

2012 Annual Basel II Pillar 3 Information Disclosure

Bank of China Limited, Bangkok Branch

as of Dec 31, 2012

Bank of China Limited, Bangkok Branch (hereinafter referred to as “BOCBKK”) hereby discloses 2012 annual information as specified in Bank of Thailand’s (hereinafter referred to as “BOT”) Notification No. SorNorSor. 96/2551 Re: Information Disclosure Regarding Capital Fund Maintenance for Commercial Bank under Solo basis only; namely, the only information of Bangkok Branch in Thailand (Standalone basis).

Additionally, BOCBKK also discloses the source of Bank of China Limited’s information under consolidated basis as a reference for information users, and Bank of China’s information could be found through website <http://www.boc.cn/en/investor/>.

I Capital

1. Capital structure

BOCBKK is a branch of Bank of China Limited. As of Dec 31, 2012, BOCBKK’s capital amounted to THB 3,599,013,418.86. Total assets maintained under Section 32 of the Financial Institutions Businesses Act B.E. 2551 were THB 3,677,771,215.65, which comprised (1) Government Bond THB 858,340,678.05; (2) BOT Bond of THB 2,054,176,258.71; (3) Public Sector Entity Debt Securities guaranteed by MOF of THB 709,881,801.64; and (4) Real Estate of THB 55,372,477.25. Government Bond and Public Sector Entity Debt Securities guaranteed by MOF are backed by the full faith and credit of the Thai government or MOF, and Real Estate is apartments for employees.

Qualitative Disclosure: Table 1

Table 1 : Capital of Foreign Banks Branches (BOT-T-2)	Dec 31, 2011 (Unit: Baht)	Dec 31, 2012 (Unit: Baht)
1. Assets required to be maintained under Section 32	3,654,260,187.09	3,677,771,215.65
2. Sum of net capital for maintenance of assets under Section 32 and net balance of	9,751,268,559.58	7,832,349,133.23
2.1 Capital for maintenance of assets under Section 32	3,599,013,418.86	3,599,013,418.86
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	6,152,255,140.72	4,233,335,714.37
3. Total regulatory capital (3.1-3.2)	3,599,013,418.86	3,599,013,418.86
3.1 Total regulatory capital before deductions (The lowest amount among item 1 item 2 and item 2.1)	3,599,013,418.86	3,599,013,418.86
3.2 Deductions	-	-

2. Capital adequacy

BOCBKK is required to calculate and report capital adequacy ratio to Bank of Thailand on monthly basis, and is required to maintain a minimum Capital Adequacy Ratio of 7.5% according to Basel II/Pillar I. BOCBKK actively monitors and ensures capital above the minimum requirement. As of Dec 31, 2012, BOCBKK’s Capital Adequacy Ratio (CAR) was 23.86%.

For the calculation approaches for each risk under pillar I of BOCBKK are as follows:

1) Standardized Approach (SA Method) is adopted to assess credit risk;

- 2) Standardized Approach (SA Method) is adopted to assess market risk; and
- 3) Basic Indicator Approach (BIA Method) is adopted to assess operational risk.

Quantitative Disclosure: Table 2-5

Table 2 Minimum capital requirement for credit risk classified by type of assets under the SA (BOT-T3)	Dec 31, 2011 (Unit: Baht)	Dec 31, 2012 (Unit: Baht)
Performing claims		
1. Claims on sovereigns and central banks, multilateral development banks (MDBs),	110,388,068.92	64,063,156.09
2. Claims on financial institutions , non-central government public sector entities	42,533,581.68	16,693,340.65
3. Claims on corporate , non-central government public sector entities (PSEs) treated	938,759,888.06	968,788,844.59
4. Claims on retail portfolios	13,847.06	17,167,104.01
5. Claims on housing loans	105,471.86	160,486.39
6. Other assets	13,722,004.92	20,067,020.76
Non-performing claims	-	-
First-to-default credit derivatives and Securitization	-	-
Total minimum capital requirement for credit risk under the SA	1,105,522,862.50	1,086,939,952.49

Table 3 Minimum capital requirement for market risk for positions in the trading book (Standardized measurement approach/ Internal model approach) (BOT-T6)	Dec 31, 2011 (Unit: Baht)	Dec 31, 2012 (Unit: Baht)
1. Standardized approach	1,555,190.11	480,718.67
2. Internal model approach	-N.A.-	-N.A.-
Total minimum capital requirement for market risk	1,555,190.11	480,718.67

Table 4 Minimum capital requirement for operational risk (BOT-T7)	Dec 31, 2011 (Unit: Baht)	Dec 31, 2012 (Unit: Baht)
1. Calculate by Basic Indicator Approach	32,646,645.81	43,826,580.86
2. Calculate by Standardized Approach	-N.A.-	-N.A.-
3. Calculate by Alternative Standardized Approach	-N.A.-	-N.A.-
Total minimum capital requirement for operational risk	32,646,645.81	43,826,580.86

Table 5 Total risk-weighted capital ratio and Tier 1 risk-weighted capital ratio (BOT-T8)	Dec 31, 2011 (Unit: Baht)	Dec 31, 2012 (Unit: Baht)
1. Total capital to risk-weighted assets	23.68%	23.86%
2. Tier 1 capital to risk-weighted assets *	-N.A.-	-N.A.-

II. Risk Exposure and Assessment

1. General qualitative disclosure

(1) Credit Risk

1) Risk management process

Credit risk is the risk that a customer or a counterparty may be unable or unwilling to meet a repayment obligation. The extension of commercial credit by BOCBKK includes loans, advances, overdrafts, trade finance, treasury businesses and commitments, letter of guarantees, letters of credit, retail loan, housing loan, and credit card etc. BOCBKK's credit risk management process includes:

- A. Independent due diligence investigation without any administrative intervention;
- B. Scientific and democratic risk review, taking both business developments and risk control into considerations;
- C. Approval based on strict decision making discipline; and
- D. Accountability system of examination and follow-up evaluation.

