

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

Interim financial statements  
For the six-month period ended 30 June 2019  
and  
Independent Auditor's Report



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## Independent Auditor's Report

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

#### *Opinion*

I have audited the interim 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 30 June 2019, the consolidated and the Bank only statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying interim consolidated and the Bank only financial statements present fairly, in all material respects, the financial position of the Group and the Bank, respectively, as at 30 June 2019 and their financial performance and cash flows for the six-month period 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 Interim 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 interim consolidated and the Bank only financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

A.



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

Management is responsible for the preparation and fair presentation of the interim 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 interim consolidated and the Bank only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim 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 Interim Consolidated and the Bank only Financial Statements*

My objectives are to obtain reasonable assurance about whether the interim 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 interim consolidated and the Bank only financial statements.

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

- Identify and assess the risks of material misstatement of the interim 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 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 interim 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 interim consolidated and the Bank only financial statements, including the disclosures, and whether the interim consolidated and the Bank only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

A.





- Obtain sufficient appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on interim consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

(Aorapin Sinthawornkul)  
Certified Public Accountant  
Registration No. 9441

KPMG Phoomchai Audit Ltd.  
Bangkok  
17 September 2019

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

		Consolidated		Bank only	
		30 June	31 December	30 June	31 December
Assets	Note	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Cash		399,073	440,283	398,233	439,540
Interbank and money market items, net	7, 33	20,100,621	11,712,578	19,833,823	11,403,230
Derivative assets	8, 33	397,062	284,525	397,062	284,525
Investments, net	9	71,267,384	74,178,297	71,267,384	74,178,297
Investments in subsidiaries and an associate, net	10, 11, 33	-	568,548	4,250,000	4,554,874
Loans to customers and accrued interest receivables, net	12, 33				
Loans to customers		156,897,168	151,470,612	112,745,547	110,470,257
Accrued interest receivables		345,970	285,218	347,263	287,615
Total loans to customers and accrued interest receivables		157,243,138	151,755,830	113,092,810	110,757,872
Less deferred revenue		(5,600,369)	(5,416,120)	(12,617)	(33,355)
Less allowance for doubtful accounts	12.4, 15	(7,962,565)	(8,060,704)	(3,652,418)	(4,126,331)
Less revaluation allowance for debt restructuring	16	(14,832)	(24,526)	(3,065)	(4,165)
Total loans to customers and accrued interest receivables, net		143,665,372	138,254,480	109,424,710	106,594,021
Properties foreclosed, net	17	683,422	681,810	653,509	669,048
Premises and equipment, net	18	143,901	150,757	127,767	139,211
Intangible assets, net	19	33,577	36,261	24,485	26,702
Leasehold right, net		117,184	122,463	117,184	122,463
Deferred tax assets, net	20	1,134,722	1,077,364	421,103	492,528
Accrued income, net		590,779	635,970	565,396	605,842
Receivables on credit support for derivative contracts		312,418	616	312,418	616
Other receivables, net		695,333	639,790	182,347	160,879
Other assets, net	21, 33	41,415	42,500	27,187	30,646
<b>Total assets</b>		<b>239,582,263</b>	<b>228,826,242</b>	<b>208,002,608</b>	<b>199,702,422</b>

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

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

## Statement of financial position

		Consolidated		Bank only	
		30 June	31 December	30 June	31 December
Liabilities and equity	Note	2019	2018	2019	2018
(in thousand Baht)					
Liabilities					
Deposits	23, 33	110,809,602	102,139,499	110,824,451	102,142,131
Interbank and money market items	24, 33	60,652,362	61,542,069	60,352,362	61,542,069
Liabilities payable on demand		43,987	119,157	43,986	119,157
Derivative liabilities	8, 33	299,114	312,553	299,114	312,553
Debt issued and borrowings	25	34,022,157	32,036,912	4,986,538	4,985,815
Employee benefit obligations	26	278,859	235,866	236,777	197,058
Other provisions		-	115	-	-
Accrued interest payables	33	997,008	982,464	915,721	900,913
Payable on credit support for derivative contracts		-	1,623	-	1,623
Other liabilities	27, 33	1,723,499	1,782,773	961,906	1,138,598
Total liabilities		208,826,588	199,153,031	178,620,855	171,339,917
Equity					
Share capital	28				
Authorised share capital					
451,081 non-cumulative preference shares of Baht 8.92 each		4,024	4,024	4,024	4,024
2,256,510,117 ordinary shares of Baht 8.92 each		20,128,070	20,128,070	20,128,070	20,128,070
Issued and paid-up share capital					
451,081 non-cumulative preference shares of Baht 8.92 each		4,024	4,024	4,024	4,024
2,256,510,117 ordinary shares of Baht 8.92 each		20,128,070	20,128,070	20,128,070	20,128,070
Treasury shares	29	(50,494)	-	(50,494)	-
Difference arising from business combination under common control		(24,849)	(24,849)	-	-
Other components of equity	31	255,156	104,498	254,946	105,580
Retained earnings					
Appropriated					
Legal reserve	30	1,100,000	1,100,000	1,100,000	1,100,000
Unappropriated		9,343,768	8,361,468	7,945,207	7,024,831
Equity attributable to the Bank's shareholders		30,755,675	29,673,211	29,381,753	28,362,505
Non-controlling interests		-	-	-	-
Total equity		30,755,675	29,673,211	29,381,753	28,362,505
Total liabilities and equity		239,582,263	228,826,242	208,002,608	199,702,422



(Mr. Shiqiang Lin)  
Director





(Mr. Zhisheng Xu)  
Director

The accompanying notes are an integral part of these interim 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	
		Six-month period ended		Six-month period ended	
		30 June		30 June	
		2019	2018	2019	2018
<i>(in thousand Baht)</i>					
Interest income	33, 37	4,452,877	4,048,716	3,440,838	3,038,681
Interest expense	33, 38	2,239,495	1,983,424	1,897,515	1,641,325
<b>Net interest income</b>		<b>2,213,382</b>	<b>2,065,292</b>	<b>1,543,323</b>	<b>1,397,356</b>
Fees and service income	33, 39	474,803	408,978	266,094	265,448
Fees and service expense	33, 39	60,811	62,290	59,024	60,632
<b>Net fees and service income</b>		<b>413,992</b>	<b>346,688</b>	<b>207,070</b>	<b>204,816</b>
Net trading income	40	56,282	68,045	56,310	68,087
Losses on investments	41	(299,832)	(900)	(48,602)	(900)
Share of (losses) profit from investment in an associate	11	(7,710)	9,951	-	-
Gains on disposals of equipment, properties foreclosed and other assets		18,545	15,780	14,867	12,243
Bad debts recovered		145,913	165,068	13,949	3,216
Dividends income	33	4,429	8,953	12,204	16,728
(Losses) gains on disposals of non-performing loans		(4,082)	118,225	(4,082)	118,225
Other operating income		34,179	40,507	2,587	3,696
<b>Total operating income</b>		<b>2,575,098</b>	<b>2,837,609</b>	<b>1,797,626</b>	<b>1,823,467</b>
<b>Other operating expenses</b>					
Employee expenses	33	747,243	687,867	552,211	519,290
Directors' remuneration	33, 42	9,360	9,088	9,360	9,088
Premises and equipment expenses		102,823	101,670	71,591	73,736
Taxes and duties		110,688	103,933	98,597	95,308
Amortisation expense on intangible assets		4,136	3,514	2,523	2,525
Losses (gains) on properties foreclosed and other assets		21,734	35,417	(124)	15,575
Others		159,332	166,114	85,054	80,148
<b>Total other operating expenses</b>		<b>1,155,316</b>	<b>1,107,603</b>	<b>819,212</b>	<b>795,670</b>
Bad debts, doubtful accounts and impairment losses	43	247,275	594,422	(191,124)	38,153
<b>Profit from operations before income tax</b>		<b>1,172,507</b>	<b>1,135,584</b>	<b>1,169,538</b>	<b>989,644</b>
Income tax	44	198,235	168,393	255,806	222,079
<b>Profit for the period</b>		<b>974,272</b>	<b>967,191</b>	<b>913,732</b>	<b>767,565</b>

The accompanying notes are an integral part of these interim 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	
		Six-month period ended		Six-month period ended	
		30 June		30 June	
		2019	2018	2019	2018
<i>(in thousand Baht)</i>					
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Share of other comprehensive income (expenses) from investment in an associate		1,538	(149)	-	-
Defined benefit plan actuarial gains	26	8,305	5,841	8,305	5,841
Income tax relating to items that will not be reclassified	44	(1,815)	(1,154)	(1,661)	(1,169)
<b>Total items that will not be reclassified to profit or loss</b>		<b>8,028</b>	<b>4,538</b>	<b>6,644</b>	<b>4,672</b>
<b>Items that will be reclassified subsequently to profit or loss</b>					
Share of other comprehensive income (expenses) from investment in an associate		1,504	(1,390)	-	-
Net change in fair value of available-for-sale investments		186,707	(195,760)	186,707	(195,760)
Exchange differences on translating foreign operations		(61)	103	-	-
Income tax relating to items that will be reclassified	44	(37,492)	39,291	(37,341)	39,152
<b>Total items that will be reclassified subsequently to profit or loss</b>		<b>150,658</b>	<b>(157,756)</b>	<b>149,366</b>	<b>(156,608)</b>
<b>Other comprehensive income (expenses) for the period, net of income tax</b>		<b>158,686</b>	<b>(153,218)</b>	<b>156,010</b>	<b>(151,936)</b>
<b>Total comprehensive income for the period</b>		<b>1,132,958</b>	<b>813,973</b>	<b>1,069,742</b>	<b>615,629</b>
<b>Profit attributable to:</b>					
Shareholders of the Bank		974,272	967,191	913,732	767,565
Non-controlling interests		-	-	-	-
<b>Profit for the period</b>		<b>974,272</b>	<b>967,191</b>	<b>913,732</b>	<b>767,565</b>
<b>Total comprehensive income attributable to:</b>					
Shareholders of the Bank		1,132,958	813,973	1,069,742	615,629
Non-controlling interests		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>1,132,958</b>	<b>813,973</b>	<b>1,069,742</b>	<b>615,629</b>
<b>Basic earnings per share (in Baht)</b>					
Shareholder of the Bank		0.43	0.43	0.40	0.34
Non-controlling interests		-	-	-	-
<b>Basic earnings per share</b>	45	<b>0.43</b>	<b>0.43</b>	<b>0.40</b>	<b>0.34</b>

  
 (Mr. Shiqiang Lin)  
 Director



  
 (Mr. Zhisheng Xu)  
 Director

The accompanying notes are an integral part of these interim 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		Treasury shares		Difference arising from business combinations under common control	Other components of equity			Retained earnings					
						Fair value changes in available-for-sale investments	Exchange differences on translating foreign operations	Share of other comprehensive income of investment in an associate <i>(in thousand Bzsh)</i>	Total other components	Legal reserve	Unappropriated			
<i>Note</i>	Preference shares	Ordinary shares	Preference shares	Ordinary shares								Total equity attributable to the Bank's shareholders	Non - controlling interest	Total equity
Six-month period ended 30 June 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	-	28,023,100
Comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	(156,608)	103	(1,251)	(157,256)	-	4,538	(153,218)	-	(153,218)
(expense), net of income tax	-	-	-	-	-	(156,608)	103	(1,251)	(157,256)	-	971,729	813,973	-	813,973
Total comprehensive income for the period	-	-	-	-	(24,849)	214,172	80	(2,550)	211,702	600,000	7,918,126	28,837,073	-	28,837,073
Balance at 30 June 2018	4,024	20,128,070	-	-	(24,849)	214,172	80	(2,550)	211,702	600,000	7,918,126	28,837,073	-	28,837,073
Six-month period ended 30 June 2019														
Balance at 1 January 2019	4,024	20,128,070	-	-	(24,849)	105,580	271	(1,353)	104,498	1,100,000	8,361,468	29,673,211	-	29,673,211
Transactions with owners, recorded directly in equity														
<i>Distributions to owners</i>														
Treasury shares purchased	-	-	(156)	(50,338)	-	-	-	-	-	-	-	(50,494)	-	(50,494)
Total distributions to owners	-	-	(156)	(50,338)	-	-	-	-	-	-	-	(50,494)	-	(50,494)
Comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	149,366	(61)	1,353	150,658	-	8,028	158,686	-	158,686
(expense), net of income tax	-	-	-	-	-	149,366	(61)	1,353	150,658	-	982,300	1,132,958	-	1,132,958
Total comprehensive income for the period	-	-	-	-	(24,849)	254,946	210	-	255,156	1,100,000	9,343,768	30,755,675	-	30,755,675
Balance at 30 June 2019	4,024	20,128,070	(156)	(50,338)	(24,849)	254,946	210	-	255,156	1,100,000	9,343,768	30,755,675	-	30,755,675

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

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

	Note	Issued and paid-up share capital			Treasury shares		Bank only Other components of equity			Retained earnings		Total equity
		Preference shares	Ordinary shares	Preference shares	Ordinary shares	Fair value changes in available-for-sale investments	Legal reserve	Unappropriated				
									(in thousand Baht)			
Six-month period ended 30 June 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 period												
Profit for the period		-	-	-	-	-	-	-	767,565	767,565		
Other comprehensive income (expense), net of income tax	44	-	-	-	-	-	(156,608)	-	4,672	(151,936)		
Total comprehensive income for the period		-	-	-	-	-	(156,608)	-	772,237	615,629		
Balance at 30 June 2018		4,024	20,128,070	-	-	-	214,172	600,000	6,774,804	27,721,070		
Six-month period ended 30 June 2019												
Balance at 1 January 2019		4,024	20,128,070	-	-	-	105,580	1,100,000	7,024,831	28,362,505		
Transactions with owners, recorded directly in equity												
<i>Distributions to owners</i>												
Treasury shares purchased	29	-	-	(156)	(50,338)	-	-	-	-	(50,494)		
Total distributions to owners		-	-	(156)	(50,338)	-	-	-	-	(50,494)		
Comprehensive income for the period												
Profit for the period		-	-	-	-	-	-	-	913,732	913,732		
Other comprehensive income (expense), net of income tax	31, 44	-	-	-	-	-	149,366	-	6,644	156,010		
Total comprehensive income for the period		-	-	-	-	-	149,366	-	920,376	1,069,742		
Balance at 30 June 2019		4,024	20,128,070	(156)	(50,338)	-	254,946	1,100,000	7,945,207	29,381,753		

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

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

## Statement of cash flows

	Consolidated		Bank only	
	Six-month period ended		Six-month period ended	
	30 June		30 June	
	2019	2018	2019	2018
	(in thousand Baht)			
<b><i>Cash flows from operating activities</i></b>				
Profit from operations before income tax expense	1,172,507	1,135,584	1,169,538	989,644
<b><i>Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities</i></b>				
Depreciation and amortisation	27,913	28,477	24,970	24,944
Bad debts, doubtful accounts and impairment losses	247,275	594,422	(191,124)	38,153
Losses on write-off of fixed assets	-	4,972	-	4,972
Gains on disposals of properties foreclosed	(18,521)	(12,934)	(14,867)	(9,397)
Losses (gains) on disposals of non-performing loans	4,082	(118,225)	4,082	(118,225)
Proceeds from disposals of non-performing loans	237,343	475,456	237,343	475,456
Losses on investments	299,832	900	48,602	900
Losses (gains) on properties foreclosed	21,734	30,445	(124)	10,603
Gains on sales of equipment	(25)	(2,846)	-	(2,846)
Net trading income	(56,282)	(68,045)	(56,310)	(68,087)
Employee benefit obligations	51,298	18,577	48,024	14,420
Share of losses (profit) of associate	7,710	(11,336)	-	-
Net interest income	(2,213,382)	(2,065,292)	(1,543,323)	(1,397,356)
Dividend income	(4,429)	(8,953)	(12,204)	(16,728)
Interest received	3,358,241	3,143,889	2,350,897	2,136,685
Interest paid	(1,795,041)	(1,524,702)	(1,794,622)	(1,522,180)
Dividend received	4,429	8,953	4,429	8,953
Income tax paid	(214,726)	(190,397)	(156,482)	(190,397)
<b>Profit from operations before changes in operating assets and liabilities</b>	<b>1,129,958</b>	<b>1,438,945</b>	<b>118,829</b>	<b>379,514</b>
<b><i>Decrease (increase) in operating assets</i></b>				
Interbank and money market items	(8,400,867)	858,862	(8,443,415)	1,067,294
Derivative assets	(32,335)	1,296,445	(32,335)	1,296,487
Loans to customers	(5,809,239)	(5,186,840)	(2,791,741)	(5,242,303)
Properties foreclosed	(4,949)	(19,906)	30,406	192
Receivables on credit support for derivative contracts	(311,802)	(79,855)	(311,802)	(79,855)
Fee receivable	4,745	4,424	-	-
Other receivables	(55,544)	(117,212)	(21,468)	(25,574)
Other assets	159	6,538	2,531	8,072
<b><i>Increase (decrease) in operating liabilities</i></b>				
Deposits	8,670,104	6,206,305	8,682,319	6,206,324
Interbank and money market items	(889,706)	(1,536,383)	(1,189,706)	(1,536,383)
Liabilities payable on demand	(75,171)	13,890	(75,171)	13,890
Derivative liabilities	(37,359)	(165,711)	(37,331)	(165,711)
Other provisions	(115)	-	-	-
Accrued expense	(102,004)	(82,998)	(77,001)	(59,684)
Payable on credit support for derivative contracts	(1,622)	(130,400)	(1,622)	(130,400)
Other liabilities	(31,982)	81,157	(162,817)	71,052
<b>Net cash (used in) provided by operating activities</b>	<b>(5,947,729)</b>	<b>2,587,261</b>	<b>(4,310,324)</b>	<b>1,802,915</b>

