

Capital Requirement Disclosures
Basel III Pillar III
For the six-month period ended June 30, 2024

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 June 30, 2024 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 2024	31 December 2023
	<i>Unit : thousand Baht</i>	
Capital Fund Amount		
Common equity Tier 1	41,658,283	40,132,468
Common equity Tier 1 after deduction of Fully loaded ECL	41,658,283	40,132,468
Tier 1 capital	41,658,283	40,132,468
Tier 1 capital after deduction of Fully loaded ECL	41,658,283	40,132,468
Total Capital fund	48,119,893	46,611,744
Total Capital fund after deduction of Fully loaded ECL	48,119,893	46,611,744
Risk weighted assets		
Total risk – weighted assets	211,158,546	211,623,147

The Financial Group

	30 June 2024	31 December 2023
	<i>Unit : Percent</i>	
Capital Ratio		
Common equity Tier 1 ratio	19.73	18.96
Fully loaded ECL CET1 Ratio	19.73	18.96
Tier 1 ratio	19.73	18.96
Fully loaded ECL Tier 1 Ratio	19.73	18.96
Total Capital Ratio	22.79	22.03
Fully loaded ECL Total Capital Ratio	22.79	22.03
Additional capital adequacy ratio		
Conservation buffer Ratio	2.50	2.50
Countercyclical buffer Ratio	0.00	0.00
D-SIB additional requirements	0.00	0.00
Total additional capital adequacy ratio	2.50	2.50
CET1 available after meeting the bank's minimum capital requirements	12.73	11.96

The Bank

	30 June 2024	31 December 2023
	<i>Unit : thousand Baht</i>	
Capital Fund Amount		
Common equity Tier 1	36,449,869	34,757,500
Common equity Tier 1 after deduction of Fully loaded ECL	36,449,869	34,757,500
Tier 1 capital	36,449,869	34,757,500
Tier 1 capital after deduction of Fully loaded ECL	36,449,869	34,757,500
Total Capital fund	42,421,552	40,746,438
Total Capital fund after deduction of Fully loaded ECL	42,421,552	40,746,438
Risk weighted assets		
Total risk – weighted assets	167,761,554	168,059,476

Unit : Percent

Capital Ratio		
Common equity Tier 1 ratio	21.73	20.68
Fully loaded ECL CET1 Ratio	21.73	20.68
Tier 1 ratio	21.73	20.68
Fully loaded ECL Tier 1 Ratio	21.73	20.68
Total Capital Ratio	25.29	24.25
Fully loaded ECL Total Capital Ratio	25.29	24.25

	The Bank	
	30 June 2024	31 December 2023
	<i>Unit : Percent</i>	
Additional capital adequacy ratio		
Conservation buffer Ratio	2.50	2.50
Countercyclical buffer Ratio	0.00	0.00
D-SIB additional requirements	0.00	0.00
Total additional capital adequacy ratio	2.50	2.50
CET1 available after meeting the bank's minimum capital requirements	14.73	13.68

Significant Financial Ratio

The Bank's significant financial ratio for the six-month periods ended June 30, 2024 and 2023 are as follows.

	The Bank	
	30 June 2024	30 June 2023
	<i>Unit : million Baht</i>	
Total High-quality liquid assets (Total HQLA)	47,587	43,602
Total net cash outflows within the 30-day period	33,525	30,110
Liquidity coverage ratio (LCR)	141.94%	144.81%
Net stable funding ratio (NFSR)	131.50%	122.29%

The Other Significant Items

For the six-month period ended June 30, 2024 of the Financial Group have the other significant items are key financial ratio, financial highlight and financial covenants as follows:

➤ Key Financial Ratio

Items	Unit: Percent
Liquidity Coverage ratio under Liquidity stress scenario (LCR) ^{1/}	141.94
Net stable funding ratio (NFSR) ^{1/}	130.50
Earnings Before Interest and Taxes Margin ratio (EBIT margin)	67.56
Return on Assets ratio (ROA)	1.65
Return on Equity ratio (ROE)	10.30
Net Interest Margin ratio (NIM)	1.17
Tier 1 Capital to Total risk-weighted assets ratio (Tier 1 ratio)	19.73
Total Capital to Total risk-weighted assets ratio (CAR ratio)	22.79
Non-performing loans ratio (NPL ratio) ^{2/}	1.05
Under performing loans ratio (Stage 2 ratio) ^{3/}	8.23

^{1/} The Bank

^{2/} Non-performing loans (before deducting allowance for expected credit loss)

^{3/} Exclude loans to Interbank and money market items

➤ **Financial highlight**

Items	Unit : thousand Baht
Total Assets	269,168,944
Total Loan to Customers ^{1/}	151,632,411
Total Liabilities	225,062,780
Deposits	148,793,452
Total Equity	44,106,164
Net Interest Income	3,168,592
Net Fees and Service Income	165,748
Net Profit Before Interest Expense and Taxes	4,469,740
Net Profit for the period	1,364,757
Net Cash Flows from Operating Activities	(1,381,705)
Net Cash Flows from Investing Activities	(2,293,962)
Net Cash Flows from Financing Activities	3,686,795

^{1/} Exclude loans to Interbank and money market items

➤ **Financial Covenants**

The Bank has no the financial covenants ratio of Subordinated debenture to be counted as Tier 2 capital under Basel III requirement as follows.

