

CIMB THAI BANK PUBLIC COMPANY LIMITED

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31 DECEMBER 2016

Independent Auditor's Report

To the shareholders of CIMB Thai Bank Public Company Limited

My opinion

In my opinion, the consolidated financial statements of CIMB Thai Bank Public Company Limited (the Bank) and its subsidiaries (the Group) and the separate financial statements of the Bank present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Bank as at 31 December 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

What I have audited

I have audited the consolidated and separate financial statements of the Group and the Bank, which comprise the consolidated and separate statements of financial position as at 31 December 2016, and the related consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Bank in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter**How my audit addressed the key audit matter*****Allowance for doubtful accounts on loans to customers***

Refer to Note 2.9 for the accounting policy of the Group relating to allowance for doubtful accounts. For disclosures relating to loans to customers, refer to Note 9.

Loans to customers are a significant portion constituting 66% of total assets. As at 31 December 2016 the total loans portfolio of the Group comprises of loans of commercial banking business which constitutes 87.77%, and hire-purchase receivables generated from the operations of the Group's subsidiaries 12.23%. Management applied a quantitative approach and qualitative factors to an estimation of the allowance for doubtful accounts on certain loans and portfolio of loans to customers.

Management set up allowances on the Group's individual customers, principally based on the Bank of Thailand's guidelines as well as management's assessment of the repayment capacity of individual customers. Management assessed the financial status of individual customers and may hold additional allowance wherever required. This included considering, in addition to objective criteria, other qualitative factors that include but aren't limited to payment history, financial position and the performance of the customer, key financial ratios, industry trends etc.

For non-performing loans, management considered expected future cash flows from debt collection which required appropriate assumptions in accordance about economic conditions and from disposing of collateral which has been appraised by the professional valuers.

Considering the economic conditions and credit risk in overall loans to customers, management used judgements and hold overlays as general allowance for further losses, if any.

Based on the significance, level of subjectivity and estimation uncertainty, allowance for doubtful accounts on loans to customers is a key area of focus.

I tested the design, implementation and operating effectiveness of key controls over input data and the calculation of allowances as follows:

- I tested management's controls over data accuracy, assessed the application of appropriate methodologies and appropriateness of systems, processes and internal controls in relation to generating the reliable results.
- I tested the key controls (both automated and manual). I involved my information technology specialists to test access controls to the system and controls over the computation of allowance for doubtful accounts, including the completeness and accuracy of customers' accounts used in the computation. I also tested controls over data input into the system, collateral valuation, transfer of data and reconciliations between the loans source systems to the general ledger.
- I tested management's controls over review and approval of setting up an allowance for doubtful accounts.
- I read minutes of key committee meetings - especially the credit committee, risk committee, management committees and Board of Director meetings of companies in the Group.

I didn't find any exception from my testing, with the result that I relied on controls of the Group in my audit. In addition, I also used the following audit procedures.

I independently performed a credit analysis where I selected loans based on risk exposures. I tested the classification of those loans and examined the allowance in accordance with the regulatory requirements. On certain loans, management set up an additional allowance, I understood the management's process and assessed the appropriateness of borrower's capacity to pay using internal and external evidence, and assessed the appropriateness of those allowances.

I critically assessed for any extra allowance which hadn't been identified by management. I found no material exceptions.

For non-performing loans, I tested cash flow projections from repayment and appraisal value of collateral, in order to assess the appropriateness of allowance for doubtful accounts:

- I challenged the basic cash flow projections prepared by management and assessed the appropriateness of projections by examining them against the relevant supporting evidence and had a detailed discussion with management on the future cash flows expected from customer. I also used professional judgement and external evidence, if any, to assess those projections.

Key audit matter	How my audit addressed the key audit matter
	<ul style="list-style-type: none"> For collateral valuations performed by the professional valuers, I checked their qualifications. Then, I sampled those valuations to check that the management used the latest valuations in the computation of allowance for doubtful accounts. I assessed the appropriateness of the valuation methodologies by considering that the valuers used the methodology allowed by the regulators. I also checked the accuracy of the collateral value deducted from loan outstanding. <p>I tested the management's review and approval process for general provision. I assessed the appropriateness of general provision by using my industry experience and knowledge, in the light of current economic conditions. I also performed an assessment for the appropriateness of general provisions by comparing the proportion of the allowance to the loan of the Bank with other major banks in Thailand.</p> <p>Based on the work I performed I didn't find any difference which is material to overall financial statements.</p>

Valuation of derivative financial instruments

Refer to Note 2.18 for the accounting policy of the Group relating to derivative financial instruments. For disclosures relating to derivatives refer to the Note 7.

<p>As at 31 December 2016, the Group's derivatives financial instruments mainly comprise of derivatives, assets and liabilities amounting to Baht 21,235 million amounting to Baht 21,381 million, respectively. Valuation of these derivatives was performed by the management by making judgments in determining the appropriate valuation methodology and use of relevant data which resulted in valuation risk.</p> <p>The valuation of derivatives was my key area of focus. For derivatives financial instruments valuation methodologies were complicated and I applied valuation techniques.</p> <p>Valuation of derivatives financial instruments depends highly on the valuation methodology and market data, inappropriate usage of any of them could have a significant impact on the financial statements.</p>	<p>I assessed the operating effectiveness of the following key controls over the valuation of derivatives financial instruments:</p> <ul style="list-style-type: none"> Controls over the computerised system used for the valuation of derivatives financial instruments. I defined the scope of work with the information technology specialist team during the audit planning phase and used the results of tests of information technology general controls and application controls performed. Manual controls over the completeness, appropriateness and accuracy of data input into the system. I tested the controls over reconciliations for the data uploaded into the systems, and reconciliations between the derivatives source systems and financial reporting systems. <p>I didn't find any exception from my tests and I could rely on these controls for the purpose of my audit.</p> <p>I performed further procedures in addition to control testing. On a sample basis, I independently measured valuations based on market data as a benchmark, then assessed the reason for variance against the Group's valuation result. There was no material variance which wasn't explainable.</p>
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Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Bank's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.

Anothai Leekitwattana
Certified Public Accountant (Thailand) No. 3442
Bangkok
24 February 2017

CIMB Thai Bank Public Company Limited

Statements of Financial Position

As at 31 December 2016

	Notes	Consolidated		Separate	
		31 December	31 December	31 December	31 December
		2016	2015	2016	2015
		Baht	Baht	Baht	Baht
Assets					
Cash		1,938,616,493	2,397,196,928	1,936,147,365	2,395,111,405
Interbank and money market items, net	6	8,527,657,244	14,292,801,636	8,463,665,047	14,229,670,008
Derivative assets	7	21,235,341,272	25,581,046,242	21,235,341,272	25,581,046,242
Investments, net	8	55,061,910,795	54,891,019,817	55,061,910,795	54,891,019,817
Investments in subsidiaries, net	8	-	-	1,324,920,707	1,324,920,707
Loans and accrued interest receivables	9				
Loans		211,437,378,135	203,552,832,710	202,939,467,801	196,736,743,351
Accrued interest receivables		589,798,750	520,569,785	593,582,295	524,470,027
Total loans and accrued interest receivables		212,027,176,885	204,073,402,495	203,533,050,096	197,261,213,378
<u>Less</u> Deferred revenue		(5,848,448,651)	(4,945,478,647)	(38,988,676)	(90,837,521)
<u>Less</u> Allowance for doubtful debts	10	(9,793,289,246)	(6,730,530,954)	(9,666,516,204)	(6,572,231,944)
<u>Less</u> Revaluation allowance for debt restructuring	11	(45,259,015)	(55,383,987)	(45,259,015)	(55,383,987)
Loans and accrued interest receivables, net		196,340,179,973	192,342,008,907	193,782,286,201	190,542,759,926
Customers' liability under acceptance		45,230,520	41,017,884	45,230,520	41,017,884
Properties for sale, net	12	1,285,079,244	1,194,255,368	1,195,702,862	1,109,004,276
Premises and equipment, net	13	3,670,638,674	2,769,718,388	3,609,493,321	2,714,361,639
Intangible assets, net	14	368,387,320	378,987,475	363,158,838	373,090,594
Deferred tax assets	15	1,289,224,887	1,040,358,204	1,075,692,045	862,314,440
Other assets, net	16	7,708,041,398	9,692,983,893	7,529,507,359	9,533,185,948
Total assets		297,470,307,820	304,621,394,742	295,623,056,332	303,597,502,886

Director _____ Director _____

The accompanying notes to the consolidated and bank financial statements from page 15 to 108 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited

Statements of Financial Position (Cont'd)

As at 31 December 2016

	Notes	Consolidated		Separate	
		31 December	31 December	31 December	31 December
		2016	2015	2016	2015
		Baht	Baht	Baht	Baht
Liabilities and equity					
Liabilities					
Deposits	17	183,663,324,706	170,217,136,926	183,877,466,049	170,502,086,949
Interbank and money market items, net	18	11,595,328,411	20,018,416,948	11,595,328,411	19,994,416,948
Liability payable on demand		250,092,171	320,768,448	250,092,171	320,768,448
Financial liabilities designated at fair value through profit or loss	19	18,873,674,513	16,039,533,025	18,873,674,513	16,039,533,025
Derivative liabilities	7	21,381,015,668	25,682,672,770	21,381,015,668	25,682,672,770
Debt issued and borrowings	20	25,582,513,107	33,994,659,909	25,582,513,107	33,994,659,909
Bank's liability under acceptance		45,230,520	41,017,884	45,230,520	41,017,884
Provisions	21	1,997,419,699	1,641,262,617	1,919,842,460	1,578,957,438
Other liabilities	22	7,376,288,614	9,557,915,819	6,809,617,409	9,126,765,983
Total liabilities		270,764,887,409	277,513,384,346	270,334,780,308	277,280,879,354
Equity					
Share capital	23				
Registered					
24,774,731,679 ordinary shares of Baht 0.50 each		12,387,365,840		12,387,365,840	
27,410,341,432 ordinary shares of Baht 0.50 each			13,705,170,716		13,705,170,716
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	12,387,365,840	12,387,365,840
Premium on share capital		5,712,665,258	5,712,665,258	5,712,665,258	5,712,665,258
Other reserves	24	1,094,080,196	720,704,664	1,115,382,330	737,068,079
Accretion of equity interests in subsidiary		(42,753,751)	(42,753,751)	-	-
Retained earnings					
Appropriated - statutory reserve	25	397,800,000	365,950,000	397,800,000	365,950,000
Unappropriated		7,156,262,868	7,964,078,385	5,675,062,596	7,113,574,355
Total equity		26,705,420,411	27,108,010,396	25,288,276,024	26,316,623,532
Total liabilities and equity		297,470,307,820	304,621,394,742	295,623,056,332	303,597,502,886

The accompanying notes to the consolidated and bank financial statements from page 15 to 108 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited
Statements of Comprehensive Income
For the year ended 31 December 2016

	Notes	Consolidated		Separate	
		2016 Baht	2015 Baht	2016 Baht	2015 Baht
Interest income	30	14,671,929,135	14,620,048,451	12,723,807,296	13,025,701,782
Interest expenses	31	(4,806,163,382)	(6,143,023,747)	(4,806,998,270)	(6,141,335,838)
Net interest income		9,865,765,753	8,477,024,704	7,916,809,026	6,884,365,944
Fees and service income		1,837,426,211	1,734,247,566	1,289,666,205	1,374,889,474
Fees and service expenses		(201,845,300)	(266,581,243)	(238,708,889)	(319,343,580)
Net fees and services income	32	1,635,580,911	1,467,666,323	1,050,957,316	1,055,545,894
Gains on tradings and foreign exchange transactions	33	1,402,493,444	1,819,384,602	1,402,493,444	1,819,384,602
Losses on financial instrument designated at fair value through profit or loss	34	(810,387,742)	(458,154,763)	(810,387,742)	(458,154,763)
Gains on investments	35	482,570,051	551,005,717	482,570,051	551,005,717
Other operating income	36	352,086,453	377,101,198	329,240,877	383,010,621
Total operating income		12,928,108,870	12,234,027,781	10,371,682,972	10,235,158,015
Other operating expenses					
Employee expenses		3,857,722,186	3,753,835,420	3,302,361,160	3,236,564,534
Directors' remuneration		12,598,400	11,080,000	12,262,400	10,744,000
Premises and equipment expenses		1,279,866,016	1,404,482,827	1,150,024,878	1,277,119,380
Taxes and duties		461,092,983	458,627,188	441,485,090	442,470,291
Others		1,812,232,818	1,499,238,226	1,259,456,059	950,068,015
Total other operating expenses		7,423,512,403	7,127,263,661	6,165,589,587	5,916,966,220
Bad and doubtful debts and impairment losses	37	6,279,268,383	3,770,112,827	5,785,126,100	3,425,200,000
(Loss) profit before income tax expenses		(774,671,916)	1,336,651,293	(1,579,032,715)	892,991,795
Income tax expenses	38	145,146,699	(284,169,352)	318,811,256	(185,657,054)
Net (loss) profit for the years		(629,525,217)	1,052,481,941	(1,260,221,459)	707,334,741

The accompanying notes to the consolidated and bank financial statements from page 15 to 108 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 2016

	Consolidated		Separate	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Other comprehensive income (expenses)				
Items that will be reclassified				
subsequently to profit or loss				
(Losses) gains on remeasuring available-for-sale investments	(644,156,155)	12,859,905	(644,156,155)	12,859,905
(Losses) gains arising from translating the financial statement of a foreign operation	(1,206,592)	28,964,409	(1,206,592)	28,964,409
Gains (losses) on cash flow hedges	58,446,328	(25,306,951)	58,446,328	(25,306,951)
Income tax relating to items that will be reclassified subsequently to profit or loss	117,141,965	2,489,409	117,141,965	2,489,409
Total items that will be reclassified subsequently to profit or loss	(469,774,454)	19,006,772	(469,774,454)	19,006,772
Items that will not be reclassified				
subsequently to profit or loss				
Changes in revaluation surplus	1,078,204,826	(125,210,829)	1,078,204,826	(125,210,829)
Remeasurements of post-employment benefit obligations	(24,267,343)	(107,191,305)	(18,093,944)	(102,130,316)
Income tax relating to items that will not be reclassified subsequently to profit or loss	(210,787,497)	46,480,426	(212,022,177)	45,468,228
Total items that will not be reclassified subsequently to profit or loss	843,149,986	(185,921,708)	848,088,705	(181,872,917)
Total other comprehensive income (expenses)	373,375,532	(166,914,936)	378,314,251	(162,866,145)
Total comprehensive (expenses) income for the years	(256,149,685)	885,567,005	(881,907,208)	544,468,596

The accompanying notes to the consolidated and bank financial statements from page 15 to 108 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 2016

	Consolidated		Separate	
	2016	2015	2016	2015
Note	Baht	Baht	Baht	Baht
Net (loss) profit attributable to:				
Equity holders of the Bank	(629,525,217)	1,052,481,941	(1,260,221,459)	707,334,741
Non-controlling interests	-	-	-	-
	<u>(629,525,217)</u>	<u>1,052,481,941</u>	<u>(1,260,221,459)</u>	<u>707,334,741</u>
Total comprehensive (expenses) income attributable to:				
Equity holders of the Bank	(256,149,685)	885,567,005	(881,907,208)	544,468,596
Non-controlling interests	-	-	-	-
	<u>(256,149,685)</u>	<u>885,567,005</u>	<u>(881,907,208)</u>	<u>544,468,596</u>
Earnings per share for (loss) profit attributable to the equity holders of the Bank				
	40			
Basic (loss) earnings per share (Baht per share)	<u>(0.03)</u>	<u>0.05</u>	<u>(0.05)</u>	<u>0.03</u>
Weighted average number of ordinary shares (shares)	<u>24,774,731,679</u>	<u>21,650,992,558</u>	<u>24,774,731,679</u>	<u>21,650,992,558</u>

The accompanying notes to the consolidated and bank financial statements from page 15 to 108 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 2016

Consolidated														
Attributable to owners of the Bank														
	Notes	Other reserves												Total
		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	Gains (losses) arising from translating the financial statement of a foreign operation	Gains (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	
		Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Balance as at 1 January 2016		12,387,365,840	5,712,665,258	969,952,859	(231,252,097)	291,736,776	36,302,019	(174,934,230)	(171,100,663)	720,704,664	(42,753,751)	365,950,000	7,964,078,385	27,108,010,396
Dividend paid	26	-	-	-	-	-	-	-	-	-	-	-	(185,810,488)	(185,810,488)
Total comprehensive income (expenses) for the year				1,078,204,826	(24,267,343)	(644,156,155)	(1,206,592)	58,446,328	(93,645,532)	373,375,532	-	-	(629,525,217)	(256,149,685)
Appropriated - statutory reserve	25	-	-	-	-	-	-	-	-	-	-	31,850,000	(31,850,000)	-
Transfer to retained earnings		-	-	-	-	-	-	-	-	-	-	-	39,370,188	39,370,188
Balance as at 31 December 2016		<u>12,387,365,840</u>	<u>5,712,665,258</u>	<u>2,048,157,685</u>	<u>(255,519,440)</u>	<u>(352,419,379)</u>	<u>35,095,427</u>	<u>(116,487,902)</u>	<u>(264,746,195)</u>	<u>1,094,080,196</u>	<u>(42,753,751)</u>	<u>397,800,000</u>	<u>7,156,262,868</u>	<u>26,705,420,411</u>
Balance as at 1 January 2015		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	26	-	-	-	-	-	-	-	-	-	-	-	(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	25	-	-	-	-	-	-	-	-	-	-	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>

The accompanying notes to the consolidated and bank financial statements from page 15 to 108 are an integral part of these financial statements.

