CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Basel III - Pillar 3 and

Liquidity coverage ratio (LCR) disclosures

As of December 31, 2019

Contents

Table of Contents

Table of Contents

Part 1: Disclosure of capital adequacy information (Pillar 3 Disclosures)

1. Introduction

Basel Capital Accord in accordance with Basel Framework consists of three pillars:

- **Pillar 1: Minimum Capital Requirement**

  Pillar 1 defines minimum levels of capital for commercial banks need to provide for credit, market and operational risks.

- **Pillar 2: Supervisory Review Process**

  Pillar 2 requires commercial banks to have sound risk management and processes for assessing overall capital adequacy to cover material risks including risks not captured under Pillar 1.

- **Pillar 3: Market Discipline**

  Pillar 3 aims to encourage market discipline as commercial banks are required to disclose information on capital adequacy and risk exposures so that market participants can assess and use such information in assessing the risk profile of the commercial banks.

  To meet Pillar 3 requirements, Bank of Thailand (BOT) requires commercial banks to disclose a set of specified information relating to capital adequacy, risk management process, key infromation on risk exposures that reflects the risk profile of the commercial banks to the market participants in form of Pillar 3 report half-yearly and yearly as at 30 Jun and 31 December within 4 months from the end of each period.

2. Scope of application

This Pillar 3 disclosure report is required by BOT's notification to be disclosed at both Bank (Solo Basis) and Financial Group level (Full Consolidation Basis). For CIMB Thai Financial Group, it consists of the following entities:

1. CIMB Thai Bank Public Company Limited engaged in commercial banking (the parent company)
2. CIMB Thai Auto Co.,Ltd. engaged in leasing/hire-purchase of automobiles
3. World Lease Co.,Ltd. engaged in hire-purchase of motorcycles
4. CT Coll Co.,Ltd. engaged in debt collection service

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

3. Capital

3.1 Capital Structure

As at 31 December 2019, CIMB Thai Financial Group's total capital fund under Basel III was THB 47,645 million consisting of Common Equity Tier 1 (CET 1) capital of THB 34,635 million, Tier 1 capital of THB 34,635 million and Tier 2 capital of THB 13,010 million. For Bank level, consisting of Common Equity Tier 1 capital of THB 32,640 million, Tier 1 capital of THB 32,640 million and Tier 2 capital of THB 13,289 million and Totaling THB 45,929 million of total capital fund.

The capital components of the Bank and Financial Group comprise of:

Common Equity Tier 1 capital

- Issued and paid-up share capital
- Premium on share capital
- Statutory reserve
- Retained earnings after appropriations
- Accumulated other comprehensive income
  - Revaluation surplus on Land Building and Condominium Appraisal
  - Revaluation surplus (deficit) on change in value of available for sale investment
  - Foreign currency translating
  - Surplus (deficit) from measuring fair value of hedging instrument for cash flow hedge
- Deducted from CET 1 capital
  - Net loss
  - Deferred tax assets
  - Intangible assets
  - Impact on revision of employee benefits based on actuarial calculation

Tier 2 capital

- General provision for loan classified as pass (not exceeding 1.25% of credit risk-weighted assets)
- The Bank issued MYR 570 million of subordinated debentures pursuant to Tier 2 subordinated debenture programme to overseas investors. The debenture has qualifying capital instruments under Basel III could be fully counted as capital. The Bank has an approval from the Bank of Thailand to count the subordinated debenture as Tier 2 capital according to the correspondence For Kor Kor.(02) 414/2559
- The Bank issued MYR 390 million of subordinated debentures pursuant to Tier 2 subordinated debenture programme to overseas investors. The debenture has qualifying capital instruments under Basel III could be fully counted as capital. The Bank has an approval from the Bank of Thailand to count the subordinated debenture as Tier 2 capital according to the correspondence For Kor Kor. 221/2561
- The Bank issued MYR 550 million of subordinated debentures pursuant to Tier 2 subordinated debenture programme to overseas investors. The debenture has qualifying capital instruments under Basel III could be fully counted as capital. The Bank has an approval from the Bank of Thailand to count the subordinated debenture as Tier 2 capital according to the correspondence For Kor Kor. 527/2562

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.

Table 1 Capital Structure

Unit: Baht million

As at	Consolidated		Bank-Only	
	Dec 31, 2019	Jun 30, 2019	Dec 31, 2019	Jun 30, 2019
1. Tier 1 Capital	34,635	35,340	32,640	33,248
1.1 Common Equity Tier 1 capital	34,635	35,340	32,640	33,248
1.1.1 Paid-up share capital (ordinary shares)	17,411	17,411	17,411	17,411
1.1.2 Premium on share capital	10,146	10,146	10,146	10,146
1.1.3 Statutory Reserve	404	404	404	404
1.1.4 Net profit after appropriation	7,618	7,603	5,012	4,997
1.1.5 Other Comprehensive Income	1,646	1,611	1,689	1,654
1.1.5.1 Accumulated Other Comprehensive Income	1,689	1,654	1,689	1,654
1.1.5.2 Other owner changes items	(43)	(43)	-	-
1.1.6 Any adjustments that are not allowed to have impacts on capital [1/]	(22)	(63)	(22)	(63)
1.1.7 Items to be deducted from CET 1	(2,568)	(1,772)	(2,000)	(1,301)
1.1.7.1 Remeasurements of post-employment benefit obligations	(335)	(83)	(290)	(60)
1.1.7.2 Intangible assets	(1,062)	(506)	(1,016)	(499)
1.1.7.3 Deferred tax asset	(1,171)	(1,183)	(694)	(742)
1.2 Additional Tier 1 capital	-	-	-	-
2. Tier 2 capital	13,010	13,039	13,289	13,275
1. Qualifying Tier 2 capital instruments	12,262	12,244	12,262	12,244
2. General provision for loan classifies as pass	748	795	1,027	1,031
3. Total capital funds	47,645	48,379	45,929	46,523

[1/] Surplus (deficit) from measuring fair value of hedging instrument for cash flow hedge

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

3.2 Capital Adequacy

Capital adequacy is critical for sound risk management and mitigation. This includes capital adequacy under both normal and stress ("extreme but plausible events") conditions. Stress test results are used for capital management and to prescribe the action plans to ensure that the Bank will meet the minimum regulatory capital requirements. For the annual capital management plan, Internal Capital Targets shall be set above the minimum regulatory capital requirements and used as early warning indicators to monitor and ensure compliance with the regulatory capital requirements.

The Bank calculates capital charges for credit risk, market risk and operational risk in accordance with BOT's notification. The Bank obtained BOT's approval to adopt the approaches for capital calculation as follows:-

Risk Type	Approach
1. Credit Risk	Standardised Approach (SA)
2. Market Risk	Standardised Approach (SA)
3. Operational Risk	Basic Indicator Approach (BIA)

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Table 2 Minimum capital requirements classified by risk types

Unit: Baht million

As at	Consolidated		Bank-Only	
	Dec 31, 2019	Jun 30, 2019	Dec 31, 2019	Jun 30, 2019
Credit Risk	17,023	16,633	17,529	17,078
1. Performing Assets	16,408	16,132	16,918	16,580
1.1 Claims on sovereigns and central banks, multilateral development banks (MDBs) and public sector entities (PSEs) whose risk weight is comparable to that of sovereigns	24	26	24	26
1.2 Claims on financial institutions, and public sector entities (PSEs) whose risk weight is comparable to that of financial institutions and securities companies	982	972	978	970
1.3 Claims on corporate and public sector entities (PSEs) whose risk weight is comparable to that of corporate Entities	8,218	8,418	11,270	11,075
1.4 Claims on retail	4,389	4,005	1,725	1,653
1.5 Claims on residential mortgage exposures	2,288	2,229	2,288	2,229
1.6 Other assets	507	482	633	627
2. Non-Performing Assets	615	501	611	498
Market Risk	3,476	3,328	3,476	3,328
1. Interest rate risk	3,368	3,190	3,368	3,190
2. Equity price risk	-	-	-	-
3. Foreign exchange rate risk	108	138	108	138
4. Commodity price risk	-	-	-	-
Operational Risk	2,068	2,026	1,410	1,436
Total minimum capital requirement [1/]	22,567	21,987	22,415	21,842
Total minimum capital buffer [2/]	6,637	6,467	6,592	6,424
Total minimum capital requirement and capital buffer	29,204	28,454	29,007	28,266
Total Risk Weight Assets	265,486	258,673	263,700	256,968

[1/] Minimum capital requirement are calculated based on the minimum regulatory requirement at 8.5%

[2/] Minimum capital buffer under Basel III as accordance to BOT's Notification No. SorNorSor 12/2555 Re: the BOT required the Commercial Banks to gradually increase capital conservation buffer of 0.625% per annum, starting from January 1, 2016 – January 1, 2019

As at 31 December 2019, the financial group's CET 1 ratio, Tier 1 ratio and Total capital ratio were at 13.1%, 13.1% and 18.0%, respectively, while the Bank's ratio were at 12.4%, 12.4% and 17.4%, respectively. All ratios are higher than minimum capital requirement and capital buffer of Bank of Thailand.

Table 3 Total capital adequacy ratio

Unit: %

As at	Consolidated		Bank-Only		Minimum capital requirement ratio [1/]	Minimum capital requirement and capital buffer ratio [2/]
	Dec 31, 2019	Jun 30, 2019	Dec 31, 2019	Jun 30, 2019		
CET 1 capital to risk-weighted assets	13.05	13.66	12.38	12.94	4.50	7.00
Tier 1 capital to risk-weighted assets	13.05	13.66	12.38	12.94	6.00	8.50
Total capital to risk-weighted assets	17.95	18.70	17.42	18.10	8.50	11.00

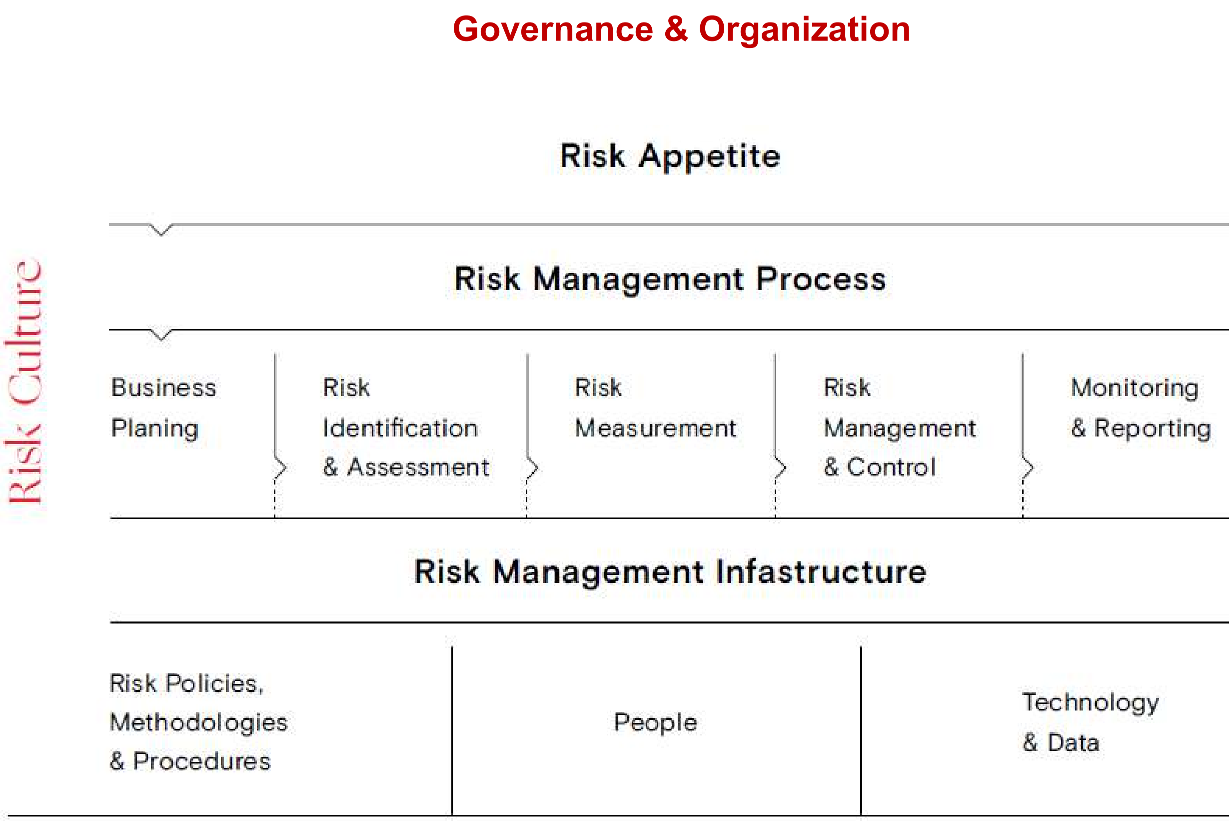
1/ Minimum capital requirement ratio, according to the BOT's notification No. SorNorSor 12/2555.

