of Directors and/or the Shareholders' Meeting for appointment.
- Considered the remuneration, welfare and benefits of the new Senior Executives and recommended them to the Board of Directors for approval.
- Considered the remuneration of Directors and recommended it to the Board of Directors for approval.
- Considered the bonus for the Chairman of the Executive Committee and recommended it to the Board of Directors for approval.
- Considered the salary increase and bonuses for the Senior Executives as assigned by the Board of Directors.
- Considered the prorated bonus for the resigned Expatriate Senior Executive and recommended it to the Board of Directors for approval.
- Considered the ratification of the appointment of a Senior Executive and recommended it to the Board of Directors for ratification.
- 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 policies on corporate governance and business ethics.
- Considered the amendments to the Anti-Corruption Policy and recommended to the Board of Directors for approval.
- Considered the amendments to policies of the Bank with the definition on "Senior Executive" and recommended it to the Board of Directors for approval.
- Considered the revision to the Process for Accepting and Considering Complaints and recommended it to the Board of Directors for approval.
- Considered and approved the NCC Report for the year 2015.
- Considered the extension of staff retirement for senior executives at EVP level and recommended it to the Board of Directors for approval.
- Considered the recommendation to the Board of Directors to authorize the NCC to approve the Senior Executives' salary increase and bonus allocation.
- Considered the postponement of the annual review of the CG Policy
- Acknowledged the Corruption Risk Assessment and considered the Anti-Corruption Measure.
- Acknowledged the results of the Board of Directors Assessment 2015.
- Acknowledged the Audit Committee Self-Assessment for the year 2015.

The principles of good corporate governance are crucial for ensuring accountability, transparency and proper functioning of financial institutions in a fast developing economy like Thailand, thus, the Bank recognizes the importance of strict adherence to such principles. With the implementation of the anti-corruption program which is an integral part of the principles of corporate governance, the NCC now has additional responsibilities to ensure that the Bank strictly operates under the corporate governance guidelines as well as the anti-corruption measures. Indeed, good corporate governance practices not only enhance the credibility and reputation of the Bank but also promote the sustainable development 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 2016, the Bank and its subsidiary posted profit before tax of Baht 1,836 million, representing an increase of Baht 173 million or 10% from 2015.

Net Interest income amounted to Baht 4,788 million, representing an increase of Baht 506 million or 12% from 2015.

Non-interest income was Baht 1,422 million, representing an increase of Baht 531 million or 60% from 2015.

Total other operating expense was Baht 2,206 million, representing a decrease of Baht 220 million or 9% from 2015. Total other operating expense included losses on impairment of properties foreclosed and reversal other provisions for TAMC. If excluded these items, the total other operating expenses in 2016 would increase Baht 112 million or 6% from 2015.

In 2016, the Bank and its subsidiary recorded expenses related to bad debt, doubtful accounts and impairment losses in the amount of Baht 2,168 million, representing an increase of Baht 1,084 million or 100% from 2015. 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	2016	2015	% change
Net interest income	4,788	4,282	12%
Non-interest income	1,422	891	60%
<b>Total net interest income and non-interest income</b>	<b>6,210</b>	<b>5,173</b>	<b>20%</b>
Total other operating expenses	(2,206)	(2,426)	(9)%
<b>Operating profit</b>	<b>4,004</b>	<b>2,747</b>	<b>46%</b>
Bad debt, doubtful accounts and impairment losses	(2,168)	(1,084)	100%
<b>Profit before tax</b>	<b>1,836</b>	<b>1,663</b>	<b>10%</b>
Income tax expense	(366)	(328)	12%
<b>Profit after tax</b>	<b>1,470</b>	<b>1,335</b>	<b>10%</b>

## Financial Position

The total assets of the Bank and its subsidiary at the end of 2016 amounted to Baht 186,053 million, representing an increase of Baht 3,024 million or 2% from the end of 2015.

Loans to customers net of deferred revenue amounted to Baht 130,747 million, representing a decrease of Baht 5,136 million or 4% from the end of 2015. The decrease in loans was mainly from the decrease of international loans.

Key balance sheets items	(Unit : Million Baht)		
	31 Dec 16	31 Dec 15	% change
Total assets	186,053	183,029	2%
Loans to customers net of deferred revenue	130,747	135,883	(4)%
Deposits, interbank and money market items and borrowings	156,686	155,292	1%

Total liabilities of the Bank and its subsidiary at the end of 2016 amounted to Baht 159,730 million, increase from the end of 2015 by Baht 1,311 million or 1%. This is in accordance with the increase in the Bank's total assets.

Shareholder's equity of the Bank and its subsidiary at the end of 2016 stood at Baht 26,323 million, representing an increase of Baht 1,713 million or 7% from the end of 2015. The book value of the Bank and its subsidiary as of 31 December 2016 was Baht 11.66 per share, increased from Baht 10.90 per share at the end of 2015.

### Asset Quality

At the end of 2016, the Bank and its subsidiary's ratio of non-performing loans (NPLs) to total loans, before the deduction of allowance for doubtful accounts, was 1.49%, lower the end of 2015 which was 1.56%.

### Capital Adequacy Ratio

As at 31 December 2016, the Bank and its subsidiary had capital fund of Baht 26,802 million, representing an increase of Baht 1,847 million from 2015 which was Tier-1 capital of Baht 24,886 million and Tier-2 capital of Baht 1,916 million. The capital adequacy ratio stood at 16.51%.

(Unit : Million Baht)

	31 Dec 16	31 Dec 15
<b>Capital funds</b>		
Tier 1 capital	24,886	23,316
Tier 2 capital	1,916	1,639
Total capital funds	26,802	24,955

(Unit : Percentage)

<b>Capital ratios</b>		
Tier 1 capital to total risk weighted assets	15.33%	16.68%
Tier 2 capital to total risk weighted assets	1.18%	1.17%
Total capital/Total risk weighted assets	16.51%	17.85%

# Independent Auditor's Report

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

## *Opinion*

I have audited the consolidated and the Bank's financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary (the "Group") and of Industrial and Commercial Bank of China (Thai) Public Company Limited ("the Bank"), respectively, which comprise the consolidated and the Bank's statements of financial position as at 31 December 2016, 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.

In my opinion, the accompanying consolidated and the Bank's financial statements present fairly, in all material respects, the financial position of the Group and the Bank, respectively, as at 31 December 2016 and of their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

## *Basis for Opinion*

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and the Bank's Financial Statements* section of my report. I am independent of the Group and the Bank in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King that is relevant to my audit of the consolidated and the Bank's financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and the Bank's financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.



My opinion on the consolidated and the Bank's financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

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

*Responsibilities of Management and Those Charged with Governance for the Consolidated and the Bank's Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated and the Bank's financial statements in accordance with TFRSs, 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.

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

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

*Auditor's Responsibilities for the Audit of the Consolidated and the Bank's Financial Statements*

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

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and the Bank's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and the Bank's financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the Bank's financial statements, including the disclosures, and whether the consolidated and the Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



**(Pantip Gulsantithamrong)**

Certified Public Accountant Registration No. 4208

KPMG Phoomchai Audit Ltd. Bangkok

21 March 2017

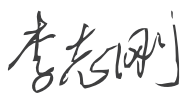
**Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiary**  
**Statement of financial position**

<b>Assets</b>	<i>Note</i>	<b>Consolidated</b>		<b>The Bank</b>	
		31 December		31 December	
		2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Cash		435,613	369,306	434,935	368,455
Interbank and money market items, net	7	6,237,817	2,056,608	6,044,457	1,891,397
Derivative assets	8	417,682	122,817	411,110	122,310
Investments, net	9	50,596,514	45,010,528	50,596,514	45,010,528
Investments in a subsidiary and an associate, net	10, 11	560,637	526,629	4,554,874	4,554,874
Loans to customers and accrued interest receivables, net	12				
Loans to customers		135,326,315	140,927,378	97,700,030	99,698,329
Accrued interest receivables		185,567	230,174	185,792	230,811
Total loans to customers and accrued interest receivables		135,511,882	141,157,552	97,885,822	99,929,140
Less deferred revenue		(4,579,521)	(5,044,122)	(122,063)	(58)
Less allowance for doubtful accounts	15	(5,880,464)	(4,029,494)	(3,767,430)	(2,953,174)
Less revaluation allowance for debt restructuring	16	(13,769)	(13,725)	(13,769)	(13,725)
Total loans to customers and accrued interest receivables, net		125,038,128	132,070,211	93,982,560	96,962,183
Properties foreclosed, net	17	775,519	882,446	743,765	812,191
Premises and equipment, net	18	143,540	124,990	126,396	97,985
Intangible assets, net	19	35,967	40,428	31,581	34,914
Leasehold right, net		143,753	154,428	143,754	154,428
Deferred tax assets, net	20	806,300	705,914	375,280	329,198
Accrued income, net		461,899	399,982	443,428	395,604
Receivables on credit support for derivative contracts		14,906	601	14,906	601
Other receivables, net		337,926	232,513	170,999	141,254
Other assets, net	21	47,648	332,051	28,465	16,993
<b>Total assets</b>		<b>186,053,849</b>	<b>183,029,452</b>	<b>158,103,024</b>	<b>150,892,915</b>

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**

		<b>Consolidated</b>		<b>The Bank</b>	
		31 December		31 December	
	<i>Note</i>	2016	2015	2016	2015
<i>(in thousand Baht)</i>					
<b>Liabilities and equity</b>					
<b>Liabilities</b>					
Deposits	23	92,023,523	86,194,650	92,024,042	86,201,364
Interbank and money market items	24	35,439,126	35,876,646	35,439,126	35,876,646
Liabilities payable on demand		45,131	13,744	45,131	13,744
Derivative liabilities	8	230,016	281,721	218,877	281,250
Debt issued and borrowings	25	29,223,103	33,220,665	2,734,196	2,733,267
Employee benefit obligations	26	180,327	172,957	155,867	143,415
Other provisions	27	1,815	23,700	1,700	23,700
Accrued interest payables		683,442	692,887	528,115	531,309
Other liabilities	28	1,903,885	1,942,496	1,230,472	1,014,135
<b>Total liabilities</b>		<b>159,730,368</b>	<b>158,419,466</b>	<b>132,377,526</b>	<b>126,818,830</b>
<b>Equity</b>					
Share capital	29				
Authorised share capital					
451,081 non-cumulative preference shares of Baht 8.92 each		4,023	4,023	4,023	4,023
2,256,510,117 ordinary shares of Baht 8.92 each					
(2015: 2,260,089,475 ordinary shares of Baht 8.92 each)		20,128,071	20,159,998	20,128,071	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					
(2015: 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	9.3, 30, 31	383,659	154,534	383,659	154,534
Retained earnings					
Appropriated					
Legal reserve	30	500,000	400,000	500,000	400,000
Unappropriated		5,307,728	3,923,358	4,709,745	3,387,457
<b>Equity attributable to the Bank's shareholders</b>		<b>26,323,481</b>	<b>24,609,986</b>	<b>25,725,498</b>	<b>24,074,085</b>
Non-controlling interest		-	-	-	-
<b>Total equity</b>		<b>26,323,481</b>	<b>24,609,986</b>	<b>25,725,498</b>	<b>24,074,085</b>
<b>Total liabilities and equity</b>		<b>186,053,849</b>	<b>183,029,452</b>	<b>158,103,024</b>	<b>150,892,915</b>



(Mr. Zhigang Li)

Chairman of the Board of Directors



(Mr. Zhisheng Xu)

Director

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

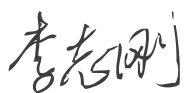
		Consolidated		The Bank	
		Year ended 31 December		Year ended 31 December	
	Note	2016	2015	2016	2015
		(in thousand Baht)			
Interest income	36	8,095,776	8,031,867	5,600,362	5,257,798
Interest expense	37	3,307,459	3,750,018	2,376,756	2,636,940
Net interest income		4,788,317	4,281,849	3,223,606	2,620,858
Fees and service income		732,589	333,779	472,944	151,677
Fees and service expense		110,903	49,986	108,871	49,986
Net fees and service income	38	621,686	283,793	364,073	101,691
Net trading income	39	163,744	106,757	135,575	101,548
Net loss on investments	40	(72)	(15)	(72)	(15)
Share of profit of associate	11	50,853	31,224	-	-
Gains on disposals of equipment, properties foreclosed and other assets		75,468	8,793	62,506	3,353
Bad debts recovered		396,989	296,983	84,106	74,610
Dividends income		12,653	9,250	29,499	31,279
Other operating income		100,080	154,117	3,829	50,998
Total operating income		6,209,718	5,172,751	3,903,122	2,984,322
Other operating expenses					
Employee expenses		1,220,977	1,121,518	862,084	765,886
Directors' remuneration	41	19,037	14,078	19,037	14,078
Premises and equipment expenses		201,078	203,582	128,857	120,869
Taxes and duties		189,353	152,754	157,581	139,979
Amortisation expense on intangible assets		15,660	17,186	13,507	13,303
Loss (gain) on properties foreclosed		220,364	539,847	1,995	(1,555)
Reversal provisions for share losses from TAMC		(12,907)	-	(12,907)	-
Others		351,991	376,182	139,370	123,642
Total other operating expenses		2,205,553	2,425,147	1,309,524	1,176,202
Bad debts, doubtful accounts and impairment losses	42	2,168,098	1,084,375	820,042	448,181
Profit from operations before income tax expense		1,836,067	1,663,229	1,773,556	1,359,939
Income tax expense	43	366,075	328,154	356,899	269,644
Profit for the year		1,469,992	1,335,075	1,416,657	1,090,295

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 profit or loss and other comprehensive income**

	<i>Note</i>	<b>Consolidated</b>		<b>The Bank</b>	
		Year ended 31 December		Year ended 31 December	
		2016	2015	2016	2015
<i>(in thousand Baht)</i>					
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Defined benefit plan actuarial gain		17,973	-	7,039	-
Income tax on other comprehensive income	43	(3,595)	-	(1,408)	-
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Net change in fair value of available-for-sale investments		286,406	(141,621)	286,406	(141,621)
Income tax on other comprehensive income	43	(57,281)	28,324	(57,281)	28,324
<b>Other comprehensive income (loss) for the year, net of income tax</b>		<b>243,503</b>	<b>(113,297)</b>	<b>234,756</b>	<b>(113,297)</b>
<b>Total comprehensive income for the year</b>		<b>1,713,495</b>	<b>1,221,778</b>	<b>1,651,413</b>	<b>976,998</b>
<b>Profit attributable to</b>					
Shareholders of the Bank		1,469,992	1,335,075	1,416,657	1,090,295
Non-controlling interest		-	-	-	-
<b>Profit for the year</b>		<b>1,469,992</b>	<b>1,335,075</b>	<b>1,416,657</b>	<b>1,090,295</b>
<b>Total comprehensive income attributable to</b>					
Shareholders of the Bank		1,713,495	1,221,778	1,651,413	976,998
Non-controlling interest		-	-	-	-
<b>Total comprehensive income for the year</b>		<b>1,713,495</b>	<b>1,221,778</b>	<b>1,651,413</b>	<b>976,998</b>
<b>Earnings per share (in Baht)</b>					
Basic earnings per share	44	0.65	0.59	0.63	0.48



(Mr. Zhigang Li)

Chairman of the Board of Directors



(Mr. Zhisheng Xu)

Director

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

**Consolidated**

	Note	Issued and paid-up share capital		Other components of equity		Retained earnings		Total equity		Total equity
		Preference shares	Ordinary shares	Revaluation surplus on available-for-sale investments	Legal reserve	Unappropriated	attributable to the Bank's shareholders	Non - controlling interest		
									(in thousand Baht)	
Year ended 31 December 2015										
		4,023	20,128,071	267,831	300,000	2,688,283		23,388,208	-	23,388,208
Comprehensive income for the year										
Profit		-	-	-	-	1,335,075		1,335,075	-	1,335,075
Other comprehensive income, net of income tax	31, 43	-	-	(113,297)	-	-		(113,297)	-	(113,297)
Total comprehensive income for the year		-	-	(113,297)	-	1,335,075		1,221,778	-	1,221,778
Transfer to legal reserve		-	-	-	100,000	(100,000)		-	-	-
Balance at 31 December 2015		4,023	20,128,071	154,534	400,000	3,923,358		24,609,986	-	24,609,986
Year ended 31 December 2016										
		4,023	20,128,071	154,534	400,000	3,923,358		24,609,986	-	24,609,986
Comprehensive income for the year										
Profit		-	-	-	-	1,469,992		1,469,992	-	1,469,992
Other comprehensive income, net of income tax	31, 43	-	-	229,125	-	14,378		243,503	-	243,503
Total comprehensive income for the year		-	-	229,125	-	1,484,370		1,713,495	-	1,713,495
Transfer to legal reserve		-	-	-	100,000	(100,000)		-	-	-
Balance at 31 December 2016		4,023	20,128,071	383,659	500,000	5,307,728		26,323,481	-	26,323,481

