

Capital Requirement Disclosures

Basel II Pillar III

For the half year ended 30 June 2012

Scope of Information Disclosure

According to the Bank of Thailand's guideline in the supervision of capital for commercial banks based on Basel II enforced at full consolidation. The financial group is required to maintain the minimum capital requirement corresponding to more complicated risk assessment methods leading to better measure the risks and embrace other relevant aspects of the financial group's encountered risks. The Financial Group is required to disclose both quantitative and qualitative data between June 30, 2012 and the latest disclosure of Solo Consolidation and Full Consolidation comprising 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 June 30, 2012 and as of December 31, 2011 are composed of the followings.

(Unit: Thousand Baht)

The Financial Group		
	30 June 2012	31 December 2011
<u>Tier-1 Capital</u>		
Paid-up share capital	15,904,529	15,904,529
Deductions from Tier 1 at 50% and Tier 2 at 50%	(418,635)	(393,067)
Deficit	(1,698,701)	(2,003,400)
Total	13,787,193	13,508,062
<u>Tier-2 Capital</u>		
Reserve for assets classified as "Pass"	786,692	569,388
Revaluation surplus on investments in available-for-sale securities	30,974	14,267
Deductions from Tier 1 at 50% and Tier 2 at 50%	(418,635)	(393,067)
Total	399,031	190,588
Total Capital Funds of the Financial Group	14,186,224	13,698,650

(Unit: Thousand Baht)

The Bank		
	30 June 2012	31 December 2011
Tier-1 Capital		
Paid-up share capital	15,904,529	15,904,529
Deductions from Tier 1 at 50% and Tier 2 at 50%	(235,895)	(224,659)
Deficit	(1,972,210)	(2,257,639)
Total	13,696,424	13,422,231
Tier-2 Capital		
Reserve for assets classified as “Pass”	752,663	541,899
Revaluation surplus on investments in available-for-sale securities	30,973	14,267
Deductions from Tier 1 at 50% and Tier 2 at 50%	(235,895)	(224,659)
Total	547,741	331,507
Total Capital Funds of the Bank	14,244,165	13,753,738

Capital Adequacy

According to the Bank of Thailand’s guideline in supervision of capital requiring commercial banks maintain the capital in proportion to the credit, market and operational risk weighted assets of at least 8.5%, the financial group has established 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 II guideline in supervision of capital, the financial group and the Bank have 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 June 30, 2012 and as of December 31, 2011 were as follows.

(Unit: Thousand Baht)

The Financial Group		
Minimum Credit Risk Capital Requirement	<u>30 June 2012</u>	<u>31 December 2011</u>
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	-	-
Claims on Financial Institutions and claims on Non-central Government Public Sector Entities (PSEs) which are treated as Claims on Financial Institutions	617,527	213,792
Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Corporates	4,240,430	3,622,024
Claims in the Regulatory Retail Portfolio	1,998,994	1,696,859
Residential Mortgage Loans	1,779	2,351
Other assets	176,879	177,613
Non-performing Loans	160,571	159,705
Total Credit Risk Capital Requirement	7,196,180	5,872,344

(Unit: Thousand Baht)

The Bank		
Minimum Credit Risk Capital Requirement	<u>30 June 2012</u>	<u>31 December 2011</u>
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	-	-
Claims on Financial Institutions and claims on Non-central Government Public Sector Entities (PSEs) which are treated as Claims on Financial Institutions	616,137	212,759
Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Corporates	6,448,607	5,583,625
Claims in the Regulatory Retail Portfolio	10,936	6,737
Residential Mortgage Loans	1,779	2,350
Other assets	476,935	464,887
Non-performing Loans	127,688	127,336
Total Credit Risk Capital Requirement	7,682,082	6,397,694

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 June 30, 2012 amounted to 14,136 thousand baht and as of December 31, 2011 amounted to 16,395 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 June 30, 2012 and as of December 31, 2011 as follows.

Capital Requirement	(Unit : Thousand Baht)			
	30 June 2012		31 December 2011	
	The Financial Group	The Bank	The Financial Group	The Bank
Operational Risk Capital Requirement	400,183	259,837	369,623	257,924

4. Capital Adequacy Ratio

Based on the Basel II guideline on capital calculation for all three types of risk, the financial group and the Bank maintained the Capital Adequacy Ratio as follows.

Capital Adequacy Ratio	(Unit: Percent)			
	30 June 2012		31 December 2011	
	The Financial Group	The Bank	The Financial Group	The Bank
Tier 1 capital to risk assets	15.40	14.64	18.35	17.10
Total capital to risk assets	15.84	15.22	18.61	17.52