Sumitomo Mitsui Trust Bank (Thai) Public Company Limited

Pillar 3 Disclosure

March 31st, 2020

Contents

Introduction

Sumitomo Mitsui Trust Bank (Thai) Public Company Limited (the "Bank"), is incorporated in Thailand. The ultimate parent company during the financial year/period was Sumitomo Mitsui Trust Holding, Inc. and the Bank's major shareholders and the immediate parent company during the year/period is Sumitomo Mitsui Trust Bank, Limited (99.99% shareholding). Both companies were incorporated in Japan. The formation of the Bank was registered with Department of Business Development, Ministry of Commerce on July 7th, 2014. The Bank obtained its banking license on August 14th, 2015, and commenced operating as a bank on October 28th, 2015.

All quantitative disclosures are reported in Million Baht.

1. Scope of Application

With pursuant to the BOT notification no. SorNorSor 04/2556 Re: Disclosure of Capital Maintenance Information for Commercial Banks, the Bank is required to disclose capital maintenance function based on 'Solo basis'. The Bank discloses this report under the Bank's website at www.smtb.jp/smtbthai/

2. Capital

2.1 Capital Structure

In this section, it covers the disclosure of the Bank's capital structure and capital adequacy.

As of March 31st 2020, the Bank's capital component comprises Common Equity Tier 1 (CET1) capital. There is no additional tier 1 capital and tier 2 capital. For regulatory capital, the Bank maintains regulatory capital 19,557.53 Million Baht in total.

Table 1: Capital of Locally-Registered Commercial Banks

Unit: Million Baht

Item Details	31 March 2020	30 September 2019
1. Tier 1 capital: SMTB shall disclose the following:		
1.1 CET1, comprising of		
1.1.1 Paid-up capital (common stock) deducted by buyback of common stock	20,000.00	20,000.00
1.1.2 Net profits after appropriated	(412.61)	(486.39)
1.1.3 Other items of owner's equity:		
• Accumulated other comprehensive income	16.40	2.44
• Other items from owner changes	-	-
1.1.4 Items to be deducted from CET1:		
• Total amount of items to be deducted from (e.g. net losses, intangible assets and deferred tax asset)	(46.26)	(97.52)
Total Tier 1 capital	**19,557.53**	**19,418.53**
Total regulatory capital	**19,557.53**	**19,418.53**

2.2 Capital Adequacy

Risk Management Department carries out monitoring of capital adequacy ratio plans by monitoring the status of risk-weighted asset amounts and capital adequacy ratio on a monthly basis. In particular, Risk Management Department monitors that such events as a significant impact on the capital adequacy ratio have not been occurred. In cases where the required capital levels are reviewed due to changes in the strategic targets, risk profile and external business conditions, Risk Management Department examines the need of revising capital adequacy ratio plans as necessary.

The Bank applies Standardised Approach for credit risk weighted assets calculation as well as market risk weighted assets calculations. For operational risk, the Bank has applied Basic Indicator Approach (BIA) in calculation of operational risk weighted assets.

As of March 31st, 2020, the Bank has minimum capital requirement for to absorb each risk under Pillar 1 based on the calculation method specified as above as shown in below table.

Unit: Million Baht

Risk type	Minimum capital requirements
Credit risk	4,453.81
Market risk	22.48
Operational risk	92.63

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	31 March 2020	30 September 2019
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	-	84.47
2. Claims on financial institutions , non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	318.60	248.75
3. Claims on corporates , non-central government public sector entities (PSEs) treated as claims on corporate	4,096.50	3,987.36
4. Other assets	38.71	28.90
Total minimum capital requirement for credit risk under the SA	**4,453.81**	**4,349.48**

Table 3: Minimum capital requirement for market risk (SA)

Unit: Million Baht

Minimum capital requirement for market risk (positions in the trading book)	31 March 2020	30 September 2019
1. Standardised method	22.48	93.02
Total minimum capital requirement for market risk	**22.48**	**93.02**

Table 4: Minimum capital requirement for operational risk (BIA)

Unit: Million Baht

Minimum capital requirement for operational risk	31 March 2020	30 September 2019
1. Basic Indicator Approach	92.63	86.49
Total minimum capital requirement for operational risk	**92.63**	**86.49**

Table 5: Ratio of total capital to risk-weighted assets, ratio of Tier 1 capital to risk-weighted assets and ratio of Common Equity tier 1 to risk-weighted assets

Below table illustrates the ratio of capital to risk weighted assets, the ratio of Tier 1 capital to risk weighted assets and ratio of Common Equity Tier 1 to risk- weighted assets.

Ratio	31 March 2020			30 September 2019		
	Capital ratio of the bank	Minimum Capital Requirement Ratio	Minimum Capital Requirement and Capital Buffer Ratio	Capital ratio of the bank	Minimum Capital Requirement Ratio	Minimum Capital Requirement and Capital Buffer Ratio
1. Total Capital Ratio	36.38	8.50	11.000	36.44	8.50	11.000
2. Tier 1 Ratio	36.38	6.00	8.500	36.44	6.00	8.500
3. Common Equity Tier 1 Ratio	36.38	4.50	7.000	36.44	4.50	7.000

3. Risk Exposure and Assessment

The following section describes the information on each risk exposure which includes credit, market and operational risk as well as the techniques which are applied to identify, measure and monitor and control such exposures.

3.1 Qualitative Disclosures

Risk Management Processes:

Risk Management Department manages risk at the bank-wide level as the following process:

1. Risk Identification

The identification process covers full scope of any business activities including every department and all third parties to which any business is outsourced. Risk Management Department identifies risk potential, scales and characteristics exhaustively and precautiously.

2. Risk Assessment

The risk identified in the scope of management are analysed, assessed and measured in an appropriate manner to match with its scales, characteristics and risk profiles.

3. Risk Monitoring

The risk status is monitored to ensure that risk level progress within the risk management plan and is approved by Board of Directors. Risk Management Department provides recommendations to relevant departments by taking into account the internal environment, e.g., risk profiles, credit limit utilisation, external economic conditions and market environments. Risk Management Department reports the status of risk management to Risk Management Committee on monthly basis and to the Board of Directors and the Executive Committee on a quarterly basis or whenever deemed necessary.

4. Risk Control and mitigation

In the event that a large risk event causes negative impact to the Bank, and the risk exceeds or is likely to exceed the risk limit, Risk Management Department shall provide information to Risk Management Committee, Executive Committee and the Board of Directors and request upon an immediate action.