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

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

**The Bank**

	Note	Issued and paid-up share capital		Other components of equity		Retained earnings		Total equity
		Preference shares	Ordinary shares	Revaluation surplus on available-for-sale investments	Legal reserve	Unappropriated		
							(in thousand Baht)	
<b>Year ended 31 December 2015</b>								
Balance at 1 January 2015		4,023	20,128,071	267,831	300,000	2,397,162	23,097,087	
Comprehensive income for the year								
Profit		-	-	-	-	1,090,295	1,090,295	
Other comprehensive income, net of income tax	31,43	-	-	(113,297)	-	-	(113,297)	
Total comprehensive income for the year		-	-	(113,297)	-	1,090,295	976,998	
Transfer to legal reserve		-	-	-	100,000	(100,000)	-	
Balance at 31 December 2015		4,023	20,128,071	154,534	400,000	3,387,457	24,074,085	
<b>Year ended 31 December 2016</b>								
Balance at 1 January 2016		4,023	20,128,071	154,534	400,000	3,387,457	24,074,085	
Comprehensive income for the year								
Profit		-	-	-	-	1,416,657	1,416,657	
Other comprehensive income, net of income tax	31,43	-	-	229,125	-	5,631	234,756	
Total comprehensive income for the year		-	-	229,125	-	1,422,288	1,651,413	
Transfer to legal reserve		-	-	-	100,000	(100,000)	-	
Balance at 31 December 2016		4,023	20,128,071	383,659	500,000	4,709,745	25,725,498	

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**

	<b>Consolidated</b>		<b>The Bank</b>	
	Year ended 31 December		Year ended 31 December	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Profit from operations before income tax expense	1,836,067	1,663,229	1,773,556	1,359,939
<b><i>Adjustments to reconcile profit from operations before income tax expense to net cash provided by (used in) operating activities</i></b>				
Depreciation and amortisation	68,174	76,185	54,130	51,032
Bad debts, doubtful accounts and impairment losses	2,168,098	1,084,375	820,042	448,181
Losses of write-off of fixed assets	446	18	1	-
Gain on disposals of properties foreclosed	(73,446)	(8,727)	(60,568)	(3,306)
(Gain) losses on properties foreclosed	220,364	539,847	1,995	(1,555)
Net loss on investments	72	-	72	-
Gain on sales of equipment	(2,022)	(66)	(1,937)	(47)
Net trading income	(163,744)	(106,757)	(135,575)	(101,548)
Employee benefit obligations	28,711	13,337	19,490	22,337
Provisions for other liabilities	(12,792)	-	(12,907)	-
Other income from revaluation of other receivables	(119)	(177)	(119)	(177)
Share of profit of associate	(50,853)	(31,224)	-	-
Net interest income	(4,788,317)	(4,281,849)	(3,223,606)	(2,620,858)
Dividend income	(12,653)	(9,250)	(29,499)	(31,279)
Proceeds from interest	6,672,615	6,762,944	4,180,222	3,958,832
Interest paid	(2,323,107)	(2,932,239)	(2,321,976)	(2,894,735)
Proceeds from dividend	12,653	9,250	12,653	9,250
Income tax paid	(542,818)	(501,743)	(480,763)	(493,619)
<b>Profit from operations before changes in operating assets and liabilities</b>	<b>3,037,329</b>	<b>2,277,153</b>	<b>595,211</b>	<b>(297,553)</b>
<b><i>(Increase) decrease in operating assets</i></b>				
Interbank and money market items	(4,179,416)	10,011,885	(4,151,271)	9,968,193
Derivative assets	123,756	326,293	126,563	320,852
Loans to customers	4,821,673	10,412,745	2,116,858	5,318,609
Properties foreclosed	(39,596)	(462,867)	127,394	3,471
Receivables on credit support for derivative contracts	(14,305)	23,794	(14,305)	23,794
Fee receivable	(14,094)	256	-	-
Other receivables	(105,293)	(74,606)	(29,626)	(45,599)
Other assets	284,007	(300,851)	(11,867)	3,060

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	
	2016	2015	2016	2015
	(in thousand Baht)			
<b>Cash flows from operating activities</b>				
<i>Increase (decrease) in operating liabilities</i>				
Deposits	5,828,873	(3,833,875)	5,822,678	(3,827,223)
Interbank and money market items	(437,520)	(4,547,250)	(437,520)	(4,547,250)
Liabilities payable on demand	31,387	7,691	31,387	7,691
Derivative liabilities	(306,582)	(251,576)	(342,161)	(251,307)
Accrued expense	37,979	13,043	37,783	(4,246)
Other liabilities	(81,123)	483,079	178,767	20,926
<b>Net cash from operating activities</b>	<b>8,987,075</b>	<b>14,084,914</b>	<b>4,049,891</b>	<b>6,693,418</b>
<b>Cash flows from investing activities</b>				
Interest received	1,313,132	1,159,928	1,313,132	1,159,420
Dividend received	16,845	22,029	16,845	22,029
Increase in long-term investments	(5,199,534)	(9,573,352)	(5,199,534)	(9,573,352)
Investments in receivables	2,022	211	1,937	47
Purchases of equipment	(51,363)	(28,189)	(51,408)	(23,878)
Purchases of intangible assets	(7,992)	(2,559)	(7,338)	(107)
<b>Net cash (used in) investing activities</b>	<b>(3,926,890)</b>	<b>(8,421,932)</b>	<b>(3,926,366)</b>	<b>(8,415,841)</b>
<b>Cash flows from financing activities</b>				
Interest paid from borrowing and debt issued	(980,586)	(1,147,828)	(57,045)	(12,986)
Proceeds from borrowings and debt issued	42,326,108	31,999,640	-	3,219,000
Repayment of borrowings and debt issued	(46,336,880)	(36,507,493)	-	(1,478,623)
Finance lease payments	(2,520)	(2,384)	-	-
<b>Net cash from (used in) financing activities</b>	<b>(4,993,878)</b>	<b>(5,658,065)</b>	<b>(57,045)</b>	<b>1,727,391</b>
<b>Net increase in cash</b>	<b>66,307</b>	<b>4,917</b>	<b>66,480</b>	<b>4,968</b>
Cash at 1 January	369,306	364,389	368,455	363,487
<b>Cash at 31 December</b>	<b>435,613</b>	<b>369,306</b>	<b>434,935</b>	<b>368,455</b>
<b>Non-cash transactions</b>				
Purchase of equipment	6,865	(8,121)	6,952	(8,167)
Purchase of intangible assets	2,836	(449)	2,836	(449)

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**  
**For the year ended 31 December 2016**

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

## Notes to the financial statements

### For the year ended 31 December 2016

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 21 March 2017.

## 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 are the provision of financial products and services through its branches’s network in Thailand.

Detail of the Bank’s subsidiary as at 31 December 2016 and 2015 are given in notes 10 and 33.

## 2 Basis of preparation of the financial statements

### (a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (FAP); and presented as prescribed by the Bank of Thailand (BOT) notification number Sor Nor Sor 21/2015, 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 2016. 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.

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 2017 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 45.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

<i>Items</i>	<i>Measurement bases</i>
Derivative financial instruments	Fair value
Available-for-sale financial assets	Fair value
Investment in an associate 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**  
**For the year ended 31 December 2016**

**(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 accounting policies and the 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 assumption and 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 3(v)	Income tax
Note 5	Financial instruments
Note 8	Derivatives
Note 15	Allowance for doubtful accounts
Note 27&32	Other provision and Contingent liabilities and Commitments

*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

#### For the year ended 31 December 2016

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 5 - Financial instruments.

### 3 Significant accounting policies

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

#### (a) Basis of consolidation

The consolidated financial statements relate to the Bank and its subsidiary (together referred to as “the Bank and its subsidiary”) and 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.

##### *Non-controlling interests*

At the acquisition date, the Bank measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquire.

Changes in the Bank’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

##### *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.

**Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

*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 date, the Bank and its subsidiary cease accrual of interest income and reverse the interest previously accrued as revenue from its accounts. Interest is then recognised as revenue on a cash basis until settlement of such overdue balance has been received from the debtors.

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

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

*Hire purchase and finance lease income*

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

*Interest and dividends on investments*

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

*Gains (losses) on investments*

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

*Gains (losses) on derivatives trading*

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

*Fees and service income*

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



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**(c) Expense**

*Interest expenses*

Interest expenses are recognised as an 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.

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.

*Not entered for trading (Banking Book)*

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.

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- (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).

*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.

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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 period 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.

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.

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*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 which is computed by using collective approach basis based on historical loss for receivables that are classified as pass, special-mention and non-performing loans to customers which are classified as sub-standard, doubtful and doubtful of loss. 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)

At the end of each reporting period, the adequacy of allowance for doubtful accounts is reviewed taking into considerations the Company’s past collection experience and the current status of debtors.

In addition, the Bank has a loan loss provisioning policy whereby it provides additional allowance for certain exposures of the Bank 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 whereby it will reverse the related allowance for doubtful accounts against the decrease in bad debts and doubtful accounts in profit or loss from operation. At the same time, the Bank writes off the balances of bad debts and charges them against bad debts and doubtful accounts as expenses in profit or loss from operation. All bad debts recovered are recognised as revenue in profit or loss from operation.

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



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**(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.

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*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 derecognised 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.

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

### Notes to the financial statements

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#### *Subsequent expenditure*

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

#### *Amortisation*

Amortisation is based on 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.

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*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.



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*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 recognised immediately in other comprehensive income except in case of subsidiary before 1 January 2016 where actuarial gain or loss recognised 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 period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised 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 recognised when the Bank and its subsidiary have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

*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.

**(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.

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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 for financial reporting purposes 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 believe 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.

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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 earnings per share (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.

#### (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.

## 4 **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 12.3 to the financial statements. The maximum amount of credit risk exposure is the carrying amount of the financial assets less provision for losses as stated in the statements of financial position. The risk from off-financial position items is presented in Note 32 to the financial statements.

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

### *Interest rate risk*

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

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

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As at 31 December 2016 and 2015, significant financial assets and liabilities classified by types of interest rate are as follows:

	<b>Consolidated</b> 2016			Total
	Floating interest rate	Fixed interest rate	Non interest bearing	
	<i>(in million Baht)</i>			
<b>Financial assets</b>				
Cash	-	-	436	436
Interbank and money market items, net	159	4,248	1,831	6,238
Investments, net	-	50,144	453	50,597
Loans to customers <sup>(1)</sup>	68,861	59,879	2,007	130,747
<b>Total financial assets</b>	<b>69,020</b>	<b>114,271</b>	<b>4,727</b>	<b>188,018</b>
<b>Financial liabilities</b>				
Deposits	12,782	79,032	210	92,024
Interbank and money market items	391	34,673	375	35,439
Liabilities payable on demand	-	-	45	45
Debt issued and borrowings	-	29,223	-	29,223
<b>Total financial liabilities</b>	<b>13,173</b>	<b>142,928</b>	<b>630</b>	<b>156,731</b>

<sup>(1)</sup>Net of deferred revenue

	<b>Consolidated</b> 2015			Total
	Floating interest rate	Fixed interest rate	Non interest bearing	
	<i>(in million Baht)</i>			
<b>Financial assets</b>				
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 <sup>(1)</sup>	70,196	63,550	2,137	135,883
<b>Total financial assets</b>	<b>70,986</b>	<b>108,488</b>	<b>3,846</b>	<b>183,320</b>
<b>Financial liabilities</b>				
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
<b>Total financial liabilities</b>	<b>10,577</b>	<b>144,060</b>	<b>670</b>	<b>155,307</b>

<sup>(1)</sup>Net of deferred revenue

	<b>The Bank</b> 2016			Total
	Floating interest rate	Fixed interest rate	Non interest bearing	
	<i>(in million Baht)</i>			
<b>Financial assets</b>				
Cash	-	-	435	435
Interbank and money market items, net	5	4,248	1,792	6,045
Investments, net	-	50,144	453	50,597
Loans to customers <sup>(1)</sup>	71,483	24,766	1,329	97,578
<b>Total financial assets</b>	<b>71,488</b>	<b>79,158</b>	<b>4,009</b>	<b>154,655</b>

<sup>(1)</sup>Net of deferred revenue

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<b>The Bank</b>				
2016				
	Floating interest rate	Fixed interest rate	Non interest bearing	Total
	(in million Baht)			
<b>Financial liabilities</b>				
Deposits	12,782	79,032	210	92,024
Interbank and money market items	391	34,673	375	35,439
Liabilities payable on demand	-	-	45	45
Debt issued and borrowings	-	2,734	-	2,734
<b>Total financial liabilities</b>	<b>13,173</b>	<b>116,439</b>	<b>630</b>	<b>130,242</b>

<b>The Bank</b>				
2015				
	Floating interest rate	Fixed interest rate	Non interest bearing	Total
	(in million Baht)			
<b>Financial assets</b>				
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 <sup>(1)</sup>	70,422	28,151	1,125	99,698
<b>Total financial assets</b>	<b>71,104</b>	<b>73,089</b>	<b>2,775</b>	<b>146,968</b>

<b>Financial liabilities</b>				
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
<b>Total financial liabilities</b>	<b>10,583</b>	<b>113,572</b>	<b>670</b>	<b>124,825</b>

<sup>(1)</sup>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:

<b>Consolidated</b>								
2016								
	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)							
<b>Financial assets</b>								
Cash	-	-	-	-	-	436	-	436
Interbank and money market items, net	159	3,767	-	480	-	1,832	-	6,238
Investment, net	-	1,739	4,476	40,543	3,387	452	-	50,597
Loans to customers <sup>(1)</sup>	5	83,736	14,354	28,808	1,837	-	2,007	130,747
<b>Total financial assets</b>	<b>164</b>	<b>89,242</b>	<b>18,830</b>	<b>69,831</b>	<b>5,224</b>	<b>2,720</b>	<b>2,007</b>	<b>188,018</b>

<sup>(1)</sup>Net of deferred revenue





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**The Bank**  
**2016**

	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)			
<b>Financial assets</b>								
Cash	-	-	-	-	-	435	-	435
Interbank and money market items, net	5	3,767	-	480	-	1,793	-	6,045
Investments, net	-	1,739	4,476	40,543	3,387	452	-	50,597
Loans to customers <sup>(1)</sup>	4,781	80,321	5,651	5,187	309	-	1,329	97,578
<b>Total financial assets</b>	<b>4,786</b>	<b>85,827</b>	<b>10,127</b>	<b>46,210</b>	<b>3,696</b>	<b>2,680</b>	<b>1,329</b>	<b>154,655</b>
<b>Financial liabilities</b>								
Deposits	16,688	45,867	28,530	729	-	210	-	92,024
Interbank and money market items	391	19,254	14,924	245	250	375	-	35,439
Liabilities payable on demand	-	-	-	-	-	45	-	45
Debt issued and borrowings	-	-	2,734	-	-	-	-	2,734
<b>Total financial liabilities</b>	<b>17,079</b>	<b>65,121</b>	<b>46,188</b>	<b>974</b>	<b>250</b>	<b>630</b>	<b>-</b>	<b>130,242</b>

<sup>(1)</sup>Net of deferred revenue

**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 assets	Total
					(in million Baht)			
<b>Financial assets</b>								
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 <sup>(1)</sup>	3,555	54,054	40,443	444	77	-	1,125	99,698
<b>Total financial assets</b>	<b>3,557</b>	<b>60,042</b>	<b>50,359</b>	<b>26,118</b>	<b>4,117</b>	<b>1,650</b>	<b>1,125</b>	<b>146,968</b>
<b>Financial liabilities</b>								
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
<b>Total financial liabilities</b>	<b>17,709</b>	<b>63,813</b>	<b>37,896</b>	<b>4,648</b>	<b>89</b>	<b>670</b>	<b>-</b>	<b>124,825</b>

<sup>(1)</sup>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 2016 and 2015 can be summarised are as follows:

	<b>Consolidated</b>					
	2016		Average interest rate	2015		Average interest rate
	Average Balances <sup>(1)</sup>	Interest	rate	Average Balances <sup>(1)</sup>	Interest	rate
	(in million Baht)		(%)	(in million Baht)		(%)
<b>Interest-bearing financial assets</b>						
Interbank and money market items (Assets)	5,368	67	1.25	7,254	134	1.85
Investments	48,009	1,472	3.07	38,792	1,304	3.36
Loans to customers <sup>(2)</sup>	134,532	6,557	4.87	137,069	6,594	4.81
<b>Interest-bearing financial liabilities</b>						
Deposits	83,466	1,386 <sup>(3)</sup>	1.66	82,098	1,699 <sup>(3)</sup>	2.07
Interbank and money market items (Liabilities)	37,984	520	1.37	38,218	530	1.39
Debt issued and borrowings	32,248	988	3.06	34,289	1,105	3.22

<sup>(1)</sup> Calculated by average of month end balance

<sup>(2)</sup> Net of deferred revenue

<sup>(3)</sup> Excluding contribution fee to Deposit Protection Agency and Bank of Thailand.

	<b>The Bank</b>					
	2016		Average interest rate	2015		Average interest rate
	Average Balances <sup>(1)</sup>	Interest	rate	Average Balances <sup>(1)</sup>	Interest	rate
	(in million Baht)		(%)	(in million Baht)		(%)
<b>Interest-bearing financial assets</b>						
Interbank and money market items (Assets)	5,147	67	1.30	7,063	134	1.89
Investments	48,009	1,472	3.07	38,792	1,304	3.36
Loans to customers <sup>(2)</sup>	93,450	4,062	4.35	95,409	3,820	4.00
<b>Interest-bearing financial liabilities</b>						
Deposits	83,469	1,386 <sup>(3)</sup>	1.66	82,099	1,700 <sup>(3)</sup>	2.07
Interbank and money market items (Liabilities)	37,882	519	1.37	37,935	524	1.38
Debt issued and borrowings	2,734	58	2.12	643	13	2.08

<sup>(1)</sup> Calculated by average of month end balance

<sup>(2)</sup> Net of deferred revenue

<sup>(3)</sup> Excluding contribution fee to Deposit Protection Agency and Bank of Thailand.

