

**Basel III - Pillar 3 and
Liquidity coverage ratio (LCR) disclosures
As of June 30, 2018**

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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 information 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 June 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.,Ltd¹. 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

¹ Previously Center Auto Lease Co.,Ltd. and renamed to CIMB Thai Auto Co., Ltd. on 6 February 2018

3. Capital

3.1 Capital Structure

As at 30 June 2018, CIMB Thai Financial Group's total capital fund under Basel III was THB 43,938 million consisting of Common Equity Tier 1 (CET 1) capital of THB 30,981 million, Tier 1 capital of THB 30,981 million and Tier 2 capital of THB 12,957 million. For Bank level, consisting of Common Equity Tier 1 capital of THB 29,687 million, Tier 1 capital of THB 29,687 million and Tier 2 capital of THB 13,134 million –Totaling THB 42,821 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 investments
 - Foreign currency translating
 - Surplus (deficit) from measuring fair value of hedging instrument for cash flow hedge
- Deducted from CET 1 capital
 - 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 400 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) 453/2557.

- 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

Table 1 Capital Structure

Unit: Million Baht

As at	Consolidated		Bank only	
	Jun 30, 2018	Dec 31, 2017	Jun 30, 2018	Dec 31, 2017
1. Tier 1 Capital	30,981	30,940	29,687	29,878
1.1 Common Equity Tier 1 capital	30,981	30,940	29,687	29,878
1.1.1 Paid-up share capital (ordinary shares)	15,140	15,140	15,140	15,140
1.1.2 Premium on share capital	8,465	8,465	8,465	8,465
1.1.3 Statutory Reserve	401	398	401	398
1.1.4 Net profit after appropriation	7,553	7,181	5,758	5,699
1.1.5 Other Comprehensive Income	1,311	1,522	1,355	1,564
1.1.5.1 Accumulated Other Comprehensive Income	1,354	1,565	1,355	1,564
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/}	(2)	44	(2)	44
1.1.7 Items to be deducted from CET 1	(1,887)	(1,810)	(1,430)	(1,432)
1.1.7.1 Remeasurements of post-employment benefit obligations	(141)	(141)	(117)	(117)
1.1.7.2 Intangible assets	(366)	(296)	(361)	(292)
1.1.7.3 Deferred tax asset	(1,380)	(1,373)	(952)	(1,023)
1.2 Additional Tier 1 capital	-	-	-	-
2. Tier 2 capital	12,957	9,789	13,134	9,966
Qualifying Tier 2 capital instruments	12,244	9,086	12,244	9,086
General provision for loan classifies as pass	713	703	890	880
3. Total capital funds	43,938	40,729	42,821	39,844

^{1/} Surplus (deficit) from measuring fair value of hedging instrument for cash flow hedge

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)

Table 2 Minimum capital requirements classified by risk types

Unit: Million Baht

As at	Consolidated		Bank only	
	Jun 30, 2018	Dec 31, 2017	Jun 30, 2018	Dec 31, 2017
Credit Risk	15,843	15,352	16,246	15,779
1. Performing Assets	15,311	14,876	15,717	15,306
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	15	9	15	9
1.2 Claims on financial institutions, and public sector entities (PSEs) whose risk weight is comparable to that of financial institutions and securities companies	1,174	818	1,173	817
1.3 Claims on corporate and public sector entities (PSEs) whose risk weight is comparable to that of corporate Entities	8,152	8,149	10,266	10,239
1.4 Claims on retail	3,623	3,590	1,764	1,820
1.5 Claims on residential mortgage exposures	1,878	1,748	1,877	1,748
1.6 Other assets	469	562	622	673
2. Non-Performing Assets	532	476	529	473
Market Risk	4,222	3,118	4,222	3,118
1. Interest rate risk	4,102	3,016	4,102	3,016
2. Equity price risk	-	-	-	-
3. Foreign exchange rate risk	120	102	120	102
4. Commodity price risk	-	-	-	-
Operational Risk	1,904	1,854	1,468	1,468
Total minimum capital requirement ^{1/}	21,969	20,324	21,936	20,365
Total minimum capital buffer ^{2/}	4,846	2,988	4,839	2,994
Total minimum capital requirement and capital buffer	26,815	23,312	26,775	23,359
Total Risk Weight Assets	258,455	239,102	258,069	239,581

^{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 30 June 2018, the financial group's CET 1 ratio, Tier 1 ratio and Total capital ratio were at 11.99%, 11.99% and 17.00%, respectively, while the Bank's ratio were at 11.50%, 11.50% and 16.59%, respectively. All ratios are higher than minimum capital requirement and capital buffer of Bank of Thailand, which are 6.375%, 7.875% and 10.375%, respectively.

