

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

Interim financial statements  
For the six-month period ended 30 June 2018  
and  
Independent Auditor's Report



KPMG Phoomchai Audit Ltd.  
Empire Tower, 50<sup>th</sup>-51<sup>st</sup> Floors  
1 South Sathorn Road, Yannawa  
Sathorn, Bangkok 10120, Thailand  
Tel +66 2677 2000, Fax +66 2677 2222

บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด  
ชั้น 50-51 เอ็มไพร์ทาวเวอร์  
1 ถนนสาทรใต้ แขวงยานนาวา  
เขตสาทร กรุงเทพฯ 10120  
โทร +66 2677 2000 แฟกซ์ +66 2677 2222

## 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 only financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiaries (the "Group"); and of Industrial and Commercial Bank of China (Thai) Public Company Limited (the "Bank"), respectively, which comprise the consolidated and the Bank only statements of financial position as at 30 June 2018, the consolidated and the Bank only 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 only financial statements present fairly, in all material respects, the financial position of the Group and of the Bank, respectively, as at 30 June 2018 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 only Financial Statements* section of my report. I am independent of the Group and the Bank in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the interim consolidated and the Bank only 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.

#### *Emphasis of Matter*

I draw attention to Note 4 to the interim financial statements, which explains the business combination under common control. On 28 December 2017, ICBC (Thai) Leasing Company Limited, the Bank's direct subsidiary, purchased a share of Sky High LI Leasing Designated Activity Company Limited from ICBCIL Aviation Company Limited, which is a company under common control of the ultimate parent company. Therefore, Sky High LI Leasing Designated Activity Company Limited became an indirect subsidiary of the Bank.

The business acquisition is considered to be a Business Combination of Entities under Common Control. The Bank is deemed to be the parent company of the indirect subsidiary before 1 January 2016. Consequently, the Group presented consolidated statements of profit or loss and other comprehensive income of indirect subsidiary for the six-month period ended 30 June 2017 and the related consolidated statements of changes in equity and cash flows of indirect subsidiary for the six-month period ended 30 June 2017 as comparative information. My opinion is not modified in respect of this matter.

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

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

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

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

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

My objectives are to obtain reasonable assurance about whether the interim consolidated and the Bank only 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 only 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 only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 Group's and the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the interim consolidated and the Bank only financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim consolidated and the Bank only financial statements, including the disclosures, and whether the interim consolidated and the Bank only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the 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.

*Chanchai S.*

(Chanchai Sakulkoedsin)  
Certified Public Accountant  
Registration No. 6827

KPMG Phoomchai Audit Ltd.  
Bangkok  
14 September 2018

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

## Statement of financial position

		Consolidated		Bank only	
		30 June 2018	31 December 2017	30 June 2018	31 December 2017
<b>Assets</b>	<b>Note</b>				
<i>(in thousand Baht)</i>					
Cash		410,513	366,817	409,859	365,989
Interbank and money market items, net	8, 33	7,530,024	8,405,746	7,140,701	8,224,854
Derivative assets	9, 33	345,944	524,708	345,944	524,708
Investments, net	10	69,919,574	62,724,200	69,919,574	62,724,200
Investments in subsidiaries and an associate, net	11, 12	579,986	579,347	4,554,874	4,554,874
Loans to customers and accrued interest receivables, net	13, 33				
Loans to customers		149,024,655	144,709,945	109,963,865	105,550,911
Accrued interest receivables		321,783	246,485	322,995	248,564
Total loans to customers and accrued interest receivables		149,346,438	144,956,430	110,286,860	105,799,475
Less deferred revenue		(5,354,573)	(5,380,267)	(79,681)	(151,464)
Less allowance for doubtful accounts	13.4, 16, 33	(7,473,125)	(7,377,749)	(3,927,838)	(4,300,434)
Less revaluation allowance for debt restructuring	17	(15,102)	(23,505)	(3,354)	(11,185)
Total loans to customers and accrued interest receivables, net		136,503,638	132,174,909	106,275,987	101,336,392
Properties foreclosed, net	18	697,521	694,630	674,839	675,741
Premises and equipment, net	19	160,280	147,670	149,198	134,495
Intangible assets, net	20	38,179	38,958	29,227	31,667
Leasehold right, net		127,830	133,108	127,830	133,108
Deferred tax assets, net	21	1,036,754	929,105	497,034	444,524
Accrued income, net	33	548,305	551,055	534,533	532,860
Receivables on credit support for derivative contracts		80,466	611	80,466	611
Other receivables, net		644,033	526,821	197,204	171,629
Other assets, net	22, 33	38,288	47,204	26,145	36,443
<b>Total assets</b>		<b>218,661,335</b>	<b>207,844,889</b>	<b>190,963,415</b>	<b>179,892,095</b>

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

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

		Consolidated		Bank only	
		30 June	31 December	30 June	31 December
Liabilities and equity	Note	2018	2017	2018	2017
		(in thousand Baht)			
<b>Liabilities</b>					
Deposits	24, 33	106,555,346	100,349,041	106,555,841	100,349,517
Interbank and money market items	25	48,401,738	49,938,121	48,401,738	49,938,121
Liabilities payable on demand		89,753	75,864	89,753	75,864
Derivative liabilities	9, 33	1,244,837	360,912	1,244,837	360,912
Debt issued and borrowings	26	30,744,035	26,320,202	4,985,081	116,000
Employee benefit obligations	27	228,378	215,642	192,850	184,271
Other provisions		1,815	1,815	1,700	1,700
Accrued interest payables	33	769,870	693,814	673,660	599,480
Payable on credit support for derivative contracts		-	130,400	-	130,400
Other liabilities	28, 33	1,788,490	1,735,978	1,096,885	1,030,389
<b>Total liabilities</b>		<b>189,824,262</b>	<b>179,821,789</b>	<b>163,242,345</b>	<b>152,786,654</b>
<b>Equity</b>					
Share capital	29				
Authorised share capital					
451,081 non-cumulative preference shares of Baht 8.92 each		4,024	4,024	4,024	4,024
2,256,510,117 ordinary shares of Baht 8.92 each		20,128,070	20,128,070	20,128,070	20,128,070
Issued and paid-up share capital					
451,081 non-cumulative preference shares of Baht 8.92 each		4,024	4,024	4,024	4,024
2,256,510,117 ordinary shares of Baht 8.92 each		20,128,070	20,128,070	20,128,070	20,128,070
Difference arising from business combination under common control	4	(24,849)	(24,849)	-	-
Other components of equity	30, 31	211,702	369,458	214,172	370,780
Retained earnings					
Appropriated					
Legal reserve	30	600,000	600,000	600,000	600,000
Unappropriated		7,918,126	6,946,397	6,774,804	6,002,567
<b>Equity attributable to the Bank's shareholders</b>		<b>28,837,073</b>	<b>28,023,100</b>	<b>27,721,070</b>	<b>27,105,441</b>
Non-controlling interests		-	-	-	-
<b>Total equity</b>		<b>28,837,073</b>	<b>28,023,100</b>	<b>27,721,070</b>	<b>27,105,441</b>
<b>Total liabilities and equity</b>		<b>218,661,335</b>	<b>207,844,889</b>	<b>190,963,415</b>	<b>179,892,095</b>






(Mr. Shiqiang Lin)                      (Mr. Zhisheng Xu)  
 Director                                      Director

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

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

## Statement of profit or loss and other comprehensive income

	<i>Note</i>	Consolidated		Bank only	
		Six-month period ended 30 June		Six-month period ended 30 June	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Interest income	33, 37	4,048,716	3,948,333	3,038,681	2,760,732
Interest expense	33, 38	1,983,424	1,798,725	1,641,325	1,321,609
Net interest income		<u>2,065,292</u>	<u>2,149,608</u>	<u>1,397,356</u>	<u>1,439,123</u>
Fees and service income	33	408,978	417,383	265,448	270,848
Fees and service expense	33	62,290	60,729	60,632	59,878
Net fees and service income	39	<u>346,688</u>	<u>356,654</u>	<u>204,816</u>	<u>210,970</u>
Net trading income	40	68,045	93,402	68,087	174,489
Losses on investments	41	(900)	-	(900)	-
Share of profit of associate	12	9,951	10,006	-	-
Gains on disposals of equipment, properties foreclosed and other assets		15,780	15,366	12,243	11,339
Bad debts recovered		165,068	172,964	3,216	11,878
Dividends income	33	8,953	9,916	16,728	26,761
Gains on disposals of non-performing loans		118,225	-	118,225	-
Other operating income	33	40,507	64,301	3,696	5,819
<b>Total operating income</b>		<u><b>2,837,609</b></u>	<u><b>2,872,217</b></u>	<u><b>1,823,467</b></u>	<u><b>1,880,379</b></u>
<b>Other operating expenses</b>					
Employee expenses	33	696,908	641,186	528,330	480,530
Directors' remuneration	33, 42	9,088	9,181	9,088	9,181
Premises and equipment expenses		104,054	104,253	75,079	71,621
Taxes and duties		103,933	93,218	95,308	84,217
Amortisation expense on intangible assets		3,514	3,671	2,525	3,009
Losses (gains) on properties foreclosed and other assets		35,417	44,106	15,575	(321)
Others		154,689	165,122	69,765	68,514
<b>Total other operating expenses</b>		<u><b>1,107,603</b></u>	<u><b>1,060,737</b></u>	<u><b>795,670</b></u>	<u><b>716,751</b></u>
Bad debts, doubtful accounts and impairment losses	43	594,422	739,046	38,153	70,407
Profit from operations before income tax		<u><b>1,135,584</b></u>	<u><b>1,072,434</b></u>	<u><b>989,644</b></u>	<u><b>1,093,221</b></u>
Income tax	44	168,393	121,973	222,079	228,075
<b>Profit for the period</b>		<u><b>967,191</b></u>	<u><b>950,461</b></u>	<u><b>767,565</b></u>	<u><b>865,146</b></u>

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

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

## Statement of profit or loss and other comprehensive income

	Note	Consolidated		Bank only	
		Six-month period ended		Six-month period ended	
		30 June		30 June	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Share of other comprehensive income investments in an associate		(149)	-	-	-
Defined benefit plan actuarial gains		5,841	-	5,841	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	44	(1,154)	-	(1,169)	-
		<u>4,538</u>	<u>-</u>	<u>4,672</u>	<u>-</u>
<i>Items that will be reclassified subsequently to profit or loss</i>					
Share of other comprehensive income investments in an associate		(1,390)	-	-	-
Net change in fair value of available-for-sale investments		(195,760)	(13,778)	(195,760)	(13,778)
Exchange differences on translating foreign operations		103	(1,339)	-	-
Income tax relating to items that will be reclassified subsequently to profit or loss	44	39,291	2,756	39,152	2,756
		<u>(157,756)</u>	<u>(12,361)</u>	<u>(156,608)</u>	<u>(11,022)</u>
<b>Other comprehensive income for the period, net of income tax</b>		<u>(153,218)</u>	<u>(12,361)</u>	<u>(151,936)</u>	<u>(11,022)</u>
<b>Total comprehensive income for the period</b>		<u><b>813,973</b></u>	<u><b>938,100</b></u>	<u><b>615,629</b></u>	<u><b>854,124</b></u>
<b>Profit attributable to</b>					
Shareholders of the Bank		967,191	906,537	767,565	865,146
Former shareholder before business combination under common control	4	-	43,924	-	-
Non-controlling interests		-	-	-	-
<b>Profit for the period</b>		<u><b>967,191</b></u>	<u><b>950,461</b></u>	<u><b>767,565</b></u>	<u><b>865,146</b></u>
<b>Total comprehensive income attributable to</b>					
Shareholders of the Bank		813,973	939,439	615,629	854,124
Former shareholder before business combination under common control		-	(1,339)	-	-
Non-controlling interests		-	-	-	-
<b>Total comprehensive income for the period</b>		<u><b>813,973</b></u>	<u><b>938,100</b></u>	<u><b>615,629</b></u>	<u><b>854,124</b></u>
<b>Basic earnings per share (in Baht)</b>					
Shareholder of the Bank		0.43	0.40	0.34	0.38
Former shareholder before business combination under common control		-	0.02	-	-
Non-controlling interests		-	-	-	-
<b>Basic earnings per share</b>	45	<u><b>0.43</b></u>	<u><b>0.42</b></u>	<u><b>0.34</b></u>	<u><b>0.38</b></u>



(Mr. Shiqiang Lin)  
Director




(Mr. Zhisheng Xu)  
Director

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



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

Consolidated																	
	Note	Issued and paid-up share capital		Other components of equity					Retained earnings			Former shareholder before business combination under common control	Total equity attributable to the Bank's shareholders	Non-controlling interests	Total equity		
		Preference shares	Ordinary shares	Difference arising from business combinations under common control	Fair value changes in available-for-sale investments	Exchange differences on translating foreign operations	Share of other comprehensive income of investment in an associate	Total other components of equity (in thousand Baht)	Legal reserve	Unappropriated							
Six-month period ended 30 June 2017																	
Balance at 1 January 2017		4,024	20,128,070	-	383,659	-	-	-	383,659	500,000	5,307,728	26,323,481	(31,449)	-	26,292,032		
Comprehensive income for the period																	
Profit for the period		-	-	-	-	-	-	-	-	-	906,537	906,537	43,924	-	950,461		
Other comprehensive income, net of income tax	44	-	-	-	(11,022)	-	-	-	(11,022)	-	-	(11,022)	(1,339)	-	(12,361)		
Total comprehensive income for the period		-	-	-	(11,022)	-	-	-	(11,022)	-	906,537	895,515	42,585	-	938,100		
Balance at 30 June 2017		4,024	20,128,070	-	372,637	-	-	-	372,637	500,000	6,214,265	27,218,996	11,136	-	27,230,132		
Six-month period ended 30 June 2018																	
Balance at 1 January 2018		4,024	20,128,070	(24,849)	370,780	(23)	(1,299)	369,458	600,000	6,946,397	28,023,100	-	-	-	28,023,100		
Comprehensive income for the period																	
Profit for the period		-	-	-	-	-	-	-	-	-	967,191	967,191	-	-	967,191		
Other comprehensive income, net of income tax	44	-	-	-	(156,608)	103	(1,251)	(157,756)	-	4,538	(153,218)	-	-	-	(153,218)		
Total comprehensive income for the period		-	-	-	(156,608)	103	(1,251)	(157,756)	-	971,729	813,973	-	-	-	813,973		
Balance at 30 June 2018		4,024	20,128,070	(24,849)	214,172	80	(2,550)	211,702	600,000	7,918,126	28,837,073	-	-	-	28,837,073		

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

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

## Statement of changes in equity

	Note	Bank only				Total equity
		Issued and paid-up share capital	Preference shares	Ordinary shares	Other components of equity	
					Retained earnings	
					Fair value changes in available-for-sale investments (in thousand Baht)	
<b>Six-month period ended 30 June 2017</b>						
Balance at 1 January 2017		4,024		20,128,070	383,659	25,725,498
<b>Comprehensive income for the period</b>						
Profit for the period		-	-	-	-	865,146
Other comprehensive income, net of income tax	44	-	-	-	(11,022)	(11,022)
<b>Total comprehensive income for the period</b>		-	-	-	(11,022)	854,124
Balance at 30 June 2017		4,024		20,128,070	372,637	26,579,622
<b>Six-month period ended 30 June 2018</b>						
Balance at 1 January 2018		4,024		20,128,070	370,780	27,105,441
<b>Comprehensive income for the period</b>						
Profit for the period		-	-	-	-	767,565
Other comprehensive income, net of income tax	44	-	-	-	(156,608)	(151,936)
<b>Total comprehensive income for the period</b>		-	-	-	(156,608)	615,629
Balance at 30 June 2018		4,024		20,128,070	214,172	27,721,070

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

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

	<b>Consolidated</b>		<b>Bank only</b>	
	Six-month period ended		Six-month period ended	
	30 June		30 June	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit from operations before income tax expense	1,135,584	1,072,434	989,644	1,093,221
<i>Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities</i>				
Depreciation and amortisation	28,477	29,997	24,944	25,541
Bad debts, doubtful accounts and impairment losses	594,422	739,046	38,153	70,407
Losses on write-off of fixed assets	4,972	-	4,972	-
Gains on disposals of properties foreclosed	(12,934)	(13,903)	(9,397)	(9,877)
Gains on disposals of non-performing loans	(118,225)	-	(118,225)	-
Proceeds from disposals of non-performing loans	475,456	-	475,456	-
Losses on investments	900	-	900	-
Losses (gains) on properties foreclosed	30,445	44,106	10,603	(321)
Gains on sales of equipment	(2,846)	(1,463)	(2,846)	(1,462)
Net trading income	(68,045)	(93,402)	(68,087)	(174,489)
Employee benefit obligations	18,577	19,116	14,420	15,310
Share of profit of associate	(11,336)	(10,006)	-	-
Net interest income	(2,065,292)	(2,149,608)	(1,397,356)	(1,439,123)
Dividend income	(8,953)	(9,916)	(16,728)	(26,761)
Interest received	3,143,889	3,249,757	2,136,685	2,063,715
Interest paid	(1,524,702)	(1,280,475)	(1,522,180)	(1,206,287)
Dividend received	8,953	9,916	8,953	9,916
Income tax paid	(190,397)	(208,718)	(190,397)	(181,456)
<b>Profit from operations before changes in operating assets and liabilities</b>	<b>1,438,945</b>	<b>1,396,881</b>	<b>379,514</b>	<b>238,334</b>
<i>Decrease (increase) in operating assets</i>				
Interbank and money market items	858,862	(7,369,008)	1,067,294	(7,491,770)
Derivative assets	1,296,445	474,494	1,296,487	549,009
Loans to customers	(5,186,840)	2,272,341	(5,242,303)	3,391,166
Properties foreclosed	(19,906)	2,878	192	30,929
Receivables on credit support for derivative contracts	(79,855)	14,298	(79,855)	14,298
Fee receivable	4,424	3,605	-	-
Other receivables	(117,212)	(78,331)	(25,574)	(64,957)
Other assets	6,538	8,425	8,072	(275)

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

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

## Statement of cash flows

	Consolidated		Bank only	
	Six-month period ended		Six-month period ended	
	30 June		30 June	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Increase (decrease) in operating liabilities</i>				
Deposits	6,206,305	12,397,514	6,206,324	12,397,635
Interbank and money market items	(1,536,383)	1,216,650	(1,536,383)	1,216,650
Liabilities payable on demand	13,890	83,021	13,890	83,021
Derivative liabilities	(165,711)	(138,757)	(165,711)	(127,619)
Accrued expense	(82,998)	(59,924)	(59,684)	(45,168)
Payable on credit support for derivative contracts	(130,400)	7,800	(130,400)	7,800
Other liabilities	81,157	464,635	71,052	508,746
<b>Net cash provided by operating activities</b>	<b>2,587,261</b>	<b>10,696,522</b>	<b>1,802,915</b>	<b>10,707,799</b>
<i>Cash flows from investing activities</i>				
Interest received	763,371	702,883	763,371	702,883
Dividend received	7,775	16,845	7,775	16,845
Increase in long-term investments	(7,327,634)	(11,392,921)	(7,329,172)	(11,392,921)
Purchases of equipment	(26,557)	(26,804)	(27,896)	(27,746)
Purchases of intangible assets	(2,736)	(460)	(85)	(460)
Proceeds from disposal of equipment	2,846	1,471	2,846	1,462
<b>Net cash used in investing activities</b>	<b>(6,582,935)</b>	<b>(10,698,986)</b>	<b>(6,583,161)</b>	<b>(10,699,937)</b>
<i>Cash flows from financing activities</i>				
Proceeds from debt issued and borrowings	21,915,888	20,323,805	5,000,000	-
Repayment of debt issued and borrowings	(17,492,055)	(19,937,601)	(130,919)	-
Interest paid from debt issued and borrowing	(382,666)	(400,998)	(44,965)	(27,752)
Finance lease payments	(1,900)	(1,312)	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>4,039,267</b>	<b>(16,106)</b>	<b>4,824,116</b>	<b>(27,752)</b>
Exchange differences on translating foreign operations	103	(1,339)	-	-
<b>Net increase in cash</b>	<b>43,696</b>	<b>(19,909)</b>	<b>43,870</b>	<b>(19,890)</b>
Cash at 1 January	366,817	435,613	365,989	434,935
<b>Cash at 30 June</b>	<b>410,513</b>	<b>415,704</b>	<b>409,859</b>	<b>415,045</b>

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

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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 the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Audit Committee on 14 September 2018.

