2011

Citibank – Bangkok Branch

Basel II – Pillar 3

Risk and Capital Management Disclosure

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1. Scope of Application

The Capital Requirements Directive, often referred to as Basel II, 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 II, 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. 25/2552 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 2011 at http://www.citigroup.com/citi/investor/quarterly/2012/ar11c_en.pdf?ieNocache=505.

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, 2010, Citibank recorded total capital of Baht 17,753 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 "Asset and Liability Committee" (ALCO). The ALCO is composed of Country Senior Management for the purpose of discussion on capital and liquidity matters and regularly involves in key activities 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 framework 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 optimizing 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.
The Country Senior Management's objectives, budgets, portfolio and investments must be prudent and reflect their view of risk and rewards 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.

The 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 in to the Compliance/Control, Risk or Finance systems to ensure it is properly tracked and monitored. Material Risk Managers must review periodically communications with or actions by regulators, any material legal affairs of Citibank, and compliance with applicable law 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-assessment of their important risks on 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.

Audit and Risk Review (ARR) 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. ARR 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 (ICGRMM). 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, Global Consumer Credit and Fraud Risk Policy ("GCCFRP") and local Product Citi Business Credit Policy & Procedure Manual (BCPPM) define how credit risk is managed for the retail portfolios. Credit authority levels, delegation process, approval processes for portfolios classification, product and transaction approvals, and other types of required approvals, as well as, appointment of credit officers and their responsibilities are defined in these policy documents. The GCCFRP and BCPPM document policies are applicable across the credit cycle, i.e., acquisition, portfolio management, fraud, authorization, collections and risk mitigation. Credit Officers and Senior Credit

Officers are independent from the business. Detailed tracking is available for all aspects of risk management.

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

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 concentration limits (i.e. tenor, industry, geography)
- 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
- 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. These 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:

- Country reporting
- Industry reporting
- Product reporting
- Single name exposure reporting
- Tenor exposure reporting

Past due, impairment and provision

Wholesale

An integral part of the remedial management 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 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 Special Mention and Substandard generally denote that a facility is experiencing an issue that could impact repayment. Special Mention identifies 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 Doubtful and Loss indicate that the likelihood of actual loss is high. Doubtful identifies a potential loss, while Loss identifies an actual loss. In most cases, classification of Doubtful requires an additional reserve build and Loss, an actual write-off. Early identification of issues, downgrade to Special Mention, 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, Doubtful, or Loss.

The equivalent BOT classifications are as follows.

BOT Classification	**Citibank Classification**
Pass	Pass
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

Retail

Specific provision for loans is made on the carrying amount according to loan delinquency. Specific provision is taken for all loans that enter any risk mitigation. Citibank adopts a collective approach to group the debtors by stage of delinquency and calculates provisions accordingly.

Day past due (DPD) is 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)
Loss	Loss

Calculation of provisions is done in compliance with regulatory guidelines which are primarily determined by applying specific percentages to different classifications of financing in conjunction with the consideration of collateral valuation. Classifications are based principally on the day past due. Citibank also factors in future risks in 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 Chief Finance Officer) with an aim to ensure adequate reserves at all times.

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 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[1]	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

[1] Others: includes Non-prime ratings and B and C ratings

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. Acceptable credit derivatives counterparties are credit customers that are acceptable under the credit policies and applicable credit programs as well as other financial institutions.

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 provided to customers based on event related contingencies (like loss of job, drop in income, sickness, death, etc).

There is an established set of measures, procedures, and policies for monitoring the performance of the retail asset portfolios. This is done through a monthly Portfolio Quality Review ("PQR") covering the following key areas:

- Leading indicators (including macro economic indicators), new booking characteristics, test programs, significant credit changes, portfolio classified as "Performance Exception" and portfolio performance indicators (delinquencies, net flows, credit losses). Where applicable, results are compared against historical performance and/or plan/benchmarks
- Monitoring of Limits stipulated in approved programs
- Concentration limits/caps for high risk segments
- Test Programs tracking
- Deviation rates and related performance of Exceptions approved
- Reporting Key Risk Indicators ("KRI") if benchmarks are triggered and actions taken, where applicable. KRIs include tripwires identified during the annual Stress Tests
- Inventory of Credit Changes made. For Significant Credit Changes, performance against benchmarks is tracked for 12 months.

