

Your Global Partner Your Reliable Bank



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

Annual Report 2017



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

A photograph of two business professionals in a modern office setting. One person, wearing a light blue shirt and a striped tie, is pointing at a tablet held by another person in a dark suit. In the foreground, there are two open laptops on a desk. The background shows a glass wall with many sticky notes attached to it, and bright sunlight is streaming in from the right, creating a warm, professional atmosphere.

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Financial Highlights

Consolidated

Financial position (Million Baht)

	2017	2016	2015
Loans to customers net of deferred revenue	139,330	135,866	135,883
Allowance for doubtful accounts and revaluation on debt restructuring	7,401	5,956	4,043
Non-performing loans	1,940	2,006	2,137
Total assets	207,845	191,274	183,029
Deposits, interbank and money market items and borrowings	176,607	161,747	155,292
Liabilities	3,215	3,235	3,127
Shareholders' equity	28,023	26,292	24,610

Performance results (Million Baht)

Net interest income	4,464	4,831	4,282
Net fee and service income	705	624	284
Other operating incomes	757	800	607
Other operating expenses*	(2,014)	(2,000)	(1,886)
Profit from operation before bad debts, doubtful accounts and impairment losses, including properties foreclosed	3,912	4,255	3,287
Bad debts, doubtful accounts and impairment losses, including properties foreclosed	(1,855)	(2,383)	(1,624)
Reversal other provisions for TAMC	-	13	-
Profit from operation before income taxes	2,057	1,885	1,663
Income taxes	(246)	(366)	(328)
Profit for the years	1,811	1,519	1,335

* Excluding items losses on properties foreclosed and reversal of estimate for loss sharing of TAMC

Financial ratio (%)

Return on average assets (ROA)	0.91	0.81	0.71
Return on average equity (ROE)	6.67	5.97	5.56
Capital adequacy ratio	14.74	16.55	17.85
Basic earnings per share (Baht)	0.80	0.67	0.59
Book value per share (Baht)	12.42	11.65	10.90



Message from the Chairman

Dear All Shareholders and Valued Customers,

Dr. Zhigang Li

In 2017, the world economy showed a clear sign of recovery especially for world's leading nations such as the USA, China, Japan and EU nations resulting in a growth of 3.7%, thus, the Thai economy benefitted from this recovery especially the strong export and tourism sectors together with the government's investment and spending on large projects resulting in the Thai economy expanding 3.9% in 2017 higher than in the year 2016 of 3.3%.

The Bank's performance in the past year was satisfactory with good asset expansion. At the end of 2017 the Bank had total assets of Baht 207,845 million, an increase of 9% from the year before. The loans to customers net of deferred revenue and investments were Baht 139,330 million and Baht 62,724

million or increased 3% and 24% respectively. The increase in the performing assets both loans and investments together with the effective financial cost and related expenses management resulted in the net profit of Baht 1,811 million or an increase of 19% from 2016. At the same time, the Bank continued to place importance on all aspects of the Bank's risk management resulting in a reduced NPL ratio from 1.43% at the end of 2016 to 1.34% at the end of 2017.

Looking ahead in 2018, it is expected that the banking industry will continue to face stronger competition since most commercial banks will be competing more on electronic products and services. Therefore, the Bank will need to improve its service to be more flexible and technologically advanced by enhancing

the quality of its personnel to be in line with National e-Payment Master Plan of the government that aims to make the utmost use of technology and internet on mobile phone platform. Such plan is also an essential factor that will lead Thailand into digital age and Thailand 4.0. The Bank will continue to improve various systems and procedures including the most effective and safest financial technologies developed by the ICBC Group to be applied to the Bank in order to satisfy the needs of its customers as well as complying with the various regulations of the Bank's supervisory authorities.

Moreover, with the support from the ICBC network, the Bank was able to assist large Thai corporations in expanding their businesses to the wider ASEAN region as well as providing support to small, medium and large Chinese companies that are interested in investing in the Eastern Economic Corridor (EEC) project. The EEC project is crucial to the future growth of the Thai economy. The Bank, with its Chinese network and in-depth understanding of both the Thai and Chinese cultures, is able to provide competent and proactive services to these Chinese investors. The Bank will focus on providing loans to large corporations with sound financial status, good business fundamentals and rate of growth that suit their business potential, thus, the Bank will be able to control the quality of large corporate loans at a good level.

The SME business group is another group that is crucial to the growth of the Thai economy both in terms of employment and enhancement of the capability of larger business groups. The Bank has a policy to continue supporting the expansion of the SME group by emphasizing on business related to the infrastructure projects of the government as well as SMEs that are business partners of large corporations that are the Bank's customers.

The Bank through ICBC Financial Leasing Co., Ltd., a leasing company of the ICBC Group in collaboration with ICBC (Thai) Leasing Co., Ltd., a subsidiary of the Bank, will continue to provide leasing loans to the aviation business in order to support the expansion of the domestic and international aviation business

which is growing along with the tourism sector of Thailand. Another area that ICBC (Thai) Leasing Co., Ltd will emphasize is car hire purchase to new cars where sales are growing along with the recovering economy.

The Bank is confident that it will reach the 2018 targets that include business growth and organizational development. In addition, it also places high importance on good corporate governance, transparency, professionalism in order to protect the benefits of all stakeholders for sustainable growth of the Bank and to partake in growth of the Thai economy.

On behalf of the Board of Directors, the management and the staff of the Bank, I would like to take this opportunity to thank all stakeholders including the shareholders, customers and business partners for your continued patronage and looking forward to your continued patronage and to serving you with our best services available.



Dr. Zhigang Li

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

The Board of Directors



Dr. Zhigang Li

Age 44 years

Position

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

Education

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

Experience

2015-Present Chairman of the Board of Directors/Chairman of the Executive Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2013-Present Chairman of the Management Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2013-2015 Chief Executive Officer/Member of the Executive Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2015-Present Chairman of the Board of Directors, ICBC (Thai) Leasing Co., Ltd. • 2013-2015 Director, Finansia Syrus Securities Public Company Limited • 2011-2013 Deputy General Manager of Corporate Strategy and IR Dept., Industrial and Commercial Bank of China Limited, H.O. • 2008-2011 Deputy CEO of ICBC (Macau) • 2007-2008 Division Head, Corporate Strategy and IR Dept., Industrial and Commercial Bank of China Limited, H.O. • 2004-2006 Division Head, Reform and IPO office, Industrial and Commercial Bank of China Limited, H.O. • 2003-2004 Senior Manager of Risk Management Dept., Industrial and Commercial Bank of China Limited, H.O. • 2002-2003 Manager of Credit Risk Management Dept. and Market Risk Management Dept., ICBC Asia (Hong Kong) • 1999-2002 Manager of Risk Management Dept., Industrial and Commercial Bank of China Limited, H.O.

Shareholding (%)

None

**Mr. Shiqiang Lin**

Age 46 years

Position

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

Education

Bachelor of Economics, Major in International Finance, Zhejiang University (Hangzhou University)

Experience

2017-Present Chief Executive Officer/Authorized Director/Member of the Executive Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2014-2017 President, ICBC Zhejiang Jiaxing Branch • 2012-2014 General Manager, International Business Department, ICBC Zhejiang provincial Branch • 2008-2012 Vice President of ICBC Zhejiang Jiaxing Branch • 2004-2008 President of ICBC Jiaxing Ping Hu Sub-Branch • 2002-2004 President of ICBC Jiaxing Tong Xia Sub-Branch

Shareholding (%)

None

**Dr. Prasit Damrongchai**

Age 77 years

Position

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

Education

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

Experience

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

Shareholding (%)

None

**Ms. Ladda Siriwanakosol**

Age 61 years

Position

Independent Director • Chairperson of the Audit Committee

Education

MBA, Thammasart University

Experience

2017-Present Independent Director/Chairperson of the Audit Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-2017 Independent Director/Member of the Audit Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2011-Present Independent Director/Chairperson of the Audit Committee, Pace Development Corporation Plc. • 2004-2006 Chief of Credit Officer/Executive Vice President, Chief of Credit Corporate Strategy Group, TMB Bank Plc.

Shareholding (%)

None

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

Age 39 years

Position

Authorized Director • Member of the Executive Committee

Education

Master in Accounting and Corporate Finance, Guanghua School of Business, Peking University

Experience

2017–Present Authorized Director/Member of the Executive Committee/Senior Executive Vice President, Supporting, Finance & Risk Management Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2017–2017 Senior Executive Vice President, Finance & Risk Management Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2017–Present Director, ICBC (Thai) Leasing Co., Ltd. • 2017–2018 Director, Finansia Syrus Securities Public Company Limited • 2015–2016 Head of Budget Division, Finance & Accounting Department, Industrial and Commercial Bank of China Limited, H.O. • 2014–2015 Visiting Scholar, University of Michigan, USA • 2011–2014 Head of Accounting Division and Financial Instrument Measurement Management Division, Finance & Accounting Department, Industrial and Commercial Bank of China Limited, H.O. • 2007–2011 Deputy Head of Accounting Division, Finance & Accounting Department, Industrial and Commercial Bank of China Limited, H.O. • 2004–2006 Senior Manager, Accounting & Settlement Department, Industrial and Commercial Bank of China Limited, H.O.

Shareholding (%)

None

**Mr. Yang Liu**

Age 39 years

Position

Authorized Director • Member of the Executive Committee

Education

Master of Economics, Peking University

Experience

2017–Present Authorized Director/Member of the Executive Committee/Senior Executive Vice President, Branch Banking & Information Technology Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2017–2017 Senior Executive Vice President, Branch Banking Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2018–Present Director, Finansia Syrus Securities Public Company Limited • 2015–2016 Head of Service & Support Division, E-Banking Dept., Industrial and Commercial Bank of China Limited, H.O. • 2014–2016 Head of Overseas Business Division, E-Banking Dept., Industrial and Commercial Bank of China Limited, H.O. • 2011–2014 Senior Manager (in charge) of Overseas Business Division, E-Banking Dept., Industrial and Commercial Bank of China Limited, H.O. • 2009–2011 Senior Manager of Marketing Division, E-Banking Dept., Industrial and Commercial Bank of China Limited, H.O.

Shareholding (%)

None

**Mr. Jianfeng Zheng**

Age 52 years

Position

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

Education

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

Experience

February 2015–Present Director/Member of the Nomination, Compensation and Corporate Governance Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • June 2014–Present Senior Expert and Accredited Non-executive Director of Corporate Strategy and Investor Relations Dept., Industrial and Commercial Bank of China Limited, H.O. • 2014–Present Director, ICBC AXA • 2015–Present Director, ICBC Turkey • 2015–Present Director, ICBC Mexico • 2016–Present Director, ICBC Credit Suisse Asset Management • 2015–2016 Director, ICBC Standard Bank Plc. • September 2010–June 2014 Deputy Head of Supervisory Board Office, Industrial and Commercial Bank of China Limited, H.O. • December 2005–September 2010 Supervisory Commissioner (rank equals to deputy head) of Supervisory Board Office, Industrial and Commercial Bank of China Limited, H.O.

Shareholding (%)

None

**Ms. Minmin Wu**

Age 45 years

Position

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

Education

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

Experience

August 2015–Present Director/Member of the Nomination, Compensation and Corporate Governance Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • October 2017–Present Deputy General Manager and Accredited Non-executive Director of Corporate Strategy and Investor Relations Dept. Industrial and Commercial Bank of China Limited, H.O. • 2017–Present Director, ICBC Peru • 2015–Present Director, ICBC Moscow • 2015–2016 Non-executive Supervisor, ICBC Credit Suisse • 2015–Present Non-executive Supervisor, ICBC Leasing • 2016–Present Director, ICBC Canada • December 2014–October 2017 Expert and Accredited Non-executive Director of Corporate Strategy and Investor Relations Dept., Industrial and Commercial Bank of China Limited, H.O. • January 2009–December 2014 Division Head of Corporate Strategy and Investor Relations Dept., Industrial and Commercial Bank of China Limited, H.O.

Shareholding (%)

None

**TDVC.Col. Plengsakdi Prakaspesat**

Age 75 years

Position

Independent Director • Member of the Audit Committee

Education

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

Experience

1978–Present Independent Director/Member of the Audit Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2005–2010 Member of the Nomination, Compensation and Corporate Governance Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2017–Present Chairman, Bangkok Insurance Plc. • 2005–Present Chairman of the Audit Committee, Bangkok Insurance Plc. • 1999–Present Independent Director, Bangkok Insurance Plc. • 2001–Present Advisor, United Flour Mill Plc. • 1997–Present Senior Advisor, Thai Central Chemical Plc. • 1987–Present Director, Aspac Co., Ltd.

Shareholding (%)

3,374 ordinary shares 0.00015%

**Pol.Gen. Werapong Chuenpagdee**

Age 60 years

Position

Independent Director • Member of the Audit Committee

Education

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

Experience

2017–Present Independent Director/Member of the Audit Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2014–2017 Independent Director, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2017–Present Special Advisor, Royal Thai Police • 2017–Present Independent Director, Strega Plc. • 2017–Present Independent Director, Arinsiri Land Co., Ltd. • 2015–Present Director, Richland Property Development Co., Ltd. • 2017–2017 Assistant Commission-General, Royal Thai Police • 2016–2017 Acting Assistant Commission-General, Royal Thai Police • 2015–2016 Commissioner of Provincial Police Region 9, Royal Thai Police • 2014–Present Independent Director/Member of the Audit Committee/Chairman of the Corporate Governance Committee, Country Group Holding Plc. • 2014–2015 Commissioner of Provincial Police Region 7, Royal Thai Police • 2013–2014 Deputy Commissioner of Provincial Police Region 4, Royal Thai Police • 2011–Present Independent Director/Member of the Audit Committee/Member of the Compensation Committee, Thai Hua Rubber Plc. • 2011–Present Director, Fusin Mining Industry (Thailand) Co., Ltd. • 2011–Present Consultant, Thai Industries Association • 2010–2016 Director, Country Group Securities Plc. • 2010–Present Independent Director/Chairman of the Audit Committee, The Sing Sian Yee Pao Daily News Co., Ltd. • 2009–Present Independent Director/Member of the Audit Committee/Member of the Compensation Committee, Country Group Development Plc. • 2002–Present Director, Boonyachinda foundation for Thai Royal police and Family

Shareholding (%)

None

CEO



Mr. Shiqiang Lin

Age 46 years

Position

Chief Executive Officer • Member of the Executive Committee

Education

Bachelor of Economics, Major in International Finance, Zhejiang University (Hangzhou University)

Experience

2017-Present Chief Executive Officer/Authorized Director/Member of the Executive Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2014-2017 President, ICBC Zhejiang Jiaxing Branch • 2012-2014 General Manager, International Business Department, ICBC Zhejiang provincial Branch • 2008-2012 Vice President of ICBC Zhejiang Jiaxing Branch • 2004-2008 President of ICBC Jiaxing Ping Hu Sub-Branch • 2002-2004 President of ICBC Jiaxing Tong Xia Sub-Branch

Shareholding (%)

None

Head of Group



Mr. Zhisheng Xu, CFA/FRM

Age 39 years

Position

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

Education

Master in Accounting and Corporate Finance, Guanghua School of Business, Peking University

Experience

2017-Present Authorized Director/Member of the Executive Committee/Senior Executive Vice President, Supporting, Finance & Risk Management Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2017-2017 Senior Executive Vice President, Finance & Risk Management Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2017-Present Director, ICBC (Thai) Leasing Co., Ltd. • 2017-2018 Director, Finansia Syrus Securities Public Company Limited • 2015-2016 Head of Budget Division, Finance & Accounting Department, Industrial and Commercial Bank of China Limited, H.O. • 2014-2015 Visiting Scholar, University of Michigan, USA • 2011-2014 Head of Accounting Division and Financial Instrument Measurement Management Division, Finance & Accounting Department, Industrial and Commercial Bank of China Limited, H.O. • 2007-2011 Deputy Head of Accounting Division, Finance & Accounting Department, Industrial and Commercial Bank of China Limited, H.O. • 2004-2006 Senior Manager, Accounting & Settlement Department, Industrial and Commercial Bank of China Limited, H.O.

Shareholding (%)

None



Mr. Yang Liu

Age 39 years

Position

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

Education

Master of Economics, Peking University

Experience

2017-Present Authorized Director/Member of the Executive Committee/Senior Executive Vice President, Branch Banking & Information Technology Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2017-2017 Senior Executive Vice President, Branch Banking Group, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2018-Present Director, Finansia Syrus Securities Public Company Limited • 2015-2016 Head of Service & Support Division, E-Banking Dept., Industrial and Commercial Bank of China Limited, H.O. • 2014-2016 Head of Overseas Business Division, E-Banking Dept., Industrial and Commercial Bank of China Limited, H.O. • 2011-2014 Senior Manager (in charge) of Overseas Business Division, E-Banking Dept., Industrial and Commercial Bank of China Limited, H.O. • 2009-2011 Senior Manager of Marketing Division, E-Banking Dept., Industrial and Commercial Bank of China Limited, H.O.

Shareholding (%)

None

Head of Division



Mr. Yongmin Tang

Age 44 years

Position

Senior Executive Vice President, Head of Chinese Business Center Division • Member of the Executive Committee

Education

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

Experience

June 2017–Present Senior Executive Vice President, Head of Chinese Business Center Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • February 2015–June 2017 Executive Vice President, Head of Chinese Business Center Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • January 2015–February 2015 Executive Vice President, Deputy Head of Division, Chinese Business Center Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • February 2012–December 2014 Executive Vice President, Deputy Head of Division, Branch Banking Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2008–2011 Deputy General Manager, Personal Banking Business Department, Industrial and Commercial Bank of China Limited, Anhui Regional Headquarters • 2005–2007 Division Head, Personal Banking Business Department, Industrial and Commercial Bank of China Limited, Anhui Regional Headquarters • August 2012–March 2015 Director, ICBC (Thai) Leasing Company Limited

Shareholding (%)

None



Ms. Suree Wipatakanok

Age 54 years

Position

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

Education

BA, Business Administration, Ramkhamhaeng University

Experience

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

Shareholding (%)

None



Mr. Chaiwat Tanchewawong

Age 59 years

Position

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

Education

MBA, Chulalongkorn University • BBA (Finance) Thammasart University

Experience

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

Shareholding (%)

None

**Ms. Kanchana Vongratanakulthon**

Age 62 years

Position

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

Education

BBA, Sukhothai Thammathirat Open University

Experience

December 2013-Present Executive Vice President, Recovery & Credit Card Management Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2012-December 2013 Executive vice President, Risk Management Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-February 2012 Executive Vice President, Recovery Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2006-2007 Senior Vice President, Recovery Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2005-2006 Senior Vice President, Asset Management Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2014-Present Director, ICBC (Thai) Leasing Company Limited • 2011-Present Director, Chonburi Motor Express Company Limited.

