



RHB Bank Thailand Operations

Basel III Pillar 3 Disclosures

30th June 2024

Statement by Chief Executive Officer, RHB Bank Thailand Operations

In accordance with the requirements set forth in the Notification of the Bank of Thailand (BOT) No. SorNorSor 4/2556 Re: Disclosure of Information on Capital Fund Maintenance for Commercial Banks, dated 2nd May 2013, SorNorSor. 14/2562 Re: Capital Disclosure Requirements for Commercial Banks (No.2), dated 7th May 2019, and SorNorSor 2/2561 Re: Liquidity Coverage Ratio Disclosure Standard, dated 25th January 2018. On behalf of the Management of RHB Bank Thailand Operations, I am pleased to provide an attestation that the Pillar 3 disclosures of RHB Bank Thailand Operations for the six months ended 30th June 2024 are accurate and complete.

Wong Kee Poh
Chief Executive Officer
RHB Bank, Thailand Operations

1.0 Disclosure A: Scope of Application

The Basel III Pillar 3 Disclosures contained in this document relates to RHB Bank Thailand Operations (the Bank) for the six months ended 30th June 2024 and is the semi-annual disclosure prepared in compliance with the requirements set forth in Bank of Thailand's Notification No. SorNorSor 4/2556 Re: Disclosure of Information on Capital Fund Maintenance for Commercial Banks, dated 2nd May 2013, SorNorSor. 14/2562 Re: Capital Disclosure Requirements for Commercial Banks (No.2), dated 7th May 2019, and No.SorNorSor 2/2561 Re: Liquidity Coverage Ratio Disclosure Standard, dated 25th January 2018. This report also includes comparative quantitative information of the preceding financial year as at 31st December 2023.

Other details pertaining to the RHB Banking Group are available under the Corporate Profile: Investor Relations of the Bank's official website at www.rhbgroup.com

Disclosure AA

Table 1: Key prudential metrics

Unit: THB

No.	Items	30-Jun-2024	31-Dec-2023
Available capital (THB)			
1	Total capital	2,048,899,751	2,529,328,046
Risk-weighted assets			
2	Total risk-weighted assets (RWA)	11,715,968,195	12,859,870,559 ⁽⁴⁾
Risk-based capital ratios as a percentage of RWA			
3	Total capital ratio (%)	17.49	19.67 ⁽⁴⁾
Capital buffer ratios as a percentage of RWA			
4	Conservation buffer ratio (%)	2.5	2.5
5	Countercyclical buffer ratio (%)	-	-
6	Higher loss absorbency ratio (%)	-	-
7	Total capital buffer ratio (%)	2.5	2.5
8	Total capital ratio after deduct Total capital buffer (%)	14.99	17.17
Liquidity Coverage Ratio (LCR) ^(2,3)			
9	Total HQLA (THB)	9,166,463,975	8,069,234,031
10	Total net cash outflows (THB)	7,560,698,578	6,673,448,916
11	LCR (%)	121	121

Remarks:

- (1) There is no significant change to risk indicators as well as key risk drivers.
- (2) For the detailed disclosure of LCR data, please refer to Section 6.0 Disclosure E.
- (3) BOT notification No. SorNorSor. 14/2562 Re: Capital Disclosure Requirements for Commercial Banks (No.2) require commercial banks to disclose LCR on semi-annual basis. The LCR ratio reported herein is as at 30 June 2024 and 31 December 2023.
- (4) The total risk – weighted assets (RWA) and total capital ratio were re-stated post audited financial statements.

2.0 Disclosure B: Capital

Table 2: Capital of RHB Bank Thailand Operations

Unit: THB

No.	Items	30-Jun-2024	31-Dec-2023
1.	Assets Required to be Maintained under Section 32 of the Financial Institutions Businesses Act B.E. 2551	5,597,977,796	4,976,677,796
2.	Sum of Net Capital for Maintenance of Assets under Section 32 and Net Balance of Inter-office Accounts	2,048,899,751	2,529,328,046
2.1	Capital for Maintenance of Assets under Section 32	1,992,319,759	2,460,942,619
2.2	Net inter-office balance, where a foreign bank branch is a creditor of the head office or other branches that are the same entity, parent and subsidiary companies	56,579,992	68,385,427
3.	Total Regulatory Capital	2,048,899,751	2,529,328,046
3.1	Total Regulatory Capital Before Deduction	2,048,899,751	2,529,328,046
3.2	Deductions	-	-

3.0 Capital Adequacy

Table 3: Minimum Capital Requirement for Credit Risk Classified by Type of Assets under Standardised Approach (SA)

Unit: THB

		30-Jun-2024	31-Dec-2023
Performing Assets			
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, PSEs treated as claims on financial institutions, and securities firms	145,256,145	120,469,896 ⁽¹⁾
3.	Claims on corporates, and PSEs treated as claims on corporates	525,992,991	688,808,675 ⁽¹⁾
4.	Claims on retail portfolios	2,492,365	1,933,196
5.	Claims on housing loans	-	-
6.	Other assets	117,745,781	118,178,489 ⁽¹⁾
Non-performing Claims		154,424,491	107,859,712 ⁽¹⁾
First-to-default Credit Derivatives and Securitisation		-	-
Total Minimum Capital Requirement for Credit Risk under Standardised Approach		945,911,773	1,037,249,968⁽¹⁾

Remarks:

(1) The performing assets was re-stated post audited financial statements..

