

Disclosure under Basel II Pillar III

Purpose of disclosure:

The Notification of the Bank of Thailand No: **SorNorSor. 25/2552 dated 14 December 2009**, Re: Disclosure of Information on Capital Fund Maintenance for Banks in Thailand, requires banks in Thailand to disclose the information on Capital Fund maintenance and their risks. This is to enable market participants to assess the scope of application, capital, risk exposure, risk assessment process and the capital adequacy of the banks.

This disclosure reflects only information associated solely to the activities of Bangkok branch. Please refer to disclosure under Basel II Pillar III for OCBC group as per link appended below.

<http://www.ocbc.com/assets/pdf/Annual%20reports/2012/OCBC%202012%20AR%20Basel%20II%20Pillar%203%20Risk%20Disclosures.pdf>

Capital

Section 1: Capital Structure

Oversea-Chinese Banking Corporation Limited-Bangkok Branch (“Bangkok Branch”) is a Branch of Oversea-Chinese Banking Corporation Limited (OCBC Bank) incorporated and domiciled in Singapore.

According to the Section 32 of the Financial Institution Business Act, B.E. 2551, branches of foreign commercial banks licensed to operate business as prescribed in the Act shall maintain assets in Thailand or hold securities in other countries in accordance with the regulation prescribed in the notification of the Bank of Thailand. The said assets and securities shall be considered as capital funds under the Act.

As of 31 December 2012, “Bangkok Branch’ has the capital fund structure according to Section 32 of Financial Institution Business Act, B.E. 2551 as follows:

Capital Structure

Capital of Bangkok Branch		THB	
Item		31/12/2012	30/06/2012
1. Assets maintained under Section 32		3,311,923,966.91	3,200,669,440.58
Sum of net capital for maintenance of assets under Section 32 and net balance of inter-office accounts (2.		30,229,820,371.45	13,896,586,061.91
2.1 Capital for maintenance of assets under Section 32		3,001,172,901.85	3,001,172,901.85
2.2 Net balance of inter-office accounts which the branch is the debtor (the creditor) to the HO and other branches located in other countries, the parent company and subsidiaries of the HO.		27,228,647,469.60	10,895,413,160.06
3. Total regulatory capital (3.1-3.2)		3,001,172,901.85	3,001,172,901.85
3.1 Total regulatory capital before deductions (The lowest amount among item 1 item 2 and item 2.1)		3,001,172,901.85	3,001,172,901.85
3.2 Deductions			

Details of assets maintained under Section 32 as mentioned above are as follow:

Details of assets maintained under section 32	Outstanding Amount Per Book
Assets maintained under Section 32	3,143,925,697.64
Government bonds	1,547,611,919.96
Bank of Thailand bonds	663,067,951.74
Bonds guaranteed by Ministry of Finance	927,683,807.10
Immovable properties	5,562,018.84

Section 2: Capital Adequacy

To promote the banks to establish a good risk management system and to maintain sufficient capital to cope with unexpected loss in the future, the Bank of Thailand has stipulated capital supervisory guidelines for the banks which are stipulated in the Notification no. Sor.Nor.Sor.87/2551, Re: Supervisory Guideline on Capital Provision for Commercial Banks. The Notification requires foreign bank branches to maintain minimum capital requirements at no less than 7.5% of aggregated risk weighted assets of the three major risks, i.e. credit risk, market risk and operational risk (known as Basel II Pillar I).

The computation of risk-weighted assets for credit risk of Bangkok Branch includes credit risk and counterparty credit risk of the following exposures:

- Assets and off-balance sheet items in banking book,
- Off-balance items pertaining to OTC derivatives and repo style transactions for trading book items calculated for counterparty credit risk,
- Position pertaining to unsettled payment and non-delivery (unsettled transaction),
- Assets and off-balance sheets items in trading book that do not meet the threshold level as stipulated in the Notification of the Bank of Thailand Re:Supervisory Guideline on Market Risk and Capital Maintenance to cope with Market risk of the banks.

The approach adopted for calculation of the credit risk weighted assets presently is Standardized Approach as the Branch's size is relatively small as compared to the OCBC Group.

For market risks, the risks may arise from movements of interest rate, foreign exchange rates and prices of instruments in the money and capital markets which may negatively affect the Bank. The minimum capital requirement for market risk is required for positions in trading book, including interest rate risk from interest rate exposure in trading account, equity instrument price risk from exposures pertaining to equity instrument in trading account, foreign exchange risk from all exposures pertaining to foreign currencies and commodity price risk from all exposures pertaining to commodity products.

