

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

Interim financial statements  
For the six-month period ended 30 June 2017  
and  
Independent Auditor's Report



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## Independent Auditor's Report

### To the Board of Directors of Industrial and Commercial Bank of China (Thai) Public Company Limited

#### *Opinion*

I have audited the interim consolidated and the Bank's financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary ("the Bank and its subsidiary"); 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 30 June 2017, the consolidated and the Bank's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying interim consolidated and the Bank's financial statements present fairly, in all material respects, the financial position of the Bank and its subsidiary and of the Bank, respectively, as at 30 June 2017 and their financial performance and cash flows for the six-month period 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 Interim Consolidated and the Bank's Financial Statements* section of my report. I am independent of the Bank and its subsidiary and of 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 interim 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.



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

Management is responsible for the preparation and fair presentation of the interim 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 interim consolidated and the Bank's financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim consolidated and the Bank's financial statements, management is responsible for assessing the Bank and its subsidiary 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 Bank and its subsidiary 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 Bank and its subsidiary and the Bank's financial reporting process.

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

My objectives are to obtain reasonable assurance about whether the interim 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 interim 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 interim 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 Bank and its subsidiary and of 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 Bank and its subsidiary 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 interim 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 Bank and its subsidiary and the Bank to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the interim consolidated and the Bank's financial statements, including the disclosures, and whether the interim 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 Bank and its subsidiary to express an opinion on the interim 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  
12 September 2017


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

		Consolidated		The Bank	
		30 June	31 December	30 June	31 December
Assets	Note	2017	2016	2017	2016
(in thousand Baht)					
Cash		415,704	435,613	415,045	434,935
Interbank and money market items, net	7	13,620,843	6,237,817	13,544,054	6,044,457
Derivative assets	8	327,909	417,682	327,909	411,110
Investments, net	9	62,044,008	50,596,514	62,044,008	50,596,514
Investments in a subsidiary and an associate, net	10, 11	553,798	560,637	4,554,874	4,554,874
Loans to customers and accrued interest receivables, net	12				
Loans to customers		133,693,251	135,326,315	94,426,124	97,700,030
Accrued interest receivables		78,767	185,567	78,836	185,792
Total loans to customers and accrued interest receivables		133,772,018	135,511,882	94,504,960	97,885,822
Less deferred revenue		(4,868,632)	(4,579,521)	(254,859)	(122,063)
Less allowance for doubtful accounts	15	(6,488,211)	(5,880,464)	(3,829,540)	(3,767,430)
Less revaluation allowance for debt restructuring	16	(33,978)	(13,769)	(13,099)	(13,769)
Total loans to customers and accrued interest receivables, net		122,381,197	125,038,128	90,407,462	93,982,560
Properties foreclosed, net	17	741,946	775,519	722,542	743,765
Premises and equipment, net	18	142,094	143,540	128,273	126,396
Intangible assets, net	19	32,755	35,967	29,032	31,581
Leasehold right, net		138,475	143,753	138,475	143,754
Deferred tax assets, net	20	863,135	806,300	393,263	375,280
Accrued income, net		489,775	461,899	474,908	443,428
Receivables on credit support for derivative contracts		609	14,906	609	14,906
Other receivables, net		510,768	337,926	235,956	170,999
Other assets, net	21	39,714	47,648	29,232	28,465
<b>Total assets</b>		<b>202,302,730</b>	<b>186,053,849</b>	<b>173,445,642</b>	<b>158,103,024</b>

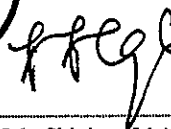
The accompanying notes are an integral part of these financial statements.

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

		Consolidated		The Bank	
		30 June	31 December	30 June	31 December
Liabilities and equity	Note	2017	2016	2017	2016
		(in thousand Baht)			
<b>Liabilities</b>					
Deposits	23	104,421,037	92,023,523	104,421,677	92,024,042
Interbank and money market items	24	36,655,776	35,439,126	36,655,776	35,439,126
Liabilities payable on demand		128,151	45,131	128,151	45,131
Derivative liabilities	8	382,577	230,016	382,577	218,877
Debt issued and borrowings	25	30,179,371	29,223,103	2,734,655	2,734,196
Employee benefit obligations	26	199,443	180,327	171,177	155,867
Other provisions	27	1,815	1,815	1,700	1,700
Accrued interest payables		744,937	683,442	615,225	528,115
Payable on credit support for derivative contracts		7,800	-	7,800	-
Other liabilities	28	2,362,827	1,903,885	1,747,282	1,230,472
<b>Total liabilities</b>		<b>175,083,734</b>	<b>159,730,368</b>	<b>146,866,020</b>	<b>132,377,526</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		20,128,071	20,128,071	20,128,071	20,128,071
Issued and paid-up share capital					
451,081 non-cumulative preference shares of Baht 8.92 each		4,023	4,023	4,023	4,023
2,256,510,117 ordinary shares of Baht 8.92 each		20,128,071	20,128,071	20,128,071	20,128,071
Other components of equity	9.3, 30, 31	372,637	383,659	372,637	383,659
Retained earnings					
Appropriated					
Legal reserve	30	500,000	500,000	500,000	500,000
Unappropriated		6,214,265	5,307,728	5,574,891	4,709,745
<b>Equity attributable to the Bank's shareholders</b>		<b>27,218,996</b>	<b>26,323,481</b>	<b>26,579,622</b>	<b>25,725,498</b>
Non-controlling interest		-	-	-	-
<b>Total equity</b>		<b>27,218,996</b>	<b>26,323,481</b>	<b>26,579,622</b>	<b>25,725,498</b>
<b>Total liabilities and equity</b>		<b>202,302,730</b>	<b>186,053,849</b>	<b>173,445,642</b>	<b>158,103,024</b>

  
(Mr. Zhigang Li)  
Chairman of the Board of Directors



  
(Mr. Shiqiang Lin)  
Director

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**

	Note	Consolidated		The Bank	
		Six-month period ended		Six-month period ended	
		30 June		30 June	
		2017	2016	2017	2016
<i>(in thousand Baht)</i>					
Interest income	36	3,862,359	4,137,940	2,760,732	2,888,047
Interest expense	37	1,733,584	1,656,754	1,321,609	1,181,648
Net interest income		2,128,775	2,481,186	1,439,123	1,706,399
Fees and service income		416,236	336,935	270,848	206,082
Fees and service expense		60,729	52,637	59,878	51,662
Net fees and service income	38	355,507	284,298	210,970	154,420
Net trading income	39	93,402	81,703	174,489	109,083
Share of profit of associate	11	10,006	7,684	-	-
Gains on disposals of equipment, properties foreclosed and other assets		15,366	51,769	11,339	47,919
Bad debts recovered		172,964	177,654	11,878	26,226
Dividends income		9,916	9,700	26,761	26,546
Other operating income		47,307	50,714	5,819	2,158
<b>Total operating income</b>		<b>2,833,243</b>	<b>3,144,708</b>	<b>1,880,379</b>	<b>2,072,751</b>
<b>Other operating expenses</b>					
Employee expenses		641,186	615,795	480,530	412,751
Directors' remuneration	40	9,181	9,608	9,181	9,608
Premises and equipment expenses		104,253	97,689	71,621	60,849
Taxes and duties		93,218	109,400	84,217	86,693
Amortisation expense on intangible assets		3,671	7,721	3,009	6,558
Losses (gains) on properties foreclosed and other assets		44,106	121,058	(321)	2,038
Others		164,390	173,711	68,514	56,501
<b>Total other operating expenses</b>		<b>1,060,005</b>	<b>1,134,982</b>	<b>716,751</b>	<b>634,998</b>
Bad debts, doubtful accounts and impairment losses	41	744,728	965,646	70,407	680,268
Profit from operations before income tax expense		1,028,510	1,044,080	1,093,221	757,485
Income tax expense	42	121,973	207,739	228,075	150,789
<b>Profit for the period</b>		<b>906,537</b>	<b>836,341</b>	<b>865,146</b>	<b>606,696</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 profit or loss and other comprehensive income

		Consolidated		The Bank	
		Six-month period ended		Six-month period ended	
		30 June		30 June	
Note		2017	2016	2017	2016
		(in thousand Baht)			
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to profit or loss</i>					
		-	10,515	-	5,206
		-	(2,103)	-	(1,041)
42		-	(2,103)	-	(1,041)
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
		(13,778)	439,237	(13,778)	439,237
		2,756	(87,847)	2,756	(87,847)
42		2,756	(87,847)	2,756	(87,847)
<b>Other comprehensive income (loss) for the period, net of income tax</b>					
		(11,022)	359,802	(11,022)	355,555
<b>Total comprehensive income for the period</b>					
		895,515	1,196,143	854,124	962,251
<b>Profit attributable to</b>					
		906,537	836,341	865,146	606,696
		-	-	-	-
<b>Profit for the period</b>					
		906,537	836,341	865,146	606,696
<b>Total comprehensive income attributable to</b>					
		895,515	1,196,143	854,124	962,251
		-	-	-	-
<b>Total comprehensive income for the period</b>					
		895,515	1,196,143	854,124	962,251
<b>Earnings per share (in Baht)</b>					
		0.40	0.37	0.38	0.27
43		0.40	0.37	0.38	0.27
<b>Basic earnings per share</b>					

(Mr. Zhigang Li)

Chairman of the Board of Directors



(Mr. Shiqiang Lin)

Director

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



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

	Note	Consolidated							Total equity		
		Preference shares	Ordinary shares	Other components of equity	Retained earnings			Total equity attributable to the Bank's shareholders			
					Revaluation surplus on available-for-sale investments	Legal reserve	Unappropriated				
										(in thousand Baht)	
Six-month period ended 30 June 2016											
Balance at 1 January 2016		4,023	20,128,071	154,534	400,000	3,923,358	-	24,609,986	24,609,986		
Comprehensive income for the period											
Profit		-	-	-	-	836,341	-	836,341	836,341		
Other comprehensive income, net of income tax	42	-	-	351,390	-	8,412	-	359,802	359,802		
Total comprehensive income for the period		-	-	351,390	-	844,753	-	1,196,143	1,196,143		
Balance at 30 June 2016		4,023	20,128,071	505,924	400,000	4,768,111	-	25,806,129	25,806,129		
Six-month period ended 30 June 2017											
Balance at 1 January 2017		4,023	20,128,071	383,659	500,000	5,307,728	-	26,323,481	26,323,481		
Comprehensive income for the period											
Profit		-	-	-	-	906,537	-	906,537	906,537		
Other comprehensive income, net of income tax	42	-	-	(11,022)	-	-	-	(11,022)	(11,022)		
Total comprehensive income for the period		-	-	(11,022)	-	906,537	-	895,515	895,515		
Balance at 30 June 2017		4,023	20,128,071	372,637	500,000	6,214,265	-	27,218,996	27,218,996		

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

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

	Note	The Bank						Total equity
		Issued and paid-up share capital		Other components of equity		Retained earnings		
		Preference shares	Ordinary shares	Revaluation surplus on available-for-sale investments	Legal reserve	Unappropriated		
<i>(in thousand Baht)</i>								
Six-month period ended 30 June 2016								
Balance at 1 January 2016		4,023	20,128,071		154,534	400,000	3,387,457	24,074,085
Comprehensive income for the period								
Profit		-	-		-	-	606,696	606,696
Other comprehensive income, net of income tax	42	-	-		351,390	-	4,165	355,555
Total comprehensive income for the period		-	-		351,390	-	610,861	962,251
Balance at 30 June 2016		4,023	20,128,071		505,924	400,000	3,998,318	25,036,336
Six-month period ended 30 June 2017								
Balance at 1 January 2017		4,023	20,128,071		383,659	500,000	4,709,745	25,725,498
Comprehensive income for the period								
Profit		-	-		-	-	865,146	865,146
Other comprehensive income, net of income tax	42	-	-		(11,022)	-	-	(11,022)
Total comprehensive income for the period		-	-		(11,022)	-	865,146	854,124
Balance at 30 June 2017		4,023	20,128,071		372,637	500,000	5,574,891	26,579,622

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	
	Six-month period ended		Six-month period ended	
	30 June		30 June	
	2017	2016	2017	2016
	(in thousand Baht)			
<b>Cash flows from operating activities</b>				
Profit from operations before income tax expense	1,028,510	1,044,080	1,093,221	757,485
<b>Adjustments to reconcile profit from operations before income tax expense to net cash provided by (used in) operating activities</b>				
Depreciation and amortisation	29,997	34,432	25,541	26,540
Bad debts, doubtful accounts and impairment losses	744,728	965,646	70,407	680,268
Losses on write-off of fixed assets	-	1	-	1
Gains on disposals of properties foreclosed	(13,903)	(51,748)	(9,877)	(47,919)
(Gain) losses on properties foreclosed	44,106	121,059	(321)	2,038
Gain on sales of equipment	(1,463)	(21)	(1,462)	-
Net trading income	(93,402)	(81,703)	(174,489)	(109,083)
Employee benefit obligations	19,116	16,752	15,310	12,142
Provisions for other liabilities	-	115	-	-
Other income from revaluation of other receivables	-	(91)	-	(91)
Share of profit of associate	(10,006)	(7,684)	-	-
Net interest income	(2,128,775)	(2,481,186)	(1,439,123)	(1,706,399)
Dividend income	(9,916)	(9,700)	(26,761)	(26,546)
Proceeds from interest	3,163,783	3,545,910	2,063,715	2,296,539
Interest paid	(1,215,334)	(1,192,972)	(1,206,287)	(1,192,970)
Proceeds from dividend	9,916	9,700	9,916	9,700
Income tax paid	(208,718)	(204,570)	(181,456)	(199,061)
<b>Profit from operations before changes in operating assets and liabilities</b>	<b>1,358,639</b>	<b>1,708,020</b>	<b>238,334</b>	<b>502,644</b>
<b>(Increase) decrease in operating assets</b>				
Interbank and money market items	(7,375,198)	(1,854,906)	(7,491,770)	(1,442,647)
Derivative assets	474,494	61,438	549,009	55,655
Loans to customers	1,798,834	3,353,432	3,391,166	5,144,792
Properties foreclosed	2,878	(28,118)	30,929	86,661
Receivables on credit support for derivative contracts	14,298	(3)	14,298	(3)
Fee receivable	3,605	(5,517)	-	-
Other receivables	(78,331)	(112,451)	(64,957)	(35,138)
Other assets	8,425	281,362	(275)	(14,133)

