

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

Financial statements for the year ended
31 December 2019
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 only financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiaries (the "Group"); and of Industrial and Commercial Bank of China (Thai) Public Company Limited (the "Bank"), respectively, which comprise the consolidated and the Bank only statements of financial position as at 31 December 2019, the consolidated and the Bank only 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 only financial statements present fairly, in all material respects, the financial position of the Group and of the Bank, respectively, as at 31 December 2019 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 only Financial Statements* section of my report. I am independent of the Group and the Bank in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and the Bank only financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

A.



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 only 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 only 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 only 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 only financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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

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

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

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

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

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

A.



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

(Aorapin Sinthawornkul)
Certified Public Accountant
Registration No. 9441

KPMG Phoomchai Audit Ltd.
Bangkok
20 March 2020

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

Statement of financial position

Assets	Note	Consolidated		Bank only	
		31 December		31 December	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Cash		458,708	440,283	458,032	439,540
Interbank and money market items, net	7, 33	26,284,903	11,712,578	26,097,979	11,403,230
Derivative assets	8, 33	230,149	284,525	230,149	284,525
Investments, net	9	72,119,464	74,178,297	72,119,464	74,178,297
Investments in subsidiaries and an associate, net	10, 11, 33	-	568,548	4,250,000	4,554,874
Loans to customers and accrued interest receivables, net	12, 33				
Loans to customers		162,092,832	151,470,612	113,519,146	110,470,257
Accrued interest receivables		338,097	285,218	338,955	287,615
Total loans to customers and accrued interest receivables		162,430,929	151,755,830	113,858,101	110,757,872
Less deferred revenue		(6,279,223)	(5,416,120)	(4,541)	(33,355)
Less allowance for doubtful accounts	12.4, 15	(7,067,111)	(8,060,704)	(3,268,291)	(4,126,331)
Less revaluation allowance for debt restructuring	16	(18)	(24,526)	(18)	(4,165)
Total loans to customers and accrued interest receivables, net		149,084,577	138,254,480	110,585,251	106,594,021
Properties foreclosed, net	17	266,208	681,810	233,712	669,048
Premises and equipment, net	18	171,760	150,757	131,849	139,211
Intangible assets, net	19	33,072	36,261	22,809	26,702
Leasehold right, net		111,818	122,463	111,818	122,463
Deferred tax assets, net	20	1,158,943	1,077,364	436,735	492,528
Accrued income, net		614,798	635,970	564,173	605,842
Receivables on credit support for derivative contracts		387,600	616	387,600	616
Other receivables, net		766,726	639,790	138,368	160,879
Other assets, net	21	42,342	42,500	28,598	30,646
Total assets		251,731,068	228,826,242	215,796,537	199,702,422

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

Liabilities and equity	Note	Consolidated		Bank only	
		31 December		31 December	
		2019	2018	2019	2018
<i>(in thousand Baht)</i>					
Liabilities					
Deposits	23, 33	129,820,245	102,139,499	129,823,082	102,142,131
Interbank and money market items	24, 33	48,767,850	61,542,069	47,767,850	61,542,069
Liabilities payable on demand		35,101	119,157	35,101	119,157
Derivative liabilities	8, 33	458,904	312,553	458,904	312,553
Debt issued and borrowings	25	37,247,949	32,036,912	4,987,272	4,985,815
Provisions for employee benefit	26	302,588	235,866	249,380	197,058
Other provisions		115	115	-	-
Accrued interest payables	33	1,078,337	982,464	1,002,128	900,913
Payable on credit support for derivative contracts		-	1,623	-	1,623
Other liabilities	27, 33	2,019,801	1,782,773	1,359,985	1,138,598
Total liabilities		219,730,890	199,153,031	185,683,702	171,339,917
Equity					
Share capital	28				
Authorised share capital					
451,081 non-cumulative preference shares of Baht 8.92 each		4,024	4,024	4,024	4,024
2,256,510,117 ordinary shares of Baht 8.92 each		20,128,070	20,128,070	20,128,070	20,128,070
Issued and paid-up share capital					
451,081 non-cumulative preference shares of Baht 8.92 each		4,024	4,024	4,024	4,024
2,256,510,117 ordinary shares of Baht 8.92 each		20,128,070	20,128,070	20,128,070	20,128,070
Treasury shares	29	(50,494)	-	(50,494)	-
Difference arising from business combination under common control		(24,849)	(24,849)	-	-
Other components of equity	31	335,264	104,498	335,311	105,580
Retained earnings					
Appropriated					
Legal reserve	30	1,600,000	1,100,000	1,600,000	1,100,000
Unappropriated		10,008,163	8,361,468	8,095,924	7,024,831
Equity attributable to the Bank's shareholders		32,000,178	29,673,211	30,112,835	28,362,505
Non-controlling interests		-	-	-	-
Total equity		32,000,178	29,673,211	30,112,835	28,362,505
Total liabilities and equity		251,731,068	228,826,242	215,796,537	199,702,422

(Mr. Shiqiang Lin)
Director



(Mr. Zhisheng Xu)
Director

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

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

Statement of profit or loss and other comprehensive income

		Consolidated		Bank only	
		Year ended 31 December		Year ended 31 December	
	Note	2019	2018	2019	2018
		(in thousand Baht)			
Interest income	33, 37	8,944,550	8,405,151	6,839,135	6,402,392
Interest expense	33, 38	4,542,005	4,159,154	3,851,883	3,476,659
Net interest income		4,402,545	4,245,997	2,987,252	2,925,733
Fees and service income	33, 39	1,016,819	849,048	563,331	538,275
Fees and service expense	33, 39	116,818	120,108	113,417	115,753
Net fees and service income		900,001	728,940	449,914	422,522
Net trading income	40	131,623	118,116	131,630	117,407
Net (losses) gains on investments	41	(299,408)	164,694	(48,178)	164,694
Share of losses from investment in an associate	11	(7,710)	(1,644)	-	-
Gains on disposals of equipment, properties foreclosed and other assets		26,858	24,916	20,172	18,751
Bad debts recovered		272,931	319,646	15,550	14,614
Dividend income	33	5,445	9,969	13,220	17,743
(Losses) gains on disposals of non-performing loans		(4,082)	118,225	(4,082)	118,225
Other operating income	33	69,091	81,261	6,575	5,051
Total operating income		5,497,294	5,810,120	3,572,053	3,804,740
Other operating expenses					
Employee expenses	33	1,464,371	1,372,651	1,065,508	1,022,669
Directors' remuneration	33, 42	18,621	18,256	18,621	18,256
Premises and equipment expenses		213,496	217,668	149,244	157,785
Taxes and duties		216,936	202,965	191,417	183,929
Amortisation expense on intangible assets		7,890	7,091	5,129	5,095
Losses on properties foreclosed and other assets		512,393	60,575	411,662	16,698
Others		335,557	311,382	185,871	150,627
Total other operating expenses		2,769,264	2,190,588	2,027,452	1,555,059
Bad debts, doubtful accounts and impairment losses	43	108,406	1,349,688	(438,760)	325,241
Profit from operations before income tax		2,619,624	2,269,844	1,983,361	1,924,440
Income tax	44	474,631	357,745	418,912	407,896
Profit for the year		2,144,993	1,912,099	1,564,449	1,516,544

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		Bank only	
		Year ended 31 December		Year ended 31 December	
	Note	2019	2018	2019	2018
<i>(in thousand Baht)</i>					
Other comprehensive income					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Share of other comprehensive income (expenses) from investment in an associate		1,538	(1,320)	-	-
Gains on remeasurement of defined benefit plans		398	5,200	8,305	7,150
Income tax relating to items that will not be reclassified subsequently to profit or loss	44	(234)	(908)	(1,661)	(1,430)
Total items that will not be reclassified subsequently to profit or loss		1,702	2,972	6,644	5,720
<i>Items that will be reclassified subsequently to profit or loss</i>					
Share of other comprehensive income (expenses) from investment in an associate		1,504	(60)	-	-
Net change in fair value of available-for-sale investments	9.3	287,164	(331,500)	287,164	(331,500)
Exchange differences on translating foreign operations		(318)	294	-	-
Income tax relating to items that will be reclassified subsequently to profit or loss	44	(57,584)	66,306	(57,433)	66,300
Total items that will not be reclassified subsequently to profit or loss		230,766	(264,960)	229,731	(265,200)
Other comprehensive income (expenses) for the year, net of income tax		232,468	(261,988)	236,375	(259,480)
Total comprehensive income for the year		2,377,461	1,650,111	1,800,824	1,257,064
Basic earnings per share (Baht)					
Basic earnings per share	45	0.95	0.85	0.69	0.67



(Mr. Shiqiang Lin)
Director





(Mr. Zhisheng Xu)
Director

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

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

Consolidated																
	Note	Issued and paid-up share capital		Treasury shares		Other components of equity					Retained earnings		Total equity attributable to the Bank's shareholders	Non - controlling interest	Total equity	
		Preference shares	Ordinary shares	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 (expenses) from investments in an associate	Total components of equity	Legal reserve	Unappropriated				
																(in thousand Baht)
Year ended 31 December 2018																
Balance at 1 January 2018																
Comprehensive income for the year																
Profit for the year																
Other comprehensive income (expenses), net of income tax																
Total comprehensive income for the year																
Transfer to legal reserve																
Balance at 31 December 2018																
Year ended 31 December 2019																
Balance at 1 January 2019																
Transactions with owners, recorded directly in equity																
Distributions to owners																
Treasury shares purchased																
Total distributions to owners																
Comprehensive income for the year																
Profit for the year																
Other comprehensive income (expenses), net of income tax																
Total comprehensive income for the year																
Transfer to legal reserve																
Balance at 31 December 2019																

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

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

	Note	Bank only							Total equity	
		Issued and paid-up share capital		Treasury shares		Other components of equity				
		Preference shares	Ordinary shares	Preference shares	Ordinary shares	Fair value changes in available-for-sale investments	Legal reserve	Unappropriated		
(in thousand Baht)										
Year ended 31 December 2018										
Balance at 1 January 2018		4,024	20,128,070	-	-	-	370,780	600,000	6,002,567	27,105,441
Comprehensive income for the year										
Profit for the year		-	-	-	-	-	-	-	1,516,544	1,516,544
Other comprehensive income (expenses), net of income tax	44	-	-	-	-	-	(265,200)	-	5,720	(259,480)
Total comprehensive income for the year		-	-	-	-	-	(265,200)	-	1,522,264	1,257,064
Transfer to legal reserve		-	-	-	-	-	-	500,000	(500,000)	-
Balance at 31 December 2018		4,024	20,128,070	-	-	-	105,580	1,100,000	7,024,831	28,362,505
Year ended 31 December 2019										
Balance at 1 January 2019		4,024	20,128,070	-	-	-	105,580	1,100,000	7,024,831	28,362,505
Transactions with owners, recorded directly in equity										
Distributions to owners										
Treasury shares purchased	29	-	-	(156)	(50,338)	-	-	-	-	(50,494)
Total distributions to owners		-	-	(156)	(50,338)	-	-	-	-	(50,494)
Comprehensive income for the year										
Profit for the year		-	-	-	-	-	-	-	1,564,449	1,564,449
Other comprehensive income (expenses), net of income tax	31, 44	-	-	-	-	-	229,731	-	6,644	236,375
Total comprehensive income for the year		-	-	-	-	-	229,731	-	1,571,093	1,800,824
Transfer to legal reserve		-	-	-	-	-	-	500,000	(500,000)	-
Balance at 31 December 2019		4,024	20,128,070	(156)	(50,338)	-	335,311	1,600,000	8,095,924	30,112,835

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

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

Statement of cash flows

	Consolidated		Bank only	
	Year ended 31 December		Year ended 31 December	
	2019	2018	2019	2018
	(in thousand Baht)			
<i>Cash flows from operating activities</i>				
Profit from operations before income tax	2,619,624	2,269,844	1,983,361	1,924,440
<i>Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities</i>				
Depreciation and amortisation	56,828	57,408	50,376	51,444
Bad debts, doubtful accounts and impairment losses	108,406	1,349,688	(438,760)	325,241
Losses of write-off of fixed assets	-	4,972	-	4,972
Gains on disposals of properties foreclosed	(23,787)	(19,653)	(17,415)	(13,401)
Losses on properties foreclosed	512,393	55,604	411,662	11,726
Losses (gains) on investments	299,408	(164,694)	48,178	(164,694)
Losses (gains) on disposal of non-performing loans	4,082	(118,225)	4,082	(118,225)
Proceeds from disposal of non-performing loans	237,343	475,456	237,343	475,456
Gains on sales of equipment	(3,071)	(5,263)	(2,757)	(5,349)
Net trading income	(131,623)	(118,116)	(131,630)	(117,407)
Provisions for employee benefit	67,121	25,424	60,628	19,937
Provisions for other liabilities	-	(1,700)	-	(1,700)
Share of losses of investments in an associate	7,710	1,644	-	-
Net interest income	(4,402,545)	(4,245,997)	(2,987,252)	(2,925,733)
Dividend income	(5,445)	(9,969)	(13,220)	(17,743)
Proceeds from interest	6,783,158	6,514,919	4,687,686	4,516,433
Interest paid	(3,578,874)	(3,044,115)	(3,573,958)	(3,041,599)
Proceeds from dividend	5,445	9,969	5,445	9,969
Income tax paid	(510,312)	(473,155)	(377,649)	(425,709)
Profit (loss) from operations before changes in operating assets and liabilities	2,045,861	2,564,041	(53,880)	508,058
<i>Decrease (increase) in operating assets</i>				
Interbank and money market items	(14,585,596)	(3,235,658)	(14,708,021)	(3,107,201)
Derivative assets	445,605	480,317	445,605	479,607
Loans to customers	(11,100,428)	(7,775,782)	(3,715,933)	(5,929,076)
Properties foreclosed	(71,329)	(22,024)	42,763	9,475
Receivables on credit support for derivative contracts	(386,984)	(4)	(386,984)	(4)
Fee receivable	(20,497)	(11,932)	-	-
Other receivables	(126,936)	(112,969)	22,511	10,750
Other assets	(8,428)	1,869	(605)	2,961

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

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

Statement of cash flows

	Consolidated		Bank only	
	Year ended 31 December		Year ended 31 December	
	2019	2018	2019	2018
	(in thousand Baht)			
<i>Increase (decrease) in operating liabilities</i>				
Deposits	27,680,746	1,790,458	27,680,951	1,792,614
Interbank and money market items	(12,774,219)	11,603,948	(13,774,219)	11,603,948
Liabilities payable on demand	(84,056)	43,293	(84,056)	43,293
Derivative liabilities	(113,256)	(170,376)	(113,248)	(170,376)
Accrued expense	81,204	9,717	69,072	7,808
Payable on credit support for derivative contracts	(1,623)	(128,778)	(1,623)	(128,778)
Other liabilities	64,742	70,831	108,440	131,771
Net cash (used in) from operating activities	(8,955,194)	5,106,951	(4,469,227)	5,254,850
<i>Cash flows from investing activities</i>				
Interest received	2,238,098	1,661,864	2,238,098	1,661,864
Dividend received	166,372	7,775	166,372	7,775
Decrease (increase) in long-term investments	2,335,478	(11,550,262)	2,335,478	(11,550,262)
Proceeds from asset disposal	3,076	6,123	2,757	5,732
Purchases of equipment	(56,969)	(43,098)	(28,001)	(42,466)
Purchases of intangible assets	(4,701)	(4,394)	(1,236)	(130)
Net cash from (used in) investing activities	4,681,354	(9,921,992)	4,713,468	(9,917,487)
<i>Cash flows from financing activities</i>				
Treasury share payment	(50,494)	-	(50,494)	-
Proceeds from debt issued and borrowings	40,514,270	41,536,667	-	5,000,000
Repayment of debt issued and borrowings	(35,303,233)	(35,819,957)	-	(130,185)
Interest paid from debt issued and borrowings	(867,259)	(826,389)	(175,255)	(133,627)
Finance lease payments	(701)	(2,108)	-	-
Net cash from (used in) financing activities	4,292,583	4,888,213	(225,749)	4,736,188
Exchange differences on translating of foreign operations	(318)	294	-	-
Net increase in cash	18,425	73,466	18,492	73,551
Cash at 1 January	440,283	366,817	439,540	365,989
Cash at 31 December	458,708	440,283	458,032	439,540

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

Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2019

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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 20 March 2020.

1 General information

Industrial and Commercial Bank of China (Thai) Public Company Limited, (the “Bank”), is incorporated in Thailand and has its registered office at No. 622, Sukhumvit Road, Klongton Sub-district, Klongtoey District, Bangkok.

The parent company during the financial year was Industrial and Commercial Bank of China Limited (97.86% shareholding), which is incorporated in the People’s Republic of China.

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

Details of the Bank’s subsidiaries as at 31 December 2019 and 2018 are given in notes 10 and 33.

2 Basis of preparation of the financial statements

(a) Statement of compliance

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

New and revised TFRSs are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRSs has resulted in changes in certain of the Bank and its subsidiaries’ accounting policies. There is no material impact on the Bank and its subsidiaries’ financial statements. The Bank and its subsidiaries have initially applied TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”) which replaces TAS 18 *Revenue* (“TAS 18”), and related interpretations.

The Bank and its subsidiaries have assessed the impact of initial adoption of TFRS 15 using the cumulative effect method, taking into account the effect of initially applying this standard only to contracts that were not completed before 1 January 2019. The impact on retained earnings as at 1 January 2019 was not material. Therefore, the Bank and its subsidiaries have not adjusted the retained earnings as at 1 January 2019 and not restated the information presented for 2018, as previously reported under TAS 18 and related interpretations. The disclosure requirements of TFRS 15 have not generally been applied to comparative information.

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In addition, the Bank and its subsidiaries have not early adopted a number of new TFRSs which are not yet effective for current period in preparing these financial statements. Those new TFRSs that are relevant to the Bank and its subsidiaries' operations are disclosed in note 47.