2) The structure and responsibilities allocation

- A. Business Development Department is responsible for Credit Rating, Credit Analysis and Credit Proposal case by case;

B. Due Diligence Team of Risk Management is responsible for Due Diligence Investigation;

C. Credit Review Committee is responsible for Credit Review;

D. General Manager of the branch is responsible for credit approval, and the case which is over the branch's authorization shall be submitted to Head Office for final approval;

F. For the post-approval follow-up and monitoring, Business Development Department is responsible for annually review and quarterly review; while Risk management Department shall be the counter-checker. Additionally, Risk Management Department is also responsible for the annual credit examination.

3) The scope and nature of risk measuring, monitoring, and reporting system

According to Risk Management and Internal Control Committee Minutes No. 2012/006, BOCBKK stipulated "Bank of China Limited, Bangkok Branch Credit Review & Approval Process Management Policy (Version 2012)" to perfect credit risk management. The BOCBKK promoted specialized and differentiated credit risk management practices according to the nature and characteristics of different businesses, further improved credit risk limit-setting mechanism and adjusted limits according to market changes.

For new credit cases, Business Development Department conducts insight credit analysis to know the customer and understand the market situation of the customer, and also conducts industry analysis as well as forward-looking analysis; Due Diligence Team, Credit Review Committee and the Approver strictly implement credit screening process. The consideration covers customer information, credit facility information, borrower's history record, risk analysis, conclusion, and suggestion or decision.

BOCBKK utilizes the uniform internal rating system developed by Moody's for overseas institutions of Bank of China. The results from internal rating system are widely applied in different areas, including credit approval; risk monitoring, limit setting, credit policy and risk reporting.

BOCBKK generally measured and managed the quality of credit risk-bearing assets based on the relevant rules and regulations issued by the BOT, which requires commercial banks to classify loans into six categories, i.e. normal, special mentioned, substandard, doubtful, doubtful of loss and loss, among which loans classified in the substandard, doubtful, doubtful of loss and loss categories are regarded as non-performing loans. In classifying credit assets, consideration was given to various factors that affect the quality of credit assets but always under the core criteria of the probability of asset recovery and the extent of loss. To obtain a loan's final risk classification, BOCBKK performs standardized processes of classifying, checking, reviewing and approving quarterly. The classification may be revised when there are significant changes to risk status.

BOCBKK strengthened risk monitoring and pre-warning systems, reinforced major risk event reporting system, and made the rating and inspection of high-risk customers more frequently. BOCBKK also conducted credit review and credit examination of credit business to scrutinize potential risks and actively implemented rectification measures. Loan portfolio reports are also made to monitor the structure and concentration of credit risk, including country risk report, loan portfolio, outstanding of industry, outstanding by rating, etc.

4) Policies for hedging or mitigating risks

BOCBKK hedges and mitigates credit risk majorly through the following 4 methods:

A. Cash collateral. The cash shall be pledged in BOCBKK, and BOCBKK will freeze such cash in bank's system for the control of collateral.

B. Counter Guarantee from Other Financial Institutions. BOCBKK applies for financial institution credit line from Head Office, and Head Office monitors the total credit outstanding of such financial institutions.

C. Corporate Guarantee. BOCBKK reviews the overall status and guarantee capacity of such guarantors quarterly when implement quarterly review case by case.

D. Mortgage.

5) Guidelines for setting risk controlling limits

BOCBKK continued to strengthen management over credit approval and credit rating, adhering to the principles and criteria of credit limits approval in order to ensure the quality of new credit assets. The management policy of proactive withdrawal from high-risk customers was reinforced, and BOCBKK withdrew from customers who posed high risks in terms of finance, business management, bank-enterprise cooperation.

(2) Market Risk

1) Risk management processes

Market risk is the risk that values of assets and liabilities or revenues will be adversely affected by changes in market conditions, such as interest rate movements, currency exchange rates and security prices. For BOCBKK, market risk arises from both trading and banking positions. Trading exposures represent positions taken in forward exchange contracts and cross currency swaps. BOCBKK utilizes the Standardized Approach for market risk calculation.

BOCBKK's market risk management system is led and supervised by the General Management, Assets and Liability Committee, and Risk Management Committee to ensure market risk taken to be within a rational scope in accordance with risk-taking ability, monitoring ability, and management ability; to rationally arrange sources and usages of funds, cut down on passive mismatches and structural exposures, and strictly manage the structural exposures. Business Development Department is responsible for specific limit control. According to the business development requirement, the General Manager will adjust the authorizations to Business Development Department if necessary.

