



**Citibank, N.A. Bangkok Branch**

**Basel III Pillar 3**

**Risk and Capital Management Disclosure**

**31 December 2015**

**Basel III – Pillar 3  
Risk and Capital Management Disclosure**

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## **1. Scope of Application**

The Capital Requirements Directive, often referred to as Basel III, introduced the need for banks operating under this new legislative framework to publish certain information relating to their risk management and capital adequacy. The disclosure of this information is known as Pillar 3 and is designed to complement the two other pillars of the Basel III, namely the minimum capital requirements (Pillar 1) and the supervisory review process (Pillar 2). The disclosure has been prepared in accordance with the BOT Notification No. SorNorSor. 4/2556 Re : Disclosure of Information on Capital Fund Maintenance for Commercial Banks which requires foreign banks to disclose information of the branch in Thailand only. Therefore, this disclosure reflects only information of the Bangkok Branch. Citi's capital and global risk management is presented in Citi Annual Report 2014 at [http://www.citigroup.com/citi/investor/corporate\\_governance.html](http://www.citigroup.com/citi/investor/corporate_governance.html).

Since December 2008, Citibank Bangkok Branch (Citibank) has adopted Standardized Approach (SA) for Credit Risk and Operational Risk and Hybrid Approach between Standardized and Internal Model Approaches for Market Risk.

## **2. Capital**

### **2.1 Capital structure**

Capital has historically generated by cash injections from Citibank Head Office and net earnings retained in Thailand. As of December 31, 2015, Citibank recorded total capital of Baht 21,743 million. The detailed capital composition can be found in the "Capital Structure" table.

### **2.2 Capital adequacy**

Generally, capital is used primarily to support assets in Citibank's businesses and to absorb credit, market and operational risks. Citibank's capital management framework is designed to ensure that Citibank maintains sufficient capital consistent with Citibank's risk profile and all applicable regulatory standards and guidelines. The capital management process is centrally overseen by senior management through the Country Coordinating Committee (CCC). The CCC assumes much of the responsibilities of a Board of Directors at the Country level. Senior Management discusses on capital matters on a regular basis and oversights in key strategies that may impact capital assessment and adequacy.

## **3. Risk Exposure and Assessment**

The Global Risk, Compliance and Control Principles and Policy Frameworks are the doctrines by which Citibank's Risk Management Functions. The objective of these policies is to implement risk management and control practices such that consistent criteria are used to appraise similar risks; leading to prudent management of the overall risk profile, and optimization of risk versus return. The policies and principles for risk and control assessment require that appropriate controls and tools are in place to manage, measure and actively mitigate risks taken by Citibank. The global policies and local programs and procedures contain limits and control framework which set guidelines to ensure that business concentrations are within Citibank's risk and loss tolerance levels.

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The Country Senior Management's objectives, budgets, portfolios and investments must be prudent and reflect their view of risk and reward arising from market conditions and should dynamically adjust these strategies and budgets to fit changing environments. Business concentrations must be managed with the goal of a diversified portfolio and risks undertaken should not be disproportionate to Citibank's capital. Stress testing is a core responsibility which acts as one of the many preventive measures of extreme event risks. Significant stress losses will be escalated to the Country Senior Management.

ICAAP Material Risk Managers must be vigilant in ensuring that they communicate and escalate risk awareness to other parts of the organization that may be impacted by developments in their respective risk domains. All business activity must report into the Compliance/Control, Risk or Finance systems to ensure it is properly tracked and monitored. Material Risk Managers must periodically review communications with or actions by regulators, any material legal affairs of Citibank, and compliance with applicable laws on all Risk Management related matters. Internal Audit and Control units will test important risks as per their audit plans. Each business unit/function will perform self-assessments of their important risks on a quarterly basis. Any material issues raised by internal control, audit or other reviews and steps taken to address any such issues should be highlighted to Senior Management.

Internal Audit (IA) has the responsibility to perform the internal, independent audit and control review function for Citibank, covering all businesses, functions, and geographies. Audit results are communicated to appropriate senior management personnel. IA examines and evaluates the adequacy and effectiveness of Citibank system of internal controls and risk management processes and the quality of performance in carrying out assigned responsibilities to achieve Citibank's stated goals and objectives. It also tracks the development and implementation of corrective actions to address significant control weaknesses identified.

## **4. Risk Categorization**

### **4.1 Credit Risk**

#### ***4.1.1 Credit risk management***

##### ***Credit risk management processes***

The credit risk management process at Citibank relies on corporate-wide standards to ensure consistency and integrity, with business-specific policies and practices to ensure applicability and ownership, while keeping in mind at all times, the local regulatory framework under which we operate in.

In wholesale, management of credit risk exposure is governed by the Global Commercial Credit Policy (GCCP) and the Institutional Client Group Risk Management Manual (ICGRM). The credit policies document the core standards and methodology for identifying, measuring, approving, and reporting credit risk in the respective businesses and drive escalation of larger exposures and exceptions to higher approval levels. Credit authority levels, delegation processes, approval processes for portfolio classification, product and transaction approval, other types of required approvals, and the appointment of credit officers and their responsibilities are defined in these documents. Local Operating Procedures (LOP) were developed locally to incorporate applicable local regulations, market practices, and requirements and are used in conjunction with the credit policies.

For Retail, the Global Consumer Credit and Fraud Risk Policy Manual ("GCCFRP") and Local Product Citi Business Credit Policy & Procedure Manual (BCPPM) define how credit risk is managed

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for the retail portfolios. Credit authority levels, delegation processes, approval processes for portfolio classification, product and transaction approval, other types of required approvals, and the appointment of credit officers and their responsibilities are defined in these documents. The GCCFRP and BCPPM document policies are applicable across the credit cycle (i.e. acquisition, portfolio management, fraud, authorization, collections and risk mitigation). All policies and programs are developed keeping in mind local and US regulations and are governed on the principles of prudence and long-term viability. Product programs need formal approval from country and regional risk management along with business, compliance and legal concurrence. Credit Officers and Senior Credit Officers are independent from the business.

### Structure and responsibilities of credit risk management units

Credit risk is managed across designated functional units that focus on credit analysis, credit approval, early warning monitoring, remedial management, and portfolio monitoring. The respective credit policies provide guidance on the minimum requirements for each function, thereby ensuring consistent credit risk management standards across Citibank.

### Credit risk measurement, monitoring, and reporting systems

Each unit follows established processes that quantify and measure credit risk in addition to reporting it independently from the respective business, both in report format and data that is aggregated in bank-wide credit risk systems. Indicators used to measure, monitor, and report risk include but are not limited to:

- Portfolio and obligor limits;
- Leading indicators (i.e. applications, approvals, approval rate, approval by score range, and overrides and exceptions to credit acceptance standards);
- Stress test results
- Portfolio profitability measures;
- Cost of credit and non-performing loans; and
- Past due and impairment indicators.

### Credit risk hedging or mitigation

Hedging and mitigating credit risk is done through eligible collateral, personal and/or corporate guarantees, and derivatives. Hedges and risk mitigation are subject to the applicable credit policies.

### Credit risk control limits

Each individual credit exposure is subject to an obligor limit as applicable to the obligor profile which helps maintain a diversified credit portfolio of risk assets. In addition, concentration reporting provides cross section views into the portfolio by name or across names. Reporting views include but are not limited to the following:

- Country reporting;
- Industry reporting;
- Product reporting;
- Single name exposure reporting; and
- Tenor exposure reporting.

