

Capital Requirement Disclosures

Basel III Pillar III

For the half year ended 30 June 2013

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 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, 2013 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, 2013 were as follows.

(Unit: Thousand Baht)

The Financial Group	
	30 June 2013
	(Basel III)
<u>Tier 1 Capital</u>	
Common Equity Tier 1 (CET1)	
Paid-up share capital	14,186,840
Legal reserve	100,000
Retained earning after appropriations	396,758
Other comprehensive income	129,167
<u>Less</u> deductible items on Common Equity Tier 1	(248,734)
Total Tier 1 Capital	14,564,031
<u>Tier 2 Capital</u>	
Reserve for assets classified as "Pass"	1,482,648
Revaluation surplus on investments in available-for-sale securities	-
<u>Less</u> deductible items on Tier 2 capital	(369,090)
Total Tier 2 Capital	1,113,558
Total Capital Funds of the Financial Group	15,677,589

(Unit: Thousand Baht)

The Bank	
	30 June 2013
	(Basel III)
<u>Tier 1 Capital</u>	
Common Equity Tier 1 (CET1)	
Paid-up share capital	14,186,840
Legal reserve	100,000
Retained earning after appropriations	89,328
Other comprehensive income	129,167
<u>Less</u> deductible items on Common Equity Tier 1	(84,778)
Total Tier 1 Capital	14,420,557
<u>Tier 2 Capital</u>	
Reserve for assets classified as “Pass”	842,567
Revaluation surplus on investments in available-for-sale securities	-
<u>Less</u> deductible items on Tier 2 capital	(369,090)
Total Tier 2 Capital	473,477
Total Capital Funds of the Bank	14,894,034

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 June 30,2013 following Basel III guideline and report as of December 31,2012 following Basel III guideline 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 June 30, 2013 and as of December 31, 2012 were as follows.

(Unit: Thousand Baht)		
The Financial Group		
	30 June 2013	31 December 2012
	(Basel III)	(Basel II)
Minimum Credit Risk Capital Requirement		
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	-	23,800
Claims on Financial Institutions and claims on Non- central Government Public Sector Entities (PSEs) which are treated as Claims on Financial Institutions	778,278	617,298
Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Corporates	5,505,355	4,913,908
Claims in the Regulatory Retails Portfolio	2,795,757	2,428,799
Residential Mortgage Loans	1,195	1,502
Other assets	286,692	169,503
Non-performing Loans	157,849	170,292
Total Credit Risk Capital Requirement	9,525,126	8,325,102
(Unit: Thousand Baht)		
The Bank		
	30 June 2013	31 December 2012
	(Basel III)	(Basel II)
Minimum Credit Risk Capital Requirement		
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	-	23,800
Claims on Financial Institutions and claims on Non- central Government Public Sector Entities (PSEs) which are treated as Claims on Financial Institutions	777,433	614,440
Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Corporates	6,950,346	7,118,433
Claims in the Regulatory Retails Portfolio	15,683	40
Residential Mortgage Loans	1,225	1,502
Other assets	571,494	485,869
Non-performing Loans	122,506	144,873
Total Credit Risk Capital Requirement	8,438,687	8,388,957

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, 2013 amounted to 33,333 thousand baht and as of December 31, 2012 amounted to 24,234 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, 2013 and as of December 31, 2012 as follows.

Capital Requirement	(Unit : Thousand Baht)			
	30 June 2013 (Basel III)		31 December 2012 (Basel II)	
	The Financial Group	The Bank	The Financial Group	The Bank
Operational Risk Capital Requirement	523,546	293,764	462,621	270,577

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 2013 (Basel III)		31 December 2012 (Basel II)	
	The Financial Group	The Bank	The Financial Group	The Bank
Tier 1 capital to risk assets	12.28	13.98	13.68	13.72
Total capital to risk assets	13.22	14.44	14.05	14.23