

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

Financial statements for the year ended
31 December 2018
and
Independent Auditor's Report



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Independent Auditor's Report


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

Opinion

I have audited the consolidated and the Bank only financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiaries (the "Group"); and of Industrial and Commercial Bank of China (Thai) Public Company Limited (the "Bank"), respectively, which comprise the consolidated and the Bank only statements of financial position as at 31 December 2018, the consolidated and the Bank only statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and the Bank only financial statements present fairly, in all material respects, the financial position of the Group and of the Bank, respectively, as at 31 December 2018 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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



Other Information

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

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

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

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

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

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

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

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

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

My objectives are to obtain reasonable assurance about whether the consolidated and the Bank only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and the Bank only financial statements. 2

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

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

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

Chanchai S.

(Chanchai Sakulkoedsin)
Certified Public Accountant
Registration No. 6827

KPMG Phoomchai Audit Ltd.
Bangkok
22 March 2019

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

Statement of financial position

Assets	Note	Consolidated		Bank only	
		31 December		31 December	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Cash		440,283	366,817	439,540	365,989
Interbank and money market items, net	8, 33	11,712,578	8,405,746	11,403,230	8,224,854
Derivative assets	9, 33	284,525	524,708	284,525	524,708
Investments, net	10	74,178,297	62,724,200	74,178,297	62,724,200
Investments in subsidiaries and an associate, net	11, 12, 33	568,548	579,347	4,554,874	4,554,874
Loans to customers and accrued interest receivables, net	13, 33				
Loans to customers		151,470,612	144,709,945	110,470,257	105,550,911
Accrued interest receivables		285,218	246,485	287,615	248,564
Total loans to customers and accrued interest receivables		151,755,830	144,956,430	110,757,872	105,799,475
Less deferred revenue		(5,416,120)	(5,380,267)	(33,355)	(151,464)
Less allowance for doubtful accounts	13.4, 16	(8,060,704)	(7,377,749)	(4,126,331)	(4,300,434)
Less revaluation allowance for debt restructuring	17	(24,526)	(23,505)	(4,165)	(11,185)
Total loans to customers and accrued interest receivables, net		138,254,480	132,174,909	106,594,021	101,336,392
Properties foreclosed, net	18	681,810	694,630	669,048	675,741
Premises and equipment, net	19	150,757	147,670	139,211	134,495
Intangible assets, net	20	36,261	38,958	26,702	31,667
Leasehold right, net		122,463	133,108	122,463	133,108
Deferred tax assets, net	21	1,077,364	929,105	492,528	444,524
Accrued income, net	33	635,970	551,055	605,842	532,860
Receivables on credit support for derivative contracts		616	611	616	611
Other receivables, net		639,790	526,821	160,879	171,629
Other assets, net	22, 33	42,500	47,204	30,646	36,443
Total assets		228,826,242	207,844,889	199,702,422	179,892,095

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

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

Statement of financial position

	Note	Consolidated		Bank only	
		31 December	31 December	31 December	31 December
Liabilities and equity		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Liabilities					
Deposits	24, 33	102,139,499	100,349,041	102,142,131	100,349,517
Interbank and money market items	25, 33	61,542,069	49,938,121	61,542,069	49,938,121
Liabilities payable on demand		119,157	75,864	119,157	75,864
Derivative liabilities	9, 33	312,553	360,912	312,553	360,912
Debt issued and borrowings	26	32,036,912	26,320,202	4,985,815	116,000
Employee benefit obligations	27	235,866	215,642	197,058	184,271
Other provisions		115	1,815	-	1,700
Accrued interest payables	33	982,464	693,814	900,913	599,480
Payable on credit support for derivative contracts		1,623	130,400	1,623	130,400
Other liabilities	28, 33	1,782,773	1,735,978	1,138,598	1,030,389
Total liabilities		199,153,031	179,821,789	171,339,917	152,786,654
Equity					
Share capital	29				
Authorised share capital					
451,081 non-cumulative preference shares of Baht 8.92 each		4,024	4,024	4,024	4,024
2,256,510,117 ordinary shares of Baht 8.92 each		20,128,070	20,128,070	20,128,070	20,128,070
Issued and paid-up share capital					
451,081 non-cumulative preference shares of Baht 8.92 each		4,024	4,024	4,024	4,024
2,256,510,117 ordinary shares of Baht 8.92 each		20,128,070	20,128,070	20,128,070	20,128,070
Difference arising from business combination under common control	4	(24,849)	(24,849)	-	-
Other components of equity	31	104,498	369,458	105,580	370,780
Retained earnings					
Appropriated					
Legal reserve	30	1,100,000	600,000	1,100,000	600,000
Unappropriated		8,361,468	6,946,397	7,024,831	6,002,567
Equity attributable to the Bank's shareholders		29,673,211	28,023,100	28,362,505	27,105,441
Non-controlling interests		-	-	-	-
Total equity		29,673,211	28,023,100	28,362,505	27,105,441
Total liabilities and equity		228,826,242	207,844,889	199,702,422	179,892,095

(Mr. Shiqiang Lin)
Chief Executive Officer



(Mr. Zhisheng Xu)
Director

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

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

Statement of profit or loss and other comprehensive income

		Consolidated		Bank only	
		Year ended 31 December		Year ended 31 December	
	Note	2018	2017	2018	2017
		(in thousand Baht)			
Interest income	33, 37	8,405,151	8,166,037	6,402,392	5,824,702
Interest expense	33, 38	4,159,154	3,702,522	3,476,659	2,789,184
Net interest income		4,245,997	4,463,515	2,925,733	3,035,518
Fees and service income	33, 39	849,048	827,343	538,275	540,426
Fees and service expense	33, 39	120,108	121,883	115,753	120,208
Net fees and service income		728,940	705,460	422,522	420,218
Net trading income	40	118,116	154,717	117,407	235,824
Net gains on investments	41	164,694	34,008	164,694	34,008
Share of profit (losses) of investments in an associate	12	(1,644)	37,216	-	-
Gains on disposals of equipment, properties foreclosed and other assets		24,916	76,438	18,751	70,154
Bad debts recovered		319,646	380,245	14,614	71,232
Dividends income	33	9,969	11,255	17,743	28,101
Gains (losses) on disposals of non-performing loans		118,225	(39,862)	118,225	(39,862)
Other operating income	33	81,261	103,104	5,051	9,113
Total operating income		5,810,120	5,926,096	3,804,740	3,864,306
Other operating expenses					
Employee expenses	33	1,372,651	1,274,864	1,022,669	950,147
Directors' remuneration	33, 42	18,256	18,254	18,256	18,254
Premises and equipment expenses		217,668	209,947	157,785	147,913
Taxes and duties		202,965	168,506	183,929	149,688
Amortisation expense on intangible assets		7,091	6,693	5,095	5,396
Losses on properties foreclosed and other assets		60,575	95,850	16,698	21,438
Others		311,382	335,701	150,627	150,757
Total other operating expenses		2,190,588	2,109,815	1,555,059	1,443,593
Bad debts, doubtful accounts and impairment losses	43	1,349,688	1,759,590	325,241	660,994
Profit from operations before income tax		2,269,844	2,056,691	1,924,440	1,759,719
Income tax	44	357,745	246,112	407,896	366,897
Profit for the year		1,912,099	1,810,579	1,516,544	1,392,822

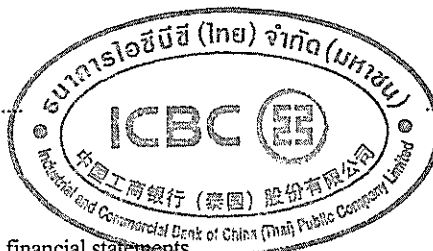
The accompanying notes are an integral part of these financial statements.

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

Statement of profit or loss and other comprehensive income

	Note	Consolidated		Bank only	
		Year ended 31 December		Year ended 31 December	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Other comprehensive income					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Share of other comprehensive income investments in an associate		(1,320)	(218)	-	-
Defined benefit plan actuarial gain		5,200	701	7,150	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	44	(908)	(118)	(1,430)	-
		<u>2,972</u>	<u>365</u>	<u>5,720</u>	<u>-</u>
<i>Items that will be reclassified subsequently to profit or loss</i>					
Share of other comprehensive income investments in an associate		(60)	(1,442)	-	-
Net change in fair value of available-for-sale investments		(331,500)	(16,099)	(331,500)	(16,099)
Exchange differences on translating foreign operations		294	(4,313)	-	-
Income tax relating to items that will be reclassified subsequently to profit or loss	44	66,306	3,363	66,300	3,220
		<u>(264,960)</u>	<u>(18,491)</u>	<u>(265,200)</u>	<u>(12,879)</u>
Other comprehensive income for the year, net of income tax		<u>(261,988)</u>	<u>(18,126)</u>	<u>(259,480)</u>	<u>(12,879)</u>
Total comprehensive income for the year		<u>1,650,111</u>	<u>1,792,453</u>	<u>1,257,064</u>	<u>1,379,943</u>
Profit attributable to					
Shareholders of the Bank		1,912,099	1,738,304	1,516,544	1,392,822
Former shareholder before business combination under common control	4	-	72,275	-	-
Non-controlling interests		-	-	-	-
Profit for the year		<u>1,912,099</u>	<u>1,810,579</u>	<u>1,516,544</u>	<u>1,392,822</u>
Total comprehensive income attributable to					
Shareholders of the Bank		1,650,111	1,724,468	1,257,064	1,379,943
Former shareholder before business combination under common control	4	-	67,985	-	-
Non-controlling interests		-	-	-	-
Total comprehensive income for the year		<u>1,650,111</u>	<u>1,792,453</u>	<u>1,257,064</u>	<u>1,379,943</u>
Earnings per share (in Baht)					
Shareholders of the Bank		0.85	0.77	0.67	0.62
Former shareholder before business combination under common control		-	0.03	-	-
Non-controlling interests		-	-	-	-
Basic earnings per share	45	<u>0.85</u>	<u>0.80</u>	<u>0.67</u>	<u>0.62</u>

(Mr. Shiqiang Lin)
Chief Executive Officer



(Mr. Zhisheng Xu)
Director

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

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

	Consolidated									
	Issued and paid-up share capital		Other components of equity				Retained earnings			Total equity attributable to the Bank's shareholders
	Preference shares	Ordinary shares	Difference arising from business combinations under common control	Fair value changes in available-for-sale investments	Exchange differences on translating foreign operations	Share of other comprehensive income of investment in an associate	Total other components	Legal reserve	Unappropriated	
Note							(in thousand Baht)			
Year ended 31 December 2017										
Balance at 1 January 2017 - as reported	4,024	20,128,070	-	383,659	-	-	383,659	500,000	5,307,728	26,323,481
Effect from business combination under common control	-	-	-	-	-	-	-	-	-	-
Balance at 1 January 2017 - before business acquisition	4,024	20,128,070	-	383,659	-	-	383,659	500,000	5,307,728	26,323,481
Changes in interests from business combination under common control	-	-	(24,849)	-	-	-	-	-	-	(24,849)
Difference arising from business combination under common control	-	-	(24,849)	-	-	-	-	-	-	(24,849)
Dividends to former shareholder before business acquisition under common control	-	-	-	-	-	-	-	-	-	-
Total changes in interest from business combination under common control	-	-	(24,849)	-	-	-	-	-	-	(24,849)
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	(12,879)	(23)	(1,299)	(14,201)	-	1,738,304	1,738,304
Other comprehensive income, net of income tax	-	-	-	(12,879)	(23)	(1,299)	(14,201)	-	365	(18,126)
Total comprehensive income for the year	-	-	-	(12,879)	(23)	(1,299)	(14,201)	-	1,738,669	1,724,468
Transfer to legal reserve	-	-	-	-	-	-	-	100,000	(100,000)	-
Balance at 31 December 2017	4,024	20,128,070	(24,849)	370,780	(23)	(1,299)	369,458	600,000	6,946,397	28,023,100
Year ended 31 December 2018										
Balance at 1 January 2018	4,024	20,128,070	(24,849)	370,780	(23)	(1,299)	369,458	600,000	6,946,397	28,023,100
Comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	1,912,099	1,912,099
Other comprehensive income, net of income tax	-	-	-	(265,200)	294	(54)	(264,960)	-	2,972	(261,988)
Total comprehensive income for the year	-	-	-	(265,200)	294	(54)	(264,960)	-	1,915,071	1,650,111
Transfer to legal reserve	-	-	-	-	-	-	-	500,000	(500,000)	-
Balance at 31 December 2018	4,024	20,128,070	(24,849)	105,580	271	(1,353)	104,498	1,100,000	8,361,468	29,673,211

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

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

Statement of changes in equity

	Note	Bank only						Total equity
		Issued and paid-up share capital		Other components of equity		Retained earnings		
		Preference shares	Ordinary shares	Fair value changes in available-for-sale investments	Legal reserve	Unappropriated		
<i>(in thousand Baht)</i>								
Year ended 31 December 2017								
Balance at 1 January 2017		4,024	20,128,070	383,659	500,000	4,709,745		25,725,498
Comprehensive income for the year								
Profit for the year		-	-	-	-	1,392,822		1,392,822
Other comprehensive income, net of income tax	32, 44	-	-	(12,879)	-	-		(12,879)
Total comprehensive income for the year		-	-	(12,879)	-	1,392,822		1,379,943
Transfer to legal reserve		-	-	-	100,000	(100,000)		-
Balance at 31 December 2017		4,024	20,128,070	370,780	600,000	6,002,567		27,105,441
Year ended 31 December 2018								
Balance at 1 January 2018		4,024	20,128,070	370,780	600,000	6,002,567		27,105,441
Comprehensive income for the year								
Profit for the year		-	-	-	-	1,516,544		1,516,544
Other comprehensive income, net of income tax	32, 44	-	-	(265,200)	-	5,720		(259,480)
Total comprehensive income for the year		-	-	(265,200)	-	1,522,264		1,257,064
Transfer to legal reserve		-	-	-	500,000	(500,000)		-
Balance at 31 December 2018		4,024	20,128,070	105,580	1,100,000	7,024,831		28,362,505

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

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

	Consolidated		Bank only	
	Year ended 31 December		Year ended 31 December	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit from operations before income tax	2,269,844	2,056,691	1,924,440	1,759,719
<i>Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities</i>				
Depreciation and amortisation	57,408	57,660	51,444	49,435
Bad debts, doubtful accounts and impairment losses	1,349,688	1,759,590	325,241	660,994
Losses of write-off of fixed assets	4,972	8	4,972	-
Gains on disposals of properties foreclosed	(19,653)	(71,604)	(13,401)	(65,321)
Losses on properties foreclosed	55,604	95,850	11,726	21,438
Gains on investments	(164,694)	(34,008)	(164,694)	(34,008)
Losses (gains) on disposal of non-performing loans	(118,225)	39,862	(118,225)	39,862
Proceeds from disposal of non-performing loans	475,456	100,071	475,456	100,071
Gains on sales of equipment	(5,263)	(4,834)	(5,349)	(4,833)
Net trading income	(118,116)	(154,716)	(117,407)	(235,824)
Employee benefit obligations	25,424	36,016	19,937	28,404
Provisions for other liabilities	(1,700)	-	(1,700)	-
Share of losses (profit) of investments in an associate	1,644	(38,878)	-	-
Net interest income	(4,245,997)	(4,463,515)	(2,925,733)	(3,035,518)
Dividend income	(9,969)	(11,255)	(17,743)	(28,101)
Proceeds from interest	6,514,919	6,411,872	4,516,433	4,071,676
Interest paid	(3,044,115)	(2,663,279)	(3,041,599)	(2,659,445)
Proceeds from dividend	9,969	11,255	9,969	11,255
Income tax paid	(473,155)	(438,950)	(425,709)	(427,751)
Profit from operations before changes in operating assets and liabilities	2,564,041	2,687,836	508,058	252,053
<i>Decrease (increase) in operating assets</i>				
Interbank and money market items	(3,235,658)	(2,161,314)	(3,107,201)	(2,158,990)
Derivative assets	480,317	98,782	479,607	173,318
Loans to customers	(7,775,782)	(12,380,156)	(5,929,076)	(8,109,676)
Properties foreclosed	(22,024)	57,053	9,475	112,317
Receivables on credit support for derivative contracts	(4)	14,295	(4)	14,295
Fee receivable	(11,932)	275	-	-
Other receivables	(112,969)	(185,281)	10,750	(630)
Other assets	1,869	(1,447)	2,961	(9,869)

