

Capital Requirement Disclosures

Basel III Pillar III

For the six-month period ended June 30, 2023

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 2023 and the latest disclosure of the Financial Group shall be compared.

The disclosure report covers information at both the Bank level (Solo Basis) and the Group level (Full Consolidation Basis). There are 4 companies in the Group consisting of;

1. ICBC (Thai) Public Company Limited engaged in commercial banking business (as the parent company)
2. ICBC (Thai) Leasing Company Limited engaged in hire purchase, financial lease and factoring business
3. ICBC (Thai) Insurance Broker Company Limited engaged in life and non-life insurance brokers
4. Sky High LI Leasing Designated Activity Company Limited engaged in hire purchase business

The financial statement reports for capital adequacy consideration under the guidelines on consolidated supervision and the public disclosure of the consolidated financial statement reports have no difference.

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 2023	31 December 2022
	<i>Unit : thousand Baht</i>	
Capital Fund Amount		
Common equity Tier 1	38,524,638	36,863,520
Common equity Tier 1 after deduction of Fully loaded ECL	38,524,638	36,863,520
Tier 1 capital	38,524,638	36,863,520
Tier 1 capital after deduction of Fully loaded ECL	38,524,638	36,863,520
Total Capital fund	45,957,919	44,405,197
Total Capital fund after deduction of Fully loaded ECL	45,957,919	44,405,197
Risk weighted assets		
Total risk – weighted assets	207,346,360	215,199,705

	The Financial Group	
	30 June 2023	31 December 2022
	<i>Unit : Percent</i>	
Capital Ratio		
Common equity Tier 1 ratio	18.6	17.1
Fully loaded ECL CET1 Ratio	18.6	17.1
Tier 1 ratio	18.6	17.1
Fully loaded ECL Tier 1 Ratio	18.6	17.1
Total Capital Ratio	22.2	20.6
Fully loaded ECL Total Capital Ratio	22.2	20.6
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	11.6	10.1

	The Bank	
	30 June 2023	31 December 2022
	<i>Unit : thousand Baht</i>	
Capital Fund Amount		
Common equity Tier 1	33,611,528	32,566,816
Common equity Tier 1 after deduction of Fully loaded ECL	33,611,528	32,566,816
Tier 1 capital	33,611,528	32,566,816
Tier 1 capital after deduction of Fully loaded ECL	33,611,528	32,566,816
Total Capital fund	40,531,240	39,603,520
Total Capital fund after deduction of Fully loaded ECL	40,531,240	39,603,520
Risk weighted assets		
Total risk – weighted assets	161,853,829	170,403,066

	<i>Unit : Percent</i>	
Capital Ratio		
Common equity Tier 1 ratio	20.8	19.1
Fully loaded ECL CET1 Ratio	20.8	19.1
Tier 1 ratio	20.8	19.1
Fully loaded ECL Tier 1 Ratio	20.8	19.1
Total Capital Ratio	25.0	23.2
Fully loaded ECL Total Capital Ratio	25.0	23.2

	The Bank	
	30 June 2023	31 December 2022
	<i>Unit : Percent</i>	
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	13.8	12.1

Liquidity coverage ratio under liquidity stress scenario

	Average value for the second quarter^{1/}	
	30 June 2023	30 June 2022
	<i>Unit : million Baht</i>	
Total High-quality liquid assets (Total HQLA)	45,933	80,736
Total net cash outflows within the 30-day period	32,076	61,006
Liquidity coverage ratio (LCR) ^{2/}	143%	134%

^{1/} Average of month-end value in the quarter

^{2/} The LCR is computed as an average ratio of month-end LCR in the quarter. This may not be equal to an LCR computed with the average value of HQLA and net cash outflows within the 30-day period

Key Financial Ratio

The Bank's key financial ratio as of 30 June 2023 and 2022 were as follows.

