Unofficial Translation

This translation is for the convenience of those unfamiliar with the Thai language

Please refer to Thai text for the official version

Notification of the Bank of Thailand

No. FPG. 12/2555

Re: Regulations on Supervision of Capital for Commercial Banks

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1. Rationale

The global financial crisis and financial institutions breakdown in many countries during 2007 – 2008 as well as the complexity of the business model of financial institutions oversea and growing linkage between financial sectors and trading sectors point out the necessity to review the frameworks of financial system supervision. Part of those framework include reviewing the regulations on capital requirement of financial institutions (Basel III framework) in order to raise both the quality and quantity of the regulatory capital. This is to ensure the robust and resilient financial institutions against losses that may arise both in periods of ordinary and stress circumstances.

Currently, the Bank of Thailand supervises the adequacy of capital in accordance with the Basel II framework which promote the robustness of commercial banks in Thailand. During the recent global financial crisis, Thai financial system was scarcely affected, contrary to US financial system and other countries in the EU. However, the Bank of Thailand deems that applying Basel III framework to Thai commercial banks is consistent with the objective of financial institution supervision. That is, retaining high quality of capital will result in robustness, competitiveness, and international acceptance for Thai commercial banks which in turn lead to the financial institution stability. In other word, Thai financial system shall be well-prepared and insulated against financial crisis that may occur in the future. Moreover, under the Basel III framework, there are also measures addressing systemic risk that may stem from systemically important banks and dynamic linkage between financial system and macro economy which could result in procyclical amplification of shocks. To this end, the Bank of Thailand has thoroughly explored the Basel III framework regulations and acknowledges the importance in implementing the framework in Thailand. An impact assessment on

the implementation of capital regulations in Thailand shows that such regulations would benefit the Thai financial system and economic sector in the long run.

The Bank of Thailand thereby revised the regulations on the supervision of capital for commercial banks under this Notification as well as other related Notifications of the Bank of Thailand by referring to the Basel III framework: A global regulatory framework for more resilient banks and banking systems (Revised version: June 2011) of Basel Committee on Banking Supervision (BCBS), which was developed from Basel II: International Convergence of Capital Measurement and Capital Standards – A Revised Framework (Comprehensive version: June 2006), consisting of Minimum capital requirement (Pillar 1) Supervisory review process (Pillar 2) and Market discipline (Pillar 3)

The arrangement of this Notification can be divided into 2 main sections:

- Specifying core principles of the capital framework of commercial banks under the 3 Pillars i.e. minimum capital requirement, supervisory review process and market discipline, which are in accordance with the core principles of the Basel II framework

- Specifying capital framework of commercial banks by specifying minimum capital requirements and capital buffers that commercial banks shall hold. As such, the calculation of capital requirements and risk-weighted assets as well as regulations on Pillar 2 and Pillar 3 are prescribed in 13 Notifications of the Bank of Thailand.

2. Statutory Power

By virtue of Section 29, Section 30, Section 32 and Section 71 of the Financial Institutions Businesses Act B.E.2551 (2008), **which contains certain provisions relating to the restriction of rights and liberties of persons which Section 29 in conjunction with Section 31, Section 33, Section 36, Section 39, Section 41 and Section 43 of the Constitution of the Kingdom of Thailand so permit by virtue of law**, the Bank of Thailand hereby issued the Regulations on Supervision of Capital for Commercial Banks and all commercial banks shall comply with accordingly.

3. Scope of Application

This Notification shall apply to all commercial banks according to the law on financial institution business.

4. Repealed/Amended Notification and Circulars

The Notification of the Bank of Thailand No. FPG. 87/2551 Re: Regulations on Supervision of Capital for Commercial Banks, dated 27 November 2008

5. Contents

5.1 Definitions

In this Notification:

"Commercial banks" means public limited companies licensed to undertake commercial banking business and shall include retail banks, foreign bank subsidiaries and foreign bank branches licensed to undertake commercial banking business.

"Locally-incorporated banks" means commercial banks under the Financial Institutions Businesses Act B.E.2551 (2008), except foreign bank branches.