### Past due, impairment and provision

#### *Wholesale*

An integral part of the monitoring process is the early identification of credit deterioration which, in turn, allows for the proactive workout of the exposure and prompt execution of risk mitigation techniques. Classification is the process of categorizing facilities based on credit quality and/or the

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ability or willingness of the obligor to honor its commitments. Classification does not necessarily equate to a loss on a facility. It may merely signify that the facility is under pressure due to a variety of causes, and the facility requires special attention to ensure that Citibank does not experience a loss. Classification should thus be viewed as consisting of two levels:

**Problem Levels:** Classification categories Pass Watch List, Special Mention and Substandard (Accrual) generally denote that a facility is experiencing an issue that could impact repayment. Pass Watch List and Special Mention identify a situation where there may be a potential problem, while Substandard identifies a situation where there is a clearly defined problem.

**Loss Levels:** Classification categories Substandard (Non-accrual), Doubtful and Loss indicate that the likelihood of actual loss is high. Substandard (Non-accrual) and Doubtful identify a potential loss, while Loss identifies an actual loss. In most cases, classification of Substandard (Non-accrual) and Doubtful requires an additional reserve build and Loss, an actual write-off. Early identification and proactive management of facilities in the Special Mention and Substandard classification can result in lower exposure in the event that the facility continues to deteriorate to Substandard (Non-accrual), Doubtful, or Loss.

The equivalent BOT classifications are as follows.

BOT Classification	Citibank Classification
Pass	Pass, Pass Watch List
Special Mention	Special Mention, Substandard (Accrual)
Substandard	Substandard (Non-accrual)
Doubtful	Doubtful and past due > 180 days
Doubtful of Loss	Doubtful and past due > 360 days, Loss
Loss	Loss

### *Retail*

Provision for loans has a similar process for monitoring impairment as related to loan delinquency. Citibank adopts a collective approach by grouping debtors at each stage of delinquency and calculating provisions accordingly.

Days past due (DPD) that are used by Citibank to assess the level of individual impairment provision required:

BOT Classification	Citibank Classification
Pass	Past (DPD 0-29)
Special Mention	Special Mention (DPD30-89)
Substandard	Substandard (DPD 90-179)
Doubtful	Doubt (DPD 180-364)
Doubtful of Loss	Doubtful of Loss (DPD > 365)

Calculation of general and specific provisions is done in compliance with regulatory guidelines. Classifications are based principally on the days past due. Citibank also factors in future risks from the external environment to enhance reserves if required.

The loss provisioning procedures and quarterly assessment are reviewed and approved by Country Senior Management (Collections Director, Risk Management Director and CFO) with the aim of ensuring adequate reserves at all times.

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### 4.1.2 Credit risk exposures

#### Credit ratings and credit quality grade

In compliance with BOT guidelines and the credit policies, ratings by Moody's Investors Service and Standard & Poor's, where available, are used to rate obligors.

For the purposes of risk-weighting, S&P and Moody's ratings are assigned to an equivalent BOT rating with a corresponding risk weight.

Long-term Credit Quality Grades	S&P	Moody's
1	AAA AA+ AA AA-	Aaa Aa1 Aa2 Aa3
2	A+ A A-	A1 A2 A3
3	BBB+ BBB BBB-	Baa1 Baa2 Baa3
4	BB+ BB BB-	Ba1 Ba2 Ba3
5	B+ B B-	B1 B2 B3
6	CCC+ CCC CCC- CC C D	Caa1 Caa2 Caa3 Ca C

Short-term Credit Quality Grades	S&P	Moody's
1	A-1+ A-1	P-1
2	A-2	P-2
3	A-3	P-3
4	Others <sup>1</sup>	Others

### 4.1.3 Credit risk mitigation

#### *Wholesale*

#### On/off-balance sheet netting

Cross-product netting and cross-product margining can be achieved through a qualifying master netting agreement that provides for termination, cross-default, and close-out netting across multiple types of financial transactions documented under multiple agreements. Close-out netting occurs when termination values of all transactions documented under a single agreement are calculated and netted to determine a single lump sum close-out amount that is either due to, or by, a counterparty. Determination on whether a margin can function as a legally recognizable risk mitigant against exposure and thereby decrease Citibank's exposure is made on a counterparty by counterparty, agreement by agreement basis, giving consideration to such factors as the place of organization of the counterparty, the insolvency laws applicable, the location of the margin, and the relevant

<sup>1</sup> Others: includes Non-prime ratings and B and C credit ratings

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documentation. Margining must be covered by an ISDA, Credit Support Agreement (where appropriate) or equivalent Master Agreements if required by local law and/or as required by Legal.

### Collateral management and valuation

Collateral and other secured assets should have perfected first priority security interest. This includes physical collateral (evaluated by an approved outside appraiser) as well as cash and financial collateral. All qualifying collateral that is pledged to support direct and contingent risk exposures must be legally enforceable and documented with insurance coverage as applicable. An approved technology system for collateral data collection and aggregation is used to track current collateral values for regulatory capital treatment. Collateral is reviewed annually or more often as deemed appropriate.

Citibank accepts physical collateral such as equipment, inventory, and real estate in addition to cash and financial collateral. Acceptable guarantees are personal, third-party, and corporate guarantees.

### Credit risk and market risk concentrations

Concentration risk is mitigated through operational controls. Risk from collateral is mitigated by accepting only approved assets. Guarantees are primarily from qualified parties that are related to obligors or acceptable third parties in the form of SBLCs. Citibank does not maintain open positions in credit derivatives markets.

### Retail

Citibank sets prudence in its lending activities by having a very clearly defined and well executed credit policy that always looks at long term viability of credit programs as opposed to short term gains. Policies are executed through automated processes that ensure a high degree of quality and satisfactory turn-around time to customers. Regular reviews are conducted to ensure that credit performance is within accepted standards.

Risk Mitigation is implemented based on event-related contingencies (i.e. unemployment, reductions in income, sickness, death, etc).

There is an established set of measures, procedures, and policies for monitoring the performance of the retail asset portfolios as done through the monthly Portfolio Quality Review (PQR) which covers the following key areas.

- Leading indicators that include macroeconomic indicators, new booking characteristics, test programs, significant credit changes, portfolios classified as “Performance Exception”, and portfolio performance indicators such as delinquencies, net flows, and credit losses. Where applicable, the results are compared against historical performance, plans, and/or benchmarks;
- Monitoring of limits stipulated in approved programs;
- Concentration limits and/or caps for high-risk segments;
- Test Programs tracking;
- Deviation rates and related performance of approved exceptions;
- Reporting Key Risk Indicators (KRI) if benchmarks are triggered and actions taken, where applicable. KRI’s include tripwires identified during stress testing;
- Inventory of credit changes made. For Significant credit changes, performance against benchmarks is tracked for 12 months; and
- Days past due (DPD) that are used to assess the level of individual impairment provision required.

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Forecasts of portfolio performance over the next 12 months are done as part of the annual budget process. This process includes review of volume growth, expected losses and reserves and related profitability, and is subject to the independent review by and concurrence of the Regional and Global Risk Management Office. Once approved, they are used as credit benchmarks to monitor portfolio performance in the next financial year.

Large consumer portfolios are also subject to annual business stress testing that puts the major asset product portfolios through a set of generated stress scenarios to determine their loss absorption capacity. This is conducted by the Country Risk Management Office in conjunction with Regional Risk and is ultimately approved by the independent Global Country Risk Management Office (GCRM).

