

## Part 1 Business Operation

### 1. Policy and Business Overview

#### Business Overview

The Bank is licensed by the Ministry of Finance and related authorities to engage in commercial banking, which constitutes the primary business of the Bank. In commercial banking, the Bank focuses on innovative and value-added products and services, particularly fee-based products and services such as cash management, financial advisory and treasury.

The main business areas of the Bank can be summarised as follows:

1. Commercial banking: the Bank provides a full suite of commercial banking products and services, such as deposits, loans, discounting, aval/acceptance of bills of exchange, letters of guarantee, foreign exchange trading, letters of credit, tele-banking and ATM services;
2. Insurances: life and non-life insurance brokerage as licensed by Office of Insurance Commission.
3. Securities businesses and other related businesses as licensed by the Office of the Securities and Exchange of Commission (SEC) and/or Ministry of Finance such as:
  - 3.1. Financial advisory;
  - 3.2. Registrar and paying agent services
  - 3.3. Debt securities dealing and underwriting ;
  - 3.4. Bondholders' representative;
  - 3.5. Brokerage, dealing and underwriting of investment unit trusts;
  - 3.6. Custodian services; and
  - 3.7. Derivatives dealing;
  - 3.8. Business consultancy; and
  - 3.9. Asset management;

In all cases, the Bank holds a stake in businesses that contribute, either directly or indirectly, towards promoting its growth.

The Bank's policy remains focused on building synergies between its strategic business units and its subsidiary and associate companies. With this in mind, the Bank intends to retain only those companies with growth potential and which are able to generate good investment returns.

The Bank's strength lies in its well-established and extensive network of domestic branches. As at 31 December 2019, the Bank operated 10 main offices with credit facilities and 70 branches, with foreign exchanges facilities, 2 stand-alone

#### 1.1 Vision, Objectives and Corporate Value

##### VISION

"To be Thailand's Leading ASEAN Bank for all stakeholders."

##### MISSION

"To strive towards being Thailand's Leading ASEAN Bank by providing innovative financial products, excellent service, and compelling cross border solutions through synergy with CIMB Group."

##### CORPORATE VALUE

"Core values reflect what is truly important for CIMB Thai. These are not values that change over time, according to situations or by persons, but rather they are the foundation of our culture, and the soul of our Bank."

##### CTHAI:

- Customer

We appreciate the unique needs of each individual and organisation. By putting their needs first and delivering quality solutions, we strive to create relationships of lasting value.

- **Teamwork**  
We strive to deliver results by maximising our potential. We believe that true potential can only be unleashed from collaboration and teamwork.
- **Honesty**  
We place a high value on integrity as professionals in a business where trust is essential. We are accountable for both our shortcomings and successes. This mindset allows our customers to entrust their business with us.
- **ASEAN**  
As a member of CIMB Group, we aspire to be the leading ASEAN bank in Thailand. It is through integration of our people, products and processes that we can bring the best ASEAN opportunities to our stakeholders.
- **Innovation**  
We are always looking to improve ourselves through innovation. By constantly encouraging creativity, improving capability and identifying opportunities we are able to collectively ensure that we deliver market-leading solutions to our stakeholders.

## 1.2 Background and key developments

CIMB Thai Public Company Limited (the “**Bank**”) <sup>1</sup> was established through the amalgamation of the Union Bank of Bangkok Public Company Limited, the 12 state-intervened finance companies<sup>2</sup> and Krungthai Thanakit Finance Public Company Limited<sup>3</sup> pursuant to the governmental order on 14 August 1998, a Cabinet resolution of 27 October 1998 and the notification of the Ministry of Finance, dated 22 December 1998. The consolidated entity subsequently changed its name to “BankThai Public Company Limited”, a new commercial bank established on 21 December 1998. The Financial Institutions Development Fund (the “**FIDF**”) acquired a major shareholding in the Bank and subsequently, the SET approved the trading of the Bank’s ordinary shares on 30 March 2001 with “BT” designated as its stock trading sign.

Details of the Bank’s major developments are summarised below:

The Bank of Thailand (the “**BOT**”) issued an order to the Union Bank of Bangkok Public Company Limited to reduce its registered capital via a par value reduction from THB 10 per share to THB 0.01 per share, resulting in a decrease of the registered capital from THB 1.8 billion to THB 1.8 million. The Bank of Thailand then ordered Union Bank to increase its registered capital from THB 1.8 million to THB 12 billion through the issuance of increased ordinary shares totaling 1,233,220 million shares at 0.01 THB per share, all of which were allotted to the FIDF. As a result, the Bank’s registered and paid-up capital was THB 12 billion with the FIDF holding 100%. With that, the Bank’s capital funds were sufficient to facilitate the consolidation between the Union Bank of Bangkok PCL, the 12 state-intervened finance companies and Krungthai Thanakit Finance and Securities Public Company Limited, into a new commercial bank, with the FIDF being the major shareholder.

Pursuant to the resolution of the Cabinet on 27 October 1998 and the notification of the Ministry of Finance on 22 December 1998, the following steps taken were:

- transfer of all assets and liabilities of 12 finance companies to Krungthai Thanakit Finance Public Company Limited; and

<sup>1</sup> To register the name change to CIMB THAI Bank Public Company Limited on 1 May 2009.

<sup>2</sup> Comprises:

Nava Finance and Securities Plc.	Vajiradhanathun Finance Co., Ltd.	First City Investment Plc.
Thai Summit Finance and Securities Co., Ltd.	Erawan Trust Co., Ltd.	Ksit Finance and Securities Plc.
Mahatun Finance Co., Ltd.	Progressive Finance Co., Ltd.	Union Asia Finance Plc.
Bangkok Asian Finance Co., Ltd.	Dhana Siam Finance and Securities Plc.	IFCT Finance and Securities Plc.

<sup>3</sup> Previously named Krungthai Thanakit Finance and Securities Public Company Limited

- transfer of all assets and liabilities of Krungthai Thanakit Finance Public Company Limited to the Union Bank of Bangkok Public Company Limited.

Upon completion of the above processes, Krungthai Thanakit Finance Public Company Limited and the other 12 controlled finance companies surrender their finance business licenses to the Ministry of Finance. The Union Bank of Bangkok Public Company Limited changed its name on 21 December 1998 to BankThai Public Company Limited.

In 1999, the Bank changed the par value of its ordinary shares from THB 0.01 per share to THB 10 per share and increased capital amounting to THB 40 billion via the issuance of non-cumulative preferred shares, of which can be converted into ordinary shares with the right to receive capital reduction upon conversion into ordinary shares for 4,000 million shares with a par value of THB 10 per share to the FIDF. The allotment was made through a private placement to the FIDF for the entire amount at a price equal to par value, i.e. THB 10 per share. The FIDF paid for 3,706.80 million shares at the price of 10 THB per share, totaling THB 37 billion. As a result, the Bank's registered capital increased to THB 52 billion and the issued shares to THB 49 billion, with the FIDF holding 100%.

Subsequently in 2000, the Bank reduced its registered capital by THB 2,932 million by canceling un-issued preferred shares and then increasing registered capital via the issuance of 260.05 million ordinary shares with a par value of THB 10 per share. The increased capital was allotted through a private placement offering to shareholders of Krungthai Thanakit Finance Public Company Limited at the price of THB 5.6184 per share. The purchase was paid with the ordinary shares of Krungthai Thanakit Finance Public Company Limited. The value of the bank's ordinary shares, as appraised by the Bank, was equal to THB 1.3566 per share, resulting in a share swap ratio of 0.2414478 the Bank's share per 1 share of Krungthai Thanakit Finance Public Company Limited. Upon completion of the share swap, the Bank's registered and paid-up capital stood at THB 52 billion with the FIDF being the major shareholder holding 5,145.3 million shares (1,438.5 million ordinary shares and 3,706.8 million preferred shares), representing 98.94% of total issued shares.

At the end of 2000, the Bank complied with the resolution with regards to the compensation of non-performing assets as approved by the Cabinet on 19 September 2000. The Bank reduced capital via the cancellation of all preferred shares and returned the total preferred share capital of THB 37 billion to the FIDF, in order to relieve the FIDF's burden and to adjust the amount of capital to an appropriate level. The Bank subsequently recorded the FIDF as a creditor and issued promissory notes to the FIDF, which were to be payable by 1 January 2006. The Bank gradually made partial repayment of THB 15 billion of the promissory notes in cash, and the remaining THB 22 billion was mutually agreed by the FIDF and the Bank to be used against the compensation of non-performing asset transactions the Bank recorded as receivables from the FIDF under a gain/loss sharing and yield maintenance agreement. The Bank had fully set off such an amount by the end of 2005.

Additionally, as the FIDF had been the sole absorber of the burden incurred from the Bank's financial difficulties and capital increase in the past, to provide an opportunity for the Bank to compensate the FIDF and to improve the Bank's business status and operations, on 9 May 2001, the Bank issued 10-year warrants to purchase its preferred shares ("**Warrants**"), totaling 3,706.80 million units and maturing on 8 May 2011 to the FIDF, at no cost. The Warrants carried transfer restrictions, and each Warrant may be converted into 1 preferred share of the Bank at THB 10 per share. The Bank increased its registered preferred share capital by 3,706.80 million shares at THB 10 per share as full reserve for the Warrants and registered the same with the Registrar of public limited companies. With that, the Bank's registered capital was equal to THB 52 billion, consisting of 1,493.45 million ordinary shares with a par value of THB 10 per share and 3,706.80 million preferred shares with a par value of THB 10 per share. The Bank's issued shares stood at THB 15 billion with the FIDF being the major shareholder holding 1,438.45 million ordinary shares, or equivalent to 96.32% of the Bank's total ordinary shares.

In 2002, the FIDF decreased its shareholding in the Bank in line with the government's privatisation policy through the disposal of 707 million of the Bank's ordinary shares held by the FIDF to the public. Accordingly, the FIDF's shareholding declined from 96.32% to 48.98% of the Bank's total shares. In terms of the Warrants issued to the FIDF, to prevent any negative impact on the Bank's share price and to limit the FIDF's holding in the Bank's shares to less than 50% of the total issued shares, the Bank's Board of Directors' meeting No. 13/2002, held on 28 August 2002, passed a resolution to

cancel the Warrants by buying them back from the FIDF. Subsequently, on 23 September 2002, the Bank entered into a Warrant buyback option agreement with the FIDF (the “**Agreement**”). The Bank paid a total of THB 300 million to the FIDF for its reacquisition rights.

