



Together to Greater

Sustainable Future



CONTENT

02

FINANCIAL HIGHLIGHTS

04

MESSAGE FROM
THE CHAIRMAN
ON SUSTAINABILITY

06

MESSAGE FROM
THE CHIEF
EXECUTIVE OFFICER

08

THE BOARD OF
DIRECTORS

12

SENIOR EXECUTIVES

16

EXECUTIVE OFFICERS

17

ORGANIZATION CHART

18

DESCRIPTION OF
BUSINESS

21

SUSTAINABLE
BANKING REPORT

64

REPORT OF
THE AUDIT COMMITTEE

66

REPORT OF
THE NOMINATION,
COMPENSATION AND
CORPORATE GOVERNANCE
COMMITTEE

68

RISK MANAGEMENT
RELATED TO
INTER-COMPANY
TRANSACTIONS WITHIN
THE GROUP

69

ANALYSIS OF OPERATING
RESULTS AND FINANCIAL
POSITION

72

REPORT OF THE
INDEPENDENT
CERTIFIED PUBLIC
ACCOUNTANTS

75

STATEMENT OF
FINANCIAL POSITION

83

NOTE OF STATEMENT
FINANCIAL

182

AUDITORS

183

MANAGEMENT
STRUCTURE

187

REMUNERATION
OF DIRECTORS AND
EXECUTIVES IN 2023

190

CORPORATE
GOVERNANCE

191

CAPITAL STRUCTURE

192

GENERAL INFORMATION

FINANCIAL HIGHLIGHTS

| 2023 | 2022 | 2021 | 2020 |
|------|------|------|------|
|------|------|------|------|

Consolidated

Financial position (Million Baht)

| | | | | |
|--|---------|---------|---------|---------|
| Loans to customers and accrued interest receivables, net | 151,010 | 156,515 | 158,744 | 159,089 |
| Interbank and money market items, net | 37,310 | 42,547 | 64,219 | 31,650 |
| Investments, net | 79,204 | 83,811 | 75,571 | 73,953 |
| Total assets | 272,368 | 288,704 | 302,799 | 270,330 |
| Deposits | 153,589 | 162,982 | 158,928 | 147,046 |
| Total liabilities | 229,652 | 248,784 | 265,959 | 236,281 |
| Total equity | 42,716 | 39,920 | 36,840 | 34,049 |

Performance results (Million Baht)

| | | | | |
|--|---------|---------|---------|---------|
| Net interest income | 6,174 | 6,029 | 5,747 | 5,195 |
| Net fees and service income | 523 | 586 | 672 | 910 |
| Gains on disposals of equipment, properties foreclosed and other assets | 217 | 82 | 340 | 236 |
| Bad debts recovered | 308 | 276 | 522 | 335 |
| Losses on properties foreclosed (NPA) and other assets | (638) | (325) | (304) | (207) |
| Net gains/(losses) on financial instruments measured at FVTPL | 366 | 302 | (207) | (364) |
| Total other operating expenses (excluded losses on NPA) | (2,590) | (2,530) | (2,416) | (2,357) |
| Expected credit loss, bad debts, doubtful accounts and impairment losses | (532) | (715) | (1,075) | (844) |
| Net profit after tax | 3,104 | 2,979 | 2,652 | 2,385 |

Financial ratio (%)

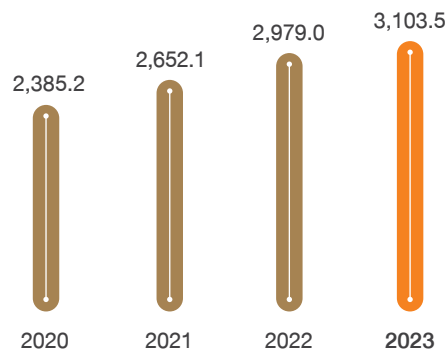
| | | | | |
|-------------------------------------|-------|-------|-------|-------|
| Return on average assets (ROA) | 1.11 | 1.01 | 0.93 | 0.91 |
| Return on average equity (ROE) | 7.51 | 7.76 | 7.48 | 7.22 |
| Capital adequacy ratio (Percentage) | 22.03 | 20.63 | 18.08 | 17.36 |
| Basic earnings per share (Baht) | 1.38 | 1.32 | 1.18 | 1.06 |
| Book value per share (Baht) | 18.95 | 17.71 | 16.34 | 15.10 |

FINANCIAL HIGHLIGHTS

(Consolidated)

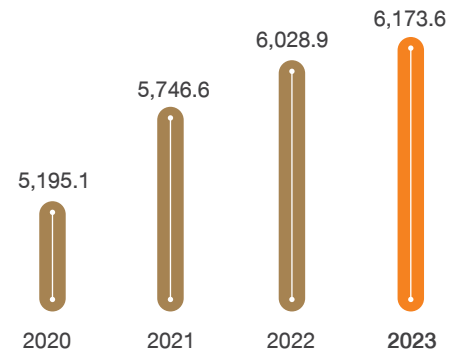
Net Profit

(Million baht)



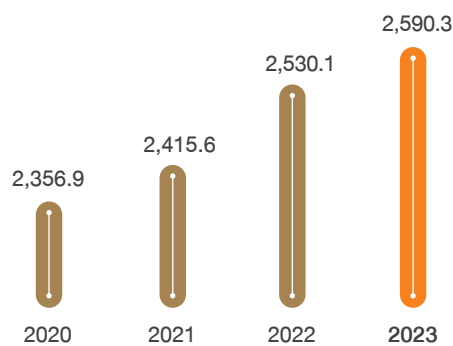
Net Interest Income

(Million baht)



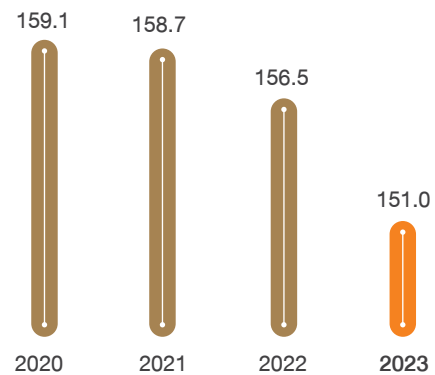
Total Other Operating Expenses (Excluded Losses on NPA)

(Million baht)



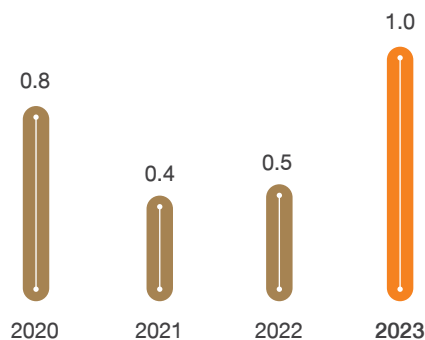
Loans to customers and accrued Interest receivables, net

(Billion baht)



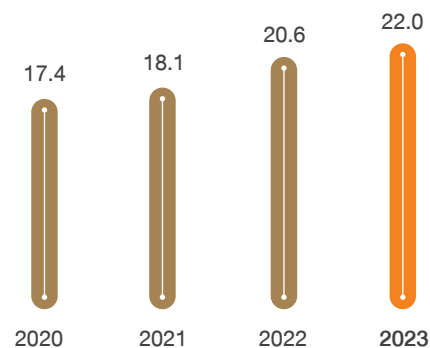
NPL Ratio

(Percent)



Capital Adequacy Ratio

(Percent)



SUSTAINABILITY MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



Dear All Shareholders and
Valued Customers,

The Bank is committed to be a valuable local bank and a bridge connecting the economies of Thailand and China in order to strengthen the economic and societal ties between the two countries, therefore, its goal is to grow sustainably together with the Thai society. Moreover, the Bank aims to create long-term value for its shareholders through good governance, responsible business operations, prudent risk management and realization of impacts to all stakeholders.

The Bank partakes in the ESG (Environment, Social and Governance) Declaration of the Thai Banking Association in order to set the framework for sustainable banking of the Thai Banking industry in accordance with the responsible lending guidelines and the United Nations' principles of responsible banking. These initiations aim to jointly rectify problems concerning the environment, social and governance relating to climate change, diversity and human rights, access to financial services and equality in accordance with the principle of sustainable development of the United Nations and commitments under the Paris Agreement.

In terms of the environment, the Bank recognizes the urgent need to manage environmental problems which the Bank has set the guidelines for greenhouse emission of its own organization, set the limit for providing financial support to projects or industries that use fossil fuel while increasing financial support to projects that are environmentally friendly. In 2023, the Bank included the environmental and climate change risk as part of the Enterprise-wide Risk Management (ERM) of the ICBC (Thai) Group in order to cover the various risks that may affect the business and operations of the Bank in the future.

In terms of social responsibility, the Bank places importance on social activities focusing on youth development. In 2023, the Bank granted scholarships to undergraduate students, who had good academic records but lacked funds, for the fifth consecutive year. Moreover, the Bank also held the “ICBC (Thai) Promotes Financial Discipline” in order to provide youths at undergraduate level in the provinces where its branches are located with basic financial knowledge and warn them about the danger of financial fraud. Last year, more than 800 students participated in the activities.

As for governance, ICBC (Thai) operates its business with transparency, good governance, fairness and equity to its customers. Moreover, the Bank strictly complies with rules and regulations of its regulators as well as related laws. The Bank places importance on compliance culture so as to ensure the stakeholders that the Bank can grow sustainably. In addition, the Bank has been a member of Thailand’s Private Sector Collective Action Coalition Against Corruption (“CAC”) since 2012 and its membership was approved for re-certification for the second time in 2023.

The Bank is truly committed to drive and provide support to businesses in terms of sustainability to add long-term value to their businesses and to respond to the expectations of all groups of stakeholders in terms of performance, good corporate governance along with being responsible for the environment and society in order to create a strong and sustainable future together.



Mr. Yimin Hu

Chairman of the Boards of Directors

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



Dear All Shareholders and Valued Customers,

In 2023, the world's COVID pandemic situation subsided thus it was widely expected that the economies of many countries around the world including Thailand would recover and resume to normalcy. However, Thailand's growth rate in the past year came out lower than expected because the Thai economy faced many challenges and risks, both domestically and internationally, such as rising policy interest rates of the USD and Thailand, geopolitical conflicts in many regions of the world and economic slowdown of many countries. These factors impacted international trades and investments resulting in the Thai economy expanding only 1.9%.

For the performance of the ICBC (Thai) Group in 2023, the Group was inevitably affected by the slow expansion of the Thai economy thus as of the end of 2023, the total assets of the Group stood at Baht 272,368 million, decreased 6% year-on-year. Net loans to customers reduced approximately 4%, one of the reasons was because the interest rate hike of USD thereby rapidly increasing the cost of borrowing of the customers thus many customers who were foreign operators had to reduce their USD borrowing ratio while the Baht corporate loans reduced as the customers turned to raise funds through the bond market instead of borrowing from financial institutions. Another reason was the asset management of the ICBC (Thai) Group resulting in the NPL ratio as of the end of 2023 of 1.01% which even though was higher than last year, was still lower than the average of the whole commercial banking industry.

In 2023, the net profit of ICBC (Thai) Group was Baht 3,104 million, increased 4% from the year before, as a result of the increase of the net interest income in line with the increase of interest rate of Thailand as well as the proper management of cost of deposits and lending in order to mitigate the impact from adjustment of the rate of contribution of FIDF back to 0.46% in 2023 from 0.23% during the pandemic period. Moreover, the Group's non-interest income also increased while the provision for expected credit loss of the Group reduced from the previous year.

For 2024, although the Thai economy still faces many challenges but there is a better outlook for the economic expansion since the factor on interest rate hike, which is believed to have peaked, is expected to be on a decline in 2024 as an economic stimulus tool and to reduce operational cost of the business sector as well as the household debt. Furthermore, the Thai Government has issued various measures to stimulate the economy such as Free Visas for tourists from many countries including China who are the main target tourists of Thailand. These factors will help boost spending of the private sector as well as increasing domestic employment. The volume of export is expected to gradually increase, in line with the world economic recovery rate. Moreover, the measure to support the transformation of economic structure of Thailand to an eco-friendly economy as well as the promotion of Foreign Direct Investment (FDI) will be 2 more factors to help drive the economic expansion of Thailand in 2024.

For the mid-term business plan in the next 2-3 years, ICBC (Thai) Group places importance on sustainable growth along with resiliency in order to be ready to handle any uncertainty or risk that may occur in the future through our 3 main pillars as follows: 1) Target Customer Strategy - ICBC (Thai) Group is dedicated to our long-term commitment to promote trades between Thailand and China especially investments in Thailand by Chinese businesses that continue to increase as Thailand is one of the most important international investment destinations of Chinese investors. Currently, Chinese investors do not only target large infrastructure projects but have extended to other sectors that are connected to the economic development of the country such as

renewable energy, EV cars and supply chain, therefore, this is a good opportunity for ICBC (Thai) Group to expand our financial services to this group Chinese business. With the strength of our extensive ICBC network covering all regions of the world, you can rest assure that ICBC (Thai) Group can answer all the needs of the Chinese business group and can effectively support the investment plan and expansion of this group to succeed in Thailand; 2) Process Optimization and Business Development - ICBC (Thai) Group offers the best experience and fosters the best relationships with our customers whether Thai businesses, Chinese businesses or retail customers so that customers can choose ICBC (Thai) Group as their main bank as well as using other services of the Group; 3) Enterprise-Wide Risk Management - ICBC (Thai) Group gives importance to the mitigation of all types of risk including credit risk, investment risk, operational risk, technology risk or any other new type of risk that may occur in the future such as environmental and climate risk in order to minimize the impact to ICBC (Thai) Group as well as the financial institution system of Thailand.

The success of ICBC (Thai) Group in various dimensions depends on the support and cooperation from all stakeholders including the shareholders, customers, business partners, supervisory authorities, society, communities as well as the full dedication of the management and staff of the Group. On behalf of the Chief Executive Officer, management and all staff, I would like to offer my appreciation for placing trust in the ICBC (Thai) Group and we will continue to operate our business with professionalism, transparency and good governance to ensure sustainable growth.



Mr. Xiaobo Li
Chief Executive Officer

THE BOARD OF DIRECTORS





01**Mr. Yimin Hu****Age 57 years****Position**

Chairman of the Board of Directors

Education

MBA, Tsinghua University

Experience

2021-Present Chairman of the Board of Directors, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2020-Present Director, ICBC (Asia) • 2019-Present Director, ICBC (Wealth Management) • 2018-Present Senior Expert and Accredited Non-executive Director of Corporate Strategy and Investor Relations Dept., Industrial and Commercial Bank of China Limited, H.O. • 2018-Present Director, Chinese Mercantile Bank • 2018-Present Director, ICBC Asset Management (Global) • 2005-2018 Deputy General Manager of Institutional Banking Dept., Industrial and Commercial Bank of China Limited, H.O.

Shareholding (%)

None

02**Mr. Xiaobo Li****Age 49 years****Position**

Authorized Director • Chief Executive Officer • Chairman of the Executive Committee • Member of the Group Risk Supervision and Internal Control Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • Chairman of the Board of Directors of ICBC (Thai) Leasing Company Limited

Education

MBA, Huazhong Technology University • Bachelor Degree of Economics, Fudan University

Experience

February 2021-Present Authorized Director/Chief Executive Officer/Chairman of the Executive Committee/Member of the Group Risk Supervision and Internal Control Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • February 2021-Present Chairman of the Board of Directors of ICBC (Thai) Leasing Company Limited • 2016-2020 General Manager, Executive Director, Chairman of Risk Management Committee, Internal Control & Compliance & AML Committee, Asset & Liability Management Committee, IT Committee, New Product Committee, ICBC Brazil S.A. • January 2016-November 2017 Non-Executive Director, ICBC Peru S.A. • 2011-2016 President ICBC Poland Branch.

Shareholding (%)

None

03**Mrs. Unakorn Phruithithada****Age 66 years****Position**

Independent Director • Chairperson of the Audit Committee • Vice Chairperson of the Group Risk Supervision and Internal Control Committee

Education

Master Degree (with Distinction), MBA (Computer Application and Information Systems), New York University, USA • Master of Accounting (1st Score Level), Thammasat University • U.S.C.P.A., New York City, USA • Thai C.P.A., Federation of Accounting Professions under the Royal Patronage of His Majesty the King • ASEAN C.P.A. Federation of Accounting Professions under the Royal Patronage of His Majesty the King

Experience

2022-Present Independent Director/Chairperson of the Audit Committee/Vice Chairperson of the Group Risk Supervision and Internal Control Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2020-Present Independent Director/Chairperson of the Audit Committee, Principal Capital Plc. • 2020-Present Studying and Monitoring of the International Financial Reporting Standard Subcommittee, Federation of Accounting Professions under the Royal Patronage of His Majesty the King • 2019-Present Independent Director/Member of the Audit Committee, Sri Trang Gloves (Thailand) Plc. • 1994-2018 Auditor (Partner), Pricewaterhouse Coopers ABAS Limited

Shareholding (%)

None

04**Mr. Natdanai Indrasukhsri****Age 69 years****Position**

Independent Director • Chairman of the Group Risk Supervision and Internal Control Committee • Member of the Audit Committee

Education

MBA, Southern New Hampshire University, USA

Experience

2023-Present Independent Director/Member of the Audit Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2022-Present Independent Director/Chairman of the Group Risk Supervision and Internal Control Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • November 2023-Present Independent Director/Chairman of the Audit Committee, Dusit Foods Co., Ltd. • 2022-Present Independent Director/Chairman of the Audit Committee, Nextech Asia Co., Ltd. • 2022-Present Independent Director/Chairman of the Audit Committee, Globlex Holding Management Plc. • 2017-Present Independent Director/Chairman of the Audit Committee, Triton Holding Plc. • 2021-April 2023 Director, FWD General Insurance Plc. • 2014-2019 Director/Member of the Audit Committee, Siam City Insurance Plc. • 2014-2018 Independent Director/Member of the Nomination and Compensation Committee/Chairman of the Audit Committee, The Post Publishing Plc.

Shareholding (%)

None

05**Mr. Jukr Boon-Long****Age 66 years****Position**

Independent Director • Chairman of the Nomination, Compensation and Corporate Governance Committee

Education

Master of Arts (International Politics and Economics), University of Detroit, USA • The National Defence College of Thailand Class 52

Experience

2024-Present Independent Director/Chairman of the Nomination, Compensation and Corporate Governance Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2023-Present Director, Wastech Exponential Company Limited • 2019-Present Qualified Director/Chairman of the Risk Management Committee/Member of the Audit Committee, Neighboring Countries Economic Development Cooperation Agency, NEDA (Public Organization) • 2019-Present Independent Director/Member of the Audit Committee/Chairman of the Remuneration and Nomination Committee/Member of the Corporate Governance and Sustainable Development Committee, P.C.S. Machine Group Holding Public Company Limited • 2019-Present Independent Director/Member of the Audit Committee/Member of Remuneration and Nomination Committee/Member of Corporate Governance and Sustainable Development Committee, CP Axtra Public Company Limited • 2018-Present Independent Director/Chairman of the Corporate Governance and Sustainable Development Committee/Member of the Audit Committee, S Hotels & Resorts Public Company Limited • 2018-Present Independent Director/Member of the Audit Committee, Glow Energy Public Company Limited • 2018-Present Director, Glow Company Limited • 2018-Present Director, Glow SPP 11 Company Limited • 2018-Present Director, Glow SPP 2 Company Limited • 2018-Present, Director, Glow SPP 3 Company Limited • 2018-Present Director, Glow IPP Company Limited • 2018-Present Director, Glow IPP 2 Holding Company Limited • 2022-2023, Advisor, Office of the Thai Trade Representative TTR • 2017-2018 Ambassador Extraordinary Plenipotentiary of Thailand to the Republic of the Union of Myanmar

Shareholding (%)

None

06

Mr. Yong Hu

Age 49 years

Position

Director • Member of the Nomination, Compensation and Corporate Governance Committee

Education

Master of Quantitative Economics, Shanghai University of Finance Economics

Experience

September 2018-Present Director/Member of the Nomination, Compensation and Corporate Governance Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • May 2020-Present Director, ICBC Investment • May 2019-Present Non-Executive Supervisor, ICBC Technology • June 2018-Present Director, ICBC Moscow • January 2018-Present Expert and Accredited Non-executive Director of Corporate Strategy and Investor Relations Dept., Industrial and Commercial Bank of China Limited, H.O. • June 2015-January 2018 Head of Internal Audit of Department, Audit Responsible Person of ICBC-AXA LIFE, ICBC-AXA LIFE • June 2012-June 2015 Head of Board of Supervisors Office, Industrial and Commercial Bank of China Limited, H.O. • February 2006-June 2012 Deputy Head of Board of Supervisors Office, Industrial and Commercial Bank of China Limited, H.O.

Shareholding (%)

None

07

Ms. Jing Jin

Age 50 years

Position

Director • Member of the Nomination, Compensation and Corporate Governance Committee

Education

Master of Statistics, Renmin University of China

Experience

2021-Present Director/Member of the Nomination, Compensation and Corporate Governance Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2023-Present Non-executive Director of ICBC-AXA Assurance Co., Ltd. • 2023-Present Non-executive Director of ICBC Financial Leasing Co., Ltd. • 2021-Present Expert and Accredited Non-executive Director of Corporate Strategy and Investor Relations Dept., Industrial and Commercial Bank of China Limited, H.O. • 2009-2021 Head of Public Release Div., Management Information Dept., Industrial and Commercial Bank of China Limited, H.O.

Shareholding (%)

None

08

Mr. Yijiang Zhang

Age 53 years

Position

Executive Director

Education

Master of Economics, Peking University

Experience

February 2024-Present Executive Director, Industrial and Commercial Bank of China (Thai) Public Company Limited • September 2014-Present Deputy General Manager, ICBC Sydney Branch • September 2009-September 2014 Deputy Head of Department / Information Management Department, Industrial and Commercial Bank of China Limited, H.O.

Shareholding (%)

None

09

Dr. Shuxian Cui

Age 56 years

Position

Authorized Director • Member of the Executive Committee • Member of the Group Risk Supervision and Internal Control Committee

Education

PhD, Statistics, Renmin University of China

Experience

January 2022-Present Member of the Executive Committee/Member of the Group Risk Supervision and Internal Control Committee/Senior Executive Vice President, in charge of Finance and Strategy Division, Risk Management Division, Banking Operations Division and Credit Approval Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • October 2021-Present Authorized Director, Industrial and Commercial Bank of China (Thai) Public Company Limited • January 2013-2021 Deputy Country Head, ICBC Seoul Branch • January 2009-January 2013 Section Chief, Industrial and Commercial Bank of China Limited, H.O.

Shareholding (%)

None

10

Mr. Apinetr Unakul

Age 56 years

Position

Independent Director • Member of the Audit Committee • Member of the Group Risk Supervision and Internal Control Committee

Education

Master of Software and System Engineering, Boston University, MA, USA

Experience

2022-Present Independent Director/Member of the Group Risk Supervision and Internal Control Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2020-Present Independent Director/Member of the Audit Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2017-Present Director, Silicon Craft Technology Plc. • 2023-Present Director, BDH Corporation Co., Ltd • 2019-2020 Independent Director, Zane Growth Company Limited • 1992-2018 Associate Professor, King Mongkut's University of Technology Ladkrabang

Shareholding (%)

None

SENIOR EXECUTIVES





01**Mr. Xiaobo Li****Age 49 years****Position**

Chief Executive Officer • Chairman of the Executive Committee • Member of the Group Risk Supervision and Internal Control Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • Chairman of the Board of Directors of ICBC (Thai) Leasing Company Limited

Education

MBA, Huazhong Technology University • Bachelor Degree of Economics, Fudan University

Experience

February 2021-Present Chief Executive Officer/Chairman of the Executive Committee/Member of the Group Risk Supervision and Internal Control Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • February 2021-Present Chairman of the Board of Directors of ICBC (Thai) Leasing Company Limited • 2016-2020, General Manager, Executive Director, Chairman of Risk Management Committee, Internal Control & Compliance & AML Committee, Asset & Liability Management Committee, IT Committee, New Product Committee, ICBC Brazil S.A. • January 2016-November 2017, Non-Executive Director, ICBC Peru S.A. • 2011-2016, President, ICBC Poland Branch

Shareholding (%)

None

02**Mr. Xiangfeng Li****Age 47 years****Position**

Senior Executive Vice President, Industrial and Commercial Bank of China (Thai) Public Company Limited • Director and President of ICBC (Thai) Leasing Company Limited

Education

Bachelor of Economics (International Banking), Heilongjiang University

Experience

2023-Present Senior Executive Vice President, Industrial and Commercial Bank of China (Thai) Public Company Limited, 2023-Present Director and President of ICBC (Thai) Leasing Company Limited • 2020-2023 Head of Branch, General Management Office of ICBC Jixi Branch • 2019-2020 Investment Banking Department (Following the Talent Exchange Program) of ICBC Head Office • 2017-2020 General Manager, International Business Department of ICBC Heilongjiang Provincial Branch • 2016-2017 Acting of General Manager, International Business Department of ICBC Heilongjiang Provincial Branch • 2011-2016 Deputy General Manager, International Business Department of ICBC Heilongjiang Provincial Branch • 2010-2011 Assistant General Manager, International Business Department of ICBC Heilongjiang Provincial Branch • 2009-2010 Assistant President of ICBC Harbin Ronghui Sub-Branch • 2007-2010 Manager, International Business Department of ICBC Heilongjiang Provincial Branch

Shareholding (%)

None

03**Mr. Jian Gong****Age 51 years****Position**

Senior Executive Vice President • Member of the Executive Committee

Education

Bachelor Degree of Economics, Finance & Banking Institute of China

Experience

July 2023-Present Senior Executive Vice President, in charge of Branch Banking Division and Information Technology Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • January 2023-Present Member of the Executive Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • December 2022-Present Senior Executive Vice President, in charge of Chinese Business Center Division and Financial Markets Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • March 2020-2022 Marketing Expert of Hainan Branch, and Head of Haikou Guomao Sub-branch, ICBC Hainan/Haikou Guomao Sub Branch • November 2018-March 2020 Marketing expert of Hainan Branch, ICBC Hainan • August 2016-November 2018 Chief Customer Manager of Corporate Banking Department, Industrial and Commercial Bank of China Limited, H.O. • April 2009-August 2016 Division Head of Corporate Banking Department, Industrial and Commercial Bank of China Limited, H.O.

Shareholding (%)

None

04**Dr. Shuxian Cui****Age 56 years****Position**

Senior Executive Vice President • Member of the Executive Committee • Member of the Group Risk Supervision and Internal Control Committee

Education

PhD, Statistics, Renmin University of China

Experience

January 2022-Present Member of the Executive Committee/Member of the Group Risk Supervision and Internal Control Committee/Senior Executive Vice President, in charge of Finance and Strategy Division, Risk Management Division, Banking Operations Division and Credit Approval Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • October 2021-Present Authorized Director, Industrial and Commercial Bank of China (Thai) • January 2013-2021 Deputy Country Head, ICBC Seoul Branch • January 2009-January 2013 Section Chief, Industrial and Commercial Bank of China Limited, H.O.

Shareholding (%)

None

05**Ms. Suree Wipatakanok****Age 60 years****Position**

Senior Advisor, Acting Head of Corporate Banking Division • Member of the Executive Committee

Education

BA, Business Administration, Ramkhamhaeng University

Experience

2024-Present Senior Advisor and Acting Head of Corporate Banking Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2012-Present Member of the Executive Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited • March 2021-2023 Senior Executive Vice President, in charge of Corporate Banking Division; Head of Corporate Banking Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2019-2021 Senior Executive Vice President, Head of Corporate Banking Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-2019 Executive Vice President, Corporate Banking Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2006-2007 Executive Vice President, Corporate Banking Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2004-2006 Senior Vice President, Credit & Marketing-Medium Enterprise Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2000-2004 Vice President/Head of Commercial Sales Department, Bank of Asia Public Company Limited • 2006-2012 Director, ICBC (Thai) Leasing Company Limited

Shareholding (%)

None

06**Ms. Chittavadee Sangthong****Age 51 years****Position**

Executive Vice President, Head of Branch Banking Division

Education

MBA, Financial Management, National Institute of Development Administration

Experience

December 2021-Present Executive Vice President, Head of Branch Banking Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • February 2020-November 2021 Executive Vice President; Head of Consumer Sales and Distribution Department, CIMB Thai Bank Plc. • October 2019-August 2021 Executive Vice President, Head of SME and Head of Credit Center, Commercial Banking Department, CIMB Thai Bank Plc. • June 2018-September 2019 Executive Vice President, Head of Credit Center, Commercial Banking Group, CIMB Thai Bank Plc. • March 2017-May 2018 Executive Vice President, Head of Medium Business, Commercial Banking Group, CIMB Thai Bank Plc. • December 2013-February 2017 Executive Vice President, Head of Credit and Risk Analytics, Wholesale Banking Group, CIMB Thai Bank Plc.

Shareholding (%)

None

07**Mr. Yi Guo****Age 41 years****Position**

Executive Vice President, Head of Chinese Business Center Division

Education

Master in Finance and Accounting, Rotterdam University

Experience

June 2023-Present Executive Vice President, Head of Chinese Business Center Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • April 2022-June 2023 Senior Vice President, Chinese Business Center Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • April 2020-April 2022 Senior Vice President, Credit Approval Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • March-April 2020 Senior Vice President, Deputy Head of Risk Management Division and Head of Credit Risk Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • March 2017-March 2020 First Vice President, Head of Credit Risk Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • March 2013-June 2016 Head of Risk Management Department, ICBC Mumbai Branch • September 2011-March 2013 Deputy Head of Risk Management Department, ICBC Mumbai Branch

Shareholding (%)

None

08**Ms. Suwimol Itthiputh****Age 60 years****Position**

Senior Advisor, Acting Head of Financial Markets Division

Education

MBA, International Business, University of New Haven, Connecticut, USA

Experience

2024-Present Senior Advisor and Acting Head of Financial Markets Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • December 2022-December 2023 Executive Vice President, Financial Markets Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • March 2019-December 2022 Executive Vice President, Institution Business Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • March 2017-March 2019 Senior Vice President, Institution Business Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • January 2016-March 2017 Senior Vice President, Acting Head of Institution Business Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • September 2007-January 2016 Senior Vice President, Foreign Exchange and Financial Institution Dept., Industrial and Commercial Bank of China (Thai) Public Company Limited

Shareholding (%)

None

09**Ms. Orapin Sreesangkom****Age 60 years****Position**

Senior Advisor, Acting Head of Corporate Secretary & Legal Division • Corporate Secretary

Education

LL.M., Harvard Law School, USA • LL.M. (International Banking Law), Boston University School of Law, USA

Experience

2024-Present Senior Advisor and Acting Head of Corporate Secretary & Legal Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-2023 Executive Vice President, Corporate Secretary & Legal Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2005-2007 Senior Vice President, General Secretariat Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2004-2005 Vice President, Legal and Compliance Department, ACL Securities Company Limited • 2000-2004 Vice President, Capital Markets Legal, SG Asia Credit Securities., Ltd. • 1997-2000 Consultant, Linklaters (Thailand) Limited • 1988-1997 Associate, International Legal Counsellors Thailand Limited

Shareholding (%)

None

10**Ms. Sasiwadee Somboonthum****Age 64 years****Position**

Senior Advisor, Acting Head of Banking Operations Division

Education

MBA, Thammasart University • MS, Information Systems, PACE University, USA

Experience

2024-Present Senior Advisor and Acting Head of Banking Operations Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2021-2023 Senior Advisor, Banking Operations Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2012-2020 Executive Vice President, Banking Operations Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2008-2012 Executive Vice President, Branch Operations & Organization Development Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007-2008 Senior Vice President, Branch Operations & Organization Development Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2006-2007 Senior Vice President, Information Systems & Organization Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2003-2006 First Vice President, Information Systems & Organization Department, Industrial and Commercial Bank of China (Thai) Public Company Limited

Shareholding (%)

None

11**Mr. Wisit Ausawalaithong****Age 56 years****Position**

Executive Vice President, Head of Information Technology Division

Education

MS, Computer Science, Asian Institute of Technology

Experience

2007-Present Executive Vice President, Information Technology Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2007 Senior Vice President, Information Technology Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • 1994-2007 Principal Consultant, Temenos (Thailand) Company Limited

Shareholding (%)

None

12**Mr. Seksan Chunseechai****Age 57 years****Position**

Executive Vice President, Head of Risk Management Division, Chief Risk Officer (CRO)

Education

MBA, Chulalongkorn University

Experience

March 2019-Present Executive Vice President, Risk Management Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • 2020-Present Chief Risk Officer (CRO) Industrial and Commerce Bank of China (Thai) Public Company Limited • June 2018-March 2019 Senior Vice President, Head of Risk Management Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • January 2017-June 2018 Senior Vice President, Acting Head of Risk Management Division, Industrial and Commercial Bank of China (Thai) Public Company Limited • January 2015-January 2017 Senior Vice President, Head of Portfolio Risk Management Dept.,/Acting Head of Credit Risk Dept., Industrial and Commercial Bank of China (Thai) Public Company Limited • January 2008-December 2014 First Vice President, Head of Portfolio Risk Management Dept., Industrial and Commercial Bank of China (Thai) Public Company Limited • 2022-Present, Director, ICBC (Thai) Leasing Company Limited • 2022-Present, Director, Finansia Syrus Securities Plc. • 2022-Present, Director, Finansia X Plc.

Shareholding (%)

None

13**Ms. Kejia Xing****Age 42 years****Position**

Senior Vice President, Acting Head of Finance & Strategy Division and Head of Financial Control Department

Education

Master of Accounting, Central University of Finance and Economics

Experience

July 2023-Present Senior Vice President, Acting Head of Finance & Strategy Division and Head of Financial Control Department, Industrial and Commercial Bank of China (Thai) Public Company Limited • March 2019-June 2023 Deputy Head of Overseas Business Management Division, International Banking Department, Industrial and Commercial Bank of China Limited, H.O. • November 2012-March 2019 Head of Accounting, Industrial and Commercial Bank of China (New Zealand) Limited.

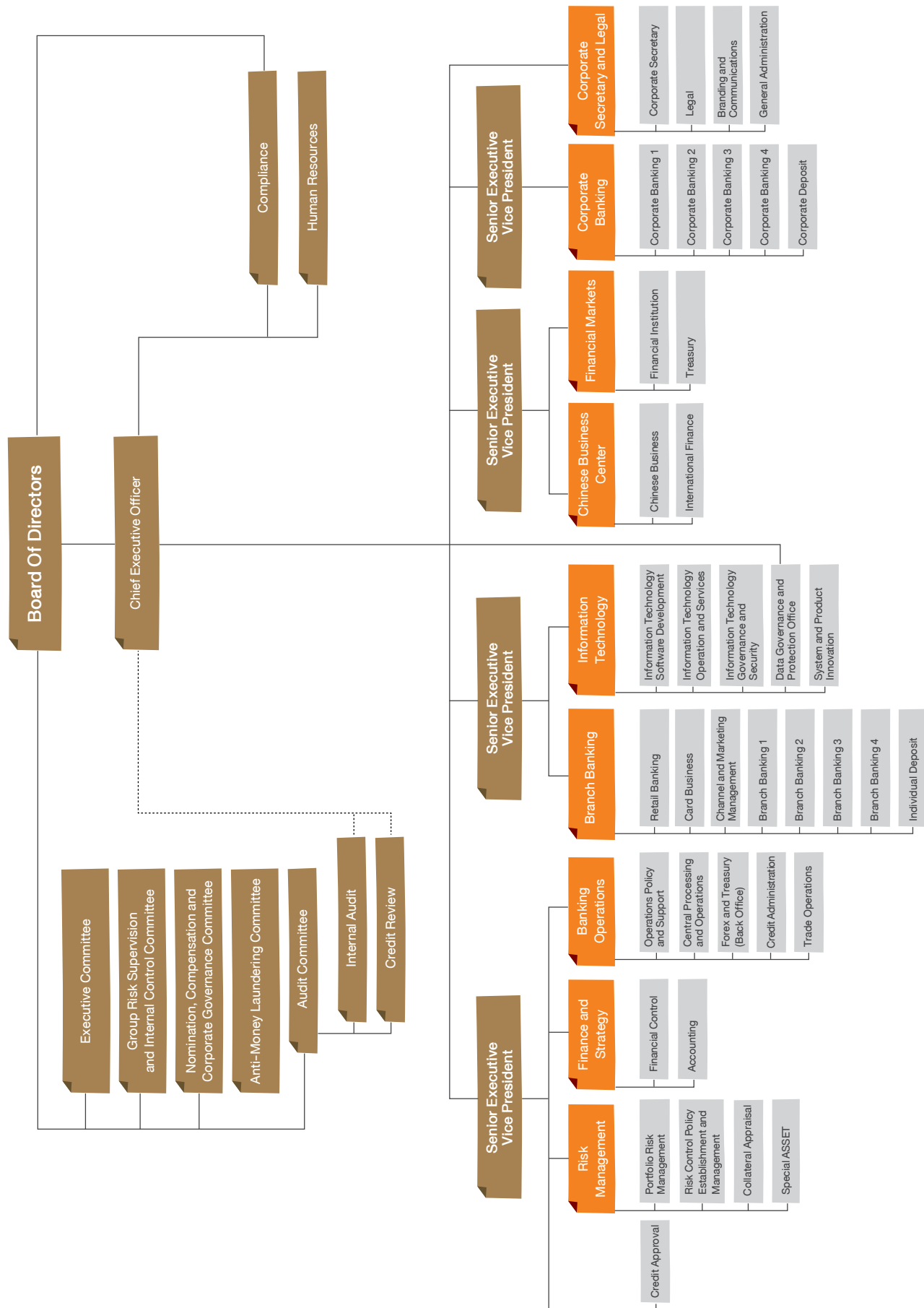
Shareholding (%)

None

EXECUTIVE OFFICERS

| No. | Name | Position | Division/Department |
|-----|---------------------------------|-----------------------|---|
| 1 | Mr. Bo Han | Senior Vice President | Branch Banking Division |
| 2 | Mr. Ning Ge | Senior Vice President | Financial Markets Division |
| 3 | Mr. Dong Jing | Senior Vice President | Corporate Secretary & Legal Division |
| 4 | Mr. Xiangxing Zheng | Senior Vice President | Information Technology Division |
| 5 | Ms. Chitraporn Saowapa | Senior Vice President | Finance & Strategy Division |
| 6 | Ms. Hua Ge | Senior Vice President | Risk Management Division |
| 7 | Ms. Samerjai Charoensri | Senior Vice President | Compliance Department |
| 8 | Ms. Urai Chatvattananon | Senior Vice President | Internal Audit Department |
| 9 | Mr. Ponganan Settacharnwit | Senior Vice President | Corporate Banking 1 Department |
| 10 | Mr. Sayarm Lohsawat | Senior Vice President | Corporate Banking 2 Department |
| 11 | Mr. Vatcharasit Verayangkura | Senior Vice President | Corporate Banking 3 Department |
| 12 | Mrs. Rachanoke Vichitlekarn | Senior Vice President | Corporate Banking 4 Department |
| 13 | Ms. Prapa Sakyanan | Senior Vice President | Corporate Deposit Department |
| 14 | Ms. Wanpen Yongchayanuntakul | Senior Vice President | Branch Banking 1 Department |
| 15 | Mr. Methin Leosirichai | Senior Vice President | Branch Banking 2 Department |
| 16 | Mrs. Narissara Chaowarit | Senior Vice President | Branch Banking 4 Department |
| 17 | Mrs. Narumol Meksingvee | Senior Vice President | Individual Deposit Department |
| 18 | Mr. Yang Yang | Senior Vice President | Credit Approval Department |
| 19 | Mr. Ekkawit Suksamarnwong | Senior Vice President | Portfolio Risk Management Department |
| 20 | Mr. Chairat Kongkreingkrui | Senior Vice President | Special Asset Department |
| 21 | Mr. Theerathorn Bhothirungsi | Senior Vice President | Risk Control Policy Establishment & Management Department |
| 22 | Mr. Senut Chavana | Senior Vice President | Legal Department |
| 23 | Mr. Jiantao Yang | Senior Vice President | Human Resources Department |
| 24 | Mr. Usa Rodpon | Senior Vice President | Credit Administration Department |
| 25 | Mrs. Suntaree Thummaratchapimon | Senior Vice President | Accounting Department |
| 26 | Mr. Wijit Sriwijitchok | Senior Vice President | Forex & Treasury (Back Office) Department |
| 27 | Ms. Sanyuan Zeng | First Vice President | Banking Operations Division |
| 28 | Ms. Dolrudee Deepracha | First Vice President | Credit Review Department |
| 29 | Mr. Xiang Chen | First Vice President | Chinese Business Department |
| 30 | Mr. Boya Yu | First Vice President | International Finance Department |
| 31 | Mr. Atikan Chaiyanupong | First Vice President | Channel and Marketing Management Department |
| 32 | Ms. Kanokporn Pinsakool | First Vice President | Treasury Department |
| 33 | Ms. Panpimon Wattana-Ungkoon | First Vice President | Central Processing and Operations Department |
| 34 | Mr. Kornthana Tonnamning | First Vice President | General Administration Department |
| 35 | Mr. Xianwei Wang | First Vice President | Information Technology Software Development Department |
| 36 | Mr. Supanya Wattanachai | First Vice President | Information Technology Operation & Services Department |
| 37 | Mrs. Arunrat Lunjakornkul | First Vice President | System & Product Innovation Department |
| 38 | Ms. Ting Pu | Vice President | Retail Banking Department |
| 39 | Mr. Eakkarat Thankitjanont | Vice President | Branch Banking 3 Department |
| 40 | Mr. Peiyun Zhang | Vice President | Trade Operations Department |
| 41 | Ms. Wanngam Supunnagul | Vice President | Branding & Communications Department |
| 42 | Mrs. Jia Jin | Vice President | Compliance Department |
| 43 | Mr. Noppanan Srianeekkul | Vice President | Data Governance and Protection Office Department |
| 44 | Mr. Saravut Somboonsap | Vice President | Collateral Appraisal Department |

ORGANIZATION CHART



DESCRIPTION OF BUSINESS



Established on 26 August 1969 as a commercial company, the company later obtained a license to undertake finance and securities business from the Ministry of Finance on 26 October 1973 and was listed on the Stock Exchange of Thailand (SET) in 1978. On 23 December 2005, the Bank was granted a commercial bank license from the Ministry of Finance.

On 21 April 2010, the Industrial and Commercial Bank of China Limited (ICBC), the largest commercial bank in the world in terms of market capitalization, acquired 97.24% of the total issued shares of the Bank from a voluntary tender offer of all shares traded on the SET and changed the name of the Bank to “Industrial and Commercial Bank of China (Thai) Public Company Limited” becoming a part of the ICBC Group. On 19 March 2011, the Bank delisted from the SET. At present, the ICBC holds 97.98% of the total shares sold of the Bank.

As a fully licensed commercial bank, the Bank aims to be on the forefront of commercial banks in Thailand on international banking service. Being a part of the ICBC Group means customers of the Bank are able to fully utilize the services provided by the Group's network which is growing at a rapid pace in China as well as around the world. As of the end of June 2023, ICBC Group had 15,996 branches in China and 415 overseas branches in 49 countries. In addition, ICBC had 1,443 correspondent banks in 143 countries worldwide.

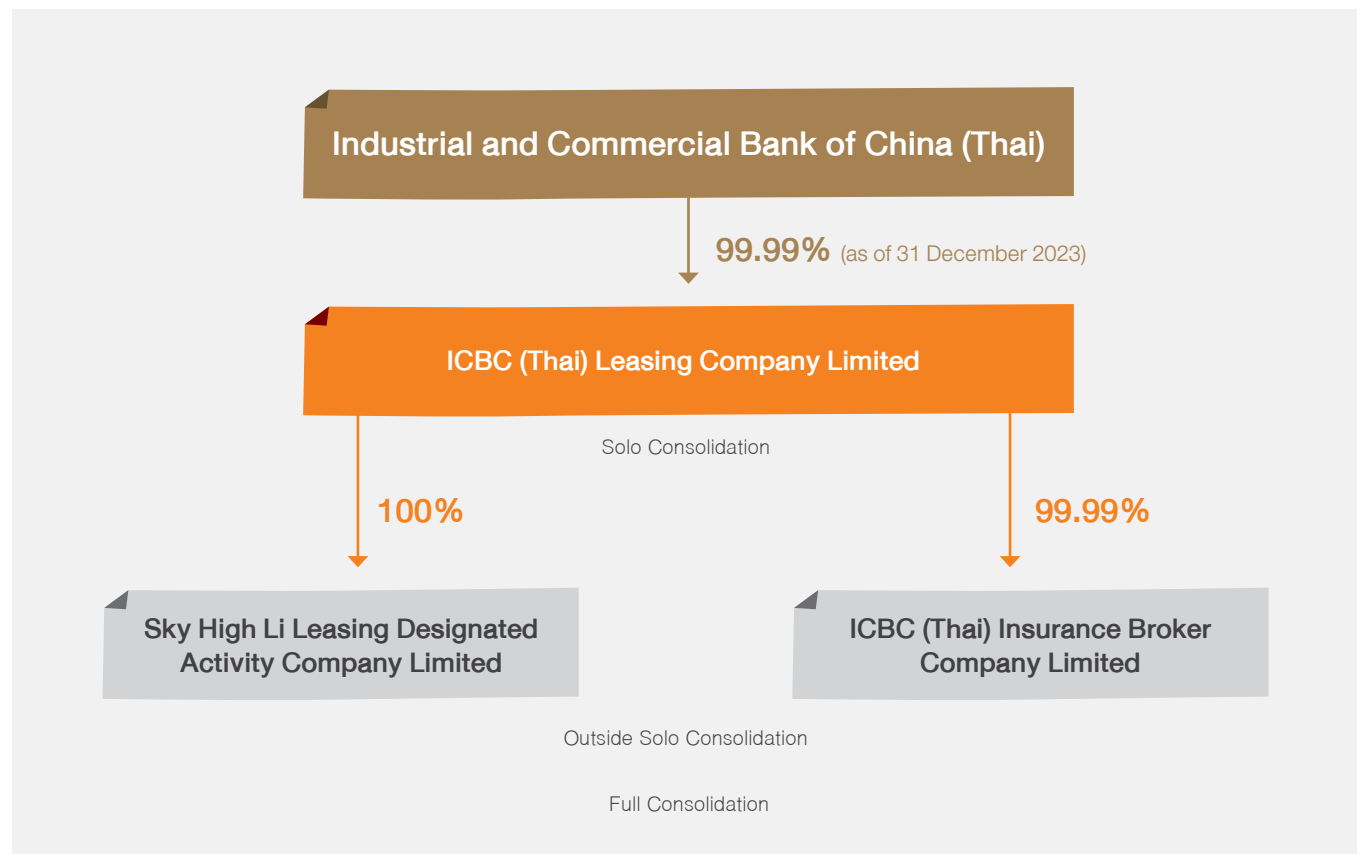
At present, the Bank has 3 subsidiaries, ICBC (Thai) Leasing Company Limited, a direct subsidiary which the Bank owns 99.99%, the company offers leasing and hire purchase services; Sky High Li Leasing Designated Activity Company Limited; and ICBC (Thai) Insurance Broker Company Limited which are indirect subsidiaries.

Throughout its operations in Thailand the Bank continues to strive at providing the best financial services to its customers by developing various new and innovative products and services in order to answer the needs of its customers. In particular, the Bank has expanded its products and services to both juristic person customers, to facilitate their business needs, and individual customers, to reflect their lifestyles such as new types of credit cards, debit cards, internet banking, mobile banking, POS machines and CNY 1 day remittance. At present, the Bank has a total of 21 branches across Thailand.

ICBC (Thai) has been appointed as the RMB Clearing Bank in Thailand since 2015 and continues to hold its credit rating by Fitch Ratings at the highest attainable rating of AAA(tha) for National Long-Term Rating for the twelfth consecutive year affirming its sound financial position.

Shareholders' structure of ICBC (Thai) Group

(as of 31 December 2023)



Major Shareholders

(As of 31 December 2023)

| No. | Name | Common Shares | Class A Preferred Shares | Class B Preferred Shares | Number of Shares Held | Percentage of Shareholding |
|-----|---|---------------|--------------------------|--------------------------|-----------------------|----------------------------|
| 1 | INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED | 2,208,258,569 | - | 355,581 | 2,208,614,150 | 97.98 |
| 2 | Ms. Siriwan Phanichewa | 15,407,521 | - | - | 15,407,521 | 0.68 |
| 3 | Mr. Banthorn Lewprasert | 8,883,242 | - | - | 8,883,242 | 0.39 |
| 4 | Ms. Sirima Phanichewa | 6,137,254 | - | - | 6,137,254 | 0.27 |
| 5 | Mr. Samrerng Manoonpol | 2,998,982 | - | - | 2,998,982 | 0.13 |
| 6 | Mr. Adisak Putikochakorn | 2,567,700 | - | - | 2,567,700 | 0.11 |
| 7 | Mr. Boonsithi Chokwatana | 2,399,125 | - | - | 2,399,125 | 0.11 |
| 8 | Mr. Lau Ting Fai | 2,105,000 | - | - | 2,105,000 | 0.09 |
| 9 | Mrs. Alice Lai Fong Lee | 1,000,000 | - | - | 1,000,000 | 0.04 |
| 10 | MERRILL LYNCH INTERNATIONAL -LONDON | 292,093 | - | - | 292,093 | 0.01 |
| | Others | 3,667,169 | - | 86,850 | 3,754,019 | 0.17 |
| | | 2,253,716,655 | - | 442,431 | 2,254,159,086 | 100.00 |

Remark:

- In 2006, all Class A preferred shares were converted into ordinary shares.
- Local shareholding = 1.86%
- Foreign shareholding = 98.14%

Dividend Policy

The Bank may pay dividends only when the Bank has profits, has no accumulated loss and has Tier 1 Capital of at least Baht 40,000 million. When considering whether or not to pay dividends, the Bank shall take into account the liquidity and economic condition as well as the business plan of the Bank. By virtue of a resolution of the shareholders' meeting, dividends shall be divided by number of shares, equally for each share and may be made in full or in part in the form of stock dividends through the issuance of new shares to the shareholders in various types of shares already issued at that time.

SUSTAINABLE BANKING REPORT



Overview

Sustainable Banking Information

ICBC (Thai) Bank prepares and publishes Sustainable Banking Report to be a channel to communicate and present the result of sustainability management of ICBC (Thai) Bank to all stakeholders that cover economic, environmental, social and governance dimensions. This disclosure of Sustainable Banking covers the information of ICBC (Thai) Bank and partial information of the subsidiaries of the Bank for the period of 1 January 2023 to 31 December 2023 as a part of the ICBC (Thai) Annual Report 2023, which has been approved for publication by the Executive Committee Director of the Bank on 28 March 2024.

ICBC (Thai) Bank and Subsidiaries

Industrial and Commercial Bank of China (Thai) Public Company Limited (“the Bank” or “ICBC (Thai) Bank”) is a subsidiary that the Industrial and Commercial Bank of China Limited (ICBC) holds 97.98% of the total issued and paid-up shares of the Bank. The Bank has 3 subsidiaries consisting of ICBC (Thai) Leasing Company Limited (“ICBC (Thai) Leasing”), a direct subsidiary, ICBC (Thai) Insurance Broker Company Limited and Sky High Li Leasing Designated Activity Company Limited, indirect subsidiaries of the Bank.

At present, ICBC (Thai) Bank has an authorised, and issued and paid-up share capital at THB 20,107.10 million with a total of 21 branches across main service areas of each region as well as service provision through banking agents, telephone banking ATM, internet banking and mobile banking.

ICBC (Thai) Bank

- Established as a limited company in 1969
- Authorized to establish and operate a commercial bank since 2005
- Renamed to ICBC (Thai) Bank in 2010 after the acquisition of ACL Bank Public Company Limited by the Industrial and Commercial Bank of China Limited.
- Provides financial services to meet customers’ needs and support the economy, trade and investment between Thailand and China.

ICBC (Thai) Leasing

- Established as a company limited in 2005
- Provides financial services in the form of hire purchase and leasing.

ICBC (Thai) Insurance Broker

- Established as a company limited in 2020
- Provides life insurance and non-life insurance brokerage business

Sky High Li Leasing Designated Activity

- Established and registered in 2014 in Ireland
- Special Purpose Vehicle (SPV) for aircraft leasing business

Business and service

ICBC (Thai) Bank and its subsidiaries' business operations are as prescribed in the Financial Institutions Business Act as well as other financial-related businesses permitted by the Ministry of Finance, the Bank of Thailand and other relevant regulators.

Scale of the organization

As of 31 December 2023, ICBC (Thai) Bank and its subsidiaries had total assets in amount of THB 272,368 million, total liabilities in amount of THB 229,652 million and total shareholders' equity in amount of THB 42,716 million.

(Unit: THB million)

| Scale of the organization | 2021 | 2022 | 2023 |
|----------------------------|---------|---------|---------|
| Total assets | 302,799 | 288,704 | 272,368 |
| Total liabilities | 265,959 | 248,784 | 229,652 |
| Total shareholders' equity | 36,840 | 39,920 | 42,716 |

Employment Information

At the end of 2023, ICBC (Thai) Bank and its subsidiaries employed in total 1,138 employees, both full-time and contract employees, comprising of 660 ICBC (Thai) Bank's employees, and 478 ICBC (Thai) Leasing and its subsidiaries' employees.

(Unit: Person)

| Numbers of employees | 2021 | 2022 | 2023 |
|----------------------------------|-------|-------|-------|
| Full-time and contract employees | 1,151 | 1,107 | 1,138 |

Membership of organizations, associations and clubs

ICBC (Thai) Bank and its subsidiaries are members of various organizations and associations established to support economy and society and to be a platform for sharing information, knowledge and promoting good cooperation and relationships among members as well as providing business operation guidelines in accordance with international principles for sustainable growth.

- The Thai Bankers' Association and Clubs
- The Association of International Banks
- Association of Investment Management Companies
- Thailand Leasing Association
- Thai Hire-Purchase Association
- The Institution of Internal Auditors of Thailand
- Personal Management Association of Thailand
- The Thai Institute of Banking and Finance Association
- Thai Private Sector Collective Action against Corruption
- Federation of Accounting Professions under The Royal Patronage of His Majesty The King

A Significant Change in 2023

In 2023, ICBC (Thai) Bank and subsidiaries had no significant change matter.

Sustainability Strategy

Thailand's financial sector plays a crucial role in supporting sustainable development of the nation by promoting the sustainable development conceptual framework, Environment, Social and Governance (ESG) in business and industry sectors.

ICBC (Thai) Bank as a financial institution aims to balance between short-term business growth and sustainable growth in long-term by setting its business directions according to its long-term commitment to be “a valuable local bank and a financial bridge between Thailand and China to facilitate trade and investment between countries” in order to promote economic, financial and investment growths of both countries and to open new business opportunities with advanced financial technologies. Moreover, ICBC (Thai) Bank places importance on prudent risk management and adopts the United Nation's Sustainable Development Goals (“UNSDGs”) as a guideline for setting strategies and goals for sustainable development, strictly complies with all rules and regulations of both local and international regulators as well as market conduct which is considered as a fundamental basis for the Bank, facilitating sustainable development in parallel with the Thai economy and society.



