

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

Financial statements for the year ended
31 December 2015
and
Independent Auditor's Report



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Independent Auditor's Report

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

I have audited the accompanying 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 31 December 2015, the consolidated and the Bank's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these 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 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 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 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 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 31 December 2015, and of their consolidated and the Bank's financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

(Pantip Gulsantithamrong)
Certified Public Accountant
Registration No. 4208

KPMG Phoomchai Audit Ltd.
Bangkok
11 March 2016

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

Assets	Note	Consolidated		The Bank	
		31 December		31 December	
		2015	2014	2015	2014
(in thousand Baht)					
Cash		369,306	364,389	368,455	363,487
Interbank and money market items, net	8	2,056,608	12,027,094	1,891,397	11,818,191
Derivative assets	9	122,817	339,729	122,310	339,729
Investments, net	10	45,010,528	35,474,259	45,010,528	35,474,259
Investments in a subsidiary and an associate, net	11, 12	526,629	517,433	4,554,874	4,554,874
Loans to customers and accrued interest receivables, net	13				
Loans to customers		140,927,378	153,399,539	99,698,329	105,043,854
Accrued interest receivables		230,174	232,138	230,811	233,004
Total loans to customers and accrued interest receivables		141,157,552	153,631,677	99,929,140	105,276,858
Less deferred revenue		(5,044,122)	(6,524,675)	(58)	(1,497)
Less allowance for doubtful accounts	16	(4,029,494)	(3,462,588)	(2,953,174)	(2,469,075)
Less revaluation allowance for debt restructuring	17	(13,725)	(20,605)	(13,725)	(20,605)
Total loans to customers and accrued interest receivables, net		132,070,211	143,623,809	96,962,183	102,785,681
Properties foreclosed, net	18	882,446	952,305	812,191	812,406
Premises and equipment, net	19	124,990	157,311	97,985	110,801
Intangible assets, net	20	40,428	56,257	34,914	48,110
Leasehold right, net		154,428	165,073	154,428	165,073
Deferred tax assets, net	21	705,914	647,296	329,198	233,776
Accrued income, net		399,982	361,684	395,604	357,050
Receivables on credit support for derivative contracts		601	24,396	601	24,396
Other receivables, net		232,513	145,967	141,254	83,714
Other assets, net	22	332,051	29,591	16,993	18,449
Total assets		183,029,452	194,886,593	150,892,915	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	
		31 December		31 December	
Liabilities and equity	Note	2015	2014	2015	2014
<i>(in thousand Baht)</i>					
Liabilities					
Deposits	24	86,194,650	90,028,525	86,201,364	90,028,586
Interbank and money market items	25	35,876,646	40,423,896	35,876,646	40,423,896
Liabilities payable on demand		13,744	6,053	13,744	6,053
Derivative liabilities	9	281,721	530,672	281,250	530,672
Debt issued and borrowings	26	33,220,665	37,728,517	2,733,267	992,890
Employee benefit obligations	27	172,957	159,611	143,415	121,079
Other provisions	28	23,700	23,700	23,700	23,700
Accrued interest payables		692,887	991,169	531,309	802,090
Other liabilities	29	1,942,496	1,606,242	1,014,135	1,163,943
Total liabilities		158,419,466	171,498,385	126,818,830	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	154,534	267,831	154,534	267,831
Retained earnings					
Appropriated					
Legal reserve	31	400,000	300,000	400,000	300,000
Unappropriated		3,923,358	2,688,283	3,387,457	2,397,162
Equity attributable to the Bank's shareholders		24,609,986	23,388,208	24,074,085	23,097,087
Non-controlling interest		-	-	-	-
Total equity		24,609,986	23,388,208	24,074,085	23,097,087
Total liabilities and equity		183,029,452	194,886,593	150,892,915	157,189,996

.....
(Mr. Jian Lu)
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 profit or loss and other comprehensive income

	<i>Note</i>	Consolidated		The Bank	
		Year ended 31 December		Year ended 31 December	
		2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
Interest income	37	8,031,867	8,799,077	5,257,798	5,728,323
Interest expense	38	3,750,018	4,681,026	2,636,940	3,450,761
Net interest income		4,281,849	4,118,051	2,620,858	2,277,562
Fees and service income		333,779	306,433	151,677	106,974
Fees and service expense		49,986	16,806	49,986	16,806
Net fees and service income	39	283,793	289,627	101,691	90,168
Net trading income	40	106,757	58,570	101,548	58,581
Net loss on investments	41	(15)	(265)	(15)	(265)
Share of profit of associate	12	31,224	57,705	-	-
Gains on disposals of equipment, properties foreclosed and other assets		8,793	67,834	3,353	62,750
Bad debts recovered		296,983	171,585	74,610	58,597
Dividends income		9,250	9,718	31,279	13,187
Gains on disposals of non-performing loans	13.7	-	235,496	-	235,496
Other operating income		154,117	100,446	50,998	11,179
Total operating income		5,172,751	5,108,767	2,984,322	2,807,255
Other operating expenses					
Employee expenses		1,121,518	1,067,766	765,886	702,874
Directors' remuneration	42	14,078	18,336	14,078	18,335
Premises and equipment expenses		203,582	191,892	120,869	119,475
Taxes and duties		152,754	155,785	139,979	144,503
Amortisation expense on intangible assets		17,186	19,204	13,303	15,006
Losses on properties foreclosed (reversal)		539,847	924,139	(1,555)	2,486
Others		376,182	380,084	123,642	138,878
Total other operating expenses		2,425,147	2,757,206	1,176,202	1,141,557
Bad debts, doubtful accounts and impairment losses	43	1,084,375	865,775	448,181	69,786
Profit from operations before income tax expense		1,663,229	1,485,786	1,359,939	1,595,912
Income tax expense	44	328,154	296,311	269,644	324,432
Profit for the year		1,335,075	1,189,475	1,090,295	1,271,480

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 profit or loss and other comprehensive income

		Consolidated		The Bank	
		Year ended 31 December		Year ended 31 December	
	Note	2015	2014	2015	2014
		(in thousand Baht)			
Other comprehensive income					
<i>Items that are or may be reclassified to profit or loss</i>					
Net change in fair value of available-for-sale investments		(141,621)	86,475	(141,621)	86,475
Income tax on other comprehensive income	44	28,324	(17,295)	28,324	(17,295)
Other comprehensive income (loss) for the year,					
net of income tax		(113,297)	69,180	(113,297)	69,180
Total comprehensive income for the year		1,221,778	1,258,655	976,998	1,340,660
Profit attributable to					
Shareholders of the Bank		1,335,075	1,189,475	1,090,295	1,271,480
Non-controlling interest		-	-	-	-
Profit for the year		1,335,075	1,189,475	1,090,295	1,271,480
Total comprehensive income attributable to					
Shareholders of the Bank		1,221,778	1,258,655	976,998	1,340,660
Non-controlling interest		-	-	-	-
Total comprehensive income for the year		1,221,778	1,258,655	976,998	1,340,660
Earnings per share of the Bank					
Basic earnings per share (in Baht)	45	0.59	0.66	0.48	0.70

(Mr. Jian Lu)
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 changes in equity

	Note	Consolidated					
		Issued and paid-up share capital		Other components of equity		Retained earnings	
		Preference shares	Ordinary shares	Revaluation surplus on available-for-sale investments	Legal reserve (in thousand Baht)	Unappropriated	Total equity attributable to the Bank's shareholders
Year ended 31 December 2014		4,023	14,182,817	198,651	200,000	1,598,808	16,184,299
Balance at 1 January 2014		-	5,945,254	-	-	-	5,945,254
Transactions with owners, recorded directly in equity		-	5,945,254	-	-	-	5,945,254
<i>Contributions by owners of the Bank</i>							
Issue of ordinary shares	30	-	5,945,254	-	-	-	5,945,254
<i>Total contributions by owners of the Bank</i>							
Comprehensive income for the year		-	-	-	-	-	-
Profit for the year		-	-	-	-	1,189,475	1,189,475
Other comprehensive income, net of tax	44	-	-	69,180	-	-	69,180
<i>Total comprehensive income for the year</i>		-	-	69,180	-	1,189,475	1,258,655
Transfer to legal reserve		-	-	-	100,000	(100,000)	-
Balance at 31 December 2014		4,023	20,128,071	267,831	300,000	2,688,283	23,388,208
Year ended 31 December 2015		4,023	20,128,071	267,831	300,000	2,688,283	23,388,208
Balance at 1 January 2015		-	-	-	-	1,335,075	1,335,075
Comprehensive income for the year		-	-	(113,297)	-	-	(113,297)
Profit for the year		-	-	(113,297)	-	-	(113,297)
Other comprehensive income, net of tax	44	-	-	(113,297)	-	-	(113,297)
<i>Total comprehensive income for the year</i>		-	-	(113,297)	-	1,335,075	1,221,778
Transfer to legal reserve		-	-	-	100,000	(100,000)	-
Balance at 31 December 2015		4,023	20,128,071	154,534	400,000	3,923,358	24,609,986

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					
		Issued and paid-up share capital		Other components of equity		Retained earnings	
		Preference shares	Ordinary shares	Revaluation surplus on available-for-sale investments	Legal reserve	Unappropriated	Total equity
Year ended 31 December 2014							
Balance at 1 January 2014		4,023	14,182,817	198,651	200,000	1,225,682	15,811,173
(in thousand Baht)							
Transactions with owners, recorded directly in equity							
Contributions by owners of the Bank							
Issue of ordinary shares	30	-	5,945,254	-	-	-	5,945,254
Total contributions by owners of the Bank		-	5,945,254	-	-	-	5,945,254
Comprehensive income for the year							
Profit for the year		-	-	-	-	1,271,480	1,271,480
Other comprehensive income, net of tax	44	-	-	69,180	-	-	69,180
Total comprehensive income for the year		-	-	69,180	-	1,271,480	1,340,660
Transfer to legal reserve		-	-	-	100,000	(100,000)	-
Balance at 31 December 2014		4,023	20,128,071	267,831	300,000	2,397,162	23,097,087
Year ended 31 December 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 year							
Profit for the year		-	-	-	-	1,090,295	1,090,295
Other comprehensive income, net of tax	44	-	-	(113,297)	-	-	(113,297)
Total comprehensive income for the year		-	-	(113,297)	-	1,090,295	976,998
Transfer to legal reserve		-	-	-	100,000	(100,000)	-
Balance at 31 December 2015		4,023	20,128,071	154,534	400,000	3,387,457	24,074,085

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	
	Year ended 31 December		Year ended 31 December	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit from operations before income tax expense	1,663,229	1,485,786	1,359,939	1,595,912
<i>Adjustments to reconcile profit from operations before income tax expense to net cash provided by (used in) operating activities</i>				
Depreciation and amortisation	76,185	85,449	51,032	55,977
Bad debts, doubtful accounts and impairment losses	1,084,375	865,775	448,181	69,786
Losses of write-off of fixed assets	18	44	-	23
Gains on disposals of properties foreclosed	(8,727)	(67,898)	(3,306)	(62,750)
Losses on properties foreclosed (reversal)	539,847	924,116	(1,555)	2,463
Net loss on investments	-	265	-	265
Gain on disposal of non-performing loans	-	(235,496)	-	(235,496)
Proceeds from disposal of non-performing loans	-	330,000	-	330,000
(Gain) loss on sales of equipment	(66)	43	(47)	-
Net trading income	(106,757)	(58,570)	(101,548)	(58,581)
Employee benefit obligations	13,337	26,788	22,337	17,933
Provisions for other liabilities	-	1,133	-	1,133
Other income from revaluation of other receivables	(177)	(1,074)	(177)	(1,074)
Share of profit of associate	(31,224)	(57,705)	-	-
Net interest income	(4,281,849)	(4,118,051)	(2,620,858)	(2,277,562)
Dividend income	(9,250)	(9,718)	(31,279)	(13,187)
Proceeds from interest	6,762,944	7,758,474	3,958,832	4,699,883
Interest paid	(2,932,239)	(3,318,747)	(2,894,735)	(3,102,284)
Proceeds from dividend	9,250	9,718	9,250	9,718
Income tax paid	(501,743)	(463,863)	(493,619)	(323,687)
Profit from operations before changes in operating assets and liabilities	2,277,153	3,156,469	(297,553)	708,472
<i>(Increase) decrease in operating assets</i>				
Interbank and money market items	10,011,885	(4,581,746)	9,968,193	(4,681,881)
Derivative assets	326,293	580,747	320,852	580,747
Loans to customers	10,412,745	(9,815,265)	5,318,609	23,485
Properties foreclosed	(462,867)	(818,608)	3,471	119,897
Receivables on credit support for derivative contracts	23,794	110,891	23,794	110,891
Fee receivable	256	8,639	-	-
Other receivables	(74,606)	27,009	(45,599)	9,773
Other assets	(300,851)	10,880	3,060	15,286

