CIMB Thai Bank Public Company Limited

Disclosure of capital adequacy information of Financial Business Group

(Basel II – Pillar 3)

As of 31 December 2010

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Disclosure of capital adequacy information of Financial Business Group

As of December 2010

Introduction

The Bank is committed to adopting standard risk management principles to ensure maximum benefits to its operational results and financial position as well as to add value to the businesses of the Bank and its financial business group. Risk management and control has consistently been developed to be used in line with the code of best practice of the organization. The Bank will accept the risk as long as it is regarded being worth the returns and under the acceptable risk level. These principles have also been applied to the Bank's subsidiaries.

In addition, disclosure of information on maintaining of capital funds and risk profile of the Bank's financial business group is among significant issues addressed by the Bank all along. The Bank has prepared a report on disclosure of such information to enable outsiders or relevant parties to use the information to assess the strength of the Bank and its financial business group.

Scope of Application

Disclosure of information on maintaining of capital funds in compliance with Basel II – Pillar 3 covers full-consolidation information involving:

1. CIMB Thai Bank Public Company Limited
2. Center Auto Lease Company Limited (formerly known as BT Leasing Company Limited)
3. Worldlease Company Limited (formerly known as BT Worldlease Company Limited)
4. CIMB Securities (Thailand) Company Limited (formerly known as BT Securities Company Limited)
5. CT COLL Company Limited (formerly known as BT Consultant Company Limited)

Capital Structure

As of 31 December 2010, the Bank recorded capital funds of THB 17,159 million consisting of tier 1 capital of THB 10,567 million and tier 2 capital of THB 6,592 million which included the financial instruments allowed by the Bank of Thailand (BOT) to count as tier 2 capital, i.e. long term subordinated debt of THB 3,337 million and hybrid subordinated debt of THB 2,500 million. Capital funds of the financial business group totaled THB 17,495 million. Capital adequacy ratio (CAR) of the Bank and the financial business group pursuant to Basel II standards and criteria was 14.7% and 14.9% respectively, hence higher than the regulatory minimum capital requirement. In view of this, the Bank is confident that its capital position has been high enough to cope with any economic volatility which may affect its performance and that of the financial business group in the future.

Unit: THB million

	Consolidated	**Bank only**	
Items	**Dec 10**	**Dec 10**	**June 10**
1.Tier 1 capital	**10,849**	**10,567**	**6,855**
1.1 Paid-up share capital	8,158	8,158	6,675
1.2 Share premium (deficit) (net)	1,483	1,483	-
1.3 Legal reserves	64	64	4
1.4 Retained earning (loss)	1,103	862	177
1.5 Minority interest	41	-	-
2.Tier 2 capital	**6,646**	**6,592**	**6,527**
2.1 Tier 2 capital before deductions	6,646	6,592	6,527
3. Total mandatory capital fund	**17,495**	**17,159**	**13,382**
3.1 Total capital before deductions	17,495	17,159	13,382

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Capital Adequacy

The Bank calculates capital adequacy of its financial business group according to the Basel II criteria with respect to credit risk, market risk, and operational risk as follows:

Risk type	Capital adequacy approach
1. Credit risk	Standardized Approach (SA)
2. Market risk	Standardized Approach (SA)
3. Operational risk	Basic Indicator Approach (BIA)

The Bank plans to change the capital adequacy maintaining approach for operational risk management from Basic Indicator Approach (BIA) to Standardized Approach (SA-OR) in the future. As for credit risk, the Bank has started collecting data for capital fund calculation by Internal Rating Based Approach (IRB) in the future, subject to fulfilling the condition on the required period for data collection as stipulated by the BOT. However, the Bank will consider the pros and cons of the adoption of IRB approach again in the future.

Unit: THB million

	Consolidated	Bank only	
Risk asset type	**Dec 10**	**Dec 10**	**June 10**
Performing loans			
1.Debtors that are sovereigns and central banks, multilateral development banks (MDBs) and public sector entities (PSEs) whose risk weight is comparable to that of sovereigns	9	9	9
2.Debtors that are financial institutions, and public sector entities (PSEs) whose risk weight is comparable to that of financial institutions and securities companies	174	173	198
3.Debtors that are corporate and public sector entities (PSEs) whose risk weight is comparable to that of corporate entities	5,818	6,254	5,414
4.Retail debtors	1,552	1,179	1,031
5.Residential mortgage exposures	496	496	434
6.Other assets	639	719	734
Non-performing loans	207	205	485
Total	8,895	**9,036**	**8,304**

As of 31 December 2010, the Bank's and its financial business group's CAR was 14.7% and 14.9% respectively, with tier 1 capital ratio of 9.0% and 9.3% respectively, which were higher than the minimum criteria prescribed by the BOT.

	Consolidated	Bank only	
Ratio	Dec 10	Dec 10	June 10
1.Total capital to risk-weighted assets	14.9%	14.7%	12.4%
2.Tier 1 capital to risk-weighted assets	9.3%	9.0%	6.3%

Information Relating to Risk Exposure and Assessment

Risk Management Process

In business operations, there are five major risk perspectives, namely strategic risk, credit risk, market risk, liquidity risk, and operational risk. The Bank believes that the quality and effectiveness of risk management is critical to pursuing sustainable business growth and profitability. To efficiently manage and enhance its risk management process, the Bank has appointed Risk Management Committee (RMC) comprising members with banking industry expertise and experience to review any risk management policy and framework for appropriateness prior to submission to the Board of Directors for approval. RMC is also in charge of monitoring all work units to comply with the relevant risk management policies and risk limits in order to ensure that risks are managed efficiently and effectively alongside with transparency in decision-making process. The Bank and its financial business group have respective risk management units independently from other business units. Or, some companies will assign management staff to take charge of risk management developing and executing internal risk management policies, strategies, and procedures. Risk management work units or assigned persons will support discharge of duties of RMC and help the management to manage any risks arising during the course of business.

