

## Information Disclosure Regarding Capital Fund Maintenance

For the year 2017

### Bank of China (Thai) Public Co., Ltd

Bank of China (Thai) Public Co., Ltd (hereinafter referred to as “**The Bank**”) hereby discloses previous annual information as specified in Bank of Thailand’s (hereinafter referred to as “BOT”) Notification No. SorNorSor. 96/2551 Re: Information Disclosure Regarding Capital Fund Maintenance for Commercial Bank.

Additionally, The Bank also discloses the source of Bank of China (Hong Kong) Limited’s information under consolidated basis as a reference for information users, and Bank of China (Hong Kong) Limited’s information could be found through website <http://www.bochk.com>.

#### Part I. Capital

##### 1. Capital structure

The Bank is a subsidiary of Bank of China (Hong Kong) Limited. As of Dec 31, 2017, The Bank’s capital amounted to THB 12,275,476,871.34 with details as follows:

##### Qualitative Disclosure: Table 1

Table 1: Capital of Financial Groups	Dec 31, 2016 Unit: THB	Dec 31, 2017 Unit: THB
1. Tier 1 capital	9,963,599,352.13	9,949,747,871.34
1 Common equity tier 1 (CET1)	9,963,599,352.13	9,949,747,871.34
1 Additional tier 1	-	-
2. Tier 2 capital	-	-
3. Total regulatory capital	9,963,599,352.13	12,275,476,871.34

##### 2. Capital adequacy

The Bank is required to calculate and report capital adequacy ratio to Bank of Thailand on monthly basis, and is required to maintain a minimum Capital Adequacy Ratio of 9.75% in year 2017 according to Basel III/Pillar I. The Bank actively monitors and ensures capital above the minimum requirement. As of Dec 31, 2017, The Bank’s Capital Adequacy Ratio (CAR) was 33.69%.

For the calculation approaches for each risk under pillar I of The Bank are as follows:

- Standardized Approach (SA Method) is adopted to assess credit risk;
- Standardized Approach (SA Method) is adopted to assess market risk; and
- Basic Indicator Approach (BIA Method) is adopted to assess operational risk.

Quantitative Disclosure: Table 2-5

Table 2 Minimum capital requirement for credit risk classified by type of assets under the SA (BOT-T3)	Dec 31, 2016 Unit: THB	Dec 31, 2017 Unit: THB
Performing claims		
1. Claims on sovereigns and central banks, multilateral	-	-
2. Claims on financial institutions , non-central	237,393,358.70	456,520,014.04
3. Claims on corporate , non-central government public	1,706,944,735.67	2,547,623,035.31
4. Claims on retail portfolios	160,110,308.46	188,882,724.01
5. Claims on housing loans	38,031,391.33	63,583,714.53
6. Other assets	28,262,457.92	29,750,006.19
Non-performing claims	74,689,566.71	70,277,881.36
First-to-default credit derivatives and Securitization	-	-
Total minimum capital requirement for credit risk under	2,245,431,818.79	3,356,637,375.44

Table 3 Minimum capital requirement for market risk for positions in the trading book (Standardized measurement	Dec 31, 2016 Unit: THB	Dec 31, 2017 Unit: THB
1. Standardized approach	34,325,712.99	29,005,937.48
2. Internal model approach	-N.A.-	-N.A.-
Total minimum capital requirement for market risk	34,325,712.99	29,005,937.48

Table 4 Minimum capital requirement for operational risk (BOT-T7)	Dec 31, 2016 Unit: THB	Dec 31, 2017 Unit: THB
1. Calculate by Basic Indicator Approach	129,915,330.43	138,762,419.39
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	129,915,330.43	138,762,419.39

Table 5 Total risk-weighted capital ratio and Tier 1 risk-weighted capital ratio (BOT-T8)	Dec 31, 2016 Unit: THB	Dec 31, 2017 Unit: THB
1. Total capital to risk-weighted assets	37.78%	33.96%
2. Tier 1 capital to risk-weighted assets *	-N.A.-	-N.A.-

## Part II. Risk Exposure and Assessment

### 1. General qualitative disclosure

#### 1.1 Credit Risk

##### 1.1.1 Risk management process

Credit risk is the risk that a customer or a counterparty may be unable or unwilling to meet a repayment obligation. The extension of commercial credit by The Bank includes loans, advances, overdrafts, trade finance, treasury businesses and commitments, letter of guarantees, letters of credit, retail loan, housing loan, and credit card etc. The Bank's credit risk management process includes:

- Independent due diligence investigation without any administrative intervention;
- Scientific and democratic risk review, taking both business developments and risk control into considerations;
- Approval based on strict decision making discipline; and
- Accountability system of examination and follow-up evaluation.

### **1.1.2 The structure and responsibilities allocation**

- Corporate Business Departments are responsible for Credit Rating, Credit Analysis and Credit Proposal case by case;
- Due Diligence Team of Risk Management is responsible for Due Diligence Investigation;
- Credit Review Committee is responsible for Credit Review;
- The CEO & Country Head is authorized by the Board of Directors of The Bank for credit approval no more than THB 2,000 million. Credit approval over THB 2,000 million shall be submitted to the Board of Director for approval.
- For the post-approval follow-up and monitoring, Corporate Business Departments are responsible for annually review and quarterly review; while Risk management Department shall be the counter-checker. Additionally, Risk Management Department is also responsible for the annual credit examination.

