

CIMB THAI BANK PUBLIC COMPANY LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2019

Independent Auditor's Report

To the shareholders of CIMB Thai Bank Public Company Limited

My opinion

In my opinion, the consolidated financial statements of CIMB Thai Bank Public Company Limited (the Bank) and its subsidiaries (the Group) and the separate financial statements of the Bank present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Bank as at 31 December 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

The consolidated and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2019;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Bank in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. I determine one key audit matter: Allowance for doubtful accounts on loans to customers. These matters was addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on the matter.

Key audit matter

How my audit addressed the key audit matter

Allowance for doubtful accounts on loans to customers

Refer to Notes to the consolidated and separate financial statements number 2.9 for the accounting policy of the allowance for doubtful accounts and number 10 for disclosures relating to loans to customers.

Loans to customers are a significant item constituting 58.66% of total assets. As at 31 December 2019 the total loans portfolio of the Group comprises of loans of commercial banking business which constitutes 82.07%, and hire-purchase receivables generated from the operations of the Group's subsidiaries 17.93%. The Management made complex estimate over the allowance for doubtful accounts on certain loans and portfolio of loans to customers by applied both quantitative approach and qualitative factors thus I focused on this area.

Management set up allowances on loans to customer of the Group by consider individual customers outstanding balance, principally based on the Bank of Thailand's guidelines as well as management's assessment of the repayment capacity and the financial status of individual customers and may hold additional allowance for doubtful accounts wherever required. This included considering, in addition to objective criteria, other qualitative factors that include but aren't limited to payment history, financial position and the performance of the customer, key financial ratios, industry trends etc. For non-performing loans, management considered expected future cash flows from debt collection which required appropriate assumptions in accordance about economic conditions and from disposing of collateral which has been appraised by the professional valuers.

Considering the economic conditions and credit risk in overall loans to customers, management used judgements and hold overlays as general allowance for further losses, if any.

Based on the significance, level of subjectivity and estimation uncertainty, allowance for doubtful accounts on loans to customers is a key audit matter.

I evaluated the design, and implementation of control and tested operating effectiveness of key controls over input data and calculation of allowances as follows:

- I tested management's controls over data accuracy, assessed the application of appropriate methodologies and appropriateness of systems, processes and internal controls in processing reliable results of setting up allowance for doubtful accounts.
- I tested the key controls (both automated and manual). I involved my information technology specialists to test access controls to the system and controls over the computation of allowance for doubtful accounts, including the completeness and accuracy of customers' accounts used in the computation. I also tested controls over data input into the system, collateral valuation, transfer of data and reconciliations of allowance for doubtful accounts between the loans source systems to the general ledger.
- I tested management's controls over review and approval of setting up an allowance for doubtful accounts by reading minutes of key committee meetings such as the audit committee, risk committee, management committees and Board of Directors of the Group.

I didn't find any exception from my testing, with the result that I relied on controls of the Group in my audit. In addition, I also performed the following further procedures.

I independently performed a credit analysis where I selected loans based on risk exposures. I tested the classification of those loans and examined the allowance in accordance with the Bank of Thailand requirements. On certain loans, management set up an additional allowance, I understood the management's process and assessed the appropriateness of borrower's capacity to pay using internal and external evidence and assessed the appropriateness of those allowances.

I critically assessed allowance for doubtful accounts which had been identified by management. I found no material exceptions.

For non-performing loans, I tested cash flow projections from repayment and appraisal value of collateral, in order to assess the appropriateness of allowance for doubtful accounts:

- I challenged the basic of cash flow projections prepared by management and assessed the appropriateness of projections by examining them against the relevant supporting evidence and had a detailed discussion with management on the future cash flows expected from customer. I also used professional judgement and external evidence, if any, to assess those projections.

Key audit matter	How my audit addressed the key audit matter
	<ul style="list-style-type: none"> For collateral valuations performed by the professional valuers, I checked their qualifications. Then, I sampled those valuations to check that the management used the latest valuations in the computation of allowance for doubtful accounts. I assessed the appropriateness of the valuation methodologies by considering that the valuers used the methodology allowed by the regulators. I also checked the accuracy of the collateral value deducted from loan outstanding. <p>I tested the management's review and approval process for general provision. I assessed the appropriateness of general provision by using my industry experience and knowledge, in the light of current economic conditions. I also performed an assessment for the appropriateness of general provisions by comparing the proportion of the allowance to the loan of the Bank with other banks in Thailand.</p> <p>Based on the work I performed, I didn't find any material differences from allowance for doubtful accounts which had been identified by management.</p>

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Bank's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.

Boonlert Kamolchanokkul

Certified Public Accountant (Thailand) No. 5339

Bangkok

20 February 2020

CIMB Thai Bank Public Company Limited
Statements of Financial Position
As at 31 December 2019

		Consolidated		Separate	
		31 December	31 December	31 December	31 December
		2019	2018	2019	2018
Notes		Baht	Baht	Baht	Baht
Assets					
Cash		1,351,567,764	1,749,088,327	1,350,614,011	1,745,984,495
Interbank and money market items, net	6	6,421,713,044	6,790,160,122	6,205,670,653	6,684,224,569
Derivative assets	7	43,459,245,755	23,395,513,202	43,459,245,755	23,395,513,202
Investments, net	8	86,798,230,526	92,172,323,107	86,796,230,526	92,172,323,107
Investments in subsidiaries, net	9	-	-	2,208,315,115	2,208,315,115
Loans and accrued interest receivables	10				
Loans		250,896,619,641	234,554,591,139	231,456,772,155	218,848,912,358
Accrued interest receivables		463,517,744	492,689,784	469,496,006	502,263,091
Total loans and accrued interest receivables		251,360,137,385	235,047,280,923	231,926,268,161	219,351,175,449
<u>Less</u> Deferred revenue		(10,816,864,418)	(8,254,467,999)	(165,515)	(486,300)
<u>Less</u> Allowance for doubtful debts	11	(10,600,132,295)	(10,539,026,105)	(9,471,971,773)	(9,702,022,606)
<u>Less</u> Revaluation allowance for debt restructuring	12	(32,188,376)	(52,332,096)	(32,188,376)	(52,332,096)
Loans and accrued interest receivables, net		229,910,952,296	216,201,454,723	222,421,942,497	209,596,334,447
Customers' liability under acceptance		83,360,105	77,698,965	83,360,105	77,698,965
Properties for sale, net	13	1,123,900,062	1,016,509,206	894,230,172	831,149,160
Premises and equipment, net	14	3,428,635,255	3,536,093,184	3,339,032,032	3,471,101,060
Intangible assets, net	15	1,061,691,787	488,639,652	1,015,531,376	480,958,226
Deferred tax assets	16	1,171,542,192	1,392,797,611	694,257,493	938,209,202
Credit support assets on derivatives		14,967,549,671	6,052,943,866	14,967,549,671	6,052,943,866
Other assets, net	17	2,128,743,263	2,975,302,956	1,713,201,274	2,722,733,218
Total assets		391,907,131,720	355,848,524,921	385,149,180,680	350,377,488,632

Director _____ Director _____

The accompanying notes to the consolidated and bank financial statements from page 15 to 104 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited
Statements of Financial Position (Cont'd)
As at 31 December 2019

	Notes	Consolidated		Separate	
		31 December	31 December	31 December	31 December
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Liabilities and equity					
Liabilities					
Deposits	18	199,034,749,069	185,100,505,109	199,132,082,337	185,215,037,339
Interbank and money market items	19	43,393,672,214	44,533,942,327	43,393,672,214	44,533,942,327
Liability payable on demand		268,816,305	378,991,448	268,816,305	378,991,448
Financial liabilities designated at fair value					
through profit or loss	20	24,422,519,906	35,512,717,532	24,422,519,906	35,512,717,532
Derivative liabilities	7	44,659,756,168	24,318,002,735	44,659,756,168	24,318,002,735
Debt issued and borrowings	21	25,818,667,017	18,968,347,710	23,818,667,017	16,968,347,710
Bank's liability under acceptance		83,360,105	77,698,965	83,360,105	77,698,965
Provisions	22	2,298,834,097	1,987,605,895	2,140,697,917	1,892,940,783
Credit support liabilities on derivatives		9,158,264,057	3,910,494,022	9,158,264,057	3,910,494,022
Other liabilities	23	4,247,833,989	4,138,393,277	3,146,840,215	3,188,938,089
Total liabilities		353,386,472,927	318,926,699,020	350,224,676,241	315,997,110,950
Equity					
Share capital	24				
Registered					
34,822,261,748 ordinary shares of Baht 0.50 each		17,411,130,874	17,411,130,874	17,411,130,874	17,411,130,874
Issued and paid-up share capital					
34,822,261,748 ordinary shares of Baht 0.50 each		17,411,130,874	17,411,130,874	17,411,130,874	17,411,130,874
Premium on share capital		10,145,965,854	10,145,965,854	10,145,965,854	10,145,965,854
Other reserves	25	1,468,042,132	1,400,797,437	1,512,574,667	1,422,487,528
Accretion of equity interests in subsidiary		(42,753,751)	(42,753,751)	-	-
Retained earnings					
Appropriated - statutory reserve	26	403,980,000	403,600,000	403,980,000	403,600,000
Unappropriated		9,134,293,684	7,603,085,487	5,450,853,044	4,997,193,426
Total equity		38,520,658,793	36,921,825,901	34,924,504,439	34,380,377,682
Total liabilities and equity		391,907,131,720	355,848,524,921	385,149,180,680	350,377,488,632

The accompanying notes to the consolidated and bank financial statements from page 15 to 104 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited
Statements of Comprehensive Income
For the year ended 31 December 2019

	Notes	Consolidated		Separate	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Interest income	30	16,420,740,139	15,309,544,755	12,978,453,585	12,341,600,425
Interest expenses	31	(5,513,358,198)	(4,562,807,958)	(5,465,461,170)	(4,515,325,072)
Net interest income		10,907,381,941	10,746,736,797	7,512,992,415	7,826,275,353
Fees and service income		2,556,132,793	2,109,980,514	1,615,797,349	1,376,649,113
Fees and service expenses		(385,927,966)	(302,056,447)	(370,326,208)	(289,520,012)
Net fees and services income	32	2,170,204,827	1,807,924,067	1,245,471,141	1,087,129,101
Gains on tradings and foreign exchange transactions	33	2,625,945,047	1,054,168,202	2,625,945,047	1,054,168,202
Losses on financial instrument designated at fair value through profit or loss	34	(2,802,923,204)	(759,750,530)	(2,802,923,204)	(759,750,530)
Gains on investments	35	343,978,417	19,508,137	343,978,417	19,508,137
Gains on sale of non-performing loans	10	398,585,923	226,351,923	-	-
Other operating income	36	511,589,578	587,350,824	137,640,997	261,325,479
Total operating income		14,154,762,529	13,682,289,420	9,063,104,813	9,488,655,742
Other operating expenses					
Employee expenses		5,063,133,513	4,533,126,703	4,385,558,354	3,892,655,897
Directors' remuneration		11,811,200	13,467,200	11,507,000	13,131,200
Premises and equipment expenses		1,213,316,406	1,155,447,852	1,050,453,383	1,017,873,890
Taxes and duties		433,029,282	413,013,666	397,538,486	386,886,044
Others		2,918,494,105	2,376,645,066	1,417,671,159	1,229,294,759
Total other operating expenses		9,639,784,506	8,491,700,487	7,262,728,382	6,539,841,790
Bad and doubtful debts and impairment losses	37	2,571,584,293	4,919,382,923	1,184,566,454	3,686,327,220
Profit (loss) before income tax expenses		1,943,393,730	271,206,010	615,809,977	(737,513,268)
Income tax expenses	38	(441,797,741)	(264,304,590)	(191,762,567)	(66,769,073)
Net profit (loss) for the year		1,501,595,989	6,901,420	424,047,410	(804,282,341)

The accompanying notes to the consolidated and bank financial statements from page 15 to 104 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited
Statements of Comprehensive Income (Cont'd)
For the year ended 31 December 2019

	Consolidated		Separate	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Other comprehensive income (expenses)				
Items that will be reclassified subsequently to profit or loss				
Gains (losses) on remeasuring available-for-sale investments	472,498,608	(274,248,938)	472,498,608	(274,248,938)
Losses arising from translating the financial statement of a foreign operation	(16,238,529)	(4,697,307)	(16,238,529)	(4,697,307)
(Losses) gains on cash flow hedges	(54,736,432)	136,503,546	(54,736,432)	136,503,546
Income tax relating to items that will be reclassified subsequently to profit or loss	(52,189,142)	(4,364,720)	(52,189,142)	(4,364,720)
Total items that will be reclassified subsequently to profit or loss	349,334,505	(146,807,419)	349,334,505	(146,807,419)
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of post-employment benefit obligations	(257,808,214)	72,891,871	(229,255,158)	70,013,711
Income tax relating to items that will not be reclassified subsequently to profit or loss	5,710,612	(14,578,374)	-	(14,002,741)
Total items that will not be reclassified subsequently to profit or loss	(252,097,602)	58,313,497	(229,255,158)	56,010,970
Total other comprehensive income (expenses)	97,236,903	(88,493,922)	120,079,347	(90,796,449)
Total comprehensive income (expenses) for the year	1,598,832,892	(81,592,502)	544,126,757	(895,078,790)

The accompanying notes to the consolidated and bank financial statements from page 15 to 104 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited
Statements of Comprehensive Income (Cont'd)
For the year ended 31 December 2019

	Note	Consolidated		Separate	
		2019	2018	2019	2018
		Baht	Baht	Baht	Baht
Net profit (loss) attributable to:					
Equity holders of the Bank		1,501,595,989	6,901,420	424,047,410	(804,282,341)
Non-controlling interests		-	-	-	-
		<u>1,501,595,989</u>	<u>6,901,420</u>	<u>424,047,410</u>	<u>(804,282,341)</u>
Total comprehensive income (expenses) attributable to:					
Equity holders of the Bank		1,598,832,892	(81,592,502)	544,126,757	(895,078,790)
Non-controlling interests		-	-	-	-
		<u>1,598,832,892</u>	<u>(81,592,502)</u>	<u>544,126,757</u>	<u>(895,078,790)</u>
Earnings per share for profit (loss) attributable to the equity holders of the Bank	40				
Basic earnings (loss) per share (Baht per share)		<u>0.04</u>	<u>0.00</u>	<u>0.01</u>	<u>(0.03)</u>
Weighted average number of ordinary shares (shares)		<u>34,822,261,748</u>	<u>31,188,634,435</u>	<u>34,822,261,748</u>	<u>31,188,634,435</u>

The accompanying notes to the consolidated and bank financial statements from page 15 to 104 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited
Statements of Changes in Equity
For the year ended 31 December 2019

		Consolidated																	
		Attributable to owners of the Bank																	
		Other reserves																	
		Gains (losses) arising		Gains (losses) on retranslating the financial statement of a foreign operation		Gains (losses) on cash flow hedges		Remeasurements of post-employment benefit obligations		Income tax relating to components of other comprehensive expense		Accretion of equity interests in subsidiary		Legal reserve		Retained earnings		Total equity	
		Issued and paid-up share capital	Share premium	Revaluation surplus on assets	Gains (losses) on re-measuring available-for-sale investments	Gains (losses) from translating the financial statement of a foreign operation	Gains (losses) on cash flow hedges	Remeasurements of post-employment benefit obligations	Income tax relating to components of other comprehensive expense	Accretion of equity interests in subsidiary	Legal reserve	Retained earnings	Total equity						
Notes		Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Balance as at 1 January 2019		17,411,130,874	10,145,965,854	1,972,128,971	(159,568,993)	(298,396)	82,057,659	(103,355,596)	(390,166,208)	1,400,797,437	403,600,000	7,603,085,487	36,921,825,901						
Total comprehensive income (expenses) for the year		-	-	-	472,498,608	(16,238,529)	(54,736,432)	(257,808,214)	(46,478,530)	97,236,903	-	1,501,595,989	1,598,832,892						
Appropriated - statutory reserve		-	-	-	-	-	-	-	-	-	380,000	(380,000)	-						
Transfer to retained earnings		-	-	(37,490,260)	-	-	-	-	7,498,052	(29,992,208)	-	29,992,208	-						
Balance as at 31 December 2019		17,411,130,874	10,145,965,854	1,934,638,711	312,929,615	(16,536,925)	27,321,227	(361,163,810)	(429,146,686)	1,468,042,132	403,980,000	9,134,293,684	38,520,658,793						
Balance as at 1 January 2018		15,140,113,804	8,465,413,222	2,029,075,146	114,679,945	4,398,911	(54,445,887)	(176,247,467)	(382,612,349)	1,534,848,299	398,680,000	7,555,547,127	33,051,848,701						
Increase in ordinary shares		2,271,017,070	1,680,552,632	-	-	-	-	-	-	-	-	-	3,951,569,702						
Total comprehensive (expenses) income for the year		-	-	-	(274,248,938)	(4,697,307)	136,503,546	72,891,871	(18,943,094)	(88,493,922)	-	6,901,420	(81,592,502)						
Appropriated - statutory reserve		-	-	-	-	-	-	-	-	-	4,920,000	(4,920,000)	-						
Transfer to retained earnings		-	-	(56,946,175)	-	-	-	-	11,389,235	(45,556,940)	-	45,556,940	-						
Balance as at 31 December 2018		17,411,130,874	10,145,965,854	1,972,128,971	(159,568,993)	(298,396)	82,057,659	(103,355,596)	(390,166,208)	1,400,797,437	403,600,000	7,603,085,487	36,921,825,901						

The accompanying notes to the consolidated and bank financial statements from page 15 to 104 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited
Statements of Changes in Equity (Cont'd)
For the year ended 31 December 2019

		Separate											
		Other reserves											
Notes	Issued and paid-up share capital	Share premium	Revaluation surplus on assets	Gains (losses) on remeasuring available-for-sale investments	Gains (losses) arising from translating the financial statement of a foreign operation	Gains (losses) on cash flow hedges	Remeasurements of post-employment benefit obligations	Income tax relating to components of other comprehensive expense	Total other reserves	Legal reserve	Retained earnings	Total equity	Baht
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Balance as at 1 January 2019	17,411,130,874	10,145,965,854	1,972,128,971	(159,568,993)	(298,396)	82,057,659	(76,242,983)	(395,588,730)	1,422,487,528	403,600,000	4,997,193,426	34,380,377,682	
Total comprehensive income													
(expenses) for the year	-	-	-	472,498,608	(16,238,529)	(54,736,432)	(229,255,158)	(52,189,142)	120,079,347	-	424,047,410	544,126,757	
Appropriated - statutory reserve	-	-	-	-	-	-	-	-	-	380,000	(380,000)	-	
Transfer to retained earnings	-	-	(37,490,260)	-	-	-	-	7,498,052	(29,992,208)	-	29,992,208	-	
Balance as at 31 December 2019	17,411,130,874	10,145,965,854	1,934,638,711	312,929,615	(16,536,925)	27,321,227	(305,498,141)	(440,279,820)	1,512,574,667	403,980,000	5,450,853,044	34,924,504,439	
Balance as at 1 January 2018	15,140,113,804	8,465,413,222	2,029,075,146	114,679,945	4,398,911	(54,445,887)	(146,256,694)	(388,610,504)	1,558,840,917	398,680,000	5,760,838,827	31,323,886,770	
Increase in ordinary shares	2,271,017,070	1,880,552,632	-	-	-	-	-	-	-	-	-	3,951,569,702	
Total comprehensive (expenses) income for the year	-	-	-	(274,248,938)	(4,697,307)	136,503,546	70,013,711	(18,367,461)	(90,796,449)	-	(804,282,341)	(895,078,790)	
Appropriated - statutory reserve	-	-	-	-	-	-	-	-	-	4,920,000	(4,920,000)	-	
Transfer to retained earnings	-	-	(56,946,175)	-	-	-	-	11,389,235	(45,556,940)	-	45,556,940	-	
Balance as at 31 December 2018	17,411,130,874	10,145,965,854	1,972,128,971	(159,568,993)	(298,396)	82,057,659	(76,242,983)	(395,588,730)	1,422,487,528	403,600,000	4,997,193,426	34,380,377,682	

The accompanying notes to the consolidated and bank financial statements from page 15 to 104 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited
Statements of Cash Flows
For the year ended 31 December 2019

		Consolidated		Separate	
		2019	2018	2019	2018
	Notes	Baht	Baht	Baht	Baht
Cash flows from operating activities					
Profit (loss) before corporate income tax		1,943,393,730	271,206,010	615,809,977	(737,513,268)
Adjustments to reconcile net income before income tax to cash in (out) flows from operating activities:					
Depreciation and amortisation		433,202,518	373,493,966	409,743,630	352,142,154
Bad debts and doubtful accounts and losses on impairment	37	2,571,584,293	4,919,382,923	1,184,566,454	3,686,327,220
(Reversal) provision for off-balance sheet items		(125,654,610)	72,742,078	(125,654,610)	72,742,078
Share-based payment	28	41,716,546	38,448,440	41,716,546	38,448,440
Provision for liabilities		322,056,650	85,994,884	287,138,637	79,376,548
Losses (reversal) on impairment of properties for sale		1,015,432,235	709,467,315	(1,689,129)	1,487,569
Losses on impairment of investments		-	1,067,203	-	1,067,203
Unrealised (gains) losses on exchange and derivatives		(230,267,801)	1,075,237,437	(230,267,801)	1,075,237,437
Realised gains on exchange rate of debt issued and borrowings		(696,020,500)	-	(696,020,500)	-
Gains on properties for sale	36	(28,247,855)	(69,008,068)	(24,352,727)	(139,608,478)
Unrealised gains on revaluation of investments		(2,128,477,621)	(315,036,490)	(2,128,477,621)	(315,036,490)
(Gains) losses on sale of investments		(2,186,608,362)	113,050,652	(2,186,608,362)	113,050,652
Gains on disposal of premises and equipment	36	(11,871,882)	(20,391,900)	(10,105,201)	(10,877,744)
Losses from write off premises and equipment		18,608,346	1,318,506	18,608,346	1,169,021
Losses from write off intangible assets		872,836	8,845,503	872,836	8,845,503
Losses on sale of non-performing loan		9,118,106	4,731,329	9,118,106	4,731,329
Losses on financial liabilities designated at fair value through profit or loss	34	2,802,923,204	759,750,530	2,802,923,204	759,750,530
Interest income	30	(16,420,740,139)	(15,309,544,755)	(12,978,453,585)	(12,341,600,425)
Dividend income	36	(8,427,415)	(10,508,869)	(8,427,415)	(10,508,869)
Interest expenses	31	5,513,358,198	4,562,807,958	5,465,461,170	4,515,325,072
Losses from operations					
before changes in operating assets and liabilities		(7,164,049,523)	(2,726,945,348)	(7,554,098,045)	(2,845,444,518)
Decrease (increase) in operating assets					
Interbank and money market items		364,870,026	11,389,079,000	474,976,864	11,426,897,185
Investments held for trading		(5,757,584,312)	(13,414,065,599)	(5,757,584,312)	(13,414,065,599)
Loans		(19,083,939,652)	(20,557,198,292)	(13,672,717,001)	(15,914,378,341)
Properties for sale		2,157,885,423	1,374,412,019	71,511,170	222,507,346
Credit support assets on derivatives		(8,914,605,805)	(1,914,790,812)	(8,914,605,805)	(1,914,790,812)
Other assets		636,102,941	(27,293,323)	761,704,836	56,482,867
Increase (decrease) in operating liabilities					
Deposits		13,934,243,960	7,699,827,123	13,917,044,998	7,512,530,728
Interbank and money market items		(1,140,270,113)	28,885,836,529	(1,140,270,113)	28,885,836,529
Liability payable on demand		(110,175,143)	124,328,187	(110,175,143)	124,328,187
Short-term borrowings		4,168,522,046	(4,202,663,803)	4,168,522,046	(4,202,663,803)
Provisions		(143,437,882)	(68,700,452)	(143,437,882)	(68,700,452)
Credit support liabilities on derivatives		5,247,770,035	(916,101,834)	5,247,770,035	(916,101,834)
Other liabilities		124,116,296	206,940,065	(8,849,396)	(50,517,476)
Cash flows (used in) provided by operating activities					
		(15,680,551,703)	5,852,663,460	(12,660,207,748)	8,901,920,007
Cash received from interest income		14,377,949,429	13,653,855,758	10,939,287,458	10,682,135,864
Cash paid for interest expenses		(6,578,613,485)	(5,144,814,563)	(6,579,515,960)	(5,146,131,186)
Cash paid (received) for income tax		(164,761,796)	(424,746,068)	121,054,277	(71,039,791)
Net cash flows (used in) provided by operating activities					
		(8,045,977,555)	13,936,958,587	(8,179,381,973)	14,366,884,894

The accompanying notes to the consolidated and bank financial statements from page 15 to 104 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited
Statements of Cash Flows (Cont'd)
For the year ended 31 December 2019

Note	Consolidated		Separate	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Cash flows from investing activities				
Cash paid for purchases of available-for-sale securities	(27,549,333,482)	(32,583,604,603)	(27,549,333,482)	(32,583,604,603)
Proceeds from disposals of available-for-sale securities	35,167,757,786	4,208,825,541	35,167,757,786	4,208,825,541
Proceeds from maturity of available-for-sale securities	7,627,300,000	51,200,000	7,627,300,000	51,200,000
Cash paid for purchases of held to maturity securities	(4,194,283,404)	(12,462,512,179)	(4,192,283,404)	(12,462,512,179)
Proceeds from maturity of held to maturity securities	4,731,280,000	5,905,850,000	4,731,280,000	5,905,850,000
Proceeds from repayment of investment in receivable	788,253	795,015	788,253	795,015
Cash paid for purchases of investment in subsidiary	9	-	-	(500,000,000)
Cash paid for purchases of general investments	-	(726,500)	-	(726,500)
Proceeds from disposals of general investments	2,564,090	6,752,752	2,564,090	6,752,752
Proceeds from decrease in capital of general investments	-	14,990,000	-	14,990,000
Cash paid for purchases of premises and equipment	(295,357,042)	(161,435,893)	(250,101,510)	(134,988,728)
Proceeds from disposals of premises and equipment	9,342,879	16,085,199	7,577,958	6,268,162
Cash paid for purchases of intangible assets	(708,309,652)	(280,289,448)	(667,017,974)	(276,548,473)
Dividend received	8,427,415	10,508,869	8,427,415	10,508,869
Interest received	2,287,289,337	1,689,255,397	2,287,261,545	1,689,255,397
Net cash flows provided by (used in) investing activities	17,087,466,180	(33,584,305,850)	17,174,220,677	(34,063,934,747)
Cash flows from financing activities				
Cash paid for interest expenses	(48,800,000)	(48,800,000)	-	-
Cash received from capital increase	-	3,951,569,703	-	3,951,569,703
Proceeds from issuance of borrowings	8,534,832,747	16,273,471,128	8,534,832,747	16,273,471,128
Cash paid for redemption of borrowings	(17,909,088,000)	(366,500,000)	(17,909,088,000)	(366,500,000)
Net cash flows (used in) provided by financing activities	(9,423,055,253)	19,809,740,831	(9,374,255,253)	19,858,540,831
Gains on foreign currency translation differences	(15,953,935)	(4,493,892)	(15,953,935)	(4,493,892)
Net (decrease) increase in cash and cash equivalents	(397,520,563)	157,899,676	(395,370,484)	156,997,086
Cash and cash equivalents at beginning of the year	1,749,088,327	1,591,188,651	1,745,984,495	1,588,987,409
Cash and cash equivalents at the end of the year	1,351,567,764	1,749,088,327	1,350,614,011	1,745,984,495
Supplemental disclosure of cash flows information				
Non-cash transaction:				
Payable from purchase premises and equipment	1,597,778	294,250	1,597,778	294,250
Properties for sale received from premises and equipment	89,686,806	22,455,456	89,686,806	22,455,456
Change in revaluation surplus in available-for-sale	472,498,608	(274,248,938)	472,498,608	(274,248,938)
Interest amortisation from premium or discount	124,753,905	111,472,079	124,753,905	111,472,079

The accompanying notes to the consolidated and bank financial statements from page 15 to 104 are an integral part of these financial statements.

