

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

Financial statements for the year ended
31 December 2016
and
Independent Auditor's Report



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Independent Auditor's Report

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

Opinion

I have audited the consolidated and the Bank's financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiary (the "Group") and of Industrial and Commercial Bank of China (Thai) Public Company Limited ("the Bank"), respectively, which comprise the consolidated and the Bank's statements of financial position as at 31 December 2016, the consolidated and the Bank's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and the Bank's financial statements present fairly, in all material respects, the financial position of the Group and the Bank, respectively, as at 31 December 2016 and of their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and the Bank's Financial Statements* section of my report. I am independent of the Group and the Bank in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King that is relevant to my audit of the consolidated and the Bank's financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

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



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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and the Bank's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and the Bank's financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the Bank's financial statements, including the disclosures, and whether the consolidated and the Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

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

(Pantip Gulsantithamrong)
Certified Public Accountant
Registration No. 4208

KPMG Phoomchai Audit Ltd.
Bangkok
21 March 2017

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

Statement of financial position

		Consolidated		The Bank	
		31 December		31 December	
	Note	2016	2015	2016	2015
Assets					
				(in thousand Baht)	
Cash		435,613	369,306	434,935	368,455
Interbank and money market items, net	7	6,237,817	2,056,608	6,044,457	1,891,397
Derivative assets	8	417,682	122,817	411,110	122,310
Investments, net	9	50,596,514	45,010,528	50,596,514	45,010,528
Investments in a subsidiary and an associate, net	10, 11	560,637	526,629	4,554,874	4,554,874
Loans to customers and accrued interest receivables, net	12				
Loans to customers		135,326,315	140,927,378	97,700,030	99,698,329
Accrued interest receivables		185,567	230,174	185,792	230,811
Total loans to customers and accrued interest receivables		135,511,882	141,157,552	97,885,822	99,929,140
Less deferred revenue		(4,579,521)	(5,044,122)	(122,063)	(58)
Less allowance for doubtful accounts	15	(5,880,464)	(4,029,494)	(3,767,430)	(2,953,174)
Less revaluation allowance for debt restructuring	16	(13,769)	(13,725)	(13,769)	(13,725)
Total loans to customers and accrued interest receivables, net		125,038,128	132,070,211	93,982,560	96,962,183
Properties foreclosed, net	17	775,519	882,446	743,765	812,191
Premises and equipment, net	18	143,540	124,990	126,396	97,985
Intangible assets, net	19	35,967	40,428	31,581	34,914
Leasehold right, net		143,753	154,428	143,754	154,428
Deferred tax assets, net	20	806,300	705,914	375,280	329,198
Accrued income, net		461,899	399,982	443,428	395,604
Receivables on credit support for derivative contracts		14,906	601	14,906	601
Other receivables, net		337,926	232,513	170,999	141,254
Other assets, net	21	47,648	332,051	28,465	16,993
Total assets		186,053,849	183,029,452	158,103,024	150,892,915

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

	Note	Consolidated		The Bank	
		31 December		31 December	
Liabilities and equity		2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Liabilities					
Deposits	23	92,023,523	86,194,650	92,024,042	86,201,364
Interbank and money market items	24	35,439,126	35,876,646	35,439,126	35,876,646
Liabilities payable on demand		45,131	13,744	45,131	13,744
Derivative liabilities	8	230,016	281,721	218,877	281,250
Debt issued and borrowings	25	29,223,103	33,220,665	2,734,196	2,733,267
Employee benefit obligations	26	180,327	172,957	155,867	143,415
Other provisions	27	1,815	23,700	1,700	23,700
Accrued interest payables		683,442	692,887	528,115	531,309
Other liabilities	28	1,903,885	1,942,496	1,230,472	1,014,135
Total liabilities		159,730,368	158,419,466	132,377,526	126,818,830
Equity					
Share capital	29				
Authorised share capital					
451,081 non-cumulative preference shares of Baht 8.92 each		4,023	4,023	4,023	4,023
2,256,510,117 ordinary shares of Baht 8.92 each					
(2015: 2,260,089,475 ordinary shares of Baht 8.92 each)		20,128,071	20,159,998	20,128,071	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					
(2015: 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	9.3, 30, 31	383,659	154,534	383,659	154,534
Retained earnings					
Appropriated					
Legal reserve	30	500,000	400,000	500,000	400,000
Unappropriated		5,307,728	3,923,358	4,709,745	3,387,457
Equity attributable to the Bank's shareholders		26,323,481	24,609,986	25,725,498	24,074,085
Non-controlling interest		-	-	-	-
Total equity		26,323,481	24,609,986	25,725,498	24,074,085
Total liabilities and equity		186,053,849	183,029,452	158,103,024	150,892,915



(Mr. Zhigang Li)
Chairman of the Board of Directors



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



(Mr. Zhisheng Xu)
Director

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

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

	<i>Note</i>	Consolidated		The Bank	
		Year ended 31 December		Year ended 31 December	
		2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Interest income	36	8,095,776	8,031,867	5,600,362	5,257,798
Interest expense	37	3,307,459	3,750,018	2,376,756	2,636,940
Net interest income		4,788,317	4,281,849	3,223,606	2,620,858
Fees and service income		732,589	333,779	472,944	151,677
Fees and service expense		110,903	49,986	108,871	49,986
Net fees and service income	38	621,686	283,793	364,073	101,691
Net trading income	39	163,744	106,757	135,575	101,548
Net loss on investments	40	(72)	(15)	(72)	(15)
Share of profit of associate	11	50,853	31,224	-	-
Gains on disposals of equipment, properties foreclosed and other assets		75,468	8,793	62,506	3,353
Bad debts recovered		396,989	296,983	84,106	74,610
Dividends income		12,653	9,250	29,499	31,279
Other operating income		100,080	154,117	3,829	50,998
Total operating income		6,209,718	5,172,751	3,903,122	2,984,322
Other operating expenses					
Employee expenses		1,220,977	1,121,518	862,084	765,886
Directors' remuneration	41	19,037	14,078	19,037	14,078
Premises and equipment expenses		201,078	203,582	128,857	120,869
Taxes and duties		189,353	152,754	157,581	139,979
Amortisation expense on intangible assets		15,660	17,186	13,507	13,303
Loss (gain) on properties foreclosed		220,364	539,847	1,995	(1,555)
Reversal provisions for share losses from TAMC		(12,907)	-	(12,907)	-
Others		351,991	376,182	139,370	123,642
Total other operating expenses		2,205,553	2,425,147	1,309,524	1,176,202
Bad debts, doubtful accounts and impairment losses	42	2,168,098	1,084,375	820,042	448,181
Profit from operations before income tax expense		1,836,067	1,663,229	1,773,556	1,359,939
Income tax expense	43	366,075	328,154	356,899	269,644
Profit for the year		1,469,992	1,335,075	1,416,657	1,090,295

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

	Note	Consolidated		The Bank	
		Year ended 31 December		Year ended 31 December	
		2016	2015	2016	2015
<i>(in thousand Baht)</i>					
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss</i>					
Defined benefit plan actuarial gain		17,973	-	7,039	-
Income tax on other comprehensive income	43	(3,595)	-	(1,408)	-
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Net change in fair value of available-for-sale investments		286,406	(141,621)	286,406	(141,621)
Income tax on other comprehensive income	43	(57,281)	28,324	(57,281)	28,324
Other comprehensive income (loss) for the year, net of income tax		243,503	(113,297)	234,756	(113,297)
Total comprehensive income for the year		1,713,495	1,221,778	1,651,413	976,998
Profit attributable to					
Shareholders of the Bank		1,469,992	1,335,075	1,416,657	1,090,295
Non-controlling interest		-	-	-	-
Profit for the year		1,469,992	1,335,075	1,416,657	1,090,295
Total comprehensive income attributable to					
Shareholders of the Bank		1,713,495	1,221,778	1,651,413	976,998
Non-controlling interest		-	-	-	-
Total comprehensive income for the year		1,713,495	1,221,778	1,651,413	976,998
Earnings per share (in Baht)					
Basic earnings per share	44	0.65	0.59	0.63	0.48





(Mr. Zhigang Li) (Mr. Zhisheng Xu)
 Chairman of the Board of Directors Director

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	Unappropriated	Total equity attributable to the Bank's shareholders
					<i>(in thousand Baht)</i>		Non - controlling interest
							Total equity
Year ended 31 December 2015							
Balance at 1 January 2015		4,023	20,128,071	267,831	300,000	2,688,283	23,388,208
Comprehensive income for the year							
Profit		-	-	-	-	1,335,075	1,335,075
Other comprehensive income, net of income tax	31, 43	-	-	(113,297)	-	-	(113,297)
Total comprehensive income for the year		-	-	(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
Year ended 31 December 2016							
Balance at 1 January 2016		4,023	20,128,071	154,534	400,000	3,923,358	24,609,986
Comprehensive income for the year							
Profit		-	-	-	-	1,469,992	1,469,992
Other comprehensive income, net of income tax	31, 43	-	-	229,125	-	14,378	243,503
Total comprehensive income for the year		-	-	229,125	-	1,484,370	1,713,495
Transfer to legal reserve		-	-	-	100,000	(100,000)	-
Balance at 31 December 2016		4,023	20,128,071	383,659	500,000	5,307,728	26,323,481

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

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

Statement of changes in equity

	Note	The Bank					Total equity
		Issued and paid-up share capital	Other components of equity		Retained earnings		
			Preference shares	Ordinary shares	Revaluation surplus on		
					available-for-sale investments	Legal reserve	
(in thousand Baht)							
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		-	-	-	-	1,090,295	1,090,295
Other comprehensive income, net of income tax	31,43	-	-	(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
Year ended 31 December 2016							
Balance at 1 January 2016		4,023	20,128,071	154,534	400,000	3,387,457	24,074,085
Comprehensive income for the year							
Profit		-	-	-	-	1,416,657	1,416,657
Other comprehensive income, net of income tax	31,43	-	-	229,125	-	5,631	234,756
Total comprehensive income for the year		-	-	229,125	-	1,422,288	1,651,413
Transfer to legal reserve		-	-	-	100,000	(100,000)	-
Balance at 31 December 2016		4,023	20,128,071	383,659	500,000	4,709,745	25,725,498

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	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit from operations before income tax expense	1,836,067	1,663,229	1,773,556	1,359,939
<i>Adjustments to reconcile profit from operations before income tax expense to net cash provided by (used in) operating activities</i>				
Depreciation and amortisation	68,174	76,185	54,130	51,032
Bad debts, doubtful accounts and impairment losses	2,168,098	1,084,375	820,042	448,181
Losses of write-off of fixed assets	446	18	1	-
Gain on disposals of properties foreclosed	(73,446)	(8,727)	(60,568)	(3,306)
(Gain) losses on properties foreclosed	220,364	539,847	1,995	(1,555)
Net loss on investments	72	-	72	-
Gain on sales of equipment	(2,022)	(66)	(1,937)	(47)
Net trading income	(163,744)	(106,757)	(135,575)	(101,548)
Employee benefit obligations	28,711	13,337	19,490	22,337
Provisions for other liabilities	(12,792)	-	(12,907)	-
Other income from revaluation of other receivables	(119)	(177)	(119)	(177)
Share of profit of associate	(50,853)	(31,224)	-	-
Net interest income	(4,788,317)	(4,281,849)	(3,223,606)	(2,620,858)
Dividend income	(12,653)	(9,250)	(29,499)	(31,279)
Proceeds from interest	6,672,615	6,762,944	4,180,222	3,958,832
Interest paid	(2,323,107)	(2,932,239)	(2,321,976)	(2,894,735)
Proceeds from dividend	12,653	9,250	12,653	9,250
Income tax paid	(542,818)	(501,743)	(480,763)	(493,619)
Profit from operations before changes in operating assets and liabilities	3,037,329	2,277,153	595,211	(297,553)
<i>(Increase) decrease in operating assets</i>				
Interbank and money market items	(4,179,416)	10,011,885	(4,151,271)	9,968,193
Derivative assets	123,756	326,293	126,563	320,852
Loans to customers	4,821,673	10,412,745	2,116,858	5,318,609
Properties foreclosed	(39,596)	(462,867)	127,394	3,471
Receivables on credit support for derivative contracts	(14,305)	23,794	(14,305)	23,794
Fee receivable	(14,094)	256	-	-
Other receivables	(105,293)	(74,606)	(29,626)	(45,599)
Other assets	284,007	(300,851)	(11,867)	3,060

