

Basel III
Pillar 3 Financial Disclosures
31 December 2024

Scope of application

Bank of China (Thai) Public Company Limited disclosure information for the capital adequacy including capital, risk exposures are conducted on solo basis complying with BOT requirement on Basel III referred to the Notification No. FPG. 4/2556 Re: Disclosure Requirement on the Capital Adequacy for the Commercial Bank.

Capital Information

1. Capital

1.1. Capital Structure

- **Common Equity Tier 1 (CET1)**
 - Paid-up capital (common stock) deducted by repurchased shares
 - Legal reserves
 - Other items of owner's equity
 - Items to be deducted from CET1
 - Net Losses
 - Goodwill
 - Deferred tax assets
 - Intangible assets
 - Accumulated loss from ECL recognition
- **Additional Tier 1 (AT1):** The capital which not be included in CET1.
- **Tier 2 Capital:** The supplementary capital. At the present, BOCT issued THB 1,413 million of subordinated debentures to Bank of China (Hong Kong). The debentures are qualifying capital instruments under Basel III and could be fully counted as Tier 2 capital.

Table 1: Capital Structure

Table 1 Capital Structure	Dec 31, 2023	Dec 31, 2024
Tier 1 Capital	10,477,958	11,338,741
Common Equity Tier 1 Capital (CET1)	10,477,958	11,338,741
• Paid-up capital (common stock) deducted by repurchased shares	10,000,000	10,000,000
• Warrants to buy common stock	-	-
• Premium (Discount) on the value of common stock (net)	-	-
• Legal reserves	56,944	100,861
• Net profits (losses) after appropriated in accordance with the resolution of shareholders general meeting or the rules specified by parent of the financial group (taking into account the impact from ECL)	1,080,239	1,914,673
• Other items of owner's equity	7,012	97,918
• Items of subsidiaries conducting commercial banking business, only the portion of the shareholders who have no controlling authority can be counted as CET1 of the financial group	-	-
• Adjustment items not allowed to affect the capital	(474,229)	(474,229)
• Items to be deducted from CET1	192,008	300,482
Additional Tier 1	-	-
Tier 2 Capital	1,412,790	-
Total Regulatory Capital Fund	11,890,748	11,338,741

1.2. Capital Adequacy

The mandatory requirement from Bank of Thailand required the bank to calculate and report capital adequacy ratio on monthly basis. Since 2019, the minimum requirement for capital adequacy ratio (CAR) is 11%. For each risk type under Basel Pillar I, the bank adopted the following approaches to calculate the capital requirement.

- Credit Risk: Standardized Approach (SA)
- Market Risk: Standardized Approach (SA)
- Operational Risk: Basic Indicator Approach (BIA)

Table 2: Capital Adequacy Information

Table 2 Capital Adequacy	Dec 31, 2023	Dec 31, 2024
Total capital to Risk-weighted-assets	22.11%	19.55%
Tier 1 capital to Risk-weighted assets	19.48%	17.38%
Common equity Tier 1 capital to Risk-weighted assets	19.48%	17.38%

Table 3: Minimum Capital Requirement Classified by Risk Types

(Unit: Thousand Baht)

Table 3 Minimum Capital Requirement Classified by Assets	Dec 31, 2023	Dec 31, 2024
Performing Claims	4,199,378	5,012,776
• Claims on sovereigns and central banks, MDBs, and non-central government public sector entities (PSEs) treated as claims on sovereigns	-	-
• Claims on sovereigns and central banks, non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	1,160,827	1,546,752
• Claims on corporate, non-central government public sector entities (PSEs) treated as corporate	2,856,402	3,318,254
• Claims on retail portfolios	26,125	22,287
• Claims on housing loans	112,820	89,412
• Other assets	43,204	36,071
Non-Performing Claims	48,224	7,876
First-to-default credit derivatives and securitization	-	-
Total minimum capital requirement for credit risk	4,247,602	5,020,653

Minimum Capital Requirement for Counterparty Credit Risk	Dec 31, 2023	Dec 31, 2024
• Credit valuation adjustment: CVA Risk	-	114,183

Minimum Capital Requirement for Market Risk	Dec 31, 2023	Dec 31, 2024
• Standardized Approach (SA)	14,108	5,533

Minimum Capital Requirement for Operational Risk	Dec 31, 2023	Dec 31, 2024
• Basic Indicator Approach (BIA)	309,546	404,090

Note: Minimum capital requirement for each of risk types is calculated at 8.5 percent

2. Risk Exposure and Assessment

2.1. Credit Risk

Credit risk is the risk of loss that a customer or counterparty is unable to meet their obligations with the bank. The credit risk exists in both trading book and banking book, as well as from on-balance and off-balance sheet transactions. Credit risk arises from lending, trade finance, and treasury business.