OCBC Bangkok has selected the Standardized method for calculating the capital requirements for market risks as the transactions in trading book are neither complicated nor significant.

For operational risks, the Bank of Thailand permits banks to use 3 methods for calculation of equivalent risk-weighted asset: Basic Indicator Approach (BIA) and Standardized Approach (SA-OR) / ASA and Advance Measurement Approach (AMA). OCBC Bangkok has selected to use the Standardized Approach for calculation of the capital charge for operational risks.

The following tables are minimum capital requirement for each type of risk

		THB	
Minimum capital requirement for credit risk classified by type of assets under the SA approach		31/12/2012	30/06/2012
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.	478,077,748.06	-
2	Claims on financial institutions, non-central government public sector entities (PSEs) treated as claims on financial institutions, and security firms.	132,415,207.74	379,825,483.52
3	Claims on corporates, non-central government public sector entities (PSEs) treated as claims on corporates	840,128,086.08	734,173,448.33
4	Claims on retail portfolios	44,744.33	56,875.13
5	Claims on housing loans	-	-
6	Other assets	1,227,538.58	1,631,792.49
Non-performing claims		65,840,802.06	95,616,832.06
First-to-default credit derivatives and Securitisation			
Total minimum capital requirement for credit risk under the SA approach		1,517,734,126.84	1,211,304,431.53

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

		THB	
Minimum capital requirements for market risk under the Standardized Approach		31/12/2012	30/06/2012
Interest rate risk		93,588.20	288,756.13
Equity position risk			
Foreign exchange rate risk		12,222,408.00	5,054,735.58
Commodity risk			-
Total minimum capital requirement		12,315,996.20	5,343,491.71

Minimum capital requirement for market risk for positions in the trading book (Standardized measurement approach)

Unit : Baht

Minimum capital requirement for market risk (positions in the trading book)	31/12/2012	30/06/2012
1. Standardised approach	12,315,996.20	5,343,491.71
2. Internal model approach		
Total minimum capital requirement for market risk	12,315,996.20	5,343,491.71

Minimum capital requirement for operational risk (BIA / SA / ASA)

Unit : Baht

Minimum capital requirement for operational risk	31/12/2012	30/06/2012
1. Calculate by Basic Indicator Approach		
2. Calculate by Standardised Approach	48,602,321.91	44,070,397.90
3. Calculate by Alternative Standardised Approach		
Total minimum capital requirement for operational risk	48,602,321.91	44,070,397.90

Total risk-weighted capital ratio and Tier 1 risk-weighted capital ratio

Unit : %

Ratio	31/12/2012	30/06/2012
1. Total capital to risk-weighted assets	14.26	17.85
2. Tier 1 capital to risk-weighted assets *		

Risk exposure and assessment of banks

As a Branch of OCBC Bank, Bangkok Branch adopts and is guided by our Head Office on risk management policies, processes as well as risk measurement and monitoring. Please refer to our risk management policies as per link appended below.

<http://www.ocbc.com/assets/pdf/Annual%20reports/2012/OCBC%202012%20AR%20Risk%20Management.pdf>

Credit risk disclosure

Definition of Default

A borrower is recognized to be in default when evidenced by either non-payment (failure to pay any sum due), unlikely to repay in full or to meet any criteria as prescribed in the Notification of the Bank of Thailand no. SorNorSor. 31/2008 (please refer to the BOT website as per link appended)

<http://www2.bot.or.th/fipcs/Documents/FPG/2551/ThaiPDF/25510321.pdf>

Definition of Impairment

An asset is impaired when its carrying amount exceeds its recoverable amount whereas the carrying amount refer to amount at which an asset is recognised in the balance sheet after deducting accumulated depreciation and accumulated impairment losses and the recoverable amount refers to the higher of an asset's fair value less the costs to sell (sometimes called the net selling price) and its value in use. Please refer to TAS no.36, Re: Impairment of assets.