### **1.1.3 The scope and nature of risk measuring, monitoring, and reporting system**

The Bank stipulated “Bank of China (Thai) Public Co., Ltd Credit Risk Policy” to perfect credit risk management. The BANK promoted specialized and differentiated credit risk management practices according to the nature and characteristics of different businesses, further improved credit risk limit-setting mechanism and adjusted limits according to market changes.

For new credit cases, Corporate Business Departments conduct insight credit analysis to know the customer and understand the market situation of the customer, and also conducts industry analysis as well as forward-looking analysis; Due Diligence Team, Credit Review Committee and the Approver strictly implement credit screening process. The consideration covers customer information, credit facility information, borrower’s history record, risk analysis, conclusion, and suggestion or decision.

The Bank utilizes the uniform internal rating system developed by Moody’s. The results from internal rating system are widely applied in different areas, including credit approval; risk monitoring, limit setting, credit policy and risk reporting.

The Bank generally measured and managed the quality of credit risk-bearing assets based on the relevant rules and regulations of Bank of Thailand, which require to classify loans into six categories, i.e. normal, special mentioned, substandard, doubtful, doubtful of loss and loss, among which loans classified in the substandard, doubtful, doubtful of loss and loss categories are regarded as non-performing loans. In classifying credit assets, consideration was given to various factors that affect the quality of credit assets but always under the core criteria of the probability of asset recovery and the extent of loss. To obtain a loan’s final risk classification, The Bank performs standardized processes according to the “Administrative Measures for Credit Assets Risk Classification” in terms of classifying, checking, reviewing and approving.

The Bank strengthened risk monitoring and pre-warning systems, reinforced major risk event reporting system, and made the rating and inspection of high-risk customers more frequently. The Bank also conducted credit review and credit examination of credit business to scrutinize potential risks and actively implemented rectification measures. Loan portfolio reports are also made to monitor

the structure and concentration of credit risk, including country risk report, loan portfolio, outstanding of industry, outstanding by rating, etc.

#### **1.1.4 Policies for hedging or mitigating risks**

The Bank hedges and mitigates credit risk majorly through the following 4 methods:

- Cash collateral. The cash shall be pledged in The Bank, and The Bank will freeze such cash in bank's system for the control of collateral.
- Counter Guarantee from Other Financial Institutions.
- Corporate Guarantee. The Bank reviews the overall status and guarantee capacity of such guarantors quarterly when implement quarterly review case by case.
- Mortgage.

#### **1.1.5 Guidelines for setting risk controlling limits**

The Bank continued to strengthen management over credit approval and credit rating, adhering to the principles and criteria of credit limits approval in order to ensure the quality of new credit assets. The management policy of proactive withdrawal from high-risk customers was reinforced, and The Bank withdrew from customers who posed high risks in terms of finance, business management, and bank-enterprise cooperation.

### **1.2 Market Risk**

#### **1.2.1 Risk management processes**

Market risk means risk which may cause damage to the financial institution as a result of the volatility of the price or value of position including assets, liabilities and obligations held by the financial institution. Market factors which may affect such price or value are change on interest rate, foreign exchange, equity price and commodity price. (Bank of Thailand, 2008) For The Bank, market risk arises from both trading and banking book positions. Trading risk exposures are mainly generated from customer based FX position. The Bank applies the Standardized Approach for market risk calculation.

The Bank's market risk management system is led and supervised by the Board of Directors, Risk Management Committee, Assets and Liability Committee to ensure market risk taken to be within a rational scope in accordance with risk-taking ability, monitoring ability, and management ability; to rationally arrange sources and usages of funds, cut down on passive mismatches and structural exposures, and strictly manage the structural exposures. Corporate Business line is responsible for specific limit control. According to the business development requirement, the authorizations to Treasury Departments will be adjusted if necessary.

#### **1.2.2 The structure and responsibilities allocation**

The Board of Directors of The Bank takes the responsibility to approve market risk management policies and procedures and determines market risk limits. Treasury Department is the market risk limits taking unit which is responsible for monitoring and reporting market risk related to businesses, and ensuring that the level of market risk is within the risk limits determined by the Board of Directors.

Accounting & IT Department and Risk Management Department are responsible for implementing market risk management policies, and identifying, measuring, monitoring, controlling and reporting market risk.

### **1.2.3 The scope and nature of risk measuring, monitoring, and reporting system**

The market risk management tools for different posts are as following:

- Corporate Business line as front office: Thomson Reuter eikon system, Murex system;
- Risk Management Department as middle-office: Murex system;
- Accounting & IT Department as back office: Murex system.

Mark-to-Market is an important tool in daily risk monitor and control. In normal case, relevant data shall be directly quoted from the market. The Bank also ensures the overall procedure in collecting data to be independent from the Front Office in order to avoid interest conflicts or data manipulation.

The Bank conducts transactions strictly in accordance with the parent bank's approval of counterparty credit line, conduct transactions for customers under credit line or collateral.

### **1.2.4 Policies for managing and controlling risks**

The size and scope of The Bank's existing market risk are relatively limited, and the market risk management is strict, reasonable, and reliable, so The Bank's market risk level is relatively low and the management is sufficient. Because of limited market risk exposure, The Bank maintains the current limits, improves the efficiency of position monitoring, controls the scope of derivative products, carries out new product prudently, adjusts interest rates if necessary, and improves the efficiency of utilization of funds.

