Basel III - Pillar 3 and

Liquidity coverage ratio (LCR) disclosures

As of December 31, 2020

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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 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

3. Key prudential metrics

Bank of Thailand ("BOT") announced the BOT's Notification No. SorNorSor. 14/2562 Re: Capital Disclosure Requirements for Commecial Banks (Second Edition) and SorNorSor.15/2562 Re: Disclosure Requirement on Capital Adequacy for a Financial Group (Second Edition), which will come to effect for accounting periods beginning on and from 1 January 2020, requiring commercial banks to disclosure quantitative of key prudential metrics in respect of both capital and liquidity for capital, commercial banks shall disclose information on capital that reflects the entire impact due to an increase in provisions according to TFRS 9; this framework is based on the BCBS's Pillar 3 disclosure requirements consolidated and enhanced framework (March 2017).

Table 1 Disclosure of quantitative data for key risk indicators

	Items	Consolidated		Bank-Only	
		Dec 31, 2020	Jun 30, 2020	Dec 31, 2020	Jun 30, 2020
Available capital (Unit: Million Baht)					
1	Common Equity Tier 1 capital (CET 1)	39,620	36,375	38,029	33,379
1a	Fully loaded ECL[1/] accounting model CET 1	39,620	36,375	38,029	33,379
2	Tier 1 capital (Tier 1)	39,620	36,375	38,029	33,379
2a	Fully loaded ECL accounting model Tier 1	39,620	36,375	38,029	33,379
3	Total capital funds	54,306	51,227	52,823	48,323
3a	Fully loaded ECL accounting model total capital	54,306	51,227	52,823	48,323
Risk-weighted assets (Unit: Million Baht)					
4	Total risk-weighted assets (RWA)	254,001	270,212	254,584	269,626
Risk-based capital ratios as a percentage of RWA (%)					
5	Common Equity Tier 1 ratio (CET 1 ratio)	15.60%	13.46%	14.94%	12.38%
5a	Fully loaded ECL accounting model CET 1 ratio	15.60%	13.46%	14.94%	12.38%
6	Tier 1 ratio	15.60%	13.46%	14.94%	12.38%
6a	Fully loaded ECL accounting model Tier 1 ratio	15.60%	13.46%	14.94%	12.38%
7	Total capital ratio	21.38%	18.96%	20.75%	17.92%
7a	Fully loaded ECL accounting model total capital ratio	21.38%	18.96%	20.75%	17.92%

Items		Consolidated		Bank-Only	
		Dec 31, 2020	Jun 30, 2020	Dec 31, 2020	Jun 30, 2020
Capital buffer ratios as a percentage of RWA (%)					
8	Conservation buffer ratio	2.5%	2.5%	2.5%	2.5%
9	Countercyclical buffer ratio	-	-	-	-
10	Higher loss absorbency ratio	-	-	-	-
11	Total capital buffer ratio (the sum of Item 8 to Item 10)	2.5%	2.5%	2.5%	2.5%
12	Common Equity Tier 1 ratio available after meeting the bank's minimum capital requirements [2/]	8.60%	6.46%	7.94%	5.38%
Liquidity Coverage Ratio (LCR) [3/]					
13	Total high-quality liquid assets (Total HQLA) (Unit: Million Baht)	-	-	82,955	78,823
14	Total net cash outflows within 30 Days (Unit: Million Baht)	-	-	52,419	52,900
15	LCR ratio (%)	-	-	159%	150%
	BOT's LCR minimum requirement (%)			100%	100%

[1/] Expected credit losses (ECL) according to the Thai Financial Reporting Standard No.9 - Financial Instruments (TFRS 9).

[2/] Common Equity Tier 1 ratio available after meeting the bank's minimum capital requirements: it may not necessarily be the difference between CET 1 ratio (item 5) and the minimum CET 1 ratio requirement of 4.5% because CET 1 ratio may be used to meet the bank's minimum Tier 1 ratio requirement of 6% and/or the minimum total capital ratio requirement of 8.5%.

[3/] To comply with BOT's notification No. SorNorSor. 2/2561 dated January 25, 2018 the Bank disclosure Liquidity Coverage Raito (LCR) on the Bank's website
https://www.cimbthai.com/th/personal/who-we-are/investor-relations/financial-information/pillar-three-disclosures.html

4. Capital

4.1 Capital Structure

As at 31 December 2020, CIMB Thai Financial Group's total capital fund under Basel III was THB 54,306 million consisting of Common Equity Tier 1 (CET 1) capital of THB 39,620 million, Tier 1 capital of THB 39,620 million, and Tier 2 capital of THB 14,686 million. For Bank level, consisting of Common Equity Tier 1 capital of THB 38,029 million, Tier 1 capital of THB 38,029 million, and Tier 2 capital of THB 14,793 million and Totaling THB 52,822 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 investments
  - Difference from the translation of financial statements
  - Cash flow hedge reserves
  - Gains on financial liabilities designated at fair value relating to own credit risk
- Deducted from CET 1 capital
  - Deferred tax assets
  - Intangible assets
  - Impact on revision of employee benefits based on actuarial calculation

Tier 2 capital

- General provisions mean Expected credit loss for financial assets with an insignificant increase in credit risk (performing) and for financial assets with a significant increase in credit risk (under-performing), 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, which 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, which 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, which 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.

Table 2 Capital Structure

Unit: Million Baht

As at	Consolidated		Bank-Only	
	Dec 31, 2020	Jun 30, 2020	Dec 31, 2020	Jun 30, 2020
1. Tier 1 Capital	**39,620**	**36,375**	**38,029**	**33,379**
1.1 Common Equity Tier 1 capital	39,620	36,375	38,029	33,379
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	536	425	536	425
1.1.4 Net profit after appropriation	12,011	8,939	9,520	5,256
1.1.5 Other Comprehensive Income	1,700	1,803	1,743	1,846
1.1.5.1 Accumulated Other Comprehensive Income	1,743	1,846	1,743	1,846
1.1.5.2 Other owner changes items	(43)	(43)	-	-
1.1.6 Any adjustments that are not allowed to have impacts on capital	(153)	(318)	(153)	(318)
1.1.6.1 Cash flow hedge reserves	(238)	(284)	(238)	(284)
1.1.6.2 Gains on financial liabilities designated at fair value relating to own credit risk	85	(34)	85	(34)
1.1.7 Items to be deducted from CET 1	(2,031)	(2,031)	(1,174)	(1,387)
1.1.7.1 Net losses	(95)	-	(11)	-
1.1.7.2 Remeasurements of post-employment benefit obligations	(294)	(335)	(242)	(290)
1.1.7.3 Intangible assets	(970)	(1,151)	(921)	(1,097)
1.1.7.4 Deferred tax asset	(672)	(545)	-	-
1.2 Additional Tier 1 capital	-	-	-	-
2. Tier 2 capital	**14,686**	**14,852**	**14,793**	**14,944**
2.1 Qualifying Tier 2 capital instruments	12,262	12,262	12,262	12,262
2.2 General provisions	2,424	2,590	2,531	2,682
3. Total capital funds	**54,306**	**51,227**	**52,822**	**48,323**

4.2 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)

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Table 3 Minimum capital requirements classified by risk types