Loan Loss Provisioning

Specific Provision

For specific provision, OCBC Bangkok Branch adopts the more stringent between IAS39 and the Notification of the Bank of Thailand **no. SorNorSor. 31/2008 (clause 5.2.4 of the Notification as per link appended above)** that requires the Bank to make 100 percent provision for the difference between the carrying value and the present value of the cash flows expected to be received from the debtors or the present value of the cash flows expected to be received from the disposal of collateral resulting from calculating the present value of cash flows expected to be received from debtors, or the present value of cash flows expected to be received from the disposal of collateral in accordance with the Notification of the Bank of Thailand as prescribed on **attachment 2 of the Notification .**

General Provision

To be in line with the Notification of the Bank of Thailand **no. SorNorSor. 31/2008 (clause 5.2.4 (3) of the Notification as per link appended above)**, OCBC Bangkok Branch has set the loan provision of 1% and 2% based on the outstanding balance of the principal for loans classified as Pass and Special Mention respectively. [In addition to the minimum general provision as mentioned above, additional provision base on PD and LGD of the Branch also provided for as a buffer](#)

Credit risk

Item 1 General information on credit risk*

Outstanding amounts of significant on-balance sheet assets and off-balance sheet items before adjustments by credit risk

mitigation

Unit : Baht

Item	Average outstanding balance	Ending Balance	Ending Balance
	31/12/2012	31/12/2012	31/12/2011
1. On-balance sheet assets (1.1 + 1.2 + 1.3)	28,389,859,019.33	36,485,927,107.21	18,263,801,369.77
1.1 Net loans ^{1/}	8,831,936,571.28	10,158,717,045.83	9,223,892,140.20
1.2 Net Investment in debt securities ^{2/}	15,069,883,810.02	23,845,747,106.62	5,036,381,569.38
1.3 Deposits (including accrued interest receivables)	4,488,038,638.03	2,481,462,954.76	4,003,527,660.19
2. Off-balance sheet items ^{3/}(2.1 + 2.2 + 2.3)	19,820,496,035.45	27,603,084,078.41	7,951,318,460.21
2.1 Aval of bills, guarantees, and letter of credits	342,852,751.82	320,507,464.41	484,135,143.54
2.2 OTC derivatives ^{4/}	18,882,846,207.13	26,882,576,614.00	6,596,936,676.67
2.3 Undrawn committed line	594,797,076.50	400,000,000.00	870,246,640.00

Outstanding amounts of on-balance sheet assets and off-balance sheet items before adjustments by credit risk mitigation classified by country or geographic area of debtor*
2012

Country or geographic area of debtor	On-balance sheet assets				Off-balance sheet items ^{3/}			
	Total	Net loans ^{1/}	Net Investment in debt securities ^{2/}	Deposits (including accrued interest receivables)	Total	Aval of bills, guarantees of borrowings, and letter of credits	OTC derivatives	Undrawn committed line
1. Thailand	36,456,106,190.69	10,158,717,045.83	23,845,747,106.62	2,451,642,038.24	27,401,963,023.67	267,002,095.41	26,734,960,928.26	400,000,000.00
2. Asia Pacific (exclude Thailand)	-	-	-	-	201,121,054.74	53,505,369.00	147,615,685.74	-
3. North America and Latin America	21,603,146.48	-	-	21,603,146.48	-	-	-	-
4. Africa and Middle East	-	-	-	-	-	-	-	-
5. Europe	8,217,770.04	-	-	8,217,770.04	-	-	-	-
Total	36,485,927,107.21	10,158,717,045.83	23,845,747,106.62	2,481,462,954.76	27,603,084,078.41	320,507,464.41	26,882,576,614.00	400,000,000.00

2011

Country or geographic area of debtor	On-balance sheet assets				Off-balance sheet items ^{3/}			
	Total	Net loans ^{1/}	Net Investment in debt securities ^{2/}	Deposits (including accrued interest receivables)	Total	Aval of bills, guarantees of borrowings, and letter of credits	OTC derivatives	Undrawn committed line
1. Thailand	18,175,276,396.04	9,155,215,879.77	5,036,381,569.38	3,983,678,946.89	7,578,856,096.97	429,582,364.80	6,279,027,092.17	870,246,640.00
2. Asia Pacific (exclude Thailand)	68,676,260.43	68,676,260.43	-	-	372,462,363.24	54,552,778.74	317,909,584.50	-
3. North America and Latin America	16,274,989.31	-	-	16,274,989.31	-	-	-	-
4. Africa and Middle East	-	-	-	-	-	-	-	-
5. Europe	3,573,723.99	-	-	3,573,723.99	-	-	-	-
Total	18,263,801,369.77	9,223,892,140.20	5,036,381,569.38	4,003,527,660.19	7,951,318,460.21	484,135,143.54	6,596,936,676.67	870,246,640.00