### 4.2 Market Risk for Trading Book

Market risk is the potential loss resulting from a change in the current economic value of a position due to changes in the associated underlying market risk factors. Market risk can arise in earnings risk from changes in interest rates, foreign exchange rates, and equity and commodity prices as well as in their implied volatilities.

Citibank is fully integrated into the overall Citi risk and control framework, balancing senior management oversight with well-defined independent risk management functions. It is the responsibility of the senior management of Citibank to implement Citi's risk policies and practices, and to respond to the needs and issues in the bank. Citibank's market risk management process is part of the Citibank N.A. risk management process.

In terms of internal controls, Market Risk Management (MRM), an independent group oversees market and liquidity risk and ensures the approved risk profile is consistent with Citibank's overall risk appetite. Market risk limits are approved by Market Risk Management based on discussion with business management in view of their business plans and revenue budget for the year.

Limits are monitored on a daily basis and excesses are highlighted to senior management and ratification by the traders whether to hold, reduce or close the position would be discussed together with the concurrence of MRM and the management of the Risk Taking Unit (RTU).

#### Trading risk measurement

Citibank has established limits to define risk tolerance and to keep trading risk exposure under control through several risk measurement parameters as follows:

Factor Sensitivities (FS) : The FS are used to measure an instrument's sensitivity to a change in value e.g. DV01, IR Vega, FX Delta, FX Vega etc. MRM ensures that FS are calculated, monitored and an appropriate limit defined to manage the relevant risk in a trading portfolio.

Value-at-Risk (VaR) : VaR estimates the potential decline in the value of a position or a portfolio, under normal market conditions, at a 99% confidence level over a 10 day holding, consistent with Basel III framework.

#### Stress testing

Stress testing serves as a way in making management aware of the risks and P&L impact of extreme, abnormal movements of market variables and served as early warning triggers. In line with Basel III requirements, stress testing procedures are developed in response to business or market specific concerns and the scenarios are usually idiosyncratic in nature designed to probe the risk of each

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specific portfolio. Stress tests are applied to all Trading/Accrual portfolios within a specific business, as appropriate.

### Back testing

Back-testing is required by BOT on a periodic basis, in order to assess the adequacy of allocated market risk capital (derived from VaR) as a cushion to absorb losses. It is the comparison of ex-ante VaR to ex-post Profit and Loss (P&L) and excludes fees, commissions and intra-day trading from the P&L.

### Capital charge

For market risk capital charge, Citibank got approval from BOT to use a hybrid model which is a mixture of both Internal Model Approach (IMA) and Standardized Approach (SA).

The IMA is used to calculate capital charge for risk taking activities across all trading positions for all asset classes e.g. Interest Rate Risks, Foreign Exchange Risks etc. based on the VaR.

The SA is used only to calculate the capital charge arising from the funding of trading positions. The capital charge is calculated based on long or short position over a tenor bucket.

## 4.3 Interest Rate Risk in the Banking Book

Citibank is exposed to various risks associated with the effects of the fluctuations in the prevailing market interest rates on its financial positions and cash flows. Interest rate risk arises in both trading portfolios and non-trading portfolios. Interest rate risk primarily results from the timing differences in the re-pricing of interest-bearing assets and liabilities. It is also related to positions from non-interest bearing liabilities including shareholders' funds and current accounts, as well as from certain fixed rate loans and liabilities.

Interest rate risk is managed by the Treasury Department within limits approved by the Regional Market Risk Management, including interest rate gap limits. The Country ALCO and Market Risk Management ensure that it is consistently and fully applied within Citibank.

Asset and liabilities which are contractual in nature are monitored up to the re-pricing tenors. Some loans having long term re-pricing exposures are subjected to prepayment assumptions based on historical studies on customer early payout behavior. Non-interest bearing and perpetual products, e.g. current/saving accounts, credit cards, ready credit, are monitored for interest rate risk on core balances. The core balances are computed based on statistical regression analysis.

### Interest rate risk measurement

Citibank has established the following interest rate risk measurement and control limits for the Banking Book:

**Interest Rate Exposure (IRE)** : IRE measures the potential pre-tax earnings impact, over a specified reporting period, for the accrual positions, from a defined change in the yield curve. It is a forward-looking measure, analogous to Factor Sensitivity on the trading portfolios.

**Other comprehensive Income (OCI) Risk** : OCI Risk measures the potential impact to the OCI accounts of a specified change in interest rates for the Available-for-Sale (AFS) portfolios. It is measured on a currency-by-currency basis for all portfolios that have significant AFS.

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### Stress testing

Stress testing serves as a way in making management aware of the risks and P&L impact of extreme, abnormal movements of market variables and served as early warning triggers.

### 4.4 Equity Risk

Citibank did not engage in equity transaction during 2015.

### 4.5 Operational Risk

Operational risk is defined as the risk of loss resulting from inadequacy or failure of a commercial bank's internal control processes, people and systems, or from external events, including legal risk (e.g. prosecutorial or litigation risk or authority-imposed fine as well as any loss stemming from out of court settlement agreement, etc.). However, this type of risk excludes strategic risk and reputational risk (BOT's notification No.SorNorSor. 95/2551).

Operational Risk does not encompass strategic risk or the risk of loss resulting solely from authorized judgments made with respect to taking credit, market, liquidity, or insurance risk.

There are five Event Types (Categories) used by Citi for categorizing Operational Risk:

- Clients, Products and Business Practices;
- Execution, Delivery and Process Management;
- Fraud, Theft and Unauthorized Activity;
- Employment Practices and Workplace Environment; and
- Physical Asset and Infrastructure.

### Operational Risk Appetite

Citi's Risk Appetite Framework covers all quantitative and qualitative risks. The followings are the components of the Bank Risk Appetite Framework:

1. **Quantitative factor** continue to remain align with BOT's notification when arriving the minimum operational risk capital requirement using the Standardized Approach (allocate gross income into each business line).
2. **Qualitative factor** are other risks, such as strategic, reputational, legal and compliance risk, are qualitative in nature. The Bank's objective is to ensure that the risks associated with the business strategy are identified, understood, quantified, mitigated, communicated, captured in the Bank risk/reward assessment, and consistent with the principles of Responsible Finance.

### Mitigating Operational Risk

Citi maintains an ORM Framework with a Governance Structure to ensure effective management of operational risk across Citi. The Governance Structure presents three lines of defense, as follows.

**First Line of Defense:** The **Business** owns all risks arising from its activities, including its Operational Risk, and is responsible for its management. For example, the operational risks of new product strategies must be understood and addressed. The Business Senior management, in partnership with the Independent Risk, must determine each Business' Key Operational Risks. In-Business Risk

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Management is responsible for identifying and reporting of Operational Risks as they emerge and communicating these risks to Independent Control Functions in the second line of defense, who can create a comprehensive view of Citi's risks across managed businesses.

**Second Line of Defense:-** Citi's **Independent Control Functions** establish the second line of defense to oversee and challenge the effectiveness of controls and manage operational risks across Businesses, Regions, and Functions. The Second Line of Defense Control Functions include Risk Management and its Operational Risk Management (ORM) organization, Compliance, Finance, Human Resources, and Legal. Legal and Compliance additionally advise on legal and regulatory issues that affect our risk and control environment and may provide information related to certain emerging risks.