On 16 February 2007, the Bank’s Board of Directors passed a resolution ratifying the accrual of the Warrants buyback transaction at a total price of THB 1 billion plus interest of THB 111.18 million (a total of THB 1 billion, retrospectively, and effective until 31 December 2006, and the recording of the buyback transaction was made directly against the Bank’s deficit with the corresponding credit of amounts due to FIDF in the 31 December 2006 financial statements.

After obtaining approval from the Extraordinary General Meeting of Shareholders No. 1/2007, held on 30 May 2007, the Bank repurchased and canceled its Warrants by way of a payment to the FIDF of THB 1 billion (inclusive of interest calculated from 1 January 2007 – 30 May 2007 of THB 16 million), recorded on the balance sheet, and increasing registration via the cancellation of preferred shares and all remaining unsold shares (3,706.8 million shares) on 12 July 2007.

Additionally, in 2007 the Board of Directors’ approved the sale of 556.23 million new ordinary shares to investors, i.e. Newbridge Sukhothai Netherlands B.V (“**Newbridge**”), representing approximately 24.99% of the total paid up shares at the price of THB 4.17 per share, for a total amount of THB 2 billion, and to Blum Strategic III BT Hong Kong Limited, and MSOF Hong Kong BT Limited for a total of 175.23 million shares or 7.90% of the total paid-up capital at the price of THB 4.17 per share, for a total amount of THB 730.69 million. The Annual General Meeting of Shareholders No.13 (2007) approved a whitewash to the abovementioned investors, and approved a capital reduction via the reduction of par value from THB 10 per share to THB 3.75 per share. On 13 November 2008, Newbridge Sukhothai Netherlands B.V., Blum Strategic III BT Hong Kong Limited and MSOF Hong Kong BT Limited acquired the shares of the Bank, representing approximately 36.74%, 3.95% and 1.31% of the total paid-up shares, respectively.

On 20 June 2008, the FIDF entered into a share purchase agreement with CIMB Bank. Under the agreement, the FIDF agreed to sell its 2,811.86 million shares in the Bank (equivalent to 42.13% of the total and paid up shares of the Bank) at the price of THB 2.10 per share, totaling of THB 6 billion.

5 November 2008, upon necessary approvals from the BOT, the Ministry of Finance and other regulatory authorities, CIMB Bank completed its purchase of ordinary shares from the FIDF, and as a result, emerged as the largest shareholder of the Bank with a shareholding of 42.13%. On 17 November 2008, the Bank was notified that CIMB Bank would undertake a tender offer to purchase all the remaining shares of the Bank it did not own (3,862.83 million shares or 57.87% of the total issued and paid-up shares of the Bank) at the price of THB 2.10 per share, which was equivalent to a total consideration of THB 8 billion. Upon completion of the tender offer on 6 January 2009, CIMB Bank’s shareholding in the Bank had increased to 6,143.54 million shares, representing 92.04% of the total issued and paid-up shares of the Bank.

On 3 September 2008, the Extraordinary General Meeting of Shareholders No.2/2008 approved an increase in the registered capital, from THB 25 billion to THB 50 billion by issuing 6,674.70 million new ordinary shares with a par value of THB 3.75 each.

On 20 February 2009, the Extraordinary General Meeting of Shareholder No. 1/2009 approved to make an amendment on the resolution of Extraordinary General Meeting of Shareholders No. 2/2009 subjected to the previous stipulated offering price not lower than THB 0.66 per share amended to THB 0.38 per shares and approved the transfer of THB 6,053.48 million from the Bank’s legal reserves to offset its deficit and approved a capital reduction via the reduction of par value from THB 3.75 per share to THB 0.50 per share. The premium arising from the capital reduction exercise was used to offset the share discount and the deficit respectively. After such capital reduction, the registered share capital of the Bank was reduced from THB 50,060.25 million to THB 6,674.70 million. Post share offering to the existing shareholders in proportion to the number of shares for the capital increase purpose, the existing shareholders had fully booked the shares issued and offered totaling 6,674.70 million shares or total value of THB 3 billion. After the completion of share offered on 18 March 2009, CIMB Bank hold the total of THB 12,435.06 million shares or 93.15% of the total shares issued and offered, and registered the name on change from BankThai Public Company Limited to

CIMB THAI Bank Public Company Limited on 1 May 2009. with “CIMBT” designated as its stock trading sign.

On 29 April 2010, the Annual General Meeting of Shareholders No.16 approved an increase in the registered capital, by THB 1,483.27 million from THB 6,674.70 million to THB 8,157.97 million by issuing 2,966.53 million new ordinary shares with a par value of THB 0.50 each to existing shareholders, in proportion to each shareholding at the ratio of 2 new shares for 9 existing share held, at a price of THB 1.00 per share. After the completion of share offered on 15 October 2010 CIMB Bank holds 15,198.42 million shares, or equivalent to 93.15 percent of total issued and offered shares of the Bank.

On 12 April 2012, the Annual General Meeting of Shareholders No.18 approved an increase in the registered capital from THB 8,157.97 million to THB 13,052.74 million by issuing 9,789.56 million new ordinary shares with a par value of THB 0.50 per share. Later on, the Bank issued another 4,894.78 million new ordinary shares with a par value of THB 0.50 per share offered to the existing shareholders in proportion to their shareholding at the ratio of 3 new shares for 10 existing shares held, at a price of THB 1.00 per share. After the completion of share offering on 27 July 2012, CIMB Bank holds 19,757.95 million shares, or equivalent to 93.71% of total issued and offered shares of the Bank.

On 12 April 2012, the Annual General Meeting of Shareholders No. 18 approved the Bank's increase in registered capital by issuance of 4,894,780,426 Rights Shares and 4,894,780,426 General Mandate Rights Shares, totaling 9,789,560,852 shares. Of such total, 4,768,943,269 Rights Shares were sold, leaving 125,837,157 Rights Shares unsold, while 4,894,780,426 General Mandate Rights Shares have remained unoffered. In total, there were 5,020,617,583 ordinary shares remaining unsold and unoffered.

Later, on 11 April 2014, the Annual General Meeting of Shareholders No. 20 approved the Bank's cancellation of 125,837,157 unsold Rights Shares and 4,894,780,426 unoffered General Mandate Rights Shares, totaling 5,020,617,583 unsold and unoffered shares approved by the Annual General Meeting of Shareholders No. 18 held on 12 April 2012. The Annual General Meeting of Shareholders No. 20 held on 11 April 2014 also approved the decrease in the Bank's registered capital from THB 13,052,747,804 to THB 10,542,439,012.50 by cancelling 5,020,617,583 unsold and unoffered registered ordinary shares with a par value of THB 0.50 per share, totaling THB 2,510,308,791.50. After the decrease in registered capital, the Bank's registered capital is THB 10,542,439,012.50, divided into 21,084,878,025 shares with a par value of THB 0.50 per share.

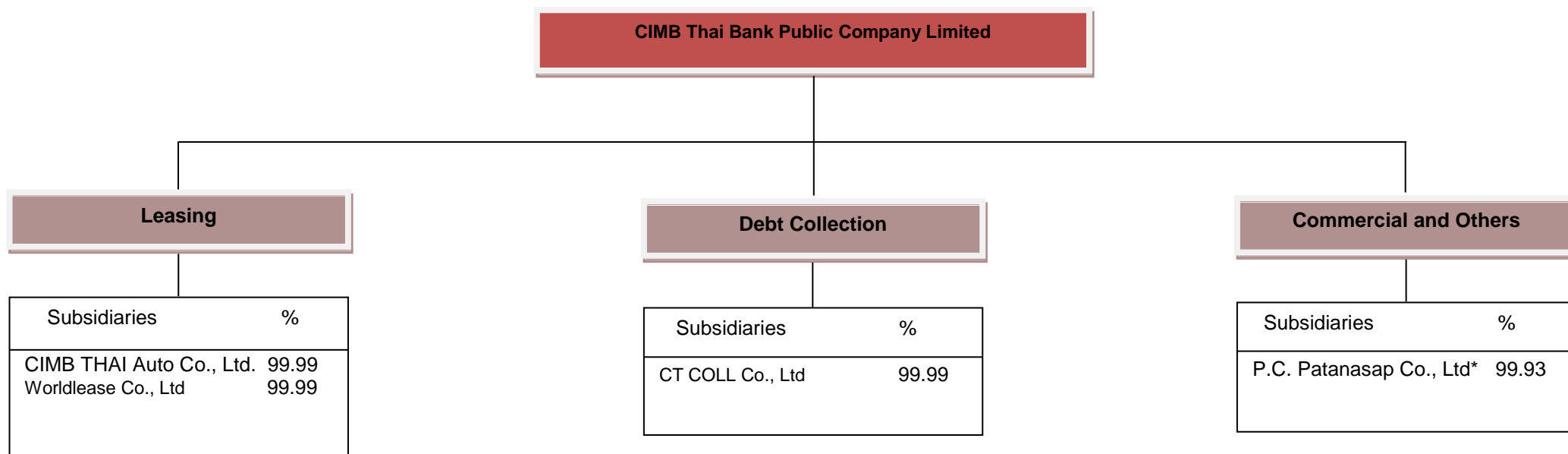
On 10 April 2015, the Annual General Meeting of Shareholders No. 21 approved an increase in the the Bank's registered capital by THB 3,162,731,703.50 from THB 10,542,439,012.50 to THB 13,705,170,716.00 by issuing 6,325,463,407 General Mandate Right Shares with a par value of THB 0.50 per share offered to the existing shareholders in proportion to their shareholding at the ratio of 40 existing shares held for 7 new shares at a price of THB 1.00 per share. Of such total, 3,689,853,654 Rights Shares were sold, leaving 2,635,609,753 General Mandate Rights Shares remaining unoffered.