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

Item	31/12/2012			31/12/2011		
	Maturity not exceeding 1 year	Maturity exceeding 1 year	Total	Maturity not exceeding 1 year	Maturity exceeding 1 year	Total
	1. On-balance sheet assets (1.1 + 1.2 + 1.3)	19,686,931,425.75	16,798,995,681.46	36,485,927,107.21	15,067,259,227.58	3,196,542,142.19
1.1 Net loans ^{1/}	6,726,927,465.39	3,431,789,580.44	10,158,717,045.83	7,304,014,268.42	1,919,877,871.78	9,223,892,140.20
1.2 Net Investment in debt securities ^{2/}	10,478,541,005.60	13,367,206,101.02	23,845,747,106.62	3,759,717,298.97	1,276,664,270.41	5,036,381,569.38
1.3 Deposits (including accrued interest receivables)	2,481,462,954.76	-	2,481,462,954.76	4,003,527,660.19	-	4,003,527,660.19
2. Off-balance sheet items^{3/} (2.1 + 2.2 + 2.3)	27,082,174,986.41	520,909,092.00	27,603,084,078.41	6,930,920,732.21	1,020,397,728.00	7,951,318,460.21
2.1 Aval of bills, guarantees of borrowings	320,507,464.41	-	320,507,464.41	484,135,143.54	-	484,135,143.54
2.2 OTC derivatives	26,761,667,522.00	120,909,092.00	26,882,576,614.00	6,399,663,948.67	197,272,728.00	6,596,936,676.67
2.3 Undrawn committed line	-	400,000,000.00	400,000,000.00	47,121,640.00	823,125,000.00	870,246,640.00

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

2012

Country or geographic area of debtor	Loans including accrued interest receivables ^{1/}						Investment in Debt Securities Classified as Doubtful Loss
	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total	
1. Thailand	9,324,210,568.75	161,423,738.66	-	-	1,703,219,878.60	11,188,854,186.01	-
2. Asia Pacific (exclude Thailand)	-	-	-	-	-	-	-
3. North America and Latin America	-	-	-	-	-	-	-
4. Africa and Middle East	-	-	-	-	-	-	-
5. Europe	-	-	-	-	-	-	-
Total	9,324,210,568.75	161,423,738.66	-	-	1,703,219,878.60	11,188,854,186.01	-

(0.00)

2011

Country or geographic area of debtor	Loans including accrued interest receivables ^{1/}						Investment in Debt Securities Classified as Doubtful Loss
	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total	
1. Thailand	7,984,994,697.34	316,310,694.96	-	1,361,780,411.37	552,743,221.29	10,215,829,024.96	-
2. Asia Pacific (exclude Thailand)	68,676,260.43	-	-	-	-	68,676,260.43	-
3. North America and Latin America	-	-	-	-	-	-	-
4. Africa and Middle East	-	-	-	-	-	-	-
5. Europe	-	-	-	-	-	-	-
Total	8,053,670,957.77	316,310,694.96	-	1,361,780,411.37	552,743,221.29	10,284,505,285.39	-

Provisions (General provision and Specific provision) and bad debts written-off during period for loan including accrued interest receivables and investment in debt securities classified by country or geographic area*

2012

Unit : Baht

Country or geographic area of debtor	Loans including accrued interest receivables ^{1/}			Specific provision for Investment in Debt Securities
	General provision ^{2/}	Specific provision	Bad debt written-off during period	
1. Thailand 2. Asia Pacific (exclude Thailand) 3. North America and Latin America 4. Africa and Middle East 5. Europe		825,261,894.56	122,859,974.75	
Total	204,875,245.62	825,261,894.56	122,859,974.75	-

2011

Unit : Baht

Country or geographic area of debtor	Loans including accrued interest receivables ^{1/}			Specific provision for Investment in Debt Securities
	General provision ^{2/}	Specific provision	Bad debt written-off during period	
1. Thailand 2. Asia Pacific (exclude Thailand) 3. North America and Latin America 4. Africa and Middle East 5. Europe		968,012,592.32		
Total	92,600,552.87	968,012,592.32	-	

Outstanding amount of loans including accrued interests* before adjustments by credit risk mitigation classified by type of business