Operational Risk Management oversees the implementation of the ORM Framework for the management of operational risk across Citi. ORM Managers engage with the Business and the respective Chief Risk Officers (CROs) to ensure effective implementation of the ORM Framework by focusing on i) identification, analysis and assessment of operational risks; ii) effective challenge of key control issues and operational risks; and iii) anticipation and mitigation of operational risk events. ORM ensures that validation and verification is established for critical framework elements.

For all products subject to review pursuant to the Citi New or Complex Products, Services and Business Line Policy or any other such new product approval policy or standard, relevant operational risks should be identified and documented where approval is required to ensure that these risks, both initially and ongoing, are properly considered, controlled, and, where needed, approved by Operational Risk Management and/or Independent Risk Management. The objective of the review, tailored as appropriate for the product or service, is to ensure that all relevant risks, including economic, operational, regulatory, reputational, and other franchise risks, are identified, evaluated, determined appropriate for the business and its customers, and that the necessary approvals, controls and accountabilities are in place. The review should include an evaluation designed to determine whether the business has the requisite expertise and resources to successfully execute on the business plan and whether the proposed new business activities pose a high risk to the business or materially alter the businesses existing risk profile with respect to these activities.

**Third Line of Defense:- Internal Audit** recommends enhancement on an on-going basis and provides independent assessment and evaluation.

Bank management places a very high value on maintaining an effective control environment to mitigate operational risk; therefore, a number of tools have been put in place to mitigate this risk. These tools include Managers Control Assessment (MCA), operational loss reporting, Integrated Corrective Action Plan System ("iCAPS") - which is the Citi system used for tracking issues and their associated CAPs, new product approval process and several escalation mechanisms related to operational risk. Bank takes all complaints/inquiries seriously and also has independent legal function with proper processes, personnel and skill sets.

The strong governance is driven through several reviews and involvement of senior management in the reviews is amply demonstrated through various meetings. The key meetings are detailed below:

## Citibank, N.A. Bangkok Branch

Committee	Role of Committee	Committee Members	Frequency
Country Coordinating Committee (CCC)	A high level strategic committee in which senior managers of all businesses and functions are brought together to raise and discuss issues, including legal, compliance, regulatory, risk, control, or public relations that could affect the franchise. It also provides a clearinghouse for the escalation process up to the region and corporate management.	CCO, All Business Heads, CBM, Heads of global functions (Finance, Risk, Legal, Compliance, ORM, HR, O&T, CSIS, IA, Government Affairs, Public Affairs)	Monthly
Business Risk Compliance & Control Committee (BRCC)	To provide a Senior Management forum to discuss significant franchise and operational risk, control, compliance and legal issues and events, address material trends, reach key decisions, formulate proactive measures, and oversee the implementation of specific corrective action plans devised by the business for the resolution of business issues and to manage the associated risks, as well as to address systemic and emerging risks across related businesses and functions.	CCO, CBM, CFO, O&T Head, Risk, All Business Heads, Legal, ORM, Compliance, HR, IA	Quarterly
Asset & Liability Committee (ALCO)	Responsible for the overall Balance Sheet & liquidity management of the franchise, including transfer pricing mechanism across the businesses.	Citi Country Officer, Country Treasurer, Country Finance Officer, Country Risk Officer, and key Business heads	Quarterly
Country Outsourcing Governance Committee (COGC)	Approve a framework to evaluate the risks and materiality of existing and prospective outsourcing and the policies that apply to such arrangements. Review and approve new outsourcing proposal or change to an existing outsourcing arrangement, ensuring compliance with Citi policies and local regulatory requirements. Undertake periodic assessment of outsourcing arrangements for their continued relevance, and safety and soundness.	CCO, COSO, O&T Head, CFO, Compliance, Legal, ORM, OTRC, HR, Procurement, Consumer IBC, Security Program Office	Quarterly

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Committee	Role of Committee	Committee Members	Frequency
AML Governance & Business Risk Committee (GBRC)	A governance structure for (i) the identification, assessment, monitoring, control and reporting of Bank Secrecy Act (“BSA”), anti-money laundering (“AML”), and economic sanctions (including, but not limited to, the Office of Foreign Assets Control sanctions) (“Sanctions”) risks and (ii) the implementation, evaluation and enhancement of policies and procedures relating to compliance with relevant BSA/AML/Sanctions and country-specific rules and regulations (the “AML and Sanctions Program”).	CCO,CBM, AMLCO Compliance, All Business Heads, Compliance Officer, O&T Head, Consumer IBC, Risk, Legal	Quarterly
Risk Management Country Forum (RMCF)	A forum for all the in-country / respective country risk management heads to provide an update for their respective businesses, deal with franchise level risk matters related to their businesses, provide risk management partnership to the CCO to ensure timely escalation and resolution of franchise level risk issues and foster best practices and knowledge sharing among all the in-country risk managers. Risk Management Country Officer (RMCO) serves as the single point of contact for all franchise level risk matters in the country.	CCO, CFO, ORM, RMCO, Consumer Risk Head, FIRM, GI&RC, Citi Commercial Bank Risk Management, Market Risk Management	Quarterly
Country Legal & Compliance Committee (CLCC)	Review & discuss legal and compliance issues within the country and supports the implementation of global policies consistent with local laws and regulations.	Country Counsel, Country Compliance Officer, Lead Counsels for ICG and GCG business, Lead Compliance Officers for ICG and GCG business, Country AML Compliance Officer, Lead Compliance Tester, Tax Counsel	Monthly

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Committee	Role of Committee	Committee Members	Frequency
Legal Entity Management Committee (LEMC)	Bring senior managers of all businesses and functions together to raise and discuss issues important to each Legal Vehicle and support a consistent view of the Citi to regulators, minimize reputational risk, and monitor that legal entities within Thailand jurisdictions are operated as approved and in accordance with applicable laws and Citi Legal Entity Management Policy.	CFO, CCO, CBM, Country Treasurer, Country Counsel, Risk Treasury Head, Controller, Compliance, Tax, Product and Control Heads, HR, ORM	Quarterly
Local Regulatory Reporting Governance Committee (LRRGC)	Responsible for overseeing the local regulatory reporting process and ensure the responsible department has been reviewing the completeness, soundness, and accuracy of report submission, monitoring control, process, new regulation, oversight control environment and escalating material issues.	CCO, CBM, CFO, ORM, Risk, O&T Head, Compliance, All Business Heads, HR, OTRC, Consumer IBC	Quarterly
Accounts Review Committee (ARC)	To provide senior oversight, monitoring and guidance on the overall Balance Sheet Control framework and issues and help resolve account related issues.	O&T Head, CFO, OTRC, Controller, ORM, Risk	Monthly

The compliance audit as well as the concurrent audit is conducted to test the robustness of the internal controls. As an additional operational risk mitigant, the Bank also has insurance to cover operational losses and a robust business continuity plan in place.

### Operational Risk Assessment

The Bank implemented Manager's Control Assessment (MCA) in the Q4, 2012. The assessment bases on the materiality and potential impact of findings and issues relating to weaknesses in control design and execution. MCA ratings should also reflect the nature, extent, and timing of resources needed to address issues, as well as any geopolitical factors that may have an impact on the MCA Entity as a whole. The MCA Rating is an operational risk rating assigned at the franchise level.

