

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

Interim financial statements
For the six-month ended 30 June 2015
and
Independent Auditor's Report



KPMG Phoomchai Audit Ltd.
50th-51st Floors, Empire Tower
1 South Sathorn Rd., Yannawa
Sathorn, Bangkok 10120, Thailand

บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด
ชั้น 50-51 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
Tel: +66 2677 2000
Fax: +66 2677 2222
www.kpmg.co.th

Independent Auditor's Report

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

I have audited the accompanying interim consolidated and the Bank's financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary and of Industrial and Commercial Bank of China (Thai) Public Company Limited, respectively, which comprise the consolidated and the Bank's statements of financial position as at 30 June 2015, the consolidated and the Bank's statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the interim Consolidated and the Bank's Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these interim consolidated and the Bank's financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the interim consolidated and the Bank's financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



Opinion

In my opinion, the interim consolidated and the Bank's financial statements present fairly, in all material respects, the consolidated and the Bank's financial positions of Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary, and of Industrial and Commercial Bank of China (Thai) Public Company Limited, respectively, as at 30 June 2015, and of their consolidated and the Bank's financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards.

A handwritten signature in black ink, appearing to read 'P. Gulsantithamrong'.

(Pantip Gulsantithamrong)
Certified Public Accountant
Registration No. 4208

KPMG Phoomchai Audit Ltd.
Bangkok
15 September 2015

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

Assets	Note	Consolidated		The Bank	
		30 June	31 December	30 June	31 December
		2015	2014	2015	2014
(in thousand Baht)					
Cash		374,620	364,389	373,946	363,487
Interbank and money market items, net	8	9,446,037	12,027,094	9,252,371	11,818,191
Derivative assets	9	208,093	339,729	208,093	339,729
Investments, net	10	35,990,274	35,474,259	35,990,274	35,474,259
Investments in a subsidiary and an associate, net	11, 12	510,569	517,433	4,554,874	4,554,874
Loans to customers and accrued interest receivables, net	13				
Loans to customers		136,321,896	153,399,539	91,271,406	105,043,854
Accrued interest receivables		116,065	232,138	116,116	233,004
Total loans to customers and accrued interest receivables		136,437,961	153,631,677	91,387,522	105,276,858
Less deferred revenue		(5,512,361)	(6,524,675)	(712)	(1,497)
Less allowance for doubtful accounts	16	(3,539,770)	(3,462,588)	(2,635,027)	(2,469,075)
Less revaluation allowance for debt restructuring	17	(14,409)	(20,605)	(14,409)	(20,605)
Total loans to customers and accrued interest receivables, net		127,371,421	143,623,809	88,737,374	102,785,681
Properties foreclosed, net	18	917,329	952,305	813,055	812,406
Premises and equipment, net	19	143,387	157,311	107,315	110,801
Intangible assets, net	20	48,753	56,257	41,542	48,110
Leasehold right, net		159,794	165,073	159,794	165,073
Deferred tax assets, net	21	606,692	647,296	230,307	233,776
Accrued income, net		391,149	361,684	386,326	357,050
Receivables on credit support for derivative contracts		29,998	24,396	29,998	24,396
Other receivables, net		168,132	145,967	99,760	83,714
Other assets, net	22	49,895	29,591	15,928	18,449
Total assets		176,416,143	194,886,593	141,000,957	157,189,996

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

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

		Consolidated		The Bank	
		30 June	31 December	30 June	31 December
	Note	2015	2014	2015	2014
<i>(in thousand Baht)</i>					
Liabilities and equity					
Liabilities					
Deposits	24	80,733,467	90,028,525	80,733,500	90,028,586
Interbank and money market items	25	34,945,957	40,423,896	34,745,957	40,423,896
Liabilities payable on demand		26,909	6,053	26,909	6,053
Derivative liabilities	9	273,741	530,672	273,741	530,672
Debt issued and borrowings	26	34,294,092	37,728,517	184,900	992,890
Employee benefit obligations	27	172,843	159,611	133,066	121,079
Other provisions	28	23,700	23,700	23,700	23,700
Accrued interest payables		723,776	991,169	535,736	802,090
Other liabilities	29	1,071,259	1,606,242	636,846	1,163,943
Total liabilities		152,265,744	171,498,385	117,294,355	134,092,909
Equity					
Share capital	30				
Authorised share capital					
451,081 non-cumulative preference shares of Baht 8.92 each		4,023	4,023	4,023	4,023
2,260,089,475 ordinary shares of Baht 8.92 each		20,159,998	20,159,998	20,159,998	20,159,998
Issued and paid-up share capital					
451,081 non-cumulative preference shares of Baht 8.92 each		4,023	4,023	4,023	4,023
2,256,510,117 ordinary shares of Baht 8.92 each		20,128,071	20,128,071	20,128,071	20,128,071
Other components of equity	10.3, 31, 32	348,028	267,831	348,028	267,831
Retained earnings					
Appropriated					
Legal reserve	31	300,000	300,000	300,000	300,000
Unappropriated		3,370,277	2,688,283	2,926,480	2,397,162
Equity attributable to the Bank's shareholders		24,150,399	23,388,208	23,706,602	23,097,087
Non-controlling interest		-	-	-	-
Total equity		24,150,399	23,388,208	23,706,602	23,097,087
Total liabilities and equity		176,416,143	194,886,593	141,000,957	157,189,996



(Mr. Zhigang Li)
Chief Executive Officer





(Mr. Guohui Song)
Senior Executive Vice President

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

Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiary
Statement of comprehensive income

	Note	Consolidated		The Bank	
		Six month period ended		Six month period ended	
		30 June		30 June	
		2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
Interest income	37	4,042,025	4,393,149	2,590,993	2,903,096
Interest expense	38	1,967,812	2,383,270	1,373,797	1,802,634
Net interest income		2,074,213	2,009,879	1,217,196	1,100,462
Fees and service income		141,854	157,127	53,231	49,522
Fees and service expense		13,307	6,131	13,307	6,131
Net fees and service income	39	128,547	150,996	39,924	43,391
Net trading income	40	46,149	22,578	46,138	22,583
Net (loss) gain on investments	41	-	(725)	-	(725)
Share of profit of associate	12	15,165	5,668	-	-
Gains on disposals of equipment, properties foreclosed and other assets		3,808	56,160	230	53,656
Bad debts recovered		134,906	65,914	38,600	18,417
Dividends income		8,002	8,787	30,030	12,256
Gains on disposals of non-performing loans	13.7	-	235,496	-	235,496
Other operating income		64,309	48,572	5,154	7,282
Total operating income		2,475,099	2,603,325	1,377,272	1,492,818
Other operating expenses					
Employee expenses		562,272	541,302	370,737	351,924
Directors' remuneration	42	9,513	9,625	9,513	9,625
Premises and equipment expenses		101,279	95,077	58,667	58,570
Taxes and duties		74,713	82,778	70,574	75,685
Amortisation expense on intangible assets		8,855	10,112	6,669	8,074
Losses on properties foreclosed (reversal)		304,822	471,621	1,310	(1,286)
Others		185,882	160,464	57,810	60,791
Total other operating expenses		1,247,336	1,370,979	575,280	563,383
Bad debts, doubtful accounts and impairment losses	43	380,122	522,778	142,977	23,539
Profit before tax		847,641	709,568	659,015	905,896
Income tax expense	44	165,647	146,031	129,697	185,528
Profit for the period		681,994	563,537	529,318	720,368

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

Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiary
Statement of comprehensive income

		Consolidated		The Bank	
		Six month period ended		Six month period ended	
		30 June		30 June	
	Note	2015	2014	2015	2014
		(in thousand Baht)			
Other comprehensive income	44				
Net change in fair value of available-for-sale investments		100,246	131,701	100,246	131,701
Income tax on other comprehensive income		(20,049)	(26,340)	(20,049)	(26,340)
Other comprehensive income for the period, net of income tax		80,197	105,361	80,197	105,361
Total comprehensive income for the period		762,191	668,898	609,515	825,729
Profit attributable to					
Shareholders of the Bank		681,994	563,537	529,318	720,368
Non-controlling interest		-	-	-	-
Profit for the period		681,994	563,537	529,318	720,368
Total comprehensive income attributable to					
Shareholders of the Bank		762,191	668,898	609,515	825,729
Non-controlling interest		-	-	-	-
Total comprehensive income for the period		762,191	668,898	609,515	825,729
Earnings per share of the Bank					
Basic earnings per share (in Baht)	45	0.30	0.35	0.23	0.45



(Signature of Mr. Zhigang Li)

(Mr. Zhigang Li)
Chief Executive Officer

(Signature of Mr. Guohui Song)

(Mr. Guohui Song)
Senior Executive Vice President

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

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

Statement of changes in equity

		Consolidated							
		Issued and paid-up share capital		Other components of equity	Retained earnings		Total equity attributable to the	Non - controlling interest	Total equity
	Note	Preference shares	Ordinary shares	Revaluation surplus on available-for-sale investments	Legal reserve	Unappropriated	Bank's shareholders		
(in thousand Baht)									
Six-month period ended 30 June 2014									
Balance at 1 January 2014		4,023	14,182,817	198,651	200,000	1,598,808	16,184,299	-	16,184,299
Comprehensive income for the period									
Profit for the period		-	-	-	-	563,537	563,537	-	563,537
Other comprehensive income, net of tax	44	-	-	105,361	-	-	105,361	-	105,361
Total comprehensive income for the period		-	-	105,361	-	563,537	668,898	-	668,898
Balance at 30 June 2014		4,023	14,182,817	304,012	200,000	2,162,345	16,853,197	-	16,853,197
Six-month period ended 30 June 2015									
Balance at 1 January 2015		4,023	20,128,071	267,831	300,000	2,688,283	23,388,208	-	23,388,208
Comprehensive income for the period									
Profit for the period		-	-	-	-	681,994	681,994	-	681,994
Other comprehensive income, net of tax	44	-	-	80,197	-	-	80,197	-	80,197
Total comprehensive income for the period		-	-	80,197	-	681,994	762,191	-	762,191
Balance at 30 June 2015		4,023	20,128,071	348,028	300,000	3,370,277	24,150,399	-	24,150,399

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

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

Statement of changes in equity

	Note	The Bank					Total equity
		Issued and paid-up share capital		Other components of equity	Retained earnings		
		Preference shares	Ordinary shares	Revaluation surplus	Legal reserve	Unappropriated	
				on available-for-sale investments			
(in thousand Baht)							
Six-month period ended 30 June 2014							
Balance at 1 January 2014		4,023	14,182,817	198,651	200,000	1,225,682	15,811,173
Comprehensive income for the period							
Profit for the period		-	-	-	-	720,368	720,368
Other comprehensive income, net of tax	44	-	-	105,361	-	-	105,361
Total comprehensive income for the period		-	-	105,361	-	720,368	825,729
Balance at 30 June 2014		4,023	14,182,817	304,012	200,000	1,946,050	16,636,902
Six-month period ended 30 June 2015							
Balance at 1 January 2015		4,023	20,128,071	267,831	300,000	2,397,162	23,097,087
Comprehensive income for the period							
Profit for the period		-	-	-	-	529,318	529,318
Other comprehensive income, net of tax	44	-	-	80,197	-	-	80,197
Total comprehensive income for the period		-	-	80,197	-	529,318	609,515
Balance at 30 June 2015		4,023	20,128,071	348,028	300,000	2,926,480	23,706,602

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

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

	Consolidated		The Bank	
	Six month period ended		Six month period ended	
	30 June		30 June	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit before tax	847,641	709,568	659,015	905,896
<i>Adjustments for</i>				
Depreciation and amortisation	39,317	43,092	25,443	28,380
Bad debts, doubtful accounts and impairment losses	380,122	522,778	142,977	23,539
Losses on write-off of fixed assets	-	28	-	23
Gains on disposals of properties foreclosed	(3,808)	(56,165)	(230)	(53,656)
Losses on properties foreclosed (reversal)	304,822	471,598	1,310	(1,309)
Net gain on investments	-	725	-	725
Gain on disposal of non-performing loans	-	(235,496)	-	(235,496)
Proceeds from disposal of non-performing loans	-	330,000	-	330,000
Gain on sales of equipment	-	5	-	-
Net trading income	(46,138)	(22,583)	(46,138)	(22,583)
Employee benefit obligations	16,445	16,948	11,988	11,586
Provisions for other liabilities	-	1,133	-	1,133
Other income from revaluation of other receivables	(87)	(747)	(87)	(747)
Share of profit of associate	(15,165)	(5,668)	-	-
Net interest income	(2,074,213)	(2,249,294)	(1,217,197)	(1,100,462)
Dividend income	(8,002)	(8,787)	(30,030)	(12,256)
Proceeds from interest	3,568,811	3,918,826	2,119,187	2,441,908
Interest paid	(1,662,280)	(1,689,096)	(1,659,517)	(1,713,342)
Proceeds from dividend	8,002	8,787	8,002	8,787
Income tax paid	(354,090)	(226,871)	(349,348)	(165,610)
Income from operations before changes in operating assets and liabilities	1,001,377	1,528,781	(334,625)	446,516
<i>(Increase) decrease in operating assets</i>				
Interbank and money market items	2,560,136	(6,266,939)	2,544,899	(6,366,883)
Derivative assets	342,333	968,916	342,333	968,916
Loans to customers	15,774,612	(13,648,612)	13,806,861	487,647
Properties foreclosed	(266,370)	(386,572)	(2,060)	98,125
Receivables on credit support for derivative contracts	(5,603)	134,696	(5,603)	134,696
Fee receivable	(190)	8,897	-	-
Other receivables	(22,078)	6,456	(15,960)	5,121
Other assets	2,449	29,986	25,219	28,439

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

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

	Consolidated		The Bank	
	Six month period ended		Six month period ended	
	30 June		30 June	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
<i>Increase (decrease) in operating liabilities</i>				
Deposits	(9,295,058)	8,007,653	(9,295,087)	8,007,680
Interbank and money market items	(5,477,939)	(7,632,352)	(5,677,939)	(5,432,352)
Liabilities payable on demand	20,856	182,265	20,856	182,265
Derivative liabilities	(421,489)	(1,838,058)	(421,489)	(1,838,058)
Accrued expense	(47,922)	(50,586)	(48,230)	(46,745)
Other liabilities	(239,272)	(351,787)	(235,883)	(213,520)
Net cash from (used in) operating activities	3,925,842	(19,307,256)	703,292	(3,538,153)
<i>Cash flows from investing activities</i>				
Interest received	511,254	476,800	511,254	476,800
Dividend received	22,029	3,469	22,029	3,469
Increase in long-term investments	(383,070)	(1,236,486)	(383,070)	(1,236,486)
Investments in receivables	1,352	351	-	351
Purchases of equipment	(22,410)	(19,807)	(19,983)	(14,573)
Purchases of intangible assets	(6,304)	(2,429)	(4,501)	(359)
Net cash from (used in) investing activities	122,851	(778,102)	125,729	(770,798)
<i>Cash flows from financing activities</i>				
Interest paid from borrowing and debt issued	(594,125)	(357,208)	(10,572)	(34,018)
Proceeds from borrowings and debt issued	19,618,301	37,307,649	504,000	3,884,161
Repayment of borrowings and debt issued	(23,061,464)	(22,764,132)	(1,311,990)	(5,441,820)
Finance lease payments	(1,174)	(1,455)	-	-
Subscription in advance	-	5,839,881	-	5,839,881
Net cash from (used in) financing activities	(4,038,462)	20,024,735	(818,562)	4,248,204
Net increase (decrease) in cash	10,231	(60,623)	10,459	(60,747)
Cash at 1 January	364,389	403,646	363,487	402,877
Cash at 30 June	374,620	343,023	373,946	342,130

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

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

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

Notes to the interim financial statements

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

The interim financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Audit Committee on 15 September 2015.

1 General information

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

The parent company during the financial period was Industrial and Commercial Bank of China Limited, which is incorporated in the People’s Republic of China. The Parent Company of the Bank holds 97.86% of the issued and paid-up share capital of the Bank.