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	
	2016	2015	2016	2015
	(in thousand Baht)			
<i>Cash flows from operating activities</i>				
<i>Increase (decrease) in operating liabilities</i>				
Deposits	5,828,873	(3,833,875)	5,822,678	(3,827,223)
Interbank and money market items	(437,520)	(4,547,250)	(437,520)	(4,547,250)
Liabilities payable on demand	31,387	7,691	31,387	7,691
Derivative liabilities	(306,582)	(251,576)	(342,161)	(251,307)
Accrued expense	37,979	13,043	37,783	(4,246)
Other liabilities	(81,123)	483,079	178,767	20,926
Net cash from operating activities	8,987,075	14,084,914	4,049,891	6,693,418
<i>Cash flows from investing activities</i>				
Interest received	1,313,132	1,159,928	1,313,132	1,159,420
Dividend received	16,845	22,029	16,845	22,029
Increase in long-term investments	(5,199,534)	(9,573,352)	(5,199,534)	(9,573,352)
Investments in receivables	2,022	211	1,937	47
Purchases of equipment	(51,363)	(28,189)	(51,408)	(23,878)
Purchases of intangible assets	(7,992)	(2,559)	(7,338)	(107)
Net cash (used in) investing activities	(3,926,890)	(8,421,932)	(3,926,366)	(8,415,841)
<i>Cash flows from financing activities</i>				
Interest paid from borrowing and debt issued	(980,586)	(1,147,828)	(57,045)	(12,986)
Proceeds from borrowings and debt issued	42,326,108	31,999,640	-	3,219,000
Repayment of borrowings and debt issued	(46,336,880)	(36,507,493)	-	(1,478,623)
Finance lease payments	(2,520)	(2,384)	-	-
Net cash from (used in) financing activities	(4,993,878)	(5,658,065)	(57,045)	1,727,391
Net increase in cash	66,307	4,917	66,480	4,968
Cash at 1 January	369,306	364,389	368,455	363,487
Cash at 31 December	435,613	369,306	434,935	368,455
<i>Non-cash transactions</i>				
Purchase of equipment	6,865	(8,121)	6,952	(8,167)
Purchase of intangible assets	2,836	(449)	2,836	(449)

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
For the year ended 31 December 2016

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Industrial and Commercial Bank of China (Thai) Public Company Limited and its Subsidiary
Notes to the financial statements
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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 21 March 2017.

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 are the provision of financial products and services through its branches’s network in Thailand.

Detail of the Bank’s subsidiary as at 31 December 2016 and 2015 are given in notes 10 and 33.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (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 21/2015, 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 2016. 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.

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 2017 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 45.

(b) Basis of measurement

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

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

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(c) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Bank 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 accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Assumptions and estimation uncertainties

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

Note 3(v)	Income tax
Note 5	Financial instruments
Note 8	Derivatives
Note 15	Allowance for doubtful accounts
Note 27&32	Other provision and Contingent liabilities and Commitments

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).

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

The Bank and its 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 5 - Financial instruments.

3 Significant accounting policies

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

(a) Basis of consolidation

The consolidated financial statements 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.

Non-controlling interests

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

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

Loss of control

When the Bank loses control over 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.

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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 date, the Bank and its subsidiary cease accrual of interest income and reverse the interest previously accrued as revenue from its accounts. Interest is then recognised as revenue on a cash basis until settlement of such overdue balance has been received from the debtors.

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

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

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.

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(c) Expense

Interest expenses

Interest expenses are recognised as an expense on an accrual basis.

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

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

Other expenses

Other expenses are recognised on an accrual basis.

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

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

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

(e) Derivatives

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

Trading Book

As at the end of 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.

Not entered for trading (Banking Book)

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.

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- (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).

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.

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

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

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

Disposal of investments

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

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

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

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

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

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.

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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 which is computed by using collective approach basis based on historical loss for receivables that are classified as pass, special-mention and non-performing loans to customers which are classified as sub-standard, doubtful and doubtful of loss. Such rates are determined taking into considerations the probability of the loans becoming non-performing loans (PD) and the loss rates if those loans are not recovered in full (LGD)

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

In addition, the Bank has a loan loss provisioning policy whereby it provides additional allowance for certain exposures of the Bank that are classified as “Pass” and “Special Mention”, at rates higher than the minimum rates specified by BOT. Such rates are determined 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 whereby it will reverse the related allowance for doubtful accounts against the decrease in bad debts and doubtful accounts in profit or loss from operation. At the same time, the Bank writes off the balances of bad debts and charges them against bad debts and doubtful accounts as expenses in profit or loss from operation. All bad debts recovered are recognised as revenue in profit or loss from operation.

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

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(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.

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

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Subsequent expenditure

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

Amortisation

Amortisation is based on 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.

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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.

(g) 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.

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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 recognised immediately in other comprehensive income except in case of subsidiary before 1 January 2016 where actuarial gain or loss recognised 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 period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

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

(s) Provisions

Provisions are recognised 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.

(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.

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

(v) *Income tax*

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

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

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

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

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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 earnings per share (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.

(y) Segment reporting

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

4 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 12.3 to the financial statements. The maximum amount of credit risk exposure is the carrying amount of the financial assets less provision for losses as stated in the statements of financial position. The risk from off-financial position items is presented in Note 32 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.

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As at 31 December 2016 and 2015, significant financial assets and liabilities classified by types of interest rate are as follows:

	Consolidated 2016			
	Floating interest rate	Fixed interest rate	Non interest bearing	Total
	(in million Baht)			
Financial assets				
Cash	-	-	436	436
Interbank and money market items, net	159	4,248	1,831	6,238
Investments, net	-	50,144	453	50,597
Loans to customers ⁽¹⁾	68,861	59,879	2,007	130,747
Total financial assets	69,020	114,271	4,727	188,018
Financial liabilities				
Deposits	12,782	79,032	210	92,024
Interbank and money market items	391	34,673	375	35,439
Liabilities payable on demand	-	-	45	45
Debt issued and borrowings	-	29,223	-	29,223
Total financial liabilities	13,173	142,928	630	156,731

⁽¹⁾Net of deferred revenue

	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

⁽¹⁾Net of deferred revenue

	The Bank 2016			
	Floating interest rate	Fixed interest rate	Non interest bearing	Total
	(in million Baht)			
Financial assets				
Cash	-	-	435	435
Interbank and money market items, net	5	4,248	1,792	6,045
Investments, net	-	50,144	453	50,597
Loans to customers ⁽¹⁾	71,483	24,766	1,329	97,578
Total financial assets	71,488	79,158	4,009	154,655

⁽¹⁾Net of deferred revenue

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

	The 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
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

⁽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							
	2016							
	At call	1 - 3 months	3 - 12 months	Reprice/maturity within 1 - 5 years	Reprice/ maturity over 5 years	Non interest bearing	Non performing assets	Total
	(in million Baht)							
Financial assets								
Cash	-	-	-	-	-	436	-	436
Interbank and money market items, net	159	3,767	-	480	-	1,832	-	6,238
Investment, net	-	1,739	4,476	40,543	3,387	452	-	50,597
Loans to customers ⁽¹⁾	5	83,736	14,354	28,808	1,837	-	2,007	130,747
Total financial assets	164	89,242	18,830	69,831	5,224	2,720	2,007	188,018

⁽¹⁾Net of deferred revenue

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	Consolidated 2016					Non interest bearing	Non performing assets	Total
	At call	1 - 3 months	3 - 12 months	1 - 5 years (in million Baht)	Reprice/ maturity over 5 years			
Financial liabilities								
Deposits	16,688	45,867	28,530	729	-	210	-	92,024
Interbank and money market items	391	19,254	14,924	245	250	375	-	35,439
Liabilities payable on demand	-	-	-	-	-	45	-	45
Debt issued and borrowings	-	2,394	12,267	12,563	1,999	-	-	29,223
Total financial liabilities	17,079	67,515	55,721	13,537	2,249	630	-	156,731

	Consolidated 2015					Non interest bearing	Non performing assets	Total
	At call	1 - 3 months	3 - 12 months	1 - 5 years (in million Baht)	Reprice/ maturity over 5 years			
Financial assets								
Cash	-	-	-	-	-	369	-	369
Interbank and money market items, net	110	926	-	-	-	1,021	-	2,057
Investment, net	-	5,062	9,916	25,674	4,040	319	-	45,011
Loans to customers ⁽¹⁾	826	57,488	49,743	23,538	2,151	-	2,137	135,883
Total financial assets	936	63,476	59,659	49,212	6,191	1,709	2,137	183,320

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

⁽¹⁾Net of deferred revenue

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The Bank 2016								
	Reprice/maturity within				Reprice/ maturity	Non	Non	
	At call	1 - 3 months	3 - 12 months	1 - 5 years	over 5 years	interest bearing	performing assets	Total
	(in million Baht)							
Financial assets								
Cash	-	-	-	-	-	435	-	435
Interbank and money market items, net	5	3,767	-	480	-	1,793	-	6,045
Investments, net	-	1,739	4,476	40,543	3,387	452	-	50,597
Loans to customers ⁽¹⁾	4,781	80,321	5,651	5,187	309	-	1,329	97,578
Total financial assets	4,786	85,827	10,127	46,210	3,696	2,680	1,329	154,655
Financial liabilities								
Deposits	16,688	45,867	28,530	729	-	210	-	92,024
Interbank and money market items	391	19,254	14,924	245	250	375	-	35,439
Liabilities payable on demand	-	-	-	-	-	45	-	45
Debt issued and borrowings	-	-	2,734	-	-	-	-	2,734
Total financial liabilities	17,079	65,121	46,188	974	250	630	-	130,242

⁽¹⁾Net of deferred revenue

The Bank 2015								
	Reprice/maturity within				Reprice/ maturity over 5 years	Non interest bearing	Non performing assets	Total
	At call	1 - 3 months	3 - 12 months	1 - 5 years <i>(in million Baht)</i>				
<i>Financial assets</i>								
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
<i>Financial liabilities</i>								
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

⁽¹⁾Net of deferred revenue

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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 2016 and 2015 can be summarised are as follows:

	Consolidated					
	2016			2015		
	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)	5,368	67	1.25	7,254	134	1.85
Investments	48,009	1,472	3.07	38,792	1,304	3.36
Loans to customers ⁽²⁾	134,532	6,557	4.87	137,069	6,594	4.81
Interest-bearing financial liabilities						
Deposits	83,466	1,386 ⁽³⁾	1.66	82,098	1,699 ⁽³⁾	2.07
Interbank and money market items (Liabilities)	37,984	520	1.37	38,218	530	1.39
Debt issued and borrowings	32,248	988	3.06	34,289	1,105	3.22

⁽¹⁾ Calculated by average of month end balance

⁽²⁾ Net of deferred revenue

⁽³⁾ Excluding contribution fee to Deposit Protection Agency and Bank of Thailand.