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	
	Six-month period ended		Six-month period ended	
	30 June		30 June	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
<i>Increase (decrease) in operating liabilities</i>				
Deposits	12,397,514	(9,037,769)	12,397,635	(9,036,411)
Interbank and money market items	1,216,650	11,461,221	1,216,650	11,461,221
Liabilities payable on demand	83,021	30,611	83,021	30,611
Derivative liabilities	(138,757)	(288,493)	(127,619)	(256,148)
Accrued expense	(59,924)	(68,034)	(45,168)	(65,147)
Payable on credit support for derivative contracts	7,800	-	7,800	-
Other liabilities	466,928	1,006,348	508,746	(145,022)
<b>Net cash from operating activities</b>	<b>10,180,876</b>	<b>6,507,141</b>	<b>10,707,799</b>	<b>6,286,935</b>
<b><i>Cash flows from investing activities</i></b>				
Interest received	702,883	669,124	702,883	669,124
Dividend received	16,845	16,845	16,845	16,845
Increase in long-term investments	(11,392,921)	(6,868,366)	(11,392,921)	(6,868,366)
Investments in receivables	-	64	-	-
Purchases of equipment	(26,804)	(15,520)	(27,746)	(13,035)
Purchases of intangible assets	(460)	(324)	(460)	-
Proceeds from disposal of equipment	1,471	-	1,462	-
<b>Net cash used in investing activities</b>	<b>(10,698,986)</b>	<b>(6,198,177)</b>	<b>(10,699,937)</b>	<b>(6,195,432)</b>
<b><i>Cash flows from financing activities</i></b>				
Interest paid from borrowing and debt issued	(456,296)	(502,257)	(27,752)	(28,366)
Proceeds from borrowings and debt issued	20,323,805	20,015,542	-	-
Repayment of borrowings and debt issued	(19,367,996)	(19,758,027)	-	-
Finance lease payments	(1,312)	(1,243)	-	-
<b>Net cash from (used in) financing activities</b>	<b>498,201</b>	<b>(245,985)</b>	<b>(27,752)</b>	<b>(28,366)</b>
<b>Net increase in cash</b>	<b>(19,909)</b>	<b>62,979</b>	<b>(19,890)</b>	<b>63,137</b>
Cash at 1 January	435,613	369,306	434,935	368,455
<b>Cash at 30 June</b>	<b>415,704</b>	<b>432,285</b>	<b>415,045</b>	<b>431,592</b>
<b><i>Non-cash transactions</i></b>				
Purchase of equipment	(8,507)	3,297	(8,616)	3,162
Purchase of intangible assets	-	291	-	-

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 interim financial statements**  
**For the six-month period ended 30 June 2017**

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These notes form an integral part of the interim financial statements.

The interim financial statements issued for Thai statutory and regulatory reporting purposes are prepared in Thai language. These English language financial statements have been prepared from Thai language statutory financial statements, and were approved and authorised for issue by the Audit Committee on 12 September 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 period 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 branch network in Thailand.

Details of the Bank’s subsidiary as at 30 June 2017 and 31 December 2016 are given in notes 10 and 33.

## **2 Basis of preparation of the interim financial statements**

### **(a) Statement of compliance**

The interim financial statements are prepared in accordance with Thai Accounting Standard (TAS) No.34 (revised 2016) *Interim Financial Reporting*, whereby the Bank chooses to present the interim financial statements in the same full format as the annual financial statements are presented and have also been prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (FAP); and presented as prescribed by the Bank of Thailand (BOT) notification number Sor Nor Sor 21/2558, directive dated 4 December 2015, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are the parent company of a group of companies offering financial services”.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2017. The adoption of these new and revised TFRSs did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Bank and its subsidiary.

### **(b) Basis of measurement**

The interim 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 is accounted for in the consolidated financial statement	Equity method

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**(c) *Functional and presentation currency***

The interim 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 interim 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 have 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 use 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).

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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 acquiree.

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.



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*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.

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*Fees and service income*

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

**(c) Expense**

*Interest expenses*

Interest expenses are recognised as expense on an accrual basis.

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

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

*Other expenses*

Other expenses are recognised on an accrual basis.

**(d) Securities purchased under resale agreements/Securities sold under repurchase agreements**

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

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.

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*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.
- (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 from debt restructuring of a borrower, and 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 have 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.

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

*Fair values of securities*

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

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

The fair value of marketable equity securities is determined at the last bid price quoted on the last working day of the 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 dispose 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 that 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.

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**(h) *Loans to customers***

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

***Hire purchase receivables and finance lease receivables***

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

**(i) *Allowance for doubtful accounts***

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

The subsidiary provides an allowance for doubtful accounts 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 Bank'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***

In cases where the troubled debt restructuring involves debt/asset swaps and/or debt/equity swaps, the Bank and its subsidiary record 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 and its subsidiary record 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 and its subsidiary's minimum interest rates on loans to large customers and by the original effective rate of subsidiary. 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 assume all the risk and rewards of ownership are classified as finance lease. Premises and equipment acquired by way of finance lease 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	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.

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

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

Computer softwares	5 - 10	years
Deferred license fee	10	years

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

**(n) Leasehold rights**

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

**(o) Sales of commercial papers**

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

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

**(p) Impairment**

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

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

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



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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**

*Post-employment benefits*

The Bank and its subsidiary operate 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.

*Defined benefit plans*

The Bank and its subsidiary treat the severance payments 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.

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Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Bank and its subsidiary determine 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 recognise gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*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.

**(s) Provisions**

A provision is recognised if, as a result of a past event, the Bank and its subsidiary have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of 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 judgment 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.

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 period 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.

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

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 believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Bank and its subsidiary to change its judgment 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.

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 period 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 period.

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**(v) 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 has 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 30 June 2017 and 31 December 2016, significant financial assets and liabilities classified by types of interest rate are as follows:

	<b>Consolidated</b> <b>30 June 2017</b>			<b>Total</b>
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non interest bearing</b>	
	<i>(in million Baht)</i>			
<b>Financial assets</b>				
Cash	-	-	416	416
Interbank and money market items, net	46	11,191	2,384	13,621
Investments, net	238	61,440	366	62,044
Loans to customers <sup>(1)</sup>	62,679	64,245	1,901	128,825
<b>Total financial assets</b>	<b>62,963</b>	<b>136,876</b>	<b>5,067</b>	<b>204,906</b>
<b>Financial liabilities</b>				
Deposits	13,016	91,121	284	104,421
Interbank and money market items	1,073	35,205	378	36,656
Liabilities payable on demand	-	-	128	128
Debt issued and borrowings	-	30,179	-	30,179
<b>Total financial liabilities</b>	<b>14,089</b>	<b>156,505</b>	<b>790</b>	<b>171,384</b>

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

	<b>Consolidated</b> <b>31 December 2016</b>			<b>Total</b>
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non interest bearing</b>	
	<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

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The Bank 30 June 2017			
	Floating interest rate	Fixed interest rate	Non interest bearing
	(in million Baht)		
			Total
<b>Financial assets</b>			
Cash	-	-	415
Interbank and money market items, net	4	11,191	2,349
Investments, net	238	61,440	366
Loans to customers <sup>(1)</sup>	60,955	31,870	1,346
<b>Total financial assets</b>	<b>61,197</b>	<b>104,501</b>	<b>4,476</b>
<b>Financial liabilities</b>			
Deposits	13,017	91,121	284
Interbank and money market items	1,073	35,205	378
Liabilities payable on demand	-	-	128
Debt issued and borrowings	-	2,735	-
<b>Total financial liabilities</b>	<b>14,090</b>	<b>129,061</b>	<b>790</b>

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

The Bank 31 December 2016			
	Floating interest rate	Fixed interest rate	Non interest bearing
	(in million Baht)		
			Total
<b>Financial assets</b>			
Cash	-	-	435
Interbank and money market items, net	5	4,248	1,792
Investments, net	-	50,144	453
Loans to customers <sup>(1)</sup>	71,483	24,766	1,329
<b>Total financial assets</b>	<b>71,488</b>	<b>79,158</b>	<b>4,009</b>
<b>Financial liabilities</b>			
Deposits	12,782	79,032	210
Interbank and money market items	391	34,673	375
Liabilities payable on demand	-	-	45
Debt issued and borrowings	-	2,734	-
<b>Total financial liabilities</b>	<b>13,173</b>	<b>116,439</b>	<b>630</b>

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

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

	Consolidated 30 June 2017					Non interest bearing	Non performing assets	Total
	At call	Reprice/maturity within 1 - 3 months	3 - 12 months	1 - 5 years (in million Baht)	Reprice/ maturity over 5 years			
<b>Financial assets</b>								
Cash	-	-	-	-	-	416	-	416
Interbank and money market items, net	573	9,533	458	673	-	2,384	-	13,621
Investment, net	-	3,777	7,068	44,813	6,020	366	-	62,044
Loans to customers <sup>(1)</sup>	25	70,590	24,163	29,085	3,061	-	1,901	128,825
<b>Total financial assets</b>	<b>598</b>	<b>83,900</b>	<b>31,689</b>	<b>74,571</b>	<b>9,081</b>	<b>3,166</b>	<b>1,901</b>	<b>204,906</b>
<b>Financial liabilities</b>								
Deposits	16,788	52,183	34,231	935	-	284	-	104,421
Interbank and money market items	1,073	20,724	12,381	1,757	343	378	-	36,656
Liabilities payable on demand	-	-	-	-	-	128	-	128
Debt issued and borrowings	-	3,090	8,820	16,270	1,999	-	-	30,179
<b>Total financial liabilities</b>	<b>17,861</b>	<b>75,997</b>	<b>55,432</b>	<b>18,962</b>	<b>2,342</b>	<b>790</b>	<b>-</b>	<b>171,384</b>

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

	Consolidated 31 December 2016					Non interest bearing	Non performing assets	Total
	At call	Reprice/maturity within 1 - 3 months	3 - 12 months	1 - 5 years (in million Baht)	Reprice/ maturity over 5 years			
<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>
<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	-	2,394	12,267	12,563	1,999	-	-	29,223
<b>Total financial liabilities</b>	<b>17,079</b>	<b>67,515</b>	<b>55,721</b>	<b>13,537</b>	<b>2,249</b>	<b>630</b>	<b>-</b>	<b>156,731</b>

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

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The Bank								
30 June 2017								
	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
<i>(in million Baht)</i>								
<b>Financial assets</b>								
Cash	-	-	-	-	-	415	-	415
Interbank and money market items, net	531	9,533	458	673	-	2,349	-	13,544
Investments, net	-	3,777	7,068	44,813	6,020	366	-	62,044
Loans to customers <sup>(1)</sup>	1,239	67,833	16,692	6,843	218	-	1,346	94,171
<b>Total financial assets</b>	<b>1,770</b>	<b>81,143</b>	<b>24,218</b>	<b>52,329</b>	<b>6,238</b>	<b>3,130</b>	<b>1,346</b>	<b>170,174</b>
<b>Financial liabilities</b>								
Deposits	16,789	52,183	34,231	935	-	284	-	104,422
Interbank and money market items	1,073	20,724	12,381	1,757	343	378	-	36,656
Liabilities payable on demand	-	-	-	-	-	128	-	128
Debt issued and borrowings	-	-	2,735	-	-	-	-	2,735
<b>Total financial liabilities</b>	<b>17,862</b>	<b>72,907</b>	<b>49,347</b>	<b>2,692</b>	<b>343</b>	<b>790</b>	<b>-</b>	<b>143,941</b>

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

The Bank								
31 December 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



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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 periods, and the average interest rates for the six-month periods ended 30 June 2017 and 2016 can be summarised are as follows:

	Consolidated					
	2017			2016		
	Average Balances <sup>(1)</sup> (in million Baht)	Interest	Average interest rate (%)	Average Balances <sup>(1)</sup> (in million Baht)	Interest	Average interest rate (%)
<b><i>Interest-bearing financial assets</i></b>						
Interbank and money market items (Assets)	9,122	69	0.76	4,100	27	0.67
Investments	56,277	803	1.43	45,437	719	1.58
Loans to customers <sup>(2)</sup>	135,583	2,985	2.20	134,883	3,391	2.51
<b><i>Interest-bearing financial liabilities</i></b>						
Deposits	96,620	712 <sup>(3)</sup>	0.74	79,690	707 <sup>(3)</sup>	0.89
Interbank and money market items (Liabilities)	38,754	343	0.88	37,799	247	0.65
Debt issued and borrowings	29,839	437	1.46	33,112	504	1.52
<sup>(1)</sup> Calculated by average of month end balance						
<sup>(2)</sup> Net of deferred revenue						
<sup>(3)</sup> Excluding remittance and Bank Protection Act.						

	The Bank					
	2017			2016		
	Average Balances <sup>(1)</sup> (in million Baht)	Interest	Average interest rate (%)	Average Balances <sup>(1)</sup> (in million Baht)	Interest	Average interest rate (%)
<b><i>Interest-bearing financial assets</i></b>						
Interbank and money market items (Assets)	8,962	69	0.77	3,850	27	0.71
Investments	56,277	803	1.43	45,437	719	1.58
Loans to customers <sup>(2)</sup>	96,790	1,889	1.95	92,922	2,142	2.30
<b><i>Interest-bearing financial liabilities</i></b>						
Deposits	96,620	712 <sup>(3)</sup>	0.74	79,696	707 <sup>(3)</sup>	0.89
Interbank and money market items (Liabilities)	38,468	339	0.88	37,799	247	0.65
Debt issued and borrowings	2,734	29	1.05	2,733	28	1.04
<sup>(1)</sup> Calculated by average of month end balance						
<sup>(2)</sup> Net of deferred revenue						
<sup>(3)</sup> Excluding remittance and Bank Protection Act.						

***Liquidity risk***

Liquidity risk is the risk that the Bank will be unable to liquidate its financial assets 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.