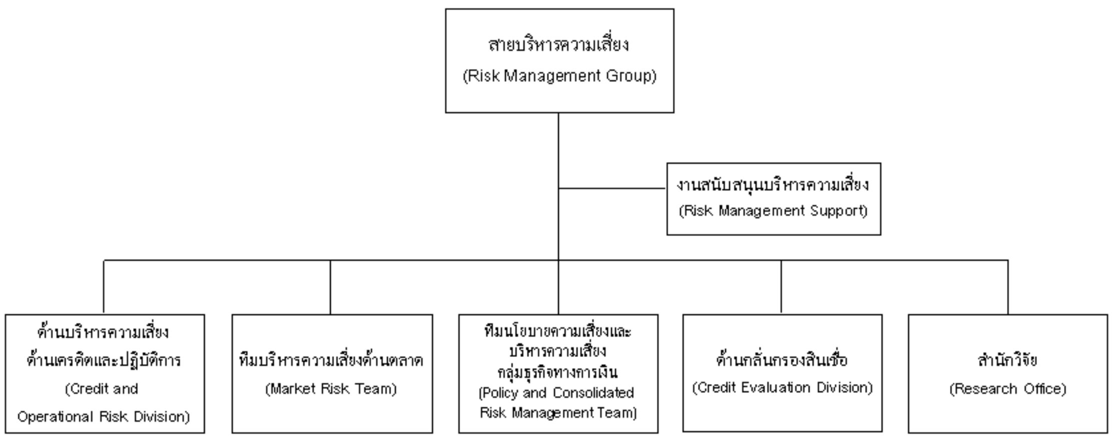
Structure and Duties and Responsibilities of Units Relating to Risk Management

The Bank has in place Risk Management Group which is particularly in charge of risk management, encompassing four function areas as follows:

1. Credit and Operational Risk Division and Market Risk Team are mainly responsible for developing the overall risk management policy and procedures, set-up of risk limits, developing risk grading tools and models, and control, monitoring and reporting of the overall risk of the financial business group.

2. Policy and Consolidated Risk Management Team is responsible for developing credit policy and supervising the Bank's financial business group to comply with internal rules and regulatory requirements.
3. Credit Evaluation Team is responsible for risk analysis of individual debtors including providing recommendation to mitigate risk before proposing it to Credit Committee.
4. Research Office is responsible for providing work units within the Bank with academic viewpoints on business, industry and economy to support their business operations.

Risk Management Group Structure



For supervision of the financial business group to comply with the risk policy set by the Bank, the Bank's work unit in charge of any particular risk shall supervise the respective financial business group. Policy and Consolidated Risk Management Team shall take charge of coordinating and monitoring to ensure effective risk management.

The Bank's Risk Assessment

Strategic Risk: Risk resulting from inappropriate strategic plan and implementation which may impact the Bank's profitability, capital adequacy, stability, and success opportunity. The Bank has all along recognized the importance of the management and mitigation of strategic risk by having strategic and business plans developed and reviewed every year with full participation by all relevant work units in collaboration with Risk Management Group in scrutinizing the plans. SWOT analysis is prudently conducted to ensure that the business plan and target can be achieved. Senior management also closely participates in formulating the plan and target and proposes them to the Board of Directors for consideration and approval. Annual business plan and strategic plan of the financial business group are subject to consideration by the respective Board of Directors before proposal to the Board of Directors of the Bank.

After implementation of the plan, the Board of Directors and other relevant committees will constantly monitor and review the implementation results by comparing them with the plan and target set forth.

Risks associated with implementation of the strategic plans are listed as below:

1. Risk from economic uncertainties and competition: Economic conditions and competitions are two external factors which the Bank needs to pay attention to. If the business plan is not in line with the economic conditions, this may hinder the Bank from achieving satisfactory results. As such, the Bank has given importance to following up on economic changes. To reduce such risk, Research Office has joined hands with Strategy Division to closely monitor and analyze the economic conditions and competition, especially to analyze and assess competitors on a regular basis. Reports on strategic research results and relevant recommendation are proposed to committees involved for further actions.

   To enable the Bank to focus on its core banking businesses / transactions, the Bank has separated Bad Bank from Good Bank through the sale of shares held in Sathorn Asset Management Co., Ltd. (STAMC) to CIMB Group and the sale of the Bank's NPL to STAMC. In addition, the Bank has sold the total ordinary shares held in BT Asset Management Co., Ltd. (BTAM) to CIMB-Principal Asset Management Berhad (CPAM) in 2010.

   Risk of capital inadequacy: The BOT closely monitors the operations and performance of commercial banks to ensure their reliability and accountability in both lending and deposit taking activities. To maintain capital fund to be sufficient in both normal and critical situations according to stress test results, the Bank has formulated capital management plan and action plan for maintaining of the capital funds in compliance with regulatory criteria. One of the Bank's tools, i.e. BIS Trigger, is used by Strategy and Finance Group and Risk Management Group as a warning signal in monitoring and maintaining capital adequacy. Therefore, capital adequacy ratio or capital to risk weighted asset ratio is an important measure which can help maintain the Bank's stability, not allowing the Bank to take risk assets exceeding the ratio set, as compared with its capital.

2. Risk from inappropriate organization and management structure: The Bank realizes that a proper organization structure pays a big tribute to the success of the strategic plan. As such, the Bank has set up committees and work units consisting of personnel of the

Bank and the financial business group to perform duties and discharge the tasks specified. There is a check and balance process according to corporate governance principles, which can ensure correct and justified transactions and smooth business plan implementation.

CIMB Bank Berhad, as the largest shareholder of CIMB Thai, has transferred IT and risk management know-how to the Bank. This includes securing a treasury system called 'Murex' and an automated credit approval system to support retail banking business, which can help the Bank expand its business as planned with an efficient risk control and management system. In addition, the Bank is in the process of deploying core banking system so that the Bank will have a standard, accurate, punctual and fast operational process which can cater to the offering of a wide variety of products and services as well as the intensifying competition in the commercial bank industry.

Credit Risk: Credit risk arises from clients or counterparts failing to or unwilling to fulfill their contractual obligations under loan agreements or other obligations, or deterioration of debt quality, thus adversely affecting the Bank's profitability and capital fund.

The main objective of credit risk management is to create value for shareholders by ensuring that the revenue generated is commensurate with the risk taken or worth the risk taken, either individual customer risk or individual transaction risk or composite risk.

Under the credit risk management policy, the Bank has put in place credit risk management process, techniques and controls to maintain 'check and balance' with clearly defined duties and responsibilities for relationship managers, credit analysts, credit evaluators, credit approvers, and risk management officers.

The Bank has developed and used different credit risk assessment tools for different types of customers. Risk grading tools have been developed and implemented for corporate clients. There are also SMEs filter for use with SME clients and credit scoring for secured and unsecured retail customers of the Bank and the financial business group. At the same time, the risk management framework and procedures for the Bank and the financial business group have been rationalized starting during 2009-2010 and will be carried on-going to support the business operations and ensure adherence to the risk management policy of the Bank and CIMB Group.

In addition, non-performing loan (NPL) risk is one of the major risks which can affect the Bank's profitability and capital adequacy. As such, the Bank pays special attention to close monitoring and managing of NPL including taking adequate provisions for bad debts. Also, problem accounts are proactively monitored and managed to prevent them from turning into NPL. For portfolio risk management, the Bank has addressed credit concentration risk by setting appropriate risk limits such as country exposure limit, single borrower exposure limit, sector exposure limit, as well as defining and controlling override limit of the Bank and its financial business group.