### **1.2.5 Guidelines for setting risk controlling limits**

Currently, The Bank's market risk mainly comprises foreign exchange rate risk. In order to manage market risk, The Bank strictly implements the limit control mechanism that is composed by following indicators: Credit limit with major counterparties, FX exposure limit at end of each business day, Profit/loss (P/L) limit, and PVBP.

For security investment (Bond), bonds are purchased from Bank of Thailand for regulatory purposes. Risk indicators including VAR, PVBP and duration are used to monitor the movement of bond prices. These risk indicators are being monitored on daily basis and reported to parent bank and the Board of Directors monthly and quarterly, respectively.

## **1.3 Operational Risk**

### **1.3.1 Risk management processes**

Operational risk refers to the risk of loss resulting from inadequate or failed internal process, people and system, or from external events, includes legal risk but excludes strategic and reputation risk. Operational risk exposures are managed through management processes that focus on risk identification, assessment, control and monitoring. Operational Risk Management framework is stipulated to consistently identifies and assesses specific operational risk points and ensure that the impact of operational losses could be minimize and controlled via the following process: identify and understand the business areas to be assessed and the business process; identify and assess the inherent risks; to identify and assess adequacy and effectiveness the control of inherent risks; to identify and assess residual risks; to determine whether to

accept the residual risks; to determine the rectification plan for the unacceptable residual risks; to monitor and report the accepted residual risks.

### **1.3.2 The structure and responsibilities allocation**

All Business Units and staffs is responsible to systematically management operational risk according to The Bank's Three Lines of Defense and shall follow the rationales of comprehensive control, timely adjustment, matching cost with benefit, and accountability when the risk arise from within its internal processes. The Bank's products and services also enhanced an effectiveness of operational risk assessment and incorporate strengthened daily monitoring at departmental and staff level in order to improve self-control capability.

The Risk Management Department is responsible for the overall planning of operational risk management policies, directing, examining, monitoring and assessing the work of operational risk management.

### **1.3.3 The scope and nature of risk measuring, monitoring, and reporting system**

The Bank stipulated policy and measures of operational risks and control which cover all major operational risk points and each department shall monitor its operational risk management according to its regulation. The Bank also clarified the working process of operational risk accidents management, all operational risk accidents shall be reported and rectification measures shall be taken in time.

Operational Risk Management tools such as Risk and Control Assessment, Key Risk Indicator and Loss Data collection to enhance the capacity to identify, assess and monitor operational risk, implements clearly defined operational risk management reporting framework and improves the communication and integration of operational risk management information throughout The Bank. Reported Loss are recorded and risk that represent significant impact shall be closely monitored and reported to senior management and Risk Management Committee.

### **1.3.4 Policies for managing and controlling risks**

BOCT continues dedicated efforts to establish a comprehensive, systemic, dynamic, proactive and verifiable framework of operational risk management. Specific measures included:

- Further promoting the integrity and intensiveness of operational risk management by further improving the environment and organizational structure of operational risk management;
- Further improving the efficiency of operational risk management by integrating measures, standardizing processes at departmental level;
- Further enhancing the management of credit risk, market risk, operational risk, liquidity risk and other risks by improving ability to identify assess and monitor risk factors both internally

## **1.4 Roles and Responsibilities of Internal Auditors**

BOCT's Audit Department performs the internal audit and conducts on-site or off-site internal audit function on regular basis.

## **2. Qualitative and Quantitative Disclosure for each type of risk**

### **2.1 Credit risk disclosure**

#### **2.1.1 General disclosures of credit risk exposures**

— Credit risk management policy

The extension of commercial credit by BOCT includes loans, advances, overdrafts, trade finance, treasury businesses and commitments, letter of guarantees, letters of credit, retail loan, housing loan and credit card etc. BOCT continued to actively strengthen the credit risk management, enhanced the comprehensive risk management, adjusted credit strategy in line with market changes so as to mitigate credit risk, and gradually increased the monitoring frequency of credit business to improve the asset quality. BOCT proactively paid special attention to new potential risks, increased focus on risk with an emphasis on areas significantly affected by the global economic and financial situations, risk management policies and implementation, changes of asset quality, and control of risks.

In previous year, on one hand BOCT continued to strongly support the Chinese “Going-Global” enterprises in Thailand by providing a full spectrum of financial services; on the other hand, BOCT actively extended credit to local Thai customers together with the expanding business in credit card business.

— Definition of past due and impairment

The definition of past due is the status of a scheduled indebtedness has not been made as of the scheduled date, includes the customer fails to pay any amount when due to the bank, or the customer fails to duly and punctually perform or comply with any of its obligations under agreement.

The definition of impairment is that if, and only if, there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cash flows of asset that can be reliably estimated. Whether objective evidence of impairment exists is based on the following criteria including consideration of:

- Significant financial difficulty incurred with the borrower;
- A breach of contract, such as a default or delinquency in interest or principal payment;
- For economic or legal reasons related to the borrower’s financial difficulty, whether BOCT has granted to the borrower a concession that it would not otherwise consider;
- Probability that the borrower will become bankrupt or will undergo other financial re-organization;
- Deterioration in the value of collateral;
- Deterioration in credit rating; or
- Other observable data indicating that there is a measurable decrease in the estimated future cash flows from such loans and advances.

— Guidelines/statistical methods used to calculate specific provision

BOCT makes adequate provisions according to “Provisioning Policy for Credit Assets of Bank of China (Thai) Public Company Limited” in a timely manner and in accordance with prudent and established principles. BOCT reviews credit assets quarterly, and credit assets classified as normal and special mentioned category require 1% and 2% specific provision respectively. For NPL, the provision shall be individually assessed by an evaluation of the incurred loss on a case-by-case basis.