Shareholding (%)

None

**Ms. Orapin Sreesangkom**

Age 54 years

Position

Executive Vice President, Head of Corporate Secretary & Legal Division

Education

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

Experience

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

Shareholding (%)

None

**Mr. Som Pisarnsopon**

Age 53 years

Position

Executive Vice President, Head of Finance & Strategy Division

Education

MS, Industrial Administration, Carnegie-Mellon University, USA

Experience

2008-Present Executive Vice President, Finance & Strategy Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-2008 Senior Vice President, Finance & Strategy Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2006-2007 Senior Vice President, Strategy and Planning Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2008-Present Director, ICBC (Thai) Leasing Company Limited • 2015-2017 Director, Finansia Syrus Securities Public Company Limited • 2008-2009 Director, ACL Securities Company Limited

Shareholding (%)

None

**Ms. Sasiwadee Somboonthum**

Age 58 years

Position

Executive Vice President, Head of Banking Operations Division

Education

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

Experience

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

Shareholding (%)

None

**Mr. Wisit Ausawalaithong**

Age 50 years

Position

Executive Vice President, Head of Information Technology Division

Education

MS, Computer Science, Asian Institute of Technology

Experience

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

Shareholding (%)

None

**Mr. Xiaowei Zhao**

Age 36 years

Position

Senior Vice President, Head of Global Markets Division

Education

MBA, Beijing Normal University

Experience

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

Shareholding (%)

None

**Ms. Suwimol Itthiputh**

Age 54 years

Position

Senior Vice President, Head of Institution Business Division

Education

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

Experience

March 2017-Present Senior Vice President, Head of Institution Business Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • January 2016-March 2017 Senior Vice President, Acting Head of Institution Business Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • September 2007-January 2016 Senior Vice President, Head of Foreign Exchange and Financial Institution Dept., Industrial and Commercial Bank of China (Thai) Public Company Limited

Shareholding (%)

None

**Mr. Seksan Chunseereechai**

Age 51 years

Position

Senior Vice President, Acting Head of Risk Management Division

Education

MBA, Chulalongkorn University

Experience

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

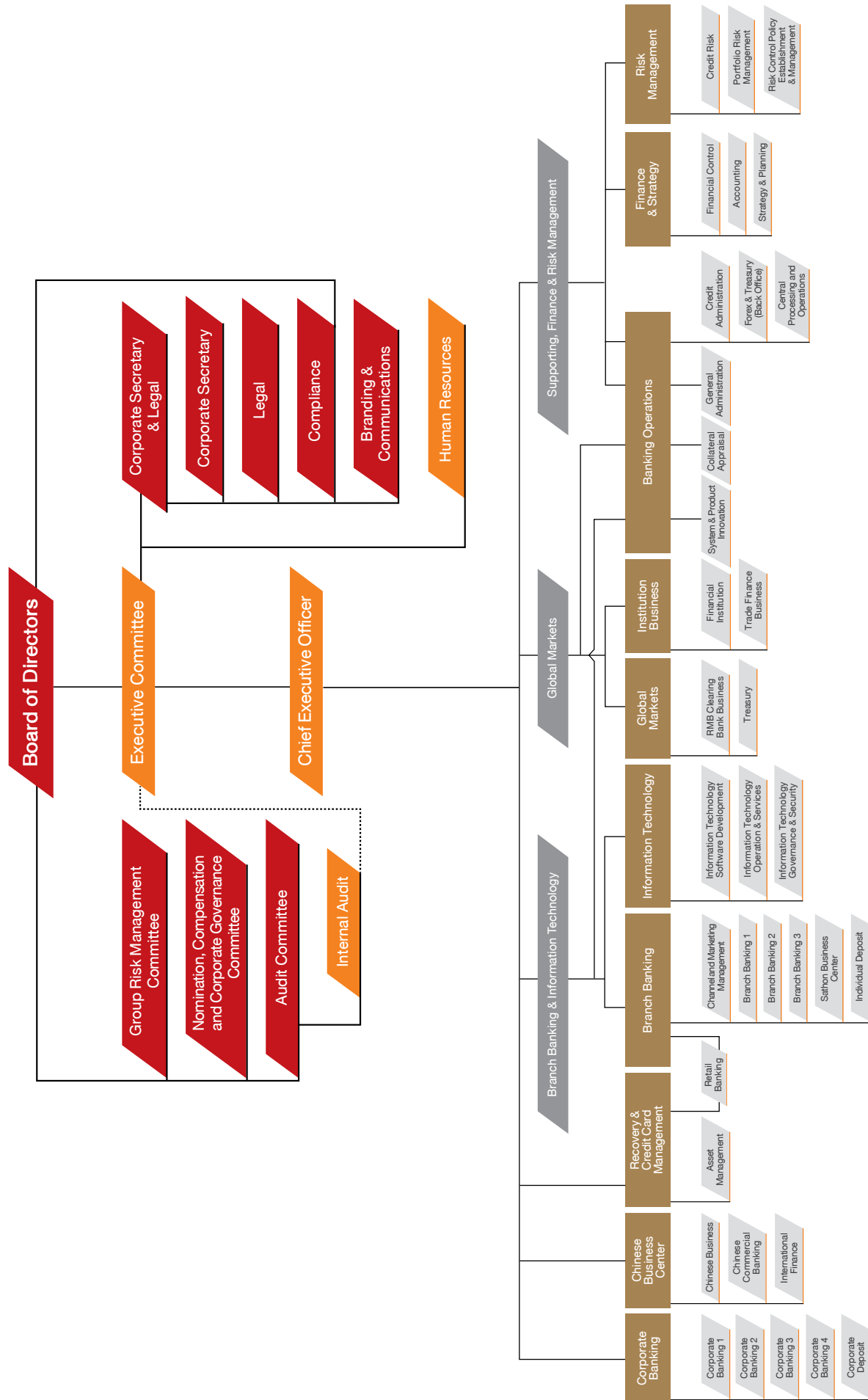
Shareholding (%)

None

Executive Officers

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

Organization Chart



Description of Business



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

On 21 April 2010, the Industrial and Commercial Bank of China Limited (ICBC), the largest commercial bank in the world in terms of market capitalization, acquired 97.24% of the total issued shares of the Bank from a voluntary tender offer of all shares traded on the SET and changed the name of the Bank to “Industrial and Commercial Bank of China (Thai) Public Company Limited” becoming a part of the ICBC Group. On 19 March 2011, the Bank delisted from the SET. At present, the ICBC holds 97.86% of the total shares sold of the Bank.

As a fully licensed commercial bank, the Bank aims to be on the forefront of commercial banks in Thailand on international banking service. Being a part of the ICBC Group means customers of the Bank are able to fully utilize the services provided by the Group's network which is growing at a rapid pace in China as well as around the world. As of the end of 2017, ICBC Group had 16,616 branches in China and 421 overseas branches in 44 countries. In addition, ICBC has 1,545 correspondent banks in 143 countries worldwide.

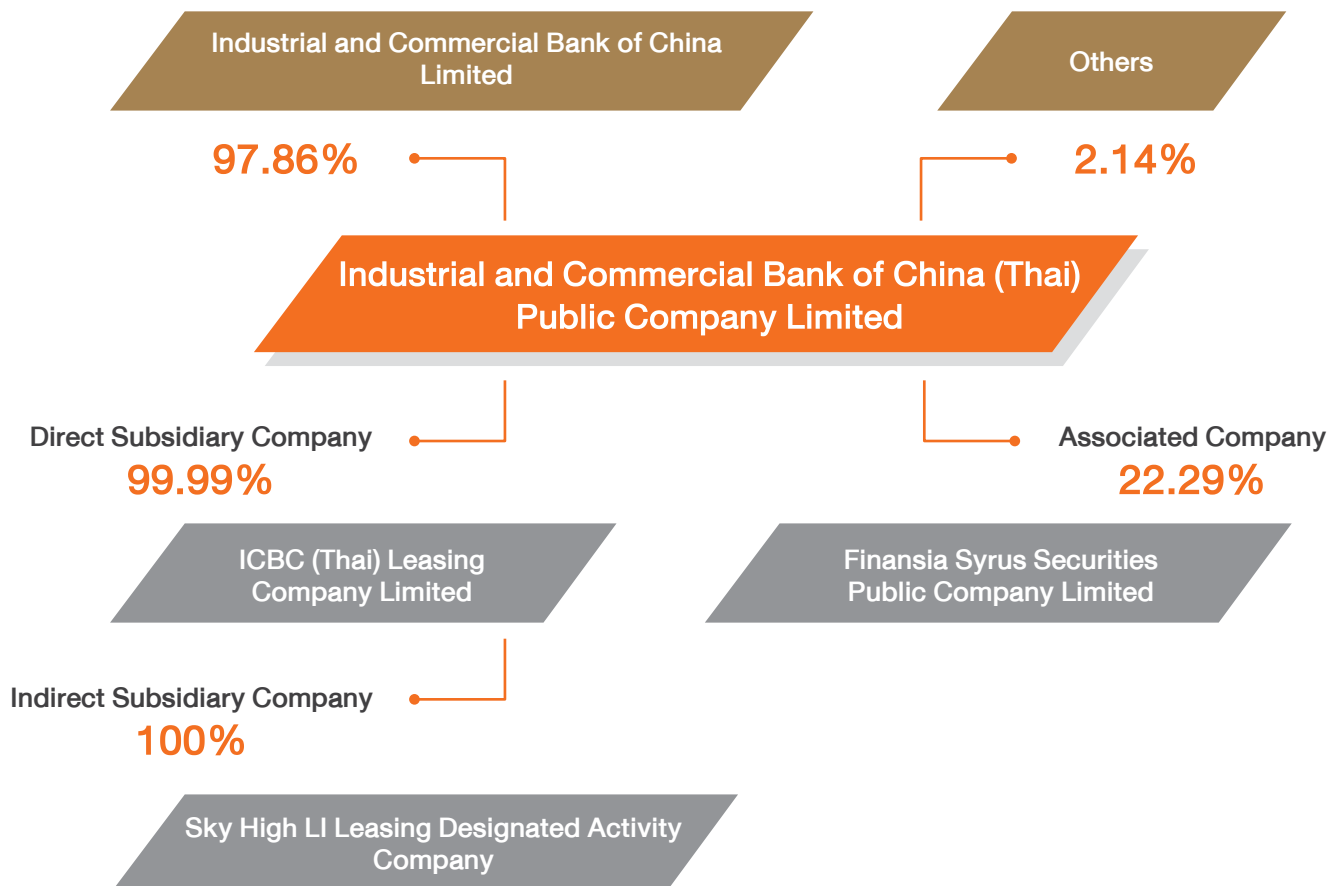
At present, the Bank has one subsidiary, ICBC (Thai) Leasing Company Limited, which the Bank owns 99.99%, the company offers leasing and hire purchase services. Moreover, the Bank has one associated company, Finansia Syrus Securities Public Company Limited, the company which the Bank owns a 22.29% stake,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

Since ICBC started operating in Thailand in 2010, the Bank has been continuously developing new products and services in order to broaden its coverage of customers' needs. In particular, the Bank has expanded its products and services to both juristic person customers, to facilitate their business needs, and individual customers, to reflect their lifestyles such as credit cards, debit cards, internet banking, mobile banking and CNY 1 day remittance. At present, the Bank has a total of 22 branches across the country.

ICBC (Thai) was appointed as the RMB Clearing Bank in Thailand in 2015 and continues to hold its credit rating by Fitch Ratings at the highest attainable rating of AAA(thai) for National Long-Term Rating for the sixth consecutive year confirming the Bank's strong financial position.

Shareholders' structure of ICBC (Thai) Group

(as of 31 December 2017)



Corporate Social Responsibility





ICBC (Thai) Continues to Promote CSR Activities

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



In the past year, the Bank held various CSR activities by continuing to focus on youth development through promoting equal educational and social opportunities, sharing knowledge, supporting healthy living, aiming for insightful knowledge improvement and emotional development in order to inspire creativity among children which will nurture them to grow

up as competent adults. At the same time, these activities also emphasized on instilling a sense of voluntary work to its employees to partake in contributing to society. Moreover, by holding these CSR activities the Bank will be creating valuable relations between the Bank and the communities where its branches are situated.





In 2017, the Bank continued to support schools in rural areas by renovating playgrounds and donating equipments that promote learning and health such as computers, sports equipments, books and drinking water fountains to schools in the eastern and southern regions of Thailand. The Bank also hosted a sight-seeing activity to the National Science Museum for underprivileged children from the Mahamek Home for Boys called “Open up the World with ICBC (Thai)” so that these boys would have the opportunity to explore the world outside their classrooms.

Moreover, the Bank expressed its concern for the well being of the people of Surat Thani Province who endured devastating floods in 2017 by donating survival bags and blankets to the flood victims. In addition, the Bank donated blankets to students who were affected by severe cold weather in the northern villages of Thailand.

ICBC (Thai) Partaking the Saving for Change Project

The Thai Bankers' Association (TBA) received a policy direction from the Ministry of Finance in 2013 to promote financial literacy and financial discipline to the youth groups and independent business operators in the Nakhon Pathom and Lampang provinces through the CSR Club of the TBA (TBCSR). The TBCSR, thus, with cooperation from the National Council for Child and Youth Development under the Royal Patronage of HRH Princess Maha Chakri Sirindhorn (NCYD), the Stock Exchange of Thailand (SET), the Anti-Money Laundering Officer (AMLO) and the Friends of Facilitators (formerly known as the New Generation Development of the Eastern Region) have created the "Saving for Change" Phase I project for the years 2014-2015 and Phase II project from 2016-2017.

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

- Provided skill training on personal financial management and financial discipline to 133 trainers from 15 member banks.
- Provided trainings on personal financial management to 614 undergraduate students in the Nakhon Prathom area. From such trainings, 206 students able to become Peer Educators. During this period they arranged 34 activities educating 6,261 peers and members of their surrounding communities.
- Provided skill training on the "4 Keys to Financial Success" course to undergraduate students.

The Bank recognizes the importance of youth development and has continues to promote the activities of TBCSR. The proceedings in accordance with this project have resulted in the participants learning and understanding financial planning and savings as well as instilling ethics on anti-corruption to the society.





Report of the Audit Committee

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

In 2017, the Audit Committee performed its duties and responsibilities according to the scope and authority assigned by the Board of Directors as defined in the Audit Committee Charter. In the year 2017, the Audit Committee held six meetings with full attendance of Audit Committee members and reported the significance of its performed duties in each quarter to the Board of Directors with a summary as follows:

1. Financial Statements

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

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

2. Internal Control and Information Technology Control

The Audit Committee considered the results of control assessment and the efficiency of the Bank and its subsidiary's management in relation to both operations and information technology through the reports of Internal Audit Department and those of external auditors. Appropriate discussion with relevant executives would be taken as the case may be for ensuring the implementation of sound and adequate internal control system. In year 2017, the Audit Committee discussed with the executive of the Institution Business Division in regard to RMB Clearing Business for ensuring that management is ready to support the high volume transactions in the future then aware of risk management to protect any potential risks with no interruption of our services to the valued customers. Further, the Audit Committee discussed with the Director of the Bank's subsidiary who is responsible for the Internal Audit Function for ensuring that fraud protection and detection is covered in audit scopes as well as the effectiveness of internal control system. The overall result did not reveal any significant noticeable deficiencies.

In the year 2017, the Bank has been approved as a certified membership of Thailand's Private Sector Collective Action Coalition against Corruption (CAC) on Anti-Corruption project which reviewed by the Audit Committee to the CAC Council including the follow up of progress of anti-corruption project after its implementation is reported to be in compliance with the project's action plan.

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

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

3. Regulatory Compliance

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

As for business operation undertakings in year 2017 based upon the supervision through the whole year audit functions, there was no significant incompliance with the regulations of the Bank's supervisory authorities, nor any issues regarding conflict of interest. The Audit Committee opined that the Bank maintained the appropriate compliance functions to ascertain compliance with requirements and laws relevant to the banking business.

4. Statutory Auditors

Reference is made to the policy of the Industrial and Commercial Bank of China Limited ("ICBC"), the Bank's parent company which requests all subsidiaries to maintain the identical statutory auditors in order to be in compliance with the same standards. From the year 2013 onwards, KPMG (Thailand) Co., Ltd. was recommended by ICBC to be the statutory auditors of the Bank and its subsidiary and the Audit Committee considered the performance, audit standards, experiences, independency and qualifications of the statutory auditors and recommended to propose KPMG Phoomchai Audit Ltd. to be the statutory auditors of the Bank and its subsidiary for the year of 2018 with their proposed remuneration to the Board of Directors for consideration and further submission to the 2018 shareholders' meeting for approval.

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

Ladda Siri wattanakosol

Ms. Ladda Siri wattanakosol
Chairperson of the Audit Committee

Report of the Nomination, Compensation and Corporate Governance Committee

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

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

In the year 2017, the NCC held 6 meetings, in total, to conduct the following matters:

- Considered the nomination of qualified persons who were not prohibited by law and the regulations of the Bank of Thailand for the positions of Directors and Senior Executives of the Bank, including Directors who were retiring by rotation and to be reappointed for another term, to the Board of Directors and/or the Shareholders' Meeting for appointment and considered the appointment of a member of a committee.
- Considered the nomination of AC Chairperson and Member and recommended them to the Board of Directors for approval.
- Considered the reappointment of the retiring AC Members and recommended it to the Board of Directors for approval.
- Acknowledged the resignation of the Chief Executive Officer.
- Considered the nomination and remuneration of the new Chief Executive Officer and recommended them to the Board of Directors for approval.
- Considered the nomination, remuneration, welfare and benefits of the new Senior Executives and recommended them to the Board of Directors for approval.
- Considered the remuneration of Directors and recommended it to the Board of Directors for approval.
- Considered the bonus for the Chairman of the Executive Committee and recommended it to the Board of Directors for approval.
- Considered the salary increase and bonuses for the Senior Executives as assigned by the Board of Directors.
- Considered the appointment of a Senior Executive to be an additional member of the Executive Committee and recommended it to the Board of Directors for approval.
- Considered the payment of the 2016 adjustment bonus of Expatriate Senior Executives and recommended it to the Board of Directors for approval.
- Considered the hiring of the Head of the Recovery & Credit Card Management Division and recommended it to the Board of Directors for approval.
- Considered the promotion of a Senior Executive and recommended it to the Board of Directors for approval.
- Considered the ratification of the appointment of the Head of the Risk Management Division and recommended it to the Board of Directors for ratification.
- Reviewed the positions held in other companies by the Directors and Senior Executives of the Bank to ensure that they are able to fully devote time to perform their duties to the Bank effectively and submitted the review to the Board of Directors for approval.
- Considered the revision to the Process for Accepting and Considering Complaints and recommended it to the Board of Directors for approval.
- Considered the matters pertaining to Consolidated Supervision of the Bank of Thailand and recommended them to the Board of Directors for approval.
- Recommended the Board of Directors to acknowledge the resignation and subsequent nomination of the Bank's Executive Director to be the new Director of Finansia Syrus Securities PLC.
- Considered and approved the NCC Report for the year 2016.
- Considered the extension of staff retirement for senior executives at EVP level and recommended it to the Board of Directors for approval.
- Considered the recommendation to the Board of Directors to authorize the NCC to approve the Senior Executives' salary increase and bonus allocation.
- Acknowledged the succession plan of the Bank.
- Acknowledged the progress of the Bank's application for certification as a member of the Private Sector Collective Action Coalition against Corruption.
- Acknowledged the Handbook of Directors of Financial Institutions as well as the proceedings related to such Handbook.
- Acknowledged the results of the Board of Directors Assessment 2016.

The principles of good corporate governance are crucial for ensuring accountability, transparency and proper functioning of financial institutions of a robust economy like Thailand, thus, the Bank, recognizes the importance of strict adherence to such principles. With the implementation of many new regulations from the Bank's regulators which are considered part of the principles of corporate governance, the NCC now has additional responsibilities to ensure that the Bank and its subsidiary strictly operate under the corporate governance guidelines, the anti-corruption measures of the Institute of Directors as well as the Consolidated Supervision and Handbook of Directors of Financial Institutions of the Bank of Thailand. Indeed, good corporate governance practices not only enhance the credibility and reputation of the Bank but also promote the sustainable development of the economy as a whole.



Dr. Prasit Damrongchai

Chairman of the Nomination, Compensation
and Corporate Governance Committee

Analysis of Operating Results and Financial Position

Operating Results

Based on consolidated performance for the year ended 31 December 2017, the Bank & subsidiary's net profit was at Baht 1,811 million, an increase of Baht 292 million or 19 percent compared to 2016.

According to Accounting Standard, net interest income includes front end fee income. In 2017, net interest income amounted to Baht 4,464 million, a decrease of Baht 367 million or 8 percent compared to 2016 mainly because there was one large extra-ordinary front end fee income.

In 2017, non interest income recorded at Baht 1,463 million, an increase of Baht 38 million or 3 percent from 2016. The increase was mainly from fee and service incomes.

In 2017, other operating expense was Baht 2,110 million, Baht 98 million or 4 percent lower than in 2016, because loss on impairment of properties foreclosed and other assets in 2017 was less than in 2016.

In 2017, the Bank and its subsidiary recorded expenses related to bad debt, doubtful accounts and impairment losses in the amount of Baht 1,760 million, representing a decrease of Baht 402 million or 19 percent from 2016. The amount is higher than the regulatory requirements. The Bank conservatively set it in light of the uncertainty in the Thai and world economy.

(Unit : Million Baht)

Profit & Loss Statements	2017	2016	% change
Net interest income	4,464	4,831	(8)%
Non-interest income	1,463	1,424	3%
Total net interest income and non-interest income	5,927	6,255	(5)%
Total other operating expenses	(2,110)	(2,208)	4%
Operating profit	3,817	4,047	(6)%
Bad debt, doubtful accounts and impairment losses	(1,760)	(2,162)	19%
Profit before tax	2,057	1,885	9%
Income tax expense	(246)	(366)	33%
Profit after tax	1,811	1,519	19%

Financial Position

Total assets of the Bank and its subsidiary at the end of December 2017 was at Baht 207,845 million, increased by Baht 16,571 million or 9 percent compared to the end of 2016 mainly resulting from the increase in all earning assets especially investment and loan portfolio.

Interbank and money market items was at Baht 8,406 million, increased by Baht 2,005 million or 31 percent.

Total net investment was Baht 63,304 million, increased by Baht 12,146 million or 24 percent.

Total loan to customers net of deferred revenue was at Baht 139,330 million, increased by Baht 3,464 million or 3 percent.

Total liabilities was at Baht 179,822 million, increased by Baht 14,840 million or 9 percent mainly contributed by the increase in deposit in the amount of Baht 8,326 million or 9 percent and interbank and money market items in the amount of Baht 14,499 million or 41 percent, whereas debt issued and borrowing decreased by Baht 7,964 million or 23 percent.

Key balance sheets items	(Unit : Million Baht)		
	31 Dec 17	31 Dec 16	% change
Total assets	207,845	191,274	9%
Loans to customers net of deferred revenue	139,330	135,866	3%
Deposits, interbank and money market items and borrowings	176,607	161,747	9%

Shareholders' equity was at Baht 28,023 million, increased by Baht 1,731 million or 7 percent compared to the end of 2016 following continual increase in net profit which was fully allocated to retained earnings.

Asset Quality

At the end of December 2017, the consolidated gross NPL ratio of the Bank and its subsidiary was 1.34 percent lower than 1.43 percent at the end of 2016. And the Bank and its subsidiary could maintain coverage ratio at high level to prevent all risks which may happen in the future as well as to well prepare for the new regulation, IFRS9.

Capital Adequacy Ratio

As at 31 December 2017, the capital fund of the Bank and its subsidiary before deducting capital add-on arising from Single Lending Limit was Baht 28,606 million. The BIS ratio stood at 14.74 percent of capital fund to total risk weighted assets, which was higher than the Bank of Thailand's minimum requirement of 9.75 percent.

