

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

Financial statements for the year ended
31 December 2017
and
Independent Auditor's Report



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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
(in thousand Baht)					
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

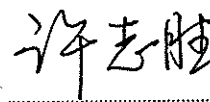
The accompanying notes are an integral part of these financial statements.

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	
Liabilities and equity		2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
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

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)			
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					
<i>Items that will not be reclassified to profit or loss</i>					
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)
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
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 Xu) 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

	Note	Issued and paid-up share capital		Other components of equity					Retained earnings			Former shareholder before business combination under common control	Total equity attributable to the Bank's shareholders	Non - controlling 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 (in thousand Baht)	Legal reserve	Unappropriated						
Year ended 31 December 2016																
Balance at 1 January 2016 - as reported																
Effect from business combination under common control																
4	-	-	-	-	154,534	-	-	-	-	154,534	400,000	3,923,358	24,609,986	-	-	24,609,986
(81,602)																
Balance at 1 January 2016 - before business acquisition																
4,023	20,128,071	-	154,534	-	-	-	-	154,534	400,000	3,923,358	24,609,986	(81,602)	-	-	24,528,384	
Comprehensive income for the year																
Profit for the year	-	-	-	-	-	-	-	-	-	1,469,992	49,368	1,469,992	-	-	1,519,360	
Other comprehensive income, net of income tax 32, 44	-	-	-	-	229,125	-	-	229,125	-	14,378	785	243,503	-	-	244,288	
Total comprehensive income for the year	-	-	-	-	229,125	-	-	229,125	-	1,484,370	50,153	1,713,495	-	-	1,763,648	
Transfer to legal reserve																
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																
Effect from business combination under common control																
4	-	-	-	-	-	-	-	-	-	-	-	-	(31,449)	-	-	(31,449)
Balance at 1 January 2017 - 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	
Changes in interests from business combination under common control																
Difference arising from business combination under common control	4	-	-	(24,849)	-	-	-	-	-	-	(24,849)	24,849	-	-	-	-
(61,385)																
Dividends to former shareholder before business acquisition under common control																
Total changes in interest from business combination under common control	-	-	-	(24,849)	-	-	-	-	-	-	-	(61,385)	(36,536)	-	-	(61,385)
Comprehensive income for the year																
Profit for the year	-	-	-	-	-	-	-	-	-	1,738,304	72,275	1,738,304	-	-	1,810,579	
Other comprehensive income, net of income tax 32, 44	-	-	-	-	(12,879)	(23)	(1,299)	(14,201)	-	365	(4,290)	(13,836)	-	-	(18,126)	
Total comprehensive income for the year	-	-	-	-	(12,879)	(23)	(1,299)	(14,201)	-	1,738,669	67,985	1,724,468	-	-	1,792,453	
Transfer to legal reserve																
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

	Note	The Bank						Total equity
		Issued and paid-up share capital		Other components of equity		Retained earnings		
		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		4,023	20,128,071	154,534	400,000	3,387,457		24,074,085
Comprehensive income for the year								
Profit for the year		-	-	-	-	1,416,657		1,416,657
Other comprehensive income, net of income tax	32, 44	-	-	229,125	-	5,631		234,756
Total comprehensive income for the year		-	-	229,125	-	1,422,288		1,651,413
Transfer to legal reserve		-	-	-	100,000	(100,000)		-
Balance at 31 December 2016		4,023	20,128,071	383,659	500,000	4,709,745		25,725,498
Year ended 31 December 2017								
Balance at 1 January 2017		4,023	20,128,071	383,659	500,000	4,709,745		25,725,498
Comprehensive income for the year								
Profit for the year		-	-	-	-	1,392,822		1,392,822
Other comprehensive income, net of income tax	32, 44	-	-	(12,879)	-	-		(12,879)
Total comprehensive income for the year		-	-	(12,879)	-	1,392,822		1,379,943
Transfer to legal reserve		-	-	-	100,000	(100,000)		-
Balance at 31 December 2017		4,023	20,128,071	370,780	600,000	6,002,567		27,105,441

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)			
<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)
Profit from operations before changes in operating assets and liabilities	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)			
<i>Cash flows from operating activities</i>				
<i>Increase (decrease) in operating liabilities</i>				
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
<i>Cash flows from investing activities</i>				
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)
<i>Cash flows from financing activities</i>				
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.