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	
	Year ended 31 December		Year ended 31 December	
	2015	2014	2015	2014
	(in thousand Baht)			
Cash flows from operating activities				
<i>Increase (decrease) in operating liabilities</i>				
Deposits	(3,833,875)	6,293,717	(3,827,223)	6,293,604
Interbank and money market items	(4,547,250)	(4,361,871)	(4,547,250)	(2,161,871)
Liabilities payable on demand	7,691	(9,405)	7,691	(9,405)
Derivative liabilities	(251,576)	(1,059,995)	(251,307)	(1,059,984)
Accrued expense	13,043	24,978	(4,246)	11,005
Other liabilities	483,079	(182,668)	20,926	8,371
Net cash from (used in) operating activities	14,084,914	(10,616,228)	6,693,418	(31,610)
Cash flows from investing activities				
Interest received	1,159,928	937,740	1,159,420	937,740
Dividend received	22,029	3,469	22,029	3,469
Increase in long-term investments	(9,573,352)	(4,556,873)	(9,573,352)	(4,556,873)
Investments in receivables	211	296	47	648
Purchases of equipment	(28,189)	(32,501)	(23,878)	(26,955)
Purchases of intangible assets	(2,559)	(3,324)	(107)	(1,296)
Net cash (used in) investing activities	(8,421,932)	(3,651,193)	(8,415,841)	(3,643,267)
Cash flows from financing activities				
Interest paid from borrowing and debt issued	(1,147,828)	(1,006,937)	(12,986)	(51,818)
Proceeds from borrowings and debt issued	31,999,640	66,717,390	3,219,000	5,241,051
Repayment of borrowings and debt issued	(36,507,493)	(57,425,160)	(1,478,623)	(7,499,000)
Finance lease payments	(2,384)	(2,383)	-	-
Proceeds from issue of ordinary shares	-	5,945,254	-	5,945,254
Net cash from (used in) financing activities	(5,658,065)	14,228,164	1,727,391	3,635,487
Net increase (decrease) in cash	4,917	(39,257)	4,968	(39,390)
Cash at 1 January	364,389	403,646	363,487	402,877
Cash at 31 December	369,306	364,389	368,455	363,487

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 financial statements

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Change in accounting policy
4	Significant accounting policies
5	Financial risk management
6	Financial instruments
7	Maintenance of capital fund
8	Interbank and money market items, net (Assets)
9	Derivatives
10	Investments, net
11	Investments in a subsidiary, net
12	Investments in an associate, net
13	Loans to customers and accrued interest receivables, net
14	Troubled debt restructuring
15	Hire purchase and finance lease receivables
16	Allowance for doubtful accounts
17	Revaluation allowance for debt restructuring
18	Properties foreclosed, net
19	Premises and equipment, net
20	Intangible assets, net
21	Deferred tax
22	Other assets, net
23	Classified assets
24	Deposits
25	Interbank and money market items (Liabilities)
26	Debt issued and borrowings
27	Employee benefit obligations
28	Other provisions
29	Other liabilities
30	Share capital
31	Reserves
32	Other components of equity
33	Contingent liabilities and Commitments
34	Related parties
35	Long-term leases agreements
36	Segment information
37	Interest income
38	Interest expense
39	Net fees and service income
40	Net trading income
41	Net loss on investments
42	Directors' remuneration
43	Bad debts, doubtful accounts and impairment losses
44	Income tax expense
45	Basic earnings per share
46	Thai Financial Reporting Standards (TFRS) not yet adopted

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 11 March 2016.

1 General information

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

The parent company during the financial year was Industrial and Commercial Bank of China Limited, 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 31 December 2015 and 2014 are given in notes 11 and 34.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (FAP); and presented as prescribed by the Bank of Thailand (BoT) notification number Sor Nor Sor 21/2558, directive dated 4 December 2015, regarding “The preparation and announcement of 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.

These changes have no material effect on the financial statements as disclosed in note 3.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2016 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Bank and its subsidiary’s operations are disclosed in note 46.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

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

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

Notes to the financial statements

(c) *Functional and Presentation currency*

The 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 judgments and estimates*

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

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

Assumptions and estimation uncertainties

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

Note 4(v)	Current tax and deferred tax
Note 6	Financial instruments
Note 9	Derivatives
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).

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

Notes to the financial statements

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

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

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

- Note 6 - Financial instruments.

3 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 effect on the Bank and its subsidiary's financial statements:

- 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. 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 retained earnings as at 1 January 2015 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.

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

Notes to the financial statements

(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.

Subsidiary

Subsidiary is an entity controlled by the Bank. The Bank controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of 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.

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

Notes to the financial statements

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.

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.

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

Notes to the financial statements

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

(e) *Derivatives*

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

Trading Book

As at the end of 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 and cross currency and interest rate swap contracts on an accrual basis as follows:

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

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

(f) *Cash*

Cash comprise cash on hand and cash on collection.

(g) *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).

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

Notes to the financial statements

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.

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 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.

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

Notes to the financial statements

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.

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

(h) *Loans to customers*

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

Hire purchase receivables and finance lease receivables

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

(i) *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.

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

Notes to the financial statements

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

(j) *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.

(k) *Properties foreclosed*

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

Gains or losses on disposals of properties foreclosed are recorded as revenue or expenses in profit or loss from 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.

(l) *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.

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

Notes to the financial statements

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 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 year-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.

(m) 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.

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

Notes to the financial statements

Amortisation

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

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Computer softwares	5 - 10	years
Deferred license fee	10	years

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

(n) Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation and impairment loss. Amortisation is recognised as expense in profit or loss on a straight-line basis over the lease period of 30 years.

(o) Sales of commercial papers

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

(p) Impairment

The carrying amounts of the Bank and its subsidiary’s 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.

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

Notes to the financial statements

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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

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

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(q) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost.

(r) Employee benefits

Short-term employee benefits

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

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

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

Notes to the financial statements

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 plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

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

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in OCI except in case of subsidiary where actuarial gain or loss recognized immediately in profit and loss. The Bank and its subsidiary determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the year, taking into account any changes in the net defined benefit liability during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Bank and its subsidiary recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(s) 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.

(t) 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.

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

Notes to the financial statements

(u) *Lease payments*

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(v) *Income tax*

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

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

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

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 liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

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

(w) *Derecognition of financial assets*

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset 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.

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

Notes to the financial statements

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.

(x) *Earnings per share*

Basic EPS is calculated by dividing the profit for the year 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 year.

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

(y) *Segment reporting*

Segment results that are reported to the Bank's executive committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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.

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

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

Consolidated				
2015				
	Floating interest rate	Fixed interest rate	Non interest bearing	Total
	(in million Baht)			
Financial assets				
Cash	-	-	369	369
Interbank and money market items, net	110	926	1,021	2,057
Investments, net	680	44,012	319	45,011
Loans to customers ⁽¹⁾	70,196	63,550	2,137	135,883
Total financial assets	70,986	108,488	3,846	183,320
Financial liabilities				
Deposits	9,705	76,212	278	86,195
Interbank and money market items	872	34,627	378	35,877
Liabilities payable on demand	-	-	14	14
Debt issued and borrowings	-	33,221	-	33,221
Total financial liabilities	10,577	144,060	670	155,307
Avals to bill and guarantee on loan	-	-	(510)	(510)
Letters of credit	-	-	(405)	(405)
Other contingencies	-	-	(4,427)	(4,427)
Derivatives held for risk management	3,480	(3,545)	(168)	(233)
⁽¹⁾ Net of deferred revenue				
Consolidated				
2014				
	Floating interest rate	Fixed interest rate	Non interest bearing	Total
	(in million Baht)			
Financial assets				
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
Financial liabilities				
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			
	2015			
	Floating interest rate	Fixed interest rate	Non interest bearing	Total
	(in million Baht)			
Financial assets				
Cash	-	-	368	368
Interbank and money market items, net	2	926	963	1,891
Investments, net	680	44,012	319	45,011
Loans to customers ⁽¹⁾	70,422	28,151	1,125	99,698
Total financial assets	71,104	73,089	2,775	146,968

⁽¹⁾Net of deferred revenue

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

The Bank				
2015				
	Floating interest rate	Fixed interest rate	Non interest bearing	Total
	<i>(in million Baht)</i>			
Financial liabilities				
Deposits	9,711	76,212	278	86,201
Interbank and money market items	872	34,627	378	35,877
Liabilities payable on demand	-	-	14	14
Debt issued and borrowings	-	2,733	-	2,733
Total financial liabilities	10,583	113,572	670	124,825
Avals to bill and guarantee on loan	-	-	(13,410)	(13,410)
Letters of credit	-	-	(728)	(728)
Other contingencies	-	-	(5,091)	(5,091)
Derivatives held for risk management	3,480	(3,545)	(168)	(233)

The Bank				
2014				
	Floating interest rate	Fixed interest rate	Non interest bearing	Total
	<i>(in million Baht)</i>			
Financial assets				
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
Financial liabilities				
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							
2015							
	At call	1 - 3 months	3 - 12 months	1 - 5 years	Reprice/ maturity over 5 years	Non interest bearing	Non performing assets
	<i>(in million Baht)</i>						Total
Financial assets							
Cash	-	-	-	-	-	369	-
Interbank and money market items, net	110	926	-	-	-	1,021	-
Investment, net	-	5,062	9,916	25,674	4,040	319	-
Loans to customers ⁽¹⁾	826	57,488	49,743	23,538	2,151	-	2,137
Total financial assets	936	63,476	59,659	49,212	6,191	1,709	2,137

⁽¹⁾Net of deferred revenue

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

	Consolidated 2015					Non interest bearing	Non performing assets	Total
	At call	1 - 3 months	3 - 12 months	Reprice/maturity within 1 - 5 years (in million Baht)	Reprice/ maturity over 5 years			
Financial liabilities								
Deposits	16,831	42,261	25,797	1,028	-	278	-	86,195
Interbank and money market items	872	21,552	12,099	887	89	378	-	35,877
Liabilities payable on demand	-	-	-	-	-	14	-	14
Debt issued and borrowings	-	8,434	3,955	20,832	-	-	-	33,221
Total financial liabilities	17,703	72,247	41,851	22,747	89	670	-	155,307
Avals to bill and guarantee on loan	-	-	-	-	-	(510)	-	(510)
Letters of credit	-	-	-	-	-	(405)	-	(405)
Other contingencies	-	-	-	-	-	(4,427)	-	(4,427)
Derivatives held for risk management	-	1,650	(1,385)	(330)	-	(168)	-	(233)
	Consolidated 2014					Non interest bearing	Non performing assets	Total
	At call	1 - 3 months	3 - 12 months	Reprice/maturity within 1 - 5 years (in million Baht)	Reprice/ maturity over 5 years			
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