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

Detail of the Bank’s subsidiary as at 30 June 2015 and 31 December 2014 are given in notes 11 and 34.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared in accordance with Thai Accounting Standard (TAS) No.34 (revised 2014) *Interim Financial Reporting*, whereby the Bank chooses to present the interim financial statements in the same full format as the annual financial statements are presented and have also been prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (FAP); and presented as prescribed by the Bank of Thailand (BoT) notification number Sor Nor Sor 11/2553, directive dated 3 December 2010, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are the parent company of a group of companies offering financial services”.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2015. The initial application of these new and revised TFRS has resulted in changes in certain of the Bank and its subsidiary’s accounting policies.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2014 except that the Bank and its subsidiary have adopted all applicable new and revised TFRS that are effective for periods beginning on or after 1 January 2015. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Bank and its subsidiary as disclosed in note 3.

(b) Basis of measurement

The interim financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- derivative financial instruments held for trading purposes are measured at fair value;
- available-for-sale financial assets are measured at fair value;
- Investment in an associate is accounted for in the consolidated financial statements using the equity method.

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

Notes to the interim financial statements

(c) *Functional and Presentation currency*

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

(d) *Use of estimates and judgments*

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 4(u)	Current tax and deferred tax
Note 6	Financial instruments carried at fair value
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Note 16	Allowance for doubtful accounts
Note 28&33	Other provision and contingencies

Measurement of fair values

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

The Bank and its subsidiary has an established control framework with respect to the measurement of fair values. This includes portfolio risk management department that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to the management of Finance and Strategy Division.

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

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

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Notes to the interim financial statements

The Bank and its subsidiary recognised transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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

- Note 6 - Financial instruments.

3 Changes in accounting policy

(a) Overview

From 1 January 2015, consequent to the adoption of new and revised TFRS as set out in note 2, the Bank and its subsidiary have adopted the following new TFRS that has a material impact on the Bank and its subsidiary's financial statements disclosures:

- TFRS 13 Fair Value Measurement

A description of the nature and effect of the change in accounting policy consequent to the adoption of this new TFRS is included in note 3(b) below.

(b) Fair value measurement

TFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other TFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurements date. It also replaces and expands the disclosure requirements about fair value measurements in other TFRSs. Some of these disclosures are specifically required in interim financial statements; accordingly, the Bank and its subsidiary have included additional disclosures in this regard (See note 6).

In accordance with the transitional provisions of TFRS 13, the Bank and its subsidiary have applied the new fair value measurement guidance as follows:

- (1) Through retained earnings at 1 January 2015 for the effect of changes resulting from an assessment of own credit risk when measuring the fair value of financial liabilities and financial assets recorded at fair value as at 31 December 2014;
- (2) Prospectively for the effects of all other changes;
- (3) Comparative information for new disclosures is not provided

The change has no material effect on retain earnings at 1 January 2015 for the effect of own credit risk when measuring the fair value of financial liabilities and financial assets recorded as at 31 December 2014.

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which address change in accounting policy.

(a) Basis of consolidation

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

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Subsidiary

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

Loss of control

When the Bank loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Bank's interests in equity-accounted investees comprise interests in associate.

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

Interests in associate is accounted for using the equity method. It is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Bank's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of Bank's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Revenue

Interest and discounts on loans

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

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

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

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Notes to the interim financial statements

Hire purchase and finance lease income

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

Interest and dividends on investments

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

Gains (losses) on investments

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

Gains (losses) on derivatives trading

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

Fees and service income

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

(c) Expense

Interest expenses

Interest expenses are recognised as expense on an accrual basis.

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

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

Other expenses

Other expenses are recognised on an accrual basis.

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

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

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

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Notes to the interim financial statements

(e) Derivatives

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

Trading Book

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

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

Banking Book (Not held for trading)

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

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

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

(f) Investments

Investments in an associate and a subsidiary

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

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

Investments in other debt and equity securities

Debt securities that the Bank and its subsidiary has 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.

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

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

Fair values of securities

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

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

The fair value of marketable equity securities is determined at the last bid price quoted on the last working day of the period/year of the Stock Exchange of Thailand.

Fair value of investment units is determined using the net asset value announced as of the end of the reporting period.

Disposal of investments

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

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

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

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

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

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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.

(g) *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.

(h) *Allowance for doubtful accounts*

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

The subsidiary provides an allowance for doubtful accounts with reference to number of months past due and provisioning rates as stipulated in the BOT’s notifications. Allowance for doubtful accounts is set for “pass” and “special-mention” loans at minimum rates of 1% and 2%, respectively, of the loan balances after deducting collateral value, calculated in accordance with the BOT’s guidelines, and at 100% of the balances of non-performing loans after deducting the present value of expected future cash flows from collateral disposal, calculated in accordance with the BOT’s guidelines.

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

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

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

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(i) *Troubled debt restructuring*

The Bank records troubled debt restructuring transactions with reference to criteria stipulated by the Bank of Thailand.

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

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

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

(j) *Properties foreclosed*

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

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

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

(k) *Premises and equipment*

Recognition and measurement

Owned assets

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

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

When parts of an item of premises and equipment have different useful lives, they are accounted for as separate items (major components) of premises and equipment.

Leased assets

Leased assets in terms of which the Bank and its subsidiary substantially assumes all the risk and rewards of ownership are classified as finance leases. Premises and equipment acquired by way of finance leases is

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capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

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

Depreciation

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

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

Buildings	34 years
Furniture, fixtures and office equipment	1 - 3, 5 and 10 years
Motor vehicles	5 - 7 years

No depreciation is provided on freehold land.

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

Disposal of premises and equipment

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

(I) Intangible assets

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

Subsequent expenditure

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

Amortisation

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

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Notes to the interim financial statements

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 period-end and adjusted if appropriate.

(m) 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.

(n) Sales of commercial papers

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

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

(o) Impairment

The carrying amounts of the Bank and its subsidiary 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 asset is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset’s value in use and fair value less costs to sell. In assessing value in use, the estimate future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial asset carried at amortised cost and available-for-sale financial asset that are debt securities, the reversal is recognised in profit or loss.

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.

(p) 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.

(q) Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are salaries, wages, bonuses and contributions to the social fund which are measured on an undiscounted basis and expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Bank and its subsidiary have a present legal or constructive obligation to pay this amount as a result of past service provided by employee, and the obligation can be estimated reliably.

Post-employment benefits

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

Defined contribution plans

The Bank and its subsidiary pay fixed contributions into a separate entity (a provident fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

The Bank and its subsidiary treat the severance payments they must make to employees upon retirement under labor law as post-employment retirement benefit plan.

The Bank and its subsidiary's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Bank and its subsidiary's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

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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 recognized immediately in OCI.

(r) Provisions

Provisions are recognized when the Bank and its subsidiary have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Litigation

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

(s) Foreign currencies

Foreign currency transactions

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

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

(t) Operating leases

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.

(u) Income tax

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

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

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

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank and its subsidiary expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Bank and its subsidiary takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Bank and its subsidiary believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Bank and its subsidiary to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(v) *Derecognition of financial assets*

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank neither transfers nor retains substantially all of the risks and rewards of ownership and the Bank does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank is recognised as a separate asset or liability.

(w) *Earnings per share*

Basic EPS is calculated by dividing the profit for the period attributable to shareholders of the Bank by the weighted average number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding during the periods.

Since November 2012, the conversion preference of the preference shares expired. Therefore, the preference shares' rights are equivalent to the ordinary shares.

(x) *Operating segments*

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.

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5 Financial risk management

Financial risk management policies

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

Credit risk

Credit risk is the risk that the party to a financial agreement fails to honour an obligation and consequently cause the Bank and its subsidiary to incur a financial loss. The Bank and its subsidiary have disclosed significant concentrations of credit risk in Note 13.3 to the financial statements. The maximum amount of credit risk exposure is the carrying amount of the financial assets less provision for losses as stated in the statements of financial position. The risk from off-financial position items is presented in Note 33 to the financial statements.

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

Interest rate risk

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

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

As at 30 June 2015 and 31 December 2014, significant financial assets and liabilities classified by types of interest rate are as follows:

	Consolidated 30 June 2015			
	Floating interest rate	Fixed interest rate	Non interest bearing	Total
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	375	375
Interbank and money market items, net	156	8,205	1,085	9,446
Investments, net	951	34,685	354	35,990
Loans to customers ⁽¹⁾	69,568	58,952	2,290	130,810
Total financial assets	70,675	101,842	4,104	176,621
<i>Financial liabilities</i>				
Deposits	8,807	71,722	204	80,733
Interbank and money market items	774	33,920	252	34,946
Liabilities payable on demand	-	-	27	27
Debt issued and borrowings	-	34,294	-	34,294
Total financial liabilities	9,581	139,936	483	150,000
Avals to bill and guarantee on loan	-	-	(317)	(317)
Letters of credit	-	-	(312)	(312)
Other contingencies	-	-	(4,118)	(4,118)
Derivatives held for risk management	5,830	(5,855)	(12)	(37)

⁽¹⁾Net of deferred revenue

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	Consolidated			Total
	31 December 2014			
	Floating interest rate	Fixed interest rate	Non interest bearing	
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	364	364
Interbank and money market items, net	163	10,452	1,412	12,027
Investments, net	1,275	33,882	317	35,474
Loans to customers ⁽¹⁾	78,069	66,298	2,508	146,875
Total financial assets	79,507	110,632	4,601	194,740
<i>Financial liabilities</i>				
Deposits	7,794	82,080	155	90,029
Interbank and money market items	3,166	37,093	165	40,424
Liabilities payable on demand	-	-	6	6
Debt issued and borrowings	-	37,728	-	37,728
Total financial liabilities	10,960	156,901	326	168,187
Avals to bill and guarantee on loan	-	-	(434)	(434)
Letters of credit	-	-	(219)	(219)
Other contingencies	-	-	(1,947)	(1,947)
Derivatives held for risk management	7,500	(7,561)	(102)	(163)

⁽¹⁾Net of deferred revenue

	The Bank			Total
	30 June 2015			
	Floating interest rate	Fixed interest rate	Non interest bearing	
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	374	374
Interbank and money market items, net	4	8,205	1,043	9,252
Investments, net	951	34,685	354	35,990
Loans to customers ⁽¹⁾	67,717	22,400	1,154	91,271
Total financial assets	68,672	65,290	2,925	136,887
<i>Financial liabilities</i>				
Deposits	8,807	71,723	204	80,734
Interbank and money market items	774	33,720	252	34,746
Liabilities payable on demand	-	-	27	27
Debt issued and borrowings	-	185	-	185
Total financial liabilities	9,581	105,628	483	115,692
Avals to bill and guarantee on loan	-	-	(15,817)	(15,817)
Letters of credit	-	-	(312)	(312)
Other contingencies	-	-	(4,118)	(4,118)
Derivatives held for risk management	5,830	(5,855)	(12)	(37)

⁽¹⁾Net of deferred revenue

	The Bank			Total
	31 December 2014			
	Floating interest rate	Fixed interest rate	Non interest bearing	
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	363	363
Interbank and money market items, net	2	10,452	1,364	11,818
Investments, net	1,275	33,882	317	35,474
Loans to customers ⁽¹⁾	80,201	23,653	1,188	105,042
Total financial assets	81,478	67,987	3,232	152,697

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The Bank				
31 December 2014				
	Floating interest rate	Fixed interest rate	Non interest bearing	Total
	<i>(in million Baht)</i>			
<i>Financial liabilities</i>				
Deposits	7,794	82,080	155	90,029
Interbank and money market items	3,166	37,093	165	40,424
Liabilities payable on demand	-	-	6	6
Debt issued and borrowings	-	993	-	993
Total financial liabilities	10,960	120,166	326	131,452
Avals to bill and guarantee on loan	-	-	(15,934)	(15,934)
Letters of credit	-	-	(219)	(219)
Other contingencies	-	-	(1,947)	(1,947)
Derivatives held for risk management	7,500	(7,561)	(102)	(163)
⁽¹⁾ Net of deferred revenue				

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

Consolidated								
30 June 2015								
	Reprice/maturity within				Reprice/ maturity over 5 years	Non interest bearing	Non performing loans	Total
	At call	1 - 3 months	3 - 12 months	1 - 5 years				
	<i>(in million Baht)</i>							
<i>Financial assets</i>								
Cash	-	-	-	-	-	375	-	375
Interbank and money market items, net	156	8,151	54	-	-	1,085	-	9,446
Investment, net	-	4,942	6,381	20,711	3,602	354	-	35,990
Loans to customers ⁽¹⁾	85	72,575	28,055	25,665	2,140	-	2,290	130,810
Total financial assets	241	85,668	34,490	46,376	5,742	1,814	2,290	176,621
<i>Financial liabilities</i>								
Deposits	14,964	35,499	27,875	2,191	-	204	-	80,733
Interbank and money market items	773	24,848	8,136	937	-	252	-	34,946
Liabilities payable on demand	-	-	-	-	-	27	-	27
Debt issued and borrowings	-	6,100	9,335	18,859	-	-	-	34,294
Total financial liabilities	15,737	66,447	45,346	21,987	-	483	-	150,000
Avals to bill and guarantee on loan	-	-	-	-	-	(317)	-	(317)
Letters of credit	-	-	-	-	-	(312)	-	(312)
Other contingencies	-	-	-	-	-	(4,118)	-	(4,118)
Derivatives held for risk management	-	2,150	(170)	(2,005)	-	(12)	-	(37)
⁽¹⁾ Net of deferred revenue								

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31 December 2014								
	Reprice/maturity within				Reprice/ maturity over 5 years	Non interest bearing	Non performing loans	Total
	At call	1 - 3 months	3 - 12 months	1 - 5 years (in million Baht)				
Financial assets								
Cash	-	-	-	-	-	364	-	364
Interbank and money market items, net	163	10,229	223	-	-	1,412	-	12,027
Investment, net	-	3,872	12,001	16,292	2,992	317	-	35,474
Loans to customers ⁽¹⁾	67	94,012	16,486	31,272	2,530	-	2,508	146,875
Total financial assets	230	108,113	28,710	47,564	5,522	2,093	2,508	194,740
Financial liabilities								
Deposits	13,219	61,040	14,638	977	-	155	-	90,029
Interbank and money market items	3,166	16,751	19,354	988	-	165	-	40,424
Liabilities payable on demand	-	-	-	-	-	6	-	6
Debt issued and borrowings	-	9,375	6,299	22,054	-	-	-	37,728
Total financial liabilities	16,385	87,166	40,291	24,019	-	326	-	168,187
Avals to bill and guarantee on loan	-	-	-	-	-	(434)	-	(434)
Letters of credit	-	-	-	-	-	(219)	-	(219)
Other contingencies	-	-	-	-	-	(1,947)	-	(1,947)
Derivatives held for risk management	-	4,500	(1,399)	(3,162)	-	(102)	-	(163)

⁽¹⁾Net of deferred revenue

The Bank 30 June 2015								
	Reprice/maturity within				Reprice/ maturity over 5 years	Non interest bearing	Non performing loans	Total
	At call	1 - 3 months	3 - 12 months	1 - 5 years (in million Baht)				
Financial assets								
Cash	-	-	-	-	-	374	-	374
Interbank and money market items, net	4	8,151	54	-	-	1,043	-	9,252
Investments, net	-	4,942	6,381	20,711	3,602	354	-	35,990
Loans to customers ⁽¹⁾	683	68,854	18,852	1,725	3	-	1,154	91,271
Total financial assets	687	81,947	25,287	22,436	3,605	1,771	1,154	136,887
Financial liabilities								
Deposits	14,965	35,499	27,875	2,191	-	204	-	80,734
Interbank and money market items	773	24,648	8,136	937	-	252	-	34,746
Liabilities payable on demand	-	-	-	-	-	27	-	27
Debt issued and borrowings	-	175	10	-	-	-	-	185
Total financial liabilities	15,738	60,322	36,021	3,128	-	483	-	115,692
Avals to bill and guarantee on loan	-	-	-	-	-	(15,817)	-	(15,817)
Letters of credit	-	-	-	-	-	(312)	-	(312)
Other contingencies	-	-	-	-	-	(4,118)	-	(4,118)
Derivatives held for risk management	-	2,150	(170)	(2,005)	-	(12)	-	(37)

⁽¹⁾Net of deferred revenue

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	The Bank 31 December 2014					Non interest bearing	Non performing loans	Total
	At call	Reprice/maturity within 1 - 3 months	3 - 12 months	1 - 5 years	Reprice/ maturity over 5 years (in million Baht)			
Financial assets								
Cash	-	-	-	-	-	363	-	363
Interbank and money market items, net	2	10,229	223	-	-	1,364	-	11,818
Investments, net	-	3,872	12,001	16,292	2,992	317	-	35,474
Loans to customers ⁽¹⁾	2,140	90,230	7,813	3,667	4	-	1,188	105,042
Total financial assets	2,142	104,331	20,037	19,959	2,996	2,044	1,188	152,697
Financial liabilities								
Deposits	13,219	61,040	14,638	977	-	155	-	90,029
Interbank and money market items	3,166	16,751	19,354	988	-	165	-	40,424
Liabilities payable on demand	-	-	-	-	-	6	-	6
Debt issued and borrowings	-	983	10	-	-	-	-	993
Total financial liabilities	16,385	78,774	34,002	1,965	-	326	-	131,452
Avals to bill and guarantee on loan	-	-	-	-	-	(15,934)	-	(15,934)
Letters of credit	-	-	-	-	-	(219)	-	(219)
Other contingencies	-	-	-	-	-	(1,947)	-	(1,947)
Derivatives held for risk management	-	4,500	(1,399)	(3,162)	-	(102)	-	(163)

⁽¹⁾Net of deferred revenue

The average balances of the significant financial assets and liabilities of the Bank generating revenues and incurring expenses, calculated based on the average balances outstanding during the periods, and the average interest rates for the six-month periods ended 30 June 2015 and 2014 can be summarized as follows:

	2015			Consolidated		2014	
	Average Balances (in million Baht)	Interest	Average interest rate (%)	Average Balances (in million Baht)	Interest	Average interest rate (%)	
Interest-bearing financial assets							
Interbank and money market items (Assets)	9,953	95	1.92	15,066	236	3.13	
Investments	36,285	593	3.27	29,793	500	3.35	
Loans to customers ⁽²⁾	135,499	3,354	4.95	146,204	3,657	5.00	
Interest-bearing financial liabilities							
Deposits	81,621	922	2.26	92,311	1,210 ⁽¹⁾	2.62	
Interbank and money market items (Liabilities)	38,422	251	1.31	46,294	390	1.68	
Debt issued and borrowings	36,046	596	3.31	32,938	544	3.30	

⁽¹⁾Excluding remittance and Bank Protection Act.

