

Bank of China (Thai) Public Co., Ltd

Pillar 3 Disclosures

For the year ended December 31, 2023

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Scope of Application

Pursuant to the Bank of Thailand's (BOT) 's guideline in the supervision of capital for commercial banks based on Basel III, Bank of China (Thai) Public Co., Ltd ("the Bank") hereby discloses information regarding capital, risk exposures, risk assessment processes and additional disclosure of capital under the BCBS requirements (Solo Basis).

1. Capital

1.1 Capital Structure

- Common Equity Tier 1 (CET1)
 - Paid-up capital (common stock) deducted by buyback of common stock
 - 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
- The Bank does not have additional Tier 1 capital currently.
- Tier 2 Capital

The Bank issued THB 1,413 million of subordinated debentures pursuant to Tier 2 subordinated debenture to Bank of China (Hong Kong). The debentures are qualifying capital instruments under Basel III and could be fully counted as Tier 2 capital.

The Bank is a wholly owned subsidiary of Bank of China (Hong Kong). The following table is a breakdown of the Bank's capital as of December 31, 2023, compared with the position of the Bank as of December 31, 2022.

Table 1: Capital Structure

Unit: Thousand Baht

Table 1 Capital Structure	December 31, 2022	December 31, 2023
1. Tier 1 capital	10,066,233	10,477,958
1.1 Common equity tier 1 (CET1)	10,066,233	10,477,958
1.1.1 Paid-up capital (common stock) deducted by buyback of common stock	10,000,000	10,000,000
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	36,964	56,944
1.1.5 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)	700,612	1,080,239
1.1.6 Other items of owner's equity (1.1.7.1+1.1.7.2)	-	-
1.1.6.1 Accumulated other comprehensive income	(13,360)	7,012
1.1.6.2 Other items from owner changes	-	-
1.1.7 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	-	-
1.1.8 Adjustment items not allowed to affect the capital	(474,229)	(474,229)
1.1.9 Items to be deducted from CET1 (1.1.10.1+1.1.10.2)	183,753	192,008
1.1.9.1 Items to be deducted from CET1 *	183,753	192,008
1.1.9.2 Items to be deducted from Additional tier 1, for remaining parts, in case where Additional tier 1 is insufficient for the deductions in full	-	-
1.2 Additional tier 1	-	-
2. Tier 2 capital	1,860,583	1,412,790
2.1 Proceeds received from issuing preferred shares with accrued dividends deducted by buyback of such preferred shares	-	-
2.2 Warrants to buy preferred shares with accrued dividends	-	-
2.3 Proceeds received from issuing debt instruments with claims subordinated to depositors and general creditors	1,860,583	1,412,790
2.4 Premiums (or discounts) on value of instruments under 2.1 to 2.3 received by locally-registered commercial banks	-	-
2.5 General provision for performing loans	-	-
2.6 Surplus of provision	-	-
2.7 Items of subsidiaries, only the portion of the shareholders and outsiders who have no controlling authority that can be counted as Tier 2 capital of the financial group	-	-
2.8 Items to be deducted from Tier 2 capital ***	-	-
3. Total regulatory capital	11,926,817	11,890,748

1.2 Capital Adequacy

The Bank is required to calculate and report capital adequacy ratio to Bank of Thailand on a monthly basis, and is required to maintain a minimum Capital Adequacy Ratio of 11% since year 2019, with the minimum ratio of Common Equity Tier 1 and Tier 1 capital to risk weighted assets at 7.0% and 8.5% respectively according to Basel III/Pillar I. The Bank actively monitors and ensures capital above the minimum requirement. As of Dec 31, 2023, The Bank's Capital Adequacy Ratio (CAR) was 22.11%.