	The Bank					
	2016			2015		
	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)	5,147	67	1.30	7,063	134	1.89
Investments	48,009	1,472	3.07	38,792	1,304	3.36
Loans to customers ⁽²⁾	93,450	4,062	4.35	95,409	3,820	4.00
Interest-bearing financial liabilities						
Deposits	83,469	1,386 ⁽³⁾	1.66	82,099	1,700 ⁽³⁾	2.07
Interbank and money market items (Liabilities)	37,882	519	1.37	37,935	524	1.38
Debt issued and borrowings	2,734	58	2.12	643	13	2.08

⁽¹⁾ Calculated by average of month end balance

⁽²⁾ Net of deferred revenue

⁽³⁾ Excluding contribution fee to Deposit Protection Agency and Bank of Thailand.

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.

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

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

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

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

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

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

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.

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4. Monthly reports on liquidity ratios, to be used to provide indications of the Bank's liquidity and early warnings, including loan to deposit ratio, loan to asset ratio, investment to asset ratio, liquid asset to total asset ratio, liquid asset to short-term to 1 month deposit ratio, borrowing to total asset ratio, deposit to total asset ratio, proportion of large depositors to total deposits, maximum deposit withdrawal per day and rollover rate.
5. Annual liquidity risk self assessment report.
6. Monthly reports on any transactions or facilities exceeding approved limits.

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

As at 31 December 2016 and 2015, significant financial assets and liabilities are classified according to their contractual maturity as follows:

	Consolidated 2016							
	At call	1 - 3 months	Maturity within 3 - 12 months	1 - 5 years	Over 5 years	No maturity	Non performing assets	Total
Financial assets								
Cash	-	-	-	-	-	436	-	436
Interbank and money market, net	198	3,767	-	480	-	1,793	-	6,238
Investments, net	-	1,739	4,476	40,543	3,839	-	-	50,597
Loans to customers ⁽¹⁾	240	23,531	34,428	57,649	12,892	-	2,007	130,747
Total financial assets	438	29,037	38,904	98,672	16,731	2,229	2,007	188,018
Financial liabilities								
Deposits	16,898	45,867	28,530	729	-	-	-	92,024
Interbank and money market	766	19,254	14,924	245	250	-	-	35,439
Liabilities payable on demand	45	-	-	-	-	-	-	45
Debt issued and borrowings	-	2,395	12,267	12,562	1,999	-	-	29,223
Total financial liabilities	17,709	67,516	55,721	13,536	2,249	-	-	156,731

⁽¹⁾Net of deferred revenue

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Consolidated 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)								
<i>Financial assets</i>								
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
<i>Financial liabilities</i>								
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

⁽¹⁾Net of deferred revenue

Net of deferred revenue

The Bank 2016								
	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	-	-	-	-	-	435	-	435
Interbank and money market, net	5	3,767	-	480	-	1,793	-	6,045
Investments, net	-	1,739	4,476	40,543	3,839	-	-	50,597
Loans to customers ⁽¹⁾	5,016	20,116	25,725	34,028	11,364	-	1,329	97,578
Total financial assets	5,021	25,622	30,201	75,051	15,203	2,228	1,329	154,655
Financial liabilities								
Deposits	16,898	45,867	28,530	729	-	-	-	92,024
Interbank and money market	766	19,254	14,924	245	250	-	-	35,439
Liabilities payable on demand	45	-	-	-	-	-	-	45
Debt issued and borrowings	-	-	2,734	-	-	-	-	2,734
Total financial liabilities	17,709	65,121	46,188	974	250	-	-	130,242

⁽¹⁾Net of deferred revenue

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

⁽¹⁾Net of deferred revenue

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Foreign exchange risk

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

The Bank and its subsidiary's significant foreign currency position as at 31 December 2016 and 2015 can be summarised as follows:

	US dollar	Renminbi	Consolidated 2016		Others	Total
			Yen (in million Baht)	Euro		
Financial assets						
Cash	-	91	-	-	-	91
Interbank and money market, net	707	442	5	30	76	1,260
Investments, net	22,565	717	-	4,153	-	27,435
Loans to customers ⁽¹⁾	23,002	1	10	4,081	-	27,094
Total financial assets	46,274	1,251	15	8,264	76	55,880
Financial liabilities						
Deposits	1,555	986	12	22	5	2,580
Interbank and money market	25,762	83	-	3,209	-	29,054
Total financial liabilities	27,317	1,069	12	3,231	5	31,634
Avals to bill and guarantee on loan	(4)	-	-	-	(524)	(528)
Letters of credit	(394)	(45)	(4)	-	-	(443)
Other contingencies	(1,109)	(34)	-	(328)	-	(1,471)
Derivatives held for risk management	(16,253)	49	8	(4,374)	524	(20,046)
Average exchange rate (Baht per 1 foreign currency unit)	35.8307	5.1498	0.3080	37.7577		

⁽¹⁾ Net of deferred revenue

	US dollar	Renminbi	Consolidated 2015		Others	Total
			Yen (in million Baht)	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

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

⁽¹⁾ Net of deferred revenue

	US dollar	Renminbi	The Bank 2015 Yen Euro (in million Baht)		Others	Total
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

Derivatives

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

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

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

	Consolidated and The Bank			
	2016		2015	
	Notional amount	Maturity (in million Baht)	Notional amount	Maturity
Interest rate swap contracts				
Receive floating interest rates and pay fixed interest rates	4,180	2021	3,480	2016-2020

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			
	2016		2015	
	Notional amount	Maturity (in million Baht)	Notional amount	Maturity
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 US Dollar notional amounts	-	-	614	2016
Receive interest at a floated rate on US Dollar notional amounts and to pay interest at a fixed rate on Euro notional amounts	4,474	2021	-	-

As at 31 December 2016 and 2015, financial derivatives are classified by their maturities as follows:

	Consolidated and The Bank					
	Not over 1 year	2016 Over 1 year	Total (in million Baht)	Not over 1 year	2015 Over 1 year	Total
Forward exchange contracts						
Bought	7,699	8	7,707	8,389	-	8,389
Sold	26,258	443	26,701	28,602	492	29,094
Interest rate swap contracts	3,980	200	4,180	3,150	330	3,480
Cross currency and interest rate swap contracts						
Bought	-	4,474	4,474	-	-	-
Sold	-	-	-	614	-	614

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5 Financial instruments

5.1 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 2016 and 2015 were as follows:

	Carrying value	Consolidated 2016 Fair value			Total
		Level 1	Level 2	Level 3	
		(in million Baht)			
Financial assets					
Derivatives assets (Trading book)					
- Foreign exchange rate	73	-	73	-	73
Available-for-sale securities	21,081	-	21,081	-	21,081
Financial liabilities					
Derivatives liabilities (Trading book)					
- Foreign exchange rate	68	-	68	-	68

	Carrying value	Consolidated 2015 Fair value			Total
		Level 1	Level 2	Level 3	
		(in million Baht)			
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

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

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		The Bank 2015 Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total

5.2 Financial instruments not measured at fair value

The following table analyses financial instruments not measured at fair value at 31 December 2016 and 2015, by the level in the fair value hierarchy into which the fair value measurement is categorised.

			Consolidated 2016		
	Carrying value		Fair value		Total
		Level 1	Level 2	Level 3	
			(in million Baht)		
Financial assets					
Cash	436	-	436	-	436
Interbank and money market items, net	6,238	-	6,238	-	6,238
Derivatives assets (not entered for trading purposes)	344	-	361	-	361
Investment, net ⁽¹⁾	29,515	-	29,453	239	29,692
Loan to customers ⁽²⁾	130,747	-	-	128,161	128,161
Receivables on credit support for derivative contracts	15	-	15	-	15
Financial liabilities					
Deposits	92,024	-	92,029	-	92,029
Interbank and money market items	35,439	-	35,412	-	35,412
Derivatives liabilities (not entered for trading purposes)	162	-	147 ⁽³⁾	-	147
Liabilities payable on demand	45	-	45	-	45
Debt issued and borrowings	29,223	-	29,522	-	29,522

⁽¹⁾ Held to maturity and general investment

⁽²⁾ Net of deferred revenue

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

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	Carrying value	Consolidated 2015 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 2016 Fair value			Total
		Level 1	Level 2 (in million Baht)	Level 3	
Financial assets					
Cash	435	-	435	-	435
Interbank and money market items, net	6,045	-	6,044	-	6,044
Derivatives assets (not entered for trading purposes)	331	-	361	-	361
Investment, net ⁽¹⁾	29,515	-	29,453	239	29,692
Loan to customers ⁽²⁾	97,578	-	-	97,577	97,577
Receivables on credit support for derivative contracts	15	-	15	-	15
Financial liabilities					
Deposits	92,024	-	92,029	-	92,029
Interbank and money market items	35,439	-	35,412	-	35,412
Derivatives liabilities (not entered for trading purposes)	112	-	147 ⁽³⁾	-	147
Liabilities payable on demand	45	-	45	-	45
Debt issued and borrowings	2,734	-	2,737	-	2,737

⁽¹⁾ Held to maturity and general investment
⁽²⁾ Net of deferred revenue
⁽³⁾ Interest receivables and payables are considered for determining fair value

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	Carrying value	Level 1	The Bank 2015 Fair value		Total
			Level 2	Level 3 (in million Baht)	
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

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 the end of the reporting period.

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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.

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.

6 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.

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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 2016 and 2015, 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:

	Consolidated	
	2016	2015
	<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	500,000	400,000
Retained earnings after appropriations	4,759,699	3,370,277
Other comprehensive income	322,120	135,632
Less Capital deduction items on CET1	(827,881)	(722,085)
Total Tier 1 capital	24,886,032	23,315,918
Tier 2 capital		
Allowance for classified assets of "pass" category	1,916,330	1,638,601
Total Tier 2 capital	1,916,330	1,638,601
Total capital funds	26,802,362	24,954,519

	Consolidated		BOT Requirement	
	2016	2015	2016	2015
			<i>(%)</i>	
Capital ratio				
Tier 1 capital to total risk weighted assets	15.33	16.68	6.625	6.00
Tier 1 common equity to total risk weighted assets	15.33	16.68	5.125	4.50
Tier 2 capital to total risk weighted assets	1.18	1.17	-	-
Total capital / Total risk weighted assets	16.51	17.85	9.125	8.50

	The Bank	
	2016	2015
	<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	500,000	400,000
Retained earnings after appropriations	3,994,153	2,926,480
Other comprehensive income	322,120	135,632
Less Capital deduction items on CET1	(394,230)	(343,164)
Total Tier 1 capital	24,554,137	23,251,042
Tier 2 capital		
Allowance for classified assets of "pass" category	1,793,505	1,477,443
Total Tier 2 capital	1,793,505	1,477,443
Total capital funds	26,347,642	24,728,485

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	The Bank		BOT Requirement	
	2016	2015 (%)	2016	2015
Capital ratio				
Tier 1 capital to total risk weighted assets	16.09	18.72	6.625	6.00
Tier 1 common equity to total risk weighted assets	16.09	18.72	5.125	4.50
Tier 2 capital to total risk weighted assets	1.18	1.18	-	-
Total capital / Total risk weighted assets	17.27	19.90	9.125	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 4/2013, 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 2015 in the Bank's website, www.icbcthai.com, on 28 April 2016. The Bank will disclose the Capital Maintenance and Information security risks for the Bank and financial group at 31 December 2016 within April 2017.