Notes	Separate												Total Baht
	Other reserves												
	Issued and paid-up share capital Baht	Share premium Baht	Revaluation surplus on assets Baht	Remeasurements of post-employment benefit obligations Baht	Revaluation (deficit) on change in value of investments Baht	Gains (losses) arising from translating the financial statement of a foreign operation Baht	Gains (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	
Balance as at 1 January 2016	12,387,365,840	5,712,665,258	969,952,859	(210,797,829)	291,736,776	36,302,019	(174,934,230)	(175,191,516)	737,068,079	365,950,000	7,113,574,355	26,316,623,532	
Dividend paid	26	-	-	-	-	-	-	-	-	-	(185,810,488)	(185,810,488)	
Total comprehensive income (expenses) for the year	-	-	1,078,204,826	(18,093,944)	(644,156,155)	(1,206,592)	58,446,328	(94,880,212)	378,314,251	-	(1,260,221,459)	(881,907,208)	
Appropriated - statutory reserve	25	-	-	-	-	-	-	-	-	31,850,000	(31,850,000)	-	
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	39,370,188	39,370,188	
Balance as at 31 December 2016	<u>12,387,365,840</u>	<u>5,712,665,258</u>	<u>2,048,157,685</u>	<u>(228,891,773)</u>	<u>(352,419,379)</u>	<u>35,095,427</u>	<u>(116,487,902)</u>	<u>(270,071,728)</u>	<u>1,115,382,330</u>	<u>397,800,000</u>	<u>5,675,062,596</u>	<u>25,288,276,024</u>	
Balance as at 1 January 2015	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	26	-	-	-	-	-	-	-	-	-	(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	25	-	-	-	-	-	-	-	-	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>	

CIMB Thai Bank Public Company Limited
Statements of Cash Flows
For the year ended 31 December 2016

	Consolidated		Separate	
	2016	2015	2016	2015
Notes	Baht	Baht	Baht	Baht
Cash flows from operating activities				
(Loss) profit before corporate income tax	(774,671,916)	1,336,651,293	(1,579,032,715)	892,991,795
Adjustments to reconcile net income before income tax to cash in (out) flows from operating activities:				
Depreciation and amortisation	440,170,964	497,330,736	414,246,806	470,167,340
Bad debts and doubtful accounts	37 6,279,268,383	3,770,112,827	5,785,126,100	3,425,200,000
Provision for off-balance sheet items	302,644,995	14,347,673	302,644,995	14,347,673
Share-based payment	30,526,962	10,277,930	30,526,962	10,277,930
Provision for liabilities	151,748,809	172,221,337	142,650,148	166,067,925
Losses (gains) on impairment of properties for sale	5,250,682	(96,738,212)	1,388,641	248,119
Losses on impairment of other assets	11,684,173	-	11,684,173	-
Losses on impairment of investments	-	4,290,484	-	4,290,484
Unrealised gains on exchange and derivatives	(425,352,139)	(322,857,972)	(425,352,139)	(322,857,972)
Losses (gains) on properties for sale	322,090,738	468,815,242	(108,592,164)	(91,006,865)
Unrealised losses (gains) on revaluation of investments	96,264,552	(571,459)	96,264,552	(571,459)
Gains on sale of investments	(470,349,197)	(728,736,343)	(470,349,197)	(728,736,343)
Gains on disposal of premises and equipment	(29,016,065)	(13,074,954)	(26,932,026)	(11,486,702)
Gains on surplus from of revaluation of assets	(2,392,301)	-	(2,392,301)	-
(Gains) losses on impairment of premises and equipment	(10,064,738)	9,604,772	(10,064,738)	9,604,772
Losses from write off premises and equipment	48,312,019	27,967,972	48,312,019	27,967,972
Losses from write off leasehold rights	10,658,464	36,576	10,658,464	36,576
Losses on financial liabilities designated at fair value through profit or loss	34 810,387,742	458,154,763	810,387,742	458,154,763
Interest and dividend income	(14,691,524,064)	(14,671,879,227)	(12,785,751,455)	(13,077,532,558)
Interest expenses	3,815,050,461	5,141,242,289	3,815,885,348	5,139,554,380
Losses from operations before changes in operating assets and liabilities	(4,079,311,476)	(3,922,804,273)	(3,938,690,785)	(3,613,282,170)
(Increase) decrease in operating assets				
Interbank and money market items	5,762,463,266	(7,769,716,740)	5,763,323,834	(7,776,075,046)
Investments held for trading	(1,342,468,824)	965,186,346	(1,342,468,824)	965,186,346
Loans	(12,208,351,681)	(12,946,534,144)	(9,261,228,058)	(10,448,746,321)
Properties for sale	1,709,786,609	2,065,664,313	454,003,598	754,590,140
Receivable from Thai Asset Management Corporation	-	3,486,699,265	-	3,486,699,265
Other assets	1,899,646,123	(6,180,186,065)	1,915,526,015	(6,203,974,364)
Increase (decrease) in operating liabilities				
Deposits	13,446,187,779	(13,677,513,614)	13,375,379,100	(13,603,652,904)
Interbank and money market items	(8,423,088,537)	1,713,650,171	(8,399,088,537)	1,764,050,171
Liability payable on demand	(70,676,277)	(23,522,672)	(70,676,277)	(23,522,672)
Short-term borrowings	(14,314,372,766)	9,882,271,652	(14,314,372,766)	9,882,271,652
Provisions	(122,504,066)	(123,010,806)	(122,504,066)	(124,023,003)
Other liabilities	(1,911,540,150)	4,254,220,690	(1,921,335,943)	4,169,679,412
Cash flows used in operating activities	(19,654,230,000)	(22,275,595,877)	(17,862,132,709)	(20,770,799,494)
Cash received from interest income	13,236,817,311	12,884,956,736	11,288,812,167	11,290,617,897
Cash paid for interest expenses	(4,506,261,540)	(5,243,286,425)	(4,507,130,058)	(5,241,650,019)
Cash paid for income tax	(260,166,103)	(158,713,168)	(175,078,844)	(82,567,693)
Net cash flows used in operating activities	(11,183,840,332)	(14,792,638,734)	(11,255,529,444)	(14,804,399,309)

The accompanying notes to the consolidated and bank financial statements from page 15 to 108 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 2016

	Consolidated		Separate	
	2016	2015	2016	2015
Notes	Baht	Baht	Baht	Baht
Cash flows from investing activities				
Cash paid for purchases of available-for-sale securities	(37,905,998,597)	(29,765,886,180)	(37,905,998,597)	(29,765,886,180)
Proceeds from disposals of available-for-sale securities	32,003,101,453	27,203,327,558	32,003,101,453	27,203,327,558
Proceeds from maturity of available-for-sale securities	1,607,800,000	510,978,043	1,607,800,000	510,978,043
Cash paid for purchases of held to maturity securities	(5,074,765,297)	(4,922,649,754)	(5,074,765,297)	(4,922,649,754)
Proceeds from disposals of held to maturity securities	480,340	-	480,340	-
Proceeds from maturity of held to maturity securities	9,830,560,000	6,666,336,490	9,830,560,000	6,666,336,490
Proceeds from repayment of investment in receivable	2,974,664	20,702,034	2,974,664	20,702,034
Proceeds from disposals of general investments	942,262	6,927,784	942,262	6,927,784
Proceeds from decrease in capital of general investments	31,750,000	30,000,000	31,750,000	30,000,000
Cash paid for purchases of premises and equipment	(248,780,868)	(152,719,262)	(218,862,488)	(140,749,076)
Proceeds from disposals of premises and equipment	39,224,327	21,370,934	36,746,101	19,267,618
Cash paid for purchases of intangible assets	(108,847,701)	(127,149,554)	(107,327,530)	(125,449,171)
Dividend received	19,594,927	51,830,775	61,944,159	51,830,775
Interest received	1,800,077,764	1,934,291,399	1,800,073,714	1,934,284,359
Net cash flows provided by investing activities	1,998,113,274	1,477,360,267	2,069,418,781	1,488,920,480
Cash flows from financing activities				
Dividend paid	26 (185,810,488)	(158,136,585)	(185,810,488)	(158,136,585)
Proceeds from issuing subordinate debentures	5,007,729,300	-	5,007,729,300	-
Cash paid for redemption of subordinated debentures	(3,000,000,000)	-	(3,000,000,000)	-
Proceeds from issuance of structured bills of exchange and debentures	10,516,592,516	12,802,546,172	10,516,592,516	12,802,546,172
Cash paid for redemption of structured bills of exchange and debentures	(3,610,000,000)	(4,639,000,000)	(3,610,000,000)	(4,639,000,000)
Cash received from capital increase	-	3,689,853,654	-	3,689,853,654
Net cash flows provided by financing activities	8,728,511,328	11,695,263,241	8,728,511,328	11,695,263,241
(Gains) losses on foreign currency translation differences	(1,364,705)	27,590,216	(1,364,705)	27,590,216
Net decrease in cash and cash equivalents	(458,580,435)	(1,592,425,010)	(458,964,040)	(1,592,625,372)
Cash and cash equivalents at beginning of the years	2,397,196,928	3,989,621,938	2,395,111,405	3,987,736,777
Cash and cash equivalents at the end of the years	1,938,616,493	2,397,196,928	1,936,147,365	2,395,111,405
Supplemental disclosure of cash flows information				
Non-cash transaction:				
Payable from purchase premises and equipment	7,885,214	6,082,109	7,885,214	6,082,109
Properties for sale received from premises and equipment	116,468,697	60,976,206	116,468,697	60,976,206
Change in revaluation surplus in available-for-sale	644,156,155	12,859,905	644,156,155	12,859,905
Interest amortisation from premium or discount	404,473,541	385,340,992	404,473,541	385,340,992

The accompanying notes to the consolidated and bank financial statements from page 15 to 108 are an integral part of these financial statements.

CIMB Thai Bank Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2016

Note	Content	Page
1	General information	16
2	Accounting policies	16
3	Financial risk management	33
4	Critical accounting estimates, assumptions and judgements	34
5	Capital risk management	35
6	Interbank and money market items, net (assets)	36
7	Derivatives	38
8	Investments, net	40
9	Loans and accrued interest receivables, net	44
10	Allowance for doubtful debts	51
11	Revaluation allowance for debt restructuring	52
12	Properties for sale, net	53
13	Premises and equipment, net	55
14	Intangible assets, net	61
15	Deferred income taxes	62
16	Other assets, net	64
17	Deposits	65
18	Interbank and money market items (liabilities)	66
19	Financial liabilities designated at fair value through profit or loss	67
20	Debt issued and borrowings	68
21	Provisions	70
22	Other liabilities	72
23	Share capital	73
24	Other reserves	73
25	Statutory reserve	75
26	Dividend payment	75
27	Capital funds	76
28	Share-based payments	77
29	Important positions and performance classified by type of domestic or foreign transactions	78
30	Interest income	80
31	Interest expenses	80
32	Net fees and services income	80
33	Gains on tradings and foreign exchange transactions, net	81
34	Losses on financial instrument designated at fair value through profit or loss	81
35	Gains on investments, net	81
36	Other operating income	82
37	Bad and doubtful debts and impairment losses	82
38	Corporate income tax	82
39	Provident fund	83
40	Earnings per share	84
41	Encumbrance of assets	84
42	Commitments and contingent liabilities	85
43	Related party transactions	87
44	Financial information by segment	91
45	Financial instruments	94
46	Fair value	104
47	Subsequent events	108

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 separate financial statements were authorised by the Board of Directors on 24 February 2017.

2 Accounting policies

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

2.1 Basis of preparation of consolidated and separate financial statements

The consolidated and separate 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 separate 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 separate financial statements, are disclosed in Note 4 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 version of the consolidated and separate financial statements have 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

2.2.1) New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2016. These standards are relevant to the Group.

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

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 and 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 TFRS 9 (when announced).

2 Accounting policies (Cont'd)

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

2.2.1) New financial reporting standards and revised accounting standards, revised financial reporting standards are effective on 1 January 2016. These standards are relevant to the Group. (Cont'd)

b) Revised financial reporting standards and interpretations 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
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 Accounting policies (Cont'd)

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

2.2.2) Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards.

a) Financial reporting standards, which have significant changes and are relevant to the Group:

TAS 1 (revised 2016)	Presentation of financial statements
TAS 19 (revised 2016)	Employee benefits
TAS 27 (revised 2016)	Separate financial statements
TAS 28 (revised 2016)	Investments in associates and joint ventures
TAS 34 (revised 2016)	Interim financial reporting
TFRS 5 (revised 2016)	Non-current assets held for sale and discontinued operations
TFRS 10 (revised 2016)	Consolidated financial statements
TFRS 12 (revised 2016)	Disclosure of interests in other entities

TAS 1 (revised 2016), the amendments provide clarifications on a number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals - line items specified in TAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes - confirmation that the notes do not need to be presented in a particular order.
- OCI arising from investments accounted for under the equity method - the share of OCI arising from equity-accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income.

TAS 19 (revised 2016), the amendments clarify that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise.

TAS 27 (revised 2016), the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method as described in TAS 28. While current TAS 27 allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or at fair value (when announced). The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively.

TAS 28 (revised 2016), the significant changes are 1) the amendments allow an entity which is not an investment entity, but has an interest in an associate or joint venture which is an investment entity, a policy choice when applying the equity method of accounting. The entity may choose to retain the fair value measurement applied by the investment entity associate or joint venture, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture and 2) the amendments allow an entity a policy choice to account for investments in subsidiaries, joint ventures and associates in its separate financial statements using the equity method.

TAS 34 (revised 2016), the amendments clarify that what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'; entities taking advantage of the relief must provide a cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements.

2 Accounting policies (Cont'd)

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

2.2.2) Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards. (Cont'd)

a) Financial reporting standards, which have significant changes and are relevant to the Group: (Cont'd)

TFRS 5 (revised 2016), the amendments clarify that when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such.

TFRS 10 (revised 2016), the amendments clarify that: 1) the exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities and 2) an investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.

TFRS 12 (revised 2016), the amendments clarify the disclosure requirements of an entity which is an investment entity and exception from preparing consolidated financial statement and instead measured its subsidiaries at fair value is required to disclose information of its subsidiaries according to the requirement in TFRS 12.

The management has assessed and considered that the above revised standards will not have a material impact on the Group.

