

CIMB THAI BANK PUBLIC COMPANY LIMITED

**CONSOLIDATED AND BANK
FINANCIAL STATEMENTS**

31 DECEMBER 2015

AUDITOR'S REPORT

To the Shareholders of CIMB Thai Bank Public Company Limited

I have audited the accompanying consolidated and bank financial statements of CIMB Thai Bank Public Company Limited and its subsidiaries, and of CIMB Thai Bank Public Company Limited, which comprise the consolidated and bank statements of financial position as at 31 December 2015, and the related consolidated and bank statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated and bank financial statements referred to above present fairly, in all material respects, the consolidated and bank financial position of CIMB Thai Bank Public Company Limited and its subsidiaries, and of CIMB Thai Bank Public Company Limited as at 31 December 2015, and consolidated and bank results of operations and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Anothai Leekitwattana
Certified Public Accountant (Thailand) No. 3442
PricewaterhouseCoopers ABAS Ltd.

Bangkok
26 February 2016

CIMB Thai Bank Public Company Limited
Statements of Financial Position
As at 31 December 2015

	Notes	Consolidated			The Bank		
		31 December	31 December	1 January	31 December	31 December	1 January
		2015	2014	2014	2015	2014	2014
		Baht	Baht	Baht	Baht	Baht	Baht
Assets							
Cash		2,397,196,928	3,989,621,938	3,328,748,596	2,395,111,405	3,987,736,777	3,324,656,939
Interbank and money market items, net	7	14,292,801,636	6,522,689,913	33,555,652,005	14,229,670,008	6,453,199,978	33,509,102,456
Derivative assets	8	25,581,046,242	10,803,916,302	9,100,647,662	25,581,046,242	10,803,916,302	9,100,647,662
Investments, net	9	54,891,019,817	55,253,273,115	53,324,961,980	54,891,019,817	55,253,273,115	53,324,961,980
Investments in subsidiaries, net	9	-	-	10,523,242	1,324,920,707	1,324,920,707	1,335,443,948
Loans and accrued interest receivables	10						
Loans		203,552,832,710	194,610,261,270	175,844,355,534	196,736,743,351	188,334,023,282	168,952,844,988
Accrued interest receivables		520,569,785	455,304,547	453,532,902	524,470,027	459,212,620	462,586,736
Total loans and accrued interest receivables		204,073,402,495	195,065,565,817	176,297,888,436	197,261,213,378	188,793,235,902	169,415,431,724
Less Deferred revenue		(4,945,478,647)	(4,642,328,361)	(4,757,282,848)	(90,837,521)	(163,150,115)	(255,170,649)
Less Allowance for doubtful debts	11	(6,730,530,954)	(5,979,008,801)	(5,263,612,956)	(6,572,231,944)	(5,447,517,156)	(4,913,545,914)
Less Revaluation allowance for debt restructuring	12	(55,383,987)	(68,351,237)	(33,422,083)	(55,383,987)	(68,351,237)	(33,422,083)
Loans and accrued interest receivables, net		192,342,008,907	184,375,877,418	166,243,570,549	190,542,759,926	183,114,217,394	164,213,293,078
Customers' liability under acceptance		41,017,884	68,889,332	57,650,960	41,017,884	68,889,332	57,650,960
Properties for sale, net	13	1,194,255,368	1,826,291,636	1,706,018,723	1,109,004,276	1,582,424,466	1,597,877,173
Premises and equipment, net	14	2,769,718,388	3,071,759,407	3,349,094,004	2,714,361,639	3,002,336,396	3,264,147,293
Intangible assets, net	15	378,987,475	361,802,153	343,053,368	373,090,594	355,963,642	337,319,600
Deferred tax assets	16	1,040,358,204	957,064,866	1,058,985,442	862,314,440	752,636,225	926,435,691
Accounts receivable from Thai Asset Management Corporation	48	-	3,572,457,936	3,572,457,936	-	3,572,457,936	3,572,457,936
Other assets, net	17	9,692,983,893	3,365,142,396	4,020,544,901	9,533,185,948	3,196,065,790	3,806,401,726
Total assets		304,621,394,742	274,168,786,412	279,671,909,368	303,597,502,886	273,468,038,060	278,370,396,442

Director _____ Director _____

CIMB Thai Bank Public Company Limited
Statements of Financial Position (Cont'd)
As at 31 December 2015

	Notes	Consolidated			The Bank		
		31 December	31 December	1 January	31 December	31 December	1 January
		2015	2014	2014	2015	2014	2014
		Baht	Baht	Baht	Baht	Baht	Baht
Liabilities and shareholders' equity							
Liabilities							
Deposits	18	170,217,136,926	183,894,650,541	152,132,672,386	170,502,086,949	184,105,739,854	152,272,534,436
Interbank and money market items, net	19	20,018,416,948	18,304,766,777	44,866,261,855	19,994,416,948	18,230,366,777	44,241,461,855
Liability payable on demand		320,768,448	344,291,120	504,867,176	320,768,448	344,291,120	504,867,176
Financial liabilities designated at fair value through profit or loss	20	16,039,533,025	7,693,132,792	5,856,747,052	16,039,533,025	7,693,132,792	5,856,747,052
Derivative liabilities	8	25,682,672,770	10,396,602,437	9,651,786,057	25,682,672,770	10,396,602,437	9,651,786,057
Debt issued and borrowings	21	33,994,659,909	24,512,208,453	37,706,592,055	33,994,659,909	24,512,208,453	37,706,592,055
Bank's liability under acceptance		41,017,884	68,889,332	57,650,960	41,017,884	68,889,332	57,650,960
Provisions	22	1,641,262,617	1,471,525,306	1,452,563,027	1,578,957,438	1,420,434,528	1,415,445,317
Other liabilities	23	9,557,915,819	4,892,161,996	5,653,090,246	9,126,765,983	4,556,103,564	5,281,074,920
Total liabilities		277,513,384,346	251,578,228,754	257,882,230,814	277,280,879,354	251,327,768,857	256,988,159,828
Shareholders' equity							
Share capital	24						
Registered							
27,410,341,432 ordinary shares of Baht 0.50 each		<u>13,705,170,716</u>			<u>13,705,170,716</u>		
21,084,878,025 ordinary shares of Baht 0.50 each			<u>10,542,439,013</u>			<u>10,542,439,013</u>	
26,105,495,608 ordinary shares of Baht 0.50 each				<u>13,052,747,804</u>			<u>13,052,747,804</u>
Issued and paid-up share capital							
24,774,731,679 ordinary shares of Baht 0.50 each		12,387,365,840			12,387,365,840		
21,084,878,025 ordinary shares of Baht 0.50 each			10,542,439,013	10,542,439,013		10,542,439,013	10,542,439,013
Premium on share capital		5,712,665,258	3,867,738,430	3,867,738,430	5,712,665,258	3,867,738,430	3,867,738,430
Other reserves	25	720,704,664	887,619,600	884,659,881	737,068,079	899,934,224	892,156,202
Accretion of equity interests in subsidiary		(42,753,751)	(42,753,751)	(42,753,751)	-	-	-
Retained earnings							
Appropriated - statutory reserve	26	365,950,000	341,300,000	272,000,000	365,950,000	341,300,000	272,000,000
Unappropriated		7,964,078,385	6,994,214,366	6,265,594,981	7,113,574,355	6,488,857,536	5,807,902,969
Total shareholders' equity		27,108,010,396	22,590,557,658	21,789,678,554	26,316,623,532	22,140,269,203	21,382,236,614
Total liabilities and shareholders' equity		304,621,394,742	274,168,786,412	279,671,909,368	303,597,502,886	273,468,038,060	278,370,396,442

The accompanying notes to the consolidated and bank financial statements from page 11 to 105 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited

Statements of Comprehensive Income

For the year ended 31 December 2015

	Notes	Consolidated		The Bank	
		2015 Baht	2014 Baht	2015 Baht	2014 Baht
Interest income	31	14,620,048,451	13,927,429,582	13,025,701,782	12,460,684,461
Interest expenses	32	(6,143,023,747)	(6,038,723,192)	(6,141,335,838)	(6,028,333,772)
Net interest income		8,477,024,704	7,888,706,390	6,884,365,944	6,432,350,689
Fees and service income		1,734,247,566	1,547,716,018	1,374,889,474	1,236,361,987
Fees and service expenses		(266,581,243)	(208,850,553)	(319,343,580)	(296,494,840)
Net fees and services income	33	1,467,666,323	1,338,865,465	1,055,545,894	939,867,147
Gains on tradings and foreign exchange transactions	34	1,819,384,602	1,804,875,080	1,819,384,602	1,804,875,080
Losses on financial instrument designated at fair value through profit or loss	35	(458,154,763)	(1,093,726,426)	(458,154,763)	(1,093,726,426)
Gains on investments	36	551,005,717	329,535,536	551,005,717	329,535,536
Other operating income	37	377,101,198	237,961,382	383,010,621	186,960,038
Total operating income		12,234,027,781	10,506,217,427	10,235,158,015	8,599,862,064
Other operating expenses					
Employee expenses		3,753,835,420	3,741,535,210	3,236,564,534	3,248,965,426
Directors' remuneration		11,080,000	9,260,000	10,744,000	8,804,000
Premises and equipment expenses		1,404,482,827	1,399,493,378	1,277,119,380	1,268,595,392
Taxes and duties		458,627,188	408,517,126	442,470,291	393,443,378
Others		1,499,238,226	1,581,197,029	950,068,015	789,876,300
Total other operating expenses		7,127,263,661	7,140,002,743	5,916,966,220	5,709,684,496
Bad and doubtful debts and impairment losses	38	3,770,112,827	2,129,643,339	3,425,200,000	1,702,567,406
Profit before income tax expenses		1,336,651,293	1,236,571,345	892,991,795	1,187,610,162
Income tax expenses	39	(284,169,352)	(247,212,868)	(185,657,054)	(245,916,503)
Net profit for the year		1,052,481,941	989,358,477	707,334,741	941,693,659

The accompanying notes to the consolidated and bank financial statements from page 11 to 105 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited
Statements of Comprehensive Income (Cont'd)
For the year ended 31 December 2015

	Note	Consolidated		The Bank	
		2015 Baht	2014 Baht	2015 Baht	2014 Baht
Other comprehensive (expenses) income					
Items that will be reclassified					
subsequently to profit or loss					
Gains on remeasuring					
available-for-sale investments		12,859,905	240,733,492	12,859,905	240,733,492
Gains arising from translating					
the financial statement of a foreign operation		28,964,409	7,337,610	28,964,409	7,337,610
Losses on cash flow hedges		(25,306,951)	(149,627,279)	(25,306,951)	(149,627,279)
Income tax relating to items that will be					
reclassified subsequently to profit or loss		2,489,409	(18,221,243)	2,489,409	(18,221,243)
Total items that will be reclassified					
subsequently to profit or loss		19,006,772	80,222,580	19,006,772	80,222,580
Items that will not be reclassified					
subsequently to profit or loss					
Changes in revaluation surplus		(125,210,829)	(24,262,109)	(125,210,829)	(24,262,109)
Remeasurements of post-employment					
benefit obligations		(107,191,305)	(72,316,467)	(102,130,316)	(66,293,589)
Income tax relating to items that will not be					
reclassified subsequently to profit or loss		46,480,426	19,315,715	45,468,228	18,111,140
Total items that will not be reclassified					
subsequently to profit or loss		(185,921,708)	(77,262,861)	(181,872,917)	(72,444,558)
Total other comprehensive (expenses) income		(166,914,936)	2,959,719	(162,866,145)	7,778,022
Total comprehensive income for the year		885,567,005	992,318,196	544,468,596	949,471,681
Net profit attributable to:					
Equity holders of the Bank		1,052,481,941	989,358,477	707,334,741	941,693,659
Non-controlling interests		-	-	-	-
		1,052,481,941	989,358,477	707,334,741	941,693,659
Total comprehensive income attributable to:					
Equity holders of the Bank		885,567,005	992,318,196	544,468,596	949,471,681
Non-controlling interests		-	-	-	-
		885,567,005	992,318,196	544,468,596	949,471,681
Earnings per share for profit attributable					
to the equity holders of the Bank	41				
Basic earnings per share (Baht per share)		0.05	0.05	0.03	0.04
Weighted average number of ordinary shares (shares)		21,650,992,558	21,084,878,025	21,650,992,558	21,084,878,025
Diluted earnings per share		0.05	0.05	0.03	0.04
Weighted average number of ordinary shares (shares)		21,650,992,558	21,084,878,025	21,650,992,558	21,084,878,025

The accompanying notes to the consolidated and bank financial statements from page 11 to 105 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited
Statements of Changes in Shareholders' Equity
For the year ended 31 December 2015

Consolidated													
Attributable to owners of the Bank													
Other reserves													
	Issued and paid-up share capital	Share premium	Revaluation surplus on assets	Remeasurements of post-employment benefit obligations	Revaluation surplus (deficit) on change in value of investments	Losses arising from translating the financial statement of a foreign operation	Losses on cash flow hedges	Income tax relating to components of other comprehensive expense	Total other reserves	Accretion of equity interests in subsidiary	Legal reserve	Retained earnings	Total
Notes	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Balance as at 1 January 2015	10,542,439,013	3,867,738,430	1,095,163,688	-	278,876,871	7,337,610	(149,627,279)	(244,882,656)	986,868,234	(42,753,751)	341,300,000	6,992,657,194	22,688,249,120
Impact of the adoption of TAS19 (revised 2014) employee benefits	3	-	-	(124,060,792)	-	-	-	24,812,158	(99,248,634)	-	-	1,557,172	(97,691,462)
Restated balance	10,542,439,013	3,867,738,430	1,095,163,688	(124,060,792)	278,876,871	7,337,610	(149,627,279)	(220,070,498)	887,619,600	(42,753,751)	341,300,000	6,994,214,366	22,590,557,658
Dividend paid	27	-	-	-	-	-	-	-	-	-	-	(158,136,585)	(158,136,585)
Increase in ordinary shares		1,844,926,827	1,844,926,828	-	-	-	-	-	-	-	-	-	3,689,853,655
Total comprehensive (expenses) income for the year		-	-	(125,210,829)	(107,191,305)	12,859,905	28,964,409	(25,306,951)	48,969,835	(166,914,936)	-	1,052,481,941	885,567,005
Appropriated - statutory reserve	26	-	-	-	-	-	-	-	-	-	24,650,000	(24,650,000)	-
Transfer to retained earnings		-	-	-	-	-	-	-	-	-	-	100,168,663	100,168,663
Balance as at 31 December 2015	<u>12,387,365,840</u>	<u>5,712,665,258</u>	<u>969,952,859</u>	<u>(231,252,097)</u>	<u>291,736,776</u>	<u>36,302,019</u>	<u>(174,934,230)</u>	<u>(171,100,663)</u>	<u>720,704,664</u>	<u>(42,753,751)</u>	<u>365,950,000</u>	<u>7,964,078,385</u>	<u>27,108,010,396</u>
Balance as at 1 January 2014	10,542,439,013	3,867,738,430	1,119,425,797	-	38,143,379	-	-	(231,513,835)	926,055,341	(42,753,751)	272,000,000	6,264,593,141	21,830,072,174
Impact of the adoption of TAS19 (revised 2014) employee benefits	3	-	-	(51,744,325)	-	-	-	10,348,865	(41,395,460)	-	-	1,001,840	(40,393,620)
Restated balance	10,542,439,013	3,867,738,430	1,119,425,797	(51,744,325)	38,143,379	-	-	(221,164,970)	884,659,881	(42,753,751)	272,000,000	6,265,594,981	21,789,678,554
Dividend paid	27	-	-	-	-	-	-	-	-	-	-	(210,848,780)	(210,848,780)
Total comprehensive (expenses) income for the year		-	-	(24,262,109)	(72,316,467)	240,733,492	7,337,610	(149,627,279)	1,094,472	2,959,719	-	989,358,477	992,318,196
Appropriated - statutory reserve	26	-	-	-	-	-	-	-	-	-	69,300,000	(69,300,000)	-
Transfer to retained earnings		-	-	-	-	-	-	-	-	-	-	19,409,688	19,409,688
Balance as at 31 December 2014	<u>10,542,439,013</u>	<u>3,867,738,430</u>	<u>1,095,163,688</u>	<u>(124,060,792)</u>	<u>278,876,871</u>	<u>7,337,610</u>	<u>(149,627,279)</u>	<u>(220,070,498)</u>	<u>887,619,600</u>	<u>(42,753,751)</u>	<u>341,300,000</u>	<u>6,994,214,366</u>	<u>22,590,557,658</u>

The accompanying notes to the consolidated and bank financial statements from page 11 to 105 are an integral part of these financial statements.

The Bank												
Other reserves												
Notes	Issued and paid-up share capital Baht	Share premium Baht	Revaluation surplus on assets Baht	Remeasurements of post-employment benefit obligations Baht	Revaluation surplus (deficit) on change in value of investments Baht	Losses arising from translating the financial statement of a foreign operation Baht	Losses on cash flow hedges Baht	Income tax relating to components of other comprehensive expense Baht	Total other reserves Baht	Legal reserve Baht	Retained earnings Baht	Total Baht
Balance as at 1 January 2015	10,542,439,013	3,867,738,430	1,095,163,688	-	278,876,871	7,337,610	(149,627,279)	(244,882,656)	986,868,234	341,300,000	6,488,688,906	22,227,034,583
Impact of the adoption of												
TAS19 (revised 2014) employee benefits	3	-	-	(108,667,513)	-	-	-	21,733,503	(86,934,010)	-	168,630	(86,765,380)
Restated balance	10,542,439,013	3,867,738,430	1,095,163,688	(108,667,513)	278,876,871	7,337,610	(149,627,279)	(223,149,153)	899,934,224	341,300,000	6,488,857,536	22,140,269,203
Dividend paid	27	-	-	-	-	-	-	-	-	-	(158,136,585)	(158,136,585)
Increase in ordinary shares		1,844,926,827	1,844,926,828	-	-	-	-	-	-	-	-	3,689,853,655
Total comprehensive (expenses) income for the year		-	(125,210,829)	(102,130,316)	12,859,905	28,964,409	(25,306,951)	47,957,637	(162,866,145)	-	707,334,741	544,468,596
Appropriated - statutory reserve	26	-	-	-	-	-	-	-	-	24,650,000	(24,650,000)	-
Transfer to retained earnings		-	-	-	-	-	-	-	-	-	100,168,663	100,168,663
Balance as at 31 December 2015	<u>12,387,365,840</u>	<u>5,712,665,258</u>	<u>969,952,859</u>	<u>(210,797,829)</u>	<u>291,736,776</u>	<u>36,302,019</u>	<u>(174,934,230)</u>	<u>(175,191,516)</u>	<u>737,068,079</u>	<u>365,950,000</u>	<u>7,113,574,355</u>	<u>26,316,623,532</u>
Balance as at 1 January 2014	10,542,439,013	3,867,738,430	1,119,425,797	-	38,143,379	-	-	(231,513,835)	926,055,341	272,000,000	5,807,902,969	21,416,135,753
Impact of the adoption of												
TAS19 (revised 2014) employee benefits	3	-	-	(42,373,924)	-	-	-	8,474,785	(33,899,139)	-	-	(33,899,139)
Restated balance	10,542,439,013	3,867,738,430	1,119,425,797	(42,373,924)	38,143,379	-	-	(223,039,050)	892,156,202	272,000,000	5,807,902,969	21,382,236,614
Dividend paid	27	-	-	-	-	-	-	-	-	-	(210,848,780)	(210,848,780)
Total comprehensive (expenses) income for the year		-	(24,262,109)	(66,293,589)	240,733,492	7,337,610	(149,627,279)	(110,103)	7,778,022	-	941,693,659	949,471,681
Appropriated - statutory reserve	26	-	-	-	-	-	-	-	-	69,300,000	(69,300,000)	-
Transfer to retained earnings		-	-	-	-	-	-	-	-	-	19,409,688	19,409,688
Balance as at 31 December 2014	<u>10,542,439,013</u>	<u>3,867,738,430</u>	<u>1,095,163,688</u>	<u>(108,667,513)</u>	<u>278,876,871</u>	<u>7,337,610</u>	<u>(149,627,279)</u>	<u>(223,149,153)</u>	<u>899,934,224</u>	<u>341,300,000</u>	<u>6,488,857,536</u>	<u>22,140,269,203</u>

The accompanying notes to the consolidated and bank financial statements from page 11 to 105 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited
Statements of Cash Flows
For the year ended 31 December 2015