According to Bank of Thailand notification number For Nor Sor (23) Wor 263/2013 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 2016 and 2015, the Bank and its subsidiary have regulatory capital after deducting capital add-on arising from Single Lending Limit in the amount of Baht 24,604 million and Baht 24,613 million respectively or 15.15% and 17.61% respectively. (The Bank : Baht 24,198 million and Baht 24,631 million or 15.86% and 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.

7 Interbank and money market items, net (Assets)

	Consolidated					
	Demand	2016 Time	Total (in thousand Baht)	Demand	2015 Time	Total
Domestic items						
Bank of Thailand	1,039,825	240,000	1,279,825	567,921	-	567,921
Commercial Banks	311,900	2,200,000	2,511,900	226,429	288,709	515,138
Specialised financial institutions	52	700,000	700,052	2,338	-	2,338
Other financial institutions	-	502,000	502,000	-	257,000	257,000
Total	1,351,777	3,642,000	4,993,777	796,688	545,709	1,342,397
Add accrued interest receivables	10	811	821	4	214	218
Less allowance for doubtful accounts	-	-	-	-	(2,887)	(2,887)
Total domestic items, net	1,351,787	3,642,811	4,994,598	796,692	543,036	1,339,728
Foreign items						
US Dollar	99,587	609,618	709,205	174,778	-	174,778
Renminbi	441,510	-	441,510	145,230	385,433	530,663
Euro	30,413	-	30,413	2,850	-	2,850
Hong Kong Dollar	42,942	-	42,942	3,116	-	3,116
Other currencies	23,975	-	23,975	8,129	-	8,129
Total	638,427	609,618	1,248,045	334,103	385,433	719,536
Add accrued interest receivables	-	3,224	3,224	-	1,198	1,198
Less deferred revenue	-	(2,145)	(2,145)	-	-	-
Less allowance for doubtful accounts	-	(5,905)	(5,905)	-	(3,854)	(3,854)
Total foreign items, net	638,427	604,792	1,243,219	334,103	382,777	716,880
Total domestic and foreign items, net	1,990,214	4,247,603	6,237,817	1,130,795	925,813	2,056,608

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	The Bank					
	Demand	2016 Time	Total (in thousand Baht)	Demand	2015 Time	Total
Domestic items						
Bank of Thailand	1,039,825	240,000	1,279,825	567,921	-	567,921
Commercial Banks	118,599	2,200,000	2,318,599	63,558	288,709	352,267
Specialised financial institutions	-	700,000	700,000	-	-	-
Other financial institutions	-	502,000	502,000	-	257,000	257,000
Total	1,158,424	3,642,000	4,800,424	631,479	545,709	1,177,188
Add accrued interest receivables	3	811	814	2	214	216
Less allowance for doubtful accounts	-	-	-	-	(2,887)	(2,887)
Total domestic items, net	1,158,427	3,642,811	4,801,238	631,481	543,036	1,174,517
Foreign items						
US Dollar	99,587	609,618	709,205	174,778	-	174,778
Renminbi	441,510	-	441,510	145,230	385,433	530,663
Euro	30,413	-	30,413	2,850	-	2,850
Hong Kong Dollar	42,942	-	42,942	3,116	-	3,116
Other currencies	23,975	-	23,975	8,129	-	8,129
Total	638,427	609,618	1,248,045	334,103	385,433	719,536
Add accrued interest receivables	-	3,224	3,224	-	1,198	1,198
Less deferred revenue	-	(2,145)	(2,145)	-	-	-
Less allowance for doubtful accounts	-	(5,905)	(5,905)	-	(3,854)	(3,854)
Total foreign items, net	638,427	604,792	1,243,219	334,103	382,777	716,880
Total domestic and foreign items, net	1,796,854	4,247,603	6,044,457	965,584	925,813	1,891,397

8 Derivatives

Trading book

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

Type of risk	Consolidated					
	2016		Notional amount ⁽¹⁾ (in thousand Baht)	2015		Notional amount ⁽¹⁾
	Fair value Assets	Liabilities		Fair value Assets	Liabilities	
Foreign exchange rates	73,303	67,570	9,180,970	80,166	66,205	10,038,785
Total	73,303	67,570	9,180,970	80,166	66,205	10,038,785

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

Type of risk	The Bank					
	2016		Notional amount ⁽¹⁾ (in thousand Baht)	2015		Notional amount ⁽¹⁾
	Fair value Assets	Liabilities		Fair value Assets	Liabilities	
Foreign exchange rates	80,023	107,232	12,514,305	80,785	72,056	12,042,422
Total	80,023	107,232	12,514,305	80,785	72,056	12,042,422

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

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

Counterparties	Consolidated		The Bank	
	2016	2015	2016	2015
	(%)		(%)	
Financial institutions	92.49	93.87	94.49	94.89
Corporations	7.51	6.13	5.51	5.11
Total	100.00	100.00	100.00	100.00

Derivatives not entered for trading purposes (Banking Book)

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

Type of risk	Consolidated					
	2016		Notional amount ⁽¹⁾	2015		Notional amount ⁽¹⁾
	Carrying value ⁽²⁾			Carrying value ⁽²⁾		
	Assets	Liabilities	(in thousand Baht)	Assets	Liabilities	
Foreign exchange rates	23,475	162,446	25,220,960	42,651	150,730	27,518,461
Interest rate	-(3)	-(3)	4,180,000	-(3)	-(3)	3,480,000
Cross currency interest rate swap	320,904	-	4,153,347	-	64,786	613,506
Total	344,379	162,446	33,554,307	42,651	215,516	31,611,967

⁽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.

Type of risk	The Bank					
	2016		Notional amount ⁽¹⁾	2015		Notional amount ⁽¹⁾
	Carrying value ⁽²⁾			Carrying value ⁽²⁾		
	Assets	Liabilities	(in thousand Baht)	Assets	Liabilities	
Foreign exchange rates	10,183	111,645	21,887,625	41,525	144,408	25,514,824
Interest rate	-(3)	-(3)	4,180,000	-(3)	-(3)	3,480,000
Cross currency interest rate swap	320,904	-	4,153,347	-	64,786	613,506
Total	331,087	111,645	30,220,972	41,525	209,194	29,608,330

⁽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.

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9 Investments, net

9.1 Classified by type of investments

	Consolidated and The Bank	
	2016	2015
	Fair value (in thousand Baht)	
<i>Available-for-sale securities</i>		
Government and state enterprise securities	19,003,440	20,936,998
Domestic debt securities	-	302,175
Foreign debt securities	1,716,638	22,122,818
Domestic equity securities	360,973	226,860
Total	21,081,051	43,588,851
	Amortised cost (in thousand Baht)	
<i>Held to maturity securities</i>		
Domestic debt securities	3,705,737	1,330,300
Foreign debt securities	25,718,420	-
Total	29,424,157	1,330,300
	Cost (in thousand Baht)	
<i>General investments</i>		
Domestic non-marketable equity securities	100,322	100,322
Less allowance for impairment	(9,016)	(8,945)
Net	91,306	91,377
Total investments, net	50,596,514	45,010,528

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

As at 31 December 2016 the Bank has no banking bonds in the portfolio, classified as available-for-sale securities, that are pledged as securities on a contract for repurchase agreements (2015: Baht 869 million).

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

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

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	Consolidated and The Bank 2015			
	Less than 1 year	1-5 years (in thousand Baht)	Over 5 years	Total
<i>Available-for-sale securities</i>				
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
<i>Add (less) allowance for revaluation</i>	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
<i>Held to maturity</i>				
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

9.3 Revaluation surplus on available-for-sale investments

	Consolidated and The Bank	
	2016	2015
	(in thousand Baht)	
<i>Revaluation surplus on available-for-sale investments</i>		
Debt securities	192,311	39,381
Equity securities	287,263	153,787
Total	479,574	193,168
Less deferred tax	(95,915)	(38,634)
Total, net of deferred tax	383,659	154,534

9.4 Promissory notes from Thai Asset Management Corporation

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

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

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

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

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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.

In 2015, the Comptroller'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.

In 2016, Ploenchit Capital Ltd. on behalf of Comptroller's General Department sent a final proposal informing the Bank to pay an additional remuneration to the debtor. As a result of this, the Bank has to pay an additional amount totaling Baht 9.09 million which was approved by the Executive Committee. Furthermore, the Bank has also reversed the remaining provision amounting to Baht 12.91 million (*Provision 2015: Baht 22 million*).

9.5 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 2016					
Company's name	Type of business	Type of securities held	Ownership interest (%)	Paid-up capital (in thousand Baht)	Cost
Bangkok BTMU Company Limited	Lending and investment holding businesses	Ordinary shares	10	200,000	20,390
Total					20,390

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

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

	Consolidated and The Bank					
	2016		2015			
	Cost	Fair value	Allowance for impairment	Cost	Fair value	Allowance for impairment
	<i>(in thousand Baht)</i>					
Companies with problems in their financial positions and operating results	9,817	800	(9,016)	9,817	872	(8,945)

10 Investments in a subsidiary, net

Investments in a subsidiary as at 31 December 2016 and 2015, and dividend income from those investments for the year ended 31 December 2016 and 2015, were as follows:

The Bank									
Name of subsidiary	Type of business	Ownership interest		Paid-up capital		Cost		Dividend income	
		2016	2015	2016	2015	2016	2015	2016	2015
		<i>(%)</i>				<i>(in million Baht)</i>			
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.

11 Investment in an associate, net

Investment in associate as at 31 December 2016 and 2015, and dividend income from this investment for the year ended 31 December 2016 and 2015 were as follows:

Consolidated 2016								
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	561	371	17
Total					305	561	371	17

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

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

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

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

12 Loans to customers and accrued interest receivables, net

12.1 Classified by types of loans

	Consolidated		The Bank	
	2016	2015	2016	2015
	(in thousand Baht)			
Overdrafts	815,220	820,163	815,220	820,163
Loans	71,780,930	76,637,581	71,760,438	76,613,173
Notes receivable	18,984,639	19,533,993	23,760,639	22,264,993
Factoring receivables	5,320,315	1,041,567	1,363,733	-
Hire-purchase receivables	31,139,401	34,048,809	-	-
Finance leases receivables	7,285,810	8,845,265	-	-
Total loans to customers	135,326,315	140,927,378	97,700,030	99,698,329
Less deferred revenue	(4,579,521)	(5,044,122)	(122,063)	(58)
Total loans to customers, net of deferred revenue	130,746,794	135,883,256	97,577,967	99,698,271
Add accrued interest receivables	185,567	230,174	185,792	230,811
Total loans to customers, net of deferred revenue and accrued interest receivables	130,932,361	136,113,430	97,763,759	99,929,082
Less allowance for doubtful accounts				
- allowance established per BOT regulations	(2,734,578)	(1,349,823)	(876,942)	(812,618)
- allowance established in excess of BOT regulations	(3,145,886)	(2,679,671)	(2,890,488)	(2,140,556)
Less revaluation allowance for debt restructuring	(13,769)	(13,725)	(13,769)	(13,725)
Loans to customers and accrued interest receivables, net	125,038,128	132,070,211	93,982,560	96,962,183