Unit: Million Baht

As at	Consolidated		Bank-Only	
	Dec 31, 2020	Jun 30, 2020	Dec 31, 2020	Jun 30, 2020
Credit Risk	**16,483**	**17,613**	**17,210**	**18,238**
1. Performing Assets	15,740	16,782	16,487	17,428
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	46	32	46	32
1.2 Claims on financial institutions, and public sector entities (PSEs) whose risk weight is comparable to that of financial institutions and securities companies	1,377	1,573	1,374	1,570
1.3 Claims on corporate and public sector entities (PSEs) whose risk weight is comparable to that of corporate Entities	7,447	7,940	10,449	11,065
1.4 Claims on retail	4,084	4,412	1,632	1,730
1.5 Claims on residential mortgage exposures	2,271	2,305	2,271	2,305
1.6 Other assets	515	520	715	726
2. Non-Performing Assets	743	831	723	810
Market Risk	**2,997**	**3,225**	**2,997**	**3,225**
1. Interest rate risk	2,787	3,021	2,787	3,021
2. Equity price risk	-	-	-	-
3. Foreign exchange rate risk	210	204	210	204
4. Commodity price risk	-	-	-	-
Operational Risk	**2,110**	**2,130**	**1,433**	**1,455**
Total minimum capital requirement [1/]	**21,590**	**22,968**	**21,640**	**22,918**
Total minimum capital buffer [2/]	**6,350**	**6,755**	**6,364**	**6,741**
Total minimum capital requirement and capital buffer	**27,940**	**29,723**	**28,004**	**29,659**
Total Risk Weight Assets	**254,001**	**270,212**	**254,584**	**269,626**

[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 increase capital conservation buffer of 2.5%

As at 31 December 2020, the financial group's CET 1 ratio, Tier 1 ratio, and Total capital ratio were at 15.6%, 15.6% and 21.4%, respectively, while the Bank's ratio were at 14.9%, 14.9% and 20.8%, respectively. All ratios are higher than minimum capital requirement and capital buffer of Bank of Thailand.

Table 4 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, 2020	Jun 30, 2020	Dec 31, 2020	Jun 30, 2020		
CET 1 capital to risk-weighted assets	15.60	13.46	14.94	12.38	4.50	7.00
Tier 1 capital to risk-weighted assets	15.60	13.46	14.94	12.38	6.00	8.50
Total capital to risk-weighted assets	21.38	18.96	20.75	17.92	8.50	11.00

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

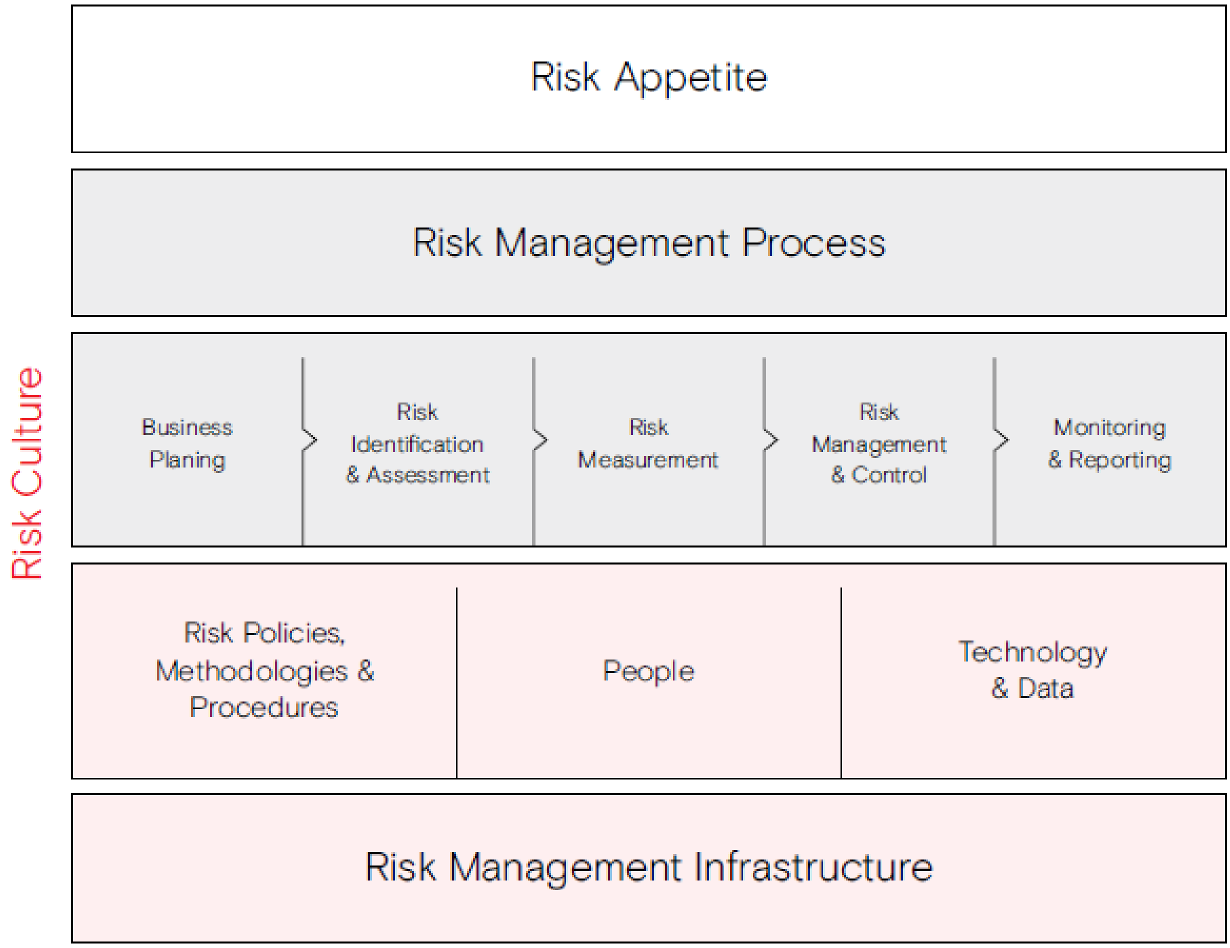
[2/] Minimum capital requirement and capital buffer ratio as accordance to BOT's Notification No. SorNorSor 12/2555 Re: the BOT required the Commercial Banks to increase capital conservation buffer of 2.5%.

5. 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:

Governance & Organization



Risk Culture: The Bank embraces risk management as an integral part of its culture and decision-making processes. Its 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. 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.

Roles and Responsibilities of Functions in Risk Managment as follows:

1. **Non-Retail Credit Risk Management** is responsible to perform a thorough credit risk assessment and evaluate credit applications according to the minimum standard requirement in credit analysis and lending business within bank's Credit Policy and Procedure and/or other regulations, provide credit recommendation to the respective Committee or credit decision as per delegated authority (JDA), and oversight the credit risk intensity in order to ensure of maintaining credit quality and healthy portfolio while preemptively prevent / mitigate credit risk.

2. **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.

3. **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.

4. **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.

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. The scope of Operational Risk is also including technology & cyber risk, fraud risk, and business continuity.

6. **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.