On 19 April 2016, the Annual General Meeting of Shareholders No. 22 approve the cancellation of the unoffered portion of General Mandate Shares earlier approved by the Annual General Meeting of Shareholders No. 21 held on 10 April 2015 and to consider and approve a decrease in the Bank's registered capital by THB 1,317,804,876.50, from THB 13,705,170,716.00 to THB 12,387,365,839.50, by cancelling 2,635,609,753 unoffered registered shares with a par value of THB 0.50 per share

On 24 February 2017, the Extraordinary General Meeting of Shareholders No. 1/2017 (“EGM”) approved the increase of the Bank's registered capital by THB 2,752,747,964.00, from THB 12,387,365,839.50 to THB 15,140,113,803.50, via the issuance of 5,505,495,928 new ordinary shares with a par value of THB 0.50 per share to existing shareholders in proportion to their shareholding (“Rights Offering”) at the ratio of 2 new shares for every 9 existing CIMB Thai shares, at an offering price of THB 1.00 per share. After the completion of share offered on 2 June 2017 CIMB Bank holds 28,496.70 million shares, or equivalent to 94.11 percent of total issued and offered shares of the Bank.

On 4 September 2018, the Extraordinary General Meeting of Shareholders No. 1/2018 (“EGM”) approved the increase of the Bank’s registered capital by THB 2,271,017,070.50, from THB 15,140,113,803.50 to THB 17,411,130,874.00, via the issuance of 4,542,034,141 new ordinary shares with a par value of THB 0.50 per share to existing shareholders in proportion to their shareholding (“Rights Offering”) at the ratio of 3 new shares for every 20 existing CIMB Thai shares, at an offering price of THB 0.87 per share. After the completion of share offered on 12 October 2018 CIMB Bank holds 33,021.97 million shares, or equivalent to 94.83 percent of total issued and offered shares of the Bank

### 1.3 The Corporate Structure of the Bank and its Subsidiaries (as of 31 December 2019)



Remark \* Under liquidation

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#### 1.4 Relationship with Major Shareholder

CIMB Group by CIMB Bank Berhad is the major shareholder of CIMB Thai. Headquartered in Kuala Lumpur, the Group is Malaysia's second largest financial services provider, and ASEAN's five largest by asset size. As a universal banking group, it offers consumer banking, corporate banking, investment banking, Islamic banking, asset management, wealth management and insurance products and services. The Group is now present in nine out of ten ASEAN nations (Malaysia, Indonesia, Thailand, Singapore, Cambodia, Brunei, Vietnam, Myanmar and Laos). Beyond ASEAN, CIMB Group has market presence in China & Hong Kong, Bahrain, India, Sri Lanka, Taiwan, Korea, United States and United Kingdom.

Leveraging on the universal banking franchise of CIMB Group, with over 1,000 branches and strong regional expertise in financial solutions across ASEAN, CIMB Thai reaps opportunities via cross-border business matching, supply chain networking and referrals.

## 2. Nature of the Business

### 2.1 Revenue structure of the Bank and its Subsidiaries

#### 2.1.1 CIMB Thai Bank Public Company Limited

##### 2.1.1.1 Total operating income

Unit: THB million

	For the years ended 31 December					
	2019	%	2018	%	2017	%
<b>Interest income</b>						
1. Interest on loans	10,617.8	117.2	10,435.6	110.0	10,558.0	104.9
2. Interest on interbank and money market items	87.4	1.0	127.4	1.3	165.0	1.6
3. Investments	2,070.2	22.8	1,664.3	17.5	1,144.4	11.4
4. Others	203.1	2.2	114.3	1.2	45.8	0.5
<b>Total interest income</b>	<b>12,978.5</b>	<b>143.2</b>	<b>12,341.6</b>	<b>130.0</b>	<b>11,913.2</b>	<b>118.4</b>
<b>Interest expenses</b>						
1. Deposits	2,851.4	31.5	2,342.4	24.6	2,387.7	23.7
2. Interest on interbank and money market items	719.1	7.9	351.3	3.7	218.7	2.2
3. Contribution fee to The Deposit Protection Agency and FIDF	1,062.6	11.7	1,007.8	10.6	962.2	9.6
4. Debt securities issued and borrowings	669.6	7.4	712.4	7.5	711.6	7.1
5. Others	162.8	1.8	101.4	1.1	45.0	0.4
<b>Total interest expenses</b>	<b>5,465.5</b>	<b>60.3</b>	<b>4,515.3</b>	<b>47.5</b>	<b>4,325.2</b>	<b>43.0</b>
<b>Net interest income</b>	<b>7,513.0</b>	<b>82.9</b>	<b>7,826.3</b>	<b>82.5</b>	<b>7,588.0</b>	<b>75.4</b>
<b>Operating income</b>	<b>1,550.1</b>	<b>17.1</b>	<b>1,662.4</b>	<b>17.5</b>	<b>2,475.9</b>	<b>24.6</b>
<b>Total income</b>	<b>9,063.1</b>	<b>100.0</b>	<b>9,488.7</b>	<b>100.0</b>	<b>10,063.9</b>	<b>100.0</b>

##### 2.1.1.2 Non-interest income and expenses

Unit: THB million

	For the years ended 31 December					
	2019	%	2018	%	2017	%
Fee and service income	1,615.8	104.2	1,376.6	82.8	1,471.4	59.4
Fee and service expenses	370.3	23.9	289.5	17.4	223.8	9.0
<b>Net fee and service income</b>	<b>1,245.5</b>	<b>80.3</b>	<b>1,087.1</b>	<b>65.4</b>	<b>1,247.6</b>	<b>50.4</b>
Gains on trading and foreign exchange transactions, net	2,625.9	169.4	1,054.2	63.4	2,238.2	90.4
Losses on financial liabilities at fair value through profit or loss, net	(2,802.9)	(180.8)	(759.7)	(45.7)	(1,733.9)	(70.0)
Gains on investments, net	344.0	22.2	19.5	1.2	490.7	19.8
Other operating income	137.6	8.9	261.3	15.7	233.3	9.4
<b>Non-interest income</b>	<b>1,550.1</b>	<b>100.0</b>	<b>1,662.4</b>	<b>100.0</b>	<b>2,475.9</b>	<b>100.0</b>

## 2.1.2 CIMB Thai's Subsidiaries

Unit: THB million

	For the years ended 31 December					
	2019	%	2018	%	2017	%
<b>1. CIMB Thai Auto Co., Ltd.</b>						
Interest income	3,106.1	88.5	2,519.3	94.4	2,289.0	95.4
Interest expense	956.7	27.3	698.5	26.2	617.7	25.8
<b>Net interest income</b>	<b>2,149.4</b>	<b>61.2</b>	<b>1,820.8</b>	<b>68.2</b>	<b>1,671.3</b>	<b>69.6</b>
Operating income	1,360.7	38.8	848.4	31.8	727.5	30.4
<b>Total income</b>	<b>3,510.1</b>	<b>100.0</b>	<b>2,669.2</b>	<b>100.0</b>	<b>2,398.8</b>	<b>100.0</b>
<b>2. WorldLease Co., Ltd.</b>						
Interest income	1,332.6	83.2	1,182.2	73.7	1,038.6	88.9
Interest expense	109.4	6.8	104.4	6.5	109.9	9.4
<b>Net interest income</b>	<b>1,223.2</b>	<b>76.4</b>	<b>1,077.8</b>	<b>67.2</b>	<b>928.7</b>	<b>79.5</b>
Operating income	379.2	23.6	525.2	32.8	240.2	20.5
<b>Total income</b>	<b>1,602.4</b>	<b>100.0</b>	<b>1,603.0</b>	<b>100.0</b>	<b>1,168.9</b>	<b>100.0</b>
<b>3. CT COLL Co., Ltd.</b>						
Interest income	0.4	444.2	0.4	10.1	0.6	1.6
Interest expense	0.0	0.0	0.0	0.0	0.2	0.5
<b>Net interest income</b>	<b>0.4</b>	<b>444.2</b>	<b>0.4</b>	<b>10.1</b>	<b>0.4</b>	<b>1.1</b>
Operating income	(0.3)	(344.2)	3.5	89.9	37.3	98.9
<b>Total income</b>	<b>0.1</b>	<b>100.0</b>	<b>3.9</b>	<b>100.0</b>	<b>37.7</b>	<b>100.0</b>

## 2.2 Nature of Products and Services

### WHOLESALE BANKING – CORPORATE BANKING and INVESTMENT BANKING

The Bank's Wholesale Banking – Corporate Banking and Investment Banking is composed of three main function lines, i.e. Corporate Banking, Financial Institutions Thailand & CLMV, and Investment Banking. We provide a comprehensive range of financial services to big corporate clients by focusing on teamwork and joint sale-and-relationship plan with key clients to leverage our capacity and service quality to efficiently serve our clients' needs and best generate income and benefits to the Bank.

Despite the volatile economy and softening growth in 2019, Wholesale Banking generated total revenues and profit before tax (PBT) close to those in the previous year, and expanded high-quality large corporate loans by 4%, which was a record high for Wholesale Banking. Total new credit lines approved in the year amounted to THB 30 billion, which pushed up our interest income and fee income to grow by 9% and 38% respectively.

Wholesale Banking did exceptionally well in asset quality management of both existing loan portfolio and new high-quality loan approvals by close and regular monitoring of clients through the early warning and watchlist process to prevent problem loans, and efficient specialised teams in debt collection and resolutions. Moreover, operating expenses were effectively controlled to the level 8% below the budget.

Most of our revenues came from significant client groups who entrust us as their main bank, including those with ASEAN aspirations in line with our strategy and motto: "Be More Relevant to Important Clients and Accelerate Our ASEAN Initiatives."

Wholesale Banking was successful in expanding the business to other ASEAN countries, particularly CLMV ( Cambodia, Lao PDR, Myanmar, Vietnam ) , through CIMB Group which has strengths in capital, personnel and partnering network in ASEAN. We completed business deals with big corporate clients who had large investments in both domestic and regional markets, especially ASEAN, and we were able to provide efficient solutions and services that met their expectations. We also worked closely with other CIMB Group members in continuously expanding the income base in their respective countries.

### **Corporate Banking and Financial Institutions Thailand & CLMV**

The Bank's Corporate Banking offers a comprehensive range of financial services, such as working capital loans for general business, term loans for investment in fixed assets, project financing, and trade finance, as well as other financial services like cash management and foreign exchange transaction for large corporate clients in a diverse range of business sectors, for example, commercial, manufacturing, property development, and transportation. Meanwhile, Financial Institutions Thailand & CLMV provides financial services to financial institutional customers, both banks and non-bank entities such as leasing, securities, asset management, and insurance companies, etc. As most clients have had a long-time relationship with the Bank, we work alongside them as their strategic business partner that supports them towards a strong and sustainable business growth. We also offer them business and investment opportunities throughout and within the CIMB Group's regional network.