	Notes	Consolidated		The Bank	
		2015 Baht	2014 Baht	2015 Baht	2014 Baht
Cash flows from operating activities					
Profit before corporate income tax		1,336,651,293	1,236,571,345	892,991,795	1,187,610,162
Adjustments to reconcile net income before income tax to cash in (out) flows from operating activities:					
Depreciation and amortisation		497,330,736	518,920,584	470,167,340	494,154,138
Bad debts and doubtful accounts	38	3,770,112,827	2,129,643,339	3,425,200,000	1,702,567,406
Provision (reversal of) for off-balance sheet items		14,347,673	(90,880,000)	14,347,673	(90,880,000)
Share-based payment		10,277,930	7,396,892	10,277,930	7,396,892
Provision for liabilities		172,221,337	150,899,422	166,067,925	142,690,798
(Gains) losses on impairment of properties for sale		(96,738,212)	69,486,326	248,119	203,691
Losses on impairment of investments		4,290,484	-	4,290,484	-
Unrealised gains on exchange and derivatives		(322,857,972)	(1,457,976,392)	(322,857,972)	(1,457,976,392)
Losses (gains) on properties for sale		468,815,242	591,065,360	(91,006,865)	(15,912,856)
Unrealised (gains) losses on revaluation of investments		(571,459)	22,516,398	(571,459)	22,516,398
Gains on sale of investments		(728,736,343)	(453,705,914)	(728,736,343)	(453,705,914)
Gains on disposal of premises and equipment		(13,074,954)	(3,870,312)	(11,486,702)	(3,477,968)
Losses on impairment of premises and equipment		9,604,772	-	9,604,772	-
Losses from write off premises and equipment		27,967,972	19,036,757	27,967,972	19,036,757
Losses from write off leasehold rights		36,576	2,314,144	36,576	2,314,144
Losses on financial liabilities designated at fair value through profit or loss	35	458,154,763	1,093,726,426	458,154,763	1,093,726,426
Interest and dividend income		(14,671,879,227)	(13,978,652,436)	(13,077,532,558)	(12,511,907,316)
Interest expenses		5,141,242,289	5,110,319,237	5,139,554,380	5,099,929,817
Losses from operations before changes in operating assets and liabilities					
		(3,922,804,273)	(5,033,188,824)	(3,613,282,170)	(4,761,713,817)
(Increase) decrease in operating assets					
Interbank and money market items		(7,769,716,740)	27,021,999,228	(7,776,075,046)	27,044,939,614
Investments held for trading		965,186,346	3,548,028,199	965,186,346	3,548,028,199
Loans		(12,946,534,144)	(21,762,185,863)	(10,448,746,321)	(20,462,513,058)
Properties for sale		2,065,664,313	1,007,089,896	754,590,140	172,716,286
Receivable from Thai Asset Management Corporation		3,486,699,265	-	3,486,699,265	-
Other assets		(6,180,186,065)	656,115,612	(6,203,974,364)	613,934,470
Increase (decrease) in operating liabilities					
Deposits		(13,677,513,614)	31,761,978,155	(13,603,652,904)	31,833,205,418
Interbank and money market items		1,713,650,171	(26,561,495,078)	1,764,050,171	(26,011,095,078)
Liability payable on demand		(23,522,672)	(160,576,057)	(23,522,672)	(160,576,057)
Short-term borrowings		9,882,271,652	(14,379,308,526)	9,882,271,652	(14,379,308,526)
Provisions		(123,010,806)	(107,135,789)	(124,023,003)	(106,708,726)
Other liabilities		4,254,220,690	(947,076,805)	4,169,679,412	(900,697,858)
Cash flows used in operating activities					
		(22,275,595,877)	(4,955,755,852)	(20,770,799,494)	(3,569,789,133)
Cash received from interest income		12,884,956,736	12,311,195,461	11,290,617,897	10,849,596,102
Cash paid for interest expenses		(5,243,286,425)	(5,452,994,418)	(5,241,650,019)	(5,442,147,607)
Cash paid for income tax		(158,713,168)	(58,026,091)	(82,567,693)	-
Net cash flows (used in) provided by operating activities		(14,792,638,734)	1,844,419,100	(14,804,399,309)	1,837,659,362

The accompanying notes to the consolidated and bank financial statements from page 11 to 105 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited
Statements of Cash Flows (Cont'd)
For the year ended 31 December 2015

	Consolidated		The Bank	
	2015	2014	2015	2014
Note	Baht	Baht	Baht	Baht
Cash flows from investing activities				
Cash paid for purchases of available-for-sale securities	(29,765,886,180)	(54,106,282,038)	(29,765,886,180)	(54,106,282,038)
Proceeds from disposals of available-for-sale securities	27,203,327,558	31,109,002,243	27,203,327,558	31,109,002,243
Proceeds from maturity of available-for-sale securities	510,978,043	26,015,683,807	510,978,043	26,015,683,807
Cash paid for purchases of held to maturity securities	(4,922,649,754)	(12,020,896,051)	(4,922,649,754)	(12,020,896,051)
Proceeds from maturity of held to maturity securities	6,666,336,490	3,972,000,340	6,666,336,490	3,972,000,340
Proceeds from repayment of investment in receivable	20,702,034	48,205,321	20,702,034	48,205,321
Cash paid for purchases of general investments	-	(182,610)	-	(182,610)
Proceeds from disposals of general investments	6,927,784	164,902	6,927,784	164,902
Proceeds from decrease in capital of general investments	30,000,000	31,160,601	30,000,000	31,160,601
Proceeds from paypack of investment in subsidiary	-	22,540,041	-	22,540,041
Cash paid for purchases of premises and equipment	(152,719,262)	(232,063,643)	(140,749,076)	(223,997,232)
Proceeds from disposals of premises and equipment	21,370,934	11,974,809	19,267,618	11,398,972
Cash paid for purchases of intangible assets	(127,149,554)	(140,095,981)	(125,449,171)	(138,631,410)
Dividend received	51,830,775	51,222,854	51,830,775	51,222,854
Interest received	1,934,291,399	1,678,324,931	1,934,284,359	1,678,336,020
Net cash flows provided by (used in) investing activities	1,477,360,267	(3,559,240,474)	1,488,920,480	(3,550,274,240)
Cash flows from financing activities				
Dividend paid	27 (158,136,585)	(210,848,780)	(158,136,585)	(210,848,780)
Proceeds from issuing subordinate debentures	-	4,066,540,000	-	4,066,540,000
Cash paid for redemption of subordinated debentures	-	(2,500,000,000)	-	(2,500,000,000)
Proceeds from issuance of structured bills of exchange and debentures	12,802,546,172	11,405,500,000	12,802,546,172	11,405,500,000
Cash paid for redemption of structured bills of exchange and debentures	(4,639,000,000)	(10,392,000,000)	(4,639,000,000)	(10,392,000,000)
Cash received from capital increase	3,689,853,654	-	3,689,853,654	-
Net cash flows provided by financing activities	11,695,263,241	2,369,191,220	11,695,263,241	2,369,191,220
Foreign currency translation differences	27,590,216	6,503,496	27,590,216	6,503,496
Net (decrease) increase in cash and cash equivalents	(1,592,425,010)	660,873,342	(1,592,625,372)	663,079,838
Cash and cash equivalents at beginning of the year	3,989,621,938	3,328,748,596	3,987,736,777	3,324,656,939
Cash and cash equivalents at the end of the year	2,397,196,928	3,989,621,938	2,395,111,405	3,987,736,777
Supplemental disclosure of cash flows information				
Non-cash transaction:				
Payable from purchase premises and equipment	6,082,109	30,592,954	6,082,109	30,592,954
Properties for sale received from premises and equipment	60,976,206	125,838,175	60,976,206	125,838,175
Change in revaluation surplus in available-for-sale	12,859,905	240,733,492	12,859,905	240,733,492
Interest amortisation from premium or discount	385,340,992	100,700,529	385,340,992	100,700,529

The accompanying notes to the consolidated and bank financial statements from page 11 to 105 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited
Notes to the Consolidated and Bank Financial Statements
For the year ended 31 December 2015

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1 General information

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

44 Langsuan Road, Lumpini, Patumwan, Bangkok.

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

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

The Bank has received a banking license for CIMB Thai - Vientiane Branch (“Vientiane branch”) from the Bank of the Lao PDR (“BOL”) on 4 June 2014. Vientiane Branch operates banking business on 25 July 2014.

The consolidated and bank financial statements were authorised by the Board of Directors on 26 February 2016.

2 Accounting policies

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

2.1 Basis of preparation of consolidated and bank financial statements

The consolidated and bank financial statements (“the financial statements”) have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act. The primary financial statements (i.e., statements of financial position, statements of comprehensive income, changes in shareholder equity and cash flow) have been prepared in the format as required by the Notification of the Bank of Thailand (BoT) no. SorNorSor 21/2558, “The Preparation and Format of the Financial Statements of Commercial Bank and Holding Parent Company of Financial Group” dated 4 December 2015.

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

The preparation of financial statements in conformity with the GAAP requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and bank financial statements, are disclosed in Note 5 to the financial statements.

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

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

2 Accounting policies (Cont'd)

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

1) New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015. These standards are relevant to the Group.

a) Financial reporting standards, which have a significant changes :

TAS 1 (revised 2014)	Presentation of financial statements
TAS 16 (revised 2014)	Property, plant and equipment
TAS 19 (revised 2014)	Employee benefits
TAS 27 (revised 2014)	Separate financial statements
TAS 28 (revised 2014)	Investments in associates and joint ventures
TAS 34 (revised 2014)	Interim financial reporting
TFRS 10	Consolidated financial statements
TFRS 11	Joint arrangements
TFRS 12	Disclosure of interests in other entities
TFRS 13	Fair value measurement
TFRIC 14 (revised 2014)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 20	Stripping costs in the production phase of a surface mine

Management evaluates that the new financial reporting standards, revised accounting standards and revised financial reporting standards have no significant impact to the Group's financial statements being presented except TAS 1 (revised 2014), TAS 19 (revised 2014), TFRS 10 and TFRS 13.

TAS 1 (revised 2014), the main change is that a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The amendments do not address which items are presented in OCI.

TAS 19 (revised 2014), the key changes is actuarial gains and losses are renamed 'remeasurements' and will be recognised immediately in 'other comprehensive income' (OCI). Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss. The significant impact to the Group is described in Note 3 to the financial statements.

TFRS 10 has a single definition of supersedes the principles of control and consolidation included within the original TAS 27, 'Consolidated and separate financial statements'. The standard sets out the requirements for when an entity should prepare consolidated financial statements, defines the principles of control, explains how to apply the principles of control and explains the accounting requirements for preparing consolidated financial statements. The key principle in the new standard is that control exists, and consolidation is required, only if the investor possesses power over the investee, has exposure to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect its returns. This standard has no impact to the Group's financial statements.

TFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across TFRSs. This standard has no impact to the Group's financial statements, except for disclosures.

2 Accounting policies (Cont'd)

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

1) New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2015. These standards are relevant to the Group. (Cont'd)

b) Financial reporting standards with minor changes and do not have impact to the Group are as follows:

TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of cash flows
TAS 8 (revised 2014)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2014)	Events after the reporting period
TAS 11 (revised 2014)	Construction contracts
TAS 12 (revised 2014)	Income taxes
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 20 (revised 2014)	Accounting for government grants & disclosure of government assistance
TAS 21 (revised 2014)	The effects of changes in foreign exchange rates
TAS 23 (revised 2014)	Borrowing costs
TAS 24 (revised 2014)	Related party disclosures
TAS 26 (revised 2014)	Accounting and reporting by retirement benefit plans
TAS 29 (revised 2014)	Financial reporting in hyperinflationary economies
TAS 33 (revised 2014)	Earnings per share
TAS 36 (revised 2014)	Impairment of assets
TAS 37 (revised 2014)	Provisions, contingent liabilities and contingent assets
TAS 38 (revised 2014)	Intangible assets
TAS 40 (revised 2014)	Investment property
TFRS 2 (revised 2014)	Share-based payment
TFRS 3 (revised 2014)	Business combinations
TFRS 5 (revised 2014)	Non-current asset held for sale and discontinued operations
TFRS 6 (revised 2014)	Exploration for and evaluation of mineral resources
TFRS 8 (revised 2014)	Operating segments
TSIC 10 (revised 2014)	Government assistance - No specific relation to operating activities
TSIC 15 (revised 2014)	Operating leases - Incentives
TSIC 25 (revised 2014)	Income taxes - changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2014)	Evaluating the substance of transactions involving the legal form of a lease
TSIC 29 (revised 2014)	Service concession arrangements: Disclosures
TSIC 31 (revised 2014)	Revenue - barter transactions involving advertising services
TSIC 32 (revised 2014)	Intangible assets - Web site costs
TFRIC 1 (revised 2014)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2014)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2014)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7 (revised 2014)	Applying the restatement approach under IAS29 Financial reporting in hyperinflationary economies
TFRIC 10 (revised 2014)	Interim financial reporting and impairment
TFRIC 12 (revised 2014)	Service concession arrangements
TFRIC 13 (revised 2014)	Customer loyalty programmes
TFRIC 15 (revised 2014)	Agreements for the construction of real estate
TFRIC 17 (revised 2014)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2014)	Transfers of assets from customers

2 Accounting policies (Cont'd)

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

2) New financial reporting standards, revised accounting standards and revised financial reporting standards are effective on 1 January 2016. These standards are relevant to the group and are not early adopted:

a) Financial reporting standards, which have a significant impact to the group:

TAS 16 (revised 2015)	Property, plant and equipment
TAS 19 (revised 2015)	Employee benefits
TAS 36 (revised 2015)	Impairment of assets
TAS 38 (revised 2015)	Intangible assets
TFRS 2 (revised 2015)	Share-based payment
TFRS 8 (revised 2015)	Operating segments
TFRS 13 (revised 2015)	Fair value measurement

TAS 16 (revised 2015), 'Property, plant and equipment' clarifies how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

TAS 19 (revised 2015), 'Employee benefits' is amended to apply to contributions from employees or third parties to defined benefit plans and to clarify the accounting treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period.

TAS 36 (revised 2015), 'Impairment of assets' is amended to provide additional disclosure requirement when the recoverable amount of the assets is measured at fair value less costs of disposal. The disclosures include 1) the level of fair value hierarchy, 2) when fair value measurement categorised within level 2 and level 3, disclosures is required for valuation technique and key assumption.

TAS 38 (revised 2015), 'Intangible assets' is amended to clarify how the gross carrying amount and the accumulated amortisation are treated where an entity uses the revaluation model.

TFRS 2 (revised 2015), 'Share based payments' clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.

TFRS 8 (revised 2015), 'Operating segments' requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported to chief operating decision maker.

TFRS 13 (revised 2015), 'Fair value measurement' is amended to clarify that the portfolio exception in TFRS 13 applies to all contracts (including non-financial contracts) within the scope of TAS 39 (when announced) or IFRS 9 (when announced).

2 Accounting policies (Cont'd)

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

2) New financial reporting standards, revised accounting standards and revised financial reporting standards are effective on 1 January 2016. These standards are relevant to the group and are not early adopted:

b) Financial reporting standards with minor changes and do not have impact to the group are as follows:

TAS 1 (revised 2015)	Presentation of financial statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of cash flows
TAS 8 (revised 2015)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2015)	Events after the reporting period
TAS 11 (revised 2015)	Construction contracts
TAS 12 (revised 2015)	Income taxes
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 20 (revised 2015)	Accounting for government grants and disclosure of government assistance
TAS 21 (revised 2015)	The effects of changes in foreign exchange rates
TAS 23 (revised 2015)	Borrowing costs
TAS 26 (revised 2015)	Accounting and reporting by retirement benefit plans
TAS 28 (revised 2015)	Investments in associates and joint ventures
TAS 29 (revised 2015)	Financial reporting in hyperinflationary economies
TAS 33 (revised 2015)	Earnings per share
TAS 34 (revised 2015)	Interim financial reporting
TAS 37 (revised 2015)	Provisions, contingent liabilities and contingent assets
TFRS 5 (revised 2015)	Non-current assets held for sale and discontinued operations
TFRS 6 (revised 2015)	Exploration for and evaluation of mineral resources
TFRS 11 (revised 2015)	Joint arrangements
TSIC 10 (revised 2015)	Government assistance - No specific relation to operating activities
TSIC 15 (revised 2015)	Operating leases - Incentives
TSIC 25 (revised 2015)	Income taxes - changes in the tax status of an entity or its shareholders
TSIC 27 (revised 2015)	Evaluating the substance of transactions involving the legal form of a lease
TSIC 29 (revised 2015)	Service concession arrangements: Disclosures
TSIC 31 (revised 2015)	Revenue - barter transactions involving advertising services
TSIC 32 (revised 2015)	Intangible assets - Web site costs

2 Accounting policies (Cont'd)

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

2) New financial reporting standards, revised accounting standards and revised financial reporting standards are effective on 1 January 2016. These standards are relevant to the group and are not early adopted: (Cont'd)

b) Financial reporting standards with minor changes and do not have impact to the group are as follows:

TFRIC 1 (revised 2015)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2015)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2015)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7 (revised 2015)	Applying the restatement approach under TAS29 Financial reporting in hyperinflationary economies
TFRIC 10 (revised 2015)	Interim financial reporting and impairment
TFRIC 12 (revised 2015)	Service concession arrangements
TFRIC 13 (revised 2015)	Customer loyalty programmes
TFRIC 14 (revised 2015)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 15 (revised 2015)	Agreements for the construction of real estate
TFRIC 17 (revised 2015)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2015)	Transfers of assets from customers
TFRIC 20 (revised 2015)	Stripping costs in the production phase of a surface mine

2.3 Revenue recognition

(a) Interest and discount on loans

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

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

(b) Interest and dividends on investments

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

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

2 Accounting policies (Cont'd)

2.3 Revenue recognition (Cont'd)

- (c) Gains (losses) on sale of investments

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

- (d) Gains (losses) on sale of properties for sale

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

- (e) Income from hire-purchase contracts

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

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

- (f) Other income

Other income is recognised as income on an accrual basis.

2.4 Expense recognition

- (a) Interest expenses

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

- (b) Commission fee under hire-purchase agreements

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

- (c) Other expense

Other expense is recognised as expense on an accrual basis.

2 Accounting policies (Cont'd)

2.5 Investments

The Group classifies investments, other than investments in subsidiaries, associates and joint ventures, into 4 categories: 1. Trading investments; 2. Held-to-maturity investments; 3. Available-for-sale investments; and 4. General investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- (1) Trading investments are investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price not more than 3 months. Trading investments are traded in active markets and included in short-term investment.
- (2) Available-for-sale investments are investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, and are included in long-term investment unless management has expressed the intention of holding the investment for less than 12 months from the statements of financial position date, in which case they are included in short-term investment.
- (3) Held-to-maturity investments are investments with fixed maturity that the management has the intent and ability to hold to maturity, and are classified as held-to-maturity and included in long-term investment, except for maturities within 12 months from the statement of financial position date which are classified as short-term investment.
- (4) General investments are investments in non-marketable equity securities.

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

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

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

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

General investments are carried at cost less impairment.

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

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

2 Accounting policies (Cont'd)

2.6 Investments in receivables

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

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

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

2.7 Promissory notes received in connection with transfer of non-performing loans to TAMC

Promissory notes received in connection with the transfer of non-performing loans to Thai Asset Management Corporation ("TAMC"), which are avaled by the Financial Institutions Development Fund ("FIDF"), are regarded as investments in debt securities expected to be held to maturity and therefore stated at cost. The Bank recognises interest income on the promissory notes on an accrual basis using the weighted average interest rate announced by 5 commercial banks for the previous quarter. The Bank will recognise income or expenses with respect to gain or loss sharing from the management of non-performing loans at the end of the agreement, and when the Bank receives allocation from TAMC, or when the gain or loss can be accurately estimated.

2.8 Investments in subsidiaries

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

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

Acquisition-related costs are expensed as incurred.

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

2 Accounting policies (Cont'd)

2.8 Investments in subsidiaries (Cont'd)

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

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

Intercompany transactions, balances and unrealised gains or loss on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

(a) For loans of commercial banking business

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

(b) For hire-purchase receivables

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

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

2.10 Troubled debt restructuring and associated losses

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

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

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

2 Accounting policies (Cont'd)

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

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

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

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

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

2.11 Properties for sale

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

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

2.12 Premises, equipment and depreciation

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

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

The Group records increases in the carrying amount arising on the revaluation of property and plant. These are credited to other comprehensive income and shown the revaluation surplus on assets (included in unrealised gain) in shareholders' equity. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to the statement of comprehensive income and debited against gain on asset revaluation directly in equity, all other decreases are charged to profit or loss.

Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statements of comprehensive income) and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings.

2 Accounting policies (Cont'd)

2.12 Premises, equipment and depreciation (Cont'd)

Depreciation is calculated on the straight-line basis to write off the cost or the revalued amount of each asset, except for land, which is considered to have an indefinite life, to its residual value over the estimated useful life as follows:

Buildings	20 - 40 years
Equipment	5 years and 10 years

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

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

On disposal of revalued assets, the related revaluation reserve amounts are transferred to retained earnings.

2.13 Intangible assets

(a) Computer software

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

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

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

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

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

(b) Other intangible assets

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

2 Accounting policies (Cont'd)

2.14 Impairment of assets

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

2.15 Leasehold rights

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

2.16 Leases

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

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

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

2.17 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

2 Accounting policies (Cont'd)

2.18 Financial derivatives

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

(a) Trading transactions

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

(b) Hedging transactions

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

(1) Fair value hedge

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

(2) Cash flow hedge

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

(3) Net investment in foreign operations hedge

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

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

Disclosures about derivative financial instruments to which the Group is a party are provided in Note 46 to the financial statements.

2 Accounting policies (Cont'd)

2.19 Embedded derivatives

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

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

2.20 Financial liabilities at fair value through profit or loss

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

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

2.21 Employee benefits and pension fund

Defined contribution plan

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

Defined benefit plan

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

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

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

2 Accounting policies (Cont'd)

2.22 Provisions

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

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

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

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

2.23 Current and deferred income taxes

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

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

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

2 Accounting policies (Cont'd)

2.24 Share based payment

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

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

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

2.25 Segment reporting

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

3 New accounting policy

Employee benefits

The accounting policies for employee benefits used in the financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2014, except changes by the revised accounting standard which is relevant to recognition of actuarial gains and losses in other comprehensive income in the period in which they arise.