2.1.1. Credit Risk Management Process

The bank has established credit risk management framework to achieve and maintain the good governance, and also high quality of credit assets. The framework stipulates the comprehensive credit risk policies and procedures including credit approval process, credit monitoring, risk reporting mechanism, and independent credit review process. To provide a sound control environment with clear segregation to ensure an effective credit risk management process, the bank set up the following the credit risk management structure:

- The Board of Directors (BOD) and Risk Oversight Committee (ROC) are responsible for overseeing and supervising the bank's comprehensive credit risk management, along with reviewing and approving high level of risk exposures.
- Country Head is responsible for managing the bank's credit risk and approval within his authority. The bank's senior management are responsible for detailed credit risk management procedures approval.

- The business units are responsible and accountable for conducting internal credit ratings, assessing, monitoring and reporting credit risk of customers on an ongoing basis.
- Risk management unit is responsible for undertaking risk assessment independently, monitoring credit risk profiles, approving internal ratings, loan grades and impairment allowance. The credit risk management function is in charge of formulating credit risk management procedures, conducting portfolio management and performing stress test on credit risk. It is also responsible for reporting to the senior management and the risk management of the parent bank.

2.1.2 Credit Asset Classification and Impairment

The bank pursues asset grades to reflect asset quality in accordance with BOCHK's guidelines of asset classification and requirements from BOT. The BOCHK divides asset into five classifications including Pass, Special Mentioned, Sub-standard, Doubtful, and Loss), while the BOT classified assets into 3 stages including Performing, Under-Performing, and Non-Performing.

The credit assets are classified by taking into consideration quantitative measure such as overdue days record on the principal or interest of credit facilities and the qualitative measures such as the Significant Credit Deterioration Criteria (SCDC)

To comply with the requirements of Accounting standard (TFRS9), the bank has assessed the Expected Credit Loss (ECL) which is the impairment of its credit assets regularly to reflect changes in credit risk since initial recognition which the bank has adopted ECL% proxy approach from the parent bank to apply for provision estimation.

The Bank calculates the Expected Credit Loss (ECL) for Performing exposures and Under-Performing exposures by assessing relevant credit information like forward-looking macroeconomic factors and customers' credit information. The ECL for Non-Performing exposures are assessed by considering future discounted cash flow.

Stage 1 or Performing exposures shall recognize ECL impairment within the next 12 months while the Stage 2 or Under-Performing and Stage 3 Non-Performing shall consider the lifetime remaining life for ECL impairment.

Table 4: Outstanding amounts of significant on-balance sheet assets and off-balance sheet items before adjusted by credit risk mitigation

(Unit: Thousand Baht)

Table 4 Outstanding amounts of on-balance sheet and off-balance sheet items	Dec 31, 2023	Dec 31, 2024
On-Balance sheet assets	70,394,077	88,467,671
• Net loans	51,458,819	57,922,529
• Net investment in debt securities	7,500,450	18,691,808
• Net deposits	11,373,800	10,886,089
• Derivatives	61,008	967,246
Off-Balance sheet items	32,028,349	106,332,871
• Aval of bills, guarantees, and letter of credit	21,060,161	22,396,952
• Over the counter derivatives	9,947,560	82,597,423
• Undrawn committed line	1,020,628	1,338,496

Table 5: Outstanding amounts of on-balance sheet assets and off-balance sheet items before credit risk mitigation classified by residual maturity

(Unit: Thousand Baht)