2/ Minimum capital requirement and capital buffer ratio as accordance to BOT's Notification No. SorNorSor 12/2555 Re: the BOT required the Commercial Banks to gradually increase capital conservation buffer of 0.625% per annum, starting from January 1, 2016 until it reaches 2.5% in January 1, 2019.

4. Risk Management Overview

CIMB Thai employs the Enterprise-Wide Risk Management (EWRM) framework as the standardised approach to effectively manage its risks and opportunities. The framework provides the Board of Directors (BOD) and the management with a tool to anticipate and manage both the existing and potential risks, taking into consideration the changing risk profiles as dictated by changes in business strategies, external environments and/or regulatory criteria.

Key components of the EWRM framework are presented below:



Risk Culture: The Bank embraces risk management as an integral part of its culture and decision-making processes. The Bank's risk management philosophy is embodied in the Three Lines of Defense approach, whereby risks are managed at the point of risk-taking activity. There is clear accountability of risk ownership across the Bank.

Governance & Organisation: A strong governance structure is important to ensure an effective and consistent implementation of the Bank's EWRM framework. The BOD is ultimately responsible for the Bank's strategic direction, which is supported by the risk appetite and relevant risk management frameworks, policies and procedures. The BOD is assisted by various risk committees and control functions in ensuring that the Bank's risk management framework is effectively maintained.

Risk Appetite: It is defined as the amount and type of risks that the Bank is able and willing to accept in pursuit of its strategic and business objectives. Risk appetite is set in conjunction with the annual strategy and business planning process to ensure appropriate alignment between strategy, growth aspirations, operating plans, capital and business associated risks.

Risk Management Process

- **Business Planning**: Risk management is central to the business planning process, including setting frameworks for risk appetite, risk posture and new product/new business activities.
- **Risk Identification & Assessment**: Risks are systematically identified and assessed through the robust application of the Bank's risk policies, methodologies/standards, procedures/process guidelines.
- **Risk Measurement**: Risks are measured and aggregated using Bank-wide methodologies across each of the risk types, including stress testing.
- **Risk Management and Control:** Risk management limits and controls are used to manage risk exposures within the risk appetite approved by the BOD. Risk management limits and controls are regularly monitored and reviewed in the face of evolving business needs, market conditions and regulatory changes. Corrective actions are taken to mitigate risks.
- **Risk Monitoring and Reporting**: Risks on an individual as well as a portfolio basis are regularly monitored and reported to ensure they remain within the Bank's risk appetite.

Risk Management Infrastructure

- **Risk Policies, Methodologies/Standards and Procedures/Process Guidelines:** Well-defined risk policies by risk type provide the principles by which the Bank manages its risks. Methodologies/Standards provide specific directions that help support and enforce policies. Procedures/Process Guidelines provide more detailed guidance to assist the implementation of policies.
- **People:** Attracting the right talents and skills are key in ensuring a well-functioning EWRM framework. The organisation continuously evolves and proactively responds to the increasing complexity of the Bank's operations, as well as the economic and regulatory environments.

- **Technology and Data**: Appropriate technology and sound data management support risk management activities.

CIMB Thai focuses on sound and effective risk management principles to ensure not only the financial soundness and integrity but also sustainability of the organisation and that the returns must be commensurate with risks taken. The risks to which a bank is particularly exposed in the conduct of businesses are credit risk, market risk, liquidity risk, operational risk and strategic risk.

With regard to the risk management governance and oversight, the Board Risk Committee (BRC) was appointed by the BOD in 2014 to ensure independent and greater risk governance and accountability for all types of risks. Due to the close interrelation between Compliance and Risk Management, the BOD decided to expand roles and responsibilities of BRC to also have oversight on the Compliance function (in place of the Audit Committee (AC)) and changed the name of the committee to the Board Risk and Compliance Committee (BRCC) reporting directly to the BOD taking effect from September 2019. BRCC is composed of five members who are all BOD members.

In addition, the BOD has appointed the Risk Management Committee (RMC), reporting to BRCC, to oversee various risk areas and any related matters, such as credit risk, operational risk, reputation risk, capital risk (to comply with Basel regulatory requirements), etc. RMC is composed of members with relevant and seasoned experience and expertise. Its key responsibilities are to review and recommend to BRCC and BOD risk management policies and frameworks as well as to establish a corresponding governance structure which would ensure that not only risks are managed efficiently and effectively, but also decisions are made in a transparent manner. The Asset Quality Committee (AQC) has been appointed by BRCC with responsibilities to review and/or recommend for approval to the BOD/relevant committee (where necessary) and to approve and concur proposals, account plan and provision of accounts with problems or potential problems from non-retail business units within the Bank.

Risk Management has been established to act as a catalyst for the development and maintenance of sound risk management policies, strategies and procedures within the Bank. It provides functional support to BRCC, RMC, Credit Committee, Risk Management sub-committees and assists the Management in managing risks inherent to the Bank and its businesses. Risk Management is independent from other business units involved in risk taking transactions or activities. In addition, Special Assets Management has been established under Risk Management to take charge of managing credit quality concerned assets as well as providing advice to early manage clients with signs of credit quality deterioration.

There are 9 units in charge of the overall risk management of the Bank as follows:

1. **Risk Analytics and Infrastructure** main responsibilities are to design and develop appropriate database for risk management, control, monitor and overall risk reporting including Basel regulatory compliance for integrated & capital risks.

2. **Non-Retail Credit Risk Management** is responsible to prepare Credit Risk Memorandum to provide comment and recommendation on credit applications submitted by Non-retail Business Units to support Credit Committee member or Joint Delegated Authority Holders in their credit decision making.

3. **Retail Credit Risk Management** is responsible to monitor and prepare Asset Quality Report of retail loan of the Bank and subsidiaries in the financial group in order to clearly identify and understand the respective portfolio's risk drivers across relevant credit cycle and to analyse and reporting of the risk profile to relevant committees of the Bank.

4. **Special Assets Management** is responsible to manage non-retail's distressed assets which comprise of direct account management of distressed accounts with Risk Rating 14A or worse, Proper recovery strategy, i.e. restructuring or legal proceedings, is to be determined and proposed once the account is transferred. And management of NPAs, which includes properties, obtained via debt to assets swap and closed branches. Beside maintenance of NPAs to be ready for disposal, clear marketing plan and approach are to be set up for disposal of NPAs to enhance efficient use of the bank's resources and capital, and must be in accordance with both local and group regulations.

5. **Operational Risk Management** is responsible to study, review, monitor and develop Operational Risk Framework and plan to be in line with the Bank of Thailand Policy Statement and the Bank's business plan.

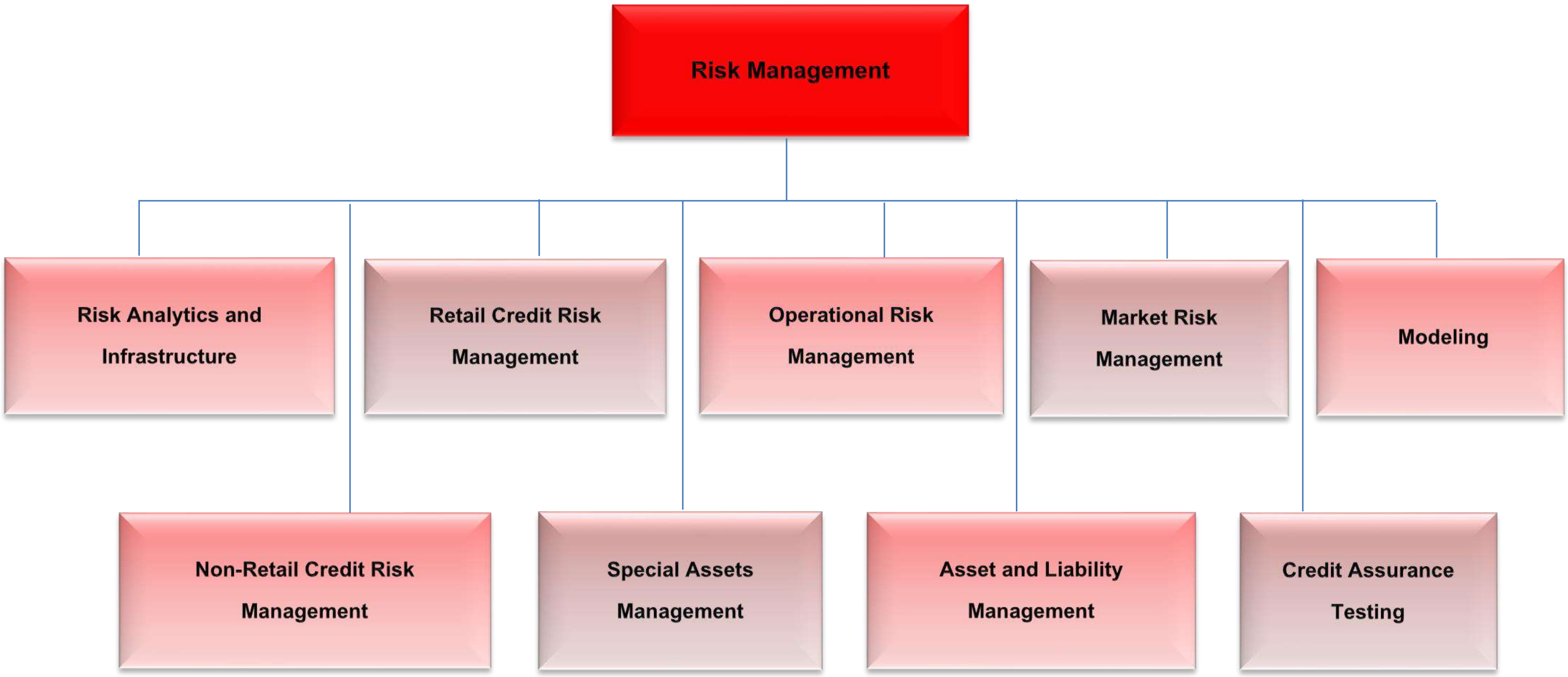
6. **Market Risk Management** is responsible to analyse and identify market risk in trading activities, to evaluate market risk position and monitor on approved Market Risk Limits and report to Management and relevant units and to perform Escalation Procedure per Bank's policy.

7. **Asset and Liability Management** is responsible to measure, monitor, and control the liquidity risk and IRRBB under the Asset Liability Management Committee (‘ALCO”)’s or BOD’s policies.

8. **Credit Assurance Testing** is responsible to perform a role that serves to strengthen the Second Line of Defense by focusing on the review of the quality of credit decision rationale based on selected samples of non-retail portfolio and report Assurance Testing findings together with recommendations for appropriate actions (where applicable) to relevant authorities.

9. **Modeling** is responsible for developing internal rating and scoring models and closely monitoring the performance of the rating and scoring models to ensure relevance to current market conditions and integrity of ratings.

Risk Management Organization



5. Risk assessment for each risk

5.1 Strategic Risk

Strategic risk is the risk of losses as a result of insufficient consideration of possible threats to the Bank's activities, insufficiently substantiated prospective business where the Bank could gain advantage over its competitors, or lacking or incomplete provision of necessary resources and organisational measures that are required to achieve strategic objectives.

The major goal of strategic risk management is to maintain the risks taken by the Bank at the levels determined in accordance with its strategic tasks and to ensure safety of assets and capital by minimisation of possible losses. The Bank defines risk appetite subject to approval by the BOD. It uses the following strategic risk management methods, i.e. business planning, financial planning, monitoring of approved plan implementation, market analysis, SWOT analysis and readjustment of plans where necessary. Senior management and the BOD are closely involved and engaged throughout the formulation process. Subsequent to the implementation stage, the BOD and designated Management Committee regularly monitor and review actual results against the targets and plans.

5.2 Credit Risk

5.2.1 Credit Risk Management

Credit risk arises from clients or counterparties who are not able to or are not willing to fulfill their contractual obligations under loan agreements or other credit facility agreements. Credit risk results in the deterioration of credit quality and affects the Bank's profitability and capital fund. The underlying objective of credit risk management at the Bank is to create value for shareholders by ensuring that the revenue is generated in balance with the acceptable credit risk appetite. Under the credit risk management policy, the Bank has put in place credit risk management process, techniques and controls to maintain a check and balance system with clearly defined responsibilities for relationship managers, credit analysts, credit evaluators, credit approvers and risk management officers. The risk management framework for the Bank and its subsidiaries has continued to be enhanced to support our business and to ensure the overall adherence to the risk management policy of the Bank and CIMB Group.

The Bank has continuously reviewed and improved risk assessment tools for different types of clients and in line with the growth of portfolios. The tools include corporate rating model developed and implemented for corporate clients, SME Rating Model for SME clients, Life Insurance Model and General Insurance Model for life & non-life bancassurance customers, specialised lending rating models such as Project Finance (PF) Model, Income Producing Real Estate (IPRE) for specialised customer groups, a new credit underwriting tools for small SME clients implemented in the year, and credit scoring tools and system for retail, secured and unsecured loans as well as hire purchase. Credit rating and credit scoring tools are implemented in work systems to ensure efficiency of rating/scoring and model performance monitoring. Moreover, the Bank has also put in place Acquisition Quality Trigger (AQT) to closely monitor the quality of new acquisition of retail customers more effectively.