The effect of the adoption of TAS 19 (revised 2014) Employee benefits to the consolidated and bank statements of financial position as at 31 December 2014 and 1 January 2014 are as follows:

	Consolidated		The Bank	
	31 December 2014 Million Baht	1 January 2014 Million Baht	31 December 2014 Million Baht	1 January 2014 Million Baht
Deferred tax assets increase	25	10	22	8
Provisions increase	122	51	108	42
Other reserves decrease	(99)	(41)	(87)	(34)
Retained earnings increase	2	1	0.2	-

The effect of the adoption of TAS 19 (revised 2014) Employee benefits to the consolidated and bank statements of comprehensive income for the year ended 31 December 2014 is as follows:

	For the year ended 31 December 2014	
	Consolidated Million Baht	The Bank Million Baht
Employee expenses decrease	(0.5)	(0.1)
Remeasurements of post-employment benefit obligations decrease	(72)	(66)
Income tax relating to the components of other comprehensive income (expenses) increase	14	13

4 Financial risk management

4.1 Financial risk factors

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

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

4.1.1 Market risk

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

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

4.1.1.1 Foreign exchange risk

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

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

4.1.1.2 Interest rate risk

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

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

4.1.1.3 Equity position risk

Equity position risk is the risk that changes in the market prices of equity securities may result in changes in the value of investments, and fluctuations in revenues and the value of financial assets.

4 Financial risk management (Cont'd)

4.1 Financial risk factors (Cont'd)

4.1.2 Credit risk

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

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

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

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

4.1.3 Liquidity risk

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

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

4.2 Fair value estimation

When a financial instrument is traded in an active market, its quoted market price provides the best evidence of fair value. The quoted market price for an asset held or liability to be issued is usually the current bid price and, for an asset to be acquired or liability held, it is the current offer or asking price. When the current bid and offer prices are unavailable, the price of the most recent transaction may provide evidence of the current fair value provided that there has not been a significant change in economic circumstances between the transaction date and the reporting date. When the Group has matching asset and liability positions, it may appropriately use mid-market prices as a basis for establishing fair values.

4 Financial risk management (Cont'd)

4.2 Fair value estimation (Cont'd)

When there is infrequent activity in a market, the market is not well established or small volumes are traded relative to the number of trading units of a financial instrument to be valued, quoted market prices may not be indicative of the fair value of the instrument. In these circumstances, as well as when a quoted market price is not available, estimation techniques may be used to determine the fair value with sufficient reliability to satisfy the Group. Techniques that are well established in financial markets include reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. In applying discounted cash flow analysis, an enterprise uses a discount rate equal to the prevailing market rate of interest for financial instruments having substantially the same terms and characteristics, including the creditworthiness of the debtor, the remaining term over which the contractual interest rate is fixed, the remaining term for repayment of the principal and the currency in which payments are to be made.

The fair value of publicly traded derivatives, and trading and available-for-sale investments is based on quoted market prices at the end of the reporting period. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the end of the reporting period.

5 Critical accounting estimates, assumptions and judgements

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

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

(a) Allowance for doubtful accounts for loans

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

(b) Fair value of financial derivative instruments

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

(c) Impairment of investments

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

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

(d) Allowance for impairment of property for sale

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

(e) Building, equipment and intangible assets

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

(f) Provision for post retirement benefits and pension fund

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

(h) Customer Loyalty Programmes

Customer Loyalty Programmes are to grant the points to customer who joins the program. The points are based on the certain transactions determined under customer loyalty programmes and able to be redeemed for free or discount of merchandise or services.

Obligation from granting the points is recognized and measured at the fair value of the consideration received or receivable which is derived from outstanding points expected future redemption multiplied by estimated fair value per points.

Such obligation is allocated from consideration received or receivable and recorded through deferred revenue customer loyalty programmes under other liabilities and recognized as fee income when the points are redeemed by customers.

6 Capital risk management

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

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

Moreover, the Bank is required to manage its capital funds in accordance with the Act on Undertaking of Banking Business B.E. 2551. The Bank's capital fund is presented in Note 28 to the financial statements.

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7 Interbank and money market items, net (assets)

	Consolidated					
	2015			2014		
	At call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
Domestic:						
Bank of Thailand and the Financial Institutions Development Fund	1,006	-	1,006	2,648	-	2,648
Commercial banks	78	-	78	116	959	1,075
Other banks	5	9,700	9,705	10	-	10
Finance, finance and securities, securities, and credit foncier companies	544	-	544	544	-	544
Other financial institutions	-	433	433	30	825	855
Total domestic items	1,633	10,133	11,766	3,348	1,784	5,132
<u>Add</u> Accrued interest receivables	-	-	-	-	-	-
<u>Less</u> Allowance for doubtful debts	-	(3)	(3)	-	(3)	(3)
Domestic items, net	1,633	10,130	11,763	3,348	1,781	5,129
Foreign:						
US dollar	1,842	-	1,842	698	-	698
Yen	-	-	-	48	-	48
Euro	41	-	41	56	-	56
Other currencies	647	-	647	592	-	592
Total foreign items	2,530	-	2,530	1,394	-	1,394
<u>Add</u> Accrued interest receivables	-	-	-	-	-	-
Foreign items, net	2,530	-	2,530	1,394	-	1,394
Domestic and foreign items, net	4,163	10,130	14,293	4,742	1,781	6,523

	The Bank					
	2015			2014		
	At call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
Domestic:						
Bank of Thailand and the Financial Institutions Development Fund	1,006	-	1,006	2,648	-	2,648
Commercial banks	19	-	19	15	1,000	1,015
Other banks	-	9,700	9,700	-	-	-
Finance, finance and securities, securities, and credit foncier companies	544	-	544	544	-	544
Other financial institutions	-	433	433	30	825	855
Total domestic items	1,569	10,133	11,702	3,237	1,825	5,062
<u>Add</u> Accrued interest receivables	-	1	1	-	-	-
<u>Less</u> Allowance for doubtful debts	-	(4)	(4)	-	(3)	(3)
Domestic items, net	1,569	10,130	11,699	3,237	1,822	5,059
Foreign:						
US dollar	1,842	-	1,842	698	-	698
Yen	-	-	-	48	-	48
Euro	41	-	41	56	-	56
Other currencies	648	-	648	592	-	592
Total foreign items	2,531	-	2,531	1,394	-	1,394
<u>Add</u> Accrued interest receivables	-	-	-	-	-	-
Foreign items, net	2,531	-	2,531	1,394	-	1,394
Domestic and foreign items, net	4,100	10,130	14,230	4,631	1,822	6,453

7 Interbank and money market items, net (assets) (Cont'd)

As at 31 December 2015, the Bank had promissory notes of Baht 544 million (31 December 2014: Baht 544 million), that were issued by financial institutions which were ordered to be closed, and are availed by the Financial Institution Development Fund (FIDF).

The FIDF recalled promissory notes amounting to Baht 544 million (31 December 2014: Baht 544 million) to cancel the avar as the FIDF is of the opinion that the Bank has no obligations in respect of the related liabilities. However, the Bank has not yet returned the promissory notes to the FIDF in order to retain its right to claim compensation from the FIDF should the Bank need to undertake responsibility for any obligations in the future.

As at the statements of financial position date, such promissory notes availed by FIDF had been presented as assets and the related obligations were presented as liabilities in the same amount of Baht 544 million (31 December 2014: Baht 544 million).

8 Derivatives

8.1 Trading derivatives

Fair value and notional amount classified by type of risk

	Consolidated and the Bank					
	2015			2014		
	Fair value		Notional	Fair value		Notional
Asset	Liability	amount	Asset	Liability	amount	
Million	Million	Million	Million	Million	Million	
Baht	Baht	Baht	Baht	Baht	Baht	
Exchange rate	19,767	20,638	1,097,811	4,698	5,079	714,137
Interest rate	5,382	3,804	1,167,113	6,074	4,917	794,882
Commodity	78	78	261	-	-	-
Total	<u>25,227</u>	<u>24,520</u>	<u>2,265,185</u>	<u>10,772</u>	<u>9,996</u>	<u>1,509,019</u>

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

	Consolidated and the Bank	
	2015	2014
	Proportion	Proportion
Financial institutions	92	93
Companies in the group	5	5
External parties	3	2
Total	<u>100</u>	<u>100</u>

8 Derivatives (Cont'd)

8.2 Derivative for hedging

8.2.1 Fair value hedge

	Consolidated and the Bank					
	2015			2014		
	Fair value			Fair value		
	Asset	Liability	Notional	Asset	Liability	Notional
	Million	Million	amount	Million	Million	amount
	Baht	Baht	Million	Baht	Baht	Million
	Baht	Baht	Baht	Baht	Baht	Baht
Interest rate	34	-	512	32	-	571
Total	34	-	512	32	-	571

Fair value hedges are used to hedge the exposure to changes in fair value of financial assets and financial liabilities due to movements in market interest rates. The Group enters into interest rate swaps to hedge against interest rate risk of loans, bill of exchange and negotiable certificate of deposit. The changes in fair value of the hedging instruments and hedged items are recognised in the statements of comprehensive income.

The net gains (losses) arising from fair value hedges for the years ended 31 December 2015 and 2014 can be summarised as follows:

	Consolidated and the Bank	
	2015	2014
	Million Baht	Million Baht
Gains on hedging instruments, net	2	15
Losses on hedged items, net	(1)	(16)

8.2.2 Cash flow hedge

	Consolidated and the Bank					
	2015			2014		
	Fair value			Fair value		
	Asset	Liability	Notional	Asset	Liability	Notional
	Million	Million	amount	Million	Million	amount
	Baht	Baht	Million	Baht	Baht	Million
	Baht	Baht	Baht	Baht	Baht	Baht
Exchange rate	-	646		-	247	
Interest rate	320	517		-	153	
Total	320	1,163	7,851	-	400	7,862

Cash flow hedges are used to protect against exposure to variability in future cash flows attributable to movements in foreign exchange rates and interest rates of financial assets and financial liabilities. The Group hedges cash flows from subordinated debentures against foreign exchange rates risk and interest rates risk using Cross Currency and Interest Rate Swap contract with CIMB Bank Berhad and other parties.

8 Derivatives (Cont'd)

8.2 Derivative for hedging (Cont'd)

8.2.2 Cash flow hedge (Cont'd)

The expected periods of cash flow from hedged items that shall affect profits (losses) as at 31 December 2015 and 2014 can be summarised as follows:

	Consolidated and the Bank		
	2015		
	3 month or less Million Baht	More than 3 month to 1 year Million Baht	More than 1 year to 5 years Million Baht
Cash outflow	95	94	3,938

	Consolidated and the Bank		
	2014		
	3 month or less Million Baht	More than 3 month to 1 year Million Baht	More than 1 year to 5 years Million Baht
Cash outflow	106	105	4,616

9 Investments, net

9.1 Classified by type of investment

	Consolidated and the Bank	
	2015	2014
	Fair value Million Baht	Fair value Million Baht
Securities held for trading		
Government and state enterprises securities	2,042	4,777
Private sector debt securities	3,827	1,968
Total securities held for trading	5,869	6,745
Available-for-sale securities		
Government and state enterprises securities	22,144	20,648
Private sector debt securities	4,276	2,771
Domestic marketable equity securities	98	683
Total available-for-sales securities	26,518	24,102

9 Investments, net (Cont'd)

9.1 Classified by type of investment (Cont'd)

	Consolidated and the Bank	
	2015	2014
	Cost/ Amortised Cost Million Baht	Cost/ Amortised Cost Million Baht
Held-to-maturity debt securities		
Government and state enterprises securities	21,276	23,731
Promissory notes issued by Thai Asset Management Corporation	-	8
Private sector debt securities	1,101	481
Investments in receivables (Note 9.6)	81	104
Total	22,458	24,324
<u>Less</u> Allowance for impairment	(59)	(62)
Total held-to-maturity debt securities	22,399	24,262
	Cost	Cost
	Million Baht	Million Baht
General investments		
Domestic non-marketable equity securities	324	359
Overseas non-marketable equity securities	9	9
Total	333	368
<u>Less</u> Allowance for impairment	(228)	(224)
Total general investments	105	144
Investments, net	54,891	55,253

- (a) As at 31 December 2014, held-to-maturity debt securities classified as long-term investments included promissory notes which were received from TAMC in settlement for non-performing loans transferred to TAMC (as already discussed in Note 48 to the financial statements) amounting to Baht 8 million. Such promissory notes are non-transferable and avaled by the FIDF.
- (b) As at 31 December 2015 and 2014, the Bank had investments pledged as collateral, as mentioned in Note 42.1 to the financial statements.

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9 Investments, net (Cont'd)

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

	Consolidated and the Bank							
	2015				2014			
	Periods remaining				Periods remaining			
	1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht	1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Available-for-sale securities								
Government and state enterprises securities	4,093	14,413	3,420	21,926	-	20,456	-	20,456
Private sector debt securities	953	3,072	209	4,234	481	2,091	156	2,728
Total	5,046	17,485	3,629	26,160	481	22,547	156	23,184
<u>Add</u> Allowance for revaluation	19	214	27	260	3	225	7	235
Available-for-sale securities, net	5,065	17,699	3,656	26,420	484	22,772	163	23,419
Held-to-maturity securities								
Government and state enterprises securities	9,315	11,421	540	21,276	5,188	18,293	250	23,731
Promissory notes issued by TAMC	-	-	-	-	8	-	-	8
Private sector debt securities	560	536	5	1,101	10	471	-	481
Total	9,875	11,957	545	22,377	5,206	18,764	250	24,220
<u>Less</u> Allowance for impairment	-	-	-	-	-	-	-	-
Held-to-maturity securities, net	9,875	11,957	545	22,377	5,206	18,764	250	24,220
Total debt securities	14,940	29,656	4,201	48,797	5,690	41,536	413	47,639

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

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

	Consolidated and the Bank	
	2015 Million Baht	2014 Million Baht
Property development	1	1
Public utilities and services	17	17
Bank and finance	4	4
Total	22	22
<u>Less</u> Allowance for impairment	(16)	(12)
Investments representing shareholdings in which the Group hold more than 10%, net	6	10

9 Investments, net (Cont'd)

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

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

	Consolidated and the Bank			
	2015		2014	
	Cost Million Baht	Fair value Million Baht	Cost Million Baht	Fair value Million Baht
General investments				
Investment in property funds	135	128	165	158
<u>Less</u> Allowance for revaluation	(4)		(4)	
<u>Less</u> Allowance for impairment	(3)		(3)	
General investments, net	<u>128</u>		<u>158</u>	

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

As at 31 December 2015 and 2014, the Group had the following investments in companies, having problems relating to financial positions and operating results:

	Consolidated and the Bank							
	2015				2014			
	Number of companies	Cost Million Baht	Allowance for revaluation/ impairment Million Baht	Book value Million Baht	Number of companies	Cost Million Baht	Allowance for revaluation/ impairment Million Baht	Book value Million Baht
Business continuity and/or weak financial status and operating performance	50	42	(42)	-	50	42	(42)	-
Defaulted debt securities	18	1	(1)	-	18	1	(1)	-
	<u>68</u>	<u>43</u>	<u>(43)</u>	<u>-</u>	<u>68</u>	<u>43</u>	<u>(43)</u>	<u>-</u>

9.6 Investments in receivables

	Consolidated and the Bank	
	2015	2014
	Million Baht	Million Baht
Investments in receivables	81	104
<u>Less</u> Allowance for impairment	(59)	(62)
Investments in receivables, net	<u>22</u>	<u>42</u>

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9 Investments, net (Cont'd)

9.6 Investments in receivables (Cont'd)

As at 31 December 2015 and 2014, the outstanding balances of loan receivables can be summarised as follows:

	2015				2014			
	Number of debtors	Principal Million Baht	Purchase price Million Baht	Estimated rate of return (yield) %	Number of debtors	Principal Million Baht	Purchase price Million Baht	Estimated rate of return (yield) %
Consolidated and the Bank								
Total accumulated investments in receivables	5,857	22,948	6,996	19	5,857	22,948	6,996	19
Outstanding investments in receivables as at the statements of financial position date	79	1,253	81	-	91	1,318	104	-

9.7 Investments in subsidiary, net

Company name	Nature of business	Type of securities	Percentage of holding		The Bank	
			2015	2014	Cost method	
			%	%	2015	2014
					Million Baht	Million Baht
Subsidiaries - included in consolidated financial statements						
CT Coll Co., Ltd.	Debt collection	Common stock	100	100	38	38
Center Auto Lease Co., Ltd.	Leasing/hire-purchase	Common stock	100	100	1,203	1,203
World Lease Co., Ltd.	Hire-purchase and motorcycles motorcycle trading	Common stock	100	100	467	467
Total					1,708	1,708
Less Allowance for impairment					(383)	(383)
Investments in subsidiaries, net					1,325	1,325

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company further does not have any shareholdings in the preference shares of subsidiary undertaking included in the group.

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10 Loans and accrued interest receivables, net

10.1 Classified by loan type

	Consolidated		The Bank	
	2015 Million Baht	2014 Million Baht	2015 Million Baht	2014 Million Baht
Bank overdrafts	7,189	7,683	7,196	7,690
Loans	140,175	130,700	145,525	134,140
Bills	30,364	32,663	44,034	46,518
Hire-purchase receivables	25,817	23,554	-	-
Others	25	25	-	1
Total loans	203,570	194,625	196,755	188,349
Valuation reserve from hedging	(18)	(15)	(18)	(15)
<u>Less</u> Deferred revenue	(4,946)	(4,642)	(91)	(163)
Total loans net of deferred revenue	198,606	189,968	196,646	188,171
<u>Add</u> Accrued interest receivables	521	455	524	459
Total loans net of deferred revenue and accrued interest receivables	199,127	190,423	197,170	188,630
<u>Less</u> Allowance for doubtful debts (Note 11)				
Minimum allowance for doubtful accounts required based on BoT's guidelines				
- Individual approach	(4,151)	(3,762)	(3,993)	(3,231)
General provision for further losses	(2,579)	(2,217)	(2,579)	(2,217)
<u>Less</u> Revaluation allowance for debt restructuring (Note 12)	(55)	(68)	(55)	(68)
Loans and accrued interest receivables, net	192,342	184,376	190,543	183,114

10.2 Classified by currency and residency of debtors

	Consolidated					
	2015			2014		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	185,201	473	185,674	180,988	271	181,259
US dollar	9,686	1,423	11,109	4,838	1,338	6,176
Other currencies	1,823	-	1,823	2,533	-	2,533
Total loans net of deferred revenue	196,710	1,896	198,606	188,359	1,609	189,968
	The Bank					
	2015			2014		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	183,240	474	183,714	179,191	271	179,462
US dollar	9,686	1,423	11,109	4,838	1,338	6,176
Other currencies	1,823	-	1,823	2,533	-	2,533
Total loans net of deferred revenue	194,749	1,897	196,646	186,562	1,609	188,171

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

10.3 Classified by types of business and loan classification

	Consolidated						
	2015						
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	hire purchase receivables Million Baht	Total Million Baht
Agricultural and mining	4,624	1,428	-	-	-	-	6,052
Manufacturing and commerce	43,880	5,125	909	1,206	1,291	-	52,411
Real estate and construction	14,888	903	-	-	9	-	15,800
Public utilities and services	19,827	4,484	38	5	564	-	24,918
Personal cash	10,394	479	125	-	182	-	11,180
Housing loans	50,923	943	611	603	257	-	53,337
Hire-purchase receivable and financial lease receivable	-	-	-	-	-	20,962	20,962
Others	13,467	167	104	110	74	24	13,946
Total loans net of deferred revenue	158,003	13,529	1,787	1,924	2,377	20,986	198,606
	Consolidated						
	2014						
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	hire purchase receivables Million Baht	Total Million Baht
Agricultural and mining	3,072	-	-	2	291	-	3,365
Manufacturing and commerce	50,981	1,997	607	209	1,010	-	54,804
Real estate and construction	16,847	216	-	-	40	-	17,103
Public utilities and services	20,965	1,739	-	67	574	-	23,345
Personal cash	9,513	550	276	-	178	-	10,517
Housing loans	45,805	837	507	458	996	-	48,603
Hire-purchase receivable and financial lease receivable	-	-	-	-	-	19,075	19,075
Others	12,493	157	123	89	270	24	13,156
Total loans net of deferred revenue	159,676	5,496	1,513	825	3,359	19,099	189,968
	The Bank						
	2015						
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	Total Million Baht	
Agricultural and mining	4,624	1,428	-	-	-	6,052	
Manufacturing and commerce	43,880	5,125	909	1,206	1,291	52,411	
Real estate and construction	14,888	903	-	-	9	15,800	
Public utilities and services	19,827	4,484	38	5	564	24,918	
Personal cash	10,394	479	125	-	182	11,180	
Housing loans	50,923	943	611	603	257	53,337	
Others	32,493	167	104	110	74	32,948	
Total loans net of deferred revenue	177,029	13,529	1,787	1,924	2,377	196,646	

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

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

	The Bank					
	2014					
	Pass	Special	Sub-	Doubtful	Doubtful	Total
Million Baht	mention	standard	Million Baht	of loss	Million Baht	
Agricultural and mining	3,072	-	-	2	291	3,365
Manufacturing and commerce	50,981	1,997	607	209	1,010	54,804
Real estate and construction	16,847	216	-	-	40	17,103
Public utilities and services	20,965	1,739	-	67	574	23,345
Personal cash	9,513	550	276	-	178	10,517
Housing loans	45,805	837	507	458	996	48,603
Others	29,794	157	123	90	270	30,434
Total loans net of deferred revenue	<u>176,977</u>	<u>5,496</u>	<u>1,513</u>	<u>826</u>	<u>3,359</u>	<u>188,171</u>

10.4 Classification of loans

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

(a) Loans of the Group

	Consolidated							
	2015				2014			
	Loans and	Balance	Allowance	Loans and	Balance	Allowance	Loans and	Balance
accrued	after	provided	accrued	after	in the	accrued	after	provided
interest	collateral ⁽¹⁾	in the	interest	collateral ⁽¹⁾	accounts	receivables	collateral ⁽¹⁾	in the
receivables	Million	Minimum	receivables	Million	percentage	Million	Percentage	accounts
Million	Baht	%	Million	Baht	Million	Baht	%	Million
Baht	Baht	%	Baht	Baht	%	Baht	%	Baht
Minimum allowance for doubtful accounts based on BOT guidelines								
- Pass	176,620	57,297	1	578		176,240	62,925	1
- Special mention	16,132	4,044	2	80		7,817	3,961	2
- Sub-standard	2,040	1,347	100	1,344		1,764	1,120	100
- Doubtful	1,951	940	100	940		1,072	606	100
- Doubtful-of-loss	2,384	1,193	100	1,209		3,530	1,234	100
General provision for further losses				2,579				2,217
Total	<u>199,127</u>	<u>64,821</u>		<u>6,730</u>		<u>190,423</u>	<u>69,846</u>	<u>5,979</u>

(1) For provision for sub-standard, doubtful and doubtful-of-loss loans, which is set up in accordance with BoT's notification No. Sor Nor Sor 31/2551, the debt balance after collateral is the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, as the case may be.