⁽²⁾Net of deferred revenue

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	The Bank					
	2015			2014		
	Average Balances (in million Baht)	Interest	Average interest rate (%)	Average Balances (in million Baht)	Interest	Average interest rate (%)
Interest-bearing financial assets						
Interbank and money market items (Assets)	9,753	95	1.95	14,866	236	3.17
Investments	36,285	593	3.27	29,793	500	3.35
Loans to customers ⁽²⁾	94,317	1,903	4.03	107,106	2,167	4.05
Interest-bearing financial liabilities						
Deposits	81,621	922	2.26	92,312	1,210 ⁽¹⁾	2.62
Interbank and money market items (Liabilities)	38,111	249	1.30	43,808	330	1.51
Debt issued and borrowings	380	5	2.68	1,703	23	2.74

⁽¹⁾ Excluding remittance and Bank Protection Act.

⁽²⁾ Net of deferred revenue

Liquidity risk

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

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

To manage the Bank's liquidity, the Treasury 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, and liquidity control procedures, and the liquidity gap and liquidity management's performance are reported to the Asset and Liability Committee (ALCO) on a monthly basis. Moreover, the Risk Management Division closely monitors risk to ensure it remains within the limits set, and reports to the Group Risk Management Committee on a regular basis.

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

The Asset and Liability Committee has the following roles and responsibilities:

1. Review and verify the validity of the assumptions used by the Treasury Division
2. Formulate strategies relating to the regular and daily liquidity management
3. Ensure that liquidity management is efficient and appropriate policies and procedures for liquidity risk are established
4. Set interest rate policy
5. Ensure that the Bank has adequate information systems to measure, monitor, control and report liquidity risk
6. Approve the limits for mismatches in sources and uses of fund
7. Diversify sources of funds
8. Verify the liquidity contingency plan

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Group liquidity management is decentralized, with the subsidiary, ICBC (Thai) Leasing Co., Ltd. independently managing its own cash inflows and outflows. ICBC (Thai) Leasing Co., Ltd. sources funds mainly from issuing debentures, mostly guaranteed by the Bank and loans from the Bank, which will provide liquidity support, with the amount of funds based on Limited of Authority via the Board of Directors. Nevertheless, the Bank performs regular controlling and monitoring of the liquidity risk of its subsidiary and the subsidiary's liquidity gap is reported to the Asset and Liability Committee on a monthly basis.

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

The Bank has employed a conservative liquidity management policy, whereby it holds appropriate amounts of liquid assets, which can be easily converted into cash if liquidity problems arise. The Bank also maintains liquidity ratios in accordance with its expected liquidity requirement levels, for which there are three defined levels, depending on the economic, political and money market conditions. Such ratios are closely monitored on a daily basis.

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

1. Daily reports on the liquidity ratios used in determining the required amount of liquid assets, including liquid assets to total deposits ratio, liquid assets to top 20 large depositors ratio.
2. Daily and monthly reports of Early Warning Indicator together with trigger points in order to monitor the liquidity risk such as three days consecutive withdrawal, Liquidity Coverage Ratio (LCR), High Quality of Liquid Asset (HQLA) and available of committed facility amount, Loan to Deposit, Credit Rating of ICBC (Thai) and ICBC group.
3. Daily reports on amounts and types of liquid assets and their returns.
4. 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.
5. 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.
6. Annual liquidity risk self assessment report.
7. Monthly reports on any transactions or facilities exceeding approved limits.
8. Monthly reports on the ratio of net liquidity deficit to deposits, the ratio of deposits from corporate customers and public enterprises and individual deposits.

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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As at 30 June 2015 and 31 December 2014, significant financial assets and liabilities are classified according to their contractual maturity as follows:

	Consolidated 30 June 2015							
	At call	1 - 3 months	Maturity within 3 - 12 months	1 - 5 years	Over 5 years	No maturity	Non performing assets	Total
	(in million Baht)							
Financial assets								
Cash	-	-	-	-	-	375	-	375
Interbank and money market, net	1,241	8,151	54	-	-	-	-	9,446
Investments, net	-	4,942	6,381	20,711	3,602	354	-	35,990
Loans to customers ⁽¹⁾	85	23,214	40,455	52,512	12,254	-	2,290	130,810
Total financial assets	1,326	36,307	46,890	73,223	15,856	729	2,290	176,621
Financial liabilities								
Deposits	15,168	35,499	27,875	2,191	-	-	-	80,733
Interbank and money market	1,025	24,848	8,136	937	-	-	-	34,946
Liabilities payable on demand	27	-	-	-	-	-	-	27
Debt issued and borrowings	-	6,100	9,335	18,859	-	-	-	34,294
Total financial liabilities	16,220	66,447	45,346	21,987	-	-	-	150,000
Avals to bill and guarantees on loans	-	(3)	(144)	(18)	(152)	-	-	(317)
Letters of credit	(21)	(229)	(31)	(31)	-	-	-	(312)
Other contingencies	(1,184)	(230)	(1,855)	(433)	(416)	-	-	(4,118)
Derivatives held for risk management	-	(19)	7	(25)	-	-	-	(37)

⁽¹⁾Net of deferred revenue

	Consolidated 31 December 2014							
	At call	1 - 3 months	Maturity within 3 - 12 months	1 - 5 years	Over 5 years	No maturity	Non performing assets	Total
	(in million Baht)							
Financial assets								
Cash	-	-	-	-	-	364	-	364
Interbank and money market, net	1,571	10,233	223	-	-	-	-	12,027
Investments, net	-	3,607	11,587	16,971	2,992	317	-	35,474
Loans to customers ⁽¹⁾	67	38,311	33,204	61,295	11,490	-	2,508	146,875
Total financial assets	1,638	52,151	45,014	78,266	14,482	681	2,508	194,740
Financial liabilities								
Deposits	13,374	61,040	14,638	977	-	-	-	90,029
Interbank and money market	3,331	16,751	19,354	988	-	-	-	40,424
Liabilities payable on demand	6	-	-	-	-	-	-	6
Debt issued and borrowings	-	9,375	6,299	22,054	-	-	-	37,728
Total financial liabilities	16,711	87,166	40,291	24,019	-	-	-	168,187
Avals to bill and guarantees on loans	-	(212)	(120)	(7)	(95)	-	-	(434)
Letters of credit	-	(211)	(8)	-	-	-	-	(219)
Other contingencies	-	(74)	(432)	(531)	(246)	(664)	-	(1,947)
Derivatives held for risk management	-	(99)	(52)	(12)	-	-	-	(163)

⁽¹⁾Net of deferred revenue

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<div> <div></div> <div>The Bank</div> <div>30 June 2015</div> </div>								
	At call	1 - 3 months	Maturity within 3 - 12 months	1 - 5 years	Over 5 years	No maturity	Non performing assets	Total
	<i>(in million Baht)</i>							
Financial assets								
Cash	-	-	-	-	-	374	-	374
Interbank and money market, net	1,047	8,151	54	-	-	-	-	9,252
Investments, net	-	4,942	6,381	20,711	3,602	354	-	35,990
Loans to customers ⁽¹⁾	683	19,493	31,252	28,572	10,117	-	1,154	91,271
Total financial assets	1,730	32,586	37,687	49,283	13,719	728	1,154	136,887
Financial liabilities								
Deposits	15,169	35,499	27,875	2,191	-	-	-	80,734
Interbank and money market	1,025	24,648	8,136	937	-	-	-	34,746
Liabilities payable on demand	27	-	-	-	-	-	-	27
Debt issued and borrowings	-	175	10	-	-	-	-	185
Total financial liabilities	16,221	60,322	36,021	3,128	-	-	-	115,692
Avals to bill and guarantees on loans	-	(2,603)	(144)	(12,918)	(152)	-	-	(15,817)
Letters of credit	(21)	(229)	(31)	(31)	-	-	-	(312)
Other contingencies	(1,184)	(230)	(1,855)	(433)	(416)	-	-	(4,118)
Derivatives held for risk management	-	(19)	7	(25)	-	-	-	(37)

⁽¹⁾Net of deferred revenue.

	The Bank							
	31 December 2014							
	At call	1 - 3 months	Maturity within 3 - 12 months	1 - 5 years	Over 5 years	No maturity	Non performing assets	Total
	<i>(in million Baht)</i>							
Financial assets								
Cash	-	-	-	-	-	363	-	363
Interbank and money market, net	1,362	10,233	223	-	-	-	-	11,818
Investments, net	-	3,607	11,587	16,971	2,992	317	-	35,474
Loans to customers ⁽¹⁾	2,140	34,529	24,531	33,689	8,965	-	1,188	105,042
Total financial assets	3,502	48,369	36,341	50,660	11,957	680	1,188	152,697
Financial liabilities								
Deposits	13,374	61,040	14,638	977	-	-	-	90,029
Interbank and money market	3,331	16,751	19,354	988	-	-	-	40,424
Liabilities payable on demand	6	-	-	-	-	-	-	6
Debt issued and borrowings	-	983	10	-	-	-	-	993
Total financial liabilities	16,711	78,774	34,002	1,965	-	-	-	131,452
Avals to bill and guarantees on loans	-	(212)	(2,720)	(12,907)	(95)	-	-	(15,934)
Letters of credit	-	(211)	(8)	-	-	-	-	(219)
Other contingencies	-	(74)	(432)	(531)	(246)	(664)	-	(1,947)
Derivatives held for risk management	-	(99)	(52)	(12)	-	-	-	(163)

⁽¹⁾Net of deferred revenue

Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates may result in changes in the value of financial instruments, and fluctuations in revenues or the values of financial assets and liabilities.

Since the Bank has foreign exchange transactions, it may be exposed to foreign exchange risk. However, the Bank has a policy to hedge this foreign exchange exposure through management of its net foreign exchange position and operating in accordance with a risk management policy.

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The Bank and its subsidiary's significant foreign currency position as at 30 June 2015 and 31 December 2014 can be summarized as follows:

	US dollar	Renminbi	Consolidated and the Bank			Total
			30 June 2015	Yen	Euro	
			(in million Baht)			
Financial assets						
Cash	-	46	-	-	-	46
Interbank and money market, net	2,889	90	-	7	13	2,999
Investments, net	16,810	272	-	-	-	17,082
Loans to customers ⁽¹⁾	32,228	719	-	20	-	32,967
Total financial assets	51,927	1,127	-	27	13	53,094
Financial liabilities						
Deposits	860	196	10	7	1	1,074
Interbank and money market	27,392	778	-	-	-	28,170
Total financial liabilities	28,252	974	10	7	1	29,244
Avals to bill and guarantee on loan	(144)	-	-	-	(169)	(313)
Letters of credit	(294)	(9)	(3)	-	-	(306)
Other contingencies	(1,342)	-	-	-	-	(1,342)
Derivatives held for risk management	(23,757)	(209)	11	(19)	-	(23,974)
Average exchange rate as at 30 June 2015	33.7768	5.447	0.275826	37.7905		
(Baht per 1 foreign currency unit)						

⁽¹⁾ Net of deferred revenue

	US dollar	Renminbi	Consolidated and the Bank			Total
			31 December 2014	Yen	Euro	
			(in million Baht)			
Financial assets						
Cash	-	47	-	-	-	47
Interbank and money market, net	1,512	3,707	-	7	5	5,231
Investments, net	12,727	265	-	-	-	12,992
Loans to customers ⁽¹⁾	46,163	1	-	29	-	46,193
Total financial assets	60,402	4,020	-	36	5	64,463
Financial liabilities						
Deposits	877	113	10	-	1	1,001
Interbank and money market	28,671	10	-	-	-	28,681
Total financial liabilities	29,548	123	10	-	1	29,682
Avals to bill and guarantee on loan	-	(212)	-	-	(102)	(314)
Letters of credit	(159)	(30)	-	-	-	(189)
Other contingencies	(532)	-	-	-	-	(532)
Derivatives held for risk management	(30,570)	(3,885)	10	(23)	4	(34,464)
Average exchange rate as at 31 December 2014	32.9630	5.2998	0.27384	40.0530		
(Baht per 1 foreign currency unit)						

⁽¹⁾ Net of deferred revenue

Derivatives

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

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

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

	Consolidated and The Bank			
	30 June 2015		31 December 2014	
	Notional amount	Maturity	Notional amount	Maturity
	<i>(in million Baht)</i>			
<i>Interest rate swap contracts</i>				
Receive floating interest rates and pay fixed interest rates	5,830	2015-2020	7,500	2015-2016

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

	Consolidated and The Bank			
	30 June 2015		31 December 2014	
	Notional amount	Maturity	Notional amount	Maturity
	<i>(in million Baht)</i>			
<i>Cross currency interest rate swap contracts</i>				
Receive interest at a fixed rate on Baht notional amounts and to pay interest at a fixed rate on USD notional amounts	574	2016	1,187	2015-2016

As at 30 June 2015 and 31 December 2014, financial derivatives are classified by their maturities as follows:

	Consolidated and The Bank					
	30 June 2015			31 December 2014		
	Not over 1 year	Over 1 year	Total	Not over 1 year	Over 1 year	Total
	<i>(in million Baht)</i>					
Forward exchange contracts						
Bought	8,154	-	8,154	10,894	-	10,894
Sold	26,577	-	26,577	35,516	-	35,516
Interest rate swap contracts	3,850	1,980	5,830	4,350	3,150	7,500
Cross currency and interest rate swap contracts						
Sold	-	574	574	626	561	1,187

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6 Financial instruments

6.1 Financial instruments measured at fair value

Fair values of financial instruments, together with the carrying values shown in the consolidated and separate statement of financial position at 30 June were are as follows:

	Carrying value	Consolidated and The Bank Fair value			Total
		Level 1	Level 2	Level 3	
		<i>(in million Baht)</i>			
30 June 2015					
Financial assets					
Derivatives assets (Trading book)					
- Foreign exchange rate	184	-	184	-	184
Available-for-sale securities	35,569	-	35,569	-	35,569
Financial liabilities					
Derivatives liabilities (Trading book)					
- Foreign exchange rate	174	-	174	-	174

6.2 Financial instruments not measured at fair value

The following table analyses financial instruments not measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Carrying value	Consolidated Fair value			
		Level 1	Level 2	Level 3	Total
		<i>(in million Baht)</i>			
30 June 2015					
Financial assets					
Cash	375	-	375	-	375
Interbank and money market items, net	9,446	-	9,446	-	9,446
Derivatives assets (not entered for trading purposes)	24	-	14	-	14
Investment, net ⁽¹⁾	421	-	330	223	553
Loan to customers ⁽²⁾	130,810	-	-	131,272	131,272
Receivables on credit support for derivative contracts	30	-	30	-	30
Financial liabilities					
Deposits	80,733	-	80,750	-	80,750
Interbank and money market items	34,946	-	34,902	-	34,902
Derivatives liabilities (not entered for trading purposes)	99	-	164 ⁽³⁾	-	164
Liabilities payable on demand	27	-	27	-	27
Debt issued and borrowings	34,294	-	35,004	-	35,004

⁽¹⁾ Held to maturity and general investments

⁽²⁾ Net of deferred revenue

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

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	Carrying value	The Bank Fair value			
		Level 1	Level 2	Level 3	Total
30 June 2015					
Financial assets					
Cash	374	-	374	-	374
Interbank and money market items, net	9,252	-	9,252	-	9,252
Derivatives assets (not entered for trading purposes)	24	-	14	-	14
Investment, net ⁽¹⁾	421	-	330	223	553
Loan to customers ⁽²⁾	91,271	-	-	91,261	91,261
Receivables on credit support for derivative contracts	30	-	30	-	30
Financial liabilities					
Deposits	80,734	-	80,750	-	80,750
Interbank and money market items	34,746	-	34,702	-	34,702
Derivatives liabilities (not entered for trading purposes)	99	-	164 ⁽³⁾	-	164
Liabilities payable on demand	27	-	27	-	27
Debt issued and borrowings	185	-	185	-	185

⁽¹⁾ Held to maturity and general investment

⁽²⁾ Net of deferred revenue

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

Methods and assumptions in estimating fair values of financial instruments

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

Cash and interbank and money market items (Assets)

The fair value of cash, short-term interbank and money market items and floating rate instruments is their carrying amounts presented in the statements of financial position as there are short term in nature, and where applicable bear floating market interest rates.