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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

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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).

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

The Bank and its 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.

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

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Bank and its subsidiaries have a present legal or constructive obligation to pay this amount as a result of past service provided by employee and the obligation can be estimated reliably.

(s) Provisions

A provision is recognised if, as a result of a past event, the Bank and its subsidiaries have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Litigation

The Bank and its subsidiaries have contingent liabilities as a result of litigation being made against them for claims of compensation. The management has used judgment to assess the results of the litigation and record provisions as at the end of the reporting period. However, actual results could differ from the estimates.

(t) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Bank and its subsidiaries at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

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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>			
<i>Financial assets</i>				
Cash	-	-	367	367
Interbank and money market items, net	36	6,585	1,785	8,406
Investments, net	229	62,131	364	62,724
Loans to customers ⁽¹⁾	71,678	65,712	1,940	139,330
Total financial assets	71,943	134,428	4,456	210,827
<i>Financial liabilities</i>				
Deposits	13,583	86,355	411	100,349
Interbank and money market items	281	49,402	255	49,938
Liabilities payable on demand	-	-	76	76
Debt issued and borrowings	-	26,320	-	26,320
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
	(in million Baht)			
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
	(in million Baht)			
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
	(in million Baht)			
<i>Financial assets</i>				
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			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
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							
	At call	Less than 3 months	3 - 12 months	1 - 5 years	Reprice/ maturity over 5 years	Non-interest bearing	Non-performing assets	Total
	(in million Baht)							
Financial assets								
Cash	-	-	-	-	-	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							
	At call	Less than 3 months	3 - 12 months	1 - 5 years	Reprice/ maturity over 5 years	Non-interest bearing	Non-performing assets	Total
	(in million Baht)							
Financial assets								
Cash	-	-	-	-	-	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	1 - 5 years	Reprice/ maturity over 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	-	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	1 - 5 years	Reprice/ maturity over 5 years			
	(in million Baht)							
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	1 - 5 years	Reprice/ maturity over 5 years			
	(in million Baht)							
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:

	Consolidated 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

	The Bank 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		Over 5 years	No maturity	Non-performing assets	Total
			3 - 12 months	1 - 5 years (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						Total
	At call	Less than 3 months	Maturity within 3 - 12 months	1 - 5 years	Over 5 years	No maturity	
				(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	-	135,866
Total financial assets	2,392	29,157	39,260	100,574	19,021	888	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						Total
	At call	Less than 3 months	Maturity within 3 - 12 months	1 - 5 years	Over 5 years	No maturity	
				(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	-	105,399
Total financial assets	2,776	32,633	34,862	88,954	15,297	730	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						Total
	At call	Less than 3 months	Maturity within 3 - 12 months	1 - 5 years	Over 5 years	No maturity	
				(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	-	97,578
Total financial assets	6,813	25,623	30,201	75,051	14,751	887	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		Others	Total
			Yen (in million Baht)	Euro		
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 (Baht per 1 foreign currency unit)	32.6809	5.0145	0.2898	39.0273		

⁽¹⁾ Net of deferred revenue

	US dollar	Renminbi	Consolidated 2016		Others	Total
			Yen (in million Baht)	Euro		
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 (Baht per 1 foreign currency unit)	35.8307	5.1498	0.3080	37.7577		

⁽¹⁾ Net of deferred revenue

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	US dollar	Renminbi	The Bank 2017 (in million Baht)		Others	Total
			Yen	Euro		
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 (in million Baht)		Others	Total
			Yen	Euro		
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 <i>(in million Baht)</i>	Notional amount	Maturity
<i>Interest rate swap contracts</i>				
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
	(in million Baht)			
<i>Cross currency interest rate swap contracts</i>				
Receive interest at a floated rate on US Dollar notional amounts and to pay interest at a fixed rate on Euro notional amounts	4,081	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
	(in million Baht)					
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 (in million Baht)	Level 3	Total
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 (in million Baht)	Level 3	Total
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 (in million Baht)	Level 3	Total
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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	Carrying value	Level 1	The Bank 2016 Fair value Level 2 (in million Baht)	Level 3	Total
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.