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

**The Bank
2015**

	At call	Reprice/maturity within 1 - 3 months	3 - 12 months	1 - 5 years (in million Baht)	Reprice/ maturity over 5 years	Non interest bearing	Non performing assets	Total
Financial assets								
Cash	-	-	-	-	-	368	-	368
Interbank and money market items, net	2	926	-	-	-	963	-	1,891
Investments, net	-	5,062	9,916	25,674	4,040	319	-	45,011
Loans to customers ⁽¹⁾	3,555	54,054	40,443	444	77	-	1,125	99,698
Total financial assets	3,557	60,042	50,359	26,118	4,117	1,650	1,125	146,968
Financial liabilities								
Deposits	16,837	42,261	25,797	1,028	-	278	-	86,201
Interbank and money market items	872	21,552	12,099	887	89	378	-	35,877
Liabilities payable on demand	-	-	-	-	-	14	-	14
Debt issued and borrowings	-	-	-	2,733	-	-	-	2,733
Total financial liabilities	17,709	63,813	37,896	4,648	89	670	-	124,825
Avals to bill and guarantee on loan	-	-	-	-	-	(13,410)	-	(13,410)
Letters of credit	-	-	-	-	-	(728)	-	(728)
Other contingencies	-	-	-	-	-	(5,091)	-	(5,091)
Derivatives held for risk management	-	1,650	(1,385)	(330)	-	(168)	-	(233)

⁽¹⁾Net of deferred revenue

**The Bank
2014**

	At call	Reprice/maturity within 1 - 3 months	3 - 12 months	1 - 5 years (in million Baht)	Reprice/ maturity over 5 years	Non interest bearing	Non performing assets	Total
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

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

Notes to the financial statements

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 years, and the average interest rates for the years ended 31 December 2015 and 2014 can be summarized are as follows:

	Consolidated					
	2015			2014		
	Average Balances ⁽¹⁾ (in million Baht)	Interest	Average interest rate (%)	Average Balances ⁽¹⁾ (in million Baht)	Interest	Average interest rate (%)
Interest-bearing financial assets						
Interbank and money market items (Assets)	7,254	134	1.85	14,895	455	3.05
Investments	38,792	1,304	3.36	31,451	1,012	3.22
Loans to customers ⁽²⁾	137,069	6,594	4.81	144,880	7,331	5.06
Interest-bearing financial liabilities						
Deposits	82,098	1,699 ⁽³⁾	2.07	91,939	2,347 ⁽³⁾	2.55
Interbank and money market items (Liabilities)	38,218	530	1.39	41,515	659	1.59
Debt issued and borrowings	34,289	1,105	3.22	35,682	1,207	3.38

⁽¹⁾Calculated by average of month end balance

⁽²⁾Net of deferred revenue

⁽³⁾Excluding remittance and Bank Protection Act.

	The Bank					
	2015			2014		
	Average Balances ⁽¹⁾ (in million Baht)	Interest	Average interest rate (%)	Average Balances ⁽¹⁾ (in million Baht)	Interest	Average interest rate (%)
Interest-bearing financial assets						
Interbank and money market items (Assets)	7,063	134	1.89	14,699	455	3.09
Investments	38,792	1,304	3.36	31,451	1,012	3.22
Loans to customers ⁽²⁾	95,409	3,820	4.00	103,949	4,260	4.10
Interest-bearing financial liabilities						
Deposits	82,099	1,700 ⁽³⁾	2.07	91,940	2,347 ⁽³⁾	2.55
Interbank and money market items (Liabilities)	37,935	524	1.38	40,099	598	1.49
Debt issued and borrowings	643	13	2.08	1,474	38	2.58

⁽¹⁾Calculated by average of month end balance

⁽²⁾Net of deferred revenue

⁽³⁾Excluding remittance and Bank Protection Act.

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.

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

Notes to the financial statements

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

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 generates reports and sets limits in liquidity management as follows:

1. Daily and monthly reports of Early Warning Indicator together with trigger points in order to monitor the liquidity risk such as three days consecutive withdrawal, Liquidity Coverage Ratio (LCR), High Quality of Liquid Asset (HQLA) and available of committed facility amount, Loan to Deposit, Credit Rating of ICBC (Thai) and ICBC group.
2. Daily reports on amounts and types of liquid assets and their returns.
3. Liquidity gap report, indicating expected cash inflows and outflows in different tenors, and cumulative net liquidity excess or shortfall, which reflects the period to maturity both on the basis of the contract and after behavioral adjustment. Liquidity gap reports are prepared on a monthly basis for normal circumstances and on a quarterly basis for crisis situations.
4. Monthly reports on liquidity ratios, to be used to provide indications of the Bank's liquidity and early warnings, including loan to deposit ratio, loan to asset ratio, investment to asset ratio, liquid asset to total asset ratio, liquid asset to short-term to 1-month deposit ratio, borrowing to total asset ratio, deposit to total asset ratio, proportion of large depositors to total deposits, maximum deposit withdrawal per day and rollover rate.
5. Annual liquidity risk self assessment report.
6. Monthly reports on any transactions or facilities exceeding approved limits.

The Bank also conducts stress tests on a quarterly basis, and regularly reviews the assumptions used to ensure they reflect current economic conditions, business strategies, and other relevant current and future factors. Stress test scenarios include a bank-specific crisis, a general market crisis and a combination of both scenarios that it is thought would have a severely adverse impact, and the Bank has prepared action plans to respond to the occurrence of such events. In addition, the Bank has prepared reports on its Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), in accordance with the BOT's guideline.

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

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

	Consolidated 2015						Non performing assets	Total
	At call	1 - 3 months	Maturity within 3 - 12 months	1 - 5 years	Over 5 years	No maturity		
	(in million Baht)							
Financial assets								
Cash	-	-	-	-	-	369	-	369
Interbank and money market, net	1,074	926	-	-	-	57	-	2,057
Investments, net	-	5,062	9,916	25,674	4,041	318	-	45,011
Loans to customers ⁽¹⁾	826	29,929	39,413	48,788	14,790	-	2,137	135,883
Total financial assets	1,900	35,917	49,329	74,462	18,831	744	2,137	183,320
Financial liabilities								
Deposits	17,109	42,261	25,797	1,028	-	-	-	86,195
Interbank and money market	1,250	21,552	12,099	887	89	-	-	35,877
Liabilities payable on demand	14	-	-	-	-	-	-	14
Debt issued and borrowings	-	8,434	3,955	20,832	-	-	-	33,221
Total financial liabilities	18,373	72,247	41,851	22,747	89	-	-	155,307
Avals to bill and guarantees on loans	-	(154)	(22)	(27)	(307)	-	-	(510)
Letters of credit	(61)	(297)	(47)	-	-	-	-	(405)
Other contingencies	(2,258)	(56)	(2,108)	(5)	-	-	-	(4,427)
Derivatives held for risk management	-	(172)	(62)	1	-	-	-	(233)

⁽¹⁾Net of deferred revenue

	Consolidated 2014						Non performing assets	Total
	At call	1 - 3 months	Maturity within 3 - 12 months	1 - 5 years	Over 5 years	No maturity		
	(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

⁽¹⁾Net of deferred revenue

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

Consolidated 2014								
			Maturity within					
	At call	1 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	No maturity	Non performing assets	
							Total	
				(in million Baht)				
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)

The Bank 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	-	-	-	-	-	368	-	368
Interbank and money market, net	965	926	-	-	-	-	-	1,891
Investments, net	-	5,062	9,916	25,674	4,041	318	-	45,011
Loans to customers ⁽¹⁾	3,555	26,495	30,113	25,695	12,715	-	1,125	99,698
Total financial assets	4,520	32,483	40,029	51,369	16,756	686	1,125	146,968

Financial liabilities								
Deposits	17,115	42,261	25,797	1,028	-	-	-	86,201
Interbank and money market	1,250	21,552	12,099	887	89	-	-	35,877
Liabilities payable on demand	14	-	-	-	-	-	-	14
Debt issued and borrowings	-	-	-	2,733	-	-	-	2,733
Total financial liabilities	18,379	63,813	37,896	4,648	89	-	-	124,825
Avals to bill and guarantees on loans	-	(154)	(22)	(12,920)	(314)	-	-	(13,410)
Letters of credit	(61)	(613)	(54)	-	-	-	-	(728)
Other contingencies	(2,258)	(103)	(2,725)	(5)	-	-	-	(5,091)
Derivatives held for risk management	-	(172)	(62)	1	-	-	-	(233)

⁽¹⁾Net of deferred revenue

The Bank 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	-	-	-	-	-	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

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

Notes to the financial statements

Foreign exchange risk

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

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

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

	US dollar	Renminbi	Consolidated 2015 (in million Baht)		Others	Total
			Yen	Euro		
Financial assets						
Cash	-	23	-	-	-	23
Interbank and money market, net	461	527	1	3	17	1,009
Investments, net	21,072	1,051	-	-	-	22,123
Loans to customers ⁽¹⁾	30,567	3,578	-	24	-	34,169
Total financial assets	52,100	5,179	1	27	17	57,324
Financial liabilities						
Deposits	794	363	11	3	1	1,172
Interbank and money market	25,262	4,251	-	-	-	29,513
Total financial liabilities	26,056	4,614	11	3	1	30,685
Avals to bill and guarantee on loan	(175)	-	-	-	(334)	(509)
Letters of credit	(314)	(50)	-	(1)	-	(365)
Other contingencies	(1,675)	(36)	-	-	-	(1,711)
Derivatives held for risk management	(26,317)	(610)	11	(20)	-	(26,936)
Average exchange rate (Baht per 1 foreign currency unit)	36.0886	5.5458	0.29960	39.4388		

⁽¹⁾ Net of deferred revenue

	US dollar	Renminbi	The Bank 2015 (in million Baht)		Others	Total
			Yen	Euro		
Financial assets						
Cash	-	23	-	-	-	23
Interbank and money market, net	461	527	1	3	17	1,009
Investments, net	21,072	1,051	-	-	-	22,123
Loans to customers ⁽¹⁾	29,663	3,578	-	24	-	33,265
Total financial assets	51,196	5,179	1	27	17	56,420
Financial liabilities						
Deposits	794	363	11	3	1	1,172
Interbank and money market	25,262	4,251	-	-	-	29,513
Total financial liabilities	26,056	4,614	11	3	1	30,685
Avals to bill and guarantee on loan	(175)	-	-	-	(334)	(509)
Letters of credit	(314)	(366)	-	(8)	-	(688)
Other contingencies	(1,675)	(627)	-	(73)	-	(2,375)
Derivatives held for risk management	(26,317)	(610)	11	(20)	-	(26,936)
Average exchange rate (Baht per 1 foreign currency unit)	36.0886	5.5458	0.29960	39.4388		

⁽¹⁾ Net of deferred revenue

	US dollar	Renminbi	Consolidated and the Bank 2014 (in million Baht)		Others	Total
			Yen	Euro		
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

⁽¹⁾ Net of deferred revenue

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

	Consolidated and the Bank 2014					Total
	US dollar	Renminbi	Yen	Euro	Others	
	<i>(in million Baht)</i>					
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 (Baht per 1 foreign currency unit)	32.9630	5.2998	0.27384	40.0530		

Derivatives

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

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

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

	Consolidated and The Bank			
	2015		2014	
	Notional amount	Maturity	Notional amount	Maturity
	<i>(in million Baht)</i>			
Interest rate swap contracts				
Receive floating interest rates and pay fixed interest rates	3,480	2016-2020	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			
	2015		2014	
	Notional amount	Maturity	Notional amount	Maturity
	<i>(in million Baht)</i>			
Cross currency interest rate swap contracts				
Receive interest at a fixed rate on Baht notional amounts and to pay interest at a fixed rate on USD notional amounts	614	2016	1,187	2015 - 2016

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

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

	Consolidated and The Bank					Total
	Not over 1 year	2015 Over 1 year	Total (in million Baht)	Not over 1 year	2014 Over 1 year	
Forward exchange contracts						
Bought	8,389	-	8,389	10,894	-	10,894
Sold	28,602	492	29,094	35,516	-	35,516
Interest rate swap contracts	3,150	330	3,480	4,350	3,150	7,500
Cross currency and interest rate swap contracts						
Sold	614	-	614	626	561	1,187

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 31 December 2015 were as follows:

	Carrying value	Consolidated Fair value			Total
		Level 1	Level 2	Level 3	
		<i>(in million Baht)</i>			
Financial assets					
Derivatives assets (Trading book)					
- Foreign exchange rate	80	-	80	-	80
Available-for-sale securities	43,589	43,589	-	-	43,589
Financial liabilities					
Derivatives liabilities (Trading book)					
- Foreign exchange rate	66	-	66	-	66
		The Bank Fair value			
		Level 1	Level 2	Level 3	Total
		<i>(in million Baht)</i>			
Financial assets					
Derivatives assets (Trading book)					
- Foreign exchange rate	81	-	81	-	81
Available-for-sale securities	43,589	43,589	-	-	43,589
Financial liabilities					
Derivatives liabilities (Trading book)					
- Foreign exchange rate	72	-	72	-	72

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

Notes to the financial statements

6.2 Financial instruments not measured at fair value

The following table analyses financial instruments not measured at fair value at 31 December 2015, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Carrying value	Consolidated Fair value			Total
		Level 1	Level 2 (in million Baht)	Level 3	
Financial assets					
Cash	369	-	369	-	369
Interbank and money market items, net	2,057	-	2,057	-	2,057
Derivatives assets (not entered for trading purposes)	43	-	20	-	20
Investment, net ⁽¹⁾	1,422	-	1,338	223	1,561
Loan to customers ⁽²⁾	135,883	-	-	136,053	136,053
Receivables on credit support for derivative contracts	1	-	1	-	1
Financial liabilities					
Deposits	86,195	-	86,203	-	86,203
Interbank and money market items	35,877	-	35,837	-	35,837
Derivatives liabilities (not entered for trading purposes)	216	-	124 ⁽³⁾	-	124
Liabilities payable on demand	14	-	14	-	14
Debt issued and borrowings	33,221	-	33,944	-	33,944

⁽¹⁾ Held to maturity and general investment

⁽²⁾ Net of deferred revenue

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

	Carrying value	The Bank Fair value			Total
		Level 1	Level 2 (in million Baht)	Level 3	
Financial assets					
Cash	368	-	368	-	368
Interbank and money market items, net	1,891	-	1,891	-	1,891
Derivatives assets (not entered for trading purposes)	42	-	20	-	20
Investment, net ⁽¹⁾	1,422	-	1,338	223	1,561
Loan to customers ⁽²⁾	99,698	-	-	99,650	99,650
Receivables on credit support for derivative contracts	1	-	1	-	1
Financial liabilities					
Deposits	86,201	-	86,209	-	86,209
Interbank and money market items	35,877	-	35,837	-	35,837
Derivatives liabilities (not entered for trading purposes)	209	-	124 ⁽³⁾	-	124
Liabilities payable on demand	14	-	14	-	14
Debt issued and borrowings	2,733	-	2,735	-	2,735

⁽¹⁾ Held to maturity and general investment

⁽²⁾ Net of deferred revenue

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

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

Notes to the financial statements

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 2015.

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

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 similar deposit and terms.

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

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

Liabilities payable on demand

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

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

Notes to the financial statements

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 8 May 2015 and thereafter must be calculated according to Basel III. The Bank and financial group comply with the regulatory capital according to Basel III.

As at 31 December 2015 and 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:

	Consolidate	
	2015	2014
	(in thousand Baht)	
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	20,132,094	20,132,094
Legal reserve	400,000	300,000
Retained earnings after appropriations	3,370,277	1,598,808
Other comprehensive income	135,632	170,747
Less Capital deduction items on CET1	(722,085)	(658,547)
Total Tier 1 capital	23,315,918	21,543,102
Tier 2 capital		
Allowance for classified assets of "pass" category	1,638,601	1,531,641
Capital deduction items on Tier 2 capital	-	(122,721)
Total Tier 2 capital	1,638,601	1,408,920
Total capital funds	24,954,519	22,952,022

	Consolidate		
	2015	2014	BOT Requirement
		(%)	
Capital ratio			
Tier 1 capital to total risk weighted assets	16.68	16.52	6.00
Tier 1 common equity to total risk weighted assets	16.68	16.52	4.50
Tier 2 capital to total risk weighted assets	1.17	1.08	-
Total capital / Total risk weighted assets	17.85	17.60	8.50

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

	The Bank	
	2015	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	400,000	300,000
Retained earnings after appropriations	2,926,480	1,225,682
Other comprehensive income	135,632	170,746
Less Capital deduction items on CET1	(343,164)	(243,398)
Total Tier 1 capital	23,251,042	21,585,124
Tier 2 capital		
Allowance for classified assets of “pass” category	1,477,443	1,135,439
Capital deduction items on Tier 2 capital	-	(122,721)
Total Tier 2 capital	1,477,443	1,012,718
Total capital funds	24,728,485	22,597,842

	The Bank		
	2015	2014	BOT Requirement
		(%)	
Capital ratio			
Tier 1 capital to total risk weighted assets	18.72	19.18	6.00
Tier 1 common equity to total risk weighted assets	18.72	19.18	4.50
Tier 2 capital to total risk weighted assets	1.18	0.90	-
Total capital / Total risk weighted assets	19.90	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 31 December 2015 within April 2016.

According to Bank of Thailand notification number For Nor Sor (23) Wor 263/2556 dated 22 February 2013, the Bank is required to disclose regulatory capital after deducting capital add-on arising from Single Lending Limit, effective at the end of January 2015. As at 31 December 2015, the Bank and its subsidiary have regulatory capital after deducting capital add-on arising from Single Lending Limit in the amount of Baht 24,613 million or 17.61%. (The Bank : 24,631 million or 19.83%)

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.

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

8 Interbank and money market items, net (Assets)

	Consolidated					
	Demand	2015 Time	Total	Demand	2014 Time	Total
	<i>(in thousand Baht)</i>					
Domestic items						
Bank of Thailand	567,921	-	567,921	948,845	-	948,845
Commercial Banks	226,429	288,709	515,138	237,062	2,800,000	3,037,062
Specialised financial institutions	2,338	-	2,338	3,268	2,580,000	2,583,268
Other financial institutions	-	257,000	257,000	-	230,000	230,000
Total	796,688	545,709	1,342,397	1,189,175	5,610,000	6,799,175
Add accrued interest receivables	4	214	218	2	713	715
Less allowance for doubtful accounts	-	(2,887)	(2,887)	-	(1,800)	(1,800)
Total domestic items, net	796,692	543,036	1,339,728	1,189,177	5,608,913	6,798,090
Foreign items						
US Dollar	174,778	-	174,778	350,058	1,180,577	1,530,635
AUD	5,329	-	5,329	399	-	399
Renminbi	145,230	385,433	530,663	21,752	3,738,428	3,760,180
Euro	2,850	-	2,850	7,007	-	7,007
HKD	3,116	-	3,116	1,423	-	1,423
Other currencies	2,800	-	2,800	1,060	-	1,060
Total	334,103	385,433	719,536	381,699	4,919,005	5,300,704
Add accrued interest receivables	-	1,198	1,198	-	3,551	3,551
Less deferred revenue	-	-	-	-	(26,061)	(26,061)
Less allowance for doubtful accounts	-	(3,854)	(3,854)	-	(49,190)	(49,190)
Total foreign items, net	334,103	382,777	716,880	381,699	4,847,305	5,229,004
Total domestic and foreign items, net	1,130,795	925,813	2,056,608	1,570,876	10,456,218	12,027,094

	The Bank					
	Demand	2015 Time	Total	Demand	2014 Time	Total
	<i>(in thousand Baht)</i>					
Domestic items						
Bank of Thailand	567,921	-	567,921	948,845	-	948,845
Commercial Banks	63,558	288,709	352,267	31,429	2,800,000	2,831,429
Specialised financial institutions	-	-	-	-	2,580,000	2,580,000
Other financial institutions	-	257,000	257,000	-	230,000	230,000
Total	631,479	545,709	1,177,188	980,274	5,610,000	6,590,274
Add accrued interest receivables	2	214	216	-	713	713
Less allowance for doubtful accounts	-	(2,887)	(2,887)	-	(1,800)	(1,800)
Total domestic items, net	631,481	543,036	1,174,517	980,274	5,608,913	6,589,187
Foreign items						
US Dollar	174,778	-	174,778	350,058	1,180,577	1,530,635
AUD	5,329	-	5,329	399	-	399
Renminbi	145,230	385,433	530,663	21,752	3,738,428	3,760,180
Euro	2,850	-	2,850	7,007	-	7,007
HKD	3,116	-	3,116	1,423	-	1,423
Other currencies	2,800	-	2,800	1,060	-	1,060
Total	334,103	385,433	719,536	381,699	4,919,005	5,300,704
Add accrued interest receivables	-	1,198	1,198	-	3,551	3,551
Less deferred revenue	-	-	-	-	(26,061)	(26,061)
Less allowance for doubtful accounts	-	(3,854)	(3,854)	-	(49,190)	(49,190)
Total foreign items, net	334,103	382,777	716,880	381,699	4,847,305	5,229,004
Total domestic and foreign items, net	965,584	925,813	1,891,397	1,361,973	10,456,218	11,818,191

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

9 Derivatives

Trading book

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

Type of risk	Consolidated					
	2015		Notional amount ⁽¹⁾ <i>(in thousand Baht)</i>	2014		Notional amount ⁽¹⁾
	Fair value			Fair value		
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rates	80,166	66,205	10,038,785	107,545	99,387	7,474,307
Total	80,166	66,205	10,038,785	107,545	99,387	7,474,307

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

Type of risk	The Bank					
	2015		Notional amount ⁽¹⁾ <i>(in thousand Baht)</i>	2014		Notional amount ⁽¹⁾
	Fair value			Fair value		
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rates	<u>80,785</u>	<u>72,056</u>	<u>12,042,422</u>	<u>107,545</u>	<u>99,387</u>	<u>7,474,307</u>
Total	<u>80,785</u>	<u>72,056</u>	<u>12,042,422</u>	<u>107,545</u>	<u>99,387</u>	<u>7,474,307</u>

(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		The Bank	
	2015	2014	2015	2014
	%		%	
Financial institutions	93.87	92.37	94.89	92.37
Corporations	6.13	7.63	5.11	7.63
Total	100.00	100.00	100.00	100.00

Derivatives not entered for trading purposes

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

Type of risk	Consolidated					
	2015		Notional amount ⁽¹⁾ <i>(in thousand Baht)</i>	2014		Notional amount ⁽¹⁾
	Carrying value ⁽²⁾			Carrying value ⁽²⁾		
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rates	42,651	150,730	27,518,461	227,714	365,802	38,873,386
Interest rate	- ⁽³⁾	- ⁽³⁾	3,480,000	- ⁽³⁾	- ⁽³⁾	7,500,000
Cross currency interest rate swap	-	64,786	613,506	4,470 ⁽³⁾	65,483 ⁽³⁾	1,186,668
Total	42,651	215,516	31,611,967	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.

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

Type of risk	The Bank					
	2015		Notional amount ⁽¹⁾ <i>(in thousand Baht)</i>	2014		Notional amount ⁽¹⁾
	Carrying value ⁽²⁾			Carrying value ⁽²⁾		
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rates	41,525	144,408	25,514,824	227,714	365,802	38,873,386
Interest rate	- ⁽³⁾	- ⁽³⁾	3,480,000	- ⁽³⁾	- ⁽³⁾	7,500,000
Cross currency interest rate swap	-	64,786	613,506	4,470 ⁽³⁾	65,483 ⁽³⁾	1,186,668
Total	41,525	209,194	29,608,330	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

10.1 Classified by type of investments

	Consolidated and The Bank	
	2015	2014
	Fair value <i>(in thousand Baht)</i>	
<i>Available-for-sale securities</i>		
Government and state enterprise securities	20,936,998	22,165,131
Domestic debt securities	302,175	-
Foreign debt securities	22,122,818	12,992,050
Domestic equity securities	226,860	225,686
Total	43,588,851	35,382,867
<i>Held to maturity securities</i>		
Domestic debt securities	1,330,300	-
Total	1,330,300	-
<i>General investments</i>		
Domestic non-marketable equity securities	100,322	100,322
Less allowance for impairment	(8,945)	(8,930)
Net	91,377	91,392
Total investments, net	45,010,528	35,474,259

As at 31 December 2015 and 2014, Baht 869 million and Baht 3,230 million of the banking bond portfolio respectively, classified as available-for-sale securities, are pledged as security on a contract for repurchase agreements.