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

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

General investments

The fair value of general investments is based on the net asset values presented in the investee's statements of financial position as at 31 December 2014.

Loans to customers

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

Deposits

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

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

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

Liabilities payable on demand

The fair value of liabilities payable on demand approximates carrying amount.

Derivatives

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

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

7 Maintenance of capital fund

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

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. According to the Bank of Thailand's regulations, capital fund as at 8 November 2012 and 17 December 2012 and thereafter must be calculated according to Basel III. The Bank and financial group comply with the regulatory capital according to Basel III since 1 January 2013.

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As at 30 June 2015 and 31 December 2014, the Bank maintains its capital fund in accordance with Basel III and the Bank's total capital funds and capital ratio in accordance with Basel III can be categorised as follows:

	The Bank	
	30 June 2015	31 December 2014
	<i>(in thousand Baht)</i>	
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	20,132,094	20,132,094
Legal reserve	300,000	300,000
Retained earnings after appropriations	2,397,162	1,225,682
Other comprehensive income	230,386	170,746
Less Capital deduction items on CET1	(246,924)	(243,398)
Total Tier 1 capital	22,812,718	21,585,124
Tier 2 capital		
Allowance for classified assets of "pass" category and specific allowance	1,360,191	1,135,439
Capital deduction items on Tier 2 capital	(122,880)	(122,721)
Total Tier 2 capital	1,237,311	1,012,718
Total capital funds	24,050,029	22,597,842

	The Bank		BOT Requirement
	30 June 2015	31 December 2014 (%)	
Capital ratio			
Tier 1 capital to total risk weighted assets	20.15	19.18	6.00
Tier 1 common equity to total risk weighted assets	20.15	19.18	4.50
Tier 2 capital to total risk weighted assets	1.09	0.90	-
Total capital / Total risk weighted assets	21.25	20.08	8.50

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 2014 in the Bank's website, www.icbcthai.com, on 27 April 2015. The Bank will disclose the Capital Maintenance and Information security risks for the Bank and financial group at 30 June 2015 within October 2015.

According to Bank of Thailand notification number For Nor Sor (23) Wor 263/2556 dated 22 February 2013, the Bank is required to disclose regulatory capital after deducting capital add-on arising from Single Lending Limit, effective at the end of January 2015. As at 30 June 2015, the Bank has no add-on arising from Single Lending Limit.

Capital management

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

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8 Interbank and money market items, net (Assets)

	Consolidated					
	30 June 2015		31 December 2014			
	Demand	Time	Total	Demand	Time	Total
	<i>(in thousand Baht)</i>					
Domestic items						
Bank of Thailand	809,965	300,000	1,109,965	948,845	-	948,845
Commercial Banks	267,456	3,851,330	4,118,786	237,062	2,800,000	3,037,062
Specialised financial institutions	1,559	800,000	801,559	3,268	2,580,000	2,583,268
Other financial institutions	-	530,000	530,000	-	230,000	230,000
Total	1,078,980	5,481,330	6,560,310	1,189,175	5,610,000	6,799,175
Add accrued interest receivables	2	553	555	2	713	715
Less allowance for doubtful accounts	-	(5,821)	(5,821)	-	(1,800)	(1,800)
Total domestic items, net	1,078,982	5,476,062	6,555,044	1,189,177	5,608,913	6,798,090
Foreign items						
US Dollar	113,484	2,702,144	2,815,628	350,058	1,180,577	1,530,635
AUD	2,424	-	2,424	399	-	399
Renminbi	36,270	54,470	90,740	21,752	3,738,428	3,760,180
Euro	7,198	-	7,198	7,007	-	7,007
HKD	1,431	-	1,431	1,423	-	1,423
Other currencies	743	-	743	1,060	-	1,060
Total	161,550	2,756,614	2,918,164	381,699	4,919,005	5,300,704
Add accrued interest receivables	-	395	395	-	3,551	3,551
Less deferred revenue	-	-	-	-	(26,061)	(26,061)
Less allowance for doubtful accounts	-	(27,566)	(27,566)	-	(49,190)	(49,190)
Total foreign items, net	161,550	2,729,443	2,890,993	381,699	4,847,305	5,229,004
Total domestic and foreign items, net	1,240,532	8,205,505	9,446,037	1,570,876	10,456,218	12,027,094

	The Bank					
	30 June 2015		31 December 2014			
	Demand	Time	Total	Demand	Time	Total
	<i>(in thousand Baht)</i>					
Domestic items						
Bank of Thailand	809,965	300,000	1,109,965	948,845	-	948,845
Commercial Banks	75,351	3,851,330	3,926,681	31,429	2,800,000	2,831,429
Specialised financial institutions	-	800,000	800,000	-	2,580,000	2,580,000
Other financial institutions	-	530,000	530,000	-	230,000	230,000
Total	885,316	5,481,330	6,366,646	980,274	5,610,000	6,590,274
Add accrued interest receivables	-	553	553	-	713	713
Less allowance for doubtful accounts	-	(5,821)	(5,821)	-	(1,800)	(1,800)
Total domestic items, net	885,316	5,476,062	6,361,378	980,274	5,608,913	6,589,187
Foreign items						
US Dollar	113,484	2,702,144	2,815,628	350,058	1,180,577	1,530,635
AUD	2,424	-	2,424	399	-	399
Renminbi	36,270	54,470	90,740	21,752	3,738,428	3,760,180
Euro	7,198	-	7,198	7,007	-	7,007
HKD	1,431	-	1,431	1,423	-	1,423
Other currencies	743	-	743	1,060	-	1,060
Total	161,550	2,756,614	2,918,164	381,699	4,919,005	5,300,704
Add accrued interest receivables	-	395	395	-	3,551	3,551
Less deferred revenue	-	-	-	-	(26,061)	(26,061)
Less allowance for doubtful accounts	-	(27,566)	(27,566)	-	(49,190)	(49,190)
Total foreign items, net	161,550	2,729,443	2,890,993	381,699	4,847,305	5,229,004
Total domestic and foreign items, net	1,046,866	8,205,505	9,252,371	1,361,973	10,456,218	11,818,191

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9 Derivatives

Trading book

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

Type of risk	Consolidated and The Bank					
	30 June 2015			31 December 2014		
	Fair value		Notional amount ⁽¹⁾ (in thousand Baht)	Fair value		Notional amount ⁽¹⁾
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rates	183,699	174,246	7,874,502	107,545	99,387	7,474,307
Total	183,699	174,246	7,874,502	107,545	99,387	7,474,307

⁽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, determined on the basis of the notional amount

Counterparties	Consolidated and The Bank	
	30 June 2015	31 December 2014
	(%)	
Financial institutions	89.56	92.37
Corporations	10.44	7.63
Total	100.00	100.00

Derivatives not entered for trading purposes

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

Type of risk	Consolidated and The Bank					
	30 June 2015			31 December 2014		
	Carrying value ⁽²⁾		Notional amount ⁽¹⁾ (in thousand Baht)	Carrying value ⁽²⁾		Notional amount ⁽¹⁾
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rates	24,394	74,009	26,844,135	227,714	365,802	38,873,386
Interest rate	- ⁽³⁾	- ⁽³⁾	5,830,000	- ⁽³⁾	- ⁽³⁾	7,500,000
Cross currency interest rate swap	- ⁽³⁾	25,486 ⁽³⁾	574,206	4,470 ⁽³⁾	65,483 ⁽³⁾	1,186,668
Total	24,394	99,495	33,248,341	232,184	431,285	47,560,054

⁽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 maybe.

10 Investments, net

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10.1 Classified by type of investments

	Consolidated and The Bank	
	30 June 2015	31 December 2014
	Fair value (in thousand Baht)	
Available-for-sale securities		
Government and state enterprise securities	17,923,141	22,165,131
Domestic debt securities	300,910	-
Foreign debt securities	17,081,511	12,992,050
Domestic equity securities	263,020	225,686
Total	35,568,582	35,382,867
	Amortised Cost (in thousand Baht)	
Held to maturity		
Domestic debt securities	330,300	-
Total	330,300	-
	Cost (in thousand Baht)	
General investments		
Domestic non-marketable equity securities	100,322	100,322
Less allowance for impairment	(8,930)	(8,930)
Net	91,392	91,392
Total investments, net	35,990,274	35,474,259

As at 30 June 2015 and 31 December 2014, Baht 1,669 million and Baht 3,230 million, respectively of the banking bond portfolio which are classified as available-for-sale securities, are pledged as security on a contract for repurchase agreements.

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

	Consolidated and The Bank			
	30 June 2015			
	Periods to maturity			
	Less than 1 year	1-5 years	Over 5 years	Total
	(in thousand Baht)			
<i>Available-for-sale securities</i>				
Government and state enterprise securities	9,963,457	6,286,922	1,626,823	17,877,202
Domestic debt securities	-	300,000	-	300,000
Foreign debt securities	1,324,983	13,504,872	2,053,417	16,883,272
Total	11,288,440	20,091,794	3,680,240	35,060,474
Add (less) allowance for revaluation	35,230	288,460	(78,602)	245,088
Total available-for-sale securities	11,323,670	20,380,254	3,601,638	35,305,562
<i>Held to maturity</i>				
Domestic debt securities	-	330,300	-	330,300
Total held to maturity	-	330,300	-	330,300
Total debt securities	11,323,670	20,710,554	3,601,638	35,635,862

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	Less than 1 year	Periods to maturity 1-5 years Over 5 years (in thousand Baht)		Total
Available-for-sale securities				
Government and state enterprise securities	12,844,587	7,721,943	1,627,357	22,193,887
Foreign debt securities	2,317,133	9,031,017	1,463,449	12,811,599
Total	15,161,720	16,752,960	3,090,806	35,005,486
Add (less) allowance for revaluation	32,428	217,984	(98,717)	151,695
Total available-for-sale securities	15,194,148	16,970,944	2,992,089	35,157,181
Total debt securities	15,194,148	16,970,944	2,992,089	35,157,181

10.3 Revaluation surplus on available-for-sale investments

	Consolidated and The Bank	
	30 June 2015	31 December 2014
	(in thousand Baht)	
<i>Revaluation surplus on available-for-sale investments</i>		
Debt securities	245,088	151,694
Equity securities	189,947	183,095
Total	435,035	334,789
Less deferred tax	(87,007)	(66,958)
Total, net of deferred tax	348,028	267,831

10.4 Promissory notes from Thai Asset Management Corporation

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

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

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

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

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

In 2013, the Bank was informed of its share of losses after completion of the remaining asset management process from TAMC, which was lower than the amount originally provided for. Accordingly, the Bank has

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reversed a provision for loss sharing amounting to Baht 177 million from Baht 222 million which has been presented as reversal of expense within other operating expenses. Further, the Bank also made a payment of Baht 23 million which has been reversed from the provision made.

Accordingly, as at 30 June 2015, the Bank has provision of Baht 22 million (*31 December 2014: Baht 22 million*), which is presented as a part of “Other provision”. The share of losses is in the process of negotiation with TAMC.

10.5 Investments in companies with holding of 10% and upwards

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

Consolidated and The Bank					
30 June 2015					
Company's name	Type of business	Type of securities held	Ownership interest (%)	Paid-up capital (in thousand Baht)	Cost
Bangkok BTMU Company Limited	Lending and investment holding businesses	Ordinary shares	10	200,000	20,390
Total					20,390

Consolidated and The Bank					
31 December 2014					
Company's name	Type of business	Type of securities held	Ownership interest (%)	Paid-up capital (in thousand Baht)	Cost
Bangkok BTMU Company Limited	Lending and investment holding businesses	Ordinary shares	10	200,000	20,390
Total					20,390

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

Consolidated and The Bank							
30 June 2015				31 December 2014			
	Cost	Fair value	Allowance for impairment (in thousand Baht)	Cost	Fair value	Allowance for impairment	
Companies with problems in their financial positions and operating results	9,817	887	(8,930)	9,817	887	(8,930)	

11 Investments in a subsidiary, net

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Investments in a subsidiary as at 30 June 2015 and 31 December 2014, and dividend income from those investments for the six-month periods ended 30 June 2015 and 2014, were as follows:

Name of subsidiary	Type of business	The Bank							
		Ownership interest		Paid-up capital		Cost		Dividend income	
		30	31	30	31	30	31	30	30
		June	December	June	December	June	December	June	June
		2015	2014	2015	2014	2015	2014	2015	2014
		(%)				(in million Baht)			
ICBC (Thai) Leasing Company Limited ⁽¹⁾	Finance lease and hire purchase	99.99	99.99	4,250	4,250	4,250	4,250	-	-

⁽¹⁾ The subsidiary is incorporated in Thailand.