(Unit : Million Baht)

	31 Dec 2017	31 Dec 2016
Capital funds		
Tier 1 capital	26,300	24,886
Tier 2 capital	2,306	1,911
Total capital funds	28,606	26,797

(Unit : Percentage)

Capital ratios		
Tier 1 capital to total risk weighted assets	13.56%	15.37%
Tier 2 capital to total risk weighted assets	1.18%	1.18%
Total capital/Total risk weighted assets	14.74%	16.55%

Independent Auditor's Report

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

Opinion

I have audited the consolidated and the Bank's financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiaries ("the Bank and its subsidiaries"); and of Industrial and Commercial Bank of China (Thai) Public Company Limited ("the Bank"), respectively, which comprise the consolidated and the Bank's statements of financial position as at 31 December 2017, the consolidated and the Bank's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and the Bank's financial statements present fairly, in all material respects, the financial position of the Bank and its subsidiaries and of the Bank, respectively, as at 31 December 2017 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and the Bank's Financial Statements* section of my report. I am independent of the Bank and its subsidiaries and of 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 consolidated and the Bank's financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to Note 4 to the financial statements, which explains the business combination under common control on 28 December 2017. ICBC (Thai) Leasing Company Limited, the Bank's direct subsidiary, has 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 Bank prepared the consolidated financial statements which included the financial statements of the indirect subsidiary before 1 January 2016. Such presentation reflects the economic substances for the Bank and its indirect subsidiary as one economic unit before 1 January 2016, although the legal form of the relationship between the Bank and its indirect subsidiary was not effective until after.

Other Information

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

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated and the Bank's financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and the Bank's financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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



(Pantip Gulsantithamrong)

Certified Public Accountant Registration No. 4208

KPMG Phoomchai Audit Ltd. Bangkok

16 March 2018

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

Statement of financial position

		Consolidated		The Bank	
		31 December		31 December	
Assets	Note	2017	2016	2017	2016
<i>(in thousand Baht)</i>					
Cash		366,817	435,613	365,989	434,935
Interbank and money market items, net	8	8,405,746	6,400,488	8,224,854	6,044,457
Derivative assets	9	524,708	417,682	524,708	411,110
Investments, net	10	62,724,200	50,596,514	62,724,200	50,596,514
Investments in subsidiaries and an associate, net	11, 12	579,347	560,637	4,554,874	4,554,874
Loans to customers and accrued interest receivables, net	13				
Loans to customers		144,709,945	141,243,187	105,550,911	97,700,030
Accrued interest receivables		246,485	185,567	248,564	185,792
Total loans to customers and accrued interest receivables		144,956,430	141,428,754	105,799,475	97,885,822
Less deferred revenue		(5,380,267)	(5,377,283)	(151,464)	(122,063)
Less allowance for doubtful accounts	16	(7,377,749)	(5,941,893)	(4,300,434)	(3,767,430)
Less revaluation allowance for debt restructuring	17	(23,505)	(13,769)	(11,185)	(13,769)
Total loans to customers and accrued interest receivables, net		132,174,909	130,095,809	101,336,392	93,982,560
Properties foreclosed, net	18	694,630	775,519	675,741	743,765
Premises and equipment, net	19	147,670	143,540	134,495	126,396
Intangible assets, net	20	38,958	35,967	31,667	31,581
Leasehold right, net		133,108	143,753	133,108	143,754
Deferred tax assets, net	21	929,105	806,300	444,524	375,280
Accrued income, net		551,055	461,899	532,860	443,428
Receivables on credit support for derivative contracts		611	14,906	611	14,906
Other receivables, net		526,821	337,926	171,629	170,999
Other assets, net	22	47,204	47,648	36,443	28,465
Total assets		207,844,889	191,274,201	179,892,095	158,103,024

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

	Note	Consolidated		The Bank	
		31 December		31 December	
		2017	2016	2017	2016
<i>(in thousand Baht)</i>					
Liabilities and equity					
Liabilities					
Deposits	24	100,349,041	92,023,523	100,349,517	92,024,042
Interbank and money market items	25	49,938,121	35,439,126	49,938,121	35,439,126
Liabilities payable on demand		75,864	45,131	75,864	45,131
Derivative liabilities	9	360,912	230,016	360,912	218,877
Debt issued and borrowings	26	26,320,202	34,283,860	116,000	2,734,196
Employee benefit obligations	27	215,642	180,327	184,271	155,867
Other provisions	28	1,815	1,815	1,700	1,700
Accrued interest payables		693,814	846,765	599,480	528,115
Payable on credit support for derivative contracts		130,400	-	130,400	-
Other liabilities	29	1,735,978	1,931,606	1,030,389	1,230,472
Total liabilities		179,821,789	164,982,169	152,786,654	132,377,526
Equity					
Share capital	30				
Authorised share capital					
451,081 non-cumulative preference shares of Baht 8.92 each		4,023	4,023	4,023	4,023
2,256,510,117 ordinary shares of Baht 8.92 each		20,128,071	20,128,071	20,128,071	20,128,071
Issued and paid-up share capital					
451,081 non-cumulative preference shares of Baht 8.92 each		4,023	4,023	4,023	4,023
2,256,510,117 ordinary shares of Baht 8.92 each		20,128,071	20,128,071	20,128,071	20,128,071
Difference arising from business combination under common control	4	(24,849)	-	-	-
Former shareholder before business combination under common control	4	-	(31,449)	-	-
Other components of equity	10.3, 31, 32	369,458	383,659	370,780	383,659
Retained earnings					
Appropriated					
Legal reserve	31	600,000	500,000	600,000	500,000
Unappropriated		6,946,397	5,307,728	6,002,567	4,709,745
Equity attributable to the Bank's shareholders		28,023,100	26,292,032	27,105,441	25,725,498
Non-controlling interest		-	-	-	-
Total equity		28,023,100	26,292,032	27,105,441	25,725,498
Total liabilities and equity		207,844,889	191,274,201	179,892,095	158,103,024



(Mr. Shiqiang Lin)
Chief Executive Officer



(Mr. Zhisheng Xu)
Director

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		The Bank	
		Year ended 31 December		Year ended 31 December	
		2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Interest income	37	8,166,037	8,244,970	5,824,702	5,600,362
Interest expense	38	3,702,522	3,414,344	2,789,184	2,376,756
Net interest income		4,463,515	4,830,626	3,035,518	3,223,606
Fees and service income		827,343	734,946	540,426	472,944
Fees and service expense		121,883	110,903	120,208	108,871
Net fees and service income	39	705,460	624,043	420,218	364,073
Net trading income	40	154,717	163,744	235,824	135,575
Net gain (loss) on investments	41	34,008	(72)	34,008	(72)
Share of profit of investments in an associate	12	37,216	50,853	-	-
Gains on disposals of equipment, properties foreclosed and other assets		76,438	75,468	70,154	62,506
Bad debts recovered		380,245	396,989	71,232	84,106
Dividends income		11,255	12,653	28,101	29,499
Loss on disposals of non-performing loans		(39,862)	-	(39,862)	-
Other operating income		103,104	100,080	9,113	3,829
Total operating income		5,926,096	6,254,384	3,864,306	3,903,122
Other operating expenses					
Employee expenses		1,274,864	1,220,977	950,147	862,084
Directors' remuneration	42	18,254	19,037	18,254	19,037
Premises and equipment expenses		209,947	201,078	147,913	128,857
Taxes and duties		168,506	189,353	149,688	157,581
Amortisation expense on intangible assets		6,693	15,660	5,396	13,507
Loss on properties foreclosed and other assets		95,850	220,364	21,438	1,995
Reversal provisions for share losses from TAMC		-	(12,907)	-	(12,907)
Others		335,701	353,728	150,757	139,370
Total other operating expenses		2,109,815	2,207,290	1,443,593	1,309,524
Bad debts, doubtful accounts and impairment losses	43	1,759,590	2,161,659	660,994	820,042
Profit from operations before income tax expense		2,056,691	1,885,435	1,759,719	1,773,556
Income tax expense	44	246,112	366,075	366,897	356,899
Profit for the year		1,810,579	1,519,360	1,392,822	1,416,657

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

		Consolidated		The Bank	
		Year ended 31 December		Year ended 31 December	
	Note	2017	2016	2017	2016
		(in thousand Baht)			
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Share of other comprehensive income of investments					
in an associate		(218)	-	-	-
Defined benefit plan actuarial gain		701	17,973	-	7,039
Income tax on other comprehensive income	44	(118)	(3,595)	-	(1,408)
Items that are or may be reclassified subsequently to profit or loss					
Share of other comprehensive income of investments					
in an associate		(1,442)	-	-	-
Net change in fair value of available-for-sale investments		(16,099)	286,406	(16,099)	286,406
Exchange differences on translating					
foreign operations		(4,313)	785	-	-
Income tax on other comprehensive income	44	3,363	(57,281)	3,220	(57,281)
Other comprehensive income for the year,					
net of income tax		(18,126)	244,288	(12,879)	234,756
Total comprehensive income for the year					
		1,792,453	1,763,648	1,379,943	1,651,413
Profit attributable to					
Shareholders of the Bank		1,738,304	1,469,992	1,392,822	1,416,657
Former shareholder before business combination					
under common control	4	72,275	49,368	-	-
Non-controlling interests		-	-	-	-
Profit for the year					
		1,810,579	1,519,360	1,392,822	1,416,657
Total comprehensive income attributable to					
Shareholders of the Bank		1,724,468	1,713,495	1,379,943	1,651,413
Former shareholder before business combination					
under common control	4	67,985	50,153	-	-
Non-controlling interests		-	-	-	-
Total comprehensive income for the year					
		1,792,453	1,763,648	1,379,943	1,651,413
Earnings per share (in Baht)					
Shareholders of the Bank		0.77	0.65	0.62	0.63
Former shareholder before business combination					
under common control		0.03	0.02	-	-
Non-controlling interests		-	-	-	-
Basic earnings per share					
	45	0.80	0.67	0.62	0.63



(Mr. Shiqiang Lin)
Chief Executive Officer



(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

		Issued and paid-up share capital		Other components of equity			Retained earnings			Former shareholder before business combination under common control		Non - controlling interest	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	Legal reserve	Unappropriated	Total equity attributable to the Bank's shareholders		
	Note							(in thousand Baht)					
Year ended 31 December 2016													
Balance at 1 January 2016 - as reported													
		4,023	20,128,071	-	154,534	-	-	154,534	400,000	3,923,358	24,609,986	-	24,609,986
	4	-	-	-	-	-	-	-	-	-	(81,602)	-	(81,602)
Balance at 1 January 2016 - before business acquisition													
Comprehensive income for the year													
		-	-	-	-	-	-	-	-	1,469,992	49,368	-	1,519,360
	32, 44	-	-	-	229,125	-	-	229,125	-	14,378	785	-	244,288
Total comprehensive income for the year													
		-	-	-	229,125	-	-	229,125	-	1,484,370	50,153	-	1,763,648
		-	-	-	-	-	-	-	100,000	(100,000)	-	-	-
Balance at 31 December 2016 - before business acquisition													
		4,023	20,128,071	-	383,659	-	-	383,659	500,000	5,307,728	26,323,481	(31,449)	26,292,032
Year ended 31 December 2017													
Balance at 1 January 2017 - as reported													
		4,023	20,128,071	-	383,659	-	-	383,659	500,000	5,307,728	26,323,481	-	26,323,481
	4	-	-	-	-	-	-	-	-	-	(31,449)	-	(31,449)
Balance at 1 January 2017 - before business acquisition													
Changes in interests from business combination under common control													
		-	-	(24,849)	-	-	-	-	-	-	(24,849)	24,849	-
	4	-	-	-	-	-	-	-	-	-	-	-	-
Difference arising from business combination under common control													
		-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-
Total changes in interest from business combination under common control													
		-	-	(24,849)	-	-	-	-	-	-	(24,849)	(36,536)	(61,385)
Comprehensive income for the year													
		-	-	-	-	-	-	-	-	1,738,304	72,275	-	1,810,579
	32, 44	-	-	-	(12,879)	(23)	(1,299)	(14,201)	-	365	(4,290)	-	(18,126)
Total comprehensive income for the year													
		-	-	-	(12,879)	(23)	(1,299)	(14,201)	-	1,738,669	67,985	-	1,792,453
		-	-	-	-	-	-	-	100,000	(100,000)	-	-	-
Balance at 31 December 2017													
		4,023	20,128,071	(24,849)	370,780	(23)	(1,299)	369,458	600,000	6,946,397	28,023,100	-	28,023,100

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

The Bank

	Note	Issued and paid-up share capital		Other components of equity		Retained earnings		Total equity
		Preference shares	Ordinary shares	Fair value changes in available-for-sale investments	Legal reserve	Unappropriated		
<i>(in thousand Baht)</i>								
Year ended 31 December 2016								
Balance at 1 January 2016								
Comprehensive income for the year								
Profit for the year		4,023	20,128,071		154,534	400,000	3,387,457	24,074,085
Other comprehensive income, net of income tax	32, 44	-	-	-	-	-	1,416,657	1,416,657
Total comprehensive income for the year		-	-	-	229,125	-	1,422,288	1,651,413
Transfer to legal reserve		-	-	-	-	100,000	(100,000)	-
Balance at 31 December 2016								
Year ended 31 December 2017								
Balance at 1 January 2017								
Comprehensive income for the year								
Profit for the year		4,023	20,128,071		383,659	500,000	4,709,745	25,725,498
Other comprehensive income, net of income tax	32, 44	-	-	-	-	-	1,392,822	1,392,822
Total comprehensive income for the year		-	-	-	(12,879)	-	-	(12,879)
Transfer to legal reserve		-	-	-	-	100,000	(100,000)	-
Balance at 31 December 2017								

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		The Bank	
	Year ended 31 December		Year ended 31 December	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit from operations before income tax expense	2,056,691	1,885,435	1,759,719	1,773,556
<i>Adjustments to reconcile profit from operations before income tax expense to net cash provided by (used in) operating activities</i>				
Depreciation and amortisation	57,660	68,174	49,435	54,130
Bad debts, doubtful accounts and impairment losses	1,759,590	2,161,659	660,994	820,042
Losses of write-off of fixed assets	8	446	-	1
Gain on disposals of properties foreclosed	(71,604)	(73,446)	(65,321)	(60,568)
Losses on properties foreclosed	95,850	220,364	21,438	1,995
Net loss on investments	(34,008)	72	(34,008)	72
Losses on disposal of non-performing loans	39,862	-	39,862	-
Proceeds from disposal of non-performing loans	100,071	-	100,071	-
Gain on sales of equipment	(4,834)	(2,022)	(4,833)	(1,937)
Net trading income	(154,716)	(163,744)	(235,824)	(135,575)
Employee benefit obligations	36,016	28,711	28,404	19,490
Provisions for other liabilities	-	(12,792)	-	(12,907)
Other income from revaluation of other receivables	-	(119)	-	(119)
Share of profit of investments in an associate	(38,878)	(50,853)	-	-
Net interest income	(4,463,515)	(4,830,626)	(3,035,518)	(3,223,606)
Dividend income	(11,255)	(12,653)	(28,101)	(29,499)
Proceeds from interest	6,411,872	6,821,810	4,071,676	4,180,222
Interest paid	(2,663,279)	(2,323,107)	(2,659,445)	(2,321,976)
Proceeds from dividend	11,255	12,653	11,255	12,653
Income tax paid	(438,950)	(542,818)	(427,751)	(480,763)
<i>Profit from operations before changes in operating assets and liabilities</i>	2,687,836	3,187,144	252,053	595,211
<i>(Increase) decrease in operating assets</i>				
Interbank and money market items	(2,161,314)	(4,181,951)	(2,158,990)	(4,151,271)
Derivative assets	98,782	123,756	173,318	126,563
Loans to customers	(12,380,156)	5,358,246	(8,109,676)	2,116,858
Properties foreclosed	57,053	(39,596)	112,317	127,394
Receivables on credit support for derivative contracts	14,295	(14,305)	14,295	(14,305)
Fee receivable	275	(14,094)	-	-
Other receivables	(185,281)	(105,293)	(630)	(29,626)
Other assets	(1,447)	284,007	(9,869)	(11,867)

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		The Bank	
	Year ended 31 December		Year ended 31 December	
	2017	2016	2017	2016
	(in thousand Baht)			
Cash flows from operating activities				
Increase (decrease) in operating liabilities				
Deposits	8,325,518	5,828,873	8,325,475	5,822,678
Interbank and money market items	14,498,995	(437,520)	14,498,995	(437,520)
Liabilities payable on demand	30,733	31,387	30,733	31,387
Derivative liabilities	79,804	(306,582)	90,942	(342,161)
Accrued expense	60,244	37,979	52,348	37,783
Payable on credit support for derivative contracts	130,400	-	130,400	-
Other liabilities	(130,539)	(82,356)	(247,580)	178,767
Net cash from operating activities	11,125,198	9,669,695	13,154,131	4,049,891
Cash flows from investing activities				
Interest received	1,470,459	1,313,132	1,470,459	1,313,132
Dividend received	16,845	16,845	16,845	16,845
Increase in long-term investments	(11,979,989)	(5,199,534)	(11,981,650)	(5,199,534)
Investments in receivables	-	2,022	-	1,937
Proceeds from asset disposal	4,834	-	4,833	-
Purchases of equipment	(50,669)	(51,363)	(51,514)	(51,408)
Purchases of intangible assets	(9,684)	(7,992)	(5,482)	(7,338)
Net cash used in investing activities	(10,548,204)	(3,926,890)	(10,546,509)	(3,926,366)
Cash flows from financing activities				
Interest paid from debt issued and borrowings	(1,192,194)	(979,334)	(58,372)	(57,045)
Proceeds from debt issued and borrowings	36,580,403	42,326,108	363,000	-
Repayment of debt issued and borrowings	(35,964,270)	(47,021,537)	(2,981,196)	-
Finance lease payments	(4,031)	(2,520)	-	-
Dividends to former shareholder before business acquisition under common control	(61,385)	-	-	-
Net cash used in financing activities	(641,477)	(5,677,283)	(2,676,568)	(57,045)
Exchange differences on translating of foreign operations	(4,313)	785	-	-
Net increase in cash	(68,796)	66,307	(68,946)	66,480
Cash at 1 January	435,613	369,306	434,935	368,455
Cash at 31 December	366,817	435,613	365,989	434,935
Non-cash transactions				
Purchases of equipment	(10,223)	6,865	(10,020)	6,952
Purchases of intangible assets	-	2,836	-	2,836

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

Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

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

Notes to the financial statements

For the year ended 31 December 2017

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 16 March 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, which is incorporated in the People’s Republic of China. The parent company of the Bank holds 97.86% of the issued and paid-up share capital of the Bank.

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

Details of the Bank’s subsidiaries as at 31 December 2017 and 2016 are given in notes 11 and 34.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and presented as prescribed by the Bank of Thailand (BOT) notification number Sor Nor Sor 21/2558, directive dated 4 December 2015, regarding “The preparation and announcement of financial statements of commercial banks and holding companies which are the parent company of a group of companies offering financial services”.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2017. The initial application of these new and revised TFRS 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 TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2018 and have not been adopted in the preparation of these financial statements. The Bank and its subsidiaries have made a preliminary assessment of the potential initial impact on the consolidated and the Bank’s financial statements of these revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

(b) Basis of measurement

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

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

Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiaries
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(c) Functional and presentation currency

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

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

Assumptions and estimation uncertainties

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

Note 3(v)	Income tax
Note 6	Financial instruments
Note 9	Derivatives
Note 16	Allowance for doubtful accounts
Note 28 & 33	Other provisions and Contingent liabilities and Commitments

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.

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 TFRS, 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).

Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

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 - Financial instruments

3 Significant accounting policies

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

(a) Basis of consolidation

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

Business combinations under common control

Business combinations of entities or businesses under common control, the Bank and its subsidiaries 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 were 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 year 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 entity. 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 interest 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.

Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2017

Loss of control

When the Bank loses control over a 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.

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) Revenue

Interest and discounts on loans

Interest on loans is recognised as revenue on an accrual basis over the term of the loans based on the amount of principal outstanding. For loans on which principal and/or interest payments have been defaulted for more than three months from the due date, the Bank and its 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. The Bank and its subsidiaries stop accrual of interest when the customer defaults for more than three months from the due date.

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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 reverses the revenue previously accrued but not collected. Interest is then recognised as revenue on a cash basis until settlement of such overdue balance.

Interest and dividends on investments

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

Gains (losses) on investments

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

Gains (losses) on derivatives trading

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

Fees and service income

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

(c) 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.

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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 are measured at fair value. Gains or losses arising from revaluation are recognised as income or expense in profit or loss from operations.

The fair values of foreign exchange contracts are determined using the forward exchange rates at the end of reporting period for the contract periods remaining on those dates.

Banking Book

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

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

(f) Cash

Cash 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's financial statements are accounted for using the cost method, net of accumulated impairment (if any). Investments in an associate in the consolidated financial statements are accounted for using the equity method. Under this method, the investment is initially recorded at the acquisition cost and is adjusted to reflect the attributable share of the profit or loss from the operation of associate proportionately to its investment holding percentage and is reduced by the amount of dividend received.

If the Bank receives shares from debt restructuring of a borrower, and the Bank holds more than 50 percent or 20 percent of the paid-up share capital of such company, the Bank will not treat the investee company as a subsidiary or an associate, respectively, but will treat it as a general investment since the Bank intends to hold such investment temporarily. Such investment are stated at cost less allowance for impairment losses (if any).

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

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

Fair values of securities

For government securities and state enterprise securities, fair values are calculated by using the Bank of Thailand'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, in accordance with the criteria established by the Bank of Thailand. For private sector debt securities which cannot be freely traded on an open market or for which a quoted market price is not readily available, the Bank uses the fair value that is determined by financial institutions who 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.

Disposal of investments

Purchases and sales of investments in equity securities are recognised on the trade dates, while purchases and sales of investments in debt securities are recognised on the settlement dates.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Bank and its 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.

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Losses on impairment of investments are recognised as expenses in profit or loss from operations.

In the event that the Bank reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification dates. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss from operation or recorded as revaluation surplus (deficit) on investments in equity, depending on the type of investment that is reclassified.

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

(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.

(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 (PD) and the loss rates if those loans are not recovered in full (LGD).

