



PILLAR 3 – MARKET DISCIPLINE

BNP PARIBAS BANGKOK BRANCH

30 JUNE 2022

REGULATOR : Bank of Thailand

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BNP PARIBAS BANGKOK BRANCH market disclosure

A. Scope of application

BNP Paribas considers its Group Pillar 3 communication to fully satisfy any disclosure to the Markets, especially for branches. The Group consolidated level is the most accurate one to perform analysis and should prevail to any other sub-consolidated/individual basis.

Please refer to the BNP Paribas Group Pillar 3 information, under part 5 within the 2021 Universal Registration Document <https://invest.bnpparibas/en/search/reports/documents/financial-reports>.

BNP Paribas considers this chart to cover any extra disclosure that can be requested to one of its entities.

Risk-weighted assets and capital requirement of BNP Paribas Bangkok Branch as of 30 June 2022 and 31 December 2021.

RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENT

In millions of THB	RWAs		Capital requirements	
	30 Jun 2022	31 December 2021	30 Jun 2022	31 December 2021
1 Credit risk	57,782	38,904	6,356	4,279
2 Of which standardised approach	57,782	38,904	6,356	4,279
4 Of which advanced IRB approach				
5 Of which equity positions under the simple risk-weighted approach				
6 Counterparty Credit Risk	-	-	-	-
7 Of which mark-to-market				
10 Of which internal model method (IMM)				
11 Of which CCP - default fund contributions				
12 Of which CVA				
14 Securitisation exposures in the banking book	-	-	-	-
15 Of which IRB approach (IRB)				
16 Of which IRB supervisory formula approach (SFA)				
17 Of which internal assessment approach (IAA)				
18 Of which standardised approach				
19 Market risk	29,893	21,232	3,288	2,336
20 Of which standardised approach	29,893	21,232	3,288	2,336
21 Of which IMA				
23 Operational risk	2,399	1,978	264	218
24 Of which basic indicator approach				
25 Of which standardised approach	2,399	1,978	264	218
26 Of which advanced measurement approach (AMA)				
27 Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-	-
29 TOTAL	90,075	62,114	9,908	6,833

This document contains Pillar 3 Disclosures of BNP Paribas Bangkok Branch ('the Branch'). The only purpose of what follows in the next pages is to meet the requirement under the Bank of Thailand ('BoT') Notifications No. SorNorSor. 14/2562 Capital disclosure for the Commercial Banks.

The BOT requires Pillar 3 disclosure to be reported as of June 30 and December 31 and made available to market participants within four months of the report dates. The report is published on the Bank's website <https://www.bnpparibas.co.th/en/news/financial-information/>

Key prudential metrics

The disclosure of Key prudential metrics of BNP Paribas Bangkok branch is to meet requirement under the Bank of Thailand's Notification no. SorNorSor. 14/2562 Capital disclosure for the Commercial Banks (volume 2), with effective on 1 January 2020. It includes the "fully loaded" impact of ECL transitional arrangements under Thai Financial Reporting Standard No.9: Financial Instrument (TFRS9), effective on 1 January 2020.

Table 1: Key Prudential Metrics

Unit : THB '000

Key prudential metrics		30 June 2022	31 December 2021	30 June 2021
Capital fund (amount)				
1	CET 1 capital	-	-	-
1A	Fully loaded ECL CET 1 capital	-	-	-
2	Tier 1 capital	-	-	-
2A	Fully loaded ECL Tier 1 capital	-	-	-
3	Total Capital	12,174,410	9,372,791	9,243,400
3A	Fully loaded ECL ^{1/} total capital	12,174,410	9,372,791	9,243,400
Risk-weighted assets (amount)				
4	Total Risk-weighted assets (RWA)	90,074,792	62,113,681	69,738,756
Total Capital to Risk-weighted assets ratio (%)				
5	CET 1 capital ratio (%)	-	-	-
5A	Fully loaded ECL CET 1 capital ratio (%)	-	-	-
6	Tier 1 capital ratio (%)	-	-	-
6A	Fully loaded ECL Tier 1 capital ratio (%)	-	-	-
7	Total Capital ratio (%)	13.52	15.09	13.25
7A	Fully loaded ECL total capital ratio (%) ^{1/}	13.52	15.09	13.25
Additional Capital buffers ratio (%)				
8	Capital conservation buffer requirement (%)	2.50	2.50	2.50
9	Capital countercyclical buffer requirement (%)	-	-	-
10	Higher loss absorbency ratio (%)	-	-	-
11	Total of bank capital specific buffer requirements (%) (row 8+9+10)	2.50	2.50	2.50
12	Total capital ratio available after meeting the bank's minimum capital	-	-	-
Liquidity Coverage Ratio (LCR)^{2/}				
13	Average Total High-quality liquid assets (HQLA)	15,980,818	12,397,093	11,582,114
14	Average Estimated total Net Cash Outflows over 30 days (Net COF)	6,079,378	4,863,710	7,506,216
15	Average LCR (%) ^{3/}	274%	265%	154%