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

10.4 Classification of loans (Cont'd)

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

	The Bank							
	2015				2014			
	Loans and accrued interest receivables Million Baht	Balance after collateral ⁽¹⁾ Million Baht	Minimum percentage	Allowance provided in the accounts Million Baht	Loans and accrued interest receivables Million Baht	Balance after collateral ⁽¹⁾ Million Baht	Minimum percentage	Allowance provided in the accounts Million Baht
Minimum allowance for doubtful accounts based on BOT guidelines								
- Pass	177,483	69,610	1	695	177,381	64,073	1	640
- Special mention	13,599	2,564	2	50	5,539	1,683	2	19
- Sub-standard	1,787	1,133	100	1,133	1,525	921	100	922
- Doubtful	1,924	913	100	913	826	359	100	359
- Doubtful-of-loss	2,377	1,186	100	1,202	3,359	1,064	100	1,291
General provision for further losses				2,579				2,217
Total	197,170	75,406		6,572	188,630	68,100		5,448

(1) For provision for sub-standard, doubtful and doubtful-of-loss loans, which is set up in accordance with BoT's notification No. Sor Nor Sor 31/2551, the debt balance after collateral is the debt balance remaining after deducting the present value of expected future cash flows from debt collection or from collateral disposal, as the case may be.

As at 31 December 2015, the Group and the Bank had defaulted loans amounting to Baht 6,267 million and Baht 5,981 million, respectively (31 December 2014: Baht 5,773 million and Baht 5,117 million, respectively), were ceased recognition of interest income.

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

As at 31 December 2015 and 2014, hire-purchase receivables and financial lease receivables of the subsidiaries were classified based on overdue dates as follows:

	Debt balance - net unearned income		Allowance for doubtful accounts	
	2015 Million Baht	2014 Million Baht	2015 Million Baht	2014 Million Baht
Current or overdue less than				
1 installment	18,143	16,141	73	94
Overdue 2-3 installments	2,533	2,278	31	37
Overdue 4-6 installments	253	238	212	196
Overdue 7-12 installments	26	247	26	213
Overdue more than				
12 installments	2	166	2	160
Debtors under litigation	5	5	5	5
Total	20,962	19,075	349	705

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

10.5 Non-performing loans

As at 31 December 2015 and 2014, the Group had the following non-performing loans, according to the criteria set up by the Bank of Thailand and the Office of the Securities and Exchange Commission.

	Consolidated		The Bank	
	2015	2014	2015	2014
	Million Baht	Million Baht	Million Baht	Million Baht
Non-performing loans (principal only)				
Banking business	6,088	5,698	6,088	5,698
Other businesses	287	657	-	-

As at 31 December 2015 and 2014, the above non-performing loans under the BoT's criteria were presented in accordance with the notification of the BoT's, defining non-performing loans to be debts classified as sub-standard, doubtful and doubtful-of-loss, and excluding outstanding loans for which debt restructuring agreements have been made and conditions to upgrade to pass class or special mention class in accordance with BoT criteria have already been fulfilled.

10.6 Hire-purchase and finance lease receivables

As at 31 December 2015, subsidiaries had receivables under hire-purchase agreements and financial leases totalling Baht 20,613 million (31 December 2014: Baht 18,370 million) mostly comprising hire-purchase agreements and financial leases for cars and motorcycles. The term of the agreements are generally between three and six years and interest is mostly charged at a fixed rate.

	Consolidated				
	2015				
	Amounts due under lease agreement				
	Less than 1 year	1 - 5 years	Over 5 years	Non - performing loans	Total
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Gross investment in the lease	8,318	16,614	516	369	25,817
<u>Less</u> Unearned finance income	(2,152)	(2,600)	(20)	(83)	(4,855)
Present value of minimum lease payments receivable	6,166	14,014	496	286	20,962
<u>Less</u> Allowance for doubtful accounts					(349)
Net receivables under hire-purchase agreements and financial leases					20,613

	Consolidated				
	2014				
	Amounts due under lease agreement				
	Less than 1 year	1 - 5 years	Over 5 years	Non - performing loans	Total
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Gross investment in the lease	6,983	15,241	593	737	23,554
<u>Less</u> Unearned finance income	(1,104)	(3,084)	(133)	(158)	(4,479)
Present value of minimum lease payments receivable	5,879	12,157	460	579	19,075
<u>Less</u> Allowance for doubtful accounts					(705)
Net receivables under hire-purchase agreements and financial leases					18,370

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

10.7 Troubled debt restructuring

As at 31 December 2015 and 2014, the Bank entered into troubled debt restructuring agreements with debtors. The number of debtors and their debt balances (including recorded accrued interest receivables) before restructuring can be summarised below:

	Consolidated and the Bank	
	2015	2014
Number of debtors	1,466	2,452
Debt balances (Million Baht)	3,572	1,787

The restructured debtors referred to above can be classified by method of troubled debt restructuring as described below:

	Consolidated and the Bank		
	2015		
	Number of debtors	Debt balances	
		Before restructuring Million Baht	After restructuring Million Baht
Modification of terms of payments	1,466	3,588	3,572
Total	1,466	3,588	3,572

	Consolidated and the Bank		
	2014		
	Number of debtors	Debt balances	
		Before restructuring Million Baht	After restructuring Million Baht
Modification of terms of payments	2,452	1,787	1,787
Total	2,452	1,787	1,787

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

Period of debts restructuring contracts	Consolidated and the Bank					
	2015			2014		
	Number of debtors	Debt balances		Number of debtors	Debt balances	
		Before restructuring Million Baht	After restructuring Million Baht		Before restructuring Million Baht	After restructuring Million Baht
Not more than 5 years	184	783	767	141	697	697
5 - 10 years	999	2,172	2,172	2,159	656	656
10 - 15 years	33	82	82	31	190	190
More than 15 years	250	551	551	121	244	244
Total	1,466	3,588	3,572	2,452	1,787	1,787

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

10.7 Troubled debt restructuring (Cont'd)

Supplemental information relating to the restructured debts for the years ended 31 December 2015 and 2014 are as follows:

	Consolidated and the Bank	
	2015	2014
	Million Baht	Million Baht
Loss on debt restructuring	-	35
Interest income	341	246

As at December 2015 and 2014, the troubled debtors for which the Group completed their debt restructuring can be summarised as follows:

	Consolidated and the Bank	
	2015	2014
Number of debtors	5,976	7,191
Debt balances after restructuring (Million Baht)	4,452	3,432

In cases where the troubled debt restructuring involves modifications of the terms and the repayment conditions, the fair value of the loans after restructuring is determined based on the net present value of expected future cashflows, discounted by the market interest rate. As at 31 December 2015, the Bank had losses from the revaluation of restructured debts (PV Loss) of Baht 55 million (31 December 2014: Baht 68 million) for which the it provided an allowance for revaluation as a result of debt restructuring.

In addition, as at 31 December 2015, the Bank may have to realise additional losses of about Baht 11 million (31 December 2014: Baht 0.5 million) from debt restructuring through waiver of part of the principal or interest receivables if the restructured debtors are able to comply with the conditions as stipulated in the debt restructuring agreements. The Bank had already provided a provision for such losses, which is presented as part of the allowance for doubtful debts in the statements of financial position.

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11 Allowance for doubtful debts

	Consolidated								
	2015								
	Pass Million Baht	Special Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful -of-loss Million Baht	General provision for further losses Million Baht	Total Million Baht	Hire- purchase receivables Million Baht	Grand total Million Baht
Balance as at 1 January 2015	467	19	921	359	1,291	2,217	5,274	705	5,979
<u>Add</u> Addition during the year	-	-	-	-	-	3,425	3,425	362	3,787
Transfer from revaluation allowance for debt restructuring	-	-	-	-	-	24	24	-	24
Reversal of bad debts	-	-	-	-	-	222	222	-	222
Put back on sale of NPL	-	-	-	-	-	7	7	-	7
<u>Less</u> Bad debts written off	-	-	(7)	-	(1,628)	(12)	(1,647)	(718)	(2,365)
Reduction from sale of NPL	-	-	(3)	(173)	(719)	-	(895)	-	(895)
Transfer to revaluation allowance for debt restructuring	-	-	-	-	-	(12)	(12)	-	(12)
Increase (decrease) due to change in classification, collateral value or transfer general allowance to specific allowance	37	31	222	727	2,258	(3,292)	(17)	-	(17)
Balance as at 31 December 2015	<u>504</u>	<u>50</u>	<u>1,133</u>	<u>913</u>	<u>1,202</u>	<u>2,579</u>	<u>6,381</u>	<u>349</u>	<u>6,730</u>

	Consolidated								
	2014								
	Pass Million Baht	Special Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful -of-loss Million Baht	General provision for further losses Million Baht	Total Million Baht	Hire- purchase receivables Million Baht	Grand total Million Baht
Balance as at 1 January 2014	471	30	469	483	615	2,701	4,769	495	5,264
<u>Add</u> Addition during the year	-	-	-	-	-	1,702	1,702	455	2,157
Transfer from revaluation allowance for debt restructuring	-	-	-	-	-	6	6	-	6
Reversal of bad debts	-	-	-	-	-	141	141	-	141
<u>Less</u> Bad debts written off	-	-	(86)	(2)	(1,177)	(10)	(1,275)	(245)	(1,520)
Transfer to revaluation allowance for debt restructuring	-	-	-	-	-	(41)	(41)	-	(41)
Increase (decrease) due to change in classification, collateral value or transfer general allowance to specific allowance	(4)	(11)	538	(122)	1,853	(2,282)	(28)	-	(28)
Balance as at 31 December 2014	<u>467</u>	<u>19</u>	<u>921</u>	<u>359</u>	<u>1,291</u>	<u>2,217</u>	<u>5,274</u>	<u>705</u>	<u>5,979</u>

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11 Allowance for doubtful debts (Cont'd)

	The Bank						
	2015						
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	General provision Million Baht	Total Million Baht
Balance as at 1 January 2015	640	19	921	359	1,291	2,217	5,448
<u>Add</u> Addition during the year	-	-	-	-	-	3,425	3,425
Transfer from revaluations allowance for debt restructuring	-	-	-	-	-	24	24
Reversal of bad debts	-	-	-	-	-	222	222
Put back on sale of NPL	-	-	-	-	-	7	7
<u>Less</u> Bad debts written off	-	-	(7)	-	(1,628)	(12)	(1,647)
Reduction from sale of NPL	-	-	(3)	(173)	(719)	-	(895)
Transfer to revaluations allowance for debt restructuring	-	-	-	-	-	(12)	(12)
Increase (decrease) due to change in classification, collateral value or transfer general allowance to specific allowance	55	31	222	727	2,258	(3,292)	-
Balance as at 31 December 2015	<u>695</u>	<u>50</u>	<u>1,133</u>	<u>913</u>	<u>1,202</u>	<u>2,579</u>	<u>6,572</u>
	The Bank						
	2014						
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	General provision Million Baht	Total Million Baht
Balance as at 1 January 2014	616	30	469	483	615	2,701	4,914
<u>Add</u> Addition during the year	-	-	-	-	-	1,702	1,702
Transfer from revaluations allowance for debt restructuring	-	-	-	-	-	6	6
Reversal of bad debts	-	-	-	-	-	141	141
<u>Less</u> Bad debts written off	-	-	(86)	(1)	(1,177)	(10)	(1,274)
Transfer to revaluations allowance for debt restructuring	-	-	-	-	-	(41)	(41)
Increase (decrease) due to change in classification, collateral value or transfer general allowance to specific allowance	24	(11)	538	(122)	1,853	(2,282)	-
Balance as at 31 December 2014	<u>640</u>	<u>19</u>	<u>921</u>	<u>360</u>	<u>1,291</u>	<u>2,217</u>	<u>5,448</u>

12 Revaluation allowance for debt restructuring

	Consolidated and the Bank	
	2015	2014
	Million Baht	Million Baht
Balance - beginning of the year	68	33
<u>Add</u> Revaluation allowance transferred from allowance for doubtful debts	12	41
<u>Less</u> Revaluation allowance transferred to allowance for doubtful debts	(25)	(6)
Balance - end of the year	<u>55</u>	<u>68</u>

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

13 Properties for sale, net

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

	Consolidated			
	As at 1 January 2015 Million Baht	Additions Million Baht	Disposals Million Baht	As at 31 December 2015 Million Baht
Asset from debt repayment				
Immovable				
- Assessed by external appraiser	1,857	135	(637)	1,355
Movable	393	1,615	(1,871)	137
Total	2,250	1,750	(2,508)	1,492
Others	150	69	(149)	70
Total properties for sale	2,400	1,819	(2,657)	1,562
Less Allowance for impairment	(574)	(643)	849	(368)
Properties for sale, net	<u>1,826</u>	<u>1,176</u>	<u>(1,808)</u>	<u>1,194</u>

	Consolidated			
	As at 1 January 2014 Million Baht	Additions Million Baht	Disposals Million Baht	As at 31 December 2014 Million Baht
Asset from debt repayment				
Immovable				
- Assessed by external appraiser	2,020	35	(198)	1,857
Movable	188	1,646	(1,441)	393
Total	2,208	1,681	(1,639)	2,250
Others	34	126	(10)	150
Total properties for sale	2,242	1,807	(1,649)	2,400
Less Allowance for impairment	(536)	(330)	292	(574)
Properties for sale, net	<u>1,706</u>	<u>1,477</u>	<u>(1,357)</u>	<u>1,826</u>

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13 Properties for sale, net (Cont'd)

	The Bank			
	As at 1 January 2015 Million Baht	Additions Million Baht	Disposals Million Baht	As at 31 December 2015 Million Baht
Asset from debt repayment				
Immovable				
- Assessed by external appraiser	1,857	135	(637)	1,355
Total	1,857	135	(637)	1,355
Others	150	69	(149)	70
Total properties for sale	2,007	204	(786)	1,425
<u>Less</u> Allowance for impairment	(425)	-	109	(316)
Properties for sale, net	<u>1,582</u>	<u>204</u>	<u>(677)</u>	<u>1,109</u>

	The Bank			
	As at 1 January 2014 Million Baht	Additions Million Baht	Disposals Million Baht	As at 31 December 2014 Million Baht
Asset from debt repayment				
Immovable				
- Assessed by external appraiser	2,020	35	(198)	1,857
Total	2,020	35	(198)	1,857
Others	34	126	(10)	150
Total properties for sale	2,054	161	(208)	2,007
<u>Less</u> Allowance for impairment	(456)	-	31	(425)
Properties for sale, net	<u>1,598</u>	<u>161</u>	<u>(177)</u>	<u>1,582</u>

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

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14 Premises and equipment, net

	Consolidated											
	Cost/appraisal value					Accumulated depreciation						
	As at 1 January 2015 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2015 Million Baht	As at 1 January 2015 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2015 Million Baht	Allowance for impairment Million Baht	Net book value Million Baht
Land												
Cost	511	-	(25)	-	486	-	-	-	-	-	-	486
Revaluation surplus (revaluation in 2011)	746	-	(29)	-	717	-	-	-	-	-	-	717
Devaluation of asset (revaluation in 2011)	(36)	-	6	-	(30)	-	-	-	-	-	-	(30)
Buildings												
Cost	1,949	50	(50)	-	1,949	(1,129)	(90)	43	-	(1,176)	-	773
Revaluation surplus (revaluation in 2011)	1,907	-	(13)	-	1,894	(1,675)	(22)	11	-	(1,686)	-	208
Devaluation of asset (revaluation in 2011)	(74)	-	9	-	(65)	64	4	(8)	-	60	-	(5)
Equipment	3,108	157	-	(272)	2,993	(2,313)	(274)	-	231	(2,356)	(22)	615
Assets under installation and/or construction	26	54	-	(74)	6	-	-	-	-	-	-	6
Total	8,137	261	(102)	(346)	7,950	(5,053)	(382)	46	231	(5,158)	(22)	2,770

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14 Premises and equipment, net (Cont'd)

	Consolidated											
	Cost/appraisal value					Accumulated depreciation						
	As at 1 January 2014 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2014 Million Baht	As at 1 January 2014 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2014 Million Baht	Allowance for impairment Million Baht	Net book value Million Baht
Land												
Cost	544	-	(33)	-	511	-	-	-	-	-	-	511
Revaluation surplus (revaluation in 2011)	833	-	(87)	-	746	-	-	-	-	-	-	746
Devaluation of asset (revaluation in 2011)	(38)	-	2	-	(36)	-	-	-	-	-	-	(36)
Buildings												
Cost	1,980	42	(73)	-	1,949	(1,101)	(94)	66	-	(1,129)	-	820
Revaluation surplus (revaluation in 2011)	1,935	-	(28)	-	1,907	(1,677)	(24)	26	-	(1,675)	-	232
Devaluation of asset (revaluation in 2011)	(79)	-	5	-	(74)	64	4	(4)	-	64	-	(10)
Equipment	3,370	218	-	(480)	3,108	(2,486)	(278)	-	451	(2,313)	(12)	783
Assets under installation and/or construction	18	134	-	(126)	26	-	-	-	-	-	-	26
Total	8,563	394	(214)	(606)	8,137	(5,200)	(392)	88	451	(5,053)	(12)	3,072

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14 Premises and equipment, net (Cont'd)

	The Bank											
	Cost/appraisal value					Accumulated depreciation					Allowance for impairment Million Baht	Net book value Million Baht
	As at 1 January 2015 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2015 Million Baht	As at 1 January 2015 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2015 Million Baht		
Land												
Cost	511	-	(25)	-	486	-	-	-	-	-	-	486
Revaluation surplus (revaluation in 2011)	746	-	(29)	-	717	-	-	-	-	-	-	717
Devaluation of asset (revaluation in 2011)	(36)	-	6	-	(30)	-	-	-	-	-	-	(30)
Buildings												
Cost	1,949	50	(50)	-	1,949	(1,129)	(90)	43	-	(1,176)	-	773
Revaluation surplus (revaluation in 2011)	1,907	-	(13)	-	1,894	(1,675)	(22)	11	-	(1,686)	-	208
Devaluation of asset (revaluation in 2011)	(74)	-	9	-	(65)	64	4	(8)	-	60	-	(5)
Equipment	2,896	146	-	(262)	2,780	(2,171)	(249)	-	221	(2,199)	(22)	559
Assets under installation and/or construction	26	54	-	(74)	6	-	-	-	-	-	-	6
Total	7,925	250	(102)	(336)	7,737	(4,911)	(357)	46	221	(5,001)	(22)	2,714

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14 Premises and equipment, net (Cont'd)

	The Bank											
	Cost/appraisal value					Accumulated depreciation						
	As at 1 January 2014 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2014 Million Baht	As at 1 January 2014 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2014 Million Baht	Allowance for impairment Million Baht	Net book value Million Baht
Land												
Cost	544	-	(33)	-	511	-	-	-	-	-	-	511
Revaluation surplus (revaluation in 2011)	833	-	(87)	-	746	-	-	-	-	-	-	746
Devaluation of asset (revaluation in 2011)	(38)	-	2	-	(36)	-	-	-	-	-	-	(36)
Buildings												
Cost	1,980	42	(73)	-	1,949	(1,101)	(93)	66	-	(1,129)	-	820
Revaluation surplus (revaluation in 2011)	1,935	-	(28)	-	1,907	(1,677)	(24)	26	-	(1,675)	-	232
Devaluation of asset (revaluation in 2011)	(79)	-	5	-	(74)	64	4	(4)	-	64	-	(10)
Equipment	3,165	209	-	(478)	2,896	(2,366)	(255)	-	449	(2,171)	(12)	713
Assets under installation and/or construction	18	134	-	(126)	26	-	-	-	-	-	-	26
Total	8,358	385	(214)	(604)	7,925	(5,080)	(368)	88	449	(4,911)	(12)	3,002