12 Investment in an associate, net

Investment in associate as at 30 June 2015 and 31 December 2014, and dividend income from this investment for the six-month periods ended 30 June 2015 and 2014 were as follows:

Consolidated 30 June 2015								
Name of associate	Type of business	Country of incorporation	Ownership interest	Paid-up capital	Cost	Equity	Fair value of listed securities	Dividend income for the six-month period ended 30 June 2015
			(%)					
						(in million Baht)		
Finansia Syrus Securities Public Company Limited	Securities business	Thailand	23.56	880	305	511	417	22
Total					305	511	417	22

Consolidated 31 December 2014								
Name of associate	Type of business	Country of incorporation	Ownership interest	Paid-up capital	Cost	Equity	Fair value of listed securities	Dividend income for the six-month period ended 30 June 2014
			(%)					
						(in million Baht)		
Finansia Syrus Securities Public Company Limited	Securities business	Thailand	23.56	880	305	517	412	3
Total					305	517	412	3

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

Name of associate	Ownership interest (%)	30 June 2015	Total liabilities	For the six-month period ended 30 June 2015		
		Total assets		Total revenue	Total expenses	Net profit
		(in million Baht)				
Finansia Syrus Securities Public Company Limited	23.56	4,963	2,786	857	761	74

Name of associate	Ownership interest (%)	31 December 2014	Total liabilities	For the six-month period ended 30 June 2014		
		Total assets		Total revenue	Total expenses	Net profit
		(in million Baht)				
Finansia Syrus Securities Public Company Limited	23.56	4,138	1,942	696	662	34

13 Loans to customers and accrued interest receivables, net

13.1 Classified by types of loans

	Consolidated		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
<i>(in thousand Baht)</i>				
Overdrafts	817,912	884,696	817,912	884,696
Loans	74,357,771	85,398,791	74,067,837	85,227,430
Notes receivable	15,719,659	15,699,728	16,385,657	18,931,728
Hire-purchase receivables	38,263,185	44,831,028	-	-
Finance leases receivables	7,163,369	6,585,296	-	-
Total loans to customers	136,321,896	153,399,539	91,271,406	105,043,854
Less deferred revenue	(5,512,361)	(6,524,675)	(712)	(1,497)
Total loans to customers, net of deferred revenue	130,809,535	146,874,864	91,270,694	105,042,357
Add accrued interest receivables	116,065	232,138	116,116	233,004
Total loans to customers, net of deferred revenue and accrued interest receivables	130,925,600	147,107,002	91,386,810	105,275,361
Less allowance for doubtful accounts				
- allowance established per BOT regulations	(1,419,802)	(1,547,568)	(777,791)	(811,212)
- allowance established in excess of BOT regulations	(2,119,968)	(1,915,020)	(1,857,236)	(1,657,863)
Less revaluation allowance for debt restructuring	(14,409)	(20,605)	(14,409)	(20,605)
Loans to customers and accrued interest receivables, net	127,371,421	143,623,809	88,737,374	102,785,681

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13.2 Classified by currency and residential status of customers

	Consolidated					
	30 June 2015			31 December 2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	97,838,100	4,668	97,842,768	100,674,790	7,067	100,681,857
US Dollar	3,114,506	29,113,125	32,227,631	3,087,894	43,075,550	46,163,444
Renminbi	354	719,126	719,480	421	83	504
Euro	19,656	-	19,656	28,739	-	28,739
SG Dollar	-	-	-	320	-	320
Total ⁽¹⁾	<u>100,972,616</u>	<u>29,836,919</u>	<u>130,809,535</u>	<u>103,792,164</u>	<u>43,082,700</u>	<u>146,874,864</u>

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

	The Bank					
	30 June 2015			31 December 2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	58,299,259	4,668	58,303,927	58,842,283	7,067	58,849,350
US Dollar	3,114,506	29,113,125	32,227,631	3,087,894	43,075,550	46,163,444
Renminbi	354	719,126	719,480	421	83	504
Euro	19,656	-	19,656	28,739	-	28,739
SG Dollar	-	-	-	320	-	320
Total ⁽¹⁾	<u>61,433,775</u>	<u>29,836,919</u>	<u>91,270,694</u>	<u>61,959,657</u>	<u>43,082,700</u>	<u>105,042,357</u>

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

13.3 Classified by business types and loan classification

	Consolidated					
	30 June 2015					
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	Total
	(in thousand Baht)					
Agriculture and mining	202,366	59,499	-	-	-	261,865
Manufacturing and commerce	56,413,008	119,627	13,596	3,900	587,702	57,137,833
Property development and construction	9,185,648	64,200	2,850	-	454,756	9,707,454
Infrastructure and services	19,424,685	301,841	-	10,225	62,363	19,799,114
Housing loans	39,977	5,546	-	151	1,531	47,205
Others ⁽¹⁾	39,901,977	2,800,754	804,604	330,812	17,917	43,856,064
Total ⁽²⁾	125,167,661	3,351,467	821,050	345,088	1,124,269	130,809,535

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

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

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Consolidated						
31 December 2014						
	Pass	Special mention	Substandard (in thousand Baht)	Doubtful	Doubtful of loss	Total
Agriculture and mining	481,070	64,305	-	-	-	545,375
Manufacturing and commerce	63,920,458	159,224	17,420	-	613,962	64,711,064
Property development and construction	8,923,079	62,964	3,737	-	460,523	9,450,303
Infrastructure and services	21,471,448	295,954	10,224	-	62,363	21,839,989
Housing loans	38,762	5,799	-	184	2,059	46,804
Others ⁽¹⁾	45,444,653	3,499,022	876,102	442,494	19,058	50,281,329
Total ⁽²⁾	<u>140,279,470</u>	<u>4,087,268</u>	<u>907,483</u>	<u>442,678</u>	<u>1,157,965</u>	<u>146,874,864</u>

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

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

The Bank						
30 June 2015						
	Pass	Special mention	Substandard (in thousand Baht)	Doubtful	Doubtful of loss	Total
Agriculture and mining	202,366	59,499	-	-	-	261,865
Manufacturing and commerce	56,790,269	119,627	13,596	3,900	587,702	57,515,094
Property development and construction	9,185,648	64,200	2,850	-	454,756	9,707,454
Infrastructure and services	19,424,685	301,841	-	10,225	62,363	19,799,114
Housing loans	39,977	5,546	-	151	1,531	47,205
Others	3,922,101	421	71	375	16,994	3,939,962
Total ⁽¹⁾	<u>89,565,046</u>	<u>551,134</u>	<u>16,517</u>	<u>14,651</u>	<u>1,123,346</u>	<u>91,270,694</u>

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

The Bank						
31 December 2014						
	Pass	Special mention	Substandard (in thousand Baht)	Doubtful	Doubtful of loss	Total
Agriculture and mining	481,070	64,305	-	-	-	545,375
Manufacturing and commerce	66,982,173	159,224	17,420	-	613,962	67,772,779
Property development and construction	8,923,079	62,964	3,737	-	460,523	9,450,303
Infrastructure and services	21,471,448	295,954	10,224	-	62,363	21,839,989
Housing loans	38,762	5,799	-	184	2,059	46,804
Others	5,253,498	116,337	278	-	16,994	5,387,107
Total ⁽¹⁾	<u>103,150,030</u>	<u>704,583</u>	<u>31,659</u>	<u>184</u>	<u>1,155,901</u>	<u>105,042,357</u>

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

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13.4 Loans classified by type of classification

Consolidated 30 June 2015				
	Loans to customers and accrued interest receivables less deferred revenue	Net amount used to set the allowance for doubtful accounts ⁽¹⁾	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts
<i>(in thousand Baht)</i>				
Minimum allowance as per BOT's Regulations				
Pass	125,277,797	50,167,494	1	501,675
Special mention	3,357,396	971,033	2	19,420
Substandard	821,050	387,325	100	387,325
Doubtful	345,088	177,208	100	177,208
Doubtful of loss	1,124,269	334,174	100	334,174
				1,419,802
Excess allowance ⁽²⁾				2,119,968
Total	130,925,600	52,037,234		3,539,770

⁽¹⁾ Net balance used in setting up allowance for doubtful accounts is (a) debt balances (excluding accrued interest receivable) 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 “sub-standard”, “doubtful” and “doubtful of loss”.

⁽²⁾ This includes the provision of Baht 767 million recorded at the parent company level to account for expected losses arising in the hire purchase and finance lease receivable portfolio.

Consolidated 31 December 2014				
	Loans to customers and accrued interest receivables less deferred revenue	Net amount used to set the allowance for doubtful accounts ⁽¹⁾	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts
<i>(in thousand Baht)</i>				
Minimum allowance as per BOT's Regulations				
Pass	140,506,126	51,320,532	1	513,205
Special mention	4,092,576	1,121,484	2	22,429
Substandard	907,572	444,880	100	444,880
Doubtful	442,678	240,134	100	240,134
Doubtful of loss	1,158,050	326,920	100	326,920
				1,547,568
Excess allowance ⁽²⁾				1,915,020
Total	147,107,002	53,453,950		3,462,588

⁽¹⁾ Net balance used in setting up allowance for doubtful accounts is (a) debt balances (excluding accrued interest receivable) 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 “sub-standard”, “doubtful” and “doubtful of loss”.

⁽²⁾ This includes the provision of Baht 767 million recorded at the parent company level to account for expected losses arising in the hire purchase and finance lease receivable portfolio.

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The Bank
30 June 2015

	Loans to customers and accrued interest receivables less deferred revenue	Net amount used to set the allowance for doubtful accounts ⁽¹⁾	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts
<i>(in thousand Baht)</i>				
Minimum allowance as per BOT's Regulations				
Pass	89,675,233	44,095,326	1	440,953
Special mention	557,063	37,269	2	745
Substandard	16,517	71	100	71
Doubtful	14,651	2,771	100	2,771
Doubtful of loss	1,123,346	333,251	100	333,251
				777,791
Excess allowance				1,857,236
Total	91,386,810	44,468,688		2,635,027

⁽¹⁾ Net balance used in setting up allowance for doubtful accounts is (a) debt balances (excluding accrued interest receivable) 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 “sub-standard”, “doubtful” and “doubtful of loss”.

The Bank
31 December 2014

	Loans to customers and accrued interest receivables less deferred revenue	Net amount used to set the allowance for doubtful accounts ⁽¹⁾	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts
<i>(in thousand Baht)</i>				
Minimum allowance as per BOT's Regulations				
Pass	103,377,552	48,097,012	1	480,970
Special mention	709,891	135,613	2	2,712
Substandard	31,748	2,674	100	2,674
Doubtful	184	-	100	-
Doubtful of loss	1,155,986	324,856	100	324,856
				811,212
Excess allowance				1,657,863
Total	105,275,361	48,560,155		2,469,075

⁽¹⁾ Net balance used in setting up allowance for doubtful accounts is (a) debt balances (excluding accrued interest receivable) 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 “sub-standard”, “doubtful” and “doubtful of loss”.

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13.5 Non-Performing Loans

As at 30 June 2015 and 31 December 2014, the Bank used the guidelines specified in the BOT's notification dated 3 August 2008 in determining Non-Performing Loans which consist of loans classified as sub-standard, doubtful, doubtful of loss and loss under the BOT's guideline. The amounts are as follows:

	Consolidated		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	<i>(in thousand Baht)</i>			
Non-Performing Loans (net of allowance for doubtful accounts)	1,344,604	1,454,415	778,049	819,754
% of Non-Performing Loans to total loans (net) ⁽¹⁾	0.98	0.93	0.79	0.71
Non-Performing Loans (gross)	2,290,406	2,508,126	1,154,514	1,187,744
% of Non-Performing Loans to total loans ⁽¹⁾	1.65	1.59	1.16	1.03

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

13.6 Non-accrual loans

Non-accrual loans, gross, (including loans to financial institutions) as at 30 June 2015 and 31 December 2014 are as follows:

	Consolidated		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	<i>(in thousand Baht)</i>			
Loans where recognition of income has been suspended (principal only)	2,287,556	2,504,389	1,151,664	1,184,006
% of loans where recognition of income has been suspended ⁽¹⁾	1.65	1.59	1.16	1.02

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

13.7 Gain on disposal of non-performing loans

During the year 2014, the Bank reached an agreement with an asset management company to dispose of two of its non-performing loans. The aggregate carrying amount of the loans was Baht 94.5 million. The Bank received Baht 330 million, resulting in a gain of Baht 235.5 million for the six-month period ended 30 June 2014. Previously, the Bank had written off Baht 315.1 million for the above mentioned loans.

13.8 Loans to a subsidiary

Company's name	Types of loans	Maturity	Interest rate as at		Amounts principal outstanding	
			30 June 2015	31 December 2014	30 June 2015	31 December 2014
			<i>(% per annum)</i>		<i>(in million Baht)</i>	
ICBC (Thai)	Revolving loan	At call	3.50	3.85	598	2,132
Leasing Company Limited	Revolving loan (31 December 2014 : June 2015 – July 2015)		-	5.00	-	1,100
Total					598	3,232
Allowance for doubtful accounts					6	32

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As at 30 June 2015 and 31 December 2014, the Bank held impairment provisions amounting to Baht 767 million in the parent company financial statements to account for expected losses in the hire purchase and finance lease receivable portfolio of the leasing company. The provision was recorded against the loan from the parent company to the subsidiary. Such amount has been booked to loans to customers in parent company financial statements under excess allowance over minimum Bank of Thailand requirements (Note 13.4).

14 Troubled debt restructuring

During the periods ended 30 June 2015 and 2014, details of restructured debts as at the date of restructuring, classified by the restructuring method were as follows:

		Consolidated 30 June 2015		Average period of the remaining term of debt restructuring	Loss on debt restructuring ⁽¹⁾
	Number of debtors	Outstanding balances before restructuring	after restructuring (in million Baht)		
Changes of repayment conditions	<u>1</u>	<u>2</u>	<u>2</u>	9 Years	<u>-</u>
Loans and accrued interest receivables as at 30 June 2015 ⁽²⁾	<u>137,236</u>		<u>131,525</u>		
		The Bank 30 June 2015		Average period of the remaining term of debt restructuring	Loss on debt restructuring ⁽¹⁾
	Number of debtors	Outstanding balances before restructuring	after restructuring (in million Baht)		
Changes of repayment conditions	<u>1</u>	<u>2</u>	<u>2</u>	9 Years	<u>-</u>
Loans and accrued interest receivables as at 30 June 2015 ⁽²⁾	<u>1,458</u>		<u>91,388</u>		
		Consolidated 30 June 2014		Average period of the remaining term of debt restructuring	Loss on debt restructuring ⁽¹⁾
	Number of debtors	Outstanding balances before restructuring	after restructuring (in million Baht)		
Changes of repayment conditions	<u>8</u>	<u>410</u>	<u>394</u>	4 Years	<u>10</u>
Loans and accrued interest receivables as at 30 June 2014 ⁽²⁾	<u>143,616</u>		<u>151,305</u>		

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

⁽²⁾ Net of deferred revenue

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		The Bank 30 June 2014		Average period of the remaining term of debt restructuring	Loss on debt restructuring ⁽¹⁾
	Number of debtors	Outstanding balances before restructuring	after restructuring (in million Baht)		
Changes of repayment conditions	<u>8</u>	<u>410</u>	<u>394</u>	4 Years	<u>10</u>
Loans and accrued interest receivables as at 30 June 2014 ⁽²⁾	<u>1,112</u>		<u>104,757</u>		

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

⁽²⁾ Net of deferred revenue

Additional information relating to restructuring debtors for the six-month periods ended 30 June 2015 and 2014 are as follows:

		Consolidated and The Bank	
		2015	2014
		(in million Baht)	
Interest income recognised in profit or loss		27	45
Cash collection from debtors			
Principle		214	125
Interest		25	33

As at 30 June 2015 and 31 December 2014, the Bank and its subsidiary have outstanding balances relating to restructured loans for the consolidated and the Bank's financial statement amounting to Baht 749 million and 979 million, respectively.

During the six-month periods ended 30 June 2015 and 2014, the Bank reversed allowance for revaluation on debt restructuring amounting to Baht 5.4 and 6.5 million respectively and amortised allowance for revaluation on debt restructuring as interest income for the six-month periods ended 30 June 2015 and 2014 totaling Baht 0.8 million and 1.8 million, respectively.

As at 30 June 2015 and 31 December 2014, the Bank has no commitment to additionally lend to its debtors after debt restructuring.

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15 Hire purchase and finance lease receivables

As at 30 June 2015 and 31 December 2014, the subsidiary had net hire purchase and financial lease receivables, which the majority is hire purchase or finance lease contracts for motor vehicles, airplanes, machinery and equipment for businesses. The average contract periods are 1 to 12 years (*31 December 2014: 1 to 12 years*) and the interest rates are fixed as specified in the contracts.

Consolidated					
30 June 2015					
	Less than 1 year	1 - 5 years	Over 5 years (in million Baht)	Non- performing loan	Total
Total of gross investments in the lease	14,934	26,738	2,413	1,341	45,426
Less deferred revenue ⁽¹⁾	(2,208)	(2,821)	(276)	(205)	(5,510)
Present value of the lease payments	<u>12,726</u>	<u>23,917</u>	<u>2,137</u>	<u>1,136</u>	<u>39,916</u>
Allowance for doubtful accounts					(1,670)
Hire purchase and finance lease receivables, net					<u>38,246</u>

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

Consolidated					
31 December 2014					
	Less than 1 year	1 - 5 years	Over 5 years (in million Baht)	Non- performing loan	Total
Total of gross investments in the lease	15,993	30,995	2,845	1,583	51,416
Less deferred revenue ⁽¹⁾	(2,525)	(3,414)	(321)	(263)	(6,523)
Present value of the lease payments	<u>13,468</u>	<u>27,581</u>	<u>2,524</u>	<u>1,320</u>	<u>44,893</u>
Allowance for doubtful accounts					(1,759)
Hire purchase and finance lease receivables, net					<u>43,134</u>

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

Allowance for doubtful accounts represents the minimum allowance required under BoT guidelines and an additional allowance of Baht 767 million as at 30 June 2015 (*31 December 2014: Baht 767 million*) recorded at the parent company level to account for expected losses arising in the hire purchase and finance lease receivable portfolio.