### *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.

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

### Notes to the financial statements

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

Moreover, the Bank has prepared the Early Warning System Indicator to monitor daily and monthly risk level and also set the trigger point in order to be prepared in case of any increasing of any risk factors and be used for liquidity risk management. The Portfolio Risk Management Department will inform the related party daily and submit to ALCO Meeting monthly. The Bank has also formulated the liquidity contingency plans to handle any potential liquidity problems. These plans designate working procedures and explicitly assign roles and responsibilities to the relevant parties.

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

1. Review and verify the validity of the assumptions used by the Global Market 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 decentralised, 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, partially 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.

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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.

As at 31 December 2016 and 2015, significant financial assets and liabilities are classified according to their contractual maturity as follows:

	Consolidated 2016							
	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)							
<b>Financial assets</b>								
Cash	-	-	-	-	-	436	-	436
Interbank and money market, net	198	3,767	-	480	-	1,793	-	6,238
Investments, net	-	1,739	4,476	40,543	3,839	-	-	50,597
Loans to customers <sup>(1)</sup>	240	23,531	34,428	57,649	12,892	-	2,007	130,747
<b>Total financial assets</b>	<b>438</b>	<b>29,037</b>	<b>38,904</b>	<b>98,672</b>	<b>16,731</b>	<b>2,229</b>	<b>2,007</b>	<b>188,018</b>
<b>Financial liabilities</b>								
Deposits	16,898	45,867	28,530	729	-	-	-	92,024
Interbank and money market	766	19,254	14,924	245	250	-	-	35,439
Liabilities payable on demand	45	-	-	-	-	-	-	45
Debt issued and borrowings	-	2,395	12,267	12,562	1,999	-	-	29,223
<b>Total financial liabilities</b>	<b>17,709</b>	<b>67,516</b>	<b>55,721</b>	<b>13,536</b>	<b>2,249</b>	<b>-</b>	<b>-</b>	<b>156,731</b>

<sup>(1)</sup>Net of deferred revenue



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	<b>Consolidated</b> 2015					Non performing assets	Total
	At call	1 - 3 months	Maturity within 3 - 12 months	1 - 5 years	Over 5 years		
	<i>(in million Baht)</i>						
<b>Financial assets</b>							
Cash	-	-	-	-	-	369	369
	1,074	926	-	-	-	57	2,057
Investments, net	-	5,062	9,916	25,674	4,041	318	45,011
Loans to customers <sup>(1)</sup>	826	29,929	39,413	48,788	14,790	-	135,883
<b>Total financial assets</b>	<b>1,900</b>	<b>35,917</b>	<b>49,329</b>	<b>74,462</b>	<b>18,831</b>	<b>744</b>	<b>183,320</b>
<b>Financial liabilities</b>							
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
<b>Total financial liabilities</b>	<b>18,373</b>	<b>72,247</b>	<b>41,851</b>	<b>22,747</b>	<b>89</b>	<b>-</b>	<b>155,307</b>

<sup>(1)</sup>Net of deferred revenue

	<b>The Bank</b> 2016					Non performing assets	Total
	At call	1 - 3 months	Maturity within 3 - 12 months	1 - 5 years	Over 5 years		
	<i>(in million Baht)</i>						
<b>Financial assets</b>							
Cash	-	-	-	-	-	435	435
Interbank and money market, net	5	3,767	-	480	-	1,793	6,045
Investments, net	-	1,739	4,476	40,543	3,839	-	50,597
Loans to customers <sup>(1)</sup>	5,016	20,116	25,725	34,028	11,364	-	97,578
<b>Total financial assets</b>	<b>5,021</b>	<b>25,622</b>	<b>30,201</b>	<b>75,051</b>	<b>15,203</b>	<b>2,228</b>	<b>154,655</b>
<b>Financial liabilities</b>							
Deposits	16,898	45,867	28,530	729	-	-	92,024
Interbank and money market	766	19,254	14,924	245	250	-	35,439
Liabilities payable on demand	45	-	-	-	-	-	45
Debt issued and borrowings	-	-	2,734	-	-	-	2,734
<b>Total financial liabilities</b>	<b>17,709</b>	<b>65,121</b>	<b>46,188</b>	<b>974</b>	<b>250</b>	<b>-</b>	<b>130,242</b>

<sup>(1)</sup>Net of deferred revenue

	<b>The Bank</b> 2015					Non performing assets	Total
	At call	1 - 3 months	Maturity within 3 - 12 months	1 - 5 years	Over 5 years		
	<i>(in million Baht)</i>						
<b>Financial assets</b>							
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 <sup>(1)</sup>	3,555	26,495	30,113	25,695	12,715	-	99,698
<b>Total financial assets</b>	<b>4,520</b>	<b>32,483</b>	<b>40,029</b>	<b>51,369</b>	<b>16,756</b>	<b>686</b>	<b>146,968</b>
<b>Financial liabilities</b>							
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
<b>Total financial liabilities</b>	<b>18,379</b>	<b>63,813</b>	<b>37,896</b>	<b>4,648</b>	<b>89</b>	<b>-</b>	<b>124,825</b>

<sup>(1)</sup>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 2016 and 2015 can be summarised as follows:

	US dollar	Renminbi	Consolidated 2016		Others	Total
			Yen (in million Baht)	Euro		
<b>Financial assets</b>						
Cash	-	91	-	-	-	91
Interbank and money market, net	707	442	5	30	76	1,260
Investments, net	22,565	717	-	4,153	-	27,435
Loans to customers <sup>(1)</sup>	23,002	1	10	4,081	-	27,094
<b>Total financial assets</b>	<b>46,274</b>	<b>1,251</b>	<b>15</b>	<b>8,264</b>	<b>76</b>	<b>55,880</b>
<b>Financial liabilities</b>						
Deposits	1,555	986	12	22	5	2,580
Interbank and money market	25,762	83	-	3,209	-	29,054
<b>Total financial liabilities</b>	<b>27,317</b>	<b>1,069</b>	<b>12</b>	<b>3,231</b>	<b>5</b>	<b>31,634</b>
Avals to bill and guarantee on loan	(4)	-	-	-	(524)	(528)
Letters of credit	(394)	(45)	(4)	-	-	(443)
Other contingencies	(1,109)	(34)	-	(328)	-	(1,471)
Derivatives held for risk management	(16,253)	49	8	(4,374)	524	(20,046)
Average exchange rate (Baht per 1 foreign currency unit)	35.8307	5.1498	0.3080	37.7577		

<sup>(1)</sup> Net of deferred revenue

	US dollar	Renminbi	Consolidated 2015		Others	Total
			Yen (in million Baht)	Euro		
<b>Financial assets</b>						
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 <sup>(1)</sup>	30,567	3,578	-	24	-	34,169
<b>Total financial assets</b>	<b>52,100</b>	<b>5,179</b>	<b>1</b>	<b>27</b>	<b>17</b>	<b>57,324</b>
<b>Financial liabilities</b>						
Deposits	794	363	11	3	1	1,172
Interbank and money market	25,262	4,251	-	-	-	29,513
<b>Total financial liabilities</b>	<b>26,056</b>	<b>4,614</b>	<b>11</b>	<b>3</b>	<b>1</b>	<b>30,685</b>
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		

<sup>(1)</sup> Net of deferred revenue

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	US dollar	Renminbi	<b>The Bank</b> 2016		Others	Total
			Yen	Euro		
			<i>(in million Baht)</i>			
<b>Financial assets</b>						
Cash	-	91	-	-	-	91
Interbank and money market, net	707	442	5	30	76	1,260
Investments, net	22,565	717	-	4,153	-	27,435
Loans to customers <sup>(1)</sup>	19,725	1	10	4,081	-	23,817
<b>Total financial assets</b>	<b>42,997</b>	<b>1,251</b>	<b>15</b>	<b>8,264</b>	<b>76</b>	<b>52,603</b>
<b>Financial liabilities</b>						
Deposits	1,555	986	12	22	5	2,580
Interbank and money market	25,762	83	-	3,209	-	29,054
<b>Total financial liabilities</b>	<b>27,317</b>	<b>1,069</b>	<b>12</b>	<b>3,231</b>	<b>5</b>	<b>31,634</b>
Avals to bill and guarantee on loan	(4)	-	-	-	(524)	(528)
Letters of credit	(394)	(45)	(4)	-	-	(443)
Other contingencies	(1,109)	(34)	-	(328)	-	(1,471)
Derivatives held for risk management	(16,253)	49	8	(4,374)	524	(20,046)
Average exchange rate (Baht per 1 foreign currency unit)	35.8307	5.1498	0.3080	37.7577		

<sup>(1)</sup> Net of deferred revenue

	US dollar	Renminbi	<b>The Bank</b> 2015		Others	Total
			Yen	Euro		
			<i>(in million Baht)</i>			
<b>Financial assets</b>						
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 <sup>(1)</sup>	29,663	3,578	-	24	-	33,265
<b>Total financial assets</b>	<b>51,196</b>	<b>5,179</b>	<b>1</b>	<b>27</b>	<b>17</b>	<b>56,420</b>
<b>Financial liabilities</b>						
Deposits	794	363	11	3	1	1,172
Interbank and money market	25,262	4,251	-	-	-	29,513
<b>Total financial liabilities</b>	<b>26,056</b>	<b>4,614</b>	<b>11</b>	<b>3</b>	<b>1</b>	<b>30,685</b>
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		

<sup>(1)</sup> Net of deferred revenue

### 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.

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

	<b>Consolidated and The Bank</b>			
	2016		2015	
	Notional amount	Maturity (in million Baht)	Notional amount	Maturity
<b><i>Interest rate swap contracts</i></b>				
Receive floating interest rates and pay fixed interest rates	4,180	2021	3,480	2016-2020

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:

	<b>Consolidated and The Bank</b>			
	2016		2015	
	Notional amount	Maturity (in million Baht)	Notional amount	Maturity
<b><i>Cross currency interest rate swap contracts</i></b>				
Receive interest at a fixed rate on Baht notional amounts and to pay interest at a fixed rate on US Dollar notional amounts	-	-	614	2016
Receive interest at a floated rate on US Dollar notional amounts and to pay interest at a fixed rate on Euro notional amounts	4,474	2021	-	-

As at 31 December 2016 and 2015, financial derivatives are classified by their maturities as follows:

	<b>Consolidated and The Bank</b>					
	Not over 1 year	2016 Over 1 year	Total	Not over 1 year	2015 Over 1 year	Total
<b>(in million Baht)</b>						
<b>Forward exchange contracts</b>						
Bought	7,699	8	7,707	8,389	-	8,389
Sold	26,258	443	26,701	28,602	492	29,094
<b>Interest rate swap contracts</b>	3,980	200	4,180	3,150	330	3,480
<b>Cross currency and interest rate swap contracts</b>						
Bought	-	4,474	4,474	-	-	-
Sold	-	-	-	614	-	614

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**5 Financial instruments**

**5.1 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 2016 and 2015 were as follows:

		<b>Consolidated</b>			
		2016			
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
<i>(in million Baht)</i>					
<b>Financial assets</b>					
Derivatives assets (Trading book)					
- Foreign exchange rate	73	-	73	-	73
Available-for-sale securities	21,081	-	21,081	-	21,081
<b>Financial liabilities</b>					
Derivatives liabilities (Trading book)					
- Foreign exchange rate	68	-	68	-	68
		<b>Consolidated</b>			
		2015			
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
<i>(in million Baht)</i>					
<b>Financial assets</b>					
Derivatives assets (Trading book)					
- Foreign exchange rate	80	-	80	-	80
Available-for-sale securities	43,589	-	43,589	-	43,589
<b>Financial liabilities</b>					
Derivatives liabilities (Trading book)					
- Foreign exchange rate	66	-	66	-	66
		<b>The Bank</b>			
		2016			
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
<i>(in million Baht)</i>					
<b>Financial assets</b>					
Derivatives assets (Trading book)					
- Foreign exchange rate	80	-	80	-	80
Available-for-sale securities	21,081	-	21,081	-	21,081
<b>Financial liabilities</b>					
Derivatives liabilities (Trading book)					
- Foreign exchange rate	107	-	107	-	107



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		The Bank			
		2015			
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
		(in million Baht)			
<b>Financial assets</b>					
Derivatives assets (Trading book)					
- Foreign exchange rate	81	-	81	-	81
Available-for-sale securities	43,589	-	43,589	-	43,589
<b>Financial liabilities</b>					
Derivatives liabilities (Trading book)					
- Foreign exchange rate	72	-	72	-	72

**5.2 Financial instruments not measured at fair value**

The following table analyses financial instruments not measured at fair value at 31 December 2016 and 2015, by the level in the fair value hierarchy into which the fair value measurement is categorised.

		Consolidated			
		2016			
	Carrying value		Fair value		
		Level 1	Level 2	Level 3	Total
			(in million Baht)		
Financial assets					
Cash	436	-	436	-	436
Interbank and money market items, net	6,238	-	6,238	-	6,238
Derivatives assets (not entered for trading purposes)	344	-	361	-	361
Investment, net <sup>(1)</sup>	29,515	-	29,453	239	29,692
Loan to customers <sup>(2)</sup>	130,747	-	-	128,161	128,161
Receivables on credit support for derivative contracts	15	-	15	-	15
Financial liabilities					
Deposits	92,024	-	92,029	-	92,029
Interbank and money market items	35,439	-	35,412	-	35,412
Derivatives liabilities (not entered for trading purposes)	162	-	147 <sup>(3)</sup>	-	147
Liabilities payable on demand	45	-	45	-	45
Debt issued and borrowings	29,223	-	29,522	-	29,522

<sup>(1)</sup> Held to maturity and general investment

<sup>(2)</sup> Net of deferred revenue

<sup>(3)</sup> Interest receivables and payables are considered for determining fair value

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		Consolidated			
	Carrying value		2015 Fair value		
		Level 1	Level 2	Level 3	Total
			(in million Baht)		
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 <sup>(1)</sup>	1,422	-	1,338	223	1,561
Loan to customers <sup>(2)</sup>	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 <sup>(3)</sup>	-	124
Liabilities payable on demand	14	-	14	-	14
Debt issued and borrowings	33,221	-	33,944	-	33,944
<sup>(1)</sup> Held to maturity and general investment					
<sup>(2)</sup> Net of deferred revenue					
<sup>(3)</sup> Interest receivables and payables are considered for determining fair value					

		The Bank 2016			
	Carrying value	Level 1	Fair value Level 2 <i>(in million Baht)</i>	Level 3	Total
<b>Financial assets</b>					
Cash	435	-	435	-	435
Interbank and money market items, net	6,045	-	6,044	-	6,044
Derivatives assets (not entered for trading purposes)	331	-	361	-	361
Investment, net <sup>(1)</sup>	29,515	-	29,453	239	29,692
Loan to customers <sup>(2)</sup>	97,578	-	-	97,577	97,577
Receivables on credit support for derivative contracts	15	-	15	-	15
<b>Financial liabilities</b>					
Deposits	92,024	-	92,029	-	92,029
Interbank and money market items	35,439	-	35,412	-	35,412
Derivatives liabilities (not entered for trading purposes)	112	-	147 <sup>(3)</sup>	-	147
Liabilities payable on demand	45	-	45	-	45
Debt issued and borrowings	2,734	-	2,737	-	2,737

<sup>(1)</sup> Held to maturity and general investment

<sup>(2)</sup> Net of deferred revenue

<sup>(3)</sup> Interest receivables and payables are considered for determining fair value

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		The Bank			
			2015		
	Carrying value	Level 1	Fair value	Level 3	Total
			Level 2		
			(in million Baht)		
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 <sup>(1)</sup>	1,422	-	1,338	223	1,561
Loan to customers <sup>(2)</sup>	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 <sup>(3)</sup>	-	124
Liabilities payable on demand	14	-	14	-	14
Debt issued and borrowings	2,733	-	2,735	-	2,735

<sup>(1)</sup> Held to maturity and general investment

<sup>(2)</sup> Net of deferred revenue

<sup>(3)</sup> Interest receivables and payables are considered for determining fair value

**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 the end of the reporting period.

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

### Notes to the financial statements

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#### *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.