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

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

## Statement of cash flows

	Consolidated		Bank only	
	Six-month period ended		Six-month period ended	
	30 June		30 June	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from investing activities</i></b>				
Interest received	1,085,950	763,371	1,085,950	763,371
Dividend received	7,775	7,775	7,775	7,775
Proceeds from disposal of investment in associate	158,432	-	158,432	-
Decrease (increase) in long-term investments	3,164,356	(7,327,634)	3,164,356	(7,329,172)
Purchases of equipment	(12,646)	(26,557)	(9,334)	(27,896)
Purchases of intangible assets	(1,451)	(2,736)	(305)	(85)
Proceeds from disposal of equipment	25	2,846	-	2,846
<b>Net cash provided by (used in) investing activities</b>	<b>4,402,441</b>	<b>(6,582,935)</b>	<b>4,406,874</b>	<b>(6,583,161)</b>
<b><i>Cash flows from financing activities</i></b>				
Treasury shares payment	(50,494)	-	(50,494)	-
Proceeds from debt issued and borrowings	22,512,407	21,915,888	-	5,000,000
Repayment of debt issued and borrowings	(20,527,163)	(17,492,055)	-	(130,919)
Interest paid from debt issued and borrowings	(429,910)	(382,666)	(87,363)	(44,965)
Finance lease payments	(701)	(1,900)	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>1,504,139</b>	<b>4,039,267</b>	<b>(137,857)</b>	<b>4,824,116</b>
Exchange differences on translating foreign operations	(61)	103	-	-
<b>Net (decrease) increase in cash</b>	<b>(41,210)</b>	<b>43,696</b>	<b>(41,307)</b>	<b>43,870</b>
Cash at 1 January	440,283	366,817	439,540	365,989
<b>Cash at 30 June</b>	<b>399,073</b>	<b>410,513</b>	<b>398,233</b>	<b>409,859</b>

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



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

The interim financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Audit Committee on 17 September 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 30 June 2019 and 31 December 2018 are given in notes 10 and 33.

**2 Basis of preparation of the interim financial statements**

**(a) Statement of compliance**

The interim financial statements are prepared in accordance with Thai Accounting Standards (TAS) No.34 *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions; and presented as prescribed by the Bank of Thailand (BoT) Notification Number Sor Nor Sor 21/2558, directive dated 4 December 2015, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are the parent company of a group of companies offering financial services”.

New and revised TFRSs are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRSs has resulted in changes in certain of the Bank and its subsidiaries’ accounting policies. These changes has no material effect on the interim financial statements.

The primary change is that the Bank and its subsidiaries have initially adopted TFRS 15 Revenue from Contracts with Customers (“TFRS 15”), which replaced TAS 18 Revenue (“TAS 18”), and related interpretations.

Under TFRS 15, the Bank and its subsidiaries recognise service income in an amount that reflects the consideration to which the Bank and its subsidiaries expects to be entitled to. In addition, judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Whereas, under TAS 18, the Bank and its subsidiaries recognise revenue from rendering of services by reference to the stage of completion of the transaction at the end of the reporting period. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due. Such change in accounting policy has no material impacts on the interim financial statements.

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

**(b) Basis of measurement**

The interim 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 interim 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 interim 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.

*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 period ending 30 June 2019 is included in the following notes:

Note 3 (v)	Income tax
Note 5	Fair value of financial assets and liabilities
Note 8	Derivatives
Note 15	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.

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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 5 - Fair value of financial assets and liabilities

### **3 Significant accounting policies**

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

#### **(a) Basis of consolidation**

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

##### *Business combinations under common control*

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



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

*Subsidiaries*

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

*Non-controlling interests*

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

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

*Loss of control*

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

*Interests in equity-accounted investees*

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

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

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

*Transactions eliminated on consolidation*

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

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**(b) Income**

*Interest and discounts on loans*

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

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

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

*Income from factoring*

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

*Hire purchase and finance lease income*

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

*Interest and dividends on investments*

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

*Gains (losses) on investments*

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

*Gains (losses) on derivatives trading*

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

*Fees and service income*

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

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**(c) 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 period 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.

**(I) 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 period.

**(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.

**(aa) *Treasury shares***

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

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**4 Financial risk management**

*Financial risk management policies*

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

*(a) Credit risk*

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

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

*(b) Interest rate risk*

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

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

As at 30 June 2019 and 31 December 2018, significant financial assets and liabilities classified by types of interest rates are as follows:

	Consolidated 30 June 2019			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	<i>(in million Baht)</i>			
<b><i>Financial assets</i></b>				
Cash	-	-	399	399
Interbank and money market items, net	7,951	9,790	2,360	20,101
Investments, net	952	69,984	331	71,267
Loans to customers <sup>(1)</sup>	74,538	75,300	1,459	151,297
<b>Total financial assets</b>	<b>83,441</b>	<b>155,074</b>	<b>4,549</b>	<b>243,064</b>
<b><i>Financial liabilities</i></b>				
Deposits	14,752	95,303	755	110,810
Interbank and money market items	230	59,830	592	60,652
Liabilities payable on demand	-	-	44	44
Debt issued and borrowings	-	34,022	-	34,022
<b>Total financial liabilities</b>	<b>14,982</b>	<b>189,155</b>	<b>1,391</b>	<b>205,528</b>

<sup>(1)</sup> Net of deferred revenue

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	Consolidated 31 December 2018			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
<b>Financial assets</b>				
Cash	-	-	440	440
Interbank and money market items, net	5,274	4,105	2,334	11,713
Investments, net	876	73,098	204	74,178
Loans to customers <sup>(1)</sup>	73,327	70,895	1,832	146,054
<b>Total financial assets</b>	<b>79,477</b>	<b>148,098</b>	<b>4,810</b>	<b>232,385</b>
<b>Financial liabilities</b>				
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
<b>Total financial liabilities</b>	<b>47,090</b>	<b>147,497</b>	<b>1,251</b>	<b>195,838</b>

<sup>(1)</sup> Net of deferred revenue

	Bank only 30 June 2019			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
<b>Financial assets</b>				
Cash	-	-	398	398
Interbank and money market items, net	7,909	9,790	2,135	19,834
Investments, net	952	69,984	331	71,267
Loans to customers <sup>(1)</sup>	73,513	38,813	407	112,733
<b>Total financial assets</b>	<b>82,374</b>	<b>118,587</b>	<b>3,271</b>	<b>204,232</b>
<b>Financial liabilities</b>				
Deposits	14,766	95,303	755	110,824
Interbank and money market items	230	59,530	592	60,352
Liabilities payable on demand	-	-	44	44
Debt issued and borrowings	-	4,987	-	4,987
<b>Total financial liabilities</b>	<b>14,996</b>	<b>159,820</b>	<b>1,391</b>	<b>176,207</b>

<sup>(1)</sup> Net of deferred revenue

	Bank only 31 December 2018			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
<b>Financial assets</b>				
Cash	-	-	440	440
Interbank and money market items, net	5,214	4,105	2,084	11,403
Investments, net	876	73,098	204	74,178
Loans to customers <sup>(1)</sup>	72,908	36,660	869	110,437
<b>Total financial assets</b>	<b>78,998</b>	<b>113,863</b>	<b>3,597</b>	<b>196,458</b>

<sup>(1)</sup> Net of deferred revenue

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	Bank only			
	31 December 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
<b>Total financial liabilities</b>	<b>47,092</b>	<b>120,446</b>	<b>1,251</b>	<b>168,789</b>

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 30 June 2019							
			Reprice/maturity Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Non- performing assets	Total
	At call	Within 3 months						
	(in million Baht)							
<b>Financial assets</b>								
Cash	-	-	-	-	-	399	-	399
Interbank and money market items, net	52	15,792	1,897	-	-	2,360	-	20,101
Investment, net	-	11,136	17,188	40,000	2,612	331	-	71,267
Loans to customers <sup>(1)</sup>	3	77,563	35,253	33,971	3,048	-	1,459	151,297
<b>Total financial assets</b>	<b>55</b>	<b>104,491</b>	<b>54,338</b>	<b>73,971</b>	<b>5,660</b>	<b>3,090</b>	<b>1,459</b>	<b>243,064</b>
<b>Financial liabilities</b>								
Deposits	25,371	43,428	39,132	2,124	-	755	-	110,810
Interbank and money market items	230	42,989	9,556	7,262	23	592	-	60,652
Liabilities payable on demand	-	-	-	-	-	44	-	44
Debt issued and borrowings	-	3,352	10,277	13,408	6,985	-	-	34,022
<b>Total financial liabilities</b>	<b>25,601</b>	<b>89,769</b>	<b>58,965</b>	<b>22,794</b>	<b>7,008</b>	<b>1,391</b>	<b>-</b>	<b>205,528</b>

<sup>(1)</sup> Net of deferred revenue

	Consolidated 31 December 2018							
			Reprice/maturity					
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Non- performing assets	Total
	(in million Baht)							
<b>Financial assets</b>								
Cash	-	-	-	-	-	440	-	440
Interbank and money market items, net	63	9,316	-	-	-	2,334	-	11,713
Investment, net	-	10,181	19,310	40,405	4,078	204	-	74,178
Loans to customers <sup>(1)</sup>	1,992	90,411	14,153	35,253	2,413	-	1,832	146,054
<b>Total financial assets</b>	<b>2,055</b>	<b>109,908</b>	<b>33,463</b>	<b>75,658</b>	<b>6,491</b>	<b>2,978</b>	<b>1,832</b>	<b>232,385</b>

<sup>(1)</sup> Net of deferred revenue

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Consolidated 31 December 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>								
<b>Financial liabilities</b>								
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
<b>Total financial liabilities</b>	<b>17,812</b>	<b>84,284</b>	<b>37,531</b>	<b>47,912</b>	<b>7,048</b>	<b>1,251</b>	<b>-</b>	<b>195,838</b>

Bank only 30 June 2019								
	At call	Within 3 months	Reprice/ maturity Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Non-performing assets	Total
<i>(in million Baht)</i>								
<b>Financial assets</b>								
Cash	-	-	-	-	-	398	-	398
Interbank and money market items, net	10	15,792	1,897	-	-	2,135	-	19,834
Investments, net	-	11,136	17,188	40,000	2,612	331	-	71,267
Loans to customers <sup>(1)</sup>	538	74,199	28,106	9,374	109	-	407	112,733
<b>Total financial assets</b>	<b>548</b>	<b>101,127</b>	<b>47,191</b>	<b>49,374</b>	<b>2,721</b>	<b>2,864</b>	<b>407</b>	<b>204,232</b>
<b>Financial liabilities</b>								
Deposits	25,385	43,428	39,132	2,124	-	755	-	110,824
Interbank and money market items	230	42,689	9,556	7,262	23	592	-	60,352
Liabilities payable on demand	-	-	-	-	-	44	-	44
Debt issued and borrowings	-	-	-	-	4,987	-	-	4,987
<b>Total financial liabilities</b>	<b>25,615</b>	<b>86,117</b>	<b>48,688</b>	<b>9,386</b>	<b>5,010</b>	<b>1,391</b>	<b>-</b>	<b>176,207</b>

<sup>(1)</sup> Net of deferred revenue

Bank only 31 December 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>								
<b>Financial assets</b>								
Cash	-	-	-	-	-	440	-	440
Interbank and money market items, net	2	9,316	-	-	-	2,085	-	11,403
Investments, net	-	10,181	19,310	40,405	4,078	204	-	74,178
Loans to customers <sup>(1)</sup>	3,217	87,060	7,452	11,717	122	-	869	110,437
<b>Total financial assets</b>	<b>3,219</b>	<b>106,557</b>	<b>26,762</b>	<b>52,122</b>	<b>4,200</b>	<b>2,729</b>	<b>869</b>	<b>196,458</b>

<sup>(1)</sup> Net of deferred revenue

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Bank only								
31 December 2018								
			Reprice/ maturity					
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Non-performing assets	Total
	(in million Baht)							
<b>Financial liabilities</b>								
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
<b>Total financial liabilities</b>	<b>17,814</b>	<b>79,796</b>	<b>29,183</b>	<b>35,697</b>	<b>5,048</b>	<b>1,251</b>	<b>-</b>	<b>168,789</b>

The average balances of the significant financial assets and liabilities generating revenues and incurring expenses, calculated based on the average balances outstanding during the periods, and the average interest rates for the six-month periods ended 30 June 2019 and 2018 can be summarised as follows:

	Consolidated					
	2019			2018		
	Average balances <sup>(1)</sup> (in million Baht)	Interest	Average interest rate (%)	Average balances <sup>(1)</sup> (in million Baht)	Interest	Average interest rate (%)
<b>Financial assets</b>						
Interbank and money market items (Assets)	15,789	191	1.21	11,651	109	0.93
Investments	72,362	1,012	1.40	65,180	826	1.27
Loans to customers	154,567	2,181	1.41	144,753	3,114	2.15
<b>Financial liabilities</b>						
Deposits	106,319	768 <sup>(2)</sup>	0.72	104,321	716 <sup>(2)</sup>	0.69
Interbank and money market items (Liabilities)	61,457	794	1.29	48,944	618	1.26
Debt issued and borrowings	33,071	429	1.30	28,851	388	1.35

<sup>(1)</sup> Calculated by average of month end balance

<sup>(2)</sup> Excluding contributions to Deposit Protection Agency and Bank of Thailand

	Bank only					
	2019			2018		
	Average balances <sup>(1)</sup> (in million Baht)	Interest	Average interest rate (%)	Average balances <sup>(1)</sup> (in million Baht)	Interest	Average interest rate (%)
<b>Financial assets</b>						
Interbank and money market items (Assets)	15,533	191	1.23	11,395	109	0.95
Investments	72,362	1,012	1.40	65,180	826	1.27
Loans to customers	111,939	2,236	2.00	105,478	2,104	1.99
<b>Financial liabilities</b>						
Deposits	106,323	768 <sup>(2)</sup>	0.72	104,322	716 <sup>(2)</sup>	0.69
Interbank and money market items (Liabilities)	61,385	794	1.29	48,784	616	1.26
Debt issued and borrowings	4,986	88	1.75	2,884	49	1.68

<sup>(1)</sup> Calculated by average of month end balance

<sup>(2)</sup> Excluding contributions to Deposit Protection Agency and Bank of Thailand

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*(c) Liquidity risk*

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

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

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

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

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

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

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

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



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

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

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

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 30 June 2019 in the Bank's website, [www.icbcthai.com](http://www.icbcthai.com), under Financial Report section, within October 2019.