2) The structure and responsibilities allocation

The General Management of BOCBKK takes the responsibility to approve market risk management policies and procedures and determines market risk limits. Business Development Department is responsible for monitoring and reporting market risk related to businesses, and ensuring that the level of market risk is within the risk limits determined by the General Management. Accounting & Computer Department and Risk Management Department are responsible for implementing market risk management policies, and identifying, measuring, monitoring, controlling and reporting market risk.

3) The scope and nature of risk measuring, monitoring, and reporting system

The market risk management tools for different posts are as following:

A. Front office of Business Development Department: position calculation software, all-in-one Table;

B. Mid-office of Risk Management Department: Kondor system;

C. Back office of Accounting & Computer Department: accounting system.

Mark-to-Market is an important content in daily risk monitor and control. In normal case, relevant data shall be directly quoted from the market and if the internal price is used for evaluation data. And BOCBKK also secures the overall procedure in collecting data to be independent from the Front Office in order to avoid interest conflicts or data manipulation.

BOCBKK's businesses, including foreign exchange spot, forward and swap transactions, are not complicated. BOCBKK conducts transactions in accordance with the head office's approval of counterparty credit line strictly, doing forward transactions for customers under collateral or credit line.

4) Policies for managing and controlling risks

The size and scope of BOCBKK's existing market risk are relatively limited, and the market risk management is strict, reasonable, and reliable, so BOCBKK's market risk level is relatively low and the management is satisfactory. Because of small amount of market risk exposure, BOCBKK maintains the current limits, improves the efficiency of position monitoring, controls the scope of derivative product, carries out new product prudently, adjusts interest rates if necessary, and improves the efficiency of utilization of funds.

5) Guidelines for setting risk controlling limits

Currently, BOCBKK's market risk comprises only foreign exchange rate risk. In order to manage market risk BOCBKK strictly implements the limit control mechanism that is composed by following indicators: (1) Credit limit with major counterparties, (2) FX exposure limit at end of each business day, (3) Profit/loss (P/L) limit, and (5) PVBP. Besides, in order to minimize the possible loss from adverse foreign exchange movement, for single transaction amount exceeding limit, the treasury trader should square the position within half an hour and input the related trading information into Kordor System for risk management purposes.

For security investment (Bond), most bonds are purchased from BOT and MOF for regulatory purposes. Risk indicators including VAR, PVBP and duration are used to monitor the movement of bond prices. Those risk indicators are being monitored on daily basis and reported to General Management and Head Office in the following business date.

(3) Operational Risk

1) Risk management processes

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. BOCBKK stipulated Operational Risk Management Policy, Guideline on Identification and Assessment of Operational Risk, and Implementation Measures on Operational Risk Management, clarified classification of operational risks, principles of operational risk management, organization structure for operational risk management, and operational risk management system.

BOCBKK identifies and assesses specific operational risk points via the following process: to identify and understand the business areas to be assessed and the business process; to identify and assess the inherent risks; to identify and assess adequacy and effectiveness the control of inherent risks; to identify and assess residual risks; to determine whether to accept the residual risks; to determine the rectification plan for the unacceptable residual risks; to monitor and report the accepted residual risks.

2) The structure and responsibilities allocation

Each department and staff of BOCBKK is responsible for operational risk management when promoting business development, BOCBKK enhanced the effectiveness of operational risk management, and strengthened daily monitoring at departmental and staff level in order to improve self-control capability.

The Risk Management Department is responsible for the overall planning of operational risk management policies, directing, examining, monitoring and assessing the work of operational risk management.

3) The scope and nature of risk measuring, monitoring, and reporting system

BOCBKK stipulated handbook of operational risks and control which cover all major operational risk points within BOCBKK and each department shall monitor its operational risk management according to the handbook. BOCBKK also clarified the working process of operational risk accidents management, all operational risk accidents shall be reported and rectification measures shall be taken in time.

BOCBKK applies operational risk management tools such as KRI and loss data collection to enhance the capacity to identify, assess and monitor operational risk, implements clearly defined operational risk management reporting framework and improves the communication and integration of operational risk management information throughout BOCBKK. The reports of loss data collection and key risk indicators shall be submitted quarterly and the key risk indicator's threshold were set to appraise KRIs. The operational risk officer is responsible for independent check and review on such reports.

4) Policies for managing and controlling risks

BOCBKK continues dedicated efforts to establish a comprehensive, systemic, dynamic, proactive and verifiable framework of operational risk management. Specific measures included:

A. Further promoting the integrity and intensiveness of operational risk management by further improving the environment and organizational structure of operational risk management;

B. Further improving the efficiency of operational risk management by integrating measures, standardizing processes at departmental level;

C. Further enhancing the management of credit risk, market risk, operational risk, liquidity risk and other risks by improving ability to identify assess and monitor risk factors both internally and externally.

(4) Roles and Responsibilities of Internal Auditors

Our branch has no internal audit unit given the small size and simple nature of businesses. Internal Audit Department of Head Office performs on-site or off-site internal audit function on the branch's daily operation and management.