ICBC (Thai) Bank's strategy for sustainability is under the 3 dimensions frameworks that are: Environment, Social and Governance (“ESG”) as follows:



The environment and climate change problem have continued to intensify which could create direct and indirect impacts on

household, business, financial institutions and the overall stability of global economic system. This has led various countries to start transitioning towards low carbon economy. Under the Paris Agreement and commitment at the United Nations Climate Change Conference of the parties (COP), members agreed to organize “the Nationally Determined Contribution” (NDC) to set the target for Greenhouse Gas (GHG) emission reduction of each member. For Thailand, in the 2nd Updated NDC, the aim is to increase GHG emission reduction by 30% to 40% within 2030 (with international support) in order to achieve the country's commitment to be carbon neutral country by 2050 and net zero emission by 2065.

Banks as financial intermediaries in allocating funds to support businesses and industrial sectors will play an important role in helping to drive the country's sustainable development by taking environmental and climate change factors as part of the considerations for lending and investment, promoting innovation and using technology to develop modern products and services to support the customers' needs as well as setting guidelines for operational practices to encourage employees to participate in various activities to reduce the environmental and climate change impacts.

ICBC (Thai) Bank recognizes an urgent need to mitigate environmental and climate change problem in order for the country to achieve the net zero emission target in 2065. In this regard, ICBC (Thai) Bank has set the direction for the reduction of Greenhouse Gas (GHG) emission of its own operations as well as limiting its financial support to projects or industries that use fossil fuel. At the same time, ICBC (Thai) Bank will strive to increase financial support to environmentally friendly projects or projects with no GHG emission or projects of companies that have plans to reduce GHG emission.

Promote green finance

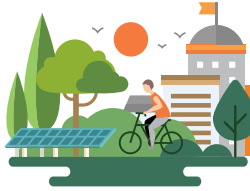
Be aware of its responsibilities towards the economy and environment by taking environmental and climate change factors as part of loan and investment considerations to support an environmentally friendly financial ecosystem.

Go green operation

Promotes innovation and uses advance technology to develop products and services to respond directly to the customers' needs as well as setting the guidelines for intra-organization operations that encourage employees to participate in activities in order to reduce environmental impacts.

Contribution to UNSDGs





Social Dimension

ICBC (Thai) Bank strives to be a financial institution that places importance on social responsibility by sharing benefits with all groups of stakeholders, promoting and building a culture of learning and equal treatment for the betterment of society.

Share benefits with stakeholders

Aims to be a financial institution that places importance on being a socially responsible organization by adhering to the principles of good governance, participation in sharing benefits with stakeholders and being a good member of society.

Ensure well-being and gender equality of employees

Significantly develops the potential employees as well as encouraging and giving them the opportunity to be promoted equally under the established rules and policies including encouraging them to participate under the same understanding of the organization.

Promote learning culture

Promotes and creates a learning society which every year ICBC (Thai) Bank organizes training and encourages employees to attend seminars that are beneficial to their responsibilities and useful for their daily life under the changing economic and social environment, so that all employees receive suitable, updated and accurate information.

Contribution to UNSDGs



Governance Dimension

Adheres to the principles of good governance, operates business with transparency and treats its customers fairly while observing enterprise risk management.

Good governance and transparency

Adheres to the principles of good corporate governance, transparency, fairness, auditability and business ethics as well as strictly abides by the rules and regulations of all regulatory authorities and related laws.

Fair treatment to customers

Fair treatment to customers is fundamental to ICBC (Thai) Bank's business operations aiming to provide customers with fair services in terms of price and conditions as well as convenient access to the services including taking care and solving problems in a timely manner.

Promotion of risk management foundation

Places importance on systematic and effective risk control management covering various aspects of risk management as prescribed by the Bank of Thailand as well as the ICBC Group's risk management guidelines to ensure that ICBC (Thai) Bank has guidelines to prevent and reduce any kind of risk appropriately in a timely manner.

Contribution to UNSDGs



Sustainability Management Structure

ICBC (Thai) Bank recognizes the importance of sustainable development by adopting the United Nation's Sustainable Development Goals (UNSDGs) as a guideline for setting strategies and goals for sustainable development under the 3 sustainable frameworks namely: Environment, Social, and Governance. Finance & Strategy Division, Risk Management Division and Corporate Secretary & Legal Division are assigned to be the team leaders in driving sustainable development within the organization and disclose sustainability information to the public by allowing all departments within the organization to participate issues with responsibility to all groups of stakeholders under the overall supervision of the Board of Directors.



Stakeholder Group

ICBC (Thai) Bank places importance and fair treatment to stakeholders. Stakeholders of ICBC (Thai) Bank consists of shareholders, customers, employees, regulators, business partners, competitors, societies and communities which may directly or indirectly affect or be affected by the operations or activities of the Bank. Stakeholders' opinions or suggestions are valuable to the Bank's operations. Building relationships to all stakeholders, through regularly and timely communicating in order to understand their needs which constantly change under rapidly fluctuating of financial and economic situations, will play an important role to develop and improve products and services of the Bank in line with the change efficiently. In addition, the Bank incorporated these volatile financial and economic factors into guidelines and practices for fair treatment and engagement with stakeholders, risk mitigation, and potential negative impacts reduction in order to foster long-term relationships with stakeholders.



Customers

Customer group means customers and debtors of ICBC (Thai) Bank both Thai and foreign customers including are inclusive of individual, small and medium sized corporate, large corporate, government, state enterprise, financial institutions as well as other juristic persons. The Bank provides products and services to customers with fair and responsive treatments to maximize the customers' satisfactions under the respects of all rules and regulations. The Bank also provides accurate information of products and services in a timely manner for customers to have sufficient information for decision making which will one of the Bank's key success drivers for sustainable achievements.

Customers' expectations

- Quality of products and services at fair price
- Access to the Bank's service easily and conveniently
- Fair treatments to the customers
- Strict compliance with the terms and conditions committed to the customers
- Data privacy and business confidential of the customers

Engagement channels and frequency

| Engagement channel | Frequency |
|---|-------------------------|
| Interaction at branches | Regularly |
| Comment, suggestion and complaint through Call Center, website and Facebook | Regularly |
| Communication via online channels e.g. Line Official Account, Facebook and WeChat | Regularly |
| Communication with customers and visits | Regularly |
| Marketing and advertising campaigns | Regularly |
| Product and service brochures | Regularly |
| Seminars to provide knowledge about finance | As and when appropriate |



Shareholders

ICBC (Thai) Bank operates its business under the principles of good corporate governance and sustainable growth of business in order to create fair and steady returns to shareholders which are not only limited to their rights to obtain sufficient and timely information for monitoring the Bank's operations and performance but also the right to participate in decision-making for material matters.

Shareholders' expectations

- Fair and steady return on investments
- Sustainable growth and increase in the value of the Bank

Engagement channels and frequency

| Engagement channel | Frequency |
|---|-----------|
| Annual general meeting of shareholders | Annually |
| Annual Report | Annually |
| ICBC (Thai)'s performance on the Bank's website | Regularly |



Employees

ICBC (Thai) Bank recognizes that capability and contribution of the employee is one of the key success factors to achieve its business performance and targets for long-term sustainable growth. ICBC (Thai) Bank creates learning cultures by providing upskilled and reskilled training courses to all levels of employees to align with the dynamic financial environment and digitalization. Furthermore, ICBC (Thai) Bank provides fair remuneration, and equal opportunities for career path promotion by taking into consideration of the employee's knowledge, capability and performance based on the ICBC (Thai) Bank's prescribed policy.

Employees' expectations

- Fair remuneration and stability of employment
- Work-life balance
- Opportunities for career path promotion

Engagement channels and frequency

| Engagement channel | Frequency |
|--|-----------|
| Employees orientation | Regularly |
| Communication from management to employees | Regularly |
| Internal communication within organization through online channels | Regularly |
| Employees training at all level | Regularly |
| Management meeting for policy announcement | Annually |
| Relationship building activities | Regularly |
| Town Hall meeting | Annually |
| Performance Review | Annually |



Regulators

ICBC (Thai) Bank as a financial intermediary which has an important roles in supporting and developing the country's financial and economic growths, ICBC (Thai) Bank and its employees shall strictly comply with all the relevant laws, rules and regulations which will strengthen the ICBC (Thai) Bank's creditworthiness and help the Bank to achieve not only the short-term targets but also to sustain its performance in the long-term. ICBC (Thai) Bank will establish internal policies and guidelines in compliance with all relevant laws, rules and regulations stipulated by all relevant local and international regulators that ICBC (Thai) Bank treats as the fundamental principles of business operations.

Regulators' expectations

- Sustainability and stability of the Bank and financial system
- Good governance and transparent of business operations
- Fair and transparent treatments to the customers

Engagement channels and frequency

| Engagement channel | Frequency |
|--|---------------|
| Regulator meetings and engagement | Regularly |
| Audits required by the regulators | Regularly |
| Submission of reports as requires by the law | Regularly |
| Financial Report / Auditor Report | Semi-Annually |
| Annual Report | Annually |



Business Partners

ICBC (Thai) Bank's business partners include banking agents, outsources and other forms of business partners. The Bank treats its business partners equally and fairly based on equality and fairness to both parties and strictly comply with relevant laws and regulations. Having good relationships with the Bank's business partners helps facilitate the Bank's business operations to be more effective and efficient.

Business partners' expectations

- Mutual benefit and partnerships continuity
- Strict compliance with contractual obligations

Engagement channels and frequency

| Engagement channel | Frequency |
|--|-----------|
| Business partner's briefing/meeting | Regularly |
| Business partner's contacts and visits to strengthen the relationship | Regularly |
| Listening to the problems and difficulties in order to improve and solve the problems | Regularly |
| Agreement/contract signing between business partners and the Bank prior to transaction | Regularly |



Competitors

ICBC (Thai) Bank operates its business with ethics, transparency and fair competition under relevant regulations and without pursuing confidential information of competitors or creating dishonest or inappropriate competitive advantages, not damaging the reputation of competitors or undertaking actions without truth and unfair.

Competitors' expectations

- Fair competition
- Business cooperation to promote the strength of the financial institution business

Engagement channels and frequency

| Engagement channel | Frequency |
|---|-------------------------|
| Participate in industry associations | Regularly |
| Industry-wide meetings in various occasions | As and when appropriate |
| Forums and conferences | As and when appropriate |
| Communicating with specific group through social media such as Line | As and when appropriate |

Societies and Communities

As a financial bridge between Thailand and China, ICBC (Thai) Bank is committed to facilitate bilateral investments and trades as well as supporting the real economic growth of both countries. In addition to financial and economic growth, the Bank also contributes to societies and communities by cooperating with local communities and government organizations to carry out the Corporate and Social Responsibility activities regularly.

Societies' expectations

- Share benefits with societies and communities
- Social and environmental responsibilities

Engagement channels and frequency

| Engagement channel | Frequency |
|--|-------------------------|
| Corporate social responsibly activities | Regularly |
| Knowledge sharing on finance, investment, savings and cyber threat through online channels such as Line Official Account and Facebook. | Regularly |
| Knowledge sharing on finance, investment, savings and cyber threat to university student | As and when appropriate |
| Donations in cash or in kind to support causes related to disaster or pandemic. | As and when appropriate |
| Staff volunteer activities | As and when appropriate |



Environmental Dimension



To promote the ICBC (Thai) Bank partakes in activities that drive the country's sustainable development and supports economic activities for sustainability by including environmental as a factor for consideration of lending and investment, promoting innovation and using technology to develop modern products and answering the customers' needs as well as setting guidelines for operations within an organization that encourages employees in order to participate in various activities to reduce the environmental impact.



Promote Green Finance

The Bank is aware of its responsibilities towards the economy and environment by taking environmental factors as part of loan and investment considerations to support an environmentally friendly financial ecosystem.

The Bank is committed to increase financial support through loans and investment for environmentally-friendly business activities. For many years, the Bank has been developing the internal policies including guidelines for Green Classification to improve efficiency in providing responsible financing service and enhancing environmental and climate change risk identification and control. In addition, in 2023, ICBC (Thai) Bank also incorporated environmental and climate change risk in ICBC

(Thai) Group's Enterprise-Wide Risk Management (ERM) which would help it to manage and mitigate environment and climate change risk effectively.

To promote green finance, capacity building by training and knowledge sharing is important. Even though environmental and climate change risks have been recognized for some time, they have just been integrated into the government policies relevant to financial sector. Thus it is essential to enhance the employee's capability to properly mitigate environmental and climate change risks, while maintain resilience of the Bank.



Green Finance Development Process

ICBC (Thai) Bank had always cooperated with regulators, issued policies related to the development of green finance, and supported environmental friendly finance and investment for sustainability development of financial sector and economy in the country.



2019

- The Bank together with Thai Bankers’ Association member banks have signed the Memorandum of Understanding (MOU) on “the Sustainable Banking Guidelines-Responsible Lending”. Its objective is to operate under the principles of “Sustainable Banking” by concerning Environmental, Social, and Governance (ESG) factors for considering in responsible lending policy and strategy as well as developing a process to manage risks and impacts resulting from the Bank’s lending.
- The Bank implemented the “Sustainable Banking Policy” as a guideline for the Bank’s sustainable banking practices.
- In accordance with the intention of Sustainable Banking Policy, the Bank has implemented the “Responsible Financing Policy” to promote a culture and understanding of responsible finance by integrating environmental, social and governance issues into credit approval process, loan-like transaction, investments and obligation. In addition, the Bank requires the staff that take care of debtors to communicate about ESG issues and encourage them to implement preventive measures to avoid and reduce ESG risks.

2021

- The Bank is determined to consider of environmental, social and governance risks in the Internal Capital Adequacy Assessment Process (ICAAP) in order to reduce the impacts that may occur in the future and maintain the stability of the Bank in the long term.

2022

- Jointed Press Release for The Thai Bankers' Association's ESG Declaration for driving to 6 sustainable developments as follows:
 - 1. Governance:** Ensure good corporate governance and effective oversight at the board level, with clear accountability and responsibility at the management level regarding Environmental, Social, and Governance (ESG) issues.
 - 2. Strategy:** Integrate ESG into business strategies and define frameworks for sustainable finance by supporting Thailand's smooth transition towards its Net Zero target.
 - 3. ESG Risk Management:** Incorporate ESG issues for consideration into risk management processes.
 - 4. Financial Products:** Utilize digital technology to increase financial accessibility, plus green and sustainable financial innovations.
 - 5. Communication:** Communicate and collaborate with all stakeholders in raising public awareness on ESG issues.
 - 6. Disclosure:** Develop monitoring and reporting systems in line with Thailand's regulatory frameworks and global sustainability disclosure standards.
- Implemented "the Guideline of Green Classification of Financing Business" in order to increase the efficiency of lending, credit-like transactions, investments, obligations and commitments aligned with the Responsible Financial Policy. The Bank classifies customer according to industrial type, customer characteristic, project's type or use of fund from the Bank, and the impact on the environment, and the environmental and social risks.

2023

- Incorporated environmental and climate change risk into ICBC (Thai) Group's Enterprise Risk Management (ERM) to cover all risk aspects which may affect the Bank's businesses and operations in the future.

**Responsible Financing**

As ICBC (Thai) Bank's aim is to be a responsible financing bank with strong environmental and social risk management capability in the same way as the ICBC Group, then the Bank intends to increase its support to the environmentally friendly business and to minimize, mitigate or avoid financial activities that cause negative impacts to the environment and society in order to encourage the customers to change the way they operate their businesses to be more towards sustainable development.

The Bank's approach

The Bank is committed to engage the environmental, social, and governance or "ESG" risk management into its financial activities, no matter new or existing, as it has been incorporated into ICBC (Thai) Bank's Credit Policy. Furthermore, the Bank has then implemented the "Responsible Financing Policy", the secondary level of the policy under the Credit Policy, relating to the ESG risk management that is applied to all financial activities with the business purpose. This Policy is formulated in order to strengthen the ESG risk management through all financial activities, lending, credit-like transactions, investments, obligations and commitments. This Policy is intended to emphasize the importance of the ESG risk management, the scope of ESG issue and the roles and responsibilities of related internal parties, including the Bank's Board of Directors and Executive Committee responsible for the overseeing, monitoring, and, supporting body for the ESG risk management.

In practice, the ESG issue is one of the consideration factors at every step during the credit decision-making process and credit life cycle.

Pre-loan investigation/New customer admittance: Negative news or incidents relating to ESG issue will be investigated on best-effort basis by the Business Units to ensure that this new customer will not have any negative impact to ESG issue. Such information will then be declared in the Credit Application. Nevertheless, during this pre-loan investigation, such new customer may be additionally required as follows:

- The initiator of the project shall prepare environmental and social risk assessment in order to demonstrate compliance with the relevant host country's laws, regulations and permits that pertain to environmental and social issues.

- Customer must abide by laws and regulations, comply with the applicable standards.
- The resource utilization for any project shall be in conformity with relevant government standards.
- The safety and health management of production facilities or construction sites shall meet the Occupational Safety and Health Management System Standards.
- The compliance with national employment and labor laws shall be met, a grievance mechanism needed.
- The wasteland or vacant space development shall comply with relevant laws and regulations, and does not cause negative impacts on environment and communities.
- Analysis and planning, disclosure and dissemination of information, consultation and participation and grievance mechanism may be involved.

Credit Approval: Corresponding Approval Authority proposes reasonable, effective conditions precedent and management requirements according to the character and severity level of the environmental and social risk for this customer or project.

Post-lending Monitoring: During credit life cycle, the Business Units have the responsibility to investigate any negative news or incident relating to ESG issue of such customer together with others credit risk issues and being declared in the post-lending monitoring report. The on-site investigation will be conducted periodically. Any adverse news or incident may lead to the interim review or being classified as the early warning account.

Credit Annual Review: In the same measures as the post-lending monitoring, any negative news or incident relating to ESG issue of such customer will be investigated together with others credit risk issues by the Business Units and being declared in the Credit Application.

Both Credit Policy and Responsible Financing Policy are reviewed periodically.

Furthermore, in 2019, ICBC (Thai) Bank has signed the Memorandum of the Understanding on “the Sustainable Banking Guidelines - Responsible Lending” with the Thai Banker’s Association and other commercial banks representing the commitment of ICBC (Thai) Bank on the responsible lending. ICBC (Thai) Bank continues to focus on providing the financial services to clean energy industries in order to increase more ESG business as well.

In 2023, to strengthen our commitment to the ESG risk management, the Bank has implemented the portfolio management for the purpose of identifying the trend of our credit portfolio relating to the ESG risk. Our credit portfolio shall be assessed and classified into 4 levels as;

1. Friendly Level refers to the environmentally-friendly industries or businesses that are supported by the government and the customers or projects can comply with the environmental protection law or regulation such as Clean Energy Industry, Ecological Environment Industry, and Green Infrastructure and Green Service etc.

2. Qualified Level refers to other industries that are not incorporated into the Friendly Level and are non-sensitive to the environment and can comply with the environmental protection law or regulation

3. Observation Level refers to;

- Any customer or project in the environmentally-sensitive Industry; or
- Any customer or project that has been instructed or punished by a government agency in relation to the environmental and social risk and the correction process has been completed with the approval from the government agency; or
- Any customer or project that has been reported by the public media as likely to damage the ecological environment and have potential environmental and social risk.

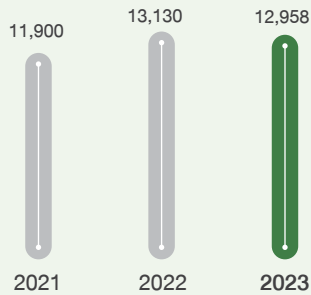
4. Rectification Level refers to any customer or project that fails to obtain the consent or approval from the government agency in relation to its social and environmental risk evaluation that indicates whether it has reached the government’s standard or requirement that is the precondition for its legal and complied operation or has committed an environmental and social risk and it is being instructed or punished by a government agency but the correction plan has not started or it is in the process of correcting the issue but not completed and approval has not been granted by the government agency.

Performance in 2023

Loans

In the past years, the ICBC (Thai) Bank has provided loans to customers for investing in sustainable projects or activities to reduce environmental impact such as renewable energy. At the end of 2023, ICBC (Thai) Bank had outstanding of loans that supporting sustainability in total amount of THB 12,958 million, which remained almost the same level as the previous year.

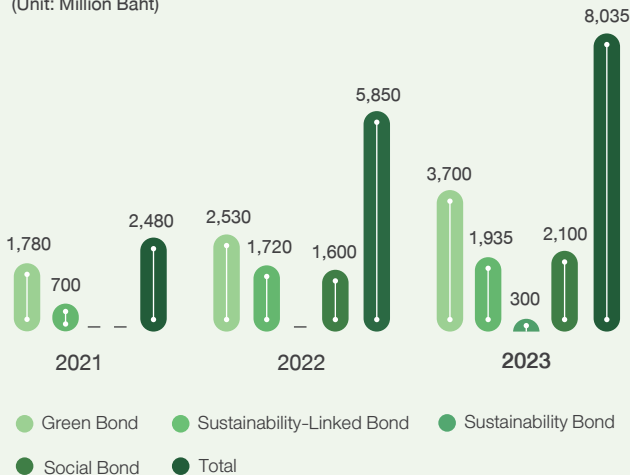
Loan related to renewable energy
(Unit: Million Baht)



Investments

In 2023, the ICBC (Thai) Bank had kept increasing in providing financial supports through investments in various private bonds consisting of Green Bonds, Social Bonds, Sustainable bond and Sustainability-Linked Bonds. The outstanding balance of the investments at the end of 2023 stood at THB 8,035 million, increased by THB 2,185 million or 37% compared to the end of 2022.

Investments in ESG, sustainability and sustainability-linked bonds
(Unit: Million Baht)



Environmentally friendly products

Rooftop Solar Financing is another environmentally friendly products provided by ICBC (Thai) Leasing, which is a direct subsidiary of the Bank, in order to support the implementation of renewable energy for office buildings or factories which are considered environmentally friendly through the installation of solar panels on rooftops. This Rooftop Solar Financing will help businesses to effectively save electricity expenses in long term as well as promoting the Company's customers to be a part of

the development of sustainability. In 2023, ICBC (Thai) Leasing approved loans to Rooftop Solar Financing more than THB 14 Million.

In addition to the Rooftop Solar Financing, ICBC (Thai) Leasing also planned to increase business volume by focusing in new electric vehicles (EVs) segment which are now gain traction in Thailand which in line with the government policy aiming to achieve the GHG emission reduction targets and increasing awareness of consumers regarding environmental impact. At the same time, they can save money from fuel consumption.



Green Operations

As we have known that environmental crisis has been aggravating overtime because of irresponsible utilization of natural resources for rapid economic development causing other problems to communities such as unmanaged waste, air pollution, flooding, deforestation, wildfire, etc. Collectively, these problems led to global warming and climate change crisis which need collaboration from all parties worldwide to overcome this global emergency. ICBC (Thai) Bank recognizes the importance and urgency of the crisis, thus integrated environmental impacts into the Bank's sustainability strategy.

Target

The Bank promotes innovation and uses advance technology to develop products and services, including sets guidelines for operation within organization which encourage employees' participation in activities in order to reduce environmental impact.



Digital Banking

Currently, digital banking plays important roles in various banking services which make financial transactions simply and conveniently even in crisis period. Especially, with the popularity of mobile banking, which account-holders can conduct transactions by themselves anytime and anywhere, its popularity continued to increase at a fast pace. This is partly as a result of the policy of the Thai Government to transform Thailand into a cashless society efficiently and effectively. Together with the introduction of the "PromptPay" system, a real-time payment and money transfer infrastructure, it makes payments and money transfers more convenient and faster with lower fee aligned with the recent lifestyles of people and entrepreneurs who increases to use technology in their daily lives.

Most banks have developed a mobile banking service that is easy and convenient to use and has a variety of functions such as online shopping, deposit, withdrawal, transfer between accounts within the same bank or between other banks as well as and request for account statement with required period which more convenience to mobile phone users or depositors. Therefore, the popularity of mobile banking has increased significantly and replaced financial transactions at the Bank's branches.

Performance in 2023

In addition to the abovementioned e-banking transactions that are regularly optimized to satisfy the customers' needs and enhance security, the Bank also offers other digital products and services as follows:

- **Credit Card Electronic Statement (e-Statement)**

The Bank places the importance on paper resources and would like to be a part of environmental awareness cultivation, by providing the credit card electronic statement (e-Statement) to reduce the usage of paper and ink, which helps protect the environment.

In 2023, the Bank constantly encourages employees and customers to apply for credit card electronic statement (e-Statement), resulting in an increase in the number of customers applying for credit card electronic statement (e-Statement) to 20% of total customers increased from 15% of previous year.

- **ICBC Digital Debit Card**

Digital Debit Card is a virtual debit card, a non-physical card, which is stored in mobile banking and be able to use for payment in many ways including online payment and cardless ATM cash withdrawal. According to the Bank's digitization strategy, Digital Debit Card will support new lifestyle with cashless solution and reduce the usage of plastic and chip for our go-green operation.

Digital Debit Card was officially launched to the market in June 2022 with sound market's response which at the end of 2023, the Bank had a total of 14,400 digital debit cards, more than 9,500 cards of which were issued in 2023 accounting for 20.7% of the total issued debit cards in the year and 2.06 times more than digital cards issued in the previous year.

ICBC Green Savings

- Unlimited Withdrawals
- Higher Interest Rate

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- **Green Savings**

In response to the trend of mobile banking, ICBC (Thai) Bank has introduced the Green Savings account for individual

customers opened an account at the Bank's branch which is in addition to the existing online savings product. The Green Savings is a non-passbook savings account with no minimum deposit requirement. The depositor can perform various financial transactions through the ICBC (Thai) Bank's application on mobile phones without transaction fees and request for account statement fees.

In addition to enhancing customers' experiences in terms of products and services, The Green Savings account will help to reduce environmental impacts, meanwhile expenses that can be saved from issuing passbook and printing will be returned to customers in receiving higher interest rate than normal savings of the Bank.

In 2023, up to 26,000 customers opened the Green Savings account, increasing from 9,954 accounts in 2022. The use of financial products without a passbook has reduced the use of paper, increased efficiency and reduced the time of service.



Technology Innovation

The Bank has introduced Robotic Process Automation (RPA), a technology programming, to enhance working efficiency and effectiveness. The RPA can connect various work processes across platforms enabling the Bank to process data continuously and automatically on computers.

Presently, the Bank continues to employ RPA for automatic report generation or repetitive work process of many departments such as Trade Operations Department, Central Processing and Operations Department, Credit Administration Department, Channel and Marketing Management Department, and Foreign Exchange and Treasury (Back Office) Department, to shorten operational processes, reduce errors and workload. Additionally, RPA efficiently handles manually-intensive tasks in no time such as automatically and promptly emailing information to the Bank's customers, which creates good experience to the customers. Moreover, RPA can help the Bank's human resource management to reduce employee turnover rate that caused by high workload of manually-intensive tasks.

In 2023, the Bank expanded RPA to 35 processes, resulting in a further reduction of over 1,600 hours of man hours.

This advancement highlights the ongoing commitment to improving operational efficiency and customer experience through technological innovation.



Less Paper-More Digital

The use of office paper for commercial banks is still necessary for documentation preparation to comply with the relevant regulations and rules such as the customer account statements, confirmation of correctness and completeness of information as requested by the customers, important documents that banks must submit to government agencies or other agencies etc. However, for printing documents used within the Bank, the Bank has implemented an Office Automation System (OAS) in 2021 in order to reduce printing documents for meetings and approvals within the Bank as well as requiring employees to manage information throughout the Data Life Cycle that is the creation or acquisition of data, processing, storage, utilization and destruction of data with quality processes to comply with the Data Governance and Personal Data Protection Policy according to the Personal Data Protection Act B.E. 2019, effective from 1 June 2022 onwards.

In addition to implementing an OAS, the Bank has planned to transform to digital organization by implementing tools for software development which enables user to create workflows, business requirements, defect tracking, project reports without the use of paper. The Bank has changed the traditional way of work from paper to paperless by implementing Jira software which is a digital platform to help the team to be more process focused and to reduce paperwork.

Over the past 2 years, there were approximately 461 requests via Jira software that have been completed in which 1 request would use an average of 5 sheets of paper (some requests required more than 10 sheets of paper), therefore, in all approximately 2,305 papers will be reduced.

Other approaches to reduce the use of paper

- Organized training for all employees on effective information management practices throughout the Data Life Cycle as well as the importance of data governance and personal data protection of customers, employees, trade partners or business partners, other relevant persons of the Bank.

- Improved operational procedures within the Bank to align with electronic methods as well as storage documents in electronic format instead of paper based.
- Submitted data to regulators and government agencies by electronic tools instead of paper form as much as possible, which would reduce the processes, reduced costs, and was able to check the evidence at all times.
- Validated the completeness of data before printing and reduced printing of single-use documents.
- Campaigned for the use of double-sided printing and reuse of one-sided printed paper for unimportant internal documents. Furthermore, as for data security purposes, information to be printed on reused paper shall be required careful consideration for data classification.
- In case of necessary to print out a document and it could be shared among department members, when finished reading or using, it could be forwarded to colleagues within that department instead of printing multiple copies.

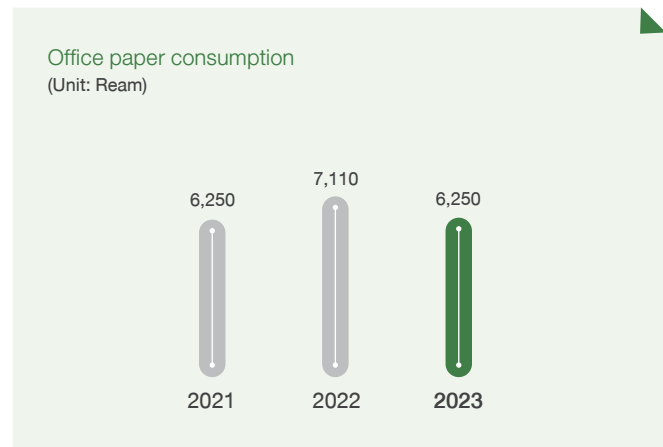
Expected results

1. Reduced paper usage and related cost such as the cost of purchasing papers, office equipment, filling cabinets, ink file as well as reducing document storage space. It made the office clean and dust-free which positively affected to the health of employees.
2. Increased work efficiency by applying of information technology in place of using paper based. It also protected the data security of the Bank, customer and who involved with the Bank in various fields.
3. Reduced the risk of loss or documents' destruction, including concise the process and difficulty in searching for reuse such documents.
4. Promptly and fully communicated to people both inside and outside the organization through electronic channels.
5. Changed behavior of employees to be familiar with working with information technology and various electronic media for sustainable in banking operations in the future.
6. Raised employees' consciousness and awareness of importance in reducing environmental impacts.

In 2023, office paper consumption (Head office's information only) was 6,250 reams, decreased by 12% from 2022. The decrease of office paper consumption was mainly from the continuous advancement and enhancement of office automation

technology implementation for the Bank's operations which helped reduced paper printing.

In this regard, the Bank will continue focusing on the use of information technology and innovation to continuously reduce paper usage in the Bank's office.



Energy Saving

The Bank recognizes the importance of sustainable banking scheme which aligns with the core objectives of ICBC Head Office as it moves towards green operation and reduces environmental impacts by campaigning for climate change awareness and responsible use of natural resources in the Bank, which has well received cooperation from all employees in implementing and supporting the achievement of sustainable development.

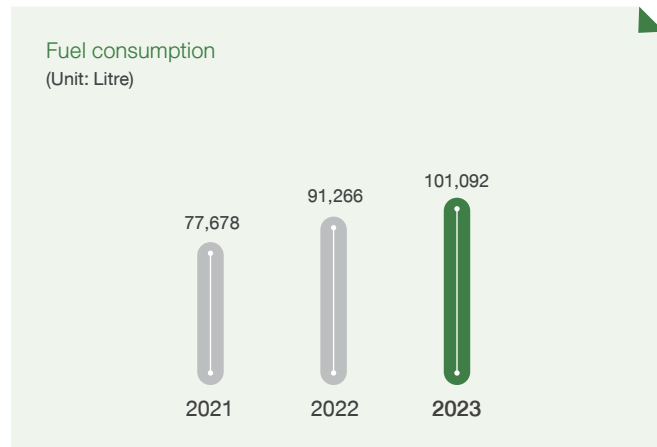
Target

To implement and campaign for the Sustainable Banking and Environment as well as support energy saving by using LED bulbs and improve efficiency of water consumption.

Fuel consumption

Fuel consumption from the Bank's business travel of all employees in 2023 increased from previous year approximately 11% since the Bank's business operations have resumed to normal after the end of measures to control the spread of COVID-19. Therefore, the Bank's business travel, both domestic and international, had increased according to the increase of the

Bank's business activities in order to regularly visit and follow-up the customers' businesses operations. As a result, the Bank was able to provide financial products and services as required by the customers together with the expansion of the Bank's business scope and scale covering various business sectors.

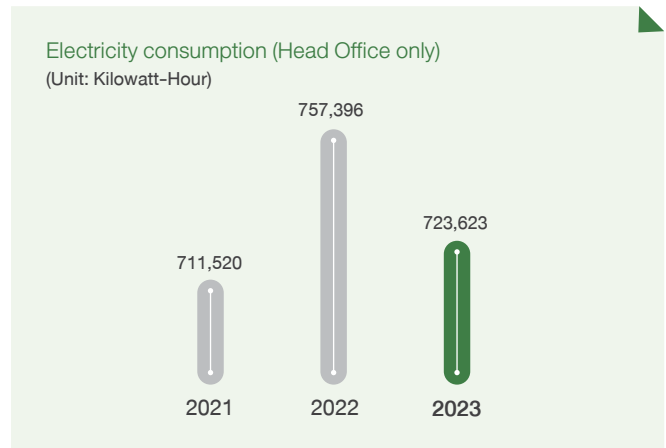


- Electricity consumption**

The Bank had replaced Fluorescent light bulbs with Light Emitting Diode (LED) bulbs at the head office of ICBC (Thai) Bank since 2021 and began to install LED bulbs as replacement at all branches in 2023 in order to improve energy efficiency. In addition, LED lamp does not contain mercury in its production process; as a result light from LED bulbs will not contain UV radiation including radiation that is harmful to health which is considered as the key of environmental friendliness.

In addition to the lamp replacement as mentioned above, the Bank also changed other electronic equipment for better electricity consumption efficiency. As a result, the electricity consumption in 2023 decreased 4% compared to 2022.

Next step, the Bank plans to apply the "Solar Cell" panels at the pilot business center office. In addition, the Bank is in the process of gradually replacing broken air conditioners with the "Inverter Air Conditioner" and use "R32 refrigerant" which is more environmentally friendly at all business centers.



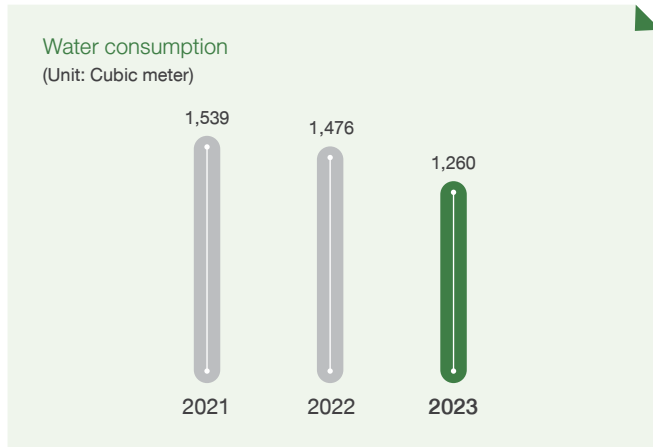
- Responsible Water Consumption**

Water is considered as one of the most important resources that the Bank has placed the utmost importance and set mutual target to preserve and responsibly use water resource. Efficient use of water for the Bank means the use of water that suits the activity without unnecessary use of under the consciousness in the conservation of water resource. The guidelines for using water economically and valuably have been set as follows:

- Regularly inspect equipment to prevent water leakage**
Equipment malfunction is one of the issues causing water leakage in the office and branches. ICBC (Thai) Bank has scheduled water equipment inspection regularly to maintain water equipment in the good functional condition.
- Change water consumption behavior**
During COVID-19 pandemic, water consumption significantly increased relative to normal situation due to the campaign for COVID-19 preventive measure, which encouraged people to often sanitize hands by washing hands with soap so as to reduce infection risk from touching surface. To prevent the contagious, staff often washed their hands when touching surface, however, many people may be accustomed to letting water run through while washing hands with soaps which waste a lot of unused water. For this reason, ICBC (Thai) Bank has campaigned for water preservation by encouraging employees not to let water running through while washing hands or other routines using water.

Furthermore, in 2023, the Bank changed 6 sets of "Check Valves" in the cooling tower system which supports the air conditioning of the Bank's Server Room. This prevents unnecessary wastewater and continuously reduces water consumption at the Head Office in 2023 compared to 2022.

In 2023, the Bank's water consumption (Head office's information only) continued to reduce by 4% compared to 2022.



Renovation of the office using environmentally-friendly materials

In 2022, ICBC (Thai) Bank has improved office space of the Head Office for better working environment with clean, safe, and good atmosphere in the office to promote business growth and healthy workplace for the employees. In 2023, the Head Office Branch was relocated to the Emporium Tower and used environmentally-friendly materials to decorate the office and considered their impacts on environment in every step from input supply procurement, production process, to disposal method. For example, the Bank selected “Breathe-Inhale Carpets”, which won “Sustainability Award 2019” in Architectural Design, for innovation-Waste Elimination, for interior decoration. The carpet installed at ICBC (Thai) head office was made of 3,620 plastic bottles in production process. Furthermore, the installed carpet can be used as fuel source for energy production at the end of its lifecycle, which contributed to the objective of “A Key Solution to Achieve Zero Landfill”.

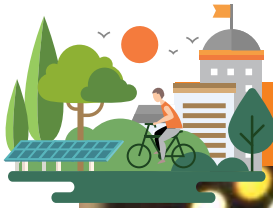


Environment Related Activity

In 2023, the Bank initiated “Send Orphan Waste Home Activity” by providing information on “Orphan Waste” to all staff. The orphan waste is the type of waste that cannot be recycled and often ends up at dumping sites, causing pollution. However, it can be turned into RDF (Refuse Derived Fuel) to replace fossil fuel in cement kilns. The Bank has collected orphan waste i.e. receipts, paper slips and plastic pens from staff at Head Office. All orphan waste will be sent to N15 Technology Company to turn into RDF.

Contribution to UNSDGs

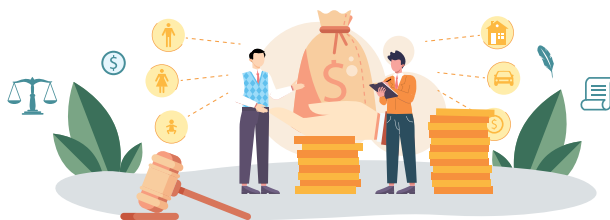




Social Dimension



ICBC (Thai) Bank is committed to be a financial institution that places importance on being a socially responsible organization by sharing benefits with all groups of stakeholders, promoting and creating a culture of learning as well as equality practice for the betterment of society.



Share Benefits with Stakeholders

The Bank strives to be a financial institution that places importance on being a socially responsible organization through adhering to the principles of good governance, participating in sharing benefits with stakeholders and being a good member of society.



Fair Lending

ICBC (Thai) Bank is committed to offer products and services to its customers based on Market Conduct Principles to promote confidence of the customers in financial system of Thailand, and achieve long term sustainable growth of the Bank while maintain fair treatment to all stakeholders. To achieve this goal, the Bank adjusts default interest rate, fee and repayment plans that shall be beneficial for both the debtors and the Bank

based on cost reflective principles and not cause overburden to the debtors. Moreover, the Bank takes into consideration their affordability risks to maintain balance between financial discipline and Market Conduct.

Default Interest Rate

In order to lower the overburden on the debtors, ICBC (Thai) had implemented the new default interest rate principle to replace the previous principle. The fixed default interest rate as in the past has changed to be as any reference rate relating to the customer's credit risk level proposed by the Business Unit plus the default margin (not more than 3 percent per annum). And the default interest rate shall be calculated on the overdue principal amount only.

Sequence of Debt Settlement

ICBC (Thai) has also conducted the debt settlement sequence to be complied with the Market Conduct and the Bank of Thailand's notification as well. The debt settlement shall be as the order from the overdue fee amount, default interest amount, overdue normal interest amount, and, overdue principal.

Fee Collection

ICBC (Thai) has also conducted the fee collection to align with the following principles;

1. The collection of interest, service charges, and penalties from the customers must be appropriate, fair, and not redundant.
2. The collection of service charges must be proportionate to the duration that the service has been provided.
3. Any fee arising from regular internal operations or risk management process of the Bank with no value added service to the customers cannot be charged.

To achieve the above-mentioned concepts, ICBC (Thai) had amended the fee collection such as the prepayment fee collection from SMEs customer collateral fee collection from all types of customers.



Loan for Transformation Activities

Even though the COVID-19 pandemic in Thailand has recovered, the contagion remains uncertain. Furthermore, the consumers and market behaviors have also changed rapidly to new normal practices due to the disruption from the digital technology, the friendly environmental business, and future innovation technology. All these changes have pressured the businesses to adapt and transform their approaches to accommodate new normal concept. Then, the Bank of Thailand has announced the amendment to the Emergency Decree on Giving Assistance for and Reviving Entrepreneurs Affected by the COVID-19 Pandemic B.E.2564 in terms of the soft loan for entrepreneurs to maintain and transform their business in the new context. Therefore, the Bank has also participated in this new scheme as well.

The Bank has developed guidelines for internal business units responsible for lending services to effectively and correctly implement the Emergency Decree and the notification of the Bank of Thailand.

This transformation lending has targeted the large corporates and SMEs in Thailand that registered with the Bank of Thailand and applied for project loan with credit lines up to THB 150 million. The eligible activities for the transformation lending include;

1. Investment in or improvement of digital technology including but not limited to smart operation, data analytic system, online/e-commerce marketing, smart logistics, blockchain technology, smart financial and payment infrastructure for business, e-procurement, internet of things (IoT), automation & network technology, artificial intelligence (AI), staff training on the transformation.

2. Investment in or improvement of environmentally friendly businesses including, but not limited to solar rooftops, energy efficiency systems, renewable energy systems, recycle systems, waste management systems, green building constructions, sustainable tourism.
3. Investment in or improvement of innovation including, but not limited to smart farming, good manufacturing practice, good agriculture practice and plant-based foods. The conditions and criteria are in compliance with the Emergency Decree and the Bank of Thailand's notification.

This transformation activities financing was effective from 1 September 2022 to 9 April 2024. ICBC (Thai) Bank has continuously supported this transformation activities financing.



COVID-19 Economic Relief Program for Entrepreneurs

The COVID-19 pandemic has had profoundly adverse impacts on businesses and individuals since December 2019. Most businesses were severely affected, particularly tourism-dependent industries were among those harmed the most by the pandemic. Although the economic activities gradually returned after travel restrictions terminated, a significant number of customers were still suffering from financial hardship. ICBC (Thai) Bank was aware of the customers' financial difficulties, therefore, it established a financial program for economic relief to assist the customers affected by COVID-19. The Bank successfully controlled its own potential risks as well.

In order to assist the customer financially and control the quality of ICBC (Thai)'s lending portfolio, then, ICBC (Thai) has implemented the Guideline for Debt Rescheduling/Restructuring to the Customer affected by COVID-19 Pandemic offering to all customer type under lending business.

For Corporates and SMEs customer, basically, ICBC (Thai) shall consider the following factors

1. Long term debt restructure by considering the cash flow of the customers in order to define the future installment.
2. The debt shall be restructured to reflect the customer's repayment ability by setting the installment to be in line with its low revenue and may gradually step up to reflect the recovery of the economic, business and revenue in the future.
3. The debt restructuring plan could be adjusted in case the customer's revenue is not as expected.

4. It should not build the moral hazard to the customer who has not been affected by the pandemic.

Then, ICBC (Thai) shall assist the customers as follows

1. **Debt reschedule or debt restructuring including providing grace period**

- **The supporting should be considered starting from**

- (1) Pay Partial of principal and pay full of interest (Some P, Pay I)
- (2) Grace Period of principal only and pay full of interest (No P, Pay I)
- (3) Grace Period of principal only and pay part of interest (No P, Some I)
- (4) Grace Period of principal and interest (No P, No I)
- (5) Grace Period of principal and interest plus increase the credit line to support the operating expenses
- (6) Amending the repayment schedule to be in line with the customer's repayment ability, step-up repayment plan, or restructure from short-term debt to long-term debt.
- (7) Combination of the above supporting (1) - (6).

- **Grace period of principal should not exceed December 2023. The grace period should consider the following factors;**

- (1) Impact level based on each industry areas, Industry outlook including impact period, recovery period and pattern of recovery.
- (2) Cash Inflow.
- (3) Monthly operating expenses
- (4) Self-recovery plan
- (5) Any supports from shareholders and parent companies.
- (6) Any collateral deterioration.
- (7) Other banks' support.

- **Repayment criteria shall be as follows:**

- (1) The alternative of deferred principal repayment shall be repaid as follow:
 - (a) Allocating to the existing repayment terms based on the cash flow projection for the customers who have high DSCR under the normal situation or has the enough cash flow to repay debt.
 - (b) Extension of tenor in case that the future cash flow is not enough to repay within the existing tenor.

- (2) The alternative of accrued interest shall be repaid as;

- (a) The accrued interest can be equally repaid within two years maximum depending on the cash flow projection.
- (b) The repayment of principal shall be done after fully repayment of all accrued interest.

2. **Increase the credit line:** If necessary, the Bank may consider assisting the customer for operating expense on case by case basis. However, the Bank must ensure that the supporting credit line will be;

- a. Working capital facility only
- b. Monthly utilization in order to support the monthly operation expenses during the impact
- c. Not use for loan repayment to other banks, directors or related companies.
- d. After new credit line, the overall LTV \leq 80%.

3. **Decrease the interest rate:** The Bank may consider decreasing the interest rate based on case by case in order to have the incentive for the customer to perform as schedule. The difference between the existing interest rate and new proposed interest rate shall be deferred and could be waived after the full repayment of the debt restructuring amount.

And this financial assistance also provided the benefit to the customer in terms of the exempted from the assets reclassification and not be considered as Troubled Debt Restructuring (TDR). Then, there shall be no any impact to the credit information of the customer as well.

Furthermore, ICBC (Thai) provided the support to the credit cardholders who got the impact from COVID-19 as;

- (1) The minimum credit card payment of the eligible customer shall decrease to zero percent, starting from October 15, 2021 to February 28, 2023.
- (2) The minimum credit card payment of the eligible customer shall decrease to 5 (five) percent per annum, starting from March 1, 2023 to December 31, 2023.

The interest rate charge during the assistance period shall be at Minimum Retail Rate (MRR).

ICBC (Thai) has continuously assisted the customer through our own financial assistance program during 2023. By the end of December 2023, more than THB 18 billion lending outstanding, (both Corporates and SMEs) are still under the financial assistance program.

And for the credit card business, ICBC (Thai) provided assistance to 17 credit card debtors affected by COVID-19 with outstanding balance around THB 1 million in total. In other words ICBC (Thai) provides 100% assistance of the number of the Bank credit card customers who applied for the assistance.

ICBC (Thai) Leasing's customers

ICBC (Thai) Leasing carefully analyzes every customer's lending request so that all customers have equal access to loans and are suitable for the repayment abilities of customers which will help to prevent the approved loans become bad debts in the future. In addition, customers have been affected by COVID-19 pandemic and due to the rising cost of living caused by inflation, ICBC (Thai) Leasing has taken measures to help customers to reduce the debt burden in difficult conditions as follows:

- Provided loans to customers in groups that have lower creditworthiness such as farmers, small business owners and employees of small businesses in the private sector etc. in order to create career opportunities and improve the quality of life of customers, stop relying on informal debt borrowing. There is a process for analyzing credit granting that is consistent with the characteristics of customers in each occupation and repayment ability of customers.
- Continued to provide relief measures including grace period, reduction of monthly payment installment of hire purchase in order to reduce cost burden for customers and support the installment as well as approval to provide a discount to the customer after litigation process to allow customer to repay all debts as soon as possible.



Scholarships for Students

The Bank has a project to award scholarships to students who have a good academic performance, ability and good behavior but lack of sufficient financial support to help relieve the burden of families and give students the opportunity to study at the university level. It also creates morale and encouragement for students who receive such scholarships which contributes to increasing quality human resources and the potential of Thai society in the future.

In 2023, ICBC (Thai) Bank supported scholarships as follows:

- January 2023, awarded 3 scholarships, worth THB 20,000 each, to students from Faculty of Business Administration and Accountancy of Khon Kaen University.
- November 2023, awarded 18 scholarships, worth THB 20,000 each, to students from Chulalongkorn University, Kasetsart University and Thammasat University.



Charity Activities

Charity activities are activities that ICBC (Thai) Bank has organized regularly. The Bank recognized the importance of creating valuable relations between the Bank and the communities where its branches are located. Moreover, the Bank expressed its concern for the wellbeing of the people in the surrounding areas of the branches of the Bank.

Donation of Blankets

In 2023, ICBC (Thai) Bank donated 1,200 blankets to villagers who were affected by severe cold weather and other disasters in Chiang Mai, Udon Thani and Ubon Ratchathani provinces through the government agency.



- **Donation to Underprivileged People**

In November - December 2023, the Bank donated necessity supplies to underprivileged people at 5 Foster Homes in Chiang Mai, Udon Thani, Ubon Ratchathani, Khon Kaen and Surat Thani provinces in order to celebrate and give them the best wishes during New Year Festival.



- **Financial Literacy**

ICBC (Thai) Bank as a financial institution recognizes the importance of Thai youths having basic knowledge on finance and financial discipline as well as awareness of financial fraud situations as the direction of the Bank of Thailand.

In 2023, the Bank held an activity under the name the "ICBC (Thai) Promotes Financial Discipline" in order to provide basic financial knowledge to more than 800 students at undergraduate level from 5 educational institutions in 4 provinces in Udon Thani, Ubon Ratchathani, Khon Kaen and Surat Thani provinces. This activity was held so that students would have good financial discipline, knowledge of savings and investment in order to avoid bad debts in the future. In addition, the activity would encourage youth to recognize the financial fraud risk and potential losses. The Bank expected that this knowledge would be beneficial for them in the future.



Ensure well-being and gender equality of Employees

The good health of all employees is a priority for ICBC (Thai) Group. It not only affects to create good atmosphere in the workplace, enhances efficiency and good performance of ICBC (Thai) Group but also contributed a good outcome to overall society and the country in various aspects such as reducing the burden on the public health budget of the country which allowed the government to use this budget to develop other aspects of the country instead. It also improved the quality of life, family, community, society and the country leading to participate in economic, social and political development.



Activity clubs for well-being of employees

ICBC (Thai) Bank provided support on the employee activities by setting clubs for various activities such as badminton club, football club, table tennis club and yoga club. The activities aimed to prevent the work exhaustion and to help employees relax, recharge and rejuvenate from stress. It also helped building and strengthening the relationships and unity among employees.



Sport competition between employees of ICBC (Thai) Bank and subsidiaries

To promote good health of employee, ICBC (Thai) Group regularly organized sport competitions between the Bank and its subsidiaries on a yearly basis. This not only benefits employees in terms of health but also crates good sentiment employees as well as establishing good relationships among the employees of ICBC (Thai) Group. In 2023, after the COVID-19 pandemic in the country subsided, ICBC (Thai) Group organized badminton, basketball and football championships.



Flexible Working Hour

Although good in physical and mental health can empower employees to work more productively and strengthen the potential of the Bank in the long run, flexible working hours that suit the needs of each employee can help manage the work time of employee efficiently. Flexible working hours still means that employees have to work full-time, maintain performance as specified by the Bank but it can create better work-life balance, reduce tension from transportation and lessen traffic congestion during rush hours as well as saving energy.

Additionally, flexible working hours also helps reducing the unplanned leave rate and helps the Bank to manage human resources more efficiently. The flexible hours started in 2020, the number of employees applying the flexible hours had gradually increased: 28 persons in 2020, 35 persons in 2021, 51 persons in 2022 and 52 persons in 2023.



Annual Vaccination and Health Talk Session

The health and safety of our employees are paramount. In addition to comprehensive group insurance coverage, ICBC (Thai) Bank offered seasonal vaccinations, including annual influenza vaccines administered through a partnership with a private hospital. Furthermore, we collaborated with our insurance partner to organize 2 Health Talk sessions on the topic "Respiratory Infection that Rain Brings" and "Office Syndrome" to disseminate valuable health-related information and consultations from doctors and medical experts.



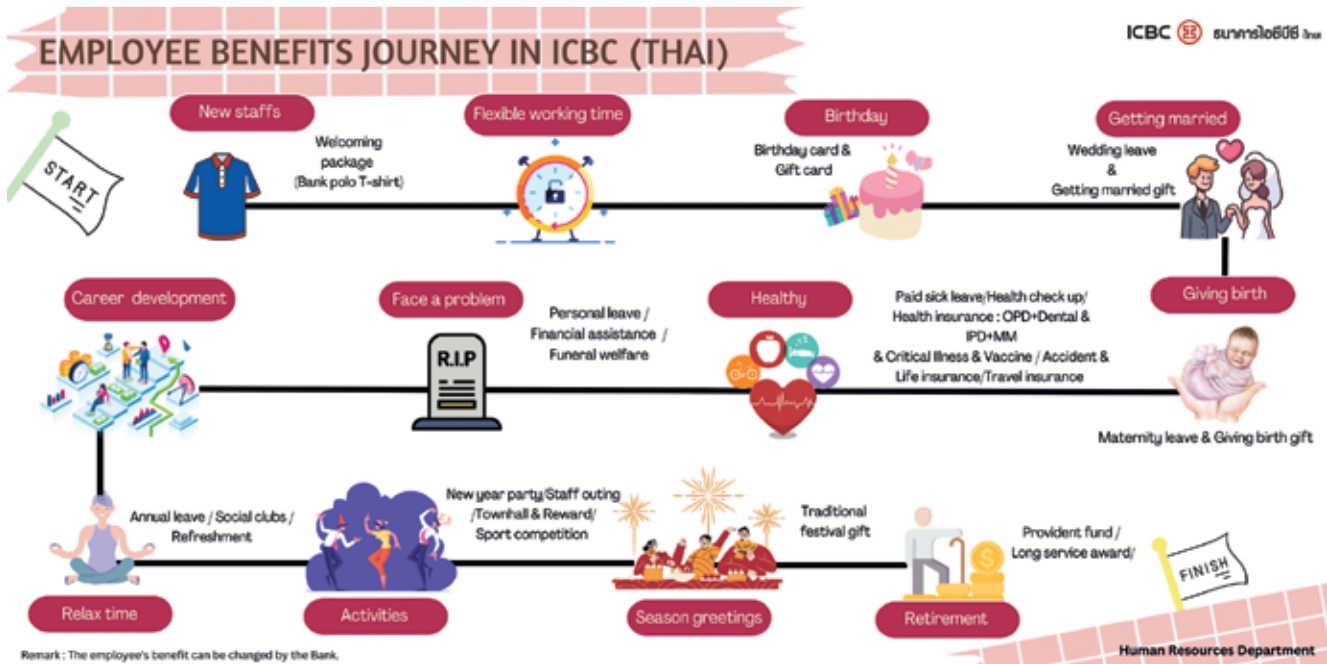
Employees' Benefits

Further than salary and bonus, ICBC (Thai) Bank rewards the work of employees with welfare and benefits that cover employees and their families in order to save some costs for the Bank's employees. It also retains employees to stay with the organization in the long run as well as attracts interested candidates to join the Bank. This results that human resource management of the Bank has continuity and sustainability.