Quantitative Disclosure: Table 6-14

Table 6 Outstanding amounts of significant on-balance sheet assets and off-balance sheet items before adjusted by credit risk mitigation (Show outstanding at the end of the month)** (BOT-T9)	Dec 31, 2016 Unit: THB	Dec 31, 2017 Unit: THB
1. On-balance sheet assets (1.1 + 1.2 + 1.3)	45,501,705,360.73	45,967,890,076.41
1.1 Net loans <sup>1/</sup>	24,665,023,717.53	35,737,367,499.61
1.2 Net Investment in debt securities <sup>2/</sup>	3,706,038,450.01	3,506,615,100.00
1.3 Deposits (including accrued interest receivables)	17,130,643,193.19	6,723,907,476.80
2. Off-balance sheet items <sup>3/</sup> (2.1 + 2.2 + 2.3)	13,900,183,462.98	14,586,185,181.77
2.1 Aval of bills, guarantees, and letter of credits	789,969,999.20	551,845,728.37
2.2 OTC derivatives <sup>4/</sup>	1,307,071,467.17	1,011,994,384.82
2.3 Undrawn committed line	11,803,141,996.61	13,022,345,068.58

\* Above amount show position disclosure in banking book and trading book.

1/ Including accrued interest receivables and net of deferred incomes, allowances for doubtful accounts and allowances for revaluation from debt restructuring and including net loans of interbank and money market.

2/ Excluding accrued interest receivables and net of allowances for revaluation of securities and allowances for impairment of

3/ Before multiplying credit conversion factor.

4/ Including equity-related derivatives

Table 7 Outstanding amounts of on-balance sheet assets and off-balance sheet items before adjusted credit risk mitigation classified by country or geographic area of debtor* (BOT-T10)				
Country or geographic area of debtor	Dec 31, 2017Unit: THB On-balance sheet assets			
	Total	Net loans <sup>1/</sup>	Net Investment in debt securities <sup>2/</sup>	Deposits (including accrued interest receivables)
CN	12,104,978,756.75	7,505,426,283.30	3,506,615,100.00	1,092,937,373.45
HK	4,793,166,210.32	4,549,297,572.53	-	243,868,637.79
KY	68,986,826.68	68,986,826.68	-	-
TH	28,138,237,701.30	22,751,136,235.74	-	5,387,101,465.56
VG	862,520,581.35	862,520,581.35	-	-
Total	45,967,890,076.41	35,737,367,499.61	3,506,615,100.00	6,723,907,476.80
Country or geographic area of debtor	Dec 31, 2017Unit: THB Off-balance sheet items <sup>3/</sup>			
	Total	Aval of bills, guarantees, and letter of credits	OTC derivatives	Undrawn committed line
CN	-	-	-	-
HK	1,818,858.30	-	1,818,858.30	-
KY	-	-	-	-
TH	14,584,366,323.47	551,845,728.37	1,010,175,526.52	13,022,345,068.58
VG	-	-	-	-
Total	14,586,185,181.77	551,845,728.37	1,011,994,384.82	13,022,345,068.58
Country or geographic area of debtor	Dec 31, 2016Unit: THB On-balance sheet assets			
	Total	Net loans <sup>1/</sup>	Net Investment in debt securities <sup>2/</sup>	Deposits (including accrued interest receivables)
CN	5,180,054,666.58	5,180,054,666.58	-	-
HK	4,713,601,961.08	3,139,809,683.13	-	1,573,792,277.96
KY	47,612,956.28	47,612,956.28	-	-
TH	34,965,145,969.94	15,702,256,604.70	3,706,038,450.01	15,556,850,915.23
VG	595,289,806.84	595,289,806.84	-	-
Total	45,501,705,360.73	24,665,023,717.53	3,706,038,450.01	17,130,643,193.19
Country or geographic area of debtor	Dec 31, 2015Unit: THB Off-balance sheet items <sup>3/</sup>			
	Total	Aval of bills, guarantees, and letter of credits	OTC derivatives	Undrawn committed line
CN	-	-	-	-
HK	10,607,077.17	-	10,607,077.17	-
KY	-	-	-	-
TH	13,889,576,385.81	789,969,999.20	1,296,464,390.00	11,803,141,996.61
VG	-	-	-	-
Total	13,900,183,462.98	789,969,999.20	1,307,071,467.17	11,803,141,996.61

\* Country or geographic area classification is on registration basis.

1/ Including accrued interest receivables and net of deferred incomes, allowances for doubtful accounts and allowances for revaluation from debt restructuring and including net loans of

2/ Excluding accrued interest receivables and net of allowances for revaluation of securities and allowances for impairment of securities.