(b) *Functional and presentation currency*

The financial statements are prepared and presented in Thai Baht, which is the Bank's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(c) *Use of judgments and estimates*

The preparation of financial statements in conformity with TFRSs requires management to make judgments, estimates and assumptions that affect the application of the Bank and its subsidiaries accounting policies. 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 at 31 December 2019 that have a significant risk of resulting in a material adjustments to the carrying amount of assets and liabilities the next financial year is included in the following notes:

Note 5	Fair value of financial assets and liabilities
Note 8	Derivatives
Note 15	Allowance for doubtful accounts

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 "Group") and its interests in an associate.

Business combinations under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognises assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or discount from business combinations under common control in shareholders' equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

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The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

Subsidiaries

Subsidiaries are entities controlled by the Bank. The Bank controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

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

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

Loss of control

When the Bank loses control over 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.

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(b) Income

Interest and discounts on loans

Interest on loans is recognised as revenue on an accrual basis over the term of the loans based on the amount of principal outstanding. For loans on which principal and/or interest payments have been defaulted for more than three months from the due date, the Bank and its subsidiaries cease accrual of interest income and reverse the interest previously accrued as revenue from its accounts. Interest is then recognised as revenue on a cash basis until settlement of such overdue balance has been received from the debtors.

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

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

Income from factoring

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

Hire purchase and finance lease income

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

Investment income

Investment income comprises dividend and interest income from investments and bank deposits. Dividend income is recognised in profit or loss on the date the Bank and its subsidiaries' right to receive payments is established. Interest income is recognised in profit or loss as it accrues.

Gains (losses) on investments

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

Gains (losses) on derivatives trading

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

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Fees and service income

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

(c) Expenses

Interest expenses

Interest expenses are recognised as expense on an accrual basis.

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

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

Other expenses

Other expenses are recognised on an accrual basis.

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

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

Differences between the purchase and sale considerations are recognised as interest income or expenses over the transaction periods.

(e) Derivatives

The Bank has entered into transactions involving derivatives in order to respond to clients’ needs and to manage its own foreign exchange and interest rate risks. Derivative contracts are measured according to the purpose of entering into those transactions as follows:

Trading Book

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

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

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Banking Book

As at the end of the reporting period, the Bank recognises foreign exchange contracts, interest rate swap contracts and cross currency and interest rate swap contracts on an accrual basis as follows:

- (a) The currency exchange components are translated at the exchange rates ruling as at the end of the reporting period. Unrealised gains or losses on translation are recognised as income or expense in profit or loss. Forward points are amortised on a straight-line basis over the contract periods and recognised as income or expense in profit or loss.
- (b) Interest rate swap components are recognised on an accrual basis, in the same manner as the hedged assets or liabilities. Interest income or interest expense is recognised over the term of the contract periods as income or expense in profit or loss.

(f) Cash

Cash comprises of cash on hand and cash on collection.

(g) Investments

Investments in an associate and subsidiaries

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

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

Investments in other debt and equity securities

Debt securities that the Bank and its subsidiaries have the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

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

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

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Recognition

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

Disposal of investments

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

If the Bank and its subsidiaries dispose of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

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

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

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

(h) *Loans to customers*

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

Hire purchase receivables and finance lease receivables

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

Factoring receivables

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

(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.

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The subsidiaries provide an allowance for doubtful accounts is computed by using collective approach basis based on historical loss for receivables that are classified as Pass, Special mention and Non-performing loans to customers which are classified as Sub-standard, Doubtful and Doubtful of loss. Such rates are determined taking into considerations the probability of the loans becoming Non-performing loans and the loss rates if those loans are not recovered in full.

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

In addition, the Bank has a loan loss provisioning policy whereby it provides additional allowance for certain exposures of the Bank that are classified as "Pass" and "Special Mention", at rates higher than the minimum rates specified by BoT. Such rates are determined by taking into consideration of the probability of the loans becoming Non-performing loans and the loss rates if those loans are not recovered in full, adjusted by an additional amount of allowance and considered on a case by case basis from the analysis of the situation of debtor, repayment record of debt, collection experience from the debtor, value of collateral and economic environment.

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

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

(j) *Troubled debt restructuring*

In cases where the troubled debt restructuring involves debt/asset swaps and/or debt/equity swaps, the Bank and its subsidiaries record assets and/or equity received in settlement of debts at their fair value less estimated selling expenses (if any), provided that it does not exceed the book value of outstanding principal and accrued interest receivables. Losses arising from the excess of the carrying value over the fair value of those assets and equity transferred are recognised as an expense in profit or loss, taking into account existing allowance for doubtful accounts.

In cases where the troubled debt restructuring involves modification of the repayment conditions, the Bank and its subsidiaries record losses arising from the revaluation of the fair value of debts after restructuring, determined by the present value of expected cash flows to be received in accordance with new restructuring agreements, discounted by the Bank and its subsidiaries' minimum interest rates on loans to large customers and by the original effective rate of subsidiaries. The lower of the then-determined present value and the carrying value is accounted for as allowance for revaluation on debt restructuring and recognised as an expense in profit or loss in the period in which the debt is restructured. Such allowance is amortised and recognised as revenue in profit or loss over the remaining periods of the restructuring periods or is reviewed by revaluing the net present value of expected cash flows to be received over the remaining periods.

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

(k) *Properties foreclosed*

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

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

The management uses the BoT's regulation and judgment to estimate impairment losses, taking into consideration the latest appraisal values, types and characteristics of assets, the period of time for which to be recouped from disposals and changes in the economic conditions.

(l) Premises and equipment

Recognition and measurement

Owned assets

Land is stated at cost. Premises and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of premises and equipment have different useful lives, they are accounted for as separate items (major components) of premises and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Leased assets

Leased assets in terms of which the Bank and its subsidiaries substantially assume all the risk and rewards of ownership are classified as finance lease. Premises and equipment acquired by way of finance lease is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

The cost of replacing a part of an item of premises and equipment is recognised at carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its subsidiaries, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The cost of the day-to-day servicing of premises and equipment is recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged as an expense to profit or loss, using a straight-line basis over the estimated useful lives of each component of an item of assets (except for the depreciation of motor vehicles of subsidiaries, which is calculated by reference to their cost, after deducting residual values, on the sum-of-the-years digits method). The estimated useful lives are as follows:

Buildings	34 years
Furniture, fixtures and office equipment	3 - 5 and 10 years
Motor vehicles	5 and 8 years

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No depreciation is provided on freehold land.

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

Disposal

The Bank and its subsidiaries derecognised an item of premises and equipment upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of an item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of premises and equipment, and are recognised in profit or loss from operations when the Bank and its subsidiaries derecognised that assets.

(m) Intangible assets

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

Subsequent expenditure

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

Amortisation

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

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".

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(p) Impairment

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

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

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

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

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.

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(r) Employee benefits

Post-employment benefits

The Bank and its subsidiaries operate a number of post-employment benefits including both defined contribution plans and defined benefit plans.

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Bank and its subsidiaries treat the severance payments to employees upon retirement under labour law as post-employment retirement benefit plan.

The Bank and its subsidiaries' net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation is performed by a qualified actuary using the projected unit credit method. The determination is made involving various assumptions, including discount rate, future salary increase rate, staff turnover rate and mortality rate.

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.

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(t) *Measurement of fair values*

The Bank and its subsidiaries have an established control framework with respect to the measurement of fair values. This includes Portfolio Risk Management Department that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the management of Finance and Strategy Division and Risk Management Division.

The Portfolio Risk Management Department regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes, is used to measure fair values, then the Portfolio Risk Management Department assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRSs, including the level in the fair value hierarchy in which the valuations should be classified.

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

When measuring the fair value of an asset or a liability, the Bank and its subsidiaries use observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices 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 or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

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 5 - Fair value of financial assets and liabilities

(u) *Foreign currencies*

Foreign currency transactions

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

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

Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of available-for-sale investments are recognised in other comprehensive income (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

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.

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(v) 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.

(w) 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 year 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, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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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(x) *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.

(y) *Earnings per share*

Basic earnings per share (EPS) is calculated by dividing the profit attributable to ordinary shareholders and preference shareholders which are equivalent the ordinary shareholders the Bank by the weighted average number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding during the year, adjusted for own shares held.

(z) *Related parties*

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group and the Bank; a person or entity that are under common control or under the same significant influence as the Group and the Bank; or the Group and the Bank have direct or indirect control or joint control or have significant influence over the financial and managerial decision-making of a person or entity.

(aa) *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.

(bb) *Offsetting*

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

(cc) *Treasury shares*

When share capital recognised as equity is repurchased, the amount of consideration paid, including directly attributable costs, is classified as treasury shares and recognised as a deduction from equity.

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4 Financial risk management

Financial risk management policies

The Executive Committee has established a risk management framework covering the Bank and its subsidiaries to ensure risks are effectively managed on an ongoing basis. The Executive Committee has set up a Risk Management Committee governing the Bank and its subsidiaries which reports regularly to the Executive Committee on their activities.

(a) Credit risk

Credit risk is the risk that a party to a financial agreement fails to honour an obligation and consequently causes the Bank and its subsidiaries to incur a financial loss. The Bank and its subsidiaries have disclosed significant concentrations of credit risk in Note 12.3 to the financial statements. The maximum amount of credit risk exposure is the carrying amount of the financial assets less provision for losses as stated in the statements of financial position. The risk from off-financial position items is presented in Note 32.1 to the financial statements.

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

(b) Interest rate risk

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

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

As at 31 December 2019 and 2018, significant financial assets and liabilities classified by types of interest rates are as follows:

	Consolidated 2019			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
Financial assets				
Cash	-	-	459	459
Interbank and money market items, net	7,655	16,333	2,297	26,285
Investments, net	1,387	70,434	298	72,119
Loans to customers ⁽¹⁾	74,890	79,960	964	155,814
Total financial assets	83,932	166,727	4,018	254,677
Financial liabilities				
Deposits	15,697	113,546	577	129,820
Interbank and money market items	19,378	28,982	408	48,768
Liabilities payable on demand	-	-	35	35
Debt issued and borrowings	-	37,248	-	37,248
Total financial liabilities	35,075	179,776	1,020	215,871

⁽¹⁾ Net of deferred revenue

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	Consolidated 2018			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
Financial assets				
Cash	-	-	440	440
Interbank and money market items, net	5,274	4,105	2,334	11,713
Investments, net	876	73,098	204	74,178
Loans to customers ⁽¹⁾	73,329	70,911	1,814	146,054
Total financial assets	79,479	148,114	4,792	232,385
Financial liabilities				
Deposits	14,402	87,096	642	102,140
Interbank and money market items	32,688	28,364	490	61,542
Liabilities payable on demand	-	-	119	119
Debt issued and borrowings	-	32,037	-	32,037
Total financial liabilities	47,090	147,497	1,251	195,838

⁽¹⁾ Net of deferred revenue

	Bank only 2019			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
Financial assets				
Cash	-	-	458	458
Interbank and money market items, net	7,595	16,333	2,170	26,098
Investments, net	1,387	70,434	298	72,119
Loans to customers ⁽¹⁾	73,964	39,337	214	113,515
Total financial assets	82,946	126,104	3,140	212,190
Financial liabilities				
Deposits	15,700	113,546	577	129,823
Interbank and money market items	19,378	27,982	408	47,768
Liabilities payable on demand	-	-	35	35
Debt issued and borrowings	-	4,987	-	4,987
Total financial liabilities	35,078	146,515	1,020	182,613

⁽¹⁾ Net of deferred revenue

	Bank only 2018			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
Financial assets				
Cash	-	-	440	440
Interbank and money market items, net	5,214	4,105	2,084	11,403
Investments, net	876	73,098	204	74,178
Loans to customers ⁽¹⁾	72,910	36,676	851	110,437
Total financial assets	79,000	113,879	3,579	196,458

⁽¹⁾ Net of deferred revenue

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	Bank only			Total
	2018	2018	2018	
	Floating interest rate	Fixed interest rate	Non-interest bearing	
	<i>(in million Baht)</i>			
Financial liabilities				
Deposits	14,404	87,096	642	102,142
Interbank and money market items	32,688	28,364	490	61,542
Liabilities payable on demand	-	-	119	119
Debt issued and borrowings	-	4,986	-	4,986
Total financial liabilities	47,092	120,446	1,251	168,789

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 2019							
	At call	Within 3 months	Reprice/maturity Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Non- performing assets	Total
	(in million Baht)							
Financial assets								
Cash	-	-	-	-	-	459	-	459
Interbank and money market items, net	61	23,628	299	-	-	2,297	-	26,285
Investment, net	-	8,673	25,717	34,805	2,626	298	-	72,119
Loans to customers ⁽¹⁾	11	75,664	38,037	36,825	4,269	-	1,008	155,814
Total financial assets	72	107,965	64,053	71,630	6,895	3,054	1,008	254,677
Financial liabilities								
Deposits	22,430	12,523	60,950	33,340	-	577	-	129,820
Interbank and money market items	327	22,688	18,364	6,981	-	408	-	48,768
Liabilities payable on demand	-	-	-	-	-	35	-	35
Debt issued and borrowings	-	4,096	11,373	14,793	6,986	-	-	37,248
Total financial liabilities	22,757	39,307	90,687	55,114	6,986	1,020	-	215,871

⁽¹⁾ Net of deferred revenue

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	Consolidated 2018						Non- performing assets	Total
	At call	Within 3 months	Reprice/maturity Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	Non-interest bearing		
Financial assets								
Cash	-	-	-	-	-	440	-	440
Interbank and money market items, net	63	9,316	-	-	-	2,334	-	11,713
Investment, net	-	10,181	19,310	40,405	4,078	204	-	74,178
Loans to customers ⁽¹⁾	1,992	90,411	14,153	35,253	2,413	-	1,832	146,054
Total financial assets	2,055	109,908	33,463	75,658	6,491	2,978	1,832	232,385
Financial liabilities								
Deposits	17,623	55,576	25,083	3,216	-	642	-	102,140
Interbank and money market items	189	24,220	4,100	32,481	62	490	-	61,542
Liabilities payable on demand	-	-	-	-	-	119	-	119
Debt issued and borrowings	-	4,488	8,348	12,215	6,986	-	-	32,037
Total financial liabilities	17,812	84,284	37,531	47,912	7,048	1,251	-	195,838

⁽¹⁾ Net of deferred revenue

	Bank only 2019						Non- performing assets	Total
	At call	Within 3 months	Reprice/ maturity Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	Non-interest bearing		
Financial assets								
Cash	-	-	-	-	-	458	-	458
Interbank and money market items, net	1	23,628	299	-	-	2,170	-	26,098
Investments, net	-	8,673	25,717	34,805	2,626	298	-	72,119
Loans to customers ⁽¹⁾	450	72,982	30,053	9,071	701	-	258	113,515
Total financial assets	451	105,283	56,069	43,876	3,327	2,926	258	212,190
Financial liabilities								
Deposits	22,433	12,523	60,950	33,340	-	577	-	129,823
Interbank and money market items	327	21,688	18,364	6,981	-	408	-	47,768
Liabilities payable on demand	-	-	-	-	-	35	-	35
Debt issued and borrowings	-	-	-	-	4,987	-	-	4,987
Total financial liabilities	22,760	34,211	79,314	40,321	4,987	1,020	-	182,613

⁽¹⁾ Net of deferred revenue

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	Bank only 2018							
			Reprice/ maturity					
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Non-performing assets	Total
	(in million Baht)							
Financial assets								
Cash	-	-	-	-	-	440	-	440
Interbank and money market items, net	2	9,316	-	-	-	2,085	-	11,403
Investments, net	-	10,181	19,310	40,405	4,078	204	-	74,178
Loans to customers ⁽¹⁾	3,217	87,060	7,452	11,717	122	-	869	110,437
Total financial assets	3,219	106,557	26,762	52,122	4,200	2,729	869	196,458
Financial liabilities								
Deposits	17,625	55,576	25,083	3,216	-	642	-	102,142
Interbank and money market items	189	24,220	4,100	32,481	62	490	-	61,542
Liabilities payable on demand	-	-	-	-	-	119	-	119
Debt issued and borrowings	-	-	-	-	4,986	-	-	4,986
Total financial liabilities	17,814	79,796	29,183	35,697	5,048	1,251	-	168,789

⁽¹⁾ Net of deferred revenue.

The average balances of the significant financial assets and liabilities generating revenues and incurring expenses, calculated based on the average balances outstanding during the years, and the average interest rates for the years ended 31 December 2019 and 2018 can be summarised as follows:

	Consolidated					
	2019			2018		
	Average Balances ⁽¹⁾ (in million Baht)	Interest	Average interest rate (%)	Average Balances ⁽¹⁾ (in million Baht)	Interest	Average interest rate (%)
Financial assets						
Interbank and money market items (Assets)	20,261	470	2.32	11,814	203	1.72
Investments	71,910	2,091	2.91	68,663	1,795	2.61
Loans to customers	157,004	6,378	4.06	147,762	6,407	4.34
Financial liabilities						
Deposits	115,366	1,746 ⁽²⁾	1.51	104,209	1,436 ⁽²⁾	1.38
Interbank and money market items (Liabilities)	56,943	1,395	2.45	53,728	1,394	2.59
Debt issued and borrowings	34,238	862 ⁽³⁾	2.52	30,192	818 ⁽³⁾	2.71

⁽¹⁾ Calculated by average of month end balance

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

⁽³⁾ Including debentures fee expense

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	2019		Bank only		2018	
	Average Balances ⁽¹⁾ (in million Baht)	Interest	Average interest rate (%)	Average Balances ⁽¹⁾ (in million Baht)	Interest	Average interest rate (%)
Financial assets						
Interbank and money market items (Assets)	20,030	470	2.35	11,540	203	1.76
Investments	71,910	2,091	2.91	68,663	1,795	2.61
Loans to customers	112,589	4,273	3.80	107,935	4,404	4.08
Financial liabilities						
Deposits	115,370	1,746 ⁽²⁾	1.51	104,210	1,436 ⁽²⁾	1.38
Interbank and money market items (Liabilities)	56,612	1,390	2.46	53,642	1,391	2.59
Debt issued and borrowings	4,987	177 ⁽³⁾	3.55	3,854	138 ⁽³⁾	3.57

⁽¹⁾ Calculated by average of month end balance

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

⁽³⁾ Including debentures fee expense

(c) Liquidity risk

Liquidity risk is the risk that the Bank will be unable to liquidate its financial assets or procure sufficient funds to discharge its obligations in a timely manner, resulting in the Bank incurring a financial loss.

