

Capital Requirement Disclosures

Basel III Pillar III

For the half year ended 30 June 2015

Scope of Information Disclosure

According to the Bank of Thailand's guideline in the supervision of capital for commercial banks based on Basel III enforced at full consolidation, the financial group is required to maintain the minimum capital requirement corresponding to more complicated risk assessment methods for better risk measurement and embracing other relevant aspects of the financial group's encountered risks. The Financial Group is required to disclose both quantitative and qualitative data. Regarding qualitative disclosure, the data as of 30 June 2015 and the latest disclosure of the financial group shall be compared. The financial group's Solo Consolidation and Full Consolidation comprise of:

1. ICBC (Thai) Public Company Limited.
2. ICBC (Thai) Leasing Company Limited

Besides the regulation mentioned above, the Bank of Thailand further requires the financial group to disclose other key relevant information regarding the capital to be easily accessible and to engender the transparency of the financial group's risks and capital information as follows.

Capital structure

The Financial Group and the Bank's capital as of 30 June 2015 and as of 31 December 2014 are composed of the following data.

(Unit: Thousand Baht)

The Financial Group		
	30 June 2015	31 December 2014
<u>Tier 1 Capital</u>	22,724,568	21,543,102
Common Equity Tier 1 (CET1)		
Paid-up share capital	20,132,094	20,132,094
Legal reserve	300,000	300,000
Retained earning after appropriations	2,688,282	1,598,808
Other comprehensive income	230,386	170,747
<u>Less deductible items on Common Equity Tier 1</u>	<u>(626,193)</u>	<u>(658,547)</u>
Total Common Equity Tier 1 (CET1)	22,724,569	21,543,102
<u>Tier 2 Capital</u>		
Reserve for assets classified as "Pass"	1,519,148	1,531,641
<u>Less deductible items on Tier 2 capital</u>	<u>(122,880)</u>	<u>(122,721)</u>
Total Tier 2 Capital	1,396,268	1,408,920
Total Capital Funds of the Financial Group	24,120,837	22,952,022

(Unit: Thousand Baht)

The Bank		
	30 June 2015	31 December 2014
<u>Tier 1 Capital</u>	22,812,718	21,585,124
Common Equity Tier 1 (CET1)		
Paid-up share capital	20,132,094	20,132,094
Legal reserve	300,000	300,000
Retained earning after appropriations	2,397,162	1,225,682
Other comprehensive income	230,386	170,746
<u>Less</u> deductible items on Common Equity Tier 1	(246,924)	(243,398)
Total Common Equity Tier 1 (CET1)	22,812,718	21,585,124
<u>Tier 2 Capital</u>		
Reserve for assets classified as “Pass”	1,360,191	1,135,439
<u>Less</u> deductible items on Tier 2 capital	(122,880)	(122,721)
Total Tier 2 Capital	1,237,311	1,012,718
Total Capital Funds of the Bank	24,050,029	22,597,842

Capital Adequacy

According to the Bank of Thailand’s guideline in supervision of capital requiring commercial banks shall maintain the capital in proportion to the credit, market and operational risk weighted assets of at least 8.5%, the financial Group shall establish the policy to maintain the regulatory capital in compliance with the methodologies and conditions as specified by the Bank of Thailand. To assess the capital adequacy for different types of risk, the financial Group utilizes the approaches corresponding to complexity of transactions and size of the financial Group as follows.

- Credit Risk Standardized Approach
- Market Risk Standardized Approach
- Operational Risk Basic Indicator Approach

Besides, the financial Group has the capital adequacy assessment so as to comply with the Bank of Thailand’s guideline in supervision of capital for the financial Group.

The minimum capital requirement

According to the Basel III guideline in supervision of capital, which the financial Group and the Bank provided the report as of 30 June 2015 following Basel III guideline and as of 31 December 2014 and to maintain the capital corresponding to each type of risk as follows.

1. Credit risk capital requirement

Based on the Standardized Approach, the minimum capital requirements classified by type of assets with the data as of 30 June 2015 and as of 31 December 2014 were as follows.

(Unit: Thousand Baht)

The Financial Group		
Minimum Credit Risk Capital Requirement	30 June 2015	31 December 2014
Performing Loans		
Claims on Sovereigns and Central Bank and claims on non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Sovereigns and Central Bank	89	899
Claims on Financial Institutions and claims on Non-central Government Public Sector Entities (PSEs) which are treated as Claims on Financial Institutions	1,273,443	1,349,306
Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Corporates	6,844,034	6,520,115
Claims in the Regulatory Retails Portfolio	1,803,492	2,127,626
Residential Mortgage Loans	667	777
Other assets	265,165	265,219
Non-performing Loans	143,318	152,118
Total Credit Risk Capital Requirement	10,330,208	10,416,060

(Unit: Thousand Baht)

The Bank		
Minimum Credit Risk Capital Requirement	30 June 2015	31 December 2014
Performing Loans		
Claims on Sovereigns and Central Bank and claims on non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Sovereigns and Central Bank	89	899
Claims on Financial Institutions and claims on Non-central Government Public Sector Entities (PSEs) which are treated as Claims on Financial Institutions	1,270,150	1,345,755
Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Corporates	7,319,961	7,170,336
Claims in the Regulatory Retails Portfolio	1,529	32,684
Residential Mortgage Loans	667	777
Other assets	561,568	558,503
Non-performing Loans	95,333	99,959
Total Credit Risk Capital Requirement	9,249,297	9,208,913

2. Market Risk Capital Requirement

For the Trading Book, the financial Group and the Bank use the Standardized Approach for capital calculation. The market risk capital requirement for the Financial Group and the Bank as of 30 June 2015 amounted to 12,332 thousand baht and as of 31 December 2014 amounted to 9,081 thousand baht, respectively.

3. Operational Risk Capital Requirement

The Financial Group and the Bank use the Basic Indicator Approach for capital requirement calculation. The capital required for operational risk of the Financial Group and the bank as of 30 June 2015 and as of 31 December 2014 as follows.

Capital Requirement	(Unit : Thousand Baht)			
	30 June 2015		31 December 2014	
	The Financial Group	The Bank	The Financial Group	The Bank
Operational Risk Capital Requirement	694,237	367,908	661,792	348,493

4. Capital Adequacy Ratio

The Financial Group and the Bank calculated risk weight assets under Basel III guideline for 3 types of risk, The Capital Adequacy Ratio were as follows:

Capital Adequacy Ratio	(Unit: Percent)			
	30 June 2015		31 December 2014	
	The Financial Group	The Bank	The Financial Group	The Bank
Tier 1 capital to risk assets	17.5	20.1	16.5	19.1
Common Equity Tier 1 to risk assets	17.5	20.1	16.5	19.1
Tier 2 capital to risk assets	1.1	1.1	1.1	0.9
Total capital to risk assets	18.6	21.2	17.6	20.1