Table 5 Outstanding amounts of on-balance sheet and off-balance sheet items by residual maturity			
December 31, 2024			
On-balance sheet and off-balance sheet items	Maturity not exceeding 1 year	Maturity exceeding 1 year	Total
On-balance sheet assets	52,704,875	35,762,797	88,467,672
• Net loans	37,141,830	20,780,699	57,922,529
• Net investment in debt securities	3,709,711	14,982,097	18,691,808
• Net deposits	10,886,089	-	10,886,089
• Derivatives	967,246	-	967,246
Off-Balance sheet items	105,356,580	976,291	106,332,871
• Aval of bills, guarantees, and letter of credit	21,709,534	687,418	22,396,952
• Over the counter derivatives	82,597,423	-	82,597,423
• Undrawn committed line	1,049,624	288,872	1,338,496
December 31, 2023			
On-balance sheet and off-balance sheet items	Maturity not exceeding 1 year	Maturity exceeding 1 year	Total
On-balance sheet assets	11,835,486	58,558,591	70,394,077
• Net loans	160,000	51,298,819	51,458,819
• Net investment in debt securities	240,678	7,259,772	7,500,450
• Net deposits	11,373,800	-	11,373,800
• Derivatives	61,008	-	61,008
Off-Balance sheet items	22,086,112	9,942,238	32,028,349
• Aval of bills, guarantees, and letter of credit	16,343,356	4,716,805	21,060,161
• Over the counter derivatives	5,268,360	4,679,200	9,947,560
• Undrawn committed line	474,396	546,233	1,020,628

Table 6: Outstanding amounts of on-balance sheet assets and off-balance sheet items before adjusted credit risk mitigation classified by country of debtor

(Unit: Thousand Baht)

Table 6 Outstanding amounts of on-balance sheet assets and off-balance sheet item classified by country or geographic					
Country or Geographic area of debtor	December 31, 2024				
	On-balance sheet assets				
	Total	Net Loan	Net Investment in Debt Securities	Net Deposits	Derivatives
China (CN)	2,692,721	33,823	2,319,295	339,602	-
Hong Kong (HK)	13,626,223	3,390,391	-	9,268,587	967,246
Cayman Islands (KY)	1,131,705	1,131,705	-	-	-
Malaysia (MY)	2,439,517	2,439,517	-	-	-
Maldives (MV)	572,293	572,293	-	-	-
Thailand (TH)	56,606,896	46,153,033	9,588,035	865,828	-
United States (US)	7,193,974	-	6,861,798	332,176	-
British Virgin Islands (VG)	1,722,332	1,722,332	-	-	-
Australia (AU)	502,907	474,305	-	28,602	-
Singapore (SG)	1,347,488	1,337,690	-	9,797	-
Great Britain (GB)	3,407	-	-	3,407	-
Japan (JP)	38,184	-	-	38,184	-
Total	88,467,672	57,922,529	18,691,808	10,886,089	967,246
Country or Geographic area of debtor	Off-balance sheet assets				
	Total	Aval of bills, guarantees, and letter of credits	Over-the-counter Derivatives	Undrawn Committed Line	
China (CN)	15,200,010	15,157,120	42,889	-	-
Hong Kong (HK)	10,658,114	46,792	10,611,322	-	-
Malaysia (MY)	3,424	3,424	-	-	-
Thailand (TH)	79,600,165	6,860,913	71,943,211	-	1,070,077
British Virgin Islands (VG)	268,419	-	-	-	268,419
Total	105,730,131	22,396,952	82,597,423		1,338,496

Table 6 Outstanding amounts of on-balance sheet assets and off-balance sheet item classified by country or geographic

Country or Geographic area of debtor	December 31, 2023				
	On-balance sheet assets				
	Total	Net Loan	Net Investment in Debt Securities	Net Deposits	Derivatives
China (CN)	2,048,078	19,234	1,641,159	387,685	-
Hong Kong (HK)	14,813,812	4,516,755	-	10,236,049	61,008
Cayman Islands (KY)	1,268,466	1,268,466	-	-	-
Malaysia (MY)	2,574,412	2,574,412	-	-	-
Maldives (MV)	583,977	583,977	-	-	-
Thailand (TH)	46,598,371	40,118,273	5,859,291	620,807	-
United States (US)	129,259	-	-	129,259	-
British Virgin Islands (VG)	2,147,673	2,147,673	-	-	-
Australia (AU)	230,029	230,029	-	-	-
Total	70,394,078	51,458,819	7,500,450	11,373,800	61,008
Country or Geographic area of debtor	Off-balance sheet assets				
	Total	Aval of bills, guarantees, and letter of credits	Over-the-counter Derivatives	Undrawn Committed Line	
China (CN)	521,359	-	521,359	-	-
Hong Kong (HK)	2,838,311	-	2,838,311	-	-
Thailand (TH)	28,628,664	21,060,161	6,587,890	-	980,613
Maldives (MV)	40,015	-	-	-	40,015
Total	32,028,349	21,060,161	9,947,560	-	1,020,628