For Thailand entity, the current rating is "Effective" (Q4, 2015). The rationale is the internal controls are largely operating as expected and effective in mitigating key operational risks. Control issues have little to no impact on the ability to meet business objectives and are mainly self-identified by management. Corrective action plans are generally short-term and compensating controls are consistently in place. Management has sufficient resources to fully correct all open issues timely.

For all products subject to review pursuant to the Citi New or Complex Products, Services and Business Line Policy or any other such new product approval policy or standard, relevant operational risks should be identified and documented where approval is required to ensure that these risks, both initially and ongoing, are properly considered, controlled.

## Citibank, N.A. Bangkok Branch

The Bank currently uses the Standardized Approach (SA-OR) for calculating operational risk capital based on revenue, which is categorized into eight business lines according to the Bank of Thailand.

To achieve a qualitative risk appetite, the Bank is committed to effective operational risk management and has a consistent, transparent replicable methodology and framework. Our Framework ensures operational risks are adequately identified, measured, monitored, managed, and reported by all business segments. Citi implemented the Operational Risk Management Policy and related Standards to assist in consistent and effective execution globally.

The Bank's Framework is aimed at achieving:

- Effective management of operational risks by determining that a well-controlled operating environment is in place; and
- Accurate operational risk measurement and quantification of the Bank's operational risk capital.

Bank of Thailand (BOT)'s requirement- Notification No. Sor.Nor.Sor. 95/2551: The calculation of value equivalent to operational risk-weighted asset by using SA-OR can be summarized in the formula below:

$$ERWA_{SA-OR} = 12.5 \times K_{SA-OR}$$

$$K_{SA-OR} = \frac{\sum_{Year1-3} \max [\sum(GI_{1-8} \times \beta_{1-8}), 0]}{3}$$

Where

$ERWA_{SA-OR}$	= Value equivalent to operation risk-weighted asset under SA-OR
$K_{SA-OR}$	= Minimum capital base for operational risk under SA-OR
$GI_{1-8}$	= Annual gross income for each of eight business lines
$\beta_{1-8}$	= Constant risk value under SA-OR which is assigned a different value for each type of eight business lines

To derive operational risk, the Bank has methodology as follows;

1. Allocating gross income for each business line by local GLs with PROD MIS. One GL with PROD MIS can go to only one type of income.
2. Apply beta in below table to each GI which is standardized approach from BOT to derive operational risk for year.

Gross Income type	Beta
Corporate Finance	18%
Trading and Sales	18%
Retail Banking	12%
Commercial Banking	15%
Payment and Settlement	18%
Agency Services	15%
Asset Management	12%
Retail Brokerage	12%

3. Calculate average amount of current year and 2 years back.
4. Compute operational risk weight by multiplying 12.5.

## Citibank, N.A. Bangkok Branch

### Sufficiency of Capital Charge for Operational Risk

(Unit: Million Baht)	2015	2016P	2017P	2018P
<b>Base</b>	2,377	2,576	2,840	3,212
<b>Downside</b>	2,377	2,489	2,593	2,740

Minimum capital required for operational risk to meet local regulatory ratio for each period.

Cit's effective capital required for Operational Risk for the year 2015 and 3 years forecast above is calculated based on SA-OR formula from BOT. Hence, the current allocated and bank capital charge are covered and aligned with the regulator's requirement.

From assessment of the effects of market risk, credit risk, liquidity risk and all other material risks the Bank is not foresee of any incremental operational risks.

## Citibank, N.A. Bangkok Branch

**Table 1 : Capital of Foreign Banks Branches**

Unit : Million Baht

Item	Dec-15	Jun-15
<b>1. Assets required to be maintained under Section 32</b>	<b>21,743</b>	<b>21,743</b>
<b>2. Sum of net capital for maintenance of assets under Section 32 and net balance of inter-office accounts (2.1+2.2)</b>	<b>23,724</b>	<b>24,398</b>
2.1 Capital for maintenance of assets under Section 32	21,743	21,743
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	1,981	2,655
<b>3. Total regulatory capital (3.1 - 3.2)</b>	<b>21,690</b>	<b>21,678</b>
3.1 Total regulatory capital before deductions (The lowest amount among item 1 item 2 and item 2.1)	21,743	21,743
3.2 Deductions	<b>53</b>	<b>65</b>

## Citibank, N.A. Bangkok Branch

**Table 2 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	Dec-15	Jun-15
<b>Performing claims</b>		
1. Claims on sovereigns and central banks, multilateral development banks (MDBs),	11	34
2. Claims on financial institutions, non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	2,563	2,190
3. Claims on corporates, non-central government public sector entities (PSEs) treated as claims on corporate	4,114	4,108
4. Claims on retail portfolios	3,134	2,988
5. Claims on housing loans	26	23
6. Other assets	338	338
<b>Non-performing claims</b>	36	36
<b>First-to-default credit derivatives and Securitisation</b>		
<b>Total minimum capital requirement for credit risk under the SA</b>	<b>10,222</b>	<b>9,717</b>

**Minimum capital requirement for market risk for positions in the trading book  
(Standardised measurement approach / Internal model approach)**

Unit : Million Baht

Minimum capital requirement for market risk (positions in the trading book)	Dec-15	Jun-15
1. Standardised approach	0	0
2. Internal model approach	567	471
<b>Total minimum capital requirement for market risk</b>	<b>567</b>	<b>471</b>

**Minimum capital requirement for operational risk (BIA / SA / ASA)**

Unit : Million Baht

Minimum capital requirement for operational risk	Dec-15	Jun-15
1. Calculate by Basic Indicator Approach	0	0
2. Calculate by Standardised Approach	2,377	2,410
3. Calculate by Alternative Standardised Approach	0	0
<b>Total minimum capital requirement for operational risk</b>	<b>2,377</b>	<b>2,410</b>

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

Unit : %

Ratio	Dec-15		Jun-15	
	Capital Adequacy Ratio	Minimum Adequacy Ratio	Capital Adequacy Ratio	Minimum Adequacy Ratio
1. Total capital to risk-weighted assets	14.00	8.5	14.63	8.5
2. Tier 1 capital to risk-weighted assets *	0	0	0	0

\* Disclosure only Bank that locally registered

**Table 3 Outstanding amounts of significant on-balance sheet assets and off-balance sheet items before adjusted by credit risk mitigation**

Unit : Million Baht

Item	Dec-15	Dec-14
<b>1. On-balance sheet assets (1.1 + 1.2 + 1.3)</b>	<b>190,941</b>	<b>176,747</b>
1.1 Net loans <sup>1/</sup>	117,627	110,515
1.2 Net investment in debt securities <sup>2/</sup>	43,623	47,087
1.3 Deposits (including accrued interest receivables)	29,691	19,145
<b>2. Off-balance sheet items <sup>3/</sup> (2.1 + 2.2 + 2.3)</b>	<b>2,324,497</b>	<b>2,297,853</b>
2.1 Aval of bills, guarantees, and letter of credits	9,261	13,347
2.2 OTC derivatives	2,156,410	2,127,269
2.3 Undrawn committed line	158,826	157,237

<sup>1/</sup> Including accrued interest receivables and net of deferred incomes, allowances for doubtful accounts and allowances for revaluation from debt restructuring and including net loans of interbank and money market.

<sup>2/</sup> Excluding accrued interest receivables and net of allowances for revaluation of securities and allowances for impairment of securities.