The Bank has established a liquidity management policy, to ensure that the Bank has sufficient liquidity to meet debt and other obligations when due in normal circumstances, and has liquidity contingency plans in place to handle crisis situations, as well as to ensure that management of liquidity strikes an appropriate balance between costs and benefits. The liquidity management policy is approved by the Group Risk Management Committee under Financial Group, the Executive Committee and the Board of Directors, respectively.

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

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

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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

The Group liquidity management is decentralised, with the subsidiary, ICBC (Thai) Leasing Company Limited independently managing its own cash inflows and outflows. ICBC (Thai) Leasing Company Limited sources funds mainly from issuing debentures 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 subsidiaries and the subsidiaries' liquidity gap is reported to the Asset and Liability Committee on a monthly basis.

The major uses of funds by the Bank are lending to corporate customers and investment in investment grade securities, but the Bank also designates limits to diversify the use of funds, such as limits on individual industries and lending limits for each individual. The Bank's main sources of funds are public deposits and borrowings. The Bank has set guidelines to reduce deposit concentrations, such as limits of the amount deposited per customer and limits of the amount deposited per corporate customer and per state enterprise.

The Bank generates reports and sets limits in liquidity management as follows:

1. Daily and monthly reports of Early Warning Indicator together with trigger points in order to monitor the liquidity risk such as three days consecutive withdrawal, Liquidity Coverage Ratio (LCR), High Quality of Liquid Assets (HQLA) and available of committed facility amount, Loan to Deposit, Credit Rating of the Bank 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.

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According to BoT Notification Number Sor Nor Sor 2/2561, dated 25 January 2018, the Bank is required to disclose Liquidity Coverage Ratio (LCR) in the Bank's website. The Bank will disclose the LCR of the Bank as at 31 December 2019 in the Bank's website, www.icbcthai.com, under Financial Report section, within April 2020.

As at 31 December 2019 and 2018, significant financial assets and liabilities are classified according to their remaining maturity as follows:

	Consolidated 2019						Non-performing assets	Total
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity		
Financial assets								
Cash	-	-	-	-	-	459	-	459
Interbank and money market items, net	2,358	16,485	299	7,143	-	-	-	26,285
Investments, net	-	7,286	25,717	36,192	2,626	298	-	72,119
Loans to customers ⁽¹⁾	36	27,590	26,096	83,753	17,331	-	1,008	155,814
Total financial assets	2,394	51,361	52,112	127,088	19,957	757	1,008	254,677
Financial liabilities								
Deposits	23,007	12,523	60,950	33,340	-	-	-	129,820
Interbank and money market items	736	5,082	16,919	26,031	-	-	-	48,768
Liabilities payable on demand	35	-	-	-	-	-	-	35
Debt issued and borrowings	-	4,096	13,873	12,293	6,986	-	-	37,248
Total financial liabilities	23,778	21,701	91,742	71,664	6,986	-	-	215,871

⁽¹⁾ Net of deferred revenue

	Consolidated 2018						Non-performing assets	Total
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity		
Financial assets								
Cash	-	-	-	-	-	440	-	440
Interbank and money market items, net	2,397	4,432	781	4,103	-	-	-	11,713
Investments, net	-	9,305	19,309	41,282	4,078	204	-	74,178
Loans to customers ⁽¹⁾	1,996	27,677	20,866	78,741	14,942	-	1,832	146,054
Total financial assets	4,393	41,414	40,956	124,126	19,020	644	1,832	232,385
Financial liabilities								
Deposits	18,265	55,576	25,083	3,216	-	-	-	102,140
Interbank and money market items	679	24,220	4,100	32,481	62	-	-	61,542
Liabilities payable on demand	119	-	-	-	-	-	-	119
Debt issued and borrowings	-	4,488	8,348	12,215	6,986	-	-	32,037
Total financial liabilities	19,063	84,284	37,531	47,912	7,048	-	-	195,838

⁽¹⁾ Net of deferred revenue

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	Bank only 2019							
			Maturity					
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Non-performing assets	Total
<i>Financial assets</i>								
Cash	-	-	-	-	-	458	-	458
Interbank and money market items, net	2,171	16,485	299	7,143	-	-	-	26,098
Investments, net	-	7,286	25,717	36,192	2,626	298	-	72,119
Loans to customers ⁽¹⁾	475	24,857	21,496	53,772	12,657	-	258	113,515
Total financial assets	2,646	48,628	47,512	97,107	15,283	756	258	212,190
<i>Financial liabilities</i>								
Deposits	23,010	12,523	60,950	33,340	-	-	-	129,823
Interbank and money market items	736	4,082	16,919	26,031	-	-	-	47,768
Liabilities payable on demand	35	-	-	-	-	-	-	35
Debt issued and borrowings	-	-	-	-	4,987	-	-	4,987
Total financial liabilities	23,781	16,605	77,869	59,371	4,987	-	-	182,613

⁽¹⁾ Net of deferred revenue

	Bank only 2018							
			Maturity					
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Non-performing assets	Total
<i>Financial assets</i>								
Cash	-	-	-	-	-	440	-	440
Interbank and money market items, net	2,087	4,432	781	4,103	-	-	-	11,403
Investments, net	-	9,305	19,309	41,282	4,078	204	-	74,178
Loans to customers ⁽¹⁾	3,221	24,074	17,772	53,473	11,028	-	869	110,437
Total financial assets	5,308	37,811	37,862	98,858	15,106	644	869	196,458
<i>Financial liabilities</i>								
Deposits	18,267	55,576	25,083	3,216	-	-	-	102,142
Interbank and money market items	679	24,220	4,100	32,481	62	-	-	61,542
Liabilities payable on demand	119	-	-	-	-	-	-	119
Debt issued and borrowings	-	-	-	-	4,986	-	-	4,986
Total financial liabilities	19,065	79,796	29,183	35,697	5,048	-	-	168,789

⁽¹⁾ Net of deferred revenue

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(d) Foreign exchange risk

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

The Bank and its subsidiaries' significant foreign currency position as at 31 December 2019 and 2018 can be summarised as follows:

	US dollar	Renminbi	Consolidated 2019 (in million Baht)		Euro	Others	Total
Financial assets							
Cash	-	35	-	-	-	-	35
Interbank and money market items, net	7,293	578	11	69	37	7,988	
Investments, net	23,575	-	-	3,710	-	27,285	
Loans to customers ⁽¹⁾	21,072	1,973	-	5,663	839	29,547	
Total financial assets	51,940	2,586	11	9,442	876	64,855	
Financial liabilities							
Deposits	1,679	1,621	10	87	3	3,400	
Interbank and money market items	25,405	376	1,214	18,196	-	45,191	
Total financial liabilities	27,084	1,997	1,224	18,283	3	48,591	
Avals to bill and guarantee on loan	3	-	-	-	909	912	
Letters of credit	132	-	133	9	-	274	
Other contingencies	3,208	467	-	359	129	4,163	
Derivatives held for risk management	(24,323)	(492)	1,224	8,852	(838)	(15,577)	
Average exchange rate (Baht per 1 foreign currency unit)	30.1540	4.3147	0.2759	33.7311			
⁽¹⁾ Net of deferred revenue							
	US dollar	Renminbi	Consolidated 2018 (in million Baht)		Euro	Others	Total
Financial assets							
Cash	-	11	-	-	-	11	
Interbank and money market items, net	4,301	438	17	43	43	4,842	
Investments, net	27,721	-	-	5,012	-	32,733	
Loans to customers ⁽¹⁾	23,917	2,341	-	6,417	-	32,675	
Total financial assets	55,939	2,790	17	11,472	43	70,261	
Financial liabilities							
Deposits	1,791	1,529	11	37	2	3,370	
Interbank and money market items	30,143	2,689	5,076	12,311	-	50,219	
Total financial liabilities	31,934	4,218	5,087	12,348	2	53,589	
Avals to bill and guarantee on loan	(3)	-	-	-	(907)	(910)	
Letters of credit	(74)	(18)	-	-	-	(92)	
Other contingencies	(579)	(18)	-	(175)	-	(772)	
Derivatives held for risk management	(23,678)	1,590	5,076	902	-	(16,110)	
Average exchange rate (Baht per 1 foreign currency unit)	32.4498	4.7237	0.2931	37.1252			
⁽¹⁾ Net of deferred revenue							

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	US dollar	Renminbi	Bank only 2019		Others	Total
			Yen	Euro		
			(in million Baht)			
Financial assets						
Cash	-	35	-	-	-	35
Interbank and money market items, net	7,189	578	11	69	37	7,884
Investments, net	23,575	-	-	3,710	-	27,285
Loans to customers ⁽¹⁾	21,101	1,973	-	5,663	839	29,576
Total financial assets	51,865	2,586	11	9,442	876	64,780
Financial liabilities						
Deposits	1,679	1,621	10	87	3	3,400
Interbank and money market items	25,405	376	1,214	18,196	-	45,191
Total financial liabilities	27,084	1,997	1,224	18,283	3	48,591
Avals to bill and guarantee on loan	3	-	-	-	909	912
Letters of credit	132	-	133	9	-	274
Other contingencies	3,208	467	-	359	129	4,163
Derivatives held for risk management	(24,323)	(492)	1,224	8,852	(838)	(15,577)
Average exchange rate (Baht per 1 foreign currency unit)	30.1540	4.3147	0.2759	33.7311		

⁽¹⁾ Net of deferred revenue

	US dollar	Renminbi	Bank only 2018		Others	Total
			Yen	Euro		
			(in million Baht)			
Financial assets						
Cash	-	11	-	-	-	11
Interbank and money market items, net	4,091	438	17	43	43	4,632
Investments, net	27,721	-	-	5,012	-	32,733
Loans to customers ⁽¹⁾	24,061	2,341	-	6,417	-	32,819
Total financial assets	55,873	2,790	17	11,472	43	70,195
Financial liabilities						
Deposits	1,791	1,529	11	37	2	3,370
Interbank and money market items	30,143	2,689	5,076	12,311	-	50,219
Total financial liabilities	31,934	4,218	5,087	12,348	2	53,589
Avals to bill and guarantee on loan	(3)	-	-	-	(907)	(910)
Letters of credit	(74)	(18)	-	-	-	(92)
Other contingencies	(579)	(18)	-	(175)	-	(772)
Derivatives held for risk management	(23,678)	1,590	5,076	902	-	(16,110)
Average exchange rate (Baht per 1 foreign currency unit)	32.4498	4.7237	0.2931	37.1252		

⁽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.

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

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

	Consolidated and Bank only			
	2019		2018	
	Notional amount (in million Baht)	Maturity	Notional amount (in million Baht)	Maturity
<i>Interest rate swap contracts</i>				
Receive floating interest rates and pay fixed interest rates	25,498	2020 - 2028	25,686	2019 - 2028

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

	Consolidated and Bank only			
	2019		2018	
	Notional amount (in million Baht)	Maturity	Notional amount (in million Baht)	Maturity
<i>Cross currency interest rate swap contracts</i>				
Receive interest at a floating rate on US Dollar notional amounts and to pay interest at a fixed rate on Euro notional amounts	3,765	2021	4,052	2021
Receive interest at a floating rate on Euro notional amounts and to pay interest at a fixed rate on US Dollar notional amounts	3,575	2021 - 2022	3,935	2021 - 2022
Receive interest at a floating rate on Euro notional amounts and to pay interest at a floated rate on US Dollar notional amounts	4,554	2021 - 2022	5,012	2021 - 2022
Receive interest at a floating rate on US Dollar notional amounts and to pay interest at a fixed rate on Thai Baht notional amounts	1,994	2020	2,185	2019
Receive interest at a fixed rate on Thai Baht notional amounts and to pay interest at a floating rate on US Dollar notional amounts	1,994	2020	2,185	2019
Receive interest at a fixed rate on Euro notional amounts and to pay interest at a floating rate on US Dollar notional amounts	3,373	2022	-	-

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As at 31 December 2019 and 2018, financial derivatives are classified by their remaining maturities as follows:

	Consolidated and Bank only					
	Not over 1 year	2019 Over 1 year	Total (in million Baht)	Not over 1 year	2018 Over 1 year	Total
Forward exchange contracts						
Bought	12,804	-	12,804	16,349	-	16,349
Sold	17,415	-	17,415	19,272	-	19,272
Interest rate swap contracts	4,007	21,491	25,498	2,150	23,536	25,686
Cross currency and interest rate swap contracts						
Bought	1,994	15,268	17,262	2,185	12,999	15,184
Sold	1,994	-	1,994	2,185	-	2,185

5 Fair value of financial assets and liabilities

5.1 Financial assets and liabilities measured at fair value

Fair values of financial assets and liabilities shown in the consolidated and the Bank only statement of financial position as at 31 December 2019 and 2018 are as follows:

	Consolidated and Bank only			
	2019			
	Fair value			
	Level 1	Level 2	Level 3	Total
	(in million Baht)			
Financial assets				
Derivatives assets (Trading book)				
- Foreign exchange rate	-	23	-	23
- Foreign exchange and interest rate	-	109	-	109
Available-for-sale securities	297	34,820	-	35,117
Financial liabilities				
Derivatives liabilities (Trading book)				
- Foreign exchange rate	-	21	-	21
- Foreign exchange and interest rate	-	108	-	108

	Consolidated and Bank only			
	2018			
	Fair value			
	Level 1	Level 2	Level 3	Total
	(in million Baht)			
Financial assets				
Derivatives assets (Trading book)				
- Foreign exchange rate	-	14	-	14
- Foreign exchange and interest rate	-	102	-	102
Available-for-sale securities	202	34,415	-	34,617

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	Consolidated and Bank only			
	2018			
	Fair value			
	Level 1	Level 2	Level 3	Total
	(in million Baht)			
<i>Financial liabilities</i>				
Derivatives liabilities (Trading book)				
- Foreign exchange rate	-	12	-	12
- Foreign exchange and interest rate	-	102	-	102

5.2 Financial assets and liabilities not measured at fair value

The following tables analyse financial assets and liabilities not measured at fair value at 31 December 2019 and 2018, by the level in the fair value hierarchy into which the fair value measurement is categorised.

Consolidated 2019					
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
Financial assets					
Interbank and money market items, net	26,285	-	26,285	-	26,285
Derivatives assets (Banking book)	98	-	82	-	82
Investment, net ⁽¹⁾	37,003	-	37,556	7	37,563
Loans to customers ^{(2) (3)}	111,206	-	-	111,271	111,271
Receivables on credit support for derivative contracts	388	-	388	-	388
Financial liabilities					
Deposits	129,820	-	129,840	-	129,840
Interbank and money market items	48,768	-	47,764	-	47,764
Derivatives liabilities (Banking book)	330	-	508 ⁽⁴⁾	-	508
Debt issued and borrowings	37,248	-	37,770	-	37,770
Other financial liabilities	32	-	582 ⁽⁵⁾	-	582

⁽¹⁾ Held-to-maturity and general investment

⁽²⁾ Net of deferred revenue

⁽³⁾ The amount excludes hire purchase and finance lease of subsidiaries

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

⁽⁵⁾ The amount stated represents net loss on other financial liabilities

Consolidated					
2018					
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
<i>Financial assets</i>					
Interbank and money market items, net	11,713	-	11,713	-	11,713
Derivatives assets (Banking book)	169	-	238	-	238
Investment, net ⁽¹⁾	39,562	-	39,408	6	39,414
Loans to customers ^{(2) (3)}	106,610	-	-	106,435	106,435
Receivables on credit support for derivative contracts	1	-	1	-	1

⁽¹⁾ Held-to-maturity and general investment

⁽²⁾ Net of deferred revenue

⁽³⁾ The amount excludes hire purchase and finance lease of subsidiaries

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		Consolidated 2018			
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
Financial liabilities					
Deposits	102,140	-	102,141	-	102,141
Interbank and money market items	61,542	-	61,535	-	61,535
Derivatives liabilities (Banking book)	198	-	280 ⁽⁴⁾	-	280
Payable on credit support for derivative contracts	2	-	2	-	2
Debt issued and borrowings	32,037	-	32,008	-	32,008
Other financial liabilities	13	-	173 ⁽⁵⁾	-	173

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

⁽⁵⁾ The amount stated represents net loss on other financial liabilities

		Bank only 2019			
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
Financial assets					
Interbank and money market items, net	26,098	-	26,098	-	26,098
Derivatives assets (Banking book)	98	-	82	-	82
Investment, net ⁽¹⁾	37,003	-	37,556	7	37,563
Loans to customers ⁽²⁾	113,515	-	-	113,660	113,660
Receivables on credit support for derivative contracts	388	-	388	-	388
Financial liabilities					
Deposits	129,823	-	129,843	-	129,843
Interbank and money market items	47,768	-	47,764	-	47,764
Derivatives liabilities (Banking book)	330	-	508 ⁽³⁾	-	508
Debt issued and borrowings	4,987	-	5,160	-	5,160
Other financial liabilities	32	-	582 ⁽⁴⁾	-	582

⁽¹⁾ Held-to-maturity and general investment

⁽²⁾ Net of deferred revenue

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

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

		Bank only 2018			
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
<i>Financial assets</i>					
Interbank and money market items, net	11,403	-	11,403	-	11,403
Derivatives assets (Banking book)	169	-	238	-	238
Investment, net ⁽¹⁾	39,562	-	39,408	6	39,414
Loans to customers ⁽²⁾	110,437	-	-	110,335	110,335
Receivables on credit support for derivative contracts	1	-	1	-	1

⁽¹⁾ Held-to-maturity and general investment

⁽²⁾ Net of deferred revenue

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		Bank only 2018			
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
<i>Financial liabilities</i>					
Deposits	102,142	-	102,143	-	102,143
Interbank and money market items	61,542	-	61,535	-	61,535
Derivatives liabilities (Banking book)	198	-	280 ⁽³⁾	-	280
Payable on credit support for derivative contracts	2	-	2	-	2
Debt issued and borrowings	4,986	-	4,972	-	4,972
Other financial liabilities	13	-	173 ⁽⁴⁾	-	173

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

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

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

Investments in debts securities and other equity

The fair value of government and state enterprise and private debt securities is calculated by using the yield curve of the Thai Bond Market Association and reliable market data sources at the end of reporting period.