"Foreign bank branches" means branches of foreign banks licensed to undertake commercial banking business in Thailand.

5.2 Principles

Regulations on supervision of capital for commercial banks under this Notification consists of 3 Pillars **which are developed from the Basel II framework. The Basel III framework makes revisions to the regulations on minimum capital requirement under Pillar 1 as follows:**

<u>Pillar 1</u>**: Minimum capital requirements and capital buffers**

Pillar 1 requires commercial banks to maintain minimum capital requirements to absorb material risks which are credit risk, market risk and operational risk**. The revisions to the regulations on capital requirements focus on raising both quality and quantity to enhance the resilience and robustness of commercial banks. That is, for qualitative aspect, the majority of capital must be the top-quality capital which are Common Equity Tier 1 (CET1), and for quantitative aspect, the level of tier 1 capital is increase from at least 4.25% to at least 6%. Moreover, the calculation of credit risk-weighted assets for complicated transactions is also revised to better reflect the risk.**

In addition, the Bank of Thailand requires commercial banks to hold two types of capital buffers, other than minimum capital requirements; namely (1) Conservation Buffer; for commercial banks to raise capital buffer during ordinary economic condition in order to use it when the commercial banks encounter losses or when an economic crisis occurs, this buffer also reduces the likelihood of capital ratios of commercial banks being lower than that prescribed by the Bank of Thailand; (2) Countercyclical Buffer; for commercial banks to hold capital consistent to the system-wide risk e.g. when there is excessive credit growth, to prevent the risk of commercial banks arisen from that event. However, according to the current economic conditions, the Bank of Thailand does not discover any indication of excessive credit growth, therefore, it is not necessary to require commercial banks to hold countercyclical buffer at the moment. Nonetheless, if deemed necessary to enforce the regulations on countercyclical buffer, the Bank of Thailand shall notify the commercial banks accordingly.

<u>Pillar 2</u>: Supervisory review process

Pillar 2 determines the responsibility of commercial banks and banking supervisors. Where commercial banks must have sound risk management framework and processes to assess their capital adequacy relative to all risks and conduct stress testing appropriately. Moreover, the commercial banks should hold capital higher than that required under Pillar 1 to absorb losses not addressed by Pillar 1 e.g. interest rate risk in banking book and credit concentration risk.

Pillar 2 also require supervisors to review, monitor and assess risk management systems and capital adequacy assessment processes of commercial banks, which may depend on the specific characteristic of each commercial bank, as well as apply appropriate measures to troubled commercial banks in a timely manner.

<u>Pillar 3</u>: Market discipline

Pillar 3 intends to use market discipline to supervise and encourage commercial banks to have sound risk management process other than bank’s own internal control and supervision of the Bank of Thailand, by requiring commercial banks to disclose information on capital, risk exposures and risk management processes to external parties or market participants e.g. investors, counterparties and depositors in order that they can use such information to analyse and assess the risk of commercial banks.

As such, this Notification is the main notification of the set of capital requirements under the BCBS framework that specifies the regulations that commercial banks must comply with. To comply with the regulations, commercial banks must refer to the relevant Notifications in details, where there are 13 separate Notifications[1] in the set. **According to the Basel III framework, the following 6 Notifications, from 1 – 6, are revised:**

1. **The Notification of the Bank of Thailand on Components of Capital for Locally-incorporated Banks**

2. **The Notification of the Bank of Thailand on Components of Capital for Foreign Bank Branches**

3. **The Notification of the Bank of Thailand on the Calculation of Credit Risk-Weighted Assets for Commercial Banks under the Standardised Approach (SA)**

4. **The Notification of the Bank of Thailand on the Calculation of Credit Risk-Weighted Assets for Commercial Banks under the Internal Ratings-Based Approach (IRB)**

5. **The Notification of the Bank of Thailand on the Calculation of Counterparty Credit Risk-Weighted Assets for Derivative Transactions**

