

**Capital Requirement Disclosures**

**Basel III Pillar III**

**For the half year ended 30 June 2021**

## 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 quantitative disclosure, the data as of 30 June 2021 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 and its subsidiaries

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.

## Key Prudential Metrics

The table below provides an overview of the financial group's key prudential metrics related to regulatory capital and liquidity standards.

	The Financial Group	
	30 June 2021	31 December 2020
	<i>Unit : thousand Baht</i>	
<b>Capital Fund Amount</b>		
Common equity Tier 1	33,377,220	32,426,103
Common equity Tier 1 after deduction of Fully loaded ECL	33,377,220	32,426,103
Tier 1 capital	33,377,220	32,426,103
Tier 1 capital after deduction of Fully loaded ECL	33,377,220	32,426,103
Total Capital fund	41,121,518	40,195,427
Total Capital fund after deduction of Fully loaded ECL	41,121,518	40,195,427
<b>Risk weighted assets</b>		
Total risk – weighted assets	230,079,770	231,501,689
<b>Capital Ratio</b>		
	<i>Unit : Percent</i>	
Common equity Tier 1 ratio	14.5	14.0
Fully loaded ECL CET1 Ratio	14.5	14.0
Tier 1 ratio	14.5	14.0
Fully loaded ECL Tier 1 Ratio	14.5	14.0
Total Capital Ratio	17.9	17.4
Fully loaded ECL Total Capital Ratio	17.9	17.4

**The Financial Group**
**30 June 2021**      **31 December 2020**
*Unit : Percent*
**Additional capital adequacy ratio**

Conservation buffer Ratio	2.5	2.5
Countercyclical buffer Ratio	0.0	0.0
D-SIB additional requirements	0.0	0.0
Total additional capital adequacy ratio	2.5	2.5
CET1 available after meeting the bank's minimum capital requirements	7.5	7.0

**The Bank**
**30 June 2021**      **31 December 2020**
*Unit : thousand Baht*
**Capital Fund Amount**

Common equity Tier 1	31,035,585	30,701,036
Common equity Tier 1 after deduction of Fully loaded ECL	31,035,585	30,701,036
Tier 1 capital	31,035,585	30,701,036
Tier 1 capital after deduction of Fully loaded ECL	31,035,585	30,701,036
Total Capital fund	38,308,376	37,993,337
Total Capital fund after deduction of Fully loaded ECL	38,308,376	37,993,337

**Risk weighted assets**

Total risk – weighted assets	188,688,562	190,008,023
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**Capital Ratio**
*Unit : Percent*

Common equity Tier 1 ratio	16.5	16.2
Fully loaded ECL CET1 Ratio	16.5	16.2
Tier 1 ratio	16.5	16.2
Fully loaded ECL Tier 1 Ratio	16.5	16.2
Total Capital Ratio	20.3	20.0
Fully loaded ECL Total Capital Ratio	20.3	20.0

	<b>The Bank</b>	
	<b>30 June 2021</b>	<b>31 December 2020</b>
	<i>Unit : Percent</i>	
<b>Additional capital adequacy ratio</b>		
Conservation buffer Ratio	2.5	2.5
Countercyclical buffer Ratio	0.0	0.0
D-SIB additional requirements	0.0	0.0
Total additional capital adequacy ratio	2.5	2.5
CET1 available after meeting the bank's minimum capital requirements	9.5	9.2

	<b>The Bank</b>	
	<b>30 June 2021</b>	<b>31 December 2020</b>
	<i>Unit : million Baht</i>	
<b>Liquidity coverage ratio under liquidity stress scenario</b>		
Total High-quality liquid assets (Total HQLA)	75,217	50,676
Total net cash outflows within the 30-day period	46,678	35,999
LCR	161%	141%

Since 1 January 2020 Bank has been complied with TFRS9 and shall set up the credit impairment by using the Expected credit loss method. All amount of previous allowance for doubtful accounts are recognized to be the Expected credit loss so there is not the excess allowance for doubtful account from the previous year for reversal.