5. Risk Review

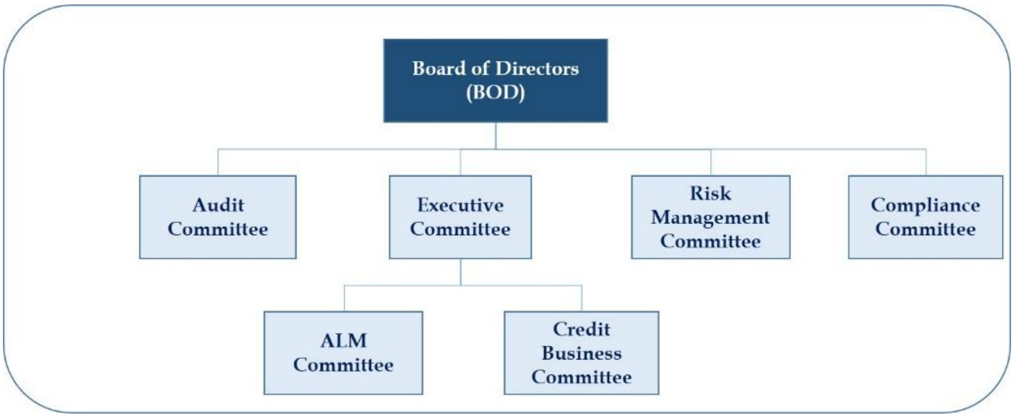
Risk Management Department regularly conducts reviews on existing risk management measures to uncover any limitations and weaknesses, and implement remedial or supplement measures. The department regularly conducts investigation, and analysis on those limitations and weaknesses, to ensure that the risk management measures are appropriate to the risk profile and the business complexity.

The risk management measures are reviewed regularly to conform with the Bank's strategic objectives, the scales, the characteristics and the risk profiles of business, and shall be updated as necessary if needed.

Structures and responsibilities of relevant risk management unit:

Risk Management Department, independent of the front office, is established for check-and-balance system. The department develops and manages risk management process of identification, assessment, monitoring, control and mitigation for overall Enterprise Risk. The department plans and promotes Risk Management system such as synthetically monitoring the status of risk and overall risk management while sharing appropriate information with each department, and reporting regularly or as necessary to the management.

Below is the Bank's Committee structure.



1) Board of Directors:

The Board of Directors that also takes roles of Risk Oversight Committee has the following roles and responsibilities.

- Formulate or approve strategies, policies, internal rules (rule 1) which require a resolution of the Board or framework for managing all associated risks faced by the bank whereby the strategies, policies, rule 1 or frameworks should include risk identification, assessment, monitoring, control & limit, mitigation of the risk, risk reporting, and responsible person/committee to manage risks.
- Formulate or approve strategies, transaction or new product policy, and business plan that is appropriate to risk profile, business model and the level of systemic importance as well as robustness of capital and liquidity positions of the Bank for absorbing various types of risk in line with the approved risk appetite, policy on the management of non-performing loans and investments, and set aside sufficient bad-debt provisions to absorb possible losses.
- Oversee at least once a year or when there is an significant change, review and assess adequacy, effectiveness and efficiency of policies and strategies on overall risk management and risk appetite in accordance with size, country and complexity of transactions to ensure to be in line with the strategy, acceptable level of risk, and anticipated returns, as well as reflect changes from the economic conditions and environment. Should consult and exchange view with audit committee to assess the coverage on all existing and new types of risk faced by the Bank.

- Monitor the overall risk exposure, exposure by risk type, effectiveness of risk management, implementation of risk culture, significant factors, problems faced by the Bank both currently and in the future, capital and liquidity position based on the information or reports which accurately, complete, timely and regularly submitted by relevant committees and senior executives.
- Supervise the bank to ensure there must be stress testing and assessment while conduct capital planning according to specified strategies, approve Disaster Recovery Plan (DRP), set out the policies on preparation of a recovery plan in accordance with the BOT's guidelines and if the Bank uses modeling technique for assessing risk exposures, BDM must assign senior executive to oversee that the Bank comply with the minimum BOT's requirements, and that there is the independent assessment and validation of the model on regular basis and must be aware of and understand limitations and uncertainty of the results and risk from the use of modeling technique.
- Promote risk governance within the Bank to ensure the transparency and fairness, as well as to supervise the Bank to follow relevant rules and regulations and promote the balance of power by segregation of duties between risk-taker functions and risk management functions.
- Supervise the establishment of risk and compliance awareness culture by ensuring that there is regular communication of risk management policies and strategies as well as risk appetite and risk limit, which may be in the form of "risk appetite statement (RAS)" so that all staffs understand the importance, contribute to the risks and risk exposure are controlled.
- Establish organizations for risk management, e.g., establishment of risk management related departments and delegation of authorities for risk management that is favorable to the monitoring, oversight, control and audit to ensure the operations comply with policies, strategies on risk management to ensure that Risk Management is independent, follows sound risk management practices, and is consistent with the bank's internal control. Oversee the senior executives and the head of risk management to ensure complying with risk management policies and strategies as well as the specified risk appetite. Opine or take part in the evaluation of the effectiveness and efficiency of the Head of Risk Management function.

2) Executive Committee:

The Executive Committee has the following roles and responsibilities.

- Grant approval and dissemination of internal rules and procedures based on policy including those of identification, assessment, monitoring, controls and mitigation of risks, and raising recognition of rules or procedures throughout the Bank.
- Review and revise Risk Management Policy, Risk Appetite Framework, and IT Security Rule and propose to Board of Directors for approval, at least on an annual basis.
- Review organisational structure, and risk management operation to ensure that both support effective risk management within the Bank.
- Supervise risk management to ensure that it functions in accordance with Risk Appetite Framework.
- Appoint personnel with skills, knowledge and expertise necessary for risk management to the risk management related departments within necessary authority scope.
- Ensure the implementation of risk governance on the 3 lines of defense in order to put in place the "Checks and Balance function".
- Ensure that any department that involves risk exposure will strictly comply with rules and regulations and secure effectiveness of the risk management while able to take necessary actions upon improving and following up on related risk matters.
- Ensure that the risk and compliance awareness program is arranged for Bank's Personnel to promote risk and compliance culture.
- Analyse and assess the efficiency and deficiency of risk management systems and controls based on risk audit results conducted by internal or external auditors as well as reports from other risk management related departments.
- Determine the Bank's business plan, discuss and resolve significant matters.
- Provide risk status reports and reporting to parent bank. Ensure that the report is accurate, complete, timely, reflect risk profile and adequacy of capital and liquidity positions.
- Review and revisit the all of the above points based on relevant reports received regularly or whenever it deemed necessary.
- Discussing and resolving significant matters as delegated by Board of Directors of the Bank.

3) Risk Management Committee:

The Risk Management Committee has the following roles and responsibilities.

- Establish policies, rules, procedures and controls of risk management for every risk categories in accordance with the supervisory guidelines and Bank's criteria.
- Implement risk management strategies to comply with Risk Management Policy and to ensure that risks are assessed, monitored and controlled within the pre-specified level of Risk Appetite.
- Review the policies related to risk management and risk management system to ensure the effectiveness of risk management and compliance management within the Bank.
- Approval of criteria in relation to granting credits, making commitments, and undertaking credit-liked transactions shall be strictly complied with and based on risk management framework established by the Bank, supervisory framework, and the credit policy. All these activities must be examined before submission to the Board of Directors for approval.
- Monitor and Check the Bank's status on compliance with applicable laws and regulations, including monitor and provide updates with respect to any movement of regulators to the parent company of the Bank and other bodies within the Bank, as necessary.
- Promote the risk awareness in a Bank.
- Regular report to the Executive Committee and/or Board of Directors, as appropriate, on risk, compliance, IT outsourcing, and IT security matters.
- Consider risk factors related to new products of the Bank.
- Discuss on significant matters and the Bank's crisis management system in ordinary times and promoting crisis management in emergencies
- Assess the thoroughness and efficiency of risk management systems and policies and plans to be proposed to the Board.
- Monitor the Bank's risks and risk management, internal capital adequacy assessment.
- Review and approve as delegated by Board of Directors on the new arrangement, or significant revisions, or renew of Strategic function under Material Outsourcing, Non-strategic overseas service and Critical IT outsourcing (Non-cloud computing with service provider outside the group, Cloud computing-private cloud outside the group and public cloud).
- Reviewing and approving as delegated by Board of Directors on Critical IT Activity/Service/Project matters in accordance with the criteria in the policy which approved by Board of Directors.
- Examining and approving relating to Management Overlay.