6. **The Notification of the Bank of Thailand on the Calculation of Credit Risk-weighted Assets for Failed Trade and Non-delivery versus Payment (Non-DvP) Transactions for Commercial Banks**

While, the following Notifications, from 7 – 13, are unchanged as the current notifications are still effective:

7. The Notification of the Bank of Thailand on Permission for Financial Institutions to Conduct Securitisation Business

8. The Notification of the Bank of Thailand on Supervision of Market Risk and Capital Requirements for Market Risk of Financial Institutions

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[1] The Bank of Thailand divided the requirement regarding the regulations of the BCBS into several notifications for the convenience of financial institutions and related parties to refer to since the regulations are complicated and very detailed.

9. The Notification of the Bank of Thailand on Minimum Capital Requirements for Operational Risk

10. The Notification of the Bank of Thailand on Minimum Capital Requirements for Operational Risk under the Advanced Measurement Approaches (AMA)

11. The Notification of the Bank of Thailand on Submission of Reports to the Bank of Thailand

12. The Notification of the Bank of Thailand on Supervisory Review of Capital Adequacy (Pillar 2)

13. The Notification of the Bank of Thailand on Disclosure on Capital Requirements of Commercial Banks

5.3 Regulations

5.3.1 Pillar 1: Minimum capital requirement and capital buffer

(1) Minimum capital requirement

The Bank of Thailand specifies the regulations on minimum capital requirements by the ratio of total capital to total risk-weighted assets:

$$\frac{\boldsymbol{Total\ capital}}{\boldsymbol{Total\ risk - weighted\ assets}} \geq \boldsymbol{minimum\ capital\ ratio}$$

Locally-incorporated banks and foreign bank branches shall hold capital, at the end of the day, at least equal to the ratios in the following table as from 1 January 2556 (2013) onwards:

Capital ratio	(Percent)
Locally-incorporated bank	
- Common equity tier 1 ratio: CET 1 ratio	4.5
- Tier 1 ratio	6.0
- Total capital ratio	8.5
Foreign bank branch	
Total capital ratio	8.5

As such, in calculating the ratio of locally-incorporated bank, an amount of all offices both inshore and offshore must be included; the book value on the day that the calculation is made[2] shall be applied.

(2) Capital buffer

(2.1) Conservation buffer

Locally-incorporated banks shall hold common equity tier 1 of more than 2.5% of total risk-weighted assets, as a capital buffer, in addition to minimum capital ratio. Foreign bank branches shall also maintain the capital buffer ratio in addition to its total capital ratio. As such, commercial banks shall gradually increase their capital ratio more than 0.625% a year starting from 1 January 2559 (2016) until the capital buffer ratio of more than 2.5% is reached on 1 January 2562 (2019)[3]. Therefore, when calculating the sum of minimum capital ratio and conservation buffer ratio, commercial banks must maintain the ratio of total capital to total risk-weighted assets as summarized in the below table:

Unit: percent

Capital ratio	1 Jan 2016	1 Jan 2017	1 Jan 2018	1 Jan 2519
Locally-incorporated bank				
CET 1 ratio	5.125	5.75	6.375	7
Tier 1 ratio	6.625	7.25	7.875	8.5
Total capital ratio	9.125	9.75	10.375	11
Foreign bank branch				
Total capital ratio	9.125	9.75	10.375	11

[2] For the on-balance sheet items in financial statement, commercial banks shall comply with relevant accounting standards and Notifications of the Bank of Thailand. For the calculation of capital ratio, commercial banks using the settlement date accounting shall adjust the items as if the trade date accounting is used; ensuring that all commercial banks hold capital under the same standard.

[3] **A foreign bank branch with accounting period not starting from 1 January shall use the starting date of its first accounting period.**

As such, in maintaining capital buffer ratio as mentioned above, if commercial banks fail to maintain the capital buffer ratio specified by the Bank of Thailand, the commercial banks shall retain certain parts or the whole of net profits[4] in accordance with the ratios specified in the Attachment by restricting the distributions of net profits[5] (earning distribution) which include payment of dividend, discretionary bonus payment to staff [6], discretionary payment on other Tier 1 capital instrument holders and shares buyback. Commercial banks may select one or all of the methods mentioned above to meet capital buffers requirement so that they can be able to distribute the net profits[7].

