



中國銀行

(泰国) 股份有限公司

BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED

Bank of China (Thai) Public Company Limited

Basel III Pillar 3 Disclosures

As of June 30, 2020

Introduction

Bank of China (Thai) PCL (“The Bank”) has adopted Basel III Framework regarding the Bank’s capital and risk assessment. The Basel’s regulatory framework consists of 3 pillars:

Pillar I: provides guidelines on minimum capital requirements for credit risk, market risk and operational risk.

Pillar II: addresses the key principles of supervisory review processes and relevant internal risk assessment beyond Pillar I, with an emphasis on the bank’s internal capital adequacy assessment process (ICAAP).

Pillar III: aims to reinforce market discipline through guidelines for public disclosure of key information on capital adequacy and risk exposure as well as risk assessment and management.

The Bank Pillar III disclosure is reported on a Semi-annual basis, based on the financial data at the End of June and December. The report is published on Bank of China (Thai) PCL website - www.bankofchina.co.th.

Capital Structure and Capital Adequacy

The Bank has maintained sufficient capital fund to comply with Bank of Thailand minimum capital regulatory requirements and support future business growth. As at 30th June 2020, The Bank total capital fund was at THB 12,656 million, consisting of Common Equity Tier 1 (CET 1) capital of THB 10,330 million, Tier 1 capital at THB 10,330 million (The Bank does not has Additional tier 1 capital), and Tier 2 capital at THB 2,326 million.

Detail of the capital components are as follow:

Common Equity Tier 1 (CET1)

- Paid-up capital (common stock) deducted by common stock buyback
- Legal reserves
- Net profit after appropriated
- Other items of owner’s equity
- Items to be deducted from CET1
 - Net Losses
 - Intangible assets
 - Deferred tax assets
 - Investments in equity securities and warrants qualified as CET1 of other financial institutions or other financial groups

Tier 2 capital

The Bank issued THB 2,326 million of subordinated debentures pursuant to Tier 2 subordinated debenture to Bank of China Hong Kong. The debenture has qualifying capital instruments under Basel III and could be fully counted as part of Tier 2 capital.

Unit: baht

Items	Dec 31, 2019	Jun 30, 2020
1. Tier 1 capital	9,979,544,108	10,330,255,329
1.1 Common Equity Tier 1 (CET1)	9,979,544,108	10,330,255,329
1.1.1 Paid-up capital (common stock) deducted by buyback of common stock	10,000,000,000	10,000,000,000
1.1.2 Warrants to buy common stock	-	-
1.1.3 Premium (Discount) on the value of common stock (net)	-	-
1.1.4 Legal reserves	7,818,287	21,036,886
1.1.5 Reserves appropriated from net profit at the end of accounting period in accordance with the resolution of shareholders general meeting or the rules specified by the parent company of the financial group	-	-
1.1.6 Net profits after appropriated in accordance with the resolution of shareholders general meeting or the rules specified by parent of the financial group	-	398,006,038
1.1.7 Other items of owner's equity	43,730,210	7,373,900
1.1.8 Items of subsidiaries conducting commercial banking business, only the portion of the shareholders who have no controlling authority that can be counted as CET 1 of the financial group	-	-
1.1.9 Adjustment items not allowed to affect the capital	-	-
1.1.10 Items to be deducted from CET1	72,004,390	96,161,495
1.2 Additional Tier 1	-	-
2. Tier 2 capital	2,325,729,000	2,325,729,000
3. Total regulatory capital	12,305,273,108	12,655,984,329

Capital Adequacy

Under BOT minimum regulatory capital requirement, the Bank is required to maintain a minimum ratio of total capital to risk weighted assets at 11.0%, with the minimum ratio of Common Equity Tier 1 and Tier 1 capital to risk weighted assets at 7.0% and 8.5%, respectively.

Total Capital Adequacy Ratios of the Bank as at 30th June 2020 was 19.64%. CET1 Ratio and Tier 1 Ratio were at 16.03%, which exceeded minimum capital ratio requirements of BOT.

Total risk-weighted capital ratio and Tier 1 risk-weighted capital ratio	Dec 31, 2019	Jun 30, 2020
1. Total capital to risk-weighted assets	20.01%	19.64%
2. Tier 1 capital to risk-weighted assets	16.23%	16.03%

Approach for capital requirements in each risk type

The Bank uses the following approaches to calculate capital and risk-weighted asset of Credit risk, Market risk and Operational risk.

Approach implemented by risk type	Approach
Credit risk	Standardized Approach (SA)
Market risk	Standardized Approach (SA)
Operational risk	Basic Indicator Approach (BIA)

Minimum capital requirements classified by risk types

Unit: Baht

Minimum capital requirement for credit risk classified by type of assets under Standardized Approach	Dec 31, 2019	Jun 30, 2020
Performing claims		
1. Claims on sovereigns and central banks	-	-
2. Claims on provincial administrations, government entities, and state	22,769,555	22,793,317
3. Claims on financial institutions	1,693,833,610	1,959,899,547
4. Claims on corporates	4,441,510,353	4,352,043,517
5. Claims on retail portfolios	58,729,699	57,288,212
6. Claims on housing loans	212,707,367	209,972,089
7. Other assets	27,948,805	44,189,328
Non-performing claims	50,554,262	131,526,717
First-to-default credit derivatives and Securitization	-	-
Total minimum capital requirement for credit risk under Standardized Approach	6,508,053,651	6,777,712,727

Unit: Baht

Minimum capital requirement for market risk for positions in the trading book (Standardized measurement approach)	Dec 31, 2019	Jun 30, 2020
1. Standardized approach	13,927,089	40,465,340
2. Internal model approach	-N.A.-	-N.A.-
Total minimum capital requirement for market risk	13,927,089	40,465,340

Unit: Baht

Minimum capital requirement for operational risk (BIA)	Dec 31, 2019	Jun 30, 2020
1. Calculate by Basic Indicator Approach	236,731,979	184,624,572
2. Calculate by Standardized Approach	-N.A.-	-N.A.-
3. Calculate by Alternative Standardized Approach	-N.A.-	-N.A.-
Total minimum capital requirement for operational risk	236,731,979	184,624,572

Unit: Baht

Minimum capital requirements for each type of market risk under the Standardized Approach	Dec 31, 2019	Jun 30, 2020
Interest rate risk	-	378,678
Equity position risk	-	-
Foreign exchange rate risk	13,927,089	40,086,662
Commodity risk	-	-
Total minimum capital requirements	13,927,089	40,465,340