4) Audit Committee

The Audit Committee is established with the main function of assisting the Board in carrying out its oversight responsibilities in order to ensure effective and efficient business operations, reliable financial reporting, compliance with applicable laws and regulations, and the safeguarding of the Bank's assets.
The Audit Committee has the following roles and responsibilities.

- Review the Bank's financial reporting process to ensure accuracy and adequacy.
- Review and assess to ensure that the Bank has in place appropriate and effective internal control and audit systems.
- Review the Bank's compliance with laws governing securities and stock exchange, the Stock Exchange of Thailand regulations, and other laws relating to the Bank's business.
- Reporting to the Board for remedial action to be taken within the time that the Audit Committee deems appropriate if the Audit Committee finds or suspects any misconduct, defined as:
  - any transaction which causes conflict of interest;
  - any fraud, irregularity, or material defect in the internal control system;
  - any infringement of the laws governing financial institutions businesses, securities, and stock exchanges, the Stock Exchange of Thailand regulations, the Bank of Thailand regulations, other relevant laws related to financial institutions businesses and securities, and other laws, whereby if the Board or the executives do not take remedial action within the time that the Audit Committee proposes, the Audit Committee shall disclose such infringement in the annual report and report it to the Bank of Thailand.
- Consider the adequacy and accuracy of the Bank's information disclosure, in particular on matters related to connected transactions or transactions that may lead to conflicts of interest.

5) Compliance Committee

The key duties and responsibilities of the Compliance Committee in relation to ICAAP shall include as follows:

- Oversee and monitor the appropriateness and efficiency of the Bank's compliance and customer protection management-related policies and plans, and the implementation thereof.
- Receive the reports and discuss on the status of the control environment for compliance and any other significant matters, as well as carry out verification thereof, among others.
- Regularly report to the Executive Committee and/or Board of Director, as appropriate, on compliance (e.g. regulatory compliance, code of conduct compliance, etc.), for the Bank and each business responsible department.

Scopes and Nature of Risk Measuring, Monitoring and Reporting System:

Risk is a possibility of loss event of the Bank due to certain negative activities or change of external environments that affects bank negatively. Risk management is the act when the Bank takes necessary measures against any events of risk, by utilising the risk governing processes of risk identification, risk assessment, risk monitoring, and risk control, in order to secure or limit risk to an acceptable level to ensure soundness of the Bank.

The scope and nature of risk measuring, monitoring and reporting system covers each risk category which is classified based on their causes, i.e., Credit Risk, Market Risk, Liquidity Risk and Operational Risk.

Setting Risk Controlling Limits:

The Bank's risk limit setting plan has been established in the viewpoints listed below:

- Risk limits are set up in accordance with the Internal Capital Adequacy Assessment (ICAAP) that is conducted in consideration to (1) risk-return performance in comparison to external environment, ALM Master Plan and Credit Portfolio Plan, (2) business performance target and (3) stress test results.
- Risk limits are set up for each of the following risk categories: Credit Risk, Market Risk, Operational Risk and Liquidity Risk.

The risk limit setting plan is proposed by Risk Management Department and discussed in the Risk Management Committee after prior consultation with parent company.

Roles and Responsibilities of Internal Auditors:

Below is the roles and responsibilities of internal auditors.

- Provide independent opinions to Board of Directors and Audit Committee regarding the internal audit within the Bank.
- Report auditing status to Audit Committee regarding important investigations, findings and advice.
- Promote effective internal control and transparency in risk governing and control within the Bank.

3.2 Qualitative and quantitative disclosure for each type of risk

3.2.1 Disclosure of credit risk information

Credit risk is the risk of financial loss of the Bank when a customer or counterparty fail to meet its contractual obligations, and such risk is generated from claims.

Item 1: General disclosures of credit risk exposures:

1) Credit Risk Management Structure

The Risk Management Department manages credit risk at bank-wide level, and cover not only loans but also assets which expose to credit risk and off-balance sheet items.

The Bank's Board of Directors decides on important matters related to credit risk management when developing management plans. The Board of Directors also decides on credit strategy and capital plan, and approve asset classification policy, to ensure the soundness of the assets.

The roles and responsibilities of credit risk management are described as follows:

Senior Management
- Provide necessary tools, system, information, and resources to ensure that the credit risk management activities are carried out in accordance with the Risk Management Policy and Risk Appetite Framework
- Ensure that effective credit risk management system is implemented and properly maintained.
- Implement the control system/process to ensure compliance to the policies, rules and procedures.
- Establish and maintain clear line of authority and responsibility for managing credit risk.
- Provide the Board of Directors, the Executive Committee and other relevant committees the periodic reports on the Bank's credit risk status.
- Review the above points regularly or whenever deemed necessary based on the reports received.

Executive Vice President (EVP)
- EVP should carry on operation making much account of risk management, fully recognising that a lack of such an approach could seriously hinder attainment of strategic objectives.
- The EVP in charge of Risk Management Department reviews the policy and specific measures for developing and establishing an adequate risk management system with a full understanding of the risk incidents. Such EVPs are required to identify, assess, monitor and control such event, in addition to understand the importance of risk management.

Risk Management Department
- Prepare and propose credit risk management policy, risk appetite for credit risk and credit risk management framework to the Risk Management Committee.
- Design and develop tools and processes for credit risk management, and implement such tools and processes in bank-wide business responsible departments while balancing between risk and reward.
- Analyse, monitor, control and report overall credit risk level as well as provide guidelines for managing credit risk
- Promote credit risk management practices in the Bank by communicating, coordinating and training personnel within the Bank. This is to ensure that the importance of policies, rules, procedures in credit risk management is recognised and abided by.
- Review the above mentioned activities regularly or whenever deemed necessary based on the reports received

Corporate Business Departments
- A risk owner, and follow policies, rules, procedures in credit risk management.
- Manage credit risk inherent in the products in their business responsible departments by utilising credit risk tools and processes.
- Participate in trainings and activities that promote understanding in risk management.

- Regularly update the operational manual to ensure the compliance with credit risk management policies, rules, procedures.

Product (Business) Responsible Departments

- Monitor and coordinate with units relevant to credit risk management to analyse and assess credit risk inherent in the responsible products established.
- Establish and maintain product manual to ensure that it is accurate and up-to-date. This also includes establishment and maintenance of a manual for new products.

2) Credit Risk Management

2.1) Credit Risk Management Policy

The Bank manages credit exposures of each customer based on limited credit amount, and periodically reviews impact of identified risks to large and particular customers and concentration in industry sectors, including the measurement of the credit risk. The Board of Directors has delegated responsibility for credit risk to Risk Management Committee, which is responsible for the development and implementation of control to address credit risk.