In case where commercial banks are unable to hold the conservation buffer in accordance with the specified ratio, it is not considered that the commercial banks breach the capital ratio requirement in accordance with Section 29, Section 30 or Section 32 of the Financial Institutions Businesses Act B.E.2551 (2008). While, the case where commercial banks does not comply with the restrictions on earning distribution as specified in the Attachment, this shall be considered as breaching capital ratio requirement in accordance with Section 29, Section 30 or Section 32 of the Financial Institutions Businesses Act B.E.2551 (2008), as the case may be.

As such, if commercial banks are able to conserve net profits as specified by the Bank of Thailand but unable to maintain minimum capital ratio, the commercial banks shall consult with the Financial Institution Applications Department, Bank of Thailand regarding capital requirements plan.

(2.2) Countercyclical buffer

The Bank of Thailand may require a locally-incorporated bank to hold common equity tier 1 of 0% - 2.5% of total risk-weighted assets in addition to conservation buffer ratio as specified in 5.3.1 (2.1), to address

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4 Net profits are net profits after being appropriated (if any) in accordance with the approved resolution of the shareholders meeting or commercial banks regulations e.g. legal reserve and other items.

5 For a foreign bank branch, earning distribution is restricted by bonus payment to staff and remittance of profits to its head quarter, which is in accordance with the Notification of the Bank of Thailand on Components of Capital for Foreign Bank Branches.

6 Bonus payment to staff means bonus paid to the committee members, senior executives or staff depending on the performance of commercial banks.

7 If commercial banks wish to distribute net profits (earning distribution) without retaining them, the commercial banks must raise their capital to be able to maintain the ratio of total capital to total risk-weighted assets in accordance with the regulations specified by the Bank of Thailand.

systemic risk during economic downturn. Countercyclical buffer requirement will be deploy when the risk of system-wide stress are growing markedly or when circumstance warrant e.g. there is excessive credit growth which is judged to be associate with a build-up of system-wide risk. Foreign bank branch shall be required to maintain this capital buffer ratio in addition to total capital in the same manner.

The Bank of Thailand shall consider indicators and methods to assess economic cycle and credit growth, and shall closely monitor such indicator in order to determine the capital buffer for this purpose. The Bank of Thailand shall also consider applying other macro-prudential measures e.g. loan to value ratio (LTV ratio) and loan loss provisions etc. Commercial banks shall be notified in advance the details and factors to determine countercyclical buffer and level of buffer to be held, as well as consideration guidelines to withdraw the countercyclical buffer.

(3) Components of Capital

(3.1) Locally-incorporated banks

Total capital of a locally-incorporated commercial bank shall have the components in accordance with ***the Notification of the Bank of Thailand on Capital Components for Locally-Incorporated Banks***, where total capital consists of Tier 1, Tier 2 and capital deduction items.

(3.2) Foreign bank branches

Total capital of a foreign bank branch shall have the components in accordance with ***the Notification of the Bank of Thailand on Capital Components for Foreign Bank Branches***, where total capital consists of assets or securities that the foreign bank branches must hold in accordance with Section 32 of the Financial Institutions Businesses Act B.E.2551 (2008) and capital deduction items.

(4) Calculation of risk-weighted assets

Total risk-weighted assets of commercial banks shall be equal to the sum of credit risk-weighted assets, market risk-weighted assets[8] and values equivalent

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[8] Commercial banks must hold market risk capital when an amount of transactions in trading book is higher than the threshold (significant) in accordance with the Notification of the Bank of Thailand on Market Risk Supervision and Capital Requirements for Market Risk of Financial Institutions

to operational risk-weighted assets by referring to the regulations on the calculation of each type of risk-weighted assets, as follows:

(4.1) Calculation of credit risk-weighted assets

Commercial banks shall calculate credit risk-weighted assets of the items, namely all on and off-balance sheet item in the banking book, repo-style transactions, derivatives, and on and off-balance sheet items in trading book that are not required to calculate market risk capital requirements (trading portfolio is insignificant), in accordance with the regulations specified by the Bank of Thailand. Details are in the following Notifications of the Bank of Thailand:

(4.1.1) Regulations on the calculation of credit risk-weighted assets

The Bank of Thailand permits commercial banks to calculate credit risk-weighted assets using the two following approaches: Standardised Approach (SA) and Internal Ratings-Based Approach (IRB).