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/}
	Jun 30, 2018	Dec 31, 2017	Jun 30, 2018	Dec 31, 2017		
CET 1 capital to risk-weighted assets	11.99	12.94	11.50	12.47	4.50	6.375
Tier 1 capital to risk-weighted assets	11.99	12.94	11.50	12.47	6.00	7.875
Total capital to risk-weighted assets	17.00	17.03	16.59	16.63	8.50	10.375

^{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. Composition of capital disclosure requirements under BCBS

Table 4 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: MYBPN1400414	ISIN code: MYBPN1600096	ISIN code: MYBPN1800035
<i>BOT's regulatory treatment</i>				
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) /Group & Bank only	Group & Bank only	Group & Bank only	Group & Bank only
8	Amount recognized in regulatory capital (unit : Million Baht)	4,070 Million Baht	5,016 Million Baht	3,158 Million Baht
9	Par value of instrument – (unit : Malaysia Ringgit (MYR))	MYR 100	MYR100	MYR100
10	Accounting classification	Liabilities - amortised cost	Liabilities - amortised cost	Liabilities - amortised cost
11	Original date of issuance	July 7, 2014	July 11, 2016	March 29, 2018
12	Perpetual or dated	Dated	Dated	Dated
13	Original maturity date	July 5, 2024	July 11, 2026	March 29, 2028

Subject		Details	Details	Details
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 July 8, 2019 / redeem amount of MYR 400 million.	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 July 10, 2021 / redeem amount of MYR 570 million.	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 March 29, 2023 / redeem amount of MYR 390 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	5.60% per annum	5.35% per annum	5.20% 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

Subject		Details	Details	Details
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
30	If write-down, write-down trigger(s)	Contractual write-down upon the occurrence of the following trigger events: <u>Trigger events for CIMB Thai</u> 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	Contractual write-down upon the occurrence of the following trigger events: <u>Trigger events for CIMB Thai</u> 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	Contractual write-down upon the occurrence of the following trigger events: <u>Trigger events for CIMB Thai</u> 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

Subject	Details	Details	Details
	<p>increase capital by themselves, etc, and</p> <p>2) The BOT and/or any other empowered government agency decide to grant financial assistance to the Bank such as in the form of capital injection.</p> <p><u>Trigger events of CIMB Bank Berhad ("CIMB Bank"),</u> whichever is earlier:</p> <p>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</p> <p>2) BNM and PIDM publicly announces that a decision has</p>	<p>increase capital by themselves, etc, and</p> <p>2) The BOT and/or any other empowered government agency decide to grant financial assistance to Bank such as in the form of capital injection.</p> <p><u>Trigger events of CIMB Bank Berhad ("CIMB Bank"),</u> whichever is earlier:</p> <p>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</p> <p>2) BNM and PIDM publicly announces that a decision has</p>	<p>increase capital by themselves, etc, and</p> <p>2) The BOT and/or any other empowered government agency decide to grant financial assistance to the Bank such as in the form of capital injection</p> <p><u>Trigger events of CIMB Bank Berhad ("CIMB Bank"),</u> whichever is earlier:</p> <p>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</p> <p>2) BNM and PIDM publicly announces that a decision has</p>

Subject		Details	Details	Details
		been made by BNM, 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.	been made by BNM, 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.	been made by BNM, 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 any preference among themselves and with all other outstanding unsecured and subordinated	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 any preference among themselves and with all other outstanding unsecured and subordinated	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 any preference among themselves and with all other outstanding unsecured and subordinated

	Subject	Details	Details	Details
		debt issued by the Issuer that qualifies as Tier 2 capital, present and future.	debt issued by the Issuer that qualifies as Tier 2 capital, present and future.	debt issued by the Issuer that qualifies as Tier 2 capital, present and future.