Subject	Description
Unique identifier	ICBCT289A II/HNW
Maturity period	With a 10 years and 6 months
Original date of issuance	23 March 2018
Original maturity date	23 September 2028
Coupon rate	Fixed interest rate of 3.50 % per annum
Amount recognized in regulatory capital	5,000,000,000 (Five thousand million) Baht

The Financial Group recognized expected credit loss of the financial instruments that are not measured at FVTPL which has been complied with TFRS9. Estimate of expected cash shortfalls is determined by multiplying the probability of default (PD) with the loss given default (LGD) with the expected exposure at the time of default (EAD). Forward-looking macro-economic assumptions are incorporated into the estimation where they have been identified to influence credit risk. However the management overlay was considered to cover any risk when underlying assumptions or data used to estimate ECL do not reflect current circumstances, events or conditions of the Group.

Capital structure

The Financial Group and the Bank's capital as of June 30, 2024 and December 31, 2023 are composed of the following data.

	The Financial Group	
	30 June 2024	31 December 2023
	<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	20,835,698	19,201,203
Other comprehensive income	(195,766)	(217,153)
Other owner changes items	(24,849)	(24,849)
<u>Less</u> deductible items on Common Equity Tier 1	(1,078,899)	(948,832)
Total Common Equity Tier 1 (CET1)	41,658,283	40,132,468
Tier 2 Capital		
Subordinated debentures	4,000,000	4,000,000
Reserve for assets classified as "Pass"	2,461,610	2,479,276
Total Tier 2 Capital	6,461,610	6,479,276
Total Capital Funds of the Financial Group	48,119,893	46,611,744
Total risk – weight assets	211,158,546	211,623,147
	The Bank	
	30 June 2024	31 December 2023
	<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	15,078,433	13,385,952
Other comprehensive income	(95,483)	(148,038)
<u>Less</u> deductible items on Common Equity Tier 1	(655,180)	(602,513)
Total Common Equity Tier 1 (CET1)	36,449,869	34,757,500
Tier 2 Capital		
Subordinated debentures	4,000,000	4,000,000
Reserve for assets classified as "Pass"	1,971,683	1,988,938
Total Tier 2 Capital	5,971,683	5,988,938
Total Capital Funds of the Financial Group	42,421,552	40,746,438
Total risk – weight assets	167,761,554	168,059,476

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 and the Bank 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 June 30, 2024 and December 31, 2023 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, 2024 and December 31, 2023 were as follows.

Minimum Credit Risk Capital Requirement	The Financial Group	
	30 June	31 December
	2024	2023
	<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	1,753,027	1,530,232
- Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as claims on Corporates	11,801,994	11,966,408
- Claims in the Regulatory Retails Portfolio	2,906,304	3,085,229
- Residential Mortgage Loans	148	160
- Other assets	179,931	175,902
Non-performing Loans	97,541	101,148
Total Credit Risk Capital Requirement	16,738,945	16,859,079
Minimum Credit Risk Capital Requirement	The Bank	
	30 June	31 December
	2024	2023
	<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	1,736,840	1,514,431
- Claims on Corporates and claims on Non-Central Government Public Sector Entities (PSEs) which are treated as Claims on Corporates	11,153,471	11,482,855
- Claims in the Regulatory Retails Portfolio	22,644	25,711
- Residential Mortgage Loans	148	160
- Other assets	454,652	454,954
Non-performing Loans	39,686	46,663
Total Credit Risk Capital Requirement	13,407,441	13,524,774

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, 2024 and December 31, 2023 as follows.

Capital Requirement	The Financial Group		The Bank	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	<i>Unit : thousand Baht</i>		<i>Unit : thousand Baht</i>	
Market Risk Capital Requirement	145,042	87,668	142,485	85,356

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 as of June 30, 2024 and December 31, 2023 as follows.