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 the related profitability, and is subject to the independent review and concurrence of Regional and Global Risk Management Office. Once approved, these are used as credit benchmarks to monitor performance of the portfolio in the next financial year.

Large consumer portfolios are also subject to annual business stress testing that is to put 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 finally approved by an independent Global Country Risk Management Office (GCRM).

4.2 Market Risk for Trading Book

Market risk is the potential for loss resulting from unfavorable market movements, which can arise from trading or holding positions in financial instruments. Market risk can arise in earnings risk from changes in interest rates, foreign exchange rates, and equity and commodity prices, and 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 II 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 II 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 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.

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 2011.

4.5 Operational Risk

Operational Risk is referring to impact of loss resulting from inadequate or failed internal processes, people, systems, or from external events.

Citibank 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 range from conducting Risk & Control Self-Assessments ("RCSA"), operational loss reporting and several escalations mechanisms related to operational risk. In line with the Basel II requirements, Citibank performs risk analyses on a regular basis to assess whether the minimum capital requirement for operational risk is adequate and adhered to. It is the Business Risk, Compliance & Control Committee ("BRCC") that governs operational risk within Citibank. The Committee meets on a quarterly basis and discusses operational risk related items according to a standard agenda.

Citibank is engaged in wide range of services, ranging from those for the mass market segment, such as vanilla deposit and loan products to the more complex structured investment and derivatives products for corporate and investment segment. Therefore, when new products and business activities are developed, processes are designed, modified or sourced through alternative means and operational risks are considered to mitigate related operational risk.

Citibank uses Standardizes Approach (SA-OR) for calculating Operational Risk Capital.

Table 1 : Capital structure

Unit : Million Baht

Item	Dec-11	Jun-11
1. Assets required to be maintained under Section 32	**17,753**	**17,753**
2. Sum of net capital for maintenance of assets under Section 32 and net balance of inter-office accounts (2.1+2.2)	**19,122**	**20,422**
2.1 Capital for maintenance of assets under Section 32	17,753	17,753
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	1,369	2,669
3. Total regulatory capital (3.1 - 3.2)		
3.1 Total regulatory capital before deductions (The lowest amount among item 1 item 2 and item 2.1)	17,753	17,753
3.2 Deductions	**0**	**0**

Table 2 Minimum capital requirements

Unit : Million Baht

Credit risk classified by type of assets under the SA	Dec-11	Jun-11
Performing claims		
1. Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public sector entities (PSEs) treated as claims on sovereigns	20	27
2. Claims on financial institutions, non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	1,307	1,475
3. claims on corporates , non-central government public sector entities (PSEs) treated as claims on corporate	2,980	2,673
4. Claims on retail portfolios	2,516	2,437
5. Claims on housing loans	2	1
6. Other assets	164	189
Non-performing claims	49	34
First-to-default credit derivatives และ Securitisation		
Total minimum capital requirement for credit risk under the SA	**7,038**	**6,836**

Market risk	Dec-11	Jun-11
1. Standardised approach	0	0
2. Internal model approach	633	919
Total minimum capital requirement for market risk	**633**	**919**

Opeational isk	Dec-11	Jun-11
Calculate by Standardised Approach	1,769	1,725

Unit : %

Capital ratio	Dec-11	Jun-11
Total capital to risk-weighted assets	14.1	14.05

Table 3 Credit risk exposure of significant on-balance sheet and off-balance sheet before recognized credit risk mitigation.

Unit : Million Baht

Item	Dec-11	Dec-10
1. On-balance sheet assets		
1.1 Net loans [1/]	81,125	84,317
1.2 Net investment in debt securities [2/]	82,364	74,296
1.3 Deposits (including accrued interest receivables)	11,430	14,707
2. Off-balance sheet items [3/]		
2.1 Aval of bills, guarantees, and letter of credits	2,187	1,109
2.2 OTC derivatives	1,774,297	1,568,027
2.3 Undrawn committed line	484	268

[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/] Exluding accrued interest receivables and net of allowances for revaluation of securities and allowances for impairment of securities.