	Carrying value	Level 1	Consolidated 2017 Fair value Level 2 (in million Baht)	Level 3	Total
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 (in million Baht)		Total
			Level 2	Level 3	
<i>Financial assets</i>					
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
<i>Financial liabilities</i>					
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 (in million Baht)		Total
			Level 2	Level 3	
<i>Financial assets</i>					
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
<i>Financial liabilities</i>					
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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	Carrying value	Level 1	The Bank 2016 Fair value (in million Baht)		Total
			Level 2	Level 3	
<i>Financial assets</i>					
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
<i>Financial liabilities</i>					
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
	<i>(in thousand Baht)</i>	
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	20,132,094	20,132,094
Legal reserve	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
	<i>(in thousand Baht)</i>	
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	20,132,094	20,132,094
Legal reserve	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.icbthai.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
			(in thousand Baht)			
<i>Domestic items</i>						
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
<i>Foreign items</i>						
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 (in thousand Baht)	Demand	2016 Time	Total
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 Assets	Liabilities		Fair value 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⁾ (in thousand Baht)	2016		Notional amount ⁽¹⁾
	Fair value Assets	Liabilities		Fair value 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		Notional amount ⁽¹⁾	2016		Notional amount ⁽¹⁾
	Carrying value ⁽²⁾	Liabilities		Carrying value ⁽²⁾	Liabilities	
	Assets		(in thousand Baht)	Assets		
Foreign exchange	470,634	97,277	31,654,203	23,475	162,446	25,220,960
Interest rate	- ⁽³⁾	- ⁽³⁾	11,235,647	- ⁽³⁾	- ⁽³⁾	4,180,000
Foreign exchange and interest rate	-	212,074	4,293,003	320,904	-	4,153,347
Total	470,634	309,351	47,182,853	344,379	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		Notional amount ⁽¹⁾	2016		Notional amount ⁽¹⁾
	Carrying value ⁽²⁾	Liabilities		Carrying value ⁽²⁾	Liabilities	
	Assets		(in thousand Baht)	Assets		
Foreign exchange	470,634	97,277	31,654,203	10,183	111,645	21,887,625
Interest rate	- ⁽³⁾	- ⁽³⁾	11,235,647	- ⁽³⁾	- ⁽³⁾	4,180,000
Foreign exchange and interest rate	-	212,074	4,293,003	320,904	-	4,153,347
Total	470,634	309,351	47,182,853	331,087	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			
	Periods to maturity			Total
	Less than 1 year	1-5 years	Over 5 years	
	(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			Total
	Less than 1 year	Periods to maturity 1-5 years (in thousand Baht)	Over 5 years	
<i>Available-for-sale securities</i>				
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
<i>Held-to-maturity securities</i>				
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
<i>Direct subsidiary</i>		(%)		(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	-	-
<i>Indirect subsidiary</i>									
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:

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

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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 expenses	Net profit
				Total revenue (in million Baht)		
Finansia 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 expenses	Net profit
				Total revenue (in million Baht)		
Finansia 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
	(in thousand Baht)			
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					
	2017			2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	(in thousand Baht)					
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 (in thousand Baht)	2016 Foreign	Total
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					
	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	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					
	Pass	Special Mention	Substandard (in thousand Baht)	Doubtful	Doubtful of Loss	Total
Agriculture and mining	149,746	36,176	-	-	-	185,922
Manufacturing and commerce	47,406,537	199,098	17,678	24,751	499,614	48,147,678
Property development and construction	21,876,752	109,402	-	43,698	360,489	22,390,341
Infrastructure and services	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					Total
	Pass	Special Mention	Substandard (in thousand Baht)	Doubtful	Doubtful of Loss	
Agriculture and mining	2,330,429	1,499	-	-	-	2,331,928
Manufacturing and commerce	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					Total
	Pass	Special Mention	Substandard (in thousand Baht)	Doubtful	Doubtful of Loss	
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						
	Loans to customers and accrued interest receivables less deferred revenue	The Bank	Subsidiaries				Total
	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		
(in thousand Baht)							
Minimum allowance as per BOT's Regulations							
Pass	131,695,147	56,544,236	1	565,442	33,852,727	437,190	1,002,632
Special Mention	5,941,188	695,840	2	13,917	4,727,864	1,333,359	1,347,276
Substandard	593,653	5,351	100	5,351	343,946	123,030	128,381
Doubtful	565,534	69,999	100	69,999	134,016	49,145	119,144
Doubtful of Loss	780,641	314,899	100	314,899	-	-	314,899
							2,912,332
Excess allowance ⁽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						
	Loans to customers and accrued interest receivables less deferred revenue	The Bank			Subsidiaries		Total
	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⁾	
(in thousand Baht)							
Minimum allowance as per BOT's Regulations							
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
	(in thousand Baht)			
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
	(in thousand Baht)			
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
			(% per annum)		(in million Baht)	
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	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	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	after restructuring (in million Baht)	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	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		Over	performing	Total
	1 year	1 - 5 years	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	<u>10,159</u>	<u>23,183</u>	<u>4,327</u>	<u>478</u>	<u>38,147</u>
Allowance for doubtful accounts					(3,185)
Hire purchase and finance lease receivables, net					<u>34,962</u>

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

	Consolidated				
	2016				
	Periods due for payments			Non-	
	Less than		Over	performing	Total
	1 year	1 - 5 years	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	<u>11,361</u>	<u>23,420</u>	<u>3,970</u>	<u>677</u>	<u>39,428</u>
Allowance for doubtful accounts					(2,244)
Hire purchase and finance lease receivables, net					<u>37,184</u>

⁽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	-	-
	<u>38,147</u>	<u>39,428</u>
Allowance for doubtful accounts	<u>3,185</u>	<u>2,244</u>

16 Allowance for doubtful accounts

Consolidated 2017						
	Pass	Special mention	Sub - standard	Doubtful	Doubtful of loss	Allowance established in excess of BOT regulations
	<i>(in thousand Baht)</i>					Total
Beginning balance	990,616	1,233,643	186,565	60,815	324,368	3,145,886
Bad debt and doubtful accounts	12,016	113,633	(58,184)	58,329	(112,552)	1,319,531
Bad debt written off	-	-	-	-	103,083	-
Ending balance	<u>1,002,632</u>	<u>1,347,276</u>	<u>128,381</u>	<u>119,144</u>	<u>314,899</u>	<u>4,465,417</u>
						<u>7,377,749</u>
Consolidated 2016						
	Pass	Special mention	Sub - standard	Doubtful	Doubtful of loss	Allowance established in excess of BOT regulations
	<i>(in thousand Baht)</i>					Total
Beginning balance	603,517	19,493	334,255	128,053	332,373	2,679,671
Bad debt and doubtful accounts	387,099	1,214,150	(147,690)	(67,238)	308,455	466,215
Bad debt written off	-	-	-	-	(316,460)	-
Ending balance	<u>990,616</u>	<u>1,233,643</u>	<u>186,565</u>	<u>60,815</u>	<u>324,368</u>	<u>3,145,886</u>
						<u>5,941,893</u>

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The Bank 2017							
	Pass	Special mention	Sub - standard	Doubtful	Doubtful of loss	Allowance established in excess of BOT regulations	Total
	(in thousand Baht)						
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	<u>565,442</u>	<u>13,917</u>	<u>5,351</u>	<u>69,999</u>	<u>314,899</u>	<u>3,330,826</u>	<u>4,300,434</u>

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

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	<u>23,505</u>	<u>13,769</u>	<u>11,185</u>	<u>13,769</u>

18 Properties foreclosed, net

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

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

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The details of properties foreclosed are as follows:

Consolidated 2017					Portion subject to disposal restrictions, buyback rights or first refusal rights
Type of properties foreclosed	Beginning balance	Additions	Disposals <i>(in thousand Baht)</i>	Ending balance	
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
Less allowance for impairment	(218,241)	(92,404)	118,274	(192,371)	(16,619)
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 (in thousand Baht)	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
Less allowance for impairment	(246,117)	(193,649)	221,525	(218,241)	(16,619)
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
<i>Less allowance for impairment</i>	<i>(196,946)</i>	<i>(21,326)</i>	<i>33,696</i>	<i>(184,576)</i>	<i>(16,619)</i>
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
<i>Less allowance for impairment</i>	<i>(196,559)</i>	<i>(2,207)</i>	<i>1,820</i>	<i>(196,946)</i>	<i>(16,619)</i>
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

	Land	Buildings	Consolidated Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
<i>Cost</i>					
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	8,500	5,597	97,904	12,989	124,990
At 31 December 2016 and 1 January 2017	8,500	5,394	122,338	7,308	143,540
At 31 December 2017	8,500	5,191	112,800	21,179	147,670

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

	At 1 January 2017	Consolidated (Charged) / Credited to:		At 31 December 2017
		Profit or loss (Note 44) (in thousand Baht)	Other comprehensive income	
<i>Deferred tax assets</i>				
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
<i>Deferred tax liabilities</i>				
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

	At 1 January 2016	Consolidated (Charged) / Credited to:		At 31 December 2016
		Profit or loss (Note 44) (in thousand Baht)	Other comprehensive income	
<i>Deferred tax assets</i>				
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
<i>Deferred tax liabilities</i>				
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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	At 1 January 2017	The Bank (Charged) / Credited to:		At 31 December 2017
		Profit or loss (Note 44) (in thousand Baht)	Other comprehensive income	
<i>Deferred tax assets</i>				
Investments	11,802	-	(11,802)	-
Loans to customers and accrued interest receivables	19,324	(2,458)	-	16,866
Allowance for doubtful accounts	381,200	65,000	-	446,200
Properties foreclosed	39,389	(2,474)	-	36,915
Other assets	692	(85)	-	607
Provisions	30,105	5,681	-	35,786
Other liabilities	484	360	-	844
Total	482,996	66,024	(11,802)	537,218
<i>Deferred tax liabilities</i>				
Investments	(107,716)	-	15,022	(92,694)
Total	(107,716)	-	15,022	(92,694)
Net	375,280	66,024	3,220	444,524

	At 1 January 2016	The Bank (Charged) / Credited to:		At 31 December 2016
		Profit or loss (Note 44) (in thousand Baht)	Other comprehensive income	
<i>Deferred tax assets</i>				
Investments	8,198	-	3,604	11,802
Loans to customers and accrued interest receivables	22,949	(3,625)	-	19,324
Allowance for doubtful accounts	270,800	110,400	-	381,200
Properties foreclosed	39,312	77	-	39,389
Other assets	666	26	-	692
Provisions	33,423	(1,910)	(1,408)	30,105
Other liabilities	681	(197)	-	484
Total	376,029	104,771	2,196	482,996
<i>Deferred tax liabilities</i>				
Investments	(46,831)	-	(60,885)	(107,716)
Total	(46,831)	-	(60,885)	(107,716)
Net	329,198	104,771	(58,689)	375,280

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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>			
				Total
Pass	137,637 ⁽¹⁾	-	-	137,637
Special Mention	5,941	-	-	5,941
Substandard	594	-	-	594
Doubtful	565	-	-	565
Doubtful of Loss	781	9	192	1,451
Total	145,518	9	192	146,188

⁽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>			
				Total
Pass	133,735 ⁽¹⁾	-	-	133,735
Special Mention	4,323	-	-	4,323
Substandard	532	-	-	532
Doubtful	580	-	-	580
Doubtful of Loss	895	9	218	1,553
Total	140,065	9	218	140,723