<sup>3/</sup> Before multiplying credit conversion factor

## Citibank, N.A. Bangkok Branch

**Table 4 Outstanding amounts of on-balance sheet assets and off-balance sheet items before adjusted credit risk mitigation classified by country or geographic area of debtor**

**December 2015**

Unit : Million Baht

Country or geographic area of debtor	On-balance sheet assets				Off-balance sheet items <sup>3/</sup>			
	Total	Net loans <sup>1/</sup>	Net investment in debt securities <sup>2/</sup>	Deposits (including accrued interest receivables)	Total	Aval of bills, guarantees, and letter of credits	OTC derivatives	Undrawn committed line
1. Thailand	<b>161,720</b>	117,056	43,623	1,041	<b>2,013,872</b>	8,770	1,846,276	158,826
2. Asia Pacific (exclude Thailand)	<b>29,218</b>	571	0	28,647	<b>133,252</b>	320	132,932	0
3. North America and Latin America	<b>2</b>	0	0	2	<b>106,257</b>	170	106,087	0
4. Africa and Middle East	<b>0</b>	0	0	0	<b>0</b>	0	0	0
5. Europe	<b>1</b>	0	0	1	<b>71,116</b>	1	71,115	0
<b>Total</b>	<b>190,941</b>	117,627	43,623	29,691	<b>2,324,497</b>	9,261	2,156,410	158,826

**December 2014**

Unit : Million Baht

Country or geographic area of debtor	On-balance sheet assets				Off-balance sheet items <sup>3/</sup>			
	Total	Net loans <sup>1/</sup>	Net investment in debt securities <sup>2/</sup>	Deposits (including accrued interest receivables)	Total	Aval of bills, guarantees, and letter of credits	OTC derivatives	Undrawn committed line
1. Thailand	<b>157,686</b>	109,374	47,087	1,225	<b>2,030,974</b>	12,617	1,861,120	157,237
2. Asia Pacific (exclude Thailand)	<b>19,057</b>	1,141	0	17,916	<b>106,712</b>	378	106,334	0
3. North America and Latin America	<b>2</b>	0	0	2	<b>98,842</b>	75	98,767	0
4. Africa and Middle East	<b>1</b>	0	0	1	<b>0</b>	0	0	0
5. Europe	<b>1</b>	0	0	1	<b>61,326</b>	277	61,049	0
<b>Total</b>	<b>176,747</b>	110,515	47,087	19,145	<b>2,297,854</b>	13,347	2,127,270	157,237

<sup>1/</sup> Including accrued interest receivables and net of deferred incomes, allowances for doubtful accounts and allowances for revaluation from debt restructuring and including net loans of interbank and money market

<sup>2/</sup> Excluding accrued interest receivables and net of allowances for revaluation of securities and allowances for impairment of securities

<sup>3/</sup> Before multiplying credit conversion factor

## Citibank, N.A. Bangkok Branch

**Table 5 Outstanding amounts of on-balance sheet assets and off balance sheet items before credit risk mitigation classified by residual maturity**

Unit : Million Baht

Item	Dec-15		
	Maturity not exceeding 1 year	Maturity exceeding 1 year	Total
<b>1. On-balance sheet assets (1.1 + 1.2 + 1.3)</b>	<b>157,940</b>	<b>33,001</b>	<b>190,941</b>
1.1 Net loans <sup>1/</sup>	111,730	5,897	117,627
1.2 Net investment in debt securities <sup>2/</sup>	16,519	27,104	43,623
1.3 Deposits (including accrued interest receivables)	29,691	0	29,691
<b>2. Off-balance sheet items <sup>3/</sup> (2.1 + 2.2 + 2.3)</b>	<b>1,409,118</b>	<b>915,379</b>	<b>2,324,497</b>
2.1 Aval of bills, guarantees, and letter of credits	7,231	2,030	9,261
2.2 OTC derivatives	1,243,061	913,349	2,156,410
2.3 Undrawn committed line	158,826	0	158,826

Unit : Million Baht

Item	Dec-14		
	Maturity not exceeding 1 year	Maturity exceeding 1 year	Total
<b>1. On-balance sheet assets (1.1 + 1.2 + 1.3)</b>	<b>154,996</b>	<b>21,751</b>	<b>176,747</b>
1.1 Net loans <sup>1/</sup>	103,301	7,214	110,515
1.2 Net investment in debt securities <sup>2/</sup>	32,550	14,537	47,087
1.3 Deposits (including accrued interest receivables)	19,145	0	19,145
<b>2. Off-balance sheet items <sup>3/</sup> (2.1 + 2.2 + 2.3)</b>	<b>1,270,526</b>	<b>1,027,327</b>	<b>2,297,853</b>
2.1 Aval of bills, guarantees, and letter of credits	8,925	4,422	13,347
2.2 OTC derivatives	1,104,364	1,022,905	2,127,269
2.3 Undrawn committed line	157,237	0	157,237

<sup>1/</sup> Including accrued interest receivables and net of deferred incomes, allowances for doubtful accounts and allowances for revaluation from debt restructuring and including net loans of interbank and money market

<sup>2/</sup> Excluding accrued interest receivables and net of allowances for revaluation of securities and allowances for impairment of securities

<sup>3/</sup> Before multiplying credit conversion factor

## Citibank, N.A. Bangkok Branch

**Table 6 Outstanding amounts of net loans and investment in debt securities before adjusted by credit risk mitigation classified by country on geographical area of debtor and asset classification as prescribed by the Bank of Thailand**

**Dec-15**

Unit : Million Baht

Country or geographic area of debtor	Net loans <sup>1/</sup>						Net investment in debt securities <sup>2/</sup>
	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total	
1. Thailand	112,777	4,000	275	0	4	117,056	43,623
2. Asia Pacific (exclude Thailand)	571	0	0	0	0	571	0
3. North America and Latin America	0	0	0	0	0	0	0
4. Africa and Middle East	0	0	0	0	0	0	0
5. Europe	0	0	0	0	0	0	0
<b>Total</b>	<b>113,348</b>	<b>4,000</b>	<b>275</b>	<b>0</b>	<b>4</b>	<b>117,627</b>	<b>43,623</b>

**Dec-14**

Unit : Million Baht

Country or geographic area of debtor	Net loans <sup>1/</sup>						Net investment in debt securities <sup>2/</sup>
	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total	
1. Thailand	103,907	5,213	249	0	5	109,374	47,087
2. Asia Pacific (exclude Thailand)	1,141	0	0	0	0	1,141	0
3. North America and Latin America	0	0	0	0	0	0	0
4. Africa and Middle East	0	0	0	0	0	0	0
5. Europe	0	0	0	0	0	0	0
<b>Total</b>	<b>105,049</b>	<b>5,213</b>	<b>249</b>	<b>0</b>	<b>5</b>	<b>110,515</b>	<b>47,087</b>

1/ Including accrued interest receivables and net of deferred incomes, allowances for doubtful accounts and allowances for revaluation from debt restructuring and including net loans of interbank and money market

2/ Excluding accrued interest receivables and net of allowances for revaluation of securities and allowances for impairment of securities

## Citibank, N.A. Bangkok Branch

**Table 7 Provisions (General provision and Specific provision) and bad debt written-off during period for loan including accrued interest receivables and investment in debt securities classified by country or geographic area**