3/ Before multiplying credit conversion factor



Table 8 Outstanding amounts of on-balance sheet assets and off balance sheet items before credit risk mitigation classified by residual maturity (BOT-T11)	Dec 31, 2017 Unit: THB		
	Maturity not exceeding 1 year	Maturity exceeding 1 year	Total
1. On-balance sheet assets (1.1 + 1.2 + 1.3)	20,099,873,682.76	25,868,016,393.65	45,967,890,076.41
1.1 Net loans <sup>1/</sup>	10,871,241,134.53	24,866,126,365.08	35,737,367,499.61
1.2 Net Investment in debt securities <sup>2/</sup>	2,504,725,071.43	1,001,890,028.57	3,506,615,100.00
1.3 Deposits (including accrued interest receivables)	6,723,907,476.80	-	6,723,907,476.80
2. Off-balance sheet items <sup>3/</sup> (2.1 + 2.2 + 2.3)	11,638,012,244.93	2,948,172,936.84	14,586,185,181.77
2.1 Aval of bills, guarantees, and letter of credits	551,845,728.37	-	551,845,728.37
2.2 OTC derivatives	1,011,994,384.82	-	1,011,994,384.82
2.3 Undrawn committed line	10,074,172,131.74	2,948,172,936.84	13,022,345,068.58
Table 8 Outstanding amounts of on-balance sheet assets and off balance sheet items before credit risk mitigation classified by residual maturity (BOT-T11)	Dec 31, 2016 Unit: THB		
	Maturity not exceeding 1 year	Maturity exceeding 1 year	Total
1. On-balance sheet assets (1.1 + 1.2 + 1.3)	37,974,358,202.39	7,527,347,158.34	45,501,705,360.73
1.1 Net loans <sup>1/</sup>	17,637,256,559.19	7,027,767,158.34	24,665,023,717.53
1.2 Net Investment in debt securities <sup>2/</sup>	3,206,458,450.01	499,580,000.00	3,706,038,450.01
1.3 Deposits (including accrued interest receivables)	17,130,643,193.19	-	17,130,643,193.19
2. Off-balance sheet items <sup>3/</sup> (2.1 + 2.2 + 2.3)	2,626,772,332.51	11,273,411,130.47	13,900,183,462.98
2.1 Aval of bills, guarantees, and letter of credits	789,969,999.20	-	789,969,999.20
2.2 OTC derivatives	1,307,071,467.17	-	1,307,071,467.17
2.3 Undrawn committed line	529,730,866.14	11,273,411,130.47	11,803,141,996.61

<sup>1/</sup> Including accrued interest receivables and net of deferred incomes, allowances for doubtful accounts and allowances for revaluation from debt restructuring and including net loans of interbank and money market.  
<sup>2/</sup> Excluding accrued interest receivables and net of allowances for revaluation of securities and allowances for impairment of securities.  
<sup>3/</sup> Before multiplying credit conversion factor

Table 9 Outstanding amounts of loans including accrued interest receivables and investment in debt securities before adjusted by credit risk mitigation classified by country or geographical area of debtor* and asset classification as prescribed by the Bank of Thailand (BOT-T12)							
Dec 31, 2017 Unit: THB							
Country or geographic area of debtor	Loans including accrued interest receivables <sup>1/</sup>						Specific provision for Investment in debt securities
	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total	
CN	7,505,426,283.30	-	-	-	-	7,505,426,283.30	6,426.01
HK	4,549,297,572.53	-	-	-	-	4,549,297,572.53	-
KY	68,986,826.68	-	-	-	-	68,986,826.68	-
TH	19,979,570,369.15	1,982,197,830.96	20,191,929.93	291,490,938.70	477,685,167.00	22,751,136,235.74	-
VG	862,520,581.35	-	-	-	-	862,520,581.35	-
Total	32,965,801,633.02	1,982,197,830.96	20,191,929.93	291,490,938.70	477,685,167.00	35,737,367,499.61	6,426.01
Dec 31, 2016 Unit: THB							
Country or geographic area of debtor	Loans including accrued interest receivables <sup>1/</sup>						Specific provision for Investment in debt securities
	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total	
CN	5,180,054,666.58	-	-	-	-	5,180,054,666.58	215,915.62
HK	3,139,809,683.13	-	-	-	-	3,139,809,683.13	-
KY	47,612,956.28	-	-	-	-	47,612,956.28	-
TH	15,288,035,111.44	189,058,127.24	24,781,975.57	2,393,466.70	197,987,923.75	15,702,256,604.70	-
VG	595,289,806.84	-	-	-	-	595,289,806.84	-
Total	23,681,525,251.76	189,058,127.24	344,124,756.30	252,327,658.48	197,987,923.75	24,665,023,717.53	215,915.62

\* Country or geographic area classification is on registration basis.  
<sup>1/</sup> Including outstanding amounts of loans and interest receivable receivables of interbank and money market

Table 10 Provisions (General provision and Specific provision) and bad debt written-off during period for loan including accrued interest receivables and investment in debt securities classified by country or geographic area* (BOT-T13)				
Dec 31, 2017Unit: THB				
Country or geographic area of debtor	Loans including accrued interest receivables <sup>1/</sup>			Specific provision for
	General provision <sup>2/</sup>		Specific provision	Bad debt written-off during period
CN	-		130,142,696.75	-
HK	-		78,883,974.35	-
KY	-		1,196,218.75	-
TH	-		394,500,473.66	-
VG	-		14,955,946.57	-
Total	-		619, 679, 310. 07	-
				Investment in debt securities
				6,426.01
				-
				-
				-
				6,426.01
Dec 31, 2016Unit: THB				
Country or geographic area of debtor	Loans including accrued interest receivables <sup>1/</sup>			Specific provision for
	General provision <sup>2/</sup>		Specific provision	Bad debt written-off during period
CN	-		105,187,932.65	-
HK	-		63,758,031.67	-
KY	-		966,844.71	-
TH	-		318,855,304.90	-
VG	-		12,088,155.08	-
Total	-		500, 856, 269. 00	-
				Investment in debt securities
				215,915.62
				-
				-
				-
				215,915.62