2.2) Credit Risk Management Process

- **Risk Identification**

Credit risk is identified with details of risk types and risk factors at both obligor and portfolio level. Identification process of credit risk at obligor level can be varied by each product. The identification process considers any factor associated with the default risk of an obligor, as well as any other sources of funds, e.g., guarantees and collateral in the case of default occurs. Identification process of credit risk at portfolio level covers both internal and external factors, such as changes in economic and market conditions, changes in rules and regulations, credit concentration.

- **Risk Measurement and Approval**

Credit risk of an obligor is assessed at the credit origination and at the credit limit review according to the policy standards stated in the Credit Policy. In addition, the credit risk is also measured through the internal credit rating system, which is developed based on main credit risk indicators, such as quality of the obligor, financial performance.

The Bank manages individual credits through processes such as internal credit ratings. Credit ratings indicate the credit status of creditor and the responsibility of default on scale, and provide the basis for credit screening of individual transactions and credit portfolio management. The Bank evaluates solvency and collectability of credits based on the analysis, for instance the customer's financial condition, cash flow, and earning capacity.

As for screening and credit management of each case, the Global Credit Supervision Department of parent company provides prior consultation to Credit Department. Furthermore, the Research Department of parent company also provide consultation to evaluate credit ratings based on industry research and credit analysis of individual companies along with performing quantitative analysis.

- **Risk Monitoring and Control**

The process of credit risk control is established and assigned the business responsible departments as a Risk Owner. Risk Owner is responsible for controlling and monitoring its own risk and developing progress of risk mitigation by taking into account risks and rewards.

Credit risk is monitored and reported to the Risk Management Committee and the senior managements on a regular basis. Credit monitoring processes are conducted on a regular basis by the Business responsible departments, Credit Department and Risk Management Department, such as customer contact, and credit review. The reports include the risk characteristics, incurred credit losses, and credit risk mitigation plan.

2.3) Definition of Past Due and Impairment

Loans are classified as past due when debtors is unable to pay at maturity date specified in agreements. Classification is the process of categorising facilities based on credit quality and/or the willingness of the obligor to honor its commitments.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

The Bank conforms to the Bank of Thailand's classification requirements and provision requirements.

Table 6: Outstanding amounts of significant on-balance sheet assets and off-balance sheet items before adjusted by credit risk mitigation

Unit: Million Baht

Items	31 March 2020	31 March 2019
1. On-balance sheet assets (1.1 + 1.2 + 1.3 + 1.4)	**80,516.89**	**75,123.73**
1.1 Net loans 1/	56,044.19	52,343.06
1.2 Net Investment in debt securities 2/	10,567.81	6,145.85
1.3 Deposits (including accrued interest receivables)	12,702.67	16,467.49
1.4 Derivatives	1,202.22	167.33
2. Off-balance sheet items 3/ (2.1 + 2.2 + 2.3)	**46,099.64**	**45,042.72**
2.1 Aval of bills, guarantees, and letter of credits	98.59	54.43
2.2 OTC derivatives4/	44,621.08	42,890.98
2.3 Undrawn committed line	1,379.97	2,097.31

1/ Including accrued interest receivables, fair value adjustment 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/ Including investments in receivables, but excluding accrued interest receivables and net of allowances for revaluation of securities and allowances for impairment of securities
3/ Before multiplying by credit conversion factor
4/ Including equity-related derivative

Table 7: Outstanding amounts of on-balance sheet assets and off-balance sheet items before credit risk mitigation classified by country or geographic area of debtor

Unit: Million Baht

31 March 2020									
Country or geographic area of debtor	On-balance sheet assets					Off-balance sheet items 3/			
	Total	Net loans1/	Net Investment in debt securities 2/	Deposits (including accrued interest receivables)	Derivatives	Total	Aval of bills, guarantees, and letter of credits	OTC derivatives	Undrawn committed line
1.Thailand	74,056.95	54,004.19	10,567.81	8,282.73	1,202.22	45,606.67	98.59	44,621.08	887.00
2. Asia Pacific (exclude Thailand)	4,940.57	712.21	-	4,228.36	-	-	-	-	-
3. North America and Latin America	1,515.82	1,327.79	-	188.03	-	492.97	-	-	492.97
4. Africa and Middle East	-	-	-	-	-	-	-	-	-
5. Europe	3.55	-	-	3.55	-	-	-	-	-
Total	80,516.89	56,044.19	10,567.81	12,702.67	1,202.22	46,099.64	98.59	44,621.08	1,379.97

1/ Including accrued interest receivables, fair value adjustment 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/ Including investments in receivables, but excluding accrued interest receivables and net of allowances for revaluation of securities and allowances for impairment of securities
3/ Before multiplying by credit conversion factor

Unit: Million Baht

31 March 2019									
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)	Derivatives	Total	Aval of bills, guarantees, and letter of credits	OTC derivatives	Undrawn committed line
1.Thailand	68,812.16	51,644.90	6,145.85	10,854.09	167.33	44,793.28	54.43	42,890.98	1,847.87
2. Asia Pacific (exclude Thailand)	5,591.68	-	-	5,591.68	-	-	-	-	-
3. North America and Latin America	719.89	698.16	-	21.72	-	249.44	-	-	249.44
4. Africa and Middle East	-	-	-	-	-	-	-	-	-
5. Europe	-	-	-	-	-	-	-	-	-
Total	75,123.73	52,343.06	6,145.85	16,467.49	167.33	45,042.72	54.43	42,890.98	2,097.31

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/ Including investments in receivables, but excluding accrued interest receivables and net of allowances for revaluation of securities and allowances for impairment of securities
3/ Before multiplying by credit conversion factor

Table 8: Outstanding amounts of on-balance sheet assets and off-balance sheet items before credit risk mitigation classified by residual maturity

Unit: Million Baht

Items	31 March 2020			31 March 2019		
	Maturity not exceeding 1 Yr	Maturity exceeding 1 Yr	Total	Maturity not exceeding 1 Yr	Maturity exceeding 1 Yr	Total
1. On-balance sheet assets (1.1 + 1.2 + 1.3 + 1.4)	**50,296.85**	**30,220.04**	**80,516.89**	**43,567.48**	**31,556.25**	**75,123.73**
1.1 Net loans 1/	25,824.15	30,220.04	56,044.19	20,796.74	31,546.32	52,343.06
1.2 Net Investment in debt securities 2/	10,567.81	-	10,567.81	6,145.85	-	6,145.85
1.3 Deposits (including accrued interest receivables)	12,702.67	-	12,702.67	16,467.49	-	16,467.49
1.4 Derivatives	1,202.22	-	1,202.22	157.40	9.93	167.33
2. Off-balance sheet items 3/ (2.1 + 2.2 + 2.3)	**34,378.69**	**11,720.95**	**46,099.64**	**27,248.67**	**17,794.05**	**45,042.72**
2.1 Aval of bills, guarantees, and letter of credits	78.86	19.73	98.59	33.44	20.99	54.43
2.2 OTC derivatives	33,806.86	10,814.22	44,621.08	26,892.92	15,998.06	42,890.98
2.3 Undrawn committed line	492.97	887.00	1,379.97	322.31	1,775.00	2,097.31

1/ Including accrued interest receivables, fair value adjustment 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/ Including investments in receivables, but 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 9: Outstanding amounts of loans including accrued interest receivables and investment in debt securities before credit risk mitigation classified by country or geographical area of debtor and asset classification as specified by the Bank of Thailand