For each risk type under Pillar I, The Bank adopts the following approaches to calculate the regulatory capital requirements:

- Credit Risk: Standardized Approach
- Market Risk: Standardized Approach
- Operational Risk: Basic Indicator Approach

The Bank's Capital adequacy ratio is shown in Table 2. The minimum capital requirements for credit risk, market risk and operational risk at the end of 2022 and 2023 are shown in Table 3

Table 2: Capital Adequacy

Table 2: Capital Adequacy	December 31, 2022	December 31, 2023
1. Total capital to risk-weighted assets	22.50%	22.11%
2. Tier 1 capital to risk-weighted assets	18.99%	19.48%
3. Common Equity Tier 1 capital to risk-weighted assets	18.99%	19.48%

Table 3: Minimum Capital Requirement for Each Type of Risks

Unit: Thousand Baht

Table 3: Minimum Capital Requirement for Each Type of Risks	December 31, 2022	December 31, 2023
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	-	-
2. Claims on financial institutions , non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	760,476	1,502,247
3. Claims on corporate , non-central government public sector entities (PSEs) treated as claims on corporate	4,276,331	3,696,520
4. Claims on retail portfolios	35,329	33,809
5. Claims on housing loans	168,687	146,003
6. Other assets	42,831	55,910
Non-performing claims	76,412	62,407
First-to-default credit derivatives and Securitization	-	-
Total minimum capital requirement for credit risk	5,360,066	5,496,897

Minimum capital requirement for market risk	December 31, 2022	December 31, 2023
1. Standardized approach	126,585	13,279
2. Internal model approach	-	-
Total minimum capital requirement for market risk	126,585	13,279

Minimum capital requirement for operational risk	December 31, 2022	December 31, 2023
1. Calculate by Basic Indicator Approach	216,667	291,338
2. Calculate by Standardized Approach	-	-
3. Calculate by Alternative Standardized Approach	-	-
Total minimum capital requirement for operational risk	216,667	291,338

2. Risk Exposure and Assessment

2.1 Credit Risk

Credit risk is the risk of loss that a customer or counterparty is unable to or unwilling to meet its contractual obligations. Credit risk exists in the trading book and banking book, as well as from on- and off-balance sheet transactions of the Bank. It arises principally from lending, trade finance and treasury businesses.

2.1.1 Credit Risk Management Process

The Bank has established credit risk management framework to achieve and maintain high quality credit assets. The framework stipulates the establishment of comprehensive credit policy and procedures, which include independent credit review process, credit approval process, proper credit monitoring and risk reporting mechanism, as well as adequate risk mitigation measures. In order to provide a sound control environment with clear segregation of duties to ensure effective credit risk management process, the Bank has set up the following credit risk management structure:

- The Board of Directors and Risk Oversight Committee (ROC) are responsible for overseeing and supervising the Bank's overall credit risk management, as well as reviewing and approving high level risk exposures.
- Country Head is responsible for managing the Bank's credit risk and approving risk exposures or transactions within his authority. The Bank's senior management is responsible for approving the detailed credit risk management procedures.
- 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 unit 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-category (Pass, Special Mention, Sub-Standard, Doubtful and Loss), while BOT classified asset into 3 stages (Stage 1: Performing, Stage 2: Under-performing and Stage 3: Non-performing).

The credit assets are classified by taking into consideration quantitative measure such as the length of days which the principal or interest of credit facility is past due and qualitative measures such as the Significant Credit Deterioration Criteria (SCDC)

To comply with the requirements of Thai Financial Reporting Standard 9 (TFRS 9), the Bank assesses the expected credit loss (ECL) impairment of its credit assets regularly to reflect changes in credit risk since initial recognition which the Bank has adopted ECL% proxy approach from BOCHK to apply for estimation of credit loss.

The Bank calculates the ECL for Stage 1 exposures and Stage 2 exposures by assessing relevant credit information like forward-looking macroeconomic factors and obligors' credit information. ECL for Stage 3 exposures are assessed by considering future discounted cash flow.

Stage 1 exposures shall recognize ECL impairment within the next 12 months while Stage 2 exposures and Stage 3 exposures shall recognize lifetime 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		
	December 31, 2022	December 31, 2023
1. On-balance sheet assets (1.1 + 1.2 + 1.3+ 1.4)	60,991,011	70,394,078
1.1 Net loans ^{1/}	50,642,124	51,458,819
1.2 Net Investment in debt securities ^{2/}	6,997,029	7,500,450
1.3 Net Deposits ^{3/}	3,253,968	11,373,800
1.4 Derivative	97,891	61,008
2. Off-balance sheet items ^{4/} (2.1 + 2.2 + 2.3)	26,097,069	32,028,349
2.1 Aval of bills, guarantees, and letter of credits	17,216,304	21,060,161
2.2 OTC derivatives ^{5/}	8,067,915	9,947,560
2.3 Undrawn committed line	812,850	1,020,628

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

1/ Including accrued interest receivables and net of deferred incomes, Expected Credit Losses 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 Expected Credit Losses of securities.