**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 (97.86% shareholding), which is incorporated in the People’s Republic of China.

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 subsidiaries as at 30 June 2018 and 31 December 2017 are given in notes 11 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 2017) *Interim Financial Reporting*, 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 TFRSs effective for annual accounting periods beginning on or after 1 January 2018. The initial application of these new and revised TFRSs has resulted in changes in certain of the Bank and its subsidiaries’ accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRSs, the FAP has issued TFRS 15 *Revenue from Contracts with Customers* which is effective for annual periods beginning on or after 1 January 2019. The Bank and its subsidiaries have not early adopted this standard in preparing these interim financial statements.

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TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled. It replaces existing revenue recognition standards as follows:

- TAS 11 (revised 2017) *Construction Contracts*,
- TAS 18 (revised 2017) *Revenue*,
- TSIC 31 (revised 2017) *Revenue-Barter Transactions Involving Advertising Services*,
- TFRIC 13 (revised 2017) *Customer Loyalty Programmes*,
- TFRIC 15 (revised 2017) *Agreements for the Construction of Real Estate*, and
- TFRIC 18 (revised 2017) *Transfers of Assets from Customers*.

Management is presently considering the potential impact of adopting and initially applying TFRS 15 on the interim consolidated and the Bank only financial statements.

**(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 investments	Fair value
Investment in an associate is accounted for in the consolidated financial statement	Equity method

**(c) Functional and presentation currency**

The interim financial statements are prepared and presented in Thai Baht, which is the Bank'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 TFRSs 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 6	Fair value of financial assets and liabilities
Note 9	Derivatives
Note 16	Allowance for doubtful accounts
Note 32	Contingent liabilities and Commitments

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*Measurement of fair values*

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

The Bank and its subsidiaries 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 and Risk Management 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 these valuations meet the requirements of TFRSs, including the level in the fair value hierarchy in which the valuations should be classified.

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

When measuring the fair value of an asset or a liability, the Bank and its subsidiaries use observable market 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).

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 subsidiaries recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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

- Note 6 - Fair value of financial assets and liabilities

### **3 Significant accounting policies**

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

#### **(a) Basis of consolidation**

The consolidated financial statements related to the Bank and its subsidiaries (together referred to as the "Group") and its interests in an associate.



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*Business combinations under common control*

Business combinations of entities or businesses under common control, the Group considers common control in accordance with the Guideline issued in 2009 by the FAP and are accounted for using a method similar to the pooling of interest method. The acquirer recognises assets and liabilities of the combined entities at the carrying amounts of those entities at the date of business combinations under common control incurred. The difference between the carrying amount of the combined entities and the consideration paid are recognised as differences arising from business combinations under common control in equity. The differences arising from business combinations under common control will be derecognised when investments or businesses are disposed.

After business combinations under common control, the results of entities or businesses acquired from business combinations under common control will be included in the consolidated financial statements since the date that those entities or businesses were under common control or the beginning of the period of comparative financial statements, whenever later, until the date on which control ceases.

*Subsidiaries*

Subsidiaries are entities 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 Group. The financial statements of subsidiaries 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 interests at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Bank's interests in a subsidiaries that do not result in a loss of control are accounted for as equity transactions.

*Loss of control*

When the Bank loses control over subsidiaries, it derecognises the assets and liabilities of the subsidiaries, 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 subsidiaries is measured at fair value when control is lost.

*Interests in equity-accounted investees*

The Bank's interests in an equity-accounted investee comprises interests in an associate.

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

Interests in an associate is accounted for using the equity method. It is initially recognised 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 an equity-accounted investee, 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 an equity-accounted investee 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) Income**

*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 subsidiaries 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.

*Income from factoring*

Fee income from factoring are recognised when the customer has made a factoring agreement and recognised interest income from factoring by time proportion.

*Hire purchase and finance lease income*

Subsidiaries recognise 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, subsidiaries cease accrual of revenue and reverse 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) Expenses**

*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 the reporting period, foreign exchange contracts and cross currency and interest rate swap contracts are measured at fair value. Gains or losses arising from revaluation are recognised as income or expense in profit or loss.

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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*Banking Book*

As at the end of the 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 the reporting period. Unrealised gains or losses on translation are recognised as income or expense in profit or loss. Forward points are amortised on a straight-line basis over the contract periods and recognised as income or expense in profit or loss.
- (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.

*(f) Cash*

Cash comprises of cash on hand and cash on collection.

*(g) Investments*

*Investments in an associate and subsidiaries*

Investments in an associate and subsidiaries in the Bank only 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 an 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 subsidiaries 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 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).

*Recognition*

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.

*Disposal of investments*

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 subsidiaries 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.

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 or recorded as revaluation surplus (deficit) on investments in equity, depending on the type of investment that is reclassified.

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

**(h) Loans to customers**

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

*Hire purchase receivables and finance lease receivables*

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

*Factoring receivables*

Factoring receivables are stated at the outstanding debt balance net of unearned factoring income, which are net of allowance for doubtful accounts.

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**(i) Allowance for doubtful accounts**

The Bank provides allowance for doubtful accounts in accordance with the BoT's 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 subsidiaries provide 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 and the loss rates if those loans are not recovered in full.

At the end of each reporting period, the adequacy of allowance for doubtful accounts is reviewed taking into consideration of 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 by taking into consideration of the probability of the loans becoming Non-performing loans and the loss rates if those loans are not recovered in full, 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 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. 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. All bad debts recovered are recognised as revenue in profit or loss.

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

**(j) Troubled debt restructuring**

In cases where the troubled debt restructuring involves debt/asset swaps and/or debt/equity swaps, the Bank and its subsidiaries 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 an expense in profit or loss, taking into account existing allowance for doubtful accounts.

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In cases where the troubled debt restructuring involves modification of the repayment conditions, the Bank and its subsidiaries record losses arising from the revaluation of the fair value of 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 subsidiaries' minimum interest rates on loans to large customers and by the original effective rate of subsidiaries. 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 in the period in which the debt is restructured. Such allowance is amortised and recognised as revenue in profit or loss over the remaining periods of the restructuring periods or is reviewed by revaluing the net present value of expected cash flows to be received over the remaining periods.

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

**(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 when significant risk and rewards have been transferred to the buyer. Impairment loss is recognised as expenses in profit or loss.

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 measured 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

*Leased assets*

Leased assets in terms of which the Bank and its subsidiaries 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 to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

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*Subsequent costs*

The cost of replacing a part of an item of premises and equipment is recognised at 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 subsidiaries, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The cost of the day-to-day servicing of premises and equipment is 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 an expense to profit or loss, 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 subsidiaries, 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	3 - 5 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*

The Bank and its subsidiaries 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 operations when the Bank and its subsidiaries derecognised that assets.

**(m) Intangible assets**

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

*Subsequent expenditure*

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

*Amortisation*

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



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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 receivables” 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 receivables” account, and disclosed such commitment as part of “Contingent liabilities”.

**(p) Impairment**

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

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

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

*Calculation of recoverable amount*

The recoverable amount of held-to-maturity securities 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 assets is calculated by reference to the fair value.

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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 estimated 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 assets carried at amortised cost and available-for-sale financial assets 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 subsidiaries 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 subsidiaries treat the severance payments to employees upon retirement under labour law as post-employment retirement benefit plan.

The Bank and its subsidiaries' 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 subsidiaries 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 annual period, 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 subsidiaries recognises 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 subsidiaries 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 subsidiaries 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 subsidiaries have contingent liabilities as a result of litigation being made against them for claims of compensation. The management has used judgment to assess the results of the litigation and record provisions as at the end of the 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 subsidiaries 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 rate at the reporting date.

*Foreign entity*

The financial statements of foreign entity are translated into Thai Baht at the reference rates announced by the Bank of Thailand at the reporting dates. Foreign exchange differences arising on translation is recognised in other comprehensive income until dissolution of the foreign entity's business.

**(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.

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**(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.

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 years.

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank and its subsidiaries 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 subsidiaries take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Bank and its subsidiaries believe that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Bank and its subsidiaries 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 expires, 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 is qualified for derecognition created or retained by the Bank, is recognised as a separate asset or liability.

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**(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.

**(y) Segment reporting**

Segment results that are reported to the Bank's Executive Committee (the Chief Operating Decision Maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

**(z) Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when the Bank and its subsidiaries has a legal, enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

**4 Business combinations under common control**

On 13 December 2017, the Bank obtained an approval from the Bank of Thailand to permit ICBC (Thai) Leasing Company Limited, the Bank's direct subsidiary, to own or acquire the share of Sky High LI Leasing Designated Activity Company Limited.

On 21 December 2017, the Board of Directors meeting of the Bank approved the purchase of 1 share (equivalent to 100% shareholding) in Sky High LI Leasing Designated Activity Company Limited at a price of Euro 1 (equivalent to Baht 39) through ICBC (Thai) Leasing Company Limited from ICBCIL Aviation Company Limited, a company under a common control of the ultimate parent company.

On 28 December 2017, ICBC (Thai) Leasing Company Limited entered into a share purchase agreement at the purchase price of Euro 1 (equivalent to Baht 39). As a result, Sky High LI Leasing Designated Activity Company Limited became an indirect subsidiary of the Bank.

The consolidated financial statements have been prepared on the basis of a business combination under common control. The acquired net assets and interest of the share purchased are accounted for at book values as similar to pooling of interests method. The difference between the consideration paid and the carrying amount of net assets are presented as "difference arising from business combination under common control".

*Comparative information*

Because the business restructuring is considered as a business combination of entities under common control, the Bank and its subsidiaries have presented the consolidated financial statements including the financial statements of Sky High LI Leasing Designated Activity Company Limited as if the business combination had been taken place before 1 January 2016. The Bank and its subsidiaries presented consolidated statements of profit or loss and other comprehensive income for the six-month period ended 30 June 2017 and the related consolidated statements of changes in equity and cash flows for the six-month period ended 30 June 2017 as comparative information.

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**5 Financial risk management**

*Financial risk management policies*

The Executive Committee has established a risk management framework covering the Bank and its subsidiaries 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 subsidiaries which reports regularly to the Executive Committee on their activities.

*(a) Credit risk*

Credit risk is the risk that a party to a financial agreement fails to honour an obligation and consequently causes the Bank and its subsidiaries to incur a financial loss. The Bank and its subsidiaries have disclosed significant concentrations of credit risk in Note 13.3 to the financial statements. The maximum amount of credit risk exposure is the carrying amount of the financial assets less provision for losses as stated in the statements of financial position. The risk from off-financial position items is presented in Note 32.1 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 to prevent and provide a remedy for problem loans in the future.

*(b) 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 subsidiaries.

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

As at 30 June 2018 and 31 December 2017, significant financial assets and liabilities classified by types of interest rates are as follows:

	<b>Consolidated</b>			
	<b>30 June 2018</b>			
	Floating	Fixed	Non-interest	Total
	interest rate	interest rate	bearing	
	<i>(in million Baht)</i>			
<b><i>Financial assets</i></b>				
Cash	-	-	411	411
Interbank and money market items, net	38	5,098	2,394	7,530
Investments, net	232	69,348	340	69,920
Loans to customers <sup>(1)</sup>	74,825	67,767	1,078	143,670
<b>Total financial assets</b>	<b>75,095</b>	<b>142,213</b>	<b>4,223</b>	<b>221,531</b>
<b><i>Financial liabilities</i></b>				
Deposits	13,385	92,070	1,100	106,555
Interbank and money market items	191	47,731	480	48,402
Liabilities payable on demand	-	-	90	90
Debt issued and borrowings	-	30,744	-	30,744
<b>Total financial liabilities</b>	<b>13,576</b>	<b>170,545</b>	<b>1,670</b>	<b>185,791</b>

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

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	Consolidated			
	31 December 2017			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
<i>Financial assets</i>				
Cash	-	-	367	367
Interbank and money market items, net	36	6,585	1,785	8,406
Investments, net	229	62,131	364	62,724
Loans to customers <sup>(1)</sup>	71,678	65,712	1,940	139,330
<b>Total financial assets</b>	<b>71,943</b>	<b>134,428</b>	<b>4,456</b>	<b>210,827</b>
<i>Financial liabilities</i>				
Deposits	13,583	86,355	411	100,349
Interbank and money market items	281	49,402	255	49,938
Liabilities payable on demand	-	-	76	76
Debt issued and borrowings	-	26,320	-	26,320
<b>Total financial liabilities</b>	<b>13,864</b>	<b>162,077</b>	<b>742</b>	<b>176,683</b>

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

	Bank only			
	30 June 2018			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
<i>Financial assets</i>				
Cash	-	-	410	410
Interbank and money market items, net	-	5,098	2,043	7,141
Investments, net	232	69,348	340	69,920
Loans to customers <sup>(1)</sup>	73,248	35,961	675	109,884
<b>Total financial assets</b>	<b>73,480</b>	<b>110,407</b>	<b>3,468</b>	<b>187,355</b>
<i>Financial liabilities</i>				
Deposits	13,386	92,070	1,100	106,556
Interbank and money market items	191	47,731	480	48,402
Liabilities payable on demand	-	-	90	90
Debt issued and borrowings	-	4,985	-	4,985
<b>Total financial liabilities</b>	<b>13,577</b>	<b>144,786</b>	<b>1,670</b>	<b>160,033</b>

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

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	<b>Bank only</b>			<b>Total</b>
	<b>Floating interest rate</b>	<b>Fixed interest rate</b>	<b>Non-interest bearing</b>	
	<b>31 December 2017</b>			
	<i>(in million Baht)</i>			
<b>Financial assets</b>				
Cash	-	-	366	366
Interbank and money market items, net	-	6,585	1,640	8,225
Investments, net	229	62,131	364	62,724
Loans to customers <sup>(1)</sup>	69,852	34,085	1,462	105,399
<b>Total financial assets</b>	<b>70,081</b>	<b>102,801</b>	<b>3,832</b>	<b>176,714</b>
<b>Financial liabilities</b>				
Deposits	13,584	86,355	411	100,350
Interbank and money market items	281	49,402	255	49,938
Liabilities payable on demand	-	-	76	76
Debt issued and borrowings	-	116	-	116
<b>Total financial liabilities</b>	<b>13,865</b>	<b>135,873</b>	<b>742</b>	<b>150,480</b>

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

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

	Consolidated 30 June 2018							
			Reprice/maturity					
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Non-performing assets	Total
				(in million Baht)				
<i>Financial assets</i>								
Cash	-	-	-	-	-	411	-	411
Interbank and money market items, net	99	4,445	-	592	-	2,394	-	7,530
Investment, net	-	6,641	14,272	45,453	3,214	340	-	69,920
Loans to customers <sup>(1)</sup>	24	93,831	14,058	32,561	2,118	-	1,078	143,670
<b>Total financial assets</b>	<b>123</b>	<b>104,917</b>	<b>28,330</b>	<b>78,606</b>	<b>5,332</b>	<b>3,145</b>	<b>1,078</b>	<b>221,531</b>
<i>Financial liabilities</i>								
Deposits	17,700	56,624	29,931	1,200	-	1,100	-	106,555
Interbank and money market items	191	19,251	12,871	15,487	122	480	-	48,402
Liabilities payable on demand	-	-	-	-	-	90	-	90
Debt issued and borrowings	-	5,198	4,868	13,694	6,984	-	-	30,744
<b>Total financial liabilities</b>	<b>17,891</b>	<b>81,073</b>	<b>47,670</b>	<b>30,381</b>	<b>7,106</b>	<b>1,670</b>	<b>-</b>	<b>185,791</b>

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



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Consolidated 31 December 2017								
	At call	Within 3 months	Reprice/maturity Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Non-performing assets	Total
	(in million Baht)							
<i>Financial assets</i>								
Cash	-	-	-	-	-	367	-	367
Interbank and money market items, net	36	5,559	379	647	-	1,785	-	8,406
Investment, net	-	3,849	11,514	44,467	2,530	364	-	62,724
Loans to customers <sup>(1)</sup>	44	86,015	17,321	31,613	2,397	-	1,940	139,330
<b>Total financial assets</b>	<b>80</b>	<b>95,423</b>	<b>29,214</b>	<b>76,727</b>	<b>4,927</b>	<b>2,516</b>	<b>1,940</b>	<b>210,827</b>
<i>Financial liabilities</i>								
Deposits	17,029	55,996	25,751	1,162	-	411	-	100,349
Interbank and money market items	281	40,437	8,064	683	218	255	-	49,938
Liabilities payable on demand	-	-	-	-	-	76	-	76
Debt issued and borrowings	-	6,264	3,694	14,364	1,998	-	-	26,320
<b>Total financial liabilities</b>	<b>17,310</b>	<b>102,697</b>	<b>37,509</b>	<b>16,209</b>	<b>2,216</b>	<b>742</b>	<b>-</b>	<b>176,683</b>
<sup>(1)</sup> Net of deferred revenue								