The Bank determines and reviews risk appetite or acceptable risk level considering the forecasted economy in each year in order to be the guideline of business expansion and management. Risk appetite has been monitored on a monthly basis and reported to RMC, BRCC, and the BOD.

- **Credit Approval**

The Bank has two approval processes for non-retail credits, i.e. Credit Committee and Joint Delegation Authority (JDA) of Risk Management and Business Unit.

JDA approval level is determined by group exposure, global group rating, and loan-to-collateral value to help shorten the approval process, and alleviate Credit Committee's burden. In case that the customer's criteria does not fall into the matrix, approval by Credit Committee shall be sought.

- **Non-performing Loan (NPL)**

Non-performing loan (NPL) is one of the key risks affecting profitability and capital adequacy of the Bank. As such, we closely and prudently monitor and manage NPL, thus allowing for maintaining of adequate provisions for bad debts. In addition, as a pre-emptive measure, problem accounts are proactively monitored and managed before they turn into NPL. For portfolio risk management, particular attention is given to credit concentration risks by imposing appropriate risk limits, i.e. country risk limits, internal lending limits and business sector limits with RAG (Red, Amber & Green) indicators used to monitor concentration risk as well as to provide a better visual guidance to credit granting decision, i.e. Red – "Restricted," Amber – "Selective," and Green – "Grow." The Bank also performs stress tests on credit risk to evaluate the impact on the Bank in the event of unfavorable economic and financial conditions, in both plausible scenario and extreme scenario.

In addition, the Bank has set policies and procedures for credit risk to prevent and minimize risk that may occur in the future, which can be summarizes as follows:

- **Debt Monitoring Guidelines and Follow-up Procedures**

The Bank has set up the guidelines for closely managing and monitoring watch-list and problem loan accounts in order to speedily resolve its problem loans and standardise the problem loan monitoring process. The guidelines prescribe a monitoring process for watch-list accounts, special mentioned and substandard or worse accounts and the guidelines will be revised periodically to ensure their effectiveness and relevance. In addition to mandatory debt classification in accordance with the Bank of Thailand's guidelines, the Bank has established additional qualitative criteria for early classification of debt with signs of deterioration prior to default. For pre-NPL accounts to be effectively managed, the early warning process and early warning indicators have been set up as guidelines for relationship managers to take early action in identifying accounts with potential problem and develop proper action plan to timely solve the problem so that risk to the Bank can be mitigated. The accounts with potential problems are put under watch list classified by degree of their problem and risk level into three groups, i.e. watch list – low, watch list – medium and watch list – high. The accounts under watch list – low remain under normal class while those under watch list – medium and high are classified as special mentioned. These watch list accounts as well as NPL accounts with exposure more than THB 10 million are regularly reported to Asset Quality Committee (AQC) on a monthly basis.

AQC was set up to closely monitor development of those watch list accounts, NPL accounts and any other accounts requiring close attention, provide guidance, approve or recommend recovery actions to be taken for those watch list and NPL accounts so that the Bank can effectively manage both potential problem loans and problem loans comprising debt classification, provisioning, and recovery actions to minimise loss and maximise recovery for the Bank.

Moreover, the Bank has revamped the policies in relation to non-performing loan (NPL) and non-performing asset (NPA) management and guidelines to determine valuation for disposition based on discounted cash flow and fair market value to enhance transparency and openness to examination while also minimising loss for the Bank.

- **Debt Structuring Policy**

The Bank has established a policy to undertake debt restructuring for borrowers who have cooperated with the Bank as well as have had potential to comply with the conditions newly agreed upon. The objective of the policy is to ensure that the Bank and the borrowers have mutually benefited from the debt restructuring, that is, the Bank has opportunity to maximise recovery or minimise potential loss, while the borrowers are able to continue their business operation with incurrence of some loss on their part. The Bank will restructure debts in accordance with the Bank of Thailand's regulations and the task will be carried out prudently and in a way that does not avoid the requirements regarding debt reclassification, additional provisioning and suspension of income recognition of accrued interest.

Debt restructuring is undertaken taking into consideration the criteria, process and method provided for debt restructuring process, covering debtor analysis, approval, preparation of agreement, follow-up and assessment. Such process must be in compliance with the applicable rules and regulations of the authorities and the Bank. The responsibility for coordinating debt restructuring activities lies primarily with the internal work units of the Bank. However, a certified and experienced third party specialised in this area may be assigned to provide financial advisory services or undertake debt restructuring for the Bank. However, debt restructuring conditions are subject to approval of the Board of Directors, or the Credit Committee, or the Asset Quality Committee, or other persons as authorised by the Bank.

- **Policy on Asset Classification and Loan Loss Provision**

The Bank has complied with the Bank of Thailand's regulations which require asset classification and loan loss provision at the rate for each asset category as prescribed by Bank of Thailand Notification No. SorNorSor. 5/2559 regarding criteria for debt classification and provisioning of financial institutions, dated 10 June 2016 or as may be amended by the Bank of Thailand from time to time. However, the Bank's internal guidelines are more stringent than the regulatory requirements, with combination of the qualitative and quantitative criteria prescribed by the Bank of Thailand, and prudent adoption of a final classification which is based on the weaker result of the two sets of criteria to reflect real risk level of the debtor.

In addition to specific provision, the Bank may set aside general provision as appropriate in order to be a buffer against any unexpected losses from economic cycle, etc.

For subsidiaries in the financial group who operate in hire-purchase business, CIMB Thai Auto Co., Ltd. and World Lease Co., Ltd, their loan classification will be based on the BOT's guideline. However, if there is any proven sign of deteriorate in obligor's ability of payment loan classification will be immediately switched to base on qualitative criteria.

For the calculation of capital adequacy to risk weighted assets by using SA approach both Bank level and Full Consolidated level. The provisions to be set aside for assets and off-balance sheet items shall be classified as follows:

- **General Provision** Refers to the provision for assets classified as Pass and can be counted as Tier 2 capital but excluding any provision held against assets classified as Pass which is already counted as specific provision, the Bank shall set loan loss provision at 1% of net loan outstanding after deducting collateralized assets.
- **Specific Provision** consists of assets classified as special mention which the loan loss provision shall be set at 2% of net loan outstanding after deducting collateralised assets and loan loss provision for assets classified as substandard, doubtful and doubtful of loss, to be set at 100% of the gap between loan outstanding and present value of expected cash flow from receivables or expected cash flow from disposal of the collateralised assets. Where the discount rate and number of period for collateral disposal are in accordance with BOT's guideline. Including allowance for revaluation of debt and equity securities held for trading and available for sale and allowance for impairment.

- **Definition of Default and Impairment of Assets**

1. Default of Payment

The Bank set Accounting Policy related to Income Recognition whenever customers had overdue accrued interest income for more than three months since the due date or when there is uncertainty of debt payment. The Bank will cease income recognition on an accrual basis and reverses interest income on such loans which the Bank already recognized interest income in order to comply with the Bank of Thailand's notification and record income recognition on a cash basis instead. The Bank continues its income recognition on an accrual basis when the entire amount of the principal and overdue interest has been paid.

The Bank recognises interest income on restructured loans on an accrual basis, 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.

2. Impairment of assets

The Bank will review for impairment whenever events or changes in circumstances indicate that the recoverable amount may be significantly lower than carrying amount for a long period.

- **Policy for Intra-Group Transaction of the Financial Group**

For good governance, the Bank has established Intra-Group Transaction Policy to provide guidelines for efficient risk management of intra-group transactions to identify, measure, control and monitor risks that may arise from intra-group transactions.

The Policy is also to ensure that intra-group transactions of the financial group are in compliance with the Bank of Thailand's regulations, i.e. the same procedures for normal customer transactions also apply to inter-group transactions, legally enforceable documents are executed and terms and conditions are the same as those agreed upon with normal customers of the same risk level, etc.

Table 4 Outstanding of on-balance sheet assets and off-balance sheet items before credit risk mitigation

Unit: Baht million

As at	Consolidated		Bank-Only	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
1. On-balance sheet assets	366,495	338,469	358,790	331,758
1.1 Net loans [1/]	232,775	218,684	225,286	212,079
1.2 Net investments in debt securities [2/]	86,704	92,082	86,704	92,082
1.3 Deposits (including accrued interests)	3,557	4,307	3,341	4,201
1.4 Derivative assets	43,459	23,396	43,459	23,396
2. Off-balance sheet items [3/]	3,710,588	4,006,962	3,712,738	4,009,112
2.1 Aval of bills, financial guarantees and letter of credits	605	1,465	2,755	3,615
2.2 OTC derivatives [4/]	3,688,546	3,978,745	3,688,546	3,978,745
2.3 Undrawn committed line	21,437	26,752	21,437	26,752

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

[2/] Including investment in loan, which excluding accrued interests and net of revaluation allowances for securities and impairment allowances for securities

[3/] before credit conversion factor

[4/] Including equity-related derivatives

Table 5 Outstanding of on-balance sheet assets and off-balance sheet items before credit risk mitigation classified by country or geographic area of debtors

Consolidated

Unit: Baht million

As at	Dec 31, 2019								
	On-balance sheet assets					Off-balance sheet items [3/]			
	Total	Net loans [1/]	Net investments in debt securities [2/]	Deposits (including accrued interests)	Derivative assets	Total	Aval of bills, financial guarantees and letter of credits	OTC derivatives [4/]	Undrawn committed line
1. Thailand	351,278	236,793	86,602	2,140	25,743	1,633,994	605	1,612,005	21,384
2. Asia Pacific (excluding Thailand)	7,810	642	102	777	6,289	430,141	-	430,088	53
3. North America and Latin America	5,549	-	-	563	4,986	735,812	-	735,812	-
4. Africa and Middle East	17	-	-	-	17	9,389	-	9,389	-
5. Europe	6,479	-	-	55	6,424	901,252	-	901,252	-
6. Oceania	1,076	1,054	-	22	-	-	-	-	-
Total	372,209	238,489	86,704	3,557	43,459	3,710,588	605	3,688,546	21,437
Less General provision	(5,714)	(5,714)	-	-	-	-	-	-	-
Total	366,495	232,775	86,704	3,557	43,459	3,710,588	605	3,688,546	21,437

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

[2/] Including investment in loan, which excluding accrued interests and net of revaluation allowances for securities and impairment allowances for securities

[3/] before credit conversion factor

[4/] including equity-related derivatives

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Consolidated

Unit: Baht million

As at	Dec 31, 2018								
	On-balance sheet assets					Off-balance sheet items [3/]			
	Total	Net loans [1/]	Net investments in debt securities [2/]	Deposits (including accrued interests)	Derivative assets	Total	Aval of bills, financial guarantees and letter of credits	OTC derivatives [4/]	Undrawn committed line
1. Thailand	330,417	221,766	92,082	3,253	13,316	1,651,318	1,465	1,623,150	26,703
2. Asia Pacific (excluding Thailand)	4,883	742	-	668	3,473	586,008	-	585,959	49
3. North America and Latin America	4,070	804	-	357	2,909	840,458	-	840,458	-
4. Africa and Middle East	-	-	-	-	-	11,960	-	11,960	-
5. Europe	3,718	-	-	20	3,698	917,218	-	917,218	-
6. Oceania	1,154	1,145	-	9	-	-	-	-	-
Total	344,242	224,457	92,082	4,307	23,396	4,006,962	1,465	3,978,745	26,752
Less General provision	(5,773)	(5,773)	-	-	-	-	-	-	-
Total	338,469	218,684	92,082	4,307	23,396	4,006,962	1,465	3,978,745	26,752

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

[2/] Including investment in loan, which excluding accrued interests and net of revaluation allowances for securities and impairment allowances for securities

[3/] before credit conversion factor

[4/] including equity-related derivatives

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Bank-Only

Unit: Baht million

As at	Dec 31, 2019								
	On-balance sheet assets					Off-balance sheet items [3]			
	Total	Net loans [1]	Net investments in debt securities [2]	Deposits (including accrued interests)	Derivative assets	Total	Aval of bills, financial guarantees and letter of credits	OTC derivatives [4]	Undrawn committed line
1. Thailand	342,941	228,672	86,602	1,924	25,743	1,636,144	2,755	1,612,005	21,384
2. Asia Pacific (excluding Thailand)	7,810	642	102	777	6,289	430,141	-	430,088	53
3. North America and Latin America	5,549	-	-	563	4,986	735,812	-	735,812	-
4. Africa and Middle East	17	-	-	-	17	9,389	-	9,389	-
5. Europe	6,479	-	-	55	6,424	901,252	-	901,252	-
6. Oceania	1,076	1,054	-	22	-	-	-	-	-
Total	363,872	230,368	86,704	3,341	43,459	3,712,738	2,755	3,688,546	21,437
Less General provision	(5,082)	(5,082)	-	-	-	-	-	-	-
Total	358,790	225,286	86,704	3,341	43,459	3,712,738	2,755	3,688,546	21,437

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

[2] Including investment in loan, which excluding accrued interests and net of revaluation allowances for securities and impairment allowances for securities