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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, liquidity control procedures, 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 30 June 2017 and 31 December 2016, significant financial assets and liabilities are classified according to their contractual maturity as follows:

	Consolidated 30 June 2017						Non performing assets	Total
	At call	1 - 3 months	Maturity within 3 - 12 months	1 - 5 years	Over 5 years	No maturity		
	<i>(in million Baht)</i>							
<b>Financial assets</b>								
Cash	-	-	-	-	-	416	-	416
Interbank and money market, net	46	10,060	458	673	-	2,384	-	13,621
Investments, net	-	3,539	7,068	45,051	6,386	-	-	62,044
Loans to customers <sup>(1)</sup>	584	21,573	34,942	55,850	13,975	-	1,901	128,825
<b>Total financial assets</b>	<b>630</b>	<b>35,172</b>	<b>42,468</b>	<b>101,574</b>	<b>20,361</b>	<b>2,800</b>	<b>1,901</b>	<b>204,906</b>
<b>Financial liabilities</b>								
Deposits	17,072	52,183	34,231	935	-	-	-	104,421
Interbank and money market	1,451	20,724	12,381	1,757	343	-	-	36,656
Liabilities payable on demand	128	-	-	-	-	-	-	128
Debt issued and borrowings	-	3,090	8,820	16,270	1,999	-	-	30,179
<b>Total financial liabilities</b>	<b>18,651</b>	<b>75,997</b>	<b>55,432</b>	<b>18,962</b>	<b>2,342</b>	<b>-</b>	<b>-</b>	<b>171,384</b>

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

	Consolidated 31 December 2016						Non performing assets	Total
	At call	1 - 3 months	Maturity within 3 - 12 months	1 - 5 years	Over 5 years	No maturity		
	<i>(in million Baht)</i>							
<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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The Bank								
30 June 2017								
	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	-	-	-	-	-	415	-	415
Interbank and money market, net	4	10,060	458	673	-	2,349	-	13,544
Investments, net	-	3,539	7,068	45,051	6,386	-	-	62,044
Loans to customers <sup>(1)</sup>	1,798	18,816	27,471	33,608	11,132	-	1,346	94,171
<b>Total financial assets</b>	<b>1,802</b>	<b>32,415</b>	<b>34,997</b>	<b>79,332</b>	<b>17,518</b>	<b>2,764</b>	<b>1,346</b>	<b>170,174</b>
<b>Financial liabilities</b>								
Deposits	17,073	52,183	34,231	935	-	-	-	104,422
Interbank and money market	1,451	20,724	12,381	1,757	343	-	-	36,656
Liabilities payable on demand	128	-	-	-	-	-	-	128
Debt issued and borrowings	-	-	2,735	-	-	-	-	2,735
<b>Total financial liabilities</b>	<b>18,652</b>	<b>72,907</b>	<b>49,347</b>	<b>2,692</b>	<b>343</b>	<b>-</b>	<b>-</b>	<b>143,941</b>

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

The Bank								
31 December 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	-	-	-	-	-	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	-	1,329	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>1,329</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>-</b>	<b>130,242</b>

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

**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.

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The Bank and its subsidiary's significant foreign currency position as at 30 June 2017 and 31 December 2016 can be summarised as follows:

	US dollar	Renminbi	Consolidated 30 June 2017 Yen Euro (in million Baht)		Others	Total
<b>Financial assets</b>						
Cash	-	44	-	-	-	44
Interbank and money market, net	1,515	1,182	9	14	41	2,761
Investments, net	26,456	948	-	4,274	-	31,678
Loans to customers <sup>(1)</sup>	16,963	1	6	5,782	-	22,752
<b>Total financial assets</b>	<b>44,934</b>	<b>2,175</b>	<b>15</b>	<b>10,070</b>	<b>41</b>	<b>57,235</b>
<b>Financial liabilities</b>						
Deposits	1,486	1,499	12	88	5	3,090
Interbank and money market	25,340	924	-	2,448	-	28,712
<b>Total financial liabilities</b>	<b>26,826</b>	<b>2,423</b>	<b>12</b>	<b>2,536</b>	<b>5</b>	<b>31,802</b>
Avals to bill and guarantee on loan	(5)	-	-	-	(670)	(675)
Letters of credit	(204)	(4)	-	-	-	(208)
Other contingencies	(469)	(33)	-	(374)	-	(876)
Derivatives held for risk management	(18,164)	484	5	(6,785)	670	(23,790)
Average exchange rate (Baht per 1 foreign currency unit)	33.9814	5.0189	0.3037	38.8523		

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

	US dollar	Renminbi	Consolidated 31 December 2016 Yen Euro (in million Baht)		Others	Total
<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

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	US dollar	Renminbi	The Bank 30 June 2017		Others	Total
			Yen	Euro		
			(in million Baht)			
<b>Financial assets</b>						
Cash	-	44	-	-	-	44
Interbank and money market, net	1,515	1,182	9	14	41	2,761
Investments, net	26,456	948	-	4,274	-	31,678
Loans to customers <sup>(1)</sup>	16,963	1	6	5,782	-	22,752
<b>Total financial assets</b>	<b>44,934</b>	<b>2,175</b>	<b>15</b>	<b>10,070</b>	<b>41</b>	<b>57,235</b>
<b>Financial liabilities</b>						
Deposits	1,486	1,499	12	88	5	3,090
Interbank and money market	25,340	924	-	2,448	-	28,712
<b>Total financial liabilities</b>	<b>26,826</b>	<b>2,423</b>	<b>12</b>	<b>2,536</b>	<b>5</b>	<b>31,802</b>
Avals to bill and guarantee on loan	(5)	-	-	-	(670)	(675)
Letters of credit	(204)	(4)	-	-	-	(208)
Other contingencies	(469)	(33)	-	(374)	-	(876)
Derivatives held for risk management	(18,164)	484	5	(6,785)	670	(23,790)
Average exchange rate (Baht per 1 foreign currency unit)	33.9814	5.0189	0.3037	38.8523		

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

	US dollar	Renminbi	The Bank 31 December 2016		Others	Total
			Yen	Euro		
			(in million Baht)			
<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

### 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>			
	30 June 2017		31 December 2016	
	Notional amount	Maturity	Notional amount	Maturity
	<i>(in million Baht)</i>			
<b><i>Interest rate swap contracts</i></b>				
Receive floating interest rates and pay fixed interest rates	10,588	2018 - 2027	4,180	2021

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>			
	30 June 2017		31 December 2016	
	Notional amount	Maturity	Notional amount	Maturity
	<i>(in million Baht)</i>			
<b><i>Cross currency interest rate swap contracts</i></b>				
Receive interest at a floated rate on US Dollar notional amounts and to pay interest at a fixed rate on Euro notional amounts	4,243	2021	4,474	2021

As at 30 June 2017 and 31 December 2016, financial derivatives are classified by their maturities as follows:

	<b>Consolidated and The Bank</b>					
	30 June 2017			31 December 2016		
	Not over 1 year	Over 1 year	Total	Not over 1 year	Over 1 year	Total
	<i>(in million Baht)</i>					
<b>Forward exchange contracts</b>						
Bought	10,462	-	10,462	7,699	8	7,707
Sold	29,521	-	29,521	26,258	443	26,701
<b>Interest rate swap contracts</b>	1,700	8,888	10,588	3,980	200	4,180
<b>Cross currency and interest rate swap contracts</b>						
Bought	-	4,243	4,243	-	4,474	4,474

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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 30 June 2017 and 31 December 2016 were are as follows:

		Consolidated 30 June 2017 Fair value			
	Carrying value	Level 1	Level 2 (in million Baht)	Level 3	Total
<b>Financial assets</b>					
Derivatives assets (Trading book)					
- Foreign exchange rate	127	-	127	-	127
Available-for-sale securities	26,069	274	25,795	-	26,069
<b>Financial liabilities</b>					
Derivatives liabilities (Trading book)					
- Foreign exchange rate	109	-	109	-	109
		Consolidated 31 December 2016 Fair value			
	Carrying value	Level 1	Level 2 (in million Baht)	Level 3	Total
<b>Financial assets</b>					
Derivatives assets (Trading book)					
- Foreign exchange rate	73	-	73	-	73
Available-for-sale securities	21,081	361	20,720	-	21,081
<b>Financial liabilities</b>					
Derivatives liabilities (Trading book)					
- Foreign exchange rate	68	-	68	-	68
		The Bank 30 June 2017 Fair value			
	Carrying value	Level 1	Level 2 (in million Baht)	Level 3	Total
<b>Financial assets</b>					
Derivatives assets (Trading book)					
- Foreign exchange rate	127	-	127	-	127
Available-for-sale securities	26,069	274	25,795	-	26,069
<b>Financial liabilities</b>					
Derivatives liabilities (Trading book)					
- Foreign exchange rate	109	-	109	-	109



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The Bank 31 December 2016 Fair value					
	Carrying value	Level 1	Level 2 (in million Baht)	Level 3	Total
<b>Financial assets</b>					
Derivatives assets (Trading book)					
- Foreign exchange rate	80	-	80	-	80
Available-for-sale securities	21,081	361	20,720	-	21,081
<b>Financial liabilities</b>					
Derivatives liabilities (Trading book)					
- Foreign exchange rate	107	-	107	-	107

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

The following table analyses financial instruments not measured at fair value at 30 June 2017 and 31 December 2016, by the level in the fair value hierarchy into which the fair value measurement is categorised.

Consolidated 30 June 2017					
	Carrying value	Level 1	Fair value Level 2 (in million Baht)	Level 3	Total
<b>Financial assets</b>					
Cash	416	-	416	-	416
Interbank and money market items, net	13,621	-	13,621	-	13,621
Derivatives assets (not entered for trading purposes)	201	-	268	-	268
Investment, net <sup>(1)</sup>	35,975	-	36,095	254	36,349
Loan to customers <sup>(2)</sup>	128,825	-	-	126,196	126,196
Receivables on credit support for derivative contracts	1	-	1	-	1
<b>Financial liabilities</b>					
Deposits	104,421	-	104,422	-	104,422
Interbank and money market items	36,656	-	36,637	-	36,637
Derivatives liabilities (not entered for trading purposes)	274	-	274 <sup>(3)</sup>	-	274
Liabilities payable on demand	128	-	128	-	128
Debt issued and borrowings	30,179	-	30,408	-	30,408

<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**  
**31 December 2016**

	Carrying value	Level 1	Fair value Level 2      Level 3 (in million Baht)		Total
<b><i>Financial assets</i></b>					
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
<b><i>Financial liabilities</i></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)	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

**The Bank**  
**30 June 2017**

	Carrying value	Level 1	Fair value Level 2      Level 3 (in million Baht)		Total
<b><i>Financial assets</i></b>					
Cash	415	-	415	-	415
Interbank and money market items, net	13,544	-	13,544	-	13,544
Derivatives assets (not entered for trading purposes)	201	-	268	-	268
Investment, net <sup>(1)</sup>	35,975	-	36,095	254	36,349
Loan to customers <sup>(2)</sup>	94,171	-	-	94,190	94,190
Receivables on credit support for derivative contracts	1	-	1	-	1
<b><i>Financial liabilities</i></b>					
Deposits	104,422	-	104,423	-	104,423
Interbank and money market items	36,656	-	36,637	-	36,637
Derivatives liabilities (not entered for trading purposes)	274	-	274 <sup>(3)</sup>	-	274
Liabilities payable on demand	128	-	128	-	128
Debt issued and borrowings	2,735	-	2,738	-	2,738

<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**  
**31 December 2016**

	Carrying value	Level 1	Fair value (in million Baht)		Total
			Level 2	Level 3	
<b><i>Financial assets</i></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><i>Financial liabilities</i></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

**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.

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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 and its subsidiary's capital amounts and classifications are also subject to qualitative judgments by the BOT as to components, risk weightings, and other factors. These capital and regulatory requirements are subject to change, as considered necessary by the BOT.

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. According to the Bank of Thailand's regulations, capital fund as at 8 November 2012 and 8 May 2015 and thereafter must be calculated according to Basel III. The Bank and financial group comply with the regulatory capital according to Basel III.

**Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiary**  
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As at 30 June 2017 and 31 December 2016, 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>	
	30 June 2017	31 December 2016
	<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	500,000
Retained earnings after appropriations	5,293,349	4,759,699
Other comprehensive income	330,172	322,120
Less Capital deduction items on CET1	(889,339)	(827,881)
<b>Total Tier 1 capital</b>	<b>25,366,276</b>	<b>24,886,032</b>
<b>Tier 2 capital</b>		
Allowance for classified assets of "pass" category	2,185,961	1,910,549
<b>Total Tier 2 capital</b>	<b>2,185,961</b>	<b>1,910,549</b>
<b>Total capital funds</b>	<b>27,552,237</b>	<b>26,796,581</b>

	<b>Consolidated</b>		<b>BOT Requirement</b>	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	<i>(%)</i>			
<b>Capital ratio</b>				
Tier 1 capital to total risk weighted assets	13.77	15.37	7.25	6.625
Tier 1 common equity to total risk weighted assets	13.77	15.37	5.75	5.125
Tier 2 capital to total risk weighted assets	1.19	1.18	-	-
Total capital / Total risk weighted assets	14.96	16.55	9.75	9.125

	<b>The Bank</b>	
	30 June 2017	31 December 2016
	<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	500,000
Retained earnings after appropriations	4,704,114	3,994,153
Other comprehensive income	330,171	322,120
Less Capital deduction items on CET1	(416,488)	(394,230)
<b>Total Tier 1 capital</b>	<b>25,249,891</b>	<b>24,554,137</b>
<b>Tier 2 capital</b>		
Allowance for classified assets of "pass" category	2,034,488	1,793,505
<b>Total Tier 2 capital</b>	<b>2,034,488</b>	<b>1,793,505</b>
<b>Total capital funds</b>	<b>27,284,379</b>	<b>26,347,642</b>

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	The Bank		BOT Requirement	
	30 June 2017	31 December 2016 (%)	30 June 2017	31 December 2016
<b>Capital ratio</b>				
Tier 1 capital to total risk weighted assets	14.97	16.09	7.25	6.625
Tier 1 common equity to total risk weighted assets	14.97	16.09	5.75	5.125
Tier 2 capital to total risk weighted assets	1.20	1.18	-	-
Total capital / Total risk weighted assets	16.17	17.27	9.75	9.125

As Disclosures of capital maintenance information under the Notification of the Bank of Thailand, the Public Disclosures of Capital Maintenance for Commercial Banks in accordance with the BOT's directive number Sor Nor Sor 4/2556, dated 2 May 2013, the Bank has made the Disclosures of Capital Maintenance and Information security risks for the Bank and financial group as at 31 December 2016 in the Bank's website, www.icbcthai.com, on 28 April 2017. The Bank will disclose the Capital Maintenance and Information security risks for the Bank and financial group at 30 June 2017 within October 2017.