Table 11 Outstanding amount of loans including accrued interests\* before adjusted by credit risk mitigation classified by type of business and by asset classification specified by the Bank of Thailand (BOT-T14)

Dec 31, 2017Unit: THB						
Type of business	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total
Agriculture and forestry	43,876,148.68	159,400,000.00			246,934,191.78	450,210,340.46
Construction	2,083,314,201.11					2,083,314,201.11
Education, Health	1,527,688,027.22					1,527,688,027.22
housing loan	1,962,060,934.09			15,238,741.44	2,342,121.78	1,979,641,797.31
Manufacture	10,259,172,887.13			272,460,330.47	197,987,923.75	10,729,621,141.36
Metals, minerals and steel	729,607,775.78	1,646,322,946.90				2,375,930,722.68
Non- bank FI	5,215,683,761.24					5,215,683,761.24
Oil & gas	2,498,125,357.88	164,492,293.43				2,662,617,651.31
Other	1,964,160,341.89	4,422,177.91	4,081,356.34	1,704,925.10	40,722.52	1,974,409,523.75
Property development and investment	2,171,896,157.17					2,171,896,157.17
Retail and whole sale	3,282,072,615.71				14,616,263.14	3,296,688,878.85
Service	1,088,340,953.41				15,086,364.65	1,103,427,318.06
Telecommunication	166,237,979.07					166,237,979.07
Total	32,965,801,633.02	1,974,637,418.24	4,081,356.34	289,403,997.01	477,007,587.62	35,737,367,499.61
Dec 31, 2016Unit: THB						
Type of business	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total
Agriculture and mining	2,763,357,350.71	189,058,127.24		249,934,191.78	197,987,923.75	3,400,337,593.48
Manufacturing and commerce	18,524,801,682.83		344,124,756.30			18,868,926,439.13
Real estate business and construction	11,738,470,435.30					11,738,470,435.30
Public utilities and services	6,216,813,999.41					6,216,813,999.41
Housing loans	2,783,126,975.11					2,783,126,975.11
Others	10,277,653,881.72			2,393,466.70		10,280,047,348.42
Total	23,681,525,251.76	189,058,127.24	344,124,756.30	252,327,658.48	197,987,923.75	24,665,023,717.53

\* Including outstanding amount of loans including accrued interest receivables of interbank and money market

Table 12 Provisions (General provision and Specific provision) and bad debt written-off during period for loans including accrued interest receivables\* classified by types of business (BOT-T15)

Type of business	Dec 31, 2017 Unit: THB		
	General provision <sup>1/</sup>	Specific provision	Bad debt written-off during period
Agriculture and forestry	-	7,806,563.62	-
Construction	-	36,124,281.03	-
Education, Health	-	26,489,826.45	-
housing loan	-	34,326,620.82	-
Manufacture	-	186,049,636.32	-
Metals, minerals and steel	-	41,198,197.13	-
Non- bank FI	-	90,438,987.00	-
Oil & gas	-	46,169,295.18	-
Other	-	34,235,894.17	-
Property development and investment	-	37,660,275.68	-
Retail and whole sale	-	57,163,972.42	-
Service	-	19,133,224.61	-
Telecommunication	-	2,882,535.66	-
Total	-	619,679,310.07	-
Type of business	Dec 31, 2016 Unit: THB		
	General provision <sup>1/</sup>	Specific provision	Bad debt written-off during period
Agriculture and forestry	-	10,824,230.09	-
Construction	-	20,164,261.80	-
Manufacture	-	171,975,675.62	-
Metals, minerals and steel	-	44,412,575.76	-
Non- bank FI	-	105,336,449.56	-
Oil & gas	-	5,001,188.33	-
Other	-	31,190,442.84	-
Property development and investment	-	63,627,926.29	-
Retail and whole sale	-	33,638,779.44	-
Service	-	14,684,739.26	-
Total	-	500,856,269.00	-

\* Including outstanding amount of loans including accrued interest receivables of interbank and money market. 1/ Disclosed in total amount

Table 13 Reconciliation of change in provisions (General provision and Specific provision) for loans including accrued interest receivables\* (BOT-T16)

Item	Dec 31, 2017 Unit: THB		
	General provision	Specific provision	Total
Provisions at the beginning of the period	-	500,856,269.00	500,856,269.00
Bad debts written-off during the period	-	-	-
Increases or Decreases of provisions during the period	-	118,823,041.07	118,823,041.07
Other provisions (provisions for losses from foreign exchange, provisions for merger and sale of businesses)	-	-	-
Provisions at the end of the period	-	619,679,310.07	619,679,310.07
Item	Dec 31, 2016 Unit: THB		
	General provision	Specific provision	Total
Provisions at the beginning of the period	-	568,034,653.85	568,034,653.85
Bad debts written-off during the period	-	-	-
Increases or Decreases of provisions during the period	-	(67,178,384.85)	(67,178,384.85)
Other provisions (provisions for losses from foreign exchange, provisions for merger and sale of businesses)	-	-	-
Provisions at the end of the period	-	500,856,269.00	500,856,269.00

\* Including outstanding amount of loans including accrued interest receivables of interbank and money market

Table 14 Outstanding amounts of on-balance sheet assets and off-balance sheet items\* classified by type of assets under the SA (BOT-T17)