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15 Intangible assets, net

Consolidated						
	Amortising period	As at 1 January 2015 Million Baht	Increase Million Baht	Transfer in/(out) Million Baht	Amortisation Million Baht	As at 31 December 2015 Million Baht
Expenditures in connection with development and improvement of computer systems						
- under development	-	59	109	(64)	-	104
Computer software	5 - 10 years	301	49	37	(113)	274
Licence fee	5 years	2	-	-	(1)	1
Total		362	158	(27)	(114)	379
Less Allowance for impairment		-				-
Net intangible assets		362				379

Consolidated						
	Amortising period	As at 1 January 2014 Million Baht	Increase Million Baht	Transfer in/(out) Million Baht	Amortisation Million Baht	As at 31 December 2014 Million Baht
Expenditures in connection with development and improvement of computer systems						
- under development	-	50	94	(85)	-	59
Computer software	5 - 10 years	291	53	81	(124)	301
Licence fee	5 years	2	-	-	-	2
Total		343	147	(4)	(124)	362
Less Allowance for impairment		-				-
Net intangible assets		343				362

The Bank						
	Amortising period	As at 1 January 2015 Million Baht	Increase Million Baht	Transfer In/(out) Million Baht	Amortisation Million Baht	As at 31 December 2015 Million Baht
Expenditures in connection with development and improvement of computer systems						
- under development	-	59	109	(64)	-	104
Computer software	5 - 10 years	295	47	37	(111)	268
Licence fee	5 years	2	-	-	(1)	1
Total		356	156	(27)	(112)	373
Less Allowance for impairment		-				-
Net intangible assets		356				373

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15 Intangible assets, net (Cont'd)

	The Bank					
	Amortising period	As at 1 January 2014 Million Baht	Increase Million Baht	Transfer In/(out) Million Baht	Amortisation Million Baht	As at 31 December 2014 Million Baht
Expenditures in connection with development and improvement of computer systems - under development	-	50	94	(85)	-	59
Computer software	5 - 10 years	285	52	81	(123)	295
Licence fee	5 years	2	-	-	-	2
Total		337	146	(4)	(123)	356
Less Allowance for impairment		-				-
Net intangible assets		337				356

16 Deferred income taxes

The gross movement of deferred income tax account is as follows:

	Consolidated		The Bank	
	2015 Million Baht	2014 Million Baht	2015 Million Baht	2014 Million Baht
Beginning of the year	957	1,059	752	926
Charged/(credited) to profit or loss	59	(98)	87	(169)
Tax charged/(credited) directly to equity	24	(4)	23	(5)
End of the year	1,040	957	862	752

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

	Consolidated			
	Provision Million Baht	Tax losses Million Baht	Temporary differences Million Baht	Total Million Baht
Deferred tax assets				
At 1 January 2015	295	-	955	1,250
Charged to profit or loss	12	-	18	30
Charged (credited) directly to equity	21	-	(4)	17
At 31 December 2015	328	-	969	1,297
At 1 January 2014	282	95	933	1,310
(Credited)/charged to profit or loss	(1)	(95)	1	(95)
Charged directly to equity	14	-	21	35
At 31 December 2014	295	-	955	1,250

16 Deferred income taxes (Cont'd)

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

	Consolidated			
	Fair value gain from investment Million Baht	Gain from revaluation of assets Million Baht	Temporary differences Million Baht	Total Million Baht
Deferred tax liabilities				
At 1 January 2015	67	220	6	293
Credited to profit or loss	-	(25)	(4)	(29)
Tax credited directly to equity	(7)	-	-	(7)
At 31 December 2015	<u>60</u>	<u>195</u>	<u>2</u>	<u>257</u>
At 1 January 2014	27	224	-	251
Charged/(credited) to profit or loss	2	(4)	6	4
Tax charged directly to equity	38	-	-	38
At 31 December 2014	<u>67</u>	<u>220</u>	<u>6</u>	<u>293</u>
The Bank				
	Provision Million Baht	Tax losses Million Baht	Temporary differences Million Baht	Total Million Baht
Deferred tax assets				
At 1 January 2015	285	-	760	1,045
Charged to profit or loss	12	-	46	58
Charged (credited) directly to equity	20	-	(4)	16
As at 31 December 2015	<u>317</u>	<u>-</u>	<u>802</u>	<u>1,119</u>
At 1 January 2014	279	95	803	1,177
Credited to profit or loss	(7)	(95)	(63)	(165)
Charged directly to equity	13	-	20	33
As at 31 December 2014	<u>285</u>	<u>-</u>	<u>760</u>	<u>1,045</u>

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16 Deferred income taxes (Cont'd)

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

	The Bank			Total
	Fair value gain from investment Million Baht	Gain from revaluation of assets Million Baht	Temporary differences Million Baht	
Deferred tax liabilities				
At 1 January 2015	67	220	6	293
Credited to profit or loss	-	(25)	(4)	(29)
Tax credited directly to equity	(7)	-	-	(7)
As at 31 December 2015	<u>60</u>	<u>195</u>	<u>2</u>	<u>257</u>
At 1 January 2014	27	224	-	251
Charged/(credited) to profit or loss	2	(4)	6	4
Tax charged directly to equity	38	-	-	38
As at 31 December 2014	<u>67</u>	<u>220</u>	<u>6</u>	<u>293</u>

17 Other assets, net

	Consolidated		The Bank	
	2015	2014	2015	2014
	Million baht	Million Baht	Million baht	Million Baht
Accrued interest and dividend receivables	489	439	489	439
Credit support assets on derivatives	6,715	2,011	6,715	2,011
Leasehold rights	2	4	2	4
Advances	16	17	16	17
Others assets awaiting account transfer	125	106	125	106
Commission receivables	37	52	37	52
Withholding tax receivable	30	82	27	80
Marginal deposits	84	86	76	80
Prepaid expenses	108	101	106	98
Others	2,123	503	1,976	345
Total	9,729	3,401	9,569	3,232
<u>Less</u> Allowance for impairment	(36)	(36)	(36)	(36)
Other assets, net	<u>9,693</u>	<u>3,365</u>	<u>9,533</u>	<u>3,196</u>

18 Deposits

18.1 Classified by type of deposits

	Consolidated		The Bank	
	2015	2014	2015	2014
	Million Baht	Million Baht	Million Baht	Million Baht
At call	2,393	2,243	2,396	2,244
Savings	75,497	49,701	75,723	49,845
Fixed	89,359	128,626	89,415	128,692
Negotiable certificate of deposit	2,968	3,325	2,968	3,325
Total deposits	170,217	183,895	170,502	184,106

18.2 Classified by currency and residency of depositors

	Consolidated					
	2015			2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	Million	Million	Million	Million	Million	Million
	Baht	Baht	Baht	Baht	Baht	Baht
Baht	167,286	1,549	168,835	181,254	1,574	182,828
US dollar	1,265	40	1,305	1,041	22	1,063
Other currencies	8	69	77	2	2	4
Total	168,559	1,658	170,217	182,297	1,598	183,895

	The Bank					
	2015			2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	Million	Million	Million	Million	Million	Million
	Baht	Baht	Baht	Baht	Baht	Baht
Baht	167,571	1,549	169,120	181,465	1,574	183,039
US dollar	1,265	40	1,305	1,041	22	1,063
Other currencies	8	69	77	2	2	4
Total	168,844	1,658	170,502	182,508	1,598	184,106

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19 Interbank and money market items (liabilities)

	Consolidated					
	2015			2014		
	At call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
Domestic:						
The Bank of Thailand	-	315	315	-	391	391
Commercial banks	124	1,024	1,148	78	2,125	2,203
Other banks	11	1,500	1,511	69	2,500	2,569
Finance, finance and securities, securities, and credit foncier companies	7,515	2,549	10,064	6,585	1,287	7,872
Other financial institutions	506	1,657	2,163	319	1,946	2,265
Total domestic items	<u>8,156</u>	<u>7,045</u>	<u>15,201</u>	<u>7,051</u>	<u>8,249</u>	<u>15,300</u>
Foreign:						
US dollar	1,039	1,877	2,916	499	15	514
Other currencies	1,583	318	1,901	2,423	68	2,491
Total foreign items	<u>2,622</u>	<u>2,195</u>	<u>4,817</u>	<u>2,922</u>	<u>83</u>	<u>3,005</u>
Total domestic and foreign items	<u>10,778</u>	<u>9,240</u>	<u>20,018</u>	<u>9,973</u>	<u>8,332</u>	<u>18,305</u>
	The Bank					
	2015			2014		
	At call Million Baht	Term Million Baht	Total Million Baht	At call Million Baht	Term Million Baht	Total Million Baht
Domestic:						
The Bank of Thailand	-	315	315	-	391	391
Commercial banks	124	1,000	1,124	78	2,050	2,128
Other banks	11	1,500	1,511	69	2,500	2,569
Finance, finance and securities, securities, and credit foncier companies	7,515	2,549	10,064	6,585	1,287	7,872
Other financial institutions	506	1,657	2,163	319	1,946	2,265
Total domestic items	<u>8,156</u>	<u>7,021</u>	<u>15,177</u>	<u>7,051</u>	<u>8,174</u>	<u>15,225</u>
Foreign:						
US dollar	1,039	1,877	2,916	499	15	514
Other currencies	1,583	318	1,901	2,423	68	2,491
Total foreign items	<u>2,622</u>	<u>2,195</u>	<u>4,817</u>	<u>2,922</u>	<u>83</u>	<u>3,005</u>
Total domestic and foreign items	<u>10,778</u>	<u>9,216</u>	<u>19,994</u>	<u>9,973</u>	<u>8,257</u>	<u>18,230</u>

20 Financial liabilities designated at fair value through profit or loss

	Consolidated and the Bank	
	2015	2014
	Million Baht	Million Baht
Debentures	8,241	3,790
Bills of Exchange	7,799	3,903
Total	16,040	7,693

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

	Consolidated and the Bank	
	2015	2014
	Proportion	Proportion
Financial institutions	44	46
External parties	56	54
Total	100	100

As at 31 December 2015 and 2014, financial liabilities designated at fair value through profit or loss consisted of:

- The Bank issued bills of exchange which will mature in 11 years with embedded callable range accrual swap. The bills of exchange bear interest rate at 6.10% per annum (31 December 2014: 6.10% per annum) with a payment of interest every six months. The Bank entered into callable range accrual swaps with opposite conditions (back-to-back) with CIMB Bank Berhad, the parent company.
- As at 31 December 2014, the Bank issued debentures which will mature in 5 years with embedded callable range accrual swap. The debentures bear interest rate at between 0 - 4.30% per annum variable to reference index of THBFIX 6 month with a payment of interest every six months. The Bank entered into callable range accrual swaps with opposite conditions (back-to-back) with CIMB Bank Berhad, the parent company.
- The Bank issued debentures which will mature in 5 years with embedded callable range accrual swap. The debentures bear interest rate at between 0 – 3.60% per annum (31 December 2014: 0 - 5.00% per annum) variable to reference index of THBFIX 6 month with a payment of interest every six months. The Bank entered into interest rate swaps with other parties.
- As at 31 December 2015, the Bank issued debentures which will mature in 5 years with embedded callable inverse floater derivatives. The debentures bear interest rate at 6.45-7.23% per annum minus reference index of THBFIX 6 month (31 December 2014: 6.0% per annum minus reference index of THBFIX 6 month)with a payment of interest every six months. The Bank entered into interest rate swaps with other parties.
- As at 31 December 2014, the Bank issued accreting structured bills of exchange embedded callable range accrual swap. The maturity date is 10 years. They bear interest rate at between 0 - 6.50% per annum variable to reference index of THBFIX 6 month with a payment of interest every six months. The Bank entered into callable range accrual swaps with opposite conditions (back-to-back) with CIMB Bank Berhad, the parent company.
- The Bank issued accreting structured bills of exchange embedded interest rate swap with predetermined return rate and conditions. The maturity date is between 7 - 15 years. They bear interest rate at between 3.77 - 5.18% per annum (31 December 2014: 3.77 - 5.18% per annum) with a payment of interest at maturity date. The Bank entered into interest rate swaps with other parties.

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21 Debt issued and borrowings

	Consolidated and the Bank					
	2015			2014		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Short term debentures						
Short term debentures maturing in 2016, coupon rate of 1.65% – 1.90% per annum	22,104	-	22,104	12,863	-	12,863
Subordinated debentures						
Subordinated debentures maturing in 2003	544	-	544	544	-	544
Subordinated debentures of RM 400 million, maturing in 2024, coupon rate of 5.60% per annum	-	3,371	3,371	-	3,770	3,770
Subordinated debentures of Baht 3,000 million, maturing in 2021, coupon rate of 5.35% per annum	3,000	-	3,000	3,000	-	3,000
Subordinated debentures of Baht 3,000 million, maturing in 2022, coupon rate of 4.80% per annum	3,000	-	3,000	3,000	-	3,000
Structured debentures						
Structured debentures	10	-	10	313	-	313
	<u>28,658</u>	<u>3,371</u>	<u>32,029</u>	<u>19,720</u>	<u>3,770</u>	<u>23,490</u>
Fixed-rate notes						
Bill of exchange maturing at call, coupon rate of 1.10% -1.60% per annum	1,965	-	1,965	1,022	-	1,022
	<u>1,965</u>	<u>-</u>	<u>1,965</u>	<u>1,022</u>	<u>-</u>	<u>1,022</u>
Total	30,623	3,371	33,994	20,742	3,770	24,512
Less Current portion of long-term borrowings	(24,623)	-	(24,623)	(14,742)	-	(14,742)
Long-term borrowings, net	<u>6,000</u>	<u>3,371</u>	<u>9,371</u>	<u>6,000</u>	<u>3,770</u>	<u>9,770</u>

(a) As at 31 December 2015, the Bank had domestic subordinated debentures of Baht 544 million (31 December 2014: Baht 544 million) which had been transferred to the Bank since the merger date.

(b) On 14 July 2011, the Bank issued unsecured subordinated debentures with a bond holder's representative. The subscription unit is at 3,000,000 units at Baht 1,000 each for a total of Baht 3,000 million carrying a constant interest rate of 5.35% per annum with a payment of interest every six months to individual and institution investors. The debenture has a tenor of 10 years and is due on 14 July 2021 according to the prospectus. The Bank may exercise its right to early redeem the debenture after 5 years subject to approval by the Bank of Thailand under the conditions stated in prospectus.

The Bank has an approval from Bank of Thailand to count the subordinated debenture as tier II capital according to the correspondence For Kor Kor (02) 808/2554.

(c) On 9 November 2012, the Bank issued unsecured subordinated debentures to financial institutions and high net worth investors. The subscription unit is at 3,000,000 units at Baht 1,000 each and issued price of Baht 1,000 each for an aggregate amount of Baht 3,000 million carrying constant interest rate of 4.80% per annum with a payment of interest every six months. The debenture has a tenor of 10 years and is due on 9 November 2022. The Bank may exercise its right to early redeem the debenture after 5 years subject to approval by the Bank of Thailand.

The Bank has an approval from the Bank of Thailand to count the subordinated debenture as tier II capital according to the correspondence For Kor Kor (02) 1269/2555.

(d) As at 31 December 2015, the Bank had short term debentures of Baht 22,104 million (31 December 2014: Baht 12,863 million) with fixed interest rates, interest will be paid on maturity date.

21 Debt issued and borrowings (Cont'd)

- (e) On 7 July 2014, the Bank issued MYR 400 million of subordinated debentures pursuant to tier II subordinated debenture programme to overseas investors, 4,000,000 units of MYR 100 each, interest rate of 5.60% per annum with a payment of interest every six months. The debenture has a tenor of 10 years and is due in 2024. The Bank may exercise its right to early redeem the debenture after 5 years subject to approval by the Bank of Thailand.

The Bank has an approval from the Bank of Thailand to count the subordinated debenture as tier II capital according to the correspondence For Kor Kor.(02) 453/2557.

- (f) As at 31 December 2015, the Bank had structured debentures of Baht 10 million (31 December 2014: Baht 313 million) as follows:

- As at 31 December 2015, the Bank issued various unsecured structured debentures (Single Barrier Bullish USD against JPY) of Baht 10 million with 6 months from respective issuance dates. The Bank will pay interest at maturity date according to the movement of the underlying (USD/JPY Spot Rate). Investors have the option to early redeem the above structured debentures starting from 91 days from issuance date. The Bank is obliged to return the principal at full amount (100%) should the investors holds the debentures to maturity.
- As at 31 December 2014, the Bank issued various unsecured structured debentures amounted to Baht 124 million with embedded FX digital bullish CNH against USD. The structured debentures will mature in 6 months from respective issuance dates. The Bank will pay 5% per annum at maturity if USD/CNH spot fixing rate on observation date fall below or equal to 99.75% of initial USD/CNH spot fixing rate. In addition, the Bank will pay 0% per annum at maturity if USD/CNH spot fixing rate on observation date is higher than 99.75% of initial USD/CNH spot fixing rate. Investors have the option to early redeem the above structured debentures at market price after 90 days from issuance date. The Bank is obliged to return the principal at full amount (100%) should the investors holds the debentures to maturity.
- As at 31 December 2014, the Bank issued various unsecured structured debentures amounted to Baht 149 million with embedded FX digital bullish CNH against USD. The structured debentures will mature in 1 year from respective issuance dates. The Bank will pay 7% per annum at maturity if USD/CNH spot fixing rate on observation date fall below or equal to 99.00% of initial USD/CNH spot fixing rate. In addition, the Bank will pay 0% per annum at maturity if USD/CNH spot fixing rate on observation date is higher than 99.00% of initial USD/CNH spot fixing rate. Investors have the option to early redeem the above structured debentures at market price after 6 months from issuance date. The Bank is obliged to return the principal at full amount (100%) should the investors holds the debentures to maturity.
- As at 31 December 2014, the Bank issued various unsecured structured debentures (Maxi Precious Shark Fin Bearish Gold Derivatives Debentures) of Baht 40 million with 6 months from respective issuance dates. The Bank will pay interest at maturity date according to the movement of the underlying (closing gold price in the morning. "GOLD-A.M.FIX"), Investors have the option to early redeem the above structured debentures after 90 days from issuance date. The Bank is obliged to return the principal at full amount (100%) should the investors holds the debentures to maturity.

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22 Provisions

	Consolidated		The Bank	
	2015	2014	2015	2014
	Million Baht	Million Baht	Million Baht	Million Baht
Provision for contingent loss from legal cases	44	33	44	33
Reserve for off-statements of financial position items	192	192	192	192
Provision for employee benefits	1,405	1,247	1,343	1,195
Total provisions	1,641	1,472	1,579	1,420

Provision for employee benefits

As at 31 December 2015, the pension benefits were only provided to 428 employees (31 December 2014: 463 employees) who were former employees of the Union Bank of Bangkok Public Company Limited which are unfunded obligations. The pension benefits are part of provisions for employee benefits as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	Million Baht	Million Baht	Million Baht	Million Baht
Present value of post-employment benefit obligations	1,405	1,247	1,343	1,195
Provision for employee benefits	1,405	1,247	1,343	1,195

Movements of provision for pension funds are as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	Million Baht	Million Baht	Million Baht	Million Baht
Beginning balance	1,247	1,116	1,195	1,078
Current service costs	108	85	102	79
Interest costs	41	42	39	40
Remeasurements:				
Losses from changes in financial assumptions	59	80	55	75
Experience loss (gain)	48	(8)	47	(9)
<u>Less Pension benefits paid for the year</u>	<u>(98)</u>	<u>(68)</u>	<u>(95)</u>	<u>(68)</u>
Ending balance	1,405	1,247	1,343	1,195

22 Provisions (Cont'd)

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

	Consolidated		The Bank	
	2015	2014	2015	2014
	Million Baht	Million Baht	Million Baht	Million Baht
Current service costs	108	85	102	79
Interest costs	41	42	39	40
Total	149	127	141	119

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

	For the years ended 31 December	
	2015	2014
Discount rate	2.75%	3.25%
Salary increase rate	5.00%	5.00%
Pre-retirement mortality rate	75.00% of Thai Mortality Ordinary Table 2008	75.00% of Thai Mortality Ordinary Table 2008
Disability rate	Employees who are eligible for pension benefit: Flat 1.91% of Thai Withdrawal Table, Other employees	Employees who are eligible for pension benefit: Flat 1.91% of Thai Withdrawal Table, Other employees
Pre-retirement withdrawal rate	75% of Thai Withdrawal Table	75% of Thai Withdrawal Table
Retirement age	60 years old	60 years old

Sensitivity analysis for each significant assumptions :

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Weighted average discount rate	0.5 %	Increase by 3.25 %	Decrease by 2.25 %
Weighted average rate of salary increase	1.0 %	Increase by 6.00 %	Decrease by 4.00 %

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

As at 31 December 2015, the weighted average duration of the defined benefit obligation is 10 years (31 December 2014: 10 years).