^{1/} Expected Credit Loss (ECL) : ECL according to Thai Financial Reporting Standard No.9 : Financial Instrument (TFRS9). The first time adoption is 1 January 2020.

^{2/} Value calculated by simple average of the ending balance of Apr, May, Jun (for Jun) and Oct, Nov, Dec (for Dec)

^{3/} The LCR is computed as an average of the observations of LCR during the quarter. This may not be equal to an LCR computed with the average values of HQLA and Net COF disclosed in the table.

The Branch discloses the Liquidity coverage ratio as at 30 June 2022 and 31 December 2021 on its website at <https://www.bnpparibas.co.th/en/news/financial-information/>. This is in accordance with the Notification of the Bank of Thailand Sor Nor Sor 2/2561 "The Disclosure of Liquidity coverage ratio disclosure standards" dated 25 January 2018.

For group level, please refer to the BNP Paribas Group Pillar 3 information, which can be found under part 5 within the 2021 Universal Registration Document

<https://invest.bnpparibas/en/search/reports/documents/financial-reports> (see TABLE 1: KEY INDICATORS (EU KM1)).

B. Capital

(1) Capital Structure

The Capital of BNP Paribas Bangkok Branch (“the Branch”) is made of assets maintained in accordance with the Section 32 of the Financial Institutions Businesses Act B.E. 2551 minus deductible items as prescribed in the notification No. SorNorSor. 8/2562 Re: Components of Capital of Branches of Foreign Commercial Banks.

The Branch maintains assets in accordance with Section 32 of the Financial Institutions Business Act B.E. 2551. They are made of Bonds issued by the Bank of Thailand and the Ministry of Finance or guaranteed by the Ministry of Finance and debt instruments issued by state organizations or state enterprises established under specific laws.

The minimum level of assets required to be maintained as capital is the lower amount between the assets maintained under Section 32 and the result of the following:

3.1. Aggregated amounts of money brought in by the head office or any other branches abroad, the reserves and the net profits transferred to the head office account but still maintained in Thailand, minus net losses not yet compensated by the head office, or

3.2. Aggregated amounts of money brought in by the head office or any other branches abroad, the reserves and the net profits transferred to the head office account but still maintained in Thailand, minus net losses not yet compensated by the head office and net balances of inter office accounts when the Branch is a creditor of the head office or any other branches, parent or subsidiary companies.

Table 2: Capital Structure of Foreign Bank Branches

Unit : THB '000

Capital Structure	30 June 2022	31 December 2021	30 June 2021
1. Assets required to be maintained under Section 32	12,183,036	9,628,972	9,337,647
2. Sum of net capital for maintenance of assets under Section 32 and net balance of inter-office accounts (2.1+2.2)	17,221,479	11,315,549	12,085,805
2.1 Capital for maintenance of assets under Section 32	12,183,036	9,376,584	9,247,666
2.2 Net balance of inter-office accounts which the branch is the debtor (the creditor) to the head office and	5,038,443	1,938,965	2,838,139
3. Total regulatory capital (3.1-3.2)	12,174,410	9,372,791	9,243,400
3.1 Total regulatory capital before deductions (The lowest amount among item 1 item 2 and item 2.1)	12,183,036	9,376,584	9,247,666
3.2 Deductions	8,626	3,793	4,266
4. Capital after deducting capital add-on arising from Single Lending Limit*	12,174,410	9,372,791	9,243,400

(*) Effective in January 2015

Please refer to the BNP Paribas Group Pillar 3 information, which can be found under part 5 within the 2021 Universal Registration Document <https://invest.bnpparibas/en/search/reports/documents/financial-reports> (see TABLE 13: REGULATORY CAPITAL).