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

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

	Consolidated		Bank only	
	Year ended 31 December		Year ended 31 December	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Increase (decrease) in operating liabilities</i>				
Deposits	1,790,458	8,325,518	1,792,614	8,325,475
Interbank and money market items	11,603,948	14,498,995	11,603,948	14,498,995
Liabilities payable on demand	43,293	30,733	43,293	30,733
Derivative liabilities	(170,376)	79,804	(170,376)	90,942
Accrued expense	9,717	60,244	7,808	52,348
Payable on credit support for derivative contracts	(128,778)	130,400	(128,778)	130,400
Other liabilities	70,831	(130,539)	131,771	(247,580)
Net cash from operating activities	5,106,951	11,125,198	5,254,850	13,154,131
<i>Cash flows from investing activities</i>				
Interest received	1,661,864	1,470,459	1,661,864	1,470,459
Dividend received	7,775	16,845	7,775	16,845
Increase in long-term investments	(11,550,262)	(11,979,989)	(11,550,262)	(11,981,650)
Proceeds from asset disposal	6,123	4,834	5,732	4,833
Purchases of equipment	(43,098)	(50,669)	(42,466)	(51,514)
Purchases of intangible assets	(4,394)	(9,684)	(130)	(5,482)
Net cash used in investing activities	(9,921,992)	(10,548,204)	(9,917,487)	(10,546,509)
<i>Cash flows from financing activities</i>				
Proceeds from debt issued and borrowings	41,536,667	36,580,403	5,000,000	363,000
Repayment of debt issued and borrowings	(35,819,957)	(35,964,270)	(130,185)	(2,981,196)
Interest paid from debt issued and borrowings	(826,389)	(1,192,194)	(133,627)	(58,372)
Finance lease payments	(2,108)	(4,031)	-	-
Dividends to former shareholder before business acquisition under common control	-	(61,385)	-	-
Net cash from (used in) financing activities	4,888,213	(641,477)	4,736,188	(2,676,568)
Exchange differences on translating of foreign operations	294	(4,313)	-	-
Net increase in cash	73,466	(68,796)	73,551	(68,946)
Cash at 1 January	366,817	435,613	365,989	434,935
Cash at 31 December	440,283	366,817	439,540	365,989

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

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 22 March 2019.

1 General information

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

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

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

Details of the Bank’s subsidiaries as at 31 December 2018 and 2017 are given in notes 11 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 (TRFS); guidelines promulgated by the Federation of Accounting Professions; and presented as prescribed by the Bank of Thailand (BoT) Notification Number Sor Nor Sor 21/2558, directive dated 4 December 2015, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are the parent company of a group of companies offering financial services”.

The new and revised TFRSs effective for annual accounting periods beginning on or after 1 January 2018. The initial application of these new and revised TFRSs has resulted in changes in certain of the Bank and its subsidiaries’ accounting policies. These changes have no material effect on the financial statements.

In addition, a number of new and revised TFRSs are not yet effective for current periods. The Bank and its subsidiaries have not early adopted these standards in preparing these financial statements. Those new and revised TFRSs that are relevant to the Bank and its subsidiaries’ operations become effective for annual financial reporting periods beginning on or after 1 January of the following years.

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020

* TFRSs - Financial instruments standards

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TFRS 15 Revenue from Contracts with Customers

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled. It replaces existing revenue recognition standards as follows:

- TAS 18 (revised 2017) *Revenue*,
- TFRIC 13 (revised 2017) *Customer Loyalty Programmes*, and
- TFRIC 18 (revised 2017) *Transfers of Assets from Customers*.

The Bank and its subsidiaries have made a preliminary assessment of the potential impact of adopting and initially applying TFRS 15 on the consolidated and bank only financial statements and expects that there will be no material impact on the consolidated and bank only financial statements in the period of initial application.

TFRSs - Financial instruments standards

These TFRSs establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRSs Financial instruments standards on the consolidated and bank only financial statements.

(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>
Derivatives	Fair value
Available-for-sale investments	Fair value
Investment in an associate is accounted for in the consolidated financial statements	Equity method

(c) *Functional and presentation currency*

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

(d) *Use of judgments and estimates*

The preparation of financial statements in conformity with TFRSs requires management to make judgments, estimates and assumptions that affect the application of 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.

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Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the carrying amount of assets and liabilities within the year ending 31 December 2019 is included in the following notes:

Note 3 (v)	Income tax
Note 6	Fair value of financial assets and liabilities
Note 9	Derivatives
Note 16	Allowance for doubtful accounts
Note 32	Contingent liabilities and Commitments

Measurement of fair values

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

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

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

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

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

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

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

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

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

- Note 6 - Fair value of financial assets and liabilities

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3 Significant accounting policies

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

(a) Basis of consolidation

The consolidated financial statements related to the Bank and its subsidiaries (together referred to as the “Group”) and its interests in an associate.

Business combinations under common control

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

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

Subsidiaries

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

Non-controlling interests

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

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

Loss of control

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

Interests in equity-accounted investees

The Bank’s interests in an equity-accounted investee comprises interests in an associate.

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

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

Transactions eliminated on consolidation

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

(b) Income

Interest and discounts on loans

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

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

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

Income from factoring

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

Hire purchase and finance lease income

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

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.

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Gains (losses) on derivatives trading

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

Fees and service income

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

(c) Expenses

Interest expenses

Interest expenses are recognised as expense on an accrual basis.

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

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

Other expenses

Other expenses are recognised on an accrual basis.

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

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

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

(e) Derivatives

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

Trading Book

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

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

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Banking Book

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

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

(f) Cash

Cash comprises of cash on hand and cash on collection.

(g) Investments

Investments in an associate and subsidiaries

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

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

Investments in other debt and equity securities

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

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

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

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Recognition

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

Disposal of investments

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

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

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

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

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

(h) *Loans to customers*

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

Hire purchase receivables and finance lease receivables

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

Factoring receivables

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

(i) *Allowance for doubtful accounts*

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

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

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

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

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

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

(j) *Troubled debt restructuring*

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

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

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

(k) *Properties foreclosed*

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

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

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

(1) Premises and equipment

Recognition and measurement

Owned assets

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

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

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

Leased assets

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

Subsequent costs

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

Depreciation

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

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

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

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No depreciation is provided on freehold land.

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

Disposal

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

(m) Intangible assets

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

Subsequent expenditure

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

Amortisation

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

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

Computer softwares	5 - 10 years
Deferred license fee	10 years

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

(n) Leasehold rights

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

(o) Sales of commercial papers

Commercial papers sold at a discount without recourse are recorded by crediting the "Notes receivables" account.

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

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(p) Impairment

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

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

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

Calculation of recoverable amount

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

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

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

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

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

(q) Interest-bearing liabilities

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

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(r) Employee benefits

Post-employment benefits

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

Defined contribution plans

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

Defined benefit plans

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

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

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

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Bank and its subsidiaries determine the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

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

Short-term employee benefits

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

(s) Provisions

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

Litigation

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

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(t) Foreign currencies

Foreign currency transactions

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

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

Foreign entity

The financial statements of foreign entity are translated into Thai Baht at the reference rates announced by the Bank of Thailand at the reporting dates. Foreign exchange differences arising on translation is recognised in other comprehensive income until dissolution of the foreign entity's business.

(u) Lease payments

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

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

(v) Income tax

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

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

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

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

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

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

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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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(w) *Derecognition of financial assets*

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

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

(x) *Earnings per share*

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

(z) *Offsetting*

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

4 Business combinations under common control

On 13 December 2017, the Bank obtained an approval from the Bank of Thailand to permit ICBC (Thai) Leasing Company Limited, the Bank's direct subsidiary, to own or acquire the share of Sky High LI Leasing Designated Activity Company Limited.

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On 21 December 2017, the Board of Directors meeting of the Bank approved the purchase of 1 share (equivalent to 100% shareholding) in Sky High LI Leasing Designated Activity Company Limited at a price of Euro 1 (equivalent to Baht 39) through ICBC (Thai) Leasing Company Limited from ICBCIL Aviation Company Limited, a company under a common control of the ultimate parent company.

On 28 December 2017, ICBC (Thai) Leasing Company Limited entered into a share purchase agreement at the purchase price of Euro 1 (equivalent to Baht 39). As a result, Sky High LI Leasing Designated Activity Company Limited became an indirect subsidiary of the Bank.

The consolidated financial statements have been prepared on the basis of a business combination under common control. The acquired net assets and interest of the share purchased are accounted for at book values as similar to pooling of interests method. The difference between the consideration paid and the carrying amount of net assets are presented as “difference arising from business combination under common control”.

5 Financial risk management

Financial risk management policies

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

(a) Credit risk

Credit risk is the risk that a party to a financial agreement fails to honour an obligation and consequently causes the Bank and its subsidiaries to incur a financial loss. The Bank and its subsidiaries have disclosed significant concentrations of credit risk in Note 13.3 to the financial statements. The maximum amount of credit risk exposure is the carrying amount of the financial assets less provision for losses as stated in the statements of financial position. The risk from off-financial position items is presented in Note 32.1 to the financial statements.

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

(b) Interest rate risk

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

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

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As at 31 December 2018 and 2017, significant financial assets and liabilities classified by types of interest rates are as follows:

	Consolidated			
	2018			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
Financial assets				
Cash	-	-	440	440
Interbank and money market items, net	62	9,317	2,334	11,713
Investments, net	876	73,098	204	74,178
Loans to customers ⁽¹⁾	73,327	70,895	1,832	146,054
Total financial assets	74,265	153,310	4,810	232,385
Financial liabilities				
Deposits	14,402	87,096	642	102,140
Interbank and money market items	32,688	28,364	490	61,542
Liabilities payable on demand	-	-	119	119
Debt issued and borrowings	-	32,037	-	32,037
Total financial liabilities	47,090	147,497	1,251	195,838

(1) Net of deferred revenue

	Consolidated 2017			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
Financial assets				
Cash	-	-	367	367
Interbank and money market items, net	36	6,585	1,785	8,406
Investments, net	229	62,131	364	62,724
Loans to customers ⁽¹⁾	71,678	65,712	1,940	139,330
Total financial assets	71,943	134,428	4,456	210,827
Financial liabilities				
Deposits	13,583	86,355	411	100,349
Interbank and money market items	1,863	47,820	255	49,938
Liabilities payable on demand	-	-	76	76
Debt issued and borrowings	-	26,320	-	26,320
Total financial liabilities	15,446	160,495	742	176,683

(1) Net of deferred revenue

	Bank only 2018			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
Financial assets				
Cash	-	-	440	440
Interbank and money market items, net	2	9,317	2,084	11,403
Investments, net	876	73,098	204	74,178
Loans to customers ⁽¹⁾	72,908	36,660	869	110,437
Total financial assets	73,786	119,075	3,597	196,458

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

⁽¹⁾ Net of deferred revenue

	Bank only			
	2017			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
Financial assets				
Cash	-	-	366	366
Interbank and money market items, net	-	6,585	1,640	8,225
Investments, net	229	62,131	364	62,724
Loans to customers ⁽¹⁾	69,852	34,085	1,462	105,399
Total financial assets	70,081	102,801	3,832	176,714

⁽¹⁾ Net of deferred revenue

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

Consolidated 2018								
	At call	Within 3 months	Reprice/maturity Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Non- performing assets	Total
	(in million Baht)							
<i>Financial assets</i>								
Cash	-	-	-	-	-	440	-	440
Interbank and money market items, net	63	4,432	450	4,434	-	2,334	-	11,713
Investment, net	-	10,181	19,310	40,405	4,078	204	-	74,178
Loans to customers ⁽¹⁾	1,992	90,411	14,153	35,253	2,413	-	1,832	146,054
Total financial assets	2,055	105,024	33,913	80,092	6,491	2,978	1,832	232,385

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Consolidated 2018								
	At call	Within 3 months	Reprice/maturity Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	Non-interest bearing	Non- performing assets	Total
Financial liabilities								
Deposits	17,623	55,576	25,083	3,216	-	642	-	102,140
Interbank and money market items	189	24,220	4,100	32,481	62	490	-	61,542
Liabilities payable on demand	-	-	-	-	-	119	-	119
Debt issued and borrowings	-	4,488	8,348	12,215	6,986	-	-	32,037
Total financial liabilities	17,812	84,284	37,531	47,912	7,048	1,251	-	195,838

⁽¹⁾ Net of deferred revenue

Consolidated 2017								
	At call	Within 3 months	Reprice/maturity Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	Non-interest bearing	Non-performing assets	Total
Financial assets								
Cash	-	-	-	-	-	367	-	367
Interbank and money market items, net	36	5,559	379	647	-	1,785	-	8,406
Investment, net	-	3,849	11,514	44,467	2,530	364	-	62,724
Loans to customers ⁽¹⁾	44	86,015	17,321	31,613	2,397	-	1,940	139,330
Total financial assets	80	95,423	29,214	76,727	4,927	2,516	1,940	210,827
Financial liabilities								
Deposits	17,029	55,996	25,751	1,162	-	411	-	100,349
Interbank and money market items	281	40,437	8,064	683	218	255	-	49,938
Liabilities payable on demand	-	-	-	-	-	76	-	76
Debt issued and borrowings	-	6,264	3,694	14,364	1,998	-	-	26,320
Total financial liabilities	17,310	102,697	37,509	16,209	2,216	742	-	176,683

⁽¹⁾ Net of deferred revenue

Bank only 2018								
	At call	Within 3 months	Reprice/maturity Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	Non-interest bearing	Non-performing assets	Total
Financial assets								
Cash	-	-	-	-	-	440	-	440
Interbank and money market items, net	2	4,432	450	4,434	-	2,085	-	11,403
Investments, net	-	10,181	19,310	40,405	4,078	204	-	74,178
Loans to customers ⁽¹⁾	3,217	87,060	7,452	11,717	122	-	869	110,437
Total financial assets	3,219	101,673	27,212	56,556	4,200	2,729	869	196,458

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Bank only 2018								
	At call	Within 3 months	Reprice/maturity Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Non-performing assets	Total
	<i>(in million Baht)</i>							
Financial liabilities								
Deposits	17,625	55,576	25,083	3,216	-	642	-	102,142
Interbank and money market items	189	24,220	4,100	32,481	62	490	-	61,542
Liabilities payable on demand	-	-	-	-	-	119	-	119
Debt issued and borrowings	-	-	-	-	4,986	-	-	4,986
Total financial liabilities	17,814	79,796	29,183	35,697	5,048	1,251	-	168,789