3/ Including accrued interest receivables and net of Expected Credit Loss

4/ Before multiplying credit conversion factor

5/ Including equity-related derivatives

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			
December 31, 2023			
on-balance sheet and off-balance sheet items	Maturity not exceeding 1 year	Maturity exceeding 1 year	Total
1. On-balance sheet assets (1.1 + 1.2 + 1.3+ 1.4)	11,835,487	58,558,591	70,394,078
1.1 Net loans ^{1/}	160,000	51,298,819	51,458,819
1.2 Net Investment in debt securities ^{2/}	240,678	7,259,772	7,500,450
1.3 Net Deposits ^{3/}	11,373,800	-	11,373,800
1.4 Derivative	61,008	-	61,008
2. Off-balance sheet items ^{4/} (2.1 + 2.2 + 2.3)	22,086,112	9,942,237	32,028,349
2.1 Aval of bills, guarantees, and letter of credits	16,343,356	4,716,805	21,060,161
2.2 OTC derivatives ^{5/}	5,268,360	4,679,200	9,947,560
2.3 Undrawn committed line	474,396	546,233	1,020,628

December 31, 2022			
on-balance sheet and off-balance sheet items	Maturity not exceeding 1 year	Maturity exceeding 1 year	Total
1. On-balance sheet assets (1.1 + 1.2 + 1.3+ 1.4)	33,433,663	27,557,348	60,991,011
1.1 Net loans ^{1/}	28,756,493	21,885,630	50,642,124
1.2 Net Investment in debt securities ^{2/}	1,325,311	5,671,718	6,997,029
1.3 Net Deposits ^{3/}	3,253,968	-	3,253,968
1.4 Derivative	97,891	-	97,891
2. Off-balance sheet items ^{4/} (2.1 + 2.2 + 2.3)	22,086,112	4,010,957	26,097,069
2.1 Aval of bills, guarantees, and letter of credits	16,343,356	872,948	17,216,304
2.2 OTC derivatives ^{5/}	5,268,360	2,799,554	8,067,915
2.3 Undrawn committed line	474,396	338,454	812,850

1/ Including accrued interest receivables and net of deferred incomes, Expected Credit Losses and allowances for revaluation from

2/ Excluding accrued interest receivables and net of allowances for revaluation of securities and Expected Credit Losses of securities.

3/ Including accrued interest receivables and net of Expected Credit Loss

4/ Before multiplying credit conversion factor

5/ Including equity-related derivatives

Table 6: 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

Unit: Thousand Baht

Table 6 Outstanding amounts of on-balance sheet assets and off-balance sheet items before adjusted credit risk mitigation classified by country or geographic					
Country or geographic area of debtor	December 31, 2023				
	On-balance sheet assets				
	Total	Net loans ^{1/}	Net Investment in debt securities ^{2/}	Net Deposits ^{3/}	Derivative
China (CN)	2,048,078.43	19,234.18	1,641,158.93	387,685.32	-
Hong Kong (HK)	14,813,812.23	4,516,754.93	-	10,236,048.83	61,008.46
Cayman Islands (KY)	1,268,465.85	1,268,465.85	-	-	-
Malaysia (MY)	2,574,412.18	2,574,412.18	-	-	-
Maldives (MV)	583,976.97	583,976.97	-	-	-
Thailand (TH)	46,598,371.28	40,118,273.33	5,859,291.38	620,806.57	-
United States (US)	129,259.28	-	-	129,259.28	-
British Virgin Islands (VG)	2,147,672.97	2,147,672.97	-	-	-
Australia (AU)	230,028.64	230,028.64	-	-	-
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	OTC derivatives	Undrawn committed line	
China (CN)	521,359.06	-	521,359.06	-	-
Hong Kong (HK)	2,838,311.03	-	2,838,311.03	-	-
Thailand (TH)	28,628,664.44	21,060,161.12	6,587,889.91	980,613.41	-
Maldives (MV)	40,014.88	-	-	40,014.88	-
Total	32,028,349	21,060,161	9,947,560	1,020,628	