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

TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of cash flows
TAS 8 (revised 2016)	Accounting policies, changes in accounting estimates and errors
TAS 10 (revised 2016)	Events after the reporting period
TAS 11 (revised 2016)	Construction contracts
TAS 12 (revised 2016)	Income taxes
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 20 (revised 2016)	Accounting for government grants and disclosure of government assistance
TAS 21 (revised 2016)	The effects of changes in foreign exchange rates
TAS 23 (revised 2016)	Borrowing costs
TAS 24 (revised 2016)	Related party disclosures
TAS 26 (revised 2016)	Accounting and reporting by retirement benefit plans
TAS 29 (revised 2016)	Financial reporting in hyper-inflationary economies
TAS 33 (revised 2016)	Earnings per share
TAS 36 (revised 2016)	Impairment of assets
TAS 37 (revised 2016)	Provisions, contingent liabilities and contingent assets
TAS 40 (revised 2016)	Investment property
TFRS 2 (revised 2016)	Share-based payment
TFRS 3 (revised 2016)	Business combinations
TFRS 4 (revised 2016)	Insurance contracts
TFRS 6 (revised 2016)	Exploration for and evaluation of mineral resources
TFRS 8 (revised 2016)	Operating segments
TFRS 13 (revised 2016)	Fair value measurement
TSIC 10 (revised 2016)	Government Assistance - No specific relation to operating activities
TSIC 15 (revised 2016)	Operating leases - Incentives
TSIC 25 (revised 2016)	Income taxes - Changes in the tax status of an entity or its shareholders

2 Accounting policies (Cont'd)

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

2.2.2) Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2017. The Group has not yet early adopted these revised standards. (Cont'd)

b) Revised financial reporting standards and interpretations with minor changes and do not have impact to the Group are as follows: (Cont'd)

TSIC 27 (revised 2016)	Evaluating the substance of transactions in the legal form of a lease
TSIC 29 (revised 2016)	Service Concession Arrangements: Disclosures
TSIC 31 (revised 2016)	Revenue - Barter transactions involving advertising services
TSIC 32 (revised 2016)	Intangible assets - Web site costs
TFRIC 1 (revised 2016)	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4 (revised 2016)	Determining whether an arrangement contains a lease
TFRIC 5 (revised 2016)	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
TFRIC 7 (revised 2016)	Applying the restatement approach under TAS 29 Financial reporting in hyper-inflationary economies
TFRIC 10 (revised 2016)	Interim financial reporting and impairment
TFRIC 12 (revised 2016)	Service concession arrangements
TFRIC 13 (revised 2016)	Customer loyalty programmes
TFRIC 14 (revised 2016)	TAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction
TFRIC 15 (revised 2016)	Agreements for the construction of real estate
TFRIC 17 (revised 2016)	Distributions of non-cash assets to owners
TFRIC 18 (revised 2016)	Transfers of assets from customers
TFRIC 20 (revised 2016)	Stripping costs in the production phase of a surface mine
TFRIC 21 (revised 2016)	Levies
TAS 104 (revised 2016)	Accounting for Troubled Debt Restructurings
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation

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 year. 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) 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.
- (3) 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.
- (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 less impairment loss.

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 availed 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 (including structured 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 value of the assets transferred, the liabilities incurred to the former owners of 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. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's 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 in profit or loss. 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 identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured 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 on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. 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 every 5 years valuations 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.

Increases in the carrying amount arising on revaluation of land and building are credited to statement of comprehensive income and shown as gain on asset revaluation in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other 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 charged to profit or loss and depreciation based on the asset's original cost is transferred from 'gain on asset revaluation' to retained earnings.

2 Accounting policies (Cont'd)

2.12 Premises, equipment and depreciation (Cont'd)

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to their residual values over their estimated useful lives, as follows:

Buildings	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.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.14).

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

When revalued assets are sold, the amounts included in gain on asset revaluation 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 finance balance outstanding. 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.

When a hedged forecast transaction occurs and results in the recognition of a financial asset or financial liability, the gain or loss recognised in other comprehensive income does not adjust the initial carrying amount of the asset or liability but remains in equity and is reclassified from equity to profit or loss consistently with the recognition of gains and losses on the asset or liability as a reclassification adjustment.

For hedges of forecast transactions that result in the recognition of a non-financial asset or non-financial liability, the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset.

(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 Group 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 45 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

The Bank's management approach with regards to the accounting and assessment of fair value of borrowing transactions with embedded derivative (Structured Note) is consistent with those of International Accounting Standard No. 39 (IAS 39). The Bank has an option to classify the structured note as financial liabilities designated at fair value through profit or loss when

1. It eliminates or significantly reduces an inconsistency of measurement or recognition that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on a different basis; or
2. It is a management tool for risk management and investment, in accordance with
 - Documented risk management or investment strategy; and
 - Group of financial assets or financial liabilities managed and their performance evaluated on a fair value basis.
3. It relates to financial instruments containing one or more embedded derivatives that significantly modify the cash flows resulting from those financial instruments and meets the above criteria for separation of the embedded derivative from the host contract.

Changes in the fair value of financial liabilities designated at fair value through profit or loss are recognised in profit or loss as gain or loss on financial liabilities designated at fair value through profit or loss with the corresponding entry to liabilities in the statements of financial position. The fair value designation, once made, is irrevocable.

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 Accounting policies (Cont'd)

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.

2.22 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.

2 Accounting policies (Cont'd)

2.23 Current and deferred income taxes (Cont'd)

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.

2.24 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 Dividend distribution

Dividend distribution to the Bank's shareholders is recognised on an accrual basis in accordance with the substance of the relevant agreements. Dividend income is recognised when the right to receive payment is established.

2.26 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 Financial risk management

3.1 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.

3.1.1 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.

3.1.1.1 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.

3.1.1.2 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.

3.1.1.3 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.

3 Financial risk management (Cont'd)

3.1 Financial risk factors (Cont'd)

3.1.2 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.

3.1.3 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 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.

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

(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.

(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.

5 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 27 to the financial statements.

6 Interbank and money market items, net (assets)

	Consolidated					
	2016			2015		
	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	2,402	-	2,402	1,006	-	1,006
Commercial banks	82	2,000	2,082	78	-	78
Specialised Financial Institutions	9	1,100	1,109	5	9,700	9,705
Other financial institutions	544	672	1,216	544	433	977
Total domestic items	3,037	3,772	6,809	1,633	10,133	11,766
<u>Add</u> Accrued interest receivables	-	-	-	-	-	-
<u>Less</u> Allowance for doubtful debts	-	(4)	(4)	-	(3)	(3)
Domestic items, net	3,037	3,768	6,805	1,633	10,130	11,763
Foreign:						
US dollar	836	33	869	1,842	-	1,842
Yen	18	-	18	-	-	-
Euro	8	-	8	41	-	41
Other currencies	541	289	830	647	-	647
Total foreign items	1,403	322	1,725	2,530	-	2,530
<u>Add</u> Accrued interest receivables	-	1	1	-	-	-
<u>Less</u> Allowance for doubtful debts	-	(3)	(3)	-	-	-
Foreign items, net	1,403	320	1,723	2,530	-	2,530
Domestic and foreign items, net	4,440	4,088	8,528	4,163	10,130	14,293

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

	Separate					
	2016			2015		
	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	2,402	-	2,402	1,006	-	1,006
Commercial banks	27	2,000	2,027	19	-	19
Specialised Financial Institutions	-	1,100	1,100	-	9,700	9,700
Other financial institutions	544	672	1,216	544	433	977
Total domestic items	2,973	3,772	6,745	1,569	10,133	11,702
<u>Add</u> Accrued interest receivables	-	-	-	-	1	1
<u>Less</u> Allowance for doubtful debts	-	(4)	(4)	-	(4)	(4)
Domestic items, net	2,973	3,768	6,741	1,569	10,130	11,699
Foreign:						
US dollar	836	33	869	1,842	-	1,842
Yen	18	-	18	-	-	-
Euro	8	-	8	41	-	41
Other currencies	541	289	830	648	-	648
Total foreign items	1,403	322	1,725	2,531	-	2,531
<u>Add</u> Accrued interest receivables	-	1	1	-	-	-
<u>Less</u> Allowance for doubtful debts	-	(3)	(3)	-	-	-
Foreign items, net	1,403	320	1,723	2,531	-	2,531
Domestic and foreign items, net	4,376	4,088	8,464	4,100	10,130	14,230

As at 31 December 2016, the Bank had promissory notes of Baht 544 million (31 December 2015: 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 2015: Baht 544 million) to cancel the aval 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 2015: Baht 544 million).

7 Derivatives

7.1 Trading derivatives

Fair value and notional amount classified by type of risk

	Consolidated and Separate					
	2016			2015		
	Fair value		Notional amount Million Baht	Fair value		Notional amount Million Baht
Asset Million Baht	Liability Million Baht	Asset Million Baht		Liability Million Baht		
Exchange rate	13,786	14,416	990,115	19,767	20,638	1,097,811
Interest rate	6,508	4,803	1,329,051	5,382	3,804	1,167,113
Others	402	291	10,658	78	78	261
Total	20,696	19,510	2,329,824	25,227	24,520	2,265,185

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

	Consolidated and Separate	
	2016 Proportion	2015 Proportion
Financial institutions	90	92
Companies under common control	8	5
External parties	2	3
Total	100	100

7.2 Derivative for hedging

7.2.1 Fair value hedge

	Consolidated and Separate					
	2016			2015		
	Fair value		Notional amount Million Baht	Fair value		Notional amount Million Baht
Asset Million Baht	Liability Million Baht	Asset Million Baht		Liability Million Baht		
Interest rate	11	-	470	34	-	512
Total	11	-	470	34	-	512

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 bill of exchange and negotiable certificate of deposit (31 December 2015: loans, bill of exchange and negotiable certificate of deposit). The Bank recognises gains (losses) from changes in fair value of derivatives, derivative from hedging and hedged items in the statements of comprehensive income.

The net gains (losses) arising from fair value hedges for the years ended 31 December 2016 and 2015 can be summarised as follows:

	Consolidated and Separate	
	2016 Million Baht	2015 Million Baht
Gains on hedging instruments, net	(5)	2
Losses on hedged items, net	5	(1)

7 Derivatives (Cont'd)

7.2 Derivative for hedging (Cont'd)

7.2.2 Cash flow hedge

	Consolidated and Separate					
	2016			2015		
	Fair value		Notional amount	Fair value		Notional amount
Asset	Liability	Asset		Liability		
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Exchange rate	-	1,208		-	646	
Interest rate	528	663		320	517	
Total	528	1,871	19,939	320	1,163	7,851

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 Bank hedges cash flows from credit linked bills of exchange and 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 (Notes no 20 (c), (d) and (h)).

The expected periods of cash flow from hedged items that shall affect profits (losses) as at 31 December 2016 and 2015 can be summarised as follows:

	Consolidated and Separate			
	2016			
	3 months or less	More than 3 months to 1 year	More than 1 year to 5 years	More than 5 years
	Million Baht	Million Baht	Million Baht	Million Baht
Cash outflow	230	275	9,494	3,537

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

8 Investments, net

8.1 Classified by type of investment

	Consolidated and Separate	
	2016 Fair value Million Baht	2015 Fair value Million Baht
Securities held for trading		
Government and state enterprises securities	4,135	2,042
Private sector debt securities	2,910	3,827
Total securities held for trading	7,045	5,869
Available-for-sale securities		
Government and state enterprises securities	24,497	22,144
Private sector debt securities	5,834	4,276
Domestic marketable equity securities	102	98
Total available-for-sales securities	30,433	26,518
	Cost/ Amortised Cost Million Baht	Cost/ Amortised Cost Million Baht
Held-to-maturity debt securities		
Government and state enterprises securities	16,791	21,276
Private sector debt securities	702	1,101
Investments in receivables (Note 8.6)	78	81
Total	17,571	22,458
<u>Less</u> Allowance for impairment	(60)	(59)
Total held-to-maturity debt securities	17,511	22,399
	Cost Million Baht	Cost Million Baht
General investments		
Domestic non-marketable equity securities	292	324
Overseas non-marketable equity securities	9	9
Total	301	333
<u>Less</u> Allowance for impairment	(228)	(228)
Total general investments	73	105
Investments, net	55,062	54,891

As at 31 December 2016 and 2015, the Bank had investments pledged as collateral, as mentioned in Note 41.1 to the financial statements.

8 Investments, net (Cont'd)

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

	Consolidated and Separate							
	2016				2015			
	Periods remaining				Periods remaining			
	1 year	1 - 5	Over	Total	1 year	1 - 5	Over	Total
Million	Million	Million	Million	Million	Million	Million	Million	
Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Available-for-sale securities								
Government and state enterprises securities	-	18,871	5,998	24,869	4,093	14,413	3,420	21,926
Private sector debt securities	61	5,350	440	5,851	953	3,072	209	4,234
Total	61	24,221	6,438	30,720	5,046	17,485	3,629	26,160
Add Allowance for revaluation	(1)	(171)	(217)	(389)	19	214	27	260
Available-for-sale securities, net	60	24,050	6,221	30,331	5,065	17,699	3,656	26,420
Held-to-maturity securities								
Government and state enterprises securities	4,032	11,308	1,451	16,791	9,315	11,421	540	21,276
Private sector debt securities	278	424	-	702	560	536	5	1,101
Total	4,310	11,732	1,451	17,493	9,875	11,957	545	22,377
Less Allowance for impairment	-	-	-	-	-	-	-	-
Held-to-maturity securities, net	4,310	11,732	1,451	17,493	9,875	11,957	545	22,377
Total debt securities	4,370	35,782	7,672	47,824	14,940	29,656	4,201	48,797

8.3 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 Separate	
	2016	2015
	Million Baht	Million Baht
Property development	1	1
Public utilities and services	17	17
Bank and finance	4	4
Total	22	22
Less Allowance for impairment	(16)	(16)
Investments representing shareholdings in which the Group hold more than 10%, net	6	6

8 Investments, net (Cont'd)

8.4 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 Separate			
	2016		2015	
	Cost Million Baht	Fair value Million Baht	Cost Million Baht	Fair value Million Baht
General investments				
Investment in property funds	104	<u>93</u>	135	<u>128</u>
<u>Less</u> Allowance for revaluation	(8)		(4)	
<u>Less</u> Allowance for impairment	<u>(3)</u>		<u>(3)</u>	
General investments, net	<u>93</u>		<u>128</u>	

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

As at 31 December 2016 and 2015, the Group had the following investments in companies, having problems relating to financial positions and operating results:

	Consolidated and Separate							
	2016				2015			
	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	49	42	(42)	-	50	42	(42)	-
Defaulted debt securities	18	1	(1)	-	18	1	(1)	-
	<u>67</u>	<u>43</u>	<u>(43)</u>	<u>-</u>	<u>68</u>	<u>43</u>	<u>(43)</u>	<u>-</u>

8 Investments, net (Cont'd)

8.6 Investments in receivables

	Consolidated and Separate	
	2016	2015
	Million Baht	Million Baht
Investments in receivables	78	81
<u>Less</u> Allowance for impairment	(60)	(59)
Investments in receivables, net	<u>18</u>	<u>22</u>

As at 31 December 2016 and 2015, the outstanding balances of loan receivables can be summarised as follows:

	Consolidated and Separate							
	2016				2015			
	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) %
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	1,223	78	-	79	1,253	81	-

8.7 Investments in subsidiary, net

Company name	Nature of business	Type of securities	Percentage of holding		Separate Cost method	
			2016	2015	2016	2015
			%	%	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 of automobile	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
<u>Less</u> Allowance for impairment					(383)	(383)
Investments in subsidiaries, net					<u>1,325</u>	<u>1,325</u>

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.