⁽¹⁾ Net of deferred revenue

Bank only 2017								
	At call	Within 3 months	Reprice/maturity Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Non-performing assets	Total
	<i>(in million Baht)</i>							
Financial assets								
Cash	-	-	-	-	-	366	-	366
Interbank and money market items, net	-	5,559	379	647	-	1,640	-	8,225
Investments, net	-	3,849	11,514	44,467	2,530	364	-	62,724
Loans to customers ⁽¹⁾	1,075	83,312	9,984	9,426	140	-	1,462	105,399
Total financial assets	1,075	92,720	21,877	54,540	2,670	2,370	1,462	176,714
Financial liabilities								
Deposits	17,030	55,996	25,751	1,162	-	411	-	100,350
Interbank and money market items	281	40,437	8,064	683	218	255	-	49,938
Liabilities payable on demand	-	-	-	-	-	76	-	76
Debt issued and borrowings	-	116	-	-	-	-	-	116
Total financial liabilities	17,311	96,549	33,815	1,845	218	742	-	150,480

⁽¹⁾ Net of deferred revenue

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The average balances of the significant financial assets and liabilities generating revenues and incurring expenses, calculated based on the average balances outstanding during the years, and the average interest rates for the years ended 31 December 2018 and 2017 can be summarised as follows:

	2018			Consolidated			2017		
	Average Balances ⁽¹⁾ (in million Baht)	Interest	Average interest rate (%)	Average Balances ⁽¹⁾ (in million Baht)	Interest	Average interest rate (%)	Average Balances ⁽¹⁾ (in million Baht)	Interest	Average interest rate (%)
Financial assets									
Interbank and money market items (Assets)	11,814	203	1.72	9,829	172	1.75			
Investments	68,663	1,795	2.61	58,997	1,687	2.86			
Loans to customers	147,762	6,407	4.34	136,811	6,138	4.49			
Financial liabilities									
Deposits	104,209	1,436 ⁽²⁾	1.38	99,696	1,464 ⁽²⁾	1.47			
Interbank and money market items (Liabilities)	53,728	1,394	2.59	39,921	776	1.94			
Debt issued and borrowings	30,192	818	2.71	29,348	836	2.85			

⁽¹⁾ Calculated by average of month end balance

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

	2018			Bank only			2017		
	Average Balances ⁽¹⁾ (in million Baht)	Interest	Average interest rate (%)	Average Balances ⁽¹⁾ (in million Baht)	Interest	Average interest rate (%)	Average Balances ⁽¹⁾ (in million Baht)	Interest	Average interest rate (%)
Financial assets									
Interbank and money market items (Assets)	11,540	203	1.76	9,693	172	1.77			
Investments	68,663	1,795	2.61	58,997	1,687	2.86			
Loans to customers	107,935	4,404	4.08	97,942	3,966	4.05			
Financial liabilities									
Deposits	104,210	1,436 ⁽²⁾	1.38	99,696	1,464 ⁽²⁾	1.47			
Interbank and money market items (Liabilities)	53,642	1,391	2.59	39,767	772	1.94			
Debt issued and borrowings	3,854	138	3.57	2,389	51	2.13			

⁽¹⁾ Calculated by average of month end balance

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

(c) Liquidity risk

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

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

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

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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

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

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

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

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

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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.

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

As at 31 December 2018 and 2017, significant financial assets and liabilities are classified according to their remaining maturity as follows:

	Consolidated 2018						Non-performing assets	Total
	At call	Within 3 months	Maturity Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity		
Financial assets								
Cash	-	-	-	-	-	440	-	440
Interbank and money market items, net	2,397	4,432	450	4,434	-	-	-	11,713
Investments, net	-	9,305	19,309	41,282	4,078	204	-	74,178
Loans to customers ⁽¹⁾	1,996	27,677	20,866	78,741	14,942	-	1,832	146,054
Total financial assets	4,393	41,414	40,625	124,457	19,020	644	1,832	232,385
Financial liabilities								
Deposits	18,265	55,576	25,083	3,216	-	-	-	102,140
Interbank and money market items	679	24,220	4,100	32,481	62	-	-	61,542
Liabilities payable on demand	119	-	-	-	-	-	-	119
Debt issued and borrowings	-	4,488	8,348	12,215	6,986	-	-	32,037
Total financial liabilities	19,063	84,284	37,531	47,912	7,048	-	-	195,838

⁽¹⁾ Net of deferred revenue

	Consolidated 2017						Non-performing assets	Total
	At call	Within 3 months	Maturity Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity		
Financial assets								
Cash	-	-	-	-	-	367	-	367
Interbank and money market items, net	1,821	5,559	379	647	-	-	-	8,406
Investments, net	-	3,620	11,514	44,696	2,530	364	-	62,724
Loans to customers ⁽¹⁾	105	26,307	30,633	65,340	15,005	-	1,940	139,330
Total financial assets	1,926	35,486	42,526	110,683	17,535	731	1,940	210,827

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Consolidated 2017								
	At call	Within 3 months	Maturity Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Non-performing assets	Total
Financial liabilities								
Deposits	17,440	55,996	25,751	1,162	-	-	-	100,349
Interbank and money market items	536	40,437	8,064	683	218	-	-	49,938
Liabilities payable on demand	76	-	-	-	-	-	-	76
Debt issued and borrowings	-	6,264	3,694	14,364	1,998	-	-	26,320
Total financial liabilities	18,052	102,697	37,509	16,209	2,216	-	-	176,683

⁽¹⁾ Net of deferred revenue

Bank only 2018								
	At call	Within 3 months	Maturity Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Non-performing assets	Total
Financial assets								
Cash	-	-	-	-	-	440	-	440
Interbank and money market items, net	2,087	4,432	450	4,434	-	-	-	11,403
Investments, net	-	9,305	19,309	41,282	4,078	204	-	74,178
Loans to customers ⁽¹⁾	3,221	24,074	17,772	53,473	11,028	-	869	110,437
Total financial assets	5,308	37,811	37,531	99,189	15,106	644	869	196,458
Financial liabilities								
Deposits	18,267	55,576	25,083	3,216	-	-	-	102,142
Interbank and money market items	679	24,220	4,100	32,481	62	-	-	61,542
Liabilities payable on demand	119	-	-	-	-	-	-	119
Debt issued and borrowings	-	-	-	-	4,986	-	-	4,986
Total financial liabilities	19,065	79,796	29,183	35,697	5,048	-	-	168,789

⁽¹⁾ Net of deferred revenue

Bank only 2017								
	At call	Within 3 months	Maturity Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Non-performing assets	Total
Financial assets								
Cash	-	-	-	-	-	366	-	366
Interbank and money market items, net	1,640	5,559	379	647	-	-	-	8,225
Investments, net	-	3,620	11,514	44,696	2,530	364	-	62,724
Loans to customers ⁽¹⁾	1,136	23,454	22,969	43,611	12,767	-	1,462	105,399
Total financial assets	2,776	32,633	34,862	88,954	15,297	730	1,462	176,714

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	Bank only 2017							Total
	At call	Within 3 months	Maturity Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Non-performing assets	
Financial liabilities								
Deposits	17,441	55,996	25,751	1,162	-	-	-	100,350
Interbank and money market items	536	40,437	8,064	683	218	-	-	49,938
Liabilities payable on demand	76	-	-	-	-	-	-	76
Debt issued and borrowings	-	116	-	-	-	-	-	116
Total financial liabilities	18,053	96,549	33,815	1,845	218	-	-	150,480
⁽¹⁾ Net of deferred revenue								

(d) Foreign exchange risk

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

The Bank and its subsidiaries' significant foreign currency position as at 31 December 2018 and 31 December 2017 can be summarised as follows:

	Consolidated 2018					Total
	US dollar	Renminbi	Yen (in million Baht)	Euro	Others	
Financial assets						
Cash	-	11	-	-	-	11
Interbank and money market items, net	4,301	438	17	43	43	4,842
Investments, net	27,721	-	-	5,012	-	32,733
Loans to customers ⁽¹⁾	23,917	2,341	-	6,417	-	32,675
Total financial assets	55,939	2,790	17	11,472	43	70,261
Financial liabilities						
Deposits	1,791	1,529	11	37	2	3,370
Interbank and money market items	30,143	2,689	5,076	12,311	-	50,219
Total financial liabilities	31,934	4,218	5,087	12,348	2	53,589
Avals to bill and guarantee on loan	3	-	-	-	907	910
Letters of credit	74	18	-	-	-	92
Other contingencies	579	18	-	175	-	772
Derivatives held for risk management	(23,678)	1,590	5,076	902	-	(16,110)
Average exchange rate (Baht per 1 foreign currency unit)	32.4498	4.7237	0.2931	37.1252		
⁽¹⁾ Net of deferred revenue						

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	US dollar	Renminbi	Consolidated 2017		Others	Total
			Yen	Euro		
			(in million Baht)			
Financial assets						
Cash	-	7	-	-	-	7
Interbank and money market items, net	1,221	330	10	25	50	1,636
Investments, net	23,694	700	-	4,293	-	28,687
Loans to customers ⁽¹⁾	28,279	1,057	2	5,063	-	34,401
Total financial assets	53,194	2,094	12	9,381	50	64,731
Financial liabilities						
Deposits	1,439	1,362	11	54	4	2,870
Interbank and money market items	33,040	1,263	-	1,093	-	35,396
Total financial liabilities	34,479	2,625	11	1,147	4	38,266
Avals to bill and guarantee on loan	(7)	-	-	-	(812)	(819)
Letters of credit	(292)	(5)	-	-	-	(297)
Other contingencies	(1,362)	(33)	-	(179)	-	(1,574)
Derivatives held for risk management	(18,701)	561	5	(8,240)	(6)	(26,381)
Average exchange rate (Baht per 1 foreign currency unit)	32.6809	5.0145	0.2898	39.0273		
⁽¹⁾ Net of deferred revenue						
			Bank only 2018			
	US dollar	Renminbi	Yen	Euro	Others	Total
			(in million Baht)			
Financial assets						
Cash	-	11	-	-	-	11
Interbank and money market items, net	4,091	438	17	43	43	4,632
Investments, net	27,721	-	-	5,012	-	32,733
Loans to customers ⁽¹⁾	24,061	2,341	-	6,417	-	32,819
Total financial assets	55,873	2,790	17	11,472	43	70,195
Financial liabilities						
Deposits	1,791	1,529	11	37	2	3,370
Interbank and money market items	30,143	2,689	5,076	12,311	-	50,219
Total financial liabilities	31,934	4,218	5,087	12,348	2	53,589
Avals to bill and guarantee on loan	3	-	-	-	907	910
Letters of credit	74	18	-	-	-	92
Other contingencies	579	18	-	175	-	772
Derivatives held for risk management	(23,678)	1,590	5,076	902	-	(16,110)
Average exchange rate (Baht per 1 foreign currency unit)	32.4498	4.7237	0.2931	37.1252		
⁽¹⁾ Net of deferred revenue						
			Bank only 2017			
	US dollar	Renminbi	Yen	Euro	Others	Total
			(in million Baht)			
Financial assets						
Cash	-	7	-	-	-	7
Interbank and money market items, net	1,132	330	10	25	50	1,547
Investments, net	23,694	700	-	4,293	-	28,687
Loans to customers ⁽¹⁾	28,319	1,057	2	5,063	-	34,441
Total financial assets	53,145	2,094	12	9,381	50	64,682
Financial liabilities						
Deposits	1,439	1,362	11	54	4	2,870
Interbank and money market items	33,040	1,263	-	1,093	-	35,396
Total financial liabilities	34,479	2,625	11	1,147	4	38,266

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	US dollar	Renminbi	Bank only 2017		Others	Total
			Yen	Euro		
			(in million Baht)			
Avals to bill and guarantee on loan	(7)	-	-	-	(812)	(819)
Letters of credit	(292)	(5)	-	-	-	(297)
Other contingencies	(1,362)	(33)	-	(179)	-	(1,574)
Derivatives held for risk management	(18,701)	561	5	(8,240)	(6)	(26,381)
Average exchange rate (Baht per 1 foreign currency unit)	32.6809	5.0145	0.2898	39.0273		
⁽¹⁾ Net of deferred revenue						

Derivatives

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

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

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

	Consolidated and Bank only			
	2018		2017	
	Notional amount (in million Baht)	Maturity	Notional amount (in million Baht)	Maturity
Interest rate swap contracts				
Receive floating interest rates and pay fixed interest rates	25,686	2019 - 2028	11,236	2018 - 2027

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 Bank only			
	2018		2017	
	Notional amount (in million Baht)	Maturity	Notional amount (in million Baht)	Maturity
Cross currency interest rate swap contracts				
Receive interest at a floated rate on US Dollar notional amounts and to pay interest at a fixed rate on Euro notional amounts	4,052	2021	4,081	2021
Receive interest at a floated rate on Euro notional amounts and to pay interest at a fixed rate on US Dollar notional amounts	3,935	2021 - 2022	-	-

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	2018		Consolidated and Bank only		2017	
	Notional amount (in million Baht)		Maturity	Notional amount (in million Baht)	Maturity	
Receive interest at a floated rate on Euro notional amounts and to pay interest at a floated rate on US Dollar notional amounts	5,012		2021 - 2022	-		-
Receive interest at a floated rate on US Dollar notional amounts and to pay interest at a fixed rate on Thai Baht notional amounts	2,185		2019	-		-
Receive interest at a fixed rate on Thai Baht notional amounts and to pay interest at a floated rate on US Dollar notional amounts	2,185		2019	-		-

As at 31 December 2018 and 2017, financial derivatives are classified by their remaining maturities as follows:

	Consolidated and Bank only					
	Not over 1 year	2018 Over 1 year	Total (in million Baht)	Not over 1 year	2017 Over 1 year	Total
Forward exchange contracts						
Bought	16,349	-	16,349	8,794	-	8,794
Sold	19,272	-	19,272	28,186	-	28,186
Interest rate swap contracts	2,150	23,536	25,686	1,700	9,536	11,236
Cross currency and interest rate swap contracts						
Bought	2,185	12,999	15,184	-	4,081	4,081
Sold	2,185	-	2,185	-	-	-

6 Fair value of financial assets and liabilities

6.1 Financial assets and liabilities measured at fair value

Fair values of financial assets and liabilities shown in the consolidated and the Bank only statement of financial position as at 31 December 2018 and 2017 are as follows:

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

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

	Consolidated and Bank only			
	2017			
	Fair value			
	Level 1	Level 2	Level 3	Total
	(in million Baht)			
Financial assets				
Derivatives assets (Trading book)				
- Foreign exchange rate	-	54	-	54
Available-for-sale securities	273	28,556	-	28,829
Financial liabilities				
Derivatives liabilities (Trading book)				
- Foreign exchange rate	-	52	-	52

6.2 Financial assets and liabilities not measured at fair value

The following tables analyse financial assets and liabilities not measured at fair value at 31 December 2018 and 2017, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Carrying value	Consolidated			
		2018			
		Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
Financial assets					
Interbank and money market items, net	11,713	-	11,713	-	11,713
Derivatives assets (Banking book)	169	-	238	-	238
Investment, net ⁽¹⁾	39,562	-	39,408	6	39,414
Loans to customers ^{(2) (3)}	106,610	-	-	106,435	106,435
Receivables on credit support for derivative contracts	1	-	1	-	1
Financial liabilities					
Deposits	102,140	-	102,141	-	102,141
Interbank and money market items	61,542	-	61,535	-	61,535
Derivatives liabilities (Banking book)	198	-	280 ⁽⁴⁾	-	280
Payable on credit support for derivative contracts	2	-	2	-	2
Debt issued and borrowings	32,037	-	32,008	-	32,008
Other financial liabilities	13	-	173 ⁽⁵⁾	-	173