#### *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.

## **6 Maintenance of capital fund**

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

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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 2016 and 2015, 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:

	<b>Consolidated</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
<b>Tier 1 capital</b>		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	20,132,094	20,132,094
Legal reserve	500,000	400,000
Retained earnings after appropriations	4,759,699	3,370,277
Other comprehensive income	322,120	135,632
Less Capital deduction items on CET1	(827,881)	(722,085)
<b>Total Tier 1 capital</b>	<b>24,886,032</b>	<b>23,315,918</b>
<b>Tier 2 capital</b>		
Allowance for classified assets of "pass" category	1,916,330	1,638,601
<b>Total Tier 2 capital</b>	<b>1,916,330</b>	<b>1,638,601</b>
<b>Total capital funds</b>	<b>26,802,362</b>	<b>24,954,519</b>

	<b>Consolidated</b>			
	2016	2015	BOT Requirement	
			2016	2015
		(%)		
<b>Capital ratio</b>				
Tier 1 capital to total risk weighted assets	15.33	16.68	6.625	6.00
Tier 1 common equity to total risk weighted assets	15.33	16.68	5.125	4.50
Tier 2 capital to total risk weighted assets	1.18	1.17	-	-
Total capital / Total risk weighted assets	16.51	17.85	9.125	8.50

	<b>The Bank</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
<b>Tier 1 capital</b>		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	20,132,094	20,132,094
Legal reserve	500,000	400,000
Retained earnings after appropriations	3,994,153	2,926,480
Other comprehensive income	322,120	135,632
Less Capital deduction items on CET1	(394,230)	(343,164)
<b>Total Tier 1 capital</b>	<b>24,554,137</b>	<b>23,251,042</b>
<b>Tier 2 capital</b>		
Allowance for classified assets of "pass" category	1,793,505	1,477,443
<b>Total Tier 2 capital</b>	<b>1,793,505</b>	<b>1,477,443</b>
<b>Total capital funds</b>	<b>26,347,642</b>	<b>24,728,485</b>



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	<b>The Bank</b>		BOT Requirement	
	2016	2015 (%)	2016	2015
<b>Capital ratio</b>				
Tier 1 capital to total risk weighted assets	16.09	18.72	6.625	6.00
Tier 1 common equity to total risk weighted assets	16.09	18.72	5.125	4.50
Tier 2 capital to total risk weighted assets	1.18	1.18	-	-
Total capital / Total risk weighted assets	17.27	19.90	9.125	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 4/2013, 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 2015 in the Bank's website, www.icbcthai.com, on 28 April 2016. The Bank will disclose the Capital Maintenance and Information security risks for the Bank and financial group at 31 December 2016 within April 2017.

According to Bank of Thailand notification number For Nor Sor (23) Wor 263/2013 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 2016 and 2015, the Bank and its subsidiary have regulatory capital after deducting capital add-on arising from Single Lending Limit in the amount of Baht 24,604 million and Baht 24,613 million respectively or 15.15% and 17.61% respectively. (The Bank : Baht 24,198 million and Baht 24,631 million or 15.86% and 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.

**7 Interbank and money market items, net (Assets)**

	<b>Consolidated</b>					
	Demand	2016 Time	Total (in thousand Baht)	Demand	2015 Time	Total
<b>Domestic items</b>						
Bank of Thailand	1,039,825	240,000	1,279,825	567,921	-	567,921
Commercial Banks	311,900	2,200,000	2,511,900	226,429	288,709	515,138
Specialised financial institutions	52	700,000	700,052	2,338	-	2,338
Other financial institutions	-	502,000	502,000	-	257,000	257,000
<b>Total</b>	<b>1,351,777</b>	<b>3,642,000</b>	<b>4,993,777</b>	<b>796,688</b>	<b>545,709</b>	<b>1,342,397</b>
Add accrued interest receivables	10	811	821	4	214	218
Less allowance for doubtful accounts	-	-	-	-	(2,887)	(2,887)
<b>Total domestic items, net</b>	<b>1,351,787</b>	<b>3,642,811</b>	<b>4,994,598</b>	<b>796,692</b>	<b>543,036</b>	<b>1,339,728</b>
<b>Foreign items</b>						
US Dollar	99,587	609,618	709,205	174,778	-	174,778
Renminbi	441,510	-	441,510	145,230	385,433	530,663
Euro	30,413	-	30,413	2,850	-	2,850
Hong Kong Dollar	42,942	-	42,942	3,116	-	3,116
Other currencies	23,975	-	23,975	8,129	-	8,129
<b>Total</b>	<b>638,427</b>	<b>609,618</b>	<b>1,248,045</b>	<b>334,103</b>	<b>385,433</b>	<b>719,536</b>
Add accrued interest receivables	-	3,224	3,224	-	1,198	1,198
Less deferred revenue	-	(2,145)	(2,145)	-	-	-
Less allowance for doubtful accounts	-	(5,905)	(5,905)	-	(3,854)	(3,854)
<b>Total foreign items, net</b>	<b>638,427</b>	<b>604,792</b>	<b>1,243,219</b>	<b>334,103</b>	<b>382,777</b>	<b>716,880</b>
<b>Total domestic and foreign items, net</b>	<b>1,990,214</b>	<b>4,247,603</b>	<b>6,237,817</b>	<b>1,130,795</b>	<b>925,813</b>	<b>2,056,608</b>

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	<b>The Bank</b>					
	Demand	2016 Time	Total (in thousand Baht)	Demand	2015 Time	Total
<b>Domestic items</b>						
Bank of Thailand	1,039,825	240,000	1,279,825	567,921	-	567,921
Commercial Banks	118,599	2,200,000	2,318,599	63,558	288,709	352,267
Specialised financial institutions	-	700,000	700,000	-	-	-
Other financial institutions	-	502,000	502,000	-	257,000	257,000
<b>Total</b>	<b>1,158,424</b>	<b>3,642,000</b>	<b>4,800,424</b>	<b>631,479</b>	<b>545,709</b>	<b>1,177,188</b>
Add accrued interest receivables	3	811	814	2	214	216
Less allowance for doubtful accounts	-	-	-	-	(2,887)	(2,887)
<b>Total domestic items, net</b>	<b>1,158,427</b>	<b>3,642,811</b>	<b>4,801,238</b>	<b>631,481</b>	<b>543,036</b>	<b>1,174,517</b>
<b>Foreign items</b>						
US Dollar	99,587	609,618	709,205	174,778	-	174,778
Renminbi	441,510	-	441,510	145,230	385,433	530,663
Euro	30,413	-	30,413	2,850	-	2,850
Hong Kong Dollar	42,942	-	42,942	3,116	-	3,116
Other currencies	23,975	-	23,975	8,129	-	8,129
<b>Total</b>	<b>638,427</b>	<b>609,618</b>	<b>1,248,045</b>	<b>334,103</b>	<b>385,433</b>	<b>719,536</b>
Add accrued interest receivables	-	3,224	3,224	-	1,198	1,198
Less deferred revenue	-	(2,145)	(2,145)	-	-	-
Less allowance for doubtful accounts	-	(5,905)	(5,905)	-	(3,854)	(3,854)
<b>Total foreign items, net</b>	<b>638,427</b>	<b>604,792</b>	<b>1,243,219</b>	<b>334,103</b>	<b>382,777</b>	<b>716,880</b>
<b>Total domestic and foreign items, net</b>	<b>1,796,854</b>	<b>4,247,603</b>	<b>6,044,457</b>	<b>965,584</b>	<b>925,813</b>	<b>1,891,397</b>

## 8 Derivatives

### Trading book

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

Type of risk	<b>Consolidated</b>					
	2016		Notional amount <sup>(1)</sup> (in thousand Baht)	2015		Notional amount <sup>(1)</sup>
	Fair value Assets	Fair value Liabilities		Fair value Assets	Fair value Liabilities	
Foreign exchange rates	73,303	67,570	9,180,970	80,166	66,205	10,038,785
<b>Total</b>	<b>73,303</b>	<b>67,570</b>	<b>9,180,970</b>	<b>80,166</b>	<b>66,205</b>	<b>10,038,785</b>

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

Type of risk	<b>The Bank</b>					
	2016		Notional amount <sup>(1)</sup> (in thousand Baht)	2015		Notional amount <sup>(1)</sup>
	Fair value Assets	Fair value Liabilities		Fair value Assets	Fair value Liabilities	
Foreign exchange rates	80,023	107,232	12,514,305	80,785	72,056	12,042,422
<b>Total</b>	<b>80,023</b>	<b>107,232</b>	<b>12,514,305</b>	<b>80,785</b>	<b>72,056</b>	<b>12,042,422</b>

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

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

Counterparties	Consolidated		The Bank	
	2016	2015	2016	2015
	(%)	(%)	(%)	(%)
Financial institutions	92.49	93.87	94.49	94.89
Corporations	7.51	6.13	5.51	5.11
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

**Derivatives not entered for trading purposes (Banking Book)**

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					
	2016		Notional amount <sup>(1)</sup>	2015		Notional amount <sup>(1)</sup>
	Carrying value <sup>(2)</sup>	Carrying value <sup>(2)</sup>		Carrying value <sup>(2)</sup>	Carrying value <sup>(2)</sup>	
	Assets	Liabilities		Assets	Liabilities	
	(in thousand Baht)					
Foreign exchange rates	23,475	162,446	25,220,960	42,651	150,730	27,518,461
Interest rate	-(3)	-(3)	4,180,000	-(3)	-(3)	3,480,000
Cross currency interest rate swap	320,904	-	4,153,347	-	64,786	613,506
<b>Total</b>	<b>344,379</b>	<b>162,446</b>	<b>33,554,307</b>	<b>42,651</b>	<b>215,516</b>	<b>31,611,967</b>

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

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

<sup>(3)</sup> 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.

Type of risk	The Bank					
	2016		Notional amount <sup>(1)</sup>	2015		Notional amount <sup>(1)</sup>
	Carrying value <sup>(2)</sup>	Carrying value <sup>(2)</sup>		Carrying value <sup>(2)</sup>	Carrying value <sup>(2)</sup>	
	Assets	Liabilities		Assets	Liabilities	
	(in thousand Baht)					
Foreign exchange rates	10,183	111,645	21,887,625	41,525	144,408	25,514,824
Interest rate	-(3)	-(3)	4,180,000	-(3)	-(3)	3,480,000
Cross currency interest rate swap	320,904	-	4,153,347	-	64,786	613,506
<b>Total</b>	<b>331,087</b>	<b>111,645</b>	<b>30,220,972</b>	<b>41,525</b>	<b>209,194</b>	<b>29,608,330</b>

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

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

<sup>(3)</sup> 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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**9 Investments, net**

**9.1 Classified by type of investments**

	<b>Consolidated and The Bank</b>	
	2016	2015
	Fair value (in thousand Baht)	
<b>Available-for-sale securities</b>		
Government and state enterprise securities	19,003,440	20,936,998
Domestic debt securities	-	302,175
Foreign debt securities	1,716,638	22,122,818
Domestic equity securities	360,973	226,860
<b>Total</b>	<b>21,081,051</b>	<b>43,588,851</b>
	Amortised cost (in thousand Baht)	
<b>Held to maturity securities</b>		
Domestic debt securities	3,705,737	1,330,300
Foreign debt securities	25,718,420	-
<b>Total</b>	<b>29,424,157</b>	<b>1,330,300</b>
	Cost (in thousand Baht)	
<b>General investments</b>		
Domestic non-marketable equity securities	100,322	100,322
Less allowance for impairment	(9,016)	(8,945)
<b>Net</b>	<b>91,306</b>	<b>91,377</b>
<b>Total investments, net</b>	<b>50,596,514</b>	<b>45,010,528</b>

During the year 2016, the Bank had reclassified the Available-for-sale securities total amounting to Baht 20,155 million into Held to maturity securities, totaling of Baht 20,510 million, resulting in a gain of Baht 355 million which is to be amortised for the remaining life of the securities, as an adjustment of yield by using the effective interest method.

As at 31 December 2016 the Bank has no banking bonds in the portfolio, classified as available-for-sale securities, that are pledged as securities on a contract for repurchase agreements (2015: Baht 869 million).

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

	<b>Consolidated and The Bank</b>			
	2016			
	Periods to maturity			Total
	Less than 1 year	1-5 years	Over 5 years	
	(in thousand Baht)			
<b>Available-for-sale securities</b>				
Government and state enterprise securities	1,880,656	16,696,419	470,170	19,047,245
Foreign debt securities	-	1,073,424	658,415	1,731,839
<b>Total</b>	<b>1,880,656</b>	<b>17,769,843</b>	<b>1,128,585</b>	<b>20,779,084</b>
Add (less) allowance for revaluation	4,283	(8,856)	(54,433)	(59,006)
<b>Total available-for-sale securities</b>	<b>1,884,939</b>	<b>17,760,987</b>	<b>1,074,152</b>	<b>20,720,078</b>
<b>Held to maturity</b>				
Domestic debt securities	-	3,405,737	300,000	3,705,737
Foreign debt securities	4,329,475	19,376,631	2,012,314	25,718,420
<b>Total held to maturity</b>	<b>4,329,475</b>	<b>22,782,368</b>	<b>2,312,314</b>	<b>29,424,157</b>
<b>Total debt securities</b>	<b>6,214,414</b>	<b>40,543,355</b>	<b>3,386,466</b>	<b>50,144,235</b>

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	<b>Consolidated and The Bank</b>			
	2015			
	Less than 1 year	Periods to maturity 1-5 years	Over 5 years	Total
	<i>(in thousand Baht)</i>			
<b>Available-for-sale securities</b>				
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
<b>Total available-for-sale securities</b>	<b>14,978,072</b>	<b>25,043,277</b>	<b>3,340,642</b>	<b>43,361,991</b>
<b>Held to maturity</b>				
Domestic debt securities	-	630,300	700,000	1,330,300
<b>Total held to maturity</b>	<b>-</b>	<b>630,300</b>	<b>700,000</b>	<b>1,330,300</b>
<b>Total debt securities</b>	<b>14,978,072</b>	<b>25,673,577</b>	<b>4,040,642</b>	<b>44,692,291</b>

**9.3 Revaluation surplus on available-for-sale investments**

	<b>Consolidated and The Bank</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
<i>Revaluation surplus on available-for-sale investments</i>		
Debt securities	192,311	39,381
Equity securities	287,263	153,787
Total	479,574	193,168
Less deferred tax	(95,915)	(38,634)
<b>Total, net of deferred tax</b>	<b>383,659</b>	<b>154,534</b>

**9.4 Promissory notes from Thai Asset Management Corporation**

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

As a result of transferring non-performing loans to TAMC, the Bank received promissory notes from TAMC of Baht 2,599 million, maturing from 31 October 2011 to 30 September 2013 in settlement for transfer prices of non-performing loans transferred, and the Bank classified such promissory notes as held-to-maturity debt securities. As of 31 December 2013, TAMC has made fully payment and redeemed promissory notes.

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

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



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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.

In 2015, the Comptroller'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.

In 2016, Ploenchit Capital Ltd. on behalf of Comptroller's General Department sent a final proposal informing the Bank to pay an additional remuneration to the debtor. As a result of this, the Bank has to pay an additional amount totaling Baht 9.09 million which was approved by the Executive Committee. Furthermore, the Bank has also reversed the remaining provision amounting to Baht 12.91 million (*Provision 2015: Baht 22 million*).

**9.5 Investments in companies with holding of 10% and upwards**

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

<b>Consolidated and The Bank</b>					
2016					
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
<b>Total</b>					<b>20,390</b>

<b>Consolidated and The Bank</b>					
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
<b>Total</b>					<b>20,390</b>

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

	<b>Consolidated and The Bank</b>					
	2016			2015		
	Cost	Fair value	Allowance for impairment	Cost	Fair value	Allowance for impairment
			(in thousand Baht)			
Companies with problems in their financial positions and operating results	9,817	800	(9,016)	9,817	872	(8,945)

**10 Investments in a subsidiary, net**

Investments in a subsidiary as at 31 December 2016 and 2015, and dividend income from those investments for the year ended 31 December 2016 and 2015, were as follows:

Name of subsidiary	Type of business	<b>The Bank</b>							
		Ownership interest		Paid-up capital		Cost		Dividend income	
		2016	2015	2016	2015	2016	2015	2016	2015
		(% )				(in million Baht)			
ICBC (Thai) Leasing Company Limited <sup>(1)</sup>	Hire purchase, finance lease and factoring business	99.99	99.99	4,250	4,250	4,250	4,250	-	-

<sup>(1)</sup> The subsidiary is incorporated in Thailand.

