



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

## **Basel III Pillar 3**

**Capital and Liquidity Management Disclosure**

**30 June 2018**

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**Table 1 : Capital structure**

Unit : Million Baht

Item	Jun-18	Dec-17
<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>23,686</b>	<b>23,957</b>
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	1,943	2,214
<b>3 Total regulatory capital (3.1 - 3.2)</b>	<b>21,480</b>	<b>21,707</b>
3 Total regulatory capital before deductions (The lowest amount among item 1 item 2 and item 2.1)	21,743	21,743
3 Deductions	263	36

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**Table 2 Minimum capital requirements\***

Unit : Million Baht

Credit risk classified by type of assets under the SA	Jun-18	Dec-17
<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	50	131
2 Claims on financial institutions, non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	3,290	2,307
3 claims on corporates , non-central government public sector entities (PSEs) treated as claims on corporate	5,453	4,185
4 Claims on retail portfolios	4,307	3,990
5 Claims on housing loans	10	11
6 Other assets	175	227
<b>Non-performing claims</b>	1	1
<b>First-to-default credit derivatives and Securitisation</b>		
<b>Total minimum capital requirement for credit risk under the SA</b>	<b>13,286</b>	<b>10,852</b>

Market risk	Jun-18	Dec-17
1. Standardised approach	0	0
2. Internal model approach	686	882
<b>Total minimum capital requirement for market risk</b>	<b>686</b>	<b>882</b>

Operational isk	Jun-18	Dec-17
Calculate by Standardised Approach	2,936	2,727

Unit : %

Ratio	Jun-18		Dec-17	
	Ade que cy Ratio	Ade que cy Ratio	Ade que cy Ratio	Ade que cy Ratio
1. Total capital to risk-weighted assets	13.18	10.375	14.64	9.75
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

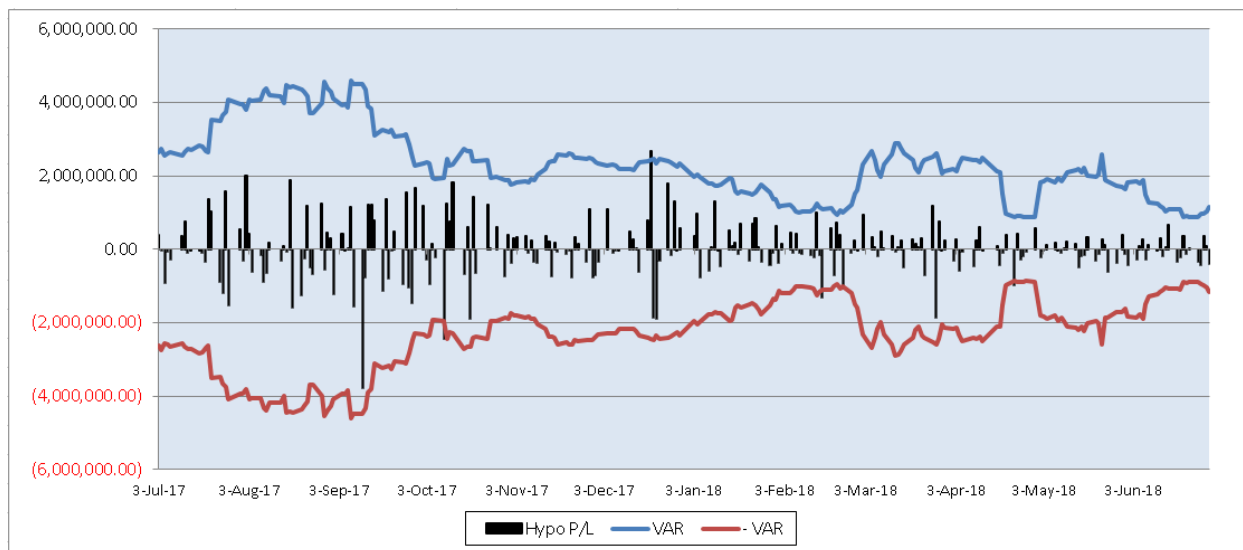
<b>Minimum capital requirement for market risk under the standardised approach</b>	<b>Jun 2018</b>	<b>Dec 2017</b>
Interest rate risk	0	0
Equity position risk	0	0
Foreign exchange rate risk	0	0
Commodity risk	0	0
Total minimum capital requirement	0	0

**Table 4 Market risk under Internal Model Approach**

Unit: Million Baht

Type of Market Risk	Jun-18	Dec-17
<b>Interest rate risk</b>		
Maximum VaR during the reporting period	97	182
Average VaR during the reporting period	60	105
Minimum VaR during the reporting period	32	60
VaR at the end of the period	52	85
<b>Equity position risk</b>		
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
<b>Foreign exchange rate risk</b>		
Maximum VaR during the reporting period	20	21
Average VaR during the reporting period	8	7
Minimum VaR during the reporting period	1	2
VaR at the end of the period	7	5
<b>Commodity risk</b>		
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
<b>Total market risk</b>		
Maximum VaR during the reporting period	96	150
Average VaR during the reporting period	56	96
Minimum VaR during the reporting period	29	57
VaR at the end of the period	38	77

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
10-Oct-17	63.52	-79.75	The break on 10Oct2017 was due to lower of THB.LIBOR.ND curve (NDIRS) whereas the position in THOFFND were positive DV01. The actual bp movement on 10Oct2017 in 1Y and 3Y were higher than the MFVC vols that is used in VAR calculation.
20-Dec-17	79.87	87.30	This is a positive VAR back testing break. Mainly due to Onshore THB Libor curves across all tenors fell by an average 8bps whereas the MFVC vols that is used in VAR calculation is lower than 7.5bps.
19-Feb-18	36.26	-43.67	The actual daily movement of THB LIBOR of -5.86bps is higher than the daily volatility used in VAR for 5.68bps in 12Months and 5.65bps in 18Months
26-Feb-18	33.52	-35.56	It was mostly due to the movement of THB tenor basis spread 3M-6M where the spread in 6M went up by 89bps on 26Feb2018. The daily volatility used in daily Trading VAR for THB tenor basis spread is 1.5bps

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24-Apr-18	28.92	-32.25	THB IRS tenor basis 3M6M in 6M moved by 16.5bps, whereas the internal daily vols used for VAR calculation is 1.5bps. Tenor basis risk (ISDL) for THB IRS in 6M & 12M is -\$30k/bp.
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**Table 6 Liquidity Coverage Ratio (LCR)**

	Unit : Million Baht	
	Average Q2'2018	Average Q2'2017
(1) Total high-quality liquid assets (HQLA)	45,585	54,241
(2) Total net cash outflows within the 30-day time horizon	10,788	10,844
(3) LCR* (%)	422%	505%
<i>Minimum LCR as specified by the Bank of Thailand (%)</i>	<i>80%</i>	<i>70%</i>

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 2018 of the “Bank” was 422%, which was 342% 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 400% at April, 482% at May and 384% 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 2018 was 45,585 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 2018 was 10,778 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.

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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. 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 2018	Average 2017
1st quarter	465%	536%
2nd quarter	422%	505%