2. Qualitative and Quantitative Disclosure for each type of risk

(1) Credit risk disclosure

1) General disclosures of credit risk exposures

A. Credit risk management policy

The extension of commercial credit by BOCBKK includes loans, advances, overdrafts, trade finance, treasury businesses and commitments, letter of guarantees, letters of credit, retail loan, housing loan and credit card etc. BOCBKK continued to actively strengthen the credit risk management, enhanced the comprehensive risk management, adjusted credit strategy in line with market changes so as to mitigate credit risk, and gradually increased the monitoring frequency of credit business to improve the asset quality. BOCBKK proactively paid special attention to new potential risks, increased focus on risk with an emphasis on areas significantly affected by the global economic and financial situations, risk management policies and implementation, changes of asset quality, and control of risks.

In 2012, on one hand BOCBKK continued to strongly support the Chinese "Going-Global" enterprises in Thailand by providing a full spectrum of financial services; on the other hand, BOCBKK actively extended credit to local Thai customers together with the expanding business in credit card business.

As at the end of 2012, BOCBKK's non-performing loans equaled to 0.01%.

B. Definition of past due and impairment

The definition of past due is the status of a scheduled indebtedness has not been made as of the scheduled date, includes the customer fails to pay any amount when due to the bank, or the customer fails to duly and punctually perform or comply with any of its obligations under agreement.

The definition of impairment is that if, and only if, there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cash flows of asset that can be reliably estimated. Whether objective evidence of impairment exists is based on the following criteria including consideration of:

- Significant financial difficulty incurred with the borrower;
- A breach of contract, such as a default or delinquency in interest or principal payment;
- For economic or legal reasons related to the borrower's financial difficulty, whether BOCBKK has granted to the borrower a concession that it would not otherwise consider;
- Probability that the borrower will become bankrupt or will undergo other financial re-organization;
- Deterioration in the value of collateral;
- Deterioration in credit rating; or
- Other observable data indicating that there is a measurable decrease in the estimated future cash flows from such loans and advances.

c. Guidelines/statistical methods used to calculate specific provision

BOCBKK makes adequate provisions in a timely manner and in accordance with prudent and established principles. BOCBKK reviews credit assets quarterly, and credit assets classified as normal and special mentioned category require 1% and 2% specific provision respectively. For NPL, the provision shall be individually assessed by an evaluation of the incurred loss on a case-by-case basis.

Quantitative Disclosure: Table 6-14

Table 6 Outstanding amounts of significant on-balance sheet assets and off-balance sheet items before adjusted by credit risk mitigation (Show outstanding at the end of the month)** (BOT-T9)	Dec 31, 2011 (Unit: Baht)	Dec 31, 2012 (Unit: Baht)
1. On-balance sheet assets (1.1 + 1.2 + 1.3)	14,447,710,234.68	16,472,695,737.81
1.1 Net loans ^{1/}	9,225,448,896.69	9,153,642,259.77
1.2 Net Investment in debt securities ^{2/}	3,880,039,751.95	3,850,510,278.54
1.3 Deposits (including accrued interest receivables)	1,342,221,586.04	3,468,543,199.50
2. Off-balance sheet items ^{3/} (2.1 + 2.2 + 2.3)	8,036,324,695.92	4,502,145,554.61
2.1 Aval of bills, guarantees, and letter of credits	178,151,205.99	89,442,101.27
2.2 OTC derivatives ^{4/}	7,291,185,625.25	3,795,392,065.89
2.3 Undrawn committed line	566,987,864.68	617,311,387.45

* Above amount show position disclosure in banking book and trading book.

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.

4/ Including equity-related derivatives

5/ LG outstanding as of Dec 31, 201 and Dec 31, 2012 amounted to THB 7,432,936,533.80 and THB 8,021,991,947.42 respectively.

Table 7 Outstanding amounts of on-balance sheet assets and off-balance sheet items before adjusted credit risk mitigation classified by country or geographic area of debtor* (BOT-T10)				
Country or geographic area of debtor	Dec 31, 2012 (Unit: Baht) On-balance sheet assets			
	Total	Net loans ^{1/}	Net Investment in debt securities ^{2/}	Deposits (including accrued interest receivables)
1. Thailand	10,398,027,398.28	3,594,920,481.80	3,850,510,278.54	2,952,596,637.94
2. Asia Pacific (exclude Thailand)	6,074,497,703.40	5,558,721,777.97	-	515,775,925.43
3. North America and Latin America	-	-	-	-
4. Africa and Middle East	-	-	-	-
5. Europe	170,636.13	-	-	170,636.13
Total	16,472,695,737.81	9,153,642,259.77	3,850,510,278.54	3,468,543,199.50
Country or geographic area of debtor	Dec 31, 2009 (Unit: Baht) Off-balance sheet items ^{3/}			
	Total	Aval of bills, guarantees, and letter of credits	OTC derivatives	Undrawn committed line
1. Thailand	2,327,404,001.03	89,442,101.27	1,620,650,512.31	617,311,387.45
2. Asia Pacific (exclude Thailand)	2,174,741,553.58	-	2,174,741,553.58	-
3. North America and Latin America	-	-	-	-
4. Africa and Middle East	-	-	-	-
5. Europe	-	-	-	-
Total	4,502,145,554.61	89,442,101.27	3,795,392,065.89	617,311,387.45
Country or geographic area of debtor	Dec 31, 2011 (Unit: Baht) On-balance sheet assets			
	Total	Net loans ^{1/}	Net Investment in debt securities ^{2/}	Deposits (including accrued interest receivables)
1. Thailand	8,363,016,148.53	3,158,775,161.19	3,880,039,751.95	1,324,201,235.39
2. Asia Pacific (exclude Thailand)	6,047,907,249.91	6,030,058,624.89	-	17,848,625.02
3. North America and Latin America	36,615,110.61	36,615,110.61	-	-
4. Africa and Middle East	-	-	-	-
5. Europe	171,725.63	-	-	171,725.63
Total	14,447,710,234.68	9,225,448,896.69	3,880,039,751.95	1,342,221,586.04
Country or geographic area of debtor	Dec 31, 2009 (Unit: Baht) Off-balance sheet items ^{3/}			
	Total	Aval of bills, guarantees, and letter of credits	OTC derivatives	Undrawn committed line
1. Thailand	4,644,179,188.25	178,151,205.99	3,899,040,117.58	566,987,864.68
2. Asia Pacific (exclude Thailand)	3,392,145,507.67	-	3,392,145,507.67	-
3. North America and Latin America	-	-	-	-
4. Africa and Middle East	-	-	-	-
5. Europe	-	-	-	-
Total	8,036,324,695.92	178,151,205.99	7,291,185,625.25	566,987,864.68