The fair value of marketable equity securities is determined at the last bid price quoted on the last working day of the reporting period by the Stock Exchange of Thailand. The fair value of non-marketable equity securities is determined mainly based on common valuation techniques such as the market approach, cost approach or income approach, as well as book value or adjusted book value.

Loans to customers

For variable floating-rate loans to customers that have no significant change in credit risk, fair value is based on carrying value. The fair value of fixed rate loans to customers that have remaining maturity within 1 year of the reporting date is approximated using the carrying value at the reporting date. Fair value for fixed interest loans to customers which the remaining maturity more than 1 year is estimated using discounted cash flow analysis and using interest rates currently being offered for loans to customers with similar terms to borrowers of similar credit quality.

Deposits

The fair value disclosed for deposits which are payable on demand by the depositor is equal to the carrying value of such deposits. The carrying amounts of variable-rate, fixed-term money market accounts, certificates of deposit and fixed rate deposits which have remaining maturity within 1 year are approximated using their market value at the reporting date. Fair value for other fixed interest deposits is estimated using a discounted cash flow calculation that applies interest rates currently being offered on similar deposit and terms.

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Interbank and money market items (liabilities) and Debt issued and borrowings

The fair value of interbank and money market items and debt issued and borrowings and/or items which bear variable rates of interest approximates their carrying amount at the reporting date. Fair value for fixed rate instruments with remaining maturities greater than 1 year is estimated by using a discounted cash flow calculation applying interest rates currently being offered on similar instruments. The fair value of debentures is based on quoted market prices announced by the Thai Bond Market Association.

Derivatives

Fair values are based on inputs which are observable from independent and reliable market data sources. Those inputs are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values of over-the-counter derivative reflect the credit risk of the instrument and include adjustments to take account of the counter party and own entity credit risk when appropriate.

6 Maintenance of capital fund

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. As announced by the BoT in its circulars dated 8 November 2012 and 8 May 2015, the Bank is required to calculate its Capital Fund in accordance with Basel III. The Bank and financial group comply with the regulatory capital according to Basel III. As at 31 December 2019 and 2018, the consolidated supervision and the Bank only's total capital funds could be categorised as follows:

	Consolidated supervision	
	2019	2018
	<i>(in thousand Baht)</i>	
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	20,081,600	20,132,094
Legal reserve	1,600,000	1,100,000
Retained earnings after appropriations	9,337,444	7,817,944
Other comprehensive income	335,264	104,498
Other owner changes items	(24,849)	(24,849)
Less Capital deduction items on CET1	(1,192,016)	(1,113,626)
Total Tier 1 capital	30,137,443	28,016,061
Tier 2 capital		
Subordinated debentures	5,000,000	5,000,000
Allowance for classified assets of "pass" category	2,656,076	2,504,452
Total Tier 2 capital	7,656,076	7,504,452
Total capital funds	37,793,519	35,520,513
Total risk-weighted assets	222,290,887	210,237,943

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	BoT's minimum requirement ⁽¹⁾	2019	Consolidated BoT's minimum requirement ⁽¹⁾	2018
			(%)	
Capital ratio				
Total capital to total risk-weighted assets	11	17.00	10.375	16.90
Tier 1 capital to total risk-weighted assets	8.5	13.56	7.875	13.33
Tier 1 common equity to total risk-weighted assets	7	13.56	6.375	13.33
Tier 2 capital to total risk-weighted assets	-	3.44	-	3.57

⁽¹⁾ Includes capital conservation buffer as required by BoT commencing 1 January 2016

	2019	Bank only 2018 (in thousand Baht)
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	20,081,600	20,132,094
Legal reserve	1,600,000	1,100,000
Retained earnings after appropriations	7,945,207	6,675,852
Other comprehensive income	335,311	105,580
Less Capital deduction items on CET1	(459,545)	(519,230)
Total Tier 1 capital	29,502,573	27,494,296
Tier 2 capital		
Subordinated debentures	5,000,000	5,000,000
Allowance for classified assets of "pass" category	2,295,622	2,263,281
Total Tier 2 capital	7,295,622	7,263,281
Total capital funds	36,798,195	34,757,577
Total risk-weighted assets	190,285,636	187,792,818

	BoT's minimum requirement ⁽¹⁾	2019	Bank only BoT's minimum requirement ⁽¹⁾	2018
			(%)	
Capital ratio				
Total capital to total risk-weighted assets	11	19.34	10.375	18.51
Tier 1 capital to total risk-weighted assets	8.5	15.50	7.875	14.64
Tier 1 common equity to total risk-weighted assets	7	15.50	6.375	14.64
Tier 2 capital to total risk-weighted assets	-	3.84	-	3.87

⁽¹⁾ Includes capital conservation buffer as required by BoT commencing 1 January 2016

As Disclosures of capital maintenance information under the Notification of the Bank of Thailand, the Public Disclosures of Capital Maintenance for Commercial Banks in accordance with the BoT's directive number Sor Nor Sor 4/2556, dated 2 May 2013, the Bank has made the Disclosures of Capital Maintenance and Information security risks for the Bank and financial group as at 31 December 2018 in the Bank's website, www.icbcthai.com, under Financial Report section on 26 April 2019. The Bank will disclose the Capital Maintenance and Information security risks for the Bank and financial group at 31 December 2019 within April 2020.

According to Bank of Thailand notification number For Gor Gor (12) Wor 1030/2562 dated 10 July 2019, the Bank is required to disclose regulatory capital and capital ratio after deducting capital add-on arising from Single Lending Limit. As at 31 December 2019, the financial group and the Bank do not require to have capital add-on arising from Single Lending Limit. As at 31 December 2018, the financial group and the Bank have regulatory capital after deducting capital add-on arising from Single Lending Limit in the amount of Baht 33,442 million and 32,724 million, respectively, or capital ratio after deducting capital add-on arising from Single Lending Limited of 15.91% and 17.43%, respectively.

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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.

7 Interbank and money market items, net (Assets)

	Consolidated					
	Demand	2019 Time	Total (in thousand Baht)	Demand	2018 Time	Total
<i>Domestic items</i>						
Bank of Thailand	1,111,138	-	1,111,138	1,091,525	-	1,091,525
Commercial banks	150,116	8,079,441	8,229,557	175,874	1,320,000	1,495,874
Specialised financial institutions	1,659	6,740,000	6,741,659	922	-	922
Other financial institutions	-	2,378,500	2,378,500	-	4,312,000	4,312,000
Total	1,262,913	17,197,941	18,460,854	1,268,321	5,632,000	6,900,321
Add accrued interest receivables	6	3,161	3,167	5	3,665	3,670
Less allowance for doubtful accounts	-	(12,619)	(12,619)	-	(20,000)	(20,000)
Total domestic items, net	1,262,919	17,188,483	18,451,402	1,268,326	5,615,665	6,883,991
<i>Foreign items</i>						
US Dollar	539,758	6,767,674	7,307,432	603,586	3,696,171	4,299,757
Renminbi	448,054	-	448,054	438,107	-	438,107
Euro	69,337	-	69,377	43,442	-	43,442
Hong Kong Dollar	7,546	-	7,546	8,021	-	8,021
Other currencies	30,521	-	30,521	34,324	-	34,324
Total	1,095,256	6,767,674	7,862,930	1,127,480	3,696,171	4,823,651
Add accrued interest receivables	-	52,464	52,464	-	41,898	41,898
Less deferred revenue	-	(14,216)	(14,216)	-	-	-
Less allowance for doubtful accounts	-	(67,677)	(67,677)	-	(36,962)	(36,962)
Total foreign items, net	1,095,256	6,738,245	7,833,501	1,127,480	3,701,107	4,828,587
Total domestic and foreign items, net	2,358,175	23,926,728	26,284,903	2,395,806	9,316,772	11,712,578
	Bank only					
	Demand	2019 Time	Total (in thousand Baht)	Demand	2018 Time	Total
<i>Domestic items</i>						
Bank of Thailand	1,111,138	-	1,111,138	1,091,525	-	1,091,525
Commercial banks	68,888	8,079,441	8,148,329	76,198	1,320,000	1,396,198
Specialised financial institutions	-	6,740,000	6,740,000	-	-	-
Other financial institutions	-	2,378,500	2,378,500	-	4,312,000	4,312,000
Total	1,180,026	17,197,941	18,377,967	1,167,723	5,632,000	6,799,723
Add accrued interest receivables	-	3,161	3,161	-	3,665	3,665
Less allowance for doubtful accounts	-	(12,619)	(12,619)	-	(20,000)	(20,000)
Total domestic items, net	1,180,026	17,188,483	18,368,509	1,167,723	5,615,665	6,783,388
<i>Foreign items</i>						
US Dollar	435,727	6,767,674	7,203,401	394,841	3,696,171	4,091,012
Renminbi	448,054	-	448,054	438,107	-	438,107
Euro	69,377	-	69,377	43,442	-	43,442
Hong Kong Dollar	7,546	-	7,546	8,021	-	8,021
Other currencies	30,521	-	30,521	34,324	-	34,324
Total	991,225	6,767,674	7,758,899	918,735	3,696,171	4,614,906
Add accrued interest receivables	-	52,464	52,464	-	41,898	41,898
Less deferred revenue	-	(14,216)	(14,216)	-	-	-
Less allowance for doubtful accounts	-	(67,677)	(67,677)	-	(36,962)	(36,962)
Total foreign items, net	991,225	6,738,245	7,729,470	918,735	3,701,107	4,619,842
Total domestic and foreign items, net	2,171,251	23,926,728	26,097,979	2,086,458	9,316,772	11,403,230

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8 Derivatives

8.1 Trading Book

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

Type of risks	Consolidated and Bank only					
	2019			2018		
	Fair value Assets	Liabilities	Notional amount ⁽¹⁾ (in thousand Baht)	Fair value Assets	Liabilities	Notional amount ⁽¹⁾
Foreign exchange	23,445	21,344	8,176,508	13,763	12,494	3,837,662
Foreign exchange and interest rate	108,906	107,641	4,096,063	101,818	101,818	4,287,093
Total	132,351	128,985	12,272,571	115,581	114,312	8,124,755

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

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

Counterparties	Consolidated and Bank only	
	2019	2018
	(%)	
Financial institutions	99.02	94.10
Corporations	0.98	5.90
Total	100.00	100.00

8.2 Banking Book

The Bank has commitments under forward foreign exchange contracts, cross currency interest rate swap contracts and interest rates swap contracts, which are measured based on an accrual basis. The gains or losses on exchange, as a result of translation to the reporting period-end rates under the accrual basis, are recorded as a part of “Derivative assets” or “Derivative liabilities” in the statements of financial position and interest receivables or payables, that are determined as they accrue based on the contracts as at the end of reporting period, are recorded as a part of “Accrued income” or recorded as “Accrued interest payables”, as the case may be, in the statements of financial position.

Type of risks	Consolidated and Bank only					
	2019			2018		
	Carrying value ⁽²⁾ Assets	Liabilities	Notional amount ⁽¹⁾ (in thousand Baht)	Carrying value ⁽²⁾ Assets	Liabilities	Notional amount ⁽¹⁾
Foreign exchange	42,829	34,957	22,094,657	149,231	39,082	31,782,805
Interest rate	- ⁽³⁾	- ⁽³⁾	22,498,001	- ⁽³⁾	- ⁽³⁾	25,686,036
Foreign exchange and interest rate	54,969	294,962	15,507,688	19,713	159,159	13,138,691
Total	97,798	329,919	60,100,346	168,944	198,241	70,607,532

⁽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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9 Investments, net

9.1 Classified by type of investments

	Consolidated and Bank only	
	2019	2018
	<i>(in thousand Baht)</i>	
<i>Available-for-sale securities - Fair value</i>		
Government and state enterprise securities	30,773,594	29,445,001
Domestic private debt securities	2,056,545	1,992,345
Foreign private debt securities	1,989,415	2,977,223
Domestic equity securities	296,715	201,715
Total	35,116,269	34,616,284
<i>Held-to-maturity securities - Amortised cost</i>		
Domestic private debt securities	11,704,937	9,804,462
Foreign private debt securities	25,296,233	29,755,482
Total	37,001,170	39,559,944
<i>General investments - Cost</i>		
Domestic non-marketable equity securities	11,272	11,272
Less allowance for impairment	(9,247)	(9,203)
General investments, net	2,025	2,069
Total	72,119,464	74,178,297

As at 31 December 2019, Baht 948 million of held-to-maturity securities and Baht 603 million of available-for-sale securities are pledged as security on a contract for repurchase agreements (2018: Baht 1,436 million of held-to-maturity securities).

9.2 Classified by the remaining periods to maturity of debt securities

	Consolidated and Bank only		
	2019		
	Periods to maturity		
	Less than 1 year	1-5 years	Over 5 years
	<i>(in thousand Baht)</i>		
<i>Available-for-sale securities</i>			
Government and state enterprise securities	22,958,933	7,254,413	470,126
Domestic private debt securities	430,000	1,000,000	500,000
Foreign private debt securities	-	1,968,014	-
Total	23,388,933	10,222,427	970,126
Add revaluation surplus	30,631	156,432	51,005
Total available-for-sale securities	23,419,564	10,378,859	1,021,131
<i>Held-to-maturity securities</i>			
Domestic private debt securities	4,467,000	6,537,937	700,000
Foreign private debt securities	5,116,184	19,275,429	904,620
Total held-to-maturity securities	9,583,184	25,813,366	1,604,620
Total debt securities	33,002,748	36,192,225	2,625,751

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	Consolidated and Bank only			
	2018			
	Less than 1 year	Periods to maturity 1-5 years	Over 5 years	Total
	(in thousand Baht)			
<i>Available-for-sale securities</i>				
Government and state enterprise securities	19,495,917	9,528,398	470,141	29,494,456
Domestic private debt securities	-	430,000	1,500,000	1,930,000
Foreign private debt securities	957,403	2,123,041	-	3,080,444
Total	20,453,320	12,081,439	1,970,141	34,504,900
Add revaluation surplus (deficit)	(3,498)	(121,626)	34,793	(90,331)
Total available-for-sale securities	20,449,822	11,959,813	2,004,934	34,414,569
<i>Held-to-maturity securities</i>				
Domestic private debt securities	204,606	8,499,856	1,100,000	9,804,462
Foreign private debt securities	7,960,056	20,821,932	973,494	29,755,482
Total held-to-maturity securities	8,164,662	29,321,788	2,073,494	39,559,944
Total debt securities	28,614,484	41,281,601	4,078,428	73,974,513

9.3 Revaluation surplus on available-for-sale investments

	Consolidated and Bank only	
	2019	2018
	(in thousand Baht)	
<i>Revaluation surplus on available-for-sale investments</i>		
Debt securities	262,672	(27,148)
Equity securities	156,467	159,123
Total	<u>419,139</u>	<u>131,975</u>
Less deferred tax	<u>(83,828)</u>	<u>(26,395)</u>
Net	<u>335,311</u>	<u>105,580</u>

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

	Consolidated and Bank only					
	2019			2018		
	Cost	Fair value	Allowance for impairment	Cost	Fair value	Allowance for impairment
	(in thousand Baht)					
Companies with problems in their financial positions and operating results	9,817	570	(9,247)	9,817	614	(9,203)

10 Investments in subsidiaries, net

Investments in subsidiaries as at 31 December 2019 and 2018, and dividend income from those investments for the years ended 31 December 2019 and 2018, were as follows:

Name of subsidiaries	Type of business	Bank only							
		Ownership interest		Paid-up capital		Cost		Dividend income	
		2019	2018	2019	2018	2019	2018	2019	2018
		(%)				(in million Baht)			
Direct subsidiary									
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	-	-

⁽¹⁾ The direct subsidiary is incorporated in Thailand

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Name of subsidiaries	Type of business	Ownership interest		Bank only				Dividend income	
		2019	2018	Paid-up capital		Cost		2019	2018
		(%)		2019	2018	2019	2018	2019	2018
(in million Baht)									
Indirect subsidiary									
Sky High LI Leasing									
Designated Activity Company Limited ⁽²⁾	Hire purchase business	99.99	99.99	-	-	-	-	-	-
⁽²⁾ The indirect subsidiary is incorporated in Ireland.									

11 Investment in an associate, net

On 30 May 2019, the Bank sold 71.44 million shares of Finansia Syrus Securities Public Company Limited, an associated of the Bank, or 12.29% of its 22.29% interest in the issued and paid up capital for a consideration of Baht 158.43 million to Apex Speed Holdings Limited, the Company that is related with the ultimate parent company. The consideration was in the range of the valuation result appraised by external appraiser.

As at 31 December 2019, Finansia Syrus Securities Public Company Limited is no longer an associated company of the Bank. The Group and the Bank recognised losses on disposal of investments of Baht 299.83 million and Baht 48.60 million, respectively in the consolidated and the Bank only statements of profit or loss and other comprehensive income, respectively, for the year ended 31 December 2019.

During the years ended 31 December 2019, the Group recognised share of losses from investment in an associate of Baht 7.71 million (2018: Baht 1.64 million), and had dividend income from investment in an associate of Baht 7.78 million (2018: Baht 7.78 million).