Unit: Thousand Baht

Country or geographic area of debtor	December 31, 2022				
	On-balance sheet assets				
	Total	Net loans ^{1/}	Net Investment in debt securities ^{2/}	Net Deposits ^{3/}	Derivative
China (CN)	3,278,856	669,372	1,747,560	861,923	-
Hong Kong (HK)	4,904,516	3,076,054	-	1,828,463	-
Cayman Islands (KY)	3,353,993	3,353,993	-	-	-
Macao (MO)					
Malaysia (MY)	1,589,793	1,589,793	-	-	-
Philippines (PH)	30,939	30,939	-	-	-
Singapore (SG)	879,266	879,266	-	-	-
Thailand (TH)	44,585,313	38,699,260	5,249,469	538,694	97,891
United States (US)	24,887	-	-	24,887	-
British Virgin Islands (VG)	2,110,531	2,110,531	-	-	-
Vietnam (VN)	232,916	232,916	-	-	-
Total	60,991,011	50,642,124	6,997,029	3,253,968	97,891

Unit: Thousand Baht

Country or geographic area of debtor	Off-balance sheet assets			
	Total	Aval of bills, guarantees, and letter of credits	OTC derivatives	Undrawn committed line
China (CN)	12,751,544	12,025,537	726,006	-
Thailand (TH)	1,873,715	24,291	1,849,424	-
Hong Kong (HK)	11,471,810	5,166,476	5,492,484	812,850
Total	26,097,069	17,216,304	8,067,915	812,850

* Country or geographic area classification is on registration basis.

1/ Including accrued interest receivables and net of deferred incomes, Expected Credit Losses and allowances for revaluation from debt

2/ Excluding accrued interest receivables and net of allowances for revaluation of securities and Expected Credit Losses of securities.

3/ Including accrued interest receivables and net of Expected Credit Loss

4/ Before multiplying credit conversion factor

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 Commitments before adjusted credit risk mitigation and General provision and Specific Provision				
Items	December 31, 2023			
	Outstanding		Specific Provision under SA	Net Amount
	Default Exposures	Non-default Exposures		
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

Unit: Thousand Baht

Items	December 31, 2022			
	Outstanding		Specific Provision under SA	Net Amount
	Default Exposures	Non-default Exposures		
1. Loans including accrued interest receivables	1,520,045	49,122,078	2,022,034	48,620,090
2. Investment in debt securities	-	6,997,029	7,003	6,990,026
3. Deposits including accrued interest receivables	-	3,253,968	606	3,253,362
4. Contingent Liabilities, Undrawn Commitments and Loan Guarantee	-	26,097,069	114,754	25,982,315
Total	1,520,045	85,470,144	2,144,397	84,845,792

Table 8: Outstanding amounts of Loans including accrued interest receivables and Investment in debt securities before adjusted credit risk mitigation classified by country or geographic area* and BOT's Loan Classification Criteria

Unit: Thousand Baht

Table 8 Outstanding amounts of Loans including accrued interest receivables and Investment in debt securities before adjusted credit risk mitigation classified								
December 31, 2023								
Country or geographic area of debtor	Loans including accrued interest receivables ^{1/}				Investment in debt securities			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
China (CN)	19,234.18	-	-	19,234.18	1,641,158.93	-	-	1,641,158.93
Hong Kong (HK)	4,516,754.93	-	-	4,516,754.93	-	-	-	-
Cayman Islands (KY)	-	-	1,268,465.85	1,268,465.85	-	-	-	-
Malaysia (MY)	2,574,412.18	-	-	2,574,412.18	-	-	-	-
Maldives (MV)	583,976.97	-	-	583,976.97	-	-	-	-
Thailand (TH)	39,178,849.34	44,950.99	894,472.99	40,118,273.33	5,859,291.38	-	-	5,859,291.38
United States (US)	-	-	-	-	-	-	-	-
British Virgin Islands (VG)	2,147,672.97	-	-	2,147,672.97	-	-	-	-
Australia (AU)	230,028.64	-	-	230,028.64	-	-	-	-
Total	49,250,929.22	44,950.99	2,162,938.84	51,458,819.05	7,500,450.31	-	-	7,500,450.31