According to Bank of Thailand notification number For Nor Sor (23) Wor 263/2556 dated 22 February 2013, the Bank is required to disclose regulatory capital after deducting capital add-on arising from Single Lending Limit, effective at the end of January 2015. As at 30 June 2017 and 31 December 2016, the Bank and its subsidiary have regulatory capital after deducting capital add-on arising from Single Lending Limit in the amount of Baht 25,364 million and Baht 24,598 million respectively or 13.77 % and 15.19% respectively. *(The Bank: 25,148 million and 24,198 million or 14.91 % and 15.86%)*

*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)**

	Consolidated					
	30 June 2017		31 December 2016			
	Demand	Time	Total (in thousand Baht)	Demand	Time	Total
<b>Domestic items</b>						
Bank of Thailand	1,366,365	800,000	2,166,365	1,039,825	240,000	1,279,825
Commercial Banks	164,772	5,685,926	5,850,698	311,900	2,200,000	2,511,900
Specialised financial institutions	54	2,200,000	2,200,054	52	700,000	700,052
Other financial institutions	-	796,000	796,000	-	502,000	502,000
<b>Total</b>	<b>1,531,191</b>	<b>9,481,926</b>	<b>11,013,117</b>	<b>1,351,777</b>	<b>3,642,000</b>	<b>4,993,777</b>
Add accrued interest receivables	7	935	942	10	811	821
Less allowance for doubtful accounts	-	(1,359)	(1,359)	-	-	-
<b>Total domestic items, net</b>	<b>1,531,198</b>	<b>9,481,502</b>	<b>11,012,700</b>	<b>1,351,787</b>	<b>3,642,811</b>	<b>4,994,598</b>
<b>Foreign items</b>						
US Dollar	186,721	1,191,898	1,378,619	99,587	609,618	709,205
Renminbi	655,159	526,985	1,182,144	441,510	-	441,510
Euro	13,674	-	13,674	30,413	-	30,413
Hong Kong Dollar	4,704	-	4,704	42,942	-	42,942
Other currencies	38,560	-	38,560	23,975	-	23,975
<b>Total</b>	<b>898,818</b>	<b>1,718,883</b>	<b>2,617,701</b>	<b>638,427</b>	<b>609,618</b>	<b>1,248,045</b>
Add accrued interest receivables	-	3,639	3,639	-	3,224	3,224
Less deferred revenue	-	(1,359)	(1,359)	-	(2,145)	(2,145)
Less allowance for doubtful accounts	-	(11,838)	(11,838)	-	(5,905)	(5,905)
<b>Total foreign items, net</b>	<b>898,818</b>	<b>1,709,325</b>	<b>2,608,143</b>	<b>638,427</b>	<b>604,792</b>	<b>1,243,219</b>
<b>Total domestic and foreign items, net</b>	<b>2,430,016</b>	<b>11,190,827</b>	<b>13,620,843</b>	<b>1,990,214</b>	<b>4,247,603</b>	<b>6,237,817</b>

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	The Bank					
	30 June 2017			31 December 2016		
	Demand	Time	Total	Demand	Time	Total
	<i>(in thousand Baht)</i>					
<b>Domestic items</b>						
Bank of Thailand	1,366,365	800,000	2,166,365	1,039,825	240,000	1,279,825
Commercial banks	88,044	5,685,926	5,773,970	118,599	2,200,000	2,318,599
Specialised financial institutions	-	2,200,000	2,200,000	-	700,000	700,000
Other financial institutions	-	796,000	796,000	-	502,000	502,000
<b>Total</b>	<b>1,454,409</b>	<b>9,481,926</b>	<b>10,936,335</b>	<b>1,158,424</b>	<b>3,642,000</b>	<b>4,800,424</b>
Add accrued interest receivables	-	935	935	3	811	814
Less allowance for doubtful accounts	-	(1,359)	(1,359)	-	-	-
<b>Total domestic items, net</b>	<b>1,454,409</b>	<b>9,481,502</b>	<b>10,935,911</b>	<b>1,158,427</b>	<b>3,642,811</b>	<b>4,801,238</b>
<b>Foreign items</b>						
US Dollar	186,721	1,191,898	1,378,619	99,587	609,618	709,205
Renminbi	655,159	526,985	1,182,144	441,510	-	441,510
Euro	13,674	-	13,674	30,413	-	30,413
Hong Kong Dollar	4,704	-	4,704	42,942	-	42,942
Other currencies	38,560	-	38,560	23,975	-	23,975
<b>Total</b>	<b>898,818</b>	<b>1,718,883</b>	<b>2,617,701</b>	<b>638,427</b>	<b>609,618</b>	<b>1,248,045</b>
Add accrued interest receivables	-	3,639	3,639	-	3,224	3,224
Less deferred revenue	-	(1,359)	(1,359)	-	(2,145)	(2,145)
Less allowance for doubtful accounts	-	(11,838)	(11,838)	-	(5,905)	(5,905)
<b>Total foreign items, net</b>	<b>898,818</b>	<b>1,709,325</b>	<b>2,608,143</b>	<b>638,427</b>	<b>604,792</b>	<b>1,243,219</b>
<b>Total domestic and foreign items, net</b>	<b>2,353,227</b>	<b>11,190,827</b>	<b>13,544,054</b>	<b>1,796,854</b>	<b>4,247,603</b>	<b>6,044,457</b>

## 8 Derivatives

### Trading Book

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

Type of risk	Consolidated					
	30 June 2017			31 December 2016		
	Fair value	Notional		Fair value	Notional	
	Assets	Liabilities	amount <sup>(1)</sup>	Assets	Liabilities	amount <sup>(1)</sup>
	<i>(in thousand Baht)</i>					
Foreign exchange	126,752	108,637	9,377,810	73,303	67,570	9,180,970
<b>Total</b>	<b>126,752</b>	<b>108,637</b>	<b>9,377,810</b>	<b>73,303</b>	<b>67,570</b>	<b>9,180,970</b>

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

Type of risk	The Bank					
	30 June 2017			31 December 2016		
	Fair value	Notional		Fair value	Notional	
	Assets	Liabilities	amount <sup>(1)</sup>	Assets	Liabilities	amount <sup>(1)</sup>
	<i>(in thousand Baht)</i>					
Foreign exchange	126,752	108,637	9,377,810	80,023	107,232	12,514,305
<b>Total</b>	<b>126,752</b>	<b>108,637</b>	<b>9,377,810</b>	<b>80,023</b>	<b>107,232</b>	<b>12,514,305</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	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	(%)		(%)	
Financial institutions	95.95	92.49	95.95	94.49
Corporations	4.05	7.51	4.05	5.51
<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					
	30 June 2017		31 December 2016			
	Carrying value <sup>(2)</sup> Assets	Liabilities	Notional amount <sup>(1)</sup> (in thousand Baht)	Carrying value <sup>(2)</sup> Assets	Liabilities	Notional amount <sup>(1)</sup>
Foreign exchange	32,976	75,331	30,717,972	23,475	162,446	25,220,960
Interest rate	-(3)	-(3)	10,587,759	-(3)	-(3)	4,180,000
Foreign exchange and interest rate	168,181	198,609	4,273,753	320,904	-	4,153,347
<b>Total</b>	<b>201,157</b>	<b>273,940</b>	<b>45,579,484</b>	<b>344,379</b>	<b>162,446</b>	<b>33,554,307</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					
	30 June 2017		31 December 2016			
	Carrying value <sup>(2)</sup> Assets	Liabilities	Notional amount <sup>(1)</sup> (in thousand Baht)	Carrying value <sup>(2)</sup> Assets	Liabilities	Notional amount <sup>(1)</sup>
Foreign exchange	32,976	75,331	30,717,972	10,183	111,645	21,887,625
Interest rate	-(3)	-(3)	10,587,759	-(3)	-(3)	4,180,000
Foreign exchange and interest rate	168,181	198,609	4,273,753	320,904	-	4,153,347
<b>Total</b>	<b>201,157</b>	<b>273,940</b>	<b>45,579,484</b>	<b>331,087</b>	<b>111,645</b>	<b>30,220,972</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>	
	<b>30 June</b>	<b>31 December</b>
	<b>2017</b>	<b>2016</b>
	<b>Fair value</b>	
	<b>(in thousand Baht)</b>	
<i>Available-for-sale securities</i>		
Government and state enterprise securities	21,255,173	19,003,440
Domestic debt securities	1,966,151	-
Foreign debt securities	2,573,248	1,716,638
Domestic equity securities	274,590	360,973
<b>Total</b>	<b>26,069,162</b>	<b>21,081,051</b>
	<b>Amortised cost</b>	
	<b>(in thousand Baht)</b>	
<i>Held to maturity securities</i>		
Domestic debt securities	6,778,988	3,705,737
Foreign debt securities	29,104,552	25,718,420
<b>Total</b>	<b>35,883,540</b>	<b>29,424,157</b>
	<b>Cost</b>	
	<b>(in thousand Baht)</b>	
<i>General investments</i>		
Domestic non-marketable equity securities	100,322	100,322
Less allowance for impairment	(9,016)	(9,016)
<b>Net</b>	<b>91,306</b>	<b>91,306</b>
<b>Total investments, net</b>	<b>62,044,008</b>	<b>50,596,514</b>

In 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 30 June 2017 and 31 December 2016, the Bank has no banking bond in the portfolio, classified as available-for-sale securities that is pledged as security on a contract for repurchase agreements.

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

	<b>Consolidated and The Bank</b>			
	<b>30 June 2017</b>			
	<b>Periods to maturity</b>			
	<b>Less than 1 year</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
	<b>(in thousand Baht)</b>			
<i>Available-for-sale securities</i>				
Government and state enterprise securities	6,449,740	14,289,606	470,162	21,209,508
Domestic debt securities	-	430,000	1,500,000	1,930,000
Foreign debt securities	-	2,571,401	-	2,571,401
<b>Total</b>	<b>6,449,740</b>	<b>17,291,007</b>	<b>1,970,162</b>	<b>25,710,909</b>
Add allowance for revaluation	29,308	47,839	6,516	83,663
<b>Total available-for-sale securities</b>	<b>6,479,048</b>	<b>17,338,846</b>	<b>1,976,678</b>	<b>25,794,572</b>
<i>Held to maturity securities</i>				
Domestic debt securities	512,233	5,566,755	700,000	6,778,988
Foreign debt securities	3,616,345	22,145,122	3,343,085	29,104,552
<b>Total held to maturity securities</b>	<b>4,128,578</b>	<b>27,711,877</b>	<b>4,043,085</b>	<b>35,883,540</b>
<b>Total debt securities</b>	<b>10,607,626</b>	<b>45,050,723</b>	<b>6,019,763</b>	<b>61,678,112</b>

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	Consolidated and The Bank			Total
	Less than 1 year	1-5 years	Over 5 years	
	31 December 2016			
	Periods to maturity			
	(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 securities</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 securities</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>

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

	Consolidated and The Bank	
	30 June 2017	31 December 2016
	(in thousand Baht)	
<b>Revaluation surplus on available-for-sale investments</b>		
Debt securities	265,406	192,311
Equity securities	200,389	287,263
<b>Total</b>	<b>465,795</b>	<b>479,574</b>
Less deferred tax	(93,158)	(95,915)
<b>Total, net of deferred tax</b>	<b>372,637</b>	<b>383,659</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 with 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 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 full payment and redeemed the promissory notes.

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

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

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- If there are losses, the first portion not exceeding 20 percent of the transfer price shall be borne solely by the Bank. The second portion remaining after the first portion that does not exceed 20 percent of transfer price shall be equally shared and borne between the Bank and TAMC. Any remaining losses after the second portion shall be borne by TAMC.

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

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

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.

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

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

Consolidated and The Bank 30 June 2017					
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 business	Ordinary shares	10	200,000	20,390
<b>Total</b>					<b>20,390</b>

Consolidated and The Bank 31 December 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 business	Ordinary shares	10	200,000	20,390
<b>Total</b>					<b>20,390</b>

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

Consolidated and The Bank						
	30 June 2017			31 December 2016		
	Cost	Fair value	Allowance for impairment (in thousand Baht)	Cost	Fair value	Allowance for impairment
Companies with problems in their financial positions and operating results	9,817	800	(9,017)	9,817	800	(9,017)

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**10 Investments in a subsidiary, net**

Investments in a subsidiary as at 30 June 2017 and 31 December 2016, and dividend income from those investments for the six-month periods ended 30 June 2017 and 2016, were as follows:

Name of subsidiary	Type of business	The Bank							
		Ownership interest		Paid-up capital		Cost		Dividend income	
		30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	30 June 2016
		(%)							
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 Investments in an associate, net**

Investments in an associate as at 30 June 2017 and 31 December 2016, and dividend income from those investments for the six-month periods ended 30 June 2017 and 2016 were as follows:

Consolidated 30 June 2017								
Name of associate	Type of business	Country of incorporation	Ownership interest (%)	Paid-up capital	Cost	Equity (in million Baht)	Fair value of listed securities	Dividend income for the six-month period ended 30 June 2017
Finansia Syrus Securities Public Company Limited	Securities business	Thailand	22.29	930	305	554	365	17
Total					<u>305</u>	<u>554</u>	<u>365</u>	<u>17</u>

Consolidated 31 December 2016								
Name of associate	Type of business	Country of incorporation	Ownership interest (%)	Paid-up capital	Cost	Equity (in million Baht)	Fair value of listed securities	Dividend income for the six-month period ended 30 June 2016
Finansia Syrus Securities Public Company Limited	Securities business	Thailand	22.29	930	305	561	371	17
Total					<u>305</u>	<u>561</u>	<u>371</u>	<u>17</u>

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

Name of associate	Ownership interest (%)	30 June 2017		For six-month period ended 30 June 2017		
		Total assets	Total liabilities	Total revenue (in million Baht)	Total expenses	Net profit
Finansia Syrus Securities Public Company Limited	22.29	5,446	2,932	799	700	88

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Name of associate	Ownership interest (%)	31 December 2016		For six-month period ended 30 June 2016		
		Total assets	Total liabilities	Total revenue	Total expenses	Net profit
		(in million Baht)				
Finansia Syrus Securities Public Company Limited	22.29	6,541	4,039	794	698	67

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

**12.1 Classified by types of loans**

	Consolidated		The Bank	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
<i>(in thousand Baht)</i>				
Overdrafts	844,864	815,220	844,864	815,220
Loans	64,732,794	71,780,930	64,714,526	71,760,438
Notes receivable	23,777,205	18,984,639	24,991,205	23,760,639
Factoring receivables	4,742,324	5,320,315	3,875,529	1,363,733
Hire purchase receivables	30,853,318	31,139,401	-	-
Finance lease receivables	8,742,746	7,285,810	-	-
Total loans to customers	133,693,251	135,326,315	94,426,124	97,700,030
Less deferred revenue	(4,868,632)	(4,579,521)	(254,859)	(122,063)
Total loans to customers, net of deferred revenue	128,824,619	130,746,794	94,171,265	97,577,967
Add accrued interest receivables	78,767	185,567	78,836	185,792
Total loans to customers, net of deferred revenue and accrued interest receivables	128,903,386	130,932,361	94,250,101	97,763,759
Less allowance for doubtful accounts				
- allowance established per BOT regulations	(2,612,032)	(2,734,578)	(825,684)	(876,942)
- allowance established in excess of BOT regulations	(3,876,179)	(3,145,886)	(3,003,856)	(2,890,488)
Less revaluation allowance for debt restructuring	(33,978)	(13,769)	(13,099)	(13,769)
Loans to customers and accrued interest receivables, net	122,381,197	125,038,128	90,407,462	93,982,560

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

	Consolidated					
	30 June 2017			31 December 2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
<i>(in thousand Baht)</i>						
Baht	104,990,224	9,227	104,999,451	103,643,619	9,268	103,652,887
US Dollar	5,199,851	12,836,537	18,036,388	5,795,631	17,206,277	23,001,908
Renminbi	434	483	917	641	265	906
Euro	930,781	4,851,515	5,782,296	886,668	3,194,553	4,081,221
Yen	5,567	-	5,567	9,872	-	9,872
Total <sup>(1)</sup>	111,126,857	17,697,762	128,824,619	110,336,431	20,410,363	130,746,794