2012

Unit : Baht

Type of business	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total
- Agriculture and mining						-
- Manufacturing and commerce	3,680,008,149.24	31,814,000.59			975,719,878.60	4,687,542,028.43
- Real estate business and construction	1,018,258,903.06					1,018,258,903.06
- Public utilities and services	2,044,549,531.24	129,609,738.07			727,500,000.00	2,901,659,269.31
- Housing loans						-
-Others (Commercial banks shall use their owns discretion to determine materiality)	2,581,393,985.21					2,581,393,985.21
-						-
-						-
Total	9,324,210,568.75	161,423,738.66	-	-	1,703,219,878.60	11,188,854,186.01

2011

Unit : Baht

Type of business	Normal	Special mentioned	Substandard	Doubtful	Doubtful loss	Total
- Agriculture and mining	635,877,638.56					635,877,638.56
- Manufacturing and commerce	3,437,908,071.47	295,304,538.80		1,361,780,411.37	518,298,855.80	5,613,291,877.44
- Real estate business and construction	600,060,373.22					600,060,373.22
- Public utilities and services	2,408,130,497.30	21,006,156.16				2,429,136,653.46
- Housing loans						-
-Others (Commercial banks shall use their owns discretion in determining materiality)	971,694,377.22				34,444,365.49	1,006,138,742.71
-						-
-						-
Total	8,053,670,957.77	316,310,694.96	-	1,361,780,411.37	552,743,221.29	10,284,505,285.39

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

Type of business	Unit : Baht			Unit : Baht		
	2012			2011		
	General provision ^{1/}	Specific provision	Bad debt written-off during period	General provision ^{1/}	Specific provision	Bad debt written-off during period
- Agriculture and mining		691,179,072.44	122,859,974.75		957,526,385.61	
- Manufacturing and commerce		134,082,822.12				
- Real estate business and construction						
- Public utilities and services					10,486,206.71	
- Housing loans						
discretion to determine significance)						
-						
-						
Total	204,875,245.62	825,261,894.56	122,859,974.75	92,600,552.87	968,012,592.32	-

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

Item	Unit : Baht			Unit : Baht		
	2012			2011		
	General provision	Specific provision	Total	General provision	Specific provision	Total
Provisions at the beginning of the period	92,600,552.87	968,012,592.32	1,060,613,145.19	101,543,137.32	267,119,203.56	368,662,340.88
Bad debts written-off during the period	-	- 122,859,974.75	- 122,859,974.75	-	-	-
Increases or Decreases of provisions during the period	112,274,692.75	1,786,126.20	114,060,818.95	8,942,584.45	696,660,717.07	687,718,132.62
Other provisions (provisions for losses from foreign exchange, provisions for merger and sale of businesses)	-	- 21,676,849.21	- 21,676,849.21	-	4,232,671.69	4,232,671.69
Provisions at the end of the period	204,875,245.62	825,261,894.56	1,030,137,140.18	92,600,552.87	968,012,592.32	1,060,613,145.19

Outstanding amounts of on-balance sheet assets and off-balance sheet items* classified by type of assets under the SA

Type of asset	Unit : Baht			Unit : Baht		
	2012			2011		
	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	21,804,473,008.85		21,804,473,008.85	4,289,338,856.26		4,289,338,856.26
1.2 Claims on financial institutions , non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	4,635,215,286.05	269,617,194.71	4,904,832,480.76	4,684,644,896.99	181,173,409.04	4,865,818,306.03
1.3 Claims on corporates , non-central government public sector entities (PSEs) treated as claims on corporate	9,501,400,043.83	2,322,489,545.32	11,823,889,589.15	8,469,689,113.25	1,640,566,267.20	10,110,255,380.45
1.4 Claims on retail portfolios	596,591.00		596,591.00	793,000.00		793,000.00
1.5 Housing loans	54,906,605.94		54,906,605.94	155,155,079.99		155,155,079.99
1.6 Other assets	877,877,360.77		877,877,360.77	946,290,628.97		946,290,628.97
2. Non-performing claims						
3. First-to-default credit derivatives and Securitisation						
Total	36,874,468,896.44	2,592,106,740.03	39,466,575,636.47	18,545,911,575.46	1,821,739,676.24	20,367,651,251.70

Credit Risk Exposures

In compliance with the Notification of the Bank of Thailand, no. No.: SorNorSor. 54/2551, Re: Regulations for Credit Risk Asset Calculations for Commercial Banks using the Standardised Approach (SA Approach), OCBC Bangkok Branch has classified the assets of the Branch into 9 categories as follows:-