Corporate Banking and Financial Institutions Thailand & CLMV have collaborated with Research Office in keeping abreast of business and economic trends, and with Risk Management in expanding our exposure and business to low risk sectors. We have also targeted large clients with strong financial position and investment plans into ASEAN and those with cross-selling opportunities. These include big projects which generate comprehensive income, e.g. interest, fee and financial advisory income, and other income from transactional banking and hedging products, as well as equity and debt underwriting to serve the clients' financial needs in all perspectives.

As of 31 December 2019, Corporate Banking and Financial Institutions Thailand & CLMV's outstanding loan balance increased by 4% year-on-year and stood at a record high of THB 72 billion.

In view of the business plan from 2020 onwards, Corporate Banking and Financial Institutions Thailand & CLMV will focus on generating firm and consistent income with priority given to key account management and planning to achieve recurring income along with cross-selling opportunities. Our strategy is to reach out to selected major client groups as well as acquisition of new clients with strong potential to continuously improve our asset quality. Furthermore, we will keep expanding our business and service across ASEAN and foster business and relationships with foreign clients to promote foreign direct investment in Thailand with cooperation from other CIMB Group members.

### **Investment Banking**

The Bank's Investment Banking comprises highly experienced, competent and efficient financial advisors offering the best financial solutions and providing capital/fund raising capabilities to our clients.

In 2019, Investment Banking's income increased by 12% year-on-year. We successfully completed two large transactions in collaboration with CIMB Group in equity market, performing as the financial advisor, lead underwriter/co-underwriter and initial purchaser jointly with CIMB Group (and generated debt underwriting fee income in conjunction with Treasury & Markets with a year-on-year growth of 62%). In addition, Investment Banking has closely worked with Corporate Banking in certain corporate loan and project financing transactions with a view to best serving our clients' needs.

We have continued to reinforce our teams through collaboration with CIMB Group by having sector specialists from CIMB Group to provide knowledge and insight of industrial sectors at regional level and work closely with us to offer our clients comprehensive financial services, including strategic and business operation advisory services. As a result, we have been able to strengthen our relationships and add value to our clients' businesses while enhancing their competitiveness through innovation of financial products that best suit them.

The collaboration and synergy among the Bank's Corporate Banking, Financial Institutions Thailand & CLMV, Investment Banking, and CIMB Group network in ASEAN will contribute to the Bank's potential as an important bank to our clients and their business partner in achieving their ASEAN investment goals.

Key successful deals in 2019 comprised:

Debt Markets	Role	Issue Size )THB million(
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Debt Markets	Role	Issue Size )THB million(
Government Housing Bank	Sole Lead Underwriter	30,600.00
TPI Polene Public Company Limited	Sole Lead Underwriter	9,630.00
True Corporation Public Company Limited	Joint Lead Underwriter	8,768.41
State Railway of Thailand	Joint Lead Underwriter	5,700.00
Toyota Leasing )Thailand( Company Limited	Joint Lead Underwriter	5,461.25
TPI Polene Power Public Company Limited	Sole Lead Underwriter	4,000.00
Ngern Tid Lor Company Limited	Joint Lead Underwriter	3,950.00
Muangthai Capital Public Company Limited	Sole Lead Underwriter/ Joint Lead Underwriter	2,670.00
National Housing Authority	Sole Lead Underwriter	2,500.00
Ananda Development Public Company Limited	Joint Lead Underwriter	2,128.00
True Move H Universal Communication Company Limited	Joint Lead Underwriter	1,992.60
Thai Beverage Public Company Limited	Joint Lead Underwriter	1,464.70
Origin Property Public Company Limited	Joint Lead Underwriter	1,359.34
Central Pattana Public Company Limited	Joint Lead Underwriter	1,250.00
Sansiri Public Company Limited	Joint Lead Underwriter	1,203.50
Provincial Waterworks Authority	Sole Lead Underwriter	1,050.00
Neighbouring Countries Economic Development Cooperation Agency )Public Organisation(	Sole Lead Underwriter	1,000.00
Siamgas and Petrochemicals Public Company Limited	Joint Lead Underwriter	750.00
Srisawad Corporation Public Company Limited	Joint Lead Underwriter	711.25
Krungthai Car Rent and Lease Public Company Limited	Sole Lead Underwriter	700.00
Asia Sermkij Leasing Public Company Limited	Sole Lead Underwriter	270.00
SC Asset Corporation Public Company Limited	Sole Lead Underwriter	145.00

Equity Markets	Role	Total Deal Size )THB million(
Dusit Thani Freehold and Leasehold Real Estate Investment Trust	Financial Advisor / Lead Underwriter	1,782.39
S Hotels & Resorts Public Company Limited	Financial Advisor / Lead Underwriter / Initial Purchaser )Jointly with CIMB Group(	7,474.77
Asset World Corp Public Company Limited	Co-Underwriter )Jointly with CIMB Group(	41,742.00

## COMMERCIAL BANKING

Commercial Banking serves small and medium-sized enterprises )SMEs( through our business centres situated in strategic locations nationwide. We provide comprehensive financial products and services tailored to suit each customer's needs. With CIMB Group's strong and well-established network throughout ASEAN, we also work with our customers to enable their full potential in their trade and investment across the region.

In 2019, Commercial Banking continued to grow SMEs from 2018. We have continuously enhanced and streamlined our credit evaluation and approval process to reduce redundancies as well as to shorten the approval turnaround time. As for asset quality management, with our reorganisation structure and strong credit underwriting foundation, we have well managed our asset quality with loan loss provision set aside as targeted.

Looking forward to 2020, we will continuously strive for growth in SME segment as well as increase in our market share in promising SME businesses. Our asset quality management will also be carried on prudently and vigilantly to ensure sustainable business growth.

## CONSUMER BANKING

2019 was another year of success, as Consumer Banking has delivered valuable products and services via fast and convenient digital channels, branches, and wealth centres. Two new branches were opened at Central East Ville and Central Festival Phuket, together with the introduction of “digital cashless branch” at Major Cineplex – Siam Paragon.

Consumer Banking has continued to develop digital banking services through our mobile application called “CIMB Thai Digital Banking” with more than 75,000 users registered during the year. Besides general banking transactions, new services have been offered on the application, such as digital savings account with a maximum 2% interest rate, QR fund transfer, 24-hour mutual fund service, mutual fund portfolio consolidation, and introduction of primary bond booking. So far, more than 90% of our banking transactions have been made on the mobile application. This will accordingly contribute to the country’s development of a “Cashless Society.”

With strong positioning in digital banking endeavors, CIMB Thai is the first bank in CIMB Group that has rolled out the Regional Wealth Management System (RWMS) for financial investment planning for customers via sales tablet devices. Moreover, our subsidiaries, i.e. CIMB Thai Auto Co., Ltd. (CT Auto) and WorldLease Co., Ltd. (WL), have developed digital loan booking channels, i.e. Mobile Application for Marketing (MAM) through which 100% of car loan applications with CT Auto have been made, and Self-Apply Machine for Motorcycle (SAMM) which recorded half of the new motorcycle loan bookings with WL in 2019.

Partnership is also the key to lending and wealth business expansion. In 2019, CIMB Thai together with 9F, a FinTech firm from China, launched a new mobile lending application using the Alternative Credit Underwriting (ACU) as the customer data analytics tool. We have also partnered with a local FinTech firm, namely NEO Money, in pioneering and co-launch of Digital Partners APIs on the concept of debt consolidation. In addition, we have initiated the “Open Architecture (OA)” project with seven asset managers to facilitate and expand services to customers via FundConnex system developed by the Stock Exchange of Thailand (SET). Currently, we have eight asset management companies, including Principal Asset Management Co., Ltd., as partners with approximately 80 funds on shelf ready to serve our customers.

The year 2019 saw us start to deploy Advanced Analytics as a technique for us to better understand our customers and offer products and services of their interest. We have successfully offered existing customers better rates for both loan products and fixed deposit products based on their behaviors and profiles, to which responses received from them have more than doubled, and the number of recurring customers has increased by 56%.

For wealth products, we have selected and offered a variety of investment product choices, focusing only on primary and secondary bonds of investment grade or above. Particularly, we have offered quality secondary bonds during low interest rate situation, resulting in an increase in transaction volume by more than 90% as compared to the previous year.

Despite experiencing one of the toughest years in banking industry, our consumer loan outstanding grew substantially by 12% with risk-based pricing and through digital marketing, digital lending, and CIMB Thai Digital Banking application. New loan bookings amounted to THB 48,000 million or a 6% growth. Home loans and personal loans did not shrink to the extent experienced by the market in overall. CT Auto’s new loan bookings grew by 38%, ranking No. 2 in the market. WL’s new loan bookings also grew by 31% as compared to the previous year. The company will move forward to drive electric motorcycle loans under the “Pollution Free Leasing” campaign in alignment with the Bank’s mission of sustainable banking.

For 2020, Consumer Banking will remain steadfast in forging digital banking platform with 24-hour services for digital saving and digital lending supported by the e-KYC system which will increasingly play a significant role. In view of Advanced Analytics, hyper-personalisation will be a key factor in bringing customer engagement in 2020. We will combine Advanced Analytics using Machine Learning and Intelligent Campaign Management System (iCAMS) to automatically customise and personalise communication and offering of financial products and services to the customers so that they would get products and services of their preferences in conjunction with quality financial advisory service from us. In addition, we plan to seek and collaborate with new asset management partners to offer a broader diversity of mutual fund products on the FundConnex platform with a view to growing both the Bank and our customers on a sustainable basis.

## TRANSACTION BANKING

Transaction Banking provides both cash management and trade finance services to corporate and commercial customers to enable them to manage their domestic and international cash transactions conveniently, effectively, economically and timely. We also offer financial solutions which suit customers' requirements for various types of businesses.