⁽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	Other assets
	<i>(in million Baht)</i>			
				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	978
Total	111,590	9	185	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	Other assets
	<i>(in million Baht)</i>			
				Total
Pass	99,835 ⁽¹⁾	-	-	99,835
Special Mention	612	-	-	612
Substandard	18	-	-	18
Doubtful	417	-	-	417
Doubtful of Loss	895	9	197	1,104
Total	101,777	9	197	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 (in thousand Baht)	Domestic	2016 Foreign	Total
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 (in thousand Baht)	Domestic	2016 Foreign	Total
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 (in thousand Baht)	Demand	2016 Time	Total
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:				
<i>Post-employment benefits</i>				
Defined benefit plan	<u>215</u>	<u>180</u>	<u>184</u>	<u>156</u>

	Consolidated		The Bank	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Statement of profit or loss and other comprehensive income:				
Recognised in profit or loss:				
<i>Post-employment benefits</i>				
Defined benefit plan	<u>40</u>	<u>37</u>	<u>32</u>	<u>28</u>

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:

<i>Year ended 31 December</i>	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>					
At 1 January					
- 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)
At 31 December					
- ordinary shares	8.92	2,256,510	20,128,071	2,256,510	20,128,071
- preference shares	8.92	451	4,023	451	4,023
<i>Issued and paid-up</i>					
At 1 January					
- 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
At 31 December					
- ordinary shares	8.92	2,256,510	20,128,071	2,256,510	20,128,071
- preference shares	8.92	451	4,023	451	4,023

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	<u>370,780</u>	<u>383,659</u>

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	<u>41,742</u>	<u>42,234</u>	<u>48,435</u>	<u>55,134</u>

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
<i>Derivative liabilities (fair value)</i>				
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
<i>Debt issued and borrowings</i>				
Skysea Malta Capital Company Limited	-	5,061	-	-
<i>Deposits</i>				
ICBC (Thai) Leasing Company Limited	-	-	1	1
Related persons	141	146	141	146
<i>Accrued interest payables</i>				
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
<i>Other liabilities</i>				
ICBC (Thai) Leasing Company Limited	-	-	3	8
<i>Off-financial reporting items</i>				
<i>Other guarantees</i>				
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	-
<i>Guarantee on loans</i>				
ICBC (Thai) Leasing Company Limited	-	-	6,663	12,900
<i>Forward exchange contracts-bought (notional amounts)</i>				
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
<i>Forward exchange contracts-sold (notional amounts)</i>				
Finansia Syrus Securities Public Company Limited	131	566	131	566
<i>Interest rate swap contracts (notional amounts)</i>				
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
	<i>(in million Baht)</i>			
For the year ended 31 December 2017				
Net interest income	3,035	1,415	4,450	14
Net fees and service income and other income, net	690	218	908	(14)
Share of profit of investments in an associate	37	-	37	-
Other operating income	139	410	549	(18)
Other operating expenses	(1,443)	(673)	(2,116)	7
Profit before bad debt, doubtful accounts and impairment losses	2,458	1,370	3,828	(11)
Bad debt, doubtful accounts and impairment losses	(661)	(1,099)	(1,760)	-
Profit from operation before income tax expense	1,797	271	2,068	(11)
Income tax expenses	(367)	123	(244)	(2)
Profit for the year	1,430	394	1,824	(13)

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	Consolidated				
	Banking business	Hire purchase, finance lease and factoring business	Total (in million Baht)	Elimination entries	Total
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 (in million Baht)	Elimination entries	Total
<i>For the year ended 31 December 2016</i>					
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

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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>			
<i>Fees and service income</i>				
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>			
<i>Gain on trading and foreign exchange transactions</i>				
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)

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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)	-
		<u>365,672</u>	<u>527,337</u>	<u>432,921</u>	<u>461,670</u>
Deferred tax expense					
Movements in temporary differences	21	(119,560)	(161,262)	(66,024)	(104,771)
		<u>(119,560)</u>	<u>(161,262)</u>	<u>(66,024)</u>	<u>(104,771)</u>
Total income tax expense		<u>246,112</u>	<u>366,075</u>	<u>366,897</u>	<u>356,899</u>

Income tax recognised in other comprehensive income

		Consolidated			2016	
		2017		2016	2016	
		Before tax	Tax income	Net of 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			2016	
		2017		2016	2016	
		Before tax	Tax income	Net of 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

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.