



Citibank, N.A. Bangkok Branch

Basel III Pillar 3

Capital and Liquidity Management Disclosure

30 June 2019

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Table 1 : Capital structure

Unit : Million Baht

Item	Jun-19	Dec-18
1 Assets required to be maintained under Section 32	21,743	21,743
2 Sum of net capital for maintenance of assets under Section 32 and net balance of inter-office accounts (2.1+2.2)	29,542	22,258
2 Capital for maintenance of assets under Section 32	21,743	21,743
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	7,799	515
3 Total regulatory capital (3.1 - 3.2)	21,365	21,276
3 Total regulatory capital before deductions (The lowest amount among item 1 item 2 and item 2.1)	21,743	21,743
3 Deductions	378	467

Table 2 Minimum capital requirements*

Unit : Million Baht

Credit risk classified by type of assets under the SA	Jun-19	Dec-18
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	176	41
2 Claims on financial institutions, non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	3,328	2,422
3 Claims on corporates , non-central government public sector entities (PSEs) treated as claims on corporate	3,861	3,818
4 Claims on retail portfolios	4,987	4,805
5 Claims on housing loans	7	8
6 Other assets	240	391
Non-performing claims	1	1
First-to-default credit derivatives and Securitisation		
Total minimum capital requirement for credit risk under the SA	12,600	11,486

Market risk	Jun-19	Dec-18
Internal model approach	719	999
Total minimum capital requirement for market risk	719	999

Operational risk	Jun-19	Dec-18
Calculate by Standardized Approach	3,294	3,031

Unit : %

Ratio	Jun-19		Dec-18	
	Capital Adequacy Ratio	Minimum Adequacy Ratio	Capital Adequacy Ratio	Minimum Adequacy Ratio
1. Total capital to risk-weighted assets	14.15	11.00	14.23	10.38
2. Tier 1 capital to risk-weighted assets **	0	0	0	0

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

** Disclosure only Bank that locally registered

Table 3 Minimum capital requirement for each type of market risk under the Standardized Approach

Unit : Million Baht

Minimum capital requirement for market risk under the standardized approach	Jun 2019	Dec 2018
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

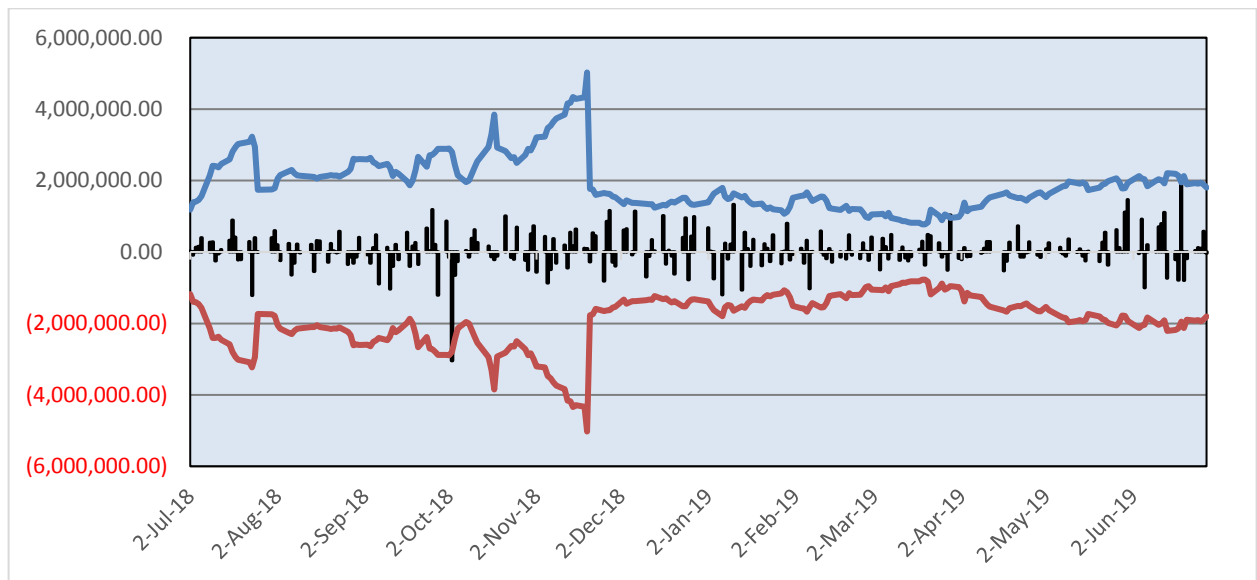
Table 4 Market risk under Internal Model Approach