In 2019, Transaction Banking focused on delivering convenience and cost saving as value proposition to customers, with the launch of "CIMB Biz Account." CIMB Biz Account is a type of current deposit account offering a high interest rate and allowing online fund transfer, payment and receipt of fund free of service charge. This can help shorten cash management process for customers. This facility has also been extended to other related services to maximise customers' benefits, such as CIMB Biz Export designed to exclusively serve customers who are exporters. Furthermore, we have uplifted our Biz Digital to emphasise our ASEAN footprint by adding another channel for doing cash transactions, i.e. BizChannel@CIMB Mobile Application, where customers can manage their businesses anytime and anywhere around the world. Blockchain has also been used for issuance of electronic letter of guarantee (e-LG).

For 2020, Transaction Banking will continue to give priority to customer base expansion through CIMB Biz Account to which more benefits will be brought to respond to diverse demand of customers of all segments/business types, as well as to develop Biz Digital further on. We will also deepen collaboration with business partners which provide financial platforms to jointly develop financial solutions on Biz Gateway including use of Blockchain for offering of other services.

## TREASURY & MARKETS

Treasury & Markets (T&M) is responsible for developing and providing financial solutions that help our clients manage their risks and capture the right investment opportunities across different asset classes as well as facilitating fundraising through the debt capital market. We also manage the Bank's funding and liquidity in accordance with regulatory requirements and optimise the Bank's assets within our framework.

In 2019, T&M contributed a good financial result to CIMB Thai with strong product capabilities in structured products, derivatives (equity/rates/credit), debt securities trading, and foreign exchange, which earned the Bank altogether eleven awards as follows:

### The Asset Triple A Private Banking, Wealth Management: Investment and ETF Awards

- 1) Best Structured Products House: Highly Commended
- 2) Derivatives House of The Year
- 3) Best Equity Derivatives House of The Year
- 4) Best Rates Derivatives House of The Year
- 5) Best Credit Derivatives House of The Year
- 6) Best Structured Investment Products – Credit, Equity, Rates

### ASIAMONEY

- 7) Best FX Counterparty (ranking no. 2 in Thailand)

### Alpha

- 8) Best Refinancing Deal in Southeast Asia

### ThaiBMA

- 9) Most Active Bank in Corporate Bond Secondary Market
- 10) Best Bond Dealer
- 11) Sales Staff of The Year

Furthermore, CIMB Thai is one of the key players in the debt capital market, ranking no. 6 with 8.7% market share in THB corporate bond underwriting league table published by Bloomberg. Regarding secondary market, CIMB Thai has ranked no. 1 with 8.8% market share for all bonds trading value (time-to-maturity > 1 year) according to a league table reported by Thai Bond Market Association.

Looking forward into 2023, we aspire to become Thailand's top corporate solution and investment house for consumer and private banking clients, while secure market leadership positions in credit markets and structured products. To achieve this aspiration, we have clearly defined three strategic priorities to be implemented going forward as follows:

- 1) Increase cross selling: Deepen our client engagement in different segments by working together with respective client coverage teams to identify clients' needs and providing solutions that match their requirements.
- 2) Develop new innovative solutions: Broaden our suite of solutions in wealth management business, e.g. expand a diversity of in-house structured investment products, extend a breadth of onshore and offshore bonds, enhance custodian related systems and capabilities, and embark on an open architecture of foreign structured notes.
- 3) Develop digital distribution platforms: Continue to develop online distribution and execution platforms for the Bank's staff (web-based application) and external clients (mobile application) to scale up businesses digitally and improve efficiency.

## 2.3 Market Shares and Competitions

Competitive Environment - Market Shares					Unit (THB'Million)	
BANK	Assets	Marketshare (%)	Deposits	Marketshare (%)	Net Loans	Marketshare (%)
BANGKOK BANK	3,123,361	17.0%	2,316,035	17.6%	1,832,828	15.8%
SIAM COMMERCIAL BANK	2,952,447	16.1%	2,156,489	16.3%	1,995,248	17.3%
KRUNG THAI BANK	2,908,358	15.8%	2,158,460	16.4%	1,879,541	16.3%
KASIKORNBANK	2,724,055	14.8%	2,065,669	15.7%	1,826,520	15.8%
BANK OF AYUDHYA	2,234,725	12.2%	1,558,780	11.8%	1,610,374	13.9%
TMB BANK	1,045,343	5.7%	663,559	5.0%	168,062	1.5%
THANACHART BANK	999,575	5.4%	734,561	5.6%	693,929	6.0%
UNITED OVERSEAS BANK	556,212	3.0%	456,411	3.5%	404,342	3.5%
CIMB THAI BANK	385,149	2.1%	199,132	1.5%	221,952	1.9%
KIATNAKIN BANK	299,216	1.6%	172,661	1.3%	230,062	2.0%
TISCO BANK	285,305	1.6%	218,433	1.7%	228,608	2.0%
LAND AND HOUSES BANK	230,548	1.3%	165,018	1.3%	151,569	1.3%
ICBC (THAI)	215,797	1.2%	129,823	1.0%	110,246	1.0%
STANDARD CHARTERED BANK (THAI)	142,378	0.8%	61,908	0.5%	27,653	0.2%
SUMITOMO MITSUI TRUST BANK (THAI)	81,785	0.4%	19,133	0.1%	52,014	0.4%
BANK OF CHINA (THAI)	69,996	0.4%	47,088	0.4%	46,462	0.4%
THAI CREDIT RETAIL BANK	56,635	0.3%	47,325	0.4%	48,204	0.4%
ANZ BANK (THAI)	32,175	0.2%	7,372	0.1%	17,889	0.2%
MEGA INTERNATIONAL COMMERCIAL BANK	25,555	0.1%	13,237	0.1%	19,917	0.2%
Total	18,368,615	100.0%	13,191,092	100.0%	11,565,420	100.0%

Source: Summary of Assets and Liabilities Statement (C.B. 1.1) Bank of Thailand

## 2.4 Provision of Products and services

### Source of Funding

As at 31 December 2019, deposits managed by the Bank stood at THB 209.2 billion (including interbank and money market deposits), whilst borrowings (including interbank and money market borrowings) amounted to THB 76.7 billion. Of the total, 81.1% was used for gross loans including accrued interest, and the balance was applied towards interbank and money market items and investments. The Bank has closely monitored its liquidity gap in each period in line with the policy in place to acquire and utilise funds in an efficient and effective manner.

Comparing the Bank's loans and deposits, total gross loans with maturity of not more than one year stood at THB 63.3 billion and loans with maturity of more than one year amounted to THB 171.0 billion. Meanwhile, deposits with maturity of not more than one year stood at THB 199.5 billion and those with maturity of over one year amounted to THB 9.7 billion.

### Capital Adequacy Ratio

As at 31 December 2019, CIMB Thai Group's capital adequacy ratio (CAR), common equity tier 1 (CET1) capital and tier 1 capital were 18.0%, 13.1% and 13.1%, respectively, while those of the Bank were 17.4%, 12.4% and 12.4%, respectively. The Bank has maintained a robust capital position with CAR, CET1 and tier 1 capital well above the Bank of Thailand's minimum requirements.

Unit:  
THB billion

Capital funds	Minimum requirements	Full consolidate supervision				Separate	
		31-Dec-19	31-Dec-18	31-Dec-17	31-Dec-19	31-Dec-18	31-Dec-17
Tier 1 capital		34.6	34.9	30.9	32.6	32.8	29.9
CET1 capital		34.6	34.9	30.9	32.6	32.8	29.9
Tier 2 capital		13.0	13.0	9.8	13.3	13.2	9.9
<b>Total capital funds</b>		<b>47.6</b>	<b>47.9</b>	<b>40.7</b>	<b>45.9</b>	<b>46.0</b>	<b>39.8</b>
Tier 1 capital to risk-weight assets	8.500%	13.1%	14.1%	12.9%	12.4%	13.3%	12.5%
CET1 capital to risk-weight assets	7.000%	13.1%	14.1%	12.9%	12.4%	13.3%	12.5%
Tier 2 capital to risk-weight assets	-	4.9%	5.2%	4.1%	5.0%	5.4%	4.1%
<b>Capital adequacy ratio</b>	<b>11.000%</b>	<b>18.0%</b>	<b>19.3%</b>	<b>17.0%</b>	<b>17.4%</b>	<b>18.7%</b>	<b>16.6%</b>
<b>Total risk-weight assets</b>		<b>265.4</b>	<b>247.6</b>	<b>239.1</b>	<b>263.6</b>	<b>246.2</b>	<b>239.6</b>

### LIQUIDITY RISK MANAGEMENT POLICY

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 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.

The responsibility for liquidity risk management and control is delegated to 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 Board of Directors. ALCO is also in charge of approving liquidity risk tolerance. Asset and Liability Management (ALM), which is responsible for monitoring of the liquidity risk profile, works closely with Treasury 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. In addition, the Bank has set up the Funding Committee composed of representatives from business units, Finance and Risk Management to oversee the Bank's funding strategy. Besides, Treasury performs global funds 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 Board of Directors.

The Bank will continue to emphasise and improve its retail customer acquisition to match its asset expansion. Its liquidity management strategy is to drive the accumulation of current accounts and saving accounts (CASA), as well as retail term deposits as they are stable and economical sources of funding, while using the more price sensitive corporate deposits, bills of exchange, short-term debentures, and structured products as a means to balance out the funding and liquidity of the Bank. The Bank has designated functional teams to be responsible for the proper marketing strategy for each segment and to strengthen the Bank's relationship with the clients for sustainable long-term deposit growth. In addition, the Bank has in place an early warning system which is closely monitored, together with a contingency funding plan, to alert and enable the management to take effective and efficient measures during a liquidity crunch and under adverse market conditions.

### **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.

### **Collateral Policy**

In the Bank's lending policies, 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 the 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.

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

The Bank has set up guidelines for closely managing and monitoring watch-list and problem loan accounts in order to speedily resolve its problem loans and standardise the problem loan monitoring process. The guidelines prescribe a monitoring process for watch-list accounts, special mentioned and substandard or worse accounts and the guidelines will be revised periodically to ensure their effectiveness and relevance. In addition to mandatory debt classification in accordance with the Bank

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

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

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

### **Debt Restructuring 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 engaged to provide financial advisory services or undertake debt restructuring for the Bank. However, debt restructuring conditions are subject to approval of the Board of Directors, or the Credit Committee, or the Asset Quality Committee, or other persons as authorised by the Bank.