7. **Modelling and Portfolio Analytics** is responsible to develop internal rating and scoring models for both credit decision (approve/decline) and Internal Rating Based (IRB) purposes, and closely monitor the performance of the rating and scoring models to ensure relevance to current market conditions and integrity of ratings. In addition to this, responsible to generate, review and maintain concentration risk methodology to set the risk appetite for sector concentration, country concentration.

8. **Capital and Credit Risk Analytics** main responsibilities are to evaluate, measure and monitor credit risk capital and overall risk reporting in accordance with Basel regulatory compliance including Non-retail credit risk analytics both static and dynamic portfolio to enable senior management/Board to actively monitor the risk profile with reliable, timely and relevant information for appropriate actions to be taken, if necessary.

9. **Credit Ratings Implementation** main responsibilities are to design and manage Retail Business Rules to be standardized credit decision, align with Bank Credit Risk Policy and Bank of Thailand regulation, including Retail Scorecard and Non Retail Credit rating implementation.

10. **Credit Review** is responsible to perform a review function that provides credit assurance oriented towards the review of credits, credit-like transactions and contingent liabilities to ensure that credit approval and administration processes are in line with the Credit Risk Policy and procedures, and the accuracy of loan classification and provisioning according to BOT's Policy Guidelines.

11. **Risk Strategy and Planning** is responsible for supporting Head, Risk Management in the development of plans and strategies for the Risk team. The team drives and manages strategic project, including establishing and monitoring project plans, resolving issues, and managing project participants/ team members.

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Risk Management Organization

6. Risk assessment for each risk

6.1 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.

6.2 Credit Risk

6.2.1 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 Black and 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. Black – "Forbidden', 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 which 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 and watch list – medium shall remain as perfoining (stage 1) class while those under watch list - high are classified as under-performming (stage 2). 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 as prescribed in the BOT's Notification No. SorNorSor. 23/2561 dated 13 December 2018, thereby requiring classification and provision for financial assets and exposue from loan commitments and financial guarantee contracts. Such financial assets and commitments are classified into three types; comprising (1) Non-performing (2) Under-performing and (3) Performing Provision is also required for expected credit loss (ECL). This is in accordance with Thai Financial Reporting Standard No. 9 (TFRS 9) regarding financial instruments, effective from 1 January 2020 onwards.

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:

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- **General Provision** includes reserves for assets and obligations with an insignificant increase in credit risk (Perfoming) and reserves for assets and obligations with a significant increase in credit risk (Under-performing) excluding any provision held against assets classified as pass which is already counted as specific provision. The general provision shall be in accordance with the Notification of the Bank of Thailand Re: Regulations on Assets Classification and Provisioning of Financial Institutions.
- **Specific Provision** means a provision ascribed to identified deterioration of any particular assets and off-balance sheet items, including allowance for a decrease occurred from financial instruments that measured at fair value through profit or loss (FVTPL), financial instruments that measured at fair value through other comprehensive income (FVOCI) and allowance for expected credit loss but excluding general provision that has already been included in Tier 2 capital.
- **Non-performing claims** mean claims on assets classified as non-performing and purchased or originated credit impaired under the Notification of the Bank of Thailand on Asset Classifidation and Provisioning of Financial Institutions.

- **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 stage 3 loan account follow definition of TFRS 9 will be recognize at effective interest rate of the carrying amount after impairment.

2. Impairment of assets

The Group has chosen to exclude information related to COVID-19 as an indication of the impairment of assets.

For intangible assets that are not ready for intended use that the Group has to test for impairment annually, the Group has chosen not to include information related to COVID-19 that potentially effect financial pojections to consider for the assets impairment tesing.

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

- **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 business group are in compliance with the Bank of Thailand's regulations, i.e. the same procedures for normal customer transactions also applicable 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 5 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, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
1. On-balance sheet assets	**347,757**	**366,495**	**343,318**	**358,790**
1.1 Loans and accrued interest receivables, net [1/]	223,789	232,775	219,521	225,286
1.2 Investments in debt securities, net [2/]	61,467	86,704	61,465	86,704
1.3 Deposits and accrued interests, net [3/]	4,940	3,557	4,771	3,341
1.4 Derivative assets	57,561	43,459	57,561	43,459
2. Off-balance sheet items [4/]	**3,705,507**	**3,710,588**	**3,718,607**	**3,712,738**
2.1 Aval of bills, financial guarantees and Letter of credits	781	605	781	2,755
2.2 OTC derivatives [5/]	3,686,311	3,688,546	3,686,311	3,688,546
2.3 Undrawn committed line	18,415	21,437	31,515	21,437

[1/] Including undue interest receivables, net of deferred income, unamortised modification gain (loss) and expected credit loss and including loans and accrued interest receivalbes of interbank and money market, net

[2/] Including investment in loan, which excluding accrued interest receivables and net of allowances for revaluation securities and expected credit loss

[3/] Including undue interest receivables and net of expected credit loss

[4/] Before using credit conversion factor

[5/] Including equity-related derivatives

Table 6 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, 2020								
	On-balance sheet assets					Off-balance sheet items [3]			
	Total	Net loans [1]	Net investments in debt securities [2]	Deposits (including accrued interests) [3]	Derivative assets	Total	Aval of bills, financial guarantees and letter of credits	OTC derivatives [4]	Undrawn committed line
1. Thailand	322,141	227,460	61,467	2,398	30,816	1,604,423	781	1,585,229	18,413
2. Asia Pacific (excluding Thailand)	11,708	626	-	1,164	9,918	460,576	-	460,574	2
3. North America and Latin America	6,917	-	-	647	6,270	632,584	-	632,584	-
4. Africa and Middle East	24	-	-	-	24	2,240	-	2,240	-
5. Europe	11,250	-	-	717	10,533	1,005,684	-	1,005,684	-
6. Oceania	1,159	1,145	-	14	-	-	-	-	-
Total	**353,199**	**229,231**	**61,467**	**4,940**	**57,561**	**3,705,507**	**781**	**3,686,311**	**18,415**
Less General provision	(5,442)	(5,442)	-	-	-	-	-	-	-
รวม	**347,757**	**223,789**	**61,467**	**4,940**	**57,561**	**3,705,507**	**781**	**3,686,311**	**18,415**

[1] Including undue interest receivables, net of deferred income, unamortised modification gain (loss) and expected credit loss and including loans and accrued interest receivalbes of interbank and money market, net

[2] Including investment in loan, which excluding accrued interest receivables and net of allowances for revaluation securities and expected credit loss

[3] Including undue interest receivables and net of expected credit loss

[4] Before using credit conversion factor

[5] Including equity-related derivatives

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 using credit conversion factor