[3] before credit conversion factor

[4] including equity-related derivatives

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Bank-Only

Unit: Baht million

As at	Dec 31, 2018								
	On-balance sheet assets					Off-balance sheet items [3/]			
	Total	Net loans [1/]	Net investments in debt securities [2/]	Deposits (including accrued interests)	Derivative assets	Total	Aval of bills, financial guarantees and letter of credits	OTC derivatives [4/]	Undrawn committed line
1. Thailand	323,203	214,658	92,082	3,147	13,316	1,653,468	3,615	1,623,150	26,703
2. Asia Pacific (excluding Thailand)	4,883	742	-	668	3,473	586,008	-	585,959	49
3. North America and Latin America	4,070	804	-	357	2,909	840,458	-	840,458	-
4. Africa and Middle East	-	-	-	-	-	11,960	-	11,960	-
5. Europe	3,718	-	-	20	3,698	917,218	-	917,218	-
6. Oceania	1,154	1,145	-	9	-	-	-	-	-
Total	337,028	217,349	92,082	4,201	23,396	4,009,112	3,615	3,978,745	26,752
Less General provision	(5,270)	(5,270)	-	-	-	-	-	-	-
Total	331,758	212,079	92,082	4,201	23,396	4,009,112	3,615	3,978,745	26,752

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

[2/] Including investment in loan, which excluding accrued interests and net of revaluation allowances for securities and impairment allowances for securities

[3/] before credit conversion factor

[4/] including equity-related derivatives

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Table 6 Outstanding of on-balance sheet assets and off-balance sheet items before credit risk mitigation classified by the remaining maturity

Unit: Baht million

As at	Consolidated							
	Dec 31, 2019				Dec 31, 2018			
	Maturity not exceeding 1 year	Maturity exceeding 1 year	General provision	Total	Maturity not exceeding 1 year	Maturity exceeding 1 year	General provision	Total
1. On-balance sheet assets	63,001	309,208	(5,714)	366,495	75,315	268,927	(5,773)	338,469
1.1 Net loans [1/]	39,901	198,288	(5,714)	232,775	43,745	180,712	(5,773)	218,684
1.2 Net investments in debt securities [2/]	7,919	78,785	-	86,704	16,543	75,539	-	92,082
1.3 Deposits (including accrued interests)	3,557	-	-	3,557	4,307	-	-	4,307
1.4 Derivative assets	11,624	31,835	-	43,459	10,720	12,676	-	23,396
2. Off-balance sheet items [3/]	2,070,244	1,640,344	-	3,710,588	2,530,353	1,476,609	-	4,006,962
2.1 Aval of bills, financial guarantees and letter of credits	605	-	-	605	1,465	-	-	1,465
2.2 OTC derivatives [4/]	2,058,363	1,630,183	-	3,688,546	2,507,771	1,470,974	-	3,978,745
2.3 Undrawn committed line	11,276	10,161	-	21,437	21,117	5,635	-	26,752

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

[2/] Including investment in loan, which excluding accrued interests and net of revaluation allowances for securities and impairment allowances for securities

[3/] before credit conversion factor

[4/] including equity-related derivatives

Unit: Baht million

As at	Bank-Only							
	Dec 31, 2019				Dec 31, 2018			
	Maturity not exceeding 1 year	Maturity exceeding 1 year	General provision	Total	Maturity not exceeding 1 year	Maturity exceeding 1 year	General provision	Total
1. On-balance sheet assets	78,166	285,706	(5,082)	358,790	80,315	256,713	(5,270)	331,758
1.1 Net loans [1/]	55,282	175,086	(5,082)	225,286	48,851	168,498	(5,270)	212,079
1.2 Net investments in debt securities [2/]	7,919	78,785	-	86,704	16,543	75,539	-	92,082
1.3 Deposits (including accrued interests)	3,341	-	-	3,341	4,201	-	-	4,201
1.4 Derivative assets	11,624	31,835	-	43,459	10,720	12,676	-	23,396
2. Off-balance sheet items [3/]	2,072,394	1,640,344	-	3,712,738	2,530,353	1,478,759	-	4,009,112
2.1 Aval of bills, financial guarantees and letter of credits	2,755	-	-	2,755	1,465	2,150	-	3,615
2.2 OTC derivatives [4/]	2,058,363	1,630,183	-	3,688,546	2,507,771	1,470,974	-	3,978,745
2.3 Undrawn committed line	11,276	10,161	-	21,437	21,117	5,635	-	26,752

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

[2/] Including investment in loan, which excluding accrued interests and net of revaluation allowances for securities and impairment allowances for securities

[3/] before credit conversion factor

[4/] including equity-related derivatives

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Table 7 Outstanding of loans including accrued interests and investments in debt securities before credit risk mitigation classified by country or geographic area of debtors and by asset classification specified by the Bank of Thailand

Consolidated

Unit: Baht million

As at	Dec 31, 2019						
	Loans including accrued interests [1/]						Investment in debt securities *
	Pass	Special mentioned	Sub standard	Doubtful	Doubtful of loss	Total	Doubtful loss
Thailand	218,405	12,324	3,418	1,575	5,991	241,713	-
Asia Pacific (exclude Thailand)	325	-	-	-	317	642	-
North America and Latin America	-	-	-	-	-	-	-
Africa and Middle East	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-
Oceania	1,054	-	-	-	-	1,054	-
Total	219,784	12,324	3,418	1,575	6,308	243,409	-

* Including Investment in loan

[1/] Including loans and accrued interest of interbank and money market items

Unit: Baht million

As at	Dec 31, 2018						
	Loans including accrued interests [1/]						Investment in debt securities *
	Pass	Special mentioned	Sub standard	Doubtful	Doubtful of loss	Total	Doubtful loss
Thailand	204,386	12,614	2,693	2,305	4,401	226,399	-
Asia Pacific (exclude Thailand)	420	-	-	-	508	928	-
North America and Latin America	804	-	-	-	-	804	-
Africa and Middle East	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-
Oceania	1,145	-	-	-	-	1,145	-
Total	206,755	12,614	2,693	2,305	4,909	229,276	-

* Including Investment in loan

[1/] Including loans and accrued interest of interbank and money market items

Bank-Only

Unit: Baht million

As at	Dec 31, 2019						
	Loans including accrued interests [1/]						Investment in debt securities *
	Pass	Special mentioned	Sub standard	Doubtful	Doubtful of loss	Total	Doubtful loss
Thailand	215,600	7,061	2,877	1,572	5,986	233,096	-
Asia Pacific (exclude Thailand)	325	-	-	-	317	642	-
North America and Latin America	-	-	-	-	-	-	-
Africa and Middle East	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-
Oceania	1,054	-	-	-	-	1,054	-
Total	216,979	7,061	2,877	1,572	6,303	234,792	**-**

* Including Investment in loan

[1/] Including loans and accrued interest of interbank and money market items

Unit: Baht million

As at	Dec 31, 2018						
	Loans including accrued interests [1/]						Investment in debt securities *
	Pass	Special mentioned	Sub standard	Doubtful	Doubtful of loss	Total	Doubtful loss
Thailand	201,351	8,578	2,327	2,302	4,399	218,957	-
Asia Pacific (exclude Thailand)	420	-	-	-	508	928	-
North America and Latin America	804	-	-	-	-	804	-
Africa and Middle East	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-
Oceania	1,145	-	-	-	-	1,145	-
Total	203,720	8,578	2,327	2,302	4,907	221,834	**-**

* Including Investment in loan

[1/] Including loans and accrued interest of interbank and money market items

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Table 8 Provisions (General provision and Specific provision) and bad debt write-offs for loans including accrued interests and investments in debt securities classified by country or geographic area

Consolidated

Unit: Baht million

As at	Dec 31, 2019				Dec 31, 2018			
	Loans including accrued interests [1/]			Investment in debt securities Specific provision [3/]	Loans including accrued interests [1/]			Investment in debt securities Specific provision [3/]
	General provision [2/]	Specific provision	Write-off during period		General provision [2/]	Specific provision	Write-off during period	
Thailand		4,919	2,519	21		4,632	2,403	263
Asia Pacific (exclude Thailand)		-	-	-		186	-	-
North America and Latin America		-	-	-		-	-	-
Africa and Middle East		-	-	-		-	-	-
Europe		-	-	-		-	-	-
Oceania		-	-	-		-	-	-
Total	5,714	4,919	2,519	21	5,773	4,818	2,403	263

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

[2/] Disclosed in total amounts

[3/] Included Investment in loan

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Bank-Only

Unit: Baht million

As at	Dec 31, 2019				Dec 31, 2018			
	Loans including accrued interests [1/]			Investment in debt securities	Loans including accrued interests [1/]			Investment in debt securities
	General provision [2/]	Specific provision	Write-off during period	Specific provision [3/]	General provision [2/]	Specific provision	Write-off during period	Specific provision [3/]
Thailand		4,423	1,424	21		4,298	1,393	263
Asia Pacific (exclude Thailand)		-	-	-		186	-	-
North America and Latin America		-	-	-		-	-	-
Africa and Middle East		-	-	-		-	-	-
Europe		-	-	-		-	-	-
Oceania		-	-	-		-	-	-
Total	5,082	4,423	1,424	21	5,270	4,484	1,393	263

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

[2/] Disclosed in total amounts

[3/] Included Investment in loan

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Table 9 Outstanding of loans including accrued interests * before credit risk mitigation classified by type of business and by asset classification specified by the Bank of Thailand

Consolidated

Unit: Baht million

As at	Dec 31, 2019					
	Pass	Special mentioned	Substandard	Doubtful	Doubtful of loss	Total
Agricultural and mining	8,112	269	-	-	1	8,382
Manufacturing and commerce	33,767	2,904	512	908	3,237	41,328
Real estate and construction	14,919	390	844	9	208	16,370
Public utilities and services	22,402	1,366	688	10	629	25,095
Housing loans	74,179	1,589	627	565	1,949	78,909
Financial Intermediaries	11,159	-	-	-	-	11,159
Personal consumption	55,246	5,806	747	83	284	62,166
Total	**219,784**	**12,324**	**3,418**	**1,575**	**6,308**	**243,409**

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

Unit: Baht million

As at	Dec 31, 2018					
	Pass	Special mentioned	Substandard	Doubtful	Doubtful of loss	Total
Agricultural and mining	6,987	-	1	-	1	6,989
Manufacturing and commerce	36,212	3,712	597	1,414	2,873	44,808
Real estate and construction	12,437	890	158	27	337	13,849
Public utilities and services	26,910	1,916	737	64	583	30,210
Housing loans	68,437	1,464	607	717	883	72,108
Financial Intermediaries	7,712	-	-	-	-	7,712
Personal consumption	48,059	4,632	593	84	232	53,600
Total	**206,754**	**12,614**	**2,693**	**2,306**	**4,909**	**229,276**

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

Bank-Only

Unit: Baht million

As at	Dec 31, 2019					
	Pass	Special mentioned	Substandard	Doubtful	Doubtful of loss	Total
Agricultural and mining	8,112	269	-	-	1	8,382
Manufacturing and commerce	33,767	2,904	512	908	3,237	41,328
Real estate and construction	14,919	390	844	9	208	16,370
Public utilities and services	22,402	1,366	688	10	629	25,095
Housing loans	74,173	1,589	627	565	1,949	78,903
Financial Intermediaries	45,224	-	-	-	-	45,224
Personal consumption	18,382	543	206	80	279	19,490
Total	216,979	7,061	2,877	1,572	6,303	234,792

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

Unit: Baht million

As at	Dec 31, 2018					
	Pass	Special mentioned	Substandard	Doubtful	Doubtful of loss	Total
Agricultural and mining	6,987	-	1	-	1	6,989
Manufacturing and commerce	36,212	3,712	597	1,414	2,873	44,808
Real estate and construction	12,437	890	158	27	337	13,849
Public utilities and services	26,910	1,916	737	64	583	30,210
Housing loans	68,435	1,464	607	717	883	72,106
Financial Intermediaries	33,528	-	-	-	-	33,528
Personal consumption	19,212	596	226	80	230	20,344
Total	203,721	8,578	2,326	2,302	4,907	221,834

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

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Table 10 Provisions (general and specific provisions) and bad debt write-offs for loans and accrued interests * classified by type of business

Consolidated

Unit: Baht million

As at	Dec 31, 2019			Dec 31, 2018		
	General provision	Specific provision	Write-off during period	General provision	Specific provision	Write-off during period
Agricultural and mining		1	796		3	-
Manufacturing and commerce		2,525	179		2,607	254
Real estate and construction		158	398		335	-
Public utilities and services		382	1		446	-
Housing loans		998	14		677	3
Financial Intermediaries		-	-		-	-
Personal consumption		855	1,131		750	2,146
Total	5,714	4,919	2,519	5,773	4,818	2,403

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

Bank-Only

Unit: Baht million

As at	Dec 31, 2019			Dec 31, 2018		
	General provision	Specific provision	Write-off during period	General provision	Specific provision	Write-off during period
Agricultural and mining		1	796		3	-
Manufacturing and commerce		2,525	179		2,607	254
Real estate and construction		158	398		335	-
Public utilities and services		382	1		445	-
Housing loans		998	14		677	3
Financial Intermediaries		-	-		-	-
Personal consumption		359	36		417	1,136
Total	5,082	4,423	1,424	5,270	4,484	1,393