[3/] Before multiplying credit conversion factor

Table 4 Credit risk exposrue of significant on-balance sheet and off-balance sheet before recognized credit risk mitigation classified by country or geographical area

Decmber 2011

Unit : Million Baht

Country or geographic area of debtor	On-balance sheet assets				Off-balance sheet items [3/]			
	Total	Net loans [1/]	Net investment in debt securities [2/]	Deposits (including accrued interest receivables)	**Total**	Aval of bills, guarantees, and letter of credits	OTC derivatives	Undrawn committed line
1. Thailand	**166,624**	80,792	82,364	3,468	**1,474,620**	1,891	1,472,245	484
2. Asia Pacific (exclude Thailand)	**7,880**	300	0	7,580	**81,482**	170	81,312	0
3. North America and Latin America	**2**	0	0	2	**150,455**	54	150,401	0
4. Africa and Middle East	**33**	33	0	0	**72**	72	0	0
5. Europe	**380**	0	0	380	**70,339**		70,339	0
Total	**174,919**	81,125	82,364	11,430	**1,776,968**	2,187	1,774,297	484

Decmber 2010

Country or geographic area of debtor	On-balance sheet assets				Off-balance sheet items [3/]			
	Total	Net loans [1/]	Net investment in debt securities [2/]	Deposits (including accrued interest receivables)	**Total**	Aval of bills, guarantees, and letter of credits	OTC derivatives	Undrawn committed line
1. Thailand	**163,121**	83,930	74,296	4,895	**1,315,440**	1,104	1,314,068	268
2. Asia Pacific (exclude Thailand)	**10,193**	387	0	9,806	**72,682**	5	72,677	0
3. North America and Latin America	**4**	0	0	4	**114,912**	0	114,912	0
4. Africa and Middle East	**0**	0	0	0	**0**	0	0	0
5. Europe	**2**	0	0	2	**66,370**		66,370	0
Total	**173,320**	84,317	74,296	14,707	**1,569,404**	1,109	1,568,027	268

[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

[3/] Before multiplying credit conversion factor

Table 5 Credit risk exposure of significant on-balance sheet and off-balance sheet before recognized credit risk mitigation classified by residual maturity.

Unit : Million Baht

Item	Dec-11			Dec-10		
	Maturity not exceeding 1 year	Maturity exceeding 1 year	**Total**	Maturity not exceeding 1 year	Maturity exceeding 1 year	**Total**
1. On-balance sheet assets						
1.1 Net loans [1/]	76,123	5,002	**81,125**	78,236	6,081	**84,317**
1.2 Net investment in debt securities [2/]	48,173	34,191	**82,364**	38,228	36,068	**74,296**
1.3 Deposits (including accrued interest receivables)	11,430	0	**11,430**	14,707	0	**14,707**
2. Off-balance sheet items [3/]						
2.1 Aval of bills, guarantees, and letter of credits	1,801	386	**2,187**	1,101	8	**1,109**
2.2 OTC derivatives	1,003,157	771,140	**1,774,297**	885,914	682,113	**1,568,027**
2.3 Undrawn committed line	284	200	**484**	268		**268**

[1/] Including accrued interest receivables and net of deferred incomes, allowances for doubtful accounts and allowances for revaluation from debt

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

[3/] Before multiplying credit conversion factor

Table 6 Outstanding loans including accrued interest receivables and investments in debt securities before recognized credit risk mitigation classified by country or geographical area and asset classification as prescribed by the Bank of Thailand

Dec-11

Unit : Million Baht

Country or geographic area of debtor	Loans including accrued interest receivables[1/]						Specific provision for Investment in securities
	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total	
1. Thailand	74,108	8,376	1,006	160	594	84,244	183
2. Asia Pacific (exclude Thailand)	237	69	0	0	0	306	0
3. North America and Latin America	0	0	0	0	0	0	0
4. Africa and Middle East	34	0	0	0	0	34	0
5. Europe	0	0	0	0	0	0	0
Total	74,379	8,445	1,006	160	594	84,584	183

