Bangkok Bank

June 10, 2016

Mr. William Coen
Secretary General
Basel Committee on Banking Supervision
Bank for International Settlements
Centralbahnplatz 2, CH-4002 Basel
Switzerland

Re: Comments on the BCBS Consultative Document on Pillar 3 disclosure requirements – consolidated and enhanced framework

Dear Secretary General Coen,

Bangkok Bank Public Company Limited ("the Bank") appreciates this opportunity to comment on the March 2016, the Consultative Document issued by the Basel Committee on Banking Supervision ("the Committee"), Pillar 3 disclosure requirements – consolidated and enhanced framework.

The Bank strongly supports the Committee's objectives to improve comparability and consistency of disclosures in order to enable market participants to access key information relating to a bank's regulatory capital and risk exposures increase transparency and confidence about a bank's exposures to risk and the overall adequacy of its regulatory capital. However, aspects of the Committee's proposal need to be reconsidered to achieve optimal prudential disclosures to the market. While the market clearly favored comparability, it does not wish to receive voluminous prudential information at such frequencies that is not generally useful. Not to mentioned that there are associate practical difficulties producing the required disclosure as per the following details:-

Granularity level
Under the Pillar 3 proposal, banks would have to significantly deepen granularity. However, high granularity does not provide the "big picture". It creates a great complexity for non-specialist readers. The relevancy of data at this level of granularity, provided to this audience, is highly questionable. It will cause confusion. Furthermore, the granularity of the information being disclosed should neither lead to loss of competitive advantage, nor generate confidentiality issues. We are concerned about the numerous templates proposed: this will not facilitate understanding, and some templates could be merged for example credit risk and counterparty credit risk. Besides, it should be highlighted that, to our experiences, financial analysts as well as credit rating agencies, who are primarily the main users of this disclosure have not raised any questions concerning the Pillar 3 document issued by banks. In this context, an increase in the requirements is of questionable value to users, and the usefulness of disclosures should be placed at the forefront as well as aligning with the banks' efforts. In this sense, we support Principle 3 in the Consultative Document, which states that disclosures should be meaningful to users.

Flexible Templates
Disclosure requirement in fixed format and more frequent disclosure do not always support the above purposes. The Bank considers that it is actually unlikely to be useful for the users. Templates in fixed format will prevent the banks from presenting data and/or information in the context of business models and risks according to the nature of each bank. In addition, the redundant and excessive disclosure with quarterly frequency may cause the users not being able to clearly identify significant changes over the periods.

Concurrent Reporting and Frequency level
In terms of Frequency, as stated in the Consultative Document, simultaneous publication with financial statements is required. Generally, all banks would face serious challenges. Operationally, though some banks achieve simultaneous publication of financial statements and Pillar 3 at year-ends, managing to meet the shorter interim reporting deadlines at Q1, H1 and Q3 in the full volumes envisioned would put a significant strain on operational resources and assurance procedures for many banks. The proposed quarterly frequency of some of the templates, particularly, the Liquidity template, would lead to a significant level of redundancy of information, and therefore tend to cloud a user's ability to identify important interim changes and obscure a comprehensive view of an institution's risk profile, while also unnecessarily exacerbating the implementation and ongoing costs of certain of the proposals. In many cases, disclosures would be required quarterly related to information that generally would not be expected to change dramatically from quarter to quarter. The bank would like to propose to align disclosure requirement with accounting standard whereby according to IFRS requirement, the banks shall assess the appropriateness of their disclosures, including their frequency. Systematic quarterly disclosure is not relevant. Quarterly disclosure should remain exceptional, only if some material event occurs. The materiality and reliance principle should be included.

Specific Comments
With regards to LCR data, the Bank production time for Full Consolidation Basis of LCR is almost the same as BCBS disclosure specified lag time of 5 weeks (or 35 days). The Bank considers that the timeline is too tight and may impact the quality of qualitative disclosure. LCR is also a new regulation for the banking industry. In changing the liquidity management method, the Bank would require more time to adjust and develop the liquidity risk management under the new environment. In our opinion, the frequency of the disclosure should start from semi-annually basis then move to quarterly basis as banks require some time to adjust the liquidity risk management system and processes to support the shorter production time of LCR Full Consolidation Basis for disclosure.

With regards to the summary of the tables and templates in page 15, the format of template CC2 is "flexible" while in page 91 the format is "fixed". Therefore, it should be revised to make it consistent.

For your kind consideration.

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