* Country or geographic area classification is on registration basis.

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

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 8 Outstanding amounts of on-balance sheet assets and off balance sheet items before credit risk mitigation classified by residual maturity (BOT-T11)	Dec 31, 2012 (Unit: Baht)		
	Maturity not exceeding 1 year	Maturity exceeding 1 year	Total
1. On-balance sheet assets (1.1 + 1.2 + 1.3)	13,808,722,600.40	2,663,973,137.41	16,472,695,737.81
1.1 Net loans ^{1/}	8,868,114,801.58	285,527,458.19	9,153,642,259.77
1.2 Net Investment in debt securities ^{2/}	1,472,064,599.32	2,378,445,679.22	3,850,510,278.54
1.3 Deposits (including accrued interest receivables)	3,468,543,199.50	-	3,468,543,199.50
2. Off-balance sheet items ^{3/} (2.1 + 2.2 + 2.3)	3,884,834,167.16	617,311,387.45	4,502,145,554.61
2.1 Aval of bills, guarantees, and letter of credits	89,442,101.27	-	89,442,101.27
2.2 OTC derivatives	3,795,392,065.89	-	3,795,392,065.89
2.3 Undrawn committed line	-	617,311,387.45	617,311,387.45
Table 8 Outstanding amounts of on-balance sheet assets and off balance sheet items before credit risk mitigation classified by residual maturity (BOT-T11)	Dec 31, 2011 (Unit: Baht)		
	Maturity not exceeding 1 year	Maturity exceeding 1 year	Total
1. On-balance sheet assets (1.1 + 1.2 + 1.3)	12,204,705,397.13	2,243,004,837.55	14,447,710,234.68
1.1 Net loans ^{1/}	8,833,091,518.02	392,357,378.67	9,225,448,896.69
1.2 Net Investment in debt securities ^{2/}	2,029,392,293.07	1,850,647,458.88	1,850,647,458.88
1.3 Deposits (including accrued interest receivables)	1,342,221,586.04	-	1,342,221,586.04
2. Off-balance sheet items ^{3/} (2.1 + 2.2 + 2.3)	8,036,324,695.92	-	8,036,324,695.92
2.1 Aval of bills, guarantees, and letter of credits	178,151,205.99	-	178,151,205.99
2.2 OTC derivatives	7,291,185,625.25	-	7,291,185,625.25
2.3 Undrawn committed line	-	566,987,864.68	566,987,864.68

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 9 Outstanding amounts of loans including accrued interest receivables and investment in debt securities before adjusted by credit risk mitigation classified by country or geographical area of debtor* and asset classification as prescribed by the Bank of Thailand (BOT-T12)

Dec 31, 2012 (Unit: Baht)							
Country or geographic area of debtor	Loans including accrued interest receivables ^{1/}						Specific provision for Investment in debt securities
	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total	
1. Thailand	3,207,346,613.27	426,675,512.17	-	-	#####	3,634,994,464.43	113,884.51
2. Asia Pacific (exclude Thailand)	5,618,670,108.75	-	-	-	-	5,618,670,108.75	-
3. North America and Latin America	-	-	-	-	-	-	-
4. Africa and Middle East	-	-	-	-	-	-	-
5. Europe	-	-	-	-	-	-	-
Total	8,826,016,722.02	426,675,512.17	-	-	#####	9,253,664,573.18	113,884.51
Dec 31, 2011 (Unit: Baht)							
Country or geographic area of debtor	Loans including accrued interest receivables ^{1/}						Specific provision for Investment in debt securities
	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total	
1. Thailand	3,178,080,746.48	-	-	-	-	3,178,080,746.48	1,511,994.99
2. Asia Pacific (exclude Thailand)	6,089,525,805.09	-	-	-	-	6,089,525,805.09	-
3. North America and Latin America	36,983,173.08	-	-	-	-	36,983,173.08	-
4. Africa and Middle East	-	-	-	-	-	-	-
5. Europe	-	-	-	-	-	-	-
Total	9,304,589,724.65	-	-	-	-	9,304,589,724.65	-

* Country or geographic area classification is on registration basis.

