



中國銀行

(泰国) 股份有限公司
BANK OF CHINA (THAI) PUBLIC COMPANY LIMITED

Bank of China (Thai) PCL

Pillar 3 Disclosure

30 June 2019

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 30 June 2019, The Bank total capital fund was at THB 12,288 million, consisting of Common Equity Tier 1 (CET 1) capital of THB 9,963 million, Tier 1 capital at THB 9,963 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)

- Issued and paid-up share capital (common stock) deducted by stock buyback
- Legal reserves
- Other items of owner’s equity
- Items to be deducted from CET1
 - Deferred tax assets
 - Intangible assets

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, 2018	Jun 30, 2019
1. Tier 1 capital	9,941,204,044.93	9,962,709,541.81
1.1 Common equity tier 1 (CET1)	9,941,204,044.93	9,962,709,541.81
1.1.1 Paid-up capital (common stock) deducted by buyback of common stock	10,000,000,000.00	10,000,000,000.00
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	3,887,442.14	7,818,287.31
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	-	-
1.1.7 Other items of owner's equity	2,804,100.41	11,696,179.46
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	65,487,497.62	56,804,924.96
1.2 Additional tier 1	-	-
2. Tier 2 capital	2,325,729,000.00	2,325,729,000.00
3. Total regulatory capital	12,266,933,044.93	12,288,438,541.81

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 30 June 2019 was 25.17%. CET1 Ratio and Tier 1 Ratio were at 20.41%, which exceeded minimum capital ratio requirements of BOT.

Total risk-weighted capital ratio and Tier 1 risk-weighted capital ratio	Dec 31, 2018	Jun 30, 2019
1. Total capital to risk-weighted assets	26.52%	25.17%
2. Tier 1 capital to risk-weighted assets	21.49%	20.41%

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 the SA	Dec 31, 2018	Jun 30, 2019
Performing claims		
1. Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public sector entities (PSEs) treated as claims on sovereigns	-	22,654,252.94
2. Claims on financial institutions, non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	805,942,081.50	1,110,377,537.67
3. Claims on corporates, non-central government public sector entities (PSEs) treated as claims on corporate	3,479,369,043.74	3,665,211,998.02
4. Claims on retail portfolios	141,553,654.14	61,166,030.49
5. Claims on housing loans	89,359,127.60	196,259,169.87
6. Other assets	26,529,614.47	25,667,146.40
Non-performing claims	67,405,350.81	61,723,715.54
First-to-default credit derivatives and Securitization	-	-
Total minimum capital requirement for credit risk under the SA	4,610,158,872.26	5,143,059,850.94

Unit: Baht

Minimum capital requirement for market risk for positions in the trading book (Standardized measurement approach)	Dec 31, 2018	Jun 30, 2019
1. Standardized approach	16,795,449.93	12,691,398.88
2. Internal model approach	-N.A.-	-N.A.-
Total minimum capital requirement for market risk	16,795,449.93	12,691,398.88

Unit: Baht

Minimum capital requirement for operational risk (BIA)	Dec 31, 2018	Jun 30, 2019
1. Calculate by Basic Indicator Approach	171,752,569.52	152,836,309.77
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	171,752,569.52	152,836,309.77

Unit: Baht

Minimum capital requirements for market risk under the Standardized Approach	Dec 31, 2018	Jun 30, 2019
Interest rate risk	-	-
Equity position risk	-	-
Foreign exchange rate risk	16,795,449.93	12,691,398.88
Commodity risk	-	-
Total minimum capital requirements	23,799,743.57	12,691,398.88