	The Bank	
	30 June 2023	30 June 2022
	<i>Unit : million Baht</i>	
Total High-quality liquid assets (Total HQLA)	43,602	79,536
Total net cash outflows within the 30-day period	30,110	68,366
Liquidity coverage ratio (LCR)	145%	116%
Net stable funding ratio (NFSR)	122%	128%

The 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 no the excess allowance for doubtful account from the previous year for reversal. In order that Bank assesses the expected credit losses, models are developed based on historical repayment, default information and other information indicating default risk behavior.

In case the models cannot capture 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 2023 and as of 31 December 2022 are composed of the following data.

	The Financial Group	
	30 June 2023	31 December 2022
	<i>Unit : thousand Baht</i>	
Tier 1 Capital		
Common Equity Tier 1 (CET1)		
Paid-up share capital	20,107,099	20,107,099
Legal reserve	2,015,000	2,015,000
Retained earnings after appropriations	17,637,210	15,871,540
Other comprehensive income	(174,554)	58,817
Other owner changes items	(24,849)	(24,849)
<u>Less deductible items on Common Equity Tier 1</u>	(1,035,268)	(1,164,087)
Total Common Equity Tier 1 (CET1)	38,524,638	36,863,520
Tier 2 Capital		
Subordinated debentures	5,000,000	5,000,000
Reserve for assets classified as "Pass"	2,433,281	2,541,677
Total Tier 2 Capital	7,433,281	7,541,677
Total Capital Funds of the Financial Group	45,957,919	44,405,197
Total risk – weight assets	207,346,360	215,199,705
	The Bank	
	30 June 2023	31 December 2022
	<i>Unit : thousand Baht</i>	
Tier 1 Capital		
Common Equity Tier 1 (CET1)		
Paid-up share capital	20,107,099	20,107,099
Legal reserve	2,015,000	2,015,000
Retained earnings after appropriations	12,364,370	11,188,210
Other comprehensive income	(89,394)	133,983
<u>Less deductible items on Common Equity Tier 1</u>	(785,547)	(877,746)
Total Common Equity Tier 1 (CET1)	33,611,528	32,566,816
Tier 2 Capital		
Subordinated debentures	5,000,000	5,000,000
Reserve for assets classified as "Pass"	1,919,712	2,036,704
Total Tier 2 Capital	6,919,712	7,036,704
Total Capital Funds of the Financial Group	40,531,240	39,603,520
Total risk – weight assets	161,853,829	170,403,066

Capital Adequacy

The objective of capital management policy for the Financial Group and the Bank is to maintain an adequate level of capital to support growth strategies under the risk appetite.

In compliance with the BOT's supervisory review process guidelines, the Bank's capital management process assesses the overall risk and capital adequacy under the Internal Capital Adequacy Assessment Process (ICAAP) which covers on the significant risk assessments in order that the Financial Group and the Bank can effectively manage their risks and have an adequate level of capital for the Bank's and the Financial Group's business under normal and stress circumstance.

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

Under the principles of Basel III, the BOT requires that commercial banks registered in Thailand and their financial groups must maintain three minimum capital adequacy ratios as follows:

- Common Equity Tier 1 Capital adequacy ratio of no less than 4.50 percent
- Tier 1 Capital adequacy ratio of no less than 6.00 percent
- Total Capital adequacy ratio of no less than 8.50 percent

The aforementioned minimum ratios have not been included the Capital Conservation Buffer of 2.50 percent yet. Therefore, the Financial Group and the Bank must maintain the capital adequacy ratio including the Conservation Buffer as follows:

- Common Equity Tier 1 Capital adequacy ratio of more than 7.00 percent
- Tier 1 Capital adequacy ratio of more than 8.50 percent
- Total Capital adequacy ratio of more than 11.00 percent

The minimum capital requirement

According to the Basel III guideline in supervision of capital, the Financial Group and the Bank maintained the capital corresponding to each type of risk as of 30 June 2023 and 31 December 2022 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 2023 and as of 31 December 2022 were as follows.