⁽¹⁾ Held-to-maturity and general investment

⁽²⁾ Net of deferred revenue

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

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

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

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		Consolidated 2017			
	Carrying value	Level 1	Level 2	Level 3	Total
		(in million Baht)			
Financial assets					
Interbank and money market items, net	8,406	-	8,406	-	8,406
Derivatives assets (Banking book)	471	-	449	-	449
Investment, net ⁽¹⁾	33,895	-	33,914	254	34,168
Loans to customers ^{(2) (3)}	101,181	-	-	101,088	101,088
Receivables on credit support for derivative contracts	1	-	1	-	1
Financial liabilities					
Deposits	100,349	-	100,351	-	100,351
Interbank and money market items	49,938	-	49,934	-	49,934
Derivatives liabilities (Banking book)	309	-	299 ⁽⁴⁾	-	299
Payable on credit support for derivative contracts	130	-	130	-	130
Debt issued and borrowings	26,320	-	26,593	-	26,593
Other financial liabilities	8	-	60 ⁽⁵⁾	-	60

⁽¹⁾ Held-to-maturity and general investment

⁽²⁾ Net of deferred revenue

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

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

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

		Bank only 2018			
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
Financial assets					
Interbank and money market items, net	11,403	-	11,403	-	11,403
Derivatives assets (Banking book)	169	-	238	-	238
Investment, net ⁽¹⁾	39,562	-	39,408	6	39,414
Loans to customers ⁽²⁾	110,437	-	-	110,335	110,335
Receivables on credit support for derivative contracts	1	-	1	-	1
Financial liabilities					
Deposits	102,142	-	102,143	-	102,143
Interbank and money market items	61,542	-	61,535	-	61,535
Derivatives liabilities (Banking book)	198	-	280 ⁽³⁾	-	280
Payable on credit support for derivative contracts	2	-	2	-	2
Debt issued and borrowings	4,986	-	4,972	-	4,972
Other financial liabilities	13	-	173 ⁽⁴⁾	-	173

⁽¹⁾ Held-to-maturity and general investment

⁽²⁾ Net of deferred revenue

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

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

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		Bank only 2017 Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
		(in million Baht)			
<i>Financial assets</i>					
Interbank and money market items, net	8,225	-	8,225	-	8,225
Derivatives assets (Banking book)	471	-	449	-	449
Investment, net ⁽¹⁾	33,895	-	33,914	254	34,168
Loans to customers ⁽²⁾	105,399	-	-	105,386	105,386
Receivables on credit support for derivative contracts	1	-	1	-	1
<i>Financial liabilities</i>					
Deposits	100,350	-	100,351	-	100,351
Interbank and money market items	49,938	-	49,934	-	49,934
Derivatives liabilities (Banking book)	309	-	299 ⁽³⁾	-	299
Payable on credit support for derivative contracts	130	-	130	-	130
Debt issued and borrowings	116	-	116	-	116
Other financial liabilities	8	-	60 ⁽⁴⁾	-	60

⁽¹⁾ Held-to-maturity and general investment

⁽²⁾ Net of deferred revenue

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

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

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

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

Investments in debts securities and other equity

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

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

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

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

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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. The fair value of fixed rate loans to customers that have remaining maturity within 1 year of the reporting date is approximated using the carrying value at the reporting date. Fair value for fixed interest loans to customers which the remaining maturity more than 1 year is estimated using discounted cash flow analysis and using interest rates currently being offered for loans to customers with similar terms to borrowers of similar credit quality.

Deposits

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

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

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

Derivatives

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

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

7 Maintenance of capital fund

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. As announced by the BoT in its circulars dated 8 November 2012 and 8 May 2015, the Bank is required to calculate its Capital Fund in accordance with Basel III. The Bank and financial group comply with the regulatory capital according to Basel III. As at 31 December 2018 and 2017, the consolidated supervision and the Bank only's total capital funds could be categorised as follows:

	Consolidated supervision	
	2018	2017
	<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	1,100,000	600,000
Retained earnings after appropriations	7,817,944	6,214,826
Other comprehensive income	104,498	328,366
Other owner changes items	(24,849)	(24,849)
Less Capital deduction items on CET1	(1,113,626)	(960,271)
Total Tier 1 capital	28,016,061	26,290,166

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	Consolidated supervision	
	2018	2017
	<i>(in thousand Baht)</i>	
Tier 2 capital		
Subordinated debentures	5,000,000	-
Allowance for classified assets of “pass” category	2,504,452	2,306,247
Total Tier 2 capital	7,504,452	2,306,247
Total capital funds	35,520,513	28,596,413
Total risk-weighted assets	210,237,943	193,987,009

	BoT's minimum requirement ⁽¹⁾	Consolidated 2018	BoT's minimum requirement ⁽¹⁾	2017
			(%)	
Capital ratio				
Total capital to total risk-weighted assets	10.375	16.90	9.75	14.74
Tier 1 capital to total risk-weighted assets	7.875	13.33	7.25	13.56
Tier 1 common equity to total risk-weighted assets	6.375	13.33	5.75	13.56
Tier 2 capital to total risk-weighted assets	-	3.57	-	1.18

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

	Bank only	
	2018	2017
	<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	1,100,000	600,000
Retained earnings after appropriations	6,675,852	5,574,890
Other comprehensive income	105,580	328,390
Less Capital deduction items on CET1	(519,230)	(469,858)
Total Tier 1 capital	27,494,296	26,165,516
Tier 2 capital		
Subordinated debentures	5,000,000	-
Allowance for classified assets of “pass” category	2,263,281	2,102,528
Total Tier 2 capital	7,263,281	2,102,528
Total capital funds	34,757,577	28,268,044
Total risk-weighted assets	187,792,818	174,449,312

	BoT's minimum requirement ⁽¹⁾	Bank only 2018	BoT's minimum requirement ⁽¹⁾	2017
			(%)	
Capital ratio				
Total capital to total risk-weighted assets	10.375	18.51	9.75	16.20
Tier 1 capital to total risk-weighted assets	7.875	14.64	7.25	15.00
Tier 1 common equity to total risk-weighted assets	6.375	14.64	5.75	15.00
Tier 2 capital to total risk-weighted assets	-	3.87	-	1.20

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

As Disclosures of capital maintenance information under the Notification of the Bank of Thailand, the Public Disclosures of Capital Maintenance for Commercial Banks in accordance with the BoT's directive number Sor Nor Sor 4/2556, dated 2 May 2013, the Bank has made the Disclosures of Capital Maintenance and Information security risks for the Bank and financial group as at 31 December 2017 in the Bank's website, www.icbcthai.com, under Financial Report section on 27 April 2018. The Bank will disclose the Capital Maintenance and Information security risks for the Bank and financial group at 31 December 2018 within April 2019.

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According to Bank of Thailand Notification Number For Nor Sor (23) Wor 263/2556 dated 22 February 2013, the Bank is required to disclose regulatory capital after deducting capital add-on arising from Single Lending Limit, effective at the end of January 2015. As at 31 December 2018 and 2017, the Group has regulatory capital after deducting capital add-on arising from Single Lending Limit in the amount of Baht 33,442 million and Baht 26,423 million respectively or 15.91% and 13.62% respectively. *(Bank only: Baht 32,724 million and Baht 26,145 million or 17.43% and 14.99%)*

Capital management

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

8 Interbank and money market items, net (Assets)

	Consolidated					
	Demand	2018 Time	Total	Demand	2017 Time	Total
			(in thousand Baht)			
<i>Domestic items</i>						
Bank of Thailand	1,091,525	-	1,091,525	1,066,651	670,000	1,736,651
Commercial banks	175,874	1,320,000	1,495,874	189,019	3,680,000	3,869,019
Specialised financial institutions	922	-	922	959	-	959
Other financial institutions	-	4,312,000	4,312,000	-	1,207,000	1,207,000
Total	1,268,321	5,632,000	6,900,321	1,256,629	5,557,000	6,813,629
Add accrued interest receivables	5	3,665	3,670	5	1,525	1,530
Less allowance for doubtful accounts	-	(20,000)	(20,000)	-	-	-
Total domestic items, net	1,268,326	5,615,665	6,883,991	1,256,634	5,558,525	6,815,159
<i>Foreign items</i>						
US Dollar	603,586	3,696,171	4,299,757	170,222	1,050,691	1,220,913
Renminbi	438,107	-	438,107	329,675	-	329,675
Euro	43,442	-	43,442	25,370	-	25,370
Hong Kong Dollar	8,021	-	8,021	8,909	-	8,909
Other currencies	34,324	-	34,324	29,676	-	29,676
Total	1,127,480	3,696,171	4,823,651	563,852	1,050,691	1,614,543
Add accrued interest receivables	-	41,898	41,898	-	3,325	3,325
Less deferred revenue	-	-	-	-	(780)	(780)
Less allowance for doubtful accounts	-	(36,962)	(36,962)	-	(26,501)	(26,501)
Total foreign items, net	1,127,480	3,701,107	4,828,587	563,852	1,026,735	1,590,587
Total domestic and foreign items, net	2,395,806	9,316,772	11,712,578	1,820,486	6,585,260	8,405,746

			Bank only			
	Demand	2018 Time	Total	Demand	2017 Time	Total
			(in thousand Baht)			
<i>Domestic items</i>						
Bank of Thailand	1,091,525	-	1,091,525	1,066,651	670,000	1,736,651
Commercial banks	76,198	1,320,000	1,396,198	97,822	3,680,000	3,777,822
Other financial institutions	-	4,312,000	4,312,000	-	1,207,000	1,207,000
Total	1,167,723	5,632,000	6,799,723	1,164,473	5,557,000	6,721,473
Add accrued interest receivables	-	3,665	3,665	-	1,525	1,525
Less allowance for doubtful accounts	-	(20,000)	(20,000)	-	-	-
Total domestic items, net	1,167,723	5,615,665	6,783,388	1,164,473	5,558,525	6,722,998

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	Bank only					
	Demand	2018 Time	Total (in thousand Baht)	Demand	2017 Time	Total
<i>Foreign items</i>						
US Dollar	394,841	3,696,171	4,091,012	81,491	1,050,691	1,132,182
Renminbi	438,107	-	438,107	329,675	-	329,675
Euro	43,442	-	43,442	25,370	-	25,370
Hong Kong Dollar	8,021	-	8,021	8,909	-	8,909
Other currencies	34,324	-	34,324	29,676	-	29,676
Total	918,735	3,696,171	4,614,906	475,121	1,050,691	1,525,812
Add accrued interest receivables	-	41,898	41,898	-	3,325	3,325
Less deferred revenue	-	-	-	-	(780)	(780)
Less allowance for doubtful accounts	-	(36,962)	(36,962)	-	(26,501)	(26,501)
Total foreign items, net	918,735	3,701,107	4,619,842	475,121	1,026,735	1,501,856
Total domestic and foreign items, net	2,086,458	9,316,772	11,403,230	1,639,594	6,585,260	8,224,854

9 Derivatives

9.1 Trading Book

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

Type of risks	Consolidated and Bank only					
	2018			2017		
	Fair value Assets	Liabilities	Notional amount ⁽¹⁾ (in thousand Baht)	Fair value Assets	Liabilities	Notional amount ⁽¹⁾
Foreign exchange	13,763	12,494	3,837,662	54,074	51,561	5,413,702
Foreign exchange and interest rate	101,818	101,818	4,287,093	-	-	-
Total	115,581	114,312	8,124,755	54,074	51,561	5,413,702

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

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

Counterparties	Consolidated and Bank only	
	2018	2017
	(%)	
Financial institutions	94.10	90.09
Corporations	5.90	9.91
Total	100.00	100.00

9.2 Banking Book

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

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Type of risks	Consolidated and Bank only					
	2018		Notional amount ⁽¹⁾ (in thousand Baht)	2017		Notional amount ⁽¹⁾
	Carrying value ⁽²⁾ Assets	Liabilities		Carrying value ⁽²⁾ Assets	Liabilities	
Foreign exchange	149,231	39,082	31,782,805	470,634	97,277	31,654,203
Interest rate	- ⁽³⁾	- ⁽³⁾	25,686,036	- ⁽³⁾	- ⁽³⁾	11,235,647
Foreign exchange and interest rate	19,713	159,159	13,138,691	-	212,074	4,293,003
Total	168,944	198,241	70,607,532	470,634	309,351	47,182,853

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

⁽²⁾ Carrying value is the value determined based on an accrual basis as described in accounting policy regarding to derivatives for banking book.

⁽³⁾ Not included interest receivables and payables, which are recorded as a part of "Accrued income" or recorded as "Accrued interest payables" in the statements of financial position, as the case may be.

10 Investments, net

10.1 Classified by type of investments

	Consolidated and Bank only	
	2018	2017
	(in thousand Baht)	
<i>Available-for-sale securities - Fair value</i>		
Government and state enterprise securities	29,445,001	24,094,485
Domestic private debt securities	1,992,345	2,006,753
Foreign private debt securities	2,977,223	2,455,068
Domestic equity securities	201,715	272,738
Total	34,616,284	28,829,044
<i>Held-to-maturity securities - Amortised cost</i>		
Domestic private debt securities	9,804,462	7,572,074
Foreign private debt securities	29,755,482	26,231,918
Total	39,559,944	33,803,992
<i>General investments - Cost</i>		
Domestic non-marketable equity securities	11,272	100,322
Less allowance for impairment	(9,203)	(9,158)
General investments, net	2,069	91,164
Total	74,178,297	62,724,200

As at 31 December 2018 Baht 1,436 million of held-to-maturity securities, are pledged as security on a contract for repurchase agreements (31 December 2017: None).

10.2 Classified by the remaining periods to maturity of debt securities

	Consolidated and Bank only			
	2018			
	Periods to maturity			
	Less than 1 year	1-5 years	Over 5 years	Total
	(in thousand Baht)			
Available-for-sale securities				
Government and state enterprise securities	19,495,917	9,528,398	470,141	29,494,456
Domestic private debt securities	-	430,000	1,500,000	1,930,000
Foreign private debt securities	957,403	2,123,041	-	3,080,444
Total	20,453,320	12,081,439	1,970,141	34,504,900
Add allowance for revaluation	(3,498)	(121,626)	34,793	(90,331)
Total available-for-sale securities	20,449,822	11,959,813	2,004,934	34,414,569

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Consolidated and Bank only 2018				
	Less than 1 year	Periods to maturity 1-5 years Over 5 years (in thousand Baht)		Total
<i>Held-to-maturity securities</i>				
Domestic private debt securities	204,606	8,499,856	1,100,000	9,804,462
Foreign private debt securities	7,960,056	20,821,932	973,494	29,755,482
Total held-to-maturity securities	8,164,662	29,321,788	2,073,494	39,559,944
Total debt securities	28,614,484	41,281,601	4,078,428	73,974,513
Consolidated and Bank only 2017				
	Less than 1 year	Periods to maturity 1-5 years Over 5 years (in thousand Baht)		Total
<i>Available-for-sale securities</i>				
Government and state enterprise securities	11,033,363	12,509,350	470,155	24,012,868
Domestic private debt securities	-	430,000	1,500,000	1,930,000
Foreign private debt securities	-	2,466,663	-	2,466,663
Total	11,033,363	15,406,013	1,970,155	28,409,531
Add allowance for revaluation	44,652	42,642	59,481	146,775
Total available-for-sale securities	11,078,015	15,448,655	2,029,636	28,556,306
<i>Held-to-maturity securities</i>				
Domestic private debt securities	813,940	6,258,134	500,000	7,572,074
Foreign private debt securities	3,242,953	22,988,965	-	26,231,918
Total held-to-maturity securities	4,056,893	29,247,099	500,000	33,803,992
Total debt securities	15,134,908	44,695,754	2,529,636	62,360,298

10.3 Revaluation surplus on available-for-sale investments

	Consolidated and Bank only 2018 2017 (in thousand Baht)	
<i>Revaluation surplus on available-for-sale investments</i>		
Debt securities	(27,148)	264,937
Equity securities	159,123	198,538
Total	131,975	463,475
Less deferred tax	(26,395)	(92,695)
Net	105,580	370,780

10.4 Investment in companies with holding of 10% and upwards

As at 31 December 2018, the Bank and its Subsidiaries did not hold any investments in securities of 10% or more of the paid-up capital of any investee company.