Table 7: Outstanding amounts of financial assets and commitments before adjusted credit risk mitigation and general provision and specific provision

(Unit: Thousand Baht)

Table 7 Outstanding amounts of financial assets and commitment before credit risk mitigation and specific provision

Item	December 31, 2024			
	Default exposure	Non-default exposure	Specific provision	Net amount
1. Loans including accrued interest receivables	1,544,538	56,377,991	2,680,768	55,241,761
2. Investment in debt securities	-	18,691,808	14,257	18,677,551
3. Deposits including accrued interest receivables	-	10,886,089	3	10,886,086
4. Contingent liabilities, undrawn commitments and loan guarantee	-	106,332,871	118,758	106,214,112
Total	1,544,538	192,288,759	2,813,786	191,019,511

(Unit: Thousand Baht)

Table 7 Outstanding amounts of financial assets and commitment before credit risk mitigation and specific provision

Item	December 31, 2023			
	Default exposure	Non-default exposure	Specific provision	Net amount
1. Loans including accrued interest receivables	2,162,939	49,295,880	2,399,636	49,059,183
2. Investment in debt securities	-	7,500,450	-	7,500,450
3. Deposits including accrued interest receivables	-	11,373,800	13	11,373,787
4. Contingent liabilities, undrawn commitments and loan guarantee	-	32,028,349	117,349	31,911,000
Total	2,162,939	100,198,480	2,516,999	99,844,420

Table 8: Outstanding amounts of loan including accrued interest receivables and investment in debt securities before adjusted risk mitigation classified by country and BOT loan classification criteria

(Unit: Thousand Baht)

Table 8 Outstanding amounts of loans including accrued interest receivables and investment in debt securities by BOT staging								
December 31, 2024								
Country or geographic area of debtor	Loan including accrued interest receivables				Investment in debt securities			
	Stage 1	Stage 2	Stage 3	Total amount	Stage 1	Stage 2	Stage 3	Total amount
China (CN)	373,426	-	-	373,426	2,319,295	-	-	2,319,295
Hong Kong (HK)	3,390,391	-	-	3,390,391	-	-	-	-
Cayman Islands (KY)	-	1,131,705	-	1,131,705	-	-	-	-
Malaysia (MY)	-	-	-	-	-	-	-	-
Maldives (MV)	572,293	-	-	572,293	-	-	-	-
Thailand (TH)	43,622,116	1,817,271	1,579,473	47,018,860	9,588,035	-	-	9,588,035
United States (US)	-	-	-	-	6,861,798	-	-	6,861,798
British Virgin Islands (VG)	1,722,332	-	-	1,722,332	-	-	-	-
Australia (AU)	474,305	-	-	474,305	-	-	-	-
Total	50,154,862	2,948,976	1,579,473	54,683,311	18,691,808			18,691,808

(Unit: Thousand Baht)

Table 8 Outstanding amounts of loans including accrued interest receivables and investment in debt securities by BOT staging								
December 31, 2023								
Country or geographic area of debtor	Loan including accrued interest receivables				Investment in debt securities			
	Stage 1	Stage 2	Stage 3	Total amount	Stage 1	Stage 2	Stage 3	Total amount
China (CN)	19,234	-	-	19,234	1,641,159	-	-	1,641,159
Hong Kong (HK)	4,516,755	-	-	4,516,755	-	-	-	-
Cayman Islands (KY)	-	-	1,268,466	1,268,466	-	-	-	-
Malaysia (MY)	2,574,412	-	-	2,574,412	-	-	-	-
Maldives (MV)	583,977	-	-	583,977	-	-	-	-
Thailand (TH)	39,178,849	44,951	894,473	40,118,273	5,859,291	-	-	5,859,291
United States (US)	-	-	-	-	-	-	-	-
British Virgin Islands (VG)	2,147,673	-	-	2,147,673	-	-	-	-
Australia (AU)	232,569	-	-	232,569	-	-	-	-
Total	49,253,470	44,951	2,162,939	51,461,360	7,500,450	-	-	7,500,450

Table 9: Outstanding amounts of loans including accrued interest receivables and investment in debt securities classified by country or geographical area and asset classification as prescribed by the Bank of Thailand