- (1.1) Claims on sovereigns and central banks
- (1.2) Claims on provincial administrations, government entities, and state enterprises (PSEs)
- (1.3) Claims on multilateral development banks (MDBs) (N/A)
- (1.4) Claims on financial institutions
- (1.5) Claims on securities firms
- (1.6) Claims on corporates

- (1.7) Claims in the retail portfolios (NA)
- (1.8) Residential mortgage loans (NA)
- (1.9) Other assets

OCBC Bangkok Branch uses the country risk rating of either Moody's Investors Service, Standard and Poor's or Fitch Rating for the computation of risk weighted assets of claims on Banks/Financial Institutions or PSEs that are classified as financial institutions, as well as claims on corporates according to the Notification of the Bank of Thailand No. SorNorSor. 54/ 2551.

Outstanding amounts of on-balance sheet assets and off-balance sheet items* classified by type of assets under the SA

Type of asset	Unit : Baht					
	2012			2011		
	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	21,804,473,008.85		21,804,473,008.85	4,289,338,856.26		4,289,338,856.26
1.2 Claims on financial institutions , non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	4,635,215,286.05	269,617,194.71	4,904,832,480.76	4,684,644,896.99	181,173,409.04	4,865,818,306.03
1.3 Claims on corporates , non-central government public sector entities (PSEs) treated as claims on corporate	9,501,400,043.83	2,322,489,545.32	11,823,889,589.15	8,469,689,113.25	1,640,566,267.20	10,110,255,380.45
1.4 Claims on retail portfolios	596,591.00		596,591.00	793,000.00		793,000.00
1.5 Housing loans			-			-
1.6 Other assets	155,220,840.46		155,220,840.46	155,155,079.99		155,155,079.99
2. Non-performing claims	877,877,360.77		877,877,360.77	946,290,628.97		946,290,628.97
3. First-to-default credit derivatives and Securitisation						
Total	36,974,783,130.96	2,592,106,740.03	39,566,889,870.99	18,545,911,575.46	1,821,739,676.24	20,367,651,251.70

2.1 Credit risk exposures under the SA*

Outstanding amount of net on-balance sheet assets and off-balance sheet items after adjustments by credit risk mitigation for each type of asset, classified by risk weight under the SA**

Type of asset	Unit: Baht												
	Risk weight (%)	2012					Unrated outstanding amount						
		0	20	50	100	150	0	20	50	75	100	625	937.5
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		11,001,131,833.95	12,748,739,948.25										
2. Claims on financial institutions , non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms		987,339,968.70	700,540,520.55	1,217,797,849.16									
3. Claims on corporates , non-central government public sector entities (PSEs) treated as claims on corporate										11,201,707,814.46			
4. Claims on retail portfolios										596,591.00			
5. Claims on housing loans						138,853,659.43							
6. Other assets										16,367,181.03			
Non-performing claims¹			50	100	150				75				
Capital deduction items prescribed by the Bank of Thailand			0		877,877,360.77								

Item 2 Credit risk exposures classified by method the commercial bank uses for maintaining minimum capital fund
2.1 Credit risk exposures under the SA*

Outstanding amount of net on-balance sheet assets and off-balance sheet items** after adjustments by credit risk mitigation for each type of asset, classified by risk weight under the SA

Unit: Baht

Type of asset	Risk weight (%)	2011													
		Rated outstanding amount					Unrated outstanding amount								
		0	20	50	100	150	0	20	50	35	75	100	625	937.5	100/8.5% ²
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		3,879,359,783.00		867,807,792.13											
2. Claims on financial institutions, non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms			2,786,298,618.79	33,840,285.01	1,533,047,904.32										
3. Claims on corporates, non-central government public sector entities (PSEs) treated as claims on corporate					1,128,505,075.12							8,389,440,959.36			
4. Claims on retail portfolios											793,000.00				
5. Claims on housing loans									119,334,455.05						
6. Other assets												35,820,624.94			
Non-performing claims^{1/}	Risk weight (%)			50	100	150					75				
Capital deduction items prescribed by the Bank of Thailand						770,413,470.69									

Credit Risk Mitigation

The Notification of the Bank of Thailand no. SorNorSor. 90/ 2551 permits banks to use credit risk mitigation for Standardized Approach as follow:

1. Financial Collateral
2. On-Balance Sheet Netting (netting method between assets (loans) and debts (deposits) with the same counterparty)
3. Guarantees and Credit Derivatives (banks shall meet criteria as prescribed under attachment 7 of the Notification).