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

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	<b>The Bank</b>					
	30 June 2017			31 December 2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	70,336,870	9,227	70,346,097	73,752,129	9,268	73,761,397
US Dollar	5,199,851	12,836,537	18,036,388	2,518,294	17,206,277	19,724,571
Renminbi	434	483	917	641	265	906
Euro	930,781	4,851,515	5,782,296	886,668	3,194,553	4,081,221
Yen	5,567	-	5,567	9,872	-	9,872
<b>Total <sup>(1)</sup></b>	<b>76,473,503</b>	<b>17,697,762</b>	<b>94,171,265</b>	<b>77,167,604</b>	<b>20,410,363</b>	<b>97,577,967</b>

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

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

	Consolidated 30 June 2017					
	Pass	Special mention	Substandard <i>(in thousand Baht)</i>	Doubtful	Doubtful of loss	Total
Agriculture and mining	74,685	29,720	-	-	-	104,405
Manufacturing and commerce	47,968,628	375,812	-	26,084	513,062	48,883,586
Property development and construction	17,668,280	150,514	26,106	14,775	388,851	18,248,526
Infrastructure and services	17,895,108	252,994	-	341,832	22,544	18,512,478
Housing loans	9,270	3,713	-	-	38	13,021
Others <sup>(1)</sup>	38,181,494	4,312,900	441,272	114,455	12,482	43,062,603
<b>Total <sup>(2)</sup></b>	<b>121,797,465</b>	<b>5,125,653</b>	<b>467,378</b>	<b>497,146</b>	<b>936,977</b>	<b>128,824,619</b>

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

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

	Consolidated 31 December 2016					
	Pass	Special mention	Substandard <i>(in thousand Baht)</i>	Doubtful	Doubtful of loss	Total
Agriculture and mining	149,746	36,176	-	-	-	185,922
Manufacturing and commerce	47,406,537	199,098	17,678	24,751	499,614	48,147,678
Property development and construction	21,876,752	109,402	-	43,698	360,489	22,390,341
Infrastructure and services	19,665,882	260,371	-	346,983	22,544	20,295,780
Housing loans	10,982	4,188	-	-	77	15,247
Others <sup>(1)</sup>	35,331,271	3,690,463	514,667	163,078	12,347	39,711,826
<b>Total <sup>(2)</sup></b>	<b>124,441,170</b>	<b>4,299,698</b>	<b>532,345</b>	<b>578,510</b>	<b>895,071</b>	<b>130,746,794</b>

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

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

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<b>The Bank</b>						
<b>30 June 2017</b>						
	Pass	Special mention	Substandard (in thousand Baht)	Doubtful	Doubtful of loss	Total
Agriculture and mining	74,685	29,720	-	-	-	104,405
Manufacturing and commerce	48,406,587	357,545	-	26,084	513,062	49,303,278
Property development and construction	17,668,280	150,514	26,106	14,775	388,851	18,248,526
Infrastructure and services	17,895,108	252,994	-	341,832	22,544	18,512,478
Housing loans	9,270	3,713	-	-	38	13,021
Others	7,975,352	1,138	368	352	12,347	7,989,557
<b>Total <sup>(1)</sup></b>	<b>92,029,282</b>	<b>795,624</b>	<b>26,474</b>	<b>383,043</b>	<b>936,842</b>	<b>94,171,265</b>

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

<b>The Bank</b>						
<b>31 December 2016</b>						
	Pass	Special mention	Substandard (in thousand Baht)	Doubtful	Doubtful of loss	Total
Agriculture and mining	149,746	36,176	-	-	-	185,922
Manufacturing and commerce	48,546,331	199,098	17,678	24,751	499,614	49,287,472
Property development and construction	21,876,752	109,402	-	43,698	360,489	22,390,341
Infrastructure and services	19,665,882	260,371	-	346,983	22,544	20,295,780
Housing loans	10,982	4,188	-	-	77	15,247
Others	5,389,757	698	275	128	12,347	5,403,205
<b>Total <sup>(1)</sup></b>	<b>95,639,450</b>	<b>609,933</b>	<b>17,953</b>	<b>415,560</b>	<b>895,071</b>	<b>97,577,967</b>

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

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**12.4 Loans classified by type of classification**

	Consolidated 30 June 2017						
	Loans to	The Bank			Subsidiary		Total
	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	Net amount used to set the allowance for doubtful accounts	Allowance for doubtful accounts	
				(in thousand Baht)			
<i>Minimum allowance as per BOT's Regulations</i>							
Pass	121,869,098	49,899,623	1	498,996	30,974,088	424,841	923,837
Special mention	5,132,731	87,465	2	1,749	4,195,553	1,157,176	1,158,925
Substandard	467,377	367	100	367	440,904	162,793	163,160
Doubtful	497,203	352	100	352	114,104	41,403	41,755
Doubtful of loss	936,977	324,220	100	324,220	135	135	324,355
							2,612,032
Excess allowance <sup>(2)</sup>							3,876,179
Total	128,903,386	50,312,027		825,684	35,724,784	1,786,348	6,488,211

(1) Net balance used in setting up allowance for doubtful accounts is (a) debt balances (excluding accrued interest receivables) 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 "substandard", "doubtful" and "doubtful of loss".

(2) This includes additional provision of Baht 138 million recorded at the Bank's level to account for expected losses arising in the hire purchase and finance lease receivables portfolio.

	Consolidated 31 December 2016						
	Loans to customers and accrued interest receivables less deferred revenue	The Bank Net amount used to set the allowance for doubtful accounts <sup>(1)</sup>	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts	Subsidiary Net amount used to set the allowance for doubtful accounts	Allowance for doubtful accounts <sup>(3)</sup>	Total
	(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
Total	130,932,361	55,488,206		876,942	37,718,989	1,857,636	5,880,464

(1) Net balance used in setting up allowance for doubtful accounts is (a) debt balances (excluding accrued interest receivables) 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 "substandard", "doubtful" and "doubtful of loss".

(2) This includes additional provision of Baht 138 million recorded at the Bank's level to account for expected losses arising in the hire purchase and finance lease receivables portfolio.

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



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**The Bank**  
**30 June 2017**

	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	92,100,987	49,899,623	1	498,996
Special mention	802,700	87,465	2	1,749
Substandard	26,473	367	100	367
Doubtful	383,099	352	100	352
Doubtful of loss	936,842	324,220	100	324,220
				825,684
Excess allowance <sup>(2)</sup>				3,003,856
<b>Total</b>	<b>94,250,101</b>	<b>50,312,027</b>		<b>3,829,540</b>

<sup>(1)</sup> Net balance used in setting up allowance for doubtful accounts is (a) debt balances (excluding accrued interest receivables) 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 "substandard", "doubtful" and "doubtful of loss".

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

**The Bank**  
**31 December 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
<i>(in thousand Baht)</i>				
<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 receivables) 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 "substandard", "doubtful" and "doubtful of loss".

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

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**12.5 Non-performing loans**

As at 30 June 2017 and 31 December 2016, the Bank used the guidelines specified in the BOT's notification number Sor Nor Sor 5/2559, directive dated 10 June 2016 in determining Non-Performing Loans which consist of loans classified as substandard, doubtful, doubtful of loss and loss under the BOT's guideline. The amounts are as follows:

	Consolidated		The Bank	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	<i>(in thousand Baht)</i>			
Non-Performing Loans (net of allowance for doubtful accounts)	1,251,140	1,320,571	911,925	894,415
% of Non-Performing Loans to total loans (net) <sup>(1)</sup>	0.91	0.98	0.88	0.88
Non-Performing Loans (gross)	1,901,501	2,005,926	1,346,359	1,328,584
% of Non-Performing Loans to total loans (gross) <sup>(1)</sup>	1.37	1.49	1.29	1.31

<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 30 June 2017 and 31 December 2016 are as follows:

	Consolidated		The Bank	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	<i>(in thousand Baht)</i>			
Loans where recognition of income has been suspended (principal only)	1,901,501	1,658,942	1,346,359	981,601
% of loans where recognition of income has been suspended <sup>(1)</sup>	1.37	1.23	1.29	0.97

<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	
			30 June 2017	31 December 2016	30 June 2017	31 December 2016
			<i>(% per annum)</i>		<i>(in million Baht)</i>	
ICBC (Thai) Leasing Company Limited	Revolving loan	At call	1.85	2.25	1,214	4,776
<b>Total</b>					<b>1,214</b>	<b>4,776</b>
Allowance for doubtful accounts					150	186

As at 30 June 2017 and 31 December 2016, the Bank had booked minimum allowance as per BOT regulations for loans to subsidiary and held impairment provisions amounting to Baht 138 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 Bank to its subsidiary. Such amount has been booked to loans to customers in the Bank's financial statements under excess allowance over minimum BOT requirements (Note 12.4).

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**13 Troubled debt restructuring**

During the periods ended 30 June 2017 and 2016, details of restructured debts as at the date of restructuring, classified by the restructuring method were as follows:

Consolidated 30 June 2017					
	Number of debtors	Outstanding balances before restructuring	after restructuring (in million Baht)	Average period of the remaining term of debt restructuring	Loss on debt restructuring <sup>(1)</sup>
Changes of repayment conditions	7	2,204	2,090	1 - 3 Years	26

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

Consolidated 30 June 2016					
	Number of debtors	Outstanding balances before restructuring	after restructuring (in million Baht)	Average period of the remaining term of debt restructuring	Loss on debt restructuring <sup>(1)</sup>
Changes of repayment conditions	1	43	43	5 Years	1.5

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

The Bank					
30 June 2017					
	Number of debtors	Outstanding balances before restructuring	after restructuring (in million Baht)	Average period of the remaining term of debt restructuring	Loss on debt restructuring <sup>(1)</sup>
Changes of repayment conditions	4	206	100	1 Year	0.054

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

The Bank					
30 June 2016					
	Number of	Outstanding balances		Average	
	debtors	before	after	period of	Loss on
		restructuring	restructuring	the remaining	debt
			(in million Baht)	term of debt	restructuring <sup>(1)</sup>
				restructuring	
Changes of repayment					
conditions	1	43	43	5 Years	1.5

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

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Additional information relating to restructuring debtors for the six-month periods ended 30 June 2017 and 2016 are as follows:

<i>Six-month periods ended 30 June</i>	<b>Consolidated</b>		<b>The Bank</b>	
	2017	2016	2017	2016
	<i>(in million Baht)</i>		<i>(in million Baht)</i>	
Interest income recognised in profit or loss	52	23	23	23
Cash collection from debtors				
Principal	142	22	127	22
Interest	10	11	10	21

As at 30 June 2017, the Bank and its subsidiary have outstanding balances relating to restructured loans for the consolidated and the Bank's financial statement amounting to Baht 2,633 million and 625 million, respectively. (31 December 2016: Baht 737 million and 737 million)

During the six-month periods ended 30 June 2017, the Bank and its subsidiary recorded allowance for revaluation on debt restructuring amounting to Baht 26 and 0.054 million respectively (30 June 2016: Baht 1.5 million and 1.5 million) and amortised allowance for revaluation on debt restructuring as interest income for the six-month periods ended 30 June 2017 totaling Baht 6 million and 0.7 million, respectively. (30 June 2016: Baht 0.7 million and 0.7 million)

As at 30 June 2017 and 31 December 2016, the Bank has no commitment to additionally lend to its debtors after debt restructuring.

#### **14 Hire purchase and finance lease receivables**

As at 30 June 2017 and 31 December 2016, 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 (31 December 2016: 1 to 12 years) and the interest is charged at floating or fixed rates as specified in the contracts.

	Consolidated 30 June 2017				
	Less than 1 year	1 - 5 years	Over 5 years <i>(in million Baht)</i>	Non- performing loan	Total
Total of gross investments in the lease	11,679	24,210	3,079	628	39,596
Less deferred revenue <sup>(1)</sup>	(1,700)	(2,513)	(237)	(73)	(4,523)
Present value of the lease payments	<u>9,979</u>	<u>21,697</u>	<u>2,842</u>	<u>555</u>	<u>35,073</u>
Allowance for doubtful accounts					(2,768)
Hire purchase and finance lease receivables, net					<u>32,305</u>

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

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	<b>Consolidated</b> <b>31 December 2016</b>				
	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>					<u><b>32,126</b></u>

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

The allowance for doubtful accounts represents the minimum allowance required under BOT guidelines and an additional allowance of Baht 138 million as at 30 June 2017 (31 December 2016 : Baht 138 million) recorded at the Bank's level to account for expected losses arising in the hire purchase and finance lease receivable portfolio.

#### 14.1 Classified by aging

As at 30 June 2017 and 31 December 2016, hire purchase and financial lease receivables are classified by the due date of the contracts as follows:

	<b>Consolidated</b>	
	30 June 2017	31 December 2016
	(in million Baht)	
Not yet due	28,161	27,416
Overdue:		
Not over 90 days	6,357	6,216
91 - 180 days	441	514
181 - 365 days	114	163
More than 365 days	-	-
	<u>35,073</u>	<u>34,309</u>
Allowance for doubtful accounts	<u>2,768</u>	<u>2,183</u>

## 15 Allowance for doubtful accounts

	<b>Consolidated</b> <b>30 June 2017</b>						
	Pass	Special mention	Sub - standard	Doubtful	Doubtful of loss	Allowance established in excess of BOT regulations	Total
	(in thousand Baht)						
Beginning balance	929,187	1,233,643	186,565	60,815	324,368	3,145,886	5,880,464
Bad debt and doubtful accounts	(5,350)	(74,718)	(23,405)	(19,060)	103,686	730,293	711,446
Bad debt written off	-	-	-	-	(103,699)	-	(103,699)
<b>Ending balance</b>	<u><b>923,837</b></u>	<u><b>1,158,925</b></u>	<u><b>163,160</b></u>	<u><b>41,755</b></u>	<u><b>324,355</b></u>	<u><b>3,876,179</b></u>	<u><b>6,488,211</b></u>

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Consolidated 31 December 2016							
	Pass	Special mention	Sub - standard	Doubtful (in thousand Baht)	Doubtful of loss	Allowance established in excess of BOT regulations	Total
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)
Ending balance	<u>929,187</u>	<u>1,233,643</u>	<u>186,565</u>	<u>60,815</u>	<u>324,368</u>	<u>3,145,886</u>	<u>5,880,464</u>
The Bank 30 June 2017							
	Pass	Special mention	Sub - standard	Doubtful (in thousand Baht)	Doubtful of loss	Allowance established in excess of BOT regulations	Total
Beginning balance	551,395	473	274	432	324,368	2,890,488	3,767,430
Bad debt and doubtful accounts	(52,399)	1,276	93	(80)	803	113,368	63,061
Bad debt written off	-	-	-	-	(951)	-	(951)
Ending balance	<u>498,996</u>	<u>1,749</u>	<u>367</u>	<u>352</u>	<u>324,220</u>	<u>3,003,856</u>	<u>3,829,540</u>
The Bank 31 December 2016							
	Pass	Special mention	Sub - standard	Doubtful (in thousand Baht)	Doubtful of loss	Allowance established in excess of BOT regulations	Total
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)
Ending balance	<u>551,395</u>	<u>473</u>	<u>274</u>	<u>432</u>	<u>324,368</u>	<u>2,890,488</u>	<u>3,767,430</u>