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

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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 (PD) and the loss rates if those loans are not recovered in full (LGD), adjusted by an additional amount of allowance and considered on a case by case basis from the analysis of the situation of debtor, repayment record of debt, collection experience from the debtor, value of collateral and economic environment.

The Bank writes off bad debts in accordance with the BOT’s guidelines and as approved by the Executive Committee whereby it will reverse the related allowance for doubtful accounts against the decrease in bad debts and doubtful accounts in profit or loss from operations. At the same time, the Bank writes off the balances of bad debts and charges them against bad debts and doubtful accounts as expenses in profit or loss from operations. All bad debts recovered are recognised as revenue in profit or loss from operations.

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

(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 from operations, taking into account existing allowance for doubtful accounts.

In cases where the troubled debt restructuring involves modification of the repayment conditions, the Bank and its 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 from operations in the period in which the debt is restructured. Such allowance is amortised and recognised as revenue in profit or loss from operations 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 from operations.

(k) Properties foreclosed

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

Gains or losses on disposals of properties foreclosed are recorded as revenue or expenses in profit or loss from operations when significant risk and rewards have been transferred to the buyer. Impairment loss is recognised as expenses in profit or loss from operations.

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.

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(I) 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.

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.

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 from operations, 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	5 - 7 years

No depreciation is provided on freehold land.

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

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Disposal of premises and equipment

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.

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.

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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.

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.

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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.

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 recognise gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

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

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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.

(v) Income tax

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

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

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank and its 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.

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(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.

(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.

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.

In the consolidated financial statements, the acquisition has been accounted as a transaction between entities under common control in accordance with the FAP guideline on Business Combinations Involving Entities under Common Control. This guideline requires the acquisition to be recorded in the consolidated financial statements at the net book value of the assets acquired and liabilities assumed

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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”. The details of consideration transferred for business combination under common control and net book value of the net assets acquired are as follows:

Identifiable assets acquired and liabilities assumed

The identifiable assets acquired and liabilities assumed of Sky High LI Leasing Designated Activity Company Limited as of 28 December 2017, consist of the following:

	<i>(equivalent to Baht)</i>
Cash	88,808,539
Hire purchase receivables, net	4,201,226,472
Long-term loans and accrued interest payables, net - a related party	(4,293,623,830)
Unearned arrangement fees	(21,260,246)
Total net assets ⁽¹⁾	(24,849,065)
Consideration paid	(39)
Difference arising from business combinations under common control	(24,849,104)

⁽¹⁾ Net asset value amounting to US Dollar 0.76 million

The resulting difference of Baht 24,849,104 between the acquisition price and the net book value of assets acquired and liabilities assumed has been recognised directly in equity as a difference arising from business combinations under common control according to the FAP guideline on Business Combinations Involving Entities under Common Control.

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 Bank prepared the consolidated financial statements which included the financial statements of the indirect subsidiary before 1 January 2016. Such presentation reflects the economic substances for the Bank and its indirect subsidiary as one economic unit before 1 January 2016, although the legal form of the relationship between the Bank and its indirect subsidiary was not effective until after.

For the year ended 31 December 2017 and 2016, the consolidated financial statement of the Company comprised of Sky High LI Leasing Designated Activity Company Limited's performance which contributed total operating income equivalent to Baht 63.84 million (amounting to US Dollar 1.90 million) and equivalent to Baht 44.67 million (amounting to US Dollar 1.27 million), respectively; and profit for the year equivalent to Baht 72.58 million (amounting to US Dollar 2.00 million) and equivalent to Baht 49.37 million (amounting to US Dollar 1.38 million) to the Bank and its subsidiaries' results.

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.

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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 33.1 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.

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 31 December 2017 and 2016, significant financial assets and liabilities classified by types of interest rates are as follows:

	Consolidated			
	2017			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	<i>(in million Baht)</i>			
Financial assets				
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 ⁽¹⁾	71,678	65,712	1,940	139,330
Total financial assets	71,943	134,428	4,456	210,827
Financial liabilities				
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
Total financial liabilities	13,864	162,077	742	176,683

⁽¹⁾Net of deferred revenue

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	Consolidated 2016			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	<i>(in million Baht)</i>			
Financial assets				
Cash	-	-	436	436
Interbank and money market items, net	159	4,248	1,993	6,400
Investments, net	-	50,145	452	50,597
Loans to customers ⁽¹⁾	73,980	59,879	2,007	135,866
Total financial assets	74,139	114,272	4,888	193,299
Financial liabilities				
Deposits	12,782	79,032	210	92,024
Interbank and money market items	391	34,673	375	35,439
Liabilities payable on demand	-	-	45	45
Debt issued and borrowings	5,061	29,223	-	34,284
Total financial liabilities	18,234	142,928	630	161,792

⁽¹⁾Net of deferred revenue

	The Bank 2017			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	<i>(in million Baht)</i>			
Financial assets				
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 ⁽¹⁾	69,852	34,085	1,462	105,399
Total financial assets	70,081	102,801	3,832	176,714
Financial liabilities				
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
Total financial liabilities	13,865	135,873	742	150,480

⁽¹⁾Net of deferred revenue

	The Bank 2016			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	<i>(in million Baht)</i>			
Financial assets				
Cash	-	-	435	435
Interbank and money market items, net	5	4,248	1,792	6,045
Investments, net	-	50,145	452	50,597
Loans to customers ⁽¹⁾	71,483	24,766	1,329	97,578
Total financial assets	71,488	79,159	4,008	154,655

⁽¹⁾Net of deferred revenue

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

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 2017					Non-interest bearing	Non-performing assets	Total
	At call	Less than 3 months	3 - 12 months	1 - 5 years	Reprice/ maturity over 5 years			
	<i>(in million Baht)</i>							
Financial assets								
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 ⁽¹⁾	44	86,015	17,321	31,613	2,397	-	1,940	139,330
Total financial assets	80	95,423	29,214	76,727	4,927	2,516	1,940	210,827
Financial liabilities								
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
Total financial liabilities	17,310	102,697	37,509	16,209	2,216	742	-	176,683

⁽¹⁾Net of deferred revenue

	Consolidated 2016					Non-interest bearing	Non-performing assets	Total
	At call	Less than 3 months	3 - 12 months	1 - 5 years	Reprice/ maturity over 5 years			
	<i>(in million Baht)</i>							
Financial assets								
Cash	-	-	-	-	-	436	-	436
Interbank and money market items, net	159	3,768	-	480	-	1,993	-	6,400
Investment, net	-	1,739	4,476	40,543	3,387	452	-	50,597
Loans to customers ⁽¹⁾	5	88,855	14,354	28,808	1,837	-	2,007	135,866
Total financial assets	164	94,362	18,830	69,831	5,224	2,881	2,007	193,299

⁽¹⁾Net of deferred revenue

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	Consolidated 2016					Non-interest bearing	Non-performing assets	Total
	At call	Less than 3 months	3 - 12 months	Reprice/maturity within 1 - 5 years	Reprice/ maturity over 5 years			
	<i>(in million Baht)</i>							
Financial liabilities								
Deposits	16,688	45,867	28,530	729	-	210	-	92,024
Interbank and money market items	391	19,254	14,924	245	250	375	-	35,439
Liabilities payable on demand	-	-	-	-	-	45	-	45
Debt issued and borrowings	-	7,455	12,267	12,563	1,999	-	-	34,284
Total financial liabilities	17,079	72,576	55,721	13,537	2,249	630	-	161,792

	The Bank 2017					Non-interest bearing	Non-performing assets	Total
	At call	Less than 3 months	3 - 12 months	Reprice/maturity within 1 - 5 years	Reprice/ maturity over 5 years			
	<i>(in million Baht)</i>							
Financial assets								
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 ⁽¹⁾	1,075	83,312	9,984	9,426	140	-	1,462	105,399
Total financial assets	1,075	92,720	21,877	54,540	2,670	2,370	1,462	176,714

Financial liabilities								
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
Total financial liabilities	17,311	96,549	33,815	1,845	218	742	-	150,480

⁽¹⁾Net of deferred revenue

	The Bank 2016					Non-interest bearing	Non-performing assets	Total
	At call	Less than 3 months	3 - 12 months	Reprice/maturity within 1 - 5 years	Reprice/ maturity over 5 years			
	<i>(in million Baht)</i>							
Financial assets								
Cash	-	-	-	-	-	435	-	435
Interbank and money market items, net	5	3,768	-	480	-	1,792	-	6,045
Investments, net	-	1,739	4,476	40,543	3,387	452	-	50,597
Loans to customers ⁽¹⁾	4,781	80,321	5,651	5,187	309	-	1,329	97,578
Total financial assets	4,786	85,828	10,127	46,210	3,696	2,679	1,329	154,655

⁽¹⁾Net of deferred revenue

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	Reprice/maturity within				The Bank 2016 Reprice/ maturity over 5 years	Non-interest bearing	Non-performing assets	Total
	At call	Less than 3 months	3 - 12 months	1 - 5 years				
					(in million Baht)			
Financial liabilities								
Deposits	16,688	45,867	28,530	729	-	210	-	92,024
Interbank and money market items	391	19,254	14,924	245	250	375	-	35,439
Liabilities payable on demand	-	-	-	-	-	45	-	45
Debt issued and borrowings	-	-	2,734	-	-	-	-	2,734
Total financial liabilities	17,079	65,121	46,188	974	250	630	-	130,242

The average balances of the significant financial assets and liabilities of the Bank generating revenues and incurring expenses, calculated based on the average balances outstanding during the year, and the average interest rates for the years ended 31 December 2017 and 2016 can be summarised as follows:

	2017			2016		
	Average Balances ⁽¹⁾ (in million Baht)	Interest	Average interest rate (%)	Average Balances ⁽¹⁾ (in million Baht)	Interest	Average interest rate (%)
Interest-bearing financial assets						
Interbank and money market items (Assets)	9,829	172	1.75	4,309	67	1.55
Investments	58,997	1,687	2.86	48,009	1,472	3.07
Loans to customers	136,811	6,138	4.49	144,381	6,709	4.65
Interest-bearing financial liabilities						
Deposits	99,696	1,464 ⁽²⁾	1.47	83,466	1,386 ⁽²⁾	1.66
Interbank and money market items (Liabilities)	39,921	776	1.94	37,984	520	1.37
Debt issued and borrowings	29,348	836	2.85	36,625	1,095	2.99

⁽¹⁾ Calculated by average of month end balance

⁽²⁾ Excluding contributions to Deposit Protection Agency and Bank of Thailand

	2017			2016		
	Average Balances ⁽¹⁾ (in million Baht)	Interest	Average interest rate (%)	Average Balances ⁽¹⁾ (in million Baht)	Interest	Average interest rate (%)
Interest-bearing financial assets						
Interbank and money market items (Assets)	9,693	172	1.77	5,147	67	1.30
Investments	58,997	1,687	2.86	48,009	1,472	3.07
Loans to customers	97,942	3,966	4.05	93,450	4,062	4.35
Interest-bearing financial liabilities						
Deposits	99,696	1,464 ⁽²⁾	1.47	83,469	1,386 ⁽²⁾	1.66
Interbank and money market items (Liabilities)	39,767	772	1.94	37,882	519	1.37
Debt issued and borrowings	2,389	51	2.13	2,734	58	2.12

⁽¹⁾ Calculated by average of month end balance

⁽²⁾ Excluding contributions to Deposit Protection Agency and Bank of Thailand

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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

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.

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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.

As at 31 December 2017 and 2016, significant financial assets and liabilities are classified according to their contractual maturity as follows:

	Consolidated 2017							
	At call	Less than 3 months	Maturity within 3 - 12 months	1 - 5 years	Over 5 years	No maturity	Non-performing assets	Total
	(in million Baht)							
Financial assets								
Cash	-	-	-	-	-	367	-	367
Interbank and money market, 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 ⁽¹⁾	105	26,307	30,633	65,340	15,005	-	1,940	139,330
Total financial assets	1,926	35,486	42,526	110,683	17,535	731	1,940	210,827
Financial liabilities								
Deposits	17,440	55,996	25,751	1,162	-	-	-	100,349
Interbank and money market	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
Total financial liabilities	18,052	102,697	37,509	16,209	2,216	-	-	176,683

⁽¹⁾Net of deferred revenue

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	Consolidated 2016							
	At call	Less than 3 months	Maturity within 3 - 12 months	1 - 5 years	Over 5 years	No maturity	Non-performing assets	Total
	(in million Baht)							
Financial assets								
Cash	-	-	-	-	-	436	-	436
Interbank and money market, net	2,152	3,768	-	480	-	-	-	6,400
Investments, net	-	1,739	4,476	40,543	3,387	452	-	50,597
Loans to customers ⁽¹⁾	240	23,650	34,784	59,551	15,634	-	2,007	135,866
Total financial assets	2,392	29,157	39,260	100,574	19,021	888	2,007	193,299
Financial liabilities								
Deposits	16,898	45,867	28,530	729	-	-	-	92,024
Interbank and money market	766	19,254	14,924	245	250	-	-	35,439
Liabilities payable on demand	45	-	-	-	-	-	-	45
Debt issued and borrowings	-	2,484	12,535	14,492	4,773	-	-	34,284
Total financial liabilities	17,709	67,605	55,989	15,466	5,023	-	-	161,792

⁽¹⁾Net of deferred revenue

	The Bank							
	2017							
	Maturity within							
	At call	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years	No maturity	Non-performing assets	Total
	(in million Baht)							
Financial assets								
Cash	-	-	-	-	-	366	-	366
Interbank and money market, 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 ⁽¹⁾	1,136	23,454	22,969	43,611	12,767	-	1,462	105,399
Total financial assets	2,776	32,633	34,862	88,954	15,297	730	1,462	176,714
Financial liabilities								
Deposits	17,441	55,996	25,751	1,162	-	-	-	100,350
Interbank and money market	536	40,437	8,064	683	218	-	-	49,938
Liabilities payable on demand	76	-	-	-	-	-	-	76
Debt issued and borrowings	-	116	-	-	-	-	-	116
Total financial liabilities	18,053	96,549	33,815	1,845	218	-	-	150,480

⁽¹⁾Net of deferred revenue

	The Bank							
	2016							
	Maturity within							
	At call	Less than 3 months	3 - 12 months	1 - 5 years	Over 5 years	No maturity	Non-performing assets	Total
	(in million Baht)							
Financial assets								
Cash	-	-	-	-	-	435	-	435
Interbank and money market, net	1,797	3,768	-	480	-	-	-	6,045
Investments, net	-	1,739	4,476	40,543	3,387	452	-	50,597
Loans to customers ⁽¹⁾	5,016	20,116	25,725	34,028	11,364	-	1,329	97,578
Total financial assets	6,813	25,623	30,201	75,051	14,751	887	1,329	154,655
Financial liabilities								
Deposits	16,898	45,867	28,530	729	-	-	-	92,024
Interbank and money market	766	19,254	14,924	245	250	-	-	35,439
Liabilities payable on demand	45	-	-	-	-	-	-	45
Debt issued and borrowings	-	-	2,734	-	-	-	-	2,734
Total financial liabilities	17,709	65,121	46,188	974	250	-	-	130,242

⁽¹⁾Net of deferred revenue

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Foreign exchange risk

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

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

	US dollar	Renminbi	Consolidated 2017			Total
			Yen	Euro	Others	
			<i>(in million Baht)</i>			
Financial assets						
Cash	-	7	-	-	-	7
Interbank and money market, net	1,221	330	10	25	50	1,636
Investments, net	23,694	700	-	4,293	-	28,687
Loans to customers ⁽¹⁾	28,279	1,057	2	5,063	-	34,401
Total financial assets	53,194	2,094	12	9,381	50	64,731
Financial liabilities						
Deposits	1,439	1,362	11	54	4	2,870
Interbank and money market	33,040	1,263	-	1,093	-	35,396
Total financial liabilities	34,479	2,625	11	1,147	4	38,266
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	32.6809	5.0145	0.2898	39.0273		
(Baht per 1 foreign currency unit)						

⁽¹⁾ Net of deferred revenue

	US dollar	Renminbi	Consolidated 2016			Total
			Yen	Euro	Others	
			<i>(in million Baht)</i>			
Financial assets						
Cash	-	91	-	-	-	91
Interbank and money market, net	869	442	5	30	76	1,422
Investments, net	22,565	717	-	4,153	-	27,435
Loans to customers ⁽¹⁾	28,121	1	10	4,081	-	32,213
Total financial assets	51,555	1,251	15	8,264	76	61,161
Financial liabilities						
Deposits	1,555	986	12	22	5	2,580
Interbank and money market	25,762	83	-	3,209	-	29,054
Debt issued and borrowings	5,061	-	-	-	-	5,061
Total financial liabilities	32,378	1,069	12	3,231	5	36,695
Avals to bill and guarantee on loan	(4)	-	-	-	(524)	(528)
Letters of credit	(394)	(45)	(4)	-	-	(443)
Other contingencies	(1,109)	(34)	-	(328)	-	(1,471)
Derivatives held for risk management	(16,253)	49	8	(4,374)	524	(20,046)
Average exchange rate	35.8307	5.1498	0.3080	37.7577		
(Baht per 1 foreign currency unit)						

⁽¹⁾ Net of deferred revenue

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	US dollar	Renminbi	The Bank 2017		Others	Total
			Yen	Euro (in million Baht)		
Financial assets						
Cash	-	7	-	-	-	7
Interbank and money market, net	1,132	330	10	25	50	1,547
Investments, net	23,694	700	-	4,293	-	28,687
Loans to customers ⁽¹⁾	28,319	1,057	2	5,063	-	34,441
Total financial assets	53,145	2,094	12	9,381	50	64,682
Financial liabilities						
Deposits	1,439	1,362	11	54	4	2,870
Interbank and money market	33,040	1,263	-	1,093	-	35,396
Total financial liabilities	34,479	2,625	11	1,147	4	38,266
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		

⁽¹⁾ Net of deferred revenue

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

⁽¹⁾ Net of deferred revenue

Derivatives

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

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

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

	Consolidated and The Bank			
	2017		2016	
	Notional amount	Maturity	Notional amount	Maturity
	<i>(in million Baht)</i>			
Interest rate swap contracts				
Receive floating interest rates and pay fixed interest rates	11,236	2018 - 2027	4,180	2021

The Bank has entered into cross currency interest rate swap contracts in order to manage the risk associated with investments in foreign debt securities, as follows:

	Consolidated and The Bank			
	2017		2016	
	Notional amount	Maturity	Notional amount	Maturity
	<i>(in million Baht)</i>			
Cross currency interest rate swap contracts				
Receive interest at a floated rate on US Dollar notional amounts and to pay interest at a fixed rate on Euro notional amounts	4,081	2021	4,474	2021

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

	Consolidated and The Bank					
	Not over 1 year	2017 Over 1 year	Total	Not over 1 year	2016 Over 1 year	Total
	<i>(in million Baht)</i>					
Forward exchange contracts						
Bought	8,794	-	8,794	7,699	8	7,707
Sold	28,186	-	28,186	26,258	443	26,701
Interest rate swap contracts						
	1,700	9,536	11,236	3,980	200	4,180
Cross currency and interest rate swap contracts						
Bought	-	4,081	4,081	-	4,474	4,474

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6 Financial instruments

6.1 Financial instruments measured at fair value

Fair values of financial instruments, together with the carrying values shown in the consolidated and the Bank's statement of financial position as at 31 December 2017 and 2016 are as follows:

		Consolidated				
		2017				
		Fair value				
	Carrying value	Level 1	Level 2	Level 3	Total	
			(in million Baht)			
Financial assets						
Derivatives assets (Trading book)						
- Foreign exchange rate	54	-	54	-	54	
Available-for-sale securities	28,829	273	28,556	-	28,829	

Financial liabilities					
Derivatives liabilities (Trading book)					
- Foreign exchange rate	52	-	52	-	52

		Consolidated				
		2016				
		Fair value				
	Carrying value	Level 1	Level 2	Level 3	Total	
			(in million Baht)			
Financial assets						
Derivatives assets (Trading book)						
- Foreign exchange rate	73	-	73	-	73	
Available-for-sale securities	21,081	361	20,720	-	21,081	

Financial liabilities					
Derivatives liabilities (Trading book)					
- Foreign exchange rate	68	-	68	-	68

		The Bank				
		2017				
		Fair value				
	Carrying value	Level 1	Level 2	Level 3	Total	
			(in million Baht)			
Financial assets						
Derivatives assets (Trading book)						
- Foreign exchange rate	54	-	54	-	54	
Available-for-sale securities	28,829	273	28,556	-	28,829	

Financial liabilities					
Derivatives liabilities (Trading book)					
- Foreign exchange rate	52	-	52	-	52

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

6.2 Financial instruments not measured at fair value

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

		Consolidated			
		2017			
	Carrying value	Level 1	Fair value		Total
			Level 2	Level 3	
			(in million Baht)		
Financial assets					
Interbank and money market items, net	8,406	-	8,406	-	8,406
Derivatives assets (Banking book)	471	-	449	-	449
Investment, net ⁽¹⁾	33,895	-	33,914	254	34,168
Loan to customers ⁽²⁾	139,330	-	-	136,894	136,894
Receivables on credit support for derivative contracts	1	-	1	-	1
Financial liabilities					
Deposits	100,349	-	100,351	-	100,351
Interbank and money market items	49,938	-	49,934	-	49,934
Derivatives liabilities (Banking book)	309	-	299 ⁽³⁾	-	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 ⁽⁴⁾	-	60