The Bank's welfare consists of basic welfare according to law and additional welfare specified by the Bank since the first day of being an employee until retirement called "Employee Benefit Journey in ICBC (Thai)".

The Bank never stops improving and bettering the employee-related policies to ensure the well-being and the good living of not only our employees, but also their family members and loved ones. The revision of all policies is based on a comparison of the banking sector in Thailand and the economic situation at a given time.





Human Resources Management

The Bank recognizes that effective human resources management is a critical component for its long-term success and sustainability. As such, the Bank has been actively working to review and improve its organizational structure and workforce to maximize both business performance and employee capability.

The Bank ensures appropriate human resource capacity to support business plans for its sustainable growth in both short term and long term by conducting competency gap analysis, forecasting adequate number of employees, developing skills and knowledge, as well as preparing recruitment and replacement plans. Furthermore, the Bank's human resource management respects human rights principles and maintains good governance policies and practices for its high business performance. Moreover, the Bank also conducts human resource management as the following:



1. Recruitment

- The Bank recruits qualified personnel for each department and advertises job vacancies through the Bank's website, social media, trustable and well-known recruitment agencies. Additionally, with collaboration of leading universities, the Bank promotes its potentials for promising career opportunities to attract high-quality candidates as required by each department.
- Job openings are made available to both internal and external candidates based on their potential and qualifications. The Bank ensures that new employee hiring is conducted in a fair and neutral manner, taking into account the market rates and internal salary structures. 152 new employees were hired and filled in various positions, increased by 50% or 51 persons comparing to 2022.
- Internship Program for students and new graduates who are interested in learning and understanding the working process in the commercial banking business in various functions. This will be a part in creating quality resources for the financial institution system in the future. During the internship period, students will receive remuneration as specified by the Bank.

The Bank recognizes the importance of sustainable growth and places a strong emphasis on developing young talent and promoting growth from within. This helps us to groom and develop a valuable workforce and future leaders. 29 university students are hired in the internship program to provide them an opportunity to learn the banking knowledge as well as acquire the working experience in banking industry.



2. Retention

- Career paths development, performance management, remuneration, welfare and benefits, as well as improvement of living quality and working environment are significant factors for the Bank to boost employees' morale and motivate their performances at full potential as well as create their sense of belonging in workplace.
- Succession plans are jointly established by Human Resources Department and other internal departments to promote employees with high performance and capabilities into higher positions.
- Upskill training programs are provided for employees throughout all departments both in-house and external organizations.
- Encouraging team building with more budgets for refreshment programs to strengthen connections among team members in each department and division.
- Placing importance on employees' birthdays by giving birthday presents and greeting cards. Additionally, the Bank organized the Birthday Card Design Contest for the second year to build caring culture.
- Organizing communication on a regular basis between Human Resources Department and the employee and updating information on personnel management to build awareness and understanding of the employee.
- Seasonal greetings for festive occasions i.e., New Year, Chinese New Year, Mid-autumn festival.



3. Reward & Recognition

- Reward & Recognition are the means to express the Bank's appreciation and acknowledgement of the employees' outstanding performance, dedication, determination, and their valuable contribution to the organization. The reward and recognition recipients are considered as inspiration and role models for their colleagues.

The Bank organized the "2023 Town Hall & Outing" in Pattaya from 25-26 February 2023 to acknowledge the Bank's

strategies and policies as well as rewarding employees who have outstanding performances covering the all positions and job functions, from the Bank's executives in total 77 awards.

- Performance appraisal management is established with clear, fair, and non-discriminatory guidelines and procedures for employee performance appraisals and compensation and benefits, with a focus on fairness, transparency, and verifiability. All related parties have worked together to ensure that all practices are complied with the criteria and guideline.



4. Succession Plan and Retirement

- Succession plan, to prepare qualified employees to be performing duties in the middle and senior management levels in the future, and to close the gap of employees who nearly retire, will maintain the Bank's operations continuity.
- Resilient retirement plan, in case of business necessity, the Bank may considers to extend the employment of retired employee in that year subject to the criteria set by the Bank in order to ensure continuity and efficiency of the Bank's operations. However, the renewals of retired employee depended on the intentional basis of the employees.
- Long-service award for retiring employees, the Bank recognizes that all the business achievement and progress cannot be accomplished without employee's contribution. To recognize their loyalty and dedication throughout their years of service, the Bank established long-service awards for retiring employees, which are presented during the retirement and recognition ceremony.





Human Rights' Action



1. Respect for Human Rights

Human rights are the basic rights and freedom to be treated with non-discrimination based on race, religion, sex, skin color, language, ethnicity, or any other status. Regarding human rights, the Bank establishes operational guidelines in alignment with human rights protection principles as stated by national laws and regulations. To ensure that all businesses and operations of ICBC (Thai) are conducted with fully respect of human rights to avoid and prevent misconducts against human rights in all possible ways or involvement in any human right violations. The Bank establishes approach to effectively reduce damage and arrange appropriate remedy for incidents relevant to human rights in order to build trust and confidence in the community.

The Bank's respect of human rights approach

1. The Bank complies with relevant laws to align with the entitled rights of employees
2. The Bank recognizes the importance on human dignity, equality, fairness without discrimination against employees because of differences in personality.
3. The Bank treats employee without discrimination based on race, religion, skin color, nationality, gender, marital status, gender diversity, etc which will violate human rights and fundamental freedoms.
4. The Bank treats employee in terms of employment, compensation for work, provision of welfare, development and training, promotion, consideration/position disciplinary action and punishment, termination or retirement based on ability and working performance.
5. The Bank treats employees of all genders with equality, excepted in case of the nature or conditions of work.
6. The Bank has communicated the policies related to non-discrimination with all employees in the organization, so that all employees have proper knowledge, awareness and ability to comply with the Bank's guidelines.

The Bank's Remedy Approach

The Bank has established channel for employee's complaint as stated in the Bank's Work Rules, for consideration and resolution process in case of unfair treatment of employees.



2. Employment of Persons with Disabilities (PWDs)

The Bank participated in the "Program for promoting and developing the quality of life of persons with disabilities according to No.35 of Empowerment of Persons with Disabilities Act, B.E.2550 (2007)" by contracting services to work with the Thai Red Cross Society, a non-discriminatory and humanitarian national charitable organization, so that people with disabilities received social and job opportunities based on their skills and allowing them to work with others. This will reduce the burden on family and society, which aligned with the Bank's social responsibility policy. In 2023, the Bank employed 6 persons with disabilities through this project.



Promote Learning Culture

A learning social development is one of the corporate cultures of ICBC (Thai) Group that encouraged all employees to receive training in a blended learning style through several channels such as training directly in the room, training through electronic media or information technology, various knowledge, information sharing via newsletters and e-mails. This is to allow employees to have the opportunity to learn at any time and in any place for improving employees' skills (Upskill) and creating new skills that are necessary for work (Reskill) under continual change of the digital financial and economic environment.

The Bank promotes and creates a learning society every year. The Bank organizes training and encourages employees to attend seminars that are beneficial to their duties and useful to daily life of employees under the changing economic and social environment, so that all employees receive suitable, updated and accurate information.

Talent and leadership development

Recognizing the pivotal role of effective leadership in organizational success, ICBC (Thai) Bank places a strong emphasis on talent and leadership development. In collaboration with all divisions and departments, the Bank conducts regular talent review program to select and nurture future leaders. Additionally, the Bank offers specialized leadership training programs tailored to various levels of leadership, ensuring a continuous pipeline of capable leaders.

1. Accelerated Leadership Program-the 10-month journey of leadership development with 3 workshops and a report-out session on the closing. The Bank ensures the results of the program will help it to bring out the best potential of employees and their subordinates which would have a positive impact on the overall operating performance of the organization.
2. SMART Manager Development Program which is a fundamental program to equip first-line managers with basic managerial skills such as goal setting, result management, etc.
3. Passion Leader for Success-In this course, the Bank provided for both front and back offices' staff to boost up their power from within aiming to raise up their productivities and value their current duties.



Continuous learning opportunities

ICBC (Thai) Bank encourages all employees to pursue continuous personal and professional development. In addition to the mandatory training sessions required by regulations, the Bank provides a range of in-house and external training opportunities. The Bank's diverse training programs encompass soft skills, functional expertise and language proficiency, empowering employees to thrive in an evolving work landscape. In addition to the mandatory training sessions required by the law and regulations of the Bank of Thailand, the Bank offers additional training opportunities to employees.

In 2023, the Bank organized 61 in-house training courses for the total of 9,284 participants. ICBC (Thai) Bank continued to boost employees' engagement in public training, achieving 22% increase in the total number of 55 courses and accumulating 1,069 learning hours. 26 employees attended HO training in China and accumulating 730 learning hours.





Compliance Training

ICBC (Thai) Bank and subsidiaries realize an importance of corporate governance and compliance with law and regulations related to business operations. In this case, ICBC (Thai) Bank and subsidiaries organize training for sharing information with a representative of each departments who was appointed as an “In Business Compliance Officer” (IBCO) on monthly basis to ensure that employees are always informed the relevant rules and regulations as well as discussions on various issues in order to conduct the operations with the proper procedures.

In addition, the Chief Executive Officer (CEO) of the Bank emphasized that the compliance with regulatory guidelines of both domestic and international authorities is essential for the business. The CEO himself shared the information and regulatory issues happening to other financial institutions around the world in training sessions for the employees. Additionally, the CEO also suggested the issues that the employees should be prudent and pay close attention for compliance purposes. In this regard, the Bank has set requirements for all employees of the Bank and subsidiaries to take the training courses and shall pass all the mandatory examinations within a certain period.



Newsletters related risks

In the past decades, financial institutions have confronted a wide range of risks and unprecedented crisis that impact financial institutions more than traditional financial risks in both the near and long terms. For instance, the most recent global crisis was the COVID-19 pandemic since 2019 that drastically changed the living pattern of human beings. Moreover, the severe climate change issues have caused unmeasurable damage to life, assets, and global economy. In addition, the technological advancement influences banking business in both positive and negative ways as it radically transforms banking business and customers behaviors to digital scheme while cyber threads in unpredictable forms bring about new risks with drastic financial loss to the customers and the banks. To prepare for these new forms of risks, financial institutions inevitably need to institute rigorous and secure information technology management system and enhance capability to prevent and manage IT risks which will maintain customers' confidence on the service of each financial institution.

From the aforementioned, the environmental risks will be one of critical factors considered in loan approval process. Thus, it is important to understand environmental risks to properly conduct risk assessments with such risks.

In 2023, the Bank released a newsletter on Thailand Taxonomy to raise awareness of employees on new framework regarding environmental issues as a part of regulation imposed on financial institutions. This framework shall be integrated into loan approval considerations.



Data Security Training

Branch Visit Activities to place the importance of the Personal Data Protection Act (PDPA) and Data Governance

The Bank aims to ensure that branch employees are knowledgeable, understanding and aware of the importance of personal data protection and data governance. Therefore, the Data Governance and Protection Office and the Personal Data Protection Officers of the Bank had been assigned to continue visiting branches from the year 2022, adding 19 branches in year 2023 to assess readiness, emphasize, and provide guidance on personal data protection and data governance. The activities include:

- Conducting workplace surveys to assess readiness for data security management throughout the data lifecycle including personal data, to prevent data leakage, loss or unauthorized access.
- Interviewing branch managers and employees to assess their understanding of personal data protection, the rights of data subject and data governance and to inquire about problems and obstacles in their operations.
- After the workplace surveys and interviews, readiness would be assessed to advise branch managers and employees on appropriate improvements.
- Conducting training on personal data protection and data governance that was suitable for the branch's operations and aligns with the readiness of the branch managers and employees, ensuring they complied with laws and guidelines related to personal data protection and data governance.

In 2023, the Data Governance and Protection Office and the Personal Data Protection Officer of the Bank visited a total of 19 additional branches, on top of the 2 branches visited in 2022, to provide knowledge and emphasize personal data protection and data governance. In 2024, it plans to assess the readiness of all 21 branches through online meetings and annual assessments to ensure that every branch maintains the standard and is prepared for personal data protection and data governance.

Data and document security management throughout its lifecycle

The Bank aims to encourage employees to manage critical data securely, in accordance with the rules and guidelines for personal data security and data governance. This includes storing important documents in secure locations to prevent data leakage and shutting off electrical devices to reduce energy consumption

in the organization at the end of each workday, with ongoing quarterly assessments from the previous year, as follows:

- Establishing protocols for storing data in paper form according to the data's confidentiality level and securing laptop computers appropriately after working hours.
- Requiring the shutdown of computers and monitors after work to save energy and extend the lifespan of the devices.

In 2023, the Bank further emphasized the data security management throughout its lifecycle to prevent data breaches by:

- Requiring the identification of data confidentiality levels on documents, both in paper and digital forms, to make users aware of the document's importance.
- Implementing data file encryption with high confidentiality levels when transmitting data, both within and outside the organization.
- Ensuring proper destruction of documents according to the data's confidentiality level by setting up designated collection points for important documents awaiting appropriate disposal.

In 2023, the Bank continued its activities from the previous year to ensure that all employees were involved and aware of the importance of data security and to develop it as part of the organizational culture. It was found that every employee applied the established guidelines and practices in their daily work consistently and correctly, in line with the principles and rules of data protection according to the levels of confidentiality. Moreover, the Bank is committed to continuous development to raise the standards of data security management.

Contribution to UNSDGs

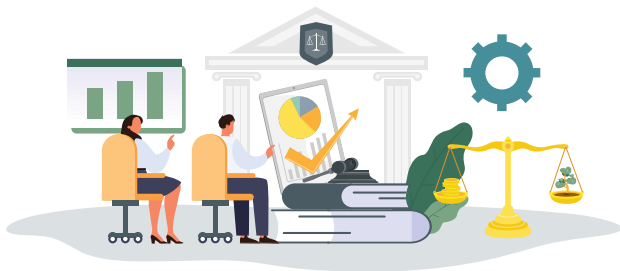




Governance Dimension



ICBC (Thai) Bank places importance on good governance, transparency in its business operations and fair treatment to customers under promotion of enterprise risk management.



Governance and Transparency

The Bank adheres to the principles of good governance, transparency, fairness, auditability and business ethics as well as adhering to rules and regulations of all regulatory authorities as well as related laws.



Corporate Governance

The Board of Directors of the Bank promotes the culture of good corporate governance along with conducting its normal business operations. Good corporate governance is an important tool for adding to the business's value, ensuring sustainable growth of the business and building confidence to all stakeholders.

The Board of Directors has established the Corporate Governance Policy by adapting the management structure and strategy guidelines set forth by the Bank of Thailand on "Corporate Governance of Financial Institutions and Financial Business Groups" placing great emphasis on the benefits of the stakeholders and fairness in conducting business that include as follows:

- **Rights and Equity of Shareholders**

All shareholders shall have equal rights such as the right to attend shareholders' meetings, the right to profit sharing, the right to dividend, the right to receive information on the financial status and operations of the Bank.

- **Treatment to Stakeholders**

The Board of Directors of the Bank shall ensure that the Bank treats all groups of stakeholders and related persons namely shareholders, employees, customers, creditors, business partners, competitors, communities and society equally and fairly, considering the legal rights of the stakeholders and the agreements they have with the Bank. There are channels for the stakeholders to file complaints pertaining to the business conduct of the Bank.

- **Qualifications of Directors and Responsibilities of the Board of Directors and Senior Executives**

Directors and Senior Executives of the Bank shall possess “Fit and Proper” qualifications and shall not possess any prohibited characteristics as per the Financial Institutions Business Act B.E.2551 and prohibited characteristics as additionally prescribed under the Notification of the Bank of Thailand Re: Guidelines on Approval of the Appointment of Directors, Managers, Persons with Power of Management or Advisors of Financial Institutions, Parent Companies of Financial Institutions and Subsidiaries that Operate Financial Business.

- **Business Ethics**

The Bank has a comprehensive directive on Business Ethics so that all stakeholders as well as Directors and employees understand their responsibilities relating to the standard of the Bank’s Business Ethics.

- **Disclosure/Transparency**

The Bank shall disclose its financial and other information to the shareholders and the public with accuracy and transparency as required by the Bank of Thailand and supervisory authorities. The information shall be disclosed through various channels such as the Bank’s Annual Report and the Bank’s official website as well as reporting to the shareholders on the benefits and remuneration received by the Directors and Senior Executives, included in the Bank’s Annual Report, at the Annual General Meeting of Shareholders.

- **Prevention of Conflict of Interest**

The Board of Directors of the Bank shall be responsible for overseeing and preventing conflict of interest to be transparent and for the benefits of the Bank and its shareholders. It shall formulate criteria for conducting transactions with the major shareholders or businesses with common or related interest with the Bank, no special conditions or specifications shall be given to them. Such transactions shall be approved by the Board of Directors of the Bank by unanimous resolution. Directors or Senior Executives with interest in such matters/ transactions shall not be a part of the approval process.

For more details on Governance of the Bank, please see the Governance Section.

Performance in 2023

- In 2023, the Bank revised the Corporate Governance Policy to be in line with the new Bank of Thailand’ Notifications Corporate Governance of Financial Institutions and Financial Business Groups which had 4 related notifications relating to Corporate Governance and 2 notifications relating to internal control system.
- In 2023, the Bank also revised its Business Ethics and Policy, Criteria and Procedure for the Recruitment and Compensations of the Chief Executives and Independent Executives to be in line with the aforementioned notifications as well as the Bank’s own practice.
- All other practices of the Bank in 2023 were conducted in accordance with the requirements of the Corporate Governance Policy.



Business Ethics

ICBC (Thai) Bank is committed to operate its businesses with ethics and responsibilities to all stakeholders and promotes its good image. ICBC (Thai) Bank recognizes the right and importance of all stakeholders such as shareholders, employees, customers, business counterparties, competitors, authorities, communities, social and environment. It is the duty of the Board of Directors to provide the Bank’s Business Ethics and promote the Bank’s culture in relation to ethics. All executives and employees are responsible to perform their duties in line with the Bank’s Policies and Procedures. If any employee observes any misconduct behavior violating the Bank’s Business Ethics or policy or procedure of the Bank, he or she can report the issue through the Bank’s whistleblowing channels as posted by the Bank. In addition, the Board of Directors had approved the Policy on Preventing Conflict of Interest as a guidance to the Bank’s executives and employees at all levels to perform their duties with preventive measures for potential conflict of interest incident.



Anti-Corruption

The Bank promotes the Anti-Corruption Policy in order to enhance its corporate governance which is the basis for rectifying the corruption problem as well as building a good organizational culture. The Bank approved the Policy on Preventing Conflict of Interest to provide guidance to the Bank’s executives and employees at all levels to perform their duties in a fair and equitable manner, prevent moral hazard and promote integrity.

The Bank has been certified by the “Thailand’s Private Sector Collective Action Coalition Against Corruption” that is given to organizations with clear intention to fight against corruption.

The Bank has been aiming for its Directors, Executives as well as the staff of the company in its financial group to be the role models in complying with the Anti-Corruption requirements.

Such anti-corruption preventive measures are incorporated into all working procedures, namely, credit approvals, credit restructures, amortization, asset evaluations and procurement of IT equipment, office leasing and decoration, marketing materials, and office supplies. Moreover, the Bank also communicates its anti-corruption prevention in the procurement policy to the counterparties by including preventive measures of the potential corruption behaviors in the contracts and agreements.

The Bank have adopted a “No Gift Policy” where employees are prohibited from offering, soliciting or accepting any form of gifts or using any form of corporate hospitality to influence business decisions.



Whistleblowing

The Bank aims to operate its business with transparency, fairness and a strong sense of business ethics and protects Whistleblowers who refuse to be part of fraud or corruption. The channels for employees and the public to report complaint include:

- Website: www.icbcthai.com (Anti-Corruption and Whistleblowing)
- E-mail: corruptionreport@th.icbc.com.cn
- Letter to the Chief Executive Officer or the Chairman of the Audit Committee: the Industrial and Commercial Bank of China (Thai) Public Company Limited
- Drop in box-Internal Audit Department

In 2023, there is no whistleblowing case received through all the reporting channels.



Anti-Money Laundering

ICBC Group has formulated the Money Laundering (ML) Risk Management Measures in order to prevent the use of the ICBC Group’s financial system for criminal activities such as money laundering. Effective ML risk management is the basis for the safe and stable operations of the Group. ML risk herein refers to the possibilities that the products and services provided by the ICBC Group during business development and operation management

are used for money laundering, terrorist financing, proliferation financing and other predicate offenses of money laundering.

ICBC (Thai) Bank which is subsidiary of ICBC Group adopts the ICBC Group measures to ensure effective identification, customer due diligence, Sanction List name screening, assessing customer risk in according to relevant risk factors to assign risk level, monitoring, control and reporting of ML risks.

ICBC (Thai) Bank organizes the annual training to all executives and employees to aware of ML risk prevention and control, adhere to value standards, and observe professional ethics.

The Three Lines of Defense organizational structure is established to effective manage and control ML risk.

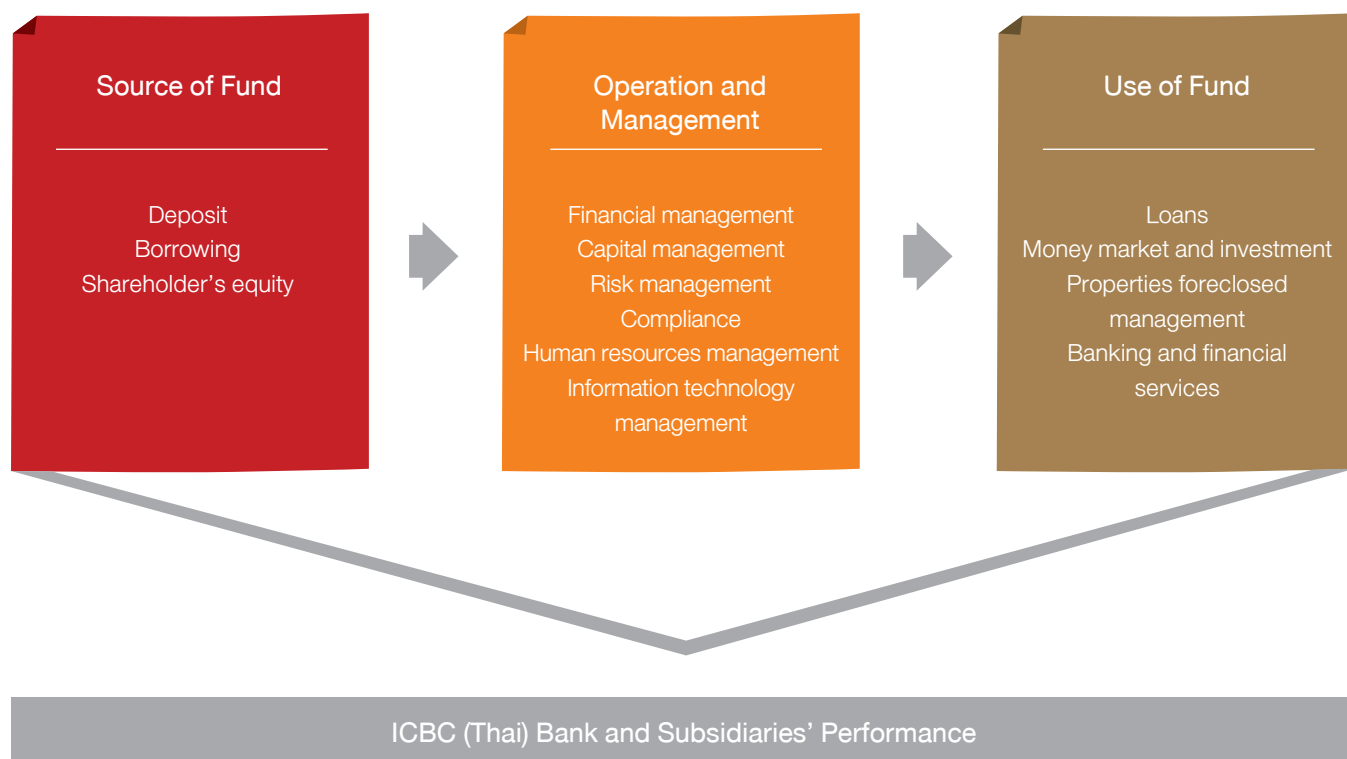
The annual Anti-Money Laundering, Counter-Terrorism, Proliferation of Weapon of Mass Destruction Financing, and Sanction training program has achieved 100% completion.



Value Chain Management

ICBC (Thai) Bank, as a financial intermediary, plays an important role of the country’s economy in raising funds in terms of deposits, borrowing also some parts from the shareholders’ equity for offering various kinds of loans and investments to entrepreneurs and people who need funds to use for their business operations such as loan for businesses, trade finance, housing loans, apartment business financing, loan to customers, asset management business, investment in debt and equity markets, interbank lending mutual fund selling agent. In addition, the Bank’s subsidiaries also provide various financial services in terms of hire-purchase and leasing, life and non-life insurance brokerage services, which result in receiving returns in the form of interest income, dividends, profit from investments and incomes from fees and services generated from products and services of the Bank and companies in the Bank’s financial business group as well as business partners who provide services through the Bank’s channels.

ICBC (Thai) Bank’s operation involves all stakeholders as employees, executives, customers, shareholders, business partners, regulators and societies by strictly adhering to the code of conduct and good governance in conducting its business to steadily grow in the long term and be a part of sustainable economic and social growth in Thailand.



Business Partner Management

ICBC (Thai) Bank's business partners include financial agents, external service providers and other business partners. Value chain management of business partner can enhance the efficiency of ICBC (Thai) Bank's operations, service capabilities at reasonable costs, helps managing risks and maintains ICBC (Thai) Bank's image in providing good service to its customers.

The Board of Directors of the Bank clearly sets out a policy regarding business partners for transparency in selection and appointment business partners and fairness to all types of business partners, both individuals or juristic persons. The policy is in accordance with the guidelines of the ICBC Group, regulations of the Bank of Thailand and other applicable laws required any person or juristic person who is a business partner to conduct completed risk assessment by the department in charge of considering and decision-making on activities related to business partner. In case business partner is a foreign entity, the department in charge of considering and decision-making on activities related to business partner must be responsible for assessing the risks of that country in terms of economy, society, legal and environment in order to ensure that the Bank's services

provided or provided by the Bank's business partners are continual and meet service standards as those of the Bank and financial institution system.

Selection and appointment of business partners are considered based on necessity and appropriateness of services from business partners in accordance with the criteria set by the Bank. It must include 3 important principles for consideration: 1) continuity of operations and services in both normal and special situations; 2) responsibility to customers with appropriate customer protection procedures in both customer data and problem solving etc.; and 3) comprehensive risk management before the Bank establishes a relationship with individuals or entities that will be the Bank's business partners, the department in charge of considering and decision-making on activities related to business partner must check the information of the person or representative of the business partner by doing a Name Screening in order to check against the list of persons designated to prevent the risk of fraud, corruption, money laundering or terrorism support in accordance with Anti-Money Laundering and Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing Act to avoid leading business with individuals or entities involved in such high risks.

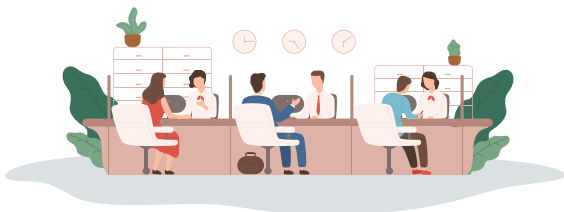
In appointing business partners, the department in charge of considering and decision-making on activities related to business partner will propose to the Executive Committee to consider the appropriateness of appointing or terminating the service from business partners.

In addition, the Bank periodically monitors and evaluates the performance of its business partners, so that the Bank's customers can receive services or operations of the Bank continually as well as prevent damage that may occur from using the services of the Bank's business partners in timely manner. Furthermore, for transparency and verification, the Bank also provides information or reports related to the services from its business partners that may be requested by the Bank of Thailand, external auditor or other regulators.



Procurement

Over the management of business partners mentioned above, the Bank also recognizes the importance of procurement by establishing a clear, transparent and verifiable procurement policy; also provide equal opportunities to external service providers which will lead to sustainable business cooperation. The department considering procurement must send a written notice to all external service providers to acknowledge and realize the importance of the Bank in anti-corruption and against all forms of bribery. In this regard, the Bank prohibits procurement from outsourcing service providers whose behavior is suspected of corruption. Therefore, before the Bank establishes a relationship with an external service provider, the responsible department considering on activities related to procurement must verify the information of persons and/or representatives of agencies that will provide outsourced services by doing a Name Screening in order to check against the list of persons designated to prevent the risk of fraud, corruption, money laundering or terrorism support in accordance with Anti-Money Laundering and Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing Act as process as relationships making of the Bank's business partners.



Fair Treatment to Customers

Fair treatment to customers is fundamental to ICBC (Thai) Bank's business operations aiming to provide customers with fair services in terms of price and condition as well as convenient

access to the services including taking care and solving problems within timely manner.



Fair Market Conduct Management

The Bank provides fair financial services to customers. The Board of Directors and senior management promote effective Market Conduct to be the ICBC (Thai) Bank's corporate culture. The Chief Executive Officer is responsible for promoting Market Conduct in an effective and concrete way as well as ensuring that all staff are committed to offer financial products to customers in compliance with the Bank of Thailand's regulations consistently. The Bank has put in place policies, operating procedures, communication, training and remuneration to ensure that the Bank achieves fair treatment outcomes to customers. Regular training programs are provided by the top management to all executives and staff to emphasize the importance of market conduct principles.

The sales officers are trained regularly to ensure that they offer products and services with quality and appropriate to the needs of the customers. The relevant and clear message of products and services has been informed to the customers for their decision making. In addition, the Bank takes appropriate measures to protect the customers' data security in order to prevent the loss or unauthorized disclosure of customers' personal data.

The fair market conduct training achieves 100% completion of management and employees attendance. The process of complaint acceptance and handling is established independently. All customers' complaints had been handling in timely and effective manner.



Data Governance, Personal Data Protection and Data Security

The significance of Bank's data has increased dramatically in recent years, which is used for improving customer experience with tailored products for each customer. For this purpose, data management is a key success factor for products and services development to deliver the best experience to the customers. This data-oriented innovation was crucial for banking business during the COVID-19 crisis in the past 3 years. ICBC (Thai) has promptly upgraded data management capacity, which aimed to transform the business strategy towards data-oriented culture and offer products and services with digital innovation to the customers. However, the enormous increase of customer data flowing into the system and the dynamic of data governance rules require rigorous data management. Since the Personal

Data Protection Act was enacted in 2020 and fully enforced in June 2022, data governance became mandatory to all sectors including banking business.

Target

To elevate the Bank's data management capacity, amplify awareness and comprehension of data governance, bolster data and IT security defenses, and ensure adherence to pertinent rules and regulations, the Bank has established an effective Data Governance Framework to comply with the Bank of Thailand's policy directives and the ICBC Head Office. Moreover, a Personal Data Protection Framework has been instituted to conform with the PDPA Law. Following the initiation of the Data Governance and PDPA Framework, a series of measures were implemented to fortify data management practices within the bank.

These initiatives are categorized into three primary domains: Data Governance, Personal Data Protection, and Data Security. A detailed breakdown of these areas is as follows:

Data Governance

- The Data Governance Committee has been established to guide and supervise the Bank's data management strategies, processes, and operational plans. Through its quarterly meetings, the Committee ensures that data is leveraged effectively and brings tangible benefits to the organization.
- The Data Governance and Protection Office (DGPO) has been established, marking a significant step forward. This dedicated team is tasked with the critical responsibilities of developing Data Strategies and Roadmaps, managing execution, and serving as the principal steward of the Bank's data. The key actions under their management include:
 - The Data Community which consists of Data Owners and related departments has been set up, and the Data Community quarterly meeting has been held for knowledge sharing and Data Governance culture building.
 - Data quality dashboards have been developed to monitor the quality of the Bank's critical data elements every month. Monthly reports are proposed to the Data Community, Data Governance Committee and executives quarterly.
 - Communication, awareness, and capability development regarding data management have been conducted for the Data Community and employees. This includes annual online training sessions, emphasizing data management in quarterly meetings, and branch visits to assess readiness and provide knowledge on data governance.

- Planning and managing the overall execution of the Data Governance Roadmap have been conducted.
- Policies and Standards for Data Governance, Data Quality, Metadata, and Data Classification are established and regularly reviewed every two years.

Personal Data Protection

- Policies and standards related to the Personal Data Protection Act have been established and regularly reviewed every two years.
- The privacy notices were established and reviewed in 2023 to reflect the current personal data processing.
- The Data Protection Officer (DPO) and PDPA representatives from each department have been appointed and are coordinating to manage various activities under the Personal Data Protection Act (PDPA).
- Communication, awareness, and capability development regarding the Personal Data Protection Act and Data Privacy have been implemented for the PDPA Representatives and employees. This includes annual online training sessions, emphasizing PDPA awareness in quarterly PDPA representative meetings, and branch visits to assess readiness and provide knowledge on personal data protection.
- Quarterly Clean Desk Inspection activities are organized to guarantee the secure storage of essential physical documents. The outcomes of these inspections are then conveyed to management for their insights and for further enhancement.
- IT systems have been developed to support various activities under the PDPA, including a Consent Management System (to register and record customer consent) and a Data Subject Rights Management System (to record customer requests when they exercise their rights under the PDPA).
- The Record of Processing Activities (ROPA) is updated annually by PDPA representative from each department to ensure that they reflect the current processes and comply with the PDPA law.

Data Security

- Strengthening the information security and cyber security attentiveness through implementation of the Security Awareness program throughout 2023, targeting managements and staffs at all levels, including the Board of Directors.
- Proactively monitoring and preventing cyber-attacks of the front offices by enhancing the third party interfacing zone.

- Leveraging strong security controls and measures from the ICBC Global Network benefiting the Bank's customers with world-class standard protection.



Promotion of Risk Management Foundation

ICBC (Thai) places importance on systematic and effective risk control management covering various aspects of risk management as prescribed by the Bank of Thailand as well as the ICBC Group's risk management guidelines to ensure that ICBC (Thai) Bank has guidelines to prevent and reduce any kind of risk appropriately in a timely manner.

Risk Management Culture and Strategy

The Bank has included the Risk Management Culture and Strategy as part of the "Enterprise-Wide Risk Management Policy of ICBC (Thai) Group". The risk management culture is the value concept integrated with the elements such as the Bank's management thought, risk management idea, risk management behavior, risk moral standards and risk management environment. The risk management culture is important in supporting the comprehensive risk management system, work processes, policies, and the collaboration for Front office, Middle office and Back office to work together and come to reach consensus, form a joint force and achieve results. Risk management culture is a decisive factor that leads to the Bank's core-competitiveness. The Bank has adopted the ICBC Group's enterprise culture framework featured by uniform, transparent, rigorous and steady. The risk management culture has been trained, conveyed with supervise mechanism for staff to understand and implement.

The Bank's core values in corporate culture are "in compliance with the laws and regulations, prudent operation, honesty and integrity, professional collaboration, and perform duties personally", construct the risk management culture in accordance with the Bank's development orientation.

Risk management shall be independently balancing. Risk management shall separate front office, middle office and back offices, and strengthen the "Three Lines of Defense" by taking into account the key fundamentals such as risk governance, risk management framework, risk appetite framework, risk tolerance and risk limit.



Strengthening the Building the Three Lines of Defense Responsibilities

The Three Lines of Defense is an important part of risk governance. In risk management, they shall perform their own functions earnestly, share responsibilities, coordinate with each other through join prevention and control risk.

1. The First Line of Defense; the first business unit of risk management and shall strengthen direct responsibility, they shall persist in both business development and risk management, including risk identification, prevent and control risks.
2. The Second Line of Defense; risk management and compliance, they shall enhance the building of risk management framework, fair, comprehensive and systematic manner. They shall strengthen independent risk monitoring and complement with the first line of defense, sharing information and responsibilities.
3. The Third Line of Defense; they shall emphasize supervision responsibilities, and audit the duty performance of the First and Second Line of Defense to ensure the effectiveness of risk management and internal control.

Top Senior Executives
(SEVPs and above)

- **Improving the risk governance framework for effective checks and balances:** Clarifying risk management responsibility, improving the three lines of defense in risk management.
- **Transmitting unified risk management culture, appetites and strategies of the Group*:** Following ERM concept, conveying the risk culture, compliance culture and credit culture. Conveying and implementing risk appetites of the Group, refining risk management plans, promoting subsidiaries to improve the ERM system.
- **Strengthening risk control in important business:** Developing the business development plans. Strengthening the whole procedure management of credit and investment. Incorporating material risk management issues into the highest-level decision making.

| Main Responsible Person – CEO (Primary responsibilities) | SEVPs, CRO (Implementation responsibilities) | Group Risk Supervision and Internal Control Committee (Decision-making) |
|---|--|--|
| <ul style="list-style-type: none"> • Fulfilling the requirement for development strategies of the Group. • Consolidating the risk management responsibility of management and supporting CRO to perform their duties. • Taking asset quality control as priority project. Exercise “veto power” over credit approval. | <ul style="list-style-type: none"> • SEVP: Improving policies, procedures, data, and systems for risk management. Carrying out risk identification, assessment, monitoring and early warning. Toughening risk mitigation and treatment, reporting risk profile in fields in their charge. • CRO: Undertaking the responsibility of implementing 9+X risk. Improving ERM system and three lines of defense, risk management plans and conveying risk culture, appetites and strategy. Studying and reviewing risk reports, submitted by the First and Second line of defense on quarterly basis. Submitting risk management report to HO. | <ul style="list-style-type: none"> • Improving the setting and working mechanisms of the RMC and raising its efficiency. Conveying regular meetings to review important policies and study material risk issues. |
| First Line of Defense (Direct responsibilities) | Second Line of Defense (Management responsibilities) | Third Line of Defense (Supervision responsibilities) |
| <ul style="list-style-type: none"> • Active Prevention: Conducting early prevention of risk, risk monitoring. Improving policies. Fulfilling the requirement of risk management, and managing risk of new products. • Smart Control: Reinforcing data quality, integrating all businesses into the system to ensure comprehensive, timely and accurate of business and customer information. • Comprehensive Management: Performing risk identification, risk assessment, risk monitoring, risk control and mitigation, reporting in a timely manner, Conducting appropriate person training and supervision. | <ul style="list-style-type: none"> • Active Prevention: Perfecting risk policies, risk appetites and limits; establish mechanisms of risk analysis, early risk warning and rigid control. Conducting special study on possible material risk, Promptly response and feedback on early warning. Providing risk management methods, tools, procedures and training for the First Line of Defense. • Smart Control: Performing risk data integration and improving risk monitoring and early warning system. • Comprehensive Management: Managing all types of risks, all types of businesses, subsidiaries and personnel across ICBC (Thai) Group, Conducting comprehensive assessment of risk indicators, and report all risks. | <ul style="list-style-type: none"> • Active Prevention: Ensuring the monitoring and analysis of business development and conducting early warning and risk alert to the First and the Second line of defense. • Smart Control: Intensifying the application of scientific and technological means in audit activities. • Comprehensive Management: Auditing the effectiveness of risk management and business development. Developing audit plan, releasing audit reports and supervising the remediation of problems. |

*the Group means ICBC (Thai) Bank and subsidiaries

To align risk culture within the ICBC (Thai) Bank's culture with the aim to operate its business as a responsible organization to cultivate sustainable growth of the Bank.

In 2023, the Bank raised awareness of risk culture to align with the Bank's culture, there are a number of risk policies encouraging stakeholders to be aware of risk appetite, risk management, consequence and loss. For example, risk knowledge/management in orientation for new joiners, Credit scoring, loss and incident report, approver performance, and lessons learn from NPL.

Key factors in enhancing the Bank's strong risk culture include:

- Initiated and driven by the Bank's leaders (Tone from the Top), the Board of Directors and Senior Management have the important roles in driving the Bank's risk culture by setting the expectations of risk culture, balancing the risk and return, promote and oversee the implementation and oversee the implementation, monitor and assess the effectiveness, and address gaps or identify deficiencies of significant risk.
- Accountability of risk, the Bank shall have a mechanism to promote the management and staffs at every level to be aware of their own risks and manage it to be within the risk tolerance and risk limit. The Bank shall build awareness of ownership of risk, set KPIs by balancing risk and return, set up the mechanism and process of monitoring and reporting risk, set up whistleblowing channels and procedures of incompliance with clear punishment.
- Effective communication and challenges. The Bank shall have the transparency and open communication for all employees to gather their ideas and have the constructive sessions to consider the comprehensive risk and effective risk and effective balancing for businesses.



Fraud Risk Management

ICBC (Thai) Bank places high importance on fraud risk management. Apart from the Fraud Risk Management Policy and the operational guidelines, the Bank coordinated with Thai banks to combat against fraudulent activities by establishing the 24-hour support unit for customers who faced technology crime problems to temporarily freeze transactions or accounts and collaborate with other banks to prevent any potential adverse impacts to the customers. Additionally, the Bank has developed the face detection system for large amount transactions, the system to detect the technology crime or suspicious transactions and keep all customers and employees educated on financial crime in order to protect both financial and reputation damage of the Bank. Furthermore, the Bank is also a member of Private Sector Collective Action against Corruption (CAC), as aimed to

be part of social endeavor to eliminate the fraud and corruption problem and contribute the sustainable governance development in the future.



Business Continuity Management

ICBC (Thai) Bank has placed an important of Business Continuity Management in order to ensure that all Critical Business Functions which, if disrupted, may have significant impacts on the business operations, reputation, status and performance shall be operated continuously or be able to restore performance within a suitable amount of time in case where normal operations has been under disruptive event order to reduce the risk of potential damages. The disruptive event may be an event that would be harmful to body, life, property or reputation of employee or of the Bank which shall include the pandemic spread of decrease during the past couple years.

For the Business Continuity Management, the Bank has set up the Business Continuity Plan or BCP that has been regularly updated in correspondence with and is suitable to the present circumstances and aligns with the Bank of Thailand's guidelines. The Bank set the BCP by writing plan of procedures and work processes to return operations to normal and to facilitate business continuity when incidents have occurred and business operations have been disrupted.

BCP Purposes

1. To ensure that if any disruption to critical business functions occurs, the Bank can continue to operate or can recover the operation within appropriate period
2. To ensure that the continuity of customer services can be timely provided
3. To limit or prevent physical damage to equipment and other assets
4. To mitigate business impact to the Bank's financial system, legal standing

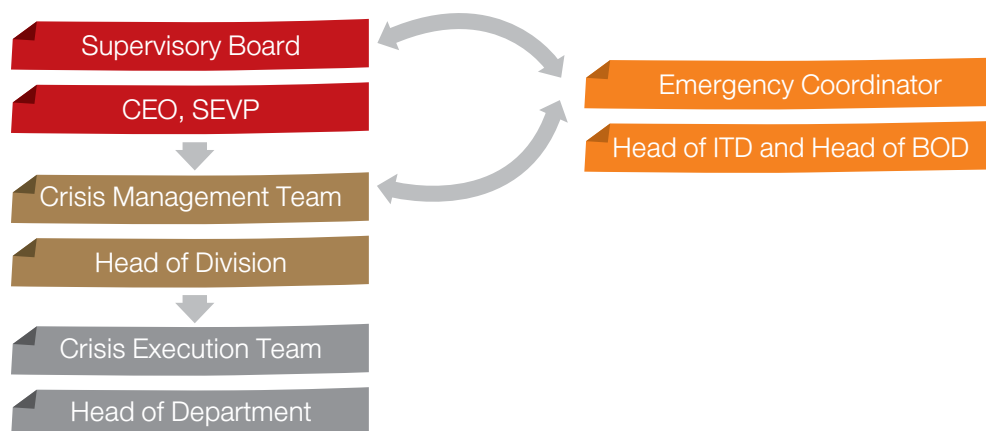
Disruptive Events taken into Account in the BCP Guideline

Disruptive events can cause man-made disasters, natural disasters, economy situation or physical damages. For example, fire, explosion, acts of mob, floods, labor unrest, damage to IT systems/facilities and cyber threats which may affect normal operations of the Bank, incite negative rumors leading to adverse publicity against the Bank, unauthorized data access, etc.

To ensure readiness with the nature and complexity of the Bank's operations, the Bank's BCP Guideline includes the five decisive ending outcomes from whatever the disruptive event causes:

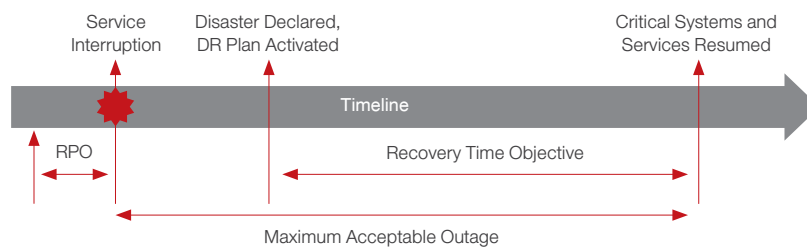
1. Core Banking System Failure
 - Disaster occurs to the data center located in China
 - Disaster occurs to the leased lines between ICBC (Thai) Bank and data center in China
2. Local Data Center Failure
3. Head Office (Emporium Tower) / Branch Building not accessible
4. Cyber Security Incident attack
5. Pandemic

BCP Organization Structure and Area of Responsibility



Area of Responsibility

| Roles | Area of Responsibilities |
|------------------------|---|
| Supervisory Board | <ul style="list-style-type: none"> • Approve the decision which proposed by Emergency Coordinator and Crisis Management Team • Make decision about evacuation • Make decision about returning to the Bank's premises • Make decision about operational activity continuation in the Disaster Recovery center. |
| Emergency Coordinator | <ul style="list-style-type: none"> • Coordination of the procedure for property protection and evacuation • Coordination of the procedure for IT systems recovery • Propose the decision for approval to Supervisory Board |
| Crisis Management Team | <ul style="list-style-type: none"> • Follow directions of Supervisory Board • Ensure business continuity in case of evacuation to Disaster Recovery Center or other emergency situations |
| Crisis Execution Team | <ul style="list-style-type: none"> • Communicate with Crisis Management Team to follow directions of Supervisory Board • Arrange the BCP to be in line with current environment • Appoint the proper staff to participate in the BCP • Assess the need for resources required for the Critical Business Functions (CBF) • Establish the Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO) |



Contribution to UNSDGs



Sustainability Statistics

ICBC (Thai) Bank and Subsidiaries' Sustainability Statistics

| Economic performance | Unit | 2021 | 2022 | 2023 |
|--|--------------|---------|---------|---------|
| Revenue ¹ | Million Baht | 9,853 | 10,478 | 12,377 |
| Operating Expenses ² | Million Baht | 897 | 1,022 | 1,382 |
| Employee's wages and benefits | Million Baht | 1,630 | 1,642 | 1,623 |
| Payment to providers of capital ³ | Million Baht | 2,712 | 3,143 | 4,739 |
| Tax payment to government ⁴ | Million Baht | 893 | 1,136 | 683 |
| Expenses for social activities & donation | Million Baht | 2 | 2 | 2 |
| Economic value retained ⁵ | Million Baht | 3,720 | 3,532 | 5,350 |
| Total assets | Million Baht | 302,799 | 288,704 | 272,368 |
| Loan to large corporate customer | Million Baht | 116,029 | 112,225 | 106,698 |
| Loan to medium and small corporate customer | Million Baht | 3,407 | 2,705 | 1,909 |
| Loan to individual customer | Million Baht | 46,732 | 49,340 | 49,117 |
| Total liabilities | Million Baht | 265,958 | 248,784 | 229,652 |
| Total shareholders' equity | Million Baht | 36,840 | 39,920 | 42,716 |
| Environment performance (ICBC (Thai) Bank only) | | | | |
| Loan related to renewable energy | Million Baht | 11,900 | 13,130 | 12,958 |
| Investment in ESG and Sustainability-Linked Bonds | Million Baht | 2,480 | 5,850 | 8,035 |
| Green Bond | Million Baht | 1,780 | 2,530 | 3,700 |
| Sustainability-Linked Bond | Million Baht | 700 | 1,720 | 1,935 |
| Sustainability Bond | Million Baht | - | - | 300 |
| Social Bond | Million Baht | - | 1,600 | 2,100 |
| Electric consumption | Kilowatt | 711,520 | 757,396 | 723,623 |
| Water consumption | Cubic meter | 1,539 | 1,476 | 1,260 |
| Paper consumption | Ream | 6,250 | 7,110 | 6,250 |
| Fuel consumption | Liter | 77,678 | 91,266 | 101,092 |

¹Revenue refers to net operating income, exclusive of interest expenses. The Bank reclassified hedging accounting transactions in financial statements for the year 2021 and 2022

²Operating Expenses exclude expense associated with employees, tax, charitable donations and donations to support public services and education.

³Payment to providers of capital refers to interest expenses. The Bank reclassified items in financial statements for the year 2021 and 2022

⁴Tax payment to government e.g. corporate income tax, land and building tax, and special business tax etc., exclude Deferred Income Tax.

⁵Economic value retained refers to Revenue minus Operating Expenses, Employee's wages and benefits, Payment to providers of capital, Tax payment to movement and Expenses for social activities & donation.

| Social performance | Unit | 2021 | 2022 | 2023 |
|---|---------------|-----------|-----------|-----------|
| Employee's wages and benefits | Million Baht | 1,630 | 1,642 | 1,623 |
| Expenses for social activities & donation | Million Baht | 2 | 2 | 2 |
| Tax payment to government | Million Baht | 893 | 1,136 | 683 |
| Employee data | | | | |
| Total number of employee ⁶ | Person | 1,151 | 1,107 | 1,138 |
| Employee by nationality | | | | |
| Thai | Person | 1,107 | 1,061 | 1,091 |
| Others | Person | 44 | 46 | 47 |
| Employee by gender | | | | |
| Male | Person | 428 | 408 | 421 |
| Female | Person | 723 | 699 | 717 |
| Employee by type of employment | | | | |
| Full-time employee | Person | 1,146 | 1,103 | 1,135 |
| Contract employee | Person | 5 | 4 | 3 |
| Employee by type of workplace | | | | |
| Head office | Person | 806 | 798 | 819 |
| Branch | Person | 345 | 309 | 319 |
| Training | | | | |
| Total number of employees ⁶ | Person | 1,151 | 1,107 | 1,142 |
| Total training hours | Hour | 9,808 | 9,580 | 35,307 |
| Average training hours per person | Hour / Person | 9 | 9 | 31 |
| Total training expense | Baht | 2,802,381 | 1,751,742 | 5,039,843 |
| Average training expense per person | Baht / Person | 2,435 | 1,582 | 4,413 |
| Numbers of customers | | | | |
| Juristic customers | Person | 9,942 | 10,247 | 11,122 |
| Non-juristic customers | Person | 203,464 | 220,847 | 250,155 |
| Total numbers of customers | Person | 213,406 | 231,094 | 261,277 |
| Access to services | | | | |
| Number of branches | Branch | 21 | 21 | 21 |
| Number of ATMs | Machine | 38 | 37 | 41 |

⁶Total number of employee attended the training courses included employee who resigned during the year.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee comprises three qualified independent directors who fully met the qualifications under the rules and sound practices stipulated by the Bank's supervisory authorities. The Audit Committee comprised of Mrs. Unakorn Phruithithada, Mr. Apinetr Unakul, Pol.Gen. Werapong Chuenpagdee from 1 January — 28 October 2023 and Mr. Natdanai Indrasukhsri replaced Pol.Gen. Werapong Chuenpagdee as a member of the Audit Committee since 28 October 2023.

The Audit Committee performed its duties and responsibilities according to the scope and authority assigned by the Board of Directors as defined in the Audit Committee Charter. In the year 2023, the Audit Committee held six meetings and reported the significance of its performed duties in each quarter to the Board of Directors with a summary as follows:

1. Financial Statements

The Audit Committee reviewed the action plan and scope of the external auditors to ensure that the audit scope covered all significant risks and reviewed the accuracy and reliability of the semi-annual and annual financial statements of the Bank itself and the consolidated financial statements as well as the adequacy of disclosure of information supplementary to the financial statements and considered the issues noted from the audit of the financial statements conducted by the external auditors. The review was made along with the management from the Accounting Department and always with the external auditors in attendance by considering the accounting information, compliance with accounting standards and regulatory requirements. Furthermore, the Audit Committee held one meeting with the external auditors without the participation of the Bank's management to discuss the independence of the auditors and restrictions or limitations in performing their duties and expressing opinions and any points of concern arising from their audits.

Considering the auditor's opinion expressed in the financial statements as well as the issues raised from examination of the external auditors, the Audit Committee opined that the Bank has maintained an adequate control system for preparing the financial statements. The Audit Committee considered and opined in line with the opinion of the external auditors that the financial statements fairly presented and adequately disclosed reliable information in conformity with the Thai Financial Reporting Standards (TFRS). The Audit Committee presented the results of the consideration on the financial statements to the Board of Directors for endorsement and acknowledgement. Meanwhile, the noticeable issues raised by the external auditors in the management letter were also brought into the consideration and acknowledgement of the Board of Directors as well. In the course of the external auditors' duties, they have independently performed their duties without limitation. The points of concern raised by the external auditors had been brought to the attention of the Audit Committee. It was reported that such concerns have been made well aware of and been well managed by the Bank's responsible executives.

2. Internal Control and Information Technology Control

The Audit Committee considered the results of control assessment and the efficiency of the Bank and its subsidiary's management in relation to both operations and information technology through the reports of Internal Audit Department and those of external auditors. Appropriate discussion with relevant executives would be taken as the case may be for ensuring the implementation of sound and adequate internal control system. In the year 2023, the Audit Committee discussed with the executive of the Information Technology Division in regard to Cyber Security and IT Risk Management for ensuring that management is ready to mitigate the cyber risk and aware of management on IT risk in order to continue our services to the valued customers. The Audit Committee has been reported the audit findings and recommendations from the Head of Internal Audit of the Bank's subsidiary to review the effectiveness of internal control system and ensure that fraud protection and detection is covered in audit scopes.