As at 30 June 2019 and 31 December 2018, significant financial assets and liabilities are classified according to their remaining maturity as follows:

	Consolidated 30 June 2019						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		
<b>Financial assets</b>								
Cash	-	-	-	-	-	399	-	399
Interbank and money market items, net	2,412	10,246	796	6,647	-	-	-	20,101
Investments, net	-	10,183	17,188	40,953	2,612	331	-	71,267
Loans to customers <sup>(1)</sup>	50	32,304	22,359	79,234	15,891	-	1,459	151,297
<b>Total financial assets</b>	<b>2,462</b>	<b>52,733</b>	<b>40,343</b>	<b>126,834</b>	<b>18,503</b>	<b>730</b>	<b>1,459</b>	<b>243,064</b>

<sup>(1)</sup> Net of deferred revenue

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Consolidated 30 June 2019								
	At call	Within 3 months	Maturity			No maturity	Non-performing assets	Total
			Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years			
<b>Financial liabilities</b>								
Deposits	26,126	43,428	39,132	2,124	-	-	-	110,810
Interbank and money market items	822	9,565	17,242	33,000	23	-	-	60,652
Liabilities payable on demand	44	-	-	-	-	-	-	44
Debt issued and borrowings	-	3,352	10,277	13,408	6,985	-	-	34,022
<b>Total financial liabilities</b>	<b>26,992</b>	<b>56,345</b>	<b>66,651</b>	<b>48,532</b>	<b>7,008</b>	<b>-</b>	<b>-</b>	<b>205,528</b>

Consolidated 31 December 2018								
	At call	Within 3 months	Maturity			No maturity	Non-performing assets	Total
			Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years			
<b>Financial assets</b>								
Cash	-	-	-	-	-	440	-	440
Interbank and money market items, net	2,397	4,432	781	4,103	-	-	-	11,713
Investments, net	-	9,305	19,309	41,282	4,078	204	-	74,178
Loans to customers <sup>(1)</sup>	1,996	27,677	20,866	78,741	14,942	-	1,832	146,054
<b>Total financial assets</b>	<b>4,393</b>	<b>41,414</b>	<b>40,956</b>	<b>124,126</b>	<b>19,020</b>	<b>644</b>	<b>1,832</b>	<b>232,385</b>
<b>Financial liabilities</b>								
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
<b>Total financial liabilities</b>	<b>19,063</b>	<b>84,284</b>	<b>37,531</b>	<b>47,912</b>	<b>7,048</b>	<b>-</b>	<b>-</b>	<b>195,838</b>

<sup>(1)</sup> Net of deferred revenue

Bank only 30 June 2019								
	At call	Within 3 months	Maturity			No maturity	Non-performing assets	Total
			Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years			
<b>Financial assets</b>								
Cash	-	-	-	-	-	398	-	398
Interbank and money market items, net	2,145	10,246	796	6,647	-	-	-	19,834
Investments, net	-	10,183	17,188	40,953	2,612	331	-	71,267
Loans to customers <sup>(1)</sup>	585	29,058	18,960	52,182	11,541	-	407	112,733
<b>Total financial assets</b>	<b>2,730</b>	<b>49,487</b>	<b>36,944</b>	<b>99,782</b>	<b>14,153</b>	<b>729</b>	<b>407</b>	<b>204,232</b>

<sup>(1)</sup> Net of deferred revenue

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Bank only 30 June 2019								
	Maturity							
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Non-performing assets	Total
<i>Financial liabilities</i>								
Deposits	26,140	43,428	39,132	2,124	-	-	-	110,824
Interbank and money market items	822	9,265	17,242	33,000	23	-	-	60,352
Liabilities payable on demand	44	-	-	-	-	-	-	44
Debt issued and borrowings	-	-	-	-	4,987	-	-	4,987
<b>Total financial liabilities</b>	<b>27,006</b>	<b>52,693</b>	<b>56,374</b>	<b>35,124</b>	<b>5,010</b>	<b>-</b>	<b>-</b>	<b>176,207</b>

Bank only 31 December 2018								
	Maturity					No	Non-performing	
	At call	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	maturity	assets	Total
<i>Financial assets</i>								
Cash	-	-	-	-	-	440	-	440
Interbank and money market items, net	2,087	4,432	781	4,103	-	-	-	11,403
Investments, net	-	9,305	19,309	41,282	4,078	204	-	74,178
Loans to customers <sup>(1)</sup>	3,221	24,074	17,772	53,473	11,028	-	869	110,437
Total financial assets	<u>5,308</u>	<u>37,811</u>	<u>37,862</u>	<u>98,858</u>	<u>15,106</u>	<u>644</u>	<u>869</u>	<u>196,458</u>
<i>Financial liabilities</i>								
Deposits	18,267	55,576	25,083	3,216	-	-	-	102,142
Interbank and money market items	679	24,220	4,100	32,481	62	-	-	61,542
Liabilities payable on demand	119	-	-	-	-	-	-	119
Debt issued and borrowings	-	-	-	-	4,986	-	-	4,986
Total financial liabilities	<u>19,065</u>	<u>79,796</u>	<u>29,183</u>	<u>35,697</u>	<u>5,048</u>	<u>-</u>	<u>-</u>	<u>168,789</u>

<sup>(1)</sup> 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.

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The Bank and its subsidiaries' significant foreign currency position as at 30 June 2019 and 31 December 2018 can be summarised as follows:

	US dollar	Renminbi	Consolidated 30 June 2019 (in million Baht)		Others	Total
			Yen	Euro		
<b>Financial assets</b>						
Cash	-	13	-	-	-	13
Interbank and money market items, net	6,929	339	9	24	39	7,340
Investments, net	25,287	-	-	4,718	-	30,005
Loans to customers <sup>(1)</sup>	21,770	2,049	-	5,061	731	29,611
<b>Total financial assets</b>	<b>53,986</b>	<b>2,401</b>	<b>9</b>	<b>9,803</b>	<b>770</b>	<b>66,969</b>
<b>Financial liabilities</b>						
Deposits	1,659	1,601	11	33	3	3,307
Interbank and money market items	34,726	886	5,031	17,355	-	57,998
<b>Total financial liabilities</b>	<b>36,385</b>	<b>2,487</b>	<b>5,042</b>	<b>17,388</b>	<b>3</b>	<b>61,305</b>
Avals to bill and guarantee on loan	(3)	-	-	-	(903)	(906)
Letters of credit	(26)	-	(202)	(131)	-	(359)
Other contingencies	(3,353)	(17)	-	(441)	(254)	(4,065)
Derivatives held for risk management	(17,380)	177	5,041	7,584	(731)	(5,309)
Average exchange rate (Baht per 1 foreign currency unit)	30.7443	4.4719	0.2855	34.9484		
<sup>(1)</sup> Net of deferred revenue						
			Consolidated 31 December 2018 (in million Baht)			
	US dollar	Renminbi	Yen	Euro	Others	Total
<b>Financial assets</b>						
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 <sup>(1)</sup>	23,917	2,341	-	6,417	-	32,675
<b>Total financial assets</b>	<b>55,939</b>	<b>2,790</b>	<b>17</b>	<b>11,472</b>	<b>43</b>	<b>70,261</b>
<b>Financial liabilities</b>						
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
<b>Total financial liabilities</b>	<b>31,934</b>	<b>4,218</b>	<b>5,087</b>	<b>12,348</b>	<b>2</b>	<b>53,589</b>
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		
<sup>(1)</sup> Net of deferred revenue						

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	US dollar	Renminbi	Bank only 30 June 2019		Others	Total
			Yen	Euro		
			(in million Baht)			
<b>Financial assets</b>						
Cash	-	13	-	-	-	13
Interbank and money market items, net	6,829	339	9	24	39	7,240
Investments, net	25,287	-	-	4,718	-	30,005
Loans to customers <sup>(1)</sup>	21,802	2,049	-	5,061	731	29,643
<b>Total financial assets</b>	<b>53,918</b>	<b>2,401</b>	<b>9</b>	<b>9,803</b>	<b>770</b>	<b>66,901</b>
<b>Financial liabilities</b>						
Deposits	1,659	1,601	11	33	3	3,307
Interbank and money market items	34,726	886	5,031	17,355	-	57,998
<b>Total financial liabilities</b>	<b>36,385</b>	<b>2,487</b>	<b>5,042</b>	<b>17,388</b>	<b>3</b>	<b>61,305</b>
Avals to bill and guarantee on loan	(3)	-	-	-	(903)	(906)
Letters of credit	(26)	-	(202)	(131)	-	(359)
Other contingencies	(3,353)	(17)	-	(441)	(254)	(4,065)
Derivatives held for risk management	(17,380)	177	5,041	7,584	(731)	(5,309)
Average exchange rate (Baht per 1 foreign currency unit)	30.7443	4.4719	0.2855	34.9484		

<sup>(1)</sup> Net of deferred revenue

	US dollar	Renminbi	Bank only 31 December 2018		Others	Total
			Yen	Euro		
			(in million Baht)			
<b>Financial assets</b>						
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 <sup>(1)</sup>	24,061	2,341	-	6,417	-	32,819
<b>Total financial assets</b>	<b>55,873</b>	<b>2,790</b>	<b>17</b>	<b>11,472</b>	<b>43</b>	<b>70,195</b>
<b>Financial liabilities</b>						
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
<b>Total financial liabilities</b>	<b>31,934</b>	<b>4,218</b>	<b>5,087</b>	<b>12,348</b>	<b>2</b>	<b>53,589</b>
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		

<sup>(1)</sup> Net of deferred revenue

**Derivatives**

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

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

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

	Consolidated and Bank only			
	30 June 2019		31 December 2018	
	Notional amount (in million Baht)	Maturity	Notional amount (in million Baht)	Maturity
<i>Interest rate swap contracts</i>				
Receive floating interest rates and pay fixed interest rates	27,405	2019 - 2028	25,686	2019 - 2028

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

	Consolidated and Bank only			
	30 June 2019		31 December 2018	
	Notional amount <i>(in million Baht)</i>	Maturity	Notional amount <i>(in million Baht)</i>	Maturity
<b>Cross currency interest rate swap contracts</b>				
Receive interest at a floated rate on US Dollar notional amounts and to pay interest at a fixed rate on Euro notional amounts	3,839	2021	4,052	2021
Receive interest at a floated rate on Euro notional amounts and to pay interest at a fixed rate on US Dollar notional amounts	3,705	2021 - 2022	3,935	2021 - 2022
Receive interest at a floated rate on Euro notional amounts and to pay interest at a floated rate on US Dollar notional amounts	4,718	2021 - 2022	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	2,033	2020	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	2,033	2020	2,185	2019
Receive interest at a fixed rate on Euro notional amounts and to pay interest at a floated rate on US Dollar notional amounts	3,495	2022	-	-

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As at 30 June 2019 and 31 December 2018, financial derivatives are classified by their remaining maturities as follows:

	Consolidated and Bank only					
	30 June 2019			31 December 2018		
	Not over 1 year	Over 1 year	Total (in million Baht)	Not over 1 year	Over 1 year	Total
<b>Forward exchange contracts</b>						
Bought	17,973	-	17,973	16,349	-	16,349
Sold	6,459	-	6,459	19,272	-	19,272
<b>Interest rate swap contracts</b>						
	3,144	24,261	27,405	2,150	23,536	25,686
<b>Cross currency and interest rate swap contracts</b>						
Bought	2,033	15,757	17,790	2,185	12,999	15,184
Sold	2,033	-	2,033	2,185	-	2,185

## 5 Fair value of financial assets and liabilities

### 5.1 Financial assets and liabilities measured at fair value

Fair values of financial assets and liabilities shown in the consolidated and the Bank only statement of financial position as at 30 June 2019 and 31 December 2018 are as follows:

	Consolidated and Bank only			
	30 June 2019			
	Fair value			
	Level 1	Level 2	Level 3	Total
	(in million Baht)			
<b>Financial assets</b>				
Derivatives assets (Trading book)				
- Foreign exchange rate	-	45	-	45
- Foreign exchange and interest rate	-	82	-	82
Available-for-sale securities	329	32,996	-	33,325
<b>Financial liabilities</b>				
Derivatives liabilities (Trading book)				
- Foreign exchange rate	-	41	-	41
- Foreign exchange and interest rate	-	80	-	80
	Consolidated and Bank only			
	31 December 2018			
	Fair value			
	Level 1	Level 2	Level 3	Total
	(in million Baht)			
<b>Financial assets</b>				
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				
31 December 2018				
Fair value				
	Level 1	Level 2	Level 3	Total
	(in million Baht)			
<b>Financial liabilities</b>				
Derivatives liabilities (Trading book)				
- Foreign exchange rate	-	12	-	12
- Foreign exchange and interest rate	-	102	-	102

**5.2 Financial assets and liabilities not measured at fair value**

The following tables analyse financial assets and liabilities not measured at fair value at 30 June 2019 and 31 December 2018, by the level in the fair value hierarchy into which the fair value measurement is categorised.

		Consolidated			
		30 June 2019			
		Fair value			
	Carrying value	Level 1	Level 2	Level 3	Total
		(in million Baht)			
<b>Financial assets</b>					
Interbank and money market items, net	20,101	-	20,101	-	20,101
Derivatives assets (Banking book)	270	-	268	-	268
Investment, net <sup>(1)</sup>	37,943	-	37,941	7	37,948
Loans to customers <sup>(2) (3)</sup>	109,989	-	-	109,914	109,914
Receivables on credit support for derivative contracts	312	-	312	-	312
<b>Financial liabilities</b>					
Deposits	110,810	-	110,818	-	110,818
Interbank and money market items	60,652	-	60,647	-	60,647
Derivatives liabilities (Banking book)	179	-	341 <sup>(4)</sup>	-	341
Debt issued and borrowings	34,022	-	34,218	-	34,218
Other financial liabilities	9	-	615 <sup>(5)</sup>	-	615

<sup>(1)</sup> Held-to-maturity and general investment

<sup>(2)</sup> Net of deferred revenue

<sup>(3)</sup> The amount excludes hire purchase and finance lease of subsidiaries

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

<sup>(5)</sup> The amount stated represents net loss on other financial liabilities

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

<sup>(1)</sup> Held-to-maturity and general investment

<sup>(2)</sup> Net of deferred revenue

<sup>(3)</sup> The amount excludes hire purchase and finance lease of subsidiaries

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		Consolidated 31 December 2018			
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
<i>Financial liabilities</i>					
Deposits	102,140	-	102,141	-	102,141
Interbank and money market items	61,542	-	61,535	-	61,535
Derivatives liabilities (Banking book)	198	-	280 <sup>(4)</sup>	-	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 <sup>(5)</sup>	-	173

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

<sup>(5)</sup> The amount stated represents net loss on other financial liabilities

		Bank only 30 June 2019			
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
<b>Financial assets</b>					
Interbank and money market items, net	19,834	-	19,834	-	19,834
Derivatives assets (Banking book)	270	-	268	-	268
Investment, net <sup>(1)</sup>	37,943	-	37,941	7	37,948
Loans to customers <sup>(2)</sup>	112,733	-	-	112,743	112,743
Receivables on credit support for derivative contracts	312	-	312	-	312
<b>Financial liabilities</b>					
Deposits	110,824	-	110,832	-	110,832
Interbank and money market items	60,352	-	60,347	-	60,347
Derivatives liabilities (Banking book)	179	-	341 <sup>(3)</sup>	-	341
Debt issued and borrowings	4,987	-	5,084	-	5,084
Other financial liabilities	9	-	615 <sup>(4)</sup>	-	615

<sup>(1)</sup> Held-to-maturity and general investment

<sup>(2)</sup> Net of deferred revenue

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

<sup>(4)</sup> The amount stated represents net loss on other financial liabilities

		Bank only 31 December 2018			
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
<b>Financial assets</b>					
Interbank and money market items, net	11,403	-	11,403	-	11,403
Derivatives assets (Banking book)	169	-	238	-	238
Investment, net <sup>(1)</sup>	39,562	-	39,408	6	39,414
Loans to customers <sup>(2)</sup>	110,437	-	-	110,335	110,335
Receivables on credit support for derivative contracts	1	-	1	-	1

<sup>(1)</sup> Held-to-maturity and general investment

<sup>(2)</sup> Net of deferred revenue

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		Bank only 31 December 2018			
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
		(in million Baht)			
<b><i>Financial liabilities</i></b>					
Deposits	102,142	-	102,143	-	102,143
Interbank and money market items	61,542	-	61,535	-	61,535
Derivatives liabilities (Banking book)	198	-	280 <sup>(3)</sup>	-	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 <sup>(4)</sup>	-	173

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

<sup>(4)</sup> 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.

*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.

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*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.