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

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

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

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

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

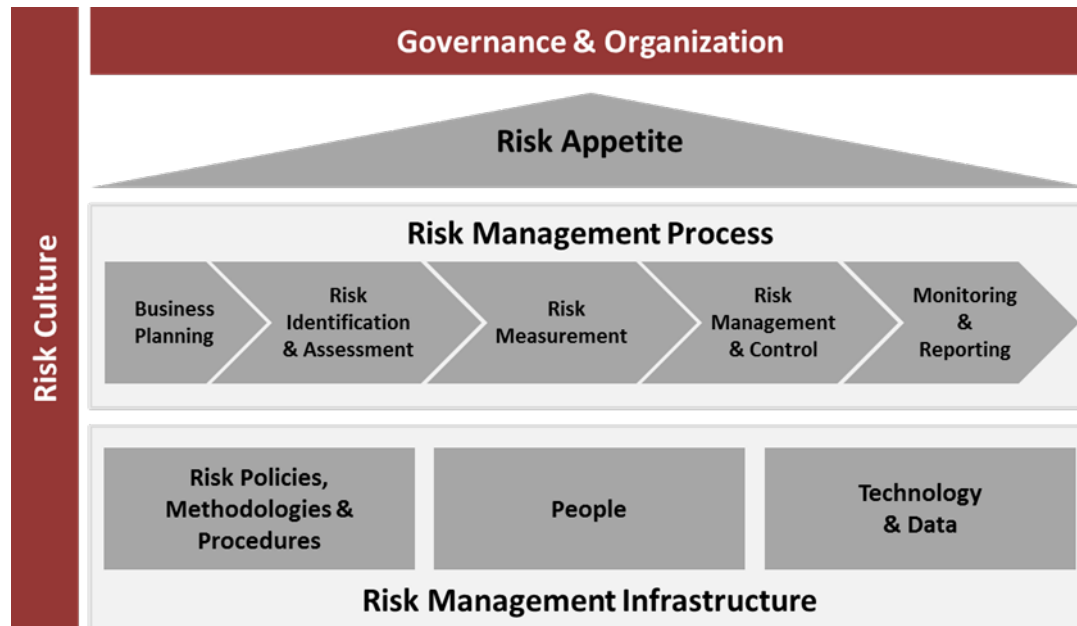
The Policy is also to ensure that intra-group transactions of the financial group are in compliance with the Bank of Thailand's regulations, i.e. the same procedures for normal customer transactions also apply to inter-group transactions, legally enforceable documents are executed and terms and conditions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

### 3. Risk Factors

#### Risk Management Overview

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

Key components of the EWRM framework are presented below:



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

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

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

#### RISK MANAGEMENT PROCESS

- **Business Planning:** Risk management is central to the business planning process, including setting frameworks for risk appetite, risk posture and new product/new business activities.
- **Risk Identification & Assessment:** Risks are systematically identified and assessed through the robust application of the Bank's risk policies, methodologies/standards, procedures/process guidelines.

- **Risk Measurement:** Risks are measured and aggregated using Bank-wide methodologies across each of the risk types, including stress testing.
- **Risk Management and Control:** Risk management limits and controls are used to manage risk exposures within the risk appetite approved by the BOD. Risk management limits and controls are regularly monitored and reviewed in the face of evolving business needs, market conditions and regulatory changes. Corrective actions are taken to mitigate risks.
- **Risk Monitoring and Reporting:** Risks on an individual as well as a portfolio basis are regularly monitored and reported to ensure they remain within the Bank's risk appetite.

#### RISK MANAGEMENT INFRASTRUCTURE

- **Risk Policies, Methodologies/Standards and Procedures/Process Guidelines:** Well-defined risk policies by risk type provide the principles by which the Bank manages its risks. Methodologies/Standards provide specific directions that help support and enforce policies. Procedures/Process Guidelines provide more detailed guidance to assist the implementation of policies.
- **People:** Attracting the right talents and skills are key to 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 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 Audit Committee(AC)) and changed the name of the committee to Board Risk and Compliance Committee (BRCC) reporting directly to the BOD taking effect from September 2019. BRCC is comprised 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.

## 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.

## CREDIT RISK

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 tool 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.

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

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.

## 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.

Market risks include the following:

### 1. Interest rate risk

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

### 2. Foreign exchange risk

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

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

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

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

The Bank offers structured products to be alternative investments for clients. However, if the market risk underlyings are not interest rate risk or foreign exchange risk, the Bank will fully hedge against such market risk underlyings. Therefore, the market risk exposure from other market risk underlying has never been materialised.

## 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, which focus on growing transactional current and saving accounts and net stable funding ratio (NSFR), which focus on the liquidity adequacy over the time horizon of one year. Additionally, the monetary policies adopted by the Bank of Thailand and central banks of major countries may directly affect the movement of international capital flows and result in money market fluctuations, which may subsequently affect liquidity and increase funding costs.

The responsibility for liquidity risk management and control is delegated to the Asset and Liability Management Committee (ALCO) which meets at least once a month to discuss the liquidity risk and funding profile/plan of the Bank. ALCO is responsible for the overall management and oversight of liquidity and review/recommendation of liquidity risk management policy before seeking approval from the BOD. ALCO is also in charge of approving liquidity risk tolerance. Asset and Liability Management (ALM), which is responsible for monitoring of the liquidity risk profile, works closely with Treasury 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 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 the 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.

## **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 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 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. present value of potential future earnings and capital) as asset portfolio and liability portfolio values would rise and fall with changes in interest rates. This measure helps the Bank to quantify the risk and impact on capital with the focus on current banking book positions. The Bank's EVE sensitivity is computed using the re-pricing gap analysis method to analyse the interest rate movement of assets and liabilities in different time periods.

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

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

## **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 the 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 responsibility 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 units in the Bank and its subsidiaries are required to manage their operational risks along the following tools:

### **1. Risk Control Self-Assessment**

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**

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

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

## **7. Business Continuity Plan**

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

## **RISK RELATED TO FOREIGN INVESTMENT**

In 2019, the Bank's exposure of foreign equity investment was still in an insignificant amount, and the Bank has no policy in place to increase any exposure in the foreign equity investment.

#### 4. Business Assets

##### 4.1 Fixed Assets for Business Operation

###### (1) Premises and equipment

As at 31 December 2019, CIMB Thai Group had land valued at THB 2,002 million, buildings THB 2,928 million, equipment THB 2,592 million, assets under construction THB 6 million and exchange differences THB -3 million. Net of accumulated depreciation of THB 4,096 million, the net book value of the premises and equipment was THB 3,429 million. Such land, buildings and condominiums accommodate the Bank's headquarters, business centres, branches and sub-branches, as well as subsidiaries' offices.

###### (2) Commitments under long-term leases

As at 31 December 2019 and 2018, CIMB Thai Group had entered into a number of agreements to rent land, buildings and vehicles for contractual periods of six months or more. Rental fees to be paid as specified in the agreements can be summarised as follows:

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

###### (3) Other commitments

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

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

##### 4.2 Policy Governing Subsidiaries and Associate Companies

A subsidiary company means a company that the Bank has the power to determine its financial and business policies, whereby the Bank holds shares in the particular whether directly or indirectly not less than half of its issued and paid-up share capital.

An associate company means a company that the Bank has a right to participate in the formulation of its financial and business policies, whereby the Bank holds shares in the particular company whether directly or indirectly not less than 20% of its issued and paid-up share capital.

Companies in the Financial Group as approved by The Bank of Thailand means companies that their main business is to provide financial services and/or companies that their main business is to provide supporting business to financial services as defined by The Bank of Thailand. The Bank also must have power to control businesses of companies in the Financial Group.

The Bank's investment policy in subsidiaries and affiliates is set according to the consolidated supervision guidelines of The Bank of Thailand which means the bank will not make investment and holding shares in any company more than 10% of total issued shares, except when the bank gets approval from The Bank of Thailand in following cases.

1. Investment in companies in the Financial Group that the Bank has management control over the company as approved by The Bank of Thailand which consist of companies engaging in financial service businesses and companies engaging in supporting businesses whereby such companies will operate business mainly to support and promote business of the bank and companies in the Financial Group.  
Bank of Thailand has granted approval to the Bank to establish a Financial Group on March 10, 2008. As at December 31, 2016, the Bank Financial Group consisted of
  - 1.1 Financial Service Businesses
    - (1) CIMB Thai Bank Public Company Limited
    - (2) CIMB Thai Auto Company Limited
    - (3) Worldlease Company Limited
  - 1.2 Supporting Businesses
    - (1) CT Coll Company Limited
2. Investment in companies outside the Financial Group, the Bank can only make investment in a company outside the Financial Group with a shareholding more than 10% of the total issued shares provided that such company must fall within following categories:
  - 2.1 Main business of the company is to provide financial service business but the Bank has no management control over the company provided that such investment was prior received approval from Bank of Thailand.
  - 2.2 Main business of the company is to provide supporting businesses beneficial to the Bank's business and the overall financial system, such as National Credit Bureau Co., Ltd, National ITMX Co., Ltd, S.W.I.F.T. Co., Ltd and Thai Rating and Information Services Co., Ltd.(TRIS), etc.
  - 2.3 Shares of companies in which the Bank received as a result of Trouble Debt Restructuring, debt to equity conversion, debt enforcement or foreclosure of collateral as allowed by Bank of Thailand.
  - 2.4 Companies which were prior received approval from Bank of Thailand, and companies that now are in liquidation process.
  - 2.5 Companies engaging in financial businesses or supporting businesses for which the Bank does not have management control. For companies engaging in other businesses will only be allowed when the invest is made through company that engaging in financial businesses which is under supervision of specific authority, provided that approval criterion of Bank of Thailand for such investment will be in accordance with rules and guidelines of as specified by the relevant authority.

## **5. Legal Disputes**

As of 31 December 2019, there is no legal dispute which may materially adverse or affect the bank's asset in an amount over 5 % of shareholder equity.