Table 4: Minimum Capital Requirement for Market Risk

Unit: THB

	30-Jun-2024	31-Dec-2023
Minimum Capital Requirement for Market Risk under Standardised Approach	845,322	1,485,999

Table 5: Minimum Capital Requirement for Operational Risk

Unit: THB

	30-Jun-2024	31-Dec-2023
Minimum Capital Requirement for Operational Risk under BIA	46,162,230	51,068,381

Table 6: Total Capital Ratio

Unit: %

	30-Jun-2024	31-Dec-2023
Total Capital Ratio	17.49	19.67⁽¹⁾

Remarks:

(1) The total capital ratio was re-stated post audited financial statements..

4.0 Disclosure C: Market Risk

Table 7: Minimum Capital Requirement for Each Type of Market Risk Under Standardised Approach

Unit: THB

Minimum Capital Requirement for Each Type of Market Risk Under Standardised Approach	30-Jun-2024	31-Dec-2023
Interest Rate Risk	312,700	1,003,525
Equity Position Risk	-	-
Foreign Exchange Rate Risk	532,622	482,474
Commodity Risk	-	-
Total Minimum Capital Requirements	845,322	1,485,999

5.0 Disclosure D: Additional Disclosure of Capital Information Under The Basel Committee on Banking Supervision (BCBS) Guideline

Table 8: Disclosure of Capital Information

Unit: THB

Value of Capital, Inclusions, Adjustments and Deductions for the six months ended 30 June 2024	
Capital of RHB Bank Thailand Operations	5,597,977,796
Net amount of item to be included in or deducted from capital under Basel III	3,549,078,045
Total Capital of RHB Bank Thailand Operations	2,048,899,751

6.0 Disclosure E: Liquidity Coverage Ratio Disclosure Standard

Table 9: Liquidity Coverage Ratio (LCR)

Unit: THB mil

	Quarter 2/2024 (average)	Quarter 2/2023 (average)
(1) Total high-quality liquid assets (HQLA)	9,679	8,855
(2) Total net cash outflows within the 30-day time horizon	8,085	7,143
(3) LCR (%) <i>Minimum LCR as specified by the Bank of Thailand (%)</i>	120 100	124 100

Table 10: LCRs of the preceding quarters (for comparison)¹

Unit: %

	2024 (average)	2023 (average)
1st quarter	121	107
2nd quarter	120	124

Commercial banks are required to maintain the liquidity coverage ratio in accordance with the guidelines as specified by the Bank of Thailand. The LCR is expected to encourage commercial banks to have robust and adequate liquidity position so that they can survive short-term severe liquidity stress. The minimum LCR, which is the ratio of high-quality liquid assets to total net cash outflows within the 30-day time horizon, of 60% was introduced on 1st January 2016 and increased by 10% each year until it reached 100% in 2020.

$$\text{LCR} = \frac{\text{High Quality Liquid Assets (HQLA)}}{\text{Total net cash outflows within the 30-day time horizon under stressed scenarios}}$$

The average LCR for the 2nd quarter of 2024 of the Bank is 120%, which is 20% higher than the minimum LCR as specified by the Bank of Thailand. This LCR is the average of LCRs as at

the end of April 2024 – 120%, May 2024 – 118% and June 2024 – 121%. The LCR consists of 2 main components, namely:

1. High-Quality Liquid Assets (HQLA) include unencumbered high-quality assets with low risk and low volatility that can be easily monetized without any significant changes to their values, even in times of liquidity stress. The value of each type of HQLA is after the application of both haircuts and any applicable caps as specified by the Bank of Thailand. The average HQLA of the Bank for the 2nd quarter of 2024 is 9,679 million Baht which is the average of HQLA as at the end of April 2024 to June 2024. On this, the Bank holds several types of high-quality liquid assets to ensure the diversification of the stock of HQLA.
2. The amount of Net Cash Outflows (Net COF) is equal to expected cash outflows within the 30-day time horizon minus expected cash inflows within the 30-day time horizon under liquidity stress scenarios; but the expected cash inflows must not exceed 75% of the expected cash outflows.

The average Net COF of the Bank for the 2nd quarter of 2024 is 8,085 million Baht, which is the average of net cash outflows within the 30-day time horizon as at the end of April 2024 to June 2024. The expected cash outflows on which the Bank focuses under the severe liquidity stress scenarios are mostly from corporate deposits and interbank borrowings to which the run-off rates assigned are as specified by the Bank of Thailand. On the other hand, expected cash inflows are mostly from loan repayments with high-quality customers, deposits from high-quality counterparties, and maturing debt securities, to which the inflow rates as specified by the Bank of Thailand have been assigned.

In addition, the Bank also regularly examines its liquidity gaps and funding concentrations, which is part of the assessment and analysis of liquidity risk, to ensure that it has adequate liquidity to support the business. Liquidity risk is measured daily and effectively managed in accordance to the Bank's liquidity risk appetite.