## **6 Maintenance of capital fund**

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. As announced by the BoT in its circulars dated 8 November 2012 and 8 May 2015, the Bank is required to calculate its Capital Fund in accordance with Basel III. The Bank and financial group comply with the regulatory capital according to Basel III. As at 30 June 2019 and 31 December 2018, the consolidated supervision and the Bank only's total capital funds could be categorised as follows:

	<b>Consolidated supervision</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2019</b>	<b>2018</b>
	<i>(in thousand Baht)</i>	
<b>Tier 1 capital</b>		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	20,081,600	20,132,094
Legal reserve	1,100,000	1,100,000
Retained earnings after appropriations	8,369,496	7,817,944
Other comprehensive income	255,156	104,498
Other owner changes items	(24,849)	(24,849)
Less Capital deduction items on CET1	(1,168,299)	(1,113,626)
<b>Total Tier 1 capital</b>	<b>28,613,104</b>	<b>28,016,061</b>
<b>Tier 2 capital</b>		
Subordinated debentures	5,000,000	5,000,000
Allowance for classified assets of "pass" category	2,694,204	2,504,452
<b>Total Tier 2 capital</b>	<b>7,694,204</b>	<b>7,504,452</b>
<b>Total capital funds</b>	<b>36,307,308</b>	<b>35,520,513</b>
<b>Total risk-weighted assets</b>	<b>225,230,095</b>	<b>210,237,943</b>

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	BoT's minimum requirement <sup>(1)</sup>	30 June 2019	Consolidated BoT's minimum requirement <sup>(1)</sup>	31 December 2018
			(%)	
<b>Capital ratio</b>				
Total capital to total risk-weighted assets	11.00	16.12	10.375	16.90
Tier 1 capital to total risk-weighted assets	8.50	12.70	7.875	13.33
Tier 1 common equity to total risk-weighted assets	7.00	12.70	6.375	13.33
Tier 2 capital to total risk-weighted assets	-	3.42	-	3.57

<sup>(1)</sup> Includes capital conservation buffer as required by BoT commencing 1 January 2016

	Bank only 30 June 2019	31 December 2018
	(in thousand Baht)	
<b>Tier 1 capital</b>		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	20,081,600	20,132,094
Legal reserve	1,100,000	1,100,000
Retained earnings after appropriations	7,031,475	6,675,852
Other comprehensive income	254,946	105,580
Less Capital deduction items on CET1	(445,587)	(519,230)
<b>Total Tier 1 capital</b>	<b>28,022,434</b>	<b>27,494,296</b>
<b>Tier 2 capital</b>		
Subordinated debentures	5,000,000	5,000,000
Allowance for classified assets of "pass" category	2,284,219	2,263,281
<b>Total Tier 2 capital</b>	<b>7,284,219</b>	<b>7,263,281</b>
<b>Total capital funds</b>	<b>35,306,653</b>	<b>34,757,577</b>
<b>Total risk-weighted assets</b>	<b>189,276,523</b>	<b>187,792,818</b>

	BoT's minimum requirement <sup>(1)</sup>	Bank only 30 June 2019	BoT's minimum requirement <sup>(1)</sup>	31 December 2018
			(%)	
<b>Capital ratio</b>				
Total capital to total risk-weighted assets	11.00	18.65	10.375	18.51
Tier 1 capital to total risk-weighted assets	8.50	14.81	7.875	14.64
Tier 1 common equity to total risk-weighted assets	7.00	14.81	6.375	14.64
Tier 2 capital to total risk-weighted assets	-	3.85	-	3.87

<sup>(1)</sup> Includes capital conservation buffer as required by BoT commencing 1 January 2016

As Disclosures of capital maintenance information under the Notification of the Bank of Thailand, the Public Disclosures of Capital Maintenance for Commercial Banks in accordance with the BoT's directive number Sor Nor Sor 4/2556, dated 2 May 2013, the Bank has made the Disclosures of Capital Maintenance and Information security risks for the Bank and financial group as at 31 December 2018 in the Bank's website, [www.icbcthai.com](http://www.icbcthai.com), under Financial Report section on 26 April 2019. The Bank will disclose the Capital Maintenance and Information security risks for the Bank and financial group at 30 June 2019 within October 2019.

According to Bank of Thailand Notification Number For Nor Sor (23) Wor 263/2556 dated 22 February 2013, the Bank is required to disclose regulatory capital after deducting capital add-on arising from Single Lending Limit, effective at the end of January 2015. As at 30 June 2019 and 31 December 2018, the Group has regulatory capital after deducting capital add-on arising from Single Lending Limit in the amount of Baht 34,240 million and Baht 33,442 million respectively or 15.20% and 15.91% respectively. (Bank only: Baht 33,280 million and Baht 32,724 million or 17.58% and 17.43%)

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*Capital management*

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

**7 Interbank and money market items, net (Assets)**

	Consolidated					
	Demand	30 June 2019 Time	Total (in thousand Baht)	Demand	31 December 2018 Time	Total
<i>Domestic items</i>						
Bank of Thailand	1,319,948	-	1,319,948	1,091,525	-	1,091,525
Commercial banks	340,573	3,937,215	4,277,788	175,874	1,320,000	1,495,874
Specialised financial institutions	979	3,700,000	3,700,979	922	-	922
Other financial institutions	9,003	5,023,500	5,032,503	-	4,312,000	4,312,000
<b>Total</b>	<b>1,670,503</b>	<b>12,660,715</b>	<b>14,331,218</b>	<b>1,268,321</b>	<b>5,632,000</b>	<b>6,900,321</b>
Add accrued interest receivables	7	6,405	6,412	5	3,665	3,670
Less deferred revenue	-	(18,487)	(18,487)	-	-	-
Less allowance for doubtful accounts	-	(33,702)	(33,702)	-	(20,000)	(20,000)
<b>Total domestic items, net</b>	<b>1,670,510</b>	<b>12,614,931</b>	<b>14,285,441</b>	<b>1,268,326</b>	<b>5,615,665</b>	<b>6,883,991</b>
<i>Foreign items</i>						
US Dollar	339,072	5,070,874	5,409,946	603,586	3,696,171	4,299,757
Renminbi	339,173	-	339,173	438,107	-	438,107
Euro	24,151	-	24,151	43,442	-	43,442
Hong Kong Dollar	11,031	-	11,031	8,021	-	8,021
Other currencies	27,808	-	27,808	34,324	-	34,324
<b>Total</b>	<b>741,235</b>	<b>5,070,874</b>	<b>5,812,109</b>	<b>1,127,480</b>	<b>3,696,171</b>	<b>4,823,651</b>
Add accrued interest receivables	-	53,780	53,780	-	41,898	41,898
Less allowance for doubtful accounts	-	(50,709)	(50,709)	-	(36,962)	(36,962)
<b>Total foreign items, net</b>	<b>741,235</b>	<b>5,073,945</b>	<b>5,815,180</b>	<b>1,127,480</b>	<b>3,701,107</b>	<b>4,828,587</b>
<b>Total domestic and foreign items, net</b>	<b>2,411,745</b>	<b>17,688,876</b>	<b>20,100,621</b>	<b>2,395,806</b>	<b>9,316,772</b>	<b>11,712,578</b>

	Bank only					
	Demand	30 June 2019 Time	Total (in thousand Baht)	Demand	31 December 2018 Time	Total
<i>Domestic items</i>						
Bank of Thailand	1,319,948	-	1,319,948	1,091,525	-	1,091,525
Commercial banks	174,103	3,937,215	4,111,318	76,198	1,320,000	1,396,198
Specialised financial institutions	-	3,700,000	3,700,000	-	-	-
Other financial institutions	9,003	5,023,500	5,032,503	-	4,312,000	4,312,000
<b>Total</b>	<b>1,503,054</b>	<b>12,660,715</b>	<b>14,163,769</b>	<b>1,167,723</b>	<b>5,632,000</b>	<b>6,799,723</b>
Add accrued interest receivables	5	6,405	6,410	-	3,665	3,665
Less deferred revenue	-	(18,487)	(18,487)	-	-	-
Less allowance for doubtful accounts	-	(33,702)	(33,702)	-	(20,000)	(20,000)
<b>Total domestic items, net</b>	<b>1,503,059</b>	<b>12,614,931</b>	<b>14,117,990</b>	<b>1,167,723</b>	<b>5,615,665</b>	<b>6,783,388</b>
<i>Foreign items</i>						
US Dollar	239,725	5,070,874	5,310,599	394,841	3,696,171	4,091,012
Renminbi	339,173	-	339,173	438,107	-	438,107
Euro	24,151	-	24,151	43,442	-	43,442
Hong Kong Dollar	11,031	-	11,031	8,021	-	8,021
Other currencies	27,808	-	27,808	34,324	-	34,324
<b>Total</b>	<b>641,888</b>	<b>5,070,874</b>	<b>5,712,762</b>	<b>918,735</b>	<b>3,696,171</b>	<b>4,614,906</b>
Add accrued interest receivables	-	53,780	53,780	-	41,898	41,898
Less allowance for doubtful accounts	-	(50,709)	(50,709)	-	(36,962)	(36,962)
<b>Total foreign items, net</b>	<b>641,888</b>	<b>5,073,945</b>	<b>5,715,833</b>	<b>918,735</b>	<b>3,701,107</b>	<b>4,619,842</b>
<b>Total domestic and foreign items, net</b>	<b>2,144,947</b>	<b>17,688,876</b>	<b>19,833,823</b>	<b>2,086,458</b>	<b>9,316,772</b>	<b>11,403,230</b>

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## 8 Derivatives

### 8.1 Trading Book

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

Type of risks	Consolidated and Bank only					
	30 June 2019			31 December 2018		
	Fair value Assets	Liabilities	Notional amount <sup>(1)</sup> (in thousand Baht)	Fair value Assets	Liabilities	Notional amount <sup>(1)</sup>
Foreign exchange	45,456	40,951	10,612,913	13,763	12,494	3,837,662
Foreign exchange and interest rate	82,094	79,564	4,135,103	101,818	101,818	4,287,093
<b>Total</b>	<b>127,550</b>	<b>120,515</b>	<b>14,748,016</b>	<b>115,581</b>	<b>114,312</b>	<b>8,124,755</b>

<sup>(1)</sup> 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	
	30 June 2019	31 December 2018
	(%)	
Financial institutions	98.60	94.10
Corporations	1.40	5.90
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

### 8.2 Banking Book

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

Type of risks	Consolidated and Bank only					
	30 June 2019			31 December 2018		
	Carrying value <sup>(2)</sup> Assets	Liabilities	Notional amount <sup>(1)</sup> (in thousand Baht)	Carrying value <sup>(2)</sup> Assets	Liabilities	Notional amount <sup>(1)</sup>
Foreign exchange	212,121	5,178	13,740,937	149,231	39,082	31,782,805
Interest rate	— <sup>(3)</sup>	— <sup>(3)</sup>	27,404,907	— <sup>(3)</sup>	— <sup>(3)</sup>	25,686,036
Foreign exchange and interest rate	57,391	173,421	15,872,536	19,713	159,159	13,138,691
<b>Total</b>	<b>269,512</b>	<b>178,599</b>	<b>57,018,380</b>	<b>168,944</b>	<b>198,241</b>	<b>70,607,532</b>

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

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

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



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**9 Investments, net**

**9.1 Classified by type of investments**

	Consolidated and Bank only	
	30 June 2019	31 December 2018
	(in thousand Baht)	
<i>Available-for-sale securities - Fair value</i>		
Government and state enterprise securities	28,062,008	29,445,001
Domestic private debt securities	2,020,801	1,992,345
Foreign private debt securities	2,913,162	2,977,223
Domestic equity securities	328,664	201,715
<b>Total</b>	<b>33,324,635</b>	<b>34,616,284</b>
<i>Held-to-maturity securities - Amortised cost</i>		
Domestic private debt securities	10,849,025	9,804,462
Foreign private debt securities	27,091,655	29,755,482
<b>Total</b>	<b>37,940,680</b>	<b>39,559,944</b>
<i>General investments - Cost</i>		
Domestic non-marketable equity securities	11,272	11,272
Less allowance for impairment	(9,203)	(9,203)
<b>General investments, net</b>	<b>2,069</b>	<b>2,069</b>
<b>Total</b>	<b>71,267,384</b>	<b>74,178,297</b>

As at 30 June 2019, Baht 610 million of held-to-maturity securities are pledged as security on a contract for repurchase agreements (31 December 2018: Baht 1,436 million).

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

	Consolidated and Bank only			
	30 June 2019			
	Periods to maturity			
	Less than 1 year	1-5 years	Over 5 years	Total
	(in thousand Baht)			
<i>Available-for-sale securities</i>				
Government and state enterprise securities	18,497,061	9,096,579	470,133	28,063,773
Domestic private debt securities	430,000	1,000,000	500,000	1,930,000
Foreign private debt securities	903,365	2,008,722	-	2,912,087
<b>Total</b>	<b>19,830,426</b>	<b>12,105,301</b>	<b>970,133</b>	<b>32,905,860</b>
Add allowance for revaluation	3,919	67,034	19,158	90,111
<b>Total available-for-sale securities</b>	<b>19,834,345</b>	<b>12,172,335</b>	<b>989,291</b>	<b>32,995,971</b>
<i>Held-to-maturity securities</i>				
Domestic private debt securities	3,011,585	7,137,440	700,000	10,849,025
Foreign private debt securities	4,525,925	21,643,401	922,329	27,091,655
<b>Total held-to-maturity securities</b>	<b>7,537,510</b>	<b>28,780,841</b>	<b>1,622,329</b>	<b>37,940,680</b>
<b>Total debt securities</b>	<b>27,371,855</b>	<b>40,953,176</b>	<b>2,611,620</b>	<b>70,936,651</b>

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	Consolidated and Bank only			
	31 December 2018			
	Periods to maturity			
	Less than 1 year	1-5 years	Over 5 years	Total
	(in thousand Baht)			
<i>Available-for-sale securities</i>				
Government and state enterprise securities	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
<i>Held-to-maturity securities</i>				
Domestic private debt securities	204,606	8,499,856	1,100,000	9,804,462
Foreign private debt securities	7,960,056	20,821,932	973,494	29,755,482
Total held-to-maturity securities	8,164,662	29,321,788	2,073,494	39,559,944
Total debt securities	28,614,484	41,281,601	4,078,428	73,974,513

**9.3 Revaluation surplus on available-for-sale investments**

	Consolidated and Bank only	
	30 June 2019	31 December 2018
	(in thousand Baht)	
Revaluation surplus on available-for-sale investments		
Debt securities	130,286	(27,148)
Equity securities	188,396	159,123
Total	318,682	131,975
Less deferred tax	(63,736)	(26,395)
Net	254,946	105,580

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

	Consolidated and Bank only 30 June 2019			31 December 2018		
	Cost	Fair value	Allowance for impairment	Cost	Fair value	Allowance for impairment
	(in thousand Baht)					
Companies with problems in their financial positions and operating results	9,817	614	(9,203)	9,817	614	(9,203)

**10 Investments in subsidiaries, net**

Investments in subsidiaries as at 30 June 2019 and 31 December 2018, and dividend income from those investments for the six-month period ended 30 June 2019 and 2018, were as follows:

		Bank only						Dividend income for the six-month period ended	
Name of subsidiaries	Type of business	Ownership interest		Paid-up capital		Cost		30 June	
		30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018	2019	2018
		(%)		(in million Baht)					
Direct subsidiary									
ICBC (Thai) Leasing Company Limited <sup>(1)</sup>	Hire purchase, finance lease and factoring business	99.99	99.99	4,250	4,250	4,250	4,250	-	-

<sup>(1)</sup> The direct subsidiary is incorporated in Thailand

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		Bank only						Dividend income for the six-month period ended	
Name of subsidiaries	Type of business	Ownership interest		Paid-up capital		Cost		30 June	
		30 June	31 December	30 June	31 December	30 June	31 December	2019	2018
		2019	2018	2019	2018	2019	2018	2019	2018
		(%)		(in million Baht)					
<i>Indirect subsidiary</i>									
Sky High LI Leasing									
Designated Activity Company Limited <sup>(2)</sup>	Hire purchase business	99.99	99.99	-	-	-	-	-	-
<sup>(2)</sup> The indirect subsidiary is incorporated in Ireland.									

## 11 Investment in an associate, net

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

As at 30 June 2019, Finansia Syrus Securities Public Company Limited is no longer an associated company of the Bank. The Group and the Bank recognised losses on disposal of Baht 299.83 million and Baht 48.60 million, respectively in losses on investment in the statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2019.

During the six-month periods ended 30 June 2019 and 2018, the Group recognised share of losses from investment in an associate of Baht 7.71 million and share of profit from investment in an associate of Baht 9.96 million, respectively and had dividend income from investment in an associate of Baht 7.78 million and Baht 7.78 million, respectively.