(Unit: Thousand Baht)

Table 9 Provision and Bad debt written-off during period for loan classified by country or geographical area			
December 31, 2024			
Country or geographic area of debtor	Loan including accrued interest receivables		Investment in debt securities
	Specific provision	Bad debt written-off	Specific provision
China (CN)	661.29	-	641
Hong Kong (HK)	2,012	-	-
Cayman Islands (KY)	555,229	-	-
Malaysia (MY)	11,321	-	-
Maldives (MV)	8,052	-	-
Thailand (TH)	2,111,080	454,877	12,232
United States (US)	1,385	-	1,384
British Virgin Islands (VG)	2,020	-	-
Australia (AU)	15,231	-	-
Singapore (SG)	587	-	-
Total	2,707,577	454,877	14,257

(Unit: Thousand Baht)

Table 9 Provision and Bad debt written-off during period for loan classified by country or geographical area			
December 31, 2023			
Country or grographic area of debtor	Loan including accrued interest receivables		Investment in debt securities
	Specific provision	Bad debt written-off	Specific provision
China (CN)	1	-	-
Hong Kong (HK)	1,353	-	-
Cayman Islands (KY)	744,696	-	-
Malaysia (MY)	14,964	-	-
Maldives (MV)	8,259	-	-
Thailand (TH)	1,624,248	-	-
United States (US)	-	-	-
British Virgin Islands (VG)	-	230,407	-
Australia (AU)	3,341	-	-
Total	2,396,862	230,407	-

Table 10: Outstanding amounts of loan including accrued interest before adjusted classified by types of business and BOT loan classification criteria

(Unit: Thousand Baht)

Table 10 Outstanding amounts of loans including accrued interest classified by types of business and staging				
Type of business	December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total Amount
Agriculture and forestry	2,495,144	-	-	2,495,144
Air transportation	-	1,130,734	-	1,130,734
Construction	2,384,188	-	-	2,384,188
Education, health	190,163	551,633	-	741,797
Energy	2,254,700	723,607	-	2,978,307
Logistics	2,113,929	-	-	2,113,929
Metal, minerals and steel	650,803	519,493	-	1,170,296
Non-bank FI	3,460,831	-	-	3,460,831
Oil and gas	2,300,942	-	-	2,300,942
Property development	1,083,134	-	-	1,083,134
Retail and wholesale	1,299,120	8,313	1,025,235	2,332,668
Service	1,485,701	-	-	1,485,701
Telecommunication	1,693,854	-	-	1,693,854
Manufacture	13,366,037	-	517,120	13,883,157
Retail loan	1,582,941	14,120	37,236	1,634,297
Loan to financial insitution	17,033,550	-	-	17,033,550
Total	53,395,038	2,947,899	1,579,592	57,922,529

(Unit: Thousand Baht)

Table 10 Outstanding amounts of loans including accrued interest classified by types of business and staging				
Type of business	December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total Amount
Agriculture and forestry	1,205,806	-	-	1,205,806
Air transportation	-	-	1,268,466	1,268,466
Construction	1,295,581	12,194	-	1,307,775
Education, health	1,075,920	-	-	1,075,920
Energy	988,966	-	-	988,966
Logistics	653,294	-	-	653,294
Metal, minerals and steel	1,553,795	-	140,216	1,694,011
Non-bank FI	3,567,459	-	-	3,567,459
Oil and gas	2,212,756	-	-	2,212,756
Property development	1,563,366	-	-	1,563,366
Retail and wholesale	3,412,262	8,782	-	3,421,044
Service	1,640,680	6,268	-	1,646,948
Telecommunication	1,284,655	-	-	1,284,655
Manufacture	12,675,091	-	733,158	13,408,249
Retail loan	1,840,609	17,708	21,099	1,879,416
Loan to financial institution	14,280,690	-	-	14,280,690
Total	49,250,930	44,952	2,162,939	51,458,821

Table 11: Specific provision and bad debt written-off during period for loans including accrued interest receivables classified by types of business

(Unit: Thousand Baht)