As for the Bank's audit system, the Audit Committee considered and approved the annual audit plan as well as the revision of the approved plan to be in line with the current situation and ensured that the audit scope covered the significant banking operations and any areas or processes which expose high risk to the Bank based upon the result of risk assessment. The Audit Committee also reviewed the audit performance against the approved audit plan on a quarterly basis. Further, the Audit Committee has acknowledged the Quality Assurance and Improvement Program (QAIP) Report for the year 2022 with the objective of evaluating the standardized operations of the Internal Audit Department in conformance with the International Professional Practices Framework (IPPF). The Audit Committee also performed the annual performance evaluation of the Internal Audit Department.

The Audit Committee was of the opinion that the Bank and its subsidiary maintained an appropriate and sufficient control system with sound management and remedial implementation. In addition, the audit systems have been sufficient, appropriate and capable to support business undertaking with sound supervision.

3. Regulatory Compliance

The Audit Committee supervised the Bank's compliance monitoring system through the operation audit. In addition, the Audit Committee regularly acknowledged reports on regulatory changes affecting the banking operations through the report of the Compliance Department.

As for business operation undertakings in the year 2023 based upon the supervision through the whole year audit functions, there was no significant incompliance with the regulations of the Bank's supervisory authorities, nor any issues regarding conflict of interest. The Audit Committee opined that the Bank maintained appropriate compliance functions to ascertain compliance with requirements and laws relevant to the banking business.

4. Statutory Auditors

Reference is made to the policy of the Industrial and Commercial Bank of China Limited ("ICBC"), the Bank's parent company which requests all subsidiaries to maintain identical statutory auditors in order to be in compliance with the same standards. From the year 2021 onwards, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd was recommended by ICBC to be the statutory auditors of the Bank and its subsidiary and the Audit Committee considered the performance, audit standards, experiences, independency and qualifications of the statutory auditors and recommended to propose Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. to be the statutory auditors of the Bank and its subsidiary for the year of 2024 with their proposed remuneration to the Board of Directors for consideration and further submission to the 2024 shareholders' meeting for approval.

5. Supervision of Credit Review Function

For the year 2023, the Audit Committee considered and approved the annual Credit Review Plan and reviewed the credit review performance to be in accordance with the Policy Statement of the Bank of Thailand related to reviewing of credit, loan, contingent liabilities and credit-like transactions through the Head of Credit Review Department to ensure that the Credit Review Department performed the credit review function as planned and performed duties independently without restrictions or limitations. Credit Review Department could perform its function with good cooperation from related business units and also monitored the completeness of the reviewed business units' corrective actions for their issues found. The Audit Committee proposed the annual review plan and the quarterly credit review results to the Board of Directors for ratification and acknowledgement respectively.

For new non-performing loans, the Credit Review Department conducted Credit Risk Events Identification Responsibility reports to identify the root cause of NPL and the performance of the relevant business units who dealt with such new credit risk events and provide some opinions. Then they were reported to the Audit Committee for consideration and suggestions (if any) and then to the Risk Event Responsibility Identification Committee (RERIC) for final decision making.

Apart from the above-mentioned credit related functions, the Audit Committee consulted with the Head of Credit Review Department in reviewing the appropriateness and adequacy of resources as well as provided recommendations when any problems or any significant issues were encountered. The Audit Committee also performed the annual performance evaluation of the Credit Review Department

6. Performance Assessment

The Audit Committee has annually reviewed the Audit Committee Charter and assessed its performance to ensure that it completely and effectively conducted its roles and responsibilities as assigned by the Board of Directors and fully addressed the defined objectives. For the year 2023, the Audit Committee has conducted self-evaluation for the performance of the Audit Committee and confirmed that all responsibilities outlined in the Audit Committee Charter have been carried out.

Overall, the Audit Committee has performed its duties carefully, independently and expressed opinions straightforwardly with the intent to optimize benefits for the Bank.



Ms. Unakorn Phruithithada
Chairperson of the Audit Committee

REPORT OF THE NOMINATION, COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE 2023

The Nomination, Compensation and Corporate Governance Committee (NCC) of Industrial and Commercial Bank of China (Thai) Public Company Limited (the Bank) comprises of three Non-executive Directors with the Chairman being an Independent Director.

In 2023, the NCC conducted its duties as assigned by the Board of Directors in accordance with the amended NCC Charter. The roles of the NCC are to nominate persons who possess the appropriate abilities, experience and qualifications to be appointed as Directors and Members of Committees and Senior Executives, propose appropriate compensations for Directors and Senior Executives to the Board of Directors and oversee that the Bank is in compliance with the principles of good corporate governance. Moreover, the NCC is responsible for ensuring that the policies, conditions and methods for the nomination and compensation of the Directors and Managing Director or equivalent position of the company(ies) in the Bank's financial business group are clearly stated, transparent and appropriate to the significant risks of the company(ies) in the Bank's financial business group.

In the year 2023, the NCC held 6 meetings, in total, to conduct the following matters:

- Considered the nomination of qualified persons who were not prohibited by law and the regulations of the Bank of Thailand to be the Directors of the Bank as well as Directors who were retiring by rotation and to be reappointed for another term, to the Board of Directors and/or the Shareholders' Meeting for appointment, as the case may be.
- Considered the hiring and/or appointments of 3 new Senior Executives and 2 Independent Executives and recommended them to the Board of Directors for approval.
- Considered and approved the NCC Reports for the 1st half year 2023 and full year 2022.
- Considered the remuneration of Directors and recommended it to the Board of Directors for further proposal to the Shareholders' Meeting for acknowledgement.
- Considered the extension of staff retirement of Senior Executives and recommended it to the Board of Directors for approval.
- Considered the appointment of the Acting Chairman of the NCC and recommended it to the Board of Directors for approval.
- Considered the appointment of a member of the Audit Committee and recommended it to the Board of Directors for approval.
- Considered the promotion of 2 Senior Executives to the position of Executive Vice President and recommended it to the Board of Directors for approval.
- Considered the amendments to the NCC and recommended them to the Board of Directors for approval.
- Considered the appointment of members of the Audit Committee who were retiring by rotation and to be reappointed for another term and recommended it to the Board of Directors for approval.
- Considered the amendments to the Policy, Criteria and Procedure for the Recruitment and Compensation of the Chief Executive Officer, Senior Executives and Independent Executives and proposed them to the Board of Directors for approval.
- Considered the amendments to the Corporate Governance Policy and proposed them to the Board of Directors for approval.
- Considered the amendments to the Bank's Business Ethics and proposed them to the Board of Directors for approval.
- Reviewed the positions held in other companies by the Directors and Senior Executives of the Bank to ensure that they are able to fully devote time to perform their duties to the Bank effectively and submitted the review to the Board of Directors for approval.
- Acknowledged the approval of re-certification of the Bank as a member of Thailand's Private Sector Collective Action Coalition Against Corruption ("CAC") and recommended to the Board of Directors for acknowledgement.

- Acknowledged the results of the Board of Directors Assessment 2022.
- Acknowledged the NCC Self-Assessment for the year 2022.
- Acknowledged the requirements of the new notifications of the Bank of Thailand on Corporate Governance of Financial Institutions.
- Acknowledged the CSR report in 2022.

The principles of good corporate governance are important for ensuring accountability, transparency and proper functioning of financial institutions in accordance with the principle of sustainable banking in which governance is an integral part of ESG (Environment, Social and Governance).

In addition to the requirements of the Bank's Corporate Governance related policies, the Bank also adheres to the measures of other guidelines and measures of the relevant supervisory authorities. Thus the Bank and its subsidiary strictly operate under the corporate governance guidelines, the anti-corruption measures of the Institute of Directors as well as the Corporate Governance for Financial Institutions of the Bank of Thailand. Operating the Bank's business under the principle of good corporate governance not only helps ensure the fiduciary duty and enhance reputation of the Bank but also helps build a stronger foundation so that the Bank would be able to operate responsibly and grow sustainably.



Mr. Jukr Boon-Long
Chairman of the Nomination, Compensation
and Corporate Governance Committee

RISK MANAGEMENT RELATED TO INTERCOMPANY TRANSACTIONS WITHIN THE GROUP

The Bank has the consolidated risk policy to manage the risk of all companies in its Financial Business Group. In terms of risk management related to inter-company transactions including lending, investments, obligations or transactions similar to loan, any transactions shall be based on good governance. Transactions within the group shall be made in contractual documents enforceable by law and conditions or ordinary contents resembling business transactions with ordinary persons of the same risk level.

The risks of the Group may occur both directly and indirectly. Risks may be incurred by the actions of the Bank or any company in the Group, therefore, it is necessary to set the amounts for transactions within the group and to be approved under Credit Approval Process. Transactions within the Group between companies in the solo consolidation group and outside the solo consolidation group shall be carried out in line with the same process as transactions with ordinary persons. For transactions involving loans, investments, obligations or transactions similar to loans between companies in the solo consolidation group and companies outside the solo consolidation group, the Bank's Board of Directors must approve or ratify in the next meeting every case in order to confirm transactions. In cases involving transactions in the Group under conditions or specifications differing from ordinary transactions or the transactions failing to comply with the set policies, the Bank's Board of Directors shall be responsible for the approval of all the aforementioned transactions.

Loans, investments, obligations, or business transactions similar to loans by all companies in the solo consolidation group with outside parties shall not exceed 25% of the solo consolidation group capital unless it is approved by BOT.

ANALYSIS OF OPERATING RESULTS AND FINANCIAL POSITION

Operating Results

Based on consolidated performance for the year ended 31 December 2023, the Bank and the subsidiary's net profit was THB 3,104 million, increased by THB 125 million or 4% compared to 2022.

Net Interest income was THB 6,174 million, increased by THB 145 million or 2% compared to 2022 mainly due to an increase in interest income on investments in debt instruments and loans to customers and hire purchase loan.

Net fees and service income was THB 523 million, decreased by THB 62 million or 11% compared to 2022 mainly due to a decrease of fee income from the performance bond guarantee to a customer and a decrease in fee income from life insurance from the leasing business.

Gains on disposals of equipment, properties foreclosed and other assets was THB 217 million, increased by THB 135 million or 164 % compared to 2022 mainly due to the Bank gained on disposal of assets for sale (NPA).

Bad debts recovered was THB 308 million, increased by THB 32 million or 11% compared to 2022.

Losses on properties foreclosed (Non-Performing Assets or NPA) and other assets in 2023 was THB 638 million, increased THB 313 million or 96% from 2022 mainly due to an additional provision for the assets for sale (NPA).

Net gains on financial instruments measured at FVTPL in 2023 was THB 366 million, increased by THB 64 million or 21% compared to 2022. In the future when the banking transaction which is tied to each derivative transaction matures, the gain or loss from the matured transaction will offset against the previously recognized gain or loss in the fair value measurement. The net result will not have a significant effect on profit or loss.

Total operating expense excluding provision for the assets for sale (NPA) was THB 2,590 million, increased by THB 60 million or 2% from 2022.

In 2023, the Bank and its subsidiary recorded expected credit loss, bad debts, doubtful accounts and impairment losses of THB 532 million, decreased by THB 184 million or 26% from 2022 mainly due to decreasing of setting allowance for doubtful accounts from Leasing Company. The amount is set higher than the regulatory requirements in light of the uncertainties in the Thai and world economic situations.

(Unit: Million Baht)

| Key statement of profit items | 2023 | 2022 | % change |
|--|-------|-------|----------|
| Net interest income | 6,174 | 6,029 | 2% |
| Net fees and service income | 523 | 586 | (11)% |
| Gains on disposals of equipments, properties foreclosed and other assets | 217 | 82 | 164% |
| Bad debts recovered | 308 | 276 | 11% |
| Losses on properties foreclosed (NPA) and other assets | 638 | 325 | 96% |
| Net gains on financial instruments measured at FVTPL | 366 | 302 | 21% |
| Total other operating expenses (excluded losses on NPA) | 2,590 | 2,530 | 2% |
| Expected credit loss, bad debts, doubtful accounts and impairment losses | 532 | 715 | (26)% |
| Net profit after tax | 3,104 | 2,979 | 4% |

Financial Position

The total assets of the Bank and its subsidiary as of 31 December 2023 stood at THB 272,368 million, decreased by THB 16,336 million or 6% from the end of last year mainly due to a decrease of interbank and money market items by THB 5,236 million or 12%, the net investment decreased by THB 4,606 million or 5%.

Loans to customers and accrued interest receivables, net was THB 151,010 million, decreased by THB 5,505 million or 4%.

Total net investment was THB 79,204 million, decreased by THB 4,606 million or 5%.

Interbank and money market items were THB 37,310 million, decreased by THB 5,236 million or 12%.

Total liabilities of the Bank and its subsidiary as of 31 December 2023 stood at THB 229,652 million, decreased by THB 19,132 million or 8% from the end of last year. This is in accordance with the decrease in the Bank's total assets.

Deposits as of 31 December 2023 stood at THB 153,589 million, decreased by THB 9,392 million or 6%, debt issued and borrowing was THB 39,895 million, decreased by THB 5,640 million or 12% and interbank and money market items was THB 30,570 million, decreased by THB 5,080 million or 14%.

Shareholder's equity of the Bank and its subsidiary as of 31 December 2023 stood at THB 42,716 million, increased by THB 2,796 million or 7% from the end of 2022 due to an increase in net profit for 2023, which was fully allocated to retained earnings.

(Unit: Million Baht)

| Key financial position items | 31 Dec 2023 | 31 Dec 2022 | % change |
|--|-------------|-------------|----------|
| Loans to customers and accrued interest receivables, net | 151,010 | 156,515 | (4)% |
| Investments, net | 79,204 | 83,811 | (5)% |
| Interbank and money market items, net | 37,310 | 42,547 | (12)% |
| Total assets | 272,368 | 288,704 | (6)% |
| Deposits | 153,589 | 162,982 | (6)% |
| Total liabilities | 229,652 | 248,784 | (8)% |
| Total equity | 42,716 | 39,920 | 7% |

Asset Quality

At the end of December 2023, the consolidated NPL amount was THB 1,864 million, increased by THB 952 million from the end of 2022 and gross NPL ratio of the Bank and its subsidiary was 1.01% higher than 0.46% at the end of 2022.

| Consolidated | 31 Dec 2023 | | 31 Dec 2022 | |
|--|--------------|-------|--------------|-------|
| | Million Baht | % | Million Baht | % |
| NPLs to total loans ratio (before deduct allowance for expected credit loss) | 1,864 | 1.01% | 912 | 0.46% |

At the end of December 2023, the consolidated coverage ratio was 344.20% which was lower than 808.74% at the end of 2022.

| Consolidated | 31 Dec 2023 | 31 Dec 2022 |
|----------------|-------------|-------------|
| Coverage Ratio | 344.20% | 808.74% |

Capital Adequacy Ratio

As at 31 December 2023, the capital fund of the Bank and its subsidiary before deducting capital add-on arising from Single Lending Limit (SLL) was THB 46,612 million.

The BIS ratio stood at 22.03% of capital fund to total risk weighted assets, which was higher than the Bank of Thailand's minimum requirement of 11%.

(Unit: Million Baht)

| Capital funds | 31 Dec 2023 | 31 Dec 2022 |
|----------------------------|---------------|---------------|
| Tier 1 capital | 40,133 | 36,864 |
| Tier 2 capital | 6,479 | 7,541 |
| Total capital funds | 46,612 | 44,405 |

(Unit: Percentage)

| Capital ratios | 31 Dec 2023 | 31 Dec 2022 |
|--|---------------|---------------|
| Ratio of tier 1 capital to risk assets | 18.96% | 17.13% |
| Ratio of tier 2 capital to risk assets | 3.07% | 3.50% |
| Ratio of total capital to risk assets | 22.03% | 20.63% |

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS
INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED

Opinion

We have audited the consolidated financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiaries (the “Bank and subsidiaries”) and the Bank’s financial statements of Industrial and Commercial Bank of China (Thai) Public Company Limited (the “Bank”), which comprise the consolidated and Bank’s statements of financial position as at December 31, 2023, and the related consolidated and Bank’s statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and Bank’s financial statements present fairly, in all material respects, the financial position of Industrial and Commercial Bank of China (Thai) Public Company Limited and its subsidiaries and of Industrial and Commercial Bank of China (Thai) Public Company Limited as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”) and the Bank of Thailand’s regulations.

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated and Bank’s Financial Statements section of our report. We are independent of the Bank and subsidiaries in accordance with the Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to our audit of the consolidated and Bank’s financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises information in the annual report, but does not include the consolidated and Bank's financial statements and our auditor's report thereon, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and Bank's financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and Bank's financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to management and those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Bank's Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and Bank's financial statements in accordance with TFRSs and the Bank of Thailand's regulations, and for such internal control as management determines is necessary to enable the preparation of consolidated and Bank's financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and Bank's financial statements, management is responsible for assessing the Bank and subsidiaries and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank and subsidiaries and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank and subsidiaries' financial reporting process.

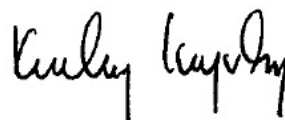
Auditor's Responsibilities for the Audit of the Consolidated and Bank's Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and Bank's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and Bank's financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and Bank's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and subsidiaries' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated and Bank's financial statements, including the disclosures, and whether the consolidated and Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Bank and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Kornthong Luangvilai
Certified Public Accountant (Thailand)
Registration No. 7210

BANGKOK
March 15, 2024

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

UNIT : THOUSAND BAHT

| | | CONSOLIDATED | | THE BANK | |
|--|-------|--------------|-------------|-------------|-------------|
| | Notes | 2023 | 2022 | 2023 | 2022 |
| ASSETS | | | | | |
| Cash | | 363,003 | 335,295 | 362,307 | 334,699 |
| Interbank and money market items, net | 8.3 | 37,310,340 | 42,546,784 | 36,440,503 | 41,968,886 |
| Derivative assets | 8.4 | 1,262,857 | 1,715,948 | 1,262,858 | 1,715,948 |
| Investments, net | 8.5 | 79,204,341 | 83,810,598 | 79,204,341 | 83,810,598 |
| Investments in subsidiaries, net | 8.6 | - | - | 4,250,000 | 4,250,000 |
| Loans to customers and accrued interest receivables, net | 8.7 | 151,010,494 | 156,515,271 | 101,377,971 | 106,111,475 |
| Properties foreclosed, net | 8.10 | 207,621 | 156,380 | 26,674 | 42,120 |
| Premises and equipment, net | 8.11 | 644,591 | 694,686 | 388,251 | 393,864 |
| Intangible assets, net | 8.12 | 44,590 | 49,121 | 28,390 | 31,937 |
| Deferred tax assets, net | 8.13 | 904,242 | 1,114,966 | 574,123 | 845,539 |
| Accrued income, net | | 588,258 | 598,289 | 556,516 | 552,270 |
| Receivables on credit support for derivative contracts | | 35,874 | - | 35,874 | - |
| Other receivables, net | | 724,157 | 1,103,660 | 238,363 | 536,483 |
| Other assets, net | 8.14 | 67,770 | 63,106 | 51,924 | 48,625 |
| TOTAL ASSETS | | 272,368,138 | 288,704,104 | 224,798,095 | 240,642,444 |

The accompanying notes are an integral part of these financial statements.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES


STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2023

UNIT : THOUSAND BAHT

| | | CONSOLIDATED | | THE BANK | |
|---|-------|--------------|-------------|-------------|-------------|
| | Notes | 2023 | 2022 | 2023 | 2022 |
| LIABILITIES AND EQUITY | | | | | |
| Liabilities | | | | | |
| Deposits | 8.15 | 153,589,433 | 162,981,600 | 153,605,742 | 162,989,599 |
| Interbank and money market items | 8.16 | 30,570,368 | 35,650,745 | 24,570,368 | 34,360,745 |
| Liabilities payable on demand | | 31,762 | 129,228 | 31,762 | 129,228 |
| Derivative liabilities | 8.4 | 324,692 | 230,149 | 324,692 | 230,149 |
| Debt issued and borrowings | 8.17 | 39,894,933 | 45,534,998 | 4,993,103 | 4,991,646 |
| Provisions for employee benefits | 8.18 | 381,148 | 364,797 | 300,099 | 294,910 |
| Provisions for other liabilities | | 306,523 | 242,369 | 294,990 | 230,836 |
| Accrued interest payables | | 817,687 | 698,807 | 670,800 | 589,779 |
| Payable on credit support for derivative contracts | | 243,699 | 363,333 | 243,699 | 363,333 |
| Lease liabilities | | 405,736 | 436,304 | 193,707 | 199,704 |
| Other liabilities | 8.19 | 3,086,362 | 2,152,167 | 2,516,639 | 1,515,735 |
| TOTAL LIABILITIES | | 229,652,343 | 248,784,497 | 187,745,601 | 205,895,664 |
| Equity | | | | | |
| Share capital | 8.21 | | | | |
| Authorised share capital | | | | | |
| 442,431 non-cumulative preference shares of Baht 8.92 each | | 3,946 | 3,946 | 3,946 | 3,946 |
| 2,253,716,655 ordinary shares of Baht 8.92 each | | 20,103,153 | 20,103,153 | 20,103,153 | 20,103,153 |
| Issued and paid-up share capital | | | | | |
| 442,431 non-cumulative preference shares of Baht 8.92 each | | 3,946 | 3,946 | 3,946 | 3,946 |
| 2,253,716,655 ordinary shares of Baht 8.92 each | | 20,103,153 | 20,103,153 | 20,103,153 | 20,103,153 |
| Difference arising from business combination under common control | | (24,849) | (24,849) | - | - |
| Other components of equity | 8.22 | (217,153) | 185,146 | (148,038) | 260,311 |
| Retained earnings | | | | | |
| Appropriated | | | | | |
| Legal reserve | 8.22 | 2,015,000 | 2,015,000 | 2,015,000 | 2,015,000 |
| Unappropriated | | 20,835,698 | 17,637,211 | 15,078,433 | 12,364,370 |
| Equity attributable to the Bank's shareholders | | 42,715,795 | 39,919,607 | 37,052,494 | 34,746,780 |
| Non-controlling interests | | - | - | - | - |
| TOTAL EQUITY | | 42,715,795 | 39,919,607 | 37,052,494 | 34,746,780 |
| TOTAL LIABILITIES AND EQUITY | | 272,368,138 | 288,704,104 | 224,798,095 | 240,642,444 |

The accompanying notes are an integral part of these financial statements.


(Mr. Xiaobo Li)
Director

(Mr. Shuxian Cui)
Director

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2023

UNIT : THOUSAND BAHT

| | | CONSOLIDATED | | THE BANK | |
|---|-------|------------------|------------------|------------------|------------------|
| | Notes | 2023 | 2022 | 2023 | 2022 |
| Interest income | 8.26 | 10,912,977 | 9,136,728 | 8,349,111 | 6,522,139 |
| Interest expenses | 8.27 | 4,739,344 | 3,107,796 | 3,854,172 | 2,389,546 |
| Net interest income | | 6,173,633 | 6,028,932 | 4,494,939 | 4,132,593 |
| Fees and service income | | 721,432 | 756,104 | 338,538 | 321,293 |
| Fees and service expenses | | 197,991 | 170,481 | 156,816 | 125,532 |
| Net fees and service income | 8.28 | 523,441 | 585,623 | 181,722 | 195,761 |
| Net gains on financial instruments measured at fair value through profit or loss | 8.29 | 366,374 | 302,481 | 366,000 | 302,592 |
| Net gains on investments | | 505 | - | 505 | - |
| Gains on disposals of equipment, properties foreclosed and other assets | | 217,051 | 82,171 | 210,052 | 75,767 |
| Bad debts recovered | | 308,122 | 276,476 | 5,934 | 4,653 |
| Dividend income | | 4,540 | 10,970 | 4,540 | 10,970 |
| Other operating income | | 44,471 | 47,959 | 4,905 | 7,553 |
| Total operating income | | 7,638,137 | 7,334,612 | 5,268,597 | 4,729,889 |
| Other operating expenses | | | | | |
| Employee expenses | | 1,622,937 | 1,642,351 | 1,173,722 | 1,166,552 |
| Directors' remuneration | 8.30 | 5,807 | 5,375 | 5,807 | 5,375 |
| Premises and equipment expenses | | 267,075 | 274,714 | 179,933 | 170,609 |
| Taxes and duties | | 220,979 | 188,680 | 199,105 | 163,583 |
| Amortisation expense on intangible assets | | 7,389 | 9,269 | 5,056 | 6,854 |
| Impairment losses on properties foreclosed and other assets | | 638,118 | 325,126 | 622 | 20,546 |
| Others | | 466,067 | 409,752 | 183,539 | 168,909 |
| Total other operating expenses | | 3,228,372 | 2,855,267 | 1,747,784 | 1,702,428 |
| Expected credit loss | 8.31 | 531,647 | 715,168 | 242,180 | 749,413 |
| Profit from operations before income tax | | 3,878,118 | 3,764,177 | 3,278,633 | 2,278,048 |
| Income taxes | 8.32 | 774,586 | 785,216 | 658,907 | 499,362 |
| PROFIT FOR THE YEARS | | 3,103,532 | 2,978,961 | 2,619,726 | 1,778,686 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

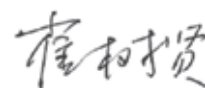
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

UNIT : THOUSAND BAHT

| | | CONSOLIDATED | | THE BANK | |
|--|-------|------------------|------------------|------------------|------------------|
| | Notes | 2023 | 2022 | 2023 | 2022 |
| OTHER COMPREHENSIVE INCOME (LOSS) | 8.32 | | | | |
| <i>Items that will be reclassified subsequently to profit or loss</i> | | | | | |
| Gains (losses) on cash flow hedges | | (157,910) | 116,923 | (157,910) | 116,923 |
| Gains (losses) on investment in debt instruments measured at fair value through other comprehensive income | | (191,510) | 21,184 | (191,510) | 21,184 |
| Exchange differences on translating financial statements | | 6,050 | (24,449) | - | - |
| Income tax relating to components of other comprehensive income (losses) that will be reclassified to profit or loss | | 69,327 | (27,744) | 69,327 | (27,744) |
| Total items that will be reclassified subsequently to profit or loss | | (274,043) | 85,914 | (280,093) | 110,363 |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | | |
| Losses on investment in equity designated at fair value through other comprehensive income | | (45,634) | (248,924) | (45,634) | (248,924) |
| Gains on re-measurements of defined benefit plans | | 773 | 20,156 | - | 8,058 |
| Income tax relating to components of other comprehensive income (loss) that will not be reclassified to profit or loss | | 11,560 | 45,754 | 11,715 | 48,173 |
| Total items that will not be reclassified subsequently to profit or loss | | (33,301) | (183,014) | (33,919) | (192,693) |
| Total other comprehensive loss, net | | (307,344) | (97,100) | (314,012) | (82,330) |
| TOTAL COMPREHENSIVE INCOME | | 2,796,188 | 2,881,861 | 2,305,714 | 1,696,356 |
| Profit attribute to : | | | | | |
| Owners of the bank | | 3,103,532 | 2,978,961 | 2,619,726 | 1,778,686 |
| Non-controlling interests | | - | - | - | - |
| | | <u>3,103,532</u> | <u>2,978,961</u> | <u>2,619,726</u> | <u>1,778,686</u> |
| Total comprehensive income attribute to : | | | | | |
| Owners of the bank | | 2,796,188 | 2,881,861 | 2,305,714 | 1,696,356 |
| Non-controlling interests | | - | - | - | - |
| | | <u>2,796,188</u> | <u>2,881,861</u> | <u>2,305,714</u> | <u>1,696,356</u> |
| Basic earnings per share (Baht) | | | | | |
| Basic earnings per share | 8.33 | <u>1.38</u> | <u>1.32</u> | <u>1.16</u> | <u>0.79</u> |

The accompanying notes are an integral part of these financial statements.


(Mr. Xiaobo Li)
Director

(Mr. Shuxian Cui)
Director

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2023

| Note | | CONSOLIDATED | | | | | | | | | | UNIT : THOUSAND BAH | | | |
|------|--|----------------------------------|-----------------|-------------------|-----------------|--|--|---|---|-------------------------|----------------------------|---------------------|--|--------------------------|--------------|
| | | Issued and paid-up share capital | | Treasury shares | | Difference arising from business combinations under common control | Other components of equity | | | | Retained earnings | | Total equity attributable to the Bank's shareholders | Non controlling interest | Total equity |
| | | Preference shares | Ordinary shares | Preference shares | Ordinary shares | | Exchange differences on translating foreign operations | Gain (loss) in fair value of investment in debt instruments | Gain (loss) in fair value of investment in equity instruments | Cash flow hedge reserve | Appropriated Legal reserve | Unappropriated | | | |
| | | | | | | | | | | | | | | | |
| | Balance as at January 1, 2022 | 4,024 | 20,128,070 | (156) | (50,338) | (24,849) | (50,716) | 20,555 | 295,742 | 32,790 | 2,015,000 | 14,470,169 | - | - | 36,840,291 |
| | Transferring of Treasury share to Issued and paid-up share capital | (78) | (24,917) | 156 | 50,338 | - | - | - | - | - | - | (25,499) | - | - | - |
| | Fair value through other comprehensive income | - | - | - | - | - | - | - | - | - | - | 197,455 | - | - | 197,455 |
| | Total comprehensive income (loss) | - | - | - | - | - | (24,449) | 16,825 | (199,139) | 93,538 | - | 2,995,086 | - | - | 2,881,861 |
| | Balance as at December 31, 2022 | 3,946 | 20,103,153 | - | - | (24,849) | (75,165) | 37,380 | 96,603 | 126,328 | 2,015,000 | 17,637,211 | - | - | 39,919,607 |
| | Balance as at January 1, 2023 | 3,946 | 20,103,153 | - | - | (24,849) | (75,165) | 37,380 | 96,603 | 126,328 | 2,015,000 | 17,637,211 | - | - | 39,919,607 |
| | Fair value through other comprehensive income | - | - | - | - | - | - | - | (94,337) | - | - | 94,337 | - | - | - |
| | Total comprehensive income (loss) | - | - | - | - | - | 6,050 | (153,765) | (33,919) | (126,328) | - | 3,104,150 | - | - | 2,796,188 |
| | Balance as at December 31, 2023 | 3,946 | 20,103,153 | - | - | (24,849) | (69,115) | (116,385) | (31,653) | - | 2,015,000 | 20,835,698 | - | - | 42,715,795 |

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

| Note | THE BANK | | | | | | | | | | UNIT : THOUSAND BAHT | |
|--|-----------------------|-------------------|-------------------|-----------------|---|---|-------------------------|----------------------------|-------------------|--|----------------------|--|
| | Issued and | | Treasury shares | | Other components of equity | | | | Retained earnings | | Total equity | |
| | paid-up share capital | | | | | | | | | | | |
| | Preference shares | Ordinary shares | Preference shares | Ordinary shares | Gain (loss) in fair value of investment in debt instruments | Gain (loss) in fair value of investment in equity instruments | Cash flow hedge reserve | Appropriated Legal reserve | Unappropriated | | | |
| Balance as at January 1, 2022 | 4,024 | 20,128,070 | (156) | (50,338) | 20,555 | 295,742 | 32,790 | 2,015,000 | 10,407,282 | | 32,852,969 | |
| Transferring of Treasury share to Issued and paid-up share capital | (78) | (24,917) | 156 | 50,338 | - | - | - | - | (25,499) | | - | |
| Fair value through other comprehensive income | - | - | - | - | - | - | - | - | 197,455 | | 197,455 | |
| Total comprehensive income (loss) | - | - | - | - | 16,825 | (199,139) | 93,538 | - | 1,785,132 | | 1,696,356 | |
| Balance as at December 31, 2022 | 3,946 | 20,103,153 | - | - | 37,380 | 96,603 | 126,328 | 2,015,000 | 12,364,370 | | 34,746,780 | |
| Balance as at January 1, 2023 | 3,946 | 20,103,153 | - | - | 37,380 | 96,603 | 126,328 | 2,015,000 | 12,364,370 | | 34,746,780 | |
| Fair value through other comprehensive income | - | - | - | - | - | (94,337) | - | - | 94,337 | | - | |
| Total comprehensive income (loss) | - | - | - | - | (153,765) | (33,919) | (126,328) | - | 2,619,726 | | 2,305,714 | |
| Balance as at December 31, 2023 | 3,946 | 20,103,153 | - | - | (116,385) | (31,653) | - | 2,015,000 | 15,078,433 | | 37,052,494 | |

The accompanying notes are an integral part of these financial statements.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

UNIT : THOUSAND BAHT

| | | CONSOLIDATED | | THE BANK | |
|---|------|--------------|-------------|-------------|-------------|
| | Note | 2023 | 2022 | 2023 | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Profit from operations before income tax | | 3,878,118 | 3,764,177 | 3,278,633 | 2,278,048 |
| Adjustments to reconcile profit from operations before income tax to cash received (paid) from operating activities | | | | | |
| Depreciation and amortisation | | 175,854 | 186,087 | 120,904 | 118,161 |
| Amortisation of deferred interest | | 11,990 | 11,720 | 5,244 | 5,501 |
| Expected credit loss | | 531,647 | 715,168 | 242,180 | 749,413 |
| Gains on disposals of properties foreclosed and other assets | | (217,051) | (82,171) | (210,052) | (75,767) |
| Losses (gains) on sales of equipment | | - | 722 | - | (659) |
| Amortisation of discount on promissory notes | | (1,490) | (1,893) | (1,490) | (1,893) |
| Impairment losses on properties foreclosed and other assets | | 638,118 | 325,126 | 622 | 20,546 |
| Gains from net trading | | (366,374) | (302,481) | (366,000) | (302,592) |
| Provisions for employee benefits expenses | | 54,134 | 51,309 | 39,519 | 37,889 |
| Net interest income | | (6,173,633) | (6,028,932) | (4,494,939) | (4,132,593) |
| Dividend income | | (4,540) | (10,970) | (4,540) | (10,970) |
| Proceeds from interest | | 8,245,012 | 7,100,324 | 5,703,373 | 4,490,808 |
| Interest paid | | (4,599,840) | (2,914,730) | (3,771,411) | (2,228,339) |
| Proceeds from dividend | | 4,540 | 10,970 | 4,540 | 10,970 |
| Income tax paid | | (661,026) | (933,062) | (441,111) | (757,832) |
| Profit from operations before changes in operating assets and liabilities | | 1,515,459 | 1,891,364 | 105,472 | 200,691 |
| Decrease (increase) in operating assets | | | | | |
| Interbank and money market items | | 5,262,784 | 21,784,817 | 5,554,676 | 21,912,870 |
| Derivative assets | | 1,080,179 | 2,080,594 | 1,079,817 | 2,080,705 |
| Loans to customers | | 5,075,633 | 1,541,208 | 4,571,649 | 625,444 |
| Properties foreclosed | | 67,900 | 33,071 | 225,478 | 86,429 |
| Receivables on credit support for derivative contracts | | (35,874) | 86,230 | (35,874) | 86,230 |
| Fee receivable | | 14,277 | (2,661) | - | - |
| Other receivables | | (158,611) | (278,020) | 299,610 | (129,567) |
| Other assets | | (90,241) | 110,097 | (3,469) | (33,188) |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2023

UNIT : THOUSAND BAHT

| | | CONSOLIDATED | | THE BANK | |
|---|-------|--------------------|--------------------|--------------------|--------------------|
| | Note | 2023 | 2022 | 2023 | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUES) | | | | | |
| <i>Increase (decrease) in operating liabilities</i> | | | | | |
| Deposits | | (9,422,525) | 4,053,120 | (9,414,215) | 4,058,326 |
| Interbank and money market items | | (5,050,019) | (16,183,615) | (9,760,019) | (19,023,615) |
| Liabilities payable on demand | | (97,466) | (98,561) | (97,466) | (98,561) |
| Derivative liabilities | | (742,588) | (2,302,600) | (742,601) | (2,302,600) |
| Employee benefit paid | | (37,010) | (20,585) | (34,331) | (15,913) |
| Payable on credit support for derivative contracts | | (119,634) | 317,119 | (119,634) | 317,119 |
| Other liabilities | | 1,079,949 | (15,211) | 1,103,904 | 67,266 |
| Net cash from operating activities | | (1,657,787) | 12,996,367 | (7,267,003) | 7,831,636 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Proceeds from interest | | 2,733,603 | 1,765,871 | 2,733,603 | 1,765,871 |
| Proceeds from selling equity investments | | 94,337 | 197,455 | 94,337 | 197,455 |
| (Increase) decrease in long-term investments | | 4,558,710 | (9,673,634) | 4,558,710 | (9,673,635) |
| Proceeds from equipment disposal | | 19 | 1,740 | 19 | 1,014 |
| Cash paid from purchases of equipment | | (26,007) | (106,346) | (25,209) | (57,746) |
| Cash paid from purchases of intangible assets | | (2,858) | (22,847) | (1,509) | (21,318) |
| Net cash from investing activities | | 7,357,804 | (7,837,761) | 7,359,951 | (7,788,359) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Proceeds from debt issued and borrowings | 8.1.2 | 30,719,000 | 30,514,000 | - | - |
| Cash paid for repayment of debt issued and borrowings | 8.1.2 | (36,294,000) | (35,560,000) | - | - |
| Repayment of lease liabilities | 8.1.2 | (103,593) | (90,695) | (65,340) | (47,502) |
| Net cash from financing activities | | (5,678,593) | (5,136,695) | (65,340) | (47,502) |
| Exchange arising from translating the financial statement of foreign operations | | 6,284 | (26,151) | - | - |
| Net increase (decrease) in cash | | 27,708 | (4,240) | 27,608 | (4,225) |
| Cash at January 1, | | 335,295 | 339,535 | 334,699 | 338,924 |
| Cash at December 31, | | 363,003 | 335,295 | 362,307 | 334,699 |

The accompanying notes are an integral part of these financial statements.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Notes Contents

1. General information
2. Basis of preparation of the consolidated and Bank's financial statements
3. Significant accounting policies
4. Risk management
5. Fair value of financial assets and liabilities
6. Maintain of capital funds
7. Estimate and assumption
8. Additional information
 - 8.1 Addition information of cash flows
 - 8.2 Classification of financial assets and financial liabilities
 - 8.3 Interbank and money market items, net (assets)
 - 8.4 Derivatives
 - 8.5 Investments, net
 - 8.6 Investments in subsidiaries, net
 - 8.7 Loans to customers and accrued interest receivables, net
 - 8.8 Allowance for expected credit loss
 - 8.9 Hire purchase and finance lease receivables
 - 8.10 Properties foreclosed, net
 - 8.11 Premises and equipment, net
 - 8.12 Intangible assets, net
 - 8.13 Deferred tax
 - 8.14 Other assets, net
 - 8.15 Deposits
 - 8.16 Interbank and money market items (liabilities)
 - 8.17 Debt issued and borrowings
 - 8.18 Provisions for employee benefits
 - 8.19 Other liabilities
 - 8.20 Offsetting of financial assets and financial liabilities
 - 8.21 Share capital
 - 8.22 Reserves and other components of equity
 - 8.23 Contingent liabilities and commitments
 - 8.24 Related parties
 - 8.25 Operating segment
 - 8.26 Interest income
 - 8.27 Interest expenses
 - 8.28 Net fees and service income
 - 8.29 Net Gains (losses) on financial instruments measured at fair value through profit or loss
 - 8.30 Directors' remuneration
 - 8.31 Expected credit loss
 - 8.32 Income taxes
 - 8.33 Basic earnings per share
 - 8.34 Impact of COVID-19 pandemic
 - 8.35 Reclassification
 - 8.36 Events after the reporting period
 - 8.37 Approval of the financial statements

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. GENERAL INFORMATION

Industrial and Commercial Bank of China (Thai) Public Company Limited, (the “Bank”), is incorporated in Thailand and has its registered office at No. 622, Sukhumvit Road, Klongton Sub-district, Klongtoey District, Bangkok. The principal activities of the Bank are the provision of financial products and services through its branch network in Thailand. The parent company is Industrial and Commercial Bank of China Limited (97.98% shareholding), which is incorporated in the People’s Republic of China. As at December 31, 2023 and 2022, the Bank has 3 subsidiaries which are disclosed in Note 8.6. In addition of Head Office as mentioned above, the Bank has 20 branches.

2. BASIS OF PREPARATION OF THE CONSOLIDATED AND THE BANK’S FINANCIAL STATEMENTS

- 2.1 The consolidated and Bank’s financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRSs”); guidelines promulgated by the Federation of Accounting Professions; and the Bank of Thailand (“BOT”)’s requirement, where the form of financial statements is based on Thai Accounting Standard No.1 “Presentation of Financial Statement”, including the Procedures, Policies and Presentation in accordance with BOT Notification Number Sor Nor Sor 21/2561, directive dated October 31, 2018, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are the parent company of a group of companies offering financial services”.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies (see Note 3).

The financial statements are presented in Thai Baht, which is the Bank’s functional currency. All financial information presented in Thai Baht has been rounded in the financial statements and in the Notes to financial statements to the nearest thousand unless otherwise stated.

The Bank prepared its financial statements in Thai language in conformity with Thai Financial Reporting Standards and the Notifications noted above. However, for convenience of readers, the Bank also prepares its financial statements in English language, by translating from the Thai version.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

2.2 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

2.2.1 During the year, the Bank and its subsidiaries have adopted the revised financial reporting standards issued by the Federation of Accounting Professions which are effective for fiscal years beginning on or after January 1, 2023. These financial reporting standards were aimed at alignment with the corresponding Thai Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology and clarification of accounting requirements. The adoption of these financial reporting standards does not have any significant impact on the Bank and its subsidiaries' financial statements.

2.2.2 The Bank and its subsidiaries have adopted Accounting Treatment Guidance on "Guidelines regarding the provision of financial assistance to the debtors who are impacted by the COVID-19", which the objective is to grant the temporary relief measures for entities helping their debtors who are impacted by the COVID-19 with the supporting period during January 1, 2022 to December 31, 2023 or until any changes announced from the Bank of Thailand. The Bank and its subsidiaries who elect to apply these temporary relief measures should disclose such fact in the financial statements (see Note 8.34).

2.3 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

Thai Financial Reporting Standard which will be effective for the financial statements for the period beginning on or after January 1, 2024, onwards

The revised TFRSs are mostly the revision of wording and terminology and clarification of accounting requirements. TFRSs which have been amended and are relevant to the Bank and its subsidiaries are as follows:

Thai Accounting Standard No. 1 "Presentation of Financial Statements"

The amendments change the requirements regarding the disclosure of accounting policies from "significant accounting policies" to "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

Thai Accounting Standard No. 8 "Accounting Policy, Changes in Accounting Estimates and Errors"

The amendments change the definition of accounting estimates to be "monetary amounts in financial statements that are subject to measurement uncertainty", to help an entity to be able to segregate the difference of "change in accounting estimates" from "change in accounting policies".

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Thai Accounting Standard No. 12 “Income Taxes”

The amendments add the requirements for the initial recognition of deferred tax, which give rise to equal taxable and deductible temporary differences such as right-of-use assets and lease liabilities and decommissioning obligation. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. At the beginning of the earliest comparative period, an entity recognizes a deferred tax asset, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, and a deferred tax liability for all deductible and taxable temporary differences associated with such transactions.

In addition, such amendments also add the exemption for the International Tax Reform - Pillar Two Model. An entity should not recognize and not disclose the deferred tax assets and deferred tax liability which are relevant to Pillar Two income tax.

The Bank and its subsidiaries management will adopt such TFRSs in the preparation of the Bank and its subsidiaries financial statements when they become effective. The Bank and its subsidiaries management are in the process to assess the impact of these TFRSs on the financial statements of the Bank and its subsidiaries in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES**3.1 Basis of consolidation**

The consolidated financial statements comprise the Bank and its subsidiaries' financial statements.

Business combinations under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method, the acquirer recognises assets and liabilities of the acquired businesses at their carrying amount in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or discount from business combinations under common control in equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Subsidiaries

Subsidiaries are entities controlled by the Bank. The Bank controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the Bank and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

At the acquisition date, the Bank measures any non-controlling interests at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Bank's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Bank loses control over subsidiaries, it derecognises the assets and liabilities of the subsidiaries, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiaries is measured at fair value when control is lost.

Interests in equity-accounted investees

The Bank's interests in an equity-accounted investee comprises interests in an associate.

An associate is the entity in which the Bank has significant influence, but not control, over the financial and operating policies.

Interests in an associate is accounted for using the equity method. It is initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Bank's share of the profit or loss and other comprehensive income of an equity-accounted investee, until the date on which significant influence ceases.

Transactions eliminated on consolidated financial statements

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with an equity-accounted investee are eliminated against the investment to the extent of Bank's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3.2 Cash

Cash consists of cash and cash equivalents, cash on hand and cash in transit.

3.3 Financial instruments

Financial instruments in statement of financial position comprises of cash, interbank and money market items (both assets and liabilities), derivatives, investment in debt instruments, investment in equity instruments, loans to customers, other financial assets, deposits, liabilities payable on demand, debt issued and borrowings and other financial liabilities.

3.3.1 Recognition and initial measurement

The Bank and its subsidiaries initially recognised all financial instruments (including regular way purchases and sales of financial assets) on the trade date, which is the date on which the Bank and its subsidiaries become a party to the contractual provisions of the instrument, except for investments in debt instruments which are recognised on the settlement date. Under regular way purchases and sales with the delivery within time period established by regulation or market convention which account for changes in the fair value and interest calculation of financial asset or financial liability on the trade date and derivative is recognised on trade date.

A financial asset or financial liability that are not measured at FVTPL are measured initially at fair value plus, transaction costs that are directly attributable to its acquisition or issuance.

3.3.2 Derecognition*Derecognition of financial assets*

The Bank and its subsidiaries derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank and its subsidiaries neither transfer nor retain substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Any cumulative gain or loss recognised in other comprehensive income in respect of investments in equity instruments designated at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualifies for derecognition that is created or retained by the Bank and its subsidiaries is recognised as a separate asset or liability.

The Bank and its subsidiaries enter into transactions whereby it transfers assets recognised on its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and-repurchase transactions, because the Bank and its subsidiaries retain all or substantially all of the risks and rewards of ownership of such assets.

If the Bank and its subsidiaries remain right for servicing of financial assets which received the fee. The Bank and its subsidiaries will recognise the assets or liabilities which occur from those services of the Bank and its subsidiaries. If the Bank and its subsidiaries expect that the service fee is not enough for service of the Bank and its subsidiaries, the Bank and its subsidiaries need to recognise the liabilities from providing service for service commitment at fair value. If the service fee are received more than the compensation of service, the Bank and its subsidiaries will recognise the assets from the providing service rights.

In the event of the transfer that causes the Bank and its subsidiaries to derecognise the entire financial asset while receiving new financial assets, the Bank and its subsidiaries will recognise new financial assets at fair value.

In the event that the Bank and its subsidiaries receive cash inflow from written off financial assets. The Bank and its subsidiaries will recognise the cash flow as bad debt recovery with the same amount that have been written off and the remaining will be recorded in interest income in profit or loss.

Derecognition of financial liabilities

The Bank and its subsidiaries derecognise a financial liability when its contractual obligations are discharged, cancelled or expired.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3.3.3 Classification and measurement*Financial assets*

On initial recognition, a financial asset is classified as measured at: amortised cost (“AMC”), fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”).

Financial assets - debt instruments

Classification of debt instruments depends on business model assessment and assessment of whether contractual cash flows are solely payments of principle and interest.

Business model assessment

The Bank and its subsidiaries make an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management’s strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank and its subsidiaries’ management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how investment managers are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank and its subsidiaries’ stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held-for-trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flow nor held both to collect contractual cash flows and to sell financial assets.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Assessment whether contractual cash flows are solely payments of principal and interest ("SPPI")

For the purposes of this assessment, 'Principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (i.e. liquidity risk and administrative costs), including different in profit.

In assessing whether the contractual cash flows are SPPI, the Bank and its subsidiaries consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment the Bank and its subsidiaries considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- terms that limit the Bank and its subsidiaries' claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Measurement at amortised cost

A debt instrument that is not designated at FVTPL will be measured at AMC if it meets both of the following conditions:

- the debt instrument is held within a business model whose objective is to hold assets to collect contractual cash flows;
- the contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Measurement at fair value through other comprehensive income

A debt instrument that is not designated at FVTPL will be measured at FVOCI only if it meets both of the following conditions:

- the debt instrument is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Measurement at fair value through profit or loss

Unless debt instruments are classified as measured at AMC or FVOCI, debt instruments are classified as measured at FVTPL.

On initial recognition, the Bank and its subsidiaries may designate a financial asset that otherwise meets the requirements to be measured at AMC, or at FVOCI, or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. When they are elected, it will be irrevocable.

Financial assets - equity instruments

On initial recognition of an equity investment that is not held-for-trading, the Bank and its subsidiaries may irrevocably elect to present subsequent changes in fair value in OCI.

Unless equity investments are elected to present subsequent changes in fair value in OCI, other equity instruments are classified as measured at FVTPL.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank and its subsidiaries change its business model for managing financial assets.

Financial liabilities

The Bank and its subsidiaries classify its financial liabilities, other than financial guarantees and loan commitments, as measured at AMC or FVTPL.

3.4 Modifications of financial assets

If the terms of a financial asset are modified, then the Bank and its subsidiaries evaluate whether the cash flows of the modified asset are significantly different.

If the cash flows are significantly different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value included any eligible transaction costs.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with significantly different terms. If the Bank and its subsidiaries plan to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

If the modification of a financial asset measured at AMC or FVOCI does not result in derecognition of the financial asset, then the Bank and its subsidiaries first recalculate the gross carrying amount of the financial asset using the original effective interest rate or reasonable reference rate of the asset at that time occurred of transaction and recognise the resulting adjustment as a modification gain or loss in profit or loss through the revaluation accounts. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining terms of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

3.5 Impairment of financial assets

The Bank and its subsidiaries recognised expected credit loss model applies to the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- lease receivables;
- contract assets;
- financial guarantee contracts issued; and
- loan commitments.

The Bank and its subsidiaries do not recognise impairment losses on investment in equity instruments.

Measurement of ECL

An expected credit loss represents the present value of expected cash shortfalls over the residual terms of a financial asset, undrawn commitment or financial guarantee. A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that are expected to be received over the contractual life of the instrument.

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 PD, LGD and EAD where relevant and where they have been identified to influence credit risk, such as GDP, interest rates and housing price index. These assumptions are determined using all reasonable and supportable information, which includes both available internal and external information and are consistent with those used for financial and capital planning.

The period over which cash shortfalls are determined is generally limited to the maximum contractual period for which the Bank and its subsidiaries are exposed to credit risk, except in the case of certain revolving facilities for which a behavioral life is estimated.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

The estimation of expected cash shortfalls on collateralised financial instruments reflects the expected amount and timing of cash flows from foreclosure of the collateral less the costs of obtaining and selling the collateral, regardless of whether the foreclosure is deemed probable or not.

Cash shortfalls are discounted using the initial effective interest rate.

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the customers in accordance with the contract and the cash flows that the Bank and its subsidiaries expect to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank and its subsidiaries if the commitment is drawn down and the cash flows that the Bank and its subsidiaries expect to receive; and
- financial guarantee contracts the expected payments to reimburse the holder less any amounts that the Bank and its subsidiaries expects to recover.

Staging

For ECL recognition, financial assets are classified in any of the below 3 stages at each reporting date. A financial asset can move between stages during its lifetime. The stages are based on changes in credit quality since initial recognition and defined as follows:

Performing (Stage 1): Financial assets that have not had a significant increase in credit risk

Financial assets that have not had a significant increase in credit risk (SICR) since initial recognition (i.e. no Stage 2 or 3 triggers apply) or debt investment that considered to have low credit risk at each reporting date with the exception of purchased or originated credit impaired (POCI) assets. The provision for ECL is 12-month ECL. 12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Bank and its subsidiaries consider debt instruments to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Bank and its subsidiaries do not apply the low credit risk exemption to any other financial instruments.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Under-performing (Stage 2): Financial assets that have a significant increase in credit risk.

When financial assets have a SICR since initial recognition, expected credit losses are recognised for possible default events over the lifetime of the financial assets. SICR is assessed by using a number of quantitative and qualitative factors that are significant to the increase in credit risk. Financial assets that are past due more than 30 days and not credit-impaired will always be considered to have experienced a significant increase in credit risk.

Quantitative factors include an assessment of whether there has been a significant increase in the probability of default (PD) since origination. Increase in PD is determined from economic conditions that are relating to changes in credit risk such as internal credit rating downgrade. If the changes exceed the thresholds, the financial assets are considered to have experienced a significant increase in credit risk.

Qualitative factor assessments are part of current credit risk management processes, such as an assessment of significant deterioration in the customers' ability to repay. Qualitative indicators includes operating results, financial liquidity and other reliable indicators.

Non-performing (Stage 3): Lifetime ECL credit impaired

Financial assets that are credit-impaired or in default represent those that are past due more than 90 days in respect of principal and/or interest. Financial assets are also considered to be credit-impaired where the customers are unlikely to repay on the occurrence of one or more observable events that have a negative impact on the estimated future cash flows of the financial assets.

Evidence that financial assets are credit impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or borrower;
- Breach of contract such as default or a past due event;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for the applicable financial asset due to financial difficulties of the borrower; or
- Purchase or origination of a financial asset at a significant discount that reflects incurred credit losses.

Expected credit losses of credit-impaired financial assets are determined based on the difference between the present value of the recoverable cash flows under a range of scenarios, including the realisation of any collateral held where appropriate, discounted with the financial assets' original effective interest rate, and the gross carrying value of the financial assets prior to any credit impairments.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Financial assets that are credit-impaired require a lifetime provision

In order to assess 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.

Improvement in credit risk

For financial assets within Stage 2, these can only be transferred to Stage 1 when they are no longer considered to have experienced a significant increase in credit risk.

Where significant increase in credit risk was determined using quantitative measures, the financial assets will automatically transfer back to Stage 1 when the original PD based transfer criteria are no longer met. Where financial assets were transferred to Stage 2 due to an assessment of qualitative factors, the issues that led to the reclassification must be cured before the financial assets can be reclassified to Stage 1. This includes instances where required the action to be resolved before loans are reclassified to Stage 1. A period may elapse from the point at which instruments enter Stage 2 or Stage 3 and are reclassified back to Stage 1.

For financial assets that are credit-impaired (Stage 3), and have not been subject to restructuring, a transfer to Stage 2 or Stage 1 is only permitted where the instrument is no longer considered to be credit-impaired. An instrument will no longer be considered credit-impaired when there is no shortfall of cash flows compared to the original contractual terms.