12.2 Classified by currency and residential status of customers

	Consolidated					
	2016		2015			
	Domestic	Foreign	Total	Domestic	Foreign	Total
	(in thousand Baht)					
Baht	103,643,619	9,268	103,652,887	101,706,324	8,210	101,714,534
US Dollar	5,795,631	17,206,277	23,001,908	3,882,076	26,684,965	30,567,041
Renminbi	641	265	906	1,670	3,576,474	3,578,144
Euro	886,668	3,194,553	4,081,221	23,537	-	23,537
Yen	9,872	-	9,872	-	-	-
Total ⁽¹⁾	110,336,431	20,410,363	130,746,794	105,613,607	30,269,649	135,883,256

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

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	The Bank					
	Domestic	2016 Foreign	Total	Domestic	2015 Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	73,752,129	9,268	73,761,397	66,425,456	8,210	66,433,666
US Dollar	2,518,294	17,206,277	19,724,571	2,977,959	26,684,965	29,662,924
Renminbi	641	265	906	1,670	3,576,474	3,578,144
Euro	886,668	3,194,553	4,081,221	23,537	-	23,537
Yen	9,872	-	9,872	-	-	-
Total ⁽¹⁾	77,167,604	20,410,363	97,577,967	69,428,622	30,269,649	99,698,271

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

12.3 Classified by business types and loan classification

	Consolidated 2016					Total
	Pass	Special mention	Substandard	Doubtful	Doubtful of loss	
	<i>(in thousand Baht)</i>					
Agriculture and mining	180,048	36,176	-	-	-	216,224
Manufacturing and commerce	48,394,541	175,305	17,678	24,751	564,979	49,177,254
Property development and construction	21,733,468	97,287	-	43,698	255,578	22,130,031
Infrastructure and services	19,894,878	296,279	-	346,983	62,091	20,600,231
Housing loans	10,620	4,188	-	-	77	14,885
Others ⁽¹⁾	34,227,615	3,690,463	514,666	163,078	12,347	38,608,169
Total ⁽²⁾	124,441,170	4,299,698	532,344	578,510	895,072	130,746,794

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

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

	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.

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	The Bank 2016					Total
	Pass	Special mention	Substandard <i>(in thousand Baht)</i>	Doubtful	Doubtful of loss	
Agriculture and mining	180,048	36,176	-	-	-	216,224
Manufacturing and commerce	49,534,335	175,305	17,678	24,751	564,979	50,317,048
Property development and construction	21,733,468	97,287	-	43,698	255,578	22,130,031
Infrastructure and services	19,894,878	296,279	-	346,983	62,091	20,600,231
Housing loans	10,620	4,188	-	-	77	14,885
Others	4,286,101	698	274	128	12,347	4,299,548
Total ⁽¹⁾	95,639,450	609,933	17,952	415,560	895,072	97,577,967

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

	The Bank 2015					Total
	Pass	Special mention	Substandard <i>(in thousand Baht)</i>	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.

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12.4 Loans classified by type of classification

	Consolidated 2016						
	Loans to customers and accrued interest receivables less deferred revenue	Net amount used to set the allowance for doubtful accounts ⁽¹⁾	The Bank Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts	Subsidiary Net amount used to set the allowance for doubtful accounts	Allowance for doubtful accounts ⁽³⁾	Total
	(in thousand Baht)						
<i>Minimum allowance as per BOT's Regulations</i>							
Pass	124,601,979	55,139,485	1	551,395	33,408,597	377,792	929,187
Special mention	4,322,513	23,647	2	473	3,633,051	1,233,170	1,233,643
Substandard	532,359	274	100	274	514,391	186,291	186,565
Doubtful	580,438	432	100	432	162,950	60,383	60,815
Doubtful of loss	895,072	324,368	100	324,368	-	-	324,368
							2,734,578
Excess allowance ⁽²⁾							3,145,886
Total	130,932,361	55,488,206		876,942	37,718,989	1,857,636	5,880,464

⁽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 additional provision of Baht 138 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, and based on the review of current status of receivables outstanding at the end of reporting period.

	Consolidated 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>				
<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	1,113,069	332,373	100	332,373
				1,349,823
Excess allowance ⁽²⁾				2,679,671 ⁽³⁾
Total	136,113,430	55,334,208		4,029,494

⁽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 additional 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 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.

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The Bank				
2016				
	Loans to customers and accrued interest receivables less deferred revenue	Net amount used to set the allowance for doubtful accounts ⁽¹⁾	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts
	<i>(in thousand Baht)</i>			
Minimum allowance as per BOT's Regulations				
Pass	95,821,340	55,139,485	1	551,395
Special mention	611,891	23,647	2	473
Substandard	17,968	274	100	274
Doubtful	417,488	432	100	432
Doubtful of loss	<u>895,072</u>	<u>324,368</u>	100	<u>324,368</u>
				876,942
Excess allowance ⁽²⁾				<u>2,890,488</u>
Total	<u>97,763,759</u>	<u>55,488,206</u>		<u>3,767,430</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 additional provision of Baht 138 million recorded at the parent company level to account for expected losses arising in the hire purchase and finance lease receivable portfolio.

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	<u>1,110,729</u>	<u>330,033</u>	100	<u>330,033</u>
				812,618
Excess allowance ⁽²⁾				<u>2,140,556</u>
Total	<u>99,929,082</u>	<u>48,504,642</u>		<u>2,953,174</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 additional 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.

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12.5 Non-Performing Loans

As at 31 December 2016 and 2015, the Bank used the guidelines specified in the BOT's notification number Sor Nor Sor 5/2016, directive dated 10 June 2016 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	
	2016	2015	2016	2015
	(in thousand Baht)			
Non-Performing Loans (net of allowance for doubtful accounts)	1,320,571	1,283,708	894,415	753,577
% of Non-Performing Loans to total loans (net) ⁽¹⁾	0.98	0.94	0.88	0.75
Non-Performing Loans (gross)	2,005,926	2,137,151	1,328,584	1,124,852
% of Non-Performing Loans to total loans (gross) ⁽¹⁾	1.49	1.56	1.31	1.12

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

12.6 Non-accrual loans

Non-accrual loans, gross, (including loans to financial institutions) as at 31 December 2016 and 2015 are as follows:

	Consolidated		The Bank	
	2016	2015	2016	2015
	(in thousand Baht)			
Loans where recognition of income has been suspended (principal only)	1,658,942	2,137,147	981,601	1,124,848
% of loans where recognition of income has been suspended ⁽¹⁾	1.23	1.56	0.97	1.12

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

12.7 Loans to a subsidiary

Company's name	Types of loans	Maturity	Interest rate as at		Amounts principal outstanding	
			2016	2015	2016	2015
			(% per annum)		(in million Baht)	
ICBC (Thai) Leasing Company Limited	Revolving loan	At call	2.25	2.85	4,776	2,731
Total					4,776	2,731
Allowance for doubtful accounts					186	27

As at 31 December 2016, the Bank held impairment provisions amounting to Baht 138 million (2015 : Baht 507 million) in the Bank's 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 the Bank's financial statements under excess allowance over minimum Bank of Thailand requirements (Note 12.4). As at 31 December 2016, the Bank had booked minimum allowance as per BOT regulations for loans to subsidiary company.

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13 Troubled debt restructuring

During the years ended 31 December 2016 and 2015, details of restructured debts as at the date of restructuring, classified by the restructuring method were as follows:

		Consolidated 2016		Average period of the remaining term of debt restructuring	Loss on debt restructuring⁽¹⁾
	Number of debtors	Outstanding balances before restructuring	after restructuring (in million Baht)		
Changes of repayment conditions	<u>8</u>	<u>263</u>	<u>258</u>	1 Year	<u>1.5</u>
Loans and accrued interest receivables as at 31 December 2016 ⁽²⁾	<u>106,710</u>		<u>130,933</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

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

		The Bank 2016		Average period of the remaining term of debt restructuring	Loss on debt restructuring⁽¹⁾
	Number of debtors	Outstanding balances before restructuring	after restructuring (in million Baht)		
Changes of repayment conditions	<u>8</u>	<u>263</u>	<u>258</u>	1 Year	<u>1.5</u>
Loans and accrued interest receivables as at 31 December 2016 ⁽²⁾	<u>2,451</u>		<u>97,764</u>		

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

⁽²⁾ Net of deferred revenue

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		The Bank 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	4	13	13	3 years	-
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

Additional information relating to restructuring debtors for the years ended 31 December 2016 and 2015 are as follows:

	Consolidated and The Bank 2016 2015 (in million Baht)	
Interest income recognised in profit or loss	109	57
Cash collection from debtors		
Principal	40	256
Interest	70	54

As at 31 December 2016 and 2015, the Bank and its subsidiary have outstanding balances relating to restructured loans for the consolidated and the Bank's financial statement amounting to Baht 737 million and Baht 718 million, respectively.

During the years ended 31 December 2016 and 2015, the Bank reversed allowance for revaluation on debt restructuring amounting to Baht 1.5 million and Baht 5.4 million respectively and amortised allowance for revaluation on debt restructuring as interest income for the years ended 31 December 2016 and 2015 totaling Baht 1.5 million and Baht 1.5 million, respectively.

As at 31 December 2016 and 2015, the Bank has no commitment to additionally lend to its debtors after debt restructuring.

14 Hire purchase and finance lease receivables

As at 31 December 2016 and 2015, the subsidiary had net hire purchase and financial lease receivables, which are hire purchase or finance lease contracts for motor vehicles, airplanes, machinery and equipment for businesses. The average contract periods are 1 to 12 years (2015: 1 to 12 years) and the interest is charged at floating or fixed rates as specified in the contracts.

	Consolidated 2016				
	Less than 1 year	1 - 5 years	Over 5 years (in million Baht)	Non- performing loan	Total
Total of gross investments in the lease	12,517	23,504	1,632	772	38,425
Less deferred revenue ⁽¹⁾	(1,700)	(2,218)	(103)	(95)	(4,116)
Present value of the lease payments	10,817	21,286	1,529	677	34,309
Allowance for doubtful accounts					(2,183)
Hire purchase and finance lease receivables, net					32,126

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

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	Consolidated 2015				
	Less than 1 year	1 - 5 years	Over 5 years	Non- performing loan	Total
	<i>(in million Baht)</i>				
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.

Allowance for doubtful accounts represents the minimum allowance required under BOT guidelines and an additional allowance of Baht 138 million as at 31 December 2016 (2015 : Baht 507 million) recorded at the parent company level to account for expected losses arising in the hire purchase and finance lease receivable portfolio.