Country or geographic area of debtor	Dec-15				Dec-14				Unit : Million Baht
	Loan including accrued interest receivables <sup>1/</sup>			Specific provision for Investment in debt securities	Loan including accrued interest receivables <sup>1/</sup>			Specific provision for Investment in debt securities	
	General provision	Specific provision	Bad debt written-off during period		General provision	Specific provision	Bad debt written-off during period		
1. Thailand		4,076	1,909	16		3,822	1,713	2	
2. Asia Pacific (exclude Thailand)		11	0	0		23	0	0	
3. North America and Latin America		0	0	0		0	0	0	
4. Africa and Middle East		0	0	0		0	0	0	
5. Europe		0	0	0		0	0	0	
<b>Total</b>	-	4,087	1,909	16	0	3,845	1,713	2	

1/ including specific provision and bad debt written-off during the period of loan and interest receivable for interbank and money market

**Table 8 Outstanding amount of loans including accrued interest receivables and net of deferred incomes\* before adjusted by credit risk mitigation classified by type of business**
**Dec-15**

Unit : Million Baht

Type of business	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total
- Agriculture and mining	587	325	0	0	0	<b>912</b>
- Manufacturing and commerce	23,542	1,677	0	0	802	<b>26,021</b>
- Real estate business and construction	264	241	0	0	0	<b>505</b>
- Public utilities and services	2,687	0	0	0	0	<b>2,687</b>
- Housing loans	633	2	0	0	0	<b>636</b>
- Credit card	32,193	790	572	21	30	<b>33,605</b>
- Personal consumption	35,254	1,157	661	0	0	<b>37,073</b>
- Interbank and money market items	19,504	1	0	0	0	<b>19,504</b>
- Leasing service	14	0	0	0	0	<b>14</b>
- Other Financial service	353	0	0	0	0	<b>353</b>
- Others	52	0	169	85	98	<b>404</b>
<b>Total</b>	<b>115,083</b>	<b>4,192</b>	<b>1,402</b>	<b>106</b>	<b>930</b>	<b>121,714</b>

**Dec-14**

Unit : Million Baht

Type of business	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total
- Agriculture and mining	877	0	0	0	0	<b>877</b>
- Manufacturing and commerce	17,667	3,497	0	0	808	<b>21,973</b>
- Real estate business and construction	121	0	0	0	0	<b>121</b>
- Public utilities and services	6,005	0	0	0	0	<b>6,005</b>
- Housing loans	668	0	0	0	0	<b>669</b>
- Credit card	31,756	957	511	14	1	<b>33,239</b>
- Personal consumption	16,540	947	819	91	43	<b>18,439</b>
- Interbank and money market items	24,610	175	0	0	0	<b>24,785</b>
- Leasing service	3,432	0	0	0	0	<b>3,432</b>
- Other Financial service	4,649	0	0	0	0	<b>4,649</b>
- Others	84	0	0	0	87	<b>171</b>
<b>Total</b>	<b>106,409</b>	<b>5,576</b>	<b>1,330</b>	<b>105</b>	<b>939</b>	<b>114,359</b>

**Table 9 Provisions (General provision and Specific provision) and bad debt written-off during period for loan including accrued interest receivables\* classified by types of business**

Unit : Million Baht

Type of business	Dec-15			Dec-14		
	General provision <sup>1/</sup>	Specific provision	Bad debt written-off during	General provision <sup>1/</sup>	Specific provision	Bad debt written-off during
- Agriculture and mining		21			18	
- Manufacturing and commerce		1,287			1,213	
- Real estate business and construction		11			1	
- Public utilities and services		116			117	
- Housing loans		0			0	
- Others		2,651	1,909		2,496	1,713
<b>Total</b>	<b>-</b>	<b>4,087</b>	<b>1,909</b>	<b>-</b>	<b>3,845</b>	<b>1,713</b>

\* including outstanding amount of loans including accrued interest receivables of interbank and money market

1/ in aggregate amount

## Citibank, N.A. Bangkok Branch

**Table 10 Reconciliation of change in provisions (General provision and Specific provision) for loans including accrued interest receivables\***

Unit : Million Baht

Items	Dec-15			Dec-14		
	General provision	Specific provision	Total	General provision	Specific provision	Total
Provisions at the beginning of the period		3,845	<b>3,845</b>		3,441	<b>3,441</b>
Bad debts written-off during the period		1,909	<b>1,909</b>		1,713	<b>1,713</b>
Increase or Decreases of provisions during the period		2,151	<b>2,151</b>		2,117	<b>2,117</b>
Other provisions (provisions for losses from foreign exchange, provisions for merger and sale of business)		3	<b>3</b>			<b>0</b>
Provisions at the end of the period	-	4,087	<b>4,087</b>		3,845	<b>3,845</b>

\* including outstanding amount of loans including accrued interest receivables of interbank and money market

## Citibank, N.A. Bangkok Branch

**Table 11 Outstanding amounts of on-balance sheet assets and off-balance sheet items\* classified by type of assets under the SA**

Unit : Million Baht

Type of asset	Dec-15			Dec-14		
	On balance sheet assets	Off balance sheet item	Total	On balance sheet assets	Off balance sheet item	Total
<b>1. Performing claims</b>						
1.1 Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public sector entities (PSEs) treated as claims on sovereigns	44,075	130	44,205	38,070	1	38,071
1.2 Claims on financial institutions, non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	79,276	14,513	93,789	61,523	4,979	66,502
1.3 Claims on corporates, non-central government public sector entities (PSEs) treated as claims on corporate	42,685	7,721	50,178	36,928	8,420	45,348
1.4 claims on retail portfolios	49,184	0	49,184	49,361	0	49,361
1.5 Housing loans	725	0	725	764	0	764
1.6 Other assets	4,468	22,933	27,401	3,777	22,801	26,578
<b>2. Non-performing claims</b>	280	0	280	260	0	260
<b>3. First-to-default credit derivatives and Securitisation</b>						
<b>Total</b>	<b>220,693</b>	<b>45,297</b>	<b>265,762</b>	<b>190,683</b>	<b>36,201</b>	<b>226,884</b>

\* After multiplying with credit conversion factor and net with Specific provision

## Citibank, N.A. Bangkok Branch

Table 12 Outstanding amounts of on-balance sheet and credit equivalent amount of off-balance sheet after recognized credit risk mitigation for each type of assets, classified by risk weight under the Standardized Approach

Unit : Million Baht

Type of asset	December 2015														
	Risk weight (%)	Rated outstanding amount						Unrated outstanding amount							
		0	20	35	50	75	100	150	0	20	35	50	75	100	150
<b>Performing claims</b>															
1. Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public sector entities (PSEs) treated as claims on sovereigns															
	41,573	-	-	-	-	132	-								
2. Claims on financial institutions, non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms															
	-	71,387	-	12,750	-	9,376	-							128	
3. Claims on corporates, non-central government public sector entities (PSEs) treated as claims on corporate															
	-	-	-	3	-	1,362	-		743					48,070	
4. Claims on retail portfolios															
													49,184		
5. Claims on housing loans															
										592			134		
6. Other assets							139		23,422	-					3,841
<b>Risk weight (%)</b>															
<b>Non-performing claims</b>															280
<b>Capital deduction items prescribed by the Bank of Thailand</b>															