For Troubled Debt Restructuring (TDR) customers, exposures under Stage 3 can transfer to Stage 2 when the customer performs under the revised terms of the contract for three consecutive payments. A further 9-month monitoring period is required for such customers to be transferred to Stage 1 on the basis that there is no overdue balance on the account and the customer is expected to repay its remaining obligations in full. On transfer to Stage 1, the origination rating will be reset to that applicable on that date.

For Troubled Debt Restructuring (TDR) customers, exposures under Stage 2 that were not previously credit impaired can be transferred to Stage 1 when the customer performs under the revised terms of the contract for three consecutive payments and the customer is expected to repay its remaining obligations in full. On transfer to Stage 1, the origination rating will be reset to that applicable on that date.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Loss provisions on Purchased or Originated Credit Impaired instruments (POCI)

The Bank and its subsidiaries measure expected credit loss on a lifetime basis for POCI instruments throughout the life of the instrument. However, expected credit loss is not recognised in a separate loss provision on initial recognition for POCI instruments as the lifetime expected credit loss is inherent within the gross carrying amount of the instruments. The Bank and its subsidiaries recognise the change in lifetime expected credit losses arising subsequent to initial recognition in profit or loss and the cumulative change as a loss provision. Where lifetime expected credit losses on POCI instruments are less than those at initial recognition, then the favourable differences are recognised as reversal of expected credit loss in profit or loss.

Loss allowances for ECL are presented in the statement of financial position

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, and the Bank and its subsidiaries cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Bank and its subsidiaries present a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the other component of equity.

Write-off of credit impaired instruments and reversal of impairment

To the extent a financial instrument which the loan is considered irrecoverable, the applicable portion of the gross carrying value is written off against the related loan provision. Such loans are written off after all the necessary procedures have been completed, it is decided that there is no realistic probability of recovery and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan credit impairment in profit or loss.

If, in a subsequent period, the amount of the credit impairment loss decreases and the decrease can be related objectively to an event occurring after the credit impairment was recognised, such as an improvement in the debtor's credit rating, the previously recognised credit impairment loss is reversed by adjusting the provision account. The amount of the reversal is recognised in profit or loss.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Financial guarantee contracts held

The Bank and its subsidiaries assess whether a financial guarantee contract held is an integral element of a financial asset that is accounted for separately. The factors that the Bank and its subsidiaries considers when making this assessment include whether:

- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by laws and regulations that govern the contract of the debt instrument;
- the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
- the guarantee is given by the parent of the borrower or another company within the borrower's group.

If the Bank and its subsidiaries determine that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Bank and its subsidiaries consider the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

If the Bank and its subsidiaries determine that the guarantee is not an integral element of the financial asset, then it recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognised only if the guaranteed exposure neither is credit-impaired nor has undergone a significant increase in credit risk when the guarantee is acquired. These assets are recognised in "other assets". The Bank and its subsidiaries present gains or losses on a compensation right in profit or loss in the line item "impairment losses on financial instruments".

3.6 Derivatives held for risk management purposes and hedge accounting

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position.

The Bank and its subsidiaries designate certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Bank and its subsidiaries formally documents the relationship between the hedging instruments and hedged items, including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Bank and its subsidiaries make an assessment, both on inception of the hedging relationship and on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a specific range. For a cash flow hedge of a forecast transaction, the Bank and its subsidiaries make an assessment of whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

The Bank and its subsidiaries have the hedging relationships as discussed below:

Fair value hedge

When a derivative is designated as the hedging instrument in a hedge of the change in fair value of a recognised asset or liability or the Bank and its subsidiaries commitment that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in profit or loss. The change in fair value of the hedged item attributable to the hedged risk is recognised in profit or loss. If the hedged item would otherwise be measured at cost or amortised cost, then its carrying amount is adjusted accordingly.

If the hedging derivative is expired or sold, terminated or exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

Any adjustment up to the point of discontinuation to a hedged item for which the effective interest method is used to amortise to profit or loss as an adjustment to the recalculated effective interest rate of the item over its remaining life.

On hedge discontinuation, any hedging adjustment made previously to a hedged financial instrument for which the effective interest method is used to amortise to profit or loss by adjusting the effective interest rate of the hedged item from the date on which amortisation begins. If the hedged item is derecognised, then the adjustment is recognised immediately in profit or loss when the item is derecognised.

Cash flow hedge

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in OCI and presented in the hedging reserve within equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount recognised in the hedging reserve is reclassified from OCI to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss, and in the same line item in the statement of profit or loss and other comprehensive income.

If the hedging derivative is expired, sold, terminated or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

If the hedged cash flows are no longer expected to occur, then the Bank and its subsidiaries immediately reclassify the amount in the hedging reserve from OCI to profit or loss. For terminated hedging relationships, if the hedged cash flows are still expected to occur, then the amount accumulated in the hedging reserve is not reclassified until the hedged cash flows affect profit or loss; if the hedged cash flows are expected to affect profit or loss in multiple reporting periods, then the Bank and its subsidiaries reclassify the amount in the hedging reserve from OCI to profit or loss on a straight line basis.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Other non-trading derivatives

Other non-trading derivatives are recognised on balance sheet at fair value on initial recognition. If a derivative is not held for trading, and is not designated in a qualifying hedge relationship, then all changes in its fair value are recognised immediately in profit or loss as a component of net income from other financial instruments measured at FVTPL.

3.7 Hire purchase and finance lease receivables

Hire purchase and finance lease receivables are stated at the outstanding debt balance net of unearned hire purchase and finance lease income, residual commissions and direct expenses incurred at the inception of the contracts less allowance for expected credit loss.

Accounting policy regarding hire purchase receivables and finance lease receivables, derecognition, contract modification, and allowance for expected credit loss are disclosed in Note 3.3 Financial instruments.

3.8 Investments in subsidiaries

Subsidiaries are entities over which the Bank has the power to control the financial and operating policy in order to manage the relevant activities so as to obtain return on the Bank's interest.

Investments in subsidiaries in the separate financial statements of Bank are presented under the cost method, net of valuation allowance for impairment (if any).

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognised as profit or loss in the statement of profit or loss and other comprehensive income.

If the Bank and its subsidiaries dispose of a partial of its holding investment, the deemed cost of the sold investment is determined using the weighted-average method applied to the carrying value of the total holding of the investment.

3.9 Properties foreclosed

Properties foreclosed are stated at the lower of cost at the acquisition date or net realisable value. Net realisable value is determined with reference to the appraisal value less estimated selling expenses.

Gains or losses on disposals of properties foreclosed are recorded as revenue or expenses in profit or loss when significant risk and rewards have been transferred to the buyer. Impairment loss is recognised as expenses in profit or loss.

The management uses the BOT's regulation and judgment to estimate impairment losses, taking into consideration the latest appraisal values, types and characteristics of assets, the period of time for which to be recouped from disposals and changes in the economic conditions.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3.10 Premises and equipment

Recognition and measurement

Land is stated at cost less allowance for impairment (if any).

Premises and equipment are measured at cost less accumulated depreciation and impairment losses (if any).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use. The cost also includes the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of premises and equipment have different useful lives, they are accounted for separately by major components.

Gains or losses on disposal of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net as profit or loss in the statement of profit or loss and other comprehensive income.

Subsequent costs

The cost of replacing a part of an item of premises and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its subsidiaries, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised as an expense in statement of profit or loss and other comprehensive income as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount of premises and equipment, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged as an expense to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each component of an item of premises and equipment. The estimated useful lives are as follows:

| | |
|--|--------------------|
| Buildings and buildings improvement | 34 years |
| Furniture, fixtures and office equipment | 3 - 5 and 10 years |
| Motor vehicles | 5 and 8 years |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

No depreciation is provided on freehold land.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Derecognition

The Bank and its subsidiaries derecognised an item of premises and equipment upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on disposal of an item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of premises and equipment and are recognised in profit or loss from operations when the Bank and its subsidiaries derecognised that assets.

3.11 Intangible assets

Intangible assets that are acquired by the Bank and its subsidiaries and have finite useful lives are measured at cost less accumulated amortisation and allowance for impairment losses (if any).

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible asset, other than goodwill, from the date that they are available for use.

The estimated useful lives are as follows

| | |
|----------------------|--------------|
| Computer software | 5 - 10 years |
| Deferred license fee | 10 years |

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Intangible assets with definite useful lives are tested for impairment when there is an indicator that the asset may be impaired. Intangible assets with indefinite useful lives are tested for impairment annually or when there is an indicator that the asset may be impaired.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3.12 Impairment of non-financial assets

The carrying amounts of the Bank and its subsidiaries' assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated. For goodwill, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised as an expense in the statement of profit or loss and other comprehensive income unless it reverses a previous revaluation credited to equity and it subsequently impairs in which case it is charged to other comprehensive income.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the higher of the asset's value in use or fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised as an expense in the statement of profit or loss and other comprehensive income.

Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications of impairment the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, as if no impairment loss had been recognised.

3.13 Provision

Provisions are recognised when the Bank and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Litigation

The Bank and its subsidiaries have contingent liabilities as a result of litigation being made against them for claims of compensation. The management uses judgment to assess the results of the litigation and would record provisions as at the end of the reporting period (if any).

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3.14 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (provident fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the statement of profit or loss and other comprehensive income in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Bank and its subsidiaries' net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value based on salary, mortality rate, service period and other factors. The discount rate used in determining post-employment benefit obligation is the yield of the government bond.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense immediately in the statement of profit or loss and other comprehensive income on a straight-line basis until the benefits become vested.

The Bank and its subsidiaries recognise all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in the statement of profit or loss and other comprehensive income.

Past service cost related to the plan amendment is recognised as an expense in the statement of profit or loss and other comprehensive income when the plan amendment is effective.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted cash flow basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Bank and its subsidiaries have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3.15 Foreign currencies transactions

Translation of foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Bank and its subsidiaries at exchange rates at the date of the transactions.

Outstanding of monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- an investment in equity securities designated as at FVOCI except on impairment, in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss;
- qualifying cash flow hedges to the extent the hedge is effective.

Translation of financial statements of foreign entity

The assets and liabilities of foreign entities are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

The revenues and expenses of foreign entities are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

The financial statements of foreign entity are translated into Thai Baht at the reference rates announced by the Bank of Thailand at the reporting dates. Foreign exchange differences arising on translation is recognised in other comprehensive income until dissolution of the foreign entity's business.

3.16 Measurement of fair values

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using valuation technique. In estimating the fair value of an asset or a liability, the Bank and its subsidiaries take into account the characteristics of the asset or liability as market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

In addition, fair value measurements are categorised into Level 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3.17 Revenue recognition

Effective interest rate

Interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset.
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank and its subsidiaries estimate future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any allowance for expected credit loss.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, the interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3.18 Dividend received

The Bank and its subsidiaries recognise dividend received as income in profit or loss on the date that the Bank and its subsidiaries has right to receive dividend. Dividend income is shown in other operating income.

3.19 Other income

Other income is recognised in the statement of profit or loss and other comprehensive income on an accrual basis.

3.20 Fee and commission

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the calculation of effective interest rate.

Other fee and service income are recognised when a customer obtains control of the services in an amount that reflects the consideration to which the Bank and its subsidiaries expect to be entitled to. In addition, judgment is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time.

The Bank and its subsidiaries act in the capacity of an agent and recognise the net amount of consideration as commission revenue.

3.21 Lease

The Bank and its subsidiaries as a lessee

The Bank and its subsidiaries assess whether a contract is or contains a lease, at inception of the contract. The Bank and its subsidiaries recognise a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lease, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Bank and its subsidiaries recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leases assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Bank and its subsidiaries use its incremental borrowing rate.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lease under residual value guarantees.
- The exercise price of purchase options, if the lease is reasonably certain to exercise the options

Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated and Bank's statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Bank and its subsidiaries remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a yield interest rate, in which case a revised discount rate is used).
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Bank and its subsidiaries did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Whenever the Bank and its subsidiaries incur an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under TAS 37 “Provisions, Contingent Liabilities and Contingent Assets”. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank and its subsidiaries expect exercise a purchase option, the related right-of-use is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented in the consolidated and Banks’ statement of financial position.

The Bank and its subsidiaries apply TAS 36 “Impairment of Assets” to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the “Premises and Equipment” policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “Other expenses” in profit or loss.

As a practical expedient, TFRS 16 “Lease” permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Bank and its subsidiaries have used this practical expedient.

3.22 Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction in the consolidated financial statement that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank and its subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are enacted at the reporting date.

In determining the amount of current and deferred tax, the Bank and its subsidiaries take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. the Bank and its subsidiaries believe that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Bank and its subsidiaries to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised. The Bank and its subsidiaries recognise all temporary difference of deferred tax liabilities in the consolidated and Bank's financial statements.

3.23 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders and preference shareholders which are equivalent the ordinary shareholders of the Bank by the weighted average number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding during the year, adjusted for own shares held.

3.24 Related parties

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Bank and its subsidiaries; a person or entity that are under common control or under the same significant influence as the Bank and its subsidiaries and the Bank; or and its subsidiaries have direct or indirect control or joint control or have significant influence over the financial and managerial decision-making of a person or entity.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

3.25 Segment reporting

Segment results that are reported to the Bank's Executive Committee (the Chief Operating Decision Maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.26 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when the Bank and its subsidiaries have a legal, enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

3.27 Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid, including directly attributable costs, is classified as treasury shares and recognised as a deduction from equity.

4. RISK MANAGEMENT

4.1 Risk management approach

The Bank and its subsidiaries have set up its risk management structure in order to efficiently manage its core risks, as follows strategic risk, credit risk, market risk, operational risk, liquidity risk, reputation risk and information technology risks. Appropriate risk policies and risk management procedures have been established to provide common guidelines and standards to be consistently applied across the Bank and its subsidiaries.

The Bank and its subsidiaries manage its risks under the following key principles: core risks must be identified, measured, monitored, reported, analysed and controlled; and business activities are managed under a risk-return framework to ensure that risks undertaken are commensurate with an appropriate return.

The Bank and its subsidiaries' risk governance structure consist of the Board of Directors (BOD), which holds the ultimate responsibility for the Bank and its subsidiaries' overall risk management, Group Risk Supervision and Internal Control Committee, which has been delegated by the BOD with the authority to review and oversee the management of all risks across the Bank and its subsidiaries and formulate risk management strategies, policies, frameworks and standards, as well as risk appetite and submit to the Board of Directors for approval. Additionally, Audit Committee is overseeing for the Internal Audit Department and Credit Review Department.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

To strengthen Enterprise-Wide Risk Management, the Bank forms a risk governance where the 3 lines of defense work together to prevent and control risk. To follow 3 lines of defenses in which the Bank has set risk ownership, formulate segregation of duties, and form check and balance in the monitoring of risk management. The risk management related functions are under the stewardship of the Chief Executive Officer (CEO) are responsible for establishing Enterprise-Wide risk management policies and guidelines, and take care of the following roles: developing tools for managing risks; proposing risk management strategies and recommending risk appetite for approval in order to be used for monitoring, controlling and managing risk levels of the Bank and its subsidiaries.

4.2 Credit risk

Credit risk is the risk that a debtor and/or counterparty to a financial agreement fails to honour an obligation and consequently causes The Bank and its subsidiaries to incur a financial loss. The Bank and its subsidiaries have disclosed significant concentrations of credit risk occurred from loans to customer, loan commitments and financial guarantee.

The maximum amount of credit risk exposure is the carrying amount of the financial assets and provision on loans commitment and financial guarantee less provision for losses as stated in the statement of financial position.

Credit policies/Framework

The Board of Director and Group Risk Supervision and Internal Control Committee are responsible for strategy approval and credit risk appetite in order to manage credit risk properly. The Bank and its subsidiaries have put in place the Credit Risk Policy and other related risk policy including the frameworks to ensure that credit decisions are prudently made and make credit risk management an integral part of all credit-related business processes. All other relevant business units and support units are required to formulate their own specific policies follow the main policy. The Bank and its subsidiaries have also established policies to ensure diversification of its credit portfolio to address various concentration risks covering single exposure concentration risk or a group basis that is economically interdependent, industry/business sector concentration risk and country exposure concentration risk. Additionally, the Bank and its subsidiaries' Stress Testing Policy ensure a consistent framework to assess the Bank and its subsidiaries' ability to withstand extreme but plausible adverse changes to economic conditions.

Credit Approval Process

In managing credit risk, the Bank and its subsidiaries segregate the roles and responsibilities of the credit marketing function from the credit approval function to ensure proper checks and balance. Individual credit risk is analysed and assessed by experienced credit officers and approved by an appropriate authority depending on the size and risk levels of credit requested.

Where appropriate, the Bank and its subsidiaries demand the placement of adequate collateral by customers in various forms including, for example, land and building, deposits, securities, and personal/corporate guarantees, etc.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

The Bank and its subsidiaries have contingent liabilities by issuing loan payment and other forms of guarantees, as well as issuing letters of credit and endorsing aval on commercial bills and Notes for its customers. Such contingent transaction activities require assessment on financial condition of customers in the same manner as done for direct lending. The Bank and its subsidiaries also make a standard practice to set conditions to mitigate the elements of risk in the same manner as for direct lending procedures.

Credit Review

The Internal Audit Department, independent unit, is responsible for performing the assessments and making recommendations to improve the adequacy and effectiveness of credit-related processes and the risk management processes. Moreover, the Credit Review Department, independent unit, performs individual credit reviews to ensure that the credit process and account administration are effectively conducted in accordance with policies and procedures, and in compliance with the regulatory requirements.

Credit rating

Credit ratings are typically based on credit analysis factors and/or market condition indicators, considering both the quantitative and qualitative information. The Bank developed internal credit risk models as a tool for management and for supporting any activities relating to the Bank and its subsidiaries' credit risk. The model covered credit process such as the determination of risk appetite, credit approval process, measuring quality and effectiveness of portfolio. In addition, it can be used to predict changes in portfolio quality and early warning sign for deterioration trend and is useful for determining credit interest rate and measuring performance of credit portfolio. It also can be used as a communication tool within the Bank and its subsidiaries.

Credit risk models have been developed for expected credit loss (ECL) to determine probability of default (PD), exposure at default (EAD), and loss given default (LGD). All models comprise both quantitative and qualitative factors/information. For the quantitative aspect, the data is collected from historical or from service providers. In addition to the wide range of activities described above, the Bank and its subsidiaries also use credit risk models in the process to determine loan loss provisioning, regulatory capital, and economic capital.

The Bank and its subsidiaries set up credit rating guideline to provide the logic and use of creating and verifying model-based credit ratings. Currently, the Bank and its subsidiaries use different credit rating models according to different borrower segment.

Credit risk grade is based on risk rating (or PD models). The Bank and its subsidiaries apply different types of internal rating models as 2 categories (1) Rating models for Commercial portfolio - based on most recent available financial position and qualitative assessment on the profile of the borrowers; and, (2) Rating models for small SME and retail portfolios are based on behavioral and/or credit performance proved by statistical methods to measure an appropriate credit risk grade or determining the appropriate probability of default based on borrowers' risk level.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Exposures and the corresponding credit risk grades are subject to review at a frequency stipulated in the policy. Model for evaluation and risk rating are subject to review and monitor regularly. This is a process to keep both risk grade and models up to date and healthiest.

A credit risk grade is ranked from lowest to highest by lower the number in the rank, the lower the probability of default. The highest rating represents non-performing loans with probability of default of 100%. In relation to Note 4.2.1 credit quality, the Bank and its subsidiaries segregate risk level according to the ability for customers to meet financial obligation into five level; Low, Medium, Rather high, High, and Defaults.

In addition to the internal rating, the Bank and its subsidiaries also use external ratings from an international rating agency as references for credit risk grade of investment in debt securities.

*Information related to ECL**Significant increase in credit risk*

SICR is assessed by comparing the risk of default of an exposure at the reporting date to the risk of default at origination, the significance of which being determined by using a number of quantitative and qualitative factors. Financial assets that are more than 30 days past due and not credit-impaired will be considered to have experienced a significant increase in credit risk.

Qualitative factors assessed include those linked to current credit risk management processes. Indicators could include weak operating results or observed liquidity issues among a number of other factors.

Definition of default

Financial assets are assessed for credit-impairment at each reporting date and more frequently when circumstances warrant further assessment. Evidence of credit-impairment includes arrears of over 90 days on any material credit obligation, indications that the borrower is experiencing significant financial difficulty, bankruptcy or distressed restructuring.

ECL model

The Bank and its subsidiaries have recognised loss allowances based on the expected credit loss (ECL) model of TFRS 9 “Financial Instruments”, which is designed to be forward-looking. The TFRS 9 impairment requirements are applicable to on-balance sheet financial assets measured at amortised cost (AMC) or fair value through other comprehensive income (FVOCI), such as loans and debt securities, as well as off-balance sheet items such as undrawn loan commitments, certain financial guarantees, and undrawn committed revolving credit facilities. These financial instruments are divided into three groups, depending on the stage of credit quality deterioration (“Staging”). The ECL model parameters are estimated based on statistical techniques and supported by expert judgment.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Incorporation of forward-looking information

TFRS9 requires that expected credit loss should consider the effect from the economic movement or so-called forward-looking factor. Modelling newly regulated credit risk should also incorporate the state of economy.

The Bank and its subsidiaries apply forward-looking factor into the ECL models. For macroeconomic input/projections, the Bank and its subsidiaries leverage on information from external sources. Then, statistical techniques are applied to transform the data into a multiple scenario analysis. Finally, the scenarios are used to derive lifetime parameters, which are applied in the calculation of expected credit losses and in the identification of significant deterioration in credit quality of financial assets as described previously.

The Bank and its subsidiaries apply economic factors or any factor expected to occur as a part of formulated scenario for developing ECL. The Bank and its subsidiaries formulate three forward-looking economic scenarios; a normal case scenario, which is the normal case scenario, best case scenario and worst case scenario which is put different weighted average amount. Examples of the macro economic variables used in the forward-looking information are Gross Domestic Product (GDP), interest rate, and unemployment rate, etc.

Management Overlay

The Bank and its subsidiaries calculated the ECL based on the model. However, management overlay was considered when underlying assumptions or data used to estimate ECL do not reflect current circumstances, events or conditions of the Bank and its subsidiaries at the reporting date as post-model adjustments.

4.2.1 Credit quality

Credit quality is ranked from credit grades that are grouped as low to defaults. This quality is used to reflect the ability for customers to meet financial obligation. The following tables set out information about the credit quality as at December 31, 2023 and 2022 of investment and loans to customers (without taking into account collateral or other credit enhancement). The Bank and its subsidiaries classified a risk level based on most recent financial position, behaviors and qualitative factors.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Unit : Million Baht

| | Consolidated 2023 | | | |
|--|----------------------|--------------|--------------|----------------|
| Risk level | Stage 1 | Stage 2 | Stage 3 | Total |
| <i>Investments in debt instruments measured at AMC</i> | | | | |
| Low | 42,817 | - | - | 42,817 |
| Gross carrying amount | 42,817 | - | - | 42,817 |
| <u>Less</u> Allowance for expected credit loss | (46) | - | - | (46) |
| Carrying amount | 42,771 | - | - | 42,771 |
| <i>Investments in debt instruments measured at FVOCI</i> | | | | |
| Low | 36,272 | - | - | 36,272 |
| Carrying amount | 36,272 | - | - | 36,272 |
| Allowance for expected credit loss | (2) | - | - | (2) |
| <i>Loans to customers and accrued interest receivables - net</i> | | | | |
| Low | 83,398 | - | - | 83,398 |
| Medium | 46,326 | 768 | - | 47,094 |
| Rather high/High | 13,338 | 11,643 | - | 24,981 |
| Defaults | - | - | 1,909 | 1,909 |
| Gross carrying amount | 143,062 | 12,411 | 1,909 | 157,382 |
| <u>Less</u> Allowance for expected credit loss | (2,843) | (2,650) | (879) | (6,372) |
| Carrying amount | 140,219 | 9,761 | 1,030 | 151,010 |

Unit : Million Baht

| | Consolidated 2022 | | | |
|--|----------------------|---------------|------------|----------------|
| Risk level | Stage 1 | Stage 2 | Stage 3 | Total |
| <i>Investments in debt instruments measured at AMC</i> | | | | |
| Low | 43,456 | - | - | 43,456 |
| Gross carrying amount | 43,456 | - | - | 43,456 |
| <u>Less</u> Allowance for expected credit loss | (44) | - | - | (44) |
| Carrying amount | 43,412 | - | - | 43,412 |
| <i>Investments in debt instruments measured at FVOCI</i> | | | | |
| Low | 40,177 | - | - | 40,177 |
| Carrying amount | 40,177 | - | - | 40,177 |
| Allowance for expected credit loss | (3) | - | - | (3) |
| <i>Loans to customers and accrued interest receivables - net</i> | | | | |
| Low | 74,174 | - | - | 74,174 |
| Medium | 58,519 | 853 | - | 59,372 |
| Rather high/High | 17,342 | 12,043 | - | 29,385 |
| Defaults | - | - | 928 | 928 |
| Gross carrying amount | 150,035 | 12,896 | 928 | 163,859 |
| <u>Less</u> Allowance for expected credit loss | (4,366) | (2,738) | (240) | (7,344) |
| Carrying amount | 145,669 | 10,158 | 688 | 156,515 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Unit : Million Baht

| | The Bank 2023 | | | |
|--|------------------|--------------|------------|----------------|
| Risk level | Stage 1 | Stage 2 | Stage 3 | Total |
| <i>Investments in debt instruments measured at AMC</i> | | | | |
| Low | 42,817 | - | - | 42,817 |
| Gross carrying amount | 42,817 | - | - | 42,817 |
| Less Allowance for expected credit loss | (46) | - | - | (46) |
| Carrying amount | 42,771 | - | - | 42,771 |
| <i>Investments in debt instruments measured at FVOCI</i> | | | | |
| Low | 36,272 | - | - | 36,272 |
| Carrying amount | 36,272 | - | - | 36,272 |
| Allowance for expected credit loss | (2) | - | - | (2) |
| <i>Loans to customers and accrued interest receivables - net</i> | | | | |
| Low | 44,206 | - | - | 44,206 |
| Medium | 40,622 | 768 | - | 41,390 |
| Rather high/High | 13,338 | 5,478 | - | 18,816 |
| Defaults | - | - | 951 | 951 |
| Gross carrying amount | 98,166 | 6,246 | 951 | 105,363 |
| Less Allowance for expected credit loss | (2,493) | (931) | (561) | (3,985) |
| Carrying amount | 95,673 | 5,315 | 390 | 101,378 |

Unit : Million Baht

| | The Bank 2022 | | | |
|--|------------------|--------------|------------|----------------|
| Risk level | Stage 1 | Stage 2 | Stage 3 | Total |
| <i>Investments in debt instruments measured at AMC</i> | | | | |
| Low | 43,456 | - | - | 43,456 |
| Gross carrying amount | 43,456 | - | - | 43,456 |
| Less Allowance for expected credit loss | (44) | - | - | (44) |
| Carrying amount | 43,412 | - | - | 43,412 |
| <i>Investments in debt instruments measured at FVOCI</i> | | | | |
| Low | 40,177 | - | - | 40,177 |
| Carrying amount | 40,177 | - | - | 40,177 |
| Allowance for expected credit loss | (3) | - | - | (3) |
| <i>Loans to customers and accrued interest receivables - net</i> | | | | |
| Low | 33,765 | - | - | 33,765 |
| Medium | 52,269 | 853 | - | 53,122 |
| Rather high/High | 17,342 | 6,185 | - | 23,527 |
| Defaults | - | - | 231 | 231 |
| Gross carrying amount | 103,376 | 7,038 | 231 | 110,645 |
| Less Allowance for expected credit loss | (3,774) | (745) | (14) | (4,533) |
| Carrying amount | 99,602 | 6,293 | 217 | 106,112 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

4.2.2 Collateral held and other credit enhancements

In addition to determining counterparty credit quality through risk rating, the Bank and its subsidiaries also use collateral as one type of credit risk mitigation to reduce potential credit losses to the Bank and its subsidiaries. The type of eligible collateral consists of financial and non-financial collaterals which valued primarily based on their quality and liquidity. The value of collateral is primarily assessed on a prudent basis to ensure that the value assigned to the collateral remains current.

The assessment of the suitability of collateral for a specific credit transaction is part of the credit decision making which undertaken in a conservative way, including collateral haircuts that are applied. The Bank and its subsidiaries strive to avoid “wrong-way” risk characteristics where the borrower’s counterparty risk is positively correlated with the risk of deterioration in the collateral value.

For “guarantee”, the process for the analysis of the guarantor’s creditworthiness is aligned to the credit assessment process for borrowers as well as Loan-to-Value (LTV) ratio for credit processes.

Loan-to-Value (LTV) ratio is used in entire credit processes, including

- Credit evaluation process
- Different risk levels require different LTVs

Collateral Appraisal Approach:

Asset being used for provisioning calculation and LTV calculation guidance has to be pass through an appraisal process. The appraisal shall be conducted according to the codes of professional ethics and standards of appraisal practice stipulated by the Office of the Securities and Exchange Commission (SEC) and is under responsibility of Asset Appraisal Department.

The following are example of collateral appraisal approach:

- Immovable property for commercial purpose shall be appraised by the cost approach, or the direct sales comparison approach, or the income approach.
- Immovable property for residential purpose shall be appraised by the direct sales comparison approach, or the cost approach.
- Other immovable properties shall be appraised by the cost approach, or the direct sales comparison approach, or the income approach.
- Machinery and vehicle shall be appraised by the direct sales comparison approach or the cost approach.
- Criteria for appraising marketable equity securities and debt securities collateral shall be established in writing and agreed among the Appraisal Committee members.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

The following table sets out the principal types of collateral held against different types of financial assets as at December 31, 2023 and 2022.

| Type of credit exposures | Notes | Consolidated | | Unit : Million Baht |
|---|-------|--------------|---------|---|
| | | 2023 | 2022 | Principal type of collateral held |
| Interbank and money market items | 8.3 | 37,238 | 42,500 | Debt securities |
| Derivative assets | 8.4 | 1,263 | 1,716 | Cash |
| Investments in debt securities | 8.5 | 79,089 | 83,633 | None |
| Loans to customers | 8.7 | | | |
| - Loans to corporate customers | | 94,842 | 101,090 | Properties, plant, equipment and guarantee by another banks |
| - Retail mortgage lending | | 5 | 10 | Properties |
| - Hire purchase and finance lease receivables | | 58,146 | 58,760 | Vehicle |
| - Others | | 3,761 | 3,363 | None |

| Type of credit exposures | Notes | The Bank | | Unit : Million Baht |
|----------------------------------|-------|----------|---------|---|
| | | 2023 | 2022 | Principal type of collateral held |
| Interbank and money market items | 8.3 | 36,368 | 41,922 | Debt securities |
| Derivative assets | 8.4 | 1,263 | 1,716 | Cash |
| Investments in debt securities | 8.5 | 79,089 | 83,633 | None |
| Loans to customers | 8.7 | | | |
| - Loans to corporate customers | | 100,930 | 106,574 | Properties , equipment and guarantee by another banks |
| - Retail mortgage lending | | 5 | 10 | Properties |
| - Others | | 3,761 | 3,363 | None |

4.2.3 Concentrations of credit risk

The Bank and its subsidiaries monitor concentration in different dimensions including sector. Concentrations of credit risk from loans to customers (including loans to financial institutions, which are presented as a part of “interbank and money market items” (assets)), loan commitments and financial guarantees as at December 31, 2023 and 2022 are shown below:

| | | Unit : Million Baht | |
|---------------------------------|--------------------|----------------------------------|----------------------|
| | Loans to customers | Consolidated Loan commitments | Financial guarantees |
| As at December 31, 2023 | | | |
| Gross carrying amount | 185,374 | - | - |
| Amount committed/guaranteed | - | 58,262 | 30,039 |
| Concentration by sector | | | |
| Financial institutions | 28,620 | 7,214 | 16,257 |
| Agricultural and mining | 1,877 | 54 | - |
| Manufacturing and commerce | 52,520 | 32,024 | 2,951 |
| Real estate and construction | 6,712 | 5,562 | 1,642 |
| Public utilities and services | 40,773 | 11,445 | 8,609 |
| Retail mortgage lending | 5 | - | 580 |
| Hire purchase and finance lease | 54,721 | - | - |
| Others | 146 | 1,963 | - |
| Total | 185,374 | 58,262 | 30,039 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Unit : Million Baht

| | Loans to customers | Consolidated Loan commitments | Financial guarantees |
|---------------------------------|-----------------------|-------------------------------------|-------------------------|
| As at December 31, 2022 | | | |
| Gross carrying amount | 199,868 | - | - |
| Amount committed/guaranteed | - | 295,120 | 27,580 |
| <i>Concentration by sector</i> | | | |
| Financial institutions | 36,645 | 252,438 | 12,713 |
| Agricultural and mining | 79 | 55 | - |
| Manufacturing and commerce | 53,336 | 27,177 | 989 |
| Real estate and construction | 8,941 | 2,754 | 830 |
| Public utilities and services | 45,159 | 10,391 | 12,284 |
| Retail mortgage lending | 10 | - | 764 |
| Hire purchase and finance lease | 55,258 | - | - |
| Others | 440 | 2,305 | - |
| Total | 199,868 | 295,120 | 27,580 |

Unit : Million Baht

| | Loans to customers | The Bank Loan commitments | Financial guarantees |
|--------------------------------|-----------------------|---------------------------------|-------------------------|
| As at December 31, 2023 | | | |
| Gross carrying amount | 133,316 | - | - |
| Amount committed/guaranteed | - | 85,887 | 30,039 |
| <i>Concentration by sector</i> | | | |
| Financial institutions | 28,620 | 7,214 | 16,257 |
| Agricultural and mining | 1,877 | 54 | - |
| Manufacturing and commerce | 58,608 | 59,649 | 2,951 |
| Real estate and construction | 6,712 | 5,562 | 1,642 |
| Public utilities and services | 37,348 | 11,445 | 8,609 |
| Retail mortgage lending | 5 | - | 580 |
| Others | 146 | 1,963 | - |
| Total | 133,316 | 85,887 | 30,039 |

Unit : Million Baht

| | Loans to customers | The Bank Loan commitments | Financial guarantees |
|--------------------------------|-----------------------|---------------------------------|-------------------------|
| As at December 31, 2022 | | | |
| Gross carrying amount | 146,592 | - | - |
| Amount committed/guaranteed | - | 322,785 | 27,580 |
| <i>Concentration by sector</i> | | | |
| Financial institutions | 36,645 | 252,438 | 12,713 |
| Agricultural and mining | 79 | 55 | - |
| Manufacturing and commerce | 58,821 | 54,842 | 989 |
| Real estate and construction | 8,941 | 2,754 | 830 |
| Public utilities and services | 41,656 | 10,391 | 12,284 |
| Retail mortgage lending | 10 | - | 764 |
| Others | 440 | 2,305 | - |
| Total | 146,592 | 322,785 | 27,580 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

4.3 Liquidity risk

Liquidity risk is the risk that the Bank and its subsidiaries will be unable to liquidate its financial assets to cash or procure sufficient funds to discharge its obligations in a timely manner, resulting to occur a financial loss.

The Bank and its subsidiaries have established a liquidity management policy, to ensure that the Bank and its subsidiaries has sufficient liquidity to meet debt and other obligations when due in normal circumstances, and has liquidity contingency plans in place to handle crisis situations, as well as to ensure that management of liquidity strikes an appropriate balance between costs and benefits. The liquidity management policy is approved by the Bank and its subsidiaries Risk Supervision and Internal Control Committee under Financial Group, the Executive Committee and the Board of Directors, respectively.

To manage the Bank's liquidity, the Financial Markets Division projects funding demand and identifies appropriate sources of funds consistent with the Bank's business and strategic plans. For the purpose of liquidity risk management, the Bank has set risk limits, required liquidity ratios, liquidity control procedures, the liquidity gap and liquidity management's performance are reported to the Asset and Liability Committee (ALCO) on a monthly basis. Moreover, the Risk Management Division closely monitors risk to ensure it remains within the limits set, and reports to the Bank and its subsidiaries Risk Supervision and Internal Control Committee on a regular basis.

Moreover, the Bank has prepared the Early Warning System Indicator to monitor daily and monthly risk level and also set the trigger point in order to be prepared in case of any increasing of any risk factors and be used for liquidity risk management. The Portfolio Risk Management Department will inform the related party daily and submit to ALCO Meeting monthly. The Bank has also formulated the liquidity contingency plans to handle any potential liquidity problems. These plans designate working procedures and explicitly assign roles and responsibilities to the relevant parties.

The Asset and Liability Committee has the following roles and responsibilities:

1. Formulate strategies relating to the regular and daily liquidity management.
2. Ensure that liquidity management is efficient and appropriate policies and procedures for liquidity risk are established.
3. Ensure that the Bank has adequate information systems to measure, monitor, control and report liquidity risk.
4. Consider the liquidity risk limit and propose to the Executive Committee (EXCOM) for approval.
5. Review all assumptions which related to liquidity risk.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

The Bank and its subsidiaries liquidity management is decentralised, with the subsidiaries, ICBC (Thai) Leasing Company Limited independently managing its own liquidity. ICBC (Thai) Leasing Company Limited's sources funds mainly from issuing debentures and loans from financial institutions, the Bank will provide liquidity support with the amount of funds based on Limited of Authority via the Board of Directors. Nevertheless, the Bank and its subsidiaries perform regular controlling and monitoring of the liquidity risk of its subsidiaries and the subsidiaries' liquidity gap is reported to the Asset and Liability Committee on a monthly basis.

The major uses of funds by the Bank are lending to corporate customers and investments in debt securities with an acceptable and low level of risk, but the Bank also designates limits to diversify the use of funds, such as limits on individual industries and lending limits for each individual. The Bank and its subsidiaries' main sources of funds are public deposits and borrowings. The Bank has set guidelines to reduce deposit concentrations, such as limits of the amount deposited per customer and limits of the amount deposited per corporate customer and per state enterprise.

The Bank and its subsidiaries generate reports and set limits in liquidity management as follows:

1. Daily and monthly reports of Early Warning Indicator together with trigger points in order to monitor the liquidity risk such as 3 days consecutive withdrawal, Liquidity Coverage Ratio (LCR), High Quality of Liquid Assets (HQLA) and available of committed facility amount, Loan to Deposit, Credit Rating of the Bank and ICBC group, etc.
2. Daily reports on amounts and types of liquid assets and their returns.
3. Liquidity gap report, indicating expected cash inflows and outflows in different tenors, and cumulative net liquidity excess or shortfall, which the period to maturity both on the basis of the contract and after behavioral adjustment. The Bank and its subsidiaries prepare liquidity gap reports on a monthly basis for normal circumstances and on a quarterly basis for crisis situations.
4. Monthly reports on liquidity ratios, to be used to provide indications of the Bank's liquidity and early warnings, including loan to deposit ratio such as loan to asset ratio, investment to asset ratio, liquid asset to total asset ratio, liquid asset to short-term to 1 month deposit ratio, borrowing to total asset ratio, deposit to total asset ratio, proportion of large depositors to total deposits, maximum deposit withdrawal per day and rollover rate, etc.
5. Annual liquidity risk self-assessment report.
6. Monthly reports on any transactions or facilities exceeding approved limits.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

The Bank also conducts stress tests on a quarterly basis, and regularly reviews the assumptions used to ensure they reflect current economic conditions, business strategies, and other relevant current and future factors. Stress test scenarios include a bank-specific crisis, a general market crisis and a combination of both scenarios that it is thought would have a severely adverse impact, and the Bank has prepared action plans to respond to the occurrence of such events. In addition, the Bank has prepared reports on its Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), in accordance with the BOT's guideline.

According to BOT Notification Number Sor Nor Sor. 2/2561, dated January 25, 2018, the Bank is required to disclose Liquidity Coverage Ratio (LCR) in The Bank's website. The Bank will disclose the LCR of the Bank as at December 31, 2023 in the Bank's website, www.icbcthai.com, under Financial Report section/ Basel III Pillar III Disclosure, within April 2024.

As at December 31, 2023 and 2022, significant financial assets and financial liabilities are classified according to their remaining maturity as follows:

| | Unit : Million Baht | | | | | |
|------------------------------------|---------------------|--------------------|-------------------------------|------------------------------|-----------------|----------------------|
| | Consolidated | | | | | |
| | 2023 | | | | | |
| | Maturity | | | | | |
| | At call | Within 3 months | Over 3 months to 1 year | Over 1 year to 5 years | Over 5 years | No maturity |
| Financial assets | | | | | | |
| Cash | - | - | - | - | - | 363 |
| Interbank and money market items | 8,617 | 26,361 | 238 | 687 | 1,305 | 30 |
| Investments | - | 5,332 | 24,391 | 46,621 | 2,745 | 161 |
| Loans to customers | 52 | 28,934 | 29,073 | 80,042 | 16,390 | 2,263 ⁽¹⁾ |
| Total financial assets | 8,669 | 60,627 | 53,702 | 127,350 | 20,440 | 2,817 |
| Financial liabilities | | | | | | |
| Deposits | 50,611 | 54,096 | 43,058 | 5,824 | - | - |
| Interbank and money market items | 7,902 | 10,931 | 4,466 | 7,271 | - | - |
| Liabilities payable on demand | 32 | - | - | - | - | - |
| Debt issued and borrowings | - | 1,818 | 18,895 | 19,182 | - | - |
| Total financial liabilities | 58,545 | 66,845 | 66,419 | 32,277 | - | - |

⁽¹⁾ The total amount included non-performing loans amounting to Baht 1,864 million.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Unit : Million Baht

| | Consolidated | | | | | | |
|------------------------------------|---------------|--------------------|-------------------------------|--|-----------------|----------------------|----------------|
| | 2022 | | | | | | |
| | At call | Within 3 months | Over 3 months to 1 year | Maturity Over 1 year to 5 years | Over 5 years | No maturity | Total |
| Financial assets | | | | | | | |
| Cash | - | - | - | - | - | 335 | 335 |
| Interbank and money market items | 5,856 | 34,851 | 257 | - | 1,504 | 32 | 42,500 |
| Investments | - | 13,254 | 16,469 | 46,872 | 7,038 | 222 | 83,855 |
| Loans to customers | 8 | 23,625 | 31,602 | 84,229 | 22,416 | 1,343 ⁽¹⁾ | 163,223 |
| Total financial assets | 5,864 | 71,730 | 48,328 | 131,101 | 30,958 | 1,932 | 289,913 |
| Financial liabilities | | | | | | | |
| Deposits | 47,561 | 74,521 | 39,187 | 1,713 | - | - | 162,982 |
| Interbank and money market items | 1,058 | 15,071 | 14,842 | 4,680 | - | - | 35,651 |
| Liabilities payable on demand | 129 | - | - | - | - | - | 129 |
| Debt issued and borrowings | - | 9,814 | 14,140 | 16,589 | 4,992 | - | 45,535 |
| Total financial liabilities | 48,748 | 99,406 | 68,169 | 22,982 | 4,992 | - | 244,297 |

⁽¹⁾ The total amount included non-performing loans amounting to Baht 912 million.

Unit : Million Baht

| | The Bank | | | | | | |
|------------------------------------|---------------|--------------------|-------------------------------|--|-----------------|----------------------|----------------|
| | 2023 | | | | | | |
| | At call | Within 3 months | Over 3 months to 1 year | Maturity Over 1 year to 5 years | Over 5 Years | No maturity | Total |
| Financial assets | | | | | | | |
| Cash | - | - | - | - | - | 362 | 362 |
| Interbank and money market items | 7,747 | 26,361 | 238 | 687 | 1,305 | 30 | 36,368 |
| Investments | - | 5,332 | 24,391 | 46,621 | 2,745 | 161 | 79,250 |
| Loans to customers | 427 | 25,151 | 21,607 | 42,156 | 14,050 | 1,305 ⁽¹⁾ | 104,696 |
| Total financial assets | 8,174 | 56,844 | 46,236 | 89,464 | 18,100 | 1,858 | 220,676 |
| Financial liabilities | | | | | | | |
| Deposits | 50,628 | 54,096 | 43,058 | 5,824 | - | - | 153,606 |
| Interbank and money market items | 3,902 | 8,931 | 4,466 | 7,271 | - | - | 24,570 |
| Liabilities payable on demand | 32 | - | - | - | - | - | 32 |
| Debt issued and borrowings | - | - | - | 4,993 | - | - | 4,993 |
| Total financial liabilities | 54,562 | 63,027 | 47,524 | 18,088 | - | - | 183,201 |

⁽¹⁾ The total amount included non-performing loans amounting to Baht 906 million.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Unit : Million Baht

| | At call | Within 3 months | Over 3 months to 1 year | The Bank 2022 Maturity Over 1 year to 5 years | Over 5 years | No maturity | Total |
|------------------------------------|---------------|--------------------|-------------------------------|--|-----------------|--------------------|----------------|
| Financial assets | | | | | | | |
| Cash | - | - | - | - | - | 335 | 335 |
| Interbank and money market items | 5,278 | 34,851 | 257 | - | 1,504 | 32 | 41,922 |
| Investments | - | 13,254 | 16,469 | 46,872 | 7,038 | 222 | 83,855 |
| Loans to customers | 344 | 23,506 | 21,006 | 48,610 | 15,837 | 645 ⁽¹⁾ | 109,948 |
| Total financial assets | 5,622 | 71,611 | 37,732 | 95,482 | 24,379 | 1,234 | 236,060 |
| Financial liabilities | | | | | | | |
| Deposits | 47,569 | 74,521 | 39,187 | 1,713 | - | - | 162,990 |
| Interbank and money market items | 1,058 | 13,781 | 14,842 | 4,680 | - | - | 34,361 |
| Liabilities payable on demand | 129 | - | - | - | - | - | 129 |
| Debt issued and borrowings | - | - | - | - | 4,992 | - | 4,992 |
| Total financial liabilities | 48,756 | 88,302 | 54,029 | 6,393 | 4,992 | - | 202,472 |

⁽¹⁾ The total amount included non-performing loans amounting to Baht 214 million.

4.4 Market risk

Market risk refers to losses that may happen due to the fluctuations of foreign exchange rates, interest rates, and prices of equity securities, all of which may impact the value of the Bank's assets and liabilities including financial commitment.

The Bank and its subsidiaries have established various market risk policies, which set standards and guidelines for market risk management. The sub-committee holds the responsibility to assist the BOD and the Bank and its subsidiaries Risk Supervision and Internal Control Committee to ensure that bank-wide market risk management complies with the relevant risk policies and defined levels of risk appetite. The Bank and its subsidiaries classify the overall market risk management into 2 parts: trading book and banking book. The Bank and its subsidiaries have developed a policy to set standards on the book definitions and transaction classification criteria as well as the treatment of each book.

Market risk in the trading book

Market risk in the trading book consists of market risk from exposures of financial instruments and derivatives that are held with trading intent or for hedging other positions in the trading book. The Bank and its subsidiaries have established the market risk policies for trading book to ensure the proper management of market risks in the trading book as well as impose limits to control the risks to be within the Bank and its subsidiaries' risk appetite.

Market risk in the banking book

Market risk in the banking book consists of market risks incurred from items on statement of financial position and financial commitment including derivatives designated to hedge other banking book items.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

The Bank and its subsidiaries have established the market risk policies for banking book, which outlines the approach for managing market risks in the banking book and setting the relevant limits appropriate to the positions of the risks in the book and in line with the Bank and its subsidiaries' risk appetite.

The Bank and its subsidiaries also analyse risks and regularly assesses the impact, the results of which are used as tools to manage the Bank's assets and liabilities structure to be in line with the changing market environment.

4.4.1 Interest rate risk

Interest rate risk is the risk from future movements in market interest rates including changes in interest rates of rate sensitive assets and liabilities that will have negative impact to the Bank and its subsidiaries' operating results, cash flows and economic value.

The Bank and its subsidiaries manage interest rate risk by means of an appropriate structuring of holdings in assets and liabilities with different repricing dates, taking into account the direction of market interest rates, in order to generate a suitable yield while maintaining risk at acceptable levels.

As at December 31, 2023 and 2022, significant financial assets and financial liabilities classified according to the earlier between their remaining maturity and interest repricing periods were as follows:

| Unit : Million Baht | | | | | | | | |
|-------------------------------------|---------------|---|-------------------------------|------------------------------|-----------------|-----------------------------|------------------------------|----------------|
| Consolidated 2023 | | | | | | | | |
| | At call | Interest repricing/ Within 3 months | Over 3 months to 1 year | Over 1 year to 5 years | Over 5 years | Non- interest bearing | Non- performing assets | Total |
| <i>Financial assets</i> | | | | | | | | |
| Cash | - | - | - | - | - | 363 | - | 363 |
| Interbank and money market items | 723 | 27,316 | 1,304 | - | - | 7,895 | - | 37,238 |
| Investments | - | 9,834 | 22,389 | 44,121 | 2,745 | 161 | - | 79,250 |
| Loans to customers | 402 | 94,397 | 18,751 | 41,281 | 59 | - | 1,864 | 156,754 |
| Total financial assets | 1,125 | 131,547 | 42,444 | 85,402 | 2,804 | 8,419 | 1,864 | 273,605 |
| <i>Financial liabilities</i> | | | | | | | | |
| Deposits | 49,542 | 54,096 | 43,058 | 5,824 | - | 1,069 | - | 153,589 |
| Interbank and money market items | 6,938 | 20,513 | 1,043 | 1,112 | - | 964 | - | 30,570 |
| Liabilities payable on demand | - | - | - | - | - | 32 | - | 32 |
| Debt issued and borrowings | - | 1,818 | 18,895 | 19,182 | - | - | - | 39,895 |
| Total financial liabilities | 56,480 | 76,427 | 62,996 | 26,118 | - | 2,065 | - | 224,086 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Unit : Million Baht

| | Consolidated | | | | | | | Total |
|------------------------------------|---------------|------------------------------|-------------------------|------------------------|---------------|----------------------|-----------------------|----------------|
| | 2022 | | | | | | | |
| | At call | Interest repricing/ maturity | | | | Non-interest bearing | Non-performing assets | |
| | | Within 3 months | Over 3 months to 1 year | Over 1 year to 5 years | Over 5 years | | | |
| <i>Financial assets</i> | | | | | | | | |
| Cash | - | - | - | - | - | 335 | - | 335 |
| Interbank and money market items | 450 | 35,091 | 1,554 | - | - | 5,405 | - | 42,500 |
| Investments | - | 13,254 | 16,472 | 46,905 | 7,002 | 222 | - | 83,855 |
| Loans to customers | 431 | 79,640 | 25,049 | 52,861 | 4,330 | - | 912 | 163,223 |
| Total financial assets | 881 | 127,985 | 43,075 | 99,766 | 11,332 | 5,962 | 912 | 289,913 |
| <i>Financial liabilities</i> | | | | | | | | |
| Deposits | 46,981 | 74,521 | 39,187 | 1,714 | - | 579 | - | 162,982 |
| Interbank and money market items | 432 | 19,142 | 14,227 | 1,224 | - | 626 | - | 35,651 |
| Liabilities payable on demand | - | - | - | - | - | 129 | - | 129 |
| Debt issued and borrowings | - | 9,814 | 14,140 | 16,589 | 4,992 | - | - | 45,535 |
| Total financial liabilities | 47,413 | 103,477 | 67,554 | 19,527 | 4,992 | 1,334 | - | 244,297 |

Unit : Million Baht

| | The Bank | | | | | | | |
|------------------------------------|------------------------------|-----------------|-------------------------|------------------------|--------------|----------------------|-----------------------|----------------|
| | 2023 | | | | | | | |
| | Interest repricing/ maturity | | | | | | | |
| | At call | Within 3 months | Over 3 months to 1 year | Over 1 year to 5 years | Over 5 years | Non-interest bearing | Non-performing assets | Total |
| <i>Financial assets</i> | | | | | | | | |
| Cash | - | - | - | - | - | 362 | - | 362 |
| Interbank and money market items | 2 | 27,316 | 1,304 | - | - | 7,746 | - | 36,368 |
| Investments | - | 9,834 | 22,389 | 44,121 | 2,745 | 161 | - | 79,250 |
| Loans to customers | 777 | 87,212 | 11,373 | 3,978 | 450 | - | 906 | 104,696 |
| Total financial assets | 779 | 124,362 | 35,066 | 48,099 | 3,195 | 8,269 | 906 | 220,676 |
| <i>Financial liabilities</i> | | | | | | | | |
| Deposits | 49,552 | 54,096 | 43,058 | 5,824 | - | 1,076 | - | 153,606 |
| Interbank and money market items | 2,938 | 18,513 | 1,043 | 1,112 | - | 964 | - | 24,570 |
| Liabilities payable on demand | - | - | - | - | - | 32 | - | 32 |
| Debt issued and borrowings | - | - | - | 4,993 | - | - | - | 4,993 |
| Total financial liabilities | 52,490 | 72,609 | 44,101 | 11,929 | - | 2,072 | - | 183,201 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Unit : Million Baht

| The Bank | | | | | | | | |
|-------------------------------------|------------------------------|--------------------|-------------------------------|------------------------------|-----------------|-----------------------------|------------------------------|----------------|
| 2022 | | | | | | | | |
| | Interest repricing/ maturity | | | | | | | |
| | At call | Within 3 months | Over 3 months to 1 year | Over 1 year to 5 years | Over 5 years | Non- interest bearing | Non- performing assets | Total |
| <i>Financial assets</i> | | | | | | | | |
| Cash | - | - | - | - | - | 335 | - | 335 |
| Interbank and money market items | 2 | 35,091 | 1,554 | - | - | 5,275 | - | 41,922 |
| Investments | - | 13,254 | 16,472 | 46,905 | 7,002 | 222 | - | 83,855 |
| Loans to customers | 766 | 75,994 | 14,513 | 17,773 | 688 | - | 214 | 109,948 |
| Total financial assets | 768 | 124,339 | 32,539 | 64,678 | 7,690 | 5,832 | 214 | 236,060 |
| <i>Financial liabilities</i> | | | | | | | | |
| Deposits | 46,985 | 74,521 | 39,187 | 1,714 | - | 583 | - | 162,990 |
| Interbank and money market items | 432 | 17,852 | 14,227 | 1,224 | - | 626 | - | 34,361 |
| Liabilities payable on demand | - | - | - | - | - | 129 | - | 129 |
| Debt issued and borrowings | - | - | - | - | 4,992 | - | - | 4,992 |
| Total financial liabilities | 47,417 | 92,373 | 53,414 | 2,938 | 4,992 | 1,338 | - | 202,472 |

The average balances of the significant financial assets and financial liabilities generating revenues and incurring expenses, calculated based on the average balances outstanding during the years, and the average interest rates for the years ended December 31, 2023 and 2022 can be summarised as follows:

| | Consolidated | | | | | |
|----------------------------------|--|----------------------|--------------------------------------|--|----------------------|--------------------------------------|
| | 2023 | | 2022 | | 2021 | |
| | Average Balances ⁽¹⁾ | Interest | Average interest rate | Average Balances ⁽¹⁾ | Interest | Average interest rate |
| | (million Baht) | | (%) | (million Baht) | | (%) |
| Financial assets | | | | | | |
| Interbank and money market items | 31,413 | 785 | 2.50 | 51,284 | 629 | 1.23 |
| Investments | 81,850 | 2,639 | 3.22 | 82,092 | 1,822 | 2.22 |
| Loans to customers | 169,379 | 4,674 | 2.76 | 175,241 | 4,023 | 2.30 |
| Financial liabilities | | | | | | |
| Deposits | 145,756 | 1,700 ⁽²⁾ | 1.17 | 166,779 | 1,065 ⁽²⁾ | 0.64 |
| Interbank and money market items | 34,335 | 1,394 | 4.06 | 42,967 | 776 | 1.81 |
| Debts issued and borrowings | 45,632 | 996 ⁽³⁾ | 2.18 | 46,797 | 861 ⁽³⁾ | 1.84 |

⁽¹⁾ Calculated by average of month end balance

⁽²⁾ Excluding contributions to Deposit Protection Agency and Bank of Thailand

⁽³⁾ Including debentures fee expense

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

| | The Bank | | | | | |
|----------------------------------|------------------------------------|----------------------|-----------------------------|------------------------------------|----------------------|-----------------------------|
| | Average Balances ⁽¹⁾ | 2023 Interest | Average interest rate | Average Balances ⁽¹⁾ | 2022 Interest | Average interest rate |
| | (million Baht) | | (%) | (million Baht) | | (%) |
| Financial assets | | | | | | |
| Interbank and money market items | 30,812 | 782 | 2.54 | 50,756 | 628 | 1.24 |
| Investments | 81,850 | 2,639 | 3.22 | 82,092 | 1,822 | 2.22 |
| Loans to customers | 107,570 | 4,928 | 4.58 | 113,721 | 4,071 | 3.58 |
| Financial liabilities | | | | | | |
| Deposits | 145,768 | 1,701 ⁽²⁾ | 1.17 | 166,783 | 1,065 ⁽²⁾ | 0.64 |
| Interbank and money market items | 32,875 | 1,349 | 4.10 | 41,795 | 761 | 1.82 |
| Debts issued and borrowings | 4,992 | 175 ⁽³⁾ | 3.51 | 4,991 | 175 ⁽³⁾ | 3.51 |

⁽¹⁾ Calculated by average of month end balance⁽²⁾ Excluding contributions to Deposit Protection Agency and Bank of Thailand⁽³⁾ Including debentures fee expense

4.4.2 Sensitivity analysis

Market risk in the banking book

The Bank and its subsidiaries employ Repricing Gap Report in measuring and monitoring the interest rate in the Banking book in which the control limit has been set at the acceptable level.