Additionally, the Bank has established policies and procedures in relation to credit risk management to prevent or mitigate potential risks which can be summarized as follows:

- **Credit risk mitigation**

In the Bank's lending policy, the primary basis is assessing the borrower's debt servicing capabilities, mainly from cash flow generated from business operations. Nevertheless, collateral is of no less importance as it is the secondary source of repayment that will help safeguard the Bank against any loss in the event of debt default. Among the different types of collateral which the Bank accepts are deposits, government bonds, debt and equity instruments, and property. The collateral value and the loan to value (LTV) ratio will vary based on respective risk appetite. The Bank has also established collateral valuation and appraisal policy to ensure effective risk management and compliance with the BOT guidelines. Collateral taken has to be appraised with the frequency of which as required under the Bank's policy.

Credit risk mitigation methods for calculation of the Bank's capital adequacy are as follows:

- Financial collaterals: Financial collaterals comprising cash, deposits, bonds, treasury bills, etc., are used by the Bank for credit risk mitigation by the financial collateral simple method.
- On-balance sheet netting: The Bank has in place standard loan agreement which can be offset with deposits of the same contract party and global master repurchase agreement with repo-style transaction with any institutional counterparties.
- Credit guarantee and derivatives: The Bank capitalizes on guarantors for credit risk mitigation in case that the guarantor is government, central bank, governmental agencies, financial institutions with lower risk weight than the debtor. In case of guarantors that are juristic persons or in case of personal guarantors, which are in a large number, the Bank does not bring them into account for credit risk mitigation as the Bank has set 100% weight for all private business debtors as approved by the BOT. For capital adequacy calculation for credit risk mitigation in 2010, the Bank has not adopted this credit risk mitigation method. It has used only financial collaterals as specified by the BOT for credit risk mitigation.

- **Problem account monitoring policy**

The Bank has established guidelines to closely monitor watch-list and problem loan accounts in order to timely resolve the Bank's problem loans and standardize the problem loan monitoring process. The guidelines prescribe a monitoring process for all problem accounts from watch-list accounts to doubtful loss accounts and will be revised periodically to ensure effectiveness. In addition, the Bank has set criteria on watch-list debtor classification and qualitative debt classification apart from accrual basis. For watch-list and special mentioned debtors, the Bank requires preparation of Pre-NPL monitoring report to closely monitor these groups of debtors. Pre-NPL customers are divided into two groups (1) Special Alert List (SAL) and (2) Non-SAL. As for NPL accounts (sub-standard, doubtful, and doubtful loss), NPL management report has to be prepared on a monthly basis. Pre-NPL monitoring report and NPL management report will have to be submitted to senior management for acknowledgement and determination of further actions.

The debt monitoring and follow-up as aforementioned will help the Bank resolve problem loans in a timely manner, mitigate risks, and assist clients with debt restructuring.

For retail customers, the Bank will start collection of debts which are overdue from five days upward by transferring the debts to CT COLL Co., Ltd. for management. Clear procedures have been defined for each overdue period. For example, for up to 60 days overdue debt and upon debt payment follow-up, if the customer requests debt restructuring and negotiation on conditions can be concluded, the debt restructuring will be undertaken. If no action can be done within 90 days, these accounts will be transferred to an external company with expertise in debt follow-up and collection. If the debts become 180 days overdue, the accounts will be returned to the Bank and further transferred to Sathorn Asset Management Co., Ltd. for further debt follow-up/debt restructuring.

There are two companies in the financial business group which undertake credit lending business as below:

1. Center Auto Lease Co., Ltd. engages in car leasing business. The company has set out SOP on debt collection for normal debtors up to 60-day overdue debtors, and SOP on debt monitoring and collection for debtors whose debt payments are overdue from 61 days upward for efficient debt collection. In case of up to 60-day overdue debts, the company will make phone calls to contact debtors. Report on debt collection result will be prepared. Debt collection analysis will be conducted and operational plan developed. For customers with over 60-day overdue payment (2 installments), a letter notifying debtors to pay the overdue lease amount will be issued in addition to the phone calls. When the debts become 180-day overdue, a notice letter will be issued for debt settlement and termination of the lease contract. In

case that the debtor is unable to settle the debts, the cars will be seized and relevant procedures undertaken as stipulated.

2. Worldlease Co., Ltd. engages in motorcycle leasing business. SOP on debt monitoring and termination of contract has been formulated to ensure efficient debt collection. The company will start making phone calls for debt follow-up when the debt is more than 3-day overdue. When debt payment is overdue for one installment, a warning letter for debt payment will be issued in addition to phone calls. When debt payment is overdue for 3-5 installments, the motorcycle will be seized, lease contract terminated and relevant procedures undertaken as stipulated.

- **Debt restructuring policy**

The Bank has set a policy to undertake debt restructuring for debtors who are cooperative, run viable business and have potential to fulfill the new conditions, so that mutual benefits are generated from the debt restructuring. These include maximum recovery of debts and minimum incurrence of impairment loss, while the customers can continue doing their businesses but may have to bear some loss on their own. The Bank will undertake the debt restructuring in accordance with the BOT regulations and with prudent undertaking in a way that will not be deemed as avoiding debt classification, reserve provisioning and interest stop-accrual criteria.

The Bank will undertake debt restructuring for both performing and non-performing loans and will strictly adhere to the Bank's debt restructuring policies and procedures, covering debt servicing analysis, approval of restructuring approval, restructuring legal documentation, follow-up and assessment, as well as monitoring in a way controllable, examinable and compliant with internal and regulatory rules and regulations.

The responsibility to undertake and coordinate in the debt restructuring lies primarily with the Bank's internal units. However, the Bank may engage any other financial institution or third party with debt restructuring expertise and experience to help restructure debts on the Bank's behalf. However, debt restructuring conditions will have to be submitted to Credit Committee or the Board of Directors or any persons duly authorized by the Bank for approval.

- **Guidelines for calculation of general provision and specific provision**

The Bank conducts both quantitative asset classification --- consideration of overdue payment period, and qualitative asset classification --- consideration of other factors affecting debt servicing capabilities. Classification will be concluded on the lower result between the quantitative approach and the qualitative approach.

For performing loans classified as pass loans (including debtors who have undergone the debt restructuring process and made payments according to normal payment conditions) and special-mentioned loans, the Bank has set aside a provision at the rates of 1% and 2% of outstanding principal respectively (excluding interests) after deduction of collateral value according to criteria set by the BOT. For non-performing loans (classified as sub-standard or below), the Bank has set aside provisions at the rate of 100% for the net loan amount after deducting the present value of expected future cash flows from debt repayment or the present value of expected cash flow from disposal of collateral discounted by the rate and the time required for the disposal thereof in accordance with the BOT's guidelines. Bad debts written-off and recovered will be deducted from or added to the allowance for doubtful accounts.

