



BANK OF THAILAND

BOT Press Release

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**Re: The BOT amended regulations on the eligibility criteria for regulatory capital  
to be in line with international standards**

Ms. Nawaron Dejsuvan, Assistant Governor, Financial Institutions Policy Group, the Bank of Thailand (BOT) revealed that the BOT has amended the regulations on eligibility criteria for financial instruments qualified as banking capital. Although the capital level of the Thai banking system is high, with the BIS Ratio of Thai banking system in September 2020 standing at 19.43%, commercial banks shall build up their capital cushion to withstand unanticipated events in the future.

The eligibility criteria of financial instruments are revised to be in line with international standard as follows:

**1. Additional Tier1 (AT1) capital instrument is the financial instrument with no maturity date.** Issuance banks are allowed to pay interests or other returns to holders without prior approval from the BOT, provided that the banks' BIS Ratio is higher than the specified ratio as prescribed by the BOT.

**2. Tier 2 capital instrument** is subordinated debt that can be redeemed after a minimum of 5 years from the date of issuance. The BOT has revoked the clause requiring banks to have the rights to postpone the schedule for payment of interests.

The purposes of the amendment stated above is to assuage investors' concerns regarding payment of interests. As a result, banks can raise capital more easily which in turn increases banks' capital level and liquidity. Banks should therefore be able to provide additional loans to businesses and households to support economic recovery.

Bank of Thailand  
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