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

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* (BOT-T13)

Dec 31, 2012 (Unit: Baht)				
Country or geographic area of debtor	Loans including accrued interest receivables ^{1/}			Specific provision for
	General provision ^{2/}	Specific provision	Bad debt written-off during period	Investment in debt securities
1. Thailand	-	40,073,982.63	-	113,884.51
2. Asia Pacific (exclude Thailand)	-	59,948,330.78	-	-
3. North America and Latin America	-	-	-	-
4. Africa and Middle East	-	-	-	-
5. Europe	-	-	-	-
Total	-	100,022,313.41	-	113,884.51
Dec 31, 2011 (Unit: Baht)				
Country or geographic area of debtor	Loans including accrued interest receivables ^{1/}			Specific provision for
	General provision ^{2/}	Specific provision	Bad debt written-off during period	Investment in debt securities
1. Thailand	-	19,305,585.29	-	1,511,994.99
2. Asia Pacific (exclude Thailand)	-	59,467,180.20	-	-
3. North America and Latin America	-	368,062.47	-	-
4. Africa and Middle East	-	-	-	-
5. Europe	-	-	-	-
Total	-	79,140,827.96	-	1,511,994.99

* Country or geographic area classification is on registration basis.

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

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 (BOT-T14)

Dec 31, 2012 (Unit: Baht)						
Type of business	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total
Agriculture and mining	254,834,612.94	426,600,000.00	-	-	-	681,434,612.94
Manufacturing and commerce	6,799,906,469.79	-	-	-	-	6,799,906,469.79
Real estate business and construction	149,815,725.99	-	-	-	-	149,815,725.99
Public utilities and services	57,546,979.19	-	-	-	-	57,546,979.19
Housing loans	6,175,493.47	-	-	-	-	6,175,493.47
Others	1,557,737,440.64	75,512.17	-	-	972,338.99	1,558,785,291.80
Total	8,826,016,722.02	426,675,512.17	-	-	972,338.99	9,253,664,573.18
Dec 31, 2011 (Unit: Baht)						
Type of business	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total
Agriculture and mining	955,114,884.42	-	-	-	-	955,114,884.42
Manufacturing and commerce	7,452,469,797.08	-	-	-	-	7,452,469,797.08
Real estate business and construction	95,957,565.07	-	-	-	-	95,957,565.07
Public utilities and services	151,303,439.08	-	-	-	-	151,303,439.08
Housing loans	4,245,048.16	-	-	-	-	4,245,048.16
Others	645,498,990.84	-	-	-	-	645,498,990.84
Total	9,304,589,724.65	-	-	-	-	9,304,589,724.65

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

Table 12 Provisions (General provision และ Specific provision) and bad debt written-off during period for loans including accrued interest receivables* classified by types of business (BOT-T15)

Type of business	Dec 31, 2012 (Unit: Baht)		
	General provision ^{1/}	Specific provision	Bad debt written-off during period
Agriculture and mining	-	10,803,990.08	-
Manufacturing and commerce	-	72,431,373.47	-
Real estate business and construction	-	564,636.42	-
Public utilities and services	-	572,734.34	-
Housing loans	-	61,726.18	-
Others	-	15,587,852.92	-
Total	-	100,022,313.41	-

Type of business	Dec 31, 2011 (Unit: Baht)		
	General provision ^{1/}	Specific provision	Bad debt written-off during period
Agriculture and mining	-	4,689,428.00	-
Manufacturing and commerce	-	66,426,966.86	-
Real estate business and construction	-	36,163.54	-
Public utilities and services	-	1,508,945.67	-
Housing loans	-	42,444.81	-
Others	-	6,436,879.08	-
Total	-	79,140,827.96	-

* 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* (BOT-T16)

Item	Dec 31, 2012 (Unit: Baht)		
	General provision	Specific provision	Total
Provisions at the beginning of the period	-	79,140,827.96	79,140,827.96
Bad debts written-off during the period	-	-	-
Increases or Decreases of provisions during the period	-	20,881,485.45	20,881,485.45
Other provisions (provisions for losses from foreign exchange, provisions for merger and sale of businesses)	-	-	-
Provisions at the end of the period	-	100,022,313.41	100,022,313.41

Item	Dec 31, 2011 (Unit: Baht)		
	General provision	Specific provision	Total
Provisions at the beginning of the period	-	32,426,920.82	32,426,920.82
Bad debts written-off during the period	-	-	-
Increases or Decreases of provisions during the period	-	46,713,907.14	46,713,907.14
Other provisions (provisions for losses from foreign exchange, provisions for merger and sale of businesses)	-	-	-
Provisions at the end of the period	-	79,140,827.96	79,140,827.96

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

Table 14 Outstanding amounts of on-balance sheet assets and off-balance sheet items* classified by type of assets under the SA (BOT-T17)