9 Loans and accrued interest receivables, net

9.1 Classified by loan type

	Consolidated		Separate	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Bank overdrafts	6,275	7,189	6,284	7,196
Loans	145,049	140,175	150,792	145,525
Bills	29,933	30,364	45,858	44,034
Hire-purchase receivables	30,148	25,817	-	-
Others	32	25	5	-
Total loans	211,437	203,570	202,939	196,755
Valuation reserve from hedging	-	(18)	-	(18)
<u>Less</u> Deferred revenue	<u>(5,849)</u>	<u>(4,946)</u>	<u>(39)</u>	<u>(91)</u>
Total loans net of deferred revenue	205,588	198,606	202,900	196,646
<u>Add</u> Accrued interest receivables	<u>590</u>	<u>521</u>	<u>594</u>	<u>524</u>
Total loans net of deferred revenue and accrued interest receivables	206,178	199,127	203,494	197,170
<u>Less</u> Allowance for doubtful debts (Note 10)				
Minimum allowance for doubtful accounts required based on BoT's guidelines				
- Individual approach	(6,251)	(4,151)	(6,125)	(3,993)
General provision for further losses	(3,542)	(2,579)	(3,542)	(2,579)
<u>Less</u> Revaluation allowance for debt restructuring (Note 11)	<u>(45)</u>	<u>(55)</u>	<u>(45)</u>	<u>(55)</u>
Loans and accrued interest receivables, net	196,340	192,342	193,782	190,543

9.2 Classified by currency and residency of debtors

	Consolidated					
	2016			2015		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	191,291	608	191,899	185,201	473	185,674
US dollar	10,774	1,686	12,460	9,686	1,423	11,109
Other currencies	1,214	15	1,229	1,823	-	1,823
Total loans net of deferred revenue	203,279	2,309	205,588	196,710	1,896	198,606
	Separate					
	2016			2015		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Baht	188,603	608	189,211	183,240	474	183,714
US dollar	10,774	1,686	12,460	9,686	1,423	11,109
Other currencies	1,214	15	1,229	1,823	-	1,823
Total loans net of deferred revenue	200,591	2,309	202,900	194,749	1,897	196,646

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

9.3 Classified by types of business and loan classification

	Consolidated						Total Million Baht
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss Million Baht	Hire purchase receivables Million Baht	
	2016						
Agricultural and mining	4,783	-	-	8	-	-	4,791
Manufacturing and commerce	38,849	3,970	2,549	3,601	1,023	-	49,992
Real estate and construction	10,753	1,420	58	220	9	-	12,460
Public utilities and services	26,531	2,318	797	194	608	-	30,448
Personal cash	11,922	657	230	-	250	-	13,059
Housing loans	53,476	1,340	641	547	1,235	-	57,239
Hire-purchase receivable and financial lease receivable	-	-	-	-	-	24,338	24,338
Others	12,590	185	71	149	239	27	13,261
Total loans net of deferred revenue	158,904	9,890	4,346	4,719	3,364	24,365	205,588
	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
	Separate						
	2016						
	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	4,783	-	-	8	-	4,791	
Manufacturing and commerce	38,849	3,970	2,549	3,601	1,023	49,992	
Real estate and construction	10,753	1,420	58	220	9	12,460	
Public utilities and services	26,531	2,318	797	194	608	30,448	
Personal cash	11,922	657	230	-	250	13,059	
Housing loans	53,476	1,340	641	547	1,235	57,239	
Others	34,267	185	71	149	239	34,911	
Total loans net of deferred revenue	180,581	9,890	4,346	4,719	3,364	202,900	

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

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

	Separate					Total Million Baht
	2015					
	Pass Million Baht	Special mention Million Baht	Sub- standard Million Baht	Doubtful Million Baht	Doubtful of loss 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	<u>177,029</u>	<u>13,529</u>	<u>1,787</u>	<u>1,924</u>	<u>2,377</u>	<u>196,646</u>

9.4 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							
	2016				2015			
	Loans and accrued interest receivables Million Baht	Net amount used for set allowance for doubtful account ⁽¹⁾ Million Baht	Minimum percentage %	Allowance provided in the accounts Million Baht	Loans and accrued interest receivables Million Baht	Net amount used for set allowance for doubtful account ⁽¹⁾ Million Baht	Minimum Percentage %	Allowance provided in the accounts Million Baht
Minimum allowance for doubtful accounts based on BOT guidelines								
- Pass	180,669	63,221	1	642	176,620	57,297	1	578
- Special mention	12,774	3,471	2	73	16,132	4,044	2	80
- Sub-standard	4,593	1,919	100	1,917	2,040	1,347	100	1,344
- Doubtful	4,761	2,474	100	2,474	1,951	940	100	940
- Doubtful-of-loss	3,381	1,141	100	1,145	2,384	1,193	100	1,209
General provision for further losses				<u>3,542</u>				<u>2,579</u>
Total	<u>206,178</u>	<u>72,226</u>		<u>9,793</u>	<u>199,127</u>	<u>64,821</u>		<u>6,730</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 5/2559 (31 December 2015: no. Sor Nor Sor 31/2551), the debt balance used for set allowance for doubtful account 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.

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

9.4 Classification of loans (Cont'd)

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

	Separate							
	2016				2015			
Loans and accrued interest receivables	Net amount used for set allowance for doubtful account ⁽¹⁾	Minimum percentage	Allowance provided in the accounts	Loans and accrued interest receivables	Net amount used for set allowance for doubtful account ⁽¹⁾	Minimum percentage	Allowance provided in the accounts	
Million Baht	Million Baht	%	Million Baht	Million Baht	Million Baht	%	Million Baht	
Minimum allowance for doubtful accounts based on BOT guidelines								
- Pass	181,044	79,661	1	794	177,483	69,610	1	
- Special mention	10,005	2,217	2	43	13,599	2,564	2	
- Sub-standard	4,362	1,726	100	1,727	1,787	1,133	100	
- Doubtful	4,719	2,432	100	2,432	1,924	913	100	
- Doubtful-of-loss	3,364	1,125	100	1,129	2,377	1,186	100	
General provision for further losses			3,542				2,579	
Total	203,494	87,161	9,667	197,170	75,406		6,572	

(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 5/2559 (31 December 2015: no. Sor Nor Sor 31/2551), the debt balance used for set allowance for doubtful account 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 2016, the Group and Separate had defaulted loans amounting to Baht 10,657 million and Baht 10,367 million, respectively (31 December 2015: Baht 6,267 million and Baht 5,981 million, respectively), were ceased recognition of interest income.

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

As at 31 December 2016 and 2015, 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	
	2016	2015	2016	2015
	Million Baht	Million Baht	Million Baht	Million Baht
Current or overdue less than 1 installment	21,279	18,143	64	73
Overdue 2-3 installments	2,769	2,533	30	31
Overdue 4-6 installments	232	253	191	212
Overdue 7-12 installments	42	26	42	26
Overdue more than 12 installments	11	2	12	2
Debtors under litigation	5	5	5	5
Total	24,338	20,962	344	349

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

9.5 Non-performing loans

As at 31 December 2016 and 2015, 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		Separate	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Non-performing loans (principal only)				
Banking business	12,429	6,088	12,429	6,088
Other businesses	290	287	-	-

As at 31 December 2016 and 2015, 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.

9.6 Hire-purchase and finance lease receivables

As at 31 December 2016, subsidiaries had receivables under hire-purchase agreements and financial leases totalling Baht 23,994 million (31 December 2015: Baht 20,613 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				
	2016				
	Amounts due under lease agreement				
	Less than 1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Non - performing loans Million Baht	Total Million Baht
Gross investment in the lease	9,635	19,436	691	385	30,147
<u>Less</u> Unearned finance income	(2,523)	(3,159)	(32)	(95)	(5,809)
Present value of minimum lease payments receivable	7,112	16,277	659	290	24,338
<u>Less</u> Allowance for doubtful accounts					(344)
Net receivables under hire-purchase agreements and financial leases					<u>23,994</u>

	Consolidated				
	2015				
	Amounts due under lease agreement				
	Less than 1 year Million Baht	1 - 5 years Million Baht	Over 5 years Million Baht	Non - performing loans Million Baht	Total 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					<u>20,613</u>

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

9.7 Troubled debt restructuring

As at 31 December 2016, the Group has outstanding receivables which have been restructured as follows;

	Consolidated and Separate	
	Number of loans	Outstanding balance before restructuring Million Baht
Restructured before 2016	4,090	1,903
Restructured during the year ended 31 December 2016	1,839	3,654

Details of customers whose debts have been restructured during the year are as follows:

	Consolidated		Separate	
	Number of loans	Outstanding balance before restructuring Million Baht	Number of loans	Outstanding balance before restructuring Million Baht
Restructured debts	1,839	3,654	1,839	3,654
Total loan customers	378,104	205,588	176,148	202,900

Details of the restructured debts for the years ended 31 December 2016 and 2015, classified into the restructuring methods are as follows;

	Consolidated and Separate			
	2016			
	Number of loans	Before restructuring Million Baht	Fair value of assets Million Baht	After restructuring Million Baht
Restructuring method				
Transfer of properties	2	311	308	3
Modifications of terms of payments	1,837	3,343	-	3,343
Total	1,839	3,654	308	3,346

	Consolidated and Separate			
	2015			
	Number of loans	Before restructuring Million Baht	Fair value of assets Million Baht	After restructuring Million Baht
Restructuring method				
Modifications of terms of payments	1,466	3,588	-	3,572
Total	1,466	3,588	-	3,572

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

9.7 Troubled debt restructuring (Cont'd)

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 Separate					
	2016			2015		
	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	296	875	875	184	783	767
5 - 10 years	919	1,214	1,214	999	2,172	2,172
10 - 15 years	66	134	134	33	82	82
More than 15 years	556	1,120	1,120	250	551	551
Total	1,837	3,343	3,343	1,466	3,588	3,572

Supplemental information relating to the restructured debts for the years ended 31 December 2016 and 2015 are as follows:

	Consolidated and Separate	
	2016 Million Baht	2015 Million Baht
Interest income	341	341

As at December 2016 and 2015, the troubled debtors for which the Group completed their debt restructuring can be summarised as follows:

	Consolidated and Separate	
	2016	2015
Number of debtors	5,897	5,976
Debt balances after restructuring (Million Baht)	4,354	4,452

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 2016, the Bank had losses from the revaluation of restructured debts (PV Loss) of Baht 45 million (31 December 2015: Baht 55 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 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.

CIMB Thai Bank Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2016

10 Allowance for doubtful debts

Consolidated									
2016									
	Pass Million Baht	Special mention 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 2016	504	50	1,133	913	1,202	2,579	6,381	349	6,730
<u>Add</u> Addition during the year	-	-	-	-	-	5,779	5,779	521	6,300
Transfer from revaluation allowance for debt restructuring	-	-	-	-	-	18	18	-	18
Bad debt recoveries	-	-	-	-	-	209	209	-	209
Transfer from interbank and money market items	-	-	-	-	-	2	2	-	2
<u>Less</u> Bad debts written off	-	(11)	(5)	-	(2,851)	(36)	(2,903)	(526)	(3,429)
Transfer to revaluation allowance for debt restructuring	-	-	-	-	-	(10)	(10)	-	(10)
Increase (decrease) due to change in classification, collateral value or transfer general allowance to specific allowance	73	4	599	1,518	2,778	(4,999)	(27)	-	(27)
Balance as at 31 December 2016	<u>577</u>	<u>43</u>	<u>1,727</u>	<u>2,431</u>	<u>1,129</u>	<u>3,542</u>	<u>9,449</u>	<u>344</u>	<u>9,793</u>
Consolidated									
2015									
	Pass Million Baht	Special mention 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
Bad debt recoveries	-	-	-	-	-	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>

CIMB Thai Bank Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2016

10 Allowance for doubtful debts (Cont'd)

	Separate						
	2016						
	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 2016	695	50	1,133	913	1,202	2,579	6,572
<u>Add</u> Addition during the year	-	-	-	-	-	5,779	5,779
Transfer from revaluations allowance for debt restructuring	-	-	-	-	-	18	18
Bad debt recoveries	-	-	-	-	-	209	209
Transfer from interbank and money market items	-	-	-	-	-	2	2
<u>Less</u> Bad debts written off	-	(11)	(5)	-	(2,851)	(36)	(2,903)
Transfer to revaluations allowance for debt restructuring	-	-	-	-	-	(10)	(10)
Increase (decrease) due to change in classification, collateral value or transfer general allowance to specific allowance	100	4	599	1,518	2,778	(4,999)	-
Balance as at 31 December 2016	<u>795</u>	<u>43</u>	<u>1,727</u>	<u>2,431</u>	<u>1,129</u>	<u>3,542</u>	<u>9,667</u>

	Separate						
	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	5,449
<u>Add</u> Addition during the year	-	-	-	-	-	3,425	3,425
Transfer from revaluations allowance for debt restructuring	-	-	-	-	-	24	24
Bad debt recoveries	-	-	-	-	-	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)	(1)
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>

11 Revaluation allowance for debt restructuring

	Consolidated and Separate	
	2016 Million Baht	2015 Million Baht
Balance - beginning of the years	55	68
<u>Add</u> Revaluation allowance transferred from allowance for doubtful debts	10	12
<u>Less</u> Bad debt written off	(2)	-
<u>Less</u> Revaluation allowance transferred to allowance for doubtful debts	(18)	(25)
Balance - end of the years	<u>45</u>	<u>55</u>

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

12 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 31 December 2016 Million Baht
	As at 1 January 2016 Million Baht	Additions Million Baht	Disposals Million Baht	
Asset from debt repayment				
Immovable				
- Assessed by external appraiser	1,355	318	(393)	1,280
Movable	137	1,695	(1,686)	146
Total	1,492	2,013	(2,079)	1,426
Others	70	116	(70)	116
Total properties for sale	1,562	2,129	(2,149)	1,542
<u>Less</u> Allowance for impairment	(368)	(623)	734	(257)
Properties for sale, net	1,194	1,506	(1,415)	1,285

	Consolidated			As at 31 December 2015 Million Baht
	As at 1 January 2015 Million Baht	Additions Million Baht	Disposals 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
<u>Less</u> Allowance for impairment	(574)	(643)	849	(368)
Properties for sale, net	1,826	1,176	(1,808)	1,194

12 Properties for sale, net (Cont'd)

	Separate			As at 31 December 2016 Million Baht
	As at 1 January 2016 Million Baht	Additions Million Baht	Disposals Million Baht	
Asset from debt repayment				
Immovable				
- Assessed by external appraiser	1,355	318	(393)	1,280
Total	1,355	318	(393)	1,280
Others	70	116	(70)	116
Total properties for sale	1,425	434	(463)	1,396
<u>Less</u> Allowance for impairment	(316)	(1)	117	(200)
Properties for sale, net	1,109	433	(346)	1,196

Cs;

	Separate			As at 31 December 2015 Million Baht
	As at 1 January 2015 Million Baht	Additions Million Baht	Disposals 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	1,582	204	(677)	1,109

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.

CIMB Thai Bank Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2016

13 Premises and equipment, net

	Consolidated											
	Cost/appraisal value					Accumulated depreciation					Allowance for impairment Million Baht	Net book value Million Baht
	As at 1 January 2016 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2016 Million Baht	As at 1 January 2016 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2016 Million Baht		
Land												
Cost	486	-	(33)	-	453	-	-	-	-	-	-	453
Revaluation surplus (revaluation in 2016)	717	1,049	(67)	-	1,699	-	-	-	-	-	-	1,699
Devaluation of asset (revaluation in 2016)	(30)	12	-	-	(18)	-	-	-	-	-	-	(18)
Buildings												
Cost	1,949	16	(116)	-	1,849	(1,176)	(59)	106	-	(1,129)	-	720
Revaluation surplus (revaluation in 2016)	1,894	(667)	(80)	-	1,147	(1,686)	726	71	-	(889)	-	258
Devaluation of asset (revaluation in 2016)	(65)	15	28	-	(22)	60	(22)	(27)	-	11	-	(11)
Equipment	2,993	229	-	(568)	2,654	(2,356)	(248)	-	514	(2,090)	(12)	552
Assets under installation and/or construction	6	43	-	(32)	17	-	-	-	-	-	-	17
Total	7,950	697	(268)	(600)	7,779	(5,158)	397	150	514	(4,097)	(12)	3,670

CIMB Thai Bank Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2016

13 Premises and equipment, net (Cont'd)

	Consolidated											
	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	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

CIMB Thai Bank Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2016

13 Premises and equipment, net (Cont'd)

	Separate											
	Cost/appraisal value					Accumulated depreciation					Allowance for impairment Million Baht	Net book value Million Baht
	As at 1 January 2016 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2016 Million Baht	As at 1 January 2016 Million Baht	Additions Million Baht	Transfer to properties for sale Million Baht	Disposals/ written off Million Baht	As at 31 December 2016 Million Baht		
Land												
Cost	486	-	(33)	-	453	-	-	-	-	-	-	453
Revaluation surplus (revaluation in 2016)	717	1,049	(67)	-	1,699	-	-	-	-	-	-	1,699
Devaluation of asset (revaluation in 2016)	(30)	12	-	-	(18)	-	-	-	-	-	-	(18)
Buildings												
Cost	1,949	16	(116)	-	1,849	(1,176)	(59)	106	-	(1,129)	-	720
Revaluation surplus (revaluation in 2016)	1,894	(667)	(80)	-	1,147	(1,686)	726	71	-	(889)	-	258
Devaluation of asset (revaluation in 2016)	(65)	15	28	-	(22)	60	(22)	(27)	-	11	-	(11)
Equipment	2,780	200	-	(550)	2,430	(2,199)	(225)	-	497	(1,927)	(12)	491
Assets under installation and/or construction	6	43	-	(32)	17	-	-	-	-	-	-	17
Total	7,737	668	(268)	(582)	7,555	(5,001)	420	150	497	(3,934)	(12)	3,609

CIMB Thai Bank Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2016

13 Premises and equipment, net (Cont'd)

	Separate											
	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

13 Land, premises and equipment (Cont'd)

Fair value of land and buildings

As at 31 December 2016, the valuation of land and buildings was performed by independence valuers. The revaluation surplus to other comprehensive income and is shown in 'Revaluation surplus on assets, net' (Note 24).

