

Key prudential metrics

Table: Disclosure of quantitative data for key risk indicators

Unit : Million Baht

Item	30/06/2021	31/12/2020
Available capital (unit: ...)		
1 Common equity tier 1 (CET1)		
1A Fully loaded ECL ^{1/} CET1		
2 Tier 1		
2A Fully loaded ECL tier 1		
3 Total capital	9,583	9,179
3A Fully loaded ECL total capital	9,583	9,179
Risk-weighted assets (unit: ...)		
4 Total risk-weighted assets (RWA)		
Risk-based capital ratios as a percentage of RWA (%)		
5 CET1 ratio	-	-
5A Fully loaded ECL CET1 ratio	-	-
6 Tier 1 ratio	-	-
6A Fully loaded ECL tier 1 ratio	-	-
7 Total capital ratio	39.2	34.0
7A Fully loaded ECL total capital ratio	39.2	34.0
Capital buffer ratios a percentage of RWA (%)		
8 Conservation buffer ratio	2.5	2.5
9 Countercyclical buffer ratio	-	-
10 Higher loss absorbency ratio	-	-
11 Total capital buffer ratio (the sum of Item 8 to Item 10)	2.5	2.5
12 Ratio of CET1 available after meeting the commercial bank's minimum capital requirements ^{2/}	36.7	31.5
Liquidity coverage ratio (LCR) (%)		
	Q2' 2021	Q4' 2020
13 Total high-quality liquid assets (Total HQLA) (unit: Million Baht)	14,220	18,702
14 Total net cash outflows (within a 30-day period) (unit: Million Baht)	12,514	15388
15 LCR ratio (%)	114.0	122.4

^{1/} Expected credit losses according to the Thai Financial Reporting Standard No.9 - Financial Instruments

^{2/} Ratio of CET1 available after meeting the commercial bank's minimum capital requirements is not necessarily equal to the difference between the CET1 ratio (Item 5) and the minimum CET1 ratio requirement of 4.5% since the CET1 ratio may be attributable to the minimum tier 1 ratio requirement of 6% and/or the minimum total capital ratio requirement of 8.5%. Example: If a bank has RWA = 100, CET1 = 10, AT1 = 1.5 and T2 = 0, the bank's CET1 is therefore used for maintaining the total capital ratio of 8.5%, then the remaining CET1 (after meeting the minimum capital requirements) = 10 - 4.5 - 2.5 = 3.

Accompanying narrative

Impairment of financial assets

Impairment allowances for financial assets are assessed using a forward-looking expected credit loss ("ECL") model in accordance with the requirements of TFRS 9.

Scope

Under TFRS 9, the ECL model is applied to debt financial assets measured at amortised cost or FVOCI and most off-balance sheet loan commitments and financial guarantees

Expected Credit Loss Impairment Model

Under TFRS 9, credit loss allowances are measured on each reporting date according to a three-stage expected credit loss impairment model:

- Stage 1 - On initial recognition, expected credit loss will be that resulting from default events that are possible over the next 12 months
- Stage 2 - Following a significant increase in credit risk of the financial assets since its initial recognition, the credit loss allowance will be that resulting from default events that are possible over the expected life of the asset.
- Stage 3 - When a financial asset exhibits objective evidence of impairment and is considered to be credit-impaired, the credit loss allowance will be the full lifetime expected credit loss.

Measurement

ECLs are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls, which is the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Branch expects to receive;
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Branch if the commitment is drawn down and the cash flows that the Branch expects to receive; and
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Branch expects to recover.

The key inputs used in the measurement of ECL are:

- Probability of default (“PD”) - This is an estimate of the likelihood of default over a given time horizon
- Exposure at default (“EAD”) - This is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest as well as expected drawdowns on committed facilities
- Loss given default (“LGD”) - This is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from any collateral.