Unit : Million Baht

Type of asset	December 2014														
	Risk weight (%)	Rated outstanding amount						Unrated outstanding amount							
		0	20	35	50	75	100	150	0	20	35	50	75	100	150
<b>Performing claims</b>															
1. Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public sector entities (PSEs) treated as claims on sovereigns															
	38,070	-	-	-	-	1	-								
2. Claims on financial institutions, non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms															
	-	50,033	-	10,200	-	-	-		3,452					2,817	
3. Claims on corporates, non-central government public sector entities (PSEs) treated as claims on corporate															
	-	1	-	15	-	1,399	-		30					43,902	
4. Claims on retail portfolios															
													49,361		
5. Claims on housing loans															
										764					
6. Other assets									22,986	8					3,585
<b>Risk weight (%)</b>															
<b>Non-performing claims</b>															260
<b>Capital deduction items prescribed by the Bank of Thailand</b>															

**Table 13 Net credit exposure under the Standardized Approach covered by collateral classified by type of assets and collateral**

**Unit : Million Baht**

Type of asset	December 2015		December 2014	
	Eligible financial collateral 1/	Guarantee and credit derivatives	Eligible financial collateral 1/	Guarantee and credit derivatives
<b>Performing assets</b>				
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 , non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	-	-	-	-
3. Claims on corporates , non-central government public sector entities (PSEs) treated as claims on corporate	1,190	-	2,818	-
4. Claims on retail portfolios	25	-	44	-
5. Claims on housing loans	-	-	-	-
6. Other assets	-	-	-	-
<b>Non performing assets</b>	-	-	-	-
<b>Total</b>	<b>1,215</b>	<b>-</b>	<b>2,862</b>	<b>-</b>

<sup>1/</sup> Eligible financial collateral that the Bank of Thailand allows to use for risk mitigation. Commercial banks applying the comprehensive approach shall disclose the value after haircut. Only cash and cash equivalent pledged by counterparties were used to mitigate credit risk.

For conservatism, the Bank applied gross mark to market gains from OTC derivatives with netting agreements per BOT requirements to compute credit risk.

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**Table 14 Minimum capital requirement for each type of market risk under the Standardized Approach**

Unit : Million Baht

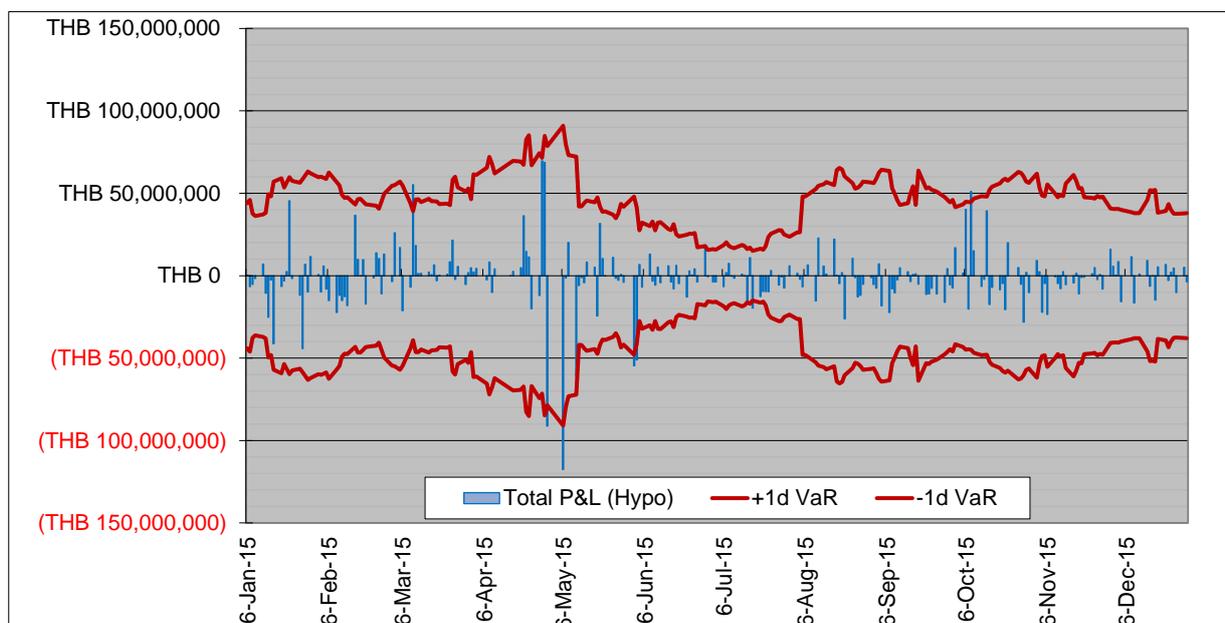
Minimum capital requirement for market risk under the standardised approach	Dec 2015	Jun 2015
Interest rate risk	0	0
Equity position risk	0	0
Foreign exchange rate risk	0	0
Commodity risk	0	0
Total minimum capital requirement	0	0

**Table 15 Market risk under Internal Model Approach**

Unit: Million Baht

<b>Type of Market Risk</b>	<b>Dec'2015</b>	<b>Jun'2015</b>
<b>Interest rate risk</b>		
Maximum VaR during the reporting period	66.53	93.73
Average VaR during the reporting period	45.27	50.07
Minimum VaR during the reporting period	15.34	16.99
VaR at the end of the period	41.10	16.99
<b>Equity position risk</b>		
Maximum VaR during the reporting period	Nil	Nil
Average VaR during the reporting period	Nil	Nil
Minimum VaR during the reporting period	Nil	Nil
VaR at the end of the period	Nil	Nil
<b>Foreign exchange rate risk</b>		
Maximum VaR during the reporting period	27.10	25.10
Average VaR during the reporting period	10.52	13.34
Minimum VaR during the reporting period	0.56	3.17
VaR at the end of the period	14.40	5.05
<b>Commodity risk</b>		
Maximum VaR during the reporting period	Nil	Nil
Average VaR during the reporting period	Nil	Nil
Minimum VaR during the reporting period	Nil	Nil
VaR at the end of the period	Nil	Nil
<b>Total market risk</b>		
Maximum VaR during the reporting period	65.40	90.95
Average VaR during the reporting period	44.88	49.18
Minimum VaR during the reporting period	15.06	15.57
VaR at the end of the period	39.86	15.57

**Table 16 Back-testing result**



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

\*\* Together with an analysis of outliers from Backtesting

**Back-testing Outliners**

P&L date (T)	VaR (T - 1)	Hypo P&L (T)	Explanation
06-May-15	73,638,592	-85,307,240	Significant increase on THB government bond yield on 6th of May 2015.
07-May-15	85,124,393	-110,062,520	Significant increase on THB government bond yield on 7th of May 2015.
03-Jun-15	44,956,043	-51,114,431	Significant increase on THB government bond yield on 3rd of June 2015.
04-Jun-15	38,833,052	-47,770,190	Significant increase on THB government bond yield on 4th of June 2015.

**Table 17 Equity exposures in the banking book**

Unit : Million Baht

Equity exposures	December 2014	December 2014
1. 1. Equity exposures 1. Equities listed and publicly traded in the Stock Exchange - Book value - Fair value 1.2 Other equities 2. Gains (losses) of sale of equities in the reporting period 3. Net revaluation surplus( deficit ) from valuation of AFS equity 4. Minimum capital requirements for equity exposures classified by the calculation methods - SA - IRB 5. Equity values for commercial banks applying IRB which the Bank of Thailand allows to use	N/A	N/A

**Table 18 The effect of changes in interest rates to net earnings in the banking book**

Unit : Million Baht

Currency	December 2015	December 2014
	Effect to net earnings	Effect to net earnings
THB	-278	43
USD	19	33
EURO	0	0
Others	0	0
Total effect	-259	76

Percentage changes in interest rates of 100 bps