⁽¹⁾ Held-to-maturity and general investment

⁽²⁾ Net of deferred revenue

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

⁽⁴⁾ The amount stated represents net loss on other financial liabilities

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	Carrying value	Level 1	Consolidated 2016 Fair value		Total
			Level 2	Level 3	
			<i>(in million Baht)</i>		
Financial assets					
Interbank and money market items, net	6,400	-	6,400	-	6,400
Derivatives assets (Banking book)	344	-	361	-	361
Investment, net ⁽¹⁾	29,515	-	29,453	239	29,692
Loan to customers ⁽²⁾	135,866	-	-	133,280	133,280
Receivables on credit support for derivative contracts	15	-	15	-	15
Financial liabilities					
Deposits	92,024	-	92,029	-	92,029
Interbank and money market items	35,439	-	35,412	-	35,412
Derivatives liabilities (Banking book)	162	-	147 ⁽³⁾	-	147
Debt issued and borrowings	34,284	-	34,583	-	34,583
Other financial liabilities	1	-	10 ⁽⁴⁾	-	10
⁽¹⁾ Held-to-maturity and general investment ⁽²⁾ Net of deferred revenue ⁽³⁾ Interest receivables and payables are considered for determining fair value ⁽⁴⁾ The amount stated represents net gain on other financial liabilities					

	Carrying value	Level 1	The Bank 2017 Fair value		Total
			Level 2	Level 3	
			<i>(in million Baht)</i>		
Financial assets					
Interbank and money market items, net	8,225	-	8,225	-	8,225
Derivatives assets (Banking book)	471	-	449	-	449
Investment, net ⁽¹⁾	33,895	-	33,914	254	34,168
Loan to customers ⁽²⁾	105,399	-	-	105,386	105,386
Receivables on credit support for derivative contracts	1	-	1	-	1
Financial liabilities					
Deposits	100,350	-	100,351	-	100,351
Interbank and money market items	49,938	-	49,934	-	49,934
Derivatives liabilities (Banking book)	309	-	299 ⁽³⁾	-	299
Payable on credit support for derivative contracts	130	-	130	-	130
Debt issued and borrowings	116	-	116	-	116
Other financial liabilities	8	-	60 ⁽⁴⁾	-	60
⁽¹⁾ Held-to-maturity and general investment ⁽²⁾ Net of deferred revenue ⁽³⁾ Interest receivables and payables are considered for determining fair value ⁽⁴⁾ The amount stated represents net loss on other financial liabilities					

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	The Bank 2016				
	Carrying value	Level 1	Fair value		Total
			Level 2	Level 3	
			<i>(in million Baht)</i>		
Financial assets					
Interbank and money market items, net	6,045	-	6,044	-	6,044
Derivatives assets (Banking book)	331	-	361	-	361
Investment, net ⁽¹⁾	29,515	-	29,453	239	29,692
Loan to customers ⁽²⁾	97,578	-	-	97,577	97,577
Receivables on credit support for derivative contracts	15	-	15	-	15
Financial liabilities					
Deposits	92,024	-	92,029	-	92,029
Interbank and money market items	35,439	-	35,412	-	35,412
Derivatives liabilities (Banking book)	112	-	147 ⁽³⁾	-	147
Debt issued and borrowings	2,734	-	2,737	-	2,737
Other financial liabilities	1	-	10 ⁽⁴⁾	-	10

⁽¹⁾ Held-to-maturity and general investment

⁽²⁾ Net of deferred revenue

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

⁽⁴⁾ The amount stated represents net gain on other financial liabilities

Methods and assumptions in estimating fair values of financial instruments

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

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

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

General investments

The fair value of general investments is based on the net asset values presented in the investee's statements of financial position as at the end of the reporting period.

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.

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Deposits

The fair value disclosed for deposits which are payable on demand by the depositor is equal to the carrying value of such deposits. The carrying amounts of variable-rate, fixed-term money market accounts, certificates of deposit and fixed rate deposits 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 (excluded debentures) and borrowings and/or items which bear variable rates of interest approximates their carrying amount at the reporting date. Fair value for fixed rate instruments with remaining maturities greater than 1 year is estimated by using a discounted cash flow calculation applying interest rates currently being offered on similar instruments. The fair value of debentures is based on quoted market prices announced by the Thai Bond Market Association.

Derivatives

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

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

7 Maintenance of capital fund

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

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk 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.

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As at 31 December 2017 and 2016, the Bank maintains its capital fund in accordance with Basel III. The Bank's total capital fund and capital ratio in accordance with Basel III can be categorised as follows:

	Consolidated	
	2017	2016
	(in thousand Baht)	
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	20,132,094	20,132,094
Legal reserve	600,000	500,000
Retained earnings after appropriations	6,199,886	4,759,699
Other comprehensive income	328,390	322,120
Less Capital deduction items on CET1	(960,271)	(827,881)
Total Tier 1 capital	26,300,099	24,886,032
Tier 2 capital		
Allowance for classified assets of “pass” category	2,306,246	1,910,549
Total Tier 2 capital	2,306,246	1,910,549
Total capital funds	28,606,345	26,796,581

		Consolidated			
		2017	2016	BOT Requirement	
			(%)	2017	2016
Capital ratio					
Tier 1 capital to total risk weighted assets	13.56	15.37		7.25	6.625
Tier 1 common equity to total risk weighted assets	13.56	15.37		5.75	5.125
Tier 2 capital to total risk weighted assets	1.18	1.18		-	-
Total capital / Total risk weighted assets	14.74	16.55		9.75	9.125

	The Bank	
	2017	2016
	(in thousand Baht)	
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	20,132,094	20,132,094
Legal reserve	600,000	500,000
Retained earnings after appropriations	5,569,260	3,994,153
Other comprehensive income	328,390	322,120
Less Capital deduction items on CET1	(469,858)	(394,230)
Total Tier 1 capital	26,159,886	24,554,137
Tier 2 capital		
Allowance for classified assets of “pass” category	2,102,528	1,793,505
Total Tier 2 capital	2,102,528	1,793,505
Total capital funds	28,262,414	26,347,642

		The Bank			
		2017	2016	BOT Requirement	
			(%)	2017	2016
Capital ratio					
Tier 1 capital to total risk weighted assets	15.00	16.09		7.25	6.625
Tier 1 common equity to total risk weighted assets	15.00	16.09		5.75	5.125
Tier 2 capital to total risk weighted assets	1.20	1.18		-	-
Total capital / Total risk weighted assets	16.20	17.27		9.75	9.125

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As Disclosures of capital maintenance information under the Notification of the Bank of Thailand, the Public Disclosures of Capital Maintenance for Commercial Banks in accordance with the BOT's directive number Sor Nor Sor 4/2556, dated 2 May 2013, the Bank has made the Disclosures of Capital Maintenance and Information security risks for the Bank and financial group as at 31 December 2016 in the Bank's website, www.icbcthai.com, on 28 April 2017. The Bank will disclose the Capital Maintenance and Information security risks for the Bank and financial group at 31 December 2017 within April 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 31 December 2017 and 2016, the Bank and its subsidiaries have regulatory capital after deducting capital add-on arising from Single Lending Limit in the amount of Baht 26,433 million and Baht 24,598 million respectively or 13.62% and 15.19% respectively. (The Bank: Baht 26,139 million and Baht 24,198 million or 14.98% and 15.86%)

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.

8 Interbank and money market items, net (Assets)

	Consolidated					
	Demand	2017 Time	Total	Demand	2016 Time	Total
	<i>(in thousand Baht)</i>					
Domestic items						
Bank of Thailand	1,066,651	670,000	1,736,651	1,039,825	240,000	1,279,825
Commercial Banks	189,019	3,680,000	3,869,019	311,900	2,200,000	2,511,900
Specialised financial institutions	959	-	959	52	700,000	700,052
Other financial institutions	-	1,207,000	1,207,000	-	502,000	502,000
Total	1,256,629	5,557,000	6,813,629	1,351,777	3,642,000	4,993,777
Add accrued interest receivables	5	1,525	1,530	10	811	821
Total domestic items, net	1,256,634	5,558,525	6,815,159	1,351,787	3,642,811	4,994,598
Foreign items						
US Dollar	170,222	1,050,691	1,220,913	262,258	609,618	871,876
Renminbi	329,675	-	329,675	441,510	-	441,510
Euro	25,370	-	25,370	30,413	-	30,413
Hong Kong Dollar	8,909	-	8,909	42,942	-	42,942
Other currencies	29,676	-	29,676	23,975	-	23,975
Total	563,852	1,050,691	1,614,543	801,098	609,618	1,410,716
Add accrued interest receivables	-	3,325	3,325	-	3,224	3,224
Less deferred revenue	-	(780)	(780)	-	(2,145)	(2,145)
Less allowance for doubtful accounts	-	(26,501)	(26,501)	-	(5,905)	(5,905)
Total foreign items, net	563,852	1,026,735	1,590,587	801,098	604,792	1,405,890
Total domestic and foreign items, net	1,820,486	6,585,260	8,405,746	2,152,885	4,247,603	6,400,488

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	The Bank					
	Demand	2017 Time	Total	Demand	2016 Time	Total
	<i>(in thousand Baht)</i>					
Domestic items						
Bank of Thailand	1,066,651	670,000	1,736,651	1,039,825	240,000	1,279,825
Commercial banks	97,822	3,680,000	3,777,822	118,599	2,200,000	2,318,599
Specialised financial institutions	-	-	-	-	700,000	700,000
Other financial institutions	-	1,207,000	1,207,000	-	502,000	502,000
Total	1,164,473	5,557,000	6,721,473	1,158,424	3,642,000	4,800,424
Add accrued interest receivables	-	1,525	1,525	3	811	814
Total domestic items, net	1,164,473	5,558,525	6,722,998	1,158,427	3,642,811	4,801,238
Foreign items						
US Dollar	81,491	1,050,691	1,132,182	99,587	609,618	709,205
Renminbi	329,675	-	329,675	441,510	-	441,510
Euro	25,370	-	25,370	30,413	-	30,413
Hong Kong Dollar	8,909	-	8,909	42,942	-	42,942
Other currencies	29,676	-	29,676	23,975	-	23,975
Total	475,121	1,050,691	1,525,812	638,427	609,618	1,248,045
Add accrued interest receivables	-	3,325	3,325	-	3,224	3,224
Less deferred revenue	-	(780)	(780)	-	(2,145)	(2,145)
Less allowance for doubtful accounts	-	(26,501)	(26,501)	-	(5,905)	(5,905)
Total foreign items, net	475,121	1,026,735	1,501,856	638,427	604,792	1,243,219
Total domestic and foreign items, net	1,639,594	6,585,260	8,224,854	1,796,854	4,247,603	6,044,457

9 Derivatives

Trading Book

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

Type of risks	Consolidated					
	2017		Notional amount ⁽¹⁾ (in thousand Baht)	2016		Notional amount ⁽¹⁾
	Fair value			Fair value		
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange	54,074	51,561	5,413,702	73,303	67,570	9,180,970
Total	54,074	51,561	5,413,702	73,303	67,570	9,180,970

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

Type of risks	The Bank					
	2017		Notional amount ⁽¹⁾ <i>(in thousand Baht)</i>	2016		Notional amount ⁽¹⁾
	Fair value			Fair value		
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange	54,074	51,561	5,413,702	80,023	107,232	12,514,305
Total	54,074	51,561	5,413,702	80,023	107,232	12,514,305

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

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

Counterparties	Consolidated		The Bank	
	2017	2016	2017	2016
	(%)		(%)	
Financial institutions	90.09	92.49	90.09	94.49
Corporations	9.91	7.51	9.91	5.51
Total	100.00	100.00	100.00	100.00

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				
	2017		2016		Notional amount ⁽¹⁾
	Carrying value ⁽²⁾	Notional amount ⁽¹⁾	Carrying value ⁽²⁾	Notional amount ⁽¹⁾	
	Assets	Liabilities	Assets	Liabilities	
	<i>(in thousand Baht)</i>				
Foreign exchange	470,634	97,277	31,654,203	23,475	25,220,960
Interest rate	- ⁽³⁾	- ⁽³⁾	11,235,647	- ⁽³⁾	4,180,000
Foreign exchange and interest rate	-	212,074	4,293,003	-	4,153,347
Total	470,634	309,351	47,182,853	162,446	33,554,307

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

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

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

Type of risks	The Bank				
	2017		2016		Notional amount ⁽¹⁾
	Carrying value ⁽²⁾	Notional amount ⁽¹⁾	Carrying value ⁽²⁾	Notional amount ⁽¹⁾	
	Assets	Liabilities	Assets	Liabilities	
	<i>(in thousand Baht)</i>				
Foreign exchange	470,634	97,277	31,654,203	10,183	21,887,625
Interest rate	- ⁽³⁾	- ⁽³⁾	11,235,647	- ⁽³⁾	4,180,000
Foreign exchange and interest rate	-	212,074	4,293,003	-	4,153,347
Total	470,634	309,351	47,182,853	111,645	30,220,972

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

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

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

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10 Investments, net

10.1 Classified by type of investments

	Consolidated and The Bank	
	2017	2016
	Fair value (in thousand Baht)	
<i>Available-for-sale securities</i>		
Government and state enterprise securities	24,094,485	19,003,440
Domestic debt securities	2,006,753	-
Foreign debt securities	2,455,068	1,716,638
Domestic equity securities	272,738	360,973
Total	28,829,044	21,081,051
	Amortised cost (in thousand Baht)	
<i>Held-to-maturity securities</i>		
Domestic debt securities	7,572,074	3,705,737
Foreign debt securities	26,231,918	25,718,420
Total	33,803,992	29,424,157
	Cost (in thousand Baht)	
<i>General investments</i>		
Domestic non-marketable equity securities	100,322	100,322
Less allowance for impairment	(9,158)	(9,016)
Net	91,164	91,306
Total investments, net	62,724,200	50,596,514

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

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

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

	Consolidated and The Bank			
	2017			
	Less than 1 year	1-5 years	Over 5 years	Total
	Periods to maturity (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 debt securities	-	430,000	1,500,000	1,930,000
Foreign 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 debt securities	813,940	6,258,134	500,000	7,572,074
Foreign 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

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

10.3 Revaluation surplus on available-for-sale investments

	Consolidated and The Bank	
	2017	2016
	(in thousand Baht)	
<i>Revaluation surplus on available-for-sale investments</i>		
Debt securities	264,937	192,311
Equity securities	198,538	287,263
Total	463,475	479,574
Less deferred tax	(92,695)	(95,915)
Total, net of deferred tax	370,780	383,659

10.4 Promissory notes from Thai Asset Management Corporation

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

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

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

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

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

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

In 2015, the Comptroller General's Department sent a proposal to the Bank that Bangkok Commercial Asset Management Co., Ltd. (BAM) agrees to pay additional remuneration of Baht 11 million for the transferred account of a debtor. The Bank has considered their proposal but did not accept as proposed. The Bank therefore sent out an objection letter to the concerned parties.

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

10.5 Investments 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 The Bank					
2017					
Company's name	Type of business	Type of securities held	Ownership interest (%)	Paid-up capital (in thousand Baht)	Cost
Bangkok BTMU Company Limited	Lending and investment holding business	Ordinary shares	10	200,000	20,390
Total					20,390

Consolidated and The Bank					
2016					
Company's name	Type of business	Type of securities held	Ownership interest (%)	Paid-up capital (in thousand Baht)	Cost
Bangkok BTMU Company Limited	Lending and investment holding business	Ordinary shares	10	200,000	20,390
Total					20,390

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

Consolidated and The Bank							
2017				2016			
	Cost	Fair value	Allowance for impairment (in thousand Baht)	Cost	Fair value	Allowance for impairment	
Companies with problems in their financial positions and operating results	9,817	658	(9,159)	9,817	800	(9,017)	

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11 Investments in subsidiaries, net

Investments in subsidiaries as at 31 December 2017 and 2016, and dividend income from those investments for the year ended 31 December 2017 and 2016, were as follows:

The Bank									
Name of subsidiaries	Type of business	Ownership interest		Paid-up capital		Cost		Dividend income	
		2017	2016	2017	2016	2017	2016	2017	2016
Direct subsidiary		(%)		(in million Baht)					
ICBC (Thai) Leasing Company Limited ⁽¹⁾	Hire purchase, finance lease and factoring business	99.99	99.99	4,250	4,250	4,250	4,250	-	-
Indirect subsidiary									
Sky High LI Leasing Designated Activity Company Limited ⁽²⁾	Hire purchase business	99.99	-	-	-	-	-	-	-
⁽¹⁾ The direct subsidiary is incorporated in Thailand.									
⁽²⁾ 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 31 December 2017 and 2016, and dividend income from those investments for the year ended 31 December 2017 and 2016, were as follows:

Consolidated 2017								
Name of associate	Type of business	Country of incorporation	Ownership interest (%)	Paid-up capital	Cost	Equity	Fair value of listed securities	Dividend income
						(in million Baht)		
Finansia Syrus Securities Public Company Limited	Securities business	Thailand	22.29	930	305	579	368	17
Total					305	579	368	17
Consolidated 2016								
Name of associate	Type of business	Country of incorporation	Ownership interest (%)	Paid-up capital	Cost	Equity	Fair value of listed securities	Dividend income
						(in million Baht)		
Finansia Syrus Securities Public Company Limited	Securities business	Thailand	22.29	930	305	561	371	17
Total					305	561	371	17

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

Name of associate	Ownership interest (%)	Total assets	Total liabilities	2017		
				Total revenue	Total expenses	Net profit
				(in million Baht)		
Finasia Syrus Securities Public Company Limited	22.29	5,953	3,357	1,655	1,447	177

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

13 Loans to customers and accrued interest receivables, net

13.1 Classified by types of loans

	Consolidated		The Bank	
	2017	2016	2017	2016
<i>(in thousand Baht)</i>				
Overdrafts	724,128	815,220	724,128	815,220
Loans	72,385,474	71,780,930	76,659,550	71,760,438
Notes receivable	24,045,226	18,984,639	25,076,226	23,760,639
Factoring receivables	4,300,968	5,320,315	3,091,007	1,363,733
Hire purchase receivables	36,054,051	37,056,273	-	-
Finance lease receivables	7,200,098	7,285,810	-	-
Total loans to customers	144,709,945	141,243,187	105,550,911	97,700,030
Less deferred revenue	(5,380,267)	(5,377,283)	(151,464)	(122,063)
Total loans to customers, net of deferred revenue	139,329,678	135,865,904	105,399,447	97,577,967
Add accrued interest receivables	246,485	185,567	248,564	185,792
Total loans to customers, net of deferred revenue and accrued interest receivables	139,576,163	136,051,471	105,648,011	97,763,759
Less allowance for doubtful accounts				
- allowance established per BOT regulations	(2,912,332)	(2,796,007)	(969,608)	(876,942)
- allowance established in excess of BOT regulations	(4,465,417)	(3,145,886)	(3,330,826)	(2,890,488)
Less revaluation allowance for debt restructuring	(23,505)	(13,769)	(11,185)	(13,769)
Loans to customers and accrued interest receivables, net	132,174,909	130,095,809	101,336,392	93,982,560

13.2 Classified by currency and residential status of customers

	Consolidated					
	Domestic	2017 Foreign	Total	Domestic	2016 Foreign	Total
<i>(in thousand Baht)</i>						
Baht	104,914,646	13,331	104,927,977	103,643,619	9,268	103,652,887
US Dollar	11,563,957	16,715,911	28,279,868	5,795,631	22,325,387	28,121,018
Renminbi	496	1,056,117	1,056,613	641	265	906
Euro	7,096	5,055,525	5,062,621	886,668	3,194,553	4,081,221
Yen	2,370	-	2,370	9,872	-	9,872
Others	229	-	229	-	-	-
Total⁽¹⁾	116,488,794	22,840,884	139,329,678	110,336,431	25,529,473	135,865,904

⁽¹⁾ Total Loans to customers net of deferred revenue

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	The Bank					
	Domestic	2017 Foreign	Total	Domestic	2016 Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	70,945,009	13,331	70,958,340	73,752,129	9,268	73,761,397
US Dollar	7,313,467	21,005,807	28,319,274	2,518,294	17,206,277	19,724,571
Renminbi	496	1,056,117	1,056,613	641	265	906
Euro	7,096	5,055,525	5,062,621	886,668	3,194,553	4,081,221
Yen	2,370	-	2,370	9,872	-	9,872
Others	229	-	229	-	-	-
Total ⁽¹⁾	78,268,667	27,130,780	105,399,447	77,167,604	20,410,363	97,577,967

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

13.3 Classified by business types and loan classification

	Consolidated 2017					Total
	Pass	Special Mention	Substandard	Doubtful	Doubtful of Loss	
	<i>(in thousand Baht)</i>					
Agriculture and mining	2,330,429	1,499	-	-	-	2,331,928
Manufacturing and commerce	51,785,423	308,033	-	78,894	419,918	52,592,268
Property development and construction	18,879,810	116,963	13,000	14,775	348,373	19,372,921
Infrastructure and services	22,544,472	624,582	235,857	337,847	-	23,742,758
Housing loans	7,765	3,361	-	-	-	11,126
Others ⁽¹⁾	35,907,740	4,879,907	344,662	134,018	12,350	41,278,677
Total ⁽²⁾	131,455,639	5,934,345	593,519	565,534	780,641	139,329,678

⁽¹⁾ Others predominantly consist of hire purchase and finance lease of subsidiaries.

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

	Consolidated 2016					Total
	Pass	Special Mention	Substandard	Doubtful	Doubtful of Loss	
	<i>(in thousand Baht)</i>					
Agriculture and mining	149,746	36,176	-	-	-	185,922
Manufacturing and commerce	47,406,537	199,098	17,678	24,751	499,614	48,147,678
Property development and construction	21,876,752	109,402	-	43,698	360,489	22,390,341
Infrastructure and services	24,784,992	260,371	-	346,983	22,544	25,414,890
Housing loans	10,982	4,188	-	-	77	15,247
Others ⁽¹⁾	35,331,271	3,690,463	514,667	163,078	12,347	39,711,826
Total ⁽²⁾	129,560,280	4,299,698	532,345	578,510	895,071	135,865,904

⁽¹⁾ Others predominantly consist of hire purchase and finance lease of subsidiaries.