Table 5 Disclosure of capital to be used during the transitional period under Basel III

Unit: Million Baht

Items	Consolidated			
	Jun 30, 2018		Dec 31, 2017	
	Value of capital	Net balance of items to be included in or deducted ^{1/}	Value of capital	Net balance of items to be included in or deducted ^{2/}
Tier 1 capital	30,981		30,940	
1. Common Equity Tier 1 capital (CET 1)	30,981		30,940	
1.1 Paid-up share capital (ordinary shares)	15,140		15,140	
1.2 Premium on share capital	8,465		8,465	
1.3 Statutory reserve	401		398	
1.4 Net profit after appropriation	7,553		7,181	
1.5 Accumulated other comprehensive income	1,309		1,566	
1.5.1 Revaluation surplus on land, building or condominium appraisal	1,505		1,529	
1.5.2 Revaluation surplus (deficit) on change in value of available for sale investments	(159)		76	16
1.5.3 Gains (losses) arising from translating the financial statement of a foreign operation	6		4	1
1.5.4 Other items of owner changes	(43)		(43)	
1.6 Regulatory deductions to CET 1 capital	(1,887)		(1,810)	
1.6.1 Remeasurements of post-employment benefit obligations	(141)		(141)	
1.6.2 Intangible assets	(366)		(296)	(74)
1.6.3 Deferred tax assets	(1,380)		(1,373)	
2. Additional Tier 1 capital	-		-	
Tier 2 capital	12,957		9,789	
1. Qualifying Tier 2 capital instruments	12,244		9,086	
2. General provision for loan classified as pass	713		703	
Total Capital	43,938		40,729	

^{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.

^{2/} As at 31 December 2017, net balance of items to be included in or deducted from capital under Basel III during the transitional period are 80% included in or deducted.

Unit: Million Baht

Items	Bank only			
	Jun 30, 2018		Dec 31, 2017	
	Value of capital	Net balance of items to be included in or deducted ^{1/}	Value of capital	Net balance of items to be included in or deducted ^{2/}
Tier 1 capital	29,687		29,878	
1. Common Equity Tier 1 capital (CET 1)	29,687		29,878	
1.1 Paid-up share capital (ordinary shares)	15,140		15,140	
1.2 Premium on share capital	8,465		8,465	
1.3 Statutory reserve	401		398	
1.4 Net profit after appropriation	5,758		5,699	
1.5 Accumulated other comprehensive income	1,353		1,608	
1.5.1 Revaluation surplus on land, building or condominium appraisal	1,506		1,528	
1.5.2 Revaluation surplus (deficit) on change in value of available for sale investments	(159)		76	16
1.5.3 Gains (losses) arising from translating the financial statement of a foreign operation	6		4	1
1.5.4 Other owner changes items	-		-	
1.6 Regulatory deductions to CET 1 capital	(1,430)		(1,432)	
1.6.1 Remeasurements of post-employment benefit obligations	(117)		(117)	
1.6.2 Intangible assets	(361)		(292)	(73)
1.6.3 Deferred tax assets	(952)		(1,023)	
2. Additional Tier 1 capital	-		-	
Tier 2 capital	13,134		9,966	
1. Qualifying Tier 2 capital instruments	12,244		9,086	
2. General provision for loan classified as pass	890		880	
Total Capital	42,821		39,844	

^{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.

^{2/} As at 31 December 2017, net balance of items to be included in or deducted from capital under Basel III during the transitional period are 80% included in or deducted..

Table 6 Disclosure information for reconciliation of composition of capital (Full consolidation only)
Table 6.1 Balance sheet as in published financial statements with under the regulatory scope of consolidation*

Unit: Million Baht

Items related to the capital fund for the period June 2018	Balance sheet as in published financial statements	Balance sheet under the regulatory scope of consolidation	Reference
Assets			
1. Cash	1,402	1,402	
2. Interbank and money market items, net	5,946	5,946	
3. Derivative assets	34,160	34,160	
4. Investment, net	78,384	78,384	
5. Loans and accrued interest receivables			
5.1 Loans	221,718	221,718	
5.2 Accrued interest receivables	486	486	
Total loans and accrued interest receivables	222,204	222,204	
5.3 <u>Less</u> Deferred revenue	(7,466)	(7,466)	
5.4 <u>Less</u> Allowance for doubtful debts	(11,333)	(11,333)	
▪ Qualified as Capital		(713)	A ^{1/}
▪ Non-qualified as Capital		(10,620)	
5.5 <u>Less</u> Revaluation allowance for debt restructuring	(58)	(58)	
Loans and accrued interest receivables, net	203,347	203,347	
6. Customers' liability under acceptance	157	157	
7. Properties for sale, net	1,015	1,015	
8. Premises and equipment, net	3,540	3,540	
9. Intangible assets, net	366	366	B
10. Deferred tax assets	1,380	1,380	C
11. Other assets, net	11,627	11,627	
Total assets	341,324	341,324	
Liabilities			
12. Deposits	175,761	175,761	
13. Interbank and money market items, net	31,792	31,792	
14. Liability payable on demand	510	510	