**11 Investment in an associate, net**

Investment in associate as at 31 December 2016 and 2015, and dividend income from this investment for the year ended 31 December 2016 and 2015 were as follows:

				Consolidated				
Name of associate	Type of business	Country of incorporation	Ownership interest (%)	2016		Equity (in million Baht)	Fair value of listed securities	Dividend income
				Paid-up capital	Cost			
Finansia Syrus Securities Public Company Limited	Securities business	Thailand	22.29	930	305	561	371	17
Total					305	561	371	17

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

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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:

				2016		
Name of associate	Ownership interest (%)	Total assets	Total liabilities	Total revenue <i>(in million Baht)</i>	Total expenses	Net profit
Finansia Syrus Securities Public Company Limited	22.29	6,541	4,039	1,856	1,548	231

				2015		
Name of associate	Ownership interest (%)	Total assets	Total liabilities	Total revenue <i>(in million Baht)</i>	Total expenses	Net profit
Finansia Syrus Securities Public Company Limited	22.29	4,010	1,664	1,679	1,495	138

## 12 Loans to customers and accrued interest receivables, net

### 12.1 Classified by types of loans

	Consolidated		The Bank	
	2016	2015	2016	2015
<i>(in thousand Baht)</i>				
Overdrafts	815,220	820,163	815,220	820,163
Loans	71,780,930	76,637,581	71,760,438	76,613,173
Notes receivable	18,984,639	19,533,993	23,760,639	22,264,993
Factoring receivables	5,320,315	1,041,567	1,363,733	-
Hire-purchase receivables	31,139,401	34,048,809	-	-
Finance leases receivables	7,285,810	8,845,265	-	-
Total loans to customers	135,326,315	140,927,378	97,700,030	99,698,329
Less deferred revenue	(4,579,521)	(5,044,122)	(122,063)	(58)
Total loans to customers, net of deferred revenue	130,746,794	135,883,256	97,577,967	99,698,271
Add accrued interest receivables	185,567	230,174	185,792	230,811
Total loans to customers, net of deferred revenue and accrued interest receivables	130,932,361	136,113,430	97,763,759	99,929,082
Less allowance for doubtful accounts				
- allowance established per BOT regulations	(2,734,578)	(1,349,823)	(876,942)	(812,618)
- allowance established in excess of BOT regulations	(3,145,886)	(2,679,671)	(2,890,488)	(2,140,556)
Less revaluation allowance for debt restructuring	(13,769)	(13,725)	(13,769)	(13,725)
<b>Loans to customers and accrued interest receivables, net</b>	<b>125,038,128</b>	<b>132,070,211</b>	<b>93,982,560</b>	<b>96,962,183</b>

### 12.2 Classified by currency and residential status of customers

	Consolidated					
	Domestic	Foreign	Total	Domestic	Foreign	Total
<i>(in thousand Baht)</i>						
Baht	103,643,619	9,268	103,652,887	101,706,324	8,210	101,714,534
US Dollar	5,795,631	17,206,277	23,001,908	3,882,076	26,684,965	30,567,041
Renminbi	641	265	906	1,670	3,576,474	3,578,144
Euro	886,668	3,194,553	4,081,221	23,537	-	23,537
Yen	9,872	-	9,872	-	-	-
<b>Total <sup>(1)</sup></b>	<b>110,336,431</b>	<b>20,410,363</b>	<b>130,746,794</b>	<b>105,613,607</b>	<b>30,269,649</b>	<b>135,883,256</b>

<sup>(1)</sup> Total Loans to customers net of deferred revenues.

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**The Bank**

	2016		2015		
	Domestic	Foreign	Total	Domestic	Foreign
			(in thousand Baht)		
Baht	73,752,129	9,268	73,761,397	66,425,456	8,210
US Dollar	2,518,294	17,206,277	19,724,571	2,977,959	26,684,965
Renminbi	641	265	906	1,670	3,576,474
Euro	886,668	3,194,553	4,081,221	23,537	-
Yen	9,872	-	9,872	-	-
<b>Total <sup>(1)</sup></b>	<b>77,167,604</b>	<b>20,410,363</b>	<b>97,577,967</b>	<b>69,428,622</b>	<b>30,269,649</b>

<sup>(1)</sup> Total Loans to customers net of deferred revenues.

**12.3 Classified by business types and loan classification**

**Consolidated**

	2016				
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss
					Total
					(in thousand Baht)
Agriculture and mining	180,048	36,176	-	-	-
Manufacturing and commerce	48,394,541	175,305	17,678	24,751	564,979
Property development and construction	21,733,468	97,287	-	43,698	255,578
Infrastructure and services	19,894,878	296,279	-	346,983	62,091
Housing loans	10,620	4,188	-	-	77
Others <sup>(1)</sup>	34,227,615	3,690,463	514,666	163,078	12,347
<b>Total <sup>(2)</sup></b>	<b>124,441,170</b>	<b>4,299,698</b>	<b>532,344</b>	<b>578,510</b>	<b>895,072</b>

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

<sup>(2)</sup> Total Loans to customers net of deferred revenues.

**Consolidated**

	2015				
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss
					Total
					(in thousand Baht)
Agriculture and mining	1,309,312	54,229	-	-	-
Manufacturing and commerce	57,373,613	135,172	-	13,596	579,515
Property development and construction	11,662,923	94,099	-	-	445,855
Infrastructure and services	21,961,498	303,746	-	-	72,316
Housing loans	35,002	4,757	-	-	695
Others <sup>(1)</sup>	38,353,374	2,458,380	748,118	262,368	14,688
<b>Total <sup>(2)</sup></b>	<b>130,695,722</b>	<b>3,050,383</b>	<b>748,118</b>	<b>275,964</b>	<b>1,113,069</b>

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

<sup>(2)</sup> Total Loans to customers net of deferred revenues.

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<b>The Bank</b>						
2016						
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	Total
	<i>(in thousand Baht)</i>					
Agriculture and mining	180,048	36,176	-	-	-	216,224
Manufacturing and commerce	49,534,335	175,305	17,678	24,751	564,979	50,317,048
Property development and construction	21,733,468	97,287	-	43,698	255,578	22,130,031
Infrastructure and services	19,894,878	296,279	-	346,983	62,091	20,600,231
Housing loans	10,620	4,188	-	-	77	14,885
Others	4,286,101	698	274	128	12,347	4,299,548
<b>Total <sup>(1)</sup></b>	<b>95,639,450</b>	<b>609,933</b>	<b>17,952</b>	<b>415,560</b>	<b>895,072</b>	<b>97,577,967</b>

<sup>(1)</sup> Total Loans to customers net of deferred revenues.

<b>The Bank</b>						
2015						
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	Total
	<i>(in thousand Baht)</i>					
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
<b>Total <sup>(1)</sup></b>	<b>97,980,758</b>	<b>592,661</b>	<b>362</b>	<b>13,761</b>	<b>1,110,729</b>	<b>99,698,271</b>

<sup>(1)</sup> Total Loans to customers net of deferred revenues.

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**12.4 Loans classified by type of classification**

	Consolidated 2016						Total
	Loans to customers and accrued interest receivables less deferred revenue	The Bank			Subsidiary		
		Net amount used to set the allowance for doubtful accounts <sup>(1)</sup>	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts	Net amount used to set the allowance for doubtful accounts	Allowance for doubtful accounts <sup>(3)</sup>	
(in thousand Baht)							
Minimum allowance as per BOT's Regulations							
Pass	124,601,979	55,139,485	1	551,395	33,408,597	377,792	929,187
Special mention	4,322,513	23,647	2	473	3,633,051	1,233,170	1,233,643
Substandard	532,359	274	100	274	514,391	186,291	186,565
Doubtful	580,438	432	100	432	162,950	60,383	60,815
Doubtful of loss	895,072	324,368	100	324,368	-	-	324,368
							2,734,578
Excess allowance <sup>(2)</sup>							3,145,886
<b>Total</b>	<b>130,932,361</b>	<b>55,488,206</b>		<b>876,942</b>	<b>37,718,989</b>	<b>1,857,636</b>	<b>5,880,464</b>

<sup>(1)</sup> 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".

<sup>(2)</sup> This includes additional provision of Baht 138 million recorded at the parent company level to account for expected losses arising in the hire purchase and finance lease receivable portfolio.

<sup>(3)</sup> 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, and based on the review of current status of receivables outstanding at the end of reporting period.

	Consolidated 2015			
	Loans to customers and accrued interest receivables less deferred revenue	Net amount used to set the allowance for doubtful accounts <sup>(1)</sup>	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts
<i>(in thousand Baht)</i>				
<b>Minimum allowance as per BOT's Regulations</b>				
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 <sup>(2)</sup>				2,679,671 <sup>(3)</sup>
<b>Total</b>	<b>136,113,430</b>	<b>55,334,208</b>		<b>4,029,494</b>

<sup>(1)</sup> 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".

<sup>(2)</sup> This includes additional 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.

<sup>(3)</sup> During the 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.



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<b>The Bank</b>				
2016				
	Loans to customers and accrued interest receivables less deferred revenue	Net amount used to set the allowance for doubtful accounts <sup>(1)</sup>	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts
	(in thousand Baht)			
<b>Minimum allowance as per BOT's Regulations</b>				
Pass	95,821,340	55,139,485	1	551,395
Special mention	611,891	23,647	2	473
Substandard	17,968	274	100	274
Doubtful	417,488	432	100	432
Doubtful of loss	895,072	324,368	100	324,368
				876,942
Excess allowance <sup>(2)</sup>				2,890,488
<b>Total</b>	<b>97,763,759</b>	<b>55,488,206</b>		<b>3,767,430</b>

<sup>(1)</sup> 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".

<sup>(2)</sup> This includes additional provision of Baht 138 million recorded at the parent company level to account for expected losses arising in the hire purchase and finance lease receivable portfolio.

<b>The Bank</b>				
2015				
	Loans to customers and accrued interest receivables less deferred revenue	Net amount used to set the allowance for doubtful accounts <sup>(1)</sup>	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts
	(in thousand Baht)			
<b>Minimum allowance as per BOT's Regulations</b>				
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 <sup>(2)</sup>				2,140,556
<b>Total</b>	<b>99,929,082</b>	<b>48,504,642</b>		<b>2,953,174</b>

<sup>(1)</sup> 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".

<sup>(2)</sup> This includes additional 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.

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### Notes to the financial statements

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#### 12.5 Non-Performing Loans

As at 31 December 2016 and 2015, the Bank used the guidelines specified in the BOT's notification number Sor Nor Sor 5/2016, directive dated 10 June 2016 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	
	2016	2015	2016	2015
	(in thousand Baht)			
Non-Performing Loans (net of allowance for doubtful accounts)	1,320,571	1,283,708	894,415	753,577
% of Non-Performing Loans to total loans (net) <sup>(1)</sup>	0.98	0.94	0.88	0.75
Non-Performing Loans (gross)	2,005,926	2,137,151	1,328,584	1,124,852
% of Non-Performing Loans to total loans (gross) <sup>(1)</sup>	1.49	1.56	1.31	1.12

<sup>(1)</sup> The denominator including interbank and money market items.

#### 12.6 Non-accrual loans

Non-accrual loans, gross, (including loans to financial institutions) as at 31 December 2016 and 2015 are as follows:

	Consolidated		The Bank	
	2016	2015	2016	2015
	(in thousand Baht)			
Loans where recognition of income has been suspended (principal only)	1,658,942	2,137,147	981,601	1,124,848
% of loans where recognition of income has been suspended <sup>(1)</sup>	1.23	1.56	0.97	1.12

<sup>(1)</sup> The denominator including interbank and money market items.

#### 12.7 Loans to a subsidiary

Company's name	Types of loans	Maturity	Interest rate as at		Amounts principal outstanding	
			2016	2015	2016	2015
			(% per annum)		(in million Baht)	
ICBC (Thai) Leasing Company Limited	Revolving loan	At call	2.25	2.85	4,776	2,731
<b>Total</b>					<b>4,776</b>	<b>2,731</b>
Allowance for doubtful accounts					186	27

As at 31 December 2016, the Bank held impairment provisions amounting to Baht 138 million (2015 : Baht 507 million) in the Bank's 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 the Bank's financial statements under excess allowance over minimum Bank of Thailand requirements (Note 12.4). As at 31 December 2016, the Bank had booked minimum allowance as per BOT regulations for loans to subsidiary company.

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**13 Troubled debt restructuring**

During the years ended 31 December 2016 and 2015, details of restructured debts as at the date of restructuring, classified by the restructuring method were as follows:

		<b>Consolidated</b> 2016		Average period of the remaining term of debt restructuring	Loss on debt restructuring <sup>(1)</sup>
	Number of debtors	Outstanding balances before restructuring	after restructuring (in million Baht)		
Changes of repayment conditions	<u>8</u>	<u>263</u>	<u>258</u>	1 Year	<u>1.5</u>
Loans and accrued interest receivables as at 31 December 2016 <sup>(2)</sup>	<u>106,710</u>		<u>130,933</u>		

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

<sup>(2)</sup> Net of deferred revenue

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

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

<sup>(2)</sup> Net of deferred revenue

		<b>The Bank</b> 2016		Average period of the remaining term of debt restructuring	Loss on debt restructuring <sup>(1)</sup>
	Number of debtors	Outstanding balances before restructuring	after restructuring (in million Baht)		
Changes of repayment conditions	<u>8</u>	<u>263</u>	<u>258</u>	1 Year	<u>1.5</u>
Loans and accrued interest receivables as at 31 December 2016 <sup>(2)</sup>	<u>2,451</u>		<u>97,764</u>		

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

<sup>(2)</sup> Net of deferred revenue

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

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

<sup>(2)</sup> Net of deferred revenue

Additional information relating to restructuring debtors for the years ended 31 December 2016 and 2015 are as follows:

	<b>Consolidated and The Bank</b> 2016                      2015 (in million Baht)	
Interest income recognised in profit or loss	109	57
Cash collection from debtors		
Principal	40	256
Interest	70	54

As at 31 December 2016 and 2015, the Bank and its subsidiary have outstanding balances relating to restructured loans for the consolidated and the Bank's financial statement amounting to Baht 737 million and Baht 718 million, respectively.

During the years ended 31 December 2016 and 2015, the Bank reversed allowance for revaluation on debt restructuring amounting to Baht 1.5 million and Baht 5.4 million respectively and amortised allowance for revaluation on debt restructuring as interest income for the years ended 31 December 2016 and 2015 totaling Baht 1.5 million and Baht 1.5 million, respectively.

As at 31 December 2016 and 2015, the Bank has no commitment to additionally lend to its debtors after debt restructuring.

## 14 Hire purchase and finance lease receivables

As at 31 December 2016 and 2015, the subsidiary had net hire purchase and financial lease receivables, which are hire purchase or finance lease contracts for motor vehicles, airplanes, machinery and equipment for businesses. The average contract periods are 1 to 12 years (2015: 1 to 12 years) and the interest is charged at floating or fixed rates as specified in the contracts.

	<b>Consolidated</b> 2016				
	Less than 1 year	1 - 5 years	Over 5 years (in million Baht)	Non- performing loan	Total
Total of gross investments in the lease	12,517	23,504	1,632	772	38,425
Less deferred revenue <sup>(1)</sup>	(1,700)	(2,218)	(103)	(95)	(4,116)
Present value of the lease payments	<u>10,817</u>	<u>21,286</u>	<u>1,529</u>	<u>677</u>	<u>34,309</u>
Allowance for doubtful accounts					(2,183)
<b>Hire purchase and finance lease receivables, net</b>					<b><u>32,126</u></b>

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

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	<b>Consolidated</b> 2015				
	Less than 1 year	1 - 5 years	Over 5 years	Non- performing loan	Total
	<i>(in million Baht)</i>				
Total of gross investments in the lease	14,379	25,028	2,308	1,179	42,894
Less deferred revenue <sup>(1)</sup>	(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)
<b>Hire purchase and finance lease receivables, net</b>					<b><u>36,361</u></b>

<sup>(1)</sup> 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 138 million as at 31 December 2016 (2015 : Baht 507 million) recorded at the parent company level to account for expected losses arising in the hire purchase and finance lease receivable portfolio.

#### **14.1 Classified by aging**

As at 31 December 2016 and 2015, hire purchase and financial lease receivables are classified by the due date of the contracts as follows:

	<b>Consolidated</b> 2016      2015	
	<i>(in million Baht)</i>	
Not yet due	27,416	31,249
Overdue:		
Not over 90 days	6,216	5,672
91 - 180 days	514	748
181 - 365 days	163	262
More than 365 days	-	2
	<u>34,309</u>	<u>37,933</u>
Allowance for doubtful accounts	<u>2,183</u>	<u>1,572</u>

## **15 Allowance for doubtful accounts**

	<b>Consolidated</b> 2016						
	Pass	Special mention	Sub - standard	Doubtful	Doubtful of loss	Allowance established in excess of BOT regulations	Total
	<i>(in thousand Baht)</i>						
Beginning balance	535,649	19,493	334,255	128,053	332,373	2,679,671	4,029,494
Bad debt and doubtful accounts	393,538	1,214,150	(147,690)	(67,238)	308,455	466,215	2,167,430
Bad debt written off	-	-	-	-	(316,460)	-	(316,460)
<b>Ending balance</b>	<b><u>929,187</u></b>	<b><u>1,233,643</u></b>	<b><u>186,565</u></b>	<b><u>60,815</u></b>	<b><u>324,368</u></b>	<b><u>3,145,886</u></b>	<b><u>5,880,464</u></b>

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<b>Consolidated</b>							
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)
<b>Ending balance</b>	<b>535,649</b>	<b>19,493</b>	<b>334,255</b>	<b>128,053</b>	<b>332,373</b>	<b>2,679,671</b>	<b>4,029,494</b>

<b>The Bank</b>							
2016							
	Pass	Special mention	Sub - standard	Doubtful	Doubtful of loss	Allowance established in excess of BOT regulations	Total
	<i>(in thousand Baht)</i>						
Beginning balance	481,424	634	362	165	330,033	2,140,556	2,953,174
Bad debt and doubtful accounts	69,971	(161)	(88)	267	(547)	749,932	819,374
Bad debt written off	-	-	-	-	(5,118)	-	(5,118)
<b>Ending balance</b>	<b>551,395</b>	<b>473</b>	<b>274</b>	<b>432</b>	<b>324,368</b>	<b>2,890,488</b>	<b>3,767,430</b>

<b>The Bank</b>							
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)
<b>Ending balance</b>	<b>481,424</b>	<b>634</b>	<b>362</b>	<b>165</b>	<b>330,033</b>	<b>2,140,556</b>	<b>2,953,174</b>

**16 Revaluation of allowance for debt restructuring**

<b>Consolidated and The Bank</b>		
	2016	2015
	<i>(in thousand Baht)</i>	
Beginning balance	13,725	20,605
Increase (decrease) during the year	1,504	(5,380)
Written off during the year	(1,460)	(1,500)
<b>Ending balance</b>	<b>13,769</b>	<b>13,725</b>



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**17 Properties foreclosed, net**

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

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

The details of properties foreclosed are as follows:

<b>Consolidated</b>					
2016					
Type of properties foreclosed	Beginning balance	Additions	Disposals (in thousand Baht)	Ending balance	Portion subject to disposal restrictions, buyback rights or first refusal rights
<b>Assets transferred in settlement of debts</b>					
Immovable properties	911,971	316	(67,853)	844,434 <sup>(1)</sup>	29,146
Movable assets	119,813	675,031	(741,795)	53,049	-
<b>Total</b>	<b>1,031,784</b>	<b>675,347</b>	<b>(809,648)</b>	<b>897,483</b>	<b>29,146</b>
<b>Assets from auction bidding</b>					
Immovable properties	96,779	5,020	(5,522)	96,277	-
<b>Total</b>	<b>96,779</b>	<b>5,020</b>	<b>(5,522)</b>	<b>96,277</b>	<b>-</b>
<b>Total properties foreclosed</b>	<b>1,128,563</b>	<b>680,367</b>	<b>(815,170)</b>	<b>993,760</b>	<b>29,146</b>
Less allowance for impairment	(246,117)	(193,649)	221,525	(218,241)	(16,619)
<b>Total properties foreclosed, net</b>	<b>882,446</b>	<b>486,718</b>	<b>(593,645)</b>	<b>775,519</b>	<b>12,527</b>

<sup>(1)</sup> As of 31 December 2016, 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 205 million, respectively.