Unit: Million Baht

31 March 2020							
Country or geographic area of debtor	Loans including accrued interest receivables1/						Investment in debt securities Doubtful of loss 2/
	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total	
1. Thailand	54,032.23	141.00	-	-	-	54,173.23	-
2. Asia Pacific (exclude Thailand)	719.40	-	-	-	-	719.40	-
3. North America and Latin America	1,341.20	-	-	-	-	1,341.20	-
4. Africa and Middle East	-	-	-	-	-	-	-
5. Europe	-	-	-	-	-	-	-
Total	**56,092.83**	**141.00**	**-**	**-**	**-**	**56,233.83**	**-**

1/ Including outstanding amounts of loans and interest receivable receivables of interbank and money market
2/ Including investments in receivables

Unit: Million Baht

31 March 2019							
Country or geographic area of debtor	Loans including accrued interest receivables1/						Investment in debt securities Doubtful of loss 2/
	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total	
1. Thailand	52,123.17	-	-	90.01	-	52,213.18	-
2. Asia Pacific (exclude Thailand)	-	-	-	-	-	-	-
3. North America and Latin America	705.22	-	-	-	-	705.22	-
4. Africa and Middle East	-	-	-	-	-	-	-
5. Europe	-	-	-	-	-	-	-
Total	**52,828.39**	**-**	**-**	**90.01**	**-**	**52,918.40**	**-**

1/ Including outstanding amounts of loans and interest receivable receivables of interbank and money market
2/ Including investments in receivables

Table 10: 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

Unit: Million Baht

31 March 2020				
Country or geographic area of debtor	Loans including accrued interest receivables1/			Specific provision for Investment in debt securities3/
	General provision2/	Specific provision	Bad debt written-off during period	
1. Thailand		542.95	-	-
2. Asia Pacific (exclude Thailand)		7.19	-	-
3. North America and Latin America		13.41	-	-
4. Africa and Middle East		-	-	-
5. Europe		-	-	-
Total	**-**	**563.55**	**-**	**-**

1/ Including provision and bad debt written-off during period of loans including accrued interest receivables of interbank and money market
2/ Disclosed in total amount
3/ Including investments in receivables

Unit: Million Baht

31 March 2019				
Country or geographic area of debtor	Loans including accrued interest receivables1/			Specific provision for Investment in debt securities3/
	General provision2/	Specific provision	Bad debt written-off during period	
1. Thailand		611.25	-	-
2. Asia Pacific (exclude Thailand)		-	-	-
3. North America and Latin America		7.05	-	-
4. Africa and Middle East		-	-	-
5. Europe		-	-	-
Total	**-**	**618.30**	**-**	**-**

1/ Including provision and bad debt written-off during period of loans including accrued interest receivables of interbank and money market
2/ Disclosed in total amount
3/ Including investments in receivables

Table 11: Outstanding amount of loans including accrued interests* before adjusted by credit risk mitigation classified by type of business and by asset classification specified by the Bank of Thailand

Unit: Million Baht

31 March 2020						
Type of business	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total
- Agriculture and mining	-	-	-	-	-	-
- Manufacturing and commerce	12,755.23	141.00	-	-	-	12,896.23
- Real estate business and construction	1,787.61	-	-	-	-	1,787.61
- Public utilities and services	11,265.55	-	-	-	-	11,265.55
- Housing loans	-	-	-	-	-	-
- Others	30,284.44	-	-	-	-	30,284.44
Total	**56,092.83**	**141.00**	**-**	**-**	**-**	**56,233.83**

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

Unit: Million Baht

31 March 2019						
Type of business	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total
- Agriculture and mining	-	-	-	-	-	-
- Manufacturing and commerce	9,927.30	-	-	90.01	-	10,017.31
- Real estate business and construction	1,025.24	-	-	-	-	1,025.24
- Public utilities and services	11,857.32	-	-	-	-	11,857.32
- Housing loans	-	-	-	-	-	-
- Others	30,018.53	-	-	-	-	30,018.53
Total	**52,828.39**	**-**	**-**	**90.01**	**-**	**52,918.40**

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

Table 12: Provisions (General provision and Specific provision) and bad debt written-off during the period for loans including accrued interest receivables* classified by types of business

Unit: Million Baht

Type of business	31 March 2020			31 March 2019		
	General provision1/	Specific provision	Bad debt written-off during period	General provision1/	Specific provision	Bad debt written-off during period
- Agriculture and mining		-	-		-	-
- Manufacturing and commerce		130.17	-		189.29	-
- Real estate business and construction		17.88	-		10.25	-
- Public utilities and services		112.66	-		118.57	-
- Housing loans		-	-		-	-
- Others		302.84	-		300.19	-
Total	**-**	**563.55**	**-**	**-**	**618.30**	**-**

* Including outstanding amount of loans including accrued interest receivables of interbank and money market
1/ Disclosed in total amount

Table 13: Reconciliation of change in provisions (General provision and Specific provision) for loans including accrued interest receivables*

Unit: Million Baht

Items	31 March 2020			31 March 2019		
	General provision	Specific provision	Total	General provision	Specific provision	Total
-Provisions at the beginning of the period	-	618.30	618.30	-	424.29	424.29
-Bad debts written-off during the period	-	-	-	-	-	-
-Increases or Decreases of provisions during the period	-	(54.75)	(54.75)	-	194.01	194.01
-Other provisions (provisions for losses from foreign exchange, provisions for merger and sale of businesses)	-	-	-	-	-	-
-Provisions at the end of the period	-	563.55	563.55	-	618.30	618.30

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

Table 14: Outstanding amounts of on-balance sheet assets and credit equivalent amounts of off-balance sheet items net of specific provisions classified by type of assets under the SA

Unit: Million Baht

Type of asset	31 March 2020			31 March 2019		
	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 (PSEs) treated as claims on sovereigns	18,820.30	-	18,820.30	16,961.65	-	16,961.65
1.2 Claims on financial institutions , non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	6,179.32	1,540.84	7,720.16	5,749.78	477.70	6,227.48
1.3 Claims on corporates , non-central government public sector entities (PSEs) treated as claims on corporate	53,941.14	2,922.43	56,863.57	52,300.10	2,407.02	54,707.12
1.4 Other assets	1,706.48	-	1,706.48	474.74	-	474.74
Total	**80,647.24**	**4,463.27**	**85,110.51**	**75,486.27**	**2,884.72**	**78,370.99**

* Including all Repo-style transactions (as well as Reverse repo transactions)

Item 2: Credit risk exposures classified by credit risk-weighted assets calculation approach used by commercial banks

The Bank applies the following External credit institution (ECAIs) as reference for assigning risk weights for all claims. The following are the process used in assigning risk weights to the debtors.

- S&P
- Moody's
- Fitch
- Fitch (Thailand)
- TRIS

In assigning the risk weights to the debtors, the Bank's follow the Bank of Thailand notification.