As at 31 December 2017 investments in securities of which the Bank and its subsidiaries hold 10% or more of the paid-up capital of the investee company (but not record these securities as investments in subsidiaries and associates), which is recorded as a part of general investments and classified as long-term investments, were as follows:

Consolidated and Bank only 2017					
Company's name	Type of business	Type of securities held	Ownership interest (%)	Paid-up capital (in thousand Baht)	Cost
Bangkok BTMU Company Limited	Lending and investment holding business	Ordinary shares	10	200,000	<u>20,390</u>

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

	2018		Consolidated and Bank only		2017	
	Cost	Fair value	Allowance for impairment (in thousand Baht)	Cost	Fair value	Allowance for impairment
Companies with problems in their financial positions and operating results	<u>9,817</u>	<u>614</u>	<u>(9,203)</u>	<u>9,817</u>	<u>658</u>	<u>(9,159)</u>

11 Investments in subsidiaries, net

Investments in subsidiaries as at 31 December 2018 and 2017, and dividend income from those investments for the years ended 31 December 2018 and 2017, were as follows:

Name of subsidiaries	Type of business	Bank only							
		Ownership interest		Paid-up capital		Cost		Dividend income	
		2018	2017	2018	2017	2018	2017	2018	2017
<i>Direct subsidiary</i>		<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	<u>4,250</u>	<u>4,250</u>	<u>-</u>	<u>-</u>
<i>Indirect subsidiary</i>									
Sky High LI Leasing Designated Activity Company Limited ⁽²⁾	Hire purchase business	99.99	99.99	-	-	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

⁽¹⁾ The direct subsidiary is incorporated in Thailand.

⁽²⁾ The indirect subsidiary is incorporated in Ireland.

On 28 December 2017, ICBC (Thai) Leasing Company Limited ("Direct subsidiary") invested in 1 share (equivalent to 100%) in Sky High LI Leasing Designated Activity Company Limited at a price of Euro 1 (equivalent to Baht 39). As a result, the Bank gained indirect control over the Sky High LI Leasing Designated Activity Company Limited by recording the investment in subsidiaries and became the parent company.

12 Investments in an associate, net

Investments in an associate as at 31 December 2018 and 2017, and dividend income from those investments for the years ended 31 December 2018 and 2017, were as follows:

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

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Name of associate	Type of business	Country of incorporation	Ownership interest	Consolidated 2017		Equity	Fair value of listed securities	Dividend income
				Paid-up capital	Cost			
Finansia Syrus Securities Public Company Limited	Securities business	Thailand	(%) 22.29	930	305	579	368	17

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

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

Name of associate	Ownership interest (%)	Total assets	Total liabilities	2017		
				Total revenue	Total expenses	Net profit
Finansia Syrus Securities Public Company Limited	22.29	5,953	3,357	(in million Baht)		
				1,655	1,447	177

13 Loans to customers and accrued interest receivables, net

13.1 Classified by types of loans

	Consolidated		Bank only	
	2018	2017	2018	2017
	(in thousand Baht)			
Overdrafts	669,343	724,128	669,343	724,128
Loans	80,129,348	72,385,474	84,050,638	76,659,550
Notes receivable	23,315,770	24,045,226	24,540,770	25,076,226
Factoring receivables	2,667,421	4,300,968	1,209,506	3,091,007
Hire purchase receivables	37,202,874	36,054,051	-	-
Finance lease receivables	7,485,856	7,200,098	-	-
Total loans to customers	151,470,612	144,709,945	110,470,257	105,550,911
Less deferred revenue	(5,416,120)	(5,380,267)	(33,355)	(151,464)
Total loans to customers, net of deferred revenue	146,054,492	139,329,678	110,436,902	105,399,447
Add accrued interest receivables	285,218	246,485	287,615	248,564
Total loans to customers, net of deferred revenue and accrued interest receivables	146,339,710	139,576,163	110,724,517	105,648,011
Less allowance for doubtful accounts				
- allowance established per BoT regulations	(2,786,034)	(2,912,332)	(832,783)	(969,608)
- allowance established in excess of BoT regulations	(5,274,670)	(4,465,417)	(3,293,548)	(3,330,826)
Less revaluation allowance for debt restructuring	(24,526)	(23,505)	(4,165)	(11,185)
Loans to customers and accrued interest receivables, net	138,254,480	132,174,909	106,594,021	101,336,392

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13.2 Classified by currency and residential status of customers

	Consolidated					
	Domestic	2018 Foreign	Total	Domestic	2017 Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	113,361,703	17,994	113,379,697	104,914,646	13,331	104,927,977
US Dollar	10,580,766	13,336,812	23,917,578	11,563,957	16,715,911	28,279,868
Renminbi	777	2,339,925	2,340,702	496	1,056,117	1,056,613
Euro	16,819	6,399,696	6,416,515	7,096	5,055,525	5,062,621
Yen	-	-	-	2,370	-	2,370
Others	-	-	-	229	-	229
Total ⁽¹⁾	123,960,065	22,094,427	146,054,492	116,488,794	22,840,884	139,329,678

⁽¹⁾ Total loans to customers net of deferred revenue

	Bank only					
	Domestic	2018 Foreign	Total	Domestic	2017 Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	77,600,255	17,994	77,618,249	70,945,009	13,331	70,958,340
US Dollar	6,792,723	17,268,713	24,061,436	7,313,467	21,005,807	28,319,274
Renminbi	777	2,339,925	2,340,702	496	1,056,117	1,056,613
Euro	16,819	6,399,696	6,416,515	7,096	5,055,525	5,062,621
Yen	-	-	-	2,370	-	2,370
Others	-	-	-	229	-	229
Total ⁽¹⁾	84,410,574	26,026,328	110,436,902	78,268,667	27,130,780	105,399,447

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

13.3 Classified by business types and loan classification

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

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

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

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	Consolidated 2017					Total
	Pass	Special Mention	Substandard (in thousand Baht)	Doubtful	Doubtful of Loss	
Agriculture and mining	2,330,429	1,499	-	-	-	2,331,928
Manufacturing and commerce	55,135,423	308,033	-	78,894	419,918	55,942,268
Property development and construction	18,879,810	116,963	13,000	14,775	348,373	19,372,921
Infrastructure and services	26,207,342	628,220	235,857	337,847	-	27,409,266
Housing loans	7,765	3,361	-	-	-	11,126
Others ⁽¹⁾	28,894,870	4,876,269	344,662	134,018	12,350	34,262,169
Total ⁽²⁾	131,455,639	5,934,345	593,519	565,534	780,641	139,329,678

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

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

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

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

	Bank only 2017					Total
	Pass	Special Mention	Substandard (in thousand Baht)	Doubtful	Doubtful of Loss	
Agriculture and mining	2,330,429	1,499	-	-	-	2,331,928
Manufacturing and commerce	59,369,037	292,212	-	78,894	419,918	60,160,061
Property development and construction	18,879,810	116,963	13,000	14,775	348,373	19,372,921
Infrastructure and services	21,956,852	628,220	235,857	337,847	-	23,158,776
Housing loans	7,765	3,361	-	-	-	11,126
Others	349,206	2,361	716	2	12,350	364,635
Total ⁽¹⁾	102,893,099	1,044,616	249,573	431,518	780,641	105,399,447

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

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13.4 Loans classified by type of classification

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

- (1) Net balance used in setting up allowance for doubtful accounts is (a) debt balances (excluding accrued interest receivables) and net of collateral in case of loans classified as "Pass" and "Special Mention" or (b) debt balances remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposals in case of loans classified as "Substandard", "Doubtful" and "Doubtful of Loss".

	Consolidated 2017						
	Loans to customers and accrued interest receivables less deferred revenue <i>(in thousand Baht)</i>	The Bank Net amount used to set the allowance for doubtful accounts ⁽¹⁾ <i>(in thousand Baht)</i>	Rate used for allowance for doubtful accounts <i>(%)</i>	Allowance for doubtful accounts	Subsidiaries Net amount used to set the allowance for doubtful accounts <i>(in thousand Baht)</i>	Allowance for doubtful accounts	Total
Minimum allowance as per BoT's Regulations							
Pass	131,695,147	56,544,236	1	565,442	33,852,727	437,190	1,002,632
Special Mention	5,941,188	695,840	2	13,917	4,727,864	1,333,359	1,347,276
Substandard	593,653	5,351	100	5,351	343,946	123,030	128,381
Doubtful	565,534	69,999	100	69,999	134,016	49,145	119,144
Doubtful of Loss	780,641	314,899	100	314,899	-	-	314,899
							2,912,332
Excess allowance ⁽²⁾							4,465,417
Total	139,576,163	57,630,325		969,608	39,058,553	1,942,724	7,377,749

- (1) Net balance used in setting up allowance for doubtful accounts is (a) debt balances (excluding accrued interest receivables) and net of collateral in case of loans classified as "Pass" and "Special Mention" or (b) debt balances remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposals in case of loans classified as "Substandard", "Doubtful" and "Doubtful of Loss".

- (2) This includes additional provision of Baht 138 million recorded at the Bank's level to account for expected losses arising in the hire purchase and finance lease receivables portfolio.

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

- (1) Net balance used in setting up allowance for doubtful accounts is (a) debt balances (excluding accrued interest receivables) and net of collateral in case of loans classified as "Pass" and "Special Mention" or (b) debt balances remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposals in case of loans classified as "Substandard", "Doubtful" and "Doubtful of Loss".

Bank only				
2017				
	Loans to customers and accrued interest receivables less deferred revenue <i>(in thousand Baht)</i>	Net amount used to set the allowance for doubtful accounts ⁽¹⁾ <i>(in thousand Baht)</i>	Rate used for allowance for doubtful accounts <i>(%)</i>	Allowance for doubtful accounts <i>(in thousand Baht)</i>
Minimum allowance as per BoT's Regulations				
Pass	103,134,694	56,544,236	1	565,442
Special Mention	1,051,451	695,840	2	13,917
Substandard	249,707	5,351	100	5,351
Doubtful	431,518	69,999	100	69,999
Doubtful of Loss	<u>780,641</u>	<u>314,899</u>	100	<u>314,899</u>
				969,608
Excess allowance ⁽²⁾				<u>3,330,826</u>
Total	<u>105,648,011</u>	<u>57,630,325</u>		<u>4,300,434</u>

- (1) Net balance used in setting up allowance for doubtful accounts is (a) debt balances (excluding accrued interest receivables) and net of collateral in case of loans classified as "Pass" and "Special Mention" or (b) debt balances remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposals in case of loans classified as "Substandard", "Doubtful" and "Doubtful of Loss".

- (2) This includes additional provision of Baht 138 million recorded at the Bank's level to account for expected losses arising in the hire purchase and finance lease receivables portfolio.

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13.5 Non-performing loans

As at 31 December 2018 and 2017, the Bank used the guidelines specified in the BoT's Notification Number Sor Nor Sor 5/2559, directive dated 10 June 2016 in determining Non-Performing Loans which consist of loans classified as substandard, doubtful, doubtful of loss and loss under the BoT's guideline. The amounts are as follows:

	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Non-Performing Loans (net of allowance for doubtful accounts)	859,673	1,261,846	366,290	962,178
% of Non-Performing Loans to total loans (net) ⁽¹⁾	0.56	0.87	0.31	0.87
Non-Performing Loans (gross)	1,832,126	1,939,694	869,181	1,461,732
% of Non-Performing Loans to total loans (gross) ⁽¹⁾	1.18	1.34	0.73	1.31

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

During 2018, the Bank has reached an agreement to sell and transfer a number of Non-performing Loans to two Asset Management Companies. The process was completed in June 2018, with a total amount of Baht 475 million. The Bank recognised a gain of Baht 118 million in gains on disposals of non-performing loans.

13.6 Non-accrual loans

Non-accrual loans, gross, (including loans to financial institutions) as at 31 December 2018 and 2017 are as follows:

	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Loans where recognition of income has been suspended (principal only)	1,814,398	1,926,690	851,454	1,448,728
% of loans where recognition of income has been suspended ⁽¹⁾	1.17	1.32	0.71	1.30

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

13.7 Loans to subsidiaries

Company's name	Types of loans	Maturity	Interest rate as at		Amounts principal outstanding	
			2018	2017	2018	2017
			<i>(% per annum)</i>		<i>(in million Baht)</i>	
ICBC (Thai) Leasing Company Limited	Revolving loan	At call	2.07	1.85	1,225	1,031
Sky High LI Leasing Designated Activity Company Limited	Term Loan	2027	LIBOR + 3-month	LIBOR + 3-month	3,932	4,290
Total					5,157	5,321
Less allowance for doubtful accounts					(52)	(191)
Net					5,105	5,130

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As at 31 December 2017, the Bank had booked minimum allowance as per BoT regulations for loans ICBC (Thai) Leasing Company Limited (“Direct subsidiary”) and held impairment provisions amounting to Baht 138 million in the Bank’s financial statements to account for expected losses in the hire purchase and finance lease receivables portfolio of its direct subsidiary. The provision was recorded against the loan from the Bank to its direct subsidiaries. Such amount has been booked to loans to customers in the Bank’s financial statements under excess allowance over minimum BoT requirements (*Note 13.4*).

14 Troubled debt restructuring

During the year ended 31 December 2018 and 2017, details of restructured debts (only the account where debtor has present value loss/ losses on the debt restructuring is presented), classified by the restructuring method were as follows:

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

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

Consolidated 2017					
	Number of debtors	Outstanding balances before restructuring (in million Baht)	Outstanding balances after restructuring	Average period of the remaining term of debt restructuring	Loss on debt restructuring ⁽¹⁾ (in million Baht)
Changes of repayment conditions	<u>4</u>	<u>1,996</u>	<u>1,993</u>	1-5 years	<u>26</u>

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

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

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

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	Bank only 2017			Average period of the remaining term of debt restructuring	Loss on debt restructuring ⁽¹⁾ (in million Baht)
	Number of debtors	Outstanding balances before restructuring (in million Baht)	Outstanding balances after restructuring (in million Baht)		
Changes of repayment conditions	<u>1</u>	<u>2</u>	<u>2</u>	5 years	<u>0.054</u>

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

Additional information relating to restructuring debtors for the years ended 31 December 2018 and 2017 are as follows:

	Consolidated		Bank only	
	2018	2017 (in million Baht)	2018	2017
Interest income recognised in profit or loss	82	83	7	16
Cash collection from debtors				
- Principal	7	42	1	9
- Interest	11	15	4	15

As at 31 December 2018, the Bank and its subsidiaries have outstanding balances relating to restructured loans for the consolidated and the Bank only financial statements amounting to Baht 1,800 million and 36 million, respectively. (31 December 2017: Baht 2,267 million and 238 million)

As at 31 December 2018 and 2017, the Bank has no commitment to additionally lend to its debtors after debt restructuring.