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1 General information

CIMB Thai Bank Public Company Limited (“the Bank”) is a public limited company which is listed on the Stock Exchange of Thailand and is incorporated and domiciled in Thailand. The Bank has operated as a commercial bank in Thailand since 8 March 1949. The address of the Company’s registered office is 44 Langsuan Road, Lumpini, Patumwan, Bangkok.

The Bank is listed on the Stock Exchange of Thailand. For reporting purposes, the Bank and its subsidiaries are referred to as the Group. Its parent company is CIMB Bank Berhad. CIMB Group Holdings Berhad is the parent company of the CIMB Group. Those companies are incorporated in Malaysia.

All subsidiaries were incorporated as limited companies under Thai laws, and all operate in Thailand, engaging mainly in hire purchase, leasing businesses and debt collection.

The Bank has received a banking license for CIMB Thai - Vientiane Branch (“Vientiane branch”) from the Bank of the Lao PDR (“BOL”) on 4 June 2014.

The consolidated and separate financial statements were authorised by the Board of Directors on 20 February 2020.

2 Accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below:

2.1 Basis of preparation of consolidated and separate financial statements

The consolidated and separate financial statements (“the financial statements”) have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act. The presentation of financial statements and disclosures in the notes to financial statements have been prepared in the format as required by the Notification of the Bank of Thailand (BOT) no. SorNorSor 21/2558, “The Preparation and Format of the Financial Statements of Commercial Bank and Holding Parent Company of Financial Group” dated 4 December 2015.

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The Bank has prepared the separate financial statements for the benefit of the public, which presents its investment in subsidiaries under the cost method.

An English version of the financial statements has been prepared from the statutory financial statements that are in Thai-language version. In the event of a conflict or a difference in interpretation between the two languages, the Thai language financial statements shall prevail.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations

2.2.1 Financial reporting standards are effective for annual periods beginning on or after 1 January 2019.

TFRS 2 (revised 2018)	Share-based Payment
TFRS 15	Revenue from contracts with customers
TFRIC 22	Foreign Currency Transactions and Advance Consideration

TFRS 2 clarifies;

- The measurement basis for cash-settled share-based payments
- Where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority, the award is treated as if it is wholly equity-settled.
- The accounting for modifications from cash-settled awards to equity-settled awards.

TFRS 15 Revenue from contracts with customers replace TAS18 (revised 2017) Revenue.

The new standard is based on the principle that revenue is recognised when control of goods or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

The Group has a choice to apply this standard retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures. The Group apply this standard for annual reporting periods beginning on 1 January 2019.

TFRIC 22 clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency.

The above revised standards do not have significant impact on the Group.

2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020 which are relevant to the Group. The Group has not yet adopted these revised standards.

a) Financial instruments

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The above new standards will supersede the following standards:

TAS 101	Bad and Doubtful Debts
TAS 103	Disclosures in the Financial Statements of Bank and Similar Financial Institutions
TAS 104	Accounting for Troubled Debt Restructuring
TAS 105	Accounting for Investment in Debts and Equity securities
TAS 106	Accounting for Investment Companies
TAS 107	Financial Instruments: Disclosure and Presentation

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020 which are relevant to the Group. The Group has not yet adopted these revised standards. (Cont'd)

a) Financial instruments (Cont'd)

These new standards address the classification, measurement and derecognition of financial assets and financial liabilities, impairment of financial assets, hedge accounting, and presentation and disclosure of financial instruments.

TAS 32 Financial Instruments: Presentation, provides the requirements for the presentation of financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

TFRS 7 Financial Instruments: Disclosures, provides the requirements for the disclosure that are intended to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, and to understand the nature and extent of risks arising from those financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

TFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follows:

Classification and measurement:

- The classification and measurement of debt instrument financial assets has three classification categories, which are amortised cost, fair value through profit or loss and fair value through other comprehensive income. Classification of debt assets will be driven by the entity's business model for managing the financial assets and contractual cash flows characteristics of the financial assets.
- Equity instrument financial assets shall be measured at fair value through profit or loss. An entity can make an irrevocable election to recognise the fair value change in other comprehensive income without subsequent recycling to profit or loss.
- Financial liabilities are classified and measured at amortised cost. An entity can choose to measure a liability at fair value through profit or loss when the conditions are met.
- Derivatives are classified and measured at fair value through profit or loss.

The combined application of the entity's business model and the cash flow characteristics of the financial assets do not result in the significant change in the classification of financial asset when compared to the existing classification of financial assets in the statement of financial position as at 31 December 2019. However, the Group has identified certain instruments that will change the classification from existing classification. The major changes in classification and measurement on 1 January 2020 will consist of the following instrument:

- General investment which is currently stated at cost less allowance for impairment in value will be measured at fair value elected at inception to be fair valued in other comprehensive income.
- Investment in receivables which currently holds as an held-to-maturity instrument will be reclassified as a purchased or originated credit-impaired asset (POCI)

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020 which are relevant to the Group. The Group has not yet adopted these revised standards. (Cont'd)

a) Financial instruments (Cont'd)

The concept of interest recognition will be changed to recognise at effective interest rate. In which, there will be no longer reversal concept for accrued interest income on loan when its principal or interest payment has become over three months past due which recognise interest income on cash basis. The recognition interest income on loan when its principal or interest payment has become over three months past due or stage 3 loan account follow definition of TFRS 9 will be recognise at effective interest rate of the carrying amount after impairment.

Impairment of financial assets

The impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, loan commitments and financial guarantee contracts. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. The entity always accounts for expected credit losses which involves a three-stage expected credit loss impairment model. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. In which the a three-stage expected credit loss impairment will be as the following stages:

- Stage 1 - from initial recognition of a financial assets to the date on which the credit risk of the asset has increased significantly relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months.
- Stage 2 - following a significant increase in credit risk relative to the initial recognition of the financial assets, a loss allowance is recognised equal to the credit losses expected over the remaining life of the asset.
- Stage 3 - When a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses is to be recognised.

Under the three-stage expected credit loss impairment model except for significant exposures in loans to customer, the impairment will be assessed by using collective approach model with forward looking information adjustment. The impairment of some significant exposures in loans to customer will be assessed by using individual assessment approach.

For trade receivables and contractual assets which apply in TFRS 15 and are no significant financial components, they are permitted to measure by simplified approach for credit impaired consideration.

As a consequence, the method of impairment loss calculation will be changed from calculation in accordance to the existing BOT's guideline to calculation by the Group's impairment model with taking effect of forward looking adjustment.

Hedge accounting

The objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which an entity has elected to present changes in fair value in other comprehensive income). This approach aims to convey the context of hedging instruments for which hedge accounting is applied in order to allow insight into their purpose and effect.

The impact from hedge accounting is immaterial to the financial statement.

2 Accounting policies (Cont'd)

2.2 Revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

2.2.2 New and amended financial reporting standards that are effective for accounting period beginning or after 1 January 2020 which are relevant to the Group. The Group has not yet adopted these revised standards. (Cont'd)

a) Financial instruments (Cont'd)

Transitional impact

On 1 January 2020, the Group will apply the financial reporting standards in its financial statements by applying full retrospective approach for changing interest recognition to effective interest rate from beginning of the contract. For other items, the group will apply modified retrospective approach. The Group's management is currently assessing the impact on the opening retained earnings which will be affected by the following items:

- Change in balance of general investment which is currently stated at cost less allowance for impairment, will be measured at fair value. The change in fair value and gains (losses) from sale will be recognised to other comprehensive income.
- Change in calculation of allowance for impairment of financial assets under the new standard requirement

TFRIC 16 Hedges of a Net Investment in a Foreign Operation, clarifies the accounting treatment in respect of net investment hedging, provides guidance on identifying the foreign currency risks that qualify as a hedged risk. Clarifying that hedging instruments that are hedges of a net investment in a foreign operation may be held anywhere in the group not only by the parent. This includes the guidance on how an entity should determine the amount to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

TFRIC 19 Extinguishing financial liabilities with equity instruments, provides the requirements for accounting treatment when the entity issues equity instruments to a creditor to extinguish all or part of a financial liability. The equity instruments issued shall be measured at fair value. The entity shall remove a financial liability (or part of a financial liability) from its statement of financial position when it is extinguished in accordance with TFRS 9. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished and the fair value of equity instruments issued shall be recognised in profit or loss.

b) TFRS 16, Leases

TFRS 16 will result in almost all leases where the Group is a lessee being recognised on the statement of financial position as the distinction between operating and finance lease is removed. An asset (the right to use the leased item) and financial liability to pay rentals are recognised, with exception on short-term and low-value leases.

On 1 January 2020, the Group will apply TFRS 16, leases and recognized liabilities under lease agreements in accordance with the obligations and discounting to present values with incremental borrowing rates of the lessees and right-of-use assets are recognised equal to the present value of liabilities under the lease agreements on the first time adoption.

The Group's management assessed the impact of TFRS 16 is immaterial to the Group's total assets and total liabilities.

2 Accounting policies (Cont'd)

2.3 Revenue recognition

(a) Interest and discount on loans

Interest income is recognised on an accrual basis. The Group discontinues recognition of overdue accrued interest income more than three months since the due date unless there is uncertainty of collectability, and a cash basis is applied. The Group also reverses interest income recorded on such loans in order to comply with the Bank of Thailand's notification. The Group continues its income recognition on the accrual basis when the entire amount of the principal and overdue interest has been paid.

The Group recognises interest income on restructured loans on the same accrual basis as used for loans discussed above, with the exception of loans that are subject to monitoring for compliance with restructuring conditions, on which the Bank recognises interest income on a cash basis until the borrower has been able to comply with the restructuring conditions for a period of not less than three consecutive months or three consecutive installments, whichever is longer.

(b) Interest and dividends on investments

Interest income from investments is recognised on a time-proportion basis using the effective interest method. Dividend income from investments is recognised when the right-to-receive payment is established.

Interest income from investments in receivables is recognised using the effective interest method for receivables from which loan repayment was received during the year. The effective interest rate was determined on assumptions as to the amount and the timing of future collections on such loans. Such assumptions concern events that have not yet taken place and accordingly may vary if unforeseen circumstances arise.

(c) Fees and services income

The Group recognises fees and services income when diverse range of services have been rendered to its customers.

Fee and services income is generally recognised on the completion of a transaction. Such fees include insurance brokerage income, underwriting fees, collection fees, and other fees related to the completion of corporate finance transactions.

For a service that is provided over a period of time, fee and services income is recognised over the period during which the related service is provided or credit risk is undertaken. Such fees include the income from issuance of acceptances, avals and guarantees and management fees.

(d) Gains (losses) on sale of investments

Gains (losses) on sale of investments are recognised as income/expenses on the settlement date.

(e) Gains (losses) on sale of properties for sale

Gains (losses) on sale of properties for sale are recognised as income or expenses in statements of comprehensive income when the significant risks and rewards of ownership of properties for sale have been transferred to the buyer.

(f) Income from hire-purchase contracts

The subsidiaries calculate hire-purchase income using the effective interest rate method over the period of contracts.

The subsidiaries recognise hire-purchase income on the same basis used for interest income on loans.

(g) Other income

Other income is recognised as income on an accrual basis.

2 Accounting policies (Cont'd)

2.4 Expense recognition

(a) Interest expenses

Interests on borrowings and deposits are recognised as expenses on an accrual basis.

(b) Commission fee under hire-purchase agreements

The commission fee under hire-purchase agreements is recognised over the installment period, using the effective interest rate method.

(c) Fees and service expenses and other expenses

Fee and service expenses and other expenses are recognised as expense on an accrual basis.

2.5 Investments

The Group classifies investments, other than investments in subsidiaries, associates and joint ventures, into 5 categories: 1. Trading investments; 2. Investments designated at fair value through profit or loss (Fair Value Option) 3. Available-for-sale investments; 4. Held-to-maturity investments; and 5. General investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- (1) Trading investments are investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price not more than 3 months. Trading investments are traded in active markets and included in short-term investment.
- (2) Investments designated at fair value through profit or loss (Fair Value Option) are investments which have specific intention to manage the risk in trading derivatives portfolio in order to help the Bank reduces the accounting mismatch on measurement or recognition between investments and trading derivatives transactions.
- (3) Available-for-sale investments are investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, and are included in long-term investment unless management has expressed the intention of holding the investment for less than 12 months from the statements of financial position date, in which case they are included in short-term investment.
- (4) Held-to-maturity investments are investments with fixed maturity that the management has the intent and ability to hold to maturity, and are classified as held-to-maturity and included in long-term investment, except for maturities within 12 months from the statements of financial position date which are classified as short-term investment.
- (5) General investments are investments in non-marketable equity securities.

Purchases and sales of investments are recognised on the settlement date. Cost of investment includes transaction costs. Trading and available-for-sale investments are subsequently carried at fair value.

Trading investments and investments designated at fair value through profit or loss (Fair Value Option) are presented in the statements of financial position at fair value less allowance for impairment, if any. Unrealised gains and losses of trading investments are recognised in the gains (losses) on investment.

Available-for-sale investments are presented in the statements of financial position at fair value less allowance for impairment, if any. Unrealised gain and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in equity. When available-for-sale investments are sold or impaired, the accumulated fair value adjustments are included in the statements of comprehensive income as gains (losses) on investment. Fair values are calculated on the following basis:

- For marketable debt securities, fair values are calculated by referencing the last bid prices on the last business day of the period. The rates are announced by the Thai Bond Market Association (Thai BMA). Fair values of other debt securities are calculated by referencing the risk-free yield curve, adjusted by the appropriate risk premium.
- For marketable equity securities, fair values are calculated by referencing the last bid prices quoted on the Stock Exchange of Thailand on the last business day of the period.

2 Accounting policies (Cont'd)

2.5 Investments (Cont'd)

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment.

The Group tests for impairment when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the statements of comprehensive income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged to the statements of comprehensive income. When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

2.6 Investments in receivables

Investments in receivables purchased from financial institutions are valued at acquisition cost net of any allowance for impairment, if any. Loss on impairment of investments is included in statements of comprehensive income.

Investments in receivables which enter into troubled debt restructuring are transferred to loans and presented at fair value net of any allowance for doubtful debts. The fair value is based on the outstanding balance of investments in receivables purchased as at transferred date or as at the date of restructuring.

The Group determines allowance for impairment of investments in receivables based on the present value of expected future cash flows from collateral disposal or debt collection in accordance with the Bank of Thailand's provisioning guidelines.

2.7 Investments in subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measured are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

2 Accounting policies (Cont'd)

2.7 Investments in subsidiaries (Cont'd)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognise and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.8 Cash

Cash includes cash on hand according to the BOT's Notification.

2.9 Loans/hire-purchase receivables and allowance for doubtful accounts

(a) For loans of commercial banking business

Loans are generally stated at the outstanding principal less the allowance for doubtful accounts is provided for risks of losses incurred on loans. The allowance is increased by provisions charged to expense or recoveries and decreased by write-offs. The allowance is based on the management's review and assessment of the status of individual debtors as well as the Bank of Thailand's guidelines. In addition, the Bank takes into consideration the relationship of risks involved, value of collateral and the status of individual debtors including the relationship of allowance for doubtful debts against the loan balance through economic situations which may have an impact on customers' ability to pay.

(b) For hire-purchase receivables

Hire-purchase receivables are stated at net realisable value from the contractual amounts net of unearned hire-purchase income.

Allowance for doubtful accounts is set in accordance with the Bank of Thailand's guidelines.

The Group sets allowance on hire-purchase receivables classified as substandard, doubtful and doubtful of loss, at the rate of 100% of the difference between outstanding loan value and present value of expected cash flow from receivables or present value of expected cash flow from disposal of the collateralised assets. The discount rate and expected collateral disposal duration is referenced from the BOT's guideline. For receivables classified as normal and special mention, the Bank sets allowance for doubtful account at the rate of 1% and 2% of outstanding loan value net of collateralised assets. The Group also sets additional allowance for doubtful accounts to certain classes of receivables as general provision for further losses in order to be conservative.

2.10 Troubled debt restructuring and associated losses

The Group records troubled debt restructuring transactions and related losses according to the notifications of the Bank of Thailand.

The Bank records assets received in settlement of debts at the lower of the fair values of the assets, less any estimated selling expenses (if any), or the amount of investments in receivables (including accrued interest income).

In the case the debt restructuring involves modification of terms of receivables, the fair value of investments in receivables after restructuring is based on the net present value of the expected future cash flows, discounted by the Minimum Loan Rate ("MLR") or Customer Loan Rate ("CLR") prevailing at the restructuring date.

2 Accounting policies (Cont'd)

2.10 Troubled debt restructuring and associated losses (Cont'd)

Losses arising from restructuring, loss allowance for doubtful accounts, are recorded as revaluation allowance for debt restructuring and recognised as expense in the statements of comprehensive income when incurred.

Legal fees and other direct costs incurred to effect the debt restructuring are expensed when incurred.

The Group adjusts the revaluation allowance for debt restructuring at the end of every year by re-calculating the net present value of expected cash flows, discounted by the MLR or CLR being quoted to the debtor at the end of the year.

Losses arising from debt restructuring through waiver of part of the principal or recorded accrued interest receivable after deduction the provided allowance (if any) will be charged against the statements of comprehensive income when the debt restructuring agreement is executed.

2.11 Properties for sale

Properties for sale consisting of immovable and movable assets are stated at the lower of cost or net realisable value less estimated selling expenses of the acquisition assets. Where the carrying value of properties for sale incurred impairment, the Group will recognise the provision for impairment of properties for sale in total.

The Group will recognise gain (loss) on sales of properties for sale as income or expenses in the whole amount in accordance with the notifications of the Bank of Thailand.

2.12 Premises, equipment and depreciation

Land and buildings comprise mainly office buildings and are shown at fair value based on every 5 years valuations by external independent valuers, less subsequent depreciation for buildings. All other equipment is stated at cost less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and building are credited to statement of comprehensive income and shown as gain on asset revaluation in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against gain on asset revaluation directly in equity; all other decreases are charged to profit or loss. Each period, the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost is transferred from 'gain on asset revaluation' to retained earnings.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to their residual values over their estimated useful lives, as follows:

Buildings	20 years and 40 years
Equipment	5 years and 10 years

At the end of each reporting period, the assets' residual values and useful lives are reviewed, and adjusted if appropriate.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.14).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the statements of comprehensive income.

When revalued assets are sold, the amounts included in gain on asset revaluation are transferred to retained earnings.

2 Accounting policies (Cont'd)

2.13 Intangible assets

(a) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years and 10 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(b) Other intangible assets

Expenditures on acquired licences are capitalised and amortised using the straight-line basis over their useful lives, generally over 5 years. Intangible assets are not revalued.

2.14 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.15 Leasehold rights

The Bank amortises the cost of leasehold rights on buildings, which are presented as other assets, for the period of 2 - 30 years as an operating expense on a straight-line method over the life of the agreement.

2 Accounting policies (Cont'd)

2.16 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Leases of property, plant or equipment where the lessee substantially has all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations and net of finance charges are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

2.17 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

2.18 Financial derivatives

The Group regards its obligations under financial derivatives contracts as off-statements of financial position items. The accounting treatments for financial derivatives transactions depend on the purpose of the transactions as follows:

(a) Trading transactions

The Group records its obligations under financial derivatives contracts originated for trading purposes at fair value. Gains or losses arising from changes in value are included in the statements of comprehensive income.

2 Accounting policies (Cont'd)

2.18 Financial derivatives (Cont'd)

(b) Hedging transactions

The Group measures derivatives classified as hedging transactions according to the natures of items being hedged. The Bank designates certain derivatives as either:

(1) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statements of comprehensive income, together with any changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

(2) Cash flow hedge

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statements of comprehensive income. Amount accumulated in equity are recycled to the statements of comprehensive income in the periods in which the hedged item will affect the statements of comprehensive income.

When a hedged forecast transaction occurs and results in the recognition of a financial asset or financial liability, the gain or loss recognised in other comprehensive income does not adjust the initial carrying amount of the asset or liability but remains in equity and is reclassified from equity to profit or loss consistently with the recognition of gains and losses on the asset or liability as a reclassification adjustment.

For hedges of forecast transactions that result in the recognition of a non-financial asset or non-financial liability, the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset.

(3) Net investment in foreign operations hedge

Hedges of net investment in foreign operations are accounted for similarly to cash flow hedges.

At the inception of the hedge, the Group documents the relationship between hedging instruments and hedged items, as well as their risk management objective. The Group also assesses the hedge effectiveness in offsetting changes in fair values or cash flows of hedged items on an ongoing basis both at the hedge inception and every financial reporting date.

Disclosures about derivative financial instruments to which the Group is a party are provided in Note 43 to the financial statements.

2.19 Embedded derivatives

The Group records embedded derivatives in compliance with the Bank of Thailand's Notification as follows:

- (a) If the economic characteristics and risks of an embedded derivative are not closely related to the economic characteristic and risk of host contract, the Group will separately account the embedded derivative from the host contract and measure the embedded derivative at fair value including a gain/loss in the statements of comprehensive income. The host contract will be accounted for under the related accounting standards. In case of the Group is unable to measure the embedded derivative separately, the Group will designate the entire hybrid contract as at fair value (based on arranger's price) included in the statements of comprehensive income.
- (b) If the economic characteristics and risks of an embedded derivative are closely related to the economic characteristics and risks of the host contract, the Group will not separately account the embedded derivative from the host contract and classify the host contract under the related accounting standards.

2 Accounting policies (Cont'd)

2.20 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value and derecognised when extinguished.

Measurement is initially at fair value, Day 1 Profit from fair value will be amortised as income using straight-line method until maturity or at early termination. Changes in the fair value of financial assets and financial liabilities, designated at fair value through profit or loss, are recognised in the statements of comprehensive income as gain or loss on financial assets and financial liabilities designated at fair value through profit loss.

2.21 Borrowings

Borrowings are recognised at the fair value, net of transaction costs incurred.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.22 Employee benefits and pension fund

Defined contribution plan

The Group operates a provident fund that is a defined contribution plan, the assets of which are held in a separate trust fund managed by external fund manager. The provident fund is funded by payments from employees and by the Group. Contributions to the provident fund are charged to the statements of comprehensive income in the period to which they relate.