Type of asset	Dec 31, 2012 (Unit: Baht)		
	On balance sheet assets	Off balance sheet item **	Total
1. Performing claims	16,850,312,157.81	4,431,728,115.81	21,282,040,273.62
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	6,077,079,263.12	-	6,077,079,263.12
1.2 Claims on financial institutions , non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	1,265,838,301.68	54,856,828.12	1,320,695,129.80
1.3 Claims on corporate , non-central government public sector entities (PSEs) treated as claims on corporate	9,127,741,766.13	4,167,768,293.96	13,295,510,060.09
1.4 Claims on retail portfolios	19,791,726.35	209,102,993.73	228,894,720.08
1.5 Housing loans	6,113,767.29	-	6,113,767.29
1.6 Other assets	353,747,333.24	-	353,747,333.24
2. Non-performing claims	-	-	-
3. First-to-default credit derivatives and Securitization	-	-	-
Total	16,850,312,157.81	4,431,728,115.81	21,282,040,273.62
Type of asset	Dec 31, 2011 (Unit: Baht)		
	On balance sheet assets	Off balance sheet item **	Total
1. Performing claims	14,741,786,786.69	3,970,539,346.39	18,712,326,133.08
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	5,206,028,826.35	-	5,206,028,826.35
1.2 Claims on financial institutions , non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	328,494,303.41	212,981,478.29	541,475,781.70
1.3 Claims on corporate , non-central government public sector entities (PSEs) treated as claims on corporate	8,923,582,594.71	3,757,557,868.10	12,681,140,462.81
1.4 Claims on retail portfolios	184,627.70	-	184,627.70
1.5 Housing loans	4,017,975.65	-	4,017,975.65
1.6 Other assets	279,478,458.87	-	279,478,458.87
2. Non-performing claims	-	-	-
3. First-to-default credit derivatives and Securitization	-	-	-
Total	14,741,786,786.69	3,970,539,346.39	18,712,326,133.08

* After multiplying with credit conversion factor and specific provision

** Including all Repo-style transactions (including Reverse repo transactions)

2) Credit risk exposures Credit risk exposures under the SA

a. Names of External credit assessment institutions (ECAIs)

BOCBKK selects rating of External Credit Assessment Institutions in assigning risk weight of debtors in each of assets as following:

- Public sector and financial institution debtors: S&P, Moody, and Fitch;
- International development banks not qualified for “0” risk weight: S&P, Moody, Fitch;
- Private sector: TRIS, Fitch, S&P and Moody;

b. Description of the process of assigning ratings from ECAIs to BOCBKK’s debtors

Business Development Department is responsible for external rating of corporate customer; Risk Management Department is responsible for external rating of financial institutions, PSEs, central banks, and sovereigns.

Quantitative Disclosure Table 15

Table 15 : Outstanding amount of net on-balance sheet assets and off-balance sheet items** after adjusted by credit risk mitigation for each type of asset, classified by risk weight under the SA (BOT-T19)

Type of asset	Dec 31, 2012 (Unit: Baht)							
	Risk weight (%)	Rated outstanding amount				Unrated outstanding amount		
	0	20	50	100	150	35	75	100
Performing claims	5,428,940,195.30	628,022,519.10	1,708,350,829.00	364,533,648.33	-	6,113,767.29	-	13,146,079,314.60
1. Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public sector entities (PSEs) treated as claims on sovereigns	5,099,733,668.85	-	1,708,350,829.00	-	-	-	-	-
2. Claims on financial institutions , non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	-	628,022,519.10	-	96,973,371.57	-	-	-	-
3. Claims on corporate , non-central government public sector entities (PSEs) treated as claims on corporate	-	-	-	-	-	-	-	12,917,184,594.52
4. Claims on retail portfolios	-	-	-	-	-	-	-	228,894,720.08
5. Claims on housing loans	-	-	-	-	-	6,113,767.29	-	-
6. Other assets	329,206,526.45	-	-	267,560,276.76	-	-	-	-
Risk weight (%)	-	-	50	100	150	-	-	-
Non-performing claims ^{1/} Capital deduction items prescribed by the Bank of Thailand	-	-	-	-	-	-	-	-
Type of asset	Dec 31, 2011 (Unit: Baht)							
	Risk weight (%)	Rated outstanding amount				Unrated outstanding amount		
	0	20	50	100	150	35	75	100
Performing claims	-	132,586,405.40	2,943,681,837.92	996,044,351.25	-	4,017,975.66	-	12,244,495,990.81
1. Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public sector entities (PSEs) treated as claims on sovereigns	-	-	2,943,681,837.92	-	-	-	-	-
2. Claims on financial institutions , non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	-	132,586,405.40	-	540,597,141.26	-	-	-	-
3. Claims on corporate , non-central government public sector entities (PSEs) treated as claims on corporate	-	-	-	272,487,144.33	-	-	-	12,244,311,363.11
4. Claims on retail portfolios	-	-	-	-	-	-	-	184,627.70
5. Claims on housing loans	-	-	-	-	-	4,017,975.66	-	-
6. Other assets	-	-	-	182,960,065.66	-	-	-	-
Risk weight (%)	-	-	50	100	150	-	-	-
Non-performing claims ^{1/} Capital deduction items prescribed by the Bank of Thailand	-	-	-	-	-	-	-	-

* Including insignificant credit portfolios using the SA of the commercial banks that use the IRB. ** After multiplying credit conversion factor. 1/ For the portion claims with no credit risk mitigation of which risk weight are determined by the proportion of provision to total amount of claims

3) Credit risk mitigation under the SA

Main types of collateral taken by BOCBKK include cash, counter guarantee from other financial institutions, corporate guarantee, and mortgage. The cash collateral shall be deposited and pledged for control. Counter guarantee from financial institutions shall be controlled by Head Office, and BOCBKK shall review each guarantor quarterly case by case. Main types of guarantor include personal guarantor, corporate guarantor, and financial institutions.