Investment in an associate as at 31 December 2018 were as follows:

Name of associate	Type of business	Country of incorporation	Ownership interest (%)	Consolidated 2018		Cost	Equity	Fair value of listed securities (in million Baht)	Dividend income
				Paid-up capital					
Finansia Syrus Securities Public Company Limited	Securities business	Thailand	22.29	930		305	569	238	8

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

Name of associate	Ownership interest (%)	Total assets	2018		Total revenue (in million Baht)	Total expenses	Net loss
			Total liabilities				
Finansia Syrus Securities Public Company Limited	22.29	4,754	2,223		1,463	1,487	(24)

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12 Loans to customers and accrued interest receivables, net

12.1 Classified by types of loans

	Consolidated		Bank only	
	2019	2018	2019	2018
	(in thousand Baht)			
Overdrafts	563,555	669,343	563,555	669,343
Loans	87,049,264	80,129,348	90,190,386	84,050,638
Notes receivable	22,147,390	23,315,770	22,586,390	24,540,770
Factoring receivables	1,575,209	2,667,421	178,815	1,209,506
Hire purchase receivables	44,326,033	37,202,874	-	-
Finance lease receivables	6,431,381	7,485,856	-	-
Total loans to customers	162,092,832	151,470,612	113,519,146	110,470,257
Less deferred revenue	(6,279,223)	(5,416,120)	(4,541)	(33,355)
Total loans to customers, net of deferred revenue	155,813,609	146,054,492	113,514,605	110,436,902
Add accrued interest receivables	338,097	285,218	338,955	287,615
Total loans to customers, net of deferred revenue and accrued interest receivables	156,151,706	146,339,710	113,853,560	110,724,517
Less allowance for doubtful accounts				
- allowance established per BoT regulations	(2,476,468)	(2,786,034)	(738,263)	(832,783)
- allowance established in excess of BoT regulations	(4,590,643)	(5,274,670)	(2,530,028)	(3,293,548)
Less revaluation allowance for debt restructuring	(18)	(24,526)	(18)	(4,165)
Loans to customers and accrued interest receivables, net	<u>149,084,577</u>	<u>138,254,480</u>	<u>110,585,251</u>	<u>106,594,021</u>

12.2 Classified by currency and residential status of customers

	Consolidated					
	2019			2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	(in thousand Baht)					
Baht	126,239,604	27,312	126,266,916	113,361,703	17,994	113,379,697
US Dollar	9,390,659	11,680,616	21,071,275	10,580,766	13,336,812	23,917,578
Renminbi	2,800	1,970,008	1,972,808	777	2,339,925	2,340,702
Euro	541	5,662,876	5,663,417	16,819	6,399,696	6,416,515
Hong Kong Dollar	-	839,193	839,193	-	-	-
Total ⁽¹⁾	<u>135,633,604</u>	<u>20,180,005</u>	<u>155,813,609</u>	<u>123,960,065</u>	<u>22,094,427</u>	<u>146,054,492</u>

⁽¹⁾ Total loans to customers net of deferred revenue

	Bank only					
	2019			2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	(in thousand Baht)					
Baht	83,911,040	27,312	83,938,352	77,600,255	17,994	77,618,249
US Dollar	6,273,958	14,826,877	21,100,835	6,792,723	17,268,713	24,061,436
Renminbi	2,800	1,970,008	1,972,808	777	2,339,925	2,340,702
Euro	541	5,662,876	5,663,417	16,819	6,399,696	6,416,515
Hong Kong Dollar	-	839,193	839,193	-	-	-
Total ⁽¹⁾	<u>90,188,339</u>	<u>23,326,266</u>	<u>113,514,605</u>	<u>84,410,574</u>	<u>26,026,328</u>	<u>110,436,902</u>

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

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12.3 Classified by business types and loan classification

	Consolidated 2019					Total
	Pass	Special Mention	Substandard (in thousand Baht)	Doubtful	Doubtful of Loss	
Agriculture and mining	1,835,837	1,293	-	-	-	1,837,130
Manufacturing and commerce	60,912,519	183,941	-	7,709	20,000	61,124,169
Property development and construction	18,650,756	33,890	43,207	16,961	42,242	18,787,056
Infrastructure and services	31,993,937	21,242	-	105,293	20,246	32,140,718
Housing loans	14,250	2,189	586	-	-	17,025
Others ⁽¹⁾	36,427,507	4,728,318	517,187	234,439	60	41,907,511
Total ⁽²⁾	149,834,806	4,970,873	560,980	364,402	82,548	155,813,609

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

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

	Consolidated 2018					Total
	Pass	Special Mention	Substandard (in thousand Baht)	Doubtful	Doubtful of Loss	
Agriculture and mining	2,718,191	1,406	-	-	-	2,719,597
Manufacturing and commerce	56,503,162	245,182	54,081	172,103	5,000	56,979,528
Property development and construction	18,990,929	699,149	10,800	55,185	216,615	19,972,678
Infrastructure and services	29,756,535	22,399	22,314	332,014	-	30,133,262
Housing loans	5,909	2,812	-	-	-	8,721
Others ⁽¹⁾	30,799,690	4,477,003	855,790	108,223	-	36,240,706
Total ⁽²⁾	138,774,416	5,447,951	942,985	667,525	221,615	146,054,492

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

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

	Bank only 2019					Total
	Pass	Special Mention	Substandard (in thousand Baht)	Doubtful	Doubtful of Loss	
Agriculture and mining	1,835,837	1,293	-	-	-	1,837,130
Manufacturing and commerce	63,221,653	183,941	-	7,709	20,000	63,433,303
Property development and construction	18,650,756	33,890	43,207	16,691	42,242	18,787,056
Infrastructure and services	28,877,236	21,242	-	105,293	20,246	29,024,017
Housing loans	14,250	2,189	586	-	-	17,025
Others	413,040	971	1,961	42	60	416,074
Total ⁽¹⁾	113,012,772	243,526	45,754	130,005	82,548	113,514,605

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

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	Bank only 2018					Total
	Pass	Special Mention	Substandard (in thousand Baht)	Doubtful	Doubtful of Loss	
Agriculture and mining	2,718,191	1,406	-	-	-	2,719,597
Manufacturing and commerce	60,329,712	245,182	54,081	172,103	5,000	60,806,078
Property development and construction	18,990,929	699,149	10,800	55,185	216,615	19,972,678
Infrastructure and services	25,968,492	22,399	22,314	332,014	-	26,345,219
Housing loans	5,909	2,812	-	-	-	8,721
Others	582,352	1,188	1,069	-	-	584,609
Total ⁽¹⁾	108,595,585	972,136	88,264	559,302	221,615	110,436,902

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

12.4 Loans classified by type of classification

	Consolidated 2019						
	Loans to customers and accrued interest receivables less deferred revenue <i>(in thousand Baht)</i>	The Bank Net amount used to set the allowance for doubtful accounts ⁽¹⁾ <i>(in thousand Baht)</i>	Rate used for allowance for doubtful accounts <i>(%)</i>	Allowance for doubtful accounts	Subsidiaries Net amount used to set the allowance for doubtful accounts <i>(in thousand Baht)</i>	Allowance for doubtful accounts	Total
Minimum allowance as per BoT's Regulations							
Pass	150,171,678	72,403,193	1	724,032	40,475,345	418,947	1,142,979
Special Mention	4,971,966	106,637	2	2,133	4,605,956	1,056,738	1,058,871
Substandard	561,102	11,686	100	11,686	515,226	180,363	192,049
Doubtful	364,412	42	100	42	234,397	82,157	82,199
Doubtful of Loss	82,548	370	100	370	-	-	370
							2,476,468
Excess allowance ⁽²⁾							4,590,643
Total	156,151,706	72,521,928		738,263	45,830,924	1,738,205	7,067,111

⁽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⁾ The amount includes additional allowance for doubtful accounts from experiences of Baht 258 million recorded at the financial statements of ICBC (Thai) Leasing Company Limited, the direct subsidiary of the Bank, to account for expected losses arising from hire purchase receivables of Sky High LI leasing Designated Activity Company Limited, the indirect subsidiary of the Bank.

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	Consolidated 2018						
	Loans to	The Bank			Subsidiaries		Total
	customers and	Net amount			Net amount		
	accrued interest	used to set	Rate used	Allowance	used to set	Allowance	
	receivables	the allowance	for allowance	for doubtful	the allowance	for doubtful	
	less deferred	for doubtful	for doubtful	for doubtful	for doubtful	for doubtful	
	revenue	accounts ⁽¹⁾	accounts	accounts	accounts	accounts	
	(in thousand Baht)		(%)		(in thousand Baht)		
Minimum allowance as per BoT's Regulations							
Pass	139,056,154	66,426,254	1	664,263	35,418,419	398,920	1,063,183
Special Mention	5,451,233	141,664	2	2,833	4,341,336	1,094,308	1,097,141
Substandard	943,183	17,648	100	17,648	827,327	421,928	439,576
Doubtful	667,525	148,039	100	148,039	108,223	38,095	186,134
Doubtful of Loss	221,615	-	100	-	-	-	-
							2,786,034
Excess allowance							5,274,670
Total	146,339,710	66,733,605		832,783	40,695,305	1,953,251	8,060,704

(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".

	Bank only 2019			
	Loans to customers and accrued interest receivables less deferred revenue (in thousand Baht)	Net amount used to set the allowance for doubtful accounts ⁽¹⁾ (in thousand Baht)	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts (in thousand Baht)
Minimum allowance as per BoT's Regulations				
Pass	113,350,502	72,403,193	1	724,032
Special Mention	244,619	106,637	2	2,133
Substandard	45,876	11,686	100	11,686
Doubtful	130,015	42	100	42
Doubtful of Loss	82,548	370	100	370
				738,263
Excess allowance				2,530,028
Total	113,853,560	72,521,928		3,268,291

(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".

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	Bank only 2018			
	Loans to customers and accrued interest receivables less deferred revenue (in thousand Baht)	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)
Minimum allowance as per BoT's Regulations				
Pass	108,879,720	66,426,254	1	664,263
Special Mention	975,418	141,664	2	2,833
Substandard	88,462	17,648	100	17,648
Doubtful	559,302	148,039	100	148,039
Doubtful of Loss	221,615	-	100	-
				832,783
Excess allowance				3,293,548
Total	110,724,517	66,733,605		4,126,331

⁽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".

12.5 Non-performing loans

As at 31 December 2019 and 2018, the Bank used the guidelines specified in the BoT's Notification Number Sor Nor Sor 5/2559, directive dated 10 June 2016 in determining Non-Performing Loans which consist of loans classified as substandard, doubtful, doubtful of loss and loss under the BoT's guideline. The amounts are as follows:

	Consolidated		Bank only	
	2019	2018	2019	2018
	(in thousand Baht)			
Non-Performing Loans (net of allowance for doubtful accounts)	627,964	859,673	140,916	366,290
% of Non-Performing Loans to total loans (net) ⁽¹⁾	0.35	0.56	0.10	0.31
Non-Performing Loans (gross)	1,007,930	1,832,126	258,307	869,181
% of Non-Performing Loans to total loans (gross) ⁽¹⁾	0.56	1.18	0.19	0.73

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

During the year 2019, the Bank has reached an agreement to sell and transfer a number of Non-performing Loans to two Asset Management Companies. The process was completed in June 2019, with a total amount of Baht 237.34 million. The Bank recognised a losses of Baht 4.08 million in (losses) gains on disposals of non-performing loans.

During the year 2018, the Bank has reached an agreement to sell and transfer a number of Non-performing Loans to two Asset Management Companies. The process was completed in June 2018, with a total amount of Baht 475.46 million. The Bank recognised a gain of Baht 118.23 million in (losses) gains on disposals of non-performing loans.

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12.6 Non-accrual loans

Non-accrual loans, gross, (including loans to financial institutions) as at 31 December 2019 and 2018 are as follows:

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Loans where recognition of income has been suspended (principal only)	964,136	1,814,398	214,513	851,454
% of loans where recognition of income has been suspended ⁽¹⁾	0.54	1.17	0.16	0.71

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

12.7 Loans to subsidiaries

Company's name	Types of loans	Maturity	Interest rate as at		Amounts principal outstanding	
			2019	2018	2019	2018
			<i>(% per annum)</i>		<i>(in million Baht)</i>	
ICBC (Thai) Leasing Company Limited	Revolving loan	At call	2.175	2.07	439	1,225
Sky High LI Leasing Designated Activity Company Limited	Term Loan	2027	3-month LIBOR + 1.70	3-month LIBOR + 1.70	3,146	3,932
Total					3,585	5,157
Less allowance for doubtful accounts					(36)	(52)
Net					3,549	5,105

As at 31 December 2019, the Bank booked minimum allowance as per BoT regulations for loans to subsidiary and also held additional allowance from experiences of Baht 258 million recorded at the financial statements of ICBC (Thai) Leasing Company Limited, the direct subsidiary of the Bank, to account for expected losses arising from hire purchase receivables of Sky High LI Leasing Designated Activity Company Limited, the indirect subsidiary of the Bank. Such amount has been booked to loans to customers in the consolidated financial statements under excess allowance over minimum BoT requirements (Note 12.4).

13 Troubled debt restructuring

During the year ended 31 December 2019, there were no troubled debt restructurings both on the Group and the Bank level.

During the year ended 31 December 2018, details of restructured debts (only the account where debtor has present value loss/ losses on the debt restructuring is presented), classified by the restructuring method were as follows:

		Consolidated 2018		Average period of the remaining term of debt restructuring	Loss on debt restructuring ⁽¹⁾ <i>(in million Baht)</i>
	Number of debtors	Outstanding balances before restructuring <i>(in million Baht)</i>	after restructuring		
Changes of repayment conditions	4	1,797	1,787	1.5 - 4 years	14.93

⁽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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	Bank only 2018		Average period of the remaining term of debt restructuring	Loss on debt restructuring ⁽¹⁾ (in million Baht)
	Number of debtors	Outstanding balances before restructuring (in million Baht)	after restructuring	
Changes of repayment conditions	1	35	35	2 years
				4.33

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

Additional information relating to restructuring debtors for the years ended 31 December 2019 and 2018 are as follows:

	Consolidated		Bank only	
	2019	2018	2019	2018
		<i>(in million Baht)</i>		
Interest income recognised in profit or loss	67	82	10	7
Cash collection from debtors				
- Principal	28	7	13	1
- Interest	4	11	4	4

As at 31 December 2019, the Bank and its subsidiaries have outstanding balances relating to restructured loans for the consolidated and the Bank only financial statements amounting to Baht 1.1 million (2018: Baht 1,800 million and 36 million).

As at 31 December 2019 and 2018, the Bank and its subsidiaries have no commitment to additionally lend to its debtors after debt restructuring.

14 Hire purchase and finance lease receivables

As at 31 December 2019 and 2018, the subsidiaries had net hire purchase and financial lease receivables, which are hire purchase or finance lease contracts for motor vehicles, airplanes, machineries and equipment for businesses. The average contract periods are 1 to 12 years (2018: 1 to 12 years) and the interest is charged at floating or fixed rates as specified in the contracts.

	Consolidated 2019			
	Periods due for payments			
	Less than 1 year	1 - 5 years	Over 5 years	Total
				<i>(in million Baht)</i>
Total of gross investments in the lease	12,482	33,327	4,948	50,757
Less deferred revenue ⁽¹⁾	(2,100)	(3,803)	(246)	(6,149)
Present value of the lease payments	<u>10,382</u>	<u>29,524</u>	<u>4,702</u>	<u>44,608</u>
Less allowance for doubtful accounts				<u>(3,777)</u>
Hire purchase and finance lease receivables, net				<u>40,831</u>

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

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	Consolidated 2018			
	Periods due for payments			
	Less than 1 year	1 - 5 years	Over 5 years	Total
	<i>(in million Baht)</i>			
Total of gross investments in the lease	11,534	28,905	4,250	44,689
<i>Less</i> deferred revenue ⁽¹⁾	<u>(1,869)</u>	<u>(3,062)</u>	<u>(314)</u>	<u>(5,245)</u>
Present value of the lease payments	<u>9,665</u>	<u>25,843</u>	<u>3,936</u>	39,444
<i>Less</i> allowance for doubtful accounts				<u>(3,906)</u>
Hire purchase and finance lease receivables, net				35,538

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

15 Allowance for doubtful accounts

	Consolidated 2019					Allowance established in excess of BoT's minimum regulations	Total
	Pass	Special Mention	Sub- standard	Doubtful <i>(in thousand Baht)</i>	Doubtful of loss		
Beginning balance	1,063,183	1,097,141	439,576	186,134	-	5,274,670	8,060,704
Bad debt and doubtful accounts	82,904	(38,270)	(247,527)	(103,935)	1,085,185	(684,027)	94,330
Bad debt written off	-	-	-	-	(1,051,856)	-	(1,051,856)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(32,959)	-	(32,959)
Others	(3,108)	-	-	-	-	-	(3,108)
Ending balance	1,142,979	1,058,871	192,049	82,199	370	4,590,643	7,067,111

	Consolidated 2018					Allowance established in excess of BoT's minimum regulations	Total
	Pass	Special Mention	Sub- standard	Doubtful <i>(in thousand Baht)</i>	Doubtful of loss		
Beginning balance	1,002,632	1,347,276	128,381	119,144	314,899	4,465,417	7,377,749
Bad debt and doubtful accounts	60,855	(250,135)	311,195	66,990	309,457	809,253	1,307,615
Bad debt written off	-	-	-	-	(199,800)	-	(199,800)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(424,556)	-	(424,556)
Others	(304)	-	-	-	-	-	(304)
Ending balance	1,063,183	1,097,141	439,576	186,134	-	5,274,670	8,060,704

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Bank only 2019						
	Pass	Special Mention	Sub- standard	Doubtful	Doubtful of Loss	Allowance established in excess of BoT's minimum regulations
	<i>(in thousand Baht)</i>					
						Total
Beginning balance	664,263	2,833	17,648	148,039	-	3,293,548
Bad debt and doubtful accounts	59,769	(700)	(5,962)	(147,997)	398,227	(763,520)
Bad debt written off	-	-	-	-	(364,898)	-
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(32,959)	-
Ending balance	<u>724,032</u>	<u>2,133</u>	<u>11,686</u>	<u>42</u>	<u>370</u>	<u>3,268,291</u>

