



**RHB BANK THAILAND OPERATIONS
BASEL II – PILLAR III DISCLOSURES**

As at

30th June 2011

1.0 Disclosure A : Capital

1.1 Capital Structure

1.1.1 Qualitative Disclosure

Total capital of RHB Bank Thailand Operations consists of assets maintained under Section 32 of the Financial Institutions Businesses Act B.E. 2551, as set forth by Bank of Thailand Notification's No. SorNorSor 89/2551 Re: Components of Capital of Branches of Foreign Commercial Banks, dated 27th November 2008.

As of 30th June 2011, total regulatory capital of RHB Bank Thailand Operations was THB 2,000 million.

Total assets maintained under Section 32 amounted to THB 2,000 million, and comprised two primary components, i.e. Treasury Bills and Central Bank bonds.

Treasury Bills are short-term discounted government debt securities backed by the Thai Government, whereas Central Bank bonds are short-term debt securities issued by the Bank of Thailand.

1.1.2 Quantitative Disclosure

Table 1: Capital of RHB Bank Thailand Operations

Unit: THB

Items		30 June 2011	31 December 2010
1.	Assets Required to be Maintained under Section 32	2,000,000,000.00	2,000,000,000.00
2.	Sum of Net Capital for Maintenance of Assets under Section 32 and Net Balance of Inter-office Accounts (2.1 + 2.2)	2,109,662,352.36	2,126,687,142.30
2.1	Capital for Maintenance of Assets under Section 32	2,000,000,000.00	2,000,000,000.00
2.2	Net Balance of Inter-office Accounts which the branch is the Debtor (the creditor) to the Head Office and Other Branches Located in Other Countries, the Parent Company and Subsidiaries of the Head Office	109,662,352.36	126,687,142.30
3.	Total Regulatory Capital (3.1 – 3.2)	2,000,000,000.00	2,000,000,000.00
3.1	Total Regulatory Capital Before Deduction (the lowest amount among item 1, item 2 and item 2.1)	2,000,000,000.00	2,000,000,000.00
3.2	Deductions	-	

1.2 Capital Adequacy

2.2.1 Qualitative Disclosure

RHB Bank Thailand Operations calculates and reports its capital adequacy ratio for regulatory reporting purposes to Bank of Thailand on a monthly basis. In view of its small portfolio compared relatively to that of the overall bank's, RHB Bank Thailand Operations has adopted the Standardised Approach (SA) for the calculation of its credit and market risks, and the Basic Indicator Approach (BIA) for its operational risk.

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Under Bank of Thailand's Notification No. SorNorSor 87/2551 Re: Supervisory Guidelines on Capital Provision for Commercial Banks, dated 27th November 2008, and as a foreign bank branch, RHB Bank Thailand Operations is required to maintain a minimum capital adequacy ratio of 7.5%.

1.2.2 Quantitative Disclosures

Minimum Capital Requirement for Credit Risk Classified By Type of Assets Under The Standardised Approach

RHB Bank Thailand Operations subscribes to the Bank of Thailand's Notification No. SorNorSor. 90/ 2551 Re: Regulations for Credit Risk Asset Calculations for Commercial Banks Using the Standardised Approach (SA Approach) for classification of its assets into the various asset categories for capital adequacy purposes.

External ratings provided by the eligible credit assessment institutions (ECAIs) are applied to assign risk weights to calculate the risk weighted asset of the exposures. These are Moody's, Standard & Poor's, Fitch, Fitch Thailand and TRIS. Exposures which are not rated by any of the eligible ECAIs are considered 'unrated exposures'.

As of 30th June 2011, the total credit risk weighted assets amounted to THB 3,250.43 million and credit risk capital requirement was THB 260.03 million

Table 2: Minimum Capital Requirement for Credit Risk Classified by Type of Assets under The Standardised Approach

		Unit: THB	
Performing Assets		30 June 2011	31 December 2010
1.	Claims on sovereigns and central banks, multilateral development banks (MDBs), and non –central government public sector entities (PSEs) treated as claims on sovereigns	11,654,459.16	11,822,311.88
2.	Claims on financial institutions, non-central government public sector entities (PSEs) treated as claims on financial institutions, and securities firms	5,701,731.29	2,122,565.75
3.	Claims on corporates, non-central government public sector entities (PSEs) treated as claims on corporates	220,115,740.96	248,190,690.81
4.	Claims on retail portfolios	397,177.63	342,665.66
5.	Claims on housing loans	335,600.69	352,318.34
6.	Other assets	6,755,195.03	8,514,471.87
Non-performing Claims		15,074,694.31	15,008,704.48
First –to-default Credit Derivatives and Securitisation			-
Total Minimum Capital Requirement for Credit Risk under the SA		260,034,599.07	286,353,728.79

Minimum Capital Requirement for Market Risk for Positions in the Trading Book (Standardized Approach)

RHB Bank Thailand Operations applies the Standardized Approach as per the Bank of Thailand's Notification No. SorNorSor 94/2551 Re: Guideline on Supervision of Market Risk and Capital Requirement for Market Risk of Financial Institutions dated 27th November 2008, for exposures in the trading book to measure the market risk capital charge.