Capital Requirement	The Financial Group		The Bank	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	<i>Unit : thousand Baht</i>		<i>Unit : thousand Baht</i>	
Operational Risk Capital Requirement	1,064,489	1,041,220	709,806	674,926

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 2024	31 December 2023	
	<i>Unit : Percent</i>		
Tier 1 capital to risk assets	19.73	18.96	8.50
Common Equity Tier 1 to risk assets	19.73	18.96	7.00
Tier 2 capital to risk assets	3.06	3.07	-
Total capital to risk assets	22.79	22.03	11.00

Capital Adequacy Ratio	The Bank		BOT Requirement
	30 June 2024	31 December 2023	
	<i>Unit : Percent</i>		
Tier 1 capital to risk assets	21.73	20.68	8.50
Common Equity Tier 1 to risk assets	21.73	20.68	7.00
Tier 2 capital to risk assets	3.56	3.57	-
Total capital to risk assets	25.29	24.25	11.00

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

Item	30 June 2024	31 December 2023	References base on Statement of financial position
<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	20,835,698	19,201,203	C
Other comprehensive income	(195,766)	(217,153)	D
Other owner changes items	(24,849)	(24,849)	E
<u>Less deductible items on Common Equity Tier 1</u>	<u>(1,078,899)</u>	<u>(948,832)</u>	F
Total Common Equity Tier 1 (CET1)	41,658,283	40,132,468	
Tier-2 Capital			
Subordinated debentures	4,000,000	4,000,000	G
Reserve for assets classified as “Pass”	2,461,610	2,479,276	H
Total Tier-2 Capital	6,461,610	6,479,276	
Total Capital Funds	48,119,893	46,611,744	

Statement of financial position under consolidated supervision

Item	30 June 2024	31 December 2023	References base on the Capital Items
<i>Unit : thousand Baht</i>			
Assets			
Cash	342,963	363,003	
Interbank and money market items, net	35,626,305	37,310,340	
Derivative assets	816,390	1,262,857	
Investments, net	83,020,354	79,204,341	
Loans to customers and accrued interest receivables, net	146,057,237	151,010,494	
<i>Qualified as capital</i>	2,461,610	2,479,276	H
Properties foreclosed, net	216,366	207,621	
Premises and equipment, net	583,795	644,591	
<i>Intangible assets, net</i>	43,006	44,590	F
<i>Deferred tax assets, net</i>	1,035,893	904,242	F
Accrued income, net	589,211	588,258	
Receivables on credit support for derivative contracts	-	35,874	
Other receivables, net	773,319	724,157	
Other assets, net	64,105	67,770	
Total assets	269,168,944	272,368,138	

Item	30 June 2024	31 December 2023	References base on the Capital Items
<i>Unit : thousand Baht</i>			
Liabilities			
Deposits	148,793,452	153,589,433	
Interbank and money market items	26,425,006	30,570,368	
Liabilities payable on demand	45,695	31,762	
Derivative liabilities	74,436	324,692	
Debt issued and borrowings	43,606,589	39,894,933	
<i>Qualified as capital</i>	4,000,000	4,000,000	G
Provision for liabilities	757,104	687,671	
Accrued interest payables	955,762	817,687	
Payable on credit support for derivative contracts	241,407	243,699	
Lease liabilities	374,085	405,736	
Other liabilities	3,789,244	3,086,362	
Total liabilities	225,062,780	229,652,343	
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	(195,766)	(217,153)	
<i>Qualified as capital</i>	(195,766)	(217,153)	D
Retained earnings			
<i>Appropriated - Legal reserve</i>	2,015,000	2,015,000	B
Unappropriated	22,204,680	20,835,698	
<i>Qualified as capital</i>	20,835,698	19,201,203	C
Total equity	44,106,164	42,715,795	
Total liabilities and equity	269,168,944	272,368,138	

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	Full recognized
7	Eligible as The Bank / The Group / The Bank and Group	Group and the Bank
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	The issuer may early redeem prior to the maturity date, if it falls under any of the following events 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	-
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

Subject		Description
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, 2024

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

	<i>Unit : million Baht</i>	
	Quarter 2/2024 (average)	Quarter 2/2023 (average)
(1) Total high-quality liquid assets (HQLA)	48,716	45,933
(2) Total net cash outflows within the 30-day period	35,283	32,076
(3) LCR (%) <i>Minimum LCR as specified by the Bank of Thailand (%)</i>	139 100	143 100

2. LCR of the preceding quarters (for comparison)

	<i>Unit : Percent</i>	
	2024 (Average)	2023 (Average)
Quarter 1	153	139
Quarter 2	139	143

As of Quarter 2, 2024, the average LCR was 139% 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 2024 at 128%, 146% and 142% 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, 2024, the average HQLA was 48,716 million Baht (or 82% of Level 1 assets such as Government bond and cash) by calculating from average HQLA as of end of April, May and June 2024.

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, 2024, the average net cash outflows within the 30-day period was 35,283 million Baht by calculating from average cash outflows as of end of April, May and June 2024. 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.