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

Consolidated								Dividend income for the six-month period ended 30 June 2018
Name of associate	Type of business	Country of incorporation	31 December 2018		Cost	Equity <i>(in million Baht)</i>	Fair value of listed securities	
			Ownership interest	Paid-up capital				
			(%)					
Finansia Syrus Securities Public Company Limited	Securities business	Thailand	22.29	930	305	569	238	8

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

Name of associate	Ownership interest (%)	31 December 2018		For the six-month period ended 30 June 2018		
		Total assets	Total liabilities	Total revenue <i>(in million Baht)</i>	Total expenses	Net profit
Finansia Syrus Securities Public Company Limited	22.29	4,754	2,223	809	765	31

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**12 Loans to customers and accrued interest receivables, net**

**12.1 Classified by types of loans**

	Consolidated		Bank only	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>			
Overdrafts	569,937	669,343	569,937	669,343
Loans	81,455,734	80,129,348	84,862,627	84,050,638
Notes receivable	26,311,081	23,315,770	26,846,082	24,540,770
Factoring receivables	1,788,914	2,667,421	466,901	1,209,506
Hire purchase receivables	40,136,820	37,202,874	-	-
Finance lease receivables	6,634,682	7,485,856	-	-
Total loans to customers	156,897,168	151,470,612	112,745,547	110,470,257
Less deferred revenue	(5,600,369)	(5,416,120)	(12,617)	(33,355)
Total loans to customers, net of deferred revenue	151,296,799	146,054,492	112,732,930	110,436,902
Add accrued interest receivables	345,970	285,218	347,263	287,615
Total loans to customers, net of deferred revenue and accrued interest receivables	151,642,769	146,339,710	113,080,193	110,724,517
Less allowance for doubtful accounts				
- allowance established per BoT regulations	(2,736,258)	(2,786,034)	(864,956)	(832,783)
- allowance established in excess of BoT regulations	(5,226,307)	(5,274,670)	(2,787,462)	(3,293,548)
Less revaluation allowance for debt restructuring	(14,832)	(24,526)	(3,065)	(4,165)
Loans to customers and accrued interest receivables, net	<u>143,665,372</u>	<u>138,254,480</u>	<u>109,424,710</u>	<u>106,594,021</u>

**12.2 Classified by currency and residential status of customers**

	Consolidated					
	30 June 2019			31 December 2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	121,670,677	14,299	121,684,976	113,361,703	17,994	113,379,697
US Dollar	9,236,906	12,533,811	21,770,717	10,580,766	13,336,812	23,917,578
Renminbi	541	2,048,627	2,049,168	777	2,339,925	2,340,702
Euro	4,901	5,055,934	5,060,835	16,819	6,399,696	6,416,515
Hong Kong Dollar	-	731,103	731,103	-	-	-
Total <sup>(1)</sup>	<u>130,913,025</u>	<u>20,383,774</u>	<u>151,296,799</u>	<u>123,960,065</u>	<u>22,094,427</u>	<u>146,054,492</u>

<sup>(1)</sup> Total loans to customers net of deferred revenue

	Bank only					
	30 June 2019			31 December 2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	83,075,238	14,299	83,089,537	77,600,255	17,994	77,618,249
US Dollar	5,853,665	15,948,622	21,802,287	6,792,723	17,268,713	24,061,436
Renminbi	541	2,048,627	2,049,168	777	2,339,925	2,340,702
Euro	4,901	5,055,934	5,060,835	16,819	6,399,696	6,416,515
Hong Kong Dollar	-	731,103	731,103	-	-	-
Total <sup>(1)</sup>	<u>88,934,345</u>	<u>23,798,585</u>	<u>112,732,930</u>	<u>84,410,574</u>	<u>26,026,328</u>	<u>110,436,902</u>

<sup>(1)</sup> Total loans to customers net of deferred revenue.

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**12.3 Classified by business types and loan classification**

	Consolidated 30 June 2019					Total
	Pass	Special Mention	Substandard (in thousand Baht)	Doubtful	Doubtful of Loss	
Agriculture and mining	2,199,605	1,345	-	-	-	2,200,950
Manufacturing and commerce	57,825,642	218,739	2,355	65,259	107,202	58,219,197
Property development and construction	19,326,257	665,940	43,631	19,787	42,779	20,098,394
Infrastructure and services	32,095,057	21,790	-	125,539	-	32,242,386
Housing loans	4,569	3,298	-	-	-	7,867
Others <sup>(1)</sup>	33,217,340	4,257,343	362,356	690,966	-	38,528,005
<b>Total <sup>(2)</sup></b>	<b>144,668,470</b>	<b>5,168,455</b>	<b>408,342</b>	<b>901,551</b>	<b>149,981</b>	<b>151,296,799</b>

<sup>(1)</sup> Others predominantly consist of hire purchase and finance lease of subsidiaries.

<sup>(2)</sup> Total loans to customers net of deferred revenue.

	Consolidated 31 December 2018					Total
	Pass	Special Mention	Substandard (in thousand Baht)	Doubtful	Doubtful of Loss	
Agriculture and mining	2,718,191	1,406	-	-	-	2,719,597
Manufacturing and commerce	56,503,162	245,182	54,081	172,103	5,000	56,979,528
Property development and construction	18,990,929	699,149	10,800	55,185	216,615	19,972,678
Infrastructure and services	29,756,535	22,399	22,314	332,014	-	30,133,262
Housing loans	5,909	2,812	-	-	-	8,721
Others <sup>(1)</sup>	30,799,690	4,477,003	855,790	108,223	-	36,240,706
<b>Total <sup>(2)</sup></b>	<b>138,774,416</b>	<b>5,447,951</b>	<b>942,985</b>	<b>667,525</b>	<b>221,615</b>	<b>146,054,492</b>

<sup>(1)</sup> Others predominantly consist of hire purchase and finance lease of subsidiaries.

<sup>(2)</sup> Total loans to customers net of deferred revenue.

	Bank only 30 June 2019					Total
	Pass	Special Mention	Substandard (in thousand Baht)	Doubtful	Doubtful of Loss	
Agriculture and mining	2,199,605	1,345	-	-	-	2,200,950
Manufacturing and commerce	60,569,971	218,739	2,355	65,259	107,202	60,963,526
Property development and construction	19,326,257	665,940	43,631	19,787	42,779	20,098,394
Infrastructure and services	28,711,816	21,790	-	125,539	-	28,859,145
Housing loans	4,569	3,298	-	-	-	7,867
Others	601,386	936	641	85	-	603,048
<b>Total <sup>(1)</sup></b>	<b>111,413,604</b>	<b>912,048</b>	<b>46,627</b>	<b>210,670</b>	<b>149,981</b>	<b>112,732,930</b>

<sup>(1)</sup> Total loans to customers net of deferred revenue.

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	Bank only 31 December 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
<b>Total <sup>(1)</sup></b>	<b>108,595,585</b>	<b>972,136</b>	<b>88,264</b>	<b>559,302</b>	<b>221,615</b>	<b>110,436,902</b>

<sup>(1)</sup> Total loans to customers net of deferred revenue.

**12.4 Loans classified by type of classification**

	Consolidated 30 June 2019						
	Loans to customers and accrued interest receivables less deferred revenue (in thousand Baht)	The Bank Net amount used to set the allowance for doubtful accounts <sup>(1)</sup> (%)	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts	Subsidiaries Net amount used to set the allowance for doubtful accounts (in thousand Baht)	Allowance for doubtful accounts	Total
Minimum allowance as per BoT's Regulations							
Pass	145,011,200	70,572,557	1	705,726	37,269,640	386,912	1,092,638
Special Mention	5,171,576	138,256	2	2,765	4,135,016	994,154	996,919
Substandard	408,448	10,776	100	10,776	361,715	127,043	137,819
Doubtful	901,561	38,485	100	38,485	663,487	363,193	401,678
Doubtful of Loss	149,984	107,204	100	107,204	-	-	107,204
							2,736,258
Excess allowance							5,226,307
<b>Total</b>	<b>151,642,769</b>	<b>70,867,278</b>		<b>864,956</b>	<b>42,429,858</b>	<b>1,871,302</b>	<b>7,962,565</b>

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

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	Consolidated 31 December 2018						
	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 <sup>(1)</sup> <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	139,056,154	66,426,254	1	664,263	35,418,419	398,920	1,063,183
Special Mention	5,451,233	141,664	2	2,833	4,341,336	1,094,308	1,097,141
Substandard	943,183	17,648	100	17,648	827,327	421,928	439,576
Doubtful	667,525	148,039	100	148,039	108,223	38,095	186,134
Doubtful of Loss	221,615	-	100	-	-	-	-
							2,786,034
Excess allowance							5,274,670
Total	146,339,710	66,733,605		832,783	40,695,305	1,953,251	8,060,704

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

	Bank only 30 June 2019			
	Loans to customers and accrued interest receivables less deferred revenue (in thousand Baht)	Net amount used to set the allowance for doubtful accounts <sup>(1)</sup> (in thousand Baht)	Rate used for allowance for doubtful accounts (%)	Allowance for doubtful accounts (in thousand Baht)
Minimum allowance as per BoT's Regulations				
Pass	111,757,627	70,572,557	1	705,726
Special Mention	915,169	138,256	2	2,765
Substandard	46,733	10,776	100	10,776
Doubtful	210,680	38,485	100	38,485
Doubtful of Loss	149,984	107,204	100	107,204
				864,956
Excess allowance				2,787,462
<b>Total</b>	<b>113,080,193</b>	<b>70,867,278</b>		<b>3,652,418</b>

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

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<b>Bank only</b>				
31 December 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 <sup>(1)</sup> <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>
<b>Total</b>	<b><u>110,724,517</u></b>	<b><u>66,733,605</u></b>		<b><u>4,126,331</u></b>

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

## **12.5 Non-performing loans**

As at 30 June 2019 and 31 December 2018, the Bank used the guidelines specified in the BoT's Notification Number Sor Nor Sor 5/2559, directive dated 10 June 2016 in determining Non-Performing Loans which consist of loans classified as substandard, doubtful, doubtful of loss and loss under the BoT's guideline. The amounts are as follows:

	<b>Consolidated</b>		<b>Bank only</b>	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>			
Non-Performing Loans (net of allowance for doubtful accounts)	700,294	859,673	145,519	366,290
% of Non-Performing Loans to total loans (net) <sup>(1)</sup>	0.42	0.56	0.11	0.31
Non-Performing Loans (gross)	1,459,874	1,832,126	407,278	869,181
% of Non-Performing Loans to total loans (gross) <sup>(1)</sup>	0.86	1.18	0.31	0.73

<sup>(1)</sup> The denominator includes interbank and money market items.

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

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



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**12.6 Non-accrual loans**

Non-accrual loans, gross, (including loans to financial institutions) as at 30 June 2019 and 31 December 2018 are as follows:

	Consolidated		Bank only	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>			
Loans where recognition of income has been suspended (principal only)	1,415,264	1,814,398	362,668	851,454
% of loans where recognition of income has been suspended <sup>(1)</sup>	0.84	1.17	0.28	0.71
<sup>(1)</sup> The denominator includes interbank and money market items.				

**12.7 Loans to subsidiaries**

Company's name	Types of loans	Maturity	Interest rate as at		Amounts principal outstanding	
			30 June 2019	31 December 2018	30 June 2019	31 December 2018
			<i>(% per annum)</i>		<i>(in million Baht)</i>	
ICBC (Thai) Leasing Company Limited	Revolving loan	At call	2.07	2.07	535	1,225
Sky High LI Leasing Designated Activity Company Limited	Term Loan	2027	3-month LIBOR + 1.70	3-month LIBOR + 1.70	3,415	3,932
<b>Total</b>					<b>3,950</b>	<b>5,157</b>
<i>Less allowance for doubtful accounts</i>					<i>(39)</i>	<i>(52)</i>
<b>Net</b>					<b>3,911</b>	<b>5,105</b>

**13 Troubled debt restructuring**

During the six-month period ended 30 June 2019 and 2018, there were no troubled debt restructurings both on the Group and the Bank level. Additional information relating to restructuring debtors for the six-month period ended 30 June 2019 and 2018 are as follows:

	Consolidated		Bank Only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Interest income recognised in profit or loss	40	48	6	9
Cash collection from debtors				
- Principal	33	37	10	4
- Interest	3	12	3	8

As at 30 June 2019, the Bank and its subsidiaries have outstanding balances relating to restructured loans for the consolidated and the Bank only financial statements amounting to Baht 1,824 million and 36 million, respectively. (31 December 2018: Baht 1,800 million and 36 million)

As at 30 June 2019 and 31 December 2018, the Bank has no commitment to additionally lend to its debtors after debt restructuring.

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**14 Hire purchase and finance lease receivables**

As at 30 June 2019 and 31 December 2018, the subsidiaries had net hire purchase and financial lease receivables, which are hire purchase or finance lease contracts for motor vehicles, airplanes, machineries and equipment for businesses. The average contract periods are 1 to 12 years (*31 December 2018: 1 to 12 years*) and the interest is charged at floating or fixed rates as specified in the contracts.

<b>Consolidated</b>			
<b>30 June 2019</b>			
<b>Periods due for payments</b>			
	Less than 1 year	1 - 5 years 5 years	Over 5 years
	<i>(in million Baht)</i>		
Total of gross investments in the lease	12,046	30,094	4,632
Less deferred revenue <sup>(1)</sup>	<u>(1,975)</u>	<u>(3,217)</u>	<u>(272)</u>
Present value of the lease payments	<u>10,071</u>	<u>26,877</u>	<u>4,360</u>
Less allowance for doubtful accounts			<u>(4,286)</u>
<b>Hire purchase and finance lease receivables, net</b>			<b><u>37,022</u></b>

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

<b>Consolidated</b>			
<b>31 December 2018</b>			
<b>Periods due for payments</b>			
	Less than 1 year	1 - 5 years 5 years	Over 5 years
	<i>(in million Baht)</i>		
Total of gross investments in the lease	11,534	28,905	4,250
Less deferred revenue <sup>(1)</sup>	<u>(1,869)</u>	<u>(3,062)</u>	<u>(314)</u>
Present value of the lease payments	<u>9,665</u>	<u>25,843</u>	<u>3,936</u>
Less allowance for doubtful accounts			<u>(3,906)</u>
<b>Hire purchase and finance lease receivables, net</b>			<b><u>35,538</u></b>

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

**15 Allowance for doubtful accounts**

<b>Consolidated</b>						
<b>30 June 2019</b>						
	Pass	Special Mention	Sub- standard	Doubtful	Doubtful of loss	Allowance established in excess of BoT's minimum regulations
	<i>(in thousand Baht)</i>					
Beginning balance	1,063,183	1,097,141	439,576	186,134	-	5,274,670
Bad debt and doubtful accounts	31,801	(100,222)	(301,757)	215,544	422,823	(48,363)
Bad debt written off	-	-	-	-	(282,660)	-
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(32,959)	-
Others	<u>(2,346)</u>	-	-	-	-	-
<b>Ending balance</b>	<b><u>1,092,638</u></b>	<b><u>996,919</u></b>	<b><u>137,819</u></b>	<b><u>401,678</u></b>	<b><u>107,204</u></b>	<b><u>5,226,307</u></b>
						<b><u>7,962,565</u></b>

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**Consolidated**  
**31 December 2018**

	Pass	Special Mention	Sub- standard	Doubtful	Doubtful of loss	Allowance established in excess of BoT's minimum regulations	Total
	<i>(in thousand Baht)</i>						
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)
<b>Ending balance</b>	<b>1,063,183</b>	<b>1,097,141</b>	<b>439,576</b>	<b>186,134</b>	<b>-</b>	<b>5,274,670</b>	<b>8,060,704</b>

**Bank only**  
**30 June 2019**

	Pass	Special Mention	Sub- standard	Doubtful	Doubtful of Loss	Allowance established in excess of BoT's minimum regulations	Total
	<i>(in thousand Baht)</i>						
Beginning balance	664,263	2,833	17,648	148,039	-	3,293,548	4,126,331
Bad debt and doubtful accounts	41,463	(68)	(6,872)	(109,554)	362,544	(506,086)	(218,573)
Bad debt written off	-	-	-	-	(222,381)	-	(222,381)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(32,959)	-	(32,959)
<b>Ending balance</b>	<b>705,726</b>	<b>2,765</b>	<b>10,776</b>	<b>38,485</b>	<b>107,204</b>	<b>2,787,462</b>	<b>3,652,418</b>

**Bank only**  
**31 December 2018**

	Pass	Special Mention	Sub- standard	Doubtful	Doubtful of Loss	Allowance established in excess of BoT's minimum regulations	Total
	<i>(in thousand Baht)</i>						
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)
<b>Ending balance</b>	<b>664,263</b>	<b>2,833</b>	<b>17,648</b>	<b>148,039</b>	<b>-</b>	<b>3,293,548</b>	<b>4,126,331</b>

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**16 Revaluation of allowance for debt restructuring**

	Consolidated		Bank only	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>			
Beginning balance	24,526	23,505	4,165	11,185
Increase (decrease)	-	4,285	-	(6,312)
Amortisation to interest income	(9,694)	(3,264)	(1,100)	(708)
Ending balance	<u>14,832</u>	<u>24,526</u>	<u>3,065</u>	<u>4,165</u>

**17 Properties foreclosed, net**

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

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

The details of properties foreclosed are as follows:

Consolidated 30 June 2019					
Type of properties foreclosed	Beginning balance	Additions	Disposals <i>(in thousand Baht)</i>	Ending balance	, Portion subject to disposal restrictions, buy-back rights or first refusal rights
<b>Assets transferred in settlement of debts</b>					
- Immovable properties	709,673	-	(15,000)	694,673 <sup>(1)</sup>	29,146
- Movable assets	19,528	97,245	(74,795)	41,978	-
<b>Total</b>	<b>729,201</b>	<b>97,245</b>	<b>(89,795)</b>	<b>736,651</b>	<b>29,146</b>
<b>Assets from auction bidding</b>					
- Immovable properties	141,420	-	(840)	140,580	-
- Movable assets	8,540	-	-	8,540	-
<b>Total</b>	<b>149,960</b>	<b>-</b>	<b>(840)</b>	<b>149,120</b>	<b>-</b>
<b>Total properties foreclosed</b>	<b>879,161</b>	<b>97,245</b>	<b>(90,635)</b>	<b>885,771</b>	<b>29,146</b>
<i>Less allowance for impairment</i>	<i>(197,351)</i>	<i>(29,213)</i>	<i>24,215</i>	<i>(202,349)</i>	<i>(16,619)</i>
<b>Total properties foreclosed, net</b>	<b>681,810</b>	<b>68,032</b>	<b>(66,420)</b>	<b>683,422</b>	<b>12,527</b>

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Consolidated 31 December 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
<b>Assets transferred in settlement of debts</b>					
- Immovable properties	715,347	6,616	(12,290)	709,673 <sup>(1)</sup>	29,146
- Movable assets	26,684	209,379	(216,535)	19,528	-
<b>Total</b>	<b>742,031</b>	<b>215,995</b>	<b>(228,825)</b>	<b>729,201</b>	<b>29,146</b>
<b>Assets from auction bidding</b>					
- Immovable properties	144,970	-	(3,550)	141,420	-
- Movable assets	-	8,540	-	8,540	-
<b>Total</b>	<b>144,970</b>	<b>8,540</b>	<b>(3,550)</b>	<b>149,960</b>	<b>-</b>
<b>Total properties foreclosed</b>	<b>887,001</b>	<b>224,535</b>	<b>(232,375)</b>	<b>879,161</b>	<b>29,146</b>
<i>Less allowance for impairment</i>	<i>(192,371)</i>	<i>(63,805)</i>	<i>58,825</i>	<i>(197,351)</i>	<i>(16,619)</i>
<b>Total properties foreclosed, net</b>	<b>694,630</b>	<b>160,730</b>	<b>(173,550)</b>	<b>681,810</b>	<b>12,527</b>

<sup>(1)</sup> As of 30 June 2019, the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 514 million and Baht 180 million, respectively (31 December 2018: Baht 514 million and Baht 195 million, respectively).

Bank only 30 June 2019					
Type of properties foreclosed	Beginning balance	Additions	Disposals (in thousand Baht)	Ending balance	Portion subject to disposal restrictions, buy-back rights or first refusal rights
<b>Assets transferred in settlement of debts</b>					
- Immovable properties	709,673	-	(15,000)	694,673 <sup>(1)</sup>	29,146
<b>Total</b>	<b>709,673</b>	<b>-</b>	<b>(15,000)</b>	<b>694,673</b>	<b>29,146</b>
<b>Assets from auction bidding</b>					
- Immovable properties	141,420	-	(840)	140,580	-
- Movable assets	8,540	-	-	8,540	-
<b>Total</b>	<b>149,960</b>	<b>-</b>	<b>(840)</b>	<b>149,120</b>	<b>-</b>
<b>Total properties foreclosed</b>	<b>859,633</b>	<b>-</b>	<b>(15,840)</b>	<b>843,793</b>	<b>29,146</b>
<i>Less allowance for impairment</i>	<i>(190,585)</i>	<i>-</i>	<i>301</i>	<i>(190,284)</i>	<i>(16,619)</i>
<b>Total properties foreclosed, net</b>	<b>669,048</b>	<b>-</b>	<b>(15,539)</b>	<b>653,509</b>	<b>12,527</b>

Bank only 31 December 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
<b>Assets transferred in settlement of debts</b>					
- Immovable properties	715,347	6,616	(12,290)	709,673 <sup>(1)</sup>	29,146
<b>Total</b>	<b>715,347</b>	<b>6,616</b>	<b>(12,290)</b>	<b>709,673</b>	<b>29,146</b>

<sup>(1)</sup> As of 30 June 2019, the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 514 million and Baht 180 million, respectively (31 December 2018: Baht 514 million and Baht 195 million, respectively).

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<b>Bank only</b>					
<b>31 December 2018</b>					
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
<b>Assets from auction bidding</b>					
- Immovable properties	144,970	-	(3,550)	141,420	-
- Movable assets	-	8,540	-	8,540	-
<b>Total</b>	<b>144,970</b>	<b>8,540</b>	<b>(3,550)</b>	<b>149,960</b>	<b>-</b>
<b>Total properties foreclosed</b>	<b>860,317</b>	<b>15,156</b>	<b>(15,840)</b>	<b>859,633</b>	<b>29,146</b>
<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>
<b>Total properties foreclosed, net</b>	<b>675,741</b>	<b>4,387</b>	<b>(11,080)</b>	<b>669,048</b>	<b>12,527</b>

**18 Premises and equipment, net**

	Land	Buildings	Consolidated Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
<b>Cost</b>					
At 1 January 2018	8,500	6,892	572,801	104,884	693,077
Additions	-	-	34,711	13,878	48,589
Disposals/written-off	-	-	(7,138)	(26,330)	(33,468)
<b>At 31 December 2018 and 1 January 2019</b>	<b>8,500</b>	<b>6,892</b>	<b>600,374</b>	<b>92,432</b>	<b>708,198</b>
Additions	-	-	11,643	-	11,643
Disposals/written-off	-	-	(1,560)	-	(1,560)
<b>At 30 June 2019</b>	<b>8,500</b>	<b>6,892</b>	<b>610,457</b>	<b>92,432</b>	<b>718,281</b>
<b>Accumulated depreciation</b>					
At 1 January 2018	-	(1,701)	(460,001)	(83,705)	(545,407)
Depreciation charge for the year	-	(203)	(34,494)	(4,974)	(39,671)
Disposals/written-off	-	-	1,783	25,854	27,637
<b>At 31 December 2018 and 1 January 2019</b>	<b>-</b>	<b>(1,904)</b>	<b>(492,712)</b>	<b>(62,825)</b>	<b>(557,441)</b>
Depreciation charge for the period	-	(100)	(15,322)	(3,076)	(18,498)
Disposals/written-off	-	-	1,559	-	1,559
<b>At 30 June 2019</b>	<b>-</b>	<b>(2,004)</b>	<b>(506,475)</b>	<b>(65,901)</b>	<b>(574,380)</b>
<b>Net book value</b>					
At 1 January 2018	8,500	5,191	112,800	21,179	147,670
At 31 December 2018 and 1 January 2019	8,500	4,988	107,662	29,607	150,757
<b>At 30 June 2019</b>	<b>8,500</b>	<b>4,888</b>	<b>103,982</b>	<b>26,531</b>	<b>143,901</b>

As at 30 June 2019, the Bank's subsidiaries had no motor vehicles under financial leases agreement (31 December 2018: net book value amounting to approximately Baht 1 million).

The gross amount of the Bank and its subsidiaries fully depreciated equipment that was still in use as at 30 June 2019 amounting to Baht 456 million (31 December 2018: Baht 446 million).

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	Land	Buildings	Bank only Furniture, fixtures and office equipment (in thousand Baht)	Motor vehicles	Total
<i>Cost</i>					
At 1 January 2018	8,500	6,892	467,274	79,845	562,511
Additions	-	-	31,896	13,878	45,774
Disposals/written-off	-	-	(7,138)	(23,858)	(30,996)
At 31 December 2018 and 1 January 2019	8,500	6,892	492,032	69,865	577,289
Additions	-	-	5,723	-	5,723
At 30 June 2019	8,500	6,892	497,755	69,865	583,012
<i>Accumulated depreciation</i>					
At 1 January 2018	-	(1,701)	(361,789)	(64,526)	(428,016)
Depreciation charge for the year	-	(203)	(30,640)	(4,861)	(35,704)
Disposals/written-off	-	-	1,784	23,858	25,642
At 31 December 2018 and 1 January 2019	-	(1,904)	(390,645)	(45,529)	(438,078)
Depreciation charge for the period	-	(100)	(13,995)	(3,072)	(17,167)
At 30 June 2019	-	(2,004)	(404,640)	(48,601)	(455,245)
<i>Net book value</i>					
At 1 January 2018	8,500	5,191	105,485	15,319	134,495
At 31 December 2018 and 1 January 2019	8,500	4,988	101,387	24,336	139,211
At 30 June 2019	8,500	4,888	93,115	21,264	127,767

As at 30 June 2019 and 31 December 2018, the Bank has no motor vehicles acquired under financial leases.

The gross amount of the Bank's fully depreciated equipment that was still in use as at 30 June 2019 amounting to Baht 358 million (31 December 2018: Baht 350 million).

## 19 Intangible assets, net

	Computer softwares	Consolidated Computer softwares under development (in thousand Baht)	Deferred license fee	Total
<i>Cost</i>				
At 1 January 2018	395,609	-	26,750	422,359
Additions	3,555	840	-	4,395
At 31 December 2018 and 1 January 2019	399,164	840	26,750	426,754
Additions	1,451	-	-	1,451
Written-off	(692)	-	-	(692)
At 30 June 2019	399,923	840	26,750	427,513

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	Consolidated			Total
	Computer softwares	Computer softwares under development (in thousand Baht)	Deferred license fee	
<i>Accumulated amortisation</i>				
At 1 January 2018	(370,107)	-	(13,294)	(383,401)
Amortisation for the year	(4,419)	-	(2,673)	(7,092)
At 31 December 2018 and 1 January 2019	(374,526)	-	(15,967)	(390,493)
Amortisation for the period	(2,810)	-	(1,325)	(4,135)
Written-off	692	-	-	692
At 30 June 2019	(376,644)	-	(17,292)	(393,936)
<i>Net book value</i>				
At 1 January 2018	25,502	-	13,456	38,958
At 31 December 2018 and 1 January 2019	24,638	840	10,783	36,261
At 30 June 2019	23,279	840	9,458	33,577
	Bank only			Total
	Computer softwares	Computer softwares under development (in thousand Baht)	Deferred license fee	
<i>Cost</i>				
At 1 January 2018	356,582	-	26,750	383,332
Additions	130	-	-	130
At 31 December 2018 and 1 January 2019	356,712	-	26,750	383,462
Additions	305	-	-	305
At 30 June 2019	357,017	-	26,750	383,767
<i>Accumulated amortisation</i>				
At 1 January 2018	(338,371)	-	(13,294)	(351,665)
Amortisation for the year	(2,422)	-	(2,673)	(5,095)
At 31 December 2018 and 1 January 2019	(340,793)	-	(15,967)	(356,760)
Amortisation for the period	(1,197)	-	(1,325)	(2,522)
At 30 June 2019	(341,990)	-	(17,292)	(359,282)
<i>Net book value</i>				
At 1 January 2018	18,211	-	13,456	31,667
At 31 December 2018 and 1 January 2019	15,919	-	10,783	26,702
At 30 June 2019	15,027	-	9,458	24,485



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**20 Deferred tax**

Deferred tax assets and liabilities were as follows:

	Consolidated	
	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Deferred tax assets	1,819,752	1,787,832
Deferred tax liabilities	(685,030)	(710,468)
Net	<u>1,134,722</u>	<u>1,077,364</u>

  

	Bank only	
	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Deferred tax assets	489,691	539,826
Deferred tax liabilities	(68,588)	(47,298)
Net	<u>421,103</u>	<u>492,528</u>

Movements in total deferred tax assets and liabilities during the six-month periods ended 30 June 2019 and 2018 were as follows:

	At 1 January 2019	Consolidated (Charged) / Credited to:		At 30 June 2019
		Profit or loss	Other comprehensive income	
		<i>(Note 44)</i>		
		<i>(in thousand Baht)</i>		
<b>Deferred tax assets</b>				
Investments	18,066	7,822	(17,712)	8,176
Loans to customers and accrued interest receivables	523,042	(18,873)	-	504,169
Allowance for doubtful accounts	713,328	45,500	-	758,828
Properties foreclosed	39,470	1,000	-	40,470
Other assets	413,198	4,054	-	417,252
Provisions	49,108	8,600	-	57,708
Other liabilities	31,620	1,529	-	33,149
<b>Total</b>	<u>1,787,832</u>	<u>49,632</u>	<u>(17,712)</u>	<u>1,819,752</u>
<b>Deferred tax liabilities</b>				
Investments	(44,460)	-	(19,629)	(64,089)
Investments in an associate	(26,368)	26,673	(305)	-
Loans to customers and accrued interest receivables	(631,728)	20,752	-	(610,976)
Deferred direct costs of debentures	(3,137)	(392)	-	(3,529)
Provisions	(4,775)	-	(1,661)	(6,436)
<b>Total</b>	<u>(710,468)</u>	<u>47,033</u>	<u>(21,595)</u>	<u>(685,030)</u>
<b>Net</b>	<u>1,077,364</u>	<u>96,665</u>	<u>(39,307)</u>	<u>1,134,722</u>

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	At 1 January 2018	Consolidated (Charged) / Credited to:		At 30 June 2018
		Profit or loss (Note 44) (in thousand Baht)	Other comprehensive income	
<b>Deferred tax assets</b>				
Investments	-	-	1,116	1,116
Loans to customers and accrued interest receivables	482,997	4,199	-	487,196
Allowance for doubtful accounts	600,830	99,675	-	700,505
Properties foreclosed	38,474	1,669	-	40,143
Other assets	399,205	6,745	-	405,950
Provisions	45,795	2,547	-	48,342
Other liabilities	23,869	3,678	-	27,547
<b>Total</b>	<b>1,591,170</b>	<b>118,513</b>	<b>1,116</b>	<b>1,710,799</b>
<b>Deferred tax liabilities</b>				
Investments	(92,694)	-	38,036	(54,658)
Investments in an associate	(27,448)	(217)	154	(27,511)
Loans to customers and accrued interest receivables	(534,978)	(47,875)	-	(582,853)
Deferred direct costs of debentures	(3,210)	(909)	-	(4,119)
Provisions	(3,735)	-	(1,169)	(4,904)
<b>Total</b>	<b>(662,065)</b>	<b>(49,001)</b>	<b>37,021</b>	<b>(674,045)</b>
<b>Net</b>	<b>929,105</b>	<b>69,512</b>	<b>38,137</b>	<b>1,036,754</b>

	At 1 January 2019	Bank only (Charged) / Credited to:		At 30 June 2019
		Profit or loss (Note 44) (in thousand Baht)	Other comprehensive income	
<b>Deferred tax assets</b>				
Investments	18,066	7,822	(17,712)	8,176
Loans to customers and accrued interest receivables	16,348	(466)	-	15,882
Allowance for doubtful accounts	426,200	(48,000)	-	378,200
Properties foreclosed	38,117	(60)	-	38,057
Other assets	488	(79)	-	409
Provisions	39,411	7,945	-	47,356
Other liabilities	1,196	415	-	1,611
<b>Total</b>	<b>539,826</b>	<b>(32,423)</b>	<b>(17,712)</b>	<b>489,691</b>
<b>Deferred tax liabilities</b>				
Investments	(44,460)	-	(19,629)	(64,089)
Provisions	(2,838)	-	(1,661)	(4,499)
<b>Total</b>	<b>(47,298)</b>	<b>-</b>	<b>(21,290)</b>	<b>(68,588)</b>
<b>Net</b>	<b>492,528</b>	<b>(32,423)</b>	<b>(39,002)</b>	<b>421,103</b>

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	At 1 January 2018	Bank only (Charged) / Credited to:		At 30 June 2018
		Profit or loss (Note 44) (in thousand Baht)	Other comprehensive income	
<b>Deferred tax assets</b>				
Investments	-	-	1,116	1,116
Loans to customers and accrued interest receivables	16,866	(873)	-	15,993
Allowance for doubtful accounts	446,200	11,600	-	457,800
Properties foreclosed	36,915	1,738	-	38,653
Other assets	607	(192)	-	415
Provisions	37,194	1,716	-	38,910
Other liabilities	844	538	-	1,382
<b>Total</b>	<b>538,626</b>	<b>14,527</b>	<b>1,116</b>	<b>554,269</b>
<b>Deferred tax liabilities</b>				
Investments	(92,694)	-	38,036	(54,658)
Provisions	(1,408)	-	(1,169)	(2,577)
<b>Total</b>	<b>(94,102)</b>	<b>-</b>	<b>36,867</b>	<b>(57,235)</b>
<b>Net</b>	<b>444,524</b>	<b>14,527</b>	<b>37,983</b>	<b>497,034</b>

**21 Other assets, net**

	Consolidated		Bank only	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
				(in thousand Baht)
Prepaid expenses	15,719	17,141	11,030	13,372
Deposit	20,441	18,722	11,911	11,498
Advance payment	1,231	2,647	1,217	2,633
Others	4,024	3,990	3,029	3,143
<b>Total</b>	<b>41,415</b>	<b>42,500</b>	<b>27,187</b>	<b>30,646</b>

**22 Classified assets**

Consolidated 30 June 2019				
Loans to customers and accrued interest receivables <sup>(2)</sup>	Investments	Properties foreclosed	Other assets	Total
				(in million Baht)
Pass	162,793 <sup>(1)</sup>	-	-	162,793
Special Mention	5,172	-	-	5,172
Substandard	408	-	-	408
Doubtful	902	-	-	902
Doubtful of Loss	150	9	486	847
<b>Total</b>	<b>169,425</b>	<b>9</b>	<b>486</b>	<b>170,122</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> Net of deferred revenue

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**Consolidated**  
**31 December 2018**

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

<sup>(1)</sup> 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.

