

**Capital Requirement Disclosures**

**Basel III Pillar III**

**For the half year ended 30 June 2014**

## 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 2014 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 2014 and as of 31 December 2013 are composed of the following data.

(Unit: Thousand Baht)

| <b>The Financial Group</b>                           |                     |                         |
|--|---------------------|-------------------------|
|  | <b>30 June 2014</b> | <b>31 December 2013</b> |
| <b><u>Tier 1 Capital</u></b>                         | <b>15,718,461</b>   | <b>14,519,241</b>       |
| <b>Common Equity Tier 1 (CET1)</b>                   |                     |                         |
| Paid-up share capital                                | 14,186,840          | 14,186,840              |
| Legal reserve  | 200,000             | 200,000                 |
| Retained earning after appropriations                | 1,598,808           | 396,758                 |
| Other comprehensive income                           | 178,418             | 95,303                  |
| <u>Less deductible items on Common Equity Tier 1</u> | <u>(445,605)</u>    | <u>(359,660)</u>        |
| <b>Total Common Equity Tier 1 (CET1)</b>             | <b>15,718,461</b>   | <b>14,519,241</b>       |
| <b><u>Tier 2 Capital</u></b>                         |                     |                         |
| Reserve for assets classified as "Pass"              | 1,543,148           | 1,504,133               |
| <u>Less deductible items on Tier 2 capital</u>       | <u>(248,281)</u>    | <u>(257,160)</u>        |
| <b>Total Tier 2 Capital</b>                          | <b>1,294,867</b>    | <b>1,246,973</b>        |
| <b>Total Capital Funds of the Financial Group</b>    | <b>17,013,328</b>   | <b>15,766,214</b>       |

(Unit: Thousand Baht)

| <b>The Bank</b>                                      |                     |                         |
|--|---------------------|-------------------------|
|  | <b>30 June 2014</b> | <b>31 December 2013</b> |
| <b><u>Tier 1 Capital</u></b>                         | <b>15,763,467</b>   | <b>14,505,298</b>       |
| <b>Common Equity Tier 1 (CET1)</b>                   |                     |                         |
| Paid-up share capital                                | 14,186,840          | 14,186,840              |
| Legal reserve  | 200,000             | 200,000                 |
| Retained earning after appropriations                | 1,225,682           | 89,329                  |
| Other comprehensive income                           | 178,418             | 95,302                  |
| <u>Less</u> deductible items on Common Equity Tier 1 | (27,473)            | (66,173)                |
| <b>Total Common Equity Tier 1 (CET1)</b>             | <b>15,763,467</b>   | <b>14,505,298</b>       |
| <b><u>Tier 2 Capital</u></b>                         |                     |                         |
| Reserve for assets classified as “Pass”              | 826,704             | 632,764                 |
| <u>Less</u> deductible items on Tier 2 capital       | (248,281)           | (257,160)               |
| <b>Total Tier 2 Capital</b>                          | <b>578,423</b>      | <b>375,604</b>          |
| <b>Total Capital Funds of the Bank</b>               | <b>16,341,890</b>   | <b>14,880,902</b>       |

## 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 2014 following Basel III guideline and as of 31 December 2013 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 2014 and as of 31 December 2013 were as follows.

(Unit: Thousand Baht)

| <b>The Financial Group</b>  |                     |                         |
|---|---------------------|-------------------------|
| <b>Minimum Credit Risk Capital Requirement</b>  | <b>30 June 2014</b> | <b>31 December 2013</b> |
| <b>Performing Loans</b>   |                     |                         |
| 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 | -                   | 5                       |
| Claims on Financial Institutions and claims on Non-central Government Public Sector Entities (PSEs) which are treated as Claims on Financial Institutions           | 1,381,593           | 934,805                 |
| Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Corporates                                   | 6,289,610           | 5,962,461               |
| Claims in the Regulatory Retails Portfolio  | 2,395,352           | 2,665,545               |
| Residential Mortgage Loans  | 881                 | 1,039                   |
| Other assets  | 255,780             | 266,417                 |
| <b>Non-performing Loans</b>   | 170,189             | 178,215                 |
| <b>Total Credit Risk Capital Requirement</b>  | <b>10,493,405</b>   | <b>10,008,487</b>       |

(Unit: Thousand Baht)

| <b>The Bank</b>   |                     |                         |
|---|---------------------|-------------------------|
| <b>Minimum Credit Risk Capital Requirement</b>  | <b>30 June 2014</b> | <b>31 December 2013</b> |
| <b>Performing Loans</b>   |                     |                         |
| 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 | -                   | 5                       |
| Claims on Financial Institutions and claims on Non-central Government Public Sector Entities (PSEs) which are treated as Claims on Financial Institutions           | 1,378,060           | 929,551                 |
| Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Corporates                                   | 6,819,975           | 7,319,695               |
| Claims in the Regulatory Retails Portfolio  | 7,278               | 15,734                  |
| Residential Mortgage Loans  | 881                 | 1,039                   |
| Other assets  | 558,238             | 568,910                 |
| <b>Non-performing Loans</b>   | 106,418             | 120,052                 |
| <b>Total Credit Risk Capital Requirement</b>  | <b>8,870,850</b>    | <b>8,954,986</b>        |

## 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 2014 amounted to 24,794 thousand baht and as of 31 December 2013 amounted to 33,781 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 2014 and as of 31 December 2013 as follows.

| Capital Requirement                  | (Unit : Thousand Baht) |          |                     |          |
|--------------------------------------|------------------------|----------|---------------------|----------|
|                                      | 30 June 2014           |          | 31 December 2013    |          |
|                                      | The Financial Group    | The Bank | The Financial Group | The Bank |
| Operational Risk Capital Requirement | 620,662                | 328,345  | 582,200             | 316,829  |

## 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 2014        |          | 31 December 2013    |          |
|                                     | The Financial Group | The Bank | The Financial Group | The Bank |
| Tier 1 capital to risk assets       | 11.99               | 14.53    | 11.62               | 13.32    |
| Common Equity Tier 1 to risk assets | 11.99               | 14.53    | 11.62               | 13.32    |
| Tier 2 capital to risk assets       | 0.99                | 0.53     | 0.99                | 0.35     |
| Total capital to risk assets        | 12.98               | 15.06    | 12.61               | 13.67    |