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

Bank only 30 June 2018								
	At call	Within 3 months	Reprice/maturity Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Non-performing assets	Total
	(in million Baht)							
<i>Financial assets</i>								
Cash	-	-	-	-	-	410	-	410
Interbank and money market items, net	61	4,445	-	592	-	2,043	-	7,141
Investments, net	-	6,641	14,272	45,453	3,214	340	-	69,920
Loans to customers <sup>(1)</sup>	1,030	90,462	7,391	10,250	76	-	675	109,884
<b>Total financial assets</b>	<b>1,091</b>	<b>101,548</b>	<b>21,663</b>	<b>56,295</b>	<b>3,290</b>	<b>2,793</b>	<b>675</b>	<b>187,355</b>
<i>Financial liabilities</i>								
Deposits	17,701	56,624	29,931	1,200	-	1,100	-	106,556
Interbank and money market items	191	19,251	12,871	15,487	122	480	-	48,402
Liabilities payable on demand	-	-	-	-	-	90	-	90
Debt issued and borrowings	-	-	-	-	4,985	-	-	4,985
<b>Total financial liabilities</b>	<b>17,892</b>	<b>75,875</b>	<b>42,802</b>	<b>16,687</b>	<b>5,107</b>	<b>1,670</b>	<b>-</b>	<b>160,033</b>

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

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Bank only							
31 December 2017							
	Reprice/maturity						
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Non-performing assets
	(in million Baht)						Total
<b>Financial assets</b>							
Cash	-	-	-	-	-	366	366
Interbank and money market items, net	-	5,559	379	647	-	1,640	8,225
Investments, net	-	3,849	11,514	44,467	2,530	364	62,724
Loans to customers <sup>(1)</sup>	1,075	83,312	9,984	9,426	140	-	105,399
<b>Total financial assets</b>	<b>1,075</b>	<b>92,720</b>	<b>21,877</b>	<b>54,540</b>	<b>2,670</b>	<b>2,370</b>	<b>176,714</b>
<b>Financial liabilities</b>							
Deposits	17,030	55,996	25,751	1,162	-	411	100,350
Interbank and money market items	281	40,437	8,064	683	218	255	49,938
Liabilities payable on demand	-	-	-	-	-	76	76
Debt issued and borrowings	-	116	-	-	-	-	116
<b>Total financial liabilities</b>	<b>17,311</b>	<b>96,549</b>	<b>33,815</b>	<b>1,845</b>	<b>218</b>	<b>742</b>	<b>150,480</b>

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

The average balances of the significant financial assets and liabilities 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 2018 and 2017 can be summarised as follows:

	Consolidated					
	2018			2017		
	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>Financial assets</b>						
Interbank and money market items (Assets)	11,651	109	0.93	9,144	69	0.76
Investments	65,180	826	1.27	56,277	803	1.43
Loans to customers	144,753	3,114	2.15	136,390	3,076	2.26
<b>Financial liabilities</b>						
Deposits	104,321	716 <sup>(2)</sup>	0.69	96,620	712 <sup>(2)</sup>	0.74
Interbank and money market items (Liabilities)	48,944	618	1.26	38,754	343	0.88
Debt issued and borrowings	28,851	388	1.35	30,481	502	1.65

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

<sup>(2)</sup> Excluding contributions to Deposit Protection Agency and Bank of Thailand

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	2018		Bank only		2017	
	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>Financial assets</b>						
Interbank and money market items (Assets)	11,395	109	0.95	8,962	69	0.77
Investments	65,180	826	1.27	56,277	803	1.43
Loans to customers	105,478	2,104	1.99	96,790	1,889	1.95
<b>Financial liabilities</b>						
Deposits	104,322	716 <sup>(2)</sup>	0.69	96,620	712 <sup>(2)</sup>	0.74
Interbank and money market items (Liabilities)	48,784	616	1.26	38,468	339	0.88
Debt issued and borrowings	2,884	49	1.68	2,734	29	1.05

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

<sup>(2)</sup> Excluding contributions to Deposit Protection Agency and Bank of Thailand

**(c) 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 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 under Financial Group, the Executive Committee and the Board of Directors, respectively.

To manage the Bank's liquidity, the Global Markets 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

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The Group liquidity management is decentralised, with the subsidiary, ICBC (Thai) Leasing Company Limited independently managing its own cash inflows and outflows. ICBC (Thai) Leasing Company Limited 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.
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.

According to Bank of Thailand notification number Sor Nor Sor 2/2561, dated 25 January 2018, the Bank is required to disclose Liquidity Coverage Ratio (LCR) in the Bank's website. The Bank will disclose the LCR of the Bank as at 30 June 2018 in the Bank's website, [www.icbcthai.com](http://www.icbcthai.com), under Financial Report section, within October 2018.

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As at 30 June 2018 and 31 December 2017, significant financial assets and liabilities are classified according to their remaining maturity as follows:

	Consolidated 30 June 2018						Non-performing assets	Total
	At call	Within 3 months	Maturity Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity		
<b>Financial assets</b>								
Cash	-	-	-	-	-	411	-	411
Interbank and money market items, net	2,493	4,445	-	592	-	-	-	7,530
Investments, net	-	6,409	14,272	45,685	3,214	340	-	69,920
Loans to customers <sup>(1)</sup>	36	31,248	27,637	71,196	12,475	-	1,078	143,670
<b>Total financial assets</b>	<b>2,529</b>	<b>42,102</b>	<b>41,909</b>	<b>117,473</b>	<b>15,689</b>	<b>751</b>	<b>1,078</b>	<b>221,531</b>
<b>Financial liabilities</b>								
Deposits	18,800	56,624	29,931	1,200	-	-	-	106,555
Interbank and money market items	671	19,251	12,871	15,487	122	-	-	48,402
Liabilities payable on demand	90	-	-	-	-	-	-	90
Debt issued and borrowings	-	5,198	4,868	13,694	6,984	-	-	30,744
<b>Total financial liabilities</b>	<b>19,561</b>	<b>81,073</b>	<b>47,670</b>	<b>30,381</b>	<b>7,106</b>	<b>-</b>	<b>-</b>	<b>185,791</b>

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

	Consolidated 31 December 2017						Non-performing assets	Total
	At call	Within 3 months	Maturity Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity		
<b>Financial assets</b>								
Cash	-	-	-	-	-	367	-	367
Interbank and money market items, net	1,821	5,559	379	647	-	-	-	8,406
Investments, net	-	3,620	11,514	44,696	2,530	364	-	62,724
Loans to customers <sup>(1)</sup>	105	26,307	30,633	65,340	15,005	-	1,940	139,330
<b>Total financial assets</b>	<b>1,926</b>	<b>35,486</b>	<b>42,526</b>	<b>110,683</b>	<b>17,535</b>	<b>731</b>	<b>1,940</b>	<b>210,827</b>
<b>Financial liabilities</b>								
Deposits	17,440	55,996	25,751	1,162	-	-	-	100,349
Interbank and money market items	536	40,437	8,064	683	218	-	-	49,938
Liabilities payable on demand	76	-	-	-	-	-	-	76
Debt issued and borrowings	-	6,264	3,694	14,364	1,998	-	-	26,320
<b>Total financial liabilities</b>	<b>18,052</b>	<b>102,697</b>	<b>37,509</b>	<b>16,209</b>	<b>2,216</b>	<b>-</b>	<b>-</b>	<b>176,683</b>

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

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<b>Bank only</b> <b>30 June 2018</b>								
	Maturity					No maturity	Non-performing assets	Total
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years			
<b>Financial assets</b>								
Cash	-	-	-	-	-	410	-	410
Interbank and money market items, net	2,104	4,445	-	592	-	-	-	7,141
Investments, net	-	6,409	14,272	45,685	3,214	340	-	69,920
Loans to customers <sup>(1)</sup>	1,042	24,534	20,865	50,323	12,445	-	675	109,884
<b>Total financial assets</b>	<b>3,146</b>	<b>35,388</b>	<b>35,137</b>	<b>96,600</b>	<b>15,659</b>	<b>750</b>	<b>675</b>	<b>187,355</b>
<b>Financial liabilities</b>								
Deposits	18,801	56,624	29,931	1,200	-	-	-	106,556
Interbank and money market items	671	19,251	12,871	15,487	122	-	-	48,402
Liabilities payable on demand	90	-	-	-	-	-	-	90
Debt issued and borrowings	-	-	-	-	4,985	-	-	4,985
<b>Total financial liabilities</b>	<b>19,562</b>	<b>75,875</b>	<b>42,802</b>	<b>16,687</b>	<b>5,107</b>	<b>-</b>	<b>-</b>	<b>160,033</b>
<sup>(1)</sup> Net of deferred revenue								

<b>Bank only</b> <b>31 December 2017</b>								
	Maturity					No maturity	Non-performing assets	Total
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years			
<b>Financial assets</b>								
Cash	-	-	-	-	-	366	-	366
Interbank and money market items, net	1,640	5,559	379	647	-	-	-	8,225
Investments, net	-	3,620	11,514	44,696	2,530	364	-	62,724
Loans to customers <sup>(1)</sup>	1,136	23,454	22,969	43,611	12,767	-	1,462	105,399
<b>Total financial assets</b>	<b>2,776</b>	<b>32,633</b>	<b>34,862</b>	<b>88,954</b>	<b>15,297</b>	<b>730</b>	<b>1,462</b>	<b>176,714</b>
<b>Financial liabilities</b>								
Deposits	17,441	55,996	25,751	1,162	-	-	-	100,350
Interbank and money market items	536	40,437	8,064	683	218	-	-	49,938
Liabilities payable on demand	76	-	-	-	-	-	-	76
Debt issued and borrowings	-	116	-	-	-	-	-	116
<b>Total financial liabilities</b>	<b>18,053</b>	<b>96,549</b>	<b>33,815</b>	<b>1,845</b>	<b>218</b>	<b>-</b>	<b>-</b>	<b>150,480</b>
<sup>(1)</sup> Net of deferred revenue								

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*(d) Foreign exchange risk*

Foreign exchange risk is the risk that changes in foreign exchange rates may result in changes in the value of financial instruments, and fluctuations in revenues or the values of financial assets and liabilities. Since the Bank has foreign exchange transactions, it may be exposed to foreign exchange risk. However, the Bank has a policy to hedge this foreign exchange exposure through management of its net foreign exchange position and operating in accordance with a risk management policy.

The Bank and its subsidiaries' significant foreign currency position as at 30 June 2018 and 31 December 2017 can be summarised as follows:

	US dollar	Renminbi	Consolidated 30 June 2018 (in million Baht)		Euro	Others	Total
<b>Financial assets</b>			Yen				
Cash	-	34	-	-	-	-	34
Interbank and money market items, net	1,018	454	6	12	44		1,534
Investments, net	25,966	699	-	4,234	-		30,899
Loans to customers <sup>(1)</sup>	25,130	2,914	14	4,000	-		32,058
<b>Total financial assets</b>	<b>52,114</b>	<b>4,101</b>	<b>20</b>	<b>8,246</b>	<b>44</b>		<b>64,525</b>
<b>Financial liabilities</b>							
Deposits	1,638	1,628	12	20	4		3,302
Interbank and money market items	38,401	1,790	-	-	-		40,191
<b>Total financial liabilities</b>	<b>40,039</b>	<b>3,418</b>	<b>12</b>	<b>20</b>	<b>4</b>		<b>43,493</b>
Avals to bill and guarantee on loan	2	-	-	-	858		860
Letters of credit	129	1	-	-	-		130
Other contingencies	1,980	125	-	686	-		2,791
Derivatives held for risk management	(12,045)	(504)	(2)	(8,214)	(5)		(20,770)
Average exchange rate (Baht per 1 foreign currency unit)	33.1672	5.0014	0.2999	34.4926			

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

	US dollar	Renminbi	Consolidated 31 December 2017 (in million Baht)		Euro	Others	Total
<b>Financial assets</b>			Yen				
Cash	-	7	-	-	-		7
Interbank and money market items, net	1,221	330	10	25	50		1,636
Investments, net	23,694	700	-	4,293	-		28,687
Loans to customers <sup>(1)</sup>	28,279	1,057	2	5,063	-		34,401
<b>Total financial assets</b>	<b>53,194</b>	<b>2,094</b>	<b>12</b>	<b>9,381</b>	<b>50</b>		<b>64,731</b>
<b>Financial liabilities</b>							
Deposits	1,439	1,362	11	54	4		2,870
Interbank and money market items	33,040	1,263	-	1,093	-		35,396
<b>Total financial liabilities</b>	<b>34,479</b>	<b>2,625</b>	<b>11</b>	<b>1,147</b>	<b>4</b>		<b>38,266</b>
Avals to bill and guarantee on loan	(7)	-	-	-	(812)		(819)
Letters of credit	(292)	(5)	-	-	-		(297)
Other contingencies	(1,362)	(33)	-	(179)	-		(1,574)
Derivatives held for risk management	(18,701)	561	5	(8,240)	(6)		(26,381)
Average exchange rate (Baht per 1 foreign currency unit)	32.6809	5.0145	0.2898	39.0273			

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

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	US dollar	Renminbi	Bank only 30 June 2018 (in million Baht)		Others	Total
			Yen	Euro		
<b>Financial assets</b>						
Cash	-	34	-	-	-	34
Interbank and money market items, net	810	454	6	12	44	1,326
Investments, net	25,966	699	-	4,234	-	30,899
Loans to customers <sup>(1)</sup>	25,280	2,914	14	4,000	-	32,208
<b>Total financial assets</b>	<b>52,056</b>	<b>4,101</b>	<b>20</b>	<b>8,246</b>	<b>44</b>	<b>64,467</b>
<b>Financial liabilities</b>						
Deposits	1,638	1,628	12	20	4	3,302
Interbank and money market items	38,401	1,790	-	-	-	40,191
<b>Total financial liabilities</b>	<b>40,039</b>	<b>3,418</b>	<b>12</b>	<b>20</b>	<b>4</b>	<b>43,493</b>
Avals to bill and guarantee on loan	2	-	-	-	858	860
Letters of credit	129	1	-	-	-	130
Other contingencies	1,980	125	-	686	-	2,791
Derivatives held for risk management	(12,045)	(504)	(2)	(8,214)	(5)	(20,770)
Average exchange rate (Baht per 1 foreign currency unit)	33.1672	5.0014	0.2999	38.4926	-	

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

	US dollar	Renminbi	Bank only 31 December 2017 (in million Baht)		Others	Total
			Yen	Euro		
<b>Financial assets</b>						
Cash	-	7	-	-	-	7
Interbank and money market items, net	1,132	330	10	25	50	1,547
Investments, net	23,694	700	-	4,293	-	28,687
Loans to customers <sup>(1)</sup>	28,319	1,057	2	5,063	-	34,441
<b>Total financial assets</b>	<b>53,145</b>	<b>2,094</b>	<b>12</b>	<b>9,381</b>	<b>50</b>	<b>64,682</b>
<b>Financial liabilities</b>						
Deposits	1,439	1,362	11	54	4	2,870
Interbank and money market items	33,040	1,263	-	1,093	-	35,396
<b>Total financial liabilities</b>	<b>34,479</b>	<b>2,625</b>	<b>11</b>	<b>1,147</b>	<b>4</b>	<b>38,266</b>
Avals to bill and guarantee on loan	(7)	-	-	-	(812)	(819)
Letters of credit	(292)	(5)	-	-	-	(297)
Other contingencies	(1,362)	(33)	-	(179)	-	(1,574)
Derivatives held for risk management	(18,701)	561	5	(8,240)	(6)	(26,381)
Average exchange rate (Baht per 1 foreign currency unit)	32.6809	5.0145	0.2898	39.0273		

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



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*Derivatives*

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

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

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

	<b>Consolidated and Bank only</b>			
	<b>30 June 2018</b>		<b>31 December 2017</b>	
	Notional amount (in million Baht)	Maturity	Notional amount (in million Baht)	Maturity
<i><b>Interest rate swap contracts</b></i>				
Receive floating interest rates and pay fixed interest rates	20,021	2019 - 2027	11,236	2018 - 2027

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 Bank only</b>			
	<b>30 June 2018</b>		<b>31 December 2017</b>	
	Notional amount (in million Baht)	Maturity	Notional amount (in million Baht)	Maturity
<i><b>Cross currency interest rate swap contracts</b></i>				
Receive interest at a floated rate on US Dollar notional amounts and to pay interest at a fixed rate on Euro notional amounts	4,142	2021	4,081	2021
Receive interest at a floated rate on US Dollar notional amounts and to pay interest at a fixed rate on Thai Baht notional amounts	2,234	2019	-	-
Receive interest at a fixed rate on Thai Baht notional amounts and to pay interest at a floated rate on US Dollar notional amounts	2,234	2019	-	-

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As at 30 June 2018 and 31 December 2017, financial derivatives are classified by their remaining maturities as follows:

	<b>Consolidated and Bank only</b>					
	30 June 2018			31 December 2017		
	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	9,064	-	9,064	8,794	-	8,794
Sold	23,921	-	23,921	28,186	-	28,186
<b>Interest rate swap contracts</b>	950	19,071	20,021	1,700	9,536	11,236
<b>Cross currency and interest rate swap contracts</b>						
Bought	2,234	4,142	6,376	-	4,081	4,081
Sold	2,234	-	2,234	-	-	-

## 6 Fair value of financial assets and liabilities

### 6.1 Financial assets and liabilities measured at fair value

Fair values of financial assets and liabilities shown in the consolidated and the Bank only statement of financial position as at 30 June 2018 and 31 December 2017 are as follows:

	<b>Consolidated and Bank only</b>			
	30 June 2018			
	Fair value			
	Level 1	Level 2	Level 3	Total
	<i>(in million Baht)</i>			
<b>Financial assets</b>				
Derivatives assets (Trading book)				
- Foreign exchange rate	-	28	-	28
- Foreign exchange and interest rate	-	140	-	140
Available-for-sale securities	249	33,533	-	33,782
<b>Financial liabilities</b>				
Derivatives liabilities (Trading book)				
- Foreign exchange rate	-	34	-	34
- Foreign exchange and interest rate	-	140	-	140
	<b>Consolidated and Bank only</b>			
	31 December 2017			
	Fair value			
	Level 1	Level 2	Level 3	Total
	<i>(in million Baht)</i>			
<b>Financial assets</b>				
Derivatives assets (Trading book)				
- Foreign exchange rate	-	54	-	54
Available-for-sale securities	273	28,556	-	28,829
<b>Financial liabilities</b>				
Derivatives liabilities (Trading book)				
- Foreign exchange rate	-	52	-	52

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**6.2 Financial assets and liabilities not measured at fair value**

The following tables analyse financial assets and liabilities not measured at fair value at 30 June 2018 and 31 December 2017, by the level in the fair value hierarchy into which the fair value measurement is categorised.