Companies in the financial business group which engages in leasing business are Center Auto Lease Company Limited and Worldlease Company Limited. Debt classification will be done taking into account overdue period as prescribed by the BOT. CIMB Securities (Thailand) Company Limited will comply with criteria stipulated by the SEC.

- **Definition of defaulted loan and impairment of assets**

The Bank has a key accounting policy for loans with principal or interest payment made at the time more than three months past due to be regarded as defaulted loans.

As for impairment of assets, the Bank has defined diversely depending on the type of assets as follows:

Loans: The Bank estimates loan loss provision when the debtor has principal and interest debt servicing problem with the use of criteria on loan loss provision of the BOT together with justification in estimating loan loss provision when the debtor has principal and interest debt servicing problem based on analysis of individual debtor position, defaulted period, estimation from historical data, collateral value and economic conditions.

For securities business debtors consisting of cash account debtor, margin account debtor, collateralized asset debtor, and other debtors such as debtor who buys securities with cash but cannot settle payment within the prescribed period, or debtor in litigation process, debt compromise or installment payment, loan loss provision will be set aside according to criteria of the SEC. According to such criteria, securities business is required to classify debtors into three types and record minimum loan loss provision at the rates set for each type of debtors. Criteria are also set on calculation of collateral value for figuring out loan loss provision. In addition, the financial position of the debtor who may not be able to service debts will be taken into consideration based on opinions and experience of the management.

Three types of debtors are

1. Loss debt
2. Doubtful loss debt
3. Sub-standard debt

Financial Instrument: In determining the fair value of financial instruments not traded on market or without reference market prices, the Bank works out the fair value of financial instruments based on the generally accepted valuation approaches or the valuation by instrument arrangers. Variables used for calculation come from market comparables, factoring in liquidity, and information on correlation and change of value of financial instruments in a long term.

Investments in securities: The Bank will consider whether the fair value of the investments has materially decreased and for a long period of time or not.

Non-performing assets: The Bank will consider whether value of assets to be recovered has decreases to lower than the book value or not, based on the latest appraisal price of assets, types, features and liquidity of assets.

Information on position relating to credit risk by Standardized Approach (SA)
Outstanding of on-balance sheet assets and off-balance sheet items before credit risk mitigation

Unit: THB million

Items	Consolidated	Bank only	
	Dec 10	Dec 10	Dec 09
1. On-balance sheet assets (1.1+1.2+1.3)	**124,239**	**122,353**	**108,216**
1.1 Net loans [1/]	101,734	100,378	90,897
1.2 Net investment in debt securities [2/]	17,610	17,610	16,275
1.3 Deposits (including accrued interests)	4,895	4,364	1,044
2. Off-balance sheet items [3/] (2.1+2.2+2.3)	**236,729**	**240,002**	**135,055**
2.1 Aval of bills, guarantees, and letter of credits	2,441	2,711	2,708
2.2 OTC derivatives	178,920	178,920	87,286
2.3 Undrawn committed lines	55,368	58,371	45,061

1/ including accrued interests and net of deferred revenues, allowance for doubtful accounts and revaluation allowances for debt restructuring and including net inter-bank and money market loans

2/ excluding accrued interests and net of revaluation allowances for securities and impairment allowances for securities

3/ before multiplying by CCF

Outstanding of on-balance sheet assets and off-balance sheet items before credit risk mitigation classified by country or geographic area of debtors (as of December 2010)

Unit: THB million

Country or geographic area of debtor	Consolidated							
	December 2010							
	On-balance sheet assets				Off-balance sheet items (3)			
	Total	Net loan (1)	Net investment in debt securities (2)	Deposit (including accrued interest)	Total	Aval of bills, guarantee, and letter of credit	OTC derivatives	Undrawn committed line
1. Thailand	121,752	101,616	16,103	4,032	150,195	2,441	92,390	55,364
2. Asia Pacific (Excluding Thailand)	1,376	1,362	-	14	28,616	-	28,612	4
3. North America and Latin America	832	-	-	832	20,894	-	20,894	-
4. Africa and Middle East	6	6	-	-	1	-	-	1
5. Europe	1,566	42	1,508	17	37,024	-	37,024	-
Less General Provision	1,293	1,293	-	-	-	-	-	-
Total	**124,239**	**101,734**	**17,610**	**4,895**	**236,729**	**2,441**	**178,920**	**55,368**

Unit: THB million

Country or geographic area of debtor	Bank only							
	December 2010							
	On-balance sheet assets				Off-balance sheet items (3)			
	Total	Net loan (1)	Net investment in debt securities (2)	Deposit (including accrued interest)	Total	Aval of bills, guarantee, and letter of credit	OTC derivatives	Undrawn committed line
1. Thailand	119,830	100,226	16,103	3,501	153,467	2,711	92,390	58,366
2. Asia Pacific (Excluding Thailand)	1,376	1,362	-	14	28,616	-	28,612	4
3. North America and Latin America	832	-	-	832	20,894	-	20,894	-
4. Africa and Middle East	6	6	-	-	1	-	-	1
5. Europe	1,566	42	1,508	17	37,024	-	37,024	-
Less General Provision	1,257	1,257	-	-	-	-	-	-
Total	**122,353**	**100,378**	**17,610**	**4,364**	**240,002**	**2,711**	**178,920**	**58,371**

Unit: THB million

Country or geographic area of debtor	Bank only							
	December 2009							
	On-balance sheet assets				Off-balance sheet items (3)			
	Total	Net loan (1)	Net investment in debt securities (2)	Deposit (including accrued interest)	Total	Aval of bills, guarantee, and letter of credit	OTC derivatives	Undrawn committed line
1. Thailand	103,370	89,777	12,938	655	73,973	2,708	26,203	45,061
2. Asia Pacific (Excluding Thailand)	1,408	1,385	-	23	10,158	-	10,158	-
3. North America and Latin America	339	-	-	339	9,653	-	9,653	-
4. Africa and Middle East	-	-	-	-	-	-	-	-
5. Europe	3,364	-	3,337	27	41,271	-	41,271	-
Less General Provision	265	265	-	-	-	-	-	-
Total	**108,216**	**90,897**	**16,275**	**1,044**	**135,055**	**2,708**	**87,286**	**45,061**

1/ including accrued interests and net of deferred revenues, allowance for doubtful accounts and revaluation allowances for debt restructuring and including net inter-bank and money market loans

2/ excluding accrued interests and net of revaluation allowances for securities and impairment allowances for securities