Dec-10

Country or geographic area of debtor	Loans including accrued interest receivables[1/]						Specific provision for Investment in securities
	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total	
1. Thailand	80,913	4,462	1,254	369	943	87,941	366
2. Asia Pacific (exclude Thailand)	405	0	0	0	0	405	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
Total	81,318	4,462	1,254	369	943	88,346	366

[1/] Including outstanding amounts of loans and interest receivables of interbank and money market

Table 7 Provisions and bad debt written-off during period against loans including accrued interest receivable and investment in debt securities clasified by country or geographic area

Unit Million Baht

Country or geographic area of debtor	Dec-11				Dec-10			
	Loan including accrued interest receivables[1/]			provision for Investment in debt securities	Loan including accrued interest receivables[1/]			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		3,452	1,712	183		4,022	2,831	366
2. Asia Pacific (exclude Thailand)		6	0	0		7	0	0
3. North America and Latin America		0	0	0		0	0	0
4. Africa and Middle East		1	0	0		0	0	0
5. Europe		0	0	0		0	0	0
Total	0	3,459	1,712	183	0	4,029	2,831	366

[1/] including provision and bad debt written-off during period of loans including accrued interest receivables of interbank and money market

Table 8 Outstanding loans including accrued interests receivables before recognized credit risk mitigation classified by type of business and assets classification as presribed by the Bank of Thailand

Dec-11

Unit : Million Baht

Type of business	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	**Total**
- Agriculture and mining	636					**636**
- Manufacturing and commerce	13,373	4,023	3	178	719	**18,296**
- Real estate business and construction	280	0	0	0	19	**299**
- Public utilities and services	1,084	1	3	0	13	**1,101**
- Housing loans	56	1	0	0	1	**58**
- Credit card	28,186	483	340	3	81	**29,093**
- Personal consumption	16,342	790	649	100	90	**17,971**
- Interbank and money market items	8,922	1,034	0	0	0	**9,956**
- Leasing service	4,175	0	0	0	0	**4,175**
- Other Financial service	2,968	0	0	0	0	**2,968**
- Others	31	0	0	0	0	**31**
Total	**76,053**	**6,332**	**995**	**281**	**923**	**84,584**

Dec-10

Type of business	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	**Total**
- Agriculture and mining	0	0	0	0	0	**0**
- Manufacturing and commerce	9,323	2,053	69	201	726	**12,372**
- Real estate business and construction	177	0	0	0	19	**196**
- Public utilities and services	990	7	0	0	14	**1,011**
- Housing loans	28	1	0	0	1	**30**
- Credit card	26,911	419	378	17	82	**27,807**
- Personal consumption	17,633	921	806	150	83	**19,593**
- Interbank and money market items	10,206	1,000	0	0	0	**11,206**
- Leasing service	6,342	51	0	0	0	**6,393**
- Other Financial service	5,970	0	0	0	0	**5,970**
- Others	3,737	10	1	0	18	**3,766**
Total	**81,317**	**4,462**	**1,254**	**368**	**943**	**88,344**

Table 9 Provisions and bad debt written-off during period against loans including accrued interest receivables classified by types of business.

Unit : Million Baht

Type of business	Dec-11			Dec-10		
	General provision	Specific provision	Bad debt written-off during	General provision	Specific provision	Bad debt written-off during
- Agriculture and mining		13			0	
- Manufacturing and commerce		1,233			1,185	
- Real estate business and construction		8			7	
- Public utilities and services		37			33	
- Housing loans		0			0	
- Others		2,167	1,712		2,804	2,831
Total	**0**	**3,458**	**1,712**	**0**	**4,029**	**2,831**

Table 10 Reconciliation of the movement in provision against loans incuding accrued interest receivables

Unit : Million Baht

Description	Dec-11			Dec-10		
	General provision	Specific provision	**Total**	General provision	Specific provision	**Total**
Provisions at the beginning of the period		3,356	**3,356**		4,868	**4,868**
Bad debts written-off during the period		1,712	**1,712**		2,831	**2,831**
Increase or Decreases of provisions during the period		1,814	**1,814**		1,992	**1,992**
Other provisions (provisions for losses from foreign exchange, provisions for merger and sale of business)		0	**0**		0	**0**
Provisions at the end of the period	0	3,458	**3,458**	0	4,029	**4,029**