14.1 Classified by aging

As at 31 December 2016 and 2015, hire purchase and financial lease receivables are classified by the due date of the contracts as follows:

	Consolidated	
	2016	2015
	<i>(in million Baht)</i>	
Not yet due	27,416	31,249
Overdue:		
Not over 90 days	6,216	5,672
91 - 180 days	514	748
181 - 365 days	163	262
More than 365 days	-	2
	<u>34,309</u>	<u>37,933</u>
Allowance for doubtful accounts	<u>2,183</u>	<u>1,572</u>

15 Allowance for doubtful accounts

	Consolidated 2016					Allowance established in excess of BOT regulations	Total
	Pass	Special mention	Sub - standard	Doubtful <i>(in thousand Baht)</i>	Doubtful of loss		
Beginning balance	535,649	19,493	334,255	128,053	332,373	2,679,671	4,029,494
Bad debt and doubtful accounts	393,538	1,214,150	(147,690)	(67,238)	308,455	466,215	2,167,430
Bad debt written off	-	-	-	-	(316,460)	-	(316,460)
Ending balance	929,187	1,233,643	186,565	60,815	324,368	3,145,886	5,880,464

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Consolidated 2015							
	Pass	Special mention	Sub - standard	Doubtful	Doubtful of loss	Allowance established in excess of BOT regulations	Total
	(in thousand Baht)						
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	535,649	19,493	334,255	128,053	332,373	2,679,671	4,029,494

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

The Bank 2015							
	Pass	Special mention	Sub - standard	Doubtful <i>(in thousand Baht)</i>	Doubtful of loss	Allowance established in excess of BOT regulations	Total
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	481,424	634	362	165	330,033	2,140,556	2,953,174

16 Revaluation of allowance for debt restructuring

	Consolidated and The Bank 2016	2015
	<i>(in thousand Baht)</i>	
Beginning balance	13,725	20,605
Increase (decrease) during the year	1,504	(5,380)
Written off during the year	(1,460)	(1,500)
Ending balance	<u>13,769</u>	<u>13,725</u>

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17 Properties foreclosed, net

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

In cases where the debtors restructure their debts by means of a debt/asset swap, the Bank may grant 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:

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

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

Type of properties foreclosed	Beginning balance	Additions	Consolidated 2015		Portion subject to disposal restrictions, buyback rights or first refusal rights
			Disposals	Ending balance	
			<i>(in thousand Baht)</i>		
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.

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

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

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.

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18 Premises and equipment, net

	Land	Buildings	Consolidated Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
<i>Cost</i>					
At 1 January 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 and 1 January 2016	8,500	6,892	487,187	122,346	624,925
Additions	-	-	60,835	-	60,835
Disposals/write-off	-	-	(2,461)	(10,304)	(12,765)
At 31 December 2016	8,500	6,892	545,561	112,042	672,995
<i>Accumulated depreciation</i>					
At 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 and 1 January 2016	-	(1,295)	(389,283)	(109,357)	(499,935)
Depreciation charge for the year	-	(203)	(36,356)	(5,279)	(41,838)
Disposals/write-off	-	-	2,416	9,902	12,318
At 31 December 2016	-	(1,498)	(423,223)	(104,734)	(529,455)
<i>Net book value</i>					
At 1 January 2015	8,500	5,800	125,099	17,912	157,311
At 31 December 2015 and 1 January 2016	8,500	5,597	97,904	12,989	124,990
At 31 December 2016	8,500	5,394	122,338	7,308	143,540

As at 31 December 2016, the Bank and its subsidiary have motor vehicles acquired under financial leases with net book values amounting to Baht 6 million (2015: Baht 9 million)

The gross amount of the Bank and its subsidiary fully depreciated equipment that was still in use as at 31 December 2016 amounted to Baht 364 million (2015: Baht 313.7 million).

	Land	Buildings	The Bank Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
<i>Cost</i>					
At 1 January 2015	8,500	6,892	372,934	95,349	483,675
Additions	-	-	14,268	-	14,268
Disposals/write-off	-	-	(2,646)	(62)	(2,708)
At 31 December 2015 and 1 January 2016	8,500	6,892	384,556	95,287	495,235
Additions	-	-	58,360	-	58,360
Disposal/write-off	-	-	(15)	(8,284)	(8,299)
At 31 December 2016	8,500	6,892	442,901	87,003	545,296

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	Land	Buildings	The Bank Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
<i>Accumulated depreciation</i>					
At 1 January 2015	-	(1,092)	(282,765)	(89,017)	(372,874)
Depreciation charge for the year	-	(203)	(24,414)	(2,467)	(27,084)
Disposals/write-off	-	-	2,646	62	2,708
At 31 December 2015 and 1 January 2016	-	(1,295)	(304,533)	(91,422)	(397,250)
Depreciation charge for the year	-	(203)	(26,747)	(2,998)	(29,948)
Disposal/write-off	-	-	15	8,283	8,298
At 31 December 2016	-	(1,498)	(331,265)	(86,137)	418,900
<i>Net book value</i>					
At 1 January 2015	8,500	5,800	90,169	6,332	110,801
At 31 December 2015 and 1 January 2016	8,500	5,597	80,023	3,865	97,985
At 31 December 2016	8,500	5,394	111,636	866	126,396

As at 31 December 2016 and 2015, 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 2016 amounted to Baht 297 million (2015: Baht 270.7 million).

19 Intangible assets, net

	Computer softwares	Consolidated Computer softwares under development (in thousand Baht)	Deferred license fee	Total
<i>Cost</i>				
At 1 January 2015	373,370	-	26,750	400,120
Additions	742	615	-	1,357
At 31 December 2015 and 1 January 2016	374,112	615	26,750	401,477
Additions	10,174	1,025	-	11,199
At 31 December 2016	384,286	1,640	26,750	412,676
<i>Amortisation</i>				
At 1 January 2015	(338,596)	-	(5,267)	(343,863)
Amortisation for the year	(14,513)	-	(2,673)	(17,186)
At 31 December 2015 and 1 January 2016	(353,109)	-	(7,940)	(361,049)
Amortisation for the year	(12,979)	-	(2,681)	(15,660)
At 31 December 2016	(366,088)	-	(10,621)	(376,709)
<i>Net book value</i>				
At 1 January 2015	34,774	-	21,483	56,257
At 31 December 2015 and 1 January 2016	21,003	615	18,810	40,428
At 31 December 2016	18,198	1,640	16,129	35,967

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		The Bank		
	Computer softwares	Computer softwares under development (in thousand Baht)	Deferred license fee	Total
<i>Cost</i>				
At 1 January 2015	340,820	-	26,750	367,570
Additions	107	-	-	107
At 31 December 2015 and 1 January 2016	340,927	-	26,750	367,677
Additions	10,174	-	-	10,174
At 31 December 2016	351,101	-	26,750	377,851
<i>Amortisation</i>				
At 1 January 2015	(314,193)	-	(5,267)	(319,460)
Amortisation for the year	(10,630)	-	(2,673)	(13,303)
At 31 December 2015 and 1 January 2016	(324,823)	-	(7,940)	(332,763)
Amortisation for the year	(10,826)	-	(2,681)	(13,507)
At 31 December 2016	(335,649)	-	(10,621)	(346,270)
<i>Net book value</i>				
At 1 January 2015	26,627	-	21,483	48,110
At 31 December 2015 and 1 January 2016	16,104	-	18,810	34,914
At 31 December 2016	15,452	-	16,129	31,581

20 Deferred tax assets, net

Deferred tax assets and liabilities were as follows:

	Consolidated	
	2016	2015
	<i>(in thousand Baht)</i>	
Deferred tax assets	1,334,453	1,030,923
Deferred tax liabilities	(528,153)	(325,009)
Net	<u>806,300</u>	<u>705,914</u>

	The Bank	
	2016	2015
	<i>(in thousand Baht)</i>	
Deferred tax assets	482,996	376,029
Deferred tax liabilities	(107,716)	(46,831)
Net	<u>375,280</u>	<u>329,198</u>

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Movements in total deferred tax assets and liabilities during the year ended 31 December 2016 and 2015 were as follows:

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

	At 1 January 2015	Consolidated (Charged) / Credited to:		At 31 December 2015
		Profit or loss (Note 43) (in thousand Baht)	Other comprehensive income	
<i>Deferred tax assets</i>				
Investments	5,943	-	2,255	8,198
Loans to customers and accrued interest receivables	216,139	(40,697)	-	175,442
Allowance for doubtful accounts	237,200	115,800	-	353,000
Properties foreclosed	69,842	(20,619)	-	49,223
Other assets	356,217	32,958	-	389,175
Provisions	36,662	2,669	-	39,331
Other liabilities	11,301	5,253	-	16,554
Total	933,304	95,364	2,255	1,030,923

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	At 1 January 2015	Consolidated (Charged) / Credited to:		At 31 December 2015
		Profit or loss (Note 43) (in thousand Baht)	Other comprehensive income	
<i>Deferred tax liabilities</i>				
Investments	(72,900)	-	26,069	(46,831)
Investments in an associate	(21,256)	(919)	-	(22,175)
Loans to customers and accrued interest receivables	(183,562)	(67,866)	-	(251,428)
Deferred direct costs of debentures	(8,290)	3,715	-	(4,575)
Total	(286,008)	(65,070)	26,069	(325,009)
Net	647,296	30,294	28,324	705,914

	At 1 January 2016	The Bank (Charged) / Credited to:		At 31 December 2016
		Profit or loss (Note 43) (in thousand Baht)	Other comprehensive income	
<i>Deferred tax assets</i>				
Investments	8,198	-	3,604	11,802
Loans to customers and accrued interest receivables	22,949	(3,625)	-	19,324
Allowance for doubtful accounts	270,800	110,400	-	381,200
Properties foreclosed	39,312	77	-	39,389
Other assets	666	26	-	692
Provisions	33,423	(1,910)	(1,408)	30,105
Other liabilities	681	(197)	-	484
Total	376,029	104,771	2,196	482,996
<i>Deferred tax liabilities</i>				
Investments	(46,831)	-	(60,885)	(107,716)
Total	(46,831)	-	(60,885)	(107,716)
Net	329,198	104,771	(58,689)	375,280

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	At 1 January 2015	The Bank (Charged) / Credited to:		At 31 December 2015
		Profit or loss (Note 43) (in thousand Baht)	Other comprehensive income	
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

21 Other assets, net

	Consolidated		The Bank	
	2016	2015	2016	2015
				(in thousand Baht)
Prepaid expenses	14,310	11,425	11,486	8,796
Deposit	26,293	13,480	10,666	5,987
Advance	3,236	604	3,221	509
Receivables for financial lease contracts	-	304,031	-	-
Others	3,809	2,511	3,092	1,701
Total	47,648	332,051	28,465	16,993

22 Classified assets

	Consolidated 2016			
	Loans to customers and accrued interest receivables ⁽²⁾	Investments	Properties foreclosed	Other assets
				Total
				(in million Baht)
Pass	128,616 ⁽¹⁾	-	-	-
Special mention	4,323	-	-	-
Substandard	532	-	-	-
Doubtful	580	-	-	-
Doubtful of loss	895	9	218	431
Total	134,946	9	218	431
				135,604

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

⁽²⁾ Net of deferred revenue

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Consolidated 2015				
	Loans to customers and accrued interest receivables ⁽²⁾	Investments	Properties foreclosed (in million Baht)	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	1,890
Total	137,046	9	246	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

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

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

⁽²⁾ Net of deferred revenue

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	1,320
Total	100,862	9	197	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

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23 Deposits

23.1 Classified by product

	Consolidated		The Bank	
	2016	2015	2016	2015
	(in thousand Baht)			
Demand	8,090,650	10,411,414	8,090,800	10,411,654
Savings	8,716,585	6,627,961	8,716,954	6,634,435
Fixed				
- Less than 6 months	29,423,300	32,978,001	29,423,300	32,978,001
- 6 months and less than 1 year	19,547,332	11,532,298	19,547,332	11,532,298
- Over 1 year	26,245,656	24,644,976	26,245,656	24,644,976
Total	92,023,523	86,194,650	92,024,042	86,201,364

23.2 Classified by currency and residence of customer

Consolidated						
	2016			2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	(in thousand Baht)					
Baht	87,409,693	2,034,719	89,444,412	83,649,469	1,373,655	85,023,124
US Dollar	1,045,397	509,495	1,554,892	295,464	498,086	793,550
Other currencies	557,700	466,519	1,024,219	168,029	209,947	377,976
Total	89,012,790	3,010,733	92,023,523	84,112,962	2,081,688	86,194,650