Defined benefit plan

The Group has a policy to pay post-employment benefits to employees under the labour law applicable in Thailand.

The Group set provisions for employee benefits which comprises post-employment benefits under the labour law applicable in Thailand and pension fund.

The liability in respect of employee's benefits is measured, using the projected unit credit method which is calculated by an independent actuary in accordance with the actuarial technique. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using yield on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and others. Actuarial gains and losses arise from experience adjustments and changes in actuarial assumptions. Actuarial gains and losses are charged or credited to equity in other comprehensive income in the year in which they arise. They are included in retained earnings in the statements of changes in equity / presented as a separate item in statements of changes in equity.

2 Accounting policies (Cont'd)

2.23 Provisions

The Group recognises provisions when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is highly likely.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.24 Share capital

Ordinary shares with discretionary dividends are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.25 Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Bank's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 Accounting policies (Cont'd)

2.26 Share-based payment

In March 2011, the Group established an Equity Ownership Plan (EOP). At the grant date, the Group records prepayment for the whole amount with fair value refers to market price on the same day of the ordinary shares of CIMB Group Holdings Berhad, which is the parent company of CIMB Group, and registers in the stock market in Malaysia multiplies with the number of shares granted to the employees. The Bank paid the amount to the related company in Malaysia which will purchase, own the shares until the transfer date on behalf of the Bank and other companies in the Group.

At the end of each reporting period, the Group sets up payment reserve as the proportion of time of the vesting period. The reserve presents as other liabilities.

The Bank reverses prepayment againsts share-based payment reserve with the preset amount when the related company in Malaysia transfers those ordinary shares to the employees at the end of vesting period.

2.27 Dividend distribution

Dividend distribution to the Bank's shareholders is recognised as a liability in the Bank's financial statements in the period in which the dividends are approved by the Bank's shareholders.

2.28 Segment reporting

Operating segments are presented in respect of the Group's business segments and reported to the chief operating decision-maker. The chief operating decision-maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Management Committee as its chief operating decision-maker.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. The Group uses derivative financial instruments to hedge certain exposures.

Risk management is carried out under policies approved by the Board of Directors. The Group's Treasury identifies, evaluates and hedges financial risks in close co-operation with its operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment excess liquidity.

3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.1 Market risk

Market risk is the risk that the Group may suffer loss as a result of changes in the value of positions taken, both on and off statements of financial position, due to movements in interest rates, foreign exchange rates, equity prices and commodity prices.

The Group has a Market Risk Management Unit, which is responsible for assessment of market risk, and uses tools and systems that are widely accepted as efficient to help measure, monitor and manage market risk. This supports the Bank in ensuring that market risk is monitored and managed effectively, preventing the occurrence of unacceptable levels of market risk, and enabling the Group to take action to adjust market risk to appropriate levels in a timely manner.

3.1.1.1 Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates may result in changes in the value of financial instruments, and fluctuations in revenues and the value of financial assets and liabilities.

The Group's Treasury and Trading Division is responsible for managing foreign currency positions within risk limits set by the Risk Management Committee.

3.1.1.2 Interest rate risk

Interest rate risk is the risk that changes in market interest rates which may lead to changes in the value of financial instruments, and fluctuations in revenue and the values of financial assets and liabilities.

Interest rate risk arises from interest rate structure, the characteristics and structure of the Bank's assets, liabilities and capital. The Bank has set risk limits for interest rate risk under the banking accounts, with consent from the Assets and Liabilities Committee (ALCO), in order to manage risk at an appropriate level, while interest rate risk limits for the trading accounts are approved by the Risk Management Committee.

3.1.1.3 Equity position risk

Equity position risk is the risk that changes in the market prices of equity securities may result in changes in the value of investments, and fluctuations in revenues and the value of financial assets. Equity position risk is not material to the Group.

3.1.2 Credit risk

Credit risk is the risk that the Group will incur a loss because its customers, clients or counter parties failed to discharge their contractual obligations.

The Group's credit risk management processes are implemented under a credit risk management policy, and have been structured in order to maintain checks and balances and clear segregation of responsibilities between the marketing, credit approval, inspection and risk management functions. The Group manages credit risk at the customer standalone risk level and the portfolio level, developing different and appropriate credit risk rating tools to measure the risk at each level. For corporate customers and small-medium enterprise customers, risk grading tools and an SME rating, respectively, have been developed to grade customer credit risk levels. For individual retail customers, with multi-purpose credit, whether uncollateralised (personal cash) or collateralised (mortgage power), including home loans, the Group has developed a credit scoring system for use in risk evaluation.

3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.2 Credit risk (Cont'd)

In respect of the credit review and approval process, the Group has appointed a Credit Committee to consider the granting of credit facilities at different levels, based on the credit limit, focusing on borrowers' ability to make repayment, the type of credit, the financial status of the borrower, the economic situation and the status of the borrowers' industry. Furthermore, the Group has established an independent Credit Review Unit to ensure that the credit approval process is transparent and effective.

The maximum credit risk exposure is the carrying value of the financial assets after deducting allowance for doubtful debts and revaluation allowance for debt restructuring as stated in the statements of financial position, and the risk of off-statements of financial position commitments, e.g., loan guarantees and other guarantees, and derivative contracts.

3.1.3 Liquidity risk

Liquidity risk is the risk that the Group will be unable to pay its debts and obligations when due because of an inability to convert assets into cash, or because of its failure to procure enough funds.

The Treasury group of the Bank is responsible for liquidity management, including procurement of both short and long-term sources of funds, and debt security investment management. The overall liquidity risk management is under the responsibility of the Asset and Liability Management Committee, who monitor and control risk, using tools to manage liquidity risk, such as minimum liquidity asset requirements, liquidity gap, liquidity ratio and liquidity risk limits.

4 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Allowance for doubtful accounts for loans

The Group considers an allowance for doubtful accounts to reflect impairment of loans relating to estimated losses resulting from the inability of customers to make required payments. The allowance for doubtful accounts is significantly impacted by the Group's assessment of future cash flows, such assessment being based on consideration of historical collection experience, known and identified instances of default and consideration of market trends.

(b) Fair value of financial derivative instruments

In determining the fair value of financial derivative instruments, the management has made judgment by using a variety of acceptable valuation techniques. The input parameter to the models used is taken from observable markets, and includes consideration of maturity, interest rate, correlation and volatility, etc.

4 Critical accounting estimates, assumptions and judgements (Cont'd)

(c) Impairment of investments

Investments are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In determining the impairment losses, management believed that estimations are reasonable.

(d) Allowance for impairment of property for sale

The Group assesses allowance for impairment of property for sale when net realisable value falls below the carrying value. The management uses judgment to estimate impairment losses, taking into consideration the latest appraised value of assets, the type and nature of the assets. However, the use of different estimates and assumptions could affect the amounts of the allowance for impairment. Therefore, allowance for impairment may be adjusted in the future.

(e) Building, equipment and intangible assets

Management determines the estimated useful lives and residual values for the Group's building, equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different than previously estimated, or it will write off or write down technically obsolete or assets that have been abandoned or sold.

(f) Provision for post retirement benefits and pension fund

The Group has a commitment on provision of post-retirement benefits and pension funds for employees. The present value of employee benefit liabilities recognised in the statement of financial position is determined on the present value of estimated future cash outflows for staff. The assumptions used in determining the net year cost for employee benefits includes the salary and years of services of respective employees which are payable in the future and discount rate. Any changes in these assumptions will impact the net year cost recorded for employee benefits.

5 Capital risk management

The Group's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt obligations.

Moreover, the Bank is required to manage its capital funds in accordance with the Act on Undertaking of Banking Business B.E. 2551. The Bank's capital fund is presented in Note 27 to the financial statements.

6 Interbank and money market items, net (assets)

	Consolidated					
	2019			2018		
	At call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
Domestic:						
Bank of Thailand and the Financial Institutions Development Fund	1,645	-	1,645	2,869	-	2,869
Commercial banks	485	-	485	375	1,000	1,375
Specialised Financial Institutions	11	-	11	8	-	8
Other financial institutions	-	2,860	2,860	-	1,426	1,426
Total domestic items	2,141	2,860	5,001	3,252	2,426	5,678
<u>Add</u> Accrued interest receivables	-	5	5	-	7	7
<u>Less</u> Allowance for doubtful debts	-	(1)	(1)	-	-	-
Domestic items, net	2,141	2,864	5,005	3,252	2,433	5,685
Foreign:						
US dollar	565	-	565	357	-	357
Yen	81	-	81	6	-	6
Euro	30	-	30	1	-	1
Other currencies	741	-	741	691	50	741
Foreign items	1,417	-	1,417	1,055	50	1,105
Domestic and foreign items, net	3,558	2,864	6,422	4,307	2,483	6,790
Separate						
	2019			2018		
	At call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
	At call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
Domestic:						
Bank of Thailand and the Financial Institutions Development Fund	1,645	-	1,645	2,869	-	2,869
Commercial banks	280	-	280	277	1,000	1,277
Other financial institutions	-	2,860	2,860	-	1,426	1,426
Total domestic items	1,925	2,860	4,785	3,146	2,426	5,572
<u>Add</u> Accrued interest receivables	-	5	5	-	7	7
<u>Less</u> Allowance for doubtful debts	-	(1)	(1)	-	-	-
Domestic items, net	1,925	2,864	4,789	3,146	2,433	5,579
Foreign:						
US dollar	565	-	565	357	-	357
Yen	81	-	81	6	-	6
Euro	30	-	30	1	-	1
Other currencies	741	-	741	691	50	741
Foreign items	1,417	-	1,417	1,055	50	1,105
Domestic and foreign items, net	3,342	2,864	6,206	4,201	2,483	6,684

7 Derivatives

7.1 Trading derivatives

Fair value and notional amount classified by type of risk

	Consolidated and Separate					
	2019			2018		
	Fair value			Fair value		
	Asset Million Baht	Liability Million Baht	Notional amount Million Baht	Asset Million Baht	Liability Million Baht	Notional amount Million Baht
Exchange rate	22,439	22,751	1,451,120	14,783	15,756	1,671,140
Interest rate	20,357	16,164	2,151,761	8,291	6,242	2,229,489
Others	301	4,012	48,998	182	529	33,405
Total	43,097	42,927	3,651,879	23,256	22,527	3,934,034

Proportion of derivative transactions classified by type of counterparty and considering notional amount

	Consolidated and Separate	
	2019 Proportion	2018 Proportion
Financial institutions	93	94
Companies under common control	3	3
External parties	4	3
Total	100	100

7.2 Derivative for hedging

7.2.1 Cash flow hedge

	Consolidated and Separate					
	2019			2018		
	Fair value			Fair value		
	Asset Million Baht	Liability Million Baht	Notional amount Million Baht	Asset Million Baht	Liability Million Baht	Notional amount Million Baht
Exchange rate	321	1,733	30,287	140	1,767	28,752
Interest rate	41	-	2,450	-	24	2,450
Total	362	1,733	32,737	140	1,791	31,202

Cash flow hedges are used to protect against exposure to variability in future cash flows attributable to movements in foreign exchange rates and interest rates of financial assets and financial liabilities. The Bank hedges cash flows from loan, credit linked note and subordinated debentures against foreign exchange rates risk and interest rates risk using Cross Currency and Interest Rate Swap contract, and Interest Rate Swap contract with CIMB Bank Berhad and other parties (Notes 21 (b), (c), (d), (e) and (f) to the financial statements).

7 Derivatives (Cont'd)

7.2 Derivative for hedging (Cont'd)

7.2.1 Cash flow hedge (Cont'd)

The expected periods of cash flow from hedged items that shall affect profits (losses) as at 31 December 2019 and 2018 can be summarised as follows:

	Consolidated and Separate			
	2019			
	3 months or less Million Baht	More than 3 months to 1 year Million Baht	More than 1 year to 5 years Million Baht	More than 5 years Million Baht
Cash inflow	38	407	5,584	310
Cash outflow	(292)	(399)	(14,008)	(3,620)
Net cashflow	(254)	8	(8,424)	(3,310)

	Consolidated and Separate			
	2018			
	3 months or less Million Baht	More than 3 months to 1 year Million Baht	More than 1 year to 5 years Million Baht	More than 5 years Million Baht
Cash inflow	42	129	4,806	970
Cash outflow	(310)	(3,538)	(9,135)	(4,161)
Net cashflow	(268)	(3,409)	(4,329)	(3,191)

8 Investments, net

8.1 Classified by type of investment

	Consolidated	
	2019 Fair value Million Baht	2018 Fair value Million Baht
Securities held for trading		
Government and state enterprises securities	17,491	14,543
Private sector debt securities	3,859	3,221
Total securities held for trading	21,350	17,764
Securities designated at fair value through profit or loss		
Government and state enterprises securities	11,418	5,399
Total securities designated at fair value through profit or loss	11,418	5,399
Available-for-sale securities		
Government and state enterprises securities	29,926	42,871
Private sector debt securities	4,456	5,943
Domestic marketable equity securities	64	60
Total available-for-sales securities	34,446	48,874

8 Investments, net (Cont'd)

8.1 Classified by type of investment (Cont'd)

	Cost/ Amortised Cost Million Baht	Cost/ Amortised Cost Million Baht
Held-to-maturity debt securities		
Government and state enterprises securities	19,422	19,933
Private sector debt securities	95	133
Investments in receivables (Note 8.6)	58	59
Total	19,575	20,125
<u>Less</u> Allowance for impairment (Note 8.6)	(20)	(20)
Total held-to-maturity debt securities	19,555	20,105
	Cost Million Baht	Cost Million Baht
General investments		
Domestic non-marketable equity securities	255	255
Overseas non-marketable equity securities	-	1
Total	255	256
<u>Less</u> Allowance for impairment	(226)	(226)
Total general investments	29	30
Investments, net	86,798	92,172
	Separate	
	2019	2018
	Fair value	Fair value
	Million Baht	Million Baht
Securities held for trading		
Government and state enterprises securities	17,491	14,543
Private sector debt securities	3,859	3,221
Total securities held for trading	21,350	17,764
Securities designated at fair value through profit or loss		
Government and state enterprises securities	11,418	5,399
Total securities designated at fair value through profit or loss	11,418	5,399
Available-for-sale securities		
Government and state enterprises securities	29,926	42,871
Private sector debt securities	4,456	5,943
Domestic marketable equity securities	64	60
Total available-for-sales securities	34,446	48,874
	Cost/ Amortised Cost Million Baht	Cost/ Amortised Cost Million Baht
Held-to-maturity debt securities		
Government and state enterprises securities	19,420	19,933
Private sector debt securities	95	133
Investments in receivables (Note 8.6)	58	59
Total	19,573	20,125
<u>Less</u> Allowance for impairment (Note 8.6)	(20)	(20)
Total held-to-maturity debt securities	19,553	20,105

8 Investments, net (Cont'd)

8.1 Classified by type of investment (Cont'd)

	Cost Million Baht	Cost Million Baht
General investments		
Domestic non-marketable equity securities	255	255
Overseas non-marketable equity securities	-	1
Total	255	256
<u>Less</u> Allowance for impairment	(226)	(226)
Total general investments	29	30
Investments, net	86,796	92,172

The Bank classifies investments which have specific intention to manage the risk in trading derivatives portfolio as investment designated at fair value through profit or loss (Fair Value Option) to help the Bank reduces the accounting mismatch on measurement or recognition between investments and trading derivatives transactions.

As at 31 December 2019 and 2018, the Bank had investments pledged as collateral, as mentioned in Note 41.1 to the financial statements.

8.2 Classified by the remaining period to maturity of the debt securities

	Consolidated							
	2019				2018			
	Periods remaining				Periods remaining			
	1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht	1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Securities designated at fair value through profit or loss								
Government and state enterprises securities	-	-	9,006	9,006	-	-	5,312	5,312
<u>Add</u> Allowance for revaluation	-	-	2,412	2,412	-	-	87	87
Securities designated at fair value through profit or loss, net	-	-	11,418	11,418	-	-	5,399	5,399
Available-for-sale securities								
Government and state enterprises securities	6,196	20,000	3,472	29,668	11,156	24,191	7,635	42,982
Private sector debt securities	401	3,729	270	4,400	512	5,172	303	5,987
Total	6,597	23,729	3,742	34,068	11,668	29,363	7,938	48,969
<u>Add (Less)</u> Allowance for revaluation	24	258	33	315	(4)	(39)	(111)	(154)
<u>Less</u> Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Available-for-sale securities, net	6,620	23,987	3,775	34,382	11,663	29,324	7,827	48,814
Held-to-maturity securities								
Government and state enterprises securities	365	9,813	9,244	19,422	4,699	8,571	6,663	19,933
Private sector debt securities	90	5	-	95	38	95	-	133
Held-to-maturity securities	455	9,818	9,244	19,517	4,737	8,666	6,663	20,066
Total debt securities	7,075	33,805	24,437	65,317	16,400	37,990	19,889	74,279

8 Investments, net (Cont'd)

8.2 Classified by the remaining period to maturity of the debt securities (Cont'd)

	Separate							
	2019				2018			
	Periods remaining				Periods remaining			
	1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht	1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Securities designated at fair value through profit or loss								
Government and state enterprises securities	-	-	9,006	9,006	-	-	5,312	5,312
<u>Add</u> Allowance for revaluation	-	-	2,412	2,412	-	-	87	87
Securities designated at fair value through profit or loss, net	-	-	11,418	11,418	-	-	5,399	5,399
Available-for-sale securities								
Government and state enterprises securities	6,196	20,000	3,472	29,668	11,156	24,191	7,635	42,982
Private sector debt securities	401	3,729	270	4,400	512	5,172	303	5,987
Total	6,597	23,729	3,742	34,068	11,668	29,363	7,938	48,969
<u>Add (Less)</u> Allowance for revaluation	24	258	33	315	(4)	(39)	(111)	(154)
<u>Less</u> Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Available-for-sale securities, net	6,620	23,987	3,775	34,382	11,663	29,324	7,827	48,814
Held-to-maturity securities								
Government and state enterprises securities	365	9,813	9,242	19,420	4,699	8,571	6,663	19,933
Private sector debt securities	90	5	-	95	38	95	-	133
Held-to-maturity securities	455	9,818	9,242	19,515	4,737	8,666	6,663	20,066
Total debt securities	7,075	33,805	24,435	65,315	16,400	37,990	19,889	74,279

8.3 Investments representing shareholdings in which the Group holds more than 10%

The following are equity securities in which the Group holds more than 10% of the paid-up share capital of the investee companies, but those companies were not classified as subsidiaries and associated companies. The investments classified by industry are as follows:

	Consolidated and Separate	
	2019 Million Baht	2018 Million Baht
Property development	1	1
Public utilities and services	17	17
Bank and finance	4	4
Total	22	22
<u>Less</u> Allowance for impairment	(20)	(20)
Investments representing shareholdings in which the Group hold more than 10%, net	2	2

8 Investments, net (Cont'd)

8.4 Investments in investment units in which the Group hold more than 10%

Investments in investment units in which the Group holds more than 10% of the paid-up fund which are not treated as subsidiaries and associated companies. The investments classified by type of fund are as follows:

	Consolidated and Separate			
	2019		2018	
	Cost Million Baht	Fair value Million Baht	Cost Million Baht	Fair value Million Baht
General investments				
Investment in property funds	66	49	66	42
<u>Less</u> Allowance for revaluation	(17)		(24)	
General investments, net	49		42	

8.5 Investments in companies having problems relating to financial position and operating results

As at 31 December 2019 and 2018, the Group had the following investments in companies, having problems relating to financial positions and operating results:

	Consolidated and Separate							
	2019				2018			
	Number of companies	Cost Million Baht	Allowance for revaluation/ impairment Million Baht	Book value Million Baht	Number of companies	Cost Million Baht	Allowance for revaluation/ impairment Million Baht	Book value Million Baht
Business continuity and/or weak financial status and operating performance	49	42	(42)	-	49	42	(42)	-
Defaulted debt securities	18	1	(1)	-	18	1	(1)	-
	67	43	(43)	-	67	43	(43)	-

8.6 Investments in receivables

	Consolidated and Separate	
	2019 Million Baht	2018 Million Baht
Investments in receivables	58	59
<u>Less</u> Allowance for impairment	(20)	(20)
Investments in receivables, net	38	39

As at 31 December 2019 and 2018, the outstanding balances of loan receivables can be summarised as follows:

	Consolidated and Separate							
	2019				2018			
	Number of debtors	Principal Million Baht	Purchase price Million Baht	Estimated rate of return (yield) %	Number of debtors	Principal Million Baht	Purchase price Million Baht	Estimated rate of return (yield) %
Total accumulated investments in receivables	5,857	22,948	6,996	19.0	5,857	22,948	6,996	19.0
Outstanding investments in receivables as at the statements of financial position date	33	964	58	1.29	37	965	59	1.34

9 Investments in subsidiaries, net

Company name	Nature of business	Type of securities	Percentage of holding		Separate Cost method	
			2019	2018	2019	2018
			%	%	Million Baht	Million Baht
Subsidiaries - included in consolidated financial statements						
CIMB Thai Auto Co., Ltd.	Leasing/hire-Purchase of automobile	Common stock	100	100	1,703	1,703
World Lease Co., Ltd.	Hire-purchase and motorcycles	Common stock	100	100	467	467
CT Coll Co., Ltd.	motorcycle trading Debt collection	Common stock	100	100	38	38
Investments in subsidiaries, net					2,208	2,208

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. There are no other type of shares issued by subsidiaries other than ordinary shares.

10 Loans and accrued interest receivables, net

10.1 Classified by loan type

	Consolidated		Separate	
	2019 Million Baht	2018 Million Baht	2019 Million Baht	2018 Million Baht
Bank overdrafts	6,048	5,699	6,115	5,809
Loans	168,847	159,647	172,575	165,702
Bills	22,295	27,669	52,560	47,310
Hire-purchase receivables	53,482	41,498	-	-
Others	225	42	207	28
Total loans	250,897	234,555	231,457	218,849
<u>Less</u> Deferred revenue	(10,817)	(8,255)	-	(1)
Total loans net of deferred revenue	240,080	226,300	231,457	218,848
<u>Add</u> Accrued interest receivables	463	492	469	502
Total loans net of deferred revenue and accrued interest receivables	240,543	226,792	231,926	219,350
<u>Less</u> Allowance for doubtful debts (Note 11)				
Minimum allowance for doubtful accounts required based on BOT's guidelines - Individual approach	(5,638)	(5,534)	(5,418)	(5,407)
General provision for further losses	(4,962)	(5,005)	(4,054)	(4,295)
<u>Less</u> Revaluation allowance for debt restructuring (Note 12)	(32)	(52)	(32)	(52)
Loans and accrued interest receivables, net	229,911	216,201	222,422	209,596

10 Loans and accrued interest receivables, net (Cont'd)

10.2 Classified by currency and residency of debtors

	Consolidated					
	2019			2018		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	224,502	591	225,093	210,620	627	211,247
US dollar	13,783	-	13,783	12,618	989	13,607
Other currencies	101	1,103	1,204	240	1,206	1,446
Total loans net of deferred revenue	238,386	1,694	240,080	223,478	2,822	226,300

	Separate					
	2019			2018		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	215,879	591	216,470	203,168	627	203,795
US dollar	13,783	-	13,783	12,618	989	13,607
Other currencies	101	1,103	1,204	240	1,206	1,446
Total loans net of deferred revenue	229,763	1,694	231,457	216,026	2,822	218,848

10.3 Classified by types of business and loan classification

	Consolidated					
	2019					
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	Total Million Baht
Agricultural and mining	8,082	266	-	-	1	8,349
Manufacturing and commerce	33,872	2,908	509	908	3,249	41,446
Real estate and construction	14,916	388	843	9	208	16,364
Public utilities and services	22,249	1,356	688	10	618	24,921
Personal cash	9,982	322	136	-	89	10,529
Housing loans	73,983	1,575	627	565	1,948	78,698
Hire-purchase receivable and financial lease receivable	36,853	5,263	541	3	5	42,665
Others	16,559	210	70	79	190	17,108
Total loans net of deferred revenue	216,496	12,288	3,414	1,574	6,308	240,080

	Consolidated					
	2018					
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	Total Million Baht
Agricultural and mining	6,954	-	1	-	1	6,956
Manufacturing and commerce	36,517	3,750	592	1,414	2,884	45,157
Real estate and construction	12,431	883	158	27	337	13,836
Public utilities and services	26,539	1,867	737	64	572	29,779
Personal cash	11,282	377	163	-	139	11,961
Housing loans	68,257	1,452	607	717	883	71,916
Hire-purchase receivable and financial lease receivable	28,836	4,036	367	3	2	33,244
Others	13,011	206	63	80	91	13,451
Total loans net of deferred revenue	203,827	12,571	2,688	2,305	4,909	226,300

10 Loans and accrued interest receivables, net (Cont'd)

10.3 Classified by types of business and loan classification (Cont'd)

	Separate					
	2019					
	Pass	Special	Sub-	Doubtful	Doubtful	Total
	Million Baht	mention	standard	Million Baht	of loss	Million Baht
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Agricultural and mining	8,082	266	-	-	1	8,349
Manufacturing and commerce	33,872	2,908	509	908	3,249	41,446
Real estate and construction	14,916	388	843	9	208	16,364
Public utilities and services	22,249	1,356	688	10	618	24,921
Personal cash	9,982	322	136	-	89	10,529
Housing loans	73,983	1,575	627	565	1,948	78,698
Others	50,601	210	70	80	189	51,150
Total loans net of deferred revenue	213,685	7,025	2,873	1,572	6,302	231,457
	Separate					
	2018					
	Pass	Special	Sub-	Doubtful	Doubtful	Total
	Million Baht	mention	standard	Million Baht	of loss	Million Baht
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Agricultural and mining	6,954	-	1	-	1	6,956
Manufacturing and commerce	36,517	3,750	592	1,414	2,884	45,157
Real estate and construction	12,431	883	158	27	337	13,836
Public utilities and services	26,539	1,867	736	64	572	29,778
Personal cash	11,282	377	163	-	139	11,961
Housing loans	68,257	1,452	607	717	883	71,916
Others	38,804	206	63	80	91	39,244
Total loans net of deferred revenue	200,784	8,535	2,320	2,302	4,907	218,848

10.4 Classification of loans

The Group classified loans by type and/or based on the overdue date as summarised below:

(a) Loans of the Group

Consolidated							
2019				2018			
Loans and accrued interest receivables	Net amount used for set allowance for doubtful account⁽¹⁾	Minimum percentage	Allowance provided in the accounts	Loans and accrued interest receivables	Net amount used for set allowance for doubtful account⁽¹⁾	Minimum Percentage	Allowance provided in the accounts
Million Baht	Million Baht	%	Million Baht	Million Baht	Million Baht	%	Million Baht
Minimum allowance for doubtful accounts based on BOT guidelines							
- Pass	216,918	75,733	1	204,271	77,281	1	769
- Special mention	12,324	2,428	2	12,614	2,896	2	57
- Sub-standard	3,418	1,210	100	2,693	1,102	100	1,098
- Doubtful	1,575	638	100	2,305	1,109	100	1,108
- Doubtful of loss	6,308	2,683	100	4,909	2,249	100	2,502
Surplus allowance							
- General provision			4,962				5,005
Total	240,543	82,692	10,600	226,792	84,637		10,539

(1) For provision for sub-standard, doubtful and doubtful-of-loss loans, which is set up in accordance with BOT's notification no. Sor Nor Sor 5/2559, the debt balance used for set allowance for doubtful account is the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, as the case may be.