Bank only 2018						
	Pass	Special Mention	Sub- standard	Doubtful	Doubtful of Loss	Allowance established in excess of BoT's minimum regulations
	<i>(in thousand Baht)</i>					
						Total
Beginning balance	565,442	13,917	5,351	69,999	314,899	3,330,826
Bad debt and doubtful accounts	98,821	(11,084)	12,297	78,040	152,969	(37,278)
Bad debt written off	-	-	-	-	(43,312)	-
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(424,556)	-
Ending balance	<u>664,263</u>	<u>2,833</u>	<u>17,648</u>	<u>148,039</u>	<u>-</u>	<u>4,126,331</u>

16 Revaluation of allowance for debt restructuring

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Beginning balance	24,526	23,505	4,165	11,185
Increase	-	4,285	-	(6,312)
Reversal	(9,258)	-	(1,911)	-
Amortisation to interest income	(15,250)	(3,264)	(2,236)	(708)
Ending balance	<u>18</u>	<u>24,526</u>	<u>18</u>	<u>4,165</u>

17 Properties foreclosed, net

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

In cases where the debtors restructure their debts by means of a debt/asset swap, the Bank may grant 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 2019					
Type of properties foreclosed	Beginning balance	Additions	Disposals <i>(in thousand Baht)</i>	Ending balance	Portion subject to disposal restrictions, buy-back rights or first refusal rights
Assets transferred in settlement of debts					
- Immovable properties	709,673	-	(15,000)	694,673 ⁽¹⁾	29,146
- Movable assets	19,528	278,317	(213,184)	84,661	-
Total	729,201	278,317	(228,184)	779,334	29,146
Assets from auction bidding					
- Immovable properties	141,420	-	(12,010)	129,410	-
- Movable assets	8,540	-	-	8,540	-
Total	149,960	-	(12,010)	137,950	-
Total properties foreclosed	879,161	278,317	(240,194)	917,284	29,146
Less allowance for impairment	(197,351)	(521,791)	68,066	(651,076)	(16,619)
Total properties foreclosed, net	681,810	(243,474)	(172,128)	266,208	12,527

Consolidated 2018					
Type of properties foreclosed	Beginning balance	Additions	Disposals <i>(in thousand Baht)</i>	Ending balance	Portion subject to disposal restrictions, buy-back rights or first refusal rights
Assets transferred in settlement of debts					
- Immovable properties	715,347	6,616	(12,290)	709,673 ⁽¹⁾	29,146
- Movable assets	26,684	209,379	(216,535)	19,528	-
Total	742,031	215,995	(228,825)	729,201	29,146
Assets from auction bidding					
- Immovable properties	144,970	-	(3,550)	141,420	-
- Movable assets	-	8,540	-	8,540	-
Total	144,970	8,540	(3,550)	149,960	-
Total properties foreclosed	887,001	224,535	(232,375)	879,161	29,146
Less allowance for impairment	(192,371)	(63,805)	58,825	(197,351)	(16,619)
Total properties foreclosed, net	694,630	160,730	(173,550)	681,810	12,527

⁽¹⁾ As of 31 December 2019, 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 180 million, respectively (2018: Baht 514 million and Baht 195 million, respectively).

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Bank only					
2019					
Type of properties foreclosed	Beginning balance	Additions	Disposals (in thousand Baht)	Ending balance	Portion subject to disposal restrictions, buy-back rights or first refusal rights
Assets transferred in settlement of debts					
- Immovable properties	709,673	-	(15,000)	694,673 ⁽¹⁾	29,146
Total	709,673	-	(15,000)	694,673	29,146
Assets from auction bidding					
- Immovable properties	141,420	-	(12,010)	129,410	-
- Movable assets	8,540	-	-	8,540	-
Total	149,960	-	(12,010)	137,950	-
Total properties foreclosed	859,633	-	(27,010)	832,623	29,146
<i>Less allowance for impairment</i>	<i>(190,585)</i>	<i>(409,987)</i>	<i>1,661</i>	<i>(598,911)</i>	<i>(16,619)</i>
Total properties foreclosed, net	669,048	(409,987)	(25,349)	233,712	12,527
Bank only					
2018					
Type of properties foreclosed	Beginning balance	Additions	Disposals (in thousand Baht)	Ending balance	Portion subject to disposal restrictions, buy-back rights or first refusal rights
Assets transferred in settlement of debts					
- Immovable properties	715,347	6,616	(12,290)	709,673 ⁽¹⁾	29,146
Total	715,347	6,616	(12,290)	709,673	29,146
Assets from auction bidding					
- Immovable properties	144,970	-	(3,550)	141,420	-
- Movable assets	-	8,540	-	8,540	-
Total	144,970	8,540	(3,550)	149,960	-
Total properties foreclosed	860,317	15,156	(15,840)	859,633	29,146
<i>Less allowance for impairment</i>	<i>(184,576)</i>	<i>(10,769)</i>	<i>4,760</i>	<i>(190,585)</i>	<i>(16,619)</i>
Total properties foreclosed, net	675,741	4,387	(11,080)	669,048	12,527

⁽¹⁾ As of 31 December 2019, 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 180 million, respectively (2018: Baht 514 million and Baht 195 million, respectively).

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18 Premises and equipment, net

	Land	Buildings	Consolidated Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
<i>Cost</i>					
At 1 January 2018	8,500	6,892	572,801	104,884	693,077
Additions	-	-	34,711	13,878	48,589
Disposals/written-off	-	-	(7,138)	(26,330)	(33,468)
At 31 December 2018 and 1 January 2019	8,500	6,892	600,374	92,432	708,198
Additions	-	-	42,934	16,439	59,373
Disposals/written-off	-	-	(43,814)	(17,271)	(61,085)
At 31 December 2019	8,500	6,892	599,494	91,600	706,486
<i>Accumulated depreciation</i>					
At 1 January 2018	-	(1,701)	(460,001)	(83,705)	(545,407)
Depreciation charge for the year	-	(203)	(34,494)	(4,974)	(39,671)
Disposals/written-off	-	-	1,783	25,854	27,637
At 31 December 2018 and 1 January 2019	-	(1,904)	(492,712)	(62,825)	(557,441)
Depreciation charge for the year	-	(203)	(31,396)	(6,695)	(38,294)
Disposals/written-off	-	-	43,738	17,271	61,009
At 31 December 2019	-	(2,107)	(480,370)	(52,249)	(534,726)
<i>Net book value</i>					
At 1 January 2018	8,500	5,191	112,800	21,179	147,670
At 31 December 2018 and 1 January 2019	8,500	4,988	107,662	29,607	150,757
At 31 December 2019	8,500	4,785	119,124	39,351	171,760

As at 31 December 2019, the Bank's subsidiaries had no motor vehicles under financial leases agreement (2018: net book value amounting to approximately Baht 1 million).

The gross amount of the Bank and its subsidiaries fully depreciated equipment that was still in use as at 31 December 2019 amounting to Baht 418 million (2018: Baht 446 million).

	Land	Buildings	Bank only Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
<i>Cost</i>					
At 1 January 2018	8,500	6,892	467,274	79,845	562,511
Additions	-	-	31,896	13,878	45,774
Disposals/written-off	-	-	(7,138)	(23,858)	(30,996)
At 31 December 2018 and 1 January 2019	8,500	6,892	492,032	69,865	577,289
Additions	-	-	13,902	13,410	27,312
Disposals/written-off	-	-	(42,244)	(15,837)	(58,081)
At 31 December 2019	8,500	6,892	463,690	67,438	546,520

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	Land	Buildings	Bank only Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
Accumulated depreciation					
At 1 January 2018	-	(1,701)	(361,789)	(64,526)	(428,016)
Depreciation charge for the year	-	(203)	(30,640)	(4,861)	(35,704)
Disposals/written-off	-	-	1,784	23,858	25,642
At 31 December 2018 and 1 January 2019	-	(1,904)	(390,645)	(45,529)	(438,078)
Depreciation charge for the year	-	(203)	(27,778)	(6,621)	(34,602)
Disposals/written-off	-	-	42,172	15,837	58,009
At 31 December 2019	-	(2,107)	(376,251)	(36,313)	(414,671)
Net book value					
At 1 January 2018	8,500	5,191	105,485	15,319	134,495
At 31 December 2018 and 1 January 2019	8,500	4,988	101,387	24,336	139,211
At 31 December 2019	8,500	4,785	87,439	31,125	131,849

As at 31 December 2019 and 2018, 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 2019 amounting to Baht 350 million (2018: Baht 350 million).

19 Intangible assets, net

	Computer softwares	Consolidated Computer softwares under development (in thousand Baht)	Deferred license fee	Total
Cost				
At 1 January 2018	395,609	-	26,750	422,359
Additions	3,555	840	-	4,395
At 31 December 2018 and 1 January 2019	399,164	840	26,750	426,754
Additions	2,399	2,303	-	4,702
Written-off	(1,181)	-	-	(1,181)
At 31 December 2019	400,382	3,143	26,750	430,275
Accumulated amortisation				
At 1 January 2018	(370,107)	-	(13,294)	(383,401)
Amortisation for the year	(4,419)	-	(2,673)	(7,092)
At 31 December 2018 and 1 January 2019	(374,526)	-	(15,967)	(390,493)
Amortisation for the year	(5,218)	-	(2,673)	(7,891)
Written-off	1,181	-	-	1,181
At 31 December 2019	(378,563)	-	(18,640)	(397,203)
Net book value				
At 1 January 2018	25,502	-	13,456	38,958
At 31 December 2018 and 1 January 2019	24,638	840	10,783	36,261
At 31 December 2019	21,819	3,143	8,110	33,072

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	Computer softwares	Bank only Computer softwares under development (in thousand Baht)	Deferred license fee	Total
<i>Cost</i>				
At 1 January 2018	356,582	-	26,750	383,332
Additions	130	-	-	130
At 31 December 2018 and 1 January 2019	356,712	-	26,750	383,462
Additions	1,236	-	-	1,236
Written-off	(489)	-	-	(489)
At 31 December 2019	357,459	-	26,750	384,209
<i>Accumulated amortisation</i>				
At 1 January 2018	(338,371)	-	(13,294)	(351,665)
Amortisation for the year	(2,422)	-	(2,673)	(5,095)
At 31 December 2018 and 1 January 2019	(340,793)	-	(15,967)	(356,760)
Amortisation for the year	(2,456)	-	(2,673)	(5,129)
Written-off	489	-	-	489
At 31 December 2019	(342,760)	-	(18,640)	(361,400)
<i>Net book value</i>				
At 1 January 2018	18,211	-	13,456	31,667
At 31 December 2018 and 1 January 2019	15,919	-	10,783	26,702
At 31 December 2019	14,699	-	8,110	22,809

20 Deferred tax

Deferred tax assets and liabilities were as follows:

	Consolidated	
	2019	2018
	(in thousand Baht)	
Deferred tax assets	1,889,763	1,787,832
Deferred tax liabilities	(730,820)	(710,468)
Net	1,158,943	1,077,364
	Bank only	
	2019	2018
	(in thousand Baht)	
Deferred tax assets	525,062	539,826
Deferred tax liabilities	(88,327)	(47,298)
Net	436,735	492,528

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Movements in total deferred tax assets and liabilities during the years ended 31 December 2019 and 2018 were as follows:

	At 1 January 2019	Consolidated (Charged) / Credited to:		At 31 December 2019
		Profit or loss	Other comprehensive income	
		(Note 44)		
		(in thousand Baht)		
Deferred tax assets				
Investments	18,066	7,822	(18,065)	7,823
Loans to customers and accrued interest receivables	523,042	(43,457)	-	479,585
Allowance for doubtful accounts	713,328	(80,333)	-	632,995
Properties foreclosed	39,470	90,745	-	130,215
Other assets	413,198	122,220	-	535,418
Provisions	49,108	11,765	-	60,873
Other liabilities	31,620	10,008	-	41,628
Loss carry forward	-	1,226	-	1,226
Total	1,787,832	119,996	(18,065)	1,889,763
Deferred tax liabilities				
Investments	(44,460)	-	(39,368)	(83,828)
Investments in an associate	(26,368)	26,673	(305)	-
Loans to customers and accrued interest receivables	(631,728)	(6,995)	-	(638,723)
Deferred direct costs of debentures	(3,137)	(277)	-	(3,414)
Provisions	(4,775)	-	(80)	(4,855)
Total	(710,468)	19,401	(39,753)	(730,820)
Net	1,077,364	139,397	(57,818)	1,158,943

	At 1 January 2018	Consolidated (Charged) / Credited to:		At 31 December 2018
		Profit or loss	Other comprehensive income	
		(Note 44)		
		(in thousand Baht)		
Deferred tax assets				
Investments	-	-	18,066	18,066
Loans to customers and accrued interest receivables	482,997	40,045	-	523,042
Allowance for doubtful accounts	600,830	112,498	-	713,328
Properties foreclosed	38,474	996	-	39,470
Other assets	399,205	13,993	-	413,198
Provisions	45,795	3,313	-	49,108
Other liabilities	23,869	7,751	-	31,620
Total	1,591,170	178,596	18,066	1,787,832
Deferred tax liabilities				
Investments	(92,694)	-	48,234	(44,460)
Investments in an associate	(27,448)	942	138	(26,368)
Loans to customers and accrued interest receivables	(534,978)	(96,750)	-	(631,728)
Deferred direct costs of debentures	(3,210)	73	-	(3,137)
Provisions	(3,735)	-	(1,040)	(4,775)
Total	(662,065)	(95,735)	47,332	(710,468)
Net	929,105	82,861	65,398	1,077,364

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	At 1 January 2019	Bank only (Charged) / Credited to:		At 31 December 2019
		Profit or loss	Other comprehensive income	
		(Note 44)		
		(in thousand Baht)		
Deferred tax assets				
Investments	18,066	7,822	(18,065)	7,823
Loans to customers and accrued interest receivables	16,348	(437)	-	15,911
Allowance for doubtful accounts	426,200	(96,600)	-	329,600
Properties foreclosed	38,117	81,665	-	119,782
Other assets	488	(50)	-	438
Provisions	39,411	10,465	-	49,876
Other liabilities	1,196	436	-	1,632
Total	539,826	3,301	(18,065)	525,062
Deferred tax liabilities				
Investments	(44,460)	-	(39,368)	(83,828)
Provisions	(2,838)	-	(1,661)	(4,499)
Total	(47,298)	-	(41,029)	(88,327)
Net	492,528	3,301	(59,094)	436,735

	At 1 January 2018	Bank only (Charged) / Credited to:		At 31 December 2018
		Profit or loss	Other comprehensive income	
		(Note 44)		
		(in thousand Baht)		
Deferred tax assets				
Investments	-	-	18,066	18,066
Loans to customers and accrued interest receivables	16,866	(518)	-	16,348
Allowance for doubtful accounts	446,200	(20,000)	-	426,200
Properties foreclosed	36,915	1,202	-	38,117
Other assets	607	(119)	-	488
Provisions	37,194	2,217	-	39,411
Other liabilities	844	352	-	1,196
Total	538,626	(16,866)	18,066	539,826
Deferred tax liabilities				
Investments	(92,694)	-	48,234	(44,460)
Provisions	(1,408)	-	(1,430)	(2,838)
Total	(94,102)	-	46,804	(47,298)
Net	444,524	(16,866)	64,870	492,528

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21 Other assets, net

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Prepaid expenses	15,311	17,141	11,662	13,372
Deposit	21,574	18,722	12,536	11,498
Advance payment	1,356	2,647	1,343	2,633
Others	4,101	3,990	3,057	3,143
Total	42,342	42,500	28,598	30,646

22 Classified assets

	Consolidated				
	2019				
	Loans to customers and accrued interest receivables ⁽²⁾	Investments	Properties foreclosed	Other assets	Total
	<i>(in million Baht)</i>				
Pass	174,179 ⁽¹⁾	-	-	-	174,179
Special Mention	4,972	-	-	-	4,972
Substandard	561	-	-	-	561
Doubtful	364	-	-	-	364
Doubtful of Loss	83	9	651	504	1,247
Total	180,159	9	651	504	181,323

⁽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				
	2018				
	Loans to customers and accrued interest receivables ⁽²⁾	Investments	Properties foreclosed	Other assets	Total
	<i>(in million Baht)</i>				
Pass	148,429 ⁽¹⁾	-	-	-	148,429
Special Mention	5,451	-	-	-	5,451
Substandard	943	-	-	-	943
Doubtful	668	-	-	-	668
Doubtful of Loss	222	9	197	486	914
Total	155,713	9	197	486	156,405

⁽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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Bank only					
2019					
	Loans to customers and accrued interest receivables ⁽²⁾	Investments	Properties foreclosed	Other assets	Total
	<i>(in million Baht)</i>				
Pass	137,357 ⁽¹⁾	-	-	-	137,357
Special Mention	245	-	-	-	245
Substandard	46	-	-	-	46
Doubtful	130	-	-	-	130
Doubtful of Loss	83	9	599	2	693
Total	137,861	9	599	2	138,471

⁽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

Bank only					
2018					
	Loans to customers and accrued interest receivables ⁽²⁾	Investments	Properties foreclosed	Other assets	Total
	<i>(in million Baht)</i>				
Pass	118,254 ⁽¹⁾	-	-	-	118,254
Special Mention	975	-	-	-	975
Substandard	88	-	-	-	88
Doubtful	559	-	-	-	559
Doubtful of Loss	222	9	191	2	424
Total	120,098	9	191	2	120,300

⁽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

23 Deposits

23.1 Classified by product

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Demand	11,592,866	8,582,612	11,593,326	8,582,761
Savings	11,414,703	9,545,975	11,417,080	9,548,458
Fixed				
- Less than 6 months	37,787,235	37,096,697	37,787,235	37,096,697
- 6 months and less than 1 year	32,241,470	22,964,665	32,241,470	22,964,665
- Over 1 year	36,783,971	23,949,550	36,783,971	23,949,550
Total	129,820,245	102,139,499	129,823,082	102,142,131

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23.2 Classified by currency and residence of customer