Table 11 Specific provision and bad debt written-off during period for loans classified by types of business				
Type of business	December 31, 2023		December 31, 2024	
	Specific Provision	Bad debt written-off	Specific Provision	Bad debt written-off
Agriculture and forestry	1,512	-	17,236	-
Air transportation	744,696	-	555,229	-
Construction	6,170	-	10,953	-
Education, health	1,354	-	1,167	-
Energy	6,993	-	182,667	-
Logistics	889	-	773	-
Metal, minerals and steel	658,247	-	305,790	-
Non-bank FI	10,328	-	13,925	-
Oil and gas	17,836	-	17,213	-
Property development	13,617	-	10,393	-
Retail and wholesale	145,872	-	1,029,306	146,788
Service	413,336	-	23,604	-
Telecommunication	10,875	-	19,179	-
Manufacture	347,363	230,407	481,006	308,089
Retail loan	18,245	-	23,007	-
Loan to financial institution	2,303	-	10,833	-
Total	2,399,636	230,407	2,702,282	454,877

Table 12: Reconciliation of change in specific provision for loans including accrued interest receivables

(Unit: Thousand Baht)

Table 12 Reconciliation of change in specific provision for loans including accrued interest receivables				
Item	December 31, 2023		December 31, 2024	
	Specific Provision	Total Amount	Specific Provision	Total Amount
Provision at the beginning of the period	2,115,891	2,115,891	2,416,068	2,416,068
Bad debts written-off during the period	230,407	230,407	454,877	454,877
Increase or decrease of provisions during the period	401,107	401,107	302,629	302,629
Other provisions (for losses from foreign exchanges, provisions merger and sales of business)	-	-	-	-
Provisions at the end of the period	2,516,998	2,516,998	2,718,697	2,718,697

Table 13: Outstanding amounts of on-balance sheet assets and off-balance sheet items classified by type of assets under Standardized approach (SA)

(Unit: Thousand Baht)

Table 13 Outstanding amounts on-balance and off-balance sheet items classified by type of assets			
Type of asset	December 31, 2024		
	On-balance	Off-balance	Total amount
Performing Claims	86,975,419	13,216,437	100,191,856
• Claims on sovereigns and central banks, MDBs, and non-central government public sector entities (PSEs) treated as claims on sovereigns	19,657,787	-	19,657,787
• Claims on sovereigns and central banks, non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	28,714,694	1,553,429	30,268,123
• Claims on corporate, non-central government public sector entities (PSEs) treated as corporate	35,254,708	10,977,744	46,232,452
• Claims on retail portfolios	129,756	132,447	262,203
• Claims on housing loans	1,425,960	552,818	1,978,778
• Other assets	1,792,514	-	1,792,514
Non-Performing Claims	92,662.10	-	92,662.10
First-to-default credit derivatives and securitization	-	-	-
Total amount	87,068,081	13,216,437	100,284,518

(Unit: Thousand Baht)

Table 13 Outstanding amounts on-balance and off-balance sheet items classified by type of assets			
Type of asset	December 31, 2023		
	On-balance	Off-balance	Total amount
Performing Claims	68,264,785	11,157,909	79,422,694
• Claims on sovereigns and central banks, MDBs, and non-central government public sector entities (PSEs) treated as claims on sovereigns	8,109,098	-	8,109,098
• Claims on sovereigns and central banks, non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	25,843,079	93,883	25,936,962
• Claims on corporate, non-central government public sector entities (PSEs) treated as corporate	31,576,804	10,182,381	41,759,185
• Claims on retail portfolios	161,595	145,763	307,358
• Claims on housing loans	1,689,756	735,882	2,425,638
• Other assets	884,453	-	884,453
Non-Performing Claims	601,213	-	601,213
First-to-default credit derivatives and securitization	-	-	-
Total amount	68,865,998	11,157,909	80,023,907

2.1.3 Credit Rating

When calculating the risk-weighted assets (RWA) under standardized approach Basel III, the bank applies credit ratings from qualified External Credit Assessment Institution (ECAIs) specified by the Bank of Thailand (BOT):

- Public sector and financial institution borrowers: S&P, Moody's, Fitch Rating and also Fitch (Thailand);
- Private sector borrowers: TRIS, Fitch, Fitch (Thailand), S&P, and Moody's;

The bank follows the process of mapping the ECAIs ratings with corresponding borrower's risk-weighted prescribed by BOT.



BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED

Table 14: Outstanding amount of net on-balance and off-balance sheet items after adjusted by risk mitigation for each types of asset, classified by risk weight %

(Unit: Thousand Baht)

[illegible]

(Unit: Thousand Baht)

[illegible]

2.1.4 Credit Risk Mitigation

Main types of collateral taken by the bank including cash, counter guarantee from other financial institution, corporate guarantee, and the mortgage. The cash collateral shall be deposited and pledged for control. Counter guarantee from financial institutions shall be controlled by Head office, and the bank should review each guarantor on quarterly basis case by case. Main types of guarantor include the personal guarantor, corporate guarantor, and financial institutions.

Table 15: Part of outstanding that is secured by collateral under SA classified by the types of assets and collaterals

(Unit: Thousand Baht)

Table 15 Credit risk mitigation under SA - outstanding that is secured by collateral		
Type of asset	December 31, 2024	
	Eligible financial collateral	Guarantee and credit derivatives
Performing Claims	65,530	580,555
• Claims on sovereigns and central banks, MDBs, and non-central government public sector entities (PSEs) treated as claims on sovereigns	-	-
• Claims on sovereigns and central banks, non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	-	-
• Claims on corporate, non-central government public sector entities (PSEs) treated as corporate	65,530	580,555
• Claims on retail portfolios	-	-
• Claims on housing loans	-	-
• Other assets	-	-
Total amount	65,530	580,555

(Unit: Thousand Baht)

Table 15 Credit risk mitigation under SA - outstanding that is secured by collateral		
Type of asset	December 31, 2023	
	Eligible financial collateral	Guarantee and credit derivatives
Performing Claims	99,038	1,079,294
• Claims on sovereigns and central banks, MDBs, and non-central government public sector entities (PSEs) treated as claims on sovereigns	-	-
• Claims on sovereigns and central banks, non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	-	-
• Claims on corporate, non-central government public sector entities (PSEs) treated as corporate	99,038	1,079,294
• Claims on retail portfolios	-	-
• Claims on housing loans	-	-
• Other assets	-	-
Total amount	99,038	1,079,294

2.2 Market Risk

Market risk is defined as the risk of potential losses of the bank arising from the price volatility or position value including assets, liabilities, and contingent liabilities held by the bank. Market risk factors affecting such price or value are change in interest rate, foreign exchange, equity price and commodity price.

BOCT market risk consists of interest rate risk (IRR) and foreign exchange (FX) risk in both trading and banking book. IRR refers to the risk of loss from shifting in the benchmark rate, causing depreciation of values of interest rate-based asset classes. FX risk refers to the risk of loss due to change in the currency exchange rate in which the investment is priced. Nowadays, the bank applies the Standardized model (SA) to quantify

the market risk RWA and the capital requirement. Market risk-weighted assets arises solely out of the FX positions of the bank. Even though the aggregate foreign currency exposures quite small when comparing to the size of the total portfolios, the bank has implemented the following market risk control:

- Establishing market risk limit including Bank-wide FX exposure, profit and loss limit, Value at Risk (VaR), Price value of basis point (PVBP).
- Global Markets Department is responsible for monitoring and reporting market risk related transactions, and ensuring that the level of market risks is within the risk limits determined by Board of Directors.
- Risk Management Department are responsible for implementing market risk management policies, and identifying, measuring, monitoring, controlling, and reporting market risk exposures.

Table 16: Minimum capital requirements for each type of market risk under the Standardized Approach (SA)

(Unit: Thousand Baht)

Table 16 Capital requirement for market risk	Dec 31, 2023	Dec 31, 2024
Interest rate risk	-	-
Equity position risk	-	-
Foreign exchange rate risk	14,108	5,533
Commodity risk	-	-
Total minimum capital requirement	14,108	5,533

Note: Minimum capital requirement for each of risk types is calculated at 8.5 percent

2.3 Operational Risk

Operational Risk is defined as the risk of loss resulting from inadequate or fail internal processes, people and systems or from the external events. The risks include legal and compliance risk and IT risk, but exclude strategic and reputational risk.

All business units in the bank are responsible for systematically managing operational risk according to the bank's three lines of defense. The bank stipulated policy and measure of operational risk which cover all major operational risk points and each department shall monitor its operational risk management according to this policy and measure.