The following table analyses the non-financial assets 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).

	Fair value measurements at 31 December 2016 using			Total
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	Million Baht	Million Baht	Million Baht	
	Million Baht	Million Baht	Million Baht	
Land and Buildings				
Bangkok Metropolitan Region	-	-	2,723.41	2,723.41
Eastern Thailand	-	-	23.27	23.27
Northern Thailand	-	-	105.10	105.10
Northeastern Thailand	-	-	121.13	121.13
Southern Thailand	-	-	85.31	85.31
Western Thailand	-	-	42.63	42.63
			<u>3,100.84</u>	<u>3,100.84</u>

There were no transfers between levels of fair valuation during the year.

13 Land, premises and equipment (Cont'd)

Fair value of land and buildings (Cont'd)

Valuation processes of the Company

For financial reporting purposes, the Company engages external, independent and qualified valuers to determine the fair value of the Company's land and building. The Company's finance department team reviewed the fair value which performed by and the valuers. This team reported directly to the Board of the Directors.

The external valuations of the level 3, Head office's land and buildings have been performed using cost replacement approach and for the branches using market comparison approach which is similar to the level 2. However for operating land and buildings there is a limited number of similar sales in the local market and the valuations have been performed using unobservable inputs. There were no change in valuation technique from previous year.

Market Comparison Approach is approach to analyse necessarily value from buying and selling in the market. The procedure is to inspect compared property, which is in buying and selling process, or called market data and consider how it is the same or different from the evaluated property. The sufficiency of data is very important as well as the consideration of every affection factor like location, town and country planning land size, using space and property quality. Then use the valuation techniques including Sales Adjustment-Grid Method and Weighted Quality Score (WQS) to analyse the evaluated property.

Replacement Cost Approach is based on the new replacement cost by considering in terms of the raw construction material, labor cost, operation cost, and profit and less the depreciation that calculated by physical, obsolescence and optimisation of the assets.

Information about fair value measurements using significant unobservable inputs (Level 3)

<u>Description</u>	<u>Fair value at 31 December 2016</u> <u>Million Baht</u>	<u>Valuation technique(s)</u>	<u>Unobservable inputs</u>	<u>Range of unobservable inputs (probability - weighted average)</u> <u>Million Baht</u>	<u>Relationship of unobservable inputs to fair value</u>
Land and Buildings					
Bangkok Metropolitan Region - Land	1,850.62	Replacement Cost and Market comparison approach	Price per square wah	0.06 - 1.60	The higher/lower the price per areas, the higher/lower the fair value
Bangkok Metropolitan Region - Building	872.79	Replacement Cost and Market comparison approach	Price per square metre	0.00-0.30	The higher/lower the price per areas, the higher/lower the fair value
Eastern Thailand - Land	18.76	Replacement Cost and Market comparison approach	Price per square wah	0.10	The higher/lower the price per areas, the higher/lower the fair value
Eastern Thailand - Building	4.51	Replacement Cost and Market comparison approach	Price per square metre	0.01	The higher/lower the price per areas, the higher/lower the fair value
Northern Thailand - Land	72.71	Replacement Cost and Market comparison approach	Price per square wah	0.10 - 0.16	The higher/lower the price per areas, the higher/lower the fair value
Northern Thailand - Building	32.38	Replacement Cost and Market comparison approach	Price per square metre	0.01	The higher/lower the price per areas, the higher/lower the fair value
Northeastern Thailand - Land	92.98	Replacement Cost and Market comparison approach	Price per square wah	0.13-0.15	The higher/lower the price per areas, the higher/lower the fair value
Northeastern Thailand - Building	28.15	Replacement Cost and Market comparison approach	Price per square metre	0.00 - 0.01	The higher/lower the price per areas, the higher/lower the fair value
Southern Thailand - Land	62.79	Replacement Cost and Market comparison approach	Price per square wah	0.10 - 0.23	The higher/lower the price per areas, the higher/lower the fair value
Southern Thailand - Building	22.52	Replacement Cost and Market comparison approach	Price per square metre	0.01	The higher/lower the price per areas, the higher/lower the fair value
Western Thailand - Land	36.00	Replacement Cost and Market comparison approach	Price per square wah	0.18	The higher/lower the price per areas, the higher/lower the fair value
Western Thailand - Building	6.63	Replacement Cost and Market comparison approach	Price per square metre	0.01	The higher/lower the price per areas, the higher/lower the fair value

CIMB Thai Bank Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2016

14 Intangible assets, net

Consolidated						
	As at 1 January 2016	Increase	Transfer in/(out)	Write off	Amortisation	As at 31 December 2016
Amortising period	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Expenditures in connection with development and improvement of computer systems - under development	-	104	102	(128)	-	78
Computer software	5 - 10 years	274	15	123	(9)	(114)
Licence fee	5 years	1	-	-	-	1
Total		379	117	(5)	(9)	(114)
Less Allowance for impairment		-				-
Net intangible assets		379				368

Consolidated						
	As at 1 January 2015	Increase	Transfer in/(out)	Write off	Amortisation	As at 31 December 2015
Amortising period	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	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)
Licence fee	5 years	2	-	-	-	(1)
Total		362	158	(27)	-	(114)
Less Allowance for impairment		-				-
Net intangible assets		362				379

Separate						
	As at 1 January 2016	Increase	Transfer In/(out)	Write off	Amortisation	As at 31 December 2016
Amortising period	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Expenditures in connection with development and improvement of computer systems - under development	-	104	102	(128)	-	78
Computer software	5 - 10 years	268	13	123	(8)	(112)
Licence fee	5 years	1	-	-	-	1
Total		373	115	(5)	(8)	(112)
Less Allowance for impairment		-				-
Net intangible assets		373				363

14 Intangible assets, net (Cont'd)

	Amortising period	Separate					As at 31 December 2015 Million Baht
		As at 1 January 2015 Million Baht	Increase Million Baht	Transfer In/(out) Million Baht	Write off Million Baht	Amortisation 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

15 Deferred income taxes

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

	Consolidated		Separate	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Beginning of the years	1,040	957	862	752
Charged to profit or loss	352	59	319	87
Tax (credited)/charged relation to components of the comprehensive income	(103)	24	(105)	23
End of the years	1,289	1,040	1,076	862

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 2016	328	-	969	1,297
Charged to profit or loss	66	91	187	344
Charged relation to components of the comprehensive income	5	-	59	64
At 31 December 2016	399	91	1,215	1,705
At 1 January 2015	295	-	955	1,250
Charged to profit or loss	12	-	18	30
Charged/(credited) relation to components of the comprehensive income	21	-	(4)	17
At 31 December 2015	328	-	969	1,297

15 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 2016	60	195	2	257
(Credited)/charged to profit or loss	-	(10)	2	(8)
Tax (credited)/charged relation to components of the comprehensive income	(58)	225	-	167
At 31 December 2016	<u>2</u>	<u>410</u>	<u>4</u>	<u>416</u>
At 1 January 2015	67	220	6	293
Credited to profit or loss	-	(25)	(4)	(29)
Tax credited relation to components of the comprehensive income	(7)	-	-	(7)
At 31 December 2015	<u>60</u>	<u>195</u>	<u>2</u>	<u>257</u>
	Separate			
	Provision Million Baht	Tax losses Million Baht	Temporary differences Million Baht	Total Million Baht
Deferred tax assets				
At 1 January 2016	317	-	802	1,119
Charged to profit or loss	65	91	155	311
Tax charged relation to components of the comprehensive income	3	-	59	62
As at 31 December 2016	<u>385</u>	<u>91</u>	<u>1,016</u>	<u>1,492</u>
At 1 January 2015	285	-	760	1,045
Charged to profit or loss	12	-	46	58
Tax charged/(credited) relation to components of the comprehensive income	20	-	(4)	16
As at 31 December 2015	<u>317</u>	<u>-</u>	<u>802</u>	<u>1,119</u>

15 Deferred income taxes (Cont'd)

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

	Separate			
	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 2016	60	195	2	257
(Credited)/charged to profit or loss	-	(10)	2	(8)
Tax (credited)/charged relation to components of the comprehensive income	(58)	225	-	167
As at 31 December 2016	<u>2</u>	<u>410</u>	<u>4</u>	<u>416</u>
At 1 January 2015	67	220	6	293
Credited to profit or loss	-	(25)	(4)	(29)
Tax credited relation to components of the comprehensive income	(7)	-	-	(7)
As at 31 December 2015	<u>60</u>	<u>195</u>	<u>2</u>	<u>257</u>

16 Other assets, net

	Consolidated		Separate	
	2016 Million baht	2015 Million Baht	2016 Million baht	2015 Million Baht
Accrued interest and dividend receivables	406	489	406	489
Credit support assets on derivatives	5,823	6,715	5,823	6,715
Leasehold rights	-	2	-	2
Advances	22	16	22	16
Others assets awaiting account transfer	89	125	89	125
Commission receivables	47	37	47	37
Withholding tax receivable	98	30	93	27
Marginal deposits	82	84	70	76
Prepaid expenses	122	108	117	106
Others	1,048	2,123	892	1,976
Total	<u>7,737</u>	<u>9,729</u>	<u>7,559</u>	<u>9,569</u>
<u>Less</u> Allowance for impairment	<u>(29)</u>	<u>(36)</u>	<u>(29)</u>	<u>(36)</u>
Other assets, net	<u>7,708</u>	<u>9,693</u>	<u>7,530</u>	<u>9,533</u>

17 Deposits

17.1 Classified by type of deposits

	Consolidated		Separate	
	2016	2015	2016	2015
	Million baht	Million Baht	Million baht	Million Baht
At call	2,353	2,393	2,353	2,396
Savings	82,377	75,497	82,575	75,723
Fixed	95,614	89,359	95,630	89,415
Negotiable certificate of deposit	3,319	2,968	3,319	2,968
Total deposits	183,663	170,217	183,877	170,502

17.2 Classified by currency and residency of depositors

	Consolidated					
	2016			2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	Million	Million	Million	Million	Million	Million
	Baht	Baht	Baht	Baht	Baht	Baht
Baht	180,580	1,577	182,157	167,286	1,549	168,835
US dollar	825	216	1,041	1,265	40	1,305
Other currencies	281	184	465	8	69	77
Total	181,686	1,977	183,663	168,559	1,658	170,217

	Separate					
	2016			2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	Million	Million	Million	Million	Million	Million
	Baht	Baht	Baht	Baht	Baht	Baht
Baht	180,794	1,577	182,371	167,571	1,549	169,120
US dollar	825	216	1,041	1,265	40	1,305
Other currencies	281	184	465	8	69	77
Total	181,900	1,977	183,877	168,844	1,658	170,502

18 Interbank and money market items (liabilities)

	Consolidated					
	2016			2015		
	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	-	210	210	-	315	315
Commercial banks	1,189	315	1,504	124	1,024	1,148
Specialized Financial Institutions	9	290	299	11	1,500	1,511
Finance, finance and securities, securities, and credit foncier companies	4,461	1,750	6,211	7,515	2,549	10,064
Other financial institutions	465	408	873	506	1,657	2,163
Total domestic items	6,124	2,973	9,097	8,156	7,045	15,201
Foreign:						
US dollar	1,376	1	1,377	1,039	1,877	2,916
Other currencies	875	246	1,121	1,583	318	1,901
Total foreign items	2,251	247	2,498	2,622	2,195	4,817
Total domestic and foreign items	8,375	3,220	11,595	10,778	9,240	20,018
	Separate					
	2016			2015		
	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	-	210	210	-	315	315
Commercial banks	1,189	315	1,504	124	1,000	1,124
Specialized Financial Institutions	9	290	299	11	1,500	1,511
Finance, finance and securities, securities, and credit foncier companies	4,461	1,750	6,211	7,515	2,549	10,064
Other financial institutions	465	408	873	506	1,657	2,163
Total domestic items	6,124	2,973	9,097	8,156	7,021	15,177
Foreign:						
US dollar	1,376	1	1,377	1,039	1,877	2,916
Other currencies	875	246	1,121	1,583	318	1,901
Total foreign items	2,251	247	2,498	2,622	2,195	4,817
Total domestic and foreign items	8,375	3,220	11,595	10,778	9,216	19,994

19 Financial liabilities designated at fair value through profit or loss

	Consolidated and Separate	
	2016 Million Baht	2015 Million Baht
Debentures	6,451	8,241
Bills of Exchange	12,423	7,799
Total	18,874	16,040

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

	Consolidated and Separate	
	2016 Proportion	2015 Proportion
Financial institutions	63	44
External parties	37	56
Total	100	100

As at 31 December 2016 and 2015, 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 2015: 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 2015, 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 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.
- The Bank issued debentures which will mature in 5 years with embedded callable inverse floater derivatives. The debentures bear interest rate at 6.45 - 6.65 % per annum minus reference index of THBFIX 6 month (31 December 2015: 6.45 - 7.23% 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.
- The Bank issued accreting structured bills of exchange embedded interest rate swap with predetermined return rate and conditions. The maturity date is between 7 - 23 years (31 December 2015: 7-15 years). They bear interest rate at between 2.68 - 5.18 % per annum (31 December 2015: 3.77 - 5.18% per annum) with a payment of interest at maturity date. The Bank entered into interest rate swaps with other parties.

20 Debt issued and borrowings

	Consolidated and Separate					
	2016			2015		
	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 1.5% – 1.6% per annum	3,935	-	3,935	22,104	-	22,104
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	-	3,196	3,196	-	3,371	3,371
Subordinated debentures of RM 570 million, maturing in 2026, coupon rate of 5.35% per annum	-	4,554	4,554	-	-	-
Subordinated debentures of Baht 3,000 million, maturing in 2021, coupon rate of 5.35% per annum	-	-	-	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	50	-	50	10	-	10
	<u>7,529</u>	<u>7,750</u>	<u>15,279</u>	<u>28,658</u>	<u>3,371</u>	<u>32,029</u>
Structured bills of exchange						
Structured bills of exchange	1,800	2,723	4,523	-	-	-
Fixed-rate notes						
Bill of exchange maturing at call, coupon rate of 1.20% - 1.51% per annum	5,780	-	5,780	1,965	-	1,965
	<u>7,580</u>	<u>2,723</u>	<u>10,303</u>	<u>1,965</u>	<u>-</u>	<u>1,965</u>
Total	15,109	10,473	25,582	30,623	3,371	33,994
<u>Less</u> Current portion of long-term borrowings	<u>(10,309)</u>	<u>-</u>	<u>(10,309)</u>	<u>(24,623)</u>	<u>-</u>	<u>(24,623)</u>
Long-term borrowings, net	<u>4,800</u>	<u>10,473</u>	<u>15,273</u>	<u>6,000</u>	<u>3,371</u>	<u>9,371</u>

- (a) As at 31 December 2016, the Bank had short term debentures of Baht 3,935 million (31 December 2015: Baht 22,104 million) with fixed interest rates, interest will be paid on maturity date.
- (b) As at 31 December 2016, the Bank had domestic subordinated debentures of Baht 544 million (31 December 2015: Baht 544 million) which had been transferred to the Bank since the merger date.
- (c) 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.

20 Debt issued and borrowings (Cont'd)

- (d) On 11 July 2016, the Bank issued MYR 570 million of subordinated debentures pursuant to tier II subordinated debenture programme to overseas investors, 5,700,000 units of MYR 100 each, interest rate of 5.35% per annum with a payment of interest every six months. The debenture has a tenor of 10 years and is due in 2026. 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) 414/2559.

- (e) 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.

On 14 July 2016, the Bank exercised its option to early redeem all unsecured subordinated debentures amounting to Baht 3,000 million, maturing on 14 July 2021, which the Bank was able to early redeem (under the specified conditions). This early redemption was approved by BoT notification For Kor Kor (02) 23/2559 The approval of redemption of subordinated debentures.

- (f) 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.