Items related to the capital fund for the period June 2018	Balance sheet as in published financial statements	Balance sheet under the regulatory scope of consolidation	Reference
15. Financial liabilities designated at fair value through profit or loss	29,661	29,661	
16. Derivative liabilities	33,780	33,780	
17. Debt issued and borrowings	23,823	23,823	
▪ Qualified as Capital		12,244	D ^{2/}
▪ Non-qualified as Capital		11,579	
18. Bank's liability under acceptance	157	157	
19. Provisions	2,005	2,005	
20. Other liabilities	10,628	10,628	
Total liabilities	308,117	308,117	
Equity			
21. Share capital			
21.1 Registered - ordinary shares	15,140	15,140	
21.2 Issued and paid-up share capital - ordinary shares	15,140	15,140	E
22. Premium on share capital	8,465	8,465	F
23. Accumulated other comprehensive income	1,304	1,304	
23.1 Revaluation surplus on assets	1,596	1,596	
▪ Qualified as Capital		1,505	G ^{3/}
▪ Non-qualified as Capital		91	
23.2 Revaluation surplus (deficit) on change in value of investments	(159)	(159)	H
23.2.1 Debt securities		(160)	
23.2.2 Equity securities		1	
23.3 Remeasurements of post-employment benefit obligations	(141)	(141)	I
23.4 Profit (loss) arising from translating the financial statement of a foreign operation	6	6	J
23.5 Gains and losses on derivatives held as cash flow hedge reserve	2	2	K
23.6 Accretion of equity interest in subsidiary	(43)	(43)	L
24. Retained earnings			

Items related to the capital fund for the period June 2018	Balance sheet as in published financial statements	Balance sheet under the regulatory scope of consolidation	Reference
24.1 Appropriated – statutory reserve	401	401	M
24.2 Unappropriated	7,940	7,940	
▪ Net profit after appropriation to capital		7,553	N
▪ Unappropriated		387	
Total equity	33,207	33,207	
Total liabilities and equity	341,324	341,324	

* 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 713 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 6.2 Disclosure of the reconciliation of capital funds

Unit: Million Baht

Items related to the capital fund for the period June 2018	Composition of regulatory capital guidelines reported by the financial group	Source of reference in financial statements under the consolidated supervision
Tier 1 capital	30,981	
1. Common Equity Tier 1 capital	30,981	
1.1 Paid-up share capital (ordinary shares)	15,140	E
1.2 Share premium	8,465	F
1.3 Statutory reserve	401	M
1.4 Net profit after appropriation	7,553	N
1.5 Accumulated other comprehensive income	1,311	
1.5.1 Revaluation surplus on land, building or condominium appraisal	1,505	G
1.5.2 Revaluation surplus (deficit) on change in value of available for sale investments	(159)	H
1.5.3 Gains (losses) arising from translating the financial statement of a foreign operation	6	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	2	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	(2)	K
1.7 Regulatory deductions to Common Equity Tier 1 capital	(1,887)	
1.7.1 Remeasurements of post-employment benefit obligations	(141)	I
1.7.2 Intangible assets	(366)	B
1.7.3 Deferred tax assets	(1,380)	C
2. Additional Tier 1 capital	-	
Tier 2 capital	12,957	
Qualifying Tier 2 capital instruments	12,244	D
General provision for loan classified as pass	713	A
Total capital fund	43,938	

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 addition 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)

1. Liquidity Coverage Ratio: LCR

Unit: Million Baht

	2Q/2018* (average)	2Q/2017* (average)
(1) Total High Quality Liquid Assets (Total HQLA)	56,116	52,833
(2) Total Net Cash Outflow within 30 Days (Total net cash outflows)	44,606	40,508
(3) LCR (percentage)	126	131
BOT's LCR minimum requirement (percentage)	80	70

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

2. LCR figures comparison

Unit: %

	2018* (average)	2017* (average)
1 st Quarter	130	121
2 nd Quarter	126	131

* 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 2nd Quarter 2018 was 126.0% which was higher than the minimum requirement of Bank of Thailand at 80%. The computation was from average LCR at month-end of April 2018 at 127.4%, May 2018 at 130.5% and June 2018 at 120.0%. 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 2nd quarter of 2018 was THB 56,116 million (93.4% was HQLA level 1 including cash and balance at BOT and Government Bond). The computation was to average the balances of HQLA during April to June 2018.

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}
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Average expected net cash outflows of the 2nd quarter 2018 was THB 44,606 million which was to average the balances of net cash outflows for subsequent 30 calendar days during April to June 2018. 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 instrument which calculated by the inflow rates as BOT's definitions as well.

Moreover, the bank assesses and analyses 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.