Unit: Thousand Baht

December 31, 2022								
Country or geographic area of debtor	Loans including accrued interest receivables ^{1/}				Investment in debt securities			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
China (CN)	840,320	-	-	840,320	1,747,560	-	-	1,747,560
Hong Kong (HK)	-	-	-	-	-	-	-	-
Cayman Islands (KY)	2,931,748	-	1,278,809	4,210,557	-	-	-	-
Macao (MO)	-	-	-	-	-	-	-	-
Malaysia (MY)	1,995,804	-	-	1,995,804	-	-	-	-
Philippines (PH)	38,840	-	-	38,840	-	-	-	-
Singapore (SG)	1,103,819	-	-	1,103,819	-	-	-	-
Thailand (TH)	37,334,163	1,935,453	241,237	39,510,852	5,249,469	-	-	5,249,469
United States (US)	-	-	-	-	-	-	-	-
British Virgin Islands (VG)	2,649,532	-	-	2,649,532	-	-	-	-
Vietnam (VN)	292,400	-	-	292,400	-	-	-	-
Total	47,186,626	1,935,453	1,520,045	50,642,124	6,997,029	-	-	6,997,029

* Country or geographic area classification is on registration basis.

^{1/} Including loans and accrued interest receivables of interbank and money market

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

Unit: Thousand Baht

December 31, 2023				
Country or geographic area of debtor	Loans including accrued interest receivables ^{1/}			Specific provision for
	General provision	Specific provision under SA	Bad debt written-off during period	Investment in debt securities
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	-	2,399,636	230,407	-

Unit: Thousand Baht

December 31, 2022				
Country or geographic area of debtor	Loans including accrued interest receivables ^{1/}			Specific
	General provision	Specific provision	Bad debt written-off	Investment in debt securities
Australia (AU)	-	21,302	-	440
China (CN)	-	-	-	-
Hong Kong (HK)	-	867,332	-	-
Cayman Islands (KY)	-	-	-	-
Malaysia (MY)	-	50,593	-	-
Philippines (PH)	-	985	-	-
Singapore (SG)	-	27,982	-	-
Thailand (TH)	-	1,101,625	397,953	6,563
United States (US)	-	-	-	-
British Virgin Islands (VG)	-	67,165	-	-
Vietnam (VN)	-	7,412	-	-
Total	-	2,144,397	397,953	7,003

Table 10: Outstanding amounts of Loans including accrued interest receivables before adjusted credit risk mitigation classified by type of business and BOT's Loan Classification Criteria

Unit: Thousand Baht

Table 10 Outstanding amounts of Loans including accrued interest receivables before adjusted credit risk mitigation classified by				
Type of business	December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
Agriculture and forestry	1,205,806	-	-	1,205,806
Air Transportation	-	-	1,268,466	1,268,466
Construction	1,295,581	12,194	-	1,307,774
Education, Health	1,075,920	-	-	1,075,920
Energy	988,966	-	-	988,966
Logistics	653,294	-	-	653,294
Metals, minerals and steel	1,553,795	-	140,216	1,694,011
Non- bank FI	3,567,459	-	-	3,567,459
Oil & Gas	2,212,756	-	-	2,212,756
Property development and investment	1,563,366	-	-	1,563,366
Retail & Wholesale	3,412,262	8,782	-	3,421,043
Service	1,640,680	6,268	-	1,646,948
Telecommunication	1,284,655	-	-	1,284,655
Manu - Others	3,367,814	-	422,970	3,790,784
Manu - Furniture and Home Furnishing	855,501	-	-	855,501
Manu - Food and Beverage	4,208,187	-	-	4,208,187
Manu - Rubber	3,893,289	-	-	3,893,289
Manu - Electronics and Electrical Components	350,300	-	310,188	660,487
Retail	1,840,609	17,708	21,099	1,879,415
Loan to Financial Institution	14,280,690	-	-	14,280,690
Total	49,250,929	44,951	2,162,939	51,458,819