		Consolidated 30 June 2018			
	Carrying value	Level 1	Level 2	Level 3	Total
		(in million Baht)			
<i>Financial assets</i>					
Interbank and money market items, net	7,530	-	7,530	-	7,530
Derivatives assets (Banking book)	178	-	178	-	178
Investment, net <sup>(1)</sup>	36,136	-	35,852	268	36,120
Loans to customers <sup>(2) (3)</sup>	105,869	-	-	105,744	105,744
Receivables on credit support for derivative contracts	80	-	80	-	80
<i>Financial liabilities</i>					
Deposits	106,555	-	106,557	-	106,557
Interbank and money market items	48,402	-	48,356	-	48,356
Derivatives liabilities (Banking book)	1,071	-	1,096 <sup>(4)</sup>	-	1,096
Debt issued and borrowings	30,744	-	30,841	-	30,841
Other financial liabilities	17	-	13 <sup>(5)</sup>	-	13

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

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

<sup>(3)</sup> The amount excludes hire purchase and finance lease of subsidiaries

<sup>(4)</sup> Interest receivables and payables are considered for determining fair value on derivative liabilities

<sup>(5)</sup> The amount stated represents net gain on other financial liabilities

		Consolidated 31 December 2017			
	Carrying value	Level 1	Level 2	Level 3	Total
		(in million Baht)			
<b>Financial assets</b>					
Interbank and money market items, net	8,406	-	8,406	-	8,406
Derivatives assets (Banking book)	471	-	449	-	449
Investment, net <sup>(1)</sup>	33,895	-	33,914	254	34,168
Loans to customers <sup>(2) (3)</sup>	101,181	-	-	101,088	101,088
Receivables on credit support for derivative contracts	1	-	1	-	1
<b>Financial liabilities</b>					
Deposits	100,349	-	100,351	-	100,351
Interbank and money market items	49,938	-	49,934	-	49,934
Derivatives liabilities (Banking book)	309	-	299 <sup>(4)</sup>	-	299
Payable on credit support for derivative contracts	130	-	130	-	130
Debt issued and borrowings	26,320	-	26,593	-	26,593
Other financial liabilities	8	-	60 <sup>(5)</sup>	-	60

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

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

<sup>(3)</sup> The amount excludes hire purchase and finance lease of subsidiaries

<sup>(4)</sup> Interest receivables and payables are considered for determining fair value on derivative liabilities

<sup>(5)</sup> The amount stated represents net loss on other financial liabilities

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		Bank only 30 June 2018			
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
<b>Financial assets</b>					
Interbank and money market items, net	7,141	-	7,141	-	7,141
Derivatives assets (Banking book)	178	-	178	-	178
Investment, net <sup>(1)</sup>	36,136	-	35,852	268	36,120
Loans to customers <sup>(2)</sup>	109,884	-	-	109,830	109,830
Receivables on credit support for derivative contracts	80	-	80	-	80
<b>Financial liabilities</b>					
Deposits	106,556	-	106,557	-	106,557
Interbank and money market items	48,402	-	48,356	-	48,356
Derivatives liabilities (Banking book)	1,071	-	1,096 <sup>(3)</sup>	-	1,096
Debt issued and borrowings	4,985	-	4,981	-	4,981
Other financial liabilities	17	-	13 <sup>(4)</sup>	-	13

<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 on derivative liabilities

<sup>(4)</sup> The amount stated represents net gain on other financial liabilities

		Bank only 31 December 2017			
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
<b>Financial assets</b>					
Interbank and money market items, net	8,225	-	8,225	-	8,225
Derivatives assets (Banking book)	471	-	449	-	449
Investment, net <sup>(1)</sup>	33,895	-	33,914	254	34,168
Loans to customers <sup>(2)</sup>	105,399	-	-	105,386	105,386
Receivables on credit support for derivative contracts	1	-	1	-	1
<b>Financial liabilities</b>					
Deposits	100,350	-	100,351	-	100,351
Interbank and money market items	49,938	-	49,934	-	49,934
Derivatives liabilities (Banking book)	309	-	299 <sup>(3)</sup>	-	299
Payable on credit support for derivative contracts	130	-	130	-	130
Debt issued and borrowings	116	-	116	-	116
Other financial liabilities	8	-	60 <sup>(4)</sup>	-	60

<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 on derivative liabilities

<sup>(4)</sup> The amount stated represents net loss on other financial liabilities

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**Methods and assumptions in estimating fair values of financial assets and liabilities**

The following methods and assumptions are used by the Bank and its subsidiaries in estimating fair values of financial assets and liabilities as disclosed herein:

*Investments in debts securities and other equity*

For government securities and state enterprise securities, fair values are calculated by using the Bank of Thailand's 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. 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 has 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 by 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.

*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. The fair value of fixed rate loans to customers that have remaining maturity within 1 year of the reporting date is approximated using 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 are approximated using 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 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.

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*Derivatives*

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

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

**7 Maintenance of capital fund**

The Bank 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 weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. As announced by the BoT in its circulars dated 8 November 2012 and 8 May 2015, the Bank is required to calculate its Capital Fund in accordance with Basel III. The Bank and financial group comply with the regulatory capital according to Basel III. As at 30 June 2018 and 31 December 2017, the consolidated supervision and the Bank only's total capital funds could be categorised as follows:

	<b>Consolidated supervision</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>
	<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	600,000	600,000
Retained earnings after appropriations	6,951,265	6,214,826
Other comprehensive income	214,252	328,366
Other owner changes items	(24,849)	(24,849)
Less Capital deduction items on CET1	(1,074,934)	(960,271)
<b>Total Tier 1 capital</b>	<b>26,797,828</b>	<b>26,290,166</b>
<b>Tier 2 capital</b>		
Subordinated debentures	5,000,000	-
Allowance for classified assets of "pass" category	2,350,573	2,306,247
<b>Total Tier 2 capital</b>	<b>7,350,573</b>	<b>2,306,247</b>
<b>Total capital funds</b>	<b>34,148,401</b>	<b>28,596,413</b>
<b>Total risk-weighted assets</b>	<b>197,783,147</b>	<b>193,987,009</b>

	<b>Consolidated</b>			
	<b>BoT's</b>	<b>30 June</b>	<b>BoT's</b>	<b>31 December</b>
	<b>minimum</b>	<b>2018</b>	<b>minimum</b>	<b>2017</b>
	<b>requirement<sup>(1)</sup></b>		<b>requirement<sup>(1)</sup></b>	
		<b>(%)</b>		
<b>Capital ratio</b>				
Total capital to total risk-weighted assets	10.375	17.27	9.75	14.74
Tier 1 capital to total risk-weighted assets	7.875	13.55	7.25	13.56
Tier 1 common equity to total risk-weighted assets	6.375	13.55	5.75	13.56
Tier 2 capital to total risk-weighted assets	-	3.72	-	1.18

<sup>(1)</sup> Includes capital conservation buffer as required by BoT commencing 1 January 2016

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	<b>Bank only</b>	
	<b>30 June 2018</b>	<b>31 December 2017</b>
	<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	600,000	600,000
Retained earnings after appropriations	6,007,238	5,574,890
Other comprehensive income	214,172	328,390
Less Capital deduction items on CET1	(526,261)	(469,858)
<b>Total Tier 1 capital</b>	<b>26,427,243</b>	<b>26,165,516</b>
<b>Tier 2 capital</b>		
Subordinated debentures	5,000,000	-
Allowance for classified assets of “pass” category	2,124,372	2,102,528
<b>Total Tier 2 capital</b>	<b>7,124,372</b>	<b>2,102,528</b>
<b>Total capital funds</b>	<b>33,551,615</b>	<b>28,268,044</b>
<b>Total risk-weighted assets</b>	<b>176,479,430</b>	<b>174,449,312</b>

	<b>Bank only</b>			
	<b>BoT's minimum requirement<sup>(1)</sup></b>	<b>30 June 2018</b>	<b>BoT's minimum requirement<sup>(1)</sup></b>	<b>31 December 2017</b>
		<b>(%)</b>		
<b>Capital ratio</b>				
Total capital to total risk-weighted assets	10.375	19.01	9.75	16.20
Tier 1 capital to total risk-weighted assets	7.875	14.97	7.25	15.00
Tier 1 common equity to total risk-weighted assets	6.375	14.97	5.75	15.00
Tier 2 capital to total risk-weighted assets	-	4.04	-	1.20

<sup>(1)</sup> Includes capital conservation buffer as required by BoT commencing 1 January 2016

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 2017 in the Bank's website, [www.icbthai.com](http://www.icbthai.com), under Financial Report section on 27 April 2018. The Bank will disclose the Capital Maintenance and Information security risks for the Bank and financial group at 30 June 2018 within October 2018.

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 2018 and 31 December 2017, the Group has regulatory capital after deducting capital add-on arising from Single Lending Limit in the amount of Baht 32,051 million and Baht 26,423 million respectively or 16.21% and 13.62% respectively. *(Bank only: Baht 31,501 million and Baht 26,145 million or 17.85% and 14.99%)*

#### *Capital management*

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

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

	Consolidated					
	30 June 2018		31 December 2017			
	Demand	Time	Total	Demand	Time	Total
	(in thousand Baht)					
<b>Domestic items</b>						
Bank of Thailand	1,309,370	-	1,309,370	1,066,651	670,000	1,736,651
Commercial Banks	264,011	300,000	564,011	189,019	3,680,000	3,869,019
Specialised financial institutions	3,518	2,000,000	2,003,518	959	-	959
Other financial institutions	-	2,146,000	2,146,000	-	1,207,000	1,207,000
<b>Total</b>	<b>1,576,899</b>	<b>4,446,000</b>	<b>6,022,899</b>	<b>1,256,629</b>	<b>5,557,000</b>	<b>6,813,629</b>
Add accrued interest receivables	5	2,783	2,788	5	1,525	1,530
Less allowance for doubtful accounts	-	(4,000)	(4,000)	-	-	-
<b>Total domestic items, net</b>	<b>1,576,904</b>	<b>4,444,783</b>	<b>6,021,687</b>	<b>1,256,634</b>	<b>5,558,525</b>	<b>6,815,159</b>
<b>Foreign items</b>						
US Dollar	360,129	657,887	1,018,016	170,222	1,050,691	1,220,913
Renminbi	453,890	-	453,890	329,675	-	329,675
Euro	12,043	-	12,043	25,370	-	25,370
Hong Kong Dollar	3,134	-	3,134	8,909	-	8,909
Other currencies	26,521	-	26,521	29,676	-	29,676
<b>Total</b>	<b>855,717</b>	<b>657,887</b>	<b>1,513,604</b>	<b>563,852</b>	<b>1,050,691</b>	<b>1,614,543</b>
Add accrued interest receivables	-	1,221	1,221	-	3,325	3,325
Less deferred revenue	-	-	-	-	(780)	(780)
Less allowance for doubtful accounts	-	(6,488)	(6,488)	-	(26,501)	(26,501)
<b>Total foreign items, net</b>	<b>855,717</b>	<b>652,620</b>	<b>1,508,337</b>	<b>563,852</b>	<b>1,026,735</b>	<b>1,590,587</b>
<b>Total domestic and foreign items, net</b>	<b>2,432,621</b>	<b>5,097,403</b>	<b>7,530,024</b>	<b>1,820,486</b>	<b>6,585,260</b>	<b>8,405,746</b>

	Bank only					
	30 June 2018		31 December 2017			
	Demand	Time	Total	Demand	Time	Total
	(in thousand Baht)					
<b>Domestic items</b>						
Bank of Thailand	1,309,370	-	1,309,370	1,066,651	670,000	1,736,651
Commercial banks	86,171	300,000	386,171	97,822	3,680,000	3,777,822
Specialised financial institutions	-	2,000,000	2,000,000	-	-	-
Other financial institutions	-	2,146,000	2,146,000	-	1,207,000	1,207,000
<b>Total</b>	<b>1,395,541</b>	<b>4,446,000</b>	<b>5,841,541</b>	<b>1,164,473</b>	<b>5,557,000</b>	<b>6,721,473</b>
Add accrued interest receivables	-	2,783	2,783	-	1,525	1,525
Less allowance for doubtful accounts	-	(4,000)	(4,000)	-	-	-
<b>Total domestic items, net</b>	<b>1,395,541</b>	<b>4,444,783</b>	<b>5,840,324</b>	<b>1,164,473</b>	<b>5,558,525</b>	<b>6,722,998</b>
<b>Foreign items</b>						
US Dollar	152,169	657,887	810,056	81,491	1,050,691	1,132,182
Renminbi	453,890	-	453,890	329,675	-	329,675
Euro	12,043	-	12,043	25,370	-	25,370
Hong Kong Dollar	3,134	-	3,134	8,909	-	8,909
Other currencies	26,521	-	26,521	29,676	-	29,676
<b>Total</b>	<b>647,757</b>	<b>657,887</b>	<b>1,305,644</b>	<b>475,121</b>	<b>1,050,691</b>	<b>1,525,812</b>
Add accrued interest receivables	-	1,221	1,221	-	3,325	3,325
Less deferred revenue	-	-	-	-	(780)	(780)
Less allowance for doubtful accounts	-	(6,488)	(6,488)	-	(26,501)	(26,501)
<b>Total foreign items, net</b>	<b>647,757</b>	<b>652,620</b>	<b>1,300,377</b>	<b>475,121</b>	<b>1,026,735</b>	<b>1,501,856</b>
<b>Total domestic and foreign items, net</b>	<b>2,043,298</b>	<b>5,097,403</b>	<b>7,140,701</b>	<b>1,639,594</b>	<b>6,585,260</b>	<b>8,224,854</b>



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## 9 Derivatives

### 9.1 Trading Book

The fair value and the notional amount classified by type of risk are as follows:

Type of risks	Consolidated and Bank only					
	30 June 2018			31 December 2017		
	Fair value Assets	Liabilities	Notional amount <sup>(1)</sup> (in thousand Baht)	Fair value Assets	Liabilities	Notional amount <sup>(1)</sup>
Foreign exchange	27,559	34,079	3,765,913	54,074	51,561	5,413,702
Foreign exchange and interest rate	140,007	140,007	4,335,405	-	-	-
<b>Total</b>	<b>167,566</b>	<b>174,086</b>	<b>8,101,318</b>	<b>54,074</b>	<b>51,561</b>	<b>5,413,702</b>

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

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

Counterparties	Consolidated and Bank only	
	30 June 2018	31 December 2017 (%)
Financial institutions	91.82	90.09
Corporations	8.18	9.91
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

### 9.2 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 risks	Consolidated and The Bank					
	30 June 2018			31 December 2017		
	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	178,378	978,220	29,015,224	470,634	97,277	31,654,203
Interest rate	- <sup>(3)</sup>	- <sup>(3)</sup>	20,020,666	- <sup>(3)</sup>	- <sup>(3)</sup>	11,235,647
Foreign exchange and interest rate	-	92,531	4,234,186	-	212,074	4,293,003
<b>Total</b>	<b>178,378</b>	<b>1,070,751</b>	<b>53,270,076</b>	<b>470,634</b>	<b>309,351</b>	<b>47,182,853</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 may be.

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**10 Investments, net**

**10.1 Classified by type of investments**

	<b>Consolidated and Bank only</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>
	<i>(in thousand Baht)</i>	
<b>Available-for-sale securities - Fair value</b>		
Government and state enterprise securities	28,444,368	24,094,485
Domestic private debt securities	2,001,896	2,006,753
Foreign private debt securities	3,087,388	2,455,068
Domestic equity securities	248,659	272,738
<b>Total</b>	<b>33,782,311</b>	<b>28,829,044</b>
<b>Held-to-maturity securities - Amortised cost</b>		
Domestic private debt securities	8,233,760	7,572,074
Foreign private debt securities	27,811,885	26,231,918
<b>Total</b>	<b>36,045,645</b>	<b>33,803,992</b>
<b>General investments - Cost</b>		
Domestic non-marketable equity securities	100,777	100,322
Less allowance for impairment	(9,159)	(9,158)
<b>General investments, net</b>	<b>91,618</b>	<b>91,164</b>
<b>Total</b>	<b>69,919,574</b>	<b>62,724,200</b>

As at 30 June 2018 and 31 December 2017, the Bank has no bond in the portfolio, classified as available-for-sale securities that is pledged as security on a contract for repurchase agreements.

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

	<b>Consolidated and Bank only</b>			
	<b>30 June 2018</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>
	<i>(in thousand Baht)</i>			
<b>Available-for-sale securities</b>				
Government and state enterprise securities	14,664,903	13,314,893	470,148	28,449,944
Domestic private debt securities	-	430,000	1,500,000	1,930,000
Foreign private debt securities	-	3,154,656	-	3,154,656
<b>Total</b>	<b>14,664,903</b>	<b>16,899,549</b>	<b>1,970,148</b>	<b>33,534,600</b>
Add allowance for revaluation	7,311	(51,935)	43,676	(948)
<b>Total available-for-sale securities</b>	<b>14,672,214</b>	<b>16,847,614</b>	<b>2,013,824</b>	<b>33,533,652</b>
<b>Held-to-maturity securities</b>				
Domestic private debt securities	300,870	6,732,890	1,200,000	8,233,760
Foreign private debt securities	5,707,764	22,104,121	-	27,811,885
<b>Total held-to-maturity securities</b>	<b>6,008,634</b>	<b>28,837,011</b>	<b>1,200,000</b>	<b>36,045,645</b>
<b>Total debt securities</b>	<b>20,680,848</b>	<b>45,684,625</b>	<b>3,213,824</b>	<b>69,579,297</b>

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	Consolidated and Bank only			
	31 December 2017			
	Periods to maturity			
	Less than 1 year	1-5 years	Over 5 years	Total
	(in thousand Baht)			
<i>Available-for-sale securities</i>				
Government and state enterprise securities	11,033,363	12,509,350	470,155	24,012,868
Domestic private debt securities	-	430,000	1,500,000	1,930,000
Foreign private debt securities	-	2,466,663	-	2,466,663
Total	11,033,363	15,406,013	1,970,155	28,409,531
Add allowance for revaluation	44,652	42,642	59,481	146,775
Total available-for-sale securities	11,078,015	15,448,655	2,029,636	28,556,306
<i>Held-to-maturity securities</i>				
Domestic private debt securities	813,940	6,258,134	500,000	7,572,074
Foreign private debt securities	3,242,953	22,988,965	-	26,231,918
Total held-to-maturity securities	4,056,893	29,247,099	500,000	33,803,992
Total debt securities	15,134,908	44,695,754	2,529,636	62,360,298

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

	Consolidated and Bank only	
	30 June 2018	31 December 2017
<i>(in thousand Baht)</i>		
<b>Revaluation surplus on available-for-sale investments</b>		
Debt securities	88,986	264,937
Equity securities	178,729	198,538
Total	267,715	463,475
Less deferred tax	(53,543)	(92,695)
<b>Net</b>	<b>214,172</b>	<b>370,780</b>

**10.4 Investment in companies with holding of 10% and upwards**

Investments in securities of which the Bank and its subsidiaries 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 Bank only 30 June 2018					
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	<u>20,390</u>
Consolidated and Bank only 31 December 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	<u>20,390</u>

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

	Consolidated and Bank only					
	30 June 2018	31 December 2017		30 June 2018	31 December 2017	
	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	<u>9,817</u>	<u>658</u>	<u>(9,159)</u>	<u>9,817</u>	<u>658</u>	<u>(9,159)</u>

**11 Investments in subsidiaries, net**

Investments in subsidiaries as at 30 June 2018 and 31 December 2017, and dividend income from those investments for the six-month periods ended 30 June 2018 and 2017, were as follows:

Name of subsidiaries	Type of business	Bank only						Dividend income for the six-month period ended 30 June	
		Ownership interest		Paid-up capital		Cost			
		30	31	30	31	30	31		
		June	December	June	December	June	December		
		2018	2017	2018	2017	2018	2017		
<i>Direct subsidiary</i>		(%)				(in million Baht)			
ICBC (Thai) Leasing Company Limited <sup>(1)</sup>	Hire purchase, finance lease and factoring business	99.99	99.99	4,250	4,250	<u>4,250</u>	<u>4,250</u>	-	-
<i>Indirect subsidiary</i>									
Sky High LI Leasing Designated Activity Company Limited <sup>(2)</sup>	Hire purchase business	99.99	99.99	-	-	-	-	-	-

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

<sup>(2)</sup> The indirect subsidiary is incorporated in Ireland.