The Bank						
	2016			2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	(in thousand Baht)					
Baht	87,410,212	2,034,719	89,444,931	83,656,183	1,373,655	85,029,838
US Dollar	1,045,397	509,495	1,554,892	295,464	498,086	793,550
Other currencies	557,700	466,519	1,024,219	168,029	209,947	377,976
Total	89,013,309	3,010,733	92,024,042	84,119,676	2,081,688	86,201,364

24 Interbank and money market items (Liabilities)

Consolidated and The Bank						
	2016			2015		
	Demand	Time	Total	Demand	Time	Total
	(in thousand Baht)					
Domestic items:						
Bank of Thailand	-	697,727	697,727	-	887,544	887,544
Commercial banks	82,731	1,433,228	1,515,959	33,330	430,000	463,330
Specialised financial institutions	-	483,066	483,066	-	633,070	633,070
Other financial institutions	359,855	4,520,327	4,880,182	921,609	3,199,949	4,121,558
Total domestic items	442,586	7,134,348	7,576,934	954,939	5,150,563	6,105,502
Foreign items:						
US Dollar	-	24,329,045	24,329,045	-	25,262,020	25,262,020
Renminbi	118	-	118	2,434	4,214,808	4,217,242
Euro	-	3,209,405	3,209,405	-	-	-
Thai Baht	323,624	-	323,624	291,882	-	291,882
Total foreign items	323,742	27,538,450	27,862,192	294,316	29,476,828	29,771,144
Total domestic and foreign items	766,328	34,672,798	35,439,126	1,249,255	34,627,391	35,876,646

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25 Debt issued and borrowings

As at 31 December 2016 and 2015, debt issued and borrowings which were denominated entirely in Thai Baht consist of the following:

	Maturity dates	2016		Consolidated		2015	
		Interest rate (%)	Amount (in thousand Baht)	Maturity dates	Interest rate (%)	Amount (in thousand Baht)	
Secured debentures ⁽¹⁾	2017-2019	3.24-3.94	12,894,663	2017-2019	3.24-3.94	12,890,482	
Unsecured debentures	2017-2026	1.55-4.50	16,328,440	2016-2018	1.55-4.50	20,330,183	
Total			29,223,103			33,220,665	

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

	Maturity dates	2016		The Bank		2015	
		Interest rate (%)	Amount (in thousand Baht)	Maturity dates	Interest rate (%)	Amount (in thousand Baht)	
Unsecured debentures	2017	2.08	2,734,196	2017	2.08	2,733,267	
Total			2,734,196			2,733,267	

26 Employee benefit obligations

	Consolidated		The Bank	
	2016	2015	2016	2015
<i>(in million Baht)</i>				
Statement of financial position obligations for:				
Post-employment benefits	180	173	156	143
Year ended 31 December				
	Consolidated		The Bank	
	2016	2015	2016	2015
<i>(in million Baht)</i>				
Statement of profit or loss and other comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits	37	27	28	26

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.

The statement of financial position obligation has determined as follows:

	Consolidated		The Bank	
	2016	2015	2016	2015
<i>(in million Baht)</i>				
Present value of unfunded obligations	180	173	156	143
Statement of financial position obligations	180	173	156	143

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Movement in the present value of the defined benefit obligations:

	Consolidated		The Bank	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Defined benefit obligations at 1 January	173	160	143	121
Include in profit or loss:				
Current service costs and interest cost	37	36	28	26
Actuarial gains	-	(9)	-	-
	<u>37</u>	<u>27</u>	<u>28</u>	<u>26</u>
Include in other comprehensive income :				
Actuarial gains	(18)	-	(7)	-
	<u>(18)</u>	<u>-</u>	<u>(7)</u>	<u>-</u>
Other				
Benefits paid	(12)	(14)	(8)	(4)
	<u>(12)</u>	<u>(14)</u>	<u>(8)</u>	<u>(4)</u>
Defined benefit obligations at 31 December	<u>180</u>	<u>173</u>	<u>156</u>	<u>143</u>

Actuarial gains recognised in other comprehensive income arising from:

	Consolidated		The Bank	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Demographic assumptions	(7)	-	-	-
Financial assumptions	4	-	3	-
Experience adjustment	(15)	-	(10)	-
Total	<u>(18)</u>	<u>-</u>	<u>(7)</u>	<u>-</u>

Actuarial assumptions

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

	Consolidated and The Bank	
	2016	2015
	<i>(%)</i>	
Discount rate	2.13 - 2.42	2.63 - 3.60
Future salary increases	6	6
Staff turnover rate	0 - 20	0 - 19

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

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

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27 Other provisions

	Consolidated		
	Share losses from management of non- performing loans (Note 9.4)	Loss from lawsuit	Total
	<i>(in thousand Baht)</i>		
At 31 December 2015 and 1 January 2016	22,000	1,700	23,700
Provisions made	-	115	115
Provisions used	(9,093)	-	(9,093)
Provisions reversed	(12,907)	-	(12,907)
At 31 December 2016	-	1,815	1,815

	The Bank		
	Share losses from management of non- performing loans (Note 9.4)	Loss from lawsuit	Total
	<i>(in thousand Baht)</i>		
At 31 December 2015 and 1 January 2016	22,000	1,700	23,700
Provisions used	(9,093)	-	(9,093)
Provisions reversed	(12,907)	-	(12,907)
At 31 December 2016	-	1,700	1,700

28 Other liabilities

	Consolidated		The Bank	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Other payables	673,039	1,080,747	125,530	275,384
Cash received in advance	11,550	768	11,550	768
Accrued expenses	493,428	453,969	428,223	388,960
Withholding tax payable	29,572	20,194	24,715	17,723
Special business tax payable	18,456	19,319	18,456	19,319
Payables under finance lease contracts	6,839	9,360	-	-
Corporate income tax payable	174,973	209,960	171,359	190,452
Others	496,028	148,179	450,639	121,529
Total	1,903,885	1,942,496	1,230,472	1,014,135

29 Share capital

	Par value per share (in Baht)	2016		2015	
		Number	Baht (thousand shares/thousand Baht)	Number	Baht
Authorised					
At 1 January					
- 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
Reduction of ordinary shares	8.92	(3,579)	(31,927)	-	-
At 31 December					
- ordinary shares	8.92	2,256,510	20,128,071	2,260,089	20,159,998
- preference shares	8.92	451	4,023	451	4,023
Issued and paid-up					
At 1 January					
- ordinary shares	8.92	2,256,510	20,128,071	2,256,510	20,128,071
- preference shares	8.92	451	4,023	451	4,023
At 31 December					
- ordinary shares	8.92	2,256,510	20,128,071	2,256,510	20,128,071
- preference shares	8.92	451	4,023	451	4,023

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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.

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

30 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 21 March 2017, the Board of Directors Meeting No. 2/2017 resolved to approve the appropriation of Baht 100 million to a legal reserve from profit for the year 2016. Total legal reserve of the Bank is Baht 500 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.

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31 Other components of equity

	Consolidated and The Bank	
	2016	2015
	<i>(in thousand Baht)</i>	
At 31 December 2015 and 1 January 2016	154,534	267,831
Net change in fair value recognised in equity, net of tax	229,125	(113,297)
At 31 December 2016	<u>383,659</u>	<u>154,534</u>

32 Contingent liabilities and Commitments

32.1 Commitments

	Consolidated		The Bank	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Avals to bills and Guarantees of loans	528	510	13,428	13,410
Letter of credit	473	405	473	728
Other contingencies				
- Overdraft undrawn committed line	787	1,412	787	1,442
- Other guarantees	38,201	2,301	38,201	2,301
- Others	2,245	2,126	2,245	2,790
Total	<u>42,234</u>	<u>6,754</u>	<u>55,134</u>	<u>20,671</u>

32.2 Contingent liabilities from litigations

The Bank and its subsidiary have recognised 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 2016 and 2015, there were 8 cases wherein the civil court has already decided in favour of the plaintiffs. 6 cases were related to the mortgage claims where the court may order the Bank to release the mortgage. The remaining 2 cases are related to the Bank and its subsidiary which involve a total claim amounting to Baht 1.8 million. Management believes that the Bank and its subsidiary will not have to pay the claim amount after these cases are finalised. However as of 31 December 2016 and 2015, management has made the provisions amounting to Baht 1.8 million which is sufficient for the claim compensation.

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

As at 31 December 2016 and 2015, 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 pay the claimed amount.

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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. On 15 August 2016, the Supreme Court ordered to dismiss the appeal of the Plaintiff since such appeal was not considered to be of substance for the consideration according to Section 225 Paragraph 1 of the Civil Procedure Code together with Section 31 of the Act on Establishment of Administration Court and Administration Court Procedure. Then the case is final.

33 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 joint 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.

Relationships with subsidiary and associate are described in note 10 and 11. 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 associate 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 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 - Guangzhou	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

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Name of entities	Country of incorporation/ nationality	Nature of relationships
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 - Seoul	South 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
Industrial and Commercial Bank of China Limited - Macau	Macau	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Hong Kong	Hong Kong	The Branch of the ultimate parent company
Key management personnel	Thai /Chinese	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Bank and its subsidiary.

The pricing policies for transactions with related parties are explained further below:

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

Significant transactions for the years ended 31 December 2016 and 2015 with related parties were as follows:

	Consolidated		The Bank	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Parent				
Interest income	72	4	72	4
Interest expense	299	446	299	446
Fee income	4	-	4	-
Fee expense	70	9	70	9
Associate				
Interest expense	5	1	5	1
Dividend income	-	-	17	22
Rental income	-	1	-	1

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	Consolidated		The Bank	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Subsidiary				
Interest income	-	-	66	41
Fee income	-	-	16	26
Other income	-	-	4	2
Key management personnel				
Key management personnel compensation				
Short-term employee benefit	186	196	137	124
Post-employment benefits	3	(5)	4	4

Directors and management's remuneration

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

Balances with related parties were as follows:

	Consolidated		The Bank	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Interbank and money market items (assets)				
Industrial and Commercial Bank of China Limited	429	138	429	138
Industrial and Commercial Bank of China Limited - New York	26	15	26	15
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	52	98	52	98
Industrial and Commercial Bank of China Limited - Seoul	-	275	-	275
Industrial and Commercial Bank of China Limited - Guangzhou	11	-	11	-
Industrial and Commercial Bank of China (Asia) Limited	48	5	48	5
Industrial and Commercial Bank of China Limited - Others	6	2	6	2
Derivative asset (fair value)				
Industrial and Commercial Bank of China Limited - Singapore	-	46	-	46
Industrial and Commercial Bank of China (Asia) Limited	54	-	54	-
Finansia Syrus Securities Public Company Limited	2	-	2	-
Investments				
ICBC (Thai) Leasing Company Limited	-	-	4,250	4,250
Finansia Syrus Securities Public Company Limited	561	527	305	305
Loans to customers				
ICBC (Thai) Leasing Company Limited	-	-	4,776	2,731