Unit: Thousand Baht

Type of business	December 31, 2022			
	Stage 1	Stage 2	Stage 3	Total
Agriculture	891,446	-	-	891,446
Air Transportation	-	-	1,278,809	1,278,809
Construction	2,540,202	-	-	2,540,202
Education & Health	970,079	-	-	970,079
Energy	1,218,006	-	-	1,218,006
Logistics	1,767,309	-	-	1,767,309
Manufacture	13,423,849	1,469,462	225,212	15,118,523
Metals, minerals and steel	369,591	-	-	369,591
Non-Bank FI	3,764,368	-	-	3,764,368
Oil&Gas	2,429,629	-	-	2,429,629
Property	2,327,693	-	-	2,327,693
Retail and Wholesale	4,239,390	430,079	-	4,669,468
Services	1,391,736	13,360	-	1,405,096
Telecommunication	1,551,081	-	-	1,551,081
Retail	2,016,195	22,552	16,025	2,054,772
Loan to Financial Institution	8,286,054	-	-	8,286,054
Total	47,186,626	1,935,453	1,520,045	50,642,124

Table 11: Provisions (General provision and 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 Provisions (General provision and Specific provision) and bad debt written-off during period for loans			
Type of business	December 31, 2023		
	General provision	Specific provision under SA	Bad debt written-off during period
Agriculture and forestry	-	1,512	-
Air Transportation	-	744,696	-
Construction	-	6,170	-
Education, Health	-	1,354	-
Energy	-	6,993	-
Logistics	-	889	-
Metals, minerals and steel	-	658,247	-
Non- bank FI	-	10,328	-
Oil & Gas	-	17,836	-
Property development and investment	-	13,617	-
Retail & Wholesale	-	145,872	-
Service	-	413,336	-
Telecommunication	-	10,875	-
Manu - Others	-	13,786	230,407
Manu - Furniture and Home Furnishing	-	2,222	-
Manu - Food and Beverage	-	8,775	-
Manu - Rubber	-	10,775	-
Manu - Electronics and Electrical Components	-	311,805	-
Retail	-	18,245	-
Loan to Financial Institution	-	2,303	-
Total	-	2,399,636	230,407

Unit: Thousand Baht

Type of business	December 31, 2022		
	General provision	Specific provision under SA	Bad debt written-off during period
Agriculture	-	30,025	397,953
Air Transportation	-	760,595	-
Construction	-	85,557	-
Education & Health	-	32,674	-
Energy	-	41,024	-
Logistics	-	59,525	-
Manufacture	-	452,133	-
Metals, minerals and steel	-	12,448	-
Non-Bank FI	-	126,789	-
Oil&Gas	-	81,833	-
Property	-	78,400	-
Retail and Wholesale	-	142,788	-
Services	-	46,876	-
Telecommunication	-	52,242	-
Retail	-	-	-
Loan to Financial Institution	-	606	-
Total	-	2,022,640	397,953

Table 12: Reconciliation of change in provisions (General provision and Specific provision) for loans including accrued interest receivables

Unit: Thousand Baht

Table 12 Reconciliation of change in provisions (General provision and Specific provision) for loans including accrued			
Item	December 31, 2023		
	General provision	Specific provision under SA	Total
Provisions at the beginning of the period	-	2,115,891.34	2,115,891.34
Bad debts written-off during the period	-	230,407.26	230,407.26
Increases or Decreases of provisions during the period	-	401,107.27	401,107.27
Other provisions (provisions for losses from foreign exchange, provisions for merger and sale of businesses)	-	-	-
Provisions at the end of the period	-	2,516,998.61	2,516,998.61

Unit: Thousand Baht

Item	December 31, 2022		
	General provision	Specific provision under SA	Total
Provisions at the beginning of the period	-	1,868,291.20	1,868,291.20
Bad debts written-off during the period	-	397,953.00	397,953.00
Increases or Decreases of provisions during the period	-	247,600.13	247,600.13
Other provisions (provisions for losses from foreign exchange, provisions for merger and sale of businesses)	-	-	-
Provisions at the end of the period	-	2,115,891.34	2,115,891.34

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

Table 13: Outstanding amounts of on-balance sheet assets and off-balance sheet items classified by type of assets under the SA

Unit: Thousand Baht

Table 13 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	December 31, 2023		
	On-balance sheet assets ^{1/}	Off-balance sheet item ^{2/}	Total
1. Performing claims	68,264,786	11,157,909	79,422,695
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	8,109,098	-	8,109,098
1.2 Claims on financial institutions, non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	25,843,079	93,883	25,936,962
1.3 Claims on corporate, non-central government public sector entities (PSEs) treated as claims on corporate	31,576,804	10,182,381	41,759,185
1.4 Claims on retail portfolios	161,595	145,763	307,359
1.5 Housing loans	1,689,756	735,882	2,425,638
1.6 Other assets	884,453	-	884,453
2. Non-performing claims	601,213	-	601,213
3. First-to-default credit derivatives and Securitization	-	-	-
Total	68,865,999	11,157,909	80,023,908

