



Citibank, N.A. Bangkok Branch

Basel III Pillar 3

Capital and Liquidity Management Disclosure

30 June 2020

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Table 1 : Key Prudential Metrics

Unit : Million Baht

Description	Jun-20	Dec-19
1 Capital Fund		
1.1 Total Capital	25,532	25,487
1.2 Fully loaded ECL total capital	25,532	25,487
2 Risk Weighted Assets		
2.1 Total Risk Weighted Assets (RWA)	164,308	155,667
3 Total capital to risk-weighted assets (%)		
3.1 Total capital ratio	15.54%	16.37%
3.2 Fully loaded ECL total capital ratio	15.54%	16.37%
4 Capital Buffers Ratio (%)		
4.1 Conservation Buffer	2.50%	2.50%
4.2 Countercyclical Buffer	0.00%	0.00%
4.3 Capital Buffer (Sum of 3.1 and 3.2)	2.50%	2.50%
4.4 Total capital ratio after minimum capital requirement	13.04%	13.87%
5 Liquidity Coverage Ratio (LCR)%		
5.1 Total high-quality liquid assets (HQLA)	65,171	52,882
5.2 Total net cash outflows within the 30-day time horizon	14,263	13,790
5.3 LCR (%)	456.41%	383.89%

Table 2 : Capital structure

Unit : Million Baht

Item	Jun-20	Dec-19
1 Assets required to be maintained under Section 32	25,800	25,800
2 Sum of net capital for maintenance of assets under Section 32 and net balance of inter-office accounts (2.1+2.2)	31,928	37,528
2.1 Capital for maintenance of assets under Section 32	25,800	25,800
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	6,128	11,728
3 Total regulatory capital (3.1 - 3.2)	25,532	25,487
3.1 Total regulatory capital before deductions (The lowest amount among item 1 item 2 and item 2.1)	25,800	25,800
3.2 Deductions	268	313

Table 3 Minimum capital requirement for credit risk classified by type of assets under the SA

Unit : Million Baht

Minimum capital requirement for credit risk classified by type of assets under the SA*	Jun-20	Dec-19
Performing claims		
1. Claims on sovereigns and central banks, multilateral development banks (MDBs),	96	145
2. Claims on financial institutions, non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	4,125	3,291
3. Claims on corporates, non-central government public sector entities (PSEs) treated as claims on corporate	4,606	3,876
4. Claims on retail portfolios	4,744	5,576
5. Claims on housing loans	6	6
6. Other assets	219	365
Non-performing claims	61	1
First-to-default credit derivatives and Securitisation		
Total minimum capital requirement for credit risk under the SA	13,857	13,260

Minimum capital requirement for market risk for positions in the trading book by Internal Model Approach

Unit : Million Baht

Minimum capital requirement for market risk (positions in the trading book)*	Jun-20	Dec-19
Internal model approach	741	454
Total minimum capital requirement for market risk	741	454

Minimum capital requirement for operational risk (SA)

Unit : Million Baht

Minimum capital requirement for operational risk*	Jun-20	Dec-19
Calculate by Standardised Approach	3,475	3,410
Total minimum capital requirement for operational risk	3,475	3,410

Total risk-weighted capital ratio and Tier 1 risk-weighted capital ratio

Unit : %

Ratio	Jun-20		Dec-19	
	Capital Adequacy Ratio	Minimum Adequacy Ratio*	Capital Adequacy Ratio	Minimum Adequacy Ratio*
1. Total capital to risk-weighted assets	15.54	11.00	16.37	11.00
2. Tier 1 capital to risk-weighted assets **	0	0	0	0

* Include conservation buffer 2.5% for 4-year accumulation since Jan 2016

** Disclosure only Bank that locally registered

Table 4 Minimum capital requirement for each type of market risk under the Standardized Approach