Quantitative disclosure: Table 16

Credit risk mitigation under SA - Table 16 Part of outstanding that is secured by collateral** under SA classified by type of assets and collateral (BOT-T28)

Type of asset	Dec 31, 2012 (Unit: Baht)	
	Eligible financial collateral ^{1/}	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	-	731,005,234.73
Claims on corporate , non-central government public sector entities (PSEs) treated as claims on corporate	243,019,469.97	135,305,995.60
Claims on retail portfolios	-	-
Claims on housing loans	-	-
Other assets	-	-
Total	243,019,469.97	866,311,230.33
Type of asset	Dec 31, 2011 (Unit: Baht)	
	Eligible financial collateral ^{1/}	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	-	835,161,890.46
Claims on corporate , non-central government public sector entities (PSEs) treated as claims on corporate	32,634,190.43	131,707,764.94
Claims on retail portfolios	-	-
Claims on housing loans	-	-
Other assets	-	-
Total	32,634,190.43	966,869,655.40

* Excluding securitization. ** Values after on-balance sheets and off-balance sheets netting 1/ Eligible financial collateral that the Bank of Thailand allows to use for risk mitigation. Commercial banks applying the comprehensive approach shall disclose the value after haircut.

(2) Disclosure on market risk for trading book position

The trading book consists of positions in financial instruments that are held with trading intent or in order to hedge other risks of the trading book. BOCBKK is exposed to market risks that may cause losses in both on and off-balance sheet assets and liabilities as a result of adverse changes in market prices (interest rates and exchange rates).

As to market risk management for the trading book, exchange rate risk mainly arises from foreign exchange transactions in which BOCBKK is engaged on its own account or on behalf of customers. BOCBKK manages and controls exchange rate risk by way of currency matching in assets and liabilities, maintaining FX exposure within specified limits.

Quantitative disclosure: Table 17

Table 17 Minimum capital requirements for each type of market risk under the Standardized Approach (BOT-T30)	Dec 31, 2011 (Unit: Baht)	Dec 31, 2012 (Unit: Baht)
Interest rate risk	0.00	0.00
Equity position risk	0.00	0.00
Foreign exchange rate risk	1,658,869.45	544,561.55
Commodity risk	0.00	0.00
Total minimum capital requirements	1,658,869.45	544,561.55

(3) Disclosure on operational risk

In 2012, BOCBKK continued to improve the operational risk framework, optimized and applied the management tools, established a series of policies to streamline rules and regulations concerning operational risk management, and optimized measures to enhance the efficiency of operational risk management, standardized the rectification follow-up mechanism to strengthen supervision over the progress and effectiveness of rectification efforts and further promoting the effectiveness of operational risk management, and also improved monitoring measures, and further reinforced operational risk management in a reasonable, necessary, rigorous and effective manner. The operational efficiency and risk prevention ability were continuously enhanced.

The approach that BOCBKK calculate equivalent operational risk-weighted asset is Basic Indicator Approach (BIA Method), and the specific method is to utilize the average of three years adjusted gross income multiplied by 15%.

(4) Disclosure on interest rate risk in banking book

1) General qualitative information and nature description

Interest rate risk in the banking book arises mainly from mismatches in the maturities, re-pricing periods or benchmark interest rates of assets and liabilities. For general businesses, Thai baht deposits are mainly used for loans, bonds, investment and to meet the liquidity requirements. Most of the loans is dominated in USD (out-out business), funded by the Head Office with term mismatched. BOCBKK adjusted the interest rate several times in 2012 considering the situation of market. The major interest rate risk in banking book is between the USD capital fund from Head office that BOCBKK shall pay interest rate at 1 month LIBOR (for capital loan of USD 47,866,528.71) and 6-month LIBOR (for capital loan of USD 50,000,000) and while the utilization of the capital fund in majority invests in the fixed-rate long-term Thai baht bonds, the reasons of no hedging are BOCBKK’s long-term business plan and the head office of the relevant policies.

2) Key assumptions used for risk assessment and Frequency of interest rate risk in banking book measurement

BOCBKK manages the interest rate risk of the banking book primarily through interest rate re-pricing gap analysis. The data generated by gap analysis is used to perform sensitivity analysis, assist decision making regarding the re-pricing of the interest-earning assets and interest-bearing liabilities. The analysis report is used for illustrative purpose, and is based on BOCBKK’s gap position and key assumptions are using the percentage changes in interest rates of 100 bps and not considering any change in customer behavior.

Quantitative disclosure: Table 18

Interest rate risk in the banking book - Table 18 The effect of changes in interest rates* to net earnings (BOT-T33)

Currency	Dec 31, 2012 (Unit: Baht) Effect to net earnings
Baht	4,809,704.50
USD	(28,644,744.44)
EURO	96,378.48
Others	1,316,479.39
Total effect	(22,422,182.08)
Currency	Dec 31, 2011 (Unit: Baht) Effect to net earnings
Baht	12,719,985.16
USD	(28,582,640.01)
EURO	97,580.43
Others	3,236,160.17
Total effect	(12,528,914.25)

*Percentage changes in interest rates of 100 bps has been applied.

- End -