(a) Standardised Approach (SA)

Commercial banks using the SA for the calculation of credit risk-weighted assets shall comply with ***the Notification of the Bank of Thailand on the Calculation of Credit Risk-Weighted Assets for Commercial Banks under the Standardised Approach (SA)***. **The revised regulation shall better reflect the credit risk of commercial banks and be consistent to changes in capital components in accordance with the Basel III framework e.g. certain items that used to be deducted from tier 1 and tier 2, by 50% each, shall be included in the calculation of risk-weighted assets instead, or the qualifications of guarantors or protection sellers of credit derivatives are relaxed etc.**

(b) Internal Ratings-Based Approach (IRB)

Commercial banks using the IRB for the calculation of credit risk-weighted assets shall comply with ***the Notification of the Bank of Thailands on the Calculation of Credit Risk-Weighted Assets for Commercial Banks under the Internal Ratings-Based Approach (IRB),*** where commercial banks are still able to use the SA for insignificant portfolios in accordance with the regulations in such Notification. **The Basel III requires commercial banks to adjust the Correlations upward in order that they shall have more capital to absorb credit risk from debtors or counterparties regarded as financial entities with specific attributes. The**

calculation of credit risk-weighted assets of certain types of assets is also revised to better reflect the credit risk of commercial banks, in the same manner as the revision to the SA.

For the calculation of credit risk-weighted assets under the SA and the IRB, commercial banks must calculate counterparty credit risk-weighted assets by complying with the regulations as specified in ***the Notification of the Bank of Thailand on the Calculation of Counterparty Credit Risk-Weighted Assets for Derivative Transactions***, and also calculate credit risk-weighted assets for unsettled transactions by complying with the regulations as specified in ***the Notification of the Bank of Thailand on the Calculation of Credit Risk-weighted Assets for Failed Trades and Non-Delivery versus Payment (Non-DvP) Transactions for Commercial Banks***, as summarized in 5.3.1 (4.1.2) and (4.1.3) respectively.

(4.1.2) Regulations on the calculation of credit risk-weighted assets of counterparties for derivatives

Commercial banks shall calculate counterparties credit risk-weighted assets for derivatives by complying the methods on the calculation as specified in ***the Notification of the Bank of Thailand on the Calculation of Counterparty Credit Risk-Weighted Assets for Derivative Transactions***. **Under the Basel III framework, the guidelines on the calculation of minimum capital requirements for counterparty credit risk are revised to better reflect the risk[9].**

(4.1.3) Regulations on the calculation of credit risk-weighted assets for unsettled transactions

Commercial banks shall calculate risk-weighted assets for unsettled transactions by complying with the methods for the calculation of credit risk-weighted assets of counterparties as specified in ***the Notification of the Bank of Thailand on the Calculation of Credit Risk-weighted Assets for Failed Trades and Non-Delivery versus Payment (Non-DvP) Transactions for Commercial Banks***. **As such, the Bank of Thailand revises the regulations to be consistent to changes of capital components in accordance with the Basel III framework, that is, transactions that used to be deducted from tier 1 and tier 2, 50% each, shall be included in the calculation of risk-weighted assets instead.**

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[9] Under this regulation, counterparty credit risk means the calculation of counterparty credit risk-weighted assets for default risk, not covering the credit valuation adjustment risk. As such, the Bank of Thailand shall further specify the relevant regulations.