- (g) As at 31 December 2016, the Bank issued various unsecured structured debentures (Single Barrier Bullish USD against JPY) of Baht 50 million (31 December 2015: 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 should the investors holds the debentures to maturity.

- (h) As at 31 December 2016, the Bank had credit linked bill of exchange of Baht 4,523 million as follows:

- The Bank issued credit linked bills of exchange of Baht 1,800 million which will mature in 10 years. The holder will receive all coupon amounts on respective coupon payment date and the redemption amount on the maturity date, subject to no credit event determination occurring with respect to the reference entity. The credit linked bills of exchange bear interest rate at 3.75% - 4.01% per annum with a payment of interest every six months.
- The Bank issued credit linked note bills of exchange of USD 76 million or equivalence Baht 2,723 million which will mature in 10-15 years. The holder will receive all coupon amounts on respective coupon payment date and the redemption amount on the maturity date, subject to no credit event determination occurring with respect to the reference entity. The credit linked note bills of exchange bear interest rate at 6M LIBOR+2.24170% to 6M LIBOR+2.39250% per annum with a payment of interest every six months.

21 Provisions

	Consolidated		Separate	
	2016	2015	2016	2015
	Million Baht	Million Baht	Million Baht	Million Baht
Provision for contingent loss from legal cases	30	44	30	44
Reserve for off-statements of financial position items	494	192	494	192
Provision for employee benefits	1,473	1,405	1,396	1,343
Total provisions	1,997	1,641	1,920	1,579

Provision for employee benefits

As at 31 December 2016, the pension benefits were only provided to 390 employees (31 December 2015: 428 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		Separate	
	2016	2015	2016	2015
	Million Baht	Million Baht	Million Baht	Million Baht
Present value of post-employment benefit obligations	1,473	1,405	1,396	1,343
Provision for employee benefits	1,473	1,405	1,396	1,343

Movements of provision for pension funds are as follows:

	Consolidated		Separate	
	2016	2015	2016	2015
	Million Baht	Million Baht	Million Baht	Million Baht
Beginning balance	1,405	1,247	1,343	1,195
Current service costs	114	108	107	102
Interest costs	37	41	36	39
Remeasurements:				
Losses from changes in financial assumptions	60	59	55	55
Experience loss/(gain)	(35)	48	(37)	47
<u>Less</u> Pension benefits paid for the year	<u>(108)</u>	<u>(98)</u>	<u>(108)</u>	<u>(95)</u>
Ending balance	1,473	1,405	1,396	1,343

21 Provisions (Cont'd)

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

	Consolidated		Separate	
	2016	2015	2016	2015
	Million Baht	Million Baht	Million Baht	Million Baht
Current service costs	114	108	107	102
Interest costs	37	41	36	39
Total	151	149	143	141

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

	Consolidated and Separate	
	For the years ended 31 December	
	2016	2015
Discount rate	2.25 %	2.75%
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	10% of Mortality	10% of Mortality
Pre-retirement withdrawal rate	Employees who are eligible for pension benefit: Flat 1.91% of Thai Withdrawal Table, Other employees 75% of Thai Withdrawal Table	Employees who are eligible for pension benefit: Flat 1.91% of Thai Withdrawal Table, Other employees 75% of Thai Withdrawal Table
Retirement age	60 years old	60 years old

Sensitivity analysis for each significant assumptions :

	Consolidated					
	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2016	2015	2016	2015	2016	2015
Weighted average discount rate	0.5%	0.5%	Decrease by 4.24%	Decrease by 4.21%	Increase by 4.54%	Increase by 4.51%
Weighted average rate of salary increase	1.0%	1.0%	Increase by 9.68%	Increase by 9.68%	Decrease by 8.58%	Decrease by 8.58%

	Separate					
	Impact on defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2016	2015	2016	2015	2016	2015
Weighted average discount rate	0.5%	0.5%	Decrease by 4.14%	Decrease by 4.13%	Increase by 4.43%	Increase by 4.41%
Weighted average rate of salary increase	1.0%	1.0%	Increase by 9.46%	Increase by 9.48%	Decrease by 8.41%	Decrease by 8.43%

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.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

As at 31 December 2016, the weighted average duration of the defined benefit obligation is 10 years (31 December 2015: 10 years).

21 Provisions (Cont'd)

Expected maturity analysis of undiscounted benefits:

	Consolidated			
	2016			
	Less than a year Million Baht	Between 1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Retirement benefits	95	347	1,373	1,815

	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

	Separate			
	2016			
	Less than a year Million Baht	Between 1 - 5 years Million Baht	Over 5 years Million Baht	Total Million Baht
Retirement benefits	88	338	1,285	1,711

	Separate			
	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

22 Other liabilities

	Consolidated		Separate	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Credit support liabilities on derivatives	3,923	5,397	3,923	5,397
Amount due to Department of Alternative Energy Development and Efficiency	111	114	111	114
Other liabilities awaiting accounts transfer	466	746	466	746
Accrued interest	662	937	662	937
Deferred commission	146	194	146	194
Accrued expense	1,258	1,346	1,133	1,212
Others	810	824	369	527
Total	7,376	9,558	6,810	9,127

23 Share capital

	Consolidated and Separate			
	2016		2015	
	Number Million shares	Amount Million Baht	Number Million shares	Amount Million Baht
Registered				
Beginning of the years				
- Ordinary shares	27,410	13,705	21,085	10,542
Issuance/(reduction) of shares	(2,635)	(1,318)	6,325	3,163
End of the years	<u>24,775</u>	<u>12,387</u>	<u>27,410</u>	<u>13,705</u>
Issued and paid up				
Beginning of the years				
- Ordinary shares	24,775	12,387	21,085	10,542
Issuance of new share	-	-	3,690	1,845
End of the years	<u>24,775</u>	<u>12,387</u>	<u>24,775</u>	<u>12,387</u>

On 19 April 2016, the Annual General Meeting of Shareholders approved decrease in the Bank's registered capital totaling Baht 1,317,804,876.50 from Baht 13,705,170,716 to Baht 12,387,365,839.50 with a par value of Baht 0.50 per share. The Bank registered the reduction in its capital with the Ministry of Commerce on 21 April 2016.

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.

24 Other reserves

	Consolidated	
	2016 Million Baht	2015 Million Baht
Revaluation surplus on assets	2,048	970
Revaluation (deficit) surplus on change in value of investments	(352)	292
Remeasurements of post-employment benefit		
Obligations	(256)	(230)
Foreign currency translation	35	36
Deficit from measuring fair value of		
hedging instrument for cash flow hedge	(116)	(175)
Income tax relating to components of other reserves		
comprehensive expenses	(265)	(172)
Total	<u>1,094</u>	<u>721</u>

24 Other reserves (Cont'd)

	Separate	
	2016	2015
	Million Baht	Million Baht
Revaluation surplus on assets	2,048	970
Revaluation (deficit) surplus on change in value of investments	(352)	292
Remeasurements of post - employment benefit obligations	(229)	(211)
Foreign currency translation	35	36
Deficit from measuring fair value of hedging instrument for cash flow hedge	(116)	(175)
Income tax relating to components of other reserves comprehensive expenses	(271)	(175)
Total	1,115	737

(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 Separate	
	2016	2015
	Million Baht	Million Baht
Balance - beginning of the years	970	1,095
Add Appraisal during the years	1,122	-
<u>Less</u> Amortisation	(44)	(125)
Balance - end of the years	2,048	970

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

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

	Consolidated and Separate	
	2016	2015
	Million Baht	Million Baht
Revaluation surplus on investments:		
Debt securities	18	263
Equity securities	44	35
Total	62	298
Revaluation deficit on investments:		
Debt securities	(406)	(2)
Equity securities	(8)	(4)
Total	(414)	(6)
Revaluation (deficit) surplus on change in value of investments, net	(352)	292

25 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 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 for the year 2014. However, the bank has set aside net profit to be reserve Baht 31.00 million during the year 2014. Therefore, the bank set aside addition net profit to be reserve of Baht 16.10 million.

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.

On 19 April 2016, the Annual General Meeting of Shareholders of the Bank approved an appropriation of net profit of Baht 35.4 million as a statutory reserve for the year 2015. However, the bank has set aside net profit to be reserve Baht 8.55 million during the year 2015. Therefore, the bank set aside addition net profit to be reserve of Baht 26.85 million.

On 25 August 2016, the Board of Directors Meeting of the Bank approved an appropriation of net profit of Baht 5 million as a statutory reserve.

As at 31 December 2016, the Bank had total statutory reserve of Baht 397.80 million (31 December 2015: Baht 365.95 million).

26 Dividend payment

On 19 April 2016, the Annual General Meeting of Shareholders of the Bank approved to pay dividend from the operating results of 2015 at the rate of Baht 0.0075 per share, totaling Baht 185.81 million, which was paid on 19 May 2016.

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.

27 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)	2016 Million Baht	Total capital to risk assets %	2015 Million Baht	Total capital to risk assets %
<u>Tier I</u>				
Issued and paid up share capital	12,387		12,387	
Share premium	5,713		5,713	
Statutory reserve	398		366	
Unappropriated surplus	7,863		7,041	
Other reserves	1,294		680	
Deduction on Tier I capital fund	(2,346)		(1,237)	
Total Tier I capital fund	25,309	10.73	24,950	10.99
<u>Tier II</u>				
Long-term subordinated debentures	12,087		10,020	
Reserve for loan classified as pass	643		575	
Total Tier II capital fund	12,730	5.40	10,595	4.67
Total capital funds	38,039	16.13	35,545	15.66
Capital funds (Separate)	2016 Million Baht	Total capital to risk assets %	2015 Million Baht	Total capital to risk assets %
<u>Tier I</u>				
Issued and paid up share capital	12,387		12,387	
Share premium	5,713		5,713	
Statutory reserve	398		366	
Unappropriated surplus	7,013		6,537	
Other reserves	1,337		723	
Deduction on Tier I capital fund	(2,739)		(1,040)	
Total Tier I capital fund	24,109	10.16	24,686	10.78
<u>Tier II</u>				
Long-term subordinated debentures	12,086		10,020	
Reserve for loan classified as pass	799		695	
Total Tier II capital fund	12,885	5.42	10,715	4.68
Total capital funds	36,994	15.58	35,401	15.46

As at 31 December 2016, the Bank's regulatory capital after deducting capital add-on arising from single lending was Baht 36,994 million (31 December 2015: 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 2016 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.

28 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 pre- 2014, proceeds received will be donated to the CIMB Foundation in Malaysia on behalf of the employee, while for shares granted from 2014 onwards, 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 the employee or 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 4.17 per share (31 December 2015: MYR 5.97 per share).

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

	Number of ordinary shares under the EOP as at	
	2016 units '000	2015 units '000
Beginning of financial years	649	320
Awarded during financial years	1,044	462
Released during financial years	(351)	(133)
End of financial years	<u>1,342</u>	<u>649</u>

For the year ended 31 December 2016, the Bank set up share-based payment reserves and expenses amounting to Baht 31 million (for the year ended 31 December 2015: Baht 20 million).

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

29.1 Position classified by type of transaction

	Consolidated					
	2016			2015		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Total assets	291,294	6,176	297,470	298,738	5,883	304,621
Interbank and money market items, net	6,805	1,723	8,528	11,763	2,530	14,293
Derivative assets	18,881	2,354	21,235	24,200	1,381	25,581
Investments, net and investments in subsidiaries, net	55,056	6	55,062	54,805	86	54,891
Loans to customers and accrued interest receivables, net	194,248	2,092	196,340	190,457	1,885	192,342
Deposits	181,686	1,977	183,663	168,559	1,658	170,217
Interbank and money market items	10,029	1,566	11,595	15,200	4,818	20,018
Financial liabilities designated at fair value through profit or loss	18,874	-	18,874	16,040	-	16,040
Derivative liabilities	16,596	4,785	21,381	21,661	4,022	25,683
Debt issued and borrowings	15,110	10,473	25,583	30,624	3,371	33,995
	Separate					
	2016			2015		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Total assets	289,447	6,176	295,623	297,715	5,883	303,598
Interbank and money market items, net	6,741	1,723	8,464	11,700	2,530	14,230
Derivative assets	18,881	2,354	21,235	24,200	1,381	25,581
Investments, net and investments in subsidiaries, net	56,381	6	56,387	56,130	86	56,216
Loans to customers and accrued interest receivables, net	191,690	2,092	193,782	188,658	1,885	190,543
Deposits	181,900	1,977	183,877	168,844	1,658	170,502
Interbank and money market items	10,029	1,566	11,595	15,176	4,818	19,994
Financial liabilities designated at fair value through profit or loss	18,874	-	18,874	16,040	-	16,040
Derivative liabilities	16,596	4,785	21,381	21,661	4,022	25,683
Debt issued and borrowings	15,110	10,473	25,583	30,624	3,371	33,995

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

29.2 Performance classified by type of transaction

	Consolidated					
	2016			2015		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest income	14,557	115	14,672	14,473	147	14,620
Interest expenses	(4,443)	(363)	(4,806)	(5,868)	(275)	(6,143)
Net interest income (expenses)	10,114	(248)	9,866	8,605	(128)	8,477
Net fees and services income	1,636	-	1,636	1,468	-	1,468
Other operating income	1,426	-	1,426	2,289	-	2,289
Other operating expenses	(7,424)	-	(7,424)	(7,124)	(3)	(7,127)
Bad and doubtful debts and impairment losses	(6,074)	(205)	(6,279)	(3,770)	-	(3,770)
(Loss) profit from continuing operation before income tax expense	(322)	(453)	(775)	1,468	(131)	1,337
	Separate					
	2016			2015		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht	Domestic Million Baht	Foreign Million Baht	Total Million Baht
Interest income	12,609	115	12,724	12,879	147	13,026
Interest expenses	(4,444)	(363)	(4,807)	(5,866)	(275)	(6,141)
Net interest income (expenses)	8,165	(248)	7,917	7,013	(128)	6,885
Net fees and services income	1,051	-	1,051	1,055	-	1,055
Other operating income	1,404	-	1,404	2,295	-	2,295
Other operating expenses	(6,166)	-	(6,166)	(5,914)	(3)	(5,917)
Bad and doubtful debts and impairment losses	(5,580)	(205)	(5,785)	(3,425)	-	(3,425)
(Loss) profit from continuing operation before income tax expense	(1,126)	(453)	(1,579)	1,024	(131)	893

30 Interest income

	Consolidated		Separate	
	2016	2015	2016	2015
	Million Baht	Million Baht	Million Baht	Million Baht
Interbank and money market items	69	73	69	73
Investments and trading transactions	153	141	153	141
Investments in debt securities	1,160	1,458	1,160	1,458
Loans	10,588	10,624	11,320	11,343
Hire-purchase and financial lease income	2,680	2,313	-	-
Others	22	11	22	11
Interest income	14,672	14,620	12,724	13,026

31 Interest expenses

	Consolidated		Separate	
	2016	2015	2016	2015
	Million Baht	Million Baht	Million Baht	Million Baht
Deposits	2,611	3,891	2,612	3,893
Interbank and money market items	282	342	282	338
Contribution fees to the Deposit Protection Agency	18	19	18	19
Contribution fees to FIDF	973	983	973	983
Debt securities issued				
- Subordinated debentures	569	557	569	557
- Others	302	296	302	296
Others	51	55	51	55
Interest expenses	4,806	6,143	4,807	6,141

32 Net fees and services income

	Consolidated		Separate	
	2016	2015	2016	2015
	Million Baht	Million Baht	Million Baht	Million Baht
Fees and services income				
Acceptances, aval and guarantees	101	111	101	111
ATM and debit card fees	109	116	109	116
Brokerage income	662	587	373	367
Management fees	111	190	111	190
Others	855	730	596	590
Fees and services income	1,838	1,734	1,290	1,374
Fees and services expenses				
Collection fees	21	89	72	174
ATM fees	40	41	40	41
Others	141	136	127	104
Fees and services expenses	202	266	239	319
Net fees and services income	1,636	1,468	1,051	1,055

33 Gains on tradings and foreign exchange transactions, net

	Consolidated and Separate	
	2016	2015
	Million Baht	Million Baht
Gains (losses) on tradings and foreign exchange transactions		
Foreign currency and foreign exchange rate derivatives	1,049	1,031
Interest rate derivatives	461	614
Debt securities	(108)	174
	<u>1,402</u>	<u>1,819</u>
Gains on tradings and foreign exchange transactions, net		