Type of asset	Dec 31, 2017 Unit: THB		
	On balance sheet assets	Off balance sheet item **	Total
1. Performing claims	45,431,791,411.99	10,486,402,230.26	55,918,193,642.25
1.1 Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public sector entities (PSEs) treated as claims on sovereigns	8,852,577,219.09		8,852,577,219.09
1.2 Claims on financial institutions , non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	5,107,233,090.12	61,786.64	5,107,294,876.76
1.3 Claims on corporate , non-central government public sector entities (PSEs) treated as claims on corporate	29,065,230,608.61	10,131,775,630.41	39,197,006,239.02
1.4 Claims on retail portfolios	108,607,426.17	354,564,813.21	463,172,239.38
1.5 Housing loans	1,754,942,199.21		1,754,942,199.21
1.6 Other assets	543,200,868.79		543,200,868.79
2. Non-performing claims	480,532,522.14	-	480,532,522.14
3. First-to-default credit derivatives and Securitization	-	-	-
<b>Total</b>	<b>45,912,323,934.13</b>	<b>10,486,402,230.26</b>	<b>56,398,726,164.39</b>
Type of asset	Dec 31, 2016 Unit: THB		
	On balance sheet assets	Off balance sheet item **	Total
1. Performing claims	43,386,855,193.08	9,166,944,605.73	52,553,799,798.81
1.1 Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public sector entities (PSEs) treated as claims on sovereigns	19,182,817,116.98		19,182,817,116.98
1.2 Claims on financial institutions , non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	3,007,742,753.69	76,610.46	3,007,819,364.15
1.3 Claims on corporate , non-central government public sector entities (PSEs) treated as claims on corporate	19,438,781,640.23	7,815,741,682.35	27,254,523,322.58
1.4 Claims on retail portfolios	124,410,084.22	1,351,126,312.92	1,475,536,397.14
1.5 Housing loans	1,159,869,029.74		1,159,869,029.74
1.6 Other assets	473,234,568.22		473,234,568.22
2. Non-performing claims	544,186,278.41	-	544,186,278.41
3. First-to-default credit derivatives and Securitization	-	-	-
<b>Total</b>	<b>43,931,041,471.49</b>	<b>9,166,944,605.73</b>	<b>53,097,986,077.22</b>

\* After multiplying with credit conversion factor and specific provision

\*\* Including all Repo-style transactions (including Reverse repo transactions)

## 2.1.2 Credit risk exposures under the SA

### a. Names of External credit assessment institutions (ECAIs)

The Bank selects rating of External Credit Assessment Institutions in assigning risk weight of debtors in each of assets as following:

- Public sector and financial institution debtors: S&P, Moody, and Fitch;
- International development banks not qualified for “0” risk weight: S&P, Moody, Fitch;
- Private sector: TRIS, Fitch, S&P and Moody;

### b. Description of the process of assigning ratings from ECAIs to The Bank’s debtors

Corporate Business Departments are responsible for external rating of corporate customer; Risk Management Department is responsible for external rating of financial institutions, PSEs, central banks, and sovereigns.

## Quantitative Disclosure Table 15

Table 15 : Outstanding amount of net on-balance sheet assets and off-balance sheet items\*\* after adjusted by credit risk mitigation for each type of asset, classified by risk weight under the SA (BOT-T19)

Type of asset	Dec 31, 2017 Unit: THB								
	Risk weight (%)	Rated outstanding amount					Unrated outstanding amount		
	0	20	50	100	150	35	75	100	
Performing claims	9,507,129,092.21	14,502,514,739.14	-	28,216,348,903.90	-	1,660,164,968.97	94,777,230.24	1,937,258,707.80	
1. Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public sector entities (PSEs) treated as claims on sovereigns	8,852,577,219.09								
2. Claims on financial institutions , non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms		14,502,514,739.14		1,781,753,606.44					
3. Claims on corporate , non-central government public sector entities (PSEs) treated as claims on corporate				26,129,467,028.81					
4. Claims on retail portfolios									1,937,258,707.80
5. Claims on housing loans						1,660,164,968.97	94,777,230.24		
6. Other assets	654,551,873.12			305,128,268.65					
Risk weight (%)	-	-	50	100	150				
Non-performing claims <sup>1/</sup>	-	-	-	-	-	480,532,522.14			
Capital deduction items prescribed by the Bank of Thailand									
Type of asset	Dec 31, 2016 Unit: THB								
	Risk weight (%)	Rated outstanding amount					Unrated outstanding amount		
	0	20	50	100	150	35	75	100	
Performing claims	19,923,265,771.02	10,213,247,846.61	-	21,257,417,151.43	-	1,135,645,378.09	24,223,651.65	-	
1. Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public sector entities (PSEs) treated as claims on sovereigns	19,182,817,116.98								
2. Claims on financial institutions , non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms		10,213,247,846.61		551,813,367.33					
3. Claims on corporate , non-central government public sector entities (PSEs) treated as claims on corporate				18,927,421,762.75					
4. Claims on retail portfolios									1,475,536,397.14
5. Claims on housing loans						1,135,645,378.09	24,223,651.65		
6. Other assets	740,448,654.04			302,645,624.21					
Risk weight (%)	-	-	50	100	150				
Non-performing claims <sup>1/</sup>	-	-	-	-	-	544,186,278.41			
Capital deduction items prescribed by the Bank of Thailand									

\* Including insignificant credit portfolios using the SA of the commercial banks that use the IRB. \*\* After multiplying credit conversion factor. 1/ For the portion claims with no credit risk mitigation of which risk weight are determined by the proportion of provision to total amount of claims

### 2.1.3 Credit risk mitigation under the SA

Main types of collateral taken by The Bank include cash, counter guarantee from other financial institutions, corporate guarantee, and 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 shall review each guarantor quarterly case by case. Main types of guarantor include personal guarantor, corporate guarantor, and financial institutions.