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

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The Bank						
2017						
	Pass	Special Mention	Substandard (in thousand Baht)	Doubtful	Doubtful of Loss	Total
Agriculture and mining	2,330,429	1,499	-	-	-	2,331,928
Manufacturing and commerce	56,019,037	292,212	-	78,894	419,918	56,810,061
Property development and construction	18,879,810	116,963	13,000	14,775	348,373	19,372,921
Infrastructure and services	18,293,982	624,582	235,857	337,847	-	19,492,268
Housing loans	7,765	3,361	-	-	-	11,126
Others	7,362,076	5,999	716	2	12,350	7,381,143
Total ⁽¹⁾	102,893,099	1,044,616	249,573	431,518	780,641	105,399,447

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

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

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

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13.4 Loans classified by type of classification

	Consolidated 2017						Total
	Loans to customers and accrued interest receivables less deferred revenue	The Bank	Subsidiaries				
	Net amount used to set the allowance for doubtful accounts ⁽¹⁾	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts	Net amount used to set the allowance for doubtful accounts	Allowance for doubtful accounts		
<i>(in thousand Baht)</i>							
<i>Minimum allowance as per BOT's Regulations</i>							
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 ⁽²⁾							4,465,417
Total	139,576,163	57,630,325		969,608	39,058,553	1,942,724	7,377,749

(1) Net balance used in setting up allowance for doubtful accounts is (a) debt balances (excluding accrued interest receivables) and net of collateral in case of loans classified as "Pass" and "Special Mention" or (b) debt balances remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposals in case of loans classified as "Substandard", "Doubtful" and "Doubtful of Loss".

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

	Consolidated 2016						Total
	Loans to customers and accrued interest receivables less deferred revenue	The Bank	Subsidiaries				
	Net amount used to set the allowance for doubtful accounts ⁽¹⁾	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts	Net amount used to set the allowance for doubtful accounts	Allowance for doubtful accounts ⁽³⁾		
<i>(in thousand Baht)</i>							
<i>Minimum allowance as per BOT's Regulations</i>							
Pass	129,721,089	55,139,485	1	551,395	39,325,469	439,221	990,616
Special Mention	4,322,513	23,647	2	473	3,633,051	1,233,170	1,233,643
Substandard	532,359	274	100	274	514,391	186,291	186,565
Doubtful	580,438	432	100	432	162,950	60,383	60,815
Doubtful of Loss	895,072	324,368	100	324,368	-	-	324,368
							2,796,007
Excess allowance ⁽²⁾							3,145,886
Total	136,051,471	55,488,206		876,942	43,635,861	1,919,065	5,941,893

(1) Net balance used in setting up allowance for doubtful accounts is (a) debt balances (excluding accrued interest receivables) and net of collateral in case of loans classified as "Pass" and "Special Mention" or (b) debt balances remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposals in case of loans classified as "Substandard", "Doubtful" and "Doubtful of Loss".

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

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

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The Bank				
2017				
	Loans to customers and accrued interest receivables less deferred revenue	Net amount used to set the allowance for doubtful accounts ⁽¹⁾	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts
	(in thousand Baht)			
<i>Minimum allowance as per BOT's Regulations</i>				
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 ⁽²⁾				3,330,826
Total	105,648,011	57,630,325		4,300,434

⁽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.

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

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

	Consolidated		The Bank	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Non-Performing Loans (net of allowance for doubtful accounts)	1,261,846	1,320,571	962,178	894,415
% of Non-Performing Loans to total loans (net) ⁽¹⁾	0.87	0.95	0.87	0.88
Non-Performing Loans (gross)	1,939,694	2,005,926	1,461,732	1,328,584
% of Non-Performing Loans to total loans (gross) ⁽¹⁾	1.34	1.43	1.31	1.31

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

13.6 Non-accrual loans

Non-accrual loans, gross, (including loans to financial institutions) as at 31 December 2017 and 2016 are as follows:

	Consolidated		The Bank	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Loans where recognition of income has been suspended (principal only)	1,926,690	1,658,942	1,448,728	981,601
% of loans where recognition of income has been suspended ⁽¹⁾	1.32	1.18	1.30	0.97

⁽¹⁾ 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	
			2017	2016	2017	2016
			<i>(% per annum)</i>		<i>(in million Baht)</i>	
ICBC (Thai) Leasing Company Limited	Revolving loan	At call	1.85	2.25	1,031	4,776
Sky High LI Leasing Designated Activity Company Limited	Term Loan	2027	3.5	-	4,290	-
Total					5,321	4,776
Allowance for doubtful accounts					191	186

As at 31 December 2017 and 2016, the Bank had booked minimum allowance as per BOT regulations for loans to subsidiary and held impairment provisions amounting to Baht 138 million in the Bank's financial statements to account for expected losses in the hire purchase and finance lease receivables portfolio of ICBC (Thai) Leasing Company Limited. The provision was recorded against the loan from the Bank to its 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).

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14 Troubled debt restructuring

During the years ended 31 December 2017 and 2016, details of restructured debts as at the date of restructuring, classified by the restructuring method were as follows:

Consolidated					
2017					
	Number of debtors	Outstanding balances before restructuring	Outstanding balances after restructuring (in million Baht)	Average period of the remaining term of debt restructuring	Loss on debt restructuring ⁽¹⁾
Changes of repayment conditions	8	2,208	2,100	2-5 Years	26

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

Consolidated					
2016					
	Number of debtors	Outstanding balances before restructuring	Outstanding balances after restructuring (in million Baht)	Average period of the remaining term of debt restructuring	Loss on debt restructuring ⁽¹⁾
Changes of repayment conditions	8	263	258	1 Year	1.5

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

The Bank					
2017					
	Number of debtors	Outstanding balances before restructuring	Outstanding balances after restructuring <i>(in million Baht)</i>	Average period of the remaining term of debt restructuring	Loss on debt restructuring ⁽¹⁾
Changes of repayment conditions	5	214	109	5 Years	(1.16)

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

The Bank					
2016					
	Number of debtors	Outstanding balances before restructuring	Outstanding balances after restructuring (in million Baht)	Average period of the remaining term of debt restructuring	Loss on debt restructuring ⁽¹⁾
Changes of repayment conditions	8	263	258	1 Year	1.5

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

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Additional information relating to restructuring debtors for the years ended 31 December 2017 and 2016 are as follows:

	Consolidated		The Bank	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Interest income recognised in profit or loss	210	109	143	109
Cash collection from debtors				
Principal	255	40	229	40
Interest	80	70	80	70

As at 31 December 2017, the Bank and its subsidiaries have outstanding balances relating to restructured loans for the consolidated and the Bank's financial statement amounting to Baht 2,441 million and 412 million, respectively. (2016: Baht 737 million and 737 million)

During the year 2017, the Bank and its subsidiaries recorded allowance for revaluation on debt restructuring amounting to Baht 24.78 million (2016: Baht 1.5 million) and the Bank reverse allowance for revaluation on debt restructuring amounting to Baht 1.16 million (2016: Baht 1.5 million) and amortised allowance for revaluation on debt restructuring as interest income for the years ended 31 December 2017 totaling Baht 15.04 million and 1.4 million, respectively. (2016: Baht 1.5 million and 1.5 million)

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

15 Hire purchase and finance lease receivables

As at 31 December 2017 and 2016, the subsidiaries had net hire purchase and financial lease receivables, which are hire purchase or finance lease contracts for motor vehicles, airplanes, machinery and equipment for businesses. The average contract periods are 1 to 12 years (2016: 1 to 12 years) and the interest is charged at floating or fixed rates as specified in the contracts.

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

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

	Consolidated				
	2016				
	Periods due for payments			Non-	
	Less than	1 - 5 years	Over	performing	Total
	1 year		5 years	loan	
	<i>(in million Baht)</i>				
Total of gross investments in the lease	13,215	26,088	4,267	772	44,342
Less deferred revenue ⁽¹⁾	(1,854)	(2,668)	(297)	(95)	(4,914)
Present value of the lease payments	11,361	23,420	3,970	677	39,428
Allowance for doubtful accounts					(2,244)
Hire purchase and finance lease receivables, net					37,184

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

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

15.1 Classified by aging

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

	Consolidated	
	2017	2016
	<i>(in million Baht)</i>	
Not yet due	30,645	32,535
Overdue:		
Not over 90 days	7,024	6,216
91 - 180 days	344	514
181 - 365 days	134	163
More than 365 days	-	-
	38,147	39,428
Allowance for doubtful accounts	3,185	2,244

16 Allowance for doubtful accounts

Consolidated							
2017							
	Pass	Special mention	Sub - standard	Doubtful	Doubtful of loss	Allowance established in excess of BOT regulations	Total
	<i>(in thousand Baht)</i>						
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	(112,552)	1,319,531	1,332,773
Bad debt written off	-	-	-	-	103,083	-	103,083
Ending balance	1,002,632	1,347,276	128,381	119,144	314,899	4,465,417	7,377,749

Consolidated							
2016							
	Pass	Special mention	Sub - standard	Doubtful	Doubtful of loss	Allowance established in excess of BOT regulations	Total
	<i>(in thousand Baht)</i>						
Beginning balance	603,517	19,493	334,255	128,053	332,373	2,679,671	4,097,362
Bad debt and doubtful accounts	387,099	1,214,150	(147,690)	(67,238)	308,455	466,215	2,160,991
Bad debt written off	-	-	-	-	(316,460)	-	(316,460)
Ending balance	990,616	1,233,643	186,565	60,815	324,368	3,145,886	5,941,893

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The Bank							
2017							
	Pass	Special mention	Sub - standard	Doubtful	Doubtful of loss	Allowance established in excess of BOT regulations	Total
	<i>(in thousand Baht)</i>						
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	57,256	440,338	599,729
Bad debt written off	-	-	-	-	(66,725)	-	(66,725)
Ending balance	565,442	13,917	5,351	69,999	314,899	3,330,826	4,300,434

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

17 Revaluation of allowance for debt restructuring

	Consolidated		The Bank	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Beginning balance	13,769	13,725	13,769	13,725
Increase	24,776	1,504	(1,159)	1,504
Amortisation to interest income	(15,040)	(1,460)	(1,425)	(1,460)
Ending balance	23,505	13,769	11,185	13,769

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.

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The details of properties foreclosed are as follows:

Consolidated					
2017					
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
Assets transferred in settlement of debts					
Immovable properties	844,434	-	(129,087)	715,347 ⁽¹⁾	29,146
Movable assets	53,049	345,057	(371,422)	26,684	-
Total	897,483	345,057	(500,509)	742,031	29,146
Assets from auction bidding					
Immovable properties	96,277	76,863	(28,170)	144,970	-
Movable assets	-	6	(6)	-	-
Total	96,277	76,869	(28,176)	144,970	-
Total properties foreclosed	993,760	421,926	(528,685)	887,001	29,146
<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>
Total properties foreclosed, net	775,519	329,522	(410,411)	694,630	12,527

⁽¹⁾ As at 31 December 2017, 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 201 million, respectively.

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

⁽¹⁾ As of 31 December 2016, the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 639 million and Baht 205 million, respectively.

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The Bank					
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
Assets transferred in settlement of debts					
Immovable properties	844,434	-	(129,087)	715,347 ⁽¹⁾	29,146
Total	844,434	-	(129,087)	715,347	29,146
Assets from auction bidding					
Immovable properties	96,277	76,863	(28,170)	144,970	-
Movable assets	-	6	(6)	-	-
Total	96,277	76,869	(28,176)	144,970	-
Total properties foreclosed	940,711	76,869	(157,263)	860,317	29,146
Less allowance for impairment	(196,946)	(21,326)	33,696	(184,576)	(16,619)
Total properties foreclosed, net	743,765	55,543	(123,567)	675,741	12,527

⁽¹⁾ As of 31 December 2017, 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 201 million, respectively.

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

⁽¹⁾ As of 31 December 2016, the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 639 million and Baht 205 million, respectively.

19 Premises and equipment, net

Consolidated					
	Land	Buildings	Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
Cost					
At 1 January 2016	8,500	6,892	487,187	122,346	624,925
Additions	-	-	60,835	-	60,835
Disposals/write-off	-	-	(2,461)	(10,304)	(12,765)
At 31 December 2016 and 1 January 2017	8,500	6,892	545,561	112,042	672,995
Additions	-	-	27,340	17,120	44,460
Disposals/write-off	-	-	(100)	(24,278)	(24,378)
At 31 December 2017	8,500	6,892	572,801	104,884	693,077

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	Land	Buildings	Consolidated Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
Accumulated depreciation					
At 1 January 2016	-	(1,295)	(389,283)	(109,357)	(499,935)
Depreciation charge for the year	-	(203)	(36,356)	(5,279)	(41,838)
Disposals/write-off	-	-	2,416	9,902	12,318
At 31 December 2016 and 1 January 2017	-	(1,498)	(423,223)	(104,734)	(529,455)
Depreciation charge for the year	-	(203)	(36,870)	(3,249)	(40,322)
Disposals/write-off	-	-	92	24,278	24,370
At 31 December 2017	-	(1,701)	(460,001)	(83,705)	(545,407)
Net book value					
At 1 January 2016	<u>8,500</u>	<u>5,597</u>	<u>97,904</u>	<u>12,989</u>	<u>124,990</u>
At 31 December 2016 and 1 January 2017	<u>8,500</u>	<u>5,394</u>	<u>122,338</u>	<u>7,308</u>	<u>143,540</u>
At 31 December 2017	<u>8,500</u>	<u>5,191</u>	<u>112,800</u>	<u>21,179</u>	<u>147,670</u>

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

The gross amount of the Bank and its subsidiaries fully depreciated equipment that was still in use as at 31 December 2017 amounting to Baht 402 million (2016: Baht 364 million).

	Land	Buildings	The Bank Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
Cost					
At 1 January 2016	8,500	6,892	384,556	95,287	495,235
Additions	-	-	58,360	-	58,360
Disposals/write-off	-	-	(15)	(8,284)	(8,299)
At 31 December 2016 and 1 January 2017	8,500	6,892	442,901	87,003	545,296
Additions	-	-	24,373	17,120	41,493
Disposal/write-off	-	-	-	(24,278)	(24,278)
At 31 December 2017	8,500	6,892	467,274	79,845	562,511
Accumulated depreciation					
At 1 January 2016	-	(1,295)	(304,533)	(91,422)	(397,250)
Depreciation charge for the year	-	(203)	(26,747)	(2,998)	(29,948)
Disposals/write-off	-	-	15	8,283	8,298
At 31 December 2016 and 1 January 2017	-	(1,498)	(331,265)	(86,137)	(418,900)
Depreciation charge for the year	-	(203)	(30,524)	(2,667)	(33,394)
Disposal/write-off	-	-	-	24,278	24,278
At 31 December 2017	-	(1,701)	(361,789)	(64,526)	(428,016)

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	Land	Buildings	The Bank Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
Net book value					
At 1 January 2016	<u>8,500</u>	<u>5,597</u>	<u>80,023</u>	<u>3,865</u>	<u>97,985</u>
At 31 December 2016 and 1 January 2017	<u>8,500</u>	<u>5,394</u>	<u>111,636</u>	<u>866</u>	<u>126,396</u>
At 31 December 2017	<u>8,500</u>	<u>5,191</u>	<u>105,485</u>	<u>15,319</u>	<u>134,495</u>

As at 31 December 2017 and 2016, the Bank has no motor vehicles acquired under financial leases.

The gross amount of the Bank's fully depreciated equipment that was still in use as at 31 December 2017 amounting to Baht 324 million (2016: Baht 297 million).

20 Intangible assets, net

	Computer softwares	Consolidated Computer softwares under development (in thousand Baht)	Deferred license fee	Total
Cost				
At 1 January 2016	374,112	615	26,750	401,477
Additions	<u>10,174</u>	<u>1,025</u>	<u>-</u>	<u>11,199</u>
At 31 December 2016 and 1 January 2017	<u>384,286</u>	<u>1,640</u>	<u>26,750</u>	<u>412,676</u>
Additions	<u>9,273</u>	<u>410</u>	<u>-</u>	<u>9,683</u>
Transfer	<u>2,050</u>	<u>(2,050)</u>	<u>-</u>	<u>-</u>
At 31 December 2017	<u>395,609</u>	<u>-</u>	<u>26,750</u>	<u>422,359</u>
Amortisation				
At 1 January 2016	(353,109)	-	(7,940)	(361,049)
Amortisation for the year	<u>(12,979)</u>	<u>-</u>	<u>(2,681)</u>	<u>(15,660)</u>
At 31 December 2016 and 1 January 2017	<u>(366,088)</u>	<u>-</u>	<u>(10,621)</u>	<u>(376,709)</u>
Amortisation for the year	<u>(4,019)</u>	<u>-</u>	<u>(2,673)</u>	<u>(6,692)</u>
At 31 December 2017	<u>(370,107)</u>	<u>-</u>	<u>(13,294)</u>	<u>(383,401)</u>
Net book value				
At 1 January 2016	<u>21,003</u>	<u>615</u>	<u>18,810</u>	<u>40,428</u>
At 31 December 2016 and 1 January 2017	<u>18,198</u>	<u>1,640</u>	<u>16,129</u>	<u>35,967</u>
At 31 December 2017	<u>25,502</u>	<u>-</u>	<u>13,456</u>	<u>38,958</u>

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	The Bank			
	Computer softwares	Computer softwares under development (in thousand Baht)	Deferred license fee	Total
Cost				
At 1 January 2016	340,927	-	26,750	367,677
Additions	10,174	-	-	10,174
At 31 December 2016 and 1 January 2017	351,101	-	26,750	377,851
Additions	5,481	-	-	5,481
At 31 December 2017	356,582	-	26,750	383,332
Amortisation				
At 1 January 2016	(324,823)	-	(7,940)	(332,763)
Amortisation for the year	(10,826)	-	(2,681)	(13,507)
At 31 December 2016 and 1 January 2017	(335,649)	-	(10,621)	(346,270)
Amortisation for the year	(2,722)	-	(2,673)	(5,395)
At 31 December 2017	(338,371)	-	(13,294)	(351,665)
Net book value				
At 1 January 2016	16,104	-	18,810	34,914
At 31 December 2016 and 1 January 2017	15,452	-	16,129	31,581
At 31 December 2017	18,211	-	13,456	31,667

21 Deferred tax assets, net

Deferred tax assets and liabilities were as follows:

	Consolidated	
	2017	2016
	(in thousand Baht)	
Deferred tax assets	1,587,435	1,334,453
Deferred tax liabilities	(658,330)	(528,153)
Net	929,105	806,300

	The Bank	
	2017	2016
	(in thousand Baht)	
Deferred tax assets	537,218	482,996
Deferred tax liabilities	(92,694)	(107,716)
Net	444,524	375,280

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

		Consolidated		
		(Charged) / Credited to:		
	At		Other	At
	1 January	Profit or loss	comprehensive	31 December
	2017	(Note 44)	income	2017
		(in thousand Baht)		
Deferred tax assets				
Investments	11,802	-	(11,802)	-
Loans to customers and accrued interest receivables	363,387	119,610	-	482,997
Allowance for doubtful accounts	475,200	125,630	-	600,830
Properties foreclosed	43,648	(5,174)	-	38,474
Other assets	387,541	11,664	-	399,205
Provisions	35,515	6,685	(140)	42,060
Other liabilities	17,360	6,509	-	23,869
Total	1,334,453	264,924	(11,942)	1,587,435
Deferred tax liabilities				
Investments	(107,716)	-	15,022	(92,694)
Investments in an associate	(25,576)	(2,037)	165	(27,448)
Loans to customers and accrued interest receivables	(390,520)	(144,458)	-	(534,978)
Deferred direct costs of debentures	(4,341)	1,131	-	(3,210)
Total	(528,153)	(145,364)	15,187	(658,330)
Net	806,300	119,560	3,245	929,105

		Consolidated		
		(Charged) / Credited to:		
	At		Other	At
	1 January	Profit or loss	comprehensive	31 December
	2016	(Note 44)	income	2016
		(in thousand Baht)		
Deferred tax assets				
Investments	8,198	-	3,604	11,802
Loans to customers and accrued interest receivables	175,442	187,945	-	363,387
Allowance for doubtful accounts	353,000	122,200	-	475,200
Properties foreclosed	49,223	(5,575)	-	43,648
Other assets	389,175	(1,634)	-	387,541
Provisions	39,331	(221)	(3,595)	35,515
Other liabilities	16,554	806	-	17,360
Total	1,030,923	303,521	9	1,334,453
Deferred tax liabilities				
Investments	(46,831)	-	(60,885)	(107,716)
Investments in an associate	(22,175)	(3,401)	-	(25,576)
Loans to customers and accrued interest receivables	(251,428)	(139,092)	-	(390,520)
Deferred direct costs of debentures	(4,575)	234	-	(4,341)
Total	(325,009)	(142,259)	(60,885)	(528,153)
Net	705,914	161,262	(60,876)	806,300

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	The Bank		
	(Charged) / Credited to:		
	At	Profit or loss	Other
	1 January	(Note 44)	comprehensive
	2017		income
		At	
		31 December	
		2017	
		(in thousand Baht)	
Deferred tax assets			
Investments	11,802	-	(11,802)
Loans to customers and accrued interest receivables	19,324	(2,458)	-
Allowance for doubtful accounts	381,200	65,000	-
Properties foreclosed	39,389	(2,474)	-
Other assets	692	(85)	-
Provisions	30,105	5,681	-
Other liabilities	484	360	-
Total	482,996	66,024	(11,802)
Deferred tax liabilities			
Investments	(107,716)	-	15,022
Total	(107,716)	-	15,022
Net	375,280	66,024	3,220