<sup>(2)</sup> Net of deferred revenue

**Bank only**  
**30 June 2019**

	Loans to customers and accrued interest receivables <sup>(2)</sup>	Investments	Properties foreclosed (in million Baht)	Other assets	Total
Pass	129,539 <sup>(1)</sup>	-	-	-	129,539
Special Mention	915	-	-	-	915
Substandard	47	-	-	-	47
Doubtful	211	-	-	-	211
Doubtful of Loss	150	9	190	2	351
<b>Total</b>	<b>130,862</b>	<b>9</b>	<b>190</b>	<b>2</b>	<b>131,063</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> Net of deferred revenue

**Bank only**  
**31 December 2018**

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

<sup>(1)</sup> 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.

<sup>(2)</sup> Net of deferred revenue

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**23 Deposits**

**23.1 Classified by product**

	Consolidated		Bank only	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>			
Demand	15,691,093	8,582,612	15,691,442	8,582,761
Savings	10,245,336	9,545,975	10,259,836	9,548,458
Fixed				
- Less than 6 months	29,508,977	37,096,697	29,508,977	37,096,697
- 6 months and less than 1 year	27,726,164	22,964,665	27,726,164	22,964,665
- Over 1 year	27,638,032	23,949,550	27,638,032	23,949,550
<b>Total</b>	<b>110,809,602</b>	<b>102,139,499</b>	<b>110,824,451</b>	<b>102,142,131</b>

**23.2 Classified by currency and residence of customer**

	Consolidated					
	30 June 2019			31 December 2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	104,613,375	2,890,471	107,503,846	95,818,396	2,951,060	98,769,456
US Dollar	1,293,651	365,520	1,659,171	1,056,335	734,195	1,790,530
Renminbi	904,434	696,247	1,600,681	1,022,771	505,970	1,528,741
Other currencies	44,234	1,670	45,904	49,018	1,754	50,772
<b>Total</b>	<b>106,855,694</b>	<b>3,953,908</b>	<b>110,809,602</b>	<b>97,946,520</b>	<b>4,192,979</b>	<b>102,139,499</b>

  

	Bank only					
	30 June 2019			31 December 2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in thousand Baht)</i>					
Baht	104,628,224	2,890,471	107,518,695	95,821,029	2,951,060	98,772,089
US Dollar	1,293,651	365,520	1,659,171	1,056,335	734,195	1,790,530
Renminbi	904,434	696,247	1,600,681	1,022,771	505,970	1,528,741
Other currencies	44,234	1,670	45,904	49,017	1,754	50,771
<b>Total</b>	<b>106,870,543</b>	<b>3,953,908</b>	<b>110,824,451</b>	<b>97,949,152</b>	<b>4,192,979</b>	<b>102,142,131</b>

**24 Interbank and money market items (Liabilities)**

	Consolidated					
	30 June 2019			31 December 2018		
	Demand	Time	Total	Demand	Time	Total
	<i>(in thousand Baht)</i>					
<b>Domestic items</b>						
Commercial banks	241,576	300,000	541,576	213,953	8,300,000	8,513,953
Specialised financial institutions	3	411,384	411,387	38	759,470	759,508
Other financial institutions	74,304	1,366,866	1,441,170	117,620	1,802,650	1,920,270
<b>Total domestic items</b>	<b>315,883</b>	<b>2,078,250</b>	<b>2,394,133</b>	<b>331,611</b>	<b>10,862,120</b>	<b>11,193,731</b>
<b>Foreign items</b>						
US Dollar	-	34,726,455	34,726,455	-	30,143,445	30,143,445
Renminbi	4,780	639,482	644,262	4,417	2,470,495	2,474,912
Euro	-	17,355,375	17,355,375	-	12,310,716	12,310,716
Yen	-	5,030,757	5,030,757	-	5,076,302	5,076,302
Baht	501,380	-	501,380	342,963	-	342,963
<b>Total foreign items</b>	<b>506,160</b>	<b>57,752,069</b>	<b>58,258,229</b>	<b>347,380</b>	<b>50,000,958</b>	<b>50,348,338</b>
<b>Total domestic and foreign items</b>	<b>822,043</b>	<b>59,830,319</b>	<b>60,652,362</b>	<b>678,991</b>	<b>60,863,078</b>	<b>61,542,069</b>

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	Bank only				31 December 2018	
	Demand	30 June 2019 Time	Total	Demand	Time	Total
			(in thousand Baht)			
<b>Domestic items</b>						
Commercial banks	241,576	-	241,576	213,953	8,300,000	8,513,953
Specialised financial institutions	3	411,384	411,387	38	759,470	759,508
Other financial institutions	74,304	1,366,866	1,441,170	117,620	1,802,650	1,920,270
<b>Total domestic items</b>	<b>315,883</b>	<b>1,778,250</b>	<b>2,094,133</b>	<b>331,611</b>	<b>10,862,120</b>	<b>11,193,731</b>
<b>Foreign items</b>						
US Dollar	-	34,726,455	34,726,455	-	30,143,445	30,143,445
Renminbi	4,780	639,482	644,262	4,417	2,470,495	2,474,912
Euro	-	17,355,375	17,355,375	-	12,310,716	12,310,716
Yen	-	5,030,757	5,030,757	-	5,076,302	5,076,302
Baht	501,380	-	501,380	342,963	-	342,963
<b>Total foreign items</b>	<b>506,160</b>	<b>57,752,069</b>	<b>58,258,229</b>	<b>347,380</b>	<b>50,000,958</b>	<b>50,348,338</b>
<b>Total domestic and foreign items</b>	<b>822,043</b>	<b>59,530,319</b>	<b>60,352,362</b>	<b>678,991</b>	<b>60,863,078</b>	<b>61,542,069</b>

## 25 Debt issued and borrowings

As at 30 June 2019 and 31 December 2018, debt issued and borrowings, which were denominated entirely in Thai Baht, consist of the following:

	Consolidated			31 December 2018		
	30 June 2019	Interest		31 December 2018	Interest	
	Maturity	rate	Amount	Maturity	rate	Amount
		(%)	(in thousand Baht)		(%)	(in thousand Baht)
Secured debentures <sup>(1)</sup>	-	-	-	2019	3.94	4,872,480
Unsecured debentures	2019 - 2026	1.84 - 2.74	29,035,619	2019 - 2026	1.60 - 2.74	22,178,617
Subordinated debentures <sup>(2)</sup>	2028	3.50	4,986,538	2028	3.50	4,985,815
<b>Total</b>			<b>34,022,157</b>			<b>32,036,912</b>

<sup>(1)</sup> Secured debentures issued in 2014 by the subsidiary are guaranteed by the Bank.

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

	Bank only			31 December 2018		
	30 June 2019	Interest		31 December 2018	Interest	
	Maturity	rate	Amount	Maturity	rate	Amount
		(%)	(in thousand Baht)		(%)	(in thousand Baht)
Subordinated debentures <sup>(2)</sup>	2028	3.50	4,986,538	2028	3.50	4,985,815
<b>Total</b>			<b>4,986,538</b>			<b>4,985,815</b>

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

### Subordinated debentures

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

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**26 Employee benefit obligations**

	Consolidated		Bank only	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Statement of financial position obligations for:				
<i>Post-employment benefits</i>				
Defined benefit plan	<u>279</u>	<u>236</u>	<u>237</u>	<u>197</u>
<i>Six-month periods ended 30 June</i>	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Statement of profit or loss and other comprehensive income:				
Recognised in profit or loss:				
<i>Post-employment benefits</i>				
Defined benefit plan	<u>53</u>	<u>20</u>	<u>48</u>	<u>16</u>
Recognised in other comprehensive income:				
Actuarial gains recognised during the period	<u>(8)</u>	<u>(6)</u>	<u>(8)</u>	<u>(6)</u>
Cumulative actuarial gains recognised	<u>(8)</u>	<u>(6)</u>	<u>(8)</u>	<u>(6)</u>

***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	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Present value of unfunded obligations	<u>279</u>	<u>236</u>	<u>237</u>	<u>197</u>
Statement of financial position obligations	<u>279</u>	<u>236</u>	<u>237</u>	<u>197</u>

Movement in the present value of the defined benefit obligations:

	Consolidated		Bank only	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
At 1 January	236	215	197	184
Include in profit or loss:				
Current service cost	21	36	16	31
Interest cost	3	5	3	4
Past service cost	29	-	29	-
Include in other comprehensive income:				
Actuarial gains	(8)	(5)	(8)	(7)
Other				
Benefit paid	<u>(2)</u>	<u>(15)</u>	<u>-</u>	<u>(15)</u>
At 30 June/31 December	<u>279</u>	<u>236</u>	<u>237</u>	<u>197</u>

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Actuarial gains recognised in other comprehensive income are as follows:

<i>Six-month periods ended 30 June</i>	<b>Consolidated</b>		<b>Bank only</b>	
	2019	2018	2019	2018
		(in million Baht)		
Demographic assumptions	7	2	7	2
Financial assumptions	(3)	1	(3)	1
Experience adjustment	(12)	(9)	(12)	(9)
<b>Total</b>	<b>(8)</b>	<b>(6)</b>	<b>(8)</b>	<b>(6)</b>

**Actuarial assumptions**

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

	<b>Consolidated and Bank only</b>	
	30 June 2019	31 December 2018
		(%)
Discount rate	2.22 - 2.26	2.00 - 2.26
Future salary growth	6	6
Employee turnover	0 - 19	0 - 19

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

**Sensitivity analysis**

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

	<b>Consolidated</b>		<b>Bank only</b>	
	Increase	Decrease	Increase	Decrease
		(in million Baht)		
<b>At 30 June 2019</b>				
Discount rate (0.5 - 1% movement)	(15.19)	16.96	(12.34)	13.73
Future salary growth (0.5 - 1% movement)	18.74	(17.13)	15.44	(14.16)
Employee turnover (1% movement)	(16.33)	8.45	(13.19)	6.54
Future mortality (1 year)	0.59	(0.59)	0.47	(0.47)
<b>At 31 December 2018</b>				
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)

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



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**27 Other liabilities**

	Consolidated		Bank only	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>			
Other payables	548,114	462,805	137,858	187,643
Advance received from finance lease	208,276	217,368	-	-
Advance received from electronic payment <sup>(1)</sup>	66,400	168,424	66,400	168,424
Accrued expenses	456,019	560,006	406,012	484,996
Withholding tax payable	31,876	33,384	27,046	28,873
Special business tax payable	27,999	22,516	27,999	22,516
Corporate income tax payable	224,926	143,981	209,521	141,848
Others	159,889	174,289	87,070	104,298
<b>Total</b>	<b>1,723,499</b>	<b>1,782,773</b>	<b>961,906</b>	<b>1,138,598</b>

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

**28 Share capital**

	Par Value <i>(in Baht)</i>	Consolidated and Bank only			
		30 June 2019	31 December 2018		
		Number	Amount	Number	Amount
			<i>(thousand shares/thousand Baht)</i>		
<b>Authorised</b>					
<b>At the beginning of the period/year</b>					
- 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
<b>At the end of the period/year</b>					
- 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
<b>Issued and paid-up</b>					
<b>At the beginning of the period/year</b>					
- 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
<b>At the end of the period/year</b>					
- 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.

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

**29 Treasury shares**

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

As at 30 June 2019, the Bank held preferred shares and ordinary shares amounting to 2.80 million shares, comprising 0.12% of the Bank's issued and paid up share capital, at a total cost of Baht 50.49 million.

In March 2019, the Board of Directors of the Bank approved a treasury share buyback to repurchase its shares from minority shareholders who voted against the resolution of the Annual General Meeting of shareholders to amend the articles of association of the company relating to the dividend payment policy. The maximum share approved for share purchase was 48.35 million shares, amounting to Baht 871.27 million and the price to be paid for the share was Baht 18.02 per share. The Bank purchased the shares during 11 to 30 May 2019. The shares purchased may be resold after 6 months but not more than 3 years from the date of purchase. The Bank made the payment for the repurchased shares on 13 June 2019.

**30 Reserves**

Reserves comprises of:

*Appropriations of profit and/ or retained earnings*

**Legal reserve**

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

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

*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.

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**31 Other components of equity**

	<b>Consolidated</b>	
	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Beginning balance	104,498	369,458
Net change in fair value recognised in equity, net of tax	149,366	(265,200)
Exchange differences on translating foreign operations	(61)	294
Share of other comprehensive income (expenses) from investment in an associate, net of tax	1,353	(54)
Ending balance	<u>255,156</u>	<u>104,498</u>

  

	<b>Bank only</b>	
	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>	
Beginning balance	105,580	370,780
Net change in fair value recognised in equity, net of tax	149,366	(265,200)
Ending balance	<u>254,946</u>	<u>105,580</u>

**32 Contingent liabilities and Commitments**

**32.1 Commitments**

	<b>Consolidated</b>		<b>Bank only</b>	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Avals to bills and Guarantees of loans	1,040	1,024	1,040	5,897
Letter of credit	396	112	396	112
Other contingencies				
- Overdraft undrawn committed line	1,280	1,280	1,310	1,310
- Other guarantees	37,226	36,153	37,226	36,153
- Others	4,110	1,810	4,110	1,810
Total	<u>44,052</u>	<u>40,379</u>	<u>44,082</u>	<u>45,282</u>

**32.2 Contingent liabilities from litigations**

As of 30 June 2019, there was no contingent liabilities in connection with court cases which the Bank and its subsidiaries have been sued as a defendant in the Court.