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

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

	Consolidated and The Bank			
	2015			
	Periods to maturity			
	Less than 1 year	1-5 years	Over 5 years	Total
	(in thousand Baht)			
Available-for-sale securities				
Government and state enterprise securities	12,034,687	7,278,504	1,626,280	20,939,471
Domestic debt securities	-	300,000	-	300,000
Foreign debt securities	2,869,821	17,377,229	1,836,089	22,083,139
Total	14,904,508	24,955,733	3,462,369	43,322,610
Add (less) allowance for revaluation	73,564	87,544	(121,727)	39,381
Total available-for-sale securities	14,978,072	25,043,277	3,340,642	43,361,991
Held to maturity				
Domestic debt securities	-	630,300	700,000	1,330,300
Total held to maturity	-	630,300	700,000	1,330,300
Total debt securities	14,978,072	25,673,577	4,040,642	44,692,291

	Consolidated and The Bank 2014			
	Less than 1 year	1-5 years	Over 5 years	Total
		(in thousand Baht)		
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	
	2015	2014
	<i>(in thousand Baht)</i>	
<i>Revaluation surplus on available-for-sale investments</i>		
Debt securities	39,381	151,694
Equity securities	153,787	183,095
Total	193,168	334,789
Less deferred tax	(38,634)	(66,958)
Total, net of deferred tax	154,534	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.

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

Notes to the financial statements

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 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 31 December 2015, the Bank has provision of Baht 22 million (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. However, in 2015, the Controller's General Department sent a proposal to the Bank that Bangkok Commercial Asset Management Co., Ltd. (BAM) agrees to pay additional remuneration of Baht 11 million for the transferred account of a debtor. The Bank has considered their proposal but did not accept as proposed. The Bank therefore sent out an objection letter to the concerned parties.

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 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 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

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

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

	2015	Consolidated and The Bank			
		2014	2015	2014	2015
	Cost	Fair value	Allowance for impairment (in thousand Baht)	Cost	Fair value
Companies with problems in their financial positions and operating results	9,817	872	(8,945)	9,817	887
					(8,930)

11 Investments in a subsidiary, net

Investments in a subsidiary as at 31 December 2015 and 2014, and dividend income from those investments for the year ended 31 December 2015 and 2014, were as follows:

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

⁽¹⁾ The subsidiary is incorporated in Thailand.

12 Investment in an associate, net

Investment in associate as at 31 December 2015 and 2014, and dividend income from this investment for the year ended 31 December 2015 and 2014 were as follows:

				Consolidated 2015				
Name of associate	Type of business	Country of incorporation	Ownership interest (%)	Paid-up capital	Cost	Equity <i>(in million Baht)</i>	Fair value of listed securities	Dividend income
Finansia Syrus Securities Public Company Limited	Securities business	Thailand	22.29	930	305	527	397	22
Total					305	527	397	22

				Consolidated 2014				
Name of associate	Type of business	Country of incorporation	Ownership interest (%)	Paid-up capital	Cost	Equity <i>(in million Baht)</i>	Fair value of listed securities	Dividend income
Finansia Syrus Securities Public Company Limited	Securities business	Thailand	23.56	880	305	517	412	3
Total					305	517	412	3

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

Notes to the financial statements

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

Name of associate	Ownership interest (%)	Total assets	Total liabilities	2015	Total expenses	Net profit
				Total revenue (in million Baht)		
Finansia Syrus Securities Public Company Limited	22.29	4,010	1,664	1,679	1,495	138
Name of associate	Ownership interest (%)	Total assets	Total liabilities	2014	Total expenses	Net profit
				Total revenue (in million Baht)		
Finansia Syrus Securities Public Company Limited	23.56	4,138	1,942	1,841	1,540	230

13 Loans to customers and accrued interest receivables, net

13.1 Classified by types of loans

	Consolidated		The Bank	
	2015	2014	2015	2014
	(in thousand Baht)			
Overdrafts	820,163	884,696	820,163	884,696
Loans	77,679,148	85,735,122	76,613,173	85,563,761
Notes receivable	19,533,993	15,363,397	22,264,993	18,595,397
Hire-purchase receivables	34,048,809	44,831,028	-	-
Finance leases receivables	8,845,265	6,585,296	-	-
Total loans to customers	140,927,378	153,399,539	99,698,329	105,043,854
Less deferred revenue	(5,044,122)	(6,524,675)	(58)	(1,497)
Total loans to customers, net of deferred revenue	135,883,256	146,874,864	99,698,271	105,042,357
Add accrued interest receivables	230,174	232,138	230,811	233,004
Total loans to customers, net of deferred revenue and accrued interest receivables	136,113,430	147,107,002	99,929,082	105,275,361
Less allowance for doubtful accounts				
- allowance established per BOT regulations	(1,349,823)	(1,547,568)	(812,618)	(811,212)
- allowance established in excess of BOT regulations	(2,679,671)	(1,915,020)	(2,140,556)	(1,657,863)
Less revaluation allowance for debt restructuring	(13,725)	(20,605)	(13,725)	(20,605)
Loans to customers and accrued interest receivables, net	<u>132,070,211</u>	<u>143,623,809</u>	<u>96,962,183</u>	<u>102,785,681</u>

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

13.2 Classified by currency and residential status of customers

	Consolidated					
	Domestic	2015 Foreign	Total	Domestic	2014 Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	101,706,324	8,210	101,714,534	100,674,790	7,067	100,681,857
US Dollar	3,882,076	26,684,965	30,567,041	3,087,894	43,075,550	46,163,444
Renminbi	1,670	3,576,474	3,578,144	421	83	504
Euro	23,537	-	23,537	28,739	-	28,739
SG Dollar	-	-	-	320	-	320
Total ⁽¹⁾	105,613,607	30,269,649	135,883,256	103,792,164	43,082,700	146,874,864

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

	The Bank					
	Domestic	2015 Foreign	Total	Domestic	2014 Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	66,425,456	8,210	66,433,666	58,842,283	7,067	58,849,350
US Dollar	2,977,959	26,684,965	29,662,924	3,087,894	43,075,550	46,163,444
Renminbi	1,670	3,576,474	3,578,144	421	83	504
Euro	23,537	-	23,537	28,739	-	28,739
SG Dollar	-	-	-	320	-	320
Total ⁽¹⁾	69,428,622	30,269,649	99,698,271	61,959,657	43,082,700	105,042,357

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

13.3 Classified by business types and loan classification

	Consolidated 2015					Total
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	
	<i>(in thousand Baht)</i>					
Agriculture and mining	1,309,312	54,229	-	-	-	1,363,541
Manufacturing and commerce	57,373,613	135,172	-	13,596	579,515	58,101,896
Property development and construction	11,662,923	94,099	-	-	445,855	12,202,877
Infrastructure and services	21,961,498	303,746	-	-	72,316	22,337,560
Housing loans	35,002	4,757	-	-	695	40,454
Others ⁽¹⁾	38,353,374	2,458,380	748,118	262,368	14,688	41,836,928
Total ⁽²⁾	130,695,722	3,050,383	748,118	275,964	1,113,069	135,883,256

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

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

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

	Consolidated 2014					Total
	Pass	Special mention	Substandard (in thousand Baht)	Doubtful	Doubtful of loss	
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⁾	140,279,470	4,087,268	907,483	442,678	1,157,965	146,874,864

⁽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 2015					Total
	Pass	Special mention	Substandard (in thousand Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	1,309,312	54,229	-	-	-	1,363,541
Manufacturing and commerce	59,121,818	135,172	-	13,596	579,515	59,850,101
Property development and construction	11,662,923	94,099	-	-	445,855	12,202,877
Infrastructure and services	21,961,498	303,746	-	-	72,316	22,337,560
Housing loans	35,002	4,757	-	-	695	40,454
Others	3,890,205	658	362	165	12,348	3,903,738
Total ⁽¹⁾	97,980,758	592,661	362	13,761	1,110,729	99,698,271

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

	The Bank 2014					Total
	Pass	Special mention	Substandard (in thousand Baht)	Doubtful	Doubtful of loss	
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⁾	103,150,030	704,583	31,659	184	1,155,901	105,042,357

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

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

13.4 Loans classified by type of classification

Consolidated 2015				
	Loans to customers and accrued interest receivables less deferred revenue	Net amount used to set the allowance for doubtful accounts ⁽¹⁾ <i>(in thousand Baht)</i>	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts
<i>Minimum allowance as per BOT's Regulations</i>				
Pass	130,923,673	53,564,874	1	535,649
Special mention	3,052,606	974,653	2	19,493
Substandard	748,118	334,255	100	334,255
Doubtful	275,964	128,053	100	128,053
Doubtful of loss	<u>1,113,069</u>	<u>332,373</u>	100	<u>332,373</u>
				1,349,823
Excess allowance ⁽²⁾				<u>2,679,671⁽³⁾</u>
Total	<u>136,113,430</u>	<u>55,334,208</u>		<u>4,029,494</u>

⁽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 507 million recorded at the parent company level to account for expected losses arising in the hire purchase and finance lease receivable portfolio.

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

Consolidated 2014				
	Loans to customers and accrued interest receivables less deferred revenue	Net amount used to set the allowance for doubtful accounts ⁽¹⁾ <i>(in thousand Baht)</i>	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts
<i>Minimum allowance as per BOT's Regulations</i>				
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	<u>1,158,050</u>	<u>326,920</u>	100	<u>326,920</u>
				1,547,568
Excess allowance ⁽²⁾				<u>1,915,020</u>
Total	<u>147,107,002</u>	<u>53,453,950</u>		<u>3,462,588</u>

⁽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.

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

The Bank
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	98,209,346	48,142,384	1	481,424
Special mention	594,884	31,698	2	634
Substandard	362	362	100	362
Doubtful	13,761	165	100	165
Doubtful of loss	1,110,729	330,033	100	330,033
				812,618
Excess allowance				2,140,556
Total	99,929,082	48,504,642		2,953,174

⁽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
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".

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

13.5 Non-Performing Loans

As at 31 December 2015 and 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	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Non-Performing Loans (net of allowance for doubtful accounts)	1,283,708	1,454,415	753,577	819,754
% of Non-Performing Loans to total loans (net) ⁽¹⁾	0.94	0.93	0.75	0.71
Non-Performing Loans (gross)	2,137,151	2,508,126	1,124,852	1,187,744
% of Non-Performing Loans to total loans (gross) ⁽¹⁾	1.56	1.59	1.12	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 31 December 2015 and 2014 are as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Loans where recognition of income has been suspended (principal only)	2,137,147	2,504,389	1,124,848	1,184,006
% of loans where recognition of income has been suspended ⁽¹⁾	1.56	1.59	1.12	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 year ended 31 December 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	
			2015	2014	2015	2014
			<i>(% per annum)</i>		<i>(in million Baht)</i>	
ICBC (Thai)	Revolving loan	At call	2.85	3.85	2,731	2,132
Leasing Company Limited	Revolving loan	(2014 : June 2015 - July 2015)	-	5.00	-	1,100
Total					2,731	3,232
Allowance for doubtful accounts					27	32

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

Notes to the financial statements

As at 31 December 2015 and 2014, the Bank held impairment provisions amounting to Baht 507 million (2014 : 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 years ended 31 December 2015 and 2014, details of restructured debts as at the date of restructuring, classified by the restructuring method were as follows:

Consolidated 2015					
	Number of debtors	Outstanding balances before restructuring	Outstanding balances after restructuring (in million Baht)	Average period of the remaining term of debt restructuring	Loss on debt restructuring ⁽¹⁾
Changes of repayment conditions	<u>4</u>	<u>13</u>	<u>13</u>	3 Years	<u>-</u>
Loans and accrued interest receivables as at 31 December 2015 ⁽²⁾	120,423		136,113		

⁽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

Consolidated 2014					
	Number of debtors	Outstanding balances before restructuring	Outstanding balances after restructuring (in million Baht)	Average period of the remaining term of debt restructuring	Loss on debt restructuring ⁽¹⁾
Changes of repayment conditions	<u>12</u>	<u>452</u>	<u>430</u>	4 Years	<u>13</u>
Loans and accrued interest receivables as at 31 December 2014 ⁽²⁾	137,117		147,107		

⁽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

The Bank 2015					
	Number of debtors	Outstanding balances before restructuring	Outstanding balances after restructuring <i>(in million Baht)</i>	Average period of the remaining term of debt restructuring	Loss on debt restructuring ⁽¹⁾
Changes of repayment conditions	<u>4</u>	<u>13</u>	<u>13</u>	3 Years	<u>-</u>
Loans and accrued interest receivables as at 31 December 2015 ⁽²⁾	1,693		99,929		

⁽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

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

	The Bank		Average period of the remaining term of debt restructuring	Loss on debt restructuring⁽¹⁾
	Number of debtors	Outstanding balances before restructuring		
		after restructuring		
		<i>(in million Baht)</i>		
Changes of repayment conditions	<u>12</u>	<u>452</u>	<u>430</u>	4 Years
Loans and accrued interest receivables as at 31 December 2014 ⁽²⁾	<u>1,321</u>	<u>105,275</u>		<u>13</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 years ended 31 December 2015 and 2014 are as follows:

	Consolidated and The Bank	
	2015	2014
	<i>(in million Baht)</i>	
Interest income recognised in profit or loss	57	78
Cash collection from debtors		
Principal	256	378
Interest	54	62

As at 31 December 2015 and 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 718 million and 979 million, respectively.