15.1 Classified by aging

As at 30 June 2015 and 31 December 2014, hire purchase and financial lease receivables are classified by the due date of the contracts as follows:

Consolidated		
	30 June 2015	31 December 2014
	(in million Baht)	
Not yet due	32,232	36,261
Overdue:		
Not over 90 days	6,548	7,312
91 - 180 days	805	876
181 - 365 days	330	442
More than 365 days	1	2
	<u>39,916</u>	<u>44,893</u>
Allowance for doubtful accounts	<u>1,670</u>	<u>1,759</u>

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16 Allowance for doubtful accounts

Consolidated 30 June 2015						
	Pass	Special mention	Sub - standard	Doubtful	Doubtful of loss	Allowance established in excess of BoT regulations
	<i>(in thousand Baht)</i>					Total
Beginning balance	513,205	22,429	444,880	240,134	326,920	1,915,020
Bad debt and doubtful accounts	(11,530)	(3,009)	(57,555)	(62,926)	333,169	204,948
Bad debt written off	-	-	-	-	(325,915)	-
Ending balance	<u>501,675</u>	<u>19,420</u>	<u>387,325</u>	<u>177,208</u>	<u>334,174</u>	<u>2,119,968</u>

Consolidated 31 December 2014						
	Pass	Special mention	Sub - standard	Doubtful	Doubtful of loss	Allowance established in excess of BoT regulations
	<i>(in thousand Baht)</i>					Total
Beginning balance	455,227	27,040	484,206	212,109	348,911	1,870,268
Bad debt and doubtful accounts	57,978	(4,611)	(39,326)	28,025	762,008	44,752
Bad debt written off	-	-	-	-	(783,999)	-
Ending balance	<u>513,205</u>	<u>22,429</u>	<u>444,880</u>	<u>240,134</u>	<u>326,920</u>	<u>1,915,020</u>

The Bank 30 June 2015						
	Pass	Special mention	Sub - standard	Doubtful	Doubtful of loss	Allowance established in excess of BoT regulations
	<i>(in thousand Baht)</i>					Total
Beginning balance	480,970	2,712	2,674	-	324,856	1,657,863
Bad debt and doubtful accounts	(40,017)	(1,967)	(2,603)	2,771	8,395	199,373
Bad debt written off	-	-	-	-	-	-
Ending balance	<u>440,953</u>	<u>745</u>	<u>71</u>	<u>2,771</u>	<u>333,251</u>	<u>1,857,236</u>

The Bank 31 December 2014						
	Pass	Special mention	Sub - standard	Doubtful	Doubtful of loss	Allowance established in excess of BoT regulations
	<i>(in thousand Baht)</i>					Total
Beginning balance	595,290	8,257	-	1,567	348,911	1,469,442
Bad debt and doubtful accounts	(114,320)	(5,545)	2,674	(1,567)	(16,826)	188,421
Bad debt written off	-	-	-	-	(7,229)	-
Ending balance	<u>480,970</u>	<u>2,712</u>	<u>2,674</u>	<u>-</u>	<u>324,856</u>	<u>1,657,863</u>

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17 Revaluation of allowance for debt restructuring

	Consolidated and The Bank	
	30 June 2015	31 December 2014
	<i>(in thousand Baht)</i>	
Beginning balance	20,605	19,461
(Decrease) increase during the period/year	(5,380)	4,683
Written off during the period/year	(816)	(3,539)
Ending balance	14,409	20,605

18 Properties foreclosed, net

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

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

The details of properties foreclosed are as follows:

	Consolidated 30 June 2015				
Type of properties foreclosed	Beginning balance	Additions	Disposals <i>(in thousand Baht)</i>	Ending balance	Portion subject to disposal restrictions, buyback rights or first refusal rights
Assets transferred in settlement of debts					
Immovable properties	916,605	-	-	916,605 ⁽¹⁾	29,146
Movable assets	291,931	692,843	(795,598)	189,176	-
Total	1,208,536	692,843	(795,598)	1,105,781	29,146
Assets from auction bidding					
Immovable properties	92,982	2,550	(260)	95,272	-
Total	92,982	2,550	(260)	95,272	-
Total properties foreclosed	1,301,518	695,393	(795,858)	1,201,053	29,146
<i>Less</i> allowance for impairment	(349,213)	(256,947)	322,436	(283,724)	(16,619)
Total properties foreclosed, net	952,305	438,446	(473,422)	917,329	12,527

⁽¹⁾ As of 30 June 2015, the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 639 million and Baht 277 million, respectively.

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Consolidated					
31 December 2014					
Type of properties foreclosed	Beginning balance	Additions	Disposals (in thousand Baht)	Ending balance	Portion subject to disposal restrictions, buyback rights or first refusal rights
Assets transferred in settlement of debts					
Immovable properties	967,807	-	(51,202)	916,605 ⁽¹⁾	29,146
Movable assets	218,655	1,878,995	(1,805,719)	291,931	-
Total	1,186,462	1,878,995	(1,856,921)	1,208,536	29,146
Assets from auction bidding					
Immovable properties	104,602	-	(11,620)	92,982	-
Total	104,602	-	(11,620)	92,982	-
Total properties foreclosed	1,291,064	1,878,995	(1,868,541)	1,301,518	29,146
Less allowance for impairment	(303,181)	(782,466)	736,434	(349,213)	(16,619)
Total properties foreclosed, net	987,883	1,096,529	(1,132,107)	952,305	12,527

⁽¹⁾ As of 31 December 2014, the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 639 million and Baht 278 million, respectively.

The Bank					
30 June 2015					
Type of properties foreclosed	Beginning balance	Additions	Disposals (in thousand Baht)	Ending balance	Portion subject to disposal restrictions, buyback rights or first refusal rights
Assets transferred in settlement of debts					
Immovable properties	916,605	-	-	916,605 ⁽¹⁾	29,146
Total	916,605	-	-	916,605	29,146
Assets from auction bidding					
Immovable properties	92,982	2,550	(260)	95,272	-
Total	92,982	2,550	(260)	95,272	-
Total properties foreclosed	1,009,587	2,550	(260)	1,011,877	29,146
Less allowance for impairment	(197,181)	(1,760)	119	(198,822)	(16,619)
Total properties foreclosed, net	812,406	790	(141)	813,055	12,527

⁽¹⁾ As of 30 June 2015, the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 639 million and Baht 277 million, respectively.

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The Bank
31 December 2014

Type of properties foreclosed	Beginning balance	Additions	Disposals (in thousand Baht)	Ending balance	Portion subject to disposal restrictions, buyback rights or first refusal rights
Assets transferred in settlement of debts					
Immovable properties	967,807	-	(51,202)	916,605 ⁽¹⁾	29,146
Total	967,807	-	(51,202)	916,605	29,146
Assets from auction bidding					
Immovable properties	104,602	-	(11,620)	92,982	-
Total	104,602	-	(11,620)	92,982	-
Total properties foreclosed	1,072,409	-	(62,822)	1,009,587	29,146
Less allowance for impairment	(202,425)	(432)	5,676	(197,181)	(16,619)
Total properties foreclosed, net	869,984	(432)	(57,146)	812,406	12,527

⁽¹⁾ As of 31 December 2014, the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 639 million and Baht 278 million, respectively.

19 Premises and equipment, net

	Land	Buildings	Consolidated Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
Cost					
At 1 January 2014	8,500	11,123	457,698	116,908	594,229
Additions	-	-	26,453	6,879	33,332
Transfers	-	(4,231)	4,231	-	-
Disposals/write-off	-	-	(12,866)	(1,379)	(14,245)
At 31 December 2014 and 1 January 2015	8,500	6,892	475,516	122,408	613,316
Additions	-	-	11,259	-	11,259
Disposals/write-off	-	-	(3)	-	(3)
At 30 June 2015	8,500	6,892	486,772	122,408	624,572
Accumulated depreciation					
At 1 January 2014	-	(991)	(316,586)	(96,726)	(414,303)
Depreciation charge for the year	-	(129)	(46,624)	(8,810)	(55,563)
Transfers	-	28	(28)	-	-
Disposals/write-off	-	-	12,821	1,040	13,861
At 31 December 2014 and 1 January 2015	-	(1,092)	(350,417)	(104,496)	(456,005)
Depreciation charge for the period	-	(100)	(22,307)	(2,775)	(25,182)
Disposals/write-off	-	-	2	-	2
At 30 June 2015	-	(1,192)	(372,722)	(107,271)	(481,185)
Net book value					
At 1 January 2014	8,500	10,132	141,112	20,182	179,926
At 31 December 2014 and 1 January 2015	8,500	5,800	125,099	17,912	157,311
At 30 June 2015	8,500	5,700	114,050	15,137	143,387

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As at 30 June 2015, the Bank and its subsidiary have motor vehicles acquired under financial leases with net book values amounting to Baht 10 million (*31 December 2014: Baht 10 million*)

The gross amount of the Bank and its subsidiary' fully depreciated equipment that was still in use as at 30 June 2015 amounted to Baht 297.4 million (*31 December 2014: Baht 277.7 million*).

	Land	Buildings	The Bank Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
Cost					
At 1 January 2014	8,500	11,123	357,543	90,990	468,156
Additions	-	-	23,426	4,359	27,785
Transfers	-	(4,231)	4,231	-	-
Disposals/write-off	-	-	(12,266)	-	(12,266)
At 31 December 2014 and 1 January 2015	8,500	6,892	372,934	95,349	483,675
Additions	-	-	10,009	-	10,009
At 30 June 2015	8,500	6,892	382,943	95,349	493,684
Accumulated depreciation					
At 1 January 2014	-	(991)	(270,170)	(83,666)	(354,827)
Depreciation charge for the year	-	(129)	(24,810)	(5,351)	(30,290)
Transfers	-	28	(28)	-	-
Disposals/write-off	-	-	12,243	-	12,243
At 31 December 2014 and 1 January 2015	-	(1,092)	(282,765)	(89,017)	(372,874)
Depreciation charge for the period	-	(100)	(11,974)	(1,421)	(13,495)
At 30 June 2015	-	(1,192)	(294,739)	(90,438)	(386,369)
Net book value					
At 1 January 2014	<u>8,500</u>	<u>10,132</u>	<u>87,373</u>	<u>7,324</u>	<u>113,329</u>
At 31 December 2014 and 1 January 2015	<u>8,500</u>	<u>5,800</u>	<u>90,169</u>	<u>6,332</u>	<u>110,801</u>
At 30 June 2015	<u>8,500</u>	<u>5,700</u>	<u>88,204</u>	<u>4,911</u>	<u>107,315</u>

As at 30 June 2015 and 31 December 2014, the Bank has no motor vehicles acquired under financial leases.

The gross amount of the Bank's fully depreciated equipment that was still in use as at 30 June 2015 amounted to Baht 267.4 million (*31 December 2014: Baht 248.7 million*).

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20 Intangible assets, net

		Consolidated		
	Computer softwares	Computer softwares under development	Deferred license fee	Total
		(in thousand Baht)		
Cost				
At 1 January 2014	370,870	1,083	26,750	398,703
Additions	3,032	-	-	3,032
Transfers	1,083	(1,083)	-	-
Disposals/write-off	(1,615)	-	-	(1,615)
At 31 December 2014 and 1 January 2015	373,370	-	26,750	400,120
Additions	737	615	-	1,352
At 30 June 2015	374,107	615	26,750	401,472
Amortisation				
At 1 January 2014	(323,450)	-	(2,827)	(326,277)
Amortisation for the year	(16,761)	-	(2,440)	(19,201)
Disposals/write-off	1,615	-	-	1,615
At 31 December 2014 and 1 January 2015	(338,596)	-	(5,267)	(343,863)
Amortisation for the period	(7,977)	-	(879)	(8,856)
At 30 June 2015	(346,573)	-	(6,146)	(352,719)
Net book value				
At 1 January 2014	47,420	1,083	23,923	72,426
At 31 December 2014 and 1 January 2015	34,774	-	21,483	56,257
At 30 June 2015	27,534	615	20,604	48,753
The Bank				
	Computer softwares	Computer softwares under development	Deferred license fee	Total
		(in thousand Baht)		
Cost				
At 1 January 2014	341,787	-	26,750	368,537
Additions	648	-	-	648
Disposals/write-off	(1,615)	-	-	(1,615)
At 31 December 2014 and 1 January 2015	340,820	-	26,750	367,570
Additions	101	-	-	101
At 30 June 2015	340,921	-	26,750	367,671
Amortisation				
At 1 January 2014	(303,245)	-	(2,827)	(306,072)
Amortisation for the year	(12,563)	-	(2,440)	(15,003)
Disposals/write-off	1,615	-	-	1,615
At 31 December 2014 and 1 January 2015	(314,193)	-	(5,267)	(319,460)
Amortisation for the period	(5,790)	-	(879)	(6,669)
At 30 June 2015	(319,983)	-	(6,146)	(326,129)
Net book value				
At 1 January 2014	38,542	-	23,923	62,465
At 31 December 2014 and 1 January 2015	26,627	-	21,483	48,110
At 30 June 2015	20,938	-	20,604	41,542

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21 Deferred tax

Deferred tax assets and liabilities were as follows:

	Consolidated	
	30 June 2015	31 December 2014
	<i>(in thousand Baht)</i>	
Deferred tax assets	940,007	933,304
Deferred tax liabilities	(333,315)	(286,008)
Net	606,692	647,296

	The Bank	
	30 June 2015	31 December 2014
	<i>(in thousand Baht)</i>	
Deferred tax assets	317,313	306,676
Deferred tax liabilities	(87,006)	(72,900)
Net	230,307	233,776

Movements in total deferred tax assets and liabilities during the period / year ended 30 June 2015 and 31 December 2014 were as follows:

	At 1 January 2015	Consolidated (Charged) / Credited to:		At 30 June 2015
		Profit or loss (Note 44)	Other comprehensive income	
		<i>(in thousand Baht)</i>		
Deferred tax assets				
Investments	5,943	-	(5,943)	-
Loans to customers and accrued interest receivables	246,339	(19,844)	-	226,495
Allowance for doubtful accounts	207,000	14,800	-	221,800
Properties foreclosed	69,842	(13,098)	-	56,744
Other assets	356,217	24,785	-	381,002
Provisions	36,662	2,646	-	39,308
Other liabilities	11,301	3,357	-	14,658
Total	933,304	12,646	(5,943)	940,007
Deferred tax liabilities				
Investments	(72,900)	-	(14,106)	(87,006)
Investments in an associate	(21,256)	(686)	-	(21,942)
Loans to customers and accrued interest receivables	(183,562)	(34,051)	-	(217,613)
Deferred direct costs of debentures	(8,290)	1,536	-	(6,754)
Total	(286,008)	(33,201)	(14,106)	(333,315)
Net	647,296	(20,555)	(20,049)	606,692

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		Consolidated		
		(Charged) / Credited to:		
	At	Profit or loss	Other	At
	1 January 2014	(Note 44)	comprehensive income	31 December 2014
		(in thousand Baht)		
Deferred tax assets				
Investments	24,464	-	(18,521)	5,943
Loans to customers and accrued interest receivables	241,338	5,001	-	246,339
Allowance for doubtful accounts	-	207,000	-	207,000
Properties foreclosed	60,636	9,206	-	69,842
Other assets	226,575	129,642	-	356,217
Provisions	53,160	(16,498)	-	36,662
Other liabilities	8,558	2,743	-	11,301
Total	614,731	337,094	(18,521)	933,304
Deferred tax liabilities				
Investments	(74,126)	-	1,226	(72,900)
Investments in an associate	(15,832)	(5,424)	-	(21,256)
Loans to customers and accrued interest receivables	(157,563)	(25,999)	-	(183,562)
Deferred direct costs of debentures	(7,550)	(740)	-	(8,290)
Total	(255,071)	(32,163)	1,226	(286,008)
Net	359,660	304,931	(17,295)	647,296