(4.1.4) Regulations on the calculation of credit risk-weighted assets for securitisation

Commercial banks shall calculate credit risk-weighted assets for securitisation in accordance with ***the Notification of the Bank of Thailand on Permission for Commercial Banks to Undertake Securitisation***. **Securitisation positions where commercial banks provide guarantees against the first loss facility to investors of securitised instruments or where commercial banks invest in the first loss tranche of securitised instruments, the commercial banks shall calculate risk-weighted assets for such positions using risk weight of 100 divided by 8.5% (100/8.5%) or equal to 1176.5%, instead of deducting them from the capital according to the former regulations.**

(4.2) Calculation of market risk-weighted assets

Commercial banks shall calculate market risk-weighted assets in accordance with ***the Notification of the Bank of Thailand on Market Risk Supervision and Capital Requirements for Market Risk of Financial Institutions***. The regulations determine the methods for the calculation of market risk capital, where commercial banks shall multiply the calculated market risk capital by 12.5 to obtain market risk-weighted assets. Market risk-weighted assets and risk-weighted assets of other types of risk shall be summed to calculate the ratio of total capital to total risk-weighted assets. As such, the Bank of Thailand permits commercial banks to calculate market risk capital by using the following three approaches: 1) Standardised Approach 2) Internal Model Approach 3) Mixed Approach

(4.3) Calculation of values equivalent to operational risk-weighted assets

Commercial banks shall calculate values equivalent to operational risk-weighted assets[10] in accordance with ***the Notification of the Bank of Thailand on Minimum Capital Requirements for Operational Risk and the Notification of the Bank of Thailand on Minimum Capital Requirements for Operational Risk under Advanced Measurement Approaches (AMA)***. The Bank of Thailand permits commercial banks to calculate values equivalent to operational risk-

[10] Since the operational risk does not occur from assets of commercial banks in the same way as credit and market risk; therefore, there are no actual operational risk-weighted assets and only equivalent values can be calculated. To sum up, operational risk can be assessed in term of “values equivalent to operational risk-weighted assets” not in term of “operational risk-weighted assets”.

weighted assets using three following approaches: 1) Basic Indicator Approach (BIA) 2) Standardised Approach (SA-OR) 3) Advanced Measurement Approaches (AMA)

(5) Reporting of information on minimum capital requirement

Commercial banks shall prepare the reports and submit the information on minimum capital requirements in accordance with formats and details specified in ***the Notification of the Bank of Thailand on Submission of Reports to the Bank of Thailand***.

5.3.2 <u>Pillar 2</u>: Supervisory review process

Commercial banks shall comply with ***the Notification of the Bank of Thailand on Supervisory Review of Capital Adequacy (Pillar 2)***.

The Bank of Thailand stipulates that commercial banks shall have sound risk management system and internal capital adequacy assessment process (ICAAP), where all significant risks are taken into account i.e. risks in accordance with the regulations on minimum capital requirements and capital buffers under Pillar 1 and other types of risk not addressed by the regulations on minimum capital requirements and capital buffers under Pillar 1. Commercial banks must also hold capital requirements higher than regulatory level sufficient for absorbing losses that may arise from business operations both in ordinary circumstance and in periods of stress (stress testing). The Bank of Thailand shall verify the minimum capital requirements under Pillar 1 as well as the efficiency in managing risk and ICAAP process of commercial banks.

If the Bank of Thailand deems that commercial banks have deficiencies in risk management, inappropriate ICAAP process or have inadequate capital level to cover all risks, the Bank of Thailand shall put measures in place so that the commercial banks will improve risk management system to be consistent with existing risk profile in a timely manner. If commercial banks are unable to follow the measures specified by the Bank of Thailand, the Bank of Thailand may apply the second paragraph of Section 30 of the Financial Institutions Businesses Act B.E.2551 (2008) to require the commercial banks to conduct appropriate arrangement to reduce the risk levels or hold higher capital requirements than that required under Pillar 1 minimum capital requirement.