**16 Revaluation of allowance for debt restructuring**

	Consolidated		The Bank	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	(in thousand Baht)			
Beginning balance	13,769	13,725	13,769	13,725
Increase	25,989	1,504	54	1,504
Amortisation to interest income	(5,780)	(1,460)	(724)	(1,460)
Ending balance	<u>33,978</u>	<u>13,769</u>	<u>13,099</u>	<u>13,769</u>

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**17 Properties foreclosed, net**

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

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

The details of properties foreclosed are as follows:

			Consolidated 30 June 2017		Portion subject to disposal restrictions, buyback rights or first refusal rights
Type of properties foreclosed	Beginning balance	Additions	Disposals <i>(in thousand Baht)</i>	Ending balance	
<b>Assets transferred in settlement of debts</b>					
Immovable properties	844,434	-	(1,176)	843,258 <sup>(1)</sup>	29,146
Movable assets	53,049	195,494	(220,824)	27,719	-
<b>Total</b>	<b>897,483</b>	<b>195,494</b>	<b>(222,000)</b>	<b>870,977</b>	<b>29,146</b>
<b>Assets from auction bidding</b>					
Immovable properties	96,277	13	(24,960)	71,330	-
Movable assets	-	6	(6)	-	-
<b>Total</b>	<b>96,277</b>	<b>19</b>	<b>(24,966)</b>	<b>71,330</b>	<b>-</b>
<b>Total properties foreclosed</b>	<b>993,760</b>	<b>195,513</b>	<b>(246,966)</b>	<b>942,307</b>	<b>29,146</b>
<i>Less allowance for impairment</i>	<i>(218,241)</i>	<i>(42,063)</i>	<i>59,943</i>	<i>(200,361)</i>	<i>(16,619)</i>
<b>Total properties foreclosed, net</b>	<b>775,519</b>	<b>153,450</b>	<b>(187,023)</b>	<b>741,946</b>	<b>12,527</b>

<sup>(1)</sup> As of 30 June 2017, 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 204 million, respectively.

the amount of Baht 639 million and Baht 204 million, respectively.

Consolidated 31 December 2016					Portion subject to disposal restrictions, buyback rights or first refusal rights
Type of properties foreclosed	Beginning balance	Additions	Disposals (in thousand Baht)	Ending balance	
<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>
<i>Less allowance for impairment</i>	<i>(246,117)</i>	<i>(193,649)</i>	<i>221,525</i>	<i>(218,241)</i>	<i>(16,619)</i>
<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.

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<b>The Bank</b>					
<b>30 June 2017</b>					
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	844,434	-	(1,176)	843,258 <sup>(1)</sup>	29,146
<b>Total</b>	<b>844,434</b>	<b>-</b>	<b>(1,176)</b>	<b>843,258</b>	<b>29,146</b>
<b>Assets from auction bidding</b>					
Immovable properties	96,277	13	(24,960)	71,330	-
Movable assets	-	6	(6)	-	-
<b>Total</b>	<b>96,277</b>	<b>19</b>	<b>(24,966)</b>	<b>71,330</b>	<b>-</b>
<b>Total properties foreclosed</b>	<b>940,711</b>	<b>19</b>	<b>(26,142)</b>	<b>914,588</b>	<b>29,146</b>
<b>Less allowance for impairment</b>	<b>(196,946)</b>	<b>(330)</b>	<b>5,230</b>	<b>(192,046)</b>	<b>(16,619)</b>
<b>Total properties foreclosed, net</b>	<b>743,765</b>	<b>(311)</b>	<b>(20,912)</b>	<b>722,542</b>	<b>12,527</b>

<sup>(1)</sup> As of 30 June 2017, 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 204 million, respectively.

<b>The Bank</b>					
<b>31 December 2016</b>					
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>
<b>Less allowance for impairment</b>	<b>(196,559)</b>	<b>(2,207)</b>	<b>1,820</b>	<b>(196,946)</b>	<b>(16,619)</b>
<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.



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**18 Premises and equipment, net**

	Land	Buildings	Consolidated Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
<b>Cost</b>					
At 1 January 2016	8,500	6,892	487,187	122,346	624,925
Additions	-	-	60,835	-	60,835
Disposals/write-off	-	-	(2,461)	(10,304)	(12,765)
<b>At 31 December 2016 and 1 January 2017</b>	<b>8,500</b>	<b>6,892</b>	<b>545,561</b>	<b>112,042</b>	<b>672,995</b>
Additions	-	-	11,003	8,608	19,611
Disposals/write-off	-	-	(35)	(8,101)	(8,136)
<b>At 30 June 2017</b>	<b>8,500</b>	<b>6,892</b>	<b>556,529</b>	<b>112,549</b>	<b>684,470</b>
<b>Accumulated depreciation</b>					
At 1 January 2016	-	(1,295)	(389,283)	(109,357)	(499,935)
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 and 1 January 2017</b>	<b>-</b>	<b>(1,498)</b>	<b>(423,223)</b>	<b>(104,734)</b>	<b>(529,455)</b>
Depreciation charge for the period	-	(100)	(18,852)	(2,096)	(21,048)
Disposals/write-off	-	-	26	8,101	8,127
<b>At 30 June 2017</b>	<b>-</b>	<b>(1,598)</b>	<b>(442,049)</b>	<b>(98,729)</b>	<b>(542,376)</b>
<b>Net book value</b>					
At 1 January 2016	8,500	5,597	97,904	12,989	124,990
<b>At 31 December 2016 and 1 January 2017</b>	<b>8,500</b>	<b>5,394</b>	<b>122,338</b>	<b>7,308</b>	<b>143,540</b>
<b>At 30 June 2017</b>	<b>8,500</b>	<b>5,294</b>	<b>114,480</b>	<b>13,820</b>	<b>142,094</b>

As at 30 June 2017, the Bank and its subsidiary have motor vehicles acquired under financial leases with net book values amounting to Baht 6 Million (31 December 2016: Baht 6 million).

The gross amount of the Bank and its subsidiary fully depreciated equipment that was still in use as at 30 June 2017 amounting to Baht 393 million (31 December 2016: Baht 364 million).

	Land	Buildings	The Bank Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
<b>Cost</b>					
At 1 January 2016	8,500	6,892	384,556	95,287	495,235
Additions	-	-	58,360	-	58,360
Disposals/write-off	-	-	(15)	(8,284)	(8,299)
<b>At 31 December 2016 and 1 January 2017</b>	<b>8,500</b>	<b>6,892</b>	<b>442,901</b>	<b>87,003</b>	<b>545,296</b>
Additions	-	-	10,523	8,608	19,131
Disposal/write-off	-	-	-	(8,101)	(8,101)
<b>At 30 June 2017</b>	<b>8,500</b>	<b>6,892</b>	<b>453,424</b>	<b>87,510</b>	<b>556,326</b>

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	Land	Buildings	The Bank Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
<b>Accumulated depreciation</b>					
At 1 January 2016	-	(1,295)	(304,533)	(91,422)	(397,250)
Depreciation charge for the year	-	(203)	(26,747)	(2,998)	(29,948)
Disposals/write-off	-	-	15	8,283	8,298
At 31 December 2016 and 1 January 2017	-	(1,498)	(331,265)	(86,137)	(418,900)
Depreciation charge for the period	-	(100)	(15,452)	(1,702)	(17,254)
Disposal/write-off	-	-	-	8,101	8,101
At 30 June 2017	-	(1,598)	(346,717)	(79,738)	(428,053)
<b>Net book value</b>					
At 1 January 2016	8,500	5,597	80,023	3,865	97,985
At 31 December 2016 and 1 January 2017	8,500	5,394	111,636	866	126,396
At 30 June 2017	8,500	5,294	106,707	7,772	128,273

As at 30 June 2017 and 31 December 2016, 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 30 June 2017 amounting to Baht 321 Million (31 December 2016: Baht 297 million).

## 19 Intangible assets, net

	Computer softwares	Consolidated Computer softwares under development (in thousand Baht)	Deferred license fee	Total
<b>Cost</b>				
At 1 January 2016	374,112	615	26,750	401,477
Additions	10,174	1,025	-	11,199
At 31 December 2016 and 1 January 2017	384,286	1,640	26,750	412,676
Additions	460	-	-	460
At 30 June 2017	384,746	1,640	26,750	413,136
<b>Amortisation</b>				
At 1 January 2016	(353,109)	-	(7,940)	(361,049)
Amortisation for the year	(12,979)	-	(2,681)	(15,660)
At 31 December 2016 and 1 January 2017	(366,088)	-	(10,621)	(376,709)
Amortisation for the period	(2,346)	-	(1,326)	(3,672)
At 30 June 2017	(368,434)	-	(11,947)	(380,381)
<b>Net book value</b>				
At 1 January 2016	21,003	615	18,810	40,428
At 31 December 2016 and 1 January 2017	18,198	1,640	16,129	35,967
At 30 June 2017	16,312	1,640	14,803	32,755

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	<b>The Bank</b>			
	Computer softwares	Computer softwares under development (in thousand Baht)	Deferred license fee	Total
<i>Cost</i>				
At 1 January 2016	340,927	-	26,750	367,677
Additions	10,174	-	-	10,174
At 31 December 2016 and 1 January 2017	351,101	-	26,750	377,851
Additions	460	-	-	460
At 30 June 2017	351,561	-	26,750	378,311
<i>Amortisation</i>				
At 1 January 2016	(324,823)	-	(7,940)	(332,763)
Amortisation for the year	(10,826)	-	(2,681)	(13,507)
At 31 December 2016 and 1 January 2017	(335,649)	-	(10,621)	(346,270)
Amortisation for the period	(1,683)	-	(1,326)	(3,009)
At 30 June 2017	(337,332)	-	(11,947)	(349,279)
<i>Net book value</i>				
At 1 January 2016	16,104	-	18,810	34,914
At 31 December 2016 and 1 January 2017	15,452	-	16,129	31,581
At 30 June 2017	14,229	-	14,803	29,032

**20 Deferred tax assets, net**

Deferred tax assets and liabilities were as follows:

	<b>Consolidated</b>	
	30 June 2017	31 December 2016
	<i>(in thousand Baht)</i>	
Deferred tax assets	1,461,046	1,334,453
Deferred tax liabilities	(597,911)	(528,153)
Net	<u>863,135</u>	<u>806,300</u>

	<b>The Bank</b>	
	30 June 2017	31 December 2016
	<i>(in thousand Baht)</i>	
Deferred tax assets	486,421	482,996
Deferred tax liabilities	(93,158)	(107,716)
Net	<u>393,263</u>	<u>375,280</u>

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Movements in total deferred tax assets and liabilities during the period/year ended 30 June 2017 and 31 December 2016 were as follows:

	At 1 January 2017	Consolidated (Charged) / Credited to:		At 30 June 2017
		Profit or loss (Note 42) (in thousand Baht)	Other comprehensive income	
<b>Deferred tax assets</b>				
Investments	11,802	-	(11,802)	-
Loans to customers and accrued interest receivables	363,387	106,772	-	470,159
Allowance for doubtful accounts	475,200	18,782	-	493,982
Properties foreclosed	43,648	(3,576)	-	40,072
Other assets	387,541	9,080	-	396,621
Provisions	35,515	3,305	-	38,820
Other liabilities	17,360	4,032	-	21,392
<b>Total</b>	<b>1,334,453</b>	<b>138,395</b>	<b>(11,802)</b>	<b>1,461,046</b>
<b>Deferred tax liabilities</b>				
Investments	(107,716)	-	14,558	(93,158)
Investments in an associate	(25,576)	684	-	(24,892)
Loans to customers and accrued interest receivables	(390,520)	(84,232)	-	(474,752)
Deferred direct costs of debentures	(4,341)	(768)	-	(5,109)
<b>Total</b>	<b>(528,153)</b>	<b>(84,316)</b>	<b>14,558</b>	<b>(597,911)</b>
<b>Net</b>	<b>806,300</b>	<b>54,079</b>	<b>2,756</b>	<b>863,135</b>
	At 1 January 2016	Consolidated (Charged) / Credited to:		At 31 December 2016
		Profit or loss (Note 42) (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>

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	At 1 January 2017	The Bank (Charged) / Credited to:		At 30 June 2017
		Profit or loss (Note 42)	Other comprehensive income	
		(in thousand Baht)		
<b>Deferred tax assets</b>				
Investments	11,802	-	(11,802)	-
Loans to customers and accrued interest receivables	19,324	907	-	20,231
Allowance for doubtful accounts	381,200	13,000	-	394,200
Properties foreclosed	39,389	(980)	-	38,409
Other assets	692	(98)	-	594
Provisions	30,105	3,062	-	33,167
Other liabilities	484	(664)	-	(180)
<b>Total</b>	<b>482,996</b>	<b>15,227</b>	<b>(11,802)</b>	<b>486,421</b>
<b>Deferred tax liabilities</b>				
Investments	(107,716)	-	14,558	(93,158)
<b>Total</b>	<b>(107,716)</b>	<b>-</b>	<b>14,558</b>	<b>(93,158)</b>
<b>Net</b>	<b>375,280</b>	<b>15,227</b>	<b>2,756</b>	<b>393,263</b>

	At 1 January 2016	The Bank (Charged) / Credited to:		At 31 December 2016
		Profit or loss (Note 42)	Other comprehensive income	
		(in thousand Baht)		
<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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**21 Other assets, net**

	Consolidated		The Bank	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	<i>(in thousand Baht)</i>			
Prepaid expenses	15,872	14,310	12,825	11,486
Deposit	17,724	26,293	11,109	10,666
Advance	2,345	3,236	2,331	3,221
Others	3,773	3,809	2,967	3,092
<b>Total</b>	<b>39,714</b>	<b>47,648</b>	<b>29,232</b>	<b>28,465</b>

**22 Classified assets**

Consolidated 30 June 2017				
	Loans to customers and accrued interest receivables <sup>(2)</sup>	Investments	Properties foreclosed	Other assets
	<i>(in million Baht)</i>			
Pass	131,746 <sup>(1)</sup>	-	-	-
Special mention	5,133	-	-	-
Substandard	467	-	-	-
Doubtful	497	-	-	-
Doubtful of loss	937	9	200	456
<b>Total</b>	<b>138,780</b>	<b>9</b>	<b>200</b>	<b>456</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