22 Provisions (Cont'd)

Expected maturity analysis of undiscounted benefits:

	Consolidated			
	2015			
	Less than a year Million Baht	Between 1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Retirement benefits	89	322	1,405	1,816

	Consolidated			
	2014			
	Less than a year Million Baht	Between 1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Retirement benefits	31	311	1,368	1,709

	The Bank			
	2015			
	Less than a year Million Baht	Between 1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Retirement benefits	87	313	1,326	1,726

	The Bank			
	2014			
	Less than a year Million Baht	Between 1-5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Retirement benefits	30	303	1,295	1,628

23 Other liabilities

	Consolidated		The Bank	
	2015 Million Baht	2014 Million Baht	2015 Million Baht	2014 Million Baht
Credit support liabilities on derivatives	5,397	1,351	5,397	1,351
Amount due to Department of Alternative Energy Development and Efficiency	114	253	114	253
Other liabilities awaiting accounts transfer	746	380	746	380
Accrued interest	937	782	937	782
Deferred commission	194	243	194	243
Accrued expense	1,346	1,313	1,212	1,193
Others	824	570	527	354
Total	9,558	4,892	9,127	4,556

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24 Share capital

	Consolidated and the Bank			
	2015		2014	
	Number Million shares	Amount Million Baht	Number Million shares	Amount Million Baht
Registered				
Beginning of the year				
- Ordinary shares	21,085	10,542	26,106	13,053
Issurance/(reduction) of shares	6,325	3,163	(5,021)	(2,511)
End of the year	<u>27,410</u>	<u>13,705</u>	<u>21,085</u>	<u>10,542</u>
Issued and paid up				
Beginning of the year				
- Ordinary shares	21,085	10,542	21,085	10,542
Issurance of new share	3,690	1,845	-	-
End of the year	<u>24,775</u>	<u>12,387</u>	<u>21,085</u>	<u>10,542</u>

On 11 April 2014, the Annual General Meeting of Shareholders approved a decrease in the Bank's registered capital from Baht 13,052,747,804 to Baht 10,542,439,013 by cancelling 5,020,617,583 unsold and unoffered registered ordinary shares with a par value of Baht 0.50 per share, totaling Baht 2,510,308,791.

On 10 April 2015, the Annual General Meeting of Shareholders approved an increase in the Bank's registered capital totaling Baht 3,162,731,704 from Baht 10,542,439,013 to Baht 13,705,170,716 with a par value of Baht 0.50 per share. On 22 April 2015, the Bank registered the capital increase with the Ministry of Commerce.

On 6 November 2015, the Bank has registered its increase of paid-up share capital with the Department of Business Development, the Ministry of Commerce. Therefore, the paid-up share capital are Baht 12,387,365,839.5 which is 24,774,731,679 ordinary shares with a par value of Baht 0.50.

25 Other reserves

	Consolidated	
	31 December 2015	31 December 2014
	Million Baht	Million Baht
Revaluation surplus on assets	970	1,095
Revaluation surplus on change in value of investments	292	279
Remeasurements of post-employment benefit obligations	(230)	(124)
Foreign currency translation	36	7
Deficit from measuring fair value of hedging instrument for cash flow hedge	(175)	(149)
Income tax relating to components of other reserves comprehensive expenses	(172)	(220)
Total	<u>721</u>	<u>888</u>

25 Other reserves (Cont'd)

	The Bank	
	31 December 2015 Million Baht	31 December 2014 Million Baht
Revaluation surplus on assets	970	1,095
Revaluation surplus on change in value of investments	292	279
Remeasurements of post - employment benefit obligations	(211)	(109)
Foreign currency translation	36	7
Deficit from measuring fair value of hedging instrument for cash flow hedge	(175)	(149)
Income tax relating to components of other reserves comprehensive expenses	(175)	(223)
Total	737	900

(a) Revaluation surplus on assets

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

	Consolidated and the Bank	
	2015 Million Baht	2014 Million Baht
Balance - beginning of the year	1,095	1,119
<u>Less</u> Amortisation	(125)	(24)
Balance - end of the year	<u>970</u>	<u>1,095</u>

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

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

	Consolidated and the Bank	
	2015 Million Baht	2014 Million Baht
Revaluation surplus on investments:		
Debt securities	263	236
Equity securities	35	91
Total	<u>298</u>	<u>327</u>
Revaluation deficit on investments:		
Debt securities	(2)	-
Equity securities	(4)	(48)
Total	<u>(6)</u>	<u>(48)</u>
Revaluation surplus on change in value of investments, net	<u>292</u>	<u>279</u>

26 Statutory reserve

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

On 11 April 2014, the Annual General Meeting of Shareholders of the Bank approved an appropriation of net profit of Baht 38.30 million as a statutory reserve.

On 21 August 2014, the Board of Directors Meeting of the Bank approved an appropriation of net profit of Baht 31.00 million as a statutory reserve.

On 10 April 2015, the Annual General Meeting of Shareholders of the Bank approved an appropriation of net profit of Baht 47.10 million as a statutory reserve.

On 27 August 2015, the Board of Directors Meeting of the Bank approved an appropriation of net profit of Baht 8.55, million as a statutory reserve.

As at 31 December 2015, the Bank had total statutory reserve of Baht 365.9 million (31 December 2014: Baht 341.35 million).

27 Dividend payment

On 11 April 2014, the Annual General Meeting of Shareholders of the Bank approved to pay dividend from the operating results of 2013 at the rate of Baht 0.01 per share, totaling Baht 210.84 million, which was paid on 9 May 2014.

On 10 April 2015, the Annual General Meeting of Shareholders of the Bank approved to pay dividend from the operating results of 2014 at the rate of Baht 0.0075 per share, totaling Baht 158 million, which was paid on 8 May 2015.

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28 Capital funds

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

Capital fund (full consolidate supervision)	2015 Million Baht	Total capital to risk assets %	2014 Million Baht	Total capital to risk assets %
Tier I				
Issued and paid up share capital	12,387		10,542	
Share premium	5,713		3,868	
Statutory reserve	366		341	
Unappropriated surplus	7,041		6,615	
Other reserves	680		694	
Deduction on Tier I capital fund	(1,237)		(884)	
Total Tier I capital fund	24,950	10.99	21,176	10.10
Tier II				
Long-term subordinated debentures and hybrid securities	10,020		10,070	
Reserve for loan classified as pass	575		559	
Total Tier II capital fund	10,595	4.67	10,629	5.07
Total capital funds	35,545	15.66	31,805	15.17
Capital funds (the Bank)				
Tier I				
Issued and paid up share capital	12,387		10,542	
Share premium	5,713		3,868	
Statutory reserve	366		341	
Unappropriated surplus	6,537		6,158	
Other reserves	723		737	
Deduction on Tier I capital fund	(1,040)		(682)	
Total Tier I capital fund	24,686	10.78	20,964	9.91
Tier II				
Long-term subordinated debentures and hybrid securities	10,020		10,070	
Reserve for loan classified as pass	695		641	
Total Tier II capital fund	10,715	4.68	10,711	5.07
Total capital funds	35,401	15.46	31,675	14.98

As at 31 December 2015, the Bank's regulatory capital after deducting capital add-on arising from single lending was Baht 35,401 million.

The Bank has maintained capital fund under BoT notification of international capital requirement standards under the Basel III regulatory framework and will disclose capital maintenance information as at 31 December 2015 in accordance with the Notification of the Bank of Thailand RE: Public Disclosure of Capital Maintenance Information for Commercial Banks and Consolidated Supervision on its website at www.cimbthai.com within four months after the statements of financial position date.

29 Share-based payments

Equity Ownership Plan (EOP)

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

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

Upon termination of employment other than retirement, disability or death, any unreleased shares will be disposed of at market price. For shares granted before 2014, proceeds received will be donated to the CIMB Foundation in Malaysia on behalf of the employee. While for shares granted in 2014 and 2015, proceeds from disposal will be returned to the Bank. In the event of retirement, disability or death of the eligible employee, the release of shares will be accelerated to the date of termination of employment and the shares will be assigned to employee or the designated beneficiary.

The weighted average fair value of shares granted in this financial period, which were purchased over a specified period before awarding to the eligible employees of the Bank, was MYR 5.92 per share (31 December 2014: MYR 7.15 per share).

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

	Number of ordinary shares under the EOP as at	
	2015 units '000	2014 units '000
Beginning of financial year	320	88
Awarded during financial year	462	280
Released during financial year	(133)	(48)
End of financial year	<u>649</u>	<u>320</u>

For the year ended 31 December 2015, the Bank set up share-based payment reserves and expenses amounting to Baht 20 million (for the year ended 31 December 2014: Baht 11.1 million).

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

30.1 Position classified by type of transaction

	Consolidated					
	2015			2014		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Total assets	298,738	5,883	304,621	270,122	4,047	274,169
Interbank and money						
market items , net	11,763	2,530	14,293	5,129	1,394	6,523
Derivative assets	24,200	1,381	25,581	9,876	928	10,804
Investments, net and						
investments in subsidiaries, net	54,805	86	54,891	55,126	127	55,253
Loans to customers and accrued						
interest receivables, net	190,457	1,885	192,342	182,777	1,599	184,376
Deposits	168,559	1,658	170,217	182,297	1,598	183,895
Interbank and money						
market items	15,200	4,818	20,018	15,300	3,005	18,305
Derivative liabilities	21,661	4,022	25,683	8,679	1,718	10,397
Debt issued and borrowings	30,624	3,371	33,995	20,742	3,770	24,512
	The Bank					
	2015			2014		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Total assets	297,715	5,883	303,598	269,421	4,047	273,468
Interbank and money						
market items, net	11,700	2,530	14,230	5,060	1,393	6,453
Derivative assets	24,200	1,381	25,581	9,876	928	10,804
Investments, net and						
investments in subsidiaries, net	56,130	86	56,216	56,451	127	56,578
Loans to customers and accrued						
interest receivables, net	188,658	1,885	190,543	181,515	1,599	183,114
Deposits	168,844	1,658	170,502	182,508	1,598	184,106
Interbank and money						
market items	15,176	4,818	19,994	15,225	3,005	18,230
Derivative liabilities	21,661	4,022	25,683	8,679	1,718	10,397
Debt issued and borrowings	30,624	3,371	33,995	20,742	3,770	24,512

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

30.2 Performance classified by type of transaction

	Consolidated					
	2015			2014		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest income	14,473	147	14,620	13,838	89	13,927
Interest expenses	(5,868)	(275)	(6,143)	(5,960)	(79)	(6,039)
Net interest income (expenses)	8,605	(128)	8,477	7,878	10	7,888
Net fees and services income	1,468	-	1,468	1,339	-	1,339
Other operating income	2,289	-	2,289	1,279	-	1,279
Other operating expenses	(7,124)	(3)	(7,127)	(7,140)	-	(7,140)
Bad and doubtful debts and impairment losses	(3,770)	-	(3,770)	(2,130)	-	(2,130)
Profit (loss) from continuing operation before income tax expense	<u>1,468</u>	<u>(131)</u>	<u>1,337</u>	<u>1,226</u>	<u>10</u>	<u>1,236</u>
	The Bank					
	2015			2014		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest income	12,879	147	13,026	12,372	89	12,461
Interest expenses	(5,866)	(275)	(6,141)	(5,950)	(79)	(6,029)
Net interest income (expenses)	7,013	(128)	6,885	6,422	10	6,432
Net fees and services income	1,055	-	1,055	940	-	940
Other operating income	2,295	-	2,295	1,228	-	1,228
Other operating expenses	(5,914)	(3)	(5,917)	(5,710)	-	(5,710)
Bad and doubtful debts and impairment losses	(3,425)	-	(3,425)	(1,703)	-	(1,703)
Profit (loss) from continuing operation before income tax expense	<u>1,024</u>	<u>(131)</u>	<u>893</u>	<u>1,177</u>	<u>10</u>	<u>1,187</u>

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31 Interest income

	Consolidated		The Bank	
	2015	2014	2015	2014
	Million Baht	Million Baht	Million Baht	Million Baht
Interbank and money market items	73	151	73	151
Investments and trading transactions	141	169	141	169
Investments in debt securities	1,458	1,366	1,458	1,366
Loans	10,624	10,053	11,343	10,767
Hire-purchase and financial lease income	2,313	2,180	-	-
Others	11	8	11	8
Interest income	14,620	13,927	13,026	12,461

32 Interest expenses

	Consolidated		The Bank	
	2015	2014	2015	2014
	Million Baht	Million Baht	Million Baht	Million Baht
Deposits	3,891	3,921	3,893	3,923
Interbank and money market items	342	340	338	328
Contribution fees to the Deposit Protection Agency	19	17	19	17
Contribution fees to FIDF	983	911	983	911
Debt securities issued				
- Subordinated debentures	557	354	557	354
- Others	296	485	296	485
Others	55	11	55	11
Interest expenses	6,143	6,039	6,141	6,029

33 Net fees and services income

	Consolidated		The Bank	
	2015	2014	2015	2014
	Million Baht	Million Baht	Million Baht	Million Baht
Fees and services income				
Acceptances, aval and guarantees	111	115	111	116
ATM and debit card fees	116	109	116	109
Brokerage income	587	562	367	386
Management fees	190	97	190	97
Others	730	665	590	528
Fees and services income	1,734	1,548	1,374	1,236
Fees and services expenses				
Collection fees	89	65	174	184
ATM fees	41	38	41	37
Others	136	106	104	75
Fees and services expenses	266	209	319	296
Net fees and services income	1,468	1,339	1,055	940

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34 Gains on tradings and foreign exchange transactions, net

	Consolidated and the Bank	
	2015	2014
	Million Baht	Million Baht
Gains on tradings and foreign exchange transactions		
Foreign currency and foreign exchange rate derivatives	1,031	667
Interest rate derivatives	614	1,037
Debt securities	174	101
	<u>1,819</u>	<u>1,805</u>
Gains on tradings and foreign exchange transactions, net	<u>1,819</u>	<u>1,805</u>

35 Losses on financial instrument designated at fair value through profit or loss

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

	Consolidated and the Bank	
	2015	2014
	Million Baht	Million Baht
Net change in fair value		
Bills of exchange	(333)	(709)
Debentures	102	(192)
Interest expenses	(227)	(193)
	<u>(458)</u>	<u>(1,094)</u>
Total	<u>(458)</u>	<u>(1,094)</u>

36 Gains on investments, net

	Consolidated and the Bank	
	2015	2014
	Million Baht	Million Baht
Gains on sales		
Available-for-sale	553	317
Held-to-maturity	-	1
General investments	2	-
Investments in subsidiaries	-	12
	<u>555</u>	<u>330</u>
Gains on sales, net	<u>555</u>	<u>330</u>
Losses on impairment		
General investments	4	-
	<u>4</u>	<u>-</u>
Losses on impairment, net	<u>4</u>	<u>-</u>
Gains on investments, net	<u>551</u>	<u>330</u>

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37 Other operating income

	Consolidated		The Bank	
	2015	2014	2015	2014
	Million Baht	Million Baht	Million Baht	Million Baht
Gains on sales of premises and equipment	13	4	11	3
Gains on sales of properties for sales	-	-	91	16
Income from reversal of bad debts	58	41	-	-
Dividend income	52	51	52	51
Other income	254	142	229	117
Other operating income	<u>377</u>	<u>238</u>	<u>383</u>	<u>187</u>

38 Bad and doubtful debts and impairment losses

	Consolidated		The Bank	
	2015	2014	2015	2014
	Million Baht	Million Baht	Million Baht	Million Baht
Loans	3,770	2,095	3,425	1,668
Losses on debt restructuring	-	35	-	35
Total	<u>3,770</u>	<u>2,130</u>	<u>3,425</u>	<u>1,703</u>

39 Corporate income tax

	Consolidated		The Bank	
	2015	2014	2015	2014
	Million Baht	Million Baht	Million Baht	Million Baht
Current tax:				
Current tax on profits for the period	343	149	273	77
Total current tax	<u>343</u>	<u>149</u>	<u>273</u>	<u>77</u>
Deferred tax:				
Origination and reversal of temporary differences	(59)	3	(87)	74
Utilisation of tax losses	-	95	-	95
Total deferred tax	<u>(59)</u>	<u>98</u>	<u>(87)</u>	<u>169</u>
Total tax charge	<u>284</u>	<u>247</u>	<u>186</u>	<u>246</u>

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39 Corporate income tax (Cont'd)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the Bank as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	Million Baht	Million Baht	Million Baht	Million Baht
Profit before tax	1,337	1,236	893	1,187
Tax calculated at a tax rate of 20%	264	242	179	237
Tax effect of:				
Income not subject to tax	(10)	(16)	(10)	(16)
Expenses not deductible for tax purpose	36	19	20	18
Utilisation of previously unrecognised tax losses to reduce deferred tax	-	-	-	-
Effect of changes in tax rates	(6)	2	(3)	7
Total tax charge	284	247	186	246

The weighted average applicable tax rate in the consolidated and bank financial statements as at 31 December 2015 was 21% and 21% respectively, (31 December 2014: 20% and 21% respectively).

The tax credit relating to component of other comprehensive income is as follows:

	Consolidated					
	2015			2014		
	Before tax	Tax charge	After tax	Before tax	Tax charge	After tax
	Million Baht	(credit)	Million Baht	Million Baht	(credit)	Million Baht
		Million Baht			Million Baht	
Fair value gains:						
Land and buildings	(53)	11	(42)	(112)	22	(90)
Properties for sale	(72)	15	(57)	88	(18)	70
Cash flow hedges	(26)	5	(21)	(150)	30	(120)
Remeasurements of post-employment benefit obligation	(107)	21	(86)	(72)	15	(57)
Available-for-sale financial asset	13	(3)	10	241	(48)	193
Other comprehensive income	(245)	49	(196)	(5)	1	(4)
Current tax		343			149	
Deferred tax		(59)			98	
		284			247	

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39 Corporate income tax (Cont'd)

	The Bank					
	2015			2014		
	Before tax	Tax charge	After tax	Before tax	Tax charge	After tax
	Million Baht	(credit)	Million Baht	Million Baht	(credit)	Million Baht
Fair value gains:						
Land and buildings	(53)	11	(42)	(112)	22	(90)
Properties for sale	(72)	15	(57)	88	(18)	70
Cash flow hedges	(26)	5	(21)	(150)	30	(120)
Remeasurements of post-employment benefit obligation	(102)	20	(82)	(66)	14	(52)
Available-for-sale financial asset	13	(3)	10	241	(48)	193
Other comprehensive income	(240)	48	(192)	1	-	1
Current tax		273			77	
Deferred tax		(87)			169	
		186			246	

In addition, deferred income tax of Baht 25 million (31 December 2014: Baht 4.9 million) was transferred from other reserves to retained earnings. This represents deferred tax on the difference between the actual depreciation on buildings and the equivalent depreciation based on the historical cost of buildings.

40 Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The employees contribute to the fund - managed by Tisco Asset Management Company Limited - at rate of 3% - 5% of their basic salaries, and the Bank and its subsidiaries contribute at rate of 5%, and disburse to staff when their employment is terminated under the terms and conditions of the fund. For the year ended 31 December 2015, Baht 113 million was contributed to the fund by the Bank and its subsidiaries (for the year ended 31 December 2014: Baht 108 million), of which the Bank contributed Baht 99 million (for the year ended 31 December 2014: Baht 94 million).

41 Earnings per share

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

There are no potential dilutive ordinary shares in issue for the years ended 31 December 2015 and 2014.

42 Encumbrance of assets

42.1 Assets used as collateral

The Group placed assets such as government and state enterprise bonds as collateral against the following:

	Consolidated and the Bank	
	2015	2014
	Million Baht	Million Baht
Securities sold under repurchase agreements	132	-
Utilities usage	8	7
Total	<u>140</u>	<u>7</u>

42.2 Assets subject to obligation

The Bank has long-term investments in certain equity securities of one company obtained as a result of debt restructuring. Under the debt restructuring agreements, the Bank is obligated to dispose of the investment after agreed periods, which range from 1 year to 10 years commencing from the date of the debt restructuring agreements. As at 31 December 2015 and 2014, the investment had net book value net of allowance for impairment of Baht 1.

Moreover, the Bank has obligated properties foreclosed, which have sales restriction conditions within 3 years from the debt restructuring agreement dates. As at 31 December 2015, the properties foreclosed had net book value of Baht 511 million (31 December 2014: Baht 392 million).