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

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Table 11 Reconciliation of changes in provisions (General provision and Specific provision) for loans including accrued interests *

Consolidated

Unit: Baht million

As at	Dec 31, 2019			Dec 31, 2018		
	General provision	Specific provision	Total	General provision	Specific provision	Total
Balance, beginning of year	5,773	4,818	10,591	4,410	5,576	9,986
Write-offs during the year	(5)	(2,514)	(2,519)	(11)	(2,392)	(2,403)
Increases/decreases of provisions during the year	(54)	2,615	2,561	1,374	1,634	3,008
Balance, end of year	5,714	4,919	10,633	5,773	4,818	10,591

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

Bank-Only

Unit: Baht million

As at	Dec 31, 2019			Dec 31, 2018		
	General provision	Specific provision	Total	General provision	Specific provision	Total
Balance, beginning of year	5,270	4,484	9,754	4,193	5,180	9,373
Write-offs during the year	(6)	(1,418)	(1,424)	(11)	(1,382)	(1,393)
Increases/decreases of provisions during the year	(182)	1,357	1,175	1,088	686	1,774
Balance, end of year	5,082	4,423	9,505	5,270	4,484	9,754

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

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Table 12 Outstanding of on-balance sheet assets and off-balance sheet items for credit risk under the SA approach classified by type of assets

Unit: Baht million

As at	Consolidated					
	Dec 31, 2019			Dec 31, 2018		
	On-balance sheet assets	Off-balance sheet items *	Total	On-balance sheet assets	Off-balance sheet items *	Total
1. Performing Assets	357,576	84,256	441,832	332,268	76,117	408,385
1.1 Debtors that are sovereigns and central banks, multilateral development banks (MDBs) and public sector entities (PSEs) whose risk weight is comparable to that of sovereigns	37,705	4,899	42,604	39,433	2,048	41,481
1.2 Debtors that are financial institutions, and public sector entities (PSEs) whose risk weight is comparable to that of financial institutions and securities companies	20,875	51,746	72,621	31,600	52,092	83,692
1.3 Debtors that are corporate and public sector entities (PSEs) whose risk weight is comparable to that of corporate entities	88,542	26,371	114,913	94,133	20,658	114,791
1.4 Retail	68,438	1,240	69,678	59,265	1,319	60,584
1.5 Residential mortgage loan	73,430	-	73,430	67,428	-	67,428
1.6 Other assets	68,586	-	68,586	40,409	-	40,409
2. Non-Performing Assets	6,462	170	6,632	5,184	198	5,382
Total	364,038	84,426	448,464	337,452	76,315	413,767

* Off-balance-sheet items (including Repo and Reverse Repo transactions) after multiplying with Credit Conversion Factor (CCF), net of specific provision

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Unit: Baht million

As at	Bank-Only					
	Dec 31, 2019			Dec 31, 2018		
	On-balance sheet assets	Off-balance sheet items *	Total	On-balance sheet assets	Off-balance sheet items *	Total
1. Performing Assets	350,259	86,406	436,665	326,349	78,267	404,616
1.1 Debtors that are sovereigns and central banks, multilateral development banks (MDBs) and public sector entities (PSEs) whose risk weight is comparable to that of sovereigns	37,703	4,899	42,602	39,433	2,048	41,481
1.2 Debtors that are financial institutions, and public sector entities (PSEs) whose risk weight is comparable to that of financial institutions and securities companies	20,659	51,746	72,405	31,494	52,092	83,586
1.3 Debtors that are corporate and public sector entities (PSEs) whose risk weight is comparable to that of corporate entities	122,293	28,521	150,814	119,649	22,808	142,457
1.4 Retail	26,645	1,240	27,885	26,699	1,319	28,018
1.5 Residential mortgage loan	73,423	-	73,423	67,426	-	67,426
1.6 Other assets	69,536	-	69,536	41,648	-	41,648
2. Non-Performing Assets	6,389	170	6,559	5,128	198	5,326
Total	356,648	86,576	443,224	331,477	78,465	409,942

* Off-balance-sheet items (including Repo and Reverse Repo transactions) after multiplying with Credit Conversion Factor (CCF), net of specific provision.

5.2.2 Credit Risk Rating

The Bank uses rating from External Credit Assessment Institutions (“ECAIs”) as permitted by Bank of Thailand for commercial banks to determine the risk weights of debtors under Standardised Approach (SA). For the debtors classified as claim on sovereign and financial institutions, the Bank shall determine the risk weight based on their Country Risk Rating issued by ECAIs or use the OECD's Country Risk Classification score (in case where there is no Country Risk Rating from ECAIs). For claim on corporate, the Bank shall determine the risk weight from the obligor’s rating issued by ECAIs which is in accordance with the criteria that the Bank notified to the Bank of Thailand.

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Table 13 Outstanding of on-balance sheet assets and off-balance sheet items * net of value of credit risk mitigation for each type of assets classified by risk weight under the SA Approach

Consolidated

Unit: Baht million

As at	Dec 31, 2019											
	Risk Weights for Exposures with Rating					Risk Weights for Exposures without Rating						
Risk weights	0%	20%	50%	100%	150%	0%	20%	35%	50%	75%	100%	150%
Performing Assets	58,674	15,371	21,126	19,441	175	103,492	254	70,394	-	71,590	81,314	-
1. Debtors that are sovereigns and central banks, multilateral development banks (MDBs) and public sector entities (PSEs) whose risk weight is comparable to that of sovereigns	58,663	-	211	-	118							
2. Debtors that are financial institutions, and public sector entities (PSEs) whose risk weight is comparable to that of financial institutions and securities companies	11	9,004	2,809	8,351	-							
3. Debtors that are corporate and public sector entities (PSEs) whose risk weight is comparable to that of corporate entities	-	6,367	18,106	11,090	57						75,180	
4. Retail										68,555	220	
5. Residential mortgage loan								70,394		3,035		
6. Other assets						103,492	254		-		5,914	
Non-Performing Assets [1/]	-	-	-	-	-	99	-	-	1,504	201	1,829	3,000
Total	58,674	15,371	21,126	19,441	175	103,591	254	70,394	1,504	71,791	83,143	3,000
Capital deduction prescribed by the BOT	2,233											

[1/] For the part with no CRM whose risk weights depend on the ratio of provisions to total exposures.

Consolidated

Unit: Baht million

As at	Dec 31, 2018											
	Risk Weights for Exposures with Rating					Risk Weights for Exposures without Rating						
Risk weights	**0%**	**20%**	**50%**	**100%**	**150%**	**0%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**
Performing Assets	69,837	14,979	17,796	16,692	129	74,835	268	63,965	-	62,794	87,090	-
1. Debtors that are sovereigns and central banks, multilateral development banks (MDBs) and public sector entities (PSEs) whose risk weight is comparable to that of sovereigns	69,830	-	211	-	76							
2. Debtors that are financial institutions, and public sector entities (PSEs) whose risk weight is comparable to that of financial institutions and securities companies	7	9,537	1,652	8,748	-							
3. Debtors that are corporate and public sector entities (PSEs) whose risk weight is comparable to that of corporate entities	-	5,442	15,933	7,944	53						81,055	
4. Retail										59,331	208	
5. Residential mortgage loan								63,965		3,463		
6. Other assets						74,835	268		-		5,827	
Non-Performing Assets [1/]	-	-	-	-	-	121	-	-	1,190	90	2,496	1,485
Total	69,837	14,979	17,796	16,692	129	74,956	268	63,965	1,190	62,884	89,586	1,485
Capital deduction prescribed by the BOT	1,881											

[1/] For the part with no CRM whose risk weights depend on the ratio of provisions to total exposures.

Bank-Only

Unit: Baht million

As at	Dec 31, 2019											
	Risk Weights for Exposures with Rating					Risk Weights for Exposures without Rating						
Risk weights	**0%**	**20%**	**50%**	**100%**	**150%**	**0%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**
Performing Assets	58,672	15,155	21,126	19,441	175	102,954	253	70,387	-	29,798	118,703	-
1. Debtors that are sovereigns and central banks, multilateral development banks (MDBs) and public sector entities (PSEs) whose risk weight is comparable to that of sovereigns	58,661	-	211	-	118							
2. Debtors that are financial institutions, and public sector entities (PSEs) whose risk weight is comparable to that of financial institutions and securities companies	11	8,788	2,809	8,351	-							
3. Debtors that are corporate and public sector entities (PSEs) whose risk weight is comparable to that of corporate entities	-	6,367	18,106	11,090	57						111,081	
4. Retail										26,762	220	
5. Residential mortgage loan								70,387		3,036		
6. Other assets						102,954	253		-		7,402	
Non-Performing Assets [1/]	-	-	-	-	-	99	-	-	1,444	201	1,819	2,997
Total	58,672	15,155	21,126	19,441	175	103,053	253	70,387	1,444	29,999	120,522	2,997
Capital deduction prescribed by the BOT	1,710											

[1/] For the part with no CRM whose risk weights depend on the ratio of provisions to total exposures.

Bank-Only

Unit: Baht million

As at	Dec 31, 2018											
	Risk Weights for Exposures with Rating					Risk Weights for Exposures without Rating						
Risk weights	0%	20%	50%	100%	150%	0%	20%	35%	50%	75%	100%	150%
Performing Assets	69,837	14,873	17,796	16,692	129	74,358	268	63,963	-	30,227	116,473	-
1. Debtors that are sovereigns and central banks, multilateral development banks (MDBs) and public sector entities (PSEs) whose risk weight is comparable to that of sovereigns	69,830	-	211	-	76							
2. Debtors that are financial institutions, and public sector entities (PSEs) whose risk weight is comparable to that of financial institutions and securities companies	7	9,431	1,652	8,748	-							
3. Debtors that are corporate and public sector entities (PSEs) whose risk weight is comparable to that of corporate entities	-	5,442	15,933	7,944	53						108,721	
4. Retail										26,764	208	
5. Residential mortgage loan								63,963		3,463		
6. Other assets						74,358	268		-		7,544	
Non-Performing Assets [1/]	-	-	-	-	-	121	-	-	1,147	90	2,486	1,482
Total	69,837	14,873	17,796	16,692	129	74,479	268	63,963	1,147	30,317	118,959	1,482
Capital deduction prescribed by the BOT	1,419											

[1/] For the part with no CRM whose risk weights depend on the ratio of provisions to total exposures.

5.2.3 Credit Risk Mitigation

The Bank's lending policies are the primary basis of assessing the creditworthiness is the borrower's ability to repay loan obligations, most often from cash flows generated through normal business operations and other primary sources of repayment. Nevertheless, collateral also represents an important component of many credit transactions because it will be the secondary source of repayment and will help alleviate loss in the event of default. Among the different types of collateral which the Bank accepts are deposits, government bond, debt and equity instruments, land, construction and machinery, etc. The loan-to-collateral value ratio will vary based upon the risk level of each credit product, the borrower's creditworthiness and liquidity of collaterals. The Bank has established a collateral valuation policy to ensure effective risk management as well as to comply with Bank of Thailand's guidelines. Once the collateral is taken, it is important to follow the Bank's policy regarding collateral price appraisal and price appraisal frequency.

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

- Financial collaterals: Financial collaterals comprising cash, deposits, bonds, treasury bills, etc., are used by the Bank for credit risk mitigation by the financial collateral simple method.
- On-balance sheet netting: The Bank has in place standard loan agreement which can be offset with deposits of the same contract party and global master repurchase agreement with repo-style transaction with any institutional counterparties.
- Credit guarantee and derivatives: The Bank capitalizes on guarantors for credit risk mitigation in case that the guarantor is government, central bank, governmental agencies, and financial institutions with lower risk weight than the debtor.

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Table 14 Outstanding of secured portion* for each type of assets under the SA approach classified by type of collateral

Unit: Baht million

As at	Consolidated				Bank-Only			
	Dec 31, 2019		Dec 31, 2018		Dec 31, 2019		Dec 31, 2018	
	Eligible financial collateral	Guarantee & credit derivatives	Eligible financial collateral	Guarantee & credit derivatives	Eligible financial collateral	Guarantee & credit derivatives	Eligible financial collateral	Guarantee & credit derivatives
Performing Assets	41,926	17,249	41,564	27,849	41,926	17,249	41,564	27,849
1. Debtors that are sovereigns and central banks, multilateral development banks (MDBs) and public sector entities (PSEs) whose risk weight is comparable to that of sovereigns	1,703	-	248	-	1,703	-	248	-
2. Debtors that are financial institutions, and public sector entities (PSEs) whose risk weight is comparable to that of financial institutions and securities companies	35,220	17,237	35,913	27,842	35,220	17,237	35,913	27,842
3. Debtors that are corporate and public sector entities (PSEs) whose risk weight is comparable to that of corporate entities	4,112	-	4,364	-	4,112	-	4,364	-
4. Retail	891	12	1,039	7	891	12	1,039	7
5. Residential mortgage loan	-	-	-	-	-	-	-	-
6. Other assets	-	-	-	-	-	-	-	-
Non-Performing Assets	2	97	3	118	2	97	3	118
Total	41,928	17,346	41,567	27,967	41,928	17,346	41,567	27,967

* Credit risk mitigation excludes securitization. Values after on-balance sheet and off-balance sheet netting.