10 Loans and accrued interest receivables, net (Cont'd)

10.4 Classification of loans (Cont'd)

The Group classified loans by type and/or based on the overdue date as summarised below: (Cont'd)

(a) Loans of the Group (Cont'd)

	Separate						
	2019			2018			
	Loans and accrued interest receivables Million Baht	Net amount used for set allowance for doubtful account ⁽¹⁾ Million Baht	Minimum percentage %	Allowance provided in the accounts Million Baht	Loans and accrued interest receivables Million Baht	Net amount used for set allowance for doubtful account ⁽¹⁾ Million Baht	Allowance provided in the accounts Million Baht
Minimum allowance for doubtful accounts based on BOT guidelines							
- Pass	214,114	102,837	1	1,027	201,236	97,628	1
- Special mention	7,061	1,375	2	26	8,578	2,012	2
- Sub-standard	2,877	737	100	788	2,327	788	100
- Doubtful	1,572	635	100	635	2,302	1,106	100
- Doubtful of loss	6,302	2,678	100	2,942	4,907	2,247	100
Surplus allowance							
- General provision				4,054			4,295
Total	231,926	108,262		9,472	219,350	103,781	9,702

(1) For provision for sub-standard, doubtful and doubtful-of-loss loans, which is set up in accordance with BOT's notification no. Sor Nor Sor 5/2559, the debt balance used for set allowance for doubtful account is the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, as the case may be.

As at 31 December 2019, the Group and the Bank had defaulted loans amounting to Baht 10,732 million and Baht 10,183 million, respectively (31 December 2018: Baht 9,175 million and Baht 8,803 million, respectively), were ceased recognition of interest income.

(b) Hire-purchase receivables and financial lease receivables of the subsidiaries

As at 31 December 2019 and 2018, hire-purchase receivables and financial lease receivables of the subsidiaries were classified based on overdue dates as follows:

	Debt balance - net unearned income		Allowance for doubtful accounts	
	2019 Million Baht	2018 Million Baht	2019 Million Baht	2018 Million Baht
Current or overdue less than 1 installment	36,853	28,836	65	52
Overdue 1 installment but less than 3 installments	5,263	4,036	20	17
Overdue 3 installments but less than 6 installments	541	367	469	311
Overdue 6 installments but less than 12 installments	3	3	3	3
Overdue 12 installments and more	5	2	4	2
Total	42,665	33,244	561	385
General provision	-	-	908	710
Total	42,665	33,244	1,469	1,095

10 Loans and accrued interest receivables, net (Cont'd)

10.5 Non-performing loans

As at 31 December 2019 and 2018, the Group had the following non-performing loans, according to the criteria set up by the Bank of Thailand.

	Consolidated		Separate	
	2019	2018	2019	2018
	Million Baht	Million Baht	Million Baht	Million Baht
Non-performing loans (principal only)				
- Banking business	10,747	9,529	10,747	9,529
- Other businesses	549	372	-	-

As at 31 December 2019 and 2018, the above non-performing loans under the Bank of Thailand's criteria were presented in accordance with the notification of the Bank of Thailand's, defining non-performing loans to be debts classified as sub-standard, doubtful and doubtful of loss, and excluding outstanding loans for which debt restructuring agreements have been made and conditions to upgrade to pass class or special mention class in accordance with Bank of Thailand criteria have already been fulfilled.

During the year 2019, two subsidiaries have sold non-performing loans for hire-purchase vehicles and motorcycles. These non-performing loans have been written-off according to the Group's policy. The subsidiaries realised gains on sale of non-performing loans totalling Baht 407.7 million (2018: Baht 231 million).

10.6 Hire-purchase and finance lease receivables

As at 31 December 2019, subsidiaries had receivables under hire-purchase agreements and financial leases totalling Baht 41,196 million (31 December 2018: Baht 32,149 million) mostly comprising hire-purchase agreements and financial leases for cars and motorcycles. The term of the agreements are generally between three and six years and interest is mostly charged at a fixed rate.

	Consolidated				
	2019				
	Amounts due under lease agreement				
	Less than 1 year	1 - 5 years	Over 5 years	Non - performing loans	Total
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Gross investment in the lease	15,792	34,541	2,423	726	53,482
<u>Less</u> Unearned finance income	(4,435)	(6,081)	(124)	(177)	(10,817)
Present value of minimum lease payments receivable	11,357	28,460	2,299	549	42,665
<u>Less</u> Allowance for doubtful accounts					(1,469)
Net receivables under hire-purchase agreements and financial leases					<u>41,196</u>

	Consolidated				
	2018				
	Amounts due under lease agreement				
	Less than 1 year	1 - 5 years	Over 5 years	Non - performing loans	Total
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Gross investment in the lease	12,961	26,510	1,536	491	41,498
<u>Less</u> Unearned finance income	(3,518)	(4,541)	(76)	(119)	(8,254)
Present value of minimum lease payments receivable	9,443	21,969	1,460	372	33,244
<u>Less</u> Allowance for doubtful accounts					(1,095)
Net receivables under hire-purchase agreements and financial leases					<u>32,149</u>

10 Loans and accrued interest receivables, net (Cont'd)

10.7 Troubled debt restructuring

As at 31 December 2019 and 2018, the Group has outstanding receivables which have been restructured as follows:

	Consolidated and Separate	
	2019	
	Number of loans	Outstanding balance before restructuring Million Baht
Outstanding receivables restructured before 2019	2,964	2,702
Outstanding receivables restructured during the year ended 31 December 2019	303	614
	Consolidated and Separate	
	2018	
	Number of loans	Outstanding balance before restructuring Million Baht
Outstanding receivables restructured before 2018	4,148	3,404
Outstanding receivables restructured during the year ended 31 December 2018	220	69

Details of customers whose debts have been restructured during the year ended 31 December 2019 and 2018 compared with total loan customers, both in the consolidated financial statements and separate financial statements, are as follows:

	Consolidated		Separate	
	2019		2019	
	Number of loans	Outstanding balance before restructuring Million Baht	Number of loans	Outstanding balance before restructuring Million Baht
Restructured debts	339	828	339	828
Total loan customers	444,589	240,080	142,969	231,457
	Consolidated		Separate	
	2018		2018	
	Number of loans	Outstanding balance before restructuring Million Baht	Number of loans	Outstanding balance before restructuring Million Baht
Restructured debts	247	82	247	82
Total loan customers	411,545	226,300	160,153	218,848

10 Loans and accrued interest receivables, net (Cont'd)

10.7 Troubled debt restructuring (Cont'd)

Details of the restructured debts during the years ended 31 December 2019 and 2018, classified into the restructuring methods are as follows:

Restructuring method	Consolidated and Separate			
	2019			
	Number of loans	Before restructuring Million Baht	Fair value of assets Million Baht	After restructuring Million Baht
Modifications of terms of payments	339	828	-	828
Total	339	828	-	828

Restructuring method	Consolidated and Separate			
	2018			
	Number of loans	Before restructuring Million Baht	Fair value of assets Million Baht	After restructuring Million Baht
Modifications of terms of payments	247	82	-	82
Total	247	82	-	82

The debts restructured referred to above can be classified by the terms of repayment under the restructuring agreements as follows:

Consolidated and Separate						
2019				2018		
Period of debts restructuring contracts	Number of debtors	Debt balances		Number of debtors	Debt balances	
		Before restructuring Million Baht	After restructuring Million Baht		Before restructuring Million Baht	After restructuring Million Baht
Not more than 5 years	223	322	322	90	12	12
5 - 10 years	103	474	474	142	40	40
10 - 15 years	2	2	2	3	6	6
More than 15 years	11	30	30	12	24	24
Total	339	828	828	247	82	82

Supplemental information relating to the restructured debts for the years ended ended 31 December 2019 and 2018 are as follows:

Consolidated and Separate		
	2019 Million Baht	2018 Million Baht
Interest income	218	317

As at December 2019 and 2018, the troubled debtors for which the Group completed their debt restructuring can be summarised as follows:

Consolidated and Separate		
	2019	2018
Number of debtors	3,267	4,368
Debt balances after restructuring (Million Baht)	2,374	2,679

In cases where the troubled debt restructuring involves modifications of the terms and the repayment conditions, the fair value of the loans after restructuring is determined based on the net present value of expected future cashflows, discounted by the market interest rate. As at 31 December 2019, the Bank had losses from the revaluation of restructured debts (PV Loss) of Baht 32 million (31 December 2018: Baht 52 million) for which the it provided an allowance for revaluation as a result of debt restructuring.

11 Allowance for doubtful debts

Consolidated							
2019							
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	General provision Million Baht	Total Million Baht
Balance as at 1 January 2019	769	57	1,098	1,108	2,502	5,005	10,539
<u>Add</u> (Deduction) addition during the year	(18)	(11)	1,254	(466)	2,591	(780)	2,570
Transfer from revaluations allowance for debt restructuring	-	-	-	-	-	25	25
Bad debt recoveries	-	-	-	-	-	722	722
<u>Less</u> Bad debts written off	-	-	(1,094)	(4)	(1,416)	(5)	(2,519)
Reduction from sale of NPL	-	-	-	-	(732)	-	(732)
Transfer to revaluations allowance for debt restructuring	-	-	-	-	-	(5)	(5)
Balance as at 31 December 2019	751	46	1,258	638	2,945	4,962	10,600
Consolidated							
2018							
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	General provision Million Baht	Total Million Baht
Balance as at 1 January 2018	695	66	1,666	1,321	2,417	3,704	9,869
<u>Add</u> Addition (deduction) during the year	125	-	(6)	69	4,089	678	4,955
Transfer from revaluations allowance for debt restructuring	-	-	-	-	-	72	72
Bad debt recoveries	-	-	-	-	-	580	580
<u>Less</u> Bad debts written off	-	-	(557)	(80)	(1,755)	(11)	(2,403)
Reduction from sale of NPL	(51)	(9)	(5)	(202)	(2,249)	-	(2,516)
Transfer to revaluations allowance for debt restructuring	-	-	-	-	-	(18)	(18)
Balance as at 31 December 2018	769	57	1,098	1,108	2,502	5,005	10,539
Separate							
2019							
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	General provision Million Baht	Total Million Baht
Balance as at 1 January 2019	975	39	787	1,106	2,500	4,295	9,702
<u>Add</u> Addition (deduction) during the year	52	(13)	2	(469)	2,589	(977)	1,184
Transfer from revaluations allowance for debt restructuring	-	-	-	-	-	25	25
Bad debt recoveries	-	-	-	-	-	722	722
<u>Less</u> Bad debts written off	-	-	(1)	(2)	(1,415)	(6)	(1,424)
Reduction from sale of NPL	-	-	-	-	(732)	-	(732)
Transfer to revaluations allowance for debt restructuring	-	-	-	-	-	(5)	(5)
Balance as at 31 December 2019	1,027	26	788	635	2,942	4,054	9,472
Separate							
2018							
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	General provision Million Baht	Total Million Baht
Balance as at 1 January 2018	868	40	1,389	1,267	2,378	3,314	9,256
<u>Add</u> Addition (deduction) during the year	158	8	(594)	41	3,750	358	3,721
Transfer from revaluations allowance for debt restructuring	-	-	-	-	-	72	72
Bad debt recoveries	-	-	-	-	-	580	580
<u>Less</u> Bad debts written off	-	-	(3)	-	(1,379)	(11)	(1,393)
Reduction from sale of NPL	(51)	(9)	(5)	(202)	(2,249)	-	(2,516)
Transfer to revaluations allowance for debt restructuring	-	-	-	-	-	(18)	(18)
Balance as at 31 December 2018	975	39	787	1,106	2,500	4,295	9,702

12 Revaluation allowance for debt restructuring

	Consolidated and Separate	
	2019	2018
	Million Baht	Million Baht
Balance - beginning of the year	52	106
<u>Add</u> Revaluation allowance transferred from allowance for doubtful debts	5	18
<u>Less</u> Revaluation allowance transferred to allowance for doubtful debts	(25)	(72)
Balance - end of the year	<u>32</u>	<u>52</u>

The write-off transactions and/or the adjustments of revaluation allowance for debt restructuring are transferred to allowance for doubtful debts.

13 Properties for sale, net

Properties for sale represent properties from debtors as a result of debt restructuring, properties obtained as a result of a successful bid for the mortgaged assets of debtors at auction, or unused assets transferred as a result of a merger and awaiting disposal.

	Consolidated			
	As at 1 January 2019 Million Baht	Additions Million Baht	Disposals Million Baht	As at 31 December 2019 Million Baht
Asset from debt repayment				
Immovable - Assessed by external appraiser	771	25	(29)	767
Movable	315	2,474	(2,404)	385
Total	1,086	2,499	(2,433)	1,152
Others	129	90	(23)	196
Total properties for sale	1,215	2,589	(2,456)	1,348
<u>Less</u> Allowance for impairment	(198)	(1,018)	992	(224)
Properties for sale, net	<u>1,017</u>	<u>1,571</u>	<u>(1,464)</u>	<u>1,124</u>

	Consolidated			
	As at 1 January 2018 Million Baht	Additions Million Baht	Disposals Million Baht	As at 31 December 2018 Million Baht
Asset from debt repayment				
Immovable - Assessed by external appraiser	803	7	(39)	771
Movable	229	1,971	(1,885)	315
Total	1,032	1,978	(1,924)	1,086
Others	155	22	(48)	129
Total properties for sale	1,187	2,000	(1,972)	1,215
<u>Less</u> Allowance for impairment	(153)	(731)	686	(198)
Properties for sale, net	<u>1,034</u>	<u>1,269</u>	<u>(1,286)</u>	<u>1,017</u>

13 Properties for sale, net (Cont'd)

	Separate			As at 31 December 2019 Million Baht
	As at 1 January 2019 Million Baht	Additions Million Baht	Disposals Million Baht	
Asset from debt repayment				
Immovable - Assessed by external appraiser	771	25	(29)	767
Total	771	25	(29)	767
Others	129	90	(23)	196
Total properties for sale	900	115	(52)	963
<u>Less</u> Allowance for impairment	(69)	-	-	(69)
Properties for sale, net	831	115	(52)	894

	Separate			As at 31 December 2018 Million Baht
	As at 1 January 2018 Million Baht	Additions Million Baht	Disposals Million Baht	
Asset from debt repayment				
Immovable - Assessed by external appraiser	803	7	(39)	771
Total	803	7	(39)	771
Others	155	22	(48)	129
Total properties for sale	958	29	(87)	900
<u>Less</u> Allowance for impairment	(70)	(1)	2	(69)
Properties for sale, net	888	28	(85)	831

The Bank provides allowance for impairment of properties for sale by reference to appraisal value. The Bank appraises or reviews the fair value of properties for sale annually in accordance with the Notification of the Bank of Thailand. However, the actual selling price may differ from the appraisal value. In addition, the Bank is subjected to restrictions on the allowable periods it may hold such properties, as stipulated by the Bank of Thailand. If the Bank is unable to dispose of the properties within allowable periods, the Bank has to set aside additional provision in accordance with the Bank of Thailand guidelines. The Bank's management believes that the carrying value of such properties is suitable to the current situation and the current disposal plan of its properties for sale.

14 Premises and equipment, net

	Consolidated											
	Cost/appraisal value						Accumulated depreciation					
	As at 1 January 2019		Transfer In/(out)	Transfer to properties for sale	Disposals/ written off	As at 31 December 2019	As at 1 January 2019		Transfer to properties for sale	Disposals/ written off	As at 31 December 2019	Net book value
	Million Baht	Additions Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Additions Million Baht	Million Baht	Million Baht	Million Baht	
Land												
Cost	444	-	-	(27)	-	417	-	-	-	-	-	417
Revaluation surplus (revaluation in 2016)	1,660	-	-	(57)	-	1,603	-	-	-	-	-	1,603
Devaluation of asset (revaluation in 2016)	(18)	-	-	-	-	(18)	-	-	-	-	-	(18)
Buildings												
Cost	1,857	4	19	(43)	-	1,837	(1,197)	(59)	40	-	(1,216)	621
Revaluation surplus (revaluation in 2016)	1,130	-	-	(21)	-	1,109	(918)	(18)	16	-	(920)	189
Devaluation of asset (revaluation in 2016)	(22)	-	-	4	-	(18)	12	1	(2)	-	11	(7)
Equipment	2,605	260	15	-	(288)	2,592	(2,020)	(222)	-	268	(1,974)	618
Assets under installation and/or construction	8	32	(34)	-	-	6	-	-	-	-	-	6
Exchange differences	-	(3)	-	-	-	(3)	-	3	-	-	3	-
Total	7,664	293	-	(144)	(288)	7,525	(4,123)	(295)	54	268	(4,096)	3,429

14 Premises and equipment, net (Cont'd)

	Consolidated												
	Cost/appraisal value						Accumulated depreciation						
	As at 1 January 2018		Transfer In/(out)	Transfer to properties for sale	Disposals/ written off	As at 31 December 2018	As at 1 January 2018		Transfer to properties for sale	Disposals/ written off	As at 31 December 2018	Allowance for impairment	Net book value
	Million Baht	Additions Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Additions Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Land													
Cost	446	-	-	(2)	-	444	-	-	-	-	-	-	444
Revaluation surplus (revaluation in 2016)	1,677	-	-	(17)	-	1,660	-	-	-	-	-	-	1,660
Devaluation of asset (revaluation in 2016)	(18)	-	-	-	-	(18)	-	-	-	-	-	-	(18)
Buildings													
Cost	1,843	11	19	(16)	-	1,857	(1,153)	(58)	14	-	(1,197)	-	660
Revaluation surplus (revaluation in 2016)	1,134	-	-	(4)	-	1,130	(901)	(19)	2	-	(918)	-	212
Devaluation of asset (revaluation in 2016)	(22)	-	-	-	-	(22)	11	1	-	-	12	-	(10)
Equipment	2,588	128	93	-	(204)	2,605	(2,009)	(212)	-	201	(2,020)	(5)	580
Assets under installation and/or construction	3	47	(42)	-	-	8	-	-	-	-	-	-	8
Total	7,651	186	70	(39)	(204)	7,664	(4,052)	(288)	16	201	(4,123)	(5)	3,536

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14 Premises and equipment, net (Cont'd)

	Separate											
	Cost/appraisal value						Accumulated depreciation					
	As at 1 January 2019 Million Baht	Additions Million Baht	Transfer In/(out) Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2019 Million Baht	As at 1 January 2019 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2019 Million Baht	Net book value Million Baht
Land												
Cost	444	-	-	(27)	-	417	-	-	-	-	-	417
Revaluation surplus (revaluation in 2016)	1,660	-	-	(57)	-	1,603	-	-	-	-	-	1,603
Devaluation of asset (revaluation in 2016)	(18)	-	-	-	-	(18)	-	-	-	-	-	(18)
Buildings												
Cost	1,857	4	19	(43)	-	1,837	(1,197)	(59)	40	-	(1,216)	621
Revaluation surplus (revaluation in 2016)	1,130	-	-	(21)	-	1,109	(918)	(18)	16	-	(920)	189
Devaluation of asset (revaluation in 2016)	(22)	-	-	4	-	(18)	12	1	(2)	-	11	(7)
Equipment	2,388	215	15	-	(278)	2,340	(1,868)	(201)	-	257	(1,812)	528
Assets under installation and/or construction	8	32	(34)	-	-	6	-	-	-	-	-	6
Exchange differences	-	(3)	-	-	-	(3)	-	3	-	-	3	-
Total	7,447	248	-	(144)	(278)	7,273	(3,971)	(274)	54	257	(3,934)	3,339

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14 Premises and equipment, net (Cont'd)

	Separate													
	Cost/appraisal value						Accumulated depreciation						Allowance for impairment Million Baht	Net book value Million Baht
	As at 1 January 2018	Additions	Transfer In/(out)	Transfer to properties for sale	Disposals/ written off	As at 31 December 2018	As at 1 January 2018	Additions	Transfer to properties for sale	Disposals/ written off	As at 31 December 2018			
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht			
Land	Cost	Revaluation surplus (revaluation in 2016)	Devaluation of asset (revaluation in 2016)	Buildings	Cost	Revaluation surplus (revaluation in 2016)	Devaluation of asset (revaluation in 2016)	Equipment	Assets under installation and/or construction	Total				
	446	-	-	(2)	-	444	-	-	-	-	-	-	444	
	1,677	-	-	(17)	-	1,660	-	-	-	-	-	-	1,660	
	(18)	-	-	-	-	(18)	-	-	-	-	-	-	(18)	
	1,843	11	19	(16)	-	1,857	(1,153)	(58)	14	-	(1,197)	-	660	
	1,134	-	-	(4)	-	1,130	(901)	(19)	2	-	(918)	-	212	
	(22)	-	-	-	-	(22)	11	1	-	-	12	-	(10)	
	2,357	100	93	-	(162)	2,388	(1,837)	(191)	-	160	(1,868)	(5)	515	
	3	47	(42)	-	-	8	-	-	-	-	-	-	8	
	7,420	158	70	(39)	(162)	7,447	(3,880)	(267)	16	160	(3,971)	(5)	3,471	

15 Intangible assets, net

		Consolidated					
	Amortising period	As at 1 January 2019 Million Baht	Increase Million Baht	Transfer in/(out) Million Baht	Write off Million Baht	Amortisation Million Baht	As at 31 December 2019 Million Baht
Expenditures in connection with development and improvement of computer systems - under development	-	160	291	(266)	-	-	185
Expenditures in connection with development and improvement of process - under development	-	-	311	-	-	-	311
Computer software	5 - 10 years	329	105	266	-	(134)	566
Net intangible assets		489	707	-	-	(134)	1,062
		Consolidated					
	Amortising period	As at 1 January 2018 Million Baht	Increase Million Baht	Transfer in/(out) Million Baht	Write off Million Baht	Amortisation Million Baht	As at 31 December 2018 Million Baht
Expenditures in connection with development and improvement of computer systems - under development	-	155	257	(245)	(7)	-	160
Computer software	5 - 10 years	215	26	177	(2)	(87)	329
Net intangible assets		370	283	(68)	(9)	(87)	489
		Separate					
	Amortising period	As at 1 January 2019 Million Baht	Increase Million Baht	Transfer In/(out) Million Baht	Write off Million Baht	Amortisation Million Baht	As at 31 December 2019 Million Baht
Expenditures in connection with development and improvement of computer systems - under development	-	159	273	(266)	-	-	166
Expenditures in connection with development and improvement of process - under development	-	-	300	-	-	-	300
Computer software	5 - 10 years	322	93	266	-	(131)	550
Net intangible assets		481	666	-	-	(131)	1,016
		Separate					
	Amortising period	As at 1 January 2018 Million Baht	Increase Million Baht	Transfer In/(out) Million Baht	Write off Million Baht	Amortisation Million Baht	As at 31 December 2018 Million Baht
Expenditures in connection with development and improvement of computer systems - under development	-	155	256	(245)	(7)	-	159
Computer software	5 - 10 years	210	22	176	(2)	(84)	322
Net intangible assets		365	278	(69)	(9)	(84)	481