<b>Consolidated</b>					
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
<b>Assets transferred in settlement of debts</b>					
Immovable properties	916,605	-	(4,634)	911,971 <sup>(1)</sup>	29,146
Movable assets	291,931	1,259,326	(1,431,444)	119,813	-
<b>Total</b>	<b>1,208,536</b>	<b>1,259,326</b>	<b>(1,436,078)</b>	<b>1,031,784</b>	<b>29,146</b>
<b>Assets from auction bidding</b>					
Immovable properties	92,982	4,057	(260)	96,779	-
<b>Total</b>	<b>92,982</b>	<b>4,057</b>	<b>(260)</b>	<b>96,779</b>	<b>-</b>
<b>Total properties foreclosed</b>	<b>1,301,518</b>	<b>1,263,383</b>	<b>(1,436,338)</b>	<b>1,128,563</b>	<b>29,146</b>
Less allowance for impairment	(349,213)	(450,087)	553,183	(246,117)	(16,619)
<b>Total properties foreclosed, net</b>	<b>952,305</b>	<b>813,296</b>	<b>(883,155)</b>	<b>882,446</b>	<b>12,527</b>

<sup>(1)</sup> 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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<b>The Bank</b>					
2016					
Type of properties foreclosed	Beginning balance	Additions	Disposals (in thousand Baht)	Ending balance	Portion subject to disposal restrictions, buyback rights or first refusal rights
<b>Assets transferred in settlement of debts</b>					
Immovable properties	911,971	316	(67,853)	844,434 <sup>(1)</sup>	29,146
<b>Total</b>	<b>911,971</b>	<b>316</b>	<b>(67,853)</b>	<b>844,434</b>	<b>29,146</b>
<b>Assets from auction bidding</b>					
Immovable properties	96,779	5,020	(5,522)	96,277	-
<b>Total</b>	<b>96,779</b>	<b>5,020</b>	<b>(5,522)</b>	<b>96,277</b>	<b>-</b>
<b>Total properties foreclosed</b>	<b>1,008,750</b>	<b>5,336</b>	<b>(73,375)</b>	<b>940,711</b>	<b>29,146</b>
Less allowance for impairment	(196,559)	(2,207)	1,820	(196,946)	(16,619)
<b>Total properties foreclosed, net</b>	<b>812,191</b>	<b>3,129</b>	<b>(71,555)</b>	<b>743,765</b>	<b>12,527</b>

<sup>(1)</sup> As of 31 December 2016, 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 205 million, respectively.

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

<sup>(1)</sup> 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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**18 Premises and equipment, net**

	Land	Buildings	<b>Consolidated</b> Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
<b>Cost</b>					
At 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)
<b>At 31 December 2015 and 1 January 2016</b>	<b>8,500</b>	<b>6,892</b>	<b>487,187</b>	<b>122,346</b>	<b>624,925</b>
Additions	-	-	60,835	-	60,835
Disposals/write-off	-	-	(2,461)	(10,304)	(12,765)
<b>At 31 December 2016</b>	<b>8,500</b>	<b>6,892</b>	<b>545,561</b>	<b>112,042</b>	<b>672,995</b>
<b>Accumulated depreciation</b>					
At 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
<b>At 31 December 2015 and 1 January 2016</b>	<b>-</b>	<b>(1,295)</b>	<b>(389,283)</b>	<b>(109,357)</b>	<b>(499,935)</b>
Depreciation charge for the year	-	(203)	(36,356)	(5,279)	(41,838)
Disposals/write-off	-	-	2,416	9,902	12,318
<b>At 31 December 2016</b>	<b>-</b>	<b>(1,498)</b>	<b>(423,223)</b>	<b>(104,734)</b>	<b>(529,455)</b>
<b>Net book value</b>					
At 1 January 2015	8,500	5,800	125,099	17,912	157,311
<b>At 31 December 2015 and 1 January 2016</b>	<b>8,500</b>	<b>5,597</b>	<b>97,904</b>	<b>12,989</b>	<b>124,990</b>
<b>At 31 December 2016</b>	<b>8,500</b>	<b>5,394</b>	<b>122,338</b>	<b>7,308</b>	<b>143,540</b>

As at 31 December 2016, the Bank and its subsidiary have motor vehicles acquired under financial leases with net book values amounting to Baht 6 million (2015: Baht 9 million)

The gross amount of the Bank and its subsidiary fully depreciated equipment that was still in use as at 31 December 2016 amounted to Baht 364 million (2015: Baht 313.7 million).

	Land	Buildings	<b>The Bank</b> Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
<b>Cost</b>					
At 1 January 2015	8,500	6,892	372,934	95,349	483,675
Additions	-	-	14,268	-	14,268
Disposals/write-off	-	-	(2,646)	(62)	(2,708)
<b>At 31 December 2015 and 1 January 2016</b>	<b>8,500</b>	<b>6,892</b>	<b>384,556</b>	<b>95,287</b>	<b>495,235</b>
Additions	-	-	58,360	-	58,360
Disposal/write-off	-	-	(15)	(8,284)	(8,299)
<b>At 31 December 2016</b>	<b>8,500</b>	<b>6,892</b>	<b>442,901</b>	<b>87,003</b>	<b>545,296</b>

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	Land	Buildings	<b>The Bank</b> Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
<b>Accumulated depreciation</b>					
At 1 January 2015	-	(1,092)	(282,765)	(89,017)	(372,874)
Depreciation charge for the year	-	(203)	(24,414)	(2,467)	(27,084)
Disposals/write-off	-	-	2,646	62	2,708
<b>At 31 December 2015 and</b>					
1 January 2016	-	(1,295)	(304,533)	(91,422)	(397,250)
Depreciation charge for the year	-	(203)	(26,747)	(2,998)	(29,948)
Disposal/write-off	-	-	15	8,283	8,298
<b>At 31 December 2016</b>	-	(1,498)	(331,265)	(86,137)	418,900
<b>Net book value</b>					
At 1 January 2015	8,500	5,800	90,169	6,332	110,801
<b>At 31 December 2015 and</b>					
1 January 2016	8,500	5,597	80,023	3,865	97,985
<b>At 31 December 2016</b>	8,500	5,394	111,636	866	126,396

As at 31 December 2016 and 2015, 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 2016 amounted to Baht 297 million (2015: Baht 270.7 million).

## 19 Intangible assets, net

	Computer softwares	<b>Consolidated</b> Computer softwares under development	Deferred license fee	Total
<b>Cost</b>				
At 1 January 2015	373,370	-	26,750	400,120
Additions	742	615	-	1,357
<b>At 31 December 2015 and 1 January 2016</b>	<b>374,112</b>	<b>615</b>	<b>26,750</b>	<b>401,477</b>
Additions	10,174	1,025	-	11,199
<b>At 31 December 2016</b>	<b>384,286</b>	<b>1,640</b>	<b>26,750</b>	<b>412,676</b>
<b>Amortisation</b>				
At 1 January 2015	(338,596)	-	(5,267)	(343,863)
Amortisation for the year	(14,513)	-	(2,673)	(17,186)
<b>At 31 December 2015 and 1 January 2016</b>	<b>(353,109)</b>	<b>-</b>	<b>(7,940)</b>	<b>(361,049)</b>
Amortisation for the year	(12,979)	-	(2,681)	(15,660)
<b>At 31 December 2016</b>	<b>(366,088)</b>	<b>-</b>	<b>(10,621)</b>	<b>(376,709)</b>
<b>Net book value</b>				
At 1 January 2015	34,774	-	21,483	56,257
<b>At 31 December 2015 and 1 January 2016</b>	<b>21,003</b>	<b>615</b>	<b>18,810</b>	<b>40,428</b>
<b>At 31 December 2016</b>	<b>18,198</b>	<b>1,640</b>	<b>16,129</b>	<b>35,967</b>

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	<b>The Bank</b>		
	Computer softwares	Computer softwares under development	Deferred license fee (in thousand Baht)
<i>Cost</i>			Total
At 1 January 2015	340,820	-	26,750
Additions	107	-	-
<b>At 31 December 2015 and 1 January 2016</b>	<b>340,927</b>	<b>-</b>	<b>26,750</b>
Additions	10,174	-	-
<b>At 31 December 2016</b>	<b>351,101</b>	<b>-</b>	<b>26,750</b>
<i>Amortisation</i>			
At 1 January 2015	(314,193)	-	(5,267)
Amortisation for the year	(10,630)	-	(2,673)
<b>At 31 December 2015 and 1 January 2016</b>	<b>(324,823)</b>	<b>-</b>	<b>(7,940)</b>
Amortisation for the year	(10,826)	-	(2,681)
<b>At 31 December 2016</b>	<b>(335,649)</b>	<b>-</b>	<b>(10,621)</b>
<i>Net book value</i>			
At 1 January 2015	26,627	-	21,483
<b>At 31 December 2015 and 1 January 2016</b>	<b>16,104</b>	<b>-</b>	<b>18,810</b>
<b>At 31 December 2016</b>	<b>15,452</b>	<b>-</b>	<b>16,129</b>

## 20 Deferred tax assets, net

Deferred tax assets and liabilities were as follows:

	<b>Consolidated</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
Deferred tax assets	1,334,453	1,030,923
Deferred tax liabilities	(528,153)	(325,009)
<b>Net</b>	<b>806,300</b>	<b>705,914</b>

	<b>The Bank</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
Deferred tax assets	482,996	376,029
Deferred tax liabilities	(107,716)	(46,831)
<b>Net</b>	<b>375,280</b>	<b>329,198</b>

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Movements in total deferred tax assets and liabilities during the year ended 31 December 2016 and 2015 were as follows:

	<b>At 1 January 2016</b>	<b>Consolidated</b> (Charged) / Credited to:		<b>At 31 December 2016</b>
		Profit or loss (Note 43) (in thousand Baht)	Other comprehensive income	
<b>Deferred tax assets</b>				
Investments	8,198	-	3,604	11,802
Loans to customers and accrued interest receivables	175,442	187,945	-	363,387
Allowance for doubtful accounts	353,000	122,200	-	475,200
Properties foreclosed	49,223	(5,575)	-	43,648
Other assets	389,175	(1,634)	-	387,541
Provisions	39,331	(221)	(3,595)	35,515
Other liabilities	16,554	806	-	17,360
<b>Total</b>	<b>1,030,923</b>	<b>303,521</b>	<b>9</b>	<b>1,334,453</b>
<b>Deferred tax liabilities</b>				
Investments	(46,831)	-	(60,885)	(107,716)
Investments in an associate	(22,175)	(3,401)	-	(25,576)
Loans to customers and accrued interest receivables	(251,428)	(139,092)	-	(390,520)
Deferred direct costs of debentures	(4,575)	234	-	(4,341)
<b>Total</b>	<b>(325,009)</b>	<b>(142,259)</b>	<b>(60,885)</b>	<b>(528,153)</b>
<b>Net</b>	<b>705,914</b>	<b>161,262</b>	<b>(60,876)</b>	<b>806,300</b>

	<b>At 1 January 2015</b>	<b>Consolidated</b> (Charged) / Credited to:		<b>At 31 December 2015</b>
		Profit or loss (Note 43) (in thousand Baht)	Other comprehensive income	
<b>Deferred tax assets</b>				
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
<b>Total</b>	<b>933,304</b>	<b>95,364</b>	<b>2,255</b>	<b>1,030,923</b>



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	<b>At 1 January 2015</b>	<b>Consolidated</b> (Charged) / Credited to:		<b>At 31 December 2015</b>
		Profit or loss (Note 43) (in thousand Baht)	Other comprehensive income	
<b>Deferred tax liabilities</b>				
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)
<b>Total</b>	<b>(286,008)</b>	<b>(65,070)</b>	<b>26,069</b>	<b>(325,009)</b>
<b>Net</b>	<b>647,296</b>	<b>30,294</b>	<b>28,324</b>	<b>705,914</b>

	<b>At 1 January 2016</b>	<b>The Bank</b> (Charged) / Credited to:		<b>At 31 December 2016</b>
		Profit or loss (Note 43) (in thousand Baht)	Other comprehensive income	
<b>Deferred tax assets</b>				
Investments	8,198	-	3,604	11,802
Loans to customers and accrued interest receivables	22,949	(3,625)	-	19,324
Allowance for doubtful accounts	270,800	110,400	-	381,200
Properties foreclosed	39,312	77	-	39,389
Other assets	666	26	-	692
Provisions	33,423	(1,910)	(1,408)	30,105
Other liabilities	681	(197)	-	484
<b>Total</b>	<b>376,029</b>	<b>104,771</b>	<b>2,196</b>	<b>482,996</b>
<b>Deferred tax liabilities</b>				
Investments	(46,831)	-	(60,885)	(107,716)
<b>Total</b>	<b>(46,831)</b>	<b>-</b>	<b>(60,885)</b>	<b>(107,716)</b>
<b>Net</b>	<b>329,198</b>	<b>104,771</b>	<b>(58,689)</b>	<b>375,280</b>

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	The Bank			
	(Charged) / Credited to:			
	At	Profit or loss	Other	At
	1 January 2015	(Note 43)	comprehensive income	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
<b>Total</b>	<b>306,676</b>	<b>67,098</b>	<b>2,255</b>	<b>376,029</b>
<i>Deferred tax liabilities</i>				
Investments	(72,900)	-	26,069	(46,831)
<b>Total</b>	<b>(72,900)</b>	<b>-</b>	<b>26,069</b>	<b>(46,831)</b>
<b>Net</b>	<b>233,776</b>	<b>67,098</b>	<b>28,324</b>	<b>329,198</b>

**21 Other assets, net**

	<b>Consolidated</b>		<b>The Bank</b>	
	2016	2015	2016	2015
<i>(in thousand Baht)</i>				
Prepaid expenses	14,310	11,425	11,486	8,796
Deposit	26,293	13,480	10,666	5,987
Advance	3,236	604	3,221	509
Receivables for financial lease contracts	-	304,031	-	-
Others	3,809	2,511	3,092	1,701
<b>Total</b>	<b>47,648</b>	<b>332,051</b>	<b>28,465</b>	<b>16,993</b>

**22 Classified assets**

	Consolidated				
	2016				
	Loans to customers and accrued interest receivables <sup>(2)</sup>	Investments	Properties foreclosed <i>(in million Baht)</i>	Other assets	Total
Pass	128,616 <sup>(1)</sup>	-	-	-	128,616
Special mention	4,323	-	-	-	4,323
Substandard	532	-	-	-	532
Doubtful	580	-	-	-	580
Doubtful of loss	895	9	218	431	1,553
<b>Total</b>	<b>134,946</b>	<b>9</b>	<b>218</b>	<b>431</b>	<b>135,604</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> Net of deferred revenue

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**Consolidated**  
**2015**

	Loans to customers and accrued interest receivables <sup>(2)</sup>	Investments	Properties foreclosed (in million Baht)	Other assets	Total
Pass	131,856 <sup>(1)</sup>	-	-	-	131,856
Special mention	3,053	-	-	-	3,053
Substandard	748	-	-	-	748
Doubtful	276	-	-	-	276
Doubtful of loss	1,113	9	246	522	1,890
<b>Total</b>	<b>137,046</b>	<b>9</b>	<b>246</b>	<b>522</b>	<b>137,823</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> Net of deferred revenue

**The Bank**  
**2016**

	Loans to customers and accrued interest receivables <sup>(2)</sup>	Investments	Properties foreclosed (in million Baht)	Other assets	Total
Pass	99,835 <sup>(1)</sup>	-	-	-	99,835
Special mention	612	-	-	-	612
Substandard	18	-	-	-	18
Doubtful	417	-	-	-	417
Doubtful of loss	895	9	197	3	1,104
<b>Total</b>	<b>101,777</b>	<b>9</b>	<b>197</b>	<b>3</b>	<b>101,986</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> Net of deferred revenue

**The Bank**  
**2015**

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

<sup>(1)</sup> 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.