	Consolidated					
	2019		2018			
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	123,266,905	3,154,012	126,420,917	95,818,396	2,951,060	98,769,456
US Dollar	1,376,918	301,878	1,678,796	1,056,335	734,195	1,790,530
Renminbi	1,157,038	463,761	1,620,799	1,022,771	505,970	1,528,741
Other currencies	98,176	1,557	99,733	49,018	1,754	50,772
Total	125,899,037	3,921,208	129,820,245	97,946,520	4,192,979	102,139,499

	Bank only					
	2019		2018			
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	123,269,742	3,154,012	126,423,754	95,821,029	2,951,060	98,772,089
US Dollar	1,376,918	301,878	1,678,796	1,056,335	734,195	1,790,530
Renminbi	1,157,038	463,761	1,620,799	1,022,771	505,970	1,528,741
Other currencies	98,176	1,557	99,733	49,017	1,754	50,771
Total	125,901,874	3,921,208	129,823,082	97,949,152	4,192,979	102,142,131

24 Interbank and money market items (Liabilities)

	Consolidated					
	2019		2018			
	Demand	Time	Total	Demand	Time	Total
	<i>(in thousand Baht)</i>					
Domestic items						
Commercial banks	232,320	1,000,000	1,232,320	213,953	8,300,000	8,513,953
Specialised financial institutions	90	368,324	368,414	38	759,470	759,508
Other financial institutions	151,232	1,719,534	1,870,766	117,620	1,802,650	1,920,270
Total domestic items	383,642	3,087,858	3,471,500	331,611	10,862,120	11,193,731
Foreign items						
US Dollar	-	25,404,745	25,404,745	-	30,143,445	30,143,445
Renminbi	13,704	129,441	143,145	4,417	2,470,495	2,474,912
Euro	-	18,195,979	18,195,979	-	12,310,716	12,310,716
Yen	-	1,214,134	1,214,134	-	5,076,302	5,076,302
Baht	338,347	-	338,347	342,963	-	342,963
Total foreign items	352,051	44,944,299	45,296,350	347,380	50,000,958	50,348,338
Total domestic and foreign items	735,693	48,032,157	48,767,850	678,991	60,863,078	61,542,069

	Bank only					
	2019		2018			
	Demand	Time	Total	Demand	Time	Total
	<i>(in thousand Baht)</i>					
Domestic items						
Commercial banks	232,320	-	232,320	213,953	8,300,000	8,513,953
Specialised financial institutions	90	368,324	368,414	38	759,470	759,508
Other financial institutions	151,232	1,719,534	1,870,766	117,620	1,802,650	1,920,270
Total domestic items	383,642	2,087,858	2,471,500	331,611	10,862,120	11,193,731

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	Bank only					
	Demand	2019 Time	Total	Demand	2018 Time	Total
	<i>(in thousand Baht)</i>					
Foreign items						
US Dollar	-	25,404,745	25,404,745	-	30,143,445	30,143,445
Renminbi	13,704	129,441	143,145	4,417	2,470,495	2,474,912
Euro	-	18,195,979	18,195,979	-	12,310,716	12,310,716
Yen	-	1,214,134	1,214,134	-	5,076,302	5,076,302
Baht	338,347	-	338,347	342,963	-	342,963
Total foreign items	352,051	44,944,299	45,296,350	347,380	50,000,958	50,348,338
Total domestic and foreign items	735,693	47,032,157	47,767,850	678,991	60,863,078	61,542,069

25 Debt issued and borrowings

As at 31 December 2019 and 2018, debt issued and borrowings, which were denominated entirely in Thai Baht, consist of the following:

	Consolidated					
	2019			2018		
	Maturity	Interest rate (%)	Amount <i>(in thousand Baht)</i>	Maturity	Interest rate (%)	Amount <i>(in thousand Baht)</i>
Secured debentures ⁽¹⁾	-	-	-	2019	3.94	4,872,480
Unsecured debentures	2020 - 2026	1.36 - 2.74	32,260,677	2019 - 2026	1.60 - 2.74	22,178,617
Subordinated debentures ⁽²⁾	2028	3.50	4,987,272	2028	3.50	4,985,815
Total			37,247,949			32,036,912

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

⁽²⁾ Counted as of Tier 2 capital under Bank of Thailand's criteria for inclusion of financial instruments in Tier 2 Capital. (Note 6)

	Bank only					
	2019			2018		
	Maturity	Interest rate (%)	Amount <i>(in thousand Baht)</i>	Maturity	Interest rate (%)	Amount <i>(in thousand Baht)</i>
Subordinated debentures ⁽²⁾	2028	3.50	4,987,272	2028	3.50	4,985,815
Total			4,987,272			4,985,815

⁽²⁾ Counted as of Tier 2 capital under Bank of Thailand's criteria for inclusion of financial instruments in Tier 2 Capital. (Note 6)

Subordinated debentures

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

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26 Provisions for employee benefit

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Statement of financial position obligations for:				
<i>Post-employment benefits</i>				
Defined benefit plan	<u>302</u>	<u>236</u>	<u>249</u>	<u>197</u>
<i>Defined benefit plan</i>				
The Bank and its subsidiaries operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Group and the Bank to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.				
<i>Present value of the defined benefit obligations</i>	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
At 1 January	236	215	197	184
Included in profit or loss:				
Current service cost	41	36	33	31
Past service cost	32	-	29	-
Interest on obligation	<u>5</u>	<u>5</u>	<u>4</u>	<u>4</u>
	78	41	66	35
Included in other comprehensive income				
Actuarial gains				
- Demographic assumptions	9	2	7	2
- Financial assumptions	-	3	(3)	1
- Experience adjustment	<u>(9)</u>	<u>(10)</u>	<u>(12)</u>	<u>(10)</u>
	-	(5)	(8)	(7)
Benefit paid	<u>(12)</u>	<u>(15)</u>	<u>(6)</u>	<u>(15)</u>
	(12)	(15)	(6)	(15)
At 31 December	<u>302</u>	<u>236</u>	<u>249</u>	<u>197</u>

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee, who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Bank and its subsidiaries therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised increased.

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<i>Principal actuarial assumptions</i>	Consolidated		The Bank	
	2019	2018	2019	2018
		(%)		
Discount rate	1.44 - 2.22	2.00 - 2.26	2.22	2.00
Future salary growth	6	6	6	6
Employee turnover	0 - 18	0 - 19	0 - 18	0 - 17

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2019, the weighted-average duration of the defined benefit obligation was 5.97 years (2018: 6.08 years).

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.

<i>Effect to the defined benefit obligation</i>	Consolidated			
	1% increase in assumption		1% decrease in assumption	
<i>At 31 December</i>	2019	2018	2019	2018
		(in million Baht)		
Discount rate	(16.55)	(12.48)	18.53	13.84
Future salary growth	20.07	15.14	(18.32)	(13.92)
Employee turnover	(17.78)	(13.43)	9.37	6.48
Future mortality	0.65	0.51	(0.65)	(0.51)

<i>Effect to the defined benefit obligation</i>	Bank only			
	1% increase in assumption		1% decrease in assumption	
<i>At 31 December</i>	2019	2018	2019	2018
		(in million Baht)		
Discount rate	(12.99)	(10.29)	14.46	11.37
Future salary growth	16.26	12.79	(14.91)	(11.78)
Employee turnover	(13.89)	(11.02)	6.88	5.10
Future mortality	0.50	0.41	(0.50)	(0.41)

27 Other liabilities

	Consolidated		Bank only	
	2019	2018	2019	2018
		(in thousand Baht)		
Other payables	538,691	462,805	276,343	187,643
Advance received from finance lease	178,749	217,368	-	-
Advance received from electronic payment ⁽¹⁾	213,812	168,424	213,812	168,424
Accrued expenses	639,504	560,006	552,362	484,996
Withholding tax payable	30,995	33,384	25,849	28,873
Special business tax payable	28,323	22,516	28,323	22,516
Corporate income tax payable	241,764	143,981	186,412	141,848
Others	147,963	174,289	76,884	104,298
Total	2,019,801	1,782,773	1,359,985	1,138,598

⁽¹⁾ According to the BoT Notification number Sor Nor Chor 8/2561 dated 16 April 2018, regarding "Regulations on Service Business relating to Electronic Fund Transfer (EFT)"

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28 Share capital

	Par Value (in Baht)	Number	Consolidated and Bank only		
			2019 Amount (thousand shares/thousand Baht)	2018 Number	Amount
Authorised shares at 31 December					
- preference shares	8.92	451	4,024	451	4,024
- ordinary shares	8.92	<u>2,256,510</u>	<u>20,128,070</u>	<u>2,256,510</u>	<u>20,128,070</u>
Issued and paid-up					
At 1 January					
- preference shares	8.92	451	4,024	451	4,024
- ordinary shares	8.92	<u>2,256,510</u>	<u>20,128,070</u>	<u>2,256,510</u>	<u>20,128,070</u>
At 31 December					
- preference shares	8.92	451	4,024	451	4,024
- ordinary shares	8.92	<u>2,256,510</u>	<u>20,128,070</u>	<u>2,256,510</u>	<u>20,128,070</u>

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 have a period of 10 years, which expired in November 2009. Hence, rights of preference shareholders have been the same as those of the ordinary shareholders since then.

Holders of both classes of preference shares are entitled to convert the shares they hold into ordinary shares, with the conversion ratio of 1:1. All Class A preference shares were already converted into ordinary shares before the year 2010 and the Class B preference shareholders are still entitled to convert the remaining Class B preference shares into ordinary shares.

The holders of ordinary shares and preference shares are entitled to receive dividends as declared, and are entitled to one vote per share at the shareholders' meeting of the Bank. In respect of the Bank's shares that are held by the Bank ("Treasury shares" (Note 29)) all rights will be suspended until the Bank has sold the repurchased shares to other persons as stipulated in the Public Companies Act.

29 Treasury shares

The treasury shares account within equity comprises the cost of the Bank's own shares.

In March 2019, the Board of Directors of the Bank approved a treasury share buyback to repurchase its shares from minority shareholders who voted against the resolution of the Annual General Meeting of shareholders to amend the articles of association of the Bank relating to the dividend payment policy at the price of Baht 18.02 per share. The Bank purchased the shares during 11 to 30 May 2019 amounted to 2.80 million shares. The shares purchased may be resold after 6 months but not more than 3 years from the date of purchase (13 June 2019).

As at 31 December 2019, the Bank held preferred shares and ordinary shares amounting to 2.80 million shares, comprising 0.12% of the Bank's issued and paid up share capital, at a total cost of Baht 50.49 million.

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30 Reserves

Reserves comprises of:

Appropriations of profit and/ or retained earnings

Legal reserve

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

On 26 April 2019, the Annual General Meeting of Shareholders No.26 (2019) resolved to approve the appropriation of Baht 500 million to legal reserve from profit for the year 2018. The total legal reserve of the Bank is Baht 1,100 million.

On 20 March 2020, the Board of Director Meeting No.1/2020 passed a resolution to propose for consideration and approval in the Annual General Meeting of Shareholders for the appropriation of Baht 500 million to legal reserve from profit for the year 2019. The total legal reserve of the Bank is Baht 1,600 million.

Other components of equity

Fair value changes in available-for-sale investments

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

31 Other components of equity

	Consolidated	
	2019	2018
	<i>(in thousand Baht)</i>	
Beginning balance	104,498	369,458
Net change in fair value recognised in equity, net of tax	229,731	(265,200)
Exchange differences on translating foreign operations	(318)	294
Share of other comprehensive income (expenses) from investment in an associate, net of tax	1,353	(54)
Ending balance	335,264	104,498

	Bank only	
	2019	2018
	<i>(in thousand Baht)</i>	
Beginning balance	105,580	370,780
Net change in fair value recognised in equity, net of tax	229,731	(265,200)
Ending balance	335,311	105,580

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32 Contingent liabilities and Commitments

32.1 Commitments

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Avals to bills and Guarantees of loans	996	1,024	996	5,897
Letter of credit	287	112	287	112
Other contingencies				
- Overdraft undrawn committed line	1,210	1,280	1,240	1,310
- Other guarantees	39,158	36,153	39,158	36,153
- Others	4,310	1,810	4,310	1,810
Total	45,961	40,379	45,991	45,282

32.2 Contingent liabilities from litigations

As of 31 December 2019, there was no contingent liabilities in connection with court cases which the Bank and its subsidiaries have been sued as a defendant in the Court.

As of 31 December 2018, there were 5 cases wherein the Court of First Instance has already decided in favour of the plaintiffs. The Bank and its subsidiaries have made the provisions amounting to Baht 0.1 million for 1 case which the Appeal Court has not rendered the judgment. Management expected that the provision is sufficient for the claim compensation. For the rest, the Appeal Court has decided to release and discharge 3 cases, and has confirmed the judgement of the Court of First Instance for 1 case. The lawsuits were mainly lodged to claim compensation under normal business operations of the Bank and its subsidiaries. Management believes that the Bank and its subsidiaries will not have to pay the claim amount after these cases are finalised and any liabilities resulting from this litigation will not be material to the Bank and its subsidiaries' financial positions or the results of its operations.

33 Related parties

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
ICBC (Thai) Leasing Company Limited	Thailand	A direct subsidiary of the Bank
Sky High LI Leasing Designated Activity Company Limited	Ireland	An indirect subsidiary of the Bank
Finansia Syrus Securities Public Company Limited	Thailand	An associate of the Bank ⁽¹⁾

⁽¹⁾ As at 31 December 2019, Finansia Syrus Securities Public Company Limited was no longer an associate of the Bank. (Note 11)

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Name of entities	Country of incorporation/ nationality	Nature of relationships
Apex Speed Holdings Limited	Hong Kong	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 - Guangxi	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Hebei	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 - Henan	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Jiangsu	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Shanghai (FTU)	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Shenzhen	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 - Kuwait	Kuwait	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Vientiane	Laos	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Luxembourg	Luxembourg	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Singapore	Singapore	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Dubai (DIFC)	UAE	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - London	United Kingdom	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - New York	United States	The Branch of the ultimate parent company
Key management personnel	Thai/Chinese	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Bank and its subsidiaries

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

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

Significant transaction for the years ended 31 December 2019 and 2018 with related parties were as follows:

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Parent				
Interest income	5	24	5	24
Interest expense	1,160	1,188	1,160	1,188
Fee income	6	3	6	3
Fee expense	51	63	51	63
Related parties				
Interest income	36	24	36	24
Interest expense	15	39	15	39
Fee expense	22	-	22	-
Associate				
Dividend income	-	-	8	8
Subsidiaries				
Interest income	-	-	169	186
Fee income	-	-	6	10
Related persons				
Interest expense	1	1	1	1
Key management personnel				
Key management personnel compensation				
- Short-term employee benefits	167	200	140	148
- Post-employment benefits	2	3	2	3

Directors and management's remuneration

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

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Significant balances with related parties were as follows:

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Interbank and money market items (assets)				
Parent	845	740	741	531
Other related parties	622	547	622	547
<i>Derivative asset (fair value)</i>				
Parent	59	8	59	8
Other related parties	110	21	110	21
<i>Investments in subsidiaries and an associate</i>				
Subsidiaries	-	-	4,250	4,250
Associate	-	569	-	305
<i>Loans to customers and accrued interest receivables, net</i>				
Subsidiaries	-	-	3,550	5,108
Key management personnel	1	1	1	1
<i>Deposits</i>				
Subsidiaries	-	-	3	3
Key management personnel	125	149	125	149
<i>Interbank and money market items (liabilities)</i>				
Parent	43,748	48,982	43,748	48,982
Associate	-	2	-	2
Other related parties	103	4	103	4
<i>Derivative liabilities (fair value)</i>				
Parent	213	154	213	154
Other related parties	13	105	13	105
<i>Accrued interest payables</i>				
Parent	385	433	385	433
Other related parties	7	3	7	3
<i>Other liabilities</i>				
Subsidiaries	-	-	-	2
<i>Off-financial reporting items</i>				
<i>Other guarantees</i>				
Parent	5,282	1,528	5,282	1,528
Subsidiaries	-	-	30	30
<i>Guarantee on loans</i>				
Subsidiaries	-	-	-	4,873
<i>Forward exchange contracts-bought (notional amounts)</i>				
Parent	4,282	6,918	4,282	6,918
Other related parties	3,257	4,130	3,257	4,130

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	2019	2018	2019	2018
	<i>(in million Baht)</i>			
<i>Forward exchange and interest rate contracts</i>				
<i>(notional amounts)</i>				
Parent	7,561	8,099	7,561	8,099
Other related parties	1,994	2,185	1,994	2,185
<i>Interest rate swap contracts (notional amounts)</i>				
Parent	6,489	7,029	6,489	7,029
Other related parties	3,406	3,665	3,406	3,665

As at 31 December 2019, Industrial and Commercial Bank of China Limited - Hong Kong had a Standby L/C and a US Dollar fixed cash deposit, amounting to US Dollar 491 million (equivalent to Baht 14,806 million) and US Dollar 450 million (equivalent to Baht 13,569 million), respectively. (2018: Standby L/C and US Dollar fixed cash deposit amounting to US Dollar 491 million (equivalent to Baht 15,936 million) and US Dollar 450 million (equivalent to Baht 14,602 million), respectively). Both transactions are used as a collateral against the issuance of Letter of Guarantee for a Telecommunication Company. As a result, the Bank has to pay a fee for the Standby L/C on an annual basis and the interest for the US Dollar fixed cash deposit on a semi-annual basis until the end of the contract in 2020.

34 Long-term lease agreements

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

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Within one year	100	104	63	92
After one year but within five years	184	110	134	108
Over five years	109	117	109	117
Total	393	331	306	317

35 Segment information and disaggregation of revenue

The Bank and its subsidiaries' business operations involve 2 principal segments: (1) Banking business which includes factoring business and (2) Hire purchase, finance lease, factoring business that form the basis of how information is presented to the Chief Operating Decision Maker. Respective business segments serve both corporate and retail customers; however, retail represents an insignificant portion of the total at the bank level. These operations are carried mainly in Thailand. The Bank has determined that the Chief Operating Decision Maker is the Executive Committee.