5.3 Market Risk

Market risk is defined as any fluctuation in the market value of the trading transaction or investment exposure. Therefore, market risk occurs when the Bank undertakes transactions which are exposed to fluctuation in market parameters such as interest rates, foreign exchange rates, securities prices in capital and commodity markets, and may negatively affect both the revenue and capital position of the Bank. The Bank employs the market risk policy to ensure that the rules and procedures are in compliance with both the regulatory requirements and the Bank's policy. The Bank has a work unit, independent from risk originating units, to monitor and control market risk. It also regularly assesses and determines the capital reserves to buffer against market risk, which is compliant with the Bank of Thailand's regulations.

5.3.1 Market Risk in Trading Book

Market risk in trading book of the Bank and its financial group as follow:

1. Interest rate risk

Interest rate risks of transactions in the trading book are under the supervision of RMC under the framework prescribed by the BOD. The calculation of fair value for trading transactions is performed on a daily basis in order to monitor the mark-to-market profits and losses. Daily risk status reports are also independently produced by Risk Management work unit. The one basis point shift (PV01) limit, Greek limit, Value-at-Risk (VaR) limit and stop loss limit are set to control the risks associated with movements in interest rates which might affect the revenue and capital reserves of the Bank.

2. Foreign exchange risk

In managing risk from changes in foreign exchange and maintaining risk at the level prescribed by the Bank's policy, the Bank tries to match the currency of the funding source with that of loans, or to employ derivative instruments for foreign exchange risk hedging. Risk limits are determined by product and risk type using approaches such as FX net open position limit, Greek limit, Value-at-Risk (VaR) limit and stop loss limit. Daily mark-to-market on the foreign exchange is also conducted. Furthermore, stress testing is periodically conducted the results of which are thoroughly analysed.

3. **Market risk of equity securities and commodity related transactions**

The Bank does not invest in trading equity securities other than investments in subsidiaries or affiliated companies, common shares as resulted from loan restructuring, and certain property funds which have high potential return and sound management. For commodity derivatives, the Bank fully hedges against the commodity risk on a back-to-back basis, thereby market risk exposure on trading equity securities or commodities has never been materialised.

4. **Market risk of other market risk underlyings**

The Bank offers structured products to be alternative investments for clients. However, if the market risk underlyings are not interest rate risk or foreign exchange risk, the Bank will fully hedge against such market risk underlyings. Therefore, the market risk exposure from other market risk underlyings has materialized.

Minimum capital requirement for market risk in trading book

Currently, the Bank uses Standardised Approach for calculating the minimum capital requirement for market risk in trading book for both Bank level and Full Consolidated level. Details of market risk capital as at 31 December 2019 and 30 June 2019 are as follows:

Table 15 Minimum Capital Requirement for each type of market risk under SA Approach

Unit: Baht million

Minimum Capital Requirement for Market Risk	Consolidated		Bank only	
	Dec 31, 2019	Jun 30, 2019	Dec 31, 2019	Jun 30, 2019
1. Interest rate risk	3,368	3,190	3,368	3,190
2. Equity price risk	-	-	-	-
3. Foreign exchange rate risk	107	138	107	138
4. Commodity price risk	-	-	-	-
Total minimum capital requirements for market risk by SA	3,476	3,328	3,476	3,328

5.3.2 Interest rate risk in banking book

Interest rate risk in banking book (IRRBB) normally arises when the repricing and/or maturity schedule of assets, liabilities and off balance sheet positions are not matched, or when the movements of reference interest rates on assets and liabilities are not correlated, negatively affecting net interest income (NII) and/or economic value of equity (EVE).

Primary factors affecting the trend and the level of interest rates include macroeconomic conditions and inflation rates, as well as the monetary policies adopted by the Bank of Thailand and central banks of major countries that may directly affect the trend and level of interest rates or affect the movement of international capital flows and subsequently affect interest rates. Moreover, competition among banks to increase or maintain market share on deposits and loans may also narrow the Bank's net interest income (NII).

The Bank manages the exposure of fluctuations in interest rates through policies established by ALCO. IRRBB undertaken by the Bank is governed by an established risk appetite that defines the acceptable level of risk to be assumed by the Bank. The risk appetite is established by the BOD. ALCO is the BOD's delegated committee which reports to the BRCC. With the support from ALM under Risk Management and Capital and Balance Sheet Management (CBSM) under Finance. ALCO is responsible for the review and monitoring of the balance sheet, business and hedging strategies, the overall interest rate risk profile and ensuring that such risk profile is within the established risk appetite. Treasury&Markets is responsible for day-to-day management of exposure and gapping activities, including execution of hedging strategies.

IRRBB is measured by Economic Value of Equity (EVE) sensitivity which measures the long-term impact of sudden interest rate movement across the full maturity spectrum of the Bank's assets and liabilities. It defines and quantifies interest rate risk as the charge on the economic value of equity (e.g. resent value of potential future earnings and capital) as asset portfolio values and liability portfolio value would rise and fall with changes in interest rates. This measure helps the Bank to quantify the risk and impact on capital with the focus on current banking book positions. The Bank's EVE sensitivity is computed using the re-pricing gap analysis method to analyse the interest rate movement of assets and liabilities in different time periods.

The Management Action Triggers (MATs) are set as a pre-emptive measure to control risk arising from the effect on NII effect as well as EVE sensitivity. The analytical results of NII and EVE are reported to ALCO, RMC, BRCC and BOD on a monthly basis.

The Bank manages interest rate risk by adjusting the assets and liabilities structure to be in line with forecast interest rate trends, taking into consideration the changes in NII and EVE. Results of the stress testing are used to determine alternative balance sheet strategies to be more suited to the business environment in order to achieve the business return target under acceptable level of risk.

Table 16 Impact of interest rate change* on net earnings

Unit: Baht million

Currency	Consolidated		Bank only	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
THB	(377)	(363)	(321)	(347)
USD	83	81	83	81
EUR	1	1	1	1
Others	4	8	4	8
Total impact of interest rate change	(289)	(273)	(233)	(257)
% of Target Net interest income	-2.4%	-3.4%	-2.7%	-3.2%

* Under assumption of interest rate increase of 100 bps

5.3.3 **Equity Investment in the Banking Book**

The Bank has no policy to increase investment in equity securities. The current exposures of equity investment are from a result of Mergers & Acquisitions which is an insignificant amount.

Accounting policies used for assessing the fair market value of equity investments are as follows:

- Investments in marketable equity securities, presenting fair market values by referencing to the last bid prices quoted on the Stock Exchange of Thailand on the last business day of the period.
- Non-marketable equity securities are classified as general investments and presenting the value at cost after deducting allowance for impairment.
- Investments in subsidiaries for Bank level, the accounting entry shall be recorded by using cost method deducting allowance for impairment. For Full Consolidated level, the accounting entry shall be recorded by using equity method deducting allowance for impairment.

Details of Equity exposures in the banking book, both Bank level and Full Consolidated level for the position as at 31 December 2019 and 2018 are as follows:

Table 17 Equity exposures in the Banking Book

Unit: Baht million

Equity exposures	Consolidated		Bank-Only	
	Dec 31, 2019	Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
1. Equity exposures				
1.1 Equities listed and publicly traded on secondary market				
➢ Cost value	66	66	66	66
➢ Market value	63	60	63	60
1.2 Other equities	256	256	2,464	2,464
2. Gains (losses) of sale of equities in the reporting period	2	3	2	3
3. Net surplus (deficit) from revaluation of AFS equities	-3	-6	-3	-6
4. Minimum capital requirements for equity exposures classified by SA approach	8	8	196	195

5.4 Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people, and systems, or from external events. Other risk factors include the lack of corporate governance and management incompetence. All these factors can negatively affect the Bank's financial performance and capital fund.

In order to effectively manage operational risks, the Bank has instituted appropriate policies and guidelines that not only bring the Bank in line with international standards, but also contribute to enhancing transparency and good governance. In this respect, RMC has been given the authority to establish policies and guidelines which correspond with international best practice and to make recommendations to the BOD or BRCC as delegated for approval and deployment as the Bank's policies and guidelines. To increase effectiveness, the Bank has also appointed Operational Risk Committee (ORC) to discuss, deliberate, assess and give advice on all issues relating to operational risks including fraud and covering key cause factors, such as human resource, process, system and external factors.

CIMB Thai's fundamental principle on operational risk is that the responsibility to manage operational risks associated with business ventures, products, services, and systems lines with line management and all staff performing the operations. Their responsibilities include compliance with all internal and external laws, regulations, policies and standards. In so doing, Risk and Control Officer (RCO)/Designated Compliance & Operational Risk Officer (DCORO) are appointed within each business unit to coordinate and assist in building the risk culture in own area and to ensure that operational risk management policies and procedures are well implemented and complied with.

Operational Risk Management is responsible for developing tools, system and process for identifying, assessing, controlling, reporting, and monitoring operational risks in compliance with the bank-wide operational risk policies, and international standards.

Business unit in the Bank and its subsidiaries are required to manage their operational risks along the following tools:

1. Risk Control Self-assessment: RCSA

Each business unit is required to conduct risk control self-assessment and report the results of which regularly to Risk Management. These reports will be used in assessment and analysis of the overall operational risk exposure and providing a basis for determining corrective actions and follow-up. This makes it incumbent upon individual business units to conduct a review regularly to ensure that their work processes are structured and managed properly, thereby mitigating operational mishaps and enhancing their ability to redress the problems in a coherent and timely manner. In this context, continuous attention has been given to providing effective and efficient oversight across the organisation, including defining a clear scope of responsibilities and approval authority, establishing checks and balances, and securing data and information. Particular attention has also been given to ensure the continuity of business activities in accordance with international standards while enhancing sound corporate governance.

2. Loss Event Data Reports: LED

The Bank requires every business unit to submit loss event report through designated channels. The information captured by each unit is for the determination of the real cause(s) of the event and where necessary to recommend enhancement to the existing operational controls or workflow to ensure the lessons are learnt and such event will not recur in the future. These reports also facilitate statistical analysis of developing models for calculating operational risk capital requirements.

3. Key Risk Indicators: KRIs

KRI is a tool to monitor and manage key operational risk exposures over time to predict upcoming changes in operational risk profiles. KRI provides early warning signals to the management on changes to the risk environment and the effectiveness of control. This is a forward looking tool to facilitate monitoring and management of key risks before operational losses are incurred. Hence, the management will be able to take appropriate actions to mitigate the risks beforehand.

4. Control Issue Management: CIM

Control issues are defined as gaps in the Bank’s control environment. Inadequately-designed controls or controls that are not operating effectively may result in a residual risk beyond risk appetite. To manage control issues, the Bank has developed the CIM guideline which provides an approach to systematically capture control issues and provides rules around the robust management or mitigation. The purpose of the guideline is to ensure that control issues are captured and classified consistently, and there is robust governance over their closure or acceptance to enable senior management to understand and assess the risk the Bank faces.

5. New Product Approval Process

The Bank has emphasised on developing new products or improving the operation process. For such purpose, it enforces a stricter approval process with the identification, assessment and control of all relevant risks, i.e. credit risks, market risks and operational risks. All products are subject to a suitable review process before they can be signed off by the working groups and relevant business units and further submission for approval, and subsequent market launch, as well as the annual review of the approved products.

6. Complaint Management Process

The Bank is aware of reputation risk and importance of customer satisfaction. It has set up Customer Experience Management (CX) to work closely with CIMB Thai Care Center and other customers' contact points to efficiently govern handling of customers' complaints and queries. The Customer Complaint Handling Policy has been established to set out the standard framework and mechanism for dealing with customers' complaints in accordance with local regulatory requirements and CIMB Group standards. Under the policy, CX is also designated to act as an independent centralised complaint management unit to ensure that all complaints are handled objectively by relevant subject matter experts in a fair and timely manner.

Furthermore, CX will provide customer knowledge based on surveys and voices of customers gathered from various touchpoints. This is to drive for improvement in all angles of customer experience with an aim to uplift customer engagement. The knowledge and improvement initatives are prepared and proposed by CX to Thailand Customer Experience Committee, and other respective committees.

7. Business Continuity Plan: BCP

The Bank has developed and implemented business continuity management. All work units bank-wide and in subsidiaries are required to analyse business impact of critical business functions and document a business continuity plan based on the analysis result as well as exercises of the business continuity plan/disaster recovery plan at least once a year. This is to ensure that critical business functions can be recovered within a specified time in the event of the crisis, disaster or calamity disrupting the critical business functions. Having business continuity management in place will help protect the Bank's reputation and maintain customer confidence in the Bank's services.