Table 15: Outstanding amount of net on-balance sheet assets and credit equivalent amount of off-balance sheet items net of specific provisions and after credit risk mitigation for each type of asset, classified by risk weight under the SA

Unit: Million Baht

Type of asset	**31 March 2020**														
	Rated outstanding amount					**Unrated outstanding amount**									
Risk weight (%)	**0**	**20**	**50**	**100**	**150**	**0**	**20**	**35**	**50**	**75**	**100**	**250**	**625**	**938**	**100/ 8.5%**
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	18,820.30	-	-	-	-				-		-				
2 Claims on financial institutions , non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	-	4,962.66	3.55	2,690.70	-						63.25				
3 Claims on corporates , non-central government public sector entities (PSEs) treated as claims on corporate	-	5,420.11	8,666.69	495.03	-						42,281.74				
4 Claims on retail portfolios										-	-				
5 Claims on housing loans								-		-	-				
6 Other assets						1,251.15	-				455.34	-	-	-	-
Risk weight (%)			50	100	150					75					
Non-performing claims[1/]			-	-	-				-	-	-				
Capital deduction items prescribed by the Bank of Thailand															

1/ For the portion with no credit risk mitigation of which risk weight is determined by the proportion of provision to total amount of claims

Unit: Million Baht

Type of asset	31 March 2019														
	Rated outstanding amount					Unrated outstanding amount									
Risk weight (%)	**0**	**20**	**50**	**100**	**150**	**0**	**20**	**35**	**50**	**75**	**100**	**250**	**625**	**938**	**100/8.5%**
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	16,961.65	-	-	-	-				-		-				
2 Claims on financial institutions , non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	-	5,763.72	-	463.76	-						-				
3 Claims on corporates , non-central government public sector entities (PSEs) treated as claims on corporate	-	5,265.64	8,880.77	-	-						40,560.72				
4 Claims on retail portfolios										-	-				
5 Claims on housing loans								-		-	-				
6 Other assets						306.73	-				168.01	-	-	-	-
Risk weight (%)			50	100	150					75					
Non-performing claims[1/]			-	-	-				-	-	-				
Capital deduction items prescribed by the Bank of Thailand															

1/ For the portion with no credit risk mitigation of which risk weight is determined by the proportion of provision to total amount of claims

Item 3: Credit risk mitigation under the SA

This section describes information related to credit risk mitigation under Standardised Approach.

1) On-Balance Sheet Netting Policy and Process

The Bank doesn't apply the on-balance sheet netting between assets (loans) and debts (deposits) of the same counterparty to reduce credit risks in accordance with the regulations on credit risk mitigation by on-balance sheet netting.

2) Collateral and Credit Risk Mitigation Plan

The Bank doesn't use the value of financial collaterals approved by the Bank of Thailand to reduce outstanding value of assets before using such value to calculate credit risk-weighted assets, in accordance with the regulations on credit risk mitigation by financial collateral.

Table 16: Part of outstanding that is secured by collateral under SA classified by type of assets and collateral**

Unit: Million Baht

Type of asset	31 March 2020		31 March 2019	
	Eligible financial collateral1/	Guarantee and credit derivatives	Eligible financial collateral1/	Guarantee and credit derivatives
Performing assets				
- Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public sector entities (PSEs) treated as claims on sovereigns	-	-	-	-
- Claims on financial institutions , non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	-	-	-	-
- Claims on corporates , non-central government public sector entities (PSEs) treated as claims on corporate	-	-	-	-
- Other assets	-	-	-	-
Total	-	-	-	-

* Excluding securitisation.

** Values after on-balance sheets and off-balance sheets netting after haircut

3.2.2 Disclosure of market risk information

Market risk is the risk of financial loss of the Bank through changes in income and value of assets and liabilities held, including off-balance sheet items, due to fluctuations in various market risk factors, such as interest rates and exchange rates. This section describes information related to market risk management:

1) Market Risk Management Structure

Risk Management is responsible for planning and implementing market risk management. The role of Risk Management Department includes measuring risk levels and profits and losses and monitoring the status of market risk managed under ALM plans and status of compliance with risk limits. The Department reports its findings to the members of the ALM Committee members on a daily basis, and to Risk Management Committee as well as the Board of Director periodically. Role and responsibilities of market risk management is described as follows:

Senior Management

- Provide necessary tools, system, information, and resources to ensure that the market risk management activities are carried out in accordance with the business plan, including risk management plan that represents Risk Appetite and Risk Tolerance of the Bank.
- Ensure that effective market risk management system is implemented and properly maintained.
- Implement the control system/process to ensure policies, rules and procedures compliances.
- Establish and maintain clear line of authority and responsibility for managing market risk.
- Provide the Board of Directors, the Executive Committee and other relevant committees the periodic reports on the Bank's market risk status.
- Review all of the above points regularly or whenever it deemed necessary based on the risk reports received.

Risk Management Department

- Prepare and propose market risk management policy, Risk Appetite for market risk and market risk management framework to the Risk Management Committee.
- Design and develop tools and processes for market risk management, and implement such tools and processes in bank-wide business responsible departments while balancing between risk and rewards.
- Analyse, monitor, control and report overall market risk levels as well as provide guidelines for managing market risk.
- Promote market risk management practices in the Bank by communicating, coordinating and training personnel within the Bank. This is to ensure that the importance of policies, rules, procedures in market risk management is recognised.
- Review the above points regularly or whenever it deemed necessary based on the risk reports received.

Treasury Department

- Become a risk owner, and follow policies, rules, procedures in market risk management.
- Manage market risk inherent in the products in their business responsible departments by utilising market risk tools and processes.
- Participate in trainings and activities that promote understanding in risk management.
- Regularly update the operational manuals to ensure the compliance of market risk management policies, rules, and procedures.

Product (Business) Responsible Departments

- Monitor and coordinate with units relevant to market risk management to analyse and assess market risk inherent in the responsible products.
- Establish and maintain product manual to ensure that it is accurate and up-to-date. This also includes establishment and maintenance of the manual for new products.

2) Market Risk Management

2.1) Market Risk Management Policy

In managing market risk, the Bank ensures the soundness of its business by appropriately controlling risks, and strives to secure reasonable profits which correspond to strategic goals, the sale and nature of its operations and risk profiles through risk management framework. The Board of Directors has delegated responsibility for market risk to Risk Management Committee, which is responsible for the development and implementation of control to address market risk.

The Bank's board of directors resolves ALM plans and risk management plans as important matters related to market risk under management plans. The ALM Committee resolves basic matters of ALM plans and the basic matters concerning the management of market risk, liquidity risk, etc. and the progress.

2.2) Market risk Assessment

The Bank uses sensitivity analysis to measure market risk for both foreign exchange rate risk and interest rate risk

1. Interest rate risk

Interest rate risk arises from the potential for a change in interest rates to have an adverse effect on the interest income of the Bank.

2. Foreign exchange rate risk

Foreign exchange rate risk arises from the potential for an unfavorable fluctuation in foreign exchange rates which causes a result to loss value of an asset or liability denominated in a foreign currency.

The Bank uses sensitivity analysis to measure and manage market risk for foreign exchange rate risk.

2.3) Market risk Limit

The appropriate limit to control market risk exposure is determined in a limit review process taking into account of business strategy, capital requirement, liquidity etc. Market risk limit is reviewed and approved by the Board of Directors.