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

	Consolidated				
	Banking business	Hire purchase, finance lease and factoring business	Total (in million Baht)	Elimination entries	Total
For the year ended 31 December 2019					
Net interest income	2,988	1,413	4,401	2	4,403
Net fees and service income	450	456	906	(6)	900
Losses on investment in an associate	(300)	-	(300)	-	(300)
Share of loss of investments in an associate	(8)	-	(8)	-	(8)
Other operating income	183	326	509	(8)	501
Other operating expenses	(2,028)	(745)	(2,773)	4	(2,769)
Profit before bad debt, doubtful accounts and impairment losses	1,285	1,450	2,735	(8)	2,727
Bad debt, doubtful accounts and impairment losses	439	(547)	(108)	-	(108)
Profit from operation before income tax	1,724	903	2,627	(8)	2,619
Income tax	(392)	(82)	(474)	-	(474)
Profit for the year	1,332	821	2,153	(8)	2,145
Financial position as at 31 December 2019					
Total assets	215,797	43,774	259,571	(7,840)	251,731
Total liabilities	185,684	37,636	223,320	(3,589)	219,731

	Consolidated				
	Banking business	Hire purchase, finance lease and factoring business	Total (in million Baht)	Elimination entries	Total
For the year ended 31 December 2018					
Net interest income	2,926	1,314	4,240	6	4,246
Net fees and service income	422	316	738	(9)	729
Share of loss of investments in an associate	(2)	-	(2)	-	(2)
Other operating income	457	388	845	(8)	837
Other operating expenses	(1,554)	(639)	(2,193)	3	(2,190)
Profit before bad debt, doubtful accounts and impairment losses	2,249	1,379	3,628	(8)	3,620
Bad debt, doubtful accounts and impairment losses	(325)	(1,025)	(1,350)	-	(1,350)
Profit from operation before income tax	1,924	354	2,278	(8)	2,270
Income tax	(407)	49	(358)	-	(358)
Profit for the year	1,517	403	1,920	(8)	1,912
Financial position as at 31 December 2018					
Investments in an associate	569	-	569	-	569
Total assets	199,702	38,301	238,003	(9,177)	228,826
Total liabilities	171,340	32,977	204,317	(5,164)	199,153

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

As at 31 December 2019 and 2018, the consolidated financial position classified by domestic and foreign business were as follows:

	Consolidated							
	2019			2018				
	Domestic business	Foreign business	Elimination entries	Total	Domestic business	Foreign business	Elimination entries	Total
	<i>(in million Baht)</i>							
Total assets	251,688	3,190	(3,147)	251,731	228,806	3,952	(3,932)	228,826
Interbank and money market items, net (Assets)	26,181	104	-	26,285	11,504	209	-	11,713
Investments, net ⁽¹⁾	72,119	-	-	72,119	74,747	-	-	74,747
Loans to customers and accrued interest receivables, net	149,153	3,079	(3,147)	149,085	138,444	3,743	(3,932)	138,255
Deposits	129,820	-	-	129,820	102,139	-	-	102,139
Interbank and money market items (Liabilities)	48,768	3,147	(3,147)	48,768	61,542	3,932	(3,932)	61,542
Debt issued and borrowings	37,248	-	-	37,248	32,037	-	-	32,037

⁽¹⁾ The amount includes investments in subsidiaries and an associate, net

The results of the consolidated operations classified by domestic and foreign business for the years ended 31 December 2019 and 2018 were as follows:

	Consolidated							
	2019			2018				
	Domestic business	Foreign business	Elimination entries	Total	Domestic business	Foreign business	Elimination entries	Total
	<i>(in million Baht)</i>							
Interest income	8,928	171	(154)	8,945	8,387	188	(170)	8,405
Interest expenses	(4,542)	(154)	154	(4,542)	(4,159)	(170)	170	(4,159)
Net interest income	4,386	17	-	4,403	4,228	18	-	4,246
Net fees and service income	899	1	-	900	729	-	-	729
Losses on investments in an associate	(300)	-	-	(300)	-	-	-	-
Share of losses from investments in an associate	(8)	-	-	(8)	(2)	-	-	(2)
Other operating income	501	-	-	501	837	-	-	837
Other operating expenses	(2,769)	-	-	(2,769)	(2,190)	-	-	(2,190)
Bad debt, doubtful accounts and impairment losses	(113)	5	-	(108)	(1,355)	5	-	(1,350)
Profit from operations before income tax	2,596	23	-	2,619	2,247	23	-	2,270

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

37 Interest income

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Interbank and money market items	469,976	203,014	469,773	202,884
Investments in debt securities	2,091,247	1,794,801	2,091,247	1,794,801
Loans to customers and factoring	4,180,563	4,294,510	4,273,226	4,404,196
Hire purchase and finance leases	2,197,875	2,112,315	-	-
Others	4,889	511	4,889	511
Total	8,944,550	8,405,151	6,839,135	6,402,392

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38 Interest expenses

	Consolidated		Bank only	
	2019	2018	2019	2018
	(in thousand Baht)			
Deposits	1,745,671	1,435,872	1,745,700	1,435,881
Interbank and money market items	1,394,757	1,393,776	1,389,751	1,391,252
Contributions to Deposit Protection Agency and Bank of Thailand	539,717	510,936	539,717	510,936
Debt issued - debentures	848,843	806,532	175,001	136,164
Borrowings	-	159	-	160
Debentures fee expense	13,013	10,990	1,710	1,378
Other	4	889	4	888
Total	4,542,005	4,159,154	3,851,883	3,476,659

39 Net fees and service income

	Consolidated		Bank only	
	2019	2018	2019	2018
	(in thousand Baht)			
<i>Fees and service income</i>				
Acceptances, avals and guarantees	396,269	399,468	398,649	406,434
Letter of credit fee	7,682	6,814	7,682	6,814
Hire purchase and finance leases	114,247	116,968	-	-
Assurance and insurance	343,740	201,974	734	1,056
Others	154,881	123,824	156,266	123,971
Total fees and service income	1,016,819	849,048	563,331	538,275
Fees and service expense	(116,818)	(120,108)	(113,417)	(115,753)
Net fees and service income	900,001	728,940	449,914	422,522

40 Net trading income

	Consolidated		Bank only	
	2019	2018	2019	2018
	(in thousand Baht)			
<i>Gain on trading and foreign exchange transactions</i>				
Foreign currencies and foreign currency related derivatives	131,623	118,116	131,630	117,407
Total	131,623	118,116	131,630	117,407

41 Net (losses) gains on investments

	Consolidated		Bank only	
	2019	2018	2019	2018
	(in thousand Baht)			
(Losses) gains on disposal				
- Investment in available-for-sale securities	116	(5,282)	116	(5,282)
- Investment in held-to-maturity securities	352	-	352	-
- Investment in an associate	(299,832)	-	(48,602)	-
- General investment	-	170,020	-	170,020
Losses on impairment of general investment	(44)	(44)	(44)	(44)
Net (losses) gains on investments	(299,408)	164,694	(48,178)	164,694

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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		Bank only	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Bad debts and doubtful accounts				
- Interbank and money market items	23,334	30,461	23,334	30,461
- Loans to customers	94,330	1,307,615	(460,183)	293,765
Loss on debt restructuring	(9,258)	11,612	(1,911)	1,015
Total	108,406	1,349,688	(438,760)	325,241

44 Income tax

Income tax recognised in profit or loss

	Note	Consolidated		Bank only	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Current tax expense					
Current year		615,285	442,295	421,441	392,719
Under (over) provided in prior years		(1,257)	(1,689)	772	(1,689)
		614,028	440,606	422,213	391,030
Deferred tax expense					
Movements in temporary differences	20	(139,397)	(82,861)	(3,301)	16,866
		(139,397)	(82,861)	(3,301)	16,866
Total income tax expense		474,631	357,745	418,912	407,896

Income tax recognised in other comprehensive income

	Consolidated					
	Before tax	2019 Tax income	Net of tax	Before tax	2018 Tax expense	Net of tax
	<i>(in thousand Baht)</i>					
Other comprehensive income						
- Available-for-sale securities	287,164	(57,433)	229,731	(331,500)	66,300	(265,200)
- Actuarial gain on defined benefit plan	398	(80)	318	5,200	(1,040)	4,160
- Share of other comprehensive income of investments in an associate	3,042	(305)	2,737	(1,380)	138	(1,242)
- Translating difference	(318)	-	(318)	294	-	294
Total	290,286	(57,818)	232,468	(327,386)	65,398	(261,988)

	Bank only					
	Before tax	2019 Tax income	Net of tax	Before tax	2018 Tax expense	Net of tax
	<i>(in thousand Baht)</i>					
Other comprehensive income						
- Available-for-sale securities	287,164	(57,433)	229,731	(331,500)	66,300	(265,200)
- Actuarial gain on defined benefit plan	8,305	(1,661)	6,644	7,150	(1,430)	5,720
Total	295,469	(59,094)	236,375	(324,350)	64,870	(259,480)

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Reconciliation of effective tax rate

	Consolidated			
	2019		2018	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax		2,619,624		2,269,844
Income tax using the Thai corporation tax rate	20	523,925	20	453,969
Expense not deductible for tax purpose		81,027		357
Additional deductible expense for tax purposes ⁽²⁾		(91,865)		(93,563)
Over provided in prior years		(1,257)		(1,689)
Income tax of the indirect subsidiary that is not taxable		(10,526)		(1,329)
Deferred tax expense utilised during the period from prior years temporary difference that was recognised as deferred tax assets		(26,673)		-
Total	18 ⁽¹⁾	474,631	16 ⁽¹⁾	357,745

⁽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

	Bank only			
	2019		2018	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax		1,983,361		1,924,440
Income tax using the Thai corporation tax rate	20	396,672	20	384,888
Expense not deductible for tax purpose		21,468		24,697
Under (over) provided in prior year		772		(1,689)
Total	21 ⁽¹⁾	418,912	21 ⁽¹⁾	407,896

⁽¹⁾ Effective tax rate

45 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2019 and 2018 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:

For the year ended 31 December	Consolidated		Bank only	
	2019	2018	2019	2018
Profit attributable to shareholders of the Bank (in million Baht)	<u>2,145</u>	<u>1,912</u>	<u>1,564</u>	<u>1,517</u>
Number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding (in million shares)	2,257	2,257	2,257	2,257
Effect of ordinary shares and preference shares held by the Bank (in million shares)	<u>(2)</u>	<u>-</u>	<u>(2)</u>	<u>-</u>
Weighted average number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding (in million shares)	<u>2,255</u>	<u>2,257</u>	<u>2,255</u>	<u>2,257</u>
Earnings per share (basic) (in Baht)	<u>0.95</u>	<u>0.85</u>	<u>0.69</u>	<u>0.67</u>

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46 Event after the reporting period

46.1 Issuance of debenture of the direct subsidiary

During January 2020 to 20 March 2020, the ICBC (Thai) Leasing Company Limited (“the Direct subsidiary”) issued 7 short-term debentures with total face value of Baht 5,300 million offered to financial institution investors carrying interest rate ranging from 1.10% to 1.30% per annum with the maturity dates being the range of 30 days to 92 days. Moreover, short-term debentures with face value of Baht 5,600 million had already been settled on their maturity dates in the period.

46.2 Establishment of the indirect subsidiary

In January 2020, the ICBC (Thai) Leasing Company Limited (“the Direct subsidiary”), established its subsidiary, ICBC (Thai) Insurance Broker Company Limited (“the Company”), domestically. The direct subsidiary is the major shareholder that owns 99.99% of the Company’s shares. As a result, the Company became an indirect subsidiary of the Bank. The principle activities of the indirect subsidiary are life and non-life insurance brokers. The indirect subsidiary has an authorised capital of Baht 4 million and demand full payment on shares.

47 Thai Financial Reporting Standards (TFRS) not yet adopted

New TFRSs, which are relevant to the Bank and its subsidiaries’ operations, expected to have material impact on the consolidated and Bank only financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* *TFRSs - Financial instruments standards*

(a) TFRSs - Financial instruments standards

These TFRSs - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRSs are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled. The impact from adoption of TFRSs - Financial instruments are as follows:

(i) Classification - Financial assets

TFRS 9 classifies financial assets into three categories: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105. The classification under TFRS 9 will be based on the cash flow characteristics of the financial asset and the business model in which they are managed.

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(ii) Measurement at amortised cost

Under TFRS 9, interest income and interest expenses recognised from all financial assets and financial liabilities measured at amortised cost shall be calculated using effective interest rate method. TFRS 9 shall replace current accounting policies of the Bank and its subsidiaries on recognition of both interest income and interest expenses as disclosed in notes 3 (b) and 3 (c).

(iii) Impairment - Financial assets

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model whereas currently the Bank and its subsidiaries estimate allowance for doubtful account based on relevant BoT's criteria and regulations by analysing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgment about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model applies to the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- lease receivables; and
- loan commitments and financial guarantee contracts issued (previously, impairment was measured under TAS 37 *Provisions, Contingent Liabilities and Contingent Assets*)

Under TFRS 9, no impairment loss is recognised on equity investments.

Three stage approach

Financial assets are classified in any of the below 3 Stages at each reporting date. A financial asset can move between Stages during its lifetime. The Stages are based on changes in credit quality since initial recognition and defined as follows:

- Stage 1: 12-month ECL

Financial assets that have not had a significant increase in credit risk since initial recognition (i.e. no Stage 2 or 3 triggers apply). Financial assets are classified as stage 1 upon initial recognition and have a provision for ECL associated with the probability of default (PD) events occurring with the next 12 months (12-month ECL). For those financial assets with a remaining maturity of less than 12 months, a PD is used corresponding to the remaining maturity;

- Stage 2: Lifetime ECL not credit impaired

Financial assets showing a significant increase in credit risk since initial recognition. A provision is made for the life time ECL representing losses over the life of the financial assets (lifetime ECL); or

- Stage 3: Lifetime ECL credit impaired

Financial assets that are credit impaired require a life time provision.

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Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank and its subsidiaries expect to receive);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive if the loan is draw down; and
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Modification

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the modification will not result in derecognition of the existing financial asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing financial asset. The gross carrying amount of the financial asset will be recalculated using the original effective interest rate of the existing financial asset.
- If the modification will result in derecognition of the existing financial asset, then the fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition.

Credit impaired financial assets (Stage 3)

Financial assets are assessed for credit-impairment at each reporting date and more frequently when circumstances warrant further assessment. Evidence of credit-impairment includes arrears of over 90 days on any material credit obligation, indications that the borrower is experiencing significant financial difficulty, a breach of contract, bankruptcy or distressed restructuring.

An asset that is in stage 3 will move back to stage 2 when, as at the reporting date, it is no longer considered to be credit-impaired. The asset will migrate back to stage 1 when its credit risk at the reporting date is no longer considered to have increased significantly since initial recognition.

(iv) Classification - Financial liabilities

TFRS 9 contains a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortised cost and FVTPL. A financial liability is classified as financial liabilities measured at FVTPL if it is held for trading, a derivative or designated as such on the initial recognition.

Under TFRS 9, fair value changes for financial liabilities classified as FVTPL are generally presented as follows:

- the amount of fair value that changes due to changes in the credit risk of the financial liability is presented in OCI; and
- the remaining amount of fair value changed is presented in profit or loss.

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(v) Hedge accounting

TFRS 9 provides guidance on hedge accounting while current TFRSs are silent. There are three hedge accounting models and the type of model applied depends on the hedged exposures consisting of a fair value exposure, a cash flow exposure or a foreign currency exposure on a net investment in a foreign operation. Under TFRS 9, the Bank is required to ensure that hedge accounting relationships are aligned with the Bank's risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

Currently, the Bank had derivative, entering for the banking book purpose, with interest components which are recognised on an accrual basis and foreign exchange components which are recognised based on exchange rate ruling on the reporting date.

However, TFRS 9 had an option to apply hedge accounting for any transaction that meets the specific requirement of hedge accounting under TFRS 9 at date of initial application.

(vi) Disclosures

TFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and ECLs.

Transition

The Bank and its subsidiaries expect to initially adopt these TFRSs by adjusting the impact to retained earnings or other component of equity on 1 January 2020. Therefore, the Bank and its subsidiaries will not apply the requirements of these TFRSs to comparative information.

Based on the preliminary impact assessment of initially applying TFRSs – Financial instruments on the consolidated and Bank only financial statements, the management estimate that the impact is approximately 2% of total shareholders' equity. The impact is mainly resulting from fair value recognition of derivatives previously classified under banking book.

Management has developed a number of models to estimate the ECL allowance in accordance with TFRS 9 and the Bank of Thailand notification and guidelines. In addition, there may be uncertain events in the future that are still not reflected in the current credit models, so the management provide additional ECL as management overlay based on their assessment and judgment. Management estimate that there will be no additional allowance required to be recorded by the Bank and its subsidiaries as at 1 January 2020, based on current results from the models and estimates of management overlay, compared to amounts recorded under the existing requirement as at 31 December 2019.

(b) *TFRS 16 Leases*

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

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Currently, the Bank and its subsidiaries recognise payments made under operating leases and relevant lease incentives in profit or loss on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under TFRS 16, the Bank and its subsidiaries will recognise right-of-use assets and lease liabilities for its operating leases as disclosed in Note 34. As a result, the nature of expenses related to those leases will be changed because the Bank and its subsidiaries will recognise depreciation of right-of-use assets and interest expense on lease liabilities.

Transition

The Bank and its subsidiaries plan to apply TFRS 16 initially on 1 January 2020, using the modified retrospective approach with no restatement of comparative information.

The Bank and its subsidiaries plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply TFRS 16 to all contracts entered into before 1 January 2020 and identified as leases in accordance with TAS 17 and TFRIC 4.

Based on the preliminary impact assessment of initially applying TFRS 16 on the financial statements, the management estimate that it will recognise additional lease liabilities and right-of-use assets in the consolidated financial statements of Baht 344 million and Baht 456 million, respectively, and additional lease liabilities and right-of-use assets in the Bank only financial statements of Baht 266 million and Baht 378 million, respectively.