8. Internal Audit and Compliance

The Bank has established Corporate Assurance and Compliance as independent units to assist Internal Audit (AC) and BRCC in auditing and monitoring the business operation. Corporate Assurance, which reports directly to AC, is in charge of examining and providing reasonable assurance that all the Bank activities are effectively and efficiently managed and operated in line with risk management and internal control principles. Compliance unit, which reports directly to BRCC, is tasked with overseeing and monitoring the Bank's business operation to ensure compliance with all relevant laws and regulatory requirements.

5.5 Liquidity risk

Liquidity risk is defined as the risk of the Bank's inability to meet the required payments or obligations when they are due, which may be a result of the inability to convert assets into cash or the failure to obtain adequate funding on time. It may adversely affect the daily operations and incur unacceptable losses.

The objective of the Bank's liquidity risk management is to ensure that the Bank can meet the cash obligation in a timely and cost-effective manner both at present and in future. To this end, its liquidity risk management is to maintain high quality liquid assets and well diversified portfolios as well as sources of funds under both business-as-usual and stress conditions. Due to the Bank's business framework to strive for a broader delivery network and markets, the Bank has maintained a diversified core deposit base comprising savings, current, and term deposits, thus providing a large, stable funding base. The Bank has also maintained certain liquidity buffers throughout the year to ensure its stable business operation in strategic, structural and tactical perspective.

Liquidity risk factors mainly comprise the structure of the sources and use of funds, the shift in deposit mobilisation of commercial banks towards a larger share in low-cost deposits amidst a low interest rate environment, and the influence of liquidity coverage ratio (LCR) guidelines, which focus on growing transactional current and saving accounts and net stable funding ratio (NSFR), which focus on the liquidity adequacy over the time horizon of one year. Additionally, the monetary policies adopted by the Bank of Thailand and central banks of major countries may directly affect the movement of international capital flows and result in money market fluctuations, which may subsequently affect liquidity and increase funding costs.

The responsibility for liquidity risk management and control is delegated to the Asset and Liability Management Committee (ALCO) which meets at least once a month to discuss the liquidity risk and funding profile/plan of the Bank. ALCO is responsible for the overall management and oversight of liquidity and review/recommendation of liquidity risk management policy before seeking approval from the BOD. ALCO is also in charge of approving liquidity risk tolerance. Asset and Liability Management (ALM), which is responsible for monitoring of the liquidity risk profile, works closely with Treasury & Markets in the surveillance of market conditions. Business units are responsible for establishing and maintaining strong business relationship with their respective depositors and key funding sources. Treasury & Markets performs global fund dealing on a necessity or contingency basis. The Bank has to prudently manage the liquidity position to meet daily operation needs. It regularly measures and forecasts the respective cash flows arising from the maturity profiles of assets, liabilities, off balance sheet commitments and derivatives over a variety of time horizons under business-as-usual and stress conditions. As regards companies in the Bank's financial business group, liquidity risk management will be centralised. To support their liquidity, the Bank may consider and approve liquidity lines to them within the respective credit lines approved by the BOD.

Liquidity risk undertaken by the Bank is governed by a set of established liquidity risk limits and Management Action Triggers (MATs). The limits and MATs are set to alert management to potential and emerging liquidity pressures. The Bank's liquidity risk management policy together with assumptions and thresholds levels are reviewed on an annual basis, or when there is any significant change in response to regulatory changes, and changing business needs and market conditions. Liquidity positions are monitored on a daily basis to comply with internal risk thresholds and regulatory requirements for liquidity risk.

The Bank's contingency funding plan is in place to alert and to enable the management to act effectively during a liquidity crisis and under adverse market conditions. The plan consists of two key components: an Early Warning System (EWS) and a Funding Crisis Management (FCM). EWS is designed to alert the Bank's management whenever the liquidity position may be at risk. It provides the Bank with the analytical framework to detect a likely liquidity problem and to evaluate the funding needs and strategies in advance of a liquidity crisis. EWS is made up of a set of indicators (monitored against pre-determined thresholds) that can reliably signal the financial strength and stability of the Bank. Consolidated stress test, including liquidity stress test, is performed on a semi-annual basis to identify vulnerable areas in the portfolio, gauge the finance impact and enable management to take pre-emptive actions. Three scenarios, namely Bank Idiosyncratic Crisis (BISC), Market Wide Crisis

(MWC) and Combined Crisis (CC), are modeled. The assumptions used, including run-off rates on deposits, drawdown rates on undrawn commitments, and haircuts for marketable securities are documented and the test results are submitted to ALCO and BOD. The test results to date have indicated that the Bank possesses sufficient liquidity capacity to meet the liquidity requirements under various stress test conditions.

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

6. Composition of capital disclosure requirements under BCBS

Table 18 Disclosure information for main features of regulatory capital instruments

Subject		Details	Details	Details
1	Issuer	CIMB Thai Bank PCL.	CIMB Thai Bank PCL.	CIMB Thai Bank PCL
2	Unique identifier	ISIN code: MYBPN1600096	ISIN code: MYBPN1800035	ISIN code: MYBPN1900082
BOT's regulatory treatment				
3	Instrument type (Common Equity Tier 1 / Additional Tier 1 / Tier 2 capital)	Tier 2 capital	Tier 2 capital	Tier 2 capital
4	Qualified in accordance with Basel III requirements	Yes	Yes	Yes
5	If not qualified in accordance with Basel III requirements (please specify)	-	-	-
6	Transitional phase out or fully countable	Fully countable but gradual reduction on capital calculation and amortised reduction 20% in the last five years before maturity	Fully countable but gradual reduction on capital calculation and amortised reduction 20% in the last five years before maturity	Fully countable but gradual reduction on capital calculation and amortised reduction 20% in the last five years before maturity
7	Eligible at Bank only (Solo) /Group (Full conso)l /Group & Bank only	Group & Bank only	Group & Bank only	Group & Bank only
8	Amount recognized in regulatory capital (unit : Million Baht)	5,016 Million Baht	3,158 Million Baht	4,088 Million Baht

Subject		Details	Details	Details
9	Par value of instrument – (unit : Malaysia Ringgit (MYR))	MYR 100	MYR 100	MYR 100
10	Accounting classification	Liabilities - amortised cost	Liabilities - amortised cost	Liabilities - amortised cost
11	Original date of issuance	July 11, 2016	March 29, 2018	July 6, 2019
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	July 11, 2026	March 29, 2028	July 6, 2029
14	Issuer call subject to prior supervisory approval	Issuer call subject to prior supervisory approval	Issuer call subject to prior supervisory approval	Issuer call subject to prior supervisory approval
15	Optional call date, contingent call dates and redemption amount	subordinated debentures pursuant to tier 2 subordinated debenture programme to overseas investors / The debenture has a tenor of 10 years and the Bank may exercise its right to early redeem the debenture after 5 years subject to approval by the Bank of Thailand / first date of the redemption rights is on	subordinated debentures pursuant to tier 2 subordinated debenture programme to overseas investors / The debenture has a tenor of 10 years and the Bank may exercise its right to early redeem the debenture after 5 years subject to approval by the Bank of Thailand / first date of the redemption rights is on	subordinated debentures pursuant to tier 2 subordinated debenture programme to overseas investors / The debenture has a tenor of 10 years and the Bank may exercise its right to early redeem the debenture after 5 years subject to approval by the Bank of Thailand / first date the redemption rights is on

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Subject		Details	Details	Details
		July 10, 2021 / redeem amount of MYR 570 million.	March 29, 2023 / redeem amount of MYR 390 million.	July 8, 2024 / redeem amount of MYR 550 million.
16	Subsequent call dates, if applicable	-	-	-
	Coupons / dividends			
17	Fixed or floating dividend/coupon	Fixed rate	Fixed rate	Fixed rate
18	Coupon rate and any related index	5.35% per annum	5.20% per annum	4.15% per annum
19	Existence of a dividend stopper	No dividend stopper	No dividend stopper	No dividend stopper
20	Fully discretionary, partially discretionary or mandatory	Mandatory	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No incentive to redeem	No incentive to redeem	No incentive to redeem
22	Noncumulative or cumulative	Non-cumulative	Non-cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
24	If convertible, conversion trigger	-	-	-
25	If convertible, fully or partially	-	-	-
26	If convertible, conversion rate	-	-	-
27	If convertible, specify instrument type convertible into	-	-	-
28	If convertible, specify issuer of instrument it converts into	-	-	-
29	Write-down feature	Yes	Yes	Yes

Subject		Details	Details	Details
30	If write-down, write-down trigger(s)	Contractual write-down upon the occurrence of the following trigger events: Trigger events for CIMB Thai 1) the Bank cannot continue its business in any manner such as having insufficient assets to make repayment to its depositors and creditors, its capital funds having dropped to the extent that its depositors and creditors will be adversely affected, or not being able to increase capital by themselves, etc, and 2) The BOT and/or any other empowered government agency decide to grant financial assistance to the	Contractual write-down upon the occurrence of the following trigger events: Trigger events for CIMB Thai 1) the Bank cannot continue its business in any manner such as having insufficient assets to make repayment to its depositors and creditors, its capital funds having dropped to the extent that its depositors and creditors will be adversely affected, or not being able to increase capital by themselves, etc, and 2) The BOT and/or any other empowered government agency decide to grant financial assistance to the	Contractual write-down upon the occurrence of the following trigger events: Trigger events for CIMB Thai 1) the Bank cannot continue its business in any manner such as having insufficient assets to make repayment to its depositors and creditors, its capital funds having dropped to the extent that its depositors and creditors will be adversely affected, or not being able to increase capital by themselves, etc, and 2) The BOT and/or any other empowered government agency decide to grant financial assistance to the

Subject		Details	Details	Details
		Bank such as in the form of capital injection Trigger events of CIMB Bank Berhad ("CIMB Bank"), whichever is earlier: 1) Bank Negara Malaysia ("BNM") and the Malaysia Deposit Insurance Corporation ("PIDM") have notified CIMB Bank in writing that they are of the view that the principal write off of the Subordinated Debt is an essential requirement to prevent CIMB Bank from becoming non-viable; **or** 2) BNM and PIDM publicly announces that a decision has been made by BNM,	Bank such as in the form of capital injection Trigger events of CIMB Bank Berhad ("CIMB Bank"), whichever is earlier: 1) Bank Negara Malaysia ("BNM") and the Malaysia Deposit Insurance Corporation ("PIDM") have notified CIMB Bank in writing that they are of the view that the principal write off of the Subordinated Debt is an essential requirement to prevent CIMB Bank from becoming non-viable; **or** 2) BNM and PIDM publicly announces that a decision has been made by BNM,	Bank such as in the form of capital injection Trigger events of CIMB Bank Berhad ("CIMB Bank"), whichever is earlier: 1) Bank Negara Malaysia ("BNM") and the Malaysia Deposit Insurance Corporation ("PIDM") have notified CIMB Bank in writing that they are of the view that the principal write off of the Subordinated Debt is an essential requirement to prevent CIMB Bank from becoming non-viable; **or** 2) BNM and PIDM publicly announces that a decision has been made by BNM,

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Subject		Details	Details	Details
		PIDM or any other federal or state government in Malaysia, to provide a capital injection or equivalent support to CIMB Bank, without which CIMB Bank would cease to be viable	PIDM or any other federal or state government in Malaysia, to provide a capital injection or equivalent support to CIMB Bank, without which CIMB Bank would cease to be viable	PIDM or any other federal or state government in Malaysia, to provide a capital injection or equivalent support to CIMB Bank, without which CIMB Bank would cease to be viable
31	If write-down, full or partial	fully or partially	fully or partially	fully or partially
32	If write-down, permanent or temporary	Permanent	Permanent	Permanent
33	If temporary write-down, description of write-up mechanism	-	-	-
34	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Immediately senior to (1) All classes of equity securities of the Issuer, including holders of preference shares, if any; (2) Tier 1 Instruments; (3) such instruments which by their terms rank junior to the Subordinated Debt, and will rank pari passu without	Immediately senior to (1) All classes of equity securities of the Issuer, including holders of preference shares, if any; (2) Tier 1 Instruments; (3) such instruments which by their terms rank junior to the Subordinated Debt, and will rank pari passu without	Immediately senior to (1) All classes of equity securities of the Issuer, including holders of preference shares, if any; (2) Tier 1 Instruments; (3) such instruments which by their terms rank junior to the Subordinated Debt, and will rank pari passu without

Subject		Details	Details	Details
		any preference among themselves and with all other outstanding unsecured and subordinated debt issued by the Issuer that qualifies as Tier 2 capital, present and future.	any preference among themselves and with all other outstanding unsecured and subordinated debt issued by the Issuer that qualifies as Tier 2 capital, present and future.	any preference among themselves and with all other outstanding unsecured and subordinated debt issued by the Issuer that qualifies as Tier 2 capital, present and future.