<sup>(2)</sup> Net of deferred revenue

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**23 Deposits**

**23.1 Classified by product**

	<b>Consolidated</b>		<b>The Bank</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Demand	8,090,650	10,411,414	8,090,800	10,411,654
Savings	8,716,585	6,627,961	8,716,954	6,634,435
Fixed				
- Less than 6 months	29,423,300	32,978,001	29,423,300	32,978,001
- 6 months and less than 1 year	19,547,332	11,532,298	19,547,332	11,532,298
- Over 1 year	26,245,656	24,644,976	26,245,656	24,644,976
<b>Total</b>	<b>92,023,523</b>	<b>86,194,650</b>	<b>92,024,042</b>	<b>86,201,364</b>

**23.2 Classified by currency and residence of customer**

	<b>Consolidated</b>					
	2016			2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	87,409,693	2,034,719	89,444,412	83,649,469	1,373,655	85,023,124
US Dollar	1,045,397	509,495	1,554,892	295,464	498,086	793,550
Other currencies	557,700	466,519	1,024,219	168,029	209,947	377,976
<b>Total</b>	<b>89,012,790</b>	<b>3,010,733</b>	<b>92,023,523</b>	<b>84,112,962</b>	<b>2,081,688</b>	<b>86,194,650</b>

	<b>The Bank</b>					
	2016			2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	87,410,212	2,034,719	89,444,931	83,656,183	1,373,655	85,029,838
US Dollar	1,045,397	509,495	1,554,892	295,464	498,086	793,550
Other currencies	557,700	466,519	1,024,219	168,029	209,947	377,976
<b>Total</b>	<b>89,013,309</b>	<b>3,010,733</b>	<b>92,024,042</b>	<b>84,119,676</b>	<b>2,081,688</b>	<b>86,201,364</b>

**24 Interbank and money market items (Liabilities)**

	<b>Consolidated and The Bank</b>					
	2016			2015		
	Demand	Time	Total	Demand	Time	Total
	<i>(in thousand Baht)</i>					
<b>Domestic items:</b>						
Bank of Thailand	-	697,727	697,727	-	887,544	887,544
Commercial banks	82,731	1,433,228	1,515,959	33,330	430,000	463,330
Specialised financial institutions	-	483,066	483,066	-	633,070	633,070
Other financial institutions	359,855	4,520,327	4,880,182	921,609	3,199,949	4,121,558
<b>Total domestic items</b>	<b>442,586</b>	<b>7,134,348</b>	<b>7,576,934</b>	<b>954,939</b>	<b>5,150,563</b>	<b>6,105,502</b>
<b>Foreign items:</b>						
US Dollar	-	24,329,045	24,329,045	-	25,262,020	25,262,020
Renminbi	118	-	118	2,434	4,214,808	4,217,242
Euro	-	3,209,405	3,209,405	-	-	-
Thai Baht	323,624	-	323,624	291,882	-	291,882
<b>Total foreign items</b>	<b>323,742</b>	<b>27,538,450</b>	<b>27,862,192</b>	<b>294,316</b>	<b>29,476,828</b>	<b>29,771,144</b>
<b>Total domestic and foreign items</b>	<b>766,328</b>	<b>34,672,798</b>	<b>35,439,126</b>	<b>1,249,255</b>	<b>34,627,391</b>	<b>35,876,646</b>

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**25 Debt issued and borrowings**

As at 31 December 2016 and 2015, debt issued and borrowings which were denominated entirely in Thai Baht consist of the following:

<b>Consolidated</b>						
	2016			2015		
	Maturity dates	Interest rate (%)	Amount (in thousand Baht)	Maturity dates	Interest rate (%)	Amount (in thousand Baht)
Secured debentures <sup>(1)</sup>	2017-2019	3.24-3.94	12,894,663	2017-2019	3.24-3.94	12,890,482
Unsecured debentures	2017-2026	1.55-4.50	16,328,440	2016-2018	1.55-4.50	20,330,183
<b>Total</b>			<b>29,223,103</b>			<b>33,220,665</b>

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

<b>The Bank</b>						
	2016			2015		
	Maturity dates	Interest rate (%)	Amount (in thousand Baht)	Maturity dates	Interest rate (%)	Amount (in thousand Baht)
Unsecured debentures	2017	2.08	2,734,196	2017	2.08	2,733,267
<b>Total</b>			<b>2,734,196</b>			<b>2,733,267</b>

**26 Employee benefit obligations**

	<b>Consolidated</b>		<b>The Bank</b>	
	2016	2015	2016	2015
	(in million Baht)			
<b>Statement of financial position obligations for:</b>				
Post-employment benefits	180	173	156	143
<b>Year ended 31 December</b>				
	2016	2015	2016	2015
	(in million Baht)			
<b>Statement of profit or loss and other comprehensive income:</b>				
<b>Recognised in profit or loss:</b>				
Post-employment benefits	37	27	28	26

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.

The statement of financial position obligation has determined as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	2016	2015	2016	2015
	(in million Baht)			
Present value of unfunded obligations	180	173	156	143
<b>Statement of financial position obligations</b>	<b>180</b>	<b>173</b>	<b>156</b>	<b>143</b>

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Movement in the present value of the defined benefit obligations:

	<b>Consolidated</b>		<b>The Bank</b>	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Defined benefit obligations at 1 January	173	160	143	121
<b>Include in profit or loss:</b>				
Current service costs and interest cost	37	36	28	26
Actuarial gains	-	(9)	-	-
	<u>37</u>	<u>27</u>	<u>28</u>	<u>26</u>
<b>Include in other comprehensive income :</b>				
Actuarial gains	(18)	-	(7)	-
	<u>(18)</u>	<u>-</u>	<u>(7)</u>	<u>-</u>
<b>Other</b>				
Benefits paid	(12)	(14)	(8)	(4)
	<u>(12)</u>	<u>(14)</u>	<u>(8)</u>	<u>(4)</u>
<b>Defined benefit obligations at 31 December</b>	<b><u>180</u></b>	<b><u>173</u></b>	<b><u>156</u></b>	<b><u>143</u></b>

Actuarial gains recognised in other comprehensive income arising from:

	<b>Consolidated</b>		<b>The Bank</b>	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Demographic assumptions	(7)	-	-	-
Financial assumptions	4	-	3	-
Experience adjustment	(15)	-	(10)	-
<b>Total</b>	<b><u>(18)</u></b>	<b><u>-</u></b>	<b><u>(7)</u></b>	<b><u>-</u></b>

**Actuarial assumptions**

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

	<b>Consolidated and The Bank</b>	
	2016	2015
	<i>(%)</i>	
Discount rate	2.13 - 2.42	2.63 - 3.60
Future salary increases	6	6
Staff turnover rate	0 - 20	0 - 19

Assumptions regarding future mortality have been 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 2016	Consolidated		The Bank	
	(in million Baht)			
	Increase	Decrease	Increase	Decrease
Discount rate (0.5 - 1% movement)	(10.10)	11.19	(8.51)	9.40
Future salary growth (0.5 - 1% movement)	10.67	(9.85)	8.96	(8.29)
Future mortality (1 year)	0.60	(0.60)	0.49	(0.49)

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.



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**27 Other provisions**

	<b>Consolidated</b>	
	Share losses from management of non-performing loans (Note 9.4)	Loss from lawsuit
	<i>(in thousand Baht)</i>	
<b>At 31 December 2015 and 1 January 2016</b>	<b>22,000</b>	<b>1,700</b>
Provisions made	-	115
Provisions used	(9,093)	-
Provisions reversed	(12,907)	-
<b>At 31 December 2016</b>	<b>-</b>	<b>1,815</b>

	<b>The Bank</b>	
	Share losses from management of non-performing loans (Note 9.4)	Loss from lawsuit
	<i>(in thousand Baht)</i>	
<b>At 31 December 2015 and 1 January 2016</b>	<b>22,000</b>	<b>1,700</b>
Provisions used	(9,093)	-
Provisions reversed	(12,907)	-
<b>At 31 December 2016</b>	<b>-</b>	<b>1,700</b>

**28 Other liabilities**

	<b>Consolidated</b>		<b>The Bank</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Other payables	673,039	1,080,747	125,530	275,384
Cash received in advance	11,550	768	11,550	768
Accrued expenses	493,428	453,969	428,223	388,960
Withholding tax payable	29,572	20,194	24,715	17,723
Special business tax payable	18,456	19,319	18,456	19,319
Payables under finance lease contracts	6,839	9,360	-	-
Corporate income tax payable	174,973	209,960	171,359	190,452
Others	496,028	148,179	450,639	121,529
<b>Total</b>	<b>1,903,885</b>	<b>1,942,496</b>	<b>1,230,472</b>	<b>1,014,135</b>

**29 Share capital**

	Par value per share (in Baht)	2016		2015	
		Number	Baht	Number	Baht
		<i>(thousand shares/thousand Baht)</i>			
<b>Authorised</b>					
<b>At 1 January</b>					
- 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
Reduction of ordinary shares	8.92	(3,579)	(31,927)	-	-
<b>At 31 December</b>					
- ordinary shares	8.92	2,256,510	20,128,071	2,260,089	20,159,998
- preference shares	8.92	451	4,023	451	4,023
<b>Issued and paid-up</b>					
<b>At 1 January</b>					
- 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
<b>At 31 December</b>					
- 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

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

### Notes to the financial statements

#### For the year ended 31 December 2016

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.

On 22 April 2016, the Bank's Annual General Meeting of the Shareholders No. 23 (2016) resolved to approve the decrease of the Bank's registered capital from Baht 20,164,021,759.52 to Baht 20,132,093,886.16 by canceling the 3,579,358 remaining subscribed ordinary shares. Consequently, the Bank had registered the reduction in its registered capital with the Ministry of Commerce on 4 May 2016.

### 30 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 21 March 2017, the Board of Directors Meeting No. 2/2017 resolved to approve the appropriation of Baht 100 million to a legal reserve from profit for the year 2016. Total legal reserve of the Bank is Baht 500 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.

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**31 Other components of equity**

	<b>Consolidated and The Bank</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
<b>At 31 December 2015 and 1 January 2016</b>	154,534	267,831
Net change in fair value recognised in equity, net of tax	229,125	(113,297)
<b>At 31 December 2016</b>	<b>383,659</b>	<b>154,534</b>

**32 Contingent liabilities and Commitments**

**32.1 Commitments**

	<b>Consolidated</b>		<b>The Bank</b>	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Avals to bills and Guarantees of loans	528	510	13,428	13,410
Letter of credit	473	405	473	728
Other contingencies				
- Overdraft undrawn committed line	787	1,412	787	1,442
- Other guarantees	38,201	2,301	38,201	2,301
- Others	2,245	2,126	2,245	2,790
<b>Total</b>	<b>42,234</b>	<b>6,754</b>	<b>55,134</b>	<b>20,671</b>

**32.2 Contingent liabilities from litigations**

The Bank and its subsidiary have recognised 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 2016 and 2015, there were 8 cases wherein the civil court has already decided in favour of the plaintiffs. 6 cases were related to the mortgage claims where the court may order the Bank to release the mortgage. The remaining 2 cases are related to the Bank and its subsidiary which involve a total claim amounting to Baht 1.8 million. Management believes that the Bank and its subsidiary will not have to pay the claim amount after these cases are finalised. However as of 31 December 2016 and 2015, management has made the provisions amounting to Baht 1.8 million which is sufficient for the claim compensation.

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

As at 31 December 2016 and 2015, 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 pay the claimed amount.

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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. On 15 August 2016, the Supreme Court ordered to dismiss the appeal of the Plaintiff since such appeal was not considered to be of substance for the consideration according to Section 225 Paragraph 1 of the Civil Procedure Code together with Section 31 of the Act on Establishment of Administration Court and Administration Court Procedure. Then the case is final.

### 33 Related parties

For the purposes of these financial statements, parties are considered to be related to the Bank and its subsidiary if the Bank and its subsidiary have the ability, directly or indirectly, to control or joint 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.

Relationships with subsidiary and associate are described in note 10 and 11. 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 associate 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 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 - Guangzhou	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

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<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
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 - Seoul	South 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
Industrial and Commercial Bank of China Limited - Macau	Macau	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Hong Kong	Hong Kong	The Branch of the ultimate parent company
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.

The pricing policies for transactions with related parties are explained further below:

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

Significant transactions for the years ended 31 December 2016 and 2015 with related parties were as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
<b>Parent</b>				
Interest income	72	4	72	4
Interest expense	299	446	299	446
Fee income	4	-	4	-
Fee expense	70	9	70	9
<b>Associate</b>				
Interest expense	5	1	5	1
Dividend income	-	-	17	22
Rental income	-	1	-	1

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	<b>Consolidated</b>		<b>The Bank</b>	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
<b>Subsidiary</b>				
Interest income	-	-	66	41
Fee income	-	-	16	26
Other income	-	-	4	2
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	186	196	137	124
Post-employment benefits	3	(5)	4	4

*Directors and management's remuneration*

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

Balances with related parties were as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
<b>Interbank and money market items (assets)</b>				
Industrial and Commercial Bank of China Limited	429	138	429	138
Industrial and Commercial Bank of China Limited - New York	26	15	26	15
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	52	98	52	98
Industrial and Commercial Bank of China Limited - Seoul	-	275	-	275
Industrial and Commercial Bank of China Limited - Guangzhou	11	-	11	-
Industrial and Commercial Bank of China (Asia) Limited	48	5	48	5
Industrial and Commercial Bank of China Limited - Others	6	2	6	2
<b>Derivative asset (fair value)</b>				
Industrial and Commercial Bank of China Limited - Singapore	-	46	-	46
Industrial and Commercial Bank of China (Asia) Limited	54	-	54	-
Finansia Syrus Securities Public Company Limited	2	-	2	-
<b>Investments</b>				
ICBC (Thai) Leasing Company Limited	-	-	4,250	4,250
Finansia Syrus Securities Public Company Limited	561	527	305	305
<b>Loans to customers</b>				
ICBC (Thai) Leasing Company Limited	-	-	4,776	2,731



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	<b>Consolidated</b>		<b>The Bank</b>	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
<b><i>Accrued interest receivables</i></b>				
ICBC (Thai) Leasing Company Limited	-	-	1	1
<b><i>Allowance for doubtful accounts</i></b>				
ICBC (Thai) Leasing Company Limited	-	-	48	27
<b><i>Other assets</i></b>				
Finansia Syrus Securities Public Company Limited	1	1	1	1
Industrial and Commercial Bank of China Limited - Hong Kong	9	-	9	-
<b><i>Interbank and money market items (liabilities)</i></b>				
Industrial and Commercial Bank of China Limited	10,546	15,388	10,546	15,388
Industrial and Commercial Bank of China Limited - Tokyo	2,151	3,970	2,151	3,970
Industrial and Commercial Bank of China Limited - New York	3,941	2,346	3,941	2,346
Industrial and Commercial Bank of China Limited - Singapore	1,075	1,083	1,075	1,083
Industrial and Commercial Bank of China Limited - Vientiane	168	5,986	168	5,986
Industrial and Commercial Bank of China Limited - Luxembourg	-	555	-	555
Industrial and Commercial Bank of China Limited - Sydney	6,450	444	6,450	444
Industrial and Commercial Bank of China Limited - Seoul	3,209	-	3,209	-
Industrial and Commercial Bank of China Limited - Macau	322	-	322	-
Finansia Syrus Securities Public Company Limited	871	353	871	353
<b><i>Derivative liabilities (fair value)</i></b>				
Industrial and Commercial Bank of China Limited - Singapore	1	8	1	8
Industrial and Commercial Bank of China (Asia) Limited	8	-	8	-
Finansia Syrus Securities Public Company Limited	2	-	2	-
<b><i>Deposits and debts issued and borrowings</i></b>				
Related persons	285	92	285	92
<b><i>Accrued interest payables</i></b>				
Industrial and Commercial Bank of China Limited	28	50	28	50
Industrial and Commercial Bank of China Limited - Others	31	27	31	27
Finansia Syrus Securities Public Company Limited	4	-	4	-
Related persons	4	-	4	-
<b><i>Other Liabilities</i></b>				
ICBC (Thai) Leasing Company Limited	-	-	8	8
<b><i>Off-financial reporting items</i></b>				
<b><i>Other guarantees</i></b>				
Industrial and Commercial Bank of China Limited	1,113	792	1,113	792
Industrial and Commercial Bank of China Limited - Guangdong	107	178	107	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 - Seoul	-	25	-	25
Industrial and Commercial Bank of China Limited - Xinjiang	-	13	-	13
ICBC (Thai) Leasing Company Limited	-	-	-	664
<b><i>Guarantee on loans</i></b>				
ICBC (Thai) Leasing Company Limited	-	-	12,900	12,900

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	<b>Consolidated</b>		<b>The Bank</b>	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
<b><i>Forward exchange contracts-bought</i></b>				
Industrial and commercial Bank of China Limited	81	-	81	-
Industrial and Commercial Bank of China Limited - Singapore	64	2,964	64	2,964
Industrial and Commercial Bank of China (Asia) Limited	2,976	1	2,976	1
Finansia Syrus Securities Public Company Limited	723	240	723	240
<b><i>Forward exchange contracts-sold</i></b>				
Finansia Syrus Securities Public Company Limited	566	346	566	346
<b><i>Letter of credit</i></b>				
ICBC (Thai) Leasing Company Limited	-	-	-	323

During the year 2016, Industrial and Commercial Bank of China Limited - Hong Kong issued a Standby L/C for the Bank amounting equivalent to Baht 35,830 million. This L/C was a collateral against the issuance of Letter of Guarantee for a Telecommunication company, in which the Bank has to pay annual fee for the aforementioned Standby L/C until the end of contract on 15 April 2020.