Unit : Million Baht

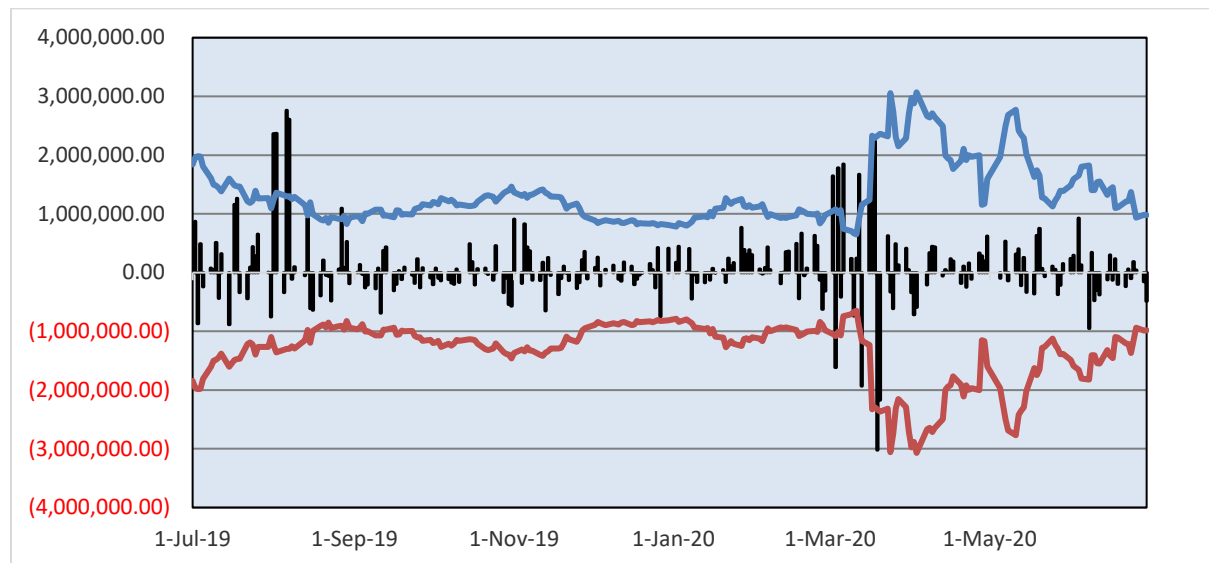
Minimum capital requirement for market risk under the standardized approach	Jun 2020	Dec 2019
Interest rate risk	0	0
Equity position risk	0	0
Foreign exchange rate risk	0	0
Commodity risk	0	0
Total minimum capital requirement	0	0

Table 5 Market risk under Internal Model Approach

Unit: Million Baht

Type of Market Risk	Jun-20	Dec-19
Interest rate risk		
Maximum VaR during the reporting period	95	61
Average VaR during the reporting period	46	36
Minimum VaR during the reporting period	20	25
VaR at the end of the period	30	25
Equity position risk		
Maximum VaR during the reporting period	0	0
Average VaR during the reporting period	0	0
Minimum VaR during the reporting period	0	0
VaR at the end of the period	0	0
Foreign exchange rate risk		
Maximum VaR during the reporting period	11	14
Average VaR during the reporting period	4	5
Minimum VaR during the reporting period	0	2
VaR at the end of the period	3	2
Commodity risk		
Maximum VaR during the reporting period	0	0
Average VaR during the reporting period	0	0
Minimum VaR during the reporting period	0	0
VaR at the end of the period	0	0
Total market risk		
Maximum VaR during the reporting period	95	62
Average VaR during the reporting period	47	36
Minimum VaR during the reporting period	20	25
VaR at the end of the period	30	25

Table 6 Backtesting result



* Commercial banks are allowed to disclose the information in form of "Graph"

** Together with an analysis of outliers from Backtesting

Backtesting Outliers

P&L date (T)	VaR (in THB MM) (T - 1)	Hypo P&L (in THB MM) (T)	Explanation
2-Aug-19	38.33	73.01	This is a positive VAR back testing break. The gain mainly due to lower THB government bonds yield by -12bps in 13Y and -9bps in 9Y
5-Aug-19	41.89	73.12	This is a positive VAR back testing break. The gain mainly due to lower THB government bonds yield by -7bps in 9Y and -6bps in 4Y
7-Aug-19	39.86	85.06	This is a positive VAR back testing break. The gain mainly due to lower THB LIBOR rate by 6bps to 15bps in 3M to 10Y tenor.
8-Aug-19	39.94	80.26	This is a positive VAR back testing break. The gain mainly due to lower THB government bonds yield by -2bps to -7bps in <4Y tenor, and -13bps in 27Y
28-Aug-19	27.82	33.52	This is a positive VAR back testing break. The gain mainly due to lower THB government bonds yield by -2bps to -7bps in <4Y tenor and -12bps in 27Y tenor
3-Mar-20	33.08	51.91	This is a positive VAR back testing break. The gain mainly driven by USD/THB FX forward 11 tenor buckets, where USD/THB forward rate appreciated by 0.0294% on