ECL for exposures in Stage 1 is calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying lifetime PD by LGD and EAD

All key inputs (PD, LGD and EAD) used to estimate Stage 1 and Stage 2 credit loss allowances are modelled based on macroeconomic scenarios (or changes in macroeconomic variables) that are most closely correlated with credit losses in the relevant portfolio.

Capital Structure

Structure of capital fund of Oversea-Chinese Banking Corporation Limited-Bangkok Branch

Unit : Million Baht

Item	30/06/2021	31/12/2020
1. Assets required to be maintained under Section 32	10,245	10,409
2 Sum of net capital for maintenance of assets under Section 32 and net balance of inter-office accounts (2.1+2.2)	21,054	21,616
2.1 Capital for maintenance of assets under Section 32	9,583	9,179
2.2 Net balance of inter-office accounts which the branch is the debtor (the creditor) to the head office and other branches located in other countries, the parent company and subsidiaries of the head office.	11,471	12,437
3. Total regulatory capital (3.1-3.2)	9,583	9,179
3.1 Total regulatory capital before deductions (The lowest amount among item 1 item 2 and item 2.1)	9,583	9,179
3.2 Deductions	-	-

Capital adequacy

Table 3 Minimum capital requirement for credit risk classified by type of assets under the SA

Unit : Million Baht

Minimum capital requirement for credit risk classified by type of assets under the SA	30/06/2021	31/12/2020
Performing claims		
1. Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public sector	10	7
2. Claims on financial institutions, non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	448	566
3. Claims on corporates, non-central government public sector entities (PSEs) treated as claims on corporate	1,815	1,938
4. Claims on retail portfolios	0	-
5. Claims on housing loans		-
6. Other assets	2	2
Non-performing claims	32	32
First-to-default credit derivatives and Securitisation		
Total minimum capital requirement for credit risk under the SA	2,307	2,545

Market risk under the Standardised Approach

Table 30 Minimum capital requirements for each type of market risk under the Standardised Approach

Unit : Million Baht

Minimum capital requirements for market risk under the Standardized Approach	30/06/2021	31/12/2020
Interest rate risk	262	314
Equity position risk	-	-
Foreign exchange rate risk	36	22
Commodity risk	-	-
Total minimum capital requirement	298	336

Table 6 Minimum capital requirement for market risk for positions in the trading book (Standardized measurement approach)

Unit : Million Baht

Minimum capital requirement for market risk (positions in the trading book)	30/06/2021	31/12/2020
1. Standardised approach	298	336
2. Internal model approach	-	-
Total minimum capital requirement for market risk	298	336

Table 7 Minimum capital requirement for operational risk (BIA / SA / ASA)

Unit : Million Baht

Minimum capital requirement for operational risk	30/06/2021	31/12/2020
1. Calculate by Basic Indicator Approach	-	-
2. Calculate by Standardised Approach	82	89
3. Calculate by Alternative Standardised Approach	-	-
4. Calculate by Advance Measurement Approach	-	-
Total minimum capital requirement for operational risk	82	89

Table 8 Total risk-weighted capital ratio and Tier 1 risk-weighted capital ratio

Unit : %

Ratio	Current period		Previous period	
	30/06/2021	Minimum requirement	31/12/2020	requirement
1. Total capital to risk-weighted assets	39.2	11	34.0	11
2. Tier 1 capital to risk-weighted assets *				
3. Tier 1 capital of equity part to risk-weighted assets *				

*Disclosed only in case of locally incorporated commercial banks

Item 2: Disclosure of capital information in transitional period under the Basel III

Unit : Million Baht

Value of capital, inclusions, adjustments and deductions for the period of 30 June 2021			Net amount of item to be included in or deducted from capital under the Basel III
2. In case of foreign bank branch^{2/}			
2.1	Capital of foreign bank branch	9,583	
2.2	less deduction from capital of foreign bank branch	-	None
Total capital of foreign bank branch		9,583	

^{2/}Refer to the Notification of the Bank of Thailand Re: Capital Components of Foreign Banks Branches