16 Deferred income taxes

The movement of deferred income tax account is as follows:

	Consolidated		Separate	
	2019	2018	2019	2018
	Million Baht	Million Baht	Million Baht	Million Baht
Beginning of the year	1,393	1,373	938	1,023
(Credited) charged to profit or loss	(175)	39	(192)	(67)
Tax credited relation to components of the comprehensive income	(46)	(19)	(52)	(18)
End of the year	<u>1,172</u>	<u>1,393</u>	<u>694</u>	<u>938</u>

The movement in deferred tax assets and liabilities during the year is as follows:

	Consolidated							
	Provision	Tax	Interest in	Allowance	Allowance	Deferred	Deferred	Total
	Million	losses	suspense	for impairment	for doubtful	income	income	Million
	Baht	Million	account	of properties	accounts	front-end	premium	Baht
	Baht	Baht	Million	foreclosed	Million	fee and	Million	Baht
	Baht	Baht	Baht	Million	Baht	insurance	Baht	Baht
Deferred tax assets								
At 1 January 2019	376	135	148	40	887	45	70	1,888
(Credited) charged to profit or loss	(5)	274	2	5	98	(16)	(11)	276
Tax charged relation to components of the comprehensive income	6	-	-	-	-	-	-	6
At 31 December 2019	<u>377</u>	<u>409</u>	<u>150</u>	<u>45</u>	<u>985</u>	<u>29</u>	<u>59</u>	<u>2,170</u>
At 1 January 2018	390	135	146	31	824	48	70	1,818
Charged (credited) to profit or loss	1	-	2	9	63	(3)	-	96
Tax credited relation to components of the comprehensive income	(15)	-	-	-	-	-	(11)	(26)
At 31 December 2018	<u>376</u>	<u>135</u>	<u>148</u>	<u>40</u>	<u>887</u>	<u>45</u>	<u>70</u>	<u>1,888</u>

	Consolidated			
	Gain from	Gain from	Others	Total
	fair value of	revaluation	Million Baht	Million Baht
	investment	of assets		
	Million Baht	Million Baht		
Deferred tax liabilities				
At 1 January 2019	79	395	21	495
Charged (credited) to profit or loss	427	(7)	31	451
Tax charged (credited) relation to components of the comprehensive income	63	-	(11)	52
At 31 December 2019	<u>569</u>	<u>388</u>	<u>41</u>	<u>998</u>
Deferred tax liabilities				
At 1 January 2018	34	406	5	445
Charged (credited) to profit or loss	68	(11)	-	57
Tax charged relation to components of the comprehensive income	(23)	-	16	(7)
At 31 December 2018	<u>79</u>	<u>395</u>	<u>21</u>	<u>495</u>

16 Deferred income taxes (Cont'd)

The movement in deferred tax assets and liabilities during the year is as follows: (Cont'd)

	Separate								
	Provision Million Baht	Tax losses Million Baht	Interest in suspense account Million Baht	Allowance for impairment of properties foreclosed Million Baht	Allowance for doubtful accounts Million Baht	Deferred income front-end fee and entry fee insurance Million Baht	Deferred income premium Million Baht	Others Million Baht	Total Million Baht
Deferred tax assets									
At 1 January 2019	357	135	137	14	656	45	70	19	1,433
(Credited) charged to profit or loss	(12)	274	-	-	-	(16)	(11)	(2)	233
At 31 December 2019	345	409	137	14	656	29	59	17	1,666
At 1 January 2018	371	135	138	14	656	48	70	36	1,468
Credited to profit or loss	-	-	(1)	-	-	(3)	-	(6)	(10)
Tax credited relation to components of the comprehensive income	(14)	-	-	-	-	-	-	(11)	(25)
At 31 December 2018	357	135	137	14	656	45	70	19	1,433

	Separate			
	Gain from fair value of investment Million Baht	Gain from revaluation of assets Million Baht	Others Million Baht	Total Million Baht
Deferred tax liabilities				
At 1 January 2019	79	395	21	495
Charged (credited) to profit or loss	427	(7)	5	425
Tax charged (credited) relation to components of the comprehensive income	63	-	(11)	52
At 31 December 2019	569	388	15	972
At 1 January 2018	34	406	5	445
Charged (credited) to profit or loss	68	(11)	-	57
Tax charged relation to components of the comprehensive income	(23)	-	16	(7)
At 31 December 2018	79	395	21	495

As at 31 December 2019 and 2018, the Group had temporary tax difference that the Group did not recognise as deferred tax assets in the statement of financial position as follows:

	Consolidated and Separate	
	2019 Million baht	2018 Million baht
Provision	445	81
Tax loss carry forward	722	722
Allowance for doubtful accounts	302	244
Fair value loss from investment	3	160
Interest in suspense	176	-
Others	82	86
Total	1,730	1,293

17 Other assets, net

	Consolidated		Separate	
	2019	2018	2019	2018
	Million baht	Million baht	Million baht	Million baht
Accrued interest and dividend receivables	295	382	294	382
Advances	33	29	33	29
Others assets awaiting account transfer	79	281	79	107
Commission receivables	201	47	161	47
Withholding tax	198	229	198	227
Marginal deposits	107	89	94	78
Prepaid expenses	538	903	531	897
Accounts receivable from sale of non-performing loans - promissory note	438	906	282	906
Others	268	138	69	79
Total	2,157	3,004	1,741	2,752
Less Allowance for impairment	(28)	(29)	(28)	(29)
Other assets, net	2,129	2,975	1,713	2,723

18 Deposits

18.1 Classified by type of deposits

	Consolidated		Separate	
	2019	2018	2019	2018
	Million baht	Million baht	Million baht	Million baht
At call	2,912	2,168	2,912	2,168
Savings	60,450	52,810	60,531	52,908
Fixed	134,829	127,269	134,845	127,286
Negotiable certificate of deposit	844	2,854	844	2,853
Total deposits	199,035	185,101	199,132	185,215

18.2 Classified by currency and residency of depositors

	Consolidated					
	2019			2018		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	194,043	1,697	195,740	180,934	1,599	182,533
US dollar	2,351	309	2,660	1,906	230	2,136
Other currencies	574	61	635	369	63	432
Total	196,968	2,067	199,035	183,209	1,892	185,101

	Separate					
	2019			2018		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	194,140	1,697	195,837	181,048	1,599	182,647
US dollar	2,351	309	2,660	1,906	230	2,136
Other currencies	574	61	635	369	63	432
Total	197,065	2,067	199,132	183,323	1,892	185,215

19 Interbank and money market items (liabilities)

	Consolidated and Separate					
	2019			2018		
	At call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
Domestic:						
Commercial banks	242	30,580	30,822	177	27,600	27,777
Specialised Financial Institutions	3	2,537	2,540	8	6,546	6,554
Finance, finance and securities, securities, and credit foncier companies	4,611	433	5,044	4,988	1,950	6,938
Other financial institutions	2,858	276	3,134	824	304	1,128
Total domestic items	7,714	33,826	41,540	5,997	36,400	42,397
Foreign:						
US dollar	64	1	65	267	659	926
Other currencies	1,228	561	1,789	848	363	1,211
Total foreign items	1,292	562	1,854	1,115	1,022	2,137
Total domestic and foreign items	9,006	34,388	43,394	7,112	37,422	44,534

20 Financial liabilities designated at fair value through profit or loss

	Consolidated and Separate	
	2019 Million Baht	2018 Million Baht
Debentures	11	14,703
Bills of Exchange	24,412	20,810
Total	24,423	35,513

Proportion of transactions classified by type of counterparty and considering notional amount

	Consolidated and Separate	
	2019 Proportion	2018 Proportion
Financial institutions	100	54
External parties	-	46
Total	100	100

As at 31 December 2019 and 2018, financial liabilities designated at fair value through profit or loss consisted of:

- The Bank issued structured debentures with reference interest rate of THBFX 6 month (callable range accrual note), which will mature in 5 years. The Bank will pay interest every six months according to the condition of agreement.
- The Bank issued accreting structured bills of exchange embedded interest rate swap with predetermined return rate and conditions. The maturity date is between 7 - 23 years. They bear interest rate at 2.68% - 5.18% per annum with a payment of interest at maturity date. The Bank entered into interest rate swaps with other parties for hedging interest rate risk.

21 Debt issued and borrowings

	Consolidated					
	2019			2018		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Debentures						
Debentures maturing in 2020, coupon rate of 2.44% per annum	2,000	-	2,000	2,000	-	2,000
Subordinated debentures						
Subordinated debentures of RM 400 million, maturing in 2024, coupon rate of 5.60% per annum	-	-	-	-	3,122	3,122
Subordinated debentures of RM 570 million, maturing in 2026, coupon rate of 5.35% per annum	-	4,174	4,174	-	4,449	4,449
Subordinated debentures of RM 390 million, maturing in 2028, coupon rate of 5.20% per annum	-	2,856	2,856	-	3,044	3,044
Subordinated debentures of RM 550 million, maturing in 2029, coupon rate of 4.15% per annum	-	4,027	4,027	-	-	-
Structured debentures						
Structured debentures	6,112	1,563	7,675	1,016	-	1,016
	8,112	12,620	20,732	3,016	10,615	13,631
Structured bills of exchange						
Structured bills of exchange	1,800	3,287	5,087	1,800	3,537	5,337
	1,800	3,287	5,087	1,800	3,537	5,337
Total	9,912	15,907	25,819	4,816	14,152	18,968
	Separate					
	2019			2018		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Subordinated debentures						
Subordinated debentures of RM 400 million, maturing in 2024, coupon rate of 5.60% per annum	-	-	-	-	3,122	3,122
Subordinated debentures of RM 570 million, maturing in 2026, coupon rate of 5.35% per annum	-	4,174	4,174	-	4,449	4,449
Subordinated debentures of RM 390 million, maturing in 2028, coupon rate of 5.20% per annum	-	2,856	2,856	-	3,044	3,044
Subordinated debentures of RM 550 million, maturing in 2029, coupon rate of 4.15% per annum	-	4,027	4,027	-	-	-
Structured debentures						
Structured debentures	6,112	1,563	7,675	1,016	-	1,016
	6,112	12,620	18,732	1,016	10,615	11,631
Structured bills of exchange						
Structured bills of exchange	1,800	3,287	5,087	1,800	3,537	5,337
	1,800	3,287	5,087	1,800	3,537	5,337
Total	7,912	15,907	23,819	2,816	14,152	16,968

21 Debt issued and borrowings (Cont'd)

- (a) On 8 May 2017, CIMB Thai Auto Co., Ltd which is the Bank's subsidiary, issued debentures. The subscription unit is at 2,000,000 units at Baht 1,000 each and issued price of Baht 1,000 each for an aggregate amount of Baht 2,000 million carrying constant interest rate of 2.44% per annum with a payment of interest every six months. The debenture has a tenor of 3 years and is due on 8 May 2020.

- (b) On 8 July 2019, the Bank exercised its option to early redeem all subordinated debentures amounting to MYR 400 million, maturing in 2024, which the Bank was able to early redeem (under the specified conditions). This early redemption was approved by BOT notification For Kor Kor 292/2562 The approval of redemption of subordinated debentures.

On the same day, the Bank issued MYR 550 million of subordinated debentures pursuant to tier II subordinated debenture programme to overseas investors, 5,500,000 units of MYR 100 each, interest rate of 4.15% per annum with a payment of interest every six months. The debenture has a tenor of 10 years and is due in 2029. The Bank may exercise its right to early redeem the debenture after 5 years subject to approval by the Bank of Thailand.

The Bank has an approval from the Bank of Thailand to count the subordinated debenture as tier II capital according to the correspondence For Kor Kor 527/2562.

- (c) On 11 July 2016, the Bank issued MYR 570 million of subordinated debentures pursuant to tier II subordinated debenture programme to overseas investors, 5,700,000 units of MYR 100 each, interest rate of 5.35% per annum with a payment of interest every six months. The debenture has a tenor of 10 years and is due in 2026. The Bank may exercise its right to early redeem the debenture after 5 years subject to approval by the Bank of Thailand.

The Bank has an approval from the Bank of Thailand to count the subordinated debenture as tier II capital according to the correspondence For Kor Kor. (02) 414/2559.

- (d) On 29 March 2018, the Bank issued MYR 390 million of subordinated debentures pursuant to tier II subordinated debenture programme to overseas investors, 3,900,000 units of MYR 100 each, interest rate of 5.20% per annum with a payment of interest every six months. The debenture has a tenor of 10 years and is due in 2028. The Bank may exercise its right to early redeem the debenture after 5 years subject to approval by the Bank of Thailand.

The Bank has an approval from the Bank of Thailand to count the subordinated debenture as tier II capital according to the correspondence For Kor Kor. 221/ 2561.

- (e) As at 31 December 2019, the Bank has structured debentures of Baht 7,675 million (31 December 2018: Baht 1,016 million) as follows:

- The Bank issued structured debentures (Maxi X-Change Single Barrier Bullish) of Baht 59 million (31 December 2018: Baht 60 million) with 6 months from respective issuance dates. The Bank will pay interest at maturity date according to the movement of the underlying.
- The Bank issued structured debentures (Fund Link Note) in foreign currency of USD 12 million which equivalent to Baht 357 million and in Baht 6,053 million (31 December 2018: Baht 956 million), the return is based on movement of the price of mutual fund.
- The Bank issued credit linked notes (CLN) of USD 40 million which equivalent to Baht 1,206 million which will mature in 3 years. The holder will receive all coupon amounts and the redemption amount on the maturity date according to the conditions of agreement, subject to no credit event determination occurring with respect to the reference entity.

21 Debt issued and borrowings (Cont'd)

(f) As at 31 December 2019, the Bank had credit linked bill of exchange (CLN) of Baht 5,087 million (31 December 2018: Baht 5,337 million) as follows:

- The Bank issued CLN of Baht 1,800 million (31 December 2018: Baht 1,800 million) which will mature in 10 years. The holder will receive all coupon amounts on respective coupon payment date and the redemption amount on the maturity date, subject to no credit event determination occurring with respect to the reference entity. The credit linked bills of exchange bear interest rate at 3.75% - 4.01% per annum (31 December 2018: 3.75% - 4.01% per annum) with a payment of interest every six months.
- The Bank issued CLN of USD 109 million or equivalence Baht 3,287 million (31 December 2018: USD 109 million or equivalence Baht 3,537 million) which will mature in 8 - 15 years (31 December 2018: 8 - 15 years). The holder will receive all coupon amounts and the redemption amount on the maturity date according to the conditions of agreement, subject to no credit event determination occurring with respect to the reference entity. The credit linked note bills of exchange bear interest rate at 6M LIBOR + 1.6597% to 6M LIBOR + 2.3925% per annum (31 December 2018: 6M LIBOR + 1.6597% to 6M LIBOR + 2.3925% per annum) with a payment of interest every six-months.

22 Provisions

	Consolidated		Separate	
	2019	2018	2019	2018
	Million Baht	Million Baht	Million Baht	Million Baht
Provision for contingent loss from legal cases	73	58	73	58
Reserve for off-statements of financial position items	351	476	351	476
Provision for employee benefits	1,852	1,427	1,694	1,332
Provision for assets restoration	23	27	23	27
Total provisions	2,299	1,988	2,141	1,893

Provision for employee benefits

	Consolidated		Separate	
	2019	2018	2019	2018
	Million Baht	Million Baht	Million Baht	Million Baht
Present value of post-employment benefit obligations	1,852	1,427	1,694	1,332
Provision for employee benefits	1,852	1,427	1,694	1,332

22 Provisions (Cont'd)

Movements of provision for pension funds are as follows:

	Consolidated		Separate	
	2019	2018	2019	2018
	Million Baht	Million Baht	Million Baht	Million Baht
Beginning balance	1,427	1,413	1,332	1,322
Current service costs	141	121	128	114
Past service costs	139	-	117	-
Gains on settlement	(8)	-	(8)	-
Interest costs	39	37	36	35
Remeasurements:				
(Gains) losses from changes of;				
Demographic assumptions	(66)	-	(55)	-
Financial assumptions	324	-	289	-
Experience gains	(1)	(70)	(5)	(70)
<u>Less</u> Pension benefits paid for the year	<u>(143)</u>	<u>(74)</u>	<u>(140)</u>	<u>(69)</u>
Ending balance	<u>1,852</u>	<u>1,427</u>	<u>1,694</u>	<u>1,332</u>

Expenses for employee benefits were recognised in the statements of comprehensive income as follows:

	Consolidated		Separate	
	2019	2018	2019	2018
	Million Baht	Million Baht	Million Baht	Million Baht
Current service costs	141	121	128	114
Past service costs	139	-	117	-
Gains on settlement	(8)	-	(8)	-
Interest costs	39	37	36	35
Total	<u>311</u>	<u>158</u>	<u>273</u>	<u>149</u>

Significant assumptions used in the actuarial calculation are summarised as follows:

	Consolidated and Separate	
	2019	2018
Discount rate	1.50%	2.75%
Salary increase rate	6.00%	5.00%
Pre-retirement mortality rate	75.00% of Thai Mortality Ordinary Table 2017	75.00% of Thai Mortality Ordinary Table 2017
Disability rate	10.00% of pre-retirement mortality rate	10.00% of pre-retirement mortality rate
Pre-retirement withdrawal rate	Employees who are eligible for pension benefit: Flat 2.865% of Thai Withdrawal Table, Other employees: 75% of Thai Withdrawal Table	Employees who are eligible for pension benefit: Flat 1.910% of Thai Withdrawal Table, Other employees: 75% of Thai Withdrawal Table
Retirement age	60 years old	60 years old

22 Provisions (Cont'd)

Sensitivity analysis for each significant assumptions:

	Consolidated					
	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2019	2018	2019	2018	2019	2018
Weighted average discount rate	0.5%	0.5%	Decrease by 3.86%	Decrease by 3.24%	Increase by 4.91%	Increase by 4.87%
Weighted average rate of salary increase	1.0%	1.0%	Increase by 10.23%	Increase by 10.02%	Decrease by 8.35%	Decrease by 7.64%
	Separate					
	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2019	2018	2019	2018	2019	2018
Weighted average discount rate	0.5%	0.5%	Decrease by 3.70%	Decrease by 3.10%	Increase by 4.79%	Increase by 4.81%
Weighted average rate of salary increase	1.0%	1.0%	Increase by 9.96%	Increase by 9.85%	Decrease by 8.09%	Decrease by 7.42%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the employee benefit obligations recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

As at 31 December 2019, the weighted average duration of the defined benefit obligation is 8.3 years (31 December 2018: 8 years).

Expected maturity analysis of undiscounted benefits:

	Consolidated			
	2019			
	Less than a year Million Baht	Between 1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Retirement benefits	181	350	1,600	2,131
	Consolidated			
	2018			
	Less than a year Million Baht	Between 1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Retirement benefits	137	336	1,350	1,823
	Separate			
	2019			
	Less than a year Million Baht	Between 1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Retirement benefits	163	338	1,440	1,941
	Separate			
	2018			
	Less than a year Million Baht	Between 1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Retirement benefits	125	324	1,242	1,691

23 Other liabilities

	Consolidated		Separate	
	2019	2018	2019	2018
	Million Baht	Million Baht	Million Baht	Million Baht
Amount due to Department of Alternative Energy Development and Efficiency	18	29	18	29
Other liabilities awaiting accounts transfer	640	423	558	423
Accrued interest	680	753	673	746
Deferred commission	161	237	169	244
Accrued expense	2,094	2,047	1,533	1,489
Corporate income tax payable	108	141	-	-
Others	547	508	196	258
Total	4,248	4,138	3,147	3,189

24 Share capital

	Consolidated and Separate			
	2019		2018	
	Number	Amount	Number	Amount
	Million shares	Million Baht	Million shares	Million Baht
Registered				
Beginning of the year				
- Ordinary shares	34,822	17,411	30,280	15,140
Issue of shares	-	-	4,542	2,271
End of the year	34,822	17,411	34,822	17,411
Issued and paid up				
Beginning of the year				
- Ordinary shares	34,822	17,411	30,280	15,140
Issue of shares	-	-	4,542	2,271
End of the year	34,822	17,411	34,822	17,411

On 4 September 2018, the Extraordinary General Meeting of Shareholders passed a resolution approving the increase of the Bank's registered capital in an amount of Baht 2,271,017,070.50 from the current registered capital of Baht 15,140,113,803.50 to Baht 17,411,130,874 by means of the issuance of 4,542,034,141 new ordinary shares at the par value of Baht 0.50 per share to the existing shareholders proportionate to their shareholding at a ratio of 3 right shares for every 20 existing CIMB Thai shares, at the offering price of Baht 0.87 per share.

On 19 October 2018, the Bank has registered its increase of paid-up share capital with the Department of Business Development, the Ministry of Commerce. Therefore, the paid-up share capital are Baht 17,411,130,874 which is 34,822,261,748 ordinary shares with a par value of Baht 0.50.

25 Other reserves

	Consolidated	
	2019	2018
	Million Baht	Million Baht
Revaluation surplus on assets	1,935	1,972
Revaluation surplus (deficit) on change in value of investments	313	(160)
Losses arising from translating the financial statement of a Foreign operation	(17)	-
Gains on cash flow hedges	27	82
Remeasurements of post - employment benefit obligations	(361)	(103)
Income tax relating to components of other comprehensive expense	(429)	(390)
Total	1,468	1,401

	Separate	
	2019	2018
	Million Baht	Million Baht
Revaluation surplus on assets	1,935	1,972
Revaluation surplus (deficit) on change in value of investments	313	(160)
Losses arising from translating the financial statement of a Foreign operation	(17)	-
Gains on cash flow hedges	27	82
Remeasurements of post - employment benefit obligations	(305)	(76)
Income tax relating to components of other comprehensive expense	(440)	(396)
Total	1,513	1,422

(a) Revaluation surplus on assets

This represents surplus on assets arising from revaluation of land and premises. The surplus is amortised to retained earnings on a straight-line basis over the remaining life of the related assets and transferred directly to retained earnings.

	Consolidated and Separate	
	2019	2018
	Million Baht	Million Baht
Balance - beginning of the year	1,972	2,029
<u>Less</u> Amortisation	(37)	(57)
Balance - end of the year	1,935	1,972

The revaluation surplus on assets can neither be offset against deficit nor used for dividend payment.

(b) Revaluation surplus (deficit) on change in value of investments, net

	Consolidated and Separate	
	2019	2018
	Million Baht	Million Baht
Revaluation surplus on investments:		
Debt securities	316	88
Equity securities	14	18
Total	330	106
Revaluation deficit on investments:		
Debt securities	-	(242)
Equity securities	(17)	(24)
Total	(17)	(266)
Revaluation surplus (deficit) on change in value of investments, net	313	(160)

26 Statutory reserve

Under the Public Company Limited Act B.E. 2535, the Bank is required to set aside a statutory reserve of at least 5% of its net profit for the year, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of its registered share capital. This reserve cannot be used to pay dividend.

As at 31 December 2019, the Bank had total statutory reserve of Baht 403.98 million (31 December 2018: Baht 403.60 million).

27 Capital funds

The primary objectives of the Group's capital management are to maintain the Bank's ability to continue as a going concern and to maintain a capital adequacy ratio in accordance with the Act on Undertaking of Banking business B.E. 2551. The capital funds comprise:

Capital fund (Full consolidate supervision)	2019 Million Baht	Total capital to risk assets %	2018 Million Baht	Total capital to risk assets %
<u>Tier I</u>				
Issued and paid up share capital	17,411		17,411	
Share premium	10,146		10,146	
Statutory reserve	404		404	
Unappropriated surplus	7,618		7,619	
Other reserves	1,646		1,361	
Deduction on Tier I capital fund	(2,590)		(2,065)	
Total Tier I capital fund	34,635	13.05	34,876	14.09
<u>Tier II</u>				
Long-term subordinated debentures	12,262		12,244	
Reserve for loan classified as pass	748		766	
Total Tier II capital fund	13,010	4.90	13,010	5.25
Total capital funds	47,645	17.95	47,886	19.34
Capital funds (Separate)	2019 Million Baht	Total capital to risk assets %	2018 Million Baht	Total capital to risk assets %
<u>Tier I</u>				
Issued and paid up share capital	17,411		17,411	
Share premium	10,146		10,146	
Statutory reserve	404		404	
Unappropriated surplus	5,012		5,825	
Other reserves	1,689		1,404	
Deduction on Tier I capital fund	(2,022)		(2,393)	
Total Tier I capital fund	32,640	12.38	32,797	13.32
<u>Tier II</u>				
Long-term subordinated debentures	12,262		12,244	
Reserve for loan classified as pass	1,027		975	
Total Tier II capital fund	13,289	5.04	13,219	5.37
Total capital funds	45,929	17.42	46,016	18.69

As at 31 December 2019, the Bank's regulatory capital after deducting capital add-on arising from single lending was Baht 45,929 million (31 December 2018: Baht 46,016 million).

