



PILLAR 3 – MARKET DISCIPLINE

BNP PARIBAS BANGKOK BRANCH

30 JUNE 2020

REGULATOR : Bank of Thailand

VALIDATION DATE : 16th September 2020



Index		Page
1.	Scope of application	3
2.	Capital	5
3.	Risk exposure and assessment	7
4.	Additional disclosure of capital information under the BCBS requirements	8
5.	Appendix	9

Table index		Page
Table no.1	Key Prudential Metrics	4
Table no.2	Capital Structure of Foreign Bank Branches	5
Table no.3	Total Capital to Risk-weighted assets	6
Table no.4	Capital for market risk under the SA	7
Table no.5	Total regulatory capital of the Foreign Bank Branch during the transition period to Basel III	8

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 2019 Registration Document https://invest.bnpparibas.com/sites/default/files/documents/bnp2019_urd_en_20_03_13.pdf

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 2020.

RISK-WEIGHTED ASSETS AND CAPITAL REQUIREMENT

<i>In millions of THB</i>	RWAs		Capital requirements
	30 June 2020	31 December 2019	30 June 2020
1 Credit risk	36,453	34,146	4,010
2 Of which standardised approach	36,453	34,146	4,010
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	17,975	18,034	1,977
20 Of which standardised approach	17,975	18,034	1,977
21 Of which IMA			
23 Operational risk	2,063	1,871	227
24 Of which basic indicator approach			
25 Of which standardised approach	2,063	1,871	227
26 Of which advanced measurement approach (AMA)			
27 Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
29 TOTAL	56,492	54,051	6,214

This document contain Pillar 3 Disclosures of BNP Paribas Bangkok Branch ('the Branch') at 30 June 2020. 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.

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 2020	31 December 2019
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	8,963,820	8,827,514
3A	Fully loaded ECL ^{1/} total capital	8,963,820	-
Risk-weighted assets (amount)			
4	Total Risk-weighted assets (RWA)	56,491,593	54,050,622
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 (%)	15.87	16.33
7A	Fully loaded ECL total capital ratio (%) ^{1/}	15.87	-
Additional Capital buffers ratio (%)			
8	Capital conservation buffer requirement (%)	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
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)	14,543,809	10,092,912
14	Average Estimated total Net Cash Outflows over 30 days (Net COF)	9,470,077	6,608,064
15	Average LCR (%) ^{3/}	160%	157%

^{1/} Expected Credit Loss : 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 June) 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 disclosed the Liquidity coverage ratio as at 30 June 2020 on its website at www.bnpparibas.co.th. 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.

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 2020	31 December 2019
1. Assets required to be maintained under Section 32	9,364,333	9,414,105
2. Sum of net capital for maintenance of assets under Section 32 and net balance of inter-office accounts (2.1+2.2)	12,802,755	10,567,965
2.1 Capital for maintenance of assets under Section 32	8,969,576	8,834,290
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	3,833,180	1,733,676
3. Total regulatory capital (3.1-3.2)	8,963,820	8,827,514
3.1 Total regulatory capital before deductions (The lowest amount among item 1 item 2 and item 2.1)	8,969,576	8,834,290
3.2 Deductions	5,756	6,776
4. Capital after deducting capital add-on arising from Single Lending Limit*	8,963,820	8,827,514

(*) Effective in January 2015

Please refer to the BNP Paribas Group Pillar 3 information, which can be found under part 5 within the 2019 Registration Document https://invest.bnpparibas.com/sites/default/files/documents/bnp2019_urd_en_20_03_13.pdf (see TABLE 14: REGULATORY CAPITAL on page 301)

**(2) Capital adequacy**

For local regulatory reporting, the Capital Adequacy Ratios as at 30 June 2020 and 31 December 2019 have been 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 is 8.5% of total risk assets and will be increasing 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 30 June 2020 presented on page 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 2020	31 December 2019
Total Capital to Risk-weighted assets	15.87	16.33
Total Capital to Risk-weighted assets - Net Add-On Deduction*	15.87	16.33

(*) Effective in January 2015

Please refer to the BNP Paribas Group Pillar 3 information, which can be found under part 5 within the 2019 Registration Document https://invest.bnpparibas.com/sites/default/files/documents/bnp2019_urd_en_20_03_13.pdf (see TABLE 1 : CAPITAL RATIOS on page 266 and TABLE 14: REGULATORY CAPITAL on page 301)

C. Risk exposure and assessment

Market risk disclosures

Details, about how market risks of the Branch are managed, are given in 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 2019 Registration Document https://invest.bnpparibas.com/sites/default/files/documents/bnp2019_urd_en_20_03_13.pdf (see 5.7 MARKET RISK on page 398-415)

Table 4 Capital for market risk under the SA

unit : THB'000

Capital for market risk	30 June 2020	31 December 2019
1. Capital for Interest Rate Risk	1,906,485	1,913,395
2. Capital for Equity Price Risk	-	-
3. Capital for Foreign Exchange Risk	70,813	70,306
4. Capital for Commodity Price Risk	-	-
Total Capital for Market Risk	1,977,298	1,983,701

D. Additional disclosure of capital information under the BCBS requirements (Composition of capital disclosure requirements)

Disclosure of regulatory capital in the transitional period to Basel III

The Bank of Thailand's notification No.FPG 4/2556 Capital disclosure for the Commercial Banks, effective 1 January 2013, requires the Commercial bank to disclose the regulatory capital during the transitional period to Basel III. The disclosure is consistent with the BCBS's composition of capital disclosure requirement: June 2012 which prescribes the deduction from capital.

Transitional arrangements under Basel III require that certain capital components be deducted from capital starting from 2014.

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 2020	31 December 2019
Regulatory Capital	8,969,576	8,834,290
Deductions	5,756	6,776
Net Regulatory Capital	8,963,820	8,827,514

Please refer to the BNP Paribas Group Pillar 3 information, which can be found under part 5 within the 2019 Registration Document https://invest.bnpparibas.com/sites/default/files/documents/bnp2019_urd_en_20_03_13.pdf (see TABLE 14: REGULATORY CAPITAL on page 301)



Appendix

BNP PARIBAS GROUP KEY DOCUMENTS & FIGURES	HYPERLINKS
Registration Document (incl. Group Pillar 3, part 5)	https://invest.bnpparibas.com/sites/default/files/documents/bnp2019_urd_en_20_03_13.pdf part 5 within the 2019
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