2.4) Market Risk Monitoring and Controlling

The process of market risk control should be established and assigned to the Treasury Department as a Risk Owner. Risk Owner is responsible for controlling and monitoring its own risk and developing progress of risk mitigation by taking into account risks and rewards.
Market risk is required to be appropriately monitored and reported by Risk Management Department, to the Risk Management Committee, the Executive Committee and the Board of Directors on the status of interest rate risk, on a regular and as-necessary basis. When the monitoring result is addressed as material or unusual, the Risk Management Department shall discuss and escalate the incidents with the relevant departments, and consider the necessity of responding measures and promptly report to the ALM Committee.

Item 4: Market risk exposure

The Bank applies Standardised Approach (SA) to calculate minimum capital requirements. Below is the summary of minimum capital requirements for market risk.

Table 17: Minimum capital requirements for each type of market risk under the Standardised Approach

Unit: Million Baht

Minimum capital requirements for market risk under the Standardised Approach	31 March 2020	30 September 2019
Interest rate risk	20.51	89.95
Equity position risk	-	-
Foreign exchange rate risk	1.97	3.07
Commodity risk	-	-
Total minimum capital requirements	**22.48**	**93.02**

Item 5: Equity exposures in banking book

As of March 31st, 2020, the Bank has no equity exposures in banking book.

Table 18: Equity exposures in banking book

Unit: Million Baht

Equity exposures	31 March 2020	31 March 2019
1. Equity exposures		
1.1 Equities listed and publicly traded in the Stock Exchange		
- Book value	-	-
- Fair value	-	-
1.2 Other equities	-	-
2. Gains (losses) from sale of equity instruments during the reporting period	-	-
3. Net revaluation surplus (deficit) from valuation of AFS equity instruments	-	-
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 SA	-	-
Total	-	-

3.2.3 Disclosure of operational risk information

Item 6: Operational risk exposure

Operational risk is the risk that the Bank incurs losses resulting from inadequate or careless operations processes, inadequate activities by EVPs and employees, inadequate systems or losses incurred from external events. This section describes information related to operational risk management.

1) Operational Risk Structure

The roles and responsibilities of operational risk management are described as follows:

Senior Management
- Monitor the effectiveness of operational risk management based on the business activities and the Bank's operational risk management framework, which includes risk identification, risk assessment, risk monitoring and risk control as well as risk mitigation, to ensure that the Bank achieves its business objectives and manages risk level within Risk Appetite that is described as a part of the business plan including risk management plan.
- Implement the operational risk management
- Provide the Board of Directors, the Executive Committee and other relevant committees the status of operational risk report as well as significant operational risk.
- Participate in risk assessment for new products.

Risk Management Department
- Prepare and propose operational risk management policy, Risk Appetite for operational risk and operational risk management framework to the Risk Management Committee.
- Promote operational risk management within the Bank to ensure the compliance to the operational risk management framework, operational risk management policy and risk management process.
- Analyse and report the status of operational risk to the Risk Management Committee. The reports to the Risk Management Committee is required to include information such as important risk assessment, important operational risk incidents, emerging risks, and recommendations for prevention or mitigation.
- Monitor and maintain information for operational risk management to ensure the completeness, timeliness and reliability.
- Promote the operational risk management within the Bank to ensure the recognition of importance of the operational risk management.
- Review all of the above points regularly or whenever it deemed necessary based on the reports received.

Business responsible departments
- Manage operational risk inherent in processes and activities within the Business responsible departments
- Ensure that the process and activities of the Business responsible departments are consistent with the operational risk management framework, and that risk identification, risk assessment, risk monitoring and risk control are implemented and maintained.
- Implement appropriate measures to mitigate and control risks.

2) Operational Risk Management

2.1) Operational Risk Management Policy

The Bank's objective to manage operational risk so as to balance the avoidance of financial losses and damages to the bank's reputation with overall cost effectiveness and innovation. The Board of Directors has delegated responsibility for operational risk to Risk Management Committee, which is responsible for the development and implementation of controls to address operational risk.

Significant operational risk identified by relevant Business responsible departments, which has a good understanding and has capability to collect and record information, causes and impacts.

2.2) Operational Risk Assessment

The operational risk assessment is conducted by relevant Business responsible departments. The assessment shall cover both qualitative and quantitative assessments. The assessment process must consider the magnitude of impact and probability of operational incidents.

2.3) Operational Risk Limit

Projected operational risk amount, which is consistent with the desired level of returns per business plan, is utilised for ICAAP verification when risk limit setting plan for credit risk and market risk is established.

2.4) Operational Risk Monitoring and Controlling

Business responsible departments identify the measures for controlling operational risk and evaluate the effectiveness of such measures. In addition, the Business responsible departments shall develop appropriate measures to mitigate operational risk, taking into account of risk and rewards of the Bank.

Business responsible departments shall monitor existing operational risk, effectiveness of controls and loss events.

3) Operational Risk Capital

The Bank applies Basic Indicator Approach (BIA) to calculate values equivalent to operational risk-weighted assets.

3.2.4 Disclosure of interest rate risk in the banking book[1]

Item 7: Interest rate risk exposure in the banking book

Interest rate risk in banking book is defined as the risk of potential loss of earnings and capital caused by changes in market and interest rates that can have adverse effects to the on and off-balance sheet of the bank. Risk Management Department manages interest rate risk in banking book at bank-wide level.

1) Interest Rate Risk Management Structure

The roles and responsibilities of interest rate risk management are described as follows:

Senior Management

- Provide necessary tools, system, information, and resources to ensure that the risk management activities are carried out in accordance with the business plan, including risk management plan that represents Risk Appetite and Risk Tolerance of the Bank.
- Ensure that effective risk management system is implemented and properly maintained.
- Implement the control system/process to ensure policies, rules and procedures compliances.
- Establish and maintain clear line of authority and responsibility for managing risk.
- Provide the Board of Directors, the Executive Committee and other relevant committees the periodic reports on the Bank's risk status.
- Review all of the above points regularly or whenever it deemed necessary based on the risk reports received.

Risk Management Department

- Prepare and propose risk management policy, Risk Appetite for market risk and market risk management framework to the Risk Management Committee.
- Design and develop tools and processes for risk management, and implement such tools and processes in bank-wide business responsible departments while balancing between risk and rewards.
- Analyse, monitor, control and report overall market risk levels as well as provide guidelines for managing market risk.
- Promote risk management practices in the Bank by communicating, coordinating and training personnel within the Bank. This is to ensure that the importance of policies, rules, procedures in market risk management is recognised.
- Review the above points regularly or whenever it deemed necessary based on the risk reports received.

Treasury Department

- Become a risk owner, and follow policies, rules, procedures in risk management.
- Participate in trainings and activities that promote understanding in risk management.
- Regularly update the operational manuals to ensure the compliance of risk management policies, rules, and procedures.

Product (Business) Responsible Departments

- Monitor and coordinate with units relevant to risk management to analyse and assess risk inherent in the responsible products.
- Establish and maintain product manual to ensure that it is accurate and up-to-date. This also includes establishment and maintenance of the manual for new products.

[1] Refer to Bank of Thailand Notification Re: Supervisory Guidelines on Interest Rate Risk in the Banking Book for Financial Institutions

2) Interest Rate Risk Management

2.1) Interest Rate Risk Management Policy

Interest rate risk identification covers both on and off-balance sheet, and also both internal and external factors such as changes in economic and market conditions, changes in rules and regulation. The Board of Directors has delegated responsibility for market risk to Risk Management Committee, which is responsible for the development and implementation of control to address interest rate risk.