As at 31 December 2015 and 2014, the investments subject to such obligations are as follows:

	Consolidated and the Bank			
	2015		2014	
	Number	Cost Million Baht	Number	Cost Million Baht
Year of maturity				
2014 onwards	4	511	3	392
Assets subject to obligation	<u>4</u>	<u>511</u>	<u>3</u>	<u>392</u>

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43 Commitments and contingent liabilities

43.1 Commitments

As at 31 December 2015 and 2014, significant commitments of the Bank consist of:

	Consolidated and the Bank					
	2015			2014		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Avals to bills and guarantees of loans:						
Avals to bills	41	-	41	96	-	96
Guarantees of loans	13	-	13	5	-	5
Total avals to bills and guarantees of loans	54	-	54	101	-	101
Liability under unmatured import bills:						
Liability under unmatured import bills	27	255	282	13	592	605
Letters of credit:						
Letters of credit	63	1,161	1,224	69	1,610	1,679
Other commitments:						
Forward and spot contracts						
- Bought	-	463,412	463,412	-	308,427	308,427
- Sold	-	375,770	375,770	-	260,867	260,867
Cross currency and interest rate swap contract						
- Bought	-	97,083	97,083	-	56,243	56,243
- Sold	-	163,237	163,237	-	89,874	89,874
Interest rate swap contracts						
- Fixed rate payee	466,852	85,560	552,412	350,389	28,231	378,620
- Floating rate payee	423,796	206,321	630,117	324,717	92,017	416,734
Foreign exchange option						
- Call option sales contracts	-	444	444	-	33	33
- Put option sales contracts	-	2,188	2,188	-	2,477	2,477
- Call option purchase contracts	-	3,002	3,002	-	4,046	4,046
- Put option purchase contracts	-	527	527	-	33	33
Swaption						
- Sold	100	-	100	100	-	100
Commodity						
- Bought	-	199	199	-	-	-
- Sold	-	61	61	-	-	-
Investments						
- Bought	4,437	-	4,437	2,640	-	2,640
- Sold	5,010	-	5,010	4,126	-	4,126
Undrawn bank overdrafts	17,678	-	17,678	16,961	-	16,961
Other guarantees	8,729	297	9,026	8,030	366	8,396
Other commitments	926,602	1,398,101	2,324,703	706,963	842,614	1,549,577
Total commitments	926,746	1,399,517	2,326,263	707,146	844,816	1,551,962

43 Commitments and contingent liabilities (Cont'd)

43.2 Contingent liabilities

As at 31 December 2015 and 2014, the Group had the following contingent liabilities in connection with court cases in which the Group have been sued as defendants in court. The lawsuits were mainly lodged to claim compensation and the management believes that they will have no significant impact on the Group once they are finalised:

	Consolidated and the Bank	
	2015	2014
	Million Baht	Million Baht
Sum claimed in cases where the Group is sole defendant	296	305
Sum claimed in cases where the Group is co-defendant		
- Sum of claims that can be specifically attributed to the Group	438	328
- Sum of claims that cannot be specifically attributed to the Group	24,665	24,578
Total	25,399	25,211

In the above court cases, a sum of Baht 24,500 million relates to claims against the Bank in cases where it is co-defendant with TAMC and other banks. The plaintiffs lodged the claims in respect of transfers of non-performing loans from various banks to TAMC. However, the Bank believes that the outcomes of these cases will not cause material loss because the transfers were made in accordance with the Emergency Decree Establishing the Thai Asset Management Corporation B.E. 2544. In addition, transfers of loans from the Bank to TAMC amounting to approximately Baht 959 million, occurred before the merger of the Bank.

As at 31 December 2015, included in the above-mentioned amounts are cases in which the court was judged in favor of the plaintiffs where the Bank is the direct defendant and where the Bank is a co-defendant with others with sums claimed totaling Baht 20 million and Baht 25 million, respectively. However, the Bank is in the process of appealing the decisions (31 December 2014: Baht 15 million and Baht 20 million, respectively).

As at 31 December 2015, the Group recognised provisions for contingent loss from legal cases of approximately Baht 45 million (31 December 2014: Baht 33 million). The management concluded and believed that such provisions were adequate to cover any possible loss from these legal cases.

In addition, the Group recognised reserves of Baht 192 million (31 December 2014: Baht 192 million) for off-statement of financial position items related to guarantees for which the Group have been sued as defendants.

43.3 Commitments under long-term leases

As at 31 December 2015 and 2014, the Group had entered into a number of agreements to lease land, buildings and vehicles for periods of longer than 6 months, under which future rental fees can be summarised as follows:

Lease periods	Consolidated		The Bank	
	2015	2014	2015	2014
	Million Baht	Million Baht	Million Baht	Million Baht
1 - 3 years	237	363	197	299
4 - 5 years	8	6	8	6
6 - 10 years	12	15	12	15
11 - 30 years	2	2	2	2
Total	259	386	219	322

43 Commitments and contingent liabilities (Cont'd)

43.4 Other commitments

As at 31 December 2015, the Bank has other commitments in the form of various agreements relating to computer system and software development. The Bank is obligated to pay a further Baht 112 million, MYR 1.1 million and USD 27 thousand under such agreements (31 December 2014: Baht 81.8 million and MYR 0.5 million).

44 Related party transactions

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

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

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

	Consolidated		The Bank	
	2015 Million Baht	2014 Million Baht	2015 Million Baht	2014 Million Baht
Subsidiaries				
Revenue:				
Interest income	-	-	720	715
Fee income	-	-	4	7
Gain on payback from liquidated subsidiary	-	12	-	12
Expenses:				
Interest expenses	-	-	2	2
Fee expenses	-	-	85	119
Premises and equipments expenses	-	-	(9)	(9)
Parent company				
Revenue:				
(Losses) gains on tradings and foreign exchange transactions	(561)	96	(561)	96
Expenses:				
Interest expenses	48	-	48	-
Fee expenses	20	-	20	-
Premises and equipment expenses	5	34	5	34
Related companies				
Revenue:				
Fee income	188	115	188	115
Other income	-	25	-	25
Expenses:				
Interest expenses	12	(49)	12	(49)
Fee expenses	133	148	133	148
Premises and equipment expenses	(8)	(6)	(8)	(6)

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44 Related party transactions (Cont'd)

The outstanding balances of significant related party transactions as at 31 December 2015 and 2014 are as follows:

	Consolidated						
	2015						
	Average loans outstanding	Outstanding loans	Obligations	Other assets	Deposits	Borrowings	Other liabilities
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
<u>Parent company</u>							
CIMB Bank Berhad	-	-	83	1,709	-	43	2,762
	-	-	83	1,709	-	43	2,762
<u>Companies under common control</u>							
CIMB Bank Plc, Cambodia	-	-	-	-	-	-	43
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	-	7
CIMB NIAGA	-	-	-	2	-	-	-
CIMB Securities (Singapore)	-	-	-	-	-	-	4
CIMB-Principal Asset Management Co., Ltd.	-	-	-	-	-	-	218
Sathorn Asset Management Co., Ltd.	-	-	-	1	265	-	47
	-	-	-	3	265	-	319
<u>Related persons</u>	15	11	-	-	576	-	8
	15	11	-	-	576	-	8
	Consolidated						
	2014						
	Average loans outstanding	Outstanding loans	Obligations	Other assets	Deposits	Borrowings	Other liabilities
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
<u>Parent company</u>							
CIMB Bank Berhad	-	-	133	834	-	-	1,099
	-	-	133	834	-	-	1,099
<u>Companies under common control</u>							
CIMB Bank (L) Ltd.	-	-	-	-	-	-	28
CIMB Bank Plc, Cambodia	-	-	-	-	-	-	2
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	-	11
CIMB NIAGA	-	-	-	1	-	-	1
CIMB-Principal Asset Management Co., Ltd.	-	-	-	-	-	-	107
Sathorn Asset Management Co., Ltd.	-	-	-	2	39	-	10
	-	-	-	3	39	-	159
<u>Related persons</u>	23	24	-	-	377	-	1
	23	24	-	-	377	-	1

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44 Related-party transactions (Cont'd)

	The Bank						
	2015						
	Average loans outstanding Million Baht	Outstanding loans Million Baht	Obligations Million Baht	Other assets Million Baht	Deposits Million Baht	Borrowings Million Baht	Other liabilities Million Baht
<u>Subsidiary companies</u>							
Center Auto Lease Co., Ltd.	15,507	16,353	-	-	123	-	-
World Lease Co., Ltd.	2,624	2,671	-	-	66	-	-
CT Coll Co., Ltd.	7	6	-	1	96	-	6
	<u>18,138</u>	<u>19,030</u>	<u>-</u>	<u>1</u>	<u>285</u>	<u>-</u>	<u>6</u>
<u>Parent company</u>							
CIMB Bank Berhad	-	-	83	1,709	-	43	2,762
	<u>-</u>	<u>-</u>	<u>83</u>	<u>1,709</u>	<u>-</u>	<u>43</u>	<u>2,762</u>
<u>Companies under common control</u>							
CIMB Bank Plc, Cambodia	-	-	-	-	-	-	43
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	-	7
CIMB NIAGA	-	-	-	2	-	-	-
CIMB Securities (Singapore)	-	-	-	-	-	-	4
CIMB-Principal Asset Management Co., Ltd.	-	-	-	-	-	-	218
Sathorn Asset Management Co., Ltd.	-	-	-	1	265	-	47
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>265</u>	<u>-</u>	<u>319</u>
<u>Related persons</u>	15	11	-	-	576	-	8
	<u>15</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>576</u>	<u>-</u>	<u>8</u>
The Bank							
2014							
	Average loans outstanding Million Baht	Outstanding loans Million Baht	Obligations Million Baht	Other assets Million Baht	Deposits Million Baht	Borrowings Million Baht	Other liabilities Million Baht
<u>Subsidiary companies</u>							
Center Auto Lease Co., Ltd.	13,603	14,630	-	1	70	-	-
World Lease Co., Ltd.	2,938	2,669	-	1	62	-	-
CT Coll Co., Ltd.	7	7	-	-	79	-	27
	<u>16,548</u>	<u>17,306</u>	<u>-</u>	<u>2</u>	<u>211</u>	<u>-</u>	<u>27</u>
<u>Parent company</u>							
CIMB Bank Berhad	-	-	133	834	-	-	1,099
	<u>-</u>	<u>-</u>	<u>133</u>	<u>834</u>	<u>-</u>	<u>-</u>	<u>1,099</u>
<u>Companies under common control</u>							
CIMB Bank (L) Ltd.	-	-	-	-	-	-	28
CIMB Bank Plc, Cambodia	-	-	-	-	-	-	2
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	-	11
CIMB NIAGA	-	-	-	1	-	-	1
CIMB-Principal Asset Management Co., Ltd.	-	-	-	-	-	-	107
Sathorn Asset Management Co., Ltd.	-	-	-	2	39	-	10
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>39</u>	<u>-</u>	<u>159</u>
<u>Related persons</u>	23	24	-	-	377	-	1
	<u>23</u>	<u>24</u>	<u>-</u>	<u>-</u>	<u>377</u>	<u>-</u>	<u>1</u>

The Bank pays interest on deposits made by related parties at the normal rates granted to general depositors.

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44 Related-party transactions (Cont'd)

As at 31 December 2015 and 2014, the Bank has commitments in financial derivatives with related parties as follows :

	2015		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht
<u>Parent company</u>			
Interest rate swap contracts			
- Fixed rate payee	22,965	97	23,062
- Floating rate payee	88,749	4,267	93,016
Forward and spot contracts			
- Bought	-	807	807
- Sold	-	66	66
Cross currency and interest rate swap contracts			
- Bought	-	4,134	4,134
- Sold	-	1,804	1,804
Swaption			
- Sold	100	-	100
Commodity			
- Bought	-	130	130
	2014		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht
<u>Parent company</u>			
Interest rate swap contracts			
- Fixed rate payee	32,485	89	32,574
- Floating rate payee	34,991	4,417	39,408
Forward and spot contracts			
- Bought	-	988	988
- Sold	-	116	116
Cross currency and interest rate swap contracts			
- Bought	-	4,467	4,467
Foreign exchange option			
- Put option sales contracts	-	22	22
- Call option purchase contracts	-	24	24
Swaption			
- Sold	100	-	100
<u>Company under common control</u>			
Forward and spot contracts			
- Bought	-	24	24

44 Related-party transactions (Cont'd)

Director and management remuneration

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

	Consolidated		The Bank	
	2015	2014	2015	2014
	Million Baht	Million Baht	Million Baht	Million Baht
Short-term employee benefits	409	344	383	323
Long-term employee benefits	16	13	14	12
Share based payments (Note 29)	20	11	20	11
Director and management remuneration	<u>445</u>	<u>368</u>	<u>417</u>	<u>346</u>

The details of share based payment are as follows:

	Consolidated and the Bank	
	2015	2014
	thousand units	thousand units
Shares of CIMB Group Holdings Berhad	462	280

45 Financial information by segment

Business segment reporting is consisted of :

Consumer banking

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

Wholesale banking

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

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

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45 Financial information by segment (Cont'd)

Others

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

Financial information presented in the consolidated financial statements as at 31 December 2015 and 2014 and for the years ended 31 December 2015 and 2014 are as follows:

	Consolidated				
	2015				
	Consumer banking Million Baht	Wholesale banking Million Baht	Others Million Baht	Elimina- tions Million Baht	Total Million Baht
Net interest income					
External	6,541	1,705	231	-	8,477
Inter-segment	-	-	-	-	-
Net fees and service income	1,117	362	(11)	-	1,468
Other operating income	429	1,212	649	(1)	2,289
Other operating expenses	(5,444)	(1,568)	(116)	1	(7,127)
Bad and doubtful debts and impairment losses	(2,680)	(811)	(296)	17	(3,770)
Income tax expenses	8	(191)	(97)	(4)	(284)
Net (loss) profit for the year	<u>(29)</u>	<u>709</u>	<u>360</u>	<u>13</u>	<u>1,053</u>
	Consolidated				
	2014				
	Consumer banking Million Baht	Wholesale banking Million Baht	Others Million Baht	Elimina- tions Million Baht	Total Million Baht
Net interest income					
External	5,694	1,765	429	-	7,888
Inter-segment	(2)	-	-	2	-
Net fees and service income	1,110	339	(108)	(2)	1,339
Other operating income	389	622	269	(1)	1,279
Other operating expenses	(5,492)	(1,605)	(44)	1	(7,140)
Bad and doubtful debts and impairment losses	(1,913)	(355)	111	27	(2,130)
Income tax expenses	42	(153)	(131)	(5)	(247)
Net (loss) profit for the year	<u>(172)</u>	<u>613</u>	<u>526</u>	<u>22</u>	<u>989</u>

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45 Financial information by segment (Cont'd)

	Bank business		Hire-purchase business		Other businesses		Eliminations		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Total assets	303,598	273,468	21,368	19,284	113	116	(20,458)	(18,699)	304,621	274,169
Interbank and money market items, net (assets)	14,230	6,453	252	202	96	79	(285)	(211)	14,293	6,523
Investments, net	54,891	55,253	-	-	-	-	-	-	54,891	55,253
Loans and accrued interest receivables, net	190,543	183,114	20,633	18,388	6	7	(18,840)	(17,133)	192,342	184,376
Deposits	170,502	184,106	-	-	-	-	(285)	(211)	170,217	183,895
Interbank and money market items (liabilities)	19,994	18,230	19,043	17,369	7	7	(19,026)	(17,301)	20,018	18,305
Financial liabilities designated at fair value through profit or loss	16,040	7,693	-	-	-	-	-	-	16,040	7,693
Debt issued and borrowings	33,995	24,512	-	-	-	-	-	-	33,995	24,512

46 Financial instruments

The Bank's financial instruments, as defined under Thai Accounting Standard No.107 (previously No.48) "Financial Instruments: Disclosure and Presentation", principally comprise cash, interbank and money market items, loans, investments, deposits, liabilities payable on-demand and borrowings. The financial risks associated with these financial instruments and how they are managed is described below.

46.1 Credit risk

As at 31 December 2015 and 2014, the Bank had the following off-balance statement of financial position. These are calculated according to the period to maturity starting from the contract dates given in the financial statements:

	Consolidated and the Bank					
	Counting from 2015			Counting from 2014		
	Less than 1 year Million Baht	Over 1 year Million Baht	Total Million Baht	Less than 1 year Million Baht	Over 1 year Million Baht	Total Million Baht
Aval to bills	41	-	41	86	10	96
Guarantees of loans	13	-	13	5	-	5
Liabilities under						
unmatured import bills	282	-	282	605	-	605
Letters of credit	1,224	-	1,224	1,679	-	1,679
Acceptance	41	-	41	69	-	69
Other guarantees	8,514	512	9,026	8,122	274	8,396

46.2 Market risk

(a) Interest rate risk

As at 31 December 2015 and 2014, financial assets and liabilities classified by type of interest rate were as follows:

Descriptions	Consolidated 2015			
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	Total Million Baht
<u>Financial assets</u>				
Cash	-	-	2,397	2,397
Interbank and money market items, net	1,443	10,133	2,717	14,293
Investments, net	22	54,169	700	54,891
Loans net of deferred revenue	134,965	63,642	-	198,607
Accounts receivable - bill of exchange	86	1,557	-	1,643
Total financial assets	136,516	129,501	5,814	271,831
<u>Financial liabilities</u>				
Deposits	58,450	109,374	2,393	170,217
Interbank and money market items	8,384	10,171	1,463	20,018
Liabilities payable on demand	-	-	321	321
Financial liabilities designated at fair value through profit or loss	16,040	-	-	16,040
Debt issued and borrowings	-	33,451	544	33,995
Total financial liabilities	82,874	152,996	4,721	240,591

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46 Financial instruments (Cont'd)

46.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

Descriptions	Consolidated			
	2014			
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	Total Million Baht
Financial assets				
Cash	-	-	3,990	3,990
Interbank and money market items, net	471	1,855	4,197	6,523
Investments, net	50	51,768	3,435	55,253
Loans net of deferred revenue	128,634	61,333	1	189,968
Receivable from Thai Asset Management Corporation	-	-	3,572	3,572
Total financial assets	129,155	114,956	15,195	259,306
Financial liabilities				
Deposits	41,379	140,273	2,243	183,895
Interbank and money market items	6,633	10,743	929	18,305
Liabilities payable on demand	-	-	344	344
Financial liabilities designated at fair value through profit or loss	7,693	-	-	7,693
Debt issued and borrowings	-	23,968	544	24,512
Total financial liabilities	55,705	174,984	4,060	234,749
The Bank				
2015				
Descriptions	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	Total Million Baht
Financial assets				
Cash	-	-	2,395	2,395
Interbank and money market items, net	1,387	10,133	2,710	14,230
Investments, net	22	54,169	700	54,891
Loans net of deferred revenue	136,860	59,786	-	196,646
Accounts receivable - bill of exchange	86	1,557	-	1,643
Total financial assets	138,355	125,645	5,805	269,805
Financial liabilities				
Deposits	58,676	109,430	2,396	170,502
Interbank and money market items	8,384	10,147	1,463	19,994
Liabilities payable on demand	-	-	321	321
Financial liabilities designated at fair value through profit or loss	16,040	-	-	16,040
Debt issued and borrowings	-	33,451	544	33,995
Total financial liabilities	83,100	153,028	4,724	240,852

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46 Financial instruments (Cont'd)

46.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

Descriptions	The Bank			Total Million Baht
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	
2014				
Financial assets				
Cash	-	-	3,988	3,988
Interbank and money market items, net	411	1,855	4,187	6,453
Investments, net	50	51,768	3,435	55,253
Loans net of deferred revenue Receivable from Thai Asset Management Corporation	130,190	57,981	-	188,171
	-	-	3,572	3,572
Total financial assets	130,651	111,604	15,182	257,437
Financial liabilities				
Deposits	41,522	140,340	2,244	184,106
Interbank and money market items	6,633	10,668	929	18,230
Liabilities payable on demand	-	-	344	344
Financial liabilities designated at fair value through profit or loss	7,693	-	-	7,693
Debt issued and borrowings	-	23,968	544	24,512
Total financial liabilities	55,848	174,976	4,061	234,885

Transactions	Consolidated						Total Million Baht	Weighted average interest rates %
	2015							
	Repricing or maturity date							
At call Million Baht	0 - 3 months Million Baht	3 - 12 months Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	No maturity Million Baht			
Financial assets								
Interbank and money market items, net	-	10,133	-	-	-	-	10,133	1.53
Investments, net	-	3,763	11,269	34,497	4,640	-	54,169	3.52
Loans net of deferred revenue	1,565	22,157	10,954	26,226	2,740	-	63,642	6.96
Accounts receivable - bill of exchange	-	60	722	775	-	-	1,557	2.73
Total financial assets	1,565	36,113	22,945	61,498	7,380	-	129,501	
Financial liabilities								
Deposits	17,046	54,321	36,219	1,788	-	-	109,374	2.04
Interbank and money market items	931	1,230	7,481	529	-	-	10,171	1.27
Debt issued and borrowings	1,965	13,270	8,844	-	9,372	-	33,451	2.73
Total financial liabilities	19,942	68,821	52,544	2,317	9,372	-	152,996	

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46 Financial instruments (Cont'd)

46.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

Transactions	Consolidated							Total Million Baht	Weighted average interest rates %
	2014								
	Repricing or maturity date								
At call Million Baht	0 - 3 months Million Baht	3 - 12 months Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	No maturity Million Baht				
Financial assets									
Interbank and money market items, net	30	1,825	-	-	-	-	1,855	2.64	
Investments, net	-	4,614	1,763	44,789	602	-	51,768	3.45	
Loans net of deferred revenue	71	22,859	14,908	20,858	2,637	-	61,333	8.68	
Total financial assets	101	29,298	16,671	65,647	3,239	-	114,956		
Financial liabilities									
Deposits	8,322	49,433	63,453	19,065	-	-	140,273	2.39	
Interbank and money market items	2,411	2,382	5,331	619	-	-	10,743	1.65	
Debt issued and borrowings	1,022	2,318	10,858	-	9,770	-	23,968	3.64	
Total financial liabilities	11,755	54,133	79,642	19,684	9,770	-	174,984		
The Bank									
2015									
Repricing or maturity date									
At call Million Baht	0 - 3 months Million Baht	3 - 12 months Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	No maturity Million Baht		Total Million Baht	Weighted average interest rates %	
Financial assets									
Interbank and money market items, net	-	10,133	-	-	-	-	10,133	1.53	
Investments, net	-	3,763	11,269	34,497	4,640	-	54,169	3.52	
Loans net of deferred revenue	1,565	26,922	12,357	16,586	2,356	-	59,786	6.96	
Accounts receivable - bill of exchange	-	60	722	775	-	-	1,557	2.73	
Total financial assets	1,565	40,878	24,348	51,858	6,996	-	125,645		
Financial liabilities									
Deposits	17,046	54,367	36,219	1,798	-	-	109,430	2.04	
Interbank and money market items	931	1,218	7,469	529	-	-	10,147	1.27	
Debt issued and borrowings	1,965	13,270	8,844	-	9,372	-	33,451	2.73	
Total financial liabilities	19,942	68,855	52,532	2,327	9,372	-	153,028		