Quantitative disclosure: Table 16

Credit risk mitigation under SA - Table 16 Part of outstanding that is secured by collateral** under SA classified by type of assets and collateral (BOT-T28)		
Type of asset	Dec 31, 2017 Unit: THB	
	Eligible financial collateral <sup>1/</sup>	Guarantee and credit derivatives
Performing assets		
Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public sector entities (PSEs) treated as claims on sovereigns	-	-
Claims on financial institutions, 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 claims on corporate	594,291,693.95	11,176,973,468.81
Claims on retail portfolios	-	-
Claims on housing loans	-	-
Other assets	-	-
<b>Total</b>	<b>594,291,693.95</b>	<b>11,176,973,468.81</b>
Type of asset	Dec 31, 2016 Unit: THB	
	Eligible financial collateral <sup>1/</sup>	Guarantee and credit derivatives
Performing assets		
Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public sector entities (PSEs) treated as claims on sovereigns	-	-
Claims on financial institutions, 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 claims on corporate	569,859,710.03	7,757,241,849.79
Claims on retail portfolios	-	-
Claims on housing loans	-	-
Other assets	-	-
<b>Total</b>	<b>569,859,710.03</b>	<b>7,757,241,849.79</b>

\* Excluding securitization. \*\* Values after on-balance sheets and off-balance sheets netting 1/ Eligible financial collateral that the Bank of Thailand allows to use for risk mitigation. Commercial banks applying the comprehensive approach shall disclose the value after haircut.

### 2.2 Disclosure on market risk for trading book position

The trading book consists of positions in financial instruments that are held with trading intent or in order to hedge other risks of the trading book. The Bank is exposed to market risks that may cause losses in both on and off-balance sheet assets and liabilities as a result of adverse changes in market prices (interest rates and exchange rates).

As to market risk management for the trading book, exchange rate risk mainly arises from foreign exchange transactions in which The Bank is engaged on its own account or on behalf of customers. The

Bank manages and controls exchange rate risk by way of currency matching in assets and liabilities, maintaining FX exposure within specified limits.

Quantitative disclosure: Table 17

Table 17 Minimum capital requirements for each type of market risk under the Standardized Approach (BOT-T30)	Dec 31, 2016 Unit: THB	Dec 31, 2017 Unit: THB
Interest rate risk	0.00	0.00
Equity position risk	0.00	0.00
Foreign exchange rate risk	30,011,552.34	23,799,743.57
Commodity risk	0.00	0.00
<b>Total minimum capital requirements</b>	<b>30,011,552.34</b>	<b>23,799,743.57</b>

### 2.3 Disclosure on operational risk

In 2017, The Bank continued to improve the operational risk framework, optimized and applied the management tools, established a series of policies to streamline rules and regulations concerning operational risk management, and optimized measures to enhance the efficiency of operational risk management, standardized the rectification follow-up mechanism to strengthen supervision over the progress and effectiveness of rectification efforts and further promoting the effectiveness of operational risk management, and also improved monitoring measures, and further reinforced operational risk management in a reasonable, necessary, rigorous and effective manner. The operational efficiency and risk prevention ability were continuously enhanced.

The approach that The Bank calculate equivalent operational risk-weighted asset is Basic Indicator Approach (BIA Method), and the specific method is to utilize the average of three years adjusted gross income multiplied by 15%.

### 2.4 Disclosure on interest rate risk in banking book

#### 2.4.1 General qualitative information and nature description

Interest rate risk in the banking book arises mainly from mismatches in the maturities, re-pricing periods or benchmark interest rates of assets and liabilities. For general businesses, Thai baht deposits are mainly used for loans, bonds, investment and to meet the liquidity requirements. Most of the loans is dominated in USD (out-out business), funded by the Head Office with term mismatched. The Bank adjusted the interest rate several times in 2017 considering the situation of market. The major interest rate risk in banking book is between the USD capital fund from Head office that The Bank shall pay interest rate at 1 month LIBOR and while the utilization of the capital fund in majority invests in the fixed-rate long-term Thai baht bonds, the reasons of no hedging are The Bank's long-term business plan and the head office of the relevant policies.

#### 2.4.2 Key assumptions used for risk assessment and Frequency of interest rate risk in banking book measurement

The Bank manages the interest rate risk of the banking book primarily through interest rate re-pricing gap analysis. The data generated by gap analysis is used to perform sensitivity analysis, assist decision making regarding the re-pricing of the interest-earning assets and interest-bearing liabilities. The analysis report is used for illustrative purpose, and is based on The Bank's gap position and key assumptions are using the percentage changes in interest rates of 100 bps and not considering any change in customer behavior.



Quantitative disclosure: Table 18

Interest rate risk in the banking book - Table 18 The effect of changes in interest rates\* to net earnings (BOT-T33)

Currency	Dec 31, 2017Unit: THB Effect to net earnings
THB	107,017,280.75
USD	6,550,610.28
CNY	(10,558,016.82)
Others	7,384,634.05
Total effect	110,394,508.26
Currency	Dec 31, 2016Unit: THB Effect to net earnings
THB	176,062,585.98
USD	74,663,398.03
CNY	(50,425,223.48)
Others	(54,235,321.98)
Total effect	146,065,438.55

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

- End -