5.3.3 <u>Pillar 3</u>: Market discipline

Commercial banks shall comply with ***the Notification of the Bank of Thailand on Disclosure on Capital Requirements of Commercial Banks***.

The Bank of Thailand stipulates regulations on disclosure of both quantitative and qualitative information on the supervision of capital i.e. components of capital, risk levels, risk assessment process and capital adequacy. As such, such regulations consist of general regulations on disclosure of information, channels for disclosure of information, disclosure of significant information, confidential business information of commercial banks and confidential information of customers as well as minimum disclosure requirements for commercial banks.

6. Effective date

This Notification shall come into force as from 1 January 2013.

Announced on 8th November 2012

(Mr. Prasarn Trairatvorakul)
Governor
Bank of Thailand

Attachment

Restrictions on earning distribution for conservation buffer

1. In case of locally-incorporated banks

2016			
Common equity tier 1 ratio – CET 1 ratio	Tier 1 ratio	Total capital ratio	Minimum capital conservation ratios
4.5% - 4.656%	6% - 6.156%	8.5% - 8.656%	100%
>4.656% - 4.813%	>6.156% - 6.313%	>8.656% - 8.813%	80%
>4.813% - 4.969%	>6.313% - 6.469%	>8.813% - 8.969%	60%
>4.969% - 5.125%	>6.469% - 6.625%	>8.969% - 9.125%	40%
>5.125%	>6.625%	>9.125%	0%

2017			
Common equity tier 1 ratio – CET 1 ratio	Tier 1 ratio	Total capital ratio	Minimum capital conservation ratios
4.5% - 4.813%	6% - 6.313%	8.5% - 8.813%	100%
>4.813% - 5.125%	>6.313% - 6.625%	>8.813% - 9.125 %	80%
>5.125% - 5.438%	>6.625% - 6.938%	>9.125% - 9.438%	60%
>5.438% - 5.75%	>6.938% - 7.25%	>9.438% - 9.75%	40%
>5.75%	>7.25%	>9.75%	0%

2018			
Common equity tier 1 ratio – CET 1 ratio	Tier 1 ratio	Total capital ratio	Minimum capital conservation ratios
4.5% - 4.969%	6% - 6.469%	8.5% - 8.969%	100%
>4.969% - 5.438%	>6.469% - 6.938%	>8.969% - 9.438%	80%
>5.438% - 5.906%	>6.938% - 7.406%	>9.438% - 9.906%	60%
>5.906% - 6.375%	>7.406% - 7.875%	>9.906% - 10.375%	40%
>6.375%	>7.875%	>10.375%	0%

2019			
Common equity tier 1 ratio – CET 1 ratio	Tier 1 ratio	Total capital ratio	Minimum capital conservation ratios
4.5% - 5.125%	6% - 6.625%	8.5% - 9.125%	100%
>5.125% - 5.75%	>6.625% - 7.25%	>9.125% - 9.75%	80%
>5.75% - 6.375%	>7.25% - 7.875%	>9.75% - 10.375%	60%
>6.375% - 7%	>7.875% - 8.5%	>10.375% - 11%	40%
>7%	>8.5%	>11%	0%

2. In case of foreign bank branches

2016	
Total capital ratio	Minimum capital conservation ratios
8.5% - 8.656%	100%
>8.656% - 8.813%	80%
>8.813% - 8.969%	60%
>8.969% - 9.125%	40%
>9.125%	0%

2017	
Total capital ratio	Minimum capital conservation ratios
8.5% - 8.813%	100%
>8.813% - 9.125 %	80%
>9.125% - 9.438%	60%
>9.438% - 9.75%	40%
>9.75%	0%

2018	
Total capital ratio	Minimum capital conservation ratios
8.5% - 8.969%	100%
>8.969% - 9.438%	80%
>9.438% - 9.906%	60%
>9.906% - 10.375%	40%
>10.375%	0%

2019	
Total capital ratio	Minimum capital conservation ratios
8.5% - 9.125%	100%
>9.125% - 9.75%	80%
>9.75% - 10.375%	60%
>10.375% - 11%	40%
>11%	0%