[4/] Including equity-related derivatives

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Unit: Baht million

As at	Dec 31, 2020								
	On-balance sheet assets					Off-balance sheet items [3/]			
	Total	Net loans [1/]	Net investments in debt securities [2/]	Deposits (including accrued interests) [3/]	Derivative assets	Total	Aval of bills, financial guarantees and letter of credits	OTC derivatives [4/]	Undrawn committed line
1. Thailand	315,974	221,464	61,465	2,229	30,816	1,617,523	781	1,585,229	31,513
2. Asia Pacific (excluding Thailand)	11,708	626	-	1,164	9,918	460,576	-	460,574	2
3. North America and Latin America	6,917	-	-	647	6,270	632,584	-	632,584	-
4. Africa and Middle East	24	-	-	-	24	2,240	-	2,240	-
5. Europe	11,250	-	-	717	10,533	1,005,684	-	1,005,684	-
6. Oceania	1,159	1,145	-	14	-	-	-	-	-
Total	**347,032**	**223,235**	**61,465**	**4,771**	**57,561**	**3,718,607**	**781**	**3,686,311**	**31,515**
Less General provision	(3,714)	(3,714)	-	-	-	-	-	-	-
Total	**343,318**	**219,521**	**61,465**	**4,771**	**57,561**	**3,718,607**	**781**	**3,686,311**	**31,515**

[1/] Including undue interest receivables, net of deferred income, unamortised modification gain (loss) and expected credit loss and including loans and accrued interest receivalbes of interbank and money market, net

[2/] Including investment in loan, which excluding accrued interest receivables and net of allowances for revaluation securities and expected credit loss

[3/] Including undue interest receivables and net of expected credit loss

[4/] Before using credit conversion factor

[5/] Including equity-related derivatives

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 using credit conversion factor

[4] Including equity-related derivatives

Table 7 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, 2020				Dec 31, 2019			
	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	**62,740**	**290,459**	**(5,442)**	**347,757**	**63,001**	**309,208**	**(5,714)**	**366,495**
1.1 Loans and accrued interest receivables, net [1/]	31,928	197,303	(5,442)	223,789	39,901	198,288	(5,714)	232,775
1.2 Investments in debt securities, net [2/]	6,381	55,086	-	61,467	7,919	78,785	-	86,704
1.3 Deposits and accrued interests, net [3/]	4,940	-	-	4,940	3,557	-	-	3,557
1.4 Derivative assets	19,491	38,070	-	57,561	11,624	31,835	-	43,459
2. Off-balance sheet items [4/]	**2,063,703**	**1,641,804**	**-**	**3,705,507**	**2,070,244**	**1,640,344**	**-**	**3,710,588**
2.1 Aval of bills, financial guarantees and Letter of credits	781	-	-	781	605	-	-	605
2.2 OTC derivatives [5/]	2,048,927	1,637,384	-	3,686,311	2,058,363	1,630,183	-	3,688,546
2.3 Undrawn committed line	13,995	4,420	-	18,415	11,276	10,161	-	21,437

[1/] Including undue interest receivables, net of deferred income, unamortised modification gain (loss) and expected credit loss and including loans and accrued interest receivalbes of interbank and money market, net

[2/] Including investment in loan, which excluding accrued interest receivables and net of allowances for revaluation securities and expected credit loss

[3/] Including undue interest receivables and net of expected credit loss

[4/] Before using credit conversion factor

[5/] Including equity-related derivatives

Unit: Baht million

As at	Bank Only							
	Dec 31, 2020				Dec 31, 2019			
	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	**89,965**	**257,067**	**(3,714)**	**343,318**	**78,166**	**285,706**	**(5,082)**	**358,790**
1.1 Loans and accrued interest receivables, net [1/]	59,322	163,913	(3,714)	219,521	55,282	175,086	(5,082)	225,286
1.2 Investments in debt securities, net [2/]	6,381	55,084	-	61,465	7,919	78,785	-	86,704
1.3 Deposits and accrued interests, net [3/]	4,771	-	-	4,771	3,341	-	-	3,341
1.4 Derivative assets	19,491	38,070	-	57,561	11,624	31,835	-	43,459
2. Off-balance sheet items [4/]	**2,076,803**	**1,641,804**	**-**	**3,718,607**	**2,072,394**	**1,640,344**	**-**	**3,712,738**
2.1 Aval of bills, financial guarantees and Letter of credits	781	-	-	781	2,755	-	-	2,755
2.2 OTC derivatives [5/]	2,048,927	1,637,384	-	3,686,311	2,058,363	1,630,183	-	3,688,546
2.3 Undrawn committed line	27,095	4,420	-	31,515	11,276	10,161	-	21,437

[1/] Including undue interest receivables, net of deferred income, unamortised modification gain (loss) and expected credit loss and including loans and accrued interest receivalbes of interbank and money market, net

[2/] Including investment in loan, which excluding accrued interest receivables and net of allowances for revaluation securities and expected credit loss

[3/] Including undue interest receivables and net of expected credit loss

[4/] Before using credit conversion factor

[5/] Including equity-related derivatives

Table 8 Outstanding balance of financial instruments * before credit risk mitigation and provisions (General provision and Specific provision)

Unit: Baht million

Consolidated						
Dec 31, 2020						
Items	Exposures		Provisions [2/]	Reserve value of the position using the SA mehtod [2/]		Net exposures [3/]
	Defaulted exposures [1/]	Non-defaulted exposures [1/]		General provision	Specific provision	
1. Loans and accrued interest receivables [4/]	11,218	221,525	8,954	5,442	3,512	223,789
2. Investment in debt Securities [5/]	-	61,467	-	-	-	61,467
3. Deposits and accrued interests [6/]	-	4,940	-	-	-	4,940
4. Loan commitment and financial guarantee contract [7/]	820	29,081	704	25	679	29,197
Total	**12,038**	**317,013**	**9,658**	**5,467**	**4,191**	**319,393**

* Recognized impairment in accordance with TFRS 9 Re: Financial Instruments

[1/] The Bank uses the SA method: defaulted exposures and non-defaulted exposures as according to the Bank of Thailand Notification Re: Regulations for Classification and Provision of Financial Institutions

[2/] Refers to the allowance for expected credit loss as defined in TFRS 9. For financial instruments measured at fair value through other comprehensive income. The reserve value is not required as stipulated in TFRS 7 Re: Financial Instruments Disclosure. The outstanding value of such financial instruments is shown in net amount of reserve value.

[3/] Net exposure = Exposure - Provsion

[4/] Including undue interest receivables, net of deferred income, unamortised modification gain (loss) and expected credit loss and including loans and accrued interest receivalbes of interbank and money market, net

[5/] Excluding accrued interest receivables and net of allowances for revaluation, and excluding Investment in loan

[6/] Including undue interest receivables

[7/] Before using credit conversion factor

Unit: Baht million

Items	Exposures		Provisions [2/]	Reserve value of the position using the SA mehtod [2/]		Net exposures [3/]
Bank Only						
Dec 31,2020						
	Defaulted exposures [1/]	Non-defaulted exposures [1/]		General provision	Specific provision	
1. Loans and accrued interest receivables [4/]	10,821	215,767	7,067	3,714	3,353	219,521
2. Debt Securities [5/]	-	61,465	-	-	-	61,465
3. Deposits and accrued interests [6/]	-	4,771	-	-	-	4,771
4. Loan commitment and financial guarantee contract [7/]	820	42,181	704	25	679	42,297
Total	**11,641**	**324,184**	**7,771**	**3,739**	**4,032**	**328,054**

* Recognized impairment in accordance with TFRS 9 Re: Financial Instruments

[1/] The Bank uses the SA method: defaulted exposures and non-defaulted exposures as according to the Bank of Thailand Notification Re: Regulations for Classification and Provision of Financial Institutions

[2/] Refers to the allowance for expected credit loss as defined in TFRS 9. For financial instruments measured at fair value through other comprehensive income. The reserve value is not required as stipulated in TFRS 7 Re: Financial Instruments Disclosure. The outstanding value of such financial instruments is shown in net amount of reserve value.