During the years ended 31 December 2015 and 2014, the Bank reversed allowance for revaluation on debt restructuring amounting to Baht 5.4 and 8.4 million respectively and amortised allowance for revaluation on debt restructuring as interest income for the years ended 31 December 2015 and 2014 totaling Baht 1.5 million and 3.5 million, respectively.

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

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

15 Hire purchase and finance lease receivables

As at 31 December 2015 and 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 (2014: 1 to 12 years) and the interest is charged at floating or fixed rates as specified in the contracts.

	Consolidated 2015				Total
	Less than 1 year	1 - 5 years	Over 5 years (in million Baht)	Non- performing loan	
Total of gross investments in the lease	14,379	25,028	2,308	1,179	42,894
Less deferred revenue ⁽¹⁾	(2,018)	(2,542)	(234)	(167)	(4,961)
Present value of the lease payments	<u>12,361</u>	<u>22,486</u>	<u>2,074</u>	<u>1,012</u>	<u>37,933</u>
Allowance for doubtful accounts					(1,572)
Hire purchase and finance lease receivables, net					<u>36,361</u>

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

	Consolidated 2014				Total
	Less than 1 year	1 - 5 years	Over 5 years (in million Baht)	Non- performing loan	
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 507 million as at 31 December 2015 (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 31 December 2015 and 2014, hire purchase and financial lease receivables are classified by the due date of the contracts as follows:

	Consolidated 2015 2014 (in million Baht)	
Not yet due	31,249	36,261
Overdue:		
Not over 90 days	5,672	7,312
91 - 180 days	748	876
181 - 365 days	262	442
More than 365 days	<u>2</u>	<u>2</u>
	<u>37,933</u>	<u>44,893</u>
Allowance for doubtful accounts	<u>1,572</u>	<u>1,759</u>

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

16 Allowance for doubtful accounts

Consolidated 2015							
	Pass	Special mention	Sub - standard	Doubtful	Doubtful of loss	Allowance established in excess of BoT regulations	Total
	<i>(in thousand Baht)</i>						
Beginning balance	513,205	22,429	444,880	240,134	326,920	1,915,020	3,462,588
Bad debt and doubtful accounts	22,444	(2,936)	(110,625)	(112,081)	572,552	764,651	1,134,005
Bad debt written off	-	-	-	-	(567,099)	-	(567,099)
Ending balance	<u>535,649</u>	<u>19,493</u>	<u>334,255</u>	<u>128,053</u>	<u>332,373</u>	<u>2,679,671</u>	<u>4,029,494</u>
Consolidated 2014							
	Pass	Special mention	Sub - standard	Doubtful	Doubtful of loss	Allowance established in excess of BoT regulations	Total
	<i>(in thousand Baht)</i>						
Beginning balance	455,227	27,040	484,206	212,109	348,911	1,870,268	3,397,761
Bad debt and doubtful accounts	57,978	(4,611)	(39,326)	28,025	762,008	44,752	848,826
Bad debt written off	-	-	-	-	(783,999)	-	(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>	<u>3,462,588</u>
The Bank 2015							
	Pass	Special mention	Sub - standard	Doubtful	Doubtful of loss	Allowance established in excess of BoT regulations	Total
	<i>(in thousand Baht)</i>						
Beginning balance	480,970	2,712	2,674	-	324,856	1,657,863	2,469,075
Bad debt and doubtful accounts	454	(2,078)	(2,312)	165	18,889	482,693	497,811
Bad debt written off	-	-	-	-	(13,712)	-	(13,712)
Ending balance	<u>481,424</u>	<u>634</u>	<u>362</u>	<u>165</u>	<u>330,033</u>	<u>2,140,556</u>	<u>2,953,174</u>
The Bank 2014							
	Pass	Special mention	Sub - standard	Doubtful	Doubtful of loss	Allowance established in excess of BoT regulations	Total
	<i>(in thousand Baht)</i>						
Beginning balance	595,290	8,257	-	1,567	348,911	1,469,442	2,423,467
Bad debt and doubtful accounts	(114,320)	(5,545)	2,674	(1,567)	(16,826)	188,421	52,837
Bad debt written off	-	-	-	-	(7,229)	-	(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>	<u>2,469,075</u>

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

17 Revaluation of allowance for debt restructuring

	Consolidated and The Bank	
	2015	2014
	<i>(in thousand Baht)</i>	
Beginning balance	20,605	19,461
(Decrease) increase during the year	(5,380)	4,683
Written off during the year	<u>(1,500)</u>	<u>(3,539)</u>
Ending balance	<u>13,725</u>	<u>20,605</u>

18 Properties foreclosed, net

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

In cases where the debtors restructure their debts by means of a debt/asset swap, the Bank may grant 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 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	-	(4,634)	911,971 ⁽¹⁾	29,146
Movable assets	291,931	1,259,326	(1,431,444)	119,813	-
Total	1,208,536	1,259,326	(1,436,078)	1,031,784	29,146
Assets from auction bidding					
Immovable properties	92,982	4,057	(260)	96,779	-
Total	92,982	4,057	(260)	96,779	-
Total properties foreclosed	1,301,518	1,263,383	(1,436,338)	1,128,563	29,146
Less allowance for impairment	(349,213)	(450,087)	553,183	(246,117)	(16,619)
Total properties foreclosed, net	952,305	813,296	(883,155)	882,446	12,527

⁽¹⁾ As of 31 December 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 273 million, respectively.

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

Consolidated 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
<i>Less allowance for impairment</i>	<i>(303,181)</i>	<i>(782,466)</i>	<i>736,434</i>	<i>(349,213)</i>	<i>(16,619)</i>
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 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	-	(4,634)	911,971 ⁽¹⁾	29,146
Total	916,605	-	(4,634)	911,971	29,146
Assets from auction bidding					
Immovable properties	92,982	4,057	(260)	96,779	-
Total	92,982	4,057	(260)	96,779	-
Total properties foreclosed	1,009,587	4,057	(4,894)	1,008,750	29,146
<i>Less allowance for impairment</i>	<i>(197,181)</i>	<i>(2,401)</i>	<i>3,023</i>	<i>(196,559)</i>	<i>(16,619)</i>
Total properties foreclosed, net	812,406	1,656	(1,871)	812,191	12,527

⁽¹⁾ As of 31 December 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 273 million, respectively.

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

The Bank					
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	-	-	16,195	-	16,195
Disposals/write-off	-	-	(4,524)	(62)	(4,586)
At 31 December 2015	8,500	6,892	487,187	122,346	624,925
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 year	-	(203)	(43,227)	(4,923)	(48,353)
Disposals/write-off	-	-	4,361	62	4,423
At 31 December 2015	-	(1,295)	(389,283)	(109,357)	(499,935)
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 31 December 2015	8,500	5,597	97,904	12,989	124,990

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

As at 31 December 2015, the Bank and its subsidiary have motor vehicles acquired under financial leases with net book values amounting to Baht 9 million (2014: Baht 10 million)

The gross amount of the Bank and its subsidiary' fully depreciated equipment that was still in use as at 31 December 2015 amounted to Baht 313.7 million (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	-	-	14,268	-	14,268
Disposal/write-off	-	-	(2,646)	(62)	(2,708)
At 31 December 2015	8,500	6,892	384,556	95,287	495,235
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 year	-	(203)	(24,414)	(2,467)	(27,084)
Disposal/write-off	-	-	2,646	62	2,708
At 31 December 2015	-	(1,295)	(304,533)	(91,422)	(397,250)
Net book value					
At 1 January 2014	8,500	10,132	87,373	7,324	113,329
At 31 December 2014 and 1 January 2015	8,500	5,800	90,169	6,332	110,801
At 31 December 2015	8,500	5,597	80,023	3,865	97,985

As at 31 December 2015 and 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 31 December 2015 amounted to Baht 270.7 million (2014: Baht 248.7 million).

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

20 Intangible assets, net

	Computer softwares	Consolidated		Total
		Computer softwares under development (in thousand Baht)	Deferred license fee	
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	742	615	-	1,357
At 31 December 2015	374,112	615	26,750	401,477
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 year	(14,513)	-	(2,673)	(17,186)
At 31 December 2015	(353,109)	-	(7,940)	(361,049)
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 31 December 2015	21,003	615	18,810	40,428
	Computer softwares	The Bank		Total
		Computer softwares under development (in thousand Baht)	Deferred license fee	
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	107	-	-	107
At 31 December 2015	340,927	-	26,750	367,677
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 year	(10,630)	-	(2,673)	(13,303)
At 31 December 2015	(324,823)	-	(7,940)	(332,763)
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 31 December 2015	16,104	-	18,810	34,914

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

21 Deferred tax

Deferred tax assets and liabilities were as follows:

	Consolidated	
	2015	2014
	<i>(in thousand Baht)</i>	
Deferred tax assets	1,030,923	933,304
Deferred tax liabilities	(325,009)	(286,008)
Net	705,914	647,296

	The Bank	
	2015	2014
	<i>(in thousand Baht)</i>	
Deferred tax assets	376,029	306,676
Deferred tax liabilities	(46,831)	(72,900)
Net	329,198	233,776

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

	Consolidated		
	(Charged) / Credited to:		
	At		At
	1 January		31 December
	2015		2015
		Profit or loss	
		(Note 44)	
		(in thousand Baht)	
<i>Deferred tax assets</i>			
Investments	5,943	-	2,255
Loans to customers and			
accrued interest receivables	216,139	(40,697)	-
Allowance for doubtful accounts	237,200	115,800	-
Properties foreclosed	69,842	(20,619)	-
Other assets	356,217	32,958	-
Provisions	36,662	2,669	-
Other liabilities	11,301	5,253	-
Total	933,304	95,364	2,255
<i>Deferred tax liabilities</i>			
Investments	(72,900)	-	26,069
Investments in an associate	(21,256)	(919)	-
Loans to customers and			
accrued interest receivables	(183,562)	(67,866)	-
Deferred direct costs of debentures	(8,290)	3,715	-
Total	(286,008)	(65,070)	26,069
Net	647,296	30,294	28,324

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

	At 1 January 2014	Consolidated (Charged) / Credited to:		At 31 December 2014
		Profit or loss (Note 44)	Other comprehensive income	
		(in thousand Baht)		
Deferred tax assets				
Investments	24,464	-	(18,521)	5,943
Loans to customers and accrued interest receivables	241,338	(25,199)	-	216,139
Allowance for doubtful accounts	-	237,200	-	237,200
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