On 28 December 2017, ICBC (Thai) Leasing Company Limited (“Direct subsidiary”) invested in 1 share (equivalent to 100%) in Sky High LI Leasing Designated Activity Company Limited at a price of Euro 1 (equivalent to Baht 39). As a result, the Bank gained indirect control over the Sky High LI Leasing Designated Activity Company Limited by recording the investment in subsidiaries and became the parent company.

**12 Investments in an associate, net**

Investments in an associate as at 30 June 2018 and 31 December 2017, and dividend income from those investments for the six-month periods ended 30 June 2018 and 2017, were as follows:

Name of associate	Type of business	Country of incorporation	Ownership interest (%)	Consolidated 30 June 2018		Equity	Fair value of listed securities	Dividend income for the six-month period ended 30 June 2018
				Paid-up capital	Cost			
Finansia Syrus Securities Public Company Limited	Securities business	Thailand	22.29	930	<u>305</u>	<u>580</u>	<u>306</u>	<u>8</u>

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Name of associate	Type of business	Country of incorporation	Ownership interest (%)	Consolidated 31 December 2017		Equity (in million Baht)	Fair value of listed securities	Dividend income for the six-month period ended 30 June 2017
				Paid-up capital	Cost			
Finansia Syrus Securities Public Company Limited	Securities business	Thailand	22.29	930	305	579	368	17

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

Name of associate	Ownership interest (%)	30 June 2018		For six-month period ended 30 June 2018		
		Total assets	Total liabilities	Total revenue (in million Baht)	Total expenses	Net profit
Finansia Syrus Securities Public Company Limited	22.29	4,084	1,491	809	765	31

  

Name of associate	Ownership interest (%)	31 December 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	5,953	3,357	799	700	88

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

#### 13.1 Classified by types of loans

	Consolidated		Bank only	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	(in thousand Baht)			
Overdrafts	653,649	724,128	653,649	724,128
Loans	74,892,426	72,385,474	79,121,300	76,659,550
Notes receivable	26,929,020	24,045,226	27,935,020	25,076,226
Factoring receivables	3,604,894	4,300,968	2,253,896	3,091,007
Hire purchase receivables	35,500,154	36,054,051	-	-
Finance lease receivables	7,444,512	7,200,098	-	-
Total loans to customers	149,024,655	144,709,945	109,963,865	105,550,911
Less deferred revenue	(5,354,573)	(5,380,267)	(79,681)	(151,464)
Total loans to customers, net of deferred revenue	143,670,082	139,329,678	109,884,184	105,399,447
Add accrued interest receivables	321,783	246,485	322,995	248,564
Total loans to customers, net of deferred revenue and accrued interest receivables	143,991,865	139,576,163	110,207,179	105,648,011
Less allowance for doubtful accounts				
- allowance established per BoT regulations	(2,536,550)	(2,912,332)	(724,744)	(969,608)
- allowance established in excess of BoT regulations	(4,936,575)	(4,465,417)	(3,203,094)	(3,330,826)
Less revaluation allowance for debt restructuring	(15,102)	(23,505)	(3,354)	(11,185)
Loans to customers and accrued interest receivables, net	136,503,638	132,174,909	106,275,987	101,336,392

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

	Consolidated			31 December 2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	111,600,708	10,243	111,610,951	104,914,646	13,331	104,927,977
US Dollar	10,021,339	15,109,114	25,130,453	11,563,957	16,715,911	28,279,868
Renminbi	660	2,913,572	2,914,232	496	1,056,117	1,056,613
Euro	9,604	3,990,514	4,000,118	7,096	5,055,525	5,062,621
Yen	14,328	-	14,328	2,370	-	2,370
Others	-	-	-	229	-	229
<b>Total <sup>(1)</sup></b>	<b>121,646,639</b>	<b>22,023,443</b>	<b>143,670,082</b>	<b>116,488,794</b>	<b>22,840,884</b>	<b>139,329,678</b>

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

	Bank only			31 December 2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	77,664,991	10,243	77,675,234	70,945,009	13,331	70,958,340
US Dollar	5,929,061	19,351,211	25,280,272	7,313,467	21,005,807	28,319,274
Renminbi	660	2,913,572	2,914,232	496	1,056,117	1,056,613
Euro	9,604	3,990,514	4,000,118	7,096	5,055,525	5,062,621
Yen	14,328	-	14,328	2,370	-	2,370
Others	-	-	-	229	-	229
<b>Total <sup>(1)</sup></b>	<b>83,618,644</b>	<b>26,265,540</b>	<b>109,884,184</b>	<b>78,268,667</b>	<b>27,130,780</b>	<b>105,399,447</b>

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

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

	Consolidated				Doubtful of Loss	Total
	Pass	Special Mention	Substandard	Doubtful		
	<i>(in thousand Baht)</i>					
Agriculture and mining	2,795,704	1,463	-	-	-	2,797,167
Manufacturing and commerce	58,965,376	189,939	-	44,934	54,299	59,254,548
Property development and construction	18,991,475	144,558	25,235	-	217,223	19,378,491
Infrastructure and services	27,178,743	627,534	-	332,766	-	28,139,043
Housing loans	6,802	3,109	-	-	-	9,911
Others <sup>(1)</sup>	29,059,830	4,626,972	294,474	109,627	19	34,090,922
<b>Total <sup>(2)</sup></b>	<b>136,997,930</b>	<b>5,593,575</b>	<b>319,709</b>	<b>487,327</b>	<b>271,541</b>	<b>143,670,082</b>

<sup>(1)</sup> Others predominantly consist of hire purchase and finance lease of subsidiaries.

<sup>(2)</sup> Total loans to customers net of deferred revenue.

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	Consolidated 31 December 2017					Total
	Pass	Special Mention	Substandard (in thousand Baht)	Doubtful	Doubtful of Loss	
Agriculture and mining	2,330,429	1,499	-	-	-	2,331,928
Manufacturing and commerce	55,135,423	308,033	-	78,894	419,918	55,942,268
Property development and construction	18,879,810	116,963	13,000	14,775	348,373	19,372,921
Infrastructure and services	26,207,342	628,220	235,857	337,847	-	27,409,266
Housing loans	7,765	3,361	-	-	-	11,126
Others <sup>(1)</sup>	28,894,870	4,876,269	344,662	134,018	12,350	34,262,169
<b>Total <sup>(2)</sup></b>	<b>131,455,639</b>	<b>5,934,345</b>	<b>593,519</b>	<b>565,534</b>	<b>780,641</b>	<b>139,329,678</b>

<sup>(1)</sup> Others predominantly consist of hire purchase and finance lease of subsidiaries.

<sup>(2)</sup> Total loans to customers net of deferred revenue.

	Bank only 30 June 2018					Total
	Pass	Special Mention	Substandard (in thousand Baht)	Doubtful	Doubtful of Loss	
Agriculture and mining	2,795,704	1,463	-	-	-	2,797,167
Manufacturing and commerce	62,993,319	176,716	-	44,934	54,299	63,269,268
Property development and construction	18,991,475	144,558	25,235	-	217,223	19,378,491
Infrastructure and services	23,086,466	627,534	-	332,766	-	24,046,766
Housing loans	6,802	3,109	-	-	-	9,911
Others	381,102	768	603	89	19	382,581
<b>Total <sup>(1)</sup></b>	<b>108,254,868</b>	<b>954,148</b>	<b>25,838</b>	<b>377,789</b>	<b>271,541</b>	<b>109,884,184</b>

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

	Bank only 31 December 2017					Total
	Pass	Special Mention	Substandard (in thousand Baht)	Doubtful	Doubtful of Loss	
Agriculture and mining	2,330,429	1,499	-	-	-	2,331,928
Manufacturing and commerce	59,369,037	292,212	-	78,894	419,918	60,160,061
Property development and construction	18,879,810	116,963	13,000	14,775	348,373	19,372,921
Infrastructure and services	21,956,852	628,220	235,857	337,847	-	23,158,776
Housing loans	7,765	3,361	-	-	-	11,126
Others	349,206	2,361	716	2	12,350	364,635
<b>Total <sup>(1)</sup></b>	<b>102,893,099</b>	<b>1,044,616</b>	<b>249,573</b>	<b>431,518</b>	<b>780,641</b>	<b>105,399,447</b>

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

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**13.4 Loans classified by type of classification**

	Consolidated 30 June 2018						
	Loans to	The Bank			Subsidiaries		Total
	customers and	Net amount			Net amount		
	accrued interest	used to set	Rate used		used to set		
	receivables	the allowance	for allowance	Allowance	the allowance	Allowance	
	less deferred	for doubtful	for doubtful	for doubtful	for doubtful	for doubtful	
	revenue	accounts <sup>(1)</sup>	accounts	accounts	accounts	accounts	
	(in thousand Baht)		(%)		(in thousand Baht)		
Minimum allowance as per BoT's Regulations							
Pass	137,315,832	63,090,138	1	630,901	34,068,156	412,895	1,043,796
Special Mention	5,596,665	652,023	2	13,040	4,477,558	1,256,431	1,269,471
Substandard	320,465	8,853	100	8,853	293,871	103,800	112,653
Doubtful	487,362	36,187	100	36,187	109,538	38,680	74,867
Doubtful of Loss	271,541	35,763	100	35,763	-	-	35,763
							2,536,550
Excess allowance							4,936,575
<b>Total</b>	<b>143,991,865</b>	<b>63,822,964</b>		<b>724,744</b>	<b>38,949,123</b>	<b>1,811,806</b>	<b>7,473,125</b>

- (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".

	Consolidated 31 December 2017						
	Loans to customers and accrued interest receivables less deferred revenue <i>(in thousand Baht)</i>	Net amount used to set the allowance for doubtful accounts <sup>(1)</sup> <i>(in thousand Baht)</i>	The Bank Rate used for allowance for doubtful accounts <i>(%)</i>	Allowance for doubtful accounts	Subsidiaries Net amount used to set the allowance for doubtful accounts <i>(in thousand Baht)</i>	Allowance for doubtful accounts	Total
Minimum allowance as per BoT's Regulations							
Pass	131,695,147	56,544,236	1	565,442	33,852,727	437,190	1,002,632
Special Mention	5,941,188	695,840	2	13,917	4,727,864	1,333,359	1,347,276
Substandard	593,653	5,351	100	5,351	343,946	123,030	128,381
Doubtful	565,534	69,999	100	69,999	134,016	49,145	119,144
Doubtful of Loss	780,641	314,899	100	314,899	-	-	314,899
							2,912,332
Excess allowance <sup>(2)</sup>							4,465,417
<b>Total</b>	<b>139,576,163</b>	<b>57,630,325</b>		<b>969,608</b>	<b>39,058,553</b>	<b>1,942,724</b>	<b>7,377,749</b>

- (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.



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<b>Bank only</b>				
<b>30 June 2018</b>				
	Loans to customers and accrued interest receivables less deferred revenue (in thousand Baht)	Net amount used to set the allowance for doubtful accounts <sup>(1)</sup> (in thousand Baht)	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts (in thousand Baht)
Minimum allowance as per BoT's Regulations				
Pass	108,573,986	63,090,138	1	630,901
Special Mention	957,234	652,023	2	13,040
Substandard	26,594	8,853	100	8,853
Doubtful	377,824	36,187	100	36,187
Doubtful of Loss	271,541	35,763	100	35,763
				724,744
Excess allowance				3,203,094
<b>Total</b>	<b>110,207,179</b>	<b>63,822,964</b>		<b>3,927,838</b>

- (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".

<b>Bank only</b>				
<b>31 December 2017</b>				
	Loans to customers and accrued interest receivables less deferred revenue (in thousand Baht)	Net amount used to set the allowance for doubtful accounts <sup>(1)</sup> (in thousand Baht)	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts (in thousand Baht)
Minimum allowance as per BoT's Regulations				
Pass	103,134,694	56,544,236	1	565,442
Special Mention	1,051,451	695,840	2	13,917
Substandard	249,707	5,351	100	5,351
Doubtful	431,518	69,999	100	69,999
Doubtful of Loss	780,641	314,899	100	314,899
				969,608
Excess allowance <sup>(2)</sup>				3,330,826
<b>Total</b>	<b>105,648,011</b>	<b>57,630,325</b>		<b>4,300,434</b>

- (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.

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**13.5 Non-performing loans**

As at 30 June 2018 and 31 December 2017, 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		Bank only	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>			
Non-Performing Loans (net of allowance for doubtful accounts)	744,114	1,261,846	484,870	962,178
% of Non-Performing Loans to total loans (net) <sup>(1)</sup>	0.50	0.87	0.42	0.87
Non-Performing Loans (gross)	1,078,577	1,939,694	675,168	1,461,732
% of Non-Performing Loans to total loans (gross) <sup>(1)</sup>	0.72	1.34	0.59	1.31

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

During 2018, the Bank has reached an agreement to sell and transfer a number of Non-performing Loans to two Asset Management Companies. The process was completed in June 2018, with a total amount of Baht 475 million. The Bank recognised a gain of Baht 118 million in gains on disposals of non-performing loans.

**13.6 Non-accrual loans**

Non-accrual loans, gross, (including loans to financial institutions) as at 30 June 2018 and 31 December 2017 are as follows:

	Consolidated		Bank only	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>			
Loans where recognition of income has been suspended (principal only)	1,048,387	1,926,690	644,978	1,448,728
% of loans where recognition of income has been suspended <sup>(1)</sup>	0.70	1.32	0.56	1.30

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

**13.7 Loans to subsidiaries**

Company's name	Types of loans	Maturity	Interest rate as at		Amounts principal outstanding	
			30 June 2018	31 December 2017	30 June 2018	31 December 2017
			<i>(% per annum)</i>		<i>(in million Baht)</i>	
ICBC (Thai) Leasing Company Limited	Revolving loan	At call	2.07	1.85	1,006	1,031
Sky High LI Leasing Designated Activity Company Limited	Term Loan	2027	3-month LIBOR + 1.70	3-month LIBOR + 1.70	4,242	4,290
<b>Total</b>					<b>5,248</b>	<b>5,321</b>
Less allowance for doubtful accounts					(52)	(191)
<b>Net</b>					<b>5,196</b>	<b>5,130</b>

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As at 31 December 2017, the Bank had booked minimum allowance as per BoT regulations for loans ICBC (Thai) Leasing Company Limited (“Direct 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 receivables portfolio of its direct subsidiary. The provision was recorded against the loan from the Bank to its direct subsidiaries. Such amount has been booked to loans to customers in the Bank’s financial statements under excess allowance over minimum BoT requirements (*Note 13.4*).

#### 14 Troubled debt restructuring

During the six-month period ended 30 June 2018, there were no troubled debt restructurings both on the Group and the Bank level.

During the six-month period ended 30 June 2017, details of restructured debts as at the date of restructuring, classified by the restructuring method were as follows:

<b>Consolidated</b>				
For the six-month period ended 30 June 2017				
	Number of debtors	Outstanding balances before restructuring	Average period of the remaining term of debt restructuring	Loss on debt restructuring <sup>(1)</sup>
		after restructuring (in million Baht)		
Changes of repayment conditions	7	2,204	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.

<b>Bank only</b>				
For the six-month period ended 30 June 2017				
	Number of debtors	Outstanding balances before restructuring	Average period of the remaining term of debt restructuring	Loss on debt restructuring <sup>(1)</sup>
		after restructuring (in million Baht)		
Changes of repayment conditions	4	206	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.

Additional information relating to restructuring debtors for the six-month periods ended 30 June 2018 and 2017 are as follows:

	<b>Consolidated</b>		<b>Bank Only</b>	
	2018	2017	2018	2017
	(in million Baht)			
Interest income recognised in profit or loss	48	57	9	23
Cash collection from debtors				
- Principal	37	142	4	127
- Interest	12	10	8	10

As at 30 June 2018, the Bank and its subsidiaries have outstanding balances relating to restructured loans for the consolidated and the Bank only financial statement amounting to Baht 2,150 million and 173 million, respectively. (31 December 2017: Baht 2,441 million and 412 million)

As at 30 June 2018 and 31 December 2017, the Bank has no commitment to additionally lend to its debtors after debt restructuring.

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**15 Hire purchase and finance lease receivables**

As at 30 June 2018 and 31 December 2017, the subsidiaries had net hire purchase and financial lease receivables, which are hire purchase or finance lease contracts for motor vehicles, airplanes, machineries and equipment for businesses. The average contract periods are 1 to 12 years (*31 December 2017: 1 to 12 years*) and the interest is charged at floating or fixed rates as specified in the contracts.

	Consolidated 30 June 2018				
	Periods due for payments			Non-	
	Less than 1 year	1 - 5 years	Over 5 years <i>(in million Baht)</i>	performing loan	Total
Total of gross investments in the lease	11,113	27,075	4,295	462	42,945
<i>Less deferred revenue<sup>(1)</sup></i>	<u>(1,753)</u>	<u>(2,990)</u>	<u>(343)</u>	<u>(58)</u>	<u>(5,144)</u>
Present value of the lease payments	<u>9,360</u>	<u>24,085</u>	<u>3,952</u>	<u>404</u>	<u>37,801</u>
Allowance for doubtful accounts					<u>(3,516)</u>
<b>Hire purchase and finance lease receivables, net</b>					<b>34,285</b>

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

	Consolidated 31 December 2017				
	Periods due for payments			Non-	
	Less than 1 year	1 - 5 years	Over 5 years <i>(in million Baht)</i>	performing loan	Total
Total of gross investments in the lease	11,935	26,072	4,704	543	43,254
Less deferred revenue <sup>(1)</sup>	(1,776)	(2,889)	(377)	(65)	(5,107)
Present value of the lease payments	<u>10,159</u>	<u>23,183</u>	<u>4,327</u>	<u>478</u>	<u>38,147</u>
Allowance for doubtful accounts					<u>(3,185)</u>
<b>Hire purchase and finance lease receivables, net</b>					<b>34,962</b>

<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 during the current period of 30 June 2018 there was no booking of additional allowance (*31 December 2017: Baht 138 million*) recorded at the Bank's level to account for expected losses arising in the hire purchase and finance lease receivables portfolio.