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As of 30th June 2011, the market risk capital requirement was THB 403,944.41. Total risk weighted assets are THB 5.05 million (determined by multiplying the capital charge arrived above by 12.5).

Table 3: Minimum Capital Requirement for Market Risk

Unit: THB

Minimum Capital Requirement for Market Risk (positions in the trading book)		30 June 2011	31 December 2010
1.	Standardised Approach	403,944.41	1,806,479.08
2.	Internal Model Approach	-	-
Total Minimum Capital Requirement for Market Risk		403,944.41	1,806,479.08

Minimum Capital Requirement for Operational Risk under BIA

RHB Bank Thailand Operations calculates its capital charge for operational risk by using the Basic Indicator Approach (BIA) as per Bank of Thailand's Notification No. SorNorSor. 95/2551 Re: Regulations on Minimum Capital Requirement for Operational Risk, dated 27th November 2008.

By applying the Basic Indicator Approach to measure operational risk, RHB Bank Thailand Operations uses its gross income, which includes net interest income and non-interest income, as a proxy. For half year 30th June 2011, the operational risk capital requirement was THB 25.20 million

Table 4: Minimum Capital Requirement for Operational Risk

Unit: THB

Minimum Capital Requirement for Operational Risk		30 June 2011	31 December 2010
1.	Calculate by Basic Indicator Approach	25,199,976.29	26,832,404.32
2.	Calculate by Standardised Approach	-	-
3.	Calculate by Alternative Standardised Approach	-	-
Total Minimum Capital Requirement for Operational Risk		25,199,976.29	26,832,404.32

Total Risk-Weighted Capital Ratio

As of 30th June 2011, the Basel II – Capital Adequacy Ratio (CAR) of RHB Bank Thailand Operations was 56.01% on total risk weighted assets of THB 3,250.43 million, against a total regulatory capital of THB 2,000 million, and which was above the minimum CAR of 7.5% required of a foreign bank branch.

Table 5: Total Risk-Weighted Capital Ratio

Unit: %

Ratio		30 June 2011	31 December 2010
1.	Total Capital to Risk-Weighted Assets**	56.01	50.79
2.	Tier 1 Capital to Risk-Weighted Assets*	-	-

* Disclosed only in case of locally incorporated commercial banks.

** After final year end adjustments to financial statement

2.0 Disclosure B: Risk Exposures and Assessment

The risk management objectives and policies of the RHB Banking Group also apply to RHB Bank Thailand Operations. However, since RHB Bank Thailand Operations is a local branch in Thailand, its operations are also subject to the regulatory requirements of Bank of Thailand, and these are indicated accordingly.

2.1 Market Risk

2.1.1 Qualitative Disclosure

Market risk refers to risk of losses arising from changes in both on and off balance sheet positions as a result of any movement in market risk factors: exchange rates, interest rates, equity prices, credit spreads, and commodity prices. Market risk is derived from both banking book and trading book. The trading book comprises positions in financial instruments held for a short period, with the intention to sell to benefit from changes in prices.

Market risk management is the process by which the RHB Banking Group identifies, measures, monitors, controls and reports its market risk exposure.

The Group's Asset and Liabilities Committee (ALCO) performs a critical role in the management of market risks. The ALCO meets regularly and is the forum where strategic and tactical decisions are made for the management of market risks.

RHB Bank Thailand Operations' Treasury Head is responsible for managing all trading activities on a day-to-day basis within established trading limits.

For effective control of operations, defined management action triggers and risk limits are established and actively monitored. Market risk measures include conventional risk quantification methodologies such as risk factor sensitivity analysis and value-at-risk (VaR) measures.

2.1.2 Quantitative Disclosure

Table 6: Minimum Capital Requirement for Each Type of Market Risk Under The Standardised Approach

Unit: THB

Minimum Capital Requirement for Each Type of Market Risk Under The Standardised Approach	30 June 2011	31 December 2010
Interest Rate Risk	43,000	1,201,085.54
Equity Position Risk	-	
Foreign Exchange Rate Risk	360,944.41	605,393.54
Commodity Risk	-	
Total Minimum Capital Requirements	403,944.41	1,806,479.08

RHB Bank Thailand Operations did not have equity or commodity position as at 30 June 2011

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