	The Bank		
	(Charged) / Credited to:		
	At	Profit or loss	Other
	1 January	(Note 44)	comprehensive
	2016		income
		At	
		31 December	
		2016	
		(in thousand Baht)	
Deferred tax assets			
Investments	8,198	-	3,604
Loans to customers and accrued interest receivables	22,949	(3,625)	-
Allowance for doubtful accounts	270,800	110,400	-
Properties foreclosed	39,312	77	-
Other assets	666	26	-
Provisions	33,423	(1,910)	(1,408)
Other liabilities	681	(197)	-
Total	376,029	104,771	2,196
Deferred tax liabilities			
Investments	(46,831)	-	(60,885)
Total	(46,831)	-	(60,885)
Net	329,198	104,771	(58,689)

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22 Other assets, net

	Consolidated		The Bank	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Prepaid expenses	20,088	14,310	16,986	11,486
Deposit	18,764	26,293	11,735	10,666
Advance	4,709	3,236	4,696	3,221
Others	3,643	3,809	3,026	3,092
Total	47,204	47,648	36,443	28,465

23 Classified assets

	Consolidated			
	2017			
	Loans to customers and accrued interest receivables ⁽²⁾	Investments	Properties foreclosed	Other assets
	<i>(in million Baht)</i>			
Pass	137,637 ⁽¹⁾	-	-	-
Special Mention	5,941	-	-	-
Substandard	594	-	-	-
Doubtful	565	-	-	-
Doubtful of Loss	781	9	192	469
Total	145,518	9	192	469

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

⁽²⁾ Net of deferred revenue

	Consolidated			
	2016			
	Loans to customers and accrued interest receivables ⁽²⁾	Investments	Properties foreclosed	Other assets
	<i>(in million Baht)</i>			
Pass	133,735 ⁽¹⁾	-	-	-
Special Mention	4,323	-	-	-
Substandard	532	-	-	-
Doubtful	580	-	-	-
Doubtful of Loss	895	9	218	431
Total	140,065	9	218	431

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

⁽²⁾ Net of deferred revenue

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The Bank					
2017					
	Loans to customers and accrued interest receivables ⁽²⁾	Investments	Properties foreclosed (in million Baht)	Other assets	Total
Pass	109,077 ⁽¹⁾	-	-	-	109,077
Special Mention	1,051	-	-	-	1,051
Substandard	250	-	-	-	250
Doubtful	431	-	-	-	431
Doubtful of Loss	781	9	185	3	978
Total	111,590	9	185	3	111,787

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

⁽²⁾ Net of deferred revenue

The Bank					
2016					
	Loans to customers and accrued interest receivables ⁽²⁾	Investments	Properties foreclosed (in million Baht)	Other assets	Total
Pass	99,835 ⁽¹⁾	-	-	-	99,835
Special Mention	612	-	-	-	612
Substandard	18	-	-	-	18
Doubtful	417	-	-	-	417
Doubtful of Loss	895	9	197	3	1,104
Total	101,777	9	197	3	101,986

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

⁽²⁾ Net of deferred revenue

24 Deposits

24.1 Classified by product

	Consolidated		The Bank	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Demand	9,017,460	8,090,650	9,017,538	8,090,800
Savings	8,232,480	8,716,585	8,232,878	8,716,954
Fixed				
- Less than 6 months	37,032,913	29,423,300	37,032,912	29,423,300
- 6 months and less than 1 year	27,066,147	19,547,332	27,066,148	19,547,332
- Over 1 year	19,000,041	26,245,656	19,000,041	26,245,656
Total	100,349,041	92,023,523	100,349,517	92,024,042

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24.2 Classified by currency and residence of customer

Consolidated						
	Domestic	2017 Foreign	Total	Domestic	2016 Foreign	Total
			(in thousand Baht)			
Baht	94,784,010	2,694,119	97,478,129	87,409,693	2,034,719	89,444,412
US Dollar	746,576	692,304	1,438,880	1,045,397	509,495	1,554,892
Renminbi	862,422	499,195	1,361,617	522,994	462,980	985,974
Other currencies	66,404	4,011	70,415	34,706	3,539	38,245
Total	96,459,412	3,889,629	100,349,041	89,012,790	3,010,733	92,023,523

The Bank						
	Domestic	2017 Foreign	Total	Domestic	2016 Foreign	Total
			(in thousand Baht)			
Baht	94,784,486	2,694,119	97,478,605	87,410,212	2,034,719	89,444,931
US Dollar	746,576	692,304	1,438,880	1,045,397	509,495	1,554,892
Renminbi	862,422	499,195	1,361,617	522,994	462,980	985,974
Other currencies	66,404	4,011	70,415	34,706	3,539	38,245
Total	96,459,888	3,889,629	100,349,517	89,013,309	3,010,733	92,024,042

25 Interbank and money market items (Liabilities)

Consolidated and The Bank						
	Demand	2017 Time	Total	Demand	2016 Time	Total
			(in thousand Baht)			
Domestic items						
Bank of Thailand	-	159,816	159,816	-	697,727	697,727
Commercial banks	256,426	3,350,000	3,606,426	82,731	1,433,228	1,515,959
Specialised financial institutions	5	4,125,228	4,125,233	-	483,066	483,066
Other financial institutions	68,592	6,631,281	6,699,873	359,855	4,520,327	4,880,182
Total domestic items	325,023	14,266,325	14,591,348	442,586	7,134,348	7,576,934
Foreign items						
US Dollar	-	33,040,390	33,040,390	-	24,329,045	24,329,045
Renminbi	3,352	1,002,900	1,006,252	118	-	118
Euro	-	1,092,764	1,092,764	-	3,209,405	3,209,405
Baht	207,367	-	207,367	323,624	-	323,624
Total foreign items	210,719	35,136,054	35,346,773	323,742	27,538,450	27,862,192
Total domestic and foreign items	535,742	49,402,379	49,938,121	766,328	34,672,798	35,439,126

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26 Debt issued and borrowings

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

Consolidated						
	2017			2016		
	Maturity	Interest rate (%)	Amount (in thousand Baht)	Maturity	Interest rate (%)	Amount (in thousand Baht)
Long-term borrowings	-	-	-	At call	2.12	5,060,757
Bills of exchange	2018	1.4	116,000	-	-	-
Secured debentures ⁽¹⁾	2018-2019	3.64 - 3.94	6,661,096	2017 - 2019	3.24 - 3.94	12,894,663
Unsecured debentures	2018-2026	1.33 - 4.50	19,543,106	2017 - 2026	1.55 - 4.50	16,328,440
Total			26,320,202			34,283,860

⁽¹⁾ Secured debentures issued in 2014 by the subsidiary are guaranteed by the Bank.

The Bank						
	2017			2016		
	Maturity	Interest rate (%)	Amount (in thousand Baht)	Maturity	Interest rate (%)	Amount (in thousand Baht)
Bills of exchange	2018	1.4	116,000	-	-	-
Unsecured debentures	-	-	-	2017	2.08	2,734,196
Total			116,000			2,734,196

27 Employee benefit obligations

	Consolidated		The Bank	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Statement of financial position obligations for:				
Post-employment benefits				
Defined benefit plan	215	180	184	156
Year ended 31 December				
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Statement of profit or loss and other comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits				
Defined benefit plan	40	37	32	28
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.

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The statement of financial position obligation has determined as follows:

	Consolidated		The Bank	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Present value of unfunded obligations	215	180	184	156
Statement of financial position obligations	215	180	184	156

Movement in the present value of the defined benefit obligations:

	Consolidated		The Bank	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
At 1 January	180	173	156	143
Include in profit or loss:				
Current service costs and interest	40	37	32	28
	40	37	32	28
Include in other comprehensive income:				
Actuarial gains	(1)	(18)	-	(7)
	(1)	(18)	-	(7)
Other				
Benefit paid	(4)	(12)	(4)	(8)
At 31 December	215	180	184	156

Actuarial gains recognised in other comprehensive income arising from:

Year ended 31 December	Consolidated		The Bank	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Demographic assumptions	-	(7)	-	-
Financial assumptions	-	4	-	3
Experience adjustment	(1)	(15)	-	(10)
Total	(1)	(18)	-	(7)

Actuarial assumptions

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

	Consolidated and The Bank	
	2017	2016
	<i>(%)</i>	
Discount rate	2.13 - 2.24	2.13 - 2.42
Future salary increases	6	6
Staff turnover rate	0 - 20	0 - 20

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

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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:

	Consolidated		The Bank	
	Increase	Decrease	Increase	Decrease
	<i>(in million Baht)</i>			
At 31 December 2017				
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)
At 31 December 2016				
Discount rate (0.5 - 1% movement)	(10.10)	11.19	(8.51)	9.40
Future salary growth (0.5 - 1% movement)	10.67	(9.85)	8.96	(8.29)
Future mortality (1 year)	0.60	(0.60)	0.49	(0.49)

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

28 Other provisions

	Consolidated		
	Share losses from management of non- performing loans <i>(Note 10.4)</i>	Loss from lawsuit	Total
	<i>(in thousand Baht)</i>		
At 1 January 2016	22,000	1,700	23,700
Provisions made	-	115	115
Provisions used	(9,093)	-	(9,093)
Provision reversed	(12,907)	-	(12,907)
At 31 December 2016 and 1 January 2017	-	1,815	1,815
At 31 December 2017	-	1,815	1,815

	The Bank		
	Share losses from management of non- performing loans <i>(Note 10.4)</i>	Loss from lawsuit	Total
	<i>(in thousand Baht)</i>		
At 1 January 2016	22,000	1,700	23,700
Provisions used	(9,093)	-	(9,093)
Provision reversed	(12,907)	-	(12,907)
At 31 December 2016 and 1 January 2017	-	1,700	1,700
At 31 December 2017	-	1,700	1,700

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29 Other liabilities

	Consolidated		The Bank	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Other payables	628,546	684,590	74,448	137,080
Suspense creditors	162,552	363,670	162,552	363,670
Accrued expenses	551,590	493,428	478,489	428,223
Withholding tax payable	34,744	29,572	30,137	24,715
Special business tax payable	18,272	18,456	18,272	18,456
Corporate income tax payable	176,528	174,973	176,528	171,359
Others	163,746	166,917	89,963	86,969
Total	1,735,978	1,931,606	1,030,389	1,230,472

30 Share capital

	Par value per share (in Baht)	2017		2016	
		Number	Baht	Number	Baht
		(thousand shares/thousand Baht)			
<i>Authorised</i>					
<i>At 1 January</i>					
- ordinary shares	8.92	2,256,510	20,128,071	2,260,089	20,159,998
- preference shares	8.92	451	4,023	451	4,023
Reduction of ordinary shares	8.92	-	-	(3,579)	(31,927)
<i>At 31 December</i>					
- ordinary shares	8.92	2,256,510	20,128,071	2,256,510	20,128,071
- preference shares	8.92	451	4,023	451	4,023
<i>Issued and paid-up</i>					
<i>At 1 January</i>					
- ordinary shares	8.92	2,256,510	20,128,071	2,256,510	20,128,071
- preference shares	8.92	451	4,023	451	4,023
<i>At 31 December</i>					
- ordinary shares	8.92	2,256,510	20,128,071	2,256,510	20,128,071
- preference shares	8.92	451	4,023	451	4,023

Preference shares of the Bank are divided into Class A and Class B shares, both of which are non-cumulative dividend-paying shares. Holders of Class B preference shares are entitled to preferential receipt of dividends and return of capital over holders of Class A preference shares and ordinary shares. If the Bank reduces its capital as a result of operating losses on assets held prior to the injection of capital funds by the Ministry of Finance, the Bank is to reduce the capital of the ordinary shares and the Class A preference shares first, to the extent that this does not exceed the accumulated loss as at the date that the Ministry of Finance injected funds plus any subsequent losses on the assets held prior to that date. If the Bank reduces capital as a result of operating losses on assets acquired after the Ministry of Finance injected funds, the Bank is to reduce the capital of the ordinary shares first and then the Class A preference shares and Class B preference shares proportionately. All preference shares 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.

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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.

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

31 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Pursuant to Section 116 of the Public Companies Act B.E. 2535, the Bank is required to allocate not less than 5% of its annual net profit, less any accumulated 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 16 March 2018, the Board of Directors Meeting No. 1/2018 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.

32 Other components of equity

	Consolidated	
	2017	2016
	<i>(in thousand Baht)</i>	
As at 31 December 2016 and 1 January 2017	383,659	154,534
Net change in fair value recognised in equity, net of tax	(12,879)	229,125
Exchange differences on translating foreign operations	(23)	-
Share of other comprehensive income of investment in an associate, net of tax	(1,299)	-
As at 31 December 2017	369,458	383,659

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	The Bank	
	2017	2016
	<i>(in thousand Baht)</i>	
As at 31 December 2016 and 1 January 2017	383,659	154,534
Net change in fair value recognised in equity, net of tax	(12,879)	229,125
As at 31 December 2017	370,780	383,659

33 Contingent liabilities and Commitments

33.1 Commitments

	Consolidated		The Bank	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Avals to bills and Guarantees of loans	818	528	7,481	13,428
Letter of credit	319	473	319	473
Other contingencies				
- Overdraft undrawn committed line	1,379	787	1,409	787
- Other guarantees	37,511	38,201	37,511	38,201
- Others	1,715	2,245	1,715	2,245
Total	41,742	42,234	48,435	55,134

33.2 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 31 December 2017 and 2016, there were 7 cases wherein the Civil Court has already decided in favour of the plaintiffs. 5 of these cases were related to the mortgage claim where the Civil Court ordered the Bank to release the mortgage. However, the Appeal Court has decided to release and discharge 2 of these 5 cases in 2017. In addition, the Bank and its subsidiaries have to pay a total claim amount of Baht 1.8 million for the remaining 2 cases. Management believes that the Bank and its subsidiaries will not have to pay the claim amount after these cases are finalised, however, as of 31 December 2017 and 2016, management has made the provisions amounting to Baht 1.8 million, which is sufficient for the claim compensation.

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

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

Relationships with subsidiaries and associate are described in note 11 and 12. Relationship with key management and related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Industrial and Commercial Bank of China Limited	China	The ultimate parent company of the Bank and 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 associated 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 - Xiamen	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Sydney	Australia	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Frankfurt	Germany	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Hong Kong	Hong Kong	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Tokyo	Japan	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Seoul	Korea	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - 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

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Name of entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Thai /Chinese	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Bank and its subsidiary

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

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

Significant transaction for the years ended 31 December 2017 and 2016 with related parties were as follows:

	Consolidated		The Bank	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Parent				
Interest income	310	147	310	147
Interest expense	1,005	334	1,005	334
Fee income	2	4	2	4
Fee expense	75	70	75	70
Related parties				
Interest income	16	-	16	-
Interest expense	129	107	4	-
Associate				
Interest expense	5	5	5	5
Dividend income	-	-	17	17
Subsidiaries				
Interest income	-	-	38	66
Fee income	-	-	20	16
Other income	-	-	1	4
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	153	186	130	137
Post-employment benefits	5	3	4	4

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Directors and management's remuneration

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

Balances with related parties were as follows:

	Consolidated		The Bank	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
<i>Interbank and money market items (assets)</i>				
Industrial and Commercial Bank of China Limited	282	429	282	429
Industrial and Commercial Bank of China Limited - Frankfurt	14	-	14	-
Industrial and Commercial Bank of China Limited - Tokyo	10	5	10	5
Industrial and Commercial Bank of China Limited - Singapore	91	52	91	52
Industrial and Commercial Bank of China Limited - New York	14	26	14	26
Industrial and Commercial Bank of China Limited - London	89	163	-	-
Industrial and Commercial Bank of China (Asia) Limited	660	48	660	48
Industrial and Commercial Bank of China Limited - Others	1	1	1	1
<i>Derivative asset (fair value)</i>				
Industrial and Commercial Bank of China Limited	-	321	-	321
Industrial and Commercial Bank of China (Asia) Limited	17	54	17	54
Finansia Syrus Securities Public Company Limited	1	2	1	2
<i>Investments</i>				
ICBC (Thai) Leasing Company Limited	-	-	4,250	4,250
Finansia Syrus Securities Public Company Limited	579	561	305	305
<i>Loans to customers</i>				
ICBC (Thai) Leasing Company Limited	-	-	1,031	4,776
Sky High LI Leasing Designated Activity Company Limited	-	-	4,290	-
Related persons	1	1	1	1
<i>Accrued interest receivables</i>				
ICBC (Thai) Leasing Company Limited	-	-	-	1
Sky High LI Leasing Designated Activity Company Limited	-	-	2	-
<i>Allowance for doubtful accounts</i>				
ICBC (Thai) Leasing Company Limited	-	-	148	186
Sky High LI Leasing Designated Activity Company Limited	-	-	43	-
<i>Accrued income, net</i>				
Industrial and Commercial Bank of China Limited	10	9	10	9
<i>Other assets</i>				
Industrial and Commercial Bank of China Limited - Hong Kong	9	9	9	9
Finansia Syrus Securities Public Company Limited	-	1	-	1
<i>Interbank and money market items (liabilities)</i>				
Industrial and Commercial Bank of China Limited	9,432	10,546	9,432	10,546
Industrial and Commercial Bank of China Limited - Tokyo	1,093	2,151	1,093	2,151
Industrial and Commercial Bank of China Limited - New York	1,961	3,941	1,961	3,941
Industrial and Commercial Bank of China Limited - Vientiane	92	168	92	168
Industrial and Commercial Bank of China Limited - Singapore	5,415	1,075	5,415	1,075
Industrial and Commercial Bank of China Limited - Hong Kong	8,628	-	8,628	-

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	Consolidated		The Bank	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Industrial and Commercial Bank of China Limited - Sydney	-	6,450	-	6,450
Industrial and Commercial Bank of China Limited - Seoul	-	3,209	-	3,209
Industrial and Commercial Bank of China Limited - Guangdong	4,902	-	4,902	-
Industrial and Commercial Bank of China Limited - Dubai (DIFC)	1,863	-	1,863	-
Industrial and Commercial Bank of China (Asia) Limited	1,961	-	1,961	-
Industrial and Commercial Bank of China (Macau) Limited	-	322	-	322
Finansia Syrus Securities Public Company Limited	972	871	972	871
Derivative liabilities (fair value)				
Industrial and Commercial Bank of China Limited	215	-	215	-
Industrial and Commercial Bank of China Limited - Singapore	-	1	-	1
Industrial and Commercial Bank of China (Asia) Limited	47	8	47	8
Finansia Syrus Securities Public Company Limited	1	2	1	2
Debt issued and borrowings				
Skysea Malta Capital Company Limited	-	5,061	-	-
Deposits				
ICBC (Thai) Leasing Company Limited	-	-	1	1
Related persons	141	146	141	146
Accrued interest payables				
Industrial and Commercial Bank of China Limited	51	66	51	66
Industrial and Commercial Bank of China Limited - Singapore	9	-	9	-
Industrial and Commercial Bank of China Limited - Hong Kong	37	-	37	-
Industrial and Commercial Bank of China Limited - Guangdong	26	-	26	-
Industrial and Commercial Bank of China Limited - Dubai (DIFC)	61	-	61	-
Industrial and Commercial Bank of China Limited - Others	8	31	8	31
Finansia Syrus Securities Public Company Limited	3	4	3	4
Skysea Malta Capital Company Limited	-	163	-	-
Related persons	-	1	-	1
Other liabilities				
ICBC (Thai) Leasing Company Limited	-	-	3	8
Off-financial reporting items				
Other guarantees				
Industrial and Commercial Bank of China Limited	1,153	1,113	1,153	1,113
Industrial and Commercial Bank of China Limited - Guangdong	-	107	-	107
Industrial and Commercial Bank of China Limited - Hubei	99	-	99	-
Industrial and Commercial Bank of China Limited - Xiamen	3	-	3	-
ICBC (Thai) Leasing Company Limited	-	-	30	-
Guarantee on loans				
ICBC (Thai) Leasing Company Limited	-	-	6,663	12,900
Forward exchange contracts-bought (notional amounts)				
Industrial and Commercial Bank of China Limited	4,883	4,555	4,883	4,555
Industrial and Commercial Bank of China Limited - Singapore	8	64	8	64
Industrial and Commercial Bank of China (Asia) Limited	3,854	2,976	3,854	2,976
Finansia Syrus Securities Public Company Limited	537	723	537	723
Forward exchange contracts-sold (notional amounts)				
Finansia Syrus Securities Public Company Limited	131	566	131	566
Interest rate swap contracts (notional amounts)				
Industrial and Commercial Bank of China Limited	719	-	719	-

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Since the year 2016, Industrial and Commercial Bank of China Limited - Hong Kong issued a Standby L/C to the Bank as a collateral against the issuance of Letter of Guarantee for a Telecommunication Company, in which the Bank has to pay annual fee for the aforementioned Standby L/C until the end of contract on 15 April 2020. As at 31 December 2017, this Standby L/C was amounting equivalent to Baht 32,680 million.