34 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 Separate	
	2016	2015
	Million Baht	Million Baht
Net change in fair value		
Bills of exchange	(314)	(333)
Debentures	(175)	102
Interest expenses	(321)	(227)
	<u>(810)</u>	<u>(458)</u>
Total		

35 Gains on investments, net

	Consolidated and Separate	
	2016	2015
	Million Baht	Million Baht
Gains on sales		
Available-for-sale	481	553
Held-to-maturity	1	-
General investments	1	2
	<u>483</u>	<u>555</u>
Gains on sales, net		
Losses on impairment		
General investments	-	4
	<u>-</u>	<u>4</u>
Losses on impairment, net		
Gains on investments, net	<u>483</u>	<u>551</u>

36 Other operating income

	Consolidated		Separate	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Gains on sales of premises and equipment	29	13	27	11
Gains on sales of properties for sales	-	-	109	91
Income from reversal of bad debts	150	58	-	-
Dividend income	20	52	62	52
Other income	153	254	131	229
Other operating income	<u>352</u>	<u>377</u>	<u>329</u>	<u>383</u>

37 Bad and doubtful debts and impairment losses

	Consolidated		Separate	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Loans	6,273	3,770	5,779	3,425
Interbank and money market items	6	-	6	-
Total	<u>6,279</u>	<u>3,770</u>	<u>5,785</u>	<u>3,425</u>

38 Corporate income tax

	Consolidated		Separate	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Current tax:				
Current tax on profits for the years	207	343	-	273
Total current tax	<u>207</u>	<u>343</u>	<u>-</u>	<u>273</u>
Deferred tax:				
Increase in deferred tax assets (Note 15)	(344)	(30)	(311)	(58)
Decrease in deferred tax liabilities (Note 15)	(8)	(29)	(8)	(29)
Total deferred tax	<u>(352)</u>	<u>(59)</u>	<u>(319)</u>	<u>(87)</u>
Total tax charge	<u>(145)</u>	<u>284</u>	<u>(319)</u>	<u>186</u>

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		Separate	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
(Loss) profit before tax	(775)	1,337	(1,579)	893
Tax calculated at a tax rate of 20%	(155)	267	(316)	179
Tax effect of:				
Income not subject to tax	(17)	(10)	(17)	(10)
Expenses not deductible for tax purpose	21	36	19	20
Adjustment in respect of prior years	3	(6)	(5)	(3)
Unrealized profit from intercompany transactions	3	(3)	-	-
Total tax charge	<u>(145)</u>	<u>284</u>	<u>(319)</u>	<u>186</u>

The weighted average applicable tax rate in the consolidated and bank financial statements as at 31 December 2016 was 19% and 20% respectively, (31 December 2015: 21% and 21% respectively).

40 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 23).

There are no potential dilutive ordinary shares in issue for the years ended 31 December 2016 and 2015.

41 Encumbrance of assets

41.1 Assets used as collateral

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

	Consolidated and Separate	
	2016	2015
	Million Baht	Million Baht
Securities sold under repurchase agreements	-	132
Utilities usage	8	8
Total	<u>8</u>	<u>140</u>

41.2 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 2016 and 2015, 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 2016, the properties foreclosed had net book value of Baht 651 million (31 December 2015: Baht 511 million).

As at 31 December 2016 and 2015, the investments subject to such obligations are as follows:

Year of maturity	Consolidated and Separate			
	2016		2015	
	Numbers	Cost Million Baht	Numbers	Cost Million Baht
2016 onwards	5	651	4	511
Assets subject to obligation	<u>5</u>	<u>651</u>	<u>4</u>	<u>511</u>

42 Commitments and contingent liabilities

42.1 Commitments

As at 31 December 2016 and 2015, significant commitments of the Bank consist of:

	Consolidated and Separate					
	2016			2015		
	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	28	-	28	41	-	41
Guarantees of loans	9	-	9	13	-	13
Total avals to bills and guarantees of loans	37	-	37	54	-	54
Liability under unmaturred import bills:						
Liability under unmaturred import bills	23	467	490	27	255	282
Letters of credit:						
Letters of credit	22	1,309	1,331	63	1,161	1,224
Other commitments:						
Forward and spot contracts						
- Bought	-	387,446	387,446	-	463,412	463,412
- Sold	-	364,404	364,404	-	375,770	375,770
Cross currency and interest rate swap contract						
- Bought	-	142,870	142,870	-	97,083	97,083
- Sold	-	113,050	113,050	-	163,237	163,237
Interest rate swap contracts						
- Fixed rate payee	552,141	80,430	632,571	466,852	85,560	552,412
- Floating rate payee	579,814	134,576	714,390	423,796	206,321	630,117
Foreign exchange option						
- Call option sales contracts	-	57	57	-	444	444
- Put option sales contracts	-	995	995	-	2,188	2,188
- Call option purchase contracts	-	1,074	1,074	-	3,002	3,002
- Put option purchase contracts	-	157	157	-	527	527
Swaption						
- Sold	-	-	-	100	-	100
Commodity						
- Bought	-	107	107	-	199	199
- Sold	-	106	106	-	61	61
Credit derivatives						
- Bought	1,800	2,723	4,523	-	-	-
- Sold	1,800	2,723	4,523	-	-	-
Bond forward						
- Sold	1,399	-	1,399	-	-	-
Investments						
- Bought	2,880	-	2,880	4,437	-	4,437
- Sold	3,788	-	3,788	5,010	-	5,010
Undrawn bank overdrafts	18,404	-	18,404	17,678	-	17,678
Other guarantees	10,194	469	10,663	8,729	297	9,026
Other commitments	1,172,220	1,231,187	2,403,407	926,602	1,398,101	2,324,703
Total commitments	1,172,302	1,232,963	2,405,265	926,746	1,399,517	2,326,263

42 Commitments and contingent liabilities (Cont'd)

42.2 Contingent liabilities

As at 31 December 2016 and 2015, 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 Separate	
	2016	2015
	Million Baht	Million Baht
Sum claimed in cases where the Group is sole defendant	296	296
Sum claimed in cases where the Group is co-defendant		
- Sum of claims that can be specifically attributed to the Group	357	438
- Sum of claims that cannot be specifically attributed to the Group	766	24,665
	<u>1,419</u>	<u>25,399</u>
Total	<u>1,419</u>	<u>25,399</u>

As at 31 December 2015, 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 2016, 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 9 million and Baht 71 million, respectively. However, the Bank is in the process of appealing the decisions (31 December 2015: Baht 20 million and Baht 25 million, respectively).

As at 31 December 2016, the Group recognised provisions for contingent loss from legal cases of approximately Baht 30 million (31 December 2015: Baht 45 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 494 million (31 December 2015: Baht 192 million) for off-statement of financial position items related to guarantees for which the Group have been sued as defendants.

42.3 Commitments under long-term leases

As at 31 December 2016 and 2015, 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		Separate	
	2016	2015	2016	2015
	Million Baht	Million Baht	Million Baht	Million Baht
1 - 3 years	309	237	257	197
4 - 5 years	6	8	6	8
6 - 10 years	5	12	5	12
11 - 30 years	1	2	1	2
Total	<u>321</u>	<u>259</u>	<u>269</u>	<u>219</u>

42 Commitments and contingent liabilities (Cont'd)

42.4 Other commitments

As at 31 December 2016, 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 83 million, MYR 3.57 million and USD 6.1 million and SGD 715 thousand under such agreements (31 December 2015: Baht 112 million, MYR 1.1 million and USD 27 thousand).

Sale of non-performing assets

- Sukhumvit Asset Management Co., Ltd "SAM"

On 29 December 2016, the Bank entered into the agreement with SAM for sales of non-performing assets to SAM, and the Bank (as the transferors) received first payment of Baht 4.22 million as at contract date and last payment of Baht 80.28 million from SAM (as the transferee) on 6 January 2017, in accordance with the transfer conditions as specified in the agreement.

- Bangkok Commercial Asset Management Public Company Limited "BAM"

On 28 December 2016, the Bank entered into the agreement with BAM for sales of non-performing assets to BAM, and the Bank (as the transferors) received 8 promissory notes of Baht 117.44 million each, totalling of Baht 939.52 million from BAM (as the transferee), payment date during 9 April 2017 to 30 December 2018 with interest rate of 2.5% per annum, in accordance with the transfer conditions as specified in the agreement.

43 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 year 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		Separate	
	2016 Million Baht	2015 Million Baht	2016 Million Baht	2015 Million Baht
Subsidiaries				
Revenue:				
Interest income	-	-	733	720
Fee income	-	-	5	4
Dividend income	-	-	42	-
Expenses:				
Interest expenses	-	-	1	2
Fee expenses	-	-	51	85
Premises and equipments expenses	-	-	(6)	(9)
Parent company				
Revenue:				
Losses on tradings and foreign exchange transactions	(470)	(561)	(470)	(561)
Expenses:				
Interest expenses	97	48	97	48
Fee expenses	42	20	42	20
Premises and equipment expenses	6	5	6	5
Related companies				
Revenue:				
Fee income	215	188	215	188
Expenses:				
Interest expenses	14	12	14	12
Fee expenses	36	133	36	133
Premises and equipment expenses	(9)	(8)	(9)	(8)

CIMB Thai Bank Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2016

43 Related party transactions (Cont'd)

The outstanding balances of significant related party transactions as at 31 December 2016 and 2015 are as follows:

	Consolidated						
	2016						
	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	-	-	44	2,838	-	3,755	3,713
	-	-	44	2,838	-	3,755	3,713
<u>Companies under common control</u>							
CIMB Bank Plc, Cambodia	-	-	-	-	-	-	1
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	-	22
CIMB NIAGA	-	-	-	1	-	-	4
CIMB Securities (Singapore)	-	-	-	-	49	-	-
CIMB-Principal Asset Management Co., Ltd.	-	-	-	-	371	-	-
Sathorn Asset Management Co., Ltd.	-	-	-	1	581	-	8
	-	-	-	2	1,001	-	35
<u>Other related companies</u>							
	-	-	-	-	9	-	-
	-	-	-	-	9	-	-
<u>Related persons</u>							
	26	41	-	-	847	-	1
	26	41	-	-	847	-	1
<u>Consolidated</u>							
<u>2015</u>							
	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

CIMB Thai Bank Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2016

43 Related-party transactions (Cont'd)

	Separate						
	2016						
	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
Subsidiary companies							
Center Auto Lease Co., Ltd.	17,702	19,028	-	-	134	-	-
World Lease Co., Ltd.	2,758	2,644	-	-	24	-	-
CT Coll Co., Ltd.	6	8	-	1	56	-	8
	<u>20,466</u>	<u>21,680</u>	<u>-</u>	<u>1</u>	<u>214</u>	<u>-</u>	<u>8</u>
Parent company							
CIMB Bank Berhad	-	-	44	2,838	-	3,755	3,713
	<u>-</u>	<u>-</u>	<u>44</u>	<u>2,838</u>	<u>-</u>	<u>3,755</u>	<u>3,713</u>
Companies under common control							
CIMB Bank Plc, Cambodia	-	-	-	-	-	-	1
CIMB ISLAMIC Bank Berhad	-	-	-	-	-	-	22
CIMB NIAGA	-	-	-	1	-	-	4
CIMB Securities (Singapore)	-	-	-	-	49	-	-
CIMB-Principal Asset Management Co., Ltd.	-	-	-	-	371	-	-
Sathorn Asset Management Co., Ltd.	-	-	-	1	581	-	8
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>1,001</u>	<u>-</u>	<u>35</u>
Other related companies							
	-	-	-	-	9	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>-</u>	<u>-</u>
Related persons							
	23	38	-	-	846	-	-
	<u>23</u>	<u>38</u>	<u>-</u>	<u>-</u>	<u>846</u>	<u>-</u>	<u>-</u>
Separate							
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
Subsidiary companies							
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>
Parent company							
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>
Companies under common control							
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>
Related persons							
	15	11	-	-	576	-	8
	<u>15</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>576</u>	<u>-</u>	<u>8</u>

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

43 Related-party transactions (Cont'd)

As at 31 December 2016 and 2015, the Bank has commitments in financial derivatives with related parties as follows :

	2016		
	Domestic Million Baht	Foreign Million Baht	Total Million Baht
<u>Parent company</u>			
Interest rate swap contracts			
- Fixed rate payee	71,708	97	71,805
- Floating rate payee	100,134	2,082	102,216
Forward and spot contracts			
- Bought	-	510	510
Cross currency and interest rate swap contracts			
- Bought	-	8,507	8,507
- Sold	-	1,792	1,792
Commodity			
- Bought	-	56	56
- Sold	-	50	50
Credit derivatives			
- Sold	1,800	2,723	4,523
	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

43 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		Separate	
	2016	2015	2016	2015
	Million Baht	Million Baht	Million Baht	Million Baht
Short-term employee benefits	461	409	432	383
Long-term employee benefits	22	16	22	14
Share based payments (Note 28)	31	20	31	20
Director and management remuneration	<u>514</u>	<u>445</u>	<u>485</u>	<u>417</u>

The details of share based payment are as follows:

	Consolidated and Separate	
	2016	2015
	thousand units	thousand units
Shares of CIMB Group Holdings Berhad	1,044	462

44 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.

44 Financial information by segment (Cont'd)

Business segment reporting is consisted of (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 2016 and 2015 and for the years ended 31 December 2016 and 2015 are as follows:

	Consolidated				
	2016				
	Consumer banking Million Baht	Wholesale banking Million Baht	Others Million Baht	Elimina- tions Million Baht	Total Million Baht
Net interest income					
External	7,457	1,931	478	-	9,866
Net fees and service income	1,374	271	(9)	-	1,636
Other operating income	367	855	248	(44)	1,426
Other operating expenses	(5,374)	(1,686)	(365)	1	(7,424)
Bad and doubtful debts and impairment losses	(4,234)	(1,098)	(974)	27	(6,279)
Income tax expenses	77	(51)	119	-	145
Net (loss) profit for the year	<u>(333)</u>	<u>222</u>	<u>(503)</u>	<u>(16)</u>	<u>(630)</u>
	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
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>

CIMB Thai Bank Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2016

44 Financial information by segment (Cont'd)

	Bank business		Hire-purchase business		Other businesses		Eliminations		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Total assets	295,623	303,598	24,783	21,368	77	113	(23,013)	(20,458)	297,470	304,621
Interbank and money market items, net (assets)	8,464	14,230	222	252	56	96	(214)	(285)	8,528	14,293
Investments, net	55,062	54,891	-	-	-	-	-	-	55,062	54,891
Loans and accrued interest receivables, net	193,782	190,543	24,013	20,633	9	6	(21,464)	(18,840)	196,340	192,342
Deposits	183,877	170,502	-	-	-	-	(214)	(285)	183,663	170,217
Interbank and money market items (liabilities)	11,595	19,994	21,669	19,043	8	7	(21,677)	(19,026)	11,595	20,018
Financial liabilities designated at fair value through profit or loss	18,874	16,040	-	-	-	-	-	-	18,874	16,040
Debt issued and borrowings	25,583	33,995	-	-	-	-	-	-	25,583	33,995

45 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.