[3/] Net exposure = Exposure - Provsion

[4/] Including undue interest receivables, net of deferred income, unamortised modification gain (loss) and expected credit loss and including loans and accrued interest receivalbes of interbank and money market, net

[5/] Excluding accrued interest receivables and net of allowances for revaluation, and excluding Investment in loan

[6/] Including undue interest receivables

[7/] Before using credit conversion factor

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Table 9 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

Unit: Baht million

Consolidated										
Dec 31, 2020										
country or geographic area	Loans and accrued interest receivables [1/]					Investment in debt securities [2/]				
	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Purchased or originated crdit-impaired	Total	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Purchased or originated crdit-impaired	Total
Thailand	202,240	17,829	10,786	58	230,913	61,326	141	-	-	61,467
Asia Pacific (exclude Thailand)	73	238	373	-	684	-	-	-	-	-
North America and Latin America	-	-	-	-	-	-	-	-	-	-
Africa and Middle East	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-
Oceania	-	1,145	-	-	1,145	-	-	-	-	-
Total	**202,313**	**19,212**	**11,159**	**58**	**232,742**	**61,326**	**141**	**-**	**-**	**61,467**

[1/] Including undue interest receivables, net of deferred income, unamortised modification gain (loss) and expected credit loss and including loans and accrued interest receivalbes of interbank and money market, net

[2/] Excluding accrued interest receivables and net of allowances for revaluation, and excluding Investment in loan

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Unit: Baht million

Bank Only										
Dec 31, 2020										
country or geographic area	Loans and accrued interest receivables [1/]					Investment in debt securities [2/]				
	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Purchased or originated crdit-impaired	Total	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Purchased or originated crdit-impaired	Total
Thailand	200,582	13,729	10,390	58	224,759	61,324	141	-	-	61,465
Asia Pacific (exclude Thailand)	73	238	373	-	684	-	-	-	-	-
North America and Latin America	-	-	-	-	-	-	-	-	-	-
Africa and Middle East	-	-	-	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-	-	-	-
Oceania	-	1,145	-	-	1,145	-	-	-	-	-
Total	**200,655**	**15,112**	**10,763**	**58**	**226,588**	**61,324**	**141**	**-**	**-**	**61,465**

[1/] Including undue interest receivables, net of deferred income, unamortised modification gain (loss) and expected credit loss and including loans and accrued interest receivalbes of interbank and money market, net

[2/] Excluding accrued interest receivables and net of allowances for revaluation, and excluding Investment in loan

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Table 10 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, 2020				Dec 31, 2019			
	Loans and accrued interest receivables [1/]			Investment in debt securities Specific provision [2/]	Loans and accrued interest receivables [1/]			Investment in debt securities Specific provision [5/]
	Reserve value of the position using the SA method [3/]		Write-off during period		Reserve value of the position using the SA method [3/]		Write-off during period	
	General provision [4/]	Specific provision			General provision [4/]	Specific provision		
Thailand		3,454	2,903	1		4,919	2,519	21
Asia Pacific (exclude Thailand)		58	-	-		-	-	-
North America and Latin America		-	-	-		-	-	-
Africa and Middle East		-	-	-		-	-	-
Europe		-	-	-		-	-	-
Oceania		-	-	-		-	-	-
Total	5,442	3,512	2,903	1	5,714	4,919	2,519	21

[1/] Including provisions and write-offs for outstanding amounts and accrued interest receivables of interbank and money market

[2/] Excluded Investment in loan

[3/] Expected credit loss

[4/] Disclosed in total amounts

[5/] Included Investment in loan

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Unit: Baht million

As at	Dec 31, 2020				Dec 31, 2019			
	Loans and accrued interest receivables [1/]			Investment in debt securities	Loans and accrued interest receivables [1/]			Investment in debt securities
	Reserve value of the position using the SA method [3/]		Write-off during period		Reserve value of the position using the SA method [3/]		Write-off during period	
	General provision [4/]	Specific provision		Specific provision [2/]	General provision [4/]	Specific provision		Specific provision [5/]
Thailand		3,295	1,560	1		4,423	1,424	21
Asia Pacific (exclude Thailand)		58	-	-		-	-	-
North America and Latin America		-	-	-		-	-	-
Africa and Middle East		-	-	-		-	-	-
Europe		-	-	-		-	-	-
Oceania		-	-	-		-	-	-
Total	3,714	3,353	1,560	1	5,082	4,423	1,424	21

[1/] Including provisions and write-offs for outstanding amounts and accrued interest receivables of interbank and money market

[2/] Excluded Investment in loan

[3/] Expected credit loss

[4/] Disclosed in total amounts

[5/] Included Investment in loan

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Table 11 Outstanding of loans and accrued interest receivables * 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, 2020				
	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Purchased or originated credit-impaired	Total
Agricultural and mining	5,697	1,755	-	-	7,452
Manufacturing and commerce	26,257	4,564	3,470	14	34,305
Real estate and construction	14,509	659	1,162	1	16,331
Public utilities and services	23,844	3,745	1,548	36	29,173
Housing loans	72,652	3,026	4,003	-	79,681
Financial Intermediaries	8,748	500	-	-	9,248
Personal consumption	50,606	4,963	976	7	56,552
Total	**202,313**	**19,212**	**11,159**	**58**	**232,742**

* Including undue interest receivables, net of deferred income, unamortised modification gain (loss) and expected credit loss and including loans and accrued interest receivalbes of interbank and money market, net

Bank Only

Unit: Baht million

As at	Dec 31, 2020				
	Performing (Stage 1)	Under-performing (Stage 2)	Non-performing (Stage 3)	Purchased or originated credit-impaired	Total
Agricultural and mining	5,697	1,755	-	-	7,452
Manufacturing and commerce	26,257	4,564	3,470	14	34,305
Real estate and construction	14,509	659	1,162	1	16,331
Public utilities and services	23,844	3,745	1,548	36	29,173
Housing loans	72,646	3,026	4,003	-	79,675
Financial Intermediaries	41,688	500	-	-	42,188
Personal consumption	16,014	863	580	7	17,464
Total	**200,655**	**15,112**	**10,763**	**58**	**226,588**

* Including undue interest receivables, net of deferred income, unamortised modification gain (loss) and expected credit loss and including loans and accrued interest receivalbes of interbank and money market, net

Table 12 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, 2020			Dec 31, 2019		
	Reserve value of the position using the SA method [1/]		Write-off during period	Reserve value of the position using the SA method [1/]		Write-off during period
	General provision [2/]	Specific provision		General provision [2/]	Specific provision	
Agricultural and mining		1	-		1	796
Manufacturing and commerce		1,746	143		2,525	179
Real estate and construction		221	56		158	398
Public utilities and services		368	730		382	1
Housing loans		832	113		998	14
Personal consumption		344	1,861		855	1,131
Total	**5,442**	**3,512**	**2,903**	**5,714**	**4,919**	**2,519**