3/ before multiplying by CCF

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

Unit: THB million

Items	Consolidated				Bank only							
	December-10				December-10				December-09			
	Maturity not exceeding 1 year	Maturity exceeding 1 year	General Provision	Total	Maturity not exceeding 1 year	Maturity exceeding 1 year	General Provision	Total	Maturity not exceeding 1 year	Maturity exceeding 1 year	General Provision	Total
1. On-balance sheet assets (1.1 + 1.2 + 1.3)	**63,719**	**61,813**	**1,293**	**124,239**	**64,136**	**59,475**	**1,257**	**122,353**	**51,132**	**57,349**	**265**	**108,216**
1.1 Net loan 1/	49,602	53,424	1,293	101,734	50,550	51,086	1,257	100,378	45,160	46,002	265	90,897
1.2 Net investment in debt securities 2/	9,221	8,389	-	17,610	9,221	8,389	-	17,610	4,928	11,347	-	16,275
1.3 Deposit (including accrued interests)	4,895	-	-	4,895	4,364	-	-	4,364	1,044	-	-	1,044
2. Off-balance sheet items3/ (2.1 + 2.2 + 2.3)	**123,472**	**113,257**	**-**	**236,729**	**126,370**	**113,632**	**-**	**240,002**	**75,873**	**59,182**	**-**	**135,055**
2.1 Aval of bills, guarantee, and letter of credits	2,441	-	-	2,441	2,711	-	-	2,711	2,708	-	-	2,708
2.2 OTC derivatives	72,481	106,439	-	178,920	72,481	106,439	-	178,920	31,745	55,540	-	87,286
2.3 Undrawan committed lines	48,551	6,818	-	55,368	51,178	7,193	-	58,371	41,419	3,642	-	45,061

1/ including accrued interests and net of deferred revenues, allowance for doubtful accounts and

revaluation allowances for debt restructuring and including net inter-bank and money market loans

2/ excluding accrued interests and net of revaluation allowances for securities and impairment allowances for securities

3/ before multiplying by CCF

Outstanding of loans including accrued interests and investments in debt securities before credit risk mitigation classified by country or geographical area of debtors and by asset classification specified by the Bank of Thailand (as of December 2010)

Unit: THB million

Country or geographic area of debtor	Consolidated						
	Loans including accrued interests (1) as of December 2010						Investment in debt securities
	Pass	Special mentioned	Substandard	Doubtful	Doubtful loss	Total	Doubtful loss
1. Thailand	91,336	8,693	1,521	335	1,044	102,928	2
2. Asia Pacific (excluding Thailand)	1,362	-	-	-	13	1,375	
3. North America and Latin America	-	-	-	-	-	-	
4. Africa and Middle East	6	-	-	-	-	6	
5. Europe	42	-	-	-	-	42	
Total	**92,746**	**8,693**	**1,521**	**335**	**1,057**	**104,351**	**2**

Unit: THB million

Country or geographic area of debtor	Bank only						
	Loans including accrued interests (1) as of December 2010						Investment in debt securities
	Pass	Special mentioned	Substandard	Doubtful	Doubtful loss	Total	Doubtful loss
1. Thailand	90,454	8,196	1,477	313	964	101,405	2
2. Asia Pacific (excluding Thailand)	1,362	-	-	-	-	1,362	-
3. North America and Latin America	-	-	-	-	-	-	-
4. Africa and Middle East	6	-	-	-	-	6	-
5. Europe	42	-	-	-	-	42	-
Total	**91,864**	**8,196**	**1,477**	**313**	**964**	**102,815**	**2**

Unit: THB million

Country or geographic area of debtor	Bank only						
	Loans including accrued interests (1) as of December 2009						Investment in debt securities
	Pass	Special mentioned	Substandard	Doubtful	Doubtful loss	Total	Doubtful loss
1. Thailand	73,324	11,291	2,532	1,111	5,502	93,760	3
2. Asia Pacific (excluding Thailand)	1,385	-	-	-	-	1,385	-
3. North America and Latin America	-	-	-	-	-	-	-
4. Africa and Middle East	-	-	-	-	-	-	-
5. Europe	-	-	-	-	-	-	-
Total	**74,709**	**11,291**	**2,532**	**1,111**	**5,502**	**95,145**	**3**

(1) Outstanding of loans and accrued interest (including loans and accrued interest of interbank and money market items) before allowances+B21 for doubtful accounts and revaluation allowances for debt restructuring

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Provisions (general and specific provisions) and bad debt write-offs for loans including accrued interests and investments in debt securities classified by country or geographical area (as of December 2010)

Unit: THB million

Country or geographic area of debtor	Consolidated				Bank only							
	As of December 2010				As of December 2010				As of December 2009			
	Loans including accrued interest (1)			Investment in debt securities specific provision	Loans including accrued interest (1)			Investment in debt securities specific provision	Loans including accrued interest (1)			Investment in debt securities specific provision
	General provision	Specific provision	Write-off during period		General provision	Specific provision	Write-off during period		General provision	Specific provision	Write-off during period	
1. Thailand	[redacted]	1,312	1,268	56	[redacted]	1,179	981	56	[redacted]	3,983	2,332	57
2. Asia Pacific (excluding Thailand)		13	-	-		-	-	-		-	-	-
Total	**1,293**	**1,325**	**1,268**	**56**	**1,257**	**1,179**	**981**	**56**	**265**	**3,983**	**2,332**	**57**

1/ Provisions set aside and bad debt written off during period of loans including accrued interest (including loans and accrued interest of interbank and money market items)

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

Unit: THB million

Type of business	Consolidated					
	December-10					
	Pass	Special mentioned	Substandard	Doubtful	Doubtful loss	Total
Agriculture and Mining	713	38	0	2	11	764
Manufacturing and Commerce	33,584	4,213	820	39	411	39,067
Property and Construction	3,746	1,183	143	137	270	5,478
Public Utilities and Services	11,917	2,229	129	16	160	14,451
Housing	15,982	183	106	86	63	16,420
Financial Intermediaries	11,134	-	-	-	0	11,134
Personal Consumption	15,670	847	323	54	143	17,036
Total	**92,746**	**8,693**	**1,521**	**335**	**1,057**	**104,351**

Unit: THB million

Type of business	Bank only					
	December-10					
	Pass	Special mentioned	Substandard	Doubtful	Doubtful loss	Total
Agriculture and Mining	713	38	0	2	11	764
Manufacturing and Commerce	33,584	4,213	820	39	411	39,067
Property and Construction	3,746	1,183	143	137	270	5,478
Public Utilities and Services	11,917	2,229	129	16	160	14,451
Housing	15,982	183	106	86	63	16,420
Financial Intermediaries	15,818	-	-	-	0	15,818
Personal Consumption	10,104	350	278	33	50	10,816
Total	**91,864**	**8,196**	**1,477**	**313**	**964**	**102,815**