The Bank has maintained capital fund and liquidity coverage ratio under BOT notification of international capital requirement standards under the Basel III regulatory framework and will disclose capital maintenance information as at 31 December 2019 in accordance with the Notification of the Bank of Thailand Re: Public Disclosure of Capital Maintenance Information for Commercial Banks and Consolidated Supervision and Liquidity coverage ratio disclosure standards on its website at www.cimbthai.com within four months after the statements of financial position date.

28 Share-based payments

Equity Ownership Plan (EOP)

The EOP was introduced in March 2011 where the Bank will grant ordinary shares of CIMB Group Holdings Berhad to eligible employees.

The eligibility of participation in the EOP shall be at the discretion of the Group Nomination and Remuneration Committee of CIMB Group Holdings Berhad, and the granted shares will be released in stages at predetermined dates subject to continued employment.

Upon termination of employment other than retirement, disability or death, any unreleased shares will be disposed at market price, and the proceeds from disposal will be returned to the Bank. In the event of retirement, disability or death of the eligible employee, the shares will be assigned to the employee or designated beneficiary on the date of retirement, disability or death.

The weighted average fair value of shares granted in this financial period, which were purchased over a specified year before awarding to the eligible employees of the Bank, was MYR 5.19 per share (31 December 2018: MYR 7.07 per share).

Movement in the number of ordinary shares granted under the EOP are as follows:

	Number of ordinary shares under the EOP as at	
	2019	2018
	units '000	units '000
Beginning of financial year	1,241	1,418
Awarded during financial year	1,095	762
Released during financial year	(1,087)	(939)
End of financial year	<u>1,249</u>	<u>1,241</u>

For the year ended 31 December 2019, the Bank has expenses for share-based payments amounting to Baht 42 million (2018 : Baht 38 million) and the Bank has share-based payment reserves amounting to Baht 35 million (31 December 2018 : Baht 34 million).

29 Important positions and performance classified by type of domestic or foreign transactions

29.1 Position classified by type of transaction

	Consolidated					
	2019			2018		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Total assets	391,515	392	391,907	355,446	403	355,849
Interbank and money market items, net (assets)	6,195	227	6,422	6,451	339	6,790
Derivative assets	43,459	-	43,459	23,396	-	23,396
Investments, net	86,696	102	86,798	92,172	-	92,172
Loans to customers and accrued interest receivables, net	229,860	51	229,911	216,137	64	216,201
Deposits	199,024	11	199,035	185,092	9	185,101
Interbank and money market items (liabilities)	43,394	-	43,394	44,534	-	44,534
Financial liabilities designated at fair value through profit or loss	24,423	-	24,423	35,513	-	35,513
Derivative liabilities	44,660	-	44,660	24,318	-	24,318
Debt issued and borrowings	25,819	-	25,819	18,968	-	18,968

29 Important positions and performance classified by type of domestic or foreign transactions (Cont'd)

29.1 Position classified by type of transaction (Cont'd)

	Separate					
	2019			2018		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Total assets	384,757	392	385,149	349,974	403	350,377
Interbank and money market items, net (assets)	5,979	227	6,206	6,345	339	6,684
Derivative assets	43,459	-	43,459	23,396	-	23,396
Investments, net	86,694	102	86,796	92,172	-	92,172
Investments in subsidiaries, net	2,208	-	2,208	2,208	-	2,208
Loans to customers and accrued interest receivables, net	222,371	51	222,422	209,532	64	209,596
Deposits	199,121	11	199,132	185,206	9	185,215
Interbank and money market items (liabilities)	43,394	-	43,394	44,534	-	44,534
Financial liabilities designated at fair value through profit or loss	24,423	-	24,423	35,513	-	35,513
Derivative liabilities	44,660	-	44,660	24,318	-	24,318
Debt issued and borrowings	23,819	-	23,819	16,968	-	16,968

29.2 Performance classified by type of transaction

	Consolidated					
	2019			2018		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest income	16,413	8	16,421	15,302	8	15,310
Interest expenses	(5,513)	-	(5,513)	(4,563)	-	(4,563)
Net interest income	10,900	8	10,908	10,739	8	10,747
Net fee and services income	2,170	-	2,170	1,808	-	1,808
Other operating income	1,077	-	1,077	1,127	-	1,127
Other operating expenses	(9,624)	(16)	(9,640)	(8,475)	(17)	(8,492)
Bad and doubtful debts and impairment losses	(2,572)	-	(2,572)	(4,919)	-	(4,919)
Profit (losses) before income tax expenses	1,951	(8)	1,943	280	(9)	271

	Separate					
	2019			2018		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest income	12,970	8	12,978	12,334	8	12,342
Interest expenses	(5,465)	-	(5,465)	(4,515)	-	(4,515)
Net interest income	7,505	8	7,513	7,819	8	7,827
Net fee and services income	1,245	-	1,245	1,087	-	1,087
Other operating income	305	-	305	574	-	574
Other operating expenses	(7,246)	(16)	(7,262)	(6,523)	(17)	(6,540)
Bad and doubtful debts and impairment losses	(1,185)	-	(1,185)	(3,686)	-	(3,686)
Profit (losses) before income tax expenses	624	(8)	616	(729)	(9)	(738)

30 Interest income

	Consolidated		Separate	
	2019	2018	2019	2018
	Million Baht	Million Baht	Million Baht	Million Baht
Interbank and money market items	88	128	87	127
Investments and trading transactions	773	560	773	560
Investments in debt securities	1,297	1,104	1,297	1,104
Loans	9,623	9,704	10,618	10,436
Hire purchase and financial lease income	4,437	3,699	-	-
Others	203	115	203	115
Interest income	<u>16,421</u>	<u>15,310</u>	<u>12,978</u>	<u>12,342</u>

31 Interest expenses

	Consolidated		Separate	
	2019	2018	2019	2018
	Million Baht	Million Baht	Million Baht	Million Baht
Deposits	2,850	2,341	2,851	2,342
Interbank and money market items	719	351	719	351
Contribution fee to the Deposit Protection Agency	20	18	20	18
Contribution fee to FIDF	1,043	990	1,043	990
Debt securities issued				
- Subordinated debentures	417	568	417	568
- Others	253	144	253	144
Borrowings	49	49	-	-
Others	162	102	162	102
Interest expenses	<u>5,513</u>	<u>4,563</u>	<u>5,465</u>	<u>4,515</u>

32 Net fees and services income

	Consolidated		Separate	
	2019	2018	2019	2018
	Million Baht	Million Baht	Million Baht	Million Baht
Fees and services income				
Acceptances, aval and guarantees	87	82	109	103
ATM, debit card and credit card fees	34	43	34	43
Insurance brokerage income	873	742	873	742
Management fees	107	102	107	102
Underwriting fees	260	135	260	135
Collection fees	198	193	-	-
Goods and services payment fees	768	577	1	2
Others	229	236	231	250
Fees and services income	<u>2,556</u>	<u>2,110</u>	<u>1,615</u>	<u>1,377</u>
Fees and services expenses				
Collection fees	(211)	(152)	(211)	(155)
ATM fees	(24)	(30)	(24)	(30)
Brokerage fees	(97)	(88)	(97)	(88)
Others	(54)	(32)	(38)	(17)
Fees and services expenses	<u>(386)</u>	<u>(302)</u>	<u>(370)</u>	<u>(290)</u>
Net fees and services income	<u>2,170</u>	<u>1,808</u>	<u>1,245</u>	<u>1,087</u>

33 Gains on tradings and foreign exchange transactions, net

	Consolidated and Separate	
	2019	2018
	Million Baht	Million Baht
Gains (losses) on tradings and foreign exchange transactions		
Foreign currency and foreign exchange rate derivatives	(572)	337
Interest rate derivatives	2,530	777
Debt securities	634	(58)
Equity securities	47	7
Others	(8)	5
Total	2,631	1,068
Losses on hedging transactions	(5)	(14)
Gains on tradings and foreign exchange transactions, net	2,626	1,054

34 Losses on financial instrument designated at fair value through profit or loss, net

Losses on financial instruments designated at fair value through profit or loss consist of the following items:

	Consolidated and Separate	
	2019	2018
	Million Baht	Million Baht
Net change in fair value		
Bills of exchange	(1,708)	(183)
Debentures	(245)	99
Interest expenses	(850)	(676)
Total	(2,803)	(760)

35 Gains on investments, net

	Consolidated and Separate	
	2019	2018
	Million Baht	Million Baht
Gains on sales		
Available-for-sale	342	17
General investments	2	4
Gains on sales, net	344	21
Impairment loss		
General investments	-	(1)
Impairment loss, net	-	(1)
Gains on investments, net	344	20

36 Other operating income

	Consolidated		Separate	
	2019	2018	2019	2018
	Million Baht	Million Baht	Million Baht	Million Baht
Gains on sales of premises and equipment	12	20	10	11
Gains on sales of properties for sales	28	69	25	140
Bad debts recovery	375	384	-	-
Dividend income	8	11	8	11
Entry fee insurance income	48	48	48	48
Other income	41	55	47	51
Other operating income	512	587	138	261

37 Bad and doubtful debts and impairment losses

	Consolidated		Separate	
	2019	2018	2019	2018
	Million Baht	Million Baht	Million Baht	Million Baht
Interbank and money market items	1	(11)	1	(11)
Held-to-maturity debt securities	-	(25)	-	(25)
Loans	2,571	4,955	1,184	3,722
Total	2,572	4,919	1,185	3,686

38 Corporate income tax

	Consolidated		Separate	
	2019	2018	2019	2018
	Million Baht	Million Baht	Million Baht	Million Baht
Current tax:				
Current tax on profits for the year	267	303	-	-
Total current tax	267	303	-	-
Deferred tax:				
(Increase) decrease in deferred tax assets	(276)	(96)	(233)	10
Increase in deferred tax liabilities	451	57	425	57
Total deferred tax	175	(39)	192	67
Total tax charge	442	264	192	67

The tax on the Group's profit (loss) before tax differs from the theoretical amount as follows:

	Consolidated		Separate	
	2019	2018	2019	2018
	Million Baht	Million Baht	Million Baht	Million Baht
Profit (loss) before tax	1,943	271	616	(738)
Tax calculated at a tax rate of 20%	389	54	123	(148)
Tax effect of:				
Income not subject to tax	(22)	(30)	(22)	(30)
Expenses not deductible for tax purpose	6	13	6	12
Other adjustments	3	6	2	6
Tax losses for which no deferred income tax asset was recognised	-	144	-	144
Unrecognised deferred tax assets	83	83	83	83
Allowance for doubtful debt from subsidiaries	(17)	(6)	-	-
Total tax charge	442	264	192	67
The weighted average applicable tax rate (%)	23	97	31	9

38 Corporate income tax (Cont'd)

The tax (charged) credited relating to component of other comprehensive income is as follows:

	Consolidated					
	2019			2018		
	Before tax Million Baht	Tax (charge) credit Million Baht	After tax Million Baht	Before tax Million Baht	Tax (charge) credit Million Baht	After tax Million Baht
Fair value gains (losses):						
Cash flow hedges	(55)	11	(44)	137	(27)	110
Remeasurements of post-employment benefit obligation	(258)	6	(252)	73	(15)	58
Available-for-sale financial asset	472	(63)	409	(274)	23	(251)
Other comprehensive income (expenses)	159	(46)	113	(64)	(19)	(83)
Current tax		267			303	
Deferred tax		175			(39)	
		442			264	
	Separate					
	2019			2018		
	Before tax Million Baht	Tax (charge) credit Million Baht	After tax Million Baht	Before tax Million Baht	Tax (charge) credit Million Baht	After tax Million Baht
Fair value gains (losses):						
Cash flow hedges	(55)	11	(44)	137	(27)	110
Remeasurements of post-employment benefit obligation	(229)	-	(229)	70	(14)	56
Available-for-sale financial asset	472	(63)	409	(274)	23	(251)
Other comprehensive income (expenses)	188	(52)	136	(67)	(18)	(85)
Current tax		-			-	
Deferred tax		192			67	
		192			67	

In addition, deferred income tax of Baht 7.5 million (31 December 2018: Baht 11 million) was transferred from other reserves to retained earnings. This represents deferred tax on the difference between the actual depreciation on buildings and the equivalent depreciation based on the historical cost of buildings and revaluation surplus on land.

39 Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The employees contribute to the fund - managed by Principal Asset Management Company Limited - at rate of 3% - 15% of their basic salaries, and the Bank and its subsidiaries contribute at rate of 5%, and disburse to staff when their employment is terminated under the terms and conditions of the fund. For the year ended 31 December 2019, Baht 141 million and Baht 123 million was contributed to the fund by the Group and the Bank (for the year ended 31 December 2018: Baht 125 million and Baht 109 million, respectively).

40 Earnings per share

Earnings per share as presented in the consolidated and bank statements of comprehensive income are calculated by dividing net income for the period by the weighted average number of ordinary shares held by outside shareholders in issue during the year (Note 24).

There are no potential dilutive ordinary shares in issue for the years ended 31 December 2019 and 2018.

41 Encumbrance of assets

41.1 Assets used as collateral

The Group placed investments in government and state enterprise bonds as collateral against the following:

	Consolidated	
	2019	2018
	Million Baht	Million Baht
Securities sold under repurchase	28,072	33,104
Utilities usage	7	7
Others	2	-
Total	28,081	33,111

	Separate	
	2019	2018
	Million Baht	Million Baht
Securities sold under repurchase	28,072	33,104
Utilities usage	7	7
Total	28,079	33,111

41.2 Assets subject to obligation

As at 31 December 2018, the Bank has obligated properties for sale, which have sales restriction conditions within 3 years from the debt restructuring agreement dates. The properties for sale had net book value of Baht 319 million.

As at 31 December 2019 and 2018, the properties for sale subject to such obligations are as follows:

Maturity period of obligation	Consolidated and Separate			
	2019		2018	
	Numbers	Cost Million Baht	Numbers	Cost Million Baht
From 1 April 2019 onwards	-	-	2	319
Assets subject to obligation	-	-	2	319

42 Commitments and contingent liabilities

42.1 Commitments

As at 31 December 2019 and 2018, significant commitments of the Bank consist of:

	Consolidated					
	2019			2018		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Avals to bills and guarantees of loans:						
Avals to bills	-	-	-	271	-	271
Guarantees of loans	-	-	-	9	-	9
Total avals to bills and guarantees of loans	-	-	-	280	-	280
Liability under unmatured import bills:						
Liability under unmatured import bills	-	331	331	-	239	239
Letters of credit:						
Letters of credit	7	598	605	41	1,144	1,185
Other commitments:						
Forward and spot contracts						
- Bought	-	538,378	538,378	-	702,639	702,639
- Sold	-	503,131	503,131	-	562,050	562,050
Cross currency and interest rate swap contract						
- Bought	-	240,773	240,773	-	179,589	179,589
- Sold	-	196,525	196,525	-	254,306	254,306
Interest rate swap contracts						
- Fixed rate receiver	806,222	184,159	990,381	877,379	129,383	1,006,762
- Floating rate receiver	916,197	267,462	1,183,659	900,499	349,697	1,250,196
Foreign exchange option						
- Call option sales contracts	-	10	10	-	10	10
- Put option sales contracts	-	171	171	-	305	305
- Call option purchase contracts	-	894	894	-	977	977
- Put option purchase contracts	-	1,526	1,526	-	16	16
Commodity						
- Bought	-	87	87	-	20	20
- Sold	-	87	87	-	20	20
Credit derivatives						
- Bought	1,800	4,493	6,293	1,800	3,537	5,337
- Sold	1,800	4,493	6,293	1,800	3,537	5,337
Swaption						
- Sold	-	-	-	8,000	-	8,000
Fund Option						
- Bought	-	8,430	8,430	-	2,106	2,106
- Sold	-	8,430	8,430	-	2,106	2,106
Equity option						
- Bought	-	23	23	-	-	-
- Sold	-	23	23	-	-	-
Bond forward						
- Sold	19,330	-	19,330	18,480	-	18,480
Investments						
- Bought	5,601	-	5,601	509	-	509
- Sold	6,404	-	6,404	1,058	-	1,058
Undrawn bank overdrafts	14,558	-	14,558	14,004	-	14,004
Undrawn credit line	17,256	51	17,307	18,387	2,752	21,139
Other guarantees	11,274	1,021	12,295	10,061	1,142	11,203
Other commitments	1,800,442	1,960,167	3,760,609	1,851,977	2,194,192	4,046,169
Total commitments	1,800,449	1,961,096	3,761,545	1,852,298	2,195,575	4,047,873

42 Commitments and contingent liabilities (Cont'd)

42.1 Commitments (Cont'd)

As at 31 December 2019 and 2018, significant commitments of the Bank consist of: (Cont'd)

	Separate					
	2019			2018		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Avals to bills and guarantees of loans:						
Avals to bills	-	-	-	271	-	271
Guarantees of loans	2,150	-	2,150	2,159	-	2,159
Total avals to bills and guarantees of loans	2,150	-	2,150	2,430	-	2,430
Liability under unmatured import bills:						
Liability under unmatured import bills	-	331	331	-	239	239
Letters of credit:						
Letters of credit	7	598	605	41	1,144	1,185
Other commitments:						
Forward and spot contracts						
- Bought	-	538,378	538,378	-	702,639	702,639
- Sold	-	503,131	503,131	-	562,050	562,050
Cross currency and interest rate swap contract						
- Bought	-	240,773	240,773	-	179,589	179,589
- Sold	-	196,525	196,525	-	254,306	254,306
Interest rate swap contracts						
- Fixed rate receiver	806,222	184,159	990,381	877,379	129,383	1,006,762
- Floating rate receiver	916,197	267,462	1,183,659	900,499	349,697	1,250,196
Foreign exchange option						
- Call option sales contracts	-	10	10	-	10	10
- Put option sales contracts	-	171	171	-	305	305
- Call option purchase contracts	-	894	894	-	977	977
- Put option purchase contracts	-	1,526	1,526	-	16	16
Commodity						
- Bought	-	87	87	-	20	20
- Sold	-	87	87	-	20	20
Credit derivatives						
- Bought	1,800	4,493	6,293	1,800	3,537	5,337
- Sold	1,800	4,493	6,293	1,800	3,537	5,337
Swaption						
- Sold	-	-	-	8,000	-	8,000
Fund Option						
- Bought	-	8,430	8,430	-	2,106	2,106
- Sold	-	8,430	8,430	-	2,106	2,106
Equity option						
- Bought	-	23	23	-	-	-
- Sold	-	23	23	-	-	-
Bond forward						
- Sold	19,330	-	19,330	18,480	-	18,480
Investments						
- Bought	5,601	-	5,601	509	-	509
- Sold	6,404	-	6,404	1,058	-	1,058
Undrawn bank overdrafts	14,558	-	14,558	14,004	-	14,004
Undrawn credit line	17,256	51	17,307	18,387	2,752	21,139
Other guarantees	11,274	1,021	12,295	10,061	1,142	11,203
Other commitments	1,800,442	1,960,167	3,760,609	1,851,977	2,194,192	4,046,169
Total commitments	1,802,599	1,961,096	3,763,695	1,854,448	2,195,575	4,050,023

42 Commitments and contingent liabilities (Cont'd)

42.2 Contingent liabilities

As at 31 December 2019 and 2018, the Group had the following contingent liabilities in connection with court cases in which the Group have been sued as defendants in court. The lawsuits were mainly lodged to claim compensation and the management believes that they will have no significant impact on the Group once they are finalised:

	Consolidated and Separate	
	2019	2018
	Million Baht	Million Baht
Sum claimed in cases where the Group is sole defendant	311	191
Sum claimed in cases where the Group is co-defendant		
- Sum of claims that can be specifically attributed to the Group	312	515
- Sum of claims that cannot be specifically attributed to the Group	22	306
Total	645	1,012

As at 31 December 2019, included in the above-mentioned amounts are cases in which the court was judged in favor of the plaintiffs where the Bank is a co-defendant with others with sums claimed totaling Baht 197 million. However, the Bank is in the process of appealing the decisions (31 December 2018: Baht 482 million). The Bank recognised provisions for contingent loss from legal cases of approximately Baht 73 million (31 December 2018: Baht 58 million). The management concluded and believed that such provisions were adequate to cover any possible loss from these legal cases.

In addition, the Bank recognised reserves of Baht 351 million (31 December 2018: Baht 476 million) for off-statement of financial position items related to guarantees for which the Group have been sued as defendants.

42.3 Commitments under long-term leases

As at 31 December 2019 and 2018, the Group had entered into a number of agreements to lease land, buildings and vehicles for periods of longer than 6 months, under which future rental fees can be summarised as follows:

	Consolidated		Separate	
	2019	2018	2019	2018
Lease periods	Million Baht	Million Baht	Million Baht	Million Baht
Not over than 3 years	275	261	166	197
3 - 5 years	3	25	2	4
5 - 10 years	2	3	2	3
Total	280	289	170	204

42.4 Other commitments

As at 31 December 2019 and 2018, the Bank has other commitments in the form of various agreements relating to computer system and software development. The Bank is obligated to pay by currencies as follows:

	Consolidated and Separate	
	2019	2018
Currency	Million Baht	Million Baht
Baht	112	146
MYR	9	128
USD	3	153
Total	124	427

43 Related party transactions

Enterprises and individuals that directly or indirectly through one more intermediaries, control, or are controlled by, or are under common control with the Bank and subsidiaries, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Bank and subsidiaries. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Bank and subsidiaries that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Bank and subsidiaries and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

During the year the Group had significant business transactions with its related parties. These transactions have been conducted based on agreed upon contracts. Below is a summary of those transactions.

	Consolidated		Separate	
	2019	2018	2019	2018
	Million Baht	Million Baht	Million Baht	Million Baht
Subsidiaries				
Revenue:				
Interest income	-	-	886	733
Fee income	-	-	31	34
Expenses:				
Interest expenses	-	-	1	1
Fee expenses	-	-	-	3
Premises and equipments expenses	-	-	-	(1)
Ultimate parent company				
Revenue:				
Interest income	13	17	13	17
Expenses:				
Interest expenses	366	293	366	293
Fee expenses	76	74	76	74
Premises and equipment expenses	9	3	9	3
Related companies				
Revenue:				
Fee income	434	383	434	383
Other income	-	1	-	1
Expenses:				
Interest expenses	13	5	13	5
Fee expenses	11	12	11	12
Premises and equipment expenses	(12)	(12)	(12)	(12)

43 Related party transactions (Cont'd)

The outstanding balances of significant related party transactions as at 31 December 2019 and 2018 are as follows:

	Consolidated								
	2019								
	Average loans outstanding Million Baht	Outstanding loans Million Baht	Interbank and money market items (asset) Million Baht	Obligations Million Baht	Other assets Million Baht	Deposits Million Baht	Interbank and money market items (liability) Million Baht	Borrowings Million Baht	Other liabilities Million Baht
<u>Parent company</u>									
CIMB Bank Berhad	-	-	461	-	7	-	212	9,037	68
	-	-	461	-	7	-	212	9,037	68
<u>Companies under common control</u>									
CIMB Bank Plc, Cambodia	-	-	-	141	-	-	52	-	-
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	-	94	-	-
PT Bank CIMB Niaga Tbk	-	-	-	-	1	-	4	-	-
CGS-CIMB Securities (Thailand) Co., Ltd.	-	-	-	-	-	1,271	-	-	-
Principal Asset Management Co., Ltd.	-	-	-	-	27	639	-	-	-
Sathorn Asset Management Co., Ltd.	-	-	-	-	1	159	-	-	10
	-	-	-	141	29	2,069	150	-	10
<u>Other related parties</u>	632*	221*	-	876*	-	542*	-	-	1
	632	221	-	876	-	542	-	-	1

* In September 2019, an Audit committee member of the Bank was engaged as Management of a related company.

	Consolidated								
	2018								
	Average loans outstanding Million Baht	Outstanding loans Million Baht	Interbank and money market items (asset) Million Baht	Obligations Million Baht	Other assets Million Baht	Deposits Million Baht	Interbank and money market items (liability) Million Baht	Borrowings Million Baht	Other liabilities Million Baht
<u>Parent company</u>									
CIMB Bank Berhad	-	-	370	-	1,298	-	217	6,185	-
	-	-	370	-	1,298	-	217	6,185	-
<u>Companies under common control</u>									
CIMB Bank Plc, Cambodia	-	-	-	52	-	-	16	-	-
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	-	95	-	-
PT Bank CIMB Niaga Tbk	-	-	-	-	1	-	6	-	-
CIMB Securities (Singapore)	-	-	-	-	-	4	-	-	-
CGS-CIMB Securities (Thailand) Co., Ltd.	-	-	-	-	-	559	-	-	-
Principal Asset Management Co., Ltd.	-	-	-	-	-	429	-	-	-
Sathorn Asset Management Co., Ltd.	-	-	-	-	3	621	-	-	11
	-	-	-	52	4	1,613	117	-	11
<u>Other related parties</u>	13	14	-	-	-	136	-	-	-
	13	14	-	-	-	136	-	-	-

CIMB Thai Bank Public Company Limited
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43 Related party transactions (Cont'd)

The outstanding balances of significant related party transactions as at 31 December 2019 and 2018 are as follows: (Cont'd)

	Separate 2019								
	Average loans outstanding Million Baht	Outstanding loans Million Baht	Interbank and money market items (asset) Million Baht	Obligations Million Baht	Other assets Million Baht	Deposits Million Baht	Interbank and money market items (liability) Million Baht	Borrowings Million Baht	Other liabilities Million Baht
<u>Subsidiary companies</u>									
CIMB Thai Auto Co., Ltd	26,557	30,291	-	2,150	1	24	-	-	8
World Lease Co., Ltd.	3,394	3,775	-	-	1	10	-	-	-
CT Coll Co., Ltd.	-	-	-	-	-	63	-	-	-
	29,951	34,066	-	2,150	2	97	-	-	8
<u>Parent company</u>									
CIMB Bank Berhad	-	-	461	-	7	-	212	9,037	68
	-	-	461	-	7	-	212	9,037	68
<u>Companies under common control</u>									
CIMB Bank Plc, Cambodia	-	-	-	141	-	-	52	-	-
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	-	94	-	-
PT Bank CIMB Niaga Tbk	-	-	-	-	1	-	4	-	-
CGS-CIMB Securities (Thailand) Co., Ltd.	-	-	-	-	-	1,271	-	-	-
Principal Asset Management Co., Ltd.	-	-	-	-	27	639	-	-	-
Sathorn Asset Management Co., Ltd.	-	-	-	-	1	159	-	-	10
	-	-	-	141	29	2,069	150	-	10
<u>Other related parties</u>	627*	216*	-	876*	-	538*	-	-	1
	627	216	-	876	-	538	-	-	1

* In September 2019, an Audit committee member of the Bank was engaged as Management of a related company.