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

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As at 30 June 2019 and 31 December 2018, 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:

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Industrial and Commercial Bank of China Limited	China	The ultimate parent company of the Bank
ICBC (Thai) Leasing Company Limited	Thailand	A direct subsidiary of the Bank
Sky High LI Leasing Designated Activity Company Limited	Ireland	An indirect subsidiary of the Bank
Finansia Syrus Securities Public Company Limited	Thailand	An associate of the Bank <sup>(1)</sup>
Apex Speed Holdings Limited	Hong Kong	The Company that is related with the ultimate parent company
Industrial and Commercial Bank of China (Asia) Limited	Hong Kong	The Company that is related with the ultimate parent company
Industrial and Commercial Bank of China (Macau) Limited	Macau	The Company that is related with the ultimate parent company
Industrial and Commercial Bank of China Limited - Guangdong	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - 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 - Shanghai (FTU)	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Shenzhen	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Xiamen	China	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Sydney	Australia	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Frankfurt	Germany	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Hong Kong	Hong Kong	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Tokyo	Japan	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Kuwait	Kuwait	The Branch of the ultimate parent company
Industrial and Commercial Bank of China Limited - Vientiane	Laos	The Branch of the ultimate parent company

<sup>(1)</sup> As at 30 June 2019, Finansia Syrus Securities Public Company Limited was no longer an associate of the Bank (Note 11)

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<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
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:

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

Significant transaction for the six-month periods ended 30 June 2019 and 2018 with related parties were as follows:

<b>Six-month period ended 30 June</b>	<b>Consolidated</b>		<b>Bank only</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<i>(in million Baht)</i>			
<b>Parent</b>				
Interest income	17	103	17	103
Interest expense	637	285	637	285
Fee income	2	-	2	-
Fee expense	26	32	26	32
<b>Subsidiaries</b>				
Interest income	-	-	94	89
Fee income	-	-	4	6
<b>Associate</b>				
Dividend income	-	-	8	8
<b>Other related parties</b>				
Interest income	1	9	1	9

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<i>Six-month period ended 30 June</i>	<b>Consolidated</b>		<b>Bank only</b>	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
<b>Key management personnel</b>				
Key management personnel compensation				
- Short-term employee benefits	96	78	80	73
- Post-employment benefits	1	3	1	2

*Directors and management's remuneration*

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

Significant balances with related parties were as follows:

	<b>Consolidated</b>		<b>Bank only</b>	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
<b>Interbank and money market items (assets)</b>				
Parent	541	740	442	531
Other related parties	871	547	871	547
<b>Derivative asset (fair value)</b>				
Parent	82	8	82	8
Other related parties	108	21	108	21
<b>Investments in subsidiaries and an associate</b>				
Subsidiaries	-	-	4,250	4,250
Associate	-	569	-	305
<b>Loans to customers and accrued interest receivables, net</b>				
Subsidiaries	-	-	3,912	5,108
Key management personnel	-	1	-	1
<b>Other assets</b>				
Subsidiaries	-	-	1	-
Other related parties	1	-	1	-
<b>Deposits</b>				
Subsidiaries	-	-	15	3
Key management personnel	136	149	136	149
<b>Interbank and money market items (liabilities)</b>				
Parent	57,529	48,982	57,529	48,982
Associate	-	2	-	2
Other related parties	159	4	159	4

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	<b>Consolidated</b>		<b>Bank only</b>	
	<b>30 June 2019</b>	<b>31 December 2018</b>	<b>30 June 2019</b>	<b>31 December 2018</b>
	<i>(in million Baht)</i>			
<i><b>Derivative liabilities (fair value)</b></i>				
Parent	141	154	141	154
Other related parties	5	105	5	105
<i><b>Accrued interest payables</b></i>				
Parent	473	433	473	433
Other related parties	2	3	2	3
<i><b>Other liabilities</b></i>				
Subsidiaries	-	-	1	2
<i><b>Off-financial reporting items</b></i>				
<i><b>Other guarantees</b></i>				
Parent	2,813	1,528	2,844	1,528
Subsidiaries	-	-	30	30
<i><b>Guarantee on loans</b></i>				
Subsidiaries	-	-	-	4,873
<i><b>Forward exchange contracts-bought (notional amounts)</b></i>				
Parent	7,392	6,918	7,392	6,918
Other related parties	4,201	4,130	4,201	4,130
<i><b>Forward exchange and interest rate contracts (notional amounts)</b></i>				
Parent	7,648	8,099	7,648	8,099
Other related parties	2,033	2,185	2,033	2,185
<i><b>Interest rate swap contracts (notional amounts)</b></i>				
Parent	6,647	7,029	6,647	7,029
Other related parties	3,472	3,665	3,472	3,665

As at 30 June 2019, Industrial and Commercial Bank of China Limited - Hong Kong had a Standby L/C and a US Dollar fixed cash deposit, amounting to US Dollar 491 million (equivalent to Baht 15,099 million) and US Dollar 450 million (equivalent to Baht 13,835 million), respectively. (31 December 2018: Standby L/C and US Dollar fixed cash deposit amounting to US Dollar 491 million (equivalent to Baht 15,936 million) and US Dollar 450 million (equivalent to Baht 14,602 million), respectively). Both transactions are used as a collateral against the issuance of Letter of Guarantee for a Telecommunication Company. As a result, the Bank has to pay a fee for the Standby L/C on an annual basis and the interest for the US Dollar fixed cash deposit on a semi-annual basis until the end of the contract in 2020.

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**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:

	<b>Consolidated</b>		<b>Bank only</b>	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Within one year	100	92	66	81
After one year but within five years	137	62	83	60
Over five years	41	40	41	40
<b>Total</b>	<b>278</b>	<b>194</b>	<b>190</b>	<b>181</b>

**35 Segment information**

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.

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

	Banking business	Hire purchase, finance lease and factoring business	Consolidated Total <i>(in million Baht)</i>	Elimination entries	Total
<b>For the six-month period ended 30 June 2019</b>					
Net interest income	1,543	667	2,210	3	2,213
Net fees and service income and other income, net	263	212	475	(5)	470
Losses on investment	(300)	-	(300)	-	(300)
Share of losses from investment in an associate	(8)	-	(8)	-	(8)
Other operating income	40	167	207	(7)	200
Other operating expenses	(819)	(338)	(1,157)	2	(1,155)
Profit before bad debt, doubtful accounts and impairment losses	719	708	1,427	(7)	1,420
Bad debt, doubtful accounts and impairment losses	191	(438)	(247)	-	(247)
Profit from operation before income tax	910	270	1,180	(7)	1,173
Income tax	(230)	31	(199)	-	(199)
<b>Profit for the period</b>	<b>680</b>	<b>301</b>	<b>981</b>	<b>(7)</b>	<b>974</b>
<b>Financial position as at 30 June 2019</b>					
Total assets	208,003	39,796	247,799	(8,217)	239,582
Total liabilities	178,621	34,172	212,793	(3,967)	208,826



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	Banking business	Hire purchase, finance lease and factoring business	Consolidated Total (in million Baht)	Elimination entries	Total
<i>For the six-month period ended 30 June 2018</i>					
Net interest income	1,397	664	2,061	4	2,065
Net fees and service income and other income, net	272	148	420	(6)	414
Share of profit from investment in an associate	10	-	10	-	10
Other operating income	154	202	356	(8)	348
Other operating expenses	(796)	(314)	(1,110)	2	(1,108)
Profit before bad debt, doubtful accounts and impairment losses	1,037	700	1,737	(8)	1,729
Bad debt, doubtful accounts and impairment losses	(38)	(556)	(594)	-	(594)
Profit from operation before income tax	999	144	1,143	(8)	1,135
Income tax	(222)	54	(168)	-	(168)
Profit for the period	777	198	975	(8)	967

**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

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

As at 30 June 2019 and 31 December 2018, the consolidated financial position classified by domestic and foreign business were as follows:

	30 June 2019				31 December 2018			
	Domestic business	Foreign business	Elimination entries	Total	Domestic business	Foreign business	Elimination entries	Total
	<i>(in million Baht)</i>							
Total assets	239,554	3,443	(3,415)	239,582	228,806	3,952	(3,932)	228,826
Interbank and money market items, net (Assets)	20,002	99	-	20,101	11,504	209	-	11,713
Investments, net <sup>(1)</sup>	71,267	-	-	71,267	74,747	-	-	74,747
Loans to customers and accrued interest receivables, net	143,737	3,343	(3,415)	143,665	138,444	3,743	(3,932)	138,255
Deposits	110,810	-	-	110,810	102,139	-	-	102,139
Interbank and money market items (Liabilities)	60,652	-	-	60,652	61,542	-	-	61,542
Debt issued and borrowings	34,022	3,415	(3,415)	34,022	32,037	3,932	(3,932)	32,037

<sup>(1)</sup> The amount includes investments in subsidiaries and an associate, net

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The results of the consolidated operations classified by domestic and foreign business for the six-month period ended 30 June 2019 and 2018 were as follows:

<i>Six-month period ended 30 June</i>	Consolidated				2018			
	Domestic business	Foreign business	Elimination entries	Total	Domestic business	Foreign business	Elimination entries	Total
	<i>(in million Baht)</i>							
Interest income	4,444	93	(85)	4,452	4,038	90	(80)	4,048
Interest expenses	(2,239)	(85)	85	(2,239)	(1,983)	(80)	80	(1,983)
Net interest income	2,205	8	-	2,213	2,055	10	-	2,065
Net fees and service income	414	-	-	414	347	-	-	347
Losses on investment	(300)	-	-	(300)	-	-	-	-
Other operating income	248	-	-	248	426	-	-	426
Other operating expenses	(1,155)	-	-	(1,155)	(1,108)	-	-	(1,108)
Bad debt, doubtful accounts and impairment losses	(250)	3	-	(247)	(597)	3	-	(594)
Profit from operations before income tax	<u>1,162</u>	<u>11</u>	<u>-</u>	<u>1,173</u>	<u>1,123</u>	<u>13</u>	<u>-</u>	<u>1,136</u>

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**

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Interbank and money market items	191,220	108,863	191,122	108,807
Investments in debt securities	1,011,705	825,946	1,011,705	825,946
Loans to customers and factoring	2,180,958	2,051,242	2,236,443	2,103,815
Hire purchase and finance leases	1,067,426	1,062,552	-	-
Others	1,568	113	1,568	113
Total	<u>4,452,877</u>	<u>4,048,716</u>	<u>3,440,838</u>	<u>3,038,681</u>

**38 Interest expenses**

<i>Six-month period ended 30 June</i>	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Deposits	768,433	716,357	768,446	716,358
Interbank and money market items	794,173	618,178	793,697	615,654
Contributions to Deposit Protection Agency and Bank of Thailand	247,763	259,921	247,763	259,921
Debt issued - debentures	423,536	382,736	86,781	47,945
Borrowings	-	158	-	158
Borrowings fee expense	5,586	5,243	824	458
Other	4	831	4	831
Total	<u>2,239,495</u>	<u>1,983,424</u>	<u>1,897,515</u>	<u>1,641,325</u>

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**39 Net fees and service income**

<i>Six-month period ended 30 June</i>	<b>Consolidated</b>		<b>Bank only</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Fees and service income</i>				
Acceptances, avals and guarantees	198,018	200,707	200,914	204,610
Letter of credit fee income	4,166	3,386	4,166	3,386
Hire purchase and finance leases	60,491	59,881	-	-
Assurance and insurance	152,418	88,997	484	619
Others	59,710	56,007	60,530	56,833
<b>Total fees and service income</b>	<b>474,803</b>	<b>408,978</b>	<b>266,094</b>	<b>265,448</b>
Fees and service expense	(60,811)	(62,290)	(59,024)	(60,632)
<b>Net fees and service income</b>	<b>413,992</b>	<b>346,688</b>	<b>207,070</b>	<b>204,816</b>

**40 Net trading income**

<i>Six-month period ended 30 June</i>	<b>Consolidated</b>		<b>Bank only</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Gain on trading and foreign exchange transactions</i>				
Foreign currencies and foreign currency related derivatives	56,282	68,045	56,310	68,087
<b>Total</b>	<b>56,282</b>	<b>68,045</b>	<b>56,310</b>	<b>68,087</b>

**41 Losses on investments**

<i>Six-month period ended 30 June</i>	<i>Note</i>	<b>Consolidated</b>		<b>Bank only</b>	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Losses on general investment		-	(900)	-	(900)
Losses on disposal from investment in an associate	11	(299,832)	-	(48,602)	-
<b>Total</b>		<b>(299,832)</b>	<b>(900)</b>	<b>(48,602)</b>	<b>(900)</b>

**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**

<i>Six-month period ended 30 June</i>	<i>Note</i>	<b>Consolidated</b>		<b>Bank only</b>	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Bad debts and doubtful accounts					
- Interbank and money market items		27,449	(16,013)	27,449	(16,013)
- Loans to customers	15	219,826	610,435	(218,573)	54,166
<b>Total</b>		<b>247,275</b>	<b>594,422</b>	<b>(191,124)</b>	<b>38,153</b>

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**44 Income tax**

*Income tax recognised in profit or loss*

<i>Six-month period ended 30 June</i>	<i>Note</i>	<b>Consolidated</b>		<b>Bank only</b>	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
<b>Current tax expense</b>					
Current period		294,128	239,594	222,611	238,295
Under (over) provided in prior years		772	(1,689)	772	(1,689)
		<u>294,900</u>	<u>237,905</u>	<u>223,383</u>	<u>236,606</u>
<b>Deferred tax expense</b>					
Movements in temporary differences	20	(96,665)	(69,512)	32,423	(14,527)
		<u>(96,665)</u>	<u>(69,512)</u>	<u>32,423</u>	<u>(14,527)</u>
<b>Total income tax expense</b>		<u>198,235</u>	<u>168,393</u>	<u>255,806</u>	<u>222,079</u>

*Income tax recognised in other comprehensive income*

<i>Six-month period ended 30 June</i>	<b>Consolidated</b>					
	Before tax	2019 Tax income	Net of tax	Before tax	2018 Tax income	Net of tax
			<i>(in thousand Baht)</i>			
Other comprehensive income						
- Available-for-sale investments	186,707	(37,341)	149,366	(195,760)	39,152	(156,608)
- Actuarial gains on defined benefit plan	8,305	(1,661)	6,644	5,841	(1,169)	4,672
- Share of other comprehensive income (expense) from investment in an associate	3,042	(305)	2,737	(1,539)	154	(1,385)
- Exchange differences on translating foreign operations	(61)	-	(61)	103	-	103
<b>Total</b>	<u>197,993</u>	<u>(39,307)</u>	<u>158,686</u>	<u>(191,355)</u>	<u>38,137</u>	<u>(153,218)</u>

<i>Six-month period ended 30 June</i>	<b>Bank only</b>					
	Before tax	2019 Tax income	Net of tax	Before tax	2018 Tax income	Net of tax
			<i>(in thousand Baht)</i>			
Other comprehensive income						
- Available-for-sale investments	186,707	(37,341)	149,366	(195,760)	39,152	(156,608)
- Actuarial gains on defined benefit plan	8,305	(1,661)	6,644	5,841	(1,169)	4,672
<b>Total</b>	<u>195,012</u>	<u>(39,002)</u>	<u>156,010</u>	<u>(189,919)</u>	<u>37,983</u>	<u>(151,936)</u>

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*Reconciliation of effective tax rate*

<i>Six-month period ended 30 June</i>	<b>Consolidated</b>			
		2019		2018
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax expense		1,172,507		1,135,584
Income tax using the Thai corporation tax rate	20	234,501	20	227,117
Expense not deductible for tax purpose		82,647		37,840
Additional deductible expense for tax purposes <sup>(2)</sup>		(91,865)		(93,563)
Under (over) provided in prior year		772		(1,689)
Income tax of the indirect subsidiary that is not taxable		(1,147)		(1,312)
Deferred tax expense utilised during the period from prior years temporary difference that was recognised as deferred tax assets		(26,673)		-
<b>Total</b>	<b>17 <sup>(1)</sup></b>	<b>198,235</b>	<b>15 <sup>(1)</sup></b>	<b>168,393</b>

<sup>(1)</sup> Effective tax rate

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

<i>Six-month period ended 30 June</i>	<b>Bank only</b>			
		2019		2018
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax expense		1,169,538		989,644
Income tax using the Thai corporation tax rate	20	233,908	20	197,929
Expense not deductible for tax purpose		21,126		25,839
Under (over) provided in prior year		772		(1,689)
<b>Total</b>	<b>22 <sup>(1)</sup></b>	<b>255,806</b>	<b>22 <sup>(1)</sup></b>	<b>222,079</b>

<sup>(1)</sup> Effective tax rate

#### 45 Basic earnings per share

The calculations of basic earnings per share for the six-month periods ended 30 June 2019 and 2018 were based on the profit for the periods 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 periods as follows:

<i>Six-month period ended 30 June</i>	<b>Consolidated</b>		<b>Bank only</b>	
	2019	2018	2019	2018
<b>Profit attributable to (in million Baht)</b>				
Shareholders of the Bank	974	967	914	767
Non-controlling interests	-	-	-	-
<b>Profit for the period (in million Baht)</b>	<b>974</b>	<b>967</b>	<b>914</b>	<b>767</b>
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
<b>Earnings per share (basic)</b>				
Shareholders of the Bank	0.43	0.43	0.40	0.34
Non-controlling interests	-	-	-	-
<b>Earnings per share (basic) (in Baht)</b>	<b>0.43</b>	<b>0.43</b>	<b>0.40</b>	<b>0.34</b>

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**46 Event after the reporting period**

During July 2019 to 17 September 2019, ICBC (Thai) Leasing Company Limited, the Bank's direct subsidiary, issued 8 short-term debentures with total face value of Baht 4,000 million offered to financial institution investors carrying interest rate ranging from 1.67% to 1.84% per annum with the maturity dates being the range of 77 days to 91 days from the date of issue. Moreover, short-term debentures with face value of Baht 3,060 million had already been settled on their maturity dates in the period.

**47 Thai Financial Reporting Standards (TFRSs) not yet adopted**

A number of new TFRSs which relevant to the Group's operations and the Bank's are expected to have significant impact on the consolidated and the Bank only's financial statements on the date of initial application. Those TFRSs become effective for annual financial reporting periods beginning on or after 1 January 2020 are as follows:

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

\* TFRS - Financial instruments standards

**(a) TFRS - 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. When these TFRSs are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

**(b) TFRS 16 Leases**

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

Management is presently considering the potential impact of adopting and initially applying TFRSs on the consolidated and the Bank only's financial statements.