Table 11 Outstanding amounts of on-balance sheet and credit equivalent amount of off-balance sheet* before recognized credit risk mitigation classified by type of assets under the Standardised Approach

Unit : Million Baht

Type of asset	Dec-11			Dec-10		
	On balance sheet assets	Off balance sheet item	**Total**	On balance sheet assets	Off balance sheet item	**Total**
1. Performing claims						
1.1 Claims on sovereigns and central banks, multilateral development banks (MDBs), and non central government public sector entities treated as claims on soveriegns.	83,891	271	**84,162**	77,154	277	**77,431**
1.2 Claims on financial institutions, non-central government public sector entities (PSEs) treated as claims on financial institution and securities firms	21,304	30,770	**52,074**	22,108	34,433	**56,541**
1.3 Claims on corporates, non-central government public sector entities (PSEs) treated as claims on corporate	28,137	14,097	**42,234**	29,151	11,337	**40,488**
1.4 claims on retail portfolios	44,770		**44,770**	44,881	0	**44,881**
1.5 Housing loans	56		**56**	30	0	**30**
1.6 Other assets	2,507		**2,507**	8,914	0	**8,914**
2. Non-performing claims	438	2	**440**	381	16	**397**
3. First-to-default credit derivatives และ Securitisation	0	0	**0**	0	0	**0**
Total	**181,103**	**45,140**	**226,243**	**182,619**	**46,063**	**228,682**

* After multiplying credit conversion factor and net with specific provisions

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 Standardised Approach

Unit : Million Baht

Type of asset	December 2011											
	Rated outstanding amount					Unrated outstanding amount						
Risk weight (%)	0	20	50	100	150	0	20	50	35	75	100	150
Performing claims												
1. Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central governement public sector entities (PSEs) treated as claims on sovereigns	72,137	0		271	0			0			0	0
2. Claims on financial institutions , non-central governement public sector entities (PSEs) treated as claims on financial institutions, and securities firms	0	39,051	6,817	5,793	0						413	0
3. Claims on corporates , non-central governement public sector entities (PSEs) treated as claims on corporate	0	19	190	1,876	1						37,734	16
4. Claims on retail portfolios										44,703	0	0
5. Claims on housing loans									56	1	0	0
6. Other assets						278	1				2,228	0
Risk weight (%)			50	100	150					75	100	150
Non-performing claims											1	438
Capital deduction items prescribed by the Bank of Thailand												

Type of asset	December 2010											
	Rated outstanding amount					Unrated outstanding amount						
Risk weight (%)	0	20	50	100	150	0	20	50	35	75	100	150
Performing claims												
1. Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central governement public sector entities (PSEs) treated as claims on sovereigns	73,551	0		268	0			0			0	0
2. Claims on financial institutions , non-central governement public sector entities (PSEs) treated as claims on financial institutions, and securities firms	0	42,450	8,374	5,717	0						0	0
3. Claims on corporates , non-central governement public sector entities (PSEs) treated as claims on corporate	0	88	339	671	1						37,672	188
4. Claims on retail portfolios										44,776	0	0
5. Claims on housing loans									29	1	0	0
6. Other assets						322	1				8,591	0
Risk weight (%)			50	100	150					75	100	150
Non-performing claims										0	0	389
Capital deduction items prescribed by the Bank of Thailand												

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

Unit : Million Baht

Type of asset	December 2011		December 2010	
	Eligible financial collateral 1/	Guarantee and credit derivatives	Eligible financial collateral 1/	Guarantee and credit derivatives
Performing assets				
1. Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central governement public sector entities (PSEs) treated as claims on sovereigns	0	0	0	0
2. Claims on financial institutions , non-central governement public sector entities (PSEs) treated asclaims on financial institutions, and securities firms	0	0	0	0
3. Claims on corporates , non-central governement public sector entities (PSEs) treated as claims on corporate	1,292	0	434	0
4. Claims on retail portfolios	67	0	105	0
5. Claims on housing loans	0	0	0	0
6. Other assets	0	0	0	0
Non performing assets	1	0	8	0
Total	1,360	0	547	0

1/ Eligible financial collateral that the Bank of Thailand allows to use for risk mitigation. Commercial banks applying the commerhensive 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 agreeemnts per BOT requirements to compute credit risk.