Unit: Thousand Baht

Type of asset	December 31, 2022		
	On-balance sheet assets ^{1/}	Off-balance sheet item ^{2/}	Total
1. Performing claims	61,049,753,666	9,169,401,448	70,219,155
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	7,513,973,907	-	7,513,974
1.2 Claims on financial institutions, non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	12,085,889,101	107,849,823	12,193,739
1.3 Claims on corporate, non-central government public sector entities (PSEs) treated as claims on corporate	38,577,359,976	8,035,167,892	46,612,528
1.4 Claims on retail portfolios	160,377	160,796	321,173
1.5 Housing loans	1,905,440	865,588	2,771,028
1.6 Other assets	806,713	-	806,713
2. Non-performing claims	694,655	-	694,655
3. First-to-default credit derivatives and Securitization	-	-	-
Total	61,744,409	9,169,401	70,913,810

^{1/} Net of specific provision

^{2/} After multiplying with credit conversion factor and net of specific provision

2.1.3 Credit Rating

When calculating the risk weighted assets (RWA) using the standardized approach (SA) under Basel III, the Bank uses credit ratings from qualified External Credit Assessment Institutions (ECAIs) specified by the BOT:

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

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

The Bank follows the process of mapping the ECAI ratings with corresponding borrower's risk weights prescribed by BOT.

Table 14: 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

Unit: Thousand Baht

Table 14 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	December 31, 2023											
	Rated outstanding amount					Unrated outstanding amount						
Risk weight (%)	0	20	50	100	150	0	20	35	50	75	100	150
Performing claims	6,734,496	16,823,294	13,753,914	38,286,001	-	376,176	-	1,689,756	-	-	1,759,058	-
1. Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public sector entities (PSEs) treated as claims on sovereigns	6,734,496	-	-	1,374,603	-	-	-	-	-	-	-	-
2. Claims on financial institutions , non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	-	15,093,030	411,499	10,432,433	-	-	-	-	-	-	-	-
3. Claims on corporate , non-central government public sector entities (PSEs) treated as claims on corporate	-	1,730,264	13,342,416	26,478,965	-	-	-	-	-	-	207,540	-
4. Claims on retail portfolios	-	-	-	-	-	-	-	-	-	-	307,359	-
5. Claims on housing loans	-	-	-	-	-	-	-	1,689,756	-	-	735,882	-
6. Other assets	-	-	-	-	-	376,176	-	-	-	-	508,277	-
Risk weight (%)	0	20	50	100	150	0	20	35	50	75	100	150
Non-performing claims ^{1/}	-	-	-	-	-	-	-	-	-	-	601,213	-
Capital deduction items prescribed by the Bank of Thailand	-	-	-	-	-	-	-	-	-	-	-	-

Type of asset	December 31, 2022											
	Rated outstanding amount					Unrated outstanding amount						
Risk weight (%)	0	20	50	100	150	0	20	35	50	75	100	150
Performing claims	7,513,974	8,503,179	12,361,860	8,870,603	52,004	476,985	-	1,902,874	-	2,567	30,535,109	-
1. Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public sector entities (PSEs) treated as claims on sovereigns	7,513,974	-	-	-	-	-	-	-	-	-	-	-
2. Claims on financial institutions , non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	-	6,055,331	872,119	5,266,289	-	-	-	-	-	-	-	-
3. Claims on corporate , non-central government public sector entities (PSEs) treated as claims on corporate	-	2,447,848	11,489,741	3,604,314	52,004	-	-	-	-	-	28,958,971	-
4. Claims on retail portfolios	-	-	-	-	-	-	-	-	-	-	321,173	-
5. Claims on housing loans	-	-	-	-	-	-	-	1,902,874	-	2,567	865,588	-
6. Other assets	-	-	-	-	-	476,985	-	-	-	-	389,377	-
Risk weight (%)	0	20	50	100	150	0	20	35	50	75	100	150
Non-performing claims ^{1/}	-	-	-	-	-	-	-	-	-	-	694,655	-
Capital deduction items prescribed by the Bank of Thailand	-	-	-	-	-	-	-	-	-	-	-	-

Capital deduction items prescribed by the Bank of Thailand

* 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

2.1.4 Credit Risk Mitigation

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.