2.2) Interest Rate Risk Assessment

The Risk Management Department measures interest rate risk properly with appropriate measurement method that corresponds to scale and natures of business activities and risk profile.

The Bank uses re-pricing gap analysis provides an estimated measure of the Banking book sensitivity to interest rates change by distributing interest rate sensitive assets, liabilities and off balance sheet positions into time bands based on re-pricing schedule.

2.3) Interest Rate Risk Limit

The appropriate limit to control interest rate risk is determined in a limit review process taking into account of business strategy, capital requirement, and liquidity. Market risk limit is reviewed and approved by the Board of Directors.

2.4) Interest Rate Risk Monitoring and Controlling

The process of interest rate risk control is established and assigned to the Treasury Department as a Risk Owner. Risk Owner is responsible for controlling and monitoring its own risk and developing progress of risk mitigation by taking into account risks and rewards.

Interest rate risk is monitored and reported by Risk Management Department, to the Risk Management Committee, the Executive Committee and the Board of Directors on the status of interest rate risk, on a regular and as-necessary basis. When the monitoring result is addressed as material or unusual, the Risk Management Department shall discuss and escalate the incidents with the relevant departments, and consider the necessity of responding measures and promptly report to the ALM Committee.

Below is the result of changes in interest rate to net earnings by applying the change of 100 bps according to the Bank of Thailand requirements.

Table 19: The effect of changes in interest rates* to net earnings

Unit: Million Baht

Currency	31 March 2020	31 March 2019
	Effect to net earnings	Effect to net earnings
Baht	39.43	-40.59
USD	-0.91	-1.04
EURO	0.02	-
Others	-31.80	-47.14
Total effect from changes in interest rate	6.74	-88.77
% of anticipated net interest income for the next one year	1.50 %	-20.93 %

* Use the percentage changes in interest rates of 100 bps.

4. Additional disclosure of capital information under the BCBS guideline (Composition of capital disclosure requirements)

Key features of financial instruments to be included in the capital

No financial instruments to be included in the capital.

Disclosure of capital in transitional period under the Basel III guideline (Transitional period)

No items related to capital to be phased in or phased out under the Basel III guideline.

5. Liquidity Coverage Ratio

5.1 Liquidity Coverage Ratio and Disclosure Standard

In pursuant of BOT Circular number Sor.Nor.Sor. 2/2561: Liquidity Coverage Ratio Disclosure Standards, the Bank must disclose its Liquidity Coverage Ratio (LCR) under requirements for subsidiary of foreign banks whose financial years end on March 31st, the disclosure date is based on September 30th (quarter 2) and March 31st (quarter 4) for first and second half of the year respectively. The disclosed LCR, HQLA and Net COF are calculated by averaging outstanding at the end of each month within the reported quarter. The LCR is a measure of the Bank's ability to cover its own short-term obligated cash payment with its liquid assets under crisis situation. It is measured as a ratio of outstanding HQLA (High Quality Liquid Asset) over Net COF (Net Cash Outflow within 30 days under liquidity stressed scenario, as defined in BOT Circular number Sor.Nor.Sor. 9/2558: Guideline on Liquidity Ratio 'LCR'). Per BOT's requirement, the Bank is required to sustain LCR at or above 70% during calendar year 2017, and increasing 10% each subsequent year until 100% :

$$LCR = \frac{HQLA}{Net\ COF}$$

5.2 LCR Qualitative Disclosure[2]

Average LCR during quarter ending in March 2020 is 251.7% and in December 2019 is 212.8%, which are above the level required by the Bank of Thailand at 100% for calendar year 2020 and 90% for calendar year 2019. LCR is composed of two main components as follows:

High-quality Liquid Assets (HQLA)

HQLA refers to assets that are highly liquid (easily converted to cash without major loss of value), low risk, not volatile (value has low correlation to overall economic condition), and not encumbered. LCR recognizes HQLA in 3 levels; level 1, which is highest in quality and most liquid asset, and can be included without a limit or a haircut (such as Thai Government Bond and cash), level 2A and 2B which are relatively stable but not to the same degree as level 1 and are faced with larger haircut and maybe limited in amount that can be counted toward HQLA. the Bank of Thailand require compliance with Operational Requirement for HQLA which tests for the characteristics above, as well as the haircut to be applied for each type.

The Bank's average HQLA at the end of quarter ending in March 2020 is 13,572.5 MTHB, of which is wholly comprised of level 1 HQLA, which is diversified among assets such as bonds issued by Bank of Thailand, and deposit at the Bank of Thailand or other major financial institutions.

Net Cash Outflow (Net COF)

Net Cash Outflow (Net COF) is the Bank's total obligated outflow within 30 calendar days from both on and off-balance sheet. It is calculated by Cash Outflow subtracted by the smaller between Cash Inflow and 75% of Cash Outflow. Each type of Cash Outflow and Inflow are subjected to runoff rate under stressed scenario per Bank of Thailand's regulation.

Average Net COF at the end of quarter ending in March 2020 is 5,708.3 MTHB. The major sources of Cash Outflow include deposit outflow, and net cash flow within the financial group. The major sources of Cash Inflow include loan repayment. One of the Bank's major funding source is foreign currency loan from parent bank, which is then swapped to local currency to minimize market risk. The arising derivative, and net cash flow within the financial group are major contributor to Net COF.

[2] The Bank revised LCR ratio as of January 2019 to May 2020 to redefine Financial Business-related counterparty for purpose of LCR Reporting. The average LCR in Table 20 and Table 21 already reflected the revision.

Other Disclosure

Along with LCR, the Bank also employ industry standard tools to monitor and manage its liquidity risks, such as Liquidity Gap, Funding Concentration, monitoring of various market and liquidity indicators, and will continuously improve its risk management tools and techniques to align with global best practice and the Bank's business plan to achieve safe and profitable business.

5.3 LCR Quantitative Disclosure[3]

Table 20: Average LCR and components

Unit: Million Baht

	31 March 2020 (2019 Q4)	31 March 2019 (2018 Q4)
1. Total HQLA	13,572.5	10,584.5
2. Net COF	5,708.3	5,369.7
3. LCR (%)	251.7%	195.7%
4. Minimum required LCR per BOT (%)	100%	90%

*Per Bank of Thailand's circular (Sor.Nor.Sor. 9/2558: Guideline on Liquidity Ratio 'LCR', the Bank is required to sustain LCR at or above 70% during calendar year 2017, and increasing 10% each subsequent year until 100%).
**Per Bank of Thailand's circular (Sor.Nor.Sor. 2/2561: Liquidity Coverage Ratio Disclosure Standards, subsidiaries of foreign banks whose financial years ends on March 31st, the disclosure date is based on September 30th (quarter 2) for first half of the year, and March 31st (quarter 4) for second half of the year.

Table 21: Average LCR for comparison

Period	Average LCR	Minimum required LCR per BOT	Remarks
2019 Q4	251.7%	100%	
2019 Q3	212.8%	90%	
2018 Q4	195.7%	90%	For Comparison
2018 Q3	277.3%	80%	For Comparison

[3] The Bank revised LCR ratio as of January 2019 to May 2020 to redefine Financial Business-related counterparty for purpose of LCR Reporting. The average LCR in Table 20 and Table 21 already reflected the revision.