In order to Bank assesses the expected credit losses, models are developed based on historical repayment, default information and other information indicating default risk behavior.

In case that the models cannot captured the risk, the management overlay principle, covering industry, model and other risks, will be applied.

## Capital structure

The Financial Group and the Bank's capital as of 30 June 2021 and as of 31 December 2020 are composed of the following data.

	<b>The Financial Group</b>	
	<b>30 June 2021</b>	<b>31 December 2020</b>
	<i>Unit : thousand Baht</i>	
<b>Tier 1 Capital</b>		
<b>Common Equity Tier 1 (CET1)</b>		
Paid-up share capital	20,081,600	20,081,600
Legal reserve	2,015,000	2,015,000
Retained earning after appropriations	11,899,978	11,084,302
Other comprehensive income	339,052	227,070
Other owner changes items	(24,849)	(24,849)
<u>Less deductible items on Common Equity Tier 1</u>	<u>(933,561)</u>	<u>(957,020)</u>
<b>Total Common Equity Tier 1 (CET1)</b>	<b>33,377,220</b>	<b>32,426,103</b>



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 2021 following Basel III guideline and as of 31 December 2020 and to maintain the capital corresponding to each type of risk.

### 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 2021 and as of 31 December 2020 were as follows.

Minimum Credit Risk Capital Requirement	The Financial Group	
	30 June 2021	31 December 2020
	<i>Unit : thousand Baht</i>	
<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	-	-
Claims on Financial Institutions and claims on Non- central Government Public Sector Entities (PSEs) which are treated as Claims on Financial Institutions	2,342,230	2,375,529
Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Corporates	12,734,268	12,948,373
Claims in the Regulatory Retails Portfolio	2,881,519	2,754,319
Residential Mortgage Loans	405	459
Other assets	235,225	226,566
<b>Non-performing Loans</b>	467,578	526,158
<b>Total Credit Risk Capital Requirement</b>	<b>18,661,225</b>	<b>18,831,404</b>
	The Bank	
	30 June 2021	31 December 2020
	<i>Unit : thousand Baht</i>	
<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	-	-
Claims on Financial Institutions and claims on Non- central Government Public Sector Entities (PSEs) which are treated as Claims on Financial Institutions	2,336,031	2,368,846
Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Corporates	12,481,760	12,593,126
Claims in the Regulatory Retails Portfolio	35,290	35,829
Residential Mortgage Loans	405	459
Other assets	496,186	484,239
<b>Non-performing Loans</b>	105,303	105,147
<b>Total Credit Risk Capital Requirement</b>	<b>15,454,975</b>	<b>15,587,646</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 2021 and 31 December 2020 as follows.

	30 June 2021		31 December 2020	
	The Financial Group	The Bank	The Financial Group	The Bank
Capital Requirement	<i>Unit : thousand Baht</i>		<i>Unit : thousand Baht</i>	
Market Risk Capital Requirement	33,428	24,740	15,558	22,968

## 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 2021 and as of 31 December 2020 as follows.

	30 June 2021		31 December 2020	
	The Financial Group	The Bank	The Financial Group	The Bank
Capital Requirement	<i>Unit : thousand Baht</i>		<i>Unit : thousand Baht</i>	
Operational Risk Capital Requirement	862,127	558,813	830,682	540,068

## 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	The Financial Group		BOT Requirement
	30 June 2021	31 December 2020	
	<i>Unit : Percent</i>		
Tier 1 capital to risk assets	14.5	14.0	8.5
Common Equity Tier 1 to risk assets	14.5	14.0	7
Tier 2 capital to risk assets	3.4	3.4	-
Total capital to risk assets	17.9	17.4	11

  