In addition, the Bank and its subsidiaries conduct the stress test on the interest rate risk in the banking book based on the assumptions in line with the principle of extreme but plausible scenarios and divided into individual currencies in a quarterly basis in order to report to the Bank and its subsidiaries Risk Committee for consideration and revision of risk management strategy and backup plan.

At present, the Bank and its subsidiaries do not have the behavioral adjustments on both assets and liabilities, e.g. behavioral adjustment on prepayment schedule and the rollover of the deposit.

The Repricing Gap report in Banking Book by currency is reported to the Asset and Liabilities Committee on a monthly basis, and a report on interest rate risk to The Bank of Thailand on a quarterly basis.

The impacts of a change in interest rate on earnings of the consolidated and the Bank as at December 31, 2023 and 2022 are as follows:

| Currency | Unit : Million Baht | | | |
|--|---------------------|---------------------|-------------------|---------------------|
| | Consolidated | | | |
| | 2023 | | 2022 | |
| | Upward 100 bps | Downward 100 bps | Upward 100 bps | Downward 100 bps |
| Thai Baht | 90 | (90) | (16) | 16 |
| US Dollar | (12) | 12 | (42) | 42 |
| Renminbi | (27) | 27 | (12) | 12 |
| Euro | 2 | (2) | 2 | (2) |
| Total impact of the change in interest rate | 53 | (53) | (68) | 68 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

| Currency | Unit : Million Baht | | | |
|--|---------------------|---------------------|-------------------|---------------------|
| | The Bank | | | |
| | 2023 | 2022 | 2023 | 2022 |
| | Upward 100 bps | Downward 100 bps | Upward 100 bps | Downward 100 bps |
| Thai Baht | 187 | (187) | 53 | (53) |
| US Dollar | (12) | 12 | (42) | 42 |
| Renminbi | (27) | 27 | (12) | 12 |
| Euro | 2 | (2) | 2 | (2) |
| Total impact of the change in interest rate | 150 | (150) | 1 | (1) |

4.4.3 Foreign exchange risk

Foreign exchange risk is the risk that the value of the financial instruments will be affected by changes in foreign exchange rates.

In addition to the financial assets and financial liabilities denominated in foreign currencies already disclosed in related Note to the financial statements. As at December 31, 2023 and 2022, the Bank and its subsidiaries' net foreign currency positions categorised by major foreign currencies were as follows:

| | Unit : USD Million | | | | | |
|---------------------|--------------------|--------------------|---------------------------------|-----------|--------------------|---------------------------------|
| | Consolidated | | | | | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | US Dollar | CNY ⁽¹⁾ | Other currencies ⁽¹⁾ | US Dollar | CNY ⁽¹⁾ | Other currencies ⁽¹⁾ |
| Spot | 232 | (206) | 4 | 414 | (153) | 10 |
| Forward | (206) | 204 | - | (407) | 155 | (8) |
| Net position | 26 | (2) | 4 | 7 | 2 | 2 |

⁽¹⁾ Balance denominated in CNY and other currencies are stated in US Dollar equivalents.

| | Unit : USD Million | | | | | |
|---------------------|--------------------|--------------------|---------------------------------|-----------|--------------------|---------------------------------|
| | The Bank | | | | | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | US Dollar | CNY ⁽¹⁾ | Other currencies ⁽¹⁾ | US Dollar | CNY ⁽¹⁾ | Other currencies ⁽¹⁾ |
| Spot | 231 | (206) | 4 | 412 | (153) | 10 |
| Forward | (206) | 204 | - | (407) | 155 | (8) |
| Net position | 25 | (2) | 4 | 5 | 2 | 2 |

⁽¹⁾ Balance denominated in CNY and other currencies are stated in US Dollar equivalents.

4.4.4 Equity price risk

Equity price risk is the risk arising from changes in the price of equity instruments or equity securities. This causes fluctuations in the income or financial assets of the Bank and its subsidiaries.

The Bank and its subsidiaries have a policy to manage market risks. The ceiling risk limit is set in order to control the risk to be at the Bank and its subsidiaries' acceptable level. There is a Risk Control Unit, separated from the front office and the back office to control risks and report the status of limits to relevant departments or related management in order to manage risks promptly.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

As at December 31, 2023 and 2022, the Bank has equity investments listed on Stock Exchange of Thailand at Baht 179 million and Baht 99 million, respectively, with the mark to market value at Baht 152 million and Baht 215 million, respectively.

5. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for the financial instruments measured at fair value as at December 31, 2023 and 2022. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| Unit : Million Baht | | | | | |
|---|--------------------|----------------------|----------------|---------------|----------------|
| | Carrying amount | Consolidated 2023 | | | |
| | | Fair value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| Financial assets | | | | | |
| Derivatives assets | | | | | |
| - Foreign exchange rate | 312 | - | 312 | - | 312 |
| - Interest rate | 951 | - | 951 | - | 951 |
| | 1,263 | - | 1,263 | - | 1,263 |
| Investments | | | | | |
| - Investments in debt instruments measured at AMC | 42,817 | - | 42,837 | - | 42,837 |
| - Investments in debt instruments measured at FVOCI | 36,272 | - | 36,272 | - | 36,272 |
| - Investments in equity instruments designated at FVOCI | 161 | 152 | - | 9 | 161 |
| | 79,250 | 152 | 79,109 | 9 | 79,270 |
| Loans to customers ⁽¹⁾ | 98,608 | - | 87,630 | 10,914 | 98,544 |
| Total financial assets | 179,121 | 152 | 168,002 | 10,923 | 179,077 |
| Financial liabilities | | | | | |
| Deposits | 153,589 | - | 153,614 | - | 153,614 |
| Derivatives liabilities | | | | | |
| - Foreign exchange rate | 283 | - | 283 | - | 283 |
| - Interest rate | 42 | - | 42 | - | 42 |
| | 325 | - | 325 | - | 325 |
| Debts issued and borrowings | 39,895 | - | 39,643 | 199 | 39,842 |
| Total financial liabilities | 193,809 | - | 193,582 | 199 | 193,781 |

⁽¹⁾ The amount excludes hire purchase and finance lease of subsidiaries.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Unit : Million Baht

| | Carrying amount | Consolidated 2022 | | | |
|---|--------------------|----------------------|----------------|---------------|----------------|
| | | Fair value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| Financial assets | | | | | |
| Derivatives assets | | | | | |
| - Foreign exchange rate | 275 | - | 275 | - | 275 |
| - Interest rate | 1,441 | - | 1,441 | - | 1,441 |
| | 1,716 | - | 1,716 | - | 1,716 |
| Investments | | | | | |
| - Investments in debt instruments measured at AMC | 43,456 | - | 43,448 | - | 43,448 |
| - Investments in debt instruments measured at FVOCI | 40,177 | - | 40,177 | - | 40,177 |
| - Investments in equity instruments designated at FVOCI | 222 | 215 | - | 8 | 223 |
| | 83,855 | 215 | 83,625 | 8 | 83,848 |
| Loans to customers ⁽¹⁾ | 104,463 | - | 29,838 | 74,510 | 104,348 |
| Total financial assets | 190,034 | 215 | 115,179 | 74,518 | 189,912 |
| Financial liabilities | | | | | |
| Deposits | 162,982 | - | 162,981 | - | 162,981 |
| Derivatives liabilities | | | | | |
| - Foreign exchange rate | 161 | - | 161 | - | 161 |
| - Interest rate | 69 | - | 69 | - | 69 |
| | 230 | - | 230 | - | 230 |
| Debts issued and borrowings | 45,535 | - | 45,442 | - | 45,442 |
| Total financial liabilities | 208,747 | - | 208,653 | - | 208,653 |

⁽¹⁾ The amount excludes hire purchase and finance lease of subsidiaries

Unit : Million Baht

| | Carrying amount | The Bank 2023 | | | |
|---|--------------------|------------------|----------------|---------------|----------------|
| | | Fair value | | | Total |
| | | Level 1 | Level 2 | Level 3 | |
| Financial assets | | | | | |
| Derivatives assets | | | | | |
| - Foreign exchange rate | 312 | - | 312 | - | 312 |
| - Interest rate | 951 | - | 951 | - | 951 |
| | 1,263 | - | 1,263 | - | 1,263 |
| Investments | | | | | |
| - Investments in debt instruments measured at AMC | 42,817 | - | 42,837 | - | 42,837 |
| - Investments in debt instruments measured at FVOCI | 36,272 | - | 36,272 | - | 36,272 |
| - Investments in equity instruments designated at FVOCI | 161 | 152 | - | 9 | 161 |
| | 79,250 | 152 | 79,109 | 9 | 79,270 |
| Loans to customers | 104,696 | - | 90,959 | 13,698 | 104,657 |
| Total financial assets | 185,209 | 152 | 171,331 | 13,707 | 185,190 |
| Financial liabilities | | | | | |
| Deposits | 153,606 | - | 153,631 | - | 153,631 |
| Derivatives liabilities | | | | | |
| - Foreign exchange rate | 283 | - | 283 | - | 283 |
| - Interest rate | 42 | - | 42 | - | 42 |
| | 325 | - | 325 | - | 325 |
| Debts issued and borrowings | 4,993 | - | 4,981 | - | 4,981 |
| Total financial liabilities | 158,924 | - | 158,937 | - | 158,937 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Unit : Million Baht

| | Carrying amount | The Bank 2022 Fair value | | | Total |
|---|--------------------|--------------------------------|----------------|---------------|----------------|
| | | Level 1 | Level 2 | Level 3 | |
| | | | | | |
| Financial assets | | | | | |
| Derivatives assets | | | | | |
| - Foreign exchange rate | 275 | - | 275 | - | 275 |
| - Interest rate | 1,441 | - | 1,441 | - | 1,441 |
| | 1,716 | - | 1,716 | - | 1,716 |
| Investments | | | | | |
| - Investments in debt instruments measured at AMC | 43,456 | - | 43,448 | - | 43,448 |
| - Investments in debt instruments measured at FVOCI | 40,177 | - | 40,177 | - | 40,177 |
| - Investments in equity instruments designated at FVOCI | 222 | 215 | - | 8 | 223 |
| | 83,855 | 215 | 83,625 | 8 | 83,848 |
| Loans to customers | 109,947 | - | 32,610 | 77,277 | 109,887 |
| Total financial assets | 195,518 | 215 | 117,951 | 77,285 | 195,451 |
| Financial liabilities | | | | | |
| Deposits | 162,990 | - | 162,989 | - | 162,989 |
| Derivatives liabilities | | | | | |
| - Foreign exchange rate | 161 | - | 161 | - | 161 |
| - Interest rate | 69 | - | 69 | - | 69 |
| | 230 | - | 230 | - | 230 |
| Debts issued and borrowings | 4,992 | - | 4,991 | - | 4,991 |
| Total financial liabilities | 168,212 | - | 168,210 | - | 168,210 |

Methods and assumptions in estimating fair values of financial assets and financial liabilities*Investments in debt instruments and other equity instruments*

The fair value of government and state enterprise and private debt securities is calculated by using the yield curve of the Thai Bond Market Association and reliable market data sources at the end of reporting period. The fair value of marketable equity securities is determined at the last bid price quoted on the last working day of the reporting period by the Stock Exchange of Thailand. The fair value of non-marketable equity securities is determined mainly based on common valuation techniques such as the market approach, cost approach or income approach, as well as book value or adjusted book value.

Loans to customers and significant unobservable inputs used

For variable floating-rate loans to customers that have no significant change in credit risk, fair value is based on carrying value. The fair value of fixed rate loans to customers that have remaining maturity within 1 year of the reporting date is approximated using the carrying value at the reporting date. Fair value for fixed interest loans to customers which the remaining maturity more than 1 year is estimated using discounted cash flow analysis, using interest rates currently being offered on loans to customers with similar characteristics and terms.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Deposits

The fair value disclosed for deposits which are payable on demand by the depositor is equal to the carrying value of such deposits. The carrying amounts of variable-rate, fixed-term money market accounts, certificates of deposit and fixed rate deposits which have remaining maturity within 1 year are approximated using their market value at the reporting date. Fair value for other fixed interest deposits is estimated using a discounted cash flow calculation that applies interest rates currently being offered on similar deposit and terms.

Interbank and money market items (liabilities) and debts issued and borrowings

The fair value of interbank and money market items and debts issued and borrowings and/or items which bear variable rates of interest approximates their carrying amount at the reporting date. Fair value for fixed rate instruments with remaining maturities greater than 1 year is estimated by using a discounted cash flow calculation applying interest rates currently being offered on similar instruments. The fair value of debentures is based on quoted market prices announced by the Thai Bond Market Association.

Derivatives

Fair values are based on inputs which are observable from independent and reliable market data sources. Those inputs are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values of over-the-counter derivative reflect the credit risk of the instrument and include adjustments to take account of the counter party and own entity credit risk when appropriate.

6. MAINTAIN OF CAPITAL FUND

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by The Bank of Thailand. As announced by the BOT in its circulars dated November 8, 2012 and May 7, 2019, the Bank is required to calculate its Capital Fund in accordance with Basel III. The Bank and financial group comply with the regulatory capital according to Basel III.

As at December 31, 2023 and 2022, the consolidated supervision and the Bank's total capital funds could be categorised as follows:

| | Unit : Thousand Baht | |
|--|---------------------------------|--------------------|
| | Consolidated supervision | |
| | 2023 | 2022 |
| Tier 1 capital | | |
| Common Equity Tier 1 (CET1) | | |
| Issued and paid-up share capital | 20,107,099 | 20,107,099 |
| Legal reserve | 2,015,000 | 2,015,000 |
| Retained earnings after appropriations | 19,201,203 | 15,871,540 |
| Other comprehensive income | (217,153) | 58,817 |
| Other owner changes items | (24,849) | (24,849) |
| Less Capital deduction items on CET1 | (948,832) | (1,164,087) |
| Total Tier 1 capital | 40,132,468 | 36,863,520 |
| Tier 2 capital | | |
| Subordinated debentures | 4,000,000 | 5,000,000 |
| Allowance for classified assets of "pass" category | 2,479,276 | 2,541,677 |
| Total Tier 2 capital | 6,479,276 | 7,541,677 |
| Total capital funds | 46,611,744 | 44,405,197 |
| Total risk-weighted assets | 211,623,147 | 215,199,705 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

| | BOT's minimum requirement ⁽¹⁾ | 2023 | Consolidated supervision BOT's minimum requirement ⁽¹⁾ (%) | 2022 |
|--|--|-------|---|-------|
| Capital ratio | | | | |
| Total capital to total risk-weighted assets | 11 | 22.03 | 11 | 20.63 |
| Tier 1 capital to total risk-weighted assets | 8.5 | 18.96 | 8.5 | 17.13 |
| Tier 1 common equity to total risk-weighted assets | 7 | 18.96 | 7 | 17.13 |
| Tier 2 capital to total risk-weighted assets | - | 3.07 | - | 3.50 |

(1) Includes capital conservation buffer as required by BOT commencing January 1, 2016

| | Unit : Thousand Baht The Bank | |
|--|----------------------------------|--------------------|
| | 2023 | 2022 |
| Tier 1 capital | | |
| Common Equity Tier 1 (CET1) | | |
| Issued and paid-up share capital | 20,107,099 | 20,107,099 |
| Legal reserve | 2,015,000 | 2,015,000 |
| Retained earnings after appropriations | 13,385,952 | 11,188,210 |
| Other comprehensive income | (148,038) | 133,983 |
| Less Capital deduction items on CET1 | (602,513) | (877,476) |
| Total Tier 1 capital | 34,757,500 | 32,566,816 |
| Tier 2 capital | | |
| Subordinated debentures | 4,000,000 | 5,000,000 |
| Allowance for classified assets of "pass" category | 1,988,938 | 2,036,704 |
| Total Tier 2 capital | 5,988,938 | 7,036,704 |
| Total capital funds | 40,746,438 | 39,603,520 |
| Total risk-weighted assets | 168,059,476 | 170,403,066 |

| | BOT's minimum requirement ⁽¹⁾ | 2023 | The Bank BOT's minimum requirement ⁽¹⁾ (%) | 2022 |
|--|--|-------|---|-------|
| Capital ratio | | | | |
| Total capital to total risk-weighted assets | 11 | 24.25 | 11 | 23.24 |
| Tier 1 capital to total risk-weighted assets | 8.5 | 20.68 | 8.5 | 19.11 |
| Tier 1 common equity to total risk-weighted assets | 7 | 20.68 | 7 | 19.11 |
| Tier 2 capital to total risk-weighted assets | - | 3.57 | - | 4.13 |

(1) Includes capital conservation buffer as required by BOT commencing January 1, 2016

As disclosures of capital maintenance information under the Notification of The Bank of Thailand, the Public Disclosures of Capital Maintenance for Commercial Banks in accordance with the BOT's directive number Sor Nor Sor. 14/2562 and the BOT's directive number Sor Nor Sor 15/2562, dated May 7, 2019, the Bank has made the Disclosures of Capital Maintenance and Information security risks for the Bank and financial group as at June 30, 2023 in the Bank's website, www.icbcthai.com, under Financial Report section on October 12, 2023. The Bank will disclose the Capital Maintenance and Information security risks for the Bank and financial group as at December 31, 2023 within April 2024.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

According to Bank of Thailand notification number For Gor Gor. (12) Wor. 1030/2562 dated July 10, 2019, the Bank is required to disclose regulatory capital and capital ratio after deducting capital add-on arising from Single Lending Limit. As at December 31, 2023 and 2022, the financial group and the Bank do not require to have capital add-on arising from Single Lending Limit.

Capital management

The primary objectives of the Bank's capital management are to support business growth and to maintain the capital adequacy ratio in accordance with Laws and the credit rating.

7. ESTIMATE AND ASSUMPTION

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the Bank and its subsidiaries' management to exercise various judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

7.1 Impairment

The Bank and its subsidiaries' balance assets with definite useful lives are tested for impairment when there is an indicator that the asset may be impaired. The asset balances with indefinite useful lives are tested for impairment annually or when there is an indicator that the asset may be impaired (if any).

7.2 Recognition of deferred tax assets associated with tax losses carried forward

A deferred tax asset is recognised to the extent that it is probable that it will be utilised in the future and the Bank and its subsidiaries have assessed it to be probable that the Bank and its subsidiaries will generate taxable income sufficient to fully utilise the tax losses that exist.

7.3 Employee benefit obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, including the discount rate. Any changes in these assumptions will have an impact on the carrying amount of such obligations.

The Bank and its subsidiaries determine the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Bank and its subsidiaries' considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related obligations. Additional information is disclosed in Note 8.18.

Past service cost related to the plan amendment is recognised as an expense in the statement of profit or loss and other comprehensive income when the plan amendment is effective.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

7.4 Significant increase in credit risk

As explained in Note 3.5, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. TFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased, the Bank and its subsidiaries take into account qualitative and quantitative reasonable and supportable forward-looking information.

7.5 Fair value measurements

Some of the Bank and its subsidiaries' assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or liability, the Bank and its subsidiaries use market-observable data to the extent it is available. Where Level 1 inputs are not available, the Bank and its subsidiaries use other observable information either directly or indirectly.

Information about valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 5.

8. ADDITIONAL INFORMATION**8.1 Addition information of cash flows**

8.1.1 Non-cash transactions for the years ended December 31, 2023 and 2022 are as follows:

| | Consolidated | | Unit : Million Baht | |
|---|---------------------|-------------|----------------------------|-------------|
| | 2023 | 2022 | The Bank | 2022 |
| Properties for sale from debt repayment | 1,601 | 831 | - | - |
| Amortisation of deferred interest | 959 | 841 | 175 | 175 |

8.1.2 Changes in liabilities arising from financing activities for the years ended December 31, 2023 and 2022 are as follows:

| | Consolidated | | | Unit : Million Baht |
|----------------------------|------------------------|---|------------------------------------|----------------------------|
| | Balance as at | Financing cash flows⁽¹⁾ | Other changes⁽²⁾ | Balance as at |
| | January 1, 2023 | | | December 31, 2023 |
| Debt issued and borrowings | 45,535 | (5,575) | (65) | 39,895 |
| Lease liabilities | 436 | (104) | 74 | 406 |
| Total | 45,971 | (5,679) | 9 | 40,301 |

(1) Financing cash flows included net proceed and repayment cash transactions in the statements of cash flows.

(2) Other changes were arisen from deferred interest expenses and accumulated amortisation of transaction costs relating to debentures.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Unit : Million Baht

Consolidated

| | Balance as at January 1, 2022 | Financing cash flows ⁽¹⁾ | Other changes ⁽²⁾ | Balance as at December 31, 2022 |
|----------------------------|--|--|---------------------------------|--|
| Debt issued and borrowings | 48,644 | (5,046) | 1,937 | 45,535 |
| Lease liabilities | 469 | (91) | 58 | 436 |
| Total | 49,113 | (5,137) | 1,995 | 45,971 |

Unit : Million Baht

The Bank

| | Balance as at January 1, 2023 | Financing cash flows ⁽¹⁾ | Other changes ⁽²⁾ | Balance as at December 31, 2023 |
|----------------------------|--|--|---------------------------------|--|
| Debt issued and borrowings | 4,992 | - | 1 | 4,993 |
| Lease liabilities | 200 | (65) | 59 | 194 |
| Total | 5,192 | (65) | 60 | 5,187 |

Unit : Million Baht

The Bank

| | Balance as at January 1, 2022 | Financing cash flows ⁽¹⁾ | Other changes ⁽²⁾ | Balance as at December 31, 2022 |
|----------------------------|--|--|---------------------------------|--|
| Debt issued and borrowings | 4,990 | - | 2 | 4,992 |
| Lease liabilities | 210 | (48) | 38 | 200 |
| Total | 5,200 | (48) | 40 | 5,192 |

(1) Financing cash flows included net proceed and repayment cash transactions in the statements of cash flows.

(2) Other changes were arisen from deferred interest expenses and accumulated amortisation of transaction costs relating to debentures.

8.1.3 Realised and unrealised gains (losses) on foreign exchange

In the preparation of cash flows statements, realised gains (losses) on foreign exchange are based on a cash basis. Unrealised gains (losses) on foreign exchange are based on the translation difference of assets and liabilities in foreign currencies as described in the accounting policies. It is presented as an adjustment to reconcile income before tax to cash received (paid) from operating activities.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8.2 Classification of financial assets and financial liabilities

Classification of financial assets and financial liabilities as at December 31, 2023 and 2022 consists of the following:

| Unit : Million Baht | | | | | |
|---|--|--|---|--|----------------|
| | | | Consolidated 2023 | | |
| | Financial instruments measured at FVTPL | Financial instruments measured at FVOCI | Investments in equity instruments designated at FVOCI | Financial instruments measured at AMC | Total |
| Financial assets | | | | | |
| Cash | - | - | - | 363 | 363 |
| Interbank and money market items, net | - | - | - | 37,310 | 37,310 |
| Derivative assets | 1,263 | - | - | - | 1,263 |
| Investments, net | - | 36,272 | 161 | 42,771 | 79,204 |
| Loans to customers and accrued interest receivables, net | - | - | - | 151,010 | 151,010 |
| Receivables on credit support for derivative contracts | - | - | - | 36 | 36 |
| Total | 1,263 | 36,272 | 161 | 231,490 | 269,186 |
| Financial liabilities | | | | | |
| Deposit | - | - | - | 153,589 | 153,589 |
| Interbank and money market items | - | - | - | 30,570 | 30,570 |
| Liability payables on demand | - | - | - | 32 | 32 |
| Derivative liabilities | 325 | - | - | - | 325 |
| Debts issued and borrowings | - | - | - | 39,895 | 39,895 |
| Payables on credit support for derivative contracts | - | - | - | 244 | 244 |
| Total | 325 | - | - | 224,330 | 224,655 |

| Unit : Million Baht | | | | | |
|---|--|--|---|--|----------------|
| | | | Consolidated 2022 | | |
| | Financial instruments measured at FVTPL | Financial instruments measured at FVOCI | Investments in equity instruments designated at FVOCI | Financial instruments measured at AMC | Total |
| Financial assets | | | | | |
| Cash | - | - | - | 335 | 335 |
| Interbank and money market items, net | - | - | - | 42,547 | 42,547 |
| Derivative assets | 1,716 | - | - | - | 1,716 |
| Investments, net | - | 40,177 | 222 | 43,412 | 83,811 |
| Loans to customers and accrued interest receivables, net | - | - | - | 156,515 | 156,515 |
| Total | 1,716 | 40,177 | 222 | 242,809 | 284,924 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Unit : Million Baht

| | Consolidated 2022 | | | | |
|--|--|--|---|--|----------------|
| | Financial instruments measured at FVTPL | Financial instruments measured at FVOCI | Investments in equity instruments designated at FVOCI | Financial instruments measured at AMC | Total |
| <i>Financial liabilities</i> | | | | | |
| Deposit | - | - | - | 162,982 | 162,982 |
| Interbank and money market items | - | - | - | 35,651 | 35,651 |
| Liability payables on demand | - | - | - | 129 | 129 |
| Derivative liabilities | 230 | - | - | - | 230 |
| Debts issued and borrowings | - | - | - | 45,535 | 45,535 |
| Payables on credit support for derivative contracts | - | - | - | 363 | 363 |
| Total | 230 | - | - | 244,660 | 244,890 |

Unit : Million Baht

| | The Bank 2023 | | | | |
|---|--|--|---|--|----------------|
| | Financial instruments measured at FVTPL | Financial instruments measured at FVOCI | Investments in equity instruments designated at FVOCI | Financial instruments measured at AMC | Total |
| <i>Financial assets</i> | | | | | |
| Cash | - | - | - | 362 | 362 |
| Interbank and money market items, net | - | - | - | 36,441 | 36,441 |
| Derivative assets | 1,263 | - | - | - | 1,263 |
| Investments, net | - | 36,272 | 161 | 42,771 | 79,204 |
| Loans to customers and accrued interest receivables, net | - | - | - | 101,378 | 101,378 |
| Receivables on credit support for derivative contracts | - | - | - | 36 | 36 |
| Total | 1,263 | 36,272 | 161 | 180,988 | 218,684 |

Financial liabilities

| | | | | | |
|--|------------|----------|----------|----------------|----------------|
| Deposits | - | - | - | 153,606 | 153,606 |
| Interbank and money market items | - | - | - | 24,570 | 24,570 |
| Liability payables on demand | - | - | - | 32 | 32 |
| Derivative liabilities | 325 | - | - | - | 325 |
| Debts issued and borrowings | - | - | - | 4,993 | 4,993 |
| Payables on credit support for derivative contracts | - | - | - | 244 | 244 |
| Total | 325 | - | - | 183,445 | 183,770 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Unit : Million Baht

| | The Bank | | | | |
|--|---|---|---|---------------------------------------|----------------|
| | Financial instruments measured at FVTPL | Financial instruments measured at FVOCI | Investments in equity instruments designated at FVOCI | Financial instruments measured at AMC | Total |
| Financial assets | | | | | |
| Cash | - | - | - | 335 | 335 |
| Interbank and money market items, net | - | - | - | 41,969 | 41,969 |
| Derivative assets | 1,716 | - | - | - | 1,716 |
| Investments, net | - | 40,177 | 222 | 43,412 | 83,811 |
| Loans to customers and accrued interest receivables, net | - | - | - | 106,111 | 106,111 |
| Total | 1,716 | 40,177 | 222 | 191,827 | 233,942 |
| Financial liabilities | | | | | |
| Deposits | - | - | - | 162,990 | 162,990 |
| Interbank and money market items | - | - | - | 34,361 | 34,361 |
| Liability payables on demand | - | - | - | 129 | 129 |
| Derivative liabilities | 230 | - | - | - | 230 |
| Debts issued and borrowings | - | - | - | 4,992 | 4,992 |
| Payables on credit support for derivative contracts | - | - | - | 363 | 363 |
| Total | 230 | - | - | 202,835 | 203,065 |

8.3 Interbank and money market items, net (assets)

Interbank and money market items, net (assets) as at December 31, 2023 and 2022 consist of the following:

| | Consolidated | | The Bank | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Domestic items | | | | |
| Bank of Thailand | 1,910,375 | 2,273,519 | 1,910,375 | 2,273,519 |
| Commercial banks | 4,516,138 | 13,270,723 | 3,688,662 | 12,784,557 |
| Specialized financial institutions | 9,602,517 | 13,482,267 | 9,600,000 | 13,480,000 |
| Other financial institutions | 8,439,633 | 4,829,062 | 8,439,633 | 4,829,062 |
| Total | 24,468,663 | 33,855,571 | 23,638,670 | 33,367,138 |
| Add Accrued interest receivables and undue interest receivables | 14,646 | 6,124 | 14,572 | 6,097 |
| Less Allowance for expected credit loss | (14,481) | (1,547) | (14,481) | (1,547) |
| Total domestic items, net | 24,468,828 | 33,860,148 | 23,638,761 | 33,371,688 |
| Foreign items | | | | |
| US Dollar | 6,202,571 | 6,670,634 | 6,162,801 | 6,581,196 |
| Renminbi | 6,245,035 | 1,877,134 | 6,245,035 | 1,877,134 |
| Euro | 76,454 | 32,846 | 76,454 | 32,846 |
| Hong Kong Dollar | 8,684 | 5,464 | 8,684 | 5,464 |
| Other currencies | 236,137 | 58,679 | 236,137 | 58,679 |
| Total | 12,768,881 | 8,644,757 | 12,729,111 | 8,555,319 |
| Add Accrued interest receivables and undue interest receivables | 104,459 | 74,686 | 104,459 | 74,686 |
| Less Allowance for expected credit loss | (31,828) | (32,807) | (31,828) | (32,807) |
| Total foreign items, net | 12,841,512 | 8,686,636 | 12,801,742 | 8,597,198 |
| Total domestic and foreign items, net | 37,310,340 | 42,546,784 | 36,440,503 | 41,968,886 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8.4. Derivatives

8.4.1 Derivatives held for trading

The fair value and the notional amount classified by types of risks as at December 31, 2023 and 2022 are as follows:

| Types of risks | Unit : Thousand Baht | | | | | |
|------------------|---------------------------|------------------------|--------------------------------|---------------------------|------------------------|--------------------------------|
| | Consolidated and the Bank | | | Consolidated and the Bank | | |
| | 2023 | | Notional amount ⁽¹⁾ | 2022 | | Notional amount ⁽¹⁾ |
| | Fair value Assets | Fair value Liabilities | | Fair value Assets | Fair value Liabilities | |
| Foreign exchange | 312,307 | 282,678 | 32,012,018 | 274,781 | 161,220 | 26,415,493 |
| Interest rate | 214,850 | 6,803 | 4,130,603 | 189,584 | 9,542 | 3,128,723 |
| Total | 527,157 | 289,481 | 36,142,621 | 464,365 | 170,762 | 29,544,216 |

⁽¹⁾ Disclosed only in case that the Bank has the commitment on the payment side.

Proportion of derivative trading transactions classified by types of counterparties are determined on the basis of the notional amount.

| Counterparties | Consolidated and the Bank | |
|------------------------|---------------------------|---------------|
| | 2023 | 2022 |
| | (%) | |
| Financial institutions | 98.63 | 98.62 |
| Corporations | 1.37 | 1.38 |
| Total | 100.00 | 100.00 |

8.4.2 Derivatives held for hedging

As at December 31, 2023 and 2022, fair value and notional amounts classified by type of risk are as follows:

| Types of risks | Unit : Thousand Baht | | |
|--------------------|---------------------------|------------------------|--------------------------------|
| | Consolidated and the Bank | | |
| | 2023 | | |
| | Assets | Fair value Liabilities | Notional Amount ⁽¹⁾ |
| Interest rate | | | |
| - Fair value hedge | 735,700 | 35,211 | 26,520,243 |
| Total | 735,700 | 35,211 | 26,520,243 |

⁽¹⁾ The value based on the contractual amount

| Types of risks | Unit : Thousand Baht | | |
|--------------------|---------------------------|------------------------|--------------------------------|
| | Consolidated and the Bank | | |
| | 2022 | | |
| | Assets | Fair value Liabilities | Notional Amount ⁽¹⁾ |
| Interest rate | | | |
| - Fair value hedge | 1,085,790 | 59,387 | 31,526,318 |
| - Cash flow hedge | 165,793 | - | 3,456,240 |
| Total | 1,251,583 | 59,387 | 34,982,558 |

⁽¹⁾ The value based on the contractual amount

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

*Hedge accounting methodology**Fair value hedge*

The Bank uses interest rate swaps to hedge its exposure to changes in the fair values of fixed-rate investments in debt securities. The designated risk being hedged is the risk of changes in interest rate risk from fixed rate to floating rate. Hedged items are investments in debt securities and loans receivables where their fair value amount, attributable to the hedged risk as at December 31, 2023 and 2022 are Baht 27,406 million and Baht 30,878 million, respectively. These arose ineffectiveness which recognised gain (loss) in the profit or loss for the periods ended December 31, 2023 and 2022 in amount of Baht (0.17) million and Baht 0.62 million, respectively.

Cash flow hedge

The Bank uses interest rate swaps to hedge its exposure to variability in future cash flows attributable to movements in interest rates of USD borrowings. The designated risk being hedged is the risk of changes in interest rate risk from floating rate to fixed rate. Cash flow hedge reserve is cumulative amount of effective portion of fair value of hedging instruments for the consolidated and the Bank which is recognised as gain in other components of equity. There is no transaction as at December 31, 2023 (gain is recognised in other components of equity as at December 31, 2022 with amount of Baht 158 million)

Hedge accounting is applied where economic hedging relationships meet the hedge accounting criteria. In these hedging relationships, hedge effectiveness is assessed based on the following factors:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from the economic relationship.
- The hedge ratio of the hedging relationship is the same in the quantity.

The Bank establishes a hedge ratio by aligning the par amount of the fixed-rate investments in debt securities and the notional amount of the interest rate swap designated as a hedging instrument. The Bank applies the hedge ratio of 1:1.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8.5 Investments, net

Classified by types of investments as at December 31, 2023 and 2022 are as follows:

| | Unit : Thousand Baht | |
|--|---------------------------|-------------------|
| | Consolidated and the Bank | |
| | 2023 | 2022 |
| | AMC | AMC |
| <i>Investments in debt instruments measured at AMC</i> | | |
| Domestic private debt securities | 32,067,716 | 27,662,943 |
| Foreign private debt securities | 10,749,014 | 15,792,987 |
| | 42,816,730 | 43,455,930 |
| <u>Less</u> Allowance for expected credit loss | (45,823) | (44,387) |
| Total | 42,770,907 | 43,411,543 |

| | Unit : Thousand Baht | |
|--|---------------------------|-------------------|
| | Consolidated and the Bank | |
| | 2023 | 2022 |
| | Fair value | Fair value |
| <i>Investments in debt instruments measured at FVOCI</i> | | |
| Government and state enterprise securities | 34,386,829 | 37,368,891 |
| Domestic private debt securities | 1,885,294 | 2,120,375 |
| Foreign private debt securities | - | 687,792 |
| Total | 36,272,123 | 40,177,058 |
| Allowance for expected credit loss - Other components of equity | (1,596) | (2,785) |

| | Unit : Thousand Baht | |
|--|---------------------------|-------------------|
| | Consolidated and the Bank | |
| | 2023 | 2022 |
| | Fair value | Fair value |
| <i>Investments in equity instruments designated at FVOCI</i> | | |
| Domestic marketable equity instruments | 152,328 | 214,655 |
| Domestic non-marketable equity instruments | 8,983 | 7,342 |
| Total | 161,311 | 221,997 |
| Total investments, net | 79,204,341 | 83,810,598 |

For the years ended December 31, 2023 and 2022, the Bank had dividend income from investments in equity instruments designated at FVOCI amounting to Baht 4.54 million and Baht 10.97 million, respectively.

As at December 31, 2023 and 2022, the investments in debt instruments measured at AMC are pledged as security on a contract for repurchase agreements in amount Baht 712 million and Baht 4,784 million, respectively.

As at December 31, 2023, the Bank had investments in a company of 10% and upwards of the paid-up capital of the respective company but which is not considered to be investments in subsidiaries and associates. It is a company in Thailand. The Bank of Thailand has granted permission for the Bank to hold shares in such company.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8.6 Investments in subsidiaries, net

Investments in subsidiaries as at December 31, 2023 and 2022 are as follows:

| Name of subsidiaries | Type of business | Ownership interest | | Paid-up capital | | Cost | | Dividend income | |
|--|---|--------------------|-------|-------------------|-------|-------------------|-------|-------------------|------|
| | | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | | (%) | | (in million Baht) | | (in million Baht) | | (in million Baht) | |
| Direct subsidiary | | | | | | | | | |
| ICBC (Thai) Leasing Company Limited ⁽¹⁾ | Hire purchase, finance lease and factoring business | 99.99 | 99.99 | 4,250 | 4,250 | 4,250 | 4,250 | - | - |
| Indirect subsidiaries | | | | | | | | | |
| Sky High LI Leasing Designated Activity Company ⁽²⁾ | Hire purchase business | 99.99 | 99.99 | -(3) | -(3) | -(3) | -(3) | - | - |
| ICBC (Thai) Insurance Broker Company Limited ⁽¹⁾ | Life and non-life insurance brokers | 99.99 | 99.99 | 6 | 6 | - | - | - | - |
| Total | | | | | | 4,250 | 4,250 | - | - |

⁽¹⁾ The subsidiaries are incorporated in Thailand⁽²⁾ The subsidiary is incorporated in Ireland⁽³⁾ Paid-up capital and cost are lower than Baht 1 million

8.7 Loans to customers and accrued interest receivables, net

Loans to customers and accrued interest receivables, net as at December 31, 2023 and 2022 are as follows:

8.7.1 Classified by types of loans

| | Consolidated | | Unit : Thousand Baht The Bank | |
|---|--------------------|--------------------|----------------------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Overdrafts | 371,836 | 400,110 | 371,836 | 400,110 |
| Loans | 69,273,118 | 73,730,416 | 74,695,484 | 77,186,692 |
| Notes receivables | 22,862,813 | 20,892,738 | 24,237,813 | 24,227,738 |
| Factoring receivables | 6,100,145 | 9,439,449 | 5,390,998 | 8,132,916 |
| Hire purchase receivables | 54,233,117 | 54,655,469 | - | - |
| Finance lease receivables | 3,912,552 | 4,104,525 | - | - |
| Total loans to customers | 156,753,581 | 163,222,707 | 104,696,131 | 109,947,456 |
| <u>Add</u> Accrued interest receivables and undue interest income | 628,625 | 636,813 | 666,407 | 696,776 |
| Total loans to customers and accrued interest receivables | 157,382,206 | 163,859,520 | 105,362,538 | 110,644,232 |
| <u>Less</u> Allowance for expected credit loss | (6,371,712) | (7,344,249) | (3,984,567) | (4,532,757) |
| Loans to customers and accrued interest receivables, net | 151,010,494 | 156,515,271 | 101,377,971 | 106,111,475 |

8.7.2 Classified by currencies and residences of customers

| | Consolidated | | | Unit : Thousand Baht | | |
|--------------|--------------------|------------------|--------------------|----------------------|------------------|--------------------|
| | Domestic | 2023 Foreign | Total | Domestic | 2022 Foreign | Total |
| Baht | 140,555,959 | 35,591 | 140,591,550 | 140,166,197 | 37,118 | 140,203,315 |
| US Dollar | 13,556,422 | 2,236,524 | 15,792,946 | 17,057,206 | 3,959,709 | 21,016,915 |
| Renminbi | 12,166 | 1,153 | 13,319 | 19,382 | 185,026 | 204,408 |
| Euro | 355,712 | 54 | 355,766 | 267 | 1,797,802 | 1,798,069 |
| Total | 154,480,259 | 2,273,322 | 156,753,581 | 157,243,052 | 5,979,655 | 163,222,707 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

| | | | | | Unit : Thousand Baht | |
|-----------|------------|-----------------|-------------|-------------|----------------------|-------------|
| The Bank | | | | | | |
| | Domestic | 2023 Foreign | Total | Domestic | 2022 Foreign | Total |
| Baht | 88,500,755 | 35,591 | 88,536,346 | 86,937,075 | 37,118 | 86,974,193 |
| US Dollar | 10,131,810 | 5,658,890 | 15,790,700 | 13,554,801 | 7,415,985 | 20,970,786 |
| Renminbi | 12,166 | 1,153 | 13,319 | 19,382 | 185,026 | 204,408 |
| Euro | 355,712 | 54 | 355,766 | 267 | 1,797,802 | 1,798,069 |
| Total | 99,000,443 | 5,695,688 | 104,696,131 | 100,511,525 | 9,435,931 | 109,947,456 |

8.7.3 Classified by stages

The Bank and its subsidiaries have classified loans to customers and accrued interest receivables (excluding interbank and money market items) in accordance with the BOT's notifications, regarding the Classification and Provisions made by Financial Institutions, as follows:

| Unit : Thousand Baht | | | | |
|--|----------------------|--------------------|--------------------|--------------------|
| The Bank | | | | |
| | Consolidated 2023 | 2022 | 2023 | 2022 |
| Loans to customers and accrued interest receivables | | | | |
| Stage 1 | 143,062,003 | 150,035,088 | 98,165,576 | 103,376,701 |
| Stage 2 | 12,411,074 | 12,896,654 | 6,246,038 | 7,037,751 |
| Stage 3 | 1,909,129 | 927,778 | 950,924 | 229,780 |
| Total | 157,382,206 | 163,859,520 | 105,362,538 | 110,644,232 |

8.7.4 Classified by business types and stages

| Unit : Thousand Baht | | | | |
|--|-------------------------|-----------------------------------|---------------------------------|--------------------|
| Consolidated | | | | |
| | Stage 1 (Performing) | Stage 2 (Under- performing) | Stage 3 (Non- performing) | Total |
| Agriculture and mining | 1,876,034 | 1,260 | - | 1,877,294 |
| Manufacturing and commerce | 50,915,016 | 929,970 | 674,790 | 52,519,776 |
| Property development and construction | 6,157,553 | 431,721 | 122,409 | 6,711,683 |
| Infrastructure and services | 35,900,041 | 4,767,855 | 105,152 | 40,773,048 |
| Housing loans | 4,033 | 1,243 | - | 5,276 |
| Others ⁽¹⁾ | 47,705,904 | 6,198,890 | 961,710 | 54,866,504 |
| Total | 142,558,581 | 12,330,939 | 1,864,061 | 156,753,581 |

⁽¹⁾ Incorporate hire purchase and finance lease of subsidiaries.

| Unit : Thousand Baht | | | | |
|--|-------------------------|-----------------------------------|---------------------------------|--------------------|
| Consolidated | | | | |
| | Stage 1 (Performing) | Stage 2 (Under- performing) | Stage 3 (Non- performing) | Total |
| Agriculture and mining | 77,671 | 1,260 | - | 78,931 |
| Manufacturing and commerce | 51,244,053 | 2,066,110 | 26,144 | 53,336,307 |
| Property development and construction | 8,795,092 | 64,542 | 81,348 | 8,940,982 |
| Infrastructure and services | 40,249,847 | 4,803,736 | 105,152 | 45,158,735 |
| Housing loans | 8,452 | 1,520 | - | 9,972 |
| Others ⁽¹⁾ | 49,123,349 | 5,874,853 | 699,578 | 55,697,780 |
| Total | 149,498,464 | 12,812,021 | 912,222 | 163,222,707 |

⁽¹⁾ Incorporate hire purchase and finance lease of subsidiaries.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Unit : Thousand Baht

| | The Bank 2023 | | | Total |
|--|-------------------------|-----------------------------------|---------------------------------|--------------------|
| | Stage 1 (Performing) | Stage 2 (Under- performing) | Stage 3 (Non- performing) | |
| Agriculture and mining | 1,876,034 | 1,260 | - | 1,877,294 |
| Manufacturing and commerce | 53,580,868 | 4,352,336 | 674,790 | 58,607,994 |
| Property development and construction | 6,157,553 | 431,721 | 122,409 | 6,711,683 |
| Infrastructure and services | 35,900,041 | 1,343,242 | 105,152 | 37,348,435 |
| Housing loans | 4,033 | 1,243 | - | 5,276 |
| Others | 137,879 | 4,064 | 3,506 | 145,449 |
| Total | 97,656,408 | 6,133,866 | 905,857 | 104,696,131 |

Unit : Thousand Baht

| | The Bank 2022 | | | Total |
|--|-------------------------|-----------------------------------|---------------------------------|--------------------|
| | Stage 1 (Performing) | Stage 2 (Under- performing) | Stage 3 (Non- performing) | |
| Agriculture and mining | 77,671 | 1,260 | - | 78,931 |
| Manufacturing and commerce | 53,272,520 | 5,522,386 | 26,144 | 58,821,050 |
| Property development and construction | 8,795,092 | 64,542 | 81,348 | 8,940,982 |
| Infrastructure and services | 40,249,847 | 1,301,332 | 105,152 | 41,656,331 |
| Housing loans | 8,452 | 1,520 | - | 9,972 |
| Others | 436,059 | 2,552 | 1,579 | 440,190 |
| Total | 102,839,641 | 6,893,592 | 214,223 | 109,947,456 |

8.7.5 Non-performing loans

As at December 31, 2023 and 2022, the Bank and its subsidiaries have non-performing loans (NPLs) in accordance with the BOT's Notification Sor.Nor.Sor. 23/2561, regarding the "Classification and Provision Criteria of Financial Institution", dated October 31, 2018 as follows:

| | Consolidated | | Unit : Thousand Baht The Bank | |
|---|--------------|---------|----------------------------------|---------|
| | 2023 | 2022 | 2023 | 2022 |
| Non-performing loans (net of allowance for expected credit loss) | 985,179 | 672,085 | 344,725 | 201,060 |
| % of non-performing loans to total loans (net of allowance for expected credit loss) ⁽¹⁾ | 0.53 | 0.34 | 0.26 | 0.14 |
| Non-performing loans (before deducting allowance for expected credit loss) | 1,864,061 | 912,221 | 905,856 | 214,223 |
| % of non-performing loans to total loans (before deducting allowance for expected credit loss) ⁽¹⁾ | 1.01 | 0.46 | 0.68 | 0.15 |

⁽¹⁾ The denominator includes loans to interbank and money market items.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8.7.6 Loans to subsidiaries

| Company's name | Types of loans | Maturity | Interest rate | | The Bank Amounts principal outstanding | |
|--|----------------|----------|-------------------|-------------------|--|--------------|
| | | | 2023 | 2022 | 2023 | 2022 |
| | | | (% per annum) | | (in million Baht) | |
| ICBC (Thai) Leasing Company Limited | Revolving loan | At call | 2.75 | 1.40 | 375 | 335 |
| Sky High LI Leasing Company | Term loan | 2024 | 2.34 - 2.41 | 2.34 - 2.41 | 3,000 | 3,000 |
| | | | 3 Month USD | 1 year USD | | |
| | | | Cost of fund+0.10 | Cost of fund+0.10 | 3,422 | 3,456 |
| Total | | | | | 6,797 | 6,791 |
| Less Allowance for expected credit loss | | | | | (454) | (646) |
| Net | | | | | 6,343 | 6,145 |

8.7.7 Modified loans to customers

During the years ended December 31, 2023 and 2022, the Bank and its subsidiaries have loans to customers that were modified while they had a loss allowance measured at an amount equal to lifetime ECL as follows:

| | Unit : Million Baht Consolidated | |
|--|-------------------------------------|------|
| | 2023 | 2022 |
| Loans to customers modified during the years ⁽¹⁾ | | |
| Amortised cost before modification | 35 | 1 |
| Net modification loss | 48 | 2 |

⁽¹⁾ This excluded loans to customers modified under relief program to customers who were affected from COVID-19 as mentioned in Note 8.34. There is no modification gain (loss) on these groups of customers.

| | Unit : Million Baht The Bank | |
|--|---------------------------------|------|
| | 2023 | 2022 |
| Loans to customers modified during the years ⁽¹⁾ | | |
| Amortised cost before modification | 1 | 1 |
| Net modification loss | - | 2 |

⁽¹⁾ This excluded loans to customers modified under relief program to customers who were affected from COVID-19 as mentioned in Note 8.34. There is no modification gain (loss) on these groups of customers.

As at December 31, 2023 and 2022, the Bank and its subsidiaries have no commitment to addition lending to customers after troubled debt restructurings.