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

[1/] Expected credit loss

[2/] Disclosed in total amounts

Bank Only

Unit: Baht million

As at	Dec 31, 2020			Dec 31, 2019		
	Reserve value of the position using the SA method [1/]		Write-off during period	Reserve value of the position using the SA method [1/]		Write-off during period
	General provision [2/]	Specific provision		General provision [2/]	Specific provision	
Agricultural and mining		1	-		1	796
Manufacturing and commerce		1,746	143		2,525	179
Real estate and construction		221	56		158	398
Public utilities and services		368	730		382	1
Housing loans		832	113		998	14
Personal consumption		185	518		359	36
Total	**3,714**	**3,353**	**1,560**	**5,082**	**4,423**	**1,424**

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

[1/] Expected credit loss

[2/] Disclosed in total amounts

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Table 13 Reconciliation of changes in provisions (General provision and Specific provision) for loans including accrued interests *

Consolidated

Unit: Baht million

As at	Dec 31, 2020			Dec 31, 2019		
	Reserve value of the position using the SA method [1/]			Reserve value of the position using the SA method [1/]		
	General provision	Specific provision	Total	General provision	Specific provision	Total
Balance, beginning of year	5,714	4,919	10,633	5,773	4,818	10,591
Increases / decreases of provisions during the year [2/]	(267)	1,491	1,224	(54)	2,615	2,561
Write-offs during the year	(5)	(2,898)	(2,903)	(5)	(2,514)	(2,519)
Balance, end of year	5,442	3,512	8,954	5,714	4,919	10,633

* Including provisions and write-offs for outstanding amounts and accrued interest receivables of interbank and money market

[1/] Expected credit loss

[2/] Excluding allowance for expected credit loss on financial instruments measured at FVOCI

Bank Only

Unit: Baht million

As at	Dec 31, 2020			Dec 31, 2019		
	Reserve value of the position using the SA method [1/]			Reserve value of the position using the SA method [1/]		
	General provision	Specific provision	Total	General provision	Specific provision	Total
Balance, beginning of year	5,082	4,423	9,505	5,270	4,484	9,754
Increases / decreases of provisions during the year [2/]	(1,363)	485	(878)	(182)	1,357	1,175
Write-offs during the year	(5)	(1,555)	(1,560)	(6)	(1,418)	(1,424)
Balance, end of year	3,714	3,353	7,067	5,082	4,423	9,505

* Including provisions and write-offs for outstanding amounts and accrued interest receivables of interbank and money market

[1/] Expected credit loss

[2/] Excluding allowance for expected credit loss on financial instruments measured at FVOCI

Table 14 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, 2020			Dec 31, 2019		
	On-balance sheet assets	Off-balance sheet items *	Total	On-balance sheet assets	Off-balance sheet items *	Total
1. Performing Assets	**366,138**	**70,707**	**436,845**	**357,576**	**84,256**	**441,832**
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	31,643	6,341	37,984	37,705	4,899	42,604
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	32,149	35,476	67,625	20,875	51,746	72,621
1.3 Debtors that are corporate and public sector entities (PSEs) whose risk weight is comparable to that of corporate entities	82,742	27,763	110,505	88,542	26,371	114,913
1.4 Retail	63,794	1,127	64,921	68,438	1,240	69,678
1.5 Residential mortgage loan	73,466	-	73,466	73,430	-	73,430
1.6 Other assets	82,344	-	82,344	68,586	-	68,586
2. Non-Performing Assets	**7,712**	**66**	**7,778**	**6,462**	**170**	**6,632**
Total	**373,850**	**70,773**	**444,623**	**364,038**	**84,426**	**448,464**

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

Unit: Baht million

As at	Bank Only					
	Dec 31, 2020			Dec 31, 2019		
	On-balance sheet assets	Off-balance sheet items *	Total	On-balance sheet assets	Off-balance sheet items *	Total
1. Performing Assets	**364,441**	**70,707**	**435,148**	**350,259**	**86,406**	**436,665**
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	31,642	6,341	37,983	37,703	4,899	42,602
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	31,981	35,476	67,457	20,659	51,746	72,405
1.3 Debtors that are corporate and public sector entities (PSEs) whose risk weight is comparable to that of corporate entities	118,059	27,763	145,822	122,293	28,521	150,814
1.4 Retail	25,344	1,127	26,471	26,645	1,240	27,885
1.5 Residential mortgage loan	73,460	-	73,460	73,423	-	73,423
1.6 Other assets	83,955	-	83,955	69,536	-	69,536
2. Non-Performing Assets	**7,470**	**66**	**7,536**	**6,389**	**170**	**6,559**
Total	**371,911**	**70,773**	**442,684**	**356,648**	**86,576**	**443,224**

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

6.2.2 Credit Risk Rating

Currently, the Bank uses rating from External Credit Assessment Institutions ("ECAIs") such as Standard & Poor's, Moody's Investors Service, Fitch Ratings, Fitch Ratings (Thailand) Co., Ltd. and TRIS Rating Co., Ltd. or used Country risk classification of OECD, in case of no Country Risk Rating from ECAIs, to set risk weight of obligors who are sovereign, central bank, government agencies or financial institution by based on their country risk rating.

For calculation of credit risk-weighted assets for claims on corporate. The Bank set risk weight from credit rating given by ECAIs as follows:

Group of Obligors	External Credit Assessment Institutions
▪ Thai corporate (excluding debt instrument issued by private sector)	Fitch Ratings (Thailand) Co., Ltd. and TRIS Rating Co., Ltd.
▪ Foreign corporate ▪ Debt instrument issued by private sector	Standard & Poor's, Moody's Investors Service, Fitch Ratings, Fitch Ratings (Thailand) Co., Ltd. and TRIS Rating Co., Ltd.

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Table 15 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, 2020											
	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	**59,971**	**18,153**	**28,568**	**22,015**	**469**	**100,268**	**168**	**70,946**	**-**	**66,443**	**69,844**	**-**
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	59,952	-	-	-	359							
2. Debtors that are financial institutions, and public sector entities (PSEs) whose risk weight is comparable to that of financial institutions and securities companies	19	9,004	3,161	12,814	2							
3. Debtors that are corporate and public sector entities (PSEs) whose risk weight is comparable to that of corporate entities	-	9,149	25,407	9,201	108						63,713	
4. Retail										63,792	199	
5. Residential mortgage loan								70,946		2,520		
6. Other assets						100,268	168			131	5,932	
Non-Performing Assets [1/]	**-**	**-**	**-**	**-**	**-**	**45**	**-**	**-**	**1,033**	**104**	**3,502**	**3,094**
รวม	**59,971**	**18,153**	**28,568**	**22,015**	**469**	**100,313**	**168**	**70,946**	**1,033**	**66,547**	**73,346**	**3,094**
Capital deduction prescribed by the BOT	**1,642**											

[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, 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

Bank Only

Unit: Baht million

As at	Dec 31, 2020											
	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	**59,969**	**17,984**	**28,568**	**22,015**	**469**	**99,534**	**168**	**70,940**	**-**	**27,993**	**107,507**	**-**
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	59,950	-	-	-	359							
2. Debtors that are financial institutions, and public sector entities (PSEs) whose risk weight is comparable to that of financial institutions and securities companies	19	8,835	3,161	12,814	2							
3. Debtors that are corporate and public sector entities (PSEs) whose risk weight is comparable to that of corporate entities	-	9,149	25,407	9,201	108						99,031	
4. Retail										25,342	199	
5. Residential mortgage loan								70,940		2,520		
6. Other assets						99,534	168			131	8,277	
Non-Performing Assets [1/]	-	-	**-**	**-**	**-**	**45**	**-**	-	**994**	**104**	**3,310**	**3,084**
Total	**59,969**	**17,984**	**28,568**	**22,015**	**469**	**99,579**	**168**	**70,940**	**994**	**28,097**	**110,817**	**3,084**
Capital deduction prescribed by the BOT	**921**											

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

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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.