Unit: THB million

Type of business	Bank only					
	December-09					
	Pass	Special mentioned	Substandard	Doubtful	Doubtful loss	Total
Agriculture and Mining	316	225	0	4	61	605
Manufacturing and Commerce	22,352	4,684	1,487	471	3,238	32,232
Property and Construction	4,623	2,840	411	237	715	8,825
Public Utilities and Services	9,286	2,858	158	173	1,057	13,532
Housing	10,857	226	88	146	323	11,640
Financial Intermediaries	17,208	-	-	-	0	17,208
Personal Consumption	10,067	457	389	80	109	11,102
Total	**74,709**	**11,291**	**2,532**	**1,111**	**5,502**	**95,145**

* Including loans and accrued interests of interbank and money market items

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Provisions (general and specific provisions) and bad debt write-offs for loans and accrued interests* classified by type of business

Unit: THB million

Type of business	Consolidated			Bank only					
	December-10			December-10			December-09		
	General provision	Specific provision	Write-off during period	General provision	Specific provision	Write-off during period	General provision	Specific provision	Write-off during period
Agriculture and Mining		0	0		0	0		23	-
Manufacturing and Commerce		622	329		622	329		2,502	85
Property and Construction		15	6		15	6		257	94
Public Utilities and Services		212	0		212	0		627	-
Housing		55	-		55	-		167	-
Financial Intermediaries		0	-		0	-		-	-
Personal Consumption		420	933		274	646		407	2,153
Total	**1,293**	**1,325**	**1,268**	**1,257**	**1,179**	**981**	**265**	**3,983**	**2,332**

* Including loans and accrued interests of interbank and money market items

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Reconciliation of changes in provisions (general and specific provisions) for loans including accrued interests*

Unit: THB million

Items	Consolidated			Bank only					
	December-10			December-10			December-09		
	General provision	Specific provision	Total	General provision	Specific provision	Total	General provision	Specific provision	Total
Provisions at the beginning of the period	295	7,658	7,953	265	3,983	4,248	377	4,883	5,260
Write-offs during the period	(24)	(1,244)	(1,268)	(24)	(957)	(981)	(5)	(2,327)	(2,332)
Increases or decreases of provisions during the period	1,132	(150)	982	1,016	34	1,050	(107)	1,427	1,320
Provisions for merger and sale of business	(110)	(4,939)	(5,049)	0	(1,881)	(1,881)	0	0	0
Provisions at the end of the period	1,293	1,325	2,618	1,257	1,179	2,436	265	3,983	4,248

* Including loans and accrued interests of interbank and money market items

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

Unit: THB million

Type of assets	Consolidated			Bank only					
	December-10			December-10			December-09		
	On-balance sheet assets	Off-balance sheet items	Total	On-balance sheet assets	Off-balance sheet items	Total	On-balance sheet assets	Off-balance sheet items	Total
1. Performing assets									
1.1 Debtors that are sovereigns and central banks, multilateral development banks (MDBs) and public sector entities (PSEs) whose risk weight is comparable to that of sovereigns	17,856	18,400	36,256	17,851	18,400	36,251	28,044	200	28,244
1.2 Debtors that are financial institutions, and public sector entities (PSEs) whose risk weight is comparable to that of financial institutions and securities companies	14,628	2,196	16,824	14,222	2,274	16,496	16,386	7,066	23,452
1.3 Debtors that are corporate and public sector entities (PSEs) whose risk weight is comparable to that of corporate entities	53,247	17,422	70,668	57,527	18,266	75,792	45,736	14,281	60,018
1.4 Retail debtors	22,978	2,320	25,297	17,116	2,268	19,384	16,198	1,216	17,413
1.5 Residential mortgage exposures	15,821	-	15,821	15,821	-	15,821	11,081	38	11,119
1.6 Other assets	15,245	-	15,245	16,003	-	16,003	16,301	-	16,301
2. Non-performing assets	1,852	-	1,852	1,833	-	1,833	5,462	-	5,462
Total	**141,627**	**40,337**	**181,964**	**140,373**	**41,208**	**181,581**	**139,209**	**22,801**	**162,009**

* After multiplying by CCF and specific provision/adjustment item before credit risk mitigation

- **Credit risk rating**

The Bank has assigned risk weight of debtors that are sovereigns or central bank or public entities or financial institutions taking into account debtors' respective country risk rating. For corporate customers, 100% risk weight has been assigned to each of them. The selected external credit rating agencies rating release from whom the Bank has used for considering country risk rating of debtors are Moody's, S&P, Fitch, Fitch (Thailand), TRIS and OECD (country risk classification).

As regards the risk weight assignment process applicable to the above debtors, the Bank has applied the country risk rating from external credit rating agencies to the risk weight table for each type of debtors for each level of country risk specified by the BOT.

Outstanding of on-balance sheet assets and off-balance sheet items net of value of credit risk mitigation for each type of assets classified by risk weight under SA approach

Unit: THB million

Type of assets	Consolidated											
	December-10											
	Rated					Unrated						
Risk Weight (%)	0	20	50	100	150	0	20	50	35	75	100	150
Performing assets												
1. Debtors that are sovereigns and central banks, multilateral development banks (MDBs) and public sector entities (PSEs) whose risk weight is comparable to that of sovereigns	44,671	-	200	-	-			-			-	
2. Debtors that are financial institutions, and public sector entities (PSEs) whose risk weight is comparable to that of financial institutions and securities companies	-	5,827	1,759	-	-						-	
3. Debtors that are corporate and public sector entities (PSEs) whose risk weight is comparable to that of corporate entities	-	-	-	-	-			10			68,447	
4. Retail debtors						147				23,861	361	
5. Residential mortgage exposures									15,082	739	-	
6. Other assets						9,319	2,716				6,973	
Risk Weight (%)	0	20	50	100	150	0	20	50	35	75	100	150
Non-performing assets								121			438	1,293
Total	**44,671**	**5,827**	**1,959**	**-**	**-**	**9,466**	**2,716**	**132**	**15,082**	**24,600**	**76,219**	**1,293**