**15.1 Classified by aging**

As at 30 June 2018 and 31 December 2017, hire purchase and financial lease receivables are classified by the due date of the contracts as follows:

	Consolidated	
	30 June 2018	31 December 2017
	(in million Baht)	
Not yet due	30,782	30,645
Overdue:		
Not over 90 days	6,615	7,024
91 - 180 days	294	344
181 - 365 days	110	134
Over 365 days	-	-
<b>Total</b>	<b><u>37,801</u></b>	<b><u>38,147</u></b>
Less allowance for doubtful accounts	<u>(3,516)</u>	<u>(3,185)</u>
<b>Net</b>	<b><u>34,285</u></b>	<b><u>34,962</u></b>

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**16 Allowance for doubtful accounts**

<b>Consolidated</b>							
<b>30 June 2018</b>							
	Pass	Special mention	Sub - standard	Doubtful (in thousand Baht)	Doubtful of loss	Allowance established in excess of BoT's minimum regulations	Total
Beginning balance	1,002,632	1,347,276	128,381	119,144	314,899	4,465,417	7,377,749
Bad debt and doubtful accounts	40,406	(77,805)	(15,728)	(44,277)	236,681	471,158	610,435
Bad debt written off	-	-	-	-	(91,261)	-	(91,261)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(424,556)	-	(424,556)
Others	758	-	-	-	-	-	758
<b>Ending balance</b>	<b><u>1,043,796</u></b>	<b><u>1,269,471</u></b>	<b><u>112,653</u></b>	<b><u>74,867</u></b>	<b><u>35,763</u></b>	<b><u>4,936,575</u></b>	<b><u>7,473,125</u></b>

  

<b>Consolidated</b>							
<b>31 December 2017</b>							
	Pass	Special mention	Sub - standard	Doubtful (in thousand Baht)	Doubtful of loss	Allowance established in excess of BoT's minimum regulations	Total
Beginning balance	990,616	1,233,643	186,565	60,815	324,368	3,145,886	5,941,893
Bad debt and doubtful accounts	12,016	113,633	(58,184)	58,329	268,893	1,319,531	1,714,218
Bad debt written off	-	-	-	-	(236,534)	-	(236,534)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(41,828)	-	(41,828)
<b>Ending balance</b>	<b><u>1,002,632</u></b>	<b><u>1,347,276</u></b>	<b><u>128,381</u></b>	<b><u>119,144</u></b>	<b><u>314,899</u></b>	<b><u>4,465,417</u></b>	<b><u>7,377,749</u></b>

  

<b>Bank only</b>							
<b>30 June 2018</b>							
	Pass	Special mention	Sub - standard	Doubtful (in thousand Baht)	Doubtful of loss	Allowance established in excess of BoT's minimum regulations	Total
Beginning balance	565,442	13,917	5,351	69,999	314,899	3,330,826	4,300,434
Bad debt and doubtful accounts	65,459	(877)	3,502	(33,812)	147,626	(127,732)	54,166
Bad debt written off	-	-	-	-	(2,206)	-	(2,206)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(424,556)	-	(424,556)
<b>Ending balance</b>	<b><u>630,901</u></b>	<b><u>13,040</u></b>	<b><u>8,853</u></b>	<b><u>36,187</u></b>	<b><u>35,763</u></b>	<b><u>3,203,094</u></b>	<b><u>3,927,838</u></b>

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Bank only							
31 December 2017							
	Pass	Special mention	Sub - standard	Doubtful  (in thousand Baht)	Doubtful of loss	Allowance established in excess of BoT's minimum regulations	Total
Beginning balance	551,395	473	274	432	324,368	2,890,488	3,767,430
Bad debt and doubtful accounts	14,047	13,444	5,077	69,567	99,084	440,338	641,557
Bad debt written off	-	-	-	-	(66,725)	-	(66,725)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(41,828)	-	(41,828)
Ending balance	565,442	13,917	5,351	69,999	314,899	3,330,826	4,300,434

**17 Revaluation of allowance for debt restructuring**

	Consolidated		Bank only	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	(in thousand Baht)			
Beginning balance	23,505	13,769	11,185	13,769
Increase (decrease)	(7,327)	24,776	(7,327)	(1,159)
Amortisation to interest income	(1,076)	(15,040)	(504)	(1,425)
Ending balance	<u>15,102</u>	<u>23,505</u>	<u>3,354</u>	<u>11,185</u>

**18 Properties foreclosed, net**

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

In cases where the debtors restructure their debts by means of a debt/ asset swap, the Bank may grant buy-back 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 2018		
Type of properties foreclosed	Beginning balance	Additions	Disposals <i>(in thousand Baht)</i>	Ending balance	Portion subject to disposal restrictions, buyback rights or first refusal rights
<b>Assets transferred in settlement of debts</b>					
- Immovable properties	715,347	6,616	(3,820)	718,143 <sup>(1)</sup>	29,146
- Movable assets	26,684	118,730	(115,282)	30,132	-
<b>Total</b>	<b>742,031</b>	<b>125,346</b>	<b>(119,102)</b>	<b>748,275</b>	<b>29,146</b>
<b>Assets from auction bidding</b>					
- Immovable properties	144,970	-	(3,550)	141,420	-
- Movable assets	-	8,540	-	8,540	-
<b>Total</b>	<b>144,970</b>	<b>8,540</b>	<b>(3,550)</b>	<b>149,960</b>	<b>-</b>
<b>Total properties foreclosed</b>	<b>887,001</b>	<b>133,886</b>	<b>(122,652)</b>	<b>898,235</b>	<b>29,146</b>
<i>Less allowance for impairment</i>	<i>(192,371)</i>	<i>(33,007)</i>	<i>24,664</i>	<i>(200,714)</i>	<i>(16,619)</i>
<b>Total properties foreclosed, net</b>	<b>694,630</b>	<b>100,879</b>	<b>(97,988)</b>	<b>697,521</b>	<b>12,527</b>

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Consolidated 31 December 2017					
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	-	(129,087)	715,347 <sup>(1)</sup>	29,146
- Movable assets	53,049	345,057	(371,422)	26,684	-
<b>Total</b>	<b>897,483</b>	<b>345,057</b>	<b>(500,509)</b>	<b>742,031</b>	<b>29,146</b>
<b>Assets from auction bidding</b>					
- Immovable properties	96,277	76,863	(28,170)	144,970	-
- Movable assets	-	6	(6)	-	-
<b>Total</b>	<b>96,277</b>	<b>76,869</b>	<b>(28,176)</b>	<b>144,970</b>	<b>-</b>
<b>Total properties foreclosed</b>	<b>993,760</b>	<b>421,926</b>	<b>(528,685)</b>	<b>887,001</b>	<b>29,146</b>
<i>Less allowance for impairment</i>	<i>(218,241)</i>	<i>(92,404)</i>	<i>118,274</i>	<i>(192,371)</i>	<i>(16,619)</i>
<b>Total properties foreclosed, net</b>	<b>775,519</b>	<b>329,522</b>	<b>(410,411)</b>	<b>694,630</b>	<b>12,527</b>

<sup>(1)</sup> As at 30 June 2018, the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 514 million and Baht 204 million, respectively (31 December 2017: Baht 514 million and Baht 201 million, respectively).

Bank only 30 June 2018					
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	715,347	6,616	(3,820)	718,143 <sup>(1)</sup>	29,146
<b>Total</b>	<b>715,347</b>	<b>6,616</b>	<b>(3,820)</b>	<b>718,143</b>	<b>29,146</b>
<b>Assets from auction bidding</b>					
- Immovable properties	144,970	-	(3,550)	141,420	-
- Movable assets	-	8,540	-	8,540	-
<b>Total</b>	<b>144,970</b>	<b>8,540</b>	<b>(3,550)</b>	<b>149,960</b>	<b>-</b>
<b>Total properties foreclosed</b>	<b>860,317</b>	<b>15,156</b>	<b>(7,370)</b>	<b>868,103</b>	<b>29,146</b>
<i>Less allowance for impairment</i>	<i>(184,576)</i>	<i>(10,359)</i>	<i>1,671</i>	<i>(193,264)</i>	<i>(16,619)</i>
<b>Total properties foreclosed, net</b>	<b>675,741</b>	<b>4,797</b>	<b>(5,699)</b>	<b>674,839</b>	<b>12,527</b>

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Bank only					Portion subject to disposal restrictions, buyback rights or first refusal rights
31 December 2017					
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	-	(129,087)	715,347 <sup>(1)</sup>	29,146
<b>Total</b>	<b>844,434</b>	<b>-</b>	<b>(129,087)</b>	<b>715,347</b>	<b>29,146</b>
<b>Assets from auction bidding</b>					
- Immovable properties	96,277	76,863	(28,170)	144,970	-
- Movable assets	-	6	(6)	-	-
<b>Total</b>	<b>96,277</b>	<b>76,869</b>	<b>(28,176)</b>	<b>144,970</b>	<b>-</b>
<b>Total properties foreclosed</b>	<b>940,711</b>	<b>76,869</b>	<b>(157,263)</b>	<b>860,317</b>	<b>29,146</b>
<i>Less allowance for impairment</i>	<i>(196,946)</i>	<i>(21,326)</i>	<i>33,696</i>	<i>(184,576)</i>	<i>(16,619)</i>
<b>Total properties foreclosed, net</b>	<b>743,765</b>	<b>55,543</b>	<b>(123,567)</b>	<b>675,741</b>	<b>12,527</b>

<sup>(1)</sup> As of 30 June 2018, the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 514 million and Baht 204 million, respectively (31 December 2017: Baht 514 million and Baht 201 million, respectively).

**19 Premises and equipment, net**

	Land	Buildings	Consolidated Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
<b>Cost</b>					
At 1 January 2017	8,500	6,892	545,561	112,042	672,995
Additions	-	-	27,340	17,120	44,460
Disposals/ written-off	-	-	(100)	(24,278)	(24,378)
<b>At 31 December 2017 and 1 January 2018</b>	<b>8,500</b>	<b>6,892</b>	<b>572,801</b>	<b>104,884</b>	<b>693,077</b>
Additions	-	-	25,143	12,122	37,265
Disposals/written-off	-	-	(5,826)	(13,117)	(18,943)
<b>At 30 June 2018</b>	<b>8,500</b>	<b>6,892</b>	<b>592,118</b>	<b>103,889</b>	<b>711,399</b>
<b>Accumulated depreciation</b>					
At 1 January 2017	-	(1,498)	(423,223)	(104,734)	(529,455)
Depreciation charge for the year	-	(203)	(36,870)	(3,249)	(40,322)
Disposals/ written-off	-	-	92	24,278	24,370
<b>At 31 December 2017 and 1 January 2018</b>	<b>-</b>	<b>(1,701)</b>	<b>(460,001)</b>	<b>(83,705)</b>	<b>(545,407)</b>
Depreciation charge for the period	-	(100)	(17,690)	(1,893)	(19,683)
Disposals/ written-off	-	-	854	13,117	13,971
<b>At 30 June 2018</b>	<b>-</b>	<b>(1,801)</b>	<b>(476,837)</b>	<b>(72,481)</b>	<b>(551,119)</b>
<b>Net book value</b>					
At 1 January 2017	8,500	5,394	122,338	7,308	143,540
<b>At 31 December 2017 and 1 January 2018</b>	<b>8,500</b>	<b>5,191</b>	<b>112,800</b>	<b>21,179</b>	<b>147,670</b>
<b>At 30 June 2018</b>	<b>8,500</b>	<b>5,091</b>	<b>115,281</b>	<b>31,408</b>	<b>160,280</b>

As at 30 June 2018, the Bank's subsidiaries have motor vehicles acquired under financial leases with net book values amounting to Baht 6 million (31 December 2017: Baht 6 million).



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The gross amount of the Bank and its subsidiaries fully depreciated equipment that was still in use as at 30 June 2018 amounting to Baht 412 million (*31 December 2017: Baht 402 million*).

	Land	Buildings	Bank only Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
<b>Cost</b>					
At 1 January 2017	8,500	6,892	442,901	87,003	545,296
Additions	-	-	24,373	17,120	41,493
Disposals/ written-off	-	-	-	(24,278)	(24,278)
<b>At 31 December 2017 and 1 January 2018</b>	<b>8,500</b>	<b>6,892</b>	<b>467,274</b>	<b>79,845</b>	<b>562,511</b>
Additions	-	-	24,693	12,122	36,815
Disposal/ written-off	-	-	(5,826)	(13,117)	(18,943)
<b>At 30 June 2018</b>	<b>8,500</b>	<b>6,892</b>	<b>486,141</b>	<b>78,850</b>	<b>580,383</b>
<b>Accumulated depreciation</b>					
At 1 January 2017	-	(1,498)	(331,265)	(86,137)	(418,900)
Depreciation charge for the year	-	(203)	(30,524)	(2,667)	(33,394)
Disposals/ written-off	-	-	-	24,278	24,278
<b>At 31 December 2017 and 1 January 2018</b>	<b>-</b>	<b>(1,701)</b>	<b>(361,789)</b>	<b>(64,526)</b>	<b>(428,016)</b>
Depreciation charge for the period	-	(100)	(15,225)	(1,815)	(17,140)
Disposal/ written-off	-	-	854	13,117	13,971
<b>At 30 June 2018</b>	<b>-</b>	<b>(1,801)</b>	<b>(376,160)</b>	<b>(53,224)</b>	<b>(431,185)</b>
<b>Net book value</b>					
At 1 January 2017	8,500	5,394	111,636	866	126,396
At 31 December 2017 and 1 January 2018	8,500	5,191	105,485	15,319	134,495
<b>At 30 June 2018</b>	<b>8,500</b>	<b>5,091</b>	<b>109,981</b>	<b>25,626</b>	<b>149,198</b>

As at 30 June 2018 and 31 December 2017, 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 2018 amounting to Baht 402 million (*31 December 2017: Baht 324 million*).

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**20 Intangible assets, net**

	Computer softwares	Consolidated		Total
		Computer softwares under development (in thousand Baht)	Deferred license fee	
<i>Cost</i>				
At 1 January 2017	384,286	1,640	26,750	412,676
Additions	9,273	410	-	9,683
Transfers in/ (out)	2,050	(2,050)	-	-
At 31 December 2017 and 1 January 2018	395,609	-	26,750	422,359
Additions	2,737	-	-	2,737
At 30 June 2018	398,346	-	26,750	425,096
<i>Accumulated amortisation</i>				
At 1 January 2017	(366,088)	-	(10,621)	(376,709)
Amortisation for the year	(4,019)	-	(2,673)	(6,692)
At 31 December 2017 and 1 January 2018	(370,107)	-	(13,294)	(383,401)
Amortisation for the period	(2,190)	-	(1,326)	(3,516)
At 30 June 2018	(372,297)	-	(14,620)	(386,917)
<i>Net book value</i>				
At 1 January 2017	18,198	1,640	16,129	35,967
At 31 December 2017 and 1 January 2018	25,502	-	13,456	38,958
At 30 June 2018	26,049	-	12,130	38,179
	Computer softwares	Bank only		Total
		Computer softwares under development (in thousand Baht)	Deferred license fee	
<i>Cost</i>				
At 1 January 2017	351,101	-	26,750	377,851
Additions	5,481	-	-	5,481
At 31 December 2017 and 1 January 2018	356,582	-	26,750	383,332
Additions	85	-	-	85
At 30 June 2018	356,667	-	26,750	383,417
<i>Accumulated amortisation</i>				
At 1 January 2017	(335,649)	-	(10,621)	(346,270)
Amortisation for the year	(2,722)	-	(2,673)	(5,395)
At 31 December 2017 and 1 January 2018	(338,371)	-	(13,294)	(351,665)
Amortisation for the period	(1,199)	-	(1,326)	(2,525)
At 30 June 2018	(339,570)	-	(14,620)	(354,190)
<i>Net book value</i>				
At 1 January 2017	15,452	-	16,129	31,581
At 31 December 2017 and 1 January 2018	18,211	-	13,456	31,667
At 30 June 2018	17,097	-	12,130	29,227

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**21 Deferred tax assets, net**

Deferred tax assets and liabilities were as follows:

	<b>Consolidated</b>	
	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Deferred tax assets	1,705,895	1,587,435
Deferred tax liabilities	(669,141)	(658,330)
<b>Net</b>	<b>1,036,754</b>	<b>929,105</b>

  

	<b>Bank only</b>	
	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
Deferred tax assets	551,692	537,218
Deferred tax liabilities	(54,658)	(92,694)
<b>Net</b>	<b>497,034</b>	<b>444,524</b>

Movements in total deferred tax assets and liabilities during the six-month periods ended 30 June 2018 and 2017 were as follows:

	<b>At 1 January 2018</b>	<b>Consolidated (Charged) / Credited to:</b>		<b>At 30 June 2018</b>
		Profit or loss (Note 44)	Other comprehensive income	
		<i>(in thousand Baht)</i>		
<b>Deferred tax assets</b>				
Investments	-	-	1,116	1,116
Loans to customers and accrued interest receivables	482,997	4,199	-	487,196
Allowance for doubtful accounts	600,830	99,675	-	700,505
Properties foreclosed	38,474	1,669	-	40,143
Other assets	399,205	6,745	-	405,950
Provisions	42,060	2,547	(1,169)	43,438
Other liabilities	23,869	3,678	-	27,547
<b>Total</b>	<b>1,587,435</b>	<b>118,513</b>	<b>(53)</b>	<b>1,705,895</b>
<b>Deferred tax liabilities</b>				
Investments	(92,694)	-	38,036	(54,658)
Investments in an associate	(27,448)	(217)	154	(27,511)
Loans to customers and accrued interest receivables	(534,978)	(47,875)	-	(582,853)
Deferred direct costs of debentures	(3,210)	(909)	-	(4,119)
<b>Total</b>	<b>(658,330)</b>	<b>(49,001)</b>	<b>38,190</b>	<b>(669,141)</b>
<b>Net</b>	<b>929,105</b>	<b>69,512</b>	<b>38,137</b>	<b>1,036,754</b>

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	At 1 January 2017	Consolidated (Charged) / Credited to:		At 30 June 2017
		Profit or loss (Note 44) (in thousand Baht)	Other comprehensive income	
<b><i>Deferred tax assets</i></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><i>Deferred tax liabilities</i></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 2018	Bank only (Charged) / Credited to:		At 30 June 2018
		Profit or loss (Note 44) (in thousand Baht)	Other comprehensive income	
<b><i>Deferred tax assets</i></b>				
Investments	-	-	1,116	1,116
Loans to customers and accrued interest receivables	16,866	(873)	-	15,993
Allowance for doubtful accounts	446,200	11,600	-	457,800
Properties foreclosed	36,915	1,738	-	38,653
Other assets	607	(192)	-	415
Provisions	35,786	1,716	(1,169)	36,333
Other liabilities	844	538	-	1,382
<b>Total</b>	<b>537,218</b>	<b>14,527</b>	<b>(53)</b>	<b>551,692</b>
<b><i>Deferred tax liabilities</i></b>				
Investments	(92,694)	-	38,036	(54,658)
<b>Total</b>	<b>(92,694)</b>	<b>-</b>	<b>38,036</b>	<b>(54,658)</b>
<b>Net</b>	<b>444,524</b>	<b>14,527</b>	<b>37,983</b>	<b>497,034</b>