6.2.3 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.

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Table 16 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, 2020		Dec 31, 2019		Dec 31, 2020		Dec 31, 2019	
	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	**25,957**	**23,485**	**41,926**	**17,249**	**25,957**	**23,485**	**41,926**	**17,249**
1. Debtors that are sovereigns and central banks, multilateral development banks (MDBs) and public sector entities (PSEs) whose risk weight is comparable to that of sovereigns	2,941	-	1,703	-	2,941	-	1,703	-
2. Debtors that are financial institutions, and public sector entities (PSEs) whose risk weight is comparable to that of financial institutions and securities companies	19,179	23,466	35,220	17,237	19,179	23,466	35,220	17,237
3. Debtors that are corporate and public sector entities (PSEs) whose risk weight is comparable to that of corporate entities	2,922	5	4,112	-	2,922	5	4,112	-
4. Retail	915	14	891	12	915	14	891	12
5. Residential mortgage loan	-	-	-	-	-	-	-	-
6. Other assets	-	-	-	-	-	-	-	-
Non-Performing Assets	**8**	**37**	**2**	**97**	**8**	**37**	**2**	**97**
Total	**25,965**	**23,522**	**41,928**	**17,346**	**25,965**	**23,522**	**41,928**	**17,346**

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

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6.3 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.

6.3.1 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 trigger are set to control the risks associated with movements in interest rates which might affect the revenue and capital reserves of the Bank. Furthermore, stress test is periodically conducted, the results of which are thoroughly analysed.

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 trigger. 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 materialized.

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 never been materialised.

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 2020 and 30 June 2020 are as follows:

Table 17 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, 2020	Jun 30, 2020	Dec 31, 2020	Jun 30, 2020
Interest rate risk	2,787	3,021	2,787	3,021
Equity price risk	-	-	-	-
Foreign exchange rate risk	210	204	210	204
Commodity price risk	-	-	-	-
Total minimum capital requirements for market risk by SA	**2,997**	**3,225**	**2,997**	**3,225**

6.3.2 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 and liability portfolio values would rise and fall in line 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 18 Impact of interest rate change* on net earnings

Unit: Baht million

Currency	Consolidated		Bank only	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
THB	(453)	(377)	(336)	(321)
USD	24	83	24	83
EUR	(1)	1	(1)	1
Others	0	4	0	4
Total impact of interest rate change	**(430)**	**(289)**	**(313)**	**(233)**
% of Target Net interest income	-3.3%	-2.4%	-3.6%	-2.7%

* Under assumption of interest rate increase of 100 bps

6.3.3 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.

Changes in accounting policies relating to financial instruments:

From 1 January 2020, all equity instruments held must be irrevocably classified to measurement at fair value through other comprehensive income without subsequent recycling to profit or loss. Dividends from such investment continue to be recognized in statement of comprehensive income as other operating income.

Details of Equity exposures in the banking book, both Bank level and Full Consolidated level for the position as at 31 December 2020 and 2019 are as follows:

Table 19 Equity exposures in the Banking Book

Unit: Baht million

Equity exposures	Consolidated		Bank Only	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
1. Equity (both domestic and overseas)				
1.1 Marketable equity securities	52	63	52	63
1.2 Other equities	26	256	2,959	2,464
2. Gains (losses) of sale of equities in the reporting period	-	2	-	2
3. Revaluation surplus (deficit) on investments in equity instruments designated at fair value through other comprehensive income (FVOCI)	(223)	(3)	(223)	(3)
4. Minimum capital requirements for equity exposures classified by SA approach	7	8	256	196

6.4 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 good 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, Risk Management Committee (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 the BRCC as delegated for approval and deployment of 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 includes 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 and 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 calculattion operational risk capital requirements.

3. Key Risk Indicators: KRI

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 thus 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 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 Audit Committee (AC) and Board Risk and Compliance Committee (BRCC) in auditing and monitoring the business operation. Corporate Assurance, which reports directly to the 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 the BRCC, is tasked with overseeing and monitoring the Bank's business operation to ensure compliance with all relevant laws and regulatory requirements.

6.5 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 in 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 perspectives.

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 with focus on growing transactional current and saving accounts and net stable funding ratio (NSFR) focusing 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 reviewing liquidity risk tolerance before seeking approval from the BOD. 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 the 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.

7. Composition of capital disclosure requirements under BCBS

Table 20 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

Subject		Details	Details	Details
8	Amount recognized in regulatory capital (unit : Million Baht)	5,016 Million Baht	3,158 Million Baht	4,088 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 11, 2016	March 29, 2018	July 8, 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

Subject		Details	Details	Details
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 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.	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 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

Subject		Details	Details	Details
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
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	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	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

Subject	Details	Details	Details
	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 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	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 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	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 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

Subject		Details	Details	Details
		("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, 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") 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, 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") 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, 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

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

Table 21 Disclosure of capital during a transitional period according to the Basel III guidelines

Unit: Million Baht

Value of Capital, Inclusions, Adjustments and Deductions for the Period of	Consolidated		Bank only		Net balance of items to be phased out from capital in the future [1/]
	Dec 31, 2020	Jun 30, 2020	Dec 31, 2020	Jun 30, 2020	
Tier 1 capital	**39,620**	**36,375**	**38,029**	**33,379**	
1. Common Equity Tier 1 capital (CET 1)	**39,620**	**36,375**	**38,029**	**33,379**	
1.1 Paid-up share capital (ordinary shares)	17,411	17,411	17,411	17,411	
1.2 Premium on share capital	10,146	10,146	10,146	10,146	
1.3 Statutory reserve	536	425	536	425	
1.4 Net profit after appropriation	12,011	8,939	9,520	5,256	
1.5 Accumulated other comprehensive income	1,547	1,485	1,590	1,528	
1.5.1 Revaluation surplus on land, building or condominium appraisal	1,393	1,420	1,393	1,420	
1.5.2 Revaluation surplus (deficit) on change in value of investments	219	123	219	123	
1.5.3 Difference from the translation of financial statements	(22)	(15)	(22)	(15)	
1.5.4 Other items of owner changes	(43)	(43)	-	-	
1.6 Regulatory deductions to CET 1 capital	(2,031)	(2,031)	(1,174)	(1,387)	
1.6.1 Net losses	(95)	-	(11)	-	
1.6.2 Remeasurements of post-employment benefit obligations	(294)	(335)	(242)	(290)	
1.6.3 Intangible assets	(970)	(1,151)	(921)	(1,097)	
1.6.4 Deferred tax assets	(672)	(545)	-	-	
2. Additional Tier 1 capital	**-**	**-**	**-**	**-**	
Tier 2 capital	**14,686**	**14,852**	**14,793**	**14,944**	
1. Qualifying Tier 2 capital instruments	12,262	12,262	12,262	12,262	
2. General provisions	2,424	2,590	2,531	2,682	
Total Capital	**54,306**	**51,227**	**52,823**	**48,323**	