## 6. General Information and Other Important Information

### 6.1 General Information

**Company Name** : **CIMB Thai Bank Public Company Limited**  
 Registration Number : 0107537002338 (formerly BorMorJor. 480)  
 Business Type : Commercial Banking  
 Head Office : Langsuan Building, 44 Langsuan Road, Lumpini, Patumwan, Bangkok 10330, Thailand  
 Telephone Number : +66-2638-8000 and +66-2626-7000  
 Facsimile Number : +66-2633-9026  
 CIMB Thai Care Center : Telephone number +66-2626-7777  
 E-mail address cimbthai.carecenter@cimbthai.com  
 Investor Relations : Telephone number +66-2626-7820  
 E-mail address ir@cimbthai.com  
 Company Secretary : Telephone number +66-2638-8287 and +66-2638-8274  
 E-mail address cs@cimbthai.com  
 Website : <http://www.cimbthai.com>

### References

**Registrar** : **Thailand Securities Depository Co., Ltd.**  
 Address : 93 Rachadapisek Road, Dindaeng, Dindaeng, Bangkok 10400, Thailand  
 Telephone Number : +66-2009-9000  
 Facsimile Number : +66-2009-9991  
 SET Contact Center : +66-2009-9999  
 Website : <http://www.set.or.th/tsd>  
 E-mail Address : SETContactCenter@set.or.th  
  
**Auditor** : **PricewaterhouseCoopers ABAS Ltd.**  
 Address : 15<sup>th</sup> Floor, Bangkok City Tower, 179/74-80 South Sathorn Road, Bangkok 10120, Thailand  
 Telephone Number : +66-2344-1000, +66-2286-9999  
 Facsimile Number : +66-2286-5050  
 By : - Mr. Boonlert Kamolchanokkul, Certified Public Accountant (Thailand) No. 5339  
 - Ms. Sinsiri Thangsombat, Certified Public Accountant (Thailand) No. 7352  
 - Mr. PaiboonTunkul, Certified Public Accountant (Thailand) No. 4298

### Entities in which CIMB Thai Bank invests 10% or more of total issued shares (As of 31 December 2019)

	Company name / Address	Type of business	Type of share	Total shares sold	Number of shares held	%
1.	CIMB Thai Auto Co., Ltd. 43 Thai CC Tower, 25 <sup>th</sup> and 32 <sup>nd</sup> Floor, South Sathon Road, Yannawa, Sathon, Bangkok Tel. +66-2684-6500	Leasing	Ordinary	550,000,000	549,999,994	99.99
2.	CT COLL Co., Ltd. 128/229-234 Phayathai Plaza Building, 21 <sup>st</sup> Floor, Phayathai Road, Thung Phayathai, Ratchathevi, Bangkok	Debt collection service	Ordinary	385,000	384,993	99.99

	Company name / Address	Type of business	Type of share	Total shares sold	Number of shares held	%
	Tel. +66-2626-7070					
3.	WorldLease Co., Ltd. 43 Thai CC Tower, 34 <sup>th</sup> Floor, South Sathon Road, Yannawa, Sathon, Bangkok Tel. +66-2675-6300	Leasing	Ordinary	60,000,000	59,999,998	99.99
4.	Srithepthai Plaschem Co., Ltd. (bankrupt) 1200 Bangna-Trad Road, Bangna, Bangkok 10260 Tel. +66-2398-0027	Plastic products	Ordinary	83,332	31,410	37.69
5.	M-Home SPV 3 Co., Ltd. (liquidated) 1006/420 Masterview Executive Place Building, 1 <sup>st</sup> Floor, Charoennakorn Road, Banglumphu, Klongsan, Bangkok	SPV	Ordinary	10,000	1,282	12.82
6.	Tawana Hotel Co., Ltd. 80 Surawongse Road, Siphaya, Bangrak, Bangkok Tel. +66-2236-0361	Hotel	Ordinary	33,909	3,390	10.00
7.	Sanwa Interfood Co., Ltd. 2219-2223 New Petchburi Road, Bangkapi, Huaykhwang, Bangkok	Instant foods	Ordinary	10,000,000	1,000,000	10.00
8.	Samchai Plc. 522 Ratchada Complex, Ratchadaphisek Road, Samsen Nok, Huaykhwang, Bangkok	Electrical appliance	Ordinary	40,000,000	4,000,000	10.00
9.	P.C. Patanasub Co., Ltd. (dissolved) 1600 New Petchaburi Road, Makkasan, Ratchathevi, Bangkok	Commerce	Ordinary	10,000	9,993	99.93
10.	Executive Management Services Manpower Ltd. (bankrupt) 295 Rama III Road, Bangkholaem, Bangkok Tel. +66-2689-2626	Office equipment and furniture rental	Ordinary	2,000	340	17.00
11.	Global Leasing Co., Ltd. (under official receivership) 518/5 Maneeya Center, 8 <sup>th</sup> Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok Tel. +66-2652-0730	Leasing	Ordinary	2,000,000	200,000	10.00
12.	TPF Leasing Co., Ltd. (bankrupt) 82 Sangthongthani Tower, 25 <sup>th</sup> Floor, North Sathon Road, Silom, Bangrak, Bangkok	Leasing	Ordinary	6,000,000	600,000	10.00
13.	UTM Advisory & Capital Management Co., Ltd. (abandoned) 44 Langsuan Road, Lumpini, Pathumwan, Bangkok	Consultancy	Ordinary	100,000	10,000	10.00
14.	SPL Development Co., Ltd. (abandoned) 149 Modern Home Tower, Nonsi Road, Chong Nonsi, Yannawa, Bangkok	Real estate development	Ordinary	500,000	499,999	99.99
15.	Thai-Ultra Auto Part Co., Ltd. (bankrupt) 59 Moo 4, Highway Road, Nikompattana, Bankai, Rayong	Auto parts distribution	Ordinary	6,500,000	650,000	10.00
16.	Advance Manufacturing Leasing Co., Ltd. (bankrupt) 246 Time Square Building, 11 <sup>th</sup> Floor, Sukhumvit 12-14 Road, Khongteoy, Bangkok	Leasing	Ordinary	20,000,000	2,000,000	10.00
17.	Tun Ruamkarn Co., Ltd. (bankrupt) 133/2 Sukhumvit 21 Road, Klongtoey, Klongtoey, Bangkok	Finance	Ordinary	240,000	40,000	16.67
18.	Modern Appraisal Co., Ltd. (abandoned) 3726/162-163, 3 <sup>rd</sup> Floor, Rama III Road, Bangkhlo, Bangkolaem, Bangkok	Appraiser	Ordinary	20,000	2,000	10.00

## 6.2 Other Important Information

### 6.2.1 Thailand's Economic Outlook 2020

#### Economic growth forecast to be cut

**Never can plans keep up with changes:** The situation in January 2020 could reflect the message of this statement. CIMB Thai's Research Office earlier predicted Thai economic growth of 2.7% in 2020 supported by three factors, i.e. relocation of investment bases, active fiscal stimulus measures and tourism. However, under the current circumstances, these supportive factors might instead turn into risk factors for the economy. Foreign investment could be put off, and budget disbursement delayed pending the fiscal budget approval, which might cause public investment to turn negative. The novel coronavirus outbreak in China with infected patients reported in several countries including Thailand could hit tourism severely with the number of tourists to slide considerably in H1/2020. To sum up, the economy in H1/2020 could likely expand below 2% dampened by the above negative factors. However, we believe such bleak outlook will be temporary lasting only until the end of Q2/2020, and brighter prospects should be seen afterward with Thai economic growth driven to above 3% in H2/2020. **We thus cut our economic growth forecast in 2020 from 2.7% to 2.3%.** Moreover, as the fiscal policy cannot be enacted to spur the economy at the moment, the Monetary Policy Committee (MPC) decided to slash the policy rate by 25 basis points to stand at 1.00% per annum at its meeting on 5 February 2020. Meanwhile, the baht could weaken to 32.00 against the US dollar in Q2/2020 before strengthening to 30.50 against the US dollar at year-end.

#### Time for Thai economy to take rest and regain energy

Thai economy today is like a patient having caught coronavirus effect with three respiratory symptoms, i.e. high fever, shortness of breath and coughing. **The high fever symptom came from the likelihood of a sharp drop in tourism revenue by more than THB 100 billion** in the aftermath of the contraction in the arrivals of Chinese and other foreign tourists in H1/2020. Compared to the SARS and H1N1 swine flu epidemics when Thailand's tourist inflow shrank by 20%, the coronavirus outbreak, if regarded as the recurrence of such past incidents, may deal a larger blow to the economy as Chinese tourists at present account for more than 30% of total number of tourists, compared with 7% at that time. During January and February, more than 1 million Chinese tourists have been recorded per month. If Chinese travellers cancel their travel plans abroad, including Thailand which is among their top destinations, tourism revenue could shrink, thus narrowing the current account surplus. A softer pace of economic growth is anticipated as the impacts could also be felt by such tourism-related businesses as hotels, restaurants, transport, retail, food and beverage, and so on. It is noted that tourism contributes more than 10% of GDP. In the absence of this portion, Thai economy might risk shivering. **Another symptom is shortness of breath as the fiscal budget bill was delayed by the Parliament process.** We earlier expected the annual fiscal budget would help fuel the economy and build investor confidence on the back of accelerated budget disbursement. Under the current circumstances; however, we are like a patient with breathing difficulties having only a small remaining amount of budget from the previous fiscal year, which is not enough to fund the projects in pipeline and boost confidence. **The last symptom is coughing. It is a dry cough in the backdrop of Thailand's droughts which have hard hit the agricultural sector.** The water levels at several dams, especially those in the Central and Eastern regions, have fallen significantly, affecting the output of rice and other cash crop harvests. We only hope that the limited water supplies would not hurt industries in the Eastern region that require ample water supplies for their production. Moreover, with the shrinkage in farm income, the purchasing power of low-income households could be lessened. The economy could risk slowing down, particularly in rural and provincial areas, to a greater extent than in the previous years. Nonetheless, we should not lose hope. Research Office views that all these symptoms could disappear in H2/2020. We should be able to control the severity of this situation and come up with some solutions, which are not in a way of economic restructuring. If the spreading coronavirus can be stemmed in China and our budget bill is passed by the Parliament, the government should be able to roll out economic stimulus packages and speed up investments, which would bring back confidence to the private sector. The Thai economy should then be rejuvenated and grow by almost 3% in H2/2020, fuelled by the export sector, which is the main engine to drive the economy in parallel to private investment in expectation of brighter prospects from the first round of trade talks between the U. S. and China. In addition, we view that the spreading novel

coronavirus would pose less severe impact than the trade war on the economy in the respective years. It is because the trade war had direct impact on export, which represents more than 60% of GDP, as well as on labour employment and private consumption at large. It is also a persistent global problem. For coronavirus, impact on human life may be more drastic, but less or limited impact is expected on the economy. It should also be brought under control in a short period of time. However, Thai export in H1/2020 may still risk contracting given the sluggishness of Chinese economy and the economies of our major trade partners in ASEAN who also rely mainly on export to China and Chinese tourist inflows.