	At 1 January 2015	The Bank (Charged) / Credited to:		At 31 December 2015
		Profit or loss (Note 44)	Other comprehensive income	
		(in thousand Baht)		
Deferred tax assets				
Investments	5,943	-	2,255	8,198
Loans to customers and accrued interest receivables	23,574	(625)	-	22,949
Allowance for doubtful accounts	207,000	63,800	-	270,800
Properties foreclosed	39,436	(124)	-	39,312
Other assets	1,037	(371)	-	666
Provisions	28,956	4,467	-	33,423
Other liabilities	730	(49)	-	681
Total	306,676	67,098	2,255	376,029
Deferred tax liabilities				
Investments	(72,900)	-	26,069	(46,831)
Total	(72,900)	-	26,069	(46,831)
Net	233,776	67,098	28,324	329,198

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

		The Bank		
		(Charged) / Credited to:		
	At 1 January 2014	Profit or loss (Note 44) (in thousand Baht)	Other comprehensive income	At 31 December 2014
<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	
	2015	2014	2015	2014
	(in thousand Baht)			
Prepaid expenses	11,425	12,476	8,796	9,722
Deposit	13,480	14,133	5,987	6,453
Advance	604	645	509	635
Receivables for financial lease contracts	304,031	-	-	-
Others	2,511	2,337	1,701	1,639
Total	332,051	29,591	16,993	18,449

23 Classified assets

	Consolidated 2015				
	Loans to customers and accrued interest receivables ⁽²⁾	Investments	Properties foreclosed <i>(in million Baht)</i>	Other assets	Total
Pass	131,856 ⁽¹⁾	-	-	-	131,856
Special mention	3,053	-	-	-	3,053
Substandard	748	-	-	-	748
Doubtful	276	-	-	-	276
Doubtful of loss	1,113	9	246	522	1,890
Total	137,046	9	246	522	137,823

(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

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

Consolidated					
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					
2015					
	Loans to customers and accrued interest receivables ⁽²⁾	Investments	Properties foreclosed (in million Baht)	Other assets	Total
Pass	99,142 ⁽¹⁾	-	-	-	99,142
Special mention	595	-	-	-	595
Substandard	-	-	-	-	-
Doubtful	14	-	-	-	14
Doubtful of loss	1,111	9	197	3	1,320
Total	100,862	9	197	3	101,071

⁽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					
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

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

24 Deposits

24.1 Classified by product

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Demand	10,411,414	8,006,736	10,411,654	8,006,778
Savings	6,627,961	5,359,631	6,634,435	5,359,650
Fixed				
- Less than 6 months	32,978,001	45,778,514	32,978,001	45,778,514
- 6 months and less than 1 year	11,532,298	17,577,319	11,532,298	17,577,319
- Over 1 year	24,644,976	13,306,325	24,644,976	13,306,325
Total	86,194,650	90,028,525	86,201,364	90,028,586

24.2 Classified by currency and residence of customer

		Consolidated			
		2015			2014
	Domestic	Foreign	Total	Domestic	Foreign
	<i>(in thousand Baht)</i>				
Baht	83,649,469	1,373,655	85,023,124	87,765,072	1,262,281
US Dollar	295,464	498,086	793,550	426,529	450,215
Other currencies	168,029	209,947	377,976	43,571	80,857
Total	84,112,962	2,081,688	86,194,650	88,235,172	1,793,353

		The Bank			
		2015			2014
	Domestic	Foreign	Total	Domestic	Foreign
	<i>(in thousand Baht)</i>				
Baht	83,656,183	1,373,655	85,029,838	87,765,133	1,262,281
US Dollar	295,464	498,086	793,550	426,529	450,215
Other currencies	168,029	209,947	377,976	43,571	80,857
Total	84,119,676	2,081,688	86,201,364	88,235,233	1,793,353

25 Interbank and money market items (Liabilities)

		Consolidated			
		2015			2014
	Demand	Time	Total	Demand	Time
	<i>(in thousand Baht)</i>				
Domestic items:					
Bank of Thailand	-	887,544	887,544	-	987,874
Commercial banks	33,330	430,000	463,330	9,700	-
Specialised financial institutions	-	633,070	633,070	530	3,000,000
Other financial institutions	921,609	3,199,949	4,121,558	3,187,443	4,433,773
Total domestic items	954,939	5,150,563	6,105,502	3,197,673	8,421,647
Foreign items:					
US Dollar	-	25,262,020	25,262,020	-	28,671,692
Renminbi	2,434	4,214,808	4,217,242	-	-
Thai Baht	291,882	-	291,882	132,884	-
Total foreign items	294,316	29,476,828	29,771,144	132,884	28,671,692
Total domestic and foreign items	1,249,255	34,627,391	35,876,646	3,330,557	37,093,339

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

	The Bank					
	Demand	2015 Time	Total (in thousand Baht)	Demand	2014 Time	Total
Domestic items:						
Bank of Thailand	-	887,544	887,544	-	987,874	987,874
Commercial banks	33,330	430,000	463,330	9,700	-	9,700
Specialised financial institutions	-	633,070	633,070	530	3,000,000	3,000,530
Other financial institutions	921,609	3,199,949	4,121,558	3,187,443	4,433,773	7,621,216
Total domestic items	954,939	5,150,563	6,105,502	3,197,673	8,421,647	11,619,320
Foreign items:						
US Dollar	-	25,262,020	25,262,020	-	28,671,692	28,671,692
Renminbi	2,434	4,214,808	4,217,242	-	-	-
Thai Baht	291,882	-	291,882	132,884	-	132,884
Total foreign items	294,316	29,476,828	29,771,144	132,884	28,671,692	28,804,576
Total domestic and foreign items	1,249,255	34,627,391	35,876,646	3,330,557	37,093,339	40,423,896

26 Debt issued and borrowings

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

	Consolidated					
	Maturity dates	2015 Interest rate (%)	Amount (in thousand Baht)	Maturity dates	2014 Interest rate (%)	Amount (in thousand Baht)
Bills of Exchange	-	-	-	2015	2.52-3.75	992,890
Secured debentures ⁽¹⁾	2017-2019	3.24-3.94	12,890,482	2015-2019	3.24-3.98	15,484,962
Unsecured debentures	2016-2018	1.55-4.50	20,330,183	2015-2018	2.40-4.50	21,250,665
Total			33,220,665			37,728,517

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

	The Bank					
	Maturity dates	2015 Interest rate (%)	Amount (in thousand Baht)	Maturity dates	2014 Interest rate (%)	Amount (in thousand Baht)
Bills of Exchange	-	-	-	2015	2.52-3.75	992,890
Unsecured debentures	2017	2.08	2,733,267	-	-	-
Total			2,733,267			992,890

27 Employee benefit obligations

	Consolidated		The Bank	
	2015	2014	2015	2014
Statement of financial position obligations for:				
Post-employment benefits	173	160	143	121
Statement of profit or loss and other comprehensive income				
Recognised in profit or loss:				
Post-employment benefits	27	32	26	23

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.

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

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

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Present value of unfunded obligations	173	160	143	121
Statement of financial position obligations	173	160	143	121

Movement in the present value of the defined benefit obligations:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Defined benefit obligations at the beginning of the year	160	133	121	103
Benefits paid by the plan	(14)	(5)	(4)	(5)
Current service costs and interest	27	32	26	23
Defined benefit obligations at the end of the year	173	160	143	121

Expense recognised in the statement of comprehensive income:

<i>Years ended 31 December</i>	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Employee expense				
Current service costs	22	27	22	19
Interest on obligation	5	5	4	4
Total	27	32	26	23

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

	Consolidated and The Bank	
	2015	2014
	<i>(%)</i>	
Discount rate	2.63 - 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 31 December 2015	Consolidated		The Bank	
	(in million Baht)			
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(11.71)	13.03	(9.44)	10.44
Future salary growth (1% movement)	12.58	(11.22)	10.10	(9.00)
Future mortality (1 year)	0.71	(0.71)	0.56	(0.56)

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.

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

28 Other provisions

	Consolidated and The Bank		
	Share losses from management of non- performing loans (Note 10.4)	Loss from lawsuit	Total
	<i>(in thousand Baht)</i>		
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 31 December 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.

29 Other liabilities

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Other payables	1,080,747	362,865	275,384	142,658
Cash received in advance	768	127,464	768	868
Accrued expenses	453,969	440,995	388,960	393,276
Withholding tax payable	20,194	18,219	17,723	15,816
Special business tax payable	19,319	20,186	19,319	20,186
Payables under finance lease contracts	9,360	11,744	-	-
Corporate income tax payable	209,960	353,254	190,452	347,329
Others	148,179	271,515	121,529	243,810
Total	1,942,496	1,606,242	1,014,135	1,163,943

30 Share capital

	Par value per share (in Baht)	2015		2014	
		Number	Baht	Number	Baht
		<i>(thousand shares/thousand Baht)</i>			
Authorised					
At 1 January					
- 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 31 December					
- 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
Issued and paid-up					
At 1 January					
- 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 31 December					
- ordinary shares	8.92	2,256,510	20,128,071	2,256,510	20,128,071
- preference shares	8.92	451	4,023	451	4,023

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

Notes to the financial statements

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.

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 Limited 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 capital. The legal reserve is not available for dividend distribution.

On 11 March 2016, the Board of Directors Meeting No. 1/2016 resolved to approve the appropriation of Baht 100 million to a legal reserve from profit for the year 2015. Total legal reserve of the Bank is Baht 400 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.

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

32 Other components of equity

	Consolidated and The Bank	
	2015	2014
	<i>(in thousand Baht)</i>	
Balance at the beginning of the year	267,831	198,651
Net change in fair value recognized in equity, net of tax	(113,297)	69,180
Balance at the ending of the year	154,534	267,831

33 Contingent liabilities and Commitments

33.1 Commitments

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Avals to bills and Guarantees of loans	510	434	13,410	15,934
Letter of credit	405	219	728	219
Other contingencies				
- Overdraft undrawn committed line	1,442	1,218	1,442	1,218
- Other guarantees	2,301	1,159	2,301	1,159
- Others	2,126	788	2,790	788
Total	6,784	3,818	20,671	19,318

33.2 Contingent liabilities from litigations

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

As of 31 December 2015 and 2014, there were 4 cases wherein the civil court has already decided or may decide in favour of the plaintiffs. The first 2 cases were relating to the mortgage claim where the court may order the Bank to release the mortgage. The remaining 2 cases relating to the Bank and its subsidiary which involves the total claim amount of Baht 1.78 million, management is of the opinion that the Bank and its subsidiary will not have to pay the claim amount after these cases are finalized. However as of 31 December 2015 and 2014, management has made the provisions amounting to Baht 1.7 million. Management believes that the provision is sufficient for the claim compensation.

The management believes that any liability resulting from this litigation will not be material to the Bank and its subsidiary's financial positions and on the results of its operations.

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

Notes to the financial statements

As at 31 December 2015 and 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. On 17 March 2015, the Supreme Court render the judgment to confirm the judgment of the Appeal Court and the case is final, the Bank had not to paid claim amount.

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 31 December 2015 and 2014, the Bank therefore did not create a provision for the claim.

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 Limited - Shanghai	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Vientiane	Lao	The Branch of the ultimate parent company

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

Name of entities	Country of incorporation/ nationality	Nature of relationships
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
Industrial and Commercial Bank of China Limited - Korea	Korea	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Frankfurt	Germany	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Luxembourg	Luxembourg	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Sydney	Australia	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Hangzhou	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Xinjiang	China	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

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

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

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

Notes to the financial statements

Significant transaction for the years ended 31 December 2015 and 2014 with related parties were as follows:

<i>For the years ended 31 December</i>	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Parent				
Interest income	4	-	4	-
Interest expenses	446	328	446	328
Fee Expense	9	11	9	11
Associate				
Interest expenses	1	4	1	4
Dividend income	-	-	22	3
Rental income	1	1	1	1
Subsidiary				
Interest income	-	-	41	336
Fee income	-	-	26	32
Service income	-	-	2	-
Related companies				
Interest expenses	-	1	-	1
Key management and directors				
Interest expense	-	1	-	1
Key management personnel				
Key management personnel compensation				
Short-term employee benefit	196	181	124	124
Post-employment benefits	(5)	14	4	10

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.

