



中國銀行

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

Bank of China (Thai) Public Company Limited

Interim Pillar 3 Disclosure

As of 30 June 2023

Introduction and Scope of Information

Bank of China (Thai) Public Company Limited (“the Bank”) has adopted Basel III Framework regarding the capital and risk assessment by using the announcement of Bank of Thailand (“BOT”). The Basel’s regulatory framework consists of three 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.

This report is the Interim Pillar 3 Disclosure of the Bank as of June 30, 2023, it is reported on semi-annual basis and based on the financial data at the End of June and December. The report is published and available on the bank’s website - www.bankofchina.co.th.

Capital Structure and Capital Adequacy

The Bank has maintained sufficiently capital fund to comply with BOT’s minimum capital regulatory requirements and support future business growth. At 30 June 2023, the Bank total capital fund was THB 12,295 million, structured of Common Equity Tier 1 (CET 1) capital of THB 10,434 million, Tier 1 capital of THB 10,434 million (there was no Additional tier 1 capital), and Tier 2 capital of THB 1,860 million.

Detailed capital components are as follow:

Common Equity Tier 1 (CET1)

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

Tier 2 Capital

The Bank issued THB 1,860 million of subordinated debentures pursuant to Tier 2 subordinated debenture to Bank of China (Hong Kong) Limited. The debenture has qualifying capital instruments under Basel III and could be fully counted as part of Tier 2 capital.

Table 1: Capital Structure

Unit: Thousand Baht

Table 1 Capital Structure	June 30, 2023	December 31, 2022
1. Tier 1 capital	10,434,540	10,066,233
1.1 Common equity tier 1 (CET1)	10,434,540	10,066,233
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	56,944	36,964
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)	1,080,239	700,612
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	(33,483)	(13,360)
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)	194,930	183,753
1.1.9.1 Items to be deducted from CET1 *	194,930	183,753
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	1,860,583
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	1,860,583
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	12,295,123	11,926,817

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 at 30 June 2023 was 21.29%. CET1 Ratio and Tier 1 Ratio was 18.07%, which remained higher than minimum requirements of BOT.

Table 2: Capital Adequacy

Capital Adequacy	30 June, 2023	31 December, 2022
1. Total capital to risk-weighted assets	21.29%	22.50%
2. Tier 1 capital to risk-weighted assets	18.07%	18.99%
3. Common Equity Tier 1 capital to risk-weighted assets	18.07%	18.99%

Approach for Capital Requirements in Each Risk Type

With BOT's approval, the Bank has adopted the Standardized Approach ("SA") to calculate the Credit Risk and Market Risk, obtained Basic Indicator Approach ("BIA") for Operational Risk.

Table 3: Approaches

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

Table 4: Minimum Capital Requirement for Credit Risk

Unit: Thousand Baht

Minimum Capital Requirement for Credit Risk Classified by Assets	30 June, 2023	31 December, 2022
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	1,564,806	760,476
3. Claims on corporate, non-central government public sector entities (PSEs) treated as claims on corporate	3,935,330	4,276,331
4. Claims on retail portfolios	34,326	35,329
5. Claims on housing loans	160,236	168,687
6. Other assets	56,672	42,831
Non-performing claims	60,403	76,412
First-to-default credit derivatives and Securitization	-	-
Total minimum capital requirement for credit risk	5,811,773	5,360,066

Table 5: Minimum Capital Requirement for Market Risk (Trading Book)

Unit: Thousand Baht

Minimum Capital Requirement for Market Risk for Positions in Trading Book	30 June, 2023	31 December, 2022
1. Standardized approach	149,734	126,585
2. Internal model approach	-	-
Total minimum capital requirement for market risk	149,734	126,585

Table 6: Minimum Capital Requirement for Operation Risk

Unit: Thousand Baht

Minimum Capital Requirement for Operational Risk	30 June, 2023	31 December, 2022
1. Calculate by Basic Indicator Approach	244,287	216,667
2. Calculate by Standardized Approach	-	-
3. Calculate by Alternative Standardized Approach	-	-
Total minimum capital requirement for operational risk	244,287	216,667

Table 7: Minimum capital Requirement for Each Type of Market Risk

Unit: Thousand Baht

Minimum Capital Requirement for Each Type of Market Risk	30 June, 2023	31 December, 2022
Interest rate risk	-	-
Equity position risk	-	-
Foreign exchange rate risk	149,734	126,585
Commodity risk	-	-
Total minimum capital requirements	149,734	126,585