	The Financial Group	
	30 June 2023	31 December 2022
Minimum Credit Risk Capital Requirement		
	<i>Unit : thousand Baht</i>	
Performing Loans		
- Claims on Financial Institutions and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as claims on Financial Institutions	1,397,166	1,790,319
- Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as claims on Corporates	11,710,676	12,104,986
- Claims in the Regulatory Retails Portfolio	3,208,647	3,128,410
- Residential Mortgage Loans	172	305
- Other assets	151,302	191,672
Non-performing Loans	78,347	67,714
Total Credit Risk Capital Requirement	16,546,310	17,283,406
	The Bank	
	30 June 2023	31 December 2022
Minimum Credit Risk Capital Requirement		
	<i>Unit : thousand Baht</i>	
Performing Loans		
- Claims on Financial Institutions and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Financial Institutions	1,383,051	1,774,413
- Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Corporates	11,181,339	11,544,682
- Claims in the Regulatory Retails Portfolio	30,644	38,359
- Residential Mortgage Loans	172	305
- Other assets	422,962	464,519
Non-performing Loans	35,874	27,310
Total Credit Risk Capital Requirement	13,054,042	13,849,588

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 2023 and 31 December 2022 as follows.

Capital Requirement	The Financial Group		The Bank	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	<i>Unit : thousand Baht</i>		<i>Unit : thousand Baht</i>	
Market Risk Capital Requirement	59,629	37,428	56,021	30,595

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 2023 and as of 31 December 2022 as follows.

Capital Requirement	The Financial Group		The Bank	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	<i>Unit : thousand Baht</i>		<i>Unit : thousand Baht</i>	
Operational Risk Capital Requirement	955,083	971,141	606,129	604,077

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 2023	31 December 2022	
	<i>Unit : Percent</i>		
Tier 1 capital to risk assets	18.6	17.1	8.5
Common Equity Tier 1 to risk assets	18.6	17.1	7
Tier 2 capital to risk assets	3.6	3.5	-
Total capital to risk assets	22.2	20.6	11

Capital Adequacy Ratio	The Bank		BOT Requirement
	30 June 2023	31 December 2022	
	<i>Unit : Percent</i>		
Tier 1 capital to risk assets	20.8	19.1	8.5
Common Equity Tier 1 to risk assets	20.8	19.1	7
Tier 2 capital to risk assets	4.3	4.1	-
Total capital to risk assets	25.0	23.2	11

Reconciliation of Regulatory Capital and Financial Statement under Consolidated Supervision

The Financial Group Capital

Item	30 June 2023	31 December 2022	References base on
			Statement of financial position under the Consolidated supervision
	<i>Unit : thousand Baht</i>		
Tier-1 Capital			
Common Equity Tier 1 (CET1)			
Paid-up share capital	20,107,099	20,107,099	A
Legal reserve	2,015,000	2,015,000	B
Retained earnings after appropriations	17,637,210	15,871,540	C
Other comprehensive income	(174,554)	58,817	D
Other owner changes items	(24,849)	(24,849)	E
Less deductible items on Common Equity Tier 1	(1,035,268)	(1,164,087)	F
Total Common Equity Tier 1 (CET1)	38,524,638	36,863,520	
Tier-2 Capital			
Subordinated debentures	5,000,000	5,000,000	G
Reserve for assets classified as "Pass"	2,433,281	2,541,677	H
Total Tier-2 Capital	7,433,281	7,541,677	
Total Capital Funds	45,957,919	44,405,197	