Capital Adequacy Ratio	The Bank		BOT Requirement
	30 June 2021	31 December 2020	
	<i>Unit : Percent</i>		
Tier 1 capital to risk assets	16.5	16.2	8.5
Common Equity Tier 1 to risk assets	16.5	16.2	7
Tier 2 capital to risk assets	3.9	3.8	-
Total capital to risk assets	20.3	20.0	11

**Reconciliation of Regulatory Capital and Financial Statement under Consolidated Supervision**
**The Financial Group Capital**

Items			References base on Statement of Financial Position under the consolidated supervision
	30 June 2021	31 December 2020	
<i>Unit : thousand Baht</i>			
<b>Tier-1 Capital</b>			
<b>Common Equity Tier 1 (CET1)</b>			
Paid-up share capital	20,081,600	20,081,600	A
Legal reserve	2,015,000	2,015,000	B
Retained earnings after appropriations	11,899,978	11,084,302	C
Other comprehensive income	339,052	227,070	D
Other owner changes items	(24,849)	(24,849)	E
<u>Less deductible items on Common Equity Tier 1</u>	<u>(933,561)</u>	<u>(957,020)</u>	D1&F
<b>Total Common Equity Tier 1 (CET1)</b>	<b>33,377,220</b>	<b>32,426,103</b>	
<b>Tier-2 Capital</b>			
Subordinated debentures	5,000,000	5,000,000	G
Reserve for assets classified as “Pass”	2,744,298	2,769,324	H
<b>Total Tier-2 Capital</b>	<b>7,744,298</b>	<b>7,769,324</b>	
<b>Total Capital Funds</b>	<b>41,121,518</b>	<b>40,195,427</b>	

**Statement of financial position under consolidated**

		References base on statement of Financial Position under the Consolidated supervision
30 June 2021	31 December 2020	
<i>Unit : thousand Baht</i>		

**Assets**

Cash	330,349	441,769	
Interbank and money market items, net	52,704,654	31,650,250	
Derivative assets	571,278	1,347,941	
Investments, net	73,766,414	73,952,548	
Loans to customers and accrued interest receivables, net	160,922,939	159,089,193	
<i>Qualified as capital</i>	<u>2,744,298</u>	<u>2,769,324</u>	H
Properties foreclosed, net	344,309	308,338	
Premises and equipment, net	503,531	565,515	
<i>Intangible assets, net</i>	36,398	36,009	F
<i>Deferred tax assets, net</i>	888,366	924,446	F

**Statement of financial position under consolidated**

References base on  
statement of Financial  
Position under the  
Consolidated supervision

**30 June 2021      31 December 2020**

*Unit : thousand Baht*

Accrued income, net	546,883	546,725	
Receivables on credit support for derivative contracts	154,100	190,760	
Other receivables, net	1,203,062	1,225,352	
Other assets, net	44,761	50,908	
<b>Total assets</b>	<b>292,017,044</b>	<b>270,329,754</b>	
<b>Liabilities</b>			
Deposits	160,185,853	147,046,456	
Interbank and money market items	43,138,688	38,952,828	
Liabilities payable on demand	123,927	164,879	
Derivative liabilities	1,216,494	1,561,879	
Debt issued and borrowings	48,057,758	44,550,937	
<i>Qualified as capital</i>	5,000,000	5,000,000	G
Provision for liabilities	585,105	664,081	
Accrued interest payables	524,144	718,919	
Payable on credit support for derivative contracts	240,474	338,748	
Lease liabilities	253,152	294,395	
Other liabilities	2,195,120	1,987,806	
<b>Total liabilities</b>	<b>256,520,715</b>	<b>236,280,928</b>	
<b>Equity</b>			
<i>Authorised share capital and Issued and paid-up share capital</i>	20,132,094	20,132,094	A
<i>Treasury shares</i>	(50,494)	(50,494)	A
<i>Deference arising from business combination under common control</i>	(24,849)	(24,849)	E
<i>Other components of equity</i>	339,052	227,070	D
<i>Gain on cash on cash flow hedges</i>	8,797	(3,434)	DI
Retained earnings			
Appropriated - Legal reserve	2,015,000	2,015,000	B
Unappropriated	13,085,526	11,750,005	
<i>Qualified as capital</i>	11,899,978	11,084,302	C
Total equity	35,496,329	34,048,826	
<b>Total liabilities and equity</b>	<b>292,017,044</b>	<b>270,329,754</b>	