45.1 Credit risk

As at 31 December 2016 and 2015, 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 Separate					
	Counting from 2016			Counting from 2015		
	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	28	-	28	41	-	41
Guarantees of loans	9	-	9	13	-	13
Liabilities under						
unmatured import bills	490	-	490	282	-	282
Letters of credit	1,331	-	1,331	1,224	-	1,224
Acceptance	45	-	45	41	-	41
Other guarantees	9,739	924	10,663	8,514	512	9,026

45.2 Market risk

(a) Interest rate risk

As at 31 December 2016 and 2015, financial assets and liabilities classified by type of interest rate were as follows:

Descriptions	Consolidated 2016			
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	Total Million Baht
Financial assets				
Cash	-	-	1,939	1,939
Interbank and money market items, net	440	4,594	3,494	8,528
Investments, net	19	54,868	175	55,062
Loans net of deferred revenue	138,887	66,702	-	205,589
Accounts receivable				
- bill of exchange	-	775	-	775
Total financial assets	139,346	126,939	5,608	271,893
Financial liabilities				
Deposits	72,514	108,796	2,353	183,663
Interbank and money market items	4,554	6,053	988	11,595
Liabilities payable on demand	-	-	250	250
Financial liabilities designated at fair value through profit or loss	18,874	-	-	18,874
Debt issued and borrowings	-	25,039	544	25,583
Total financial liabilities	95,942	139,888	4,135	239,965

45 Financial instruments (Cont'd)

45.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

Descriptions	Consolidated			
	2015			
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	Total Million Baht
Financial assets				
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
Financial liabilities				
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
Descriptions	Separate			
	2016			
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing Million Baht	Total Million Baht
Financial assets				
Cash	-	-	1,936	1,936
Interbank and money market items, net	385	4,594	3,485	8,464
Investments, net	19	54,868	175	55,062
Loans net of deferred revenue	138,860	64,040	-	202,900
Accounts receivable - bill of exchange	-	775	-	775
Total financial assets	139,264	124,277	5,596	269,137
Financial liabilities				
Deposits	72,712	108,812	2,353	183,877
Interbank and money market items	4,554	6,053	988	11,595
Liabilities payable on demand	-	-	250	250
Financial liabilities designated at fair value through profit or loss	18,874	-	-	18,874
Debt issued and borrowings	-	25,038	544	25,582
Total financial liabilities	96,140	139,903	4,135	240,178

CIMB Thai Bank Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2016

45 Financial instruments (Cont'd)

45.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

Descriptions	Separate 2015			Total Million Baht
	Floating interest rate Million Baht	Fixed interest rate Million Baht	Non-interest bearing 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

Transactions	Consolidated 2016						Total Million Baht	Weighted average interest rates %
	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	289	4,305	-	-	-	-	4,594	1.77
Investments, net	-	2,510	1,974	39,803	10,581	-	54,868	2.92
Loans net of deferred revenue	2,242	21,114	11,118	29,224	3,004	-	66,702	6.65
Accounts receivable - bill of exchange	-	60	715	-	-	-	775	2.73
Total financial assets	2,531	27,989	13,807	69,027	13,585	-	126,939	
Financial liabilities								
Deposits	9,863	52,944	45,001	988	-	-	108,796	1.57
Interbank and money market items	2,832	1,304	1,481	226	210	-	6,053	1.22
Debt issued and borrowings	5,780	3,738	247	-	15,274	-	25,039	2.87
Total financial liabilities	18,475	57,986	46,729	1,214	15,484	-	139,888	

CIMB Thai Bank Public Company Limited
Notes to the Consolidated and Separate Financial Statements
For the year ended 31 December 2016

45 Financial instruments (Cont'd)

45.2 Market risk (Cont'd)

(a) Interest rate risk (Cont'd)

Consolidated								
2015								
Repricing or maturity date								
Transactions	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	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	
Separate								
2016								
Repricing or maturity date								
Transactions	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	289	4,305	-	-	-	-	4,594	1.77
Investments, net	-	2,510	1,974	39,803	10,581	-	54,868	2.92
Loans net of deferred revenue	2,242	26,555	15,126	17,623	2,494	-	64,040	6.89
Accounts receivable - bill of exchange	-	60	715	-	-	-	775	2.73
Total financial assets	2,531	33,430	17,815	57,426	13,075	-	124,277	
Financial liabilities								
Deposits	9,863	52,950	45,011	988	-	-	108,812	1.57
Interbank and money market items	2,832	1,304	1,481	226	210	-	6,053	1.22
Debt issued and borrowings	5,780	3,738	247	-	15,273	-	25,038	2.87
Total financial liabilities	18,475	57,992	46,739	1,214	15,483	-	139,903	
Separate								
2015								
Repricing or maturity date								
Transactions	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	

45 Financial instruments (Cont'd)

45.2 Market risk (Cont'd)

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).

(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 2016 and 2015, can be summarised as follows:

	Consolidated					
	2016			2015		
	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	5,703	69	1.21	8,665	73	0.85
Investments, net	55,810	1,313	2.35	56,617	1,598	2.82
Loans	202,475	13,268	6.55	194,376	12,937	6.66
Total performing financial assets	263,988	14,650		259,658	14,608	
<u>Performing financial liabilities</u>						
Deposits	166,032	2,610	1.57	173,969	3,891	2.24
Interbank and money market items	20,303	282	1.39	21,006	342	1.63
Financial liabilities designated at fair value through profit or loss	18,001	810	4.50	11,507	227	1.97
Debt issued and borrowings	29,533	871	2.95	27,735	853	3.08
Total performing financial liabilities	233,869	4,573		234,217	5,313	
Separate						
2016			2015			
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	8,572	69	0.80	11,725	73	0.63
Investments, net	55,810	1,313	2.35	57,942	1,650	2.85
Loans	200,132	11,320	5.66	192,249	11,343	5.90
Total performing financial assets	264,514	12,702		261,916	13,066	
<u>Performing financial liabilities</u>						
Deposits	166,304	2,612	1.57	174,176	3,893	2.24
Interbank and money market items	21,864	282	1.29	22,034	338	1.53
Financial liabilities designated at fair value through profit or loss	18,001	810	4.50	11,507	227	1.97
Debt issued and borrowings	29,533	871	2.95	27,735	853	3.08
Total performing financial liabilities	235,702	4,575		235,452	5,311	

45 Financial instruments (Cont'd)

45.2 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 2016 and 2015, the Bank has the following net foreign currency positions categorised by major foreign currencies:

	(Unit: Equivalent to million USD)					
	Consolidated and Separate					
	2016			2015		
	USD	EURO*	Other currencies*	USD	EURO*	Other currencies*
Spot	345.03	31.25	(223.58)	409.23	40.66	(86.00)
Forward						
- Forward contract	(410.10)	(31.34)	217.45	(438.04)	(39.24)	82.91
Total	<u>(65.07)</u>	<u>0.09</u>	<u>(6.13)</u>	<u>(28.81)</u>	<u>1.42</u>	<u>(3.09)</u>

* EURO and other currencies are stated in USD equivalents.

45.3 Liquidity risk

The period to maturity calculated from the statements of financial position date of financial instruments outstanding as at 31 December 2016 and 2015 were as follows:

Descriptions	Consolidated				
	2016				
	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	1,936	-	-	3	1,939
Interbank and money market items, net	4,440	3,798	290	-	8,528
Investments, net	-	4,484	50,384	194	55,062
Loans net of deferred revenue	20,369 ⁽¹⁾	43,541	141,679	-	205,589
Accounts receivable - bill of exchange	-	775	-	-	775
Total financial assets	<u>26,745</u>	<u>52,598</u>	<u>192,353</u>	<u>197</u>	<u>271,893</u>
Financial liabilities					
Deposits	84,731	97,944	988	-	183,663
Interbank and money market items	8,375	2,785	435	-	11,595
Liabilities payable on demand	250	-	-	-	250
Financial liabilities designated at fair value through profit or loss	-	-	18,874	-	18,874
Debt issued and borrowings	6,325	3,985	15,273	-	25,583
Total financial liabilities	<u>99,681</u>	<u>104,714</u>	<u>35,570</u>	<u>-</u>	<u>239,965</u>

⁽¹⁾ As at 31 December 2016, portions of loans classified as maturity-at-call in the consolidated and separate financial statements, of Baht 12,720 million and Baht 12,430 million respectively, (31 December 2015: Baht 6,374 million and Baht 6,088 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.

45 Financial instruments (Cont'd)

45.3 Liquidity risk (Cont'd)

Descriptions	Consolidated				Total Million Baht
	2015				
	At call Million Baht	Less than 1 year Million Baht	More than 1 year Million Baht	No maturity Million Baht	
Financial assets					
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
Financial liabilities					
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 2016, portions of loans classified as maturity-at-call in the consolidated and bank financial statements, of Baht 12,720 million and Baht 12,430 million respectively, (31 December 2015: Baht 6,374 million and Baht 6,088 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.

45 Financial instruments (Cont'd)

45.3 Liquidity risk (Cont'd)

Descriptions	Separate 2016				
	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	1,936	-	-	-	1,936
Interbank and money market items, net	4,376	3,798	290	-	8,464
Investments, net	-	4,484	50,384	194	55,062
Loans net of deferred revenue	20,378 ⁽¹⁾	52,982	129,540	-	202,900
Accounts receivable - bill of exchange	-	775	-	-	775
Total financial assets	26,690	62,039	180,214	194	269,137
Financial liabilities					
Deposits	84,929	97,960	988	-	183,877
Interbank and money market items	8,375	2,785	435	-	11,595
Liabilities payable on demand	250	-	-	-	250
Financial liabilities designated at fair value through profit or loss	-	-	18,874	-	18,874
Debt issued and borrowings	6,324	3,985	15,273	-	25,582
Total financial liabilities	99,878	104,730	35,570	-	240,178
Descriptions	Separate 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

⁽¹⁾ As at 31 December 2016, portions of loans classified as maturity-at-call in the consolidated and separate financial statements, of Baht 12,720 million and Baht 12,430 million respectively, (31 December 2015: Baht 6,374 million and Baht 6,088 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.

45 Financial instruments (Cont'd)

45.4 Fair value

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

Descriptions	Consolidated			
	2016		2015	
	Book value Million Baht	Fair value Million Baht	Book value Million Baht	Fair value Million Baht
Financial assets				
Cash	1,939	1,939	2,397	2,397
Interbank and money market items, net	8,528	8,528	14,293	14,293
Derivatives assets	21,235	21,235	25,581	25,581
Investments, net	55,062	55,248	54,891	55,309
Loans to customers and accrued interest receivables, net	196,340	196,340	192,342	192,342
Accounts receivable - bill of exchange	775	775	1,643	1,643
Total financial assets	<u>283,879</u>	<u>284,065</u>	<u>291,147</u>	<u>291,565</u>
Financial liabilities				
Deposits	183,663	183,667	170,217	170,258
Interbank and money market items	11,595	11,595	20,018	20,064
Liability payable on demand	250	250	321	321
Financial liabilities designated at fair value through profit or loss	18,874	18,874	16,040	16,040
Derivatives liabilities	21,381	21,381	25,683	25,683
Debt issued and borrowings	25,583	25,386	33,995	34,235
Total financial liabilities	<u>261,346</u>	<u>261,153</u>	<u>266,274</u>	<u>266,601</u>
Descriptions	Separate			
	2016		2015	
	Book value Million Baht	Fair value Million Baht	Book value Million Baht	Fair value Million Baht
Financial assets				
Cash	1,936	1,936	2,395	2,395
Interbank and money market items, net	8,464	8,464	14,230	14,230
Derivatives assets	21,235	21,235	25,581	25,581
Investments, net	55,062	55,248	54,891	55,309
Loans to customers and accrued interest receivables, net	193,782	193,782	190,543	190,543
Accounts receivable - bill of exchange	775	775	1,643	1,643
Total financial assets	<u>281,254</u>	<u>281,440</u>	<u>289,283</u>	<u>289,701</u>
Financial liabilities				
Deposits	183,877	183,881	170,502	170,543
Interbank and money market items	11,595	11,595	19,994	19,994
Liability payable on demand	250	250	321	321
Financial liabilities designated at fair value through profit or loss	18,874	18,874	16,040	16,040
Derivatives liabilities	21,381	21,381	25,683	25,683
Debt issued and borrowings	25,582	25,386	33,995	34,235
Total financial liabilities	<u>261,559</u>	<u>261,367</u>	<u>266,535</u>	<u>266,816</u>

45 Financial instruments (Cont'd)

45.5 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 2016 and 2015, financial derivatives as classified by their maturities were as follows:

	Consolidated and Separate					
	2016			2015		
	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	383,591	3,855	387,446	455,908	7,504	463,412
- Sold	356,157	8,247	364,404	371,917	3,853	375,770
Cross-currency and interest rate swap contracts						
- Bought	38,801	104,069	142,870	9,659	87,424	97,083
- Sold	35,727	77,323	113,050	81,143	82,094	163,237
Interest rate swap contracts						
- Fixed-rate payee	255,328	377,243	632,571	258,112	294,300	552,412
- Floating-rate payee	302,362	412,029	714,391	307,395	322,722	630,117
Foreign exchange options						
- Call-option sales contract	57	-	57	444	-	444
- Put-option sales contract	569	426	995	1,148	1,040	2,188
- Call-option purchase contract	614	460	1,074	1,956	1,046	3,002
- Put-option purchase contract	157	-	157	527	-	527
Swaption						
- Sold	-	-	-	-	100	100
Commodity						
- Bought	107	-	107	199	-	199
- Sold	106	-	106	61	-	61
Credit derivatives						
- Bought	-	4,523	4,523	-	-	-
- Sold	-	4,523	4,523	-	-	-
Bond forward						
- Sold	1,099	300	1,399	-	-	-

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.

46 Fair value

46.1 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 assets and liabilities that are measured at fair value at 31 December 2016 and 2015.

	Consolidated and Separate			
	2016			
	Level 1	Level 2	Level 3	Total
	Million	Million	Million	Million
	Baht	Baht	Baht	Baht
Assets				
Securities held for trading	-	7,045	-	7,045
Available-for-sale securities	102	30,331	-	30,433
Derivative assets	-	21,235	-	21,235
Total assets	102	58,611	-	58,713
Liabilities				
Financial liabilities designated at fair value through profit or loss	-	18,874	-	18,874
Derivatives liabilities	-	21,381	-	21,381
Total liabilities	-	40,255	-	40,255
Consolidated and Separate				
2015				
	Level 1	Level 2	Level 3	Total
	Million	Million	Million	Million
	Baht	Baht	Baht	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

46 Fair value (Cont'd)

46.1 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 2016 and 2015.

	Consolidated			
	2016			
	Level 1	Level 2	Level 3	Total
	Million Baht	Million Baht	Million Baht	Million Baht
Assets				
Cash	1,939	-	-	1,939
Interbank and money market items, net	3,895	4,633	-	8,528
Held-to-maturity debt securities	-	17,678	-	17,678
General investments	-	-	73	73
Loans and accrued interest receivables, net	-	196,340	-	196,340
Total assets	5,834	218,651	73	224,558
Liabilities				
Deposits	-	183,667	-	183,667
Interbank and money market items, net	-	11,595	-	11,595
Liability payable on demand	-	250	-	250
Debt issued and borrowings	-	25,386	-	25,386
Total liabilities	-	220,898	-	220,898
Consolidated				
2015				
	Level 1	Level 2	Level 3	Total
	Million Baht	Million Baht	Million Baht	Million 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	-	20,064	-	20,064
Liability payable on demand	-	321	-	321
Debt issued and borrowings	-	34,235	-	34,235
Total liabilities	-	224,878	-	224,878

46 Fair value (Cont'd)

46.1 Fair value estimation (Cont'd)

	Separate			
	2016			
	Level 1	Level 2	Level 3	Total
	Million Baht	Million Baht	Million Baht	Million Baht
Assets				
Cash	1,936	-	-	1,936
Interbank and money market items, net	3,831	4,633	-	8,464
Held-to-maturity debt securities	-	17,678	-	17,678
General investments	-	-	73	73
Loans and accrued interest receivables, net	-	193,782	-	193,782
Total assets	5,767	216,093	73	221,933
Liabilities				
Deposits	-	183,881	-	183,881
Interbank and money market items, net	-	11,595	-	11,595
Liability payable on demand	-	250	-	250
Debt issued and borrowings	-	25,386	-	25,386
Total liabilities	-	221,112	-	221,112
Separate				
2015				
	Level 1	Level 2	Level 3	Total
	Million Baht	Million Baht	Million Baht	Million 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	230,068
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

46 Fair value (Cont'd)

46.1 Fair value estimation (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.

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 Fair value (Cont'd)

46.2 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.

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

	Consolidated and Separate	
	General Investments	
	2016	2015
	Million Baht	Million Baht
Opening balance	105	144
Gains recognised in profit and loss	1	2
Provision	-	(4)
Sale	(1)	(7)
Decrease in capital of general investments	(32)	(30)
Closing balance	<u>73</u>	<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.

47 Subsequent events

Capital increase

On 19 January 2017 and 24 February 2017, the Board of Director's meeting and the Extraordinary General Meeting of Shareholders passed a resolution approving the increase of the Bank's registered capital in an amount of Baht 2,752,747,964.00 from the current registered capital of Baht 12,387,365,839.50 to Baht 15,140,113,803.50 by means of the issuance of 5,505,495,928 new ordinary shares at the par value of Baht 0.50 per share to the existing shareholders proportionate to their shareholding at a ratio of 2 righ shares for every 9 existing CIMB Thai shares, at the offering price of Baht 1 per share.