Table 15: Part of outstanding that is secured by collateral* under SA classified by type of assets and collateral

Unit: Thousand Baht

Credit risk mitigation under SA - Table 15 Part of outstanding that is secured by collateral** under SA classified by type of assets and collateral (BOT-T28)		
Type of asset	31-Dec-23	
	Eligible financial collateral ^{1/}	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	99,038	1,079,294
Claims on retail portfolios		
Claims on housing loans		
Other assets		
Total	99,038	1,079,294

Unit: Thousand Baht

Type of asset	31-Dec-22	
	Eligible financial collateral ^{1/}	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	59,649	1,025,634
Claims on retail portfolios	-	-
Claims on housing loans	-	-
Other assets	-	-
Total	59,649	1,025,634

* 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 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 the Trading Book and Banking Book. IRR refers to the risk of loss due to shifts in the benchmark rate, causing depreciation of values of interest rate-based asset classes. FX risk refers to the risk of loss to an investment due to changes in the currency exchange rate in which the investment is priced. Currently, BOCT adopts the Standardized Model to quantify its Market risk RWA and Capital requirement. Market risk RWA arises solely out of FX Spot, forwards and currency swaps, even though the aggregate foreign currency exposure is small compared to the size of the overall portfolio, The Bank has implemented the following market risk control:

- Establishing Market Risk Limits, e.g. Bank-wide FX Exposure, Trading Book FX Exposure, Profit/loss Limit, Value at risk (VaR), Price Value of Basis Point (PVBP).

- The Bank has established the Market risk management policy approved by BODs to ensure having an appropriate framework and management system for managing and controlling market risk.
- 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 BODs.
- 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

Unit: Thousand Baht

Table 16 Capital requirement for market risk	December 31, 2022	December 31, 2023
Interest rate risk	-	-
Equity position risk	-	-
Foreign exchange rate risk	126,585	13,279
Commodity risk	-	-
Total minimum capital requirements	126,585.31	13,278.55

2.3 Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external event. It includes Legal and Compliance risk and IT risk, but excludes Strategic and Reputational risk.

All business units and staffs 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 Risk Oversight Committee.

In previous, the potential for high-impact, remote-probability events remains, but day-to-day operational risk has largely been mitigated by effective control and management. Moreover, BOCT is cognizant of the reputational risks posed by money laundering activities and customer complaints. Accordingly, it 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.

BOCT currently adopts the Basic Indicator Approach ("BIA") to quantify its operational risk RWA and Capital requirement.

2.4 Interest Rate Risk in the Banking Book (IRRBB)

Interest rate risk refers to losses of earnings and /or economic value of BOCT as a result of changes in interest rates, which can be incurred from on and off-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 and tolerance as was endorsed by Board of director. 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. BOCT currently monitors IRRBB on daily basis at 100 bps by following the Group's regulation and BOT's 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 The effect of changes in	
Currency	December 31, 2023 Effect to net earnings
Thai Baht (THB)	41,150
US Dollar (USD)	(2,456)
Chinese Yuan (CNY)	(8,289)
Others	(422)
Total effect	29,984

Currency	December 31, 2022 Effect to net earnings
Thai Baht (THB)	38,200
US Dollar (USD)	(17,262)
Chinese Yuan (CNY)	(12,394)
Others	667
Total effect	9,211

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

3. Additional disclosure of capital under the BCBS requirements (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 Issuer 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 / group / group and solo	Solo Basis
8	Amount recognised in regulatory capital (unit : million Baht)	1,412.79
9	Par value of instrument (unit : Baht)	1,412,790,000
10	Accounting classification	Liability - amortised cost
11	Original date of issuance	21 August 2023
12	Perpetual or dated	Dated
13	Original maturity date	21 August 2033
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 5th anniversary of the issue date (the first redemption date, 21 August 2028).
16	Subsequent call dates, if applicable	n.a.
	<i>Coupons / dividends</i>	
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	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger (s)	n.a.
25	If convertible, fully or 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 would 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.