*The main features of regulatory capital instruments issued*

Subject		Description
1	Issuer	Industrial and Commercial Bank of China (Thai) Public Company Limited.
2	Unique identifier	ICBCT289A
<i>BOT's Treatment</i>		
3	Instrument type (CET 1 / Tier 1/ Tier 2)	Tier 2
4	Qualified as per BOT Basel III rerulations	Qualified
5	If not, specify unqualified feature as per the Basel III regulation	-
6	Recognized as capital partially or full	Fully recognized
7	Eligible as The Bank / The Group / The Bank and Group	The Bank and Group
8	Amount recognized in regulatory capital (unit : million baht)	5,000 (Five thousand) million baht
9	Par value of instrument (unit : baht)	1,000 (One thousand) Baht / Unit
10	Accounting classification	Financial Liabilities stated at Amortized Cost
11	Original date of issuance	23 March 2018
12	Perpetual or dated	Dated
13	Original maturity date	23 September 2028
14	Issuer call subject to prior supervisory approval	Issuer call option with BOT's prior approval
15	Optional call date , Contingent call dates and redemption amount	<p>The issuer may early redeem prior to the maturity date, if it falls under any of the following events</p> <ol style="list-style-type: none"> <li>1. After the lapse of 5 years from the issue date or.</li> <li>2. If there is a change in tax law after the issue date which results in a change to the tax treatment of the Subordinate Instruments that is not to the benefit of the Issuer or.</li> <li>3. If the Subordinate Instruments are fully excluded from Tier 2 capital as a result of the change in the applicable regulations or.</li> <li>4. Any other event as permitted by the BOT after the Issue Date or.</li> </ol>
16	Subsequent call dates, if applicable	After 23 March 2023, issuer may early withdraw before maturity date.

Subject		Description
<i>Coupons / Other returns</i>		
17	Fixed or floating dividend / Coupon	Fixed rate
18	Coupon rate and any related index	Fixed interest rate at 3.5 % p.a until maturity. The interest payment shall be paid every 3 months.
19	Existence of dividend stopper	-None-
20	Fully discretionary, partially discretionary or mandatory	Discretionary as stated in term and conditions
21	Existence of step up or other incentive to redeem	No step up interest payment.
22	Noncumulative or Cumulative	Non - cumulative
23	Convertible or Non - Convertible	Non - Convertible
24	If convertible, conversion trigger	-
25	If convertible, fully or partially	-
26	If convertible, Conversion rate	-
27	If convertible, specify instrument	-
28	If convertible, specify issuer of instrument it converts into	-
29	Write-down feature	Write-down feature
30	If write-down, write-down trigger	In case of non-viability events of the issuer and the authority decides to grant financial assistance, the subordinate instrument holder shall be forced to write-down. Issuer may write-down (in full or partial amount).
31	If write-down, full or partial	Write-down in full or partial amount
32	If write-down, permanent or temporary	Permanent
33	If temporary write-down, description of write-up mechanism	-
34	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Superior to Additional Tier 1 debt securities (if any) / Preferred share / Common stock.