		The Bank		
		(Charged) / Credited to:		
	At	Profit or loss	Other	At
	1 January 2015	(Note 44)	comprehensive income	30 June 2015
		(in thousand Baht)		
<i>Deferred tax assets</i>				
Investments	5,943	-	(5,943)	-
Loans to customers and accrued interest receivables	23,574	(11)	-	23,563
Allowance for doubtful accounts	207,000	14,800	-	221,800
Properties foreclosed	39,436	328	-	39,764
Other assets	1,037	(85)	-	952
Provisions	28,956	2,397	-	31,353
Other liabilities	730	(849)	-	(119)
Total	306,676	16,580	(5,943)	317,313
<i>Deferred tax liabilities</i>				
Investments	(72,900)	-	(14,106)	(87,006)
Total	(72,900)	-	(14,106)	(87,006)
Net	233,776	16,580	(20,049)	230,307

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		The Bank		
		(Charged) / Credited to:		
	At	Profit or loss	Other	At
	1 January 2014	(Note 44)	comprehensive income	31 December 2014
		(in thousand Baht)		
<i>Deferred tax assets</i>				
Investments	24,464	-	(18,521)	5,943
Loans to customers and accrued interest receivables	26,640	(3,066)	-	23,574
Allowance for doubtful accounts	-	207,000	-	207,000
Properties foreclosed	40,485	(1,049)	-	39,436
Other assets	850	187	-	1,037
Provisions	47,119	(18,163)	-	28,956
Other liabilities	741	(11)	-	730
Total	140,299	184,898	(18,521)	306,676
<i>Deferred tax liabilities</i>				
Investments	(74,126)	-	1,226	(72,900)
Total	(74,126)	-	1,226	(72,900)
Net	66,173	184,898	(17,295)	233,776

22 Other assets, net

	Consolidated		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
<i>(in thousand Baht)</i>				
Prepaid expenses	9,811	12,476	6,650	9,722
Deposit	37,051	14,133	6,895	6,453
Advance	710	645	699	635
Others	2,323	2,337	1,684	1,639
Total	49,895	29,591	15,928	18,449

23 Classified assets

	Consolidated 30 June 2015			
	Loans to customers and accrued interest receivables ⁽²⁾	Investments	Properties foreclosed	Other assets
<i>(in million Baht)</i>				
Pass	133,217 ⁽¹⁾	-	-	-
Special mention	3,357	-	-	-
Substandard	821	-	-	-
Doubtful	345	-	-	-
Doubtful of loss	1,124	9	284	517
Total	138,864	9	284	517

⁽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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Consolidated
31 December 2014

	Loans to customers and accrued interest receivables ⁽²⁾	Investments	Properties foreclosed (in million Baht)	Other assets	Total
Pass	151,013 ⁽¹⁾	-	-	-	151,013
Special mention	4,093	-	-	-	4,093
Substandard	908	-	-	-	908
Doubtful	442	-	-	-	442
Doubtful of loss	1,158	9	349	543	2,059
Total	157,614	9	349	543	158,515

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

⁽²⁾ Net of deferred revenue

The Bank
30 June 2015

	Loans to customers and accrued interest receivables ⁽²⁾	Investments	Properties foreclosed (in million Baht)	Other assets	Total
Pass	97,614 ⁽¹⁾	-	-	-	97,614
Special mention	557	-	-	-	557
Substandard	17	-	-	-	17
Doubtful	15	-	-	-	15
Doubtful of loss	1,123	9	198	5	1,335
Total	99,326	9	198	5	99,538

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

⁽²⁾ Net of deferred revenue

The Bank
31 December 2014

	Loans to customers and accrued interest receivables ⁽²⁾	Investments	Properties foreclosed (in million Baht)	Other assets	Total
Pass	113,885 ⁽¹⁾	-	-	-	113,885
Special mention	710	-	-	-	710
Substandard	32	-	-	-	32
Doubtful	-	-	-	-	-
Doubtful of loss	1,156	9	197	5	1,367
Total	115,783	9	197	5	115,994

⁽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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24 Deposits

24.1 Classified by product

	Consolidated		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	<i>(in thousand Baht)</i>			
Demand	8,605,582	8,006,736	8,605,596	8,006,778
Savings	6,555,010	5,359,631	6,555,029	5,359,650
Fixed				
- Less than 6 months	29,289,830	45,778,514	29,289,830	45,778,514
- 6 months and less than 1 year	14,858,375	17,577,319	14,858,375	17,577,319
- Over 1 year	21,424,670	13,306,325	21,424,670	13,306,325
Total	<u>80,733,467</u>	<u>90,028,525</u>	<u>80,733,500</u>	<u>90,028,586</u>

24.2 Classified by currency and residence of customer

	Consolidated					
	30 June 2015		31 December 2014			
	Domestic	Foreign	Total	Domestic	Foreign	Total
			(in thousand Baht)			
Baht	78,483,832	1,175,519	79,659,351	87,765,072	1,262,281	89,027,353
US Dollar	398,924	460,801	859,725	426,529	450,215	876,744
Other currencies	120,238	94,153	214,391	43,571	80,857	124,428
Total	79,002,994	1,730,473	80,733,467	88,235,172	1,793,353	90,028,525

	The Bank					
	30 June 2015			31 December 2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	(in thousand Baht)					
Baht	78,483,865	1,175,519	79,659,384	87,765,133	1,262,281	89,027,414
US Dollar	398,924	460,801	859,725	426,529	450,215	876,744
Other currencies	120,238	94,153	214,391	43,571	80,857	124,428
Total	79,003,027	1,730,473	80,733,500	88,235,233	1,793,353	90,028,586

25 Interbank and money market items (Liabilities)

	Consolidated					
	30 June 2015		31 December 2014			
	Demand	Time	Total	Demand	Time	Total
	(in thousand Baht)					
Domestic items:						
Bank of Thailand	-	936,137	936,137	-	987,874	987,874
Commercial banks	4,718	200,000	204,718	9,700	-	9,700
Specialised financial institutions	-	1,000,000	1,000,000	530	3,000,000	3,000,530
Other financial institutions	837,547	3,619,025	4,456,572	3,187,443	4,433,773	7,621,216
Total domestic items	842,265	5,755,162	6,597,427	3,197,673	8,421,647	11,619,320

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	Consolidated					
	Demand	30 June 2015 Time	Total (in thousand Baht)	Demand	31 December 2014 Time	Total
Foreign items:						
US Dollar	-	28,165,275	28,165,275	-	28,671,692	28,671,692
Thai Baht	183,255	-	183,255	132,884	-	132,884
Total foreign items	183,255	28,165,275	28,348,530	132,884	28,671,692	28,804,576
Total domestic and foreign items	1,025,520	33,920,437	34,945,957	3,330,557	37,093,339	40,423,896

	The Bank					
	Demand	30 June 2015 Time	Total (in thousand Baht)	Demand	31 December 2014 Time	Total
Domestic items:						
Bank of Thailand	-	936,137	936,137	-	987,874	987,874
Commercial banks	4,718	-	4,718	9,700	-	9,700
Specialised financial institutions	-	1,000,000	1,000,000	530	3,000,000	3,000,530
Other financial institutions	837,547	3,619,025	4,456,572	3,187,443	4,433,773	7,621,216
Total domestic items	842,265	5,555,162	6,397,427	3,197,673	8,421,647	11,619,320
Foreign items:						
US Dollar	-	28,165,275	28,165,275	-	28,671,692	28,671,692
Thai Baht	183,255	-	183,255	132,884	-	132,884
Total foreign items	183,255	28,165,275	28,348,530	132,884	28,671,692	28,804,576
Total domestic and foreign items	1,025,520	33,720,437	34,745,957	3,330,557	37,093,339	40,423,896

26 Debt issued and borrowings

As at 30 June 2015 and 31 December 2014, debt issued and borrowings which were denominated entirely in Thai Baht consist of the following:

	Consolidated					
	Maturity dates	30 June 2015 Interest rate (%)	Amount (in thousand Baht)	Maturity dates	31 December 2014 Interest rate (%)	Amount (in thousand Baht)
Bills of Exchange	2015	1.62-3.75	184,900	2015	2.52-3.75	992,890
Secured debentures ⁽¹⁾	2015-2019	3.24-3.98	15,487,857	2015-2019	3.24-3.98	15,484,962
Unsecured debentures	2015-2018	1.60-4.50	18,621,335	2015-2018	2.40-4.50	21,250,665
Total			34,294,092			37,728,517

⁽¹⁾ Secured debentures were issued by the subsidiary and secured against guarantee from the Bank.

	The Bank					
	Maturity dates	30 June 2015 Interest rate (%)	Amount (in thousand Baht)	Maturity dates	31 December 2014 Interest rate (%)	Amount (in thousand Baht)
Bills of Exchange	2015	1.62-3.75	184,900	2015	2.52-3.75	992,890
Total			184,900			992,890

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27 Employee benefit obligations

	Consolidated		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	<i>(in million Baht)</i>			
Statement of financial position obligations for:				
Post-employment benefits	<u>173</u>	<u>160</u>	<u>133</u>	<u>121</u>

	Consolidated		The Bank	
<i>Six-month period ended 30 June</i>	2015	2014	2015	2014
	<i>(in million Baht)</i>			

Statement of comprehensive income:

Recognised in profit or loss:

Post-employment benefits	<u>16</u>	<u>17</u>	<u>12</u>	<u>12</u>
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The Bank and its subsidiary operate a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

Obligation under the statement of financial position can be summarized as follow:

	Consolidated		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	<i>(in million Baht)</i>			
Present value of unfunded obligations	<u>173</u>	<u>160</u>	<u>133</u>	<u>121</u>
Statement of financial position obligations	<u>173</u>	<u>160</u>	<u>133</u>	<u>121</u>

Movement in the present value of the defined benefit obligations:

	Consolidated		The Bank	
	For the six- month period ended 30 June 2015	For the year ended 31 December 2014	For the six- month period ended 30 June 2015	For the year ended 31 December 2014
	<i>(in million Baht)</i>			
Defined benefit obligations at the beginning of the period/year	160	133	121	103
Benefits paid by the plan	(3)	(5)	-	(5)
Current service costs and interest	17	34	12	23
Actuarial gains	-	(2)	-	-
Past service cost	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Defined benefit obligations at the end of the period/year	<u>173</u>	<u>160</u>	<u>133</u>	<u>121</u>

Expense recognised in the statement of comprehensive income

	Consolidated		The Bank	
<i>Six-month period ended 30 June</i>	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Employee expense				
Current service costs	14	15	10	10
Interest on obligation	3	2	2	2
Past service cost	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>16</u>	<u>17</u>	<u>12</u>	<u>12</u>

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

	Consolidated and The Bank	
	30 June 2015	31 December 2014
	(%)	
Discount rate	3.11 - 3.60	3.11 - 3.60
Future salary increases	6	6
Staff turnover rate	0 - 19	0 - 19

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

Sensitivity analysis

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

Defined benefit obligation 30 June 2015	Consolidated		The Bank	
	(in million Baht)			
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(11.86)	13.07	(9.12)	10.13
Future salary growth (1% movement)	12.62	(11.69)	9.78	(9.01)
Future mortality (1 year)	0.70	(0.69)	0.53	(0.52)

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

28 Other provisions

	Consolidated and The Bank		
	Share losses from management of non- performing loans (Note 10.4)	Loss from lawsuit	Total
	(in thousand Baht)		
At 1 January 2014	22,000	110,450	132,450
Provisions made	-	900	900
Payment made	-	(109,650)	(109,650)
At 31 December 2014 and 1 January 2015	22,000	1,700	23,700
At 30 June 2015	22,000	1,700	23,700

In May 2014, the Bank was ordered by Supreme Court to pay Baht 109.65 million to a provident fund against the claim lodged by the fund since 1999. The Bank had already recorded the provision of Baht 108.75 million as at 31 December 2013.

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29 Other liabilities

	Consolidated		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	<i>(in thousand Baht)</i>			
Other payables	404,261	362,865	59,151	142,658
Cash received in advance	2,568	127,464	2,568	868
Accrued expenses	359,281	440,995	311,253	393,276
Withholding tax payable	23,332	18,219	21,001	15,816
Special business tax payable	20,774	20,186	20,774	20,186
Payables under finance lease contracts	10,567	11,744	-	-
Corporate income tax payable	144,257	353,254	144,258	347,329
Others	106,219	271,515	77,841	243,810
Total	1,071,259	1,606,242	636,846	1,163,943

30 Share capital

		For the six-month period ended 30 June 2015		For the year ended 31 December 2014	
	Par value per share (in Baht)	Number	Baht	Number	Baht
		(thousand shares/thousand Baht)			
<i>Authorised</i>					
At the beginning of the period/year					
- ordinary shares	8.92	2,260,089	20,159,998	1,590,002	14,182,817
- preference shares	8.92	451	4,023	451	4,023
Increase of new shares	8.92	-	-	670,087	5,977,181
At the end of the period/year					
- ordinary shares	8.92	2,260,089	20,159,998	2,260,089	20,159,998
- preference shares	8.92	451	4,023	451	4,023
<i>Issued and paid-up</i>					
At the beginning of the period/year					
- ordinary shares	8.92	2,256,510	20,128,071	1,590,002	14,182,817
- preference shares	8.92	451	4,023	451	4,023
Increase of new shares	8.92	-	-	666,508	5,945,254
At the end of the period/year					
- ordinary shares	8.92	2,256,510	20,128,071	2,256,510	20,128,071
- preference shares	8.92	451	4,023	451	4,023

Preference shares of the Bank are divided into Class A and Class B shares, both of which are non-cumulative dividend-paying shares. Holders of Class B preference shares are entitled to preferential receipt of dividends and return of capital over holders of Class A preference shares and ordinary shares. If the Bank reduces its capital as a result of operating losses on assets held prior to the injection of capital funds by the Ministry of Finance, the Bank is to reduce the capital of the ordinary shares and the Class A preference shares first, to the extent that this does not exceed the accumulated loss as at the date that the Ministry of Finance injected funds plus any subsequent losses on the assets held prior to that date. If the Bank reduces capital as a result of operating losses on assets acquired after the Ministry of Finance injected funds, the Bank is to reduce the capital of the ordinary shares first and then the Class A preference shares and Class B preference shares proportionately. All preference shares had a period of 10 years, which expired in November 2009. Hence, rights of preference shareholders has been the same as those of the ordinary shareholders since then.

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

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The holders of ordinary shares and preferred shares are entitled to receive dividends as declared, and are entitled to one vote per share at the shareholders' meeting of the Bank.

Issue of new ordinary shares

On 4 August 2014, the Extraordinary General Meeting of the Shareholders No.1/2014 approved the increase of the Bank's registered capital in the amount of Baht 5,977,181,490.12 from the current registered capital of Baht 14,186,840,269.40 to Baht 20,164,021,759.52 by issuing 670,087,611 new authorised ordinary shares at the par value of Baht 8.92 per share. Accordingly, on 4 September 2014, the Bank has registered the paid-up capital increase of Baht 20,132,093,886.16 with the Ministry of Commerce.

31 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Pursuant to Section 116 of the Public Companies Act B.E. 2535, the Bank is required to allocate not less than 5% of its annual net profit, less any accumulated deficit 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 27 April 2015, the Annual General Meeting of Shareholders No. 22/2015 resolved to approve the appropriation of Baht 100 million to a legal reserve from profit for the year 2014. Total legal reserve of the Bank is Baht 300 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 comprise the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

32 Other components of equity

	Consolidated and The Bank	
	For the six-month period ended 30 June 2015	For the year ended 31 December 2014
	<i>(in thousand Baht)</i>	
Balance at the beginning of the period/year	267,831	198,651
Net change in fair value recognized in equity, net of tax	80,197	69,180
Balance at the ending of the period/year	348,028	267,831

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Notes to the interim financial statements

33 Contingent liabilities and Commitments

33.1 Commitments

	Consolidated		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	<i>(in million Baht)</i>			
Avals to bills and Guarantees of loans	317	434	15,817	15,934
Letter of credit	312	219	312	219
Other contingencies				
- Undrawn committed line	1,606	786	1,606	786
- Other guarantees	1,635	1,159	1,635	1,159
- Others	877	2	877	2
Total	4,747	2,600	20,247	18,100

33.2 Contingent liabilities from litigations

As at 30 June 2015 and 31 December 2014, the Bank and ACL Securities Company Limited (a former subsidiary of the Bank that the Bank has already divested) had contingent liabilities as a result of a litigation claim brought by a former executive of ACL Securities Company Limited, who sued the Bank and ACL Securities Company Limited in a civil law case, claiming compensation of approximately Baht 117 million for a tort and breach of contract. The Court of the First Instance dismissed the case on 18 August 2011. Later, on 17 October 2011, the plaintiff appealed the case and the Bank and such company lodged statements of objection on 24 January 2012. On 18 July 2013 the Court of the First Instance read the judgment of the Appeal Court that renders the judgment to confirm the judgment of the Court of the First Instance. On 11 October 2013, the plaintiff lodged an appeal with the Supreme Court and both Bank and ACL Securities Company Limited filed statements of objection on 28 November 2013. The case is currently being considered by the Supreme Court.