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	At 1 January 2017	Bank only (Charged) / Credited to:		At 30 June 2017
		Profit or loss (Note 44) (in thousand Baht)	Other comprehensive income	
<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>

**22 Other assets, net**

	Consolidated		Bank only	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
				(in thousand Baht)
Prepaid expenses	13,937	20,088	9,632	16,986
Deposit	18,227	18,764	11,257	11,735
Advance	2,203	4,709	2,191	4,696
Others	3,921	3,643	3,065	3,026
<b>Total</b>	<b>38,288</b>	<b>47,204</b>	<b>26,145</b>	<b>36,443</b>

**23 Classified assets**

Consolidated 30 June 2018				
	Loans to customers and accrued interest receivables <sup>(2)</sup>	Investments	Properties foreclosed	Other assets
				Total
				(in million Baht)
Pass	142,423 <sup>(1)</sup>	-	-	142,423
Special Mention	5,597	-	-	5,597
Substandard	320	-	-	320
Doubtful	488	-	-	488
Doubtful of Loss	272	9	201	957
<b>Total</b>	<b>149,100</b>	<b>9</b>	<b>201</b>	<b>149,785</b>

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

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

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**Consolidated**  
**31 December 2017**

	Loans to customers and accrued interest receivables <sup>(2)</sup>	Investments	Properties foreclosed	Other assets	Total
		<i>(in million Baht)</i>			
Pass	137,637 <sup>(1)</sup>	-	-	-	137,637
Special Mention	5,941	-	-	-	5,941
Substandard	594	-	-	-	594
Doubtful	565	-	-	-	565
Doubtful of Loss	781	9	192	469	1,451
<b>Total</b>	<b>145,518</b>	<b>9</b>	<b>192</b>	<b>469</b>	<b>146,188</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

**Bank only**  
**30 June 2018**

	Loans to customers and accrued interest receivables <sup>(2)</sup>	Investments	Properties foreclosed	Other assets	Total
		<i>(in million Baht)</i>			
Pass	113,681 <sup>(1)</sup>	-	-	-	113,681
Special Mention	957	-	-	-	957
Substandard	27	-	-	-	27
Doubtful	378	-	-	-	378
Doubtful of Loss	272	9	193	2	476
<b>Total</b>	<b>115,315</b>	<b>9</b>	<b>193</b>	<b>2</b>	<b>115,519</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

**Bank only**  
**31 December 2017**

	Loans to customers and accrued interest receivables <sup>(2)</sup>	Investments	Properties foreclosed	Other assets	Total
		<i>(in million Baht)</i>			
Pass	109,077 <sup>(1)</sup>	-	-	-	109,077
Special Mention	1,051	-	-	-	1,051
Substandard	250	-	-	-	250
Doubtful	431	-	-	-	431
Doubtful of Loss	781	9	185	3	978
<b>Total</b>	<b>111,590</b>	<b>9</b>	<b>185</b>	<b>3</b>	<b>111,787</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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**24 Deposits**

**24.1 Classified by product**

	Consolidated		Bank only	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>			
Demand	9,741,680	9,017,460	9,741,776	9,017,538
Savings	8,764,769	8,232,480	8,765,168	8,232,878
Fixed				
- Less than 6 months	41,695,723	37,032,913	41,695,723	37,032,912
- 6 months and less than 1 year	25,278,874	27,066,147	25,278,874	27,066,148
- Over 1 year	21,074,300	19,000,041	21,074,300	19,000,041
<b>Total</b>	<b>106,555,346</b>	<b>100,349,041</b>	<b>106,555,841</b>	<b>100,349,517</b>

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

	Consolidated					
	30 June 2018			31 December 2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	100,239,063	3,014,103	103,253,166	94,784,010	2,694,119	97,478,129
US Dollar	878,825	759,378	1,638,203	746,576	692,304	1,438,880
Renminbi	901,938	725,654	1,627,592	862,422	499,195	1,361,617
Other currencies	35,761	624	36,385	66,404	4,011	70,415
<b>Total</b>	<b>102,055,587</b>	<b>4,499,759</b>	<b>106,555,346</b>	<b>96,459,412</b>	<b>3,889,629</b>	<b>100,349,041</b>

  

	Bank only					
	30 June 2018			31 December 2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	100,239,558	3,014,103	103,253,661	94,784,486	2,694,119	97,478,605
US Dollar	878,825	759,378	1,638,203	746,576	692,304	1,438,880
Renminbi	901,938	725,654	1,627,592	862,422	499,195	1,361,617
Other currencies	35,761	624	36,385	66,404	4,011	70,415
<b>Total</b>	<b>102,056,082</b>	<b>4,499,759</b>	<b>106,555,841</b>	<b>96,459,888</b>	<b>3,889,629</b>	<b>100,349,517</b>

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

	Consolidated and Bank only					
	30 June 2018			31 December 2017		
	Demand	Time	Total	Demand	Time	Total
	<i>(in thousand Baht)</i>					
<b>Domestic items</b>						
Bank of Thailand	-	39,894	39,894	-	159,816	159,816
Commercial banks	283,511	-	283,511	256,426	3,350,000	3,606,426
Specialised financial institutions	7	506,283	506,290	5	4,125,228	4,125,233
Other financial institutions	56,450	7,283,124	7,339,574	68,592	6,631,281	6,699,873
<b>Total domestic items</b>	<b>339,968</b>	<b>7,829,301</b>	<b>8,169,269</b>	<b>325,023</b>	<b>14,266,325</b>	<b>14,591,348</b>
<b>Foreign items</b>						
US Dollar	-	38,400,768	38,400,768	-	33,040,390	33,040,390
Renminbi	5,841	1,500,420	1,506,261	3,352	1,002,900	1,006,252
Euro	-	-	-	-	1,092,764	1,092,764
Baht	325,440	-	325,440	207,367	-	207,367
<b>Total foreign items</b>	<b>331,281</b>	<b>39,901,188</b>	<b>40,232,469</b>	<b>210,719</b>	<b>35,136,054</b>	<b>35,346,773</b>
<b>Total domestic and foreign items</b>	<b>671,249</b>	<b>47,730,489</b>	<b>48,401,738</b>	<b>535,742</b>	<b>49,402,379</b>	<b>49,938,121</b>

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**26 Debt issued and borrowings**

As at 30 June 2018 and 31 December 2017, debt issued and borrowings, which were denominated entirely in Thai Baht, consist of the following:

	<b>Consolidated</b>					
	30 June 2018			31 December 2017		
	Maturity	Interest rate (%)	Amount (in thousand Baht)	Maturity	Interest rate (%)	Amount (in thousand Baht)
Bills of exchange	-	-	-	2018	1.4	116,000
Secured debentures <sup>(1)</sup>	2019	3.94	4,871,810	2018 - 2019	3.64 - 3.94	6,661,096
Unsecured debentures	2018 - 2026	1.30 - 4.50	20,887,144	2018 - 2026	1.33 - 4.50	19,543,106
Subordinated debentures <sup>(2)</sup>	2028	3.50	4,985,081	-	-	-
<b>Total</b>			<b>30,744,035</b>			<b>26,320,202</b>

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

<sup>(2)</sup> Counted as of Tier 2 capital under Bank of Thailand's criteria for inclusion of financial instruments in Tier 2 Capital. (Note 7)

	<b>Bank only</b>					
	30 June 2018			31 December 2017		
	Maturity	Interest rate (%)	Amount (in thousand Baht)	Maturity	Interest rate (%)	Amount (in thousand Baht)
Bills of exchange	-	-	-	2018	1.4	116,000
Subordinated debentures <sup>(1)</sup>	2028	3.50	4,985,081	-	-	-
<b>Total</b>			<b>4,985,081</b>			<b>116,000</b>

<sup>(1)</sup> Counted as of Tier 2 capital under Bank of Thailand's criteria for inclusion of financial instruments in Tier 2 Capital. (Note 7)

*Subordinated debentures*

On 23 March 2018, the Bank issued the Subordinated Debenture No.1/2561 to be counted as Tier 2 capital under Based III requirement, amounting to Baht 5,000 million, with a 10 years and 6 months maturity period and carrying a fixed interest rate of 3.50% per annum, payable quarterly. The Bank can early redeem the Subordinated Debenture No.1/2561 after 5 years from the issue date or according to certain specified conditions. The Bank has the right for early redemption and the ability to write-off (fully or partially) when the authorities decide to give financial assistance to the Bank. The Bank has to get the Bank of Thailand's approval before early redemption of the Subordinated Debenture.

**27 Employee benefit obligations**

	<b>Consolidated</b>		<b>Bank only</b>	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	<i>(in million Baht)</i>			
<b>Statement of financial position obligations for:</b>				
<i>Post-employment benefits</i>				
Defined benefit plan	<u>228</u>	<u>215</u>	<u>193</u>	<u>184</u>
<b>Six-month periods ended 30 June</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<i>(in million Baht)</i>			
<b>Statement of profit or loss and other comprehensive income:</b>				
<b>Recognised in profit or loss:</b>				
<i>Post-employment benefits</i>				
Defined benefit plan	<u>20</u>	<u>19</u>	<u>16</u>	<u>15</u>
<b>Recognised in other comprehensive income:</b>				
Actuarial gains recognised during the period	<u>(6)</u>	<u>(1)</u>	<u>(6)</u>	<u>-</u>
Cumulative actuarial gains recognised	<u>(6)</u>	<u>(1)</u>	<u>(6)</u>	<u>-</u>



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***Defined benefit plan***

The Bank and its subsidiaries operate a defined benefit 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>Bank only</b>	
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<i>(in million Baht)</i>			
Present value of unfunded obligations	<u>228</u>	<u>215</u>	<u>193</u>	<u>184</u>
Statement of financial position obligations	<u><b>228</b></u>	<u><b>215</b></u>	<u><b>193</b></u>	<u><b>184</b></u>

Movement in the present value of the defined benefit obligations:

	<b>Consolidated</b>		<b>Bank only</b>	
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<i>(in million Baht)</i>			
At 1 January	215	180	184	156
<b>Include in profit or loss:</b>				
Current service costs and interest	20	40	16	32
<b>Include in other comprehensive income:</b>				
Actuarial gains	(6)	(1)	(6)	-
<b>Other</b>				
Benefit paid	<u>(1)</u>	<u>(4)</u>	<u>(1)</u>	<u>(4)</u>
At 30 June/ 31 December	<u><b>228</b></u>	<u><b>215</b></u>	<u><b>193</b></u>	<u><b>184</b></u>

Actuarial gains recognised in other comprehensive income are as follows:

***Six-month periods ended 30 June***

	<b>Consolidated</b>		<b>Bank only</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<i>(in million Baht)</i>			
Demographic assumptions	2	-	2	-
Financial assumptions	1	-	1	-
Experience adjustment	<u>(9)</u>	<u>-</u>	<u>(9)</u>	<u>-</u>
Total	<u><b>(6)</b></u>	<u><b>-</b></u>	<u><b>(6)</b></u>	<u><b>-</b></u>

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**Actuarial assumptions**

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

	<b>Consolidated and Bank only</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>
	<b>(%)</b>	
Discount rate	2.00 - 2.24	2.13 - 2.24
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:

	<b>Consolidated</b>		<b>Bank only</b>	
	<b>Liability</b>	<b>Liability</b>	<b>Liability</b>	<b>Liability</b>
	<b>increase</b>	<b>decrease</b>	<b>increase</b>	<b>decrease</b>
	<b>(in million Baht)</b>			
<b>At 30 June 2018</b>				
Discount rate (0.5 - 1% movement)	(12.12)	13.43	(10.07)	11.13
Future salary growth (0.5 - 1% movement)	14.88	(13.67)	12.52	(11.53)
Future mortality (1 year)	0.54	(0.54)	0.40	(0.40)
<b>At 31 December 2017</b>				
Discount rate (0.5 - 1% movement)	(11.29)	8.28	(9.42)	10.37
Future salary growth (0.5 - 1% movement)	13.72	(12.64)	11.72	(10.82)
Future mortality (1 year)	0.68	(0.67)	0.55	(0.55)

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.

**28 Other liabilities**

	<b>Consolidated</b>		<b>Bank only</b>	
	<b>30 June</b>	<b>31 December</b>	<b>30 June</b>	<b>31 December</b>
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>(in thousand Baht)</b>			
Other payables	496,050	409,940	148,028	74,448
Bail under finance lease	215,721	218,606	-	-
Suspense creditors	172,337	162,552	172,337	162,552
Accrued expenses	466,132	551,590	416,346	478,489
Withholding tax payable	32,508	34,744	28,542	30,137
Special business tax payable	25,012	18,272	25,012	18,272
Corporate income tax payable	225,726	176,528	224,425	176,528
Others	155,004	163,746	82,195	89,963
<b>Total</b>	<b>1,788,490</b>	<b>1,735,978</b>	<b>1,096,885</b>	<b>1,030,389</b>

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**29 Share capital**

	Par Value (in Baht)	30 June 2018		31 December 2017	
		Number	Amount (thousand shares/ thousand Baht)	Number	Amount
<i>Authorised</i>					
<i>At the beginning of the period/ year</i>					
- preference shares	8.92	451	4,024	451	4,024
- ordinary shares	8.92	2,256,510	20,128,070	2,256,510	20,128,070
<i>At the end of the period/ year</i>					
- preference shares	8.92	451	4,024	451	4,024
- ordinary shares	8.92	2,256,510	20,128,070	2,256,510	20,128,070
<i>Issued and paid-up</i>					
<i>At the beginning of the period/ year</i>					
- preference shares	8.92	451	4,024	451	4,024
- ordinary shares	8.92	2,256,510	20,128,070	2,256,510	20,128,070
<i>At the end of the period/ year</i>					
- preference shares	8.92	451	4,024	451	4,024
- ordinary shares	8.92	2,256,510	20,128,070	2,256,510	20,128,070

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 has a period of 10 years, which expired in November 2009. Hence, rights of preference shareholders have 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 preference shares are entitled to receive dividends as declared, and are entitled to one vote per share at the shareholders' meeting of the Bank.

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**30 Reserves**

Reserves comprises of:

*Appropriations of profit and/ or retained earnings*

**Legal reserve**

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

On 26 April 2018, the Annual General Meeting of Shareholders No. 25/2018 resolved to approve the appropriation of Baht 100 million to a legal reserve from profit for the year 2017. Total legal reserve of the Bank is Baht 600 million.

*Other components of equity*

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

The fair value changes in available-for-sale investments account within equity comprises 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</b>	
	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
<b>Beginning balance</b>	369,458	383,659
Net change in fair value recognised in equity, net of tax	(156,608)	(12,879)
Exchange differences on translating foreign operations	103	(23)
Share of other comprehensive income of investment in an associate, net of tax	(1,251)	(1,299)
<b>Ending balance</b>	<b>211,702</b>	<b>369,458</b>

  

	<b>Bank only</b>	
	30 June 2018	31 December 2017
	<i>(in thousand Baht)</i>	
<b>Beginning balance</b>	370,780	383,659
Net change in fair value recognised in equity, net of tax	(156,608)	(12,879)
<b>Ending balance</b>	<b>214,172</b>	<b>370,780</b>

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## **32 Contingent liabilities and Commitments**

### **32.1 Commitments**

	<b>Consolidated</b>		<b>Bank only</b>	
	<b>30 June 2018</b>	<b>31 December 2017</b>	<b>30 June 2018</b>	<b>31 December 2017</b>
	<i>(in million Baht)</i>			
Avals to bills and Guarantees of loans	861	818	5,734	7,481
Letter of credit	156	319	156	319
Other contingencies				
- Overdraft undrawn committed line	1,289	1,379	1,319	1,409
- Other guarantees	35,898	37,511	35,898	37,511
- Others	2,898	1,715	2,898	1,715
<b>Total</b>	<b>41,102</b>	<b>41,742</b>	<b>46,005</b>	<b>48,435</b>

### **32.2 Contingent liabilities from litigations**

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

As of 30 June 2018, there were 7 cases wherein the Court of First Instance has already decided in favour of the plaintiffs. The Bank and its subsidiaries have made the provisions amounting to Baht 1.8 million for 2 cases, which is sufficient for the claim compensation. Out of the remaining 5 cases, the Appeal Court has decided to release and discharge 4 cases, in which for 1 case out of these 4 cases, the plaintiff did not file the petition to the Supreme Court. Hence, this case has been finalised in the Appeal Court. For the last case out of the remaining 5 cases, the Appeal Court has confirmed the judgment of the Court of First Instance.

As of 31 December 2017, there were 7 cases wherein the Court of First Instance has already decided in favour of the plaintiffs. The Bank and its subsidiaries have made the provisions amounting to Baht 1.8 million for 2 cases, which is sufficient for the claim compensation. Out of the remaining 5 cases, the Appeal Court has decided to release and discharge 2 cases and has not been finalised 3 cases.

As at 30 June 2018 and 31 December 2017, management believes that the Bank and its subsidiaries will not have to pay the claim amount after these cases are finalised and any liabilities resulting from this litigation will not be material to the Bank and its subsidiaries' financial positions or the results of its operations.

## **33 Related parties**

For the purposes of these financial statements, parties are considered to be related to the Bank and its subsidiaries if the Bank and its subsidiaries 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 subsidiaries are subject to common control or common significant influence. Related parties may be individuals or other entities.