35 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:

	Consolidated		The Bank	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Within one year	131	75	102	45
After one year but within five years	105	91	99	59
Over five years	2	6	2	6
Total	238	172	203	110

36 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 on 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:

	Consolidated				
	Banking business	Hire purchase, finance lease and factoring business	Total	Elimination entries	Total
	<i>(in million Baht)</i>				
For the year ended 31 December 2017					
Net interest income	3,035	1,415	4,450	14	4,464
Net fees and service income and other income, net	690	218	908	(14)	894
Share of profit of investments in an associate	37	-	37	-	37
Other operating income	139	410	549	(18)	531
Other operating expenses	(1,443)	(673)	(2,116)	7	(2,109)
Profit before bad debt, doubtful accounts and impairment losses	2,458	1,370	3,828	(11)	3,817
Bad debt, doubtful accounts and impairment losses	(661)	(1,099)	(1,760)	-	(1,760)
Profit from operation before income tax expense	1,797	271	2,068	(11)	2,057
Income tax expenses	(367)	123	(244)	(2)	(246)
Profit for the year	1,430	394	1,824	(13)	1,811

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	Consolidated				
	Banking business	Hire purchase, finance lease and factoring business	Total	Elimination entries	Total
			<i>(in million Baht)</i>		
Financial position as at 31 December 2017					
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

	Consolidated				
	Banking business	Hire purchase, finance lease and factoring business	Total	Elimination entries	Total
			<i>(in million Baht)</i>		
For the year ended 31 December 2016					
Net interest income	3,224	1,582	4,806	24	4,830
Net fees and service income and net trading income	500	318	818	(30)	788
Share of profit of investments in an associate	51	-	51	-	51
Other operating income	180	423	603	(18)	585
Other operating expenses	(1,310)	(899)	(2,209)	2	(2,207)
Profit before bad debt, doubtful accounts and impairment losses	2,645	1,424	4,069	(22)	4,047
Bad debt, doubtful accounts and impairment losses	(820)	(1,342)	(2,162)	-	(2,162)
Profit from operation before income tax expense	1,825	82	1,907	(22)	1,885
Income tax expenses	(357)	(6)	(363)	(3)	(366)
Profit for the year	1,468	76	1,544	(25)	1,519

Financial position as at 31 December 2016					
Investments in an associate	561	-	561	-	561
Total assets	158,103	41,969	200,072	(8,798)	191,274
Total liabilities	132,377	37,378	169,755	(4,773)	164,982

37 Interest income

	Consolidated		The Bank	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Interbank and money market items	171,741	66,881	171,623	66,768
Investments in debt securities	1,687,290	1,471,929	1,687,290	1,471,929
Loans to customers and factoring	4,008,709	4,201,286	3,965,750	4,061,548
Hire purchase and finance leases	2,298,289	2,504,848	31	91
Others	8	26	8	26
Total	8,166,037	8,244,970	5,824,702	5,600,362

Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiaries
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38 Interest expenses

	Consolidated		The Bank	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Deposits	1,464,192	1,386,137	1,464,195	1,386,141
Interbank and money market items	775,545	519,853	771,709	518,718
Contributions to Deposit Protection Agency and Bank of Thailand	501,247	413,881	501,247	413,881
Debt issued - debentures	823,451	974,334	49,251	57,045
Borrowings	125,721	106,885	921	-
Borrowings fee expense	11,309	13,212	805	929
Other	1,057	42	1,056	42
Total	3,702,522	3,414,344	2,789,184	2,376,756

39 Net fees and service income

	Consolidated		The Bank	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Fees and service income				
Acceptances, avals and guarantees	414,536	364,820	427,860	385,459
Letter of credit fee income	6,592	9,527	6,592	9,823
Hire purchase and finance leases	129,381	155,671	-	-
Extension fee	2,499	3,419	2,499	3,419
Assurance and insurance	175,473	121,016	1,613	1,152
Others	98,862	80,493	101,862	73,091
Total fees and service income	827,343	734,946	540,426	472,944
Fees and service expense	(121,883)	(110,903)	(120,208)	(108,871)
Net fees and service income	705,460	624,043	420,218	364,073

40 Net trading income

	Consolidated		The Bank	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Gain on trading and foreign exchange transactions				
Foreign currencies and foreign currency related derivatives	154,717	163,744	235,824	135,575
Total	154,717	163,744	235,824	135,575

41 Net gain (loss) on investments

	Consolidated and The Bank	
	2017	2016
	<i>(in thousand Baht)</i>	
Gain on early redemption - Held-to-maturity securities	34,150	-
Losses on impairment - General investment	(142)	(72)
Net gain (loss) on investments	34,008	(72)

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

	Consolidated		The Bank	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Bad debts and doubtful accounts				
Interbank and money market items	(20,596)	1,904	(20,596)	1,904
Loans to customers	(1,714,218)	(2,162,060)	(641,557)	(820,443)
Loss on debt restructuring	(24,776)	(1,503)	1,159	(1,503)
Total	(1,759,590)	(2,161,659)	(660,994)	(820,042)

44 Income tax expense

Income tax recognised in profit or loss

		Consolidated		The Bank	
	Note	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Current tax expense					
Current year		438,385	530,027	438,385	461,670
Over provided in prior years		(72,713)	(2,690)	(5,464)	-
		365,672	527,337	432,921	461,670
Deferred tax expense					
Movements in temporary differences	21	(119,560)	(161,262)	(66,024)	(104,771)
		(119,560)	(161,262)	(66,024)	(104,771)
Total income tax expense		246,112	366,075	366,897	356,899

Income tax recognised in other comprehensive income

		Consolidated					
		2017		2016			
		Before tax	Tax income	Before tax	Tax expense	Net of tax	
		<i>(in thousand Baht)</i>					
Other comprehensive income							
Available-for-sale securities	(16,099)	3,220	(12,879)	286,406	(57,281)	229,125	
Actuarial gain on defined benefit plan	701	(140)	561	17,973	(3,595)	14,378	
Share of other comprehensive income of investments in an associate	(1,660)	165	(1,495)	-	-	-	
Total		(17,058)	3,245	(13,813)	304,379	(60,876)	243,503

		The Bank					
		2017		2016			
		Before tax	Tax income	Before tax	Tax expense	Net of tax	
		<i>(in thousand Baht)</i>					
Other comprehensive income							
Available-for-sale securities	(16,099)	3,220	(12,879)	286,406	(57,281)	229,125	
Actuarial gain on defined benefit plan	-	-	-	7,039	(1,408)	5,631	
Total		(16,099)	3,220	(12,879)	293,445	(58,689)	234,756

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Reconciliation of effective tax rate

	Consolidated			
	2017		2016	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		2,056,691		1,885,435
Income tax using the Thai corporation tax rate	20	411,338	20	377,087
Expense not deductible for tax purpose		27,448		1,552
Additional deductible expense for tax purposes ⁽²⁾		(95,301)		-
Over provided in prior years		(72,713)		(2,690)
Income tax of the indirect subsidiary that is not taxable		(24,660)		(9,874)
Total	12⁽¹⁾	246,112	19⁽¹⁾	366,075

⁽¹⁾ Effective tax rate

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

	The Bank			
	2017		2016	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense	20	1,759,719		1,773,556
Income tax using the Thai corporation tax rate		351,944	20	354,711
Expense not deductible for tax purpose		20,417		2,188
Income not subject to tax		(5,464)		-
Total	21⁽¹⁾	366,897	20⁽¹⁾	356,899

⁽¹⁾ 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 years ended 31 December 2017 and 2016 were based on the profit for the years attributable to shareholders of the Bank and the number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding during the years as follows:

	Consolidated		The Bank	
	2017	2016	2017	2016
Profit attributable to (in million Baht)				
Shareholders of the Bank	1,739	1,470	1,393	1,417
Former shareholder before business combination under common control	72	49	-	-
Non-controlling interests	-	-	-	-
Profit for the year	1,811	1,519	1,393	1,417
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
Earnings per share (basic) (in Baht)				
Shareholders of the Bank	0.77	0.65	0.62	0.63
Former shareholder before business combination under common control	0.03	0.02	-	-
Non-controlling interests	-	-	-	-
Earnings per share (basic)	0.80	0.67	0.62	0.63

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46 Events after the reporting period

46.1 Issuance of debentures of the direct subsidiary

During January 2018 to 16 March 2018, ICBC (Thai) Leasing Company Limited, the Bank's direct subsidiary, issued 10 short-term debentures with total face value of Baht 8,200 million offered to financial institution investors carrying interest rate ranging 1.20% - 1.35% per annum with the maturity dates being the range of 33 to 91 days from the date of issue. Moreover, short-term debentures with face value of Baht 7,855 million had already been settled on their maturity dates in the period.

46.2 Issuance of Tier II subordinated debenture of the Bank

The Annual General Meeting of Shareholders ("AGM") No.21 held on 28 April 2014 resolved to approve the Bank to issue bond and/or debenture and/or capital fund instrument not exceeding amounting of Baht 30,000 million in which the resolution is still effective and shall be maintained until any other resolution approves otherwise. In addition, on 14 December 2017, the Executive Committee of the Bank, which was granted the approval by the AGM, has approved the issuance of the Bank's Tier II subordinated debenture not exceeding amounting of Baht 5,000 million with an interest rate up to 4% per annum with the tenor of 10 years and 6 months. 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. This offering was agreed, in principle, by the Bank of Thailand on 29 January 2018 and approved by the Securities and Exchange Commission, Thailand on 15 March 2018. The placement will be issued to institutional investors and/or high net-worth investors during 16 to 21 March 2018 and will receive the proceeds from sales on 23 March 2018.

Auditors

Statutory auditor names and their engaged office

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

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

Engaged Office

KPMG Phoomchai Audit Ltd.

50th-51st Floor, Empire Tower 1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120

Thailand. Tel 0 2677 2000

The auditor of the subsidiary of the bank

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

Remuneration of auditors

The audit fee of Bank and Bank's subsidiary for the year 2017 was Baht 4,259,050, the audit fee of the Bank was Baht 3,007,600 and ICBC (Thai) Leasing Co., Ltd (Bank's subsidiary) was Baht 1,251,450.

Management Structure

1. Board of Directors

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

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

Resigned Director

Mr. Guohui Song	Director**
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* Appointed as Director on 11 May 2017

** Resigned from Director on 4 September 2017

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

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

2. Independent Directors

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

3. Committees under the Board of Directors' Direct Supervision

The Board of Directors has appointed four committees to oversee and ensure an efficient management system which is in compliance with the Bank's policies. Each committee's responsibilities have been clearly specified. In addition, in accordance with the Handbook for the Directors of Financial Institutions of the Bank of Thailand, the Board of Directors is responsible for overseeing the performance of the committees under the direct supervision of the Board of Directors and requires that these committees report their performance to the Board of Directors on a regular basis. The four committees which are under the direct supervision of the Board of Directors are the Executive Committee; Audit Committee; Nomination, Compensation and Corporate Governance Committee; and Group Risk Management Committee. Details are as follows:

3.1 The Executive Committee

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

Dr. Zhigang Li	Chairman
Mr. Shiqiang Lin	Member*
Mr. Zhisheng Xu	Member
Mr. Yang Liu	Member
Mr. Yongmin Tang	Member**
Ms. Suree Wipatakanok	Member
Mr. Chaiwat Tanchewawong	Member

* Appointed as member on 21 March 2017

** Appointed as member on 15 September 2017

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

3.2 The Audit Committee

The Audit Committee comprises 3 Independent Directors as follows:

Ms. Ladda Siri Wattanakosol	Chairperson
TDVC.Col. Plengsakdi Prakaspesat	Member
Pol. Gen. Werapong Chuenpagdee	Member

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

3.3 The Nomination, Compensation and Corporate Governance Committee

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

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

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

(1) Nomination

The Nomination, Compensation and Corporate Governance Committee has the responsibilities to establish policies, criteria and procedures for the selection of Directors, Members of Committees and Senior Executives for the Board of Directors' approval. It also has the responsibility to recommend to the Board of Directors the appropriateness of the size and composition of the Board of Directors, as well as any other adjustment required in order to adapt to changes in the business environment. The Committee shall consist of members with knowledge, skill and experience in various fields which are beneficial to the business of the Bank.

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

(2) Compensation

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

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

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

(3) Corporate Governance

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

In addition, as a result of the Handbook for Directors of Financial Institutions and Notification No. SorNorSor. 8/2560 Re: Regulations on Risk Supervision of Financial Business Groups ("Consolidated Supervision") of the Bank of Thailand and as assigned by the Bank's Board of Directors, the Nomination, Compensation and Corporate Governance Committee is responsible for overseeing the CG Policy and practice of the company(ies) in the financial business group of the Bank and consider the nomination and compensation of the directors and Managing Director of company(ies) in the Bank's financial business group.

3.4 The Group Risk Management and Internal Control Committee

The Group Risk Management Committee comprises of 11 Members as follows:

Mr. Shiqiang Lin	Chairman*
Mr. Zhisheng Xu	Member
Mr. Yang Liu	Member
Mr. Yongmin Tang	Member
Ms. Suree Wipatakanok	Member
Mr. Chaiwat Tanchewawong	Member
Ms. Kanchana Vonggratanakulthorn	Member
Mr. Som Pisarnsopon	Member
Ms. Sasiwadee Somboonthum	Member
Mr. Wisit Ausawalaithong	Member
Mr. Seksan Chunseereechai	Member**

* Appointed as Chairman on 21 March 2017

** Appointed as member on 13 January 2017

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

In addition to the four abovementioned committees, the Bank also has other important committees reporting directly to the Executive Committee such as the Management Committee, the Credit Committee, the Asset Management Committee and the Technology Committee.

Remuneration for Directors and Executives for 2017

1. Remuneration of Directors

Remuneration of Directors		
No.	Name	Amount
1	Dr. Zhigang Li	3,627,798.91
2	Dr. Kosol Petchsuwan*	8,065.00
3	Dr. Prasit Damrongchai	375,000.00
4	Ms. Ladda Siri Wattanakosol	375,000.00
5	TDVC.Col. Plengsakdi Prakaspesat	375,000.00
6	Pol. Gen. Werapong Chuenpagdee	360,000.00
Total		5,120,863.91

Remuneration of the Chairman of the Executive Committee		
1	Dr. Zhigang Li	11,232,432.00
Total		11,232,432.00

Remuneration of Members of the Audit Committee		
1	Dr. Kosol Petchsuwan*	16,129.00
2	Ms. Ladda Siri Wattanakosol	585,807.00
3	TDVC.Col. Plengsakdi Prakaspesat	360,000.00
4	Pol. Gen. Werapong Chuenpagdee	338,710.00
Total		1,300,646.00

Remuneration of Members of the Nomination, Compensation and Corporate Governance Committee		
1	Dr. Prasit Damrongchai	600,000.00
Total		600,000.00
Grand Total		18,253,941.91

* Dr. Kosol Petchsuwan resigned from the Bank on 10 January 2017

2. Remuneration to Executives for 2017

Executives	2017	
	No. of Person	Total Amount (Baht)
Total	17	111,802,717.37

Directors' and Senior Executives' holding of positions in other companies as of 31 December 2017

Name	ICBC (Thai)	Position		
		The Bank's Financial Business Group		Other Companies
Dr. Zhigang Li	Chairman of the Board of Directors /Executive Director	Executive Director	ICBC (Thai) Leasing Co., Ltd.	
Mr. Jianfeng Zheng	Non Executive Director			Director
				ICBC AXA
				Director
				ICBC Turkey
Ms. Minmin Wu	Non Executive Director			Director
				ICBC Mexico
				Non-Executive Director
				ICBC Credit Suisse Asset Management
Dr. Prasit Damrongchai	Independent Director			Director
				ICBC Moscow
				Non-Executive Supervisor
				ICBC Leasing
TDVC.Col. Plengsakdi Prakaspesat	Independent Director			Director
				ICBC Canada
				Director
				ICBC Peru
Ms. Ladda Siri Wattanakosol	Independent Director			Independent Director/ Vice Chairman/Chairman of the Audit Committee
				Dhipaya Insurance PLC.
				Independent Director/Chairman of the Audit Committee
				Bangkok Insurance PLC.
				Director
				Aspac Co., Ltd.
Ms. Ladda Siri Wattanakosol	Independent Director			Authorized Director
				Metro Resources PLC.
				Senior Advisor
				Thai Central Chemical PLC.
Ms. Ladda Siri Wattanakosol	Independent Director			Advisor
				United Flour Mill PLC.
Ms. Ladda Siri Wattanakosol	Independent Director			Independent Director/Chairman of the Audit Committee
				Pace Development Corporation PLC.

Name	ICBC (Thai)	Position		
		The Bank's Financial Business Group	Other Companies	
Pol. Gen. Werapong Chuenpagdee	Independent Director		Independent Director/ Audit Committee/Member of Compensation and Nomination Committee	Country Group Development PLC.
			Independent Director/ Audit Committee/Chairman of Good Corporate Governance Committee	Country Group Holding PLC.
			Independent Director/Member of Compensation and Nomination Committee/Audit Committee	Thai Hua Rubber PLC.
			Independent Director/ Chairman of the Audit Committee	Sinsianyerpao Co., Ltd.
			Director	Fusin Mining Industry (Thailand) Co., Ltd.
			Director	Boonyachinda Foundation for Thai Royal Police and Family
			Chairman/Independent Director	Strega PCL.
			Chairman/Independent Director	Arinsiri Land PCL.
			Advisor	Thai Industrial Association
			Director	Richland Property Development Co., Ltd.
Ms. Kanchana Vongratanakulthorn	Executive Vice President, Recovery and Credit Card Management Division	Executive Director	Assistant Commissioner General	Royal Thai Police
			Authorized Director	Chonburi Motor Express Co., Ltd.
Mr. Som Pisarnsophon	Executive Vice President, Finance & Strategy Division	Executive Director		
Mr. Zhisheng Xu	Senior Executive Vice President, Supporting, Finance & Risk Management Group/ Executive Director	Executive Director/Chief Financial Officer/ Chief Risk Officer	Director	Finansia Syrus Securities PCL.
		Executive Director		
Mr. Shiqiang Lin	Chief Executive Officer/ Executive Director	Executive Director		

Corporate Governance

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

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

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

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

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

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

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

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

The Board of Directors' Assessment resulted in an overall average of 99.25% notably higher than in 2016 of 96.25%.

Furthermore, the Bank realizes the importance of operating its business with transparency and fairness, therefore, it is against any form of corruption and has joined Thailand's Private Sector Collective Sector Action Against Corruption (CAC) to be accredited for the Certified Companies of Thailand's Private Sector Collective Action Coalition Against Corruption and was granted membership in the CAC on 18 August 2017 for a period of 3 years.

In addition to such accreditation, in 2017 the Bank also acknowledged the new requirements issued by the Bank of Thailand on Consolidated Supervision and Handbook of Directors of Financial Institutions and has subsequently proceeded in accordance with such requirements.

Capital Structure

Registered Capital

As at 31 December 2017 the Bank had a registered capital of Baht 20,132,093,886.16 divided into 2,256,510,117 ordinary shares at par value of Baht 8.92 and 451,081 Class B preferred shares at par value of Baht 8.92 with paid-up capital of Baht 20,132,093,886.16 divided into 20,132,093,886.16 ordinary shares at par value of Baht 8.92 and 451,081 Class B preferred shares at par value of Baht 8.92.

Preferred Shares

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

General Information

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

Type of business	Commercial bank
Address of Head Office	L, 11 th - 13 th Floors, Emporium Tower, 622 Sukhumvit Road, Khlong Ton, Khlong Toei, Bangkok 10110 Thailand
Registration No.	0107536000251
Website	www.icbcthai.com
Telephone	+66 2663 9999
Facsimile	+66 2663 9888
Call Center	+66 2629 5588
Registered capital	Baht 20,132,093,886.16 (as of 31 December 2017)
Paid-up capital	Baht 20,132,093,886.16 (as of 31 December 2017)
Par value	Baht 8.92

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

- ICBC (Thai) Leasing Company Limited

Address	1122 KPI Tower 15 th Floor New Petchburi Road, Makasan, Ratchathewi Bangkok 10400 Thailand
Type of business	Leasing Business
Telephone	+66 2876 7200
Facsimile	+66 2876 7210-12
Registered capital	Baht 8,000,000,000.00 (as of 31 December 2017)
Paid-up capital	Baht 4,250,000,000.00 (as of 31 December 2017)
Par value	Baht 10
Percentage of shareholding	99.99%

- Finansia Syrus Securities Public Company Limited

Address	999/9 The Offices at Central World 18 th Floor, Rama I Road, Pathumwan, Bangkok 10500 Thailand
Type of business	Securities Business
Telephone	+66 2658 9000
Facsimile	+66 2658 9110
Registered capital	Baht 930,244,840.00 (as of 31 December 2017)
Paid-up capital	Baht 930,244,840.00 (as of 31 December 2017)
Par value	Baht 1.60
Percentage of shareholding	22.29%

- Bangkok BTMU Company Limited

Address	54 Harindhorn Tower 4 th Floor, Unit A, North Sathorn Road, Silom, Bangrak, Bangkok 10500 Thailand
Type of business	Investment and Lending Business
Telephone	+66 2266 3075
Facsimile	+66 2266 3076
Registered capital	Baht 200,000,000 (as of 31 December 2017)
Paid-up capital	Baht 200,000,000 (as of 31 December 2017)
Par value	Baht 100
Percentage of shareholding	10%

Reference Information

- **Registrar** Industrial and Commercial Bank of China (Thai) Public Company Limited
13th Floor, Emporium Tower, 622 Sukhumvit Road,
Khlong Ton, Khlong Toei, Bangkok 10110 Thailand
Tel +66 2663 9999
Fax +66 2663 9768

- **Auditors** KPMG Phoomchai Audit Limited
48th Floor, Empire Tower, 195 South Sathorn Road
Bangkok, 10120 Thailand
Tel +66 2677 2000
Fax +66 2677 2222

622 Emporium Tower L, 11th-13th Fl.,
Sukhumvit Road, Khlong Ton, Khlong Toei, Bangkok 10110
Tel 0 2663 9999 Fax 0 2663 9888

www.icbcthai.com