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Table 19 Disclosure of capital to be used during the transitional period under Basel III

Unit: Baht million

Items	Consolidated		Net balance of items to be included in or deducted [1/]
	Value of capital		
	Dec 31, 2019	Jun 30, 2019	
Tier 1 capital	34,635	35,340	
1. Common Equity Tier 1 capital (CET 1)	34,635	35,340	
1.1 Paid-up share capital (ordinary shares)	17,411	17,411	
1.2 Premium on share capital	10,146	10,146	
1.3 Statutory reserve	404	404	
1.4 Net profit after appropriation	7,618	7,603	
1.5 Accumulated other comprehensive income	1,624	1,591	
1.5.1 Revaluation surplus on land, building or condominium appraisal	1,434	1,478	
1.5.2 Revaluation surplus (deficit) on change in value of available for sale investments	250	124	
1.5.3 Gains (losses) arising from translating the financial statement of a foreign operation	(17)	(11)	
1.5.4 Other items of owner changes	(43)	(43)	
1.6 Regulatory deductions to CET 1 capital	(2,568)	(1,772)	
1.6.1 Remeasurements of post-employment benefit obligations	(335)	(83)	
1.6.2 Intangible assets	(1,062)	(506)	
1.6.3 Deferred tax assets	(1,171)	(1,183)	
2. Additional Tier 1 capital	-	-	
Tier 2 capital	13,010	13,039	
1. Qualifying Tier 2 capital instruments	12,262	12,244	
2. General provision for loan classified as pass	748	795	
Total Capital	47,645	48,379	

[1/] starting from 1 January 2018 onwards, no remaining net balance of items to be included in or deducted from capital under Basel III guideline because all items are 100% included in or deducted.

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Unit: Baht million

Items	Bank-only		Net balance of items to be included in or deducted [1/]
	Value of capital		
	Dec 31, 2019	Jun 30, 2019	
Tier 1 capital	32,640	33,248	
1. Common Equity Tier 1 capital (CET 1)	32,640	33,248	
1.1 Paid-up share capital (ordinary shares)	17,411	17,411	
1.2 Premium on share capital	10,146	10,146	
1.3 Statutory reserve	404	404	
1.4 Net profit after appropriation	5,012	4,997	
1.5 Accumulated other comprehensive income	1,667	1,591	
1.5.1 Revaluation surplus on land, building or condominium appraisal	1,434	1,478	
1.5.2 Revaluation surplus (deficit) on change in value of available for sale investments	250	124	
1.5.3 Gains (losses) arising from translating the financial statement of a foreign operation	(17)	(11)	
1.5.4 Other items of owner changes	-	-	
1.6 Regulatory deductions to CET 1 capital	(2,000)	(1,301)	
1.6.1 Remeasurements of post-employment benefit obligations	(290)	(60)	
1.6.2 Intangible assets	(1,016)	(499)	
1.6.3 Deferred tax assets	(694)	(742)	
2. Additional Tier 1 capital	-	-	
Tier 2 capital	13,289	13,275	
1. Qualifying Tier 2 capital instruments	12,262	12,244	
2. General provision for loan classified as pass	1,027	1,031	
Total Capital	45,929	46,523	

[1/] starting from 1 January 2018 onwards, no remaining net balance of items to be included in or deducted from capital under Basel III guideline because all items are 100% included in or deducted.

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Table 20 Disclosure information for reconciliation of composition of capital (Full consolidation only)

Table 20.1 Balance sheet as in published financial statements with under the regulatory scope of consolidation *

Unit: Baht million

Items related to the capital fund for the period December 2019	Balance sheet as in published financial statements	Balance sheet under the regulatory scope of consolidation	Reference
Assets			
1. Cash	1,352	1,352	
2. Interbank and money market items, net	6,422	6,422	
3. Derivative assets	43,459	43,459	
4. Investment, net	86,798	86,798	
5. Loans and accrued interest receivables			
5.1 Loans	250,897	250,897	
5.2 Accrued interest receivables	463	463	
Total loans and accrued interest receivables	251,360	251,360	
5.3 Less Deferred revenue	(10,817)	(10,817)	
5.4 Less Allowance for doubtful debts	(10,600)	(10,600)	
○ Qualified as Capital		(748)	A [1/]
○ Non-qualified as Capital		(9,852)	
5.5 Less Revaluation allowance for debt restructuring	(32)	(32)	
Loans and accrued interest receivables, net	229,911	229,911	
6. Customers' liability under acceptance	83	83	
7. Properties for sale, net	1,124	1,124	
8. Premises and equipment, net	3,429	3,429	
9. Intangible assets, net	1,062	1,062	B
10. Deferred tax assets	1,171	1,171	C
11. Other assets, net	10,096	10,096	
Total assets	391,907	391,907	
Liabilities			
12. Deposits	199,035	199,035	
13. Interbank and money market items, net	43,394	43,394	

Items related to the capital fund for the period December 2019	Balance sheet as in published financial statements	Balance sheet under the regulatory scope of consolidation	Reference
14. Liability payable on demand	269	269	
15. Financial liabilities designated at fair value through profit or loss	24,422	24,422	
16. Derivative liabilities	44,660	44,660	
17. Debt issued and borrowings	25,819	25,819	
○ Qualified as Capital		12,262	D 2/
○ Non-qualified as Capital		13,557	
18. Bank's liability under acceptance	83	83	
19. Provisions	2,299	2,299	
20. Other liabilities	13,406	13,406	
Total liabilities	353,387	353,387	
Equity			
21. Share capital			
21.1 Registered - ordinary shares	17,411	17,411	
21.2 Issued and paid-up share capital - ordinary shares	17,411	17,411	E
22. Premium on share capital	10,146	10,146	F
23. Accumulated other comprehensive income	1,468	1,468	
23.1 Revaluation surplus on assets	1,548	1,548	
○ Qualified as Capital		1,434	G 3/
○ Non-qualified as Capital		114	
23.2 Revaluation surplus (deficit) on change in value of investments	250	250	H
23.2.1 Debt securities		253	
23.2.2 Equity securities		(3)	
23.3 Remeasurements of post-employment benefit obligations	(335)	(335)	I
23.4 Profit (loss) arising from translating the financial statement of a foreign operation	(17)	(17)	J
23.5 Gains and losses on derivatives held as cash flow hedge reserve	22	22	K

Items related to the capital fund for the period December 2019	Balance sheet as in published financial statements	Balance sheet under the regulatory scope of consolidation	Reference
24. Accretion of equity interest in subsidiary	(43)	(43)	L
25. Retained earnings			
25.1 Appropriated – statutory reserve	404	404	M
25.2 Unappropriated	9,134	9,134	
○ Net profit after appropriation to capital		7,618	N
○ Unappropriated		1,516	
Total equity	38,520	38,520	
Total liabilities and equity	391,907	391,907	

* Balance sheet as in published financial statements and under the regulatory scope of consolidation has no difference

1/ General provision for loan classified as pass can be counted as Tier 2 amount of Baht 748 million, not exceeding 1.25% of credit risk-weighted assets.

2/ Long-term subordinated debt instruments has qualified under Basel III can be fully countable as Tier 2 capital subject to prior BOT approval

3/ Surplus on assets revaluation can be counted as capital only for items that the BOT has approved

Table 20.2 Disclosure of the reconciliation of capital funds

Unit: Baht million

Items related to the capital fund for the period December 2019	Composition of regulatory capital guidelines reported by the financial group	Source of reference in financial statements under the consolidated supervision
Tier 1 capital	34,635	
1. Common Equity Tier 1 capital	34,635	
1.1 Paid-up share capital (ordinary shares)	17,411	E
1.2 Share premium	10,146	F
1.3 Statutory reserve	404	M
1.4 Net profit after appropriation	7,618	N
1.5 Accumulated other comprehensive income	1,646	
1.5.1 Revaluation surplus on land, building or condominium appraisal	1,434	G
1.5.2 Revaluation surplus (deficit) on change in value of available for sale investments	250	H
1.5.3 Gains (losses) arising from translating the financial statement of a foreign operation	(17)	J
1.5.4 Other items of owner changes	(43)	L
1.5.5 Gains and losses on derivatives held as cash flow hedge reserve	22	K
1.6 Regulatory adjustments to Common Equity Tier 1 capital		
1.6.1 Gains and losses on derivatives held as cash flow hedge reserve	(22)	K
1.7 Regulatory deductions to Common Equity Tier 1 capital	(2,568)	
1.7.1 Remeasurements of post-employment benefit obligations	(335)	I
1.7.2 Intangible assets	(1,062)	B
1.7.3 Deferred tax assets	(1,171)	C
2. Additional Tier 1 capital	-	
Tier 2 capital	13,010	
1. Qualifying Tier 2 capital instruments	12,262	D
2. General provision for loan classified as pass	748	A
Total capital fund	47,645	

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

Part 2: Liquidity coverage ratio disclosure standards

According to the Bank of Thailand release of the BOT's Notification No. Sor.Nor.Sor. 9/2558 re: Liquidity Coverage Ratio: LCR which refers to Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools: January 2013 by Basel Committee on Banking Supervision (BCBS). The LCR requirement aims for commercial banks to have adequate liquidity to support short-term severe liquidity stress scenarios by requiring commercial banks to maintain unencumbered High-Quality Liquid Assets (HQLA) to cover total net cash outflows over the next 30 calendar days under severe liquidity stress scenarios prescribed by the Bank of Thailand. The minimum requirement of LCR was set at 60% on 1 January 2016 and rise in equal annual steps to reach 100% on 1 January 2020, in additional to the compliance of the liquidity risk management guideline.

According to the BCBS's LCR disclosure standards: January 2014 (revised version: March 2014), the LCR Disclosure is to improve the transparency of regulatory liquidity requirements, reinforce the sound principles, enhance market discipline besides internal control and supervision by Bank of Thailand, and reduce uncertainty in the markets as the LCR is implemented

Bank of Thailand ("BOT") announced the BOT's Notification No. Sor.Nor.Sor. 2/2561 re: Liquidity Coverage Ratio disclosure standards dated 25 January 2018 which requires to disclose information at "Bank" level on a half-yearly and yearly basis. The first disclosure is based on data as of 30 June 2018 for the first half of 2018 results which need to be published on the Bank's website within 4 months from the end of each period.

CIMB Thai Bank Public Company Limited performs the LCR disclosure which comprises of:

(1) Liquidity Coverage Ratio (LCR)

(2) Total high-quality liquid assets (Total HQLA)

(3) Total net cash outflows over the next 30 calendar days (Total net cash outflows)

CIMB THAI
ธนาคาร ซีไอเอ็มบี ไทย

1. Liquidity Coverage Ratio: LCR

Unit: Baht million

	4Q/2019* (average)	4Q/2018* (average)
(1) Total High Quality Liquid Assets (Total HQLA)	52,867	60,352
(2) Total Net Cash Outflow within 30 Days (Total net cash outflows)	35,126	43,027
(3) LCR (percentage)	151	140
BOT's LCR minimum requirement (percentage)	90	80

* computation by simple average based on average data of each quarter

2. LCR figures comparison

Unit: %

	2019 * (average)	2018 * (average)
3rd Quarter	144	155
4th Quarter	151	140

* computation by simple average based on average data of each quarter

3. Guideline and detail information of Liquidity Coverage Ratio

The bank maintains LCR according to Bank of Thailand's standard to ensure that the bank has sufficient HQLA to survive a significant stress scenario lasting for 30 days. The bank set LCR at 60% on 1 January 2016 and rise in equal annual steps to reach 100% on 1 January 2020

$$\text{LCR} = \frac{\text{Stock of High-Quality Liquid Assets (HQLA)}}{\text{Total Net cash outflows over the next 30 calendar days}}$$

Average LCR of the 4th Quarter 2019 was 151.3% which was higher than the minimum requirement of Bank of Thailand at 90%. The computation was from average LCR at month-end of October 2019 at 165.2%, November 2019 at 146.9% and December 2019 at 141.9%. The compositions of LCR are:

1. **High-quality liquid assets (HQLA)** refer to the good quality assets which are high liquid, low risk, unencumber and can be easily and immediately converted into cash at little or no significant loss of value under stress scenario. However, each of HQLA has hair cut rate to adjust and cap the limit of holding based on Bank of Thailand.

Average HQLA of the 4th quarter of 2019 was THB 52,867 million (91.4% was HQLA level 1 including cash and balance at BOT and Government Bond). The computation was to average the balances of HQLA during October to December 2019.

2, Net Cash Outflow (Net COF) means the total expected cash outflows minus total expected cash inflows in the specified stress scenario for the subsequent 30 calendar days. Total expected cash inflows are expected to flow in under the scenario up to an aggregated cap of 75% of total expected cash outflows.

Total net cash outflows over the next 30 calendar days	=	Total expected cash outflows	-	Min {total expected cash inflows; 75% of total expected cash outflows}

Average expected net cash outflows of the 4th quarter 2019 was THB 35,126 million which was to average the balances of net cash outflows for subsequent 30 calendar days during October to December 2019. Total expected cash outflows are mostly from deposit withdrawal and borrowing which calculated by the run-off rate as BOT's definitions while total expected cash inflows are majored from performing loan repayment and maturing in deposit placement and debt intrument which calculated by the inflow rates as BOT's definitions as well.

Moreover, the bank assesses and anlyses the liquidity gap and funding concentration on regularly basis. This is to ensure that is the bank has sufficient liquidity for business operation and also continuously develops the analytical measurement to align with the international standards and the business strategies as well.