8.8 Allowance for expected credit loss

Movements of allowance for expected credit loss as at December 31, 2023 and 2022 are as follows:

| | Unit : Thousand Baht | | | |
|---|-------------------------|-------------------------------|-----------------------------|---------------|
| | Consolidated | | | Total |
| | 2023 | 2023 | 2023 | |
| | Stage 1 (Performing) | Stage 2 (Under-performing) | Stage 3 (Non-performing) | |
| Interbank and money market items | | | | |
| As at January 1, 2023 | 34,354 | - | - | 34,354 |
| Changes from remeasurement of ECL | (2,474) | - | - | (2,474) |
| Purchased or acquired | 23,655 | - | - | 23,655 |
| Derecognition during the period | (9,226) | - | - | (9,226) |
| As at December 31, 2023 | 46,309 | - | - | 46,309 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Unit : Thousand Baht

| | Consolidated | | | |
|---|--------------|--------------------|------------------|-------------|
| | 2023 | | | |
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | (Performing) | (Under-performing) | (Non-performing) | |
| Investments in debt instruments | | | | |
| As at January 1, 2023 | 47,172 | - | - | 47,172 |
| Changes from remeasurement of ECL | (6,257) | - | - | (6,257) |
| Purchased or acquired | 10,531 | - | - | 10,531 |
| Derecognition during the year | (4,027) | - | - | (4,027) |
| As at December 31, 2023 | 47,419 | - | - | 47,419 |
| Loans to customers | | | | |
| As at January 1, 2023 | 4,366,434 | 2,737,680 | 240,135 | 7,344,249 |
| Changes from stage reclassification | 77,327 | (152,347) | 75,020 | - |
| Changes from remeasurement of ECL | (2,054,436) | (282,996) | 1,956,688 | (380,744) |
| Acquired during the year | 660,337 | 519,311 | 38,608 | 1,218,256 |
| Derecognition | (206,776) | (171,703) | (48,359) | (426,838) |
| Write-off allowance for expected credit loss | - | - | (1,383,211) | (1,383,211) |
| As at December 31, 2023 | 2,842,886 | 2,649,945 | 878,881 | 6,371,712 |
| Loan commitments and financial guarantee contracts | | | | |
| As at January 1, 2023 | 223,447 | 7,367 | 22 | 230,836 |
| Changes from stage reclassification | (1,430) | 1,201 | 229 | - |
| Changes from remeasurement of ECL | (34,215) | 26,025 | 5,224 | (2,966) |
| New loan commitments and financial guarantee contracts issued | 73,937 | 10 | 12,659 | 86,606 |
| Derecognition during the year | (16,361) | (3,103) | (22) | (19,486) |
| As at December 31, 2023 | 245,378 | 31,500 | 18,112 | 294,990 |

Unit : Thousand Baht

| | Consolidated | | | |
|-----------------------------------|--------------|--------------------|------------------|----------|
| | 2022 | | | |
| | Stage 1 | Stage 2 | Stage 3 | Total |
| | (Performing) | (Under-performing) | (Non-performing) | |
| Interbank and money market items | | | | |
| As at January 1, 2022 | 108,607 | - | - | 108,607 |
| Changes from remeasurement of ECL | (11,203) | - | - | (11,203) |
| Purchased or acquired | 6,548 | - | - | 6,548 |
| Derecognition during the year | (69,598) | - | - | (69,598) |
| As at December 31, 2022 | 34,354 | - | - | 34,354 |
| Investments in debt instruments | | | | |
| As at January 1, 2022 | 33,321 | 1,014 | - | 34,335 |
| Changes from remeasurement of ECL | (5,616) | - | - | (5,616) |
| Purchased or acquired | 22,326 | - | - | 22,326 |
| Derecognition during the year | (2,859) | (1,014) | - | (3,873) |
| As at December 31, 2022 | 47,172 | - | - | 47,172 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Unit : Thousand Baht

| | Consolidated 2022 | | | |
|--|-------------------------|-------------------------------|-----------------------------|------------------|
| | Stage 1 (Performing) | Stage 2 (Under-performing) | Stage 3 (Non-performing) | Total |
| Loans to customers | | | | |
| As at January 1, 2022 | 4,074,006 | 2,835,294 | 235,562 | 7,144,862 |
| Changes from stage reclassification | 58,124 | (116,313) | 58,189 | - |
| Changes from remeasurement of ECL | 80,038 | 547 | 608,593 | 689,178 |
| Acquired during the year | 356,412 | 90,411 | 21,969 | 468,792 |
| Derecognition | (202,146) | (72,259) | (40,208) | (314,613) |
| Write-off allowance for expected credit loss | - | - | (643,970) | (643,970) |
| As at December 31, 2022 | 4,366,434 | 2,737,680 | 240,135 | 7,344,249 |

**Loan commitments and financial
guarantee contracts**

| | | | | |
|---|----------------|--------------|-----------|----------------|
| As at January 1, 2022 | 256,537 | 3,958 | 22 | 260,517 |
| Changes from stage reclassification | (592) | 592 | - | - |
| Changes from remeasurement of ECL | (51,025) | 3,725 | - | (47,300) |
| New loan commitments and financial guarantee contracts issued | 43,755 | 4 | - | 43,759 |
| Derecognition during the year | (25,228) | (912) | - | (26,140) |
| As at December 31, 2022 | 223,447 | 7,367 | 22 | 230,836 |

Unit : Thousand Baht

| | The Bank 2023 | | | |
|---|-------------------------|-------------------------------|-----------------------------|---------------|
| | Stage 1 (Performing) | Stage 2 (Under-performing) | Stage 3 (Non-performing) | Total |
| Interbank and money market items | | | | |
| As at January 1, 2023 | 34,354 | - | - | 34,354 |
| Changes from remeasurement of ECL | (2,474) | - | - | (2,474) |
| Purchased or acquired | 23,655 | - | - | 23,655 |
| Derecognition during the year | (9,226) | - | - | (9,226) |
| As at December 31, 2023 | 46,309 | - | - | 46,309 |

Investments in debt instruments

| | | | | |
|-----------------------------------|---------------|----------|----------|---------------|
| As at January 1, 2023 | 47,172 | - | - | 47,172 |
| Changes from remeasurement of ECL | (6,257) | - | - | (6,257) |
| Purchased or acquired | 10,531 | - | - | 10,531 |
| Derecognition during the year | (4,027) | - | - | (4,027) |
| As at December 31, 2023 | 47,419 | - | - | 47,419 |

Loans to customers

| | | | | |
|--|------------------|----------------|----------------|------------------|
| As at January 1, 2023 | 3,774,460 | 745,133 | 13,164 | 4,532,757 |
| Changes from stage reclassification | (9,650) | (3,234) | 12,884 | - |
| Changes from remeasurement of ECL | (1,695,995) | (201,650) | 1,249,305 | (648,340) |
| Acquired during the year | 598,487 | 444,552 | 1,206 | 1,044,245 |
| Derecognition | (174,895) | (53,773) | (1,413) | (230,081) |
| Write-off allowance for expected credit loss | - | - | (714,014) | (714,014) |
| As at December 31, 2023 | 2,492,407 | 931,028 | 561,132 | 3,984,567 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Unit : Thousand Baht

| | The Bank | | | Total |
|---|-------------------------|-------------------------------|-----------------------------|----------------|
| | 2023 | | | |
| | Stage 1 (Performing) | Stage 2 (Under-performing) | Stage 3 (Non-performing) | |
| Loan commitments and financial guarantee contracts | | | | |
| As at January 1, 2023 | 223,447 | 7,367 | 22 | 230,836 |
| Changes from stage reclassification | (1,430) | 1,201 | 229 | - |
| Changes from remeasurement of ECL | (34,215) | 26,025 | 5,224 | (2,966) |
| New loan commitments and financial guarantee contracts issued | 73,937 | 10 | 12,659 | 86,606 |
| Derecognition during the year | (16,361) | (3,103) | (22) | (19,486) |
| As at December 31, 2023 | 245,378 | 31,500 | 18,112 | 294,990 |

Unit : Thousand Baht

| | The Bank | | | Total |
|---|-------------------------|-------------------------------|-----------------------------|---------------|
| | 2022 | | | |
| | Stage 1 (Performing) | Stage 2 (Under-performing) | Stage 3 (Non-performing) | |
| Interbank and money market items | | | | |
| As at January 1, 2022 | 108,607 | - | - | 108,607 |
| Changes from remeasurement of ECL | (11,203) | - | - | (11,203) |
| Purchased or acquired | 6,548 | - | - | 6,548 |
| Derecognition during the year | (69,598) | - | - | (69,598) |
| As at December 31, 2022 | 34,354 | - | - | 34,354 |

Investments in debt instruments

| | | | | |
|-----------------------------------|---------------|----------|----------|---------------|
| As at January 1, 2022 | 33,321 | 1,014 | - | 34,335 |
| Changes from remeasurement of ECL | (5,616) | - | - | (5,616) |
| Purchased or acquired | 22,326 | - | - | 22,326 |
| Derecognition during the year | (2,859) | (1,014) | - | (3,873) |
| As at December 31, 2022 | 47,172 | - | - | 47,172 |

Loans to customers

| | | | | |
|--|------------------|----------------|---------------|------------------|
| As at January 1, 2022 | 2,897,056 | 800,140 | 4,582 | 3,701,778 |
| Changes from stage reclassification | (29,744) | 26,282 | 3,462 | - |
| Changes from remeasurement of ECL | 781,038 | (86,670) | 14,288 | 708,656 |
| Acquired during the year | 296,772 | 21,730 | 614 | 319,116 |
| Derecognition | (170,662) | (16,349) | (2,167) | (189,178) |
| Write-off allowance for expected credit loss | - | - | (7,615) | (7,615) |
| As at December 31, 2022 | 3,774,460 | 745,133 | 13,164 | 4,532,757 |

Loan commitments and financial guarantee contracts

| | | | | |
|---|----------------|--------------|-----------|----------------|
| As at January 1, 2022 | 256,537 | 3,958 | 22 | 260,517 |
| Changes from stage reclassification | (592) | 592 | - | - |
| Changes from remeasurement of ECL | (51,025) | 3,725 | - | (47,300) |
| New loan commitments and financial guarantee contracts issued | 43,755 | 4 | - | 43,759 |
| Derecognition during the year | (25,228) | (912) | - | (26,140) |
| As at December 31, 2022 | 223,447 | 7,367 | 22 | 230,836 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8.9 Hire purchase and financial lease receivables

As at December 31, 2023 and 2022, the subsidiaries had net hire purchase and finance lease receivables, which are hire purchase or finance lease contracts for motor vehicles, aircrafts, machinery and equipment for businesses. The terms of the contracts are between 1 to 21 years and the interest is charged at floating or fixed rates as specified in the contracts.

| Unit : Million Baht | | | | |
|---|---------------------|----------------|-----------------|----------------------|
| Consolidated | | | | |
| 2023 | | | | |
| Periods due for payments | | | | |
| | Less than 1 year | 1 - 5 years | Over 5 years | Total |
| Total of gross investments in the lease | 16,854 | 42,323 | 6,848 | 66,025 |
| <u>Less</u> Deferred revenue ⁽¹⁾ | <u>(2,379)</u> | <u>(4,482)</u> | <u>(1,052)</u> | <u>(7,913)</u> |
| Present value of the minimum lease payments | <u>14,475</u> | <u>37,841</u> | <u>5,796</u> | 58,112 |
| <u>Less</u> Allowance for expected credit loss | | | | <u>(2,386)</u> |
| Hire purchase and finance lease receivables, net | | | | <u>55,726</u> |

⁽¹⁾ Net of commission and initial direct expense incurred at the inception of contracts.

| Unit : Million Baht | | | | |
|---|---------------------|----------------|-----------------|----------------------|
| Consolidated | | | | |
| 2022 | | | | |
| Periods due for payments | | | | |
| | Less than 1 year | 1 - 5 years | Over 5 years | Total |
| Total of gross investments in the lease | 16,393 | 42,676 | 7,685 | 66,754 |
| <u>Less</u> Deferred revenue ⁽¹⁾ | <u>(2,491)</u> | <u>(4,422)</u> | <u>(1,081)</u> | <u>(7,994)</u> |
| Present value of the minimum lease payments | <u>13,902</u> | <u>38,254</u> | <u>6,604</u> | 58,760 |
| <u>Less</u> Allowance for expected credit loss | | | | <u>(2,807)</u> |
| Hire purchase and finance lease receivables, net | | | | <u>55,953</u> |

⁽¹⁾ Net of commission and initial direct expense incurred at the inception of contracts.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8.10 Properties foreclosed, net

The majority of properties foreclosed are from auction bidding and settlement of debts by the restructured debtors.

The details of properties foreclosed as at December 31, 2023 and 2022 are as follows:

| | | | | | Unit : Thousand Baht |
|--|----------------------|-----------|----------------------|------------------------|--|
| Types of properties foreclosed | Beginning balance | Additions | Consolidated 2023 | | Portion subject to disposal restrictions, buy-back rights or first refusal rights |
| | | | Disposals | Ending balance | |
| Assets transferred in settlement of debts | | | | | |
| -Immovable properties | 307,295 | - | (124,593) | 182,702 ⁽¹⁾ | - |
| -Movable assets | 170,527 | 1,600,812 | (1,436,234) | 335,105 | - |
| Total | 477,822 | 1,600,812 | (1,560,827) | 517,807 | - |
| Assets from auction bidding | | | | | |
| -Immovable properties | 53,430 | - | (26,310) | 27,120 | - |
| -Movable assets | 4,020 | - | (4,020) | - | - |
| Total | 57,450 | - | (30,330) | 27,120 | - |
| Total properties foreclosed | 535,272 | 1,600,812 | (1,591,157) | 544,927 | - |
| Less Allowance for impairment | (378,892) | (565,364) | 606,950 | (337,306) | - |
| Total properties foreclosed, net | 156,380 | 1,035,448 | (984,207) | 207,621 | - |

⁽¹⁾ As at December 31, 2023 the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 152 million and Baht 31 million, respectively

| | | | | | Unit : Thousand Baht |
|--|----------------------|-----------|----------------------|------------------------|--|
| Types of properties foreclosed | Beginning balance | Additions | Consolidated 2022 | | Portion subject to disposal restrictions, buy-back rights or first refusal rights |
| | | | Disposals | Ending balance | |
| Assets transferred in settlement of debts | | | | | |
| - Immovable properties | 361,637 | - | (54,342) | 307,295 ⁽¹⁾ | - |
| - Movable assets | 110,714 | 830,846 | (771,033) | 170,527 | - |
| Total | 472,351 | 830,846 | (825,375) | 477,822 | - |
| Assets from auction bidding | | | | | |
| - Immovable properties | 78,710 | - | (25,280) | 53,430 | - |
| - Movable assets | 8,540 | - | (4,520) | 4,020 | - |
| Total | 87,250 | - | (29,800) | 57,450 | - |
| Total properties foreclosed | 559,601 | 830,846 | (855,175) | 535,272 | - |
| Less Allowance for impairment | (415,039) | (240,547) | 276,694 | (378,892) | - |
| Total properties foreclosed, net | 144,562 | 590,299 | (578,481) | 156,380 | - |

⁽¹⁾ As at December 31, 2022 the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 217 million and Baht 90 million, respectively.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Unit : Thousand Baht

| Types of properties foreclosed | Beginning balance | Additions | The Bank 2023 | | Portion subject to disposal restrictions, buy-back rights or first refusal rights |
|--|----------------------|-----------|------------------|------------------------|--|
| | | | Disposals | Ending balance | |
| Assets transferred in settlement of debts | | | | | |
| - Immovable properties | 307,294 | - | (124,593) | 182,701 ⁽¹⁾ | - |
| Total | 307,294 | - | (124,593) | 182,701 | - |
| Assets from auction bidding | | | | | |
| - Immovable properties | 53,430 | - | (26,310) | 27,120 | - |
| - Movable assets | 4,020 | - | (4,020) | - | - |
| Total | 57,450 | - | (30,330) | 27,120 | - |
| Total properties foreclosed | 364,744 | - | (154,923) | 209,821 | - |
| Less Allowance for impairment | (322,624) | - | 139,477 | (183,147) | - |
| Total properties foreclosed, net | 42,120 | - | (15,446) | 26,674 | - |

⁽¹⁾ As at December 31, 2023 the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 152 million and Baht 31 million, respectively.

Unit : Thousand Baht

| The Bank | | | | | Unit : Thousand Baht |
|--|----------------------|-----------|-----------|------------------------|--|
| Types of properties foreclosed | Beginning balance | Additions | 2022 | | Portion subject to disposal restrictions, buy-back rights or first refusal rights |
| | | | Disposals | Ending balance | |
| Assets transferred in settlement of debts | | | | | |
| - Immovable properties | 361,636 | - | (54,342) | 307,294 ⁽¹⁾ | - |
| Total | 361,636 | - | (54,342) | 307,294 | - |
| Assets from auction bidding | | | | | |
| - Immovable properties | 78,710 | - | (25,280) | 53,430 | - |
| - Movable assets | 8,540 | - | (4,520) | 4,020 | - |
| Total | 87,250 | - | (29,800) | 57,450 | - |
| Total properties foreclosed | 448,886 | - | (84,142) | 364,744 | - |
| Less Allowance for impairment | (385,562) | (9,533) | 72,471 | (322,624) | - |
| Total properties foreclosed, net | 63,324 | (9,533) | (11,671) | 42,120 | - |

⁽¹⁾ As at December 31, 2022 the value of immovable assets acquired from debt settlement was appraised by external appraisers and internal appraisers in the amount of Baht 217 million and Baht 90 million, respectively.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8.11 Premises and equipment, net

Premises and equipment, net as at December 31, 2023 and 2022 are as follows:

| Unit : Thousand Baht | | | | | |
|--|--|------------------|--|--------------------------------|--|
| | Balance as at January 1, 2023 | Additions | Consolidated Disposals/ Decrease | Transfer in/ (Transfer out) | Balance as at December 31, 2023 |
| Cost | | | | | |
| Land | 8,500 | - | - | - | 8,500 |
| Buildings and buildings improvement | 6,892 | - | - | - | 6,892 |
| Right-of-use assets | 682,001 | 61,313 | (40,556) | - | 702,758 |
| Furniture, fixtures and office equipment | 689,984 | 34,315 | (4,305) | 33,789 | 753,783 |
| Motor vehicles | 84,770 | - | - | - | 84,770 |
| Total cost | 1,472,147 | 95,628 | (44,861) | 33,789 | 1,556,703 |
| Accumulated depreciation | | | | | |
| Buildings and buildings improvement | (2,714) | (203) | - | - | (2,917) |
| Right-of-use assets | (172,061) | (104,859) | 36,111 | - | (240,809) |
| Furniture, fixtures and office equipment | (537,427) | (57,754) | 3,571 | - | (591,610) |
| Motor vehicles | (72,400) | (5,649) | - | - | (78,049) |
| Total accumulated depreciation | (784,602) | (168,465) | 39,682 | - | (913,385) |
| Total premises and equipment | 687,545 | (72,837) | (5,179) | 33,789 | 643,318 |
| Furniture, fixtures and office equipment under installation | 7,141 | 27,921 | - | (33,789) | 1,273 |
| Total premises and equipment, net | 694,686 | (44,961) | (5,179) | - | 644,591 |

| Unit : Thousand Baht | | | | | |
|--|--|------------------|--|--------------------------------|--|
| | Balance as at January 1, 2022 | Additions | Consolidated Disposals/ Decrease | Transfer in/ (Transfer out) | Balance as at December 31, 2022 |
| Cost | | | | | |
| Land | 8,500 | - | - | - | 8,500 |
| Buildings and buildings improvement | 6,892 | - | - | - | 6,892 |
| Right-of-use assets | 735,295 | 82,763 | (136,057) | - | 682,001 |
| Furniture, fixtures and office equipment | 664,952 | 35,518 | (86,581) | 76,095 | 689,984 |
| Motor vehicles | 88,002 | 5,144 | (8,376) | - | 84,770 |
| Total cost | 1,503,641 | 123,425 | (231,014) | 76,095 | 1,472,147 |
| Accumulated depreciation | | | | | |
| Buildings and buildings improvement | (2,513) | (201) | - | - | (2,714) |
| Right-of-use assets | (183,542) | (111,277) | 122,758 | - | (172,061) |
| Furniture, fixtures and office equipment | (563,874) | (57,468) | 83,915 | - | (537,427) |
| Motor vehicles | (72,905) | (7,871) | 8,376 | - | (72,400) |
| Total accumulated depreciation | (822,834) | (176,817) | 215,049 | - | (784,602) |
| Total premises and equipment | 680,807 | (53,392) | (15,965) | 76,095 | 687,545 |
| Furniture, fixtures and office equipment under installation | 19,319 | 63,917 | - | (76,095) | 7,141 |
| Total premises and equipment, net | 700,126 | 10,525 | (15,965) | - | 694,686 |

| | | |
|---|---------------|---------|
| Depreciation for the years ended December 31, | | |
| 2023 | Thousand Baht | 168,465 |
| 2022 | Thousand Baht | 176,817 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

As at December 31, 2023 and 2022, the Bank and its subsidiaries had the gross amount of fully depreciated equipment that was still in use amounting to Baht 563 million and Baht 460 million, respectively.

| Unit : Thousand Baht | | | | | |
|--|--|------------------|------------------------------------|--------------------------------|--|
| | Balance as at January 1, 2023 | Additions | The Bank Disposals/ Decrease | Transfer in/ (Transfer out) | Balance as at December 31, 2023 |
| Cost | | | | | |
| Land | 8,500 | - | - | - | 8,500 |
| Buildings and buildings improvement | 6,892 | - | - | - | 6,892 |
| Right-of-use assets | 400,921 | 54,274 | (29,369) | - | 425,826 |
| Furniture, fixtures and office equipment | 550,367 | 28,775 | (4,278) | 31,921 | 606,785 |
| Motor vehicles | 65,704 | - | - | - | 65,704 |
| Total cost | 1,032,384 | 83,049 | (33,647) | 31,921 | 1,113,707 |
| Accumulated depreciation | | | | | |
| Buildings and buildings improvement | (2,716) | (203) | - | - | (2,919) |
| Right-of-use assets | (128,605) | (71,948) | 29,368 | - | (171,185) |
| Furniture, fixtures and office equipment | (457,998) | (38,656) | 3,544 | - | (493,110) |
| Motor vehicles | (54,474) | (5,041) | - | - | (59,515) |
| Total accumulated depreciation | (643,793) | (115,848) | 32,912 | - | (726,729) |
| Total premises and equipment | 388,591 | (32,799) | (735) | 31,921 | 386,978 |
| Furniture fixture and office equipment under installation | 5,273 | 27,921 | - | (31,921) | 1,273 |
| Total premises and equipment, net | 393,864 | (4,878) | (735) | - | 388,251 |

| Unit : Thousand Baht | | | | | |
|--|--|------------------|------------------------------------|--------------------------------|--|
| | Balance as at January 1, 2022 | Additions | The Bank Disposals/ Decrease | Transfer in/ (Transfer out) | Balance as at December 31, 2022 |
| Cost | | | | | |
| Land | 8,500 | - | - | - | 8,500 |
| Buildings and buildings improvement | 6,892 | - | - | - | 6,892 |
| Right-of-use assets | 413,243 | 56,900 | (69,222) | - | 400,921 |
| Furniture, fixtures and office equipment | 506,518 | 22,740 | (9,224) | 30,333 | 550,367 |
| Motor vehicles | 67,438 | 5,144 | (6,878) | - | 65,704 |
| Total cost | 1,002,591 | 84,784 | (85,324) | 30,333 | 1,032,384 |
| Accumulated depreciation | | | | | |
| Buildings and buildings improvement | (2,513) | (203) | - | - | (2,716) |
| Right-of-use assets | (118,853) | (66,781) | 57,029 | - | (128,605) |
| Furniture, fixtures and office equipment | (430,158) | (37,060) | 9,220 | - | (457,998) |
| Motor vehicles | (54,088) | (7,264) | 6,878 | - | (54,474) |
| Total accumulated depreciation | (605,612) | (111,308) | 73,127 | - | (643,793) |
| Total premises and equipment | 396,979 | (26,524) | (12,197) | 30,333 | 388,591 |
| Furniture fixture and office equipment under installation | 9,716 | 25,890 | - | (30,333) | 5,273 |
| Total premises and equipment, net | 406,695 | (634) | (12,197) | - | 393,864 |

Depreciation for the years ended December 31,

2023

Thousand Baht 115,848

2022

Thousand Baht 111,308

As at December 31, 2023 and 2022, the Bank had the gross amount of fully depreciated equipment that was still in use amounting to Baht 480 million and Baht 406 million, respectively.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8.12 Intangible assets, net

Intangible assets, net as at December 31, 2023 and 2022, are as follows:

| Unit: Thousand Baht | | | | | |
|---------------------------------------|--|----------------|--|--------------------------------|--|
| | Balance as at January 1, 2023 | Additions | Consolidated Disposals/ decrease | Transfer in/ (transfer out) | Balance as at December 31, 2023 |
| Cost | | | | | |
| Computer software | 135,492 | 1,509 | - | 1,499 | 138,500 |
| Related customer relationship fee | 26,750 | - | - | - | 26,750 |
| Total cost | 162,242 | 1,509 | - | 1,499 | 165,250 |
| Accumulated amortisation | | | | | |
| Computer software | (86,757) | (7,155) | - | - | (93,912) |
| Related customer relationship fee | (26,514) | (234) | - | - | (26,748) |
| Total accumulated amortisation | (113,271) | (7,389) | - | - | (120,660) |
| Total intangible assets | 48,971 | (5,880) | - | 1,499 | 44,590 |
| Computer software under installation | 150 | 1,349 | - | (1,499) | - |
| Total intangible assets, net | 49,121 | (4,531) | - | - | 44,590 |

| Unit : Thousand Baht | | | | | |
|---------------------------------------|--|----------------|--|--------------------------------|--|
| | Balance as at January 1, 2022 | Additions | Consolidated Disposals/ decrease | Transfer in/ (transfer out) | Balance as at December 31, 2022 |
| Cost | | | | | |
| Computer software | 106,667 | 9,572 | (1,968) | 21,221 | 135,492 |
| Related customer relationship fee | 26,750 | - | - | - | 26,750 |
| Total cost | 133,417 | 9,572 | (1,968) | 21,221 | 162,242 |
| Accumulated amortisation | | | | | |
| Computer software | (80,008) | (6,749) | - | - | (86,757) |
| Related customer relationship fee | (23,994) | (2,520) | - | - | (26,514) |
| Total accumulated amortisation | (104,002) | (9,269) | - | - | (113,271) |
| Total intangible assets | 29,415 | 303 | (1,968) | 21,221 | 48,971 |
| Computer software under installation | 6,127 | 15,328 | - | (21,305) | 150 |
| Total intangible assets, net | 35,542 | 15,631 | (1,968) | (84) | 49,121 |

Amortisation for the years ended December 31,

| | | |
|------|---------------|-------|
| 2023 | Thousand Baht | 7,389 |
| 2022 | Thousand Baht | 9,269 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Unit : Thousand Baht

| | Balance as at January 1, 2023 | Additions | The Bank Disposals/ decrease | Transfer in/ (transfer out) | Balance as at December 31, 2023 |
|---------------------------------------|--|----------------|------------------------------------|--------------------------------|--|
| Cost | | | | | |
| Computer software | 76,810 | 1,509 | - | - | 78,319 |
| Related customer relationship fee | 26,750 | - | - | - | 26,750 |
| Total cost | 103,560 | 1,509 | - | - | 105,069 |
| Accumulated amortisation | | | | | |
| Computer software | (45,109) | (4,822) | - | - | (49,931) |
| Related customer relationship fee | (26,514) | (234) | - | - | (26,748) |
| Total accumulated amortisation | (71,623) | (5,056) | - | - | (76,679) |
| Total intangible assets, net | 31,937 | (3,547) | - | - | 28,390 |

Unit : Thousand Baht

| | Balance as at January 1, 2022 | Additions | The Bank Disposals/ decrease | Transfer in/ (transfer out)/ | Balance as at December 31, 2022 |
|---------------------------------------|--|----------------|------------------------------------|---------------------------------|--|
| Cost | | | | | |
| Computer software | 55,492 | 9,522 | - | 11,796 | 76,810 |
| Related customer relationship fee | 26,750 | - | - | - | 26,750 |
| Total cost | 82,242 | 9,522 | - | 11,796 | 103,560 |
| Accumulated amortisation | | | | | |
| Computer software | (40,775) | (4,334) | - | - | (45,109) |
| Related customer relationship fee | (23,994) | (2,520) | - | - | (26,514) |
| Total accumulated amortisation | (64,769) | (6,854) | - | - | (71,623) |
| Total intangible assets | 17,473 | 2,668 | - | 11,796 | 31,937 |
| Computer software under installation | - | 11,796 | - | (11,796) | - |
| Total intangible assets, net | 17,473 | 14,464 | - | - | 31,937 |

Amortisation for the years ended December 31,

2023

Thousand Baht 5,056

2022

Thousand Baht 6,854

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8.13 Deferred tax

Deferred tax assets and liabilities as at December 31, 2023 and 2022 are as follows:

| | Unit : Thousand Baht | |
|--------------------------|----------------------|------------------|
| | Consolidated | |
| | 2023 | 2022 |
| Deferred tax assets | 1,501,954 | 1,820,467 |
| Deferred tax liabilities | (597,712) | (705,501) |
| Net | 904,242 | 1,114,966 |

| | Unit : Thousand Baht | |
|--------------------------|----------------------|----------------|
| | The Bank | |
| | 2023 | 2022 |
| Deferred tax assets | 585,639 | 908,737 |
| Deferred tax liabilities | (11,516) | (63,198) |
| Net | 574,123 | 845,539 |

Movements in total deferred tax assets and liabilities during the years are as follows:

| | Unit : Thousand Baht | | | |
|--|---|-------------------|----------------------------------|-------------------------------|
| | Consolidated (Charged) / Credited to | | Exchange differences | As at December 31, 2023 |
| | As at January 1, 2023 | Profit or loss | Other comprehensive income | |
| Deferred tax assets | | | | |
| Interbank and money market items | 212 | 157 | - | 369 |
| Derivative assets | 56,365 | (21,119) | - | 35,246 |
| Investments | 200,589 | (84,370) | 38,058 | 154,277 |
| Loans to customers and accrued interest receivables | 321,866 | (25,568) | - | 296,298 |
| Allowance for expected credit loss | 613,994 | (254,728) | - | 359,266 |
| Properties foreclosed | 75,777 | (8,316) | - | 67,461 |
| Other assets | 369,713 | 35,614 | - | 405,327 |
| Provisions | 119,390 | 16,256 | (155) | 135,491 |
| Other liabilities | 47,319 | 936 | - | 48,219 |
| Loss carry forward | 15,242 | (15,045) | - | - |
| Total | 1,820,467 | (356,183) | 37,903 | 1,501,954 |
| Deferred tax liabilities | | | | |
| Investments | (31,616) | 8,698 | 11,402 | (11,516) |
| Loans to customers and accrued interest receivables | (638,763) | 55,932 | - | (582,831) |
| Deferred direct costs of debentures | (3,540) | 175 | - | (3,365) |
| Others | (31,582) | - | 31,582 | - |
| Total | (705,501) | 64,805 | 42,984 | (597,712) |
| Net | 1,114,966 | (291,378) | 80,887 | 904,242 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Unit : Thousand Baht

| | | Consolidated (Charged) / Credited to: | | | |
|--|-----------------------------|--|----------------------------------|-------------------------|-------------------------------|
| | As at January 1, 2022 | Profit or loss | Other comprehensive income | Exchange differences | As at December 31, 2022 |
| <i>Deferred tax assets</i> | | | | | |
| Interbank and money market items | 195 | 17 | - | - | 212 |
| Derivative assets | 104,155 | (47,790) | - | - | 56,365 |
| Investments | 14,011 | 231,821 | (45,243) | - | 200,589 |
| Loans to customers and accrued interest receivables | 402,699 | (80,833) | - | - | 321,866 |
| Allowance for expected credit loss | 457,219 | 156,775 | - | - | 613,994 |
| Properties foreclosed | 83,007 | (7,230) | - | - | 75,777 |
| Other assets | 475,250 | (105,537) | - | - | 369,713 |
| Provisions | 123,206 | 216 | (4,032) | - | 119,390 |
| Other liabilities | 41,076 | 6,154 | - | 89 | 47,319 |
| Loss carry forward | 34,254 | (20,625) | - | 1,613 | 15,242 |
| Total | 1,735,072 | 132,968 | (49,275) | 1,702 | 1,820,467 |
| <i>Deferred tax liabilities</i> | | | | | |
| Investments | (122,408) | 122 | 90,670 | - | (31,616) |
| Loans to customers and accrued interest receivables | (690,119) | 51,356 | - | - | (638,763) |
| Deferred direct costs of debentures | (4,307) | 767 | - | - | (3,540) |
| Others | (8,197) | - | (23,385) | - | (31,582) |
| Total | (825,031) | 52,245 | 67,285 | - | (705,501) |
| Net | 910,041 | 185,213 | 18,010 | 1,702 | 1,114,966 |

Unit : Thousand Baht

| | | The Bank | | |
|--|-----------------------------|--------------------------|----------------------------------|-------------------------------|
| | | (Charged) / Credited to: | | |
| | As at January 1, 2023 | Profit or loss | Other comprehensive income | As at December 31, 2023 |
| <i>Deferred tax assets</i> | | | | |
| Interbank and money market items | 212 | 157 | - | 369 |
| Derivative assets | 56,365 | (21,119) | - | 35,246 |
| Investments | 200,589 | (84,370) | 38,058 | 154,277 |
| Loans to customers and accrued interest receivables | 25,918 | (12,894) | - | 13,024 |
| Allowance for expected credit loss | 447,232 | (229,310) | - | 217,922 |
| Properties foreclosed | 64,524 | (27,894) | - | 36,630 |
| Other assets | 2,588 | (366) | - | 2,222 |
| Provisions | 105,149 | 13,869 | - | 119,018 |
| Other liabilities | 6,160 | 771 | - | 6,931 |
| Total | 908,737 | (361,156) | 38,058 | 585,639 |
| <i>Deferred tax liabilities</i> | | | | |
| Investments | (31,616) | 8,698 | 11,402 | (11,516) |
| Others | (31,582) | - | 31,582 | - |
| Total | (63,198) | 8,698 | 42,984 | (11,516) |
| Net | 845,539 | (352,458) | 81,042 | 574,123 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Unit : Thousand Baht

| | As at January 1, 2022 | The Bank (Charged) / Credited to: | | As at December 31, 2022 |
|--|-----------------------------|--------------------------------------|----------------------------------|-------------------------------|
| | | Profit or loss | Other comprehensive income | |
| Deferred tax assets | | | | |
| Interbank and money market items | 195 | 17 | - | 212 |
| Derivative assets | 104,155 | (47,790) | - | 56,365 |
| Investments | 14,011 | 231,821 | (45,243) | 200,589 |
| Loans to customers and accrued interest receivables | 17,816 | 8,102 | - | 25,918 |
| Allowance for expected credit loss | 295,626 | 151,606 | - | 447,232 |
| Properties foreclosed | 77,112 | (12,588) | - | 64,524 |
| Other assets | 1,119 | 1,469 | - | 2,588 |
| Provisions | 108,302 | (1,541) | (1,612) | 105,149 |
| Other liabilities | 3,826 | 2,334 | - | 6,160 |
| Total | 622,162 | 333,430 | (46,855) | 908,737 |
| Deferred tax liabilities | | | | |
| Investments | (122,408) | 123 | 90,669 | (31,616) |
| Others | (8,197) | - | (23,385) | (31,582) |
| Total | (130,605) | 123 | 67,284 | (63,198) |
| Net | 491,557 | 333,553 | 20,429 | 845,539 |

8.14 Other assets, net

Other assets, net as at December 31, 2023 and 2022 are as follows:

| | Consolidated | | The Bank | |
|------------------|---------------|---------------|---------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| Prepaid expenses | 32,128 | 31,939 | 28,494 | 29,212 |
| Deposit | 30,891 | 28,585 | 19,720 | 17,462 |
| Advance payment | 265 | 523 | 254 | 512 |
| Others | 4,486 | 2,059 | 3,456 | 1,439 |
| Total | 67,770 | 63,106 | 51,924 | 48,625 |

8.15 Deposits

Deposit as at December 31, 2023 and 2022 are as follows:

8.15.1 Classified by types of deposits

| | Consolidated | | The Bank | |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Demand | 16,245,703 | 17,427,998 | 16,251,435 | 17,427,998 |
| Savings | 34,266,299 | 29,888,961 | 34,276,876 | 29,896,960 |
| Fixed | | | | |
| - Less than 6 months | 41,283,116 | 60,653,121 | 41,283,116 | 60,653,121 |
| - 6 months and less than 1 year | 25,865,595 | 27,798,931 | 25,865,595 | 27,798,931 |
| - 1 year and over | 35,928,720 | 27,212,589 | 35,928,720 | 27,212,589 |
| Total | 153,589,433 | 162,981,600 | 153,605,742 | 162,989,599 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8.15.2 Classified by currencies and residences of depositors

Unit : Thousand Baht

| | Consolidated | | | | | |
|------------------|--------------------|------------------|--------------------|--------------------|------------------|--------------------|
| | Domestic | 2023 Foreign | Total | Domestic | 2022 Foreign | Total |
| Baht | 129,766,622 | 4,510,035 | 134,276,657 | 149,062,134 | 4,335,342 | 153,397,476 |
| US Dollar | 10,448,953 | 771,390 | 11,220,343 | 5,993,721 | 231,349 | 6,225,070 |
| Renminbi | 7,200,779 | 418,798 | 7,619,577 | 2,411,807 | 660,208 | 3,072,015 |
| Other currencies | 460,218 | 12,638 | 472,856 | 281,848 | 5,191 | 287,039 |
| Total | 147,876,572 | 5,712,861 | 153,589,433 | 157,749,510 | 5,232,090 | 162,981,600 |

Unit : Thousand Baht

| | The Bank | | | | | |
|------------------|--------------------|------------------|--------------------|--------------------|------------------|--------------------|
| | Domestic | 2023 Foreign | Total | Domestic | 2022 Foreign | Total |
| Baht | 129,782,931 | 4,510,035 | 134,292,966 | 149,070,133 | 4,335,342 | 153,405,475 |
| US Dollar | 10,448,953 | 771,390 | 11,220,343 | 5,993,721 | 231,349 | 6,225,070 |
| Renminbi | 7,200,779 | 418,798 | 7,619,577 | 2,411,807 | 660,208 | 3,072,015 |
| Other currencies | 460,218 | 12,638 | 472,856 | 281,848 | 5,191 | 287,039 |
| Total | 147,892,881 | 5,712,861 | 153,605,742 | 157,757,509 | 5,232,090 | 162,989,599 |

8.16 Interbank and money market items (liabilities)

Interbank and money market items (liabilities) as at December 31, 2023 and 2022 are as follows:

| | Consolidated | | The Bank | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Domestic items | | | | |
| Bank of Thailand | 347,600 | 101,200 | 347,600 | 101,200 |
| Commercial banks | 12,676,625 | 4,507,858 | 6,676,625 | 3,217,857 |
| Specialized financial institutions | 20,247 | 60,182 | 20,247 | 60,182 |
| Other financial institutions | 1,988,419 | 1,001,323 | 1,988,419 | 1,001,323 |
| Total domestic items | 15,032,891 | 5,670,563 | 9,032,891 | 4,380,562 |
| Foreign items | | | | |
| US Dollar | 10,891,044 | 24,586,842 | 10,891,044 | 24,586,842 |
| Renminbi | 4,053,404 | 3,732,691 | 4,053,404 | 3,732,691 |
| Euro | 38,033 | 1,228,562 | 38,033 | 1,228,562 |
| Baht | 554,996 | 432,087 | 554,996 | 432,088 |
| Total foreign items | 15,537,477 | 29,980,182 | 15,537,477 | 29,980,183 |
| Total domestic and foreign items | 30,570,368 | 35,650,745 | 24,570,368 | 34,360,745 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8.17 Debt issued and borrowings

Debt issued and borrowings as at December 31, 2023 and 2022 are as follows:

| Consolidated | | | | | | |
|--|-----------------|---|-----------------------------------|-----------------|---|-----------------------------------|
| | Maturity | 2023 Interest rate (%) | Amount (Thousand Baht) | Maturity | 2022 Interest rate (%) | Amount (Thousand Baht) |
| Bill of exchange | 2024 | 2.60 | 198,967 | - | - | - |
| Unsecured debentures | 2024 - 2027 | 1.17 - 3.70 | 34,702,863 | 2023 - 2026 | 0.86 - 3.00 | 40,543,352 |
| Subordinated debentures ⁽¹⁾ | 2028 | 3.50 | 4,993,103 | 2028 | 3.50 | 4,991,646 |
| Total | | | 39,894,933 | | | 45,534,998 |

⁽¹⁾ Counted as of Tier 2 capital under Bank of Thailand's criteria for inclusion of financial instruments in Tier 2 capital (Note 6).

| The Bank | | | | | | |
|--|-----------------|---|-----------------------------------|-----------------|---|-----------------------------------|
| | Maturity | 2023 Interest rate (%) | Amount (Thousand Baht) | Maturity | 2022 Interest rate (%) | Amount (Thousand Baht) |
| Subordinated debentures ⁽¹⁾ | 2028 | 3.50 | 4,993,103 | 2028 | 3.50 | 4,991,646 |
| Total | | | 4,993,103 | | | 4,991,646 |

⁽¹⁾ Counted as of Tier 2 capital under Bank of Thailand's criteria for inclusion of financial instruments in Tier 2 capital (Note 6).*Subordinated debentures*

On March 23, 2018, the Bank issued the Subordinated Debenture with no collateral No.1/2018 to be counted as Tier 2 capital under Based III requirement, amounting to Baht 5,000 million, with a 10 years and 6 months maturity period and carrying a fixed interest rate of 3.50% per annum, payable quarterly. The Bank can early redeem the Subordinated Debenture No.1/2018 after 5 years from the issue date or according to certain specified conditions. The Bank has the right for early redemption and the ability to write-off (fully or partially) when the authorities decide to give financial assistance to the Bank or under agreed condition. The Bank has to get the Bank of Thailand's approval before early redemption of the Subordinated Debenture.

8.18 Provisions for employee benefits

Provisions for employee benefits as at December 31, 2023 and 2022 are as follows:

| | Consolidated | | Unit : Million Baht The Bank | |
|--|---------------------|-------------|---|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| Statement of financial position | | | | |
| Statement of financial position obligations for: | | | | |
| Post-employment benefits | | | | |
| Defined benefit plan | 381 | 365 | 300 | 295 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Defined benefit plan

The Bank and its subsidiaries operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E. 2562 to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

| | Consolidated | | The Bank | |
|---|--------------|-------------|-------------|-------------|
| | 2023 | 2022 | 2023 | 2022 |
| <i>Present value of the defined benefit obligations</i> | | | | |
| Beginning of the years | 365 | 354 | 295 | 281 |
| Included in profit or loss: | | | | |
| Current service cost | 45 | 43 | 32 | 31 |
| Interest on obligation | 9 | 9 | 7 | 7 |
| | 54 | 52 | 39 | 38 |
| Included in other comprehensive income | | | | |
| Actuarial losses (gains) | | | | |
| - Demographic assumptions | - | 7 | - | 7 |
| - Financial assumptions | 1 | (12) | - | (6) |
| - Experience adjustment | (2) | (15) | - | (9) |
| | (1) | (20) | - | (8) |
| Benefit paid | (37) | (21) | (34) | (16) |
| Ending of the years | 381 | 365 | 300 | 295 |

| | Consolidated | | The Bank | |
|--|--------------|-------------|----------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| <i>Principal actuarial assumptions</i> | | | | |
| Discount rate | 2.34 - 2.53 | 1.10 - 2.57 | 2.53 | 2.53 |
| Future salary growth | 5.00 - 5.50 | 5.00 - 5.50 | 5.00 | 5.00 |
| Employee turnover | 0 - 20 | 0 - 20 | 0 - 20 | 0 - 20 |

As at December 31, 2023 and 2022, the weighted-average duration of the defined benefit obligation was 5.57 - 7.80 years and 5.57 - 7.80 years, respectively.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant principal actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

| | Consolidated | | The Bank | |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | 2023 | 2022 | 2023 | 2022 |
| <i>Effect to the defined benefit obligation</i> | 1% increase in assumption | 1% decrease in assumption | 1% increase in assumption | 1% decrease in assumption |
| Discount rate | (19.17) | (17.37) | 21.52 | 19.48 |
| Future salary growth | 23.72 | 18.75 | (21.58) | (17.08) |
| Employee turnover | (20.54) | (18.59) | 11.30 | 10.06 |

| | The Bank | | The Bank | |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | 2023 | 2022 | 2023 | 2022 |
| <i>Effect to the defined benefit obligation</i> | 1% increase in assumption | 1% decrease in assumption | 1% increase in assumption | 1% decrease in assumption |
| Discount rate | (14.16) | (12.83) | 15.85 | 14.33 |
| Future salary growth | 18.31 | 13.83 | (16.69) | (12.65) |
| Employee turnover | (15.06) | (13.62) | 7.95 | 6.99 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8.19 Other liabilities

Other liabilities as at December 31, 2023 and 2022 are as follows:

| | Consolidated | | Unit : Thousand Baht | |
|---|---------------------|------------------|-----------------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Other payables | 385,458 | 328,478 | 195,181 | 118,853 |
| Miscellaneous payable - remittance transaction | 943,830 | 241,746 | 943,830 | 241,746 |
| Advance received from finance lease | 117,941 | 119,408 | - | - |
| Advance received from electronic payment ⁽¹⁾ | 150,975 | 46,361 | 150,975 | 46,361 |
| Accrued expenses | 712,651 | 647,838 | 608,888 | 528,828 |
| Withholding tax payable | 54,350 | 43,448 | 49,222 | 37,408 |
| Special business tax payable | 50,792 | 44,049 | 50,792 | 44,049 |
| Corporate income tax payable | 253,301 | 431,119 | 194,198 | 328,859 |
| Deferred income | 81,476 | 88,221 | 81,476 | 88,221 |
| Others | 335,588 | 161,499 | 242,077 | 81,410 |
| Total | 3,086,362 | 2,152,167 | 2,516,639 | 1,515,735 |

⁽¹⁾ Disclosed according to the BOT Notification number Sor Nor Chor. 2/2562 dated December 20, 2019, regarding "Regulations on Service Business relating to Electronic Fund Transfer (EFT)"

8.20 Offsetting of financial assets and financial liabilities

Offsetting of financial assets and financial liabilities as at December 31, 2023 and 2022, are as follows:

| Unit : Million Baht | | | | | |
|----------------------------------|---------------------|---|--|--|-------------------|
| Consolidated and the Bank | | | | | |
| | 2023 | | | | |
| | Gross amount | Amount offset in statement of financial position | Amount presented in statement of financial position | Amounts not offset in statement of financial position eligible for offsetting per contracts | Net amount |
| Financial assets | | | | | |
| Reverse sale-and-repurchase | 12,900 | - | 12,900 | (12,900) | - |
| Derivative assets | 441 | - | 441 | (243) | 198 |
| Total | 13,341 | - | 13,341 | (13,143) | 198 |
| Financial liabilities | | | | | |
| Sale-and-repurchase | 673 | - | 673 | (673) | - |
| Derivative liabilities | 281 | - | 281 | (36) | 245 |
| Total | 954 | - | 954 | (709) | 245 |

| Unit : Million Baht | | | | | |
|----------------------------------|---------------------|---|--|---|-------------------|
| Consolidated and the Bank | | | | | |
| | 2022 | | | | |
| | Gross amount | Amount offset in statement of financial position | Amount presented in statement of financial position | Amounts not offset in statements of financial position eligible for offsetting per contracts | Net amount |
| Financial assets | | | | | |
| Reverse sale-and-repurchase | 26,180 | - | 26,180 | (26,180) | - |
| Derivative assets | 564 | - | 564 | (363) | 201 |
| Total | 26,744 | - | 26,744 | (26,543) | 201 |
| Financial liabilities | | | | | |
| Sale-and-repurchase | 4,385 | - | 4,385 | (4,385) | - |
| Derivative liabilities | 97 | - | 97 | - | 97 |
| Total | 4,482 | - | 4,482 | (4,385) | 97 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Reconciliation to the net amounts of financial assets and financial liabilities presented in the statements of financial position as at December 31, 2023 and 2022, are as follows:

| Unit : Million Baht | | | | | |
|-------------------------------|---|--|-------|--|--|
| Consolidated 2023 | | | | | |
| Type of financial instruments | Amount presented in statement of financial position | Items in statement of financial position | Notes | Carrying amount in statement of financial position | Carrying amount in statement of financial position that are not qualify for offsetting |
| Financial assets | | | | | |
| Reverse sale-and-repurchase | 12,900 | Interbank and money market items | 8.3 | 37,310 | 24,410 |
| Derivative assets | 441 | Derivative assets | 8.4 | 1,263 | 822 |
| Total | 13,341 | | | 38,573 | 25,232 |
| Financial liabilities | | | | | |
| Sale-and-repurchase | 673 | Interbank and money market items | 8.16 | 30,570 | 29,897 |
| Derivative liabilities | 281 | Derivative liabilities | 8.4 | 325 | 44 |
| Total | 954 | | | 30,895 | 29,941 |
| Unit : Million Baht | | | | | |
| Consolidated 2022 | | | | | |
| Type of financial instruments | Amount presented in statement of financial position | Items in statement of financial position | Notes | Carrying amount in statement of financial position | Carrying amount in statement of financial position that are not qualify for offsetting |
| Financial assets | | | | | |
| Reverse sale-and-repurchase | 26,180 | Interbank and money market items | 8.3 | 42,547 | 16,367 |
| Derivative assets | 564 | Derivative assets | 8.4 | 1,716 | 1,152 |
| Total | 26,744 | | | 44,263 | 17,519 |
| Financial liabilities | | | | | |
| Sale-and-repurchase | 4,385 | Interbank and money market items | 8.16 | 35,651 | 31,266 |
| Derivative liabilities | 97 | Derivative liabilities | 8.4 | 230 | 133 |
| Total | 4,482 | | | 35,881 | 31,399 |
| Unit : Million Baht | | | | | |
| The Bank 2023 | | | | | |
| Type of financial instruments | Amount presented in statement of financial position | Items in statement of financial position | Notes | Carrying amount in statement of financial position | Carrying amount in statement of financial position that are not qualify for offsetting |
| Financial assets | | | | | |
| Reverse sale-and-repurchase | 12,900 | Interbank and money market items | 8.3 | 36,441 | 23,541 |
| Derivative assets | 441 | Derivative assets | 8.4 | 1,263 | 822 |
| Total | 13,341 | | | 37,704 | 24,363 |
| Financial liabilities | | | | | |
| Sale-and-repurchase | 673 | Interbank and money market items | 8.16 | 24,570 | 23,897 |
| Derivative liabilities | 281 | Derivative liabilities | 8.4 | 325 | 44 |
| Total | 954 | | | 24,895 | 23,941 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Unit : Million Baht

| Unit : Million Baht | | | | | |
|-------------------------------|---|--|-------|--|--|
| Type of financial instruments | Amount presented in statement of financial position | The Bank 2022 | Notes | Carrying amount in statement of financial position | Carrying amount in statement of financial position that are not qualify for offsetting |
| | | Items in statement of financial position | | | |
| <i>Financial assets</i> | | | | | |
| Reverse sale-and-repurchase | 26,180 | Interbank and money market items | 8.3 | 41,969 | 15,789 |
| Derivative assets | 564 | Derivative assets | 8.4 | 1,716 | 1,152 |
| Total | 26,744 | | | 43,685 | 16,941 |
| <i>Financial liabilities</i> | | | | | |
| Sale-and-repurchase | 4,385 | Interbank and money market items | 8.16 | 34,361 | 29,976 |
| Derivative liabilities | 97 | Derivative liabilities | 8.4 | 230 | 133 |
| Total | 4,482 | | | 34,591 | 30,109 |

The rights to call are agreed between both parties with specific call frequency and threshold. The gross amounts of financial assets and financial liabilities and their net amounts disclosed in the above tables have been measured in the statement of financial position on the assets and liabilities resulting from sale-and-repurchase agreements and reverse sale-and-repurchase agreements measured at amortized cost.

8.21 Share capital

8.21.1 Share capital

| | Par value (Baht) | Consolidated and the Bank | | | |
|--|------------------|---------------------------|---------------------------------|-----------|------------|
| | | 2023 | 2022 | 2023 | 2022 |
| | | Number | Amount | Number | Amount |
| | | | (thousand shares/thousand Baht) | | |
| Authorised | | | | | |
| At the beginning of the years | | | | | |
| - preference shares | 8.92 | 442 | 3,946 | 451 | 4,024 |
| - ordinary shares | 8.92 | 2,253,717 | 20,103,153 | 2,256,510 | 20,128,070 |
| - reduction of authorised shares | 8.92 | - | - | (2,802) | (24,995) |
| At the ending of the years | | | | | |
| - preference shares | 8.92 | 442 | 3,946 | 442 | 3,946 |
| - ordinary shares | 8.92 | 2,253,717 | 20,103,153 | 2,253,717 | 20,103,153 |
| Issued and paid-up | | | | | |
| At the beginning of the years | | | | | |
| - preference shares | 8.92 | 442 | 3,946 | 451 | 4,024 |
| - ordinary shares | 8.92 | 2,253,717 | 20,103,153 | 2,256,510 | 20,128,070 |
| - reduction of issued and paid-up shares | 8.92 | - | - | (2,802) | (24,995) |
| At the ending of the years | | | | | |
| - preference shares | 8.92 | 442 | 3,946 | 442 | 3,946 |
| - ordinary shares | 8.92 | 2,253,717 | 20,103,153 | 2,253,717 | 20,103,153 |

Preference shares of the Bank are divided into Class A and Class B shares, both of which are non-cumulative dividend-paying shares. Holders of Class B preference shares are entitled to preferential receipt of dividends and return of capital over holders of Class A preference shares and ordinary shares.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

If the Bank reduces its capital as a result of operating losses on assets held prior to the injection of capital funds by the Ministry of Finance, the Bank is to reduce the capital of the ordinary shares and the Class A preference shares first, to the extent that this does not exceed the accumulated loss as at the date that the Ministry of Finance injected funds plus any subsequent losses on the assets held prior to that date. If the Bank reduces capital as a result of operating losses on assets acquired after the Ministry of Finance injected funds, the Bank is to reduce the capital of the ordinary shares first and then the Class A preference shares and Class B preference shares proportionately. All preference shares have a period of 10 years, which expired in November 2009. Hence, rights of preference shareholders have been the same as those of the ordinary shareholders since then.

Holders of both classes of preference shares are entitled to convert the shares they hold into ordinary shares, with the conversion ratio of 1:1. All Class A preference shares were already converted into ordinary shares before the year 2010 and the Class B preference shareholders are still entitled to convert the remaining Class B preference shares into ordinary shares.

The holders of ordinary shares and preference shares are entitled to receive dividends in accordance with the Articles of Association of the Bank and are entitled to one vote per share at the shareholders' meeting of the Bank.

8.21.2 Treasury shares

The treasury shares account within equity comprises the cost of the Bank's own shares.

On March 22, 2019, the Board of Directors of the Bank approved the Bank to buyback to its shares from shareholders who disagreed with the amendment of the articles of association of the Bank relating to the dividend payment policy at the price of Baht 18.02 per share. The Bank purchased the shares during May 11th to May 30th 2019 amounted to 2,802,112 shares accounted for 0.12 percent of issued and paid-up shares capital comprising of ordinary share 2,793,462 shares and preferred share Class B 8,650 shares ("Treasury shares").

On April 26, 2022, the meeting Board of Directors of the Bank No.2/2022 approved the decrease in the Bank's authorised share capital and change in its issued and paid-up share capital by written off the treasury shares in the amount of 2,802,112 shares comprising of ordinary share 2,793,462 shares and preferred share Class B 8,650 shares at par value of Baht 8.92 per share amounting to Baht 24.92 million and Baht 0.08 million, respectively. Thus, on May 19, 2022, the Bank of Thailand has approved the decrease in share capital of the Bank by written off the treasury shares and the Bank has completely registered this decrease in authorised share capital and change in its issued and paid-up share capital with the Ministry of Commerce on June 6, 2022.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8.22 Legal reserve and other components of equity

Legal reserve

Pursuant to Section 116 of the Public Companies Act B.E. 2535, the Bank is required to allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account (“Legal reserve”), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

As at December 31, 2023 and 2022, the total legal reserve of the Bank is Baht 2,015 million.

*Other components of equity**Fair value changes in investment measured at FVOCI*

The fair value changes in investment measured at FVOCI comprises the cumulative net change in the fair value of investment until the investments are derecognized or impaired.

Cash flow hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss or directly included in the initial cost or other carrying amount of a non-financial asset or non-financial liability.

Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

8.23 Contingent liabilities and commitments

Contingent liabilities and commitments as at December 31, 2023 and 2022 are as follows:

8.23.1 Commitments

| | Consolidated | | Unit : Million Baht | |
|--|---------------------|---------------|----------------------------|---------------|
| | 2023 | 2022 | 2023 | 2022 |
| Avals to bills and guarantees of loans | 2,788 | 764 | 2,788 | 764 |
| Letter of credit | 70 | 44 | 70 | 44 |
| Other contingencies | | | | |
| - Overdraft undrawn committed line | 825 | 836 | 855 | 866 |
| - Other guarantees | 26,945 | 26,583 | 26,945 | 26,583 |
| - Others | 6,517 | 2,942 | 6,517 | 2,942 |
| Total | 37,145 | 31,169 | 37,175 | 31,199 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8.23.2 Contingent liabilities from litigations

As at December 31, 2023 and 2022, the Bank have been sued as a defendant in the court in the ordinary course of business. The Bank believes that the final judgement of such lawsuit will not materially affect the Bank's financial position and performance.