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 2011	Dec 2010
Interest rate risk	0	2
Equity position risk	0	0
Foreign exchange rate risk	0	0
Commodity risk	0	0
Total minimum capital requirement	0	2

Table 15 Market risk under Internal Model Approach

Unit: Million Baht

Type of Market Risk	Dec'2011	Jun'2011
Interest rate risk		
Maximum VaR during the reporting period	135	281
Average VaR during the reporting period	111	169
Minimum VaR during the reporting period	80	110
VaR at the end of the period	82	151
Equitiy 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	43	26
Average VaR during the reporting period	13	12
Minimum VaR during the reporting period	3	2
VaR at the end of the period	10	7
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	89	148
Average VaR during the reporting period	70	102
Minimum VaR during the reporting period	47	64
VaR at the end of the period	49	93

Table 16 Backtesting result

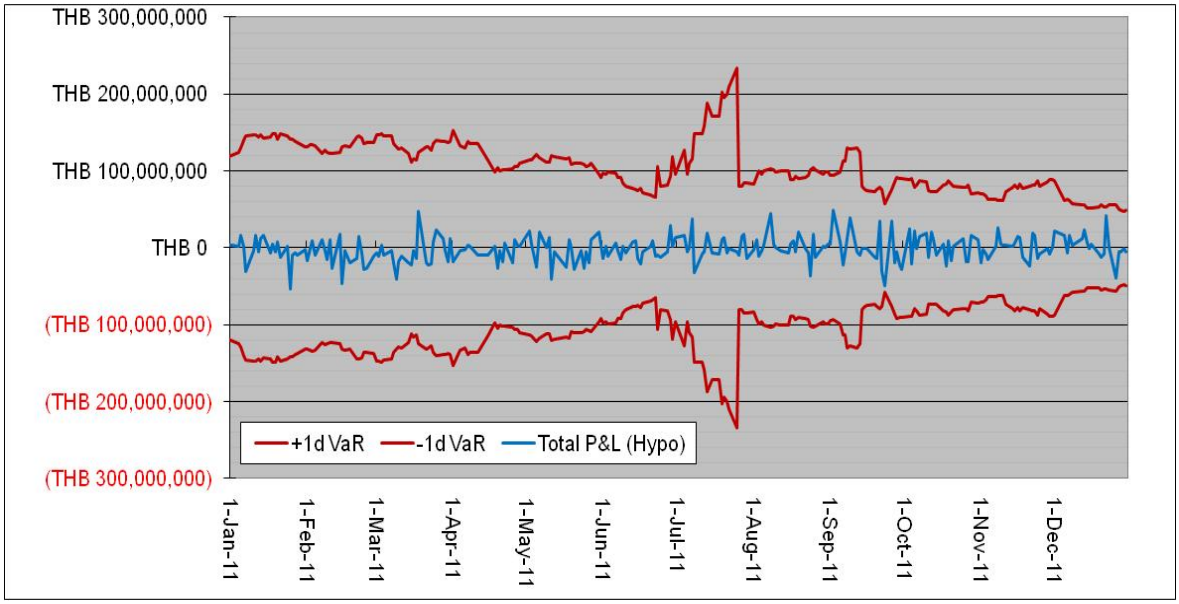

Table 17 Equity exposures in the banking book

Unit : Million Baht

Equity exposures	December 2011	December 2010
1. 1. Equity exposures		
1. Equities listed and publicly traded in the Stock Exchange		
- Book value		
- Fair value		
1.2 Other equities	N/A	N/A
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		

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

Unit : Million Baht

Currency	December 2011	December 2010
	Effect to net earnings	Effect to net earnings
THB	-340	-371
USD	59	47
EURO	0	0
Others	-1	0
Total effect	-282	-324

Percentage changes in interest rates of 100 bps