Consolidated 31 December 2016				
	Loans to customers and accrued interest receivables <sup>(2)</sup>	Investments	Properties foreclosed	Other assets
	<i>(in million Baht)</i>			
Pass	128,616 <sup>(1)</sup>	-	-	-
Special mention	4,323	-	-	-
Substandard	532	-	-	-
Doubtful	580	-	-	-
Doubtful of loss	895	9	218	431
<b>Total</b>	<b>134,946</b>	<b>9</b>	<b>218</b>	<b>431</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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**The Bank**  
**30 June 2017**

	Loans to customers and accrued interest receivables <sup>(2)</sup>	Investments	Properties foreclosed (in million Baht)	Other assets	Total
Pass	101,978 <sup>(1)</sup>	-	-	-	101,978
Special mention	803	-	-	-	803
Substandard	26	-	-	-	26
Doubtful	383	-	-	-	383
Doubtful of loss	937	9	192	3	1,141
<b>Total</b>	<b>104,127</b>	<b>9</b>	<b>192</b>	<b>3</b>	<b>104,331</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**  
**31 December 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

## **23 Deposits**

### **23.1 Classified by product**

	<b>Consolidated</b>		<b>The Bank</b>	
	<b>30 June 2017</b>	<b>31 December 2016</b>	<b>30 June 2017</b>	<b>31 December 2016</b>
	<i>(in thousand Baht)</i>			
Demand	7,033,123	8,090,650	7,033,366	8,090,800
Savings	9,785,357	8,716,585	9,785,754	8,716,954
Fixed				
- Less than 6 months	33,958,857	29,423,300	33,958,857	29,423,300
- 6 months and less than 1 year	27,693,682	19,547,332	27,693,682	19,547,332
- Over 1 year	25,950,018	26,245,656	25,950,018	26,245,656
<b>Total</b>	<b>104,421,037</b>	<b>92,023,523</b>	<b>104,421,677</b>	<b>92,024,042</b>

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

	Consolidated					
	30 June 2017			31 December 2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	98,935,775	2,394,763	101,330,538	87,409,693	2,034,719	89,444,412
US Dollar	706,475	779,467	1,485,942	1,045,397	509,495	1,554,892
Other currencies	889,220	715,337	1,604,557	557,700	466,519	1,024,219
<b>Total</b>	<b>100,531,470</b>	<b>3,889,567</b>	<b>104,421,037</b>	<b>89,012,790</b>	<b>3,010,733</b>	<b>92,023,523</b>

	The Bank					
	30 June 2017			31 December 2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	98,936,415	2,394,763	101,331,178	87,410,212	2,034,719	89,444,931
US Dollar	706,475	779,467	1,485,942	1,045,397	509,495	1,554,892
Other currencies	889,220	715,337	1,604,557	557,700	466,519	1,024,219
<b>Total</b>	<b>100,532,110</b>	<b>3,889,567</b>	<b>104,421,677</b>	<b>89,013,309</b>	<b>3,010,733</b>	<b>92,024,042</b>

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

	Consolidated and The Bank					
	30 June 2017			31 December 2016		
	Demand	Time	Total	Demand	Time	Total
	<i>(in thousand Baht)</i>					
<b>Domestic items</b>						
Bank of Thailand	-	404,844	404,844	-	697,727	697,727
Commercial banks	454,846	-	454,846	82,731	1,433,228	1,515,959
Specialised financial institutions	-	510,137	510,137	-	483,066	483,066
Other financial institutions	795,050	6,032,534	6,827,584	359,855	4,520,327	4,880,182
<b>Total domestic items</b>	<b>1,249,896</b>	<b>6,947,515</b>	<b>8,197,411</b>	<b>442,586</b>	<b>7,134,348</b>	<b>7,576,934</b>
<b>Foreign items</b>						
US Dollar	-	25,340,202	25,340,202	-	24,329,045	24,329,045
Renminbi	115	469,267	469,382	118	-	118
Euro	-	2,447,695	2,447,695	-	3,209,405	3,209,405
Baht	201,086	-	201,086	323,624	-	323,624
<b>Total foreign items</b>	<b>201,201</b>	<b>28,257,164</b>	<b>28,458,365</b>	<b>323,742</b>	<b>27,538,450</b>	<b>27,862,192</b>
<b>Total domestic and foreign items</b>	<b>1,451,097</b>	<b>35,204,679</b>	<b>36,655,776</b>	<b>766,328</b>	<b>34,672,798</b>	<b>35,439,126</b>

**25 Debt issued and borrowings**

As at 30 June 2017 and 31 December 2016, debt issued and borrowings which were denominated entirely in Thai Baht consist of the following:

	Maturity dates	Consolidated			Maturity dates	31 December 2016	
		Interest rate	Amount			Interest rate	Amount
		(%)	<i>(in thousand Baht)</i>			(%)	<i>(in thousand Baht)</i>
Secured debentures <sup>(1)</sup>	2017-2019	3.37-3.94	10,959,629	2017-2019	3.24-3.94		12,894,663
Unsecured debentures	2017-2026	1.50-4.50	19,219,742	2017-2026	1.55-4.50		16,328,440
<b>Total</b>			<b>30,179,371</b>				<b>29,223,103</b>

<sup>(1)</sup> Secured debentures issued in 2014 by the subsidiary are guaranteed by the Bank.



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		<b>The Bank</b>	
		30 June 2017	31 December 2016
	Maturity dates	Interest rate (%)	Maturity dates
		Amount (in thousand Baht)	Interest rate (%)
			Amount (in thousand Baht)
Unsecured debentures	2017	2.08	2017
Total		<u>2,734,655</u>	<u>2,734,196</u>

**26 Employee benefit obligations**

	<b>Consolidated</b>		<b>The Bank</b>	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	<i>(in million Baht)</i>			
Statement of financial position obligations for:				
Post-employment benefits	<u>199</u>	<u>180</u>	<u>171</u>	<u>156</u>

	<b>Consolidated</b>		<b>The Bank</b>	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
<i>Six-month period ended 30 June</i>				
Statement of profit or loss and other comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits	<u>19</u>	<u>17</u>	<u>15</u>	<u>12</u>

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

The statement of financial position obligation has determined as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	<i>(in million Baht)</i>			
Present value of unfunded obligations	<u>199</u>	<u>180</u>	<u>171</u>	<u>156</u>
Statement of financial position obligations	<u>199</u>	<u>180</u>	<u>171</u>	<u>156</u>

Movement in the present value of the defined benefit obligations:

	<b>Consolidated</b>		<b>The Bank</b>	
	For the six-month period ended 30 June 2017	For the year ended 31 December 2016	For the six-month period ended 30 June 2017	For the year ended 31 December 2016
	<i>(in million Baht)</i>			
Defined benefit obligations at the beginning of the period/year	180	173	156	143
Include in profit or loss:				
Current service costs and interest	<u>19</u>	<u>37</u>	<u>15</u>	<u>28</u>
	<u>19</u>	<u>37</u>	<u>15</u>	<u>28</u>

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	Consolidated		The Bank	
	For the six-month period ended 30 June 2017	For the year ended 31 December 2016	For the six-month period ended 30 June 2017	For the year ended 31 December 2016
	<i>(in million Baht)</i>			
<b>Include in other comprehensive income:</b>				
Actuarial gains	-	(18)	-	(7)
	-	(18)	-	(7)
<b>Other</b>				
Benefits paid	-	(12)	-	(8)
<b>Defined benefit obligations at the ended of the period/year</b>	<b>199</b>	<b>180</b>	<b>171</b>	<b>156</b>

Actuarial gains recognised in other comprehensive income arising from:

	Consolidated		The Bank	
<i>Six-month period ended 30 June</i>	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Demographic assumptions	-	9	-	9
Financial assumptions	-	(8)	-	(10)
Experience adjustment	-	(11)	-	(4)
<b>Total</b>	<b>-</b>	<b>(10)</b>	<b>-</b>	<b>(5)</b>

**Actuarial assumptions**

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

	Consolidated and The Bank	
	30 June 2017	31 December 2016
	<i>(%)</i>	
Discount rate	2.13 - 2.42	2.13 - 2.42
Future salary increases	6	6
Staff turnover rate	0 - 20	0 - 20

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

**Sensitivity analysis**

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

Defined benefit obligation 30 June 2017	Consolidated		The Bank	
	(in million Baht)			
	Increase	Decrease	Increase	Decrease
Discount rate (0.5-1% movement)	(10.63)	11.75	(8.75)	9.64
Future salary growth (0.5-1% movement)	13.05	(12.01)	10.89	(10.05)
Future mortality (1 year)	0.64	(0.64)	0.51	(0.51)

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	Total
	<i>(in thousand Baht)</i>		
At 1 January 2016	22,000	1,700	23,700
Provisions made	-	115	115
Provisions used	(9,093)	-	(9,093)
Provision reversed	(12,907)	-	(12,907)
At 31 December 2016 and 1 January 2017	-	1,815	1,815
At 30 June 2017	-	1,815	1,815

	<b>The Bank</b>		
	Share losses from management of non- performing loans (Note 9.4)	Loss from lawsuit	Total
	<i>(in thousand Baht)</i>		
At 1 January 2016	22,000	1,700	23,700
Provisions used	(9,093)	-	(9,093)
Provision reversed	(12,907)	-	(12,907)
At 31 December 2016 and 1 January 2017	-	1,700	1,700
At 30 June 2017	-	1,700	1,700

**28 Other liabilities**

	<b>Consolidated</b>		<b>The Bank</b>	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	<i>(in thousand Baht)</i>			
Other payables	702,399	684,590	196,441	137,080
Suspense creditors	811,676	363,670	811,676	363,670
Accrued expenses	437,027	493,428	386,578	428,223
Withholding tax payable	29,252	29,572	24,147	24,715
Special business tax payable	19,342	18,456	19,342	18,456
Corporate income tax payable	233,206	174,973	233,206	171,359
Others	129,925	139,196	75,892	86,969
<b>Total</b>	<b>2,362,827</b>	<b>1,903,885</b>	<b>1,747,282</b>	<b>1,230,472</b>

**29 Share capital**

	Par value per share (in Baht)	For the six-month period ended 30 June 2017		For the year ended 31 December 2016	
		Number	Baht (thousand shares/thousand Baht)	Number	Baht
<i>Authorised</i>					
<b>At the beginning of the period/year</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
Reduction of ordinary shares	8.92	-	-	(3,579)	(31,927)
<b>At the ended of the period/year</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

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	Par value per share (in Baht)	For the six-month period ended 30 June 2017		For the year ended 31 December 2016	
		Number	Baht (thousand shares/thousand Baht)	Number	Baht
<i>Issued and paid-up</i>					
<b>At the beginning of the period/year</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 the ended of the period/year</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

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 27 April 2017, the Annual General Meeting of Shareholders No. 24/2017 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.

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*Other components of equity*

**Fair value changes in available-for-sale investments**

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

**31 Other components of equity**

	<b>Consolidated and The Bank</b>	
	<b>30 June 2017</b>	<b>31 December 2016</b>
	<i>(in thousand Baht)</i>	
Balance at the beginning of the period/year	383,659	154,534
Net change in fair value recognised in equity, net of tax	(11,022)	229,125
Balance at the ending of the period/year	<u>372,637</u>	<u>383,659</u>

**32 Contingent liabilities and Commitments**

*32.1 Commitments*

	<b>Consolidated</b>		<b>The Bank</b>	
	<b>30 June 2017</b>	<b>31 December 2016</b>	<b>30 June 2017</b>	<b>31 December 2016</b>
	<i>(in million Baht)</i>			
Avals to bills and Guarantees of loans	675	528	11,638	13,428
Letter of credit	218	473	218	473
Other contingencies				
- Overdraft undrawn committed line	726	787	726	787
- Other guarantees	37,148	38,201	37,148	38,201
- Others	1,815	2,245	1,815	2,245
<b>Total</b>	<u>40,582</u>	<u>42,234</u>	<u>51,545</u>	<u>55,134</u>

*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 30 June 2017 and 31 December 2016, there were 8 cases wherein the Civil Court has already decided in favour of the plaintiffs. 6 cases were related to the mortgage claim 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 amount of 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 30 June 2017 and 31 December 2016, management has made the provisions amounting to Baht 1.8 million which is sufficient for the claim compensation.

The management 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.

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**33 Related parties**

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

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

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 associated of the Bank
Industrial and Commercial Bank of China (Asia) Limited	Hong Kong	The Company that is related with the ultimate parent company
Industrial and Commercial Bank of China (Macau) Limited	Macau	The Company that is related with the ultimate parent company
Industrial and Commercial Bank of China (Malaysia) Berhad	Malaysia	The Company that is related with 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 - Shanghai	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Xiamen	China	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 - Hong Kong	Hong Kong	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Tokyo	Japan	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Seoul	Korea	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Kuwait	Kuwait	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Vientiane	Laos	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 - Singapore	Singapore	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Dubai (DIFC)	UAE	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - New York	USA	The Branch of the ultimate parent company

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Name of entities	Country of incorporation/ nationality	Nature of relationships
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 particular types of transactions are explained further below:

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

Significant transaction for the six-month periods ended 30 June 2017 and 2016 with related parties were as follows:

<i>Six-month periods ended 30 June</i>	<b>Consolidated</b>		<b>The Bank</b>	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
<b>Parent</b>				
Interest income	74	3	74	3
Interest expenses	335	215	335	215
Fee income	2	3	2	3
Fee expense	46	32	46	32
<b>Related parties</b>				
Interest income	5	-	5	-
Interest expenses	1	-	1	-
<b>Associate</b>				
Interest expenses	3	1	3	1
Dividend income	-	-	17	17
<b>Subsidiary</b>				
Interest income	-	-	26	25
Fee income	-	-	12	8
Other income	-	-	1	1
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	91	93	68	73
Post-employment benefits	3	4	2	3

*Directors and management's remuneration*

The Bank's directors and executives from the bank of Executive Vice President upwards do not receive benefits, either in monetary or non-monetary terms, other than the normal benefits such as monthly directors' remuneration, meeting allowances, salaries and bonuses, as the case may be. Directors who are executives of the Bank do not receive director's remuneration, in accordance with the Bank's policy, and the representative directors who are executives of Industrial and Commercial Bank of China Limited do not receive director's remuneration, in accordance with Industrial and Commercial Bank of China Limited's policies, except for those benefits granted in accordance with employment agreements such as