Unit: THB million

Type of assets	Bank only											
	December-10											
	Rated					Unrated						
Risk Weight (%)	0	20	50	100	150	0	20	50	35	75	100	150
Performing assets												
1. Debtors that are sovereigns and central banks, multilateral development banks (MDBs) and public sector entities (PSEs) whose risk weight is comparable to that of sovereigns	44,666	-	200	-	-			-			-	
2. Debtors that are financial institutions, and public sector entities (PSEs) whose risk weight is comparable to that of financial institutions and securities companies	-	5,296	1,962	-	-						-	
3. Debtors that are corporate and public sector entities (PSEs) whose risk weight is comparable to that of corporate entities	-	-	-	-	-			10			73,571	
4. Retail debtors										18,337	119	
5. Residential mortgage exposures									15,082	739	-	
6. Other assets						9,129	2,716				7,921	
Risk Weight (%)	0	20	50	100	150	0	20	50	35	75	100	150
Non-performing assets								115			432	1,285
Total	**44,666**	**5,296**	**2,162**	**-**	**-**	**9,129**	**2,716**	**126**	**15,082**	**19,076**	**82,043**	**1,285**

Unit: THB million

Type of assets	Bank only											
	December-09											
	Rated					Unrated						
Risk Weight (%)	0	20	50	100	150	0	20	50	35	75	100	150
Performing assets												
1. Debtors that are sovereigns and central banks, multilateral development banks (MDBs) and public sector entities (PSEs) whose risk weight is comparable to that of sovereigns	38,105	-	200	-	-			-			-	
2. Debtors that are financial institutions, and public sector entities (PSEs) whose risk weight is comparable to that of financial institutions and securities companies	-	5,202	2,796	-	-						-	
3. Debtors that are corporate and public sector entities (PSEs) whose risk weight is comparable to that of corporate entities	-	-	-	-	-			36			58,408	
4. Retail debtors										16,450	93	
5. Residential mortgage exposures									10,358	5	740	
6. Other assets						12,226	2,805				9,123	
Risk Weight (%)	0	20	50	100	150	0	20	50	35	75	100	150
Non-performing assets								459			1,491	3,513
Total	**38,105**	**5,202**	**2,996**	**-**	**-**	**12,226**	**2,805**	**495**	**10,358**	**16,455**	**69,855**	**3,513**

* After multiplying by CCF

Information on credit risk mitigation* under SA approach

Outstanding of secured portion for each type of assets under SA approach classified by type of collateral**

Unit: THB million

Type of assets	Consolidated	Bank only	
	December-10	December-10	December-09
	Eligible financial collateral	Eligible financial collateral	Eligible financial collateral
Performing assets			
1. Debtors that are sovereigns and central banks, multilateral development banks (MDBs) and public sector entities (PSEs) whose risk weight is comparable to that of sovereigns	-	-	-
2. Debtors that are financial institutions, and public sector entities (PSEs) whose risk weight is comparable to that of financial institutions and securities companies	9,238	9,238	15,454
3. Debtors that are corporate and public sector entities (PSEs) whose risk weight is comparable to that of corporate entities	2,211	2,211	1,574
4. Retail debtors	929	929	871
5. Residential mortgage exposures	-	-	15
6. Other assets	-	-	-
Non-performing assets	0	0	3
Total	**12,378**	**12,378**	**17,917**

* Excluding securitization

**Value after offset+B1 of on-balance sheet and off-balance sheet items

Market risk: Market risk arises when the Bank is exposed to volatility in movements of interest rates, foreign exchange rates, and commodity prices as well as prices of equity instruments, which may adversely affect the Bank's profitability and capital positions. In this regard, the Bank has formulated market risk management policy to ensure effective market risk management and controls. Moreover, since January 2010, the Bank has started to use Murex, an efficient financial management system to monitor and control market risks. The Bank has also assessed and set reserve provision to accommodate market risks in line with the BOT requirement.

- **Interest rate risk**

In managing interest rate risk in banking book, the Board of Directors has delegated authority and responsibilities to the Assets and Liabilities Management Committee (ALCO) to map and review policy on managing interest rate risk in banking book, and manage, monitor, control and contain such risk.

The Bank has assessed the interest rate risk in banking book by using the Repricing Gap Analysis as a tool to identify risks arising from assets, liabilities, and off-balance sheet items in the banking book with mismatched periods of interest rate adjustments or maturities, or in case of mismatched changes of reference interest rates of assets and liabilities. This aims at assessing the impacts on the Bank's net interest income (NII) and enabling the Bank to manage risk and formulate strategies on both assets and liabilities This also includes assessment of impacts on economic value of equity (EVE) of the Bank to reflect the sensitivity of assets and liabilities as well as off-balance sheet items under interest rate change circumstances.

However, the Bank is well aware of the need to develop systems / tools / methodologies and set assumptions for risk assessment in order that interest rate risk management in baking book can reflect the Bank's realistic position commensurate with the characteristics of the Bank's assets and liabilities structure.

Apart from this, Management Action Triggers (MAT) have been set, e.g. NII Effect MAT and EVE Effect MAT, to monitor and control risks to be within the acceptable risk tolerance. There is also regular conduct of stress testing on a quarterly basis. In this regard, the responsible unit under supervision of Risk Management Group will report the outcomes to the ALCO on a monthly basis.

In monitoring interest rate risk in banking book of the financial business group (consolidation), the Bank has provided guidelines to the companies in the group to formulate policy on interest rate risk management in banking book. These companies are required to prepare and submit to the Bank monthly Re-pricing Gap Report which figures out impacts on NII and EVE of each company. The Bank has also prepared and submitted reports on both solo consolidation and full consolidation basis to the BOT according to the BOT criteria within the specified period.

For interest rate risk management in trading book, the Board of Directors has assigned the Risk Management Committee (RMC) to take charge of determining and reviewing the policy, and to manage, follow up, control and monitor risks. With fair value of transactions designated, transaction gains/losses are monitored marked-t-market on a daily basis. Work unit independent from work units that are risk takers has also prepared daily status report to assess and control risks within the risk limits set forth, e.g. One Basis Point Shift (DVO1) Limit, Stop Loss Limit and Value-at-Risk (VaR) Lmit, in order to safeguard the Bank's profitability and capital fund.

- **Exchange rate risk**

In managing foreign exchange risk, the Bank has tried to acquire funding sources in the matching currencies with the provision of loans or investments in other types of assets in foreign currencies, and/or buy/sell of derivatives for foreign exchange risk hedging. This aims at mitigating risks from foreign exchange volatility in accordance with the Bank's policy. Moreover, the Bank has monitored foreign exchange transactions undertaken to mainly support the businesses of its customers. To control trading volumes, appropriate risk limits such as FX Net Open Position Limit, Stop Loss Limit and Value-at-Risk (Var) are in place, and monitoring of foreign exchange transactions marked-to-market is undertaken on every business day. Moreover, stress testing has been conducted on a regular basis.

Viewing the Bank's financial business group, there has been no significant remark on foreign exchange position, hence no material foreign exchange risk so far.