In addition, on 5 October 2012 the former executive of ACL Securities Company Limited sued the Bank and ACL Securities Company Limited in a labour case, seeking damages of approximately Baht 52 million for unfair dismissal. This case arose in the ordinary course of the business of ACL Securities Company Limited. Subsequently, on 18 February 2013, the Central Labour Court dismissed the case. On 26 March 2013 the plaintiff lodged the appeal but the Central Labour Court dismissed the appeal since it was made due to the question of fact that is prohibited by the law. The plaintiff therefore lodged the appeal with the Central Labour Court. On 10 April 2013 the Central Labour Court ordered to revert this case to the Supreme Court for consideration. The case is currently being considered by the Supreme Court. The opinion of the Bank's management is that it is highly unlikely that the Bank will have to pay the claimed amount. As at 30 June 2015 and 31 December 2014, the Bank therefore did not create a provision for the claim.

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

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34 Related parties

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

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

Relationship with key management and related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Industrial and Commercial Bank of China Limited	China	The ultimate parent company of the Bank and a subsidiary
ICBC (Thai) Leasing Company Limited	Thailand	A subsidiary of the Bank
Finansia Syrus Securities Public Company Limited	Thailand	An associated of the Bank
Industrial and Commercial Bank of China (Asia) Limited	Hong Kong	The Company that is related with the ultimate parent company
Industrial and Commercial Bank of China (Macau) Limited	Macau	The Company that is related with the ultimate parent company
Industrial and Commercial Bank of China Limited - Shanghai	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Vientiane	China	The Branch of 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 - Shandong	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 - New York	United states	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 - Singapore	Singapore	The Branch of the ultimate parent company
M-Home SPV 3 Company Limited ⁽¹⁾	Thailand	The Company that are related through the Bank's management until 13 March 2015
Key management personnel	Thai /Chinese	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Bank and its subsidiary.

⁽¹⁾ The relationship ended due to the registered company's liquidation as of 13 March 2015

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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

Significant transaction for the six-month periods ended 30 June 2015 and 2014 with related parties were as follows:

<i>Six-month periods ended 30 June</i>	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Parent				
Interest expenses	6	145	6	145
Fee Expense	4	-	4	-
Associate				
Interest expenses	-	4	-	4
Dividend income	-	-	22	3
Subsidiary				
Interest income	-	-	24	259
Fee income	-	-	14	15
Key management personnel				
Key management personnel compensation				
Short-term employee benefit	104	97	72	72
Post-employment benefits	12	4	10	2

Directors and management's remuneration

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

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Balances with related parties were as follows:

	Consolidated		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	<i>(in million Baht)</i>			
<i>Interbank and money market items (assets)</i>				
Industrial and Commercial Bank of China Limited	55	81	55	81
Industrial and Commercial Bank of China Limited - New York	28	101	28	101
Industrial and Commercial Bank of China Limited - Shanghai	2,678	-	2,678	-
Industrial and Commercial Bank of China Limited – Shandong	54	-	54	-
<i>Investments</i>				
ICBC (Thai) Leasing Company Limited	-	-	4,250	4,250
Finansia Syrus Securities Public Company Limited	511	517	305	305
<i>Loans to customers</i>				
ICBC (Thai) Leasing Company Limited	-	-	598	3,232
<i>Accrued interest receivables</i>				
ICBC (Thai) Leasing Company Limited	-	-	-	1
<i>Allowance for doubtful accounts</i>				
ICBC (Thai) Leasing Company Limited	-	-	6	32
<i>Interbank and money market items (liabilities)</i>				
Industrial and Commercial Bank of China Limited	20,487	18,088	20,487	18,088
Industrial and Commercial Bank of China Limited - Tokyo	4,222	-	4,222	-
Industrial and Commercial Bank of China Limited - New York	1,013	6,992	1,013	6,992
Industrial and Commercial Bank of China Limited - Singapore	676	791	676	791
Industrial and Commercial Bank of China Limited - Shanghai	54	-	54	-
Industrial and Commercial Bank of China Limited - Macao	338	-	338	-
Industrial and Commercial Bank of China Limited - Vientiane	6	10	6	10
Finansia Syrus Securities Public Company Limited	3	306	3	306
<i>Deposits and debts issued and borrowings</i>				
M-Home SPV 3 Company Limited	7	24	7	24
Related persons	82	86	82	86
<i>Accrued interest payables</i>				
Industrial and Commercial Bank of China Limited	169	102	169	102

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	Consolidated		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	<i>(in million Baht)</i>			
Other Liabilities				
ICBC (Thai) Leasing Company Limited	-	-	14	18
Off-financial reporting items				
Letter of guarantee				
Industrial and Commercial Bank of China Limited	-	8	-	8
Industrial and Commercial Bank of China Limited - Guangdong	178	-	178	-
Industrial and Commercial Bank of China Limited - Shandong	8	-	8	-
Industrial and Commercial Bank of China Limited - Hubei	178	-	178	-
Industrial and Commercial Bank of China Limited - Shanghai	139	-	139	-
Guarantee on loans				
ICBC (Thai) Leasing Company Limited	-	-	15,500	15,500
Forward exchange contracts-bought				
Industrial and Commercial Bank of China Limited - Singapore	2,382	2,535	2,382	2,535
Finansia Syrus Securities Public Company Limited	290	326	290	326
Forward exchange contracts-sold				
Finansia Syrus Securities Public Company Limited	162	-	162	-

35 Long-term lease agreements

The Bank and its subsidiary have entered into several lease agreements in respect of the equipment. The terms of the agreements are generally between 0.25 year to 15 years. Long-term leases agreements classified by the remaining rental expenses to be paid for long-term leases agreements are as follows:

	Consolidated		The Bank	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	<i>(in million Baht)</i>			
Within one year	84	107	56	77
After one year but within five years	68	84	60	69
After five years	17	21	17	21
Total	169	212	133	167

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36 Segment information

Information about reportable segments was as follows:

The Bank and its subsidiary's business operations involve 2 principal segments: (1) banking business and (2) hire purchase/finance leases business that form the basis of how information is presented to the chief operating decision maker. Respective business segments serve both corporate and retail customers, however retail represents an insignificant portion of the total at the bank level. These operations are carried on in Thailand. The Bank has determined that the Chief Operating Decision Maker is the Executive Committee.

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

Financial performance <i>Six-month period ended 30 June 2015</i>	Banking business	Hire purchase/ finance leases business	Consolidated		
			Total	Elimination entries	Total
			<i>(in million Baht)</i>		
Net interest income	1,217	842	2,059	14	2,073
Fee and service income and other income, net	86	103	189	(14)	175
Share of profit from associates	15	-	15	-	15
Other operating income	74	160	234	(23)	211
Other operating expenses	(575)	(673)	(1,248)	1	(1,247)
Profit before bad debt, doubtful accounts and impairment losses	817	432	1,249	(22)	1,227
Bad debt, doubtful accounts and impairment losses	(143)	(237)	(380)	-	(380)
Profit from operation before income tax expense	674	195	869	(22)	847
Income tax expenses	(130)	(35)	(165)	-	(165)
Profit for the period	544	160	704	(22)	682
Financial position as at 30 June 2015					
Investment in associates	511	-	511	-	511
Total assets	140,979	40,094	181,073	(4,657)	176,416
Total liabilities	117,294	35,584	152,878	(612)	152,266

Financial performance <i>Six-month period ended 30 June 2014</i>	Banking business	Hire purchase/ finance leases business	Consolidated		
			Total	Elimination entries	Total
			<i>(in million Baht)</i>		
Net interest income	1,101	894	1,995	15	2,010
Fee and service income and other income, net	65	123	188	(15)	173
Share of profit from associates	6	-	6	-	6
Other operating income	327	91	418	(3)	415
Other operating expenses	(563)	(808)	(1,371)	-	(1,371)
Profit before bad debt, doubtful accounts and impairment losses	936	300	1,236	(3)	1,233
Bad debt, doubtful accounts and impairment losses	(24)	(499)	(523)	-	(523)
Profit from operation before income tax expense	912	(199)	713	(3)	710
Income tax expenses	(186)	40	(146)	-	(146)
Profit for the period	726	(159)	567	(3)	564
Financial position as at 31 December 2014					
Investment in associates	517	-	517	-	517
Total assets	157,169	45,006	202,175	(7,288)	194,887
Total liabilities	134,093	40,656	174,749	(3,251)	171,498

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37 Interest income

<i>Six-month periods ended 30 June</i>	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Interbank and money market item	95,357	235,668	95,323	235,578
Investments in debt securities	592,932	499,502	592,932	499,502
Loans to customers	1,884,876	1,912,017	1,902,575	2,166,695
Hire-purchase and finance leases	1,468,701	1,745,426	4	785
Others	159	536	159	536
Total	4,042,025	4,393,149	2,590,993	2,903,096

38 Interest expenses

<i>Six-month periods ended 30 June</i>	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Deposits	921,809	1,210,064	921,809	1,210,064
Interbank and money market items	251,431	389,868	248,653	329,825
Contributions to Deposit Protection Agency and Bank of Thailand	198,246	239,414	198,246	239,414
Debt issued - debentures	582,498	513,279	-	1,740
Borrowings	5,089	21,572	5,089	21,572
Borrowing fee expense	8,739	9,073	-	19
Total	1,967,812	2,383,270	1,373,797	1,802,634

39 Net fees and service income

<i>Six-month periods ended 30 June</i>	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<i>Fees and service income</i>				
Acceptances, avals and guarantees	8,738	9,355	23,153	24,385
Letter of credit fee income	8,350	6,067	8,369	6,067
Hire purchase/finance lease fee income	103,056	122,635	-	-
Others	21,710	19,070	21,709	19,070
Total fees and service income	141,854	157,127	53,231	49,522
Fees and service expense	(13,307)	(6,131)	(13,307)	(6,131)
Net fees and service income	128,547	150,996	39,924	43,391

40 Net trading income

<i>Six-month periods ended 30 June</i>	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<i>Gain (loss) on trading and foreign exchange transactions</i>				
Foreign currencies and foreign currency related derivatives	46,149	22,578	46,138	22,583
Total	46,149	22,578	46,138	22,583

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41 Net (loss) gain on investments

<i>Six-month periods ended 30 June</i>	Consolidated and The Bank	
	2015	2014
	<i>(in thousand Baht)</i>	
(Losses) gains on sales - General investment	-	230
Losses on impairment - General investment	-	(955)
Net (loss) gain on investments	-	(725)

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 subsidiary) paid to the Bank and subsidiary's directors in accordance with Section 90 of the Public Limited Companies Act.

43 Bad debt, doubtful accounts and impairment losses

<i>Six-month periods ended 30 June</i>	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Bad debts and doubtful accounts				
Interbank and money market items	(17,604)	47,564	(17,604)	47,564
Loans to customers	403,106	467,361	165,961	(31,878)
Loss on debt restructuring	(5,380)	7,853	(5,380)	7,853
Total	380,122	522,778	142,977	23,539

44 Income tax expense

Income tax recognised in profit or loss

<i>Six-month periods ended 30 June</i>	<i>Note</i>	Consolidated		The Bank	
		2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
Current tax expense					
Current period		145,092	245,651	146,277	162,218
Over provided in prior period		-	(235)	-	-
		145,092	245,416	146,277	162,218
Deferred tax expense					
Movements in temporary differences	21	20,555	(99,385)	(16,580)	23,310
		20,555	(99,385)	(16,580)	23,310
Total income tax expense		165,647	146,031	129,697	185,528

Income tax recognised in other comprehensive income

<i>Six-month periods ended 30 June</i>	Consolidated and The Bank					
	Before tax	2015 Tax (expense) benefit	Net of tax	Before tax	2014 Tax (expense) benefit	Net of tax
	<i>(in thousand Baht)</i>					
Other comprehensive income available-for-sale securities	100,246	(20,049)	80,197	131,701	(26,340)	105,361
Total	100,246	(20,049)	80,197	131,701	(26,340)	105,361

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Reconciliation of effective tax rate

<i>Six-month periods ended 30 June</i>	<i>Rate (%)</i>	Consolidated		<i>Rate (%)</i>	<i>2014 (in thousand Baht)</i>
		<i>2015 (in thousand Baht)</i>			
Profit before income tax expense		847,641			709,568
Income tax using the Thai corporation tax rate	20	169,528	20		141,914
Income not subject to tax		(2,697)			-
Expense not deductible for tax purpose		-			4,352
Over provided in prior period		(1,184)			(235)
Total	20⁽¹⁾	165,647	21⁽¹⁾		146,031

⁽¹⁾ Effective tax rate

<i>Six-month periods ended 30 June</i>	<i>Rate (%)</i>	The Bank		<i>Rate (%)</i>	<i>2014 (in thousand Baht)</i>
		<i>2015 (in thousand Baht)</i>			
Profit before income tax expense		659,015			905,896
Income tax using the Thai corporation tax rate	20	131,803	20		181,179
Income not subject to tax		(2,106)			-
Expense not deductible for tax purpose		-			4,349
Total	20⁽¹⁾	129,697	20⁽¹⁾		185,528

⁽¹⁾ Effective tax rate

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively. Royal Decree No. 577 B.E. 2557 dated 10 November 2014 extends the reduction to 20% for the accounting period 2015 which begins on or after 1 January 2015.

The Bank and its subsidiary have applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 30 June 2015 and 31 December 2014 in accordance with the clarification issued by the FAP in 2012.

45 Basic earnings per share

The calculations of basic earnings per share for the six-month periods ended 30 June 2015 and 2014 were based on the profit for the periods attributable to shareholders of the Bank and the weighted average number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding during the periods as follows:

<i>Six-month periods ended 30 June</i>	Consolidated		The Bank	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
Profit attributable to shareholders of the Bank (in million Baht)	682	564	529	720
Weighted average number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding (million shares)	2,257	1,590	2,257	1,590
Earnings per share (basic) (in Baht)	0.30	0.35	0.23	0.45

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46 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those revised TFRS that may be relevant to the Bank and its subsidiary's operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated, are set out below. The Bank and its subsidiary do not plan to adopt these TFRS early.

TFRS	Topic	Year effective
TAS 1 (revised 2015)	Presentation of Financial Statements	2016
TAS 7 (revised 2015)	Statement of Cash Flows	2016
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors	2016
TAS 10 (revised 2015)	Events after the Reporting Period	2016
TAS 12 (revised 2015)	Income Taxes	2016
TAS 16 (revised 2015)	Property, Plant and Equipment	2016
TAS 17 (revised 2015)	Leases	2016
TAS 18 (revised 2015)	Revenue	2016
TAS 23 (revised 2015)	Borrowing Costs	2016
TAS 24 (revised 2015)	Related Party Disclosures	2016
TAS 27 (revised 2015)	Separate Financial Statements	2016
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures	2016
TAS 33 (revised 2015)	Earnings Per Share	2016
TAS 34 (revised 2015)	Interim Financial Reporting	2016
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets	2016
TFRS 3 (revised 2015)	Business Combinations	2016
TFRS 8 (revised 2015)	Operating Segments	2016
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2016
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment	2016
TFRIC 13 (revised 2015)	Customer Loyalty Programmes	2016

The Bank and its subsidiary has made a preliminary assessment of the potential initial impact on the Bank and its subsidiary's financial statements of these revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.