Operational risk management tools such as Risk and control assessment (RACA), key risk indicators and loss data collection are used to identify, assess and monitor operational risk exposures. Operational risk incidents that have significant impact shall be closely monitor and report to senior management and also risk oversight committee. Moreover, BOCT is cognizant of the reputational risk posed by money laundering activities and customer complaints. The bank has maintained and developed policies and processes to control these risks. The market conduct policy has been enforced to ensure the soundness of the Bank's operation and process and aims to standardize procedures of management on fair customer treatment. For the Risk-weight-asset calculation, the bank currently adopts the Basic Indicator Approach (BIA) to quantify its operational risk RWA and the capital requirement.

2.4 Interest Rate Risk in the Banking Book (IRRBB)

Interest rate risk refers to losses of earning and economic value from changing in the interest rates, which can be incurred from both on-balances and of-balance sheet exposures in banking book. The objective of IRRBB is to control the movement of interest rate within acceptable level as well as in line with business strategies and risk appetite endorsed by the Board of Directors. The bank manages the IRRBB primarily through interest rate re-pricing gap analysis. The data generated by gap analysis is used to perform sensitivity analysis, assisting decision making regarding the re-pricing of the interest-earning assets and interest-bearing liabilities. The bank currently monitors IRRBB on daily basis at 100 bps by following the Group's regulation and BOT regulation. Moreover, ALCO regularly evaluates cost of fund and use of fund in order to maintain the appropriate interest rate regarding to risk appetite of BOCT.

Table 17: The effect of changes in interest rates on net earnings

(Unit: Thousand Baht)

Table 17 Interest rate risk in the banking book	Dec 31,2023	Dec 31,2024
Currency		
Thai Baht (THB)	41,150	51,296
US Dollar (USD)	(2,456)	(66,730)
Chinese Yuan (CNY)	(8,289)	(10,228)
Others	(422)	(74,064)
Total effect	29,984	(99,726)

* Percentage changes in interest rates of 100 bps has been applied

3. Additional disclosure of capital under the BCBs requirement (Composition of capital disclosure requirements)

For the subordinated debenture which is classified as Tier 2 Capital, the 20% regulatory amortization deduction will be required from year 2022-2027.

Table for disclosure of main features of regulatory capital instruments

	Heading	Details
1	Investor name	BANK OF CHINA (HONG KONG) LIMITED
2	Unique identifier	Callable Subordinated Instruments Intended to Qualify as Tier 2 Capital of Bank of China (Thai) Public Company Limited which will be required to be written down (fully or partially) when government authority decides to grant financial assistance to issuers No.1/2023 due 2033
	<i>Inclusion of the instruments in the capital under the regulations of the Bank of Thailand</i>	
3	Instrument type (Common equity tier 1 / Additional tier 1 / Tier 2 capital)	Tier 2 Capital
4	Having the features in accordance with the Basel III or not	Yes
5	If having the features not in accordance with the Basel III, specify such features	N/A
6	To be gradually deducted or be included in full	Gradually deduct after 5 years
7	Eligible at solo / consolidated / consolidated and solo	Solo Basis
8	Amount recognized in regulatory capital (unit: million baht)	1,412.79
9	Par value of instrument (unit: baht)	1,412,790,000
10	Accounting classification	Liability – amortized cost
11	Original date of issuance	21 August 2023
12	Perpetual or dated	Dated
13	Original maturity date	21 August 2023
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	The issuer may exercise its right to early redemption upon the 5 th anniversary of the issue date (the first redemption date, 21 August 2028).
16	Subsequent call dates, if applicable	N/A
17	Fixed or floating dividend / coupon	Floating
18	Coupon rate and any related index	USD SOFR + 0.97%
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Partially discretionary
21	Existence of step up or other incentive to redeem	No

22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully and partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	Write-down feature	Yes
30	If write-down, write-down trigger(s)	Non-Viability Event which means, unless otherwise specified in the Terms and Conditions, the occurrence of the Bank of Thailand and/or any other empowered government agency deciding to grant financial assistance to the issuer such as in the form of a capital injection, without which the issuer become unable to continue its business in any manner, including but not limited to situations as set out below (or any such similar events): (i) having insufficient resources to make repayments to its depositors and creditors; or (ii) its capital funds having depleted to the extent that its depositors and creditors will be adversely affected; or (iii) not being in a position to independent increase its capital base.
31	If write-down, full or partial	May be written down partially
32	If write-down, permanent or temporary	Permanent
33	If temporary write-down, description of write-up mechanism	N/A
34	Position in subordination hierarchy in liquidation (specify instrument type which is subordinate to this instrument)	N/A