The credit risk mitigation that is being used in OCBC Bangkok Branch presently are Financial Collaterals and Guarantees.

Quantity disclosure

3.1 Credit risk mitigation* under SA

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

Type of asset	Unit : Baht		Unit : Baht	
	31/12/2012		31/12/2011	
	Eligible financial collateral ^{1/}	Guarantee and credit derivatives	Eligible financial collateral ^{1/}	Guarantee and credit derivatives
Performing assets				
1. Claims on sovereigns and central banks, multilateral development banks (MDBs), and non-central government public sector entities (PSEs) treated as claims on sovereigns	-	-	-	-
2. Claims on financial institutions, non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms		1,945,398,773.35		457,828,719.17
3. Claims on corporates, non-central government public sector entities (PSEs) treated as claims on corporate	695,112,325.18		1,401,198,435.14	
4. Claims on retail portfolios				
5. Claims on housing loans				
6. Other assets				
Substandard assets				
Total	695,112,325.18	1,945,398,773.35	1,401,198,435.14	457,828,719.17

Disclosure on market risks for trading book position

Market Risk^{2/} refer to the risks which banks may encounter due to the changes on the on and off balance sheet positions as a result of the variation in interest rate, price of equity instruments, foreign exchange rate and price of commodities. The variation in interest

rate and price of equity instrument may be caused by general market risk and/or specific risk of the issuers.

OCBC Bangkok Branch does not engage in commodity and debt instruments for trading purposes. However, according to the notification of the Bank of Thailand no. SorNorSor. 94/2008, Re: Guideline on Supervision of Market Risk and Capital Requirement for Market Risk of Financial Institutions, OCBC Bangkok Branch is required to calculate risk weighted assets for transactions relating to foreign exchange and interest rate risks. OCBC Bangkok Branch has adopted the Standardized Approach for computation of the risk weighted assets for market risk.

4.1 Market risk under the Standardised Approach

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

Unit: Baht

Minimum capital requirements for market risk under the Standardized Approach	31/12/2012	30/06/2012
Interest rate risk	93,588.20	288,756.13
Equity position risk		
Foreign exchange rate risk	12,222,408.00	5,054,735.58
Commodity risk		-
Total minimum capital requirements	12,315,996.20	5,343,491.71

Item 6 Equity exposures in banking book

Equity exposures in banking book

Unit: Baht

Equity exposures	2012	2011
1. Equity exposures	NIL	
1.1 Equities listed and publicly traded in the Stock Exchange		
- Book value		
- Fair value		
1.2 Other equities (both within the country and abroad)		
2. Gains (losses) of sale of equities in the reporting period		
3. Net surplus (deficit) from revaluation of available for sale equities		
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		

Item 7 Interest rate risk in the banking book

The effect of changes in interest rates* to net earnings

Currency	Unit:Baht	
	2012	2011
	Effect to net earnings	Effect to net earnings
Baht	- 100,105,435.58	55,764,989.20
USD	- 13,826,193.99	- 30,687,969.57
JPY	25,048.21	12,137.41
Others	- 437,742.31	- 5,567.40
Total effect of interest rate changes	- 114,344,323.67	25,083,589.64

Disclosure on operational risks

Operational risks refer to the potential risks from damages that may arise from inadequacy or impairment of the Bank's internal controls, processes, personal and work system or due to external events, including legal risk but excluding strategic risk and reputation risk.

Under the Bank of Thailand's notification no.SorNorSor 95/2551 and no.SorNorSor 5/2555, there are 3 methods i.e. Basic Indicator Approach (BIA), Standardized Approach (SA-OR) and ASA or Advance Measurement Approach (AMA) for the computation of risk weighted assets for operational risks.

OCBC Bangkok Branch has adopted SA-OR for the computation of risk weighted assets. To obtain the risk weighted assets for operational risk, OCBC Bangkok Branch allocates gross income to each business as prescribed by the Bank of Thailand and apply constant beta value to its respective business line.

Remark: Please refer to the information of Basel II Pillar III Disclosure of Oversea-Chinese Banking Corporation Limited as per link appended below.

<http://www.ocbc.com/assets/pdf/Annual%20reports/2012/OCBC%202012%20AR%20Basel%20II%20Pillar%203%20Risk%20Disclosures.pdf>