[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

Table 22 Disclosure information for reconciliation of composition of capital (Full consolidation only)

Table 22.1 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 December 2020	Balance sheet as in published financial statements	Balance sheet under the regulatory scope of consolidation	Reference
Assets			
1. Cash	919	919	
2. Interbank and money market items, net	6,885	6,885	
3. Financial assets measured at fair value through profit or loss	34,427	34,427	
4. Derivative assets	57,561	57,561	
5. Investment, net	61,546	61,546	
6. Loans and accrued interest receivables			
6.1 Loans to customers	239,769	239,769	
6.2 Less Deferred revenue	(10,147)	(10,147)	
6.3 Add Accrued interest receivable and undue interest receivable	1,175	1,175	
Total loans and accrued interest receivables	230,797	230,797	
6.4 Less Allowance for expected credit losses	(8,953)	(8,953)	
○ Qualified as Capital		(2,424)	A [1/]
○ Non-qualified as Capital		(6,529)	
Loans and accrued interest receivables, net	221,844	221,844	
7. Customers' liability under acceptance	-	-	
8. Properties for sale, net	1,082	1,082	
9. Premises, equipment and right of use assets, net	3,266	3,266	
10. Right of use assets, net	293	293	

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Items related to the capital fund for the period December 2020	Balance sheet as in published financial statements	Balance sheet under the regulatory scope of consolidation	Reference
11. Intangible assets, net	970	970	B
12. Deferred tax assets	672	672	C
13. Credit support assets on derivatives	16,051	16,051	
14. Other assets, net	1,733	1,733	
Total assets	**407,249**	**407,249**	
Liabilities			
15. Deposits	193,956	193,956	
16. Interbank and money market items, net	47,668	47,668	
17. Liability payable on demand	256	256	
18. Financial liabilities measured at fair value through profit or loss	28,949	28,949	
19. Derivative liabilities	57,221	57,221	
20. Debt issues and borrowings	19,449	19,449	
○ Qualified as Capital		12,262	D [2/]
○ Non-qualified as Capital		7,187	
21. Bank's liability under acceptance	-	-	
22. Lease liabilities	296	296	
23. Provisions	2,680	2,680	
24. Deferred tax liabilities	38	38	
25. Credit support liabilitirs on derivatives	12,111	12,111	
26. Other liabilities	3,081	3,081	
Total liabilities	**365,705**	**365,705**	
Equity			
27. Share capital			
27.1 Registered - ordinary shares	17,411	17,411	
27.2 Issued and paid-up share capital - ordinary shares	17,411	17,411	E

Items related to the capital fund for the period December 2020	Balance sheet as in published financial statements	Balance sheet under the regulatory scope of consolidation	Reference
28. Premium on share capital	10,146	10,146	F
29. Accumulated other comprehensive income	1,542	1,542	
29.1 Revaluation surplus on assets	1,486	1,486	
○ Qualified as Capital		1,393	G 3/
○ Non-qualified as Capital		93	
29.2 Revaluation surplus (deficit) on change in value of investments	219	219	H
29.3 Remeasurements of post-employment benefit obligations	(294)	(294)	I
29.4 Profit (loss) arising from translating the financial statement of a foreign operation	(22)	(22)	J
29.5 Gains (losses) on fair value of hedging instruments for cash flow hedges	238	238	K
29.6 Gains on financial liabilities designated at fair value relating to own credit risk	(85)	(85)	L
30. Accretion of equity interest in subsidiary	(43)	(43)	M
31. Retained earnings			
31.1 Appropriated – Statutory reserve	536	536	N
31.2 Unappropriated	11,952	11,952	
○ Net profit after appropriation to capital		11,916	O
○ Non-qualified as Capital		36	
Total equity	**41,544**	**41,544**	
Total liabilities and equity	**407,249**	**407,249**	

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

1/ Expected credit losses from performing and under-performing loan under TFRS 9 can be counted as Tier 2 but not exceeding 1.25% of credit risk-weighted ssets

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 22.2 Disclosure of the reconciliation of capital funds

Unit: Million Baht

Items related to the capital fund for the period December 2020	Composition of regulatory capital guidelines reported by the financial group	Source of reference in financial statements under the consolidated supervision
Tier 1 capital	**39,620**	
1. Common Equity Tier 1 capital	39,620	
1.1 Paid-up share capital (ordinary shares)	17,411	E
1.2 Share premium	10,146	F
1.3 Statutory reserve	536	N
1.4 Net profit after appropriation	12,011	O
1.5 Accumulated other comprehensive income	1,743	
1.5.1 Revaluation surplus on land, building or condominium appraisal	1,393	G
1.5.2 Revaluation surplus (deficit) on change in value of investments	219	H
1.5.3 Difference from the translation of financial statements	(22)	J
1.5.4 Cash flow hedge reserves	238	K
1.5.5 Gains on financial liabilities designated at fair value relating to own credit risk	(85)	L
1.6 Other items of owner changes	(43)	M
1.7 Regulatory adjustments to Common Equity Tier 1 capital	(153)	K & L
1.8 Regulatory deductions to Common Equity Tier 1 capital	(2,031)	
1.8.1 Net losses	(95)	O
1.8.2 Remeasurements of post-employment benefit obligations	(294)	I
1.8.3 Intangible assets	(970)	B
1.8.4 Deferred tax assets	(672)	C
2. Additional Tier 1 capital	-	
Tier 2 capital	**14,686**	
Qualifying Tier 2 capital instruments	12,262	D
General provisions	2,424	A
Total capital fund	**54,306**	

Part 2: Liquidity coverage ratio disclosure standards

According to the Bank of Thailand release of the BOT's Notification No. SorNorSor. 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.

In 2020, the Bank of Thailand has an amendment LCR guideline according to BOT's Notification No. SorNorSor. 4/2563 Re: Liquidity Coverage Ratio: LCR (Second Edition) to comply with the credit counterparty types, assets types and financial obligations under the classification and provisioning criteria that have been improved.

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. SorNorSor. 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

	4Q/2020 * (average)	4Q/2019 * (average)
(1) Total High Quality Liquid Assets (Total HQLA)	82,955	52,867
(2) Total Net Cash Outflow within 30 Days (Total net cash outflows)	52,419	35,126
(3) LCR (%)	159	151
BOT's LCR minimum requirement (%)	100	90

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

2. LCR figures comparison

Unit:%

	2020 * (average)	2019 * (average)
3rd Quarter	149	144
4th Quarter	159	151

* 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 2020 was 159% which was higher than the minimum requirement of Bank of Thailand at 100%. The computation was from average LCR at month-end of October 2020 at 149.6%, November 2020 at 176.6% and December 2020 at 151.1%. 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 2020 was THB 82,955 million (93% 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 2020.

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 2020 was THB 52,419 million which was to average the balances of net cash outflows for subsequent 30 calendar days during October to December 2020. 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.