15 Hire purchase and finance lease receivables

As at 31 December 2018 and 2017, the subsidiaries had net hire purchase and financial lease receivables, which are hire purchase or finance lease contracts for motor vehicles, airplanes, machineries and equipment for businesses. The average contract periods are 1 to 12 years (31 December 2017: 1 to 12 years) and the interest is charged at floating or fixed rates as specified in the contracts.

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

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

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	Consolidated 2017			
	Periods due for payments			
	Less than 1 year	1 - 5 years	Over 5 years	Total
	(in million Baht)			
Total of gross investments in the lease	12,307	26,238	4,709	43,254
Less deferred revenue ⁽¹⁾	<u>(1,825)</u>	<u>(2,905)</u>	<u>(377)</u>	<u>(5,107)</u>
Present value of the lease payments	<u>10,482</u>	<u>23,333</u>	<u>4,332</u>	<u>38,147</u>
Less allowance for doubtful accounts				<u>(3,185)</u>
Hire purchase and finance lease receivables, net				<u>34,962</u>

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

The allowance for doubtful accounts represents the minimum allowance required under BoT guidelines and during the current year of 31 December 2018 there was no booking of additional allowance (31 December 2017: Baht 138 million) recorded at the Bank's level to account for expected losses arising in the hire purchase and finance lease receivables portfolio.

16 Allowance for doubtful accounts

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

	Consolidated 2017					Allowance established in excess of BoT's minimum regulations	Total
	Pass	Special Mention	Sub- standard	Doubtful	Doubtful of Loss		
	(in thousand Baht)						
Beginning balance	990,616	1,233,643	186,565	60,815	324,368	3,145,886	5,941,893
Bad debt and doubtful accounts	12,016	113,633	(58,184)	58,329	268,893	1,319,531	1,714,218
Bad debt written off	-	-	-	-	(236,534)	-	(236,534)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(41,828)	-	(41,828)
Ending balance	1,002,632	1,347,276	128,381	119,144	314,899	4,465,417	7,377,749

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	Bank only 2018					Allowance established in excess of BoT's minimum regulations	Total
	Pass	Special Mention	Sub- standard	Doubtful (in thousand Baht)	Doubtful of Loss		
Beginning balance	565,442	13,917	5,351	69,999	314,899	3,330,826	4,300,434
Bad debt and doubtful accounts	98,821	(11,084)	12,297	78,040	152,969	(37,278)	293,765
Bad debt written off	-	-	-	-	(43,312)	-	(43,312)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(424,556)	-	(424,556)
Ending balance	<u>664,263</u>	<u>2,833</u>	<u>17,648</u>	<u>148,039</u>	<u>-</u>	<u>3,293,548</u>	<u>4,126,331</u>

	Bank only 2017					Allowance established in excess of BoT's minimum regulations	Total
	Pass	Special Mention	Sub- standard	Doubtful (in thousand Baht)	Doubtful of Loss		
Beginning balance	551,395	473	274	432	324,368	2,890,488	3,767,430
Bad debt and doubtful accounts	14,047	13,444	5,077	69,567	99,084	440,338	641,557
Bad debt written off	-	-	-	-	(66,725)	-	(66,725)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(41,828)	-	(41,828)
Ending balance	<u>565,442</u>	<u>13,917</u>	<u>5,351</u>	<u>69,999</u>	<u>314,899</u>	<u>3,330,826</u>	<u>4,300,434</u>

17 Revaluation of allowance for debt restructuring

	Consolidated		Bank only	
	2018	2017	2018	2017
	(in thousand Baht)			
Beginning balance	23,505	13,769	11,185	13,769
Increase (decrease)	4,285	24,776	(6,312)	(1,159)
Amortisation to interest income	(3,264)	(15,040)	(708)	(1,425)
Ending balance	<u>24,526</u>	<u>23,505</u>	<u>4,165</u>	<u>11,185</u>

18 Properties foreclosed, net

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

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

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The details of properties foreclosed are as follows:

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

Consolidated 2017					
Type of properties foreclosed	Beginning balance	Additions	Disposals (in thousand Baht)	Ending balance	Portion subject to disposal restrictions, buy-back rights or first refusal rights
Assets transferred in settlement of debts					
- Immovable properties	844,434	-	(129,087)	715,347 ⁽¹⁾	29,146
- Movable assets	53,049	345,057	(371,422)	26,684	-
Total	897,483	345,057	(500,509)	742,031	29,146
Assets from auction bidding					
- Immovable properties	96,277	76,863	(28,170)	144,970	-
- Movable assets	-	6	(6)	-	-
Total	96,277	76,869	(28,176)	144,970	-
Total properties foreclosed	993,760	421,926	(528,685)	887,001	29,146
Less allowance for impairment	(218,241)	(92,404)	118,274	(192,371)	(16,619)
Total properties foreclosed, net	775,519	329,522	(410,411)	694,630	12,527

⁽¹⁾ As at 31 December 2018, the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 514 million and Baht 195 million, respectively (31 December 2017: Baht 514 million and Baht 201 million, respectively).

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

Type of properties foreclosed	Beginning balance	Additions	Bank only 2017		Portion subject to disposal restrictions, buy-back rights or first refusal rights
			Disposals (in thousand Baht)	Ending balance	
Assets transferred in settlement of debts					
- Immovable properties	844,434	-	(129,087)	715,347 ⁽¹⁾	29,146
Total	844,434	-	(129,087)	715,347	29,146
Assets from auction bidding					
- Immovable properties	96,277	76,863	(28,170)	144,970	-
- Movable assets	-	6	(6)	-	-
Total	96,277	76,869	(28,176)	144,970	-
Total properties foreclosed	940,711	76,869	(157,263)	860,317	29,146
<i>Less allowance for impairment</i>	<i>(196,946)</i>	<i>(21,326)</i>	<i>33,696</i>	<i>(184,576)</i>	<i>(16,619)</i>
Total properties foreclosed, net	743,765	55,543	(123,567)	675,741	12,527

⁽¹⁾ As of 31 December 2018, the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 514 million and Baht 195 million, respectively (31 December 2017: Baht 514 million and Baht 201 million, respectively).

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19 Premises and equipment, net

	Land	Buildings	Consolidated Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
<i>Cost</i>					
At 1 January 2017	8,500	6,892	545,561	112,042	672,995
Additions	-	-	27,340	17,120	44,460
Disposals/ written-off	-	-	(100)	(24,278)	(24,378)
At 31 December 2017 and 1 January 2018	8,500	6,892	572,801	104,884	693,077
Additions	-	-	34,711	13,878	48,589
Disposals/ written-off	-	-	(7,138)	(26,330)	(33,468)
At 31 December 2018	8,500	6,892	600,374	92,432	708,198
<i>Accumulated depreciation</i>					
At 1 January 2017	-	(1,498)	(423,223)	(104,734)	(529,455)
Depreciation charge for the year	-	(203)	(36,870)	(3,249)	(40,322)
Disposals/ written-off	-	-	92	24,278	24,370
At 31 December 2017 and 1 January 2018	-	(1,701)	(460,001)	(83,705)	(545,407)
Depreciation charge for the year	-	(203)	(34,494)	(4,974)	(39,671)
Disposals/ written-off	-	-	1,783	25,854	27,637
At 31 December 2018	-	(1,904)	(492,712)	(62,825)	(557,441)
<i>Net book value</i>					
At 1 January 2017	8,500	5,394	122,338	7,308	143,540
At 31 December 2017 and 1 January 2018	8,500	5,191	112,800	21,179	147,670
At 31 December 2018	8,500	4,988	107,662	29,607	150,757

As at 31 December 2018, the Bank's subsidiaries have motor vehicles acquired under financial leases with net book values amounting to Baht 5 million (31 December 2017: Baht 6 million).

The gross amount of the Bank and its subsidiaries fully depreciated equipment that was still in use as at 31 December 2018 amounting to Baht 446 million (31 December 2017: Baht 402 million).

	Land	Buildings	Bank only Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
<i>Cost</i>					
At 1 January 2017	8,500	6,892	442,901	87,003	545,296
Additions	-	-	24,373	17,120	41,493
Disposals/ written-off	-	-	-	(24,278)	(24,278)
At 31 December 2017 and 1 January 2018	8,500	6,892	467,274	79,845	562,511
Additions	-	-	31,896	13,878	45,774
Disposal/ written-off	-	-	(7,138)	(23,858)	(30,996)
At 31 December 2018	8,500	6,892	492,032	69,865	577,289

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	Land	Buildings	Bank only Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
Accumulated depreciation					
At 1 January 2017	-	(1,498)	(331,265)	(86,137)	(418,900)
Depreciation charge for the year	-	(203)	(30,524)	(2,667)	(33,394)
Disposals/ written-off	-	-	-	24,278	24,278
At 31 December 2017 and 1 January 2018	-	(1,701)	(361,789)	(64,526)	(428,016)
Depreciation charge for the year	-	(203)	(30,640)	(4,861)	(35,704)
Disposal/ written-off	-	-	1,784	23,858	25,642
At 31 December 2018	-	(1,904)	(390,645)	(45,529)	(438,078)
Net book value					
At 1 January 2017	8,500	5,394	111,636	866	126,396
At 31 December 2017 and 1 January 2018	8,500	5,191	105,485	15,319	134,495
At 31 December 2018	8,500	4,988	101,387	24,336	139,211

As at 31 December 2018 and 31 December 2017, 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 2018 amounting to Baht 350 million (31 December 2017: Baht 324 million).

20 Intangible assets, net

	Computer softwares	Consolidated Computer softwares under development (in thousand Baht)	Deferred license fee	Total
Cost				
At 1 January 2017	384,286	1,640	26,750	412,676
Additions	9,273	410	-	9,683
Transfers in (out)	2,050	(2,050)	-	-
At 31 December 2017 and 1 January 2018	395,609	-	26,750	422,359
Additions	3,555	840	-	4,395
At 31 December 2018	399,164	840	26,750	426,754
Accumulated amortisation				
At 1 January 2017	(366,088)	-	(10,621)	(376,709)
Amortisation for the year	(4,019)	-	(2,673)	(6,692)
At 31 December 2017 and 1 January 2018	(370,107)	-	(13,294)	(383,401)
Amortisation for the year	(4,419)	-	(2,673)	(7,092)
At 31 December 2018	(374,526)	-	(15,967)	(390,493)
Net book value				
At 1 January 2017	18,198	1,640	16,129	35,967
At 31 December 2017 and 1 January 2018	25,502	-	13,456	38,958
At 31 December 2018	24,638	840	10,783	36,261

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	Computer softwares	Bank only Computer softwares under development (in thousand Baht)	Deferred license fee	Total
<i>Cost</i>				
At 1 January 2017	351,101	-	26,750	377,851
Additions	5,481	-	-	5,481
At 31 December 2017 and 1 January 2018	356,582	-	26,750	383,332
Additions	130	-	-	130
At 31 December 2018	356,712	-	26,750	383,462
<i>Accumulated amortisation</i>				
At 1 January 2017	(335,649)	-	(10,621)	(346,270)
Amortisation for the year	(2,722)	-	(2,673)	(5,395)
At 31 December 2017 and 1 January 2018	(338,371)	-	(13,294)	(351,665)
Amortisation for the year	(2,422)	-	(2,673)	(5,095)
At 31 December 2018	(340,793)	-	(15,967)	(356,760)
<i>Net book value</i>				
At 1 January 2017	15,452	-	16,129	31,581
At 31 December 2017 and 1 January 2018	18,211	-	13,456	31,667
At 31 December 2018	15,919	-	10,783	26,702

21 Deferred tax assets, net

Deferred tax assets and liabilities were as follows:

	Consolidated	
	2018	2017
	(in thousand Baht)	
Deferred tax assets	1,787,832	1,591,170
Deferred tax liabilities	(710,468)	(662,065)
Net	1,077,364	929,105

	Bank only	
	2018	2017
	(in thousand Baht)	
Deferred tax assets	539,826	538,626
Deferred tax liabilities	(47,298)	(94,102)
Net	492,528	444,524

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Movements in total deferred tax assets and liabilities during the years ended 31 December 2018 and 2017 were as follows:

	At 1 January 2018	Consolidated (Charged) / Credited to:		At 31 December 2018
		Profit or loss (Note 44)	Other comprehensive income	
		(in thousand Baht)		
Deferred tax assets				
Investments	-	-	18,066	18,066
Loans to customers and accrued interest receivables	482,997	40,045	-	523,042
Allowance for doubtful accounts	600,830	112,498	-	713,328
Properties foreclosed	38,474	996	-	39,470
Other assets	399,205	13,993	-	413,198
Provisions	45,795	3,313	-	49,108
Other liabilities	23,869	7,751	-	31,620
Total	1,591,170	178,596	18,066	1,787,832
Deferred tax liabilities				
Investments	(92,694)	-	48,234	(44,460)
Investments in an associate	(27,448)	942	138	(26,368)
Loans to customers and accrued interest receivables	(534,978)	(96,750)	-	(631,728)
Deferred direct costs of debentures	(3,210)	73	-	(3,137)
Provisions	(3,735)	-	(1,040)	(4,775)
Total	(662,065)	(95,735)	47,332	(710,468)
Net	929,105	82,861	65,398	1,077,364
	At 1 January 2017	Consolidated (Charged) / Credited to:		At 31 December 2017
		Profit or loss (Note 44)	Other comprehensive income	
		(in thousand Baht)		
Deferred tax assets				
Investments	11,802	-	(11,802)	-
Loans to customers and accrued interest receivables	363,387	119,610	-	482,997
Allowance for doubtful accounts	475,200	125,630	-	600,830
Properties foreclosed	43,648	(5,174)	-	38,474
Other assets	387,541	11,664	-	399,205
Provisions	39,110	6,685	-	45,795
Other liabilities	17,360	6,509	-	23,869
Total	1,338,048	264,924	(11,802)	1,591,170
Deferred tax liabilities				
Investments	(107,716)	-	15,022	(92,694)
Investments in an associate	(25,576)	(2,037)	165	(27,448)
Loans to customers and accrued interest receivables	(390,520)	(144,458)	-	(534,978)
Deferred direct costs of debentures	(4,341)	1,131	-	(3,210)
Provisions	(3,595)	-	(140)	(3,735)
Total	(531,748)	(145,364)	15,047	(662,065)
Net	806,300	119,560	3,245	929,105

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

		Bank only		
		(Charged) / Credited to:		
	At 1 January 2017	Profit or loss (Note 44)	Other comprehensive income	At 31 December 2017
		(in thousand Baht)		
<i>Deferred tax assets</i>				
Investments	11,802	-	(11,802)	-
Loans to customers and accrued interest receivables	19,324	(2,458)	-	16,866
Allowance for doubtful accounts	381,200	65,000	-	446,200
Properties foreclosed	39,389	(2,474)	-	36,915
Other assets	692	(85)	-	607
Provisions	31,513	5,681	-	37,194
Other liabilities	484	360	-	844
Total	484,404	66,024	(11,802)	538,626
<i>Deferred tax liabilities</i>				
Investments	(107,716)	-	15,022	(92,694)
Provisions	(1,408)	-	-	(1,408)
Total	(109,124)	-	15,022	(94,102)
Net	375,280	66,024	3,220	444,524