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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>	
	30	31	30	31
	June	December	June	December
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
<b><i>Interbank and money market items (assets)</i></b>				
Industrial and Commercial Bank of China Limited	285	429	285	429
Industrial and Commercial Bank of China Limited - New York	16	26	16	26
Industrial and Commercial Bank of China Limited - Singapore	422	52	422	52
Industrial and Commercial Bank of China (Asia) Limited	684	48	684	48
Industrial and Commercial Bank of China Limited - Others	12	6	12	6
<b><i>Derivative asset (fair value)</i></b>				
Industrial and Commercial Bank of China Limited	168	321	168	321
Industrial and Commercial Bank of China Limited - Singapore	1	-	1	-
Industrial and Commercial Bank of China (Asia) Limited	12	54	12	54
Finansia Syrus Securities Public Company Limited	-	2	-	2
<b><i>Investments</i></b>				
ICBC (Thai) Leasing Company Limited	-	-	4,250	4,250
Finansia Syrus Securities Public Company Limited	554	561	305	305
<b><i>Loans to customers</i></b>				
ICBC (Thai) Leasing Company Limited	-	-	1,214	4,776
<b><i>Accrued interest receivables</i></b>				
ICBC (Thai) Leasing Company Limited	-	-	-	1
<b><i>Allowance for doubtful accounts</i></b>				
ICBC (Thai) Leasing Company Limited	-	-	150	186
<b><i>Other assets</i></b>				
Finansia Syrus Securities Public Company Limited	-	1	-	1
Industrial and Commercial Bank of China Limited - Hong Kong	44	9	44	9
<b><i>Interbank and money market items (liabilities)</i></b>				
Industrial and Commercial Bank of China Limited	8,927	10,546	8,927	10,546
Industrial and Commercial Bank of China Limited - Tokyo	10,093	2,151	10,093	2,151
Industrial and Commercial Bank of China Limited - New York	-	3,941	-	3,941
Industrial and Commercial Bank of China Limited - Singapore	-	1,075	-	1,075
Industrial and Commercial Bank of China Limited - Vientiane	110	168	110	168
Industrial and Commercial Bank of China Limited - Luxembourg	1,360	-	1,360	-
Industrial and Commercial Bank of China Limited - Sydney	-	6,450	-	6,450
Industrial and Commercial Bank of China Limited - Seoul	-	3,209	-	3,209
Industrial and Commercial Bank of China Limited - Kuwait	30	-	30	-
Industrial and Commercial Bank of China Limited - Guangdong	1,019	-	1,019	-
Industrial and Commercial Bank of China Limited - Shanghai	3,398	-	3,398	-
Industrial and Commercial Bank of China Limited - Dubai (DIFC)	3,082	-	3,082	-
Industrial and Commercial Bank of China (Macau) Limited	-	322	-	322
Industrial and Commercial Bank of China (Malaysia) Berhad	439	-	439	-
Finansia Syrus Securities Public Company Limited	971	871	971	871



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	Consolidated		The Bank	
	30	31	30	31
	June	December	June	December
	2017	2016	2017	2016
	(in million Baht)			
<b><i>Derivative liabilities (fair value)</i></b>				
Industrial and Commercial Bank of China Limited	200	-	200	-
Industrial and Commercial Bank of China Limited - Singapore	-	1	-	1
Industrial and Commercial Bank of China (Asia) Limited	88	8	88	8
Finansia Syrus Securities Public Company Limited	-	2	-	2
<b><i>Deposits</i></b>				
ICBC (Thai) Leasing Company Limited	-	-	1	1
Related persons	138	285	138	285
<b><i>Accrued interest payables</i></b>				
Industrial and Commercial Bank of China Limited	107	28	107	28
Industrial and Commercial Bank of China Limited - Dubai (DIFC)	40	-	40	-
Industrial and Commercial Bank of China Limited - Others	25	31	25	31
Finansia Syrus Securities Public Company Limited	3	4	3	4
Related persons	1	4	1	4
<b><i>Other liabilities</i></b>				
ICBC (Thai) Leasing Company Limited	-	-	9	8
<b><i>Off-financial reporting items</i></b>				
<b><i>Other guarantees</i></b>				
Industrial and Commercial Bank of China Limited	725	1,113	725	1,113
Industrial and Commercial Bank of China Limited - Guangdong	-	107	-	107
Industrial and Commercial Bank of China Limited - Xiamen	3	-	3	-
<b><i>Guarantee on loans</i></b>				
ICBC (Thai) Leasing Company Limited	-	-	10,963	12,900
<b><i>Forward exchange contracts-bought (notional amounts)</i></b>				
Industrial and Commercial Bank of China Limited	4,599	4,555	4,599	4,555
Industrial and Commercial Bank of China Limited - Singapore	63	64	63	64
Industrial and Commercial Bank of China (Asia) Limited	3,634	2,976	3,634	2,976
Finansia Syrus Securities Public Company Limited	357	723	357	723
<b><i>Forward exchange contracts-sold (notional amounts)</i></b>				
Finansia Syrus Securities Public Company Limited	277	566	277	566
<b><i>Interest rate swap contracts (notional amounts)</i></b>				
Industrial and Commercial Bank of China Limited	748	-	748	-

Since the year 2016, Industrial and Commercial Bank of China Limited - Hong Kong issued a Standby L/C to the Bank as 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. As at 30 June 2017, this Standby L/C was amounting equivalent to Baht 33,981 million.

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**34 Long-term lease agreements**

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

	<b>Consolidated</b>		<b>The Bank</b>	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
	<i>(in million Baht)</i>			
Within one year	131	75	100	45
After one year but within five years	159	91	141	59
Over five years	4	6	4	6
<b>Total</b>	<b>294</b>	<b>172</b>	<b>245</b>	<b>110</b>

**35 Segment information**

Information about reportable segments was as follows:

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

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

	<b>Consolidated</b>				
	Banking business	Hire purchase, finance lease and factoring business	Total	Elimination entries	Total
	<i>(in million Baht)</i>				
<b>Financial performance</b>					
<i>Six-month period ended 30 June 2017</i>					
Net interest income	1,439	682	2,121	8	2,129
Net fees and service income and net trading income	385	70	455	(7)	448
Share of profit from associates	10	-	10	-	10
Other operating income	56	207	263	(17)	246
Other operating expenses	(717)	(347)	(1,064)	4	(1,060)
Profit before bad debt, doubtful accounts and impairment losses	1,173	612	1,785	(12)	1,773
Bad debt, doubtful accounts and impairment losses	(70)	(674)	(744)	-	(744)
Profit from operation before income tax expense	1,103	(62)	1,041	(12)	1,029
Income tax expenses	(228)	105	(123)	1	(122)
<b>Profit for the period</b>	<b>875</b>	<b>43</b>	<b>918</b>	<b>(11)</b>	<b>907</b>
<b>Financial position as at 30 June 2017</b>					
Investment in associates	554	-	554	-	554
Total assets	173,446	34,107	207,553	(5,250)	202,303
Total liabilities	146,866	29,442	176,308	(1,224)	175,084

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Financial performance <i>Six-month period ended 30 June 2016</i>	Banking business	Hire purchase, finance lease and factoring business	Consolidated		
			Total	Elimination	Total
			<i>(in million Baht)</i>		
Net interest income	1,706	763	2,469	12	2,481
Net fees and service income and net trading income	263	115	378	(12)	366
Share of profit from associates	8	-	8	-	8
Other operating income	103	204	307	(18)	289
Other operating expenses	(635)	(501)	(1,136)	1	(1,135)
Profit before bad debt, doubtful accounts and impairment losses	1,445	581	2,026	(17)	2,009
Bad debt, doubtful accounts and impairment losses	(680)	(285)	(965)	-	(965)
Profit from operation before income tax expense	765	296	1,061	(17)	1,044
Income tax expenses	(151)	(58)	(209)	1	(208)
<b>Profit for the period</b>	<b>614</b>	<b>238</b>	<b>852</b>	<b>(16)</b>	<b>836</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

### 36 Interest income

<i>Six-month periods ended 30 June</i>	Consolidated		The Bank	
	2017	2016	2017	2016
	(in thousand Baht)			
Interbank and money market items	69,325	27,445	69,271	27,387
Investments in debt securities	802,857	719,034	802,857	719,034
Loans to customers and factoring	1,914,490	2,171,458	1,888,573	2,141,545
Hire purchase and finance lease	1,075,682	1,219,982	26	60
Others	5	21	5	21
<b>Total</b>	<b>3,862,359</b>	<b>4,137,940</b>	<b>2,760,732</b>	<b>2,888,047</b>

### 37 Interest expenses

<i>Six-month periods ended 30 June</i>	Consolidated		The Bank	
	2017	2016	2017	2016
	(in thousand Baht)			
Deposits	712,472	707,100	712,473	707,102
Interbank and money market items	342,941	247,460	339,106	247,456
Contributions to Deposit Protection Agency and Bank of Thailand	241,224	198,262	241,224	198,262
Debt issued and borrowings	431,140	496,939	28,212	28,366
Borrowing fees	5,807	6,993	594	462
<b>Total</b>	<b>1,733,584</b>	<b>1,656,754</b>	<b>1,321,609</b>	<b>1,181,648</b>

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**38 Net fees and service income**

<i>Six-month periods ended 30 June</i>	<b>Consolidated</b>		<b>The Bank</b>	
	2017	2016	2017	2016
		(in thousand Baht)		
<b><i>Fees and service income</i></b>				
Acceptances, avals and guarantees	208,768	157,751	216,521	170,284
Letter of credit	3,663	5,094	3,663	5,390
Hire purchase and finance lease	65,760	108,084	-	-
Extension fees	1,784	2,978	1,784	2,978
Assurance and insurance	91,283	36,141	1,008	543
Others	44,978	26,887	47,872	26,887
<b>Total fees and service income</b>	<b>416,236</b>	<b>336,935</b>	<b>270,848</b>	<b>206,082</b>
Fees and service expenses	(60,729)	(52,637)	(59,878)	(51,662)
<b>Net fees and service income</b>	<b>355,507</b>	<b>284,298</b>	<b>210,970</b>	<b>154,420</b>

**39 Net trading income**

<i>Six-month periods ended 30 June</i>	<b>Consolidated</b>		<b>The Bank</b>	
	2017	2016	2017	2016
		(in thousand Baht)		
<b><i>Gain on trading and foreign exchange transactions</i></b>				
Foreign currencies and foreign currency related derivatives	93,402	81,703	174,489	109,083
<b>Total</b>	<b>93,402</b>	<b>81,703</b>	<b>174,489</b>	<b>109,083</b>

**40 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 its subsidiary's directors in accordance with Section 90 of the Public Limited Companies Act.

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

<i>Six-month periods ended 30 June</i>	<b>Consolidated</b>		<b>The Bank</b>	
	2017	2016	2017	2016
		(in thousand Baht)		
Bad debts and doubtful accounts				
Interbank and money market items	7,293	2,788	7,292	2,788
Loans to customers	711,446	961,354	63,061	675,976
Loss on debt restructuring	25,989	1,504	54	1,504
<b>Total</b>	<b>744,728</b>	<b>965,646</b>	<b>70,407</b>	<b>680,268</b>

**42 Income tax expense**

***Income tax recognised in profit or loss***

<i>Six-month periods ended 30 June</i>	<i>Note</i>	<b>Consolidated</b>		<b>The Bank</b>	
		2017	2016	2017	2016
			(in thousand Baht)		
<b>Current tax expense</b>					
Current period		248,766	292,789	248,766	284,590
Over provided in prior period		(72,714)	(2,690)	(5,464)	-
		<b>176,052</b>	<b>290,099</b>	<b>243,302</b>	<b>284,590</b>
<b>Deferred tax expense</b>					
Movements in temporary differences	20	(54,079)	(82,891)	(15,227)	(133,801)
Under provided in prior period		-	531	-	-
		<b>(54,079)</b>	<b>(82,360)</b>	<b>(15,227)</b>	<b>(133,801)</b>
<b>Total income tax expense</b>		<b>121,973</b>	<b>207,739</b>	<b>228,075</b>	<b>150,789</b>

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*Income tax recognised in other comprehensive income*

<i>Six-month periods ended 30 June</i>	<b>Consolidated</b>					
	Before tax	2017 Tax income	Net of tax (in thousand Baht)	Before tax	2016 Tax expense	Net of tax
Other comprehensive income						
Available-for-sale securities	(13,778)	2,756	(11,022)	439,237	(87,847)	351,390
Actuarial gains on defined benefit plan	-	-	-	10,515	(2,103)	8,412
<b>Total</b>	<b>(13,778)</b>	<b>2,756</b>	<b>(11,022)</b>	<b>449,752</b>	<b>(89,950)</b>	<b>359,802</b>

<i>Six-month periods ended 30 June</i>	<b>The Bank</b>					
	Before tax	2017 Tax income	Net of tax (in thousand Baht)	Before tax	2016 Tax expense	Net of tax
Other comprehensive income						
Available-for-sale securities	(13,778)	2,756	(11,022)	439,237	(87,847)	351,390
Actuarial gains on defined benefit plan	-	-	-	5,206	(1,041)	4,165
<b>Total</b>	<b>(13,778)</b>	<b>2,756</b>	<b>(11,022)</b>	<b>444,443</b>	<b>(88,888)</b>	<b>355,555</b>

*Reconciliation of effective tax rate*

<i>Six-month periods ended 30 June</i>	<b>Consolidated</b>			
	Rate (%)	2017 (in thousand Baht)	Rate (%)	2016 (in thousand Baht)
Profit before income tax expense		1,028,510		1,044,080
Income tax using the Thai corporation tax rate	20	205,702	20	208,816
Expense not deductible for tax purpose		15,038		1,613
Additional deductible expense for tax purposes <sup>(2)</sup>		(94,408)		-
Over provided in prior period		(4,359)		(2,690)
<b>Total</b>	<b>12<sup>(1)</sup></b>	<b>121,973</b>	<b>20<sup>(1)</sup></b>	<b>207,739</b>

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

<sup>(2)</sup> Additional deductible expense for tax purposes of the subsidiary company are complied with Royal Decree No. 604 B.E. 2559

<i>Six-month periods ended 30 June</i>	<b>The Bank</b>			
	Rate (%)	2017 (in thousand Baht)	Rate (%)	2016 (in thousand Baht)
Profit before income tax expense		1,093,221		757,485
Income tax using the Thai corporation tax rate	20	218,644	20	151,497
Expense not deductible for tax purpose		14,895		-
Income not subject to tax		-		(708)
Over provided in prior period		(5,464)		-
<b>Total</b>	<b>21<sup>(1)</sup></b>	<b>228,075</b>	<b>20<sup>(1)</sup></b>	<b>150,789</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.

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**43 Basic earnings per share**

The calculations of basic earnings per share for the six-month periods ended 30 June 2017 and 2016 were based on the profit for the periods 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 periods as follows:

<i>Six-month periods ended 30 June</i>	<b>Consolidated</b>		<b>The Bank</b>	
	2017	2016	2017	2016
Profit attributable to shareholders of the Bank (in million Baht)	<u>907</u>	<u>836</u>	<u>865</u>	<u>607</u>
Number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding (million shares)	<u>2,257</u>	<u>2,257</u>	<u>2,257</u>	<u>2,257</u>
Earnings per share (basic) (in Baht)	<u>0.40</u>	<u>0.37</u>	<u>0.38</u>	<u>0.27</u>