Unit: Million Baht

Type of Market Risk	Jun-19	Dec-18
Interest rate risk		
Maximum VaR during the reporting period	66	162
Average VaR during the reporting period	45	76
Minimum VaR during the reporting period	24	39
VaR at the end of the period	55	42
Equity position risk		
Maximum VaR during the reporting period	0	0
Average VaR during the reporting period	0	0
Minimum VaR during the reporting period	0	0
VaR at the end of the period	0	0
Foreign exchange rate risk		
Maximum VaR during the reporting period	30	10
Average VaR during the reporting period	5	4
Minimum VaR during the reporting period	0	1
VaR at the end of the period	2	1
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	68	163
Average VaR during the reporting period	46	77
Minimum VaR during the reporting period	24	38
VaR at the end of the period	55	43

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Table 5 Backtesting result



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

** Together with an analysis of outliers from Backtesting

Backtesting Outliers

P&L date (T)	VaR (in THB MM) (T - 1)	Hypo P&L (in THB MM) (T)	Explanation
4-Oct-18	90.68	-98.63	The loss was mainly due to significant movement in THB IRS rate in 5Y by 7.5bps, whereas the MFVC daily vols is 6.8bps, and 10Y by 10bps whereas the MFVC vols is 8bps.
1-Apr-19	29.40	31.79	This is a positive VAR back testing break. Offshore THB LIBOR from 3M to 7Y tenors increased by 1.03 to 5.50 bps with a positive \$272K DV01, resulting to a gain of \$935K.
20-Jun-19	1,947.00	1,989.39	This is a positive VAR back testing break. The gain was mainly due to lower Onshore THB LIBOR rate from 3M to 10Y tenors by -3 to -8 bps with a negative DV01 position, and lower THB government bonds yield by -4bps to -9bps with negative DV01 position.

Table 6 Liquidity Coverage Ratio (LCR)

	Unit : Million Baht	
	Average Q2'2019	Average Q2'2018
(1) Total high-quality liquid assets (HQLA)	62,926	45,585
(2) Total net cash outflows within the 30-day time horizon*	23,901	10,788
(3) LCR** (%)	274%	422%
<i>Minimum LCR as specified by the Bank of Thailand (%)</i>	<i>90%</i>	<i>80%</i>

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

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

Commercial banks are required to maintain the liquidity coverage ratio in accordance with the guidelines as specified by the Bank of Thailand. The LCR is expected to encourage commercial banks to have robust and adequate liquidity position so that they can survive short-term severe liquidity stress. The minimum LCR, which is the ratio of high-quality liquid assets to total net cash outflows within the 30-day time horizon, of 60% was introduced on 1 January 2016, and increased by 10% each year until it reaches 100% in 2020.

The average LCR for the 2nd quarter of 2019 of the “Bank” was 274%, which was higher than the minimum LCR as specified by the Bank of Thailand. This average figure was calculated from the ratio as of the end of each month, which was 202% at April, 337% at May and 282% at June. The LCR consists of 2 main components, namely:

- 1) **High-quality liquid assets (HQLA)** include unencumbered high-quality assets with low risk and low volatility that can be easily monetized without any significant changes to their values, even in times of liquidity stress. The value of each type of HQLA is after the application of both haircuts and any applicable caps as specified by the Bank of Thailand.

The average HQLA of the “Bank” during the 2nd quarter of 2019 was 62,926 million Baht which was Level 1 assets, namely government bonds and cash. On this, the “Bank” holds several types of high-quality liquid assets to ensure the diversification of the stock of HQLA.

- 2) **The amount of net cash outflows** is equal to expected cash outflows within the 30-day time horizon minus expected cash inflows within the 30-day time horizon under liquidity stress scenarios; but the expected cash inflows must not exceed 75% of the expected cash outflows.

The average net COF of the “Bank” for the 2nd quarter of 2019 was 23,901 million Baht, which was the average of net cash outflows within the 30-day time horizon as at the end of April – June. The expected cash outflows on which the “Bank” focuses under the severe liquidity stress scenarios are Deposits run-off at the run-off rates as specified by the Bank of Thailand. On the other hand, expected cash inflows are mostly from loan repayments from high-quality counterparties and customers, to which the inflow rates as specified by the Bank of Thailand have been assigned.

In addition, the “Bank” also regularly examines its liquidity gaps and funding concentrations, which is part of the assessment and analysis of liquidity risk, to ensure that it has adequate liquidity to support the business.

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

Table 7 LCR Comparison

Unit : %

	Average 2019*	Average 2018
1st quarter	335%	465%
2nd quarter	274%	422%

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