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22 Other assets, net

	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Prepaid expenses	17,141	20,088	13,372	16,986
Deposit	18,722	18,764	11,498	11,735
Advance payment	2,647	4,709	2,633	4,696
Others	3,990	3,643	3,143	3,026
Total	42,500	47,204	30,646	36,443

23 Classified assets

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

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

⁽²⁾ Net of deferred revenue

		Consolidated 2017			
Loans to customers and accrued interest receivables ⁽²⁾		Investments	Properties foreclosed	Other assets	Total
		<i>(in million Baht)</i>			
Pass	137,637 ⁽¹⁾	-	-	-	137,637
Special Mention	5,941	-	-	-	5,941
Substandard	594	-	-	-	594
Doubtful	565	-	-	-	565
Doubtful of Loss	781	9	192	469	1,451
Total	145,518	9	192	469	146,188

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

⁽²⁾ Net of deferred revenue

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

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

⁽²⁾ Net of deferred revenue

Bank only				
2017				
	Loans to customers and accrued interest receivables ⁽²⁾	Investments	Properties foreclosed	Other assets
	<i>(in million Baht)</i>			
				Total
Pass	109,077 ⁽¹⁾	-	-	-
Special Mention	1,051	-	-	-
Substandard	250	-	-	-
Doubtful	431	-	-	-
Doubtful of Loss	781	9	185	3
Total	111,590	9	185	3
				111,787

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

⁽²⁾ Net of deferred revenue

24 Deposits

24.1 Classified by product

	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Demand	8,582,612	9,017,460	8,582,761	9,017,538
Savings	9,545,975	8,232,480	9,548,458	8,232,878
Fixed				
- Less than 6 months	37,096,697	37,032,913	37,096,697	37,032,912
- 6 months and less than 1 year	22,964,665	27,066,147	22,964,665	27,066,148
- Over 1 year	23,949,550	19,000,041	23,949,550	19,000,041
Total	102,139,499	100,349,041	102,142,131	100,349,517

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24.2 Classified by currency and residence of customer

	Consolidated					
	Domestic	2018 Foreign	Total	Domestic	2017 Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	95,818,396	2,951,060	98,769,456	94,784,010	2,694,119	97,478,129
US Dollar	1,056,335	734,195	1,790,530	746,576	692,304	1,438,880
Renminbi	1,022,771	505,970	1,528,741	862,422	499,195	1,361,617
Other currencies	49,018	1,754	50,772	66,404	4,011	70,415
Total	97,946,520	4,192,979	102,139,499	96,459,412	3,889,629	100,349,041

	Bank only					
	Domestic	2018 Foreign	Total	Domestic	2017 Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	95,821,029	2,951,060	98,772,089	94,784,486	2,694,119	97,478,605
US Dollar	1,056,335	734,195	1,790,530	746,576	692,304	1,438,880
Renminbi	1,022,771	505,970	1,528,741	862,422	499,195	1,361,617
Other currencies	49,017	1,754	50,771	66,404	4,011	70,415
Total	97,949,152	4,192,979	102,142,131	96,459,888	3,889,629	100,349,517

25 Interbank and money market items (Liabilities)

	Consolidated and Bank only					
	Demand	2018 Time	Total	Demand	2017 Time	Total
	<i>(in thousand Baht)</i>					
Domestic items						
Bank of Thailand	-	-	-	-	159,816	159,816
Commercial banks	213,953	8,300,000	8,513,953	256,426	3,350,000	3,606,426
Specialised financial institutions	38	759,470	759,508	5	4,125,228	4,125,233
Other financial institutions	117,620	1,802,650	1,920,270	68,592	6,631,281	6,699,873
Total domestic items	331,611	10,862,120	11,193,731	325,023	14,266,325	14,591,348
Foreign items						
US Dollar	-	30,143,445	30,143,445	-	33,040,390	33,040,390
Renminbi	4,417	2,470,495	2,474,912	3,352	1,002,900	1,006,252
Euro	-	12,310,716	12,310,716	-	1,092,764	1,092,764
Yen	-	5,076,302	5,076,302	-	-	-
Baht	342,963	-	342,963	207,367	-	207,367
Total foreign items	347,380	50,000,958	50,348,338	210,719	35,136,054	35,346,773
Total domestic and foreign items	678,991	60,863,078	61,542,069	535,742	49,402,379	49,938,121

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26 Debt issued and borrowings

As at 31 December 2018 and 2017, debt issued and borrowings, which were denominated entirely in Thai Baht, consist of the following:

	Consolidated			Consolidated		
	2018	Interest rate	Amount	2017	Interest rate	Amount
	Maturity	(%)	(in thousand Baht)	Maturity	(%)	(in thousand Baht)
Bills of exchange	-	-	-	2018	1.4	116,000
Secured debentures ⁽¹⁾	2019	3.94	4,872,480	2018 - 2019	3.64 - 3.94	6,661,096
Unsecured debentures	2019 - 2028	1.60 - 2.74	22,178,617	2018 - 2026	1.33 - 4.50	19,543,106
Subordinated debentures ⁽²⁾	2028	3.50	4,985,815	-	-	-
Total			32,036,912			26,320,202

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

⁽²⁾ Counted as of Tier 2 capital under Bank of Thailand's criteria for inclusion of financial instruments in Tier 2 Capital. (Note 7)

	Bank only			Bank only		
	2018	Interest rate	Amount	2017	Interest rate	Amount
	Maturity	(%)	(in thousand Baht)	Maturity	(%)	(in thousand Baht)
Bills of exchange	-	-	-	2018	1.40	116,000
Subordinated debentures ⁽¹⁾	2028	3.50	4,985,815	-	-	-
Total			4,985,815			116,000

⁽¹⁾ Counted as of Tier 2 capital under Bank of Thailand's criteria for inclusion of financial instruments in Tier 2 Capital. (Note 7)

Subordinated debentures

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

27 Employee benefit obligations

	Consolidated		Bank only	
	2018	2017	2018	2017
	(in million Baht)			
Statement of financial position obligations for:				
Post-employment benefits				
Defined benefit plan	236	215	197	184
Year ended 31 December				
	(in million Baht)			
Statement of profit or loss and other comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits				
Defined benefit plan	41	40	35	32
Recognised in other comprehensive income:				
Actuarial gains recognised during the year	(5)	(1)	(7)	-
Cumulative actuarial gains recognised	(5)	(1)	(7)	-

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Defined benefit plan

The Bank and its subsidiaries operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The statement of financial position obligation has determined as follows:

	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Present value of unfunded obligations	236	215	197	184
Statement of financial position obligations	236	215	197	184

Movement in the present value of the defined benefit obligations:

	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
At 1 January	215	180	184	156
Include in profit or loss:				
Current service costs and interest	41	40	35	32
Include in other comprehensive income:				
Actuarial gains	(5)	(1)	(7)	-
Other				
Benefit paid	(15)	(4)	(15)	(4)
At 31 December	236	215	197	184

Actuarial gains recognised in other comprehensive income are as follows:

<i>Year ended 31 December</i>	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Demographic assumptions	2	-	2	-
Financial assumptions	3	-	1	-
Experience adjustment	(10)	(1)	(10)	-
Total	(5)	(1)	(7)	-

Actuarial assumptions

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

	Consolidated and Bank only	
	2018	2017
	<i>(%)</i>	
Discount rate	2.00 - 2.26	2.13 - 2.24
Future salary growth	6	6
Employee turnover	0 - 19	0 - 20

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

Sensitivity analysis

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

	Consolidated		Bank only	
	Increase	Decrease	Increase	Decrease
	<i>(in million Baht)</i>			
At 31 December 2018				
Discount rate (0.5 - 1% movement)	(12.48)	13.84	(10.29)	11.37
Future salary growth (0.5 - 1% movement)	15.14	(13.92)	12.79	(11.78)
Employee turnover (1% movement)	(13.43)	6.48	(11.02)	5.10
Future mortality (1 year)	0.51	(0.51)	0.41	(0.41)
At 31 December 2017				
Discount rate (0.5 - 1% movement)	(11.29)	8.28	(9.42)	10.37
Future salary growth (0.5 - 1% movement)	13.72	(12.64)	11.72	(10.82)
Employee turnover (1% movement)	(12.16)	5.79	(10.10)	4.64
Future mortality (1 year)	0.68	(0.67)	0.55	(0.55)

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

28 Other liabilities

	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Other payables	462,805	409,940	187,643	74,448
Advance received from finance lease	217,368	218,606	-	-
Suspense creditors	168,424	162,552	168,424	162,552
Accrued expenses	560,006	551,590	484,996	478,489
Withholding tax payable	33,384	34,744	28,873	30,137
Special business tax payable	22,516	18,272	22,516	18,272
Corporate income tax payable	143,981	176,528	141,848	176,528
Others	174,289	163,746	104,298	89,963
Total	1,782,773	1,735,978	1,138,598	1,030,389

29 Share capital

	Consolidated and Bank only				
	Par Value	2018	2017		
	<i>(in Baht)</i>	Number	Amount	Number	Amount
			<i>(thousand shares/ thousand Baht)</i>		
Authorised					
At 1 January					
- preference shares	8.92	451	4,024	451	4,024
- ordinary shares	8.92	2,256,510	20,128,070	2,256,510	20,128,070
At 31 December					
- preference shares	8.92	451	4,024	451	4,024
- ordinary shares	8.92	2,256,510	20,128,070	2,256,510	20,128,070

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	Par Value (in Baht)	Number	Consolidated and Bank only		Amount
			2018 Amount (thousand shares/ thousand Baht)	2017 Number	
<i>Issued and paid-up</i>					
At 1 January					
- preference shares	8.92	451	4,024	451	4,024
- ordinary shares	8.92	2,256,510	20,128,070	2,256,510	20,128,070
At 31 December					
- preference shares	8.92	451	4,024	451	4,024
- ordinary shares	8.92	2,256,510	20,128,070	2,256,510	20,128,070

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

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

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

30 Reserves

Reserves comprises of:

Appropriations of profit and/ or retained earnings

Legal reserve

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

On 22 March 2019, the Board of Director meeting No.1/2019 resolved to approve the appropriation of Baht 500 million to a legal reserve from profit for the year 2018. Total legal reserve of the Bank is Baht 1,100 million.

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Other components of equity

Fair value changes in available-for-sale investments

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

31 Other components of equity

	Consolidated	
	2018	2017
	<i>(in thousand Baht)</i>	
Beginning balance	369,458	383,659
Net change in fair value recognised in equity, net of tax	(265,200)	(12,879)
Exchange differences on translating foreign operations	294	(23)
Share of other comprehensive income of investment in an associate, net of tax	(54)	(1,299)
Ending balance	104,498	369,458

	Bank only	
	2018	2017
	<i>(in thousand Baht)</i>	
Beginning balance	370,780	383,659
Net change in fair value recognised in equity, net of tax	(265,200)	(12,879)
Ending balance	105,580	370,780

32 Contingent liabilities and Commitments

32.1 Commitments

	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Avals to bills and Guarantees of loans	1,024	818	5,897	7,481
Letter of credit	112	319	112	319
Other contingencies				
- Overdraft undrawn committed line	1,280	1,379	1,310	1,409
- Other guarantees	36,153	37,511	36,153	37,511
- Others	1,810	1,715	1,810	1,715
Total	40,379	41,742	45,282	48,435

32.2 Contingent liabilities from litigations

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

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As of 31 December 2018, there were 5 cases wherein the Court of First Instance has already decided in favour of the plaintiffs. The Bank and its subsidiaries have made the provisions amounting to Baht 0.1 million for 1 case which the Appeal Court has not rendered the judgment. Management expected that the provision is sufficient for the claim compensation. For the rest, the Appeal Court has decided to release and discharge 3 cases, and has confirmed the judgement of the Court of First Instance for 1 case.

As of 31 December 2017, there were 7 cases wherein the Court of First Instance has already decided in favour of the plaintiffs. The Bank and its subsidiaries have made the provisions amounting to Baht 1.8 million for 2 cases, which is sufficient for the claim compensation. Out of the remaining 5 cases, the Appeal Court has decided to release and discharge 2 cases and has not been finalised 3 cases.

As at 31 December 2018 and 2017, management believes that the Bank and its subsidiaries will not have to pay the claim amount after these cases are finalised and any liabilities resulting from this litigation will not be material to the Bank and its subsidiaries' financial positions or the results of its operations.

33 Related parties

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

Relationship with key management and related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Industrial and Commercial Bank of China Limited	China	The ultimate parent company of the Bank and its subsidiaries
ICBC (Thai) Leasing Company Limited	Thailand	A direct subsidiary of the Bank
Sky High LI Leasing Designated Activity Company Limited	Ireland	An indirect subsidiary of the Bank
Finansia Syrus Securities Public Company Limited	Thailand	An 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 (Macau) Limited	Macau	The Company that is related with the ultimate parent company
Industrial and Commercial Bank of China Limited - Guangdong	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Shanghai (FTU)	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Hebei	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Hubei	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Sydney	Australia	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Hong Kong	Hong Kong	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Tokyo	Japan	The Branch of the ultimate parent company

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

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

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

Significant transaction for the years ended 31 December 2018 and 2017 with related parties were as follows:

	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Parent				
Interest income	24	83	24	83
Interest expense	1,188	1,005	1,188	1,005
Fee income	3	2	3	2
Fee expense	9	75	9	75
Related parties				
Interest income	24	16	24	16
Interest expense	39	129	39	4
Associate				
Interest expense	-	5	-	5
Dividend income	-	-	8	17

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	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Subsidiaries				
Interest income	-	-	186	38
Fee income	-	-	10	20
Other income	-	-	-	1
Related persons				
Interest expense	1	-	1	-
Key management personnel				
Key management personnel compensation				
- Short-term employee benefits	200	153	148	130
- Post-employment benefits	17	5	14	4

Directors and management's remuneration

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

Significant balances with related parties were as follows:

	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Interbank and money market items (assets)				
Industrial and Commercial Bank of China Limited	422	282	422	282
Industrial and Commercial Bank of China Limited - Singapore	72	91	72	91
Industrial and Commercial Bank of China Limited - London	209	89	-	-
Industrial and Commercial Bank of China (Asia) Limited	547	660	547	660
Others	37	39	37	39
Derivative asset (fair value)				
Industrial and Commercial Bank of China Limited	8	-	8	-
Industrial and Commercial Bank of China (Asia) Limited	21	17	21	17
Others	-	1	-	1
Investments in subsidiaries and an associate				
ICBC (Thai) Leasing Company Limited	-	-	4,250	4,250
Finansia Syrus Securities Public Company Limited	569	579	305	305
Loans to customers and accrued interest receivables, net				
ICBC (Thai) Leasing Company Limited	-	-	1,213	883
Sky High LI Leasing Designated Activity Company Limited	-	-	3,895	4,249
Others	1	1	1	1
Other assets				
Others	-	9	-	9