8.24 Related party transaction

Relationship with key management and related parties were as follows:

| Name of entities | Country of incorporation/ nationality | Nature of relationships |
|--|--|--|
| Industrial and Commercial Bank of China Limited | China | The ultimated parent company of the Bank |
| ICBC (Thai) Leasing Company Limited | Thailand | A direct subsidiaries of the Bank |
| Sky High Li Leasing Designated Activity Company | Ireland | An indirect subsidiaries of the Bank |
| ICBC (Thai) Insurance Broker Company Limited | Thailand | An indirect subsidiaries of the Bank |
| Industrial and Commercial Bank of China (Asia) Limited | Hong Kong | The company that is related with the ultimate parent company |
| Industrial and Commercial Bank of China (Macau) Limited | Macau | The company that is related with the ultimate parent company |
| Industrial and Commercial Bank of China (Malaysia) Berhad | Malaysia | The company that is related with the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Chonggin | China | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Fuzhou | China | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Guangdong | China | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Guangxi | China | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Hebei | China | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Hubei | China | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Henan | China | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Jiangsu | China | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Shanghai (FTU) | China | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Shenzhen | China | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Xiamen | China | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Sydney | Australia | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Frankfurt | Germany | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Hong Kong | Hong Kong | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Tokyo | Japan | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Kuwait | Kuwait | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Vientiane | Laos | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Luxembourg | Luxembourg | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Singapore | Singapore | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Dubai (DIFC) | UAE | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - London | United Kingdom | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - New York | United States | The Branch of the ultimate parent company |
| Industrial and Commercial Bank of China Limited - Doha | Qatar | The Branch of the ultimate parent company |
| Key management personnel | Thai/Chinese | Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Bank and its subsidiaries |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

The pricing policies for particular types of transactions are explained further below:

| Transactions | Pricing policies |
|------------------|---|
| Interest income | With reference to the terms and prices as offered to other customers |
| Interest expense | Market rates and/or charged in compliance with the criteria specified by the Bank of Thailand |
| Dividend income | As announced by the investee company |
| Fee income | With reference to the terms and prices as offered to other customers |
| Derivatives | Market price |

Significant balances with related parties as at December 31, 2023 and 2022 were as follows:

| | Consolidated | | Unit : Million Baht The Bank | |
|---|--------------|--------|---------------------------------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| Interbank and money market items (assets) | | | | |
| Parent company | 4,664 | 2,912 | 4,629 | 2,827 |
| Other related parties | 18 | 25 | 18 | 25 |
| Derivative assets (fair value) | | | | |
| Parent company | 169 | 386 | 169 | 386 |
| Other related parties | 549 | 531 | 549 | 531 |
| Investments in subsidiaries | | | | |
| Subsidiaries | - | - | 4,250 | 4,250 |
| Loans to customers and accrued interest receivables, net | | | | |
| Parent company | 5,770 | - | 5,770 | - |
| Subsidiaries | - | - | 6,347 | 6,205 |
| Key management personnel | 1 | 1 | 1 | 1 |
| Other assets | | | | |
| Parent company | 14 | 18 | 14 | 18 |
| Deposits | | | | |
| Subsidiaries | - | - | 16 | 8 |
| Key management personnel | - | 55 | - | 55 |
| Other related parties | 67 | 100 | 67 | 100 |
| Interbank and money market items (liabilities) | | | | |
| Parent company | 14,377 | 23,583 | 14,377 | 23,583 |
| Other related parties | 198 | 121 | 198 | 121 |
| Derivative liabilities (fair value) | | | | |
| Parent company | 3 | 1 | 3 | 1 |
| Other related parties | 14 | 15 | 14 | 15 |
| Accrued interest payables | | | | |
| Parent company | 128 | 216 | 128 | 216 |
| Other liability | | | | |
| Parent company | 61 | 88 | 61 | 88 |
| Other related parties | 1 | 1 | 1 | 1 |
| Off-financial reporting items | | | | |
| Other guarantees | | | | |
| Parent company | 15,619 | 11,932 | 15,619 | 11,932 |
| Subsidiaries | - | - | 30 | 30 |
| Other related parties | 156 | 184 | 156 | 184 |
| Forward exchange contracts-bought (notional amounts) | | | | |
| Parent company | 4,006 | 2,652 | 4,006 | 2,652 |
| Other related parties | 14,139 | 4,854 | 14,139 | 4,854 |
| Interest rate swap contracts (notional amounts) | | | | |
| Parent company | 3,111 | 5,610 | 3,111 | 5,610 |
| Other related parties | 5,249 | 8,147 | 5,249 | 8,147 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Industrial and Commercial Bank of China Limited - Hong Kong had issued a Standby L/C as the Bank' required to be a collateral against the issuance of Letter of Guarantee for a Telecommunication Company. As a result, the Bank has to pay a fee for the Standby L/C on an annual basis until the end of the contract. The obligation is under Standby L/C as at December 31, 2023 by amounting to USD 248 million (equivalent to Baht 8,437 million) and as at December 31, 2022 by amounting to USD372 million (equivalent to Baht 12,857 million).

Significant balances with related parties for the years ended December 31, 2023 and 2022 were as follows:

| | Consolidated | | Unit : Million Baht | |
|---------------------------------------|---------------------|-------------|----------------------------|-------------|
| | 2023 | 2022 | The Bank | 2022 |
| Parent company | | | | |
| Interest income | 178 | 24 | 178 | 24 |
| Interest expense | 1,275 | 645 | 1,275 | 645 |
| Fee income | 20 | 10 | 20 | 10 |
| Fee expense | 19 | 28 | 19 | 28 |
| Expected credit loss | (21) | 5 | (21) | 5 |
| Subsidiaries | | | | |
| Interest income | - | - | 305 | 126 |
| Fee income | - | - | 3 | 2 |
| Other income | - | - | 2 | 2 |
| Expected credit loss | (193) | (89) | (193) | (89) |
| Related persons | | | | |
| Interest expense | 1 | 1 | 1 | 1 |
| Key management personnel | | | | |
| Key management personnel compensation | | | | |
| - Short-term employee benefit | 193 | 173 | 154 | 133 |
| - Post -employment benefit | 3 | 2 | 3 | 2 |

Directors and management's remuneration

The Bank's directors and executives, which include Executive Vice President upwards, do not receive benefits, either in monetary or non-monetary terms, other than the normal benefits such as monthly directors' remuneration, meeting allowances, salaries and bonuses, as the case may be. Directors who are executives of the Bank do not receive director's remuneration, in accordance with the Bank's policy, and the representative directors who are executives of Industrial and Commercial Bank of China Limited do not receive director's remuneration, in accordance with Industrial and Commercial Bank of China Limited's policies, except for those benefits granted in accordance with employment agreements such as housing allowances, medical expenses, life and accident insurance and home trip expenses, in accordance with the established criteria. Nevertheless, directors with permanent residence abroad can reimburse expenses of travelling and accommodation incurred in connection with the operation of the Bank's business, at the amount actually incurred.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8.25 Operating segment

Operating segment is presented in respect of the Bank and its subsidiaries' business segments. The primary format in segment information report is based on the Bank and its subsidiaries' management and internal reporting structure.

8.25.1 The Bank and its subsidiaries' business operations involve 2 principal segments: (1) Banking business and (2) Hire purchase and finance lease, that form the basis of how information is presented to the Chief Operating Decision Maker. Respective business segments serve both corporate and retail customers. However, retail represents an insignificant portion of the total at the Bank level. These operations are carried mainly in Thailand. The Bank has determined that the Chief Operating Decision Maker is the Executive Committee of the Bank.

Operating segment by businesses for the years ended December 31, 2023 and 2022 are as follows:

| | Unit : Million Baht | | | | |
|---|---------------------|---------------------------------------|----------------------|------------------------|--------------|
| | | | Consolidated 2023 | | |
| | Banking business | Hire purchase and finance lease | Total | Elimination entries | Total |
| Net interest income | 4,495 | 1,679 | 6,174 | - | 6,174 |
| Net fees and service income | 182 | 344 | 526 | (3) | 523 |
| Net profit on financial instrument measured at FVTPL | 366 | - | 366 | - | 366 |
| Other operating income | 226 | 349 | 575 | - | 575 |
| Other operating expenses | (1,748) | (1,483) | (3,231) | 3 | (3,228) |
| Profit before expected credit loss | 3,521 | 889 | 4,410 | - | 4,410 |
| Expected credit loss | (242) | (290) | (532) | - | (532) |
| Profit from operation before income tax | 3,279 | 599 | 3,878 | - | 3,878 |
| Income tax | (659) | (115) | (774) | - | (774) |
| Profit for the year | 2,620 | 484 | 3,104 | - | 3,104 |
| Financial position as at December 31, 2023 | | | | | |
| Total assets | 224,798 | 58,641 | 283,439 | (11,071) | 272,368 |
| Total liabilities | 187,745 | 48,728 | 236,473 | (6,821) | 229,652 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

| | Unit : Million Baht | | | | |
|--|---------------------|---------------------------------|---------------|---------------------|--------------|
| | | | Consolidated | | |
| | Banking business | Hire purchase and finance lease | 2022 Total | Elimination entries | Total |
| Net interest income | 4,133 | 1,896 | 6,029 | - | 6,029 |
| Net fees and service income | 196 | 392 | 588 | (2) | 586 |
| Net profit on financial instrument measured at FVTPL | 302 | - | 302 | - | 302 |
| Other operating income | 99 | 319 | 418 | - | 418 |
| Other operating expenses | (1,703) | (1,155) | (2,858) | 2 | (2,856) |
| Profit before expected credit loss | 3,027 | 1,452 | 4,479 | - | 4,479 |
| Expected credit loss | (749) | 34 | (715) | - | (715) |
| Profit from operation before income tax | 2,278 | 1,486 | 3,764 | - | 3,764 |
| Income tax | (499) | (286) | (785) | - | (785) |
| Profit for the year | 1,779 | 1,200 | 2,979 | - | 2,979 |

Financial position as at December 31, 2022

| | | | | | |
|-------------------|---------|--------|---------|----------|---------|
| Total assets | 240,642 | 59,172 | 299,814 | (11,110) | 288,704 |
| Total liabilities | 205,896 | 49,749 | 255,645 | (6,860) | 248,785 |

8.25.2 The financial position and results of operations classified by domestic and foreign business

As at December 31, 2023 and 2022, the consolidated financial position classified by domestic and foreign business were as follows:

| | Unit : Million Baht | | | |
|--|---------------------|------------------|-----------------------------|---------|
| | | | Consolidated | |
| | Domestic business | Foreign Business | 2023 Elimination entries | Total |
| Total assets | 280,404 | 3,035 | (11,071) | 272,368 |
| Interbank and money market items, net (assets) | 37,270 | 40 | - | 37,310 |
| Investments, net ⁽¹⁾ | 79,204 | - | - | 79,204 |
| Loans to customers and accrued interest receivables, net | 151,437 | 2,995 | (3,422) | 151,010 |
| Deposits | 153,589 | - | - | 153,589 |
| Interbank and money market items (liabilities) | 30,570 | 3,422 | (3,422) | 30,570 |
| Debt issued and borrowings | 39,895 | - | - | 39,895 |

⁽¹⁾ The amount excludes investments in subsidiaries and an associate, net

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

Unit : Million Baht

| | Consolidated 2022 | | | |
|---|----------------------|---------------------|------------------------|---------|
| | Domestic business | Foreign Business | Elimination entries | Total |
| Total assets | 296,796 | 3,018 | (11,110) | 288,704 |
| Interbank and money market items, net (assets) | 42,458 | 89 | - | 42,547 |
| Investments, net ⁽¹⁾ | 83,811 | - | - | 83,811 |
| Loans to customers and accrued interest receivables, net | 157,060 | 2,911 | (3,456) | 156,515 |
| Deposits | 162,982 | - | - | 162,982 |
| Interbank and money market items (liabilities) | 35,651 | 3,456 | (3,456) | 35,651 |
| Debt issued and borrowings | 45,535 | - | - | 45,535 |

(1) The amount excludes investments in subsidiaries, net

The results of the consolidated operations classified by domestic and foreign business for the years ended December 31, 2023 and 2022 were as follows:

Unit : Million Baht

| | Consolidated 2023 | | | | Consolidated 2022 | | | |
|---|----------------------|---------------------|------------------------|--------------|----------------------|---------------------|------------------------|--------------|
| | Domestic business | Foreign business | Elimination entries | Total | Domestic business | Foreign Business | Elimination entries | Total |
| Interest income | 10,947 | 196 | (230) | 10,913 | 9,141 | 77 | (82) | 9,136 |
| Interest expenses | (4,739) | (230) | 230 | (4,739) | (3,107) | (82) | 82 | (3,107) |
| Net interest income | 6,208 | (34) | - | 6,174 | 6,034 | (5) | - | 6,029 |
| Net fees and service income | 522 | 1 | - | 523 | 586 | - | - | 586 |
| Net losses on financial instrument at FVTPL | 366 | - | - | 366 | 302 | - | - | 302 |
| Other operating income | 575 | - | - | 575 | 418 | - | - | 418 |
| Other operating expenses | (3,225) | (3) | - | (3,228) | (2,853) | (3) | - | (2,856) |
| Expected credit loss | (687) | 155 | - | (532) | (887) | 172 | - | (715) |
| Profit from operations before income tax | 3,759 | 119 | - | 3,878 | 3,600 | 164 | - | 3,764 |

The Bank does not present the Bank's financial position and results of operations classified by domestic and foreign business since the Bank is engaged only domestic business in Thailand.

8.26 Interest income

Interest income for the years ended December 31, 2023 and 2022 are as follows:

Unit : Thousand Baht

| | Consolidated | | The Bank | |
|---|-------------------|------------------|------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Interbank and money market items | 784,883 | 628,658 | 782,038 | 628,033 |
| Investments in debt instruments | 2,638,912 | 1,822,371 | 2,638,912 | 1,822,371 |
| Loans to customers and factoring | 4,673,815 | 4,022,895 | 4,928,055 | 4,071,341 |
| Hire purchase and finance leases receivables | 2,815,261 | 2,662,410 | - | - |
| Others | 106 | 394 | 106 | 394 |
| Total | 10,912,977 | 9,136,728 | 8,349,111 | 6,522,139 |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8.27 Interest expenses

Interest expenses for the years ended December 31, 2023 and 2022 are as follows:

| | Consolidated | | Unit : Thousand Baht | |
|-------------------------------------|---------------------|------------------|-----------------------------|------------------|
| | 2023 | 2022 | The Bank | 2022 |
| Deposits | 1,700,500 | 1,064,965 | 1,700,563 | 1,064,981 |
| Interbank and money market items | 1,394,372 | 776,034 | 1,349,279 | 761,350 |
| Contributions to Deposit Protection | | | | |
| Agency and Bank of Thailand | 627,589 | 386,476 | 627,589 | 386,476 |
| Debt issued - debentures | 996,259 | 860,889 | 175,002 | 175,002 |
| Debentures fee expense | 20,624 | 19,432 | 1,739 | 1,737 |
| Total | 4,739,344 | 3,107,796 | 3,854,172 | 2,389,546 |

8.28 Net fees and service income

Net fees and service income for the years ended December 31, 2023 and 2022 are as follows:

| | Consolidated | | Unit : Thousand Baht | |
|--------------------------------------|---------------------|----------------|-----------------------------|----------------|
| | 2023 | 2022 | The Bank | 2022 |
| Fees and service income | | | | |
| Acceptances, avals and guarantees | 146,581 | 185,832 | 146,581 | 185,832 |
| Letter of credit fee | 9,398 | 11,227 | 9,398 | 11,227 |
| Hire purchase and finance leases | 59,064 | 63,138 | - | - |
| Life and non-life insurance | 327,253 | 365,622 | 1,224 | 1,582 |
| Others | 179,136 | 130,285 | 181,335 | 122,652 |
| Total fees and service income | 721,432 | 756,104 | 338,538 | 321,293 |
| Fees and service expense | (197,991) | (170,481) | (156,816) | (125,532) |
| Net fees and service income | 523,441 | 585,623 | 181,722 | 195,761 |

8.29 Net gain (losses) on financial instruments measured at FVTPL

Net gain (losses) on financial instruments measured at FVTPL for the years ended December 31, 2023 and 2022 are as follows:

| | Consolidated | | Unit : Thousand Baht | |
|---|---------------------|----------------|-----------------------------|----------------|
| | 2023 | 2022 | The Bank | 2022 |
| Foreign currencies and foreign currency related derivatives | 366,543 | 301,864 | 366,169 | 301,975 |
| Gains (losses) on hedge accounting | (169) | 617 | (169) | 617 |
| Total | 366,374 | 302,481 | 366,000 | 302,592 |

8.30 Directors' remuneration

Directors' remuneration represents the benefits (exclusive of salaries and related benefits payable to directors who are executives of the Bank and its subsidiaries) paid to the Bank and its subsidiaries' directors in accordance with Section 90 of the Public Limited Companies Act.

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8.31 Expected credit loss

Expected credit loss for the years ended December 31, 2023 and 2022 are as follows:

| | Consolidated | | Unit : Thousand Baht The Bank | |
|---|----------------|----------------|----------------------------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Interbank and money market items (reversal) | 11,955 | (74,253) | 11,955 | (74,253) |
| Investment in debt instruments measured at FVOCI (reversal) | (1,189) | (612) | (1,189) | (612) |
| Investment in debt instruments measured at AMC | 1,436 | 13,449 | 1,436 | 13,449 |
| Loans to customers and accrued interest receivables | 407,401 | 804,349 | 165,824 | 838,594 |
| Loan commitments and financial guarantee contracts (reversal) | 64,154 | (29,681) | 64,154 | (29,681) |
| Loss on modification | 47,890 | 1,916 | - | 1,916 |
| Total | 531,647 | 715,168 | 242,180 | 749,413 |

8.32 Income taxes

Income taxes for the years ended December 31, 2023 and 2022 are as follows:

8.32.1 Income tax recognised in profit or loss

| | Consolidated | | Unit : Thousand Baht The Bank | |
|------------------------------------|----------------|------------------|----------------------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Current tax expense | | | | |
| Current periods | 484,734 | 1,096,730 | 306,550 | 833,007 |
| Over provided in prior periods | (1,526) | (126,301) | (101) | (92) |
| | 483,208 | 970,429 | 306,449 | 832,915 |
| Deferred tax expense | | | | |
| Movements in temporary differences | 291,378 | (185,213) | 352,458 | (333,553) |
| | 291,378 | (185,213) | 352,458 | (333,553) |
| Total income tax expense | 774,586 | 785,216 | 658,907 | 499,362 |

Reconciliation of effective tax rate

| | Consolidated | | | |
|---|-------------------------|--------------------|-------------------------|--------------------|
| | 2023 | 2022 | 2023 | 2022 |
| | Rate | (in thousand Baht) | Rate | (in thousand Baht) |
| | (%) | | (%) | |
| Profit before income tax expense | | 3,878,118 | | 3,764,177 |
| Income tax using the Thai corporation tax rate | 20 | 775,624 | 20 | 752,835 |
| Expense not deductible for tax purpose | | 6,737 | | 171,041 |
| Over provided in prior periods | | (1,526) | | (126,301) |
| Income tax of the indirect subsidiaries that is not taxable | | (6,249) | | (12,359) |
| Total | 20⁽¹⁾ | 774,586 | 21⁽¹⁾ | 785,216 |

⁽¹⁾ Effective tax rate

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

| | The Bank | | | |
|--|-------------------------|----------------|-------------------------|----------------|
| | 2023 | | 2022 | |
| | Rate | (in thousand | Rate | (in thousand |
| | (%) | Baht) | (%) | Baht) |
| Profit before income tax expense | | 3,278,633 | | 2,278,048 |
| Income tax using the Thai corporation tax rate | 20 | 655,727 | 20 | 455,610 |
| Non-taxable expense | | 3,281 | | 43,844 |
| Over provided in prior periods | | (101) | | (92) |
| Total | 20⁽¹⁾ | 658,907 | 22⁽¹⁾ | 499,362 |

⁽¹⁾ Effective tax rate

8.32.2 Income tax recognised in other comprehensive income

Income tax recognised in other comprehensive income for the years ended December 31, 2023 and 2022 are as follows:

| | Unit : Thousand Baht | | | | | |
|--|----------------------|------------------|------------------|------------------|-----------------|-----------------|
| | Consolidated | | | | | |
| | Before tax | 2023 Tax expense | Net of tax | Before tax | 2022 Tax income | Net of tax |
| Other comprehensive income | | | | | | |
| Investment in equity instruments measured at FVOCI | (45,634) | 11,715 | (33,919) | (248,924) | 49,785 | (199,139) |
| Investment in debt instruments measured at FVOCI | (191,510) | 37,745 | (153,765) | 21,184 | (4,359) | 16,825 |
| Cash flow hedge reserve | (157,910) | 31,582 | (126,328) | 116,923 | (23,385) | 93,538 |
| Actuarial gains on defined employee benefit plans | 773 | (155) | 618 | 20,156 | (4,031) | 16,125 |
| Exchange differences on translating foreign operations | 6,050 | - | 6,050 | (24,449) | - | (24,449) |
| Total | (388,231) | 80,887 | (307,344) | (115,110) | 18,010 | (97,100) |

| | Unit : Thousand Baht | | | | | |
|--|----------------------|------------------|------------------|------------------|-----------------|-----------------|
| | The Bank | | | | | |
| | Before tax | 2023 Tax expense | Net of tax | Before tax | 2022 Tax income | Net of tax |
| Other comprehensive income | | | | | | |
| Investment in equity instruments measured at FVOCI | (45,634) | 11,715 | (33,919) | (248,924) | 49,785 | (199,139) |
| Investment in debt instruments measured at FVOCI | (191,510) | 37,745 | (153,765) | 21,184 | (4,359) | 16,825 |
| Cash flow hedge reserve | (157,910) | 31,582 | (126,328) | 116,923 | (23,385) | 93,538 |
| Actuarial gains on defined employee benefit plans | - | - | - | 8,058 | (1,612) | 6,446 |
| Total | (395,054) | 81,042 | (314,012) | (102,759) | 20,429 | (82,330) |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8.33 Basic earnings per share

The calculations of basic earnings per share for the years ended December 31, 2023 and 2022 were based on the profit for the periods attributable to shareholders of the Bank and the number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding during the periods as follows:

| | Consolidated | | The Bank | |
|--|--------------|--------------|--------------|--------------|
| | 2023 | 2022 | 2023 | 2022 |
| Profit for the years attributable to shareholders of the Bank (million Baht) | 3,104 | 2,979 | 2,620 | 1,779 |
| Weighted average number of ordinary shares and preference shares which are equivalent to the ordinary shares outstanding (million shares) | 2,254 | 2,254 | 2,254 | 2,254 |
| Basic earnings per share (Baht) | 1.38 | 1.32 | 1.16 | 0.79 |

8.34 Impact of COVID-19 pandemic

As a result of the COVID-19 having a widespread impact on all business sectors and customer segments across Thailand. Bank of Thailand (BOT) collaboration with Federation of Accounting Professions (TFAC) issued the series guideline of loan classification and provision for enterprises that support the relief measures to customers who were affected from COVID-19. The guidelines for debt restructuring for customer who get impact from COVID-19 includes BOT circular No. 802/2564 dated September 3, 2021 and Federal of Accountant Professions guideline on accounting treatment No. 37/2564 dated December 22, 2021.

During the year ended December 31, 2023, the Bank and its subsidiaries perform loan classification and provisioning based on the aforementioned guideline, which has details as follows:

- For debt restructuring that help reduce the debt burden to customers other than term extension.
 - Non-NPL modified loans (Pre-emptive restructures) can be classified as Stage 1 (Performing) immediately once they are identified via analysing on customers' performance and business and found that the customers are able to comply with restructuring conditions, or else they remain at the stage before entering into relief programs;
 - NPL modified loans (Trouble Debt Restructures) can be classified as Stage 1 (Performing) only if they can repay 3 months or 3 periods consecutives dues;
 - Revision of effective interest rate (EIR) at the date of modification

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

2. For debt restructuring that are given only term extension, the classification and provisioning will follow the normal treatment as per BOT's notification on debt classification and provisioning.

As at December 31, 2023, the Bank and its subsidiaries provided the relief programs to existing 11.85% (The Bank: approximately 13.83%) of portfolio, in various segments for loan payment holiday and approximately 0.11% (The Bank: approximately 0.17%) of portfolio are under soft loans programs.

As at December 31, 2022, the Bank and its subsidiaries provided the relief programs to existing customers approximately 15.42% (The Bank: approximately 16.71%) of portfolio, in various segments for loan payment holiday and approximately 0.16% (The Bank: approximately 0.24%) of portfolio are under soft loans programs.

During the years ended December 31, 2023 and 2022, management considered additional ECL provided as management overlay for future uncertain events including the impact of the COVID-19 based on available information for individual customers and portfolios, especially for the customers under relief programs.

However, as at December 31, 2023 and 2022, the Bank did not transfer collateral assets for debt repayment which in accordance with Notification of the Bank of Thailand number Sor Nor Sor. 4/2564, dated April 19, 2021, on measures to support the rehabilitation of business operation by transferring of collateral assets for debt repayment.

8.35 Reclassifications

Certain reclassifications have been made in the financial statements for the year ended December 31, 2022, to conform to the classification used in current year's financial statements. Such reclassifications have no effect to previously reported net profit, total comprehensive income and owners' equity. The reclassifications are as follows:

| Consolidated | | | | Unit : Thousand Baht |
|--|------------------------------|----------------------|-----------|----------------------|
| Statement of profit or loss and other comprehensive income | | | | |
| Account | Previous presentation | Current presentation | Amount | |
| Net interest income (expense) from | Gain (losses) on financial | Interest income | (355,545) | |
| hedging instruments of interest rate | instrument measured at FVTPL | Interest expense | 35,552 | |
| for banking business | | | | |
| | | | | |
| The Bank | | | | Unit : Thousand Baht |
| Statement of profit or loss and other comprehensive income | | | | |
| Account | Previous presentation | Current presentation | Amount | |
| Net interest income (expense) from | Gain (losses) on financial | Interest income | (355,545) | |
| hedging instruments of interest rate | instrument measured at FVTPL | Interest expense | 35,552 | |
| for banking business | | | | |

INDUSTRIAL AND COMMERCIAL BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

8.36 Events after the reporting period

Issuance of short-term debentures

During January 2024 to March 15, 2024, the subsidiary issued 2 short-term debentures, which are registered and unsubordinated, with total face value of Baht 2,320 million offered to institutional investors with the maturity dates 100 days to 129 days which interest rate was discount rate according to market rate at issue date.

Redemption of long-term debentures and bill of exchange

During January 2024 to March 15, 2024, the subsidiary redeemed long-term debentures and bill of exchange with face value of Baht 1,619 million and Baht 200 million, respectively had already been redeemed on their maturity dates during such period.

8.37 Approval of the financial statements

These financial statements have been approved for issuance by the Board of Directors on March 15, 2024.

AUDITORS

Statutory auditor names and their engaged office

There were 4 auditors which had been nominated as the list below:

| | |
|------------------------------|--------------------------------------|
| - Mr. Yongyuth Lertsurapibul | Certified Public Accountant No. 6770 |
| - Mrs. Nisakorn Songmanee | Certified Public Accountant No. 5035 |
| - Mrs. Wilasinee Krishnamra | Certified Public Accountant No. 7098 |
| - Ms. Kornthong Luangvilai | Certified Public Accountant No. 7210 |

Engaged Office

Deloitte Touche Tohmatsu Jaiyos Audit Company Limited

AIA Sathorn Tower, 23-27 Floors, 11/1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Thailand

Tel. 0 2034 0000 Fax: 0 2034 0100

The auditor of the subsidiary of the bank

The auditors of ICBC (Thai) Leasing Co., Ltd. (the Bank' subsidiary) were the auditors who are under the same office of the Bank's. The proposed auditors had no relationship with or interests in the Bank/Subsidiaries/executives/major shareholder or related parties thereof.

Remuneration of auditors

The audit fee of Bank and Bank's subsidiary for the year 2023 was Baht 6,401,000 the audit fee of the Bank was Baht 4,000,000, ICBC (Thai) Leasing Co., Ltd. (Bank's subsidiary) was Baht 1,921,000 and Insurance Broker Company (Leasing Company's subsidiary) was Baht 480,000.

MANAGEMENT STRUCTURE

1. Board of Directors

The Board of Directors comprises of 10 members including qualified Directors, Directors who are ICBC representatives and 4 Independent Directors as follows:

| | |
|---------------------------|-----------------------|
| Mr. Yimin Hu | Chairman |
| Mr. Xiaobo Li | Director |
| Ms. Unakorn Phruithithada | Independent Director |
| Mr. Natdanai Indrasukhsri | Independent Director |
| Mr. Jukr Boon-Long | Independent Director* |
| Mr. Yong Hu | Director |
| Ms. Jing Jin | Director |
| Mr. Yijiang Zhang | Director* |
| Dr. Shuxian Cui | Director |
| Mr. Apinetr Unakul | Independent Director |

* Appointed on 14 February 2024

| Resigned Director | | Date of Resignation |
|--------------------------------|----------------------|---------------------|
| Pol. Gen. Werapong Chuenpagdee | Independent Director | 28 October 2023 |
| Mr. Yang Liu | Director | 13 July 2023 |

According to the Bank's Articles of Association, the Board of Directors' meeting shall be held at least once every three months. At least one half of the total number of Directors must be present to form a quorum.

The Board of Directors has the duties and responsibilities to set the overall direction, strategic objectives and policies of the Bank and to supervise and oversee the efficient management of the Bank. It also has a responsibility to ensure that the Bank has appropriate risk management systems in place and sufficient capital funds to cover current and future risks. In addition, it has the responsibility to monitor the Bank's business operations to ensure that the Bank has effective internal control and audit systems in place and that the Bank's operations are in compliance with the laws, the Bank's policies, resolutions of the shareholders' meetings, and principles of good corporate governance so that the stakeholders and customers will have confidence in the Bank. Moreover, it is responsible for assigning one or several Directors or other persons to perform actions on its behalf.

Attendance in 2023

| Name of Director | Attendance | Percentage of Attendance |
|--------------------------------|------------|--------------------------|
| Mr. Yimin Hu | 5/5 | 100 |
| Mr. Xiaobo Li | 5/5 | 100 |
| Pol. Gen. Werapong Chuenpagdee | 4/4 | 100 |
| Ms. Unakorn Phruithithada | 5/5 | 100 |
| Mr. Natdanai Indrasukhsri | 5/5 | 100 |
| Mr. Yong Hu | 5/5 | 100 |
| Ms. Jing Jin | 5/5 | 100 |
| Dr. Shuxian Cui | 5/5 | 100 |
| Mr. Yang Liu | 2/2 | 100 |
| Mr. Apinetr Unakul | 5/5 | 100 |

2. Independent Directors

The Board of Directors has determined the qualifications of the Bank's Independent Directors to be in compliance with the qualifications of Independent Directors specified by the Bank of Thailand under the Principles of Corporate Governance for Financial Institutions and by the Capital Market Supervisory Board. The qualifications stipulates that an Independent Director must be a Director who does not have any business relationship with or participate in the management of or have any interest in the Bank which may affect his or her independent decision.

3. Committees under the Board of Directors' Direct Supervision

The Board of Directors has appointed four committees to oversee and ensure an efficient management system which is in compliance with the Bank's policies. Each committee's responsibilities have been clearly specified. In addition, the Board of Directors is responsible for overseeing the performance of the committees under the direct supervision of the Board of Directors and requires that these committees report their performance to the Board of Directors on a regular basis. The four committees which are under the direct supervision of the Board of Directors are the Executive Committee; Audit Committee; Nomination,

Compensation and Corporate Governance Committee; and Group Risk Supervision and Internal Control Committee. Details are as follows:

3.1 The Executive Committee

comprises 4 Directors and Senior Executives as follows:

| | |
|-----------------------|----------|
| Mr. Xiaobo Li | Chairman |
| Mr. Jian Gong | Member |
| Dr. Shuxian Cui | Member |
| Ms. Suree Wipatakanok | Member |

Resigned Member

Mr. Yang Liu

Date of Resignation

13 July 2023

Attendance in 2023

| Name of Member | Attendance | Percentage of Attendance |
|-----------------------|------------|--------------------------|
| Mr. Xiaobo Li | 42/50 | 84 |
| Mr. Jian Gong | 38/50 | 76 |
| Dr. Shuxian Cui | 45/50 | 90 |
| Mr. Yang Liu | 21/24 | 88 |
| Ms. Suree Wipatakanok | 44/50 | 88 |

The Executive Committee has the responsibility to perform duties as delegated by the Board of Directors including the formulation of criteria and procedures for consideration and approval of credit facilities, debt restructuring, securities investments, acquisition or disposal of immovable properties resulting from debt restructuring or mortgage of properties of the Bank and any other normal businesses of the Bank. It also has the responsibilities to appoint sub-committees as well as amend, revise and alter the authorities and responsibilities of sub-committees. In addition, the Executive Committee is responsible for considering all matters which are to be proposed to the Board of Directors. It must also monitor the Bank's operations and report findings to the Board of Directors on a regular basis.

3.2 The Audit Committee

comprises 3 Independent Directors as follows:

| | |
|---------------------------|-------------|
| Ms. Unakorn Phruithithada | Chairperson |
| Mr. Natdanai Indrasukhsri | Member* |
| Mr. Apinetr Unakul | Member |

Resigned Member

Pol. Gen. Werapong Chuenpagdee

Date of Resignation

28 October 2023

The Audit Committee has responsibilities to review and ensure that the Bank and the companies in its financial business group have accurate and adequate financial reports as well as suitable and efficient internal control and internal audit systems. It must ensure that the operations of the Bank and the companies in its financial business group are in compliance with the relevant laws and regulations in relation to the business of the Bank and its financial business group. It also has the responsibilities to consider, select and nominate an independent person to be the Bank's statutory auditor and to propose such person's remuneration; and meet the independent auditor at least once a year without the presence of the management. Moreover, the Audit Committee has a duty to review transactions which may lead to conflicts of interest to ensure that they are conducted in compliance with relevant laws and regulations which are proceeded in a reasonable manner for the utmost benefits to the Bank. The meetings for review of credit transactions and Credit Review performance are held separately for the Audit Committee by the Credit Review Department.

Attendance of the Audit Committee Meetings in 2023

| Name of Director | Attendance | Percentage of Attendance |
|--------------------------------|------------|--------------------------|
| Ms. Unakorn Phruithithada | 5/5 | 100 |
| Pol. Gen. Werapong Chuenpagdee | 4/4 | 100 |
| Mr. Apinetr Unakul | 5/5 | 100 |
| Mr. Natdanai Indrasukhsri | 1/1 | 100 |

Attendance of the Audit Committee for Credit Review Meetings in 2023

| Name of Director | Attendance | Percentage of Attendance |
|--------------------------------|------------|--------------------------|
| Ms. Unakorn Phruithithada | 5/5 | 100 |
| Pol. Gen. Werapong Chuenpagdee | 4/4 | 100 |
| Mr. Apinetr Unakul | 5/5 | 100 |
| Mr. Natdanai Indrasukhsri | 1/1 | 100 |

* Appointed as a member on 28 October 2023

3.3 The Nomination, Compensation and Corporate Governance Committee

comprises 3 Non-Executive Members with the Chairman being an Independent Director as follows:

| | |
|--------------------|-----------|
| Mr. Jukr Boon-Long | Chairman* |
| Mr. Yong Hu | Member |
| Ms. Jing Jin | Member |

* Mr. Natdanai Indrasuksri was appointed Acting Chairman and member on 28 October 2023 and stepped down on 14 February 2024 when Mr. Jukr Boon-Long was appointed Chairman and member on the same day.

| Resigned Member | Date of Resignation |
|--------------------------------|---------------------|
| Pol. Gen. Werapong Chuenpagdee | 28 October 2023 |

The Nomination, Compensation and Corporate Governance Committee has the duties and responsibilities as follows:

1) Nomination

The Nomination, Compensation and Corporate Governance Committee has the responsibilities to establish policies, criteria and procedures for the selection of Directors, Members of Committees, Senior Executives and Independent Executives for the Board of Directors' approval. It also has the responsibility to recommend to the Board of Directors the appropriateness of the size and composition of the Board of Directors, as well as any other adjustment required in order to adapt to changes in the business environment. The Committee shall consist of members with knowledge, skill and experience in various fields which are beneficial to the business of the Bank.

The Committee is responsible for the nomination of Directors, Members of Committees, Senior Executives and Independent Executives by selecting qualified candidates according to the Bank's criteria to be appointed as Directors, Members of Committees, Senior Executives and Independent Executives. The candidates shall not possess prohibited characteristics specified in the Financial Institutions Businesses Act B.E. 2551, the BOT's criteria and other relevant laws. For the position of Independent Director, a candidate shall possess all qualifications as set by the Bank's criteria, which are in line with the criteria of the supervisory authorities. It is also responsible for overseeing that there is a mechanism or tool to support the nomination of Directors. The most suitable candidates will be recommended to the Board of Directors for appointment or for proposing to the shareholders' meeting for approval, as the case may be.

Moreover, the Committee is to ensure that the policies, conditions and methods for the nomination of the Directors and Managing Director or equivalent position of the company(ies) in the Bank's financial business group are clearly stated, transparent and appropriate to the significant risks of the company(ies) in the Bank's financial business group.

In the case of election of the Directors to replace those who are scheduled to retire by rotation, the Committee will consider the qualifications and past performance of the Directors to ensure that such Directors have proper qualifications to be the Bank's Director before proposing to the Board of Directors' and shareholders' meetings for re-appointment.

2) Compensation

The Nomination, Compensation and Corporate Governance Committee has the responsibility to establish policies regarding compensation and benefits granted to the Directors, Members of Committees and Senior Executives for the Board of Directors' approval as well as overseeing that the Directors and Managing Director or equivalent position of the company(ies) in the Bank's financial business group are appropriately compensated backed by appropriate policies, conditions and methods for such compensation. The policies shall be based on clear and transparent criteria.

The Committee shall ensure that compensation is reasonable, comparable to the rates of other comparable financial institutions, compatible with the Bank's performance and commensurate with the Directors' Members of Committees' or senior executives' duties, responsibilities and experience. Directors assigned with additional duties and responsibilities as members of Committees should receive additional compensations that commensurate such additional assignments. It is also responsible for overseeing that there is a mechanism or tool to support the nomination of Directors by discussing with the Group Risk Supervision and Internal Control Committee the nomination and remuneration policy can reflect the significant risks of the Bank.

In addition, the Committee has the responsibility to formulate guidelines on the assessment of the performances of the Board of Directors and Senior Executives to be used to determine their annual compensations.

3) Corporate Governance

The Nomination, Compensation and Corporate Governance Committee has the responsibilities to develop and review the Bank's Corporate Governance Policy and procedures to ensure that they are in line with the Principles of Good Corporate Governance of the Bank of Thailand. The Committee also has a responsibility to advise the Board of Directors, the management and staff regarding corporate governance best practices and business ethics, while maintaining efficient management.

In addition, the Nomination, Compensation and Corporate Governance Committee is responsible for overseeing the CG Policy of the and practice of the company(ies) in the financial business group of the Bank and consider the nomination and compensation of the directors and Managing Director of company(ies) in the Bank's financial business group.

Attendance in 2023

| Name of Director | Attendance | Percentage of Attendance |
|--------------------------------|------------|--------------------------|
| Mr. Natdanai Indrasukhsri | 1/1 | 100 |
| Pol. Gen. Werapong Chuenpagdee | 5/5 | 100 |
| Mr. Yong Hu | 6/6 | 100 |
| Ms. Jing Jin | 6/6 | 100 |

3.4 The Group Risk Supervision and Internal Control Committee

comprises 5 Members as follows:

| | |
|---------------------------|------------------|
| Mr. Natdanai Indrasukhsri | Chairman |
| Ms. Unakorn Phruithithada | Vice Chairperson |
| Mr. Xiaobo Li | Member |
| Dr. Shuxian Cui | Member |
| Mr. Apinetr Unakul | Member |

Attendance in 2023

| Name of Director | Attendance | Percentage of Attendance |
|---------------------------|------------|--------------------------|
| Mr. Natdanai Indrasukhsri | 4/4 | 100 |
| Mr. Xiaobo Li | 3/4 | 75 |
| Ms. Unakorn Phruithithada | 4/4 | 100 |
| Dr. Shuxian Cui | 4/4 | 100 |
| Mr. Apinetr Unakul | 4/4 | 100 |

The Group Risk Supervision and Internal Control Committee has 2 main responsibilities risk oversight and internal control of the Bank and company(ies) in its financial business group as follows:

1) Risk Oversight

The Group Risk Supervision and Internal Control Committee is responsible for providing recommendations to the Board of Directors regarding the risk management framework as well as ensuring that the Chief Risk Officer (CRO) complies with the risk management policies, strategies and risk appetite of the Bank and evaluate the performance of the CRO. It shall oversee that the strategies on capital and liquidity management are in line with the approved risk appetite as well as monitoring and controlling of the risk management policies by the financial group to ensure that such policies are implemented as defined and are in compliance with the Bank of Thailand's regulations. The Committee shall also report significant risk related issues to the Bank's Board of Directors.

2) Internal Control

The Group Risk Supervision and Internal Control Committee is responsible for defining internal control policy and objective of the financial group and organize the formulation of the internal control programs to ensure the efficiency and sufficiency of monitoring system. The Committee shall ensure that there is an effective three lines of defense structure and clear segregation of duties. It shall also promote the financial group to perform internal control, analyze material control deficiencies and review the assessment reports and results.

The Board of Directors has one more committee under its supervision which is the Anti-Money Laundering Committee which assists the Board of Directors in overseeing the anti-money laundering and counter-terrorism and proliferation of weapon of mass destruction financing in order to ensure that the Bank complies with the various regulations of the Anti-Money Laundering Office and the Bank of Thailand on such issue. This Committee consists of 12 member including the top executive and Senior Executives from business and supporting business units.

In addition to the four abovementioned committees, the Bank also has other important committees reporting directly to the Executive Committee such as the Management Committee, the Credit Committee, the Asset Management Committee and the Technology Committee.

REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES IN 2023

1. Remuneration of Directors

| No. | Name | Amount (Baht) |
|--------------|--------------------------------|------------------|
| 1 | Pol. Gen. Werapong Chuenpagdee | 514,839 |
| 2 | Ms. Unakorn Phruithithada | 630,000 |
| 3 | Mr. Natdanai Indrasukhsri | 630,000 |
| 4 | Mr. Apinetr Unakul | 630,000 |
| Total | | 2,404,839 |

Remuneration of Members of the Audit Committee

| | | |
|--------------|--------------------------------|------------------|
| 1 | Ms. Unakorn Phruithithada | 600,000 |
| 2 | Pol. Gen. Werapong Chuenpagdee | 296,129 |
| 3 | Mr. Natdanai Indrasukhsri | 63,871 |
| 4 | Mr. Apinetr Unakul | 360,000 |
| Total | | 1,320,000 |

Remuneration of Member of the Nomination, Compensation and Corporate Governance Committee

| | | |
|--------------|--------------------------------|----------------|
| 1 | Pol. Gen. Werapong Chuenpagdee | 493,548 |
| 2 | Mr. Natdanai Indrasukhsri | 106,452 |
| Total | | 600,000 |

Remuneration of Members of the Group Risk Supervision and Internal Control Committee

| | | |
|--------------------|---------------------------|------------------|
| 1 | Mr. Natdanai Indrasukhsri | 600,000 |
| 2 | Ms. Unakorn Phruithithada | 360,000 |
| 3 | Mr. Apinetr Unakul | 360,000 |
| Total | | 1,320,000 |
| Grand Total | | 5,644,839 |

2. Remuneration of Senior Executives

| Executives | No. of Person | Total Amount (Baht) |
|--------------|---------------|---------------------|
| Total | 17 | 153,778,418 |

| Name | ICBC (Thai) | Position | | Other Companies | |
|------------------------------|---|--|-------------------------------|--|---|
| | | The Bank's Financial Business Group | | | |
| Directors | | | | | |
| 1. Mr. Yimin Hu | Non-Executive Director | - | - | Non-Executive Director | ICBC (Asia) Limited |
| | | | | Non-Executive Director | ICBC Wealth Management Company Limited |
| | | | | Non-Executive Director | Chinese Mercantile Bank |
| | | | | Non-Executive Director | ICBC Asset Management (Global) Company Limited |
| | | | | Senior Expert | ICBC (Head Office) |
| 2. Mr. Xiaobo Li | Authorized Director/Chief Executive Officer | Authorized Director/Chairman of the Board of Directors | ICBC (Thai) Leasing Co., Ltd. | - | - |
| 3. Ms. Unakorn Phruithithada | Independent Director | - | - | Independent Director | Principal Capital PLC |
| 4. Mr. Natdanai Indrasukhsri | Independent Director | - | - | Independent Director | Sri Trang Gloves (Thailand) PLC |
| | | | | Independent Director/Member of Audit Committee | Nextech Asia Company Limited |
| | | | | Independent Director/Chairman of Audit Committee | Triton Holding PLC |
| | | | | Independent Director/Member of Audit Committee | Globlex Holding Management PLC |
| | | | | Independent Director/Chairman of the Audit Committee | Dusit Foods Company Limited |
| 5. Mr. Yong Hu | Non-Executive Director | - | - | Non-Executive Director | ICBC (Moscow) JSC |
| | | | | Non-Executive Supervisor | ICBC Technology Company Limited |
| | | | | Non-Executive Director | ICBC Financial Asset Investment Company Limited |
| | | | | Expert | ICBC (Head Office) |

| Name | ICBC (Thai) | Position | | | |
|---------------------------|---|-------------------------------------|-------------------------------------|------------------------|---|
| | | The Bank's Financial Business Group | | Other Companies | |
| Directors | | | | | |
| 6. Ms. Jing Jin | Non-Executive Director | - | - | Non-Executive Director | ICBC-AXA Assurance Company Limited |
| | | | | Non-Executive Director | ICBC Financial Leasing Company Limited |
| | | | | Authorized Director | Viduranadda Company Limited |
| | | | | Authorized Director | Kaew Manee Netr Company Limited |
| 7. Mr. Apinetr Unakul | Independent Director | - | - | Authorized Director | Nanthanakul Company Limited |
| | | | | Non-Executive Director | Silicon Craft Technology Public Company Limited |
| | | | | Non-Executive Director | BDH Corporation Company Limited |
| | | | | Senior Executives | |
| 8. Mr. Xiangfeng Li | Senior Executive Vice President | President | ICBC (Thai) Leasing Company Limited | - | - |
| 9. Mr. Seksan Chunseechai | Senior Executive Vice President, Risk Management Division | Non-Executive Director | ICBC (Thai) Leasing Company Limited | Non-Executive Director | Finansia Syrus Securities PLC |
| | | | | Non-Executive Director | Finansia X PLC |

CORPORATE GOVERNANCE

Corporate governance is an important practice and mechanism to ensure accountability, fairness and transparency to all shareholders and stakeholders of a company as well as the society at large. The Board of Directors of the Bank recognizes the importance of the principles of good corporate governance in setting its strategies and its daily operations thus has prescribed a written Corporate Governance Policy of the Bank which is based on the Bank of Thailand's Notification on Corporate Governance for Financial Institutions. In addition to the Corporate Governance Policy, the Bank also complies with other corporate governance-related policies such as business ethics, CSR policy and anti-corruption policy. In setting up the organization structure, operational guidelines and duties based on corporate governance, the Bank places high priority to accountability, equitable treatment and transparency to ensure that the Bank's business operations are in accordance with the relevant laws and regulations.

The Board of Directors oversees that the Bank operates under the scope of good corporate governance which means conducting business with integrity and ethics. It ensures that all executives and employees understand the ethical standard of the Bank and comply with such standard so that the Bank could continue to operate as an institution with a high standard of corporate governance.

The Board of Directors recognizes the importance of sound management and control systems based on the principle of checks and balances, therefore, it has delegated the management to establish adequate and appropriate internal control systems to help mitigate risks as well as to mitigate any adverse impact that could occur in accordance with the new notification of the Bank of Thailand Re: Corporate Governance of Financial Institutions. In addition, the Bank oversees its corporate governance as well as the risk and remuneration of directors and persons with managerial power of the company in its financial business group.

The Bank has designated sustainability as an important issue in operating its business thus it has included a Sustainability Report in the Annual Report since the Annual Report 2021. Sustainability or Sustainable Banking is based on the Environment, Social and Governance (ESG) Framework, therefore, NCC plays a large role in Sustainable Banking as it oversees corporate governance. Details on Sustainable Banking can be found in the Sustainability Report.

The Bank's Board of Directors has determined the control activities to be an important part of operational processes for every working section of the Bank, therefore, has assigned several committees to oversee the control system. These committees are the Audit Committee, the Nomination, Compensation and Corporate Governance Committee and the Group Risk Supervision and Internal Control Committee. These committees help ensure that a proper corporate governance system is in place and in compliance with the Corporate Governance Policy in various aspects.

The Audit Committee has duties and responsibilities as assigned by the Board of Directors to review and assess, through the Internal Audit Department, the adequacy and efficiency of the internal control

system and make certain that operations are continuously performed in compliance with the policies and regulations of the Bank's supervisory authorities. The Internal Audit Department is an independent department which reports directly to the Audit Committee and assists the Bank accomplish its objectives by conducting a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes. The Audit Committee can help strengthen internal controls, financial reporting and corporate governance.

Moreover, in accordance with the Bank's Corporate Governance Policy, every year the Board of Directors is required to conduct its self-assessment for the performance of the Board of Directors as a whole according to the requirement of the Bank of Thailand. The Board of Directors self-assessment forms are divided into 4 forms as follows:

- 1) Assessment of the performance of the Board of Directors as a whole;
- 2) Assessment of the performance of individual performance;
- 3) Cross-evaluation of the performance of individual Directors; and
- 4) Cross-evaluation of the performance of the Chairman of the Board of Directors.

The assessments covered various topics such as qualifications of Directors, Board composition and Board meetings. The result of the 2023 Board of Directors' Assessment for the Board as a whole had a score of 99.25%, the result of the overall average for individual performance was 98.75% while the cross-evaluations resulted in an average of 98.50% for individual performance of each Director and 100% for the performance of the Chairman.

In 2023, the Bank of Thailand issued 6 notifications under the Corporate Governance of Financial Institutions and Financial Business Groups which are SorNorSor. 1-6/2566, therefore, the Bank had amended its corporate governance-related policies to comply with the regulations of the Bank of Thailand.

Furthermore, as a member of the CAC, the Bank must comply with the Anti-Corruption Policy requirements in order for its Directors, Senior Executives and all staff including companies in its financial business group to recognize the importance of Anti-Corruption as well as the procedures to prevent bribery and corruption.

Lastly, the Bank gives high priority on Market Conduct based on the best interest of its customers. The Bank is committed to providing services with transparency and fairness to its customers as well as willing to offer advices on the various products of the Bank appropriately and clearly. Moreover, the Bank will be ready to take responsibility in handling and rectifying complaints when launched by the customers.

The Bank has policies and strategies which reflect its business operations that place importance on creating instilling fair service. The Bank's Directors and Senior Executives are an integral part in driving effective fair services provision with transparency by considering the impacts to the environment and society with corporate governance.

CAPITAL STRUCTURE

Registered Capital

As at 31 December 2023 the Bank had a registered capital of Baht 20,107,099,047.12 divided into 2,253,716,655 ordinary shares at par value of Baht 8.92 and 442,431 Class B preferred shares at par value of 8.92 Baht with paid-up capital of Baht 20,107,099,047.12 divided into 2,253,716,655 ordinary shares at par value of Baht 8.92 and 442,431 Class B preferred shares at par value of Baht 8.92.

Preferred Shares

The Bank's preferred shares were previously divided into Class A and Class B preferred shares. Currently, all Class A preferred shares have been converted into ordinary shares. Class B preferred shares have rights and benefits equal to ordinary shares with the exception that the holders of Class B preferred shares are entitled to convert their shares into ordinary shares at a ratio of 1:1. The holders of Class B preferred shares are able to exercise the conversion of Class B preferred shares into ordinary shares four times a year. The exercise dates for the conversion of Class B [preferred shares into ordinary shares are 22 February, 22 May, 22 August and 22 November. The holder of Class B preferred shares must lodge the application for the conversion together with the share certificates to the Bank (Head Office Branch) as the Share Registrar during business hours on the specified dates. Consequently, the Bank has become its own Share Registrar since 1 September 2013.

GENERAL INFORMATION

1. Industrial and Commercial Bank of China (Thai) Public Company Limited

| | |
|------------------------|---|
| Type of Business | Commercial bank |
| Address of Head Office | L, 11 th - 13 th Floors, Emporium Tower, 622 Sukhumvit Road, Khlong Ton, Khlong Toei, Bangkok 10110 Thailand |
| Registration No. | 0107536000251 |
| Website | www.icbcthai.com |
| Telephone | +66 2663 9999 |
| Fax | +66 2663 9888 |
| Call Center | +66 2629 5588 |
| Registered Capital | Baht 20,107,099,047.12 (as of 31 December 2023) |
| Paid-up Capital | Baht 20,107,099,047.12 (as of 31 December 2023) |
| Par Value | Baht 8.92 |

2. Entities which are subsidiaries of the Bank

ICBC (Thai) Leasing Company Limited

| | |
|----------------------------|--|
| Address | 87/2 CRC Tower, All Seasons Place, Wireless Road, Lumpini, Pathumwan Bangkok 10330 Thailand |
| Type of Business | Leasing Business |
| Telephone | +66 2626 8100 |
| Fax | +66 2626 8191-6 |
| Registered Capital | Baht 8,000,000,000.00 (as of 31 December 2023) |
| Paid-up capital | Baht 4,250,000,000.00 (as of 31 December 2023) |
| Par Value | Baht 10 |
| Percentage of Shareholding | 99.99% |

ICBC (Thai) Insurance Broker Company Limited

| | |
|----------------------------|--|
| Address | 87/2 CRC Tower, All Seasons Place, Wireless Road, Lumpini, Pathumwan Bangkok 10330 Thailand |
| Type of Business | Insurance Broker |
| Telephone | +66 2253 1588 |
| Fax | +66 2253 1589 |
| Registered capital | Baht 6,000,000.00 (as of 31 December 2023) |
| Paid-up Capital | Baht 6,000,000.00 (as of 31 December 2023) |
| Par Value | Baht 10 |
| Percentage of Shareholding | Indirect holding 99.99% |

Sky High Li Leasing Designated Activity Company Limited

| | |
|-----------------------|--|
| Registered Office | 2 nd Floor, Block 5, Irish Life Centre, Lower Abbey Street, Dublin, Ireland DO1P767 |
| Business Type | Leasing of commercial jet aircraft |
| Telephone No. | +66 2626 8100 |
| Share Registered | 1 EURO (As at 31 December 2023) |
| Paid-up Share | 1 EURO (As at 31 December 2023) |
| Share Price | 1 EURO |
| Percentage of Holding | Indirect holding 99.99% |

Reference Information

| | |
|--------------------|---|
| - Registrar | Industrial and Commercial Bank of China (Thai) Public Company Limited 622 Emporium Tower, 13 th Floor, Sukhumvit Road, Khlong Ton, Khlong Toei, Bangkok 10110 Thailand |
| Telephone | +66 2663 9999 |
| Fax | +66 2663 9768 |
| - Auditors | Deloitte Touche Tohmatsu Jaiyos Audit Company Limited 11/1 AIA Sathorn Tower, 23 rd -27 th Floor, South Sathorn Road, Yannawa, Sathorn, Bangkok, 10120 Thailand |
| Telephone | +66 2034 0000 |
| Fax | +66 2034 0100 |