	Separate 2018								
	Average loans outstanding Million Baht	Outstanding loans Million Baht	Interbank and money market items (asset) Million Baht	Obligations Million Baht	Other assets Million Baht	Deposits Million Baht	Interbank and money market items (liability) Million Baht	Borrowings Million Baht	Other liabilities Million Baht
<u>Subsidiary companies</u>									
CIMB Thai Auto Co., Ltd	20,535	22,893	-	2,150	1	40	-	-	8
World Lease Co., Ltd.	3,142	2,923	-	-	1	12	-	-	-
CT Coll Co., Ltd.	-	-	-	-	-	62	-	-	-
	23,677	25,816	-	2,150	2	114	-	-	8
<u>Parent company</u>									
CIMB Bank Berhad	-	-	370	-	1,298	-	217	6,185	-
	-	-	370	-	1,298	-	217	6,185	-
<u>Companies under common control</u>									
CIMB Bank Plc, Cambodia	-	-	-	52	-	-	16	-	-
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	-	95	-	-
PT Bank CIMB Niaga Tbk	-	-	-	-	1	-	6	-	-
CIMB Securities (Singapore)	-	-	-	-	-	4	-	-	-
CGS-CIMB Securities (Thailand) Co., Ltd.	-	-	-	-	-	559	-	-	-
Principal Asset Management Co., Ltd.	-	-	-	-	-	429	-	-	-
Sathorn Asset Management Co., Ltd.	-	-	-	-	3	621	-	-	11
	-	-	-	52	4	1,613	117	-	11
<u>Other related parties</u>	8	8	-	-	-	133	-	-	-
	8	8	-	-	-	133	-	-	-

43 Related-party transactions (Cont'd)

As at 31 December 2019 and 2018, the Bank has commitments in financial derivatives with related parties as follows:

	2019		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht
<u>Parent company</u>			
Interest rate swap contracts			
- Fixed rate receiver	28,015	5,850	33,865
- Floating rate receiver	41,210	3,085	44,295
Forward and spot contracts			
- Bought	-	14,661	14,661
- Sold	-	95	95
Cross currency and interest rate swap contracts			
- Bought	-	11,694	11,694
- Sold	-	437	437
Commodity			
- Bought	-	45	45
- Sold	-	41	41
Fund option			
- Bought	-	53	53
Credit derivatives			
- Sold	1,800	4,493	6,293
<u>Companies under common control</u>			
Forward and spot contracts			
- Bought	-	3	3
- Sold	-	10	10
Computer system and software development agreement	-	1	1
	2018		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht
<u>Parent company</u>			
Interest rate swap contracts			
- Fixed rate receiver	46,911	87	46,998
- Floating rate receiver	52,210	935	53,145
Forward and spot contracts			
- Bought	-	8,111	8,111
- Sold	-	55	55
Cross currency and interest rate swap contracts			
- Bought	-	11,301	11,301
- Sold	-	306	306
Commodity			
- Bought	-	20	20
Foreign exchange option			
- Put option sales contracts	-	111	111
Swaption			
- Sold	7,000	-	7,000
Credit derivatives			
- Sold	1,800	3,537	5,337
<u>Companies under common control</u>			
Forward and spot contracts			
- Bought	-	7	7
- Sold	-	3	3
Computer system and software development agreement	-	1	1

43 Related-party transactions (Cont'd)

Director and management remuneration

The Bank has not extended extraordinary monetary and/or non-monetary benefits to Bank directors and executives at the level of executive vice president and higher, as well as to financial controllers. The benefits were beyond those normally granted, such as director's fees, director's bonuses (if any), income tax, executives' salary and bonus (if any) and share based payment.

	Consolidated		Separate	
	2019	2018	2019	2018
	Million Baht	Million Baht	Million Baht	Million Baht
Short-term employee benefits	564	585	518	552
Long-term employee benefits	25	22	23	22
Share-based payments	42	38	42	38
Director and management remuneration	<u>631</u>	<u>645</u>	<u>583</u>	<u>612</u>

The details of share based payment are as follows:

	Consolidated and Separate	
	2019	2018
	thousand units	thousand units
Shares of CIMB Group Holdings Berhad	1,095	762

44 Financial information by segment

Business segment reporting is consisted of:

Consumer banking

Consumer banking provides financial services to individuals and commercial customers. The products include consumer sales & distribution, retail financial services, commercial banking and personal financing.

Wholesale banking

Wholesale banking comprises of investment banking, corporate banking, and treasury and market.

- Investment banking service provides financial advisory, trade securities transactions, and asset management businesses.
- Corporate banking and treasury and market are responsible for corporate lending and deposit taking, transaction banking, treasury and market activities.

Others

Other services comprise of all middle and back office processes, cost centers and nonprofit generating divisions of companies whose results are not material to the Group.

44 Financial information by segment (Cont'd)

Financial information presented in the consolidated financial statements as at 31 December 2019 and 2018 are as follows:

	Consolidated				
	2019				
	Consumer banking Million Baht	Wholesale banking Million Baht	Others Million Baht	Elimina- tions Million Baht	Total Million Baht
Net interest income from external	7,772	2,455	681	-	10,908
Net fees and service income	1,764	382	45	(21)	2,170
Other operating income	1,060	(96)	121	(8)	1,077
Other operating expenses	(7,369)	(1,773)	(505)	8	(9,639)
Bad and doubtful debts and impairment losses	(2,228)	(216)	(211)	83	(2,572)
Income tax expenses	(241)	(171)	(30)	-	(442)
Net profit for the year	<u>758</u>	<u>581</u>	<u>101</u>	<u>62</u>	<u>1,502</u>
	Consolidated				
	2018				
	Consumer banking Million Baht	Wholesale banking Million Baht	Others Million Baht	Elimina- tions Million Baht	Total Million Baht
Net interest income from external	8,059	2,271	417	-	10,747
Net fees and service income	1,527	276	32	(27)	1,808
Other operating income	875	16	238	(2)	1,127
Other operating expenses	(6,712)	(1,614)	(173)	7	(8,492)
Bad and doubtful debts and impairment losses	(3,549)	(149)	(1,252)	31	(4,919)
Income tax expenses	(206)	(778)	720	-	(264)
Net (losses) profit for the year	<u>(6)</u>	<u>22</u>	<u>(18)</u>	<u>9</u>	<u>7</u>

44 Financial information by segment (Cont'd)

Financial information presented in the consolidated financial statements as at 31 December 2019 and 2018 are as follows: (Cont'd)

	Bank business		Hire-purchase business		Other businesses		Eliminations		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Total assets	385,149	350,377	42,734	33,297	63	64	(36,039)	(27,889)	391,907	355,849
Interbank and money market										
Items, net (assets)	6,206	6,684	250	158	63	62	(97)	(114)	6,422	6,790
Investments, net	86,796	92,172	2	-	-	-	-	-	86,798	92,172
Loans and accrued										
interest receivables, net	222,422	209,596	41,215	32,162	-	-	(33,726)	(25,557)	229,911	216,201
Deposits	199,132	185,215	-	-	-	-	(97)	(114)	199,035	185,101
Interbank and money market										
Items (liabilities)	43,394	44,534	34,060	25,806	-	-	(34,060)	(25,806)	43,394	44,534
Financial liabilities designated at										
fair value through profit or loss	24,423	35,513	-	-	-	-	-	-	24,423	35,513
Debt issued and borrowings	23,819	16,968	2,000	2,000	-	-	-	-	25,819	18,968

45 Financial instruments

The Bank's financial instruments, as defined under Thai Accounting Standard No.107 (previously No.48) "Financial Instruments: Disclosure and Presentation", principally comprise cash, net interbank and money market items, derivative assets, net investments, loans net of deferred revenue, other assets, deposits, liabilities payable on-demand, financial liabilities designated at fair value through profit or loss, derivative liabilities, debt issued and borrowings, and other liabilities. The financial risks associated with these financial instruments and how they are managed is described below.

45.1 Credit risk

As at 31 December 2019 and 2018, concentrations of credit risk relative to the loans and receivables summarised by type of industry are as follows:

	Consolidated		Separate	
	2019	2018	2019	2018
	Million Baht	Million Baht	Million Baht	Million Baht
Agricultural and mining	8,349	6,956	8,349	6,956
Manufacturing and commerce	41,446	45,157	41,446	45,157
Real estate and construction	16,364	13,836	16,364	13,836
Public utilities and services	24,921	29,779	24,921	29,778
Personal cash	10,529	11,961	10,529	11,961
Housing loans	78,698	71,916	78,698	71,916
Hire-purchase receivable and financial lease receivable	42,665	33,244	-	-
Others	17,108	13,451	51,150	39,244
Total loans net of deferred revenue	240,080	226,300	231,457	218,848

As at 31 December 2019 and 2018, the Bank had the following off-balance statement of financial position. These are calculated according to the period to maturity starting from the contract dates given in the financial statements:

	Consolidated					
	Counting from 2019			Counting from 2018		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Aval to bills	-	-	-	271	-	271
Guarantees of loans	-	-	-	9	-	9
Liabilities under unmatured import bills	331	-	331	239	-	239
Letters of credit	605	-	605	1,185	-	1,185
Other guarantees	10,464	1,831	12,295	8,281	2,922	11,203

	Separate					
	Counting from 2019			Counting from 2018		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Aval to bills	-	-	-	271	-	271
Guarantees of loans	2,150	-	2,150	9	2,150	2,159
Liabilities under unmatured import bills	331	-	331	239	-	239
Letters of credit	605	-	605	1,185	-	1,185
Other guarantees	10,464	1,831	12,295	8,281	2,922	11,203

45 Financial instruments (Cont'd)

45.2 Market risk

(a) Interest rate risk

As at 31 December 2019 and 2018, financial assets and liabilities classified by type of interest rate were as follows:

Descriptions	Consolidated			
	2019			
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	Total Million Baht
<u>Financial assets</u>				
Cash	-	-	1,352	1,352
Interbank and money market items	680	2,861	2,877	6,418
Derivative assets	32,916	2,953	7,590	43,459
Investments	58	86,667	319	87,044
Loans net of deferred revenue	152,264	87,816	-	240,080
Credit support assets on derivatives	14,968	-	-	14,968
Other assets	-	204	537	741
Total financial assets	200,886	180,501	12,675	394,062
<u>Financial liabilities</u>				
Deposits	56,524	139,599	2,912	199,035
Interbank and money market items	6,959	35,254	1,181	43,394
Liabilities payable on demand	-	-	269	269
Financial liabilities designated at fair value through profit or loss	24,376	-	47	24,423
Derivative liabilities	27,248	6,104	11,308	44,660
Debt issued and borrowings	8,516	17,303	-	25,819
Credit support liabilities on derivatives	9,158	-	-	9,158
Total financial liabilities	132,781	198,260	15,717	346,758
<u>Consolidated</u>				
2018				
Descriptions	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	Total Million Baht
<u>Financial assets</u>				
Cash	-	-	1,749	1,749
Interbank and money market items	482	2,426	3,875	6,783
Derivative assets	13,670	1,014	8,712	23,396
Investments	59	92,043	316	92,418
Loans net of deferred revenue	143,464	82,836	-	226,300
Credit support assets on derivatives	6,053	-	-	6,053
Other assets	-	490	582	1,072
Total financial assets	163,728	178,809	15,234	357,771
<u>Financial liabilities</u>				
Deposits	50,584	132,349	2,168	185,101
Interbank and money market items	4,358	39,089	1,087	44,534
Liabilities payable on demand	-	-	379	379
Financial liabilities designated at fair value through profit or loss	35,413	-	100	35,513
Derivative liabilities	11,552	2,017	10,749	24,318
Debt issued and borrowings	6,293	12,675	-	18,968
Credit support liabilities on derivatives	3,910	-	-	3,910
Total financial liabilities	112,110	186,130	14,483	312,723

45 Financial instruments (Cont'd)

45.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

As at 31 December 2019 and 2018, financial assets and liabilities classified by type of interest rate were as follows: (Cont'd)

Descriptions	Separate 2019			Total Million Baht
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	
<u>Financial assets</u>				
Cash	-	-	1,351	1,351
Interbank and money market items	490	2,861	2,851	6,202
Derivative assets	32,916	2,953	7,590	43,459
Investments	58	86,665	319	87,042
Loans net of deferred revenue	152,314	79,143	-	231,457
Credit support assets on derivatives	14,968	-	-	14,968
Other assets	-	204	328	532
Total financial assets	200,746	171,826	12,439	385,011
<u>Financial liabilities</u>				
Deposits	56,605	139,615	2,912	199,132
Interbank and money market items	6,959	35,254	1,181	43,394
Liabilities payable on demand	-	-	269	269
Financial liabilities designated at fair value through profit or loss	24,376	-	47	24,423
Derivative liabilities	27,248	6,104	11,308	44,660
Debt issued and borrowings	8,516	15,303	-	23,819
Credit support liabilities on derivatives	9,158	-	-	9,158
Total financial liabilities	132,862	196,276	15,717	344,855
Descriptions	Separate 2018			Total Million Baht
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	
<u>Financial assets</u>				
Cash	-	-	1,746	1,746
Interbank and money market items	397	2,425	3,855	6,677
Derivative assets	13,670	1,014	8,712	23,396
Investments	59	92,043	316	92,418
Loans net of deferred revenue	143,560	75,288	-	218,848
Credit support assets on derivatives	6,053	-	-	6,053
Other assets	-	490	538	1,028
Total financial assets	163,739	171,260	15,167	350,166
<u>Financial liabilities</u>				
Deposits	50,682	132,365	2,168	185,215
Interbank and money market items	4,358	39,089	1,087	44,534
Liabilities payable on demand	-	-	379	379
Financial liabilities designated at fair value through profit or loss	35,413	-	100	35,513
Derivative liabilities	11,552	2,017	10,749	24,318
Debt issued and borrowings	6,293	10,675	-	16,968
Credit support liabilities on derivatives	3,910	-	-	3,910
Total financial liabilities	112,208	184,146	14,483	310,837

45 Financial instruments (Cont'd)

45.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

As at 31 December 2019 and 2018, financial assets and liabilities classified by type of interest rate were as follows: (Cont'd)

Transactions	Consolidated						Total Million Baht
	2019						
	Repricing or maturity date						
	At call Million Baht	0 - 3 months Million Baht	3 - 12 months Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Non-interest bearing Million Baht	
Financial assets							
Cash	-	-	-	-	-	1,352	1,352
Interbank and money market items	528	2,213	800	-	-	2,877	6,418
Derivative assets	-	25,028	10,728	92	21	7,590	43,459
Investments	58	1,780	6,101	36,236	42,550	319	87,044
Loans net of deferred revenue	5,531	36,455	51,335	88,626	58,133	-	240,080
Credit support assets on derivatives	14,968	-	-	-	-	-	14,968
Other assets	-	51	153	-	-	537	741
Total financial assets	21,085	65,527	69,117	124,954	100,704	12,675	394,062
Financial liabilities							
Deposits	56,524	72,187	57,703	9,709	-	2,912	199,035
Interbank and money market items	6,959	34,863	290	101	-	1,181	43,394
Liabilities payable on demand	-	-	-	-	-	269	269
Financial liabilities designated at fair value through profit or loss	-	11,320	13,056	-	-	47	24,423
Derivative liabilities	-	18,191	14,779	123	259	11,308	44,660
Debt issued and borrowings	-	4,068	10,694	-	11,057	-	25,819
Credit support liabilities on derivatives	9,158	-	-	-	-	-	9,158
Total financial liabilities	72,641	140,629	96,522	9,933	11,316	15,717	346,758
Consolidated							
2018							
Repricing or maturity date							
	At call Million Baht	0 - 3 months Million Baht	3 - 12 months Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Non-interest bearing Million Baht	Total Million Baht
Financial assets							
Cash	-	-	-	-	-	1,749	1,749
Interbank and money market items	482	1,526	900	-	-	3,875	6,783
Derivative assets	-	8,728	5,708	45	203	8,712	23,396
Investments	59	3,660	12,844	41,184	34,355	316	92,418
Loans net of deferred revenue	3,829	38,090	51,462	76,781	56,138	-	226,300
Credit support assets on derivatives	6,053	-	-	-	-	-	6,053
Other assets	-	72	214	204	-	582	1,072
Total financial assets	10,423	52,076	71,128	118,214	90,696	15,234	357,771
Financial liabilities							
Deposits	50,584	66,280	55,881	10,188	-	2,168	185,101
Interbank and money market items	4,359	37,145	1,769	159	15	1,087	44,534
Liabilities payable on demand	-	-	-	-	-	379	379
Financial liabilities designated at fair value through profit or loss	-	16,896	18,517	-	-	100	35,513
Derivative liabilities	-	7,909	5,648	12	-	10,749	24,318
Debt issued and borrowings	-	3,362	2,990	2,000	10,616	-	18,968
Credit support liabilities on derivatives	3,910	-	-	-	-	-	3,910
Total financial liabilities	58,853	131,592	84,805	12,359	10,631	14,483	312,723

45 Financial instruments (Cont'd)

45.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

As at 31 December 2019 and 2018, financial assets and liabilities classified by type of interest rate were as follows: (Cont'd)

Transactions	Separate 2019						Total Million Baht
	Repricing or maturity date					Non- interest bearing Million Baht	
	At call Million Baht	0 - 3 months Million Baht	3 - 12 months Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht		
Financial assets							
Cash	-	-	-	-	-	1,351	1,351
Interbank and money market items	490	2,061	800	-	-	2,851	6,202
Derivative assets	-	25,028	10,728	92	21	7,590	43,459
Investments	58	1,780	6,101	36,236	42,548	319	87,042
Loans net of deferred revenue	5,531	42,009	52,752	75,345	55,820	-	231,457
Credit support assets on derivatives	14,968	-	-	-	-	-	14,968
Other assets	-	51	153	-	-	328	532
Total financial assets	21,047	70,929	70,534	111,673	98,389	12,439	385,011
Financial liabilities							
Deposits	56,605	72,193	57,713	9,709	-	2,912	199,132
Interbank and money market items	6,959	34,863	290	101	-	1,181	43,394
Liabilities payable on demand	-	-	-	-	-	269	269
Financial liabilities designated at fair value through profit or loss	-	11,320	13,056	-	-	47	24,423
Derivative liabilities	-	18,191	14,779	123	259	11,308	44,660
Debt issued and borrowings	-	4,068	8,694	-	11,057	-	23,819
Credit support liabilities on derivatives	9,158	-	-	-	-	-	9,158
Total financial liabilities	72,722	140,635	94,532	9,933	11,316	15,717	344,855
Transactions	Separate 2018						Total Million Baht
	Repricing or maturity date					Non- interest bearing Million Baht	
	At call Million Baht	0 - 3 months Million Baht	3 - 12 months Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht		
Financial assets							
Cash	-	-	-	-	-	1,746	1,746
Interbank and money market items	397	1,525	900	-	-	3,855	6,677
Derivative assets	-	8,728	5,708	45	203	8,712	23,396
Investments	59	3,660	12,844	41,184	34,355	316	92,418
Loans net of deferred revenue	3,829	39,200	48,547	72,597	54,675	-	218,848
Credit support assets on derivatives	6,053	-	-	-	-	-	6,053
Other assets	-	72	214	204	-	538	1,028
Total financial assets	10,338	53,185	68,213	114,030	89,233	15,167	350,166
Financial liabilities							
Deposits	50,682	66,285	55,892	10,188	-	2,168	185,215
Interbank and money market items	4,359	37,145	1,769	159	15	1,087	44,534
Liabilities payable on demand	-	-	-	-	-	379	379
Financial liabilities designated at fair value through profit or loss	-	16,896	18,517	-	-	100	35,513
Derivative liabilities	-	7,909	5,648	12	-	10,749	24,318
Debt issued and borrowings	-	3,362	2,990	-	10,616	-	16,968
Credit support liabilities on derivatives	3,910	-	-	-	-	-	3,910
Total financial liabilities	58,951	131,597	84,816	10,359	10,631	14,483	310,837

45 Financial instruments (Cont'd)

45.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

The outstanding balances of loans which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued (presented before deducting allowance for doubtful account losses).