Statement of financial position under consolidated supervision

Item	30 June	31 December	References base on Statement of financial position under the Consolidated supervision
	2023	2022	
<i>Unit : thousand Baht</i>			
Assets			
Cash	342,686	335,295	
Interbank and money market items, net	21,294,155	42,546,784	
Derivative assets	1,663,131	1,715,948	
Investments, net	79,375,197	83,810,598	
Loans to customers and accrued interest receivables, net	151,615,742	156,515,271	
<i>Qualified as capital</i>	2,433,281	2,541,677	H
Properties foreclosed, net	216,984	156,380	
Premises and equipment, net	656,911	694,686	
<i>Intangible assets, net</i>	46,712	49,121	F
<i>Deferred tax assets, net</i>	988,555	1,114,966	F
Accrued income, net	525,037	598,289	
Receivables on credit support for derivative contracts	4	-	
Other receivables, net	707,521	1,103,660	
Other assets, net	77,273	63,106	
Total assets	257,509,908	288,704,104	
Liabilities			
Deposits	129,252,706	162,981,600	
Interbank and money market items	35,257,007	35,650,745	
Liabilities payable on demand	45,505	129,228	
Derivative liabilities	341,865	230,149	
Debt issued and borrowings	46,804,110	45,534,998	
<i>Qualified as capital</i>	5,000,000	5,000,000	G
Provision for liabilities	743,161	607,166	
Accrued interest payables	761,921	698,807	
Payable on credit support for derivative contracts	444,365	363,333	
Lease liabilities	428,395	436,304	
Other liabilities	2,239,104	2,152,167	
Total liabilities	216,318,139	248,784,497	

Item	30 June	31 December	References base on Statement of financial position under the Consolidated supervision
	2023	2022	
<i>Unit : thousand Baht</i>			
Equity			
<i>Issued and paid-up share capital</i>	20,107,099	20,107,099	A
<i>Difference arising from business combination under common control</i>	(24,849)	(24,849)	E
Other components of equity	(106,684)	185,146	
<i>Qualified as capital</i>	(174,554)	58,817	D
Retained earnings			
<i>Appropriated - Legal reserve</i>	2,015,000	2,015,000	B
Unappropriated	19,201,203	17,637,211	
<i>Qualified as capital</i>	17,637,210	15,871,540	C
Total equity	41,191,769	39,919,607	
Total liabilities and equity	257,509,908	288,704,104	

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 regulations	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

Subject		Description
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"> 1. After the lapse of 5 years from the issue date or. 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. 3. If the Subordinate Instruments are fully excluded from Tier 2 capital as a result of the change in the applicable regulations or. 4. Any other event as permitted by the BOT after the Issue Date.
16	Subsequent call dates, if applicable	After 23 March 2023, issuer may early withdraw before maturity date.
<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	-

Subject		Description
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 six-month period ended June 30, 2023

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.

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

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 enhance transparency in the disclosure of risk information in accordance with internal standards.

However, the bank shall disclose the information at the bank level on a quarterly basis, minimum LCR as specified by the Bank of Thailand, including LCR comparison with the previous quarters.

1. Liquidity Coverage Ratio : LCR

Unit : million Baht

	Quarter 2/2023 <i>(average)</i>	Quarter 2/2022 <i>(average)</i>
(1) Total high-quality liquid assets (HQLA)	45,933	80,736
(2) Total net cash outflows within the 30-day period	32,076	61,006
(3) LCR (%)	143%	134%
<i>Minimum LCR as specified by the Bank of Thailand (%)</i>	100%	100%

2. LCR of the preceding quarters (for comparison)

Unit : Percent

	2023 <i>(Average)</i>	2022 <i>(Average)</i>
Quarter 1	139	148
Quarter 2	143	134

As of Quarter 2, 2023, the average LCR was 143% which was higher than the minimum requirement set by the Bank of Thailand at 100%. It was calculated from the average LCR of end of April, May and June 2023 at 138%, 147% and 145% 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, 2023, the average HQLA was 45,933 million Baht (or 80% of Level 1 assets such as Government bond and cash) by calculating from average HQLA as of end of April, May and June 2023.

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, 2023, the average net cash outflows within the 30-day period was 32,076 million Baht by calculating from average cash outflows as of end of April, May and June 2023. Average cash outflows under the severe liquidity stress scenarios are 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 are from the loan repayments from high-quality customers and from the maturing debenture 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 Indicator to monitor liquidity risk daily and monthly and also set the Trigger Point in case there are some factors that may cause the increasing in risk level and report 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 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.