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Relationship with key management and related parties were as follows:

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Industrial and Commercial Bank of China Limited	China	The ultimate parent company of the Bank and its subsidiaries
ICBC (Thai) Leasing Company Limited	Thailand	A direct subsidiary of the Bank
Sky High LI Leasing Designated Activity Company Limited	Ireland	An indirect subsidiary of the Bank
Finansia Syrus Securities Public Company Limited	Thailand	An associate of the Bank
ICBCIL Aviation Company Limited	Ireland	The Company that is related with the ultimate parent company
Skysea Malta Capital Company Limited	Malta	The Company that is related with the ultimate parent company
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 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 - Hubei	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Shaanxi	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 - Vientiane	Laos	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 - London	United Kingdom	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - New York	United States	The Branch of the ultimate parent company
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 subsidiaries

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

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

Significant transaction for the six-month period ended 30 June 2018 and 2017 with related parties were as follows:

<i>Six-month period ended 30 June</i>	<b>Consolidated</b>		<b>Bank only</b>	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
<b>Parent</b>				
Interest income	107	160	217	74
Interest expense	289	400	400	335
Fee income	-	3	-	2
Fee expense	9	46	9	46
Other income	-	17	-	-
<b>Related parties</b>				
Interest income	12	5	12	5
Interest expense	3	1	3	1
<b>Associate</b>				
Interest expense	-	3	-	3
Dividend income	-	-	8	17
<b>Subsidiaries</b>				
Interest income	-	-	89	26
Fee income	-	-	6	12
Other income	-	-	-	1
<b>Key management personnel</b>				
Key management personnel compensation				
- Short-term employee benefits	102	91	73	68
- Post-employment benefits	3	3	2	2

*Directors and management's remuneration*

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

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Significant balances with related parties were as follows:

	<b>Consolidated</b>		<b>Bank only</b>	
	<b>30 June 2018</b>	<b>31 December 2017</b>	<b>30 June 2018</b>	<b>31 December 2017</b>
	<i>(in million Baht)</i>			
<b><i>Interbank and money market items (assets)</i></b>				
Industrial and Commercial Bank of China Limited	441	282	441	282
Industrial and Commercial Bank of China Limited - Singapore	39	91	39	91
Industrial and Commercial Bank of China Limited - London	208	89	-	-
Industrial and Commercial Bank of China (Asia) Limited	606	660	606	660
Others	33	39	33	39
<b><i>Derivative asset (fair value)</i></b>				
Industrial and Commercial Bank of China Limited	147	-	147	-
Industrial and Commercial Bank of China (Asia) Limited	34	17	34	17
Others	-	1	-	1
<b><i>Investments in subsidiaries and an associate</i></b>				
ICBC (Thai) Leasing Company Limited	-	-	4,250	4,250
Finansia Syrus Securities Public Company Limited	580	579	305	305
<b><i>Loans to customers</i></b>				
ICBC (Thai) Leasing Company Limited	-	-	1,006	1,031
Sky High LI Leasing Designated Activity Company Limited	-	-	4,242	4,290
Others	-	1	-	1
<b><i>Accrued interest receivables</i></b>				
Others	-	-	1	2
<b><i>Allowance for doubtful accounts</i></b>				
ICBC (Thai) Leasing Company Limited	-	-	10	148
Sky High LI Leasing Designated Activity Company Limited	-	-	42	43
<b><i>Accrued income, net</i></b>				
Others	8	10	8	10
<b><i>Other assets</i></b>				
Others	-	9	1	9
<b><i>Interbank and money market items (liabilities)</i></b>				
Industrial and Commercial Bank of China Limited	158	9,432	158	9,432
Industrial and Commercial Bank of China Limited - Tokyo	12,769	1,093	12,769	1,093
Industrial and Commercial Bank of China Limited - New York	-	1,961	-	1,961
Industrial and Commercial Bank of China Limited - Vientiane	172	92	172	92
Industrial and Commercial Bank of China Limited - Singapore	1,932	5,415	1,932	5,415
Industrial and Commercial Bank of China Limited - Hong Kong	15,920	8,628	15,920	8,628
Industrial and Commercial Bank of China Limited - Guangdong	6,633	4,902	6,633	4,902
Industrial and Commercial Bank of China Limited - Dubai (DIFC)	1,260	1,863	1,260	1,863
Industrial and Commercial Bank of China (Asia) Limited	-	1,961	-	1,961
Finansia Syrus Securities Public Company Limited	971	972	971	972
<b><i>Deposits</i></b>				
Related persons	147	141	147	141
Others	-	-	-	1
<b><i>Derivative liabilities (fair value)</i></b>				
Industrial and Commercial Bank of China Limited	94	215	94	215
Industrial and Commercial Bank of China (Asia) Limited	13	47	13	47
Industrial and Commercial Bank of China (Macau) Limited	140	-	140	-
Finansia Syrus Securities Public Company Limited	-	1	-	1



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	Consolidated		Bank only	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	<i>(in million Baht)</i>			
<b><i>Accrued interest payables</i></b>				
Industrial and Commercial Bank of China Limited	7	51	7	51
Industrial and Commercial Bank of China Limited - Hong Kong	135	37	135	37
Industrial and Commercial Bank of China Limited - Guangdong	38	26	38	26
Industrial and Commercial Bank of China Limited - Dubai (DIFC)	66	61	66	61
Industrial and Commercial Bank of China Limited - Tokyo	47	4	47	4
Others	5	15	5	15
<b><i>Other liabilities</i></b>				
Others	-	-	5	3
<b><i>Off-financial reporting items</i></b>				
<b><i>Other guarantees</i></b>				
Industrial and Commercial Bank of China Limited	1,453	1,153	1,453	1,153
Industrial and Commercial Bank of China Limited - Hubei	99	99	99	99
Industrial and Commercial Bank of China Limited - Shaanxi	65	-	65	-
ICBC (Thai) Leasing Company Limited	-	-	30	30
Others	3	3	3	3
<b><i>Guarantee on loans</i></b>				
ICBC (Thai) Leasing Company Limited	-	-	4,903	6,663
<b><i>Forward exchange contracts-bought (notional amounts)</i></b>				
Industrial and Commercial Bank of China Limited	4,152	802	4,152	802
Industrial and Commercial Bank of China (Asia) Limited	1,218	3,854	1,218	3,854
Finansia Syrus Securities Public Company Limited	5	537	5	537
Others	9	8	9	8
<b><i>Forward exchange contracts-sold (notional amounts)</i></b>				
Finansia Syrus Securities Public Company Limited	-	131	-	131
<b><i>Forward exchange and interest rate contracts (notional amounts)</i></b>				
Industrial and Commercial Bank of China Limited	4,081	4,081	4,081	4,081
Industrial and Commercial Bank of China (Macau) Limited	2,234	-	2,234	-
<b><i>Interest rate swap contracts (notional amounts)</i></b>				
Industrial and Commercial Bank of China Limited	3,085	719	3,085	719
Industrial and Commercial Bank of China (Macau) Limited	2,668	-	2,668	-

As at 30 June 2018, Industrial and Commercial Bank of China - Hong Kong had a Standby L/C and a US Dollar fixed cash deposit, amounting to US Dollar 550 million (equivalent to Baht 18,242 million) and US Dollar 450 million (equivalent to Baht 14,925 million), respectively. (31 December 2017: Standby L/C amounting to US Dollar 1,000 million (equivalent to 32,680 million)). Both transactions are used as collateral against the issuance of Letter of Guarantee for a Telecommunication Company. As a result, the Bank has to pay a fee for the Standby L/C on an annual basis and the interest for the US Dollar fixed cash deposit on a semi-annual basis until the end of the contract in 2020.

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**34 Long-term lease agreements**

The Bank and its subsidiaries 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>Bank only</b>	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
	<i>(in million Baht)</i>			
Within one year	101	138	81	108
After one year but within five years	81	130	80	124
Over five years	44	48	44	48
<b>Total</b>	<b>226</b>	<b>316</b>	<b>205</b>	<b>280</b>

**35 Segment information**

Information about reportable segments was as follows:

The Bank and its subsidiaries' business operations involve 2 principal segments: (1) Banking business which includes factoring 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 mainly in Thailand. The Bank has determined that the Chief Operating Decision Maker is the Executive Committee.

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

	<b>Consolidated</b>			
	Banking business	Hire purchase, finance lease and factoring business	Total	Elimination entries
	<i>(in million Baht)</i>			
<b>For the period ended 30 June 2018</b>				
Net interest income	1,397	664	2,061	4
Net fees and service income and other income, net	272	148	420	(6)
Share of profit of investments in an associate	10	-	10	-
Other operating income	154	202	356	(8)
Other operating expenses	(796)	(314)	(1,110)	2
Profit before bad debt, doubtful accounts and impairment losses	1,037	700	1,737	(8)
Bad debt, doubtful accounts and impairment losses	(38)	(556)	(594)	-
Profit from operation before income tax	999	144	1,143	(8)
Income tax	(222)	54	(168)	-
<b>Profit for the period</b>	<b>777</b>	<b>198</b>	<b>975</b>	<b>(8)</b>
<b>Financial position as at 30 June 2018</b>				
Investments in an associate	580	-	580	-
Total assets	190,963	36,956	227,919	(9,258)
Total liabilities	163,242	31,838	195,080	(5,256)

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Consolidated					
	Banking business	Hire purchase, finance lease and factoring business	Total (in million Baht)	Elimination entries	Total
<i>For the period ended 30 June 2017</i>					
Net interest income	1,439	703	2,142	8	2,150
Net fees and service income and other income, net	385	71	456	(7)	449
Share of profit from associates	10	-	10	-	10
Other operating income	56	224	280	(17)	263
Other operating expenses	(717)	(348)	(1,065)	4	(1,061)
Profit before bad debt, doubtful accounts and impairment losses	1,173	650	1,823	(12)	1,811
Bad debt, doubtful accounts and impairment losses	(70)	(669)	(739)	-	(739)
Profit from operation before income tax	1,103	(19)	1,084	(12)	1,072
Income tax	(228)	105	(123)	1	(122)
<b>Profit for the period</b>	<b>875</b>	<b>86</b>	<b>961</b>	<b>(11)</b>	<b>950</b>
<i>Financial position as at 31 December 2017</i>					
Investments in an associate	579	-	579	-	579
Total assets	179,892	37,282	217,174	(9,329)	207,845
Total liabilities	152,787	32,362	185,149	(5,327)	179,822

**36 The financial position and results of operations classified by domestic and foreign business**

As at 30 June 2018 and 31 December 2017, the consolidated financial position classified by domestic and foreign business was as follow:

	Consolidated							
	30 June 2018				31 December 2017			
	Domestic business	Foreign business	Elimination entries	Total	Domestic business	Foreign Business	Elimination entries	Total
	<i>(in million Baht)</i>							
Total assets	218,652	4,252	(4,243)	218,661	207,847	4,288	(4,290)	207,845
Interbank and money market items, net (Assets)	7,322	208	-	7,530	8,317	89	-	8,406
Investments, net <sup>(1)</sup>	70,500	-	-	70,500	63,304	-	-	63,304
Loans to customers and accrued interest receivables, net	136,704	4,043	(4,243)	136,504	132,266	4,199	(4,290)	132,175
Deposits	106,555	-	-	106,555	100,349	-	-	100,349
Interbank and money market items (Liabilities)	48,402	-	-	48,402	49,938	-	-	49,938
Debt issued and borrowings	30,745	4,242	(4,243)	30,744	26,320	4,290	(4,290)	26,320

<sup>(1)</sup> The amount includes investments in subsidiaries and an associate, net

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The results of the consolidated operations classified by domestic and foreign business for the six-month periods ended 30 June 2018 and 2017 was as follow:

<i>Six-month period ended 30 June</i>	2018			Consolidated				2017		
	Domestic business	Foreign business	Elimination entries	Total	Domestic business	Foreign business	Elimination entries	Total		
				<i>(in million Baht)</i>						
Interest income	4,038	90	(80)	4,048	3,862	86	-	3,948		
Interest expenses	(1,983)	(80)	80	(1,983)	(1,734)	(65)	-	(1,799)		
Net interest income	2,055	10	-	2,065	2,128	21	-	2,149		
Net fees and service income	347	-	-	347	356	1	-	357		
Other operating income	426	-	-	426	349	17	-	366		
Other operating expenses	(1,108)	-	-	(1,108)	(1,060)	(1)	-	(1,061)		
Bad debt, doubtful accounts and impairment losses	(597)	3	-	(594)	(745)	6	-	(739)		
<b>Profit from operations before income tax</b>	<b>1,123</b>	<b>13</b>	<b>-</b>	<b>1,136</b>	<b>1,028</b>	<b>44</b>	<b>-</b>	<b>1,072</b>		

The Bank does not present the Bank only financial position and results of operations classified by domestic and foreign business since the Bank is engaged only domestic business in Thailand.

**37 Interest income**

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Interbank and money market items	108,863	69,325	108,807	69,271
Investments in debt securities	825,946	802,857	825,946	802,857
Loans to customers and factoring	2,051,242	1,914,490	2,103,815	1,888,573
Hire purchase and finance leases	1,062,552	1,161,656	-	26
Others	113	5	113	5
<b>Total</b>	<b>4,048,716</b>	<b>3,948,333</b>	<b>3,038,681</b>	<b>2,760,732</b>

**38 Interest expenses**

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Deposits	716,357	712,472	716,358	712,473
Interbank and money market items	618,178	342,941	615,654	339,106
Contributions to Deposit Protection Agency and Bank of Thailand	259,921	241,224	259,921	241,224
Debt issued - debentures	382,736	431,140	47,945	28,212
Borrowings	158	65,141	158	-
Borrowings fee expense	5,243	5,672	458	459
Other	831	135	831	135
<b>Total</b>	<b>1,983,424</b>	<b>1,798,725</b>	<b>1,641,325</b>	<b>1,321,609</b>

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**39 Net fees and service income**

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Fees and service income</i>				
Acceptances, avals and guarantees	200,707	208,768	204,610	216,521
Letter of credit fee income	3,386	3,663	3,386	3,663
Hire purchase and finance leases	59,881	66,907	-	-
Extension fee	-	1,784	-	1,784
Assurance and insurance	88,997	91,283	619	1,008
Others	56,007	44,978	56,833	47,872
<b>Total fees and service income</b>	<b>408,978</b>	<b>417,383</b>	<b>265,448</b>	<b>270,848</b>
Fees and service expense	(62,290)	(60,729)	(60,632)	(59,878)
<b>Net fees and service income</b>	<b>346,688</b>	<b>356,654</b>	<b>204,816</b>	<b>210,970</b>

**40 Net trading income**

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Gain on trading and foreign exchange transactions</i>				
Foreign currencies and foreign currency related derivatives	68,045	93,402	68,087	174,489
<b>Total</b>	<b>68,045</b>	<b>93,402</b>	<b>68,087</b>	<b>174,489</b>

**41 Losses on investments**

<i>Six-month period ended 30 June</i>	Consolidated and Bank only	
	2018	2017
	<i>(in thousand Baht)</i>	
Losses on disposal - General investment	(900)	-
<b>Losses on investments</b>	<b>(900)</b>	<b>-</b>

**42 Directors' remuneration**

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

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

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Bad debts and doubtful accounts				
- Interbank and money market items	(16,013)	7,292	(16,013)	7,292
- Loans to customers	610,435	705,765	54,166	63,061
Loss on debt restructuring	-	25,989	-	54
<b>Total</b>	<b>594,422</b>	<b>739,046</b>	<b>38,153</b>	<b>70,407</b>

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**44 Income tax**

*Income tax recognised in profit or loss*

<i>Six-month period ended 30 June</i>	<i>Note</i>	<b>Consolidated</b>		<b>Bank only</b>	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
<b>Current tax</b>					
Current period		239,594	248,766	238,295	248,766
Over provided in prior year		(1,689)	(72,714)	(1,689)	(5,464)
		<u>237,905</u>	<u>176,052</u>	<u>236,606</u>	<u>243,302</u>
<b>Deferred tax</b>					
Movements in temporary differences	21	(69,512)	(54,079)	(14,527)	(15,227)
		<u>(69,512)</u>	<u>(54,079)</u>	<u>(14,527)</u>	<u>(15,227)</u>
<b>Total income tax</b>		<u>168,393</u>	<u>121,973</u>	<u>222,079</u>	<u>228,075</u>

*Income tax recognised in other comprehensive income*

<i>Six-month period ended 30 June</i>		<b>Consolidated</b>				
		Before tax	2018 Tax income	Net of tax	Before tax	2017 Tax income
				<i>(in thousand Baht)</i>		
Other comprehensive income						Net of tax
- Available-for-sale securities	(195,760)	39,152	(156,608)	(13,778)	2,756	(11,022)
- Actuarial gains on defined benefit plan	5,841	(1,169)	4,672	-	-	-
- Share of other comprehensive income of investments in an associate	(1,539)	154	(1,385)	-	-	-
- Translating difference	103	-	103	(1,339)	-	(1,339)
<b>Total</b>	<u>(191,355)</u>	<u>38,137</u>	<u>(153,218)</u>	<u>(15,117)</u>	<u>2,756</u>	<u>(12,361)</u>

  

<i>Six-month period ended 30 June</i>		<b>Bank only</b>				
		Before tax	2018 Tax income	Net of tax	Before tax	2017 Tax income
				<i>(in thousand Baht)</i>		
Other comprehensive income						Net of tax
- Available-for-sale securities	(195,760)	39,152	(156,608)	(13,778)	2,756	(11,022)
- Actuarial gains on defined benefit plan	5,841	(1,169)	4,672	-	-	-
<b>Total</b>	<u>(189,919)</u>	<u>37,983</u>	<u>(151,936)</u>	<u>(13,778)</u>	<u>2,756</u>	<u>(11,022)</u>

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*Reconciliation of effective tax rate*

<i>Six-month period ended 30 June</i>	<b>Consolidated</b>			
	2018		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		1,135,584		1,072,434
Income tax using the Thai corporation tax rate	20	227,117	20	214,487
Expense not deductible for tax purpose		37,507		83,393
Additional deductible expense for tax purposes <sup>(2)</sup>		(93,563)		(94,408)
Over provided in prior year		(1,689)		(72,714)
Income tax of the indirect subsidiary that is not taxable		(979)		(8,785)
<b>Total</b>	<b>15 <sup>(1)</sup></b>	<b>168,393</b>	<b>11 <sup>(1)</sup></b>	<b>121,973</b>

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

<sup>(2)</sup> Additional deductible expense for tax purposes of ICBC (Thai) Leasing Company Limited are complied with Royal Decree No.604 B.E. 2559

<i>Six-month period ended 30 June</i>	<b>Bank only</b>			
	2018		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense	20	989,644	20	1,093,221
Income tax using the Thai corporation tax rate		197,929		218,644
Expense not deductible for tax purpose		25,839		14,895
Over provided in prior year		(1,689)		(5,464)
<b>Total</b>	<b>22 <sup>(1)</sup></b>	<b>222,079</b>	<b>21 <sup>(1)</sup></b>	<b>228,075</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.

## 45 Basic earnings per share

The calculations of basic earnings per share for the six-month periods ended 30 June 2018 and 2017 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 period ended 30 June</i>	<b>Consolidated</b>		<b>Bank only</b>	
	2018	2017	2018	2017
Shareholders of the Bank	967	907	767	865
Former shareholder before business combination under common control	-	44	-	-
Non-controlling interests	-	-	-	-
<b>Profit for the period (in million Baht)</b>	<b>967</b>	<b>951</b>	<b>767</b>	<b>865</b>
Number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding (million shares)	2,257	2,257	2,257	2,257
<b>Earnings per share (basic)</b>				
Shareholders of the Bank	0.43	0.40	0.34	0.38
Former shareholder before business combination under common control	-	0.02	-	-
Non-controlling interests	-	-	-	-
<b>Earnings per share (basic) (in Baht)</b>	<b>0.43</b>	<b>0.42</b>	<b>0.34</b>	<b>0.38</b>

**Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiaries**  
**Notes to the interim financial statements**  
**For the six-month period ended 30 June 2018**

**46 Event after the reporting period**

During July 2018 to 14 September 2018, ICBC (Thai) Leasing Company Limited, the Bank's direct subsidiary, issued 11 short-term debentures with total face value of Baht 4,200 million offered to financial institution investors carrying interest rate ranging 1.40% - 1.55% per annum with the maturity date being the range of 80 to 95 days from the date of issue. Moreover, short-term debentures with face value of Baht 3,300 million had already been settled on their maturity dates in the period.