- **Equity and commodity market risk**

Presently, the Bank has no policy to expand investments in equity instruments and commodity market. It has in place policy to cut down investments in equity instruments not directly relevant to the Bank's core business. In divesting such investments, the Bank will consider appropriateness to ensure maximum benefit to the Bank. Normally, the Bank has investments only in its subsidiaries and/or associated companies, and in common shares and / or preferred shares subsequent to restructuring of problem loans. It has also invested in Vayupak Fund 1 registered and established by Cabinet resolution dated 1 July 2003. The Fund carries maturity of 10 years, provides protection of principal amount and guarantee on minimum rate of return, and has no early redemption clause. It is regarded by the Bank as long-term investment in the category of securities available for sales (AFS).

For the Bank's financial business group, only CIMB Securities (Thailand) Co., Ltd. has equity instruments in trading book. The company has set risk policy and determined risk limits to control and contain risks from such instruments, and reported progress thereof to the Bank on a monthly basis.

Minimum capital requirement for each type of market risk under SA approach

Unit: THB million

	Consolidated	Bank only	
Minimum capital requirement for market risk	**December-10**	**December-10**	**June-10**
Interest rate risk	215	215	204
Equity price risk	7	-	-
Foreign exchange risk	44	44	19
Total minimum capital requirement	**267**	**260**	**223**

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Equity exposure in the banking book

Unit: THB million

Equity exposures	Consolidated December-10	Bank only December-10	Bank only December-09
1. Equity exposures			
1.1 Equities listed and publicly traded on secondary market (local and overseas)			
- Cost price	2,500	2,500	2,512
- Market price	2,683	2,683	2,544
1.2 Other equities (local and overseas)	1,179	3,342	3,706
2. Gains (losses) on sale of equities in the reporting period	178	488	-
3. Net surplus (deficit) from revaluation of AFS equities	202	183	37
4. Minimum capital requirement for equity exposures classified by SA approach	95	192	208

Interest rate risk in the banking book

Impact of interest rate change* on net earnings

Unit: THB million

Currency	Consolidated December-10 Net interest income	Bank only December-10 Net interest income	Bank only December-09 Net interest income
THB	26	57	(6)
USD	6	6	(9)
Total impact of interest rate change	32	63	(16)

* Under assumption of interest rate increase of 100 bps

The Bank has put in place market risk management policy and monitored the operations in compliance with the policy with back testing conducted regularly on models used for market risk assessment. Capital position report has also been prepared to ensure capital requirement to accommodate market risk maintained in line with its policy and as set forth by the BOT.

Liquidity risk: Market risk arises when the Bank may not be able to honor payment obligations within the specified period because of its inability to timely convert assets into cash or acquire adequate source of funds.

The Bank has planned and managed liquidity risk efficiently by monitoring and ensuring adequate level of liquidity to cushion both current and future payment obligations. Liquidity risk management is under the supervision of the Assets and Liabilities Management Committee (ALCO).

In managing liquidity risk, there are three main tools, i.e. deposit concentration, liquidity ratio, and cumulative liquidity gap, which are used by the Bank in any given periods for business as usual and under crisis. In case where liquidity risk rises up to the MAT level, the Risk Management Group has the duty to report this incident to ALCO and the parties involved for urgent solutions and any other actions as required in accordance with the liquidity risk monitoring and managing rules and regulations in place.

The Bank has also worked out contingency funding plan for use as guidelines in the operations to cope with any possible funding problems in order to safeguard the Bank.

In monitoring liquidity risk of the financial business group (consolidation), the Bank has given guidelines to the companies in the group as regards formulating liquidity risk management policy and contingency funding plan, and ensuring they have their own MAT set forth. They are also required to prepare Maturity Gap Report for submission to the Bank on a monthly basis.

Operational risk: Operational risk is risk of loss arising from lack of good corporate governance or good governance in the financial business group, and failure to put in place appropriate control mechanism. This may involve internal work process, people (employees, outsiders or customers), work systems or external incidents, which may affect the Bank's profitability and capital fund, and include legal risk, but excluding strategic and reputation risks.

To manage operational risks effectively, the Bank has formulated policy framework for operational risk management policy and other relevant policies, which are subject to approval by the Board of Directors. This aims at controlling and containing potential operational risk with efficiency up to international standard, transparency and good governance. The Risk Management Committee takes charge of working out operational risk management policies and procedures for proposal to the Board of Directors for approval. Moreover, the Bank has set up the Operational Risk Management Committee to be in charge of screening, considering and endorsing such policies and procedures, along with conducting assessing and giving recommendations on operational risk management issues, covering such key risk factors as personnel, work process, information technology system, and external incidents. Executives in charge of work units including those in financial business group, who are regarded as risk owners, are directly responsible for identifying, assessing, controlling, monitoring, and reporting operational risk to the Operational Risk Team of the Bank. Also, to ensure that work units have instilled risk management and compliance awareness and culture within their units, risk coordinators have been appointed within the Bank and the financial business group to coordinate and make sure that the operational risk management policies and procedures are well implemented and complied with. In this regard, the Operational Risk Management Team will develop tools, systems, and processes for identifying, assessing, controlling, monitoring and reporting operational risks in compliance with the policies in place bank-wide.

The financial business group is required by the Bank to establish the following policies:

- **Operational Risk Management Policy Framework**

To be used as operational risk management guidelines to create understanding among employees and work units so that they will be aware of the importance and their respective duties and responsibilities regarding operational risk management, as well as to put in place operational risk management tools for use in controlling or minimizing the occurrence probability and impacts of key risk factors.

- **Business Continuity Policy**

To be used as guidelines for formulating strategy and work process of the organization to ensure that the operations of critical business functions can continue or be timely recovered in face of disruption by any circumstances. Business continuity plan has been established for use to recover the operations and bring back the business to normal.

- **Anti-Money Laundering and Combating the Financing of Terrorism Policy**

To be used as guidelines for managing, controlling, and safeguarding the Bank from the risk of being used as intermediary in money laundering and financing of terrorism activities. In this regard, conduct of Know Your Customer (KYC) and Customer Due Diligence (CDD) is required to avoid such risk.

- **Outsourcing**

To be used as guidelines for employing outside parties to carry out certain functions in order to cope with the increasingly diversified business operations. This aims at cutting down operating costs, boosting capabilities and efficiency of the organization, and allowing for optimization of the limited resources for maximum efficiency.

- **Capital requirement to accommodate operational risks**

The Bank has calculated capital requirement to accommodate operational risks by the BIA approach. However, in the future, it plans to opt for the SA-OR approach, subject to prior approval by the BOT.

Minimum capital requirements for operational risk management under BIA approach

Unit: THB million

	Consolidated	Bank only	
Minimum capital	**Dec 10**	**Dec 10**	**June 10**
Calculation by the Basic Indicator Approach	796	643	670