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			a long \$424mm position, and also due to lower THB LIBOR rate in 3M to 9M by -9bps.
4-Mar-20	33.86	-50.70	Daily Loss is mainly driven by the delta effect of derivative positions. This is coming from the following offshore THB LIBOR tenors: - 3M to 6M tenors increased by 27.12 to 44.27 bps with negative \$16k DV01, resulting to a loss of \$764k. MFVC vols for the same tenor is 9bps to 12bps - 1Y to 4Y tenors decreased by 7.50 to 10.53 bps with a positive \$194k DV01, resulting to a loss of \$1,678k. MFVC vols for the same tenor is 5bps to 6bps
5-Mar-20	31.82	55.97	This is a positive VAR back testing break. The gain mainly driven by the increase of THB LIBOR in 1Y-4Y tenor by 4bps to 6bps and lower rate in 3M-6M tenor by -20bps to -29bps. Risk position in 1Y-4Y is positive DV01 \$196k/bp and negative DV01 -\$15k/bp in 3M-6M, hence resulting positive MTM
9-Mar-20	23.47	58.22	This is a positive VAR back testing break. The gain mainly driven by the lower THB government bonds yield by -11bps to -21bps and also USD/THB forward rate appreciated by 0.019%. CBNA Thailand held long THB government bonds position and long USD/THB forward position.
11-Mar-20	21.01	-23.24	The negative VAR backtesting break was mainly due to higher government bonds yield where the yield in 15Y went up by 7bps and 20Y went up by 6bps whereas the MFVC vols for those tenors were lower than 6bps
13-Mar-20	29.15	53.46	This is a positive VAR back testing break. The gain mainly driven by the increase of onshore THB LIBOR in 10Y tenor by 21bps with a positive DV01 \$159k/bp.
16-Mar-20	37.14	-61.76	The negative VAR backtesting break was mainly driven by the delta effect of derivative positions which is coming from onshore THB LIBOR 3Y to 10Y tenors which decreased by 6.00 to 7.00 bps with a positive \$233k DV01, whereas the MFVC vols for the same tenors are between 5bps to 6bps
17-Mar-20	39.72	45.53	This is a positive VAR back testing break. The gain mainly driven by the increase of onshore THB LIBOR in 10Y tenor by 8bps with a positive DV01 \$155k/bp.
20-Mar-20	75.80	-98.21	The Negative break was mainly driven by the delta effect of derivative positions which is coming from the onshore THB LIBOR 1Y to 10Y tenors which decreased by 6.00 to 17.50 bps with a positive \$149k DV01, whereas the MFVC vols were between 5bps to 6bps which are lower

Table 7 Liquidity Coverage Ratio (LCR)

Unit : Million Baht

	Average Q2'2020	Average Q2'2019
(1) Total high-quality liquid assets (HQLA)	65,171	62,926
(2) Total net cash outflows within the 30-day time horizon*	14,263	23,901
(3) LCR** (%)	456%	274%
<i>Minimum LCR as specified by the Bank of Thailand (%)</i>	<i>100%</i>	<i>90%</i>

*Cash outflows effective Jan 2019 were included the estimated excess operational deposits per the local regulatory requirement

**LCR in Item (3) is not necessarily equal to the total high-quality liquid assets (Item (1)) divided by the total net cash outflows within the 30-day time horizon (Item (2))

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 1 January 2016, and increased by 10% each year until it reaches 100% in 2020.

The average LCR for the 2nd quarter of 2020 of the “Bank” was 456%, which was higher than the minimum LCR as specified by the Bank of Thailand. This average figure was calculated from the ratio as of the end of each month, which was 470% at April, 438% at May and 461% at June. 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” during the 2nd quarter of 2020 was 65,171 million Baht which was Level 1 assets, namely government bonds and cash. 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** 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 2020 was 14,263 million Baht, which was the average of net cash outflows within the 30-day time horizon as at the end of April – June. The expected cash outflows on which the “Bank” focuses under the severe liquidity stress scenarios are Deposits run-off at the run-off rates as specified by the Bank of Thailand. On the other hand, expected cash inflows are mostly from loan repayments from high-quality counterparties and customers, 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

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the business. And, as the “Bank” has developed risk-monitoring tools in accordance with the internal policy and business directions so that the “Bank” can better manage its liquidity positions.

Table 8 LCR Comparison

Unit : %

	Average 2020*	Average 2019*
1st quarter	363%	335%
2nd quarter	456%	274%

*Effective Jan 2019, LCR was calculated based on the estimated excess operational deposits per the local regulatory requirement