### 34 Long-term lease agreements

The Bank and its subsidiary have entered into several lease agreements in respect of the equipment. Long-term lease agreements classified by the remaining rental expenses to be paid are as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Within one year	75	95	45	70
After one year but within five years	91	92	59	75
Over five years	6	17	6	17
<b>Total</b>	<b>172</b>	<b>204</b>	<b>110</b>	<b>162</b>

### 35 Segment information

Information about reportable segments was as follows:

The Bank and its subsidiary's business operations involve 2 segments: (1) Banking business and (2) Hire purchase, finance leases and 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.

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

			Consolidated		
	Banking business	Hire purchase, finance leases and factoring business	Total	Elimination entries	Total
<b>Financial performance</b>					
<b>For the year ended 31 December 2016</b>					
			(in million Baht)		
Net interest income	3,224	1,540	4,764	24	4,788
Fee and service income and other income, net	500	315	815	(30)	785
Share of profit from associates	51	-	51	-	51
Other operating income	180	423	603	(18)	585
Other operating expenses	(1,310)	(897)	(2,207)	2	(2,205)
Profit before bad debt, doubtful accounts and impairment losses	2,645	1,381	4,026	(22)	4,004
Bad debt, doubtful accounts and impairment losses	(820)	(1,348)	(2,168)	-	(2,168)
Profit from operation before income tax expense	1,825	33	1,858	(22)	1,836
Income tax expenses	(357)	(6)	(363)	(3)	(366)
<b>Profit for the year</b>	<b>1,468</b>	<b>27</b>	<b>1,495</b>	<b>(25)</b>	<b>1,470</b>
<b>Financial position as at 31 December 2016</b>					
Investment in associates	561	-	561	-	561
Total assets	158,103	36,749	194,852	(8,798)	186,054
Total liabilities	132,377	32,126	164,503	(4,773)	159,730

			Consolidated		
	Banking business	Hire purchase, finance leases and factoring business	Total	Elimination entries	Total
<b>Financial performance</b>					
<i>For the year ended 31 December 2015</i>					
			<i>(in million Baht)</i>		
Net interest income	2,621	1,635	4,256	26	4,282
Fee and service income 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	<u>(1,176)</u>	<u>(1,256)</u>	<u>(2,432)</u>	<u>7</u>	<u>(2,425)</u>
Profit before bad debt, doubtful accounts and impairment losses	1,839	930	2,769	(22)	2,747
Bad debt, doubtful accounts and impairment losses	<u>(448)</u>	<u>(636)</u>	<u>(1,084)</u>	<u>-</u>	<u>(1,084)</u>
Profit from operation before income tax expense	1,391	294	1,685	(22)	1,663
Income tax expenses	<u>(271)</u>	<u>(57)</u>	<u>(328)</u>	<u>-</u>	<u>(328)</u>
<b>Profit for the year</b>	<b><u>1,120</u></b>	<b><u>237</u></b>	<b><u>1,357</u></b>	<b><u>(22)</u></b>	<b><u>1,335</u></b>
<b>Financial position as at 31 December 2015</b>					
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

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**36 Interest income**

	<b>Consolidated</b>		<b>The Bank</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Interbank and money market items	66,881	133,861	66,768	133,789
Investments in debt securities	1,471,929	1,304,054	1,471,929	1,303,546
Loans to customers and factoring	4,201,286	3,793,584	4,061,548	3,819,823
Hire purchase and finance leases	2,355,654	2,800,026	91	298
Others	26	342	26	342
<b>Total</b>	<b>8,095,776</b>	<b>8,031,867</b>	<b>5,600,362</b>	<b>5,257,798</b>

**37 Interest expense**

	<b>Consolidated</b>		<b>The Bank</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Deposits	1,386,137	1,699,526	1,386,141	1,699,541
Interbank and money market items	519,853	529,685	518,718	523,933
Contributions to Deposit Protection Agency and Bank of Thailand	413,881	399,958	413,881	399,958
Debt issued - debentures	974,334	1,099,219	57,045	7,637
Borrowings	-	5,742	-	5,742
Borrowings fee expense	13,212	15,883	929	124
Other	42	5	42	5
<b>Total</b>	<b>3,307,459</b>	<b>3,750,018</b>	<b>2,376,756</b>	<b>2,636,940</b>

**38 Net fees and service income**

	<b>Consolidated</b>		<b>The Bank</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<b>Fees and service income</b>				
Acceptances, avals and guarantees	364,820	18,053	385,459	47,833
Letter of credit fee income	9,527	13,802	9,823	14,756
Hire purchase and finance leases	153,314	157,422	-	-
Extension fee	3,419	33,684	3,419	33,684
Assurance and insurance	121,016	45,316	1,152	1,413
Others	80,493	65,502	73,091	53,991
<b>Total fees and service income</b>	<b>732,589</b>	<b>333,779</b>	<b>472,944</b>	<b>151,677</b>
Fees and service expense	(110,903)	(49,986)	(108,871)	(49,986)
<b>Net fees and service income</b>	<b>621,686</b>	<b>283,793</b>	<b>364,073</b>	<b>101,691</b>

**39 Net trading income**

	<b>Consolidated</b>		<b>The Bank</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<b>Gain on trading and foreign exchange transactions</b>				
Foreign currencies and foreign currency related derivatives	163,744	106,757	135,575	101,548
<b>Total</b>	<b>163,744</b>	<b>106,757</b>	<b>135,575</b>	<b>101,548</b>

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**For the year ended 31 December 2016**

**40 Net loss on investments**

	<b>Consolidated and The Bank</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
Losses on impairment - General investment	(72)	(15)
<b>Net loss on investments</b>	<b>(72)</b>	<b>(15)</b>

**41 Directors' remuneration**

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

**42 Bad debt, doubtful accounts and impairment losses**

	<b>Consolidated</b>		<b>The Bank</b>	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Bad debts and doubtful accounts	(1,904)	(44,250)	(1,904)	(44,250)
Interbank and money market items	2,168,499	1,134,005	820,443	497,811
Loans to customers	1,503	(5,380)	1,503	(5,380)
<b>Total</b>	<b>2,168,098</b>	<b>1,084,375</b>	<b>820,042</b>	<b>448,181</b>

**43 Income tax expense**

*Income tax recognised in profit or loss*

	<i>Note</i>	<b>Consolidated</b>		<b>The Bank</b>	
		2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
<b>Current tax expense</b>					
Current period		530,027	359,632	461,670	336,742
Over provided in prior years		(2,690)	(1,184)	-	-
		<b>527,337</b>	<b>358,448</b>	<b>461,670</b>	<b>336,742</b>
<b>Deferred tax expense</b>					
Movements in temporary differences	20	(161,262)	(30,294)	(104,771)	(67,098)
		<b>(161,262)</b>	<b>(30,294)</b>	<b>(104,771)</b>	<b>(67,098)</b>
<b>Total income tax expense</b>		<b>366,075</b>	<b>328,154</b>	<b>356,899</b>	<b>269,644</b>

*Income tax recognised in other comprehensive income*

		<b>Consolidated</b>			<b>Consolidated</b>	
		2016		2015		
		Before tax	Tax expense	Before tax	Tax income	Net of tax
		<i>(in thousand Baht)</i>				
Other comprehensive income						
Available-for-sale securities	286,406	(57,281)	229,125	(141,621)	28,324	(113,297)
Actuarial gain on defined benefit plan	17,973	(3,595)	14,378	-	-	-
<b>Total</b>	<b>304,379</b>	<b>(60,876)</b>	<b>243,503</b>	<b>(141,621)</b>	<b>28,324</b>	<b>(113,297)</b>

**Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

	<b>The Bank</b>					
	Before tax	2016 Tax expense	Net of tax (in thousand Baht)	Before tax	2015 Tax Income	Net of tax
Other comprehensive income						
Available-for-sale securities	286,406	(57,281)	229,125	(141,621)	28,324	(113,297)
Actuarial gain on defined benefit plan	7,039	(1,408)	5,631	-	-	-
<b>Total</b>	<b>293,445</b>	<b>(58,689)</b>	<b>234,756</b>	<b>(141,621)</b>	<b>28,324</b>	<b>(113,297)</b>

**Reconciliation of effective tax rate**

	<b>Consolidated</b>			
	Rate (%)	2016 (in thousand Baht)	Rate (%)	2015 (in thousand Baht)
Profit before income tax expense		1,836,067		1,663,229
Income tax using the Thai corporation tax rate	20	367,213	20	332,646
Expense not deductible for tax purpose		1,552		-
Income not subject to tax		-		(3,308)
Over provided in prior years		(2,690)		(1,184)
<b>Total</b>	<b>20<sup>(1)</sup></b>	<b>366,075</b>	<b>20<sup>(1)</sup></b>	<b>328,154</b>

<sup>(1)</sup> Effective tax rate

	<b>The Bank</b>			
	Rate (%)	2016 (in thousand Baht)	Rate (%)	2015 (in thousand Baht)
Profit before income tax expense	20	1,773,556	20	1,359,939
Income tax using the Thai corporation tax rate		354,711		271,988
Expense not deductible for tax purpose		2,188		-
Income not subject to tax		-		(2,344)
<b>Total</b>	<b>20<sup>(1)</sup></b>	<b>356,899</b>	<b>20<sup>(1)</sup></b>	<b>269,644</b>

<sup>(1)</sup> Effective tax rate

**Income tax reduction**

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

**44 Basic earnings per share**

The calculations of basic earnings per share for the years ended 31 December 2016 and 2015 were based on the profit for the years attributable to shareholders of the Bank and the number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding during the years as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	2016	2015	2016	2015
Profit attributable to shareholders of the Bank (in million Baht)	1,470	1,335	1,417	1,090
Number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding (million shares)	2,257	2,257	2,257	2,257
<b>Earnings per share (basic) (in Baht)</b>	<b>0.65</b>	<b>0.59</b>	<b>0.63</b>	<b>0.48</b>



**Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiary**  
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**45 Thai Financial Reporting Standards (TFRS) not yet adopted**

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Bank

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 2017, are set out below. The Bank and its subsidiary does not plan to adopt these TFRS early.

<b>TFRS</b>	<b>Topic</b>
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events after the Reporting Period
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 33 (revised 2016)	Earnings per Share
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 104 (revised 2016)	Troubled Debt Restructuring
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation
TFRS 3 (revised 2016)	Business Combinations
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 32 (revised 2016)	Intangible Assets - Web Site Costs
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
FAP Announcement no. 5/2559	Accounting guidance for derecognition of financial assets and financial liabilities

The Bank and its subsidiary has made a preliminary assessment of the potential initial impact on the Bank and its subsidiary 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.

50<sup>th</sup>-51<sup>st</sup> Floor, 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' 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 2016 was Baht 4,135,000, the audit fee of the Bank was Baht 2,920,000 and ICBC (Thai) Leasing Co., Ltd. (Bank's subsidiary) was Baht 1,215,000.

# Management Structure

## 1. Board of Directors

The Board of Directors comprises of 10 members including qualified directors, directors who are ICBC representatives and 4 independent directors as follows:

Dr. Zhigang Li	Chairman
Mr. Zhisheng Xu	Director*
Dr. Prasit Damrongchai	Independent Director
Ms. Ladda Siri Wattanakosol	Independent Director
Mr. Guohui Song	Director
Mr. Yang Liu	Director**
Mr. Jianfeng Zheng	Director
Ms. Minmin Wu	Director
TDVC. Col. Plengsakdi Prakaspesat	Independent Director
Pol. Lt. Gen. Werapong Chuenpagdee	Independent Director

### Resigned Directors

Mr. Jian Lu	Director***
Dr. Kosol Petchsuwan	Independent Director****
Dr. You Ye	Director*****

\* Appointed as Director on 1 March 2017

\*\* Appointed as Director on 19 January 2017

\*\*\* Resigned as Director on 8 February 2017

\*\*\*\* Resigned as Director on 10 January 2017

\*\*\*\*\* Resigned as Director on 31 October 2016

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 of 7 Directors and Senior Executives as follows:

Dr. Zhigang Li	Chairman
Mr. Zhisheng Xu	Member*
Mr. Guohui Song	Member
Mr. Yang Liu	Member*
Mr. Apichart Kasemkulsiri	Member
Ms. Suree Wipatakanok	Member
Mr. Chaiwat Tanchewawong	Member

\* Appointed as members on 23 January 2017

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:

Ms. Ladda Siri wattanakosol	Chairperson*
TDVC. Col. Plengsakdi Prakaspesat	Member
Pol. Lt. Gen. Werapong Chuenpagdee	Member**

\* Appointed as Chairperson on 23 January 2017

\*\* Appointed as Member on 23 January 2017

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.

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 of 12 Members as follows:

Mr. Zhisheng Xu	Member*
Mr. Guohui Song	Member
Mr. Yang Liu	Member*
Mr. Apichart Kasemkulsiri	Member
Ms. Suree Wipatakanok	Member
Mr. Chaiwat Tanchewawong	Member
Ms. Kanchana Vongratanakulthorn	Member
Mr. Som Pisarnsopon	Member
Ms. Sasiwadee Somboonthum	Member
Mr. Wisit Ausawalaithong	Member
Mr. Yongmin Tang	Member
Mr. Seksan Chunseereechai	Member

\* Appointed as members on 23 February 2017

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 2016

## 1. Remuneration of Directors

Remuneration of Directors		
No.	Name	Amount
1	Dr. Zhigang Li	3,838,551.22
2	Dr. Kosol Petchsuwan	360,000.00
3	TDVC. Col. Plengsakdi Prakaspesat	360,000.00
4	Dr. Prasit Damrongchai	360,000.00
5	Ms. Ladda Siri Wattanakosol	360,000.00
6	Pol. Lt. Gen. Werapong Chuenpagdee	360,000.00
Total		5,638,551.22

Remuneration of the Chairman of the Executive Committee		
1	Dr. Zhigang Li	11,478,309.76
Total		11,478,309.76

Remuneration of Members of the Audit Committee		
1	Dr. Kosol Petchsuwan	600,000.00
2	TDVC. Col. Plengsakdi Prakaspesat	360,000.00
3	Ms. Ladda Siri Wattanakosol	360,000.00
Total		1,320,000.00

Remuneration of Members of the Nomination, Compensation and Corporate Governance Committee		
1	Dr. Prasit Damrongchai	600,000.00
Total		600,000.00
Grand Total		19,036,860.98

## 2. Remuneration to Executives for 2016

Executives		2016
	No. of Person	Total Amount (Baht)
Total	14	117,945,775.49

**Directors' and Senior Executives' holding of positions in other companies as of 31 December 2016**

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			ICBC AXA
				ICBC Turkey
				ICBC Mexico
				ICBC Credit Suisse Asset Management
Ms. Minmin Wu	Non Executive Director			ICBC Moscow
				ICBC Leasing
				ICBC Canada
Dr. Prasit Damrongchai	Independent Director	-	-	Dhipaya Insurance PLC
TDVC. Col. Plengsakdi Prakaspesat	Independent Director			Bangkok Insurance PLC
				Aspac Co., Ltd.
				Metro Resources PLC
				Thai Central Chemical PLC
				United Flour Mill PLC
Ms. Ladda Sriwattanakosol	Independent Director	-	-	Pace Development Corporation PLC



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

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 2016 Board of Directors' Assessment resulted in an overall average of 96.25% higher than 91.25% in 2015.

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 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 2016 the Bank had a registered 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 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

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

Type of business	Commercial bank
Address of Head Office	L, 11 <sup>th</sup> - 13 <sup>th</sup> 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 20,132,093,886.16 (as of 31 December 2016)
Paid-up capital	Baht 20,132,093,886.16 (as of 31 December 2016)
Par value	Baht 8.92

## 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 <sup>th</sup> 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 2016)
Paid-up capital	Baht 4,250,000,000.00 (as of 31 December 2016)
Par value	Baht 10
Percentage of shareholding	99.99%

### - Finansia Syrus Securities Public Company Limited

Address	999/9 The Offices at Central World 18 <sup>th</sup> Floor, Rama I Road, Pathumwan, Bangkok 10500 Thailand
Type of business	Securities Business
Telephone	+66 2658 9000
Facsimile	+66 2658 9110
Registered capital	Baht 930,244,840.00 (as of 31 December 2016)
Paid-up capital	Baht 930,244,840.00 (as of 31 December 2016)
Par value	Baht 1.60
Percentage of shareholding	22.29%

- **Bangkok BTMU Company Limited**

Address	54 Harindhorn Tower 4 <sup>th</sup> 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 2016)
Paid-up capital	Baht 200,000,000 (as of 31 December 2016)
Par value	Baht 100
Percentage of shareholding	10%

## Reference Information

- **Registrar**

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