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	(in million Baht)			
Deposits				
ICBC (Thai) Leasing Company Limited	-	-	3	1
Related persons	149	141	149	141
Interbank and money market items (liabilities)				
Industrial and Commercial Bank of China Limited	6,618	9,432	6,618	9,432
Industrial and Commercial Bank of China Limited - Tokyo	6,893	1,093	6,893	1,093
Industrial and Commercial Bank of China Limited - New York	-	1,961	-	1,961
Industrial and Commercial Bank of China Limited - Vientiane	214	92	214	92
Industrial and Commercial Bank of China Limited - Singapore	1,775	5,415	1,775	5,415
Industrial and Commercial Bank of China Limited - Hong Kong	14,602	8,628	14,602	8,628
Industrial and Commercial Bank of China Limited - Guangdong	-	4,902	-	4,902
Industrial and Commercial Bank of China Limited - Dubai (DIFC)	1,720	1,863	1,720	1,863
Industrial and Commercial Bank of China Limited - Kuwait	1,702	-	1,702	-
Industrial and Commercial Bank of China Limited - Luxembourg	12,311	-	12,311	-
Industrial and Commercial Bank of China Limited - Shanghai (FTU)	2,920	-	2,920	-
Industrial and Commercial Bank of China Limited - Sydney	227	-	227	-
Industrial and Commercial Bank of China (Asia) Limited	-	1,961	-	1,961
Finansia Syrus Securities Public Company Limited	2	972	2	972
Others	4	-	4	-
Derivative liabilities (fair value)				
Industrial and Commercial Bank of China Limited	154	215	154	215
Industrial and Commercial Bank of China (Asia) Limited	3	47	3	47
Industrial and Commercial Bank of China (Macau) Limited	102	-	102	-
Finansia Syrus Securities Public Company Limited	-	1	-	1
Accrued interest payables				
Industrial and Commercial Bank of China Limited	125	82	125	82
Industrial and Commercial Bank of China Limited - Hong Kong	192	37	192	37
Industrial and Commercial Bank of China Limited - Guangdong	-	26	-	26
Industrial and Commercial Bank of China Limited - Dubai (DIFC)	51	61	51	61
Industrial and Commercial Bank of China Limited - Tokyo	27	4	27	4
Others	41	16	41	16
Other liabilities				
Others	-	-	2	3
Off-financial reporting items				
Other guarantees				
Industrial and Commercial Bank of China Limited	1,493	1,153	1,493	1,153
Industrial and Commercial Bank of China Limited - Hubei	-	99	-	99
Industrial and Commercial Bank of China Limited - Hebei	32	-	32	-
ICBC (Thai) Leasing Company Limited	-	-	30	30
Others	3	3	3	3
Guarantee on loans				
ICBC (Thai) Leasing Company Limited	-	-	4,873	6,663
Forward exchange contracts-bought (notional amounts)				
Industrial and Commercial Bank of China Limited	6,909	802	6,909	802
Industrial and Commercial Bank of China (Asia) Limited	4,130	3,854	4,130	3,854
Finansia Syrus Securities Public Company Limited	-	537	-	537
Others	9	8	9	8

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	Consolidated		Bank only	
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	(in million Baht)			
Forward exchange contracts-sold (notional amounts)				
Finansia Syrus Securities Public Company Limited	-	131	-	131
Forward exchange and interest rate contracts (notional amounts)				
Industrial and Commercial Bank of China Limited	8,099	4,081	8,099	4,081
Industrial and Commercial Bank of China (Macau) Limited	2,185	-	2,185	-
Interest rate swap contracts (notional amounts)				
Industrial and Commercial Bank of China Limited	7,029	719	7,029	719
Industrial and Commercial Bank of China (Asia) Limited	3,665	-	3,665	-

As at 31 December 2018, Industrial and Commercial Bank of China - Hong Kong had a Standby L/C and a US Dollar fixed cash deposit, amounting to US Dollar 550 million (equivalent to Baht 17,847 million) and US Dollar 450 million (equivalent to Baht 14,602 million), respectively. (31 December 2017: Standby L/C amounting to US Dollar 1,000 million (equivalent to 32,680 million)). Both transactions are used as a collateral against the issuance of Letter of Guarantee for a Telecommunication Company. As a result, the Bank has to pay a fee for the Standby L/C on an annual basis and the interest for the US Dollar fixed cash deposit on a semi-annual basis until the end of the contract in 2020.

34 Long-term lease agreements

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

	Consolidated		Bank only	
	2018	2017	2018	2017
	(in million Baht)			
Within one year	92	138	81	108
After one year but within five years	62	130	60	124
Over five years	40	48	40	48
Total	194	316	181	280

35 Segment information

Information about reportable segments was as follows:

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

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

	Banking business	Hire purchase, finance lease and factoring business	Consolidated Total (in million Baht)	Elimination entries	Total
<i>For the year ended 31 December 2018</i>					
Net interest income	2,926	1,314	4,240	6	4,246
Net fees and service income and other income, net	540	316	856	(9)	847
Share of loss of investments in an associate	(2)	-	(2)	-	(2)
Other operating income	339	387	726	(7)	719
Other operating expenses	(1,554)	(639)	(2,193)	3	(2,190)
Profit before bad debt, doubtful accounts and impairment losses	2,249	1,378	3,627	(7)	3,620
Bad debt, doubtful accounts and impairment losses	(325)	(1,025)	(1,350)	-	(1,350)
Profit from operation before income tax	1,924	353	2,277	(7)	2,270
Income tax	(407)	49	(358)	-	(358)
Profit for the year	1,517	402	1,919	(7)	1,912

Financial position as at 31 December 2018

Investments in an associate	569	-	569	-	569
Total assets	199,702	38,301	238,003	(9,177)	228,826
Total liabilities	171,340	32,977	204,317	(5,164)	199,153

	Banking business	Hire purchase, finance lease and factoring business	Consolidated Total (in million Baht)	Elimination entries	Total
<i>For the year ended 31 December 2017</i>					
Net interest income	3,035	1,415	4,450	14	4,464
Net fees and service income and other income, net	690	218	908	(14)	894
Share of profit from associates	37	-	37	-	37
Other operating income	139	410	549	(18)	531
Other operating expenses	(1,443)	(673)	(2,116)	7	(2,109)
Profit before bad debt, doubtful accounts and impairment losses	2,458	1,370	3,828	(11)	3,817
Bad debt, doubtful accounts and impairment losses	(661)	(1,099)	(1,760)	-	(1,760)
Profit from operation before income tax	1,797	271	2,068	(11)	2,057
Income tax	(367)	123	(244)	(2)	(246)
Profit for the year	1,430	394	1,824	(13)	1,811

Financial position as at 31 December 2017

Investments in an associate	579	-	579	-	579
Total assets	179,892	37,282	217,174	(9,329)	207,845
Total liabilities	152,787	32,362	185,149	(5,327)	179,822

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

As at 31 December 2018 and 2017, the consolidated financial position classified by domestic and foreign business were as follows:

	Consolidated							
	2018				2017			
	Domestic business	Foreign business	Elimination entries	Total	Domestic business	Foreign business	Elimination entries	Total
	(in million Baht)							
Total assets	228,806	3,952	(3,932)	228,826	207,847	4,288	(4,290)	207,845
Interbank and money market items, net (Assets)	11,504	209	-	11,713	8,317	89	-	8,406
Investments, net ⁽¹⁾	74,747	-	-	74,747	63,304	-	-	63,304
Loans to customers and accrued interest receivables, net	138,444	3,743	(3,932)	138,255	132,266	4,199	(4,290)	132,175
Deposits	102,139	-	-	102,139	100,349	-	-	100,349
Interbank and money market items (Liabilities)	61,542	-	-	61,542	49,938	-	-	49,938
Debt issued and borrowings	32,037	3,932	(3,932)	32,037	26,320	4,290	(4,290)	26,320

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

The results of the consolidated operations classified by domestic and foreign business for the years ended 31 December 2018 and 2017 were as follows:

Year ended 31 December	Consolidated							
	2018			2017				
	Domestic business	Foreign business	Elimination entries	Total	Domestic business	Foreign business	Elimination entries	Total
	(in million Baht)							
Interest income	8,387	188	(170)	8,405	7,997	171	(2)	8,166
Interest expenses	(4,159)	(170)	170	(4,159)	(3,579)	(126)	2	(3,703)
Net interest income	4,228	18	-	4,246	4,418	45	-	4,463
Net fees and service income	729	-	-	729	703	2	-	705
Other operating income	835	-	-	835	740	17	-	757
Other operating expenses	(2,191)	-	-	(2,191)	(2,107)	(2)	-	(2,109)
Bad debt, doubtful accounts and impairment losses	(1,355)	5	-	(1,350)	(1,770)	10	-	(1,760)
Profit from operations before income tax	2,246	23	-	2,269	1,984	72	-	2,056

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

37 Interest income

	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Interbank and money market items	203,014	171,741	202,884	171,623
Investments in debt securities	1,794,801	1,687,290	1,794,801	1,687,290
Loans to customers and factoring	4,294,510	4,008,709	4,404,196	3,965,750
Hire purchase and finance leases	2,112,315	2,298,289	-	31
Others	511	8	511	8
Total	8,405,151	8,166,037	6,402,392	5,824,702

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38 Interest expenses

	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Deposits	1,435,872	1,464,192	1,435,881	1,464,195
Interbank and money market items	1,393,776	775,545	1,391,252	771,709
Contributions to Deposit Protection Agency and Bank of Thailand	510,936	501,247	510,936	501,247
Debt issued - debentures	806,532	823,451	136,164	49,251
Borrowings	159	125,721	160	921
Borrowings fee expense	10,990	11,309	1,378	805
Other	889	1,057	888	1,056
Total	4,159,154	3,702,522	3,476,659	2,789,184

39 Net fees and service income

	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Fees and service income</i>				
Acceptances, avals and guarantees	399,468	414,536	406,434	427,860
Letter of credit fee income	6,814	6,592	6,814	6,592
Hire purchase and finance leases	116,968	129,381	-	-
Extension fee	-	2,499	-	2,499
Assurance and insurance	201,974	175,473	1,056	1,613
Others	123,824	98,862	123,971	101,862
Total fees and service income	849,048	827,343	538,275	540,426
Fees and service expense	(120,108)	(121,883)	(115,753)	(120,208)
Net fees and service income	728,940	705,460	422,522	420,218

40 Net trading income

	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Gain on trading and foreign exchange transactions</i>				
Foreign currencies and foreign currency related derivatives	118,116	154,717	117,407	235,824
Total	118,116	154,717	117,407	235,824

41 Net gains on investments

	Consolidated and Bank only	
	2018	2017
	<i>(in thousand Baht)</i>	
Gains (Losses) on Investment		
- Available-for-sale	(5,282)	-
- General investment	170,020	-
Gains on early redemption - Held-to-maturity securities	-	34,150
Losses on impairment - General investment	(44)	(142)
Net gains on investments	164,694	34,008

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42 Directors' remuneration

Directors' remuneration represents the benefits (exclusive of salaries and related benefits payable to directors who are executives of the Bank and its subsidiaries) paid to the Bank and its subsidiaries' directors in accordance with Section 90 of the Public Limited Companies Act.

43 Bad debt, doubtful accounts and impairment losses

	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Bad debts and doubtful accounts				
- Interbank and money market items	30,461	20,596	30,461	20,596
- Loans to customers	1,307,615	1,714,218	293,765	641,557
Loss on debt restructuring	11,612	24,776	1,015	(1,159)
Total	1,349,688	1,759,590	325,241	660,994

44 Income tax

Income tax recognised in profit or loss

		Consolidated		Bank only	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Current tax expense					
Current year		442,295	438,385	392,719	438,385
Adjustment for prior years		(1,689)	(72,713)	(1,689)	(5,464)
		<u>440,606</u>	<u>365,672</u>	<u>391,030</u>	<u>432,921</u>
Deferred tax expense					
Movements in temporary differences	21	(82,861)	(119,560)	16,866	(66,024)
		<u>(82,861)</u>	<u>(119,560)</u>	<u>16,866</u>	<u>(66,024)</u>
Total income tax expense		<u>357,745</u>	<u>246,112</u>	<u>407,896</u>	<u>366,897</u>

Income tax recognised in other comprehensive income

		Consolidated					
		Before tax	2018 Tax income	Net of tax	Before tax	2017 Tax expense	Net of tax
		<i>(in thousand Baht)</i>					
Other comprehensive income							
- Available-for-sale securities	(331,500)		66,300	(265,200)	(16,099)	3,220	(12,879)
- Actuarial gain on defined benefit plan	5,200		(1,040)	4,160	701	(140)	561
- Share of other comprehensive income of investments in an associate	(1,380)		138	(1,242)	(1,660)	165	(1,495)
- Translating difference	294		-	294	(4,313)	-	(4,313)
Total	<u>(327,386)</u>		<u>65,398</u>	<u>(261,988)</u>	<u>(21,371)</u>	<u>3,245</u>	<u>(18,126)</u>

		Bank only					
		Before tax	2018 Tax income	Net of tax	Before tax	2017 Tax expense	Net of tax
		<i>(in thousand Baht)</i>					
Other comprehensive income							
- Available-for-sale securities	(331,500)		66,300	(265,200)	(16,099)	3,220	(12,879)
- Actuarial gain on defined benefit plan	7,150		(1,430)	5,720	-	-	-
Total	<u>(324,350)</u>		<u>64,870</u>	<u>(259,480)</u>	<u>(16,099)</u>	<u>3,220</u>	<u>(12,879)</u>

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Reconciliation of effective tax rate

	Consolidated			
	2018		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax		2,269,844		2,056,691
Income tax using the Thai corporation tax rate	20	453,969	20	411,338
Expense not deductible for tax purpose		357		27,448
Additional deductible expense for tax purposes ⁽²⁾		(93,563)		(95,301)
Over provided in prior years		(1,689)		(72,713)
Income tax of the indirect subsidiary that is not taxable		(1,329)		(24,660)
Total	16 ⁽¹⁾	357,745	12 ⁽¹⁾	246,112

⁽¹⁾ Effective tax rate

⁽²⁾ Additional deductible expense for tax purposes of ICBC (Thai) Leasing Company Limited are complied with Royal Decree No.604 B.E. 2559

	Bank only			
	2018		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax		1,924,440		1,759,719
Income tax using the Thai corporation tax rate	20	384,888	20	351,944
Expense not deductible for tax purpose		24,697		20,417
Income not subject to tax		(1,689)		(5,464)
Total	21 ⁽¹⁾	407,896	21 ⁽¹⁾	366,897

⁽¹⁾ Effective tax rate

Income tax reduction

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

45 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2018 and 2017 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		Bank only	
	2018	2017	2018	2017
Profit attributable to (in million Baht)				
Shareholders of the Bank	1,912	1,739	1,517	1,393
Former shareholder before business combination under common control	-	72	-	-
Non-controlling interests	-	-	-	-
Profit for the year	1,912	1,811	1,517	1,393
Number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding (million shares)	2,257	2,257	2,257	2,257
Earnings per share (basic) (in Baht)				
Shareholders of the Bank	0.85	0.77	0.67	0.62
Former shareholder before business combination under common control	-	0.03	-	-
Non-controlling interests	-	-	-	-
Earnings per share (basic)	0.85	0.80	0.67	0.62

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46 Event after the reporting period

During January 2019 to 22 March 2019, ICBC (Thai) Leasing Company Limited, the Bank's direct subsidiary, issued 11 short-term debentures with total face value of Baht 5,300 million offered to financial institution investors carrying interest rate ranging from 1.78% to 1.92% per annum with the maturity dates being the range of 86 days to 93 days from the date of issue. Moreover, short-term debentures with face value of Baht 4,500 million had already been settled on their maturity dates in the period.