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

Notes to the financial statements

Balances with related parties were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	(in million Baht)			
<i>Interbank and money market items (assets)</i>				
Industrial and Commercial Bank of China Limited	138	81	138	81
Industrial and Commercial Bank of China Limited - New York	15	101	15	101
Industrial and Commercial Bank of China Limited - Shandong	53	-	53	-
Industrial and Commercial Bank of China Limited - Shanghai	1	-	1	-
Industrial and Commercial Bank of China Limited - Singapore	98	-	98	-
Industrial and Commercial Bank of China Limited - Korea	275	-	275	-
Industrial and Commercial Bank of China (Asia) Limited	5	2	5	2
Industrial and Commercial Bank of China Limited - Others	2	3	2	3
<i>Derivative asset (fair value)</i>				
Industrial and Commercial Bank of China Limited - Singapore	46	45	46	45
<i>Investments</i>				
ICBC (Thai) Leasing Company Limited	-	-	4,250	4,250
Finansia Syrus Securities Public Company Limited	527	517	305	305
<i>Loans to customers</i>				
ICBC (Thai) Leasing Company Limited	-	-	2,731	3,232
<i>Accrued interest receivables</i>				
ICBC (Thai) Leasing Company Limited	-	-	1	1
<i>Allowance for doubtful accounts</i>				
ICBC (Thai) Leasing Company Limited	-	-	27	32
<i>Other assets</i>				
Industrial and Commercial Bank of China Limited	-	1	-	1
Industrial and Commercial Bank of China Limited - Guang Dong	-	9	-	9
Finansia Syrus Securities Public Company Limited	1	1	1	1
<i>Interbank and money market items (liabilities)</i>				
Industrial and Commercial Bank of China Limited	15,388	18,088	15,388	18,088
Industrial and Commercial Bank of China Limited - Tokyo	3,970	-	3,970	-
Industrial and Commercial Bank of China Limited - New York	2,346	6,992	2,346	6,992
Industrial and Commercial Bank of China Limited - Singapore	1,083	791	1,083	791
Industrial and Commercial Bank of China Limited - Vientiane	5,986	10	5,986	10
Industrial and Commercial Bank of China Limited - Luxembourg	555	-	555	-
Industrial and Commercial Bank of China Limited - Sydney	444	-	444	-
Finansia Syrus Securities Public Company Limited	353	306	353	306
<i>Derivative liabilities (fair value)</i>				
Industrial and Commercial Bank of China Limited - Singapore	8	37	8	37
<i>Deposits and debts issued and borrowings</i>				
M-Home SPV 3 Company Limited	-	24	-	24
Related persons	92	86	92	86
<i>Accrued interest payables</i>				
Industrial and Commercial Bank of China Limited	50	102	50	102
Industrial and Commercial Bank of China Limited - Others	25	4	27	4
<i>Other Liabilities</i>				
ICBC (Thai) Leasing Company Limited	-	-	8	18

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

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Off-financial reporting items				
Other guarantees				
Industrial and Commercial Bank of China Limited	792	8	792	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 - Hangzhou	18	-	18	-
Industrial and Commercial Bank of China Limited - Korea	25	-	25	-
Industrial and Commercial Bank of China Limited - Xinjiang	13	-	13	-
ICBC (Thai) Leasing Company Limited	-	-	664	-
Guarantee on loans				
ICBC (Thai) Leasing Company Limited	-	-	12,900	15,500
Forward exchange contracts-bought				
Industrial and Commercial Bank of China Limited - Singapore	2,964	2,535	2,964	2,535
Industrial and Commercial Bank of China (Asia) Limited	1	-	1	-
Finansia Syrus Securities Public Company Limited	240	326	240	326
Forward exchange contracts-sold				
Finansia Syrus Securities Public Company Limited	346	-	346	-
Letter of credit				
ICBC (Thai) Leasing Company Limited	-	-	323	-

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	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Within one year	95	107	70	77
After one year but within five years	92	84	75	69
After five years	17	21	17	21
Total	204	212	162	167

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/factoring business that form the basis of how information is presented to the chief operating decision maker. Respective business segments serve both corporate and retail customers, however retail represents an insignificant portion of the total at the bank level. These operations are carried on in Thailand. The Bank has determined that the Chief Operating Decision Maker is the Executive Committee.

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

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

Financial performance Year ended 31 December 2015	Consolidated				
	Banking business	Hire purchase, finance leases and factoring business	Total (in million Baht)	Elimination entries	Total
Net interest income	2,621	1,635	4,256	26	4,282
Fee and service income, trading and other income, net	203	218	421	(31)	390
Share of profit from associates	31	-	31	-	31
Other operating income	160	333	493	(24)	469
Other operating expenses	(1,176)	(1,256)	(2,432)	7	(2,425)
Profit before bad debt, doubtful accounts and impairment losses	1,839	930	2,769	(22)	2,747
Bad debt, doubtful accounts and impairment losses	(448)	(636)	(1,084)	-	(1,084)
Profit from operation before income tax expense	1,391	294	1,685	(22)	1,663
Income tax expenses	(271)	(57)	(328)	-	(328)
Profit for the year	1,120	237	1,357	(22)	1,335

Financial position as at 31 December 2015

Investment in associates	527	-	527	-	527
Total assets	150,871	38,933	189,804	(6,775)	183,029
Total liabilities	126,818	34,347	161,165	(2,746)	158,419

Financial performance Year ended 31 December 2014	Consolidated				
	Banking business	Hire purchase, finance leases and factoring business	Total (in million Baht)	Elimination entries	Total
Net interest income	2,278	1,809	4,087	31	4,118
Fee and service income, trading and other income, net	148	231	379	(31)	348
Share of profit from associates	58	-	58	-	58
Other operating income	381	207	588	(3)	585
Other operating expenses	(1,142)	(1,615)	(2,757)	-	(2,757)
Profit before bad debt, doubtful accounts and impairment losses	1,723	632	2,355	(3)	2,352
Bad debt, doubtful accounts and impairment losses	(70)	(796)	(866)	-	(866)
Profit from operation before income tax expense	1,653	(164)	1,489	(3)	1,486
Income tax expenses	(330)	33	(297)	-	(297)
Profit for the year	1,323	(131)	1,192	(3)	1,189

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

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

37 Interest income

<i>Year ended 31 December</i>	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Interbank and money market item	133,861	454,997	133,789	454,873
Investments in debt securities	1,304,054	1,012,483	1,303,546	1,012,483
Loans to customers	3,793,584	3,932,632	3,819,823	4,259,445
Hire-purchase and finance leases	2,800,026	3,398,285	298	842
Others	342	680	342	680
Total	8,031,867	8,799,077	5,257,798	5,728,323

38 Interest expenses

<i>Year ended 31 December</i>	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Deposits	1,699,526	2,347,296	1,699,541	2,347,296
Interbank and money market items	529,685	659,109	523,933	597,772
Contributions to Deposit Protection Agency and Bank of Thailand	399,958	467,599	399,958	467,599
Debt issued - debentures	1,099,219	1,151,777	7,637	1,740
Borrowings	5,742	36,327	5,742	36,327
Borrowing fee expense	15,883	18,910	124	19
Others	5	8	5	8
Total	3,750,018	4,681,026	2,636,940	3,450,761

39 Net fees and service income

<i>Year ended 31 December</i>	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<i>Fees and service income</i>				
Acceptances, avals and guarantees	18,053	17,111	47,833	48,984
Letter of credit fee income	13,802	15,246	14,756	15,246
Hire purchase/finance lease fee income	212,836	231,332	-	-
Extension Fee	33,684	-	33,684	-
Others	55,404	42,744	55,404	42,744
Total fees and service income	333,779	306,433	151,677	106,974
Fees and service expense	(49,986)	(16,806)	(49,986)	(16,806)
Net fees and service income	283,793	289,627	101,691	90,168

40 Net trading income

<i>Year ended 31 December</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	106,757	58,570	101,548	58,581
Total	106,757	58,570	101,548	58,581

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

41 Net loss on investments

<i>Year ended 31 December</i>	Consolidated and The Bank	
	2015	2014
	<i>(in thousand Baht)</i>	
Gains on sales - General investment	-	690
Losses on impairment - General investment	(15)	(955)
Net loss on investments	(15)	(265)

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>Year ended 31 December</i>	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Bad debts and doubtful accounts				
Interbank and money market items	(44,250)	7,127	(44,250)	7,127
Loans to customers	1,134,005	848,826	497,811	52,837
Loss on debt restructuring	(5,380)	9,822	(5,380)	9,822
Total	1,084,375	865,775	448,181	69,786

44 Income tax expense

Income tax recognised in profit or loss

<i>Year ended 31 December</i>	<i>Note</i>	Consolidated		The Bank	
		2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
Current tax expense					
Current period		359,632	601,007	336,742	509,330
Under (over) provided in prior years		(1,184)	235	-	-
		358,448	601,242	336,742	509,330
Deferred tax expense					
Movements in temporary differences	21	(30,294)	(304,931)	(67,098)	(184,898)
		(30,294)	(304,931)	(67,098)	(184,898)
Total income tax expense		328,154	296,311	269,644	324,432

Income tax recognised in other comprehensive income

<i>Year ended 31 December</i>	Consolidated and The Bank					
	2015		2014			
	Before tax	Tax (expense) benefit	Before tax	Tax (expense) benefit	Net of tax	
	<i>(in thousand Baht)</i>					
Other comprehensive income available-for-sale securities	(141,621)	28,324	(113,297)	86,475	(17,295)	69,180
Total	(141,621)	28,324	(113,297)	86,475	(17,295)	69,180

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

Reconciliation of effective tax rate

<i>Year ended 31 December</i>	Consolidated			
	2015		2014	
	Rate (%)	(in thousand) Baht	Rate (%)	(in thousand) Baht
Profit before income tax expense		1,663,229		1,485,786
Income tax using the Thai corporation tax rate	20	332,646	20	297,157
Income not subject to tax		(3,308)		(1,081)
Under (over) provided in prior years		(1,184)		235
Total	20⁽¹⁾	328,154	20⁽¹⁾	296,311

⁽¹⁾ Effective tax rate

<i>Year ended 31 December</i>	The Bank			
	2015		2014	
	Rate (%)	(in thousand) Baht	Rate (%)	(in thousand) Baht
Profit before income tax expense		1,359,939		1,595,912
Income tax using the Thai corporation tax rate	20	271,988	20	319,182
Income not subject to tax		(2,344)		-
Expense not deductible for tax purpose		-		5,250
Total	20⁽¹⁾	269,644	20⁽¹⁾	324,432

⁽¹⁾ Effective tax rate

Income tax reduction

Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants the reduction to 20% of net taxable profit for the accounting period 2015 which begins on or after 1 January 2015.

On 22 January 2016, The National Legislative Assembly has approved a reduction of the corporate income tax rate from 30% to 20% of net taxable profit for the accounting period which begins on or after 1 January 2016.

The Bank and its subsidiary have applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2015 and 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 years ended 31 December 2015 and 2014 were based on the profit for the years 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 years as follows:

<i>Year ended 31 December</i>	Consolidated		The Bank	
	2015	2014	2015	2014
Profit attributable to shareholders of the Bank (in million Baht)	1,335	1,189	1,090	1,271
Weighted average number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding (million shares)	2,257	1,808	2,257	1,808
Earnings per share (basic) (in Baht)	0.59	0.66	0.48	0.70

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

46 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Bank and its subsidiary operations, which become effective for annual financial periods beginning on or after 1 January 2016, are set out below. The Bank and its subsidiary does not plan to adopt these TFRS early.

TFRS	Topic
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events after the Reporting Period
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2015)	Related Party Disclosures
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible Assets
TFRS 2 (revised 2015)	Share-based Payment
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 15 (revised 2015)	Operating Leases – Incentives
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining Whether an Arrangement Contains a Lease
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 13 (revised 2015)	Customer Loyalty Programmes

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 new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.