## **Liquidity Coverage Ratio Disclosure**

**For the half year ended 30 June 2021**

## Scope of Information Disclosure

Industrial and Commercial Bank of China (Thai) Public Company Limited has maintained the liquidity coverage ratio (LCR ratio) to be in line with BOT regulations. The purpose is to assure that the Bank has adequate liquidity position on hand to handle any short-term severe liquidity stress. Commercial banks are required to have LCR ratio not less than 60% of net cash outflows within 30 days period) since 1 January 2016 and continue to increase 10% each year to be 100% in year 2020.

$$\text{Liquidity Coverage Ratio (LCR)} = \frac{\text{High-quality liquid assets (HQLA)}}{\text{Total net cash outflows within the 30-day period Under liquidity stress scenario}}$$

Liquidity coverage ratio disclosure (LCR disclosure) is provided the information to shareholder to assess the liquidity risk of the bank and to promote the market discipline. Moreover it would also promote transparency in the disclosure of risk information in accordance with internal standards.

The Bank shall disclose the information on a quarterly basis and maintain minimum LCR ratio according to the guidelines as specified by the Bank of Thailand including to disclose the LCR ratio by comparing the previous quarters.

### 1. Liquidity Coverage Ratio: LCR

	Quarter 2/2021 (Average)	Quarter 2/2020 (Average)
	<i>Unit : million Baht</i>	
<b>(1) Total high-quality liquid assets (HQLA)</b>	<b>71,387</b>	<b>84,016</b>
<b>(2) Total net cash outflows within the 30-day period</b>	<b>42,593</b>	<b>53,395</b>
	<i>Unit : Percent</i>	
<b>(3) LCR (%)</b>	<b>168%</b>	<b>158%</b>
<i>Minimum LCR as specified by the Bank of Thailand (%)</i>	100%	100%

### 2. LCR of the preceding quarters (for comparison)

	<i>Unit : Percent</i>
<b>Quarter 3/2020</b>	<b>150%</b>
<b>Quarter 4/2020</b>	<b>141%</b>
<b>Quarter 1/2021</b>	<b>164%</b>
<b>Quarter 2/2021</b>	<b>168%</b>

As of Quarter 2, 2021, the average LCR was 168% which was higher than the minimum requirement set by the Bank of Thailand at 100%. It was calculated from the average of LCR at the end of April, May and June 2021 at 165%, 178% and 161% respectively. The LCR is calculated by using 2 factors.

1. High Quality Liquid Assets (HQLA) includes unencumbered high-quality assets with low risk and low volatility which can be converted into cash easily and quickly. These assets should also be liquid in markets during in time of liquidity stress. The value of each type of HQLA is subjected to a range of haircuts and any applicable caps according to the criteria from the Bank of Thailand.

As of Quarter 2, 2021, the average HQLA was THB 71,387 mil (or 94% of Level 1 assets such as Government bond and cash) by calculating from the average of HQLA at the end of April, May and June 2021.

2. Net Cash Outflow is defined as expected cash outflows within the 30-day period, minus expected cash inflows within the 30-day period under liquidity stress scenarios. The expected cash inflows must not exceed 75% of the expected cash outflows.

As of Quarter 2, 2021, the average net cash outflows within the 30-day period was THB 42,593 mil by calculating from the average of cash outflows at the end of April, May and June 2021.

The average of cash outflows under the severe liquidity stress scenario was the deposits and borrowings run-off of customers by using the run-off rates set by the Bank of Thailand, meanwhile, most of the average cash inflows were from the loan repayments from high-quality customers and from matured debentures by using the inflow rate set by the Bank of Thailand.

In addition, the Bank also has the monitoring and control processes by setting the liquidity risk limits which have been approved by the Executive Committee. The Bank has set Early Warning Indicators to monitor liquidity risk on daily and monthly and also set the Trigger Point in case that there are some factors that may cause the increasing in risk level and shall be reported to the related departments. Moreover, the Bank prepares Liquidity Gap report and presents to the Asset and Liability Committee (ALCO) on a monthly basis and also prepares the Liquidity Risk report to the Group Risk Supervision and Internal Control Committee on a quarterly basis. From the aforementioned reason, it can be concluded that the Bank can manage the liquidity risk and believe that the liquidity is sufficient to cover any future crisis.