### **How to stimulate the economy**

Besides interest rate cut and the baht depreciation, do we have any other tools that can prop up the economy and prevent the economic growth from falling below 2% , the lowest in 21 quarters since Q4/2014? What to be put on the urgent agenda should be building confidence among Thais and tourists in Thai government's ability to contain the virus spread. We may lose some tourism revenue in a short term but confidence can subsequently be restored and the industry will soon recover. In addition, tour operators should be encouraged to seek new markets. There should also be promotion campaigns for Thais to travel in Thailand. Meanwhile, the weak agricultural sector and purchasing power of rural people is a long-term structural problem that needs to be addressed alongside the launch of welfare schemes for low-income earners. We view that employing local labour for construction of local public utilities such as roads, irrigation systems, water tanks or residences for the elderly may also create job opportunities, the budget allocated for which will lead to distribution of income. In a short term, we should drive development of private sector production efficiency in preparation for another round of export competition in H2/2020 amid the global economic recovery and easing of trade tensions. As export alone cannot drive growth, our goods need to be of good quality, so there should be investment in machinery. It is now a good timing for investors to accelerate their investment under the current uncertain circumstances when financial costs are low, and hopefully, rapid economic revival can be expected in H2/2020.

### **Moving Forward to Drive ASEAN towards Sustainability**

Throughout the period of Thailand's chairmanship of ASEAN in 2019, Thailand has pushed for the region's progress in three areas, involving 13 issues that are priority economic deliverables already negotiated at the level of ASEAN Senior Officials and ASEAN Economic Ministers as jointly committed by ASEAN member countries under the theme "Advancing Partnership for Sustainability." The theme reflects the direction of driving ASEAN towards sustainability, i.e. pushing for cooperation to strengthen ASEAN, working together to advance ASEAN, promoting linking mechanisms, and giving priority to sustainable development, with ultimate goal of the well-being and peace for the peoples of the region.

The 13 priority economic deliverables cover three areas as follows:

**Future Orientation:** ASEAN aims to get prepared for the changes coming with the 4<sup>th</sup> Industrial Revolution (4IR). Five of the 13 deliverables focus primarily on the 4IR, comprising 1) ASEAN digital integration framework action plan, 2) Guideline on skilled labour/professional services development, 3) Policy guideline on innovation of ASEAN, 4) ASEAN Declaration on industrial transformation to Industry 4.0, and 5) ASEAN's readiness to embrace innovation and digital technologies for small-scale ASEAN entrepreneurs.

**Enhanced Connectivity:** Regional connectivity is to be reinforced through five deliverables, comprising 6) Conclusion of the Regional Comprehensive Economic Partnership (RCEP) negotiations, 7) Operation of the linking electronic systems at ASEAN Single Window, 8) Guideline on ASEAN local currency settlement cooperation framework to support trade and investment, 9) Development of the launch of innovative financing facilities, and 10) Framework of ASEAN Gastronomy Tourism Master Plan.

**Sustainability in All Dimensions:** Sustainable development is to be promoted in all dimensions through the following deliverables: 11) Concept proposal for sustainable fisheries, 12) Roadmap for ASEAN sustainable capital markets, and 13) Establishment of ASEAN Centre for Energy and the National Science and Technology Development Agency on biofuels and bioenergy in the region.

It is instrumental to propel the negotiations of RCEP to ensure successful conclusion of the above-mentioned deliverables. RCEP is a regional framework of economic cooperation among the 10 ASEAN countries and six partners --- China, Japan, South Korea, India, Australia and New Zealand. It is an extension developed from the five existing trade agreements ASEAN have earlier inked with the

said six partner countries, comprising ASEAN-China, ASEAN-Japan, ASEAN-Korea, ASEAN-India, and ASEAN-Australia-New Zealand agreements linking the economies of the region with the global economy. However, for India, there are outstanding issues that still need further negotiations, the same as negotiations on the operation procedures relating to the agreements to be in line with internal procedures of the respective countries so that the RCEP framework agreement can be jointly executed by 2020.

The RCEP framework agreement covers the world's largest free trade area or FTA. If including India, the combined population would be more than 3.5 billion persons or almost 50 percent of world population. RCEP member states' total GDP would amount to USD 27.2 trillion or 32.3 percent of global GDP. Their combined trade volume would account for USD 11.5 trillion, roughly 29.3 percent of global trade volume. If India is not ready to participate in RCEP, the remaining 15 RCEP member states' combined population would be 2.2 billion persons, roughly 30 percent of world population, and total GDP would amount to USD 24.5 trillion or 28.9 percent of world GDP. Their trade volume would account for USD 10.7 trillion, roughly 27.2 percent of global trade volume, still making RCEP FTA a large free trade area.

The RCEP framework agreement will facilitate broader ranging trade and investment, help reduce duplication of rules and regulations, and awaken ASEAN member countries to focus more on regional supply chain which would lead to an increase in international trade value and attract investments from countries beyond RCEP. For Thailand, this agreement will create opportunities for Thai entrepreneurs in terms of expanding the supply chains, more open markets, and outward investment in various fields where Thai entrepreneurs have potential, such as healthcare, construction, retail, etc. However, RCEP is a large and highly competitive market and many member countries may expand their markets to Thailand as well. Thai entrepreneurs should thus adjust themselves by developing their product standards in order to cope with market penetration of partner countries that may come with higher technology and lower priced products.

In driving ASEAN towards sustainability, ASEAN member countries have to deal with many challenges such as the persisting global economic slowdown, trade tensions between superpowers, intensifying trade protectionism, global financial market fluctuations, and technological changes of the digital age that ASEAN have to embrace. If ASEAN could handle these challenges competently, they would be a resilient region well positioned to move forward and play a leading role in international economic forums.

## Looking Forward

Looking forward, CIMB Group believes that ASEAN will continue to be an open, resilient and dynamic region where cooperation is also required from regions elsewhere. CIMB Group with region-wide networks will remain steadfast in supports for corporate and SME customers with aspirations to expand investments across the region, leveraging on CIMB Group's strength, expertise and product diversity.

CIMB Thai, as a member of CIMB Group, has all along actively supported and explored fresh opportunities for Thai companies in their outward investments in or production expansion to the neighbouring countries like Cambodia, Lao PDR, Myanmar and Vietnam on account of their rapid economic development, and abundant resources and labour. Such outward investments are aimed at maintaining or building competitive advantage, as well as entitlement to the generalised systems of preferences from several developed countries.

## HIGHLIGHTS OF CORPORATE BRANDING ACTIVITIES IN 2019

CIMB Thai has pursued the execution of our "FORWARD" brand promise and positioning according to CIMB Group policy throughout 2019. This has reflected our determination giving a high priority to the way our customers think and what they need so that we can offer our financial support and solutions towards the targets, which is our key mission to build greater brand awareness among the general public. In 2019, we produced and launched a new commercial campaign "Hero In You" based on the true story of Bank staff aiming to inspire people to change their perspectives by looking

inside themselves and realising their inner strength so that they can move forward. A key message sent to staff members, customers and the public is “We sometimes underestimate ourselves and fail to realise our own capabilities. In fact, we all can be empowered by our inner strength. CIMB Thai believes in the Hero In You... which will drive you towards your goals.” This commercial was shown both online and through traditional media like TV, during the on-air time of Thai drama top-hits to reach out to viewers as much as possible, as well as disseminated through such out-of-home media as billboards and decorative stickers at our branches to optimise utilisation of branch office space, and so on.

As an extension of the concept of “Hero In You” underlining the importance of growing confidence in oneself with the power of positive thinking, we organised “CIMB THAI Triathlon for ASEAN Day” for the second straight year on 4 August 2019 to celebrate ASEAN Day. It was one of the highlights of the year and a convincing proof of “Hero In You.” It was also the first time for such a national triathlon tournament where people interested in this type of sports but having no past experience were invited to join. This corresponded with the concept of “Hero In You” which aims to encourage people to overcome self limitations, believe in their inner power, and rise to challenges, hence a good experience for the participants. The tournament drew more than 600 athletes from various countries, including CIMB Preferred customers who had undergone a preparation training in the “Virtual Triathlon Training by CIMB Preferred” programme. It brought an impressive experience to the participating athletes and built CIMB Thai brand awareness among the general public.

In addition, CIMB Thai continued to use both online and traditional media channels in proactive marketing promotion of our financial products to better meet target customers’ increasingly diverse demand. We launched “EC Mee Credit” personal loan programme and refinancing housing loan scheme with offering of special interest rates to cater to individual needs, as well as a diverse range of investment products with favourable returns under advice from our investment experts. Penetration of social media has also been enhanced through Facebook, LINE, Instagram, Twitter and YouTube, with dissemination of news and information on our products and services, financial tips, marketing activities and promotion campaigns, as well as other interesting everyday life topics with a view to building customers’ brand engagement with the Bank. In addition, we joined Money Expo events in five provinces, i.e. Bangkok, Nakhon Ratchasima, Udonthani, Chiang Mai and Songkhla (Hat Yai) under the theme “CIMB Thai Notes of Financial Rhythm” aimed at expanding customer base in each region with offering of an array of financial products. Each different type of products generates outcome to each stage of the business operations just like the different rhythms and sounds generated by each musical instrument of an orchestra.

Looking forward, we will still give importance to publicising and updating our business progress with a refocusing strategy to online channels in line with the shifting of consumer behaviors and preferences towards online media in order to better promote our image and professionalism in respect of business advancement, ASEAN investment opportunities, product innovations and diversity of service channels. Moreover, our Research Office’s domestic and global economic research and analysis articles have consistently drawn great attention from the media in further disseminating to the public.