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	Consolidated		The Bank	
	2016	2015	2016	2015
	(in million Baht)			
<i>Accrued interest receivables</i>				
ICBC (Thai) Leasing Company Limited	-	-	1	1
<i>Allowance for doubtful accounts</i>				
ICBC (Thai) Leasing Company Limited	-	-	48	27
<i>Other assets</i>				
Finansia Syrus Securities Public Company Limited	1	1	1	1
Industrial and Commercial Bank of China Limited - Hong Kong	9	-	9	-
<i>Interbank and money market items (liabilities)</i>				
Industrial and Commercial Bank of China Limited	10,546	15,388	10,546	15,388
Industrial and Commercial Bank of China Limited - Tokyo	2,151	3,970	2,151	3,970
Industrial and Commercial Bank of China Limited - New York	3,941	2,346	3,941	2,346
Industrial and Commercial Bank of China Limited - Singapore	1,075	1,083	1,075	1,083
Industrial and Commercial Bank of China Limited - Vientiane	168	5,986	168	5,986
Industrial and Commercial Bank of China Limited - Luxembourg	-	555	-	555
Industrial and Commercial Bank of China Limited - Sydney	6,450	444	6,450	444
Industrial and Commercial Bank of China Limited - Seoul	3,209	-	3,209	-
Industrial and Commercial Bank of China Limited - Macau	322	-	322	-
Finansia Syrus Securities Public Company Limited	871	353	871	353
<i>Derivative liabilities (fair value)</i>				
Industrial and Commercial Bank of China Limited - Singapore	1	8	1	8
Industrial and Commercial Bank of China (Asia) Limited	8	-	8	-
Finansia Syrus Securities Public Company Limited	2	-	2	-
<i>Deposits and debts issued and borrowings</i>				
Related persons	285	92	285	92
<i>Accrued interest payables</i>				
Industrial and Commercial Bank of China Limited	28	50	28	50
Industrial and Commercial Bank of China Limited - Others	31	27	31	27
Finansia Syrus Securities Public Company Limited	4	-	4	-
Related persons	4	-	4	-
<i>Other Liabilities</i>				
ICBC (Thai) Leasing Company Limited	-	-	8	8
<i>Off-financial reporting items</i>				
<i>Other guarantees</i>				
Industrial and Commercial Bank of China Limited	1,113	792	1,113	792
Industrial and Commercial Bank of China Limited - Guangdong	107	178	107	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 - Seoul	-	25	-	25
Industrial and Commercial Bank of China Limited - Xinjiang	-	13	-	13
ICBC (Thai) Leasing Company Limited	-	-	-	664
<i>Guarantee on loans</i>				
ICBC (Thai) Leasing Company Limited	-	-	12,900	12,900

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	Consolidated		The Bank	
	2016	2015	2016	2015
	(in million Baht)			
<i>Forward exchange contracts-bought</i>				
Industrial and commercial Bank of China Limited	81	-	81	-
Industrial and Commercial Bank of China Limited - Singapore	64	2,964	64	2,964
Industrial and Commercial Bank of China (Asia) Limited	2,976	1	2,976	1
Finansia Syrus Securities Public Company Limited	723	240	723	240
<i>Forward exchange contracts-sold</i>				
Finansia Syrus Securities Public Company Limited	566	346	566	346
<i>Letter of credit</i>				
ICBC (Thai) Leasing Company Limited	-	-	-	323

During the year 2016, Industrial and Commercial Bank of China Limited - Hong Kong issued a Standby L/C for the Bank amounting equivalent to Baht 35,830 million. This L/C was a collateral against the issuance of Letter of Guarantee for a Telecommunication company, in which the Bank has to pay annual fee for the aforementioned Standby L/C until the end of contract on 15 April 2020.

34 Long-term lease agreements

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

	Consolidated		The Bank	
	2016	2015	2016	2015
	(in million Baht)			
Within one year	75	95	45	70
After one year but within five years	91	92	59	75
Over five years	6	17	6	17
Total	172	204	110	162

35 Segment information

Information about reportable segments was as follows:

The Bank and its subsidiary's business operations involve 2 segments: (1) Banking business and (2) Hire purchase, finance leases and 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.

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

	Consolidated				
Financial performance	Banking business	Hire purchase, finance leases and factoring business	Total	Elimination entries	Total
<i>For the year ended 31 December 2016</i>					
	<i>(in million Baht)</i>				
Net interest income	3,224	1,540	4,764	24	4,788
Fee and service income and other income, net	500	315	815	(30)	785
Share of profit from associates	51	-	51	-	51
Other operating income	180	423	603	(18)	585
Other operating expenses	(1,310)	(897)	(2,207)	2	(2,205)
Profit before bad debt, doubtful accounts and impairment losses	2,645	1,381	4,026	(22)	4,004
Bad debt, doubtful accounts and impairment losses	(820)	(1,348)	(2,168)	-	(2,168)
Profit from operation before income tax expense	1,825	33	1,858	(22)	1,836
Income tax expenses	(357)	(6)	(363)	(3)	(366)
Profit for the year	1,468	27	1,495	(25)	1,470
Financial position as at 31 December 2016					
Investment in associates	561	-	561	-	561
Total assets	158,103	36,749	194,852	(8,798)	186,054
Total liabilities	132,377	32,126	164,503	(4,773)	159,730

			Consolidated		
	Banking business	Hire purchase, finance leases and factoring business	Total	Elimination entries	Total
Financial performance					
<i>For the year ended 31 December 2015</i>					
			<i>(in million Baht)</i>		
Net interest income	2,621	1,635	4,256	26	4,282
Fee and service income 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

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36 Interest income

	Consolidated		The Bank	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Interbank and money market items	66,881	133,861	66,768	133,789
Investments in debt securities	1,471,929	1,304,054	1,471,929	1,303,546
Loans to customers and factoring	4,201,286	3,793,584	4,061,548	3,819,823
Hire purchase and finance leases	2,355,654	2,800,026	91	298
Others	26	342	26	342
Total	8,095,776	8,031,867	5,600,362	5,257,798

37 Interest expense

	Consolidated		The Bank	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Deposits	1,386,137	1,699,526	1,386,141	1,699,541
Interbank and money market items	519,853	529,685	518,718	523,933
Contributions to Deposit Protection Agency and Bank of Thailand	413,881	399,958	413,881	399,958
Debt issued - debentures	974,334	1,099,219	57,045	7,637
Borrowings	-	5,742	-	5,742
Borrowings fee expense	13,212	15,883	929	124
Other	42	5	42	5
Total	3,307,459	3,750,018	2,376,756	2,636,940

38 Net fees and service income

	Consolidated		The Bank	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Fees and service income				
Acceptances, avals and guarantees	364,820	18,053	385,459	47,833
Letter of credit fee income	9,527	13,802	9,823	14,756
Hire purchase and finance leases	153,314	157,422	-	-
Extension fee	3,419	33,684	3,419	33,684
Assurance and insurance	121,016	45,316	1,152	1,413
Others	80,493	65,502	73,091	53,991
Total fees and service income	732,589	333,779	472,944	151,677
Fees and service expense	(110,903)	(49,986)	(108,871)	(49,986)
Net fees and service income	621,686	283,793	364,073	101,691

39 Net trading income

	Consolidated		The Bank	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Gain on trading and foreign exchange transactions				
Foreign currencies and foreign currency related derivatives	163,744	106,757	135,575	101,548
Total	163,744	106,757	135,575	101,548

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40 Net loss on investments

	Consolidated and The Bank	
	2016	2015
	<i>(in thousand Baht)</i>	
Losses on impairment - General investment	(72)	(15)
Net loss on investments	<u>(72)</u>	<u>(15)</u>

41 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.

42 Bad debt, doubtful accounts and impairment losses

	Consolidated		The Bank	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Bad debts and doubtful accounts				
Interbank and money market items	(1,904)	(44,250)	(1,904)	(44,250)
Loans to customers	2,168,499	1,134,005	820,443	497,811
Loss on debt restructuring	1,503	(5,380)	1,503	(5,380)
Total	<u>2,168,098</u>	<u>1,084,375</u>	<u>820,042</u>	<u>448,181</u>

43 Income tax expense

Income tax recognised in profit or loss

	Note	Consolidated		The Bank	
		2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Current tax expense					
Current period		530,027	359,632	461,670	336,742
Over provided in prior years		(2,690)	(1,184)	-	-
		<u>527,337</u>	<u>358,448</u>	<u>461,670</u>	<u>336,742</u>
Deferred tax expense					
Movements in temporary differences	20	(161,262)	(30,294)	(104,771)	(67,098)
		<u>(161,262)</u>	<u>(30,294)</u>	<u>(104,771)</u>	<u>(67,098)</u>
Total income tax expense		<u>366,075</u>	<u>328,154</u>	<u>356,899</u>	<u>269,644</u>

Income tax recognised in other comprehensive income

		Consolidated			2015	
		2016	2015		2015	2015
		Before tax	Tax expense	Net of tax	Tax income	Net of tax
		<i>(in thousand Baht)</i>				
Other comprehensive income						
Available-for-sale securities	286,406	(57,281)	229,125	(141,621)	28,324	(113,297)
Actuarial gain on defined benefit plan	17,973	(3,595)	14,378	-	-	-
Total	<u>304,379</u>	<u>(60,876)</u>	<u>243,503</u>	<u>(141,621)</u>	<u>28,324</u>	<u>(113,297)</u>

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	The Bank					
	Before tax	2016 Tax expense	Net of tax (in thousand Baht)	Before tax	2015 Tax Income	Net of tax
Other comprehensive income						
Available-for-sale securities	286,406	(57,281)	229,125	(141,621)	28,324	(113,297)
Actuarial gain on defined benefit plan	7,039	(1,408)	5,631	-	-	-
Total	293,445	(58,689)	234,756	(141,621)	28,324	(113,297)

Reconciliation of effective tax rate

	Consolidated			
	Rate (%)	2016 (in thousand Baht)	Rate (%)	2015 (in thousand Baht)
Profit before income tax expense		1,836,067		1,663,229
Income tax using the Thai corporation tax rate	20	367,213	20	332,646
Expense not deductible for tax purpose		1,552		-
Income not subject to tax		-		(3,308)
Over provided in prior years		(2,690)		(1,184)
Total	20 ⁽¹⁾	366,075	20 ⁽¹⁾	328,154

⁽¹⁾ Effective tax rate

	The Bank			
	Rate (%)	2016 (in thousand Baht)	Rate (%)	2015 (in thousand Baht)
Profit before income tax expense	20	1,773,556	20	1,359,939
Income tax using the Thai corporation tax rate		354,711		271,988
Expense not deductible for tax purpose		2,188		-
Income not subject to tax		-		(2,344)
Total	20 ⁽¹⁾	356,899	20 ⁽¹⁾	269,644

⁽¹⁾ Effective tax rate

Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

44 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2016 and 2015 were based on the profit for the years attributable to shareholders of the Bank and the number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding during the years as follows:

	Consolidated		The Bank	
	2016	2015	2016	2015
Profit attributable to shareholders of the Bank (in million Baht)	1,470	1,335	1,417	1,090
Number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding (million shares)	2,257	2,257	2,257	2,257
Earnings per share (basic) (in Baht)	0.65	0.59	0.63	0.48

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45 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 2017, are set out below. The Bank and its subsidiary does not plan to adopt these TFRS early.

TFRS	Topic
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events after the Reporting Period
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 33 (revised 2016)	Earnings per Share
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 104 (revised 2016)	Troubled Debt Restructuring
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation
TFRS 3 (revised 2016)	Business Combinations
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 32 (revised 2016)	Intangible Assets - Web Site Costs
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
FAP Announcement no. 5/2559	Accounting guidance for derecognition of financial assets and financial liabilities

The Bank and its subsidiary has made a preliminary assessment of the potential initial impact on the Bank and its subsidiary 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.