(2) Capital adequacy

For local regulatory reporting, the Capital Adequacy Ratios as at 30 June 2022 and 31 December 2021 were calculated using the Standardised approach for credit, market and operational risk. The Bank of Thailand issued the Notification No. FPG.12/2555 Re: Supervisory Guidelines on Capital Provision for Commercial Banks, to comply with global regulatory framework (Basel III) of Basel Committee on Banking Supervision (BCBS). During the period from 1 January, 2013 to 31 December 2015, the minimum capital requirement ratio was 8.5% of total risk assets and increased to 9.125% (effective 1 January 2016), 9.75% (effective 1 January 2017), 10.375% (effective 1 January 2018) and 11.00%(effective 1 January 2019), respectively.

The ratio is computed locally on a monthly basis to satisfy the Bank of Thailand requirements. The capital adequacy of the Branch covers the needs of activities under normal and stressed conditions. The capital is in line with the strategy, the business plans and the risk management. Please refer the Risk-weighted assets and capital requirement of BNP Paribas Bangkok Branch as of 31 December 2021 presented on Table 3.

According to the Bank of Thailand Notification No. SorNorSor 22/2555 Single Lending Limit guideline, the Bank is required to disclose Capital- Net Add-on Deductions and Capital to Risk-weighted assets - Net Add-on Deductions, effective 1 January 2015 onwards.

Table 3: Total Capital to Risk-weighted assets

	unit : %		
Ratio (%)	30 June 2022	31 December 2021	30 June 2021
Total Capital to Risk-weighted assets	13.52	15.09	13.25
Total Capital to Risk-weighted assets - Net Add-On Deduction*	13.52	15.09	13.25

(*) Effective in January 2015

Please refer to the BNP Paribas Group Pillar 3 information, which can be found under part 5 within the 2021 Universal Registration Document <https://invest.bnpparibas/en/search/reports/documents/financial-reports> (see TABLE 1 : KEY INDICATOR and TABLE 14: REGULATORY CAPITAL).

C. Risk exposure and assessment

Market risk disclosures

Details, about how market risks of the Branch are managed, are given in Annual Universal Registration document and financial report - BNP Paribas, Pillar 3 disclosure.

Please refer to the BNP Paribas Group Pillar 3 information, which can be found under part 5 within the 2021 Universal Registration Document <https://invest.bnpparibas/en/search/reports/documents/financial-reports> (see 5.7 MARKET RISK)

Table 4: Capital for market risk under the SA

unit : THB'000

Capital for market risk under the SA	30 June 2022	31 December 2021	30 June 2021
1. Capital for Interest Rate Risk	3,249,783	2,288,349	2,515,514
2. Capital for Equity Price Risk	-	-	-
3. Capital for Foreign Exchange Risk	38,499	47,176	531,204
4. Capital for Commodity Price Risk	-	-	-
Total Capital for Market Risk	3,288,282	2,335,525	3,046,717

D. Composition of capital disclosure requirements under BCBS**Disclosure of regulatory capital in the transitional period to Basel III**

As at 30 June 2022 and 31 December 2021, BNP PARIBAS BANGKOK BRANCH has deducted 100% of net book value of intangible assets from capital during Basel III transitional period.

Table 5: Total regulatory capital of the Foreign Bank Branch during the transitional period to Basel III

Unit : THB '000

Regulatory Capital and Deductions under Basel III	30 June 2022	31 December 2021	30 June 2021
Regulatory Capital	12,183,036	9,376,584	9,247,666
Deductions	8,626	3,793	4,266
Net Regulatory Capital	12,174,410	9,372,791	9,243,400

Please refer to the BNP Paribas Group Pillar 3 information, which can be found under part 5 within the 2021 Universal Registration Document <https://invest.bnpparibas/en/search/reports/documents/financial-reports> (see TABLE 13: REGULATORY CAPITAL).

Appendix

BNP PARIBAS GROUP KEY DOCUMENTS & FIGURES	HYPERLINKS
Annual Universal Registration Document (incl. Group Pillar 3, part 5)	https://invest.bnpparibas/en/search/reports/documents/financial-reports
Annual Report	https://invest.bnpparibas.com/en/annual-reports
Results	https://invest.bnpparibas.com/en/results
Information Statement	https://invest.bnpparibas.com/en/information-statement