The average balances of the financial assets and liabilities of the Bank generating revenues and expenses, calculated based on the average balances outstanding during the period, and the average interest and dividend rate for the years ended 31 December 2019 and 2018, can be summarised as follows:

	Consolidated					
	2019			2018		
	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)
<u>Performing financial assets</u>						
Interbank and money market items, net	3,389	88	2.59	5,203	128	2.46
Investments, net	91,756	2,079	2.27	71,904	1,664	2.31
Loans	234,430	14,060	6.00	214,140	13,403	6.26
Total performing financial assets	329,575	16,227		291,247	15,195	
<u>Performing financial liabilities</u>						
Deposits	186,321	2,850	1.53	173,707	2,341	1.35
Interbank and money market items	48,323	719	1.49	26,205	351	1.34
Financial liabilities designated at fair value through profit or loss	32,075	850	2.65	29,611	676	2.28
Debt issued and borrowings	21,174	718	3.39	22,210	761	3.43
Total performing financial liabilities	287,893	5,137		251,733	4,129	
	Separate					
	2019			2018		
	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)
<u>Performing financial assets</u>						
Interbank and money market items, net	3,262	87	2.69	5,139	127	2.47
Investments, net	92,001	2,079	2.26	71,904	1,664	2.31
Loans	226,206	10,618	4.69	207,368	10,436	5.03
Total performing financial assets	321,469	12,784		284,411	12,227	
<u>Performing financial liabilities</u>						
Deposits	186,429	2,851	1.53	173,912	2,343	1.35
Interbank and money market items	48,323	719	1.49	26,205	351	1.34
Financial liabilities designated at fair value through profit or loss	32,075	850	2.65	29,611	676	2.28
Debt issued and borrowings	19,174	670	3.49	20,211	712	3.52
Total performing financial liabilities	286,001	5,090		249,939	4,082	

45 Financial instruments (Cont'd)

45.2 Market risk (Cont'd)

(b) Foreign exchange risk

Transactions	Consolidated						Total Million Baht
	2019						
	Currency						
	THB Million Baht	USD Million Baht	JPY Million Baht	EURO Million Baht	MYR Million Baht	Others Million Baht	
Financial assets							
Cash	1,314	5	2	6	2	23	1,352
Interbank and money market items	5,006	564	82	30	457	284	6,423
Derivative assets	650,728	(626,282)	(3,495)	(1,181)	3,720	19,969	43,459
Investments	86,942	-	-	-	-	102	87,044
Loans net of deferred revenue	225,524	13,813	1	100	-	1,105	240,543
Credit support assets on derivatives	10,863	4,105	-	-	-	-	14,968
Other assets	1,027	5	-	-	-	4	1,036
Total financial assets	981,404	(607,790)	(3,410)	(1,045)	4,179	21,487	394,825
Financial liabilities							
Deposits	195,740	2,660	68	40	325	202	199,035
Interbank and money market items	43,325	65	-	4	-	-	43,394
Liabilities payable on demand	266	2	-	-	-	1	269
Financial liabilities designated at fair value through profit or loss	24,423	-	-	-	-	-	24,423
Derivative liabilities	656,834	(620,402)	(3,513)	(1,033)	(8,130)	20,904	44,660
Debt issued and borrowings	9,912	4,850	-	-	11,057	-	25,819
Credit support liabilities on derivatives	5,330	3,828	-	-	-	-	9,158
Other liabilities	418	36	-	-	225	1	680
Total financial liabilities	936,248	(608,961)	(3,445)	(989)	3,477	21,108	347,438
Consolidated							
2018							
Transactions	Currency						Total Million Baht
	THB Million Baht	USD Million Baht	JPY Million Baht	EURO Million Baht	MYR Million Baht	Others Million Baht	
Financial assets							
Cash	1,627	45	5	41	2	29	1,749
Interbank and money market items	5,698	556	6	1	367	162	6,790
Derivative assets	436,833	(392,704)	2,326	(19,731)	(993)	(2,335)	23,396
Investments	92,418	-	-	-	-	-	92,418
Loans net of deferred revenue	211,701	13,642	91	136	-	1,222	226,792
Credit support assets on derivatives	2,381	3,672	-	-	-	-	6,053
Other assets	1,446	8	-	-	-	-	1,454
Total financial assets	752,104	(374,781)	2,428	(19,553)	(624)	(922)	358,652
Financial liabilities							
Deposits	182,533	2,137	32	51	239	109	185,101
Interbank and money market items	43,481	925	-	4	123	1	44,534
Liabilities payable on demand	377	2	-	-	-	-	379
Financial liabilities designated at fair value through profit or loss	35,513	-	-	-	-	-	35,513
Derivative liabilities	440,909	(385,597)	2,389	(19,742)	(12,337)	(1,304)	24,318
Debt issued and borrowings	4,816	3,537	-	-	10,615	-	18,968
Credit support liabilities on derivatives	2,048	1,862	-	-	-	-	3,910
Other liabilities	472	43	-	-	239	-	754
Total financial liabilities	710,149	(377,091)	2,421	(19,687)	(1,121)	(1,194)	313,477

45 Financial instruments (Cont'd)

45.2 Market risk (Cont'd)

(b) Foreign exchange risk (Cont'd)

Transactions	Separate 2019						Total Million Baht
	Currency						
	THB Million Baht	USD Million Baht	JPY Million Baht	EURO Million Baht	MYR Million Baht	Others Million Baht	
Financial assets							
Cash	1,313	5	2	6	2	23	1,351
Interbank and money market items	4,790	564	82	30	457	284	6,207
Derivative assets	650,728	(626,282)	(3,495)	(1,181)	3,720	19,969	43,459
Investments	86,940	-	-	-	-	102	87,042
Loans net of deferred revenue	216,907	13,813	1	100	-	1,105	231,926
Credit support assets on derivatives	10,863	4,105	-	-	-	-	14,968
Other assets	817	5	-	-	-	4	826
Total financial assets	972,358	(607,790)	(3,410)	(1,045)	4,179	21,487	385,779
Financial liabilities							
Deposits	195,837	2,660	68	40	325	202	199,132
Interbank and money market items	43,325	65	-	4	-	-	43,394
Liabilities payable on demand	266	2	-	-	-	1	269
Financial liabilities designated at fair value through profit or loss	24,423	-	-	-	-	-	24,423
Derivative liabilities	656,834	(620,402)	(3,513)	(1,033)	(8,130)	20,904	44,660
Debt issued and borrowings	7,912	4,850	-	-	11,057	-	23,819
Credit support liabilities on derivatives	5,330	3,828	-	-	-	-	9,158
Other liabilities	411	36	-	-	225	1	673
Total financial liabilities	934,338	(608,961)	(3,445)	(989)	3,477	21,108	345,528
Transactions	Separate 2018						Total Million Baht
	Currency						
	THB Million Baht	USD Million Baht	JPY Million Baht	EURO Million Baht	MYR Million Baht	Others Million Baht	
Financial assets							
Cash	1,623	46	5	41	2	29	1,746
Interbank and money market items	5,592	556	6	1	367	162	6,684
Derivative assets	436,833	(392,704)	2,326	(19,731)	(993)	(2,335)	23,396
Investments	92,418	-	-	-	-	-	92,418
Loans net of deferred revenue	204,259	13,642	91	136	-	1,222	219,350
Credit support assets on derivatives	2,381	3,672	-	-	-	-	6,053
Other assets	1,402	8	-	-	-	-	1,410
Total financial assets	744,508	(374,780)	2,428	(19,553)	(624)	(922)	351,057
Financial liabilities							
Deposits	182,647	2,137	32	51	239	109	185,215
Interbank and money market items	43,481	925	-	4	123	1	44,534
Liabilities payable on demand	377	2	-	-	-	-	379
Financial liabilities designated at fair value through profit or loss	35,513	-	-	-	-	-	35,513
Derivative liabilities	440,909	(385,597)	2,389	(19,742)	(12,337)	(1,304)	24,318
Debt issued and borrowings	2,816	3,537	-	-	10,615	-	16,968
Credit support liabilities on derivatives	2,048	1,862	-	-	-	-	3,910
Other liabilities	464	43	-	-	239	-	746
Total financial liabilities	708,255	(377,091)	2,421	(19,687)	(1,121)	(1,194)	311,583

45 Financial instruments (Cont'd)

45.2 Market risk (Cont'd)

(b) Foreign exchange risk (Cont'd)

In addition to the financial assets and liabilities denominated in foreign currencies already disclosed in the relevant notes to the financial statements as at 31 December 2019 and 2018, the Bank has the following net foreign currency positions categorised by major foreign currencies:

	(Unit: Equivalent to million USD)					
	Consolidated and Separate					
	2019			2018		
	USD	EURO*	Other currencies*	USD	EURO*	Other currencies*
Spot	237.75	3.11	(343.51)	264.41	3.47	(298.74)
Forward						
- Forward contract	(231.44)	(4.00)	362.92	(253.80)	(3.65)	314.08
Total	6.31	(0.89)	19.41	10.61	(0.18)	15.34

* EURO and other currencies are stated in USD equivalents.

45.3 Liquidity risk

The period to maturity calculated from the statements of financial position date of financial instruments outstanding as at 31 December 2019 and 2018 were as follows:

Descriptions	Consolidated				
	2019				
	At call Million Baht	Less than 1 year Million Baht	More than 1 year Million Baht	No maturity Million Baht	Total Million Baht
Financial assets					
Cash	1,352	-	-	-	1,352
Interbank and money market items	3,558	2,865	-	-	6,423
Derivative assets	-	11,642	31,817	-	43,459
Investments	-	7,880	78,787	377	87,044
Loans net of deferred revenue	17,569 ⁽¹⁾	36,391	186,583	-	240,543
Credit support assets on derivatives	14,968	-	-	-	14,968
Other assets	-	853	77	106	1,036
Total financial assets	37,447	59,631	297,264	483	394,825
Financial liabilities					
Deposits	63,362	125,964	9,709	-	199,035
Interbank and money market items	9,006	34,287	101	-	43,394
Liabilities payable on demand	269	-	-	-	269
Financial liabilities designated at fair value through profit or loss	-	-	24,423	-	24,423
Derivative liabilities	-	13,009	31,651	-	44,660
Debt issued and borrowings	-	6,899	18,920	-	25,819
Credit support liabilities on derivatives	9,158	-	-	-	9,158
Other liabilities	-	680	-	-	680
Total financial liabilities	81,795	180,839	84,804	-	347,438

⁽¹⁾ As at 31 December 2019, portions of loans classified as maturity-at-call in the consolidated financial statements, of Baht 11,296 million, are outstanding balances of defaulted loans classified as sub-standard or higher. However, repayment schedules of these loans are dependent upon new restructuring conditions.

45 Financial instruments (Cont'd)

45.3 Liquidity risk (Cont'd)

The period to maturity calculated from the statements of financial position date of financial instruments outstanding as at 31 December 2019 and 2018 were as follows: (Cont'd)

Descriptions	Consolidated				
	2018				
	At call Million Baht	Less than 1 year Million Baht	More than 1 year Million Baht	No maturity Million Baht	Total Million Baht
Financial assets					
Cash	1,749	-	-	-	1,749
Interbank and money market items	4,307	2,433	50	-	6,790
Derivative assets	-	10,720	12,676	-	23,396
Investments	-	16,504	75,539	375	92,418
Loans net of deferred revenue	16,180 ⁽¹⁾	40,124	170,488	-	226,792
Credit support assets on derivatives	6,053	-	-	-	6,053
Other assets	-	1,084	281	89	1,454
Total financial assets	28,289	70,865	259,034	464	358,652
Financial liabilities					
Deposits	54,978	119,935	10,188	-	185,101
Interbank and money market items	7,112	37,248	174	-	44,534
Liabilities payable on demand	379	-	-	-	379
Financial liabilities designated at fair value through profit or loss	-	57	35,456	-	35,513
Derivative liabilities	-	13,241	11,077	-	24,318
Debt issued and borrowings	-	60	18,908	-	18,968
Credit support liabilities on derivatives	3,910	-	-	-	3,910
Other liabilities	-	754	-	-	754
Total financial liabilities	66,379	171,295	75,803	-	313,477

⁽¹⁾ As at 31 December 2018, portions of loans classified as maturity-at-call in the consolidated financial statements, of Baht 9,902 million, are outstanding balances of defaulted loans classified as sub-standard or higher. However, repayment schedules of these loans are dependent upon new restructuring conditions.

45 Financial instruments (Cont'd)

45.3 Liquidity risk (Cont'd)

The period to maturity calculated from the statements of financial position date of financial instruments outstanding as at 31 December 2019 and 2018 were as follows: (Cont'd)

Descriptions	Separate 2019				Total Million Baht
	At call Million Baht	Less than 1 year Million Baht	More than 1 year Million Baht	No maturity Million Baht	
Financial assets					
Cash	1,351	-	-	-	1,351
Interbank and money market items	3,342	2,865	-	-	6,207
Derivative assets	-	11,642	31,817	-	43,459
Investments	-	7,880	78,785	377	87,042
Loans net of deferred revenue	17,637 ⁽¹⁾	43,300	170,989	-	231,926
Credit support assets on derivatives	14,968	-	-	-	14,968
Other assets	-	655	77	94	826
Total financial assets	37,298	66,342	281,668	471	385,779
Financial liabilities					
Deposits	63,443	125,981	9,708	-	199,132
Interbank and money market items	9,006	34,287	101	-	43,394
Liabilities payable on demand	269	-	-	-	269
Financial liabilities designated at fair value through profit or loss	-	-	24,423	-	24,423
Derivative liabilities	-	13,009	31,651	-	44,660
Debt issued and borrowings	-	4,899	18,920	-	23,819
Credit support liabilities on derivatives	9,158	-	-	-	9,158
Other liabilities	-	673	-	-	673
Total financial liabilities	81,876	178,849	84,803	-	345,528

⁽¹⁾ As at 31 December 2019, portions of loans classified as maturity-at-call in the separate financial statements, of Baht 10,747 million, are outstanding balances of defaulted loans classified as sub-standard or higher. However, repayment schedules of these loans are dependent upon new restructuring conditions.

45 Financial instruments (Cont'd)

45.3 Liquidity risk (Cont'd)

The period to maturity calculated from the statements of financial position date of financial instruments outstanding as at 31 December 2019 and 2018 were as follows: (Cont'd)

Descriptions	Separate 2018				Total Million Baht
	At call Million Baht	Less than 1 year Million Baht	More than 1 year Million Baht	No maturity Million Baht	
Financial assets					
Cash	1,746	-	-	-	1,746
Interbank and money market items	4,201	2,433	50	-	6,684
Derivative assets	-	10,720	12,676	-	23,396
Investments	-	16,504	75,539	375	92,418
Loans net of deferred revenue	16,291 ⁽¹⁾	38,218	164,841	-	219,350
Credit support assets on derivatives	6,053	-	-	-	6,053
Other assets	-	1,051	281	78	1,410
Total financial assets	28,291	68,926	253,387	453	351,057
Financial liabilities					
Deposits	55,076	119,951	10,188	-	185,215
Interbank and money market items	7,112	37,248	174	-	44,534
Liabilities payable on demand	379	-	-	-	379
Financial liabilities designated at fair value through profit or loss	-	57	35,456	-	35,513
Derivative liabilities	-	13,241	11,077	-	24,318
Debt issued and borrowings	-	60	16,908	-	16,968
Credit support liabilities on derivatives	3,910	-	-	-	3,910
Other liabilities	-	746	-	-	746
Total financial liabilities	66,477	171,303	73,803	-	311,583

⁽¹⁾ As at 31 December 2018, portions of loans classified as maturity-at-call in the consolidated and separate financial statements, of Baht 9,530 million, are outstanding balances of defaulted loans classified as sub-standard or higher. However, repayment schedules of these loans are dependent upon new restructuring conditions.

45 Financial instruments (Cont'd)

45.4 Fair value

The Bank has estimated the fair value of financial instruments as follows:

Descriptions	Consolidated			
	2019		2018	
	Book value Million Baht	Fair value Million Baht	Book value Million Baht	Fair value Million Baht
<u>Financial assets</u>				
Cash	1,352	1,352	1,749	1,749
Interbank and money market items, net	6,422	6,422	6,790	6,790
Derivatives assets	43,459	43,459	23,396	23,396
Investments, net	86,798	87,788	92,172	92,255
Loans to customers and accrued interest receivables, net	229,911	227,897	216,201	214,247
Credit support assets on derivatives	14,968	14,968	6,053	6,053
Other assets	1,036	1,033	1,454	1,445
Total financial assets	<u>383,946</u>	<u>382,919</u>	<u>347,815</u>	<u>345,935</u>
<u>Financial liabilities</u>				
Deposits	199,035	199,122	185,100	185,190
Interbank and money market items	43,394	43,394	44,534	44,534
Liability payable on demand	269	269	379	379
Financial liabilities designated at fair value through profit or loss	24,423	24,423	35,513	35,513
Derivatives liabilities	44,660	44,660	24,318	24,318
Debt issued and borrowings	25,819	26,069	18,968	19,047
Credit support liabilities on derivatives	9,158	9,158	3,910	3,910
Total financial liabilities	<u>346,758</u>	<u>347,095</u>	<u>312,722</u>	<u>312,891</u>
Descriptions	Separate			
	2019		2018	
	Book value Million Baht	Fair value Million Baht	Book value Million Baht	Fair value Million Baht
<u>Financial assets</u>				
Cash	1,351	1,351	1,746	1,746
Interbank and money market items, net	6,206	6,206	6,684	6,684
Derivatives assets	43,459	43,459	23,396	23,396
Investments, net	86,796	87,786	92,172	92,255
Loans to customers and accrued interest receivables, net	222,422	220,714	209,596	207,869
Credit support assets on derivatives	14,968	14,968	6,053	6,053
Other assets	826	823	1,410	1,401
Total financial assets	<u>376,028</u>	<u>375,307</u>	<u>341,057</u>	<u>339,404</u>
<u>Financial liabilities</u>				
Deposits	199,132	199,219	185,215	185,305
Interbank and money market items	43,394	43,394	44,534	44,534
Liability payable on demand	269	269	379	379
Financial liabilities designated at fair value through profit or loss	24,423	24,423	35,513	35,513
Derivatives liabilities	44,660	44,660	24,318	24,318
Debt issued and borrowings	23,819	24,065	16,968	17,047
Credit support liabilities on derivatives	9,158	9,158	3,910	3,910
Total financial liabilities	<u>344,855</u>	<u>345,188</u>	<u>310,837</u>	<u>311,006</u>

45 Financial instruments (Cont'd)

45.5 Financial derivatives

The Bank engages in financial derivative activities as required in the normal course of business to meet its clients' needs and to manage risks arising from fluctuations in foreign exchange rates and interest rates.

As at 31 December 2019 and 2018, financial derivatives as classified by their maturities were as follows:

	Consolidated and Separate					
	2019			2018		
	Less than 1 year Million Baht	Over 1 year Million Baht	Total Million Baht	Less than 1 year Million Baht	Over 1 year Million Baht	Total Million Baht
Forward and spot contracts						
- Bought	536,799	1,579	538,378	700,469	2,170	702,639
- Sold	490,838	12,293	503,131	552,165	9,885	562,050
Cross-currency and interest rate swap contracts						
- Bought	50,599	190,174	240,773	28,410	151,179	179,589
- Sold	48,818	147,707	196,525	131,324	122,982	254,306
Interest rate swap contracts						
- Fixed-rate receiver	418,509	571,872	990,381	451,163	555,599	1,006,762
- Floating-rate receiver	504,446	679,213	1,183,659	642,021	608,175	1,250,196
Foreign exchange options						
- Call-option sales contract	10	-	10	10	-	10
- Put-option sales contract	171	-	171	305	-	305
- Call-option purchase contract	894	-	894	977	-	977
- Put-option purchase contract	1,526	-	1,526	16	-	16
Commodity						
- Bought	87	-	87	20	-	20
- Sold	87	-	87	20	-	20
Credit derivatives						
- Bought	-	6,293	6,293	-	5,337	5,337
- Sold	-	6,293	6,293	-	5,337	5,337
Swaption						
- Sold	-	-	-	-	8,000	8,000
Fund option						
- Bought	6,494	1,936	8,430	713	1,393	2,106
- Sold	6,494	1,936	8,430	713	1,393	2,106
Equity option						
- Bought	-	23	23	-	-	-
- Sold	-	23	23	-	-	-
Bond forward						
- Sold	5,700	13,630	19,330	4,700	13,780	18,480

The Bank sets up policies and relevant risk limits by which it requires risk reporting and control procedures as a control over financial derivative activities. The Bank realises that financial derivatives involve credit risk and considers credit limits for its customers in general. The same credit approval process used when granting loans to a customer is adopted for financial derivative customers, so that the Bank is able to maintain risk at acceptable levels. However, financial derivatives may cause the Bank to incur gains or losses as they are sensitive to foreign exchange rates or interest rates, which can fluctuate materially as the market situation changes.

46 Fair value

46.1 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the assets and liabilities that are measured at fair value at 31 December 2019 and 2018.

Consolidated and Separate				
2019				
	Level 1 Million Baht	Level 2 Million Baht	Level 3 Million Baht	Total Million Baht
Assets				
Securities held for trading	-	21,350	-	21,350
Securities designated at fair value through profit or loss	-	11,418	-	11,418
Available-for-sale securities	64	34,382	-	34,446
Derivative assets	-	43,459	-	43,459
Total assets	64	110,609	-	110,673
Liabilities				
Financial liabilities designated at fair value through profit or loss	-	24,423	-	24,423
Derivatives liabilities	-	44,660	-	44,660
Total liabilities	-	69,083	-	69,083
Consolidated and Separate				
2018				
	Level 1 Million Baht	Level 2 Million Baht	Level 3 Million Baht	Total Million Baht
Assets				
Securities held for trading	-	17,764	-	17,764
Securities designated at fair value through profit or loss	-	5,399	-	5,399
Available-for-sale securities	60	48,814	-	48,874
Derivative assets	-	23,396	-	23,396
Total assets	60	95,373	-	95,433
Liabilities				
Financial liabilities designated at fair value through profit or loss	-	35,513	-	35,513
Derivatives liabilities	-	24,318	-	24,318
Total liabilities	-	59,831	-	59,831

46 Fair value (Cont'd)

46.1 Fair value estimation (Cont'd)

The following table presents the Group's financial assets and liabilities that are not measured at fair value which have fair value at 31 December 2019 and 2018:

	Consolidated			
	2019			
	Level 1 Million Baht	Level 2 Million Baht	Level 3 Million Baht	Total Million Baht
Assets				
Cash	1,352	-	-	1,352
Interbank and money market items, net	3,557	2,865	-	6,422
Held-to-maturity debt securities	-	20,545	-	20,545
General investments	-	-	29	29
Loans and accrued interest receivables, net	-	227,897	-	227,897
Credit support assets on derivatives	-	14,968	-	14,968
Other assets	-	1,033	-	1,033
Total assets	4,909	267,308	29	272,246
Liabilities				
Deposits	-	199,122	-	199,122
Interbank and money market items	-	43,394	-	43,394
Liability payable on demand	-	269	-	269
Debt issued and borrowings	-	26,069	-	26,069
Credit support liabilities on derivatives	-	9,158	-	9,158
Total liabilities	-	278,012	-	278,012
	Consolidated			
	2018			
	Level 1 Million Baht	Level 2 Million Baht	Level 3 Million Baht	Total Million Baht
Assets				
Cash	1,749	-	-	1,749
Interbank and money market items, net	4,308	2,482	-	6,790
Held-to-maturity debt securities	-	20,188	-	20,188
General investments	-	-	30	30
Loans and accrued interest receivables, net	-	214,247	-	214,247
Credit support assets on derivatives	-	6,053	-	6,053
Other assets	-	1,445	-	1,445
Total assets	6,057	244,415	30	250,502
Liabilities				
Deposits	-	185,190	-	185,190
Interbank and money market items	-	44,534	-	44,534
Liability payable on demand	-	379	-	379
Debt issued and borrowings	-	19,047	-	19,047
Credit support liabilities on derivatives	-	3,910	-	3,910
Total liabilities	-	253,060	-	253,060

46 Fair value (Cont'd)

46.1 Fair value estimation (Cont'd)

The following table presents the Group's financial assets and liabilities that are not measured at fair value which have fair value at 31 December 2019 and 2018: (Cont'd)

Separate				
2019				
	Level 1	Level 2	Level 3	Total
	Million Baht	Million Baht	Million Baht	Million Baht
Assets				
Cash	1,351	-	-	1,351
Interbank and money market items, net	3,341	2,865	-	6,206
Held-to-maturity debt securities	-	20,543	-	20,543
General investments	-	-	29	29
Loans and accrued interest receivables, net	-	220,714	-	220,714
Credit support assets on derivatives	-	14,968	-	14,968
Other assets	-	823	-	823
Total assets	4,692	259,913	29	264,634
Liabilities				
Deposits	-	199,219	-	199,219
Interbank and money market items	-	43,394	-	43,394
Liability payable on demand	-	269	-	269
Debt issued and borrowings	-	24,065	-	24,065
Credit support liabilities on derivatives	-	9,158	-	9,158
Total liabilities	-	276,105	-	276,105
Separate				
2018				
	Level 1	Level 2	Level 3	Total
	Million Baht	Million Baht	Million Baht	Million Baht
Assets				
Cash	1,746	-	-	1,746
Interbank and money market items, net	4,202	2,482	-	6,684
Held-to-maturity debt securities	-	20,188	-	20,188
General investments	-	-	30	30
Loans and accrued interest receivables, net	-	207,869	-	207,869
Credit support assets on derivatives	-	6,053	-	6,053
Other assets	-	1,401	-	1,401
Total assets	5,948	237,993	30	243,971
Liabilities				
Deposits	-	185,305	-	185,305
Interbank and money market items	-	44,534	-	44,534
Liability payable on demand	-	379	-	379
Debt issued and borrowings	-	17,047	-	17,047
Credit support liabilities on derivatives	-	3,910	-	3,910
Total liabilities	-	251,175	-	251,175

46 Fair value (Cont'd)

46.1 Fair value estimation (Cont'd)

Methods and assumptions used by the Group for fair value estimation of financial instruments as disclosure are as below:

Cash and Interbank and money market items, net (assets)

The carrying amounts of cash and interbank and market items (assets) presented in the statement of financial position approximate fair values.

Investments, net

The determination of fair value for investments, net, is as disclosed in Note 2.5 to the financial statements except the estimated fair value for held to maturity debt securities and general investment are based on quoted and observable market price. Where there is no ready market in certain securities, the Group are initially recognised at expected future cash flows discounted by the market interest rate that is adjusted by risk free rate of each Company.

Loans and accrued interest receivables, net

For floating rate loans, the fair value is equal to the carrying amount.

For fixed rate loans which are classified as normal or special mentioned, the fair value is equal to the present value of future cash flows discounted by the prevailing market rates of loans with similar features.

For non-performing fixed rate loans, the fair value is equal to the carrying amount.

Other assets

Other assets - Accounts receivable - bill of exchange, the fair value is equal to the present value of future cash flows discounted by the effective interest of loans with similar features. Credit support on derivatives, the fair value presented in the statement of financial position approximate fair values.

Deposits

For deposits with maturities of less than one year, the carrying amounts are a reasonable estimate of their fair value. For deposit with maturities of one year or more, fair values are estimated using discounted cash flows based on prevailing market rates for similar deposits from customers.

Interbank and money market items, net (liabilities)

The carrying amounts of interbank and money market items (liabilities) presented in the statement of financial position approximate fair values.

Liability payable on demand

The carrying amounts of liability payable on demand presented in the statement of financial position approximate fair values.

Debt issued and borrowings

The fair value of debt issued and borrowings are estimated based on market price or amortised cost.

Other liabilities

Other liabilities - Credit support on derivatives, the fair value presented in the statement of financial position approximate fair values.

46 Fair value (Cont'd)

46.2 Valuation techniques used to derive Level 2 fair values

Level 2 debt investments (securities held for trading, securities designated at fair value through profit or loss and available-for-sale securities) are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted debt instruments of the counterparties.

Level 2 trading and hedging derivatives, and financial liabilities designated at fair value through profit or loss comprise of forward foreign exchange contracts, interest rate swaps, structured debentures, and accreting structured bill of exchanged. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Interest rate swaps, structured debentures, and accreting structured bill of exchanged are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives.

46.3 Fair value measurements using significant unobservable inputs (Level 3)

	Consolidated and Separate	
	General Investments	
	2019	2018
	Million Baht	Million Baht
Opening balance	30	48
Provision	-	(1)
Purchase	-	1
Disposal of general investments	(1)	(6)
Decrease in capital of general investments	-	(12)
Closing balance	<u>29</u>	<u>30</u>

Investment classified under Level 3 is general investment which is presented at expected future cash flows discounted by the market interest rate that is adjusted by risk free rate of each Company.