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46 Financial instruments (Cont'd)

46.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

Transactions	The Bank						Total Million Baht	Weighted average interest rates %
	2014							
	Repricing or maturity date							
At call Million Baht	0 - 3 months Million Baht	3 - 12 months Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	No maturity Million Baht			
Financial assets								
Interbank and money market items, net	30	1,825	-	-	-	-	1,855	2.64
Investments, net	-	4,614	1,763	44,789	602	-	51,768	3.45
Loans net of deferred revenue	71	28,941	16,457	10,339	2,173	-	57,981	5.64
Total financial assets	101	35,380	18,220	55,128	2,775	-	111,604	
Financial liabilities								
Deposits	8,322	49,489	63,464	19,065	-	-	140,340	2.40
Interbank and money market items	2,411	2,369	5,294	594	-	-	10,668	1.65
Debt issued and borrowings	1,022	2,318	10,858	-	9,770	-	23,968	3.64
Total financial liabilities	11,755	54,176	79,616	19,659	9,770	-	174,976	

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

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46 Financial instruments (Cont'd)

46.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

The average balances of the financial assets and liabilities of the Bank generating revenues and expenses, calculated based on the average balances outstanding during the period, and the average interest and dividend rate for the years ended 31 December 2015 and 2014, can be summarised as follows:

	Consolidated					
	2015			2014		
	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)
<u>Performing financial assets</u>						
Interbank and money market items, net	8,665	73	0.85	4,846	151	3.11
Investments, net	56,617	1,598	2.82	53,194	1,535	2.89
Loans	194,376	12,937	6.66	178,422	12,234	6.86
Total performing financial assets	<u>259,658</u>	<u>14,608</u>		<u>236,462</u>	<u>13,920</u>	
<u>Performing financial liabilities</u>						
Deposits	173,969	3,891	2.24	162,817	3,921	2.44
Interbank and money market items	21,006	342	1.63	19,753	340	1.72
Financial liabilities designated at fair value through profit or loss	11,507	227	1.97	7,981	193	2.42
Debt issued and borrowings	27,735	853	3.08	28,820	838	2.91
Total performing financial liabilities	<u>234,217</u>	<u>5,313</u>		<u>219,371</u>	<u>5,292</u>	
The Bank						
	2015			2014		
	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)	Average balances Million Baht	Interest and dividend Million Baht	Average rate (%)
<u>Performing financial assets</u>						
Interbank and money market items, net	11,725	73	0.63	8,798	151	1.71
Investments, net	57,942	1,650	2.85	54,519	1,587	2.91
Loans	192,249	11,343	5.90	176,541	10,767	6.10
Total performing financial assets	<u>261,916</u>	<u>13,066</u>		<u>239,858</u>	<u>12,505</u>	
<u>Performing financial liabilities</u>						
Deposits	174,176	3,893	2.24	163,091	3,923	2.44
Interbank and money market items	22,034	338	1.53	20,462	327	1.60
Financial liabilities designated at fair value through profit or loss	11,507	227	1.97	7,981	193	2.42
Debt issued and borrowings	27,735	853	3.08	28,820	838	2.91
Total performing financial liabilities	<u>235,452</u>	<u>5,311</u>		<u>220,354</u>	<u>5,281</u>	

46 Financial instruments (Cont'd)

46.2 Market risk (Cont'd)

(b) Foreign exchange risk

In addition to the financial assets and liabilities denominated in foreign currencies already disclosed in the relevant notes to the financial statements as at 31 December 2015 and 2014, the Bank has the following net foreign currency positions categorised by major foreign currencies:

	(Unit: Equivalent to million USD)					
	Consolidated and the Bank					
	2015			2014		
	USD	EURO*	Other currencies*	USD	EURO*	Other currencies*
Spot	409.23	40.66	(86.00)	205.49	25.43	(107.32)
Forward						
- Forward contract	(438.04)	(39.24)	82.91	(216.88)	(24.10)	106.49
Total	(28.81)	1.42	(3.09)	(11.39)	1.33	(0.83)

* EURO and other currencies are stated in USD equivalents.

46.3 Liquidity risk

The period to maturity calculated from the statements of financial position date of financial instruments outstanding as at 31 December 2015 and 2014 were as follows:

Descriptions	Consolidated				
	2015				
	At call Million Baht	Less than 1 year Million Baht	More than 1 year Million Baht	No maturity Million Baht	Total Million Baht
<u>Financial assets</u>					
Cash	2,395	-	-	2	2,397
Interbank and money market items, net	4,163	10,130	-	-	14,293
Investments, net	-	15,530	39,136	225	54,891
Loans net of deferred revenue	15,072 ⁽¹⁾	42,579	140,956	-	198,607
Accounts receivable - bill of exchange	-	868	775	-	1,643
Total financial assets	21,630	69,107	180,867	227	271,831
<u>Financial liabilities</u>					
Deposits	77,890	90,523	1,804	-	170,217
Interbank and money market items	10,778	9,077	163	-	20,018
Liabilities payable on demand	321	-	-	-	321
Financial liabilities designated at fair value through profit or loss	-	-	16,040	-	16,040
Debt issued and borrowings	2,509	22,114	9,372	-	33,995
Total financial liabilities	91,498	121,714	27,379	-	240,591

⁽¹⁾ As at 31 December 2015, portions of loans classified as maturity-at-call in the consolidated and bank financial statements, of Baht 6,374 million and Baht 6,088 million respectively, (31 December 2014: Baht 6,355 million and Baht 5,698 million, respectively) are outstanding balances of defaulted loans classified as sub-standard or higher. However, repayment schedules of these loans are dependent upon new restructuring conditions.

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46 Financial instruments (Cont'd)

46.3 Liquidity risk (Cont'd)

Descriptions	Consolidated				
	2014				
	At call Million Baht	Less than 1 year Million Baht	More than 1 year Million Baht	No maturity Million Baht	Total Million Baht
Financial assets					
Cash	3,988	-	-	2	3,990
Interbank and money market items, net	4,701	1,822	-	-	6,523
Investments, net	-	8,993	45,391	869	55,253
Loans net of deferred revenue	14,203 ⁽¹⁾	46,298	129,467	-	189,968
Receivable from Thai Asset Management Corporation	-	-	3,572	-	3,572
Total financial assets	<u>22,892</u>	<u>57,113</u>	<u>178,430</u>	<u>871</u>	<u>259,306</u>
Financial liabilities					
Deposits	51,944	112,886	19,065	-	183,895
Interbank and money market items	9,973	7,706	626	-	18,305
Liabilities payable on demand	344	-	-	-	344
Financial liabilities designated at fair value through profit or loss	-	-	7,693	-	7,693
Debt issued and borrowings	1,566	13,176	9,770	-	24,512
Total financial liabilities	<u>63,827</u>	<u>133,768</u>	<u>37,154</u>	<u>-</u>	<u>234,749</u>

⁽¹⁾ As at 31 December 2015, portions of loans classified as maturity-at-call in the consolidated and bank financial statements, of Baht 6,374 million and Baht 6,088 million respectively, (31 December 2014: Baht 6,355 million and Baht 5,698 million, respectively) are outstanding balances of defaulted loans classified as sub-standard or higher. However, repayment schedules of these loans are dependent upon new restructuring conditions.

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46 Financial instruments (Cont'd)

46.3 Liquidity risk (Cont'd)

Descriptions	The Bank				
	2015				
	At call Million Baht	Less than 1 year Million Baht	More than 1 year Million Baht	No maturity Million Baht	Total Million Baht
Financial assets					
Cash	2,395	-	-	-	2,395
Interbank and money market items, net	4,100	10,130	-	-	14,230
Investments, net	-	15,530	39,136	225	54,891
Loans net of deferred revenue	16,998 ⁽¹⁾	48,741	130,907	-	196,646
Accounts receivable - bill of exchange	-	868	775	-	1,643
Total financial assets	23,493	75,269	170,818	225	269,805
Financial liabilities					
Deposits	78,119	90,579	1,804	-	170,502
Interbank and money market items	10,778	8,687	529	-	19,994
Liabilities payable on demand	321	-	-	-	321
Financial liabilities designated at fair value through profit or loss	-	-	16,040	-	16,040
Debt issued and borrowings	2,509	22,114	9,372	-	33,995
Total financial liabilities	91,727	121,380	27,745	-	240,852
The Bank					
2014					
Descriptions	At call Million Baht	Less than 1 year Million Baht	More than 1 year Million Baht	No maturity Million Baht	Total Million Baht
Financial assets					
Cash	3,988	-	-	-	3,988
Interbank and money market items, net	4,631	1,822	-	-	6,453
Investments, net	-	8,993	45,391	869	55,253
Loans net of deferred revenue	15,790 ⁽¹⁾	53,922	118,459	-	188,171
Receivable from Thai Asset Management Corporation	-	-	3,572	-	3,572
Total financial assets	24,409	64,737	167,422	869	257,437
Financial liabilities					
Deposits	52,088	112,953	19,065	-	184,106
Interbank and money market items	9,973	7,655	602	-	18,230
Liabilities payable on demand	344	-	-	-	344
Financial liabilities designated at fair value through profit or loss	-	-	7,693	-	7,693
Debt issued and borrowings	1,566	13,176	9,770	-	24,512
Total financial liabilities	63,971	133,784	37,130	-	234,885

⁽¹⁾ As at 31 December 2015, portions of loans classified as maturity-at-call in the consolidated and bank financial statements, of Baht 6,374 million and Baht 6,088 million respectively, (31 December 2014: Baht 6,355 million and Baht 5,698 million, respectively) are outstanding balances of defaulted loans classified as sub-standard or higher. However, repayment schedules of these loans are dependent upon new restructuring conditions.

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46 Financial instruments (Cont'd)

46.4 Fair value

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

Descriptions	Consolidated			
	2015		2014	
	Book value Million Baht	Fair value Million Baht	Book value Million Baht	Fair value Million Baht
Financial assets				
Cash	2,397	2,397	3,990	3,990
Interbank and money market items, net	14,293	14,293	6,523	6,523
Derivatives assets	25,581	25,581	10,804	10,804
Investments, net	54,891	55,309	55,253	55,567
Loans to customers, net	192,342	192,342	184,376	184,376
Accounts receivable - bill of exchange Receivable from Thai Asset Management Corporation	1,643	1,643	-	-
	-	-	3,572	3,572
Total financial assets	291,147	291,565	264,518	264,832
Financial liabilities				
Deposits	170,217	170,258	183,895	183,895
Interbank and money market items	20,018	20,064	18,305	18,305
Liability payable on demand	321	321	344	344
Financial liabilities designated at fair value through profit or loss	16,040	16,040	7,693	7,693
Derivatives liabilities	25,683	25,683	10,397	10,397
Debt issued and borrowings	33,995	34,235	24,512	24,313
Total financial liabilities	266,274	266,601	245,146	244,947
The Bank				
Descriptions	2015		2014	
	Book value Million Baht	Fair value Million Baht	Book value Million Baht	Fair value Million Baht
	Financial assets			
Cash	2,395	2,395	3,988	3,988
Interbank and money market items, net	14,230	14,230	6,453	6,453
Derivatives assets	25,581	25,581	10,804	10,804
Investments, net	54,891	55,309	55,253	55,567
Loans to customers, net	190,543	190,543	183,114	183,114
Accounts receivable - bill of exchange Receivable from Thai Asset Management Corporation	1,643	1,643	-	-
	-	-	3,572	3,572
Total financial assets	289,283	289,701	263,184	263,498
Financial liabilities				
Deposits	170,502	170,543	184,106	184,106
Interbank and money market items	19,994	19,994	18,230	18,230
Liability payable on demand	321	321	344	344
Financial liabilities designated at fair value through profit or loss	16,040	16,040	7,693	7,693
Derivatives liabilities	25,683	25,683	10,397	10,397
Debt issued and borrowings	33,995	34,235	24,512	24,313
Total financial liabilities	266,535	266,816	245,282	245,083

46 Financial instruments (Cont'd)

46.4 Fair value (Cont'd)

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

Cash and Interbank and money market items, net

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

Investments, net

The determination of fair value for investments, net, is as disclosed in Note 2.5 to the financial statements except the estimated fair value for held to maturity debt securities and general investment are based on quoted and observable market price. Where there is no ready market in certain securities, the Group are initially recognised at purchase price plus transaction costs and subsequently accounted for at amortised cost using effective interest method, less allowance for decrease in value, if any, and general investment is stated at cost, less allowance for decrease in value, if any.

Loans to customers, net

Loan to customer, net including non-performing loans with floating rate interest, the fair value is estimated by using loans and accrued interest receivables deduct allowance for doubtful debts.

Accounts receivable - bill of exchange

The carrying amounts of account receivable - bill of exchange presented in the statement of financial position approximate fair values.

Receivable from Thai Asset Management Corporation

The carrying amounts of receivable from Thai Asset Management Corporation presented in the statement of financial position approximate fair values.

Deposits

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

Interbank and money market items, net (liabilities)

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

Liability payable on demand

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

Debt issued and borrowings

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

46 Financial instruments (Cont'd)

46.5 Financial derivatives

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

As at 31 December 2015 and 2014, financial derivatives as classified by their maturities were as follows:

	Consolidated and the Bank					
	2015			2014		
	Less than 1 year Million Baht	Over 1 year Million Baht	Total Million Baht	Less than 1 year Million Baht	Over 1 year Million Baht	Total Million Baht
Forward and spot contracts						
- Bought	455,908	7,504	463,412	305,000	3,427	308,427
- Sold	371,917	3,853	375,770	260,012	855	260,867
Cross-currency and interest rate swap contracts						
- Bought	9,659	87,424	97,083	2,571	53,672	56,243
- Sold	81,143	82,094	163,237	37,907	51,967	89,874
Interest rate swap contracts						
- Fixed-rate payee	258,112	294,300	552,412	165,284	213,336	378,620
- Floating-rate payee	307,395	322,722	630,117	181,743	234,992	416,735
Foreign exchange options						
- Call-option sales contract	444	-	444	33	-	33
- Put-option sales contract	1,148	1,040	2,188	818	1,659	2,477
- Call-option purchase contract	1,956	1,046	3,002	2,544	1,502	4,046
- Put-option purchase contract	527	-	527	33	-	33
Swaption						
- Sold	-	100	100	-	100	100
Commodity						
- Bought	199	-	199	-	-	-
- Sold	61	-	61	-	-	-

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

47 Fair value

47.1 Fair value estimation

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

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

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2015.

	Consolidated and the Bank			
	Level 1 Million Baht	Level 2 Million Baht	Level 3 Million Baht	Total Million Baht
Assets				
Securities held for trading	-	5,869	-	5,869
Available-for-sale securities	98	26,420	-	26,518
Derivative assets	-	25,581	-	25,581
Total assets	98	57,870	-	57,968
Liabilities				
Financial liabilities designated at fair value through profit or loss	-	16,040	-	16,040
Derivatives liabilities	-	25,683	-	25,683
Total liabilities	-	41,723	-	41,723

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47 Fair value (Cont'd)

47.1 Fair value estimation (Cont'd)

The following table presents the Group's financial assets and liabilities that are not measured at fair value at 31 December 2015.

	Consolidated			
	2015			
	Level 1	Level 2	Level 3	Total
	Million	Million	Million	Million
	Baht	Baht	Baht	Baht
Assets				
Cash	2,397	-	-	2,397
Interbank and money market items, net	3,618	10,675	-	14,293
Held-to-maturity debt securities	-	22,795	-	22,795
General investments	-	-	105	105
Loans and accrued interest receivables, net	-	192,342	-	192,342
Total assets	6,015	225,812	105	231,932
Liabilities				
Deposits	-	170,258	-	170,258
Interbank and money market items, net	-	20,063	-	20,063
Liability payable on demand	-	321	-	321
Debt issued and borrowings	-	34,235	-	34,235
Total liabilities	-	224,877	-	224,877
The Bank				
2015				
	Level 1	Level 2	Level 3	Total
	Million	Million	Million	Million
	Baht	Baht	Baht	Baht
Assets				
Cash	2,395	-	-	2,395
Interbank and money market items, net	3,555	10,675	-	14,230
Held-to-maturity debt securities	-	22,795	-	22,795
General investments	-	-	105	105
Loans and accrued interest receivables, net	-	190,543	-	190,543
Total assets	5,950	224,013	105	230,608
Liabilities				
Deposits	-	170,543	-	170,543
Interbank and money market items, net	-	19,994	-	19,994
Liability payable on demand	-	321	-	321
Debt issued and borrowings	-	34,235	-	34,235
Total liabilities	-	225,093	-	225,093

47 Fair value (Cont'd)

47.2 Valuation techniques used to derive Level 2 fair values

Level 2 trading and hedging derivatives comprise forward foreign exchange contracts and interest rate swaps. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives.

Level 2 debt investments are fair valued using a discounted cash flow approach, which discounts the contractual cash flows using discount rates derived from observable market prices of other quoted debt instruments of the counterparties.

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

	Consolidated and the Bank
	General Investments 2015
	Million Baht
Opening balance at 1 January	144
Gains recognised in profit and loss	2
Provision	(4)
Sale	(7)
Decrease in capital of general investments	(30)
Closing balance at 31 December	<u>105</u>

Investment classified under Level 3 is general investment which is presented at costs less allowance for impairment (if any). Fair value is calculated based on the net assets value of the invested company according to the proportion that the Bank invested. Management believe that the book value is not significantly different from fair value.

48 Agreement to transfer non-performing loans to TAMC

On 12 October 2001, the Bank entered into an agreement to transfer non-performing loans to Thai Asset Management Corporation ("TAMC") in accordance with the Emergency Decree establishing TAMC.

As at 31 December 2015 and 2014, the Group have transferred loans to TAMC as follows:

	Consolidated and the Bank			
	2015		2014	
	Book value Million Baht	Transfer price Million Baht	Book value Million Baht	Transfer price Million Baht
Loans transferred to TAMC				
CAP	82,487	21,932	82,487	21,932
NON CAP	15,774	3,465	15,774	3,465
Total	<u>98,261</u>	<u>25,397</u>	<u>98,261</u>	<u>25,397</u>
<u>Less</u> TAMC notes which have been redeemed by TAMC		<u>(25,397)</u>		<u>(25,389)</u>
Outstanding TAMC notes (included in long-term investments; classified as held-to-maturity debt securities) (Note 9.1 (a))		<u>-</u>		<u>8</u>

The Bank is to receive payment in the form of non-transferable, 10-year promissory notes, avaled by the FIDF and bearing interest at the average deposit rate of the 5 major banks. As at 31 December 2014, the Bank recognised interest receivable under these promissory notes amounting to Baht 0.5 million

48 Agreement to transfer non-performing loans to TAMC (Cont'd)

Share of the unrealised gain and losses arising from management of the non-performing loans

Under the agreement to transfer non-performing loans to TAMC, the Bank joined TAMC in sharing the gains and losses arising from TAMC's management of said loans, which is to be allocated at the end of the agreement starting from 1 July 2001. The Bank is liable for all initial losses up to 20 percent of the transfer price. Further losses of up to another 20 percent of the transfer price are to be shared equally between the Bank and TAMC, while TAMC is liable for all remaining losses thereafter. According to the agreement, expenses of TAMC and the interest expenses of promissory notes issued by TAMC will be included in the calculation of the gain/loss sharing. Initial profits of up to 20 percent of the transfer price are to be shared equally between the Bank and TAMC. Further gains which, when combined with the initial portion, do not exceed the difference between the book value of the transferred non-performing assets and their transfer price, belong to the Bank. All remaining gains will belong to TAMC. For loan debtors transferred at no cost, collections received after deducting debt management expenses will belong to the Bank.

However, on 17 November 2006, the Bank transferred rights over future gain sharing, under the agreement to transfer CAP loans to TAMC, to FIDF, although the Bank is still obligated to share losses with TAMC.

During the period, according to the memorandum of gain (loss) sharing no. KorKorMor. 64/2558 between the Comptroller General's Department, FIDF and the Bank, in February 2015, the Comptroller General's Department agreed to pay the outstanding balance of Baht 3,572 million by settlement in cash amounting to Baht 3,370 million and promissory notes issued by Bangkok Commercial Asset Management Co., Ltd. amounting to Baht 202 million. The Bank received the money and the promissory notes on 20 February 2015 and 23 February 2015, respectively. Then, as at 31 December 2015, the Bank has no receivable from TAMC (31 December 2014: Baht 3,572 million).